



SAUDI CABLE COMPANY
Board of Directors' Report
For the Year Ended 31 December 2014

TABLE OF CONTENTS

No.	Sections	Page No.
1	Introduction	1
2	Salient Activities	1
3	Revenues	2
4	Organizational Development	2
5	Information Technology	3
6	Turkish Operations	3
7	Group Financials	4
8	Zakat & Income Tax	8
9	Bank Loans	9
10	Subsidiaries & Associate Companies	12
11	TRANSPARENCY AND CORPORATE GOVERNANCE	13
	A The SCC Board of Directors	13
	B Brief Credentials	14
	C Directors' Ownership of SCC Shares	15
	D BOD Meetings & Important Resolutions	15
	E Details of Remuneration to Executive & Non-Executive BOD Members & Senior Executives	16
	F Board Committees	16
12	Implementation Status of Corporate Governance (CMA) Regulations	19
13	Penalties Imposed by Capital Market Authority	19
14	Transactions with Related Parties	19
15	Potential Risks	21
16	Corporate Governance	21
17	Important Dates for Shareholders and Stakeholders	22
18	Board Declarations	22
19	Board of Directors Recommendations to the Shareholders	24

SAUDI CABLE COMPANY
(A Joint Stock Company)

BOARD OF DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2014

1 - INTRODUCTION

Saudi Cable Company (SCC) is a joint stock Company with ownership in several manufacturing facilities in the Kingdom of Saudi Arabia (KSA), Kingdom of Bahrain and Turkey. These companies are engaged in the Manufacture, Supply, Installation, Testing & Commissioning and Maintenance of Power Cable, ranging from Extra High Voltage, Medium Voltage, Low Voltage, Building Wires, Telecommunication Cables, Instrumentation, Specialty Control Cables, Electrical Sub-Station, Switch Gears, Electrical Cables Accessories and Transformers.

Additionally, SCC Group has a network of distribution for the supply of all types of cables and associated electrical products from several of its Warehouses. It also supports its customers through a total solution for the Supply, Installation, Testing & Commissioning and Maintenance of Electrical Systems with the state-of-the-art Digital and Information Technology System.

2 - SALIENT ACTIVITIES

Profit & Loss And Financial Restructuring

The Group net loss of SR 201.7 million was largely due to inadequate funding facilities available to the Group during the year as a result of main operations performing well below their normal functional capabilities.

Financial Restructuring

The Group has engaged internationally renowned institutions of financial advisors, to restructure the financial requirements for the Group. A comprehensive plan which proposes a long term feasible financial structure for the Group with additional working capital financing, including a capital increase, which will help stabilize, and strengthen the on-going operations, has been presented to its lenders. The Group has worked extensively with its lenders and advisors, and soon expects to finalize the restructuring plan.

The market trend of improving margins gives the Group a substantial encouragement to streamline its resources for the long term. The Group has also undertaken key management changes, and appointed a new President/CEO, CFO & a new Head of Commercial Affairs, and expects to benefit from these changes over the coming periods.

With the realignment of the financial and management resources, along with the new machinery and the upgraded systems, the Group will be well poised to capitalize on the better prevailing market conditions, in escalating demand and margin from the moving forward outlook coupled with the growth in infrastructural investments within the regional economies.

Profit Distribution & Dividend

During 2014, the company did not disburse any dividends, similar to 2013.

3 - REVENUES

The Group's revenues in 2014 were SR 1,716 million as compared to SR 2,478 million in 2013.

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 3,005 million in 2014.

The Geographical distribution of the revenues was:

Region	SR Million	
	2014	2013
Kingdom of Saudi Arabia (KSA) & GCC	1,175	1,900
Rest of the World	541	578
TOTAL SALES	1,716	2,478

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

Region	SR Million	
	2014	2013
Kingdom of Saudi Arabia (KSA) & GCC	(124)	(175)
Rest of the World	(77)	(54)
TOTAL NET INCOME / (LOSS)	(201)	(229)

Revenue was generated from the following segments:

Revenue From	SR Million		
	As at 31 December		
	2014	2013	Net Change
Product Sales	1,563	2,074	(511)
Projects & Contracting	153	405	(251)
TOTAL REVENUE	1,716	2,478	(762)

4 - ORGANIZATIONAL DEVELOPMENT

The Group continued maintaining its Saudization policy and also in its commitment of encouraging local employment. At the end of the year 2014, the locals Saudi and Turkish, constituted 57% of the total Group workforce of 1,759 employees, as compared to 53% of 1,901 employees at the end of 2013.

5 - INFORMATION TECHNOLOGY

Business Intelligence & Dashboard being the next logical step for benefiting from our stable SAP system that has been operational throughout SCC and Mass Project, an Intranet Portal under SharePoint platform has been developed, which will form the base for providing Management Information System.

This portal, currently has facility to manage documents in a more controlled and secured manner, is expected to Go-Live in 2nd Quarter 2015 with a plan of having Dashboard by end of 2015.

6 - TURKISH OPERATIONS

MASS CABLES

Implementation of cost reduction programme was successful; the Company continued to maintain its steady performance in its core markets. Like other Group Companies, its internal operations were adversely influenced by the lack of inadequate liquidity. The company secured good orders from the Iraqi market which were mostly delivered during the year and the balance will be delivered in 2015.

