

Press Release – 3Q 2010 Results

**ECS 3Q 2010 NET PROFIT RISES 33.2% TO \$13.7M
ON HIGHER-MARGIN SALES, IMPROVED
OPERATING CASH FLOW**

- **9M 2010 net profit also up 46.5% to \$38.3m vs \$26.2m, surpasses full-year FY2009 net profit**
- **3Q & 9M gross margin improves to 5.4% vs 4.7% and to 4.9% vs 4.7%, respectively, a year ago**
- **Positive operating cash flow up sharply at \$12.3m vs \$4.7m; cash balances at \$82.3m**
- **Outlook: Directors expect ECS to continue to do well in 4Q 2010 and FY 2010**

Singapore, 14 November 2010 – ECS Holdings Limited (“ECS” or the “Group”), announced today that its net profit attributable to equity holders rose 33.2% to \$13.7 million for the three months ended 30 September 2010 (“3Q 2010”) as better-margin sales of Enterprise Systems and consumer ICT products lifted gross margin and operating cash flow.

Consequently, gross margin for 3Q 2010 improved to 5.4% compared to 4.7% in 3Q 2009 while operating cash flow increased to \$12.3 million from \$4.7 million over the same period.

The Singapore Exchange Mainboard-listed leading regional Info-Comm Technology (“ICT”) solutions provider representing best-of-class global brand names said the bottom-line improved despite a 16.3% decline in 3Q 2010 revenue to \$741.1 million as compared to 3Q 2009 of \$885.3 million.

The lower revenue was due to the deconsolidation of revenue from its Malaysian subsidiary, ECS ICT Berhad (which was listed on 15 April 2010 on the mainboard of Bursa Malaysia Securities Berhad).

Excluding ECS ICT’s revenue for 3Q 2009 and assuming constant currency effects, the Group’s revenue for 3Q 2010 would have grown by 4.0% or \$29.8 million.

Due to the improved operating cash flow, net gearing improved to 0.54 times in 3Q 2010 from 0.60 times in 2Q 2010.

Working capital days were further reduced to 35.3 days for 9 months ended 30 September 2010 (“9M 2010”) from 36.0 days over the comparative periods.

Tighter credit control and shorter cash cycles led to significant improvements in the Group’s working capital position. As at 30 September 2010, ECS’ cash and cash equivalents were \$82.3 million from \$62.8 million as at 30 September 2009.

Earnings per share (“EPS”), on a fully diluted basis, correspondingly rose to 3.76 cents versus 2.82 cents in 3Q 2009 while net asset value (“NAV”) per share increased to 77.72 cents as at 30 September 2010 versus 71.03 cents as at 31 December 2009.

Geographically, in 3Q 2010, North Asia’s revenue decreased by 8.3% to \$438.2 million as compared to \$477.8 million in 3Q 2009. Excluding the currency translation effects, North Asia’s revenue for 3Q 2010 would show a smaller decrease of 3.1% mainly from a decline in sales of notebooks and servers. For 3Q 2010, excluding the effect of deconsolidation of ECS ICT and currency translation effects, South East Asia’s revenue would have increased by \$44.7 million or 17.1% year-on-year.

On a nine-month basis, ECS’ 9M 2010 net profit soared 46.5% to \$38.3 million from \$26.2 million, surpassing full-year FY2009 net profit while gross margin improved to 4.9% from 4.7% a year ago.

However, the Group’s 9M 2010 revenue decreased 4.8% to \$2.2 billion as compared to \$2.4 billion for 9M 2009 also mainly due to the deconsolidation of ECS ICT.

Commenting on the Group’s 3Q 2010 performance, Mr. Narong Intanate, Group CEO of ECS, said, “Our strengthening bottom-line performance is very encouraging, underscoring our focus on margin-accretive business strategies. Equally important, we have strengthened our cash position and balance sheet, positioning us to leverage on the sustained IT sector growth expected over the next few quarters.”

According to recent research conducted by Gartner, growth in worldwide IT spending during 2010 and 2011 is expected to continue to be propelled by continued pent-up demand as well as government stimulus packages deployed across the globe since 2009. According to Gartner’s report in July 2010, worldwide IT spending is forecasted to reach US\$3.35 trillion in 2010, an increase of 3.9% from 2009.

On outlook, Mr Intanate added, “Global business indicators continue to be optimistic in the markets in which we operate. Also, given the efficacy of our ongoing business strategies, we are confident that the outlook for our core business remains bright.”

Additionally, the Group continues to pursue its strategy to increase market share in high-growth markets such as China and Indonesia, and improve its margins through margin enhancement plans.

With these strategies already in place and with new product agencies coming on board during 4Q 2010, ECS anticipates our growth would continue to be strong in the fourth quarter.

On the outlook, the Directors expect ECS to continue to do well in 4Q 2010 and FY 2010.



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About ECS Holdings Limited (“ECS”)

Listed on Singapore Exchange Mainboard since 2001, ECS is a leading ICT products and services provider, serving a wide regional customer base. The Group has 39 offices in six countries namely China, Thailand, Malaysia, Singapore, Indonesia and the Philippines. The three main businesses are Enterprise Systems, IT Services and Distribution. Enterprise Systems Division designs, installs and implements IT infrastructure for companies, while IT Services Division provides a comprehensive range of professional, technical support and training services. Leading IT vendors use ECS’ network of over 21,000 channel partners in the region to distribute their products. ECS 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>