FIRST CMM LEVEL 5 IN GREATER CHINA

AZEUS SYSTEMS HOLDINGS LTD.

Unaudited Full Year Financial Statement And Dividend Announcement for the year ended 31 March 2006

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

Group Income Statement for the financial year ended 31 March 2006

(Expressed in Hong Kong Dollars)

	The Group		
	FY2006	**FY2005**	**+ / (-)**
	(Apr-Mar 06)	**(Apr-Mar 05)**	
	HK$'000	**HK$'000**	**%**
Sales	**85,959**	60,542	42%
Cost of sales	**(43,863)**	(34,679)	26%
Gross profit	**42,096**	25,863	63%
Other gains (net)	**2,051**	3,550	(42%)
Selling and marketing expenses	**(7,506)**	(3,642)	106%
Administrative and other operating expenses	**(16,788)**	(9,116)	84%
Profit before tax	**19,853**	16,655	19%
Income tax expense	**(4,191)**	(2,717)	54%
Profit attributable to company's equity holders	**15,662**	13,938	12%
Earnings per share (basic and diluted)	**5.22 cents**	5.40 cents	
Expenses included in cost of sales, selling and marketing expenses and administrative and other operating expenses are analysed as follows:			
Depreciation	**(878)**	(932)	(6%)
Unrealised loss on available-for-sale financial assets	**-**	(396)	(100%)
Amortisation of goodwill	**-**	(41)	(100%)
Impairment loss on goodwill	**(939)**	-	100%
Rental expense – operating lease	**(2,518)**	(2,088)	21%
Employee benefits	**(44,361)**	(31,578)	40%
Net foreign exchange gain	**278**	2,112	(87%)
Bank interest received	**1,602**	425	276%
Dividend income from available-for-sale financial assets	**171**	154	11%

Note: N/M = not meaningful

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

Balance Sheet as at 31 March 2006

(Expressed in Hong Kong Dollars)

	The Group			The Company		
	31 March 2006	31 March 2005	+ / (-)	31 March 2006	31 March 2005	+ / (-)
	HK$'000	HK$'000	%	HK$'000	HK$'000	%
Current assets						
Cash and cash equivalents	**59,822**	83,578	(28%)	**5,405**	73,725	(93%)
Pledge bank deposits	**-**	1,500	(100%)	**-**	-	-
Trade and other receivables	**8,174**	2,689	204%	**74,826**	5,206	1,337%
Unbilled revenue on service contracts	**55,625**	24,570	126%	**-**	-	-
Inventories	**3,146**	3,306	5%	**-**	-	-
Tax recoverable	**-**	1,563	(100%)	**-**	-	-
Available-for-sale financial assets	**-**	4,246	(100%)			
	126,767	121,452		**80,231**	78,931	
Non-current assets						
Available-for-sale financial assets	**4,151**	-	100%	**-**	-	-
Subsidiaries	**-**	-	-	**40,571**	39,183	4%
Property, plant and equipment	**1,402**	1,492	(6%)	**-**	-	-
Intangible asset	**-**	939	(100%)	**-**	-	-
Deferred income tax asset	**212**	96	121%	**-**	-	-
	5,765	2,527		**40,571**	39,183	
Total assets	**132,532**	123,979		**120,802**	118,114	

Azeus Systems Holdings Ltd.

Balance Sheet as at 31 March 2006

(Expressed in Hong Kong Dollars)

	The Group			The Company		
	31 March 2006	31 March 2005	+ / (-)	31 March 2006	31 March 2005	+ / (-)
	HK$'000	HK$'000	%	HK$'000	HK$'000	%
Current liabilities						
Trade and other payables	**11,310**	6,395	77%	**625**	668	(6%)
Current income tax liabilities	**1,478**	-	N/M	**-**	-	-
	12,788	6,395		**625**	668	
Non-current liabilities						
Provision for retirement benefit	**34**	-	100%	**-**	-	-
Deferred income tax liabilities	**130**	130	-	**-**	-	-
	164	130		**-**	-	
Total liabilities	**12,952**	6,525		**625**	668	
Net assets	**119,580**	117,454		**120,177**	117,446	
REPRESENTED BY:						
Share capital	**46,800**	46,800	-	**46,800**	46,800	-
Share premium	**56,489**	56,489	-	**56,726**	56,726	-
Reserves	**16,291**	14,165	15%	**16,651**	13,920	20%
	119,580	117,454		**120,177**	117,446	

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 2006 and 31 March 2005.

