



RSM

شركة ار اس ام المحاسبون المتعدون للإستشارات المهنية

RSM Allied Accountants Professional Services Co.

ARABIAN CONTRACTING SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTHS PERIOD ENDED MARCH 31, 2024
AND INDEPENDENT AUDITOR'S REVIEW REPORT

ARABIAN CONTRACTING SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
FOR THE THREE-MONTHS PERIOD ENDED MARCH 31, 2024

INDEX	PAGE
Independent auditor's review report on the condensed interim consolidated financial statements	1
Condensed interim consolidated statement of financial position (unaudited)	2
Condensed interim consolidated statement of profit or loss and other comprehensive income (unaudited)	3
Condensed interim consolidated statement of changes in equity (unaudited)	4
Condensed interim consolidated statement of cash flows (unaudited)	5
Notes to the condensed interim consolidated financial statements (unaudited)	6 – 20

Independent Auditor's Review Report on the Condensed Interim Consolidated Financial Statements

To the shareholders of
Arabian Contracting Services Company
(A Saudi Joint Stock Company)

Introduction:

We have reviewed the accompanying condensed interim consolidated statement of financial position of **Arabian Contracting Services Company** (the "Company") and its subsidiaries (collectively referred to as the "Group") as at March 31, 2024 and the related condensed interim consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three-months period then ended, and other explanatory notes. Management is responsible for the preparation and presentation of these condensed interim consolidated financial statements in accordance with International Accounting Standard (34) "Interim Financial Reporting" as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements 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" as endorsed in the Kingdom of Saudi Arabia. A review of condensed interim consolidated financial statements 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 as 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 condensed interim consolidated financial statements are not prepared, in all material respects, in accordance with International Accounting Standard (34) as endorsed in the Kingdom of Saudi Arabia.

RSM Allied Accountants Professional Services



Mohammed Bin Farhan Bin Nader
License No. 435
Riyadh, Kingdom of Saudi Arabia
Thul-Qi'dah 10, 1445 H (Corresponding to May 18, 2024)



ARABIAN CONTRACTING SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(UNAUDITED)
AS AT MARCH 31, 2024
(SAUDI RIYAL)

	Notes	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	6	284,208,495	282,072,284
Right-of-use assets	7	1,561,010,926	1,631,015,221
Intangible assets and goodwill	8	757,275,925	757,275,925
Investment in an associate	9	307,267,645	298,063,092
Total non-current assets		2,909,762,991	2,968,426,522
Current assets			
Inventories		18,476,607	17,345,999
Prepaid expenses and other current assets		725,472,860	545,977,339
Due from related parties	11	2,041,940	2,411,265
Trade receivables	10	1,027,122,965	836,747,065
Cash and cash equivalents		191,900,230	174,082,308
Total current assets		1,965,014,602	1,576,563,976
Assets from discontinued operations	14	-	383,204
TOTAL ASSETS		4,874,777,593	4,545,373,702
EQUITY AND LIABILITIES			
EQUITY			
Share capital	1	500,000,000	500,000,000
Reserves		73,035,771	73,035,771
Retained earnings		645,327,350	544,504,458
Foreign currency translation reserve		(4,395,914)	(4,395,963)
Total equity attributable to equity holders of the parent company		1,213,967,207	1,113,144,266
Non-controlling interests		4,836,242	3,569,097
TOTAL EQUITY		1,218,803,449	1,116,713,363
LIABILITIES			
Non-current liabilities			
Employees' defined benefits obligations		19,888,341	18,864,246
Lease liabilities	7	1,228,880,885	1,307,000,143
Long-term Murabaha	12	945,000,000	971,250,000
Total non-current liabilities		2,193,769,226	2,297,114,389
Current liabilities			
Lease liabilities - current portion	7	268,215,878	251,736,665
Long-term Murabaha - current portion	12	105,000,000	78,750,000
Short-term loans	12	530,137,094	418,000,000
Contract liabilities		6,397,020	3,692,060
Trade payables		69,905,423	65,076,020
Accrued expenses and other current liabilities		453,056,337	290,412,937
Zakat and income tax provision	13	29,493,166	23,833,796
Total current liabilities		1,462,204,918	1,131,501,478
Liabilities from discontinued operations	14	-	44,472
TOTAL LIABILITIES		3,655,974,144	3,428,660,339
TOTAL EQUITY AND LIABILITIES		4,874,777,593	4,545,373,702


Chairman of Board of Directors
Abdul Ellah Al Khereiji


Chief Executive Officer
Mohamad Al Khereiji

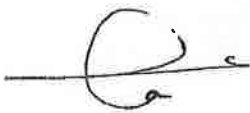

Chief Financial Officer
Nicolas Bou Habib


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

ARABIAN CONTRACTING SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME (UNAUDITED)
FOR THE THREE-MONTHS PERIOD ENDED MARCH 31, 2024
(SAUDI RIYAL)**

	Notes	March 31, 2024 (Unaudited)	March 31, 2023 (Unaudited)
Continuing operations			
Revenues	5	439,072,967	312,366,408
Cost of revenues		(235,535,417)	(168,806,456)
Gross profit		203,537,550	143,559,952
Selling and marketing expenses		(18,077,098)	(12,852,730)
General and administrative expenses		(24,652,640)	(14,983,826)
Expected credit losses	10	(1,850,000)	(1,000,000)
Operating profit		158,957,812	114,723,396
Finance costs		(60,440,778)	(20,178,674)
Share of results of an associate	9	9,204,553	-
Other income, net		355,155	189,521
Profit before zakat and income tax from continuing operations		108,076,742	94,734,243
Zakat and income tax	13	(5,750,000)	(4,220,824)
Profit for the period from continuing operations		102,326,742	90,513,419
Discontinued operations			
Loss for the period from discontinued operations	14	(236,705)	(1,030,096)
Profit for the period		102,090,037	89,483,323
Profit for the year attributable to:			
Equity holders of the parent company		100,822,892	90,821,549
Non-controlling interests		1,267,145	(1,338,226)
		102,090,037	89,483,323
Basic and diluted earnings per share:			
Earnings per share attributable to equity holders of the parent company	16	2.02	1.82
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Foreign currency translation differences		49	(4,438,310)
Total other comprehensive income / (loss) for the period		49	(4,438,310)
Total comprehensive income for the period		102,090,086	85,045,013
Total comprehensive income for the period attributable to:			
Equity holders of the parent company		100,822,941	90,714,677
Non-controlling interests		1,267,145	(5,669,664)
		102,090,086	85,045,013


