



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

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2011**  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Note	As At 31/03/2011 RM'000 (Unaudited)	As At 31/12/2010 RM'000 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Plant and equipment		3,012	3,133
Goodwill		571	571
Deferred tax assets		1,662	1,454
Investment in club membership		62	62
		<u>5,307</u>	<u>5,220</u>
<b>Current assets</b>			
Inventories		121,766	81,500
Receivables, deposits and prepayments		144,437	149,360
Cash and cash equivalents		39,385	30,742
		<u>305,588</u>	<u>261,602</u>
<b>TOTAL ASSETS</b>		<u>310,895</u>	<u>266,822</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		60,000	60,000
Share premium		25,903	25,903
Retained profits		68,490	61,464
		<u>154,393</u>	<u>147,367</u>
<b>Non-controlling interest</b>		-	-
<b>Total equity</b>		<u>154,393</u>	<u>147,367</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities		331	383
Other payables		29	29
		<u>360</u>	<u>412</u>
<b>Current liabilities</b>			
Payables and accruals		153,667	103,591
Borrowings	25	-	12,700
Taxation		1,949	2,062
Derivative liability	26	526	690
		<u>156,142</u>	<u>119,043</u>
<b>Total liabilities</b>		<u>156,502</u>	<u>119,455</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>310,895</u>	<u>266,822</u>
Net assets per share attributable to owners of the Company (RM)		1.29	1.23

*The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.*



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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2011  
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Note	Individual Quarter		Cumulative Quarter	
		Current Year 31/03/2011 RM'000	Preceding Year Corresponding Quarter 31/03/2010 RM'000	Current Year Year-To-Date 31/03/2011 RM'000	Preceding Year Corresponding Period 31/03/2010 RM'000
<b>Revenue</b>		278,902	315,097	278,902	315,097
Cost of sales		(260,369)	(296,533)	(260,369)	(296,533)
<b>Gross profit</b>		18,533	18,564	18,533	18,564
Other operating expenses		(9,504)	(10,347)	(9,504)	(10,347)
Other operating income		250	6	250	6
<b>Results from operating activities</b>		9,279	8,223	9,279	8,223
Interest expense		(80)	(540)	(80)	(540)
Interest income		62	13	62	13
<b>Profit before tax</b>		9,261	7,696	9,261	7,696
Tax expense	21	(2,235)	(1,897)	(2,235)	(1,897)
<b>Profit for the period</b>		7,026	5,799	7,026	5,799
<b>Other comprehensive income for the period, net of tax</b>		-	-	-	-
<b>Total comprehensive income for the period</b>		7,026	5,799	7,026	5,799
<b>Profit attributable to:</b>					
Owners of the Company		7,026	5,696	7,026	5,696
Non-controlling interest		-	103	-	103
		7,026	5,799	7,026	5,799
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		7,026	5,696	7,026	5,696
Non-controlling interest		-	103	-	103
		7,026	5,799	7,026	5,799
<b>Earnings per share attributable to owners of the Company:</b>					
Basic (sen)	29	5.9	6.2	5.9	6.2
Diluted (sen)	29	N/A	N/A	N/A	N/A

Notes:

N/A Not applicable

*The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.*



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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2011**  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	<---- Attributable to owners of the Company ---->					
	Share Capital RM'000	Share Premium RM'000	Distributable Retained Profits RM'000	Total RM'000	Non- Controlling Interest RM'000	Total Equity RM'000
At 1 January 2011	60,000	25,903	61,464	147,367	-	147,367
Total comprehensive income for the period	-	-	7,026	7,026	-	7,026
At 31 March 2011	<u>60,000</u>	<u>25,903</u>	<u>68,490</u>	<u>154,393</u>	<u>-</u>	<u>154,393</u>
At 1 January 2010	46,000	-	37,337	83,337	6,226	89,563
Total comprehensive income for the period	-	-	5,696	5,696	103	5,799
At 31 March 2010	<u>46,000</u>	<u>-</u>	<u>43,033</u>	<u>89,033</u>	<u>6,329</u>	<u>95,362</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 2010 and the accompanying explanatory notes attached to the interim financial statements.*



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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2011  
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>Current Year-To-Date 31/03/2011 RM'000</b>	<b>Preceding Year Corresponding Period 31/03/2010 RM'000</b>
<b>Cash Flows from Operating Activities</b>		
Profit before tax	9,261	7,696
Adjustments for:		
Non-cash items	203	348
Non-operating items	18	528
Operating profit before working capital changes	<u>9,482</u>	<u>8,572</u>
Changes in working capital	<u>14,719</u>	<u>3,305</u>
Cash from operations	<u>24,201</u>	<u>11,877</u>
Tax paid	<u>(2,608)</u>	<u>(1,847)</u>
Net cash from operating activities	<u>21,593</u>	<u>10,030</u>
<b>Cash Flows from Investing Activities</b>		
Purchase of plant and equipment	(246)	(93)
Interest received	62	13
Net cash used in investing activities	<u>(184)</u>	<u>(80)</u>
<b>Cash Flows from Financing Activities</b>		
Net (repayments of)/proceeds from borrowings	(12,700)	303
Interest paid	(66)	(541)
Dividends paid	-	(9,600)
Net cash used in financing activities	<u>(12,766)</u>	<u>(9,838)</u>
<b>Net increase in cash and cash equivalents</b>	8,643	112
Cash and cash equivalents at beginning of period	<u>30,742</u>	<u>24,236</u>
<b>Cash and cash equivalents at end of period</b>	<u>39,385</u>	<u>24,348</u>
<b>Cash and cash equivalents comprise the following:</b>		
Cash and bank balances	<u>39,385</u>	<u>24,348</u>

