

Saudi Arabian Amiantit Company
The Annual Report of the Board of Directors

2021

Date: 28/08/1443 H
31/03/2022 G

The annual report of the Board of Directors to the Ordinary General Assembly Meeting on the Fiscal Year of 2021

*M/s Shareholders of Saudi Arabian Amiantit Company,
Dear Shareholders,*

Introduction:

The board of directors of Saudi Arabian Amiantit Company (will be refer to as “The Company” or “The Group” have the pleasure to present “The Company” ’s annual activity report for the year 2021 and the operations progress of “The Company” and its affiliates, including the production, marketing, and administrative performance of “The Group”. The report also covers the consolidated financial statements for the years ending 31st December of 2021 & 2020.

1 Company and Group Profile:

“The Company” was established in 1388H (1968) in Dammam, Kingdom of Saudi Arabia. It is a Joint Stock - Listed Company with a paid-up capital of SAR 320 million (2020: SAR 320 million), listed on the Saudi Stock Exchange (Tadawul). “The Company” is headquartered in Dammam (Saudi Arabia).

“The Company” ’s main activities consist of the establishment and management of industrial projects especially the design, manufacturing, marketing, and sales of pipes and water treatment installations, as well as the management of water projects. “The Group” also owns and licenses several pipe-manufacturing technologies.

As of December 31, 2021, “The Group” operates 23 plants (includes 10 plants in Saudi Arabia, the other premises mostly being located in Western Europe, Turkey, Qatar, North Africa and Kazakhstan) for producing pipes around the world (and the related products, such as tanks, fittings, flanges, rubber, and manholes), either fully owned or through joint ventures with local partners.

“The Company” also offers pipe design and installation services through one of its Saudi subsidiaries, Infra-Structure Engineering and Construction Company (ISECC), and “The Company” ’s research and development activities are carried by its R&D centers in the Dhahran Techno-Valley, Dhahran, Saudi Arabia, and Sandefjord, Norway as a part of the joint venture in Europe (Amiblu). It is also involved in Engineering, Procurement, Commissioning (EPC) of water treatment facilities through its fully owned German subsidiary (PWT- Abwassertechnik) and operates water management activities through a 50% joint-venture in Saudi Arabia, the International Water Distribution Company (Tawzea). It is worth to mention that “The Company” owns 13% of East Gas Company which operates in procuring the natural gas from Saudi Aramco, and selling it to more than 45 industrial clients through a special pipe network underground in the 2nd industrial area in Dammam City. In addition to implements the engineering, construction, operations, and maintenance for all pipes network lines, stations meters on a safe way and friendly to the environment.

1.1 Manufacturing & Sale of Pipes & Associated Technologies

“The Group” designs and manufactures standard or tailor-made pipes, tanks, fittings, and industrial valves, for transmission of water, covering all applications, such as potable water, irrigation, industrial water, sewage, sea water intakes, storm water, drainage, firefighting, among others. It also offers to its customers design and installation advisory and services. This segment represents the core business of “The Group” and the main source of its sales and profits.

2021 Amiantit Annual Report of the Board of Directors

Product Family	Consolidated Percentage of Sale 2021
Glass-reinforced pipes, tanks and fittings, in Polyester and Epoxy (GRP and GRE)	40.3%
Ductile iron pipes and fittings (DI)	31.0%
Design and Installation services	12.5%
Others	16.2%
	100.00%

Table 1: Group's products and the participation % in consolidated percentage of Sales

“The Group” owns and continuously develops associated technologies, covering the following aspects:

- Technical Support,
- Product Development,
- Raw Material testing and qualification, and
- Optimization of Processing & Manufacturing methods.

“The Group” Technology organization operates two Research and Development centers. One located in Dhahran Techno-Valley Company (DTVC) located in King Fahad University for Petroleum & Minerals, Dhahran, Saudi Arabia while the other is located in Sandiford (Norway) as part of our joint venture firm in Europe, Amiblu. The centers employ a total of 58 research personnel and operates sophisticated research and testing equipment with a total value of SAR 67.03 million. The R&D spending of “The Group” reached SAR 51.7 million in 2021G (2020G: SAR 21.9 million). The Technology Centers are primarily focused on the GRP and GRE activities. They perform research activities that aim to improve product design, broaden applications, optimize production processes, among other activities.

Manufacturing & sales of pipes & associated technologies	Net Sales	Total Assets
2021	377,905	1,043,865
2020	421,909	1,416,658

Table 2: Key figures for Manufacturing & Sales of pipes & Associated Technologies Segment (SAR'000).

1.2 Water Management Activities

1.2.1 EPC of Water Treatment Stations

“The Group” fully owns PWT Wasser-und Abwassertechnik GmbH (PWT), a German Company headquartered near Frankfurt, Germany, and primarily specialized in the engineering, procurement, construction, and operation & maintenance of desalination plants, water treatment plants, wastewater treatment plants for urban areas and industrial clients, as well as, providing water treatment solutions. Furthermore, PWT operates groundwater treatment plants and develops and implements electro-technical and automation systems for the water sector.

This Company is presently working actively in Central and Southeastern Europe, the Caspian Region, Turkey, Albania and the GCC via a major project in Iraq, where it is building a water treatment plant and installing the related pipe network in Samawa (southern region of Iraq). In addition to the maintenance, since 2016, The company has been developing new markets in the MENA region and in the GCC, focusing on Saudi Arabia.

However, after following a new strategy by the company, new projects have been developed with the municipalities clients and the private sector in Germany.

Concerning the strategic growth in the industrial water sector, and despite the Corona pandemic consequences, the year of 2021 was characterized by a lot of activities in quoting the new projects mainly for the domestic market and for developing new profitable business that shall be converted into orders in 2022G.

1.2.2 Water Management

Amiantit through its 100% owned subsidiary International Infrastructure Management & Operation Co. Ltd. (Amiwater) owns 50% of The International Water Distribution Company Ltd. (Tawzea). Tawzea is principally engaged in offering services related to construction, operation, and maintenance of public water & sewage services.

Tawzea is engaged in providing potable and wastewater services to industrial cities under concession agreements from Saudi Industrial Property Authority (MODON). Tawzea specializes in Management of industrial cities, operation and maintenance of Potable Water, and Wastewater facilities in cities like Jeddah, Riyadh, and Qassim among others. It is also one of the first companies that have been successful in the privatization of the water sector in the Kingdom of Saudi Arabia and PPP projects.

Tawzea’s joint venture with Aquapur Company secured a concession for Jeddah Industrial City 2nd and 3rd at the end of 2016 has contributed in increasing the revenue over the period of last six years.

As part of Saudi Arabia’s Vision 2030, the consortium of Tawzea with the Spanish Cobra company won the bid for the development of Taif IST at the end of 2019, and the consortium successfully achieved all financial agreement clauses, and the project is in the construction stage now. And it is expected to complete it the 4th quarter of 2022G.

Furthermore, during last three years Tawzea won several O&M contracts as part of its long-term strategy to diversify its business thereby reducing concentration on one particular revenue stream.

On 25 August 2021G, the consortium of Tawzea and the international Spanish company “Acciona”, and Tamasuk company won three projects to build independent Sewage treatment Plants in Tabuk, Buraydah, and Medina with total capacity up to 440,000 cubic meters per-day based on the below distribution, and it is expected to achieve the financial close during the 1st quarter in 2022G.

City	Processing capacity in m ³ /day
Medina	200,000
Buraydah	150,000
Tabuk	90,000

And in order to enhance and develop the role of Tawzea in implementing the current mentioned projects, The Board of Directors of the Saudi Arabian Amiantit Company agreed during the year 2021G to convert Tawzea company to a joint stock company listed on Nomu Market.

Year	Net Sales	Total Assets
2021	61,006	885,015
2020	19,114	836,250

Table 3: Key figures for water management (SAR '000).

2 Amiantit Board of Directors & Committees Members:

2.1 Board of Directors

Member Name	Current Job	Previous Job	Qualifications	Experience
HH Prince Ahmad Bin Khalid bin Abdullah Bin Abdurrahman Al-Saud	Businessman	Businessman	Ph.D. in Law	Expertise in the board of directors and committees of companies and corporate committees for civil, insurance, credit, energy, and mining.
HRH Prince Abdulaziz Bin Mohammad bin Fahad Bin Abdulaziz Al-Saud	Businessman	Businessman	Master of Laws	Experience in the field of law.
Dr. Solaiman Abdulaziz Al Twajjri*	CEO NADEC	CEO of "The Company"	PhD in Acc.	Extensive experience in finance, accounting, membership in many companies, audit committees, and academic field
Dr. Mohammad Saud Al-Badr	Consultant	Consultant	Ph.D. in Education	Extensive experience in finance, accounting, membership in many companies, audit committees, and academic field
Eng. Mohammad Abdurrahman Al-Luhaidan	Businessman	Businessman	MBA	Extensive experience in engineering and management

*Dr. Solaiman Al-Twajjri has been appointed as of 19-10-2021G, after the resignation of Dr. Khalil Abdulfattah Kordi on 18-10-2021, and this appointment was approved by the extraordinary general assembly on 27 February 2022G and will continue the current board period which will end on 31 December 2023G.

2.2 Audit Committee

Member Name	Current Job	Previous Job	Qualifications	Experience
Dr. Sulaiman Abdullah Al Sakran	Consultant	President of the Saudi Student Fund at the Ministry of Education	PhD in Acc.	Extensive experience in finance, accounting, membership in many companies, audit committees, and academic field
Dr. Mohammad Saud Al-Badr	Board & Committees Member in companies	MD & General Manager	Ph.D. in Education	Extensive experience in finance, accounting, membership in many companies, audit committees, and academic field
Mr. Waleed M. Al Othaimen*	Board & Committees Member in companies	General Manager	BSc in The Industrial Management (Accounting)	Extensive experience in the chairmanship and membership in audit committees.

*Mr. Waleed M. Al Othaimen has been appointed as of 01-11-2021G, after the resignation of Dr. Khalil Abdulfattah Kordi from the audit committee on 01-11-2021G, and this appointment was approved by the extraordinary general assembly on 27 February 2022G and will continue the current board period which will end on 31 December 2023G.

2.3 Nomination and Compensation Committee

Member Name	Current Job	Previous Job	Qualifications	Experience
HH Prince Ahmad Bin Khalid Bin Abdullah Bin Abdurrahman Al-Saud	Businessman	Businessman	Ph.D. in Law	Expertise in the board of directors and committees of companies and corporate committees for civil, insurance, credit, energy, and mining.
Dr. Mohammad Saud Al-Bader	Consultant	Consultant	Ph.D. in Education	Extensive experience in finance, accounting, membership in many companies, audit committees, and academic field
Mr. Sulaiman Abdullah Al Amro	Adviser and Regional Manager	Adviser and Regional Manager	MBA	Extensive experience in the membership of boards of directors, committees, and management

2.4 Executive Committee

Member Name	Current Job	Previous Job	Qualifications	Experience
HH Prince Ahmad Bin Khalid bin Abdullah Bin Abdurrahman Al-Saud	Businessman	Businessman	Ph.D. in Law	Expertise in the board of directors and committees of companies and corporate committees for civil, insurance, credit, energy, and mining.
HRH Prince Abdulaziz Bin Mohammad bin Fahad Bin Abdulaziz Al-Saud	Businessman	Businessman	Master of Laws	Experience in the field of law.
Dr. Khalil Abdulfattah Kordi	CEO of "The Company" *	Financial Adviser	Ph.D. in Acc.	Extensive experience in board membership, corporate and bank committees, university professor, and consultant in several government agencies.
Dr. Solaiman Abdulaziz Al Twajri	CEO NADEC	CEO of "The Company"	PhD in Acc.	Extensive experience in finance, accounting, membership in many companies, audit committees, and academic field.
Mr. Feras Ghassab AlHarbi **	"The Company" 's GCOO & GCFO	Ex-GCFO for Multi listed companies in KSA and outside KSA	Master's degree in Finance & Accounting	Multi experience in finance, accounting, membership in the board of directors, audit committees and academic field.

* "The Company" announced the approval of its board of directors on 26-07-1443H corresponding to 27-02-2022G, accepting the resignation of Dr. Khalil Abdulfattah Kordi as a CEO and the last working day will be on 28-02-2022G.

** Based on the recommendation of the nomination and compensation committee, the board of directors has restructured the committee by adding Mr. Feras Ghassab AlHarbi as a new member starting from 15/03/2022G.

2.5 Investment Committee

Member Name	Current Job	Previous Job	Qualifications	Experience
HRH Prince Abdulaziz Bin Mohammad bin Fahad Bin Abdulaziz Al-Saud	Businessman	Businessman	Master of Laws	Experience in the field of law.
Eng. Mohammad Abdurrahman Al-Luhaidan	Businessman	Businessman	MBA	Extensive experience in engineering and management
Mr. Sulaiman Abdullah Al Amro	Adviser and Regional Manager	Adviser and Regional Manager	MBA	Extensive experience in the membership of boards of directors, committees, and management
Mr. Feras Ghassab AlHarbi	“The Company” ‘s GCOO & GCFO *	Ex-GCFO for Multi listed companies in KSA and outside KSA	Master’s degree in Finance & Accounting	Multi experience in finance, accounting, membership in the board of directors, audit committees and academic field.

2.6 Senior Executive

Member Name	Current Job	Previous Job	Qualifications	Experience
Dr. Khalil Abdulfattah Kordi	“The Company” ‘s CEO	Financial Adviser	Ph.D. in Acc.	Extensive experience in board membership, corporate and bank committees, university professor, and consultant in several government agencies.
Mr. Feras Ghassab AlHarbi	“The Company” ‘s GCOO & GCFO *	Ex-GCFO for Multi listed companies in KSA and outside KSA	Master’s degree in Finance & Accounting	Multi experience in finance, accounting, membership in the board of directors, audit committees and academic field.
Mr. Waleed Mohammad Abu Kishk	“The Company” ‘s Legal & Compliance Director	Legal Counsel- Amiantit Co.	Master’s degree in law	Experiences in law and legal consulting and governance.
Eng. Mohammad Saleh Al-Shamrani	“The Company” ‘s Sales & Marketing Director **	“The Company” ‘s Operations Director	Bachelor’s degree in chemical engineering	Experiences in procurement management, raw materials management, and operations
Mr. Watheq Ali Al-Hawawreh ***	“The Company” ‘s Internal Audit Manager	Internal audit manager in different companies	Bachelor's degree Finance and Banking Sciences	Multiple experience in the field of internal audit
Mr. Ahmad Mohammad Quddam	“The Company” ‘s Shared Services Director	“The Company” ‘s HR Manager	Bachelor’s degree in Business Administration	Experiences in Management, Human resources, and strategic planning.

* “The Company” announced the approval of its board of directors on 26/27/1443H corresponding to 27/02/2022G to appoint Mr. Feras Ghassab AlHarbi as Chief Executive Officer starting from 28/07/1443H corresponding to 01/03/2022G.

** Eng. Mohammad Saleh Al-Shamrani has been appointed to the position of “The Company” ‘s Sales & marketing Director starting from 01/02/2022G.

*** Mr. Watheq Ali Al-Hawawreh has been appointed to the position of “The company” internal audit manager starting from 15/02/2021G.

3 Significant Decisions & Plans

3.1 Decrease of the Demand in Arabian Peninsula & International Areas

During 2021, sales decreased by 2.1 million riyals compared to last year. The main reason for this decline is the continued impact of the Corona pandemic on the decline in production, with the accompanying an increase in raw material prices, and consequently a decrease in sales.

