

**VSTECS BERHAD**

[Registration No: 199501021835 (351038-H)]

(Incorporated in Malaysia)


**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2024**

	Note	As At 30/06/2024 RM'000	As At 31/12/2023 RM'000
<b>ASSETS</b>			
Plant and equipment		3,948	3,717
Right-of-use assets		4,779	5,761
Intangible asset		571	571
Investment in an associate		27,948	27,085
Investment in a joint venture		13,732	13,415
Other investments		157	154
Deferred tax assets		7,072	6,905
Receivables and deposits		3,242	3,175
<b>Total non-current assets</b>		61,449	60,783
Inventories		167,445	200,802
Receivables, deposits and prepayments		393,335	409,923
Tax recoverable		153	176
Cash and cash equivalents	18 (a)	125,418	150,851
<b>Total current assets</b>		686,351	761,752
<b>TOTAL ASSETS</b>		747,800	822,535
<b>EQUITY</b>			
Share capital		90,000	90,000
Reserves		381,383	366,435
<b>Total equity attributable to owners of the Company</b>		471,383	456,435
<b>LIABILITIES</b>			
Borrowings	23	139	67
Lease liabilities		2,900	3,884
<b>Total non-current liabilities</b>		3,039	3,951
Borrowings	23	250	33,400
Lease liabilities		1,927	1,887
Payables and accruals		267,132	324,411
Tax payable		4,069	2,451
<b>Total current liabilities</b>		273,378	362,149
<b>Total liabilities</b>		276,417	366,100
<b>TOTAL EQUITY AND LIABILITIES</b>		747,800	822,535
Net assets per share attributable to owners of the Company (RM)		1.32	1.28

*The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to the interim financial statements.*

**VSTECS BERHAD**

[Registration No: 199501021835 (351038-H)]

(Incorporated in Malaysia)


**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2024**

	Note	Individual Quarter Three Months Ended		Cumulative Quarter Six Months Ended	
		30/06/2024 RM'000	30/06/2023 RM'000	30/06/2024 RM'000	30/06/2023 RM'000
<b>Revenue</b>		624,393	608,791	1,240,756	1,273,533
Cost of sales		(586,894)	(573,098)	(1,165,243)	(1,199,928)
<b>Gross profit</b>		<u>37,499</u>	<u>35,693</u>	<u>75,513</u>	<u>73,605</u>
Distribution expenses		(13,659)	(12,551)	(27,105)	(25,913)
Administrative expenses		(6,865)	(6,552)	(14,380)	(13,063)
Net gain/(loss) on impairment of financial instruments		941	877	817	(403)
Other income	17	901	2,550	1,808	5,150
<b>Results from operating activities</b>		<u>18,817</u>	<u>20,017</u>	<u>36,653</u>	<u>39,376</u>
Finance income		742	375	1,476	535
Finance costs		(63)	(192)	(261)	(505)
Net finance income		679	183	1,215	30
Share of profit of equity-accounted associate, net of tax		525	361	863	888
Share of profit of equity-accounted joint venture, net of tax		158	170	317	326
<b>Profit before tax</b>		<u>20,179</u>	<u>20,731</u>	<u>39,048</u>	<u>40,620</u>
Tax expense	21	(4,933)	(5,081)	(9,481)	(10,123)
<b>Profit for the period/ Total comprehensive income for the period</b>		<u>15,246</u>	<u>15,650</u>	<u>29,567</u>	<u>30,497</u>
<b>Profit for the period/ Total comprehensive income for the period attributable to:</b>					
Owners of the Company		15,246	15,650	29,567	30,497
Non-controlling interest		-	-	-	-
		<u>15,246</u>	<u>15,650</u>	<u>29,567</u>	<u>30,497</u>
<b>Earnings per share attributable to owners of the Company:</b>					
Basic (sen)	26	4.3	4.4	8.3	8.6
Diluted (sen)		N/A	N/A	N/A	N/A

Notes:

N/A Not applicable

*The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to the interim financial statements.*

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR SIX MONTHS ENDED 30 JUNE 2024**