On resolving the liquidity issues, the company can turnaround to a satisfactory performance level in a short span of time to reap the benefits from its long term investments, coupled with a good backlog of orders, and with the commercial production of its own accessories brand, expected to start in 2015, should further translate this into imminent margin improvement in 2016 and beyond.

ELIMSAN (SWITCHGEAR)

During the year, the Company continued to meet the demand for domestic electric infrastructure in spite of this segment providing lower margins.

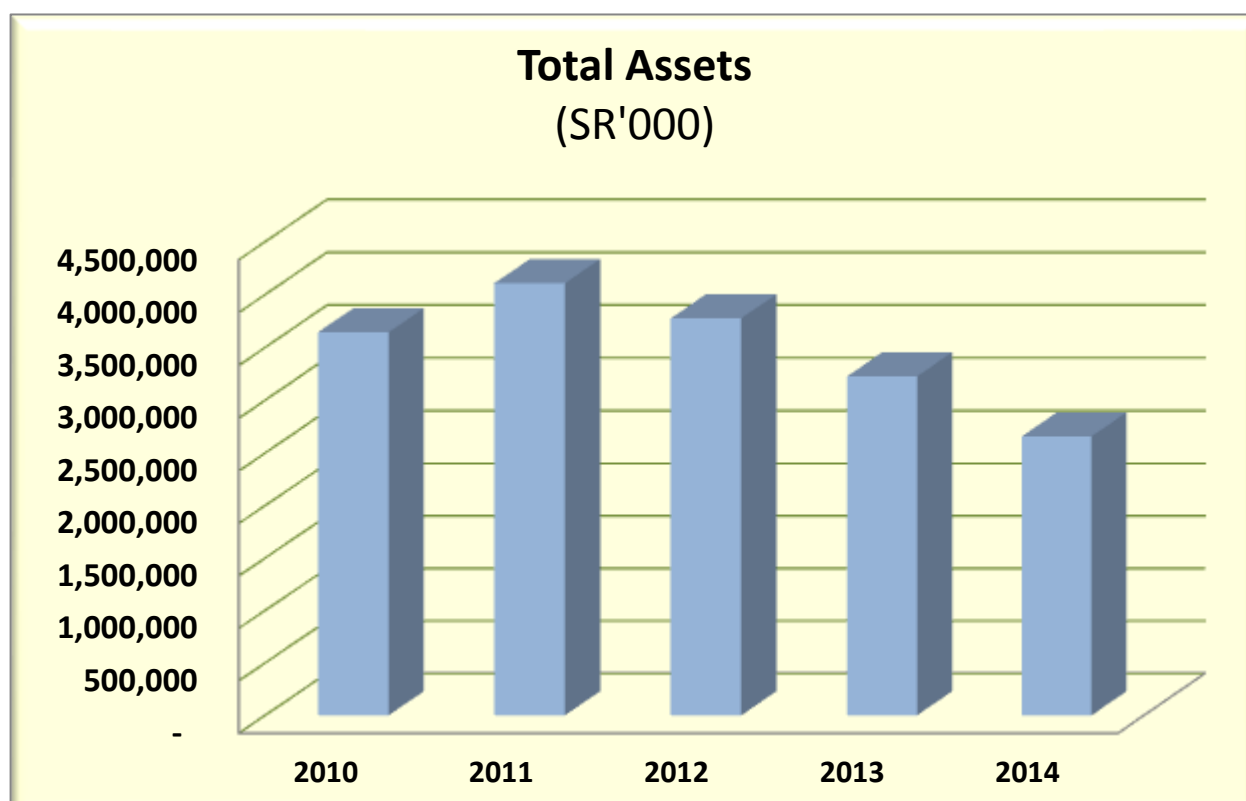
The impetus focus on developing export markets continued to draw the focus of the management, where new markets were tapped. As a result, the Company is well poised to get substantial confirmed orders from GCC countries. The qualifications process is at its final stages of completion in GCC and, in particular, KSA where the market is promising with higher margins.