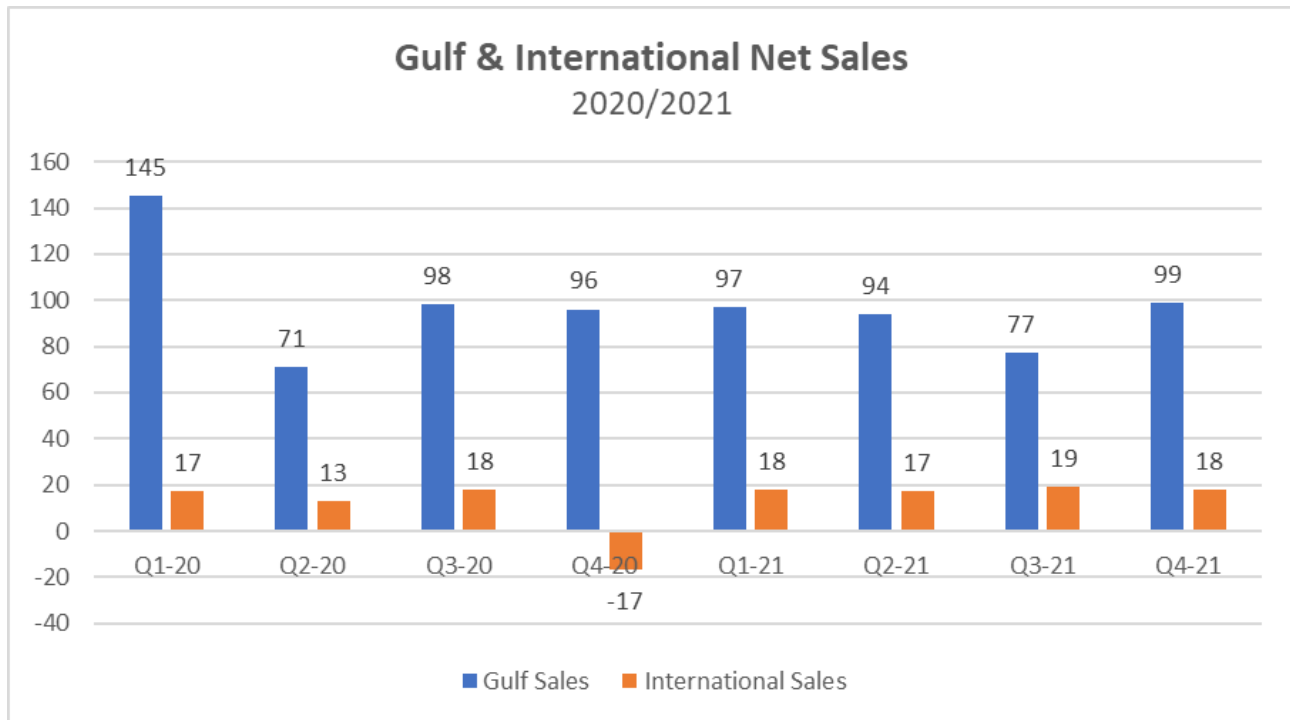


Figure 1: Gulf & International Net Sales (SAR'000).

The continuation of the slowdown in revenues during the year 2021, following the year 2020, mainly due to the economic crisis resulting from the Corona pandemic, in addition to some other reasons as follows:

- Some major projects were temporarily postponed, which led to the cancellation of some projects.
- Delaying the export of products that coincided with the closure of land and sea borders.
- The financial crises that accompanied global companies.
- lack of liquidity
- The increase in the prices of raw materials as a result of the increase in global demand for them.
- Increasing market competition in large diameter fiberglass pipes.

3.2 Manpower Reduction Program

3.2.1 Steps taken by "The Company" to reduce direct labor Cost

- Minimizing the duplication of jobs among departments.
- Centralization of jobs within the company's organizational structure.
- Assigning the trained staff to several additional tasks, in addition to their current work, after agreement with them.
- Reduce some privileges.

3.2.2 Payroll Cost Saving for direct labor

- Agreeing within what the system allows with non-critical workers on unpaid vacations in case there is a shortage in the sales orders.
- Reducing the number of additional working hours without affecting the continuity and efficiency of production.

Month	Q1-2021 (SAR)	Q2-2021 (SAR)	Q3-2021 (SAR)	Q4-2021 (SAR)
Jan	6,645,859			
Feb	6,500,695			
Mar	6,277,026			
Apr		6,269,339		
May		5,784,930		
Jun		6,397,133		
Jul			5,489,043	
Aug			6,130,381	
Sep			6,506,475	
Oct				5,977,301
Nov				5,170,730
Dec				5,636,594
Total	19,423,580	18,451,402	18,125,899	16,784,625

Table 4: Payroll Cost for direct labor for 2021*

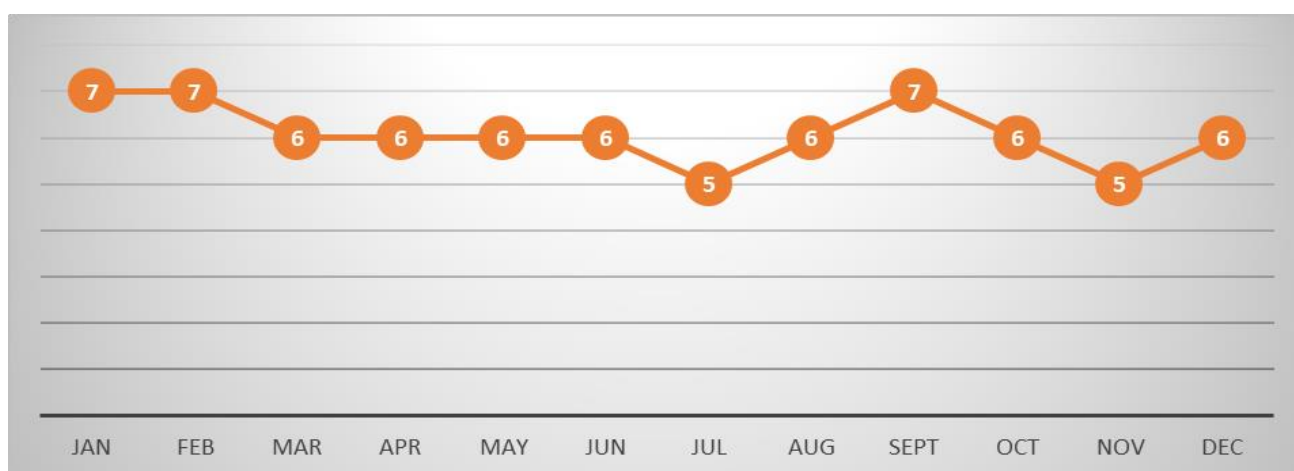


Figure 3: Direct labor payroll costs (approximately in millions of Saudi riyals) for the year 2021*

Month	Q1-2021	Q2-2021	Q3-2021	Q4-2021
Jan	1,177			
Feb	1,159			
Mar	1,121			
Apr		1,096		
May		1,084		
Jun		1,072		
Jul			1,053	
Aug			1,043	
Sep			1,045	
Oct				1,042
Nov				1,077
Dec				1,085

Table 5: Head Count for direct labor for the year 2021*

*Please note that these tables and graphs do not include the salaries of senior executives as they are listed separately in Item No. 21 of this report.

3.2.3 Steps taken by “The Company” to reduce indirect labor Cost

- Train and develop the direct labor in preparation for their replacement of some indirect labor at a high cost.
- Reducing the number of 148 indirect expatriate workers.

Month	Q1-2021 (SAR)	Q2-2021 (SAR)	Q3-2021 (SAR)	Q4-2021 (SAR)
Jan	2,243,540			
Feb	2,276,820			
Mar	2,289,460			
Apr		2,359,953		
May		2,353,490		
Jun		2,667,950		
Jul			2,473,643	
Aug			2,330,554	
Sep			2,246,158	
Oct				1,918,731
Nov				1,930,704
Dec				1,890,275
Total	6,809,820	7,381,393	7,050,355	5,739,710

Table 6: Payroll Cost for indirect labor for 2021



Figure 4: Indirect labor payroll costs (approximately in millions of Saudi riyals) for the year 2021

Month	Q1-2021	Q2-2021	Q3-2021	Q4-2021
Jan	691			
Feb	728			
Mar	714			
Apr		801		
May		809		
Jun		757		
Jul			727	
Aug			676	
Sep			631	
Oct				578
Nov				566
Dec				578

Table 7: Head Count for indirect labor for the year 2021

3.3 Government Fees Saving Program

- “The Company” worked to benefit from government support in the field of industry by save the cost of the financial subsidy for work licenses with a value of approximately 4.2 million Saudi riyals, as industrial records were used in an optimal way to reduce the cost of the product.

Item	SAR
Annual work permit fee for each expatriate worker	100
Annual financial subsidy for each expatriate worker	9,600
The total number of expatriate workers	773
Total annual fees for renewing work licenses and the financial subsidy for all expatriate workers	7,498,100
The total number of expatriate workers registered under the company's industrial records	437
Total annual exemption amount (total annual financial subsidy for expatriate workers registered under the company's industrial records)	4,195,200
Total annual fees for renewing work permits for all expatriate workers registered under the company's industrial records	43,700
The total number of unregistered expatriate workers under the company's industrial records	336
Total annual financial subsidy for expatriate workers not registered under the company's industrial records (not subject to government support)	3,225,600
Total annual fees for renewing work licenses for all expatriate workers not registered under the company's industrial records	33,600

3.4 "Nitaqat Al Motawar" Program Implementation

- A number of 96 indirect workers have been dismissed and replaced with 95 Saudi employees, in implementation of “Nitaqat Al Motawar” program.

3.5 Capital Expenditure for the year

No major capital expenditure for 2021G.

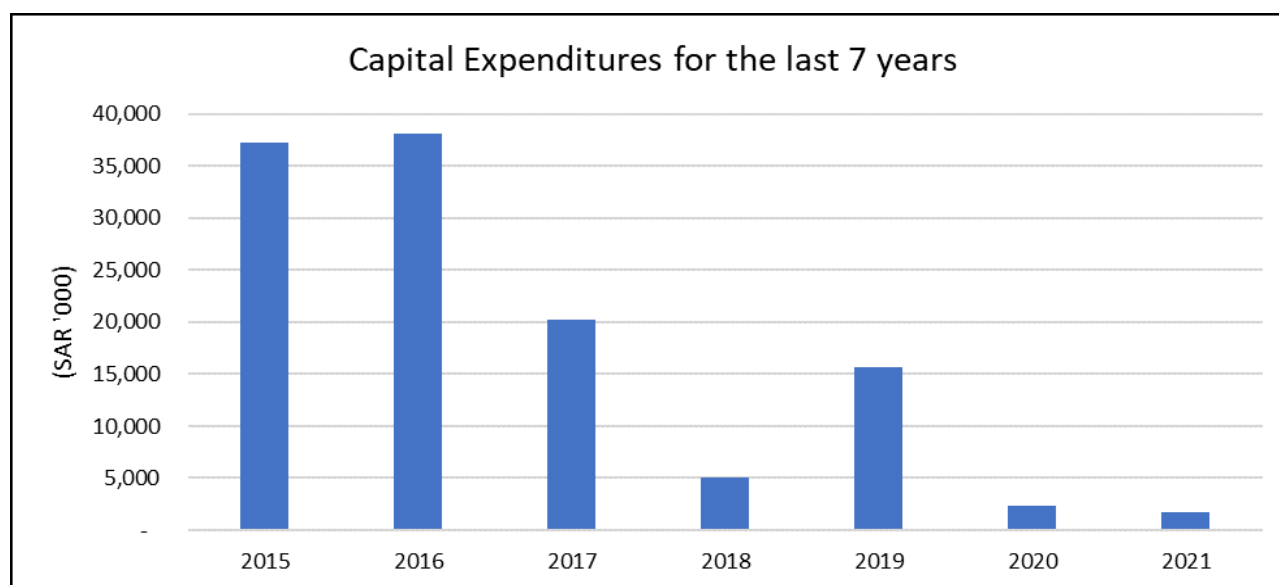


Figure 5: Capital Expenditure 7 years. ('000 SAR)

3.6 Significant Expansion Plans & Capital Expenditure

3.6.1 Enhancing of Efficiency & Resourcing

- The cost of purchasing some of the necessary tools used in the installation of pipes and fittings produced from the Bondstrand factory have been reduced by contracting with new suppliers from China with the same efficiency and competitive prices 80% lower than the previous suppliers.
- Enhancing the efficiency of “The Company” 's existing facilities for the production of tanks, as well as developing and adopting new tank designs, which will reduce their cost significantly, and thus enhance the company's competitive ability, and ultimately increase its market share in this strategic sector.

- Due to limited resources of “the Company” which has obliged to concentrate on new, high-return products such as valves. In this regard, “The Company” is now seeking accreditation from the Ministry of Environment, Water and Agriculture.
- Completing the manufacturing of an automatic resin dispensing machine at Bondstrand factory using the factory's internal capacities instead of purchasing it, as it enhances the quality of the final product and reduces material waste by 15%.
- In view of the limited availability of pig iron needed to manufacture ductile iron pipes, we are more selective in selecting new businesses in this field. In this regard, the Company is more inclined to deal with high-margin projects in small quantities as opposed to low-return projects in large quantities.

3.6.2 Significant Pipe Expansion Plans

- “The Company” Research and Development Center was able to pass the long-term tests of Amipox pipes in the presence of neutral inspectors to test the hydrostatic foundations of the design to a degree of 95, and success in this test is a prerequisite for Saudi Aramco to qualify the product for use in firefighting systems.
- Expansion of the production capacity in the Saudi Amicon Company Ltd. within the next two years, as a result of the high demand for the products of this company (Valves), as it was relied on the factory's internal capabilities to design and produce a full range of general-use valves and several multiple types of valves (Butterfly valve, gate valve, pneumatic valves), as well as designing and producing solutions for rubber injection of the rubber component in the valves of that company, which saved “The Company” nearly one million Saudi riyals in the event of purchase.
- Amicon Saudi Company, Ltd. has recently been able to obtain 3 certificates from the Saudi Standards and Metrology Organization, which helps to raise the market share of the factory.
- Enables Amicon Saudi Arabia Ltd. to obtain Aramco approval for valves. This accreditation enabled Amicon Saudi Arabia Ltd. to obtain the first production order that was fully manufactured and delivered, at a value of 1.1 million riyals.
- The success of the factory of Amiantit Rubber Industry Co. Ltd. (ARII) in developing new parts for the fillings of tank belts for the Ministry of Defense through the Saudi Mechanical Industries Company, and it was approved by the Ministry of Defense with an annual need of 2.1 million Saudi riyals.
- Designing and manufacturing, with the internal capabilities of the factory, a pre-heating furnace in “The Company” ‘s factory for the production of epoxy pipes (Amipox), which contributed to raising the productivity by 20% at a cost not exceeding 100,000 Saudi riyals.
- Designing and building a plant for the inner lining of the pipes in the Amipox plant, as this feature is desirable for companies operating in the oil and gas sector and qualifies the plant for future projects.
- Amiantit Fiberglass Manufacturing Co., Ltd. (AFIL) was able to produce tunneling tubes (jacking pipes) with a diameter of 700 mm on production machine No. 6 and with a wall thickness of up to 70 mm, which gives the company the ability to enter the market of tunneling tubes using fiberglass tubes.
- Upgrading the water pressure testing machine in Amiantit Fiberglass Manufacturing Company Ltd. (AFIL) to 18 meters using the company's internal capabilities, which enhances its competitiveness over future customer demands for this length.