	<- Attributable to owners of the Company - >				Non-Controlling Interest	Total Equity
	Share Capital	Treasury Shares	Distributable Retained Earnings	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2023	90,000	(1,948)	323,064	411,116	-	411,116
Profit for the period/ Total comprehensive income for the period	-	-	30,497	30,497	-	30,497
Dividends to owners of the Company	-	-	(13,193)	(13,193)	-	(13,193)
At 30 June 2023	<b>90,000</b>	<b>(1,948)</b>	<b>340,368</b>	<b>428,420</b>	<b>-</b>	<b>428,420</b>
At 1 January 2024	90,000	(1,948)	368,383	456,435	-	456,435
Profit for the period/ Total comprehensive income for the period	-	-	29,567	29,567	-	29,567
Dividends to owners of the Company	-	-	(14,619)	(14,619)	-	(14,619)
At 30 June 2024	<b>90,000</b>	<b>(1,948)</b>	<b>383,331</b>	<b>471,383</b>	<b>-</b>	<b>471,383</b>

*The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to the interim financial statements.*

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR SIX MONTHS ENDED 30 JUNE 2024**

	Note	Six Months Ended	
		30/06/2024 RM'000	30/06/2023 RM'000
<b>Cash Flows from Operating Activities</b>			
Profit before tax		39,048	40,620
<i>Adjustments for:</i>			
Non-cash items		1,194	(1,465)
Non-operating items		(2,395)	(1,244)
Operating profit before changes in working capital		<u>37,847</u>	<u>37,911</u>
Change in inventories		33,357	83,632
Change in receivables, deposits and prepayment		17,044	(80,066)
Change in payables and accruals		(48,426)	31,769
Cash generated from operations		<u>39,822</u>	<u>73,246</u>
Tax paid		(8,007)	(8,127)
Net cash from operating activities		<u>31,815</u>	<u>65,119</u>
<b>Cash Flows from Investing Activities</b>			
Acquisition of plant and equipment		(624)	(440)
Proceeds from disposal of plant and equipment		149	7
Dividend income from an associate		-	579
Dividend income from a joint venture		-	400
Net cash (used in)/from investing activities		<u>(475)</u>	<u>546</u>
<b>Cash Flows from Financing Activities</b>			
Repayment of borrowings	18 (a)	(33,378)	(2,000)
Interest received		1,343	535
Interest paid		(261)	(505)
Payment of lease liabilities		(944)	(1,000)
Dividend paid		(23,533)	(22,107)
Net cash used in financing activities		<u>(56,773)</u>	<u>(25,077)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<u>(25,433)</u>	<u>40,588</u>
Cash and cash equivalents at beginning of period		<u>150,851</u>	<u>46,595</u>
<b>Cash and cash equivalents at end of period</b>		<u>125,418</u>	<u>87,183</u>
<b>Cash and cash equivalents comprise the following:</b>			
Cash and bank balances		<u>125,418</u>	<u>87,183</u>

*The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to the interim financial statements.*

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2024**

**PART A EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARDS ("MFRS") 134: INTERIM FINANCIAL REPORTING**

**1. Basis of preparation**

These condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad and MFRS 134, *Interim Financial Reporting* in Malaysia and with IAS 34, *Interim Financial Reporting*. They do not include all the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the financial year ended 31 December 2023.

The consolidated financial statements of the Group as at and for the financial year ended 31 December 2023 are available upon request from the Company's registered office at: Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan.

**2. Significant accounting policies**

The accounting policies applied by the Group in these condensed consolidated interim financial statements are consistent with the audited financial statements for the financial year ended 31 December 2023, except with the adoption of the following:

***MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2024***

- Amendment to MFRS 16, *Leases – Lease Liability in a Sale and Leaseback*
- Amendment to MFRS 101, *Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 107, *Statement of Cash Flows* and MFRS 7, *Financial Instruments: Disclosures – Supplier Finance Arrangements*

The adoption of the above standards, interpretations or amendments are not expected to have material financial impact to the financial statements of the Group.

**3. Seasonal or cyclical factors**

The Group's operations were not significantly affected by seasonal or cyclical factors.

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2024**

**PART A EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARDS ("MFRS") 134: INTERIM FINANCIAL REPORTING**

**4. Unusual items**

There were no significant unusual items affecting assets, liabilities, equity, net income, or cash flows during the current financial quarter.

**5. Material changes in estimates**

There was no estimation made for the current financial quarter results.

**6. Debt and equity securities**

There were no issuances, cancellations, resale and repayments of debt and equity securities in the current financial year-to-date.

**7. Dividends paid**

A single-tier first interim dividend of 2.5 sen per share, totalling RM8,914,000 in respect of the financial year ended 31 December 2023 was paid on 12 January 2024.

