

Sterling Operating Performance: ECS' 3Q 2006 net profit rises 22.4%

- **Net profit rises 22.4% in 3Q 2006; operating profit margin rises to 1.62%**
- **Group records margin expansion for seventh consecutive quarter since 1Q 2005⁽¹⁾**
- **Revenue increases 19.0% to S\$608.2 million; nine-month revenue up 18.1% to S\$1.72 billion**
- **Outlook: Directors expect Group's earnings for FY 2006 to be better than that achieved in FY 2005**

Singapore, 10 November 2006 – SGX Main-board-listed **ECS Holdings Limited** (“ECS”), a leading regional Info-Com Technology (“ICT”) solutions provider representing best-of-class global brand names with an established 17,000-strong channel network across Singapore, China, Indonesia, Malaysia, the Philippines and Thailand, announced today its financial results for the third quarter ended 30 September 2006 (“3Q 2006”).

With better product mix and improved operational and financial efficiencies, the Group's net profit rose 22.4% to S\$5.5 million in 3Q 2006 compared to S\$4.5 million in 3Q 2005, outpacing revenue growth for the seventh consecutive quarter since 1Q 2005⁽¹⁾.

Net profit in the first nine months of FY 2006 (“9M 2006”) rose by 21.1% to S\$14.1m from S\$11.6m in 9M 2005.

The revenue growth in 3Q 2006 was mainly contributed by the Distribution segment, particularly from strong demand for notebooks and new distribution agencies in Thailand and Malaysia. The Enterprise Systems segment grew 7.6% year-on-year with strong sales of networking products in China. Revenue from IT Services rose 29.8% year-on-year as the Group secured more service projects, particularly in Singapore.

Geographically, both North Asia and South East Asia registered strong double-digit growth in revenues for 3Q 2006 vs. 3Q 2005, with year-on-year growth of 18.5% and 19.4% respectively.

The Group enters 4Q 2006, having achieved in 9M 2006 the equivalent of 84.6% of the full year revenue and 81.6% of full year net profit for FY2005.

Earnings per share ('EPS') correspondingly rose to 1.51 cents in 3Q 2006 as against 1.27 cents in 3Q 2005. On a nine-month basis, EPS rose to 3.88 cents in 9M 2006 from 3.28 cents in 9M 2005. Net asset value ("NAV") per share was 50.83 cents as at 30 September 2006 as against 47.91 cents on 31 December 2005. In 3Q 2006, the Group recorded a positive net operating cash flow of S\$9.9 million as compared to S\$7.2 million in 3Q 2005.

On a segmental basis, both the Distribution and Enterprise Systems did well, with 3Q 2006 PBIT year-on-year growth rates of 36.1% and 23.2%, respectively. There was a decline in IT services PBIT over the comparative periods due to lower margins for service repair and maintenance revenue during 3Q 2006.

On a geographical basis, the 68.4% improvement in the PBIT of North Asia in 3Q2006 was lifted by a 71.6% increase in the enterprise systems segment in this region, whilst the South East Asia segment grew a more modest 3.1% mainly due to higher allowances for inventory obsolescence and doubtful debts.

Commenting on the performance, Mr. Tay Eng Hoe, Group CEO of ECS, said, "The sterling performance in the third quarter marks the seventh consecutive quarter that net profit growth has outpaced revenue growth. We are continuing to reap the benefits of our strategy which combines enhancing the product mix; strengthening distribution agreements, countrywide infrastructure and channels coverage, tightening working capital management and optimising the operational structure to extract maximum synergies, cost efficiencies and economies of scale."

"Encouraged by the strong performance in certain geographical markets, particularly in China, we will accelerate our push into regional markets and remain on the lookout for opportunities to open up new markets via mergers and acquisitions or joint-ventures," he said.

Commenting on the outlook, Mr Tay said: “The Directors remain optimistic that the Group’s net profit for the whole of FY2006 will be better than that achieved in FY2005,” he added.

The Group recently announced a Performance Share Scheme and Share Buyback proposal (“ECS Performance Share Scheme”), which if approved at an Extraordinary General Meeting on 1 December 2006, will authorise the Group to purchase up to 10% of the issued ordinary share capital of the Company. Intended to supplement the existing share incentive schemes, this scheme is expected to reward and motivate existing employees and also attract new talent to build a stronger foundation for future growth.

Note: 1. This trend excludes effect of fair value adjustment on financial instrument.

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About ECS Holdings Limited:

Listed on the Main-board of the Singapore Exchange since 2001, ECS Holdings Limited (“ECS”) is a leading ICT products and services provider, serving and supporting a wide regional customer base. The Group has 32 offices in six countries namely China, Indonesia, Malaysia, Singapore, Thailand and the Philippines.

The Group’s three main businesses are Enterprise Systems, IT Services and Distribution. Its Enterprise Systems Division designs, installs and implements IT infrastructure for companies, while its IT Services Division provides a comprehensive range of professional, technical support and training services. Leading IT vendors use ECS’ network of over 17,000 channel partners in the region to distribute their products.

The Group has a consistent profit track and a management that is focused on operational excellence to achieve sustainable profit growth and enhance shareholder returns. For FY2005, the Group recorded a net profit after tax of S\$17.3 million on revenue of S\$2.0 billion.

For more information, please log onto: <http://www.ecs.com.sg>