



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

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

	Note	As At 30/09/2011 RM'000 (Unaudited)	As At 31/12/2010 RM'000 (Audited)
ASSETS			
Non-current assets			
Plant and equipment		4,649	3,133
Goodwill		571	571
Deferred tax assets		1,695	1,454
Investment in club membership		62	62
		<u>6,977</u>	<u>5,220</u>
Current assets			
Inventories		94,257	81,500
Receivables, deposits and prepayments		158,156	149,360
Derivative asset	26	1,680	-
Cash and cash equivalents		54,795	30,742
		<u>308,888</u>	<u>261,602</u>
TOTAL ASSETS		<u>315,865</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		76,347	61,464
		<u>162,250</u>	<u>147,367</u>
Non-controlling interest		-	-
Total equity		<u>162,250</u>	<u>147,367</u>
Non-current liabilities			
Deferred tax liabilities		57	383
Other payables		29	29
		<u>86</u>	<u>412</u>
Current liabilities			
Payables and accruals		150,963	103,591
Borrowings	25	-	12,700
Taxation		2,566	2,062
Derivative liability	26	-	690
		<u>153,529</u>	<u>119,043</u>
Total liabilities		<u>153,615</u>	<u>119,455</u>
TOTAL EQUITY AND LIABILITIES		<u>315,865</u>	<u>266,822</u>
Net assets per share attributable to owners of the Company (RM)		1.35	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 SEPTEMBER 2011
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter 30/09/2011 RM'000	Preceding Year Corresponding Quarter 30/09/2010 RM'000	Current Year Year-To-Date 30/09/2011 RM'000	Preceding Year Corresponding Period 30/09/2010 RM'000
Revenue		317,866	329,808	908,917	956,045
Cost of sales		(299,972)	(308,695)	(854,288)	(894,474)
Gross profit		17,894	21,113	54,629	61,571
Other operating expenses		(10,240)	(11,440)	(30,140)	(32,843)
Other operating income		1,886	693	2,463	705
Results from operating activities		9,540	10,366	26,952	29,433
Interest expense		(64)	(456)	(325)	(1,303)
Interest income		146	16	272	71
Profit before tax		9,622	9,926	26,899	28,201
Tax expense	21	(2,571)	(2,840)	(7,216)	(7,513)
Profit for the period		7,051	7,086	19,683	20,688
Other comprehensive income for the period, net of tax		-	-	-	-
Total comprehensive income for the period		7,051	7,086	19,683	20,688
Profit attributable to:					
Owners of the Company		7,051	7,086	19,683	20,585
Non-controlling interest		-	-	-	103
		7,051	7,086	19,683	20,688
Total comprehensive income attributable to:					
Owners of the Company		7,051	7,086	19,683	20,585
Non-controlling interest		-	-	-	103
		7,051	7,086	19,683	20,688
Earnings per share attributable to owners of the Company:					
Basic (sen)	29	5.9	5.9	16.4	18.7
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 SEPTEMBER 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	-	-	19,683	19,683	-	19,683
Dividend	-	-	(4,800)	(4,800)	-	(4,800)
At 30 September 2011	<u>60,000</u>	<u>25,903</u>	<u>76,347</u>	<u>162,250</u>	<u>-</u>	<u>162,250</u>
At 1 January 2010	46,000	-	37,337	83,337	6,226	89,563
Total comprehensive income for the period	-	-	20,585	20,585	103	20,688
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 September 2010	<u>60,000</u>	<u>25,903</u>	<u>53,122</u>	<u>139,025</u>	<u>-</u>	<u>139,025</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 SEPTEMBER 2011
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Current Year-To-Date 30/09/2011 RM'000	Preceding Year Corresponding Period 30/09/2010 RM'000
Cash Flows from Operating Activities		
Profit before tax	26,899	28,201
Adjustments for:		
Non-cash items	(1,211)	893
Non-operating items	53	1,232
Operating profit before working capital changes	<u>25,741</u>	<u>30,326</u>
Changes in working capital	<u>25,817</u>	<u>(33,008)</u>
Cash from/(used in) operations	<u>51,558</u>	<u>(2,682)</u>
Tax paid	<u>(7,278)</u>	<u>(7,285)</u>
Net cash from/(used in) operating activities	<u>44,280</u>	<u>(9,967)</u>
Cash Flows from Investing Activities		
Additional investment in a subsidiary	-	(5,440)
Purchase of plant and equipment	(2,744)	(653)
Proceeds from disposal of plant and equipment	70	67
Interest received	272	71
Net cash used in investing activities	<u>(2,402)</u>	<u>(5,955)</u>
Cash Flows from Financing Activities		
Proceeds from issue of share capital	-	39,420
Listing expenses paid	-	(977)
Net repayments of borrowings	(12,700)	(768)
Interest paid	(325)	(1,280)
Dividends paid	(4,800)	(14,400)
Net cash (used in)/from financing activities	<u>(17,825)</u>	<u>21,995</u>
Net increase in cash and cash equivalents	24,053	6,073
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>54,795</u>	<u>30,309</u>
Cash and cash equivalents comprise the following:		
Cash and bank balances	<u>54,795</u>	<u>30,309</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 SEPTEMBER 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>9 month financial period ended 30 Sep 2011</u>	ICT	Enterprise	ICT	Other	Total	Elimination	Total
	Distribution	Systems	Services	non-reportable segment			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Sales to external customers	595,631	303,254	10,032	-	908,917	-	908,917
Inter-segment sales	2,008	10,976	1,958	7,714	22,656	(22,656)	(0)
Total sales	597,639	314,230	11,990	7,714	931,573	(22,656)	908,917
Profit before tax	13,992	10,942	362	1,635	26,930	(31)	26,899

