

**VSTECS BERHAD**

[Registration No: 199501021835 (351038-H)]

(Incorporated in Malaysia)


**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2023**

	Note	As At 31/12/2023 RM'000	As At 31/12/2022 RM'000
<b>ASSETS</b>			
Plant and equipment		3,717	3,051
Right-of-use assets	18(b)	5,761	2,150
Intangible asset		571	571
Investment in an associate		27,085	25,760
Investment in a joint venture		13,415	13,463
Other investments		154	231
Deferred tax assets	18(c)	6,905	4,328
Receivables and deposits	18(a)	3,175	-
<b>Total non-current assets</b>		<b>60,783</b>	<b>49,554</b>
Inventories		200,802	253,198
Receivables, deposits and prepayments		399,360	364,443
Tax recoverable		176	202
Cash and cash equivalents		150,851	46,595
<b>Total current assets</b>		<b>751,189</b>	<b>664,438</b>
<b>TOTAL ASSETS</b>		<b>811,972</b>	<b>713,992</b>
<b>EQUITY</b>			
Share capital		90,000	90,000
Reserves		366,435	321,116
<b>Total equity attributable to owners of the Company</b>		<b>456,435</b>	<b>411,116</b>
<b>LIABILITIES</b>			
Lease liabilities	18(b)	4,049	308
Borrowings	23	67	-
<b>Total non-current liabilities</b>		<b>4,116</b>	<b>308</b>
Borrowings	23	33,400	13,500
Lease liabilities	18(b)	1,722	1,919
Payables and accruals		313,848	279,786
Tax payable		2,451	7,363
<b>Total current liabilities</b>		<b>351,421</b>	<b>302,568</b>
<b>Total liabilities</b>		<b>355,537</b>	<b>302,876</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>811,972</b>	<b>713,992</b>
Net assets per share attributable to owners of the Company (RM)		1.28	1.15

*The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial statements.*

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[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 2023**

	Note	Individual Quarter Three Months Ended		Cumulative Quarter Twelve Months Ended	
		31/12/2023 RM'000	31/12/2022 RM'000	31/12/2023 RM'000	31/12/2022 RM'000
<b>Revenue</b>		807,245	683,238	2,727,185	2,770,614
Cost of sales		(765,048)	(643,323)	(2,573,332)	(2,620,831)
<b>Gross profit</b>		42,197	39,915	153,853	149,783
Distribution expenses		(11,066)	(9,467)	(51,212)	(47,708)
Administrative expenses		(8,131)	(7,497)	(27,857)	(25,581)
Net gain/(loss) on impairment of financial instruments		346	1,205	(1,336)	(74)
Other income/(expense)	17	58	(1,484)	5,835	194
<b>Results from operating activities</b>		23,404	22,672	79,283	76,614
Finance income		594	184	1,476	466
Finance costs	18(a)	(185)	(243)	(1,269)	(506)
Net finance income/(expense)		409	(59)	207	(40)
Share of profit of equity-accounted associate, net of tax		968	1,361	2,704	2,985
Share of profit of equity-accounted joint venture, net of tax		136	110	602	553
<b>Profit before tax</b>		24,917	24,084	82,796	80,112
Tax expense	21	(717)	(5,832)	(15,370)	(20,432)
<b>Profit for the period/year</b>		24,200	18,252	67,426	59,680
<b>Total comprehensive income for the period/year</b>		24,200	18,252	67,426	59,680
<b>Profit for the period/year</b>					
<b>Total comprehensive income for the period/year attributable to:</b>					
Owners of the Company		24,200	18,252	67,426	59,680
Non-controlling interest		-	-	-	-
		24,200	18,252	67,426	59,680
<b>Earnings per share attributable to owners of the Company:</b>					
Basic (sen)	26	6.8	5.1	18.9	16.7
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 2022 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 2023**

