



SNS NETWORK TECHNOLOGY BERHAD

Registration No: 201601002835 (1173761-W)
(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER ENDED
31 OCTOBER 2023



SNS NETWORK TECHNOLOGY BERHAD
(Registration No. 201601002835 (1173761-W))
(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 31 OCTOBER 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME⁽¹⁾

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter 31.10.2023 Unaudited RM'000	Corresponding Quarter 31.10.2022 Unaudited RM'000	Current Period-to-date 31.10.2023 Unaudited RM'000	Corresponding Period-to-date 31.10.2022 Unaudited RM'000
Revenue	263,288	348,835	886,004	893,924
Cost of sales	(243,845)	(319,395)	(821,827)	(821,824)
Gross profit	19,443	29,440	64,177	72,100
Other operating income	3,183	2,099	7,277	6,286
Other gains and losses	408	246	1,191	404
Investment revenue	31	104	76	127
Impairment losses on financial assets - net	(2,124)	-	(2,284)	-
Selling and distribution expenses	(7,893)	(8,556)	(22,793)	(24,889)
General and administrative expenses	(8,937)	(6,635)	(18,675)	(15,366)
Profit from operations	4,111	16,698	28,969	38,662
Finance costs	(1,213)	(1,415)	(3,853)	(3,396)
Profit before tax	2,898	15,283	25,116	35,266
Tax expenses	(880)	(3,342)	(6,188)	(8,322)
Profit and total comprehensive income for the financial period attributable to equity holders of the Group	2,018	11,941	18,928	26,944
Earning per share attributable to equity holders of the Group:				
Basic ⁽²⁾ (sen)	0.13	0.80	1.17	4.27
Diluted ⁽³⁾ (sen)	0.13	0.80	1.17	4.27



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Notes:

- (1) The Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements of SNS Network Technology Berhad ("**SNS**" or the "**Company**") and its subsidiaries ("**SNS Group**" or the "**Group**") for the financial year ended ("**FYE**") 31 January 2023 and the accompanying explanatory notes attached to this condensed interim financial report.*
- (2) Basic earnings per share ("**EPS**") is calculated by dividing profit after tax attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the current financial quarter and financial period-to-date ended 31 October 2023 under review.*
- (3) The diluted EPS has been adjusted for the dilutive effects of the potential ordinary shares, i.e., share options granted to the eligible employees.*

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 31 OCTOBER 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION⁽¹⁾

	As at 31.10.2023 RM'000 Unaudited	As at 31.01.2023 RM'000 Audited
<u>ASSETS</u>		
Non-current assets		
Property, plant and equipment	54,434	52,726
Right-of-use assets	10,658	16,032
Finance lease receivables	21,581	-
Trade receivables	5,524	-
Total non-current assets	92,197	68,758
Current assets		
Inventories	103,122	107,837
Trade and other receivables	126,155	120,788
Finance lease receivables	2,971	349
Other assets	5,107	5,168
Current tax assets	2,402	1,480
Fixed deposits, cash and bank balances	111,005	91,993
Total current assets	350,762	327,615
TOTAL ASSETS	442,959	396,373
<u>EQUITY AND LIABILITIES</u>		
Capital and reserves		
Share capital	151,420	151,420
Capital reserve	(55,329)	(55,329)
Share-based payment reserve	2,783	-
Retained earnings	131,744	124,912
TOTAL EQUITY	230,618	221,003
Non-current liabilities		
Borrowings	7,603	7,601
Lease liabilities	19,925	5,889
Deferred tax liabilities	1,485	1,485
Total non-current liabilities	29,013	14,975



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION⁽¹⁾ (CONT'D)

	As at 31.10.2023 RM'000 Unaudited	As at 31.01.2023 RM'000 Audited
Current liabilities		
Trade and other payables	130,555	111,957
Other liabilities	2,757	4,367
Contract liabilities	120	238
Dividends payable	4,032	-
Borrowings	33,675	27,692
Lease liabilities	12,189	10,376
Current tax liabilities	-	5,765
Total current liabilities	183,328	160,395
TOTAL LIABILITIES	212,341	175,370
TOTAL EQUITY AND LIABILITIES	442,959	396,373
 Net assets per ordinary share attributable to Equity holders of SNS Group (RM)⁽²⁾	0.14	0.14

Notes:

⁽¹⁾ *The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements of the Company for the financial year ended FYE 31 January 2023 and the accompanying explanatory notes attached to this condensed interim financial report.*

