



A CMMI LEVEL 5 COMPANY

AZEUS SYSTEMS HOLDINGS LTD.
(incorporated in Bermuda on 10 May 2004)
(Registration Number: 35312)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

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A CMMI LEVEL 5 COMPANY

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(Registration Number: 35312)

A. Condensed Interim Consolidated Income Statement

For the six months ended 30 September 2024

(Expressed in Hong Kong Dollars)

	Note	<u>Group</u>		+ / (-) %
		Unaudited 1H FY2025 (Apr - Sep 24) HK\$'000	Unaudited 1H FY2024 (Apr - Sep 23) HK\$'000	
Revenue	4	169,320	132,808	27
Cost of revenue	5(a)	(46,021)	(41,846)	10
Gross profit		123,299	90,962	36
Other income	6	1,345	825	63
Other gains/(losses) – net	6	2,175	(947)	330
Impairment losses of financial assets		(1,947)	(365)	433
Expenses				
- Research and development expenses	5(a)	(18,039)	(15,364)	17
- Selling and marketing expenses	5(a)	(30,420)	(25,419)	20
- Administrative expenses	5(a)	(22,155)	(21,197)	5
- Finance cost – lease interest	10(d)	(488)	(406)	20
Profit before income tax		53,770	28,089	91
Income tax expense	5(b)	(4,911)	(744)	560
Profit attributable to equity holders of the Company		48,859	27,345	79



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B. Condensed Interim Consolidated Statement of Comprehensive Income
For the six months ended 30 September 2024
(Expressed in Hong Kong Dollars)

	Group		
	Unaudited	Unaudited	
	1H FY2025	1H FY2024	
	(Apr – Sep 24)	(Apr – Sep 23)	+ / (-)
	HK\$'000	HK\$'000	%
Profit for the period	48,859	27,345	79
Other comprehensive income			
<u>Items that may be reclassified subsequently to profit or loss:</u>			
Currency translation gains/(losses) arising from consolidation	1,608	(1,014)	259
Other comprehensive income/(losses), net of tax	1,608	(1,014)	259
Total comprehensive income attributable to equity holders of the Company	50,467	26,331	92



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C. Condensed Interim Consolidated Statements of Financial Position

As at 30 September 2024

(Expressed in Hong Kong Dollars)

	Note	<u>Group</u>		<u>Company</u>	
		Unaudited 30 Sep 2024 HK\$'000	Audited 31 Mar 2024 HK\$'000	Unaudited 30 Sep 2024 HK\$'000	Audited 31 Mar 2024 HK\$'000
Current assets					
Cash and bank deposits		204,574	183,378	1,694	731
Trade and other receivables		62,125	67,125	84,786	87,791
Inventories		1,795	1,165	-	-
Contract assets		68,761	30,313	-	-
Current income tax assets		612	1,040	-	-
		337,867	283,021	86,480	88,522
Non-current assets					
Investment in subsidiaries		-	-	53,802	53,802
Property, plant and equipment	9	5,821	6,207	-	-
Right-of-use assets	10(a)	23,106	25,877	-	-
Deferred income tax assets	11	3,116	3,069	-	-
Refundable deposit		5,500	5,142	-	-
		37,543	40,295	53,802	53,802
Total assets		375,410	323,316	140,282	142,324



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C. Condensed Interim Consolidated Statements of Financial Position (Continued)
As at 30 September 2024
(Expressed in Hong Kong Dollars)

	Note	<u>Group</u>		<u>Company</u>	
		Unaudited 30 Sep 2024 HK\$'000	Audited 31 Mar 2024 HK\$'000	Unaudited 30 Sep 2024 HK\$'000	Audited 31 Mar 2024 HK\$'000
Current liabilities					
Trade and other payables		13,156	12,904	104	1,934
Contract liabilities		100,879	101,686	-	-
Lease liabilities	10(c)	7,084	4,748	-	-
Current income tax liabilities		8,288	5,153	-	-
		129,407	124,491	104	1,934
Non-current liabilities					
Contract liabilities		4,618	3,492	-	-
Lease liabilities	10(c)	15,639	20,296	-	-
Other non-current liabilities		3,599	3,706	-	-
Provision for defined retirement benefits		12,476	12,127	-	-
		36,332	39,621	-	-
Total liabilities		165,739	164,112	104	1,934
Net assets		209,671	159,204	140,178	140,390
Equity					
Share capital	12	46,800	46,800	46,800	46,800
Share premium		56,489	56,489	56,726	56,726
Foreign currency translation reserve		(181)	(1,789)	-	-
Other reserves		1,774	1,774	-	-
Defined retirement benefits		(6,263)	(6,263)	-	-
Retained profits		111,052	62,193	36,652	36,864
Total Equity		209,671	159,204	140,178	140,390



