

Press Release – 2Q 2011 Results

ECS announces 2Q 2011 results

- **2Q 2011 revenue and gross profit up 26.1% to \$849.1m and 43.2% to \$43.6m respectively driven by strong Distribution sales in China**
- **2Q 2011 gross margin also higher at 5.13% from 4.52% in 2Q 2010**
- **Excluding exceptional gains in 2Q 2010 and assuming constant currency effects, 2Q 2011 net profit would have grown 23.5% year-on-year**
- **Outlook: Directors expect ECS to remain profitable for the rest of FY 2011**

Singapore, 12 August 2011 – 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 its financial results for the second quarter ended 30 June 2011 (“2Q 2011”).

Focused product and market expansion strategies started twelve months ago led to a 26.1% increase in ECS’ 2Q 2011 revenue to \$849.1 million from \$673.1 million in 2Q 2010 while gross profit jumped 43.2% to \$43.6 million from \$30.5 million over the comparative periods. 2Q 2011 gross margin was also higher at 5.13% from 4.52% in 2Q 2010.

Serving as a catalyst for growth was ECS’ Distribution segment which sharply grew 45.1% year-on-year on increased sales of tablets, notebooks and desktops especially in China led by the Group’s efforts to deepen business penetration there.

Since late 2010, ECS has been successfully broadening its brand portfolio and product range to leverage on burgeoning technology trends. In recent months, ECS has signed several high profile regional distribution agreements with Apple including the iPad and iPhone, Dell, Lenovo and Oracle. Underscoring the effectiveness of this product driven growth strategy, Apple and Dell have emerged as two of the top three contributors to the Group’s overall revenue.

Geographically, revenue for North Asia grew 31.5% in 2Q 2011 compared to 2Q 2010 while revenue for South East Asia increased by 18.5% over the comparative periods.

For 2Q 2011, the Group’s NPATMI (“net profit after tax and minority interests”) decreased by 31.2% to \$10.7m as compared to \$15.5 million over the same

corresponding period a year ago. ECS emphasised that 2Q 2010 NPATMI had been boosted by a one-time gain from the disposal of a 20%-stake in ECS' Malaysian subsidiary for listing it on Bursa Malaysia in April 2010 and also on currency translation effects.

Without these exceptional gain items in the previous period, the Group further elaborated that 2Q 2011 NPATMI would have grown 23.5% year-on-year.

In 2Q 2011, the Group's bank borrowings increased by \$94.7 million to \$319.1 million as at 30 June 2011 from \$224.4 million as at 31 December 2010. Net cash used in operating activities was \$44.4 million for 2Q 2011, an increase of \$32.9 million from \$11.5 million for 2Q 2010, mainly due to higher inventories as a result of expansion of new product lines during the quarter, and higher availment of early payment discounts.

Earnings per share ("EPS") was 2.92 cents in 2Q 2011 from 4.25 cents in 2Q 2010; 1H 2011 EPS was 5.78 cents from 6.73 cents in 1H 2010.

As at 30 June 2011, net asset value per share stood at 81.62 cents compared to 75.23 cents a year earlier. ECS' cash and cash equivalents rose to \$61.5 million from \$46.5 million a year earlier.

Mr. Narong Intanate, Group CEO of ECS, said, "ECS' top line growth indicates that our product and market expansion is on the right track. In China, for the first half of this year, we have set up 4 offices in accordance with our plan to increase our geographical coverage and expand our channel network. For the second half of this year, our plan is to set up another 3 offices in China."

On outlook, ECS recognises that many international technology vendors continue to be upbeat about demand spurred by emerging Asian economies including those in China and South East Asia, where the Group already has a well-established operating presence.

In line with the growth trends in mobile devices, the Group has broadened its product portfolio to grow the media tablet business. Having already secured distributorships for Apple's iPad 2 and iPhone, Samsung's Galaxy and Dell Streak, ECS is also working with other vendors in a bid to establish itself as a leading player in the mobile devices segment.

Many of these distributorships are on a regional level. In turn, this has strengthened the Group's economies of scale especially in China and South East Asia.

Equally important, in the second half of this year, ECS will commence growing its Enterprise segment by focusing on more Oracle's hardware and software integrated solution where ECS is the regional Value Added Distributor in China and South East Asia. In addition, with new Enterprise networking regional agreement, ECS can further enhance its fastest growing Enterprise segment, Networking and Storage.

At the same time, the Group remains cautious about global signs related to the Eurozone debt crisis and US slowdown and intends to manage future growth strategies accordingly.



Against this background and barring any further severe deterioration of the world economy, the Directors expect ECS to remain profitable for the rest of FY2011.

###end of release###

Important --This press release is to be read in conjunction with the Company's exchange filing of 2Q/1H2011 results announcement, which can be downloaded from www.sgx.com via listed company announcements.

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

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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 branch 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 23,000 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>