⁽²⁾ *Net assets per ordinary share is calculated based on the Company's number of ordinary shares of 1,612,779,660 ordinary shares at the end of financial period/year.*



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UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 31 OCTOBER 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY⁽¹⁾

	← Attributable to Equity Holders of SNS Group →					
	Share capital RM'000	Invested capital RM'000	Non-distributable Capital reserve RM'000	Share-based payment reserve RM'000	Distributable Reserve - Retained earnings RM'000	Total Equity RM'000
Balance at 1 February 2023	151,420	-	(55,329)	-	124,912	221,003
Profit for the financial period	-	-	-	-	18,928	18,928
Dividends	-	-	-	-	(12,096)	(12,096)
Share-based payment relating to ESOS	-	-	-	2,783	-	2,783
Balance at 31 October 2023	151,420	-	(55,329)	2,783	131,744	230,618
Balance at 1 February 2022	*	7,791	-	-	85,228	93,019
Profit for the financial period	-	-	-	-	26,944	26,944
Issue of ordinary shares	90,719	-	-	-	-	90,719
Acquisition of subsidiaries under common control	63,120	(7,791)	(55,329)	-	-	-
Share issuance expenses	(2,419)	-	-	-	-	(2,419)
Balance at 31 October 2022	151,420	-	(55,329)	-	112,172	208,263

Notes:

⁽¹⁾ *The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements of the Company for the FYE 31 January 2023 and the accompanying explanatory notes attached to this condensed interim financial report.*

* *Represents RM2.00 only.*

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 31 OCTOBER 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS⁽¹⁾

	CUMULATIVE QUARTER	
	Current	Corresponding
	Period-to-date	Period-to-date
	31.10.2023	31.10.2022
	RM'000	RM'000
Cash flows from operating activities		
Profit before taxation	25,116	35,266
Adjustments for:		
Depreciation of right-of-use assets	9,056	8,562
Finance costs	3,853	3,396
(Reversal)/write down of inventories to net realisable values	(345)	2,831
Depreciation of property, plant and equipment	1,982	1,394
Loss allowances recognised in profit or loss	2,281	382
Bad debts written off	3	-
Increase in provision for customer loyalty programme	239	252
Property, plant and equipment written off	4	-
Loss on disposal of property, plant and equipment	30	-
Decrease in provision for warranties	(132)	(158)
Negative variable lease payments	(94)	(208)
Income from finance lease receivables	(1,307)	(40)
Investment revenue	(76)	(127)
Interest income from cash and bank balances	(85)	(23)
Gains arising from lease terminations	(10)	-
Unrealised gain on foreign exchange	(176)	-
Increase in provision for voucher programme	166	43
Expiry of voucher programme	(124)	(8)
Expiry of customer loyalty programme	(241)	(254)
Increase in fair value of income fund	(900)	(190)
Shared-based payment expenses	2,783	-
	42,023	51,118
Operating profit before working capital changes		
Movements in working capital:		
Decrease/(Increase) in:		
Inventories	5,060	(125,199)
Trade and other receivables	(13,175)	(121,108)
Other assets	61	(590)
Finance lease receivables	(22,896)	607
Increase/(Decrease) in:		
Trade and other payables	18,598	195,638
Other liabilities	(1,610)	1,155

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS⁽¹⁾ (CONT'D)

	Current Period-to-date 31.10.2023 RM'000	Corresponding Period-to-date 31.10.2022 RM'000
Contract liabilities	(26)	(32)
Cash from operating activities	28,035	1,589
Interests received	85	23
Income tax refunded	120	-
Income tax paid	(12,995)	(9,831)
Net cash from/(used in) operating activities	15,245	(8,219)
Cash flows used in investing activities		
Proceeds from disposal of property, plant and equipment	186	-
Interest received on fixed deposits	76	127
Income distribution from income fund	900	190
Purchase of property, plant and equipment	(3,460)	(1,057)
Placement of fixed deposits	(40,535)	(16,472)
Net cash used in investing activities	(42,833)	(17,212)
Cash flows from financing activities		
Issue of ordinary shares	-	88,300
Proceeds from bankers' acceptances - net	7,207	19,282
Proceeds/(Repayment) of lease liabilities	12,271	(8,327)
Repayment of term loans and financing	(1,065)	(1,509)
Finance costs paid	(3,853)	(3,396)
Repayment of hire-purchase payables	(607)	(774)
Repayment made to directors	-	(34)
Dividend paid	(8,064)	(6,000)
Net cash from financing activities	5,889	87,542
Net (decrease)/increase in cash and cash equivalents	(21,699)	62,111
Cash and cash equivalents at the beginning of the financial period	88,602	27,133
Effect of exchange rate changes on the balance of cash held in foreign currencies	176	-
Cash and cash equivalents at the end of the financial period	67,079	89,244



