

**VSTECS BERHAD**

[Registration No: 199501021835 (351038-H)]

(Incorporated in Malaysia)


**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2022**

	Note	As At 31/12/2022 RM'000	As At 31/12/2021 RM'000
<b>ASSETS</b>			
Plant and equipment		3,051	2,242
Right-of-use assets		2,150	3,949
Investment in an associate		25,760	23,935
Investment in a joint venture		13,463	13,910
Other investments		231	62
Intangible asset		571	571
Deferred tax assets	18 (a)(ii)	4,328	1,660
Receivables and deposits		-	292
<b>Total non-current assets</b>		49,554	46,621
Inventories		238,815	222,533
Receivables, deposits and prepayments		364,443	346,464
Tax recoverable		202	-
Cash and cash equivalents		46,595	72,652
<b>Total current assets</b>		650,055	641,649
<b>TOTAL ASSETS</b>		699,609	688,270
<b>EQUITY</b>			
Share capital		90,000	90,000
Reserves		321,116	285,827
<b>Total equity attributable to owners of the Company</b>		411,116	375,827
<b>LIABILITIES</b>			
Lease liabilities		308	2,103
<b>Total non-current liabilities</b>		308	2,103
Borrowings	23	13,500	-
Lease liabilities		1,919	1,921
Payables and accruals		265,403	301,448
Tax payable		7,363	6,971
<b>Total current liabilities</b>		288,185	310,340
<b>Total liabilities</b>		288,493	312,443
<b>TOTAL EQUITY AND LIABILITIES</b>		699,609	688,270
Net assets per share attributable to owners of the Company (RM)		1.15	1.05

*The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 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 YEAR ENDED 31 DECEMBER 2022**

	Note	Individual Quarter Three Months Ended		Cumulative Quarter Twelve Months Ended	
		31/12/2022 RM'000	31/12/2021 RM'000	31/12/2022 RM'000	31/12/2021 RM'000
<b>Revenue</b>		683,238	763,375	2,770,614	2,625,818
Cost of sales		(643,323)	(719,450)	(2,620,831)	(2,486,447)
<b>Gross profit</b>		39,915	43,925	149,783	139,371
Distribution expenses		(9,467)	(10,505)	(47,708)	(45,785)
Administrative expenses		(7,497)	(7,225)	(25,581)	(24,588)
Net gain/(loss) on impairment of financial instruments		1,393	(112)	(74)	(292)
Other (expense)/income	17	(1,672)	93	194	1,901
<b>Results from operating activities</b>		22,672	26,176	76,614	70,607
Finance income		184	303	466	1,304
Finance costs		(243)	(57)	(506)	(217)
Net finance (expense)/income		(59)	246	(40)	1,087
Share of profit of equity-accounted associate, net of tax		1,361	786	2,985	2,161
Share of profit of equity-accounted joint venture, net of tax		110	131	553	573
<b>Profit before tax</b>		24,084	27,339	80,112	74,428
Tax expense	21	(5,832)	(7,523)	(20,432)	(19,436)
<b>Profit for the period/year</b>		18,252	19,816	59,680	54,992
<b>Total comprehensive income for the period/year</b>		18,252	19,816	59,680	54,992
<b>Profit for the period/year</b>					
<b>Total comprehensive income for the period/year attributable to:</b>					
Owners of the Company		18,252	19,816	59,680	54,992
Non-controlling interest		-	-	-	-
		18,252	19,816	59,680	54,992
<b>Earnings per share attributable to owners of the Company:</b>					
Basic (sen)	26	5.1	5.6	16.7	15.4
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 2021 and the accompanying explanatory notes attached to the interim financial statements.*

**VSTECS BERHAD**

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(Incorporated in Malaysia)



