

## Limited Assurance Report

**To: the shareholders Aldrees petroleum and transport services company**

**(A Saudi Joint Stock Company)**

We have undertaken a limited assurance engagement in respect of anything has come to our attention that causes us to believe that what has been detailed in the subject paragraph below (the “subject”) has not been reported and fairly presented, in all material respects, in accordance with the applicable criteria (“Criteria”). Mentioned below.

### **Subject matter**

The subject matter relevant for the Limited Assurance engagement is related to the financial information described in the attached declaration (Appendix 1) submitted by the Chairman of the Board of Directors of Aldrees Petroleum and Transport Services Company (“the Company”) to the General Assembly for transaction and contracts with any members of the Board of Directors of the company that has a direct or indirect interest, in accordance with the requirements of Article (71) of the Companies Law.

### **Criteria:**

1. Article (71) of the Companies Law issued by the Ministry of Commerce and Investment (1437H - 2015).
2. Declaration submitted by the Chairman of the Board of Directors (Appendix 1).
3. The company's accounting records as on December 31, 2022.

### **Management responsibility:**

Management of the company is responsible for the preparation and fair presentation of the information contained in the above subject matter paragraph in accordance with the criteria, and is also responsible for choosing the methods of applying those criteria, and for such internal control as management determines is necessary to enable the preparation of information contained in the above subject paragraph to be free from material misstatement, whether due to fraud or error. Choosing and applying appropriate controls, maintaining adequate records and making reasonable estimates according to related circumstances and events.

### **Our responsibility**

Our responsibility is to express a limited assurance conclusion on the above subject matter paragraph, we have conducted this assignment in accordance with the International Standard for Assurance Engagements (3000) “Assurance engagements other than audits or reviews of historical financial information” as adopted in the Kingdom of Saudi Arabia, and the terms and conditions related to the limited assurance that has been agreed upon with the management of the company.

**Limited Assurance Report (continued)**

**TO: THE SHAREHOLDERS ALDREES PETROLEUM AND TRANSPORT SERVICES COMPANY**

**(A Saudi Joint Stock Company)**

**Our Independence and Quality Control**

We have complied with the independence requirements of the Code of Professional conduct and ethics, endorsed in the Kingdom of Saudi Arabia, and the ethical requirements that are relevant to our limited assurance engagement in the Kingdom of Saudi Arabia, which include independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies International Standard on Quality Control 1, as endorsed in the Kingdom of Saudi Arabia, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Summary of the implemented actions:**

The procedures performed in a limited assurance engagement vary in nature and timing, and are less in extent than for a reasonable assurance engagement. As a result the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

According to the engagement letter, our procedures that we implemented included - but were not limited to - the following:

- Obtaining the declaration submitted by the Chairman of the Board of Directors to the Ordinary General Assembly on all types of business and contracts executed by any of the members of the Board of Directors, directly or indirectly, with the company during the year ending on December 31, 2022, and matching them with the accounting records of the company.
- Reviewing the minutes of the board of directors' meetings regarding the works and contracts that the members of the board of directors implement.

**Limited Assurance Conclusion**

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that above Subject paragraph matter paragraph is not prepared, and presented fairly, in all material respects, in accordance with the relevant controls.

**Other Matters**

The attached Appendix (1) has been stamped by us for identification purposes only.



**AlAzem, AlSudairy, AlShaikh & Partners**

**For Professional Consulting**



**Abdullah M. AlAzem**

**License No, 335**

29 Jumada AlThani 1444H (22 January 2023)

Riyadh, Kingdom of Saudi Arabia



Report Chairman of the Board of Directors  
**Related parties report**  
For the year ended 31 December 2022

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## Related parties report

For the year ended 31 December 2022

Gentlemen / shareholders of Aldrees Petroleum and Transport Services (Aldrees), the respected ones

The board of directors of the company - Aldrees Petroleum and Transport Services Company (Aldrees) - is pleased to present to you the annual report for the year ending 31/12/2022.





