



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

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

	As At 30/09/2013 RM'000	As At 31/12/2012 RM'000
ASSETS		
Plant and equipment	4,150	4,656
Intangible asset	571	571
Investment in club membership	62	62
Deferred tax assets	1,680	1,446
Total non-current assets	6,463	6,735
Inventories	95,765	79,801
Receivables, deposits and prepayments	182,205	171,895
Cash and cash equivalents	75,235	72,989
Tax recoverable	-	100
Total current assets	353,205	324,785
TOTAL ASSETS	359,668	331,520
EQUITY		
Share capital	90,000	90,000
Reserves	110,234	97,574
Total equity attributable to owners of the Company	200,234	187,574
LIABILITIES		
Other payables	9	9
Total non-current liabilities	9	9
Payables and accruals	157,618	141,127
Tax payable	1,807	2,810
Total current liabilities	159,425	143,937
Total liabilities	159,434	143,946
TOTAL EQUITY AND LIABILITIES	359,668	331,520
Net assets per share attributable to owners of the Company (RM)	1.11	1.04

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.



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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2013
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Three Months Ended		Nine Months Ended	
		30/09/2013 RM'000	30/09/2012 RM'000	30/09/2013 RM'000	30/09/2012 RM'000
Revenue		344,192	327,937	964,990	942,583
Cost of sales		(324,710)	(306,707)	(908,104)	(881,629)
Gross profit		<u>19,482</u>	<u>21,230</u>	<u>56,886</u>	<u>60,954</u>
Distribution expenses		(8,414)	(8,442)	(22,989)	(23,050)
Administrative expenses		(3,870)	(3,884)	(11,520)	(11,332)
Other (expense)/Income		(389)	(577)	123	(148)
Results from operating activities	26	<u>6,809</u>	<u>8,327</u>	<u>22,500</u>	<u>26,424</u>
Finance income		368	263	1,046	980
Finance costs		(3)	(1)	(33)	(6)
Net finance income		<u>365</u>	<u>262</u>	<u>1,013</u>	<u>974</u>
Profit before tax		<u>7,174</u>	<u>8,589</u>	<u>23,513</u>	<u>27,398</u>
Tax expense	19	(1,893)	(2,052)	(6,353)	(7,145)
Profit for the period / Total comprehensive income for the period		<u>5,281</u>	<u>6,537</u>	<u>17,160</u>	<u>20,253</u>
Profit for the period / Total comprehensive income for the period attributable to:					
Owners of the Company		5,281	6,537	17,160	20,253
Non-controlling interest		-	-	-	-
		<u>5,281</u>	<u>6,537</u>	<u>17,160</u>	<u>20,253</u>
Earnings per share attributable to owners of the Company:					
Basic (sen)	24	2.9	3.6	9.5	11.3
Diluted (sen)		N/A	N/A	N/A	N/A

Notes:

N/A Not applicable

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.



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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2013
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<---- Attributable to owners of the Company ---->				Non-Controlling Interest RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Distributable Retained Earnings RM'000	Total RM'000		
At 1 January 2012	60,000	25,903	86,807	172,710	-	172,710
Total comprehensive income for the period	-	-	20,253	20,253	-	20,253
Dividend	-	-	(9,600)	(9,600)	-	(9,600)
At 30 September 2012	<u>60,000</u>	<u>25,903</u>	<u>97,460</u>	<u>183,363</u>	<u>-</u>	<u>183,363</u>
At 1 January 2013	90,000	-	97,574	187,574	-	187,574
Total comprehensive income for the period	-	-	17,160	17,160	-	17,160
Dividend	-	-	(4,500)	(4,500)	-	(4,500)
At 30 September 2013	<u>90,000</u>	<u>-</u>	<u>110,234</u>	<u>200,234</u>	<u>-</u>	<u>200,234</u>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.