Chairman of Board of Directors
Abdul Ellah Al Khereiji


Chief Executive Officer
Mohamad Al Khereiji


Chief Financial Officer
Nicolas Bou Habib

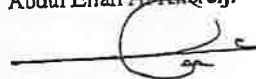
The accompanying notes form an integral part of these condensed interim consolidated financial statements

ARABIAN CONTRACTING SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE THREE-MONTHS PERIOD ENDED MARCH 31, 2024
(SAUDI RIYAL)

	Share capital	Reserves	Retained earnings	Foreign currency translation reserve	Total equity attributable to equity holders of the parent company	Non-controlling interests	Total equity
For the three-months period ended March 31, 2023							
Balance as at January 1, 2023 (Audited)	500,000,000	73,035,771	247,336,074	(500,985)	819,870,860	1,089,278	820,960,138
Profit for the period	-	-	90,821,549	-	90,821,549	(1,338,226)	89,483,323
Other comprehensive loss for the period	-	-	-	(4,327,799)	(4,327,799)	(110,511)	(4,438,310)
Total comprehensive income for the period	-	-	90,821,549	(4,327,799)	86,493,750	(1,448,737)	85,045,013
Balance as at March 31, 2023 (Unaudited)	500,000,000	73,035,771	338,157,623	(4,828,784)	906,364,610	(359,459)	906,005,151
For the three-months period ended March 31, 2024							
Balance as at January 1, 2024 (Audited)	500,000,000	73,035,771	544,504,458	(4,395,963)	1,113,144,266	3,569,097	1,116,713,363
Profit for the period	-	-	100,822,892	-	100,822,892	1,267,145	102,090,037
Other comprehensive income for the period	-	-	-	49	49	-	49
Total comprehensive income for the period	-	-	100,822,892	49	100,822,941	1,267,145	102,090,086
Balance as at March 31, 2024 (Unaudited)	500,000,000	73,035,771	645,327,350	(4,395,914)	1,213,967,207	4,836,242	1,218,803,449

Chairman of Board of Directors
Abdul Ellah Al Khereiji



Chief Executive Officer
Mohamad Al Khereiji



Chief Financial Officer
Nicolas Bou Habib



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

ARABIAN CONTRACTING SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE THREE-MONTHS PERIOD ENDED MARCH 31, 2024
(SAUDI RIYAL)

	<u>March 31, 2024</u>	<u>March 31, 2023</u>
	(Unaudited)	(Unaudited)
<u>OPERATING ACTIVITIES:</u>		
Profit before zakat and income tax from continuing operations	108,076,742	94,734,243
Loss for the period from discontinued operations	(236,705)	(1,030,096)
<u>Adjustments:</u>		
Depreciation of property, plant and equipment	11,692,846	8,954,168
Depreciation of right-of-use assets	77,262,049	114,082,196
Share of results of an associate	(9,204,553)	-
Expected credit losses	1,850,000	1,000,000
Loss from disposal of property, plant and equipment	1,040,943	174,253
Current service cost of employees' defined benefits obligations	2,384,670	658,784
Finance costs related to short-term loans and long-term Murabaha	40,737,872	6,025,912
Finance costs related to lease liabilities	19,702,906	14,152,762
<u>Changes in working capital:</u>		
Inventories	(1,130,608)	491,262
Trade receivables	(192,225,900)	(131,668,638)
Prepaid expenses and other current assets	(170,453,883)	54,293,181
Due from related parties	369,325	(2,692,455)
Contract liabilities	2,704,960	-
Trade payables	4,829,403	(917,891)
Accrued expenses and other current liabilities	114,655,234	20,209,384
Change in net assets of discontinued operations	338,732	385,574
Cash generated from operations	12,394,033	178,852,639
Employees' defined benefits obligations paid	(1,360,575)	(295,413)
Zakat and income tax paid	(90,630)	-
Net cash flows from operating activities	10,942,828	178,557,226
<u>INVESTING ACTIVITIES:</u>		
Additions to property, plant and equipment	(34,943,966)	(8,113,500)
Proceeds from sale of property, plant and equipment	-	144,732
Net cash flows used in investing activities	(34,943,966)	(7,968,768)
<u>FINANCING ACTIVITIES:</u>		
Proceeds from short-term loans and long-term Murabaha	112,137,094	-
Repayment of short-term loans	-	(114,935,000)
Lease liabilities paid	(34,723,607)	(41,701,607)
Finance costs paid	(32,637,772)	(2,665,640)
Accrued dividends paid	(2,956,348)	-
Net cash flows from / (used in) financing activities	41,819,367	(159,302,247)
Net change in cash and cash equivalents during the period	17,818,229	11,286,211
Foreign currency translation adjustment	(307)	(4,438,310)
Cash and cash equivalents at the beginning of the year	174,082,308	115,354,538
Cash and cash equivalents at the end of the period	191,900,230	122,202,439
<u>Non-cash transactions:</u>		
Additions to right-of-use assets and lease liabilities	1,916,530	264,969,510
Amortization of lease liabilities into accrued expenses	(42,844,464)	(46,428,924)
Absorption of prepaid expenses into lease liabilities	(11,032,635)	(41,473,436)
Accrued finance costs	26,746,019	3,360,272

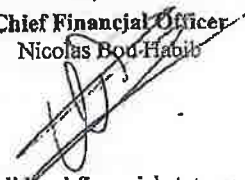
Chairman of Board of Directors
Abdul Ellah Al Khereiji



Chief Executive Officer
Mohamad Al Khereiji



Chief Financial Officer
Nicolas Bou-Habib



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

ARABIAN CONTRACTING SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

FOR THE THREE-MONTHS PERIOD ENDED MARCH 31, 2024

1- CORPORATE INFORMATION OF THE GROUP

Arabian Contracting Services Company is a Saudi Joint Stock Company - (the “Company”) registered in Riyadh on Jumada Al-Ula 18, 1403 H (corresponding to March 3, 1983) under commercial register number 1010048419.

The head office of the Company is located in Riyadh - Kingdom of Saudi Arabia, P.O. Box: 55905, Postal Code: 11544.

