



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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2012
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As At 30/06/2012 RM'000	As At 31/12/2011 RM'000
ASSETS			
Plant and equipment		4,988	4,527
Goodwill		571	571
Investment in club membership		62	62
Deferred tax assets		1,422	1,476
Total non-current assets		7,043	6,636
Inventories		95,810	84,303
Receivables, deposits and prepayments		166,911	166,087
Cash and cash equivalents		45,742	66,577
Total current assets		308,463	316,967
TOTAL ASSETS		315,506	323,603
EQUITY			
Share capital		60,000	60,000
Share premium		25,903	25,903
Reserves		90,923	86,807
Equity attributable to owners of the Company		176,826	172,710
LIABILITIES			
Other payables		19	19
Total non-current liabilities		19	19
Payables and accruals		135,228	148,057
Borrowings	21	-	-
Tax payable		3,433	2,817
Total current liabilities		138,661	150,874
Total liabilities		138,680	150,893
TOTAL EQUITY AND LIABILITIES		315,506	323,603
Net assets per share attributable to owners of the Company (RM)		1.47	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.



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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2012
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Current Quarter		Cumulative Quarter	
		Three Months Ended 30/06/2012 RM'000	Three Months Ended 30/06/2011 RM'000	Six Months Ended 30/06/2012 RM'000	Six Months Ended 30/06/2011 RM'000
Revenue		309,259	312,149	614,646	591,051
Cost of sales		(291,325)	(293,947)	(574,922)	(554,316)
Gross profit		17,934	18,202	39,724	36,735
Distribution expenses		(7,221)	(6,586)	(14,608)	(12,277)
Administrative expenses		(3,701)	(3,810)	(7,448)	(7,623)
Other income		152	327	429	577
Results from operating activities		7,164	8,133	18,097	17,412
Finance income		359	64	717	126
Finance costs		(2)	(181)	(5)	(261)
Net finance income/(costs)		357	(117)	712	(135)
Profit before tax	26	7,521	8,016	18,809	17,277
Tax expense	19	(1,906)	(2,410)	(5,093)	(4,645)
Profit for the period / Total comprehensive income for the period		5,615	5,606	13,716	12,632
Profit for the period / Total comprehensive income for the period attributable to:					
Owners of the Company		5,615	5,606	13,716	12,632
Non-controlling interest		-	-	-	-
		5,615	5,606	13,716	12,632
Earnings per share attributable to owners of the Company:					
Basic (sen)	24	4.7	4.7	11.4	10.5
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.



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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2012
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 2012	60,000	25,903	86,807	172,710	-	172,710
Total comprehensive income for the period	-	-	13,716	13,716	-	13,716
Dividend	-	-	(9,600)	(9,600)	-	(9,600)
At 30 June 2012	<u>60,000</u>	<u>25,903</u>	<u>90,923</u>	<u>176,826</u>	<u>-</u>	<u>176,826</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.



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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2012
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six Months Ended 30/06/2012 RM'000	Six Months Ended 30/06/2011 RM'000
Cash Flows from Operating Activities		
Profit before tax	18,809	17,277
<i>Adjustments for:</i>		
Non-cash items	953	281
Non-operating items	(712)	135
Operating profit before changes in working capital	19,050	17,693
Change in inventories	(11,508)	(25,910)
Change in trade and other receivables, deposits and prepayment	(777)	(13,163)
Change in payables and accruals	(12,880)	30,200
Cash (used in)/generated from operations	(6,115)	8,820
Tax paid	(4,422)	(4,561)
Net cash (used in)/from operating activities	(10,537)	4,259
Cash Flows from Investing Activities		
Purchase of plant and equipment	(1,411)	(1,411)
Proceeds from disposal of plant and equipment	2	-
Net cash used in investing activities	(1,409)	(1,411)
Cash Flows from Financing Activities		
Net repayments of borrowings	-	(3,033)
Interest received	716	126
Interest paid	(5)	(226)
Dividends paid	(9,600)	(4,800)
Net cash used in financing activities	(8,889)	(7,933)
Net decrease in cash and cash equivalents	(20,835)	(5,085)
Cash and cash equivalents at beginning of period	66,577	30,742
Cash and cash equivalents at end of period	45,742	25,657
Cash and cash equivalents comprise the following:		
Cash and bank balances	45,742	25,657

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.



