

**ECS ICT BERHAD**

(351038-H)

(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2017  
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	As At 31/03/2017 RM'000	As At 31/12/2016 RM'000
<b>ASSETS</b>		
Plant and equipment	2,990	3,158
Intangible asset	571	571
Investment in club membership	62	62
Deferred tax assets	1,651	1,385
Trade receivables	4,675	4,613
<b>Total non-current assets</b>	<u>9,949</u>	<u>9,789</u>
Inventories	118,705	113,447
Receivables, deposits and prepayments	242,457	265,030
Cash and cash equivalents	79,632	110,215
<b>Total current assets</b>	<u>440,794</u>	<u>488,692</u>
<b>TOTAL ASSETS</b>	<u>450,743</u>	<u>498,481</u>
<b>EQUITY</b>		
Share capital	90,000	90,000
Reserves	170,945	166,124
<b>Total equity attributable to owners of the Company</b>	<u>260,945</u>	<u>256,124</u>
<b>LIABILITIES</b>		
Payables and accruals	188,334	240,639
Tax payable	1,464	1,718
<b>Total current liabilities</b>	<u>189,798</u>	<u>242,357</u>
<b>Total liabilities</b>	189,798	242,357
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>450,743</u>	<u>498,481</u>
Net assets per share attributable to owners of the Company (RM)	1.45	1.42

*The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 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 31 MARCH 2017**  
**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	Note	Individual Quarter Three Months Ended		Cumulative Quarter Three Months Ended	
		31/03/2017 RM'000	31/03/2016 RM'000 Restated	31/03/2017 RM'000	31/03/2016 RM'000 Restated
<b>Revenue</b>		460,088	434,715	460,088	434,715
Cost of sales		(440,143)	(413,629)	(440,143)	(413,629)
<b>Gross profit</b>		19,945	21,086	19,945	21,086
Distribution expenses	27	(9,164)	(10,547)	(9,164)	(10,547)
Administrative expenses	27	(5,121)	(5,255)	(5,121)	(5,255)
Other income		436	1,101	436	1,101
<b>Results from operating activities</b>	26	6,096	6,385	6,096	6,385
Finance income		454	599	454	599
Finance costs		-	-	-	-
Net finance income		454	599	454	599
<b>Profit before tax</b>		6,550	6,984	6,550	6,984
Tax expense	19	(1,729)	(1,862)	(1,729)	(1,862)
<b>Profit for the period / Total comprehensive income for the period</b>		4,821	5,122	4,821	5,122
<b>Profit for the period / Total comprehensive income for the period attributable to:</b>					
Owners of the Company		4,821	5,122	4,821	5,122
Non-controlling interest		-	-	-	-
		4,821	5,122	4,821	5,122
<b>Earnings per share attributable to owners of the Company:</b>					
Basic (sen)	24	2.7	2.8	2.7	2.8
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 2016 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 31 MARCH 2017**  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	<- Attributable to owners of the Company - >			Non-	Total
	Share	Distributable	Total	Controlling	Equity
	Capital	Retained		Interest	
	RM'000	Earnings	RM'000	RM'000	RM'000
		RM'000			
At 1 January 2016	90,000	146,782	236,782	-	236,782
Profit for the period / Total comprehensive income for the period	-	5,122	5,122	-	5,122
At 31 March 2016	<u>90,000</u>	<u>151,904</u>	<u>241,904</u>	<u>-</u>	<u>241,904</u>
At 1 January 2017	90,000	166,124	256,124	-	256,124
Profit for the period / Total comprehensive income for the period	-	4,821	4,821	-	4,821
At 31 March 2017	<u>90,000</u>	<u>170,945</u>	<u>260,945</u>	<u>-</u>	<u>260,945</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 2016 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 31 MARCH 2017  
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>Three Months Ended</b>	
	<b>31/03/2017</b>	<b>31/03/2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash Flows from Operating Activities</b>		
Profit before tax	6,550	6,984
<i>Adjustments for:</i>		
Non-cash items	559	(99)
Non-operating items	(454)	(599)
Operating profit before changes in working capital	<u>6,655</u>	<u>6,286</u>
Change in inventories	(5,258)	(24,065)
Change in receivables, deposits and prepayment	20,294	7,362
Change in payables and accruals	(50,293)	(11,173)
Cash used in operations	<u>(28,602)</u>	<u>(21,590)</u>
Tax paid	(2,249)	(2,468)
Net cash used in operating activities	<u>(30,851)</u>	<u>(24,058)</u>
<b>Cash Flows from Investing Activities</b>		
Purchase of plant and equipment	(164)	(146)
Proceeds from disposal of plant and equipment	100	-
Net cash used in investing activities	<u>(64)</u>	<u>(146)</u>
<b>Cash Flows from Financing Activities</b>		
Interest received	332	599
Net cash generated from financing activities	<u>332</u>	<u>599</u>
<b>Net decrease in cash and cash equivalents</b>	<u>(30,583)</u>	<u>(23,605)</u>
Cash and cash equivalents at beginning of period	<u>110,215</u>	<u>116,237</u>
<b>Cash and cash equivalents at end of period</b>	<u>79,632</u>	<u>92,632</u>
<b>Cash and cash equivalents comprise the following:</b>		
Cash and bank balances	<u>79,632</u>	<u>92,632</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 2016 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 31 MARCH 2017**

