



**ECS ICT BERHAD**  
(351038-H)  
(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2010**  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Note	As At 31/12/2010 RM'000	As At 31/12/2009 RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Plant and equipment		3,133	3,722
Goodwill		571	-
Deferred tax assets		1,071	1,394
Investment in club membership		62	62
		<u>4,837</u>	<u>5,178</u>
<b>Current assets</b>			
Inventories		81,500	91,296
Receivables, deposits and prepayments		149,360	177,074
Cash and cash equivalents		30,742	24,236
Tax recoverable		5,104	54
		<u>266,706</u>	<u>292,660</u>
<b>TOTAL ASSETS</b>		<u>271,543</u>	<u>297,838</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital		60,000	46,000
Share premium		25,903	-
Retained profits		61,464	37,337
		<u>147,367</u>	<u>83,337</u>
<b>Minority interest</b>		-	6,226
<b>Total equity</b>		<u>147,367</u>	<u>89,563</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities		-	163
Other payables		-	29
		<u>-</u>	<u>192</u>
<b>Current liabilities</b>			
Payables and accruals		103,620	153,264
Borrowings	25	12,700	51,700
Taxation		7,166	3,119
Derivative liability	26	690	-
		<u>124,176</u>	<u>208,083</u>
<b>Total liabilities</b>		<u>124,176</u>	<u>208,275</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>271,543</u>	<u>297,838</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)		1.23	0.91

Notes:

*The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2009 of the Company and the accompanying explanatory notes attached to the interim financial statements.*



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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2010  
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter 31/12/2010 RM'000	Preceding Year Corresponding Quarter 31/12/2009 RM'000	Current Year Year-To-Date 31/12/2010 RM'000	Preceding Year Corresponding Period 31/12/2009 RM'000
<b>Revenue</b>		315,467	N/A	1,271,512	N/A
Cost of sales		(293,648)	N/A	(1,188,122)	N/A
<b>Gross profit</b>		21,819	N/A	83,390	N/A
Other operating expenses		(10,253)	N/A	(43,096)	N/A
Other operating income		117	N/A	822	N/A
<b>Results from operating activities</b>		11,683	N/A	41,116	N/A
Interest expense		(565)	N/A	(1,868)	N/A
Interest income		48	N/A	119	N/A
<b>Profit before tax</b>		11,166	N/A	39,367	N/A
Tax expense	21	(2,824)	N/A	(10,337)	N/A
<b>Profit for the period</b>		8,342	N/A	29,030	N/A
<b>Other comprehensive income for the period, net of tax</b>		-	N/A	-	N/A
<b>Total comprehensive income for the period</b>		8,342	N/A	29,030	N/A
<b>Profit attributable to:</b>					
Equity holders of the Company		8,342	N/A	28,927	N/A
Minority interest		-	N/A	103	N/A
		8,342	N/A	29,030	N/A
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company		8,342	N/A	28,927	N/A
Minority interest		-	N/A	103	N/A
		8,342	N/A	29,030	N/A
<b>Earnings per share attributable to equity holders of the Company:</b>					
Basic (sen)	29	7.0	N/A	25.7	N/A
Diluted (sen)	29	7.0	N/A	25.7	N/A

Notes:

N/A Not applicable

- (a) The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2009 of the Company and the accompanying explanatory notes attached to the interim financial statements.
- (b) This is the fourth interim financial report on the consolidated results of the Group announced by the Company in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad after the Company was listed on 15 April 2010. As such, there are no comparative figures for the preceding year's corresponding quarter.



