

**VSTECS BERHAD**

[Registration No: 199501021835 (351038-H)]

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2020**

	Note	As At 31/12/2020 RM'000	As At 31/12/2019 RM'000
<b>ASSETS</b>			
Plant and equipment		2,152	2,222
Investment properties	18(a)(i)	-	9,388
Right-of-use assets	18(a)(ii)	5,422	2,057
Investment in an associate		22,574	21,226
Investment in a joint venture		13,937	13,876
Investment in club membership		62	62
Intangible asset		571	571
Deferred tax assets		897	1,137
Receivables and deposits		322	2,743
<b>Total non-current assets</b>		45,937	53,282
Inventories		86,526	131,625
Receivables, deposits and prepayments		319,526	291,993
Cash and cash equivalents		98,325	71,015
		504,377	494,633
Assets classified as held for sale	18(a)(i)	9,000	-
<b>Total current assets</b>		513,377	494,633
<b>TOTAL ASSETS</b>		559,314	547,915
<b>EQUITY</b>			
Share capital		90,000	90,000
Reserves		244,223	217,782
<b>Total equity attributable to owners of the Company</b>		334,223	307,782
<b>LIABILITIES</b>			
Lease liabilities	18(a)(ii)	3,614	176
<b>Total non-current liabilities</b>		3,614	176
Payables and accruals		215,972	235,419
Lease liabilities		1,827	1,937
Tax payable		3,678	2,601
<b>Total current liabilities</b>		221,477	239,957
<b>Total liabilities</b>		225,091	240,133
<b>TOTAL EQUITY AND LIABILITIES</b>		559,314	547,915
Net assets per share attributable to owners of the Company (RM)		1.87	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 YEAR ENDED 31 DECEMBER 2020**

	Note	Individual Quarter Three Months Ended		Cumulative Quarter Twelve Months Ended	
		31/12/2020 RM'000	31/12/2019 RM'000	31/12/2020 RM'000	31/12/2019 RM'000
<b>Revenue</b>		659,627	542,096	2,017,489	1,802,284
Cost of sales		(626,287)	(513,916)	(1,911,486)	(1,709,110)
<b>Gross profit</b>		<u>33,340</u>	<u>28,180</u>	<u>106,003</u>	<u>93,174</u>
Distribution expenses		(12,392)	(10,927)	(41,879)	(37,618)
Administrative expenses		(6,356)	(6,031)	(21,573)	(21,787)
Net gain/(loss) on impairment of financial instruments		252	691	(213)	104
Other income	17	653	690	1,823	2,205
<b>Results from operating activities</b>	17	<u>15,497</u>	<u>12,603</u>	<u>44,161</u>	<u>36,078</u>
Finance income	18 (b )	312	137	1,680	608
Finance costs		(38)	(335)	(122)	(526)
Net finance income/(cost)		274	(198)	1,558	82
Share of profit of equity-accounted associate, net of tax		954	1,370	2,148	2,430
Share of profit of equity-accounted joint venture, net of tax		148	180	611	716
<b>Profit before tax</b>		<u>16,873</u>	<u>13,955</u>	<u>48,478</u>	<u>39,306</u>
Tax expense	21	(3,999)	(3,220)	(11,697)	(9,712)
<b>Profit for the period / Total comprehensive income for the period</b>		<u>12,874</u>	<u>10,735</u>	<u>36,781</u>	<u>29,594</u>
<b>Profit for the period / Total comprehensive income for the period attributable to:</b>					
Owners of the Company		12,874	10,735	36,781	29,594
Non-controlling interest		-	-	-	-
		<u>12,874</u>	<u>10,735</u>	<u>36,781</u>	<u>29,594</u>
<b>Earnings per share attributable to owners of the Company:</b>					
Basic (sen)	26	7.2	6.0	20.6	16.5
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 THE YEAR ENDED 31 DECEMBER 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	-	-	29,594	29,594	-	29,594
Own shares acquired	-	(931)	-	(931)	-	(931)
Dividend	-	-	(8,977)	(8,977)	-	(8,977)
At 31 December 2019	<u>90,000</u>	<u>(931)</u>	<u>218,713</u>	<u>307,782</u>	<u>-</u>	<u>307,782</u>
At 1 January 2020	90,000	(931)	218,713	307,782	-	307,782
Profit for the period / Total comprehensive income for the period	-	-	36,781	36,781	-	36,781
Own shares acquired	-	(522)	-	(522)	-	(522)
Dividend	-	-	(9,818)	(9,818)	-	(9,818)
At 31 December 2020	<u>90,000</u>	<u>(1,453)</u>	<u>245,676</u>	<u>334,223</u>	<u>-</u>	<u>334,223</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 THE YEAR ENDED 31 DECEMBER 2020**