The activities of the Company consist of general construction of residential buildings, construction of roads, streets, sidewalks and road supplies, construction of bridges and tunnels, construction of railways, pouring bases and foundations, laying electrical wires and laying communication wires.

The Company's share capital amounts to SR 500 million divided into 50 million shares, the value of each share is SR 10.

These accompanying condensed interim consolidated financial statements include the results of the business, assets, liabilities, and activities of the Company and its following branches. The details of these branches are as follows:

Branch name	Location	Activity of the branch	Commercial register number
Raweyah Printing Press Arabian Company Factory	Riyadh	Printing and printing of advertisements, posters and media flyers, gravure and photo engraving on metal or plastic boards	1010057812
Arabian Contracting Services Company	Riyadh	Publicity and advertisement entities and agencies	1010062303
Ain Al Arabia Company for Advertising and Publicity	Riyadh	Publicity and advertisement entities and agencies, organization and management of exhibitions and conferences, wholesale of gifts and luxuries	1010500526
Arabian Contracting Services	Jeddah	Publicity and advertisement entities and agencies	4030058296
Raweyah Printing Press Arabian Company Factory	Jeddah	Printing, printing of books, printing of advertisements, posters, and media flyers, printing of commercial stationery correspondence papers and invoices, printing using copiers, engraving and photo engraving on metal or plastic panels and bookbinding	4030275525

Acquisition of a subsidiary – Faden Agency Media and Advertising Company

The Group's Board of Directors resolved on Rabi' Al Awwal 15, 1444 H (corresponding to October 11, 2022) to approve a purchase agreement on the acquisition of the entire shares of Faden Agency Media and Advertising Company (A One-Person Limited Liability Company) with a share capital amounting to SR 25 million. The total value of the acquisition deal amounts to SR 1,050,000,000. Accordingly, the Group signed on July 31, 2023 a sale and purchase agreement for the shares of Faden Agency Media and Advertising Company. All procedures related to the acquisition deal were completed on October 31, 2023 and the economic rights and obligations were accounted for commencing from November 1, 2023.

The activities of Faden Agency Media and Advertising Company consist of advertising entities and agencies, providing marketing services on behalf of others, and installing and assembling neon signs.

The Group has concluded the acquisition as a business as per IFRS 3 “Business Combinations” and accordingly accounted for the business combination using the acquisition method as per IFRS 3 “Business Combinations” with the Arabian Contracting Services Company being the acquirer (the “acquirer”) and Faden Agency Media and Advertising Company as the acquiree (the “acquiree”). The Group has engaged with an independent expert to determine the fair value of the assets and liabilities of Faden Agency Media and Advertising Company as part of the initial purchase price allocation exercise.

ARABIAN CONTRACTING SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED) (CONTINUED)
FOR THE THREE-MONTHS PERIOD ENDED MARCH 31, 2024

1- CORPORATE INFORMATION OF THE GROUP (CONTINUED)

Acquisition of a subsidiary – Faden Agency Media and Advertising Company (continued)

The Group has initially recognized in the annual consolidated financial statements for the year ended December 31, 2023 the provisional amounts for incomplete items and has recognized additional assets and liabilities according to the information about facts and circumstances which was obtained initially from the independent expert and the Group is expected to retrospectively adjust provisional amounts recognized at the date of the acquisition to reflect any additional information which will be obtained from the facts and circumstances that existed at the date of the acquisition and, if known, would have affected the measurement of the amounts recognised as of that date and during the measurement period. The measurement period is defined as one year from the acquisition date. The new information that will be obtained during the measurement period may possibly result in adjusting the provisional amounts for more than one asset or liability.

The intangible assets and goodwill recognized is primarily attributed to the expected combination and other benefits from combining the assets and activities of Faden Agency Media and Advertising Company with the assets and activities of the Group.

Below is the fair value of identifiable assets and liabilities as at the date of acquisition:

	(Saudi Riyal)
Assets	
Cash and cash equivalents	15,624,595
Trade receivables	50,347,746
Prepaid expenses and other current assets	20,193,532
Investment in an associate (Note 9)	290,700,000
Right-of-use assets (Note 7)	368,155,332
Property, plant and equipment (Note 6)	38,755,058
Total assets	783,776,263
Liabilities	
Trade payables	42,140,101
Accrued expenses and other current liabilities	43,458,091
Lease liabilities (Note 7)	391,734,845
Long-term loans	9,602,608
Zakat provision (Note 13)	749,999
Employees' defined benefits obligations	3,366,544
Total liabilities	491,052,188
Net identifiable assets as at the date of acquisition	292,724,075
Intangible assets arising from acquisition (Note 8)	228,390,337
Goodwill arising from acquisition (Note 8)	528,885,588
Purchase consideration	1,050,000,000

2- BASIS OF PREPARATION

2-1 Statement of compliance

The Group's condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard (34) "Interim Financial Reporting" as endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements as endorsed by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

These condensed interim consolidated financial statements do not include all the information and disclosures required for a complete set of consolidated financial statements prepared in accordance with International Financial Reporting Standards, and therefore they should be read in conjunction with the Group's annual consolidated financial statements for the year ended December 31, 2023. The results for the period are not an indication of the annual results of the Group.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED) (CONTINUED)
FOR THE THREE-MONTHS PERIOD ENDED MARCH 31, 2024

2- BASIS OF PREPARATION (CONTINUED)

2-2 Basis of measurement

The condensed interim consolidated financial statements have been prepared under historical cost basis except for what was described in the relevant material accounting policies information in the annual consolidated financial statements for the year ended December 31, 2023.

2-3 Functional and presentation currency

These condensed interim consolidated financial statements are presented in Saudi Riyals (SR), unless otherwise stated. The Saudi Riyal is the functional and presentation currency of the Group.

2-4 Devaluation of Egyptian currency

During the quarterly period ended March 31, 2024, the Egyptian pound recorded an average of 53.6% devaluation in rate against the Saudi Riyal (March 31, 2023: 20%). As a result, currency translation adjustment has been recorded in relation to the translation of foreign operations in Egypt.

2-5 Basis of consolidation

The condensed interim consolidated financial statements include the financial statements of the Group and entities controlled by the Company and its subsidiaries as at the reporting date.

Control is achieved when the Group:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- The size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Group, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous stakeholders' meetings.

