

**ARABIAN CONTRACTING SERVICES COMPANY**  
(CLOSED JOINT STOCK COMPANY)

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
**AND INDEPENDENT AUDITOR'S REVIEW REPORT**  
**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2021**

**Arabian Contracting Services Company**  
(Closed Joint Stock Company)

**Interim condensed consolidated financial statements (unaudited)**  
**And independent auditor's review report**  
**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2021**

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**INDEPENDENT AUDITOR'S REVIEW REPORT**  
**ON THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

To the Shareholders

**ARABIAN CONTRACTING SERVICES COMPANY**

(CLOSED JOINT STOCK COMPANY)

Riyadh, Kingdom of Saudi Arabia

**Introduction**

We have reviewed the accompanying interim condensed consolidated statement of financial position of Arabian Contracting Services Company (“the Company”) and its subsidiary (together “the Group”) as at June 30, 2021 and the related interim condensed consolidated statement of comprehensive income for the three-month and six-month periods ended June 30, 2021 and interim condensed consolidated statements of changes in equity and cash flows for the six months period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard - “Interim Financial Reporting” (IAS 34) that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.


**Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 2410, ‘Review of Interim Financial Information Performed by the Independent Auditor of the Entity’ that is endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with IAS 34 that is endorsed in the Kingdom of Saudi Arabia.

**BAKER TILLY MKM & CO.**  
Certified Public Accountants

  
Ayad Obeyan Alseraihi  
License No. 405

Riyadh on Muharram 10, 1443 H  
Corresponding to August 18, 2021 G



**ARABIAN CONTRACTING SERVICES COMPANY**  
(CLOSED JOINT STOCK COMPANY)

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2021**  
(EXPRESSED IN SAUDI RIYALS)

	Note	June 30, 2021 (Unaudited)	December 31, 2020 (Audited)
<b><u>ASSETS</u></b>			
<b>Non-current assets</b>			
Property and equipment, Net	5	168,117,359	154,912,900
Right of use	6	632,468,116	694,378,352
<b>Total non-current assets</b>		<b>800,585,475</b>	<b>849,291,252</b>
<b>Current assets</b>			
Inventory, Net		15,886,913	15,626,738
Trade receivables, Net	7	324,773,633	335,518,510
Due from related parties	8	17,920,545	18,736,610
Prepaid expenses and other debit balances	9	302,510,525	69,111,602
Cash and cash equivalents		45,324,357	26,585,303
<b>Total current assets</b>		<b>706,415,973</b>	<b>465,578,763</b>
<b>TOTAL ASSETS</b>		<b>1,507,001,448</b>	<b>1,314,870,015</b>
<b><u>SHAREHOLDERS EQUITY AND LIABILITIES</u></b>			
<b>Shareholders' equity</b>			
Share capital	1	500,000,000	500,000,000
Statutory reserve		25,079,630	25,079,630
Retained earnings		79,905,071	1,337,349
<b>Total Shareholders' equity</b>		<b>604,984,701</b>	<b>526,416,979</b>
<b>Non-current liabilities</b>			
Employees defined benefits obligation		13,502,343	12,680,012
Lease liabilities - Non-Current Portion	6	251,788,680	316,255,139
Medium-term loans Non-Current Portion	10	60,000,000	-
<b>Total non-current liabilities</b>		<b>325,291,023</b>	<b>328,935,151</b>
<b>Current liabilities</b>			
Lease liabilities	6	213,141,181	215,408,520
Loans and bank Facilities	10	238,166,641	131,795,115
Account's payables		5,862,039	7,238,338
Accrued expenses and other credit balances	11	115,625,418	98,213,229
Zakat Provision	12	3,930,445	6,862,683
<b>Total current liabilities</b>		<b>576,725,724</b>	<b>459,517,885</b>
<b>Total liabilities</b>		<b>902,016,747</b>	<b>788,453,036</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>1,507,001,448</b>	<b>1,314,870,015</b>

