

VSTECS BERHAD

[Registration No: 199501021835 (351038-H)]

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021**

| | Note | As At 31/03/2021 RM'000 | As At 31/12/2020 RM'000 |
|---|-------|-------------------------------|-------------------------------|
| ASSETS | | | |
| Plant and equipment | | 2,102 | 2,152 |
| Right-of-use assets | | 5,068 | 5,422 |
| Investment in an associate | | 22,840 | 22,574 |
| Investment in a joint venture | | 14,072 | 13,937 |
| Investment in club membership | | 62 | 62 |
| Intangible asset | | 571 | 571 |
| Deferred tax assets | | 1,174 | 897 |
| Receivables and deposits | | 322 | 322 |
| Total non-current assets | | 46,211 | 45,937 |
| Inventories | | 131,107 | 86,526 |
| Receivables, deposits and prepayments | | 305,407 | 319,533 |
| Cash and cash equivalents | | 142,651 | 98,325 |
| | | 579,165 | 504,384 |
| Assets classified as held for sale | 18(a) | - | 9,000 |
| Total current assets | | 579,165 | 513,384 |
| TOTAL ASSETS | | 625,376 | 559,321 |
| EQUITY | | | |
| Share capital | | 90,000 | 90,000 |
| Reserves | | 256,956 | 244,223 |
| Total equity attributable to owners of the Company | | 346,956 | 334,223 |
| LIABILITIES | | | |
| Lease liabilities | | 3,251 | 3,614 |
| Total non-current liabilities | | 3,251 | 3,614 |
| Payables and accruals | | 267,427 | 215,979 |
| Lease liabilities | | 1,850 | 1,827 |
| Tax payable | | 5,892 | 3,678 |
| Total current liabilities | | 275,169 | 221,484 |
| Total liabilities | | 278,420 | 225,098 |
| TOTAL EQUITY AND LIABILITIES | | 625,376 | 559,321 |
| Net assets per share attributable to owners of the Company (RM) | | 1.94 | 1.87 |

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 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 THREE MONTHS ENDED 31 MARCH 2021

| | Note | Individual Quarter Three Months Ended | | Cumulative Quarter Three Months Ended | |
|---|-------|--|----------------------|--|----------------------|
| | | 31/03/2021 RM'000 | 31/03/2020 RM'000 | 31/03/2021 RM'000 | 31/03/2020 RM'000 |
| Revenue | | 668,977 | 372,672 | 668,977 | 372,672 |
| Cost of sales | | (636,362) | (350,465) | (636,362) | (350,465) |
| Gross profit | | <u>32,615</u> | <u>22,207</u> | <u>32,615</u> | <u>22,207</u> |
| Distribution expenses | | (11,978) | (9,365) | (11,978) | (9,365) |
| Administrative expenses | | (5,732) | (5,314) | (5,732) | (5,314) |
| Net gain/(loss) on impairment of financial instruments | | 194 | (413) | 194 | (413) |
| Other income | 17 | 1,156 | 273 | 1,156 | 273 |
| Results from operating activities | 17 | <u>16,255</u> | <u>7,388</u> | <u>16,255</u> | <u>7,388</u> |
| Finance income | 18(b) | 430 | 375 | 430 | 375 |
| Finance costs | | (54) | (28) | (54) | (28) |
| Net finance income | | 376 | 347 | 376 | 347 |
| Share of profit of equity-accounted associate, net of tax | | 267 | 858 | 267 | 858 |
| Share of profit of equity-accounted joint venture, net of tax | | 135 | 188 | 135 | 188 |
| Profit before tax | | <u>17,033</u> | <u>8,781</u> | <u>17,033</u> | <u>8,781</u> |
| Tax expense | 21 | (4,300) | (1,992) | (4,300) | (1,992) |
| Profit for the period / Total comprehensive income for the period | | <u>12,733</u> | <u>6,789</u> | <u>12,733</u> | <u>6,789</u> |
| Profit for the period / Total comprehensive income for the period attributable to: | | | | | |
| Owners of the Company | | 12,733 | 6,789 | 12,733 | 6,789 |
| Non-controlling interest | | - | - | - | - |
| | | <u>12,733</u> | <u>6,789</u> | <u>12,733</u> | <u>6,789</u> |
| Earnings per share attributable to owners of the Company: | | | | | |
| Basic (sen) | 26 | 7.1 | 3.8 | 7.1 | 3.8 |
| 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 2020 and the accompanying explanatory notes attached to the interim financial statements.

