



Board of Directors Annual Report
&
Closing Accounts for the Fiscal Year Ended on
31 December 2018

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Board of Directors Report

For

The Fiscal Year Ended on 31 December 2018

Shareholders of ALDREES Petroleum & Transport Services Co.

Dear Sirs,

Company Board of Directors is pleased to present you the annual report for the fiscal year ended on 31 December 2018. Including the Board of Directors report on the financial results of the company and its various activities plus what has been achieved in 2018.

Thanks to ALLAH and the efforts of the employees in the company and the implementation of strategic plans have resulted in good performance that led to net profit amounted to (83.6) Million riyals, an increase of 29.41% compared with FY 2017.

The implementation of the strategic plans in our operations and the completion of the plan to develop all the stations in the Kingdom, attracting new customers through the use of technology in the fuel mobilization (WAIE) and the expansion of logistics services contributed to maintaining the company's market share and leadership position in addition to the competitive and marketing capabilities and the distinctive management of human resources Profitability and good operating performance that supported the company's dividend distribution policies.

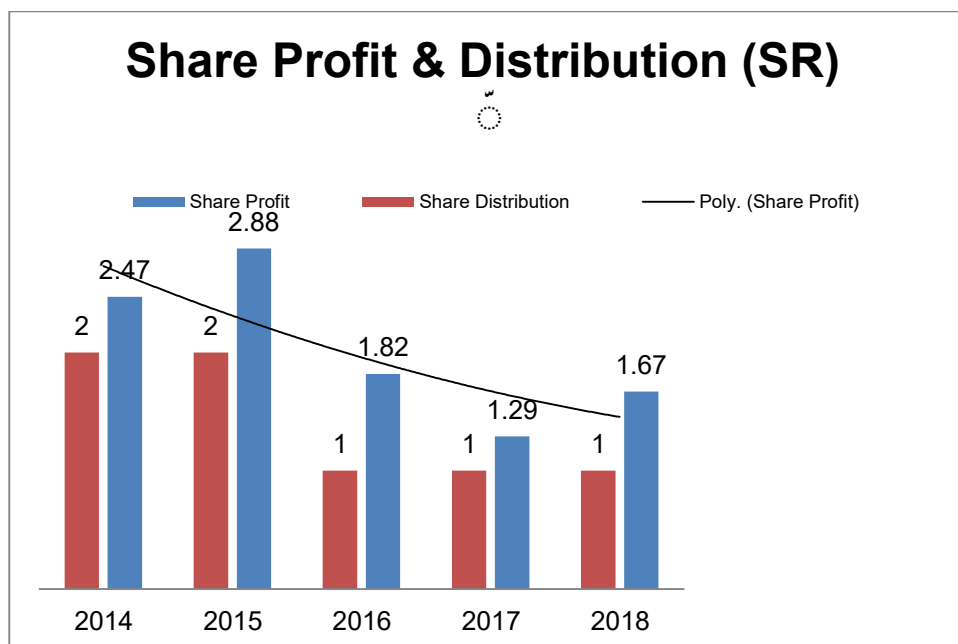
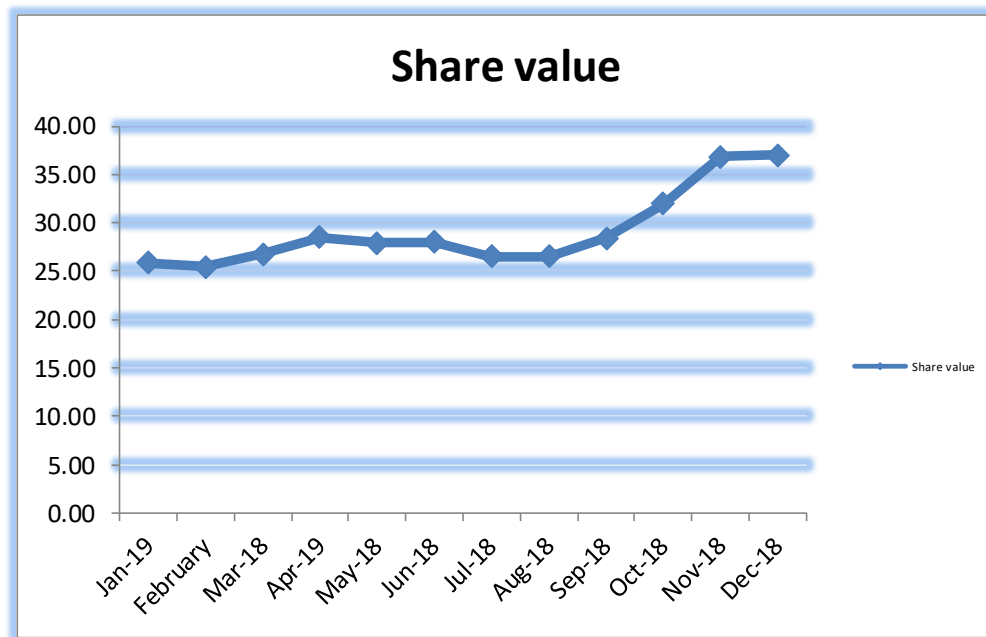
The fiscal year 2018 was special one because of many challenges and difficulties that faced the activities of the company but culminated through the efforts of employees in the company. We thank God's then to the efforts of the employees in the company and the implementation of the plans and strategies adopted help in achieving good performance in light of the challenges and the economic variables and reached the net profits of 84,1 million Saudi riyals, an increase rate of 29.83% compared to the fiscal year 2017.

Strategic plans applied to operations on the current stage in order to maintain company's market share and leading position as well as the competitive and marketing capabilities together with distinctive management of human resources. These plans contributed to achieve the growth in profits and outstanding operational performance, which supported company policies on the distribution of profits to shareholders.

Finally, we would like to express our deepest thanks for your confidence in Company Management, welcoming a new year with more confidence and optimism to achieve more successes during 2019 and we hope to see you at the annual meeting of Shareholders General Assembly to answer your questions regarding the matters stated in this Report.

Best Regards,

Diagram - Share Performance during 2018



* Share profitability was amended in line with the recent increase in capital to 50 million shares.

Vision:

Our vision is to be the best and most efficient Company in the field of petroleum services and transport of various products.

Mission:

- ❖ Continuous improvement and development of our employees abilities.
- ❖ Applying the best international methods to our operations.

Company aims at providing excellent services through continuous development and improving efficiency of human resources where the operations are supervised by a trained team of engineers, technicians and labor, ensuring the safety of trucks, devices, equipment and stations, and the most important their occupational safety.

Description of Company Activity, Sectors and Subsidiaries:

The company activities include, pursuant to the Commercial Registration thereof, Retail and Wholesale trade for fuel, oil, gas, car Spare parts, tires, batteries, Cargo services ,land ,sea ,air transportation for all kinds of goods, and Products inside & outside KSA ,Land transport services, maritime and air for passengers, Customs clearance for products and goods services.

Packaging, packing, and all logistics and complementary services for all company purposes, inside and outside KSA, Establishing workshop, car washing ,Purchasing Land and, build it and investment through sale or rent, for company, Retail and Wholesale trade for food products, Establishing , managing, operating, renting hot and cold drinks quick service and snacks, Subsistence services : Cooked and uncooked, Management and operating and maintenance, and fuel stations, and cars polishing , Investment through purchasing commercial and residential buildings , Purchase, owns medical centers for company, Import apparatus, equipment, spare parts, system automation, fuel pumps systems, , tanks, and all the supplies needed to operate fuel stations, Building general contractor. The below Report shows activity and revenue analyses of each sector separately as follows:

Description	2018	2017	2016	2015	2014
Income statement (SR in thousand)	SR	SR	SR	SR	SR
Sales:					
Petroleum	4,930,309	3,223,327	3,261,699	2,049,557	1,893,394
Transport	246,276	186,271	199,650	253,434	250,928
Total	5,176,585	3,409,598	3,461,349	2,302,991	2,144,322
Sales Percentage:					
Petroleum	95.24%	94.54%	94.23%	89 %	88.30%
Transport	4.76%	5.46%	5.77%	11 %	11.70%
Growth Percentage:					
Petroleum	52.96%	-1.18%	59.14%	8.25 %	7.24%
Transport	32.21%	-6.70%	-21.22%	1 %	15.58%
Total	51.82%	-1.50%	50.30%	7.40%	8.16%

First: (Petroleum) Sector:

Your Company applies state of the art technology; quality and safety standards, continuous improvement and development of our employees abilities along with the best international and scientific methods to our operations, so as to provide good services at service centers. As a result of the new requirements by the Official Authorities (economic and regulatory changes regarding the fuel stations); the rehabilitation and development of the stations inside the cities and in the highways, and that follows the need to have long-term investments, these Circumstances had forced the company to reduce the number of stations during this year and implement complete stations development, with the aim to maintain and achieve the level of profitability, which led to a number of stations access to (445) stronghold, according to what is described in the statement.

The following is a summary of the number of owned and leased stations:

Description	2018	2017	2016	2015	2014
Company owned					
At start of year	16	15	14	15	13
Additions during the year	-	1	1	1	2
Exclusions	-	-	-	2	-
At the end of year	16	16	15	14	15
Leased Rentals					
At start of year	448	458	472	463	458
Additions during the year	22	23	43	39	29
Exclusions	41	33	57	30	24
At the end of Year	429	448	458	472	463
Total stations.	445	464	473	486	478
Growth Rate	%4.1-	-1.9%	-2.7%	1.7%	1.5%

Second: Transport Sector

Your Company provides the best transportation and maintenance methods using modern trucks and high-quality spare parts at the best prices through continuous development and raising the efficiency of human resources. Maintenance works are managed by a technical work team trained under the supervision of highly efficient engineers to ensure safety of the driver, trucks and equipment. The distinguished operation of transport fleet spread services thereof across the Gulf Cooperation Council Countries and some of the neighboring Arab countries, In line with the increase in profits this year, the company decide to acquire additional trucks and trailer heads to meet the demand of company's next contractual obligations.

The following is a summary of the number of trucks and transportation units owned by company:

Description	2017	2017	2016	2015	2014
Truck Head:					
Year start	1291	1285	1278	1328	1292
Additions during the year	-	6	10	25	60
Exclusions	8	-	3	75	24
Year end	1283	1291	1285	1278	1328
Trailers:					
Year start	2386	2204	2044	2077	1903
Additions during the year	151	204	173	39	186
Exclusions	100	22	13	72	12
Year end	2437	2386	2204	2044	2077
Total truck heads and trailers	3720	3677	3489	3322	3405

Description of Plans, Decisions and Future Expectations: Petroleum Sector Strategy:

- ❖ Aiming at possession of more service stations.
- ❖ Establishing modern stations and providing excellent services.
- ❖ Leasing station facilities for big companies of good reputation and registered trade mark.
- ❖ Spreading on highways in the form of integrated service centers in order to serve travelers.
- ❖ Applying new technologies with regard to fuel filling systems as well as all operational and administrative systems.
- ❖ Relying on other sources (other than sale of fuel) to increase company income.
- ❖ Supporting the Sector through efficient human resources in order to improve the operational level, particularly the national cadre.
- ❖ Orientation strategic partnership with respect to the operation of other services associated with gasoline sale.

Transport Sector Strategy:

- ❖ Capitalized on current assets unless special requirements.
- ❖ Outsourcing some of our transportation activities - “short term”
- ❖ Expand our activities in Total Supply Chain.
- ❖ Onsite & offsite logistics services (New JV)
- ❖ Invest in warehousing business.
- ❖ Engage in Retail logistic services
- ❖ Expand Material Mgmt., Manpower & Eqpt. (MRO & Chemicals onsite).
- ❖ Container Yard Storage (shipping lines).
- ❖ Container Yard port Operations
- ❖ Local petrol distribution expansion

The future plans are considered as a continuation of company growth and development that will accompany the company through the efficiency of existing business and the expansion of logistics projects

Human Resources:

Whereas delivering the best services to customers is a key goal for the company, the Company for this purpose continues to train and qualify its employees through in-house training center to raise the marketing and supervisory culture and awareness and to promote skills in the area of petroleum services through Petrol Centers as well as the services provided to customers via Transport Sector.

A leading Company in the achievement of quality and safety. In the previous years, Company sought to obtain international certificates in the field of quality, safety and environment and was one of the first companies recognized by the specialized international organizations in the areas of quality and safety.

We were the first ever in Saudi Arabia to get ISO 9001: 2008 certificate of quality and we are the first to receive the latest version thereof. SAI GLOBAL awarded Company ISO 9001: 2008 Quality Management System Certification on 25 February 2009, after Company had met all requirements therefor. The said Certificate covers management services related to fuel stations and land transport services.

The quality certificate has been obtained with its new version (ISO 9001: 2015) for a period of three years until 20/02/2021, including periodical reviews to make sure of Company adherence to the global standards agreed upon. There is no wonder that the quality of our Company did not come by chance, yet it is the fruit of our sincere efforts, smart trends and important competencies.

As for safety and given the importance of this system in our business and all aspects of life, the Management stressed the necessity for development of safety system in line with work volume and Company future aspirations for expansion and integration. Thus, obtainment of an international certifications ensures our commitment and application of all required safety regulations.

After we had developed the safety system and work environment in conformity with the international standards of safety, we had the right to get (OHSAS 18001: 2007) Occupational Health and Safety Certificate. Company received the Occupational Health and Safety Certificate on 29 January 2010 without difficulty due to the strength of safety system that was previously applied. The said certificate has been renewed until 26 January 2022.

The third certificate is Safety and Quality Assessment System (SQAS) awarded by (GPCA), This certificate proves the application of quality and safety standards by another global body. The said certificate has been renewed until 13 february 2021.

The company got a new certificate in Responsible Care (RC 14001:2015) Committed to the transportation of hazardous chemicals. Handling methods, This certificate is valid until October 21, 2021. The company also obtained an Environmental Management System (ISO 14000: 2015) which had the attention and commitment to protecting and caring for the environment This certificate is valid until October 21, 2021.

The company got the final qualification certificate for the management, operation and maintenance of gas stations and service centers on regional highways, and after the company submitted its request to the Ministry of Municipal and Rural Affairs in reference to study of company's file and application as per the provisions and standards of the list of fuel stations and service centers the Ministry has approved the rehabilitation of the This certificate is valid until 15/01/1441H.

Company is very keen on Saudization of all jobs. At the present, there are many technical positions occupied by citizens who are provided with theoretical and field training courses by Company. Furthermore, the best cadres are selected and Company continues to apply the plans of replacing foreign employees with national ones.

Company Board of Directors recommends the following:

- ❖ Distribution of dividends for FY 2018 amounting (50) Millions , SAR (1) per share equivalent to 10% of shares eligible for dividends.

The cash dividends shall be paid to eligible shareholders registered in the Securities Depository Center Company (The Center) at the closing of trading on the day of the general assembly (which will be scheduled later) and the distribution date will be announced at the same time.

