



SNS NETWORK TECHNOLOGY BERHAD

Registration No: 201601002835 (1173761-W)

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER ENDED
31 JULY 2023



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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND (2ND) QUARTER ENDED 31 JULY 2023

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter 31.07.2023 Unaudited RM'000	Corresponding Quarter 31.07.2022 Unaudited RM'000	Current Period-to-date 31.07.2023 Unaudited RM'000	Corresponding Period-to-date 31.07.2022 Unaudited RM'000
Revenue	332,877	296,930	622,716	545,089
Cost of sales	(309,491)	(273,505)	(577,982)	(502,429)
Gross profit	23,386	23,425	44,734	42,660
Other operating income	2,007	2,108	4,094	4,187
Other gains and losses	308	153	783	158
Investment revenue	23	13	45	23
Impairment losses on financial assets - net	(57)	-	(160)	-
Selling and distribution expenses	(7,438)	(8,398)	(14,900)	(16,333)
General and administrative expenses	(5,108)	(4,584)	(9,738)	(8,731)
Profit from operations	13,121	12,717	24,858	21,964
Finance costs	(1,223)	(959)	(2,640)	(1,981)
Profit before tax	11,898	11,758	22,218	19,983
Tax expenses	(2,874)	(2,945)	(5,308)	(4,980)
Profit and total comprehensive income for the financial period attributable to equity holders of the Group	9,024	8,813	16,910	15,003
Earning per share attributable to equity holders of the Group:				
Basic ⁽²⁾ (sen)	0.56	2.32	1.05	7.76
Diluted ⁽³⁾ (sen)	0.56	2.32	1.05	7.76



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UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND (2ND) QUARTER ENDED 31 JULY 2023

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 July 2023 under review.*
- (3) *The diluted EPS of the Group for the current financial quarter and financial period-to-date ended 31 July 2023 is equivalent to the basic EPS as the Group does not have any potential dilutive equity instruments that would give a diluted effect to the basic EPS at the end of the reporting period.*

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 (Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND (2ND) QUARTER ENDED 31 JULY 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION⁽¹⁾

	As at 31.07.2023 RM'000 Unaudited	As at 31.01.2023 RM'000 Audited
<u>ASSETS</u>		
Non-current assets		
Property, plant and equipment	54,992	52,726
Right-of-use assets	13,173	16,032
Finance lease receivables	13	-
Total non-current assets	68,178	68,758
Current assets		
Inventories	112,368	107,837
Trade and other receivables	317,894	120,788
Finance lease receivables	89	349
Other assets	4,934	5,168
Current tax assets	1,800	1,480
Fixed deposits, cash and bank balances	98,771	91,993
Total current assets	535,856	327,615
TOTAL ASSETS	604,034	396,373
<u>EQUITY AND LIABILITIES</u>		
Capital and reserves		
Share capital	151,420	151,420
Capital reserve	(55,329)	(55,329)
Retained earnings	133,758	124,912
TOTAL EQUITY	229,849	221,003
Non-current liabilities		
Borrowings	7,939	7,601
Lease liabilities	21,965	5,889
Deferred tax liabilities	1,485	1,485
Total non-current liabilities	31,389	14,975



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 (Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND (2ND) QUARTER ENDED 31 JULY 2023

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

	As at 31.07.2023 RM'000 Unaudited	As at 31.01.2023 RM'000 Audited
Current liabilities		
Trade and other payables	231,439	111,957
Other liabilities	1,525	4,367
Contract liabilities	80	238
Dividends payable	4,032	-
Borrowings	87,685	27,692
Lease liabilities	13,513	10,376
Current tax liabilities	4,522	5,765
Total current liabilities	342,796	160,395
TOTAL LIABILITIES	374,185	175,370
TOTAL EQUITY AND LIABILITIES	604,034	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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(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND (2ND) QUARTER ENDED 31 JULY 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY⁽¹⁾

	← Attributable to Equity Holders of SNS Group →				Total Equity RM'000
	Share capital RM'000	Invested capital RM'000	Non-distributable Capital reserve RM'000	Distributable Reserve - Retained earnings RM'000	
Balance at 1 February 2023	151,420	-	(55,329)	124,912	221,003
Profit for the financial period	-	-	-	16,910	16,910
Dividends	-	-	-	(8,064)	(8,064)
Balance at 31 July 2023	151,420	-	(55,329)	133,758	229,849
Balance at 1 February 2022	*	7,791	-	85,228	93,019
Profit for the financial period	-	-	-	15,003	15,003
Acquisition of subsidiaries under common control	63,120	(7,791)	(55,329)	-	-
Balance at 31 July 2022	63,120	-	(55,329)	100,231	108,022