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS⁽¹⁾ (CONT'D)

Notes:

- (1) *The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements of the Company for the financial year ended FYE 31 January 2023 and the accompanying explanatory notes attached to this condensed interim financial report.*
- (2) *Cash and cash equivalents at the end of the financial period comprise:*

	Current Period-to-date 31.10.2023 RM'000	Corresponding Period-to-date 31.10.2022 RM'000
CASH AND CASH EQUIVALENTS		
Fixed deposits with licensed banks	43,926	19,168
Income fund with a licensed financial institution (redeemable upon 1 day notice)	30,061	50,190
Cash and bank balances	37,018	39,054
	<hr/>	<hr/>
	111,005	108,412
Less:		
Fixed deposits pledged to licensed banks	(43,926)	(19,168)
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	67,079	89,244
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UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 31 OCTOBER 2023

NOTES TO THE INTERIM FINANCIAL REPORT

A. EXPLANATORY NOTES ON TO THE COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS ("MFRS 134"), INTERIM FINANCIAL REPORT

A1. Basis of preparation

The condensed consolidated interim financial statements of the Group is unaudited and has been prepared in accordance with the Malaysian Financial Reporting Standards ("**MFRS**") 134, *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board ("**MASB**"), International Financial Reporting Standard, requirements of the Companies Act, 2016 in Malaysia, and Rule 9.22 and Appendix 9B of the Listing Requirements of Bursa Securities.

These explanatory notes attached to the condensed consolidated interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the FYE 31 January 2023.

A2. Significant accounting policies

The accounting policies adopted in the preparation of this condensed consolidated interim financial statements are consistent with those adopted as disclosed in the audited financial statements of the Group for the FYE 31 January 2023, except for the adoption of the following Amendments to MFRS.

Adoption of amendments to MFRSs

The adoption of the following amendments to MFRSs that are mandatory effective for an accounting period that begins on or after 1 February 2023:

MFRS 17	Insurance Contracts
Amendments to MFRS 17	Insurance Contracts
Amendments to MFRS 4	Extension of the Temporary Exemption from applying MFRS 9
Amendments to MFRS 101	Classification of Liabilities as Current or Non-Current and Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The adoption of the abovementioned amendments to MFRSs have not had any material impact on the disclosures or on the amounts reported in the condensed consolidated interim financial statements.



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NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

A. EXPLANATORY NOTES ON THE COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS ("MFRS 134"), INTERIM FINANCIAL REPORT (CONT'D)

A2. Significant accounting policies (Cont'd)

Standards issued but not yet effective

At the date of authorisation for issue of this condensed consolidated interim financial statements, the new and amendments to MFRSs, which were in issue but not yet effective and have not been early adopted by the Group are as follow:

Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁽¹⁾
Amendments to MFRS 16	Lease Liability in a Sale and Leaseback ⁽²⁾
Amendments to MFRS 101	Non-current Liabilities with Covenants ⁽²⁾

Notes:

⁽¹⁾ *Effective date deferred to a date to be announced by MASB.*

⁽²⁾ *Effective for annual financial periods beginning on or after January 1, 2024, with earlier application permitted.*

A3. Audited Report of Preceding Annual Financial Statements

The audited consolidated financial statements for the FYE 31 January 2023 was not subject to any qualification.

A4. Seasonal or Cyclical Factors

The Group does not experience significant fluctuation in operations due to seasonal factors during the current financial quarter and period-to-date under review.



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NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

A. EXPLANATORY NOTES ON THE COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS ("MFRS 134"), INTERIM FINANCIAL REPORT (CONT'D)

A5. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature in size or incidence during the current financial quarter under review.

A6. Material Changes in Estimates

There were no material changes in the estimates of amounts reported that have material effect on the results for the current financial quarter under review.

A7. Issuances, Cancellations, Repurchases, Resale and Repayments of Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the current financial quarter under review.

