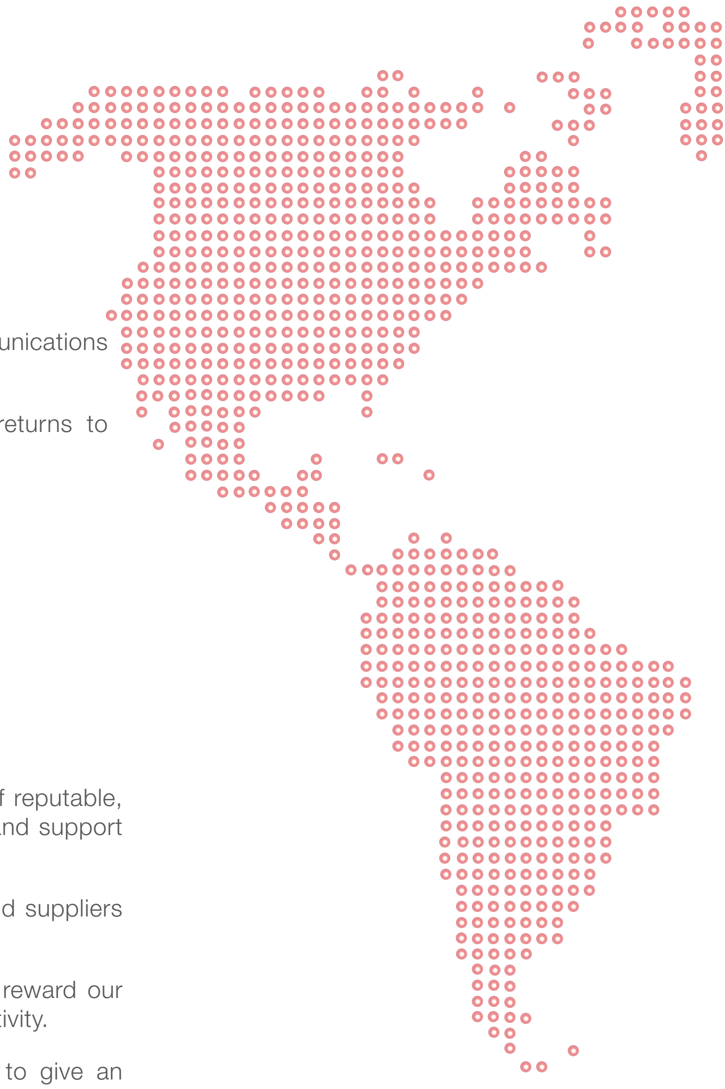
ECS ICT BERHAD
(Company No. 351038-H)

MSC Malaysia Status Company

FREEDOM OF MOBILITY

annual report
2013

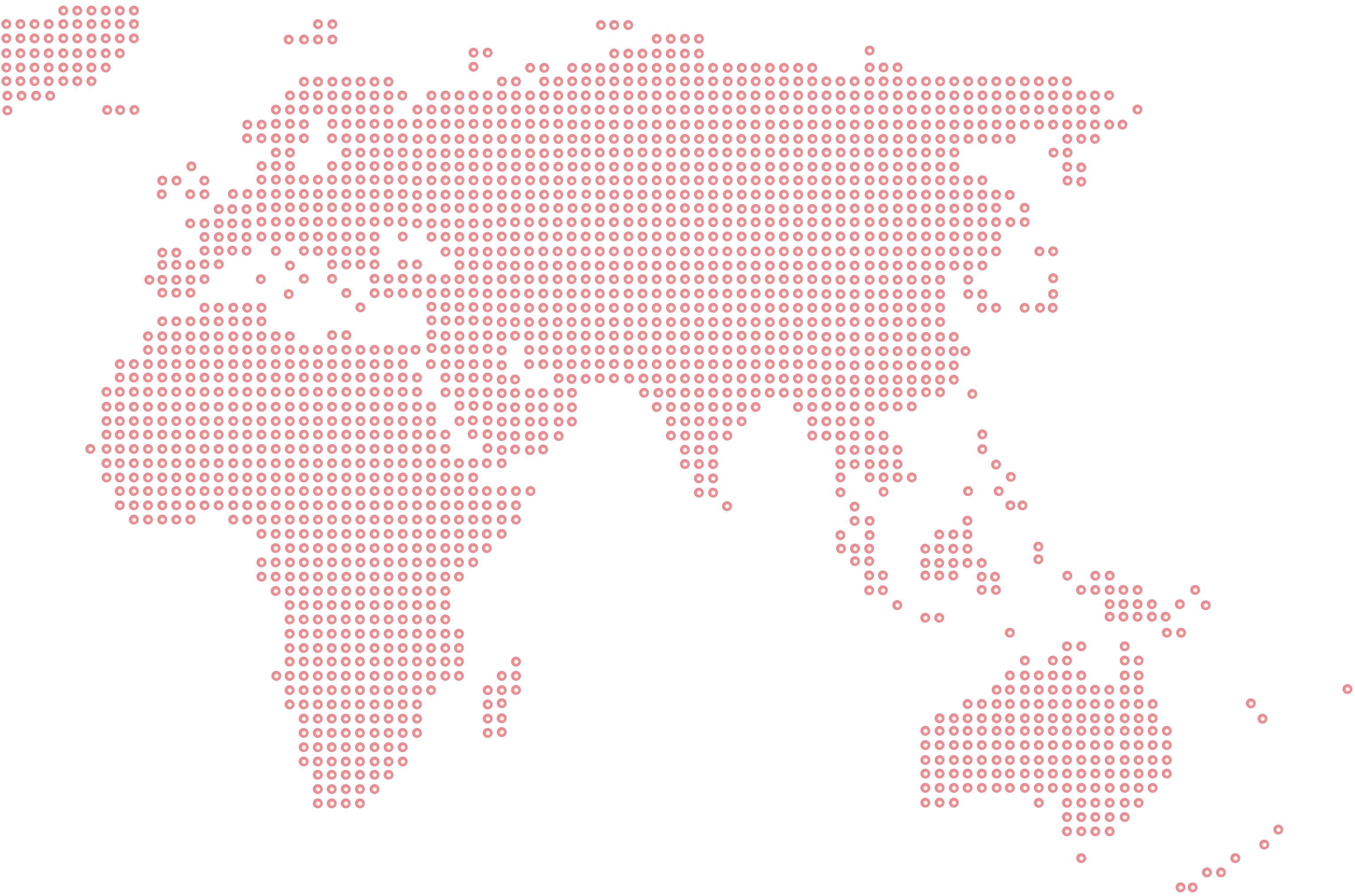


VISION

- To be the leading provider of Information & Communications Technology products and value-added services.
- We strive for sustainable growth to achieve optimum returns to shareholders.

MISSION

- We shall strive to be a leading provider within Malaysia of reputable, quality computer systems, hardware, software, services and support for our customers.
- We shall conduct business with our valued customers and suppliers with professionalism and integrity.
- We shall have an environment to develop, motivate and reward our employees by providing training and incentives for productivity.
- We shall achieve the profitability for future growth and to give an adequate return to shareholders.
- We shall be good corporate citizens with social responsibilities to our communities.



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COVER RATIONALE

The power of today's technology lies in its mobility; the creation of real-time data as it happens, seamless versatility across platforms, and easy accessibility from anywhere in the world.

As the leading Information & Communications Technology ("ICT") distribution hub in Malaysia, we at ECS ICT Berhad ("ECSB") pride ourselves in being technology enablers, equipping large-scale corporations as well as the savvy consumer with the necessary tools to enjoy next-generation technologies at the fingertips and on-the-go.

Let the transformation begin.

CORPORATE PROFILE

ECSB, an MSC-status company, and its subsidiaries ("the Group") started in 1985 with the establishment of ECS KU Sdn. Bhd. ("ECS Ku"). Today, the Group is a leading distribution hub for ICT products in Malaysia via ECS ASTAR Sdn. Bhd. ("ECS Astar") and ECS PERICOMP Sdn. Bhd. ("ECS Pericomp"). Listed on the Main Market of Bursa Malaysia Securities Berhad on 15 April 2010, ECSB is an associate company of ECS Holdings Limited ("ECSH"), a Singapore Exchange mainboard company which is one of the leading ICT distributors in Asia Pacific, accessing to a network of more than 23,000 channel partners across China, Thailand, Malaysia, Singapore, Indonesia and Philippines.

ECSB distributes a comprehensive range of ICT products comprising notebooks, personal computers ("PCs"), smartphones, tablets, printers, software, network and communication infrastructure, servers, and enterprise software from more than 30 leading principals.

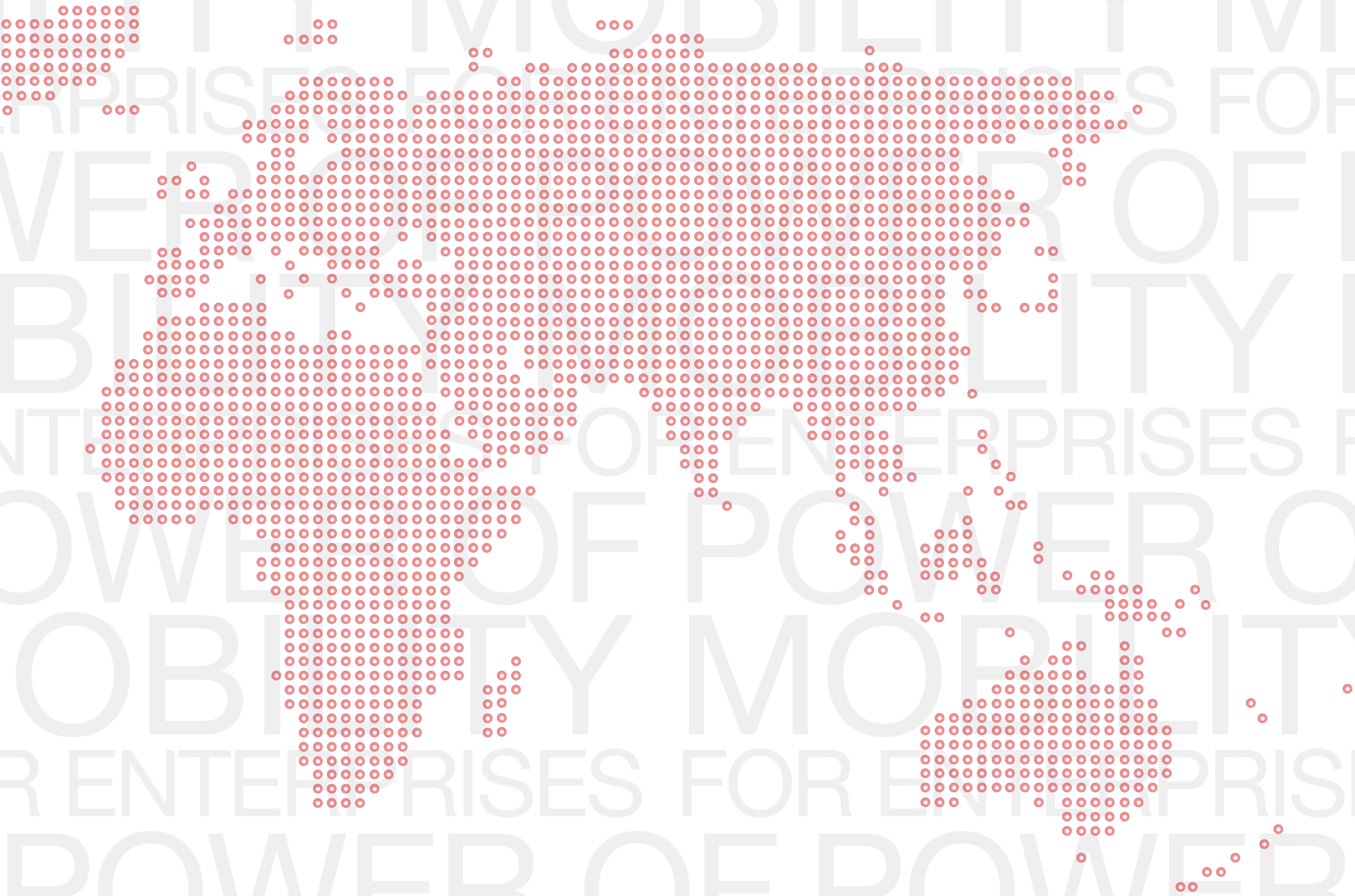
With a nationwide channel network of more than 4,000 resellers comprising retailers, system integrators and corporate dealers, ECSB also provides value-added product support and technical services.

POWER OF MOBILITY

FOR ENTERPRISE

A dynamic workforce performing at optimum efficiency begins with a solid infrastucture at base. A mobile environment delivered through various platforms empowers users with real-time information and facilitates fully-informed decision-making at all times.

Let technology keep your ears to the ground, so that you keep your eyes on the returns.




PLATFORM
APPLICATION
INFRASTRUCTURE

DATO' TEO CHIANG QUAN
Non-Independent Non-Executive Chairman

CHAIRMAN'S STATEMENT

CHAIRMAN'S STATEMENT

Cont'd

Dear Shareholders,

Malaysia's economy recorded slower Gross Domestic Product ("GDP") growth of 4.7% compared with 5.6% previously. The ICT sector in Malaysia faced a largely volatile year as the softer economic outlook adversely impacted ICT spending amongst consumers and corporations.

That said, the ICT sector witnessed increasing demand for mobility products of tablet PCs and smartphones, given the highly-versatile features over their traditional counterparts of desktop PCs and notebooks.

As the leading ICT distributor in the country, the Group maintained its course in the year under review, building on our comprehensive range of ICT products and more than 4,000-strong reseller network throughout the country.

Therefore, on behalf of the Board of Directors, I am delighted to present the Annual Report of ECSB, or the Group, for the financial year ended 31 December 2013 ("FY2013").

CHAIRMAN'S STATEMENT

Cont'd

FINANCIAL PERFORMANCE

The Group's topline continued to improve in FY2013, increasing 3.9% to RM1.33 billion from RM1.28 billion previously.

The higher group revenue was led chiefly by stronger sales in the ICT Distribution segment. Robust sales of desktop PCs and mobility products helped the ICT distribution segment to grow the segment's revenue by 7.0% year-on-year to RM842.1 million in FY2013, from RM787.2 million previously.

The stronger contribution from the ICT Distribution segment mitigated the slight dip in the Group's Enterprise Systems segment, which posted revenue of RM469.5 million in FY2013 from RM475.5 million a year ago.

Revenue from the Group's ICT Services also grew in the year under review by 9.6% to RM14.7 million from RM13.4 million previously.

However, the Group was affected by the weaker Malaysian Ringgit against the US Dollar in the third quarter, as well as less favourable product mix in the Enterprise Systems segment. The Group's net profit decreased by 10.0% to RM26.9 million in FY2013, from RM29.9 million in the previous year.

Correspondingly, ECSB's basic earnings per share reduced 10.2% to 14.9 sen as compared to 16.6 sen in the previous year.

It must be noted that the Group maintained a sturdy balance sheet, with cash and cash equivalents totalling RM83.7 million as at end-December 2013 with no borrowings. This accords ECSB ample flexibility to undertake business expansion initiatives when the opportunity arises.

Our Return on Equity ("ROE") stood at a respectable 13.7%, while Return on Assets ("ROA") was 7.9% in FY2013. By comparison, in FY2012, ROE and ROA stood at 16.6% and 9.1% respectively.

DIVIDEND

Adhering to the Group's policy of distributing 30% of group net profit as dividends to our valued shareholders, the Board proposed a single-tier final dividend of 2.5 sen per ordinary share in respect of FY2013, subject to our shareholders' approval at the upcoming Annual General Meeting.

Together with the previous interim dividend of 3.0 sen paid in December 2013, ECSB has declared a total dividend of 5.5 sen per share and dividend payout of RM9.9 million. This represents 36.8% of FY2013 net profit based on 180 million shares, which exceeds our policy.

PROSPECTS

Industry experts forecast a positive outlook for the ICT sector in Malaysia, as consumer and corporate spending are expected to resume their uptrend.

Despite already making significant headway in adoption thus far, mobility products are anticipated to continue its strong double-digit growth going forward, given their adaptability for work, educational and entertainment purposes. The International Data Corporation ("IDC"), a leading ICT market research firm, expects sales of tablet PCs and smartphones to grow by 11.6% and 21.3% respectively in 2014.

In addition to that, the Government had, in Budget 2014, reiterated its commitment to enhance the ICT infrastructure in Malaysia, as well as encourage ICT spending amongst businesses.

A case in point is the implementation of the second phase of the High Speed Broadband Project; an initiative aimed at increasing broadband speeds and expanding internet coverage in urban and suburban areas. This would not only create demand for enterprise systems products during the project rollout, but also potentially boost consumer adoption of mobile devices in the longer term.

CHAIRMAN'S STATEMENT
Cont'd

PROSPECTS *cont'd*

Moreover, the provision of Accelerated Capital Allowance for corporate expenditure on ICT products would incentivise business to further invest in new systems, and upgrade their equipment and software for greater efficiency.