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

	The Group	
	FY2006	**FY2005**
Cash flows from operating activities	**(Apr-Mar 2006)**	**(Apr-Mar 2005)**
Profit before tax	**19,853**	16,655
Adjustments for:		
Depreciation of property, plant and equipment	**878**	932
Interest income	**(1,602)**	(425)
Impairment loss on goodwill	**939**	-
Dividend income from available-for-sale financial assets	**(171)**	(154)
Amortisation of goodwill	**-**	41
Unrealised loss on available-for-sale financial assets	**-**	396
Employee share-based compensation costs	**465**	-
Provision for retirement benefit	**64**	-
Exchange differences	**(23)**	(10)
Operating cash flow before working capital change	**20,403**	17,435
Change in operating assets and liabilities		
Trade and other receivables	**(5,485)**	22,201
Unbilled revenue on service contracts	**(31,055)**	(17,191)
Inventories	**160**	(3,306)
Trade and other payables	**4,545**	(2,556)
Cash (outflow)/inflow generated from operations	**(11,432)**	16,583
Income tax paid	**(1,135)**	(6,823)
Provision for retirement benefit	**34**	-
Net cash (outflow)/inflow from operating activities	**(12,533)**	9,760

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

	The Group	
	FY2006	FY2005
	(Apr-Mar 2006)	**(Apr-Mar 2005)**
Cash flows from investing activities		
Purchases of property, plant and equipment	**(741)**	(785)
Decrease/(increase) in pledged bank deposits	**1,500**	(1,300)
Interest received	**1,602**	425
Dividend received from available-for-sale financial assets	**171**	154
Purchases of available-for-sale financial assets	**-**	(2,610)
Acquisition of a subsidiary, net of cash acquired	**-**	(1,137)
Net cash inflow/(outflow) from investing activities	**2,532**	(5,253)
Cash flows from financing activities		
Net proceeds from issue of shares	**-**	68,283
Dividends paid to shareholders	**(13,755)**	-
Net cash (outflow)/inflow from financing activities	**(13,755)**	68,283
Net (decrease)/increase in cash and cash equivalents	**(23,756)**	72,790
Cash and cash equivalents at the beginning of the financial year	**83,578**	10,788
Cash and cash equivalents at the end of the financial year	**59,822**	83,578

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	Exchange Translation Reserve	Statutory Reserve	Other reserves	Retained Profits	Total
Group	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Balance as at 1 April 2005							
As previously reported	**46,800**	**56,489**	**(7)**	**112**	**-**	**14,060**	**117,454**
Effect of changes in accounting policies							
-Adjusted prospectively	**-**	**-**	**-**	**-**	**(439)**	**240**	**(199)**
As restated	**46,800**	**56,489**	**(7)**	**112**	**(439)**	**14,300**	**117,255**
Transfer from statutory reserves to retained earnings	**-**	**-**	**-**	**(112)**	**-**	**112**	**-**
Fair value loss on available-for-sale-financial assets	**-**	**-**	**-**	**-**	**(95)**	**-**	**(95)**
Currency translation difference	**-**	**-**	**48**	**-**	**-**	**-**	**48**
Net profit for the year	**-**	**-**	**-**	**-**	**-**	**15,662**	**15,662**
Total recognised gains / (losses)	**-**	**-**	**48**	**(112)**	**(95)**	**15,774**	**15,615**
Employee share-based compensation	**-**	**-**	**-**	**-**	**465**	**-**	**465**
FY2005 dividends paid	**-**	**-**	**-**	**-**	**-**	**(13,755)**	**(13,755)**
Balance as at 31 March 2006	**46,800**	**56,489**	**41**	**-**	**(69)**	**16,319**	**119,580**
Balance as at 1 April 2004	142	-	3	112	-	34,986	35,243
Currency translation difference	-	-	(10)	-	-	-	(10)
Net profit for the year	-	-	-	-	-	13,938	13,938
Total recognised gains / (losses)	-	-	(10)	-	-	13,939	13,928
Issue of shares	94	-	-	-	-	-	94
Issue of shares pursuant to restructuring exercise in exchange for shares of the subsidiaries	35,006	-	-	-	237	-	35,243
Adjustment arising from restructuring exercise	(142)	-	-	-	(35,101)	-	(35,243)
Issue of shares pursuant to the initial public offering	11,700	65,066	-	-	-	-	76,766
Transfer from retained earnings to merger reserve	-	-	-	-	34,864	(34,864)	-
Share issue expenses	-	(8,577)	-		-	-	(8,577)
Balance as at 31 March 2005	46,800	56,489	(7)	112	-	14,060	117,454