VST ECS BERHAD

[Registration No: 199501021835 (351038-H)]
(Incorporated in Malaysia)



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 MARCH 2021**

| | <- 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 2020 | 90,000 | (930) | 218,712 | 307,782 | - | 307,782 |
| Profit for the period / Total comprehensive income for the period | - | - | 6,789 | 6,789 | - | 6,789 |
| Own shares acquired | - | (523) | - | (523) | - | (523) |
| At 31 March 2020 | <u>90,000</u> | <u>(1,453)</u> | <u>225,501</u> | <u>314,048</u> | <u>-</u> | <u>314,048</u> |
| At 1 January 2021 | 90,000 | (1,453) | 245,676 | 334,223 | - | 334,223 |
| Profit for the period / Total comprehensive income for the period | - | - | 12,733 | 12,733 | - | 12,733 |
| Own shares acquired | - | - | - | - | - | - |
| At 31 March 2021 | <u>90,000</u> | <u>(1,453)</u> | <u>258,409</u> | <u>346,956</u> | <u>-</u> | <u>346,956</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 2020 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 CASH FLOWS
FOR THE QUARTER ENDED 31 MARCH 2021**

| | Note | Three Months Ended | |
|--|-------|----------------------|----------------------|
| | | 31/03/2021 RM'000 | 31/03/2020 RM'000 |
| Cash Flows from Operating Activities | | | |
| Profit before tax | | 17,033 | 8,781 |
| <i>Adjustments for:</i> | | | |
| Non-cash items | | 654 | 1,217 |
| Non-operating items | | (778) | (1,393) |
| Operating profit before changes in working capital | | 16,909 | 8,605 |
| Change in inventories | | (44,581) | 46,071 |
| Change in receivables, deposits and prepayment | | 15,656 | 49,104 |
| Change in payables and accruals | | 49,985 | (91,065) |
| Cash generated from operations | | 37,969 | 12,715 |
| Tax paid | | (2,363) | (2,022) |
| Net cash from operating activities | | 35,606 | 10,693 |
| Cash Flows from Investing Activities | | | |
| Acquisition of plant and equipment | | (154) | (188) |
| Proceeds from disposal of Investment Properties | 18(a) | 9,000 | - |
| Dividend income from a joint venture | | - | 250 |
| Net cash from investing activities | | 8,846 | 62 |
| Cash Flows from Financing Activities | | | |
| Interest received | | 394 | 341 |
| Interest paid | | (54) | (28) |
| Repayment of lease liabilities | | (466) | (504) |
| Repurchase of treasury shares | | - | (523) |
| Net cash used in financing activities | | (126) | (714) |
| Net increase in cash and cash equivalents | | 44,326 | 10,041 |
| Cash and cash equivalents at beginning of period | | 98,325 | 71,015 |
| Cash and cash equivalents at end of period | | 142,651 | 81,056 |
| Cash and cash equivalents comprise the following: | | | |
| Cash and bank balances | | 142,651 | 81,056 |

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2021

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 2020.

The consolidated financial statements of the Group as at and for the financial year ended 31 December 2020 are available upon request from the Company's registered office at: Level 7, Menara Milenium, Jalan Damanela, 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 2020, except with the adoption of the following:

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 June 2020

- Amendment to MFRS 16, *Leases – Covid-19-Related Rent Concessions*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement*, MFRS 7, *Financial Instruments: Disclosures*, MFRS 4, *Insurance Contracts* and MFRS 16, *Leases – Interest Rate Benchmark Reform – Phase 2*

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.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2021

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

7. Dividends paid

There was no dividend paid during the quarter.