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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2010  
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	<b>&lt;- Attributable to Equity Holders of the Company -&gt;</b>					
	<b>Share Capital RM'000</b>	<b>Share Premium RM'000</b>	<b>Distributable Retained Profits RM'000</b>	<b>Total RM'000</b>	<b>Minority Interest RM'000</b>	<b>Total Equity RM'000</b>
At 1 January 2010	46,000	-	37,337	83,337	6,226	89,563
Total comprehensive income for the period	-	-	28,927	28,927	103	29,030
Issue of ordinary shares:						
Issued for cash	13,500	25,920	-	39,420	-	39,420
Additional investment in a subsidiary	500	960	-	1,460	(6,329)	(4,869)
Listing expenses	-	(977)	-	(977)	-	(977)
Dividends	-	-	(4,800)	(4,800)	-	(4,800)
At 31 December 2010	<u>60,000</u>	<u>25,903</u>	<u>61,464</u>	<u>147,367</u>	<u>-</u>	<u>147,367</u>

**Notes:**

- (a) *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 2009 of the Company and the accompanying explanatory notes attached to the interim financial statements.*
- (b) *This is the fourth interim financial report on the consolidated results of the Group announced by the Company in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad after the Company was listed on 15 April 2010. As such, there are no comparative figures for the preceding year's corresponding period.*



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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2010**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>Current Year-To-Date 31/12/2010 RM'000</b>
<b>Cash Flows from Operating Activities</b>	
Profit before tax	39,367
Adjustments for:	
Non-cash items	1,407
Non-operating items	1,749
Operating profit before working capital changes	<u>42,523</u>
Changes in working capital	<u>(2,006)</u>
Cash used in operations	40,517
Tax paid	<u>(11,181)</u>
Net cash from operating activities	<u>29,336</u>
<b>Cash Flows from Investing Activities</b>	
Additional investment in a subsidiary	(5,440)
Purchase of plant and equipment	(826)
Proceeds from disposal of plant and equipment	115
Interest received	119
Net cash from investing activities	<u>(6,032)</u>
<b>Cash Flows from Financing Activities</b>	
Net proceeds from issue of share capital	38,443
Net repayments of borrowings	(39,000)
Interest paid	(1,868)
Dividends paid	(4,800)
Dividend paid from former holding company	(9,600)
Payment from corporate shareholder	24
Deposits uplifted from a licence bank	3
Net cash used in financing activities	<u>(16,798)</u>
<b>Net increase in cash and cash equivalents</b>	6,506
Cash and cash equivalents at beginning of period	<u>24,236</u>
<b>Cash and cash equivalents at end of period</b>	<u>30,742</u>
<b>Cash and cash equivalents comprise the following:</b>	
Cash and bank balances	<u>30,742</u>

Notes:

N/A Not applicable

*The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2009 of the Company and the accompanying explanatory notes attached to the interim financial statements.*



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## UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2010

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

#### 1. Basis of preparation

The interim financial report is unaudited and has been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements.

The interim financial report should be read in conjunction with the audited financial statements for the financial year ended 31 December 2009 of the Group and the accompanying explanatory notes attached to the interim financial statements.

#### 2. Summary of significant accounting policies

Save as disclosed below, significant accounting policies adopted are consistent with the audited financial statements for the financial year ended 31 December 2009 of the Group:

On 1 January 2010, the Group adopted the following FRSs, Issues Committee ("IC") Interpretations and Amendments mandatory for financial periods beginning on or after 1 July 2009 or 1 January 2010:

FRS 4: Insurance Contracts  
FRS 7: Financial Instruments: Disclosures  
FRS 8: Operating Segments  
FRS 101: Presentation of Financial Statements  
FRS 123: Borrowing Costs  
FRS 139: Financial Instruments: Recognition and Measurement  
Amendments to FRS 1: First-time Adoption of Financial Reporting Standards  
Amendments to FRS 2: Share-based Payment Vesting Conditions and Cancellations  
Amendments to FRS 5: Non-current Assets Held for Sale and Discontinued Operations  
Amendments to FRS 7: Financial Instruments: Disclosures  
Amendments to FRS 8: Operating Segments  
Amendments to FRS 107: Statement of Cash Flows  
Amendments to FRS 108: Accounting Policies, Changes in Accounting Estimates and Errors  
Amendments to FRS 110: Events After the Balance Sheet Date  
Amendments to FRS 116: Property, Plant and Equipment  
Amendments to FRS 117: Leases  
Amendments to FRS 118: Revenue  
Amendments to FRS 119: Employee Benefits  
Amendments to FRS 120: Accounting for Government Grants and Disclosure of Government Assistance  
Amendments to FRS 123: Borrowing Costs  
Amendments to FRS 127: Consolidated and Separate Financial Statements  
Amendments to FRS 128: Investments in Associates  
Amendments to FRS 129: Financial Reporting in Hyperinflationary Economies  
Amendments to FRS 131: Interests in Joint Ventures  
Amendments to FRS 132: Financial Instruments: Presentation  
Amendments to FRS 134: Interim Financial Reporting  
Amendments to FRS 136: Impairment of Assets  
Amendments to FRS 138: Intangible Assets  
Amendments to FRS 139: Financial Instruments: Recognition and Measurement  
Amendments to FRS 140: Investment Property



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## UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2010

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

#### 2. Summary of significant accounting policies (continued)

IC Interpretation 9: Reassessment of Embedded Derivatives  
IC Interpretation 10: Interim Financial Reporting and Impairment  
IC Interpretation 11: FRS 2 Group and Treasury Share Transactions  
IC Interpretation 13: Customer Loyalty Programmes  
IC Interpretation 14: FRS 119 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction  
Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives

Other than the implications as discussed below, the adoption of the above FRSs, IC Interpretations and Amendments do not have any material impact on the financial statements of the Group:

##### (a) FRS 8: Operating Segments

FRS 8 requires identification and reporting of operating segments based on internal reports that are regularly reviewed by the entity's chief operating decision maker in order to allocate resources to the segment and to assess its performance. The Group presents its segment information based on its business segments, which is also the basis of presenting its monthly internal management reports. The basis of measurement of segment results, segment assets and segment liabilities are same as the basis of measurement for external reporting.

##### (b) FRS 101: Presentation of Financial Statements

FRS 101 requires all changes in equity arising from transactions with owners in their capacity as owners (i.e. owner changes in equity) to be presented separately from non-owner changes in equity. All non-owner changes in equity (i.e. comprehensive income) are required to be presented in the statement of comprehensive income.

##### (c) FRS 139: Financial Instruments: Recognition and Measurement

This standard establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell nonfinancial items and permits hedge accounting only under strict circumstances. In accordance with the requirement of this standard, forward foreign currency exchange contracts of the Group have been measured at fair value and the changes in the fair value are recognised in profit or loss. As allowed under the transitional provisions of FRS 139, the Group has not applied the standard retrospectively.

#### 3. 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 2009.

#### 4. Seasonal or cyclical factors

The Group's operations were not significantly affected by seasonal or cyclical factors.



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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2010**

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

**5. Unusual items**

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

**6. Material changes in estimates**

There were no changes in estimates of amounts that have had a material effect in the current financial quarter results.

**7. Debt and equity securities**

In conjunction with, and as an integral part of the listing of and quotation for the entire enlarged issued and paid-up share capital of the Company on the Main Market of Bursa Securities on 15 April 2010, the Company has completed the listing scheme as below:

(a) Initial public offering:

- (i) Public issue of 27,000,000 new ordinary shares of RM0.50 each ("ECSB Shares") at an issue price of RM1.46 per share; and
- (ii) Offer for sale of up to 20,000,000 ECSB Shares at an offer price of RM1.46 per share, of which 15,692,000 ECSB Shares were taken up.

(b)

The Company had on 18 June 2009, entered into a Share Sales Agreement with SiS Investment Holdings Limited to acquire the remaining 80,000 ordinary shares of RM1.00 each, representing 20% of the total issued and paid up share capital of ECS Pericomp Sdn. Bhd., a 80% owned subsidiary company of the Company, for a purchase consideration of RM6,900,000. ("20% Pericomp Acquisition")

The purchase consideration of RM6,900,000 was satisfied through the issuance of 1,000,000 new ordinary shares of RM0.50 each at RM1.46 per share and cash of RM5,440,000.