	Share Capital	Share Premium	Exchange Translation Reserve	Statutory Reserve	Other reserves	Retained Profits	Total
Company							
Balance as at 1 April 2005	**46,800**	**56,726**	**-**	**-**	**-**	**13,920**	**117,446**
Total recognised gains - Net profit for the year	**-**	**-**	**-**	**-**	**-**	**16,486**	**16,486**
FY2005 dividends paid	**-**	**-**	**-**	**-**	**-**	**(13,755)**	**(13,755)**
Balance as at 31 March 2006	**46,800**	**56,726**	**-**	**-**	**-**	**16,651**	**120,177**
Balance as at 10 May 2004 (date of incorporation)	94	-	-	-	-	-	94
Total recognized gains - Net profit for the period	-	-	-	-	-	13,920	13,920
Issue of shares pursuant to restructuring exercise in exchange for shares of the subsidiaries	35,006	237	-	-	-	-	35,243
Issue of shares pursuant to the initial public offering	11,700	65,066	-	-	-	-	76,766
Share issue expenses	-	(8,577)	-	-	-	-	(8,577)
Balance as at 31 March 2005	46,800	56,726	-	-	-	13,920	117,446

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.

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**

In FY2006, the Company adopted all the new and revised Financial Reporting Standards ("FRS") and Interpretations of FRS ("INT FRS") that are applicable in the current financial year. The FY2005 financial statements have been amended as required, in accordance with the relevant transitional provisions in the respective FRS and INT FRS. The following are the FRS and INT FRS that are relevant to the Group:

FRS 1 (revised 2004) Presentation of Financial Statements
FRS 2 (revised 2004) Inventories
FRS 8 (revised 2004) Accounting Policies, Changes in Accounting Estimates and Errors
FRS 10 (revised 2004) Events after the Balance Sheet Date
FRS 16 (revised 2004) Property, Plant and Equipment
FRS 17 (revised 2004) Leases
FRS 21 (revised 2004) The Effects of Changes in Foreign Exchange Rates
FRS 24 (revised 2004) Related Party Disclosures
FRS 27 (revised 2004) Consolidated and Separate Financial Statements
FRS 32 (revised 2004) Financial Instruments: Disclosure and Presentation
FRS 33 (revised 2004) Earnings per Share
FRS 36 (revised 2004) Impairment of Assets
FRS 38 (revised 2004) Intangible Assets
FRS 39 Financial Instruments: Recognition and Measurements
FRS 102 Share-based Payment
FRS 103 Business Combinations
INT FRS 101 Changes in Existing Decommissioning, Restoration and Similar Liabilities

The adoption of the above FRS and INT FRS did not result in substantial changes to the Group's accounting policies except as disclosed in note 5 below.

