

Message from the Chairman

Saudi Cable Company incurred a net loss of SR 199 million for the year 2016 after inclusion of SR 112 million write-offs for Goodwill and Development Costs. Whereas the previous year had shown a profit, the year 2016 was characterized by a collapse of the market which was felt by Saudi Cable Company from June 2016 onwards, even though the volume loss of Saudi Cable Company in its Saudi Operations was only 7.3%.

This result was based on growth in export markets while contracting double digit in the home market, notably in Civil Contracting and Distribution.

With the lower volumes available in the market, the price competition intensified and although Saudi Cable Company is a cautious operator, margin losses did aggravate the volume losses, thus turning Saudi Cable Company into making losses. Since the losses have crossed the 50% equity threshold, it has applied for a capital reduction to reduce the accumulated losses from its equity.

After an extensive process with its banks, Saudi Cable Company finally managed to complete its financial restructuring and fulfilled all condition precedents by the end of August 2016. The short term debts were converted to long term debts and the recovery period has been extended until 2022. Whereas the projections for 2017 were not fully met, the management has started an adjustment process to align its capacity and cost structure to the new market realities, thus creating a basis for continuity being at lower than anticipated values. The Board regrets the job losses that were unavoidable but believes they were justified in the light of Saudi Cable Company's continued viability under a more depressed market scenario than anticipated earlier.

During 2016, Saudi Cable Company's subsidiary Elimsan continued to grow and achieved profitability in the 4th quarter, with an ongoing strong trend resulting in new order wins and a record backlog going into 2017. Also Saudi Cable Company's project activity met its goals and is profitable.

Saudi Cable Company's accessories programme in Turkey got further traction and passed testing milestones in the field of 380 kV, preparing for a future under Vison 2030 that promotes local production in fields that today rely solely on imports.

Khalid A. Aireza
Chairman



Message from the President

Dear Stakeholder,

The year 2016 confronted Saudi Cable Company with the full impacts of the economic problems that followed the oil price contraction starting in 2014.

Whereas during the first five months of the year, Saudi Cable Company continued its growth recovery that started in the second half of 2014, the latter part of 2016 was characterized by contraction and thus reduced order intake.

As this development effected price levels negatively too, Saudi Cable Company took steps to reduce its capacity and output and lowered its cost, thus to be aligned with market conditions in an optimal way.

On the positive side, Saudi Cable Company managed to complete its financial restructuring with its four lenders and SIDF on the 23rd of February 2016, and fulfilled all conditions precedent by the end of August 2016.

Despite this success, Saudi Cable Company's financial means remain a concern and with the contracting market led to the steps as described previously.

Although the external factors came in more negative than anticipated, Saudi Cable Company continued with its strategic initiatives and saw positive impacts:

- The projects activities grew and were profitable. In a period where new projects are scarce and get delayed, maintenance activities become more necessary and Saudi Cable Company did participate
- The export activities grew, lifting the export share of the turnover now to more than 10%
- The strong position in Specialty cables secured a leading market share in Oil & Gas

Progress was also made in the development of accessories for High Voltage and Extra High Voltage which will provide a growth opportunity in



the next 3 – 7 years as the effects of Vision 2030 will be cascading down to the decision making processes in the Kingdom.

The management is proud to report that Saudi Cable Company’s staff has shown resilience under difficult circumstances and therefor want to thank every employee for the contributions made.

The new appraisal system is working well and provides an efficient way of getting everybody aligned to make Saudi Cable Company sustain, even when the market is uncooperative, which might be the case in 2017 as well.

Even though, in the long run the need for electricity generation, transportation and distribution will continue to be the reason for Saudi Cable Company to be around and provide best support and service to its customer, who continued to be on our side in 2016.

Dionysius Metzemaekers
President, SCC Group

Mohamed Ali Vaid
President, KSA Operations



SAUDI CABLE COMPANY

Board of Director's Report

For the Year Ended 31 December 2016

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SAUDI CABLE COMPANY
(A Joint Stock Company)

BOARD OF DIRECTORS' REPORT
FOR THE YEAR ENDED
31 DECEMBER 2016

1 - INTRODUCTION

Saudi Cable Company (SCC) Group is a manufacturer and provider of Power Transmission and Distribution (PTD) equipment, services and solutions with a global footprint.

SCC Group was founded and is headquartered in Jeddah, Kingdom of Saudi Arabia (KSA) where it also has its biggest manufacturing site. SCC Group owns and operates factories for PTD equipment in KSA, Kingdom of Bahrain and Turkey.

On the one hand the product range includes cables for all applications such as low, medium, high and extra high voltage power cables, building wires, telecommunication, instrumentation, control and speciality cables. On the other hand, SCC Group manufactures medium voltage instrument transformers, switchgear panels and high voltage disconnectors.

Besides PTD equipment, SCC Group offers all product related services such as design, installation, commissioning and testing of complete power cable systems.

SCC Group is able to address and service their customers worldwide with a strong global sales and service network.

2 - SALIENT ACTIVITIES

Profit & Loss And Financial Restructuring

The Group has made a net loss of SR 198.8 million as compared to the net profit of SR 1.7 million last year. The reason for the losses is mainly due to the losses generated from operations and the following extraordinary items charged to the income statements for the year 2016:

1. Provision against development costs of accessories and extra-high voltage cable segments in Saudi Arabia and Turkey.



2. Write off of the Goodwill in the company investment in its Turkish subsidiary Elimsan.

Financial Restructuring

On February 23, 2016, the Group secured financial restructuring agreements ("Initial restructuring agreement") with its four main lenders that requires the Group to comply with additional covenants and allows the Group to reschedule repayment of its debts over a period of 7 years, culminating with a final payment at the end of December 2022, subject to certain additional requirements to be completed within sixty days. The amount of total debt restructured is SR 796 million, including accumulated financing costs of SR 85 million. However, these terms were amended subsequent to the yearend, through the following:

- a) On April 17, 2017, the Group had entered into a Final Settlement Agreement ("the Settlement agreement") with BNP Paribas on the basis of which the Group made a payment of SR 40 million. Based on the terms of the said agreement, on receipt of SR 40 million by BNP Paribas, the loan amount of BNP Paribas shall be reduced from SR 142 million to SR 24.99 million. Accordingly, the Group has reversed the obligation through consolidated statement of income and reduction in accumulated losses, by SR 77 million in the period subsequent to yearend.
- b) On June 11, 2017, the Group finalized further renegotiations to "Restructuring Framework Agreement" through an amendment and restatement agreement by virtue of which the Participating Banks (excluding BNP Paribas) have agreed to defer the repayment of the loan for a further period. According to the terms of the said agreement, the Company shall increase its capital through issuance of right shares and settle an amount of SR 188.38 million, from the said proceeds by June 30, 2018. The remaining amount of SR 371.65 million is payable in equal semi-annual instalments commencing from December 31, 2018 to June 30, 2022.
- c) During October 2017 all the participating banks (excluding BNP Paribas) within the restructuring consortium, have confirmed that, in an event the issuance of right shares gets delayed and the Company is unable to generate sufficient cash for the repayment of amounts due on June 30, 2018, the participating banks will revisit the current repayment terms and



defer the obligations for a sufficient period to ensure that the Company's operations are not discontinued. Concurrently, the Company shall be relieved from any breaches of debt covenants caused by the aforementioned delay. Additionally, the Participating banks have also confirmed to provide continued support to in case of unwillful defaults by the Company due to unforeseen circumstances, as mentioned.

- d) Subsequent to the year end, the Group has decided to dispose the Telecable plant of the Company and the investment property held in one of the subsidiaries of the Group.
- e) On August 22, 2017, in accordance with the shareholders' agreement between the company and Al Zayani Investment (second shareholder), the Group has formally expressed its desire to sell its stake in Midal Cables, to the second shareholder.

According to the terms of the Articles of Association of the Midal Cables, the second shareholder (Al Zayani Investment) has an option to accept the offer within three months from the date of the offer. As at the date of the approval of these financial statements, the second shareholder has not formally conveyed its decision to the group.

Profit Distribution & Dividend

During 2016, the company did not disburse any dividends, similar to 2015.

3 - REVENUES

The Group's revenues in 2016 were SR 1,565 million as compared to SR 1,918 million in 2015.

The Group's consolidated revenues include sales from its Turkish and UAE subsidiaries, but do not include the revenues of Midal Cables, which is 50% owned by SCC. Midal Cables recorded revenue of SR 2,970 million in 2016.



The Geographical distribution of the revenues was:

Region	SR Million	
	2016	2015
Kingdom of Saudi Arabia (KSA) & GCC	1,120	1,410
Rest of the World	445	508
TOTAL SALES	1,565	1,918

The Geographical distribution of the net Income/(Loss) was:

Region	SR Million	
	2016	2015
Kingdom of Saudi Arabia (KSA) & GCC	(167)	25
Rest of the World	(32)	(24)
TOTAL NET INCOME / (LOSS)	(199)	1

Revenue was generated from the following segments:

Revenue From	SR Million		
	As at 31 December		
	2016	2015	Net Change
Product Sales	1,443	1,827	(384)
Projects & Contracting	122	91	31
TOTAL REVENUE	1,565	1,918	(353)

4 - ORGANIZATIONAL DEVELOPMENT

The company realizes that a strong cultural foundation is the cornerstone of its short and long-term strategies in building a high performance organization. Our Journey to Excellence, specifies three guiding principles: people-centric, results-driven, and forward-looking:



People-centric – To become an accessible and responsive organization, the company needed to expand and enhance its connections with customers and suppliers, emphasizing commitment and transparency, and engage with its own employees’ development for leadership, ownership and accountability.