Mindful of such opportunities, we aim to continuously broaden our ICT Distribution product portfolio in the coming year. Having already secured most of ICT's renowned brands, we intend to extend our reach in the mobility solutions arena.

Simultaneously, we plan to continue serving the corporate sector by meeting their enterprise systems requirements, and collaborating closely with system integrators to supply ICT product requirements for major infrastructure projects.

With these prospects in the horizon, we are confident of our growth in the coming year.

ACKNOWLEDGEMENTS AND APPRECIATION

We are proud to witness continuous dedication from everyone in the Group, despite the challenges we faced throughout the year. The ensuing hard work resulted in the commendable results recorded in FY2013.

I would like to thank the Board of Directors and management team of ECSB for guiding the Group to where we are today. I would also like to thank the employees of the Group for the cumulative results achieved for the year.

Finally, to our principals and resellers who have continuously supported us over these years, thank you for giving us your vote of confidence as we look to another year of successful partnerships.

Together, we will continue to strengthen our position as Malaysia's leading ICT distributor for another consecutive year.

Thank you.

DATO' TEO CHIANG QUAN
Non-Independent Non-Executive Chairman

REVIEW OF OPERATIONS BY MANAGING DIRECTOR

REVIEW OF OPERATIONS BY MANAGING DIRECTOR
Cont'd

"It is well known that the ICT sector is characterised by fast-evolving technology and shifting consumer trends. Over the years, ECSB has charted success in this changing environment by adapting our business model. We are firmly positioned in our target markets by expanding our product portfolio in tandem with demand, and sought to be the distributor of choice for principals and resellers alike.

I am pleased that these strategies have placed us on a positive platform, enabling ECSB to achieve higher revenue of RM1.33 billion in FY2013."

REVIEW BY BUSINESS SEGMENT

ICT Distribution

ECSB's ICT Distribution segment contributed 63.5% of total group revenue, remaining the Group's main revenue generator. FY2013 sales noted a 7.0% growth year-on-year to RM842.1 million from RM787.2 million previously, backed by stable notebook and desktop PC sales, as well as increasing demand for mobility products like tablet PCs and smartphones.

I am heartened that the Group's venture into the tablet PC and smartphone market in recent years has borne fruit, as we recorded significant growth in mobility products contribution in the year under review.

To this end, our wholly-owned subsidiary, ECS Astar continued to strengthen its range of products, especially in the mobility segment.

In April 2013, ECS Astar signed a distribution agreement with Lenovo, the world's largest personal computer ("PC") maker, to introduce its entire range of smartphones to the domestic market. This effectively cemented our business relationship with Lenovo, which first commenced in 2011 for notebook and desktop PCs.

In the same month, ECS Astar also signed a business-to-business distribution agreement with ECSB's long-time partner Samsung Malaysia Electronics Sdn Bhd to distribute its entire range of IT and mobility products to the enterprise market.

Later in the second quarter of 2013, the Group secured distribution rights for two models of Microsoft's Surface tablet PC range for the Malaysian market, namely Microsoft Surface RT and the Microsoft Surface Pro. This brought our collaboration with Microsoft to a higher level; one that began with the distribution of its software licences and hardware products many years before.

REVIEW OF OPERATIONS BY MANAGING DIRECTOR
Cont'd

REVIEW BY BUSINESS SEGMENT *cont'd*

ICT Distribution *cont'd*

Besides increasing our suite of mobility products, we also added established brands to our overall ICT Distribution range.

In this respect, ECS Astar announced the signing of a distribution agreement with Nasdaq-listed CA Technologies, a leader in IT management solutions, to distribute its data management solutions, particularly the CA ARCserve® and CA Erwin® in the Malaysian market.

Altogether, ECSB represents more than 30 global ICT principals across a vast range of products. Therefore, we strongly believe that the ICT Distribution segment is well placed to capture more opportunities not only in the traditional ICT market but also the growing mobility products sector.

Enterprise Systems

The dampened economic climate influenced many corporations to adopt a cautious stance in their ICT spending. This was further reflected in slower implementation of ICT projects in both the private and public sector.

Against this backdrop, revenue from the Enterprise Systems segment marginally reduced to RM469.5 million in FY2013, from RM475.5 million previously. That said, the Enterprise Systems segment continued to contribute the bulk or 54.9% of group gross profit due to its generally higher margin mix.

The year under review saw ECSB reinforce our Enterprise Systems portfolio with three (3) new principals, namely, Socomec UPS (M) Sdn Bhd, a company specialising in Uninterruptible Power Supply systems, Aerohive Networks Inc, an innovative enterprise mobility company and Barracuda Networks Inc, a global leader in security and storage solutions. With these distribution agreements, the Group adds more products and solutions for its enterprise customers.

We believe there is much potential in the Enterprise Systems market and will strive to continue playing a key role in enhancing the ICT infrastructure of public and private corporations.

ICT Services

ECSB's complementary business unit of ICT Services made up the balance RM14.7 million of total group revenue in FY2013, rising 9.6% from RM13.4 million recorded in the previous year.

We have always seen the potential of providing our customers with after-sales services as it extends our working relationship with customers for the long haul. Supported by our well-accredited services personnel team, we will continually explore measures to better serve our customers' requirements.

AWARDS

The year under review, has shown ECSB's continued strive to strengthen our business. We are pleased that our hard work has continued to pay off and this is echoed by our principals, who have awarded us with numerous accolades throughout the year.

The awards for ECS Astar are as below:-

- "Distributor of the year 2013" by ASUS
- "Top Distributor for Accessories Performance in FY2013" by Hewlett Packard ("HP")
- "Top Distributor for Consumer Desktop Performance in FY2013" by HP
- "Top Distributor for Commercial Notebook Performance in FY2013" by HP
- "Top Distributor for Consumer Notebook Performance in FY2013" by HP
- "Preferred Partner Category Quota Achiever for FY2013 1H" by HP
- "Preferred Partner Quota Achiever FY2013 Q4" by HP
- "Top Distributor in Ramping Ultrabook" by Intel
- "Intel's Authorised Distributor Award – Ultrabook Business (INTEL Ultrabook Volume), Q4'12 & Q1'13" by Intel
- "Intel's Authorised Distributor Award (Notebook Business-Intel Notebook Volume Q2'13 & Q3'13)" by Intel
- "Intel's Authorised Distributor Award (Tablet Business-Intel Tablet Volume Q2'13 & Q3'13" by Intel

REVIEW OF OPERATIONS BY MANAGING DIRECTOR
Cont'd

AWARDS *cont'd*

Further to that, ECS Pericomp received the following awards:-

- "Distributor of the Year – FY2013" by Blue Coat - FY14 Asean Partner Conference
- "Distributor of the Year 2013" by Cisco
- "Best Value Added Distributor 2013 Excellent Achiever" by IBM Software Group

We are proud to receive these honours from our principals and we believe that this will serve as a confidence boost for the coming year as we continue our climb up our growth ladder.

TRADEMARKS

Over the course of FY2013, the Group successfully applied for and was granted approval for several trademarks to further strengthen the ICT services provided under the ECS banner. The trademarks that were awarded to us over the year are Class 37, Class 38 and Class 41 in various segments of ICT products and services.

We opine that these trademarks are crucial milestones to enhance our ICT services even further to serve our customers better.

BUSINESS OUTLOOK

IDC has predicted that Malaysia's ICT spending would be back on track in FY2014, surpassing the USD10.0 billion mark. Among the major drivers in FY2014 include increased adoption of mobility products and enterprise data - two sectors well within ECSB's addressable market.

Even as the Malaysian ICT sector is expected to continue its growth trend in 2014, we at ECSB are buoyant of our prospects going forward. Hence, we will leverage on our established foundations thus far to chart our paths in the coming year.

For a start, we will sustain our efforts to reinforce our ICT Distribution product range, particularly within the mobility products sphere. We believe that there remains higher growth potential in the smartphone market, and for this reason, we intend to expand our smartphone range to include models at various price points to capture a wider customer base.

Further, to reinforce our standing as the preferred ICT Distributor for the corporate sector, we will endeavour to secure more products from leading enterprise product players in the industry to provide our customers with top-notch solutions for their businesses.

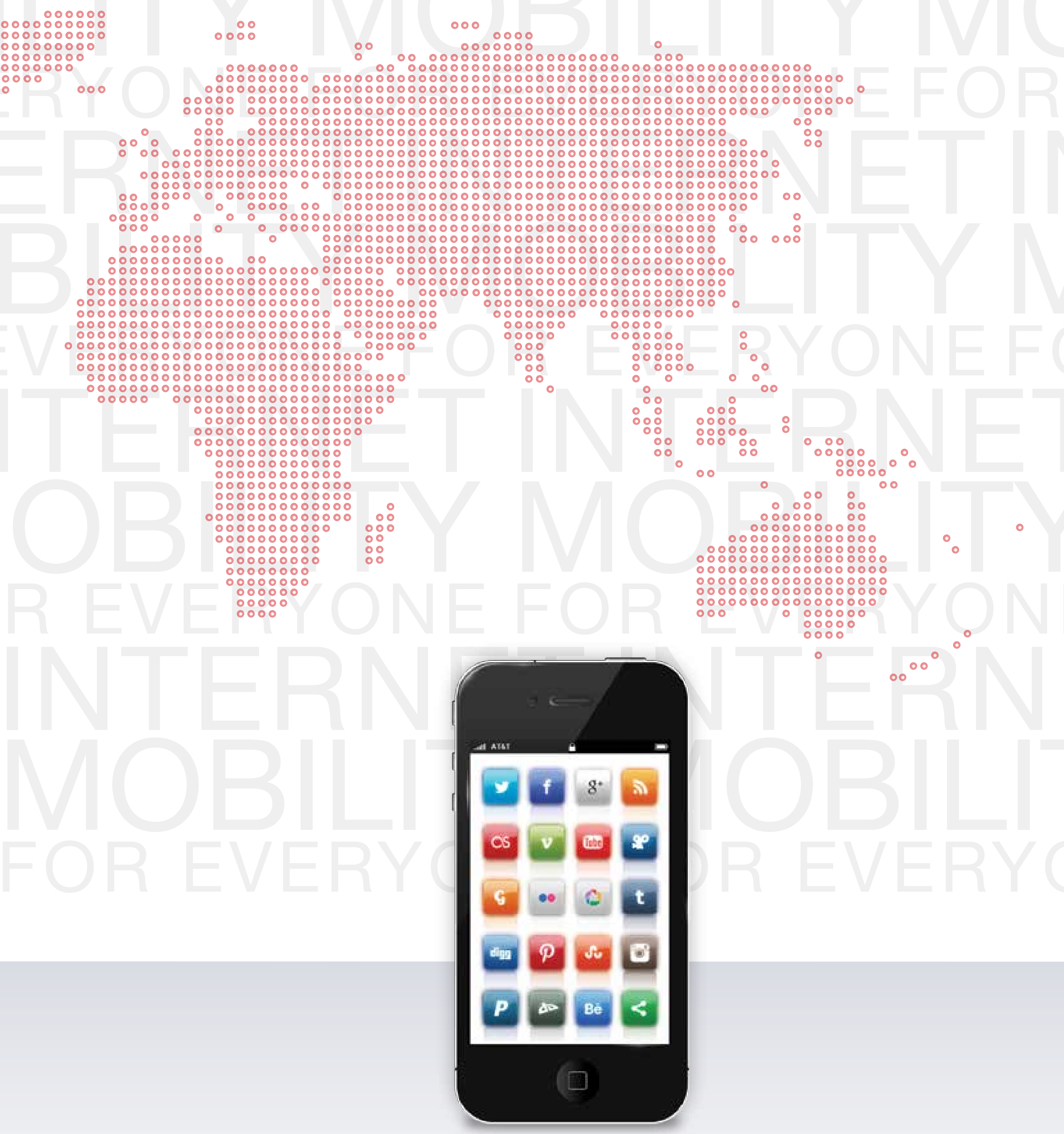
While the coming years may hold challenges for the ICT industry, nonetheless, backed by our years of experience, we are optimistic of seeing it through. We look forward to the continued trust from our stakeholders as we seek to enhance mutually-beneficial collaborations with our partners.

FOO SEN CHIN
Managing Director

INTERNET MOBILITY
FOR EVERYONE

We live in an era where pocket-sized and handheld gadgets open up vast new worlds on the internet. Our goal is to enable everyone take the quantum leap into the digital age.

Let technology enrich lives for the better.



BOARD OF DIRECTORS' PROFILE

Dato' Teo Chiang Quan
Non-Independent Non-Executive Chairman

Foo Sen Chin
Managing Director

Soong Jan Hsung
Executive Director / Deputy Chief Executive Officer

Tay Eng Hoe
Non-Independent Non-Executive Director

Wong Heng Chong
Independent Non-Executive Director

BOARD OF DIRECTORS' PROFILE
Cont'd

Ho Chee Kit
Independent Non-Executive Director

Quah Chek Tin
Senior Independent Non-Executive Director

Ahmad Subri Bin Abdullah
Independent Non-Executive Director

Eddie Foo Toon Ee
Non-Independent Non-Executive Director
(resigned on 31 March 2014)

Ong Wei Hiam
Non-Independent Non-Executive Director

BOARD OF DIRECTORS' PROFILE
Cont'd

DATO' TEO CHIANG QUAN
Non-Independent Non-Executive Chairman
64 years of age – Malaysian

Dato' Teo was the co-founder of ECSB. He resigned as a Director in 5 September 2001 and was re-appointed to the Board of ECSB on 2 January 2003. He is a substantial shareholder of ECSB through his substantial shareholdings in Oasis Hope Sdn. Bhd. Dato' Teo is a third generation businessman who has been active in the Malaysian corporate arena for more than 30 years. He holds an honorary doctorate from Middlesex University, United Kingdom.

Dato' Teo has provided to the Group valuable advice and guidance on good corporate governance, strategies and direction in ensuring sustainable profitable growth to create shareholders' value.

He is also the Executive Deputy Chairman of the Board of Directors and a substantial shareholder of Paramount Corporation Berhad. He is widely acknowledged as the driving force behind the growth and success of the Paramount Group in its core businesses of property development and educational services.

Dato' Teo also serves as a member of the Nominating Committee.

Dato' Teo attended 3 out of the 4 board meetings.

FOO SEN CHIN
Managing Director
66 years of age – Malaysian

Foo is the co-founder of ECSB and assumed the position of Managing Director in 2000. He is a substantial shareholder of ECSB through his substantial shareholdings in Sengin Sdn. Bhd. He is also a Director of ECSH, which is listed on the Singapore Stock Exchange since 2001.

He began his career as an Engineer in 1972 with a commercial organisation in the electrical industry for 4 years in Ipoh. In 1977, he joined a multinational company in marketing technical products that included office automation and computer products. In 1982, he was appointed the General Manager of a computer bureau services company in Kuala Lumpur.

Foo has been active in the ICT industry in Malaysia for more than 30 years. He has served as a Councillor, Treasurer and Deputy Chairman in the Association of the Computer & Multimedia Industry of Malaysia ("PIKOM") from 1995 to 2005, and was appointed as an Advisor of PIKOM from 2006 onwards.

Foo has played a pivotal role in growing the Group to become one of the largest ICT distributors in Malaysia. As the Managing Director, his vision is to establish the Group to be the leading distribution hub in supplying ICT products for Malaysia's knowledge based economy.

Foo also serves as a member of the Remuneration Committee.

Foo attended all the 4 board meetings.

BOARD OF DIRECTORS' PROFILE
Cont'd

SOONG JAN HSUNG
Executive Director/Deputy Chief Executive Officer
50 years of age – Malaysian

Soong joined the Board of ECSB on 21 February 1997. He is primarily responsible in overseeing the Group's sales and service activities. Soong graduated with a Bachelor of Science (Honours) majoring in Mathematics from the University of Malaya in 1987. He began his career as a Sales Executive with ECS Pericomp in 1987. During the next seven years, Soong's hard work and dedication led to several promotions in sales and marketing position to become the General Manager in 1994. Soong was promoted to Executive Director in 2001 and was appointed as a Deputy Chief Executive Officer of ECSB on 1 January 2014.

Soong has more than 20 years of experience in the ICT distribution market. He is also an Executive Director of the subsidiary companies, namely, ECS Pericomp, ECS Astar, ECS Ku and ECS KUSH Sdn. Bhd. ("ECS Kush"), primarily responsible for the development of new sales and marketing strategies as well as the ICT product distribution and enterprise systems operations in ECS Pericomp and ECS Astar.

Soong has contributed significantly to the Group in becoming the leading ICT hub in Malaysia.

Soong attended all the 4 board meetings.

TAY ENG HOE
Non-Independent Non-Executive Director
62 years of age - Singaporean

Tay joined the Board of ECSB on 17 December 2009. He holds a Bachelor of Science (Honours) Degree from LaTrobe University, Australia and a MBA from University of Melbourne, Australia. He is currently the Group Executive Chairman of ECSH.