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.**

(i) Description of changes

(a) FRS 103 Business Combinations, FRS 36 (revised 2004) Impairment of Assets and FRS 38 (revised 2004) Intangible Assets

Until 31 March 2005, goodwill was amortised on a straight line basis over a period of 3 years; and at each balance sheet date, the Group assessed if there was any indication of impairment of the cash-generating-unit in which the goodwill is attached to. In accordance with FRS 103, the Group ceased amortisation of goodwill from 1 April 2005 and accumulated amortisation as at 31 March 2005 amounting to HK$41,000 has been eliminated with a corresponding decrease in the cost of goodwill. Goodwill is thereafter tested at least annually for impairment in accordance with FRS36. An impairment charge of HK$939,000 was recognized in FY2006.

(b) FRS 39 (revised 2004) Financial Instruments: Recognition and Measurement and FRS 32 (revised 2004) Financial Instruments: Disclosure and Presentation

Classification and consequential accounting for financial assets.

Under FRS 39 (revised 2004), the investments in equity interests of other investments are classified as "available-for-sale financial assets" and are initially recognised at fair value and subsequently measured at fair values at the balance sheet date with all gains and losses other than impairment loss taken to equity.

Impairment losses are taken to the income statement in the period it arises.

On disposal, gains and losses previously taken to equity are included in the income statement.

This change in classification was effected prospectively from 1 April 2005 and consequently affected the following previously reported balance sheet items as at 31 March 2005:

	Group HK$'000
Increase/(decrease) in:	
Other reserve	(439)
Retained earnings	439

(c) FRS 102 Share-based Payment

During the current financial year, the controlling shareholder of the Company granted shares to certain employees of the Group as a reward for their past contribution.

On adoption of FRS 102, an expense is recognised when the Group obtained services in exchange for shares. This change has resulted in an expense recognised in the income statement for the employee share-based payment costs with a corresponding increase in other reserves amounting to HK$465,000.

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

	The Group	
	FY2006	**FY2005**
Net profit of the Group (HK$'000)	**15,662**	13,938
Weighted average number of shares	**300,000,000**	258,287,671
- Basic earnings per share (HK cents)	**5.22**	5.40
- Fully diluted earnings per share (HK cents)	**5.22**	5.40

Fully diluted earnings per share is similar to the basic earnings per share as the Group did not have any potential ordinary shares outstanding as at 31 March 2006 and 31 March 2005.

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

	The Group		The Company	
	31 March 2006	**31 March 2005**	**31 March 2006**	**31 March 2005**
	HK cents	**HK cents**	**HK cents**	**HK cents**
Net asset value per ordinary share based on the existing share capital as at 31 March 2006 and 31 March 2005 respectively	**39.86**	39.15	**40.06**	35.00

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.

<u>Income statement</u>

a. Revenue

	FY2006	FY2005	+ / (-)
	(Apr-Mar 06)	(Apr-Mar 05)	
Revenue by business segment	**HK$'000**	**HK$'000**	**%**
IT Services, including selling of hardware and software	**70,304**	46,165	52%
Maintenance and Support Services	**10,240**	9,874	4%
Business Process Outsourcing (BPO)	**5,415**	4,503	20%
Total	**85,959**	60,542	42%

The Group derives its revenue from 3 main core business areas – IT services, maintenance and support services, and business process outsourcing (BPO). The largest revenue contribution came from IT services, for which contracts vary in both size and scope. The extent of revenue recognition in each financial period is dependent on the stage of completion of the milestones for the development and implementation of the projects.

Group revenue increased by 42% to HK$85.9 million for FY2006 as compared with FY2005 which was mainly due to the increase in revenue from IT services, maintenance and support services and BPO.

IT services remained as our major revenue contributor, accounting for 82% of total revenue for FY2006 compared to a contribution of 76% in FY2005. The Group has managed to secure a major IT services project awarded by the Hong Kong Police Force and received additional orders from various departments of Hong Kong Government. Overall the fees from IT services were higher in FY2006 because of the higher value of contracts secured and the higher percentage of completion achieved in FY2006 compared to FY2005.