The process of consolidating the financial statements of a subsidiary begins when the Group gains control over the subsidiary and ceases when the Group loses control of the subsidiary. In particular, the revenues and expenses of the subsidiary acquired, disposed of or sold during the year are included in the condensed interim consolidated statement of profit or loss and other comprehensive income from the date the Group obtains control until the date that the Group ceases to control the subsidiary.

ARABIAN CONTRACTING SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED) (CONTINUED)
FOR THE THREE-MONTHS PERIOD ENDED MARCH 31, 2024

2-BASIS OF PREPARATION (CONTINUED)

2-5 Basis of consolidation (continued)

A change in the ownership interest of a subsidiary, without a loss of control, is recorded in the condensed interim consolidated statement of changes in equity.

The condensed interim consolidated statement of profit or loss and other comprehensive income and each component of condensed interim consolidated other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the condensed interim consolidated non-controlling interests having a deficit balance.

If the Group loses control over its subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interests and other components of equity, while any resultant gain or loss is recognized in the condensed interim consolidated statement of profit or loss and other comprehensive income.

When necessary, adjustments are made to the financial statements of the subsidiaries to bring their material accounting policies information in line with the Group's material accounting policies information.

All intergroup assets and liabilities, equity, revenues, expenses and cash flows relating to transactions between members of the Group are eliminated upon consolidating the condensed interim financial statements.

The accompanying condensed interim consolidated financial statements as at March 31, 2024 include the accounts of the Company and its subsidiaries (collectively referred to as the "Group"). The details of these subsidiaries are as follows:

Subsidiary name	Country of incorporation	Activity of the subsidiary	Ownership %	
			March 31, 2024	December 31, 2023
Al-Arabia Out of Home Advertising FZ - LLC (A)	UAE	Media and marketing services, outdoor advertising activities	100	100
Al-Taer Al-Arabi Trading Company a One Person Company (B)	KSA	Storage, wholesaling on a fee or contract basis, wholesale of other household goods, retailing by mail order fulfillment houses or via the internet	-	100
Arabian United Company for Advertising Services (C)	Egypt	Publicity and advertising by all audio, print and visual means, supplying, installing and operating digital screens, project management	49.99	49.99
Faden Agency Media and Advertising Company a One Person Company (D)	KSA	Advertising entities and agencies, providing marketing services on behalf of others, and installing and assembling neon signs	100	100

(A) Al-Arabia Out of Home Advertising FZ – LLC – is a Limited Liability Company registered in the United Arab Emirates and it is a 100% owned subsidiary of the Company with a share capital of AED 100,000.

(B) Al-Taer Al-Arabi Trading Company is a One Person Limited Liability Company registered in the Kingdom of Saudi Arabia and it is a 100% owned subsidiary of the Company with a share capital of SR 50,000. The company was liquidated and all regulatory procedures related to the liquidation were completed on Ramadan 17, 1445 H (corresponding to March 27, 2024). (Refer to Note 14).

(C) Arabian United Company for Advertising Services is a Joint Stock Company registered in the Arab Republic of Egypt and it is a 49.99% owned subsidiary of the Company with a share capital of Egyptian Pounds 30,000,000. The subsidiary was consolidated by 49.99% due to the presence of control over the majority of the voting rights.

(D) Faden Agency Media and Advertising Company is a One Person Limited Liability Company registered in the Kingdom of Saudi Arabia and it is a 100% owned subsidiary of the Company with a share capital of SR 25,000,000 (Note 1).

ARABIAN CONTRACTING SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED) (CONTINUED)
FOR THE THREE-MONTHS PERIOD ENDED MARCH 31, 2024

2-BASIS OF PREPARATION (CONTINUED)

2-6 Business combination and goodwill

The acquisition method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured at fair value of the asset acquired or liabilities assumed as at the date of acquisition, plus costs directly attributable to the acquisition. The excess of the cost of acquisition over the fair value of the Group's share of the net identifiable assets acquired and liabilities assumed is recorded as goodwill. Goodwill is tested annually for impairment and carried at cost, net of impairment losses, if any. Acquisition-related costs are expensed as incurred and included in general and administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in the original contracts through the acquisition.

Any contingent consideration to be transferred by the acquirer is recognized at fair value at the acquisition date. All contingent consideration (except that which is classified as equity) is measured at fair value with the changes in fair value in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the purchase price over the fair value of the Group's share of the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed, and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in the condensed interim consolidated statement of profit or loss and other comprehensive income as a bargain purchase gain.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGUs) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU retained.

2-7 Significant accounting estimates and assumptions

In preparing these condensed interim consolidated financial statements, management has made judgements and estimates that affect the application of material accounting policies information and the reported amounts of assets and liabilities, revenues and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's material accounting policies information and the key sources of estimation uncertainty were the same as those described in the Group's last annual consolidated financial statements for the year ended December 31, 2023.

3- CONSISTENT OF MATERIAL ACCOUNTING POLICIES INFORMATION

The material accounting policies information followed and the methods of calculation applied in the preparation of these condensed interim consolidated financial statements are consistent with those used in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2023.

4- STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS

There are new standards and number of amendments to standards which are effective from January 1, 2024 which have been explained in the Group's annual consolidated financial statements, however, having no material impact on the Group's condensed interim consolidated financial statements.

ARABIAN CONTRACTING SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED) (CONTINUED)
FOR THE THREE-MONTHS PERIOD ENDED MARCH 31, 2024

5- OPERATING SEGMENTS

The segment is a separate and distinct segment of the Group engaged in business activities that result in the recognition of revenues or expenses incurred. Operating segments are disclosed on the basis of internal reports reviewed by the chief operating decision-maker, who is responsible for resource allocation, performance evaluation, and strategic decision-making on operating segments. Operating segments with similar economic characteristics, products, services and similar customer categories are aggregated and recorded where possible as sectors to be reported.

Basis of division

The Group has the following strategic segments which are considered strategic segments to the Group. These segments provide different services and are managed separately because they have different economic characteristics - such as sales growth trends, rates of return, and capital investment level - and also have different marketing strategies.

