



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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2018**

	Note	As At 30/06/2018 RM'000	As At 31/12/2017 RM'000
<b>ASSETS</b>			
Plant and equipment		2,803	2,819
Intangible asset		571	571
Investment in a joint venture		13,168	12,834
Investment in club membership		62	62
Deferred tax assets		1,069	808
<b>Total non-current assets</b>		<b>17,673</b>	<b>17,094</b>
Inventories	18b	100,112	122,980
Receivables, deposits and prepayments		221,285	281,629
Cash and cash equivalents	18b	92,587	50,526
		413,984	455,135
Assets classified as held for sale	18a	9,440	-
<b>Total current assets</b>		<b>423,424</b>	<b>455,135</b>
<b>TOTAL ASSETS</b>		<b>441,097</b>	<b>472,229</b>
<b>EQUITY</b>			
Share capital		90,000	90,000
Reserves		186,647	182,492
<b>Total equity attributable to owners of the Company</b>		<b>276,647</b>	<b>272,492</b>
<b>LIABILITIES</b>			
Payables and accruals		163,811	198,634
Tax payable		639	1,103
<b>Total current liabilities</b>		<b>164,450</b>	<b>199,737</b>
<b>Total liabilities</b>		<b>164,450</b>	<b>199,737</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>441,097</b>	<b>472,229</b>
Net assets per share attributable to owners of the Company (RM)		1.54	1.51

*The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements.*



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2018**

	Note	Individual Quarter Three Months Ended		Cumulative Quarter Six Months Ended	
		30/06/2018 RM'000	30/06/2017 RM'000 Restated	30/06/2018 RM'000	30/06/2017 RM'000 Restated
<b>Revenue</b>	28	358,213	443,472	750,008	900,259
Cost of sales	28	(340,031)	(423,424)	(711,860)	(860,266)
<b>Gross profit</b>		<u>18,182</u>	<u>20,048</u>	<u>38,148</u>	<u>39,993</u>
Distribution expenses		(8,256)	(9,033)	(17,187)	(18,197)
Administrative expenses		(4,994)	(4,856)	(10,281)	(9,977)
Other income/(expenses)	17	13	(32)	(300)	404
<b>Results from operating activities</b>	17	<u>4,945</u>	<u>6,127</u>	<u>10,380</u>	<u>12,223</u>
Finance income		606	579	844	1,033
Finance costs		-	-	-	-
Net finance income		606	579	844	1,033
Share of profit of equity-accounted joint venture, net of tax		158	-	334	-
<b>Profit before tax</b>		<u>5,709</u>	<u>6,706</u>	<u>11,558</u>	<u>13,256</u>
Tax expense	21	(1,435)	(1,696)	(2,903)	(3,425)
<b>Profit for the period / Total comprehensive income for the period</b>		<u>4,274</u>	<u>5,010</u>	<u>8,655</u>	<u>9,831</u>
<b>Profit for the period / Total comprehensive income for the period attributable to:</b>					
Owners of the Company		4,274	5,010	8,655	9,831
Non-controlling interest		-	-	-	-
		<u>4,274</u>	<u>5,010</u>	<u>8,655</u>	<u>9,831</u>
<b>Earnings per share attributable to owners of the Company:</b>					
Basic (sen)	26	2.4	2.8	4.8	5.5
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 2017 and the accompanying explanatory notes attached to the interim financial statements.*



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR SIX MONTHS ENDED 30 JUNE 2018**

	Note	<- Attributable to owners of the Company - >			Non- Controlling Interest RM'000	Total Equity RM'000
		Share Capital RM'000	Distributable Retained Earnings RM'000	Total RM'000		
At 1 January 2017		90,000	166,124	256,124	-	256,124
Profit for the period / Total comprehensive income for the period		-	9,831	9,831	-	9,831
Dividend		-	(5,400)	(5,400)	-	(5,400)
At 30 June 2017		<u>90,000</u>	<u>170,555</u>	<u>260,555</u>	<u>-</u>	<u>260,555</u>
At 1 January 2018		90,000	182,492	272,492	-	272,492
Profit for the period / Total comprehensive income for the period		-	8,655	8,655	-	8,655
Dividend	7	-	(4,500)	(4,500)	-	(4,500)
At 30 June 2018		<u>90,000</u>	<u>186,647</u>	<u>276,647</u>	<u>-</u>	<u>276,647</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 2017 and the accompanying explanatory notes attached to the interim financial statements.*