Fees from maintenance and support services rose by 4% to HK10.2 million. This was due to the increase in both the number of contracts (from 24 contracts in FY2005 to 26 contracts in FY2006) and size of maintenance and support service contracts. Many of these were renewed or commenced in FY2006 following the expiry of the warranty periods for projects completed in FY2005.

Fees from BPO increased by 20% to HK$5.4 million due to the increase of chargeable hourly rates and a higher headcount that was outsourced to Intellectual Property Department – from 34 persons as at end of FY2005 to 37 persons as at end of FY2006.

b. Cost of Sales and Gross Profit Margin

The Group's cost of sales rose by 26% to HK$43.9 million in FY2006. This was mainly due to higher salaries from our active recruitment of IT professionals which is part of our strategy to further strengthen the Group's capabilities to increase our share of the IT services market for the Hong Kong Government projects and to penetrate new markets outside of Hong Kong. As an IT consultancy services company, employee costs formed the largest component of the Group's cost of sales. In the Philippines, we increased our IT professional headcount by 35% from 113 in March 2005 to 153 in March 2006. In addition, the number of employees in the Group has increased by 32% from 241 in March 2005 to 318 in March 2006.

We also purchased additional hardware and software from third party vendors as part of our IT services for our customers. This has eroded our gross margin by 6% as the profit margin for providing third party hardware and software is lower than the profit margin of our other IT services.

Despite the significant increase in our cost of sales, the Group still managed to improve its profit margin by 6.3% to 48.9% for FY2006, as compared with 42.6% in FY2005.

c. Other gains (net)

Other gains comprised:	**FY2006**	**FY2005**	
	HK$'000	**HK$'000**	**%**
Interest income	1,602	425	276%
Dividend income	171	154	11%
Net foreign exchange gain	278	2,112	(87%)
Other income	-	859	(100%)
Total	2,051	3,550	(42%)

The decrease of HK$1.5million other gains for FY2006 as compared with FY2005 was mainly due to decrease in net foreign exchange gain due to conversion of our IPO proceeds from SGD to HKD in FY2005. This was partially offset by the increase in interest income arising from higher interest rates in FY2006 as the average balances in FY2006 and FY2005 are approximately consistent.

Other income recognised in FY2005 represented the assignment of loan of HK$0.9 million by our Managing Director, Mr Lee Wan Lik, to Azeus BVI for a consideration of HK$1.00 on 1 September 2004.

d. Administrative and Other Operating Expenses

Administrative and other operating expenses increased by 84% or HK$7.7 million in FY2006 as compared with FY2005. This was due to increase in administrative salaries of HK$2.2 million due to the appointment of an Executive Vice President and increase in administrative staff; an impairment charge on goodwill of HK$0.9 million, increase in rent and rates of HK$0.7 million; increase in professional fee of HK$0.3 million and the full year impact of administrative and operating expenses for our subsidiary BIGontheNet which was newly acquired in FY2005.

e. Net profit after taxation

Despite the significant increase in our operating expenses as explained above, the Group still managed to achieve a net operating profit after taxation attributable to the shareholders of HK$15.7 million for FY2006, compared to HK$13.9 million for FY2005.

Balance Sheets

a. Unbilled revenue on service contracts

The increase in contracts work-in-progress of the Group was because of costs incurred on two new contracts secured in this financial year. However, as these contracts are still at implementation stage, the milestone payments for these contracts have not been reached.

b. Subsidiaries

The increase in the Company's cost of investment in subsidiaries was because of the subscription of additional 49,346,834 ordinary shares for a total consideration of S$493,468 (equivalent to HK$2.3 million) in the capital of its wholly-owned subsidiary, BIGontheNet. This is offset by an impairment charge of HK$0.9 million.

c. Share capital and reserves

The Group's shareholders' equity increased from HK$117.5 million at the beginning of the year to HK$119.6 million as at 31 March 2006, mainly due to the profit generated from operations of HK$15.7 million in FY2006 which was off set by the payment of FY2005 final dividend of HK$13.8 million.