Results-driven – The provision of excellent results necessitated emphasis on accurate data collection, individual performance measures, key performance indicators, and team performance monitoring. Everyone is to be held accountable for results that matter to the company. Additionally, building cost-consciousness in all conduct and staying within the budget are also key aspects of our results-driven culture.

Forward-looking – Investment in SCC facilities, technology, systems, programs, and business processes that need to be conducted to establish value added processes.

At the company, we value a High Performance Culture and sense of ownership among our team. We live by our “ICARE” value system, Occupational Health & Safety and compliance with legislations and codes of ethics. A high performance culture is about diversity, teamwork and leadership. It is how we build trust, focus on customers and drive changes through creativity and innovation.

We are certain that a cohesive culture based on our “ICARE” values strengthens our business and makes the SCC group a more attractive employer, business partner, industry leader, and trusted corporate citizen. “ICARE” stands for:

I nnovation	Creative thinking that adds value
C ommitment	Transform promise to reality, as one team
A ppreciation	Recognize the achievements of others
R espect	Showing admiration and consideration to everyone
E xcellence	Deliver outstanding results

Human Resources



With the belief of the company's Management that the human element is the prime ingredient for success of an enterprise, the company has developed a new Organization Structure including changes to functional regulation and salary scale.

The company's Management has followed the latest scientific methods for job evaluation and estimation of functional depth for all positions. This has enabled the company to systematize salary administration and keep up with a market approach to the labor market in the Kingdom of Saudi Arabia, thereby providing an encouraging work environment and greater job stability to all employees of the company. We believe this will have a beneficial effect on the company's results in the future.

Program to employ recent young graduates

Proceeding from the company's approach to maintain its leading role in the Saudization of jobs in 2016, the company continues to train 72 recent graduates and enrolled them into a training program in cooperation with the Ministry of Labor through the Human Resources Development Fund (HRDF).

This program aims at preparing the youth and imparting to them the required basic skills so that they are adequately prepared to add value in their new positions at the company. We believe this will also reflect positively on the company's performance.

Programs created for welfare of Employees

The company supports the welfare of its employees by providing educational assistance to the children of its employees. This program sustained in 2016 as well.

Manpower

Sector / Company	Total Employees	Nationalization %	NITAQAT Rating
Total Workforce in the Kingdom	1,088	27.06%	Green
Total Workforce outside the Kingdom	849		
Total workforce	1,937		

Social Responsibility and Sustainability Programs

The company encourages its employees to get involved in helping the local community through a range of activities, including charitable establishments and



other similar institutions and by devoting a part of their time for that purpose. The company seeks to build constructive relations with several institutions for building a better society and a better environment that is economically sustainable.

Support to social organizations in carrying out their role

- The company provides annual support to 15 Charitable Societies for Memorization of Quran in various regions of the Kingdom of Saudi Arabia
- The company also supports various Charitable Organizations by making donation in kind from time to time
- The company participates in the training of young Saudi men and women with the cooperation of Ministry of Labor's Human Resources Development Fund (HRDF)

Programs for continuous contact with the Employees " Hosting Parties"

The company always endeavors to consolidate the relationship among the employees through hosting parties. Accordingly, in Ramadan 1437H, the company organized a party for all employees at its headquarters for breaking the fast. In 2016 company conducted a football tournament for the entertainment of the employees.

5 - TURKISH OPERATIONS

MASS KABLO

2016 was challenging with sales below the budget due to ongoing political problems which led to lower sales.

However, to compensate the shortfall, a drive was launched to explore other markets in the Middle East with considerable success.

In addition there was a change of policy and more focus was placed on Medium and Low Voltage capability in the domestic market. Towards the end of the year progress was done in this area – with sales through the distributor channel - as well which will be realized in 2017 and beyond. Through a similar approach on Medium Voltage orders were received from export markets too.

In order to increase the effectiveness, SAP implementation was re-addressed with a view to integrate areas not included in the existing set-up. Certainly such a system



which will be completed to a large extent by end of 2017 will speed up and improve its responsiveness to the market.

The sale of real estate assets which is a priority for the Group to reduce the burden on its financials made progress but could not be completed by the end of the year. However discussions with possible customers are ongoing. The deal will enable the Group to re-negotiate its short-term debts.

ELIMSAN (SWITCHGEAR)

Elimsan continued to grow in 2016 as projected. The sales occurred as USD 55.0 Million compared to USD 48.0 Million in 2015 and USD 39.0 Million in 2014. The growth trend did not lessen for 3 consecutive years. EBITDA turned to positive from minus USD 3.0 Million in 2013 to USD 3.2 Million in 2016. In the same period, the net loss was reduced from approx. USD 11.0 Million nearly to USD 2.0 Million. The installments within restructuring of loan debts to 7 banks have been paid on due time.

The contribution of the orders from Qatar, which continues to grow and invest despite the lowering of the Oil and Natural Gas prices in order to accomplish the World Cup organization in 2022 successfully, reached almost to 40% of total sales.

Kahramaa, Qatar has awarded a new order of USD 50.0 USD to Elimsan and its local partner. Elimsan has turned into cash positive and has become less vulnerable to volatile markets and its dependence on new and additional capital injection has been secondary.

Building its future on the domestic Turkish market, Qatar and other growing export markets such as South America, Europe and CIS, Elimsan has projected continued growth in 2017 with a sales target of USD 63.6 Million in total and an EBITDA of USD 6.6 Million with a net profit of USD 1.0 Million. Further growth and improvements are planned from 2018 till 2020.

The Turkish market despite all the uncertainties continues to grow and the demand for energy is increasing significantly. By the end of 2015, Installed Capacity of Turkish Electrical Energy was realized as 73.146, 7MW with a 5.2% increase compared to previous year. According to its reference demand scenario, the government expects power demand growth to accelerate further to 581 TWh in 2030, a 127% increase from 2014. The government's projections foresee an annual increase in demand by around 5.5% until 2023 when demand could rise to 450 TWh.



In 2035, total demand will reach 719 TWh mainly driven by industrialization and urbanization along with population growth. Electricity demand is set to increase annually by 6.7% (low-case scenario) or 7.5% (high-case scenario) until 2020, according to the government projections. While generating capacity already increased from 45 GW in 2009 to 70 GW in 2014, it would need to reach 110 GW in 2023. Out of the total investment needs, the requirements in electricity alone are expected to be as high as USD 120 billion for the next ten years. So, the Turkish market is entering a good part of the cycles, with volumes up. At the same time, the number of Elimsan’s competitors has shrunk due to over-dependence of Turkish suppliers to the Turkish market. This leads to the chance for improving prices after some years of fierce price competition. The high demand is largely supported by the growing demand for electricity. The elimination of some key competitors due to the financial reasons has consequently ended up with winning new local orders and increased unit prices for Elimsan. This paradigm is expected to last for the next minimum 3 years.

Another key aspect for further growth in front of Elimsan is introducing new products resulting from effective R&D works and technological investments. Elimsan has set target for developing new/existing products vertically, strategically and systematically, which are 24 kV GIS, 24 kV Metal Enclosed, MV CT/VT Transformers and HV CT/VT Transformers within short and medium term. These products are especially designed to match with global developed markets, where value addition is required.

As a result, combining the right existing and new markets with the existing and new products based on the superior HR and Total Quality concept and improved financial health, which creates and supports the foundation of Elimsan’s mission, vision and values are the key aspects to sustainable success.

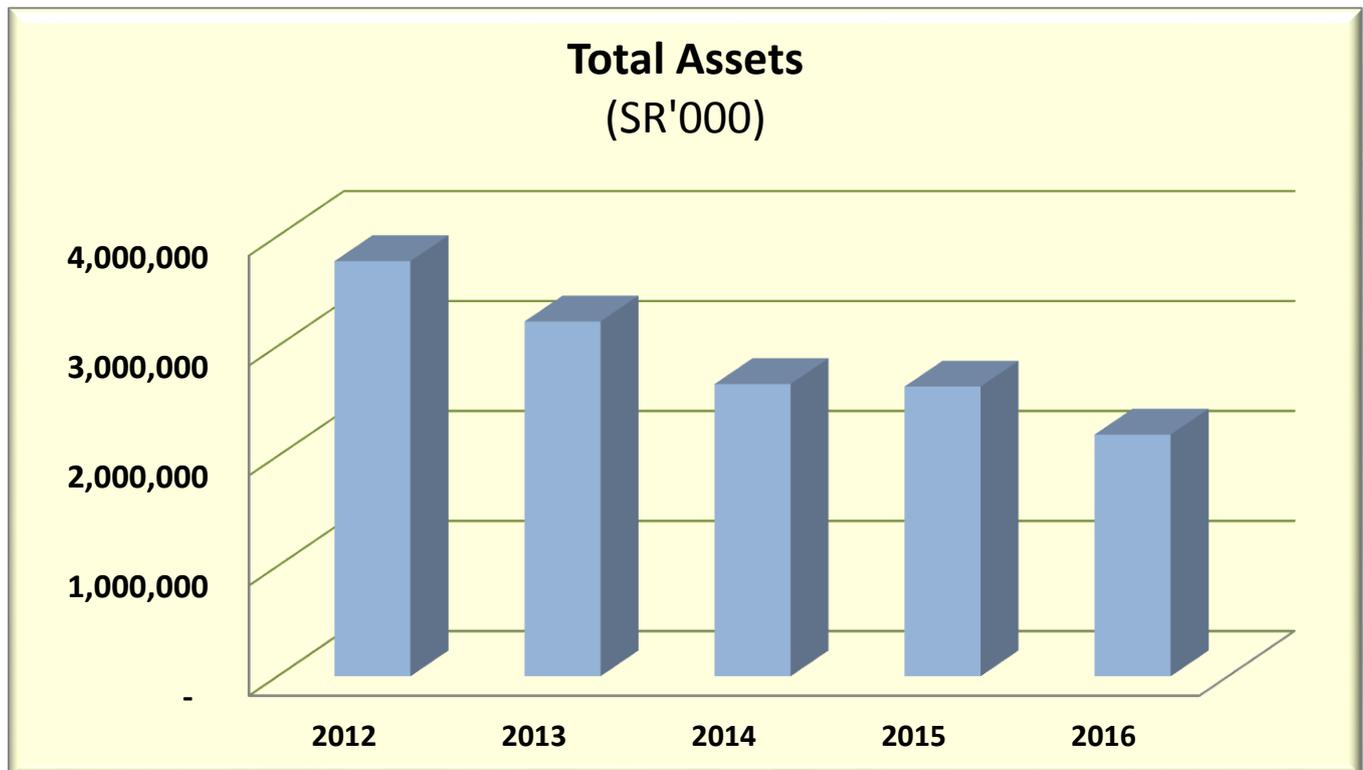
6 - GROUP FINANCIALS

Summary of Financial Position (5 Years)