Financial Manager

Chief Executive Officer

Chairman of Board of Directors

The accompanying notes are an integral part of these interim condensed consolidated financial statements

**ARABIAN CONTRACTING SERVICES COMPANY**  
(CLOSED JOINT STOCK COMPANY)

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
(UNAUDITED)  
**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2021**  
(EXPRESSED IN SAUDI RIYALS)

	Note	June 30			
		Three-month period		Six-month period	
		2021	2020	2021	2020
Revenue	13	157,528,209	32,928,641	306,108,520	214,389,851
Cost of Revenue	14	(71,452,744)	(102,966,718)	(169,910,695)	(197,261,053)
<b>Gross profit (Loss)</b>		<b>86,075,465</b>	<b>(70,038,007)</b>	<b>136,197,825</b>	<b>17,128,798</b>
Selling and marketing expenses		(7,959,780)	(2,687,705)	(13,434,379)	(5,329,423)
General and administrative expenses		(12,170,824)	(5,167,124)	(20,168,115)	(13,572,689)
<b>Operating profit (Loss)</b>		<b>65,944,861</b>	<b>(77,892,906)</b>	<b>102,595,331</b>	<b>(1,773,314)</b>
Finance expenses		(2,805,035)	(5,142,410)	(8,799,848)	(11,707,829)
(Expenses) Other income, net		(11,558,572)	85,361	(11,297,316)	57,602
<b>Net profit (Loss) before zakat</b>		<b>51,581,254</b>	<b>(82,949,955)</b>	<b>82,498,167</b>	<b>(13,423,541)</b>
Zakat	12	(2,638,140)	(963,318)	(3,930,445)	(1,926,635)
<b>Net profit (Loss)</b>		<b>48,943,114</b>	<b>(83,913,273)</b>	<b>78,567,772</b>	<b>(15,350,176)</b>
Other comprehensive income		-	-	-	-
<b>Total Comprehensive Income</b>		<b>48,943,114</b>	<b>(83,913,273)</b>	<b>78,567,772</b>	<b>(15,350,176)</b>
<b>(Comprehensive Loss)</b>					
<b>Earnings per share from:</b>	16				
Net profit (Loss)		<b>0,98</b>	<b>(1,68)</b>	<b>1,57</b>	<b>(0,31)</b>

Financial Manager

Chief Executive Officer

Chairman of Board of Directors

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**ARABIAN CONTRACTING SERVICES COMPANY**  
(CLOSED JOINT STOCK COMPANY)

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2021**  
(EXPRESSED IN SAUDI RIYALS)

	Note	Share Capital	Statutory Reserve	Retained Earnings (Accumulated Loss)	Total
Balance as at January 01, 2021 (Audited)		500,000,000	25,079,630	1,337,349	526,416,979
Comprehensive income		-	-	78,567,722	78,567,722
Balance as at June 30, 2021		<b>500,000,000</b>	<b>25,079,630</b>	<b>79,905,071</b>	<b>604,984,701</b>
Balance as at January 01, 2020 (Audited)		500,000,000	22,466,028	1,814,929	524,280,957
Comprehensive (Loss)		-	-	(15,350,176)	(15,350,176)
Interim dividends paid	14	-	-	(24,000,000)	(24,000,000)
Balance as at June 30, 2020		500,000,000	22,466,028	(37,535,247)	484,930,781

**Financial Manager**

**Chief Executive Officer**

**Chairman of Board of Directors**

The accompanying notes are an integral part of these interim condensed consolidated financial statements

**ARABIAN CONTRACTING SERVICES COMPANY**  
(CLOSED JOINT STOCK COMPANY)

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)**  
**FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2021**  
(EXPRESSED IN SAUDI RIYALS)