Cash flow Statement

For the year ended 31 March 2006, the Group's cash outflow for operations was HK$12.5 million. Tax paid during the period was HK$1.1 million. Cash outflow for financing activities of HK$13.8 million was primarily for the payment of the FY2005 final dividend in August 2005. The Group's cash position continues to be strong with a cash balance at a healthy HK$59.8 million.

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 Group expects contracts from the Hong Kong Government to continue to be the main growth driver. In the previous financial year, the Group has secured a large project with the Hong Kong Police Force for a total contract value of US$10.2 million. Currently, we have entered into a new contract of US$1.2 million with the Independent Commission Against Corruption "ICAC". The Group expects these projects to contribute towards its FY2007 results.

Besides Hong Kong and Singapore, the Group also aims to widen its geographical coverage into new markets that present exciting growth opportunities. As such, we are continuing to scout for suitable acquisitions to accelerate our entry into the Japanese IT outsourcing market, which we believe would offer tremendous potential in the long term. We are also strengthening our capabilities by actively increasing our manpower resources which will have an impact on our profit margins in FY2006 and FY2007.

In the last year, we have emerged as the first company outside mainland China to achieve Level 2 of the Computer Information System Integration Qualification Certification ("SI Certification "), currently the highest level of certification accredited in Hong Kong. This was awarded to Azeus by the PRC's Ministry of Information Industry. It provides us with better market access to the PRC, therefore serving as an impetus to strengthen our position in Dalian, China and catering to Japanese customers in the area of software development outsourcing.

The Board of Directors believes that Asia's IT market outlook remains encouraging. Although the IT industry is highly competitive, the Group will continue to derive greater operational efficiency as well as leverage on our reinforced staff strength, established track record, as well as CMMI-SW Level 5 (highest) accreditation to secure higher value service contracts.

Barring any unforeseen circumstances, the Group remains cautiously optimistic of the Group's prospects for the current financial year.

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	4.90 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 2005 of 4.60 HK cents. The final dividend amounting to HK$13.8 million was paid in August 2005.

(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

The activities of the Group are substantially in the information technology services industry and therefore, reporting by industry segment is not applicable. As the Group sales are predominantly derived in Hong Kong, there is no geographical segment information presented.

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

	The Group		
	FY2006	FY2005	+ / (-)
	HK$'000	HK$'000	%
Sales reported for first half year	37,342	21,795	71%
Net profit after tax for first half year	6,776	1,326	411%
Sales reported for second half year	48,617	38,747	25%
Net profit after tax for second half year	8,886	12,612	(29%)

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

	The Group		
	FY2006	FY2005	+ / (-)
	HK$'000	HK$'000	%
Ordinary	14,700	13,755	7%
Preference	-	-	-
Total	14,700	13,755	7%

17. Interested Parties Transactions

Provision of legal fees by Stamford Law Corporation

Our Independent Director, Mr Yap Wai Ming, is a practicing advocate and solicitor in Singapore and a director of Stamford Law Corporation. During FY2006, professional fees to approximately HK$145,000 have been paid to Stamford Law Corporation in relation to general legal advice and annual corporate secretarial services.

BY ORDER OF THE BOARD

LEE WAN LIK
MANAGING DIRECTOR
30 May, 2006

NEWS RELEASE

AZEUS' FY2006 REVENUE INCREASES 42%, NET PROFIT UP 12%

Results Highlights for FY2006:

- Turnover increased 42% to HK$86.0 million
- Higher turnover driven mainly by major IT services projects awarded by Hong Kong Government
- Net profit grew 12% to HK$15.7 million
- Staff strength increased by 32%
- Final dividend of 4.90 HK cents

	FY2006[1] (HK$ mil)	FY2005[2] (HK$ mil)	Change (%)
Revenue	86.0	60.5	42
Gross profit	42.1	25.9	63
Profit before tax	19.9	16.7	19
Net profit	15.7	13.9	12

Singapore, May 30, 2006 – Azeus Systems Holdings Ltd. ("Azeus"), a provider of IT consultancy services based in Hong Kong, today reported a good set of financials for the full year ended March 31, 2006 ("FY2006"). Its net profit rose 12% on the back of a 42% increase in revenue to HK$86.0 million in FY2006, from HK$60.5 million in the previous corresponding period.