Description	As of 31 December				
	(SR'000)				
	2012	2013	2014	2015	2016
Current Assets	2,369,208	1,704,208	1,116,440	1,222,560	1,008,934
Non - Current Assets	1,404,885	1,520,794	1,539,353	1,410,334	1,187,638
Total Assets	3,774,093	3,225,002	2,655,793	2,632,894	2,196,572

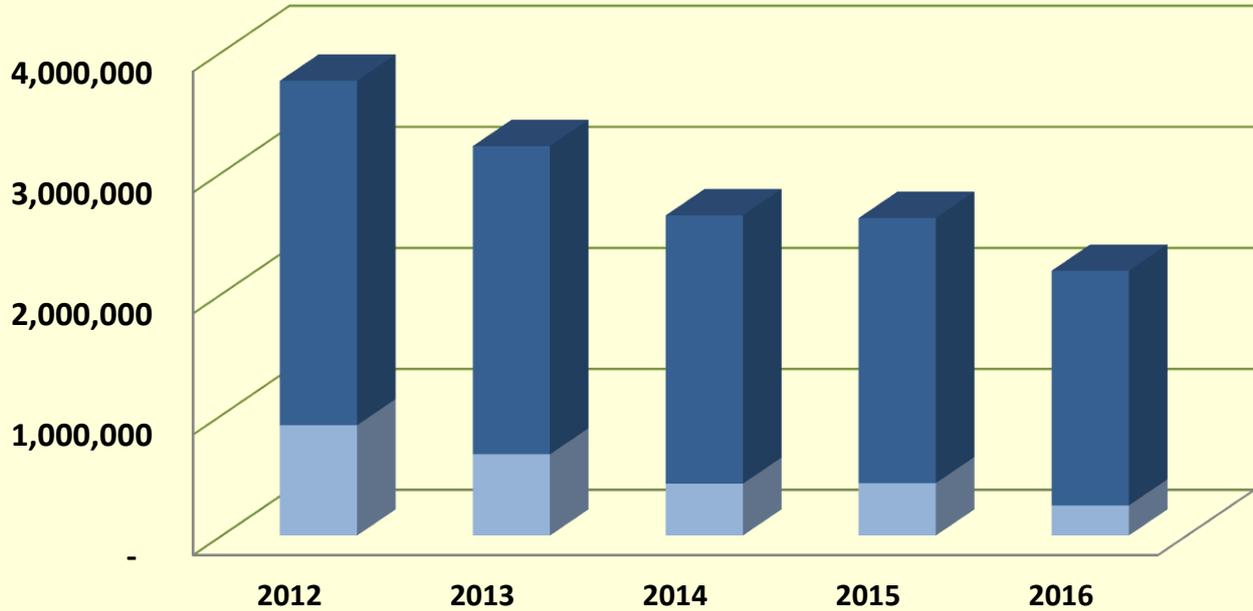


LIABILITIES AND SHAREHOLDERS' EQUITY:					
Current liabilities	2,256,645	2,181,711	1,961,520	1,928,747	1,262,136
Non - Current liabilities	589,081	365,141	257,114	263,042	679,072
Total Liabilities	2,845,726	2,546,852	2,218,634	2,191,789	1,941,208
Shareholders' Equity	915,084	673,681	429,744	434,951	249,747
Minority Interest	13,283	4,469	7,415	6,154	5,617
Total Liabilities and Shareholders' Equity	3,774,093	3,225,002	2,655,793	2,632,894	2,196,572

