



## NEWS RELEASE

### AZEUS REPORTS 1H FY2015 REVENUE OF HK\$60.6 MILLION AND NET PROFIT OF HK\$2.3 MILLION

- *To invest and further penetrate the UK IT services market and step up marketing efforts to grow customer base for intellectual assets in cloud technology*

**Singapore, November 14, 2014** – Azeus Systems Holdings Ltd. (“Azeus” or the “Group”), a provider of IT consultancy services based in Hong Kong, today announced profit attributable to equity holders (“net profit”) of HK\$2.3 million for the six months ended September 30, 2014 (“1H FY2015”) a decline of 74% compared to HK\$8.9 million reported a year ago. The lower net profit is mainly attributable to a 18.0% decrease in revenue to HK\$60.6 million for 1H FY2015.

Mr. Lee Wan Lik, Managing Director of Azeus, commented, “Despite market and operating challenges, we remain committed to grow our business and add value for our shareholders. We are pleased that our investments into new markets in recent years have paid off, with a £1.4 million (HK\$17.5 million) social care services contract from the London Borough of Newham – a United Kingdom Local Authority in August 2014.”

## **Financial Review**

The Group's IT Services segment remains the largest revenue contributor, accounting for HK\$30.0 million or approximately 49.5% of total revenue for 1H FY2015. This segment recorded a year-on-year decrease in revenue from HK\$44.7 million for 1H FY2014, as there were fewer contracts secured and implemented during the review period.

The Maintenance and Support Services ("MSS") segment was the second largest revenue contributor, accounting for HK\$24.2 million or 39.9% of total revenue for the review period. The Group managed to renew the maintenance contracts at a higher price and correspondingly, revenue from the MSS segment increased by 7.2% in 1H FY2015.

The Business Process Outsourcing ("BPO") segment accounted for the remaining 10.6% of revenue. Contributions from the BPO segment remained the same at HK\$6.5 million in 1H FY2015. However, the existing contract will expire at the end of November and will not be renewed.

Overall, the Group was able to maintain a gross profit margin of 31.5%, a slight dip from 34.3% in 1H FY2014 due to higher salary cost.

Selling and marketing expenses increased by 17.0% to HK\$4.0 million as the Group increased the selling and marketing activities for its UK operations and its cloud based offering – Anywhere Pad. Administrative and other operating expenses was also up by 16.9% to HK\$12.1 million in 1H FY2015 due to a combination of higher salaries, rent, legal expenses and provisions made for bad debts.

As at September 30, 2014, the Group has cash and cash equivalents of HK\$49.7 million.

## **Outlook**

Given fewer contracts secured in 1H FY2015 and higher investments in product development and marketing costs, the Group expects its financial results for FY2015 to be significantly lower year-on-year. In addition, there is also a delay in legal cost determination which was ruled in Azeus' favour in FY2014. A taxation proceeding is now delayed to mid-April 2015. The results will be recognised in the next financial year (FY2016).

Nevertheless, the Group's core business fundamentals remain sound.

Mr. Lee said, "Backed by our capabilities and expertise in the provision of IT consultancy services, Azeus will continue to invest and build up its presence in the UK IT services market, where we have made encouraging headway. Meanwhile, the Group will also step up global marketing efforts to expand our customer base for intellectual assets in cloud technology. While contribution from this segment is small, we believe this is a worthwhile investment."

## **About Azeus Systems Holdings Ltd.**

Established in 1991, Azeus is a leading provider of IT consultancy services. Headquartered in Hong Kong, Azeus has presence in the United Kingdom, the Philippines and China. Besides designing as well as implementing a wide range of IT software and systems to fulfil the outsourcing needs of customers, Azeus also provides maintenance and support services. The Group has won the first and, thus far, only business processes outsourcing project from the Hong Kong Government, covering IT consulting, IT maintenance and support, as well as office operations and support services.

Azeus is appraised at the highest level of the CMMI-SW model, endorsing its commitment to delivering high quality work. Its emphasis on consistently high quality solutions has enabled the Group to build a solid track record of over 100 projects for many government departments and over 15 projects for the commercial sector in Hong Kong. In recent years, the Group has also expanded its operations into the UK, and established a growing track record of public sector projects for UK government bodies.

Azeus was listed on the main board of SGX-ST in October 2004.

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