*The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.*



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## UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2011

### **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 2010 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 2010, except with the adoption of the following Financial Reporting Standards ("FRS"), Issues Committee ("IC") Interpretations and Amendments to FRS:

	<b>Effective Date</b>
• Amendments to FRS 132, <i>Financial Instruments: Presentation - Classification of Rights Issues</i>	1 March 2010
• FRS 1, <i>First-time Adoption of Financial Reporting Standards</i> (revised)	1 July 2010
• FRS 3, <i>Business Combinations</i> (revised)	1 July 2010
• FRS 127, <i>Consolidated and Separate Financial Statements</i> (revised)	1 July 2010
• Amendments to FRS 2, <i>Share-based Payment</i>	1 July 2010
• Amendments to FRS 5, <i>Non-current Assets Held for Sale and Discontinued Operations</i>	1 July 2010
• Amendments to FRS 138, <i>Intangible Assets</i>	1 July 2010
• IC Interpretation 12, <i>Service Concession Agreements</i>	1 July 2010
• IC Interpretation 16, <i>Hedges of a Net Investment in a Foreign Operation</i>	1 July 2010
• IC Interpretation 17, <i>Distributions of Non-cash Assets to Owners</i>	1 July 2010
• Amendments to IC Interpretation 9, <i>Reassessment of Embedded Derivatives</i>	1 July 2010
• Amendments to FRS 1, <i>First-time Adoption of Financial Reporting Standards</i> - <i>Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters</i> - <i>Additional Exemptions for First-time Adopters</i>	1 January 2011
• Amendments to FRS 2, <i>Group Cash-settled Share Based Payment Transactions</i>	1 January 2011
• Amendments to FRS 7, <i>Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments</i>	1 January 2011
• IC Interpretation 4, <i>Determining whether an Arrangement contains a Lease</i>	1 January 2011
• IC Interpretation 18, <i>Transfers of Assets from Customers</i>	1 January 2011
• Improvements to FRSs (2010)	1 January 2011

The adoption of the above FRSs, IC Interpretations and Amendments do not have any material impact on the financial statements of the Group.

#### **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 2010.

#### **4. Seasonal or cyclical factors**

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

#### **5. Unusual items**

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



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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2011**

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

**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**

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

**8. Dividends paid**

No dividend has been paid for the current financial quarter.

**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

Segmental information for the Group is presented as follows:

<b><u>3 month financial period ended 31 March 2011</u></b>	<b>ICT</b>	<b>Enterprise</b>	<b>ICT</b>	<b>Other</b>	<b>Total</b>	<b>Elimination</b>	<b>Total</b>
	<b>distribution</b>	<b>systems</b>	<b>services</b>	<b>non-reportable segment</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	187,775	88,727	2,400	-	278,902	-	278,902
Inter-segment sales	326	4,242	672	2,575	7,815	(7,815)	(0)
<b>Total sales</b>	<b>188,101</b>	<b>92,969</b>	<b>3,072</b>	<b>2,575</b>	<b>286,717</b>	<b>(7,815)</b>	<b>278,902</b>
Profit before tax	4,956	3,656	79	569	9,261	-	9,261

<b><u>3 month financial period ended 31 March 2010</u></b>	<b>ICT</b>	<b>Enterprise</b>	<b>ICT</b>	<b>Other</b>	<b>Total</b>	<b>Elimination</b>	<b>Total</b>
	<b>distribution</b>	<b>systems</b>	<b>services</b>	<b>non-reportable segment</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	221,165	90,720	3,212	-	315,097	-	315,097
Inter-segment sales	401	3,590	367	2,307	6,665	(6,665)	-
<b>Total sales</b>	<b>221,566</b>	<b>94,310</b>	<b>3,579</b>	<b>2,307</b>	<b>321,762</b>	<b>(6,665)</b>	<b>315,097</b>
Profit before tax	5,212	2,081	43	360	7,696	-	7,696



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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2011**

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

**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 2010.

**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**

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:

	As At 31/03/2011 RM'000	As At 31/12/2010 RM'000
Guarantees to suppliers and banks for trade credit facilities granted	190,486	185,431

**(b) Contingent assets**

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

**14. Capital commitments**

The capital expenditure approved and contracted for the current financial quarter is amounted to RM452,000.