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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND (2ND) QUARTER ENDED 31 JULY 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS⁽¹⁾

	CUMULATIVE QUARTER	
	Current Period-to-date 31.07.2023 RM'000	Corresponding Period-to-date 31.07.2022 RM'000
Cash flows from operating activities		
Profit before taxation	22,218	19,983
Adjustments for:		
Depreciation of right-of-use assets	5,951	5,629
Finance costs	2,640	1,981
(Reversal)/write down of inventories to net realisable values	(84)	1,812
Depreciation of property, plant and equipment	1,266	920
Loss allowances recognised in profit or loss	157	3
Bad debts written off	3	-
Increase in provision for customer loyalty programme	116	122
Loss on disposal of property, plant and equipment	30	-
Decrease in provision for warranties	(147)	(169)
Negative variable lease payments	(69)	(158)
Income from finance lease receivables	(8)	(29)
Investment revenue	(45)	(23)
Interest income from cash and bank balances	(42)	(11)
Gains arising from lease terminations	(10)	-
Unrealised gain on foreign exchange	(63)	-
Increase in provision for voucher programme	130	19
Expiry of voucher programme	(124)	-
Expiry of customer loyalty programme	(119)	(129)
Increase in fair value of income fund	(630)	-
	31,170	29,950
Operating profit before working capital changes		
Movements in working capital:		
(Increase)/Decrease in:		
Inventories	(4,447)	(116,990)
Trade and other receivables	(197,266)	(111,265)
Other assets	234	(951)
Finance lease receivables	255	405
Increase/(Decrease) in:		
Trade and other payables	119,482	227,186

SNS NETWORK TECHNOLOGY BERHAD
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(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND (2ND) QUARTER ENDED 31 JULY 2023

	CUMULATIVE QUARTER	
	Current Period-to-date 31.07.2023 RM'000	Corresponding Period-to-date 31.07.2022 RM'000
Other liabilities	(2,842)	967
Contract liabilities	(14)	(23)
Cash (used in)/from operating activities	(53,428)	29,279
Interests received	42	11
Income tax refunded	69	-
Income tax paid	(6,940)	(4,774)
Net cash (used in)/from operating activities	(60,257)	24,516
Cash flows used in investing activities		
Proceeds from disposal of property, plant and equipment	186	-
Interest received on fixed deposits	45	23
Income distribution from income fund	630	-
Purchase of property, plant and equipment	(3,298)	(390)
Placement of fixed deposits	(1,561)	(357)
Net cash used in investing activities	(3,998)	(724)
Cash flows from financing activities		
Proceeds from bankers' acceptances - net	61,206	16,420
Proceeds/(Repayment) of lease liabilities	16,200	(5,421)
Repayment of term loans and financing	(846)	(1,005)
Finance costs paid	(2,640)	(1,981)
Repayment of hire-purchase payables	(479)	(513)
Repayment made to directors	-	(34)
Dividend paid	(4,032)	(6,000)
Net cash from financing activities	69,409	1,466
Net increase in cash and cash equivalents	5,154	25,258
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	63	-
Cash and cash equivalents at the end of the financial period	93,819	52,391



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UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND (2ND) QUARTER ENDED 31 JULY 2023
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:*

	CUMULATIVE QUARTER	
	Current Period-to-date 31.07.2023 RM'000	Corresponding Period-to-date 31.07.2022 RM'000
CASH AND CASH EQUIVALENTS		
Fixed deposits with licensed banks	4,952	3,053
Income fund with a licensed financial institution (redeemable upon 1 day notice)	29,791	-
Cash and bank balances	64,028	52,391
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	98,771	55,444
Less:		
Fixed deposits pledged to licensed banks	(4,952)	(3,053)
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	93,819	52,391
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UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND (2ND) QUARTER ENDED 31 JULY 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.



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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND (2ND) QUARTER ENDED 31 JULY 2023

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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UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND (2ND) QUARTER ENDED 31 JULY 2023

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 March 2023, the Board of Directors had declared a second interim single-tier dividend of 0.25 sen per ordinary share amounting to RM4,031,949 in respect of the financial year ended 31 January 2023. The dividend was paid on 26 May 2023.

