



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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2015
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As At 30/06/2015 RM'000	As At 31/12/2014 RM'000
ASSETS		
Plant and equipment	3,441	3,303
Intangible asset	571	571
Investment in club membership	62	62
Deferred tax assets	1,682	1,414
Total non-current assets	<u>5,756</u>	<u>5,350</u>
Inventories	129,486	119,359
Receivables, deposits and prepayments	208,107	197,373
Cash and cash equivalents	60,566	89,749
Total current assets	<u>398,159</u>	<u>406,481</u>
TOTAL ASSETS	<u>403,915</u>	<u>411,831</u>
EQUITY		
Share capital	90,000	90,000
Reserves	146,084	134,094
Total equity attributable to owners of the Company	<u>236,084</u>	<u>224,094</u>
LIABILITIES		
Payables and accruals	163,003	185,211
Tax payable	4,828	2,526
Total current liabilities	<u>167,831</u>	<u>187,737</u>
Total liabilities	167,831	187,737
TOTAL EQUITY AND LIABILITIES	<u>403,915</u>	<u>411,831</u>
Net assets per share attributable to owners of the Company (RM)	1.31	1.24

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014 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 2015
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Three Months Ended		Six Months Ended	
		30/06/2015 RM'000	30/06/2014 RM'000	30/06/2015 RM'000	30/06/2014 RM'000
Revenue		418,790	389,916	941,645	747,635
Cost of sales		(395,123)	(367,230)	(891,939)	(705,680)
Gross profit		<u>23,667</u>	<u>22,686</u>	<u>49,706</u>	<u>41,955</u>
Distribution expenses		(9,263)	(8,871)	(18,830)	(17,403)
Administrative expenses		(4,597)	(3,828)	(8,992)	(7,596)
Other income/(expense)		456	(32)	691	(738)
Results from operating activities	26	<u>10,263</u>	<u>9,955</u>	<u>22,575</u>	<u>16,218</u>
Finance income		405	370	802	783
Finance costs		(1)	(1)	(1)	(1)
Net finance income		<u>404</u>	<u>369</u>	<u>801</u>	<u>782</u>
Profit before tax		<u>10,667</u>	<u>10,324</u>	<u>23,376</u>	<u>17,000</u>
Tax expense	19	(2,666)	(2,809)	(5,986)	(4,700)
Profit for the period / Total comprehensive income for the period		<u>8,001</u>	<u>7,515</u>	<u>17,390</u>	<u>12,300</u>
Profit for the period / Total comprehensive income for the period attributable to:					
Owners of the Company		8,001	7,515	17,390	12,300
Non-controlling interest		-	-	-	-
		<u>8,001</u>	<u>7,515</u>	<u>17,390</u>	<u>12,300</u>
Earnings per share attributable to owners of the Company:					
Basic (sen)	24	4.4	4.2	9.7	6.8
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 2014 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 2015
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<- Attributable to owners of the Company - >				
	Share Capital RM'000	Distributable Retained Earnings RM'000	Total RM'000	Non- Controlling Interest RM'000	Total Equity RM'000
At 1 January 2014	90,000	114,562	204,562	-	204,562
Profit for the period / Total comprehensive income for the period	-	12,300	12,300	-	12,300
Dividend	-	(4,500)	(4,500)	-	(4,500)
At 30 June 2014	<u>90,000</u>	<u>122,362</u>	<u>212,362</u>	<u>-</u>	<u>212,362</u>
At 1 January 2015	90,000	134,094	224,094	-	224,094
Profit for the period / Total comprehensive income for the period	-	17,390	17,390	-	17,390
Dividend	-	(5,400)	(5,400)	-	(5,400)
At 30 June 2015	<u>90,000</u>	<u>146,084</u>	<u>236,084</u>	<u>-</u>	<u>236,084</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 2014 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 2015
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six Months Ended	
	30/06/2015	30/06/2014
	RM'000	RM'000
Cash Flows from Operating Activities		
Profit before tax	23,376	17,000
<i>Adjustments for:</i>		
Non-cash items	1,058	1,741
Non-operating items	(801)	(782)
Operating profit before changes in working capital	<u>23,633</u>	<u>17,959</u>
Change in inventories	(10,127)	(61,147)
Change in receivables, deposits and prepayment	(10,144)	6,358
Change in payables and accruals	(23,187)	5,377
Cash used in operations	<u>(19,825)</u>	<u>(31,453)</u>
Tax paid	(3,952)	(4,039)
Net cash used in operating activities	<u>(23,777)</u>	<u>(35,492)</u>
Cash Flows from Investing Activities		
Purchase of plant and equipment	(807)	(341)
Net cash used in investing activities	<u>(807)</u>	<u>(341)</u>
Cash Flows from Financing Activities		
Interest received	802	783
Interest paid	(1)	(1)
Dividend paid	(5,400)	(4,500)
Net cash used in financing activities	<u>(4,599)</u>	<u>(3,718)</u>
Net decrease in cash and cash equivalents	(29,183)	(39,551)
Cash and cash equivalents at beginning of period	<u>89,749</u>	<u>83,700</u>
Cash and cash equivalents at end of period	<u>60,566</u>	<u>44,149</u>
Cash and cash equivalents comprise the following:		
Cash and bank balances	<u>60,566</u>	<u>44,149</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 2014 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 2015

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 2014.