**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 2016.

The consolidated financial statements of the Group as at and for the financial year ended 31 December 2016 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 2016, 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 2017:

- Amendments to MFRS 12, Disclosure of Interests in Other Entities (Annual Improvements to MFRS Standards 2014-2016 Cycle)
- Amendments to MFRS 107, Statement of Cash Flows – Disclosure Initiative
- Amendments to MFRS 112, Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses

Amendments to MFRS 12 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.

**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.



**ECS ICT BERHAD**

(351038-H)

(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2017**

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

**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**

	<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>3 months financial period ended 31 March 2017</u></b>				
External revenue	377,304	74,665	8,119	460,088
Inter-segment revenue	3,425	693	740	4,858
Total revenue	<u>380,729</u>	<u>75,358</u>	<u>8,859</u>	<u>464,946</u>
Reportable segment profit before tax	<u>4,142</u>	<u>1,643</u>	<u>115</u>	<u>5,900</u>
<b><u>3 months financial period ended 31 March 2016</u></b>				
External revenue	338,009	88,033	8,673	434,715
Inter-segment revenue	2,274	824	1,066	4,164
Total revenue	<u>340,283</u>	<u>88,857</u>	<u>9,739</u>	<u>438,879</u>
Reportable segment profit before tax	<u>4,599</u>	<u>1,566</u>	<u>253</u>	<u>6,418</u>



**ECS ICT BERHAD**

(351038-H)

(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2017**

**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:**

	<b>Three Months Ended</b>	
	<b>31/03/2017</b>	<b>31/03/2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Total profit for reportable segments before tax	5,900	6,418
Other non-reportable segments profit	650	563
Eliminate of inter-segments profit and loss	-	3
Consolidated profit before tax	<u>6,550</u>	<u>6,984</u>

**(c) Segment assets**

	<b>As at</b>	<b>As at</b>
	<b>31/03/2017</b>	<b>31/12/2016</b>
	<b>RM'000</b>	<b>RM'000</b>
ICT Distribution	314,364	333,042
Enterprise Systems	117,761	135,188
ICT Services	4,180	4,037
Total reportable segment assets	<u>436,305</u>	<u>472,267</u>
<b>Reconciliation of reportable segment:</b>		
Total reportable segment assets	436,305	472,267
Other non-reportable segments assets	127,224	126,680
Elimination of inter-segment balances	(112,786)	(100,466)
Consolidated total	<u>450,743</u>	<u>498,481</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.



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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2017

**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 31/03/2017 RM'000	As At 31/12/2016 RM'000
Guarantees to suppliers and licensed banks for trade credit facilities granted by holding company to Group entities	147,228	147,288

**(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 RM35,000.

**13. Capital expenditure**

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

	Individual Quarter Three Months Ended 31/03/2017 RM'000	Cumulative Quarter Three Months Ended 31/03/2017 RM'000
Plant and equipment: Additions	164	164

**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.

	Three Months Ended 31/03/2017 RM'000	Balance Due From/(To) As at 31/03/2017 RM'000
Transactions with companies in which certain Directors have substantial interests:		
<u>Professional fee</u> Iza Ng Yeoh & Kit	1	(1)
<u>Rental expense</u> Enrich Platinum Sdn Bhd	480	-





**ECS ICT BERHAD**

(351038-H)

(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2017**

**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 FY2017, the Group recorded higher revenue of RM460.1 million, an increase of 5.8% compared with RM434.7 million in the corresponding quarter last year contributed by ICT Distribution Segment. However, Profit Before Tax (PBT) decreased by 6.2% to RM6.6 million compared with the corresponding quarter last year of RM7.0 million mainly due to lower gross profit (GP) margin from ICT Distribution Segment.

