



# Annual Report

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Board of Director's Report 2022G



# Introduction

## The Valued Shareholders of the National Metal Manufacturing & Casting Co. (Maadaniyah) Peace and Blessings of Allah be upon you,,,

The board of directors of the National Metal Manufacturing & Casting Company is pleased to present to the valued shareholders of the company the annual report that sheds light on the business and performance of the company for the year ended 31/12/2022 along with the audited consolidated financial statements and the accompanying notes and the auditor's report for the year then ended.



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# Vision

To be pioneers in our industrial field, achieve competitive efficiency, continuous growth, leadership in the local market and presence in global markets.



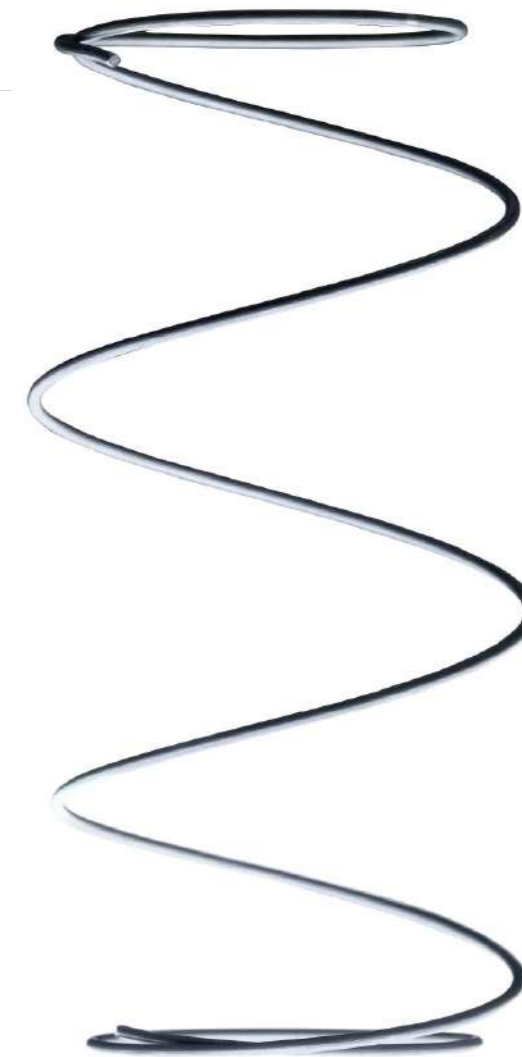
# Mission

Commitment to best professional practices, providing integrated products and services that satisfy our customers, and achieving the desired results for stakeholders.



# Company's Value

The Company follows the best professional practices, Complies with governance regulations, and work to protect the interests of partners, including shareholders, regulators, and employees, and maintain an appropriate work environment.



# 1- Company Activities:

National Metal Manufacturing & Casting Co. (Maadaniyah) was established pursuant to ministerial resolution number (253) dated 13 Rabi' Al-Awwal 1411H corresponding (02 October 1990), and registered as a Saudi Joint stock company under commercial registration number (2055002251) dated 16 Jumada Al-Awwal 1411H (03 December 1990), issued from Jubail city.

The company is engaged in producing and marketing pre-tensioned concrete stranded wires, spring wires, cable reinforcing wires, twisted reinforcing wires to carry electrical conductors, welding wires, various screws and nuts, reinforced steel nails and nails of various shapes through the Wire Drawing Factory and its products (Aslak). in Jubail Industrial City under industrial license No. (412) issued on 04/11/1405H.

The company owns two other plants in the Dammam 2nd Industrial City, under industrial license number (360), dated 29/10/1403H, namely Axles, Foundries & Spare Parts Plant – the first Plant is specialized in the production and marketing of axles and spare parts for trucks and trailers, and the second is specialized in producing all metal casting.



Since **1990**

The following table explain the contribution of each business unit to the volume of the company's operations and sales:

 Wire Drawings & Related Products

**157,941** Percentage **61%**

 Axles, Foundries & Spare Products

**99,690** Percentage **39%**

**Total** **257,631**

**Percentage** **100%**



# Future Plans & Risks

# 02

## Second: Future Plans & Risks

### A) Plans and achievements:

1- During 2022G, sales amounted to SAR 258 million, up by 13 compared to previous year as a result of improving market demand of some company products in the local and export markets. The effects of the Corona pandemic on the company's activities and business results during the year 2022G are still present, despite the decrease in these effects. The sales of some of the company's products are still suffering from weak demand in the local and export markets.

2- The company expects an improvement in its results during 2023G, as a result of the anticipated improvement in demand for the company's products in the local and export markets based on the projects announced in the annual budget of the Kingdom of Saudi Arabia and indicators of demand growth in the target export markets.

3- Rolls of iron wire represent the basic raw material for the main products and represent a large percentage of the cost. The company works to reduce the effects of fluctuations in iron prices by carefully following up prices, issuing purchase orders and fixing prices at appropriate times. The company also is seeking effective programs and plans to reduce other costs.

4- The company plans to set up a factory for the production of valves, especially for oil, gas and petrochemicals, owned by the company by 100%. A land has been allocated in King Salman Energy City in the Eastern Province for the establishment of the project.

5- Work is still underway to establish the Saudi Automotive Company, specialized in the automotive industry and its parts. The articles of incorporation was signed with the Saudi National Automotive Company (ANAM), and a land was allocated for the establishment of the project in Jubail Industrial City. The company's contribution is 10% of the capital.

6- A memorandum of understanding was signed with IGL to establish a factory specialized in aluminum casting on 28/02/2021G.

7- The company will continue to work to raise its market share in the main products through the available production capacity, maintain quality and enhance after-sales services.

8- The company will continue its plans to search for viable industrial investment opportunities, as well as to search for the possibility of increasing the production capacity of its current products.

9- The company works to recruit and train Saudi youth, promote Saudization programs, and provide a suitable work environment to enhance job stability.

## B) Risks:

### 1- Raw materials:

Raw materials constitute major part of the company's products cost; accordingly, the company may be exposed to the risk of prices fluctuations of the main raw materials. To limit these risks, the company is devoting efforts to minimize this effect by closely monitoring the steel prices in the local and export markets.

### 2- Utilities:

Electricity and water are included within the cost elements of production. The increase in power prices is a factor that jeopardizes the ability of the company to compete in the international markets.

### 3- Marketing:

The company markets its products in the local and neighboring markets. However, because of the current condition of the international economy, and declining demand in some big countries, an intense competition is expected with international producers, and the company is working to eliminate this effect through:

- a- Focusing on the product quality.
- b- Providing after sales services.
- c- Providing special prices and services to maintain customer loyalties.