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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 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

A single tier final dividend of 8 sen per share, totalling RM9,600,000 in respect of the financial year ended 31 December 2011 was paid on 15 June 2012.



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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2012

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 business segments comprise the following:

- (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>6 month financial period ended 30 June 2012</u>				
External revenue	410,522	196,213	7,911	614,646
Inter-segment revenue	6,044	704	1,198	7,946
Total revenue	<u>416,566</u>	<u>196,917</u>	<u>9,109</u>	<u>622,592</u>
Reportable segment profit before tax	<u>7,908</u>	<u>9,703</u>	<u>561</u>	<u>18,172</u>
<u>6 month financial period ended 30 June 2011</u>				
External revenue	389,325	195,057	6,670	591,052
Inter-segment revenue	1,024	9,307	1,288	11,619
Total revenue	<u>390,349</u>	<u>204,364</u>	<u>7,958</u>	<u>602,671</u>
Reportable segment profit before tax	<u>9,176</u>	<u>6,788</u>	<u>220</u>	<u>16,184</u>

(b) Reconciliation of reportable segment profit or loss:

	Cumulative Quarter	
	Six Months Ended 30/06/2012 RM'000	Six Months Ended 30/06/2011 RM'000
Total profit for reportable segments before tax	18,172	16,184
Other non-reportable segments	622	1,104
Adjustment of inter-segment expenses	15	(11)
Consolidated profit before tax	<u>18,809</u>	<u>17,277</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.



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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2012

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 30/06/2012 RM'000	As At 31/12/2011 RM'000
Guarantees to suppliers and banks for trade credit facilities granted to subsidiaries	194,324	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 RM352,000.

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 30/06/2012 RM'000	Cumulative Quarter Six Months Ended 30/06/2012 RM'000
Plant and equipment: Additions	228	1,411



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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2012

**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 Six Months Ended 30/06/2012 RM'000	Balance Due From/(To) As at 30/06/2012 RM'000
(a) Transactions with a subsidiary of ECS Holdings Limited:		
<u>Sales</u>		
ECS Computers (Asia) Pte Ltd	172	26
(b) Transactions with companies in which certain Directors have substantial interests:		
<u>Sales</u>		
KDU Smart School Sdn Bhd	36	14
Paramount Corporation Berhad	44	32
Paramount Property Construction Sdn Bhd	1	1
<u>Professional fee</u>		
Iza Ng Yeoh & Kit	18	(13)
<u>Rental expense</u>		
Enrich Platinum Sdn Bhd	864	-



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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2012

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 Q2 FY2012, the Group recorded marginally lower revenue of RM309.3 million compared with RM312.1 million in the corresponding quarter last year with lower revenue from Enterprise Systems segments. Profit Before Tax (PBT) was lower at RM7.5 million compared with the corresponding quarter last year of RM8.0 million due mainly to lower revenue.

The performance of the three business segments for Q2 FY2012 compared with the previous year corresponding quarter was as follows:

a) ICT Distribution

Revenue increased by 5.6% due to higher sales for PC Fair in April 2012. However, PBT decreased by 8.0% due to higher operating expenses.

b) Enterprise Systems

Revenue decreased by 13.6% due to lower sales of networking products and enterprise software. PBT decreased by 6.1% due mainly to lower revenue.

c) IT Services

Revenue increased by 6.7% as some project transactions were completed in the current quarter resulting in higher PBT by RM249,000.

Comparison results of current year-to-date and previous year-to-date

For 6 months ended 30 June 2012, the Group recorded revenue of RM614.6 million, an increase of 4.0% compared with the previous year's corresponding period of RM591.1 million, contributed by higher revenue from all the three segments. PBT increased by 8.9% to RM18.8 million from RM17.3 million recorded in the corresponding period last year due to better profit contribution from Enterprise Systems and higher interest income.

