



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

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

	Note	As At 30/09/2012 RM'000	As At 31/12/2011 RM'000
<b>ASSETS</b>			
Plant and equipment		4,589	4,527
Goodwill		571	571
Investment in club membership		62	62
Deferred tax assets		1,805	1,476
<b>Total non-current assets</b>		<b>7,027</b>	<b>6,636</b>
Inventories		91,198	84,303
Receivables, deposits and prepayments		187,685	166,087
Cash and cash equivalents		45,041	66,577
<b>Total current assets</b>		<b>323,924</b>	<b>316,967</b>
<b>TOTAL ASSETS</b>		<b>330,951</b>	<b>323,603</b>
<b>EQUITY</b>			
Share capital		60,000	60,000
Share premium		25,903	25,903
Reserves		97,460	86,807
<b>Equity attributable to owners of the Company</b>		<b>183,363</b>	<b>172,710</b>
<b>LIABILITIES</b>			
Other payables		19	19
<b>Total non-current liabilities</b>		<b>19</b>	<b>19</b>
Payables and accruals		145,336	148,057
Borrowings	21	-	-
Tax payable		2,233	2,817
<b>Total current liabilities</b>		<b>147,569</b>	<b>150,874</b>
<b>Total liabilities</b>		<b>147,588</b>	<b>150,893</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>330,951</b>	<b>323,603</b>
Net assets per share attributable to owners of the Company (RM)		1.53	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 30 SEPTEMBER 2012**  
**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	Note	Current Quarter		Cumulative Quarter	
		Three Months Ended 30/09/2012 RM'000	Three Months Ended 30/09/2011 RM'000	Nine Months Ended 30/09/2012 RM'000	Nine Months Ended 30/09/2011 RM'000
<b>Revenue</b>		327,937	317,866	942,583	908,917
Cost of sales		(306,707)	(299,972)	(881,629)	(854,288)
<b>Gross profit</b>		<u>21,230</u>	<u>17,894</u>	<u>60,954</u>	<u>54,629</u>
Distribution expenses		(8,442)	(6,199)	(23,050)	(18,476)
Administrative expenses		(3,884)	(4,041)	(11,332)	(11,664)
Other (expense)/income		(577)	1,886	(148)	2,463
<b>Results from operating activities</b>		<u>8,327</u>	<u>9,540</u>	<u>26,424</u>	<u>26,952</u>
Finance income		263	146	980	272
Finance costs		(1)	(64)	(6)	(325)
Net finance income/(costs)		<u>262</u>	<u>82</u>	<u>974</u>	<u>(53)</u>
<b>Profit before tax</b>	26	<u>8,589</u>	<u>9,622</u>	<u>27,398</u>	<u>26,899</u>
Tax expense	19	(2,052)	(2,571)	(7,145)	(7,216)
<b>Profit for the period / Total comprehensive income for the period</b>		<u>6,537</u>	<u>7,051</u>	<u>20,253</u>	<u>19,683</u>
<b>Profit for the period / Total comprehensive income for the period attributable to:</b>					
Owners of the Company		6,537	7,051	20,253	19,683
Non-controlling interest		-	-	-	-
		<u>6,537</u>	<u>7,051</u>	<u>20,253</u>	<u>19,683</u>
<b>Earnings per share attributable to owners of the Company:</b>					
Basic (sen)	24	5.4	5.9	16.9	16.4
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 30 SEPTEMBER 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	-	-	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 2012	60,000	25,903	86,807	172,710	-	172,710
Total comprehensive income for the period	-	-	20,253	20,253	-	20,253
Dividend	-	-	(9,600)	(9,600)	-	(9,600)
At 30 September 2012	<u>60,000</u>	<u>25,903</u>	<u>97,460</u>	<u>183,363</u>	<u>-</u>	<u>183,363</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 30 SEPTEMBER 2012**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>Nine Months Ended 30/09/2012 RM'000</b>	<b>Nine Months Ended 30/09/2011 RM'000</b>
<b>Cash Flows from Operating Activities</b>		
Profit before tax	27,398	26,899
<i>Adjustments for:</i>		
Non-cash items	2,169	(1,211)
Non-operating items	(975)	53
Operating profit before changes in working capital	<u>28,592</u>	<u>25,741</u>
Change in inventories	(6,895)	(12,757)
Change in trade and other receivables, deposits and prepayment	(21,636)	(8,796)
Change in payables and accruals	(3,399)	47,370
Cash (used in)/generated from operations	<u>(3,338)</u>	<u>51,558</u>
Tax paid	(8,058)	(7,278)
Net cash (used in)/from operating activities	<u>(11,396)</u>	<u>44,280</u>
<b>Cash Flows from Investing Activities</b>		
Purchase of plant and equipment	(1,516)	(2,744)
Proceeds from disposal of plant and equipment	2	70
Net cash used in investing activities	<u>(1,514)</u>	<u>(2,674)</u>
<b>Cash Flows from Financing Activities</b>		
Net repayments of borrowings	-	(12,700)
Interest received	980	272
Interest paid	(6)	(325)
Dividends paid	(9,600)	(4,800)
Net cash used in financing activities	<u>(8,626)</u>	<u>(17,553)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(21,536)</b>	<b>24,053</b>
Cash and cash equivalents at beginning of period	<u>66,577</u>	<u>30,742</u>
<b>Cash and cash equivalents at end of period</b>	<u><b>45,041</b></u>	<u><b>54,795</b></u>
<b>Cash and cash equivalents comprise the following:</b>		
Cash and bank balances	<u>45,041</u>	<u>54,795</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 30 SEPTEMBER 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.