### 4- Credit Risks:

It is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, which mainly arises from the Group's receivables from customers. The company has implemented procedures to manage exposure to credit risk, including assessment of creditworthiness, formal credit approvals, setting credit limits, monitoring existing receivables accounts, maintaining a detailed debt aging statement for receivables, and ensuring close follow-up.

The Group measures the loss provision for trade receivables at an amount equal to the lifetime expected credit loss. ECL is estimated on a collective basis on trade receivables using a provision matrix with reference to historical loss rates adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the expected direction of conditions at the reporting date on the basis of management's best judgment. For details, refer to clarification No. 33 in the consolidated financial statements.

### 5- Risk of other Financial Assets:

This item mainly includes deposits with banks and other receivables. The credit risk arising from these financial assets is limited. Recognized banks and financial institutions have a high credit rating that has been awarded by international credit rating agencies.

### 6- Liquidity Risk:

Difficulties that the Group can encounter in providing cash to meet its obligations associated with financial requirements which are settled through the delivery of cash or other financial asset. The Company's approach to liquidity management is to ensure as far as possible that it has sufficient liquidity to meet its obligations at maturity in normal and difficult circumstances without incurring unacceptable losses or risking damage to the Company's reputation. The Company confirms that it has sufficient cash on demand to cover anticipated operating expenses, including servicing financial obligations, excluding the potential impact of extremely difficult circumstances that are not reasonably predictable and force majeure events such as natural disasters.

### 7- market Risks:

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure through acceptable transactions, while optimizing returns.

### 8- Currency Risks:

The company exposure to currency risk is insignificant as majority of the transactions are denominated in U.S. Dollar, which is pegged to Saudi riyals historically. In respect of other monetary assets and liabilities denominated in foreign currencies, the company ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

### 9- Interest Rate Risks:

Interest rate risk is the risk that the fair value of a financial instrument or its associated cash flows will fluctuate because of changes in market commission rates. The Group does not have any significant commission bearing assets as at 31 December 2022. The term deposits are at a fixed rate and therefore are not subject to interest rate risk. However, the Group's liabilities are subject to commission/interest rate risk and the Group continues to monitor its exposure.

### 10- Capital Management:

The Company's objectives when managing capital are to protect the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. To maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or obtain/repay financing from/to financial institutions. In line with others in the industry, the Group manages capital risk by monitoring levels of debt and liquid assets, taking into account future investment requirements and shareholder expectations.