**8. Dividends paid**

A single tier interim dividend of 4 sen per ordinary share, totalling RM4,800,000 in respect of the financial year ending 31 December 2010 was paid on 15 June 2010.

**9. Segmental reporting**

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

The Group comprises the following main business segments:

- (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



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

**9. Segmental reporting (continued)**

Segmental information for the Group is presented as follows:

<b><u>Twelve months financial period ended 31 December 2010</u></b>	<b>ICT distribution</b>	<b>Enterprise systems</b>	<b>ICT services</b>	<b>Other non-reportable segment</b>	<b>Total</b>	<b>Elimination</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Sales to external customers	855,316	404,765	11,431	-	1,271,512	-	1,271,512
Inter-segment sales	1,619	10,313	2,655	11,476	26,064	(26,064)	0
<b>Total sales</b>	<b>856,934</b>	<b>415,079</b>	<b>14,086</b>	<b>11,476</b>	<b>1,297,575</b>	<b>(26,064)</b>	<b>1,271,512</b>
Profit before tax	24,307	14,261	526	7,687	46,781	(7,414)	39,367

This is the fourth interim financial report on the consolidated results of the Group announced by the Company in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad after the Company was listed on 15 April 2010. As such, there are no comparative figures for the preceding year's corresponding period.

**10. Carrying amounts of revalued assets**

The valuations of plant and equipment have been brought forward without amendments from the financial statements for the financial year ended 31 December 2009.

**11. Material events subsequent to the end of the financial period**

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

**12. Changes in the composition of the Group**

Save as disclosed in Note 7(b), there were no changes in the composition of the Group.

**13. Contingent liabilities and contingent assets**

**(a) Contingent liabilities**

The amounts of contingent liabilities as at the end of current financial period is as follows:

	<b>As At 31/12/2010 RM'000</b>	<b>As At 31/12/2009 RM'000</b>
Guarantees to suppliers and banks for trade credit facilities granted	175,156	79,523

**(b) Contingent assets**

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





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

**14. Capital commitments**

There were no material capital commitments as at the end of current financial period.

**15. Capital expenditure**

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

	<b>Current Year Quarter 31/12/2010 RM'000</b>	<b>Current Year Year-To-Date 31/12/2010 RM'000</b>
Plant and equipment: Additions	173	826

**16. Significant related party transactions**

Related parties are those defined under FRS 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 on commercial terms that are no more favourable than those available to other third parties.

	<b>Current Year Year-To-Date 31/12/2010 RM'000</b>	<b>Balance Due From/(To) As At 31/12/2010 RM'000</b>
(a) Transactions with a subsidiary of ECS Holdings Limited:		
<u>Sales</u>		
ECS Techno_Sys (Asia Pacific) Pte Ltd	16	-
<u>Purchases</u>		
PT ECS Indo Jaya	64	-
(b) Transactions with companies in which certain Directors have substantial interests:		
<u>Sales</u>		
KDU College Sdn Bhd	649	48
KDU Smart School Sdn Bhd	320	5
Paramount Construction Sdn Bhd	2	-
Paramount Corporation Berhad	36	-
Paramount Engineering & Construction Sdn Bhd	22	-
Paramount Property Construction Sdn Bhd	7	-
Paramount Property Development Sdn Bhd	27	-
Paramount Property (Utara) Sdn Bhd	2	-
<u>Professional fee</u>		
Iza Ng Yeoh & Kit	61	17
<u>Rental expense</u>		
Enrich Platinum Sdn Bhd	1,546	-



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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2010**

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

**17. Review of performance**

For the current quarter under review, the Group recorded revenue and a profit before tax of RM315.5 million and RM11.2 million, respectively, compared with the previous year's corresponding period of RM405.2 million and RM10.1 million, respectively. For the year ended 31 December 2010, the Group recorded revenue of RM1,271.5 million and a profit before tax of RM39.4 million compared with the previous year of RM1,345.6 million and RM33.5 million, respectively.

