

# Board of Directors' Report

## for year 2020

### (Saudi Cable)

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**1. Implemented and non-implemented provisions of CMA's Corporate Governance Regulations, and justifications therefore**

Saudi Cable Company implements all the provisions of the Corporate Governance Regulations issued by the Capital Market Authority.

**2. Names, qualifications, and experience of the Board and committees' members and Executive Management**

**Board Members:**

Name	Current position	Previous position	Qualifications	Experience
Meyassar A. Nowailati	Chairman Board of Directors	Chairman Board of Directors	Bachelor's Degree in Science-Finance	Corporate Banking & Financial analysis and Public administration
Khalid A. Alireza	Member Board of Directors	Chairman Board of Directors	Master's Degree in Industrial Engineering	Founded and Created many Industries, Companies and Chairman Boards of Directors and Executive departments.
Dr. Abdullah H. Masri	Member Board of Directors and Chairman of Nomination and Remuneration Committee	Member Board of Directors and Chairman of Nomination and Remuneration Committee	Doctorate in Humanities	Management and Executive experience, Presidency and Membership of many governmental and semi-governmental committees and participation in many international and regional conferences and Membership of the Boards of Directors and their Committees
Adnan A. Maimani*	Member Board of Directors & Chairman of Audit Committee	Member Board of Directors & Chairman of Audit Committee	Master's Degree in Law	Management, Legal and Membership experience of many of Board of Directors and its Committees.
Yousuf A. Alireza	Member Board of Directors and Member of Nomination & Remuneration Committee	Member Board of Directors and Member of Nomination & Remuneration Committee	Master's Degree in Business Administration	Experience in Business Administration and Membership of many of Board of Directors and its Committees
Khalid A. Al Ajlan	Member Board of Directors & Member of Audit Committee	Member Board of Directors & Member of Audit Committee	Master's Degree in Business Administration	Certified Financial Advisor and Experience in Financial Management and Bank Credit
Raaid K. Alireza	Member Board of Directors	Member Board of Directors	Master's Degree in Construction Management	General Management experience and leadership of many Industrial and Commercial projects inside and outside the Kingdom and membership of the Board of Directors and its Committees
Mahmoud M. Abdulghafar**	Member Board of Directors	Member Board of Directors	Bachelor's Degree in Industrial Safety	Executive and Administration experience and Membership of

				Board of Directors and its Committees
Azhar M. Kenji***	Member Board of Directors	Member Board of Directors	Bachelor's Degree of Science in Industrial Engineering	Executive experience in the field of Public Administration, Corporate Governance and Membership of Board of Directors and its Committees

\*(May God have mercy on him) Member of the Board who passed away on 22/10/2020

\*\* His membership began as (Independent) board member on 27/09/2020.

\*\*\* His membership began as (Independent) board member on 27/09/2020.

#### Committees members:

Name	Current position	Previous position	Qualifications	Experience
Adnan A. Maimani*	Chairman of Audit Committee	Member of Board of Directors and Chairman of Audit Committee.	Bachelor's Degree in Law	Management, Legal and Membership experience of many of Board of Directors and its Committees.
Mohameed A. Tumbi	Member of Audit Committee	Member of Audit Committee	Bachelor's Degree in Commerce	Financial Expert, Administrator and Financial Auditor
Ziad S. Tayara	Member of Audit Committee	Member of Audit Committee	Bachelor's Degree in Economics	Banking, Investments and Finance
Khalid A. Al-Ajlan	Member of Audit Committee	Member of Board of Directors and Chairman of Audit Committee.	Master's Degree in Business Administration	Certified Financial Advisor and Experience in Financial Management and Bank Credit
Dr. Abdullah H. Masri.	Chairman of Nomination and Remuneration Committee.	Member of Board of Directors and Chairman of Nomination and Remuneration Committee.	Doctorate in Humanities	Management and Executive experience, Presidency and Membership of many governmental and semi-governmental committees and participation in many international and regional conferences and Membership of the Boards of Directors and their Committees
Yousuf A. Alireza.	Member of Nomination and Remuneration Committee.	Member of Board of Directors & Nomination and Remuneration Committee.	Master's Degree in Business Administration	Experience in Business Administration and Membership of many of Board of Directors and its Committees
Wadia A. Eshgi	Member of Nomination and Remuneration Committee.	NA	Bachelor's Degree in Mechanical Engineering	Management and Executive experience and Preparation of Geostrategic Studies

\*(May God have mercy on him) Member of Board of Directors who passed away on 22/10/2020

**Senior Executives:**

Name	Current position	Previous position	Qualifications	Experience
ENG. ABDULHADI A. ABULKHAIR	GROUP PRESIDENT	GROUP PRESIDNET (ACTING)	B.S. IN APPLIED CHEMICAL ENGINEERING	22 YEARS
ABDULLAH A. AL RASHID	V.P. SUPPLY CHAIN MANAGEMENT	SENIOR DIRECTOR COMPLIANCE	MASTER IN INTEGRATED MARKETING COMMUNICATION, BS IN BUSINESS ENGINEERING	22 YEARS
ENG. MOHAMMED TALAL HIMDI	VICE PRESIDENT, OPERATIONS	VICE PRESIDENT, OPERATIONS	MASTER & BS IN INDUSTRIAL ENGINEERING	20 YEARS
SAYED ASHFAQUE SAYED	VICE PRESIDENT, FINANCE	VICE PRESIDENT, FINANCE	CERTIFICED PUBLIC ACCOUNTANT (CPA)	21 YEARS
ENG. AMMAR RASHAD QARI	VICE PRESIDENT, COMMERCIAL (ACTING)	DIRECTOR, SALES	BS IN MECHANICAL ENGINEERING	16 YEARS

**3. Names of the companies inside and outside the Kingdom in which a Board member is a member of their current or previous Board member or manager**

