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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2026

	Note	As At 30/06/2026 RM'000	As At 31/12/2025 RM'000
ASSETS			
Plant and equipment		8,163	8,316
Right-of-use assets		1,230	2,331
Intangible asset		571	571
Investment in an associate		25,736	24,480
Investment in a joint venture		13,079	13,116
Other investments		101	122
Deferred tax assets		15,908	14,848
Total non-current assets		64,788	63,784
Inventories		279,698	269,440
Receivables, deposits and prepayments	18 (b)	720,309	666,656
Tax recoverable		134	26
Cash and cash equivalents	18 (a)	64,481	88,971
Total current assets		1,064,622	1,025,093
TOTAL ASSETS		1,129,410	1,088,877
EQUITY			
Share capital		90,000	90,000
Reserves		508,133	483,466
Total equity attributable to owners of the Company		598,133	573,466
LIABILITIES			
Borrowings	23	-	25
Lease liabilities		229	352
Total non-current liabilities		229	377
Borrowings	23	61,638	21,050
Lease liabilities		1,123	2,098
Payables and accruals		451,195	480,168
Tax payable		17,092	11,718
Total current liabilities		531,048	515,034
Total liabilities		531,277	515,411
TOTAL EQUITY AND LIABILITIES		1,129,410	1,088,877
Net assets per share attributable to owners of the Company (RM)		0.56	0.54

The comparative figure of net assets per share as at 31 December 2025 has been restated based on enlarged total number of shares of 1,069,666,200 after the completion of bonus issue on 9 June 2026.

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2025 and the accompanying explanatory notes attached to the interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2026

	Note	Individual Quarter Three Months Ended		Cumulative Quarter Six Months Ended	
		30/06/2026 RM'000	30/06/2025 RM'000	30/06/2026 RM'000	30/06/2025 RM'000
Revenue		1,078,195	818,869	2,125,121	1,510,537
Cost of sales		(1,014,426)	(769,195)	(2,004,967)	(1,413,952)
Gross profit		63,769	49,674	120,154	96,585
Distribution expenses		(18,030)	(15,895)	(36,355)	(31,570)
Administrative expenses		(9,494)	(7,686)	(18,850)	(15,637)
Net gain/(loss) on impairment of financial instruments		593	(670)	(1,220)	(2,652)
Other income/(expense)	17	881	(626)	4,174	(134)
Results from operating activities		37,719	24,797	67,903	46,592
Finance income		1,269	1,049	1,947	1,744
Finance costs		(309)	(53)	(386)	(96)
Net finance income		960	996	1,561	1,648
Share of profit of equity-accounted associate, net of tax		1,141	862	1,256	1,476
Share of profit of equity-accounted joint venture, net of tax		157	160	313	317
Profit before tax		39,977	26,815	71,033	50,033
Tax expense	21	(9,669)	(6,647)	(17,842)	(12,114)
Profit for the period		30,308	20,168	53,191	37,919
Other comprehensive income, net of tax					
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operation		-	-	1	-
Total comprehensive income for the period attributable to owners of the Company		30,308	20,168	53,192	37,919
Earnings per share attributable to owners of the Company:					
Basic (sen)	26	2.8	1.9	5.0	3.5
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 2025 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 CHANGES IN EQUITY FOR SIX MONTHS ENDED 30 JUNE 2026

	<- Attributable to owners of the Company - >						
	Share Capital RM'000	Treasury Shares RM'000	Translation Reserve RM'000	Distributable Retained Earnings RM'000	Total RM'000	Non-Controlling Interest RM'000	Total Equity RM'000
At 1 January 2025	90,000	(1,948)	-	414,347	502,399	-	502,399
Profit for the period/ Total comprehensive income for the period	-	-	-	37,919	37,919	-	37,919
Dividends to owners of the Company	-	-	-	(17,471)	(17,471)	-	(17,471)
At 30 June 2025	90,000	(1,948)	-	434,795	522,847	-	522,847
At 1 January 2026	90,000	(1,948)	(3)	485,417	573,466	-	573,466
Foreign currency translation differences for foreign operation	-	-	1	-	1	-	1
Profit for the period/ Total comprehensive income for the period	-	-	-	53,191	53,191	-	53,191
Dividends to owners of the Company	-	-	-	(28,525)	(28,525)	-	(28,525)
At 30 June 2026	90,000	(1,948)	(2)	510,083	598,133	-	598,133

