

AZEUS SYSTEMS HOLDINGS LTD.

Unaudited Full Year Financial Statement And Dividend Announcement for the year ended 31 March 2011

Part 1 – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF FULL YEAR RESULTS

- 1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

Azeus Systems Holdings Ltd.

- 1(a)(i) Consolidated Income Statement for the financial year ended 31 March 2011

(Expressed in Hong Kong Dollars)

	<u>The Group</u>		
	FY2011	FY2010	+ / (-)
	(Apr-Mar 11)	(Apr-Mar 10)	
	HK\$'000	HK\$'000	%
Sales	85,929	93,517	(8)
Cost of sales	(62,299)	(58,740)	6
	<u> </u>	<u> </u>	
Gross profit	23,630	34,777	(32)
Other income	3,348	163	1954
Other gains - net	557	156	257
Selling and marketing expenses	(4,643)	(4,429)	5
Administrative and other operating expenses	(18,274)	(17,154)	7
Finance expense	-	(10)	-
Share of loss of a joint venture	(338)	(491)	(31)
	<u> </u>	<u> </u>	
Profit before tax	4,280	13,012	(67)
Income tax expense	(858)	(2,595)	(67)
	<u> </u>	<u> </u>	
Profit attributable to equity holders of the Company	3,422	10,417	(67)
	<u> </u>	<u> </u>	
Earnings per share (basic and diluted)	1.14 cents	3.47 cents	
	<u> </u>	<u> </u>	

1(a)(ii) Statement of Comprehensive Income for the financial year ended 31 March 2011
(Expressed in Hong Kong Dollars)

	<u>The Group</u>		
	FY2011	FY2010	+ / (-)
	(Apr-Mar 2011)	(Apr-Mar 2010)	
	HK\$'000	HK\$'000	%
Profit for the year	3,422	10,417	(67)
Other comprehensive income:			
Financial assets, available-for-sale			
- Fair value gains	7	24	(71)
- Disposals	-	13	(100)
Currency translation differences	51	71	(28)
	<u>58</u>	<u>108</u>	<u>(46)</u>
Total comprehensive income attributable to equity holders of the Company	<u>3,480</u>	<u>10,525</u>	<u>(67)</u>

1(a)(iii) Note to Income Statement for the financial year ended 31 March 2011
(Expressed in Hong Kong Dollars)

Expenses included in cost of sales, selling and marketing expenses and administrative and other operating expenses are analysed as follows:			
	FY2011	FY2010	+ / (-)
	(Apr-Mar 2011)	(Apr-Mar 2010)	
	HK\$'000	HK\$'000	%
	Depreciation of property, plant and equipment	(303)	(364)
Legal and professional fee	(1,336)	(1,237)	8
Rental expense – operating lease	(4,626)	(4,208)	10
Employee benefits (including directors remuneration)	(54,882)	(56,645)	(3)
Hardware and software	(11,352)	(6,942)	64
Repairs and maintenance	(4,081)	(3,903)	5
Other expenses	(8,636)	(7,024)	23
	<u>(85,216)</u>	<u>(80,323)</u>	<u>6</u>

Income tax			
Current income tax	(963)	(2,629)	(63)
Deferred income tax	23	41	(44)
Over / (under) provision of tax in prior years	82	(7)	1,271
	<u>(858)</u>	<u>(2,595)</u>	<u>(67)</u>

**1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement
as at the end of the immediately preceding financial year**

Azeus Systems Holdings Ltd.

