



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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2012
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As At 31/03/2012 RM'000	As At 31/12/2011 RM'000
ASSETS			
Plant and equipment		5,236	4,527
Goodwill		571	571
Investment in club membership		62	62
Deferred tax assets		1,449	1,476
Total non-current assets		7,318	6,636
Inventories		100,290	84,303
Receivables, deposits and prepayments		183,062	166,087
Cash and cash equivalents		71,348	66,577
Total current assets		354,700	316,967
TOTAL ASSETS		362,018	323,603
EQUITY			
Share capital		60,000	60,000
Share premium		25,903	25,903
Reserves		94,908	86,807
Equity attributable to owners of the Company		180,811	172,710
LIABILITIES			
Deferred tax liabilities		8	-
Other payables		19	19
Total non-current liabilities		27	19
Payables and accruals		177,610	148,057
Borrowings	21	-	-
Tax payable		3,570	2,817
Total current liabilities		181,180	150,874
Total liabilities		181,207	150,893
TOTAL EQUITY AND LIABILITIES		362,018	323,603
Net assets per share attributable to owners of the Company (RM)		1.51	1.44

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2011 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 2012
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Current Quarter		Cumulative Quarter	
		Three Months Ended 31/03/2012 RM'000	Three Months Ended 31/03/2011 RM'000	Three Months Ended 31/03/2012 RM'000	Three Months Ended 31/03/2011 RM'000
Revenue		305,387	278,902	305,387	278,902
Cost of sales		(283,597)	(260,369)	(283,597)	(260,369)
Gross profit		<u>21,790</u>	<u>18,533</u>	<u>21,790</u>	<u>18,533</u>
Distribution expenses		(7,387)	(5,691)	(7,387)	(5,691)
Administrative expenses		(3,747)	(3,813)	(3,747)	(3,813)
Other income		277	250	277	250
Results from operating activities		<u>10,933</u>	<u>9,279</u>	<u>10,933</u>	<u>9,279</u>
Finance income		358	62	358	62
Finance costs		(3)	(80)	(3)	(80)
Net finance income/(costs)		<u>355</u>	<u>(18)</u>	<u>355</u>	<u>(18)</u>
Profit before tax	26	<u>11,288</u>	<u>9,261</u>	<u>11,288</u>	<u>9,261</u>
Tax expense	19	(3,187)	(2,235)	(3,187)	(2,235)
Profit for the period / Total comprehensive income for the period		<u>8,101</u>	<u>7,026</u>	<u>8,101</u>	<u>7,026</u>
Profit for the period / Total comprehensive income for the period attributable to:					
Owners of the Company		8,101	7,026	8,101	7,026
Non-controlling interest		-	-	-	-
		<u>8,101</u>	<u>7,026</u>	<u>8,101</u>	<u>7,026</u>
Earnings per share attributable to owners of the Company:					
Basic (sen)	24	6.8	5.9	6.8	5.9
Diluted (sen)		N/A	N/A	N/A	N/A

Notes:

N/A Not applicable

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2011 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 2012
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<---- Attributable to owners of the Company ---->					
	Share	Share	Distributable	Total	Non-	Total
	Capital	Premium	Retained		Controlling	Equity
	RM'000	RM'000	Profits	RM'000	Interest	RM'000
			RM'000	RM'000	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 2012	60,000	25,903	86,807	172,710	-	172,710
Total comprehensive income for the period	-	-	8,101	8,101	-	8,101
At 31 March 2012	<u>60,000</u>	<u>25,903</u>	<u>94,908</u>	<u>180,811</u>	<u>-</u>	<u>180,811</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 2011 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 2012
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Three Months Ended 31/03/2012 RM'000	Three Months Ended 31/03/2011 RM'000
Cash Flows from Operating Activities		
Profit before tax	11,288	9,261
<i>Adjustments for:</i>		
Non-cash items	211	203
Non-operating items	(355)	18
Operating profit before changes in working capital	<u>11,144</u>	<u>9,482</u>
Change in inventories	(15,987)	(40,266)
Change in trade and other receivables, deposits and prepayment	(16,711)	4,923
Change in payables and accruals	29,552	50,062
Cash generated from operations	<u>7,998</u>	<u>24,201</u>
Tax paid	(2,399)	(2,608)
Net cash from operating activities	<u><u>5,599</u></u>	<u><u>21,593</u></u>
Cash Flows from Investing Activities		
Purchase of plant and equipment	(1,183)	(246)
Proceeds from disposal of plant and equipment	-	62
Net cash used in investing activities	<u><u>(1,183)</u></u>	<u><u>(184)</u></u>
Cash Flows from Financing Activities		
Net repayments of borrowings	-	(12,700)
Interest received	358	-
Interest paid	(3)	(66)
Dividends paid	-	-
Net cash from/(used in) financing activities	<u><u>355</u></u>	<u><u>(12,766)</u></u>
Net increase in cash and cash equivalents	4,771	8,643
Cash and cash equivalents at beginning of period	<u>66,577</u>	<u>30,742</u>
Cash and cash equivalents at end of period	<u><u>71,348</u></u>	<u><u>39,385</u></u>
Cash and cash equivalents comprise the following:		
Cash and bank balances	<u>71,348</u>	<u>39,385</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 2011 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 2012

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

1. Basis of preparation

These condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad and MFRS 134, *Interim Financial Reporting* in Malaysia and with IAS 34, *Interim Financial Reporting*. They do not include all the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2011.