A single-tier second interim dividend of 4.1 sen per share, totalling RM14,619,000 in respect of the financial year ended 31 December 2023 was paid on 16 May 2024.

**8. Segmental reporting**

Segment information is presented in respect of the Group's business segments.

The Group business segments comprise the following:

- |                         |                                                                                                                                 |
|-------------------------|---------------------------------------------------------------------------------------------------------------------------------|
| (i) ICT Distribution    | Distribution of consumer ICT products to resellers, comprising mainly retailers                                                 |
| (ii) Enterprise Systems | Distribution of commercial and enterprise ICT products to resellers, comprising mainly system integrators and corporate dealers |
| (iii) ICT Services      | Provision of ICT services                                                                                                       |

Other non-reportable segments comprise management services and investment holding.

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2024**

**PART A EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARDS ("MFRS") 134: INTERIM FINANCIAL REPORTING**

**8. Segmental reporting (continue)**

**(a) Information about reportable segments**

	<b>ICT Distribution RM'000</b>	<b>Enterprise Systems RM'000</b>	<b>ICT Services RM'000</b>	<b>Total RM'000</b>
<b><u>6 months financial period ended 30 June 2024</u></b>				
External revenue	528,322	570,625	141,809	1,240,756
Inter-segment revenue	2,944	1,706	7,249	11,899
Total revenue	<u>531,266</u>	<u>572,331</u>	<u>149,058</u>	<u>1,252,655</u>
Reportable segment profit before tax	<u>7,808</u>	<u>21,805</u>	<u>6,496</u>	<u>36,109</u>
<b><u>6 months financial period ended 30 June 2023</u></b>				
External revenue	445,015	720,583	107,935	1,273,533
Inter-segment revenue	1,527	6,690	6,388	14,605
Total revenue	<u>446,542</u>	<u>727,273</u>	<u>114,323</u>	<u>1,288,138</u>
Reportable segment profit before tax	<u>10,096</u>	<u>23,989</u>	<u>4,358</u>	<u>38,443</u>

The comparative figures for certain product groupings were reclassified from Enterprise Systems Segment to ICT Services Segment to conform with current period's product groupings. This is to reflect better reporting in line with the business transactions.

**(b) Reconciliation of reportable segment profit and loss:**

	<b>Current Year To-date 30/06/2024 RM'000</b>	<b>Preceding Year Corresponding Period 30/06/2023 RM'000</b>
Total profit before tax for reportable segments	36,109	38,443
Other non-reportable segments profit	2,933	3,154
Eliminate of inter-segments profit	6	(977)
Consolidated profit before tax	<u>39,048</u>	<u>40,620</u>

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2024**

**PART A EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARDS ("MFRS") 134: INTERIM FINANCIAL REPORTING**

**8. Segmental reporting (continue)**

**(c) Disaggregation of the Group's revenue**

	Current Year-to-date 30/06/2024		Preceding Year-to-date 30/06/2023	
	At a point in time RM'000	Over time RM'000	At a point in time RM'000	Over time RM'000
<b>ICT Distribution</b>				
Consumer Desktop, PC and notebooks, Mobility devices and peripherals	528,322	-	445,015	-
<b>Enterprise Systems</b>				
Commercial Desktop, PC and notebooks, Server, storage, software and networking products	570,625	-	720,583	-
<b>ICT Services</b>				
Services, cloud and maintenance	141,065	744	107,421	514
	<u>1,240,012</u>	<u>744</u>	<u>1,273,019</u>	<u>514</u>

**(d) Segment assets**

	As at 30/06/2024 RM'000	As at 31/12/2023 RM'000
ICT Distribution	433,313	476,302
Enterprise Systems	251,969	251,713
ICT Services	13,957	13,157
Total reportable segment assets	<u>699,239</u>	<u>741,172</u>
	As at 30/06/2024 RM'000	As at 31/12/2023 RM'000
<u>Reconciliation of reportable segment assets:</u>		
Total reportable segment assets	699,239	741,172
Other non-reportable segments assets	130,501	155,446
Elimination of inter-segment balances	(81,940)	(74,083)
Consolidated total assets	<u>747,800</u>	<u>822,535</u>

There were no major changes in segment assets during the period.

**(e) Segment liabilities**

Segment liabilities information is neither included in the internal management reports nor provided regularly to the Chief Executive Officer. Hence, no disclosure is made on segment liabilities.