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 2025 and the accompanying explanatory notes attached to the interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR SIX MONTHS ENDED 30 JUNE 2026

	Note	Six Months Ended 30/06/2026 RM'000	30/06/2025 RM'000
Cash Flows from Operating Activities			
Profit before tax		71,033	50,033
Adjustments for:			
Non-cash items		1,914	4,121
Non-operating items		(3,130)	(3,441)
Operating profit before changes in working capital		69,817	50,713
Change in inventories		(9,017)	(17,206)
Change in receivables, deposits and prepayment		(51,905)	(41,899)
Change in payables and accruals		(21,390)	27,755
Cash (used in)/generated from operations		(12,495)	19,363
Tax paid		(13,636)	(9,429)
Net cash (used in)/from operating activities		(26,131)	9,934
Cash Flows from Investing Activities			
Acquisition of plant and equipment	13	(1,229)	(4,697)
Proceeds from disposal of plant and equipment		1	127
Dividend income from a joint venture		350	350
Net cash used in investing activities		(878)	(4,220)
Cash Flows from Financing Activities			
Proceed from borrowings	23	40,750	-
Interest received		1,947	1,676
Interest paid		(386)	(96)
Repayment of hire purchase liabilities		(187)	(248)
Payment of lease liabilities		(1,098)	(989)
Dividend paid	7	(38,508)	(27,454)
Net cash from/(used in) financing activities		2,518	(27,111)
Net decrease in cash and cash equivalents		(24,491)	(21,397)
Effect of exchange rate fluctuations on cash held		1	-
Cash and cash equivalents at beginning of period		88,971	106,369
Cash and cash equivalents at end of period		64,481	84,972
Cash and cash equivalents comprise the following:			
Cash and bank balances		64,481	84,972

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2025 and the accompanying explanatory notes attached to the interim financial statements.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2026

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 2025.

The consolidated financial statements of the Group as at and for the financial year ended 31 December 2025 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. Material 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 2025, except with the adoption of the following:

MFRS Accounting Standards, interpretations and amendments effective for annual periods beginning on or after 1 January 2026

- Amendments to MFRS 9, *Financial Instruments* and MFRS 7*, Financial Instruments: Disclosures – Classification and Measurement of Financial Instruments*
- Amendments that are part of Annual Improvements – Volume 11:
  - Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards*
  - Amendments to MFRS 7, *Financial Instruments: Disclosures*
  - Amendments to MFRS 9, *Financial Instruments*
  - Amendments to MFRS 10, *Consolidated Financial Statements*
  - Amendments to MFRS 107, *Statement of Cash Flows*
- Amendments to MFRS 9, *Financial Instruments* and MFRS 7, *Financial Instruments: Disclosures – Contracts Referencing Nature-dependent Electricity*

The adoption of the above amendments is 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.

4. Unusual items

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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2026

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

5. Material changes in estimates

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

6. Debt and equity securities

As disclosed in Note 22, the Company has completed the listing of and quotation for 720,000,000 Bonus Shares on the Main Market of Bursa Malaysia Securities Berhad on 9 June 2026.

7. Dividends paid

A single-tier first interim dividend of 2.8 sen per share, totalling RM9,983,000 in respect of the financial year ended 31 December 2025 was paid on 7 January 2026.

A single-tier second interim dividend of 4.0 sen per share and a special dividend of 4.0 sen per share, totalling 8.0 sen per share amounting RM28,525,000 in respect of the financial year ended 31 December 2025 was paid on 19 May 2026.

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.

(a) Information about reportable segments

	ICT Distribution RM'000	Enterprise Systems RM'000	ICT Services RM'000	Total RM'000
6 months financial period ended 30 June 2026				
External revenue	804,892	1,105,946	214,283	2,125,121
Inter-segment revenue	3,457	766	6,400	10,623
Total revenue	808,349	1,106,712	220,683	2,135,744
Reportable segment profit before tax	8,288	47,990	11,670	67,948
6 months financial period ended 30 June 2025				
External revenue	624,803	695,368	190,366	1,510,537
Inter-segment revenue	3,010	1,244	6,669	10,923
Total revenue	627,813	696,612	197,035	1,521,460
Reportable segment profit before tax	9,894	28,938	8,159	46,991

UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2026

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

8. Segmental reporting (continue)

(b) Reconciliation of reportable segment profit and loss

	Current Year To-date 30/06/2026 RM'000	Preceding Year Corresponding Period 30/06/2025 RM'000
Total profit before tax for reportable segments	67,948	46,991
Other non-reportable segments profit	3,431	3,391
Eliminate of inter-segments profit	(346)	(349)
Consolidated profit before tax	71,033	50,033