- ❖ Distribution of bonus to the BOD members of SAR2.1 Million for the FY 2018 the total amount to be disbursed within the limit stipulated by the Company's Law or any other regulations, decisions and other supplementing instructions, it shall include the attendance of the required meetings and allowance should not exceed 10% of net profit.
- ❖ Distribution of bonus to the members of the Audit Committee and the number of (4) members in the amount of (75) thousand riyals each for the year 2018.
- ❖ Allocation of a maximum amount of (500) thousand SR to be disbursed during 2019 for community service and the delegation of the CEO of the company to disburse it during the year 2019 according to practice.
- ❖ Approval of the recommendation of the audit committee during their meeting no. (6) for the selection of external auditor from among the candidates to review and audit the financial statements of the company for the fiscal year ended 31 December 2019, and the corresponding audit fees.
- ❖ Approval of the Board of Directors Report for the financial year ended 31 December 2018.
- ❖ Approval of the External Auditor report for the financial year ended 31 December 2018.
- ❖ Approval of the balance sheet and profit and loss statements for the financial year ended 31 December 2018.
- ❖ Clearance of the Chairman and members of the Board of Directors with respect to the management of the company for the year ended 31 December 2018.
- ❖ Approval of the contracts and businesses that took place between the company and the companies owned by some of the members of the Board of Directors as related parties and authorizing such transactions and contracts until the end of the fiscal year which ends on 31 December 2019, noting that the contracts do not have any preferential conditions and these transactions include the following:-
 1. Aldrees Industrial and Trading Company (ALITCO)
 2. Seven Orbit Trading Co.
 3. Hamad Mohammed Aldrees – owner of Al Manakh station.
 4. Abdulmohsen Mohammed Aldrees - owner of Jizan Property that is being used for the workshop, office and accommodation of transport sector.
- ❖ Approval of the amendment of some articles of the Company's Articles of Association.
- ❖ Approval the increase in the company's capital through bonus shares as follow:-
 1. Company's capital before increase is SAR 500 Million, company's capital after increase SAR 600 Million.
 2. Increase percentage is 20%.
 3. The number of shares before increase is 50 Million shares, the number of shares after increase is 60 Million shares.
 4. Offering 1 bonus share for every 5 shares owned.
 5. The company aims out of the capital increase to commensurate with the size of the company's business and future expansions.
 6. The increase of SAR100 Million capitalization will be through account retained earnings.

7. The bonus shares are limited to the shareholders who are registered in the shareholder's register in the Securities Depository Center Company (The Center) at the close of trading on the extraordinary general assembly day, which will be determined later by the company.
 8. In case of bonus shares fractions; the company will collect it in one portfolio then sell it at market price within 30 days from finishing allocating the new shares.
 9. The proposed increase in capital and the distribution of shares would only be initiated once necessary approvals are received from official authorities as well as from shareholders in extraordinary general assembly meeting.
- ❖ Convene the General Assembly to approve its recommendations and resolutions that require ratification.

RISK MANAGEMENT:

POLICY:

To structure and formalize the risk management activities across the business units, COMPANY has developed a risk management framework. The COMPANY business units are required to implement and use this common risk management framework.

COMPANY takes risks inherent to its strategy in order to achieve its corporate and business units' objectives and to deliver superior shareholder returns. COMPANY is developing and implementing a common and systematic approach for managing risk across the company. This approach increases risk awareness, ensures the appropriate management of risks, and makes the business unit risk profiles transparent, thus enabling risks to be compared and aggregated and allowing one to take a portfolio approach to risk management.

The COMPANY business units are expected to actively anticipate and manage their risks, taking advantage of opportunities and containing potential hazards in line with their risk tolerance. The external and internal risks facing the COMPANY business units are changing constantly and the business units are expected to proactively:

- ❖ Utilize experience through knowledge sharing;
- ❖ Deal with ambiguity, uncertainty and increasing complexity;
- ❖ Prioritize, make decisions and implement solutions on a timely basis;
- ❖ Recognize and act on opportunities as they occur;
- ❖ Ensure results in spite of a changing business unit environment.

Objectives of RM at the Company

The primary objectives of the RM at the Company are identified as:

- ❖ **"Keep the Company out of Trouble"**, by ensuring effective and efficient management of risk and thereby, minimizing the likelihood of occurrence and the impact of risk incidents.
- ❖ **"Make the Company's Business Better"**, by assisting the management in managing risk and leveraging risk opportunities.
- ❖ Foster a **culture of risk awareness** where management embraces Risk Management and accept ownership of risk and accountability for the management of those risks.
- ❖ **Embed an efficient Risk Management process** at the Company by optimizing the cost of managing business risk.
- ❖ Maintain a **current and accurate assessment of all significant business risks at the Company**, and ensure that appropriate risk treatment plans are in place.
- ❖ **Provide required assurance to the Board and senior management** with regards to the "Risk Management Process".
- ❖ **"Risk Management" is embedded in the management decision-making and strategic planning process**

DEFINITIONS:

- ❖ Risk Management Policy – The present policy document summarizing the objectives and requirements for risk management;
- ❖ Risk Management Process – A common four-step process for identifying, assessing, responding to and monitoring business unit risks;
- ❖ Roles and Responsibilities – Clearly defined responsibilities for managing and reporting on risks within line management and separately for supporting and auditing the risk management process;
- ❖ Risk Reporting – Common terminology, formats, and frequencies for reporting on key business unit risks;

- ❖ Risk Measurement – Common scales for measuring the likelihood and potential impact of risks;
- ❖ Risk Categorization – Common categories for risks, allowing risk consolidation and identification of key risk areas;
- ❖ Assurance Structure – An accompanying assurance structure, including a risk compliance auditor, which monitors and assures the application of the risk management framework within the business units;
- ❖ Support Structure – A dedicated support function (Risk Support Officer) and a set of common user-friendly tools that allow the business units to implement and apply the elements of the risk management framework.

PROCEDURES:

Risk Strategy and Risk Tolerance

Risk is part of doing business and risk management is therefore part of day-to-day business management. COMPANY aims to formalize risk management to the extent that business units are able to apply best-practice techniques, to share knowledge and experience, and to make the key risks to the shareholders transparent.

COMPANY aims to be risk aware, but not overly risk averse, and to actively manage business unit risks to protect and grow the business units. To achieve its business unit objectives, COMPANY recognizes that it will take on certain business unit risks. COMPANY aims to take risks in an informed and proactive manner, such that the level of risk is consistent with the potential business unit rewards and that COMPANY understands and is able to manage or absorb the impact of the risk in the event that it materializes. Management will establish such risk responses as are required to achieve the business unit objectives in accordance with the acceptability of the risk. Quantified business unit risk tolerances will be formulated and regularly updated by management at group, divisional and business-unit level. COMPANY will aim to actively avoid risks that could:

- ❖ Negatively affect the safety of our employees or other stakeholders, such as customers;
- ❖ Negatively affect our reputation;
- ❖ Lead to laws or regulations being breached and legislation.
- ❖ Endanger the future existence of the company.

Risk Management Requirements

In order to formalize risk management across COMPANY and in order to set a common level of transparency and risk management performance, a number of requirements have been defined for the business units. The COMPANY group, divisions and business units are obliged to address the following requirements with regard to risk management:

- ❖ Develop and review, at least annually, a statement on the risk tolerance of the group/division/business unit;
- ❖ Conduct a formalized risk assessment at least annually, this assessment to include the identification, prioritization, measurement and categorization of all key risks that could potentially affect the business unit's objectives;
- ❖ Report annually on the key business unit risks as identified in COMPANY's risk reporting formats;
- ❖ Continuously monitor key risks and controls and implement appropriate risk responses where necessary;
- ❖ Formalize responsibilities for managing risk and for sustaining COMPANY's risk management framework within the business unit;
- ❖ Monitor and review the application of the risk management framework.

Assurance

COMPANY has a corporate internal audit function that conducts a systematic program of operational and financial audits across the business units. Through the risk management process, the business units themselves are responsible for assessing their risks, for implementing appropriate controls, for monitoring risks and controls, and for gaining assurance that the risks are being managed as intended. Formalized assurance from a corporate level focuses on auditing how the business units apply the risk management framework. Operational and financial audits will be executed on a regular basis from corporate level. The outcome of the risk assessment process will be used as input for the audit planning by corporate audit

Risk Management Roles and Responsibilities

Risk management is primarily the responsibility of line management. Specific responsibilities for applying, supporting and auditing the risk management processes are detailed in this section.

Business Unit Management (Risk Management Officers of Divisions and HO Department)

By definition, risk management is a normal part of day-to-day management practice. The specific responsibilities of business unit management with respect to structured risk management are to:

- ❖ Implement the risk management framework within the business unit;
- ❖ Develop and review the business unit's risk tolerance;
- ❖ Identify and assess the risks faced, and report material risk information annually as part of the budget and ad-hoc in the case of significant new risks arising;
- ❖ Manage the material risks within the business unit and ensure the actual risk profile is consistent with the risk tolerance;
- ❖ Develop and maintain an appropriate organization to facilitate the application of the risk management framework.

RISK MANAGEMENT COMMITTEE

- ❖ Formulate and update COMPANY's Risk Management Policy;
- ❖ Formulate the corporate risk tolerance; review and approve the business unit risk tolerance statements;
- ❖ Determine, communicate and support COMPANY's risk management approach to the business units;
- ❖ Review business unit risk reporting critically and provide feedback to the business units as part of the Three-year Planning process;
- ❖ Ensure that the appropriate structure, processes and competences are in place across COMPANY in order to address the requirements set out in this policy;
- ❖ Report to the Supervisory Board and the Audit Committee on material risks.

Audit Committee/Supervisory Board of Directors (BOD)

- ❖ Review and approve the risk management policy insofar as it is consistent with COMPANY's corporate objectives;
- ❖ Review and approve the corporate risk tolerance (risk appetite);
- ❖ Be aware of the most significant risks across the business units and of whether management is responding appropriately;

- ❖ Review the portfolio of risks and consider it in the light of the corporate risk tolerance;
- ❖ Monitor and ensure the appropriate application of the risk management framework within the business units.

Risk Support Officer

The Risk Support Officer is a dedicated part-time function at COMPANY level, which is filled by the Head of Internal Audit. The Risk Support Officer ensures that risk management is conducted in a structured, systematic and continuous manner across the COMPANY business units. The Risk Support Officer's specific responsibilities are to:

- ❖ Maintain COMPANY's risk management framework (tools and methodologies);
- ❖ Support business units in their use of these tools and methodologies;
- ❖ Maintain risk management communication within the COMPANY organization;
- ❖ If requested by a business unit, facilitate a risk assessment as part of the Three-year Plan and as part of support for key decisions;
- ❖ Provide an annual risk report for COMPANY Holding, as well as a consolidated risk report;
- ❖ Coordinate and supply training in risk management.

Risk Compliance Auditor

The Risk Compliance Auditor is responsible for reviewing and reporting on how well the business units are addressing the requirements set out in COMPANY's Risk Management Policy. The Risk Compliance Auditor is generally externally resourced and reports directly to the Audit and Compliance Committee. The Risk Compliance Auditor's specific responsibilities are to:

- ❖ Evaluate and report on the compliance of the business units with COMPANY's Risk Management Policy;
- ❖ Evaluate controls in key risk areas on an ad-hoc basis;
- ❖ Evaluate compliance with other COMPANY policies on an ad-hoc basis;
- ❖ Review and report on the extent to which management has applied COMPANY's risk management framework.

Each one who has a desire for investment shall carefully study all information stated in this Report, including risk factors indicated below. Company activity, financial position, business results and cash flows may be adversely and materially affected in

the event of occurrence of a risk factor that Company Management (Management) believes at .

the present time is important or any other risks that the Management could not identify or believes they are immaterial, or if the latter become significant. The occurrence of one or some of these risks may lead to a decline in the share price in the market; hence, the investor may lose the whole or part of its investment in Company shares.

Risks related to Company Activity:

1. Risks associated with legislations and regulations:

Petroleum and transport services in Saudi Arabia shall be subject to specific instructions and rules to be complied with by Company, such as renewal of Transport License by the Ministry of Transport; a license to be regularly renewed by Company upon expiry thereof. Although Company renews the said license and did not previously face any obstacles in this regard, there is no guarantee that Company will be able to renew the same in the future, which may significantly influence Company ability to continue transport activity.

A license for each station shall be issued by the Ministry of Municipal and Rural Affairs as well as the General Directorate of Civil Defense so as to conduct business related to petroleum services for each station separately. In the future, if Company cannot obtain these licenses for the new stations or renew the same for the existing ones, the business thereof may be affected.

A large number of Company employees are non-Saudis (fuel station workers and trailer drivers). If more stringent requirements for Saudization are applied, Company may be adversely affected. Thus, Company would not be able to obtain visas for the purpose of labor recruitment. This will in turn cause inability to operate the stations and transport.

In general, any amendment to the regulations and instructions relating to Company business, including transport, loading, unloading and storage of petroleum products as well as hazardous and flammable substances, and to the requirements of environment protection and cafe licensing would materially increase the costs and burdens of Company, which may be negatively reflected on Company financial position, business results and cash flows.

2. Reliance on Customers by Governmental Agencies and Companies:

The percentage of revenues earned from contracts signed with the governmental agencies and private companies in 2018 were about 19.1% of the petroleum services total revenues, while Transport Sector revenues depend on companies. Whereas the contracts are renewed through open tenders, then there is no guarantee that the same will be renewed in the future. In case of inability to renew these contracts by Company, the financial position, business results and cash flows thereof may be adversely affected.

3. Risks associated with fuels availability and prices:

Company, like others engaged in the provision of petroleum services, relies on Saudi Aramco to obtain fuels. Therefore, any delay in the supplies received from Aramco or any change in the terms of contracts signed therewith in this regard may adversely affect Company activity.

Any significant change in fuel prices by the official bodies will have a negative effect on profit margin and may adversely affect Company main activities, business results and cash flows. Moreover, Company financial position may be affected in general in case of inability to keep up with any potential rise in fuel prices by increasing the prices of its services or reducing the operating costs.

4. Risks associated with Insurance Coverage:

Company took all necessary measures to minimize any potential losses by purchasing insurance policies for Petroleum Sector, covering public liability, vehicle accidents, fire and crime. The insurance policies for Transport Sector cover vehicles, land transport services, liability against third party, fire and crime. Company net income, operation results and financial position may be affected as a result of any future losses pertaining to accidents or damages not covered by these policies or to accidents not covered by insurance such as

terrorist acts and risks that may result from handling hazardous and toxic substances which may harm the environment or human beings.

5. Reliance on Important Human Cadres:

Company depends on the efficiency and expertise of the Executive Management as well as important human cadres in Company. Company took several measures to reduce loss of such cadres or inability to find suitable alternatives in case of losing the same. Company does not guarantee the possibility to keep the working qualified human cadres or to find alternatives with the same degree of qualifications in case the same are

lost; which may be negatively reflected on Company revenues, business results and financial position.

6. Reliance on Certain Important Computer Programs:

Company Management relies effectively on Enterprise Resource Planning (ERP) System, which provides integrated results for Company operations and facilitates information flow among departments. Any malfunction, failure or dispute regarding the property rights of this System may adversely affect Company operations.