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2022**

	<- Attributable to owners of the Company - >				Non-Controlling Interest	Total Equity
	Share Capital	Treasury Shares	Distributable Retained Earnings	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2021	90,000	(1,453)	245,676	334,223	-	334,223
Profit for the year						
Total comprehensive income for the year	-	-	54,992	54,992	-	54,992
Dividends to owners of the Company	-	-	(13,388)	(13,388)	-	(13,388)
At 31 December 2021	<u>90,000</u>	<u>(1,453)</u>	<u>287,280</u>	<u>375,827</u>	<u>-</u>	<u>375,827</u>
At 1 January 2022	90,000	(1,453)	287,280	375,827	-	375,827
Profit for the year						
Total comprehensive income for the year	-	-	59,680	59,680	-	59,680
Own shares acquired	-	(495)	-	(495)	-	(495)
Dividends to owners of the Company	-	-	(23,896)	(23,896)	-	(23,896)
At 31 December 2022	<u>90,000</u>	<u>(1,948)</u>	<u>323,064</u>	<u>411,116</u>	<u>-</u>	<u>411,116</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 2021 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 2022**

	Note	Twelve Months Ended	
		31/12/2022 RM'000	31/12/2021 RM'000
<b>Cash Flows from Operating Activities</b>			
Profit before tax		80,112	74,428
<i>Adjustments for:</i>			
Non-cash items		3,560	3,728
Non-operating items		(3,498)	(3,821)
Operating profit before changes in working capital		80,174	74,335
Change in inventories		(16,282)	(136,007)
Change in receivables, deposits and prepayment		(17,687)	(26,785)
Change in payables and accruals		(45,514)	84,473
Cash generated from/(used in) operations		691	(3,984)
Tax paid	18(a)(i)	(22,910)	(16,906)
Net cash used in operating activities		(22,219)	(20,890)
<b>Cash Flows from Investing Activities</b>			
Acquisition of plant and equipment		(1,784)	(926)
Proceeds from disposal of investment properties		-	9,000
Proceeds from disposal of plant and equipment		22	21
Purchase of other investment		(300)	-
Dividend income from an associate		1,160	800
Dividend income from a joint venture		1,000	600
Net cash from investing activities		98	9,495
<b>Cash Flows from Financing Activities</b>			
Proceeds from borrowings		13,500	-
Interest received		466	1,188
Interest paid		(506)	(217)
Payment of lease liabilities		(1,919)	(1,861)
Repurchase of treasury shares		(495)	-
Dividend paid		(14,982)	(13,388)
Net cash used in financing activities		(3,936)	(14,278)
<b>Net decrease in cash and cash equivalents</b>		(26,057)	(25,673)
Cash and cash equivalents at beginning of year		72,652	98,325
<b>Cash and cash equivalents at end of year</b>		<b>46,595</b>	<b>72,652</b>
<b>Cash and cash equivalents comprise the following:</b>			
Cash and bank balances		46,595	72,652

*The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements.*

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 2022**

**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 2021.

The consolidated financial statements of the Group as at and for the financial year ended 31 December 2021 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 2021, except with the adoption of the following:

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

- Amendment to MFRS 16, *Leases – Covid-19-Related Rent Concessions beyond 30 June 2021*

***MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2022***

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 116, *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018–2020)*

MFRS 1 and MFRS 141 are not applicable to the Group.

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 YEAR ENDED 31 DECEMBER 2022**

**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 except that the Company purchased its own shares totalling 446,000 ordinary shares amounted to RM495,000 in current financial year-to-date.

**7. Dividends paid**

A single-tier second interim dividend of 3.7 sen per share and special dividend of 0.5 sen per share, totalling 4.2 sen per share amounted to RM14,982,000 in respect of the financial year ended 31 December 2021 was paid on 11 May 2022.

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 2022 was paid on 18 January 2023.

**8. Segmental reporting**

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

The Group business segments comprise the following:

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

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

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 2022**

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

**8. Segmental reporting (continue)**

**(a) Information about reportable segments**

	<b>ICT Distribution RM'000</b>	<b>Enterprise Systems RM'000</b>	<b>ICT Services RM'000</b>	<b>Total RM'000</b>
<b><u>12 months financial year ended 31 December 2022</u></b>				
External revenue	1,230,346	1,365,522	174,746	2,770,614
Inter-segment revenue	13,054	10,330	13,368	36,752
Total revenue	<u>1,243,400</u>	<u>1,375,852</u>	<u>188,114</u>	<u>2,807,366</u>
Reportable segment profit before tax	<u>23,843</u>	<u>45,901</u>	<u>5,450</u>	<u>75,194</u>
<b><u>12 months financial year ended 31 December 2021</u></b>				
External revenue	1,505,929	1,011,862	108,027	2,625,818
Inter-segment revenue	19,319	6,950	11,848	38,117
Total revenue	<u>1,525,248</u>	<u>1,018,812</u>	<u>119,875</u>	<u>2,663,935</u>
Reportable segment profit before tax	<u>30,928</u>	<u>37,671</u>	<u>3,409</u>	<u>72,008</u>