The current year's revenue was lower by 5.5% due to lower sales of consumer notebook compared with the previous year. However, the current year's profit before tax was higher by 17.5% mainly due to better contribution from Enterprise Systems.

**18. Material changes in the profit before tax for the current quarter as compared with the immediate preceding quarter**

Profit before tax for the current quarter under review of RM11.2 million was higher compared with the immediate preceding quarter of RM9.9 million.

**19. Prospects**

According to International Data Corporation's (IDC) projection the information and communications technology (ICT) industry in Malaysia is expected to grow at 9% for 2011. With the new products that the Group had recently secured for distribution, the Group's performance is expected to be encouraging for 2011.

**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 31/12/2010 RM'000	Preceding Year Corresponding Quarter 31/12/2009 RM'000	Current Year Year-To-Date 31/12/2010 RM'000	Preceding Year Corresponding Period 31/12/2009 RM'000
Current income tax:				
Current year	2,592	N/A	9,944	N/A
Prior year	-	N/A	205	N/A
	<u>2,592</u>	<u>N/A</u>	<u>10,149</u>	<u>N/A</u>
Deferred tax	232	N/A	188	N/A
	<u>2,824</u>	<u>N/A</u>	<u>10,337</u>	<u>N/A</u>

The effective tax rates of the Group for the current quarter and year-to-date are higher than the Malaysian statutory tax rate mainly due to certain expenses which are not deductible for tax purposes.

**22. Sales of unquoted investments and/or properties**

There were no sales of unquoted investments and/or properties during the quarter.



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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 DECEMBER 2010**

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

**23. Quoted securities**

There was no purchase or disposal of quoted securities during the current quarter and financial year-to-date under review. The Group did not hold any quoted securities as at 31 December 2010.

**24. Corporate proposals**

**(a) Status of corporate proposals - Initial Public Offering ("IPO")**

On 19 March 2010, the Company issued a prospectus for the public issue of 27,000,000 new ECSB Shares at an issue price of RM1.46 per share in conjunction with its listing on the Main Market of Bursa Securities.

The entire enlarged issued and paid-up share capital of RM60,000,000 comprising 120,000,000 ordinary shares of RM0.50 each of the Company was successfully listed on the Main Market of Bursa Securities on 15 April 2010.

**(b) Status of utilisation of proceeds**

The public issue of 27,000,000 new ECSB Shares in conjunction with the Company's listing on the Main Market of Bursa Securities raised a total gross proceeds of RM39.42 million. The status of utilisation of the proceeds as at 10 February 2011 (being the latest practicable date) is as follows:

Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Deviation		Balance RM'000	Intended Timeframe for Utilisation from Date of Listing	Explanations
			RM'000	%			
(i) Working capital	24,320	24,320	-	-	-	12 months	Utilisation of proceeds is completed as proposed.
(ii) To fund the Proposed 20% Pericomp Acquisition	5,440	5,440	-	-	-	7 days	Utilisation of proceeds is completed as proposed.
(iii) Business expansion	5,000	175	-	-	4,825	12 months	Utilisation of proceeds is in progress.
(iv) Estimated listing expenses	3,000	2,570	-	-	430	6 months	Utilisation of proceeds is completed (Note)
(v) To settle indebtedness arisen from acquisition of subsidiaries	1,660	1,660	-	-	-	7 days	Utilisation of proceeds is completed as proposed.
	<u>39,420</u>	<u>34,165</u>	<u>-</u>	<u>-</u>	<u>5,255</u>		

Note: The unutilized balance of RM430,000 from the listing expenses was transferred to working capital



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

**25. Borrowings and debt securities**

The Group's borrowings as at 31 December 2010 were as follows:

	<b>Secured RM'000</b>	<b>Unsecured RM'000</b>	<b>Total RM'000</b>
<b>Short term borrowings:</b>			
Bankers' acceptances	-	12,700	12,700
<b>Total</b>	<u>-</u>	<u>12,700</u>	<u>12,700</u>

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

**26. Financial instruments - derivatives**

As at 31 December 2010, the foreign currency contracts which have been entered into by the Group to hedge its foreign purchases in foreign currencies are as follows:

	<b>Contract Value RM'000</b>	<b>Fair Value RM'000</b>	<b>Changes in Fair Value RM'000</b>
<b>Forward Foreign Currency Contracts</b>			
US dollar - less than 1 year	<u>39,579</u>	<u>38,889</u>	<u>(690)</u>

Derivative financial assets and liabilities are initially recognised, and subsequently measured at fair value. The fair values of derivatives are determined based on market data (primarily exchange rates) to calculate the present value of all estimated flows associated with each derivative at the balance sheet date. The Group's derivatives are principally in respect of forward foreign currency contracts used to hedge its foreign currency purchases.

Forward foreign currency contracts of the Group have been measured at fair value and the changes in the fair value are recognised in profit or loss.

**Credit risk**

The above financial instruments were executed with creditworthy financial institutions in Malaysia in line with the Group's policy.

**Cash requirements**

The Group will fund the cash requirements of these derivatives from its net cash flow from operating activities when the payments fall due.

**Unrealised unappropriated profits**

The unrealised portion within retained profits as at 31 December 2010 relates to net fair values movements of the Group's derivatives as at 31 December 2010.



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**27. Changes in material litigation**

There was no change since the preceding quarter on the legal action against the guarantor of Tsun Macro Sdn Bhd, that is Ng Yong Long (Second Defendant). The hearing of the matter at the Court of Appeal is still pending.

On the legal action against Mangotone Group Berhad and Tecasia Sdn Bhd, there was a hearing held on 20 September 2010. The Court has granted in favour of ECS Astar Sdn Bhd (the subsidiary of the Company) for the summary judgment application. It is now pending extraction of the approved Draft Order.

The outcome of the above cases will have no adverse financial impact.

**28. Dividend**

- (a) The Board of Directors has recommended for the approval of shareholders a single tier final dividend of 8% or 4 sen per ordinary share of 50 sen each for the financial year ended 31 December 2010.

The Book Closure and Payment dates in respect of the aforesaid dividend is on 31 May 2011 and 14 June 2011 respectively.

- (b) Total single tier interim dividend of 4 sen per ordinary share has been paid for the current financial year.

**29. Earnings per share**

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

	<b>Current Year Quarter 31/12/2010</b>	<b>Preceding Year Quarter 31/12/2009</b>	<b>Current Year Year-To-Date 31/12/2010</b>	<b>Preceding Year Year-To-Date 31/12/2009</b>
Profit attributable to equity holders of the Company (RM'000)	8,342	NA	28,927	N/A
Weighted average number of ordinary shares in issue ('000)	120,000	NA	112,482	N/A
Basic earnings per share (sen)	7.0	NA	25.7	N/A
Diluted earnings per share (sen)	<u>7.0</u>	<u>NA</u>	<u>25.7</u>	<u>N/A</u>

Basic and diluted EPS are the same as there were no dilutive potential ordinary shares in issue for the current quarter and cumulative quarter.

The number of shares increased in the current financial year pursuant to listing exercise as disclosed in Note 24 (a).



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**30. Realised and unrealised retained profits**

	As at 31/12/2010 RM'000	As at 30/09/2010 RM'000
Total retained profits		
- Realised	59,118	50,186
- Unrealised	2,346	2,936
Total group retained profits	<u>61,464</u>	<u>53,122</u>

By order of the Board

Tay Lee Kong  
Company Secretary

17 February 2011  
Selangor