



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

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2017**  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<b>As At</b> <b>30/09/2017</b> <b>RM'000</b>	<b>As At</b> <b>31/12/2016</b> <b>RM'000</b>
<b>ASSETS</b>		
Plant and equipment	3,030	3,158
Intangible asset	571	571
Investment in joint venture	12,196	-
Investment in club membership	62	62
Deferred tax assets	1,513	1,385
Trade receivables	4,806	4,613
<b>Total non-current assets</b>	<b>22,178</b>	<b>9,789</b>
Inventories	117,930	113,447
Receivables, deposits and prepayments	226,386	265,030
Cash and cash equivalents	57,590	110,215
<b>Total current assets</b>	<b>401,906</b>	<b>488,692</b>
<b>TOTAL ASSETS</b>	<b>424,084</b>	<b>498,481</b>
<b>EQUITY</b>		
Share capital	90,000	90,000
Reserves	175,442	166,124
<b>Total equity attributable to owners of the Company</b>	<b>265,442</b>	<b>256,124</b>
<b>LIABILITIES</b>		
Payables and accruals	158,294	240,639
Tax payable	348	1,718
<b>Total current liabilities</b>	<b>158,642</b>	<b>242,357</b>
<b>Total liabilities</b>	<b>158,642</b>	<b>242,357</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>424,084</b>	<b>498,481</b>
Net assets per share attributable to owners of the Company (RM)	1.47	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.*

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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2017  
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	Note	Individual Quarter Three Months Ended		Cumulative Quarter Nine Months Ended	
		30/09/2017 RM'000	30/09/2016 RM'000	30/09/2017 RM'000	30/09/2016 RM'000
<b>Revenue</b>		446,160	436,908	1,353,807	1,271,804
Cost of sales		(425,085)	(415,211)	(1,292,739)	(1,207,159)
<b>Gross profit</b>		<u>21,075</u>	<u>21,697</u>	<u>61,068</u>	<u>64,645</u>
Distribution expenses		(8,873)	(9,482)	(27,070)	(29,208)
Administrative expenses		(5,560)	(5,316)	(15,537)	(15,536)
Other (expense)/income		(42)	994	362	2,266
<b>Results from operating activities</b>	17	<u>6,600</u>	<u>7,893</u>	<u>18,823</u>	<u>22,167</u>
Finance income		586	449	1,619	1,486
Finance costs		-	(1)	-	(1)
Net finance income		<u>586</u>	<u>448</u>	<u>1,619</u>	<u>1,485</u>
Share of profit of equity-accounted joint venture, net of tax		26	-	26	-
<b>Profit before tax</b>		<u>7,212</u>	<u>8,341</u>	<u>20,468</u>	<u>23,652</u>
Tax expense	21	(2,325)	(2,195)	(5,750)	(6,087)
<b>Profit for the period / Total comprehensive income for the period</b>		<u>4,887</u>	<u>6,146</u>	<u>14,718</u>	<u>17,565</u>
<b>Profit for the period / Total comprehensive income for the period attributable to:</b>					
Owners of the Company		4,887	6,146	14,718	17,565
Non-controlling interest		-	-	-	-
		<u>4,887</u>	<u>6,146</u>	<u>14,718</u>	<u>17,565</u>
<b>Earnings per share attributable to owners of the Company:</b>					
Basic (sen)	26	2.7	3.4	8.2	9.8
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.*



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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 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
At 1 January 2016	90,000	146,782	236,782	-	236,782
Profit for the period / Total comprehensive income for the period	-	17,565	17,565	-	17,565
Dividend	-	(5,400)	(5,400)	-	(5,400)
At 30 September 2016	<u>90,000</u>	<u>158,947</u>	<u>248,947</u>	<u>-</u>	<u>248,947</u>
At 1 January 2017	90,000	166,124	256,124	-	256,124
Profit for the period / Total comprehensive income for the period	-	14,718	14,718	-	14,718
Dividend	-	(5,400)	(5,400)	-	(5,400)
At 30 September 2017	<u>90,000</u>	<u>175,442</u>	<u>265,442</u>	<u>-</u>	<u>265,442</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.*