3.6.3 Cost Reduction Control Program

- Strengthening and developing the regulatory bases on overtime, and intensively monitoring the performance and efficiency of the workforce in the factories.
- The usage and sale of the old and accumulated stock of finished goods with coordinated efforts between the departments of sales, production, planning, quality, and warehouses.

3.6.4 Receivable & Ongoing Collection Efforts

- A department called “Credit Department” was established in “The Company” in the middle of 2019G and this department reports to the Chief Financial Officer of “The Group” and contains all the information for all its debtors such as clients’ GPS locations, contact information, copies of commercial registers and VAT certificates, credit applications, balance confirmations and payment schedules.
- Conducting negotiations with all defaulting clients and discussing new payment plans to reschedule the outstanding balance, restore cash flow and increase accounts receivable turnover.

- “The Company” has become a member of the Saudi Credit Bureau (SIMAH). It is an important step in accessing customers' credit behaviors, obtaining accurate and up-to-date information, and accessing executive court decisions, thus enhancing creditworthiness assessment, and increasing risk mitigation.
- The management conducts collection field visits on a continuous basis according to a clear and predefined schedule approved by the Finance Department, with mentioning the results of the visits and submitting them to the Chief Financial Officer through the Collection Department. All collection staff are requested to follow up on a daily basis to speed up the collection process and obtain recent reconciliations of receivable balances.
- Unifying the main and subsidiary accounts of customers in one consortium account to measure the creditworthiness of the customer uniformly, given that we have more than one account for the same customer in different projects, regions, or commercial registers with the same owner.
- “The Company” 's credit department established the Credit Management module (SAP) system, and made great effort to coordinate debtors, sales, customer relations and freight to control all products delivered based on pre-agreed credit limits.
- “The Company” has established a clear credit management policy and procedure.
- “The Company” collected 543.6 million Saudi riyals in 2021, representing 124% of the total sales for the same year (439 million Saudi riyals), compared to collecting 525 million riyals in 2020, which represents 119% of total sales for the same year (441 million riyals). Saudi, and the following chart shows sales and collection within the Kingdom for the year 2021:

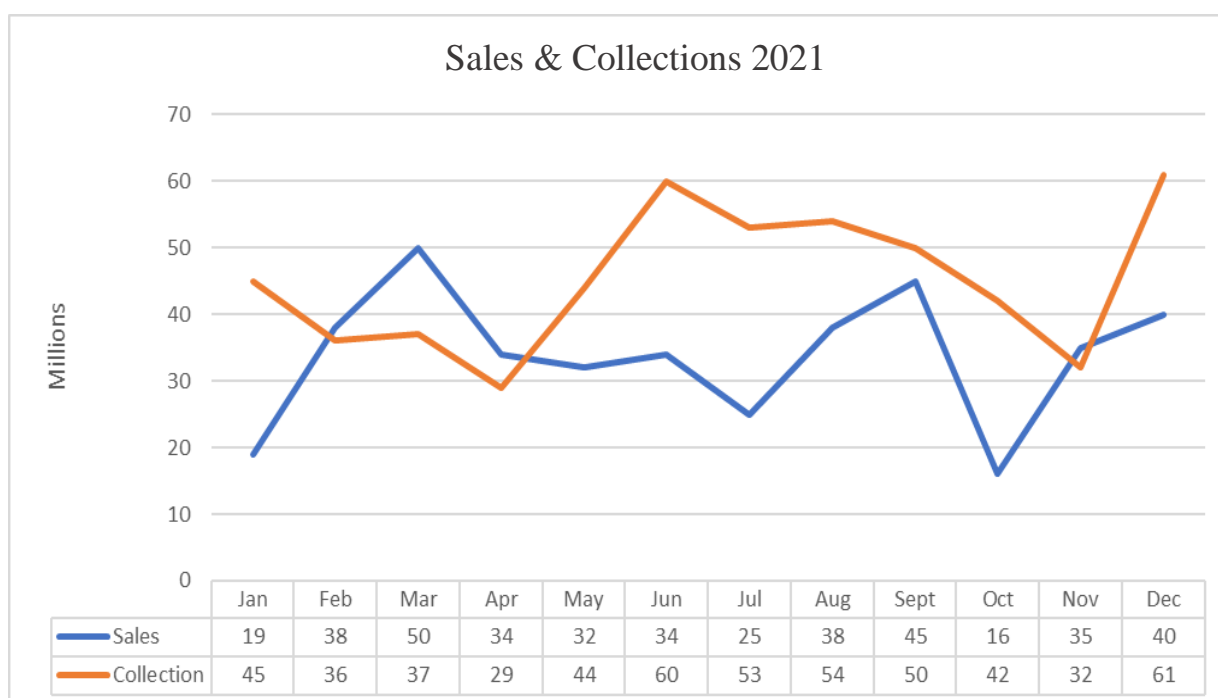


Figure 6: Sales & Collection inside the kingdom for the year of 2021 (Millions of Riyals)

3.7 Industrial Lands

"The Group" has owned two industrial plots of land in the city of Dammam since 1971 AD, which are registered in "The Group" accounts with a book value of 1.4 million Saudi riyals. "The Group" has the official supporting deeds of the ownership of these two plots, and "The Company" announced on December 28, 2021G, that it intends to apply the fair value policy on the lands and the investment properties, based on what was announced by the Capital Market Authority on December 31, 2019 allowing Listed companies using the fair value or revaluation model to measure the lands and the investment properties for the financial periods of the fiscal year that begin during or after 2022G, with the continued obligation of listed companies to use the cost model option to measure machinery, equipment and intangible assets for a period of five years ending at the end of 2024G, and obligating Listed companies that wish to apply the accounting policy by announcing it on Tadawul 90 days before the date of the first accounting period in 2022G, and "The company" will apply the fair value policy

on the lands & the investment properties starting from April 1, 2022G, and therefore the lowest market value of these two pieces among three accredited residents From the Saudi Authority for Accredited Residents, with 371.89 million Saudi riyals in August 2021G.

Further, “The Group” owns a plot of industrial land in Jeddah from 2009 onwards. This land is recorded at book value of SAR 150 million in the accounting records of the subsidiary and on the consolidated balance sheet of “The Group”, In addition, as of 31 December 2021, “The Group” has property, plant and equipment with a carrying amount of SAR 27.8 million (2020: SAR 44.1 million). A dispute has arisen about this land due to the fact that there is a tribe called (Al-Jedaan), which claims that the entire general plan of Al-Melissa (in which the land of Jeddah is located) belongs to their ancestors and demanded that the current owners vacate the land and hand it over to them, and that tribe raised the dispute to the competent judicial authority, and the judgment was in their favor. In light of this, “The company” created a provision for the entire value of the land, which is 150 million Saudi riyals, while the same dispute had already been settled and a royal order was issued to prove the land to its current owners. Currently, in support of the previous high royal order, another royal order has been issued, of which we have not received a copy, but the Jeddah Municipality has begun to take the necessary measures to stabilize the land for its current owners, and work is underway to develop a divisional scheme for the entire Al-Melissa general plan in preparation for the issuance of electronic deeds.

3.8 Zakat, VAT, and Transfer Pricing

3.8.1 Zakat Assessments

- **Saudi Arabian Ductile Iron Pipes Co. LTD (SADIP) (2009: 2010)**
We succeeded and waived the Capital Gain Tax (CGT)’s penalties amounting to SAR 499 K under COVID 19 amnesty on 28 Feb 2021.
- **Factory of Amiantit Rubber Industries Co. LTD (ARIL) (2010: 2013)**
We have escalated the objection to General Secretariat of Tax Committees and maximum Zakat exposure will be around SAR 234K and 514K penalties were waived under COVID 19 amnesty.
- **Saudi Arabian Amiantit “The Company” (2014: 2018)**
“The company” have received Zakat assessment during the year 2020 for the above-mentioned years, “The company” have submitted our objection on the financial years from 2015 to 2018 (awaiting General Secretariat of Tax Committees reply), For the financial year 2014, “The company” have received partial acceptance of the objection and now it has escalated to General Secretariat of Tax Committees and awaiting their reply.
While for assessments of the financial years 2019 & 2020, they are received in 2021 and “The company” have submitted our objection to ZATCA awaiting their reply.
Starting from 2014, “The Company” established a consortium Zakat account for all 100% of the Company's subsidiaries. “The Company” pays Zakat on the consortium level and submits an information declaration for each subsidiary company in “the Group”.
- **Factory of Bondstrand (2015: 2018)**
“The company” have received assessment during the year 2020, ZATCA has reduced the assessment amount in initial level correspondence by e-mails for financial year 2015 to 2017 and “The Company” paid amounting to SAR 524 for financial year 2015, SAR 763K for financial year 2016 and SAR 221 K for financial year 2017 and the assessment closed with ZATCA.
For financial year 2018, “The company” have escalated our objection to General Secretariat of Tax Committees). We didn’t receive Zakat assessment for the year 2019 and 2020 from ZATCA.

3.8.2 *Exposure for (Long term receivable):*

- Some customers are late in paying some of their outstanding bills and transferring them to long-term receivables, which leads to taking provisions that may reach the full value of the debt in some cases, which affects the zakat base as an addition to the zakat due amount according to Article 4, paragraph 6 of the executive regulations for levying zakat No. 2216 on 7/7/1440 H.

3.8.3 *Zakat provisions for previous Years.*

- We have maintained our Zakat provisions without considering the deduction of long-term receivables as part of our Zakat calculation.

3.8.4 *VAT Payments:*

- During 2021, "The Company" paid SR 18,399,428 for VAT in favor of Zakat, Tax, and Customs Authority.

3.8.5 *Withholding Tax:*

- During the year 2021, "The Company" paid SAR 512K for withholding tax.
- Currently, "The Company" implemented a new project over SAP program, and go-live in production module 2021, which will strengthen our reports' accuracy and validity.

3.8.6 *Transfer Pricing:*

- This is to assure that all transactions between "The company" and its subsidiaries treated in terms of the value of materials at the same price as transactions with third parties, and therefore there is no difference in the transfer price between transactions with subsidiaries and transactions with third parties.
- Any transfer rates' adjustments will be added to ZAKAT base.

3.9 **Restatement of Equity on Prior Years**

During 2021, there's no adjustments.

3.10 **Share Capital Reduction and Rights Issue**

In 2021, the Board of Directors submitted a recommendation to the Extraordinary General Assembly to reduce the capital by an amount of 221 million Saudi riyals, in order to amortize the accumulated losses, and then increase it by the same value by issuing rights issue, in order to support the working capital, and later At the beginning of 2022, the recommendation was amended to increase the capital by an amount of 346.5 million Saudi riyals, while maintaining the same value of the decrease, estimated at 221 million Saudi riyals. A brokerage capital company has been appointed for this purpose and thus submitting the file to the Capital Market Authority and completing the legal procedures for the capital increase file in case The approval of the Capital Market Authority later, bearing in mind that the approval of the Extraordinary General Assembly was obtained to reduce the capital on February 27, 2022G.

3.11 **Absorption of losses through Statutory Reserve**

Reference to "the Company" announcement on the Tadawul platform on March 28, 2021 to reduce the entire remaining statutory reserve to offset part of the accumulated losses, as "the Company" 's Board of Directors took a decision on 27/03/2021G to use the remaining statutory reserve in full amounting to SAR 132,175,687 to amortize part of "the company" 's accumulated losses amounting to SAR 205,498,799 as of December 31, 2020, so that the accumulated losses becomes SAR (73,323,112), representing 22.91% of the company's capital at that time.

4 Risk Management:

4.1 Macroeconomic Risk:

Sales of “The Group” products are prone to be affected by the microeconomic factors and those consequences affect the ultimate results of “The Company”, and “The Group” starts to expand their market share through enhancing the relationships with customers and all concerned government institutions, and improving the pricing policies, and create alternatives in credit collateral that suits a bigger segment.

Given the (likely) impact of coronavirus, the outlook has not exactly improved since then. Yet our revenue assumption is still a bit more upbeat.

4.2 Financial Risk:

The financial crisis and global economic downturn have caused a sharp deterioration in public finances across advanced economies. Financial risk tends to induce tunnel vision, especially in the wake of a market downturn or when you fear market uncertainty. However, risk, danger, and opportunity are closely aligned aspects of uncertainty, and you need to consider each aspect as you make investment decisions. In more recent years, the overall increase of credit rating risk of banks for companies operating in the contractual and capital goods industries has led banks to increase their lending premiums for the companies as it is directly subject to macro-economic risks the industry is exposed to.

“The Group” has followed, and it is maintaining a very healthy relationship with all its lending financial institutions and has managed to keep or replace all its credit facilities based on the business requirement. “The Group’s management believes that the exposure to currency risk associated with USD is limited as “The Group’s currency is pegged to USD. The fluctuation in exchange rates against Euro is monitored on a continuous basis.

Interest rate risk is the exposure associated with the effect of fluctuations in the prevailing interest rates on “The Group” ’s financial position and cash flows.

Variable-rate financial liabilities as of 31/12/2021 amounted to SR 1.126 million (31 December 2020: SR 1.143 million). Management monitors the changes in interest rates and utilizes interest rate swaps to manage interest rate risk exceeding certain parameters.

An Increase in days of payable invoices in favor of a timely supply of RM and provide free cash flow for the bank’s borrowings.

4.3 Credit Risk:

Credit risk is the risk that one party to a financial instrument may fail to discharge an obligation and cause the other party to incur a financial loss.

“The Group” manages credit risk with respect to receivables from customers by monitoring them in accordance with defined policies and procedures. “The Group” seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and by monitoring outstanding receivables on an ongoing basis. In addition to Cash balances are held with banks with sound credit ratings.

4.4 Liquidity Risk:

Liquidity risk is the risk that “The Group” may encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from the inability to sell a financial asset quickly at an amount close to its fair value. and it worth noting that despite all Macroeconomic factors mentioned above, the contractual maturities of financial liabilities regarding the trade payable, and borrowings in 2021 is lesser than 2020 by 106.6 million Riyal.

4.5 Reputation Risk:

Reputational risk can occur in the following ways: Directly, as the result of the actions of “The Company” itself. Indirectly, due to the actions of an employee or employees.

5 Summary of Financial Data:

5.1 Financial data:

The consolidated figures and statements for the year 2021 cover the following business segments of “The Group”:

- Manufacturing and sales of pipes and associated technology.
- Water management.

Year	2021	2020	2019	2018	2017
Net Sales	438,911	441,023	780,409	947,594	792,344
Gross Margin percentage	(17.44)	(14.77)	(18.77)	(10.14)	(15.71)
Selling, General, & Administrative expense	90,270	88,263	96,868	118,127	125,248
Impairment loss on financial assets	20,756	105,598	4,133	19,101	4,524
Net Profit (loss)	(172,421)	(393,867)	(344,817)	(231,226)	(91,546)
Cash Flow from Operations	21,499	(82,163)	216,191	298,178	247,686
Capital Expenditure	1,780	2,554	8,948	5,008	21,454
Total Assets	1,928,880	2,252,908	2,418,817	2,869,754	3,178,906
Total Liabilities	1,958,982	2,084,150	2,056,610	2,155,504	2,180,876
Total Equity	(30,102)	168,758	362,207	714,250	998,030
Paid Dividends	-	-	-	-	-

Table 8: Key Financial Highlights for Last Five Years 2017-2021 (SAR '000)

Note: from 2016 to 2017 European entities were considered as discontinued operation.

from 2017 to 2020 ASAL & SACOP were also considered as discontinued.

