

**Press Release – 1Q 2009 Results**

**ECS 1Q 2009 NET PROFIT RISES 17.5% Y-o-Y TO \$6.9M DESPITE LOWER REVENUE AND GROSS PROFIT MARGIN EASING TO 4.3% FROM 4.9%**

- **Net profit margin improved to 1.0% on cohesive efforts by management and staff to increase cost effectiveness and operating efficiency**
- **Total operating expenses as a percentage of revenue reduced to 3.0% from 3.4% on cost savings and greater productivity**
- **Finance costs reduced by 43.7% on more efficient working capital management and reduced bank borrowings; net gearing down to 0.5 from 0.6**
- **Positive operating cashflow of \$16.5 million generated in Q109 versus \$47.5 million cash utilised in operating activities during Q108**
- **Outlook: Group expects to remain profitable in FY2009**

**Singapore, 8 May 2009 – ECS Holdings Limited** (“ECS” or the “Group”), a leading regional Info-Comm Technology (“ICT”) solutions provider representing best-of-class global brand names, announced today that its net profit attributable to equity holders rose 17.5% year-on-year to \$6.9 million despite gross profit margins easing to 4.3% from 4.9% during the first three months ended 31 March (“1Q 2009”).

In the face of tougher operating conditions and economic downturn as corporate enterprises and consumers consciously cut back on spending following the global credit crunch and mass retrenchments, ECS adopted a more defensive strategy to be less aggressive in pursuing revenue growth and focus on cost and working capital management.

Consequently, 1Q 2009 revenue dipped 1.3% to \$715.2 million from \$724.8 million in 1Q 2008 as Distribution sales of notebooks, printers, supplies and peripheral products were 5.5% lower even while Enterprise Systems continued to grow 6.3%.

In line with the lower revenue, 1Q 2009 gross profit declined 12.6% to \$30.8 million from \$35.2 million.

On the positive side, the Group continued to effect financial and operational efficiencies.

Commenting on the Group’s 1Q 2009 performance, Mr. Tay Eng Hoe, Group CEO of ECS, said, “I am very pleased that even during one of the worst economic down cycles ever, ECS has managed to perform well while at the same time, continued to improve our operating cash flow and profitability. Our ability to generate improvements in net profit margin is attributed to two important factors.

Firstly, I must thank our major principal partners who have come through during these tough times of high interest rates with greater support and more favourable purchase terms. I must also commend my disciplined management members who diligently continued to enhance internal efficiencies which remain within our control, as well as all staff members for their cohesive teamwork.”

“We were less aggressive in market expansion and more discerning in pursuing revenue growth opportunities,” he explained.

Consequently, 1Q 2009 saw selling and distribution expenses as well as general and administrative expenses decrease 6.8% and 18.4% to \$13.4m and \$8.3m respectively, compared to 1Q 2008. At the same time, total operating expenses as a percentage of revenue improved to 3.0% in 1Q 2009 from 3.4% in 1Q 2008.

During this quarter, ECS also continued its focus on cash management initiated during FY2008 and achieved tighter credit control and reasonable cash cycles. For 1Q 2009, the Group generated a positive operating cash flow of \$16.5 million compared to 1Q 2008 whereby operating activities consumed cash of \$47.5 million.

Similarly, the Group’s working capital position improved significantly in 1Q 2009 as its major brand principals rendered strong support during the tough market conditions with more favourable purchase terms. Hence, aggregate bank borrowings reduced 22.3% to \$171.0 million from \$220.2 million a year ago while finance costs significantly reduced 43.7% to \$1.5 million from \$2.6 million. Net gearing improved to 0.5 times from 0.6 times.

On outlook for FY2009, ECS anticipates that enterprises and consumers will continue to be cautious and hold back on purchases of less urgent ICT products to brace against deepening impacts from the global recession. Thus, market demand will likely be suppressed in the near term through 2009.

Mr Tay commented, “The Group expects to remain profitable through FY2009 despite uncertainties in our external operating environment. Our optimism is underpinned by the Group’s solid execution of a defensive growth strategy that can optimally manage revenue, cash flows, net profit and growth in selected markets through the current uncertain external conditions with the possibility of deepening impacts from the global recession.

Our sound financial position coupled with continuing strong support from our major brand partners, customers and bankers will stand us in good stead as we look ahead to the eventual recovery in regional markets,” concluded Mr Tay.

According to recent media reports, IT research agency IDC's preliminary report showed that the Personal Computer (“PC”) market in the Asia-Pacific excluding Japan (APEJ) declined 5% from the fourth quarter of last year and also 5% year-on-year in the first quarter of 2009. This is the second straight quarter of decline, after the 6% year-on-year drop in the fourth quarter of 2008.

###end of release###

*Issued on behalf of the Company by WeR1 Consultants Pte Ltd:*

**Media & Investor Contact Information:**

WeR1 Consultants Pte Ltd  
29 Scotts Road, Singapore 228224  
Tel: (65) 6737 4844; After-hours: (65) 8200 9339  
Mona Leong, Reshma Jain, Gary Goh  
[monaleong@wer1.net](mailto:monaleong@wer1.net); [reshma@wer1.net](mailto:reshma@wer1.net); [garygoh@wer1.net](mailto:garygoh@wer1.net)



**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>*