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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2024****PART A EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARDS ("MFRS") 134: INTERIM FINANCIAL REPORTING****9. Material events subsequent to the end of the financial period**

There were no material events subsequent to the end of the financial period under review that have not been reflected in the quarterly financial statements.

**10. Changes in the composition of the Group**

There were no changes in the composition of the Group.

**11. Contingent liabilities and contingent assets****(a) Contingent liabilities**

	As At 30/06/2024 RM'000	As At 31/12/2023 RM'000
Guarantees to suppliers and licensed banks for trade credit facilities granted by holding company to Group entities	207,580	157,460

**(b) Contingent assets**

There were no contingent assets as at the end of the current financial period.

**12. Capital commitments**

The capital expenditure contracted but not provided for as at the end of the current financial period amounted to RM2,883,000.

**13. Capital expenditure**

The major additions to plant and equipment including RM300,000 which was acquired under hire purchase arrangement during the current quarter and financial year-to-date were as follows:

	Current Year Quarter 30/06/2024 RM'000	Current Year To-date 30/06/2024 RM'000
Addition to plant and equipment	89	624

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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2024****PART A EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARDS ("MFRS") 134: INTERIM FINANCIAL REPORTING****14. Related party transactions**

Related parties are those defined under MFRS 124, *Related Party Disclosures*. The Directors are of the opinion that the related party transactions and balances described below were carried out in the ordinary course of business and had been established on negotiated terms.

	<b>Current Year To-date 30/06/2024 RM'000</b>	<b>Balance Due From/(To) As at 30/06/2024 RM'000</b>
Transactions with joint venture company:		
Lease liabilities	(990)	-
Administrative and accounting charges	7	1
Transactions with an associate company:		
Sales	222	36
Support services	(46)	-

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2024**

**PART B EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE BURSA SECURITIES LISTING REQUIREMENTS**

**15. Review of performance**

	Individual Quarter			Cumulative Quarter		
	Current Year 30/06/2024 RM'000	Preceding Year Corresponding Quarter 30/06/2023 RM'000	Changes %	Current Year To-date 30/06/2024 RM'000	Preceding Year Corresponding Period 30/06/2023 RM'000	Changes %
Revenue	624,393	608,791	2.6	1,240,756	1,273,533	(2.6)
Gross profit	37,499	35,693	5.1	75,513	73,605	2.6
<i>GP margin %</i>	<i>6.0%</i>	<i>5.9%</i>		<i>6.1%</i>	<i>5.8%</i>	
Profit before tax	20,179	20,731	(2.7)	39,048	40,620	(3.9)
Profit for the period	15,246	15,650	(2.6)	29,567	30,497	(3.0)

**Q2 FY2024 compared with Q2 FY2023**

For Q2 FY2024, the revenue increased by 2.6% to RM624.4 million from RM608.8 million last year attributed to some recovery in consumer products despite fewer project deals from Enterprise Systems. Accordingly, gross profit increased by 5.1% to RM37.5 million from RM35.7 million last year, driven by higher gross profit margin of 6.0% compared to 5.9% last year.

Profit before tax (PBT) decreased by 2.7% from RM20.7 million to RM20.2 million after accounting for higher operating expenses by 7.4% and lower total fair value gain by RM1.7 million.

**Quarterly Segmental Result**

The performance of the three business segments for Q2 FY2024 compared with Q2 FY2023 were as follows:

a) ICT Distribution

Revenue increased by 30.4% across all major products. However, with higher operating expenses, PBT decreased by 30.1% to RM3.0 million compared with RM4.2 million last year.

b) Enterprise Systems

Revenue decreased by 14.8% across all major products. With lower sales, PBT decreased by 13.2% to RM11.0 million compared with RM12.7 million last year.

c) ICT Services

Revenue increased by RM4.3 million from cloud services. With higher sales, PBT increased by 60.1% to RM4.6 million compared to RM2.8 million last year.

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2024**

**PART B EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE BURSA SECURITIES LISTING REQUIREMENTS**

**15. Review of performance (continue)**

**6 months ended 30 June 2024 compared with 30 June 2023**

For first half FY2024, sales decreased by 2.6% to RM1.24 billion compared with RM1.27 billion last year mainly due to lower project sales but was mitigated by some recovery from consumer sales. Despite lower sales, GP increased by 2.6% to RM75.5 million from RM73.6 million last year driven by higher GP margin resulting from the product mix.

