

VSTECS BERHAD

[Registration No: 199501021835 (351038-H)]

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2020**

	As At 30/06/2020 RM'000	As At 31/12/2019 RM'000
ASSETS		
Plant and equipment	2,174	2,222
Investment properties	9,374	9,388
Right-of-use assets	1,111	2,057
Investment in an associate	22,152	21,226
Investment in a joint venture	13,640	13,876
Investment in club membership	62	62
Intangible asset	571	571
Deferred tax assets	1,254	1,137
Receivables and deposits	2,812	2,743
Total non-current assets	53,150	53,282
Inventories	109,530	131,625
Receivables, deposits and prepayments	290,727	291,993
Cash and cash equivalents	150,603	71,015
Total current assets	550,860	494,633
TOTAL ASSETS	604,010	547,915
EQUITY		
Share capital	90,000	90,000
Reserves	225,716	217,782
Total equity attributable to owners of the Company	315,716	307,782
LIABILITIES		
Lease liabilities	110	176
Total non-current liabilities	110	176
Payables and accruals	283,930	235,419
Lease liabilities	999	1,937
Tax payable	3,255	2,601
Total current liabilities	288,184	239,957
Total liabilities	288,294	240,133
TOTAL EQUITY AND LIABILITIES	604,010	547,915
Net assets per share attributable to owners of the Company (RM)	1.77	1.72

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2020

	Note	Individual Quarter Three Months Ended		Cumulative Quarter Six Months Ended	
		30/06/2020 RM'000	30/06/2019 RM'000	30/06/2020 RM'000	30/06/2019 RM'000
Revenue		448,822	421,783	821,494	800,616
Cost of sales		(426,328)	(399,877)	(776,793)	(760,438)
Gross profit		<u>22,494</u>	<u>21,906</u>	<u>44,701</u>	<u>40,178</u>
Distribution expenses		(9,204)	(8,591)	(18,569)	(17,076)
Administrative expenses		(4,730)	(5,182)	(10,044)	(10,269)
Net (loss)/gain on impairment of financial instruments		(230)	44	(643)	194
Other income/(expense)	17	276	(84)	549	963
Results from operating activities	17	<u>8,606</u>	<u>8,093</u>	<u>15,994</u>	<u>13,990</u>
Finance income	18 (b)	537	281	912	407
Finance costs		(28)	(55)	(56)	(109)
Net finance income		509	226	856	298
Share of profit of equity-accounted associate, net of tax		68	-	926	-
Share of profit of equity-accounted joint venture, net of tax		126	196	314	361
Profit before tax		<u>9,309</u>	<u>8,515</u>	<u>18,090</u>	<u>14,649</u>
Tax expense	21	(2,286)	(2,158)	(4,278)	(4,047)
Profit for the period / Total comprehensive income for the period		<u>7,023</u>	<u>6,357</u>	<u>13,812</u>	<u>10,602</u>
Profit for the period / Total comprehensive income for the period attributable to:					
Owners of the Company		7,023	6,357	13,812	10,602
Non-controlling interest		-	-	-	-
		<u>7,023</u>	<u>6,357</u>	<u>13,812</u>	<u>10,602</u>
Earnings per share attributable to owners of the Company:					
Basic (sen)	26	3.9	3.5	7.7	5.9
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 2019 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 2020**

	<- Attributable to owners of the Company - >				Non-Controlling Interest RM'000	Total Equity RM'000
	Share Capital RM'000	Treasury Shares RM'000	Distributable Retained Earnings RM'000	Total RM'000		
At 1 January 2019	90,000	-	198,096	288,096	-	288,096
Profit for the period / Total comprehensive income for the period	-	-	10,602	10,602	-	10,602
Own shares acquired	-	(109)	-	(109)	-	(109)
Dividend	-	-	(4,500)	(4,500)	-	(4,500)
At 30 June 2019	<u>90,000</u>	<u>(109)</u>	<u>204,198</u>	<u>294,089</u>	<u>-</u>	<u>294,089</u>
At 1 January 2020	90,000	(930)	218,712	307,782	-	307,782
Profit for the period / Total comprehensive income for the period	-	-	13,812	13,812	-	13,812
Own shares acquired	-	(523)	-	(523)	-	(523)
Dividend	-	-	(5,355)	(5,355)	-	(5,355)
At 30 June 2020	<u>90,000</u>	<u>(1,453)</u>	<u>227,169</u>	<u>315,716</u>	<u>-</u>	<u>315,716</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 2019 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 2020**