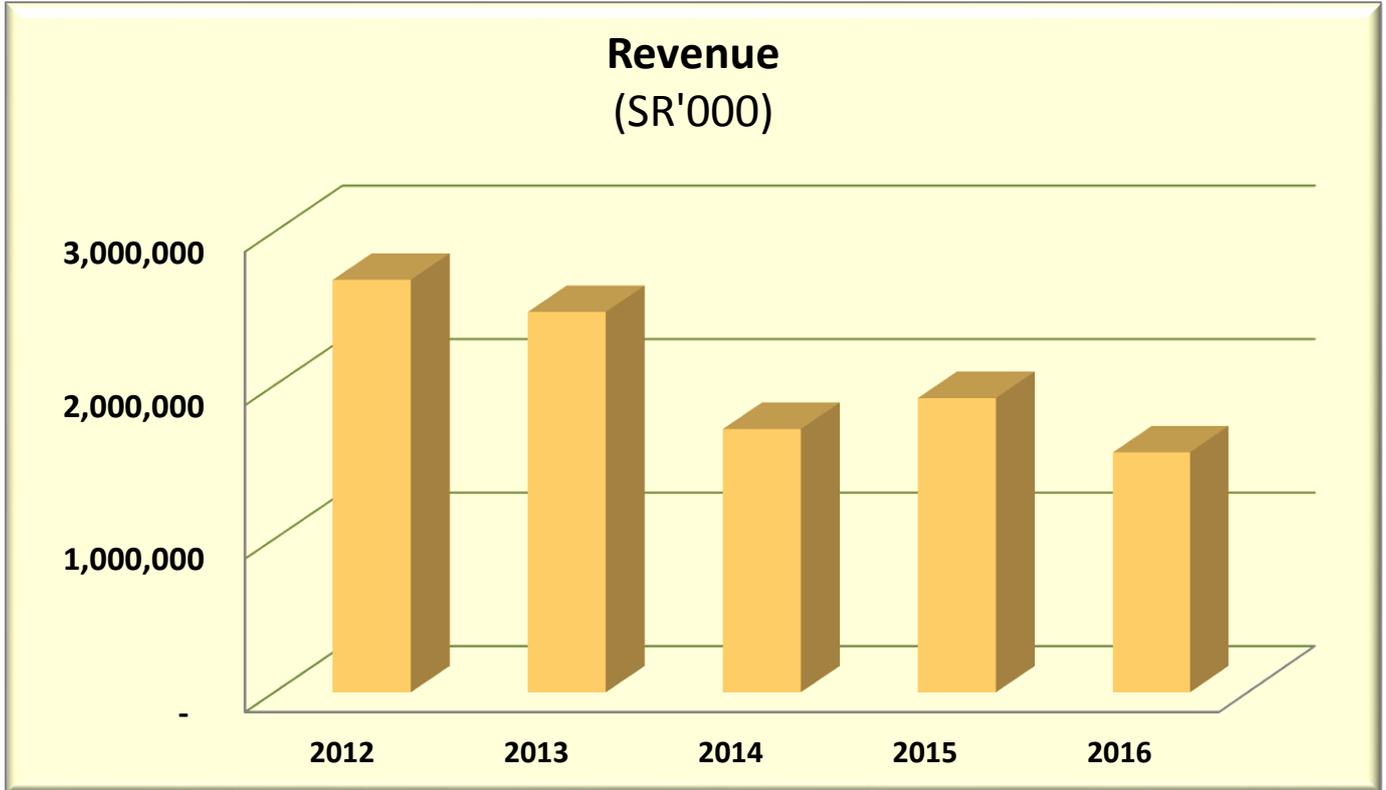


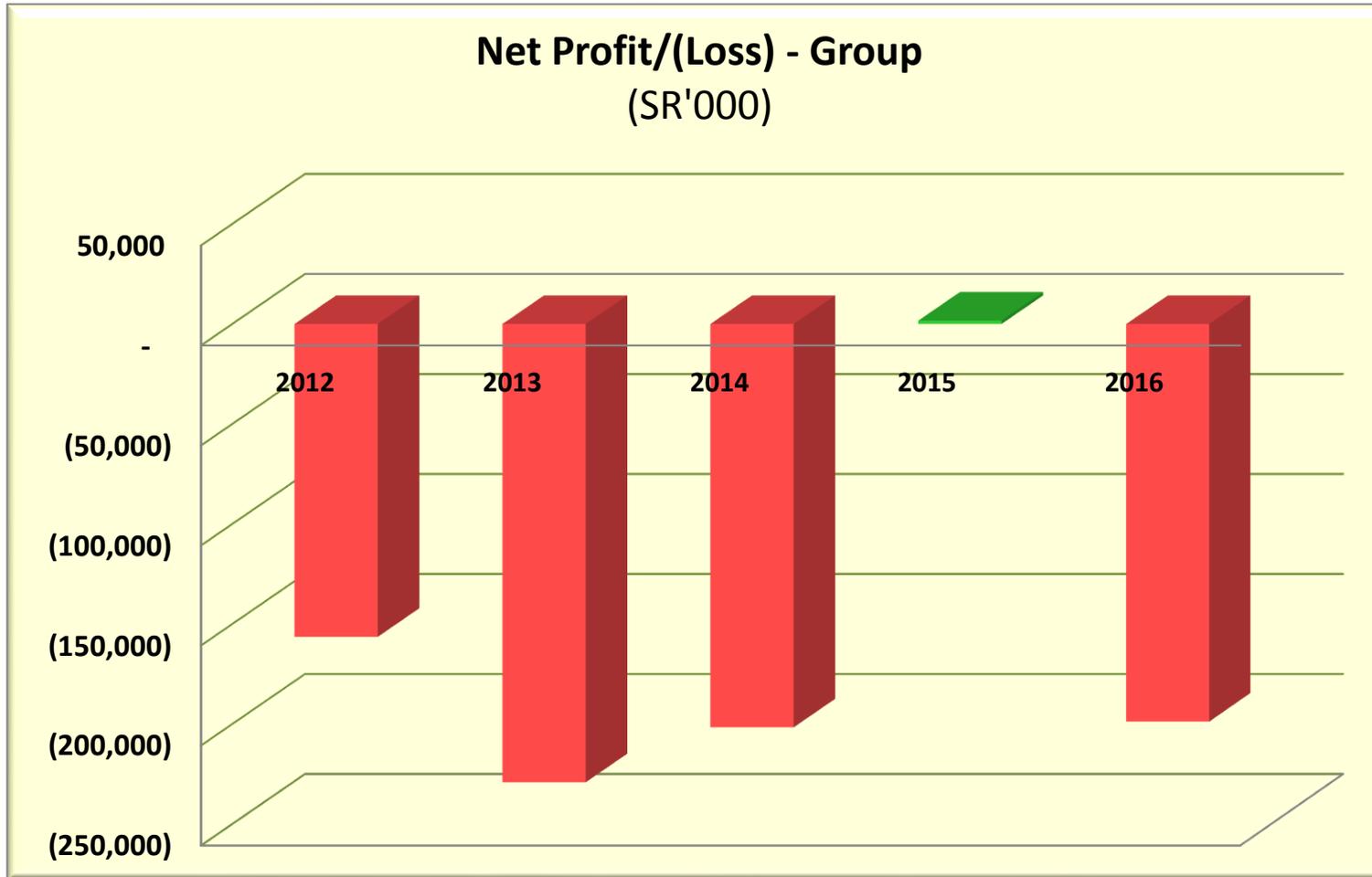


Total Shareholder's Equity & Total Liabilities (SR'000)



DESCRIPTION	Year ended 31 December				
	(SR'000)				
	2012	2013	2014	2015	2016
Revenue	2,687,850	2,478,444	1,716,321	1,918,059	1,564,555
Costs and Expenses	(2,944,554)	(2,810,080)	(2,019,005)	(1,986,235)	(1,794,968)
Net Profit/(Loss)	(256,704)	(331,636)	(302,684)	(68,176)	(230,413)
Equity Share of Profit from Associates	104,610	131,858	114,540	83,763	42,577
Net Profit/(Loss) before Zakat	(152,094)	(199,778)	(188,144)	15,587	(187,836)
Zakat & Income Tax	(4,311)	(29,339)	(13,535)	(13,900)	10,952
Net Profit/(Loss)	(156,405)	(229,117)	(201,679)	1,687	(198,788)





FINANCIAL HIGHLIGHTS
Profit and Loss Summary (2 Years)
(In SR'000)

DESCRIPTION	2016		2015		Increase / (Decrease)
	Amount	%	Amount	%	Amount
Gross Sales	1,442,794	92.2	1,827,034	95.3	(384,240)
Contract revenue	121,761	7.8	91,025	4.7	30,736
Total Sales	1,564,555	100.0	1,918,059	100.0	(353,504)
Cost of Sales	(1,379,661)	(88.2)	(1,766,995)	(92.1)	(387,334)
Contracts Cost	(108,938)	(7.0)	(82,659)	(4.3)	26,279
Selling & Distribution Expenses	(51,924)	(3.3)	(55,859)	(2.9)	(3,935)
General & Administrative Expenses	(225,732)	(14.4)	(95,611)	(5.0)	130,121
Amortization of Deferred Cost	(15,360)	(1.0)	(19,009)	(1.0)	(3,649)
Financial Charges	(65,258)	(4.2)	(21,733)	(1.1)	43,525
Provision for Doubtful Debts	5,793	0.4	39,902	2.1	34,109
Total Expenses	1,841,080	(117.7)	(2,001,964)	(104.4)	(160,884)
Other Income / (Loss)	40,756	2.6	6,749	0.4	34,007
Foreign Currency re-measurement (Loss)/Profit	4,911	0.3	8,127	0.4	(3,216)
Equity share of Profit from Associates	42,577	2.7	83,763	4.4	(41,186)
Total Other Income & Share of Profit From Associates	88,244	5.6	98,639	5.1	(10,395)
PROFIT / (LOSS) BEFORE ZAKAT & INCOME TAX	(188,281)	(12.0)	14,734	0.8	(203,015)
Zakat and Income Tax	(10,952)	(0.7)	(13,900)	(0.7)	(2,948)
PROFIT/(LOSS) BEFORE MINORITY INTEREST	(199,233)	(12.7)	834	-	(200,067)
Minority Interest	445	-	853	-	(408)
NET PROFIT / (LOSS)	(198,788)	(12.7)	1,687	0.1	(200,475)



**FINANCIAL HIGHLIGHTS
THE SHAREHOLDERS EQUITY
(IN SR'000)**

DESCRIPTION	As at 31 December		Net Change
	2016	2015	
Capital Stock	760,000	760,000	-
Statutory Reserves	-	63,432	(63,432)
Accumulated (Loss)/Profit	(501,000)	(365,644)	(135,356)
Proposed dividends	-	-	-
Cumulative changes in fair values	5,095	(13,694)	18,789
Foreign currency translation reserve	(14,348)	(9,143)	(5,205)
Total Shareholders' Equity	249,747	434,951	(185,204)
Minority Interest	5,617	6,154	(537)
Total Equity	255,364	441,105	(185,741)

**FINANCIAL HIGHLIGHTS
ZAKAT AND OTHER AMOUNTS PAID TO GOVERNMENT
(IN SR'000)**

DESCRIPTION	As at 31 December		Net Change
	2016	2015	
Zakat	135	544	(409)
The Public Authority for Social Insurance	6,963	7,413	(450)
Registration, Visa and Other Expenses	2,389	794	1,595
Total amounts paid to the Government	9,487	8,751	736

7 - CONVERGENCE TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

The Company finalized the accounting policies necessary for the preparation of the financial statements under IFRS, which were approved by the Audit Committee and Board of Directors during 2016. This will pave way for a smooth transition to IFRS by the first quarter of 2017 as specified by the regulatory requirements.

The Group also announced its transformation phases to adopt IFRS on the Saudi Stock Exchange Website (Tadawul) in accordance with the requirements of the Capital Market Authority (CMA). The Company has finalized for the management's



purpose IFRS transition balance sheet (statement of financial position prepared under IFRS) as of 01 January 2016 (the date of transition) which forms an integral part of the Company's IFRS management accounts for the period ended 31 March 2016, being the comparative period, and the first statutory IFRS financial statements for the period ending 31 March 2017.

The impact from transition is being reviewed by the external auditors of the Group and is expected to be completed in time to comply with deadlines prescribed by the regulatory bodies.

8 - ZAKAT & INCOME TAX

The General Authority of Zakat and Tax (GAZT) has assessed additional Zakat liability amounting to SR 50.70 million on the Company for the years 1993 to 2004. The Company objected to the part of the additional liabilities, which is still under an appeal at various levels between GAZT and Board of Grievances (BOG).

GAZT issued an assessment for the years 2005 to 2007 and claimed additional zakat and withholding tax liability of SR 35.69 million. The Company objected to the said assessment, which was transferred to Preliminary Appeal Committee (PAC) for their review and decision. PAC approved GAZT's assessment. Accordingly, the Company filed an appeal against PAC's decision with Higher Appeal Committee (HAC) which is under review by the HAC.

The GAZT has also raised assessment for the years 2008 and 2009 with additional liability of SR 32.9 million. The Company has filed an appeal against the GAZT's assessment with the Preliminary Appeal Committee (PAC).

The GAZT issued a further assessment for the years 2010 and 2012 claiming additional Zakat liability of SR 72.22 million. The Company has objected to the said assessment, which is still under review by the GAZT till date.

The Company has booked a provision of SR 91.0 million against all the aforementioned assessments by the GAZT.

The Company filed its Zakat returns for the years 2013, 2014 and 2015 and has obtained restricted Zakat certificates.

