

Press Release – 2Q 2009 Results

ECS Group's Bottom-line Focus Yields 11.5% yoy Rise in 2Q 2009 Net Profit to \$8.9 Million.

- **Benchmark improvement in net profit margin to 1.2% in 2Q 2009**
- **Marginal 1.1% rise in revenue as higher Distribution sales on renewed retail spending on desktops & notebooks mitigated lower Enterprise Systems sales**
- **2Q 2009 total operating expenses trimmed to 3.3% of revenue from 3.5%**
- **Finance costs slashed by 77% on significant reduction in bank borrowings; net gearing down to 0.52 as at 30 June 2009 versus 0.78 year-ago**
- **Outlook: Group expects to remain profitable in 3Q 2009 and FY2009; ECS stands to benefit from the proposed separate listing of Malaysian subsidiary on Bursa**

Singapore, 7 August 2009 – ECS Holdings Limited (“ECS” or the “Group”), a leading regional Info-Comm Technology (“ICT”) solutions provider representing best-of-class global brand names, today released 2Q 2009 results strongly underpinned by its improved operational efficiencies and better utilisation of working capital as the Group focused on protecting its bottom-line.

The Group achieved 11.5% year-on-year (“yoy”) rise in net profit after tax and minority interests (“net profit”) to \$8.9 million for 2Q 2009 from \$8.0 million previously, buoyed by significant reductions in both operating and financial costs.

This was despite gross profit margin easing to 5.2% in 2Q 2009 from 5.4%, in line with the change in revenue mix with Distribution segment accounting for 63.8% of group revenue from 58.5% in 2Q 2008.

Accordingly, net profit for the first six months of 2009 (“1H 2009”) increased 14.1% to \$15.9 million compared to \$13.9 million achieved for 1H 2008.

Earnings per share (“EPS”) rose to 2.45 cents in 2Q 2009 from 2.20 cents; 1H 2009 EPS rose to 4.34 cents from 3.81 cents.

Group revenue in 2Q 2009 improved by a marginal 1.1% to \$758.8 million from \$750.5 million and its revenue for 1H 2009 was relatively flat at \$1.47 billion. Government sector spending increased but the corporate sector remained soft as anticipated, with companies forced to conserve capital expenditure and limit ICT budgets for non-critical infrastructure.

By geographical regions, North Asia revenue rose 2.6% to \$387.9 million on demand for desktops and notebooks. South East Asia revenue at \$371.0 million was comparable to previous 2Q 2008.

Commenting on 2Q 2009 performance, Mr. Tay Eng Hoe, Group CEO of ECS, said, “The results that the Group continues to deliver are attributed to the conscious efforts made by all ECS personnel. We have put in place an efficient and cost-effective operational framework across the Group’s functions and all personnel have worked harder to meet tighter benchmarks. Our cash flow is positive and the Group’s financial foundation has been significantly strengthened. While ICT spending is expected to tighten considerably, we expect to remain profitable through 3Q 2009 and for the entire FY2009.”

On 15 July 2009, Mervyn Mao, a 20-year veteran in China’s ICT industry with senior management roles in leading players, was appointed as the new CEO of ECS China.

ECS also stands to benefit from the proposed separate listing of 60%-held Malaysian subsidiary, ECS KUSH Sdn Bhd, on Bursa Malaysia Main Board. The proposed IPO is to be undertaken through wholly owned ECS ICT Berhad (“ECSB”), a Multimedia Super Corridor (“MSC”) Status company. ECS will be able to realise part of its investment in the KUSH Group whilst unlocking the value of its remaining shareholdings in ECSB. The incoming cash resources can then be used to fund the Group’s expansion of existing operations, or new investments.

Overall, total operating expenses as a percentage of revenue improved to 3.3% in 2Q 2009 from 3.5%. Productivity initiatives generated on-going cost reductions that lowered selling and distribution expenses by 11.1% to \$15.4 million. General and administrative expenses rose 5.9% to \$9.6 million due to \$2.4 million fair value adjustment for financial instruments – excluding this non-cash adjustment, general and administrative expenses would register 20.3% decrease to \$7.2 million.

Finance costs were slashed by 77.0% to \$0.7 million in 2Q 2009 from \$2.9 million as improved working capital utilisation reduced bank borrowings to \$164.2 million as at 30 June 2009 from \$210.3 million as at 30 June 2008 and \$193.2 million as at 31 December 2008.

Net gearing is down to 0.52 as at 30 June 2009 compared to 0.78 at 30 June 2008 and 0.60 as at 31 December 2008. Net asset value per share increased to 66.31 cents as at 30 June 2009 compared to 65.09 cents as at 31 December 2008.

In July 2009, US-based research firm Gartner updated its March 2009 forecast for 2009 worldwide IT spending to decline 3.8% from 2008 spending of US\$3.4 trillion. Taking into account the continuing weak economic situation combined with the effects of exchange rate movements, Gartner revised its projection to 6.0% decline, i.e., to reach US\$3.2 trillion. In Asia Pacific, total IT spending in 2009 is projected to reach US\$489 billion, a decline of 5.2% over 2008 with software the only segment forecast to have positive growth in Asia Pacific.

(Source: <http://www.infoworld.com/d/adventures-in-it/worldwide-it-spending-decline-six-percent-in-09-gartner-589>).

###end of release###



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About ECS Holdings Limited:

Listed on Singapore Exchange Mainboard 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>