(c) Disaggregation of the Group's revenue

	Current Year-to-date 30/06/2026		Preceding Year-to-date 30/06/2025	
	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	808,349	-	627,813	-
Enterprise Systems				
Commercial Desktop, PC and notebooks, Server, storage, software and networking products	1,106,712	-	696,612	-
ICT Services				
Services, cloud and maintenance	80,337	140,346	80,667	116,368
	1,995,398	140,346	1,405,092	116,368

(d) Segment assets

	As at 30/06/2026 RM'000	As at 31/12/2025 RM'000
ICT Distribution	779,920	669,995
Enterprise Systems	367,529	397,659
ICT Services	33,680	30,492
Total reportable segment assets	1,181,129	1,098,146

8. Segmental reporting (continue)

(d) Segment assets (continue)

	As at 30/06/2026 RM'000	As at 31/12/2025 RM'000
Reconciliation of reportable segment assets:		
Total reportable segment assets	1,181,129	1,098,146
Other non-reportable segments assets	130,930	172,571
Elimination of inter-segment balances	(182,649)	(181,840)
Consolidated total assets	1,129,410	1,088,877

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.

9. Material events subsequent to the end of the financial period

There were no material events subsequent to the end of the financial period under review that have not been reflected in the quarterly financial statements.

10. Changes in the composition of the Group

There were no changes in the composition of the Group.

11. Contingent liabilities and contingent assets

(a) Contingent liabilities

	As At 30/06/2026 RM'000	As At 31/12/2025 RM'000
Guarantees to suppliers and licensed banks for trade credit facilities granted by holding company to Group entities	206,946	206,919

(b) Contingent assets

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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2026

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

12. Capital commitments

The capital expenditure contracted but not provided for as at the end of the current financial period amounted to RM1,293,000.

13. Capital expenditure

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

	Current Year Quarter 30/06/2026 RM'000	Current Year To-date 30/06/2026 RM'000
Addition to plant and equipment	740	1,229

There were no major disposals to plant and equipment during the financial period.

14. Related party transactions

Related parties are those defined under MFRS 124, *Related Party Disclosures.* The Directors are of the opinion that the related party transactions and balances described below were carried out in the ordinary course of business and had been established on negotiated terms.

	Current Year To-date 30/06/2026 RM'000	Balance Due From/(To) As at 30/06/2026 RM'000
Transactions with a joint venture company:		
Lease liabilities	(990)	-
Administrative and accounting charges	10	2
Transactions with an associate company:		
Sales	186	28
Support services	(87)	(39)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2026

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 30/06/2026 RM'000	Preceding Year Corresponding Quarter 30/06/2025 RM'000	Changes %	Current Year To-date 30/06/2026 RM'000	Preceding Year Corresponding Period 30/06/2025 RM'000	Changes %
Revenue	1,078,195	818,869	31.7	2,125,121	1,510,537	40.7
Gross profit	63,769	49,674	28.4	120,154	96,585	24.4
GP margin %	*5.9%*	*6.1%*		*5.7%*	*6.4%*	
Profit before tax	39,977	26,815	49.1	71,033	50,033	42.0
Profit for the period	30,308	20,168	50.3	53,191	37,919	40.3

Q2 FY2026 compared with Q2 FY2025

For Q2 FY2026, the revenue increased by 31.7% to RM1,078.2 million from RM818.9 million last year attributed to higher sales from all 3 business segments. Gross Profit (GP) increased by 28.4% to RM63.8 million from RM49.7 million last year. However, the GP margin decreased to 5.9% compared to 6.1% last year due to product mix and intense competition.

With higher GP and recovery of debts of RM6.9 million from Logicalis (Note 24), Profit Before Tax (PBT) increased by 49.1% to RM40.0 million from RM26.8 million last year.

Quarterly Segmental Result

The performance of the three business segments for Q2 FY2026 compared with Q2 FY2025 were as follows:

a) ICT Distribution

Revenue increased by 19.6% from all major products categories except consumables supplies and tablets. However, due to higher impairment of financial instrument by RM3.4 million, PBT decreased by 44.7% to RM3.1 million.

b) Enterprise Systems

Revenue increased by 46.2% across all major products categories except storage and commercial desktop PC. With higher sales and GP, PBT increased by 77.7% to RM27.9 million from RM15.7 million last year after debts recovered from Logicalis.

c) ICT Services

Revenue increased by RM12.0 million from cloud services. With higher sales, PBT increased by RM3.0 million to RM6.8 million from RM3.8 million last year.