<u>9 month financial period ended 30 Sep 2010</u>	ICT	Enterprise	ICT	Other	Total	Elimination	Total
	Distribution	Systems	Services	non-reportable Segment			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Sales to external customers	646,548	300,620	8,877	-	956,045	-	956,045
Inter-segment sales	1,063	8,205	1,981	7,435	18,684	(18,684)	-
Total sales	647,611	308,825	10,858	7,435	974,729	(18,684)	956,045
Profit before tax	17,025	10,083	403	5,905	33,416	(5,215)	28,201



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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 30/09/2011 RM'000	As At 31/12/2010 RM'000
Guarantees to suppliers and banks for trade credit facilities granted to subsidiaries	194,384	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 RM474,000.

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 30/09/2011 RM'000	Current Year Year-To-Date 30/09/2011 RM'000
Plant and equipment: Additions	1,333	2,744



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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.

	Current Year Year-To-Date From/ 30/09/2011 RM'000	Balance Due From/(To) As At 30/09/2011 RM'000
(a) Transactions with a subsidiary of ECS Holdings Limited:		
<u>Sales</u>		
ECS Computers (Asia) Pte Ltd	597	72
(b) Transactions with companies in which certain Directors have substantial interests:		
<u>Sales</u>		
KDU College Sdn Bhd (Penang)	13	-
KDU Smart School Sdn Bhd	209	193
KDU University College Sdn Bhd	134	94
Paramount Property Development Sdn Bhd	5	5
Paramount Engineering & Construction Sdn Bhd	5	-
Paramount Corporation Berhad	3	-
Paramount Construction Sdn Bhd	18	-
Paramount Property Construction Sdn Bhd	5	-
Paramount Projects Sdn Bhd	14	-
<u>Professional fee</u>		
Iza Ng Yeoh & Kit	43	(3)
<u>Rental expense</u>		
Enrich Platinum Sdn Bhd	1,159	-



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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2011

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

17. Review of performance

For Q3 FY2011, the Group recorded revenue of RM317.9 million compared with RM329.8 million in the corresponding quarter last year. Profit before tax was marginally lower at RM9.6 million compared with the corresponding quarter last year of RM9.9 million mainly due to lower profit contribution from Enterprise Systems.

For 9 months FY2011, the Group recorded lower revenue of RM908.9 million, a decrease of 4.9% compared with the previous year's corresponding period of RM956.0 million as a result of lower revenue from the ICT Distribution segment. In tandem with the lower revenue, profit before tax decreased by 4.6% to RM26.9 million from RM28.2 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 Q3 FY2011 of RM9.6 million was higher compared with the immediate preceding quarter of RM8.0 million due to higher profit contribution from both ICT Distribution and Enterprise System segment.

19. Prospects

With the current economic uncertainties prevailing in Europe and USA, consumers, corporate users and public sectors in the local market have turned cautious in their ICT spending.

In view of the outlook, the Group expects its performance for year-to-date to continue into the last quarter of the current financial year.

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 30/09/2011 RM'000	Preceding Year Corresponding Quarter 30/09/2010 RM'000	Current Year Year-To-Date 30/09/2011 RM'000	Preceding Year Corresponding Period 30/09/2010 RM'000
Current income tax:				
Current year	3,058	2,910	7,871	7,352
Prior year	(88)	233	(88)	205
	<u>2,970</u>	<u>3,143</u>	<u>7,783</u>	<u>7,557</u>
Deferred tax	(399)	(303)	(567)	(44)
	<u>2,571</u>	<u>2,840</u>	<u>7,216</u>	<u>7,513</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.



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

22. Sales of unquoted investments and/or properties

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

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 September 2011.

24. Corporate proposals

There was no corporate proposal during the current quarter after the completion of utilization of IPO proceeds as reported in the preceding quarter.

25. Borrowings and debt securities

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

26. Financial instruments - derivatives

As at 30 September 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:		
Assets	45,890	1,680

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.



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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2011

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

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.

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 30/09/2011	Preceding Year Quarter 30/09/2010	Current Year Year-To-Date 30/09/2011	Preceding Year Year-To-Date 30/09/2010
Profit attributable to equity holders of the Company (RM'000)	7,051	7,086	19,683	20,585
Weighted average number of ordinary shares in issue ('000)	120,000	120,000	120,000	109,949
Basic earnings per share (sen)	5.9	5.9	16.4	18.7
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.



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

30. Realised and unrealised retained profits

	As at 30/09/2011 RM'000	As at 31/12/2010 RM'000
Total retained profits of the Company and its subsidiaries		
- Realised profits	125,692	111,762
- Unrealised profits	2,058	1,074
	<u>127,750</u>	<u>112,836</u>
Less: Consolidation adjustments	(51,403)	(51,372)
Total group retained earnings	<u>76,347</u>	<u>61,464</u>

By order of the Board

Tay Lee Kong
Company Secretary

2 November 2011
Selangor