Composition of the Board of Directors and the classification of its members :

Name	Position	Classification
Mr/ Hamad bin Muhammad Al-Drees	Chairman of Board of Directors	Non-executive
Engineer / Abdul Mohsen bin Muhammad Al-Drees	Deputy Chairman of the Board	Non-executive
Mr/ Eid bin Faleh Al-Shamri	Member of the Board of Directors	Non-executive
Engineer / Abdul Ilah bin Saad Al-Drees	Member of the Board of Directors and CEO	executive
Mr/ Adel bin Faris Al-Otaibi	Member of the Board of Directors	Independent
Mr/ Shahil bin Abdulaziz Al-Shuhail	Member of the Board of Directors	Independent
Mr. Salman bin Mohammed Al-	Member of the Board of	Independent

Suhaibani	Directors	
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Names of companies inside and outside the Kingdom of which a member of the company's board of directors is a member of its current and previous boards of directors or of its managers

Name of the member	Names of companies in which a member of the board of directors is a member of their current boards of directors or of their managers	Inside the Kingdom / Outside the Kingdom	Legal Entity (Listed Contribution / Unlisted Contribution / Limited Liability / 000)	Names of companies in which a member of the board of directors was a member of their previous boards of directors or of their managers	Inside the Kingdom / Outside the Kingdom	Legal Entity (Listed Contribution / Unlisted Contribution / Limited Liability / 000)
Mr / Hamad bin Muhammad Al-Drees	Hamad Mohammed Al Drees & Partners Company for Industry and Mining	Inside the Kingdom	Joint stock company Unregistered	Hamad Mohammed Al Drees & Partners Company for Industry and Mining	Inside the Kingdom	Joint stock company Unregistered
Engineer / Abdul Mohsen bin Muhammad Al-Drees	Aldrees Industry and Trade Company (ALITCO)	Inside the Kingdom	Joint stock company Unregistered	Aldrees Industry and Trade Company (ALITCO)	Inside the Kingdom	Joint stock company Unregistered
Mr / Eid bin Faleh Al-Shamri	Ithraa Capital Company	Inside the Kingdom	Joint stock company Unregistered	Ithraa Capital Company	Inside the Kingdom	Joint stock company Unregistered
Mr / Eid bin Faleh Al-Shamri	Al Hassan Ghazi Ibrahim Shaker Co.	Inside the Kingdom	Joint stock company	Al Hassan Ghazi Ibrahim Shaker Co.	Inside the Kingdom	Joint stock company
Mr / Eid bin Faleh Al-Shamri	Fawaz Abdulaziz Alhokair Co.	Inside the Kingdom	Joint stock company	Fawaz Abdulaziz Alhokair Co.	Inside the Kingdom	Joint stock company

Mr / Eid bin Faleh Al-Shamri	Almarai Co. Audit committee	Inside the Kingdom	Joint stock company	Almarai Co. Audit committee	Inside the Kingdom	Joint stock company
Mr / Eid bin Faleh Al-Shamri	Taiba Investments Co. Audit committee	Inside the Kingdom	Joint stock company	Taiba Investments Co. Audit committee	Inside the Kingdom	Joint stock company
Engineer / Abdul Ilah bin Saad Al-Drees	Arab Club Company	Inside the Kingdom	Joint stock company Unregistered	Arab Club Company	Inside the Kingdom	Joint stock company Unregistered
Mr. Salman bin Mohammed Al-Suhaibani	Saudi Industrial Export Co.	Inside the Kingdom	Joint stock company	Saudi Industrial Export Co.	Inside the Kingdom	Joint stock company
Mr. Salman bin Mohammed Al-Suhaibani	Morni Holding - Abu Dhabi	Outside Kingdom	Limited company	Morni Holding - Abu Dhabi	Outside Kingdom	Limited company
Mr. Salman bin Mohammed Al-Suhaibani	Global appreciation	Inside the Kingdom	Limited company	Global appreciation	Inside the Kingdom	Limited company
Mr. Salman bin Mohammed Al-Suhaibani	Saleh Al-Bazai Trading Company	Inside the Kingdom	Joint stock company Unregistered	Saleh Al-Bazai Trading Company	Inside the Kingdom	Joint stock company Unregistered





During the year, the Company transacted with following related parties. The transactions are made in normal course of business and terms of these transactions are approved by the Board of Directors

The following are the most important transactions that took place with the relevant authorities for the year ending on December 31:

### RELATED PARTIES TRANSACTIONS AND BALANCES

During the year, the Company transacted with following related parties. The transactions are made in normal course of business and terms of these transactions are approved by the Board of Directors.