**ECS ICT BERHAD**  
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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR SIX MONTHS ENDED 30 JUNE 2018**

	<b>Six Months Ended</b>	
	<b>30/06/2018</b>	<b>30/06/2017</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash Flows from Operating Activities</b>		
Profit before tax	11,558	13,256
<i>Adjustments for:</i>		
Non-cash items	1,285	516
Non-operating items	(1,178)	(1,033)
Operating profit before changes in working capital	<u>11,665</u>	<u>12,739</u>
Change in inventories	22,868	244
Change in receivables, deposits and prepayment	57,446	31,098
Change in payables and accruals	(36,658)	(61,947)
Cash generated from/(used in) operations	<u>55,321</u>	<u>(17,866)</u>
Tax paid	(3,628)	(4,244)
Net cash generated from/(used in) operating activities	<u>51,693</u>	<u>(22,110)</u>
<b>Cash Flows from Investing Activities</b>		
Purchase of plant and equipment	(5,896)	(735)
Proceeds from disposal of plant and equipment	47	114
Net cash used in investing activities	<u>(5,849)</u>	<u>(621)</u>
<b>Cash Flows from Financing Activities</b>		
Interest received	717	786
Dividend paid	(4,500)	(5,400)
Net cash used in financing activities	<u>(3,783)</u>	<u>(4,614)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	42,061	(27,345)
Cash and cash equivalents at beginning of period	<u>50,526</u>	<u>110,215</u>
<b>Cash and cash equivalents at end of period</b>	<u>92,587</u>	<u>82,870</u>
<b>Cash and cash equivalents comprise the following:</b>		
Cash and bank balances	<u>92,587</u>	<u>82,870</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 2017 and the accompanying explanatory notes attached to the interim financial statements.*



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## UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2018

### 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 2017.

The consolidated financial statements of the Group as at and for the financial year ended 31 December 2017 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 2017, except with the adoption of the following Malaysian Financial Reporting Standards ("MFRS"), Clarification on MFRS, Issues Committee ("IC") Interpretations and Amendments to MFRS for financial period beginning on or after 1 January 2018:

- MFRS 9, Financial Instruments (2014)
- MFRS 15, Revenue from Contracts with Customers
- Clarifications to MFRS 15, Revenue from Contracts with Customers
- IC Interpretation 22, Foreign Currency Transactions and Advance Consideration
- Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 Cycle)\*
- Amendments to MFRS 2, Share-based Payment – Classification and Measurement of Share-based Payment Transactions\*
- Amendments to MFRS 4, Insurance Contracts – Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts\*
- Amendments to MFRS 128, Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)
- Amendments to MFRS 140, Investment Property – Transfers of Investment Property\*

The accounting standards marked with [\*] are not applicable to the Group.

With the adoption of MFRS 15, Revenue from Contracts with Customers, the Group's revenue and cost of sales are adjusted accordingly with no material impact to profit for the year.

The adoption of the other 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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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2018**

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

**5. Material changes in estimates**

There was no estimation made for 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 2017 was paid on 13 June 2018.