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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2017**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>Nine Months Ended</b>	
	<b>30/09/2017</b>	<b>30/09/2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash Flows from Operating Activities</b>		
Profit before tax	20,468	23,652
<i>Adjustments for:</i>		
Non-cash items	1,048	856
Non-operating items	(1,645)	(1,485)
Operating profit before changes in working capital	<u>19,871</u>	<u>23,023</u>
Change in inventories	(4,483)	1,366
Change in receivables, deposits and prepayment	36,489	(25,463)
Change in payables and accruals	(80,166)	(11,930)
Cash used in operations	<u>(28,289)</u>	<u>(13,004)</u>
Tax paid	(7,248)	(8,497)
Net cash used in operating activities	<u>(35,537)</u>	<u>(21,501)</u>
<b>Cash Flows from Investing Activities</b>		
Acquisition of joint venture company	(12,170)	-
Purchase of plant and equipment	(895)	(1,052)
Proceeds from disposal of plant and equipment	134	3
Net cash used in investing activities	<u>(12,931)</u>	<u>(1,049)</u>
<b>Cash Flows from Financing Activities</b>		
Interest received	1,243	1,486
Interest paid	-	(1)
Dividend paid	(5,400)	(5,400)
Net cash used in financing activities	<u>(4,157)</u>	<u>(3,915)</u>
<b>Net decrease in cash and cash equivalents</b>	<u>(52,625)</u>	<u>(26,465)</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>57,590</u>	<u>89,772</u>
<b>Cash and cash equivalents comprise the following:</b>		
Cash and bank balances	<u>57,590</u>	<u>89,772</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.*



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



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

A single tier final dividend of 3.0 sen per share, totalling RM5,400,000 in respect of the financial year ended 31 December 2016 was paid on 15 June 2017.

**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>9 months financial period ended 30 Sep 2017</u></b>				
External revenue	1,072,723	256,448	24,636	1,353,807
Inter-segment revenue	30,655	1,665	2,468	34,788
Total revenue	<u>1,103,378</u>	<u>258,113</u>	<u>27,104</u>	<u>1,388,595</u>
Reportable segment profit before tax	<u>12,900</u>	<u>5,767</u>	<u>420</u>	<u>19,087</u>
<b><u>9 months financial period ended 30 Sep 2016</u></b>				
External revenue	977,051	265,328	29,425	1,271,804
Inter-segment revenue	7,195	3,297	3,009	13,501
Total revenue	<u>984,246</u>	<u>268,625</u>	<u>32,434</u>	<u>1,285,305</u>
Reportable segment profit before tax	<u>12,119</u>	<u>8,684</u>	<u>894</u>	<u>21,697</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:**

	<b>Current Year To- date 30/09/2017 RM'000</b>	<b>Preceding Year Corresponding Period 30/09/2016 RM'000</b>
Total profit for reportable segments before tax	19,087	21,697
Other non-reportable segments profit	10,680	12,047
Eliminate of inter-segments profit and loss	(9,299)	(10,092)
Consolidated profit before tax	<u>20,468</u>	<u>23,652</u>

**(c) Segment assets**

	<b>As at 30/09/2017 RM'000</b>	<b>As at 31/12/2016 RM'000</b>
ICT Distribution	283,035	333,042
Enterprise Systems	117,766	135,188
ICT Services	14,912	4,037
Total reportable segment assets	<u>415,713</u>	<u>472,267</u>
<u>Reconciliation of reportable segment:</u>		
Total reportable segment assets	415,713	472,267
Other non-reportable segments assets	129,924	126,680
Elimination of inter-segment balances	(121,553)	(100,466)
Consolidated total	<u>424,084</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 except as disclosed in Note 10.

**10. Changes in the composition of the Group**

On 26 July 2017, the Company entered into a Share Sale Agreement dated 26 July 2017 with Dato' Teo Chiang Quan to acquire 1,000,000 ordinary shares in Enrich Platinum Sdn Bhd ("EP"), representing 50% of the total issued share capital of EP, for a total purchase consideration of RM12,170,000.

With the completion of the above Share Sale Agreement on 12 September 2017, EP became a 50% owned joint venture company.



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**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 30/09/2017 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	147,022	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 RM24,000.

**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 Year Quarter 30/09/2017 RM'000	Current Year To-date 30/09/2017 RM'000
Plant and equipment: Additions	160	895

**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.

	Current Year To- date 30/09/2017 RM'000	Balance Due From/(To) As at 30/09/2017 RM'000
Transactions with a company in which a Director has substantial interest:		
<u>Rental expense</u> Enrich Platinum Sdn Bhd	1,440	-





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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2017**

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

**15. Review of performance**

	Individual Quarter			Cumulative Quarter		
	Current Year	Preceding Year	Changes	Current Year	Preceding Year	Changes
	Quarter	Corresponding		To-date	Period	
	30/09/2017	Quarter	Quarter	30/09/2017	30/09/2016	
RM'000	RM'000	%	RM'000	RM'000	%	
Revenue	446,160	436,908	2.1	1,353,807	1,271,804	6.4
Gross profit	21,075	21,697	(2.9)	61,068	64,645	(5.5)
GP margin %	4.7%	5.0%		4.5%	5.1%	
Profit before tax	7,212	8,341	(13.5)	20,468	23,652	(13.5)
Profit for the period	4,887	6,146	(20.5)	14,718	17,565	(16.2)

**Quarter Q3 2017 compared with Q3 2016**

For Q3 FY2017, the Group recorded higher revenue of RM446.2 million, an increase of 2.1% compared with RM436.9 million in the corresponding quarter last year because of revenue increased in ICT Distribution segment. However, due to product mix that contributed lower GP margin, the gross profit reduced by 2.9% to RM21.1 million compared with RM21.7 million last year.