The following is a summary of the operations of each segment:

<u>Segment reports</u>	<u>Operations / Activity</u>
Advertising segment	Indoor and outdoor advertisements
Others	All types of printing work and retail sales by mail

Information on segment reporting

The information for each segment report is listed below. The gross profit of the segment is used to measure the performance because management considers that this information is most appropriate to assess the results of the relevant segments relating to other entities operating in the same industry:

(Saudi Riyal)					
For the three- months period ended March 31, 2024 (Unaudited)	Advertising segment	Others	Total segments	Reconciliation and elimination	Consolidated
Revenues					
Customers	435,435,988	3,636,979	439,072,967	-	439,072,967
Transactions between segments	-	4,306,302	4,306,302	(4,306,302)	-
Total revenues	<u>435,435,988</u>	<u>7,943,281</u>	<u>443,379,269</u>	<u>(4,306,302)</u>	<u>439,072,967</u>
Depreciation and amortization	<u>88,191,707</u>	<u>763,188</u>	<u>88,954,895</u>	-	<u>88,954,895</u>
Profit of the period	<u>100,487,230</u>	<u>1,602,807</u>	<u>102,090,037</u>	-	<u>102,090,037</u>
(Saudi Riyal)					
For the three- months period ended March 31, 2023 (Unaudited)	Advertising segment	Others	Total segments	Reconciliation and elimination	Consolidated
Revenues					
Customers	305,406,401	7,108,034	312,514,435	(148,027)	312,366,408
Transactions between segments	-	3,892,694	3,892,694	(3,892,694)	-
Total revenues	<u>305,406,401</u>	<u>11,000,728</u>	<u>316,407,129</u>	<u>(4,040,721)</u>	<u>312,366,408</u>
Depreciation and amortization	<u>121,705,873</u>	<u>1,330,491</u>	<u>123,036,364</u>	-	<u>123,036,364</u>
Profit of the period	<u>90,431,054</u>	<u>82,365</u>	<u>90,513,419</u>	<u>(1,030,096)</u>	<u>89,483,323</u>

ARABIAN CONTRACTING SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED) (CONTINUED)
FOR THE THREE-MONTHS PERIOD ENDED MARCH 31, 2024

5- OPERATING SEGMENTS (CONTINUED)

Information on segment reporting (continued)

The activities of the Company and its subsidiaries are mainly concentrated in the Kingdom of Saudi Arabia and the Arab Republic of Egypt. Below is a summary of some financial information for each geographic region separately:

For the period ended March 31, 2024 (Unaudited):

	(Saudi Riyal)		Total
	Kingdom of Saudi Arabia	Arab Republic of Egypt	
Revenues	428,505,037	10,567,930	439,072,967
Cost of revenues	(228,161,905)	(7,373,512)	(235,535,417)
Gross profit	200,343,132	3,194,418	203,537,550

For the period ended March 31, 2023 (Unaudited):

	(Saudi Riyal)		Total
	Kingdom of Saudi Arabia	Arab Republic of Egypt	
Revenues	308,529,849	3,836,559	312,366,408
Cost of revenues	(163,005,066)	(5,801,390)	(168,806,456)
Gross profit	145,524,783	(1,964,831)	143,559,952

The main markets for the Group's products are located in the Kingdom of Saudi Arabia and the Arab Republic of Egypt. The following is an analysis of the Group's geographical sectors:

	(Saudi Riyal)		Total
	Kingdom of Saudi Arabia	Arab Republic of Egypt	
For the period ended March 31, 2024 (Unaudited):			
Property, plant and equipment, Net	270,949,488	13,259,007	284,208,495
Total assets	4,829,643,816	45,133,777	4,874,777,593
Total liabilities	3,639,431,122	16,543,022	3,655,974,144

	(Saudi Riyal)		Total
	Kingdom of Saudi Arabia	Arab Republic of Egypt	
As of December 31, 2023 (Audited):			
Property, plant and equipment, Net	268,959,904	13,112,380	282,072,284
Total assets	4,503,805,732	41,567,970	4,545,373,702
Total liabilities	3,411,710,174	16,950,165	3,428,660,339

Revenues between segments and between business units are eliminated upon consolidation, and shown in the "reconciliation and elimination" column. The Group's management monitors the operating results of its business units separately for the purpose of decision-making about resource allocation and performance assessment. Segment performance is measured and evaluated on the basis of condensed interim consolidated statement of profit or loss and other comprehensive income.

The Group derives its revenues from advertising and printing services at a point in time.

ARABIAN CONTRACTING SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED) (CONTINUED)
FOR THE THREE-MONTHS PERIOD ENDED MARCH 31, 2024

6- PROPERTY, PLANT AND EQUIPMENT

	(Saudi Riyal)	
	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Cost:		
Balance as at the beginning of the period / year	463,050,604	323,376,926
Additions during the period / year	34,943,966	83,465,283
Disposals during the period / year	(6,675,449)	(8,165,709)
Foreign currencies translation adjustment during the period / year	654,467	(964,132)
Acquisition of subsidiary (Note 1)	-	65,338,236
Transfers	(20,316,020)	-
	<u>471,657,568</u>	<u>463,050,604</u>
Accumulated depreciation:		
Balance as at the beginning of the period / year	180,978,320	123,789,959
Depreciation during the period / year	11,692,846	37,820,471
Disposals during the period / year	(5,634,506)	(7,160,023)
Acquisition of subsidiary (Note 1)	-	26,583,178
Foreign currencies translation adjustment during the period / year	654,160	(55,265)
Transfers	(241,747)	-
Balance as at the end of the period / year	<u>187,449,073</u>	<u>180,978,320</u>
Net book value:	<u>284,208,495</u>	<u>282,072,284</u>

As at March 31, 2024, property, plant and equipment include projects under progress with an amount of SR 90.4 million (December 31, 2023: SR 68 million), which represents advertising billboards that are being manufactured and the expected additional value until its completion as at March 31, 2024 amounts to SR 16.9 million (December 31, 2023: SR 12.3 million) (Note 15).

Property, plant and equipment also include buildings constructed on lands owned by the Group, as these buildings belong to the Group's labor housing.

ARABIAN CONTRACTING SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED) (CONTINUED)
FOR THE THREE-MONTHS PERIOD ENDED MARCH 31, 2024

7- RIGHT-OF-USE ASSETS / LEASE LIABILITIES

The rights-of-use assets have been measured at an amount equal to the lease liabilities and adjusted for the amounts of prepayments and accrued lease payments related to leases recognized in the condensed interim consolidated statement of financial position.