Balance Sheet as at 31 March 2011

(Expressed in Hong Kong Dollars)

	<u>The Group</u>			<u>The Company</u>		
	31 March 2011	31 March 2010	+ / (-)	31 March 2011	31 March 2010	+ / (-)
	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%
Current assets						
Cash and cash equivalents	92,773	36,503	154	245	247	(1)
Pledged bank deposits	4,204	30,023	(86)	-	-	-
Trade and other receivables	9,135	22,672	(60)	54,082	61,856	(13)
Inventories	159	7,533	(98)	-	-	-
Unbilled revenue on service contracts	12,595	32,175	(61)	-	-	-
Current income tax assets	980	40	2,350	-	-	-
Amount due from a joint venture	16	-	N/M	-	-	-
	<u>119,862</u>	<u>128,946</u>	(7)	<u>54,327</u>	<u>62,103</u>	(13)
Non-current assets						
Available-for-sale financial assets	765	758	1	-	-	-
Investment in subsidiaries	-	-	-	50,493	50,526	-
Investment in a joint venture	37	180	(79)	37	180	(79)
Property, plant and equipment	625	686	(9)	-	-	-
Deferred tax assets	382	352	9	-	-	-
Refundable deposit	276	239	15	-	-	-
	<u>2,085</u>	<u>2,215</u>	(6)	<u>50,530</u>	<u>50,706</u>	-
Total assets	121,947	131,161	(7)	104,857	112,809	(7)

Azeus Systems Holdings Ltd.
Balance Sheet as at 31 March 2011
(Expressed in Hong Kong Dollars)
(Continued)

	<u>The Group</u>			<u>The Company</u>		
	31 March 2011	31 March 2010	+ / (-)	31 March 2011	31 March 2010	+ / (-)
	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%
Current liabilities						
Trade and other payables	10,753	11,091	(3)	1,154	1,205	(4)
Current income tax liabilities	13	2,185	(99)	-	-	-
	<u>10,766</u>	<u>13,276</u>	<u>(19)</u>	<u>1,154</u>	<u>1,205</u>	<u>(4)</u>
Non-current liability						
Provision for retirement benefit	1,439	1,206	19	-	-	-
	<u>1,439</u>	<u>1,206</u>	<u>19</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	12,205	14,482	(16)	1,154	1,205	(4)
Net assets	109,742	116,679	(6)	103,703	111,604	(7)
REPRESENTED BY:						
Share capital	46,800	46,800	-	46,800	46,800	-
Share premium	56,489	56,489	-	56,726	56,726	-
Foreign currency translation reserve	76	25	204	-	-	-
Other reserves	1,311	1,304	1	-	-	-
Retained earnings	5,066	12,061	(58)	177	8,078	(97)
	<u>109,742</u>	<u>116,679</u>	<u>(6)</u>	<u>103,703</u>	<u>111,604</u>	<u>(7)</u>

1(b)(ii) Aggregate amount of group's borrowings and debt securities

The Group had no bank borrowings or debt securities as at 31 March 2011 and 31 March 2010.

1(c) A cash flow statement (for the group), together with a comparative statement for corresponding period of the immediately preceding financial year

	<u>The Group</u>	
	FY2011	FY2010
	(Apr-Mar 2011)	(Apr-Mar 2010)
	HK\$'000	HK\$'000
Cash flows from operating activities		
Net profit	3,422	10,417
Adjustments for:		
Income tax expense	858	2,595
Depreciation of property, plant and equipment	303	364
Interest income	(228)	(111)
Share of loss of a joint venture	338	491
Dividend income from available-for-sale financial assets	-	(52)
Gain on available-for-sale financial assets	-	(6)
Provision for retirement benefit	515	757
Interest expense	-	10
Exchange differences	83	37
	<hr/>	<hr/>
Operating cash flow before working capital change	5,291	14,502
Change in working capital		
Trade and other receivables	13,537	(15,858)
Unbilled revenue on service contracts	19,580	4,571
Amount due from a joint venture	(16)	-
Refundable deposits	(37)	(61)
Inventories	7,374	(2,113)
Trade and other payables	(338)	1,164
Pledged bank deposits	25,819	(30,023)
	<hr/>	<hr/>
Cash generated from / (used in) operations	71,210	(27,818)
Contributions to retirement fund	(337)	(416)
Income tax (paid) / refunded	(3,993)	345
	<hr/>	<hr/>
Net cash provided by / (used in) operating activities	66,880	(27,889)

**1(c) A cash flow statement (for the group), together with a comparative statement for corresponding period of the immediately preceding financial year
(continued)**