7. Risks associated with Market:

A. Competitive Environment

There is no guarantee for Company ability to continue effective competition against existing or new companies in the market. Changes in the competitive environment may result in reduction of prices and profit margins as well as loss of the market share partially, which would adversely affect Company's profits.

B. Excellence of Services

The provision of excellent services at reasonable prices is one of the most important factors that have made Company a strong competitor in the market. Company cannot guarantee the inability of existing or potential competitors to provide services that might be better and more distinctive than those offered by Company, which may adversely affect the operating results of Company.

C. Mergers and Alliances

It is possible to merge or unite companies engaged in petroleum and transport services in order to constitute rapidly evolving competitive consortiums, which could enable the same to get a larger share in the market on Company account.

8- Distribution of Profits:

Company resolution on the distribution of any future profits depends on several factors, including profit realization, financial position, working capital requirements, distributable profits, credit limits available for Company along with the general economic situation. It also relies on many other factors to be evaluated by the Board of Directors. Accordingly, Company does not assure the existing or prospective shareholders that any profits will be distributed in the future or confirm the amount of profits to be distributed in case of distribution approval.

9- Financial Risk:

Financial risk can occur if the company fails to provide adequate liquidity to meet the firm's obligations or manages financial risks in a manner that is inconsistent with the firm's business objectives. Its severity depends on a number of factors, which include the firm's size, industry, financial position (e.g., public/private, advantage, free cash flow to equity, etc.), and the direction of the market as a whole.

1-Price Risk: The exposure of earnings or net worth to changes in market factors (e.g., interest rates, currency rates), which affect income, expense or balance sheet values

a. Interest Rate Risk

The risk that interest rates deviate from their expected value, resulting in lower-than-expected investment yields, higher-than-expected borrowing or product costs, or deterioration of the firm's competitive position in its industry.

b. Currency Risk

The exposure to fluctuations in exchange rates may arise as a result of business activity in foreign markets and investment in securities, which are issued by overseas entities or are denominated in a foreign currency

c. Equity Risk

The exposure to fluctuations in the income stream and/or value of equity ownership in an incorporated entity

d. Commodity Risk

This can be a financial market risk if a company chooses an investment as part of a diversification strategy for managing investment risk. From the industrial perspective, commodity risk is the exposure to fluctuations in prices of commodity-based materials or products (e.g., gold, energy, copper, coffee)

e. Financial Instrument Risk

Financial market risk can vary depending upon the particular segment of the market to which the holder of a financial instrument is exposed, or the way in which the exposure is structured

2-Liquidity Risk: The exposure to loss as a result of the inability to meet cash flow obligations in a timely and cost-effective manner. Liquidity risk often arises as a result of an investment portfolio with a cash flow and/or maturity profile, which differs from the underlying cash flows dictated by the company's operating requirements and other obligations.

a. Cash Flow Risk

Actual losses incurred as a result of the inability to fund the operational or financial obligations of the business.

b. Opportunity Cost Risk

The use of funds in a manner that leads to the loss of economic value, including time value losses, transaction costs due to inappropriate or inefficient management of cash flows, and other causes of loss of value

c. Concentration Risk

Exposure to loss as a result of the inability to access cash in a timely manner due to the inability to liquidate exposures without moving the market, unusual market conditions, use of “proprietary” financial products, or excessive reliance on a small number of funding sources

3-Credit Risk: The exposure to actual loss or opportunity cost as a result of default (or other failure to perform) by an economic or legal entity (the debtor) with which the company does business.

a. Default Risk

A counterparty will be unable to fulfill its obligations

b. Concentration Risk

Inappropriate emphasis of sales volume or revenues on a single customer, industry sector, or other economic segment leads to exposure to excessive loss

c. Settlement Risk

In financial terms, this risk arises when financial counterparties effect their payments to each other at different times or in different locations. In a non-financial context, settlement risk describes the risk of unexpected costs and/or administrative inconvenience, associated with the failure to deliver payment in the right place at the right time.

d. Collateral Risk

This is the risk that the value of an asset is provided as collateral for a loan, receivable, or commitment to perform may be partially or totally lost.

10- Information for Decision-Making Risk:

The risk that information used to support strategic, operational and financial decisions is not relevant or reliable. This risk relates to the usability and timeliness of information that is either created or summarized by processes and application systems or a failure to understand information needs.

1-Operational Risk

- ❖ **Budget and Planning Risk:** Budgets and business plans are not realistic, based on appropriate assumptions, based on cost drivers and performance measures, accepted by key managers, or used as a monitoring tool.
- ❖ **Product/Service Pricing Risk:** The Company's price is more than customers are willing to pay or does not cover production and distribution costs.
- ❖ **Contract Commitment Risk:** The Company does not have information that effectively tracks contractual commitments outstanding at a point in time, so that the financial implications of decisions to enter into incremental commitments can be appropriately considered by decision-makers.
- ❖ **Measurement (Operations) Risk:** Process performance measures do not provide a reliable portrayal of operating performance and do not accurately reflect reality. The measures do not provide relevant information for decision-making because they are not informative, understandable, believable, actionable, or indicators of change.
- ❖ **Alignment Risk:** The objectives and performance measures of the company's business processes are not aligned with its overall business objectives and strategies. The objectives and measures do not focus people on the right things and lead to conflicting, uncoordinated activities.
- ❖ **Accounting Information Risk:** Financial accounting information used to manage business processes is not properly integrated with non-financial information focused on customer satisfaction, measuring quality, reducing cycle time and increasing efficiency. The result is a myopic, short-term fixation on manipulating the outputs of business processes to achieve financial targets, rather than fulfilling customer expectations by controlling and improving processes.

2-Public Reporting:

- ❖ **Financial Reporting Evaluation Risk:** Financial reports issued to existing and prospective investors and lenders include material misstatements or omit material facts, making them misleading.
- ❖ **Internal Control Evaluation Risk:** Failure to accumulate sufficient relevant and reliable information to assess the design and operating effectiveness of internal control over financial reporting, resulting in inaccurate assertions by management in the internal control report.
- ❖ **Executive Certification Risk:** Failure to accumulate sufficient, relevant and reliable information to assess the design and operating effectiveness of disclosure controls and procedures, resulting in material information not being disclosed timely to certifying officers and in public reports.

- ❖ **Taxation Risk:** Significant transactions of the company have adverse tax consequences that could have been avoided had they been structured differently. Failure to comply with all tax regulations (e.g. payment and filing requirements) creates risks.
- ❖ **Regulatory Reporting Risk:** Reports of operating and financial information required by regulatory agencies are incomplete, inaccurate or untimely, exposing the company to fines, penalties and sanctions.

3-Strategic Risk

- ❖ **Environmental Scan Risk:** The failure to monitor and stay in touch with a rapidly changing environment, resulting in obsolete business strategies.
- ❖ **Business Model Risk:** The organization has an obsolete business model and does not recognize it and/or lacks the information needed to make an up-to-date assessment of its current model and build a compelling business case for modifying that model on a timely basis.
- ❖ **Business Portfolio Risk:** The risk that a firm will not maximize business performance by effectively prioritizing its products or balancing its businesses in a strategic context.
- ❖ **Investment Valuation/Evaluation Risk:** Management does not have sufficient financial information to make informed short-term and long-term investment decisions and link the risks accepted to the capital at risk. Management and key decision-makers are unable to reliably measure the value of a specific business or any of its significant segments in a strategic context.
- ❖ **Organization Structure Risk:** The Company's organizational structure does not support change or the company's business strategies.
- ❖ **Measurement (Strategy) Risk:** Occurs when overall organizational performance measures focus primarily on near-term financial results or are not consistent with and do not support business strategies.
- ❖ **Resource Allocation Risk:** The Company's resource allocation process does not establish and sustain competitive advantage or maximize returns for shareholders.
- ❖ **Planning Risk:** the Company's business strategies are not driven by creative and intuitive input or based on current assumptions about the external environment, resulting in strategies that are out-of-date and unfocused.
- ❖ **Lifecycle Risk:** An organization's approach to managing the movement of its product lines and evolution of its industry along the lifecycle (e.g., start-up, growth, maturity and decline) threatens the ultimate success of its business strategies.

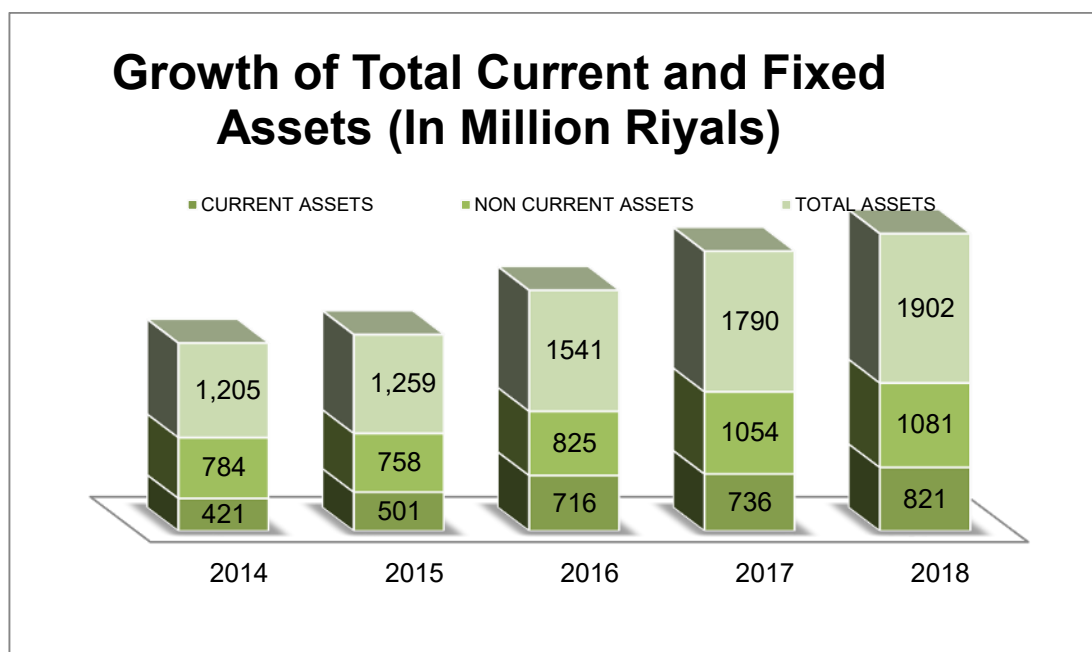
Financial Results and Profits:

The following figures summarize the statement of financial position, statement of income, statement of cash flows for the fiscal years ended on 31 December 2018, 2017, 2016, 2015, 2014.

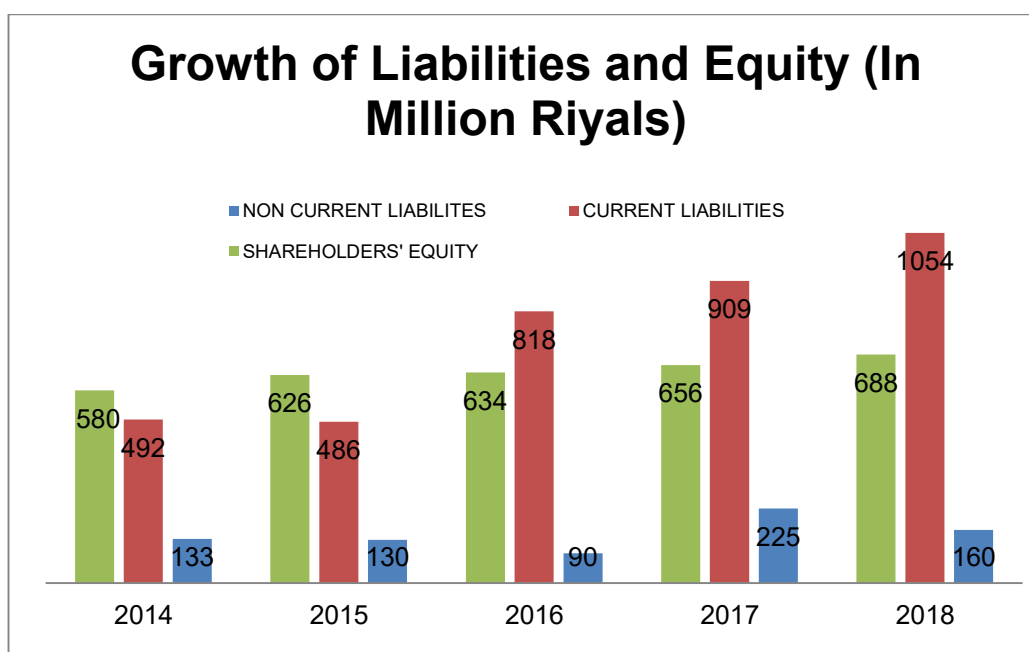
Table - Items of Assets, Liabilities and Equity

Statement	2018	2017	2016	2015	2014
Financial Position (In Thousands)	SR	SR	SR	SR	SR
Current asset	821,208	736,494	716,332	487,302	421,227
Current liabilities	1,053,918	909,160	817,978	485,748	491,881
Working capital	(232,710)	(172,666)	(101,646)	1,554	(70,654)
other long-term assets	12,585	16,792	18,860	21,910	41,267
Fixed assets	1,068,192	1,036,880	806,054	736,383	742,816
Total assets	1,901,985	1,790,166	1,541,246	1,245,595	1,205,310
Current liabilities	1,053,918	909,160	817,978	485,748	491,881
Long-term loans	102,808	171,785	34,241	81,380	92,529
Other liabilities	56,772	53,457	55,302	52,493	40,539
Total liabilities	1,213,498	1,134,402	907,521	619,622	624,949
Paid capital	500,000	500,000	400,000	400,000	400,000
Reserves and retained earnings	188,487	155,764	233,725	225,973	180,361
Shareholders' equity	688,487	655,764	633,725	625,973	580,361
Total liabilities and shareholders' equity	1,901,985	1,790,166	1,541,246	1,245,595	1,205,310

Figure - Items of Assets, Liabilities and Equity



Company assets continued to grow through the past five years from 1,205 million Saudi riyals in 2014 to 1,902 million Saudi riyals in 2018



Equity also continued its growth during the past five years from 580 million Saudi riyals in 2014 to 688 million Saudi riyals in 2018

Table - Statement of Income

Statement	2018	2017	2016	2015	2014
Income statement (In Thousands)	SR	SR	SR	SR	SR
Sales	5,176,585	3,409,598	3,461,349	2,302,992	2,144,322
Cost of sales	4,964,549	3,226,761	3,253,962	2,051,148	1,917,208
Total Profit	212,036	182,837	207,387	251,844	227,114
Sale expenses	6,814	6,776	8,968	7,578	6,712
General and administrative expenses	100,135	94,793	93,953	97,459	82,073
Income from main activities	105,087	81,268	104,466	146,807	138,329
Financing expenses	22,475	17,715	14,238	9,973	11,587
Profit (loss) of joint investment	2,550	489	1,323	2,980	(1,938)
other revenues	832	2,544	1,995	9,371	1,980
Income before Zakat	85,994	66,586	93,546	149,185	126,784
Zakat	2,426	1,940	2,523	5,150	3,060
Net income	83,567	64,646	91,023	144,035	123,724
Re-measurement for employees end of service	556	1,207	1,871	0	0
NET COMPREHENSIVE INCOME	84,123	63,439	89,152	144,035	123,724