Name	Names of the companies in which a Board member is a member of their current Board or manager	Inside / outside the Kingdom	Legal entity (listed/ unlisted/ limited liability)	Names of the companies in which a Board member is a member of their previous Board or manager	Inside / Outside the Kingdom	Legal entity (listed/ unlisted/ limited liability)
Azhar M. Kenji*	New Marina Company	Inside the Kingdom.	Closed Joint Stock	Takween Company for Advanced Industries	Inside the Kingdom.	Closed Joint Stock
	Al Salam Company		Closed Joint Stock	Takween Company for Plastic Industries		Closed Joint Stock
	Takween Company		Public Joint Stock	Safola Company for Plastic Industries		Public Joint Stock
Mahmoud M. Abdulghafar**	Strategic Sustainability Solutions Company	Inside the Kingdom.	Limited Liability	Savola Group Co.	Inside the Kingdom.	Public Joint Stock
	Kanan International Company		Closed Joint Stock			
	Alam Savola Establishment		Individual			
Khalid A. Alireza	Al Hidada Contracting Company	Inside the Kingdom.	Limited Liability	National Petrochemical Industrial Company	Inside the Kingdom.	Closed Joint Stock
	Xenel Industries Company		Limited Liability			
	Gulf Pearl Company		Limited Liability			
	Chairman of Safra Co. Ltd		Limited Liability	Alujain Company		Public Joint Stock

Raaid K. Alireza	AECOM Arabia Company	Inside the Kingdom.	Limited Liability	National Petrochemical Industrial Company	Inside the Kingdom.	Closed Joint Stock
	Hidada Contracting Company		Limited Liability			
	Hidada Limited Company		Limited Liability	Natpet Schulman Company		Limited Liability
Adnan A. Maimani***	SEJEL Technology Company	Inside the Kingdom.	Limited Liability	National Petrochemical Industrial Company	Inside the Kingdom.	Closed Joint Stock
	Saudi Industrial Services Co.		Public Joint Stock			
	Kindasa Company		Limited Liability			
	Raqeem Technology Company		Limited Liability			
Meyassar A. Nowailati	Midal Company	Outside the Kingdom	Closed Joint Stock	Mazar International	Inside the Kingdom	Limited Liability
	Dar Eletiman	Inside the Kingdom				
	Tunisian Saudi Bank	Outside the Kingdom		Fursan Industrial Company	Outside the Kingdom	Limited Liability
	Saudi-Moroccan Investment Development Company	Outside the Kingdom				
Yousuf A. Alireza	Imdad Company	Inside the Kingdom.	Limited Liability	National Petrochemical Industrial Company	Inside the Kingdom.	Closed Joint Stock
	Al Hidada Company		Limited Liability			
	Xenel Industries Company		Limited Liability	Chemical Company	Outside the Kingdom.	Limited Liability
	Safra Company		Limited Liability			

\* His membership began as (Independent) board member on 27/09/2020.

\*\* His membership began as (Independent) board member on 27/09/2020.

\*\*\* (May God have mercy on him) Member of Board of Directors who passed away on 22/10/2020

#### 4. Composition of the Board and classification of its members, as follows: Executive Director, Non-Executive Director, or Independent Director

The Board of Directors currently consists of 9 members, and the following table shows the composition of Saudi Cable's Board of Directors including the Directors' names and their Board membership classifications:

Name	Membership classifications (Executive / Non-Executive / Independent)
Meyassar A. Nowailati	Non-Executive
Khalid A. Alireza	Non-Executive
Dr. Abdullah H. Masri	Independent
Adnan A. Maimani*	Independent
Yousuf A. Alireza	Non-Executive
Khalid A. Al Ajlan	Independent

Raaid K. Alireza	Non-Executive
Mahmoud M. Abdulgafar**	Independent
Azhar M. Kenji***	Independent

\*(May God have mercy on him) Member of Board of Directors who passed away on 22/10/2020

\*\* His membership began as (Independent) board member on 27/09/2020.

\*\*\* His membership began as (Independent) board member on 27/09/2020.

## 5. Procedure taken to the Board to inform its members, Non-Executive Directors in particular, of the shareholders' suggestions and remarks on the Company and its performance

In accordance with the procedures applied in the company, shareholders will give their opinions and suggestions at the General Assembly Meetings of Shareholders, which are discussed with the attendees of the Board of Directors at the General Assembly Meetings, and in case of any new proposals presented to the first meeting of the Board of Directors following the General Assembly Meeting.

## 6. A brief description of the competencies and duties of the committees, such as the audit committee, the nomination committee and the remuneration committee indicating their names, names of their chairmen, names of their members, the number of their respective meetings, dates of those meetings and the members' attendance details of each meeting

### Audit Committee:

The Audit Committee is responsible for monitoring the company's work, verifying the integrity and integrity of reports and internal audits and internal control systems, examining and making technical opinions about them, examining any important or unusual issues, verifying accounting estimates and examining accounting policies in the company, studying and reviewing the company's internal control and risk management systems, Recommend appointment of auditors, segregate them, neutralize their fees and check their independence, reviewing the results of the company's auditing and auditing regulations and supervision of relevant regulations, regulations, policies and relevant instructions.

The audit committee was formed on four members, all non-employees of the Saudi Cable Company, headed by Mr. Adnan Abdullah Ibrahim Maimani and the membership inclusive of Mr. Khalid Al-Ajlan, Mr. Mohammed Ashraf Tumbi, Mr. Ziad Saad Tayara, and during the year 2020, the audit committee held five meetings during which it discussed the quarterly reports prepared by the auditor and internal auditors, and informed the Board of Directors on appropriate procedures and recommendations, as well as met with the auditor, internal auditor and administrator.

Name	Title	Meetings Attended (2020)					Number of attendance
		1 <sup>st</sup> Meeting dated 27/01/2020	2 <sup>nd</sup> Meeting dated 17/06/2020	3 <sup>rd</sup> Meeting dated 15/07/2020	4 <sup>th</sup> Meeting dated 20/08/2020	5 <sup>th</sup> Meeting dated 08/11/2020	
Adnan A. Maimani*	Chairman	✓	X	X	X	X	1
Mohammed Ashraf Tumbi	Member	X	✓	✓	✓	✓	4
Khalid Ali H. Al Ajlan	Member	✓	✓	✓	✓	✓	5
Ziad Saad Tayara	Member	✓	✓	✓	✓	✓	5

\*(May God have mercy on him) Chairman of Audit Committee who passed away on 22/10/2020

### Nomination and Remuneration Committee:

The tasks of the Nominations and Remuneration Committee are to determine the general policies and criteria for nomination to the Board of Directors with periodic review of the needs of the capabilities and skills required in the Board membership, to examine the strengths and weaknesses of the Board and propose appropriate procedures, to ensure the independence of independent Board members and conflicts of interest in members of other corporate Boards, as well as to study or propose compensation policies and remuneration of Board members and senior executives.