6 Geographical Analysis of Gross Sales

The company's total income is distributed geographically as follows (in thousand Saudi riyals):

Net Sales	2021		2020	
	Amount	Percentage%	Amount	Percentage%
Saudi Arabia				
Central	49,179	11.20	56,875	12.90
West	23,235	5.29	71,036	16.11
East	244,237	55.65	217,238	49.26
Exports from KSA	50,796	11.57	65,175	14.78
Total Saudi Arabia	367,447	83.72	410,325	93.04
Europe	61,006	13.90	19,114	4.33
Other countries	10,458	2.38	11,584	2.63
Total	438,911	100	441,023	100

Table 9: Distribution of Gross Sales by Geographic Region (SAR '000):

The share of domestic sales during 2021 amounted to 83.72% of total sales, compared to 93.04% during 2020, while sales in the pipe sector reached to 73.64% of total sales, compared to 82.24% for the year 2020. As for the water management sector, its sales during 2021 amounted to 61.0 million riyals, compared to 19.1 million riyals for the year 2020. As for service sales, they reached 54.7 million riyals in 2021, compared to 59.2 million riyals in 2020.

The company's subsidiaries total income is distributed geographically as follows (in thousand Saudi riyals):

Company Name	Country	% Owned	2021		2020	
			Amount	Percentage%	Amount	Percentage%
AFIL	KSA	100%	115,223	0.26	155,163	0.35
APPSCO	KSA	100%	31	0.00	-	-
Amitech Astana	Kazakhstan	51%	9,408	0.02	10,877	0.02
BSL	KSA	60%	47,793	0.11	39,589	0.09
AMIPOX	KSA	100%	19,189	0.04	15,270	0.03
SADIP	KSA	100%	121,969	0.28	129,427	0.29
AMICON	KSA	100%	824	0.00	179	0.00
ASAL (SAAC)	KSA	100%	2,032	0.00	199	0.00
ARIL	KSA	100%	8,690	0.02	9,375	0.02
AMPLAS	KSA	100%	1,769	0.00	2,170	0.00
ISECC	KSA	100%	48,276	0.11	53,593	0.12
ISECC	Kuwait	100%	134	0.00	3,203	0.01
ISECC	UAE	100%	2,567	0.01	2,863	0.01
Aquamundo	Germany	100%	892	0.00	2,383	0.01
PWT	Germany	100%	60,085	0.14	16,731	0.04
PWT SUW OO	Turkmenistan	100%	29	0.00	-	-
Total			438,911	100	441,023	100

7 Explanation of Material Changes in the Operating Results Compared to Prior Year

7.1 Summary results

	2021	2020	Difference	Percentage %
Sales	438,911	441,023	(2,112)	(0.48)
Cost of sales	(515,452)	(506,171)	(9,281)	1.38
Gross profit	(76,541)	(65,148)	(11,393)	17.49
Selling, general, & administrative expense	(90,270)	(88,263)	(2,007)	2.27
Impairment loss on financial assets	(20,756)	(105,598)	84,842	(80.34)
Loss from operation	(187,567)	(259,009)	71,442	(27.58)
Other (expenses) income, net	40,236	(51,263)	91,499	178.49
Share of net income in associates	8,050	24,808	(16,758)	67.55
Financial charges, net	(8,797)	(64,081)	55,284	(86.27)
Loss before zakat and foreign income tax	(148,078)	(349,545)	201,467	(57.64)
Foreign income tax and Zakat	(23,705)	(44,974)	21,269	(47.29)
Profit after tax from discontinued operations	(638)	652	(1,290)	(197.85)
Loss for the year	(172,421)	(393,867)	221,446	(56.22)

7.2 Explanation of Changes

7.2.1 Net Sales

- Sales for the year had decreased by SAR 2.1 million or 0.48% from last year. This includes the SAR 44.6 million (2020: SAR 38.2 million) adjustment on revenue contract of PWT Germany during the year based on the risk analysis of existing projects, as follows:

Desc.	Sales 2021	Sales 2020	Increase (Decrease)	Percent %
Pipe sales – GCC	312,739	351,120	(38,380)	(10.93)
Pipe sales – Other regions	10,458	11,584	(1,127)	(9.73)
Total Pipe Sales	323,197	362,704	(39,507)	(10.89)
Services	54,708	59,206	(4,498)	(7.60)
Water management	61,006	19,113	41,892	219.18
TOTAL	438,911	441,023	(2,112)	(0.48)

Table 10: Segments Net Sales (SAR'000)

- Pipe sales in the Arabian Peninsula decreased by SAR 38.38 million or 10.93% as follows:

Desc.	Sales 2021	Sales 2020	Increase (Decrease)	Percent
Ductile iron	136,183	136,990	(807)	(0.59)
Glass reinforced polyester	126,069	160,054	(33,985)	(21.23)
Epoxy	40,154	45,774	(5,619)	(12.28)
Others	10,333	8,302	2,031	24.47
TOTAL	312,739	351,120	(38,380)	(10.93)

Table 11: GCC Pipe Sales (SAR'000)

7.2.2 Cost of Sales

The increase in cost of sales for the year of SAR 9.3 million or 1.8% comparing to 2020 comes mainly from the impact of several non-recurring provisions booked in 2021G as follows:

Desc.	2021	2020
Unexpected costs on existing projects	44.6	-
Total	-	-

7.2.3 Selling, General, & Administrative Expense

Selling, General, & Administrative Expense for the year had increased by SAR 2 million or 2.3% from last year.

7.2.4 Impairment loss on financial assets

Impairment loss on financial assets for the year had decreased by SAR 84.8 million from last year's, where is the total provision for 2021G is SAR 20.8 million (2020G: SAR 105.6M).

7.2.5 Share in Net Income of Associates

The net income from affiliates generated SAR 8.1 million during the year, a major decrease of SAR 16.8 million or 67.6% from last year's income of SAR 24.8 million. Amiblu suffered a loss this year while East Gas, Amiantit Qatar, and Tawzea continued to deliver positive results year on year.

7.2.6 Sale of Investment in Associates

During 2021, the Saudi Arabian Amiantit Company sold its entire ownership stake in AMITECH Morocco to a joint consortium between Amiblu and a third party, where the sale distribution amounted to 65% for Amiblu, and the percentage amounted to 35% at a value of 12.4 million Saudi riyals to the third party. And since there was a full amount of the investment before the sale, "the Company" recorded an accounting profit of 12.4 million Saudi riyals that directly affected the consolidated statement of profit and loss for "the Company" for the year 2021.

7.2.7 Financial Charges

The financial charges related to loans decreased by an amount of 55.3 million Saudi riyals, or 86.3% from the previous year, due to obtaining lower profit margins from the main banks, and the continuation of the low interest rate offered between Saudi banks (SIBOR) for a period of one year starting from the year 2020. The main decrease in financial expenses is due to the profit realized from reversal of the provision for bank facilities amounting to 11.1 million Saudi riyals, and the reversal of some additional provisions on interest expenses amounting to 12.7 million Saudi riyals.

7.2.8 Impairment on Assets

The net impairment charges on current and non-current assets amounted to SAR 65.4 million in 2021 (2020: SAR 153.7 million). The following table shows the details (in million Saudi riyals):

Item	2021	2020
Receivables Impairment, net – IFRS 9 Alignment ⁽¹⁾	20.8	105.6
Adjustment on WIP contract projection of existing projects ⁽⁴⁾	44.6	38.2
Impairment on Investment in Amiblu ⁽⁵⁾	-	9.9
Impairments & Provisions	65.4	153.7

- Significant new impairment provisions for its financial assets that have doubts as to the collectability through legal channels and efforts was booked in 2021 amounting to SAR 20.8 million which includes a provision for expected credit losses on short-term receivables amounting to SAR 1.7 million, provision for expected credit losses on contract assets amounting to SAR 5.2 million , provision for doubtful debts under legal procedures amounting to SAR 12.2 million and discount on long term retention amounting to SAR 1.7 million. This impairment is taken as part of the IFRS 9 Expected Credit Losses provisioning adjustment.
- On December 31, 2021, as part of the annual impairment test required by IFRS standards the Group tested all applicable Cash Generating Units (CGUs) for impairment. As a result, there were no indicators of additional impairment nor indicators of reversal in previously recorded impairment.
- On December 31, 2021, as part of the annual impairment test required by IFRS standards the Group tested all applicable Cash Generating Units (CGUs) for impairment. As a result, there were no indicators of additional impairment nor indicators of reversal in previously recorded impairment.
- On December 31, 2021, the management had performed an impairment test for Amiblu. The recoverable amount of Amiblu has been determined based on a value-in-use calculation. Key assumptions used in this analysis include a post-tax discount rate which was calculated using a Weighted Average Cost of Capital (WACC) methodology of 6.99% and a growth rate of 1% for each business unit. As a result of the above-mentioned assessment, there were no indicators of additional impairment to be booked.

8 Accounting Standards

8.1 Departure from IFRS Accounting Standards

“The Group” did not deviate from mandatory IFRS standards adopted by SOCPA.

8.2 IFRS Implementation: Changes in accounting policies and procedures

8.2.1 *New IFRS standards, amendments to standards and interpretations not yet adopted.*

Certain new accounting standards, amendments to standards and interpretations have been published by the IASB that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by “The Group”. These standards are not expected to have a material impact on “The Group” in the current or future reporting periods and on foreseeable future transactions.

8.2.2 *New and amended IFRS standards adopted by “The Group”.*

There are no new standards applicable to “The Group”, however, “The Group” has applied the following amendments to the standards for the first time for their reporting periods commencing on or after 1 January 2020:

8.2.3 *Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest Rate Benchmark Reform*

These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that Interbank Offered Rate (“IBOR”) reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the statement of profit or loss and other comprehensive income.

8.2.4 *Fair Value Policy*

It was announced on December 28, 2021, that “the company” intends to apply the fair value policy on real estate and investment properties, based on what was announced by the Capital Market Authority on December 31, 2019G to allow listed companies to use the fair value or revaluation model to measure real estate, And investment properties for the financial periods of the fiscal year that begin during or after 2022G, with the continued obligation of listed companies to use the cost model option to measure machinery, equipment and intangible assets for a period of five years ending at the end of 2024G, and obligating listed companies that wish to implement the accounting policy to announce it on the trading platform 90 days before the date of the first accounting period in 2022G, and the Company wishes to implement it as of April 1, 2022G.

8.2.5 *Other amendments to standards*

Certain other amendments to standards became applicable for the current reporting period. “The Group” did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amendments to standards.

9 Corporate Structure:

9.1 Branches:

Branches of the mother Company (by industrial license or branch commercial registration certificate or both of them) are 100 % owned. The branches do not represent separate legal entities.

#	Company	Activity	Country	Establishment Place	Amiantit Share
1	Saudi Arabian Amiantit Co.	Riyadh Marketing Office	KSA	Riyadh-KSA	100%
2	Saudi Arabian Amiantit Co.	Jeddah Marketing Office	KSA	Jeddah-KSA	100%
3	Amiantit Polyolefin Piping System Factory	Polyolefin Piping	KSA	Jeddah-KSA	100%
4	Amiantit Plastic Products Co.	Plastic production	KSA	Dammam-KSA	100%
5	Epoxy Pipe Co. (Amipox)	Epoxy pipes	KSA	Dammam-KSA	100%
6	Amiantit Research & Development Center	Research & Development	KSA	Dhahran-KSA	100%
7	Saudi Arabian Amiantit Construction, Maintenance, and operation Co.	General Contracting & Industrial Maintenance	KSA	Dammam-KSA	100%
8	Branch of Amiantit Fiberglass Industries Co. Ltd (AFIL)	Pipes Production	KSA	Jeddah-KSA	100%
9	Branch of Amiantit Fiberglass Industries Co. Ltd (AFIL)	Pipes Production	KSA	Dammam-KSA	100%
10	Branch of Amiantit Fiberglass Industries Co. Ltd. (AFIL)	Contracting	KSA	Dammam-KSA	100%
11	Branch of Saudi Arabian Ductile Iron Pipes Co. Ltd	Pipes Production	KSA	Dammam-KSA	100%
12	Branch of Saudi Arabian Ductile Iron Pipes Co. Ltd	Contracting	KSA	Dammam-KSA	100%
13	Branch Infrastructure Engineering Contracting Co. Ltd.	Construction and machines sales	KSA	Dammam-KSA	100%
14	Branch Infrastructure Engineering Contracting Co. Ltd. *	Design and Installation services	KSA	Jeddah-KSA	100%
15	Infrastructure Engineering Contracting Co. Ltd. (ISECC Kuwait)	Design and Installation services	Kuwait	Kuwait	100%
16	Infrastructure Engineering Contracting Co. Ltd. (ISECC Dubai)	Design and Installation services	Dubai	UAE	100%
17	Infrastructure Engineering Contracting Co. Ltd. (ISECC Qatar)	Design and Installation services	Qatar	Qatar	100%
18	Infrastructure Engineering Contracting Co. Ltd. (ISECC Abu Dhabi)	Design and Installation services	Abu Dhabi	UAE	100%
19	Infrastructure Engineering Contracting Co. Ltd. (ISECC Oman)	Design and Installation services	Muscat	Oman	100%

**This branch is closed on date 24/01/2022G.*

Note: Branches do not have capital, and they do not issue financial statements.

9.2 Fully or Partially owned Subsidiaries

Table 1: List of fully or Partially owned Subsidiaries.

#	Company	Activity	Establishment	Capital	SAAC Share
1	Amiantit Fiberglass Industries Co. Ltd “AFIL”	Pipes Production	Dammam, KSA	SAR 180 million	100%
2	Amiantit Rubber Industries Ltd. Co.	Rubber gaskets & pipe fittings	Dammam, KSA	SAR 8.75 million	100%
3	Saudi Arabian Ductile Iron Pipes Co. Ltd	Pipes Production	Dammam, KSA	*SAR 86.91 million	100%
4	Ameron Saudi Arabia Ltd. Co. (Under Liquidation)	Pipes Production	Dammam, KSA	SAR 76.5 million	100%
5	Factory of Bondstrand Co. Ltd	Pipes Production	Dammam, KSA	SAR 20 million	60%
6	Saudi Arabia Concrete Products Co. (SACOP) Under Liquidation	Pipes Production	Jeddah, KSA	SAR 12.250 million	100%
7	Saudi Amicon Co. Ltd.	Pipes and Valves production	Dammam, KSA	SAR 15 million	99.93%
8	International Infrastructure Management and Operation Co. Ltd.	Management of water projects and plants and sub-Holding of companies operating in the same field	Dammam, KSA	SAR 100 million	100%
9	Al Arabia for Trade	Industrial Machines Trade	Dammam, KSA	SAR 2 million	100%
10	Infra-Structure Engineering and Construction Company (ISECC)	Design & Installation Services	Dammam, KSA	SAR 500K	100%
11	Saudi Arabian Amiantit for Management Company Ltd.	Management	Dammam, KSA	SAR 10K	100%
12	Saudi PWT Ltd.	Water Management	Dammam, KSA	SAR 500,000	100%
13	Arabian PWT	PWT Water Management Branch	Dammam, KSA	SAR 500,000	100%
14	Saudi International Holding Company	Holding Company	Manama, Bahrain	USD 32 million	100%
15	Ductile Technology Co. W.L.L.	Selling, buying, and rental of Real Estate	Manama, Bahrain	BD 20,000	100%
16	Aquamundo GmbH	Water Management	Germany	Euro 3 million	100%
17	P.W.T Wasser und- Abwassertechnik GmbH	EPC of Water Treatment Plants	Germany	Euro 3 million	100%
18	Amiantit Malta Holding Ltd.	Holding	Malta	Euro 49.03 million	100%
19	LLP Amitech Astana	Production of pipes	Kazakhstan	KZT 403 million	51%
20	Amitech Switzerland AG	Holding	Switzerland	CHF 10.5 million	100%
21	Flowtite Engineering GmbH (under liquidation)	Consulting / technology	Germany	Euro 30,000	100%
22	PWT SUW OOO Turkmenistan	Water Management	Turkmenistan	USD 250,000	100%

9.3 Affiliated Companies:

Table 2: List of Affiliated Companies

c	Company	Activity	Establishment Place	Capital	Amiantit Share%
1	SPA Amitech Algeria	Pipes Production	Algeria	Alg. Dinar 262.8 million	50%
2	Amiantit Qatar Pipes Co. W.L.L.	Pipes Production	Qatar	QR 37.2 million	40%
3	Eastern Gas	Gas distribution	Dammam, KSA	SAR 40 million	13%
4	Sarplast S.A. (under liquidation)	Pipes Production	Switzerland	Euro 1.6 million	23.7%
5	Amitech Libya	Pipes Production	Libya	Din 1.0 million	40%
6	Sarplast Qatar W.L. L	Pipes Production	Qatar	QR 200,000	20.4%
7	Subor Boru Sanayi Ve Ticaret AS	Pipes Production	Turkey	TRY 48.3 million	50%
8	Subor Gap Sanayi Ve Ticaret AS	Pipes Production	Turkey	TRY 21.7 million	40%
9	Amitech Pipe Systems SRL	Trading of Pipes	Romania	RON 327,620	50%
10	Amiblu Holding GmbH	Pipes Production	Austria	EUR 5.950 million	50%
11	International Water Distribution Company Ltd (Tawzea).	Water Distribution	Jeddah, KSA	SAR 101 million	50%
12	Initiative Industrial Spa	Pipe Production	Italy	EUR 3.7 million	4.48%
13	Tawzea Aqua power	Water Distribution	Jeddah, KSA	SAR 500,000	35%

In addition to the above, "The Company" has several commercial representation offices inside Saudi Arabia and abroad.