Figure - Statement of Income (In Thousand riyals)

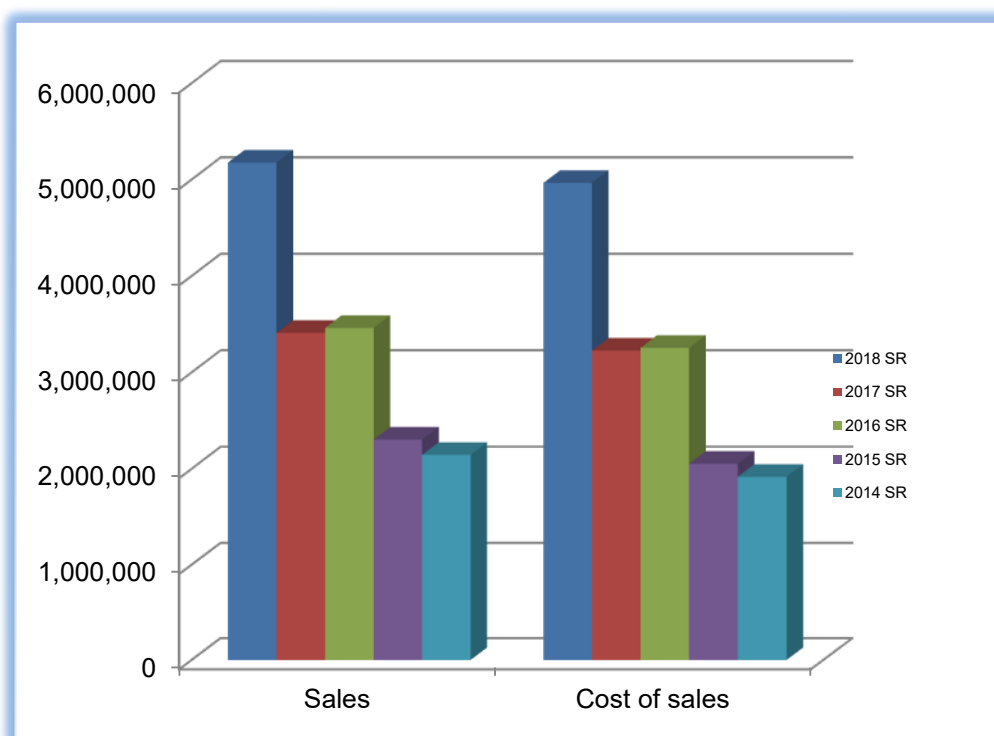


Figure - Statement of Income (In Thousand riyals)

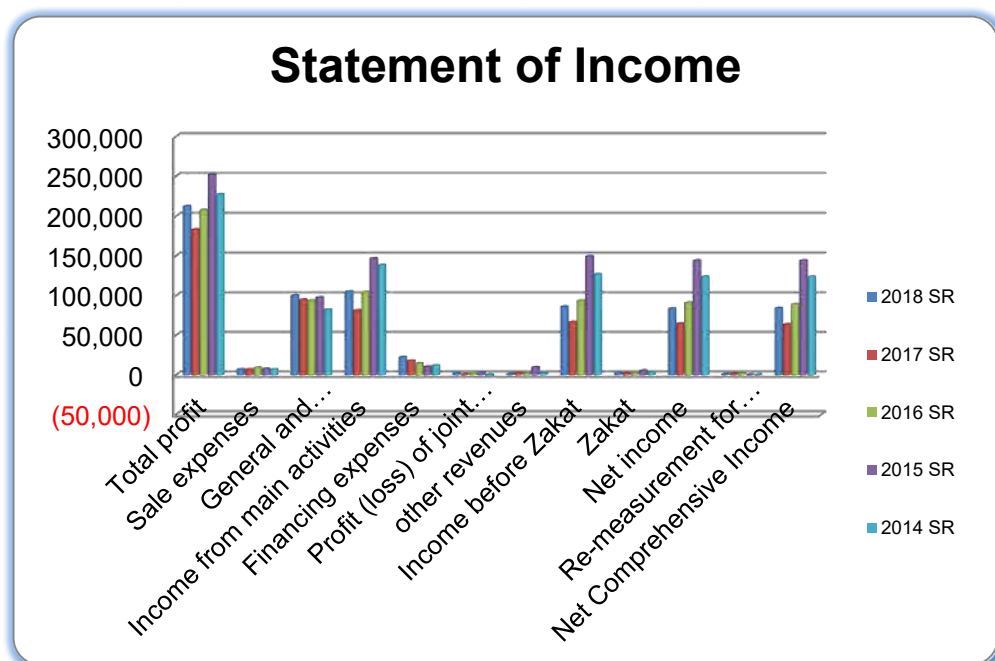


Table - Statement of Income as a percentage of Revenues

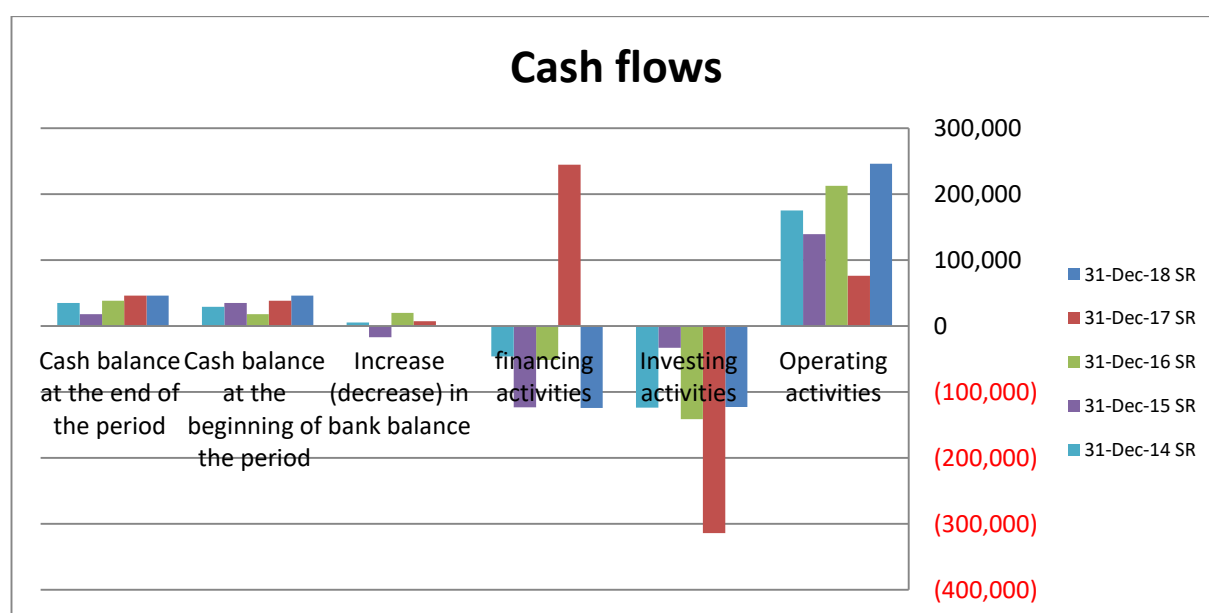
Statement	2018	2017	2016	2015	2014
Income statement (In Thousands)	SR	SR	SR	SR	SR
Sales	100.00%	100.00%	100.00%	100.00%	100.00%
Cost of sales	95.90%	94.64%	94.01%	89.06%	89.41%
Total profit	4.10%	5.36%	5.99%	10.94%	10.59%
Sale expenses	0.13%	0.20%	0.26%	0.33%	0.31%
General and administrative expenses	1.93%	2.78%	2.71%	4.23%	3.83%
Income from main activities	2.03%	2.38%	3.02%	6.37%	6.45%
Financing expenses	0.43%	0.52%	0.41%	0.43%	0.54%
Profit (loss) of joint investment	0.05%	0.01%	0.04%	0.13%	-0.09%
other revenues	0.02%	0.07%	0.06%	0.41%	0.09%
Income before Zakat	1.66%	1.95%	2.70%	6.48%	5.91%
Zakat	0.05%	0.06%	0.07%	0.22%	0.14%
Net income	1.61%	1.90%	2.63%	6.25%	5.77%
Re-measurement for employees end of service	0.01%	0.04%	0.05%	0.00%	0.00%
NET COMPREHENSIVE INCOME	1.63%	1.86%	2.58%	6.25%	5.77%

Cash flows:

Cash flows from operating activities are the main source for funding Company activities, profit distribution and capital expansions:

Cash flows	2018	2017	2016	2015	2014
Cash flows (In Thousands)	SR	SR	SR	SR	SR
Operating activities	246,552	76,452	212,589	139,304	175,246
Investing activities	(122,482)	(313,982)	(141,050)	(32,716)	(123,605)
financing activities	(124,091)	245,011	(51,237)	(123,249)	(46,090)
Increase (decrease) in bank balance	(21)	7,481	20,302	(16,661)	5,551
Cash balance at the beginning of the period	46,083	38,602	18,300	34,961	29,410
Cash balance at the end of the period	46,062	46,083	38,602	18,300	34,961

Figure - Cash Flows (Thousands Riyals)



Total Geographical Analysis of Company Revenues and Subsidiaries

Year	Statement	Central Region	Eastern Region	Western Region	Qassim and Hail Region	Southern Region	Northern Region	Road Stations	Total
Geographical Analysis (In Million)		SR	SR	SR	SR	SR	SR	SR	SR
2018	Revenues:								
	Fuel Sales	2,419.7	862.1	853.8	179.5	193.6	73.9	347.8	4,930.4
	Chemicals transport revenues	0.0	72.7	8.0	0.0	100.8	0.0	0.0	181.6
	Foodstuff transport revenues	0.0	0.3	12.4	0.0	0.0	0.0	0.0	12.7
	Revenues of fuel transport and others	11.0	34.2	5.4	0.8	0.6	0.1	0.0	52.0
	Total	2,430.7	969.3	879.6	180.3	295.0	74.0	347.8	5,176.6
2017	Revenues:								
	Fuel Sales	1,422.4	504.4	797.5	99.6	112.8	50.0	236.7	3,223.4
	Chemicals transport revenues	0.0	72.7	29.0	0.0	0.0	61.3	0.0	163.0
	Foodstuff transport revenues	0.0	4.3	0.9	0.0	0.0	0.0	0.0	5.2
	Revenues of fuel transport and others	10.2	2.3	3.5	0.7	0.7	0.6	0.0	18.0
	Total	1,432.6	583.6	831.0	100.3	113.5	111.9	236.7	3,409.6

Operation Results:

Statement	2018	2017	Changes (+) or (-)	Percentage change
income statement (In Thousands)	SR	SR		
Sales	5,176,585	3,409,598	1,766,987	51.8%
Cost of sales	4,964,549	3,226,761	1,737,788	53.9%
Total profit	212,036	182,837	29,199	16.0%
other revenues	3,382	3,033	349	11.5%
Financing expenses	22,475	17,715	4,760	26.9%
Income from main activities	105,087	81,268	23,819	29.3%

Based on the foregoing, the Statement of Income for the year ended on 31 December 2018 compared to 2017 its growing. In 2018, Company revenues amounted to (5,177) million Saudi riyals, while the same were (3,410) million Saudi riyals in 2017 by a increase rate of (51.82%). This was due to the increase of Petrol and Transport Divisions in the company's revenues this year. Revenues, gained from Petroleum Sector and Transport Sector, represent 95.24% and 4.76% of Company revenues for 2018 respectively. The operating profit generated from Company main business was (105.1) million Saudi riyals in 2018, while the same amounted to (81.3) million Saudi riyals in the previous year by the increase rate of 29.27%). Further, the net profit for 2018 was (83.6) million Saudi riyals while the same amounted to (64.61) million Saudi riyals in the previous year by the increase rate of 29.41%).

The reason of increase of net profit for the current period compared with same period last year due to increase of Petrol and Transport Divisions sales, Increase of profit of joint venture, although there is increase in marketing, sales, General and Administrative and Financial and Zakat expenses, and decrease of other income.

There are also positive factors that have contributed to the increase in sales of the company. In the petroleum services sector, a new electronic packaging system has been introduced that enables customers to control consumption and savings. More than 93,000 cars are in operation at 322 stations, This has led to increased sales of fuel

In the transport sector, the company recorded an increase of 55% in the transportation of chemicals from last year 2017, in addition to an increase in logistics by 112%.

He added that it has been a 50% joint venture with Swiss company BERTSCHI since 2013 to provide logistics, warehousing and storage management services for industrial

and service chemical plants and management of chemical tanker cleaning stations. The company's share of profits for the year 2018 was about 2.55 Million Riyals.

The market share of the company in terms of the number of stations up to 5%, and record 10% in terms of total quantities sold from fuel in the domestic market.

Four stations were closed during the fourth quarter of 2018 and 14 stations are expected to be closed and 64 new stations will be opened in 2019.

The company is looking forward to expanding its market share due to the increase in the number of stations in 2019, completing the plan to develop all stations in the Kingdom, attracting new customers through WAIE system and spreading the system to all stations.

In addition to the expansion of the transportation of chemicals and logistics services. The total fleet of trucks and trailers by the end of the year 2018 (3720) compared to 2017 (3667) .

- ❖ There is no difference to the accounting standards approved by the Saudi Commission for Certified Public Accountants

Subsidiaries:

Investment in Joint Ventures:

- ❖ On 21 Shaaban 1434 A.H. (corresponding to 30 June 2013), has extracted incorporation and commercial registration number 1010433172 Company concluded a joint venture agreement with Bertschi AG to establish a jointly managed firm with a capital of one million Saudi riyals owned equally by both companies, 50%- 50%, regarding the capital, investments and profits. The duration of the Agreement shall be twenty four (24) months and shall end upon the establishment of jointly managed firm and when the joint venture agreement forms an integral part of the future partner agreements. The new Company will be managed by an independent team comprising the two companies inside Saudi Arabia. Company will be engaged in providing services related to management of logistics and storage operations of chemical, industrial and service facilities as well as containers, and of chemicals transport tankers cleaning stations, taking into account that Bertschi is a Swiss Company engaged in the field of logistic and chemical transport services through land and sea tankers together with trains in Europe, China and Singapore.

The apparent balance in the balance sheet for the period ended 31 December 2018 with an amount of SR 3,931,599 (2017: 4,144,121) for Al Drees Bertschi AG, the Swiss company.

The following is the movement in the investments account.

	Bertschi AG		Bertschi AG	
	2018		2017	
	SR		SR	
At the beginning of the period	2,311,652		1,822,737	
Additions	-		-	
Disposals	-		-	
Gain of joint venture	2,549,911		488,915	
At 31December	4,861,563		2,311,652	

❖ There are no shares or debt instruments issued to each subsidiary.