	June 30, 2021	June 30, 2020
<b>Cash flow from operating activities</b>	<b>82,498,167</b>	<b>(13,423,541)</b>
Net income (loss) before Zakat		
<b><u>Adjustment:</u></b>		
Depreciation	13,359,308	12,768,247
Amortization of Right of use	141,065,410	170,869,922
Loss from disposal of property and equipment	11,641,324	452,393
Defined employees' benefits obligation	1,626,692	1,287,867
Finance expenses	8,799,848	11,707,829
<b>Changes in operating assets and liability:</b>		
Trade receivables	10,744,877	110,064,807
Inventory	(260,175)	(1,278,307)
Due from related party	816,065	3,886,670
Prepaid expenses and other debit balances	(168,176,547)	(30,177,970)
Account's payables	(1,376,299)	1,300,211
Accrued expenses and other credit balances	17,412,189	(55,985,312)
<b>Cash flows from operating activities</b>	<b>118,150,859</b>	<b>211,472,816</b>
Employee defined benefits obligation Paid	(804,361)	(121,423)
Zakat Paid	(6,862,683)	-
<b>Net cash flows from operating activities</b>	<b>110,483,815</b>	<b>211,351,393</b>
<b>Cash flow from investing activities</b>		
Property and equipment additions	(38,265,473)	(28,724,824)
Proceeds from disposal of property and equipment	60,382	294,369
<b>Net cash flows used in investing activities</b>	<b>(38,205,091)</b>	<b>(28,430,455)</b>
<b>Cash flow from financing activities</b>		
Short and medium-term loans	166,371,526	(107,802,467)
Finance expenses	(8,799,848)	(11,707,829)
lease liabilities	(211,111,348)	(37,019,585)
Interim dividends paid	-	(24,000,000)
<b>Net cash flows used in financing activities</b>	<b>(53,539,670)</b>	<b>(180,529,881)</b>
<b>Net change in cash and cash equivalents balances</b>	<b>18,739,054</b>	<b>2,391,057</b>
Cash and cash equivalents as at 01 January,	26,585,303	36,088,536
<b>CASH AND CASH EQUIVALENTS AS AT JUNE 30</b>	<b>45,324,357</b>	<b>38,479,620</b>
<b><u>SIGNIFICANT NON - CASH TRANSACTION</u></b>		
Right of use/ lease liability	133,455,546	122,852,497
Amortization for lease liability in accrued expenses	(10,282,995)	(94,451,012)
Closure Prepayment expenses in the lease liability	-	(11,212,621)
Transfer right of use to prepaid expenses	65,222,376	-
Transfer of employee benefits obligation to related party	-	(1,404,963)

Financial Manager

Chief Executive Officer

Chairman of Board of Directors

The accompanying notes an integral part of these interim condensed consolidated financial statements

**ARABIAN CONTRACTING SERVICES COMPANY**  
(CLOSED JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2021**

**1. ORGANIZATION AND ACTIVITY:**

Arabian Contracting Services Company (the "Company") is a Saudi Closed Joint Stock registered in Riyadh, Kingdom of Saudi Arabia on 18 Jumada Alula 1403H (corresponding to 2 March 1983) under Commercial Registration No. 1010048419.

The head office of the company located in Olaya Tower, Riyadh city, social insurance tower Building (B) Floor 33.

The main activities of the company and its branches are in the execution of contracting, construction works, purchase of land for the construction of buildings for the company, establishment and equipping exhibitions, road works, maintenance, mechanical works, building works, import, export and wholesale and retail trade in advertising, promotion, printing materials, supplies and equipment of all kinds.

On 02/09/1441H corresponding to 23/04/2020G, Engineer Abdelillah Abdulrahman Saleh Alkhereji sold 2.5 million shares, representing 5% of the shares of the Arabian Contracting Services Company, to MBC Group Holding Ltd, so that his share after the amendment becomes 25% of the capital, the ownership of the shares was transferred on 04/12/1441H corresponding to 24/07/2020G, and the conditions for closing the sale and transferring the ownership of shares were fulfilled on 28/07/2020G.