10 Details of Issued Shares & Debt Instruments of Subsidiaries

The issued shares of the subsidiaries are as follows:

Subsidiary	Issued shares	Shareholders
Amiantit Fiberglass Industries Ltd.	180,000 ordinary shares of each SAR 1,000 per share	1. Amiantit 100%
Saudi Arabian Ductile Iron Pipe Co. Ltd.	86,915 ordinary shares of each SAR 1,000 per share	1. Amiantit 100%
Bondstrand Ltd.	20,000 ordinary shares of each SAR 1,000 per share	1. Amiantit 60% 2. Ameron BV. Holland 40%
Ameron Saudi Arabia Ltd. (under liquidation)	76,500 ordinary shares of each SAR 1,000 per share	1. Amiantit 100%
Amiantit Rubber Industries Ltd.	8,750 ordinary shares of each SAR 1,000 per share	1. Amiantit 100%
Saudi Arabia Concrete Products Ltd. (Under liquidation)	24,500 ordinary shares of each SAR 500 per share	1. Amiantit 100%
Saudi Amicon Co. Ltd.	15,000 ordinary shares of each SAR 1,000 per share	1. Amiantit 100%
LLP Amitech Astana	Charter Capital of KZT 403 million- Limited Liability Partnership	1. Amiantit International Holding Co. 51% 2. Abykayev M 34% 3. Gavrilov V 10% 4. Listopadney G 5%
Amiantit International Holding Co. WLL	32,000 ordinary shares of each USD 1,000 per share	1. Amiantit 99.94% 2. Amiantit Fiberglass Ind. Ltd .06%
Amitech Switzerland AG	112 ordinary shares of each CHF 1,000 per share	1. Amiantit international Holding 10.71% 2. Amiantit Malta Holding Ltd. 89.29%
Ductile Technology Co. W.L.L.	200 ordinary shares of each BHD 100 per share	1. Amiantit 75% 2. Amiantit International Holding 25%
Flowtite Engineering GmbH (under liquidation)	1 ordinary share of EUR 30,000	1. Amitech Switzerland A. G. 100%
Arabian PWT	500 ordinary shares of each SAR 1,000 per share	1. P.W.T Wasser Co. 100%

Subsidiary	Issued shares	Shareholders
Aquamundo GmbH	10 ordinary shares of each EUR 300,000 per share	1. P.W.T Wasser Co. 100%
P.W.T Wasser und- Abwassertechnik GmbH	10 ordinary shares of each EUR 300,000 per share	1. AIH 100%
PWT Saudi Arabia Co.	500 ordinary shares of each SAR 1,000 per share	1. P.W.T Wasser Co. 51% 2. Amiwater 49%
PWT SUW OOO Turkmenistan	1 ordinary shares of each USD 250,000 per share	1. P.W.T Wasser Co. 99% 2. Aquamundo Co. Ltd. 1%
International Infrastructure Management and Operation Co. Ltd.	100,000 ordinary shares of each SAR 1,000 per share	1. Amiantit 80 % 2. Amiantit Fiberglass Industries Ltd. 20%
Infrastructure Engineering Contracting Co. Ltd.	500 ordinary shares of each SAR 1,000 per share	1. Amiantit 100%
Saudi Arabian Amiantit Management Co. Ltd.	10 ordinary shares of each SAR 1,000	1. Amiantit 90% 2. Amiwater 10%
Al Arabia for Trade	2000 ordinary shares of each SAR 1,000	1. Amiantit 100%

Notes:

- The Subsidiaries have not issued marketable debt instruments. The only external financial debts of the subsidiaries are represented by bank loans, which are covered under section 15.
- The entities under liquidation are mostly dormant entities, and the liquidation process will not have any material impact on the financial statements of "The Group".

11 Dividends Policy:

"The Company" distributes the profits according to the following policy:

- **"The Company" 's net profits after deduction of general expenses and other costs shall be distributed as follows:**
 1. A ten percent (10%) of net profits shall be allocated aside as a statutory reserve. However, the general assembly may stop this allocation if the statutory reserve reached 30% of the capital.
 2. The general assembly could resolve to allocate additional reserves to the extent of achieving "The Company" 's interest or securing a distribution of fixed dividends as much as possible to the shareholders. The assembly as well could allocate from the net profit lump sum to form social institutions for the workers or to assess such current institutions.
 3. Following the above, an amount representing 5% of paid-up capital shall be distributed to the shareholders of "The Company".
 4. The balance shall be distributed as additional dividends to the shareholders.
- **The dividends to be distributed to the shareholders shall be paid at the place and dates specified by the Board of Directors. "The Company" shall distribute the profits according to the following policy, consistent with the articles of association:**
 1. The net profits, after calculating the statutory provisions, and amortizing any carry-over losses, must be positive and sufficient to ensure their ability to be distributed.
 2. Availability of the necessary liquidity for "The Company" or being able to obtain or borrow to obtain the necessary liquidity.
 3. The profit distribution does not conflict with any bank agreements or financial pledges.
 4. The profit dividends process does not limit "The Company" 's ability to continue its growth and seize available opportunities.
 5. Profits are distributed to shareholders through direct deposit in their portfolios automatically and in coordination with Tadawul.

11.1 Distribution of Intern Dividends:

According to the rules and regulations of the Saudi Capital Market Authority, “The Company” may distribute phases dividends to its shareholders on biannual or quarterly basis after satisfaction of the following requirements:

1. The ordinary General Assembly authorizes the board of director to distribute intern dividends by a decision issued annually.
2. “The Company” shall have regular good profits.
3. “The Company” shall have reasonable liquidity according to which “The Company” may expect the level of its profits.
4. “The Company” shall have distributable dividends according to the last audited financial statements sufficient to cover the proposed dividends after deduction, capitalization, and distributed profits after the date of the financial statements.

The shareholder deserves a share of profits according to the decision of the General Assembly issued in this regard. The decision shall determine the accrual and distribution dates. The entitlement of profits shall be for the shareholders recorded in the Shareholders' Register at the end day of the date of profit entitlement.

11.2 Distribution of Preferred Shares' Dividends:

If no profits were distributed in any fiscal year, it is not allowed to distribute profits during the following years unless after payment of the certain percentage determined in Article (114) of the Companies' Laws for the preferred shareholders for that year. If “The Company” failed to pay the percentage determined in Article (114) of the Companies' Law, for three consecutive years, the General Assembly of the preferred shareholders concluded in terms of Article (89) of the Companies' Law, shall decide either their attendance of the General Assembly meeting and participate in voting, or appointment of their representatives in the board of directors according to their proportion of ownership in “The Company” 's capital, until “The Company” is able to pay all priority profits allocated for the holders of these shares for the previous years.

12 Requests of Shareholders Book Application:

The shareholder registry was requested during 2021 as follows:

Number of request shareholder book application	Date	Reasons
1	04/01/2021	Company procedures
1	17 /03/2021	Company procedures
1	17 /03/2021	Company procedures
1	24 /04/2021	Company procedures
1	26 /04/2021	General Assembly meeting.
1	02/05/2021	Company procedures
1	04 /05/2021	Company procedures
1	17 /07/2021	Company procedures
1	2 6/12/2021	Company procedures

13 Major External Shareholders

As per Tadawul records, as on 31-12-2021, the major owners who own 5% and more of the capital are:

Shareholder	Percentage
HH Prince Khalid Bin Abdullah Bin Abdulrahman Al-Saud	7.47 %
HRH Prince Mohammad Bin Fahad Bin Abdulaziz Al-Saud	6.28%

14 Board members' and senior executives' Ownerships

14.1 Ownership by Board of Directors members, wives, and minor children in the shares of Saudi Arabian Amiantit Company:

No	Member Name	Number of Shares of Board member at Year- Start	%	Number of Shares of Board Member at Year- End	% of Change	% at Year-End	Number of Shares of wife & Minor Children at Beginning of the year	%	Number of Shares of wife & Minor Children at End of the year	Change of Shares of Wife & Minor Children
1	HH Prince Ahmed bin Khalid bin Abdullah bin Abdurrahman Al-Saud	416,310	0.13010	216,310	(48.04)	0.676	NA	NA	NA	NA
2	HRH Prince Abdulaziz Bin Mohammad bin Fahad bin Abdulaziz Al-Saud	22,939	0.0717	22,939	0	0.0717	NA	NA	NA	NA
3	Dr. Solaiman Abdulaziz Al Twajri	275	0.00008	0	100	0.00	NA	NA	NA	NA
4	Dr. Mohammad Saud Al-Bader	0	0.00	0	0	0.00	NA	NA	NA	NA
5	Eng. Mohammad Abdurrahman Al-Luhaidan	16	0.0001	16	0	0.0001	NA	NA	NA	NA

14.2 Ownership of Senior Executives of “The Company” and wives and minor children in the shares of Saudi Arabian Amiantit Company:

No	Executive Name	Number of Shares of Senior Executive at Year Beginning	%	Number of Shares of Senior Executive at Year End	Change %	No of Shares of Wife & Minor Children at Year Beginning	%	No of Shares of Wife & Minor Children at Year End	Change of Shares of Wife & Minor Children
1	Dr. Khalil Abdulfattah Kurdi	931	0.00029	931	0	NA	0	NA	0
2	Mr. Feras Ghassab AlHarbi	NA	0	NA	0	NA	0	NA	0
3	Mr. Waleed Mohammad Abu Kishk	NA	0	NA	0	NA	0	NA	0
4	Mr. Ahmad Mohammad Quddam	NA	0	NA	0	NA	0	NA	0
5	Eng. Mohammad Saleh Al-Shamrani	NA	0	NA	0	NA	0	NA	0
6	Mr. Watheq Ali Al-Hawawreh	NA	0	NA	0	NA	0	NA	0

“The Company” declares that there are no other interests in shares, subscription rights, debt instruments by any Board Members or Senior Executives and their wives and minor children in shares or debt instruments in “The Company” or any of its affiliated companies and any change in these rights during the year 2021 excluding what has been mentioned in item (29) of this report.

15 Borrowings

The Borrowings of “The Company” were as such as of December 31, 2021:

15.1 Current Maturity of Long-Term Loans (SAR ‘000).

Borrower	Bank	Nature of lines	Repayment Date	Amount Due as of December 31, 2020	New Borrowings	Repayments	Reclassification from (to) ST loan	CTA	Amount due as of December 31, 2021
Saudi Arabian Amiantit	Al-Inma Bank	Loan	2022	250,000	-	-	36,479	-	286,479
Amitech Astana	Mr. Abykayev	Partners Loan	-	9,523	-	-	-	(96)	9,427
	Total			259,523	-	-	36,479	(96)	295,906

15.2 Short Term Loans (SAR ‘000)

Borrower	Bank	Nature of lines	Amount Due as of December 31, 2020	New borrowings	Repayments	Reclassification to (from) ST loan	CTA	Amount due as of December 31, 2021
Saudi Arabian Amiantit	National Commercial Bank	Short-term	81,512	3,960	-	231,191	-	316,664
Saudi Arabian Amiantit	Al-Bilad Bank	Short-term	270,498	18,506	(21,004)	-	-	268,000
Saudi Arabian Amiantit	Al-Inma Bank	Short-term	257,908	23,535	(7,479)	(36,479)	-	237,485
Saudi Arabian Amiantit	Al-Baraka Islamic Bank	Short-term	37,500	-	(37,500)	-	-	-
Saudi Arabian Amiantit	Bank of Bahrain	Short-term	-	7,650	(3,110)	-	-	4,540
Saudi Arabian Amiantit	Saudi Investment Bank	Short-term	-	6,434	(4,107)	-	-	2,327
Amiantit Fiberglass Industries Ltd.	National Commercial Bank	Short-term	49,031	-	-	(49,031)	-	-
Amiantit Fiberglass Industries Ltd.	Al-Rajhi Bank	Short-term	-	13,097	(13,097)	-	-	-
Saudi Arabian Ductile Iron Pipes	National Commercial	Short-term	162,760	-	-	(162,760)	-	-
Bondstrand Factory	National Commercial Bank	Short-term	19,401	-	(1)	(19,400)	-	-
Amitech Astana	SB Sberbank JSC	Short-term	4,292	-	(3,105)	-	(152)	1,035
PWT Germany	Ulke Enterprise & Sowatly Doganlar Economic Society	Short-term	305	-	-	-	(24)	281
	Total		883,207	73,183	(89,403)	(36,479)	(176)	830,332

Most of the short-term loans are used to finance receivables and stock of raw materials, since these receivables amount to SAR 0.6 billion at the end of the year of 2021 (SAR 0.7 billion in 2020) while the total inventory value reached SAR 0.2 Billion at the end of the year of 2021 compared with SAR 0.3 Billion in 2020.

15.3 Long-term Loans: Maturity Profile & Creditors of “The Group” (SAR ‘000)

Borrower	Bank	2022	2023	2024	2025	2026 onwards	Total
Amitech Astana	Minority Partners Loan	9,427	-	-	-	-	9,427
Saudi Arabian Amiantit	Al-Inma Bank	286,479	-	-	-	-	286,479
	Total	295,906	-	-	-	-	295,906

Completion of the rescheduling of all banking facilities provided by Major Lenders- the restructuring of all bank obligations on the company has been completed, including the total repayment of some banks and the rescheduling of the remaining bank loans, amounting to approximately 1.1 billion Saudi riyals, over a period of 10 years, including a grace period of two years. These agreements will contribute to improving the company's cash flows, enhancing its working capital and reducing the expenses of the bank interests that it was previously paying.

16 Conversion or Subscription Rights

“The Company” did not issue conversion or subscription rights during 2021.