Profit Distribution Policy Description:

Company annual net profits are distributed as follows:

1. Ten percent (10%) of the net profits shall be retained to form statutory reserve.
2. The Ordinary General Assembly may stop such retention when the said reserve reaches 30% of the capital.
3. The Ordinary General Assembly may, upon the Board of Directors proposal, set aside a certain percentage of the net profits to form eventual reserve and assign the same for a certain purpose or purposes to the extent that it serves the interests of the Company or ensures the distribution of fixed profits - to the extent possible - to the shareholders.
4. The Ordinary General Assembly may decide to deduct amounts from the net profits for the establishment of social institutions for the employees of the company or to help the existing ones.
5. After that, a first payment, equivalent to (5%) of the paid capital, from the remaining profits shall be distributed to shareholders.
6. A percent not exceeding (10%) of the remaining profits shall be assigned to reward the Board of Directors, provided that the same shall not, in all cases, exceed the maximum limits allowed according to the decisions and instructions issued by the official authorities..

- ❖ Cash dividends for the fiscal year 2017 with a total amount of 50 Million Saudi Riyals, 1 Saudi Riyals per share distributed. These distributed dividends represent 10% of a share nominal value
- ❖ Cash dividends for the fiscal year 2018 with a total amount of 50 Million Saudi Riyals, 1 Saudi Riyals per share shall be distributed. These distributed dividends represent 10% of a share nominal value

Payment of Profits:

The shareholder shall be entitled to his share of the profits in accordance with the General Assembly resolution issued in this regard. The cash dividends shall be paid to eligible shareholders registered in the Securities Depository Center Company (The Center) at the closing of trading on the day of the general assembly (which will be scheduled later) and the distribution date will be announced at the same time.

The Board of Directors shall implement the resolution of the Ordinary General Assembly on the distribution of profits within the period specified for that purpose.

- ❖ **Description of any interest in voting shares of persons (other than directors and senior executives as well as their relatives) and any change in such rights during the fiscal year.**

Sr. No.	Stakeholder Name	Beginning of Year		End of Year		Net Change	Change Ratio
		Number of shares	Debt instruments	Number of shares	Debt instruments		
1			-		-		

- ❖ Description of any benefit for the directors, their spouses and minor children in the shares or debt instruments of Company or any of its subsidiaries:

Sr. No.	Stakeholder Name	Beginning of Year		End of Year		Net Change	Change Ratio
		Number of shares	Debt instrument	Number of Shares	Debt instrument		
1	Mr. Hamad bin Mohammed Aldrees	3380040	-	1880040	-	-1500000	-3.0000
2	Eng. Abdulmohsen bin Mohammed Aldrees	14931	-	14931	-	-	-
3	Mr. Hussain bin Abdulrahman Alazel	1250	-	1250	-	-	-
4	Mr. Ahmed bin Abdullah Alaqeel	5000	-	5000	-	-	-
5	Mr. Eid bin Falih Alshamri	2500	-	2500	-	-	-
6	Mr. Adil bin Faris Alotaybi	-	-	-	-	-	-
7	Eng. Abdulilah bin Saad Aldrees	2000	-	2000	-	-	-

* The wife of Mr. Hussain Alazel owns (750) shares at the end of 2018, net change (-) shares and change ratio (-).

- ❖ Description of any interest of senior executives, their spouses and minor children in the shares or debt instruments of Company or any of its subsidiaries.

Sr. No.	Stakeholder Name	Beginning of Year		End of Year		Net Change	Change Ratio
		Number of shares	Debt instrume nt	Number of shares	Debt instrument		
1	Eng. Abdulilah bin Saad Aldrees	2000	-	2000	-	-	-
2	Mr. Khalid bin Abdulmohsen Aldrees	-	-	-	-	-	-
3	Mr. Mahmoud bin Yousuf Almaghrabi	12761	-	12761	-	-	-
4	Mr. Khalid Bin Abdulrahman Al Saheim	-	-	-	-	-	-
5	Mr. Amro Mahmoud Abouelmaaty Siam	-	-	-	-	-	-

A detailed table indicating ownership of directors, Senior executives as well as their spouses and minor children of Company shares

Name	Number of shares at the beginning of year	Ownership ratio at the beginning of year	Net change of shares number during the year	change ratio during the year	Total shares at the end of year	Total ownership ratio at the end of year
Mr. Hamad Mohammed Aldrees	3380040	6.7601	-1500000	-3.0000	1880040	3.7601
Eng. Abdulmohsen bin Mohammed Aldrees	14931	0.0299	-	-	14931	0.0299
Mr. Hussain bin Abdulrahman Alazel	1250	0.0025	-	-	1250	0.0025
Mr. Ahmed bin Abdullah Alaqeel	5000	0.0100	-	-	5000	0.0100
Mr. Eid bin Falih Alshamri	2500	0.0050	-	-	2500	0.0050
Eng. Abdulilah bin Saad Aldrees	2000	0.0040	-	-	2000	0.0040
Mr. Adil bin Faris Alotaybi	-	-	-	-	-	-
Mr. Khalid bin Abdulmohsin Aldrees	-	-	-	-	-	-
Mr. Mahmoud bin Yousuf Almaghrabi	12761	0.0255	-	-	12761	0.0255
Mr. Khalid Bin Abdulrahman Al Saheim	-	-	-	-	-	-
Mr. Amro Mahmoud Abouelmaaty Siam	-	-	-	-	-	-

* The wife of Mr. Hussain Alazel owns (750) shares at the end of 2018, net change (-) shares and change ratio (0.0).

Rewards of Board Directors 2018

The Nomination, Reward & Governance Committee has ongoing review of salaries, bonuses and benefits of the members, in accordance with the official decisions and instructions issued in this regard and the main article of the company, and the achieved results in the performance of the operating company, then submit its recommendations to the BOD. The members are entitled to get attendance allowance, in case the BOD decided to grant this allowance to all members who attend the meetings, and the BOD acknowledges based on the recommendations of the Nomination, Reward & Governance Committee the allowances earned by members of the Board for their services (as employees or administrators or technical works, or consultant).

Compensations and awards of board members and executives

		Fixed Compensations							Senior Executive Compensations						End of service	Grand total	Expense s allowance
		certain amount	meeting attendance allowance	total allowance for attending committees;	In - kind benefits	administrative officers or for technical, administrative or consultancy services	Awards for chairman, CEO or secretary if from board member	Total	percentage of profits	periodic rewards	short term incentive	long term incentive	Granted shares, insert value	total			
First : Independent Member																	
1-	Mr. Ahmed Abdullah Alaqeel	-	15,000	12,000	-	-	-	27,000	-	200,000	-	-	-	200,000	-	227,000	-
2-	Mr. Eid Fali Alshamri	-	15,000	18,000	-	-	-	33,000	-	200,000	-	-	-	200,000	-	233,000	-
3-	Mr. Adil bin Faris Alotaybi	-	15,000	15,000	-	-	-	30,000	-	200,000	-	-	-	200,000	-	230,000	-
Total		-	45,000	45,000	-	-	-	90,000	-	600,000	-	-	-	600,000	-	690,000	-
Second: Non - Executive Members																	
1-	Mr. Hamad bin Mohammed Aldrees	-	12,000	-	-	-	-	12,000	-	200,000	-	-	-	200,000	-	212,000	-
2-	Eng. Abdulmohsen bin Mohammed Aldrees	-	15,000	15,000	-	-	-	30,000	-	200,000	-	-	-	200,000	-	230,000	-
3-	Mr. Hussain bin Abdulrahman Alazel	-	12,000	3,000	-	-	-	15,000	-	200,000	-	-	-	200,000	-	215,000	-
Total		-	39,000	18,000	-	-	-	57,000	-	600,000	-	-	-	600,000	-	657,000	-
Third: Executive Member																	
1-	Eng. Abdulilah bin Saad Aldrees	-	15,000	12,000	-	-	-	27,000	-	200,000	-	-	-	200,000	-	227,000	
Total		-	15,000	12,000	-	-	-	27,000	-	200,000	-	-	-	200,000	-	227,000	-

Senior Executive Compensations

Five of the senior executives who received the highest rewards and compensations plus the Chief Executive Officer and Chief Financial Officer	Fixed Compensations				Variable Compensations						End of service Award	Total compensations of executive members, if any	Gross
	Salaries	allowances	In - kind benefits	total	periodic rewards	percentage of profits	short term incentive plans	long term incentive plans	Granted shares insert value	total			
	5,745,000	942,496	-	6,687,496	6,410,742	-	-	-	-	6,410,742	818,108	15,000	13,931,346

Compensations Of Committees' Members

		Fixed bonus Except attendance allowance	Allowance for attending Board Meetings	Total
Members of Audit Committee				
1-	Mr. Eid Falih Alshamri	75,000	15,000	90,000
2-	Mr. Adil bin Faris Alotaybi	75,000	15,000	90,000
3-	Mr. Khalid Mohammed Al Khuater	75,000	15,000	90,000
4-	Mr. Saad Hamad Aldrees	75,000	15,000	90,000
Total		300,000	60,000	360,000
Member of Nomination, Reward & Governance Committee				
1-	Eng. Abdulmohsen Mohammed Aldrees	-	3,000	3,000
2-	Mr. Hussain Abdulrahman Alazel	-	3,000	3,000
3-	Mr. Eid Falih Alshamri	-	3,000	3,000
Total		-	9,000	9,000
Member of Executive Committee				
1-	Eng. Abdulmohsen Mohammed Aldrees	-	12,000	12,000
2-	Mr. Ahmed Abdullah Alaqeel	-	12,000	12,000
3-	Eng. Abdulilah Saad Aldrees	-	12,000	12,000
4-	Mr. Khalid Abdulmohsen Aldrees	-	12,000	12,000
Total		-	48,000	48,000

Loans:

Company obtains Islamic banking facilities from local banks on down payments in the current account as follows:

Table - Loans

Statement	2018	2017
Loan No. 1	-	1,275,313
Loan No. 2	-	1,093,125
Loan No. 3	-	3,437,500
Loan No. 4	-	3,690,924
Loan No. 5	685,708	4,399,468
Loan No. 6	3,259,516	10,225,473
Loan No. 7	70,888,889	88,000,000
Loan No. 8	-	88,000,000
Loan No. 9	-	85,000,000
Loan No. 10	-	65,000,000
Loan No. 11	12,585,692	19,660,168
Loan No. 12	80,000,000	120,000,000
Loan No. 13	-	100,000,000
Loan No. 14	12,671,576	-
Loan No. 15	60,000,000	-
Loan No. 16	137,000,000	-
Loan No. 17	70,000,000	-
Loan No. 18	70,000,000	-
Loan No. 19	-	-
Loan No. 20	-	-
Total	517,091,381	589,781,971

Loan Maturities:

Statement	In Thousands Riyals	In Thousands Riyals
	2018	2017
Less than a year	414,283,465	441,996,852
From one to two years	82,585,688	89,458,283
From two to five years	20,222,228	58,326,836
More than five years	-	-

Table - Movement of Loans for 2018 (In Million Riyals)

Donator	Principal	Due part	Duration	Balance at the beginning of the year	Amount paid during the year	Issue Date	Maturity Date
Albilad Bank	15	Long term	48 months	3.4	3.4	27/11/2014	27/11/2018
Albilad Bank	70.6	Long term	36 months	3.7	3.7	15/03/2015	15/02/2018
Albilad Bank	14	Long term	36 months	4.4	3.7	26/03/2015	26/03/2019
Albilad Bank	19	Long term	36 months	10.2	7	28/07/2015	28/07/2018
Albilad Bank	22	Long term	36 months	19.7	7.1	17/08/2017	17/08/2020
Albilad Bank	65	Short term	19 days	65	65	24/12/2017	11/01/2018
Albilad Bank	40	Short term	12 days	0	40	03/01/2018	15/01/2018
Albilad Bank	68	Short term	16 days	0	68	29/01/2018	14/02/2018
Albilad Bank	65	Short term	15 days	0	65	13/02/2018	01/03/2018
Albilad Bank	50	Short term	15 days	0	50	28/05/2018	12/06/2018

Albilad Bank	70	Short term	23 days	0	70	29/05/2018	21/06/2018
Albilad Bank	80	Short term	29 days	0	80	29/05/2018	27/06/2018
Albilad Bank	50	Short term	30 days	0	50	29/05/2018	28/06/2018
Albilad Bank	60	Short term	27 days	0	60	27/06/2018	24/07/2018
Albilad Bank	70	Short term	29 days	0	70	27/06/2018	26/07/2018
Albilad Bank	135	Short term	28 days	0	135	28/06/2018	26/07/2018
Albilad Bank	60	Short term	13 days	0	60	25/07/2018	07/08/2018
Albilad Bank	70	Short term	18 days	0	70	29/07/2018	16/08/2018
Albilad Bank	140	Short term	29 days	0	140	29/07/2018	27/08/2018
Albilad Bank	70	Short term	16 days	0	70	26/08/2018	11/09/2018
Albilad Bank	60	Short term	29 days	0	60	15/08/2018	13/09/2018
Albilad Bank	140	Short term	21 days	0	140	28/08/2018	18/09/2018
Albilad Bank	100	Short term	24 days	0	100	15/09/2018	09/10/2018
Albilad Bank	100	Short term	23 days	0	100	30/10/2018	22/11/2018
Albilad Bank	100	Short term	29 days	0	100	27/11/2018	26/12/2018
Albilad Bank	70	Short term	9 days	0	0	30/12/2018	08/01/2019
Albilad Bank	70	Short term	16 days	0	0	30/12/2018	15/01/2019
Riyad Bank	88	Long term	36 months	88	17.1	28/12/2017	17/01/2020
Riyad Bank	88	short term	34 days	88	88	02/12/2017	04/01/2018
Riyad Bank	85	short term	22 days	85	85	31/12/2017	21/01/2018

Riyad Bank	50	short term	12 months	0	37.3	13/03/2018	12/03/2019
Riyad Bank	70	Short term	10 days	0	70	28/01/2018	07/02/2018
Riyad Bank	10	short term	15 days	0	10	24/01/2018	08/02/2018
Riyad Bank	56	short term	17 days	0	56	18/02/2018	07/03/2018
Riyad Bank	53	short term	23 days	0	53	18/02/2018	13/03/2018
Riyad Bank	91	short term	27 days	0	91	22/02/2018	21/03/2018
Riyad Bank	59	Short term	8 days	0	59	21/03/2018	29/03/2018
Riyad Bank	60	short term	16 days	0	60	26/03/2018	12/04/2018
Riyad Bank	30	short term	29 days	0	30	26/03/2018	24/04/2018
Riyad Bank	62	short term	14 days	0	62	18/04/2018	02/05/2018
Riyad Bank	80	Long term	25 days	0	80	29/04/2018	24/05/2018
Riyad Bank	40	short term	30 days	0	40	01/05/2018	31/05/2018
Riyad Bank	80	Short term	14 days	0	80	24/05/2018	07/06/2018
Riyad Bank	15	short term	25 days	0	15	31/05/2018	25/06/2018
Riyad Bank	80	short term	13 days	0	80	27/06/2018	10/07/2018
Riyad Bank	80	short term	21 days	0	80	28/06/2018	19/07/2018
Riyad Bank	70	Long term	21 days	0	70	24/07/2018	14/08/2018
Riyad Bank	35	short term	23 days	0	35	24/07/2018	16/08/2018
Riyad Bank	40	Short term	33 days	0	40	24/07/2018	26/08/2018
Riyad Bank	55	short term	29 days	0	55	14/08/2018	12/09/2018

