

SAUDI NETWORKERS SERVICES COMPANY
(A Listed Joint Stock Company)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023
AND REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

SAUDI NETWORKERS SERVICES COMPANY
(A Listed Joint Stock Company)
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023

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Report on review of condensed consolidated interim financial statements

To the shareholders of Saudi Networkers Services Company
(A Listed Joint Stock Company)

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Saudi Networkers Services Company (the "Company") and its subsidiary (collectively referred to as the "Group") as of 30 June 2023 and the related condensed consolidated statement of comprehensive income, changes in equity and cash flows for the six-month period then ended and other explanatory notes. Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with the International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34"), as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed consolidated interim 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 statements performed by the independent auditor of the entity", as endorsed in the Kingdom of Saudi Arabia. A review of interim 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 consolidated interim financial statements are not prepared, in all material respects, in accordance with IAS 34, as endorsed in the Kingdom of Saudi Arabia.

PricewaterhouseCoopers

A handwritten signature in blue ink, appearing to read 'Omar M. Al Sagga', is written over a faint, light blue grid background.

Omar M. Al Sagga
License Number 369

10 August 2023

SAUDI NETWORKERS SERVICES COMPANY
(A Listed Joint Stock Company)
Condensed consolidated interim statement of financial position
(All amounts are in Saudi Riyals unless otherwise stated)

	Notes	As at 30 June 2023 (Unaudited)	As at 31 December 2022 (Audited)
Assets			
Non-current assets			
Property and equipment	8	2,408,517	427,514
Right-of-use assets	19	2,992,823	709,546
Total non-current assets		5,401,340	1,137,060
Current assets			
Trade receivables	9	162,311,443	154,958,481
Prepayments and other assets	11	17,941,206	9,824,611
Cash and cash equivalents	10	10,646,730	8,690,700
Assets from discontinued operations	20	10,044,579	9,900,085
Total current assets		200,943,958	183,373,877
Total assets		206,345,298	184,510,937
Equity and liabilities			
Equity			
Share capital	14	60,000,000	60,000,000
Statutory reserve		7,066,906	7,066,906
Retained earnings		27,646,898	25,200,987
Foreign currency translation reserve		(9,509,272)	(9,649,653)
Equity attributable to shareholders of Saudi Networkers Services Company		85,204,532	82,618,240
Non-controlling interests		83,656	84,548
Total equity		85,288,188	82,702,788
Non-current liabilities			
Defined benefits liabilities		23,204,314	21,072,995
Lease liabilities	19	2,024,172	332,307
Total non-current liabilities		25,228,486	21,405,302
Current liabilities			
Current portion of lease liabilities	19	530,159	439,358
Accounts and other payables		3,970,548	507,361
Accrued expenses	12	54,503,845	52,865,495
Short term borrowings		34,605,062	22,978,975
Provision for zakat		1,798,467	3,219,304
Liabilities from discontinued operations	20	420,543	392,354
Total current liabilities		95,828,624	80,402,847
Total liabilities		121,057,110	101,808,149
Total equity and liabilities		206,345,298	184,510,937



Chairman



Chief Executive Officer



Chief Financial Officer

The accompanying notes from 1 to 22 are an integral part of these condensed consolidated interim financial statements.

SAUDI NETWORKERS SERVICES COMPANY
(A Listed Joint Stock Company)
Condensed consolidated interim statement of comprehensive income
(All amounts are in Saudi Riyals unless otherwise stated)

	Notes	For the six-month period ended 30 June	
		2023 (Unaudited)	2022 (Unaudited)
Continuing operations:			
Revenue	18	276,456,502	229,567,118
Cost of revenue		(244,222,656)	(196,818,857)
Gross profit		32,233,846	32,748,261
Selling and marketing expenses		(4,236,094)	(3,701,428)
General and administration expenses		(8,996,653)	(7,895,767)
Impairment (loss) / reversal on financial assets	9	(265,239)	55,703
Profit from main operations		18,735,860	21,206,769
Finance costs		(878,013)	(751,130)
Other income		311,388	2,388,744
Profit before zakat		18,169,235	22,844,383
Zakat expense		(1,394,658)	(1,343,167)
Profit for the period		16,774,577	21,501,216
Discontinued operations			
Loss from discontinued operations	20	(230,976)	(935,013)
Profit for the period		16,543,601	20,566,203
Profit attributable to:			
Shareholders of the company		16,545,911	20,575,553
Non-controlling interest		(2,310)	(9,350)
		16,543,601	20,566,203
Other comprehensive income:			
<i>Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:</i>			
Actuarial loss on re-measurement of defined benefit liabilities		-	(708,257)
<i>Other comprehensive gain / (loss) that may be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences on translation of a foreign operation	20	141,799	(379,610)
Total other comprehensive income / (loss) for the period		141,799	(1,087,867)
Total comprehensive income for the period		16,685,400	19,478,336
Total comprehensive income attributable to:			
Shareholders of the company		16,686,292	19,490,816
Non-controlling interest		(892)	(12,480)
		16,685,400	19,478,336
Earnings per share for profit attributable to the shareholders of the Company:			
Basic and diluted earnings per share	16	2.8	3.4



