



## **NEWS RELEASE**

### **AZEUS' NET PROFIT SURGES 226% TO HK\$5.3 MILLION IN 1HFY2010**

- **Revenue increases 16% to HK\$41.1 million**
- **Net profit margin up 8.3 percentage points to 12.9%**
- **Maintains strong cash position of HK\$58.8 million**

*Singapore, November 11, 2009* - Azeus Systems Holdings Ltd. ("Azeus" or the "Group"), a provider of IT consultancy services based in Hong Kong, today reported a 226% jump in net profit to HK\$5.3 million on the back of a 16% increase in revenue for the half year ended September 30, 2009 ("1HFY2010").

Said Mr Lee Wan Lik, Founder and Managing Director of Azeus: "While the external environment remains uncertain, we are heartened to be chosen as one of the suppliers to receive approval to enter into three Standing Offer Agreements for the Quality Professional Services with the Hong Kong Government for the supply of IT professional services. We are also pleased to have secured a HK\$3.5 million contract during the first half. These, we believe, are testament to our strong expertise and ability to provide quality services.

"As we continue to ride out the recession, we are confident that our strong track record and prudent business strategy will support us well. Barring any unforeseen circumstances, we remain cautiously optimistic for the rest of FY2010."

## **Financial Review**

As a result of an across-the-board improvement in revenue from the Group's three core business segments – IT Services, Maintenance and Support Services, and Business Process Outsourcing (“BPO”) – Group revenue increased 16% to HK\$41.1 million in 1HFY2010 from HK\$35.5 million in the previous corresponding period (“1HFY2009”).

Revenue from the Group's major revenue contributor, IT services was up 28% in 1HFY2010 to HK\$24.3 million from HK\$19.0 million in 1HFY2009. The better performance was due to a higher percentage of completion of two major contracts secured in previous years. IT services accounted for 59% of total revenue during the period under review.

The Group's Maintenance and Support services segment climbed by 2% to HK\$11.8 million in 1HFY2010 compared to HK\$11.6 million in 1HFY2009 as a result of an increase in the value of contracts upon yearly renewal. This segment represented 29% of Group revenue.

The Group's BPO segment also registered growth during the half year under review, with a 4% increase in revenue to HK\$5.0 million from HK\$4.8 million in 1HFY2009 due to the number of headcount that was outsourced during the year. The BPO segment contributed to the remaining 12% of total revenue for the period.

Cost of sales for the half year was higher by HK\$3.8 million or 19% to HK\$24.0 million from HK\$20.2 million in 1HFY2009.

Excluding third party hardware and software sales, which commanded lower profit margin as compared to other IT services, and repair and maintenance cost, which was reclassified as cost of sales from administrative expense, gross profit margin increased by three percentage points to 46% in 1HFY2010.

Net margin was up 8.3 percentage points to 12.9% in 1HFY2010 from 4.6% in 1HFY2009 with the increase in bottomline.

Administrative and other operating expenses declined 21% or HK\$2.0 million during the period under review mainly due to the reclassification of repair and maintenance cost of HK\$1.7 million to cost of sales and lower legal and professional fee.

The Group maintained a strong cash position of HK\$58.8 million as at September 30, 2009.

### **Outlook**

Added Mr Lee: "As a prudent response to the financial turmoil and resulting recession, we have cautiously reviewed our business strategy, focus and operations and have undertaken measures to control the Group's cost structure while also maintaining the efficiency of our business operations."

In light of the downturn, the Group is optimistic that its continued investment in the training and development of the skills of its employees across various technologies and domains will equip it with a competitive edge when the economy recovers.

In addition, with its proven technology, the Group will be looking for strategic partnerships with companies searching for proven solutions to be incorporated into new products and services, and will also be exploring opportunities to generate new revenue streams with its library of intellectual assets developed over the years.

As the Group continues to monitor its performance closely, it remains focused on sustaining its market share in the Hong Kong public sector and expects contracts from the Hong Kong Government to continue to be the Group's main growth driver.

"We are confident that our greater operational efficiency, reinforced staff strength, established track record as well as CMMI-SW Level 5 accreditation will put us in good stead going forward," Mr Lee concluded.

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

Established in 1991, Azeus is a leading provider of IT consultancy services. Headquartered in Hong Kong, Azeus has established offshore software development centres in the Philippines and China. The Group acquired BIGontheNet, an award-winning provider of eBusiness software solutions based in Singapore, in February 2005.

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.

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

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