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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2013
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Nine Months Ended	
	30/09/2013	30/09/2012
	RM'000	RM'000
Cash Flows from Operating Activities		
Profit before tax	23,513	27,398
<i>Adjustments for:</i>		
Non-cash items	1,259	2,169
Non-operating items	(1,013)	(975)
Operating profit before changes in working capital	<u>23,759</u>	<u>28,592</u>
Change in inventories	(15,963)	(6,895)
Change in trade and other receivables, deposits and prepayment	(10,310)	(21,636)
Change in payables and accruals	16,355	(3,399)
Cash generated from/(used in) operations	<u>13,841</u>	<u>(3,338)</u>
Tax paid	(7,488)	(8,058)
Net cash from/(used in) operating activities	<u>6,353</u>	<u>(11,396)</u>
Cash Flows from Investing Activities		
Purchase of plant and equipment	(819)	(1,516)
Proceeds from disposal of plant and equipment	199	2
Net cash used in investing activities	<u>(620)</u>	<u>(1,514)</u>
Cash Flows from Financing Activities		
Interest received	1,046	980
Interest paid	(33)	(6)
Dividend paid	(4,500)	(9,600)
Net cash used in financing activities	<u>(3,487)</u>	<u>(8,626)</u>
Net increase/(decrease) in cash and cash equivalents	2,246	(21,536)
Cash and cash equivalents at beginning of period	72,989	66,577
Cash and cash equivalents at end of period	<u>75,235</u>	<u>45,041</u>
Cash and cash equivalents comprise the following:		
Cash and bank balances	<u>75,235</u>	<u>45,041</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.



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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2013

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

1. Basis of preparation

These condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad and MFRS 134, *Interim Financial Reporting* in Malaysia and with IAS 34, *Interim Financial Reporting*. They do not include all the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the financial year ended 31 December 2012.

The consolidated financial statements of the Group as at and for the financial year ended 31 December 2012 are available upon request from the Company's registered office at: Level 8, Uptown 1, No.1, Jalan SS21/58, Damansara Uptown, 47400 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

2. Significant accounting policies

The accounting policies applied by the Group in these condensed consolidated interim financial statements are consistent with the audited financial statements for the financial year ended 31 December 2012, except with the adoption of the following Malaysian Financial Reporting Standards ("MFRS"), Issues Committee ("IC") Interpretations and Amendments to MFRS:

- MFRS 10, Consolidated Financial Statements
- MFRS 11, Joint Arrangements
- MFRS 12, Disclosure of Interests in Other Entities
- MFRS 13, Fair Value Measurement
- MFRS 119, Employee Benefits (2011)
- MFRS 127, Separate Financial Statements (2011)
- MFRS 128, Investments in Associates and Joint Ventures (2011)
- IC Interpretation 20, Stripping Costs in the Production Phase of a Surface Mine
- Amendments to MFRS 7, Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities
- Amendments to MFRS 1, First-time Adoption of Financial Reporting Standards – Government Loans
- Amendments to MFRS 1, First-time Adoption of Financial Reporting Standards (Annual Improvements 2009-2011 Cycle)
- Amendments to MFRS 101, Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)
- Amendments to MFRS 116, Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)
- Amendments to MFRS 132, Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)
- Amendments to MFRS 134, Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)
- Amendments to MFRS 10, Consolidated Financial Statements: Transition Guidance
- Amendments to MFRS 11, Joint Arrangements: Transition Guidance
- Amendments to MFRS 12, Disclosure of Interests in Other Entities: Transition Guidance

MFRS 11, MFRS 12, MFRS 128, IC Interpretation 20, Amendments to MFRS 11 and Amendments to MFRS 12 are not applicable to the Group.

The initial application of other standards, amendments and interpretations are not expected to have material financial impacts to the financial statements upon their first adoption.

3. Seasonal or cyclical factors

The Group's operations were not significantly affected by seasonal or cyclical factors.

4. Unusual items

There were no significant unusual items affecting assets, liabilities, equity, net income, or cash flows during the current financial quarter.



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

5. Material changes in estimates

There were no changes in estimates of amounts that have had a material effect in the current financial quarter results.

6. Debt and equity securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the current quarter and the financial year-to-date.

7. Dividends paid

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

8. Segmental reporting

Segment information is presented in respect of the Group's business segments.