17 Redeemable Debts

“The Company” does not owe or possess redeemable debts during 2021.

18 Board of Directors Composition & Committees

18.1 The Board of Directors is Composed of (5) Members:

Name	Title	Status
HH Prince Ahmed bin Khalid bin Abdullah bin Abdurrahman Al-Saud	Chairman	Non-Executive
HRH Prince Abdulaziz Bin Mohammad bin Fahad bin Abdulaziz Al-Saud	Vice Chairman	Non-Executive
Dr. Solaiman Al-Twajjri*	Member	Non-Executive
Dr. Mohammad S. AlBadr	Member	Independent
Eng. Mohammad Abdurrahman Al-Luhaidan	Member	Independent

* Dr. Khalil Abdel Fattah Al Kurdi resigned on 19/10/2021G, and the Board of Directors appointed Dr. Solaiman Al-Twajjri replaced him on 19/10/2021G, and the Extraordinary General Assembly on 27/02/2022G approved this appointment.

18.2 Board of Directors Meetings During 2021:

The five-member Board of Directors has convened eight meetings during the year of 2021 as follows:

Table 3: Attendance Record of the meeting of the Board of Directors 2021

Board member name	First Meeting 06/04/2021	Second Meeting 18/10/2021	Third Meeting 31-10-2021	Fourth Meeting 04-11-2021	Fifth Meeting 08-11-2021	Sixth Meeting 22-11-2021	Seventh Meeting 26-11-2021	Eight Meeting 22-12-2021	Total
HH Prince Ahmed bin Khalid bin Abdullah bin Abdurrahman Al-Saud	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	8
HRH Prince Abdulaziz Bin Mohammad bin Fahad bin Abdulaziz Al-Saud	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	8
Dr. Khalil Abdulfattah Kurdi	Attended	Attended	-----	-----	-----	-----	-----	-----	2
Dr. Mohammad S. AlBadr	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	8
Eng. Mohammad Abdurrahman Al-Luhaidan	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended	8
Dr. Solaiman Al-Twajjri	-----	-----	Attended	Attended	Attended	Attended	Attended	Attended	6

The Board of Directors confirmed that “The Company” maintained proper accounting records and the internal control system was sound and is effectively executed. There are no remarks on “The Company” going concern position.

19 Board of Directors and Nomination and Compensation Committee

This Nomination and Compensation Committee covers salaries, wages, and annual bonus related to performance and incentive plans (schemes) or any other benefits in kind. The policies and mechanisms for determining the remuneration of the Board Members are the following:

19.1 Board of Directors fees

In accordance with the By-Laws of “The Company” & governance policy, the board of directors’ fees are according to the guidelines issued in these regards.

The Board of Directors report to the General Assembly shall include a complete statement of all remunerations given to the Board of Directors during the fiscal year detailing all awards, expense allowances and other benefits. The said report shall also contain the payments received by the board of directors in their capacities as employees, administrators or whatever they have received in consideration for any technical, management or consulting works. The report shall also include the number of the Board’s sessions and the number of the meetings attended by each member as of the last meeting of the general assembly.

Members	Attending BOD Meetings Fees	Total Attending Committee Meetings Fees	Total
First: Independent Members			
1. Dr. Mohammad S. AlBader	24,000	27,000	51,000
2. Eng. Mohammad Abdurrahman Al-Luhaidan	24,000	6,000	30,000
Total	48,000	33,000	81,000
Second: Non- Executive Members			
1. HH Prince Ahmed bin Khalid bin Abdullah bin Abdurrahman Al-Saud	24,000	21,000	45,000
2. HRH Prince Abdulaziz Bin Mohammad bin Fahad bin Abdulaziz Al-Saud	24,000	18,000	42,000
3. Dr. Khalil Abdulfattah Kordi*	6,000	39,000	45,000
4. Dr. Solaiman Al-Twaijri**	18,000	12,000	30,000
Total	72,000	90,000	162,000

*Resigned as of 18/10/2021

** Appointed as of 19/10/2021

19.2 Committee fees

In accordance with "the Company" 's governance law, the members of the committees emanating from the Board of Directors receive fees approved by the Board of Directors based on a proposal from the Nomination and Remuneration Committee. The value of these fees is 100,000 Saudi riyals (per member annually). While the member receives 3,000 Saudi riyals as an attendance allowance for each meeting. Whereas members who have membership in more than one committee shall receive a one-time fee. If several meetings are held on the same day, they shall receive attendance fees for one meeting only. The following table shows the details of the bonuses for the sub-committees for the year 2021G (Saudi riyals):

Members	Fixed Fees (Except Attendance Fees) (SAR)	Attendance Fees (SAR)	Total (SAR)
Executive Committee			
1. HH Prince Ahmed bin Khalid bin Abdullah bin Abdurrahman Al-Saud	100,000	12,000	112,000
2. HRH Prince Abdulaziz Bin Mohammad bin Fahad bin Abdulaziz Al-Saud	100,000	12,000	112,000
3. Dr. Khalil Abdulfattah Kordi	100,000	24,000	124,000
4. Dr. Solaiman Abdulaziz Al Twajri	100,000	12,000	112,000
Total	400,000	60,000	460,000
Audit Committee			
1. Dr. Khalil Abdulfattah Kordi **	*-	15,000	15,000
2. Dr. Mohammad Saud Al-Badr	100,000	15,000	115,000
3. Dr. Sulaiman Abdullah Al Sakran	100,000	18,000	118,000
4. Mr. Waleed M. AlOthaimen***	16,667	3,000	19,667
Total	216,667	51,000	267,667
Nomination & Compensation Committee			
1. HRH Prince Abdulaziz Bin Mohammad bin Fahad bin Abdulaziz Al-Saud	*-	9,000	9,000
2. Dr. Mohammad Saud Al-Badr	*-	12,000	12,000
3. Mr. Sulaiman Abdullah Al Amro	100,000	15,000	115,000
Total	100,000	36,000	136,000
Investment Committee			
1. HRH Prince Abdulaziz Bin Mohammad bin Fahad Bin Abdulaziz Al-Saud	*-	6,000	6,000
2. Mr. Sulaiman Abdullah Al Amro	*-	6,000	6,000
3. Eng. Mohammad Abdurrahman Al-Luhaidan	100,000	6,000	106,000
4. Mr. Feras Ghassab AlHarbi	100,000	6,000	106,000
Total	200,000	24,000	224,000
Sub Total	916,667	171,000	1,087,667

Note: *- According to "The Company" 's policy, the member receives a one-time fixed fee if he is a member of more than one committee, the member shall also be entitled to a one-time annual fee if more than one meeting is held on the same day and at the headquarters, in addition, the member will not be compensated for attending meetings if he is present by telephone.

** Resigned as of 01/11/2021

***Appointed in the vacant place as of 01/11/2021

20 Compensation and Remuneration of Senior Executives*

The following table shows the bonuses and compensations received by senior executives for the year 2021G (in thousands of Saudi riyals):

SAR	Fixed Consumption				Variable Consumption						End of Service (Indemnity)	Board Fees (If any)	Grand Total
	Wages	Allowances	In-kind Privileges	Total	Periodic Compensations	Profits	Short Term Incentives Plans	Long Term Incentives Plans	Value of Bonus Shares	Total			
Total	5,760	2,434	603	8,797	522	0	0	0	0	522	855	1,257	11,431

*Senior Executives means (CEO, Chief Financial Officer, Director of Legal & Compliance, Sales & Marketing Director, and Shared Services Director)

21 Actions Taken by the Board to Brief its Members About the Shareholder Suggestions

“The Company” has adopted the following procedures to keep the board of directors informed about the observation of shareholders on “The Company”’s performance:

1. Present the shareholders’ suggestions and comments (If any) to the board of directors in the nearest meeting or through communication means continuously.
2. “The Company” has investors’ relations Dept. which received the comments and enquiries of shareholders and keep the board of directors informed by the latest updates.
3. The board of directors attended the meeting of general assembly whereby the shareholders presenting their proposals and opinions during the general assembly meetings and the boards replies to them.

22 Directors Mandates of Members of the Board of Directors:

Member Name	Names of companies in which the board member is a member of its current board of directors or its directors	Inside/ Outside KSA	Legal Entity	Names of the companies in which the member of the board of directors is a member of its previous board of directors or its directors.	Inside/ Outside KSA	Legal Entity
H.H. Prince Ahmad Bin Khalid Bin Abdullah Bin AbdulRahman Al-Saud	Chairman, Saudi Arabian Cooperative Insurance Co. (SAICO)	Inside KSA	Listed	Chairman of Saudi Chemical Co. (until 31/12/2018)	Inside KSA	Listed
	American Express Saudi Arabia.	Inside KSA	Not Listed	-	-	-
	American Express Middle Est. Ltd.	Outside KSA	Limited liability	-	-	-
	Arab Business Enterprises Co. Ltd.	Inside KSA	Limited liability	-	-	-
	Al Mward Ltd. Co. for Energy & Mining	Inside KSA	Limited liability	-	-	-
H.R.H. Prince AbdulAziz Bin Mohammad Bin Fahad Bin Abdulaziz Al-Saud	-	-	-	-	-	-
Dr. Solaiman Abdulaziz Al Twaijri	NADEC	Inside KSA	Listed	Saudi Electricity Company	Inside KSA	Listed
	Wala Cooperative Insurance Company	Inside KSA	Listed	Chemical Co. for Development	Inside KSA	Not Listed
	-	-	-	Mulkia Investment Company	Inside KSA	Authorized person
	-	-	-	Takween Advanced Indus	Inside KSA	Listed
Dr. Mohammad Saud Al-Badr	Saudi Chemical Holding Co.	Inside KSA	Listed	Saudi Paper Manufacturing	Inside KSA	Listed
	-	-	-	Suez international Nitrate Company	Outside KSA	Limited Company
Eng. Mohammad Al-Luhaidan	-	-	-	Emaar Al-Watan Real Estate Investments Company	Inside KSA	Not Listed

23 Transactions with Related Parties

23.1 Related Party Transactions

The table below shows the movement of cash advances and loans to affiliated companies.

Cash advances & Loans to Affiliated Companies (SR'000).

Borrower	Nature of Loan	Amount Due as of December 31, 2020	Additions /Reversal	Repayments /Impairments /Write-off	CTA	Amount due as of December 31, 2021
Amiantit Qatar	Know-how Fee & Dividends	222	275	-	-	497
Subor & Subor Gap	Trade Receivable	129	-	-	(1)	128
Amiblu Germany	Other Receivable	199	-	-	(14)	185
Amiblu Holding	Sale of Investment	-	11,114	-	-	11,114
Tawzea	Dividends Receivable	-	62	-	-	62
Amitech Algeria	Other Receivable	1,100	-	(1,100)	-	-
TOTAL		1,650	11,451	(1,100)	(15)	11,986

The issuer and "the Group" do not have any specific related party transaction to report which could cause a conflict of interest between the issuer or any of its subsidiaries and affiliates, on the one hand, and board members or members of the Management on the other hand.

24 Businesses or Contracts with Chief Executive Officer, Chief Finance Officer or Related Individuals:

The Board of Directors assures that there is no business or contracts between "The Company" or "The Group" and the CEO or CFO or any related party during 2021G.

25 Waiver of Salary or Compensation by Directors or Senior Executives:

"The Company" declares that there were no waivers, arrangements, assignment or other modifications by any Board Member or Senior Executives of any salary or compensation rights or any profit rights in 2021G.

26 Waiver by any Shareholder of Rights to Dividends:

No shareholders of the issuer have waived any right to dividend.

27 Amounts due by "The Group" to Zakat, Tax Authorities, & other Legal Fees

Table 4: Zakat & Tax Payment (SAR '000)

Particular	Amounts due as of December 31, 2021	Amounts due as of December 31, 2020	Reason
Zakat	192,863	185,583	According to zakat & income law
Income Taxes due to Saudi Authorities	737	737	As per income tax on foreigners
Income Taxes due to Foreign Authorities	1,787	1,875	As per foreign income tax rules, on foreign consolidated subsidiaries
Zakat & Income Tax Payable	195,387	188,195	
General Organization for Social Insurance Contribution	641	641	According to social insurance regulation
Total	196,028	188,836	

28 Employee Share-Option Funds

In an effort to maintain outstanding performance employees, and to enhance their affiliation with the Company, and to give them the opportunity to benefit from the Company's performance, the Company submitted a request to the Capital Market Authority to approve a program for granting shares to employees, and the Authority approved the program, and 2,515,691 were purchased. Shares average market value at the time of purchase 16.60 riyals per share. The shares are managed by a fund.

Some 564,309 shares were distributed to the company's employees and administrators during 2015, and the number of shares in the portfolio decreased by nearly 80% as a result of the company's capital reduction twice, and a number of shares were also distributed to some employees during 2021. The remaining in the portfolio will be 156,294 shares under the incentive program for the employees of the Company.

29 Declarations

29.1 Books of Accounts

The Directors declare that proper books of account have been maintained.

29.2 System of Internal Control

The Directors declare that the system of internal control is sound in design and has been effectively implemented.

29.3 Going-Concern

The Directors declare that there are no significant doubts concerning “The Company” ’s ability to continue as a going concern.

30 Corporate Governance

During the year 2009, the General Assembly of “The Company” has approved the Governance Regulations of the Saudi Arabian Amiantit Company “Internal Governance Regulations”. The Remuneration and Compensation committee has studied such policies and raised recommendation to Board of Directors to update it in order to reflect the latest developments and changes to adopt the new changes issued by CMA. The Board of Directors as well has approved such changes and decided to submit to the General Assembly for ratification, and on 26 April 2021G, the general assembly has approved them.

Accordingly, “The Company” laid down the following rules and mechanism for establishing the main Committees of the Board of Directors and their duties as follows:

30.1 Committees

30.1.1 Executive Committee

30.1.1.1 Authorities:

- The Executive Committee shall exercise all authorities and play the role of the Board of Directors during the intervals between two Board of Directors meetings.
- The Committee shall discuss and adopt the decisions in relation to subjects requiring top urgent decisions on emergency matters.
- The responsibilities of the Committee include adopting the routine decisions relating to regular Company work.

Regarding “The Company” strategy and targets, the Executive Committee shall do the following:

- Check the strategic plans of “The Company” in cooperation with the Managing Director or the Chief Executive Officer.
- Confirm that the strategic plans are actually put to execution and actual work to achieve “The Company” ’s objectives
- Check the recommendations of the Managing Director and Chief Executive Officer regarding the allocation of “The Company” resources aimed at harmoniously balancing the strategic plans with the long terms’ operational goals.
- Periodical check the strategic plans and the operational goals of “The Company” and its affiliates to ensure their concurrence with the goals and mission of “The Company”.

Regarding the operational priorities of “The Company”, the Executive Committee shall check and prepare the required recommendations for the Board of Directors regarding the strategic plan and Company’s operational priorities including the expansion in or retrenchment from into or new markets or new countries

Regarding the financial planning of “The Company” and profit distribution policy the Executive Committee shall:

- Prepare and check the recommendations to the Board of Directors regarding the long term annual financial strategies and related performance indicators.
- Check the important financial matters of “The Company” and its affiliates such as the matters related to the capital, credit classification, cash flow, borrowings, investment deposits, in coordination with “The Company” management and the audit Committee.

- Check and prepare the recommendations to be submitted to the Board of Directors on distribution of profits policies and how to implement them.
- Periodical and regular verification of the actual capital expenditure and their pre-approved budgets.