9 - BANK LOANS

Term Loans of the Company at 31 December 2016 were:

Figures in (SR'000)

Company	Bank Name	Loan Date	Financing Period	Original Loan Amount	Balance YTD 2015	Addition/Transfer from TL	Transfer from Short Term Loans	Paid in 2016	Balance YTD 2016
TERM LOANS									
Saudi Cable	SIDF	25-Jul-16	6 Years	191,460	112,960	-		(770)	112,190
TOTAL SIDF LOAN (A)				191,460	112,960			(770)	112,190
RESTRUCTURED BANK LOANS (B)									
Saudi Cable	ALRAJHI – B	25-Jul-16	6 Years	31,578	74,135	12,057	92,142	(7,053)	171,281
	BANK AL JAZIRA – B	25-Jul-16	6 Years	-	-	7,720	76,191	(572)	83,339
	NCB – B	25-Jul-16	6 Years	-	-	5,866	218,142	(1,527)	222,481
	ALRAJHI – A (MP)	25-Jul-16	6 Years	159,988	95,464	4,718	72,747	(80,000)	92,929
	BNP PARIBAS	25-Jul-16	6 Years	30,000	7,610	65,161	70,189	(975)	141,985
	TOTAL RESTRUCTURED LOANS (B)				221,566	177,209	95,522	142,936	(90,127)
TOTAL SAUDI CABLE LOANS (C) = (A+B)				413,026	290,169	95,522	529,411	(90,897)	824,205
Mass Kablo	AK BANK	27-Dec-12	5 Years	56,250	11,198	-	(11,198)	-	-
	ZIRAATBANK	24-Oct-14	1 Year 4 Months	5,625	-	-	-	-	-
	ZIRAATBANK	12-Jan-15	5 Years	3,750	3,750	-	(3,750)	-	-
	T.VAKIFLAR BANKASI	3-Dec-14	1 Year	9,375	-	-	-	-	-
	ZIRAATBANK	12-Nov-14	1 Year 4 Months	7,500	-	-	-	-	-
	TTGV			6,281	-	-	-	-	-
	EXIMBANK	7-Apr-15	5 Years	6,825	6,825	-	(1,515)	(1,515)	3,795
TOTAL MASS KABLO (D)				95,606	21,773	-	(16,463)	(1,515)	3,795
ELIMSAN	YAPI KREDİ	2015	5 Years	7,136	7,136	(2,152)	-	-	4,984
	İŞBANKASI	2015	5 Years	9,540	9,540	(2,877)	-	-	6,663
	KUVEYTTURK	2015	5 Years	6,551	6,551	(1,170)	-	-	5,381
	T-BANK	2015	2 Years	208	208	(208)	-	-	-
	DENİZBANK	2015	5 Years	8,929	8,929	(2,555)	-	-	6,374
	VAKIFBANK	2015	5 Years	6,375	6,375	(1,875)	-	-	4,500
	BANK ASYA	2015	5 Years	-	-	-	4,283	-	4,283
TOTAL ELIMSAN (E)				38,739	38,739	(10,837)	4,283	-	32,185
TOTAL LONG TERM LOAN (C+D+E)				547,371	350,681	84,738	517,178	(92,412)	860,186



LESS: Current Position	SIDF	Rescheduled for 2 years	-	(38,963)	-	-	(38,963)
	Commercial Banks		(177,209)	(49,498)	-	-	(226,707)
	Total Current Portion Term Loan			(177,209)	(88,461)	-	-
TOTAL LONG TERM LOANS AS OF 31-DEC-2016			173,525	(3,723)	517,178	(92,412)	594,515

Figures in (SR'000)

Company	Bank Name	Loan Date	Financing Period	Original Loan Amount	Balance YTD 2015	Addition/ Transfer from TL	Transfer to Term Loans	Paid in 2016	Balance YTD 2016
SHORT TERM LOANS									
Saudi Cable Company	Al-Rajhi Musharaka	05-Jul-12	1 Year	149,894	92,142	-	(92,142)	-	-
	Bank Al-Bilad	01-Aug-13	1 Year	114,644	-	-	-	-	-
		02-Oct-13	1 Year	33,405	31,431	-	-	(21,640)	9,791
		12-Sep-13	1 Year	25,094	-	-	-	-	-
	Bank Al-Jazira	31-Dec-13	1 Year	90,344	76,191	-	(76,191)	-	-
	BNP	15-Aug-12	9 Months	69,603	70,189	-	(70,189)	-	-
	NCB	02-Mar-13	2 Months	234,644	218,142	-	(218,142)	-	-
SABB	27-Nov-14	2 Months	15,233	41,251	-	-	(35,768)	5,483	
TOTAL SAUDI CABLE COMPANY				732,861	529,346	-	(456,664)	(57,408)	15,274
Mass Projects	Al-Rajhi	26-Sep-12	2 Years	159,988	45,497	-	(45,497)	-	-
		2014	1 Year	45,000	27,250	-	(27,250)	-	-
TOTAL MASS PROJECTS				204,988	72,747	-	(72,747)	-	-



Company	Bank Name	Loan Date	Financing Period	Original Loan Amount	Balance YTD 2015	Addition/ Transfer from TL	Transfer to Term Loans	Paid in 2016	Balance YTD 2016
Mass Kablo	AK BANK	2014	1 Year	75,731	-	-	-	-	-
		2012	5 Years	56,250	11,250	11,250	-	(5,625)	16,875
	ALBARAKA TURK	2014	6 Months	27,953	-	-	-	-	-
		2015	6 Months	15,673	9,464	27,245	-	(27,649)	9,060
	EUROBANK/ BURGAN	2013	2 Years	10,500	-	-	-	-	-
		2015	1.5 Years	12,825	4,415	-	-	(4,415)	-
		2015	8 Months	1,806	1,806	-	-	(1,806)	-
	FIBA BANK	2013	6 Months	48,675	-	-	-	-	-
		2015	6 Months	12,000	12,000	-	-	(12,000)	-
		2016	6 Months	-	-	5,063	-	(5,063)	-
		2016	9 Months	-	-	13,125	-	(13,125)	-
		2016	7 Months	-	-	8,813	-	(8,550)	263
		2016	5 Months	-	-	5,925	-	-	5,925
		2016	8 Months	-	-	12,750	-	-	12,750
	2016	7 Months	-	-	3,975	-	-	3,975	
	GARANTI BANKASI	2014	1 Year	5,063	-	-	-	-	-
	ODEABANK	2014	6 Months	7,500	-	-	-	-	-
		2015	6 Months	4,688	4,688	-	-	(4,688)	-
		2013	2 Years	26,719	-	-	-	-	-
		2014	1 Year	2,813	-	-	-	-	-
	SEKERBANK	2014	6 Months	15,469	-	-	-	-	-
		2014	3 Months	13,594	-	-	-	-	-
		2014	1 Year	20,738	-	-	-	-	-
	T.VAKIFLAR BANKASI	2015	6 Months	14,250	7,735	-	-	(7,735)	-
		2014	1 Year	9,375	9,375	-	-	(9,375)	-
		2014	1.5 Years	9,375	9,375	-	-	(3,750)	5,625
		2016	1 Year	-	-	9,375	-	(938)	8,437
	ZIRAATBANK	2014	-	43,125	-	-	-	-	-
2014		1.5 Years	13,125	13,125	-	-	(13,125)	-	
2015		1 Year	41,625	41,828	-	-	(4,1828)	-	
2016		1 Year	-	-	5,625	-	(5,625)	-	
2016		3 Months	-	-	4,875	-	(4,875)	-	
2016		6 Months	-	-	3,000	-	(3,000)	-	
2016		6 Months	-	-	4,969	-	(4,969)	-	



		2016	6 Months	-	-	5,021	-	(1,871)	3,150
		2016	1 Year	-	-	8,179	-	-	8,179
		2016	8 Months	-	-	13,125	-	-	13,125
		2016	9 Months	-	-	5,250	-	-	5,250
		2016	9 Months	-	-	12,375	-	-	12,375
	VAKIFBANK	2016	1 YEAR	-	-	21,156	-	(160,063)	5,093
	EXIMBANK	7-July-05	5 YEARS	1,820	-	1,515	-	-	1,515
	TRANSLATION					(346)	-	-	(346)
	INT. ACCOUNT					70	-	-	70
TOTAL MASS KABLO				490,689	125,060	182,337		(196,075)	111,323
ELIMSAN	YAPI KREDİ	2014	11 Months	8,606	-	-	-	-	-
		2015	1 Year	1,470	1,212	2,152	-	(1,216)	2,148
	İŞBANKASI	2013	-	11,505	-	-	-	-	-
		2015	1 Year	1,966	1,822	2,877	-	(1,822)	2,877
	KUVEYTTURK	2014	8 Months	3,341	-	2,929	-	-	2,929
		2014	6 Months	4,028	-	-	-	-	-
		2015	1 Year	1,039	995	1,170	-	(995)	1,170
	T-BANK	2013	9 Months	2,486	-	-	-	-	-
		2015	1 Year	2,278	1,242	208	-	(1,242)	208
	BANK ASYA	2014	6 Months	5,502	-	-	-	-	-
		2014	9 Months	2,678	-	-	-	-	-
		2015	9 Months	10,260	7,440	(4,282)	-	(995)	2,163
DENİZBANK	2013	5 Months	10,061	-	-	-	-	-	
	2015	1 Year	1,132	1,132	2,555	-	(1,132)	2,555	
VAKIFBANK	2013	7 Months	7,500	-	-	-	-	-	
	2015	1 Year	1,125	1,125	1,875	-	(1,125)	1,875	
TOTAL ELIMSAN				74,977	15,116	9,484	(8,527)	(8,675)	15,925
TOTAL SHORT TERM LOANS AS OF 31-DEC-2015				1,503,515	742,122	191,821	(529,411)	(262,010)	142,522



10 - SUBSIDIARIES & ASSOCIATE COMPANIES

Subsidiaries	Principal Field of Activities	Country of Incorporation	% of Capital held Directly or Indirectly	Capital as per Nominal Share Value in SR Million
Domestic				
Saudi Cable Company for Marketing Limited	Purchase and sale of electrical cables and related products	Saudi Arabia	100%	10.0
Mass Projects for Power and Telecommunications Limited	Turnkey power and telecommunication projects	Saudi Arabia	100%	10.0
Mass Centers for Distribution of Electrical Products Limited	Electrical & telecommunication distribution services	Saudi Arabia	100%	44.5
International				
Mass Kablo Yatirim Ve Ticaret Anonim Sirketi (Previously Mass Holding Anonim Sirketi)	Holding Company	Turkey	100%	350.3
Demirer Kablo Tesisleri Sanayi Ve Ticaret Anonim Sirketi	Manufacture, supply and trading of electrical cables	Turkey	100%	
Mass International Trading Company Limited (dormant)	International trade	Ireland	100%	0.6
Saudi Cable Company (U.A.E) L.L.C.	Sale of cables and related products	United Arab Emirates	100%	1.0
Elimsan Group of Companies	Manufacturer of Switch Gears, Transformers and related accessories	Turkey	94.4%	216.9
Midal Cables W.L.L.	Conductors, Rods & related products	Bahrain	50%	124.3
XECA International Information Technology	Implementation of Information Systems and Network Services	Saudi Arabia	25%	13.2

Midal Cables W.L.L.

