

VSTECS BERHAD

[Registration No: 199501021835 (351038-H)]

(Incorporated in Malaysia)


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

	Note	As At 30/09/2024 RM'000	As At 31/12/2023 RM'000
ASSETS			
Plant and equipment		4,157	3,717
Right-of-use assets		4,289	5,761
Intangible asset		571	571
Investment in an associate		28,688	27,085
Investment in a joint venture		13,377	13,415
Other investments		133	154
Deferred tax assets		7,901	6,905
Receivables and deposits		3,277	3,175
Total non-current assets		62,393	60,783
Inventories		215,550	200,802
Receivables, deposits and prepayments		500,403	409,923
Tax recoverable		134	176
Cash and cash equivalents	18 (a)	115,744	150,851
Total current assets		831,831	761,752
TOTAL ASSETS		894,224	822,535
EQUITY			
Share capital		90,000	90,000
Reserves		400,950	366,435
Total equity attributable to owners of the Company		490,950	456,435
LIABILITIES			
Borrowings	23	76	67
Lease liabilities		2,408	3,884
Total non-current liabilities		2,484	3,951
Borrowings	23	251	33,400
Lease liabilities		1,947	1,887
Payables and accruals		391,534	324,411
Tax payable		7,058	2,451
Total current liabilities		400,790	362,149
Total liabilities		403,274	366,100
TOTAL EQUITY AND LIABILITIES		894,224	822,535
Net assets per share attributable to owners of the Company (RM)		1.38	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.

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[Registration No: 199501021835 (351038-H)]

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

	Note	Individual Quarter Three Months Ended		Cumulative Quarter Nine Months Ended	
		30/09/2024 RM'000	30/09/2023 RM'000	30/09/2024 RM'000	30/09/2023 RM'000
Revenue		841,764	646,407	2,082,520	1,919,940
Cost of sales		(792,845)	(608,356)	(1,958,088)	(1,808,284)
Gross profit		48,919	38,051	124,432	111,656
Distribution expenses		(16,454)	(14,233)	(43,559)	(40,146)
Administrative expenses		(7,555)	(6,663)	(21,935)	(19,726)
Net (loss)/gain on impairment of financial instruments		(434)	(1,279)	383	(1,682)
Other (expense)/income	17	(310)	627	1,498	5,777
Results from operating activities		24,166	16,503	60,819	55,879
Finance income		936	347	2,412	882
Finance costs		(63)	(579)	(324)	(1,084)
Net finance income/(expense)		873	(232)	2,088	(202)
Share of profit of equity-accounted associate, net of tax		1,300	848	2,163	1,736
Share of profit of equity-accounted joint venture, net of tax		145	140	462	466
Profit before tax		26,484	17,259	65,532	57,879
Tax expense	21	(6,917)	(4,530)	(16,398)	(14,653)
Profit for the period/ Total comprehensive income for the period		19,567	12,729	49,134	43,226
Profit for the period/ Total comprehensive income for the period attributable to:					
Owners of the Company		19,567	12,729	49,134	43,226
Non-controlling interest		-	-	-	-
		19,567	12,729	49,134	43,226
Earnings per share attributable to owners of the Company:					
Basic (sen)	26	5.5	3.6	13.8	12.1
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 NINE MONTHS ENDED 30 SEPTEMBER 2024**

	<- Attributable to owners of the Company - >					Total Equity RM'000
	Share Capital RM'000	Treasury Shares RM'000	Distributable Retained Earnings RM'000	Total RM'000	Non- Controlling Interest 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	-	-	43,226	43,226	-	43,226
Dividends to owners of the Company	-	-	(13,193)	(13,193)	-	(13,193)
At 30 September 2023	<u>90,000</u>	<u>(1,948)</u>	<u>353,097</u>	<u>441,149</u>	<u>-</u>	<u>441,149</u>
At 1 January 2024	90,000	(1,948)	368,383	456,435	-	456,435
Profit for the period/ Total comprehensive income for the period	-	-	49,134	49,134	-	49,134
Dividends to owners of the Company	-	-	(14,619)	(14,619)	-	(14,619)
At 30 September 2024	<u>90,000</u>	<u>(1,948)</u>	<u>402,898</u>	<u>490,950</u>	<u>-</u>	<u>490,950</u>

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 NINE MONTHS ENDED 30 SEPTEMBER 2024**