He is the founder of the ECSH and also ECS Computers (Asia) Pte Ltd, a Singapore-based subsidiary. He brings with him more than 25 years of experience in the ICT business. In August 2005, he was conferred the Public Service Medal by the President of the Republic of Singapore in recognition for his public services to the country. He is a representative of ECSH on the Board of ECSB.

Tay also serves as a member of the Nominating Committee.

Tay attended all the 4 board meetings.

BOARD OF DIRECTORS' PROFILE
Cont'd

WONG HENG CHONG
Independent Non-Executive Director
63 years of age – Malaysian

Wong joined the Board of ECSB on 17 December 2009. He is a Chartered Accountant and a member of the Institute of Chartered Accountants in Australia and the Malaysian Institute of Accountants. He holds a Diploma in Management Studies from University of Chicago Graduate School of Business.

Wong began his working career in Coopers & Lybrand in Australia and in Malaysia. He had previously served as an Executive Director of ECSH, Boustead Singapore Limited, QAF Limited and Sunshine Allied Investments Limited. His working experience during the last 40 years spanned over diverse industries including Information Technology, engineering, food–manufacturing, retail and wholesale, trading and auditing.

Wong also serves as a member of the Audit Committee.

Wong attended all the 4 board meetings.

HO CHEE KIT
Independent Non-Executive Director
66 years of age – Malaysian

Ho joined the Board of ECSB as an Independent Non-Executive Director on 17 December 2009. She is the Chairperson of the Audit Committee and a member of both the Nominating and Remuneration Committees of the Company.

After completing her Bachelor of Arts at the University of New England, Australia in 1971, she worked as an audit assistant in a commercial company in Sydney before returning to Malaysia in 1972. She was attached with a property company in Kuala Lumpur before proceeding to read law at Inner Temple, England in September 1975. She was called to the English Bar in June 1978 and Malaysian Bar in September, 1979. Since then, she has been in private legal practice in Malaysia and is the consultant of a legal firm in Kuala Lumpur. She is an experienced lawyer specializing in corporate, banking and property law.

She has previously served as an Independent Director and member of the audit committee of Fiamma Holdings Berhad.

Ho attended all the 4 board meetings.

QUAH CHEK TIN
Senior Independent Non-Executive Director
62 years of age – Malaysian

Quah joined the Board of ECSB as an Independent Non-Executive Director on 17 December 2009. He holds a Bachelor of Science (Honours) Degree in Economics from the London School of Economics and Political Science and is a Fellow of the Institute of Chartered Accountants in England and Wales and a member of the Malaysian Institute of Accountants.

He began his career with Coopers & Lybrand in London. After returning to Malaysia, he joined the Genting Group in 1979 and was the Executive Director of Genting Berhad as well as the Executive Director and Chief Operating Officer of Genting Malaysia Berhad upon his retirement in 2006.

Quah also serves as Chairman of the Nominating Committee and is also a member of the Audit Committee.

His current directorships in public companies include Genting Malaysia Berhad, Genting Plantations Berhad, Batu Kawan Berhad and Paramount Corporation Berhad.

Quah attended 3 out of the 4 board meetings.

AHMAD SUBRI BIN ABDULLAH
Independent Non-Executive Director
64 years of age – Malaysian

Subri joined the Board of ECSB as an Independent Non-Executive Director on 17 December 2009. He is a Fellow of the Chartered Insurance Institute in the United Kingdom and the Malaysian Insurance Institute. He is also a Director of KDU Management Development Centre Sdn. Bhd., Chairman of RCL International Sdn. Bhd., Director of SBI Offshore Limited, Singapore and is now serving as the Managing Director of Emerio (Malaysia) Sdn. Bhd., an NTT Communications Company.

Subri has more than 30 years of experience in the Insurance and Financial Services industry and has previously served as Chairman of the General Insurance Association of Malaysia, a Director of the Malaysian Insurance Institute and Malaysia Export Credit Insurance Bhd.

Subri also serves as the Chairman of the Remuneration Committee and is also a member of the Nominating Committee.

Subri attended all the 4 board meetings.

BOARD OF DIRECTORS' PROFILE
Cont'd

EDDIE FOO TOON EE *(resigned on 31 March 2014)*
Non-Independent Non-Executive Director
42 years of age – Singaporean

Eddie joined the Board of ECSB on 17 December 2009. He holds a Bachelor Degree in Accountancy from Nanyang Technological University and is also a member of the Institute of Certified Public Accountants of Singapore.

He was the Group Chief Financial Officer and the Group Company Secretary of ECSH. Eddie was responsible for the financial strategy, corporate finance and treasury management, reporting, accounts, tax and investor relations of ECSH group of companies and also acted as a Director on the boards of various ECSH group of companies. He has several years of financial management and audit experience in multinational and public accounting firms.

Eddie also served as member of the Remuneration Committee.

Eddie attended all the 4 board meetings.

ONG WEI HIAM
Non-Independent Non-Executive Director
42 years of age – Malaysian

Ong joined the Board of ECSB as a Non-Independent Non-Executive Director on 4 June 2013. He holds a Bachelor Degree in Economics from University College London and Master Degree in Analysis, Design & Management of Information Systems from London School of Economics and Political Science. Ong is a Fellow of the Hong Kong Institute of Certified Public Accountants and Fellow of Institute of Chartered Accountants in England and Wales.

Ong was appointed as the Group Chief Executive Officer of ECSH on 1 January 2013 and was appointed as an Executive Director of the ECSH on 16 April 2012. Ong is concurrently the Group Chief Financial Officer and Executive Director of VST Holdings Limited, the parent company of ECSH.

Ong attended 1 out of the 2 board meetings during his tenure.

Notes:-

Save as disclosed above, none of the Directors has:-
(a) any family relationship with any Director and/or major shareholder of the Company;
(b) any conflict of interest with the Company; and
(c) any conviction for offences (other than traffic offences) within the past ten (10) years.

ONLINE ACCESS

ANYTIME, ANYWHERE

Humans have the fundamental desire for connectivity and interaction. Modern technology has revolutionised the way we communicate with one another; physical distance is no longer a barrier to effective and clear communication.

Let technology bring us closer.

PROFILE OF SENIOR MANAGEMENT TEAM

Foo Sen Chin
Managing Director

Soong Jan Hsung
Executive Director/
Deputy Chief Executive Officer

Tee Ang Kuan
General Manager of ECS Astar

Tan Say Meng
General Manager of ECS Ku

Chan Puay Chai
Financial Controller

PROFILE OF SENIOR MANAGEMENT TEAM

Cont'd

FOO SEN CHIN

Foo is the co-founder of ECSB and assumed the position of Managing Director in 2000. He is a substantial shareholder of ECSB through his substantial shareholdings in Sengin Sdn. Bhd. He is also a Director of ECSH, which is listed on the Singapore Stock Exchange since 2001.

He began his career as an Engineer in 1972 with a commercial organisation in the electrical industry for 4 years in Ipoh. In 1977, he joined a multinational company in marketing technical products that included office automation and computer products. In 1982, he was appointed the General Manager of a computer bureau services company in Kuala Lumpur.

Foo has been active in the ICT industry in Malaysia for more than 30 years. He has served as a Councillor, Treasurer and Deputy Chairman in PIKOM from 1995 to 2005, and was appointed as an Advisor of PIKOM from 2006 onwards.

Foo has played a pivotal role in growing ECSB Group to become one of the largest ICT distributors in Malaysia. As the Managing Director, his vision is to establish ECSB Group to be the leading distribution hub in supplying ICT products for Malaysia's knowledge based economy.

SOONG JAN HSUNG

Soong joined the Board of ECSB on 21 February 1997. He is primarily responsible in overseeing the Group's sales and service activities. Soong graduated with a Bachelor of Science (Honours) majoring in Mathematics from the University of Malaya in 1987. He began his career as a Sales Executive with ECS Pericomp in 1987. During the next seven years, Soong's hard work and dedication led to several promotions in sales and marketing position to become the General Manager in 1994. Soong was promoted to Executive Director in 2001 and was appointed as a Deputy Chief Executive Officer of ECSB on 1 January 2014.

Soong has more than 20 years of experience in the ICT distribution market. He is also an Executive Director of the subsidiary companies, namely, ECS Pericomp, ECS Astar, ECS Ku and ECS Kush, primarily responsible for the development of new sales and marketing strategies as well as the ICT product distribution and enterprise systems operations in ECS Pericomp and ECS Astar.

Soong has contributed significantly to the Group in becoming the leading ICT hub in Malaysia.

PROFILE OF SENIOR MANAGEMENT TEAM

Cont'd

TEE ANG KUAN

Tee is the General Manager of ECS Astar in charge of 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. From 1986 to 1995, Tee worked with several ICT distributors in the sales and marketing of ICT products, such as notebook and desktop PCs, printers and software.

In 1996, he joined 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 in charge of IT sales and services.

CHAN PUAY CHAI

Chan is the Finance 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 18 years. His major responsibilities include financial planning & control, financial compliances, credit management, risk management, and other finance related operations.

MANAGEMENT TEAM

Chang Yew Hwa
General Manager - Marketing

Chia Chin Pooi
Assistant General Manager

Foo Lek Choong
Chief Technology Officer

Chin Sai Leong
Senior Logistic Manager

Wee Ailin
Senior Inventory Manager

Seow Mei Ling
Senior HR Manager

Chin Chew Woon
Support Manager

Lee Kam Teen
IT Manager

Caren Lwee
Senior Executive Secretary

CORPORATE INFORMATION

BOARD OF DIRECTORS

Non-Independent Non-Executive Chairman

Dato' Teo Chiang Quan
DPTJ

Managing Director

Foo Sen Chin

Senior Independent Non-Executive Director

Quah Chek Tin

Executive Director/Deputy Chief Executive Officer

Soong Jan Hsung

Non-Independent Non-Executive Director

Tay Eng Hoe
Eddie Foo Toon Ee *(Resigned w.e.f. 31 March 2014)*
Ong Wei Hiam

Independent Non-Executive Director

Wong Heng Chong
Ahmad Subri Bin Abdullah
Ho Chee Kit

AUDIT COMMITTEE

Ho Chee Kit - *Chairperson*
Quah Chek Tin
Wong Heng Chong

NOMINATING COMMITTEE

Quah Chek Tin - *Chairman*
Dato' Teo Chiang Quan
Tay Eng Hoe
Ahmad Subri Bin Abdullah
Ho Chee Kit

REMUNERATION COMMITTEE

Ahmad Subri Bin Abdullah - *Chairman*
Eddie Foo Toon Ee *(Ceased w.e.f. 31 March 2014)*
Foo Sen Chin
Ho Chee Kit

SECRETARIES

Chua Siew Chuan (MAICSA 0777689)
Cheng Chia Ping (MAICSA 1032514)
Lwee Wen Ling (MAICSA 7058065)

REGISTERED OFFICE

Level 7, Menara Milenium, Jalan Damanlela
Pusat Bandar Damansara, Damansara Heights
50490 Kuala Lumpur, Wilayah Persekutuan
Telephone : 03-2084 9000
Facsimile : 03-2094 9940

AUDITORS

KPMG, Chartered Accountants
Level 10, 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

Listed on Main Market of Bursa Malaysia Securities Berhad
Stock Code : 5162
Stock Name : ECS
Sector : Technology

GROUP CORPORATE STRUCTURE

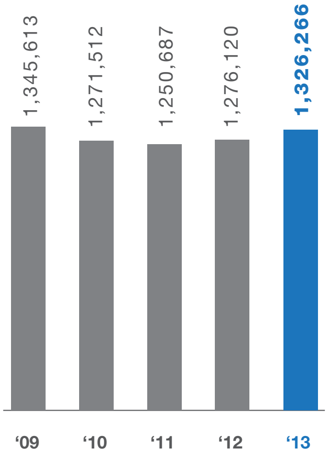
GROUP FINANCIAL HIGHLIGHTS

Financial year ended 31 December	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000
Revenue	1,345,613	1,271,512	1,250,687	1,276,120	**1,326,266**
Gross Profit	68,890	83,390	81,293	85,040	**81,438**
Profit before tax	33,517	39,367	40,934	40,251	**36,582**
Profit for the year	25,014	29,030	30,143	29,864	**26,888**
Profit attributable to owners of the Company	24,112	28,927	30,143	29,864	**26,888**

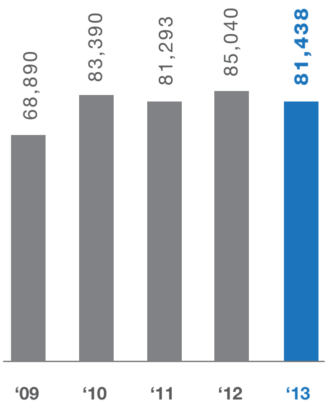
As at 31 December	2009 RM'000	2010 RM'000	2011 RM'000	2012 RM'000	2013 RM'000
Non-current assets	5,178	5,220	6,636	6,735	**6,119**
Current assets	292,660	261,602	316,967	324,785	**342,596**
Total assets	297,838	266,822	323,603	331,520	**348,715**
Non-current liabilities	192	412	19	9	**-**
Current liabilities	208,083	119,043	150,874	143,937	**144,153**
Total liabilities	208,275	119,455	150,893	143,946	**144,153**
Share Capital	46,000	60,000	60,000	90,000	**90,000**
Reserves	37,337	87,367	112,710	97,574	**114,562**
Non-controlling interest	6,226	-	-	-	**-**
Total equity	89,563	147,367	172,710	187,574	**204,562**

GROUP FINANCIAL HIGHLIGHTS
Cont'd

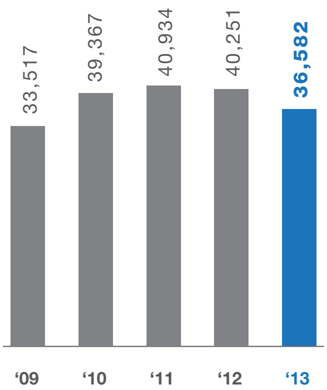
REVENUE
(RM'000)



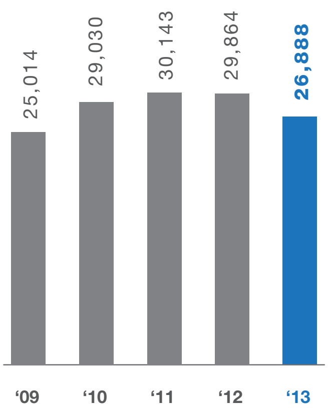
GROSS PROFIT
(RM'000)



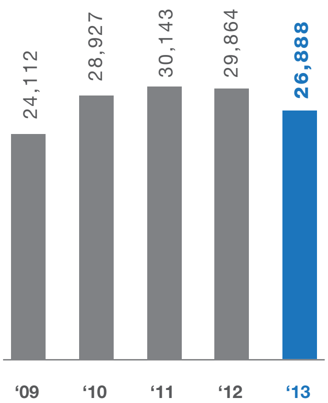
PROFIT BEFORE TAX
(RM'000)



PROFIT FOR THE YEAR
(RM'000)



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



STATEMENT ON CORPORATE GOVERNANCE

The Group is committed to business integrity, transparency and professionalism in all its activities. As part of this commitment, the Board of Directors ("the Board") is pleased to present this statement to provide investors with an overview of the extent of compliance with the Principles as set out in the Malaysian Code on Corporate Governance 2012 ("MCCG 2012") under the stewardship of the Board. It demonstrates the Board's emphasis to show the manner in which the Company has applied the Principles and the Recommendations of the MCCG 2012.

This statement also serves as a compliance with Paragraph 15.25 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Main LR") ("Bursa Securities").

(I) ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

(1) Clear Functions of the Board and Management

The Board is responsible for the leadership, oversight and the long-term success of the Group. The Board has established a Board Charter to provide guidance and clarity for Directors and Management with regard to the role of the Board and its committees. In addition, the Board will also agree with the Management, the corporate objectives, which include performance targets during the review of yearly budget, to be met by the Management.

(2) Clear Roles and Responsibilities

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 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 ("MD") and his support management team; and
- Ensuring strict adherence to relevant compliance with laws and regulations and disclosure regimes.

(3) Code of Conduct

One of the key roles of the Board is to establish a corporate culture which engenders ethical conduct that permeates throughout the Group. Consequently, the Board has formalised the following codes/policy to ensure the implementation of appropriate internal systems by the Management to support, promote and ensure its compliance:-

(a) Directors' Code of Ethics

This Code is formulated for the Board and each Director to be committed on areas of ethical risk; to provide guidance to Directors to help them recognise and deal with ethical issues; to provide mechanisms to report unethical conduct and help foster a culture of honesty and accountability.

This Code is designed to enhance the standard of corporate governance and corporate behaviour with the intention of, amongst others to uphold the spirit of professionalism, objectivity, transparency, and accountability in line with the legislation, regulations and environmental and social responsibility guidelines governing a company.