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

	<b>Current Year To-date 31/12/2022 RM'000</b>	<b>Preceding Year Corresponding Period 31/12/2021 RM'000</b>
Total profit before tax for reportable segments	75,194	72,008
Other non-reportable segments profit	27,818	23,350
Eliminate of inter-segments profit	(22,900)	(20,930)
Consolidated profit before tax	<u>80,112</u>	<u>74,428</u>

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 2022**

**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 31/12/2022		Preceding Year-to-date 31/12/2021	
	At a point in time RM'000	Over time RM'000	At a point in time RM'000	Over time RM'000
<b>ICT Distribution</b>				
Consumer Desktop, PC and notebooks. Mobility devices and peripherals	1,230,346	-	1,505,929	-
<b>Enterprise Systems</b>				
Commercial Desktop, PC and notebooks. Server, storage, software and networking products	1,365,522	-	1,011,862	-
<b>ICT Services</b>				
Services, cloud and maintenance	172,654	2,092	105,870	2,157
	<u>2,768,522</u>	<u>2,092</u>	<u>2,623,661</u>	<u>2,157</u>

**(d) Segment assets**

	As at 31/12/2022 RM'000	As at 31/12/2021 RM'000
ICT Distribution	437,876	461,246
Enterprise Systems	238,418	199,567
ICT Services	11,581	10,949
Total reportable segment assets	<u>687,875</u>	<u>671,762</u>
	As at 31/12/2022 RM'000	As at 31/12/2021 RM'000
<u>Reconciliation of reportable segment assets:</u>		
Total reportable segment assets	687,875	671,762
Other non-reportable segments assets	149,244	142,874
Elimination of inter-segment balances	(137,510)	(126,366)
Consolidated total assets	<u>699,609</u>	<u>688,270</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 YEAR ENDED 31 DECEMBER 2022****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 31/12/2022 RM'000	As At 31/12/2021 RM'000
Guarantees to suppliers and licensed banks for trade credit facilities granted by holding company to Group entities	145,208	144,969

**(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 RM243,000.

**13. Capital expenditure**

There were no major additions and disposals of plant and equipment during the current quarter and financial year-to-date. The major additions and disposals to plant and equipment during the current quarter and financial year-to-date were as follows:

	Current Year Quarter 31/12/2022 RM'000	Current Year To-date 31/12/2022 RM'000
Addition to plant and equipment	197	1,784

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 2022**

**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 31/12/2022 RM'000</b>	<b>Balance Due From/(To) As at 31/12/2022 RM'000</b>
Transactions with an affiliated company:		
Sales	249	-
Purchases	(39)	-
Transactions with a company in which a Director has interests:		
Lease liabilities	(1,920)	-
Administrative and accounting charges	10	(1)
Transactions with an associate company:		
Sales	545	38
Support services	(237)	-

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 2022**

**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 31/12/2022 RM'000	Preceding Year Corresponding Quarter 31/12/2021 RM'000	Changes %	Current Year To-date 31/12/2022 RM'000	Preceding Year Corresponding Period 31/12/2021 RM'000	Changes %
Revenue	683,238	763,375	(10.5)	2,770,614	2,625,818	5.5
Gross profit	39,915	43,925	(9.1)	149,783	139,371	7.5
<i>GP margin %</i>	<i>5.8%</i>	<i>5.8%</i>		<i>5.4%</i>	<i>5.3%</i>	
Profit before tax	24,084	27,339	(11.9)	80,112	74,428	7.6
Profit for the period	18,252	19,816	(7.9)	59,680	54,992	8.5

**Q4 FY2022 compared with Q4 FY2021**

For Q4 FY2022, the revenue decreased by 10.5% to RM683.2 million from RM763.4 million last year mainly due to lower sales from consumer products of ICT Distribution Segment. With lower sales, Gross Profit (GP) decreased by 9.1% to RM39.9 million from RM43.9 million last year.