The consolidated financial statements of the Group as at and for the financial year ended 31 December 2014 are available upon request from the Company's registered office at: Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan.

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 2014, except with the adoption of the following Malaysian Financial Reporting Standards ("MFRS"), Issues Committee ("IC") Interpretations and Amendments to MFRS for financial period beginning on or after 1 January 2015:

- Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2011-2013 Cycle)
- Amendments to MFRS 2, Share-based Payment (Annual Improvements 2010-2012 Cycle)
- Amendments to MFRS 3, Business Combinations (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)
- Amendments to MFRS 8, Operating Segments (Annual Improvements 2010-2012 Cycle)
- Amendments to MFRS 13, Fair Value Measurement (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)
- Amendments to MFRS 116, Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)
- Amendments to MFRS 119, Employee Benefits – Defined Benefit Plans: Employee Contributions
- Amendments to MFRS 124, Related Party Disclosures (Annual Improvements 2010-2012 Cycle)
- Amendments to MFRS 138, Intangible Assets (Annual Improvements 2010-2012 Cycle)
- Amendments to MFRS 140, Investment Property (Annual Improvements 2011-2013 Cycle)

Amendments to MFRS 140, Investment Property (Annual Improvements 2011-2013 Cycle) is not applicable to the Group.

The adoption of the above standards and amendments are not expected to have material financial impacts to the financial statements of the Group.

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

A single tier final dividend of 3.0 sen per share, totalling RM5,400,000 in respect of the financial year ended 31 December 2014 was paid on 19 June 2015.

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>6 months financial period ended 30 June 2015</u>				
External revenue	691,114	226,796	23,735	941,645
Inter-segment revenue	3,477	2,054	2,023	7,554
Total revenue	<u>694,591</u>	<u>228,850</u>	<u>25,758</u>	<u>949,199</u>
Reportable segment profit before tax	<u>15,332</u>	<u>6,846</u>	<u>612</u>	<u>22,790</u>
<u>6 months financial period ended 30 June 2014</u>				
External revenue	513,582	213,011	21,042	747,635
Inter-segment revenue	2,009	3,365	2,704	8,078
Total revenue	<u>515,591</u>	<u>216,376</u>	<u>23,746</u>	<u>755,713</u>
Reportable segment profit before tax	<u>9,532</u>	<u>5,536</u>	<u>846</u>	<u>15,914</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	
	30/06/2015	30/06/2014
	RM'000	RM'000
Total profit for reportable segments before tax	22,790	15,914
Other non-reportable segments profit	585	1,084
Eliminate of inter-segments profit and loss	1	2
Consolidated profit before tax	<u>23,376</u>	<u>17,000</u>

(c) Segment assets

	As at	
	30/06/2015	31/12/2014
	RM'000	RM'000
ICT Distribution	300,069	283,072
Enterprise Systems	113,316	94,588
ICT Services	4,027	3,367
Total reportable segment assets	<u>417,412</u>	<u>381,027</u>
<u>Reconciliation of reportable segment:</u>		
Total reportable segment assets	417,412	381,027
Other non-reportable segments assets	119,822	125,220
Elimination of inter-segment balances	(133,319)	(94,416)
Consolidated total	<u>403,915</u>	<u>411,831</u>

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

(d) Segment liabilities

Segment liabilities information is neither included in the internal management reports nor provided regularly to the Chief Executive Office. Hence no disclosure is made on segment liabilities.

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.



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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2015

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

11. Contingent liabilities and contingent assets

(a) Contingent liabilities

	As At 30/06/2015 RM'000	As At 31/12/2014 RM'000
Guarantees to suppliers and licensed banks for trade credit facilities granted by holding company to Group entities	<u>196,854</u>	<u>194,796</u>

(b) Contingent assets

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

12. Capital commitments

The capital expenditure contracted but not provided for as at the end of the current financial period amounted to RM246,000.

13. Capital expenditure

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

	Three Months Ended 30/06/2015 RM'000	Six Months Ended 30/06/2015 RM'000
Plant and equipment: Additions	<u>648</u>	<u>807</u>



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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 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.

	Six Months Ended	Balance Due
	30/06/2015	From/(To)
	RM'000	As at
		30/06/2015
		RM'000
Transactions with companies in which certain Directors have substantial interests:		
<u>Sales</u>		
KDU University College Sdn Bhd	264	-
Paramount Property Development Sdn Bhd	113	58
Paramount Engineering & Construction Sdn Bhd	2	-
Paramount Corporation Berhad	40	-
Paramount Construction Sdn Bhd	37	-
Paramount Property Construction Sdn Bhd	12	13
Paramount Property (Utara) Sdn Bhd	59	-
Paramount Property (C'Jaya) Sdn Bhd	7	7
<u>Professional fee</u>		
Iza Ng Yeoh & Kit	5	-
<u>Rental expense</u>		
Enrich Platinum Sdn Bhd	953	-



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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2015

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 FY2015, the Group recorded higher revenue of RM418.8 million, an increase of 7.4% compared with RM389.9 million in the corresponding quarter last year with higher revenue mainly from ICT Distribution Segment. Profit Before Tax (PBT) increased by 3.3% to RM10.7 million compared corresponding quarter last year of RM10.3 million.