	<- Attributable to owners of the Company - >					Total Equity RM'000
	Share Capital RM'000	Treasury Shares RM'000	Distributable Retained Earnings RM'000	Total RM'000	Non- Controlling Interest RM'000	
At 1 January 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
Owns 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>
At 1 January 2023	90,000	(1,948)	323,064	411,116	-	411,116
Profit for the year / Total comprehensive income for the year	-	-	67,426	67,426	-	67,426
Dividends to owners of the Company	-	-	(22,107)	(22,107)	-	(22,107)
At 31 December 2023	<u>90,000</u>	<u>(1,948)</u>	<u>368,383</u>	<u>456,435</u>	<u>-</u>	<u>456,435</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 2022 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 2023**

	<b>Twelve Months Ended</b>	
	<b>31/12/2023</b>	<b>31/12/2022</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash Flows from Operating Activities</b>		
Profit before tax	82,796	80,112
<i>Adjustments for:</i>		
Non-cash items	1,678	3,560
Non-operating items	(3,513)	(3,498)
Operating profit before changes in working capital	80,961	80,174
Change in inventories	52,396	(30,665)
Change in receivables, deposits and prepayment	(38,439)	(17,687)
Change in payables and accruals	35,466	(31,131)
Cash generated from operations	130,384	691
Tax paid	(22,833)	(22,910)
Net cash from/(used in) operating activities	107,551	(22,219)
<b>Cash Flows from Investing Activities</b>		
Acquisition of plant and equipment	(1,901)	(1,784)
Proceeds from disposal of plant and equipment	148	22
Purchase of other investment	-	(300)
Dividend income from an associate	1,379	1,160
Dividend income from a joint venture	650	1,000
Net cash from investing activities	276	98
<b>Cash Flows from Financing Activities</b>		
Net proceeds from borrowings	19,967	13,500
Interest received	1,384	466
Interest paid	(830)	(506)
Payment of lease liabilities	(1,985)	(1,919)
Repurchase of treasury shares	-	(495)
Dividend paid	(22,107)	(14,982)
Net cash used in financing activities	(3,571)	(3,936)
<b>Net increase/(decrease) in cash and cash equivalents</b>	104,256	(26,057)
Cash and cash equivalents at beginning of year	46,595	72,652
<b>Cash and cash equivalents at end of year</b>	150,851	46,595
<b>Cash and cash equivalents comprise the following:</b>		
Cash and bank balances	150,851	46,595

*The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial statements.*

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 2023**

**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 2022.

The consolidated financial statements of the Group as at and for the financial year ended 31 December 2022 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 2022, except with the adoption of the following:

***MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023***

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 17, *Insurance Contracts – Initial application of MFRS 17 and MFRS 9 – Comparative Information*
- Amendments to MFRS 101, *Presentation of Financial Statements – Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*
- Amendments to MFRS 112, *Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction and International Tax Reform - Pillar Two Model Rules*

MFRS 17 and amendments to MFRS 17 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 2023**

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

**4. Unusual items**

There were no significant unusual items affecting assets, liabilities, equity, net income, or cash flows during the current financial quarter.

**5. Material changes in estimates**

There was no estimation made for the current financial quarter results.

**6. Debt and equity securities**

There were no issuances, cancellations, resale and repayments of debt and equity securities in the current financial year-to-date.

**7. Dividends paid**

A single-tier first interim dividend of 2.5 sen per share, totalling RM8,914,000 in respect of the financial year ended 31 December 2022 was paid on 18 January 2023.

A single-tier second interim dividend of 3.7 sen per share, totalling RM13,193,000 in respect of the financial year ended 31 December 2022 was paid on 16 May 2023.

A single-tier first interim dividend of 2.5 sen per share, totalling RM8,914,000 in respect of the financial year ended 31 December 2023 was paid on 12 January 2024.