Despite higher sales, the distribution expenses decreased by 6.4% to RM8.9 million from RM9.5 million last year due to lower doubtful debts provision by RM768,000. With lower GP and higher administrative expenses, PBT decreased by 13.5% to RM7.2 million from RM8.3 million last year.

**Quarterly Segmental Result**

The performance of the three business segments for Q3 FY2017 compared with Q3 FY2016 were as follows:

a) ICT Distribution

Revenue increased by 5.1% with higher sales mainly from mobility products. With higher sales and lower doubtful debts provision, the PBT increased by 40.1% to RM5.1 million compared with last year's corresponding period of RM3.6 million.

b) Enterprise Systems

Revenue decreased by 2.5% with lower sales from networking equipment and software. With lower sales and GP margin, the PBT decreased by 45.7% to RM2.1 million compared with last year's corresponding period of RM3.8 million.

c) ICT Services

Revenue decreased by RM4.9 million. With lower sales, the PBT decreased to RM168,000 compared with last year's corresponding period of RM345,000.



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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 (continue)**

**9 months ended 30.9.2017 compared with 30.9.2016**

For 9 months period ended 30 September 2017, the Group recorded revenue of RM1,353.8 million, an increase of 6.4% compared with the previous year's corresponding period of RM1,271.8 million with higher revenue from ICT Distribution segment contributed mainly from sales of smartphones. However GP decreased to RM61.1 million from RM64.6 million last year due to lower GP margin of 4.5% compared with 5.1% last year because of the competitive market.

Despite higher sales, the distribution expenses decreased by 7.3% to RM27.1 million from RM29.2 million last year due to lower impairment on trade receivables by RM2.8 million. Administrative expenses was maintained at RM15.5 million.

With lower GP and lower other income (Note 17), the PBT decreased by 13.5% to RM20.5 million from RM23.7 million last year.

**Year-to-date Segmental Result**

The performance of the three business segments for 9 months period ended 30 September 2017 as compared to previous year-to-date were as below:

a) ICT Distribution

Revenue increased by 9.8% with higher sales mainly from notebook and mobility products. With higher GP, the PBT increased by 6.4% to RM12.9 million compared with last year's corresponding period of RM12.1 million.

b) Enterprise Systems

Revenue decreased by 3.4% mainly due to lower sales from server, networking equipment and high-end printer. With lower sales and GP margin, PBT decreased by 33.6% to RM5.8 million compared with last year corresponding period of RM8.7 million.

c) ICT Services

Revenue decreased by RM4.8 million from lower revenue of Enterprise Systems. With lower GP, the PBT decreased to RM420,000 compared with last year corresponding period of RM894,000.



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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2017**

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

**16. Financial review of current quarter compare with immediate preceding quarter**

	<b>Current Quarter 30/09/2017 RM'000</b>	<b>Immediate Preceding Quarter 30/06/2017 RM'000</b>	<b>Changes %</b>
Revenue	446,160	447,559	(0.3)
Gross Profit	21,075	20,048	5.1
<i>GP margin %</i>	4.7%	4.5%	
Profit before tax	7,212	6,706	7.5
Profit for the period	4,887	5,010	(2.5)

There was no material changes in revenue for the comparison of two quarters. The increase in revenue from ICT Distribution Segment by RM8.9 million was offset by lower revenue from Enterprise Systems and ICT Services which decreased by RM8.2 million and RM673,000 respectively.

However with improved GP margin of 4.7% mainly from Distribution Segment compared with 4.5% in Q2 2017, the PBT increased by 7.5% to RM7.2 million from RM6.7 million last quarter.

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

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current Year Quarter 30/09/2017 RM'000</b>	<b>Preceding Year Corresponding Quarter 30/09/2016 RM'000</b>	<b>Current Year To-date 30/09/2017 RM'000</b>	<b>Preceding Year Corresponding Period 30/09/2016 RM'000</b>
Depreciation	(334)	(378)	(992)	(1,130)
Reversal of/(Impairment) loss on trade receivables	302	(466)	100	(2,687)
Reversal of/Inventories (written down)	23	(431)	(489)	(2,680)
<hr/>				
<u>Other Income/(Expenses):</u>				
Bad debts recovered	4	148	10	656
Foreign exchange gain - Realised	151	587	407	1,335
Foreign exchange gain/(loss) - Unrealised	162	(1,905)	3,283	(978)
Fair value (loss)/gain on financial instruments	(359)	2,165	(3,442)	1,257
(Loss)/Gain on fixed assets disposal/(written off)	(1)	(1)	103	(5)
Other	1	-	1	1
	(42)	994	362	2,266

The Group is exposed to foreign currency risk on purchases that are mainly denominated in US Dollar ("USD"). However, the Group hedges most of these exposures by purchasing forward currency contracts in USD for payments on due dates.