The performance of the three business segments for 6 months ended 30 June 2012 as compared to previous year-to-date are as below:

a) ICT Distribution

Revenue increased by 5.4% mainly due to encouraging sales from tablet PC. However PBT reduced by 13.8% due to higher operating expenses.

b) Enterprise Systems

Revenue marginally increased by 0.6%. However, PBT increased by 42.9% due to better profit margin from the product mix.

c) IT Services

Revenue increased by 18.6% due to more projects, resulting in higher PBT by RM341,000.



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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2012

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

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

Profit before tax for Q2 FY2012 of RM7.5 million was lower compared with the immediate preceding quarter of RM11.3 million due to lower revenue from Enterprise Systems segment .

17. Prospects for 2H2012

The global economic downturn in the first half of 2012 (1H 2012) has impacted Malaysia's gross domestic product (GDP) growth rate, resulting in weaker consumer and corporate spending in ICT products.

However, the lower consumer demand for Notebook PCs was mitigated by the increasing popularity of Tablet PCs and Ultrabook PCs. In addition, the Group has finalised plans to commence distribution of Smartphones in Q3 2012.

Based on our Group's comprehensive product lines and the encouraging prospects on Enterprise Systems projects, the outlook is expected to be positive for the second half of the current financial year.

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 30/06/2012 RM'000	Three Months Ended 30/06/2011 RM'000	Six Months Ended 30/06/2012 RM'000	Six Months Ended 30/06/2011 RM'000
Current income tax:				
Current year	2,036	2,317	5,039	4,813
Prior year	-	-	-	-
	<u>2,036</u>	<u>2,317</u>	<u>5,039</u>	<u>4,813</u>
Deferred tax	(130)	93	54	(168)
	<u>1,906</u>	<u>2,410</u>	<u>5,093</u>	<u>4,645</u>
Effective tax rate	25.3%	30.1%	27.1%	26.9%

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% (2011: 25%) mainly due to certain expenses which were not deductible for tax purposes.

20. Corporate proposals

There was no corporate proposal announced and not completed during the current quarter.

21. Borrowings and debt securities

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



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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2012

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

22. Changes in material litigation

There are no material litigation as at end of current financial period.

23. Dividend

No dividend was recommended in the current quarter under review.

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 30/06/2012	Three Months Ended 30/06/2011	Six Months Ended 30/06/2012	Six Months Ended 30/06/2011
Profit attributable to equity holders of the Company (RM'000)	5,615	5,606	13,716	12,632
Weighted average number of ordinary shares in issue ('000)	120,000	120,000	120,000	120,000
Basic earnings per share (sen)	4.7	4.7	11.4	10.5
Diluted earnings per share (sen)	NA	NA	N/A	N/A

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.



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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2012

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

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

	Current Quarter		Cumulative Quarter	
	Three Months Ended 30/06/2012	Three Months Ended 30/06/2011	Six Months Ended 30/06/2012	Six Months Ended 30/06/2011
	RM'000	RM'000	RM'000	RM'000
Depreciation	473	400	947	748
Provision/(Reversal) for and write off/(back) of receivables	239	(30)	47	(316)
Provision/(Reversal) for and write off/(back) of inventories	(4)	611	(75)	1,270
Foreign exchange gain	(844)	(110)	(1,955)	(476)
(Gain)/Loss on derivatives financial instruments	270	(838)	6	(486)

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

27. Realised and unrealised retained profits

	As at 30/06/2012	As at 31/12/2011
	RM'000	RM'000
Total retained profits of the Company and its subsidiaries		
- Realised profits	140,797	136,907
- Unrealised profits	1,529	1,318
	142,326	138,225
Less: Consolidation adjustments	(51,403)	(51,418)
Total group retained earnings	90,923	86,807

By order of the Board

Tay Lee Kong
Company Secretary

8 August 2012
Selangor