	Six Months Ended	
	30/06/2020	30/06/2019
	RM'000	RM'000
Cash Flows from Operating Activities		
Profit before tax	18,090	14,649
<i>Adjustments for:</i>		
Non-cash items	1,875	1,572
Non-operating items	(2,096)	(659)
Operating profit before changes in working capital	17,869	15,562
Change in inventories	22,095	3,824
Change in receivables, deposits and prepayment	1,266	7,387
Change in payables and accruals	48,139	(37,621)
Cash generated from/(used in) operations	89,369	(10,848)
Tax paid	(3,741)	(3,455)
Net cash generated from/(used in) operating activities	85,628	(14,303)
Cash Flows from Investing Activities		
Purchase of plant and equipment	(497)	(694)
Proceeds from disposal of plant and equipment	2	116
Acquisition of an associate company	-	(14,573)
Dividend income from a joint venture	550	-
Net cash from/(used in) investing activities	55	(15,151)
Cash Flows from Financing Activities		
Interest received	843	407
Interest paid	(56)	(109)
Repayment of lease liabilities	(1,004)	(941)
Purchase of treasury shares	(523)	(109)
Dividend paid	(5,355)	(4,500)
Net cash used in financing activities	(6,095)	(5,252)
Net increase/(decrease) in cash and cash equivalents	79,588	(34,706)
Cash and cash equivalents at beginning of period	71,015	54,541
Cash and cash equivalents at end of period	150,603	19,835
Cash and cash equivalents comprise the following:		
Cash and bank balances	150,603	19,835

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2020

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 2019.

The consolidated financial statements of the Group as at and for the financial year ended 31 December 2019 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 2019, except with the adoption of the following Amendments to MFRS for financial period beginning on or after 1 January 2020:

- Amendments to MFRS 3, *Business Combinations – Definition of a Business*
- Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*
- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement* and MFRS 7, *Financial Instruments: Disclosures – Interest Rate Benchmark Reform*

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

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 for the current quarter and the financial year-to-date except that the Company purchased its own shares totalling 589,700 ordinary shares amounted to RM522,711.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2020

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

7. Dividends paid

A single tier interim dividend of 3.0 sen per share, totalling RM5,355,000 in respect of the financial year ended 31 December 2019 was paid on 17 June 2020.

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 volume ICT products to resellers, comprising mainly retailers
- (ii) Enterprise Systems Distribution of value 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.

(a) Information about reportable segments

	ICT Distribution RM'000	Enterprise Systems RM'000	ICT Services RM'000	Total RM'000
<u>6 months financial period ended 30 June 2020</u>				
External revenue	557,898	227,852	35,744	821,494
Inter-segment revenue	5,153	3,336	5,209	13,698
Total revenue	<u>563,051</u>	<u>231,188</u>	<u>40,953</u>	<u>835,192</u>
Reportable segment profit before tax	<u>7,349</u>	<u>7,888</u>	<u>1,278</u>	<u>16,515</u>
<u>6 months financial period ended 30 June 2019</u>				
External revenue	542,429	232,162	26,025	800,616
Inter-segment revenue	5,604	1,463	4,008	11,075
Total revenue	<u>548,033</u>	<u>233,625</u>	<u>30,033</u>	<u>811,691</u>
Reportable segment profit before tax	<u>6,623</u>	<u>6,307</u>	<u>836</u>	<u>13,766</u>

(b) Reconciliation of reportable segment profit and loss:

	Current Year To- date 30/06/2020 RM'000	Preceding Year Corresponding Period 30/06/2019 RM'000
Total profit for reportable segments before tax	16,515	13,766
Other non-reportable segments profit	2,129	883
Eliminate of inter-segments profit and loss	(554)	-
Consolidated profit before tax	<u>18,090</u>	<u>14,649</u>

UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2020

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 30/06/2020		Preceding Year-to-date 30/06/2019	
	At a point in time RM'000	Over time RM'000	At a point in time RM'000	Over time RM'000
ICT Distribution				
Desktop PC, notebooks, mobility devices and peripherals	557,898	-	542,429	-
Enterprise Systems				
Server, storage, software and networking products	227,852	-	232,162	-
ICT Services				
Services and maintenance	34,691	1,053	25,632	393
	820,441	1,053	800,223	393

(d) Segment assets

	As at 30/06/2020 RM'000	As at 31/12/2019 RM'000
ICT Distribution	393,965	341,772
Enterprise Systems	158,025	192,028
ICT Services	5,478	7,739
Total reportable segment assets	557,468	541,539
Reconciliation of reportable segment:		
Total reportable segment assets	557,468	541,539
Other non-reportable segments assets	122,736	129,578
Elimination of inter-segment balances	(76,194)	(123,202)
Consolidated total	604,010	547,915

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 Office. Hence, no disclosure is made on segment liabilities.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2020

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 30/06/2020 RM'000	As At 31/12/2019 RM'000
Guarantees to suppliers and licensed banks for trade credit facilities granted by holding company to Group entities	145,089	144,892

(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 RM488,000.