<u>Name</u>	<u>Relationship</u>
Mr. Hamad Mohammad Aldrees	Shareholder
Mr. Abdul Mohsin Mohammad Aldrees	Shareholder
Aldrees Industrial and Trading Company	Affiliate
Seven Orbits Company for Trading	Affiliate
Aldrees Bertschi Logistic Services	Joint venture

The significant transactions are as follows:

<u>Nature of transaction</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
	SR	SR
Purchase of machinery, equipment and spare parts	8,410,386	4,829,642
Rental expenses (depreciation of the right to use the assets)	2,782,014	2,803,694
Non-interest bearing funding	2,193,242	2,229,230





The related party balances are as follows:

	<i>December 31, 2022</i>	<i>December 31, 2021</i>
	SR	SR
Due from a related party		
Aldrees Bertschi	2,193,242	2,229,230
Due to a related party:		
Aldrees Industrial and Trading Company	2,100,922	1,822,077



❖ Dealings with related parties during the year 2022 continued some contracts in which there is an interest for some members of the board of directors and some of these contracts were agreed upon years ago and are an extension of continuous relations and there is an interest for the members of the board of directors in the contracts of the company:

م	The name of the member / senior executive or any person related to any of them	name of the related party	Terms of the contract	Nature of the contract	Duration of the contract	Contract value is in million riyals
1	Engineer / Abdul-Mohsen bin Muhammad Al-Drees  -Mr. Hussein bin Abdulrahman Al-Athel	Aldrees Industry and Trade Company (ALITCO) tools and equipment sector.	There are no preferential conditions	Buying gasoline pumps, who is the agent of Dressroen pumps (American / Brazilian), noting that the prices are competitive during the year and there is no specific contract for a period of	annual	8,4



	Engineer / Abdul-Mohsen bin Muhammad Al-Drees Mr. Hussein - bin Abdulrahman Al-Athel	Trade (ALITCO)		region		
5	Engineer / Abdul Mohsen bin Muhammad Al-Drees, Deputy Chairman of the Board of Directors	Engineer Abdul Mohsen bin Muhammad Al Drees - Vice Chairman of the Board of Directors	There are no preferential conditions	Rent a site in Jizan for the conveyor sector as workshop, management and housing	Annual	0,200

Refer to the company's financial statements, note No. (27) on page (41&42), balances and transactions with related parties.

Note that these transactions with the relevant authorities were approved by the Board of Directors and a declaration of approval was obtained from the Eighth Ordinary General Assembly held on 02/28/2022 on these transactions, noting that there are no preferential conditions for these transactions.

The Board of Directors acknowledges that no such deal or contracts have not been .submitted

A statement will be taken from the General Assembly on related transactions according to .the approved conditions for the year 2023





## Subsidiaries:

On Shaaban 21, 1434H (corresponding to September 30, 2013), the company entered into a joint venture agreement with Birchi AG to establish a jointly managed facility with a capital of one million Saudi riyals, and it is equally owned by both companies at 50% – 50% in capital, investments and profits. The term of the agreement is (24) months and ends when the jointly managed facility is established and when the joint project agreement becomes an integral part of the future partner agreement. The new company will be managed by an independent team consisting of the two companies within the Kingdom of Saudi Arabia, and the company will work in the field of providing management services for supply, supply and storage operations for industrial and service chemical facilities, containers and management of cleaning stations for chemical tankers, noting that Bercy is a Swiss company working in the field of Logistics and transportation of chemicals by road, sea and rail tankers in Europe, China and Singapore.

During the period ending on December 31, 2015, each company paid its share of the capital in the amount of 500,000 Saudi riyals. The jointly managed facility was registered by Aldrees Birchy Logistics Services on Rajab 10, 1436 H corresponding to (April 29, 2015).

On the date of Rajab 10, 1436 H, corresponding to (April 29, 2015), the procedures for the establishment contract and the extraction of the commercial register No. 1010433172 for Aldrees Bercy Logistics Services Company with limited liability with a capital of (one million) riyals were carried out equally between the two companies.



The following is the movement in the investments account.

	Bertschi AG	
	2022	2021
	SR	SR
At the beginning of the period	14,216,933	10,305,404
Gain of joint venture	1,476,815	3,911,529
At 31 December	15,693,748	14,216,933



**Mr. Hamad bin Mohammed Al Drees**  
**Chairman of Board of Directors**

