

REPORT OF FACTUAL FINDINGS

**To: The shareholders of
THE SAUDI ARABIAN AMIANTIT COMPANY
(A Saudi Arabian Joint Stock Company)
Dammam. Kingdom of Saudi Arabia**

We have provided limited assurance as the subject matter that have come to our attention causes us to believe that the subject matter of the assurance detailed below (the "Assurance Subject") has not been reported and presented, in all material respects, in accordance with the relevant controls set out below ("Controls").

Scope of work

We have performed the procedures agreed with THE SAUDI ARABIAN AMIANTIT COMPANY and enumerated below with respect to decrease the capital and decrease the accumulated losses as of 30 September 2021 set at appendix (1). Our engagement was undertaken in accordance with the International Standard on Related Services applicable to agreed-upon procedures engagements 4400. The procedures were performed solely to assist the company in completing the regulatory procedures and applying the procedures and instructions of the companies whose shares are listed in the market, whose accumulated losses amounted to 50% or more of the capital issued by the Board of the Capital Market Authority, and are summarized as follows:

1. We have obtained the minutes of meeting of the extraordinary general assembly meeting held on 26 Rajab, 1443H corresponding to 27 February 2022G, in which the shareholders have decided to reduce the Company's capital by 69.06% from 320,000,000 Saudi Riyals to 99,000,000 Saudi Riyals by canceling 22,100,000 shares ("the 1 share for each approximately 1.447 shares will be reduced") at a nominal value of 10 Saudi riyals per share, and reducing the accumulated losses by 221,000,000 Saudi riyals.
2. We have verified that the movement has been recorded in the Company's accounting records by writing off the share capital at the amount of 221,000,000 Saudi Riyals against the accumulated losses in accordance with the shareholders' decision mentioned in item above.
- 3- We checked the arithmetic accuracy in Appendix no. (1)
- 4- We have calculated the accumulated retained earnings (Accumulated Losses) as a percentage of the capital.

We report our findings below:


- 1- With respect to item (1), no exception found.
- 2- With respect to item (2), It was found that the recorded movement is consistent with the shareholders' decision mentioned in Procedure no. (1).
- 3- With respect to item (3), checked the arithmetic accuracy in Appendix no. (1)
- 4- The accumulated losses were reduced after the capital reduction and it becomes an accumulated losses amounting to 146,499 Saudi Riyals, so that the percentage of accumulated losses over the share capital after the reduction becomes 0.15%.

Because the above procedures do not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review, we do not express any assurance on the financial statement attached at appendix (1).

Had we performed additional procedures, or had we performed an audit or review of the financial statements in accordance with International Standards on Auditing or International Standards on Review Engagements, other matters might have come to our attention that would have been reported to you.

Our report is solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose or to be distributed to any other parties. This report relates only to complete the statutory procedures prescribed for the Capital Market Authority and items specified above and does not extend to any financial statements of THE SAUDI ARABIAN AMIANTIT COMPANY, taken as a whole.

For Al-Kharashi & Co.


Suleiman Abdullah Al Kharashi
License No. (91)
Riyadh
12 March 2022
9 Sha'ban 1443H



APPENDIX (1)

THE SAUDI ARABIAN AMIANTIT COMPANY

(A Saudi Arabian Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2021

	September 30, 2021 SR '000 (Unaudited)	Capital Reduction Impact SR '000	September 30, 2021 SR '000 (Unaudited) (Revised)
ASSETS			
Current assets			
Cash and cash equivalents	97,128	-	97,128
Trade receivables	256,640	-	256,640
Contract assets	377,940	-	377,940
Prepayments and other receivables	88,152	-	88,152
Inventories	258,881	-	258,881
	<u>1,078,741</u>	<u>-</u>	<u>1,078,741</u>
Non-current assets			
Non-current receivables	328,934	-	328,934
Equity accounted investments	418,173	-	418,173
Property, plant and equipment	194,923	-	194,923
Other non-current assets	16,392	-	16,392
	<u>958,422</u>	<u>-</u>	<u>958,422</u>
TOTAL ASSETS	<u>2,037,163</u>	<u>-</u>	<u>2,037,163</u>
LIABILITIES AND EQUITY			
Current liabilities			
Short-term borrowings	1,116,029	-	1,116,029
Accounts payable	261,070	-	261,070
Accrued expenses and other liabilities	83,423	-	83,423
Contract liabilities	76,184	-	76,184
Current maturity of lease liabilities	130	-	130
Zakat and foreign taxes payable	207,652	-	207,652
	<u>1,744,488</u>	<u>-</u>	<u>1,744,488</u>
Non-current liabilities			
Employees' termination benefits	65,600	-	65,600
Warranty provision	5,331	-	5,331
Provisions for onerous contracts	205,180	-	205,180
Lease liabilities	6,946	-	6,946
Other non-current liabilities	2,282	-	2,282
	<u>285,339</u>	<u>-</u>	<u>285,339</u>
Total liabilities	<u>2,029,827</u>	<u>-</u>	<u>2,029,827</u>
Equity			
Share capital	320,000	(221,000)	99,000
Statutory reserve	-	-	-
Accumulated losses	(221,146)	221,000	(146)
Employee share ownership plan and reserve	(2,282)	-	(2,282)
Foreign currency translation reserve	(109,422)	-	(109,422)
Equity attributable to the shareholders of the Company	<u>(12,850)</u>	<u>-</u>	<u>(12,850)</u>
Non-controlling interests	20,186	-	20,186
Total equity	<u>7,336</u>	<u>-</u>	<u>7,336</u>
TOTAL LIABILITIES AND EQUITY	<u>2,037,163</u>	<u>-</u>	<u>2,037,163</u>