Chairman



Chief Executive Officer



Chief Financial Officer

The accompanying notes from 1 to 22 are an integral part of these condensed consolidated interim financial statements.

SAUDI NETWORKERS SERVICES COMPANY
(A Listed Joint Stock Company)
Condensed consolidated interim statement of changes in equity
(All amounts are in Saudi Riyals unless otherwise stated)


	Attributable to the shareholders of Saudi Networkers Services Company						
	Share Capital	Statutory reserve	Retained earnings	Foreign currency translation reserve	Total	Non-Controlling interest	Total
At 1 January 2022 (Audited)	60,000,000	3,833,696	3,339,399	(9,860,021)	57,313,074	92,945	57,406,019
Profit for the period	-	-	20,575,553	-	20,575,553	(9,350)	20,566,203
Other comprehensive income	-	-	(708,257)	(376,480)	(1,084,737)	(3,130)	(1,087,867)
Total comprehensive income	-	-	19,867,296	(376,480)	19,490,816	(12,480)	19,478,336
Dividend	-	-	(10,000,000)	-	(10,000,000)	-	(10,000,000)
At 30 June 2022 (Unaudited)	60,000,000	3,833,696	13,206,695	(10,236,501)	66,803,890	80,465	66,884,355
At 1 January 2023 (Audited)	60,000,000	7,066,906	25,200,987	(9,649,653)	82,618,240	84,548	82,702,788
Profit for the period	-	-	16,545,911	-	16,545,911	(2,310)	16,543,601
Other comprehensive income	-	-	-	140,381	140,381	1,418	141,799
Total comprehensive income	-	-	16,545,911	140,381	16,686,292	(892)	16,685,400
Dividend (Note 13)	-	-	(14,100,000)	-	(14,100,000)	-	(14,100,000)
At 30 June 2023 (unaudited)	60,000,000	7,066,906	27,646,898	(9,509,272)	85,204,532	83,656	85,288,188



Chairman



Chief Executive Officer



Chief Financial Officer

The accompanying notes from 1 to 22 are an integral part of these condensed consolidated interim financial statements.

SAUDI NETWORKERS SERVICES COMPANY
(A Listed Joint Stock Company)
Condensed consolidated interim statement of cash flows
(All amounts are in Saudi Riyals unless otherwise stated)

		For the six-month period ended	
		30 June	
		2023	2022
		(Unaudited)	(Unaudited)
Notes			
Operating activities			
	Profit before zakat and income tax	18,169,235	22,844,383
	(Loss) / Profit before income tax from discontinued operations	(230,976)	543,513
	<i>Adjustments for:</i>		
	Depreciation of property and equipment	244,548	93,890
	Depreciation of right-of-use assets	307,715	361,791
	Interest expense on lease liabilities	73,434	40,873
	Interest expense on short-term borrowings	804,580	724,031
	Provision for defined benefits liabilities	4,255,925	3,524,060
	Allowance / (reversal) for expected credit losses	265,239	(55,703)
	Gain on termination of lease	(117,483)	(6,115)
	Operating cash flows before working capital changes	23,772,217	28,070,723
	<i>Changes in working capital:</i>		
	Trade receivables	(7,651,703)	(7,641,432)
	Prepayments and other assets	(8,108,261)	(4,550,342)
	Accounts and other payables	3,683,755	(5,539,483)
	Accrued expenses	1,638,350	1,142,420
	Cash generated from operations	13,334,358	11,481,886
	Defined benefits liabilities paid	(2,111,707)	(1,480,241)
	Zakat and income tax paid	(2,815,496)	(3,711,736)
	Net cash generating of operating activities	8,407,155	6,289,909
Investing activity			
	Purchase of property and equipment	(2,225,551)	(20,375)
	Net cash used in investing activity	(2,225,551)	(20,375)
Financing activities			
	Proceeds from short-term borrowings	109,619,393	227,230,151
	Repayment from short-term borrowings	(97,993,306)	(229,615,350)
	Dividends paid	(14,100,000)	(10,000,000)
	Repayment of lease liabilities	(764,278)	(361,400)
	Interest paid on lease liabilities	(73,434)	(40,873)
	Interest paid on short-term borrowings	(804,579)	(724,031)
	Net cash used in financing activities	(4,116,204)	(13,511,503)
	Net increase / (decrease) in cash and cash equivalents	2,065,400	(7,241,969)
	Adjustment for foreign exchange translation	1,418	(379,610)
	Cash and cash equivalents at the beginning of the period	17,634,280	22,029,309
	Cash and cash equivalents at the end of the period	19,701,098	14,407,730