The company's capital amounting to Saudi Riyal 500 million is divided into 50 million shares, the value of each share is 10 Saudi Riyals. The shareholders and the percentage of their share as at June 30, 2021 are as follows:

Name	Percentage	(Expressed in Saudi Riyal)	
		Number of Shares	Total
Engineer Holding Group Company	70%	35,000,000	350,000,000
Abdelillah Abdulrahman Saleh Alkhereji	25%	12,500,000	125,000,000
MBC Group Holding LTD	5%	2,500,000	25,000,000
<b>Total</b>	<b>100%</b>	<b>50,000,000</b>	<b>500,000,000</b>

The company owns 100% of the shares of the Arabian Out of Home Company (a limited liability company - a free zone - in the United Arab Emirates).

**2. BASIS OF PREPARATION:**

The interim condensed consolidated financial statements of the Company have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34") as endorsed by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

The interim condensed financial statements didn't include all of the information and disclosures required in the annual financial statements and should be read in conjunction with the group annual financial statements. In spite of this, selected explanatory notes have been included to explain the events and transactions that are significant for understanding the changes in the group's financial position and performance since the last annual financial statements. In addition, initial results for the period, are not necessarily indicative of the results that can be expected for the fiscal year ending December 31, 2021.

**Presentation and functional currency**

These condensed consolidated interim financial statements are presented in Saudi Riyals, which represents the company's functional currency.

**Basis of consolidation of interim condensed financial statements**

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there is a change to the elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control over the subsidiary. Assets, liabilities, income and expenses of the acquired subsidiary during the year are included within the interim condensed consolidated financial statements effective from the date the Group gains control until the date the Group ceases the control over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

- Control over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its direct involvement and relationship with the investee;
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of the investee, the Group considers all relevant facts and circumstances in assessing whether it has power or control over the investee, including:

- The contractual arrangement (or arrangements) with the other voting rights holders within the investee;
- Rights arising from other contractual arrangements;
- The Group's voting rights and potential voting rights.



**ARABIAN CONTRACTING SERVICES COMPANY**  
(CLOSED JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2021**

**2. BASIS OF PREPARATION (CONTAINED):**

**Basis of consolidation of interim condensed financial statements (CONTAINED)**

Income and each component of Other Comprehensive Income (OCI) are attributed to the equity of the Group. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

Inter-Group assets, liabilities, equity components, revenues, expenses and cash flows resulting from transactions between Group companies are fully eliminated upon consolidating the interim condensed consolidated financial statements.

**3. SIGNIFICANT ACCOUNTING OPINIONS, ESTIMATES AND ASSUMPTIONS:**

The preparation of the interim condensed consolidated financial statements of the company in accordance with the International Financial Reporting Standards requires management to make judgments, estimates and assumptions that may affect the values included in the interim condensed consolidated financial statements, as these values may differ from previous estimates. It also requires management to exercise its judgments during the process of applying the company's accounting policies. Estimates and underlying assumptions are reviewed on an ongoing basis.

The signified judgments and estimates used by management when preparing the interim condensed consolidated financial statements are similar to those enclosed in the annual financial statements. Based on the spread of the Corona Pandemic (COVID-19), all sources for uncertainties remain the same as those shown in the last annual financial statements. Management will continue to monitor the situation and any required changes will be reflected in future reporting periods.

**4. Significant Accounting Policies**

The accounting policies and calculation methods applied in preparing the interim condensed consolidated financial statements are consistent with those followed in preparing the Group's annual consolidated financial statements for the year ended December 31, 2020, except for the application of the new standards that became effective on January 1, 2021. The Group did not early adopt any other standard, interpretation or amendment issued but not yet effective.

**New Standards, Amendment to Standards and Interpretations**

There are no new standards issued; however, there are number of amendments to standards which are effective from January 1, 2021 and have been explained in Group's annual consolidated financial statements, but they do not have a material effect on the Group's interim condensed consolidated financial statements.