The performance of the three business segments for Q2 FY2015 compared with Q2 FY2014 were as follows:

a) ICT Distribution

Revenue increased by 21.5% with higher sales from mobility products namely tablets and smartphones. With higher sales and Gross Profit (GP), the PBT increased by 29.7% to RM7.2 million.

b) Enterprise Systems

Revenue decreased by 23.7% with lower sales of software products and Hi-End printer. With lower sales and GP, the PBT decreased by 18.2% to RM3.0 million.

c) ICT Services

Revenue increased by RM378,000. However with lower GP margin, the PBT decreased by RM211,000.

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

For 6 months period ended 30 June 2015, the Group recorded revenue of RM941.6 million, an increase of 25.9% compared with the previous year's corresponding period of RM747.6 million with higher revenue from all three segments. With higher sales, the PBT increased by 37.5% to RM23.4 million.

The performance of the three business segments for 6 months period ended 30 June 2015 as compared to previous year-to-date were as below:

a) ICT Distribution

Revenue increased by 34.6% with higher sales mainly from PCs, notebooks and mobility products namely tablets and smartphones. With higher sales and GP, the PBT increased by 60.8% to RM15.3 million.

b) Enterprise Systems

Revenue increased by 6.5% mainly due to higher sales of servers. With higher sales and GP, the PBT increased by 23.7% to RM6.8 million.

c) ICT Services

Revenue increased by RM2.7 million. However with lower GP margin, the PBT decreased by 27.7% to RM612,000.



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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 Q2 FY2015 of RM10.7 million was lower compared with Q1 FY2015 of RM12.7 million because Q1 FY2015 was exceptional with the surge in both commercial and consumer spending before Goods and Services Tax (GST) implementation.

17. Prospects

Although the implementation of the Goods and Services Tax (GST) in April 2015 has dampened the sentiments in the consumer market, new models of mobility products of smartphones and tablets, and the launching of Microsoft Windows 10, are expected to spur buying interest in the second half of FY2015.

While Enterprise Systems demand has been rather slow for both public and private sectors due to economic uncertainties mainly caused by the substantial drop in Ringgit Malaysia (RM) versus US Dollars (USD), we expect some significant projects to materialise during the second half of FY2015.

In view of the positive prospects for consumer and enterprise markets, we are optimistic to achieve satisfactory performance for the remainder of FY2015.

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	
	30/06/2015	30/06/2014	30/06/2015	30/06/2014
	RM'000	RM'000	RM'000	RM'000
Current income tax:				
Current year	3,048	2,838	6,254	4,639
Prior year	-	-	-	-
	<u>3,048</u>	<u>2,838</u>	<u>6,254</u>	<u>4,639</u>
Deferred tax	(382)	(29)	(268)	61
	<u>2,666</u>	<u>2,809</u>	<u>5,986</u>	<u>4,700</u>
Effective tax rate	25.0%	27.2%	25.6%	27.6%

The effective tax rate for current year to date was higher than the Malaysian tax rate of 25% 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.



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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2015

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

22. Changes in material litigation

There was no material litigation as at the end of the 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 were computed as follows:

	Three Months Ended		Six Months Ended	
	30/06/2015	30/06/2014	30/06/2015	30/06/2014
Profit attributable to equity holders of the Company (RM'000)	8,001	7,515	17,390	12,300
Weighted average number of ordinary shares in issue ('000)	180,000	180,000	180,000	180,000
Basic earnings per share (sen)	4.4	4.2	9.7	6.8
Diluted earnings per share (sen)	<u>N/A</u>	<u>N/A</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 2014.

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

	Three Months Ended		Six Months Ended	
	30/06/2015	30/06/2014	30/06/2015	30/06/2014
	RM'000	RM'000	RM'000	RM'000
Depreciation	333	380	667	760
Impairment loss on trade receivables	661	1,011	787	1,504
Inventories written down/(written back)	793	(299)	(1,171)	(1,046)
Foreign exchange gain	(161)	(447)	(280)	(1,858)
(Gain)/Loss on derivatives financial instruments	<u>(456)</u>	<u>74</u>	<u>(590)</u>	<u>979</u>

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 2015

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 30/06/2015 RM'000	As at 31/12/2014 RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised profits	195,726	183,616
- Unrealised profits	1,719	1,841
	<hr/>	<hr/>
	197,445	185,457
Less: Consolidation adjustments	(51,361)	(51,363)
	<hr/>	<hr/>
Total group retained earnings	146,084	134,094

By order of the Board

Chua Siew Chuan
Cheng Chia Ping
Lwee Wen Ling
Company Secretaries

5 August 2015
Selangor