The consolidated financial statements of the Group as at and for the year ended 31 December 2011, which are prepared under Financial Reporting Standards ("FRSs"), are available upon request from the Company's registered office at: Level 8, Uptown 1, No.1, Jalan SS21/58, Damansara Uptown, 47400 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

These are the Group's condensed consolidated interim financial statements for part of the period covered by the Group's first MFRS framework annual financial statements and MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards* has been applied. The transition from the previous FRSs to the new MFRSs has no impact on the Group financial position, financial performance, cash flows and the notes to the financial statements.

The Group has early adopted the amendments to MFRS 101, *Presentation of Financial Statements* which is originally effective for annual periods beginning on or after 1 July 2012. The early adoption of the amendments to MFRS 101 has no impact on the financial statements other than the presentation format of the statement of profit or loss and other comprehensive income.

2. Significant accounting policies

The accounting policies applied by the Group in these condensed consolidated interim financial statements are consistent with the audited financial statements for the financial year ended 31 December 2011.

3. Seasonal or cyclical factors

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

4. Unusual items

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

5. Material changes in estimates

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

6. 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.

7. Dividends paid

There was no dividend paid during the quarter.



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

8. 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

(a) Information about reportable segments

	ICT Distribution RM'000	Enterprise Systems RM'000	ICT Services RM'000	Total RM'000
<u>3 month financial period ended 31 March 2012</u>				
External revenue	197,670	104,363	3,354	305,387
Inter-segment revenue	2,053	1,869	643	4,565
Total revenue	<u>199,723</u>	<u>106,232</u>	<u>3,997</u>	<u>309,952</u>
Reportable segment profit before tax	<u>3,972</u>	<u>6,817</u>	<u>171</u>	<u>10,960</u>
<u>3 month financial period ended 31 March 2011</u>				
External revenue	187,775	88,727	2,400	278,902
Inter-segment revenue	326	4,242	672	5,240
Total revenue	<u>188,101</u>	<u>92,969</u>	<u>3,072</u>	<u>284,142</u>
Reportable segment profit before tax	<u>4,956</u>	<u>3,656</u>	<u>79</u>	<u>8,691</u>

(b) Reconciliation of reportable segment profit or loss:

	Cumulative Quarter	
	Three Months Ended 31/03/2012 RM'000	Three Months Ended 31/03/2011 RM'000
Total profit for reportable segments before tax	10,960	8,691
Other non-reportable segments	324	570
Adjustment of inter-segment expenses	4	-
Consolidated profit before tax	<u>11,288</u>	<u>9,261</u>

(c) Segment assets

There are no major changes in segment assets during the period.

9. 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.



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

10. Changes in the composition of the Group

There were no changes in the composition of the Group.

11. Contingent liabilities and contingent assets

(a) Contingent liabilities

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

	As At 31/03/2012 RM'000	As At 31/12/2011 RM'000
Guarantees to suppliers and banks for trade credit facilities granted to subsidiaries	193,436	194,260

(b) Contingent assets

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

12. Capital commitments

The capital expenditure approved and contracted for in the current financial quarter amounted to RM454,959.

13. Capital expenditure

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

	Current Quarter Three Months Ended 31/03/2012 RM'000	Cumulative Quarter Three Months Ended 31/03/2012 RM'000
Plant and equipment: Additions	1,183	1,183



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

14. 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.

	Cumulative Quarter Three Months Ended 31/03/2012 RM'000	Balance Due From/(To) As at 31/03/2012 RM'000
(a) Transactions with a subsidiary of ECS Holdings Limited:		
<u>Sales</u>		
ECS Computers (Asia) Pte Ltd	146	146
(b) Transactions with companies in which certain Directors have substantial interests:		
<u>Sales</u>		
KDU Smart School Sdn Bhd	6	6
Paramount Corporation Berhad	12	2
Paramount Property Construction Sdn Bhd	1	1
<u>Professional fee</u>		
Iza Ng Yeoh & Kit	3	-
<u>Rental expense</u>		
Enrich Platinum Sdn Bhd	432	-



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

15. Review of performance

Comparison results of current quarter and previous year corresponding quarter

For Q1 FY2012, the Group recorded higher revenue of RM305.4 million compared with RM278.9 million in the corresponding quarter last year with higher revenue from all the reportable segments. Profit Before Tax (PBT) was higher at RM11.3 million compared with the corresponding quarter last year of RM9.3 million in tandem with the higher revenue.