# Assets and liabilities of the Group and its results of operations for the last five years

# 03

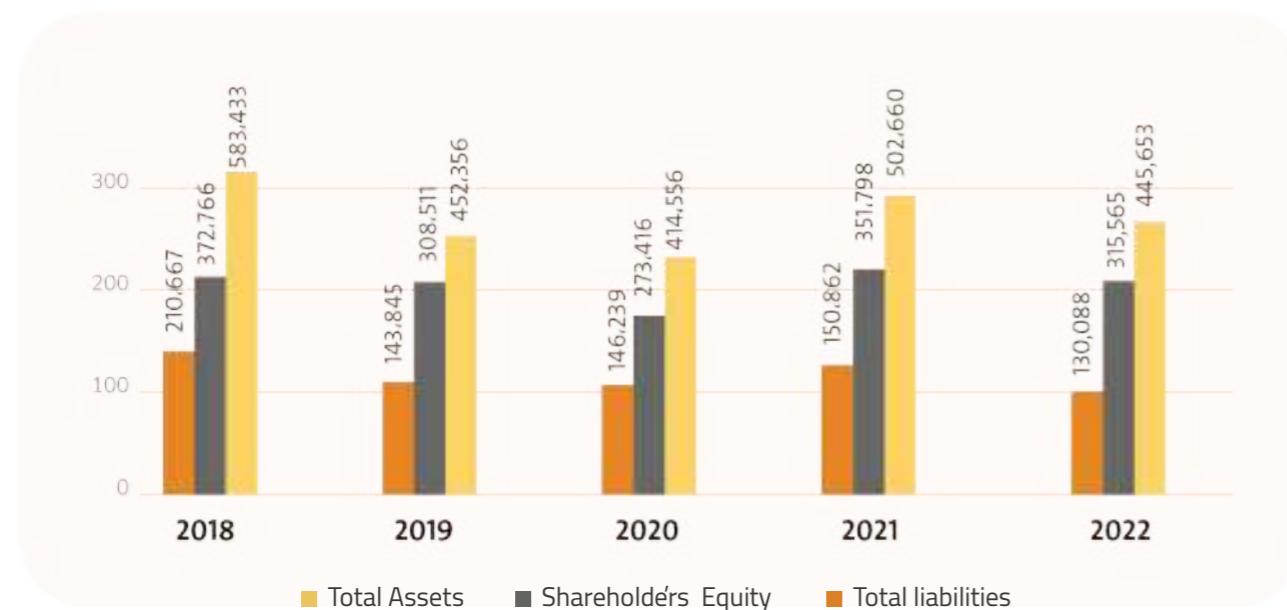




## A) Assets, liabilities and Shareholders' Equity

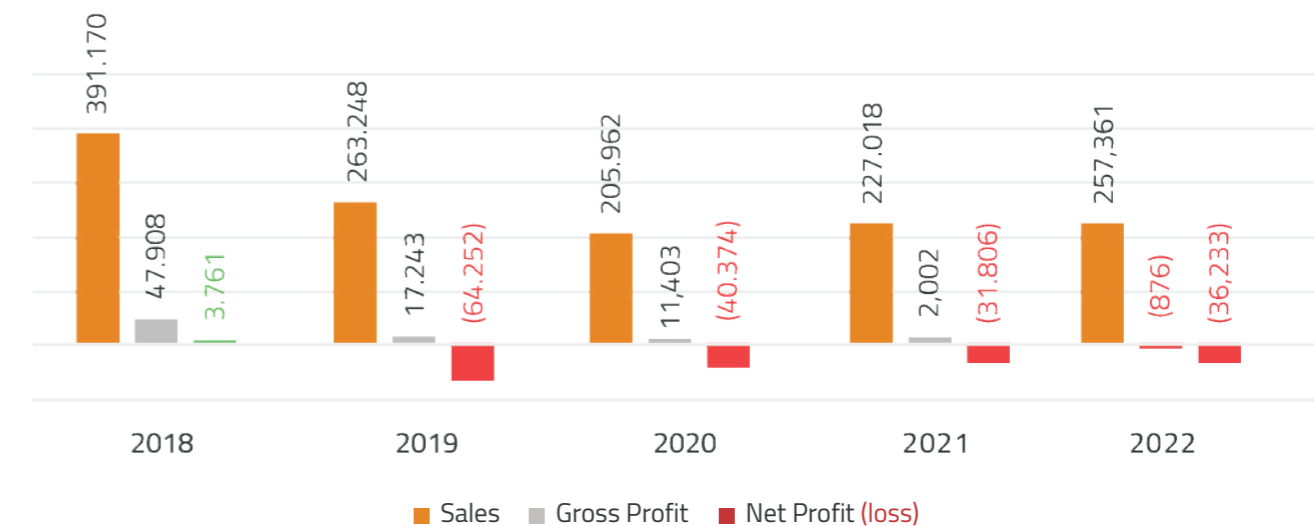
Description	2022G	2021G	2020G	2019G	2018G
Fixed Assets	156,252	167,357	180,169	186,338	196,927
Other long-term Assets	18,743	8,010	10,642	13,274	46,380
Current Assets	270,658	327,293	223,745	252,744	340,126
<b>Total Assets</b>	<b>445,653</b>	<b>502,660</b>	<b>414,556</b>	<b>452,356</b>	<b>583,433</b>
Paid up Capital	354,000	354,000	281,121	281,121	281,121
Reserves	27,173	27,173	27,173	27,173	27,173
Accumulated (loss) Profit	(65,608)	(29,375)	(40,157)	217	64,472
<b>Shareholders' Equity</b>	<b>315,565</b>	<b>351,798</b>	<b>268,137</b>	<b>308,511</b>	<b>372,766</b>
Long-term loans	11,619	16,815	47,167	53,324	62,354
Other Liabilities	34,107	37,079	31,573	30,900	25,298
Current Liabilities	84,632	96,968	67,679	59,621	123,015
<b>Total liabilities</b>	<b>130,088</b>	<b>150,862</b>	<b>146,419</b>	<b>143,845</b>	<b>210,667</b>
<b>Total Liabilities &amp; Shareholders' Equity</b>	<b>445,635</b>	<b>502,660</b>	<b>414,556</b>	<b>452,356</b>	<b>583,433</b>

A chart of total assets, shareholders' equity and liabilities: (value in SAR '000)



## B) Income Statement Items

Description	2022G	2021G	2020G	2019G	2018G
Sales	257,361	227,018	205,962	263,248	391,170
Cost of Sales	(258,507)	(213,786)	(203,960)	246,005	343,262
Gross Profit	(876)	13,232	2,002	17,243	47,908
Administrative and marketing Expenses	35,222	31,078	31,565	33,049	34,762
Other Income (Expenses) - Net	5,172	(9,637)	(5,132)	(2,874)	(3,569)
Impairment of Goodwill	---	---	---	40,085	---
Zakat	5,307	4,323	5,679	5,491	5,816
<b>Net profit (loss)</b>	<b>(36,233)</b>	<b>(31,806)</b>	<b>(40,374)</b>	<b>(64,256)</b>	<b>3,761</b>



# Geographical analysis for the total revenues of the company

# 04

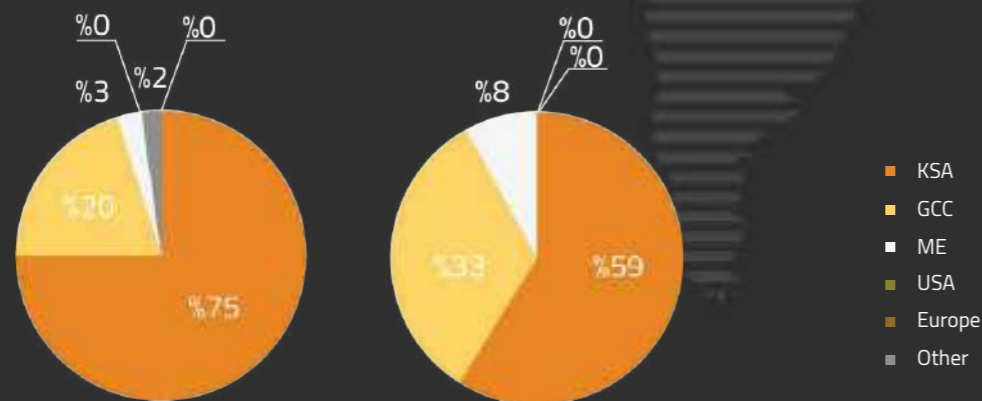
# Geographical analysis for the total revenues of the company

The company realized its revenues through marketing its products in the local and export markets.

The following table shows the geographical distribution of the company's sales during 2021 and 2022G:



## Sales Percentage by Geographical Analysis:



Total	(Value in SAR '000)
227,018	2021
257,631	2022

# Operating Results

# 05



## 5- Operating Results:

The company's sales during 2022G amounted to 258 increasing by 13% compared to the last year. The following table shows the major items that caused variances in the results of 2022G compared to the results of 2021G:

(Value in SAR '000)

Description	Year 2022	Year 2021	Variances + / (-)	Variance % + / (-)
Sales	257,631	227,018	3,613	13%
Cost of sales	258,507	213,786	44,721	21%
Gross profit	(876)	13,232	(14,108)	NA
Operation expenses	35,222	31,078	4,144	13%
Other revenues	2,528	1,206	1,322	110%
Other expenses	(1,920)	4,950	(6,870)	NA
(loss) profit from operations	(31,650)	(21,590)	(10,060)	46%
Financial charges	2,041	3,217	(1,176)	(37%)
Zakat	5,306	4,323	983	23%
Net loss Income After Zakat	38,997	29,130	9,867	34%
Profits (losses) of Actuarial Valuation	2,764	(2,676)	5,440	NA
Comprehensive (loss) Income	(36,233)	(31,806)	(4,427)	14%

## Major Reasons of changes and variances:

1. The increase in the company's sales by about 13% over the previous year a result of improvement in the sales of castings, trailer axles and spare parts. The demand for these products in the local and exports market improved compared to the previous year. In contrast, sales of prestressed stranded wire in export markets decreased.
2. The increase in the cost of production inputs, especially iron wire rolls, the increase in general expenses, the recording of settlement differences of electricity bills for previous years, as well as the increase in other revenues, and the reversal of the provision for doubtful debts due to collecting debts for which a provision was formed in previous years.
3. The decrease in the financial expenses for repaying some long-term loans from the resources of the capital increase, according to the approval of the general assembly, and the increase in Zakat as a result of the increase in the Zakat base, as well as recording the Profits of actuarial evaluation.