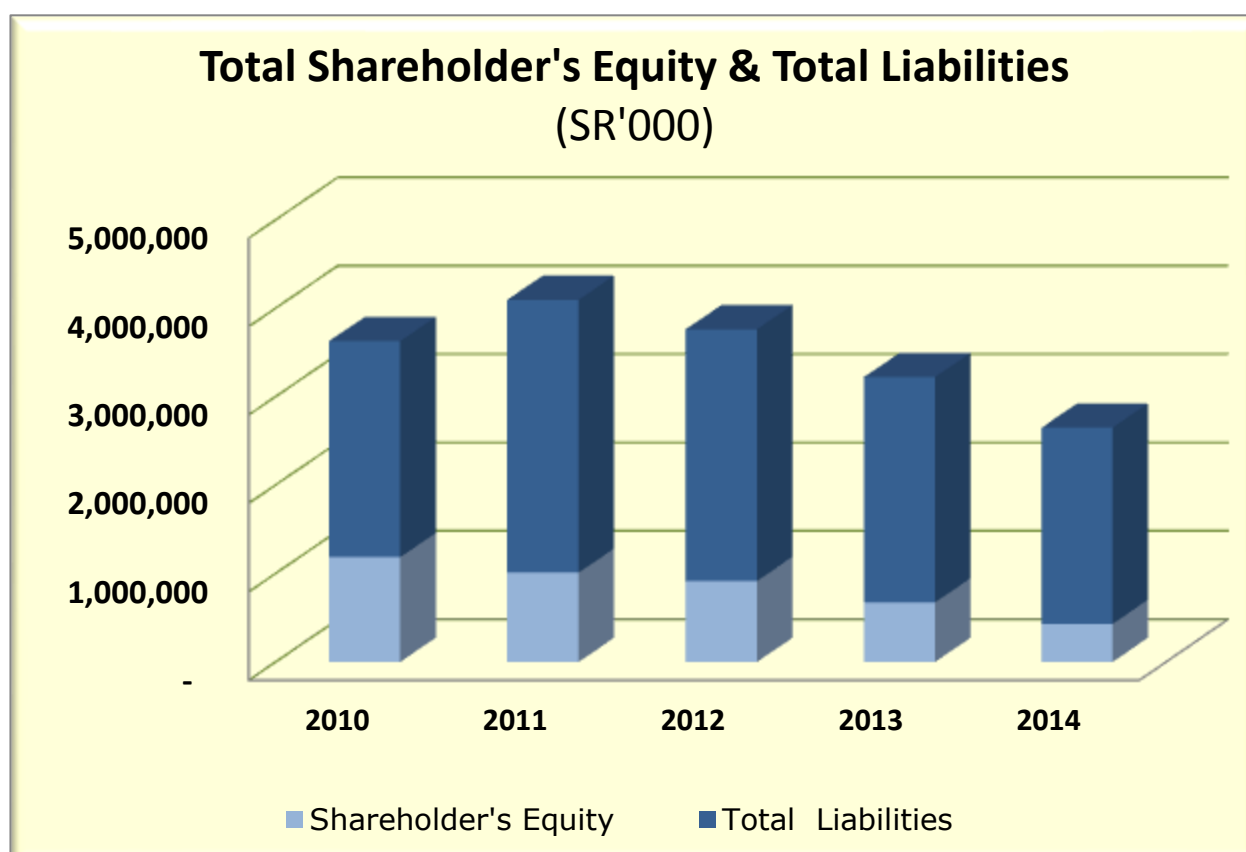
In addition, a further portfolio of new products was successfully developed, which will allow the company to explore additional export markets. This development has also expanded the production capacity which will eventually increase order intake in 2015 and beyond. The company has a strong backlog of confirmed orders to be delivered in 2015. Restructuring of bank loans is successfully being concluded which will help ease the financial situation.

7 - GROUP FINANCIALS

Summary of Financial Position (5 years)