PBT decreased by 3.9% to RM39.0 million from RM40.6 million last year after recording higher operating expenses by 6.4% and lower total forex fair value gain by RM3.6 million.

**Year-to-date Segmental Result**

The performance of the three business segments for 6 months period ended 30 June 2024 as compared to previous year-to-date were as below:

a) ICT Distribution

Revenue increased by 18.7% across all major products. However with higher operating expenses, PBT decreased by 22.7% to RM7.8 million compared with RM10.1 million last year.

b) Enterprise Systems

Revenue decreased by 20.8% across all major products except software. With lower sales but mitigated by higher GP margin from product mix, PBT decreased by 9.1% to RM21.8 million compared with RM24.0 million last year.

c) ICT Services

Revenue increased by RM33.9 million from cloud services. With higher sales and GP, PBT increased by 49.1% to RM6.5 million as compared to RM4.4 million last year.

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2024**

**PART B EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE BURSA SECURITIES LISTING REQUIREMENTS**

**16. Financial review of current quarter compared with immediate preceding quarter**

	<b>Current Quarter 30/06/2024 RM'000</b>	<b>Immediate Preceding Quarter 31/03/2024 RM'000</b>	<b>Changes %</b>
Revenue	624,393	616,363	1.3
Gross Profit	37,499	38,014	(1.4)
<i>GP margin %</i>	<i>6.0%</i>	<i>6.2%</i>	
Share of profit of equity-accounted associate, net of tax	525	338	55.3
Share of profit of equity-accounted joint venture, net of tax	158	159	(0.6)
Profit before tax	20,179	18,869	6.9
Profit for the period	15,246	14,321	6.5

Q2 FY2024 revenue increased by 1.3% due to higher sales from ICT Distribution and Enterprise Systems which increased by 2.1% and 6.1% respectively.

With higher sales and lower impairment of financial instrument by RM1.0 million, PBT increased by 6.9% to RM20.2 million compared with RM18.9 million of preceding quarter.

**17. Results from operating activities are arrived at after (charging)/crediting:**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current Year Quarter 30/06/2024 RM'000</b>	<b>Preceding Year Corresponding Quarter 30/06/2023 RM'000</b>	<b>Current Year To-date 30/06/2024 RM'000</b>	<b>Preceding Year Corresponding Period 30/06/2023 RM'000</b>
Depreciation	(839)	(758)	(1,673)	(1,519)
Inventories written down	(494)	(652)	(1,916)	(1,273)
<b>Other income/(expense):</b>				
Foreign exchange gain - Realised	599	1,294	1,299	2,150
Foreign exchange gain/(loss) - Unrealised	200	(2,512)	(1,690)	(5,067)
Fair value gain on forward exchange contract	73	3,773	2,019	8,123
Fair value gain/(loss) on other investment	8	(21)	3	(67)
Gain/(Loss) on fixed assets disposal/written off	-	1	147	(5)
Others	21	15	30	16
	<b>901</b>	<b>2,550</b>	<b>1,808</b>	<b>5,150</b>

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2024**

**PART B EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE BURSA SECURITIES LISTING REQUIREMENTS**

**17. Results from operating activities are arrived at after (charging)/crediting: (continue)**

The Group is exposed to foreign currency risk on purchases that are mainly denominated in US Dollar ("USD"). However, the Group hedges most of the exposures by purchasing forward currency contracts in USD for payments on due dates.

There was no gain or loss on disposal of quoted or unquoted investments or properties, impairment of assets and exceptional items in current quarter.

**18. Commentaries and disclosure of other information**

**(a) Other major changes in financial position and cash flow**

The cash and cash equivalents decreased by RM25.4 million mainly due to repayment of bank borrowings of RM33.3 million.

**(b) Trade receivables**

Trade receivables were having credit term ranging from 14 to 60 days with an exception of a few customers on project with extended payment term up to 2 years. Aging analysis of trade receivables as at 30 June 2024 were as follows:

	<b>Gross carrying amount RM'000</b>	<b>Loss allowance RM'000</b>	<b>Net balance RM'000</b>
Current (not past due)	183,240	-	183,240
Past due 1 - 30 days	138,132	-	138,132
Past due 31 - 60 days	41,945	-	41,945
Past due 61 - 90 days	8,635	-	8,635
	<hr/>		
	371,952	-	371,952
Past due more than 90 days	5,329	(1,237)	4,092
Individual impaired	49	(49)	-
	<hr/>		
	377,330	(1,286)	376,044

The Group uses aging analysis to monitor the credit quality of the trade receivables. Invoices which are past due more than 90 days are considered as credit impaired. The gross carrying amount of credit impaired trade receivables are written off when there is no realistic prospect of recovery.