# 06

**Accounting  
Standards**

# 07

**Subsidiaries**

# 08

**The Company's  
Dividends  
Distribution**

# 09

**Dividends Distributing to  
shareholders and  
Remuneration payments  
to members of the Board  
of Directors**

## 6- Accounting Standards:

The condensed interim financial statements and the financial statements for the year ended 31/12/2022G were prepared in accordance to the international accounting standards adopted by the Saudi Organization for Certified Public Accountants (SOCPA).

## 7- Subsidiaries:

The company has a subsidiary in the Kingdom of Bahrain with Commercial Registration No. 149926 issued in Bahrain under the name of PC Strand Bahrain W.L.L. The issued share capital of the company is 20,000 Bahraini Dinars (200,000 Saudi Riyals) and was paid off in the fourth quarter of 2022. The activities of this company will be in manufacturing/trading stranded wire products for pre-tensioned concrete. As of December 31, 2022, the Company has not started its operations yet and has no assets and liabilities other than share capital and bank balance. The company will establish a factory specialized in the field of twisted wires, at an estimated cost of 28.5 million Saudi riyals.

## 8- The Company's Dividends Distribution:

Distribution of the dividends depends on several factors, the most important of which are realizing net profits or availability of sufficient retained earnings and cash flows, prospects, views of the board of directors based on analysis of investment opportunities and cash need for expansion projects and main operations of the company. The dividends distribution depends on the recommendation of the board of directors and approval of the general assembly. Upon approval, the payment will be scheduled as decided by the board of directors according to the instructions and regulations of the competent authorities.

As per article (45) of the company's articles of association, the company may set aside (10%) of the net profit as statutory reserve, and the general assembly may stop this provisioning when this reserve equals (30%) of the company's capital, and this reserve shall not be available for distribution. The company may set aside (10%) of the net profit based on a recommendation from the board of directors to form consensual reserve to be provided for specific purpose(s). The articles of association stipulates distribution of the remaining dividends after setting aside the reserves as follows:

- 1- First payment to the shareholders equals to (5%) of the paid-up capital.
- 2- After the above, (5%) of the balance shall be distributed as remunerations to the board of directors, at a maximum of 500 thousand for each member, and the balance to be distributed to the shareholders as additional share of profits.
- 3- The board of directors determines, based on a recommendation of the Nomination & Remunerations Committee, the remunerations of the members of the board of directors, executive management and the employees as per the regulatory policies of the company that approved by the board of directors and the general assembly. There was no deviation from these approved policies.

## 9-Dividends Distributing to shareholders and Remuneration payments to members of the Board of Directors:

1- The Board did not recommend to the General Assembly the distribution of profits to the company's shareholders for the fiscal year ending on 31/12/2022G, in order to complete the expansion works to add a new production line that produces single wire for treatment of concrete, to improve some of the existing production lines, and to start establishing projects announced and included in the company's plans.

2- Based on the recommendation of the Nominations and Remuneration Committee in its meeting No. 25 held on 29/12/2022G, to pay a financial remuneration to the members of the board of directors at SAR 200,000 for each member for the fiscal year 2022G in exchange for their management of the company, and to pay a financial remuneration to the members of the Audit Committee at SAR 50 thousand for each member for the fiscal year 2022G, the Board approved the recommendation in its meeting No. 164, held on 29/12/2022G, and issued its Resolution approving the recommendation and submitting it to the General Assembly for a vote on it.

The granted remuneration applicable by the company does not conflict with the company's articles of association.



# 10

**Equity activities  
and Debt  
Instruments**

# 11

**Loans**



## 10- Equity activities and Debt Instruments:

As per the disclosure requirements, the following table shows the shares owned by the members of the board of directors, their spouses, their minor children and the shares owned by the company or the entity which they represent in board of directors as of 31/12/2022G:

S/N	Board Members	Representing	No. of Owned Shares								
			Beginning of the year			End of the year			Percentage of change (%)		
			Board Members	The company represented by the member	Spouses & Minor children of the member	Board Members	The company represented by the member	Spouses & Minor children of the member	Board Members	The company represented by the member	Spouses & Minor children of the member
1	Mutlaq Hamad Almorashid	Tasnee Co.	-	12,367,124	-	-	12,367,124	-	-	-	-
2	Omer Khaled. Albilali	Int. & Natio. Of Ind. dev. Company	-	1,430	-	-	1,430	-	-	-	-
3	Asim Abdul Wahab Al Eissa	Himself	100	-	-	83	-	-	-	-	-
4	Talal A.Karim Al Nafie	National Ind. for Ind. Investment Co	-	1,718	-	-	1,430	-	-	-	-
5	Rayan Wadah Trapzoni	Himself	100	-	-	83	-	-	-	-	-
6	Shakir Nafel Alotaibi	Himself	-	-	-	-	-	-	-	-	-

## 11- Loans

The company has loans from commercial banks as per the Islamic credit facilities agreements subject to mark-up at SAIBOR rate plus profit margin. These facilities are secured by promissory notes. The following table shows the sources and movement of the loans during 2022G. For more details you may refer to note number (16 & 19) of the financial statements:

Source	Classification	loan Principal amount	Loan period	Balance on 01/01/2022G	Additions during 2022G	Repayments during 2022G	Balance as on 31/12/2022G
Saudi Industrial Development Fund (SIDF)	Long- term loans	26,500	7 years	21,850	-	4,400	17,450
Saudi British bank (SABB)	Long- term loan	50,000	5 Years	18,000	-	18,000	-
	Short- term loan	22,054	6-7 Months	-	22,054	22,054	-
Saudi National bank (SNB)	Long- term loans	13,000	3-6 Months	-	13,000	-	13,000
Aljazira Bank	Short- term loans	7,000	4 Years	-	7,000	7,000	-
<b>Total</b>		<b>118,554</b>		<b>69,950</b>	<b>42,054</b>	<b>51,454</b>	<b>51,454</b>

The following table shows the aggregate maturity amount of the loans as on 31/12/2022G:

Description	Year 2022G	Year 2021G
Less than 1 year	18,800	22,400
1 year to 2 years	7,100	5,800
2 year to 5 years	4,550	11,650