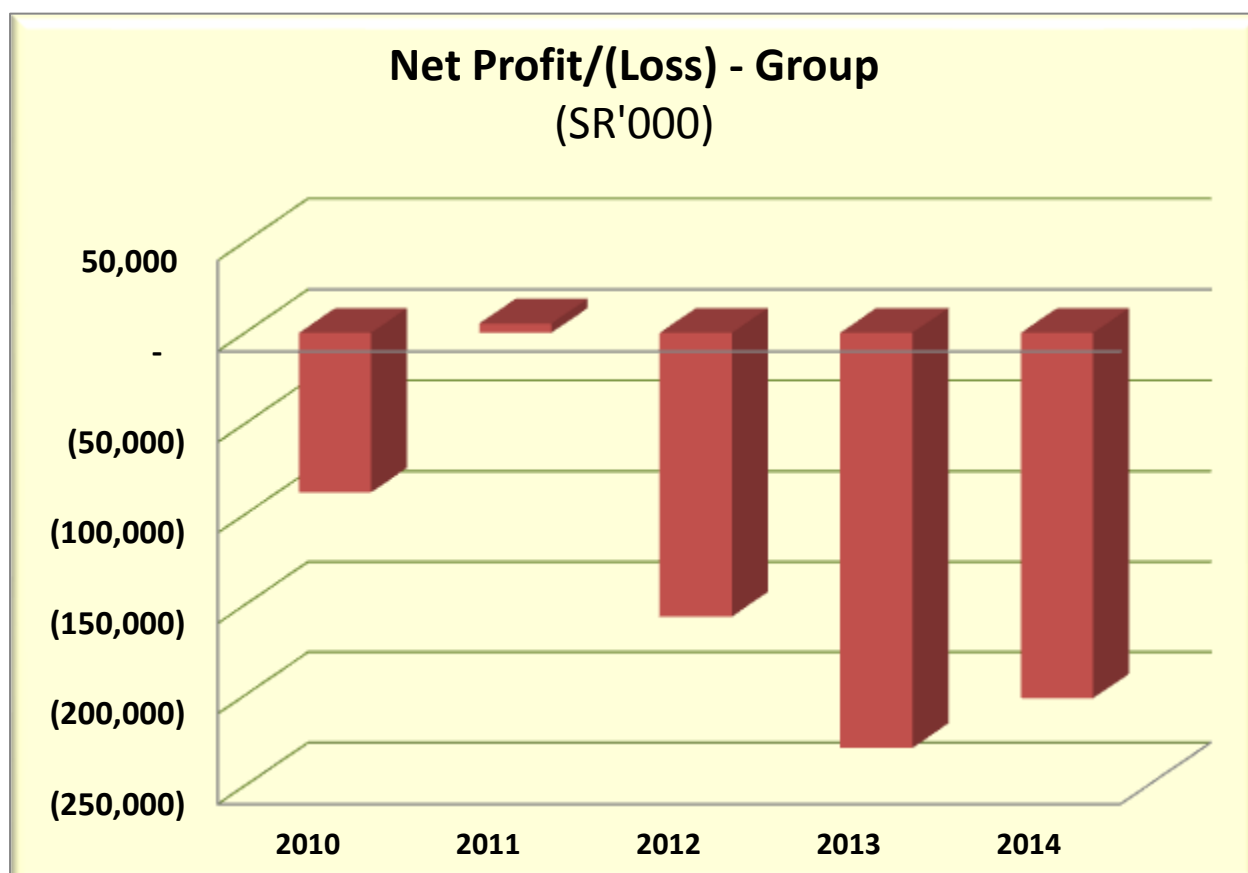
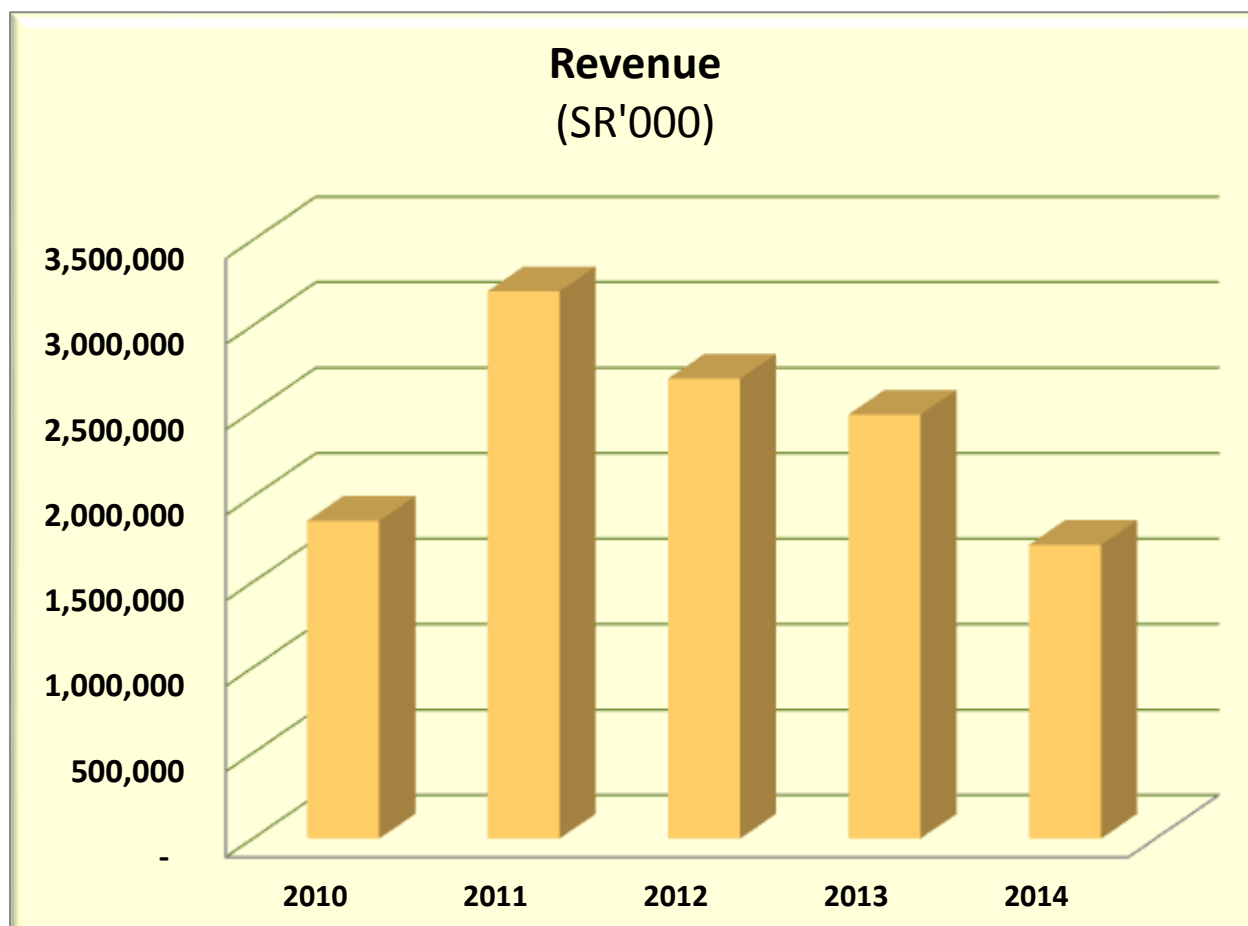
DESCRIPTION	As at 31 December				
	(SR'000)				
	2010	2011	2012	2013	2014
ASSETS:					
Current Assets	2,366,331	2,786,207	2,369,208	1,704,208	1,192,542
Non - Current Assets	1,276,214	1,320,855	1,404,885	1,520,794	1,463,250
Total Assets	3,642,545	4,107,062	3,774,093	3,225,002	2,655,792
LIABILITIES AND SHAREHOLDERS' EQUITY:					
Current liabilities	1,978,521	2,619,001	2,256,645	2,181,711	1,961,520
Non - Current liabilities	464,398	466,660	589,081	365,141	257,114
Total Liabilities	2,442,919	3,085,661	2,845,726	2,546,852	2,218,634
Shareholders' Equity	1,183,625	1,009,093	915,084	673,681	429,743
Minority Interest	16,001	12,308	13,283	4,469	7,415
Total Liabilities and Shareholders' Equity	3,642,545	4,107,062	3,774,093	3,225,002	2,655,792