15. Review of performance (continue)

6 months ended 30 June 2026 compared with 30 June 2025

For first half FY2026, sales increased by 40.7% to RM2.13 billion compared with RM1.51 billion last year from all 3 business segments. GP increased by 24.4% to RM120.2 million from RM96.6 million last year. However, the GP margin decreased to 5.7% compared to 6.4% last year due to product mix and intense competition.

With higher GP, PBT increased by 42.0% to RM71.0 million from RM50.0 million last year after debts recovered from Logicalis for RM6.9 million (Note 24) and forex and fair value gain of RM4.1 million compared to loss of RM226,000 last year.

Year-to-date Segmental Result

The performance of the three business segments for 6 months period ended 30 June 2026 as compared to previous year-to-date were as below:

a) ICT Distribution

Revenue increased by 28.8% across all major products except consumables supplies. However, due to higher impairment of financial instrument by RM4.5 million, PBT decreased by 16.2% to RM8.3 million compared to RM9.9 million last year.

b) Enterprise Systems

Revenue increased by 59.0% across all major products except commercial desktop PC. With higher sales, PBT increased by 65.8% to RM48.0 million from RM28.9 million last year after debts recovered from Logicalis.

c) ICT Services

Revenue increased by RM23.9 million from cloud and services. With higher sales, PBT increased by 43.0% to RM11.7 million compared to RM8.2 million last year.

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

16. Financial review of current quarter compared with immediate preceding quarter

	Current Quarter 30/06/2026 RM'000	Immediate Preceding Quarter 31/03/2026 RM'000	Changes %
Revenue	1,078,195	1,046,926	3.0
Gross Profit	63,769	56,385	13.1
GP margin %	*5.9%*	*5.4%*	
Share of profit of equity-accounted associate, net of tax	1,141	115	892.2
Share of profit of equity-accounted joint venture, net of tax	157	156	0.6
Profit before tax	39,977	31,056	28.7
Profit for the period	30,308	22,883	32.4

Q2 FY2026 revenue increased by 3.0% due to higher sales from ICT Distribution and Enterprise Systems which increased by 7.1% and 5.2% respectively; while sales of ICT Services decreased by 20.3%. With higher sales, GP increased by 13.1% to RM63.8 million from RM56.4 million preceding quarter.

PBT increased by 28.7% to RM40.0 million compared with RM31.1 million after debts recovered from Logicalis for RM6.9 million and higher share of profit of associate by RM1.0 million.

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

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30/06/2026 RM'000	Preceding Year Corresponding Quarter 30/06/2025 RM'000	Current Year To-date 30/06/2026 RM'000	Preceding Year Corresponding Period 30/06/2025 RM'000
Depreciation	(1,248)	(1,038)	(2,483)	(1,948)
Inventories written back/(down)	1,527	(176)	1,241	(1,547)
Other income/(expense):				
Foreign exchange gain - Realised	1,744	729	3,557	2,004
Foreign exchange (loss)/gain - Unrealised	(1,343)	2,521	(5,963)	3,443
Fair value gain/(loss) on forward exchange contract	469	(3,847)	6,532	(5,673)
Fair value loss on other investment	(9)	(10)	(21)	(32)
(Loss)/Gain on fixed assets (written off)/disposal	-	(26)	-	89
Others	20	7	69	35
	881	(626)	4,174	(134)

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 non-financial assets and exceptional items in current quarter.

18. Commentaries and disclosure of other information

(a) Financial position and cash flow

The net cash decreased by RM64.0 million mainly due to higher working capital requirement and higher dividend pay-out.

The cash and cash equivalent consists of RM42,000 (2025: RM151,000) placed in Islamic accounts with licence financial institution.

(b) Receivables, deposit and prepayments

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 30 June 2026 were as follows:

	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
Current (not past due)	260,579	-	260,579
Past due 1 - 30 days	173,085	-	173,085
Past due 31 - 60 days	201,572	-	201,572
Past due 61 - 90 days	42,682	-	42,682
	677,918	-	677,918
Past due more than 90 days	18,375	(8,390)	9,985
Individual impaired	34	(34)	-
	696,327	(8,424)	687,903

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.