# Board of Directors & its committees, and Senior Executives

# 12

## 12-Board of Directors & its committees, and Senior Executives:

The board of directors is composed of (6) members as per the articles of association, the Audit Committee is formed of (3) members as per approval of the 15th Extraordinary General Assembly meeting held on 11/06/2020G, and the Nomination and Remuneration Committee is formed of (3) members according to the resolution of the board of directors number 2/m/156/2020 issued in its meeting number 156 on 01/07/2020G, while the total number of senior executives are (5) employees. Following are the details of the members:

### Board of directors

Eng. Mutlaq Hamad Almorashid Chairman of Board	Eng. Shakir Nafil Alotaibi Deputy Chairman of Board	Mr. Asim Abdul Wahab Al Eisa Board Member
Mr. Talal Abdul Karim Al Nafie Board Member	Eng. Rayaan Wadah Trapzoni Board Member	Eng. Omer Khalid Al Balali Board Member

### Audit Committee Members

Mr. Talal Abdul Karim Al Nafie Chairman of Committee	Eng. Rayaan Wadah Trapzoni Member	Mr. Abdulaziz Alardi Member
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### Nomination & Remuneration Committee Members

Eng. Rayaan Wadah Trapzoni Chairman of Committee	Eng. Omer Khalid Al Balali Member	Mr. Asim Abdul Wahab Al Eisa Member
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### Senior Executives

Eng. Shakir Nafil Alotaibi CEO	Mr. Fathulrahman Abdullah Othman Finance Manager	Eng. Faisal Dakeel Al Dakheel GM of Masabik Plant
Eng. Musa Mohammed Al-Harbi GM – Mahawer Plant	Abdullah Mohammed Suleman Assistant GM Aslak Plant	

## A- Members of the Board of directors



### Qualifications

- 1- MBA Business Admin.
- 2- B.Sc. Engineering

### Previous Positions/ Experience

- (1982G-2015G) affiliate company of SABIC as CEO
- Metal Group Head, SADAF & SABIC VP Finance.

### Membership in the Boards of other companies

- Board Member (National Industrialization Company - a listed joint stock) inside Saudi Arabia
- Board Member (City Arabia Group - Closed Joint Stock Company) in Saudi Arabia
- Board Member (Alba Company - not listed) outside Saudi Arabia
- Board Member (Tronex Company - not listed) representative of Tasnee - outside Saudi Arabia
- Board Member (Abdullah Muhammad Saedan & Sons Real Estate Company - not listed) inside Saudi Arabia



### Qualifications

B.Sc. ,Architectural Engineering

### Previous Positions/ Experience

- (2004G-2014G) Deputy GM of Maadaniyah
- (2002G-2004G) Engineer Shiban Contracting.
- (2000G-2002G) Engineer ,Gulf Salt Co.
- (1996G-2000G) AIUPCO
- (1994G-1996G) SEC
- (1993G-1994G) Engineer at SIDF

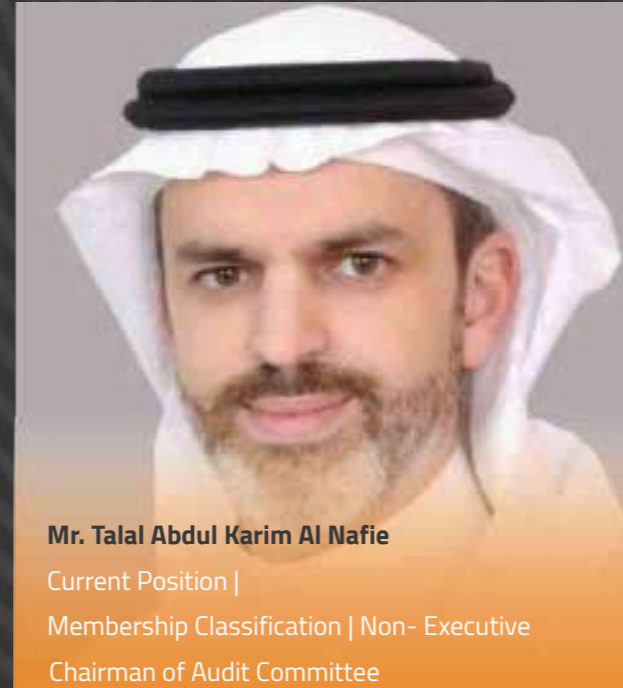
### Membership in the Boards of other companies

None



**Mr. Asim Abdul Wahab Al Eisa**

Current Position | Licensed Lawyer & Arbitrator  
Membership Classification | Independent  
N&R Committee Member



**Mr. Talal Abdul Karim Al Nafie**

Current Position |  
Membership Classification | Non- Executive  
Chairman of Audit Committee

#### Qualifications

B.Sc. Regulations (Law)

#### Previous Positions/ Experience

- (2006G-2012G) Legal Department Manger- Tasnee Co, & Saudi SKAB
- (2000G-2006G) Bureau of Experts at the council of ministers
- (1991-2002G) legal Advisor – banks Disputes Committee at SAMA.

#### Membership in the Boards of other companies

None

#### Qualifications

- 1- MBA B.A.
- 2- B.Sc. Accounting

#### Previous Positions/ Experience

- (2009G-2022G) Cash Manager - Treasury Manager (National Industrialization Company)
- (2007G-2009G), Auditor at pwc.

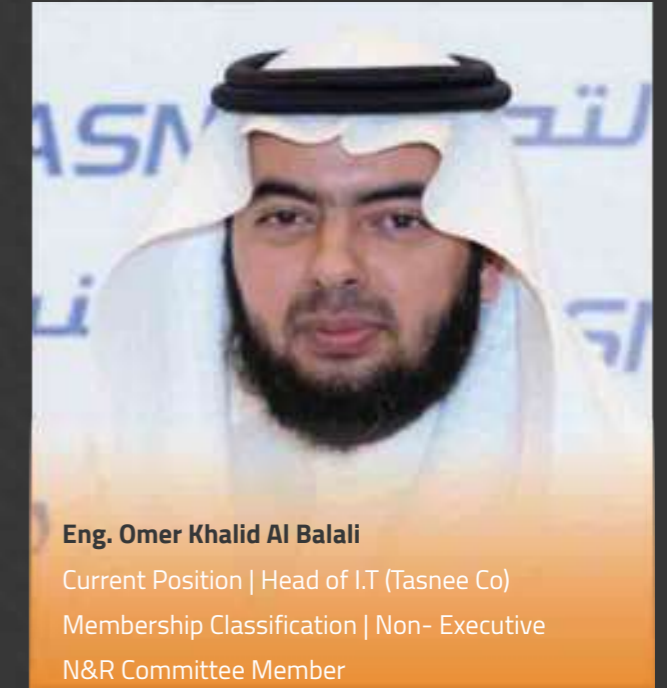
#### Membership in the Boards of other companies