A full text copy of this Code is available for viewing under the "Corporate Governance" section of the Group's corporate website at www.ecsm.com.my

(I) ESTABLISH CLEAR ROLES AND RESPONSIBILITIES *cont'd*

(3) Code of Conduct *cont'd*

(b) ECS's Code of Conduct

This Code is established to promote a corporate culture which engenders ethical conduct that permeates throughout the Group. All Directors, management and employees of the Group are to adhere to this Code and comply with the letter and spirit of the following items:

(i) Human Rights;
(ii) Health And Safety;
(iii) Environment;
(iv) Gifts And Business Courtesies;
(v) Company Records And Internal Controls;
(vi) Company Assets;
(vii) Exclusive Service;
(viii) Integrity And Professionalism;
(ix) Personal Appearance;
(x) Confidential Information; and
(xi) Compliance Obligations.

A full text copy of this Code is available for viewing under the "Corporate Governance" section of the Group's corporate website at www.ecsm.com.my

(c) Whistle Blowing Policy

Whistle-blowing is an act of voluntary disclosure/reporting to the Management of ECSB for further action of any improper conduct committed or about to be committed by an employee, officer or management of ECSB.

The Board has adopted a Whistle-Blowing Policy with the following objectives:-

- Provide an avenue for all employees and member of the public to disclose any improper conduct or any action that is or could be harmful to the reputation of the Group and/or compromise the interest of stakeholders;
- Provide proper internal reporting channel to disclose any improper or unlawful conduct in accordance with the procedures as provided for under this policy;
- Address a disclosure in an appropriate and timely manner;
- Provide protection for the whistle-blower from reprisal as a direct consequence of making a disclosure and to safeguard such person's confidentiality; and
- Treat both the whistle-blower and the alleged wrongdoer fairly.

This policy shall also similarly apply to any vendors, partners, associates or any individuals, including the general public, in the performance of their assignment or conducting the business for or on behalf of the Group.

STATEMENT ON CORPORATE GOVERNANCE
Cont'd

(I) ESTABLISH CLEAR ROLES AND RESPONSIBILITIES *cont'd*

(3) Code of Conduct *cont'd*

(c) Whistle Blowing Policy *cont'd*

Report(s) can be made in verbal or in writing/email and forwarded in a sealed envelope to the below mentioned designated person(s) labelling with a legend such as "To be opened by the Audit Committee Chairman/Managing Director/Head of Human Resources only"(where applicable):-

For matters relating to financial reporting, unethical or illegal conduct, one can report directly to the following designated persons:-

(1) Audit Committee Chairperson

Ho Chee Kit at hocheekit@inyk.com or

(2) Managing Director

Foo Sen Chin at scfoo@ecsm.com.my

For employment-related concerns, one can report directly to the following designated persons:-

(1) Head of Human Resources

Seow Mei Ling at mlseow@ecsm.com.my or

(2) Managing Director

Foo Sen Chin at scfoo@ecsm.com.my

A full text copy of this Policy is available for viewing under the "Corporate Governance" section of the Group's corporate website at www.ecsm.com.my

(4) Sustainability Policy

The Board recognised that sustainability encompasses all aspects of ethical business practices and has formulated the Sustainability Policy to address relevant Environment, Social and Governance issues responsibly and profitably.

This policy aims mainly to integrate the principles of sustainability into the Group's strategies, policies and procedures.

A full copy of this Policy is available for viewing under the "Corporate Governance" section of the Group's corporate website at www.ecsm.com.my

(5) Access to Information and Advice

All Directors (Executive and Non-Executive) have the same right of access to all information within the Group whether as a full board or in their individual capacity, in furtherance of their duties and responsibilities as Directors of the Company, subject to a formal written request to the Chairman furnishing satisfactory and explicit justification for such request.

All Directors have access to the advice and services of the Company Secretaries. The Board should recognise that the Chairman is entitled to the strong and positive support of the Company Secretaries in ensuring the effective functioning of the Board.

The full Board or in their individual capacity, in furtherance of their duties, shall be able to obtain an independent professional advice at the Company's expenses through an agreed procedure laid down formally.

(I) ESTABLISH CLEAR ROLES AND RESPONSIBILITIES *cont'd*

(5) Access to Information and Advice *cont'd*

The above right of access by the Board has been encapsulated under Section 6.4 - Access to Information and Independent Professional Advice of the Board Charter of the Company.

(6) Company Secretaries

The appointment and removal of the Company Secretaries is a matter for the Board. All Directors have access to the advice and services of the Company Secretaries, who are responsible for ensuring that board procedures are followed and that applicable rules and regulations are complied with.

The Board is satisfied with the support rendered by the Company Secretaries to the Board in discharge of their roles and responsibility. The Company Secretaries play an advisory role to the Board on the Company's contribution, Board's policies and procedures and compliance with the relevant regulatory requirements, codes or guidance and legislations. Also, the Company Secretaries ensure that the deliberations at the Board meetings are well captured and minuted.

(7) Board Charter

The Company has adopted a Board Charter which governs how the Company conducts its affairs. The Board Charter is applicable to all Directors of the Company and, amongst other things, provides that all Directors must avoid conflicts of interest between their private financial activities and their part in the conduct of company business.

The Board Charter sets out the authority, responsibilities, membership and operation of the Board of the Company, adopting principles of good corporate governance and practice, in accordance with applicable laws in Malaysia. The Board Charter entails, *inter alia*, the following main items:-

- Objectives of the Board;
- Role of Board;
- Board Structure; and
- Board Processes.

The Board Charter is to be regularly reviewed by the Board as and when required.

A full copy of the Board Charter is available for viewing under the "Corporate Governance" section of the Group's corporate website at www.ecsm.com.my

(II) STRENGTHEN COMPOSITION

(1) Board Committee

The Board has put in place the following Board Committees to assist in carrying out its fiduciary duties:-

- Audit Committee;
- Nominating Committee; and
- Remuneration Committee.

All of these Committees have written terms of reference clearly outlining their objectives, duties and powers. The final decisions on all matters are determined by the Board as a whole.

STATEMENT ON CORPORATE GOVERNANCE
Cont'd

(II) STRENGTHEN COMPOSITION *cont'd*

(2) Audit Committee

The membership and Terms of Reference of the Audit Committee is stated in the Audit Committee Report of this Annual Report. A summary of the activities of the Audit Committee during the year, including an evaluation of the independent audit process, is set out in the Audit Committee Report on Pages 51 to 55 of this Annual Report.

(3) Nominating Committee

The Nominating Committee comprises exclusively of Non-Executive Directors, majority being Independent Non-Executive Directors, i.e. Three (3) Independent Non-Executive Directors, one (1) Non-Independent Non-Executive Chairman and one (1) Non-Independent Non-Executive Director as follows:-

Nominating Committee	Number of Nominating Committee Meetings attended / held in the financial year under review
Quah Chek Tin *(Chairman)*	1/1
Dato' Teo Chiang Quan *(Member)*	1/1
Tay Eng Hoe *(Member)*	1/1
Ahmad Subri Bin Abdullah *(Member)*	1/1
Ho Chee Kit *(Member)*	1/1

The Nominating Committee met once during the financial year under review.

The principal duties of the Nominating Committee are to assist the Board in developing, maintaining and reviewing the criteria to be used in the recruitment process as well as conducting an annual assessment of Directors.

(a) Activities during the financial year

For the financial year ended 31 December 2013, the Nominating Committee has undertaken the following activities:-

(i) Conduct of the online assessment of the Board, the Committees of the Board and the contribution of the Managing Director;
(ii) Review the skills and competencies of the Board of Directors;
(iii) Reviewed of the attendance of the Board Members at Board and Board Committee meetings;
(iv) Reviewed of the Directors' training programmes attended by the Board of Directors; and
(v) Reviewed the composition of the Board Committees.

(b) Directors' Assessment Policy

The Nominating Committee is guided by the Directors' Assessment Policy, adopted by the Board which sets out the criteria to be used in the assessment of Directors and MD, to ensure that each of its Directors has the character, experience, integrity, competence and time to effectively discharge his/her role as a Director.

STATEMENT ON CORPORATE GOVERNANCE
Cont'd

(II) STRENGTHEN COMPOSITION *cont'd*

(3) Nominating Committee *cont'd*

(b) Directors' Assessment Policy *cont'd*

This Policy provides guidance to the Nominating Committee in the board nomination and election process of Directors, using the following criteria:-

(i) Criteria used in the assessment of Board and Board Committees:

- Board Committees;
- Board Structure;
- Board Operations;
- Board's Roles and Responsibilities; and
- Board Chairman's Role and Responsibilities.

(ii) Criteria used in the assessment of Directors:

- Strategic;
- Ethical and Value-Driven;
- Competence and Capability; and
- Commitment.

(iii) In addition, the Independent Directors are subject to the following assessment criteria:

- Tenure; and
- Independence.

(4) Appointments of the Board and Re-election

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.

(5) Board Diversity Policy

The Board affirms its commitment to boardroom diversity as a truly diversified Board can enhance the Board's effectiveness, creativity and capacity to thrive in good times and weather tough times. The Board works to ensure that there is no discrimination on the basis of, but not limited to, ethnicity, race, age, gender, nationality, political affiliation, religious affiliation, sexual orientation, marital status, education, physical ability or geographic region.

The commitment applies solely to the Board and does not extend to cover diversity in ECSB's recruitment practices of Non-Board personnel.

STATEMENT ON CORPORATE GOVERNANCE
Cont'd

(II) STRENGTHEN COMPOSITION *cont'd*

(6) Remuneration Committee

The Remuneration Committee comprises mainly of Non-Executive Directors, i.e. Three (3) Non-Executive Directors and one (1) MD as follows:-

Remuneration Committee	Number of Remuneration Committee Meetings attended / held in the financial year under review
Ahmad Subri Bin Abdullah *(Chairman)*	1/1
Ho Chee Kit *(Member)*	1/1
Eddie Foo Toon Ee *(Member)* *(ceased w.e.f. 31.03.2014)*	1/1
Foo Sen Chin *(Member)*	1/1

The Remuneration Committee met once during the financial year under review.

The principal duties of the Remuneration Committee are to evaluate to the remuneration of the Executive Director, Non-Executive Directors, MD and Senior Management and thereby ensuring the level of remuneration sufficient to attract and retain talents.

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

For the financial year ended 31 December 2013, 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	3,189	8	50	-	3,247
	3,189	77	50	-	3,316
Non-Executive Directors Receivables from:-					
- Company	-	322	-	21	343
- Subsidiaries	-	4	-	-	4
	-	326	-	21	347
	3,189	403	50	21	3,663

Note: Salary includes bonus and EPF

(II) STRENGTHEN COMPOSITION *cont'd*

(6) Remuneration Committee *cont'd*

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

Range	Executive	Non-Executive
RM50,000 and below	-	8
RM50,001 to RM100,000	-	1
RM1,200,001 to RM1,250,000	1	-
RM2,050,001 to RM2,100,000	1	-

(7) Directors' Remuneration Policy

The Remuneration Committee is guided by the Directors' Remuneration Policy which sets out the criteria to be used in recommending the remuneration package of Directors and MD of ECSB and designed to ensure that the Directors and MD are paid remuneration commensurate with the responsibilities of their position.

(III) REINFORCE INDEPENDENCE

(1) Annual Assessment of Independence of Directors

As stipulated under the Directors' Assessment Policy, the Board adopts the concept of independence in tandem with the definition of Independent Director in Section 1.01 of the Main LR of Bursa Securities through the assistance of the Nominating Committee.

The Board considers that its Independent Directors provide an objective and independent views on various issues dealt with at the Board and Board Committee level. All Non-Executive Directors are independent of management and free from any relationship. The Board is of the view that the current composition of Independent Directors fairly reflects the interest of minority shareholders in the Company through the Board representation.

The Board is satisfied with the level of independence demonstrated by the Independent Non-Executive Directors and their ability to act in the best interest of the Company.

(2) Tenure of Independent Directors

The Board is mindful that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years unless it is recommended by the Nominating Committee and the Board is then satisfied that he or she is able to continue to bring independent judgement to the Board's deliberations.

(3) Separation of Position of the Chairman and MD

The Board recognises the importance of having a clearly accepted division of power and responsibilities at the head of the Company to ensure a balance of power and authority.

Dato' Teo Chiang Quan, a Non-Independent Non-Executive Director, chairs the Board, and the MD 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 is 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 MD 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. Hence, the Board is of the view that it is not necessary to appoint additional Independent Directors to fullfill a majority of Independent Directors.

STATEMENT ON CORPORATE GOVERNANCE
Cont'd

(III) REINFORCE INDEPENDENCE *cont'd*

(4) Board Composition and Balance

The Board of ECSB has nine (9) members comprising two (2) Executive Directors and seven (7) Non-Executive Directors. Of the seven (7) Non-Executive Directors, four (4) 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 16 to 21 of this Annual Report.

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.

(IV) FOSTER COMMITMENT

(1) Time Commitment

The Board requires its members to devote sufficient time to the workings of the Board, to effectively discharge their duties as Directors of the Company, and to use their best endeavours to attend meetings.

For the FYE 31 December 2013, the Board had convened a total of four (4) Board Meetings for the purposes of deliberating on the Company's quarterly financial results at the end of every quarter and discussing important matters which demanded immediate attention and decision-making. During the Board Meetings, the Board reviewed the operation and performance of the Company and other strategic issues that may affect the Company's business. Relevant employees were invited to attend some of the Board Meetings to provide the Board with their views and clarifications on issues raised by the Directors.

The attendance record of each Director at Board of Directors' Meetings during the last financial year is as follows:-

Directors	Attendance	% of Attendance
Dato' Teo Chiang Quan	3 out of 4	75
Foo Sen Chin	4 out of 4	100
Soong Jan Hsung	4 out of 4	100
Tay Eng Hoe	4 out of 4	100
Eddie Foo Toon Ee *(Resigned on 31 March 2014)*	4 out of 4	100
Wong Heng Chong	4 out of 4	100
Quah Chek Tin	3 out of 4	75
Ahmad Subri bin Abdullah	4 out of 4	100
Ho Chee Kit	4 out of 4	100
Ong Wei Hiam	1 out of 2	50

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.

(IV) FOSTER COMMITMENT *cont'd*

(1) Time Commitment *cont'd*

Formal agendas, papers and reports are supplied to Directors in a timely manner, prior to Board meetings. 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.

(2) Trainings

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 Securities. The individual directors assessed their own training needs and during the financial year under review, the Directors had participated in the following training programmes in addressing their own training needs:-

Name of Directors	Description of Training Programmes
Dato' Teo Chiang Quan	• Top 10 Malaysia ICT Predictions by IDC • Digital Malaysia by Multimedia Development Corporation ("MDEC") • Advocacy Sessions on Corporate Disclosure organised by Bursa Securities • Breakfast at the Kuala Lumpur Golf and Country Club with Board Chairmen organised by Bursa Securities
Foo Sen Chin	• Top 10 Malaysia ICT Predictions by IDC • Digital Malaysia by MDEC • Canalys Channel Forum 2013
Soong Jan Hsung	• Top 10 Malaysia ICT Predictions by IDC • Digital Malaysia by MDEC • Canalys Channel Forum 2013 • Finance for Non-Finance Personnel
Tay Eng Hoe	• Top 10 Malaysia ICT Predictions by IDC • Digital Malaysia by MDEC
Eddie Foo Toon Ee *(resigned on 31 March 2014)*	• Annual Regulatory and Corporate Governance Update for Listed Company Directors • Top 10 Malaysia ICT Predictions by IDC • Digital Malaysia by MDEC • KPMG Insight Seminar Financial Reporting • Directors' Conference on Corporate Governance • Canalys Channel Forum 2013

STATEMENT ON CORPORATE GOVERNANCE
Cont'd

(IV) FOSTER COMMITMENT *cont'd*

(2) Trainings *cont'd*

Name of Directors	Description of Training Programmes
Quah Chek Tin	• Launch of the Statement on Risk Management and Internal Control Guidelines For Directors of Listed Issuers organised by Bursa Securities • Forensic Accounting for Non-Executive Directors • Sustainability Training For Directors and Practitioners by Bursa Securities • Understanding The Governance Framework for Boardroom Excellence – MCCG 2012 and Amended Listing Requirements ASEAN Corporate Governance Scorecard 2013 • Driving Innovation and Productivity to meet Industry Challenges Circle and Putrajaya Line : Latest Allignment – Iskandar Malaysia • Briefing on The Personal Data Protection Act 2010 and The Competition Act 2010 • Top 10 Malaysia ICT Predictions by IDC • Digital Malaysia by MDEC • Advocacy Sessions on Corporate Disclosure organised by Bursa Securities • The Hero's Way organised by 25th Senior Managers' Conference of Genting Malaysia Bhd • Nominating Committee Programme • Strata Management • Audit Committee Institute Breakfast Roundtable 2013
Wong Heng Chong	• Top 10 Malaysia ICT Predictions by IDC • Digital Malaysia by MDEC
Ahmad Subri Bin Abdullah	• Top 10 Malaysia ICT Predictions by IDC • Digital Malaysia by MDEC • Directors' Remuneration Seminar 2013 – The Best Practice
Ho Chee Kit	• Top 10 Malaysia ICT Predictions by IDC • Digital Malaysia by MDEC • Advocacy Sessions on Corporate Disclosure organised by Bursa Securities • Audit Committee Institute Breakfast Roundtable 2013
Ong Wei Hiam	• Mandatory Accreditation Programme for Directors of Public Listed Companies

In addition, the Company Secretaries 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.

