



**PKF**

Ibrahim Ahmed Al-Bassam  
& Co. Certified Public Accountants

## INDEPENDENT LIMITED ASSURANCE REPORT

TO THE SHAREHOLDERS OF BAWAN COMPANY  
A SAUDI JOINT STOCK COMPANY  
RIYADH, KINGDOM OF SAUDI ARABIA

(1 /3)

### INTRODUCTION

According to the request of the management of Bawan Company and its subsidiaries ("the Group"), we have been engaged to perform a limited assurance engagement in order to state whether anything has come to our attention that causes us to believe that the subject matter detailed below ("Subject Matter"), has not been reported and presented fairly, in all material respects, in accordance with the applicable criteria mentioned below. "applicable criteria".

### SUBJECT MATTER

The scope of the engagement relates to the limited assurance engagement for the information submitted by the Chairman of the Board of Directors attached in Appendix No. (1) ("The Notification") which is prepared by the Group management in accordance with the requirements of Article (71) of the Regulation of Companies and presented by the Chairman of the Board of Directors of the Company. It consists of the transactions that were carried out by the Group during the year ended 31 December 2023 in which any of the members of the Board of Directors had a personal interest in it, whether directly or indirectly.

### APPLICABLE CRITERIA

Article (71) of the Regulation of Companies issued by the Ministry of Commerce and Investment (1443 H - 2022 G).

### MANAGEMENT RESPONSIBILITY

The management and the chairman of the Company's board of directors are responsible for preparing the subject matter of assurance and presenting it as appropriate in accordance with applicable criteria. The Group's management is also responsible for establishing and maintaining an adequate internal control system for the preparation and presentation of the subject matter of assurance that are free of material misstatements, whether arising from fraud or error, choosing and applying appropriate controls, maintaining adequate records, and making reasonable estimates according to the circumstances.

### OUR RESPONSIBILITY

It is our responsibility to express the conclusion of a limited assurance on the subject matter of assurance based on the limited assurance engagement that we have performed in accordance with the International Standard for Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" that is endorsed in the Kingdom of Saudi Arabia and the terms and conditions of this engagement as agreed with the Company's management.

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## INDEPENDENT LIMITED ASSURANCE REPORT (CONTINUED)

TO THE SHAREHOLDERS OF BAWAN COMPANY  
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### OUR RESPONSIBILITY (Continued)

Our procedures were designed to obtain a limited level of assurance on which to base our conclusion, and as such do not provide all of the evidence that would require to provide a reasonable assurance. The procedures performed depend on our professional judgment, including the risk of material misstatement of the subject matter, whether due to fraud or error. While, we considered the effectiveness of management's internal control when determining the nature and extent of our procedure, our engagement was not designed to provide assurance on the effectiveness of internal control system.

### INDEPENDENCE AND QUALITY CONTROL

We have complied with the independence requirements in accordance with the Code of Professional Conduct and Ethics for Professional Accountants, issued by the International Ethics Standard Board for Accountants, that is endorsed in the Kingdom of Saudi Arabia by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

Our firm applies International Standard on Quality Management (ISQM 1), "Quality Management for firms that perform audits or reviews of financial statements, or other assurance or related services engagements, that is endorsed in the Kingdom of Saudi Arabia. Accordingly, ISQM 1 maintains a comprehensive system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### SUMMARY OF PROCEDURES PERFORMED

Our procedures regarding systems and controls relating to the preparation of the Notification in accordance with the requirements of Article 71 of the Regulation of 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.

The procedures performed in the limited assurance engagement differ in nature and timing and are less in scope than the reasonable assurance engagement. Consequently, the level of assurance obtained in the limited assurance engagement is much less than the assurance that would have been obtained had we performed the reasonable assurance engagement. As part of this engagement, we have not performed any procedures of reviewing, examining, or verifying the subject matter of assurance, nor of the records or other sources from which the subject in question was extracted. Accordingly, we will not express reasonable assurance opinion.

