



PKF

Ibrahim Ahmed Al-Bassam & Co.
Certified Public Accountants
(Member of PKF International)

The Shareholders of
Eastern Province Cement Company
(A Saudi Joint Stock Company)
Dammam, Kingdom of Saudi Arabia

REPORT ON THE DECLARATION SUBMITTED BY THE CHAIRMAN OF THE BOARD OF DIRECTORS

As an auditor of Eastern Province Cement Company (the “Company”), we have undertaken a limited assurance engagement in respect of the accompanying declaration of related party transactions and contracts for the year ended 31 December 2022 relating to Eastern Province Cement Company prepared by the Chairman of the Board of the Directors of the Company in accordance with the applicable criteria mentioned below so as to comply with the requirements of Article (71) of the regulations for companies (the “Declaration”).

Subject matter

The subject matter for our limited assurance engagement is the Declaration prepared by the management of the company and approved by the chairman of the Board of Directors as attached to this report and submitted to us.

Criteria

The applicable criteria are the requirement of Article (71) of Regulations for Companies issued by the Ministry of Commerce (2015-1437H) which states that the Company shall declare such interests for the approval of the General Assembly of the Company. The Board member must notify the Board of such interest and excuse himself in vote by the Board to approve such transactions or contracts. The Chairman of the Board will notify the General Assembly of transactions and contracts in which a member of the Board has a direct or indirect interest.

Management’s responsibility

Management of the Company is responsible for the preparation of the Declaration in accordance with the Criteria and ensuring its completeness. This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation of the Declaration that is free from material misstatement, whether due to fraud or error.

A member of the Board of directors must inform the board of his direct and indirect interest in the transactions and contracts that have been performed to the 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 and other professional requirements endorsed 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.

RIYADH
Tel. +966 11 206 5333 | P.O Box 69658
Fax +966 11 206 5444 | Riyadh 11557

JEDDAH
Tel. +966 12 652 5333 | P.O Box 15651
Fax +966 12 652 2894 | Jeddah 21454

AL KHOBAR
Tel. +966 13 893 3378 | P.O Box 4636
Fax +966 13 893 3349 | Al Khobar11557

**REPORT ON THE DECLARATION SUBMITTED BY THE CHAIRMAN OF THE BOARD OF DIRECTORS (Continued)****Our independence and quality control (Continued)**

Our firm applies International Standard on Quality Control, as endorsed in the Kingdom of Saudi Arabia, and accordingly maintains a comprehensive system of quality control that ensures professional conduct and ethics, including detailed independence that is founded on fundamental principles of integrity, objectivity, professional competence and due care, professional conduct and behavior, and the statutory and regulatory applicable requirements.

Our responsibilities

Our responsibility is to express a limited assurance conclusion on the Declaration based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), 'Assurance Engagements Other Than Audits or Reviews of Historical Financial Information', as endorsed in the Kingdom of Saudi Arabia. This standard requires that we plan and perform this engagement to obtain limited assurance about whether anything has come to our attention that causes us to believe that the Company has not complied with the applicable requirements of Article 71 of the Regulation for Companies in the preparation of the Declaration, for the year ended 31 December 2022.

The procedures selected depend on our judgment, including the assessment of risks such as failure of systems and controls, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the Company's compliance with the requirements of Article 71 of the Regulations for Companies in the preparation of the Declaration. Our procedures included examining, on a test basis, evidence supporting systems and controls in respect of the preparation of the Declaration in accordance with the requirements of Article 71 of the Regulations for Companies.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

Summary of work performed

We have planned and performed the following procedures to obtain limited assurance over the Company's compliance with the requirements of Article 71 of the Regulations for Companies in the preparation of the Declaration:

- Discussed with the Company's management the process for conducting business and entering into contracts with any of the Board members.
- Obtained the accompanying Declaration that includes the lists of all transactions and contracts entered into by any of the Board members of the Company, either directly or indirectly, with the Company during the year ended 31 December 2022.

REPORT ON THE DECLARATION SUBMITTED BY THE CHAIRMAN OF THE BOARD OF DIRECTORS (Continued)

Summary of work performed (Continued)

- Reviewed the minutes of the Board meetings that indicates that the concerned Board member notified the Board on the transactions and contracts entered into by that Board member and further that the concerned board member did not vote on the resolution issued in this regard at the meetings of the Board.
- Reviewed the confirmations obtained from the concerned board member on the transactions and contracts participated by the board member during the year.
- Tested the consistency of the transactions and contracts included in the Declaration with the disclosure in note 20 to the audited financial statements.

Inherent limitations

Our procedures regarding systems and controls relating to the preparation of the Declaration in accordance with the requirements of Article 71 of the Regulations for Companies, are subject to inherent limitations and, accordingly, errors or irregularities may occur and not be detected. Furthermore, such procedures may not be relied upon as evidence of the effectiveness of the systems and controls against fraudulent collusion, especially on the part of those holding positions of authority or trust.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement under ISAE 3000 (Revised) as endorsed in the Kingdom of Saudi Arabia. Consequently, the nature, timing and extent of the procedures outlined above for gathering sufficient appropriate evidence were deliberately limited relative to a reasonable assurance engagement, and therefore less assurance is obtained with a limited assurance engagement than for a reasonable assurance engagement.