A8. Dividend Paid

On 27 June 2023, the Board of Directors had declared a first interim single-tier dividend of 0.25 sen per ordinary share amounting to RM4,031,949 in respect of the FYE 31 January 2024. The dividend was paid on 28 August 2023.

A9. Segmental Reporting

a) Revenue by Business Activities:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter 31.10.2023 RM'000	Corresponding Quarter 31.10.2022 RM'000	Current Period-to-date 31.10.2023 RM'000	Corresponding Period-to-date 31.10.2022 RM'000
Sale of ICT products	260,293	346,094	874,164	885,071
Provision of device repair and related services, as well as sale of broadband services	2,995	2,741	11,840	8,853
	<u>263,288</u>	<u>348,835</u>	<u>886,004</u>	<u>893,924</u>



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NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

A. EXPLANATORY NOTES ON THE COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS ("MFRS 134"), INTERIM FINANCIAL REPORT (CONT'D)

A9. Segmental Reporting (Cont'd)

b) Revenue by Geographical Market:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter 31.10.2023 RM'000	Corresponding Quarter 31.10.2022 RM'000	Current Period-to-date 31.10.2023 RM'000	Corresponding Period-to-date 31.10.2022 RM'000
Malaysia	231,235	344,593	839,091	863,665
Overseas				
- Hong Kong	6,969	-	7,417	16,326
- Singapore	22,501	1,369	28,759	4,666
- Others ⁽¹⁾	2,583	2,873	10,737	9,267
	<u>263,288</u>	<u>348,835</u>	<u>886,004</u>	<u>893,924</u>

Note:

⁽¹⁾ Comprises Australia, Brunei, Indonesia, Maldives and Vietnam.

A10. Material Events Subsequent to the End of the Current Financial Quarter

There were no material events subsequent to the end of the current financial quarter under review that have not been reflected in this interim financial report.

A11. Changes in The Composition of The Group

There were no material changes in the composition of the Group during the current financial quarter under review.



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NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

A. EXPLANATORY NOTES ON THE COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS ("MFRS 134"), INTERIM FINANCIAL REPORT (CONT'D)

A12. Contingent Liabilities and Contingent Assets

There were no other material contingent liabilities and contingent assets of the Group as at the end of the current financial quarter under review.

A13. Significant Related Party Transactions

Significant transactions between the Group and a related party are as follows:

Type of transactions	Current Quarter 31.10.2023 RM'000	Current Period-to-date 31.10.2023 RM'000
Rental of offices paid to a director	26	77

A14. Capital Commitments

Other than as disclosed below, there are no other material capital commitments as at the end of the current financial quarter under review.

	As at 31.10.2023 RM'000 Unaudited	As at 31.01.2023 RM'000 Audited
Purchase of property, plant and equipment	-	164

A15. Valuation of Property, Plant and Equipment

The Group has not carried out any valuation on its property, plant and equipment in the current financial quarter under review.



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B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Review of Performance

	INDIVIDUAL QUARTER				CUMULATIVE QUARTER	
	Current Quarter	Corresponding Quarter	Variance		Current Period-to-date	Corresponding Period-to-date
	31.10.2023	31.10.2022	RM'000	%	31.10.2023	31.10.2022
	RM'000	RM'000	RM'000		RM'000	RM'000
Revenue	263,288	348,835	(85,547)	-24.5%	886,004	893,924
Profit before tax	2,898	15,283	(12,385)	-81.0%	25,116	35,266

The Group's revenue for the current financial quarter ended 31 October 2023 decreased by RM85.55 million or 24.5%, from RM348.84 million to RM263.29 million as compared with the corresponding financial quarter. The higher revenue recorded for the corresponding financial quarter was mainly attributable to major orders secured by the Group from a few customers from commercial channel related to a government project.

Profit before tax of the Group for the current financial quarter ended 31 October 2023 decreased by RM12.38 million or 81.0%, from RM15.28 million to RM2.90 million, compared with the corresponding financial quarter. The lower profit before tax for the current financial quarter was mainly due to lower revenue recorded, the share-based payment expenses of approximately RM2.78 million pursuant to the employees' share options granted during the current financial quarter as well as impairment losses of trade receivables of RM2.12 million. In addition, the said decrease was also attributable to the donation of laptops to various schools costing RM 0.76 million as part of our corporate social activities.

