

profile of senior management team  
cont'd



### Tee Ang Kuan

Tee is the General Manager of ECS Astar and is overseeing operations, namely, the design and development of business and marketing strategies, marketing and distribution of our ICT products, and sales staff management. Tee graduated with Bachelors of Art (Honours) majoring in Economics from the University of Malaya in 1985. After graduation, he began his career with Reliance Computer Centre Sdn. Bhd. as a Sales Executive. He was employed as a Sales Executive by Oriental Data System (M) Sdn. Bhd. in 1986 and Inteltec Sdn. Bhd. in 1988. He was responsible for the promotion and distribution of ICT products, such as personal computers, software, notebooks and printers to corporate customers and end-users.

In 1988, Tee joined ECS Pericomp as a Sales Executive and was responsible for the marketing and support of AST/IRMA emulation cards. In 1989, he left ECS Pericomp and joined Intranet Sdn. Bhd. as a Product Executive. He was later promoted to Sales Manager in 1990 and was in charge of the company's ICT distribution activities. In 1996, he re-joined our Group under ECS Astar as a Business Manager and was promoted to General Manager in 1999. Tee is now responsible for the overall distribution business of ECS Astar. He has over 20 years of experience in the ICT distribution market. With his experience and knowledge, he has contributed significantly to the growth of our Group.



### Tan Say Meng

Tan is the General Manager of ECS Ku. He obtained a MBA majoring in e-Commerce from Charles Sturt University, Australia in 1999. He began his career with Retail Communication Sdn. Bhd. as a Technician in 1988 in charge of repair and service activities of point-of-sales systems and computers. In 1990, he joined ECS Pericomp as a Technician and was promoted to Senior Technician in 1991, Technical Supervisor in 1992, Assistant Technical Manager in 1996, Technical Manager in 1997 and Group Technical Manager in 2001. Since 2006, he has held the position of General Manager of ECS Ku and is now in charge of our Group's IT sales and services.



### Chan Puay Chai

Chan is the Financial Controller of our Group. He is an Associate Member of the Chartered Institute of Management Accountants (U.K.) and a registered Accountant with the Malaysian Institute of Accountants. Chan Puay Chai started his career as an Accounts Clerk in OBD Sdn. Bhd. in 1989 and moved on to Texan (M) Sdn. Bhd., an affiliated company of Berjaya Textile Bhd., in 1990.

In 1992, he joined Tan Chong Motor Assemblies Sdn. Bhd. as a Management Trainee before moving to Biotech Medical Corporation Sdn. Bhd. in the following year as Finance Manager. His past experiences include review of accounting systems, implementation of computerisation, management accounting, budgeting, financial analysis and its related operations. In 1995, Chan joined ECS Kush as a Finance Manager and was promoted to Financial Controller in 2005. He has been with our Group for more than 15 years. His major responsibilities include financial planning & control, financial compliances, credit management, risk management, and other finance related operations.

## management team



06 *Seow Mei Ling*  
HR Manager

07 *Chin Chew Woon*  
Support Manager

08 *Lee Kam Teen*  
IT Manager

09 *Caren Lwee*  
Senior Executive Secretary

01 *Chang Yew Hwa*  
General Manager-Marketing

02 *Chia Chin Pooi*  
Assistant General Manager

03 *Foo Lek Choong*  
Chief Technology Officer

04 *Chin Sai Leong*  
Logistic Manager

05 *Wee Ailin*  
Inventory Manager

## corporate information

### BOARD OF DIRECTORS

#### Non-Executive Chairman

Dato' Teo Chiang Quan  
*DPTJ*

#### Managing Director

Foo Sen Chin

#### Senior Independent Non-Executive Director

Quah Chek Tin\*  
Email: [ctquah@ecsm.com.my](mailto:ctquah@ecsm.com.my)

#### Members

Soong Jan Hsung  
Tay Eng Hoe  
Eddie Foo Toon Ee  
Wong Heng Chong\*  
Ahmad Subri Bin Abdullah\*  
Ho Chee Kit\*  
Narong Intanate

\* *Independent Non-Executive Directors*

### SECRETARY

Tay Lee Kong  
(MAICSA 772833)

### REGISTERED OFFICE

Level 8, Uptown 1  
1, Jalan SS21/58, Damansara Uptown  
47400 Petaling Jaya, Selangor Darul Ehsan  
Telephone : 03-7712 3333  
Facsimile : 03-7712 3369

### REGISTRAR

Tricor Investor Services Sdn. Bhd.  
Level 17, The Gardens North Tower, Mid Valley City  
Lingkar Syed Putra, 59200 Kuala Lumpur  
Telephone : 03-2264 3883  
Facsimile : 03-2282 1886  
Email : [is.enquiry@my.tricorglobal.com](mailto:is.enquiry@my.tricorglobal.com)  
Website : [www.tricorglobal.com](http://www.tricorglobal.com)

### AUDITORS

KPMG, Chartered Accountants  
Level 8, KPMG Tower  
8 First Avenue, Bandar Utama  
47800 Petaling Jaya  
Selangor Darul Ehsan

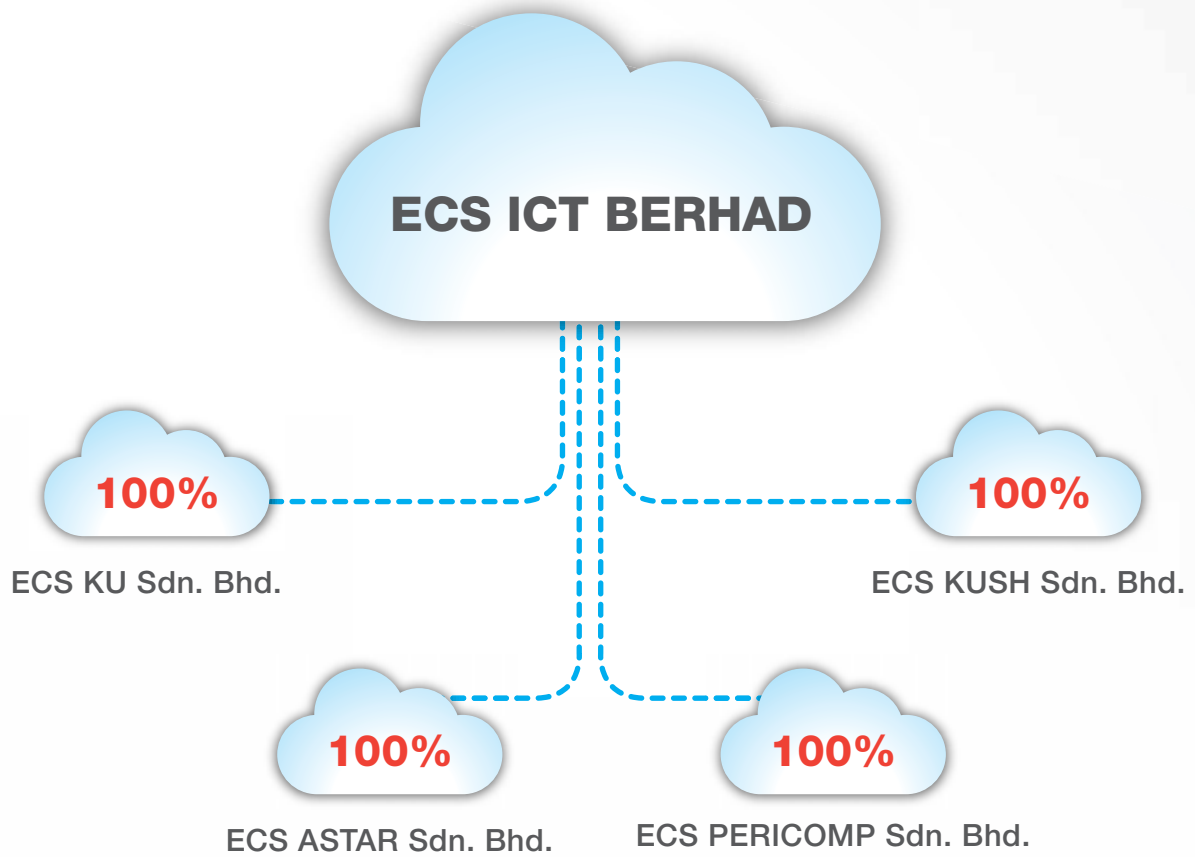
### PRINCIPAL BANKERS

CIMB Bank Berhad  
Citibank Berhad  
Hong Leong Bank Berhad  
Malayan Banking Berhad  
OCBC Bank (Malaysia) Berhad  
United Overseas Bank (Malaysia) Berhad  
Standard Chartered Bank Malaysia Berhad

### STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad

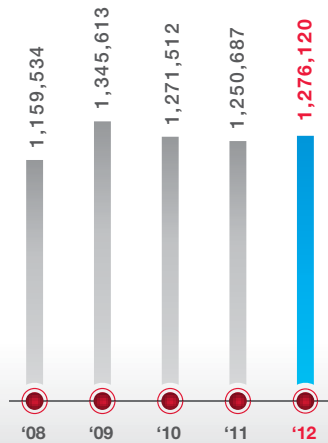
group corporate structure



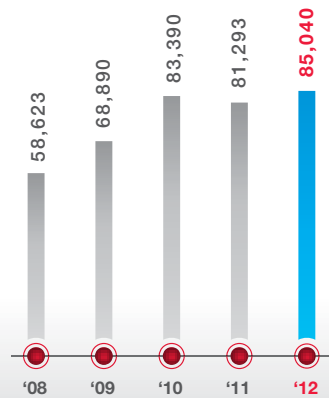
## group financial highlights

<b>Financial year ended 31 December</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue	1,159,534	1,345,613	1,271,512	1,250,687	<b>1,276,120</b>
Gross Profit	58,623	68,890	83,390	81,293	<b>85,040</b>
Profit before tax	27,106	33,517	39,367	40,934	<b>40,251</b>
Profit for the year	19,800	25,014	29,030	30,143	<b>29,864</b>
Profit attributable to owners of the Company	18,833	24,112	28,927	30,143	<b>29,864</b>
<b>As at 31 December</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Non-current assets	7,036	5,178	5,220	6,636	<b>6,735</b>
Current assets	215,523	292,660	261,602	316,967	<b>324,785</b>
<b>Total assets</b>	<b>222,559</b>	<b>297,838</b>	<b>266,822</b>	<b>323,603</b>	<b>331,520</b>
Non-current liabilities	644	192	412	19	<b>9</b>
Current liabilities	148,129	208,083	119,043	150,874	<b>143,937</b>
<b>Total liabilities</b>	<b>148,773</b>	<b>208,275</b>	<b>119,455</b>	<b>150,893</b>	<b>143,946</b>
Share Capital	46,000	46,000	60,000	60,000	<b>90,000</b>
Reserves	22,462	37,337	87,367	112,710	<b>97,574</b>
Non-controlling interest	5,324	6,226	-	-	<b>-</b>
<b>Total equity</b>	<b>73,786</b>	<b>89,563</b>	<b>147,367</b>	<b>172,710</b>	<b>187,574</b>

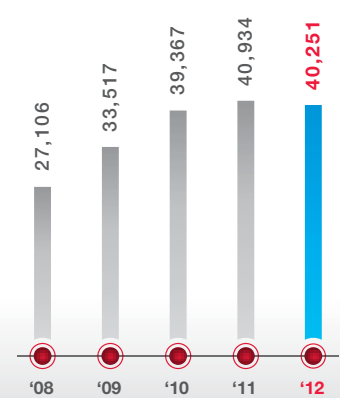
**REVENUE**  
(RM'000)



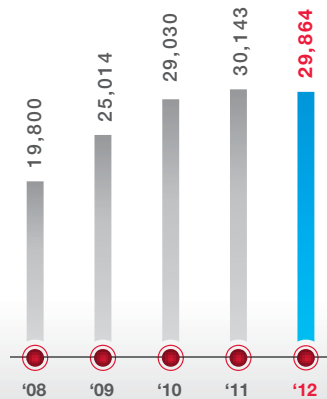
**GROSS PROFIT**  
(RM'000)



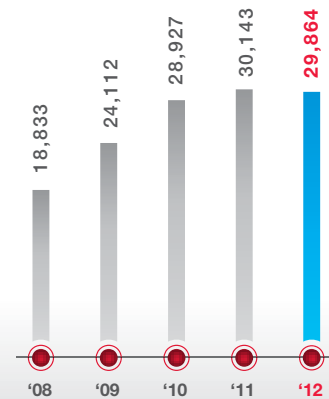
**PROFIT BEFORE TAX**  
(RM'000)



**PROFIT FOR THE YEAR**  
(RM'000)



**PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY**  
(RM'000)





# statement on corporate governance

ECS ICT Berhad (“ECSB” or “the Company”) is committed to business integrity, transparency and professionalism in all its activities. As part of this commitment, the Board of Directors (“Board”) is pleased to report to its shareholders on the application of the Principles as set out in the Malaysian Code on Corporate Governance 2012 (“MCCG”).

## BOARD OF DIRECTORS

### Duties and Responsibilities of the Board

The Board is overall responsible for corporate governance, strategic direction, establishing corporate goals and monitoring the achievement of these goals. It provides effective leadership and manages overall control of the Company and its subsidiary companies (“the Group”)’s affairs through the schedule of matters reserved for its decision. This includes:

- Setting and monitoring objectives, goals and strategic directions for management
- Adopting an annual budget and continuously monitoring financial performance against budget
- Assessing and approving major capital expenditure including significant acquisitions and disposal of investments
- Ensuring significant risks are appropriately managed and regularly reviewed and monitored
- Selecting and appointing new directors and setting the remuneration of directors and senior management
- Mentoring, monitoring and evaluating the Managing Director and his support management team
- Ensuring strict adherence to relevant compliance with laws and regulations and disclosure regimes

### Board Meetings

The Board met four times in the year under review, and the attendance record of directors was as follows:

Directors	Attendance
Dato’ Teo Chiang Quan	4 out of 4
Foo Sen Chin	4 out of 4
Soong Jan Hsung	4 out of 4
Tay Eng Hoe	4 out of 4
Eddie Foo Toon Ee	4 out of 4
Wong Heng Chong	4 out of 4
Quah Chek Tin	4 out of 4
Ahmad Subri bin Abdullah	3 out of 4
Ho Chee Kit	4 out of 4
Narong Intanate	4 out of 4

The Board will also meet on an ad-hoc basis to deliberate urgent issues and matters that require expeditious Board direction or approval. In the intervals between Board meetings, any matters requiring urgent Board decisions and/or approval can be sought via circular resolutions which are supported with all the relevant information and explanations required for an informed decision to be made.

Formal agendas, papers and reports are supplied to Directors in a timely manner, prior to Board meetings. All directors have access to the advice and services of the Company Secretary who is responsible for ensuring that all Board procedures are followed, and the senior management. The Board also has the full and unrestricted access to information relating to the business and affairs of the Company in the discharge of its duties. Directors may take independent professional advice at the Company’s expense in the furtherance of their duties.

### Board Balance

The Board of ECSB has ten members comprising two Executive Directors and eight Non-Executive Directors. Of the eight Non-Executive Directors, four are independent and hence the prescribed requirement for one third of the membership of the Board to be independent Board members is fulfilled. This independent element brings an objective and independent judgement to the decision-making process of the Board. The biographical details of the Board members are set out in the Board section on pages 18 to 21.

## **BOARD OF DIRECTORS** *cont'd*

### **Board Balance** *cont'd*

Dato' Teo Chiang Quan, a Non-Independent Non-Executive Director, chairs the Board, and the Managing Director is Mr Foo Sen Chin, who is responsible for the development and implementation of strategy, and overseeing and managing the day-to-day operations of the Group.

Dato' Teo Chiang Quan, the Chairman, although not an Independent Director, provides strong leadership and objective judgement with regard to ensuring the adequacy and effectiveness of the Board's governance process. The Board is of the view that the separation of the positions of the Chairman and the Managing Director together with the Independent Directors, provide further assurance that there is a balance of power and authority on the Board and effective stewardship of the Company in terms of strategies and business performance. The current size and composition of the Board is at its optimum level and is functioning effectively. Hence, the Board is of the view that it is not necessary to appoint additional Independent Directors to fulfil a majority of Independent Directors.