	Note	Nine Months Ended	
		30/09/2024 RM'000	30/09/2023 RM'000
Cash Flows from Operating Activities			
Profit before tax		65,532	57,879
<i>Adjustments for:</i>			
Non-cash items		3,890	284
Non-operating items		(4,713)	(2,000)
Operating profit before changes in working capital		64,709	56,163
Change in inventories		(14,748)	90,349
Change in receivables, deposits and prepayment		(90,381)	(66,966)
Change in payables and accruals		74,532	298
Cash generated from operations		34,112	79,844
Tax paid		(12,745)	(17,199)
Net cash from operating activities		21,367	62,645
Cash Flows from Investing Activities			
Acquisition of plant and equipment		(1,209)	(1,801)
Proceeds from disposal of plant and equipment		177	148
Dividend income from an associate		560	579
Dividend income from a joint venture		500	400
Net cash from/(used in) investing activities		28	(674)
Cash Flows from Financing Activities			
Repayment of borrowings	18 (a)	(33,440)	(3,500)
Interest received		2,211	856
Interest paid		(324)	(645)
Payment of lease liabilities		(1,416)	(1,497)
Dividend paid		(23,533)	(22,107)
Net cash used in financing activities		(56,502)	(26,893)
Net (decrease)/increase in cash and cash equivalents		(35,107)	35,078
Cash and cash equivalents at beginning of period		150,851	46,595
Cash and cash equivalents at end of period		115,744	81,673
Cash and cash equivalents comprise the following:			
Cash and bank balances		115,744	81,673

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 NINE MONTHS ENDED 30 SEPTEMBER 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. Material 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

- Amendments to MFRS 16, *Leases – Lease Liability in a Sale and Leaseback*
- Amendments 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 NINE MONTHS ENDED 30 SEPTEMBER 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.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 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

	ICT Distribution RM'000	Enterprise Systems RM'000	ICT Services RM'000	Total RM'000
<u>9 months financial period ended 30 September 2024</u>				
External revenue	904,113	934,040	244,367	2,082,520
Inter-segment revenue	4,941	2,116	11,430	18,487
Total revenue	<u>909,054</u>	<u>936,156</u>	<u>255,797</u>	<u>2,101,007</u>
Reportable segment profit before tax	<u>14,483</u>	<u>35,470</u>	<u>10,569</u>	<u>60,522</u>
<u>9 months financial period ended 30 September 2023</u>				
External revenue	732,110	995,586	192,244	1,919,940
Inter-segment revenue	2,494	10,669	9,734	22,897
Total revenue	<u>734,604</u>	<u>1,006,255</u>	<u>201,978</u>	<u>1,942,837</u>
Reportable segment profit before tax	<u>15,774</u>	<u>31,658</u>	<u>7,014</u>	<u>54,446</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:

	Current Year To-date 30/09/2024 RM'000	Preceding Year Corresponding Period 30/09/2023 RM'000
Total profit before tax for reportable segments	60,522	54,446
Other non-reportable segments profit	17,060	15,238
Eliminate of inter-segments profit	(12,050)	(11,805)
Consolidated profit before tax	<u>65,532</u>	<u>57,879</u>

UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 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 30/09/2024		Preceding Year-to-date 30/09/2023	
	At a point in time RM'000	Over time RM'000	At a point in time RM'000	Over time RM'000
ICT Distribution				
Consumer Desktop, PC and notebooks, Mobility devices and peripherals	904,113	-	732,110	-
Enterprise Systems				
Commercial Desktop, PC and notebooks, Server, storage, software and networking products	934,040	-	995,586	-
ICT Services				
Services, cloud and maintenance	242,831	1,536	190,882	1,362
	<u>2,080,984</u>	<u>1,536</u>	<u>1,918,578</u>	<u>1,362</u>

(d) Segment assets

	As at 30/09/2024 RM'000	As at 31/12/2023 RM'000
ICT Distribution	532,740	476,302
Enterprise Systems	305,044	251,713
ICT Services	14,758	13,157
Total reportable segment assets	<u>852,542</u>	<u>741,172</u>
	As at 30/09/2024 RM'000	As at 31/12/2023 RM'000
<u>Reconciliation of reportable segment assets:</u>		
Total reportable segment assets	852,542	741,172
Other non-reportable segments assets	142,758	155,446
Elimination of inter-segment balances	(101,076)	(74,083)
Consolidated total assets	<u>894,224</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.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 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 30/09/2024 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	<u>206,983</u>	<u>157,460</u>

(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 RM2,078,000.