B2. Comparison with the Immediate Preceding Quarter's Result

	Current Quarter	Immediate Preceding Quarter	Variance	
	31.10.2023	31.07.2023	RM'000	%
	RM'000	RM'000	RM'000	%
Revenue	263,288	332,877	(69,589)	(20.9)
Profit before tax	2,898	11,898	(9,000)	(75.6)
Profit after tax	2,018	9,024	(7,006)	(77.6)



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B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B2. Comparison with the Immediate Preceding Quarter's Result (Cont'd)

The Group's revenue for the current financial quarter ended 31 October 2023 decreased by RM69.59 million or 20.9% from RM332.88 million to RM263.29 million as compared with the immediate preceding financial quarter. The higher revenue recorded for the immediate preceding financial quarter was mainly attributable to major orders secured by the Group from a few customers from commercial channel related to a government project.

Profit before tax of the Group for the current financial quarter ended 31 July 2023 decreased by RM9.00 million or 75.6%, from RM11.90 million to RM2.90 million, compared with the immediate preceding financial quarter. Meanwhile, profit after tax of the Group for the current financial quarter ended 31 October 2023 decreased by RM7.00 million or 77.6%, from RM9.02 million to RM2.02 million, compared with the immediate preceding financial quarter. The lower profit before tax and profit after tax for the current financial quarter was mainly due to lower revenue recorded, the share-based payment expenses of approximately RM2.78 million pursuant to the employees' share options granted during the current financial quarter as well as impairment losses of trade receivables of RM2.12 million. In addition, the said decrease was also attributable to the donation of laptops to various schools costing RM 0.76 million as part of our corporate social activities.

B3. Group's Prospects

The ICT products and services industry is expected to be continuously driven by the wide usage of ICT in everyday lives by the public and businesses to perform daily and business activities, the replacement cycle of devices and continuous technology advancement, the implementation of initiatives by the Government for digital transformation, as well as the incorporation of ICT to promote digital education in schools. As such, the Group intends to set-up 10 new stores in Malaysia to increase the Group's customer base.

As businesses demand for more flexibility and control over the usage of ICT products and services according to their business and operational needs, while reducing large upfront capital expenditure required for the purchase and deployment of hardware and software, the demand for DaaS subscription is expected to grow in the long term. The Group has put in focus to support the expansion of the DaaS subscription-based service for the Group's existing and future DaaS subscription agreements.

The Group remains positive with the ICT industry as a result of continuous growth in demand for ICT products and strengthening of our existing customer base while expanding the Group's market share with new customers.

B4. Variance of Profit Forecast

The Group did not issue any profit forecast for the current financial quarter.



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B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B5. Income Tax Expense

The breakdown of income tax expense is as follows:

	Current Quarter 31.10.2023 RM'000	Current Period-to-date 31.10.2023 RM'000
Current taxation	699	6,006
Under provision of tax expenses in prior years	181	182
	<u>880</u>	<u>6,188</u>

Income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable profit for the fiscal year. Tax expense is recognised based on management's best estimate.

The effective tax rate for current period-to-date was approximately the statutory tax rate.

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SNS NETWORK TECHNOLOGY BERHAD
(Registration No. 201601002835 (1173761-W))
(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 31 OCTOBER 2023

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B6. Profit Before Tax

Profit from operations is derived after (charging)/crediting the following:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter 31.10.2023 RM'000	Corresponding Quarter 31.10.2022 RM'000	Current Period-to-date 31.10.2023 RM'000	Corresponding Period-to-date 31.10.2022 RM'000
Income from operators arising from right-of-use assets	1,723	1,958	5,439	5,862
Rental income	40	61	142	178
Interest income from finance lease receivables	1,299	11	1,307	40
Interest income from cash and bank balances	43	12	85	23
Realised (loss)/gain on foreign exchange	(1)	7	3	7
Unrealised gain on foreign exchange	113	-	176	-
Reversal/(write down) of inventories to net realisable values	261	(1,019)	345	(2,831)
Auditor's remuneration	(64)	(95)	(192)	(192)
Loss allowances recognised in profit and loss	(2,124)	(379)	(2,281)	(382)
Loss on disposal of property, plant and equipment	-	-	(30)	-
Bad debts written off	-	-	(3)	-
Net (increase)/decrease in provisions:				
Warranties	(15)	(11)	132	158
Voucher programme	(36)	(24)	(166)	(43)
Customer loyalty programme	(123)	(130)	(239)	(252)
Expiry of:				
Voucher programme	-	8	124	8
Customer loyalty programme	122	125	241	254