The Board structure ensures that no individual or group of individuals dominates the Board's decision-making process. The composition of the Board provides an effective blend of entrepreneurship, business and professional expertise in general management, finance, corporate affairs, legal and technical areas of the industry in which the Group operates. The individuality and vast experience of the Directors in arriving at collective decisions at Board level will ensure impartiality.

### **Directors' Training**

The Board acknowledges the importance of continuous education and training to equip themselves for the effective discharge of its duties. New appointees to the Board undergo a familiarisation programme, which includes visits to the Group's business operations and meetings with key management to facilitate their understanding of the Group's operations and businesses.

All members of the Board have attended the Mandatory Accreditation Programme prescribed by Bursa Malaysia Securities Berhad ("Bursa Securities"). During the financial year under review, the Directors had participated in various programmes and forums, which they have individually or collectively considered as useful and relevant.

Among the training programmes, seminars and/or conferences organised/arranged by the Company and attended by the Directors during the financial year included the following:

- The Malaysian Code On Corporate Governance 2012 – Challenges to Listed Issuers and their Boards organised by KPMG Business Advisory Sdn. Bhd.
- Advocacy Sessions On Disclosure for Chief Executive Officers and Chief Financial Officers organised by Bursa Securities

In addition, the Company Secretary and the External Auditors update the Board on a regular basis the respective changes and amendments to regulatory requirements and laws and accounting standards to help Directors keep abreast of such developments.

### **Re-election of Directors**

All Directors are subject to election by shareholders at the first opportunity after their appointment in the next Annual General Meeting ("AGM"). At least one third (1/3) of the Directors are required to retire from office by rotation annually and subject to re-election at each AGM. The Company's Articles of Association ensures that all Directors stand for re-election at least once in every three years.

Any person appointed by the Board either to fill a casual vacancy or as an addition to the existing Directors, shall hold office until the conclusion of the next AGM and shall then be eligible for re-election.

Pursuant to Section 129(2) of the Companies Act, 1965, Directors who are or over the age of seventy (70) years shall retire at every AGM and may offer themselves for re-appointment to hold office until the conclusion of the next AGM.



## statement on corporate governance

cont'd

### **BOARD OF DIRECTORS** cont'd

#### **Board Committees**

To assist the Board to discharge its role and functions effectively, the Board has three standing committees with delegated authority and defined terms of reference. The composition, purpose and function of these committees are described below.

#### **Audit Committee**

A detailed report on this committee is contained on pages 42 to 46 of this Annual Report.

#### **Nominating Committee**

The Nominating Committee comprises exclusively five Non-Executive Directors: Mr Quah Chek Tin, Dato' Teo Chiang Quan, Mr Tay Eng Hoe, Encik Ahmad Subri bin Abdullah and Ms Ho Chee Kit. Mr Quah is the Chairman of the Committee, which meets at least once a year and, additionally, if required.

The Nominating Committee is entrusted with the task of recommending candidates for Directorship to be filled by the shareholders or the Board, and for assessing the effectiveness of the Board as a whole, the committees of the Board and the contribution of each individual director, as well as the Managing Director on an annual basis. The Nominating Committee also considers the balance of the Board membership, determining the core competencies and skills required of the Board through annual reviews, as well as ensure that all Directors receive appropriate continuous training.

### **DIRECTORS' REMUNERATION**

#### **Remuneration Committee**

The Remuneration Committee comprises three Non-Executive Directors: Encik Ahmad Subri bin Abdullah, Mr Eddie Foo Toon Ee and Ms Ho Chee Kit and one Executive Director: Mr Foo Sen Chin. Encik Ahmad Subri is the Chairman of the Committee, which meets at least once a year and, additionally, if required.

The Remuneration Committee is responsible for ensuring that the Company's Directors and senior management are fairly rewarded for their individual contributions to the Company's overall performance and the levels of remuneration should be sufficient to attract and retain its Executive Directors and senior management to manage the Company and continuously build for the future, giving due regard to the interest of shareholders and to the financial and commercial health of the Company.

The Remuneration Committee recommends to the Board the policy and framework of the Directors' remuneration and the remuneration package of the Executive Director. It is the ultimate responsibility of the Board to approve the remuneration packages of directors.

**DIRECTORS' REMUNERATION** cont'd

**Remuneration Committee** cont'd

For the financial year ended 31 December 2012, the aggregate of remuneration received and receivable by the Directors of the Company from the Company and the subsidiaries categorised into appropriate components are as follows:

	Salaries RM'000	Fees RM'000	Benefits- in-kind RM'000	Others RM'000	Total RM'000
Executive Directors					
Receivables from:-					
- Company	-	69	-	-	69
- Subsidiaries	2,937	8	45	-	2,990
	2,937	77	45	-	3,059
Non-Executive Directors					
Receivables from:-					
- Company	-	322	-	27	349
- Subsidiaries	-	4	-	-	4
	-	326	-	27	353
	2,937	403	45	27	3,412

Note: Salary includes bonus and EPF

The number of Directors of the Company whose remuneration during the financial year falls within the respective bands are as follows:-

Range of Remuneration	Number of Directors	
	Executive	Non-Executive
Below RM50,000	-	6
RM50,001 to RM100,000	-	2
RM1,150,001 to RM1,200,000	1	-
RM1,850,001 to RM1,900,000	1	-

## RELATIONS WITH SHAREHOLDERS AND INVESTORS

The Company is committed to ongoing communication across its entire shareholder base, whether institutional investors, private or employee shareholders. This is achieved principally through annual and quarterly reports and the AGM and timely dissemination of information on significant company developments and price sensitive information in accordance with the Listing Requirements of Bursa Securities.

The Company provides regular investor briefings with the research analysts and fund managers, after the release of the Group's quarterly results to promote clear and transparent communications to the investment community. The Group's website at [www.ecsm.com.my](http://www.ecsm.com.my) contains corporate and customer information updated on a regular basis.

The Company's AGM not only deals with the formal business of the Company, but represents the principal forum for dialogue and interaction with shareholders, providing an opportunity for the Board to communicate directly with shareholders and vice versa. Shareholders are invited to ask questions and express their views about the Company's business at the meeting. The Company presents to shareholders an overview of the Group's performance during the year at AGM.

## ACCOUNTABILITY AND AUDIT

### Financial Reporting

The Board is mindful of its responsibility to present a balanced and understandable assessment of ECSB's financial position and prospects in all reports, both to investors and the regulatory bodies. This assessment is primarily provided in the Chairman's Statement and the Review of Operations Managing Director's. An explanation of the respective responsibilities of the Directors and the auditors in the preparation of the accounts is set out in the Statement of Directors' Responsibility section of the printed report.

### Relationship with External Auditors

The Company has always maintained a transparent and appropriate relationship with its External Auditors in seeking professional advice and ensuring compliance with accounting standards in Malaysia.

The report on the role of the Audit Committee in relation to the External Auditors is found in the Report of Audit Committee set out on pages 42 to 46.

### Internal Control and Risk Management

The Directors are responsible for the Group's system of internal controls and its effectiveness. The principal aim of the system of internal controls is the management of financial and business risks that are significant to the fulfilment of ECSB's business objectives, which is to enhance the value of shareholders' investment and safeguarding the Group's assets.

The Group operates a comprehensive budgeting and financial reporting system, which compares actual performance to budget on monthly and quarterly basis which allows management to monitor financial and operational performance on a continuing basis.

During the financial year, an Enterprise Risk Management ("ERM") Committee was established to develop a risk management framework. The ERM Committee is responsible for implementing processes in identifying, evaluating, monitoring and reporting of risks and internal controls. The risk profile covering risk assessment, classification and risk ranking followed by action plans taken to mitigate the risks identified are then presented to the Audit Committee for review on a quarterly basis. The ERM Committee together with the operating units will ensure the timely resolution of outstanding issues and implementation of action plans that are to be carried out and completed within the reasonable timeframe to mitigate the risks level.

The Audit Committee summarises and communicates the key business risks to the Board for consideration and resolution.

The ERM Committee together with the Audit Committee have articulated the Group's risk appetite which relates to the Company's objectives and aims in enhancing shareholders' value in the risk profile.

## ACCOUNTABILITY AND AUDIT *cont'd*

### Internal Control and Risk Management *cont'd*

The internal controls are tested for effectiveness and efficiency two cycles per financial year via an independent outsourced internal audit function. The report of the internal audit is tabled for the Audit Committee's review and comments, and the audit findings will then be communicated to the Board.

Although no system of internal controls can provide absolute assurance, the Group has in place an internal control system, which the Group is committed to continually strengthen, to meet the Group's particular needs and the risks to which it is exposed.

The Statement on Risk Management and Internal Control of the Group as set out on Pages 40 to 41 of the Annual Report provides an overview of the state of internal controls within the Group.

## COMPLIANCE STATEMENT

The Board is satisfied that the Company has applied most of the Principles and Recommendations of the MCCG during the financial year under review.

The Board will, moving forward, continue to adopt the Principles and Recommendations of the MCCG. Post the financial year under review, the Board had, at its Board meeting held on 20 February 2013, identified Mr Quah Chek Tin as the Senior Independent Director of the Company to whom concerns may be conveyed.

The Board also adopted and formalised the following to be in line with the Recommendations of the MCCG:

- i) Board Charter
- ii) Directors' Code of Ethics
- iii) Directors' Assessment Policy
- iv) Directors' Remuneration Policy
- v) Boardroom Diversity Policy
- vi) Succession Planning Policy
- vii) Sustainability Policy
- viii) Insider Dealing Policy
- ix) Related Party Transaction Policy
- x) Investor Relations Policy
- xi) Whistle Blowing Policy
- xii) Code of Conduct

# corporate responsibility statement

The Group believes that a firm commitment to Corporate Responsibility ("CR") activities forms the basis of good corporate citizenship and promotes solid corporate governance.

Aligned with the Group's business strategy, we endeavour to manage our business in a socially responsible manner. We strive to look after not only the interests of our key stakeholders – from shareholders, investors, customers, suppliers and employees – but also the community where we live, work and play.

Hence, as part of our commitment to CR, the Group – through our Environmental, Social & Governance ("ESG") committee – planned various activities during the financial year to bring about a positive impact on the lives of our employees, the community and the environment.

## THE WORKPLACE

With a constantly growing workforce – and to meet the expectations of our stakeholders – it remains an imperative that the Group invests continuously in our employees. Training programmes, including self-development courses, are conducted regularly to upgrade the skills and improve the competency levels of our employees. Employees are also sent for external courses sponsored by the Group.

We also strive to provide a healthy and safe working environment for our employees. To this extent, employees observe office house rules to ensure a safe and healthy workplace, attend regularly-held health talks to raise awareness on the importance of personal health, and participate in fire and safety drills to ensure that they are well prepared in the event of an emergency or crisis occurring.

Additionally, to further promote good working relationships and to build a strong team spirit among our employees, the Group's Sports Club actively organises various sports and social activities on their behalf. Weekly classes for yoga, badminton and swimming are held to promote mental, social and physical well-being of all employees.

## THE ENVIRONMENT

The Group believes it has a moral and social responsibility in contributing towards a greener environment. Through various efforts and initiatives, we constantly improve our operational methods with energy-saving measures in mind, such as operating air-conditioning and electrical appliances on a need-to-use basis, switching off non-essential lighting and equipment during non-operating hours, and generally reducing power consumption for non-mission critical activities.

Furthermore, our ESG committee constantly looks for solutions to reduce the usage of electricity, water, office stationery and other consumables. Monthly utilisation of electricity, water and paper are also monitored on a regular basis to better utilise and maximise such finite resources.

Additionally, the Group regularly organises a 'Recycling and Waste Management Day' where employees are educated on the concept of "Reduce, Reuse and Recycle" and its adoption in their daily lives to help reduce environmental pollution levels. Examples include waste segregation according to type for proper recycling and disposal.

To drive the point home, our Logistics Department has adopted several methods to reuse and recycle packaging materials, such as pallets, carton boxes, shrink wraps, plastic bags, scrap paper, and bubble wraps. In 2012, approximately 2,400 units of wooden pallet and 7 tonnes of carton boxes were reused for repackaging purposes while around 7,200 kg of paper and 3,000 kg of plastic wraps were collected for recycling.

The Group remains committed to ensuring a cleaner and greener future. Hence, we plan to explore new areas where we can contribute to a greener environment for all.

## THE COMMUNITY

In reaching out to the community in 2012, the Group collaborated with a medical institution to organise a visit to homes for abused, neglected and under-privileged children aged between 5- and 17-years old. During the visit, we provided free physical medical examination, meals and gifts to the children. We also contributed food and basic necessities to these homes to help them meet the daily needs.

Additionally, the Group also collaborated with the National Blood Bank to organise a blood donation programme on our premises. The event was an unmitigated success as we received tremendous support from our employees who participated in full force to do their bit for the community.

Overall, the Group recognises the importance of meeting the environmental and social needs of the Community and will endeavour to take proactive action in relation to our CR activities. Our commitment to the community is a role that we take seriously as a responsible corporate citizen.

### THE MARKETPLACE

The Group recognises the importance of timely and thorough dissemination of accurate and useful information – relating to our operations – to stakeholders. In this regard, we strictly adhere to the disclosure requirements of Bursa Malaysia Securities Berhad (Bursa Securities) and the Malaysian Accounting Standards Board. In fact, this Annual Report contains comprehensive information pertaining to the Group, while various disclosures on financial results provide stakeholders with the latest financial information on the Group.

Apart from the mandatory public announcements through Bursa Securities, the Group's website at [www.ecsm.com.my](http://www.ecsm.com.my) provides the public with convenient and timely access to business updates, and financial and non-financial information. Furthermore, stakeholders are able to direct queries to the Group via this website.

In order to provide clear and transparent communications to our stakeholders and the investment community, the Group Managing Director and senior management are directly involved in the Group's investor relations activities, including regular investor briefings with the research analysts and fund managers.

The objective of our investor relations activities is to develop and promote a positive relationship with all stakeholders – via active two-way communication – and to enhance our stakeholders' understanding of the Group, and its core businesses and operations, thereby enabling investors to make informed decisions.

The Group will strive to continue improving communications to ensure that we are able to report in a transparent and consistent manner to meet the expectations of our investors.





# statement on risk management and internal control

## INTRODUCTION

The Board of Directors of ECSB is pleased to present its Statement on Risk Management and Internal Control for the financial year ended 31 December 2012, which has been prepared pursuant to Paragraph 15.26 (b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers. This statement outlines the nature and state of internal control of the Group (comprising the Company and its subsidiaries) during the financial year.

## BOARD'S RESPONSIBILITY

The Board of Directors acknowledges its overall responsibility for maintaining a sound internal control system for the Group to safeguard the shareholders' investment and the Group's assets, and to discharge their stewardship responsibilities in identifying risks and ensuring the implementation of appropriate systems to manage these risks in accordance with the best practices of the Malaysian Code on Corporate Governance.

The Board further recognizes its responsibility for reviewing the adequacy and integrity of the Group's internal control systems and management information systems.

In view of the limitations that are inherent in any systems of internal control, the Group's system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objective and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board confirms that there is a continuous process in place to identify, evaluate and manage the significant risks that may affect the achievement of business objectives. The process which has been instituted throughout the Group is updated and reviewed from time to time to be relevant to the changes in the business environment, and this on-going process has been in place for the whole financial year under review and up to the date of adoption of this Annual Report.

## ENTERPRISE RISK MANAGEMENT ("ERM")

The ERM Committee which reports directly to the Audit Committee was established by the Board to assist the Board to oversee the overall management of the principal areas of risk of the Group.

The ERM Committee meeting is held every quarter to identify, assess, evaluate and manage risks of the Group. Principal risks are identified and appropriate risk mitigations are planned for implementation.

The Management has embarked on a Business Continuity Management programme to provide a framework for building organisational resilience with the capability for an effective response that safeguards the interest of its key stakeholders, reputation and brand.