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

19. Prospects

Malaysia's strong economic growth in the first half of 2026 has driven demand for ICT infrastructure sales, but the industry faces a severe shortage of CPUs and memory chips amid AI-driven supply constraints and rising costs that will persist through 2027-2028.

ICT consumer device prices have increased by over 35% this year, compounded by weekly price fluctuations from vendors that make large project sales increasingly challenging. Project delivery lead times have stretched to 4 to 6 months and we must navigate volatile pricing, inventory risk, and shipment delays simultaneously.

The pressure is even more acute in the enterprise segment, where server and storage pricing has surged over 150%, prompting many enterprises to postpone purchases in the hope of a near-term price correction; despite repeated assurances from vendors that prices will remain elevated for the next two years.

Despite these headwinds of rising costs, constrained supply and extended delivery timelines, we remain optimistic about ICT product demand and overall business performance through Q3 and the remainder of FY2026.

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 Quarter 30/06/2026 RM'000	Preceding Year Corresponding Quarter 30/06/2025 RM'000	Current Year To-date 30/06/2026 RM'000	Preceding Year Corresponding Period 30/06/2025 RM'000
Current income tax:				
Current year	10,321	6,219	18,902	13,254
Under provision in prior year	-	-	-	-
	10,321	6,219	18,902	13,254
Deferred tax	(652)	428	(1,060)	(1,140)
	9,669	6,647	17,842	12,114
Effective tax rate	24.2%	24.8%	25.1%	24.2%

The effective tax rate was different from the statutory tax rate of 24% due to share of profit in associate and joint venture which were net of tax and certain expenses which were not deductible for tax purposes.

22. Corporate proposals

On 27 February 2026, the Company announced the bonus issue of up to 720,000,000 new ordinary shares in VSTECS Berhad ("Bonus Shares") on the basis of 2 Bonus Shares for every 1 existing VSTECS Share held as at 8 June 2026 ("Bonus Issue of Shares").

The Bonus Issue of Shares was approved by the shareholders in the Annual General Meeting held on 19 May 2026. The Bonus Issue of Shares has been completed following the listing of and quotation for 720,000,000 Bonus Shares on the Main Market of Bursa Malaysia Securities Berhad on 9 June 2026.

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

23. Borrowings and debt securities

The Group's borrowings were as follows:

	As at 30/06/2026 RM'000	As at 31/12/2025 RM'000
Long-term borrowing:		
Hire purchase	-	25
Short-term borrowing:		
Banker's acceptances (BA) - Unsecured	43,500	20,750
Revolving credit (RC) - Unsecured	18,000	-
Hire purchase	138	300
	61,638	21,050

Included in the borrowings are BA and RC from the Islamic facilities amounting to RM29.0 million (2025: RM9.1 million).

There were no borrowings denominated in foreign currency as at end of current financial period.

24. Changes in material litigation

On 29 September 2025, a wholly owned subsidiary, VSTECS Pericomp Sdn. Bhd., has initiated legal action against Logicalis Malaysia Sdn. Bhd. and Logicalis Singapore Pte. Ltd. for recovery of outstanding sum due and payable to VSTECS Pericomp Sdn. Bhd. ("Suit") for RM7,083,000.

On 9 April 2026, the Company announced that VSTECS Pericomp has reached an amicable settlement with the Logicalis Group. Pursuant to the settlement, Logicalis Malaysia Sdn. Bhd. had paid a lump sum amount of RM6,925,959 as full and final settlement of the Suit. VSTECS Pericomp has agreed to withdraw and/or discontinue the Suit and release the Logicalis Group from any further claim whatsoever arising out of or in connection with the Suit.

25. Dividend

No dividend was recommended in the current quarter under review.

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

26. Earnings per share

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

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30/06/2026	Preceding Year Corresponding Quarter 30/06/2025	Current Year To-date 30/06/2026	Preceding Year Corresponding Period 30/06/2025
Profit attributable to equity holders of the Company (RM'000)	30,308	20,168	53,191	37,919
Weighted average number of ordinary shares ('000)	1,069,666	1,069,666	1,069,666	1,069,666
Basic earnings per share (sen)	2.8	1.9	5.0	3.5
Diluted earnings per share (sen)	N/A	N/A	N/A	N/A

The weighted average number of ordinary shares is the enlarged share capital after issuing of 720,000,000 Bonus Shares.

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 2025.

By order of the Board

Chua Siew Chuan
Cheng Chia Ping
Company Secretaries

12 August 2026
Selangor