



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

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2013**  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<b>As At 30/06/2013 RM'000</b>	<b>As At 31/12/2012 RM'000</b>
<b>ASSETS</b>		
Plant and equipment	4,395	4,656
Intangible asset	571	571
Investment in club membership	62	62
Deferred tax assets	1,727	1,446
<b>Total non-current assets</b>	<b>6,755</b>	<b>6,735</b>
Inventories	81,988	79,801
Receivables, deposits and prepayments	142,660	171,895
Cash and cash equivalents	76,668	72,989
Tax recoverable	-	100
<b>Total current assets</b>	<b>301,316</b>	<b>324,785</b>
<b>TOTAL ASSETS</b>	<b>308,071</b>	<b>331,520</b>
<b>EQUITY</b>		
Share capital	90,000	90,000
Reserves	104,953	97,574
<b>Total equity attributable to owners of the Company</b>	<b>194,953</b>	<b>187,574</b>
<b>LIABILITIES</b>		
Other payables	9	9
<b>Total non-current liabilities</b>	<b>9</b>	<b>9</b>
Payables and accruals	109,523	141,127
Tax payable	3,586	2,810
<b>Total current liabilities</b>	<b>113,109</b>	<b>143,937</b>
<b>Total liabilities</b>	<b>113,118</b>	<b>143,946</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>308,071</b>	<b>331,520</b>
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 30 JUNE 2013**  
**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	Note	Three Months Ended		Six Months Ended	
		30/06/2013 RM'000	30/06/2012 RM'000	30/06/2013 RM'000	30/06/2012 RM'000
<b>Revenue</b>		300,463	309,259	620,798	614,646
Cost of sales		(282,656)	(291,325)	(583,394)	(574,922)
<b>Gross profit</b>		17,807	17,934	37,404	39,724
Distribution expenses		(7,322)	(7,221)	(14,575)	(14,608)
Administrative expenses		(3,861)	(3,701)	(7,650)	(7,448)
Other income		619	152	512	429
<b>Results from operating activities</b>	26	7,243	7,164	15,691	18,097
Finance income		321	359	678	717
Finance costs		(29)	(2)	(30)	(5)
Net finance income		292	357	648	712
<b>Profit before tax</b>		7,535	7,521	16,339	18,809
Tax expense	19	(2,037)	(1,906)	(4,460)	(5,093)
<b>Profit for the period / Total comprehensive income for the period</b>		5,498	5,615	11,879	13,716
<b>Profit for the period / Total comprehensive income for the period attributable to:</b>					
Owners of the Company		5,498	5,615	11,879	13,716
Non-controlling interest		-	-	-	-
		5,498	5,615	11,879	13,716
<b>Earnings per share attributable to owners of the Company:</b>					
Basic (sen)	24	3.1	3.1	6.6	7.6
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 30 JUNE 2013**  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	<---- Attributable to owners of the Company ---->					
	Share Capital RM'000	Share Premium RM'000	Distributable Retained Earnings RM'000	Total RM'000	Non- Controlling Interest RM'000	Total Equity RM'000
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>
At 1 January 2013	90,000	-	97,574	187,574	-	187,574
Total comprehensive income for the period	-	-	11,879	11,879	-	11,879
Dividend	-	-	(4,500)	(4,500)	-	(4,500)
At 30 June 2013	<u>90,000</u>	<u>-</u>	<u>104,953</u>	<u>194,953</u>	<u>-</u>	<u>194,953</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 30 JUNE 2013**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>Six Months Ended</b>	
	<b>30/06/2013</b>	<b>30/06/2012</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash Flows from Operating Activities</b>		
Profit before tax	16,339	18,809
<i>Adjustments for:</i>		
Non-cash items	234	953
Non-operating items	(648)	(712)
Operating profit before changes in working capital	<u>15,925</u>	<u>19,050</u>
Change in inventories	(2,187)	(11,508)
Change in trade and other receivables, deposits and prepayment	29,533	(777)
Change in payables and accruals	(31,456)	(12,880)
Cash generated from/(used in) operations	<u>11,815</u>	<u>(6,115)</u>
Tax paid	(3,865)	(4,422)
Net cash from/(used in) operating activities	<u>7,950</u>	<u>(10,537)</u>
<b>Cash Flows from Investing Activities</b>		
Purchase of plant and equipment	(618)	(1,411)
Proceeds from disposal of plant and equipment	199	2
Net cash used in investing activities	<u>(419)</u>	<u>(1,409)</u>
<b>Cash Flows from Financing Activities</b>		
Interest received	678	716
Interest paid	(30)	(5)
Dividend paid	(4,500)	(9,600)
Net cash used in financing activities	<u>(3,852)</u>	<u>(8,889)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	3,679	(20,835)
Cash and cash equivalents at beginning of period	<u>72,989</u>	<u>66,577</u>
<b>Cash and cash equivalents at end of period</b>	<u>76,668</u>	<u>45,742</u>
<b>Cash and cash equivalents comprise the following:</b>		
Cash and bank balances	<u>76,668</u>	<u>45,742</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 30 JUNE 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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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2013**