## INTERNAL AUDIT FUNCTION

The Board through the Audit Committee endorsed and approved the scope of work for the internal audit function through review of its one year detailed audit plan.

Regular internal audits are outsourced to an independent professional firm to review the key internal control revolving the auditable areas in terms of sufficiency and adequacy, to highlight any weaknesses in internal control of the current standard practice and to provide recommendations to improve the internal control within the Group.

The internal audit function reports directly to the Audit Committee on improvement measures pertaining to internal control, including subsequent follow-up to determine the extent of their recommendations that have been implemented by the Management. Internal audit reports are submitted to the Audit Committee, who reviews the findings with Management at its quarterly meetings.

In addition, the deficiencies noted by the External Auditors and management's responsiveness to the control recommendations on deficiencies noted during financial audits provide added assurance that control procedures on functions with financial impact are in place, and are being followed. In assessing the adequacy and effectiveness of the system of internal control and accounting control procedures of the Group, the Audit Committee reports to the Board its activities, significant results, findings and the necessary recommendations for improvements.

## KEY INTERNAL CONTROL PROCESSES

The key elements of the Group's internal control systems are described below:

- i) The Board has established an organisational structure with clearly defined lines of responsibilities, authority limits and accountability aligned to business and operations requirements which support the maintenance of a strong control environment;
- ii) The Board has established the Board Committees with clearly defined delegation of responsibilities within the definition of terms of reference. These committees include Audit Committee, Remuneration Committee and Nominating Committee which have been set up to assist the Board to perform its oversight functions. The committees have the authority to examine all matters within their scope and report to the Board their recommendations; and
- iii) Operational Committees have also been established with appropriate empowerment to ensure effective management and supervision of the Group's core business operations. These committees include the Management Committee, Operation Committee, Credit Control Committee, Inventory Control Committee and Logistic Committee.

## OTHER KEY ELEMENTS OF INTERNAL CONTROL

- i) Quarterly financial results and other information are provided to the Audit Committee and the Board. This oversight review allows the Board to monitor and evaluate the Group's performance in achieving its corporate objectives;
- ii) The annual budget is reviewed and approved by the Board. The actual performance would be reviewed against the targets on a quarterly basis allowing timely response and necessary action plans to be taken to improve the performance;
- iii) Comprehensive financial accounts and management reports are prepared and reviewed by the Management Committee monthly for effective monitoring and decision-making;
- iv) Policies and procedures of core business processes are documented in a series of Standard Operating Procedures and implemented throughout the Group. These policies and procedures are subject to periodic reviews, updates and continuous improvements to reflect the changing risks and operational needs;
- v) Necessary actions have been taken on the weaknesses identified in the internal control systems with the implementation of improved control measures and processes;
- vi) Professionalism and competence of staff are maintained through a rigorous recruitment process, and a performance appraisal and review system; and
- vii) Staff professionalism, industrial skill sets and job competency are progressively developed through broad based training and development programmes.

## REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the Annual Report of the Group for the year ended 31 December 2012 in accordance with Recommended Practice Guide ("RPG") 5 issued by the Malaysian Institute of Accountants and reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal control. RPG 5 does not require the External Auditors to and they did not consider whether this statement covers all risks and controls, or to form an opinion on the effectiveness of the Group's risk and control procedures.

## CONCLUSION

The Board is of the view that the Group's system of internal control is generally satisfactory.

The Board has received assurance from the Managing Director and Financial Controller that the Company's risk management and internal control systems is operating adequately and effectively, in all material aspects, based on the risk management and internal control systems of the Group.

The Board and Management will continue to take necessary measure to strengthen the control environment and monitor the effectiveness of the internal control framework of the Group.

# report of the audit committee

The Board of Directors of ECSB is pleased to issue the following Audit Committee Report and its activities for the year ended 31 December 2012.

## MEMBERS AND MEETINGS

The Audit Committee comprises three (3) Independent Non-Executive Directors.

Four (4) meetings were held during the year and the attendance of the committee members are as follows:

Directors	Status	Attendance
Ho Chee Kit ( <i>Chairperson</i> )	Independent Non-Executive Director	4 out of 4 meetings
Quah Chek Tin	Independent Non-Executive Director	4 out of 4 meetings
Wong Heng Chong	Independent Non-Executive Director	4 out of 4 meetings

## Terms of Reference

The terms of reference of the Audit Committee are as follows:

### Introduction

The Audit Committee ("the Committee") of ECSB was formed by the Board of Directors of the Company. Its primary function in line with the Malaysian Code on Corporate Governance 2012, is to assist the Board of Directors in meeting its responsibilities relating to accounting and reporting practices of the Company and its subsidiary companies.

In addition, the Committee shall:

- Oversee and appraise the quality of the audits conducted both by the Company's Internal and External Auditors;
- Maintain open lines of communication between the Board of Directors, the Internal Auditors and the External Auditors for the exchange of views and information, as well as to confirm their respective authority and responsibilities; and
- Determine the adequacy of the Group's administrative, operating and accounting controls.

### Composition

The Audit Committee shall be appointed by the Directors from among their numbers (pursuant to a resolution of the Board of Directors) which fulfils the following requirements:

- a) the Audit Committee must compose of no fewer than 3 members;
- b) all members of the Audit Committee should be Non-Executive Directors;
- c) a majority of the Audit Committee must be Independent Directors; and
- d) all members of the Audit Committee should be financially literate and at least one member of the Audit Committee:-
  - must be a member of the Malaysian Institute of Accountants; or
  - if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:
    - he must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountant Act, 1967; or
    - he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967; or
    - he must be a person who fulfils the requirements as may be prescribed or approved by the Bursa Malaysia Securities Berhad and/or other relevant authorities from time to time.

## **MEMBERS AND MEETINGS** *cont'd*

### **Terms of Reference** *cont'd*

#### **Composition** *cont'd*

- e) No alternate Director of the Board shall be appointed as a member of the Audit Committee.

The members of the Audit Committee shall elect a Chairman from among their number who shall be an Independent Non-Executive Director.

In the event of any vacancy in the Audit Committee resulting in the non-compliance of items (a) to (d) above, the vacancy must be filled within 3 months of that event.

The Board of Directors must review the term of office and performance of the Audit Committee and each of its members at least once every 3 years to determine whether the Audit Committee and members have carried out their duties in accordance with the terms of reference.

#### **Frequency of Meetings**

Meetings shall be held at least four (4) times in each financial year. More meetings may be conducted if the need arises.

The meetings shall have a quorum of two (2) members who are independent directors.

The Committee shall meet with the External Auditors without the presence of executive Board members as and when required.

Other Directors and employees may attend any particular Audit Committee meeting only at the Committee's invitation specific to the relevant meeting.

The Committee shall record its conclusion on issues discussed during meetings and report to the Board at the quarterly Board meetings.

#### **Secretary**

The Secretary of the Company shall be Secretary of the Committee.

#### **Functions**

The functions of the Audit Committee are as follows:-

- a) Review the following and report the same to the Board of Directors:-
- with the External Auditors, the audit plan;
  - with the External Auditors, his evaluation of the system of internal controls;
  - with the External Auditor, his audit report;
  - the assistance given by the Company's employees to the External Auditors; and
  - any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity.
- b) To consider the appointment and independence of the External Auditors, the audit fee and any questions of resignation or dismissal, and the letter of resignation from External Auditors, if applicable;
- c) To discuss with the External Auditors before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;
- d) To discuss the contracts for the provision of non-audit services which can be entered into and procedures that must be followed by the External Auditors. The contracts cannot be entered into should include:-
- Management consulting;
  - Strategic decision;
  - Internal Audit; and
  - Policy and standard operating procedures documentation.

## report of the audit committee *cont'd*

### **MEMBERS AND MEETINGS** *cont'd*

#### **Terms of Reference** *cont'd*

#### **Functions** *cont'd*

- e) To review the quarterly and year-end financial statements of the Company, focusing particularly on:-
- any changes in accounting policies and practices;
  - significant adjustments arising from the audit;
  - the going concern assumption;
  - integrity of financial statements; and
  - compliance with accounting standards and other legal requirements.
- f) To discuss problems and reservations arising from the interim and final audits, and any matter the auditor may wish to discuss (in the absence of management where necessary);
- g) To review the External Auditor's management letter and management's response;
- h) To review the adequacy of Group's risk management framework and assess the resources and knowledge of the Management and employees involved in the risk management process;
- i) To review the Group's risk profile and risk tolerance;
- j) To assess the sound system of internal controls by conducting the following:-
- Review the adequacy of the scope, functions and resources of the internal audit function, and that it has the necessary authority to carry out its work;
  - Review the internal audit programme and results of the internal audit process and where necessary, ensure that appropriate action is taken on the recommendations of the internal audit function;
  - Review any appraisal or assessment of the performance of members of the internal audit function;
  - Approve any appointments or termination of senior auditors of the internal audit function; and
  - Inform itself of resignations of Internal Auditors and provide the resigning Internal Auditor an opportunity to submit his reasons for resigning.
- k) To consider the major findings of internal investigations and management's response;
- l) To consider any related party transactions that may arise within the Company or Group;
- m) To ensure the internal audit function is independent of the activities it audits and the Head of Internal Audit reports directly to the Committee. The Head of Internal Audit will be responsible for the regular review and/or appraisal of the effectiveness of risk management, internal control and governance processes within the Company;
- n) To report promptly any matters resulting in the breach of the Bursa Securities Listing Requirements to the Board. Where the Committee is of the opinion that such matter reported by it to the Board has not been satisfactorily resolved, the Committee shall promptly report such matter to Bursa Securities; and
- o) To consider other topics deemed fit by the Committee within its terms of reference and/or as defined by the Board.

#### **Rights of the Audit Committee**

The Audit Committee shall, wherever necessary and reasonable for the Company to perform of its duties, in accordance with a procedure to be determined by the Board of Directors and at the cost of the Company:-

- a) have authority to investigate any matter within its terms of reference;
- b) have the resources which are required to perform its duties;
- c) have full and unrestricted access to any information pertaining to the Company and Group;
- d) have direct communication channels with the External Auditors and person(s) carrying out the internal audit function or activity (if any);
- e) be able to obtain independent professional or other advice, at the expense of the Company; and
- f) be able to convene meetings with External Auditors (without the presence of executive Board members) at least twice a year and whenever deemed necessary.

## **MEMBERS AND MEETINGS** *cont'd*

### **Terms of Reference** *cont'd*

### **Rights of the Audit Committee** *cont'd*

The Chairman of the Audit Committee shall engage on a continuous basis with senior management, such as the Chairman, the Managing Director or Chief Executive Officer, the Financial Controller, the Head of Internal Audit and the External Auditors in order to be kept informed of matters affecting the Group.

### **Reporting of Breaches to the Exchange**

Where the Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Bursa Securities Listing Requirements, the Committee shall promptly report such matter to Bursa Securities.

### **Reporting**

The Chairman of the Audit Committee shall report on each meeting to the Board.

### **Review of the Committee**

The Board shall review the term of office and performance of the Committee annually.

## **ACTIVITIES OF THE AUDIT COMMITTEE**

The following is a summary of the main activities carried out by the Committee during the financial year ended 31 December 2012:

- 1) Reviewed and recommended the quarterly financial results announcements and the annual audited financial statements of the Company and the Group for the consideration and approval of the Board of Directors, focusing particularly on:
  - a) The overall performance of the Group;
  - b) The prospects for the Group;
  - c) The changes and implementation of major accounting policies and practices; and
  - d) Compliance with accounting standards and other legal requirements.
- 2) Reviewed with the External Auditors on the scope of work, audit plan and fees for the statutory audit and thereafter recommend to the Board;
- 3) Reviewed the External Auditors' Report for financial year ended 31 December 2012;
- 4) Reviewed updates on the introduction of Malaysian Financial Reporting Standards and how they will impact the Group and has monitored progress in meeting the new reporting requirements;
- 5) The Committee was also updated by the External Auditors on changes to the relevant guidelines on the regulatory and statutory requirements;
- 6) Met with the External Auditors without the presence of management to discuss on any matters that they may wish to present;
- 7) Reviewed and approved the Internal Audit Scope;
- 8) Reviewed the status report and recommendations for corrective action plans submitted by the Internal Auditors;
- 9) Reviewed the related party transactions entered into by the Company and the Group;
- 10) Reviewed the Audit Committee Report and Statement on Risk Management and Internal Control before submitting for the Board's approval and inclusion in the Company's Annual Report; and
- 11) Reported to the Board of Directors on its activities, any significant issues and results.





## **INTERNAL AUDIT FUNCTION AND ACTIVITIES**

### **Internal Audit Function**

The Group has outsourced its internal audit function to a professional company. The Internal Auditors reports functionally and independently to the Audit Committee and is independent of management and of the activities it reviews. Its role encompasses risk-based examination and provides independent and reasonable assurance on the adequacy, integrity and effectiveness of the Group's overall system of internal control, risk management and governance.


The purpose, authority and responsibility of the Internal Audit function as identified by the Audit Committee in the form of audit charter includes furnishing the Committee with audit reports which include independent analyses, appraisals, advices and information on the activities reviewed.

### **Activities**

During the financial year ended 31 December 2012, the Internal Auditors carried out audit assignments in accordance with the approved audit plan. Audit reports incorporating audit recommendations and management's responses with regards to any audit findings on the weaknesses in the systems and controls of the operations were presented to the Audit Committee for discussion.

The checks on related party transactions were conducted to ensure the transactions were disclosed appropriately.

The total cost incurred for the internal audit function for the financial year ended 31 December 2012 was RM36,000.



**other information**  
required by the listing requirements of  
Bursa Malaysia Securities Berhad

**1. NON-AUDIT FEES**

The amount of non-audit fees paid to the External Auditors by the Group and Company for the financial year is reflected in Note 15, Page 81 of the financial statements.

**2. MATERIAL CONTRACTS**

None of the Directors and/or major shareholders has any material contract with the Company and/or its subsidiaries either still subsisting at the end of the financial year ended 31 December 2012 or entered into since the end of the previous financial year.

**3. LIST OF PROPERTIES**

The Group does not own any properties as at 31 December 2012.

## statement of directors' responsibility

in relation to the financial statements

This statement is prepared as required by the Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors are required to prepare financial statements which give a true and fair view of the state of affairs of the Group and the Company as at the end of the financial year and of their results and their cash flows for that year then ended.

The Directors consider that in preparing the financial statements:

- the Group and the Company have used appropriate accounting policies and are consistently applied;
- reasonable and prudent judgements and estimates were made; and
- all applicable approved accounting standards in Malaysia have been followed.

The Directors are responsible for ensuring that the Company maintains accounting records that disclose with reasonable accuracy the financial position of the Group and the Company, and which enable them to ensure that the financial statements comply with the Companies Act, 1965.

The Directors have general responsibilities for taking such steps that are reasonably available to them to safeguard the assets of the Group, and to prevent and detect fraud and other irregularities.

# financial statements

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# directors' report

for the year ended 31 December 2012

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 December 2012.

## PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are as stated in Note 4 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

## RESULTS

	Group RM'000	Company RM'000
Profit for the year attributable to: Owners of the Company	29,864	14,280

## RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in the financial statements.

## DIVIDENDS

Since the end of the previous financial year, the Company paid:

- i) a single tier final dividend of 8 sen per ordinary share, totaling RM9,600,000 in respect of financial year ended 31 December 2011 on 15 June 2012; and
- ii) a single tier interim dividend of 3 sen per ordinary share, totaling RM5,400,000 in respect of the financial year ended 31 December 2012 on 12 December 2012.

The final ordinary dividend recommended by the Directors in respect of the year ended 31 December 2012 is a single tier dividend of 2.5 sen per ordinary share, subject to the approval of the shareholders at the forthcoming annual general meeting.