Regarding the productivity of “The Company” in the long term and the effectiveness of its operational process, the Committee shall check and prepare the required recommendation to the Board of Directors regarding the strategic decisions on the possibilities for “The Company” to improve the quality of its products and services.

30.1.1.2 Duties:

- Requests the documents, reports, clarifications and other information from Company officials and executives.
- Invites “The Company” officials, executives and employees to attend its meetings for questioning them or hear to their clarifications.
- Takes help of outside experts and consultants.
- Presents any other services required by the Board of Directors within the jurisdiction of the Executive Committee.
- The Committee will annually check and evaluate its operating regulations to ensure smooth functioning in its work and completion of duties and raise any necessary revisions for the consideration of the Board of Directors.
- The Committee shall present a periodical report to the Board of Directors at least once every six months.
- In addition, the Executive Committee members shall do the following:
 - 1- Participate in the activities of the Committee and attend its meetings.
 - 2- Keep full awareness of all developments of the operating environment of “The Company”
 - 3- Keep all information obtained by the members as a result of being Committee member as confidential.
 - 4- Inform the Board of Directors of any conflict of interest that may arise as a result of any decision adopted by “The Company”.
 - 5- Perform annual preparation, checking and evaluation of the Committee activities and their members including the checking of “The Company” ’s compliance to the above implementation Rules.

30.1.1.3 Committee Members & Meetings

Member Name	Membership	Eight (8) Meetings							
		1 st Meeting 12-01-2021	2 nd Meeting 02-10-2021	3 rd Meeting 18-10-2021	4 th Meeting 31-10-2021	5 th Meeting 08-11-2021	6 th Meeting 15-11-2021	7 th Meeting 22-11-2021	8 th Meeting 22-12-2021
HH Prince Ahmed bin Khalid bin Abdullah bin Abdurrahman Al-Saud	Chairman	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended
HRH Prince Abdulaziz Bin Mohammad bin Fahad bin Abdulaziz Al-Saud	Member	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended
Dr. Khalil Abdulfattah Kurdi	Member	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended
Dr. Solaiman Abdulaziz Al Twajri	Member	Attended	Attended	Attended	Attended	Attended	Attended	Attended	Attended

Term: Three years starting 1st January 2021 ended 31st December 2023.

The Secretary of the committee is Mr. Waleed Mohammad Abu Kishk.

30.1.2 *Audit Committee:*

30.1.2.1 *Duties & Responsibilities:*

The Audit Committee shall be responsible for supervising “The Company” 's activities and verifying the effectiveness and adequacy of the internal control systems in “The Company” as well and making an opinion and providing the necessary relevant recommendations. However, particularly the committee’s responsibilities include the following:

1) **Financial Reporting:**

- The audit committee shall review the interim and annual financial statements before being submitted to the board of director and provide the board with its judgment on these statements to ensure their accuracy and integrity.
- Provides the board, upon its request, the required technical opinion on the board of directors’ reports and the financial statements, on whether, taken as a whole, fair, balanced and understandable and provides the information necessary for the shareholders & investors (stakeholders) to assess “The Company” ’s performance, business model and strategy.
- Looking into any significant or unusual transactions contained in the financial statements.
- Looking significantly for any important issues raised by the financial manager of “The Company” or his authorized representative, the commitment officer or the auditor of “The Company”.
- The committee shall check the accounting estimates on material issues in the financial reporting.
- Studying the accounting policies adopted by “The Company” and advise the board of directors thereon.
- Ensure the correctness of preparing the accounts and financial reports in accordance with the accepted accounting standards and the accounting policies followed by "the company" in order to achieve transparency in the financial information that the “company” discloses.
- Preparing recommendations to the Board of Directors regarding "the company" 's annual report, prior to its approval by the Board.

2) **Internal Control System & Risk Management:**

- The committee ensures the efficiency of the work of the internal audit department in "the company", and it also submits a report that includes the committee’s recommendations and opinion on the adequacy of the internal control systems and the committee’s work within the scope of its work. The Board of Directors shall deposit a copy of that report at the company’s head office within a period not exceeding 10 days prior to the holding of the company’s general assembly meeting so that it is available to those who wish to view it from attending the assembly meeting.
- Studying the draft regulations and instructions and expressing its opinion about them through its supervisory work before being approved by the Board of Directors.
- Reviewing the rules and regulations of the Board of Directors and its committees and providing advice to the Board of Directors on matters related to the regulations before they are approved by the Board.
- Reviewing the executive systems of the Board of Directors and the internal audit systems and their various components and providing advice to the Board in this regard.
- Studying any other matters referred to the Committee by the Board of Directors for the purpose of expressing their views within their supervisory responsibilities in "the Company".
- Studying the basic risks faced by the Company, which include financial, operational, and legal risks, and reviewing the policies applied by the management related to the processes of identifying, evaluating and addressing those risks.
- Studying the reports of the internal control systems and following up the implementation of corrective plans and procedures according to the notes contained therein.
- Overseeing and reviewing the performance and activities of the internal auditor and the company's internal audit department, if any, in order to ensure the availability of sufficient cadres and their efficiency in performing the tasks and responsibilities assigned to them. In the event that the Company

does not have an internal audit manager, the committee submits its recommendations to the Board of Directors regarding the need to appoint an internal auditor and propose his fees.

- Make recommendations to the Board of Directors regarding the appointment/composition of an internal audit department and the appointment of an audit manager.
- Prepare recommendations related to the establishment, improvement, and dissemination of the control environment within the Company.

3) Associates and Subsidiaries:

- Ensuring the effectiveness of procedures for forming the performance of audit committees in subsidiaries in accordance with “The Company” 's agreements.
- Ensuring the efficiency of the internal audit department in the investee companies by reviewing the annual evaluation of the quality of the internal audit of companies wholly owned or controlled by or as permitted by the partner agreements and to submit to the Board of Directors what it deems appropriate in this regard.
- Ensuring that the nomination mechanism and the appointment of the external auditor of companies wholly owned or controlled by them or as permitted by the partners' agreements are referred to the Board of Directors as they see fit.
- Obtaining the necessary and appropriate assurance from the audit committees of the subsidiaries regarding the effectiveness and integrity of the internal control system in accordance with the applicable regulations and partner agreements.
- Approving the general framework and the audit protocol between “The Company” 's internal audit department, the audit committee and the internal audit department of the companies that are fully invested or controlled by parent company or as permitted by the partners' agreement.
- Examining the proposed audit proposals of the internal audit department of “The Company” to be applied to the subsidiaries and coordinating with the audit committees of the investee companies wholly owned or controlled by them or as permitted by the partners' agreements.

4) Independent External Audit:

- Recommending to the Board of Directors as to nomination or dismissal of “The Company” auditors and suggesting their fees and evaluation of their performance after ensuring of their independence and reviewing the scope of their work and the terms of their contract.
- Checking the independence, objectivity, fairness, and effectiveness of “The Company” 's accounts auditor, taking into account all relevant rules and standards.
- Work with the chartered accountant in order to coordinate the preparation of the audit plan and procedures for the fiscal year, and to ensure that he does not perform any technical or administrative work outside the scope of the audit work assigned to him, and the committee issues its recommendations in this regard.
- Discussing the important findings and recommendations reached by the chartered accountant and the degree of management response to them, as well as the corrective actions taken by the management based on those recommendations.
- Studying the legal accountant's opinion and his comments on the financial statements and following up on what has been done about them.
- Work to solve the problems that the chartered accountant may face while performing the audit process, which includes any difficulties he may face with regard to the objectives of the audit process or his difficulty in accessing information.
- Holding private meetings with the chartered accountant to discuss important issues that may be raised by the committee or the chartered accountant, and to ensure that the chartered accountant has the possibility to contact the head of the audit committee at any time.
- Preparing recommendations for the company's policy with regard to determining the period needed to change the chartered accountant.

For internal audit:

- Preparing the recommendations for the establishment of the internal audit department in "the company" and its budget, and the selection of the head of the department, as well as the degree of independence of the internal auditors.
- Preparing an evaluation of the performance of the internal audit department and its auditors, so that the evaluation includes the objectives and powers of the department, the reports it prepares, its audit plan for the coming year, the results it has reached during the current year, and the preparation of the necessary recommendations to improve its effectiveness.
- Discussing deviations and errors contained in the monthly reports prepared by the Internal Audit Department and ensuring that the administration takes appropriate corrective measures.

5) Ensuring Compliance:

- Reviewing the results of the reports issued by the regulatory authorities and ensuring that "the Company" took the necessary measures to comply with them.
- Ensuring the company's compliance with the rules, regulations, and instructions applicable to it.
- Ensure the existence of procedures for reviewing complaints related to internal control procedures and preparing financial reports.
- Ensuring the existence of procedures that enable employees to submit complaints so as to ensure complete confidentiality and review the process of disclosing any deviations or violations related to the administration or one of the employees of "the company".

6) Powers of the Committee:

The Audit Committee, in order to discharge its functions and responsibilities, shall have the following authorities:

- The right to access any record in "The Company".
- Request any clarification or statement from the members of the Board of Directors or the executive management of "The Company".
- Requesting the board of directors to invite the general assembly to convene if the board obstructs its work or if "The Company" is exposed to damage or serious financial losses.
- Approves the guidelines of nomination of "The Company" 's accounts auditor.
- Approves the internal auditing regulations.
- Approves the annual auditing plan and budget of the internal audit department.
- Approves the organization structure of the internal audit department in "The Company".
- Recommends the board of directors to appoint the internal auditor of "The Company" whether in case of resignation of internal auditor or, disability or dismissal and approves his monthly salary, allowances, and other benefits.
- Approves the annual evaluation of performance of the of internal auditing manager, remunerations, and increments.
- The Audit Committee shall have the right to seek, contract or direct awarding of consultants or consulting firms from inside or outside "The Company" to carry out its duties assigned to the committee provided that "The Company" shall undertake such studies or consultations and shall include in its report the names of consultants / consulting firms and its relationship with "The Company" or the executive management.

7) Obligations of Audit Committee Members:

- Attending in the meetings of the committee regularly and actively participate in its work. In case of absence of any committee meeting, the committee member shall inform the chairman of the committee or the reasons of absence.
- The committee chairman or his authorized representative of the members of the committee shall attend the general assembly meeting to answer the shareholders' questions.

- The committee members shall maintain the secrets of “The Company”, so he shall never disclose to the shareholders other than in the general assembly meeting, or any other third party any of “The Company” 's secrets which he became aware of as a result of performance of his work otherwise he will be relieved as well as will be liable for any resulting consequences.
- The committee member shall not practice any executive work for “The Company”.
- The committee member shall give due diligence to his work professionally and keep abreast of the recent developments related to “The Company” 's business.
- The committee member shall be fair, equitable, honest, objective and impartial, and shall be free from personal interests so that the judgment shall not be under influence of any other person.
- A member of the Committee shall not engage directly or indirectly in any activity that harms honor or honesty.
- The member of the committee shall not accept anything of significant value from any employee, client or supplier or who has a business relationship with “The Company”, which may lead to the weakening of his independence in form and object or affects or is supposed to affect the decisions reached.
- The member of the committee shall disclose to the board of directors the operations carried out between him and “The Company” and the nature of that relationship, as well as the relationship between him and the board of directors and executive management of “The Company”, as required by “The Company” 's code of conduct.

30.1.2.2 Committee Members & Meetings:

Member Name	Five (6) Meetings						
	Membership	First Meeting 07/01/2021	Second Meeting 23/03/2021	Third Meeting 23/04/2021	Forth Meeting 03/08/2021	Fifth Meeting 19/08/2021	Sixth Meeting 04/11/2021
Dr. Khalil Abdulfattah Kurdi	Chairman	Attended	Attended	Attended	Attended	Attended	-----
Dr. Sulaiman Abdullah Al Sakran (Outside the board)	Member	Attended	Attended	Attended	Attended	Attended	Attended
Dr. Mohammad S. AlBadr	Member	Attended	Attended	Attended	Attended	Attended	Attended
Mr. Waleed M. Al Othaimen (Outside the board) **	Member	-----	-----	-----	-----	-----	Attended

* The decision of the Board of Directors was taken, and the Extraordinary General Assembly approved on February 27, 2022G. Mr. Waleed M. Al Othaimen is a member from outside the Board of the Audit Committee, starting from the date of 11-01-2021G until the current period of the Committee on 31-12-2023G, instead of Former Committee Member Dr. Khalil Abdulfattah Kurdi (Non-Executive Member).

Term: Three years starting 1st January 2021 ended 31st December 2023.

During 2021 the Audit Committee has studied the interim & annual financial statements and has raised them to the Board of Directors for ratification.

The Audit Committee Report for the Year 2021

The committee has conducted six meetings during the year of 2021, and through its direct supervision on the internal audit committee procedures in “The Company”, and auditing the governance policies, and risks, financial reports, and disclosures. The committee has handled the following.

- Review and submit the annual & quarterly financial reports of “The Company”.
- Study the main risks which faced by “The Company” and includes the financial, operational, and Legal risks, and review the applied policies by the management which related to the process of define and handle those risks.
- Review the annual plan for the internal audit committee and approve it.

- Review the activities, procedures, and reports of internal audit dept.
- Check all received quotations from the audit firms to choose of them to audit “The Group”’s financial statements of 2021, which require reviewing from the committee on their professional quality and their appropriate independency, and the potential risks against that. In addition to the audit fees, and then represent it to the general assembly by their recommendation.

Conclusion

According to what mentioned from the audit committee for all main sides of the internal controls policies through their direct supervision on the internal audit dept, continued meetings during 2021, in addition that the committee revised all related reports with the effectiveness of inspect the various operational activities and ensure the safety of operational & financial activities and their adequacy to the internal controls policy, and raise the reliability and the compliance to the related systems & rules.

According to the mentioned committee works, they reached to reasonable assurances that there’re no main comments or qualifications in the internal controls and company’s documents.

30.1.3 Nomination and Compensation Committee

30.1.3.1 Authorities:

- 1- Regarding the nomination of Board of Directors members, executive managers, the Committee shall be responsible with the following:
 - Annual review of the competency requirements for Board of Directors membership and description of abilities and qualifications needed for the board membership including the time to be allocated by each member for the board work.
 - Check the composition of Board of Directors and submit the necessary recommendations on the required amendments.
 - Assess weaknesses and strengths of the Board of Directors and suggest solutions in the interest of “The Company”.
 - Define the necessary criteria determining the independence of the board members, confirm of independence of the board members on annual basis and lay down the necessary mechanism to inform the shareholders of any circumstance likely to impair the independency of any member, and ensure that no conflict of interest would arise if a member occupied a seat in any other Company.
 - Prepare the necessary directives and instruction programs for any new independent non-executive board members about the nature of work of “The Company” and provide a detailed description of their duties as board members.
 - Prepare recommendations to the Board of Directors on defining certain criteria to select the person who will assume the position of Managing Director, Chief Executive Officer or head a major department in “The Company”.
 - Prepare initial evaluation of persons nominated for Managing Director, Chief Executive Officer or heads of department and section in “The Company”.
 - Prepare a job description of positions, contractual terms for each of the Chief Executive Officer and the department managers in “The Company”.
 - Lay down of suitable standards and procedures to evaluate the performance of the Chief Executive Officer and the department managers in “The Company”.
 - Prepare regular evaluation of the performance of the Chief Executive Officer and department managers in “The Company”.