With lower sales and GP, Profit before tax (PBT) decreased by 11.9% to RM24.1 million as compared to RM27.3 million last year.

**Quarterly Segmental Result**

The performance of the three business segments for Q4 FY2022 compared with Q4 FY2021 were as follows:

a) ICT Distribution

Revenue and GP decreased by 33.2% and 35.6% respectively across all major products due to slow down in consumer market. With lower sales and GP, PBT decreased by 47.1% to RM6.4 million from RM12.0 million last year.

b) Enterprise Systems

Revenue increased by 10.7% mainly from server, networking hardware and storage. With higher sales and GP, PBT increased by 2.9% to RM14.7 million compared with RM14.3 million last year after accounted for higher operating cost.

c) ICT Services

Revenue increased by RM31.6 million from cloud and maintenance services. With lower transaction margin and lower operating expenses, PBT increased by RM1.2 million to RM2.0 million from RM879,000 last year.

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 2022**

**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 2022 compared with 31 December 2021**

For the 12 months ended 31 December 2022, the revenue increased by 5.5% to RM2.77 billion compared with RM2.63 billion last year contributed mainly by Enterprise Systems Segment but was partially offset by lower sales from the ICT Distribution segment. With higher sales, GP increased by 7.5% to RM149.8 million from RM139.4 million last year.

The higher revenue from Enterprise Systems segment required higher working capital therefore, the interest income was lower from the lower bank balances while interest expenses increased with bank borrowings.

The associate company, ISATEC Sdn Bhd contributed positively to the Group with higher share of profit by RM824,000.

With the above, PBT increased by 7.6% to RM80.1 million compared with RM74.4 million last year.

**Year-to-date Segmental Result**

The performance of the three business segments for 12 months period ended 31 December 2022 as compared to previous year-to-date were as below:

a) ICT Distribution

Revenue decreased by 18.3% across all major products. With lower sales and GP, the PBT decreased by 22.9% to RM23.8 million as compared to RM30.9 million last year.

b) Enterprise Systems

Revenue increased by 35.0% across all major products. With higher sales and GP, PBT increased by 21.8% to RM45.9 million as compared to RM37.7 million last year.

c) ICT Services

Revenue increased by RM66.7 million from maintenance and cloud services. With higher sales and GP, PBT increased by 59.9% to RM5.5 million as compared to RM3.4 million last year.

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 2022**

**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 31/12/2022 RM'000</b>	<b>Immediate Preceding Quarter 30/09/2022 RM'000</b>	<b>Changes %</b>
Revenue	683,238	735,534	(7.1)
Gross Profit	39,915	39,909	0.0
<i>GP margin %</i>	5.8%	5.4%	
Share of profit of equity-accounted associate, net of tax	1,361	954	42.7
Share of profit of equity-accounted joint venture, net of tax	110	135	(18.5)
Profit before tax	24,084	22,427	7.4
Profit for the period	18,252	16,535	10.4

The Group's revenue in current quarter decreased by 7.1% to RM683.2 million compared with RM735.5 million in preceding quarter due to lower sales from ICT Distribution and Enterprise Systems segments by 9.1% and 13.0% respectively. While sales of ICT Services increased by 63.2%.

However, with higher GP margin of 5.8% compared with 5.4% last quarter, and higher contribution from associate company by RM407,000, PBT in Q4 FY2022 increased by 7.4% to RM24.1 million compared with RM22.4 million of preceding quarter.

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

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current Year Quarter 31/12/2022 RM'000</b>	<b>Preceding Year Corresponding Quarter 31/12/2021 RM'000</b>	<b>Current Year To-date 31/12/2022 RM'000</b>	<b>Preceding Year Corresponding Period 31/12/2021 RM'000</b>
Depreciation	(762)	(695)	(2,896)	(2,751)
Written down of inventories	(3,327)	(651)	(4,781)	(1,873)
<b>Other (expense)/income:</b>				
Bad debts recovered/(reversal)	(188)	-	-	24
Foreign exchange gain - Realised	657	571	595	2,642
Foreign exchange gain/(loss) - Unrealised	10,036	434	2,268	(965)
Fair value loss on forward exchange contract	(12,162)	(986)	(2,823)	(30)
Fair value loss on other investment	(18)	-	(130)	-
(Loss)/Gain on fixed assets disposal/written off	(1)	16	17	7
Government grant	-	44	161	200
Others	4	14	106	23
	<b>(1,672)</b>	<b>93</b>	<b>194</b>	<b>1,901</b>