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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 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**

	<b>ICT Distribution RM'000</b>	<b>Enterprise Systems RM'000</b>	<b>ICT Services RM'000</b>	<b>Total RM'000</b>
<b><u>9 month financial period ended 30 September 2012</u></b>				
External revenue	598,486	332,810	11,287	942,583
Inter-segment revenue	7,215	907	1,799	9,921
Total revenue	<u>605,701</u>	<u>333,717</u>	<u>13,086</u>	<u>952,504</u>
Reportable segment profit before tax	<u>10,057</u>	<u>15,784</u>	<u>807</u>	<u>26,648</u>
<b><u>9 month financial period ended 30 September 2011</u></b>				
External revenue	595,631	303,254	10,032	908,917
Inter-segment revenue	2,008	10,976	1,958	14,942
Total revenue	<u>597,639</u>	<u>314,230</u>	<u>11,990</u>	<u>923,859</u>
Reportable segment profit before tax	<u>13,992</u>	<u>10,942</u>	<u>362</u>	<u>25,296</u>

**(b) Reconciliation of reportable segment profit or loss:**

	<b>Cumulative Quarter</b>	
	<b>Nine Months Ended 30/09/2012 RM'000</b>	<b>Nine Months Ended 30/09/2011 RM'000</b>
Total profit for reportable segments before tax	26,648	25,296
Other non-reportable segments	5,724	1,635
Eliminate of non-reportable segment dividend	(5,000)	-
Adjustment of inter-segment expense/(income)	26	(32)
Consolidated profit before tax	<u>27,398</u>	<u>26,899</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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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 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 30/09/2012 RM'000	As At 31/12/2011 RM'000
Guarantees to suppliers and banks for trade credit facilities granted to subsidiaries	<u>193,372</u>	<u>194,260</u>

**(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 as at end of current financial period was amounted to RM210,000.

**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 30/09/2012 RM'000	Cumulative Quarter Nine Months Ended 30/09/2012 RM'000
Plant and equipment: Additions	<u>105</u>	<u>1,516</u>



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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 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.

	<b>Cumulative Quarter Nine Months Ended 30/09/2012 RM'000</b>	<b>Balance Due From/(To) As at 30/09/2012 RM'000</b>
(a) Transactions with subsidiaries of ECS Holdings Limited:		
<u>Sales</u>		
ECS Computers (Asia) Pte Ltd	173	-
The Value Systems Co. Ltd	72	-
	<hr/>	<hr/>
(b) Transactions with companies in which certain Directors have substantial interests:		
<u>Sales</u>		
KDU Smart School Sdn Bhd	36	-
Paramount Property Development Sdn Bhd	4	-
Paramount Engineering & Construction Sdn Bhd	2	2
Paramount Corporation Berhad	52	-
Paramount Construction Sdn Bhd	1	-
Paramount Property Construction Sdn Bhd	3	1
<u>Professional fee</u>		
Iza Ng Yeoh & Kit	19	-
<u>Rental expense</u>		
Enrich Platinum Sdn Bhd	1,296	-
	<hr/>	<hr/>





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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 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 Q3 FY2012, the Group recorded higher revenue of RM327.9 million compared with RM317.9 million in the corresponding quarter last year due to higher revenue from Enterprise Systems segment. Profit Before Tax (PBT) was lower at RM8.6 million compared with the corresponding quarter last year of RM9.6 million mainly due to lower profit from ICT Distribution Segment.

The performance of the three business segments for Q3 FY2012 compared with the previous year corresponding quarter was as follows:

a) ICT Distribution

Revenue decreased by 8.9% due to weaker consumer spending on ICT products. With lower GP, the PBT decreased by RM2.7 million.

b) Enterprise Systems

Revenue increased by 26.3% contributed mainly from project transactions on networking products and enterprise software. With the higher sales and GP margin, the PBT increased by RM1.9 million.

c) IT Services

Revenue was consistent with last year of RM3.4 million. With higher GP margin, the PBT increased by RM104,000.