Riyad Bank	70	short term	21 days	0	70	28/08/2018	18/09/2018
Riyad Bank	40	short term	30 days	0	40	26/08/2018	25/09/2018
Riyad Bank	40	short term	10 days	0	40	01/10/2018	11/10/2018
Riyad Bank	60	short term	17 days	0	60	01/10/2018	18/10/2018
Riyad Bank	70	short term	17 days	0	70	01/10/2018	18/10/2018
Riyad Bank	10	short term	7 day	0	10	18/10/2018	25/10/2018
Riyad Bank	70	short term	10 days	0	70	29/10/2018	08/11/2018
Riyad Bank	60	short term	29 days	0	60	29/10/2018	27/11/2018
Riyad Bank	70	short term	9 days	0	70	27/11/2018	06/12/2018
Riyad Bank	70	short term	16 days	0	70	27/11/2018	13/12/2018
Riyad Bank	60	short term	29 days	0	60	27/11/2018	26/12/2018
Riyad Bank	60	short term	25 days	0	0	26/12/2018	21/01/2019
Riyad Bank	137	short term	8 days	0	0	30/12/2018	07/01/2019
National Bank	120	Long term	36 months	120	40	15/08/2017	15/02/2020
National Bank	100	Short term	30 days	100	100	26/12/2017	25/01/2018
National Bank	80	Short term	29 days	0	80	24/01/2018	22/02/2018
National Bank	80	Short term	29 days	0	80	21/02/2018	22/03/2018
National Bank	81	Short term	15 days	0	81	21/03/2018	05/04/2018
National Bank	80	Short term	28 days	0	80	22/03/2018	19/04/2018
National Bank	35	Short term	29 days	0	35	28/03/2018	26/04/2018

National Bank	85	Short term	17 days	0	85	23/04/2018	10/05/2018
National Bank	80	Short term	18 days	0	80	29/04/2018	17/05/2018
National Bank	34.8	Short term	29 days	0	34.8	29/04/2018	28/05/2018
National Bank	50	Short term	28 days	0	50	29/08/2018	26/09/2018
National Bank	40	Short term	7 day	0	40	18/09/2018	25/09/2018
National Bank	70	Short term	24 days	0	70	01/10/2018	25/10/2018
National Bank	70	Short term	17 days	0	70	29/10/2018	15/11/2018
National Bank	80	Short term	24 days	0	80	26/11/2018	20/12/2018
Samba Bank	8.7	Long term	48 months	1.3	1.3	01/07/2013	08/04/2018
Samba Bank	8.7	Long term	48 months	1.1	1.1	26/09/2013	17/06/2018
	5,170.80			589.80	4,539.50		

Table - Movement of Loans for 2017 (In Million Riyals)

Donator	Principal	Due part	Duration	Balance at the beginning of the year	Amount paid during the year	Issue Date	Maturity Date
Albilad Bank	20	Long term	48 months	9.2	9.2	28/10/2014	28/10/2018
Albilad Bank	15	Long term	48 months	7.2	3.8	27/11/2014	27/11/2018
Albilad Bank	70.6	Long term	36 months	27.2	23.5	15/03/2015	15/02/2018
Albilad Bank	14	Long term	36 months	8.1	3.7	26/03/2015	26/03/2019
Albilad Bank	24	Long term	36 months	13.8	13.8	28/07/2015	28/07/2018

Albilad Bank	19	Long term	36 months	16.5	6.3	28/07/2015	28/07/2018
Albilad Bank	22	Long term	36 months	0	2.3	17/08/2017	17/08/2020
Albilad Bank	15	Short term	11 days	15	15	28/12/2016	09/01/2017
Albilad Bank	45	Short term	28 days	45	45	27/12/2016	24/01/2017
Albilad Bank	43	Short term	30 days	43	43	27/12/2016	26/01/2017
Albilad Bank	45	Short term	8 days	0	45	29/01/2017	07/02/2017
Albilad Bank	65	Short term	30 days	0	65	29/01/2017	28/02/2017
Albilad Bank	60	Short term	30 days	0	60	27/02/2017	27/03/2017
Albilad Bank	41	Short term	27 days	0	41	01/03/2017	27/03/2017
Albilad Bank	10	Short term	9 days	0	10	28/03/2017	05/04/2017
Albilad Bank	25	Short term	30 days	0	25	27/03/2017	25/04/2017
Albilad Bank	70	Short term	31 days	0	70	28/03/2017	27/04/2017
Albilad Bank	42	Short term	58 days	0	42	26/04/2017	22/06/2017
Albilad Bank	30	Short term	7 day	0	30	30/04/2017	07/05/2017
Albilad Bank	107	Short term	31 days	0	107	23/05/2017	22/06/2017
Albilad Bank	10	Short term	10 days	0	10	29/05/2017	08/06/2017
Albilad Bank	45	Short term	23 days	0	45	29/05/2017	20/06/2017
Albilad Bank	50	Short term	28 days	0	50	19/06/2017	16/07/2017
Albilad Bank	42	Short term	27 days	0	42	20/06/2017	11/07/2017
Albilad Bank	8.8	Short term	10 days	0	8.8	22/06/2017	01/07/2017
Albilad Bank	90	Short term	28 days	0	90	01/07/2017	27/07/2017

Albilad Bank	60	Short term	29 days	0	60	30/07/2017	28/08/2017
Albilad Bank	38	Short term	30 days	0	38	15/08/2017	14/09/2017
Albilad Bank	85	Short term	24 days	0	85	22/08/2017	14/09/2017
Albilad Bank	30	Short term	28 days	0	30	23/08/2017	19/09/2017
Albilad Bank	200	Short term	30 days	0	200	25/09/2017	24/10/2017
Albilad Bank	30	Short term	16 days	0	30	25/10/2017	09/11/2017
Albilad Bank	25	Short term	23 days	0	25	25/10/2017	16/11/2017
Albilad Bank	25	Short term	25 days	0	25	29/10/2017	23/11/2017
Albilad Bank	140	Short term	30 days	0	140	29/10/2017	27/11/2017
Albilad Bank	20	Short term	14 days	0	20	22/11/2017	05/12/2017
Albilad Bank	40	Short term	17 days	0	40	28/11/2017	14/12/2017
Albilad Bank	35	Short term	29 days	0	35	28/11/2017	26/12/2017
Albilad Bank	65	Short term	19 days	0	0	24/12/2017	11/01/2018
Riyad Bank	12	Long term	48 months	0.8	0.8	30/03/2013	30/03/2017
Riyad Bank	88	Long term	36 months	0	0	28/12/2017	17/01/2020
Riyad Bank	60	short term	12 months	15.2	15.2	27/03/2016	26/03/2017
Riyad Bank	60	Short term	28 days	0	60	28/02/2017	27/03/2017
Riyad Bank	60	short term	29 days	0	60	27/03/2017	25/04/2017
Riyad Bank	40	short term	31 days	0	40	27/03/2017	27/04/2017
Riyad Bank	30	short term	16 days	0	30	23/05/2017	08/06/2017
Riyad Bank	65	short term	28 days	0	65	19/06/2017	17/07/2017

Riyad Bank	29	short term	30 days	0	29	20/06/2017	19/07/2017
Riyad Bank	50	short term	23 days	0	50	17/07/2017	08/08/2017
Riyad Bank	76	short term	30 days	0	76	17/07/2017	15/08/2017
Riyad Bank	20	short term	15 days	0	20	15/08/2017	29/08/2017
Riyad Bank	60	short term	29 days	0	60	28/08/2017	26/09/2017
Riyad Bank	38	short term	25 days	0	38	13/09/2017	07/10/2017
Riyad Bank	50	short term	30 days	0	50	17/09/2017	16/10/2017
Riyad Bank	45	short term	16 days	0	45	23/10/2017	07/11/2017
Riyad Bank	20	short term	28 days	0	20	08/11/2017	05/12/2017
Riyad Bank	140	short term	30 days	0	140	26/11/2017	25/12/2017
Riyad Bank	88	short term	34 days	0	0	02/12/2017	04/01/2018
Riyad Bank	85	short term	22 days	0	0	31/12/2017	21/01/2018
Gulf Bank	50	Short term	3.6 months	50	50	28/09/2016	18/01/2017
Gulf Bank	40	Short term	24 days	0	40	29/01/2017	21/02/2017
Gulf Bank	36	Short term	8 days	0	36	28/02/2017	07/03/2017
Gulf Bank	45	Short term	15 days	0	45	28/02/2017	14/03/2017
Gulf Bank	49	Short term	10 days	0	49	27/03/2017	06/04/2017
Gulf Bank	40	Short term	3 month	0	40	27/03/2017	26/06/2017
Gulf Bank	35	Short term	3 month	0	35	27/03/2017	26/06/2017
Gulf Bank	50	Short term	3 month	0	50	23/04/2017	19/07/2017
Gulf Bank	40	Short term	3 month	0	40	23/04/2017	19/07/2017
National Bank	120	Long term	36 months	0	0	15/08/2017	15/02/2020

National Bank	40	Short term	7 day	40	40	27/12/2016	03/01/2017
National Bank	20	Short term	8 days	0	20	03/01/2017	10/01/2017
National Bank	40	Short term	15 days	0	40	03/01/2017	17/01/2017
National Bank	40	Short term	27 days	0	40	03/01/2017	30/01/2017
National Bank	40	Short term	31 days	0	40	29/01/2017	28/02/2017
National Bank	39.8	Short term	31 days	0	39.8	29/01/2017	28/02/2017
National Bank	40	Short term	22 days	0	40	28/02/2017	21/03/2017
National Bank	73	Short term	3 month	0	73	01/03/2017	29/05/2017
National Bank	120	Short term	27 days	0	120	29/03/2017	24/04/2017
National Bank	40	Short term	22 days	0	40	26/04/2017	17/05/2017
National Bank	40	Short term	25 days	0	40	30/04/2017	24/05/2017
National Bank	119.7	Short term	25 days	0	119.7	30/04/2017	24/05/2017
National Bank	40	Short term	22 days	0	40	23/05/2017	14/06/2017
National Bank	119.8	Short term	20 days	0	119.8	30/05/2017	19/06/2017
National Bank	80	Short term	30 days	0	80	18/06/2017	17/07/2017
National Bank	120	Short term	30 days	0	120	20/06/2017	19/07/2017
National Bank	119.8	Short term	24 days	0	119.8	30/07/2017	22/08/2017
National Bank	30	Short term	29 days	0	30	26/07/2017	24/08/2017
National Bank	110	Short term	30 days	0	110	27/08/2017	26/09/2017
National Bank	80	Short term	30 days	0	80	27/08/2017	26/09/2017
National Bank	70	Short term	13 days	0	70	27/09/2017	09/10/2017

National Bank	80	Short term	30 days	0	80	27/09/2017	26/10/2017
National Bank	10	Short term	30 days	0	10	08/10/2017	07/11/2017
National Bank	40	Short term	22 days	0	40	23/10/2017	14/11/2017
National Bank	40	Short term	29 days	0	40	23/10/2017	21/11/2017
National Bank	30	Short term	35 days	0	30	23/10/2017	28/11/2017
National Bank	11	Short term	29 days	0	11	13/11/2017	12/12/2017
National Bank	40	Short term	23 days	0	40	29/11/2017	21/12/2017
National Bank	100	Short term	28 days	0	100	29/11/2017	26/12/2017
National Bank	100	Short term	30 days	0	0	26/12/2017	25/01/2018
Samba Bank	20.6	Long term	48 months	3.8	3.8	29/09/2013	29/09/2017
Samba Bank	7.3	Long term	48 months	1.8	1.8	25/12/2013	25/12/2017
Samba Bank	8.7	Long term	48 months	3.3	2	01/07/2013	08/04/2018
Samba Bank	8.7	Long term	48 months	3.5	2.4	26/09/2013	17/06/2018
	5,360.80			303.40	4,601.50		

- ❖ There is no description of categories and numbers of any transferable debt instruments and any contractual securities or memorandums of subscription right or similar rights issued or granted by Company during the current year. Moreover, there is no consideration obtained by Company against the same.
- ❖ There is no transfer or subscription rights under transferable debt instruments and any contractual securities or memorandums of subscription right or similar rights issued or granted by Company.
- ❖ There is no recovery, purchase or cancellation on the part of Company regarding any recoverable debt instruments as well as the remaining securities value, provided that the listed securities purchased by Company shall be differentiated from those purchased by the subsidiaries thereof.
- ❖ There are no treasury shares held by the Company

Board of Directors Meetings:

During the year 2018, the Board of Directors held five meetings. The following table includes the relevant attendance sheet.

Sr. No.	Name	Dates of the Board of Directors Meetings						
		17/1	13/2	18/4		17/7	17/10	
1	Hamad bin Mohammed Aldrees	√	√	√		x	√	
2	Eng. Abdulmohsen bin Mohammed Aldrees	√	√	√		√	√	
3	Hussain bin Abdulrahman Alazl	√	√	√		xx	√	
4	Ahmed bin Abdullah Alaqeel	√	√	√		√	√	
5	Eid bin Falih Alshamri	√	√	√		√	√	
6	Eng. Abdulilah bin Saad Aldress	√	√	√		√	√	
7	Adel bin Faris Alotaybi	√	√	√		√	√	

√ Attendance in person

x Attendance by proxy through another director

xx Apology

❖ Record the Company's applications for the register of shareholders, the dates of such applications, and their reasons

Number of the company's applications for the register of shareholders	The date of application	Reasons for the request
(1)	04/01/2018	Company procedures
(2)	04/03/2018	General Assembly
(3)	07/03/2018	Profit File
(4)	09/07/2018	Other

**A list of the dates of the General Assembly of shareholders held during the fiscal year 2018
And the names of the members of the Board of Directors present that meetings**

Sr. No.	Name	Attendance Record
		1 st Assembly meeting 05/03/2018
1	Hamad bin Mohammed Aldrees	√
2	Eng. Abdulmohsen bin Mohammed Aldrees	√
3	Hussain bin Abdulrahman Alazl	√
4	Ahmed bin Abdullah Alaqeel	√
5	Eid bin Falih Alshamri	√
6	Eng. Abdulilah bin Saad Aldress	√
7	Adel bin Faris Alotaybi	√

❖ Directors have interest in Company contracts:

	Member Name	Related party name	Nature of the contract	Duration of the contract	Contract Value Million SR
1	<ul style="list-style-type: none"> - Eng. Abdulmohsen bin Mohammed Aldrees - Mr. Hussain bin Abdulrahman Alazel 	Aldrees Industrial & Trading Company (ALITCO) Tools and Equipment Sector	Purchasing Gasoline pumps, knowing that the prices are competitive, There is no specific duration of the contract (multi).	Yearly	17,7
2	Mr. Hamad bin Mohammed Aldrees, Board Chairman	Mr. Hamad bin Mohammed Aldrees, Board Chairman	Rent station / Al Manakh Station	11 years remaining years	1
3	<ul style="list-style-type: none"> - - Mr. Hamad bin Mohammed Aldrees - The Seven Orbits, - Eng. Abdulmohsin bin Mohammed Aldrees - Mr. Hussain bin Abdulrahman Alazel 	The Seven Orbits, 50% investment with Aldrees Industrial & Trading Company (ALITCO)	Al Nour Al Zahran Stations in the Eastern region	10 years. 7 years remaining.	0,600

4	<ul style="list-style-type: none"> - Mr. Hamad bin Mohammed Aldrees - The Seven Orbits, - Eng. Abdulmohsin bin Mohammed Aldrees - Mr. Hussain bin Abdulrahman Alazel 	The Seven Orbits, 50% investment with Aldrees Industrial & Trading Company (ALITCO)	Al Nour Al Ahadthah Stations in the Eastern region	9 years years remaining.	0,320
5	Eng. Abdulmohsen bin Mohammed Aldrees, Board Vice-Chairman	Eng. Abdulmohsen bin Mohammed Aldrees, Board Vice-Chairman	A location in Jizan is rented for Transport Sector as a workshop, management center and housing	Yearly	0,200

Note No. (21), page (30) regarding balances and transactions with the relevant authorities, included in Company balance sheet shall be referred.