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 SEPTEMBER 2017**

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

**18. Commentaries and disclosure of other information**

**(a) Major changes in financial position and cash flow**

For 9 months period ended 30 September 2017, the cash and cash equivalent decreased from RM110.2 million to RM57.6 million mainly due to acquisition of 50% shares in Enrich Platinum Sdn Bhd for cash consideration of RM12.17 million and the timing of due accounts payables with higher amount of RM80.2 million and partially set off by favourable changes in receivables of RM36.5m.

**(b) Trade receivable**

Trade receivables have a credit term ranging from 14 to 60 days. Aging analysis of trade receivables as at 30 September 2017 are as follows:

	<b>Gross RM'000</b>	<b>Impaired RM'000</b>	<b>Net RM'000</b>
Not past due	121,210	-	121,210
Past due 1 - 30 days	68,444	-	68,444
Past due 31 - 60 days	32,335	-	32,335
Past due 61 - 90 days	4,316	-	4,316
Past due 91 - 180 days	328	(198)	130
Past due more than 181 days	637	(608)	29
	<u>227,270</u>	<u>(806)</u>	<u>226,464</u>

Impairment is not carried out on the past due trade receivables less than 90 days based on the historical collection trends as these balances are believed to be recoverable. Impairment on the trade receivables above 90 days is assessed based on the likelihood of default.

**19. Prospects**

Following the improved GDP growth reported in the first half of 2017, the Malaysian economy is expected to have higher growth for 2017. However, the International Data Corporation has reported that sales of PC, Notebook and Server have dropped for the first half of 2017 compared to the same period of last year.

The ICT market remains sluggish in the second half of this year to-date due to the weak consumer sentiments and cautious spending of the private and public sectors for Enterprise Systems.

Despite the current challenging market conditions, the business outlook is better for Q4 2017 compared to the first 9 months of this year due to the higher consumer spending during the festive season. In addition, the year-end budget spending by the public sector is expected to improve demand for Enterprise Systems.

We expect the Group's performance in Q4 2017 to be better than Q3 2017.

**20. Profit forecast or profit guarantee**

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



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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2017**

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

**21. Tax expense**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To-date	Preceding Year Corresponding Period
	30/09/2017 RM'000	30/09/2016 RM'000	30/09/2017 RM'000	30/09/2016 RM'000
Current income tax:				
Current year	2,217	2,653	5,642	7,183
Prior year	236	(223)	236	(223)
	<u>2,453</u>	<u>2,430</u>	<u>5,878</u>	<u>6,960</u>
Deferred tax	(128)	(235)	(128)	(873)
	<u>2,325</u>	<u>2,195</u>	<u>5,750</u>	<u>6,087</u>
Effective tax rate	32.2%	26.3%	28.1%	25.7%

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 and under provision of tax expenses in prior year.

**22. Corporate proposals**

There was no corporate proposal during the current quarter.

**23. Borrowings and debt securities**

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

**24. Changes in material litigation**

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

**25. Dividend**

The Board of Directors has declared a single tier interim dividend of 2.5 sen per ordinary share each for the financial year ending 31 December 2017.

The dividend will be paid on 14 December 2017 in respect of deposited securities as at 29 November 2017.



**ECS ICT BERHAD**

(351038-H)

(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2017**

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

**26. 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		Cumulative Quarter	
	Current Year Quarter 30/09/2017	Preceding Year Corresponding Quarter 30/09/2016	Current Year To-date 30/09/2017	Preceding Year Corresponding Period 30/09/2016
Profit attributable to equity holders of the Company (RM'000)	4,887	6,146	14,718	17,565
Weighted average number of ordinary shares in issue ('000)	180,000	180,000	180,000	180,000
Basic earnings per share (sen)	2.7	3.4	8.2	9.8
Diluted earnings per share (sen)	N/A	N/A	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.

**27. 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.

**28 Realised and unrealised profits or losses**

	As at 30/09/2017 RM'000	As at 31/12/2016 RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised profits	225,445	216,124
- Unrealised profits	1,335	1,366
	<u>226,780</u>	<u>217,490</u>
Less: Consolidation adjustments	(51,338)	(51,366)
Total group retained earnings	<u>175,442</u>	<u>166,124</u>

**By order of the Board**

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

2 November 2017  
Selangor