



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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2013
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As At 31/03/2013 RM'000	As At 31/12/2012 RM'000
ASSETS		
Plant and equipment	4,729	4,656
Intangible asset	571	571
Investment in club membership	62	62
Deferred tax assets	1,630	1,446
Total non-current assets	6,992	6,735
Inventories	80,088	79,801
Receivables, deposits and prepayments	158,688	171,895
Cash and cash equivalents	67,134	72,989
Tax recoverable	21	100
Total current assets	305,931	324,785
TOTAL ASSETS	312,923	331,520
EQUITY		
Share capital	90,000	90,000
Reserves	103,955	97,574
Total equity attributable to owners of the Company	193,955	187,574
LIABILITIES		
Other payables	9	9
Total non-current liabilities	9	9
Payables and accruals	115,648	141,127
Tax payable	3,311	2,810
Total current liabilities	118,959	143,937
Total liabilities	118,968	143,946
TOTAL EQUITY AND LIABILITIES	312,923	331,520
Net assets per share attributable to owners of the Company (RM)	1.08	1.04

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 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 2013
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Current Quarter		Cumulative Quarter	
		Three Months Ended 31/03/2013 RM'000	Three Months Ended 31/03/2012 RM'000	Three Months Ended 31/03/2013 RM'000	Three Months Ended 31/03/2012 RM'000
Revenue		320,335	305,387	320,335	305,387
Cost of sales		(300,738)	(283,597)	(300,738)	(283,597)
Gross profit		19,597	21,790	19,597	21,790
Distribution expenses		(7,253)	(7,387)	(7,253)	(7,387)
Administrative expenses		(3,789)	(3,747)	(3,789)	(3,747)
Other income/(expense)		(107)	277	(107)	277
Results from operating activities	26	8,448	10,933	8,448	10,933
Finance income		357	358	357	358
Finance costs		(1)	(3)	(1)	(3)
Net finance income		356	355	356	355
Profit before tax		8,804	11,288	8,804	11,288
Tax expense	19	(2,423)	(3,187)	(2,423)	(3,187)
Profit for the period / Total comprehensive income for the period		6,381	8,101	6,381	8,101
Profit for the period / Total comprehensive income for the period attributable to:					
Owners of the Company		6,381	8,101	6,381	8,101
Non-controlling interest		-	-	-	-
		6,381	8,101	6,381	8,101
Earnings per share attributable to owners of the Company:					
Basic (sen)	24	3.5	4.5	3.5	4.5
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 2012 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 2013
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<---- Attributable to owners of the Company ---->				Non- Controlling Interest RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Distributable Retained Earnings RM'000	Total RM'000		
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>
At 1 January 2013	90,000	-	97,574	187,574	-	187,574
Total comprehensive income for the period	-	-	6,381	6,381	-	6,381
At 31 March 2013	<u>90,000</u>	<u>-</u>	<u>103,955</u>	<u>193,955</u>	<u>-</u>	<u>193,955</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 2012 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 2013
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Three Months Ended 31/03/2013 RM'000	Three Months Ended 31/03/2012 RM'000
Cash Flows from Operating Activities		
Profit before tax	8,804	11,288
<i>Adjustments for:</i>		
Non-cash items	514	211
Non-operating items	(356)	(355)
Operating profit before changes in working capital	<u>8,962</u>	<u>11,144</u>
Change in inventories	(286)	(15,987)
Change in trade and other receivables, deposits and prepayment	13,207	(16,711)
Change in payables and accruals	(25,650)	29,552
Cash (used in)/generated from operations	<u>(3,767)</u>	<u>7,998</u>
Tax paid	(2,027)	(2,399)
Net cash (used in)/from operating activities	<u>(5,794)</u>	<u>5,599</u>
Cash Flows from Investing Activities		
Purchase of plant and equipment	(510)	(1,183)
Proceeds from disposal of plant and equipment	93	-
Net cash used in investing activities	<u>(417)</u>	<u>(1,183)</u>
Cash Flows from Financing Activities		
Interest received	357	358
Interest paid	(1)	(3)
Net cash from financing activities	<u>356</u>	<u>355</u>
Net (decrease)/ increase in cash and cash equivalents	(5,855)	4,771
Cash and cash equivalents at beginning of period	<u>72,989</u>	<u>66,577</u>
Cash and cash equivalents at end of period	<u>67,134</u>	<u>71,348</u>
Cash and cash equivalents comprise the following:		
Cash and bank balances	<u>67,134</u>	<u>71,348</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 2012 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 2013

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 financial year ended 31 December 2012.