**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:

	Current Year Quarter 31/03/2011 RM'000	Current Year Year-To-Date 31/03/2011 RM'000
Plant and equipment: Additions	246	246



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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2011**

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

**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 31/03/2011 RM'000</b>	<b>Balance Due From/(To) As At 31/03/2011 RM'000</b>
Transactions with companies in which certain Directors have substantial interests:		
<u>Sales</u>		
KDU Smart School Sdn Bhd	2	-
Paramount Corporation Berhad	1	1
Paramount Projects Sdn Bhd	14	14
<u>Professional fee</u>		
Iza Ng Yeoh & Kit	4	-
<u>Rental expense</u>		
Enrich Platinum Sdn Bhd	386	-





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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2011**

**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 of RM278.9 million, a decrease of 11.5%, compared with RM315.1 million recorded in the corresponding quarter last year due to lower revenue from the ICT distribution segment.

Despite the lower revenue, profit before tax was higher at RM9.3 million, an increase of 20.3% from the corresponding quarter last year of RM7.3 million mainly attributable to better contribution from Enterprise Systems and lower operating and interest expenses.

**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 RM9.3 million was lower compared with the immediate preceding quarter of RM11.2 million due to lower revenue.

**19. Prospects**

The Group will continue to increase its product range and further develop the Enterprise System business in the remaining part of the year. The Group believes that prospects for 2011 remain encouraging.

**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 31/03/2011 RM'000	Preceding Year Corresponding Quarter 31/03/2010 RM'000	Current Year Year-To-Date 31/03/2011 RM'000	Preceding Year Corresponding Period 31/03/2010 RM'000
Current income tax:				
Current year	2,496	2,030	2,496	2,030
Prior year	-	(28)	-	(28)
	<u>2,496</u>	<u>2,002</u>	<u>2,496</u>	<u>2,002</u>
Deferred tax	(261)	(105)	(261)	(105)
	<u>2,235</u>	<u>1,897</u>	<u>2,235</u>	<u>1,897</u>

The effective tax rates of the Group for the current quarter are lower than the Malaysian statutory tax rate mainly due to reversal of temporary differences for deferred tax in the current quarter.

**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 MARCH 2011**

**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 March 2011.

**24. Corporate proposals**

On 29 April 2011, The Board of Directors has announced that it has approved a revision in the utilisation of part of the said proceeds amounting to RM4,010,000 allocated for business expansion to working capital and an extension of time for the full utilisation of the remaining IPO proceeds.

**Status of revised utilisation of proceeds**

As at 3 May 2011 (being the latest practicable date), the status of utilisation of the proceeds from the Initial Public Offering which raised proceeds of RM39.42 million is as follows:

	<b>Proposed Utilisation RM'000</b>	<b>Actual Utilisation RM'000</b>	<b>Balance RM'000</b>	<b>Timeframe for Utilisation from Date of Listing</b>
(i) Working Capital	28,760	28,760	-	13 months
(ii) To fund the proposed 20% Pericomp Acquisition	5,440	5,440	-	7 days
(iii) Business expansion	990	990	-	12 months
(iv) Estimated listing expenses	2,570	2,570	-	6 months
(v) To settle indebtedness arisen from acquisition of subsidiaries	1,660	1,660	-	7 days
	<u>39,420</u>	<u>39,420</u>	<u>-</u>	

**25. Borrowings and debt securities**

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



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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2011**

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

**26. Financial instruments - derivatives**

As at 31 March 2011, the foreign currency contracts which have been entered into by the Group to hedge its foreign purchases in foreign currencies are as follows:

	<b>Principal amount RM'000</b>	<b>Carrying amount/ Fair value RM'000</b>
<b>Forward exchange contracts:</b>		
Liabilities	54,922	526

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.

**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.

There was no change on the legal action against Mangotone Group Berhad and Tecasia Sdn Bhd since the last financial year.

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

**28. Dividend**

No dividend was paid or declared in the current financial quarter.



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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2011**

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

**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 31/03/2011</b>	<b>Preceding Year Quarter 31/03/2010</b>	<b>Current Year Year-To-Date 31/03/2011</b>	<b>Preceding Year Year-To-Date 31/03/2010</b>
Profit attributable to equity holders of the Company (RM'000)	7,026	5,696	7,026	5,696
Weighted average number of ordinary shares in issue ('000)	120,000	92,000	120,000	92,000
Basic earnings per share (sen)	5.9	6.2	5.9	6.2
Diluted earnings per share (sen)	<u>NA</u>	<u>NA</u>	<u>N/A</u>	<u>N/A</u>

Diluted EPS is not applicable as there were no potential ordinary shares in issue for the current quarter and cumulative quarter.

**30. Realised and unrealised retained profits**

	<b>As at 31/03/2011 RM'000</b>	<b>As at 31/12/2010 RM'000</b>
Total retained profits of the Company and its subsidiaries		
- Realised profits	118,847	111,762
- Unrealised profits	1,016	1,074
	<u>119,863</u>	<u>112,836</u>
Less: Consolidation adjustments	(51,373)	(51,372)
Total group retained earnings	<u>68,490</u>	<u>61,464</u>

By order of the Board

Tay Lee Kong  
Company Secretary

4 May 2011  
Selangor