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>3 months financial period ended 31 March 2021</u> | | | | |
| External revenue | 423,096 | 227,580 | 18,301 | 668,977 |
| Inter-segment revenue | 2,543 | 903 | 2,672 | 6,118 |
| Total revenue | <u>425,639</u> | <u>228,483</u> | <u>20,973</u> | <u>675,095</u> |
| Reportable segment profit before tax | <u>7,334</u> | <u>8,409</u> | <u>607</u> | <u>16,350</u> |
| <u>3 months financial period ended 31 March 2020</u> | | | | |
| External revenue | 180,441 | 175,237 | 16,994 | 372,672 |
| Inter-segment revenue | 1,926 | 1,441 | 2,529 | 5,896 |
| Total revenue | <u>182,367</u> | <u>176,678</u> | <u>19,523</u> | <u>378,568</u> |
| Reportable segment profit before tax | <u>1,460</u> | <u>5,389</u> | <u>646</u> | <u>7,495</u> |

There was a reclassification of product grouping on certain commercial products from ICT Distribution to Enterprise Systems segment. This is to reflect better reporting in line with the business transactions. The comparative figures were restated accordingly.

(b) Reconciliation of reportable segment profit and loss:

| | Current Year To- date 31/03/2021 RM'000 | Preceding Year Corresponding Period 31/03/2020 RM'000 |
|---|--|--|
| Total profit for reportable segments before tax | 16,350 | 7,495 |
| Other non-reportable segments profit | 682 | 1,536 |
| Eliminate of inter-segments profit/(loss) | 1 | (250) |
| Consolidated profit before tax | <u>17,033</u> | <u>8,781</u> |

UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2021

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 31/03/2021 | | Preceding Year-to-date 31/03/2020 | |
|--|------------------------------------|------------------------|--------------------------------------|------------------------|
| | 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 | 423,096 | - | 180,441 | - |
| Enterprise Systems | | | | |
| Commercial Desktop, PC and notebook. Server, storage, software and networking products | 227,580 | - | 175,237 | - |
| ICT Services | | | | |
| Services and maintenance | 17,754 | 547 | 16,329 | 665 |
| | 668,430 | 547 | 372,007 | 665 |

(d) Segment assets

| | As at 31/03/2021 RM'000 | As at 31/12/2020 RM'000 |
|---|-------------------------------|-------------------------------|
| ICT Distribution | 391,003 | 342,141 |
| Enterprise Systems | 184,067 | 167,134 |
| ICT Services | 7,700 | 9,786 |
| Total reportable segment assets | 582,770 | 519,061 |
| <u>Reconciliation of reportable segment assets:</u> | | |
| Total reportable segment assets | 582,770 | 519,061 |
| Other non-reportable segments assets | 137,546 | 137,006 |
| Elimination of inter-segment balances | (94,940) | (96,746) |
| Consolidated total assets | 625,376 | 559,321 |

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 ENDED 31 MARCH 2021

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 31/03/2021 RM'000 | As At 31/12/2020 RM'000 |
|---|-------------------------------|-------------------------------|
| Guarantees to suppliers and licensed banks for trade credit facilities granted by holding company to Group entities | 144,945 | 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 RM314,000.

13. Capital expenditure

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

| | Current Year Quarter 31/03/2021 RM'000 | Current Year To-date 31/03/2021 RM'000 |
|---------------------------------|--|---|
| Addition to plant and equipment | 154 | 154 |

VSTECS BERHAD

[Registration No: 199501021835 (351038-H)]
(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2021****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 31/03/2021 RM'000 | Balance Due From/(To) As at 31/03/2021 RM'000 |
|--|--|--|
| Transactions with an affiliated company: | | |
| Purchases | (715) | (749) |
| Transactions with a company in which a Director has interests: | | |
| Lease liabilities | (480) | - |
| Administrative and accounting charges | 2 | 2 |
| Transactions with an associate company: | | |
| Sales | 26 | 15 |

UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2021

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 | Preceding Year | Changes | Current Year | Preceding Year | Changes |
| | 31/03/2021 | 31/03/2020 | % | 31/03/2021 | 31/03/2020 | % |
| | RM'000 | RM'000 | | RM'000 | RM'000 | |
| Revenue | 668,977 | 372,672 | 79.5 | 668,977 | 372,672 | 79.5 |
| Gross profit | 32,615 | 22,207 | 46.9 | 32,615 | 22,207 | 46.9 |
| <i>GP margin %</i> | <i>4.9%</i> | <i>6.0%</i> | | <i>4.9%</i> | <i>6.0%</i> | |
| Profit before tax | 17,033 | 8,781 | 94.0 | 17,033 | 8,781 | 94.0 |
| Profit for the period | 12,733 | 6,789 | 87.6 | 12,733 | 6,789 | 87.6 |

Q1 FY2021 compared with Q1 FY2020

For Q1 2021, the Group improved its performance significantly compared with the corresponding quarter of last financial year; the revenue increased by 79.5% to RM669.0 million from RM372.7 million last year propelled by the demand from Work-From-Home (WFH) products and new smartphones. Gross Profit (GP) increased by 46.9% to RM32.6 million from RM22.2 million last year although GP margin dropped from 6.0% to 4.9% due to the product mix.

With higher GP and gain in financial instruments and foreign exchange, but lower share of profit from Associate and Joint Venture companies, the profit before tax (PBT) increased by 94.0% to RM17.0 million compared with RM8.8 million in Q1 2020.

Quarterly Segmental Result

The performance of the three business segments for Q1 FY2021 compared with Q1 FY2020 were as follows:

a) ICT Distribution

Revenue increased by 134.5% across all types of consumers products mainly from WFH products. With higher sales and GP and improvement in both impairment of financial instruments and stock provision, PBT increased by fourfold to RM7.3 million from RM1.5 million last year.

b) Enterprise Systems

Revenue increased by 29.9% mainly due to higher sales from commercial notebook, networking hardware and enterprise software. With higher sales and GP, PBT increased by 56.0% to RM8.4 million compared with RM5.4 million last year.

c) ICT Services

Revenue increased by RM1.3 million but PBT decreased by RM39,000 due to higher operation expenses.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2021
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 31/03/2021 RM'000 | Immediate Preceding Quarter 31/12/2020 RM'000 | Changes % |
|---|--|--|----------------------|
| Revenue | 668,977 | 659,627 | 1.4 |
| Gross Profit | 32,615 | 33,340 | (2.2) |
| <i>GP margin %</i> | 4.9% | 5.1% | |
| Share of profit of equity-accounted associate, net of tax | 267 | 954 | (72.0) |
| Share of profit of equity-accounted joint venture, net of tax | 135 | 148 | (8.8) |
| Profit before tax | 17,033 | 16,873 | 0.9 |
| Profit for the period | 12,733 | 12,874 | (1.1) |

Q1 2021 revenue was slightly higher by 1.4% at RM669.0 million from RM659.6 million although the last quarter of the year normally has the highest ICT spending. The higher revenue was mainly due to the increase of 9.2% in ICT Distribution while revenue of Enterprise Systems and ICT Services decreased by 8.1% and 26.0% respectively.

With the net increase in revenue, PBT in Q1 2021 was slightly higher by 0.9% at RM17.0 million compared with RM16.9 million of preceding quarter.

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

| | Individual Quarter | | Cumulative Quarter | |
|------------------------------------|---|---|---|--|
| | Current Year Quarter 31/03/2021 RM'000 | Preceding Year Corresponding Quarter 31/03/2020 RM'000 | Current Year To-date 31/03/2021 RM'000 | Preceding Year Corresponding Period 31/03/2020 RM'000 |
| Depreciation | (683) | (760) | (683) | (760) |
| Written (down)/back of inventories | (631) | 552 | (631) | 552 |
| <hr/> | | | | |
| <u>Other income:</u> | | | | |
| Bad debts recovered | 1 | 17 | 1 | 17 |
| Foreign exchange gain - Realised | 1,124 | 711 | 1,124 | 711 |
| Foreign exchange loss - Unrealised | (3,154) | (4,338) | (3,154) | (4,338) |
| Fair value gain | 3,183 | 3,881 | 3,183 | 3,881 |
| Others | 2 | 2 | 2 | 2 |
| | <hr/> 1,156 | <hr/> 273 | <hr/> 1,156 | <hr/> 273 |

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).

UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2021

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

The investment properties which were classified as assets held for sales in last financial year end, had been disposed during the quarter at a consideration of RM9.0 million. No gain or loss arising from the disposal as the assets had been measured at fair value less costs of disposal in last financial year.

(b) Finance income

The current quarter's finance income consists of interest income arising from financial assets at fair value through profit or loss of RM36,000.

(b) Trade receivables

Trade receivables have a credit term ranging from 14 to 60 days. Aging analysis of trade receivables as at 31 March 2021 were as follows:

| | Gross carrying amount RM'000 | Loss allowance RM'000 | Net balance RM'000 |
|----------------------------|---|--------------------------------------|-----------------------------------|
| Current not past due | 185,658 | - | 185,658 |
| Past due 1 - 30 days | 76,693 | - | 76,693 |
| Past due 31 - 60 days | 26,803 | - | 26,803 |
| Past due 61 - 90 days | 6,677 | - | 6,677 |
| | <hr/> 295,831 | - | 295,831 |
| Past due more than 90 days | 436 | (194) | 242 |
| Individual impaired | 256 | (256) | - |
| | <hr/> <hr/> 296,523 | (450) | 296,073 |

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.

19. Prospects

After the Malaysian government revised the Covid-19 pandemic lockdown of Movement Control Order (MCO) 2.0 on 5 March to Conditional MCO, businesses were slowly returning to normal. Unfortunately in late April, the number of Covid-19 cases spiked up again and the government imposed MCO 3.0 with effect from 12 May 2021 to 7 June 2021.

On the economic front, Bank Negara Malaysia has projected the country's Gross Domestic Product (GDP) to grow by 6.0% to 7.5% in 2021 after the Malaysian economy contracted by 5.6% last year.

While the demand on smartphone, tablet and notebook PC remains high, our vendors are still unable to fulfil many of our backlog orders due to global shortage of components. This delivery issue is expected to continue for the rest of the year.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2021

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

19. Prospects (continue)

On the Enterprise Systems, the government has awarded a number of ICT projects during the last few months and we are following up closely with our resellers on these projects.

The prolonged pandemic with the slow rollout of the Covid-19 vaccination programme and the ongoing lockdown will have a negative impact on the recovery of the Malaysian economy.

Despite the challenges, market demand for ICT products and Enterprise Systems remains robust and we are optimistic on the outlook for the remainder of 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 31/03/2021 RM'000 | Preceding Year Corresponding Quarter 31/03/2020 RM'000 | Current Year To-date 31/03/2021 RM'000 | Preceding Year Corresponding Period 31/03/2020 RM'000 |
| Current income tax: | | | | |
| Current year | 4,577 | 2,310 | 4,577 | 2,310 |
| (Over)/Under provision prior year | - | - | - | - |
| | <u>4,577</u> | <u>2,310</u> | <u>4,577</u> | <u>2,310</u> |
| Deferred tax | (277) | (318) | (277) | (318) |
| | <u>4,300</u> | <u>1,992</u> | <u>4,300</u> | <u>1,992</u> |
| Effective tax rate | 25.2% | 22.7% | 25.2% | 22.7% |

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.

VSTECS BERHAD

[Registration No: 199501021835 (351038-H)]
(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2021****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

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 Quarter 31/03/2021 | Preceding Year Corresponding Quarter 31/03/2020 | Current Year To-date 31/03/2021 | Preceding Year Corresponding Period 31/03/2020 |
| Profit attributable to equity holders of the Company (RM'000) | 12,733 | 6,789 | 12,733 | 6,789 |
| Weighted average number of ordinary shares ('000) | 178,501 | 179,016 | 178,501 | 179,016 |
| Basic earnings per share (sen) | 7.1 | 3.8 | 7.1 | 3.8 |
| 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.

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 2020.

By order of the Board

Chua Siew Chuan
Cheng Chia Ping
Company Secretaries

19 May 2021
Selangor