The said transactions with the relevant authorities were approved by the Board of Directors. Permission for approval of the seventh ordinary general assembly held on 05 March 2018 regarding such transactions was obtained, and there are no preferential conditions for these transactions.

The Board of Directors acknowledges that there are no works or contracts that have not been submitted.

Permission will be obtained from the general assembly regarding the relevant transactions according to the conditions approved for the year 2019.

- ❖ **There is no arrangement or agreement whereby a director or a senior executive waives any salary or compensation.**
- ❖ **There is no arrangement or agreement whereby a Company shareholder waives any rights pertaining to profits.**

Table - Accrued Regular Payments:

Statement	2018		Description	Reasons
	Amount paid during the year	The end of the annual financial period has not yet been paid		
Zakat	2,079,356	4,933,188	Zakat is provided on accrual basis in accordance with the Regulations of the General Authority for Zakat and Income ("DZIT")	Provision plus the Provision of previous years
General Organization for Social Insurance	8,395,458	-	-	-
Value-Added tax	24,388,083	991,599	accordance with the Regulations of the General Authority for Zakat and Income ("DZIT") 5%	December 2018 balance worthy in the Yepaper 2019
Exit reentry fees	4,010,797	-	Costs of employment and exit, return and renewal visas	-
Labor office fees	6,727,606	-	Labor office fees and consolidated bill	-

There are no investments or reserves established for the benefit of Company employees.

*** We acknowledge the following:**

1. The account records were properly prepared.
2. The internal control system was prepared according to sound bases and implemented effectively.
3. There is no doubt to be mentioned as to Company ability to continue the activity thereof.

Similarly, Company Board of Directors confirms the following:

- All listed financial information was extracted from the audited financial statements of Company. without any material amendment thereto. The financial statements were also prepared and audited in accordance with the accounting standards issued by the Saudi Organization for Certified Public Accountants.
- There is no material or negative change in the financial and commercial positions of Company during the year ended on 31 December 2018.

*** The auditor's report does not include any reservations to the annual financial statements for the period ended 31/12/2018**

*** There is no recommendation from the Board of Directors to change the auditor before the end of the period designated for it**

*** Corporate Governance Regulation:**

It has been approved and Accreditation by your Assembly, which is not contrary to the guiding governance issued by the Capital Market Authority and the regulations in force , which the objectives of the company and how to achieve them and methods of monitoring performance.

Corporate Governance means the set of procedures, laws, standards, regulations and decisions ensuring transparency and fairness with a view to realizing quality and excellent performance. This could be done through the rationalization of Management actions to exploit the available economic resources in a manner realizing the best possible benefits for all interested parties by developing strategies, plans, policies, control and follow-up regarding all works related to Company affairs. Interested parties include employees, suppliers, customers, banks, third party lenders, legislators, work climate and the entire community, On December 30, 2017, the General Assembly approved the update of the Company's Corporate Governance Regulation and Policies,

which include the policies of the Company's Board of Directors, its remuneration, its committees and the Audit Committee's Rules.

*** The following is a summary of the provisions that have been applied along with the provisions that have not been applied and reasons therefore.**

Company adhered to all regulations of the governance.

The names of the companies inside and outside the Kingdom of which the board member is a member of its current and previous boards of directors or its director.

Member Name	Names of companies in which the board member is a member of its current board of directors or its directors	Inside the Kingdom / outside the Kingdom	Legal entity (Joint stock company/shareholding not included / limited liability / 000)	The names of the companies in which the member of the board of directors is a member of its previous board of directors or its directors	Inside the Kingdom / outside the Kingdom	Legal entity (Joint stock company/shareholding not included / limited liability / 000)
Mr. Hamad bin Mohammed Aldrees	Hamad Muhammad Aldrees and Partners Holding Company for Industry and Mining	Inside the Kingdom	Joint stock company Unregistered	Hamad Muhammad Aldrees and Partners Holding Company for Industry and Mining	Inside the Kingdom	Joint stock company Unregistered
Eng. Abdulmohsen bin Mohammed Aldrees	Aldrees Industrial & Trading Company (ALITCO)	Inside the Kingdom	Joint stock company Unregistered	Aldrees Industrial & Trading Company (ALITCO)	Inside the Kingdom	Joint stock company Unregistered
Mr. Hussain bin Abdulrahman Alazl	Aldrees Industrial & Trading Company (ALITCO)	Inside the Kingdom	Joint stock company Unregistered	Aldrees Industrial & Trading Company (ALITCO)	Inside the Kingdom	Joint stock company Unregistered

Mr. Ahmed bin Abdullah Alaqeel	-	-	-	Southern Province Cement Company (SPCC)	Inside the Kingdom	Joint stock company
Mr. Ahmed bin Abdullah Alaqeel	Arab National Bank	Inside the Kingdom	Joint stock company	Arab National Bank	Inside the Kingdom	Joint stock company
Mr. Eid bin Falih Alshamri	- Ithraa Capital Company	Inside the Kingdom	Joint stock company Unregistered	- Ithraa Capital Company	Inside the Kingdom	Joint stock company Unregistered
Mr. Eid bin Falih Alshamri	-	-	-	Banque Saudi Fransi (Audit Committee).	Inside the Kingdom	Joint stock company
Mr. Eid bin Falih Alshamri	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 Falih Alshamri	Fawaz Abdulaziz Alhokair Co.	Inside the Kingdom	Joint stock company	Fawaz Abdulaziz Alhokair Co.	Inside the Kingdom	Joint stock company
Eng. Abdulilah bin Saad Aldrees	Arab Club Company	Inside the Kingdom	Joint stock company Unregistered	Arab Club Company	Inside the Kingdom	Joint stock company Unregistered

list of the Members of the Board of Directors, Members of the Committees and the Executive Management

Their current and past positions, qualifications and experience

First Members Board of Directors :-

Sr.No	Member Name	Current position	Previous position	Qualifications	Experience
1	Mr. Hamad bin Mohammed Aldrees	Businessman Chairman of the Board of Directors	Businessman Chairman of the Board of Directors	----	-13 YRS as Chairman of the Board of Directors of Aldrees Petroleum & Transport Services Co. - 3 YRS as Chairman of the Board of Directors Aldrees Industrial & Trading Company (ALITCO)

2	Eng. Abdulmohsen bin Mohammed Aldrees	Businessman Chairman of the Board of Directors	Businessman Chairman of the Board of Directors	Master of Mechanical Engineering	13 YRS as Deputy Chairman of the Board of Directors of Aldrees Petroleum &Transport Services Co. 13 YRS as Chief of Executive Committee of Aldrees Petroleum &Transport Services Co. 13 YRS as Chief of Governance Committee of Aldrees Petroleum &Transport Services Co. - 7 YRS as Chairman of the Board of Directors Aldrees Industrial & Trading Company (ALITCO) - 10 YRS as Chief of Governance Committee of of Aldrees Industrial & Trading Company (ALITCO)
3	Mr. Hussain bin Abdulrahman Alazl	Businessman General Secretary of the Chamber of Commerce and Industry - Riyadh	Businessman General Secretary of the Chamber of Commerce and Industry - Riyadh	Master of Business Managment	10 YRS as Member of the Board of Directors of Aldrees Petroleum &Transport Services Co. 7 YRS as Member of the Board of Directors Aldrees Industrial & Trading Company (ALITCO) 10 YRS as Chief of Governance Committee of Aldrees Petroleum &Transport Services Co.
4	Mr. Ahmed bin Abdullah Alaqeel	Retired	Retired	Master of Economics and Mathematics	10 YRS as Member of the Board of Directors of Aldrees Petroleum &Transport Services Co. 10 YRS as Member of Executive Committee of Aldrees Petroleum &Transport Services Co.

					<p>9 YRS as Member of the Board of Directors of South Province Cement CO.</p> <p>7 YRS as Member of the Board of Directors of Arab National Bank</p> <p>4 YRS as Member of the Board of Directors Aldrees Industrial & Trading Company (ALITCO)</p>
5	Mr. Eid bin Falih Alshamri	<p>Businessman</p> <p>Chief Executive Officer</p>	<p>Businessman</p> <p>Chief Executive Officer</p>	<p>Bachelor of Science</p> <p>Management of the American Accountants Association CPA</p>	<p>13 YRS as Member of the Board of Directors of Aldrees Petroleum &Transport Services Co.</p> <p>13 YRS as Chief of Audit Committee of Aldrees Petroleum &Transport Services Co.</p> <p>13 YRS as Member of Governance Committee of Aldrees Petroleum &Transport Services Co.</p> <p>9 YRS as Member of the Board of Directors Aldrees Industrial & Trading Company (ALITCO)</p> <p>9 YRS as Chief of Audit Committee of Aldrees Industrial & Trading Company (ALITCO)</p> <p>9 YRS as Member of Governance Committee of Aldrees Industrial & Trading Company (ALITCO)</p>

6	Eng. Abdulilah bin Saad Aldrees	Chief Executive Officer	Chief Operating Officer	Bachelor of Civil Engineering	<p>13 YRS as Member of the Board of Directors of Aldrees Petroleum &Transport Services Co.</p> <p>13 YRS as Member of Executive Committee of Aldrees Petroleum &Transport Services Co.</p> <p>14 YRS as CEO of Aldrees Petroleum &Transport Services Co.</p>
7	Mr. Adil bin Faris Alotaybi	Director of Registration Department	Insurance Researcher General Organization for Social Insurance GOSI	Master of Science in Finance and Protection Policy	<p>6 years Director of Registration and Contributions to the General Organization for Social Insurance (GOSI)</p> <p>7 years Insurance Researcher at the General Organization for Social Insurance</p> <p>2 years Audited by the General Organization for Social Insurance</p> <p>4 YRS as Member of the Board of Directors of Aldrees Petroleum &Transport Services Co.</p> <p>4 YRS as Member of Audit Committee of Aldrees Petroleum &Transport Services Co.</p>

Second Members Committee :

Sr.No	Member Name	Current position	Previous position	Qualifications	Experience
1	Eng. Abdulmohsen bin Mohammed Aldrees	Businessman Chairman of the Board of Directors	Businessman Chairman of the Board of Directors	Master of Mechanical Engineering	13 YRS as Deputy Chairman of the Board of Directors of Aldrees Petroleum &Transport Services Co. 13 YRS as Chief of Executive Committee of Aldrees Petroleum &Transport Services Co. 13 YRS as Chief of Governance Committee of Aldrees Petroleum &Transport Services Co. - 7 YRS as Chairman of the Board of Directors Aldrees Industrial & Trading Company (ALITCO) - 10 YRS as Chief of Governance Committee of of Aldrees Industrial & Trading Company (ALITCO)
2	Mr. Hussain bin Abdulrahman Alazl	Businessman General Secretary of the Chamber of Commerce and Industry - Riyadh	Businessman General Secretary of the Chamber of Commerce and Industry - Riyadh	Master of Business Managment	10 YRS as Member of the Board of Directors of Aldrees Petroleum &Transport Services Co. 7 YRS as Member of the Board of Directors Aldrees Industrial & Trading Company (ALITCO) 10 YRS as Chief of Governance Committee of Aldrees Petroleum &Transport Services Co.

3	Mr. Ahmed bin Abdullah Alaqeel	Retired	Retired	Master of Economics and Mathematics	<p>10 YRS as Member of the Board of Directors of Aldrees Petroleum &Transport Services Co.</p> <p>10 YRS as Member of Executive Committee of Aldrees Petroleum &Transport Services Co.</p> <p>9 YRS as Member of the Board of Directors of South Province Cement CO.</p> <p>7 YRS as Member of the Board of Directors of Arab National Bank</p> <p>4 YRS as Member of the Board of Directors Aldrees Industrial & Trading Company (ALITCO)</p>
4	Mr. Eid bin Falih Alshamri	Businessman Chief Executive Officer	Businessman Chief Executive Officer	Bachelor of Science Management of the American Accountants Association CPA	<p>13 YRS as Member of the Board of Directors of Aldrees Petroleum &Transport Services Co.</p> <p>13 YRS as Chief of Audit Committee of Aldrees Petroleum &Transport Services Co.</p> <p>13 YRS as Member of Governance Committee of Aldrees Petroleum &Transport Services Co.</p> <p>9YRS as Member of the Board of Directors Aldrees Industrial & Trading Company (ALITCO)</p> <p>9YRS as Chief of Audit Committee of Aldrees Industrial & Trading Company (ALITCO)</p> <p>9YRS as Member of Governance Committee of Aldrees Industrial & Trading Company (ALITCO)</p>

5	Eng. Abdulilah bin Saad Aldrees	Chief Executive Officer	Chief Operating Officer	Bachelor of Civil Engineering	<p>13 YRS as Member of the Board of Directors of Aldrees Petroleum &Transport Services Co.</p> <p>13 YRS as Member of Executive Committee of Aldrees Petroleum &Transport Services Co.</p> <p>14 YRS as CEO of Aldrees Petroleum &Transport Services Co.</p>
6	Mr. Adil bin Faris Alotaybi	Director of Registration Department	Insurance Researcher General Organization for Social Insurance GOSI	Master of Science in Finance and Protection Policy	<p>6 years Director of Registration and Contributions to the General Organization for Social Insurance (GOSI)</p> <p>7 years Insurance Researcher at the General Organization for Social Insurance</p> <p>2 years Audited by the General Organization for Social Insurance</p> <p>4 YRS as Member of the Board of Directors of Aldrees Petroleum &Transport Services Co.</p> <p>4YRS as Member of Audit Committee of Aldrees Petroleum &Transport Services Co.</p>
7	Khalid Mohammed Alkhwaiter	Chief financial officer (CFO)	Finance Manager	Bachelor of Accounting CPA	<p>Chairman of the Executive Committee for Accounting Standards.</p> <p>Deputy Chairman of the Executive Committee for Accounting Standards.</p> <p>Member of Audit Committee of STC</p> <p>Member of the Board of Directors of Saudi Air Navigation Services</p> <p>Chairman of the Advance Arabian Simulation Co (AASC)</p>