The performance of the three business segments for Q1 FY2012 compared with the previous year corresponding quarter was as follows:

a) ICT Distribution

Revenue increased by 5.3% as sales momentum for consumer products was better especially in the month of March 2012 due to many retailers stocking up for the PC Fairs in April 2012. However, PBT decreased by 19.9% due to the lower gross margin arising from the product mix.

b) Enterprise Systems

Revenue increased by 17.6% due to the higher sales of networking products and enterprise software. With a better gross profit margin, its PBT increased by 25.7%.

c) IT Services

Revenue increased by 39.8% as some project transactions were completed in the current quarter resulting in higher PBT by RM92,000.

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

Profit before tax for Q1 FY2012 of RM11.3 million was lower compared with the immediate preceding quarter of RM14.0 million from the higher revenue of RM341.8 million.

17. Prospects

The press release issued on 9 February 2012 by International Data Corporation (“IDC”) stated that “Malaysia’s economic growth is expected to remain cautiously optimistic, with IT spending forecasted to reach US\$8.2 billion at the end of 2012, representing a year-on-year growth of 10.1%”. From the IDC research on the key ICT predictions in 2012 for Malaysia, the following two trends, among others, are providing good demand for our Group’s products:

1. Smart Devices to drive the rise of mobile commerce
(Examples of Smart Devices are Tablet PC and Smart Phones)
2. Ultrabooks to breathe new life into PC market
(Ultrabooks are lighter weight and thinner size Notebook PCs)

The rising number of mobility devices in the market will increase users’ needs for more internet bandwidth to result in higher demand for Enterprise Systems products for building broadband infrastructure.

With the robust IT spending and encouraging market trends, the Group is positive on the outlook for the remaining part of FY2012.



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

18. Profit forecast or profit guarantee

Not applicable as the Group did not publish any profit forecast or profit guarantee.

19. Tax expense

	Current Quarter		Cumulative Quarter	
	Three Months Ended 31/03/2012	Three Months Ended 31/03/2011	Three Months Ended 31/03/2012	Three Months Ended 31/03/2011
	RM'000	RM'000	RM'000	RM'000
Current income tax:				
Current year	3,003	2,496	3,003	2,496
Prior year	-	-	-	-
	<u>3,003</u>	<u>2,496</u>	<u>3,003</u>	<u>2,496</u>
Deferred tax	184	(261)	184	(261)
	<u>3,187</u>	<u>2,235</u>	<u>3,187</u>	<u>2,235</u>
Effective tax rate	28.2%	24.1%	28.2%	24.1%

The effective tax rates of the Group for the current quarter and current year to date are higher than the Malaysian statutory tax rate of 25% (three month ended 31 March 2011: 25%) mainly due to certain expenses which were not deductible for tax purposes.

20. Corporate proposals

There was no corporate proposal during the current quarter.

21. Borrowings and debt securities

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

22. Changes in material litigation

On the legal action against the guarantor of Tsun Macro Sdn Bhd, Ng Yong Long (Second Defendant), the Court of Appeal has on 27 March 2012 dismissed our appeal.

On the legal action against Mangotone Group Berhad and Tecasia Sdn Bhd, we have filed the Proof of Debt with the court as Mangotone Group Berhad has been wound up.

The outcome of the above cases has no financial impact on our Group.

23. Dividend

No dividend was recommended in the current quarter under review.



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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2012

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

24. 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 Quarter		Cumulative Quarter	
	Three Months Ended 31/03/2012	Three Months Ended 31/03/2011	Three Months Ended 31/03/2012	Three Months Ended 31/03/2011
Profit attributable to equity holders of the Company (RM'000)	8,101	7,026	8,101	7,026
Weighted average number of ordinary shares in issue ('000)	120,000	120,000	120,000	120,000
Basic earnings per share (sen)	6.8	5.9	6.8	5.9
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.

25. 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 2011.

26. Profit before tax is arrived at after charging/(crediting):

	Current Quarter		Cumulative Quarter	
	Three Months Ended 31/03/2012 RM'000	Three Months Ended 31/03/2011 RM'000	Three Months Ended 31/03/2012 RM'000	Three Months Ended 31/03/2011 RM'000
Depreciation	474	348	474	348
Provision/(Reversal) for and write off/(back) of receivables	(192)	(286)	(192)	(286)
Provision/(Reversal) for and write off/(back) of inventories	(71)	659	(71)	659
Foreign exchange gain	(1,111)	(366)	(1,111)	(366)
(Gain)/Loss on derivatives financial instruments	<u>(264)</u>	<u>352</u>	<u>(264)</u>	<u>352</u>

There are no gain or loss on disposal of quoted or unquoted investments or properties; impairment of assets; and exceptional items.



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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2012

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

27. Realised and unrealised retained profits

	As at 31/03/2012 RM'000	As at 31/12/2011 RM'000
Total retained profits of the Company and its subsidiaries		
- Realised profits	143,925	136,907
- Unrealised profits	2,397	1,318
	<hr/> 146,322	<hr/> 138,225
Less: Consolidation adjustments	(51,414)	(51,418)
Total group retained earnings	<hr/> <u>94,908</u>	<hr/> <u>86,807</u>

By order of the Board

Tay Lee Kong
Company Secretary

9 May 2012
Selangor