- Member of the Audit Committee (non-executive) NAPCO National Company - Representative of a legal person (inside Saudi Arabia)
- Member of the Audit Committee (independent) First Flour Mills Company - in his personal capacity



**Eng. Rayaan Wadah Trapzoni**

Current Position | CEO, Supply Chain - Panda  
Membership Classification | Independent  
Chairman of the N & R Committee | Audit Committee Member



**Eng. Omer Khalid Al Balali**

Current Position | Head of I.T (Tasnee Co)  
Membership Classification | Non- Executive  
N&R Committee Member

#### Qualifications

- 1- B.Sc. Elect. Engineering
- 2- Management Excellence
- 3- Diploma, Harvard Business

#### Previous Positions/ Experience

- (2021-2022) CEO - Jeddah Airports Company
- (2017G-2021G) Chief Executive Officer of Air Navigation
- (2014G-2017G) – GM, Business Development – Plastic Sector at - Tasnee Co, Operations manager Procter & Gamble, Regional Manager, Logistics & supply Chain
- (1997G-2001G) Electrical & loss prevention Engineer - Aramco

#### Membership in the Boards of other companies

None

#### Qualifications

B.Sc. MIS

#### Previous Positions/ Experience

- (2015G-2019G) G.M., Business consultations Solutions, Tasnee Co.
- (2012G-2015G) Director of Planning and Control at the National Industrialization Company

#### Membership in the Boards of other companies

None



**Mr. Abdulaziz Saif Al-Ardhi**

Current Position | Advanced Petrochemical Company - Director of Accounting and Finance

Membership Classification |

Audit Committee Member

**Qualifications**

Bachelor's of Accounting

**Previous Positions/ Experience**

- (2015-2020) Director of Budget and Financial Information at the National Industrialization Company
- (2010-2013) Financial Analyst at Ibn Zahr Company (a SABIC company)

**Membership in the Boards of other companies**

None

The total meetings of the Board of directors during 2022G were (3) as shown in the following table:

S. N	Member	1st Meeting	2nd Meeting	3rd Meeting	Total
		29/03/2022G	18/10/2022G	29/10/2022G	
1	Eng. Mutlaq Hamad Almoraisid	✓	✓	✓	3
2	Eng. Shakir Nafel Alotaibi	✓	✓	✓	3
3	Eng. Rayaan Wadah Trapzoni	✓	✓	✓	3
4	Mr. Talal Abdul Karim Al Nafie	✓	✓	✓	3
5	Mr. Asim Abdul Wahab Al Eisa	✓	✓	✓	3
6	Eng. Omer Khalid Al Balali	✓	✓	✓	3

## B- Audit Committee

The audit committee is composed as per the resolution of the General Assembly meeting held on 11/06/2020G. The members are as follow:



**Mr. Talal Abdul Karim Al Nafie**

Members his nature | Chairman



**Eng. Rayaan Wadah Trapzoni**

Members his nature | Member



**Mr. Abdulaziz Saif Alardi**

Members his nature | Member

The Audit Committee performs its tasks according to the scope of the work stated in the company's corporate governance and according with the Corporate Governance Regulations of companies in the Kingdom issued by CMA.

The main functions of the Audit Committee is to ensure satisfactory and efficiency of procedures & internal control systems, and to ensure correctness & accuracy of the financial statements and recommending the appointment of the external auditors as per the specific procedures, and to study the reports, observation and recommendations provided by the external auditor and the internal audit department.

The total meetings of Audit Committee during 2022G were (4) meetings as follows:

S/N	Member	1st Meeting 29/03/2022G	2nd Meeting 23/05/2022G	3rd Meeting 17/08/2022G	4th Meeting 07/11/2022G	Total No. of meetings
1	Mr. Talal Abdul Karim Al Nafie	✓	✓	Did not attend	✓	3
2	Eng. Rayaan Wadah Trapzoni	✓	✓	✓	✓	4
3	Mr. Abdulaziz Saif Alardi	✓	✓	✓	✓	4

## Results of Annual Audit Report on the Effectiveness of the Internal Control Procedures:

Since 2020G, a contract has been signed with Baker Tilly & Company (Independent licensed Auditors) to perform the activities of the internal audit in the company, to ensure efficiency of the internal control procedures in safeguarding the assets and properties of the company and risk assessment and effective performance measurement. In addition, the role of the external auditors in evaluating the control system through auditing the ending financial accounts. No material weakness in the internal controls and procedures was reported in the audit process findings in the year 2020G, and the audit committee was satisfied with the efficiency and effectiveness of the internal control system procedures in the company.

- The audit committee has no recommendation that contradict with the any resolutions of the board of directors during 2020G.

The committee reviewed the interim and annual financial results of the company for 2022 and provided the recommendations to the board of directors for approval.

## C- Nominations and Remuneration Committee

The members of the Nominations and Remunerations Committee were formed pursuant to Board of Directors Resolution No. 2/M/156/2020 issued in its meeting No. 156 on 07/01/2020G, they are as follows:



**Eng. Rayaan Wadah Trapzoni**

Members his nature | Chairman



**Eng. Omer Khalid Al Balali**

Members his nature | Member



**Mr. Asim Abdul Wahab Al Eisa**

Members his nature | Member

#### The main responsibility and missions of the nominations and remunerations committee include:

- 1- Providing recommendation to the board of directors for board membership nomination as per approved policies and standards.
- 2- Reviewing the required skills of the board membership.
- 3- Reviewing the structure of the board of directors and recommending the required possible changes, if needed.
- 4- Identifying strengths and weaknesses of the board of directors and suggesting the required remedies pursuant to the interest of the company.
- 5- Assuring annually of the independency of the independent members and ensuring lack of conflict of interest.
- 6- Developing clear polices for the compensations and remuneration for the members of the board of directors and senior executives.

The committee held (1) meeting as per the following table:

S/N	Name	1st Meeting 29/12/2022G	Total No. of meetings
1	Eng. Rayaan Wadah Trapzoni	✓	1
2	Eng. Omer Khalid Al Balali	✓	1
3	Mr. Asim Abdul Wahab Al Eisa	✓	1

## D- Senior Executives



**Shakir Nefel Alotaibi**

Current Position | CEO

#### Qualifications

B.Sc., Engineering

#### Previous Positions/ Experience

- (2004-2014G) Deputy General Manager in a company.
- (2002-2004G) worked as an engineer at Shaiban Contracting Company.
- (2000-2002G) worked as an engineer in the Gulf Company for Salt Industry.
- (1996-2000G) worked as an engineer at Alpco Aluminum Company.
- (1994-1996G) worked as an engineer at Scico Company.
- (1993-1994G) worked as an engineer at the Saudi Industrial Development Fund



**Fatherrahman Abdullah Othman**

Current Position | Finance Manager

#### Qualifications

B.Sc. Economics & Admin.  
Science, Major: accounting

#### Previous Positions/ Experience

Experience of more than 25 years, where he worked as an accountant in banks outside Saudi Arabia, as an auditor in audit offices, and as an account manager in a metal company.