## DIRECTORS OF THE COMPANY

Directors who served since the date of the last report are:

Dato' Teo Chiang Quan  
Foo Sen Chin  
Soong Jan Hsung  
Tay Eng Hoe  
Eddie Foo Toon Ee  
Wong Heng Chong  
Quah Chek Tin  
Ahmad Subri bin Abdullah  
Ho Chee Kit  
Narong Intanate

## DIRECTORS' INTERESTS

The interests and deemed interests in the ordinary shares of the Company and of its related corporations (other than wholly owned subsidiaries) of those who were Directors at financial year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	Number of Ordinary Shares of RM0.50 each			At 31.12.2012
	At 1.1.2012	Bonus Issue/ Bought	(Sold)	
<b>Dato' Teo Chiang Quan</b>				
<i>Own interest in the Company</i>				
- indirect	<b>10,300,000</b>	5,150,000	-	<b>15,450,000</b>
<b>Foo Sen Chin</b>				
<i>Own interest in the Company</i>				
- indirect	<b>14,664,800</b>	7,332,400	-	<b>21,997,200</b>
<b>Soong Jan Hsung</b>				
<i>Own interest in the Company</i>				
- direct	<b>150,000</b>	75,000	-	<b>225,000</b>
<b>Eddie Foo Toon Ee</b>				
<i>Own interest in the Company</i>				
- direct	<b>50,000</b>	25,000	-	<b>75,000</b>
<b>Tay Eng Hoe</b>				
<i>Own interest in the Company</i>				
- direct	<b>250,000</b>	125,000	-	<b>375,000</b>
<b>Wong Heng Chong</b>				
<i>Own interest in the Company</i>				
- direct	<b>150,000</b>	75,000	-	<b>225,000</b>

None of the other Directors holding office at 31 December 2012 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

## DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than certain Directors who have significant financial interests in companies which traded with certain companies in the Group in the ordinary course of business as disclosed in Note 26 to the financial statements.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.



directors' report  
for the year ended 31 December 2012  
*cont'd*

## **ISSUE OF SHARES AND DEBENTURES**

During the financial year, the Company issued 60,000,000 ordinary shares of RM0.50 each pursuant to the bonus issue on the basis of two ordinary shares for every ordinary share of RM0.50 each by way of capitalisation of share premium and retained earnings.

The bonus issue was completed on 31 October 2012 following the listing and quotation of the 60,000,000 bonus shares on the Main Market of Bursa Malaysia Securities Berhad.

There were no debentures issued during the financial year.

## **OPTIONS GRANTED OVER UNISSUED SHARES**

No options were granted to any person to take up unissued shares of the Company during the financial year.

## **OTHER STATUTORY INFORMATION**

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

- i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

- i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2012 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

**AUDITORS**

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

**FOO SEN CHIN**

**SOONG JAN HSUNG**

Petaling Jaya

Date: 18 March 2013

# statements of financial position

as at 31 December 2012

	Note	Group			Company		
		31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
<b>Assets</b>							
Plant and equipment	3	4,656	4,527	3,133	27	67	129
Investments in subsidiaries	4	-	-	-	77,022	77,022	77,022
Intangible asset	5	571	571	571	-	-	-
Investment in club membership		62	62	62	-	-	-
Deferred tax assets	12	1,446	1,476	1,454	3	-	-
<b>Total non-current assets</b>		<b>6,735</b>	6,636	5,220	<b>77,052</b>	77,089	77,151
Inventories	6	79,801	84,303	81,500	-	-	-
Receivables, deposits and prepayments, including derivatives	7	171,895	166,087	149,360	26,554	41,669	36,048
Cash and cash equivalents	8	72,989	66,577	30,742	14,944	447	1,705
Tax recoverable		100	-	-	-	-	48
<b>Total current assets</b>		<b>324,785</b>	316,967	261,602	<b>41,498</b>	42,116	37,801
<b>Total assets</b>		<b>331,520</b>	323,603	266,822	<b>118,550</b>	119,205	114,952
<b>Equity</b>							
Share capital	9	90,000	60,000	60,000	90,000	60,000	60,000
Reserves	10	97,574	112,710	87,367	27,945	58,665	53,727
<b>Total equity attributable to owners of the Company</b>		<b>187,574</b>	172,710	147,367	<b>117,945</b>	118,665	113,727
<b>Liabilities</b>							
Deferred tax liabilities	12	-	-	383	-	11	18
Other payables	11	9	19	29	-	-	-
<b>Total non-current liabilities</b>		<b>9</b>	19	412	-	11	18
Payables and accruals, including derivatives	11	141,127	148,057	104,281	540	450	1,207
Borrowings (unsecured)	13	-	-	12,700	-	-	-
Tax payable		2,810	2,817	2,062	65	79	-
<b>Total current liabilities</b>		<b>143,937</b>	150,874	119,043	<b>605</b>	529	1,207
<b>Total liabilities</b>		<b>143,946</b>	150,893	119,455	<b>605</b>	540	1,225
<b>Total equity and liabilities</b>		<b>331,520</b>	323,603	266,822	<b>118,550</b>	119,205	114,952

The notes on pages 60 to 101 are an integral part of these financial statements.

statements of profit or loss  
and other comprehensive income  
for the year ended 31 December 2012

	Note	Group		Company	
		2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
<b>Revenue</b>	14	<b>1,276,120</b>	1,250,687	<b>15,577</b>	12,647
Cost of sales		<b>(1,191,080)</b>	(1,169,394)	-	-
<b>Gross profit</b>		<b>85,040</b>	81,293	<b>15,577</b>	12,647
Distribution expenses		<b>(27,952)</b>	(25,369)	-	-
Administrative expenses		<b>(18,552)</b>	(16,274)	<b>(1,513)</b>	(1,065)
Other income		<b>444</b>	905	-	-
<b>Results from operating activities</b>	15	<b>38,980</b>	40,555	<b>14,064</b>	11,582
Finance income	16	<b>1,280</b>	582	<b>1,657</b>	1,477
Finance costs	17	<b>(9)</b>	(203)	-	-
<b>Net finance income</b>		<b>1,271</b>	379	<b>1,657</b>	1,477
<b>Profit before tax</b>		<b>40,251</b>	40,934	<b>15,721</b>	13,059
Tax expense	19	<b>(10,387)</b>	(10,791)	<b>(1,441)</b>	(3,321)
<b>Profit for the year/ Total comprehensive income for the year attributable to owners of the Company</b>		<b>29,864</b>	30,143	<b>14,280</b>	9,738
<b>Earnings per share attributable to owners of the Company:</b>			(restated)		
Basic (sen)	20	<b>16.6</b>	16.7		

The notes on pages 60 to 101 are an integral part of these financial statements.

# consolidated statement of changes in equity

for the year ended 31 December 2012

Group	Note	← Attributable to owners of the Company →			Total RM'000
		← Non-distributable →		Distributable	
		Share capital RM'000	Share premium RM'000	Retained earnings RM'000	
<b>At 1 January 2011</b>		60,000	25,903	61,464	147,367
Profit for the year/ Total comprehensive income for the year		-	-	30,143	30,143
Dividends	21	-	-	(4,800)	(4,800)
<b>At 31 December 2011/1 January 2012</b>		60,000	25,903	86,807	172,710
Profit for the year/ Total comprehensive income for the year		-	-	29,864	29,864
Dividends	21	-	-	(15,000)	(15,000)
Bonus issue		30,000	(25,903)	(4,097)	-
<b>At 31 December 2012</b>		<b>90,000</b>	<b>-</b>	<b>97,574</b>	<b>187,574</b>
		Note 9	Note 10.1	Note 10.3	

## statement of changes in equity

for the year ended 31 December 2012

Company	Note	← Attributable to owners of the Company →				Total RM'000
		← Non-distributable →		Distributable		
		Share capital RM'000	Share premium RM'000	Merger reserve RM'000	Retained earnings RM'000	
<b>At 1 January 2011</b>		60,000	25,903	22,961	4,863	113,727
Profit for the year/ Total comprehensive income for the year		-	-	-	9,738	9,738
Dividends	21	-	-	-	(4,800)	(4,800)
<b>At 31 December 2011/ 1 January 2012</b>		60,000	25,903	22,961	9,801	118,665
Profit for the year/ Total comprehensive income for the year		-	-	-	14,280	14,280
Dividends	21	-	-	-	(15,000)	(15,000)
Bonus issue		30,000	(25,903)	-	(4,097)	-
<b>At 31 December 2012</b>		<b>90,000</b>	<b>-</b>	<b>22,961</b>	<b>4,984</b>	<b>117,945</b>
		Note 9	Note 10.1	Note 10.2		

The notes on pages 60 to 101 are an integral part of these financial statements.



# statements of cash flows

for the year ended 31 December 2012

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
<b>Cash flows from operating activities</b>				
Profit before tax	40,251	40,934	15,721	13,059
Adjustments for:				
Depreciation of plant and equipment	1,921	1,618	40	45
Gain on disposal of plant and equipment	-	(70)	-	-
(Gain)/Loss on foreign exchange				
- Unrealised	(339)	1,397	-	-
Finance costs	9	203	-	-
Interest income	(1,280)	(582)	(1,657)	(1,477)
Dividend income	-	-	(14,973)	(12,000)
Plant and equipment written off	21	57	-	20
Fair value changes on financial instrument	188	(728)	-	-
Inventories written down	(1,006)	1,539	-	-
<b>Operating profit/(loss) before changes in working capital</b>	<b>39,765</b>	<b>44,368</b>	<b>(869)</b>	<b>(353)</b>
Changes in working capital:				
Inventories	5,508	(4,342)	-	-
Receivables, deposits and prepayments	(5,846)	(16,689)	(16)	4
Payables and accruals	(6,751)	43,059	63	(62)
<b>Cash generated from/(used in) operations</b>	<b>32,676</b>	<b>66,396</b>	<b>(822)</b>	<b>(411)</b>
Tax paid	(10,464)	(10,441)	(296)	(201)
<b>Net cash generated from/(used in) operating activities</b>	<b>22,212</b>	<b>55,955</b>	<b>(1,118)</b>	<b>(612)</b>
<b>Cash flows from investing activities</b>				
Purchase of plant and equipment	(2,071)	(3,069)	-	(3)
Proceeds from disposal of plant and equipment	-	70	-	-
Dividend received	-	-	13,800	9,000
<b>Net cash (used in)/generated from investing activities</b>	<b>(2,071)</b>	<b>(2,999)</b>	<b>13,800</b>	<b>8,997</b>
<b>Cash flows from financing activities</b>				
Repayment of bank borrowings	-	(12,700)	-	-
Advances from/(to) subsidiaries	-	-	15,158	(6,320)
Interest paid	(9)	(203)	-	-
Interest received	1,280	582	1,657	1,477
Dividend paid to owners of the Company	(15,000)	(4,800)	(15,000)	(4,800)
<b>Net cash (used in)/generated from financing activities</b>	<b>(13,729)</b>	<b>(17,121)</b>	<b>1,815</b>	<b>(9,643)</b>
Net increase/(decrease) in cash and cash equivalents	6,412	35,835	14,497	(1,258)
Cash and cash equivalents at 1 January	66,577	30,742	447	1,705
<b>Cash and cash equivalents at 31 December</b>	<b>72,989</b>	<b>66,577</b>	<b>14,944</b>	<b>447</b>

### CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:

	Note	Group		Company	
		2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Cash and bank balances	8	<b>26,395</b>	18,077	<b>944</b>	447
Deposits with licensed banks	8	<b>46,594</b>	48,500	<b>14,000</b>	-
		<b>72,989</b>	66,577	<b>14,944</b>	447

# notes to the financial statements

ECS ICT Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of the principal place of business and registered office of the Company are as follows:

## **Principal place of business**

Lot 3, Jalan Teknologi 3/5  
Taman Sains Selangor  
Kota Damansara  
47810 Petaling Jaya

## **Registered office**

Level 8, Uptown 1  
1 Jalan SS21/58  
Damansara Uptown  
47400 Petaling Jaya

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2012 comprise the Company and its subsidiaries (together referred to as the “Group” and individually referred to as “Group entities”). The financial statements of the Company as at and for the financial year ended 31 December 2012 do not include any other entities.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are as stated in Note 4 to the financial statements.

These financial statements were authorised for issue by the Board of Directors on 18 March 2013.

## **1. BASIS OF PREPARATION**

### **(a) Statement of compliance**

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards and the Companies Act, 1965 in Malaysia. These are the Group and Company’s first financial statements prepared in accordance with MFRSs and MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards* has been applied.

In the previous financial years, the financial statements of the Group and the Company were prepared in accordance with Financial Reporting Standards (“FRSs”) in Malaysia. The financial impacts on transition to MFRSs are disclosed in Note 29.

The Group and the Company have early adopted the amendments to MFRS 101, *Presentation of Financial Statements* which are effective for annual periods beginning on or after 1 July 2012. The early adoption of the amendments to MFRS 101 has no impact on the financial statements other than the presentation format of the statement of profit or loss and other comprehensive income.

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been adopted by the Group and the Company:

### **MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2013:**

- 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*

## 1. BASIS OF PREPARATION *cont'd*

### (a) Statement of compliance *cont'd*

#### **MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2013:** *cont'd*

- 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*

#### **MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2014**

- Amendments to MFRS 132, *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*
- Amendments to MFRS 10, *Consolidated Financial Statements: Investment Entities*
- Amendments to MFRS 12, *Disclosure of Interest in Other Entities: Investment Entities*
- Amendments to MFRS 127, *Separate Financial Statements (2011): Investment Entities*

#### **MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2015**

- MFRS 9, *Financial Instruments (2009)*
- MFRS 9, *Financial Instruments (2010)*
- Amendments to MFRS 7, *Financial Instruments: Disclosures – Mandatory Effective Date of MFRS 9 and Transition Disclosures*

The Group and the Company plan to apply the abovementioned standards, amendments and interpretations:

- from the annual period beginning on 1 January 2013 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2013, except for IC Interpretation 20 which is not applicable to the Group and the Company.
- from the annual period beginning on 1 January 2014 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2014.
- from the annual period beginning on 1 January 2015 for those standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2015.

Material impacts of initial application of a standard, an amendment or an interpretation are discussed below:

#### **MFRS 9, Financial Instruments**

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets. Upon adoption of MFRS 9, financial assets will be measured at either fair value or amortised cost.

The adoption of MFRS 9 will result in a change in accounting policy. The Group is currently assessing the financial impact of adopting MFRS 9.

#### **MFRS 10, Consolidated Financial Statements**

MFRS 10, introduces a new single control model to determining which investees should be consolidated. MFRS 10 supersedes MFRS 127, *Consolidated and Separate Financial Statements and IC Interpretation 112, Consolidation – Special Purpose Entities*. There are three elements to the definition of control in MFRS 10: (i) power by investor over an investee, (ii) exposure, or rights, to variable returns from investor's involvement with the investee, and (iii) investor's ability to affect those returns through its power over the investee.

**1. BASIS OF PREPARATION** cont'd

**(a) Statement of compliance** cont'd

**MFRS 11, Joint Arrangements**

MFRS 11, establishes the principles for classification and accounting for joint arrangements and supersedes MFRS 131, *Interests in Joint Ventures*. Under MFRS 11, a joint arrangement may be classified as joint venture or joint operation. Interest in joint venture will be accounted for using the equity method whilst interest in joint operation will be accounted for using the applicable MFRSs relating to the underlying assets, liabilities, income and expense items arising from the joint operations.

**MFRS 13, Fair Value Measurement**

MFRS 13, establishes the principles for fair value measurement and replaces the existing guidance in different MFRSs.

**MFRS 119, Employee Benefits (2011)**

The amendments to MFRS 119, change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the 'corridor method' permitted under the previous version of MFRS 119 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus.

The amendments to MFRS 119 are effective for annual periods beginning on or after 1 January 2013 and require retrospective application.

**Amendments to MFRS 116, Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)**

The amendments to MFRS 116 clarify that items such as spare parts, stand-by equipment and servicing equipment shall be recognised as property, plant and equipment when they meet the definition of property, plant and equipment. Otherwise, such items are classified as inventory.

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

**(b) Basis of measurement**

The financial statements of the Group and the Company have been prepared on the historical cost basis other than as disclosed in the financial statements.