**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 months financial period ended 30 June 2018</u></b>				
External revenue	534,433	196,302	19,273	750,008
Inter-segment revenue	11,522	697	1,858	14,077
Total revenue	<u>545,955</u>	<u>196,999</u>	<u>21,131</u>	<u>764,085</u>
Reportable segment profit before tax	<u>4,226</u>	<u>5,990</u>	<u>380</u>	<u>10,596</u>
<b><u>6 months financial period ended 30 June 2017</u></b>				
External revenue	722,279	161,266	16,714	900,259
Inter-segment revenue	9,471	1,229	1,499	12,199
Total revenue	<u>731,750</u>	<u>162,495</u>	<u>18,213</u>	<u>912,458</u>
Reportable segment profit before tax	<u>7,845</u>	<u>3,716</u>	<u>252</u>	<u>11,813</u>



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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2018**

**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 30/06/2018 RM'000</b>	<b>Preceding Year Corresponding Period 30/06/2017 RM'000</b>
Total profit for reportable segments before tax	10,596	11,813
Other non-reportable segments profit	963	1,443
Eliminate of inter-segments profit and loss	(1)	-
Consolidated profit before tax	<u>11,558</u>	<u>13,256</u>

**(c) Disaggregation of the Group's revenue**

	<b>Current Year to date 30/06/2018 RM'000</b>	<b>Preceding Year to date 30/06/2017 RM'000</b>
<b>ICT Distribution</b>		
Desktop PC, notebooks, mobility devices and peripherals	534,433	722,279
<b>Enterprise Systems</b>		
Server, storage, software and networking products	196,302	161,266
<b>ICT Services</b>		
Services and maintenance	19,273	16,714
Consolidated total	<u>750,008</u>	<u>900,259</u>

**(d) Segment assets**

	<b>As at 30/06/2018 RM'000</b>	<b>As at 31/12/2017 RM'000</b>
ICT Distribution	272,719	349,270
Enterprise Systems	126,520	122,943
ICT Services	5,552	7,096
Total reportable segment assets	<u>404,791</u>	<u>479,309</u>
<u>Reconciliation of reportable segment:</u>		
Total reportable segment assets	404,791	479,309
Other non-reportable segments assets	122,603	126,450
Elimination of inter-segment balances	(86,297)	(133,530)
Consolidated total	<u>441,097</u>	<u>472,229</u>

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



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

**8. Segmental reporting (continued)**

**(e) 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.

**11. Contingent liabilities and contingent assets**

**(a) Contingent liabilities**

	As At 30/06/2018 RM'000	As At 31/12/2017 RM'000
Guarantees to suppliers and licensed banks for trade credit facilities granted by holding company to Group entities	144,841	146,850

**(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 RM144,000.





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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>Current Year Quarter 30/06/2018 RM'000</b>	<b>Current Year To-date 30/06/2018 RM'000</b>
Plant and equipment: Additions	93	5,896

**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>Current Year To- date 30/06/2018 RM'000</b>	<b>Balance Due From/(To) As at 30/06/2018 RM'000</b>
Transactions with companies in which Directors have interests:		
Rental expenses	(987)	-
Administrative and accounting charges	5	-
Transactions with a company in which a Director has common directorship		
Sales	5	1



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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2018**

**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 Quarter 30/06/2018 RM'000	Preceding Year Corresponding Quarter 30/06/2017 RM'000	Changes %	Current Year To-date 30/06/2018 RM'000	Preceding Year Corresponding Period 30/06/2017 RM'000	Changes %
Revenue	358,213	443,472	(19.2)	750,008	900,259	(16.7)
Gross profit	18,182	20,048	(9.3)	38,148	39,993	(4.6)
GP margin %	5.1%	4.5%		5.1%	4.4%	
Profit before tax	5,709	6,706	(14.9)	11,558	13,256	(12.8)
Profit for the period	4,274	5,010	(14.7)	8,655	9,831	(12.0)

**Q2 2018 compared with Q2 2017**

Revenue for Q2 FY2018 was affected by cautious consumers spending before 14th General Election and the transitional period of Goods and Services Tax (GST) from 6% to 0%. The Group recorded lower revenue of RM358.2 million, a decrease of 19.2% compared with RM443.5 million last year due to lower revenue from ICT Distribution segment. With lower sales, gross profit (GP) decreased by 9.3% to RM18.2 million from RM20.0 million last year.

With lower sales, the profit before tax (PBT) decreased by 14.9% to RM5.7 million compared with RM6.7 million last year.