(V) UPHOLD INTEGRITY IN FINANCIAL REPORTING

(1) Compliance with Applicable Financial Reporting Standards

The Company's audited financial statements are prepared in accordance with the requirements of the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965. The shareholders are provided with a balanced evaluation of the Company's financial performance, its position and its future prospects, through the issuance of the annual Audited Financial Statements, quarterly financial reports and corporate announcements on significant developments affecting the Company in accordance with the Main LR.

(V) UPHOLD INTEGRITY IN FINANCIAL REPORTING *cont'd*

(2) Assessment of Sustainability and Independence of External Auditors

The Audit Committee undertakes an annual assessment of the suitability and independence of the External Auditors.

The Audit Committee noted Messrs KPMG, the External Auditors of the Company confirmed that the engagement quality control reviewer and members of the engagement team in the course of their audits were and had been independent for the purpose of the audit in accordance with the terms of relevant professional and regulatory requirements.

The Audit Committee was satisfied with Messrs KPMG's technical competency and audit independence during the financial year under review.

(VI) RECOGNISE AND MANAGE RISKS

(1) Sound Framework to Manage Risks

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.

An ERM Committee was established to develop an enterprise 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 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.

The Statement on Risk Management and Internal Control of the Group as set out on Pages 48 to 50 of this Annual Report provides an overview of the state of risk management and internal controls within the Group.

As part of the risk mitigation measures, the Board has established the following policies:-

(i) Insider Dealing Policy

Insider dealing or trading is defined as the purchase or sale of the Company's securities affected by or on behalf of a person with knowledge of relevant but non-public material information regarding that company. The insider is in a position to make massive gains by selling or buying securities before information that might affect the price of the Company's securities (price-sensitive information) is made public.

This policy aims mainly to prevent insider dealing of securities and ensure transparency and fairness in dealing with all stakeholders of the Group.

(ii) Succession Planning Policy

The Succession Planning Policy is intended to address the Group's continuity in leadership for all key positions.

Succession planning is an on-going process designed to ensure that the Group identifies and develops a talent pool of employees through mentoring, training and job rotation for high level management positions that become vacant due to retirement, resignation, death or disability and/or new business opportunities.

STATEMENT ON CORPORATE GOVERNANCE
Cont'd

(VI) RECOGNISE AND MANAGE RISKS *cont'd*

(1) Sound Framework to Manage Risks *cont'd*

(iii) Related Party Transaction Policy

ECSB is principally an investment holding company which is also involved in the provision of e-commerce systems and solutions. It is anticipated that the Group would, in ordinary course of business, enter into transactions of a revenue or trading nature with a related party or parties.

This policy is designed to ensure the related party transactions are carried out in the ordinary course of business, are made at arm's length and on normal commercial terms which are not more favourable to the related party or parties than those generally available to the public and are not on terms that are detrimental to the minority shareholders of ECSB.

This policy also aims to comply with the Part E, Paragraphs 10.08 and 10.09 of the Main LR of Bursa Securities.

(2) Internal Audit Function

The outsourced Internal Auditors communicate regularly with and report directly to the Audit Committee. The outsourced Internal Auditors' representatives met up twice with the Audit Committee in 2013.

The Internal Audit Review of the Company's operations encompasses an independent assessment of the Company's compliance with its internal controls and makes recommendations for improvement.

(VII) ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

(1) Corporate Disclosure Policy

The Company recognises the value of transparent, consistent and coherent communications with investment community consistent with commercial confidentiality and regulatory considerations.

The Company is committed to ensuring that communications to the investing public regarding the business, operations and financial performance of the Company are accurate, timely, factual, informative, consistent, broadly disseminated and where necessary, information filed with regulators is in accordance with applicable legal and regulatory requirements.

(2) Leverage on Information Technology for Effective Dissemination of Information

The Company's website incorporates an "Investor Relations" section which provides all relevant information on the Company and is accessible by the public. It includes the announcements made by the Company and Annual Reports. The Board discloses to the public all material information necessary for informed investment and takes reasonable steps to ensure that all shareholders enjoy equal access to such information.

(VIII) STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

(1) Shareholders' Participation at General Meetings

The Company communicates regularly with shareholders and investors through annual reports, quarterly financial reports and various announcements made via Bursa LINK as the Board acknowledges the importance of accurate and timely dissemination of information to its shareholders, potential investors and the public in general.

Several channels are used to disseminate information on a timely basis, such as:-

- the AGM which is used as the main forum of dialogue for shareholders to raise any issues pertaining to the Company;
- annual report, quarterly financial results and various announcements made via Bursa LINK; and
- the Group's website www.ecsm.com.my which provides corporate information on the Group.

(VIII) STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS *cont'd*

(2) Poll Voting

The Board noted the Recommendation 8.2 of the MCCG 2012 states that the Board should encourage poll voting. In line with this recommendation, the Chairman will inform the shareholders of their right to demand a poll vote at the commencement of the general meeting.

The Board will consider and explore the suitability and feasibility of adopting electronic voting in coming years to facilitate greater shareholders participation at general meeting, and to ensure accurate and efficient outcomes of the poll voting process.

(3) Shareholders' Communication and Investor Relations

The Company is committed to on-going 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 LR of Bursa Securities.

The Company provides regular investor briefings with the research analysts and fund managers, to promote clear and transparent communications to the investment community. The Group's website at www.ecsm.com.my contains corporate 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.

Investor Relations Policy

In view thereof, the Board has established an Investor Relations ("IR") Policy to develop an effective IR programme and strategy to communicate the corporate vision, strategies, developments, financial plans and prospects to investors, financial community and other stakeholders fairly and accurately and to obtain feedback from the stakeholders.

The Company has established the following IR structure and responsibility for the implementation of IR programme and strategy:-

Primary Spokespersons:

i) Managing Director
ii) Executive Director

The Company's Managing Director and Executive Director have been appointed to communicate with audience constituents and respond to questions in relation to the corporate vision, strategies, developments, future prospects, financial plans and operation matters.

Secondary spokesperson:

i) Executive Director
ii) Financial Controller

The Executive Director and Financial Controller may only communicate to audience constituents on information already in the public domain, unless they are authorised by the Primary Spokespersons to undertake broader communications.

This Statement on Corporate Governance is made in accordance with the resolution of the Board of Directors passed on 18 April 2014.

CORPORATE RESPONSIBILITY STATEMENT

The Group believes that a firm commitment to Corporate Responsibility ("CR") activities forms the basis of good corporate citizenship and upholds the highest level of 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 to the community.

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

THE WORKPLACE

With a constantly growing workforce and ever-evolving ICT sector, it is imperative that the Group continues to invest in our employees. Training programmes, both internal and external, are organised to deliver an all-round training experience to our employees by upgrading their skills and improving their competency and productivity levels.

We continuously strive to provide a healthy and safe working environment for our employees. Inspections on office areas are conducted regularly to maintain a safe and healthy workplace for all employees. Fire and safety drills, as well as risk awareness campaigns are held regularly to ensure that everyone is well prepared in the event of an emergency.

The Group also continued to promote healthy lifestyles by introducing well-balanced meals at our office canteen and encouraging employees to do simple physical activities, such as using the stairs instead of the elevator within the office.

In addition to that, our Sports Club actively organises various activities such as yoga classes, badminton and futsal matches to not only build strong team spirit amongst our employees, but also encourage physical activity and social interaction.

THE ENVIRONMENT

The Group believes it has a moral and social responsibility in reducing the carbon footprint, contributing towards a greener environment. In adherence to this, we constantly implement energy-saving measures such as minimising the usage of air-conditioning, lighting and other equipment during lunch hours.

Our ESG committee is tasked to look for solutions to help the Group reduce the usage of electricity, water and other consumables. We also constantly monitor our monthly consumption of utilities and office supplies in order to identify areas for further improvement.

We have also implemented a 'Recycling and Waste Management' initiative whereby recycle bins are placed in every floor to spur waste segregation for proper recycling and disposal purposes. Our employees are educated on the concept of "Reduce, Reuse and Recycle" and are urged to adopt this approach into their daily lives to help reduce environmental pollution.

Our Logistics Department is also encouraged to reuse and recycle packaging materials, such as pallets, carton boxes, shrink and bubble wraps, plastic bags and scrap paper. We are pleased to say that in 2013, approximately 2,500 units of wooden pallets and 7 tonnes of carton boxes were reused for repackaging purposes while around 7,500 kg of paper and 4,000 kg of plastic wraps were collected for recycling.

CORPORATE RESPONSIBILITY STATEMENT
Cont'd

During the year under review, the Group organised a Family Day at the Forest Research Institute Malaysia. Our employees together with their family members were advocated to preserve Mother Nature by collecting waste materials in the forest.

The Group remains committed to ensuring that we play our role in sustaining a greener environment. Hence, we shall continue to explore areas where we can expand our efforts further.

THE COMMUNITY

In reaching out to the community, the Group visited Selangor Family Aid Association in Ulu Yam, Selangor, a non-profit organization providing a home for the aged, handicapped, mentally retarded and orphans. During the visit, we contributed food and basic necessities to the Association to help them meet the daily needs.

In keeping with our past programmes, we collaborated with the National Blood Bank once again to organise a blood donation drive on our premises. We are pleased to received tremendous support from our employees who participated in this programme and did their bit for the community.

As a responsible corporate citizen, 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.

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 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 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 holding 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 enhance our stakeholders' understanding of the Group's core businesses and operations thus enabling investors make informed decisions.

The Group intends to continue improving communications to ensure that we continue to relay pertinent information to investors in a transparent and consistent manner.

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 2013, which has been prepared pursuant to Paragraph 15.26 (b) of the Main Market LR of Bursa Securities 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 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 recognises 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

The Board recognises that risk management is an integral part of the Group's business objectives and is critical for the Group to achieve continued profitability and sustainable growth in shareholders' value. In pursuing these objectives, the Group has adopted an ERM Framework to manage its risk and opportunities. The ERM Committee which reports directly to the Audit Committee was established by the Board, with the primary responsibility of ensuring the effective functioning of ERM Framework.

The ERM Committee assists the Audit Committee and the Board in the continuous process of identifying, measuring, controlling, monitoring, and reporting significant and material risks affecting the achievement of the Group's business objectives. It provides the Board and the Senior Management with a tool to anticipate and manage both the existing and potential risks, taking into consideration the changing risk profiles as dictated by changes in business and regulatory environment, the Group's strategies and functional activities throughout the year.

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 on-going ERM exercise is presented quarterly to the Audit Committee which would thereafter update the Board on the status of the risk management.

BUSINESS CONTINUITY MANAGEMENT

The Board is aware of the importance of an effective Business Continuity Management ("BCM") programme particularly in identifying potential threats to the organisation and the impact such threats may have on business operations. Additionally, it provides a framework for building organisational resilience that safeguard the interests of its stakeholders, reputation and value creating activities.

During the financial year, the Group has successfully launched its BCM plan to all business units. The Group has also communicated its group wide awareness on BCM to its relevant employees of the business units. This forms part of the organisation's core values and enhances the accountability and responsibility of the business units in ensuring the readiness of the organisation's resiliency to crisis.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
Cont'd

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. These committees have the authority to examine all matters within their respective 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;

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
Cont'd

OTHER KEY ELEMENTS OF INTERNAL CONTROL *cont'd*

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 pursuant to the scope set out in Recommended Practice Guide ("RPG") 5 (Revised) and Guidance for Auditors on Engagements to Report on Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants for inclusion in the annual report of the Group for the year ended 31 December 2013, and reported to the Board that nothing has come to their attention that cause them to believe that the statement intended to be included in the annual report of the Group, in all material respects:

(a) has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or

(b) is factually inaccurate.

RPG 5 (Revised) does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and management thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

CONCLUSION

The Board has reviewed the adequacy and effectiveness of the Group's risk management and internal control system for the year under review and up to the date of approval of this statement for inclusion in the annual report, and is of the view that the Group's risk management system and internal control is generally satisfactory and sufficient to safeguard the shareholders' investment, the interests of customers, regulators and employees, and the Group's assets.

The Board has received assurance from the Managing Director and Financial Controller that the company's risk management and internal control systems are 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.

This Statement on Risk Management and Internal Control is made in accordance with the resolution of the Board of Directors passed on 13 February 2014.

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 2013.

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		Designation	Attendance
Ho Chee Kit	*Chairperson*	*Independent Non-Executive Director*	4 out of 4 meetings
Quah Chek Tin	*Member*	*Independent Non-Executive Director*	3 out of 4 meetings
Wong Heng Chong	*Member*	*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 MCCG 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 three (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 (1) 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 Securities and/or other relevant authorities from time to time.

REPORT OF THE AUDIT COMMITTEE
Cont'd

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 three (3) months of that event.

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 at least twice a year and when deemed necessary.

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.

Secretaries

The Secretaries of the Company shall be secretaries ("the Secretaries") of the Committee.

Functions

The functions of the Audit Committee are as follows:-

a) To review the following and report the same to the Board of Directors:-

- with the External Auditors, the audit plan;
- with the External Auditors, the evaluation of the system of internal controls;
- with the External Auditors, the 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 External Auditors may wish to discuss (in the absence of Management where necessary);

g) To review the External Auditors' management letter and management's response;

h) To review the adequacy of Group's Enterprise 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 Auditor of the Internal Audit function (where applicable); and
- Inform itself of resignations of Internal Auditors and provide the resigning Internal Auditors an opportunity to submit their 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 Internal Auditors reports directly to the Committee. The Internal Auditors 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 Main LR of Bursa Securities 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;

REPORT OF THE AUDIT COMMITTEE
Cont'd

MEMBERS AND MEETINGS *cont'd*

Terms of Reference *cont'd*

Rights of the Audit Committee *cont'd*

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.

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 Internal Auditors 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 Main LR of Bursa Securities, 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 of Directors shall review the term of office and performance of the Audit Committee and each of its members at least once every three (3) years to determine whether the Audit Committee and members have carried out their duties in accordance with the terms of reference.

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 2013:

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 2013;

4) Reviewed updates on the introduction of Malaysian Reporting Financial Standards and how they will impact the Group and has monitored progress in meeting the new reporting requirements;

REPORT OF THE AUDIT COMMITTEE
Cont'd

ACTIVITIES OF THE AUDIT COMMITTEE *cont'd*

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 of 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 report 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 2013, 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 review on related party transactions were conducted on a regular basis to ensure the transactions were disclosed appropriately.

The total cost incurred for the Internal Audit function for the financial year ended 31 December 2013 was RM36,000.

OTHER INFORMATION

required by the listing requirements of Bursa Malaysia Securities Berhad

In compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the following are provided:-

1. UTILISATION OF PROCEEDS

During the financial year, no proceeds were raised by the Company from any corporate proposal.

2. SHARE BUYBACKS

The Company did not undertake any share buy-back exercise during the financial year.

3. OPTIONS OR CONVERTIBLES SECURITIES

The Company has not issued any options or convertible securities during the financial year.

4. DEPOSITORY RECEIPT PROGRAMME

During the financial year, the Company did not sponsor any Depository Receipt programme.

5. SANCTIONS/PENALTIES

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or Management by the relevant regulatory bodies during the financial year under review.

6. NON-AUDIT FEES

The amount of non-audit fee paid to the External Auditors by the Group and Company for the financial year is reflected in Note 15, page 91 of the financial statements.

7. VARIATION IN RESULTS

The Group did not make any release on the profit estimate, forecast or projection for the financial year. There were no variance of 10% or more between the results for the financial year and the unaudited results previously announced.

8. PROFIT GUARANTEE

During the year, there was no profit guarantees given by the Company.

9. MATERIAL CONTRACTS AND CONTRACTS RELATING TO LOAN

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 2013 or entered into since the end of the previous financial year.

10. DIRECTORS' TRAINING AND EDUCATION

The Directors attended numerous trainings during the financial year ended 31 December 2013 and the details of trainings are disclosed the Statement of Corporate Governance on pages 41 to 42 of this Annual Report.

11. RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

Significant related party transactions of the Group for the financial year are disclosed in Note 26, pages 97 and 98 of the Financial Statements.

12. SHARE ISSUANCE SCHEME FOR EMPLOYEES

The Group did not offer any share scheme for employees during the financial year ended 31 December 2013.

13. LIST OF PROPERTIES

The Group did not own any properties as at 31 December 2013.

STATEMENT OF DIRECTORS' RESPONSIBILITY
in relation to the financial statements

This statement is prepared as required by the Main Market LR of Bursa Securities.

The Directors are required to prepare annual financial statements which are in accordance with applicable approved accounting standards and 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 which 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 provisions of 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.

This Statement on Directors' Responsibility is made in accordance with a resolution of the Board of Directors passed on 18 April 2014.

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DIRECTORS' REPORT
for the year ended 31 December 2013

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 2013.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are as stated in Note 5 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	26,888	19,664

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 2.5 sen per ordinary share, totaling RM4,500,000 in respect of financial year ended 31 December 2012 on 14 June 2013; and

ii) a single tier interim dividend of 3.0 sen per ordinary share, totaling RM5,400,000 in respect of the financial year ended 31 December 2013 on 12 December 2013.