**(c) Functional and presentation currency**

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

**(d) Use of estimates and judgements**

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Note 5 - Measurement of recoverable amounts of cash-generating units

## 2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and in preparing the opening MFRS statements of financial position of the Group and of the Company at 1 January 2011 (the transition date to MFRS framework), unless otherwise stated.

### (a) Basis of consolidation

#### (i) Subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Control exists when the Company has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

#### (ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

##### *Acquisitions on or after 1 January 2011:*

For acquisitions on or after 1 January 2011, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

##### *Acquisitions before 1 January 2011*

As part of its transition to MFRS, the Group elected not to restate those business combinations that occurred before the date of transition to MFRSs, i.e. 1 January 2011. Goodwill arising from acquisitions before 1 January 2011 has been carried forward from the previous FRS framework as at the date of transition.

#### (iii) Acquisition of non-controlling interest

The Group treats all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.



## 2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### (a) Basis of consolidation *cont'd*

#### (iv) **Loss of control**

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

#### (v) **Transactions eliminated on consolidation**

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

### (b) Foreign currency

#### **Foreign currency transactions**

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

### (c) Financial instruments

#### (i) **Initial recognition and measurement**

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.



## 2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### (c) Financial instruments *cont'd*

#### (ii) **Financial instrument categories and subsequent measurement**

The Group and the Company categorise financial instruments as follows:

##### *Financial assets*

#### (a) *Financial assets at fair value through profit or loss*

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

#### (b) *Loans and receivables*

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

#### (c) *Available-for-sale financial assets*

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment (Note 2(i)(i)).

##### *Financial liabilities*

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are held for trading, derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

## 2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### (c) Financial instruments *cont'd*

#### (iii) **Derecognition**

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

### (d) Plant and equipment

#### (i) **Recognition and measurement**

Items of plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of other items of plant and equipment is based on the quoted market prices for similar items when available and replacement cost when appropriate.

When significant parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

The gain and loss on disposal of an item of plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of plant and equipment and is recognised net within "other income" and "other expenses" respectively in profit or loss.

#### (ii) **Subsequent costs**

The cost of replacing a component of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of plant and equipment are recognised in profit or loss as incurred.

#### (iii) **Depreciation**

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

## 2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### (d) Plant and equipment *cont'd*

#### (iii) Depreciation *cont'd*

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. The estimated useful lives for the current and comparative periods are as follows:

- Office equipment 5 years
- Office renovation 5 years
- Motor vehicles 5 years
- Furniture and fittings 4 years

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period and adjusted as appropriate.

### (e) Leased assets

#### Operating leases

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and the leased assets are not recognised in the statement of financial position.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

### (f) Intangible assets

#### (i) Goodwill

Goodwill arises on business combinations is measured at cost less any accumulated impairment losses. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity accounted investee.

### (g) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is measured based on first in first out, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

The fair value of inventories acquired in a business combination is determined based on its estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

## 2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### (h) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

### (i) Impairment

#### (i) *Financial assets*

All financial assets (except for financial assets categorised as fair value through profit or loss and investments in subsidiaries) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the financial asset's recoverable amount is estimated.

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

#### (ii) *Other assets*

The carrying amounts of other assets (except for inventories and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value-in-use and its fair value less costs to sell. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

## 2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### (i) Impairment *cont'd*

#### (ii) **Other assets** *cont'd*

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (groups of units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

### (j) Equity instruments

Instruments classified as equity are stated at cost on initial recognition and are not remeasured subsequently.

#### (i) **Issue expenses**

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

#### (ii) **Ordinary shares**

Ordinary shares are classified as equity.

#### (iii) **Distributions of non-cash assets to owners of the Company**

The Group measures a liability to distribute non-cash assets as a dividend to the owners of the Company at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at each reporting period and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution. On settlement of the transaction, the Group recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in profit or loss.

### (k) Employee benefits

#### (i) **Short term employee benefits**

Short term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### (ii) **State plans**

The Group's contributions to statutory pension funds are charged to profit or loss in the year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

## 2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### (l) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

### **Contingent liabilities**

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

### (m) Revenue recognition

#### (i) Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discount and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

#### (ii) Services

Revenue from service maintenance contracts are recognised in profit or loss over the period of the contract.

#### (iii) Rental income

Rental income is recognised in the profit or loss on a straight-line basis over the term of the lease.

#### (iv) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

#### (v) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

### (n) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.



## 2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

### (o) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

A tax incentive that is not a tax base of an asset is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

### (p) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Chief Executive Officer of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

### (q) Earnings per ordinary share

The Group presents basic earnings per share data for its ordinary shares ("EPS"). Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.



### 3. PLANT AND EQUIPMENT

Group	Office equipment RM'000	Office renovation RM'000	Motor vehicles RM'000	Furniture and fittings RM'000	Total RM'000
<b>Cost</b>					
At 1 January 2011	7,388	119	1,451	1,499	10,457
Additions	1,980	203	850	36	3,069
Disposals	-	-	(465)	-	(465)
Written off	(1,398)	(115)	-	(2)	(1,515)
At 31 December 2011/ 1 January 2012	7,970	207	1,836	1,533	11,546
Additions	1,740	6	175	150	2,071
Written off	(100)	-	-	-	(100)
At 31 December 2012	<b>9,610</b>	<b>213</b>	<b>2,011</b>	<b>1,683</b>	<b>13,517</b>
<b>Accumulated depreciation</b>					
At 1 January 2011	5,321	94	1,163	746	7,324
Charge for the year	990	37	221	370	1,618
Disposals	-	-	(465)	-	(465)
Written off	(1,342)	(115)	-	(1)	(1,458)
At 31 December 2011/ 1 January 2012	4,969	16	919	1,115	7,019
Charge for the year	1,256	42	241	382	1,921
Written off	(79)	-	-	-	(79)
At 31 December 2012	<b>6,146</b>	<b>58</b>	<b>1,160</b>	<b>1,497</b>	<b>8,861</b>
<b>Carrying amounts</b>					
At 1 January 2011	2,067	25	288	753	3,133
At 31 December 2011/ 1 January 2012	3,001	191	917	418	4,527
At 31 December 2012	<b>3,464</b>	<b>155</b>	<b>851</b>	<b>186</b>	<b>4,656</b>

**3. PLANT AND EQUIPMENT** *cont'd*

<b>Company</b>	<b>Office equipment RM'000</b>
<b>Cost</b>	
At 1 January 2011	304
Additions	3
Written off	(89)
At 31 December 2011/1 January 2012/31 December 2012	<b>218</b>
<b>Accumulated depreciation</b>	
At 1 January 2011	175
Charge for the year	45
Written off	(69)
At 31 December 2011/1 January 2012	151
Charge for the year	40
Written off	-
At 31 December 2012	<b>191</b>
<b>Carrying amounts</b>	
At 1 January 2011	129
At 31 December 2011/1 January 2012	67
At 31 December 2012	<b>27</b>

**4. INVESTMENTS IN SUBSIDIARIES**

	<b>Company</b>		
	<b>31.12.2012</b>	<b>31.12.2011</b>	<b>1.1.2011</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Unquoted shares - at cost	77,022	77,022	77,022

#### 4. INVESTMENTS IN SUBSIDIARIES *cont'd*

Details of the subsidiaries are as follows:

Name of subsidiary	Principal activities	Country of incorporation	Effective ownership interest		
			31.12.2012	31.12.2011	1.1.2011
ECS KU Sdn. Bhd.	All these companies are engaged in the marketing of computers, peripherals, software and the provision of computer maintenance services.	Malaysia	100	100	100
ECS Pericomp Sdn. Bhd.		Malaysia	100	100	100
ECS Astar Sdn. Bhd.		Malaysia	100	100	100
ECS KUSH Sdn. Bhd.	Provision of management services and letting of properties	Malaysia	100	100	100

#### 5. INTANGIBLE ASSET

##### Goodwill

	Group		
	31.12.2012	31.12.2011	1.1.2011
	RM'000	RM'000	RM'000
At 1 January	571	571	-
Acquisition through business combination	-	-	571
At 31 December	571	571	571

##### 5.1 Impairment testing for cash-generating unit containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's operating segments which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

The recoverable amount of the cash-generating unit was based on its value-in-use. The carrying amount of the unit was determined to be approximately its recoverable amount and no impairment loss was recognised.

Value-in-use was determined by discounting the future cash flows generated from the continuing use of the unit and was based on the following key assumptions:

Cash flows were projected based on past experience, actual operating results and one-year business plan in current year. Cash flows for the one-year period were projected using a constant growth rate of 8.7% (2011:8.7%), which does not exceed the long-term average growth rate of the industry.

The values assigned to the key assumptions represent management's assessment of future trends in the IT industry and are based on both external sources and internal sources (historical data).

The estimate of value in use was determined using a pre-tax discount rate of 4.5% (2011:4.5%).

## 6. INVENTORIES

	Group		
	31.12.2012	31.12.2011	1.1.2011
	RM'000	RM'000	RM'000
At cost:			
Finished goods	74,277	78,225	79,386
Goods-in-transit	1,243	3,689	887
At net realisable value:			
Finished goods	4,281	2,389	1,227
	<b>79,801</b>	84,303	81,500

Inventories held as at year end are stated at lower of cost and net realisable value after adjusting for:

- Write-down of inventories to net realisable value amounted to RM2,496,000 (2011: RM2,086,000).
- Write-off against provision for stock obsolescence amounted to RM597,000 (2011: RM633,000).

## 7. RECEIVABLES, DEPOSITS AND PREPAYMENTS, INCLUDING DERIVATIVES

	Note	Group			Company		
		31.12.2012	31.12.2011	1.1.2011	31.12.2012	31.12.2011	1.1.2011
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Trade</b>							
Trade receivables		157,083	156,667	137,260	-	-	-
Less: Impairment loss	7.1	(1,357)	(1,440)	(2,083)	-	-	-
		<b>155,726</b>	155,227	135,177	-	-	-
Amounts due from related parties	7.2	-	-	51	-	-	-
Amounts due from subsidiaries	7.3	-	-	-	93	37	116
		<b>155,726</b>	155,227	135,228	<b>93</b>	37	116
<b>Non-trade</b>							
Other receivables		14,870	9,436	12,894	11	-	-
Deposits	7.4	1,091	1,224	1,064	5	5	7
Prepayments		208	162	174	8	3	5
Derivative asset		-	38	-	-	-	-
Amounts due from subsidiaries	7.5	-	-	-	26,437	41,624	35,920
		<b>16,169</b>	10,860	14,132	<b>26,461</b>	41,632	35,932
		<b>171,895</b>	166,087	149,360	<b>26,554</b>	41,669	36,048

## 7. RECEIVABLES, DEPOSITS AND PREPAYMENTS, INCLUDING DERIVATIVES *cont'd*

### 7.1 Impairment loss

During the year, trade receivables amounting to RM2,011,000 (2011: RM597,000) was written off against the impairment loss.

### 7.2 Amounts due from related parties

The trade receivables due from related parties are subject to normal trade terms.

### 7.3 Amounts due from subsidiaries

The amounts due from subsidiaries are unsecured, no interest bearing and subject to normal trade terms.

### 7.4 Deposits

Included in deposits is an amount of RM773,000 (2011: RM773,000) paid as rental security deposits to a company in which certain directors have substantial interests.

### 7.5 Amounts due from subsidiaries

Included in the amounts due from subsidiaries is a non-trade short term loan of RM26,280,000 (2011: RM32,500,000) which is unsecured, bears interest at 4.5% (2011: 4.5%) per annum and repayable on demand.

## 8. CASH AND CASH EQUIVALENTS

	Group			Company		
	31.12.2012	31.12.2011	1.1.2011	31.12.2012	31.12.2011	1.1.2011
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	26,395	18,077	30,742	944	447	1,705
Deposits with licensed banks	46,594	48,500	-	14,000	-	-
	72,989	66,577	30,742	14,944	447	1,705

## 9. SHARE CAPITAL

	Note	Group and Company					
		Group		Company		Company	
		Amount	Number of shares	Amount	Number of shares	Amount	Number of shares
		31.12.2012	31.12.2012	31.12.2011	31.12.2011	1.1.2011	1.1.2011
		RM'000	'000	RM'000	'000	RM'000	'000
Authorised:							
Ordinary shares of RM0.50 each		500,000	1,000,000	500,000	1,000,000	500,000	1,000,000
Issued and fully paid:							
Ordinary shares of RM0.50 each							
At 1 January		60,000	120,000	60,000	120,000	60,000	120,000
Bonus issue	(a)	30,000	60,000	-	-	-	-
At 31 December		90,000	180,000	60,000	120,000	60,000	120,000

## 9. SHARE CAPITAL *cont'd*

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meeting of the Company.

- (a) Bonus issue of 60,000,000 ordinary shares of RM0.50 each on the basis of two bonus shares for every ordinary shares of RM0.50 each.

The bonus issue was completed on 31 October 2012 following the listing and quotation of the 60,000,000 bonus shares on the Main Market of Bursa Malaysia Securities Berhad.

## 10. RESERVES

	Note	Group			Company		
		31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Share premium	10.1	-	25,903	25,903	-	25,903	25,903
Merger reserves	10.2	-	-	-	22,961	22,961	22,961
Retained earnings	10.3	97,754	86,807	61,464	4,984	9,801	4,863
		<b>97,754</b>	112,710	87,367	<b>27,945</b>	58,665	53,727

### 10.1 Share premium

Share premium reserve relates to the excess of amount received by the Company over the par value of its shares.

	Group		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
At 1 January	25,903	25,903	25,903
Capitalisation of share premium to share capital by way of a bonus issue	(25,903)	-	-
At 31 December	-	25,903	25,903

### 10.2 Merger reserve

#### Company

Share premium arising from the issue of shares for the acquisition of subsidiaries were not recorded pursuant to the application of Section 60(4) of the Companies Act, 1965 in Malaysia. The difference in the purchase consideration and the nominal value of share capital issued is treated as capital reserve.

### 10.3 Retained earnings

Pursuant to Section 50 of the Savings and Transitional Provisions Income Tax Act, 1967, the Company has elected the irrevocable option to disregard the Section 108 balance and exercised an irrevocable option not to deduct tax under Section 40 of the said Act. As such, the Company may distribute single tier dividend to its shareholders out of its entire retained earnings.

## 11. PAYABLES AND ACCRUALS, INCLUDING DERIVATIVES

	Note	Group			Company		
		31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
<i>Current:</i>							
<b>Trade</b>							
Trade payables	11.1	100,797	108,847	53,049	-	-	-
Deferred revenue		129	130	285	-	-	-
		<b>100,926</b>	108,977	53,334	-	-	-
<b>Non-trade</b>							
Other payables and accrued expenses	11.2	40,051	39,080	50,257	513	450	512
Amounts due to subsidiaries	11.3	-	-	-	27	-	695
Derivative liabilities		150	-	690	-	-	-
		<b>40,201</b>	39,080	50,947	<b>540</b>	450	1,207
		<b>141,127</b>	148,057	104,281	<b>540</b>	450	1,207
<i>Non-current:</i>							
Other payables		9	19	29	-	-	-

### 11.1 Analysis of foreign currency exposure for significant payables

Significant payables that are not in the functional currency of the Group entities are as follows:

		Group		
		31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
<b>Functional currency</b>	<b>Foreign currency</b>			
RM	USD	<b>62,493</b>	46,514	31,508

### 11.2 Other payables and accrued expenses

Included in other payables and accrued expenses is accrual for advertisement and promotion amounted to RM24,571,971 (31.12.2011: RM25,610,849; 1.1.2011: RM26,985,721).

### 11.3 Amounts due to subsidiaries

The amounts due to subsidiaries are unsecured, no interest bearing and are repayable on demand.