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D. Condensed Interim Consolidated Statement of Changes in Equity

As at 30 September 2024

(Expressed in Hong Kong Dollars)

<u>Group</u>	Share Capital HK\$'000	Share Premium HK\$'000	Foreign Currency Translation Reserve HK\$'000	Other Reserves HK\$'000	Defined Retirement Benefits HK\$'000	Retained Profits HK\$'000	Total Equity HK\$'000
Balance as at 1 April 2024	46,800	56,489	(1,789)	1,774	(6,263)	62,193	159,204
Profit for the period	-	-	-	-	-	48,859	48,859
Other comprehensive income	-	-	1,608	-	-	-	1,608
Total comprehensive income	-	-	1,608	-	-	48,859	50,467
Balance as at 30 September 2024	46,800	56,489	(181)	1,774	(6,263)	111,052	209,671
Balance as at 1 April 2023	46,800	56,489	(1,164)	1,774	(7,027)	36,600	133,472
Profit for the period	-	-	-	-	-	27,345	27,345
Other comprehensive loss	-	-	(1,014)	-	-	-	(1,014)
Total comprehensive (loss)/income	-	-	(1,014)	-	-	27,345	26,331
Balance as at 30 September 2023	46,800	56,489	(2,178)	1,774	(7,027)	63,945	159,803



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D. Condensed Interim Consolidated Statement of Changes in Equity (Continued)

As at 30 September 2024

(Expressed in Hong Kong Dollars)

<u>Company</u>	Share Capital HK\$'000	Share Premium HK\$'000	Retained Profits HK\$'000	Total Equity HK\$'000
Balance as at 1 April 2024	46,800	56,726	36,864	140,390
Total comprehensive loss for the year	-	-	(212)	(212)
Balance as at 30 September 2024	46,800	56,726	36,652	140,178
Balance as at 1 April 2023	46,800	56,726	36,762	140,288
Total comprehensive loss for the year	-	-	(2,215)	(2,215)
Balance as at 30 September 2023	46,800	56,726	34,547	138,073



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E. Condensed Interim Consolidated Statement of Cash Flow
For the six months ended 30 September 2024
(Expressed in Hong Kong Dollars)

	Note	<u>Group</u>	
		Unaudited 1H FY2025 (Apr – Sep 24) HK\$'000	Unaudited 1H FY2024 (Apr – Sep 23) HK\$'000
Cash flows from operating activities			
Profit after tax		48,859	27,345
Adjustments for:			
Income tax expenses	5(b)	4,911	744
Depreciation of property, plant and equipment	9	678	300
Amortisation of right-of-use assets	10(b)	2,768	3,695
Interest income	6	(1,159)	(703)
Interest expense on lease liabilities	10(d)	488	406
Exchange differences		(2,140)	-
Operating cash flows before changes in working capital		54,405	31,787
Changes in working capital			
Trade and other receivables		(1,869)	2,986
Contract assets		(38,351)	(10,639)
Refundable deposits		(352)	29
Inventories		(630)	-
Trade and other payables		(986)	(4,467)
Contract liabilities		5,984	3,383
Cash generated from operations		18,201	23,079
Income tax paid		(1,423)	(2,222)
Net cash provided by operating activities		16,778	20,857



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E. Condensed Interim Consolidated Statement of Cash Flow (Continued)

For the six months ended 30 September 2024

(Expressed in Hong Kong Dollars)