**5. PROPERTY AND EQUIPMENT, Net**

(Expressed in Saudi Riyal)

	June 30, 2021	December 31, 2020
<b>Cost:</b>		
Balance at the beginning of the period	274,694,188	253,157,845
Addition	38,265,473	57,987,466
Disposal**	(43,489,192)	(36,451,123)
Balance at the ended of the period	<u>269,470,469</u>	<u>274,694,188</u>
<b>Depreciation:</b>		
Balance at the beginning of the period	119,781,288	128,686,774
Charge for the year	13,359,308	25,698,366
Disposal**	(31,787,486)	(34,603,852)
Balance at the ended of the period	<u>101,353,110</u>	<u>119,781,288</u>
	<u>168,117,359</u>	<u>154,912,900</u>

\* The property and equipment, as at June 30, 2021, includes an amount of 49,6 million SR (December 31, 2020: 30,7 million SR) represented in projects under construction, which are road billboards that are being manufactured and the additional value is expected until completion as at June 30, 2021, an amount of SR 20,800,214 (December 31, 2020: SR 16,089,244 SR) (Note 17),

\*\* The disposals include the value of road billboards related to the Jeddah's contracts that were disposed during the period (note 6), the cost amounted to 37,4 million SR and the accumulated depreciation amounted to 26 million SR and resulted in losses of 11,4 million SR.

**Depreciation allocation to expenses:**

	June 30, 2021	December 31, 2020
Cost of revenue (Note 14)	12,911,424	24,657,981
General and administrative expenses	447,884	1,040,385
	<u>13,359,308</u>	<u>25,698,366</u>

**ARABIAN CONTRACTING SERVICES COMPANY**  
(CLOSED JOINT STOCK COMPANY)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2021**

**6. RIGHT OF USE:**

The rights of use assets have been measured at an amount equal to the lease obligations and adjusted for the amounts of prepayments and lease payments due related to those lease contracts recognized in the consolidated statement of financial position.

According to the events resulting from the (COVID-19) virus, during the period, amendments were made to some contracts, which represented a reduction in the rental value due or an extension of the grace period, and the following is the effect of these amendments on both the consolidated financial position and comprehensive income.

(Expressed in Saudi Riyal)

	June 30, 2021	December 31, 2020
<b>Right to use</b>		
Balance at as January 01,	1,409,789,717	1,149,488,714
Adjustment	10,922,004	(4,066,725)
Disposal	(215,091,445)	-
Transfer to prepaid balances*	(65,222,376)	-
Additions during the period	133,455,546	264,367,728
	<u>1,273,853,446</u>	<u>1,409,789,717</u>
<b>Accumulated right of use impairment</b>		
Balance at as January 01,	(715,411,365)	(374,414,718)
Adjustment	14,860,261	11,382,913
Disposal	215,091,445	-
Amortization	(155,925,671)	(352,379,560)
Balance at the end of the period	<u>(641,385,330)</u>	<u>(715,411,365)</u>
Net right of use	<u>632,468,116</u>	<u>694,378,352</u>
<b>Lease liabilities</b>		
Balance at as January 01,	531,663,659	493,198,724
Reducing the value of contracts	10,922,004	(4,066,725)
Adjustment of financing interest	(749,552)	(154,144)
Adjustment of accrued rents	(10,922,004)	304,541
Additions during the period	133,455,546	264,367,728
	<u>664,369,653</u>	<u>753,650,124</u>
<b>Deduct / added:</b>		
Closure prepaid expenses	-	(39,773,995)
Payments during the period / year	(228,410,500)	(162,791,355)
Finance expenses	7,765,709	14,171,315
Amortization of accrued expenses	21,204,999	(33,592,430)
The balance at the end of the period / year	<u>464,929,861</u>	<u>531,663,659</u>
Current portion	213,141,181	215,408,520
Non-current portion	<u>251,788,680</u>	<u>316,255,139</u>
	<u>464,929,861</u>	<u>531,663,659</u>

(Expressed in Saudi Riyal)