The Group business segments comprise the following:

- (i) ICT Distribution Distribution of volume ICT products to resellers, comprising mainly retailers
- (ii) Enterprise Systems Distribution of value ICT products to resellers, comprising mainly system integrators and corporate dealers
- (iii) ICT Services Provision of ICT services

Other non-reportable segments comprise management services and investment holding.

(a) Information about reportable segments

	ICT Distribution RM'000	Enterprise Systems RM'000	ICT Services RM'000	Total RM'000
<u>9 month financial period ended 30 September 2013</u>				
External revenue	611,236	343,996	9,758	964,990
Inter-segment revenue	4,088	1,938	3,555	9,581
Total revenue	<u>615,324</u>	<u>345,934</u>	<u>13,313</u>	<u>974,571</u>
Reportable segment profit before tax	<u>9,474</u>	<u>12,169</u>	<u>527</u>	<u>22,170</u>
<u>9 month financial period ended 30 September 2012</u>				
External revenue	598,486	332,810	11,287	942,583
Inter-segment revenue	7,215	907	1,799	9,921
Total revenue	<u>605,701</u>	<u>333,717</u>	<u>13,086</u>	<u>952,504</u>
Reportable segment profit before tax	<u>10,057</u>	<u>15,784</u>	<u>807</u>	<u>26,648</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:

	Nine Months Ended	
	30/09/2013	30/09/2012
	RM'000	RM'000
Total profit for reportable segments before tax	22,170	26,648
Other non-reportable segments profit	1,327	724
Eliminate of inter-segments profit and loss	16	26
Consolidated profit before tax	<u>23,513</u>	<u>27,398</u>

(c) Segment assets

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

9. Material events subsequent to the end of the financial period

There were no material events subsequent to the end of the financial period under review that have not been reflected in the quarterly financial statements.

10. Changes in the composition of the Group

There were no changes in the composition of the Group.

11. Contingent liabilities and contingent assets

(a) Contingent liabilities

	As At	As At
	30/09/2013	31/12/2012
	RM'000	RM'000
Guarantees to suppliers and licensed banks for trade credit facilities granted by holding company to Group entities	<u>194,996</u>	<u>193,388</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 RM75,000.



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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:

	Three Months Ended 30/09/2013 RM'000	Nine Months Ended 30/09/2013 RM'000
Plant and equipment: Additions	<u>201</u>	<u>819</u>

14. Related party transactions

Related parties are those defined under MFRS 124: Related Party Disclosures. The Directors are of the opinion that the related party transactions and balances described below were carried out in the ordinary course of business and had been established on negotiated terms.

	Nine Months Ended 30/09/2013 RM'000	Balance Due From/(To) As at 30/09/2013 RM'000
Transactions with companies in which certain Directors have substantial interests:		
<u>Sales</u>		
KDU Smart School Sdn Bhd	13	-
KDU University College Sdn Bhd	324	7
Paramount Property Development Sdn Bhd	44	32
Paramount Corporation Berhad	14	-
Paramount Construction Sdn Bhd	12	4
Paramount Property Construction Sdn Bhd	32	-
<u>Rental expense</u>		
Enrich Platinum Sdn Bhd	<u>1,296</u>	<u>-</u>



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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

Comparison results of current quarter and previous year corresponding quarter

For Q3 FY2013, the Group recorded higher revenue of RM344.2 million compared with RM327.9 million in the corresponding quarter last year with higher revenue from ICT Distribution Segment. However, Profit Before Tax (PBT) was lower at RM7.2 million compared with the corresponding quarter last year of RM8.6 million from all three segments.

The performance of the three business segments for Q3 FY2013 compared with Q3 FY2012 were as follows:

a) ICT Distribution

Revenue increased by 13.7% with higher sales from phone devices and desktop PC. However, with lower Gross Profit (GP), the PBT decreased by 2.0% to RM2.1 million.

b) Enterprise Systems

Revenue decreased by 6.8% due to lower sales of servers, networking products and enterprise software. With lower GP mainly due to higher USD exchange rate, the PBT decreased by 24.7% to RM4.6 million.

c) ICT Services

Revenue decreased by 8.0% result in decrease of 50.4% in PBT to RM0.1 million.