The nominations and remuneration committee was formed from the number of three non-employees of the Saudi Cable Company headed by Dr. Abdullah Hassan Masri and the membership inclusive of Mr. Yousef Ahmed Yousef Zainal Ali Reza - Engineer / Wadia Ahmed Eshgi, During the year 2020, the Committee held six meetings during which it began the tasks and responsibilities assigned to it under the relevant regulations.

Name	Title	Meetings Attended (2020)						Number of attendance
		1 <sup>st</sup> Meeting dated 19/02/2020	2 <sup>nd</sup> Meeting dated 02/03/2020	3 <sup>rd</sup> Meeting dated 05/05/2020	4 <sup>th</sup> Meeting dated 21/07/2020	5 <sup>th</sup> Meeting dated 22/09/2020	6 <sup>th</sup> Meeting dated 02/12/2020	
Dr. Abdullah H. Masri	Chairman	✓	✓	✓	✓	✓	✓	6
Yousuf A. Alireza	Member	✓	✓	✓	X	✓	✓	5
Wadia A. Eshgi	Member	✓	✓	✓	✓	✓	✓	6

7. Where applicable, the means used by the Board to assess its performance, the performance of its committees and members and the external body which conducted the assessment and its relation with the Company, if any  
Not applicable.

8. Disclose the remuneration of the Board members and Executive Management as stated in Article (93) of Corporate Governance Regulations

**Board Members Remunerations Policies:**

- The annual remunerations of the Board Members for the services they perform shall be determined in accordance with the provision of Article (43/5) of the Bylaws: (Subject to the provision of Article (19) of the Bylaws and Article (76) of Companies Law to preserve. Not more than (10%) of the remainder shall be distributed to Board members, provided that the entitlement of such remunerations must be in accordance with the relevant regulations in this concern). Every Director may in addition be paid a fee for attending the Board Meetings in maximum amount of SR (6000) - Saudi only six thousand Saudi Riyals - per Board meeting.

**Board members:** (In SAR Thousands)

Name	Fixed remunerations						Variable remunerations						End-of-service award	Aggregate Amount	Expenses Allowance	
	Specific amount	Allowance for attending Board meetings	Total Allowance for attending committee meetings	In-kind benefits	Remunerations for technical, managerial and consultative work	Remunerations of the chairman, Managing Director or Secretary, if a member	Total	Percentage of the profits	Periodic remunerations	Short-term incentive plans	Long-term incentive plans	Granted shares (insert the value)				Total
<b>First: Ind. Board Directors</b>																
1. Khalid bin Ali Al Ajlan	-	41	-	-	145	-	186	-	-	-	-	-	-	-	186	-
<b>Total</b>	-	<b>41</b>	-	-	<b>145</b>	-	<b>186</b>	-	-	-	-	-	-	-	<b>186</b>	-

Second: Non-Exec. Board Directors																
1. Meyassar A. Nowailati	-	20	-	-	-	2,426	2,446	-	-	-	-	-	-	-	2,446	-
2. Yousaf A. Zainal Alireza	-	36	-	-	-	-	36	-	-	-	-	-	-	-	36	-
3. Azher Kenji	-	6	-	-	-	-	6	-	-	-	-	-	-	-	6	-
4. Abdullah Hassan Masri	-	45	-	-	-	-	45	-	-	-	-	-	-	-	45	-
5. Raaid Khaled Alireza	-	12	-	-	-	-	12	-	-	-	-	-	-	-	12	-
6. Mahmoud Abdulghafar	-	6	-	-	-	-	6	-	-	-	-	-	-	-	6	-
<b>Total</b>	-	<b>125</b>	-	-	-	<b>2,426</b>	<b>2,551</b>	-	-	-	-	-	-	-	<b>2,551</b>	-
Third: Exec. Directors																
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

#### Senior Executives : (In SAR Thousands)

Position	Fixed remunerations				Variable remunerations						End-of- service award (Accrued 2020 only)	End-of- service award (as of Dec 2020)	Aggregate Amount
	Salaries	Allowances	In-kind benefits	Total	Periodic remunerations	Profits	Short-term incentive plans	Long-term incentive plans	Granted shares (insert the value)	Total			
GROUP PRES IDENT	1,200,000	420,000	-	1,620,000	-	-	400,000	-	-	-	67,500	174,375	-
V.P. SUPPLY CHAIN MANAGEMENT	720,000	252,000	-	972,000	-	-	120,000	-	-	-	45,281	97,875	-
VICE PRESIDENT, OPERATIONS	600,000	210,000	-	810,000	-	-	-	-	-	-	41,895	185,062	-
VICE PRESIDENT, FINANCE	780,000	273,000	-	1,053,000	-	-	292,500	-	-	-	49,048	111,120	-
VICE PRESIDENT, COMMERCIAL (ACTING)	420,000	147,000	-	567,000	-	-	-	-	-	-	23,625	118,125	-
<b>Total</b>	<b>3,720,000</b>	<b>1,302,000</b>	-	<b>5,022,000</b>	-	-	<b>812,500</b>	-	-	-	<b>227,349</b>	<b>686,557</b>	-

\* We inserted a column to show only 2020 accrued ESB

\* In the ESB column we updated with ESB of the concerned Executive accrued since hiring up to Dec 2020

#### Committees members: (In SAR Thousands)

	Fixed Remuneration (Except for the allowance for attending Board meetings)	Allowance for attending meetings	Total
<b>Audit Committee Members</b>			
1. Khalid A. Al Ajlan	-	20	20
2. Adnan A. Maimani*	-	3	3
3. Ziad S.Tayara	-	19	19

4. Mohammed A. Tumbi	-	9	9
<b>Total</b>		<b>51</b>	<b>51</b>
<b>Remuneration &amp; Nomination Committee Members</b>			
-	-	-	-
<b>Total</b>	-	-	-

\*(May God have mercy on him) Chairman of Audit Committee who passed away on 22/10/2020

**9. Any Punishment, penalty, precautionary procedure or preventive measure imposed on the Company by the Capital Market Authority or any other supervisory, regulatory or judiciary authority, describing the reasons for non-compliance, the imposing authority and the measures undertaken to remedy and avoid such non-compliance in the future**

No punishment, penalty, precautionary procedure or preventive measure was imposed on the Company by any supervisory, regulatory or judiciary authority during 2020.