Profit & Loss Summary (5 years)
(SR'000)

DESCRIPTION	Year ended 31 December				
	2010	2011	2012	2013	2014
Revenue	1,857,106	3,199,565	2,687,850	2,478,444	1,716,321
Costs and Expenses	(2,050,715)	(3,291,096)	(2,944,554)	(2,810,080)	(2,018,308)
Net Profit/(Loss)	(193,609)	(91,531)	(256,704)	(331,636)	(301,987)
Equity Share of Profit from Associates	116,308	96,272	104,610	131,858	114,540
Net Profit/(Loss) before Zakat	(77,301)	4,741	(152,094)	(199,778)	(187,447)
Zakat & Income Tax	(10,515)	362	(4,311)	(29,339)	(14,232)
Net Profit/(Loss)	(87,816)	5,103	(156,405)	(229,117)	(201,679)



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

DESCRIPTION	2014		2013		Increase / (Decrease)
	Amount	%	Amount	%	Amount
Gross Sales	1,563,179	91.1	2,073,846	83.7	(510,667)
Contract revenue	153,142	8.9	404,598	16.3	(251,456)
Total Sales	1,716,321	100.0	2,478,444	100.0	(762,123)
Cost of Sales	(1,549,947)	(90.3)	(1,987,647)	(80.2)	(437,700)
Contracts Cost	(141,863)	(8.3)	(389,833)	(15.7)	(247,970)
Selling & Distribution Expenses	(101,906)	(5.9)	(97,633)	(3.9)	4,273
General & Administrative Expenses	(103,635)	(6.0)	(114,438)	(4.6)	(10,803)
Amortization of Deferred Cost	(16,485)	(1.0)	(13,781)	(0.6)	2,704
Financial Charges	(112,039)	(6.5)	(153,225)	(6.2)	(41,186)
Provision for Doubtful Debts	(3,970)	(0.2)	(71,439)	(2.9)	(67,469)
Total Expenses	(2,029,845)	(118.3)	(2,827,996)	(114.1)	(798,151)
Other Income / (Loss)	9,783	0.6	(738)	-	10,521
Foreign Currency re-measurement (Loss)/Profit	(473)	-	(6,243)	(0.3)	5,770
Equity share of Profit from Associates	114,540	6.7	131,858	5.3	(17,318)
Impairment of Goodwill	(12,342)	(0.7)	-	-	(12,342)
Derivative Financial Instruments	11,715	0.7	15,660	0.6	(3,945)
Total Other Income & Share of Profit From Associates	123,223	7.2	140,537	5.7	(17,314)
PROFIT / (LOSS) BEFORE ZAKAT & INCOME TAX	(190,301)	(11.1)	(209,015)	(8.4)	18,714
Zakat and Income Tax	(13,535)	(0.8)	(29,339)	(1.2)	(15,804)
PROFIT/(LOSS) BEFORE MINORITY INTEREST	(203,836)	(11.9)	(238,354)	(9.6)	34,518
Minority Interest	2,157	0.1	9,237	0.4	(7,080)
NET PROFIT / (LOSS)	(201,679)	(11.8)	(229,117)	(9.2)	27,438

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

DESCRIPTION	As at 31 December		Net Change
	2014	2013	
Capital Stock	760,000	760,000	-
Statutory Reserves	63,432	63,432	-
Accumulated (Loss)/Profit	(367,332)	(165,653)	(201,679)
Proposed dividends	-	-	-
Cumulative changes in fair values	(20,123)	23,087	(43,210)
Foreign currency translation reserve	(6,234)	(7,185)	951
Total Shareholders' Equity	429,743	673,681	(243,938)
Minority Interest	7,415	4,469	2,946
Total Equity	437,158	678,150	(240,992)

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

DESCRIPTION	As at 31 December		Net Change
	2014	2013	
Zakat	407	6,821	(6,414)
The Public Authority for Social Insurance	8,190	6,534	1,656
Registration, Visa and Other Expenses	2,490	3,262	(772)
Total amounts paid to the Government	11,086	16,616	(5,530)

8 - ZAKAT & INCOME TAX

Zakat and income taxes applicable to the Company and its subsidiaries are calculated separately in accordance with the respective countries' applicable laws. Provision is made for Zakat and income tax payable annually. Adjustments arising from final zakat and income tax assessments, if any, are reported as part of the results of the year in which such assessments are made.

Accordingly, a net of provision of SR 15 million was made for zakat in the year 2014. The zakat provision available at 31 December 2014 amounted to SR 64.7 million, which includes prior years' provisions.

The Company is still contesting some of the prior years' assessments with the appellate authorities and also awaiting the Board of Grievances ruling on an appeal filed with them.