8	Saad Hamad Aldrees	General Manager	General Manager	Bachelor of Administrative Sciences - Marketing	<p>Several administrative and financial positions at Riyadh Bank</p> <p>Assistant Finance Manager of Mohammed Al-Saad Al-Drees & Sons Company</p> <p>Member of Audit Committee of Aldrees Petroleum & Transport Services Co. (currently)</p>
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Third : Executive Management

Sr. No	Member Name	Current position	Previous position	Qualifications	Experience
1	Eng. Abdulilah bin Saad Aldrees	Chief Executive Officer	Chief Operating Officer	Bachelor of Civil Engineering	<p>13YRS as Member of the Board of Directors of Aldrees Petroleum &Transport Services Co.</p> <p>13 YRS as Member of Executive Committee of Aldrees Petroleum &Transport Services Co.</p> <p>14 YRS as CEO of Aldrees Petroleum &Transport Services Co.</p>
2	Khalid Abdulmohsen Aldrees	GM- Human Resources	Personnel Manager	Bachelor of Business Administration	<p>5 YRS admin in Mohammed Al-Saad Al-Drees & Sons Company</p> <p>4 YRS Assistant Personnel Manager</p> <p>9 YRS Personnel Manager and Public relations</p> <p>From 2004 to date Secretary of the Board of Directors of Aldrees Petroleum &Transport Services Co.</p>
3	Mahmoud Yousef Al Maghrabi	GM- Petrol Division	Assistant GM- Petrol Division	---	36 YRS experience in the management and operation of fuel stations

4	Khalid Abdulrahman Bin Saheim	GM-Transport Division	Manager Global Sourcing and Contracting - Sabic	---	26 YRS experience in SABIC, which includes many positions and sections
5	Amro Mahmoud Abo El Maaty	CFO	GM- finance petrol division	Bachelor of Accounting	<p>3 years auditor of Aldrees Petroleum &Transport Services Co.</p> <p>3 years account – Petrol Division of Aldrees Petroleum &Transport Services Co.</p> <p>4 years senior account – Petrol Division of Aldrees Petroleum &Transport Services Co.</p> <p>6 years chief account – Petrol Division of Aldrees Petroleum &Transport Services Co.</p> <p>4 years Member of the Management Committee of United Fuel Company (UNFCO)</p> <p>11 years finance Manager– Petrol Division of Aldrees Petroleum &Transport Services Co.</p> <p>From May 05,2017 to date – CFO of Aldrees Petroleum &Transport Services Co.</p>

Board of Directors Composition and Classification of its Directors

Name	Position	Classification
Mr. Hamad bin Mohammed Aldrees	- Chairman of the Board of Directors	Non-executive
Eng. Abdulmohsen bin Mohammed Aldrees	- Deputy chairman of the Board of Directors	Non-executive
Mr. Hussain bin Abdulrahman Alazl	- Board Director	Non-executive
Mr. Ahmed bin Abdullah Alaqeel	- Board Director	Independent
Mr. Eid bin Falih Alshamri	- Board Director	Independent
Eng. Abdulilah bin Saad Aldrees	- Board director and chief executive officer	Executive
Mr. Adil bin Faris Alotaybi	- Board director	Independent

Actions taken by the Board of Directors to inform its members, especially non-executives, of shareholders' proposals and their remarks about the Company and its performance by including them in the agenda of the Board meeting following the Assembly, and it will discuss then take the proper action .

* Board of Directors Committees:

Three committees emerge from the Board of Directors, namely: "Executive Committee", "Audit Committee" and "Nomination, Reward & Governance Committee". The said committees comprise the directors, Board secretary and members who are not Board directors as per the regulating instructions and procedures. A description of each committee is provided for hereinafter:

*** Executive Committee:**

Executive Committee comprises (4) four members: Eng. Abdulmohsen bin Mohammed Aldrees (Chairman), Mr. Ahmed bin Abdullah Alaqeel (Member), Eng. Abdulilah bin Saad Aldrees (Member), and Mr. Khalid bin Abdulmohsen Aldrees (Member).

The following table includes an attendance sheet of Executive Committee Meetings during 2018:

No.	Name	Dates of Executive Committee Meetings					
		1/17	4/18			7/17	10/17
1	Eng. Abdulmohsen Mohammed Aldrees	√	√			√	√
2	Mr. Ahmed Abdullah Alaqeel	√	√			√	√
3	Eng. Abdulilah Saad Aldrees	√	√			√	√
4	Mr. Khalid Abdulmohsen Aldrees	√	√			√	√

- ✓ Attendance in person
 x Attendance by proxy through another director
 Xx Apology

Responsibilities and tasks of the Executive Committee are as follows:

- 1) Preparing Company balance sheets.
- 2) Presenting reports and proposals to the Board of Directors on appointing the managing members of the Executive Committee.
- 3) Supervising the implementation of Company comprehensive strategy.
- 4) Controlling the practical and financial operating performance of Company.
- 5) Presenting reports on all financial and strategic matters and matters related to Company Board of Directors.

*** Audit Committee:**

Audit Committee assists Company Board of Directors in undertaking its responsibility for supervising the following matters entrusted to the Audit Committee:

- 1) Enabling the Board of Directors to conduct an annual audit of the work and referred to powers delegated to the Audit Committee, and presenting its recommendations to Company Board of Directors for the purpose of ensuring that the said Committee properly and efficiently performs its duties.
- 2) Studying the effect of internal control system soundness on preparing financial reports, and controlling the efficiency of the said systems.
- 3) Obtaining reports on the most important results, recommendations and corrective action plans that intended to be implemented by the management, and checking the adequacy of the corrective procedures as to the findings of internal audit.
- 4) Submitting recommendations to the Board of Directors on appointing, retaining and dismissing of the chartered accountants.
- 5) Exercising all the powers related to the recommendations of appointing the external auditor, determining the fees due thereto, and supervising the work of the said external audit.
- 6) Ensuring the independence of Internal Audit Department.
- 7) Following up the works of the chartered accountants and approving any work outside the scope of audit works entrusted to the said chartered accountants during audit works.
- 8) Reviewing the maintenance of coordination between the tasks entrusted to internal and external auditors.
- 9) Studying auditor's remarks on the financial statements, and following up procedures taken regarding the same.
- 10) Auditing the annual revised financial reports and ensuring its quality together with auditing press statements issued in this regard and results of auditing Company fiscal year in coordination with the external auditors and appropriate representatives of the Management.
- 11) Studying all transactions of the related parties as determined by the applicable laws, rules and regulations.
- 12) Auditing Company policies and practices as related to the financial and accounting reports, including any significant changes to such policies and practices, and discussing the same with Company Chief Financial Officer and external auditor.
- 13) Studying, evaluating and reporting the efficiency of determining risks significant to Company activity and method therein Company manages such risks, and submitting suitable recommendations in this regard to the Board of Directors.
- 14) Assuming the responsibility for implementing any other tasks entrusted thereto by the Board of Directors, and submitting to the Board a periodical report on audits performed by Audit Committee and its recommendations regarding the same.

The Ordinary General Assembly approved on 03 December 2017 the approval of the composition of the Audit Committee and its functions and controls and the remuneration of its members for the new session of the Council, which begins on 22/12/2017 and for three years as follows:

- Eid bin Falih Alshamri – Chairman
- Saad bin Hamad Aldrees - Member
- Adil bin Faris Alotaybi - Member
- Khalid Mohammed Alkhwaiter - Member

Audit Committee comprises (4) four members: (Mr. Eid bin Falih Alshamri - Chairman), (Mr. Khalid bin Mohammed Alkhwaiter - Member), (Mr. Saad bin Hamad Aldrees - Member) and (Mr. Adil bin Faris Alotaybi).

The following table includes an attendance sheet of Audit Committee meetings during 2018:

No.	Name	Dates of Audit Committee Meetings					
		17/1	12/2	18/4	17/7	18/10	
1	Mr. Eid Falih Alshamri	√	√	√	√	√	
2	Mr. Adil bin Faris Alotaybi	√	√	√	√	√	
3	Mr. Khalid Mohammed Alkhwaiter	√	√	√	√	√	
4	Mr. Saad Hamad Aldrees	√	√	√	√	√	

- ✓ Attendance in person
- x Attendance by proxy through another director
- Xx Apology

Nomination, Reward & Governance Committee

Nomination, Reward & Governance Committee performs its duties as a governance, reward and nomination committee.

The purpose of Nomination, Reward & Governance Committee is to assist the Board of Directors in the following tasks entrusted to the said Committee:

- 1) Looking for qualified individuals to elect them as Board directors for the purpose of ensuring that the Board includes members having appropriate skills and experience, selecting the said individuals based on the standards of membership set forth in the principles and rules of corporate governance, and making sure that any person previously convicted of a crime involving a breach of honor is not nominated for the membership of the Board.
- 2) Studying and evaluating the independency of each nominee for the Board membership, taking into account the instructions of Company on independency and standards determined by the "Capital Market Authority" by virtue of registration and listing rules.
- 3) Auditing the principles, policies and procedures of Company governance once annually at least, and submitting recommendations to the Board of Director so as for the Board to make any changes to the same, if appropriate.
- 4) Supervising the evaluation of Company Board of Directors and its organizational management in the light of the rules of corporate governance.
- 5) Submitting the recommendations of Governance Committee on the suitable composition of the Board and its efficiency in meeting its obligations towards Company and its shareholders.
- 6) Developing and applying Company policies and programs on rewards and salaries due to the chief executive officers and Board directors.
- 7) Auditing, approving and following up Company Professional and Ethical Code of Conduct.
- 8) Ensuring that there is no conflict of interests in case that a Board director serves as a member of the board of directors of another company.
- 9) Auditing the classification of each Board director as an independent director once annually at least. In order to determine whether the Board directors are qualified to be independent ones or not, each director shall fill in a questionnaire to be audited by the Governance Committee.

Nomination, Reward & Governance Committee comprises (3) three members: Eng. Abdulmohsen bin Mohammed Aldrees - Chairman, Mr. Hussain bin Abdulrahman Alazel – Member, and Eid bin Falih Alshamri – Member.

The following table includes an attendance sheet of Audit Committee meetings during 2018:

No.	Name	Governance Committee Meetings
1	Eng. Abdulmohsen Mohammed Aldrees	√
2	Mr. Hussain Abdulrahman Alazel	√
3	Mr. Eid Falih Alshamri	√

✓ Attendance in person

X Attendance by proxy through another director

Xx Apology

- ❖ Where the methods used by the Board of Directors to assess its performance and the performance of its committees and members and the external entity that has evaluated and its relationship with the Company (if any) :
 - The Board as a whole ensure periodic self-evaluation under the supervision of the Governance Committee.
- ❖ Details of the company's social contributions
 - The maximum amount of SR 500 thousand to be disbursed during the year to serve the community and the delegation of the CEO of the company to dispose of them.

❖ **There is no sanction, penalty or reserve provision imposed on Company by Capital Market Authority(CMA) or any other supervisory, regulatory or judicial entity.**

***Annual audit of the efficiency of controlling procedures & results of auditing the internal control system:**

Company has an internal autonomous audit department directly reporting to the Board of Directors and Audit Committee. The Internal Audit Department performs its duties in accordance with the Audit Regulation approved by Company board of directors. In addition, Internal Audit Department provides autonomous advisory and substantive services for the purpose of assisting the Board of Directors, Audit Committee and Executive Management in performing their responsibilities. Furthermore, the Executive Management has no influence over the Internal Audit Department. Internal Audit Department is entitled to exercise the full unrestricted powers of accessing any documents in accordance with the requirements of its work. To perform its works, Internal Audit Department adopted a regular approach of evaluating and improving the efficiency of internal control system; enabling Company to achieve its goals and safeguard assets thereof. Internal Audit Department work scope included checking the efficiency and adequacy of Company bylaws for the purpose of verifying whether Company bylaws accurately applied, as necessary, and are as required for ensuring the realization of Company goals or not. There are no remarks or material events during the period of the annual audit performed to evaluate the efficiency of the internal control procedures. In addition, the work scope of Internal Control Department included the following:

- 1- Most of Company departments and divisions were periodically audited and checked within periodical periods, conditional on giving internal priority to the activities and functions of high risks.
- 2- Officers of different departments, whose works were audited, were notified of findings discovered during the above-mentioned audit and Management recommendations for addressing such findings.
- 3- Procedures, submitted by the officers of different departments for the purpose of addressing findings discovered, were evaluated and recommendations, provided for in audit reports, were implemented once it is found that the taken procedures are not adequate. The same was discussed with the officers of different departments so as to ensure that taken procedures are adequate and efficient.

Audit Committee studied and followed up the implementation of the approved audit plan for 2018, in cooperation with Internal Audit Department, and further followed up the implementation of recommendations provided for in the reports of internal audit. The Audit Committee seeks to preserve the assets of the company and provide reasonable assurance of the safety of financial reports prepared from the records of accounting and the internal audit department of the company examines the internal control system on an ongoing basis to ensure its efficiency and effectiveness and to carry out financial and administrative and operational audits to evaluate the work of the company and this in coordination and under the supervision of the Committee Review.

*** Revisers & Auditors:**

As there is no conflict between the Audit Committee and the Board of Directors' decisions regarding the appointment of the Company's auditor, his dismissal, the identification of his fees, the evaluation of his performance or the evaluation of the internal auditor.

Will be selected external auditor from among the candidates by the Audit Committee to review the company's financial statements for the fiscal year 2019 financial statements, quarterly and determine his fees by regulation.


*** Conclusion:**

"Management Discussion and Analysis of Company Financial Position and Business Results" was prepared by Company Management and Audit Committee and approved by the Board of Director. Management believes that there were no changes having material impact on the financial statements or future expectations. In addition, Company Management shall be fully responsible for the accuracy and credibility of the provided for herein information and financial analysis. Furthermore, Management confirms that it has taken all required procedures and fairly and fully disclosed such data, and there are no other documents or information whose omission may result in realizing financial data and information received as misleading ones in any way whatsoever.

Finally, Board directors of Aldrees Company would like to thank and show its appreciation of all the employees of Company, shareholders, banks as well as all the governmental authorities for their continued support and cooperation. Company is going to continue achieving its intended goals and future aimed plans. We confidently look forward to a new year and aspire to meet and exceed the expectations of all Company shareholders during the coming year.



Hamad bin Mohammed Aldrees
Chairman Board of Directors



Khalid Abdulmohsen Aldrees
Secretary Board of Directors