



**Limited examination report on business
and contracts with related parties**

**A letter of notification of work and
contracts with related parties**

LIMITED ASSURANCE REPORT

**To the Shareholders of Scientific and Medical Equipment House Company
(A Saudi Joint Stock Company)**

Scope

We have been engaged by Scientific and Medical Equipment House Company (the "Company") to perform a 'limited assurance engagement,' as defined by International Standards on Assurance Engagements endorsed in the Kingdom of Saudi Arabia, here after referred to as the engagement, to report on the Company's compliance with the requirements of Article (71) of the Companies' Law (the "Subject Matter") contained in the Company's attached notification (Appendix A) which is to be presented by the Company's Board of Directors to the Ordinary General Assembly on the transactions and contracts in which some members of the Company's Board of Directors have a direct or indirect personal interest in them dated 31 December 2023.

Criteria Applied by the Company

In preparing the Subject Matter the Company applied the below criteria (the "Criteria"). Such Criteria were specifically designed for the notification presented by the Company's Board of Directors to the Ordinary General Assembly (Appendix A). As a result, the subject matter information may not be suitable for another purpose.

- Article (71) of the Companies' Law issued by the Ministry of Commerce.
- Notification to be presented by the Company's Board of Directors to the Ordinary General Assembly (Appendix A).
- Meeting minutes of the Board of Directors meeting which include disclosures by some of the Company's Board of Directors' members regarding transactions and contracts in which some members of the Company's Board of Directors have a direct or indirect personal interest in them.

Management's Responsibilities:

The management of the Company is responsible for selecting the Criteria and for presenting the Subject Matter in accordance with the Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the Subject Matter, such that it is free from material misstatement, whether due to fraud or error.

LIMITED ASSURANCE REPORT (continued)

**To the Shareholders of Scientific and Medical Equipment House Company
(A Saudi Joint Stock Company)**

Our Responsibilities:

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained. We conducted our engagement in accordance with the International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information ('ISAE 3000 (Revised)') that is endorsed in the Kingdom of Saudi Arabia, and the terms of reference for this engagement as agreed with the Company on 5 May 2024. Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

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

Our Independence and Quality Management:

We have maintained our independence and confirm that we have met the requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) that is endorsed in the Kingdom of Saudi Arabia (the "Code"), and have the required competencies and experience to conduct this assurance engagement.

The firm applies International Standard on Quality Management 1, *"Quality Management for Firms the performs audits and reviews of Financial Statements, and Other Assurance and Related Services Engagements"* that is endorsed in the Kingdom of Saudi Arabia and accordingly maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of Procedures Performed:

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Subject Matter and related information and applying analytical and other appropriate procedures.

LIMITED ASSURANCE REPORT (continued)
To the Shareholders of Scientific and Medical Equipment House Company
(A Saudi Joint Stock Company)

Description of Procedures Performed (continued):

Our procedures performed were as follows:

- Obtained the notification to be presented by the Company's Board of Directors to the Ordinary General Assembly (Appendix A) regarding the transactions and contracts entered between some of the Board of Directors' members directly or indirectly with the Company dated 31 March 2024.
- Obtained Board of Directors minutes of meetings that indicates some members' notification to the Board of Directors of transactions and contracts done with the Company in which some members of the Company's Board of Directors have a direct or indirect personal interest in them.

We also performed such other procedures as we considered necessary in the circumstances.

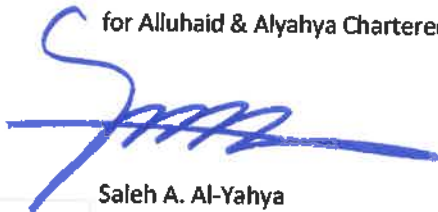
Other Matter:

The attached notification (Appendix A) is stamped by us for identification purposes only.