	June 30, 2021	December 31, 2020
Cost of revenue (Note 14)	140,132,767	338,948,687
Selling and marketing expenses	102,923	388,521
General and administrative expenses	829,720	1,659,439
	<u>141,065,410</u>	<u>340,996,647</u>

\* The transferred contracts to prepaid balances represent in the value of the disposed Mobi and Megacom Jeddah contracts that are not under the company's control, and due to the court's issuance of a judgment to renew the period to the company from each contract, the date of resuming the contract and handing over the sites to the company has not been determined and based on the opinion of legal advisor, that date will be determined from the court during the subsequent period and until that date is determined, the value of the periods specified by the court has been transferred to prepaid balances.

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**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2021**

**7. TRADE RECEIVABLES, Net:**

	<b>(Expressed in Saudi Riyal)</b>	
	<b>June 30, 2021</b>	<b>December 31, 2020</b>
Trade receivables	327,124,669	342,560,770
Trade receivables (related parties)	9,650,348	4,159,124
Impairment of trade receivables	<b>(13,283,264)</b>	<b>(13,283,264)</b>
	<b>323,491,753</b>	<b>333,436,630</b>
Notes Receivable	1,281,880	2,081,880
	<b>324,773,633</b>	<b>335,518,510</b>

The movement in of the impairment of trade receivables during the period / year is as follows:

	<b>(Expressed in Saudi Riyal)</b>	
	<b>June 30, 2021</b>	<b>December 31, 2020</b>
Balance as at January 1,	13,283,264	5,283,264
Impairment charge for the period / year	-	8,000,000
Balance as at December 31,	<b>13,283,264</b>	<b>13,283,264</b>

The aging schedule of trade receivables as follows:

	<b>Overdue balances without impairment</b>					
	<b>Less than 30 days SR</b>	<b>From 30 days to 90 days SR</b>	<b>From 90 days to 180 days SR</b>	<b>From 180 days to 365 days SR</b>	<b>More than 365 days SR</b>	<b>Total SR</b>
<b>June 30, 2021</b>	<b>155,258,652</b>	<b>84,729,922</b>	<b>58,069,159</b>	<b>14,112,902</b>	<b>11,321,118</b>	<b>323,491,753</b>
December 31, 2020	176,008,424	89,083,600	23,748,149	22,513,254	22,083,203	333,436,630

The credit period granted to customers ranges from 30 to 90 days and no commissions are charged to these accounts, The Company makes impairment of trade receivables taking into consideration several factors including the age of the receivables and the consolidated financial position of the customers where available, Concentrations of credit risk are limited because the customer base is large and the customer is not linked, no clients account for more than 10% of the total balance of trade receivables.

**8. BALANCES AND TRANSACTIONS WITH RELATED PARTIES:**

During the year, the Company has transactions with the related parties described below. The terms of these transactions and expenses have been approved by the Company's management and are similar to normal course of business transaction of the company. The transactions registered below were carried out with the following entities:

<b><u>Name of Institution</u></b>	<b><u>Nature of Relationship</u></b>
Engineer Holding Company	Shareholder
MBC Holding Group Ltd	Shareholder
Skill of House for Contracting and Trading Company	Affiliate
National Signage Industrial Company	Affiliate
Elegant hotel company	Affiliate
Multaka Al Zad Company for tourim	Affiliate
Saudi Media company	Affiliate
Elegant Restaurant Company	Affiliate

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**8. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED):**

		(Expressed in Saudi Riyal)	
		June 30, 2021	December 31, 2020
Related party	Nature of transaction		
National Signage Industrial Company	Advance payments for business	18,320,939	9,296,416
MBC Holding Group Ltd.	Revenue	10,245,903	2,832,942
National Signage Industrial Company	Payment for Billboards	7,661,868	5,291,633
National Signage Industrial Company	Revenue	188,089	313,970
Skill of House for Contracting and Trading Company	Advance payments for business	13,266	36,230
Elegant hotel company	Revenue	12,440	309,374
Multaka Al Zad Company for tourim	Revenue	11,156	670,929
Engineer Holding Company	Collection on behalf the company	816,065	-
Multaka Al Zad Company for tourim	collections	-	72,728
Engineer Holding Company	Transferred end of service	-	1,405,066
Engineer Holding Company	Dividend	-	24,000,000
Saudi Media company	Revenue	-	60,559
Elegant Restaurant Company	Revenue	-	75,879
Elegant Restaurant Company	collections	-	42,349
Elegant hotel company	collections	-	9,148

\*All transactions with the related parties will be approved by the next general assembly of the company.