[1] "FY2006" denotes full year ended March 31, 2006
[2] "FY2005" denotes full year ended March 31, 2005

Mr Lee Wan Lik, Founder and Managing Director of Azeus, said: “I am pleased with Azeus’ performance for FY2006. We have secured additional projects such as our recent US$1.2 million contract from the Independent Commission Against Corruption (“ICAC”), a US$10.2 million contract with the Hong Kong Police Force and additional orders from various Hong Kong Government departments.

Our gross profit margin has also improved to 48.9% in FY2006 from 42.6% in FY2005. This was achieved despite a significant 26% increase in cost of sales to HK$43.9 million in FY2006, which was mainly attributable to additional headcount and additional cost from the sale of hardware as part of our contract.

Indeed, as part of our Group’s growth strategy to strengthen our capabilities in order to penetrate new overseas markets, we have strengthened our resources. We conducted an active recruitment drive and increased our total headcount by 32% to 318 from 241 in the previous corresponding period.”

Segmental Review

Our Group’s major contributor to revenue was the IT Services segment, which accounted for 82% of total revenue in FY2006. This segment contributed HK$70.3 million to revenue in FY2006, an increase of 52% from HK$46.2 million in the last corresponding period. In FY2006, the Group was awarded a major IT services project by the Hong Kong Police Force with a total contract value of US$10.2 million, and received additional orders from various Hong Kong Government departments. The overall fees from IT services were therefore, higher in FY2006 because of the higher value of contracts secured and higher percentage of completion achieved compared to FY2005.

Contribution from the Maintenance & Support Services segment rose 4% to HK$10.2 million in FY2006, due to both the increase in the number of contracts as well as bigger maintenance and support service contracts.

Contribution from the Business Process Outsourcing segment climbed 20% to HK$5.4 million in FY2006 due to higher chargeable rates, and a larger headcount that was outsourced to the Hong Kong Government Intellectual Property Department.

The Group maintains a strong cash position of HK$59.8 million as at March 31, 2006.

To reward shareholders for their confidence in, and support for Azeus, the Board of Directors has declared a final dividend of 4.90 HK cents for FY2006.

Positive Outlook for FY2007

Azeus has successfully clinched several major contracts, including prestigious landmark IT projects such as a US$10.2 million contract with the Hong Kong Police Force in FY2005, and its newly secured US$1.2 million contract with the ICAC in FY2006. "These attest to Azeus' reputation as a provider of quality IT services and our strong track record as a public sector IT specialist, having developed, implemented and managed many major IT projects including data-sensitive IT systems for the Hong Kong Government," added Mr Lee.

While the Hong Kong Government encourages modernization of government systems and is one of the biggest consumers of IT services, the Group is exploring suitable alliances in the region including China and Japan, which provide attractive business opportunities.

"We are located in Hong Kong, which is the gateway to China - one of the fastest growing economies in the world, and combined with China's accession to WTO, would garner a significant presence of MNCs and increased foreign direct investments that present enormous business and infocomm opportunities.

Following our success in the Hong Kong Government sector, we will leverage on the competitive edge of our low-cost development centres in Philippines and Dalian, China to tap into the growing IT software development outsourcing market worldwide. We therefore believe that we are well-positioned to boost our market share of IT services based on our strong track record and CMMI-SW Level 5, the highest level of accreditation," concluded Mr Lee.

The Group believes that the outlook for the IT industry in Asia Pacific remains encouraging. Barring any unforeseen circumstances, Azeus is cautiously optimistic of its prospects for the current financial year.

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. Azeus' headquarters in Hong Kong and BIGontheNet are responsible for the Group's sales, system installation and customer relations.

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 prides itself for winning its first business 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 many projects for Government departments and for the commercial sector in Hong Kong.

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

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