The final ordinary dividend recommended by the Directors in respect of the year ended 31 December 2013 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
Ong Wei Hiam (Appointed on 4.6.2013)
Narong Intanate (Resigned on 4.6.2013)

DIRECTORS' REPORT
for the year ended 31 December 2013
Cont'd

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 1.1.2013	Bought	(Sold)	At 31.12.2013
Dato' Teo Chiang Quan				
Own interest in the Company				
- indirect	15,450,000	-	-	15,450,000
Foo Sen Chin				
Own interest in the Company				
- indirect	21,997,200	-	-	21,997,200
Soong Jan Hsung				
Own interest in the Company				
- direct	225,000	-	-	225,000
Eddie Foo Toon Ee				
Own interest in the Company				
- direct	75,000	-	-	75,000
Tay Eng Hoe				
Own interest in the Company				
- direct	375,000	-	-	375,000
Wong Heng Chong				
Own interest in the Company				
- direct	225,000	-	-	225,000

None of the other Directors holding office at 31 December 2013 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 2013
Cont'd

ISSUE OF SHARES AND DEBENTURES

There were no changes in the authorised, issued and paid up capital of the Company during the financial year.

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 2013 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.

DIRECTORS' REPORT
for the year ended 31 December 2013
Cont'd

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 2014

STATEMENTS OF FINANCIAL POSITION
as at 31 December 2013

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Assets					
Plant and equipment	3	**4,036**	4,656	**53**	27
Intangible asset	4	**571**	571	**-**	-
Investments in subsidiaries	5	**-**	-	**77,022**	77,022
Investment in club membership		**62**	62	**-**	-
Deferred tax assets	13	**1,450**	1,446	**-**	3
Total non-current assets		**6,119**	6,735	**77,075**	77,052
Inventories	6	**85,569**	79,801	**-**	-
Receivables and deposits	7	**172,596**	171,687	**4,697**	26,546
Prepayments		**379**	208	**14**	8
Derivative financial assets	8	**352**	-	**-**	-
Cash and cash equivalents	9	**83,700**	72,989	**46,750**	14,944
Tax recoverable		**-**	100	**-**	-
Total current assets		**342,596**	324,785	**51,461**	41,498
Total assets		**348,715**	331,520	**128,536**	118,550
Equity					
Share capital	10	**90,000**	90,000	**90,000**	90,000
Reserves	11	**114,562**	97,574	**37,709**	27,945
Total equity attributable to owners of the Company		**204,562**	187,574	**127,709**	117,945
Liabilities					
Deferred tax liabilities	13	**-**	-	**1**	-
Payables and accruals	12	**-**	9	**-**	-
Total non-current liabilities		**-**	9	**1**	-
Payables and accruals	12	**142,093**	140,977	**778**	540
Derivative financial liabilities	8	**-**	150	**-**	-
Tax payable		**2,060**	2,810	**48**	65
Total current liabilities		**144,153**	143,937	**826**	605
Total liabilities		**144,153**	143,946	**827**	605
Total equity and liabilities		**348,715**	331,520	**128,536**	118,550

The notes on pages 70 to 108 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2013

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Revenue	14	**1,326,266**	1,276,120	**26,609**	15,577
Cost of sales		**(1,244,828)**	(1,191,080)	**-**	-
Gross profit		**81,438**	85,040	**26,609**	15,577
Other income		**776**	444	**-**	-
Distribution expenses		**(28,834)**	(27,952)	**-**	-
Administrative expenses		**(18,162)**	(18,552)	**(1,669)**	(1,513)
Results from operating activities	15	**35,218**	38,980	**24,940**	14,064
Finance income	16	**1,398**	1,280	**1,550**	1,657
Finance costs	17	**(34)**	(9)	**-**	-
Net finance income		**1,364**	1,271	**1,550**	1,657
Profit before tax		**36,582**	40,251	**26,490**	15,721
Tax expense	19	**(9,694)**	(10,387)	**(6,826)**	(1,441)
Profit for the year/Total comprehensive income for the year attributable to owners of the Company		**26,888**	29,864	**19,664**	14,280
Earnings per share attributable to owners of the Company:					
Basic (sen)	20	**14.9**	16.6		

The notes on pages 70 to 108 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2013

		Attributable to owners of the Company			
		Non-distributable		Distributable	
	Note	Share capital	Share premium	Retained earnings	Total
Group		**RM'000**	**RM'000**	**RM'000**	**RM'000**
At 1 January 2012		60,000	25,903	86,807	172,710
Profit for the year/ Total comprehensive income for the year		-	-	29,864	29,864
Dividends to owners of the Company	21	-	-	(15,000)	(15,000)
Bonus issue	10	30,000	(25,903)	(4,097)	-
At 31 December 2012/1 January 2013		90,000	-	97,574	187,574
Profit for the year/ Total comprehensive income for the year		-	-	26,888	26,888
Dividends to owners of the Company	21	-	-	(9,900)	(9,900)
At 31 December 2013		**90,000**	**-**	**114,562**	**204,562**
		Note 10		Note 11.2	

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2013

		Attributable to owners of the Company				
		Non-distributable			Distributable	
Company	**Note**	**Share capital RM'000**	**Share premium RM'000**	**Merger reserve RM'000**	**Retained earnings RM'000**	**Total RM'000**
At 1 January 2012		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 to owners of the Company	21	-	-	-	(15,000)	(15,000)
Bonus issue	10	30,000	(25,903)	-	(4,097)	-
At 31 December 2012/ 1 January 2013		90,000	-	22,961	4,984	117,945
Profit for the year/ Total comprehensive income for the year		-	-	-	19,664	19,664
Dividends to owners of the Company	21	-	-	-	(9,900)	(9,900)
At 31 December 2013		**90,000**	**-**	**22,961**	**14,748**	**127,709**
		Note 10		Note 11.1	Note 11.2	

The notes on pages 70 to 108 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS
for the year ended 31 December 2013

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
Profit before tax	**36,582**	40,251	**26,490**	15,721
Adjustments for:				
Depreciation of plant and equipment	**1,748**	1,921	**20**	40
Gain on disposal of plant and equipment	**(203)**	-	**-**	-
Loss/(Gain) on foreign exchange				
- Unrealised	**927**	(339)	**-**	-
Finance costs	**34**	9	**-**	-
Interest income	**(1,398)**	(1,280)	**(1,550)**	(1,657)
Dividend income	**-**	-	**(25,668)**	(14,973)
Plant and equipment written off	**5**	21	**-**	-
Fair value changes on financial instruments	**(502)**	188	**-**	-
Operating profit/(loss) before changes in working capital	**37,193**	40,771	**(708)**	(869)
Changes in working capital:				
Inventories	**(5,768)**	4,502	**-**	-
Receivables, deposits and prepayments	**(1,080)**	(5,846)	**5**	(16)
Payables and accruals	**178**	(6,751)	**209**	63
Cash generated from/(used in) operations	**30,523**	32,676	**(494)**	(822)
Tax paid	**(10,346)**	(10,464)	**(422)**	(296)
Net cash generated from/(used in) operating activities	**20,177**	22,212	**(916)**	(1,118)
Cash flows from investing activities				
Purchase of plant and equipment	**(1,144)**	(2,071)	**(46)**	-
Proceeds from disposal of plant and equipment	**214**	-	**-**	-
Dividend received	**-**	-	**19,251**	13,800
Net cash (used in)/generated from investing activities	**(930)**	(2,071)	**19,205**	13,800
Cash flows from financing activities				
Advances from subsidiaries	**-**	-	**21,867**	15,158
Interest paid	**(34)**	(9)	**-**	-
Interest received	**1,398**	1,280	**1,550**	1,657
Dividend paid to owners of the Company	**(9,900)**	(15,000)	**(9,900)**	(15,000)
Net cash (used in)/generated from financing activities	**(8,536)**	(13,729)	**13,517**	1,815
Net increase in cash and cash equivalents	**10,711**	6,412	**31,806**	14,497
Cash and cash equivalents at 1 January	**72,989**	66,577	**14,944**	447
Cash and cash equivalents at 31 December	**83,700**	72,989	**46,750**	14,944

STATEMENTS OF CASH FLOWS
for the year ended 31 December 2013
Cont'd

CASH AND CASH EQUIVALENTS

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

		Group		Company	
		2013	2012	2013	2012
	Note	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	9	**17,618**	26,395	**750**	944
Deposits with licensed banks	9	**65,567**	46,090	**46,000**	14,000
Liquid investment	9	**515**	504	**-**	-
		83,700	72,989	**46,750**	14,944

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 7, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Wilayah Persekutuan

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2013 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 2013 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 5 to the financial statements.

These financial statements were authorised for issue by the Board of Directors on 18 March 2014.

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 requirements of the Companies Act, 1965 in Malaysia.

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standard 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 2014

- 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*
- Amendments to MFRS 132, *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*
- Amendments to MFRS 136, *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets*
- Amendments to MFRS 139, *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting*
- IC Interpretation 21, *Levies*

NOTES TO THE FINANCIAL STATEMENTS
Cont'd

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 July 2014

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2011-2013 Cycle)*
- Amendments to MFRS 2, *Share-based Payment (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to MFRS 8, *Operating Segments (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 13, *Fair Value Measurement (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to MFRS 116, *Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 119, *Employee Benefits – Defined Benefit Plans: Employee Contributions*
- Amendments to MFRS 138, *Intangible Assets (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 124, *Related Party Disclosures (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 140, *Investment Properties (Annual Improvements 2011-2013 Cycle)*

MFRSs, Interpretations and amendments effective for a date yet to be confirmed

- MFRS 9, *Financial Instruments (2009)*
- MFRS 9, *Financial Instruments (2010)*
- MFRS 9, *Financial Instruments – Hedged Accounting and Amendments to MFRS 9, MFRS 7 and MFRS 139*
- Amendments to MFRS 7, *Financial Instruments : Disclosure - Mandatory Effective Date of MFRS 9 and Transition Disclosures*

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

- from the annual period beginning on 1 January 2014 for those standards amendments and interpretations that are effective for the annual periods beginning on or after 1 January 2014 except for IC Interpretation 21, Levies which is not applicable to the Group and the Company.

- from the annual period beginning on 1 January 2015 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 July 2014.

The initial application of the abovementioned accounting standards, amendments or interpretations are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and the Company except as mentioned 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 and financial liabilities. Upon adoption of MFRS 9, financial assets will be measured at either fair value or amortized 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.

NOTES TO THE FINANCIAL STATEMENTS
Cont'd

1. BASIS OF PREPARATION *cont'd*

(a) Statement of compliance *cont'd*

MFRS 119, Employee Benefits

The amendments to MFRS 119 introduces a practical expedient for employee or third party contributions set out in the formal terms of the plan that are linked to service and independent of the number of years of service.

The Group plans to apply the amendments to MFRS 119 retrospective from the annual period beginning on 1 January 2015, and is currently assessing the financial impact that may arise from the initial application of the amendments.

(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 is presented in RM and 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 4 - 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 had been applied consistently by the Group and the Company, unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured 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 the control ceases.

NOTES TO THE FINANCIAL STATEMENTS
Cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(a) Basis of consolidation *cont'd*

(i) Subsidiaries *cont'd*

The Group adopted MFRS 10, Consolidated Financial Statements in the current financial year. This resulted in changes to the following policies:

- Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In the previous financial years, control exists when the Group 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

- Potential voting rights are considered when assessing control only when such rights are substantive. In the previous financial years, potential voting rights are considered when assessing control when such rights are presently exercisable.

- The Group considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return. In the previous financial years, the Group did not consider de facto power in its assessment of control.

The change in accounting policy has been made retrospectively and in accordance with the transitional provision of MFRS 10. The adoption of MFRS 10 has no significant impact to the financial statements of the Group.

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.

For new acquisitions, 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.

NOTES TO THE FINANCIAL STATEMENTS
Cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(a) Basis of consolidation *cont'd*

(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.

(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 liabilities 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.

NOTES TO THE FINANCIAL STATEMENTS
Cont'd

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

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

(ii) Financial instrument categories and subsequent measurement *cont'd*

Financial liabilities cont'd

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.

(iii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Fair value arising from financial guarantee contracts are classified as deferred income and is amortised to profit or loss using a straight-line method over the contractual period or, when there is no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

(iv) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

(a) the recognition of an asset to be received and the liability to pay for it on the trade date, and

(b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

(v) 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.

NOTES TO THE FINANCIAL STATEMENTS
Cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(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 or the Company, 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.

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 or the Company 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.

NOTES TO THE FINANCIAL STATEMENTS
Cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(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.

(h) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investment 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, if any.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(i) Impairment *cont'd*

(i) Financial assets *cont'd*

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
Cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(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 assets to owners of the Company

The Group measures a liability to distribute 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 recognise 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 financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(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.

NOTES TO THE FINANCIAL STATEMENTS
Cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

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

Borrowing cost directly attributable to the acquisition, construction or production of a qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalised of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceased when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

NOTES TO THE FINANCIAL STATEMENTS
Cont'd

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 nor 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.

Unutilised reinvestment allowance and investment tax allowance, being 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.

(r) Fair value measurements

From 1 January 2013, the Group adopted MFRS 13, *Fair Value Measurement* which prescribed that fair value of an asset or a liability, except for shared-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

NOTES TO THE FINANCIAL STATEMENTS
Cont'd

2. SIGNIFICANT ACCOUNTING POLICIES *cont'd*

(r) Fair value measurements *cont'd*

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

In accordance with the transitional provision of MFRS 13, the Group applied the new fair value measurement guidance prospectively, and has not provided any comparative fair value information for new disclosures. The adoption of MFRS 13 has not significantly affected the measurements of the Group's assets or liabilities other than the additional disclosures.

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
Cost					
At 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/ 1 January 2013	9,610	213	2,011	1,683	13,517
Additions	694	-	429	21	1,144
Disposals	(20)	-	(501)	-	(521)
Written off	(11)	-	-	-	(11)
At 31 December 2013	**10,273**	**213**	**1,939**	**1,704**	**14,129**
Accumulated depreciation					
At 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/ 1 January 2013	6,146	58	1,160	1,497	8,861
Charge for the year	1,302	42	327	77	1,748
Disposals	(9)	-	(501)	-	(510)
Written off	(6)	-	-	-	(6)
At 31 December 2013	**7,433**	**100**	**986**	**1,574**	**10,093**
Carrying amounts					
At 1 January 2012	3,001	191	917	418	4,527
At 31 December 2012/ 1 January 2013	3,464	155	851	186	4,656
At 31 December 2013	**2,840**	**113**	**953**	**130**	**4,036**

NOTES TO THE FINANCIAL STATEMENTS
Cont'd

3. PLANT AND EQUIPMENT *cont'd*

Company	**Office equipment RM'000**
Cost	
At 1 January 2012/31 December 2012/1 January 2013	218
Additions	46
At 31 December 2013	**264**
Accumulated depreciation	
At 1 January 2012	151
Charge for the year	40
At 31 December 2012/1 January 2013	191
Charge for the year	20
At 31 December 2013	**211**
Carrying amounts	
At 1 January 2012	67
At 31 December 2012/1 January 2013	27
At 31 December 2013	**53**

4. INTANGIBLE ASSET

Goodwill

	Group	
	2013 RM'000	**2012 RM'000**
At 1 January/31 December	**571**	571

4.1 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 expected to be 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 7.4% (2012: 8.7%), which does not exceed the long-term average growth rate of the industry.

NOTES TO THE FINANCIAL STATEMENTS
Cont'd

4. INTANGIBLE ASSET *cont'd*

4.1 Impairment testing for cash-generating unit containing goodwill *cont'd*

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% (2012:4.5%).

5. INVESTMENTS IN SUBSIDIARIES

	Company	
	2013	**2012**
	RM'000	**RM'000**
Unquoted shares - at cost	**77,022**	77,022

Details of the subsidiaries are as follows:

Name of subsidiary	Principal activities	Principal place of business/ Country of incorporation	Effective ownership interest and Voting interest 2013 %	2012 %
ECS Astar Sdn. Bhd.	All these companies are engaged in the marketing of computers, peripherals, software and the provision of computer maintenance services.	Malaysia	**100**	100
ECS Pericomp Sdn. Bhd.		Malaysia	**100**	100
ECS KU Sdn. Bhd.		Malaysia	**100**	100
ECS Kush Sdn. Bhd.	Provision of management services and letting of properties	Malaysia	**100**	100

6. INVENTORIES

	Group	
	2013	**2012**
	RM'000	**RM'000**
Finished goods	**84,345**	78,558
Goods-in-transit	**1,224**	1,243
	85,569	79,801
Recognised in profit or loss:		
Inventories recognised as cost of sales	**1,047,170**	1,208,885
Write down to net realisable value	**336**	1,012
Reversal of write down	**(14)**	(6)

NOTES TO THE FINANCIAL STATEMENTS
Cont'd

7. RECEIVABLES AND DEPOSITS

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Trade					
Trade receivables		**165,053**	157,083	**-**	-
Less: Impairment loss	7.1	**(3,031)**	(1,357)	**-**	-
		162,022	155,726	**-**	-
Amounts due from subsidiaries	7.2	**-**	-	**122**	93
		162,022	155,726	**122**	93
Non-trade					
Other receivables		**9,584**	14,870	**-**	11
Deposits	7.3	**990**	1,091	**5**	5
Amounts due from subsidiaries	7.4	**-**	-	**4,570**	26,437
		10,574	15,961	**4,575**	26,453
		172,596	171,687	**4,697**	26,546

7.1 Impairment loss

During the year, trade receivables amounting to RM NIL (2012: RM2,011,000) was written off against the impairment loss.