**Compensation of key management personnel incurred during the period amounted to:**

(Expressed in Saudi Riyal)

	June 30, 2021	June 30, 2020
Employees benefits obligation	4,046,733	7,902,274

Key management includes members of the board of directors, chief executive officer, chief financial officer, and executives as persons who have the authority and responsibility to plan, direct, and control the company's activities.

**The amounts due from related parties is as follows:**

(Expressed in Saudi Riyal)

	June 30, 2021	December 31, 2020
Engineer Holding Group Company	17,920,545	18,736,610
	17,920,545	18,736,610

No interest is charged on the amounts and balances of transactions with related parties.

**9. PREPAYMENT AND OTHER DEBIT BALANCES:**

(Expressed in Saudi Riyal)

	June 30, 2021	December 31, 2020
Prepaid rent locations of billboards	205,213,081	33,441,893
Prepaid expenses and other debit balances	40,252,915	16,261,675
Advances to suppliers	22,755,739	6,181,887
Value added tax	19,112,681	-
Advances to suppliers (Related Parties)	11,333,858	9,325,101
Employee receivable	1,691,402	1,920,060
Cash margin of bank guarantees and letter of credits	1,424,227	1,674,227
Others	726,622	306,759
	302,510,525	69,111,602

**10. LOANS**

The company obtained banking facilities in the form of short-term loans and letters of guarantee from local commercial banks the utilized part of those loans amounted to 298 Million Saudi riyals as at June 30, 2021 (December 2020: 132 Million Saudi riyals). These loans are subject to the interest rates prevailing in the Saudi banks plus an agreed profit margin. The book value of the short and medium-term loans is denominated in Saudi riyals and is secured by personal guarantees from a shareholder in the company and a promissory note payable on demand.

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**11. ACCRUED EXPENSES AND OTHER CREDIT BALANCES:**

	(Expressed in Saudi Riyal)	
	June 30,	December 31,
	2021	2020
Accrued rent menucility	69,167,651	44,134,426
Accrued discount to customers	26,349,259	31,221,410
Advances payments from customers	6,912,043	1,271,320
Accrued Commission	6,600,463	2,212,277
Other credit balances	5,544,218	7,385,897
Unearned revenue	753,503	1,739,520
Value added tax	-	9,935,737
Other	298,281	312,642
	<b>115,625,418</b>	<b>98,213,229</b>

**12. ZAKAT:**

***Status of certificates and assessments:***

The company submitted its zakat declaration until the fiscal year ended on 31/12/2020 and obtained a certificate from the Authority for Zakat, Tax and customs.

The company also completed zakat assessments for all years until 2017, the company received a zakat assessment for the fiscal year 2018, with a total zakat differences amounting to (3,465,252 Saudi riyals), and the company objected to the amount of the differences, as it was issued by the Authority for Zakat, Tax and Customs Notice of rejection of the objection on 28/01/2021, the objection to linking the Zakat Authority to the General Secretariat of Tax Committees was submitted on February 15, 2021.