	<u>The Group</u>	
	FY2011	FY2010
	(Apr-Mar 2011)	(Apr-Mar 2010)
	HK\$'000	HK\$'000
Cash flows from investing activities		
Disposal of available-for-sale financial assets	-	2,615
Purchases of property, plant and equipment	(226)	(342)
Decrease in deposits with original maturity over three months	-	556
Interest received	228	111
Dividend received from available-for-sale financial assets	-	52
Additional capital to joint venture	(195)	(390)
	<u> </u>	<u> </u>
Net cash (used in) / provided by investing activities	(193)	2,602
Cash flows from financing activities		
Dividends paid to shareholders	(10,417)	(778)
	<u> </u>	<u> </u>
Net cash used in financing activities	(10,417)	(778)
Net increase / (decrease) in cash and cash equivalents	56,270	(26,065)
Cash and cash equivalents at the beginning of the financial year	36,503	62,568
	<u> </u>	<u> </u>
Cash and cash equivalents at the end of the financial year	92,773	36,503
	<u> </u>	<u> </u>

1(d)(i) A statement (for the issuer and the group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

	Share Capital	Share Premium	Foreign Currency Translation Reserve	Other Reserves	Retained Profits	Total
<u>Group</u>	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance as at 1 April 2010	46,800	56,489	25	1,304	12,061	116,679
Total comprehensive income for the year	-	-	51	7	3,422	3,480
FY2010 final dividends paid	-	-	-	-	(10,417)	(10,417)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance as at 31 March 2011	46,800	56,489	76	1,311	5,066	109,742
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance as at 1 April 2009	46,800	56,489	(46)	1,267	2,422	106,932
Total comprehensive income for the year	-	-	71	37	10,417	10,525
FY2009 final dividends paid	-	-	-	-	(778)	(778)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance as at 31 March 2010	46,800	56,489	25	1,304	12,061	116,679
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

	Share Capital	Share Premium	Retained Profits	Total
<u>Company</u>	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance as at 1 April 2010	46,800	56,726	8,078	111,604
Total comprehensive income for the year	-	-	2,516	2,516
FY2010 final dividends paid	-	-	(10,417)	(10,417)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance as at 31 March 2011	46,800	56,726	177	103,703
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance as at 1 April 2009	46,800	56,726	(664)	102,862
Total comprehensive income for the year	-	-	9,520	9,520
FY2009 final dividends paid	-	-	(778)	(778)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance as at 31 March 2010	46,800	56,726	8,078	111,604
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

1(d)(ii) Details of any changes in the company's share capital arising from right issue, bonus issue, share buy backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year

Not applicable.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

As at 31 March 2011, share capital of the Company comprised 300,000,000 ordinary shares (FY2010: 300,000,000). There were no treasury shares held by the Company at 31 March 2011 and 2010.

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

2. Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice

The figures have not been audited or reviewed by the Company's auditors.

3. Where the figures have been audited, or reviewed, the auditor's report (including any qualifications or emphasis of matter)

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

Except as disclosed under Note 5 below, the Group has applied the same accounting policies and methods of computation in the financial information for the current reporting financial period compared with the financial statements for FY 2010.

5. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of the change.**

On 1 April 2010, the Group and the Company adopted the new / amended FRS and which are effective for annual periods beginning on or after 1 January 2010. The following are the new or revised FRS that are relevant to the Group.

FRS 103 (Revised)	Business Combinations
Amendment to FRS 7	Cash Flow Statements
Amendment to FRS 102	Group Cash-settled share-based payment transaction
Amendment to FRS 108	Operating segments
Amendment to FRS 103	Business Combinations

The adoption of the above FRS did not result in any substantial change to the Group's accounting policies nor any significant impact on the financial statements.

6. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

	<u>The Group</u>	
	FY2011	FY2010
Net profit of the Group (HK\$'000)	3,422	10,417
Weighted average number of shares ('000)	300,000	300,000
- Basic earnings per share (HK cents)	1.14	3.47
- Fully diluted earnings per share (HK cents)	1.14	3.47

Fully diluted earnings per share is similar to the basic earnings per share as the Group did not have any potential dilutive ordinary shares outstanding as at 31 March 2011 and 31 March 2010.