**10. Results of the annual review of the effectiveness of the internal control procedures of the Company and the opinion of the audit committee with respect to the adequacy of the Company's internal control system**

**Results and Findings of the Audit Committee:**

- The current audit manual containing audit scope, functions of the Internal Audit Department, Charter of the Audit Committee, procedures, code of ethics of the Department and Audit Plan was reviewed and found adequate and satisfactory.

- 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 2020 showed no substantial or material weakness in the company. However, with the implementation of IFRS effective 2018, the Committee has suggested to update the existing SCC Accounting Policy accordingly, which is in progress.

- The Committee convened several meetings during the year 2020 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 the books of account, financial transactions, reports, data and operational activities did not show any significant discrepancy. Verification of company's assets and properties were carried out. It has been suggested to the Management to update the Fixed Assets Record and conduct 100% physical verification at least once in a two year time.

- The Annual review of the effectiveness of the Internal Control System has not shown any intrinsic weakness in the company.

- The Committee held several meetings with the external auditors to review and discuss in detail the periodical/annual financials prepared by them and remarks/qualifications raised therein.

- 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.

**11. The audit committee's recommendation on the need for appointing an internal auditor for the Company, if there is no internal auditor**

Not applicable.

**12. The audit committee's recommendation with conflict with Board resolution or those which the Board disregards relating to the appointment, dismissal, assessment or determining the remuneration of an external auditor, as well as justifications for those recommendations and reasons for disregarding them**

Not applicable.

### 13. Details of the Company's Social Contributions, if any

Due to Corona Pandemic (COVID 19) and the related precautionary and preventive measures that were taken to curb its spreading, all Company's social contributions have been suspended.

### 14. A list of the dates of the General Assembly meetings held during the last fiscal year and the names of the Board members who attended them

The following (2) General Assembly meetings were held during the year 2020, the attendance of the Board Members to these meetings is marked against their names:

Names of Board Member	30/06/2020 Ordinary General Assembly 44	27/09/2020 Ordinary General Assembly 45
Meyassar A. Nowailati	√	√
Khalid A. Alireza	x	√
Raaid K. Alireza	x	√
Adnan A. Maimani*	X	X
Abdullah H. Masri	√	√
Yousuf A. Alireza	X	X
Khalid H. Al Ajlan	√	√
Mahmoud M. Abdulghafar**	X	X
Azhar M. Kenji***	X	X

\*(May God have mercy on him) Member of Board of Directors who passed away on 22/10/2020

\*\* His membership began as (Independent) board member on 27/09/2020.

\*\*\* His membership began as (Independent) board member on 27/09/2020.

### 15. A description of the main scope of business of the company and its affiliates. If there are two or more, a statement showing each activity and how it affects the company businesses and results shall be attached

#### Main activities of the Company

Activity (1) Cables & wires

Activity (2) Contracts

Activity (3) Switchgears & accessories

The effect of these main activities on the volume of the Company's business, and their contribution on the results, as shown below:

	Activity's Revenues IN SR'000	Percentage %
Activity (1) Cables & wires	304,165	82%
Activity (2) Contracts	58,213	16%
Activity (3) Switchgears & accessories	6,401	2%
<b>Total</b>	<b>368,779</b>	<b>100%</b>

#### Main activities of a Subsidiary company (1): Mass Projects for Power & Telecom

Activity (1): Supply of cables & accessories

Activity (2): Installation of Joints & Terminations

Activity (3): Testing & Commissioning

The effect of these main activities on the volume of the Subsidiary's business, and its contribution on the results, as shown:

	Activity's Revenues	Percentage %
Activity (1) Supply of cables & accessories	54,499	94%
Activity (2) Installation of Joints & Terminations	2,308	4%
Activity (3) Testing & Commissioning	1,406	2%
<b>Total</b>	<b>58,213</b>	<b>100%</b>

#### Main activities of a Subsidiary company (2): Elimsan

Activity (1): Manufacturing of cable accessories.

The effect of these main activities on the volume of the Subsidiary's business, and its contribution on the results, as shown:

	Activity's Revenues	Percentage %
Activity (1) Switchgears & accessories	6,401	100%
<b>Total</b>	<b>6,401</b>	<b>100%</b>

#### 16. A description of the company's significant plans and decisions (including changes to the structure, expanding the company's operations or halting them) and the future expectations

In their meeting on February 24, 2021 (corresponding to 12 Rajab 1442), the Board of Directors recommended an increase of the Parent Company's share capital by SR 360 million. The cash proceeds will be used to enhance working capital to increase operational capacities and support future activities.

#### 17. Information on any risks facing the company (operational, financial or market related) and the policy of managing and monitoring these risks

The Group's activities expose it to a variety of credit risk, financial risks, liquidity risk and market price risk.

- **Credit risk**

Credit risk is the risk that one party to financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. To reduce exposure to credit risk, the Group has developed a formal approval process whereby credit limits are applied to its customers. The management also continuously monitors the credit exposure towards the customers and makes provision against those balances considered doubtful of recovery. To mitigate the risk, the Group has a system of assigning credit limits to its customers based on an extensive evaluation based on customer profile and payment history.

- **Foreign currency risk**

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group's transactions are principally in Saudi Riyals, UAE Dirham, Bahraini Dinar, United States Dollar or Turkish Lira. Transactions and balances in other currencies are not material. For the currencies which have fixed parity with USD, the Group's management believes that their exposure to currency risk is limited. However, the functional currency of the Group's operations in Turkey is USD. However, it expose to currency risk due to its exposure to Turkish Lira. Currency risk is managed on a regular basis by each entity of the Group separately and fluctuation in the exchange rates are monitored on a continuous basis.

- **Interest rate risk**

Interest rate risk is the exposure to various risks associated with the effect of fluctuations in the prevailing interest rates on the Group's financial position and cash flows. Majority of the Group's borrowings are at floating rate of interest and are subject to re-pricing on a regular basis except for Saudi Industrial Development Fund which is, instead of interest or profit, charge the Group a biannually fee. These changes exposes the Group to cash flow risks. Management regularly monitors the changes in interest rates.

