

Press Release – 3Q 2008 Results

SGX-LISTED ECS 3Q 2008 NET PROFIT RISES 22.8% TO \$7.6M AS NET PROFIT MARGIN AND CASH POSITION IMPROVE

- **Net profit increases 22.8% to \$7.6 million from \$6.2 million, lifted by strong growth in Malaysia and Indonesia, and better sales of higher-margin Enterprise products**
- **Group records positive operating cash flow of \$4.7 million; Strong cash position of \$54.3 million as at 30 September 2008, up from \$41.3 million as at 30 June 2008**
- **Outlook: Widened product range, enlarged distribution network and enhanced operational efficiency will drive further momentum in 4Q 2008; Directors expect better y-o-y performance for 4Q 2008**

Singapore, 10 November 2008 – ECS Holdings Limited (“ECS” or the “Group”) announced today that its net profit after tax and minority interest (“NPATMI”) increased 22.8% to \$7.6 million for the July-September 2008 quarter (“3Q 2008”) as stronger contribution from higher-margin Enterprise Systems sales mix and enhanced margin for consumer products lifted net profit margin and improved operating cash flow.

The Singapore Exchange Mainboard-listed leading regional Info-Comm Technology (“ICT”) solutions provider said that the 3Q 2008 net profit was achieved on revenue of \$751.0 million, which was comparable to 3Q 2007’s revenue of \$754.3 million. The relatively flat growth in revenue was mainly due to translation effects of local currencies in subsidiaries to Singapore dollar for Group reporting. Excluding the effects of currency translation, revenue would have grown by 9.4% year-on-year for 3Q 2008.

While reported revenue was relatively flat, gross profit for 3Q 2008 rose 5.0% to \$36.1 million in 3Q 2008 versus \$34.4 million a year ago. Gross profit margin improved to 4.81%

from 4.56% in 3Q 2007, as on-going initiatives to enhance the Group's sales mix with more emphasis on Enterprise Systems products, operational efficiency and cost management continued to pay off. As such, profit before interest and taxation ("PBIT") increased 11.9% to \$13.5 million in 3Q 2008, from \$12.0 million 3Q 2007.

Based on a geographical segmentation of revenue, sales from South East Asia, propelled by buoyant demand in Malaysia and Indonesia, increased \$24.8 million year-on-year ("y-o-y") to \$368.4 million, which partially offset a \$28.2 million decrease in sales from China.

Comparing by business division, revenue from the higher-margin Enterprise Systems – comprising servers, networking products and enterprise software – grew \$12.3 million or 4.9% in 3Q 2008 to \$261.5 million compared to \$249.2 million a year ago, which mitigated lower revenue contributions from Distribution and IT Services.

For the nine-month period ended 30 September 2008 ("9M 2008"), ECS' revenue increased 7.8% to \$2.2 billion from 9M 2007 (whole of FY2007: \$2.79 billion). NPATMI rose 28.2% to \$21.5 million, respectively (FY2007: \$23.4 million), while net profit margin improved to 0.97% from 0.81% over the comparative periods.

Commenting on the Group's 3Q 2008 performance, Mr. Tay Eng Hoe, Group CEO of ECS, said, "I am very pleased that ECS has continued to deliver commendable results in spite of softer consumer spending amid the global financial uncertainty. On a geographical basis, we witnessed strong revenue growth in Malaysia and Indonesia of 20.4% and 26.8% respectively."

"Our efforts to improve operational efficiencies and control costs helped to raise profit margins as well as generate a positive operating cash flow of \$4.7 million in 3Q 2008. Our cash position has been strengthened to \$54.3 million at the end of September 2008, more than 31% higher compared to three months earlier," he said.

Earnings per share on a fully diluted basis grew 23.8% to 2.08 cents in 3Q 2008 from 1.68 cents a year ago. Net asset value per ordinary share was 61.81 cents as at 30 September 2008 compared to 58.20 cents as at 31 December 2007.

The Directors are confident of delivering a strong performance for 4Q 2008, and expect that the full year performance in FY 2008 would be better than that of FY 2007.



In a further testimony of the Group's business strategy, this week ECS was positioned nineteenth in the Singapore International 100 ranking awarded by IE Singapore and DP Information Group as the ranking organisation.

The SI 100 Ranking 2008 tracks the overseas revenue contributions of participating companies for the financial year ending between 1 Jan 2007 to 31 December 2007.

Started in 2005, the Singapore International 100 ranking is a national initiative to identify and celebrate Singapore's top 100 companies ranked by highest overseas revenue.

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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 33 offices in six countries namely China, Thailand, Malaysia, Singapore, Indonesia 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 18,000 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 more information, please log onto: <http://www.ecs.com.sg>