The Company owns 50% of Midal Cables Limited. – Bahrain, which is engaged in the manufacture and supply of Aluminum alloy rods, wires and conductors and related products. The facilities are located adjacent to the Alba Smelter in Bahrain. The capacity for Aluminum rod production at the year-end 2016 was 260,000 MT.

Statement below provides shareholding pattern & principal business activities of the subsidiary companies of Midal Cables Limited.



Sr #	Subsidiary	Country of Incorporation	Country of Operations	Share-holding %	Principal activities
1	Aluwheel WLL	Bahrain	Bahrain	100	Manufacturing of Aluminum specialty wire with capacity of 9,000 MT
2	Metal Form WLL	Bahrain	Bahrain	100	Manufacturing of aluminum clad steel wire, core / alloy wire with capacity of 5,000 MT.
3	Bahrain Welding Wire & Product	Bahrain	Bahrain	70	Manufacturing of aluminum rods with capacity of 32,000 MT.
4	Midal Kablo San. ve Tic. A.Ş	Turkey	Turkey	100	Manufacturing of aluminum Rods and conductors with production capacity of 35,000 & 20,000 respectively
5	Midal Cables International Pty Ltd	Australia	Australia	90	Manufacturing of aluminum Rods & aluminum conductor with production capacity of 50,000 & 10,000 respectively
6	Midal Cable Saudi	Saudi Arabia	Saudi Arabia	100	Manufacturing of Aluminum Conductors with capacity of 24,000 MT.
7	Midal Cables International Limited	Mozambique	Mozambique	100	Manufacturing of aluminum Rods & aluminum conductor with production capacity of 50,000 & 20,000 respectively

XECA International Information Technology

The Company currently owns 25% of XECA. XECA is engaged in the supporting of Information Systems and Network Services. It is providing this service to many companies, including SCC.

11 - TRANSPARENCY AND CORPORATE GOVERNANCE

11A - THE SCC BOARD OF DIRECTORS

The major functions and responsibilities of the Board of Directors are:

- a) Approving the strategic plans and main objectives of the company and supervising their implementation;
- b) Laying down rules for internal control systems and supervising them;
- c) Drafting a corporate governance code for the company which does not contradict the provisions of the CMA regulations, supervising and monitoring in general, the effectiveness of the code and amending it whenever necessary.
- d) Laying down specific and explicit policies, standards and procedures, for the membership of the Board of Directors and implementing them after approval of these by the General Assembly.



- e) Without prejudice to the competencies of the General Assembly, the Board shall assume all the necessary powers for the company's management the ultimate responsibility for the company rests with the Board even if it sets up committees or delegates some of its powers to a third party.

11B - BRIEF CREDENTIALS

The Board of Directors comprises of 7 members elected for a three-year term commencing 3rd September 2014.

Name of the Member	Member Classification	Academic Qualifications	Membership of other Public Joint Stock Companies
Khalid A. Alireza Chairman	Executive	<ul style="list-style-type: none"> - Bachelor's degree in Engineering from University of California, Berkley. - Master's degree in Engineering from University of California, Berkley. 	<ol style="list-style-type: none"> 1. Chairman of Alujain Corporation for the petrochemical industry. 2. Chairman of the National Company for the petrochemical industry
Shaukat Aziz	Independent	<ul style="list-style-type: none"> - Master's degree in Business Administration 	-
Saleh E. Al Hussaini	Independent (Until August 2016)	<ul style="list-style-type: none"> - Master's degree in Economics. 	<ol style="list-style-type: none"> 1. Saudi Basic Industries Corporation (SABIC). 2. Saudi Airlines Cargo Limited Company. 3. Trade Union Insurance.
Abdullah H. Masri	Independent	<ul style="list-style-type: none"> - Bachelor's degree in Humanities from University of California. - Master's degree in Humanities from University of Chicago. - Doctorate in Humanities from University of Chicago, - Dip in Business Administration from Harvard University. 	Coca-Cola Bottling Company of Saudi Arabia (CCBCSA) for soft drink.
Adnan A. Maimani	Non-Executive	<ul style="list-style-type: none"> - Master's degree in Law from McGill University, Canada 	Saudi Industrial Services Co. (SISCO)
Yousuf A. Alireza	Non-Executive	<ul style="list-style-type: none"> - Bachelor's degree in Applied Sciences in Business Sector from University of San Francisco - Master's degree in Business Administration 	-



Name of the Member	Member Classification	Academic Qualifications	Membership of other Public Joint Stock Companies
Eng. Abdullah M. Rehaimi	Independent	- Bachelor's degree in Mechanical Engineering - King Fahd University of Petroleum and Minerals, Saudi Arabia.	1. Savola Group - a representative of the Public Investment Fund - Ministry of Finance. 2. Alujain Corporation.
Dionysius Metzemaekers	Executive (From August 2016)	- Master's degree in Mathematical Physics – Technical University of Eindhoven, Netherlands	-

11C - DIRECTORS' OWNERSHIP OF COMPANY SHARES

The details of the Directors' and their Families' ownership of shares in the company is as follows:

A description of any interest of returning to the board members and their spouses and their minor children in the shares or any of its subsidiaries

Name of the Member	No. of shares at the beginning of 2016	No. of shares at the end of 2016	Net change in the No. of shares during the year	Percent Change	Ownership of first degree relatives & changes therein
Khalid A. Alireza	650,524	675,524	25,000	0.888	Included
Shaukat Aziz	1,000	1,000	-	-	None
Abdullah H. Masri	2,559	2,559	-	-	None
Adnan A. Maimani	1,000	1,000	-	-	None
Yousuf A. Alireza	1,000	1,000	-	-	None
Eng. Abdullah M. Rehaimi	5,000	5,000	-	-	None

11D - SENIOR EXECUTIVES' OWNERSHIP OF COMPANY SHARES

Name of the Member	No. of shares at the beginning of 2016	No. of shares at the end of 2016	Net change in the No. of shares during the year	Percent Change	Ownership of first degree relatives & changes therein
Hisham Abdul Rahman Essam Ismail	6,285	6,285	-	-	None



11E - BOD MEETINGS & IMPORTANT RESOLUTIONS

Attended by	2016 Meeting Details			
	No. 157	No. 158	No. 159	No. 160
Khalid A. Alireza	√	√	√	√
Shaukat Aziz	√	√	√	√
Saleh E. Al-Husseini (Until August 2016)	By Proxy	By Proxy	Resigned	---
Abdullah H. Masry	√	√	√	Did Not Attend
Adnan A. Maimani	√	√	√	√
Yousuf A. Alireza	By Proxy	By Proxy	√	√
Abdullah M. Rehami	√	√	√	Did Not Attend
Dionysius Metzemaekers (From August 2016)	---	---	√	√

The following important resolutions were passed in the year 2016:

1. Authorization of the Board's Chairman to sign with the banks on the agreements, terms and covenants related to financial rescheduling procedures. (BOD Res No. BOD-2/157 dated 10-02-2016).
2. Approval of the optional liquidation plan for XECA International IT Company. (BOD Res No. BOD-3/157 dated 10-02-2016).
3. Approval to increase the capital expenses' budget for the building and equipment of the new products' qualitative testing laboratory. (BOD Res No. BOD-4/157 dated 10-02-2016).
4. Approval for the final accounts of the financial year ending 31/12/2015. (BOD Res. No. BOD-2/158 dated 08-05-2016).
5. Approval of the preliminary financial data results for the first quarter of the year 2016. (BOD Res. No. BOD-3/158 dated 08-05-2016).
6. Notification of the Board of Directors with the transactions of related parties with whom one of the Board's Directors has a special interest. (BOD Res. No. BOD-4/158 dated 08-05-2016).
7. Approval of the Company's preliminary financial statements' results for the final quarter of the year 2015. (BOD Circular Res No. 1/2016 dated 19-01-2016).
8. Approval for the final accounts of the financial year ending 31-12-2015. (BOD Circular Res No. 2/2016 dated 06-03-2016).



9. Authorization of the Board's Chairman to sign with the Saudi Industrial Development Fund on the agreements, terms and covenants related to financial rescheduling procedures. (BOD Circular Res No. 3/2016 dated 08-03-2016).
10. Appointment of a new member of the Audit Committee. (BOD Circular Res No. 5/2016 dated 03-04-2016).
11. Ensuring the completion of the mortgage procedures set in the financial restructuring agreements. (BOD Circular Res No. 6/2016 dated 23-04-2016).
12. Utilization of the full statutory reserve to amortize a part of the accumulated losses. (BOD Circular Res No. 7/2016 dated 23-04-2016).
13. Resignation of a Board Director and the appointment of a new Board Director. (BOD Circular Res No. 8/2016 dated 17-08-2016).