		<u>Group</u>	
		Unaudited 1H FY2025 (Apr – Sep 24) HK\$'000	Unaudited 1H FY2024 (Apr – Sep 23) HK\$'000
	Note		
Cash flows from investing activities			
Purchases of property, plant and equipment	9	(276)	(4,916)
Interest received	6	1,159	703
Net cash generated from/(used in) investing activities		883	(4,213)
Cash flows from financing activities			
(Increase)/decrease in restricted cash		(911)	9,569
Principal payment of lease liabilities		(2,318)	(1,844)
Payment of interest on lease liabilities	10(d)	(488)	(406)
Net cash (used in)/provided by financing activities		(3,717)	7,319
Net increase in cash and cash equivalents		13,944	23,963
Cash and cash equivalents, statement of cash flows, beginning balance		142,642	103,263
Effects of currency translation on cash and cash equivalents		6,231	(3,320)
Cash and cash equivalents, Statement of Cash flows ending balance (Note A)		162,817	123,906
Note A:			
Cash and bank deposits		204,574	163,797
Less: Restricted cash		(41,757)	(39,891)
Cash and cash equivalents as disclosed in consolidated statement of cash flows		162,817	123,906



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F. Notes to the Condensed Interim Consolidated Financial Statements

1. Corporate Information

Azeus Systems Holdings Ltd. (the “Company”) is incorporated as an exempt company with limited liability under the Companies Act 1981 of Bermuda and is listed on the mainboard of Singapore Exchange Securities Trading Limited (“SGX-ST”) on 22 October 2004. The address of its registered office is Canon’s Court, 22 Victoria Street, Hamilton HM1, Bermuda.

These condensed interim consolidated financial statements as at and for the six months ended 30 September 2024 comprise the Company and its subsidiaries (collectively, the “Group”).

The principal activity of the Company is that of an investment holding company. The principal activities of the Group are the provision of IT services and cloud-based subscription services of its software products.

2. Basis of preparation

The condensed interim consolidated financial statements for the six months ended 30 September 2024 have been prepared in accordance with Singapore Financial Reporting Standard (“SFRS(I)”) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore.

The condensed interim consolidated financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 31 March 2024.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.1 below.



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F. Notes to the Condensed Interim Consolidated Financial Statements (Continued)

2. Basis of preparation (Continued)

The condensed interim consolidated financial statements are presented in Hong Kong dollar which is the Company's functional currency.

The latest audited annual financial statements of the Group are not subject to an adverse opinion, qualified opinion or disclaimer of opinion issued by the Company's auditors.

2.1.1 New and amended standards adopted by the Group

Other than the adoption of the new and amended standards from prior reporting year, there were no changes in accounting policies and methods of computation adopted in the condensed interim consolidated financial statements as compared to the most recently audited annual consolidated financial statements for the year ended 31 March 2024, which were in accordance with SFRS(I)s.

The following are the other new or amended standards that become applicable for annual reporting periods commencing on or after 1 January 2024:

- (a) Classification of Liabilities as Current or Non-current and Non-current liabilities with covenants – Amendments to SFRS(I) 1-1*
- (b) Lease liability in sale and leaseback – Amendments to SFRS(I) 16*
- (c) Supplier Finance Arrangements – Amendments to SFRS(I) 1-7 and SFRS(I) 7*

These applicable new and amended standards did not have any impact on the amount recognized in prior periods and are not expected to significantly affect the current or future periods.



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F. Notes to the Condensed Interim Consolidated Financial Statements (Continued)

2. Basis of preparation (Continued)

2.1.1 New and amended standards adopted by the Group (Continued)

2.1.2 Impact of IFRS Accounting Standards issued but not yet applied by the entity

In August 2023, the IASB amended IAS 21 to help entities to determine whether a currency is exchangeable into another currency, and which spot exchange rate to use when it is not. These new requirements will apply for annual reporting periods beginning on or after 1 January 2025. The Group does not expect these amendments to have a material impact on its operations or financial statements.

2.2 Critical judgements, assumptions and estimation uncertainties

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income, and expense.

Estimates and underlying assumptions are reviewed on an ongoing basis. However, actual results may differ from these estimates. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The nature and the carrying amount of such significant assets and liabilities are disclosed with further details in the relevant Notes to these condensed interim consolidated financial statements.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the audited annual consolidated financial statements as at and for the year ended 31 March 2024.



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F. Notes to the Condensed Interim Consolidated Financial Statements (Continued)

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Segment and revenue information

The Group has two operating segments which are the IT Services and Azeus Products. There are 5 major revenue streams under IT Services and Azeus Products: Systems implementation and enhancement, sales of hardware and software, maintenance and support services, product licensing and product service.