**8. Segmental reporting**

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

The Group business segments comprise the following:

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

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

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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 2023****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 period ended 31 December 2023</u></b>				
External revenue	1,114,518	1,375,347	237,320	2,727,185
Inter-segment revenue	3,373	11,759	13,115	28,247
Total revenue	<u>1,117,891</u>	<u>1,387,106</u>	<u>250,435</u>	<u>2,755,432</u>
Reportable segment profit before tax	<u>22,808</u>	<u>47,564</u>	<u>8,513</u>	<u>78,885</u>
<b><u>12 months financial period 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>5,448</u>	<u>75,192</u>

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

	<b>Current Year To-date 31/12/2023 RM'000</b>	<b>Preceding Year Corresponding Period 31/12/2022 RM'000</b>
Total profit before tax for reportable segments	78,885	75,192
Other non-reportable segments profit	28,337	27,819
Eliminate of inter-segments profit	(24,426)	(22,899)
Consolidated profit before tax	<u>82,796</u>	<u>80,112</u>

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 2023**

**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 31/12/2023		Preceding Year-to-date 31/12/2022	
	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	1,114,518	-	1,230,346	-
<b>Enterprise Systems</b>				
Commercial Desktop, PC and notebooks. Server, storage, software and networking products	1,375,347	-	1,365,522	-
<b>ICT Services</b>				
Services, cloud and maintenance	235,278	2,042	172,654	2,092
	<u>2,725,143</u>	<u>2,042</u>	<u>2,768,522</u>	<u>2,092</u>

**(d) Segment assets**

	As at 31/12/2023 RM'000	As at 31/12/2022 RM'000
ICT Distribution	465,740	437,876
Enterprise Systems	251,694	252,801
ICT Services	13,090	11,581
Total reportable segment assets	<u>730,524</u>	<u>702,258</u>
	As at 31/12/2023 RM'000	As at 31/12/2022 RM'000
<u>Reconciliation of reportable segment assets:</u>		
Total reportable segment assets	730,524	702,258
Other non-reportable segments assets	155,446	149,244
Elimination of inter-segment balances	(73,998)	(137,510)
Consolidated total assets	<u>811,972</u>	<u>713,992</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 2023****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 31/12/2023 RM'000	As At 31/12/2022 RM'000
Guarantees to suppliers and licensed banks for trade credit facilities granted by holding company to Group entities	157,460	145,208

**(b) Contingent assets**

There were no contingent assets as at the end of the current financial period.

**12. Capital commitments**

The capital expenditure contracted but not provided for as at the end of the current financial period amounted to RM2,307,000.

**13. Capital expenditure**

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

	Current Year Quarter 31/12/2023 RM'000	Current Year To-date 31/12/2023 RM'000
Addition to plant and equipment	100	1,901

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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 2023****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 31/12/2023 RM'000</b>	<b>Balance Due From/(To) As at 31/12/2023 RM'000</b>
Transactions with an affiliated company:		
Purchases	(8)	-
Support services	(146)	-
Transactions with joint venture company:		
Lease liabilities	(1,923)	-
Administrative and accounting charges	14	1
Transactions with an associate company:		
Sales	594	101
Support services	(256)	(18)
	<hr/>	<hr/>

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 2023**

**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
	Quarter	Corresponding Quarter		To-date	Corresponding Period	
31/12/2023	31/12/2022	%	31/12/2023	31/12/2022	%	
	RM'000	RM'000		RM'000	RM'000	
Revenue	807,245	683,238	18.1	2,727,185	2,770,614	(1.6)
Gross profit	42,197	39,915	5.7	153,853	149,783	2.7
<i>GP margin %</i>	<i>5.2%</i>	<i>5.8%</i>		<i>5.6%</i>	<i>5.4%</i>	
Profit before tax	24,917	24,084	3.5	82,796	80,112	3.4
Profit for the period	24,200	18,252	32.6	67,426	59,680	13.0

**Q4 FY2023 compared with Q4 FY2022**

For Q4 FY2023, the revenue increased by 18.1% to RM807.2 million from RM683.2 million last year due to higher sales from both ICT Distribution and Enterprise System segments. Gross Profit (GP) increased by 5.7% with lower GP margin of 5.2% compare to 5.8% last year due to product mix.

Profit before tax (PBT) increased by 3.5% from RM24.1 million to RM24.9 million after accounting for higher operating expenses by 13.2% and lower share of associate's profit by RM393,000.