A9. Segmental Reporting

a) Revenue by Business Activities:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter 31.07.2023 RM'000	Corresponding Quarter 31.07.2022 RM'000	Current Period-to-date 31.07.2023 RM'000	Corresponding Period-to-date 31.07.2022 RM'000
Sale of ICT products	328,626	294,826	613,871	538,977
Provision of device repair and related services, as well as sale of broadband services	4,251	2,104	8,845	6,112
	332,877	296,930	622,716	545,089



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UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND (2ND) QUARTER ENDED 31 JULY 2023

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 31.07.2023 RM'000	Corresponding Quarter 31.07.2022 RM'000	Current Period-to-date 31.07.2023 RM'000	Corresponding Period-to-date 31.07.2022 RM'000
Malaysia	321,354	289,129	607,856	519,072
Overseas				
- Hong Kong	448	1,093	448	16,326
- Singapore	6,258	3,297	6,258	3,297
- Others ⁽¹⁾	4,817	3,411	8,154	6,394
	332,877	296,930	622,716	545,089

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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(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND (2ND) QUARTER ENDED 31 JULY 2023

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 31.07.2023 RM'000	Current Period-to-date 31.07.2023 RM'000
Rental of offices paid to a director	25	51

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 31.07.2023 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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(Registration No. 201601002835 (1173761-W))
(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND (2ND) QUARTER ENDED 31 JULY 2023

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
	31.07.2023	31.07.2022	RM'000	%	31.07.2023	31.07.2022
	RM'000	RM'000	RM'000	%	RM'000	RM'000
Revenue	332,877	296,930	35,947	12.1%	622,716	545,089
Profit before tax	11,898	11,758	140	1.2%	22,218	19,983

The Group's revenue for the current financial quarter ended 31 July 2023 increased by RM35.95 million or 12.1%, from RM296.93 million to RM332.88 million as compared with the corresponding financial quarter. The said increase was mainly due to increase in revenue from the sale of ICT products as the Group secured more orders from the commercial channel.

Profit before tax of the Group for the current financial quarter ended 31 July 2023 increased by RM0.14 million or 1.2%, from RM11.76 million to RM11.90 million, compared with the corresponding financial quarter. The increase was mainly due to the decrease in selling and distribution expenses of RM0.96 million mainly attributed to the decrease in commission and marketing and promotional expenses.

The decrease in selling and distribution expenses was offset partially by the increase in general and administrative expenses of RM0.52 million primarily attributable to the increase in staff costs as the Group recruited more protege trainees and increase in depreciation resulted from the purchase of additional office equipment.

B2. Comparison with the Immediate Preceding Quarter's Result

	Current Quarter	Immediate Preceding Quarter	Variance	
	31.07.2023	30.04.2023	RM'000	%
	RM'000	RM'000	RM'000	%
Revenue	332,877	289,839	43,038	14.8
Profit before tax	11,898	10,320	1,578	15.3
Profit after tax	9,024	7,886	1,138	14.4



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(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND (2ND) QUARTER ENDED 31 JULY 2023

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 July 2023 increased by RM43.04 million or 14.8% from RM289.84 million to RM332.88 million as compared with the immediate preceding financial quarter. The increase was mainly due to the Group securing more orders from the commercial channel during the current financial quarter.

Profit before tax of the Group for the current financial quarter ended 31 July 2023 increased by RM1.58 million or 15.3%, from RM10.32 million to RM11.90 million, compared with the immediate preceding financial quarter. Meanwhile, profit after tax of the Group for the current financial quarter ended 31 July 2023 increased by RM1.13 million or 14.4%, from RM7.89 million to RM9.02 million, compared with the immediate preceding financial quarter. Both increases were mainly attributable to the growth in our revenue from the commercial channel and improved gross profit.

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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(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND (2ND) QUARTER ENDED 31 JULY 2023

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 31.07.2023 RM'000	Current Period-to-date 31.07.2023 RM'000
Current taxation	2,873	5,307
Under provision of tax expenses in prior years	1	1
	<u>2,874</u>	<u>5,308</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 marginally higher than the statutory tax rate mainly due to certain expenses being disallowed for tax purposes.