7. **Net asset value (for the issuer and the group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on; and (b) immediately preceding financial year**

	<u>The Group</u>		<u>The Company</u>	
	31 March 2011	31 March 2010	31 March 2011	31 March 2010
	HK cents	HK cents	HK cents	HK cents
Net asset value per ordinary share based on the existing share capital as at 31 March 2010 and 31 March 2009 respectively	36.58	38.89	34.57	37.20

The number of ordinary shares outstanding for the computation of net asset value per ordinary share is 300,000,000 (FY 2010: 300,000,000).

8. **A review of the performance of the Group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; (b) any material factors that affected the cash flow, working capital, assets or liabilities, of the group during the current financial period reported on.**

Income statement

a. Revenue

	FY2011	FY2010	+ / (-)
	(Apr-Mar 11)	(Apr-Mar 10)	
	HK\$'000	HK\$'000	%
IT Services, including sales of hardware and software	46,856	58,524	(20)
Maintenance and Support Services	27,985	24,971	12
Business Process Outsourcing (BPO)	11,088	10,022	11
	<u> </u>	<u> </u>	
Total	85,929	93,517	(8)

The Group derives its revenue from three core business areas – IT services, maintenance and support services, and business process outsourcing (BPO). The largest revenue contribution generally comes from IT services, for which contracts vary in size and scope. The extent of revenue recognised in each financial period is dependent on the stage of completion of the milestones for the development and implementation of the projects.

Group revenue decreased by 8% to HK\$85.9 million for FY 2011 compared with FY 2010 of HK\$93.5 million.

IT services remained the Group's major revenue contributor, accounting for 54.5% of total revenue for FY 2011 (FY 2010: 62.6%). The fees from IT services were lower in FY 2011 as fewer contracts were secured in this current year.

Fees from Maintenance and Support Services increased by 12% to HK\$28.0 million from HK\$25.0 million because of the increase in number and value of contracts upon yearly renewal.

Fees from BPO increased by 11% to HK\$11.1 million due to the higher chargeable rates in FY 2011 as compared to FY 2010. Both FY 2010 and FY 2011's service rates were adjusted upwards due to Consumer Price Index increment and were recognised in FY 2011.

b. Cost of Sales and Gross Profit Margin

The Group's cost of sales increased by HK\$3.6 million or 6% to HK\$62.3 million in FY 2010 due mainly to an increase in sale of third party hardware and software with relevant cost of HK\$4.4 million. Third party hardware sales were higher by HK\$7.5 million from HK\$7.2 million in FY2010 to HK\$14.7 million in FY2011.

Group profit margin decreased by 10% from 37% to 27% due mainly to:

- higher third party hardware and software sales with lower gross profit margin than IT services projects; and
- lower value of the IT service contracts. The revenue of IT services excluding third party hardware and software sales decreased by 17% but the corresponding direct cost reduced by 2% only. In addition, the Group has put more resources as investment to commercially develop and enhance its intellectual property rights and software products. All the relevant research and development costs of these products were written off as direct cost in FY2011.

c. Other Income & Other Gains - net

	FY2011	FY2010	+ / (-)
	(Apr-Mar 11)	(Apr-Mar 10)	
	HK\$'000	HK\$'000	%
Other income comprised:			
Recoverability of bad debts	3,120	-	note-
Dividend income	-	52	(100)
Interest income	228	111	105
	<hr/>	<hr/>	
Subtotal	3,348	163	40
Other gains - net comprised:			
Net foreign exchange gain	557	150	271
Financial assets, available-for-sale			
- Gain on disposal	-	19	(100)
- Transfer from equity on disposal	-	(13)	(100)
	<hr/>	<hr/>	
Subtotal	557	156	257

Note:

Amount represented a recoverability of long outstanding debt from a customer for which it was indebted to the Group in FY2000 which was written off in previous years. In FY 2011, the whole balance was fully settled together with the outstanding interests and damages in total of US\$400,000, equivalent to HK\$3.12 million. The customer is a private IT company based in Singapore. Both Mr Lee Wan Lik and Ms Lam Pui Wan, our two executive directors, each have 6.5% indirect passive shareholdings in this company.