**Faisal Dakheel Al Dakheel**

Current Position | GM of Msabik Plant

#### Qualifications

B.Sc. Engineering

#### Previous Positions/ Experience

Worked for more than 10 years, Consultant - Local Sales Department - Aramco, Regional Sales Manager Nalco Company. Technical Customer Service Engineer and was promoted to Head of the Scheduling and Production Planning Department at SABIC



**Musa Mohammed Al-Harbi**

Current Position | GM – Mahawer Plant and Spare parts

#### Qualifications

B.Sc. Engineering

#### Previous Positions/ Experience

- (2015-2021G) Production Engineer - Axles and Spare Parts Factory
- (2006-2009G) Operation Technician - Sadaf Company (a SABIC company)



**Abdullah Mohammed Suleiman**

Current Position | Assistant General Manager, Aslak Plant

#### Qualifications

Diplomas in English  
Lan-guage and  
Accounting, USA

#### Previous Positions/ Experience

- (1997G - 2021G) Sales Manager - Viaslak Factory, Maadaniyah Company Branch
- (1993-1997) Sales Executive - Saudi Xerox
- (1991G - 1993G) Director - Multipurpose Coopera-tive Society
- (1986G - 1990G) Production Supervisor - several printing companies in America
- (1980G - 1984G) Payroll Officer - Sabic Steel Com-pany
- (1979G - 1980G) Firefighting Technician - Saudi Aramco Company

## Actions taken by the board of directors to inform the members about the suggestions and observations of the shareholders:

- The Board of directors during its periodical meetings takes number of actions and procedures to inform its members with the suggestions and observations of the shareholders. The suggestions and observations received in the general assembly meeting in addition to the suggestions received by the officer in charge of the shareholders to be presented to the Board by the executive management.
- The company did not take assistance from any specialized external entity to evaluate and assess the performance of the board of directors and its committees. As part of the role of the nominations and remuneration committee is the assessment of performance of the board of directors by examining its structure, providing recommendations related to any amendment, specifying the weakness and strength in the board of directors and making the required remedies pursuant to the best interest of the company.





# Financial Payments and Remunerations for the Board of Directors, Committees and Senior Executives

# 13

The total remunerations and compensation paid during 2022G for the members of the board of directors and the committees of the board and senior executives including the chief executive officer and the finance manager were as follow:

**- Remunerations of the members of the board of directors:**

	Fixed remunerations						Indemnity pay	Expenses allowed	Grand total
	Specific amount	Board Meeting allowance	Committees Meeting allowance	Received by board members as employees, admin. or for technical, admin or consultation service	Remuneration for chairman, Managing Director, and board secretary, if he is a member	Total			
<b>Independent members</b> (Amounts in SAR '000)									
Eng. Rayaan W. Trapzoni	-	9	15	-	150	174	-	6	180
Mr. Asim A.Wahab Alesa	-	9	3	-	200	212	-	2	214
<b>Total</b>	-	18	18	-	350	381	-	8	394
<b>Non-Executive Members</b>									
Eng. Mutlaq H. Almraishid	-	9	-	-	200	209	-	2	211
M. Tala A, Al-Nafie	-	9	12	-	200	221	-	2	223
Eng. Omer K. Albilali	-	9	3	-	200	212	-	2	214
<b>Total</b>	-	27	15	-	600	642	-	6	648
<b>Executive Member</b>									
Eng. Shakir N. Alotaibi	-	9	-	-	200	209	-	2	211

**- Remunerations of Senior Executives:**

	Fixed remunerations				Variable remunerations						Indemnity	Total executives remunerations (if any)	Grand total
	Salaries	Allowances	Benefits in kind	Total	Periodic remuneration	profits	Short term incentive plans	Long term incentive plans	Granted Shares	Total			
CEO	1,260	482	-	1,742	-	-	-	-	-	-	131	211	2,084
Finance manger	501	234	-	735	-	-	-	-	-	-	56	-	791
GM, Masabik	490	358	-	848	-	-	-	-	-	-	55	-	903
GM, Axles Factory	276	203	-	479	-	-	-	-	-	-	31	-	510
Manager, Aslak	582	299	-	881	-	-	-	-	-	-	65	-	946
<b>Total</b>	3,109	1,576	-	4,685	-	-	-	-	-	-	338	211	5,234

\* End of service benefit (Indemnity) charged to the expenses of 2022G.



**- Remunerations of the committees' members**

(Amounts in SAR '000)

## Audit Committee Members

	Fixed remunerations	Committee meeting allowance & other expenses	Total
1-Mr. Talal A.Karim Al Nafie	38	12	50
2- Eng. Rayaan W. Trapzoni	50	12	62
3- Mr. Abdualziz S. Al-Masood	50	12	62



## Nominations and Remunerations Committee Members

	Fixed remunerations	Committee meeting allowance & other expenses	Total
1- Rayaan Wadah Trapzoni	-	3	3
2- Asim Abdul Wahab Al Eisa	-	3	3
3- Omer Khalid Al Balali	-	3	3



# 14

**Contracts include benefits to the members of the board of directors and senior executives and their families and violations to the corporate governance**

# 15

**Statutory Payment**

# 16

**Transactions with Related Parties**

# 17

**General Assembly Meeting**

## 14- Contracts include benefits to the members of the board of directors and senior executives and their families and violations to the corporate governance:

- With reference to the of Registration and Listing Rules and the Corporate Governance Regulations, the board of directors would like to explain the following:
- The contracts and agreements of the company did not include any benefit to the members of the board of directors, general manager, finance manager or any person has relation with them.
- There is no penalty or warning imposed by any supervisory, regulatory entity or juridical authority during 2022G.

## 15- Statutory Payment

### Zakat:

The Company is subject to the regulation of the General Authority for Zakat, Tax and Customs in the kingdom of Saudi Arabia. Zakat is recorded based on accrual basis. During 2022G, the company submitted the Zakat return for the year ended 31 December 2021 and paid the accrued Zakat and received the Zakat certificate for the year 2021G. Zakat was paid according to the Tax return and the obtained a Zakat certificate for the fiscal year 2021G.

