

Saudi Joint Stock Co.  
C.R. 1010073685  
P.O. Box 859 Riyadh 11421  
Kingdom of Saudi Arabia  
Tel. (+966 11) 2658888  
Fax. (+966 11) 2659999



شركة العبد اللطيف للاستثمار الصناعي  
Al Abdullatif Industrial Investment Co.

شركة مساهمة سعودية  
س.ت: ١٠١٠٠٧٣٦٨٥  
ص.ب ٨٥٩ الرياض ١١٤٢١  
المملكة العربية السعودية  
هاتف: ٢٦٥٨٨٨٨ (+٩٦٦١١)  
فاكس: ٢٦٥٩٩٩٩ (+٩٦٦١١)

## Report of the Audit Committee of the General Assembly For the year ended 31/12/2022

Dear shareholders of Al-Abdul Latif Industrial Investment Company  
Peace be upon you.

The Audit Committee of Abdul Latif Industrial Investment Company is pleased to submit to the Company's shareholders its annual report for the financial year ended 31 December 2022, as this report was prepared pursuant to the provisions of Article (104) of the Companies Law, which stipulates that the Audit Committee shall prepare a report on its opinion on the adequacy of the internal control system of the company and the work it has carried out within the scope of its competence, and paragraph (a) of Article (91) of the Corporate Governance Regulations issued by the Capital Market Authority, which stipulates that the report of the Audit Committee must include details of its performance, its competencies, and functions stipulated in the Companies Law and its executive regulations. It includes its recommendations and opinion on the adequacy of the Company's internal control, financial and risk management systems.

### ❖ Composition

The Audit Committee was appointed by the General Assembly of the Company held on: (12/1/2022)

From the following members:

- 1-Mr. Majid Abdul Rahman Nasser Al-Osailan – Chairman of the Committee
- 2-Mr. Saleh Hassan Saleh Al-Sheikh- Member of the Committee
- 3-Mr. -Abdul Aziz Mohammad Al-Suwaidan -Member of the Committee
- 4- Mohammad Hamdan Al-Sorayai- Member of the Committee

### ❖ Meetings of the Committee

The first meeting was held on	21/02/2022AD
Second meeting held on	30/03/2022AD
The third meeting was held on	22/05/2022AD
The fourth meeting was held on	25/07/2022AD
The fifth meeting was held on	22/08/2022AD
The Sixth Meeting was held on	08/11/2022AD

- The performance of the external auditor of the company and ensuring his independence.
- The performance of the internal auditor of the company and ensuring his independence.
- The company's commitment to applying the laws and regulations issued by the legislative authorities.
- Recommend the selection of the external auditor to audit the company's accounts and its quarterly and annual financial statements and determine his fees.
- Its role as a link between the Board of Directors, the internal auditor, and the external auditor.

#### ❖ Tasks and terms of reference exercised by the Committee:

- Study and express an opinion on the company's financial statements and statements before presenting them to the Board of Directors, to ensure their integrity, fairness, and transparency.
- Discuss issues raised by the company's CFO.
- Examination of accounting estimates in material matters contained in financial reports.
- Study and review the effectiveness of internal and financial control systems in the company through:
  - Examine significant changes to these systems, if any, and discuss internal audit management reports, recommendations, and management responses.
  - Follow-up on action taken on recommendations.
  - Examine and discuss the auditor's reports, recommendations, and management responses on internal and financial control matters.
  - Discuss important changes in the company's business and work environment and the impact on internal control systems.
- Study the accounting policies followed in the company by studying the significant changes and the requirements of the new amendments to the International Financial Reporting Standards adopted in the Kingdom of Saudi Arabia and express an opinion and recommendation to the Board of Directors thereon.
- Adopting the internal audit plan, studying the internal audit reports, and following up their implementation.
- Reviewing the results of the reports of the supervisory authorities and verifying that the company has taken the necessary actions.
- Verifying the company's compliance with the relevant laws, regulations, policies, and instructions through the reports of the supervisory authority, the reports of the Internal Audit Department and the auditor and verifying that the company has taken the necessary actions in this regard.
- Reviewing the contracts and transactions proposed to be conducted by the company with the parties concerned and submitting what it deems appropriate to the Board of Directors.
- Recommending to the Board of Directors to appoint the auditor, determine his fees, evaluate his performance, verify his independence, review his work plan, and discuss it to ensure that he is able to perform in a currency and not withhold information from him.
- To recommend to the Board of Directors such action as it deems necessary in matters within its competence.
- Supervising the work of the external auditor of the company and ensuring the continuity of his independence and ensuring that there are no obstacles that affect the progress of their work and evaluating the level of efficiency and effectiveness

- of their performance.
- Study the observations received from the internal auditor and the external auditor of the company and follow up their completion in accordance with the timetable agreed upon with the management of the company.

### The Committee's opinion on the adequacy of the internal and financial control system and risk management:

The Committee's opinion is that the work in relation to the financial year 2022 provided reasonable assurance about the adequacy of the company's internal and financial control system to achieve the objectives for which it was designed.

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## **Recommendation of the Audit Committee to the General Assembly**

**On 07/09/1444AH corresponding to 03/29/2023AD**

### **on the Selection of the Chartered Accountant to Carry out External Audit Work**

Gentlemen/ General Assembly

## **Greetings.**

The Audit Committee has solicited bids from the Certified Public Accountants licensed by the Capital Market Authority to audit the accounts of companies and those who have the ability to audit the company's accounts efficiently and effectively, according to the guidelines for the selection of the Certified Public Accountant issued by the Ministry of Commerce, namely:

1. Mr. Al Ayouti & Partners Co.
2. Al-Kharashi and Partners are accountants and legal auditors.
3. United Accountants Professional Services

The presentations were analyzed based on the following items:

Prehending	Office Size	Previous experience in the sector
Date of activity	Independence	approach
Stability	Work plan	Total Price

Accordingly, the Audit Committee nominated Al-Ayouti & Partners Co. and United Accountants in order to audit the company's accounts for the second and third quarters and the annual lists for the year 2023AD and the first quarter of the year 2024AD.

**God grants success.**

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Saleh Hassan Al-Sheikh  
Audit committee member

Abdul Aziz Al-Suwaidan  
Audit committee member

Mohammad Hamdan Al-Sorayai  
Audit committee member

Saad Mohammad Al-Carni  
Audit committee secretary

Majed Abdul Rahman Al-Osailan  
Chairman of the Audit committee