Interest income was higher due to higher cash balance for FY 2011 as compared with FY 2010.

d. Selling and marketing expenses

Selling and marketing expenses increased by 5% or HK\$0.2 million to HK\$4.6 million in FY 2011 as compared with HK\$4.4 million in FY 2010. It was mainly due to more effort spent in pre-sales activities such as preparation of proposals and demonstrations, for securing future sales pipelines.

e. Administrative and other operating expenses

Administrative and other operating expenses increased slightly by 7% or HK\$1.1 million in FY 2011 due to increase in rent and rates by HK\$0.7 million and a lower level of recovery of provision for long service payment by HK\$0.7 million.

f. Net profit after taxation

Overall, due to the lower IT service revenue recognised in this financial year, the Group's net profit margin decreased from 11.1% in FY 2010 to 4.0% in FY 2011 with a net profit of HK\$3.4 million.

Balance Sheets

a. Unbilled revenue on service contracts

The decrease in unbilled revenue on service contracts of HK\$19.6 million was due to the fact that majority of the contracts have reached the milestone payments and less contracts were implemented during the year.

b. Trade and other receivables

Balance decreased from HK\$22.7 million to HK\$9.1 million by 60% as the Group's trade receivables as of 31 March 2010 were fully settled and less revenue billed as of 31 March 2011. All the trade receivables as of 31 March 2011 were current in nature and no allowance for doubtful debt is considered necessary.

c. Inventories

Inventories comprise hardware and software products to be used in IT service implementation projects under the relevant contract terms. The balance amount represented items already delivered but pending the completion of installation or acceptance tests by customers. As a result, the relevant revenue pertaining to these hardware and software has not been recognised. Balance decreased from HK\$7.5 million to HK\$0.2 million as the inventories for last year were fully installed and accepted by the customers. Lower levels of inventory were kept as of 31 March 2011 due to fewer contracts secured in this year which required installation of hardware and software.

d. Investment in a Joint Venture

Investment in a joint venture decreased due to the Group's share of loss of HK\$0.3 million in FY 2011 (FY 2010: HK\$0.5 million). Losses were lower in FY 2011 as the sales of its product commenced this year.

e. Share capital and reserves

The Group's shareholders' equity for FY2011 was lower than in FY2010 mainly due to the profit generated from operations of HK\$3.4 million in FY 2011, offset by the payment of FY 2010 final dividend of HK\$10.4 million.

Cash flow Statement

For the year ended 31 March 2011, the Group's cash inflow from operations was HK\$66.9 million. The cash inflow from operations was mainly due to timing difference, as most payment milestones for projects were reached, sales were billed and cash was collected. In addition, there was a decrease in pledged bank deposits of HK\$25.8 million. Cash used in investing activities was HK\$0.2 million. Cash used in financing activities of HK\$10.4 million was primarily for the payment of FY 2010 final dividend in August 2010. Overall, the Group managed to improve its cash position substantially from HK\$36.5 million to HK\$92.8 million as at year end.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

No forecast or a prospect statement has been previously disclosed to shareholders.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

The near term outlook in the Hong Kong public sector is dependent on the timing of release of new tenders with potential impact on sales and profit. The outlook for the release of new tenders is better than last year. The Group remains focused on sustaining its market share in the Hong Kong public sector by doing high-value IT systems. The Group believes that its ability to deliver large and complex systems on time with quality in the top 10% provides a compelling value proposition to its customers and places it in a position to capitalise on new business opportunities in the coming year. Since Jan 2011, the Group has secured five contracts worth a cumulative one-off value of approximately HK\$136 million (US\$17.5 million). Majority of these contracts were started near year end with service periods ranging from 1 to 5 years, hence the relevant revenue will be recognised in the coming financial years.