The performance of the three business segments for Q1 FY2017 compared with Q1 FY2016 were as follows:

a) ICT Distribution

Revenue increased by 11.6% with higher sales from Notebook and smartphones. However with lower GP margin mainly from the product mix, the PBT decreased by 9.9% to RM4.1 million compared with last year's corresponding period of RM4.6 million.

b) Enterprise Systems

Revenue decreased by 15.2% with lower sales of server, networking equipment and software. However, with higher GP margin, PBT was maintained at RM1.6 million.

c) ICT Services

Revenue decreased by RM554,000. With lower sales, the PBT decreased to RM115,000 compared with last year's corresponding period of RM253,000.

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

PBT for Q1 FY2017 of RM6.6 million was lower compared with Q4 FY2016 of RM16.7 million with lower profit from all three segments.

**17. Prospects**

The ICT spending of both the consumer and commercial sectors is still cautious following the slowdown last year, although International Data Corporation ("IDC") has forecasted a growth rate of 6.2% year-on-year for the ICT products distributed by the Group.

While sales for Desktop PCs and Notebooks have increased, sales for mobility products namely smartphones and tablets have been flat. Some projects for Enterprise Systems have been delayed to the second half of the year.

Several economists and research houses have reported more positive outlook on the Gross Domestic Product ("GDP") growth rate for 2017 from higher commodity prices and exports.

We therefore expect better consumer spending and ICT expenditure on Enterprise Systems to improve our performance for the remainder of FY 2017.

**18. Profit forecast or profit guarantee**

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



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

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2017**

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

**19. Tax expense**

	Individual Quarter Three Months Ended		Cumulative Quarter Three Months Ended	
	31/03/2017 RM'000	31/03/2016 RM'000	31/03/2017 RM'000	31/03/2016 RM'000
Current income tax:				
Current year	1,995	2,300	1,995	2,300
Prior year	-	-	-	-
	<u>1,995</u>	<u>2,300</u>	<u>1,995</u>	<u>2,300</u>
Deferred tax	(266)	(438)	(266)	(438)
	<u>1,729</u>	<u>1,862</u>	<u>1,729</u>	<u>1,862</u>
Effective tax rate	26.4%	26.7%	26.4%	26.7%

The effective tax rate for current year was higher than the Malaysian tax rate of 24% 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 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:

	Individual Quarter Three Months Ended		Cumulative Quarter Three Months Ended	
	31/03/2017	31/03/2016	31/03/2017	31/03/2016
Profit attributable to equity holders of the Company (RM'000)	4,821	5,122	4,821	5,122
Weighted average number of ordinary shares in issue ('000)	180,000	180,000	180,000	180,000
Basic earnings per share (sen)	2.7	2.8	2.7	2.8
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 2016.



**ECS ICT BERHAD**

(351038-H)

(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2017**

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

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

	Individual Quarter Three Months Ended		Cumulative Quarter Three Months Ended	
	31/03/2017 RM'000	31/03/2016 RM'000	31/03/2017 RM'000	31/03/2016 RM'000
Depreciation	327	374	327	374
Impairment loss on trade receivables	74	1,677	74	1,677
Inventories written down	89	1,137	89	1,137
Foreign exchange gain	(3,407)	(6,689)	(3,407)	(6,689)
Loss on derivatives financial instruments	3,069	5,753	3,069	5,753

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

**27. Comparative figures**

The following comparative figures have been reclassified to conform to the current year's presentation:

	Individual Quarter Three Months Ended		Cumulative Quarter Three Months Ended	
	31/03/2016 RM'000 (As (restated)	31/03/2016 RM'000 (As previously stated)	31/03/2016 RM'000 (As (restated)	31/03/2016 RM'000 (As previously stated)
Distribution expenses	10,547	10,952	10,547	10,952
Administrative expenses	5,255	4,850	5,255	4,850

**28. Realised and unrealised profits or losses**

	As at 31/03/2017 RM'000	As at 31/12/2016 RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised profits	221,007	216,124
- Unrealised profits	1,304	1,366
	222,311	217,490
Less: Consolidation adjustments	(51,366)	(51,366)
Total group retained earnings	170,945	166,124

**By order of the Board**

**Chua Siew Chuan**  
**Cheng Chia Ping**  
Company Secretaries

18 May 2017  
Selangor