Conclusion:

Based on our procedures and the evidence obtained, we are not aware of any material modifications that need to be made to the Subject Matter, in order for it to be in accordance with the Criteria applied by the Company referred to above.

for Alluhaid & Alyahya Chartered Accountants



Saleh A. Al-Yahya
Certified Public Accountant
License No. 473

Riyadh: 6 Dhul Qadah 1445H
(14 May 2024)





Number: 007/2024
Date: 21/09/1445 AH
Corresponding to: 31/03/2024 AD

Messrs, shareholders of Scientific & Medical Equipment House Company

Ordinary General Assembly

Peace, mercy and blessings of Allah be upon you,

Pursuant to the provision of Article (71) of the Companies Law and Paragraph (15) of Article (21) of the Corporate Governance Regulations issued by a decision of the Board of the Capital Markets Authority, the Board of Directors would like to inform you of the business and contracts that were completed on behalf of the company during the fiscal year 2023 AD. The members of the Board of Directors had a direct or indirect interest in:

Agreement	Related party	Nature and terms of business	Amount in SAR for the year 2023	Term
Services Contract and purchase and supply orders	RAWABI MARKETING INTERNATIONAL CO, with which: - Bandar Saud Al-Arifi (Vice Chairman) - Bashir Saud Al-Arifi (Managing Director) - Mohammed Ibrahim Al-Hogail (Member of the Board of Directors) - Hassan Ali Al-Jishi (Member of the Board of Directors) Have an indirect interest.	Scientific & Medical Equipment House Company has concluded the following terms: • A lease contract for the company's building located on Prince Abdulaziz Bin Jalawi Street in Sulaymaniyah to Rawabi Marketing International Co. The contract includes maintenance and operation of the building, for an amount of (864,000) SAR. • Employees Lease contract for Rawabi Marketing International Co. for an amount of (5,890,400) SAR. • A contracting and construction contract for warehouses with Rawabi Marketing International Co. The contract includes the supply and implementation of all civil, structural, architectural, mechanical and electrical works for the warehouses, for an amount of (4,012,726) SAR. • Purchase orders and supply of cleaning materials for projects according to approved purchase orders and quotations, for an amount of (80,129) SAR.	10,847,256	Gregorian year and is automatically renewed
Services Contract of Information Technology	Rawabi Company for Smart Services and Devices, with which: - Bashir Saud Al-Arifi (General Manager) Has an indirect interest	Scientific & Medical Equipment House Company has concluded a contract to provide information technology services and technical and technical support with Rawabi Company for Smart Services. the contract includes maintenance and operation of the company's networks, computers and servers and follow-up work in the computerized system SAP with the	3,585,750	Five years starting on 30/06/2020 AD and ending on 31/12/2025 AD