The Group has a library of intellectual assets that has been developed over the years. There are opportunities to utilise the Group's assets, domain experience and technical expertise in software products investment to leverage our market position in new markets. In FY 2011, we invested around 40 man years in developing public sector software products. The Group will continue to invest a material amount to commercially develop and enhance its intellectual property rights and software products, which the Group is marketing.

The Group continues to expand its marketing network and will continue to bid for public sector projects in the United Kingdom and Europe. The Group has secured a small public sector contract last December.

In November 2007, the Group secured an IT service contract for a one-off implementation of IT system of HK\$60.7 million. However, the customer and the Group form different views toward the interpretation of requirements within the contract. As instructed by the customer, the Group subsequently agreed to continue implementing the system with the inclusion of the disputed items while reserving its rights and remedies. In FY 2011, the system was delivered and accepted by the customer. The original sum of HK\$60.7 million was fully settled and all the implementation cost of the system together with the disputed items were incurred and recognised. Currently we are seeking a resolution to claim the cost of the disputed items. The Group is optimistic for FY 2012's outlook.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

Name of Dividend	First and Final
Dividend Type	Cash
Dividend Rate	1.14 HK cents per ordinary share
Par value of shares	US\$0.02
Tax Rate	Not applicable (as Company is incorporated in Bermuda)

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

A final dividend was recommended and approved in respect of financial year ended 31 March 2010 of 3.47 HK cents. The final dividend amounting to HK\$10.4 million was paid in August 2010.

(c) Date payable

To be announced later.

(d) Books closure date

To be announced later.

12. If no dividend has been declared/recommended, a statement to that effect

Not applicable.

PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer’s most recently audited annual financial statements, with comparative information for the immediately preceding year

Management has determined the operating segments based on the reports reviewed by the Executive Committee (“Exco”) that are used to make strategic decisions. The Exco comprises the Chief Executive Officer, the Chief Operating Officer and the Group Financial Controller.

The Exco considers the Group as a single operating segment which is primarily engaged in the provision of information technology (“IT”) services. The services are similar in nature and these are based on the same backbone infrastructure. The costs are mainly staff costs incurred to provide IT services to customers. There are 3 major revenue streams: “IT services, including sales of hardware and software”, “Maintenance and Support Services” and “Business Process Outsourcing”.

IT services, including sales of hardware and software: This includes revenue arising from contract specifically negotiated for the provision of IT services, including sales of hardware and software products as required under the relevant contract terms.

Maintenance and Support Services: This includes revenue arising from provision of maintenance and support services to customers.

Business Process Outsourcing: This includes revenue arising from outsourcing of headcount for provision of IT support services to customers.

The breakdown of the Group’s revenue by sales is the same as that disclosed in note 8a.

The reports reviewed by the Exco have been prepared on the same basis as the financial statements, hence there are no reconciling items to be disclosed.

The holding company is domiciled in Bermuda with no revenue arising from the country of domicile. All of the Group’s revenues from external customers are attributed to business activities in Hong Kong.

Revenues of HK\$83.2 million, 97% of total revenue (2010: HK\$93.0 million, 99% of total revenue) from external customers are derived from the provision of IT services to the

public sector of Hong Kong Government.

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments

Not applicable.

15. A breakdown of sales

	<u>The Group</u>		
	FY2011	FY2010	+ / (-)
	HK\$'000	HK\$'000	%
Sales reported for first half year	44,063	41,133	7
Net profit after tax for first half year	851	5,313	(84)
Sales reported for second half year	41,866	52,384	(20)
Net profit / loss after tax for second half year	2,571	5,104	(50)

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

	<u>The Group</u>		
	FY2011	FY2010	+ / (-)
	HK\$'000	HK\$'000	%
Ordinary	3,422	10,417	(67)
Preference	-	-	-
Total	3,422	10,417	(67)

BY ORDER OF THE BOARD

LEE WAN LIK

MANAGING DIRECTOR

26 May, 2011