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

For 9 months ended 30 September 2012, the Group recorded revenue of RM942.6 million, an increase of 3.7% compared with the previous year's corresponding period of RM908.9 million, contributed by higher revenue from all the three segments. PBT increased by 1.9% to RM27.4 million from RM26.9 million recorded in the corresponding period last year contributed mainly from Enterprise Systems and higher interest income.

The performance of the three business segments for 9 months ended 30 September 2012 as compared to previous year-to-date are as below:

a) ICT Distribution

Revenue increased marginally by 0.5%. However, PBT reduced by 28.1% due to product mix and accounting fair value on foreign exchange contracts.

b) Enterprise Systems

Revenue increased by 9.8% contributed from project transactions on networking products and enterprise software. PBT increased by 44.3% due to higher profit margin from the product mix.

c) IT Services

Revenue increased by 12.5% due to more projects, resulting in higher PBT by RM445,000.



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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 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**

PBT for Q3 FY2012 of RM8.6 million was higher compared with the immediate preceding quarter of RM7.5 million due to higher revenue from Enterprise Systems segment .

**17. Prospects for Q4 2012**

Although the economies of the developed and the large emerging countries are slowing down, Malaysia's economic growth rate is forecasted to grow within 4% to 5% for 2012. The expansion in both the private and public sector investments is providing steady growth in ICT spending on Enterprise Systems while consumer spending is on the rise for tablet PCs and smartphones.

The Group expects the prospect to be positive for Q4 2012.

**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 30/09/2012	Three Months Ended 30/09/2011	Nine Months Ended 30/09/2012	Nine Months Ended 30/09/2011
	RM'000	RM'000	RM'000	RM'000
Current income tax:				
Current year	2,805	3,058	7,844	7,871
Prior year	(370)	(88)	(370)	(88)
	<u>2,435</u>	<u>2,970</u>	<u>7,474</u>	<u>7,783</u>
Deferred tax	(383)	(399)	(329)	(567)
	<u>2,052</u>	<u>2,571</u>	<u>7,145</u>	<u>7,216</u>
Effective tax rate	23.9%	26.7%	26.1%	26.8%

The effective tax rate for the current quarter is lower than the Malaysian statutory tax rate of 25% (2011:25%) due to write back of tax over provided in prior year. While the effective tax rate for the current year to date are higher due to certain expenses which are not deductible for the tax purposes.



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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2012**

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

**20. Corporate proposals**

On 10 September 2012, the Company announced a proposed bonus issue of 60,000,000 new ordinary shares of RM0.50 each in ECS ICT Berhad ("ECSB") to be credited as fully paid-up on the basis of one (1) Bonus Share for every two (2) existing ECSB Shares ("Bonus Issue"), which was approved by the shareholders at the Extraordinary General Meeting held on 10 October 2012.

The Bonus Issue was completed on 31 October 2012 following the listing and quotation of the 60,000,000 Bonus Shares on the Main Market of Bursa Malaysia Securities Berhad.

**21. Borrowings and debt securities**

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

**22. Changes in material litigation**

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

**23. Dividend**

The Board of Directors has declared a single tier interim dividend of 6% or 3 sen per ordinary share of 50 sen each for the financial year ending 31 December 2012.

The dividend will be paid on 12 December 2012 in respective of deposited securities as at 28 November 2012.

**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 30/09/2012	Three Months Ended 30/09/2011	Nine Months Ended 30/09/2012	Nine Months Ended 30/09/2011
Profit attributable to equity holders of the Company (RM'000)	6,537	7,051	20,253	19,683
Weighted average number of ordinary shares in issue ('000)	120,000	120,000	120,000	120,000
Basic earnings per share (sen)	5.4	5.9	16.9	16.4
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.



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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2012**

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

**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 30/09/2012	Three Months Ended 30/09/2011	Nine Months Ended 30/09/2012	Nine Months Ended 30/09/2011
	RM'000	RM'000	RM'000	RM'000
Depreciation	495	425	1,442	1,173
Provision/(Reversal) for and write off/(back) of receivables	944	(17)	991	(333)
Provision/(Reversal) for and write off/(back) of inventories	377	647	302	1,917
Foreign exchange (gain)/loss	(1,389)	1,107	(3,344)	631
(Gain)/Loss on derivatives financial instruments	712	(1,884)	718	(2,370)

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 30/09/2012	As at 31/12/2011
	RM'000	RM'000
Total retained profits of the Company and its subsidiaries		
- Realised profits	146,683	136,907
- Unrealised profits	2,169	1,318
	<u>148,852</u>	<u>138,225</u>
Less: Consolidation adjustments	(51,392)	(51,418)
Total group retained earnings	<u>97,460</u>	<u>86,807</u>

By order of the Board

Tay Lee Kong  
Company Secretary

7 November 2012  
Selangor