- **Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments and discharge liabilities as they fall due. Liquidity risk may result from the inability to sell a financial asset quickly at an amount close to its fair value.

- **Commodity price risk**

The Group purchases metals on an ongoing basis for its operating activities. To safeguard itself from the frequent variations of the metal prices, the group enter into commodity forward contracts, hedging the price volatility of forecast copper purchases is in accordance with the risk management strategy of the Group.

18. A summary in a form of table or graph showing the company's assets, liabilities and results of the last five fiscal year or since the incorporation date, whichever is shorter

**Condensed Statement of Financial Position (5 Years)**

Description	As of 31 December				
	(SR'000)				
	2016	2017	2018	2019	2020
Current Assets	1,008,934	892,923	631,484	521,638	489,357
Non - Current Assets	1,236,523	1,061,193	765,106	725,898	746,142
<b>Total Assets</b>	<b>2,245,457</b>	<b>1,954,116</b>	<b>1,396,590</b>	<b>1,247,536</b>	<b>1,235,499</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY:</b>					
Current liabilities	1,263,136	1,197,083	1,001,384	708,733	524,002
Non - Current liabilities	677,072	541,583	233,409	447,038	426,075
<b>Total Liabilities</b>	<b>1,940,208</b>	<b>1,738,666</b>	<b>1,234,793</b>	<b>1,155,771</b>	<b>950,077</b>
Shareholders' Equity	299,632	209,854	162,152	94,308	288,684
Minority Interest	5,617	5,596	(355)	(2,543)	(3,262)
<b>Total Liabilities and Shareholders' Equity</b>	<b>2,245,457</b>	<b>1,954,116</b>	<b>1,396,590</b>	<b>1,247,536</b>	<b>1,235,499</b>

**Condensed Statement of Comprehensive income (5 Years)**

DESCRIPTION	Year ended 31 December				
	(SR'000)				
	2016	2017	2018	2019	2020
Revenue	1,564,555	1,342,477	865,023	381,274	368,779
Costs and Expenses	(1,831,573)	(1,387,190)	(836,076)	(431,860)	(417,585)
<b>Net Profit/(Loss) before equity share of Profit/(Loss) from Associates and zakat</b>	<b>(267,018)</b>	<b>(44,713)</b>	<b>28,947</b>	<b>(50,586)</b>	<b>(48,806)</b>
Equity Share of Profit/(Loss) from Associates	42,577	(23,238)	(86,490)	395	1,524
<b>Net Profit/(Loss) before Zakat</b>	<b>(224,441)</b>	<b>(67,951)</b>	<b>(57,543)</b>	<b>(50,191)</b>	<b>(47,282)</b>
Zakat & Income Tax	(10,952)	(12,362)	(5,409)	(11,640)	(7,730)
<b>Net Profit/(Loss)</b>	<b>(235,393)</b>	<b>(80,313)</b>	<b>(62,952)</b>	<b>(61,831)</b>	<b>(55,012)</b>

## 19. Geographical analysis of the company's and its affiliates' revenues

The Group's revenue in 2020 was SR 369 million as compared to SR 381 million in 2019.

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 2,527.2 million in 2020.

The Geographical distribution of the revenue was:

Region	SR Million	
	2020	2019
Kingdom of Saudi Arabia (KSA) & GCC	363	354
Rest of the World	6	27
<b>TOTAL REVENUE</b>	<b>369</b>	<b>381</b>

Revenue was generated from the following segments:

Revenue From	SR Million	
	2020	2019
Product Sales	311	291
Projects & Contracting	58	90
<b>TOTAL REVENUE</b>	<b>369</b>	<b>381</b>

Geographical distribution of net profit / (loss):

Region	SR Million	
	2020	2019
Kingdom of Saudi Arabia and the Gulf region	(146)	(40)
The rest of the world	91	(22)
<b>TOTAL</b>	<b>(55)</b>	<b>(62)</b>

## 20. Any material differences in the operational results compared to the preceding year's results, along with any expectations announced by the company

The Group made a net loss of SR 55.0 million as compared to the net loss of SR 61.8 million last year and the change in net losses of the current year compared with net loss of the previous year are mainly due to following impacts:

- Lower volumes and margins in 2020 as compared to 2019 due to severe working capital constraints resulted in heavy unutilized capacity and thereby unrecovered fixed costs.
- Impacts as a result of expected credit losses where financial assets were subjected to impairments considering historical credit loss trends.
- Reversal of provisions recorded in previous years against a legal case that was ruled against the plaintiff and appealed whereby the possible exposure has been considered as a contingent liability.
- Fair value gains of restructured borrowings with a Commercial lender and former supplier.

## 21. Any Inconsistency with the standards approved by the Saudi Organizations for Certified Public Accountant

The Consolidated financial position of the Group as of December 31, 2020, and its financial performance for the year ended are in accordance with the International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Certified Public Accountants.

**22. Name of each affiliate company, its capital, the company's ownership percentage, the main scope of business, country of operation and country of incorporation**

Subsidiaries and associates of the Saudi Cable Company Group

Subsidiaries	Principal Field of Activities	Country of Incorporation	% of Capital held Directly or Indirectly	Capital as per Nominal Share Value in SR Million
<b>Domestic</b>				
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
<b>International</b>				
Mass Kablo Yatirim Ve Ticaret Anonim Sirketi (Previously Mass Holding Anonim Sirketi)	Holding Company	Turkey	100%	477.3
Mass International Trading Company Limited (dormant)	International trade	Ireland	100%	0.6
Fairhaven Holdings Ltd.	Holding Company	Seychelles	100%	0.2
Kablat Holding Limited	Holding Company	Malta	100%	0.01
Gozo Gayrimenkul Anonim	Holding Company	Turkey	100%	0.03
Valleta Gayrimenkul Anonim Sirketi	Holding Company	Turkey	100%	0.03
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. Midal Cables mainly carries out operates in Bahrain, Turkey, Saudi Arabia and Mozambique.