9 - BANK LOANS

Term Loans of the Company at 31 December 2014 were:

Company	Bank Name	Loan Date	Financing Period	Original Loan Amount	Balance YTD 2013	Paid in 2014	Balance YTD 2014
				(SR'000)			
TERM LOANS							
Saudi Cable Company	SIDF	8-Mar-12	6 Years	191,460	143,408	17,848	125,560
TOTAL TERM LOANS (A)				191,460	143,408	17,848	125,560
COMMERCIAL BANK							
Saudi Cable Company	Al-Rajhi	19-Oct-09	6 Years	31,578	27,884	1,136	26,748
		03-Nov-09	6 Years	36,375	31,596	-	31,596
		21-Dec-09	6 Years	18,193	15,791	-	15,791
	BNP Paribas	24-Sep-12	4 Years	30,000	7,610	-	7,610
				116,146	82,881	1,136	81,745
Mass Projects	Al-Rajhi	26-Sep-12	2 Years	159,988	95,464	-	95,464
Mass Kablo	Eurobank/Burgan	24-Dec-12	2 Years	5,625	11,438	11,438	-
	Akbank	27-Dec-12	5 Years	56,250	39,375	-	39,375
	Odeabank	25-Apr-13	2 Years	3,750	2,813	2,813	-
	Sekerbank	25-Oct-13	16 Months	3,938	3,938	3,938	-
	Ziraatbank	24-Oct-14	16 Months	5,625	-	-	5,625
	T.Vakiflar Bankasi	03-Dec-14	1 Year	9,375	-	-	9,375
	Ziraatbank	12-Nov-14	16 Months	7,500	-	-	7,500
	TTGV			6,281	1,976	1,730	246
				98,344	59,540	19,919	62,121
TOTAL COMMERCIAL (B)				374,478	237,885	21,055	239,330
TOTAL LONG TERM LOANS (A+B)				565,938	381,293	38,903	364,890
LESS: Current Position	SIDF				(17,848)	-	(27,400)
	Commercial Banks				(150,603)	-	(177,209)
	Total Current Portion Term Loan					(168,451)	-
TOTAL LONG TERM LOANS AS OF 31-DEC-2014					212,842	-	160,281

Short-Term Loans of the Company at 31 December 2014 were:

Company	Bank Name	Loan Date	Financing Period	Original Loan Amount	Balance YTD 2013	Paid in 2014	Balance YTD 2014
				(SR'000)			
SHORT TERM LOANS							
Saudi Cable Company	Al-Rajhi Musharaka	05-Jul-12	1 Year	149,894	126,407	34,265	92,142
	Bank Al-Bilad	15-Apr-13	1 Year	13,542	13,542	13,542	-
		01-Aug-13	1 Year	114,644	114,644	67,963	46,681
		02-Oct-13	1 Year	33,405	33,405	1,491	31,914
		12-Sep-13	1 Year	25,094	19,103	-	19,103
					186,685	180,694	82,996
	Bank Muscat	15-Jul-13	1 Year	199,560	71,408	71,408	-
	Bank Al-Jazira	31-Dec-13	1 Year	90,344	90,344	12,480	77,864
	SAMBA	-	1 Year	17,425	17,425	17,425	-
	BNP	15-Aug-12	9 Months	69,603	69,603	-	69,880
	NCB	02-Mar-13	2 Months	234,644	234,644	14,202	220,442
Saudi British Bank	27-Nov-14	2 Months	15,233	-	-	15,233	
TOTAL SAUDI CABLE COMPANY				963,388	790,525	232,776	573,259
Mass Projects	Al-Rajhi	26-Sep-12	2 Years	159,988	45,497	-	45,497
		2014	1 Year	45,000	-	-	27,250
TOTAL MASS PROJECTS				204,988	45,497	-	72,747
Mass Kablo	Akbank	2014	1 Year	75,731	11,250	18,750	11,981
	Albaraka Turk	2014	6 Months	27,953	2,250	19,121	8,831
	Anadolu Bank	2013	1 Year	14,438	8,250	14,438	-
	Asya	2013	1 Year	22,643	6,086	12,731	-
	Eurobank/Burgan	2013	2 Years	10,500	5,625	4,125	12,938
	Eximbank	2014	4 Months	9,375	-	9,375	-
	Fibabank	2013	6 Months	48,675	17,813	33,863	14,813
	Garanti Bankasi	2013	1 Year	9,375	16,530	14,400	-
		2014	1 Year	5,063	-	-	5,063
		2014	6 Months	7,500	-	3,750	3,750

	Odeabank	2013	2 Years	26,719	15,938	15,469	3,281
		2014	1 Year	2,813	-	-	2,813
		2014	6 Months	15,469	-	6,551	8,918
		2014	3 Months	13,594	-	11,250	2,344
	Sekerbank	2013	10 Months	8,801	8,801	8,801	-
		2014	1 Year	20,738	-	6,240	14,498
		2014	6 Months	7,219	-	7,219	-
	T.Vakiflar Bankasi	2012	2 Years	18,750	18,750	18,750	-
		2013	3 Years	9,375	9,375	-	9,375
		2013	1 Year	3,750	3,750	3,750	-
		2014	3 Months	4,688	-	4,688	-
	Ziraatbank	2012	18 Months	64,500	64,500	64,500	-
		2014		43,125	-	-	43,125
TOTAL MASS KABLO				470,790	188,918	277,770	141,728
Elimsan	Yapi Kredi	2013	11 Months	9,345	9,345	9,345	-
		2014	11 Months	8,606	-	-	8,606
	Isbankasi	2013		13,751	13,751	2,246	11,505
	Kuveyt Turk	2013		5,539	5,539	5,539	-
		2014	8 Months	3,341	-	-	3,341
		2014	6 Months	4,028	-	-	4,028
	T-Bank	2013	9 Months	3,548	3,548	1,061	2,486
	Bank Asya	2013		10,325	10,325	10,325	-
		2014	6 Months	5,277	-	-	5,277
		2014	9 Months	2,678	-	-	2,678
	Denizbank	2013	5 Months	10,061	10,061	-	10,061
Vakifbank	2013	7 Months	7,500	7,500	-	7,500	
TOTAL ELIMSAN				84,000	60,069	28,517	55,482
TOTAL SHORT TERM LOANS AS OF 31-DEC-2014				1,723,166	1,085,009	539,063	843,216

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
Associate Companies				
Name of Entity	Principal Field of Activities	Country of Incorporation	% of Ownership	Capital as per Nominal Share Value in SR Million
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 W.L.L. – 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 2014 was 250,000 MT.