	<b>Twelve Months Ended</b>	
	<b>31/12/2020</b>	<b>31/12/2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash Flows from Operating Activities</b>		
Profit before tax	48,478	39,306
<i>Adjustments for:</i>		
Non-cash items	3,404	2,621
Non-operating items	(4,317)	(3,228)
Operating profit before changes in working capital	<u>47,565</u>	<u>38,699</u>
Change in inventories	45,099	1,123
Change in receivables, deposits and prepayment	(24,971)	(30,867)
Change in payables and accruals	(19,480)	46,799
Cash generated from operations	<u>48,213</u>	<u>55,754</u>
Tax paid	(10,380)	(8,330)
Net cash generated from operating activities	<u>37,833</u>	<u>47,424</u>
<b>Cash Flows from Investing Activities</b>		
Acquisition of plant and equipment	(947)	(1,043)
Proceeds from disposal of plant and equipment	-	116
Acquisition of an associate company	-	(18,796)
Dividend income from an associate	800	-
Dividend income from a joint venture	550	250
Net cash from/(used in) investing activities	<u>403</u>	<u>(19,473)</u>
<b>Cash Flows from Financing Activities</b>		
Interest received	1,539	584
Interest paid	(122)	(247)
Repayment of lease liabilities	(2,003)	(1,906)
Repurchase of treasury shares	(522)	(931)
Dividend paid	(9,818)	(8,977)
Net cash used in financing activities	<u>(10,926)</u>	<u>(11,477)</u>
<b>Net increase in cash and cash equivalents</b>	27,310	16,474
Cash and cash equivalents at beginning of period	<u>71,015</u>	<u>54,541</u>
<b>Cash and cash equivalents at end of period</b>	<u>98,325</u>	<u>71,015</u>
<b>Cash and cash equivalents comprise the following:</b>		
Cash and bank balances	<u>98,325</u>	<u>71,015</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 2019 and the accompanying explanatory notes attached to the interim financial statements.*

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 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 RM522,000.

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 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.

A single tier interim dividend of 2.5 sen per share totalling RM4,463,000 in respect of the financial year ended 31 December 2020 was paid on 16 December 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**

	<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>12 months financial period ended 31 December 2020</u></b>				
External revenue	1,416,384	519,244	81,861	2,017,489
Inter-segment revenue	11,848	5,056	10,793	27,697
Total revenue	<u>1,428,232</u>	<u>524,300</u>	<u>92,654</u>	<u>2,045,186</u>
Reportable segment profit before tax	<u>22,376</u>	<u>20,372</u>	<u>2,771</u>	<u>45,519</u>
<b><u>12 months financial period ended 31 December 2019</u></b>				
External revenue	1,207,078	539,226	55,980	1,802,284
Inter-segment revenue	12,416	5,873	8,655	26,944
Total revenue	<u>1,219,494</u>	<u>545,099</u>	<u>64,635</u>	<u>1,829,228</u>
Reportable segment profit before tax	<u>16,274</u>	<u>17,347</u>	<u>2,046</u>	<u>35,667</u>

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

	<b>Current Year To- date 31/12/2020 RM'000</b>	<b>Preceding Year Corresponding Period 31/12/2019 RM'000</b>
Total profit for reportable segments before tax	45,519	35,667
Other non-reportable segments profit	16,051	11,058
Eliminate of inter-segments profit and loss	(13,092)	(7,419)
Consolidated profit before tax	<u>48,478</u>	<u>39,306</u>

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 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 31/12/2020		Preceding Year-to-date 31/12/2019	
	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>				
Desktop PC, notebooks, mobility devices and peripherals	1,416,384	-	1,207,078	-
<b>Enterprise Systems</b>				
Server, storage, software and networking products	519,244	-	539,226	-
<b>ICT Services</b>				
Services and maintenance	79,936	1,925	55,417	563
	<u>2,015,564</u>	<u>1,925</u>	<u>1,801,721</u>	<u>563</u>

**(d) Segment assets**

	As at 31/12/2020 RM'000	As at 31/12/2019 RM'000
ICT Distribution	340,342	341,772
Enterprise Systems	166,753	192,028
ICT Services	8,216	7,739
Total reportable segment assets	<u>515,311</u>	<u>541,539</u>
<b>Reconciliation of reportable segment:</b>		
Total reportable segment assets	515,311	541,539
Other non-reportable segments assets	136,585	129,578
Elimination of inter-segment balances	(92,582)	(123,202)
Consolidated total	<u>559,314</u>	<u>547,915</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 Office. Hence, no disclosure is made on segment liabilities.

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 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 31/12/2020 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	144,823	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 RM327,000.

**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 31/12/2020 RM'000	Current Year To-date 31/12/2020 RM'000
Addition to plant and equipment	65	947



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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.