11F- DETAILS OF REMUNERATION TO EXECUTIVES, NON-EXECUTIVE BOD MEMBERS AND SENIOR EXECUTIVES

	In SR'000			
	2016	2015	Five Highest paid senior executives including President & CFO	
	Non-Executive (7 Persons)		2016	2015
Salaries and Allowances	-	-	6,503	6,365
Fees	63	45	-	-
Bonus	-	-	3,887	2,000
Total	63	45	10,390	8,365

11G - BOARD COMMITTEES

A. Audit Committee

The Audit Committee in the company was formed under the Resolution No. 903 dated 12/08/1414H issued by the Ministry of Commerce. The formation of the Committee was approved by the Ordinary General Assembly (OGA) of the shareholders on 30/12/1414H. The Charter of the Audit Committee was approved by the Board of Directors on 8/6/1994 (Resolution No. BM 65-4).

Mandate:

The main objectives of the Committee includes, but are not limited to, ensuring adequacy of policies, procedures and soundness of the internal control appropriateness of financial accounting and reporting, as well as ensuring the effectiveness of the internal and external audit functions on an ongoing basis. The



committee also reviews the company's periodical and annual financial statements and annual budgets.

The Audit Committee oversees the work of the internal audit in the Company periodically to ensure the adequacy and effectiveness of the internal control system in general and with respect to the fairness of the financial statements in particular. It also provides ongoing evaluation of the internal control system and its effectiveness, and deals with any serious observation, in context of the goals of the Board of Directors to obtain a resolution assurance about the soundness of the design and effectiveness of the same.

In this context the Committee has discussed during the fiscal year 2016 the periodic reports prepared by the internal auditor and reported to the Board of Directors on actions and recommendations as it deemed appropriate, and met with external auditors and executive management to discuss matters related to the work of the Company.

Membership

The following are the current members of the Audit & Risk Committee (As of 31.12.2016):

Members	BOD Member	Non-Executive	Shareholder	Position
Adnan A. Maimani	√	√	√	Chairman
Mohammed Ashraf Tumbi		√	√	Member
Meyassar A. Nowailati		√	√	Member

All the Audit Committee Members are not Employees of the Group.

SCC – Audit Committee Meetings and Results

The committee held 4 meetings in 2016:

S.No	Meeting#	Meeting Date	Attended By
1	117	19/01/2016	Adnan A. Maimani Ashraf A. Tumbi
2	118	06/03/2016	Adnan A. Maimani Ashraf A. Tumbi Ala'a al Jabri (Resigned)
3	119	20/04/2016	Adnan A. Maimani Ashraf A. Tumbi Meyassar A. Nowailati (Replaced Ala'a al Jabri)
4	120	16/10/2016	Adnan A. Maimani Ashraf A. Tumbi



Meyassar A. Nowailati

Meeting Fees paid @ SR 3,000 per meeting for each member.

Results and Findings of the Audit Committee:

1. The audit manual containing audit scope, functions of the Internal Audit Department, procedures, code of ethics of the Department and Audit Plan for the year 2016 was reviewed and found adequate and satisfactory.
2. A review of the company's financial and operational policies/procedures and internal control system shows that policies/procedures and internal control system are satisfactory. The audit of the effectiveness of internal control for the year 2016 showed no substantial or material weakness in the company.
3. The Committee conducted several meetings to review the financial and operational statements, internal control system, management's reports and reports of the internal auditor. The result of internal audit showed that the internal control system/procedures were effective throughout the Group. Examination and review of books of account, financial transactions, reports, data and operational activities and physical verification of company's assets and properties showed no significant procedural violations.
4. The Annual review of the effectiveness of the Internal Control System has not shown any intrinsic weakness in the company.
5. The Audit Committee and Board of Directors have confirmed the effectiveness of the internal control procedures that the company's objectives have been achieved, and the published financial statements have been prepared in reliable and dependable manner in accordance with the accounting standards and related regulations and laws.

B. Nominations & Remunerations Committee:

The main objectives of the Nominations & Remunerations Committee may be summarized as determining the policies and standards for nominations to the membership of the Board of Directors with periodical review of the requirements of capabilities and skills for the Board; study of the Board's strengths and weaknesses and suggesting ways of addressing it; ensuring the independence of the independent Directors, study of conflict of interest with their membership of the Boards of other companies; beside studying or suggesting policies for compensation and bonus to the Board of Directors and Senior Executives.



The Committee has been reconstituted vide BOD Resolution No. BOD 142/2 dated 4 Muharram 1434H corresponding to 18 November 2012G and BOD Resolution 144/3 dated 25/02/2013 as follows:

No.	Members	Position
1	Dr. Abdullah H. Masri.	Chairman of the Committee
2	Yousuf A. Y. Zainal Aireza.	Member
3	Dr. Ahmed Saad Gabbani.	Expert Member

The newly elected Board, which commenced on 3rd September 2014, has confirmed the continuity of existing Members of the Nomination & Remuneration Committee in their current positions, until further notice.

Meetings:

The initial Committee had six meetings during the year 2016 as per the following attendance:

No	Meeting Date	Meeting No	Attended By
1	29 February 2016	(9)	<ul style="list-style-type: none"> • Dr. Abdullah Masri • Yousuf A. Y. Alireza • Dr. Ahmed Gabbani
2	08 March 2016	(9-A)	<ul style="list-style-type: none"> • Dr. Abdullah Masri • Yousuf A. Y. Alireza • Dr. Ahmed Gabbani
3	05 April 2016	(10)	<ul style="list-style-type: none"> • Dr. Abdullah Masri • Yousuf A. Y. Alireza • Dr. Ahmed Gabbani
4	12 June 2016	(11)	<ul style="list-style-type: none"> • Dr. Abdullah Masri • Yousuf A. Y. Alireza • Dr. Ahmed Gabbani
5	19 October 2016	(12)	<ul style="list-style-type: none"> • Dr. Abdullah Masri • Yousuf A. Y. Alireza • Dr. Ahmed Gabbani
6	25 October 2016	(13)	<ul style="list-style-type: none"> • Dr. Abdullah Masri • Yousuf A. Y. Alireza • Dr. Ahmed Gabbani



12- IMPLEMENTATION STATUS OF CORPORATE GOVERNANCE (CMA) REGULATIONS

(As of 31 December 2016)

No	CMA Article No. /Description	No. of clauses	Impleme nted	Partial Implem	In Process of Implmnt.	Not Appl.	REMARKS
1	3- General Rights of Shareholders	1	1				
2	4- Shareholders Exercise of Rights and Access to Information	2	2				
3	5- Shareholders Rights related to the General Assembly	10	10				
4	6- Voting Rights	4	3			1	Article 6/d - is not applicable to the company
5	7- Dividends Rights of Shareholders	2	2				
6	8- Policies and Procedure related to Disclosure	1	1				
7	9- Disclosure in the Board of Directors' Report	7	7				
8	10- Main Functions of the Board of Directors	17	17				
9	11- Responsibilities of the Board	8	8				
10	12- Formation of the Board	9	9				
11	13- Committees of the Board	3	3				
12	14- Audit Committee	11	11				
13	15- Nomination and Remuneration Committee	8	8				
14	16- Meetings of the Board	4	4				
15	17- Remuneration and Indemnification of Board Members	1	1				
16	18- Conflict of Interest within the Board	3	3				
17	Total Clauses	91	90			1	
18	Percentage of Implementation	100%	98.9%			1.1%	



Company's Announcements Published on CMA website (Tadawul)

1. Announcement that Company's subsidiary in Turkey has obtained a new order from one of the Gulf countries dated 18/12/2016.
2. Addendum announcement related to the qualification on Preliminary Financial Statements for the period ending at 30 September 2016 dated on 11/12/2016.
3. Announcement of qualification on Preliminary Financial Statements for the period ending at 30 September 2016 dated on 08/12/2016.
4. Announcement of latest updates on the phases of the transition plan for implementation of International Financial Reporting Standards (IFRS) dated on 27/10/2016.
5. Corrective announcement regarding the phases of the transition plan for implementation of International Financial Reporting Standards (IFRS) dated on 29/08/2016.
6. Announcement of transition plan for implementing of International Financial Reporting Standards (the IFRS) dated on 28/08/2016.
7. Announcement of the Resignation and Appointment of Member of its Board of Directors dated on 17/08/2016.
8. Supplementary Announcement on signing of the agreement to restructure Company's debts dated on 20/07/2016.
9. Announcement of reduction in accumulated losses to less than 50% of its Paid-up Capital dated on 07/06/2016.
10. Corrective announcement regarding the results of 41st Ordinary General Meeting (second meeting) dated 05/06/2016.
11. Announcement of the results of 41st Ordinary General Meeting (second meeting) dated on 05/06/2016.
12. Corrective Announcement regarding the results of its administrative financial statements for the period ended 04/30/2016 (four months) dated on 11/05/2016.



13. Announcement of the administrative Financial Results for the period ending 2016/04/30 (4 months) dated on 09/05/2016.
14. COMPANY INVITES ITS SHAREHOLDERS TO ATTEND THE 41ST ORDINARY GENERAL ASSEMBLY (OGA) MEETING (second meeting) dated on 09/05/2016.
15. Announcement of the non- convening of its Forty First Ordinary General Assembly dated on 03/05/2016.
16. Announcement of addition of a new item to the agenda of the 41ST ORDINARY GENERAL ASSEMBLY MEETING (OGA) dated on 27/04/2016.
17. Corrective announcement regarding the preliminary financial results for the period ended 31/03/2016 (three months) dated on 25/04/2016.
18. Announcement of Company's Accumulated losses amount to 54.6% of its paid up capital dated 24/04/2016.
19. Announcement of Company's inability to publish financial results for the first quarter of 2016 dated on 21/04/2016.
20. COMPANY INVITES ITS SHAREHOLDERS TO ATTEND THE 41ST ORDINARY GENERAL ASSEMBLY (OGA) MEETING (FIRST MEETING) dated on 06/04/2016.
21. Supplementary Announcement on signing of the agreement to restructure Company's debts dated on 23/02/2016.
22. Supplementary Announcement on the latest developments regarding the signing of the Term Sheet with Lenders for the Financial Restructuring of the Company Debts dated on 28/01/2016.
23. Announcement on Company's subsidiary having achieved cable system certification (UM) dated on 25/01/2016.
24. Supplementary announcement regarding the financial impact of the revision in Power Products Prices dated on 06/01/2016.