**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**

A single tier final dividend of 2.5 sen per share, totalling RM4,500,000 in respect of the financial year ended 31 December 2012 was paid on 14 June 2013.

**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**

	<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>6 month financial period ended 30 June 2013</u></b>				
External revenue	397,531	216,616	6,651	620,798
Inter-segment revenue	3,078	1,563	2,327	6,968
Total revenue	<u>400,609</u>	<u>218,179</u>	<u>8,978</u>	<u>627,766</u>
Reportable segment profit before tax	<u>7,368</u>	<u>7,587</u>	<u>405</u>	<u>15,360</u>
<b><u>6 month financial period ended 30 June 2012</u></b>				
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>



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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:**

	Six Months Ended	
	30/06/2013	30/06/2012
	RM'000	RM'000
Total profit for reportable segments before tax	15,360	18,172
Other non-reportable segments profit	963	622
Eliminate of inter-segments profit and loss	16	15
Consolidated profit before tax	<u>16,339</u>	<u>18,809</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	As At
	30/06/2013	31/12/2012
	RM'000	RM'000
Guarantees to suppliers and licensed banks for trade credit facilities granted to Group entities	<u>194,184</u>	<u>193,388</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 contracted but not provided for as at end of current financial period amounted to RM169,000.



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**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:

	<b>Three Months Ended 30/06/2013 RM'000</b>	<b>Six Months Ended 30/06/2013 RM'000</b>
Plant and equipment: Additions	<u>108</u>	<u>618</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.

	<b>Six Months Ended 30/06/2013 RM'000</b>	<b>Balance Due From/(To) As at 30/06/2013 RM'000</b>
Transactions with companies in which certain Directors have substantial interests:		
<u>Sales</u>		
KDU Smart School Sdn Bhd	13	-
KDU University College Sdn Bhd	317	308
Paramount Property Development Sdn Bhd	13	-
Paramount Corporation Berhad	8	-
Paramount Construction Sdn Bhd	7	7
Paramount Property Construction Sdn Bhd	29	26
<u>Rental expense</u>		
Enrich Platinum Sdn Bhd	<u>864</u>	<u>-</u>





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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2013**

**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 FY2013, the Group recorded slightly lower revenue of RM300.5 million compared with RM309.3 million in the corresponding quarter last year with lower revenue from ICT Distribution and ICT Services segments. However Profit Before Tax (PBT) was on par with the corresponding quarter last year at RM7.5 million.