	<b>Current Year To- date 31/12/2020 RM'000</b>	<b>Balance Due From/(To) As at 31/12/2020 RM'000</b>
Transactions with an affiliated company:		
Purchases	(270)	(33)
Transactions with a company in which a Director has interests:		
Lease liabilities	(1,972)	2
Administrative and accounting charges	10	2
Transactions with a company in which a Director has common directorship:		
Sales	96	0
Transactions with an associate company:		
Sales	127	44
Support services	(91)	(41)

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 2020**

**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 Quarter	Preceding Year Corresponding Quarter	Changes %	Current Year To-date	Preceding Year Corresponding Period	Changes %
	31/12/2020 RM'000	31/12/2019 RM'000		31/12/2020 RM'000	31/12/2019 RM'000	
Revenue	659,627	542,096	21.7	2,017,489	1,802,284	11.9
Gross profit	33,340	28,180	18.3	106,003	93,174	13.8
<i>GP margin %</i>	<i>5.1%</i>	<i>5.2%</i>		<i>5.3%</i>	<i>5.2%</i>	
Profit before tax	16,873	13,955	20.9	48,478	39,306	23.3
Profit for the period	12,874	10,735	19.9	36,781	29,594	24.3

**Q4 FY2020 compared with Q4 FY2019**

For Q4 FY2020, the revenue increased by 21.7% to RM659.6 million from RM542.1 million last year. The higher demand for Work From Home (WFH) products and the launching of Apple iPhone 12 have contributed to the increase in Revenue. With higher revenue, gross profit (GP) increased by 18.3% to RM33.3 million from RM28.2 million last year.

With higher GP, interest income and favourable changes in impairment of financial instruments, but with lower share of profit in Associate and Joint Venture, the profit before tax (PBT) increased by 20.9% to RM16.9 million compared with RM14.0 million last year.

**Quarterly Segmental Result**

The performance of the three business segments for Q4 FY2020 compared with Q4 FY2019 were as follows:

a) ICT Distribution

Revenue increased by 36.1% mainly from notebook, smartphone and printers which are products related to WFH. With higher sales and GP and improvement in both impairment of financial instruments and stock provision, PBT increased by 75.5% to RM8.4 million from RM4.8 million last year.

b) Enterprise Systems

Revenue decreased by 11.5% mainly due to lower sales from networking and storage. With lower operating expenses, PBT slightly increased by 1.2% to RM6.9 million compared with RM6.8 million last year.

c) ICT Services

Revenue increased by RM9.1 million but PBT decreased by RM191,000 due to higher operation expenses.

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 2020**

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

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

**12 months ended 31 December 2020 compared with 31 December 2019**

Initially, the year 2020 started with good sales performance but it was impacted during the lockdown period from March to April due to Covid-19 pandemic. Sales rebounded when businesses were allowed to resume its operations in May and continued to increase in the second half of the year. The 12-month sales reached a record high of RM2.02 billion at 11.9% higher than last year contributed mainly from sales of Notebook PCs.

With higher sales and GP, the PBT recorded historical high at RM48.5 million from RM39.3 million last year.

**Year-to-date Segmental Result**

The performance of the three business segments for 12 months period ended 31 December 2020 as compared to previous year-to-date were as below:

a) ICT Distribution

Revenue increased by 17.3% with higher sales mainly from notebook, printer and tablets. With higher sales and improvement in stock provision, the PBT increased by 37.5% to RM22.4 million compared with RM16.3 million last year.

b) Enterprise Systems

Revenue decreased by 3.7% mainly due to lower sales from networking, storage and workstation. However, with higher GP margin and reversal of impairment loss on trade receivables, PBT increased by 17.4% to RM20.4 million compared with RM17.3 million last year.

c) ICT Services

Revenue increased by RM25.9 million mainly due to maintenance services. With higher sales and GP, the PBT increased to RM2.8 million compared with RM2.0 million last year.

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 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**

	<b>Current Quarter 31/12/2020 RM'000</b>	<b>Immediate Preceding Quarter 30/09/2020 RM'000</b>	<b>Changes %</b>
Revenue	659,627	536,368	23.0
Gross Profit	33,340	27,962	19.2
<i>GP margin %</i>	<i>5.1%</i>	<i>5.2%</i>	
Share of profit of equity-accounted associate, net of tax	954	268	256.0
Share of profit of equity-accounted joint venture, net of tax	148	149	(0.7)
Profit before tax	16,873	13,515	24.8
Profit for the period	12,874	10,095	27.5

The Group's revenue in current quarter increased by 23.0% to RM659.6 million compared with RM536.4 million in preceding quarter mainly contributed from Apple iPhone 12 launching. All three segments recorded better results. Sales of ICT Distribution, Enterprise Systems and ICT Services increased by 28.6%, 15.3% and 26.0% respectively.