Our procedures did not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements as endorsed in the Kingdom of Saudi Arabia and accordingly we do not express an audit or a review opinion in relation to the adequacy of systems and controls.

This conclusion relates only to the Declaration for the year ended 31 December 2022 and should not be seen as providing assurance as to any future dates or periods, as changes to systems or controls may alter the validity of our conclusion.

Limited assurance conclusion

Based on our work described in this report, nothing has come to our attention that causes us to believe that the Company has not complied, in all material respects, with the applicable requirements of Article 71 of the Regulations for Companies in the preparation of the Declaration of related party transactions for the year ended 31 December 2022.



REPORT ON THE DECLARATION SUBMITTED BY THE CHAIRMAN OF THE BOARD OF DIRECTORS (Continued)

Restriction of use

This report, including our conclusion, has been prepared solely upon the request of the management of the Company, to assist the Company and its Chairman of the Board of Directors in fulfilling their reporting obligations to the General Assembly in accordance with Article 71 of the Regulations for Companies. The report should not be used for any other purpose or be distributed to or otherwise quoted or referred to, without our prior consent to any other parties other than the Ministry of Commerce, Capital Market Authority and the shareholders of the Company.

Al Bassam & Co.

P.O. Box 4636
Al Khobar 31952
Kingdom of Saudi Arabia

Ibrahim A. Al Bassam
Certified Public Accountant
License No. 337



March 28, 2023
Ramadan 6, 1444H

RIYADH

Tel. +966 11 206 5333 | P.O Box 69658
Fax +966 11 206 5444 | Riyadh 11557

JEDDAH

Tel. +966 12 652 5348 | P.O Box 15651
Fax +966 12 652 2894 | Jeddah 21454

AL KHOBAR

Tel. +966 13 893 3378 | P.O Box 4636
Fax +966 13 893 3349 | Al Khobar 11557

Date: 03-08-1444

Corresponding to: 23-02-2023

Messers: Shareholders of Eastern Province Cement Co.

Subject: Notification the General Assembly of the transactions and contracts in which the Members of the Board of Directors have a direct or indirect interest according to according to article number 71 of companies law 2022

We hereby would like to notify yourselves the transactions and contracts where Board Members have a direct or indirect interest:

- 1- The transactions and contracts that will be concluded between the company and the Arabian Yemen Cement Company Limited (an associate company) in which the members of the Board of Directors mentioned below have an indirect interest without any preferential conditions, where the Eastern Province Cement Company is represented in the Board of Directors of the Arabian Yemen Cement Company Limited by two members of its Board of Directors and its CEO as well, and they are: (1) Mr. Mohammad Saad Al Farraj (Non-Executive). (2) Mr. Ibrahim Salem Al Ruwais (Non-executive). (3) Eng. Fahad Rashed Al Otaibi (CEO) The nature of these transactions and contracts is represented in cash sums that the Eastern Province Cement Company will receive from the associate company in order to transfer them to some of the associate's suppliers, noting that the balance of these transactions and contracts has reached SAR (3,346,396) as on 31/12/2022 compared with (545,108 as on 31/12/2021) Such transactions and contracts will continue until the difficulties facing the associate are over.
- 2- The transactions and contracts concluded between the company and Al-Dawaa Medical Services Company Ltd., where the Chairman of the Board of Directors of the Eastern Province Cement Company Mr. Mohamid Saad Al Farraj (Non-Executive) is the Board of Directors and CEO of Al-Dawaa Medical Services Company Ltd., and deputy chairman of Eastern Province Cement Company Mr. Ibrahim Salem Al Ruwais (Non-Executive) is a deputy chairman of Al-Dawaa Medical Services Company Ltd., and the member of the Board of Directors of the Eastern Province Cement Company Mr. Waleed Mohammad Al-Jaafari (Independent) is a Board of Directors of Al-Dawaa Medical Services Company Ltd., and the nature of these transactions and contracts is to rent administrative offices to Al-Dawaa Medical Services Company Ltd. in the Eastern Province Cement Company tower for a period of about three Hijri years at an amount of (SAR 514,500) per annum, as part of the ordinary business that have offered no preferential conditions.

This notification has been issued according to article number 71 of companies law 2022 related to transactions and contracts in which the Members of the Board of Directors have a direct or indirect interest.

Chairman, Board of Directors



Mohammad Saad Al Farraj

EASTERN PROVINCE CEMENT CO.

P.O. Box 4536 Dammam 31412 - Saudi Arabia

Tel.: (0096613) 8812222 - Fax : (0096613) 8812000

C.R. 2050013400 - Chamber of Commerce Membership (131)

VAT NO.: 300439763400003



www.epcco.com.sa
Stock No. 920586

شركة أسمنت المنطقة الشرقية

مس.ب. ٤٥٣٦ الدمام ٣١٤١٢ - المملكة العربية السعودية

ت. ٨٨١٢٢٢٢ - فاكس (٠٠٩٦٦١٣) ٨٨١٢٠٠٠

مس.ت.رقم ٢٠٥٠٠١٣٤٠٠ - رقم اشتراك الغرفة التجارية (١٣١)

الرقم الضريبي: ٣٠٠٤٣٩٧٦٣٤٠٠٠٠٣