Non-cash information of the Group relates to the movement in right-of-use assets and lease liabilities (see Note 19), assets and liabilities relating to discontinued operations and disposal group (see Note 20).



Chairman



Chief Executive Officer



Chief Financial Officer

The accompanying notes from 1 to 22 are an integral part of these condensed consolidated interim financial statements.

SAUDI NETWORKERS SERVICES COMPANY

(A Listed Joint Stock Company)

Notes to condensed consolidated interim financial statements

For the six-month period ended 30 June 2023

(All amounts are in Saudi Riyals unless otherwise stated)

1 Corporate information

Saudi Networkers Services Company (the “Company”) is a Listed Joint stock Company, registered in Riyadh city, Kingdom of Saudi Arabia (“KSA”) under commercial registration number 1010173733 dated 19 Dhul-Qadah 1422H (corresponding to 2 February 2002). The Company’s registered address is PO Box: 25141 Riyadh 11466, Kingdom of Saudi Arabia.

The principal activities of the Company are implementing, establishing, maintaining, operating, installing and managing of telecommunication networks. The Company is also involved in providing consulting, technical, administrative, marketing, customer care services and technical support for sales centers.

The condensed consolidated interim financial statements include the condensed interim financial position, results of operations and cash flows of the Company and SNSALG SARL (the “subsidiary”), a limited liability company registered in People’s Democratic Republic of Algeria, under commercial registration (CR) number 0971273B06 dated 26 Jumaada II 1427H (collectively refer as the “Group”), the subsidiary is 99% owned by the Company and is engaged in providing technical consultants on an individual basis to telecommunications, oil and gas and IT vendors, operators and sub-contracting companies.

The Group has announced its intention to close the subsidiary, therefore, as at 30 June 2022 and 2023, the subsidiary is considered as a discontinued operation. The subsidiary will be liquidated during later part of 2023 after completing the legal formalities in compliance with the local regulations of Algeria.

2 Basis of preparation

2.1 Statement of compliance

These condensed consolidated interim financial statements of the Group have been prepared in accordance with IAS 34 - “Interim Financial Reporting” (“IAS-34”) that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements that are issued by the Saudi Organization for Chartered and Professional Accountants (“SOCPA”).

These condensed consolidated interim financial statements should be read in conjunction with the Group’s annual last consolidated financial statements as at and for the year ended 31 December 2022 and do not include all of the information normally required for a complete set of financial statements under International Financial Reporting Standards “IFRS” that are endorsed in the Kingdom of Saudi Arabia. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance since December 31, 2022.

2.2 Functional and presentation currency

The condensed consolidated interim financial statements is presented in Saudi Riyals, which is the Company’s functional currency and Group’s presentation currency.

2.3 Basis of measurement

These condensed interim financial statements have been prepared under the historical cost convention using the accrual basis of accounting except post-employment benefits where actuarial present value calculations are used.

3 Accounting policies

The principal accounting policies applied in the preparation of condensed consolidated interim financial statements of the Group are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of certain amendments to the standards and interpretations as set out in Note 4.

4 Standards and amendments to the standards adopted and issued but not yet effective

There are no new standards issued, however, there are number of amendments to existing standards which are effective from 1 January 2023 and have been explained in Group’s annual consolidated financial statements, but they do not have a material effect on these condensed consolidated interim financial statements.

SAUDI NETWORKERS SERVICES COMPANY

(A Listed Joint Stock Company)

Notes to condensed consolidated interim financial statements

For the six-month period ended 30 June 2023

(All amounts are in Saudi Riyals unless otherwise stated)

5 Use of estimates, assumptions and judgements

The preparation of the Group's condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses and liabilities and the accompanying disclosures, and the disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the assets and liabilities in the future periods.