13. Capital expenditure

There was no major disposals to plant and equipment. 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 30/09/2024 RM'000	Current Year To-date 30/09/2024 RM'000
Addition to plant and equipment	<u>885</u>	<u>1,509</u>

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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 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.

	Current Year To-date 30/09/2024 RM'000	Balance Due From/(To) As at 30/09/2024 RM'000
Transactions with joint venture company:		
Lease liabilities	(1,485)	-
Administrative and accounting charges	11	3
Transactions with an associate company:		
Sales	347	45
Support services	(87)	-

UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 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 30/09/2024 RM'000	Preceding Year Corresponding Quarter 30/09/2023 RM'000	Changes %	Current Year To-date 30/09/2024 RM'000	Preceding Year Corresponding Period 30/09/2023 RM'000	Changes %
Revenue	841,764	646,407	30.2	2,082,520	1,919,940	8.5
Gross profit	48,919	38,051	28.6	124,432	111,656	11.4
<i>GP margin %</i>	<i>5.8%</i>	<i>5.9%</i>		<i>6.0%</i>	<i>5.8%</i>	
Profit before tax	26,484	17,259	53.5	65,532	57,879	13.2
Profit for the period	19,567	12,729	53.7	49,134	43,226	13.7

Q3 FY2024 compared with Q3 FY2023

For Q3 FY2024, the revenue increased by 30.2% to RM841.8 million from RM646.4 million last year attributed to recovery in both consumer and enterprise product and new product launching. Accordingly, gross profit (GP) increased by 28.6% to RM48.9 million from RM38.1 million last year.

Profit before tax (PBT) increased by 53.5% to RM26.5 million from RM17.3 million after accounting for lower impairment of financial instrument by RM845,000 and higher share of associate profit by RM452,000.

Quarterly Segmental Result

The performance of the three business segments for Q3 FY2024 compared with Q3 FY2023 were as follows:

a) ICT Distribution

Revenue increased by 30.9% mainly from notebook, tablets, phone and printer. With higher sales but mitigated by lower GP margin, PBT increased by 17.6% to RM6.7 million compared with RM5.7 million last year.

b) Enterprise Systems

Revenue increased by 32.2% across all major products. With higher sales and GP, PBT increased by RM6.0 million to RM13.7 million from RM7.7 million last year.

c) ICT Services

Revenue increased by RM18.2 million, driven primarily by stronger sales in cloud services. With higher sales, PBT increased by 53.4% to RM4.1 million compared to RM2.7 million last year.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2024**PART B EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE BURSA SECURITIES LISTING REQUIREMENTS****15. Review of performance (continue)****9 months ended 30 September 2024 compared with 30 September 2023**

For 9 months FY2024, sales increased by 8.5% to RM2.08 billion compared with RM1.92 billion last year primarily driven by a strong rebound in both consumer and enterprise systems in Q324, effectively offsetting the sluggish market conditions in 1H2024. With higher sales, GP increased by 11.4% to RM124.4 million from RM111.7 million last year driven by higher GP margin resulting from the product mix.

PBT increased by 13.2% to RM65.5 million from RM57.9 million last year after recording higher net finance income by RM2.3 million and share of associate profit increased by RM427,000.

Year-to-date Segmental Result

The performance of the three business segments for 9 months period ended 30 September 2024 as compared to previous year-to-date were as below:

a) ICT Distribution

Revenue increased by 23.5% across all major products. However with higher operating expenses, PBT decreased by 8.2% to RM14.5 million compared with RM15.8 million last year.

b) Enterprise Systems

Revenue decreased by 6.2% due to lower sales of commercial notebook, PC, networking hardware and workstation. However with higher GP margin from product mix, PBT increased by 12.0% to RM35.5 million compared with RM31.7 million last year.

c) ICT Services

Revenue increased by RM52.1 million, driven primarily by stronger sales in cloud services. With higher sales and GP, PBT increased by 50.7% to RM10.6 million as compared to RM7.0 million last year.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 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

	Current Quarter 30/09/2024 RM'000	Immediate Preceding Quarter 30/06/2024 RM'000	Changes %
Revenue	841,764	624,393	34.8
Gross Profit	48,919	37,499	30.5
<i>GP margin %</i>	<i>5.8%</i>	<i>6.0%</i>	
Share of profit of equity-accounted associate, net of tax	1,300	525	147.6
Share of profit of equity-accounted joint venture, net of tax	145	158	(8.2)
Profit before tax	26,484	20,179	31.2
Profit for the period	19,567	15,246	28.3

Q3 FY2024 revenue grew by 34.8% to RM841.8 million from RM624.4 million, after a strong rebound in ICT Distribution, which increased by 40.8%, Enterprise Systems by 23.7%, and ICT Services by 60.9% compared to the previous quarter.