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

For 9 months ended 30 September 2013, the Group recorded revenue of RM965.0 million, an increase of 2.4% compared with the previous year's corresponding period of RM942.6 million, mainly from higher revenue from ICT Distribution Segment and Enterprise System Segment. GP decreased by 6.7% resulting in lower PBT by 14.2%.

The performance of the three business segments for 9 months ended 30 September 2013 as compared to previous year-to-date were as below:

a) ICT Distribution

Revenue increased by 2.1% with higher sales from phone devices and desktop PC. However, with lower GP margin from the product mix, PBT reduced by 5.8%.

b) Enterprise Systems

Revenue increased by 3.4% contributed mainly from projects on networking products and enterprise software. PBT decreased by 22.9% due to lower profit margins from higher USD exchange rate and the product mix.

c) ICT Services

Revenue decreased by 13.6% resulting in decrease of PBT by 34.7% to RM0.5 million.

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

PBT for Q3 FY2013 of RM7.2 million was lower compared with Q2 FY2013 of RM7.5 million due to lower profit from ICT Distribution Segments and ICT Services Segment.



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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2013

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

17. Prospects

Subject to the recovery of advanced economies and better growth of emerging markets, Malaysia's Gross Domestic Product (GDP) growth in the second half is forecasted to be better than the GDP growth rate of 4.2% in the first half of this year.

In line therewith, the Group expects the domestic demand for ICT products to be sustained and more Enterprise Systems projects to be implemented by the end of the year, and is optimistic of the performance for Q4 2013.

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		Nine Months Ended	
	30/09/2013 RM'000	30/09/2012 RM'000	30/09/2013 RM'000	30/09/2012 RM'000
Current income tax:				
Current year	2,016	2,805	6,756	7,844
Prior year	(170)	(370)	(170)	(370)
	<u>1,846</u>	<u>2,435</u>	<u>6,586</u>	<u>7,474</u>
Deferred tax	47	(383)	(233)	(329)
	<u>1,893</u>	<u>2,052</u>	<u>6,353</u>	<u>7,145</u>
Effective tax rate	26.4%	23.9%	27.0%	26.1%

The effective tax rate for current quarter and current year to date were higher due to certain expenses which were not deductible for tax purposes.

20. Corporate proposals

There was no corporate proposal during the current quarter.

21. Borrowings and debt securities

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

22. Changes in material litigation

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



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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2013

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

23. Dividend

The Board of Directors has declared a single tier interim dividend of 6% or 3 sen per ordinary share of 50 sen each for the financial year ending 31 December 2013.

The dividend will be paid on 12 December 2013 in respective of deposited securities as at 28 November 2013.

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		Nine Months Ended	
	30/09/2013	30/09/2012	30/09/2013	30/09/2012
Profit attributable to equity holders of the Company (RM'000)	5,281	6,537	17,160	20,253
Weighted average number of ordinary shares in issue ('000)	180,000	180,000	180,000	180,000
Basic earnings per share (sen)	2.9	3.6	9.5	11.3
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 2012.

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

	Three Months Ended		Nine Months Ended	
	30/09/2013	30/09/2012	30/09/2013	30/09/2012
	RM'000	RM'000	RM'000	RM'000
Depreciation	444	495	1,317	1,442
Impairment loss on trade receivables	479	944	445	991
Inventories written down	505	377	106	302
Foreign exchange gain	(1,132)	(1,389)	(1,295)	(3,344)
Loss on derivatives financial instruments	<u>581</u>	<u>712</u>	<u>133</u>	<u>718</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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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 30/09/2013 RM'000	As at 31/12/2012 RM'000
Total retained earnings of the Company and its subsidiaries		
- Realised profits	159,519	147,057
- Unrealised profits	2,086	1,904
	<u>161,605</u>	<u>148,961</u>
Less: Consolidation adjustments	(51,371)	(51,387)
Total group retained earnings	<u>110,234</u>	<u>97,574</u>

By order of the Board

Tay Lee Kong
Company Secretary

7 November 2013
Selangor