Midal Cables W.L.L. owns 100% shareholding in Aluwheel – Bahrain which manufactures specialty wire under “Midal” brand name and its current capacity is 3,000 MT.

Midal Cables W.L.L. owns 70% shareholding in Bahrain Welding Wire Products W.L.L. – Bahrain which manufactures Aluminium rod with production capacity of 32,000 MT.

Midal Cables W.L.L - fully owned subsidiary in Turkey - Midal Kablo San. ve Tic. A.Ş. is engaged in rod manufacturing capacity of 30,000 MT since 2nd Half of 2014 and has existing conductor manufacturing capacity of over 20,000 MT.

During 2014 the following subsidiaries of Midal Cables W.L.L. commenced production:

1. Midal Cables Saudi Arabia L.L.C (100% subsidiary) – Conductor production capacity of over 20,000 MT.
2. Midal Cables International Pty Ltd. - Australia (88% subsidiary) – Rod production capacity of 50,000 MT and 12,000 MT conductor production capacity.

During 2015 Midal Cables International Limitada – Mozambique (100% subsidiary) - Rod production capacity of 50,000 MT is expected to commence production in 1st quarter of 2015.

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	Non-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	<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 	-

Eng. Abdullah M. Rehaimi	Independent	- B.Sc. Mechanical Engineering - King Fahd University of Petroleum and Minerals in Saudi Arabia.	1. Savola Group - a representative of the Public Investment Fund - Ministry of Finance. 2. Alujain Corporation.
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11C - DIRECTORS' OWNERSHIP OF SCC 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 2014	No. of shares at the end of 2014	Net change in the No. of shares during the year	Percent Change	Ownership of first degree relatives & changes therein
Khalid A. Alireza	450,524	450,524	-	-	Included
Shaukat Aziz	1,000	1,000	-	-	None
Saleh Eid Al-Hussaini	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

Neither the Senior Executives nor their Families acquired any shares during the year 2014. There were no shares owned by any of them at the end of 2014.

11D - BOD MEETINGS & IMPORTANT RESOLUTIONS

Attended by	2014 Meeting Dates				
	13 Jan	27 Apr	22 Jun	10 Jul	26 Oct
Khalid A. Alireza	√	√	√	√	√
Shaukat Aziz	√	√	By Proxy	√	√
Saleh E. Al-Husseini	By Proxy	By Proxy	√	√	√
Abdullah H. Masri	√	√	By Proxy	By Proxy	√
Adnan A. Maimani	√	√	√	√	√
Yousuf A. Alireza	√	√	By Proxy	√	√
Abdullah M. Rehaimi	√	√	√	√	√

The following important resolutions were passed in the year 2014:

Brief
Approval to accept facilities offered by Bank Muscat for an amount of SR 177.3 million. (BOD Circular Res No. BOD-C-2014 of 10-01-2014)
Approval of sale of certain assets of the company to benefit from their potential value and meet the Company's business needs. (BOD Res No. BOD-149/2 of 13-01-2014)
Approval for the write-off of the value of the expired raw materials (Nylon Polyamide Compound) amounting to SR 2.195 million from the Company's books. (BOD Res No. BOD-150/3 of 27-04-2014)
Recommendation to shareholders to appoint M/s Deloitte & Touche Bakr Abu Alkhair to Audit the financials of SCC for the year 2014. (BOD Res. No. BOD-150/4 of 27-4-2014)
Approval of SR 5.7 million for constructing a building for reels maintenance in Jeddah Industrial City 2 nd Phase. (BOD Res No. BOD-152/3 of 10-07-2014)

11E - DETAILS OF REMUNERATION TO EXECUTIVE & NON-EXECUTIVE BOD MEMBERS & SENIOR EXECUTIVES

	In SR'000			
	2014	2013 Total	Five Highest paid senior executives including CFO	
	Non-Executive (7 Persons)		2014	2013
Salaries and Allowances	-	88	6,159	3,774
Fees	72	72	-	-
Bonus	-	-	1,195	-
Total	72	160	7,354	3,774

11F - BOARD COMMITTEES

1. SCC-Audit & Risk Committee

Mandate

The main objective of the Committee includes ensuring adequacy and soundness of internal control structure and pertinent policies, financial accounting and reporting policies/procedures and its implementation, effectiveness of the internal and external audit functions; and specially to examine risks and exposures facing the Company and its management.

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 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).

Membership

The following are the current members of the Audit & Risk Committee (As of 31.12.2014):

Members	Member of the BOD	Non-Executive	Shareholder	Position
Omar H. Khalifati		√	√	Chairman
Adnan A. Maimani	√	√	√	Member
Mohammad Uzair Afzal		√	√	Member

All the Audit & Risk Committee Members are not Employees of SCC Group.