These estimates and assumptions are based upon experience and various other factors that are believed to be reasonable under the circumstances and are used to judge the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised or in the revision period and future periods if the changed estimates affect both current and future periods.

6 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. Operating segments' have been identified on geographical basis as the operating results of these geographies are reviewed regularly by the Group's relevant Business Heads to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Group's relevant Business Heads include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

7 Related party transactions and balances

Related parties represent major shareholders, members of the Board of Directors of the Company and its other committees, key management personnel of the Company, and entities managed, or under common control by these parties. The Group does not have any transaction with the Owners, other than dividend transactions. Below are the transactions with affiliate companies during the period.

The following significant transactions were carried out with related parties during the period:

Relationship	Nature of transactions	For the six-month period ended 30 June	
		2023 (Unaudited)	2022 (Unaudited)
Entity under common control	Intercompany cost recharge	-	258,261
Entity under common control	Consultancy services	90,848	90,848

Key management personnel compensation comprised the following:

	For the six-month period ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)
Short-term benefits	1,933,615	1,488,985
Termination benefits	150,539	77,044
Board and its committee fee		
Director's remuneration	300,000	300,000
Committee's remuneration	112,500	112,500
Meeting attendance allowances	36,000	50,000

Compensation to key management personnel other than the board and committee members includes salaries, allowances, provision for defined benefits liabilities and contribution to General Organization for Social Insurance.

SAUDI NETWORKERS SERVICES COMPANY
(A Listed Joint Stock Company)

Notes to condensed consolidated interim financial statements

For the six-month period ended 30 June 2023

(All amounts are in Saudi Riyals unless otherwise stated)

8 Property and equipment

2023	Leasehold improvements	Furniture and fixture	Computer equipment	Tools and equipment	Total
Cost:					
1 January 2023	1,163,371	387,008	2,639,891	163,467	4,353,737
Additions	1,872,369	136,631	216,551	-	2,225,551
Disposals	-	-	-	-	-
30 June 2023	3,035,740	523,639	2,856,442	163,467	6,579,288
Accumulated depreciation:					
1 January 2023	1,158,275	358,740	2,280,152	129,056	3,926,223
Charge for the period	113,326	4,641	124,538	2,043	244,548
Disposals	-	-	-	-	-
30 June 2023	1,271,601	363,381	2,404,690	131,099	4,170,771
Net book value:					
As at 30 June 2023	1,764,139	160,258	451,752	32,368	2,408,517
As at 1 January 2023	5,096	28,268	359,739	34,411	427,514

SAUDI NETWORKERS SERVICES COMPANY
(A Listed Joint Stock Company)
Notes to condensed consolidated interim financial statements
For the six-month period ended 30 June 2023
(All amounts are in Saudi Riyals unless otherwise stated)

9 Trade receivables

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Accounts receivables	121,613,712	127,253,981
Unbilled receivables *	<u>44,843,672</u>	<u>31,585,202</u>
	166,457,384	158,839,183
Less: allowance for expected credit losses	<u>(4,145,941)</u>	<u>(3,880,702)</u>
	<u>162,311,443</u>	<u>154,958,481</u>

* Unbilled receivables assets represent the amount for which services have been rendered but not yet invoiced to customers.

Movement in the allowance for expected credit losses is as follows:

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
As at beginning of the year	3,880,702	2,957,936
Provided during the period/year	265,239	1,132,890
Written-off during the period/year	-	(210,124)
As at end of the period/year	<u>4,145,941</u>	<u>3,880,702</u>

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

Trade receivables are amounts due from customers for services performed in the ordinary course of business. They are generally due for settlement within 90 days and therefore are all classified as current. Trade receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method.

10 Cash and cash equivalents

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Cash at bank	10,540,731	8,584,701
Cash in hand	<u>105,999</u>	<u>105,999</u>
	<u>10,646,730</u>	<u>8,690,700</u>

For the presentation purpose in the condensed consolidated interim statement of cash flow, following is the breakup of the cash and cash equivalents:

	30 June 2023 (Unaudited)
Cash and cash equivalents	10,646,730
Cash and cash equivalents from discontinued operations (Note 20)	<u>9,054,368</u>
	<u>19,701,098</u>

11 Prepayments and other assets

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Prepaid expenses	17,436,770	9,579,461
Other receivables	<u>504,436</u>	<u>245,150</u>
	<u>17,941,206</u>	<u>9,824,611</u>