Agreement	Related party	Nature and terms of business	Amount in SAR for the year 2023	Term
		implementing company, for an amount of (3,585,750) SAR.		
Services Contract and purchase and supply orders	<p>The National Company for Sulphur Products, with which:</p> <ul style="list-style-type: none"> - Basel Saud Al-Arifi (Managing Director) - Bandar Saud Al-Arifi (Chairman of the Board of Directors) - Barakat Saud Al-Arifi (Board Member) - Bashir Saud Al-Arifi (Vice Chairman of the Board of Directors) <p>Have an indirect interest.</p>	<p>Scientific & Medical Equipment House Company has concluded the following terms:</p> <ul style="list-style-type: none"> • A lease contract for the company's building located on Prince Abdulaziz Bin Jalawi Street in Sulaymaniyah to The National Company for Sulphur Products the contract includes maintenance and operation of the building, for an amount of (384,000) SAR. • Employees Lease contract for The National Company for Sulphur Products, for an amount of (5,675,511) SAR. • Approved purchase orders to supply construction services for the rehabilitation work of the sulfur factory building in Riyadh and cleaning materials for the projects, for an amount of (1,723,281) SAR. 	7,782,792	Gregorian year and is automatically renewed
Services Contract and purchase and supply orders	<p>The German Metal Surface Treatment Chemicals Co. with which:</p> <ul style="list-style-type: none"> - Basel Saud Al-Arifi (Board Member) - Bandar Saud Al-Arifi (Board Member) - (Barakat Saud Al-Arifi (Chairman of the Board of Directors) - Bashir Saud Al-Arifi (Managing Director) <p>Have an indirect interest.</p>	<p>Scientific & Medical Equipment House Company has concluded the following terms:</p> <ul style="list-style-type: none"> • A lease contract for the company's building located on Prince Abdulaziz Bin Jalawi Street in Sulaymaniyah to The German Metal Surface Treatment Chemicals Co. the contract includes maintenance and operation of the building, for an amount of (264,000) SAR. • Employees Lease contract for The German Metal Surface Treatment Chemicals Co. for an amount of (842,274) SAR. • Purchase orders and supply of cleaning materials for projects according to approved purchase orders and quotations, for an amount of (265,493) SAR. 	1,371,767	Gregorian year and is automatically renewed
A contract for establishing a commercial complex and renting residential units	<p>Deira Al Ammar Real Estate Company, with which:</p> <ul style="list-style-type: none"> - Basel Saud Al-Arifi (Board Member) - Bandar Saud Al-Arifi (Board Member) - (Barakat Saud Al-Arifi (Board Member) - Bashir Saud Al-Arifi (Chairman of the Board of Directors) 	<p>Scientific & Medical Equipment House Company has concluded the following terms:</p> <ul style="list-style-type: none"> • A contract for contracting and establishing a commercial complex for Deira Al Ammar Real Estate Co. located on Al-Takhasosi Street in Riyadh. The contract includes the supply and implementation of all civil, structural, architectural, mechanical and electrical works 	7,785,005	Two years and ten months, starting on 16/02/2020 AD and ending on 15/12/2022 AD The work was extended by a variation order for additional work, and it was





Agreement	Related party	Nature and terms of business	Amount in SAR for the year 2023	Term
	Have an indirect interest.	for the commercial complex, for an amount of (4,602,461) SAR. • A contract for renting units in the Scientific & Medical Equipment House Co. Building on King Fahd Road for Deira Al Ammar Real Estate Co. for an amount of (3,182,543) SAR.		implemented and completed on 15/12/2023 AD
Consumables supply contract	Ardh Al Ethihad Trading Est, with which Mr. Bandar Saud Al-Arifi (General Manager) Has a direct interest.	Scientific & Medical Equipment House Co. concluded a contract with Ardh Al Ethihad Trading Est in exchange for a contract to supply consumables (electrical), by issuing approved purchase orders at the prevailing market price, and according to the value of the consumables agreed upon, without preferential terms, for an amount of (1,160,221) SAR.	1,160,221	Two years that started on 01/03/2020 AD and ended on 28/02/2022 AD Automatically renewed for a similar period
Contract for the supply of consumables and subsistence	Barakat Al-Khair Trading Est, with which Mr. Barakat Saud Al-Arifi (General Manager) Has a direct interest.	Scientific & Medical Equipment House Co. concluded a contract with Barakat Al-Khair Trading Est. in exchange for the supply of consumables (mechanical - catering), by issuing approved purchase orders at the prevailing market price, and according to the value of the consumables agreed upon, without preferential conditions, for an amount of (2,387,875) SAR.	2,387,875	Two years that started on 01/03/2020 AD and ended on 28/02/2022 AD Automatically renewed for a similar period

The company's auditor has been appointed to submit a report regarding these businesses and contracts in accordance with the regulatory requirements (a copy of which is attached). We recommend the same to be presented to the company's shareholders in the General Assembly, and a request to vote to approve those businesses and contracts mentioned above that took place during 2023 AD, according to the following:

1. Approval of the business and contracts concluded between the company and Rawabi Marketing International Company, with which Board members Bandar Saud Al-Arifi (Vice Chairman), Bashir Saud Al-Arifi (Managing Director), Mohammed Ibrahim Al-Hogail (Board Member) and Hassan Ali Al-Jishi (Board Member) have an indirect interest, it is a lease contract for the company's building located on Prince Abdulaziz bin Jalawi Street in Sulaymaniyah to Rawabi Marketing International Co. The contract includes maintenance and operation of the building without preferential conditions, for an amount of (864,000) SAR during 2023 AD.
2. Approval of the business and contracts concluded between the company and Rawabi Marketing International Company, with which Board members Bandar Saud Al-Arifi (Vice Chairman), Bashir Saud Al-Arifi (Managing Director), Mohammed Ibrahim Al-Hogail (Board Member) and Hassan Ali Al-Jishi (Board Member) have an indirect interest, it is Employees Lease contract for Rawabi Marketing International Co. At the prevailing market price and without preferential terms, for an amount of (5,890,400) SAR during 2023 AD.





3. Approval of the business and contracts concluded between the company and Rawabi Marketing International Company, with which Board members Bandar Saud Al-Arifi (Vice Chairman), Bashir Saud Al-Arifi (Managing Director), Mohammed Ibrahim Al-Hogail (Board Member) and Hassan Ali Al-Jishi (Board Member) have an indirect interest, it is a contracting and construction contract for warehouses with Rawabi Marketing International Co. The contract includes the supply and implementation of all civil, structural, architectural, mechanical and electrical works for the warehouses, at the prevailing market price and without preferential terms, for an amount of (4,012,726) SAR during 2023 AD.
4. Approval of the business and contracts concluded between the company and Rawabi Marketing International Company, with which Board members Bandar Saud Al-Arifi (Vice Chairman), Bashir Saud Al-Arifi (Managing Director), Mohammed Ibrahim Al-Hogail (Board Member) and Hassan Ali Al-Jishi (Board Member) have an indirect interest, it is purchase orders and supply of cleaning materials for projects according to approved purchase orders and quotations, at the prevailing market price and without preferential terms, for an amount of (80,129) SAR during 2023 AD.
5. Approval of the works and contracts concluded between the company Rawabi Company for Smart Services and Devices (RSSD), with which Board member Mr. Bashir Saud Al-Arifi (General Manager) has an indirect interest, it is in exchange for providing technical support to Scientific & Medical Equipment House Company without favourable terms. The contract includes maintenance and operation work for the company's networks, computers and servers, and business follow-up in the SAP computerized system with the implementing company, at the prevailing market price and without preferential terms, for an amount of (3,585,750) SAR during 2023 AD.
6. Approval of the works and contracts concluded between the company and the National Company for Sulphur Products, with which Chairman and Board members Basel Saud Al-Arifi (Managing Director), Bandar Saud Al-Arifi (Chairman), Barakat Saud Al-Arifi (Board Member), and Bashir Saud Al-Arifi (Vice Chairman of the Board of Directors), it is a lease contract for the company's building located on Prince Abdulaziz Bin Jalawi Street in Sulaymaniyah to The National Company for Sulphur Products, the contract includes maintenance and operation of the building without preferential terms, for an amount of (384,000) SAR during 2023 AD.
7. Approval of the works and contracts concluded between the company and the National Company for Sulphur Products, with which Chairman and Board members Basel Saud Al-Arifi (Managing Director), Bandar Saud Al-Arifi (Chairman), Barakat Saud Al-Arifi (Board Member), and Bashir Saud Al-Arifi (Vice Chairman of the Board of Directors), it is employees lease contract for The National Company for Sulphur Products, at the prevailing market price and without preferential terms, for an amount of (5,675,511) SAR during 2023 AD.
8. Approval of the works and contracts concluded between the company and the National Company for Sulphur Products, with which Chairman and Board members Basel Saud Al-Arifi (Managing Director), Bandar Saud Al-Arifi (Chairman), Barakat Saud Al-Arifi (Board Member), and Bashir Saud Al-Arifi (Vice Chairman of the Board of Directors), it is approved purchase orders to supply construction services for the rehabilitation work of the sulfur factory building in Riyadh and cleaning materials for the projects, at the prevailing market price and without preferential terms, in an amount of (1,723,281) SAR during 2023 AD.
9. Approval of the works and contracts concluded between the company and the German Metal Surface Treatment Chemicals Co. with which Chairman and Board members Basel Saud Al-Arifi (Board Member), Bandar Saud Al-Arifi (Board Member), Barakat Saud Al-Arifi (Chairman) and Bashir Saud Al-Arifi (Managing Director), it is a lease contract for the company's building located on Prince Abdulaziz Bin Jalawi Street in Sulaymaniyah to The German Metal Surface Treatment Chemicals Co. the contract includes maintenance and operation of the building without preferential terms, for an amount of (264,000) SAR during 2023 AD.