13. Capital expenditure

The major additions and disposals to plant and equipment during the current quarter and financial year-to-date were as follows:

	Year Quarter 30/06/2020 RM'000	Current Year To-date 30/06/2020 RM'000
Addition to plant and equipment	309	497

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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 30/06/2020 RM'000	Balance Due From/(To) As at 30/06/2020 RM'000
Transactions with a company in which a Director has interests:		
Lease liabilities	(987)	-
Administrative and accounting charges	5	1
Transactions with a company in which a Director has common directorship:		
Sales	143	45
Transactions with an associate company:		
Sales	29	17
Support services	(50)	-
	<hr/>	<hr/>

UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2020

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

15. Review of performance

	Individual Quarter Preceding			Cumulative Quarter Preceding		
	Current Year Quarter 30/06/2020 RM'000	Corresponding Year Quarter 30/06/2019 RM'000	Changes %	Current Year To-date 30/06/2020 RM'000	Corresponding Year Period 30/06/2019 RM'000	Changes %
Revenue	448,822	421,783	6.4	821,494	800,616	2.6
Gross profit	22,494	21,906	2.7	44,701	40,178	11.3
<i>GP margin %</i>	5.0%	5.2%		5.4%	5.0%	
Profit before tax	9,309	8,515	9.3	18,090	14,649	23.5
Profit for the period	7,023	6,357	10.5	13,812	10,602	30.3

Q2 FY2020 compared with Q2 FY2019

For Q2 FY2020, the revenue increased by 6.4% to RM448.8 million from RM421.8 million last year. The sales recovered very quickly when business resumed operation under Conditional Movement Control Order (CMCO) effective from 4 May 2020 as there was high demand for products related to Work-From-Home (WFH) for most of the employees during the lock-down. Gross Profit (GP) increased by 2.7% with lower GP margin of 5.0% from the product mix compared with the GP margin of 5.2% last year.

With higher GP, interest income and improvement in fair value and exchange gain, the profit before tax (PBT) increased by 9.3% to RM9.3 million compared with RM8.5 million last year.

Quarterly Segmental Result

The performance of the three business segments for Q2 FY2020 compared with Q2 FY2019 were as follows:

a) ICT Distribution

Revenue increased by 10.8% mainly from notebook and consumer supplies which are products related to WFH. With higher sales and GP, PBT increased by 30.0% to RM5.1 million from RM4.0 million last year.

b) Enterprise Systems

Revenue decreased by 7.4% due to lower sales mainly from server, networking and storage. With lower sales and GP, the PBT decreased by 12.7% to RM3.3 million compared with RM3.7 million last year.

c) ICT Services

Revenue increased by RM5.1 million and PBT increased to RM632,000 compared with RM460,000 last year from essential services provided during MCO and CMCO.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2020

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 2020 compared with 30 June 2019

Sales in 1H2020 experienced good demand at beginning of the year but were impacted during lockdown period and rebounded when business resumed full operation in May and June 2020. The final result for 6 months sales were 2.6% slightly higher than last year.

With higher sales and GP and share of profit in associate for RM926,000 (2019: Nil), the PBT increased by 23.5% to RM18.1 million compared with RM14.6 million last year.

Year-to-date Segmental Result

The performance of the three business segments for 6 months period ended 30 June 2020 as compared to previous year-to-date were as below:

a) ICT Distribution

Revenue increased by 2.9% with higher sales mainly from notebook, printer, consumables and accessories. With higher sales and GP margin, the PBT increased by 11.0% to RM7.3 million compared with RM6.6 million last year.

b) Enterprise Systems

Revenue decreased by 1.9% with lower sales mainly from server, networking and storage equipment. However, with higher GP margin, PBT increased by 25.1% to RM7.9 million compared with RM6.3 million last year.

c) ICT Services

Revenue increased by RM9.7 million mainly due to maintenance services. With higher sales and GP, the PBT increased to RM1.3 million compared with RM836,000 last year.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2020
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 30/06/2020 RM'000	Immediate Preceding Quarter 31/03/2020 RM'000	Changes %
Revenue	448,822	372,672	20.4
Gross Profit	22,494	22,207	1.3
<i>GP margin %</i>	5.0%	6.0%	
Share of profit of equity-accounted associate, net of tax	68	858	(92.1)
Share of profit of equity-accounted joint venture, net of tax	126	188	(33.0)
Profit before tax	9,309	8,781	6.0
Profit for the period	7,023	6,789	3.4

Revenue increased by 20.4% mainly from ICT Distribution segment which increased by 31.6% mainly from WFH related products; while Enterprise Systems decreased by 1.5% and ICT Services increased by RM1.8 million.