**Quarterly Segmental Result**

The performance of the three business segments for Q2 FY2018 compared with Q2 FY2017 were as follows:

a) ICT Distribution

Revenue decreased by 27.2% with lower sales mainly from Notebook and mobility products namely tablets and smartphones. With lower sales and GP, the PBT decreased by 52.3% to RM1.8 million compared with RM3.7 million last year.

b) Enterprise Systems

Revenue increased by 8.8% with higher sales from servers, storage and networking. With higher sales and better GP margin, the PBT increased by 58.4% to RM3.3 million compared with RM2.1 million last year.

c) ICT Services

Revenue increased by RM1.7 million. With higher revenue and GP, the PBT increased to RM182,000 compared with RM137,000 last year.



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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2018**

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

**15. Review of performance (continue)**

**6 months ended 30.6.2018 compared with 30.6.2017**

The Group's revenue for 6 months ended 30.6.2018 was affected by slower market sentiments prior to 14th General Election and transitional period of GST from 6% to 0%. The Group recorded revenue of RM750.0 million, a decrease of 16.7% compared with RM900.3 million last year mainly due to lower revenue from ICT Distribution segment.

With lower sales and foreign exchange loss of RM354,000 compared with gain of RM294,000 last year (Note 17), the PBT decreased by 12.8% to RM11.6 million compared with RM13.3 million last year.

**Year-to-date Segmental Result**

The performance of the three business segments for 6 months period ended 30 June 2018 as compared to previous year-to-date were as below:

a) ICT Distribution

Revenue decreased by 26.0% with lower sales across all products in ICT Distribution Segment. With lower sales and GP, the PBT decreased by 46.1% to RM4.2 million compared with RM7.8 million last year.

b) Enterprise Systems

Revenue increased by 21.7% mainly due to higher sales from servers, networking and storage. With higher sales and GP, PBT increased by 61.2% to RM6.0 million compared with RM3.7 million last year.

c) ICT Services

Revenue increased by RM2.6 million mainly due to higher revenue of Enterprise Systems. With higher sales and GP, the PBT increased to RM380,000 compared with RM252,000 last year.



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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2018**

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

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

	<b>Current Quarter 30/06/2018 RM'000</b>	<b>Immediate Preceding Quarter 31/03/2018 RM'000</b>	<b>Changes %</b>
Revenue	358,213	391,795	(8.6)
Gross Profit	18,182	19,966	(8.9)
<i>GP margin %</i>	5.1%	5.1%	
Profit before tax	5,709	5,849	(2.4)
Profit for the period	4,274	4,381	(2.4)

Sales of ICT Distribution and Enterprise Systems decreased by 10.0% and 7.6% respectively due to transitional period of GST from 6% to 0%. PBT for ICT Distribution decreased by 28.2%. However PBT for Enterprise Systems increased by 21.3% to RM3.3 million from RM2.7 million in preceding quarter due to higher GP margin and lower operating expenses.

There was no significant changes in revenue and PBT for ICT services compared with preceding quarter.

With the above, the Group's revenue and PBT in Q2 FY2018 decreased by 8.6% and 2.4% respectively compared with preceding quarter.

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

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current Year Quarter 30/06/2018 RM'000</b>	<b>Preceding Year Corresponding Quarter 30/06/2017 RM'000</b>	<b>Current Year To-date 30/06/2018 RM'000</b>	<b>Preceding Year Corresponding Period 30/06/2017 RM'000</b>
Depreciation	(321)	(331)	(645)	(658)
Impairment on trade receivables	(136)	(128)	(444)	(202)
Inventories written down	(89)	(423)	(252)	(512)
<b>Other Income/(Expenses):</b>				
Bad debts recovered	1	3	7	6
Foreign exchange gain/(loss) - Realised	310	(409)	328	256
Foreign exchange (loss)/gain - Unrealised	(2,762)	379	(3,933)	3,121
Fair value gain/(loss) on financial instruments	2,465	(14)	3,251	(3,083)
(Loss)/Gain on fixed assets disposal	(3)	9	42	104
Others	2	-	5	-
	<b>13</b>	<b>(32)</b>	<b>(300)</b>	<b>404</b>

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 QUARTER AND SIX MONTHS ENDED 30 JUNE 2018**

**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) Assets classified as held for sale**

The Group has acquired two units of industrial buildings from a debtor to settle an outstanding accounts of RM4.9 million. The acquisition was completed on 27 February 2018 for full settlement of the outstanding debt. This acquisition with debt settlement was made in the best interest of the Group to mitigate the potential risk of default by the debtor. The Group will dispose off the assets in due course at prevailing market value which is currently above the purchase price.