10. Approval of the works and contracts concluded between the company and the German Metal Surface Treatment Chemicals Co. with which Chairman and Board members Basel Saud Al-Arifi (Board Member), Bandar Saud Al-Arifi (Board Member), Barakat Saud Al-Arifi (Chairman) and Bashir Saud Al-Arifi (Managing Director), it is employees Lease contract for The German Metal Surface Treatment Chemicals Co. at the prevailing market price and without preferential terms, for an amount of (842,274) SAR during 2023 AD.
11. Approval of the works and contracts concluded between the company and the German Metal Surface Treatment Chemicals Co. with which Chairman and Board members Basel Saud Al-Arifi (Board Member), Bandar Saud Al-Arifi (Board Member), Barakat Saud Al-Arifi (Chairman) and Bashir Saud Al-Arifi (Managing Director), it is purchase orders and supply of cleaning materials for projects according to approved purchase orders and quotations, at the prevailing market price and without preferential terms, for an amount of (265,493) SAR during 2023 AD.
12. Approval of the business and contracts concluded between the company and Deira Al Ammar Real Estate Company, with which Chairman and Board members Basel Saud Al-Arifi (Board Member), Bandar Saud Al-Arifi (Board Member), Barakat Saud Al-Arifi (Board Member), and Bashir Saud Al-Arifi (Chairman), it is contract for contracting and establishing a commercial complex for Deira Al Ammar Real Estate Co. located on Al-Takhasosi Street in Riyadh. The contract includes the supply and implementation of all civil, structural, architectural, mechanical and electrical works for the commercial complex, at the prevailing market price and without preferential terms, for an amount of (4,602,461) SAR during 2023 AD.
13. Approval of the business and contracts concluded between the company and Deira Al Ammar Real Estate Company, with which Chairman and Board members Basel Saud Al-Arifi (Board Member), Bandar Saud Al-Arifi (Board Member), Barakat Saud Al-Arifi (Board Member), and Bashir Saud Al-Arifi (Chairman), it is contract for renting units in the Scientific & Medical Equipment House Co. Building on King Fahd Road for Deira Al Ammar Real Estate Co. at the prevailing market price and without preferential terms, for an amount of (3,182,543) SAR during 2023 AD.
14. Approval of the works and contracts concluded between the company and The Ardh Al Ethihad Trading Est, with which Board member Mr. Bandar Saud Al-Arifi (General Manager) has a direct interest, it is exchange for a contract to supply consumables (electrical), by issuing approved purchase orders at the prevailing market price, and according to the value of the consumables agreed upon, without preferential terms, for an amount of (1,160,221) SAR during 2023 AD.
15. Approval of the works and contracts concluded between the company and Barakat Al-Khair Trading Establishment, with which Board member Mr. Barakat Saud Al-Arifi (General Manager) has a direct interest, it is exchange for a contract for the supply of consumables (mechanical - catering), through the issuance of approved purchase orders at the prevailing market price, according to the value of the consumables agreed upon without preferential terms, for an amount of (2,387,875) SAR during 2023 AD.

Yours Sincerely,



Representative of the company's board members

Mr. Basel bin Saud Al-Arifi
Chairman of Board of Directors