- Conduct training programs for the Executive Directors on governance of “The Company”, ethical behavior, and draft policies on continuous improvement of performance of the employees at the top management level.
- 2- Regarding the compensation of Board of Directors and Executive Directors, the Committee shall:
 - Lay down the reward and bonuses policy for board members and executive directors in “The Company” aiming at increasing “The Company” value and optimize the personal efforts for each Board Member and Executive Director in executing the strategic goals of “The Company”. The Committee shall evaluate the personal performance against the goals set by the Board of Directors.
 - Regarding the compensation of the Board’s Members, the Committee shall draft the required criteria for compensation, and check them regularly, enabling “The Company” to achieve excellent performance without affecting the member’s independence.
 - Regarding the compensation of the Managing Director, Executive Directors or Department Managers in “The Company”, the Committee shall draft the required criteria for compensation to be checked regularly and applied on the annual fixed salaries, as increments, based on evaluation of the financial and non-financial performance, and draft special criteria for the long-term incentives and bonuses aimed at aligning the directors’ and managers’ interests with the interest of the shareholders.
 - Continuously ensure the adequacy of the incentive criteria considering the performance of “The Company”, its financial position, and the main trends on the employment market.
 - Follow up on the decisions adopted by the General Assembly of “The Company” on the compensation of the Board of Directors’ members and the disclosure of these remunerations in the annual report.

30.1.3.2 Duties:

- Request the documents, reports, clarifications and other information from Company officials and executives.
- Invite “The Company” officials, executives and employees to attend its meeting for questioning them or hear to their clarifications.
- Take help of outside experts and consultants.
- Perform the duties assigned to the Committee by the Board of Directors within the jurisdiction of the Committee.
- The Committee shall make an annual revision and evaluate its regulations to ensure smooth functioning of its work and adequacy of its duties and raise any necessary amendments to the Board of Directors for approval.

30.1.3.3 Committee Members & Meetings:

Member Name	Five (5) meetings					
	Membership	First Meeting 11/01/2021	Second Meeting 30/06/2021	Third Meeting 18/10/2021	Fourth Meeting 31/10/2021	Fifth Meeting 25/11/2021
H.H. Prince Ahmed bin Khalid bin Abdullah bin Abdurrahman Al-Saud	Member	Attended	Attended	Attended	Attended	Attended
Dr. Mohammad S. AlBadr	Chairman	Attended	Attended	Attended	Attended	Attended
Mr. Sulaiman Abdullah Al Amro	Member	Attended	Attended	Attended	Attended	Attended

Term of Committee: Three Years starting January 1st, 2021, ended 31st December 2023.

The secretary of the committee is Mr. Waleed Mohammad Abu Kishk.

30.1.4 Investment Committee

30.1.4.1 Authorities:

The following topics are considered within the powers of the Investment Committee:

- The committee meets at least once a year or as needed based on an invitation from the committee chairman.
- Meetings may be held in person or by means of modern technology, and the member's participation in this case is considered an authentic participation in his presence.
- The legal quorum for the committee meeting is the majority of its members.
- It is permissible to delegate to attend the meetings of the committee, but it is not permissible for a member of the committee to represent more than one member. In the event that the committee chairman is not present, he may delegate one of the members, and if he fails to do so, the members may delegate one of them to preside over the session.
- The decisions of the committee are issued by the majority of votes of the attendees or representatives in the meeting.
- The meeting agenda, which is included in the invitation, is prepared in coordination with the Chairman of the Committee before the meeting.
- The invitation to attend the meeting shall be sent and signed by the committee chairperson or the committee secretary if he is authorized to do so by the chairperson, and sent sufficiently before the date of the meeting. Presentations and necessary documents shall be sent well in advance of the meeting to enable them to peruse them.
- The Secretary of the Committee shall prepare a draft of the minutes of the Committee's meeting (includes a statement of the names of the present and absent members in addition to a summary of the discussions, deliberations, and decisions) and sends it to the Chairman and members of the Committee within ten days from the date of the meeting to be reviewed and any observations made on them (if any). Within seven days from the date of sending it via e-mail, and in the event that no notes are received, this is considered an acknowledgment of their approval, and then the minutes are signed by the chairman and secretary of the committee and all the members present.

30.1.4.2 Duties:

- Develop an investment strategy in proportion to the company's main activities, complementary activities, or any investment activities that the committee considers their feasibility and suitability for the company, and the risks to which the company's investments are exposed, and submit a recommendation in this regard to the Board of Directors, and review this policy from time to time in a manner Periodically to ensure their suitability to the changes that occur in the company's business and to submit a recommendation in this regard to the Board of Directors.
- Supervising investment activities and setting appropriate procedures for measuring and evaluating investment performance.
- Studying and evaluating the company's investment opportunities.
- The committee may perform any other tasks compatible with its purposes or carry out any work requested by the board of directors.
- The committee submits its recommendations to the board of directors for approval.

30.1.4.3 **Committee Members & Meetings:**

Member Name	Membership	First Meeting 03/08/2021	Second Meeting 18/11/2021	Third Meeting 02/12/2021
HRH Prince Abdulaziz Bin Mohammad bin Fahad bin Abdulaziz Al-Saud	Chairman	Attended	Attended	Attended
Eng. Mohammad Abdurrahman Al-Luhaidan	Member	Attended	Attended	Attended
Mr. Sulaiman Abdullah Al Amro	Member	Attended	Attended	Attended
Mr. Feras Ghassab AlHarbi	Member	Attended	Attended	Attended

Term of Committee: Three Years starting January 1st, 2021, ended 31st December 2023.

The secretary of the committee is Mr. Feras Ghassab AlHarbi.

31 **Compliance to Governance Regulations:**

The Following rules of Governance Policy have been Implemented:

The following table shows the items which adopted the Governance Policy & the items which did not adopt the Governance Policy:

#	Item	Adopted	Not Adopted	Reason in Case of Non-adoption
1	General rights of shareholders	Yes		
2	Right of shareholders to inquire & obtain information not effecting company interests.	Yes		
3	Shareholders' pertaining to the General Assembly	Yes		
4	Voting Rights	Yes		
5	Shareholders' rights in dividends	Yes		
6	Policies & procedures related to disclosures	Yes		
7	Disclosures in the Board of Directors' Report	Yes		
8	The main roles of Board Members	Yes		
9	The responsibilities of the Board of Directors	Yes		
10	The composition of the Board of Directors	Yes		
11	The committees of the board and their independence	Yes		
12	The Audit Committee	Yes		
13	The Nominations & Remuneration Committee	Yes		
14	Board of Directors meetings and their agenda	Yes		
15	Board of Directors' fees & remuneration	Yes		
16	Conflict of interest for the Board of Directors	Yes		
17	Cumulative Voting	No	No (Not Applicable)	There are no board elections
18	The means by which the Board of Directors relied in evaluating its performance, the performance of its committees and members, and the external party that carried out the evaluation	No	No (Not Applicable)	There are no events that require this assessment during the year.

32 Dates of the General Assemblies of Shareholders held during the last financial year and the names of the members of the Board of Directors present in the meeting:

An Ordinary General Assembly was held once on April 26, 2021, and the meeting was attended by:

Member Name	First GA Meeting 26/04/2021
HH Prince Ahmed bin Khalid bin Abdullah bin Abdurrahman Al-Saud	Attend
HRH Prince Abdulaziz Bin Mohammad bin Fahad bin Abdulaziz Al-Saud	Proxy
Dr. Khalil Abdulfattah Kurdi*	Attended
Dr. Mohammad S. AlBadr	Attended
Eng. Mohammad Abdurrahman Al-Luhaidan	Attended

* The Ordinary General Assembly was held before the date of the resignation of Dr. Khalil Abdulfattah Kurdi, dated 10/19/2021G from the Council.

33 Policies Related to the Disclosure

The General assembly has adopted policies and procedures related to the disclosure which are still in practice.

34 Results of Annual Auditing for Effective Internal Control:

The Board of Directors has been assigned the responsibility to ensure that management maintains an effective system of internal controls, which provides reasonable assurance in all material respects of efficient and effective operation of controls.

35 Independence & Authority

The overall objective of the Internal Audit department is to provide at all levels of Management and the Board of Directors with an independent assessment of the quality of “The Company” ’s internal controls and administrative procedures and make recommendations for continuous improvement. The Internal Audit department is not subject to any influence from the executive management and has the required unrestricted access to all records (manual or electronic), Company assets and employees, required for performing its duties.

A. Internal Audit Responsibility

The responsibilities of the Internal Audit department encompass the following:

- 1- Preparing the annual risk-based audit plan
- 2- Executing the audit work according to the annual plan
- 3- Presenting its reports on the result of audit work performed
- 4- Assessing the financial and operational risks and coordinating with management to provide the necessary means at suitable cost to mitigate the identified risks.
- 5- Coordinating with different departments of “The Company” and external parties such as external auditors.
- 6- Developing the policies and procedures for executing the audit work in accordance with the best practices
- 7- Using the available resources according to the approved internal audit budget

B. Scope of Work

The Internal Audit department has adopted a well-organized approach to evaluate and recommend improvements for the efficiency of the internal controls in a manner that will enable “The Company” to achieve its objectives and protect its assets.

The scope of internal auditing covers examining the sufficiency and efficiency of internal control system in “The Company” and quality of management in order to verify whether the internal policies & procedures provide a reasonable confirmation to achieve “The Company” objectives.

C. Annual Results of Internal Audits

The Internal Audit Department in the Saudi Amiantit Company implements its activities in accordance with an agreed work plan, which is designed in a way that covers all the main activities of the company over a period of (3) years (risk-based audit), taking into account the focus and giving priority to activities related to high risk. Several substantive recommendations were made as results of audit visits to several departments in the company, during which these departments were comprehensively examined. Thus it led to more valuable additions and improvement of the existing internal control system.

It was not possible to carry out effective visits to factories and operational activities of a technical nature due to the restructuring of the audit department in general and the appointment and resignation of a number of auditors, but the management remained at the level of technical and administrative performance according to international standards and the laws in force in the Kingdom of Saudi Arabia, which as a result led to the development of and improve the efficiency of operations.

The Internal Audit Department would like to confirm that the internal control system is (reasonable) and that there are no significant differences during the year 2021. The administration has continued to submit quarterly reports to the Audit Committee on the work that has been implemented and follow-up procedures with the visited departments.

Recommendations	Result of the Recommendations
The necessity of coordination between Sales Dept. and all concerned Depts. with increase / decrease the orders in backlog report.	The Sales Department began communicating with the Financial Department regarding the withdrawal of deals or orders, so that the Financial Department could control costs and set budgets more accurately.
The necessity of establishing a priority policy for orders	Where the audit department recommended the necessity of preparing a policy for requests (orders) and clients (clients) according to priority in terms of inside or outside the Kingdom and the extent of the time period for the client's dealings with the company and others.
The necessity of confirming the existence of CEO approvals regarding some documents	Whereas the audit department recommended the necessity of having the approval of the CEO on the documents related to the structuring of the department, the matrix of powers, or the limits of some amounts.
The necessity of opening separate accounts for all cash custodians.	Whereas, the Central Procurement and Supply Department prepared a policy for the cash custodian, in which several controls were put in place, including what was proposed in the report of the Internal Audit Department and the recommendations contained in its report to control the exchange and receipt of cash.
It is necessary to monitor the incoming transfers to the company's account for which there is no information.	Where the Internal Audit Department recommended the necessity of preparing a monthly report on the balances that appear in the company's accounts in the approved banks, and no information may be available about them.
Activate the sudden count policy	Where the audit department activated the sudden count of the cash custodians and warehouses.

Evaluate customers before starting to deal with them	Whereas the audit department emphasized the financial management in evaluating clients through a strict policy taking into account the credit conditions in the market.
Monitor payment periods for customers	The Internal Audit Department recommended the necessity of monitoring the payment periods of customers and not exceeding the periods agreed upon in official contracts.
Review all the Employees responsibilities in the (SAP) system	Where the Audit Department recommended the need to open the door to review all the powers granted to employees regarding the issuance of the purchase requisition or purchase order and to send recommendations to the Technology Department (IT) to complete the procedures in full.
Monitoring remote or abandoned assets.	The Procurement Department agreed to prepare an agreement with (Zamil Plastic Company) to organize the relationship between it and the company regarding the mold in the Zamil Company.

The audit department would also like to emphasize that the outlook for the analysis and treatment of risks in the company has been changed as follows:

- Preparing a risk register and risk profile for operational, financial and compliance activities for all company departments
- Preparing a plan to identify potential risks in partnership with all concerned parties, including personal interviews, filling out forms, and full cooperation to develop an appetite for risks and risk mitigation measures.
- Preparing a draft to be presented to the senior management to determine the level of the company's acceptance of risks (Risk Apatite) as a start to prepare the ground for determining the appropriate measures to avoid or reduce risks and according to priority.

On a related level, the Audit Department reached and coordinated with the External Auditor and fulfilled all the requests he needed from the Audit Department, such as the Manual of Policies and Procedures, the Audit Charter, a sample of the risk register, the audit plan, and others.

36 Emphasis of a Matter by the Auditors:

We draw attention to note 4.1.1 to the consolidated financial statements, which states that the accompanying consolidated financial statements have been prepared assuming that the group will continue as a going concern. As at December 31, 2021, the Company had accumulated losses of SR 243.6 million (2020: SR 205.5 million). The Company had incurred a net loss of SR 172.4 million for the year ended December 31, 2021 (2020: SR 393.9 million) and as at that date, the Company's current liabilities exceeded current assets by SR 738.1 million (2020: SR 582.5 million). Additionally, the Group is in breach of certain financial covenants related to bank facilities. These create material uncertainty related to the going concern. Our opinion is not modified in respect of these matters.

37 Changes in External Auditors:

“The Company” did not change the external auditor during their term in which “The Company” has appointed them.

38 Employees

38.1.1 Management & Training:

- The total number of employees in "the Company" and its subsidiaries reached 1,392 in 2021, compared to 1,501 in 2020 distributed as follows:

Particulars	2021	2020	Increases/ (decrease)
Local sector	1,085	1,187	-102
International sector	307	314	-7
Total employees	1,392	1,501	-109
Saudi employees	326	319	7
Saudization Rate	30%	26.9%	

- Over 2021G the following trainings were delivered:

Training	Participants
English Training Elementary Level	5
English Training Preliminary Level	68
English Training Pre-Intermediate Level	82
English Training Intermediate Level	99
English Training Upper Intermediate Level	65
English Training Advanced Level	33
Microsoft Excel- Level 1	36
Microsoft Excel- Level 2	24
GOSI & Nitaqat System and Regulations	1
ISO 9001:2015 Internal Auditor	22
Lead Auditor ISO 9001:2015	6
Middle East Iron and Steel Conference 2021	2
PMI-PBA® Professional Business Analysis Certificate	1
Saudi labor law	15
Fundamentals of the future of business	1
Total	460

39 Safety & Security:

“The Company” factories continued their high level of safety and security thanks to the regular training and qualification programs and training courses in all factories for all employees. “The Company” continued to approve new standards to maintain the safety and linked the incentive given to employees by achieving high safety level in their place of work. The safety efforts made by “The Company” have reflected in the drop of work incidents remarkably over the years. “The Company” invests heavily to comply with local environmental standard & obtained the presidency of metrology and environment (PME) permits for all plants.

40 Recommendation on Results of Year 2021:

The Board of Directors suggests allocation of results of 2021 as follows:

Particular	(SAR'000)
Balance accumulated losses, as at 1 January 2021	(205,499)
Loss for the Year	(171,317)
Absorption part of losses through part of the statutory reserve*	132,176
Add (Deduct): Other comprehensive income & non-controlling interests	-
Actuarial gain (loss)	1,006
Balance accumulated losses, as at 31 December 2021	(243,634)

*See note 3.11

*Best Regards,
Board of Directors*