With higher sales and GP, the PBT increased by 24.8% to RM16.9 million from RM13.5 million 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 31/12/2020 RM'000</b>	<b>Preceding Year Corresponding Quarter 31/12/2019 RM'000</b>	<b>Current Year To-date 31/12/2020 RM'000</b>	<b>Preceding Year Corresponding Period 31/12/2019 RM'000</b>
Depreciation	(784)	(786)	(3,008)	(3,221)
Written (down)/back of inventories	63	(891)	887	(1,342)
<u>Other income:</u>				
Bad debts recovered	-	-	76	4
Foreign exchange gain - Realised	731	289	2,128	1,590
Foreign exchange gain/(loss) - Unrealised	451	2,748	(616)	1,927
Fair value (loss)/gain	(171)	(2,350)	583	(1,436)
Impairment of Investment Properties	(362)	-	(362)	-
(Loss)/Gain on fixed assets disposal/written off	(1)	-	1	109
Others	5	3	13	11
	<b>653</b>	<b>690</b>	<b>1,823</b>	<b>2,205</b>

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 except as disclosed in Note 18(a)(i)

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 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**

- (i) The Group has on 22 Dec 2020, entered into sales & purchase agreement to dispose the investment properties at consideration RM9.0 million. The Group has since classified the investment properties to asset held for sale and recognised an impairment loss of RM362,000.
- (ii) The Group has renewed the lease agreement with a joint venture company to rent a warehouse and office building for period of 3 years. With this, the right-of-use assets and lease liabilities has increased compared with last financial year end.

**(b) Finance income**

The year-to-date finance income consists of RM141,000 arising from unwinding the fair value measurement of an 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 September 2020 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	199,323	-	199,323
Past due 1 - 30 days	87,968	-	87,968
Past due 31 - 60 days	21,561	-	21,561
Past due 61 - 90 days	1,455	-	1,455
	<hr/> 310,307	-	<hr/> 310,307
Past due more than 90 days	1,581	(315)	1,266
Individual impaired	388	(388)	-
	<hr/> 312,276	<hr/> (703)	<hr/> 311,573

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**

It is been a bumpy start in 2021, with the return of the Movement Control Order (MCO 2.0) in most states of Malaysia since 13th January. Although many businesses are allowed to operate during this MCO 2.0 period, overall market sentiment is gravely impacted by the thousands of daily new Covid-19 cases.

The International Data Corporation (IDC) forecasted a positive growth of 2.6% for year 2021 on ICT products that we are representing. With the current trend of working and learning from home coupled with the extended personal income tax relief of RM2,500 on computer products until the end of 2021, we expect demand for mobile phone, tablet and notebook PC to remain high in 2021. However, the global high demand for client devices has resulted in vendors having challenges in delivering their orders on schedule.

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

**19. Prospects (continued)**

Due to the lockdown, many projects and deployments are delayed as corporate decisions were postponed and we are facing challenges in crossing state borders to deliver the technical implementation services. Although we are confident that large corporations and the public sector will continue with their digital transformation thus awarding more ICT projects, we expect a slow-down in the SME market as many smaller organizations are facing difficulties during the pandemic.

The prolonged pandemic and a state of emergency as declared by our Yang di-Pertuan Agong from 12th January until 1st August have impacted market confidence and the country's economy. However, the recovery of the economy is expected this year from the successful control of Covid-19 cases and implementation of the vaccination programme for Covid-19 Immunisation.

Despite the above uncertainties, we are cautiously optimistic on the prospects for FY2021.

**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
	Quarter	Corresponding Quarter	To-date	Corresponding Period
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
	RM'000	RM'000	RM'000	RM'000
Current income tax:				
Current year	3,596	3,091	11,517	9,780
(Over)/Under provision prior year	-	-	(61)	(180)
	<u>3,596</u>	<u>3,091</u>	<u>11,456</u>	<u>9,600</u>
Deferred tax	403	129	241	112
	<u>3,999</u>	<u>3,220</u>	<u>11,697</u>	<u>9,712</u>
Effective tax rate	23.7%	23.1%	24.1%	24.7%

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.

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 2020****PART B - EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE BURSA SECURITIES LISTING REQUIREMENTS****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 have vide Board of Directors' meeting held on 24 February 2021 approved a single-tier second interim dividend of 4.5 sen per share for the financial year ended 31 December 2020.

The proposed payable date is 21 May 2021 in respect of deposited securities as at 28 April 2021.

**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 31/12/2020	Preceding Year Corresponding Quarter 31/12/2019	Current Year To-date 31/12/2020	Preceding Year Corresponding Period 31/12/2019
Profit attributable to equity holders of the Company (RM'000)	12,874	10,735	36,781	29,594
Weighted average number of ordinary shares ('000)	178,501	179,090	178,629	179,573
Basic earnings per share (sen)	7.2	6.0	20.6	16.5
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

24 February 2021  
Selangor