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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND (2ND) QUARTER ENDED 31 JULY 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	Corresponding Quarter	Current Period-to-date	Corresponding Period-to-date
	31.07.2023 RM'000	31.07.2022 RM'000	31.07.2023 RM'000	31.07.2022 RM'000
Income from operators arising from right-of-use assets	1,881	2,000	3,716	3,904
Rental income	43	56	102	117
Interest income from finance lease receivables	3	13	8	29
Interest income from cash and bank balances	27	6	42	11
Realised gain/(loss) on foreign exchange	2	(4)	4	-
Unrealised (loss)/gain on foreign exchange	(2)	-	63	-
Reversal/(write down) of inventories to net realisable values	229	(1,753)	84	(1,812)
Auditor's remuneration	(64)	(49)	(128)	(97)
(Loss)/reversal allowances recognised in profit and loss	(54)	2	(157)	(3)
Loss on disposal of property, plant and equipment	(30)	-	(30)	-
Bad debts written off	(3)	-	(3)	-
Net (increase)/decrease in provisions:				
Warranties	(9)	(17)	147	169
Voucher programme	-	(13)	(130)	(19)
Customer loyalty programme	(58)	(63)	(116)	(122)
Expiry of:				
Voucher programme	-	-	124	-
Customer loyalty programme	60	83	119	129

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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND (2ND) QUARTER ENDED 31 JULY 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	(186)	17,814	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	(62,221)	28,498	

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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND (2ND) QUARTER ENDED 31 JULY 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 July 2023 and 31 January 2023 are as follows:

	As at 31.07.2023 RM'000 Unaudited	As at 31.01.2023 RM'000 Audited
<u>Non-current</u>		
<u>Secured</u>		
Commodity Murabahah term financing	6,528	6,283
Term loans	331	434
Hire purchase payables	1,080	884
	7,939	7,601
<u>Unsecured</u>		
Lease liabilities	21,965	5,889
	29,904	13,490
<u>Current</u>		
<u>Secured</u>		
Bankers' acceptances	86,333	25,127
Commodity Murabahah term financing	685	1,677
Term loans	205	201
Hire purchase payables	462	687
	87,685	27,692
<u>Unsecured</u>		
Lease liabilities	13,513	10,376
	101,198	38,068
Total loans and borrowings	131,102	51,558

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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND (2ND) QUARTER ENDED 31 JULY 2023

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 27 June 2023, the Board of Directors approved a first interim single-tier dividend of 0.25 sen per ordinary share amounting to RM4,031,949 in respect of financial year ending 31 January 2024, which subsequently paid on 28 August 2023.

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 declared payable on 24 November 2023.

B11. EPS

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter 31.07.2023	Corresponding Quarter 31.07.2022	Current Period-to-date 31.07.2023	Corresponding Period-to-date 31.07.2022
Profit net of tax attributable to the equity holders of the Company (RM'000)	9,024	8,813	16,910	15,003
Weighted average number of ordinary shares in issue (basic) ('000)	1,612,780	380,406	1,612,780	193,355
Basic EPS ⁽¹⁾ (sen)	0.56	2.32	1.05	7.76
Diluted EPS ⁽²⁾ (sen)	0.56	2.32	1.05	7.76

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 July 2023 under review.



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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND (2ND) QUARTER ENDED 31 JULY 2023

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

B11. EPS (Cont'd)

⁽²⁾ *The diluted EPS of the Group for the current financial quarter and financial period-to-date ended 31 July 2023 is equivalent to the basic EPS as the Group does not have any potential dilutive equity instruments that would give a diluted effect to the basic EPS at the end of the reporting period.*

B12. Status of Corporate Proposals

Saved as disclosed below, there were no corporate proposals announced but not implemented as at the date of this interim financial report.

On 17 May 2023, M & A Securities Sdn Bhd, on behalf of the Board had announced the proposed establishment of an employees' share option scheme ("**ESOS**") involving up to 15.0% of the total number of issued shares of the Company (excluding treasury shares, if any) for eligible directors and employees of the Company and its subsidiaries (excluding dormant subsidiaries, if any).

The ESOS had been approved by Bursa Securities on 30 May 2023. The Extraordinary General Meeting ("**EGM**") held on 7 July 2023 and were duly passed by way of poll at the EGM.

The effective date of implementation of the ESOS was on 18 August 2023.

B13 Authorisation for Issue

The interim financial report was authorised for issue by the Board of Directors on 26 September 2023.

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