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 2022**

**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**

- (i) Tax payment was higher at RM22.9 million compared to RM16.9 million last year due to higher monthly tax payment in reference to higher profit last year; and additional tax payment for previous assessment years of RM707,000.
- (ii) Deferred tax assets was higher at RM4.3 million mainly due to higher write down of inventory and increase in provision for marketing activities.

**(b) Trade receivables**

Trade receivables have a credit term ranging from 14 to 60 days. Aging analysis of trade receivables as at 31 December 2022 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)	174,598	-	174,598
Past due 1 - 30 days	114,441	-	114,441
Past due 31 - 60 days	45,341	-	45,341
Past due 61 - 90 days	12,269	-	12,269
	<hr/>		
	346,649	-	346,649
Past due more than 90 days	1,044	(750)	294
Individual impaired	13	(13)	-
	<hr/>		
	347,706	(763)	346,943
	<hr/>		

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 YEAR ENDED 31 DECEMBER 2022**

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

**19. Prospects**

After a strong acceleration in 2022, Malaysia’s gross domestic product (GDP) growth is expected to moderate to 4.2% in 2023. According to World Bank forecasts, global growth in 2023 is slowing sharply in the face of elevated inflation, higher interest rates, reduced investment and disruptions caused by the conflict between Russia & Ukraine.

We are experiencing a similar worldwide trend of weaker demand for notebook computer. International Data Corporation Malaysia (IDC Research) forecasted a growth rate of 3.5% in 2023 on the ICT products that we are representing. We are cautious of the business outlook on the consumer sector for 2023; but we managed to secure large notebook projects from the education sector that will be delivered in the next few months.

The demand on ICT products from the enterprise sector is sustaining well. Enterprise sector continues with their digital transformation. In the coming months, we are confident of more public sector projects from the new government.

With the large notebook projects in hand and the continuous upgrade of enterprise digital infrastructure, we are optimistic on the outlook for Q1 2023 and the remaining quarters of FY2023.

**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
	Corresponding Quarter	Corresponding Quarter	To-date	Corresponding Period
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
	RM'000	RM'000	RM'000	RM'000
Current income tax:				
Current year	8,498	6,923	22,790	19,066
Under provision prior year	-	673	310	1,133
	<u>8,498</u>	<u>7,596</u>	<u>23,100</u>	<u>20,199</u>
Deferred tax	(2,666)	(73)	(2,668)	(763)
	<u>5,832</u>	<u>7,523</u>	<u>20,432</u>	<u>19,436</u>
Effective tax rate	24.2%	27.5%	25.5%	26.1%

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 YEAR ENDED 31 DECEMBER 2022**

**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 31 December 2022 were as follows:

	<b>Unsecured RM'000</b>
<b>Short-term borrowings:</b>	
Banker's Acceptance	13,500
<b>Total</b>	<u>13,500</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 have vide Board of Directors' meeting held on 21 February 2023 approved a single-tier second interim dividend of 3.7 sen per share in respect of the financial year ended 31 December 2022.

The dividend will be paid on 16 May 2023 in respective of deposited securities as at 28 April 2023.

**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:

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current Year Corresponding Quarter 31/12/2022</b>	<b>Preceding Year Corresponding Quarter 31/12/2021</b>	<b>Current Year To-date 31/12/2022</b>	<b>Preceding Year Corresponding Period 31/12/2021</b>
Profit attributable to equity holders of the Company (RM'000)	18,252	19,816	59,680	54,992
Weighted average number of ordinary shares ('000)	356,555	357,001	356,682	357,001
Basic earnings per share (sen)	5.1	5.6	16.7	15.4
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 YEAR ENDED 31 DECEMBER 2022**

**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 2021.

**By order of the Board**

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

21 February 2023  
Selangor