The performance of the three business segments for Q2 FY2013 compared with Q2 FY2012 were as follows:

- a) ICT Distribution  
Revenue decreased by 10.9% due mainly to softer market for notebook. With lower Gross Profit (GP), the PBT decreased by 20.8% to RM3.1 million.
- b) Enterprise Systems  
Revenue increased by 17.6% due to higher sales of servers, networking products and enterprise software. With higher GP, the PBT increased by 30.6% to RM3.8 million.
- c) ICT Services  
Revenue decreased by 38.8% to result in an decrease of 52.0% in PBT to RM0.2 million.

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

For 6 months ended 30 June 2013, the Group recorded revenue of RM620.8 million, an increase of 1.0% compared with the previous year's corresponding period of RM614.6 million, mainly from higher revenue from Enterprise System Segment although ICT Distribution Segment had lower revenue. GP decreased by 5.8% resulting in decrease of PBT by 13.1%.

The performance of the three business segments for 6 months ended 30 June 2013 as compared to previous year-to-date were as below:

- a) ICT Distribution  
Revenue decreased by 3.2% due to lower peripherals and printer consumables sales. With lower sales and GP margin from the product mix, PBT reduced by 6.8%.
- b) Enterprise Systems  
Revenue increased by 10.4% contributed mainly from projects on networking products and enterprise software. PBT decreased by 21.8% due to lower profit margins from the product mix.
- c) ICT Services  
Revenue decreased by 15.9% resulting in decrease of PBT by 27.8% to RM0.4 million.

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

PBT for Q2 FY2013 of RM7.5 million was lower compared with the immediate preceding quarter of RM8.8 million due to lower profit from all three segments.



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

**17. Prospects**

Although the first quarter Gross Domestic Product (GDP) growth rate of 4.1% was slower than forecasted, Malaysia's economic growth is expected to improve for the remainder of 2013. Post the 13th General Election, business sentiments and confidence in the economy have improved as more ICT projects are expected to be tendered and awarded. The Group expects its performance to be satisfactory for the second half of the year.

**18. Profit forecast or profit guarantee**

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

**19. Tax expense**

	Three Months Ended		Six Months Ended	
	30/06/2013	30/06/2012	30/06/2013	30/06/2012
	RM'000	RM'000	RM'000	RM'000
Current income tax:				
Current year	2,133	2,036	4,740	5,039
Prior year	-	-	-	-
	<u>2,133</u>	<u>2,036</u>	<u>4,740</u>	<u>5,039</u>
Deferred tax	(96)	(130)	(280)	54
	<u>2,037</u>	<u>1,906</u>	<u>4,460</u>	<u>5,093</u>
Effective tax rate	27.0%	25.3%	27.3%	27.1%

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 30 JUNE 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:

	Three Months Ended		Six Months Ended	
	30/06/2013	30/06/2012	30/06/2013	30/06/2012
Profit attributable to equity holders of the Company (RM'000)	5,498	5,615	11,879	13,716
Weighted average number of ordinary shares in issue ('000)	180,000	180,000	180,000	180,000
Basic earnings per share (sen)	3.1	3.1	6.6	7.6
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):**

	Three Months Ended		Six Months Ended	
	30/06/2013	30/06/2012	30/06/2013	30/06/2012
	RM'000	RM'000	RM'000	RM'000
Depreciation	441	473	873	947
Impairment/(Reversal) on trade receivables	300	239	(34)	47
Inventories provision/(written back)	191	(4)	(399)	(75)
Foreign exchange loss/(gain)	502	(844)	(163)	(1,955)
(Gain)/Loss on derivatives financial instruments	(619)	270	(448)	6

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 30 JUNE 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**

	<b>As at 30/06/2013 RM'000</b>	<b>As at 31/12/2012 RM'000</b>
Total retained earnings of the Company and its subsidiaries		
- Realised profits	154,658	147,057
- Unrealised profits	1,667	1,904
	<u>156,325</u>	<u>148,961</u>
Less: Consolidation adjustments	(51,372)	(51,387)
Total group retained earnings	<u>104,953</u>	<u>97,574</u>

By order of the Board

Tay Lee Kong  
Company Secretary

6 August 2013  
Selangor