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2024**

**PART B EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE BURSA SECURITIES LISTING REQUIREMENTS**

**19. Prospects**

Malaysia's economic growth in the second quarter exceeded expectations, driven by widespread gains across manufacturing and consumer spending. This suggests that the recovery seen at the beginning of 2024 is gaining traction.

Consumer spending remains robust, with steady demand for consumer devices. We anticipate that the introduction of the new Artificial Intelligence (AI) chipset with Microsoft Co-pilot will continue to fuel notebook demand in the second half of 2024.

The increasing investment and demand for datacentres are expected to benefit Malaysia's economy and our enterprise business. Over the past few weeks, there has been a notable rise in inquiries for infrastructure equipment with AI capabilities for datacentres.

Our cloud services and subscription base have seen consistent growth in recent quarters. We are excited about the upcoming launch of the hyper-scalers' datacentres in the coming months, which we believe will further accelerate cloud adoption in Malaysia.

While the public sector remains a challenge due to several large projects being delayed, we are hopeful that these projects will materialise in the second half of 2024.

With the growth potential from the consumer, enterprise and services segments of our business, we are optimistic on Q3 and the balance of 2024.

**20. Profit forecast or profit guarantee**

Not applicable as the Group did not publish any profit forecast or profit guarantee.

**21. Tax expense**

	Individual Quarter		Cumulative Quarter	
	Current Year	Preceding Year	Current Year	Preceding Year
	30/06/2024	30/06/2023	30/06/2024	30/06/2023
	RM'000	RM'000	RM'000	RM'000
Current income tax:				
Current year	4,241	4,343	9,648	9,450
Under provision in prior year	-	-	-	-
	<u>4,241</u>	<u>4,343</u>	<u>9,648</u>	<u>9,450</u>
Deferred tax	692	738	(167)	673
	<u>4,933</u>	<u>5,081</u>	<u>9,481</u>	<u>10,123</u>
Effective tax rate	24.4%	24.5%	24.3%	24.9%

The effective tax rate was different from the statutory tax rate of 24% due to share of profit in associate and joint venture which was net of tax and certain expenses which were not deductible for tax purposes.

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2024**

**PART B EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE BURSA SECURITIES LISTING REQUIREMENTS**

**22. Corporate proposals**

There was no corporate proposals as at the end of the current financial period.

**23. Borrowings and debt securities**

The Group's borrowings as at 30 June 2024 were as follows:

	RM'000
<b>Long-term borrowing:</b>	
Hire purchase	139
<b>Short-term borrowing:</b>	
Hire purchase	250
<b>Total</b>	<b>389</b>

There were no borrowings denominated in foreign currency as at end of current financial period.

**24. Changes in material litigation**

There was no material litigation as at the end of the current financial period.

**25. Dividend**

No dividend was recommended in the current quarter under review.

**26. Earnings per share**

The basic and diluted earnings per share ("EPS") for the current quarter and current year-to-date were computed as follows:

	Individual Quarter		Cumulative Quarter	
	Current Year	Preceding Year	Current Year	Preceding Year
	30/06/2024	30/06/2023	30/06/2024	30/06/2023
Profit attributable to equity holders of the Company (RM'000)	15,246	15,650	29,567	30,497
Weighted average number of ordinary shares ('000)	356,555	356,555	356,555	356,555
Basic earnings per share (sen)	4.3	4.4	8.3	8.6
Diluted earnings per share (sen)	N/A	N/A	N/A	N/A

Diluted EPS is not applicable as there were no dilutive potential ordinary shares in issue for the current quarter and cumulative quarter.



**VSTECS BERHAD**

[Registration No: 199501021835 (351038-H)]

(Incorporated in Malaysia)



**UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2024**

**PART B EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE BURSA SECURITIES LISTING REQUIREMENTS**

**27. Auditor's report on preceding annual financial statements**

There was no qualification to the audited financial statements of the Company and its subsidiaries for the financial year ended 31 December 2023.

**By order of the Board**

**Chua Siew Chuan**  
**Cheng Chia Ping**  
Company Secretaries

14 August 2024  
Selangor