With higher revenue and GP from all three segments, the PBT increased by 31.3% compared to previous quarter.

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

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30/09/2024 RM'000	Preceding Year Corresponding Quarter 30/09/2023 RM'000	Current Year To-date 30/09/2024 RM'000	Preceding Year Corresponding Period 30/09/2023 RM'000
Depreciation	(861)	(805)	(2,534)	(2,324)
Inventories written (down)/back	(87)	2,930	(2,002)	1,657
Other income/(expense):				
Foreign exchange gain - Realised	1,482	1,568	2,781	3,718
Foreign exchange gain/(loss) - Unrealised	9,014	446	7,324	(4,621)
Fair value (loss)/gain on forward exchange contract	(10,848)	(1,540)	(8,829)	6,583
Fair value (loss)/gain on other investment	(24)	10	(21)	(57)
Gain on fixed assets disposal/written off	23	137	170	132
Others	43	6	73	22
	(310)	627	1,498	5,777

UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 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 RM35.1 million mainly due to the 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 September 2024 were as follows:

	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
Current (not past due)	240,085	-	240,085
Past due 1 - 30 days	172,880	-	172,880
Past due 31 - 60 days	53,670	-	53,670
Past due 61 - 90 days	5,250	-	5,250
	<hr/>		
	471,885	-	471,885
Past due more than 90 days	10,860	(1,672)	9,188
Individual impaired	49	(49)	-
	<hr/>		
	482,794	(1,721)	481,073

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 NINE MONTHS ENDED 30 SEPTEMBER 2024

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

19. Prospects

Economic growth in Malaysia is gaining momentum. Estimates point to an elevated GDP growth in Q3 2024, prompting the Malaysian government to raise the full-year growth forecast to a range of 4.8% to 5.3%.

This positive trajectory is fuelled by a robust consumer sector, supported by Budget 2025's focus on increasing household incomes and stimulating key retail segments. A stronger Malaysian Ringgit and rising consumer demand are also expected to drive continued growth in ICT spending.

To further strengthen Malaysia's economic position, we welcome the federal government in revising datacentre investment incentives to ensure broader economic benefits to the local ICT sector, including optimizing tax structures and bolstering the local supply ecosystem for essential datacentre equipment and skilled technical resources.

We are hopeful for the award of some larger public sector projects, which have been delayed since the beginning of the year.

With the growth potential in the consumer sector and year-end budget spending by enterprises, we are optimistic on Q4 and ending FY2024 on a high note.

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
	30/09/2024	30/09/2023	30/09/2024	30/09/2023
	RM'000	RM'000	RM'000	RM'000
Current income tax:				
Current year	7,317	4,479	16,965	13,929
Under provision in prior year	429	137	429	137
	<u>7,746</u>	<u>4,616</u>	<u>17,394</u>	<u>14,066</u>
Deferred tax	(829)	(86)	(996)	587
	<u>6,917</u>	<u>4,530</u>	<u>16,398</u>	<u>14,653</u>
Effective tax rate	26.1%	26.2%	25.0%	25.3%

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 NINE MONTHS ENDED 30 SEPTEMBER 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 September 2024 were as follows:

	RM'000
Long-term borrowing:	
Hire purchase	76
Short-term borrowing:	
Hire purchase	251
Total	<u>327</u>

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

The Board of Directors has declared a single tier interim dividend of 2.8 sen per ordinary share each for the financial year ending 31 December 2024.

The dividend will be paid on 9 January 2025 in respective of deposited securities as at 13 December 2024.

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 Quarter 30/09/2024	Preceding Year Corresponding Quarter 30/09/2023	Current Year To-date 30/09/2024	Preceding Year Corresponding Period 30/09/2023
Profit attributable to equity holders of the Company (RM'000)	19,567	12,729	49,134	43,226
Weighted average number of ordinary shares ('000)	356,555	356,555	356,555	356,555
Basic earnings per share (sen)	5.5	3.6	13.8	12.1
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 NINE MONTHS ENDED 30 SEPTEMBER 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

13 November 2024
Selangor