CMA's Announcements Published on their website

1. The Saudi Stock Exchange (Tadawul) announces changing the status of the Company as a result of Company's announcement on reduction in accumulated losses below 50% Dated on 08/06/2016.
2. CMA's announcement to lift suspension of trading of Company's shares Dated on 25/04/2016.
3. The Saudi Stock Exchange (Tadawul) announces that the accumulated losses of Company have reached above 50% or below 75% of its capital Dated on 25/04/2016.
4. CMA's announcement regarding suspension of trading of Company shares Dated on 21/04/2016.

13 - PENALTIES IMPOSED BY CAPITAL MARKET AUTHORITY (CMA)

There were no imposed penalties from the Capital Market Authority on the Company for the year 2016.

14 - TRANSACTIONS WITH RELATED PARTIES

The Company, in the normal course of business, has the following major dealings with related parties:

1. The Group engages in regular trade transactions with Midal Cables and Hidada Limited, which are disclosed in the annual financial statements. All transactions are enacted on prevailing commercial terms.
2. An affiliate of the Company, XECA, is engaged in providing Information Technology Services at commercial prices.
3. Xenel Industries Limited, under an on-going agreement with the Company, is reimbursed with actual costs incurred on its behalf for services rendered. Additionally, to support the company's urgent working capital requirements an incremental amount of SR 5 million (interest free) was advanced to SCC during the year 2013, in addition to the SR 25 million (interest free) loan provided during 2012, which is still unpaid and continues to be interest free.

The Group had the following related party transactions during the years ended 31 December:

Related party	Nature of transaction	(SR'000)	
		2016	2015
Management	Remunerations	63	45
Midal Cables W.L.L. – 50% Owned by SCC: In total the BOD has 6 members, of which 3 are nominated from SCC's management.	Purchases of Aluminum Rod	29,472	31,189
	Dividends income	41,202	76,875
	Directors remuneration	1,875	1,875
	Finance costs & others	1,159	439
Xenel Industries Limited Private company. The BOD of which includes 2 members from SCC BOD: Khalid A. Alireza & Yousuf A. Alireza	Expenses of Travel, Consultancy, Training, Legal etc. charged to the Group, advances and Loans.	2,821	2,377
XECA International Information Technology 25% owned by SCC and 25% owned by Xenel Industries	IT Outsourcing services paid/Advances	5,292	4,105

Related party balances comprised of the following as at 31 December:	2016	2015
Due from related parties		
Hidada Limited	309	483
Alujain Corporation	-	-
XECA International Information Technology	-	378
TOTAL	309	861

Due to related parties		
Xenel Industries Limited	41,417	38,596
Midal Cables W.L.L	22,288	22,237
Chem Global Limited	664	664
XECA International Information Technology	2,969	-
Hidada Limited	1,452	1,452
TOTAL	68,790	62,949

The above related party transactions along with an external auditor's special report will be submitted at the next Ordinary General Assembly (OGA).

15 - POTENTIAL RISKS

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value and cash flow interest rate risks), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of markets and seeks to minimize potential adverse effects on the Group's financial performance. The Group has established controls on counter-party risks and uses derivative instruments to hedge its major risk exposures. Property risks, Business



Interruption, Public/Product Liability etc. are covered through appropriate insurance policies.

Risk management is carried out by senior management under policies approved by the Board of Directors. The most important types of risks are credit risks, currency risk and fair value and cash flow interest rate risks.

16 - CORPORATE GOVERNANCE

The company endeavors to lay down the basis, the policies and procedures that match the Corporate Governance Regulations issued by the Capital Market Authority as per Resolution No. 1-212-2006 dated 21/10/1427 H corresponding to 12/11/2006G.

Taking guidance from the Corporate Governance Regulations in the Kingdom of Saudi Arabia, the company's Corporate Governance Regulations have been approved vide Resolution No. 10 issued by the General Assembly of the Shareholders at its meeting No. 36 held on 5-7-1432 H / 7-6-2011G.

Operationally, the company has applied what has been laid down in the Regulations, either fully or partly, through the Bylaws and the Internal Regulations and Procedures and the related mechanisms, beside its adherence to the Accounting Standards recognized in the Kingdom of Saudi Arabia.

The company is continuously working on updating the policies and procedures governing the application of these regulations.

Shareholders' Rights and communications with them: All shareholders are entitled to all rights attached to the share and as described in the company's Bylaws and as laid down in the governance regulations, in particular the right to participate in governance and profits of the company. These documents cover the rights of the shareholders and they may acquaint themselves of these by visiting the company's website (www.saudicable.com); this is in addition to what is published periodically on 'Tadawul' and that published from time to time in the local newspapers.

Dividend Policy: Articles 39 and 40 of the company's Bylaws cover the policy on distribution of annual profits as follows:

Article 39 – Distribution of annual profits:

The annual profits arrived at after deducting all general expenditures and other charges, shall be distributed as follows:



39.1 A sum of 10 per cent of the net profits shall be set aside to form a Legal Reserve. The Ordinary General Assembly may stop such setting aside when the said reserve equal fifty per cent of the company's paid-up capital.

39.2 Out of the remainder of the net profits a first dividend of not less than five per cent of the paid-up capital shall be distributed among the shareholders.

39.3 Then an amount of not more than 10% (maximum of SR 200,000 per Director) of the remainder of the net profits, shall be allocated and distributed to the members of the Board of Directors.

39.4 The remainder shall be distributed among the shareholders as an additional dividend, or be carried forward for subsequent years in the manner recommended by the Board of Directors and approved by the General Assembly.

Article 40 – Distribution of Dividends:

The dividends decided to be distributed among the shareholders shall be paid at the place and time fixed by the Board of Directors within the guidelines or the relevant directives issued by the Ministry of Commerce.

Voting : The company had included a resolution on approval of cumulative voting in the agenda of the Extraordinary General assembly No.39 on 3/8/1433H corresponding to 23/6/2012G; but there was no quorum and therefore the cumulative voting method has not been incorporated in the company's Bylaws till date. Hence the company has not implemented it.

Share Capital of the Company: The company has a fully paid up capital of SR 760,000,000 divided into 76,000,000 equal shares of SR 10 each.

17 - IMPORTANT DATES FOR SHAREHOLDERS AND STAKEHOLDERS:

The BOD endeavors to meet four times each year. The dates of meetings are dependent on the maximum attendance availability of its members. The following tentative dates have been initially fixed for important meetings to be convened in 2017. The actual meeting dates may vary upon BOD Members' availability.

Meeting		Day and Date
1	Ordinary General Assembly (OGA)	
2	Board of Directors Meeting	Saturday, 30-04-1438 H – 28-01-2017
3	Board of Directors Meeting	Thursday, 03-06-1438 H – 02-03-2017
4	Board of Directors Meeting	Tuesday, 21-07-1438 H – 18-04-2017
5	Board of Directors Meeting	Sunday, 25-01-1439 H – 15-10-2017



18 - BOARD DECLARATIONS

1. Proper books of account have been maintained.
2. The system of internal control is sound in design and has been effectively implemented.
3. There are no significant doubts concerning the company's ability to continue as a going concern.
4. The company's financial statements were prepared in accordance with the accounting principles generally accepted in the Kingdom of Saudi Arabia and such accounting principles are applied on a consistent basis.
5. The company has not issued any financial instruments such as stock options or stock rights that may be converted into shares.
6. There were no major contracts awarded to any related parties, other than those disclosed in the afore-mentioned section of this report and also similarly disclosed in the financial statements.
7. There were no outstanding loans that neither were due from the directors during the year nor were any loan repayments made.
8. There were no loans given to any of its members.
9. The company has not made any transactions relating to its own stocks.
10. Bank loans and its movements are disclosed in this report, and in the financial statements.
11. There were no other share dealings entered by the company with any of its directors or immediate members of their families other than those disclosed above.
12. No waiver of rights has been received from any shareholder.
13. The external auditor has given a qualified opinion on the financial statements.

19 - BOARD OF DIRECTORS RECOMMENDATIONS TO THE SHAREHOLDERS:

1. Approval of the Board of the Directors' Report for 2016.
2. Approval of the 2016 year-end financial statements and external auditors' report.



3. Absolving the Board of Directors of their responsibilities for the year 2016.
4. Approval of the appointment of external auditors for the year 2017.
5. Approval of the Business and Agreements made by and between the company and related parties.

The Chairman and the Board of Directors duly expresses appreciation and gratitude to the Custodian of the two Holy Mosques King Salman Bin Abdul-Aziz Al-Saud; HRH Crown Prince Mohammad Bin Salman Bin Abdul-Aziz Al-Saud - Deputy Prime Minister & Minister of Defense, and the Government, for their continued cooperation and support.

Thanks are extended to the Shareholders for their continued support and Executive Management and company's staff for their great efforts which helped to achieve company's goals in 2016.

On behalf of the Board of Directors
CHAIRMAN