Subsidiary	Country of Incorporation	Share-holding %	Principal activities
Aluminum Wheel Company S.P.C (Aluwheel)	Bahrain	100	Manufacturing and supply of fabricated metal product, alloy and aluminium wires.
Bahrain Welding Wire Products Manufacturing Company W.L.L	Bahrain	80	Manufacturing of aluminum rods.
Metal Form S.P.C	Bahrain	100	Manufacturing of alloy wires, aluminum clad steel wire, core and conform products and providing processing services.
Midal Kablo Sanayi ve Ticaret A.Ş	Turkey	100	Manufacturing and supply of aluminum alloy rods, wires and conductors.
Midal Cables International Pty Ltd.	Australia	90	Manufacturing and supply of aluminum and aluminum alloy rods, wires and conductors.
Midal Cables Private Ltd.	India	100	The commercial operations have not commenced yet.
Midal Cables International Limited	Mozambique	100	Manufacturing and supply of aluminum and aluminum alloy rods, wires and conductors.
Midal Cables International FZE	UAE	100	Provision of engineering and management services.
Midal Cables International Limited	UK	100	Marketing the products of Midal in Europe and Turkey.
Midal Cables International SDN. BHD.	Malaysia	100	Marketing the products of Midal in Asia, Australia and New Zealand.
Midal Cables Marketing Ltd.	Kenya	100	Dormant
Midal Cable International Ltd.	Canada	100	Marketing the products of Midal in Americas and Canada.
Midal Cables Saudi Arabia Limited	Saudi Arabia	100	Provide commercial services and produce rods, wires, cables and conductors.
Midal Electrics Company	Bahrain	100	Dormant.
Tunaverken Sweden A.B. (owned by Aluwheel)	Sweden	100	Managing shares and other securities, manufacturing and trading of parts for motor vehicles and runs consultancy business.
Midal Cable Marketing Ltd. Nigeria	Nigeria	100	Marketing the products of Midal in Africa.
Leader Makina San. Ve Tic. A.S.	Turkey	100	Manufacture and distribution of drums, machine (trailer/silobas), container and construction.
Midal Solar W.L.L	Bahrain	100	Construction of utility project, specialized constructions activities, electrical installation.

## XECA International Information Technology

The Company currently owns 25% of XECA. XECA was engaged in the supporting of Information Systems and Network Services to many companies within and outside the Group, including SCC. In 2016, a decision was made to discontinue XECA'S operations and as of December 31, 2020, XECA is under the process of liquidation.

### 23. Details of shares and debt instruments issued for each affiliate company

Not applicable

### 24. A descriptions of the dividends distribution policy

The annual profits of the company are distributed as follows, after deducting all general expenses and other costs, including taxes and zakat.

- A sum of (10%) of the net profits shall be set aside to form the Company's Statutory Reserve. The Ordinary General Assembly may stop such saving when the said reserve equals (30%) of the Company's paid-up Capital.
- The Ordinary General Assembly upon recommendation passed by the Board of Directors may set aside (10%) of the net profits to form an agreed reserve that shall be allocated for a certain purpose(s).
- The Ordinary General Assembly may decide to form other reserves, to the extent that shall realize the Company's interest or guarantees distribution of fixed profits as much as possible, for the shareholders.
- Then the remaining amount shall be distributed to the Shareholders representing (5%) at least of the Company's paid-up Capital.
- Subject to the provisions set in Article (19) of the Company's Bylaws and Article (76) of the Companies' law, after the aforesaid, no more than (10%) of the remaining shall be allocated as remuneration for the Board of Directors, and the entitlement for this remuneration shall be in accordance with the applicable regulations in this respect.

### 25. A description of any interest in a class of voting shares held by persons (other than the company's directors, Senior Executives and their relatives) who have notified the company of their holdings pursuant to Article 68 of the Rules on the Offer of Securities and Continuing Obligations, together with any change to such interests during the last fiscal year

Not applicable.

### 26. A description of any interest, contractual securities or rights issue of the Board members, Senior Executives and their relatives on shares or debt instruments of the company or its affiliates, and any change on these interest or rights during the last fiscal year

#### Board Members:

Name	Position	Year Start		Year End		Net Change	Change %	Ownership of first Degree relatives & changes therein
		Stocks	Debt Instruments	Stocks	Debt Instruments			
Khalid A. Alireza	Non-Executive Director	98,317	-	98,317	-	-	-	Included
Dr. Abdullah H. Masri	Non-Executive Director	372	-	372	-	-	-	-

Adnan A. Maimani*	Non-Executive Director	145	-	145	-	-	-	-
Yousuf A. Alireza	Non-Executive Director	145	-	145	-	-	-	-
Raaid K. Alireza	Non-Executive Deputy Chairman	14,554	-	14,554	-	-	-	-

\*(May God have mercy on him) Member of Board of Directors who passed away on 22/10/2020

#### Senior Executives:

Name	Position	Year Start		Year End		Net Change	Change %	Ownership of first degree relatives & changes therein
		Stocks	Debt Instruments	Stocks	Debt Instruments			
-	-	-	-	-	-	-	-	-

27. Information on any loans (payable upon request or not), a statement of the total indebtedness of the company and its affiliates, any amounts paid by the company in repayments of loans during the year, the amount of the principal debts, the creditor name, the loan term and remaining amount. In case there is no debts, a declaration thereof shall be presented

The following table shows Saudi Cable loans from commercial banks, Islamic banks, government agencies and suppliers:

#### Long term loans (SR'000)

Borrowing Company	Lender	Loan Tender (Years)	Principle Loan	Balance on December 31, 2019	Waiver / derecognition	New loans / additions / capitalization	Repayment	Finance cost	Other movements	Balance on December 31, 2020
<b>TERM LOANS</b>										
Saudi Cable Company	Saudi Industrial Development Fund	5 Years	191,460	107,290	-	-	(2,000)	-	-	105,290
	<b>Total SIDF</b>		<b>191,460</b>	<b>107,290</b>	<b>-</b>	<b>-</b>	<b>(2,000)</b>	<b>-</b>	<b>-</b>	<b>105,290</b>
Restructured bank loans	Al Rajhi Bank- Facility - A	2 Years	159,988	58,300	(58,300)	55,874	(9,716)	1,161	-	47,319
	Al Rajhi Bank - Facility - B	6 Years	31,578	205,876	(205,876)	194,255	-	4,038	-	198,294
	<b>Total Commercial Banks</b>		<b>191,566</b>	<b>264,176</b>	<b>(264,176)</b>	<b>250,129</b>	<b>(9,716)</b>	<b>5,200</b>	<b>-</b>	<b>245,613</b>
Suppliers Financing	Noble Resources International Pte Ltd *			166,551	(180,778)	175,403	(58,187)	5,918	10,749	119,656
	<b>Total Noble Resources International Pte Ltd</b>			<b>-</b>	<b>(180,778)</b>	<b>175,403</b>	<b>(58,187)</b>	<b>5,918</b>	<b>10,749</b>	<b>119,656</b>
<b>Total Saudi Cable Co.</b>			<b>383,026</b>	<b>538,017</b>	<b>(444,954)</b>	<b>425,532</b>	<b>(69,903)</b>	<b>11,118</b>	<b>10,749</b>	<b>470,559</b>
ELIMSAN	Yapi ve Kredi Bankasi A.S.	5 Years	7,136	9,171			(1,482)			7,689
	Turkiye Is Bankasi	5 Years	9,540	9,639			(1,304)			8,335
	Kuveyt Turk Katilim Bankasi A.S	5 Years	6,551	7,752			(1,172)			6,580
	Deniz Bank A.S	5 Years	8,929	8,422	2,588		(1,840)			9,170
	Vakif Bank	5 Years	6,375	5,893			(786)			5,107
	Asya Katilim Bankasi A.S		-	3,753			(1,864)			1,889
<b>Total Elimsan</b>			<b>38,531</b>	<b>44,630</b>	<b>2,588</b>	<b>-</b>	<b>(8,448)</b>	<b>-</b>	<b>-</b>	<b>38,770</b>
<b>Total</b>			<b>421,557</b>	<b>582,647</b>	<b>(442,366)</b>	<b>425,532</b>	<b>(78,351)</b>	<b>11,118</b>	<b>10,749</b>	<b>509,329</b>
Less : Current Portion	Saudi Industrial Development Fund			(2,000)					(28,000)	(30,000)
	Commercial Banks			(35,915)					-	(35,915)
	Supplier financing			(166,551)	76,784				-	(89,767)
<b>Total Long Term Loans</b>			<b>421,557</b>	<b>378,181</b>	<b>(365,582)</b>	<b>425,532</b>	<b>(78,351)</b>	<b>11,118</b>	<b>(17,251)</b>	<b>353,647</b>

## Short term loans (SR'000)

Borrowing Company	Lender	Loan Tender (Years)	Principle Loan	Balance on December 31, 2019	Waiver / derecognition	New loans / additions / capitalization	Repayment	Finance cost	Other movements	Balance on December 31, 2020
<b>SHORT TERM LOAN</b>										
Saudi Cable Company	Saudi British Bank	2 months	15,233	16,076		45,032	(60,408)	-	-	700
Total Saudi Cable Co.			15,233	16,076	-	45,032	(60,408)	-	-	700
ELIMSAN	Kuveyt Turk Katilim Bankasi A.S	1 Year	1,039	308			(60)	-		248
Total Elimsan			1,039	308	-	-	(60)	-	-	248
Total Short Term Loans			25,647	16,384	-	45,032	(60,468)	-	-	948

28. A description of the class and number of any convertible debt instruments, contractual securities, preemptive right or similar rights issued or granted by the company during the fiscal year, as well as stating any compensation obtained by the company in this regard

Not applicable

29. A description of any conversion or subscription rights under any convertible debt instruments, contractually based securities, warrants or similar rights issued or granted by the company

Not applicable

30. description of any redemption, purchase or cancellation by the company of any redeemable debt instruments and the value of such securities outstanding, distinguishing between those listed securities purchased by the company and those purchased by its affiliates

Not applicable

31. The number of Board meetings held during the last financial year, their dates and the attendance record of each meeting listing the names of the attendees

Name	Title	1 <sup>st</sup> Meeting dated 28/04/2020	2 <sup>nd</sup> Meeting dated 29/06/2020	3 <sup>rd</sup> Meeting dated 09/11/2020	Total Meetings Attended
Meyassar A. Nowailati	Chairman	✓	✓	✓	3
Khalid A. Alireza	Member	✗	✗	✓	1
Abdullah H. Masri	Member	✓	✓	✓	3
Adnan A. Maimani*	Member	✓	✗	✗	1
Yousuf A. Alireza	Member	✓	✗	✓	2
Khalid A. Al Ajlan	Member	✓	✓	✓	3
Raaid K. Alireza	Member	✓	✗	✓	2
Mahmoud M. Abdulghafar**	Member	✗	✗	✓	1
Azjar M. Kenji***	Member	✗	✗	✓	1

\*(May God have mercy on him) Member of Board of Directors who passed away on 22/10/2020

\*\* His membership began as (Independent) board member on 27/09/2020.

\*\*\* His membership began as (Independent) board member on 27/09/2020.

32. Numbers of Company's requests of shareholders records, dates and reasons thereof

20 records were requested for the shareholders of the Company during the year 2020 as shown in the following table:

No.	Date of request	Reason
1	9 February 2020	For Company Procedures
2	23 February 2020	
3	30 June 2020	For General Assembly
4	2 September 2020	Other
5	27 September 2020	For General Assembly
6	4 October 2020	For Company Procedures

7	11 October 2020	For General Assembly
8	11 October 2020	For Company Procedures
9	18 October 2020	
10	25 October 2020	
11	1 November 2020	
12	8 November 2020	
13	15 November 2020	
14	17 November 2020	
15	22 November 2020	
16	24 November 2020	
17	29 November 2020	
18	15 December 2020	
19	21 December 2020	
20	28 December 2020	

**33. A description of any transaction between the company and any Related Party**

Board Member's Name	The Company Contracted with	Nature of Transactions and contracts	Conditions of Transactions and contracts	Term of Transactions and contracts	Amount of Transactions and contracts
Midal Cable Company is comprised of six members, three of which are appointed by Saudi Cable Company, these are: - Meyassar Anwar Nowailati. - Abdulhadi Abulkhair. - Ashfaque Sayed.	Midal Cable Company	Purchase of raw material	Ordinary transactions without any preferential terms or benefits	Annual Contracts	19,403
		Dividend received	Ordinary transactions without any preferential terms or benefits		6,787
		Directors remuneration	Ordinary transactions without any preferential terms or benefits		1,407
		Others	Ordinary transactions without any preferential terms or benefits		330
Subsidiary of Xenel Industries Co. Ltd.	Hidada Limited	Others	Ordinary transactions without any preferential terms or benefits	Annual Contracts	74

**34. Information relating to any business or contract to which the company is a party and in which a director of the company, a Senior Executive or any person related to any of them is or was interested, including the names of persons in relation, the nature, conditions, durations and the amount of the business or contract. If there are no such businesses or contracts, the company must submit a statement thereof**

The Board of Directors of the Company declare that except for the information mentioned in the table above (item#33), there are no businesses or contracts to which the Company is a party, and in which a Director of the Company or its senior executives or any person related to any of them is or was interested.