7.2 Amounts due from subsidiaries (Trade)

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

7.3 Deposits

Included in deposits of the Group is an amount of RM773,000 (2012: RM773,000) paid as rental security deposits to a company in which certain Directors have substantial interests.

7.4 Amounts due from subsidiaries (Non-trade)

Included in the amounts due from subsidiaries is a non-trade short term loan of RM4,350,000 (2012: RM26,280,000) which is unsecured, bears interest at 4.5% (2012: 4.5%) per annum and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS
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8. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

	2013			2012		
	Nominal Value	**Assets**	**Liabilities**	**Nominal value**	**Assets**	**Liabilities**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Group						
Derivatives held for trading at fair value through profit or loss						
- forward exchange contracts	**37,738**	**352**	**-**	61,105	-	(150)

Forward exchange contracts are used to manage the foreign currency exposure arising from the Group's receivables and payables denominated in currencies other than the functional currency of the Group entities. Most of the forward exchange contracts have maturities of less than one year after the end of the reporting period. Where necessary, the forward contracts are rolled over at maturity.

9. CASH AND CASH EQUIVALENTS

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Cash and bank balances	**17,618**	26,395	**750**	944
Deposits with licensed banks	**65,567**	46,090	**46,000**	14,000
Liquid investment*	**515**	504	**-**	-
	83,700	72,989	**46,750**	14,944

* *Liquid investment relates to the investment account which has a face value of RM1 per unit.*

10. SHARE CAPITAL

		Group and Company			
		Amount	**Number of shares**	**Amount**	**Number of shares**
		2013	**2013**	**2012**	**2012**
		RM'000	**'000**	**RM'000**	**'000**
Authorised:					
Ordinary shares of RM0.50 each		**500,000**	**1,000,000**	500,000	1,000,000
Issued and fully paid:					
Ordinary shares of RM0.50 each					
At 1 January		**90,000**	**180,000**	60,000	120,000
Bonus issue	(a)	**-**	**-**	30,000	60,000
At 31 December		**90,000**	**180,000**	90,000	180,000

NOTES TO THE FINANCIAL STATEMENTS
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10. 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) In prior year, bonus issue of 60,000,000 ordinary shares of RM0.50 each were 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.

11. RESERVES

		Group		Company	
	Note	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Merger reserves	11.1	**-**	-	**22,961**	22,961
Retained earnings	11.2	**114,562**	97,754	**14,748**	4,984
		114,562	97,754	**37,709**	27,945

11.1 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.

11.2 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.

NOTES TO THE FINANCIAL STATEMENTS
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12. PAYABLES AND ACCRUALS

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Current					
Trade					
Trade payables		**109,857**	100,797	**-**	-
Deferred revenue		**107**	129	**-**	-
		109,964	100,926	**-**	-
Non-trade					
Other payables and accrued expenses	12.1	**32,129**	40,051	**723**	513
Amounts due to subsidiaries	12.2	**-**	-	**55**	27
		32,129	40,051	**778**	540
		142,093	140,977	**778**	540
Non-current					
Other payables		**-**	9	**-**	-

12.1 Other payables and accrued expenses

Included in other payables and accrued expenses is accrual for advertisement and promotion amounted to RM17,857,831 (2012: RM24,571,971).

12.2 Amounts due to subsidiaries

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

NOTES TO THE FINANCIAL STATEMENTS
Cont'd

13. DEFERRED TAX ASSETS AND LIABILITIES

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**
Group	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Plant and equipment						
- capital allowances	**-**	-	**(613)**	(534)	**(613)**	(534)
- unabsorbed capital allowances	**243**	270	**-**	-	**243**	270
Provisions	**1,714**	1,748	**-**	-	**1,714**	1,748
Other items	**106**	-	**-**	(38)	**106**	(38)
Tax assets/(liabilities)	**2,063**	2,018	**(613)**	(572)	**1,450**	1,446
Set-off of tax	**(613)**	(572)	**613**	572	**-**	-
Net tax assets	**1,450**	1,446	**-**	-	**1,450**	1,446
Company						
Plant and equipment						
- capital allowances	**-**	-	**(9)**	(6)	**(9)**	(6)
Provisions	**8**	9	**-**	-	**8**	9
Tax assets/(liabilities)	**8**	9	**(9)**	(6)	**(1)**	3
Set-off of tax	**(8)**	(6)	**8**	6	**-**	-
Net tax assets/(liabilities)	**-**	3	**(1)**	-	**(1)**	3

Movement in temporary differences during the year

Group	**At 1.1.2012 RM'000**	**Recognised in profit or loss (Note 19) RM'000**	**At 31.12.2012/ 1.1.2013 RM'000**	**Recognised in profit or loss (Note 19) RM'000**	**At 31.12.2013 RM'000**
Plant and equipment					
- capital allowances	(510)	(24)	(534)	(79)	**(613)**
- unabsorbed capital allowances	381	(111)	270	(27)	**243**
Provisions	1,438	310	1,748	(34)	**1,714**
Other items	167	(205)	(38)	144	**106**
	1,476	(30)	1,446	4	**1,450**
Company					
Plant and equipment					
- capital allowances	(15)	9	(6)	(3)	**(9)**
Provisions	4	5	9	(1)	**8**
	(11)	14	3	(4)	**(1)**

NOTES TO THE FINANCIAL STATEMENTS
Cont'd

14. REVENUE

	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Sales	**1,323,382**	1,274,409	**-**	-
Services	**2,884**	1,711	**708**	480
Rental income from subsidiaries	**-**	-	**233**	124
Dividend income from subsidiaries	**-**	-	**25,668**	14,973
	1,326,266	1,276,120	**26,609**	15,577

15. RESULTS FROM OPERATING ACTIVITIES

	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Results from operating activities are arrived at after charging:				
Auditors' remuneration				
- Audit fee – KPMG Malaysia	**146**	138	**53**	50
- Non audit fee				
KPMG Malaysia	**12**	72	**12**	72
Local affiliates of KPMG Malaysia	**28**	33	**6**	7
Depreciation of plant and equipment	**1,748**	1,921	**20**	40
Impairment loss on trade receivables	**1,366**	2,323	**-**	-
Personnel expenses (including key management personnel):				
- Contributions to state plans	**2,107**	1,927	**45**	29
- Wages, salaries and others	**27,793**	27,036	**484**	305
Loss on foreign exchange (net):				
- Unrealised	**927**	-	**-**	-
Inventories written down	**322**	1,006	**-**	-
Plant and equipment written off	**5**	21	**-**	-
Rental expense:				
- Office rental	**1,334**	1,328	**17**	17
- Warehouse rental	**576**	576	**-**	-
Fair value loss on financial instruments	**-**	188	**-**	-
and after crediting:				
Dividend income from subsidiaries	**-**	-	**25,668**	14,973
Rental income	**-**	-	**233**	124
Gain on foreign exchange (net):				
- Realised	**2,235**	3,110	**-**	-
- Unrealised	**-**	339	**-**	-
Gain on disposal of plant and equipment	**203**	-	**-**	-
Bad debts recovered	**62**	207	**-**	-
Reversal of impairment loss on trade receivables	**-**	188	**-**	-
Fair value gain on financial instruments	**502**	-	**-**	-

NOTES TO THE FINANCIAL STATEMENTS
Cont'd

16. FINANCE INCOME

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Interest income of financial assets that are not at fair value through profit or loss:				
- recognised before impairment	**1,398**	1,280	**1,550**	1,657

17. FINANCE COSTS

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss:				
- Revolving credit	**28**	-	**-**	-
- Overdraft	**6**	8	**-**	-
- Others	**-**	1	**-**	-
	34	9	**-**	-

18. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensation are as follows:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Directors				
- Fees	**405**	405	**391**	391
- Remuneration	**3,926**	3,719	**21**	27
- Other short-term employee benefits (including estimated monetary value of benefits-in-kind)	**68**	63	**-**	-
	4,399	4,187	**412**	418
Other key management personnel				
- Remuneration	**1,052**	797	**-**	-
- Contributions to state plans	**370**	311	**-**	-
- Other short-term employee benefits	**609**	613	**-**	-
	2,031	1,721	**-**	-
	6,430	5,908	**412**	418

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.

NOTES TO THE FINANCIAL STATEMENTS
Cont'd

19. TAX EXPENSE

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
- Current year	**9,868**	10,726	**6,678**	1,480
- (Over)/Under provision in prior year	**(170)**	(369)	**144**	(25)
Deferred tax expense				
- Reversal and origination of temporary differences	**(190)**	(251)	**4**	(14)
- Under provision in prior year	**186**	281	**-**	-
	9,694	10,387	**6,826**	1,441
Reconciliation of tax expense				
Profit for the year	**26,888**	29,864	**19,664**	14,280
Tax expense	**9,694**	10,387	**6,826**	1,441
Profit excluding tax	**36,582**	40,251	**26,490**	15,721
Tax at Malaysian tax rate of 25% (2012:25%)	**9,146**	10,063	**6,623**	3,931
Non-deductible expenses	**532**	412	**60**	105
Non-taxable dividend income	**-**	-	**-**	(2,570)
	9,678	10,475	**6,683**	1,466
(Over)/Under provision of tax expense in prior year	**(170)**	(369)	**143**	(25)
Under provision of deferred tax expense in prior year	**186**	281	**-**	-
	9,694	10,387	**6,826**	1,441

20. EARNINGS PER ORDINARY SHARE

The calculation of basic earnings per ordinary share ("EPS") at 31 December 2013 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	2013	2012
	RM'000	RM'000
Profit attributable to owners of the Company	**26,888**	29,864
	'000	'000
Issued ordinary shares at 1 January	**180,000**	120,000
Bonus issue on 31 October 2012	**-**	60,000
Weighted average number of ordinary shares in issue	**180,000**	180,000
Basic earnings per share (sen)	**14.9**	16.6

Diluted EPS is not applicable as there were no potential ordinary shares in issue for the current financial year.

NOTES TO THE FINANCIAL STATEMENTS
Cont'd

21. DIVIDENDS

Dividends recognised by the Company:

	Sen per share	Total amount RM'000	Date of payment
2013			
Final 2012 ordinary – single tier	**2.5**	**4,500**	**14 June 2013**
Interim 2013 ordinary – single tier	**3.0**	**5,400**	**12 December 2013**
Total		**9,900**	
2012			
Final 2011 ordinary – single tier	8.0	9,600	15 June 2012
Interim 2012 ordinary – single tier	3.0	5,400	12 December 2012
Total		15,000	

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	19 June 2014

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.

NOTES TO THE FINANCIAL STATEMENTS
Cont'd

22. OPERATING SEGMENTS *cont'd*

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 on assets of each segment.

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		Enterprise systems		ICT services		Total	
	2013 RM'000	**2012 RM'000**	**2013 RM'000**	**2012 RM'000**	**2013 RM'000**	**2012 RM'000**	**2013 RM'000**	**2012 RM'000**
Segment profit	**13,865**	14,112	**20,837**	24,064	**658**	1,019	**35,360**	39,195
Included in the measure of segment profit are:								
- Depreciation of plant and equipment	**176**	150	**349**	298	**22**	12	**547**	460
- Plant and equipments written off	**1**	9	**2**	4	**2**	3	**5**	16
- Finance costs	**939**	1,905	**264**	41	**15**	21	**1,218**	1,967
- Interest income	**123**	173	**880**	1,410	**42**	34	**1,045**	1,617
Segment assets	**191,053**	206,020	**103,435**	100,042	**3,490**	6,055	**297,978**	312,117
Revenue from external customers	**842,138**	787,228	**469,478**	475,520	**14,650**	13,372	**1,326,266**	1,276,120
Inter-segment revenue	**5,089**	9,557	**5,616**	1,405	**4,553**	4,483	**15,258**	15,445

Reconciliation of reportable segment revenue, profit or loss, assets and other material items:

	2013 RM'000	**2012 RM'000**
Total profit for the reportable segments	**35,360**	39,195
Other non-reportable segments profit	**26,874**	15,998
Elimination of inter-segments profit	**(25,652)**	(14,942)
Consolidated profit before tax	**36,582**	40,251

NOTES TO THE FINANCIAL STATEMENTS
Cont'd

22. OPERATING SEGMENTS *cont'd*

Reconciliation of reportable segment revenue, profit or loss, assets and other material items (cont'd)**:**

Group	External Revenue RM'000	Depreciation and Amortisation RM'000	Finance Costs RM'000	Finance Income RM'000	Segment Assets RM'000	Additions to Non-Current Assets RM'000
2013						
Total reportable segments	**1,341,524**	**547**	**1,218**	**1,045**	**297,978**	**778**
Other non-reportable segments	**38,662**	**1,224**	**13**	**1,550**	**133,842**	**372**
Elimination of inter-segment transactions or balances	**(53,920)**	**(23)**	**(1,197)**	**(1,197)**	**(83,105)**	**(6)**
Consolidated total	**1,326,266**	**1,748**	**34**	**1,398**	**348,715**	**1,144**
2012						
Total reportable segments	1,291,565	460	1,967	1,617	312,117	1,211
Other non-reportable segments	27,941	1,507	36	1,657	125,201	875
Elimination of inter-segment transactions or balances	(43,386)	(46)	(1,994)	(1,994)	(105,798)	(15)
Consolidated total	1,276,120	1,921	9	1,280	331,520	2,071

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	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Less than one year	**1,805**	1,891	**16**	16
Between one and three years	**1**	1,797	**-**	-
	1,806	3,688	**16**	16

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.

NOTES TO THE FINANCIAL STATEMENTS
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24. CAPITAL COMMITMENTS

	Group	
	2013	2012
	RM'000	RM'000
Capital expenditure commitments		
Plant and equipment		
Contracted but not provided for	**303**	187

25. CONTINGENT LIABILITIES (UNSECURED)

	Company	
	2013	2012
	RM'000	RM'000
Guarantees to suppliers and licensed banks for trade credit facilities granted to Group entities	**195,856**	193,388

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. Related parties may be individuals or other entities.

Related parties also include key management personnel 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.

The Group had related party relationship with its subsidiaries, significant investors, Directors and key management personnel.

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.

NOTES TO THE FINANCIAL STATEMENTS
Cont'd

26. RELATED PARTIES *cont'd*

Other related party transactions

	Transaction value			
	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Related parties				
Sales	-	245	-	-
Subsidiaries				
Dividend income	-	-	25,668	14,973
Interest income	-	-	1,197	1,569
Rental income	-	-	234	124
Support services income	-	-	708	480
Purchase of equipment	-	-	(3)	(1)
Support service expense	-	-	(252)	(180)
Transactions with companies in which certain Directors have interests:				
Rental expense	(1,728)	(1,728)	-	-
Sales	513	170	-	-
Professional fee	(4)	(19)	-	-

The net balances outstanding arising from the above transactions have been disclosed in Note 7 and Note 12.

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) Financial liabilities measured at amortised cost (FL).

NOTES TO THE FINANCIAL STATEMENTS
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27. FINANCIAL INSTRUMENTS *cont'd*

27.1 Categories of financial instruments *cont'd*

	Carrying amount RM'000	L&R/(FL) RM'000	FVTPL RM'000	AFS RM'000
2013				
Financial assets				
Group				
Receivables and deposits	172,596	172,596	-	-
Cash and cash equivalents	83,700	83,700	-	-
Club membership	62	-	-	62
Derivative financial assets	352	-	352	-
	256,710	256,296	352	62
Company				
Receivables and deposits	4,924	4,924	-	-
Cash and cash equivalents	46,750	46,750	-	-
	51,674	51,674	-	-
Financial liabilities				
Group				
Payables and accruals	(141,986)	(141,986)	-	-
Company				
Payables and accruals	(778)	(778)	-	-
2012				
Financial assets				
Group				
Receivables and deposits	171,687	171,687	-	-
Cash and cash equivalents	72,989	72,989	-	-
Club membership	62	-	-	62
	244,738	244,676	-	62
Company				
Receivables and deposits	26,546	26,546	-	-
Cash and cash equivalents	14,944	14,944	-	-
	41,490	41,490	-	-
Financial liabilities				
Group				
Payables and accruals	(140,857)	(140,857)	-	-
Derivative financial liabilities	(150)	-	(150)	-
	(141,007)	(140,857)	(150)	-
Company				
Payables and accruals	(540)	(540)	-	-

NOTES TO THE FINANCIAL STATEMENTS
Cont'd

27. FINANCIAL INSTRUMENTS *cont'd*

27.2 Net gains and losses arising from financial instruments

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Net gains/(losses) on:				
Loans and receivables	**95**	(442)	**1,550**	1,657
Financial liabilities measured at amortised cost	**1,274**	3,439	**-**	-
Fair value through profit and loss - held for trading	**502**	(188)	**-**	-
	1,871	2,809	**1,550**	1,657

27.3 Financial risk management

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

- Credit 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 given by banks, shareholders or directors of customers are obtained, and credit evaluations are performed on customers requiring credit over a certain amount.