SCC – Audit & Risk Committee Meetings and Result

The committee held 7 meetings in 2014.

No	Meeting Date	Meeting No	Attended By
1	12/01/2014	(104) One hundred four	<ul style="list-style-type: none"> • Omar Khalifati • Adnan A Maimani • Mohammad Uzair Afzal
2	17/02/2014	(105) One hundred five	<ul style="list-style-type: none"> • Omar Khalifati • Adnan A Maimani • Mohammad Uzair Afzal
3	23/04/2014	(106) One hundred six	<ul style="list-style-type: none"> • Omar Khalifati • Adnan A Maimani • Mohammad Uzair Afzal
4	26/06/2014	(107) One hundred seven	<ul style="list-style-type: none"> • Omar Khalifati • Adnan A Maimani • Mohammad Uzair Afzal
5	17/07/2014	(108) One hundred eight	<ul style="list-style-type: none"> • Omar Khalifati • Adnan A Maimani • Mohammad Uzair Afzal
6	26/10/2014	(109) One hundred nine	<ul style="list-style-type: none"> • Omar Khalifati • Adnan A Maimani • Mohammad Uzair Afzal
7	10/12/2014	(110) One hundred ten	<ul style="list-style-type: none"> • Omar Khalifati • Adnan A Maimani

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

RESULTS AND FINDINGS

1. The Scope and Audit Plan, Procedures and function of the Internal Audit Department were reviewed and found adequate.
2. A study of the Company's financial and operational policies/procedures and internal control system shows that the policies/procedures are adequate and well placed.

3. The result of Internal Audit showed that internal control 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. In view of recent basic changes in the organizational structure of the Company, it was felt necessary to update the existing Limits of Authority, a vital operational tool of the company. The updating exercise is in progress and a revised document will be implemented in 2015.

2. Nominations & Remunerations Committee:

The functions 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 1434 H corresponding to 18 November 2012 G and BOD Resolution 144/3 dated 25/02/2013 as follows:

Members	Position
Dr. Abdullah H. Masri.	Chairman of the Committee
Yousuf A. Y. Zainal Alireza.	Member
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 two meetings during the year 2014 as per the following attendance:

No	Meeting Date	Meeting No	Attended By
1	11 May 2014	(4)	1- Dr. Abdullah Masri. 2- Yousuf A. Y. Alireza. 3- Dr. Ahmed Gabbani.
2	30 September 2014	(5)	1- Dr. Abdullah H. Masri. 2- Yusuf A. Y. Alireza. 3- Dr. Ahmed Gabbani.

12 - IMPLEMENTATION STATUS OF CORPORATE GOVERNANCE (CMA) REGULATIONS

(As of 31 December 2014)

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	2			2	Articles 6 b & d - are 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	89			2	
18	Percentage of Implementation	100%	97.8%			2.2%	

13 - PENALTIES IMPOSED BY CAPITAL MARKET AUTHORITY

There are no penalties imposed by Capital Market Authority during 2014.

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)	
		2014	2013
Management	Remunerations	72	640
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	6,865	61,755
	Dividends income	87,167	11,195
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.	2,866	8,003
XECA International Information Technology 25% owned by SCC and 25% owned by Xenel Industries	IT Outsourcing services paid/Advances	6,742	7,501
Hidada Limited Subsidiary of Xenel Industries	Consultancy Expenses charged by the Group	-	-
Alujain Corporation 2 common directors: Chairman: Khalid A. Alireza Director: Abdullah Mohammed Noor Rehaimi	Consultancy Expenses charged by the Group	-	16

Related party balances comprised of the following as at 31 December:	2014	2013
Due from related parties		
Hidada Limited	-	-
Alujain Corporation	-	84
XECA International Information Technology	-	-
TOTAL	-	84

Due to related parties		
Xenel Industries Limited	36,219	33,353
Midal Cables W.L.L	2,687	20,175
Chem Global Limited	664	664
XECA International Information Technology	549	550
Hidada Limited	1,451	294
TOTAL	41,570	55,036

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 2014. The actual meeting dates may vary upon BOD Members' availability.

Meeting		Day and Date
1	Ordinary General Assembly (OGA)	Monday, 07-08-1436 H – 25-05-2015 G
2	Board of Directors Meeting	Monday, 01-07-1436 H – 20-04-2015 G
3	Board of Directors Meeting	Monday, 19-09-1436 H – 06-07-2015 G
4	Board of Directors Meeting	Wednesday, 08-01-1437 H – 21-10-2015 G

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 2014.
2. Approval of the 2014 year-end financial statements and external auditors' report.
3. Absolving the Board of Directors of their responsibilities for the year 2014.
4. Approval of the appointment of external auditors for the year 2015.
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 Abdullaziz Al-Saud; HRH Crown Prince Muqrin bin Abdullaziz Al-Saud, Deputy Prime Minister; HRH Deputy Crown Prince Mohammad bin Naif bin Abdullaziz Al-Saud, Second Deputy Prime Minister & Minister of the Interior, and the Government, for their continued cooperation and support.

They also express their condolences to the Custodian of the two Holy Mosques, Royal Family, and all citizens of the Kingdom of Saudi Arabia, with profound sorrow, on the passing away of our benevolent King Abdullah Bin Abdullaziz Al-Saud. May Allah grant him mercy and forgiveness!

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 2014.

On behalf of the Board of Directors
CHAIRMAN