With higher sales and GP but with lower share of profit in associate, the PBT increased by 6.0% to RM9.3 million from RM8.8 million preceding quarter.

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

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30/06/2020 RM'000	Preceding Year Corresponding Quarter 30/06/2019 RM'000	Current Year To-date 30/06/2020 RM'000	Preceding Year Corresponding Period 30/06/2019 RM'000
Depreciation	(745)	(825)	(1,505)	(1,633)
Written back/(down) of inventories	368	893	920	(345)
<hr/>				
<u>Other income/(expenses):</u>				
Bad debts recovered	-	4	17	4
Foreign exchange gain - Realised	186	304	897	893
Foreign exchange gain/(loss) - Unrealised	2,617	(147)	(1,721)	(286)
Fair value (loss)/gain	(2,532)	(247)	1,349	238
Gain on fixed assets disposal	2	-	2	109
Others	3	2	5	5
	<hr/>	<hr/>	<hr/>	<hr/>
	276	(84)	549	963

The Group is exposed to foreign currency risk on purchases that are mainly denominated in US Dollar ("USD"). However, the Group hedges most of these 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.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2020

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

18. Commentaries and disclosure of other information

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

There were no material changes in financial position and cash flow during the period.

(b) Finance income

The year-to-date finance income consists of RM69,000 arising from unwinding the fair value measurement of a non-current trade receivable.

(c) Trade receivables

Trade receivables have a credit term ranging from 14 to 60 days. Aging analysis of trade receivables as at 30 June 2020 were as follows:

	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
Current not past due	188,088	-	188,088
Past due 1 - 30 days	65,098	-	65,098
Past due 31 - 60 days	16,147	-	16,147
Past due 61 - 90 days	6,163	-	6,163
	<hr/> 275,496	-	<hr/> 275,496
Past due more than 90 days	8,626	(1,089)	7,537
Individual impaired	70	(70)	-
	<hr/> 284,192	<hr/> (1,159)	<hr/> 283,033

The Group uses aging analysis to monitor the credit quality of the 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.

19. Prospects

The prevailing Covid-19 pandemic has resulted in the worst economic downturn in living memory. The second wave of outbreak and the extended travel restrictions by many countries have delayed business recovery and worsen the global economic outlook. While the Ministry of Health of Malaysia is managing new occurrences of the Covid-19 cases, Malaysia's fiscal deficit and the unemployment rate continue to rise; and the gross domestic product (GDP) growth rate is expected to be negative this year.

The new normal of staying at home and working from home has increased the demand of ICT products. Consumers are buying ICT devices for communication, entertainment and to improve their work productivity. We anticipate this consumer buying trend to continue but the end of the 6-month bank loan moratorium period on 30 September 2020 may dampen the consumer spending power.

Large enterprises continue to invest in upgrading their systems and infrastructure to increase their business productivity, but the smaller SME businesses are cautious on their spending. We continue to supply to several public sector projects which were awarded last year while awaiting new projects to be awarded in the second half of this year.

Although the market demand for ICT products, systems and services has increased during the pandemic for the first half of 2020, we remain cautious of the prospects for the second half of 2020 because of the weak economic outlook, the on-going China-USA trade war and the possibility of a second wave of pandemic outbreak in Malaysia.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2020

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

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 30/06/2020 RM'000	Preceding Year Corresponding Quarter 30/06/2019 RM'000	Current Year To-date 30/06/2020 RM'000	Preceding Year Corresponding Period 30/06/2019 RM'000
Current income tax:				
Current year	2,085	1,902	4,395	3,849
(Over)/Under provision prior year	-	-	-	-
	<u>2,085</u>	<u>1,902</u>	<u>4,395</u>	<u>3,849</u>
Deferred tax	201	256	(117)	198
	<u>2,286</u>	<u>2,158</u>	<u>4,278</u>	<u>4,047</u>
Effective tax rate	24.6%	25.3%	23.6%	27.6%

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.

22. Corporate proposals

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

23. Borrowings and debt securities

There were no borrowings as at the end of the 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.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2020
PART B - EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE BURSA SECURITIES LISTING REQUIREMENTS
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 30/06/2020	Preceding Year Corresponding Quarter 30/06/2019	Current Year To-date 30/06/2020	Preceding Year Corresponding Period 30/06/2019
Profit attributable to equity holders of the Company (RM'000)	7,023	6,357	13,812	10,602
Weighted average number of ordinary shares ('000)	178,501	179,995	178,759	179,998
Basic earnings per share (sen)	3.9	3.5	7.7	5.9
Diluted earnings per share (sen)	N/A	N/A	N/A	N/A

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

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 2019.

By order of the Board

Chua Siew Chuan
Cheng Chia Ping
Company Secretaries

13 August 2020
Selangor