## 12. DEFERRED TAX ASSETS AND LIABILITIES

### Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets			Liabilities			Net		
	31.12.2012	31.12.2011	1.1.2011	31.12.2012	31.12.2011	1.1.2011	31.12.2012	31.12.2011	1.1.2011
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Group</b>									
Plant and equipment									
- capital allowances	-	-	-	(534)	(510)	(383)	(534)	(510)	(383)
- unabsorbed capital allowances	270	381	321	-	-	-	270	381	321
Provisions	1,748	1,438	1,017	-	-	-	1,748	1,438	1,017
Other items	-	167	116	(38)	-	-	(38)	167	116
Tax assets/(liabilities)	2,018	1,986	1,454	(572)	(510)	(383)	1,446	1,476	1,071
Set-off of tax	(572)	(510)	-	572	510	-	-	-	-
Net tax assets/(liabilities)	1,446	1,476	1,454	-	-	(383)	1,446	1,476	1,071
<b>Company</b>									
Plant and equipment									
- capital allowances	-	-	-	(6)	(15)	(32)	(6)	(15)	(32)
Provisions	9	4	-	-	-	-	9	4	-
Other items	-	-	-	-	-	14	-	-	14
Tax assets/(liabilities)	9	4	-	(6)	(15)	(18)	3	(11)	(18)
Set-off of tax	(6)	(4)	-	6	4	-	-	-	-
Net tax assets/(liabilities)	3	-	-	-	(11)	(18)	3	(11)	(18)

**12. DEFERRED TAX ASSETS AND LIABILITIES** *cont'd*

**Movement in temporary differences during the year**

	At 1.1.2011 RM'000	Recognised in profit or loss (Note 19) RM'000	At 31.12.2011/ 1.1.2012 RM'000	Recognised in profit or loss (Note 19) RM'000	At 31.12.2012 RM'000
<b>Group</b>					
Plant and equipment					
- capital allowances	(383)	(127)	(510)	(24)	<b>(534)</b>
- unabsorbed capital allowances	321	60	381	(111)	<b>270</b>
Provisions	1,017	421	1,438	310	<b>1,748</b>
Other items	116	51	167	(205)	<b>(38)</b>
	1,071	405	1,476	(30)	<b>1,446</b>
<b>Company</b>					
Plant and equipment					
- capital allowances	(32)	17	(15)	9	<b>(6)</b>
Provisions	-	4	4	5	<b>9</b>
Other items	14	(14)	-	-	<b>-</b>
	(18)	7	(11)	14	<b>3</b>

**13. BORROWINGS (UNSECURED)**

	31.12.2012 RM'000	Group 31.12.2011 RM'000	1.1.2011 RM'000	31.12.2012 RM'000	Company 31.12.2011 RM'000	1.1.2011 RM'000
<b>Current</b>						
Bankers' acceptances	-	-	12,700	-	-	-

The bankers' acceptances in prior year bear interest at rates ranging from 3.93% to 4.15% per annum.

The bankers' acceptances were supported by the following items:

- i) corporate guarantees by the Company for certain subsidiaries; and
- ii) negative pledge over the entire assets of a subsidiary.

#### 14. REVENUE

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Sales	1,274,409	1,249,330	-	-
Services	1,711	1,357	480	492
Rental income from subsidiaries	-	-	124	155
Dividend income from subsidiaries	-	-	14,973	12,000
	<b>1,276,120</b>	1,250,687	<b>15,577</b>	12,647

#### 15. RESULTS FROM OPERATING ACTIVITIES

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
<b>Results from operating activities are after charging:</b>				
Auditors' remuneration				
- Audit fee – KPMG Malaysia	138	99	55	35
- Non audit fee – KPMG Malaysia	72	15	72	10
Depreciation of plant and equipment	1,921	1,618	40	45
Impairment loss on trade receivables	2,220	814	-	-
Personnel expenses (including key management personnel):				
- Contributions to state plans	1,927	1,758	29	12
- Wages, salaries and others	27,036	25,647	305	123
Loss on foreign exchange:				
- Unrealised	-	1,397	-	-
Inventories written down	1,006	1,539	-	-
Plant and equipment written off	21	57	-	20
Rental expense:				
- Office rental	1,328	1,178	17	16
- Warehouse rental	576	518	-	-
Fair value loss on financial instrument	188	-	-	-
<b>and after crediting:</b>				
Gain on foreign exchange (net):				
- Realised	3,110	2,014	-	-
- Unrealised	339	-	-	-
Gain on disposal of plant and equipment	-	70	-	-
Bad debts recovered	315	321	-	-
Reversal of impairment loss on trade receivables	291	653	-	-
Fair value gain on financial instrument	-	728	-	-

## 16. FINANCE INCOME

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Interest income of financial assets that are not at fair value through profit or loss:				
- recognised before impairment	1,280	582	1,657	1,477

## 17. FINANCE COSTS

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss:				
- Revolving credit	-	113	-	-
- Bankers' acceptance	-	37	-	-
- Overdraft	8	19	-	-
- Others	1	34	-	-
	9	203	-	-

## 18. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensation are as follows:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Directors				
- Fees	405	373	391	359
- Remuneration	3,719	4,322	27	22
- Other short-term employee benefits (including estimated monetary value of benefits-in-kind)	63	38	-	-
	4,187	4,733	418	381
Other key management personnel				
- Remuneration	797	920	-	-
- Contributions to state plans	311	205	-	-
- Other short-term employee benefits	613	858	-	-
	1,721	1,983	-	-
	5,908	6,716	418	381

Other key management personnel comprises persons other than the Directors of Group entities, having authority and responsibility for planning, directing and controlling the activities of the entity either directly or indirectly.

## 19. TAX EXPENSE

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
<b>Current tax expense</b>				
- Current year	10,726	11,284	1,480	3,325
- (Over)/Under provision in prior year	(369)	(88)	(25)	3
<b>Deferred tax expense</b>				
- Reversal of temporary differences	(251)	(629)	(14)	(7)
- Under provision in prior year	281	224	-	-
	<b>10,387</b>	10,791	<b>1,441</b>	3,321
<b>Reconciliation of tax expense</b>				
Profit for the year	29,864	30,143	14,280	9,738
Tax expense	10,387	10,791	1,441	3,321
Profit excluding tax	40,251	40,934	15,721	13,059
Tax at Malaysian tax rate of 25% (2011:25%)	10,063	10,233	3,931	3,265
Non-deductible expenses	412	422	105	53
Non-taxable dividend income	-	-	(2,570)	-
	10,475	10,655	1,466	3,318
(Over)/Under provision of tax expense in prior year	(369)	(88)	(25)	3
Under provision of deferred tax expense in prior year	281	224	-	-
	<b>10,387</b>	10,791	<b>1,441</b>	3,321

## 20. EARNINGS PER ORDINARY SHARE

The calculation of basic earnings per ordinary share ("EPS") at 31 December 2012 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	Note	Group	
		2012 RM'000	2011 RM'000
Profit attributable to owners of the Company		29,864	30,143
		'000	'000
Issued ordinary shares at 1 January		120,000	120,000
Bonus issue on 31 October 2012	(a)	60,000	60,000
Weighted average number of ordinary shares in issue		180,000	180,000
Basic earnings per share (sen)		16.6	16.7

(a) Comparative earnings per share information has been restated after adjusting for the bonus issue undertaken by the Company on 31 October 2012.

## 21. DIVIDENDS

Dividends recognised by the Company:

	Sen per share	Total amount RM'000	Date of payment
<b>2012</b>			
Final 2011 ordinary – single tier	8	9,600	15 June 2012
Interim 2012 ordinary – single tier	3	5,400	12 Dec 2012
Total		<b>15,000</b>	
<b>2011</b>			
Final 2010 ordinary - single tier	4	4,800	14 June 2011
Total		4,800	

After the reporting period, the following dividends were proposed by the Directors. These dividends will be recognised in subsequent financial period upon approval of the shareholders at the forthcoming annual general meeting.

	Sen per share	Total amount RM'000	Proposed date of payment
Final ordinary	2.5	4,500	14 June 2013

## 22. OPERATING SEGMENTS

The Group has three reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group's Chief Executive Officer reviews internal management reports at least on a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

- (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.

Performance is measured based on segment profit before tax, interest, depreciation and amortisation, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer, who is the Group's Chief Operating Decision Maker. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

### Segment assets

The total of segment assets is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer. Segment total assets is used to measure the return of assets of each segment.

**22. OPERATING SEGMENTS** *cont'd*

**Segment liabilities**

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

Segmental information for the Group is presented as follows:

	ICT distribution RM'000	Enterprise systems RM'000	ICT services RM'000	Total RM'000
<b>2012</b>				
Sales to external customers	787,228	475,520	13,372	1,276,120
Inter-segment sales	9,557	1,405	4,483	15,445
Total sales	<b>796,785</b>	<b>476,925</b>	<b>17,855</b>	<b>1,291,565</b>
Profit before tax	<b>14,112</b>	<b>24,064</b>	<b>1,019</b>	<b>39,195</b>
Included in segment profit are:				
- Depreciation of plant and equipment	150	298	12	460
- Plant and equipments written off	9	4	3	16
- Finance costs	5	2	-	7
- Interest income	173	984	34	1,191
Segment assets	<b>206,020</b>	<b>100,042</b>	<b>6,055</b>	<b>312,117</b>
<b>2011</b>				
Sales to external customers	797,490	439,422	13,775	1,250,687
Inter-segment sales	2,827	14,237	2,633	19,697
Total sales	<b>800,317</b>	<b>453,659</b>	<b>16,408</b>	<b>1,270,384</b>
Profit before tax	<b>20,374</b>	<b>18,589</b>	<b>451</b>	<b>39,414</b>
Included in segment profit are:				
- Depreciation of plant and equipment	164	199	9	372
- Gain/(loss) on disposal of plant and equipment	13	17	1	31
- Plant and equipments written off	17	11	3	31
- Finance cost	302	95	5	402
- Interest income	98	480	4	582
Segment assets	<b>212,543</b>	<b>110,123</b>	<b>5,037</b>	<b>327,703</b>



## 22. OPERATING SEGMENTS *cont'd*

### Reconciliation of reportable segment profit and loss:

	2012 RM'000	2011 RM'000
Total profit for the reportable segments before tax	39,195	39,414
Other non-reportable segments profit	15,998	13,566
Elimination of inter-segments profit and loss	(14,942)	(12,046)
Consolidated profit before tax	<b>40,251</b>	40,934

### Geographical segments

The Group operates predominantly in Malaysia and accordingly information by geographical locations of the Group is not presented.

## 23. OPERATING LEASES

### Leases as lessee

Operating lease rentals are payable as follows:

	Group			Company		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Less than one year	1,891	1,896	1,569	16	16	14
Between one and three years	1,797	3,703	2	-	-	-
	<b>3,688</b>	5,599	1,571	<b>16</b>	16	14

The Group leases its office and warehouse under operating leases. The leases run for an initial period of 1 to 3 years with an option to renew the leases at the end of the lease period. The leases do not include contingent rental.

## 24. CAPITAL COMMITMENTS

	Group		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
<b>Capital expenditure commitments</b>			
<b>Plant and equipment</b>			
Authorised but not contracted for	-	-	-
Contracted but not provided for	187	352	-

## 25. CONTINGENT LIABILITIES (UNSECURED)

	Company		
	31.12.2012	31.12.2011	1.1.2011
	RM'000	RM'000	RM'000
Guarantees to suppliers and licensed banks for trade credit facilities granted to Group entities	<b>193,388</b>	194,260	185,431

These guarantees were supported by corporate guarantees from the Company.

## 26. RELATED PARTIES

### Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group, and certain members of senior management of the Group.

### Transactions with key management personnel

There are no other transactions with key management personnel other than key management personnel compensation as disclosed in Note 18.

### Other related party transactions

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Affiliated companies				
Sales	<b>245</b>	665	-	-
Subsidiaries				
Dividend income	-	-	<b>14,973</b>	12,000
Interest income	-	-	<b>1,569</b>	1,477
Rental income	-	-	<b>124</b>	155
Support services income	-	-	<b>480</b>	492
Purchase of equipment	-	-	<b>(1)</b>	(3)
Support service expense	-	-	<b>(180)</b>	(180)
Transactions with companies in which certain Directors have interests:				
Rental expense	<b>(1,728)</b>	(1,553)	-	-
Sales	<b>170</b>	427	-	-
Professional fee	<b>(19)</b>	(48)	-	-

## 26. RELATED PARTIES *cont'd*

The net balances outstanding arising from the above transactions have been disclosed in Note 7 and Note 11.

The Directors of the Company are of the opinion that the above transactions have been entered into in the normal course of business and had been established on negotiated terms.

## 27. FINANCIAL INSTRUMENTS

### 27.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

- (a) Loans and receivables (L&R);
- (b) Fair value through profit or loss (FVTPL);
- (c) Available-for-sale financial assets (AFS); and
- (d) Other financial liabilities measured at amortised cost (OL).

31 December 2012	Carrying amount RM'000	L&R/(OL) RM'000	FVTPL RM'000	AFS RM'000
<b>Financial assets</b>				
<b>Group</b>				
Receivables and deposits	171,687	171,687	-	-
Cash and cash equivalents	72,989	72,989	-	-
Club membership	62	-	-	62
	<b>244,738</b>	<b>244,676</b>	<b>-</b>	<b>62</b>
<b>Company</b>				
Receivables and deposits	26,546	26,546	-	-
Cash and cash equivalents	14,944	14,944	-	-
	<b>41,490</b>	<b>41,490</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities</b>				
<b>Group</b>				
Payables and accruals	(140,857)	(140,857)	-	-
Derivative liabilities	(150)	-	(150)	-
	<b>(141,007)</b>	<b>(140,857)</b>	<b>(150)</b>	<b>-</b>
<b>Company</b>				
Payables and accruals	(540)	(540)	-	-

27. FINANCIAL INSTRUMENTS *cont'd*

27.1 Categories of financial instruments *cont'd*

31 December 2011	Carrying amount RM'000	L&R/(OL) RM'000	FVTPL RM'000	AFS RM'000
<b>Financial assets</b>				
<b>Group</b>				
Receivables and deposits	165,887	165,887	-	-
Cash and cash equivalents	66,577	66,577	-	-
Club membership	62	-	-	62
Derivative assets	38	-	38	-
	232,564	232,464	38	62
<b>Company</b>				
Receivables and deposits	41,666	41,666	-	-
Cash and cash equivalents	447	447	-	-
	42,113	42,113	-	-
<b>Financial liabilities</b>				
<b>Group</b>				
Payables and accruals	(147,946)	(147,946)	-	-
<b>Company</b>				
Payables and accruals	(450)	(450)	-	-
<b>1 January 2011</b>				
<b>Financial assets</b>				
<b>Group</b>				
Receivables and deposits	149,186	149,186	-	-
Cash and cash equivalents	30,742	30,742	-	-
Club membership	62	-	-	62
	179,990	179,928	-	62
<b>Company</b>				
Receivables and deposits	36,043	36,043	-	-
Cash and cash equivalents	1,705	1,705	-	-
	37,748	37,748	-	-

## 27. FINANCIAL INSTRUMENTS *cont'd*

### 27.1 Categories of financial instruments *cont'd*

	Carrying amount RM'000	L&R/(OL) RM'000	FVTPL RM'000	AFS RM'000
<b>1 January 2011 <i>cont'd</i></b>				
<b>Financial liabilities</b>				
<b>Group</b>				
Borrowings (unsecured)	(12,700)	(12,700)	-	-
Payables and accruals	(103,335)	(103,335)	-	-
Derivative liabilities	(690)	-	(690)	-
	(116,725)	(116,035)	(690)	-
<b>Company</b>				
Payables and accruals	(1,207)	(1,207)	-	-

### 27.2 Net gains and losses arising from financial instruments

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Net gains/(losses) on:				
Loans and receivables	(442)	628	1,657	1,477
Financial liabilities measured at amortised cost	3,439	197	-	-
Fair value through profit and loss - held for trading	(188)	728	-	-
	2,809	1,553	1,657	1,477

### 27.3 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Foreign currency risk
- Liquidity risk
- Market risk

### 27.4 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers. The Company's exposure to credit risk arises principally from loans, advances and financial guarantees given to subsidiaries.

#### (i) Receivables

*Risk management objectives, policies and processes for managing the risk*

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Normally financial guarantees of banks, shareholders or directors of customers are obtained, and credit evaluations are performed on customers requiring credit over a certain amount.