	(Saudi Riyal)	
	March 31, 2024	December 31, 2023
	(Unaudited)	(Audited)
Right-of-use assets		
Balance as at the beginning of the period / year	2,328,223,898	2,322,130,961
Additions during the period / year	1,916,530	299,621,938
Acquisition of subsidiary (Note 1)	-	489,580,781
Adjustments (A)	5,341,224	(42,471,521)
Disposals (B)	(141,046,276)	(740,638,261)
Balance as at the end of the period / year	2,194,435,376	2,328,223,898
Right-of-use assets accumulated depreciation		
Balance as at the beginning of the period / year	697,208,677	876,183,957
Depreciation	75,571,760	443,918,842
Acquisition of subsidiary (Note 1)	-	121,425,449
Adjustments (A)	1,690,289	(3,681,310)
Disposals (B)	(141,046,276)	(740,638,261)
Balance as at the end of the period / year	633,424,450	697,208,677
Net book value for right-of-use assets	1,561,010,926	1,631,015,221
Lease liabilities		
Balance as at the beginning of the period / year	1,558,736,808	1,216,568,766
Additions during the period / year	1,916,530	299,621,938
Acquisition of subsidiary (Note 1)	-	391,734,845
Adjustments (A)	5,341,224	(42,667,479)
Adjustments on finance costs	517,696	8,340,070
Adjustment of accrued rents (A)	100,000	5,406,774
	1,566,612,258	1,879,004,914
(Deduct) / add:		
Absorption of prepaid expenses (C)	(11,032,635)	(63,164,501)
Paid during the period / year	(34,723,607)	(211,827,623)
Finance costs	19,185,210	60,938,481
Amortization of accrued expenses (D)	(42,944,463)	(106,214,463)
Balance as at the end of the period / year	1,497,096,763	1,558,736,808
Current portion	268,215,878	251,736,665
Non-current portion	1,228,880,885	1,307,000,143
	1,497,096,763	1,558,736,808

(A) The adjustments to the right-of-use assets and lease liabilities during the period / year represent the additional term period that has been exercised by the Group after the expiry of the contractual period of some of the leases by agreeing with the lessor to determine the additional term period that the Group will exercise.

(B) Disposals represent expired leases whose net book value is Nil.

(C) The Group agrees with the lessor to make an advance payment for leases that has been agreed with the lessor before the commencement date of the lease, and at the commencement date of the lease, these prepaid expenses are absorbed and reduced from the lease liabilities.

(D) The Group agrees with the lessor in the lease contract to make lease payments due only upon receipt of an invoice from the lessor. Accordingly, the Group records accrued expenses for the payments due which no invoices have been received from the lessor till date.

ARABIAN CONTRACTING SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED) (CONTINUED)
FOR THE THREE-MONTHS PERIOD ENDED MARCH 31, 2024

8- INTANGIBLE ASSETS AND GOODWILL

As at March 31, 2024 and December 31, 2023, the intangible assets and goodwill amounted as follows:

	(Saudi Riyal)		
	Intangible assets "Licenses"	Goodwill	Total
Acquisition of subsidiary (Note 1)	228,390,337	528,885,588	757,275,925
Balance as at the end of the year	228,390,337	528,885,588	757,275,925

This goodwill arose when acquiring the shares of Faden Agency Media and Advertising Company on October 31, 2023. This goodwill is allocated to the Group in its operating business segments.

9- INVESTMENT IN AN ASSOCIATE

The investment in an associate is in Wave Media and Advertising Company (A Closed Joint Stock Company) registered in the Kingdom of Saudi Arabia and is 42.50% owned by the Group. The company carries out the activity of providing advertising and publicity services.

The movement in the investment in an associate during the period / year was as follows:

	(Saudi Riyal)	
	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Balance as at the beginning of the period / year	298,063,092	-
Acquisition of subsidiary (Note 1)	-	290,700,000
Share of profit or loss	9,204,553	7,391,080
Share of other comprehensive income	-	(27,988)
Balance as at the end of the period / year	307,267,645	298,063,092

The financial information disclosed below is as at the end of the period / year and for the acquisition period.

	(Saudi Riyal)	
	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Revenues	119,053,206	33,038,509
Profit for the period / year	21,657,772	17,390,777
Share of results	9,204,553	7,391,080
Other comprehensive loss for the period / year	-	(65,853)
Share of other comprehensive loss	-	(27,988)

10- TRADE RECEIVABLES

	(Saudi Riyal)	
	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Trade receivables	817,065,418	644,217,518
Trade receivables - related parties (Note 11)	215,770,906	216,253,120
Contract assets	25,785,535	5,925,321
(Less): expected credit losses	(31,498,894)	(29,648,894)
Net	1,027,122,965	836,747,065

The movement in the expected credit losses during the period was as follows:

	(Saudi Riyal)	
	March 31, 2024 (Unaudited)	March 31, 2023 (Unaudited)
Balance as at the beginning of the period	29,648,894	17,899,804
Charged during the period	1,850,000	1,000,000
Balance as at the end of the period	31,498,894	18,899,804

The credit period granted to customers ranges from 30 to 90 days, and no commissions are calculated on these accounts. The Group records impairment on trade receivables taking into consideration several factors including the aging of the receivables and the financial situation of customers, where available. The concentration of credit risk is limited due to the large and unrelated customer base.

ARABIAN CONTRACTING SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED) (CONTINUED)
FOR THE THREE-MONTHS PERIOD ENDED MARCH 31, 2024

11- BALANCES AND TRANSACTIONS WITH RELATED PARTIES

A related party is a person or an entity related to the Group, where a person is considered related if he has control or significant influence over the Group or is a member in key management. An entity is considered related if the entity and the Company are members of the same group as a parent company, subsidiary, associate, linked to a joint venture, or both entities are a joint venture for a third-party.

During the period / year, the Group has entered into transactions with the related parties described below. The terms of these transactions and expenses have been approved by the Group's management and it is within the Group's normal course of business.

