



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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2011
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As At 30/06/2011 RM'000 (Unaudited)	As At 31/12/2010 RM'000 (Audited)
ASSETS			
Non-current assets			
Plant and equipment		3,777	3,133
Goodwill		571	571
Deferred tax assets		1,608	1,454
Investment in club membership		62	62
		<u>6,018</u>	<u>5,220</u>
Current assets			
Inventories		107,411	81,500
Receivables, deposits and prepayments		162,523	149,360
Cash and cash equivalents		25,657	30,742
		<u>295,591</u>	<u>261,602</u>
TOTAL ASSETS		<u>301,609</u>	<u>266,822</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		60,000	60,000
Share premium		25,903	25,903
Retained profits		69,296	61,464
		<u>155,199</u>	<u>147,367</u>
Non-controlling interest		-	-
Total equity		<u>155,199</u>	<u>147,367</u>
Non-current liabilities			
Deferred tax liabilities		370	383
Other payables		29	29
		<u>399</u>	<u>412</u>
Current liabilities			
Payables and accruals		133,828	103,591
Borrowings	25	9,667	12,700
Taxation		2,313	2,062
Derivative liability	26	203	690
		<u>146,011</u>	<u>119,043</u>
Total liabilities		<u>146,410</u>	<u>119,455</u>
TOTAL EQUITY AND LIABILITIES		<u>301,609</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 30 JUNE 2011
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Individual Quarter		Cumulative Quarter	
		Current Year 30/06/2011 RM'000	Preceding Year Corresponding Quarter 30/06/2010 RM'000	Current Year Year-To-Date 30/06/2011 RM'000	Preceding Year Corresponding Period 30/06/2010 RM'000
Revenue		312,149	311,140	591,051	626,237
Cost of sales		(293,947)	(289,246)	(554,316)	(585,779)
Gross profit		18,202	21,894	36,735	40,458
Other operating expenses		(10,396)	(11,056)	(19,900)	(21,403)
Other operating income		327	6	577	12
Results from operating activities		8,133	10,844	17,412	19,067
Interest expense		(181)	(307)	(261)	(847)
Interest income		64	42	126	55
Profit before tax		8,016	10,579	17,277	18,275
Tax expense	21	(2,410)	(2,776)	(4,645)	(4,673)
Profit for the period		5,606	7,803	12,632	13,602
Other comprehensive income for the period, net of tax		-	-	-	-
Total comprehensive income for the period		5,606	7,803	12,632	13,602
Profit attributable to:					
Owners of the Company		5,606	7,803	12,632	13,499
Non-controlling interest		-	-	-	103
		5,606	7,803	12,632	13,602
Total comprehensive income attributable to:					
Owners of the Company		5,606	7,803	12,632	13,499
Non-controlling interest		-	-	-	103
		5,606	7,803	12,632	13,602
Earnings per share attributable to owners of the Company:					
Basic (sen)	29	4.7	6.6	10.5	12.9
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 30 JUNE 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	-	-	12,632	12,632	-	12,632
Dividend	-	-	(4,800)	(4,800)	-	(4,800)
At 30 June 2011	<u>60,000</u>	<u>25,903</u>	<u>69,296</u>	<u>155,199</u>	<u>-</u>	<u>155,199</u>
At 1 January 2010	46,000	-	37,337	83,337	6,226	89,563
Total comprehensive income for the period	-	-	13,499	13,499	103	13,602
Issue of ordinary shares:						
Issue 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 30 June 2010	<u>60,000</u>	<u>25,903</u>	<u>46,036</u>	<u>131,939</u>	<u>-</u>	<u>131,939</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 30 JUNE 2011
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	Current Year-To-Date 30/06/2011 RM'000	Preceding Year Corresponding Period 30/06/2010 RM'000
Cash Flows from Operating Activities		
Profit before tax	17,277	18,275
Adjustments for:		
Non-cash items	281	600
Non-operating items	135	792
Operating profit before working capital changes	<u>17,693</u>	<u>19,667</u>
Changes in working capital	<u>(8,873)</u>	<u>(1,111)</u>
Cash from operations	8,820	18,556
Tax paid	<u>(4,561)</u>	<u>(3,326)</u>
Net cash from operating activities	<u>4,259</u>	<u>15,230</u>
Cash Flows from Investing Activities		
Additional investment in a subsidiary	-	(5,440)
Purchase of plant and equipment	(1,411)	(537)
Proceeds from disposal of plant and equipment	-	63
Interest received	126	55
Net cash used in investing activities	<u>(1,285)</u>	<u>(5,859)</u>
Cash Flows from Financing Activities		
Proceeds from issue of share capital	-	39,420
Listing expenses paid	-	(977)
Net repayments of borrowings	(3,033)	(39,900)
Interest paid	(226)	(847)
Dividends paid	(4,800)	(14,400)
Net cash used in financing activities	<u>(8,059)</u>	<u>(16,704)</u>
Net decrease in cash and cash equivalents	(5,085)	(7,333)
Cash and cash equivalents at beginning of period	<u>30,742</u>	<u>24,236</u>
Cash and cash equivalents at end of period	<u>25,657</u>	<u>16,903</u>
Cash and cash equivalents comprise the following:		
Cash and bank balances	<u>25,657</u>	<u>16,903</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 30 JUNE 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:

	Effective Date
● 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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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

A single tier final dividend of 4 sen per share, totalling RM4,800,000 in respect of the financial year ended 31 December 2010 was paid on 14 June 2011.

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:

<u>6 month financial period ended 30 Jun 2011</u>	ICT	Enterprise	ICT	Other	Total	Elimination	Total
	distribution	systems	services	non-reportable			
	RM'000	RM'000	RM'000	segment	RM'000	RM'000	RM'000
Sales to external customers	389,325	195,057	6,670	-	591,051	-	591,051
Inter-segment sales	1,024	9,307	1,288	5,144	16,763	(16,763)	(0)
Total sales	390,349	204,364	7,958	5,144	607,815	(16,763)	591,051
Profit before tax	9,176	6,788	220	1,104	17,287	(10)	17,277

<u>6 month financial period ended 30 June 2010</u>	ICT	Enterprise	ICT	Other	Total	Elimination	Total
	distribution	systems	services	non-reportable			
	RM'000	RM'000	RM'000	segment	RM'000	RM'000	RM'000
Sales to external customers	441,641	177,855	6,741	-	626,237	-	626,237
Inter-segment sales	817	5,158	1,283	4,617	11,875	(11,875)	-
Total sales	442,458	183,013	8,024	4,617	638,112	(11,875)	626,237
Profit before tax	12,551	5,278	289	5,372	23,490	(5,215)	18,275



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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 30/06/2011 RM'000	As At 31/12/2010 RM'000
Guarantees to suppliers and banks for trade credit facilities granted	203,117	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 in the current financial quarter amounted to RM549,000.

15. Capital expenditure

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

	Current Year Quarter 30/06/2011 RM'000	Current Year Year-To-Date 30/06/2011 RM'000
Plant and equipment: Additions	1,165	1,411



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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.

	Current Year Year-To-Date From/ 30/06/2011 RM'000	Balance Due From/(To) As At 30/06/2011 RM'000
(a) Transactions with a subsidiary of ECS Holdings Limited:		
<u>Sales</u>		
ECS Computers (Asia) Pte Ltd	525	525
(b) Transactions with companies in which certain Directors have substantial interests:		
<u>Sales</u>		
KDU College Sdn Bhd (Penang)	13	10
KDU Smart School Sdn Bhd	16	14
KDU University College Sdn Bhd	9	9
Paramount Corporation Berhad	3	-
Paramount Construction Sdn Bhd	18	5
Paramount Projects Sdn Bhd	14	-
<u>Professional fee</u>		
Iza Ng Yeoh & Kit	41	(33)
<u>Rental expense</u>		
Enrich Platinum Sdn Bhd	773	-



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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2011

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

17. Review of performance

For Q2 FY2011, the Group recorded revenue of RM312.1 million compared with RM311.1 million in the corresponding quarter last year. Profit before tax was lower at RM8.0 million compared with the corresponding quarter last year of RM10.6 million mainly due to lower profit contribution from the ICT Distribution segment.