SAUDI NETWORKERS SERVICES COMPANY
(A Listed Joint Stock Company)
Notes to condensed consolidated interim financial statements
For the six-month period ended 30 June 2023
(All amounts are in Saudi Riyals unless otherwise stated)

12 Accrued expenses

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Accrued expenses	41,710,359	42,706,880
VAT payable, net	10,160,841	6,374,236
Accrued bonus	1,772,570	3,293,142
Customer advances	860,075	491,237
	54,503,845	52,865,495

13 Dividend payable

Following is the movement of dividend payable:

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Balance at beginning of the year	-	-
Dividend declared	14,100,000	10,000,000
Payments	(14,100,000)	(10,000,000)
Balance at end of the period/year	-	-

14 Share capital

The Group's capital consists of following:

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Authorized shares	6,000,000	6,000,000
Ordinary shares of Saudi Riyals 10 each (2022: Saudi Riyals 10 each), fully paid and issued	6,000,000	6,000,000
Share capital	60,000,000	60,000,000

On 17 August 2022, the Company was listed on Saudi Exchange with the symbol 9543 and ISIN Code SA15JH3KL3H8. The Company floated 1.5 million shares on the Nomu - Parallel Market, after which the shareholding of Mr. Abdul Mohsen I. Al Touq and Mr Osama M Al Sabeg had been reduced to 37.25% each from 50% each.

15 Contingent liability

The Group bankers have issued, on group's behalf, guarantees limited to Saudi Riyals 499,900 (2022: Saudi Riyals 499,900) in respect of contracts performance.

16 Earnings per share (EPS)

Basic EPS is calculated by dividing the net income for the period attributable to shareholders of the Group by the weighted average number of ordinary shares outstanding during the period as follows:

	For the six-month period ended	
	30 June 2023 (Unaudited)	2022 (Unaudited)
Profit for the period	16,545,911	20,575,553
Number of ordinary shares outstanding	6,000,000	6,000,000
Basic and diluted earnings per share from profit for the period	2.8	3.4

SAUDI NETWORKERS SERVICES COMPANY**(A Listed Joint Stock Company)****Notes to condensed consolidated interim financial statements****For the six-month period ended 30 June 2023**

(All amounts are in Saudi Riyals unless otherwise stated)

17 Segment reporting

The principal activities of the Group are implementing contracting contracts of establishing, maintaining, operating, installing and managing of telecommunication networks, computer, electrical & electronic works, providing consulting, technical and administrative services, providing supporting at field of consulting, technical, administrative and consulting services, operating, managing, marketing and providing technical support for sales centers and customer care services. Selected financial information as at 30 June 2023 and its comparative figures for the period/year then ended, categorized by these business segments, is as follows:

Kingdom of Saudi Arabia

Provision of services in the geographical region of Kingdom of Saudi Arabia.

Algeria

Provision of services in the geographical region of Algeria.

30 June 2023 (Unaudited)	Kingdom of Saudi Arabia	Algeria	Total
Revenue	276,456,502	-	276,456,502
Depreciation	552,263	-	552,263
Profit/(loss) attributable to shareholders of the Company	16,774,577	(228,666)	16,545,911
30 June 2023 (Unaudited)			
Total assets	196,300,719	10,044,579	206,345,298
Total liabilities	120,636,567	420,543	121,057,110
30 June 2022 (Unaudited)	Kingdom of Saudi Arabia	Algeria	Total
Revenue	229,567,118	3,012,847	232,579,965
Depreciation	455,681	426	456,107
Profit/(loss) attributable to shareholders of the Company	21,501,216	(925,663)	20,575,553
31 December 2022 (Audited)			
Total assets	174,610,852	9,900,085	184,510,937
Total liabilities	101,415,795	392,354	101,808,149

The Group's revenue is derived from contracts with customers for provision of services.

Segment assets are measured in the same way as in the Condensed Consolidated Interim Financial Statements. These assets are allocated and analyzed based on the operations of the segment.

18 Revenue

The Group's revenue is derived from three types of services namely direct, managed-hosting and other services.