<u>Name of related party</u>	<u>Type of relationship</u>
Engineer Holding Group Company	Shareholder
MBC Group Company	Shareholder
House of Skill Company for Contracting and Trading	Affiliate
National Signage Industrial Company	Affiliate
East Bridge Capital Company	Affiliate
SMC Advertising Company FZ - LLC	Affiliate
Elegant Hotel Company for Tourism and Hotels	Affiliate
Multaqa Al Zad Company for Tourism	Affiliate
Saudi Media Company for Advertising and Publicity	Affiliate
Green Box Trading Company	Affiliate
MBC Media Solutions Limited Company	Affiliate
Upscale Brands Food Company	Affiliate
MBC Company – FZ LLC	Affiliate
Mr. Hamdan Mohammad Obaid	Relationship with a subsidiary
Mawaqie Company for Advertising and Publicity	Affiliate
Prime Outdoor Company	Affiliate

The following are the significant transactions made with the related parties during the period:

<u>Related party name</u>	<u>Nature of transaction</u>	<u>(Saudi Riyal)</u>	
		<u>March 31, 2024</u> <u>(Unaudited)</u>	<u>March 31, 2023</u> <u>(Unaudited)</u>
Saudi Media Company for Advertising and Publicity	Sales	163,151	22,631,961
	Purchases	-	(273,844)
	Collections	(10,000,387)	-
National Signage Industrial Company	Bills payment	17,348,021	24,000
	Advertising billboards cost	(5,980,035)	(2,857,319)
	Sales	1,760	38,238
Engineer Holding Group Company	Collections	-	(1,000,000)
	Expenses paid on behalf	(18,700)	(689,112)
	Bills payment	-	3,381,566
East Bridge Capital Company	Accrued dividends paid	2,956,348	10,000,000
	Sales	3,450	6,841
	Bills payment	6,808,000	-
MBC Group Company	Collections	(2,832,942)	-
MBC Media Solutions Limited Company	Purchases	(3,322,412)	(546,515)
	Sales	3,893,325	5,941,538
	Bills payment	619,045	3,709,311
MBC Company – FZ LLC	Collections	-	(21,000,000)
	Sales	7,975,596	-
	Payments	(4,025,000)	-
Mawaqie Company for Advertising and Publicity	Purchases	(575,000)	-
SMC Advertising Company FZ - LLC	Sales	-	9,057,405

ARABIAN CONTRACTING SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED) (CONTINUED)
FOR THE THREE-MONTHS PERIOD ENDED MARCH 31, 2024

11- BALANCES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

The following is a list of compensation for key management personnel incurred during the period:

	(Saudi Riyal)	
	<u>March 31, 2024</u>	<u>March 31, 2023</u>
	(Unaudited)	(Unaudited)
Salaries, wages and rewards	2,424,048	2,056,485
Employees' defined benefits obligation (period-end balance)	6,571,302	5,976,899
Total	8,995,350	8,033,384

The movement in the defined benefits obligation for key management personnel during the period:

	(Saudi Riyal)	
	<u>March 31, 2024</u>	<u>March 31, 2023</u>
	(Unaudited)	(Unaudited)
Balance as at the beginning of the period	6,395,185	5,826,275
Charge for the period	176,117	150,624
Balance as at the end of the period	6,571,302	5,976,899

Key management personnel include members of the board of directors, chief executive officer, chief financial officer, and executive managers as they have the authority and responsibility to plan, direct and control the Group's activities.

Trade receivables - related parties (Note 10)

	(Saudi Riyal)	
	<u>March 31, 2024</u>	<u>December 31, 2023</u>
	(Unaudited)	(Audited)
Saudi Media Company for Advertising and Publicity	178,172,037	188,009,274
MBC Media Solutions Limited Company	21,242,116	20,052,157
MBC Company – FZ LLC	12,443,182	4,467,586
National Signage Industrial Company	2,988,612	-
Multaqa Al Zad Company for Tourism	628,454	628,454
Green Box Trading Company	134,336	130,610
Elegant Hotel Company for Tourism and Hotels	60,927	60,927
House of Skill Company for Contracting and Trading	50,374	48,704
Engineer Holding Group Company	28,402	-
Upscale Brands Food Company	22,466	22,466
MBC Group Company	-	2,832,942
Total	215,770,906	216,253,120

Advances to suppliers - related parties

	(Saudi Riyal)	
	<u>March 31, 2024</u>	<u>December 31, 2023</u>
	(Unaudited)	(Audited)
National Signage Industrial Company	3,591,466	-
Total	3,591,466	-

Due from related parties represents the following:

	(Saudi Riyal)	
	<u>March 31, 2024</u>	<u>December 31, 2023</u>
	(Unaudited)	(Audited)
Mr. Hamdan Mohammad Obaid	1,531,455	1,531,500
Mawaqie Company for Advertising and Publicity	510,485	510,500
Prime Outdoor Company	-	369,265
Total	2,041,940	2,411,265

ARABIAN CONTRACTING SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED) (CONTINUED)
FOR THE THREE-MONTHS PERIOD ENDED MARCH 31, 2024

11- BALANCES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

Other credit balances - related parties

	(Saudi Riyal)	
	<u>March 31, 2024</u>	<u>December 31, 2023</u>
	(Unaudited)	(Audited)
SMC Advertising Company FZ - LLC	1,953,863	1,953,863
East Bridge Capital Company	-	6,808,000
Total	<u>1,953,863</u>	<u>8,761,863</u>

12- SHORT-TERM LOANS AND LONG-TERM MURABAHA

12-1 Short-term loans

The Group has bank facilities in the form of short-term loans from local commercial banks. The short-term loans as at March 31, 2024 amounts to SR 530,137,094 (December 31, 2023: SR 418,000,000). The short-term loans are subject to interest rates prevailing in Saudi banks plus an agreed profit margin. The carrying amount of the short-term loans is denominated in Saudi Riyal and is secured by promissory note payable upon request.

The movement in short-term loans is as follows:

	(Saudi Riyal)	
	<u>March 31, 2024</u>	<u>December 31, 2023</u>
	(Unaudited)	(Audited)
Balance as at the beginning of the period / year	418,000,000	348,915,747
Proceeds during the period / year	112,137,094	418,000,000
Repayment during the period / year	-	(348,915,747)
Balance as at the end of the period / year	<u>530,137,094</u>	<u>418,000,000</u>

12-2 Long-term Murabaha

In October 2023, the Group obtained long-term Murabaha from a number of financial institutions in the Kingdom of Saudi Arabia to finance the acquisition deal (Note 1) with an amount of SR 1,050 million. The Murabaha is subject to the Saudi-Interbank Offered Rate (SAIBOR) plus a profit margin with a grace period of 6-months from the date of signing the agreement. Installment payments are due on a quarterly basis with an amount of SR 26.5 million where the last installment will be paid in 2031 with an amount of SR 315 million. The agreement includes covenants to maintain certain levels of financial ratios. This agreement is secured by promissory note signed by authorized representative of Arabian Contracting Services Company.