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UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 31 OCTOBER 2023

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B7. Utilisation of Proceeds Raised from the IPO

The gross proceeds raised from the IPO of RM90.72 million are intended to be utilised in the following manner:

Utilisation of proceeds ⁽¹⁾	Proposed utilisation RM'000	Actual utilisation RM'000	Unutilised amount RM'000	Estimated timeframe for unutilisation
Capital expenditure				
- Expansion of Daas subscription-based service	30,900	(23,765)	7,135	36 months
- Set-up new retail stores	2,500	-	2,500	36 months
Construction of Regional Hub	18,000	(193)	17,807	36 months
Marketing activities for JOI [®]	1,500	(451)	1,049	36 months
Repayment of bank borrowings	20,000	(20,000)	-	12 months
General working capital	13,119	(13,119)	-	24 months
Estimated listing expenses	4,700	(4,700)	-	Immediately
	90,719	(62,228)	28,491	

Note:

⁽¹⁾ *The utilisation of proceeds as disclosed above should be read in conjunction with the Company's Prospectus dated 27 July 2022.*

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 31 OCTOBER 2023

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B8. Group Borrowings and Debt Securities

The Group's borrowings as at 31 October 2023 and 31 January 2023 are as follows:

	As at 31.10.2023 RM'000 Unaudited	As at 31.01.2023 RM'000 Audited
<u>Non-current</u>		
<u>Secured</u>		
Commodity Murabahah term financing	6,353	6,283
Term loans	278	434
Hire purchase payables	972	884
	7,603	7,601
<u>Unsecured</u>		
Lease liabilities	19,925	5,889
	27,528	13,490
<u>Current</u>		
<u>Secured</u>		
Bankers' acceptances	32,334	25,127
Commodity Murabahah term financing	692	1,677
Term loans	207	201
Hire purchase payables	442	687
	33,675	27,692
<u>Unsecured</u>		
Lease liabilities	12,189	10,376
	45,864	38,068
Total loans and borrowings	73,392	51,558



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B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B9. Material Litigation

The Group is not engaged in any material litigation either as plaintiff or defendant, and the Directors do not have any knowledge of any proceedings pending or threatened against the Group as at the date of this report.

B10. Dividend Proposed

Saved as disclosed below, there were no other dividend declared or proposed during the current financial quarter under review and for the financial period-to-date.

On 26 September 2023, the Board of Directors approved a second interim single-tier dividend of 0.25 sen per ordinary share amounting of RM4,031,949 in respect of financial year ending 31 January 2024, which subsequently paid on 24 November 2023.

B11. EPS

The basic and diluted EPS for the current financial quarter and period-to-date are as follows:

a) Basic earnings per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter 31.10.2023	Corresponding Quarter 31.10.2022	Current Period-to-date 31.10.2023	Corresponding Period-to-date 31.10.2022
Profit net of tax attributable to the equity holders of the Company (RM'000)	2,018	11,941	18,928	26,944
Weighted average number of ordinary shares in issue (basic) ('000)	1,612,780	1,490,506	1,612,780	630,490
Basic EPS ⁽¹⁾ (sen)	0.13	0.80	1.17	4.27



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B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B11. EPS (Cont'd)

b) Diluted earnings per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter 31.10.2023	Corresponding Quarter 31.10.2022	Current Period-to-date 31.10.2023	Corresponding Period-to-date 31.10.2022
Profit net of tax attributable to the equity holders of the Company (RM'000)	2,018	11,941	18,928	26,944
Weighted average number of ordinary shares in issue (basic) ('000)	1,612,780	1,490,506	1,612,780	630,490
Effect of dilutive potential ordinary share - ESOS ('000)	1,194	-	301	-
Weighted average number of ordinary shares for diluted earnings per share ('000)	1,613,974	1,490,506	1,613,081	630,490
Diluted EPS ⁽²⁾ (sen)	0.13	0.80	1.17	4.27

Notes:

⁽¹⁾ Basic EPS is calculated by dividing profit after tax attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the current financial quarter and financial period-to-date ended 31 October 2023 under review.

⁽²⁾ The diluted EPS has been adjusted for the dilutive effects of the potential ordinary shares, i.e., share options granted to the eligible employees.

B12. Status of Corporate Proposals

There were no corporate proposals announced but not implemented as at the date of this interim financial report.

B13 Authorisation for Issue

The interim financial report was authorised for issue by the Board of Directors on 13 December 2023.