The movement in Zakat provision is as follows:

	(Expressed in Saudi Riyal)	
	June 30,	December 31,
	2021	2020
Balance on January 01,	6,862,683	8,774,296
Charged for the period / year	3,930,445	5,300,925
Paid during the period / year	(6,862,683)	(7,212,538)
Balance at period / Year end	<b>3,930,445</b>	<b>6,862,683</b>

**13. REVENUE:**

	(Expressed in Saudi Riyal)			
	Three-month period ended		Six-month period ended	
	June 30,		June 30,	
	2021	2020	2021	2020
Outdoor advertisements	148,271,085	29,087,691	290,014,079	205,646,064
Indoor advertisements	6,207,483	484,195	10,362,033	3,135,726
Printing	3,049,641	3,356,755	5,732,408	5,608,061
	<b>157,528,209</b>	<b>32,928,641</b>	<b>306,108,520</b>	<b>214,389,851</b>

**14. COST OF REVENUE:**

	(Expressed in Saudi Riyal)			
	Three-month period ended		Six-month period ended	
	June 30,		June 30,	
	2021	2020	2021	2020
Amortization of right of use (Note 6)	56,825,891	91,149,278	140,132,767	170,611,165
Depreciation (Note 5)	6,488,666	5,932,565	12,911,424	12,247,260
Cost of raw materials and other	5,513,818	3,837,809	11,748,160	9,387,768
Salaries, wages and other benefits	2,624,369	2,047,066	5,118,344	5,014,860
	<b>71,452,744</b>	<b>102,966,718</b>	<b>169,910,695</b>	<b>197,261,053</b>

**15. DIVIDENDS:**

In its meeting held at March 10, 2020, the Board of Directors recommended a dividend distribution in the amount of 24,000,000 Saudi riyals, dividends has been approved by the general assembly of shareholders.

**16. EARNINGS PER SHARE:**

The earnings per share was calculated from the net profit (loss) attributable to the shareholders based on the number of shares outstanding amounting to 50 million shares.

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**17. CONTINGENT LIABILITIES:**

As at June 30, the Company has the following contingent liabilities:

	<b>(Expressed in Saudi Riyal)</b>	
	<b>June 30, 2021</b>	<b>December 31, 2020</b>
Letters of Guarantee *	<u>176,755,600</u>	<u>155,708,100</u>
Letters of credit	<u>5,265,323</u>	<u>6,297,316</u>

\* Letters of guarantee and documentary credits correspond to cash margin deposited with banks as on June 30, 2021, amounting to 1,424,227 Saudi riyals. (December 31, 2020: 1,674,227 Saudi riyals).

\* There are obligations related to projects under construction and the expected completion value as on June 30, 2021 amounts to: 20,800,214 Saudi riyals (December 31, 2020: 16,089,244 Saudi riyals).

**18. FINANCIAL INSTRUMENTS:**

Financial instruments included in the consolidated statement of financial position include mainly cash, bank balances, trade receivables and other debit balances, payables, certain outstanding liabilities, other credit balances and short-term bank loans.

***Fair value***

Fair value is the amount at which an asset is exchanged, or a liability settled between knowledgeable and willing parties on fair terms. As the financial instruments of the Company are recognized in accordance with the historical cost convention, there are differences between carrying amounts and fair value estimates, Management believes that the fair values of the Company's assets and liabilities are not materially different from their carrying values.

**19. OPERATING SECTORS:**

The sector is a separate and distinct part of the company that engages in business activities that result in revenue earning or incurring expenses. The operating sectors are disclosed on the basis of internal reports that are reviewed by the main operational decision-maker and is the person responsible for allocating resources, assessing performance, and making strategic decisions about operational sectors. The operating sectors in which similar economic features and similar products, services, and customer groups emerge are grouped and recorded where possible as reported sectors.

The company has one operating sector represented in the subsidiaries of advertising services in the Kingdom of Saudi Arabia and abroad.

**20. SIGNIFICANT EVENTS:**

On June 28, 2021, the Capital Market Authority issued a decision approving the request of the Arabian Contracting Services company to offer 15,000,000 million shares for Initial Public Offers, representing 30% of the company's shares.

**21. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS:**

The interim condensed consolidated financial statements were approved by the Board of Directors in Moharram 10, 1443 AH corresponding to August 18, 2021 AD.