## 27. FINANCIAL INSTRUMENTS *cont'd*

### 27.4 Credit risk *cont'd*

#### (i) **Receivables** *cont'd*

*Exposure to credit risk, credit quality and collateral*

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 60 days, which are deemed to have higher credit risk, are monitored individually.

At the balance sheet date there were no significant concentrations of credit risk except for 5 individual debtors which forms 17.5% (2011: 11.9%) of the total trade receivables of the Group as at year end.

#### **Impairment losses**

The Group maintains an ageing analysis in respect of trade receivables only. The ageing of trade receivables as at the end of the reporting period was:

Group	Gross RM'000	Individual impairment RM'000	Collective impairment RM'000	Net RM'000
<b>31 December 2012</b>				
Not past due	86,720	-	-	86,720
Past due 0 - 30 days	40,093	-	-	40,093
Past due 31 - 60 days	18,511	-	-	18,511
Past due 61 - 90 days	10,006	(119)	-	9,887
Past due 91 - 120 days	572	(155)	(143)	274
Past due more than 120 days	1,181	(131)	(809)	241
	<b>157,083</b>	<b>(405)</b>	<b>(952)</b>	<b>155,726</b>
<b>31 December 2011</b>				
Not past due	91,334	-	-	91,334
Past due 0 - 30 days	39,186	-	-	39,186
Past due 31 - 60 days	21,285	-	-	21,285
Past due 61 - 90 days	3,204	(17)	-	3,187
Past due 91 - 120 days	374	(83)	(56)	235
Past due more than 120 days	1,284	(481)	(803)	-
	<b>156,667</b>	<b>(581)</b>	<b>(859)</b>	<b>155,227</b>

**27. FINANCIAL INSTRUMENTS** cont'd

**27.4 Credit risk** cont'd

**(i) Receivables** cont'd

**Impairment losses** cont'd

Group	Gross RM'000	Individual impairment RM'000	Collective impairment RM'000	Net RM'000
<b>1 January 2011</b>				
Not past due	86,793	-	-	86,793
Past due 0 - 30 days	34,438	-	-	34,438
Past due 31 - 60 days	12,390	-	-	12,390
Past due 61 - 90 days	1,452	-	-	1,452
Past due 91 - 120 days	623	(38)	(481)	104
Past due more than 120 days	1,564	(809)	(755)	-
	137,260	(847)	(1,236)	135,177

Included in other payables and accruals is an amount of RM3,060,000 (2011: RM3,830,000) collected as security deposits to hedge against credit risk from customers with purchases in excess of allowable credit limits.

The movements in the allowance for impairment losses of trade receivables during the year were:

	Group	
	2012 RM'000	2011 RM'000
At 1 January	1,440	2,083
Impairment loss recognised	2,323	814
Impairment loss reversed	(188)	(653)
Bad debts recovered	(207)	(207)
Impairment loss written off	(2,011)	(597)
At 31 December	1,357	1,440

**(ii) Investments and other financial assets**

*Risk management objectives, policies and processes for managing the risk*

Investments are allowed only in liquid securities and only with counterparties that have a credit rating equal to or better than the Group. Transactions involving derivative financial instruments are with approved financial institutions.

**(iii) Financial guarantees**

*Risk management objectives, policies and processes for managing the risk*

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries.

The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

**27. FINANCIAL INSTRUMENTS** *cont'd*

**27.4 Credit risk** *cont'd*

**(iii) Financial guarantees** *cont'd*

*Exposure to credit risk, credit quality and collateral*

No exposure to credit risk as there is no outstanding banking facility from the subsidiaries as at end of the reporting period.

As at end of the reporting period, there was no indication that any subsidiary would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not expected to be material.

**(iv) Loans and advances to subsidiaries**

*Risk management objectives, policies and processes for managing the risk*

Loans and advances are only provided to subsidiaries which are wholly owned by the Company.

*Exposure to credit risk, credit quality and collateral*

As at the end of the reporting period, there was no indication that the loans and advances to the subsidiaries are not recoverable. The Company does not specifically monitor the ageing of the advances to the subsidiaries. Nevertheless, these advances have not been overdue for more than a year.

**27.5 Liquidity risk**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group and the Company monitor and maintain a level of cash and cash equivalents deemed adequate by management to finance the Group's and the Company's operations and to mitigate the effects of fluctuations in cash flows.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.



**27. FINANCIAL INSTRUMENTS** cont'd

**27.5 Liquidity risk** cont'd

**Maturity analysis**

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Carrying amount RM'000	Contractual interest rate/ coupon %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
<b>31 December 2012</b>							
<b>Group</b>							
<i>Non-derivative financial liabilities:</i>							
Trade and other payables	140,857	Nil	140,857	140,848	9	-	-
<i>Derivative financial liabilities</i>							
<i>Forward exchange contracts (gross settled):</i>							
Outflow	150		150	150	-	-	-
Inflow	-		-	-	-	-	-
	<b>141,007</b>	<b>Nil</b>	<b>141,007</b>	<b>140,998</b>	<b>9</b>	<b>-</b>	<b>-</b>
<b>Company</b>							
<i>Non-derivative financial liabilities:</i>							
Other payables	540	Nil	540	540	-	-	-
<b>31 December 2011</b>							
<b>Group</b>							
<i>Non-derivative financial liabilities:</i>							
Trade and other payables	147,936	Nil	147,936	147,917	19	-	-
<b>Company</b>							
<i>Non-derivative financial liabilities:</i>							
Other payables	450	Nil	450	450	-	-	-

## 27. FINANCIAL INSTRUMENTS *cont'd*

### 27.5 Liquidity risk *cont'd*

#### *Maturity analysis cont'd*

	Carrying amount RM'000	Contractual interest rate/ coupon %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
<b>1 January 2011</b>							
<b>Group</b>							
<i>Non-derivative financial liabilities:</i>							
Trade and other payables	103,335	Nil	103,335	103,306	29	-	-
<i>Derivative financial liabilities</i>							
<i>Forward exchange contracts (gross settled):</i>							
Outflow	690	Nil	690	690	-	-	-
Inflow	-		-	-	-	-	-
	104,025		104,025	103,996	29	-	-
<b>Company</b>							
<i>Non-derivative financial liabilities:</i>							
Other payables	1,207	Nil	1,207	1,207	-	-	-

### 27.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices will affect the Group's financial position or cash flows.

#### 27.6.1 Foreign currency risk

*Risk management objectives, policies and processes for managing the risk*

The Group is exposed to foreign currency risk on purchases that are denominated in a currency other than the respective functional currencies of Group entities. Approximately 39% (2011: 36.7%) of the Group's purchases are priced in US Dollars (USD). The Group hedge a portion of these exposures by purchasing forward currency contracts. Most of the forward exchange contracts have maturities of less than one year after the end of the reporting period. Where necessary, the forward exchange contracts are rolled over at maturity.

**27. FINANCIAL INSTRUMENTS** *cont'd*

**27.6 Market risk** *cont'd*

**27.6.1 Foreign currency risk** *cont'd*

*Exposure to foreign currency risk*

The Group's exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

	<b>31.12.2012</b>	<b>31.12.2011</b>	<b>1.1.2011</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Cash and cash equivalents	<b>509</b>	848	426
Trade payables	<b>(62,493)</b>	(46,514)	(32,508)
Forward exchange contracts (Nominal amount)	<b>61,105</b>	48,466	39,579
Net exposure	<b>(879)</b>	2,800	7,497

*Currency risk sensitivity analysis*

A 10% strengthening of Ringgit Malaysia (RM) against the following currency at the end of the reporting period would have decreased post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

	<b>Group</b>		<b>Company</b>	
	<b>Profit or loss</b>		<b>Profit or loss</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
USD	<b>4,687</b>	3,489	-	-

A 10% weakening of Ringgit Malaysia (RM) against the above currency at the end of the reporting period would have had equal but opposite effect on the above currency to the amount shown above. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

## 27. FINANCIAL INSTRUMENTS *cont'd*

### 27.6 Market risk *cont'd*

#### 27.6.2 Interest rate risk

##### *Exposure to interest rate risk*

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group			Company		
	31.12.2012	31.12.2011	1.1.2011	31.12.2012	31.12.2011	1.1.2011
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Fixed rate instruments</b>						
Financial assets	46,594	48,500	-	40,530	41,676	36,036
Financial liabilities	-	-	-	(27)	(15)	(695)
	<b>46,594</b>	<b>48,500</b>	<b>-</b>	<b>40,503</b>	<b>41,661</b>	<b>35,341</b>
<b>Floating rate instruments</b>						
Financial liabilities	-	-	(12,700)	-	-	-

##### *Fair value sensitivity analysis for fixed rate instruments*

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not materially affect profit or loss.

A change of 100 basis points (bp) in interest rates at the end of the reporting period would not have a material impact on equity and post-tax profit or loss.

The following table shows information about exposure to interest rate risk.

##### *Effective interest rates and repricing analysis*

In respect of interest-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the periods in which they mature, or if earlier, reprice.

	2012				2011			
	Effective interest rate per annum	Within 1 year	1 - 5 years	After 5 years	Effective interest rate per annum	Within 1 year	1 - 5 years	After 5 years
	%	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000
<b>Company</b>								
<b>Financial assets</b>								
Amounts due from subsidiaries	4.50	26,280	26,280	-	4.50	41,500	41,500	-

## 27. FINANCIAL INSTRUMENTS *cont'd*

### Fair value of financial instruments

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings approximate fair values due to the relatively short term nature of these financial instruments.

The fair values of other financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

Group	31.12.2012			31.12.2011			1.1.2011		
	Nominal amount RM'000	Carrying amount RM'000	Fair value RM'000	Nominal amount RM'000	Carrying amount RM'000	Fair value RM'000	Nominal amount RM'000	Carrying amount RM'000	Fair value RM'000
Forward exchange contracts*	61,105	(150)	(150)	48,466	38	38	39,579	(690)	(690)
Club membership	-	62	62	-	62	62	-	62	62
Other investment**	-	504	504	-	-	-	-	-	-
	<b>61,105</b>	<b>416</b>	<b>416</b>	48,466	100	100	39,579	(628)	(628)

\* The Group has entered into forward exchange contracts with nominal amount of RM61,105,000 (2011: RM48,466,000). As at the reporting date, the fair value of these contracts has been recognised in the financial statements.

\*\* Other investment relates to the Amcash investment account which has a face value of RM1.

The following summarises the methods used in determining the fair value of financial instruments reflected in the above table:

### Derivatives

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

### Club membership

The club membership is stated at cost. There was no evidence of impairment of the carrying amount during the year, hence fair value approximates the carrying amount.

### Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

**27. FINANCIAL INSTRUMENTS** *cont'd*

**Fair value hierarchy** *cont'd*

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>31 December 2012</b>				
<b>Financial assets</b>				
Club membership	-	-	62	62
Other investments	-	504	-	504
<b>Financial liabilities</b>				
Forward exchange contracts	-	(150)	-	(150)
<b>31 December 2011</b>				
<b>Financial assets</b>				
Forward exchange contracts	-	38	-	38
Club membership	-	-	62	62
	-	38	62	100
<b>1 January 2011</b>				
<b>Financial assets</b>				
Club membership	-	-	62	62
<b>Financial liabilities</b>				
Forward exchange contracts	-	(690)	-	(690)

**28. CAPITAL MANAGEMENT**

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business.

During 2012, the Group's strategy, which was unchanged from 2011, was to maintain the debt-to-equity ratio at the lower end range. The debt-to-equity ratios were as follows:

	Group		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Total borrowings (Note 13)	-	-	12,700
Less: Cash and cash equivalents (Note 8)	(72,989)	(66,577)	(30,742)
Net cash	72,989	66,577	18,042
Total equity	187,574	172,710	147,367
Debt-to-equity ratios	N/A	N/A	N/A

There were no changes in the Group's approach to capital management during the financial year.



## 29. EXPLANATION OF TRANSITION TO MFRSs

As stated in Note 1(a), these are the first financial statements of the Group and of the Company prepared in accordance with MFRSs.

The accounting policies set out in Note 2 have been applied in preparing the financial statements of the Group and the Company for the financial year ended 31 December 2012, the comparative information presented in these financial statements for the financial year ended 31 December 2011 and in the preparation of the opening MFRS statement of financial position at 1 January 2011 (the Group's date of transition to MFRSs).

The transition to MFRSs does not have material financial impact to the Group and the separate financial statements of the Company.

## 30. COMPARATIVE FIGURES

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

	<b>As previously stated RM'000</b>	<b>As restated RM'000</b>
Administrative expenses	16,057	16,274
Finance costs	420	203



**31. SUPPLEMENTARY FINANCIAL INFORMATION ON THE BREAKDOWN OF REALISED AND UNREALISED PROFITS OR LOSSES**

The breakdown of the retained earnings of the Group and of the Company as at 31 December, into realised and unrealised profits, pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements, are as follows:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Total retained earnings of the Company and its subsidiaries				
- Realised	<b>147,057</b>	136,907	<b>4,981</b>	9,790
- Unrealised	<b>1,904</b>	1,318	<b>3</b>	11
	<b>148,961</b>	138,225	<b>4,984</b>	9,801
Less: Consolidation adjustments	<b>(51,387)</b>	(51,418)	-	-
Total retained earnings	<b>97,574</b>	86,807	<b>4,984</b>	9,801

The determination of realised and unrealised profits is based on the Guidance of Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by Malaysian Institute of Accountants on 20 December 2010.

## statement by directors

pursuant to Section 169(15) of the Companies Act, 1965

In the opinion of the Directors, the financial statements set out on pages 54 to 100 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2012 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 31 on page 101 to the financial statements has been compiled in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf on the Board of Directors in accordance with a resolution of the Directors:

**FOO SEN CHIN**

**SOONG JAN HSUNG**

*Petaling Jaya  
18 March 2013*

## statutory declaration

pursuant to Section 169(16) of the Companies Act, 1965


I, Foo Sen Chin, the Director primarily responsible for the financial management of ECS ICT Berhad, do solemnly and sincerely declare that the financial statements set out on pages 54 to 101 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed in Kuala Lumpur on 18 March 2013.

**FOO SEN CHIN**

Before me:

**LEE CHIN HIN**  
*Commissioner for Oaths  
W493  
Kuala Lumpur*



independent auditors' report  
to the members of ECS ICT Berhad  
(Company No. 351038 H) (Incorporated in Malaysia)

## **REPORT ON THE FINANCIAL STATEMENTS**

We have audited the financial statements of ECS ICT Berhad, which comprise the statements of financial position as at 31 December 2012 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 54 to 100.