For 1H FY2011, the Group recorded lower revenue of RM591.1 million, a decrease of 5.6% compared with the previous year's corresponding period of RM626.2 million as a result of lower revenue from the ICT Distribution segment. In tandem with the lower revenue, profit before tax decreased by 5.5% to RM17.3 million from RM18.3 million recorded in the corresponding period last year.

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 RM8.0 million was lower compared with the immediate preceding quarter of RM9.3 million due to lower profit contribution from the ICT Distribution segment.

19. Prospects

The Group is optimistic on its prospects for 2H FY2011. While the Group continues to further develop the Enterprise Systems business, the new distribution products namely Samsung, Dell and Lenovo launched early this year are expected to contribute to the performance of the Group.

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 30/06/2011 RM'000	Preceding Year Corresponding Quarter 30/06/2010 RM'000	Current Year Year-To-Date 30/06/2011 RM'000	Preceding Year Corresponding Period 30/06/2010 RM'000
Current income tax:				
Current year	2,317	2,412	4,813	4,442
Prior year	-	-	-	(28)
	<u>2,317</u>	<u>2,412</u>	<u>4,813</u>	<u>4,414</u>
Deferred tax	93	364	(168)	259
	<u>2,410</u>	<u>2,776</u>	<u>4,645</u>	<u>4,673</u>

The effective tax rates of the Group for the current quarter and current year to date are higher than the Malaysian statutory tax rate mainly due to certain expenses 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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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 30 June 2011.

24. Corporate proposals

On 29 April 2011, an announcement was made on a revision and an extension of time for the utilisation of the IPO proceeds.

As at 30 June 2011, the utilisation of the IPO proceeds has been fully completed.

	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance RM'000	Timeframe for Utilisation from Date of Listing
(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

The Group's borrowings as at 30 June 2011 were as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
Short term borrowings:			
Bankers' acceptance	-	4,667	4,667
Revolving credit	-	5,000	5,000
Total	<u>-</u>	<u>9,667</u>	<u>9,667</u>



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

26. Financial instruments - derivatives

As at 30 June 2011, the foreign currency contracts which have been entered into by the Group to hedge its foreign purchases in foreign currencies are as follows:

	Principal amount RM'000	Carrying amount/ Fair value RM'000
Forward exchange contracts:		
Liabilities	<u>39,275</u>	<u>203</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.

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 recommended in the current quarter under review.



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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 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:

	Current Year Quarter 30/06/2011	Preceding Year Quarter 30/06/2010	Current Year Year-To-Date 30/06/2011	Preceding Year Year-To-Date 30/06/2010
Profit attributable to equity holders of the Company (RM'000)	5,606	7,803	12,632	13,499
Weighted average number of ordinary shares in issue ('000)	120,000	117,538	120,000	104,840
Basic earnings per share (sen)	4.7	6.6	10.5	12.9
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

	As at 30/06/2011 RM'000	As at 31/12/2010 RM'000
Total retained profits of the Company and its subsidiaries		
- Realised profits	119,506	111,762
- Unrealised profits	1,172	1,074
	<u>120,678</u>	<u>112,836</u>
Less: Consolidation adjustments	(51,382)	(51,372)
Total group retained earnings	<u>69,296</u>	<u>61,464</u>

By order of the Board

Tay Lee Kong
Company Secretary

3 August 2011
Selangor