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**INDEPENDENT LIMITED ASSURANCE REPORT (CONTINUED)**

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**SUMMARY OF PROCEDURES PERFORMED (Continued)**

Our assurance procedure are as follows:

- Obtaining a statement that includes a notification from the Chairman of the Board of Directors specifying all transactions and contracts executed during the year ended 31 December 2023 by any member of the company's Board of Directors, whether directly or indirectly, for the benefit of the company during the year, Appendix No. (1)
- 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.
- Ensure that the transactions executed during the year ended 31 December 2023 are included in the statement prepared by the Chairman of the Board of Directors and are matching with the transactions included in Note No. (19) of the audited consolidated financial statements.

**CONCLUSION**

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Chairman's notification has not complied, in all material respects, with the Article (71) requirement of the Saudi Regulation of Companies.

**RESTRICTIONS ON THE USE OF OUR REPORT**

Our report has been solely prepared upon the request of the Company's management to be presented to the shareholders in their meeting in the Ordinary General Assembly in accordance with the requirements of Article (71) of the Regulation of Companies, and it should not be used for any other purpose.

**For Al-Bassam & Co.**

Riyadh, Kingdom of Saudi Arabia



Ibrahim Ahmed Al Bassam  
Certified Public Accountant  
License No. 337

Khobar: 12 Shawwal 1445H

Corresponding to: 21 April 2024

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M/S. Honorable shareholders of Bawan Co.

Peace and God's mercy and blessings be upon you,

Proceeding from the principle of the company's commitment to the regulations and legislation issued by the relevant regulatory and supervisory authorities, and in order to achieve the principle of disclosure and transparency, and in implementation of the provisions of Article 71 of the Companies Law which states that "the Board of Directors should inform the Ordinary General Assembly when it is convened about the transactions and contracts in which one of the Board members has a direct or indirect interest". Therefore, the Board of Directors inform your esteemed assembly about the transactions and contracts in which a member of the Board of Directors has a direct or indirect interest and that took place during the year ending on December 31, 2023 AD.

#	Parties to the Transaction	Nature of Transaction	Transaction amount during the year 2023	Contract Duration	Terms of Contract/Dealing	Related Party
1	Masdar Building Materials Company	Selling and providing commercial services	119,038,491	Not applicable Dealing under purchase orders	No special or preferential conditions	Mr. Faisal Al Muhaidib Mr. Raed Al-Mudaiheem
		Procurement of commercial materials and services	2,085,409			
	Madar Building Materials Company	Selling and providing commercial services	99,516,899	Not applicable Dealing under purchase orders	No special or preferential conditions	Mr. Abdullah Al Fozan Mr. Fawzan Al Fozan
	Development & Construction Company Ltd.	Selling and providing commercial services	12,751,330	Not applicable Dealing under purchase orders	No special or preferential conditions	Mr. Abdullah Al Fozan Mr. Fawzan Al Fozan
	Madar Building Materials Company - Bahrain	Selling and providing commercial services	3,240,079	Not applicable Dealing under purchase orders	No special or preferential conditions	Mr. Abdullah Al Fozan Mr. Fawzan Al Fozan
2	Madar Building Materials Company	Selling and providing commercial services	2,711,178	Not applicable Dealing under purchase orders	No special or preferential conditions	Mr. Abdullah Al Fozan Mr. Fawzan Al Fozan
		Procurement of commercial materials and services	10,200			
	Masdar Building Materials Company	Selling and providing commercial services	2,625,860	Not applicable Dealing under purchase orders	No special or preferential conditions	Mr. Faisal Al Muhaidib Mr. Raed Al-Mudaiheem
		Procurement of commercial materials and services	1,236,943			
	Madar Building Materials Company - Bahrain	Selling and providing commercial services	3,588,875	Not applicable Dealing under purchase orders	No special or preferential conditions	Mr. Abdullah Al Fozan Mr. Fawzan Al Fozan