### ***Directors' Responsibility for the Financial Statements***

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2012, and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

## **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.
- b) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- c) Our audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

independent auditors' report  
to the members of ECS ICT Berhad  
(Company No. 351038 H) (Incorporated in Malaysia)  
*cont'd*



## **OTHER REPORTING RESPONSIBILITIES**

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 31 on page 101 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not required by the Malaysian Financial Reporting Standards or International Financial Reporting Standards. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

## **OTHER MATTERS**

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

### **KPMG**

Firm Number: AF 0758  
Chartered Accountants

Petaling Jaya

18 March 2013

### **ONG BENG SENG**

Approval Number: 2981/05/14(J)  
Chartered Accountant

## analysis of shareholdings as at 29 March 2013

### SHARE CAPITAL

Authorised capital	:	RM500,000,000
Issued and fully paid-up	:	RM90,000,000
Class of shares	:	Ordinary shares of RM0.50 each
Voting rights	:	1 vote per ordinary share

### DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shareholdings	%
1 – 99	4	0.24	151	0.00
100 – 1,000	68	4.04	36,048	0.02
1,001 – 10,000	964	57.31	4,777,350	2.65
10,001 – 100,000	562	33.41	16,007,201	8.89
100,001 – 8,999,999*	80	4.76	40,598,250	22.56
9,000,000 and above**	4	0.24	118,581,000	65.88
<b>Total</b>	<b>1,682</b>	<b>100.00</b>	<b>180,000,000</b>	<b>100.00</b>

\* Less than 5% of issued shares

\*\* 5% and above of issued shares

### THIRTY (30) LARGEST SHAREHOLDERS

Name of Shareholders	No. of Shareholdings	%
1. ECS Holdings Limited	72,000,000	40.00
2. Sengin Sdn. Bhd.	21,231,000	11.79
3. Oasis Hope Sdn. Bhd.	15,450,000	8.58
4. Dasar Technologies Sdn. Bhd.	9,900,000	5.50
5. DB (Malaysia) Nominee (Asing) Sdn. Bhd. <i>Deutsche Bank Ag Singapore For Pangolin Asia Fund</i>	8,999,850	5.00
6. More Omega Sdn. Bhd.	3,508,050	1.95
7. Melco Holdings Inc.	3,000,000	1.67
8. CIMSEC Nominees (Asing) Sdn. Bhd. <i>Exempt An for CIMB Securities (Singapore) Pte Ltd (Retail Clients)</i>	1,833,750	1.02
9. OSK Nominees (Asing) Sdn Berhad <i>DMG &amp; Partners Securities Pte Ltd for SIS Investment Holdings Ltd (93501)</i>	1,500,000	0.83
10. RHB Capital Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Fong Siling (CEB)</i>	1,000,000	0.55
11. Lew Sew Yee @ Liew Sew Yee	957,000	0.53
12. Maybank Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Gan Tee Jin</i>	900,000	0.50

analysis of shareholdings  
as at 29 March 2013  
*cont'd*

**THIRTY (30) LARGEST SHAREHOLDERS** *cont'd*

Name of Shareholders	No. of Shareholdings	%
13. Gan Kho @ Gan Hong Leong	820,000	0.45
14. Lim Kooi Fui	817,650	0.45
15. HDM Nominees (Asing) Sdn. Bhd. <i>DBS Vickers Secs (S) Pte Ltd for See Lop Fu James @ Shi Lap Fu James</i>	750,000	0.42
16. Alliancegroup Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Hew How Lih (8075580)</i>	699,900	0.39
17. Gan Kho @ Gan Hong Leong	605,250	0.34
18. Migan Sdn. Bhd.	510,750	0.28
19. Chee Ah Nghoh	480,000	0.27
20. CIMSEC Nominees (Tempatan) Sdn. Bhd. <i>CIMB for Sengin Sdn Bhd (PB)</i>	459,000	0.26
21. Lim Gaik Bway @ Lim Chiew Ah	450,000	0.25
22. Maybank Nominees (Tempatan) Sdn. Bhd. <i>Jincan Sdn. Bhd.</i>	400,500	0.22
23. HDM Nominees (Asing) Sdn. Bhd. <i>DBS Vickers Secs (S) Pte Ltd for Tay Eng Hoe</i>	375,000	0.21
24. Wong Sin Kiew	375,000	0.21
25. Alliancegroup Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Khor Sue Nyee (8088181)</i>	341,300	0.19
26. Liew Moy Ling	330,000	0.18
27. Foo Lek Choong	307,200	0.17
28. Cheong Hon Keong	300,000	0.17
29. Fung Yok Kim	300,000	0.17
30. Lee Kuok Keong	300,000	0.17
	<b>148,901,200</b>	<b>82.72</b>

## SUBSTANTIAL SHAREHOLDERS

Name	No. of shareholdings		Percentage of issued share capital
	Direct	Indirect	%
ECS Holdings Limited	73,833,750	-	41.02
Sengin Sdn Bhd	21,690,000	-	12.05
Foo Sen Chin	-	21,997,200 <sup>(1)</sup>	12.22
Lee Marn Fong	-	21,997,200 <sup>(2)</sup>	12.22
Oasis Hope Sdn Bhd	15,450,000	-	8.58
Dato' Teo Chiang Quan	-	15,450,000 <sup>(3)</sup>	8.58
Dasar Technologies Sdn Bhd	9,900,000	-	5.50

## DIRECTORS' SHAREHOLDINGS

	Direct		Indirect	
	No. of Shareholdings	%	No. of Shareholdings	%
Dato' Teo Chiang Quan	-	-	15,450,000 <sup>(3)</sup>	8.58
Foo Sen Chin	-	-	21,997,200 <sup>(1)</sup>	12.22
Soong Jan Hsung	225,000	0.13	-	-
Tay Eng Hoe	375,000	0.21	-	-
Eddie Foo Toon Ee	75,000	0.04	-	-
Wong Heng Chong	225,000	0.13	-	-

### Notes:

- <sup>(1)</sup> By virtue of his substantial shareholdings in Sengin Sdn Bhd pursuant to Section 6A of the Companies Act, 1965 and the shareholdings of his child.
- <sup>(2)</sup> By virtue of her substantial shareholdings in Sengin Sdn Bhd pursuant to Section 6A of the Companies Act, 1965 and the shareholdings of her child.
- <sup>(3)</sup> By virtue of his substantial shareholdings in Oasis Hope Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.



# notice of seventeenth annual general meeting

NOTICE IS HEREBY GIVEN THAT the Seventeenth Annual General Meeting of the Company will be held at Greens III (Sports Wing), Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan on Friday, 17 May 2013 at 10.30 a.m. for the following purposes:

## AS ORDINARY BUSINESS

1. To receive and consider the Audited Financial Statements for the year ended 31 December 2012 together with the Reports of the Directors and the Auditors thereon. **Resolution 1**
2. To approve the declaration of a single-tier final dividend of 2.5 sen per share in respect of the year ended 31 December 2012. **Resolution 2**
3. To approve the payment of Directors' fees of RM390,700/- for the year ended 31 December 2012. **Resolution 3**
4. To re-elect the following Directors who retire pursuant to Article 102 of the Company's Articles of Association:  
  
(a) Mr Foo Sen Chin **Resolution 4**  
(b) Encik Ahmad Subri Bin Abdullah **Resolution 5**  
(c) Ms Ho Chee Kit **Resolution 6**
5. To re-appoint Messrs KPMG as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 7**

## AS SPECIAL BUSINESS

6. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:  
  
Authority to Directors to issue shares  
  
"That, subject to the Companies Act, 1965, Articles of Association of the Company and approval from Bursa Malaysia Securities Berhad and other Governmental or regulatory bodies, where such approval is necessary, full authority be and is hereby given to the Board of Directors pursuant to Section 132D of the Companies Act, 1965, to issue shares in the capital of the Company at any time upon such terms and conditions and for such purposes as the Board of Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed ten per centum (10%) of the issued share capital of the Company for the time being." **Resolution 8**
7. To consider and, if thought fit, to pass the following resolution as a Special Resolution:  
  
Proposed Amendments to the Articles of Association of the Company  
  
"That the proposed amendments to the Articles of Association of the Company as set out in Appendix I ("Proposed Amendments") on pages 110 to 111 of the Annual Report 2012 be and are hereby approved."  
  
And that the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds and things as are necessary and/or expedient in order to give full effect to the Proposed Amendments with full powers to assent to any conditions, modifications and/or amendments as may be required by any relevant authorities." **Resolution 9**

## NOTICE OF DIVIDEND ENTITLEMENT

**NOTICE IS ALSO HEREBY GIVEN THAT** subject to the approval of the shareholders, a single-tier final dividend of 2.5 sen per share in respect of the year ended 31 December 2012, will be paid on 14 June 2013 to shareholders whose names appear in the Record of Depositors on 31 May 2013.

A depositor shall qualify for entitlement only in respect of:

- (a) Shares transferred into the depositor's securities account before 4.00 p.m. on 31 May 2013 in respect of ordinary transfers; and
- (b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the rules of Bursa Malaysia Securities Berhad.

By Order of the Board

### TAY LEE KONG

Secretary

Petaling Jaya  
Selangor Darul Ehsan  
25 April 2013

## Notes

### Record of Depositors

*In respect of deposited securities, only members whose names appear in the Record of Depositors on 10 May 2013 ("General Meeting Record of Depositors") shall be entitled to attend, speak and vote at the Seventeenth Annual General Meeting ("AGM").*

### Appointment of Proxy

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint not more than two proxies to attend the meeting and vote on his behalf. A proxy need not be a member of the Company.
2. Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
3. The proxy form must be deposited at the Registered Office of the Company at Level 8, Uptown 1, 1, Jalan SS21/58, Damansara Uptown, 47400 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time appointed for holding the above meeting or any adjournment thereof.

### Explanatory Notes on Special Business

1. The Ordinary Resolution proposed under item 6, if passed, will renew the powers given to the Directors at the last AGM, authority to issue up to ten percentum (10%) of the issued share capital of the Company for the time being for such purposes as the Directors consider would be in the interest of the Company. This authority will, unless revoked or varied by the Company in general meeting, expire at the conclusion of the next AGM.

*As at the date of this notice, no new shares in the Company were issued pursuant to the general mandate granted to the Directors at the 16th AGM held on 24 May 2012, which will lapse at the conclusion of the 17th AGM.*

*The general mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisitions without having to convene a general meeting.*

2. The Special Resolution proposed under item 7, if passed, will amend the Articles of Association of the Company to comply with the amendments to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

# appendix I

## PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Articles of Association of the Company be amended in the following manner:

Article Number	Existing Article	Amended Article
Article 2	Additional definitions to be inserted in the Article.	<p><b>Authorised Nominee</b></p> <p><b>An authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 (SICDA).</b></p> <p><b>Exempt Authorised Nominee</b></p> <p><b>An authorised nominee defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.</b></p>
Article 5	<p>(1) Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, but subject to the Act and to these Articles, shares in the Company may be issued with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital or otherwise as the Company may from time to time by ordinary resolution determine; and</p> <p>(2) The Directors shall not, without prior approval of the Company in general meeting exercise the power of the Company to issue shares (except as otherwise permitted by the Act). Subject to any conditions that may be imposed by the Company in general meeting upon giving of such approval to an issue of shares, the said issue shall be on such terms and conditions and at such times as the Directors think fit;</p> <p><b>PROVIDED THAT</b></p> <p>(a) The Company shall not issue any shares which will have the effect of giving a controlling interest to any person, company or syndicate without the prior approval of shareholders in general meeting; and</p> <p>(b) Every allotment, issue of shares, options to directors or share scheme for employees shall be approved by shareholders in general meeting and such approval shall specifically detail the amount of shares or options to be issued to each Director subject always to such regulations or amendments as may be imposed by the regulatory bodies from time to time. Only Directors holding office in an executive capacity shall participate in such an issue of shares. However, non-executive Directors may subscribe for shares issued or offered pursuant to a public issue as public offer.</p>	<p>(1) Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, but subject to the Act and to these Articles, shares in the Company may be issued with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital or otherwise as the Company may from time to time by ordinary resolution determine; and</p> <p>(2) The Directors shall not, without prior approval of the Company in general meeting exercise the power of the Company to issue shares (except as otherwise permitted by the Act). Subject to any conditions that may be imposed by the Company in general meeting upon giving of such approval to an issue of shares, the said issue shall be on such terms and conditions and at such times as the Directors think fit;</p> <p><b>PROVIDED THAT</b></p> <p>(a) The Company shall not issue any shares which will have the effect of giving a controlling interest to any person, company or syndicate without the prior approval of shareholders in general meeting; and</p> <p>(b) Every allotment, issue of shares, options to directors or <b>Share Issuance Scheme</b> shall be approved by shareholders in general meeting and such approval shall specifically detail the amount of shares or options to be issued to each Director subject always to such regulations or amendments as may be imposed by the regulatory bodies from time to time. Only Directors holding office in an executive capacity shall participate in such an issue of shares. However, non-executive Directors may subscribe for shares issued or offered pursuant to a public issue as public offer.</p>

**PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION** *cont'd*

The Articles of Association of the Company be amended in the following manner: *cont'd*

Article Number	Existing Article	Amended Article
Article 80	In every notice calling a meeting of the Company, there shall appear with reasonable prominence, a statement that a Member entitled to attend and vote is entitled to appoint not more than two (2) proxies to attend and vote instead of him, and that proxy need not also be a Member.	In every notice calling a meeting of the Company, there shall appear with reasonable prominence, a statement that a Member entitled to attend and vote is entitled to appoint not more than two (2) proxies <b>in respect of each securities account the Member holds in ordinary shares of the Company standing to the credit of the said securities account</b> to attend and vote instead of him, and that proxy need not also be a Member. <b>For exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account (omnibus account), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.</b>
Article 94	The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation either under its Seal or under the hand of an officer or attorney duly authorised. A proxy may but need not be a Member of the Company and a Member may appoint any person to be his proxy without limitation and the provisions of Section 149 (1) (a) & (b) of the Act shall not apply to the Company. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.	The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation either under its Seal or under the hand of an officer or attorney duly authorised. A proxy may but need not be a Member of the Company and a Member may appoint any person to be his proxy without limitation and the provisions of Section 149 (1) (a) & (b) of the Act shall not apply to the Company. <b>There shall be no restriction as to the qualification of the proxy and a proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the Member to speak at the meeting.</b> The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.

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I/We \_\_\_\_\_  
(name of shareholder as per NRIC, in capital letters)

NRIC No./ID No./Company No. \_\_\_\_\_ (New) \_\_\_\_\_ (Old)

of \_\_\_\_\_  
(full address)

being a Member/Members of ECS ICT Berhad, hereby appoint \_\_\_\_\_  
(name of proxy as per NRIC, in capital letters)

NRIC No. \_\_\_\_\_ (New) \_\_\_\_\_ (Old) of \_\_\_\_\_

\_\_\_\_\_ (full address)

and/or failing him/her \_\_\_\_\_  
(name of proxy as per NRIC, in capital letters)

NRIC No. \_\_\_\_\_ (New) \_\_\_\_\_ (Old) of \_\_\_\_\_

\_\_\_\_\_ (full address)

or failing him/her, the Chairman of the meeting as my/our proxy to vote on my/our behalf at the Seventeenth Annual General Meeting of the Company to be held at Greens III (Sports Wing), Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan on Friday, 17 May 2013 at 10.30 a.m. and at any adjournment thereof.

I/We direct my/our proxy to vote (see Note 4) for or against the resolutions to be proposed at the meeting as hereunder indicated.

		For	Against
Resolution 1	Reports and Financial Statements		
Resolution 2	Final Dividend		
Resolution 3	Directors' Fees		
<b>Re-election of Directors:</b>			
Resolution 4	Mr Foo Sen Chin		
Resolution 5	Encik Ahmad Subri Bin Abdullah		
Resolution 6	Ms Ho Chee Kit		
Resolution 7	Re-appointment of Auditors and to fix their remuneration		
Resolution 8	Authority to Directors to issue shares		
Resolution 9	Proposed Amendments to the Articles of Association		

Dated this \_\_\_\_\_ day \_\_\_\_\_ 2013.

<b>CDS ACCOUNT NO.</b>

<b>NO. OF SHARES HELD</b>

\_\_\_\_\_  
 Signature/Common Seal

**NOTES**

- A member of the Company entitled to attend and vote at the meeting is entitled to appoint not more than two proxies to attend the meeting and vote on his behalf. A proxy need not be a member of the Company.
- Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- The proxy form must be signed by the appointer or his attorney duly authorised in writing or, if the member is a corporation, must be executed under its common seal or by its attorney or officer duly authorised in writing. The power of attorney or a notarially certified copy thereof must be deposited at the Company's Registered Office within the period stated below. In the case of joint members, the signature of any one joint member is sufficient.
- Please indicate with an "X" in the appropriate box against each resolution how you wish your proxy to vote. If this proxy form is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he thinks fit.
- Where a member appoints two proxies, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
- The proxy form must be deposited at the Registered Office of the Company at Level 8, Uptown 1, 1, Jalan SS 21/58, Damansara Uptown, 47400 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
- In respect of deposited securities, only members whose names appear in the Record of Depositors on 10 May 2013 ("General Meeting Record of Depositors") shall be entitled to attend, speak and vote at this meeting.

*Fold This Flap For Sealing*

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AFFIX  
STAMP

The Company Secretary

**ECS ICT BERHAD** (351038-H)

Level 8, Uptown 1  
1, Jalan SS 21/58  
Damansara Uptown  
47400 Petaling Jaya  
Selangor Darul Ehsan

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