**Quarterly Segmental Result**

The performance of the three business segments for Q4 FY2023 compared with Q4 FY2022 were as follows:

a) ICT Distribution

Revenue increased by 32.5% mainly from phone devices. With higher sales and GP, PBT increased by 10.5% to RM7.0 million compared with RM6.4 million last year.

b) Enterprise Systems

Revenue increased by 12.2% mainly from commercial notebook and enterprise software. With higher sales, PBT increased by 6.6% to RM15.7 million compared with RM14.7 million last year.

c) ICT Services

Revenue decreased by RM9.8 million due to lower maintenance services. With lower sales, PBT decreased by RM299,000 to RM1.7 million from RM2.0 million last year.

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 2023**

**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 2023 compared with 31 December 2022**

For the 12 months ended 31 December 2023, the revenue decreased by 1.6% to RM2.73 billion compared with RM2.77 billion last year due to slowdown in consumer market. However, as Enterprise Systems Segment was maintaining sales at RM1.37 billion, GP slightly increased by 2.7% to RM153.9 million from RM149.8 million last year.

With higher GP and higher foreign exchange gain by RM5.7 million but mitigated by higher operating expenses, PBT increased by 3.4% to RM82.8 million as compared to RM80.1 million last year.

**Year-to-date Segmental Result**

The performance of the three business segments for 12 months period ended 31 December 2023 as compared to previous year-to-date were as below:

a) ICT Distribution

Revenue decreased by 9.4% mainly due to lower sales of consumer notebook and tablets. With lower sales and GP, PBT decreased by 4.3% to RM22.8 million as compared to RM23.8 million last year.

b) Enterprise Systems

Revenue maintained at RM1.37 billion with lower sales from networking hardware and enterprise software mitigated by higher sales from commercial desktop, notebook and workstation. However, with foreign exchange gain by RM5.1 million but mitigated by higher operating expenses, PBT increased by 3.6% to RM47.6 million as compared to RM45.9 million last year.

c) ICT Services

Revenue increased by RM62.6 million from maintenance and cloud services. With higher sales and GP, PBT increased by 56.3% to RM8.5 million as compared to RM5.4 million last year.

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 2023**
**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 31/12/2023 RM'000</b>	<b>Immediate Preceding Quarter 30/09/2023 RM'000</b>	<b>Changes %</b>
Revenue	807,245	646,407	24.9
Gross Profit	42,197	38,051	10.9
<i>GP margin %</i>	5.2%	5.9%	
Share of profit of equity-accounted associate, net of tax	968	848	14.2
Share of profit of equity-accounted joint venture, net of tax	136	140	(2.9)
Profit before tax	24,917	17,259	44.4
Profit for the period	24,200	12,729	90.1

Q4 FY2023 revenue was higher by 24.9% at RM807.42 million from RM646.4 million contributed by higher sales from ICT Distribution and Enterprise System segments which increased by 33.2% and 30.9% respectively. While ICT Services Segment recorded lower sales by 28.0% compared to previous quarter.

With higher sales and GP, PBT increased by 44.4% to RM24.9 million compared with RM17.3 million after accounting for lower operating expenses by RM1.7 million and lower impairment of financial instruments by RM1.6 million.

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

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current Year Quarter 31/12/2023 RM'000</b>	<b>Preceding Year Corresponding Quarter 31/12/2022 RM'000</b>	<b>Current Year To-date 31/12/2023 RM'000</b>	<b>Preceding Year Corresponding Period 31/12/2022 RM'000</b>
Depreciation	(818)	(762)	(3,142)	(2,896)
Inventories written (down)/back	(423)	(3,327)	1,234	(4,781)
<b>Other income/(expense):</b>				
Foreign exchange gain - Realised	590	657	4,308	595
Foreign exchange gain/(loss) - Unrealised	3,110	10,036	(1,511)	2,268
Fair value (loss)/gain on forward exchange contract	(3,668)	(12,162)	2,915	(2,823)
Fair value loss on other investment	(20)	(18)	(77)	(130)
(Loss)/Gain on fixed assets disposal/written off	-	(1)	132	17
Government grant	-	-	-	161
Others	46	4	68	106
	<b>58</b>	<b>(1,484)</b>	<b>5,835</b>	<b>194</b>

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 2023**

**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) Non-current trade receivable / Finance costs / Finance Income**

Include in finance costs was interest expense of RM439,000 arising from the fair value measurement of an interest-free non-current trade receivable discounted using prevailing market rate; while RM92,000 of such fair value interest was realised to interest income during the period.