35. A description of any arrangement or agreement under which a director or a Senior Executive of the company has waived any remuneration

Not Applicable.

36. A description of any arrangement or agreement under which a shareholder of the company has waived any rights to dividends

Not Applicable.

37. A statement of the value of any paid and outstanding statutory payment on account of any zakat, taxes, fees or any other charges that have not been paid until the end of the annual financial period with a brief description and the reasons therefor

	2020		Brief description	Reasons
	Paid SAR ('000s)	Charges that have not been paid until the end of the annual financial period SAR ('000s)		
Zakat	40,643	Nil	During the year 2020, the Company filed its Zakat and Tax Return relating to year ended 31 December 2019, with General Authority of Zakat and Tax (GAZT) and paid Zakat amounting to SAR 40,643 thousands.	Zakat payable as at 31 Dec 2020 will be paid when Zakat and Tax Return for 2020 will be filed in the Year 2021.
Tax	-	Nil	Nil	Nil
General Organization for Social Insurance	5,685	Nil	During the year 2020, the amount of annual subscription	-
Costs of visas and passports	371	Nil	Paid to Ministry of Interior (MOI).	Renewal of Iqamas, Passports and Visas.
Labor Office Fees	53	Nil	Paid to Ministry Labor Office (MOL).	Renewal of the work permits.

38. A statement as to the value of any investments made or any reserves set up for the benefit of the employees of the company

In continuation of Management's effort to improve the overall performance and boost the morale of employees, it has been decided to implement an incentive scheme for the "Thank You Card" holders. Therefore,

The winners will be paid as per the following scheme:

1. This scheme is applicable to staff with Grade B2 and below (Senior Managers & below).
2. It is applicable to employees who individually awarded with Thank You Cards (minimum 2) by the Group President in one calendar year (Jan to Dec).

3. An employee received cash incentive from any other scheme during preceding year related to same significant contribution and accomplishments are not eligible for further incentive.
4. Incentive of SAR 5000 for 2 Thank You Card holders (with basic salary less than SAR 10,000) and an addition of SR2500 for each additional card. 50% of basic salary will be awarded for 2 Card holders (with basic SAR 10,000 or above) and an addition of 25% of basic for each additional card.
5. The payment of this incentive scheme will be awarded `Once per year` in the month of January of succeeding year considering the achievement of previous year.
6. As a pre-requisite, the Annual Performance Appraisal of the eligible employee must not be lower than 3(meet expectation) during the year considering for incentive.

### **39. Declarations of the Board of Directors**

The Board of Directors declares the following:

- Proper books of account have been maintained.
- The system of internal control is sound in design and has been effectively implemented.
- There are no significant doubts concerning the company's ability to continue its activity.
- The company's financial statements are prepared in accordance with generally accepted accounting rules in Saudi Arabia and these accounting rules are consistently applied.
- The company has not issued any securities such as options shares or rights that can be converted into shares.
- There are no major contracts awarded to relevant entities other than those disclosed in the advanced section of this report and also included in the financial statements.
- There are no existing loans or loans to Board members during the year and no repayment of the loans has been made.
- There are no loans granted to any Board member.
- The company has not entered into any transaction relating to its shares.
- Bank loans and their movements were disclosed in this report and in the financial statements.
- There were no transactions in the company's shares with any member of the Board of Directors or any member of their family other than those mentioned above.
- The Company has not received any waiver of rights from any shareholder.
- The external auditor has expressed his opinion on the financial statements conservatively.

### **40. If the external auditor's report contains reservations on the annual financial statements, the Board report shall highlight this mentioning the reasons and any relevant information**

#### **Basis for Qualified Opinion**

- As stated in note 10, the consolidated financial statements include investment in an associate (50% ownership) with a carrying value of SR 319.12 million and share of results of SR 1.52 million as at and for the year ended 31 December 2020 (SR 318.18 million and SR 0.40 million as of and for the year ended 31 December 2019). The associate had trade receivables amounting to SR 48 million, out of which the Group's share is SR 24 million; that are overdue for more than one year, against which management has not recognized any allowance for expected credit losses. Management was unable to provide us with sufficient appropriate audit evidence to ensure the recoverability of those trade receivables balances. Consequently, we were unable to determine whether any adjustments to the Group's share of results in and the carrying value of the associate were necessary for and as of the year ended 31 December 2020.
- As stated in note 18, the Group received assessments from the General Authority for Zakat and Tax (GAZT), claiming additional Zakat liabilities of SR 201.9 million in respect of the assessment for prior years against which the Group has filed appeals. It is management's assertion that they have grounds to contest against items included in the assessments raised by GAZT that the outcome of the appeals is uncertain at this stage and, therefore, it is not possible to determine the potential Zakat provision. No provision has been made in these consolidated financial statements for the items under appeal and for any potential exposure relating to open years not yet assessed by GAZT. We have not been provided details or basis of certain appeals the assessments, including details of zakat computation and appeals in respect of certain open years and of certain subsidiaries. We are, therefore, unable to determine whether any adjustments are necessary to the Group's current or prior years' zakat charges and corresponding liability.

41. If the Board recommended replacing the external auditor before the end of its term, the report shall indicate this mentioning the reasons for the replacement recommendation

Not applicable

42. Treasury shares held by the Company and details of the uses of such shares

Not applicable

Note: The BOD's has approved this report through a circulated resolution on April 5, 2021.