The consolidated financial statements of the Group as at and for the financial year ended 31 December 2012 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.

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 2012, except with the adoption of the following Malaysian Financial Reporting Standards ("MFRS"), Issues Committee ("IC") Interpretations and Amendments to MFRS:

- MFRS 10, Consolidated Financial Statements
- MFRS 11, Joint Arrangements
- MFRS 12, Disclosure of Interests in Other Entities
- MFRS 13, Fair Value Measurement
- MFRS 119, Employee Benefits (2011)
- MFRS 127, Separate Financial Statements (2011)
- MFRS 128, Investments in Associates and Joint Ventures (2011)
- IC Interpretation 20, Stripping Costs in the Production Phase of a Surface Mine
- Amendments to MFRS 7, Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities
- Amendments to MFRS 1, First-time Adoption of Financial Reporting Standards – Government Loans
- Amendments to MFRS 1, First-time Adoption of Financial Reporting Standards (Annual Improvements 2009-2011 Cycle)
- Amendments to MFRS 101, Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)
- Amendments to MFRS 116, Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)
- Amendments to MFRS 132, Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)
- Amendments to MFRS 134, Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)
- Amendments to MFRS 10, Consolidated Financial Statements: Transition Guidance
- Amendments to MFRS 11, Joint Arrangements: Transition Guidance
- Amendments to MFRS 12, Disclosure of Interests in Other Entities: Transition Guidance

MFRS 11, MFRS 12, MFRS 128, IC Interpretation 20, Amendments to MFRS 11 and Amendments to MFRS 12 are not applicable to the Group.

The initial application of other standards, amendments and interpretations are not expected to have material financial impacts to the financial statements upon their first adoption.

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.



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

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.

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

Other non-reportable segments comprise management services and investment holding.

(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 2013</u>				
External revenue	207,911	108,560	3,864	320,335
Inter-segment revenue	1,569	870	1,144	3,583
Total revenue	<u>209,480</u>	<u>109,430</u>	<u>5,008</u>	<u>323,918</u>
Reportable segment profit before tax	<u>4,252</u>	<u>3,818</u>	<u>218</u>	<u>8,288</u>
<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>



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

8. Segmental reporting (continued)

(b) Reconciliation of reportable segment profit and loss:

	Cumulative Quarter	
	Three Months Ended 31/03/2013 RM'000	Three Months Ended 31/03/2012 RM'000
Total profit for reportable segments before tax	8,288	10,960
Other non-reportable segments profit	508	324
Eliminate of inter-segments profit and loss	8	4
Consolidated profit before tax	<u>8,804</u>	<u>11,288</u>

(c) Segment assets

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

9. Material events subsequent to the end of the financial period

There were no material events subsequent to the end of the financial period under review that have not been reflected in the quarterly financial statements.

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

	As At 31/03/2013 RM'000	As At 31/12/2012 RM'000
	Guarantees to suppliers and licensed banks for trade credit facilities granted to Group entities	<u>193,652</u>

These guarantees were supported by corporate guarantees from the Company.

(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 amounted to RM242,000.



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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2013

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

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 31/03/2013 RM'000	Cumulative Quarter Three Months Ended 31/03/2013 RM'000
Plant and equipment: Additions	<u>510</u>	<u>510</u>

14. Related party transactions

Related parties are those defined under MFRS 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 had been established on negotiated terms.

	Cumulative Quarter Three Months Ended 31/03/2013 RM'000	Balance Due From/(To) As at 31/03/2013 RM'000
Transactions with companies in which certain Directors have substantial interests:		
<u>Sales</u>		
KDU Smart School Sdn Bhd	13	-
KDU University College Sdn Bhd	9	9
Paramount Property Development Sdn Bhd	12	13
Paramount Corporation Berhad	3	2
Paramount Property Construction Sdn Bhd	4	4
<u>Rental expense</u>		
Enrich Platinum Sdn Bhd	<u>432</u>	<u>-</u>



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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 FY2013, the Group recorded higher revenue of RM320.3 million compared with RM305.4 million in the corresponding quarter last year with higher revenue from all three segments. However Profit Before Tax (PBT) was lower at RM8.8 million compared with the corresponding quarter last year of RM11.3 million mainly due to lower profit from Enterprise Systems Segment.