#	Parties to the Transaction	Nature of Transaction	Transaction amount during the year 2023	Contract Duration	Terms of Contract/Dealing	Related Party	
3	United Company for Wood and Metal Products Ltd.	Madar Building Materials Company	Selling and providing commercial services	641,030	Not applicable Dealing under purchase orders	No special or preferential conditions	Mr. Abdullah Al Fozan Mr. Fawzan Al Fozan
			Procurement of commercial materials and services	122,756			
	Masdar Building Materials Company	Procurement of commercial materials and services	1,159,990	Not applicable Dealing under purchase orders	No special or preferential conditions	Mr. Faisal Al Muhaidib Mr. Raed Al-Mudaiheem	
4	Arnon Plastic Industries Company	Masdar Building Materials Company	Selling and providing commercial services	1,192,313	Not applicable Dealing under purchase orders	No special or preferential conditions	Mr. Faisal Al Muhaidib Mr. Raed Al-Mudaiheem
		Madar Building Materials Company	Selling and providing commercial services	1,385,172	Not applicable Dealing under purchase orders	No special or preferential conditions	Mr. Abdullah Al Fozan Mr. Fawzan Al Fozan
		Madar Building Materials Company - Bahrain	Selling and providing commercial services	117,407	Not applicable Dealing under purchase orders	No special or preferential conditions	Mr. Abdullah Al Fozan Mr. Fawzan Al Fozan
		AL-Romansiah Company Ltd.	Selling and providing commercial services	215,860	Not applicable Dealing under purchase orders	No special or preferential conditions	Mr. Faisal Al Muhaidib
5	United Electrical Transformers Company	Thabat Construction Company Ltd.	Selling commercial products	30,100	Not applicable Dealing under purchase orders	No special or preferential conditions	Mr. Faisal Al Muhaidib Mr. Raed Al-Mudaiheem
		Adwan Company for Chemical Industries	Selling commercial products	233,369	Not applicable Dealing under purchase orders	No special or preferential conditions	Mr. Raed Al Mazrou
		Madar Building Materials Company	Procurement of commercial materials and services	2,382,051	Not applicable Dealing under purchase orders	No special or preferential conditions	Mr. Abdullah Al Fozan Mr. Fawzan Al Fozan
		Masdar Building Materials Company	Procurement of commercial materials and services	3,948,782	Not applicable Dealing under purchase orders	No special or preferential conditions	Mr. Faisal Al Muhaidib Mr. Raed Al-Mudaiheem
		Madar Company for hardware and tools	Procurement of commercial materials and services	54,801	Not applicable Dealing under purchase orders	No special or preferential conditions	Mr. Abdullah Al Fozan Mr. Fawzan Al Fozan
		Masdar Technical Services Industry Company Ltd	Procurement of commercial materials and services	665,567	Not applicable Dealing under purchase orders	No special or preferential conditions	Mr. Faisal Al Muhaidib Mr. Raed Al-Mudaiheem

#	Parties to the Transaction	Nature of Transaction	Transaction amount during the year 2023	Contract Duration	Terms of Contract/Dealing	Related Party	
6	Bawan Company	Ajdan Real Estate Development Company	Rent of the head office of Bawan Company	435,445	year and automatically renewed	No special or preferential conditions	Mr. Abdullah Al Fozan Mr. Fawzan Al Fozan
		BLOM Investment Company Saudi Arabia	Investment Portfolio Management	148,915	year and automatically renewed	No special or preferential conditions	Mr. Abdullah Al Fozan Mr. Fawzan Al Fozan
		Saudi National Bank	Banking Facilities	Total transaction limit in the current contract 795,000,000	One year renewable with the consent of the parties	No special or preferential conditions	Mr. Abdullah Al-Ruwais
7	Bawan Engineering Industries Company	Maali Holding Company	Purchase of Maali Holding's entire ownership stakes in United Transformers Co. Ltd. and United Company for Stations and Circuit Breakers Technology (*)	20,000,000	Ownership Purchase Agreement	No special or preferential conditions	Mr. Abdullah Al Fozan

(\*) This transaction was announced on 12/02/2024 AD, noting that the completion of this transaction and the payment of the full purchase value is conditional on the approval of the General Assembly of Bawan Company on the purchase process and the completion of the transfer of ownership of all shares to Bawan Engineering.

- We confirm to the respected shareholders that the transactions described in this statement have been reviewed and approved by the Chief Executive Officer, the Managing Director of the company, and the company's Board of Directors.

On behalf of the Board  
Mr. Abdullah Abdulatif Al Fozan  
Chairman of the Board of Directors