Disaggregation of revenue

In the following table, revenue is disaggregated by primary nature of services provided, types of customers and timing of revenue recognition as shown below:

	For the six-month period ended 30 June	
	2023 (Unaudited)	2023 (Unaudited)
<u>Types of projects / services</u>		
Direct	80,611,895	72,776,043
Managed-Hosting	195,800,195	156,319,981
Other	44,412	471,094
	276,456,502	229,567,118
<u>Types of customers</u>		
Non-government	254,969,380	210,276,260
Government	21,487,122	19,290,858
	276,456,502	229,567,118

SAUDI NETWORKERS SERVICES COMPANY
(A Listed Joint Stock Company)
Notes to condensed consolidated interim financial statements
For the six-month period ended 30 June 2023
(All amounts are in Saudi Riyals unless otherwise stated)

18 Revenue (continued)

Timing of revenue recognition

Over time	276,456,502	229,567,118
	276,456,502	229,567,118

Revenues of approximately Saudi Riyals 157.32 million (2022: Saudi Riyals 130.50 million) are derived from seven external customers who contribute more than 56.90% to the total external revenue. These revenues are attributed to the Kingdom of Saudi Arabia segment.

19 Leases

The Group has lease contracts for motor vehicles and office building. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and sub-leasing the leased assets.

Right-of-use assets

	Motor vehicles	Office building	Total
Cost			
As at 1 January 2023 (Audited)	742,624	1,991,101	2,733,725
Additions	166,429	2,923,908	3,090,337
Disposals	(742,624)	(615,297)	(1,357,921)
As at 30 June 2023 (Unaudited)	166,429	4,299,712	4,466,141
Accumulated Depreciation			
As at 1 January 2023 (Audited)	716,055	1,308,124	2,024,179
Charge for the period	20,804	286,911	307,715
Disposals	(716,054)	(142,522)	(858,576)
As at 30 June 2023 (Unaudited)	20,805	1,452,513	1,473,318
Net book value			
As at 30 June 2023 (Unaudited)	145,624	2,847,199	2,992,823
As at 1 January 2023 (Audited)	26,569	682,977	709,546

Lease liabilities

Following is the carrying amounts of lease liabilities and the movements during the period/year:

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Balance at beginning of the year	771,665	1,550,053
Additions	3,090,337	-
Interest expense	73,434	58,870
Payments	(764,278)	(620,841)
Lease termination	(616,827)	(216,417)
Balance at end of the period/year	2,554,331	771,665
	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Current portion of lease liabilities	530,159	439,358
Non-current portion of lease liabilities	2,024,172	332,307
	2,554,331	771,665

SAUDI NETWORKERS SERVICES COMPANY

(A Listed Joint Stock Company)

Notes to condensed consolidated interim financial statements

For the six-month period ended 30 June 2023

(All amounts are in Saudi Riyals unless otherwise stated)

20 Discontinued operations

The financial performance presented is for the six-month period ended 30 June 2023 and the period ended 30 June 2022.

	For the six-month period ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)
Revenues	-	3,012,847
Cost of revenues	-	(2,032,801)
Gross profit	-	980,046
General and administrative expenses	(227,179)	(436,857)
(Loss) / income from operations	(227,179)	543,189
Other income	1,012	14,098
Finance cost	(4,809)	(13,774)
(Loss) / profit before income tax	(230,976)	543,513
Income tax	-	(1,478,526)
Loss from discontinued operations	(230,976)	(935,013)
Other comprehensive income / (loss)		
Items that may be reclassified to profit or loss:		
Movement in foreign currency translation reserve	141,799	(379,610)
Total other comprehensive income / (loss)	141,799	(379,610)
Total comprehensive loss from discontinued operations	(89,177)	(1,314,623)

The carrying amounts of assets and liabilities were:

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
Assets		
Trade receivables	-	11,615
Prepayments and other assets	990,211	944,890
Cash and cash equivalents	9,054,368	8,943,580
Total Assets	10,044,579	9,900,085
Liabilities		
Employee end of service benefits	195,715	182,613
Accrued expenses	224,828	209,741
Total Liabilities	420,543	392,354

The cashflow information for the six-month period ended 30 June 2023 and six-month period ended 30 June 2022 were:

	For the six-month period ended 30 June	
	2023 (Unaudited)	2023 (Unaudited)
Net cash inflow / (outflow) from operating activities	110,788	(543,513)
Net cash inflow / (outflow) from investing activities	-	-
Net cash inflow / (outflow) from financing activities	-	-
Net increase / (decrease) in cash flows	110,788	(543,513)

21 Events after the reporting period

There are no other events subsequent to 30 June 2023 and before the date of signing the independent auditor's review report, that could have a significant effect on the condensed interim consolidated financial statements as at and for the six-month period ended 30 June 2023.

22 Approval of the condensed consolidated interim financial statements

The condensed consolidated interim financial statements of the Group for the period ended 30 June 2023 were authorized for issuance on 8 August 2023.