The performance of the three business segments for Q1 FY2013 compared with Q1 FY2012 were as follows:

a) ICT Distribution

Revenue increased by 5.2% due to better consumer spending on ICT products such as tablet and notebook. With higher Gross Profit (GP), the PBT increased by 7.1% to RM4.3 million.

b) Enterprise Systems

Revenue increased by 4.0%. However, due to lower GP margin from the products mix compared with Q1 FY2012 which had exceptionally high margin, the PBT decreased by 44.0% to RM3.8 million.

c) IT Services

Revenue increased by 15.2% to result in an increase of 27.5% in PBT to RM0.2 million.

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

PBT for Q1 FY2013 of RM8.8 million was lower compared with the immediate preceding quarter of RM12.9 million mainly due to lower profit from Enterprise Systems Segment .

17. Prospects

With the improvement in the global economy and better growth in Asia, our domestic economy is expected to achieve the Gross Domestic Product ("GDP") growth rate of above 5.0% for this year. The World Bank and the Asian Development Bank have forecasted Malaysia's economy to grow by 5.1% and 5.3%, respectively, for year 2013.

Against this backdrop and with the new lines of mobility devices and cloud computing services procured in Q1, the Group is optimistic of its performance for the rest of the year due to sustained consumer demand for mobility devices and private sector spending on ICT systems.

18. Profit forecast or profit guarantee

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



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

19. Tax expense

	Current Quarter		Cumulative Quarter	
	Three Months Ended 31/03/2013 RM'000	Three Months Ended 31/03/2012 RM'000	Three Months Ended 31/03/2013 RM'000	Three Months Ended 31/03/2012 RM'000
Current income tax:				
Current year	2,607	3,003	2,607	3,003
Prior year	-	-	-	-
	<u>2,607</u>	<u>3,003</u>	<u>2,607</u>	<u>3,003</u>
Deferred tax	(184)	184	(184)	184
	<u>2,423</u>	<u>3,187</u>	<u>2,423</u>	<u>3,187</u>
Effective tax rate	27.5%	28.2%	27.5%	28.2%

The effective tax rate was higher 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

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

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 2013

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 were computed as follows:

	Current Quarter		Cumulative Quarter	
	Three Months Ended 31/03/2013	Three Months Ended 31/03/2012	Three Months Ended 31/03/2013	Three Months Ended 31/03/2012
Profit attributable to equity holders of the Company (RM'000)	6,381	8,101	6,381	8,101
Weighted average number of ordinary shares in issue ('000)	180,000	180,000	180,000	180,000
Basic earnings per share (sen)	3.5	4.5	3.5	4.5
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 2012.

26. Results from operating activities are arrived at after charging/(crediting):

	Current Quarter		Cumulative Quarter	
	Three Months Ended 31/03/2013	Three Months Ended 31/03/2012	Three Months Ended 31/03/2013	Three Months Ended 31/03/2012
	RM'000	RM'000	RM'000	RM'000
Depreciation	432	474	432	474
Reversal of impairment loss on trade receivables	(334)	(192)	(334)	(192)
Inventories written back	(590)	(71)	(590)	(71)
Foreign exchange gain	(665)	(1,111)	(665)	(1,111)
Loss/(gain) on derivatives financial instruments	171	(264)	171	(264)

There was 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 2013

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

27. Realised and unrealised profits or losses

	As at 31/03/2013 RM'000	As at 31/12/2012 RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised profits	153,479	147,057
- Unrealised profits	1,853	1,904
	<u>155,332</u>	<u>148,961</u>
Less: Consolidation adjustments	(51,377)	(51,387)
Total group retained earnings	<u>103,955</u>	<u>97,574</u>

By order of the Board

Tay Lee Kong
Company Secretary

7 May 2013
Selangor