During 2021, the initial return was received from the Authority for the years 2019 and 2020G. They were reviewed and the Authority was addressed to exclude the short-term loans and payment notes from the Zakat base, as well as the company's investments in the auto industry project and other items. After the study, the Authority issued the initial assessment for the years referred to, with a Zakat difference of SAR 565 thousand. An amount of SAR 64 thousand was paid, representing Zakat on the items that were not disputed in the initial assessment of the Authority for the two referenced years. An objection was submitted for the amount of SAR 501 thousand, supported by documents and a report on spare parts from the audit office.

During the year 2022G, the Authority stated that the objection submitted by the company was not accepted, despite the submission of all documents supporting that objection. The first initial assessments for the years 2019G and 2020G are considered final Zakat assessments for the referenced years.

### Social Insurance :

The company is subjected to the regulations of GOSI. Payment of GOSI is made on accrual basis, and the subscriptions fees paid monthly on accrual basis of the previous month.

### Customs Duties:

The exemption from customs duties on the main raw materials of the company's products (rolls of iron wire) has been renewed for a period of 5 years, starting from the year 2021G.

The following table shows the payments made to the government departments authorities during 2022G, and the outstanding due balances as of 31/12/2022G:

(Amount in SAR '000)

Details	2022G	
	Paid	Not paid due at the end of the year
General Authority for Zakat, Tax and Customs	30,792	7,653
General Organization for social insurance	4,108	323
Fees for work permits and Iqama renewals	485	-
Total	35,385	7,976

### Value Added Tax (VAT):

As per the Law and Implementing Regulations of the General Authority for Zakat, Tax and Customs, the company was registered in the VAT system with under registration number 300461302600003. During 2022G, the kingdom of Saudi Arabia amended the VAT percentage to 15% for the contracts concluded from 01/07/2022G. The company complies with this regulation. Hence, a VAT declaration is raised monthly, and the company paid the due taxes up to November as per the declarations submitted by the company. The following table shows VAT for the year 2022G:

Items	Amount (SAR '000)
Declaration of December 2021	1,708
VAT on sales	29,118
VAT on purchases	5,894
VAT (Paid)	22,579
Declaration of December 2022	2,353

Regarding the status of value-added tax, during the year 2022G, the company did not receive any notes on the declarations that were filed in the general system of Zakat, Income and Customs.

## 16- Transactions with Related Parties

The company follows consistent & transparent policy in its transactions without any preference to related parties. During the year 2022G, the company did not have any transactions with related parties.

## 17- General Assembly Meeting

During 2021G, the company held during (1) ordinary assembly meeting on 21/10/1443H corresponding 22/05/2022, chaired by the chairman of the Board of directors Engr. Mutlaq H. Almorashid, the following board members attended this meeting:

- 1- Mr. Talal A.Karim Al Nafie
- 2- Engr. Shakir N. Alotaibi
- 3- Eng. Rayaah wadah Tarabzoni
- 4- Mr. Asim A. Al Easa
- 5- Eng. Omar K. Al-Bilali



## 18- No. of requests to Shareholders Register:

The shareholders register requested 6 times during 2022G as follows:

- 1- (1) request on 03/01/2022G for company procedures.
- 2- (1) request on 17/01/2022G for company procedures.
- 3- (1) request on 18/05/2022G for company procedures.
- 4- (2) requests on 06/11/2022G for General Assembly procedures & the company procedures.
- 5- (1) request on 18/11/2022G for company procedures.

## 19- Application of Corporate Governance Regulations

The company applies all mandatory articles of the Corporate Governance Regulations issued by board of the Capital Market Authority, pursuant to the resolution number (2017-16-8), dated 16/05/1438 H, corresponding 13/02/2017 based on the Companies' Law promulgated by Royal Decree number m/3 dated 28/01/1437H, and in compliance with the company's articles of association except some guiding clauses as shown in the following table:

Clause No.	Clause	Reasons for the non-application
38	Conditions of the Secretary of Board of directors	The clause is for guidance. the secretary of the board has a BS degree in engineering, and has administrative and leadership experience.
39	Training	The clause is for guidance. Some members of the Board of directors attended workshops with the capital market authority.
41	Assessment	The clause is for guidance. Part of the responsibilities of the Nomination and Remuneration Committee is to identify the strengths and weaknesses and provide suggestions for remedies.
70, 71,72	Formation, competences and meetings of the Risk Committee	The clause is for guidance. The board did not form a Risk Committee, as the audit committee performs most of these duties, and there are policies & procedures applicable in the company and accordingly avoid or minimize the risks.
95	Formation of the Corporate Governance Committee	The clause is for guidance. Corporate requirements are carried by the CEO office & Finance Dept.

## 20- Social Contributions:

The company believes in the importance of social responsibilities and the initiative of social activities. As a result of the company's decreasing profits during the past 4 years and the squeeze of cash flows, the company was not able to participate in the external social contributions during the year 2022G.

## 21- Declarations of the Board of directors:

According to the information brought to our attention, and according to external auditor's report which is free from any reservations, and the current market data and the future expectations, we declare the following:-

1. The accounts records have been prepared properly.
2. The internal control system has been properly maintained and effectively implemented.
3. There is no doubt about the ability of the company to continue its activities.

## In Conclusion,

The board of directors extends its sincere thanks and appreciation to the Custodian of the Two Holy Mosques, King Salman bin Abdulaziz Al Saud, and to his Crown Prince, Prime Minister, Minister of Defense, and Chairman of the Supreme Economic Council, His Royal Highness Prince Muhammad Mohammed bin Salman bin Abdulaziz Al Saud, as well as to the Ministry of Health government authorities for their great efforts for the safety of citizens and residents from the Corona pandemic. Our thanks is also extended to all other government sectors that contributed to preserving human safety first, and secondly preserving the Saudi economy and supporting, assisting and developing the national industry to achieve Vision 2030. The board also thanks the government agencies and some other sectors for their valuable initiatives that helped the private sector manage its cash flows and continue its activities in the circumstances of the emerging Corona pandemic. The Board is also pleased to record its deep thanks to the company's shareholders for their support and the company's customers for their confidence in the company and its products, as well as to the company's employees for their sincere efforts to develop and improve performance and achieve the company's goals.

**Wish you all success from Allah,**

**Board of Directors of the National Company for Manufacturing and Casting Metals (Maadaniyah)**

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