**(b) Right-of-use assets / Lease liabilities**

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 as compared with the last financial year-end.

**(c) Deferred tax assets**

Deferred tax assets was higher at RM6.9 million arising from provision for marketing activities.

**(d) Trade receivables**

Trade receivables were having credit term ranging from 14 to 60 days with an exception of a few customers on project with extended payment term up to 2 years. Aging analysis of trade receivables as at 31 December 2023 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)	180,061	-	180,061
Past due 1 - 30 days	133,734	-	133,734
Past due 31 - 60 days	48,015	-	48,015
Past due 61 - 90 days	6,941	-	6,941
	<hr/>		
	368,751	-	368,751
Past due more than 90 days	12,976	(2,045)	10,931
Individual impaired	58	(58)	-
	<hr/>		
	381,785	(2,103)	379,682

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 2023**

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

**19. Prospects**

Malaysia’s Gross Domestic Product (GDP) growth is expected to accelerate by between 4.6% and 4.8% in 2024. While the inflation and bank interest rate stabilize, the Malaysian ringgit is expected to firm in 2024 but its relative strength may still underwhelm. A stronger ringgit will boost the local buying power and consumer confidence.

We expect the soft demand on ICT consumer products to continue in the first half of the year. The new AI chipset notebooks and the replacement cycles of endpoint devices shall begin in second half of 2024 to boost our overall consumer sales.

We continue with our business development on public sector and enterprise projects; while putting in more resources in expanding our cloud subscription and technical services businesses. Datacentre, internet connectivity, artificial intelligence (AI), cloud solutions, new IoT and end point devices with 5G and AI capabilities shall be our strategic focus in 2024.

With exciting new products, vendors and solutions and market focus for the year, we are optimistic on Q1 and the balance of 2024.

**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
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
	RM'000	RM'000	RM'000	RM'000
Current income tax:				
Current year	3,881	8,498	17,810	22,790
Under provision in prior year	-	-	137	310
	<u>3,881</u>	<u>8,498</u>	<u>17,947</u>	<u>23,100</u>
Deferred tax	(3,164)	(2,666)	(2,577)	(2,668)
	<u>717</u>	<u>5,832</u>	<u>15,370</u>	<u>20,432</u>
Effective tax rate	2.9%	24.2%	18.6%	25.5%

The current tax was lower due to recognising prior year’s tax credit arising from provision for marketing activities.

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 2023**

**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 2023 were as follows:

	<b>RM'000</b>
<b>Long-term borrowing:</b>	
Hire Purchase	<u>67</u>
<b>Short-term borrowings:</b>	
Banker's Acceptances - Unsecured	33,300
Hire Purchase	100
<b>Total</b>	<u><u>33,400</u></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 27 February 2024 approved a single-tier second interim dividend of 4.1 sen per share in respect of the financial year ended 31 December 2023.

The dividend will be paid on 16 May 2024 in respective of deposited securities as at 24 April 2024.

**26. Earnings per share**

The basic and diluted earnings per share ("EPS") for the current quarter and current year-to-date were computed as follows:

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current Year</b>	<b>Preceding Year</b>	<b>Current Year</b>	<b>Preceding Year</b>
	<b>31/12/2023</b>	<b>31/12/2022</b>	<b>31/12/2023</b>	<b>31/12/2022</b>
Profit attributable to equity holders of the Company (RM'000)	24,200	18,252	67,426	59,680
Weighted average number of ordinary shares ('000)	356,555	356,555	356,555	356,555
Basic earnings per share (sen)	6.8	5.1	18.9	16.7
Diluted earnings per share (sen)	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

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 2023**

**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 2022.

**By order of the Board**

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

27 February 2024  
Selangor