**(b) Other major changes in financial position and cash flow**

The Group had managed to reduce the inventory holding to RM100.1 million compared with RM123.0 million as at 31 December 2017. With lower stock holding and higher collections, the cash and cash equivalent increased to RM92.6 million compared with RM50.5 million last financial year end.

**(c) Trade receivable**

Trade receivables have a credit term ranging from 14 to 60 days. Aging analysis of trade receivables as at 30 June 2018 were as follows:

	<b>Gross RM'000</b>	<b>Impairment RM'000</b>	<b>Net RM'000</b>
Not past due	129,879	-	129,879
Past due 1 - 30 days	45,080	-	45,080
Past due 31 - 60 days	19,100	-	19,100
Past due 61 - 90 days	5,007	-	5,007
Past due 91 - 180 days	5,484	(116)	5,368
Past due more than 181 days	1,294	(867)	427
	<b>205,844</b>	<b>(983)</b>	<b>204,861</b>

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**

The market uncertainties following the 14th General Election on 9 May 2018 have impacted both the consumer and corporate spending on ICT products. The impact on the reintroduction of the Sales and Services Tax on 1st September 2018 remains uncertain on ICT products.

Many public sector and GLC projects were deferred and the delays have impacted our enterprise sales on server, storage and networking products. We shall continue to grow our private sector revenue to cover the shortfall of business from the public sector.

The outlook for the second half of FY2018 remains to be challenging but we expect improvement in 4th quarter with higher sales of consumer ICT products and increase in corporate spending on ICT equipment from their year-end budget.



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

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2018**

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

**20. Profit forecast or profit guarantee**

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

**21. Tax expense**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30/06/2018 RM'000	Preceding Year Corresponding Quarter 30/06/2017 RM'000	Current Year To-date 30/06/2018 RM'000	Preceding Year Corresponding Period 30/06/2017 RM'000
Current income tax:				
Current year	1,440	1,430	3,164	3,425
Under/(Over) provision prior year	-	-	-	-
	<u>1,440</u>	<u>1,430</u>	<u>3,164</u>	<u>3,425</u>
Deferred tax	(5)	266	(261)	-
	<u>1,435</u>	<u>1,696</u>	<u>2,903</u>	<u>3,425</u>
Effective tax rate	25.1%	25.3%	25.1%	25.8%

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.

**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**

No dividend was recommended in the current quarter under review.



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**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 30/06/2018	Preceding Year Corresponding Quarter 30/06/2017	Current Year To-date 30/06/2018	Preceding Year Corresponding Period 30/06/2017
Profit attributable to equity holders of the Company (RM'000)	4,274	5,010	8,655	9,831
Weighted average number of ordinary shares in issue ('000)	180,000	180,000	180,000	180,000
Basic earnings per share (sen)	2.4	2.8	4.8	5.5
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 2017.

**28. Comparative figures**

With the adoption of MFRS15, Revenue from Contracts with Customers, the Group had recognised revenue net of credit note given to customers arising from the marketing and promotional activities. The cost of sales was adjusted accordingly with no impact on the profit.

	Individual Quarter 30/06/2017		Cumulative Quarter 30/06/2017	
	RM'000 (As restated)	RM'000 (As previously stated)	RM'000 (As restated)	RM'000 (As previously stated)
Revenue	443,472	447,559	900,259	907,647
Cost of sales	(423,424)	(427,511)	(860,266)	(867,654)

**By order of the Board**

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

8 August 2018  
Selangor