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 22.9% (2012: 17.5%) of the total trade receivables of the Group as at year end.

NOTES TO THE FINANCIAL STATEMENTS
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27. FINANCIAL INSTRUMENTS *cont'd*

27.4 Credit risk *cont'd*

(i) Receivables *cont'd*

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	Individual impairment	Collective impairment	Net
	RM'000	RM'000	RM'000	RM'000
2013				
Not past due	**86,097**	**-**	**-**	**86,097**
Past due 0 - 30 days	**50,700**	**-**	**-**	**50,700**
Past due 31 - 60 days	**15,246**	**(1)**	**-**	**15,245**
Past due 61 - 90 days	**6,996**	**-**	**-**	**6,996**
Past due 91 - 120 days	**2,186**	**-**	**(757)**	**1,429**
Past due more than 120 days	**3,828**	**(2,058)**	**(215)**	**1,555**
	165,053	**(2,059)**	**(972)**	**162,022**
2012				
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
	157,083	(405)	(952)	155,726

Included in other payables and accruals is an amount of RM3,850,000 (2012: RM3,060,000) collected as security deposits to hedge against credit risk from customers with purchases in excess of allowable credit limits.

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

	Group	
	2013	**2012**
	RM'000	**RM'000**
At 1 January	**1,357**	1,440
Impairment loss recognised	**1,366**	2,323
Impairment loss reversed	**-**	(188)
Bad debts recovered	**(62)**	(207)
Impairment loss written back/(off)	**370**	(2,011)
At 31 December	**3,031**	1,357

NOTES TO THE FINANCIAL STATEMENTS
Cont'd

27. FINANCIAL INSTRUMENTS *cont'd*

27.4 Credit risk *cont'd*

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS
Cont'd

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 %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	More than 2 years RM'000
2013						
Group						
Non-derivative financial liabilities:						
Payables and accruals	**141,986**	**Nil**	**141,986**	**141,986**	**-**	**-**
Company						
Non-derivative financial liabilities:						
Payables and accruals	**778**	**Nil**	**778**	**778**	**-**	**-**
2012						
Group						
Non-derivative financial liabilities:						
Payables and accruals	140,857	Nil	140,857	140,848	9	-
Derivative financial liabilities						
Forward exchange contracts (gross settled):						
Outflow	168		168	168	-	-
Inflow	(18)		(18)	(18)	-	-
	141,007	Nil	141,007	140,998	9	-
Company						
Non-derivative financial liabilities:						
Payables and accruals	540	Nil	540	540	-	-

NOTES TO THE FINANCIAL STATEMENTS
Cont'd

27. FINANCIAL INSTRUMENTS *cont'd*

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 36.5% (2012: 39%) 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.

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:

	2013 RM'000	2012 RM'000
Denominated in USD		
Cash and cash equivalents	**367**	509
Trade payables	**(43,061)**	(62,493)
Forward exchange contracts (Nominal amount)	**37,738**	61,105
Net exposure	**(4,956)**	(879)

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.

	Group Profit or loss		Company Profit or loss	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
USD	**3,230**	4,687	**-**	-

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.

NOTES TO THE FINANCIAL STATEMENTS
Cont'd

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 were:

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Fixed rate instruments				
Financial assets	**65,567**	46,090	**50,350**	40,530
Floating rate instruments				
Financial assets	**515**	504	**-**	-

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, the following table indicates their effective interest rates at the balance sheet date and the periods in which they mature, or if earlier, reprice.

	Effective interest rate per annum	Total	Within 1 year	1 - 5 years	After 5 years
	%	RM'000	RM'000	RM'000	RM'000
Company					
2013					
Financial assets					
Amounts due from subsidiaries	4.50	4,350	4,350	-	-
2012					
Financial assets					
Amounts due from subsidiaries	4.50	26,280	26,280	-	-

NOTES TO THE FINANCIAL STATEMENTS
Cont'd

27. FINANCIAL INSTRUMENTS *cont'd*

27.7 Fair values information

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

The carrying amounts of the floating rate borrowings approximate fair values as they are subject to variable interest rates which in turn approximate the current market interest rates for similar loans at the end of the reporting period.

The table below analyses financial instruments carried at fair value, by valuation method.

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group				
2013				
Financial assets				
Club membership	**-**	**-**	**62**	**62**
Forward exchange contracts	**-**	**352**	**-**	**352**
2012				
Financial assets				
Club membership	-	-	62	62
Financial liabilities				
Forward exchange contracts	-	(150)	-	(150)

Fair value of financial instruments not carried at fair value is not applicable to the Group and the Company as the Group and the Company do not have any financial instruments not carried at fair value as at the end of the reporting period.

27.7.1 Fair value hierarchy

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Derivatives

The fair value of forward exchange contracts is based on their quoted price, if available. If a quoted 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).

NOTES TO THE FINANCIAL STATEMENTS
Cont'd

27. FINANCIAL INSTRUMENTS *cont'd*

27.7 Fair values information *cont'd*

27.7.1 Fair value hierarchy *cont'd*

Transfer between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year.

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

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.

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 2013, the Group's strategy, which was unchanged from 2012, was to maintain the debt-to-equity ratio at the lower end range. The debt-to-equity ratios were as follows:

	Group	
	2013	**2012**
	RM'000	**RM'000**
Total borrowings	**-**	-
Less: Cash and cash equivalents (Note 9)	**(83,700)**	(72,989)
Net cash	**83,700**	72,989
Total equity	**204,562**	187,574
Debt-to-equity ratios	**N/A**	N/A

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

NOTES TO THE FINANCIAL STATEMENTS
Cont'd

29. 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	
	2013	**2012**	**2013**	**2012**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Total retained earnings of the Company and its subsidiaries				
- Realised	**164,449**	147,057	**14,749**	4,981
- Unrealised	**1,482**	1,904	**(1)**	3
	165,931	148,961	**14,748**	4,984
Less: Consolidation adjustments	**(51,369)**	(51,387)	**-**	-
Total retained earnings	**114,562**	97,574	**14,748**	4,984

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 64 to 107 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of 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 2013 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 29 on page 108 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 of the Board of Directors in accordance with a resolution of the Directors:

FOO SEN CHIN

SOONG JAN HSUNG

Petaling Jaya

Date: 18 March 2014

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 64 to 108 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 2014.

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 2013 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 64 to 107.

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 2013, 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 29 on page 108 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

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

Petaling Jaya

Date: 18 March 2014

ANALYSIS OF SHAREHOLDINGS
as at 31 March 2014

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	15	0.79	534	0.00
100 – 1,000	125	6.62	84,515	0.05
1,001 – 10,000	1,112	58.87	5,881,800	3.27
10,001 – 100,000	556	29.43	15,940,101	8.85
100,001 – 8,999,999*	77	4.08	39,512,050	21.95
9,000,000 and above**	4	0.21	118,581,000	65.88
Total	**1,889**	**100.00**	**180,000,000**	**100.00**

* *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	11.80
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 *Deutsche Bank AG Singapore for Pangolin Asia Fund*	8,624,650	4.79
6.	Melco Holdings Inc.	3,000,000	1.67
7.	More Omega Sdn Bhd	2,452,950	1.36
8.	CIMSEC Nominees (Asing) Sdn Bhd *Exempt An for CIMB Securities (Singapore) Pte Ltd (Retail Clients)*	1,833,750	1.02
9.	RHB Nominees (Asing) Sdn Bhd *DMG & Partners Securities Pte Ltd for SIS Investment Holdings Ltd (93501)*	1,500,000	0.83
10.	Gan Kho @ Gan Hong Leong	1,178,600	0.65
11.	Lew Sew Yee @ Liew Sew Yee	957,000	0.53
12.	Maybank Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Gan Tee Jin*	900,000	0.50
13.	RHB Capital Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Fong Siling (CEB)*	800,000	0.44
14.	Gan Kho @ Gan Hong Leong	751,850	0.42

ANALYSIS OF SHAREHOLDINGS

as at 31 March 2014

Cont'd

THIRTY (30) LARGEST SHAREHOLDERS *cont'd*

	Name of Shareholders	No. of Shareholdings	%
15.	HDM Nominees (Asing) Sdn Bhd *DBS Vickers Secs (S) Pte Ltd for See Lop Fu James @ Shi Lap Fu James*	750,000	0.42
16.	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Hew How Lih (8075580)*	686,400	0.38
17.	Federlite Holdings Sdn Bhd	655,600	0.36
18.	Chee Ah Ngoh	535,000	0.30
19.	Migan Sdn Bhd	510,750	0.28
20.	Tan Tiang Choon	490,400	0.27
21.	CIMSEC Nominees (Tempatan) Sdn Bhd *CIMB for Sengin Sdn Bhd (PB)*	459,000	0.26
22.	Koay Heng Kiap	455,000	0.25
23.	Lim Kooi Fui	447,650	0.25
24.	Teo Tin Lun	415,000	0.23
25.	Maybank Nominees (Tempatan) Sdn Bhd *Jincan Sdn Bhd*	400,500	0.22
26.	Lim Gaik Bway @ Lim Chiew Ah	377,000	0.21
27.	HDM Nominees (Asing) Sdn Bhd *DBS Vickers Secs (S) Pte Ltd for Tay Eng Hoe*	375,000	0.21
28.	Wong Sin Kiew	375,000	0.21
29.	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Khor Sue Nyee (8088181)*	363,500	0.20
30.	CIMSEC Nominees (Tempatan) Sdn Bhd *CIMB for General Technology Sdn Bhd (PB)*	313,600	0.17
		148,189,200	**82.31**

SUBSTANTIAL SHAREHOLDERS

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

ANALYSIS OF SHAREHOLDINGS
as at 31 March 2014
Cont'd

DIRECTORS' SHAREHOLDINGS

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

Notes:

(1) 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.

(2) 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.

(3) By virtue of his substantial shareholdings in Oasis Hope Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.

NOTICE OF EIGHTEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Eighteenth Annual General Meeting of ECS ICT Berhad ("ECS" or "the Company") will be held at Greens III (Sports Wing), Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan on Thursday, 22 May 2014 at 10:30 a.m. or at any adjournment thereof for the following purposes:-

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2013 together with the Reports of the Directors and the Auditors thereon. ***(refer to Note 1)***

2. To approve the declaration of a single-tier final dividend of 2.5 sen per share in respect of the financial year ended 31 December 2013. ***(Resolution 1)***

3. To re-elect the following Directors who retire in accordance with Article 102 of the Articles of Association of the Company:-

   (a) Dato' Teo Chiang Quan; ***(Resolution 2)***
   (b) Mr. Soong Jan Hsung ***(Resolution 3)***
   (c) Mr. Tay Eng Hoe ***(Resolution 4)***

4. To re-elect Mr. Ong Wei Hiam, the Director who retires in accordance with Article 109 of the Articles of Association of the Company. ***(Resolution 5)***

5. To appoint Messrs. KPMG as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. ***(Resolution 6)***

AS SPECIAL BUSINESS

To consider and, if thought fit, with or without any modification, to pass the following Ordinary Resolutions:-

6. **ORDINARY RESOLUTION NO. 1**
   - PAYMENT OF DIRECTORS' FEES

   "THAT the Directors' Fees amounting to RM390,790/- (Ringgit Malaysia: Three Hundred and Ninety Thousand and Seven Hundred and Ninety only) for the financial year ended 31 December 2013, be and is hereby approved for payment." ***(Resolution 7)***

7. **ORDINARY RESOLUTION NO. 2**
   - AUTHORITY TO ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965

   "THAT pursuant to Section 132D of the Companies Act, 1965, and subject to the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered to issue and allot shares in the Company, at any time to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this Resolution does not exceed ten per centum (10%) of the issued and paid-up share capital of the Company for the time being and the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad; AND THAT such authority shall commence immediately upon the passing of this Resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company." ***(Resolution 8)***

8. To transact any other ordinary business of which due notice shall have been given.

NOTICE OF EIGHTEENTH ANNUAL GENERAL MEETING
Cont'd

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS HEREBY GIVEN THAT a single-tier final dividend of 2.5 sen per ordinary share for the financial year ended 31 December 2013 will be payable on 19 June 2014 to depositors whose names appear in the Record of Depositors at the close of business on 5 June 2014 if approved by the members at the Eighteenth Annual General Meeting of the Company.

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 5 June 2014 in respect of ordinary transfers; and

(b) Shares bought on Bursa Malaysia Securities Berhad ("Bursa Securities") on a cum entitlement basis according to the Rules of Bursa Securities.

By Order of the Board

CHUA SIEW CHUAN (MAICSA 0777689)
CHENG CHIA PING (MAICSA 1032514)
LWEE WEN LING (MAICSA 7058065)
Company Secretaries

Kuala Lumpur
29 April 2014

Explanatory Notes to Special Business:

1. Payment of Directors' Fees

The Resolution 7, if approved, will authorise the payment of Directors' Fees pursuant to Article 110 of the Articles of Association of the Company.

2. Authority to Issue Shares pursuant to Section 132D of the Companies Act, 1965

The Company wishes to renew the mandate on the authority to issue shares pursuant to Section 132D of the Companies Act, 1965 at the Eighteenth Annual General Meeting ("AGM") of the Company (hereinafter referred to as the "General Mandate").

The Company had been granted a general mandate by its shareholders at the Seventeenth AGM of the Company held on 17 May 2013 (hereinafter referred to as the "Previous Mandate").

The Previous Mandate granted by the shareholders had not been utilised and hence no proceed was raised therefrom.

The purpose to seek the General Mandate is to enable the Directors of the Company to issue and allot shares at any time to such persons in their absolute discretion without convening a general meeting as it would be both time and cost-consuming to organise a general meeting. This authority unless revoked or varied by the Company in general meeting, will expire at the next AGM. The proceeds raised from 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 purpose of funding future investment project(s), working capital and/ or acquisitions.

NOTICE OF EIGHTEENTH ANNUAL GENERAL MEETING
Cont'd

Notes:-

1. *This Agenda item is meant for discussion only, as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval for the Audited Financial Statements from the shareholders. Therefore, this Agenda item is not put forward for voting.*

2. *In respect of deposited securities, only members whose names appear in the Record of Depositors on 15 May 2014 ("General Meeting Record of Depositors") shall be eligible to attend the Meeting.*

3. *A member entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies in respect of each securities account the member holds in the ordinary shares of the Company standing to the credit of the said securities account to attend and vote instead of him/her. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.*

4. *A proxy may but does not need to be a member of the Company and the provisions of Section 149 (1)(a)&(b) of the Companies Act, 1965 need not be complied with. Notwithstanding this, a member entitled to attend and vote at the Meeting is entitled to appoint any person as his/her proxy to attend and vote instead of the member at the Meeting without limitation. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.*

5. *In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of its officer or attorney duly authorised.*

6. *Where a member of the Company is an exempt authorised nominee which holds ordinary 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.*

7. *The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing and must be deposited at the Company's Registered Office at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the Meeting or any adjournment thereof.*

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ECS ICT BERHAD
(Company No. 351038-H)

MSC MALAYSIA Status Company

No. of Shares Held	CDS Account No.

PROXY FROM

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 Eighteenth 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 Thursday, 22 May 2014 at 10:30 a.m. and at any adjournment thereof.

The proportion of *my/our holdings to be represented by *my/our proxy(ies) are as follows:-

First Proxy	%
Second	%
	100%

In the case of a vote by a show of hands, my proxy ____________________ (one only) shall vote on *my/our behalf.

Please indicate with an "X" in the spaces provided below how you wish your votes to be casted. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.

Resolutions		For	Against
Resolution 1	Declaration of final dividend		
Resolution 2	Re-election of Dato' Teo Chiang Quan as Director		
Resolution 3	Re-election of Mr. Soong Jan Hsung as Director		
Resolution 4	Re-election of Mr. Tay Eng Hoe as Director		
Resolution 5	Re-election of Mr. Ong Wei Hiam as Director		
Resolution 6	Re-appointment of Messrs. KPMG as Auditors and to fix their remuneration		
Resolution 7	Ordinary Resolution No. 1 – Payment of Directors' Fees		
Resolution 8	Ordinary Resolution No. 2 – Authority to Issue Shares		

Dated this ______________ day ____________________ 2014.

____
Signature of Member/Common Seal

Notes:-

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Fold This Flap For Sealing

Then Fold Here

AFFIX
STAMP

The Company Secretary

ECS ICT BERHAD (351038-H)

Level 7, Menara Milenium,
Jalan Damanlela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur

1st Fold Here