	(Saudi Riyal)	
	<u>March 31, 2024</u>	<u>December 31, 2023</u>
	(Unaudited)	(Audited)
Balance as at the beginning of the period / year	1,050,000,000	-
Proceeds during the period / year	-	1,050,000,000
Balance as at the end of the period / year	<u>1,050,000,000</u>	<u>1,050,000,000</u>

The details in long-term Murabaha is as follows:

	(Saudi Riyal)	
	<u>March 31, 2024</u>	<u>December 31, 2023</u>
	(Unaudited)	(Audited)
Non-current portion of long-term Murabaha	945,000,000	971,250,000
Current portion of long-term Murabaha	105,000,000	78,750,000
Total	<u>1,050,000,000</u>	<u>1,050,000,000</u>

ARABIAN CONTRACTING SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED) (CONTINUED)
FOR THE THREE-MONTHS PERIOD ENDED MARCH 31, 2024

13- ZAKAT AND INCOME TAX PROVISION

The movement on zakat and income tax provision during the period / year is as follows:

	(Saudi Riyal)	
	March 31, 2024	December 31, 2023
	(Unaudited)	(Audited)
Balance as at the beginning of the period / year	23,833,796	11,286,669
Zakat charged for the period / year	5,750,000	22,248,081
Income tax charged for the period / year	-	735,716
Acquisition of subsidiary (Note 1)	-	749,999
Zakat assessments	-	100,000
Zakat differences on zakat provision of a previous year	-	701,169
Paid during the period / year	(90,630)	(11,987,838)
Balance as at the end of the period / year	29,493,166	23,833,796

Zakat and income tax assessments and certificates status:

Arabian Contracting Services Company:

The Company has submitted its financial statements and zakat returns until the financial year ended December 31, 2023 and has obtained a certificate from Zakat, Tax, and Customs Authority.

Faden Agency Media and Advertising Company:

The Company has submitted its financial statements and zakat returns until the financial year ended December 31, 2022 and has obtained a certificate from Zakat, Tax, and Customs Authority.

Al-Taer Al-Arabi Trading Company:

The Company has submitted its financial statements and zakat returns until the financial year ended December 31, 2023 and has obtained a certificate from Zakat, Tax, and Customs Authority. The unique number has been suspended by the Zakat, Tax, and Customs Authority.

Arabian United Company for Advertising Services:

The Company has submitted its financial statements until the financial year ended December 31, 2023 and the Company has not been notified of any taxes due until December 31, 2023.

14- DISCONTINUED OPERATIONS

The management of the Group decided on October 26, 2022 to cease the operations of Al-Taer Al-Arabi Trading Company, a wholly-owned subsidiary of the Group, and has been liquidated (voluntarily liquidation) and all statutory procedures in this regard were completed on Ramadan 17, 1445 H (corresponding to March 27, 2024) (2-5-B). Accordingly, the Group did not include this subsidiary in its condensed interim consolidated financial statements. Hence, Al-Taer Al-Arabi Trading Company has been classified as a discontinued operation. The results of the operations of Al-Taer Al-Arabi Trading Company for the current and previous periods were presented in the condensed interim consolidated statement of profit or loss and other comprehensive income as follows:

	(Saudi Riyal)	
	March 31, 2024	March 31, 2023
	(Unaudited)	(Unaudited)
Sales	-	148,027
Cost of sales	-	(637,137)
Gross loss	-	(489,110)
General and administrative expenses	(236,705)	(540,986)
Loss for the period from discontinued operations	(236,705)	(1,030,096)

ARABIAN CONTRACTING SERVICES COMPANY
(A SAUDI JOINT STOCK COMPANY)

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED) (CONTINUED)
FOR THE THREE-MONTHS PERIOD ENDED MARCH 31, 2024

14- DISCONTINUED OPERATIONS (CONTINUED)

The following is a statement of the main categories of assets and liabilities of Al-Taer Al-Arabi Trading Company, which have been classified as discontinued operations:

	(Saudi Riyal)	
	<u>March 31, 2024</u>	<u>December 31, 2023</u>
	(Unaudited)	(Audited)
Assets		
Prepaid expenses and other current assets	-	383,054
Cash and cash equivalents	-	150
Assets from discontinued operations	<u>-</u>	<u>383,204</u>
Liabilities		
Accrued expenses and other current liabilities	-	33,753
Zakat provision	-	10,719
Liabilities from discontinued operations	<u>-</u>	<u>44,472</u>
Net assets directly related to discontinued operations	<u>-</u>	<u>338,732</u>

15- CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

The Group has the following contingent liabilities and capital commitments:

	(Saudi Riyal)	
	<u>March 31, 2024</u>	<u>December 31, 2023</u>
Letters of guarantee *	<u>774,862,486</u>	<u>780,963,691</u>
Letters of credit	<u>16,033,430</u>	<u>10,931,936</u>
Capital commitments **	<u>16,977,459</u>	<u>12,351,423</u>

* Letters of guarantee are corresponded with secured cash deposited at banks as at March 31, 2024 with an amount of SR 427,800 (December 31, 2023: SR 837,722).

** The Group has capital commitments related to advertising billboards that are being manufactured (projects under progress) (Note 6).

16-EARNINGS PER SHARE

Basic and diluted earnings per share is calculated by dividing the profit attributable to the equity holders of the parent company by the weighted average number of ordinary shares issued during the period and the prior period (50 million shares). The diluted earnings per share is the same as the basic earnings per share.

17-FAIR VALUE OF FINANCIAL INSTRUMENTS

For the purpose of fair value disclosures of financial instruments, all financial assets and liabilities of the Group are not measured at fair value, as they are measured at amortized cost.

18- SUBSEQUENT EVENTS

As per management opinion, there are no significant subsequent events after the period ended March 31, 2024 that could have a material impact on the Group's condensed interim consolidated financial position or the results of its operations.

19- APPROVAL OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

These condensed interim consolidated financial statements were approved by the Group's Board of Directors on Thul-Qi'dah 10, 1445 H (Corresponding to May 18, 2024).