The segment information of the reportable segments are as follows:

	<u>IT Services</u>		<u>Azeus Products</u>		<u>Total</u>	
	1H FY2025	1H FY2024	1H FY2025	1H FY2024	1H FY2025	1H FY2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
6 months ended 30 September						
Segment revenue	31,653	33,550	137,667	99,258	169,320	132,808
Segment results	10,845	12,767	61,999	37,781	72,844	50,548
Unallocated income/(expenses)						
Administrative salaries					(8,129)	(6,076)
Technical services and supplies					(539)	(862)
Other income					1,345	825
Other gains/(losses) - net					2,175	(947)
Depreciation of property, plant and equipment					(678)	(300)
Amortisation of right-of-use asset					(2,768)	(3,695)
Directors' compensation					(1,641)	(1,391)
Rental expense on operating lease					(2,494)	(1,864)
Legal and professional fees					(2,520)	(2,382)
Insurance					(660)	(781)
Office reinstatement expenses					-	(1,000)
Bank and transaction charges					(553)	(611)
Recruitment and training					(208)	(750)
Other expenses					(2,404)	(2,625)
Profit before tax					53,770	28,089
Income tax expense					(4,911)	(744)
Profit for the period					48,859	27,345



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F. Notes to the Condensed Interim Consolidated Financial Statements (Continued)

4. Segment and revenue information (Continued)

	<u>IT Services</u>		<u>Azeus Products</u>		<u>Total</u>	
	Sep 2024 HK\$'000	Mar 2024 HK\$'000	Sep 2024 HK\$'000	Mar 2024 HK\$'000	Sep 2024 HK\$'000	Mar 2024 HK\$'000
Assets and liabilities						
Segment assets	26,299	16,343	110,860	87,975	137,159	104,318
Unallocated assets:						
Refundable deposits					869	1,801
Property, plant and equipment					3,285	3,630
Right-of-use assets					20,655	22,507
Deferred income tax assets					3,116	3,069
Cash and cash equivalents					204,574	183,378
Other receivables and deposits					3,609	2,256
Prepayments					1,531	1,317
Current income tax assets					612	1,040
					238,251	218,998
Total assets					375,410	323,316
Segment liabilities	2,237	2,419	112,124	112,759	114,361	115,178
Unallocated liabilities:						
Trade and other payables					7,542	7,059
Lease liabilities					20,623	22,186
Current income tax liabilities					8,288	5,153
Other non-current liabilities					2,449	2,409
Provision for defined retirement benefits					12,476	12,127
					51,378	48,934
Total liabilities					165,739	164,112



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F. Notes to the Condensed Interim Consolidated Financial Statements (Continued)

4. Segment and revenue information (Continued)

The revenue from external parties is measured in a manner consistent with that in the condensed consolidated income statement and condensed consolidated statement of comprehensive income.

The management assesses the performance of the operating segments based on a measure of gross profits less selling and marketing expenses and research and development expenses. Assets and liabilities are managed on a group basis and are not allocated to operating segments except for trade receivables, contract assets, property, plant and equipment, right-of-use assets, lease liabilities and contract liabilities, as they cannot be directly attributable to individual segments, and it is impractical to arbitrarily allocate them to the segments.

(a) Revenue from major products and services

Revenue from external customers is derived mainly from the provision of IT Services and Azeus Products. Breakdown of the revenue is as follows:

	<u>Group</u>	
	1H FY2025	1H FY2024
	(Apr - Sep 24)	(Apr - Sep 23)
	HK\$'000	HK\$'000
IT Services	31,653	33,550
Azeus Products	137,667	99,258
Total	169,320	132,808



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F. Notes to the Condensed Interim Consolidated Financial Statements (Continued)

4. Segment and revenue information (Continued)

(b) Timing of revenue recognition

<u>1H FY2025</u>	At a point in time HK\$'000	Over time HK\$'000	Total HK\$'000
IT Services			
Systems implementation and enhancement	-	6,387	6,387
Maintenance and support services	-	25,266	25,266
	-	31,653	31,653
Azeus Products			
Product licensing revenue	5,000	91,645	96,645
Product service revenue	8,747	9,645	18,392
Systems implementation and enhancement	-	20,805	20,805
Maintenance and support services	-	1,825	1,825
	13,747	123,920	137,667
	13,747	155,573	169,320
<u>1H FY2024</u>	At a point in time HK\$'000	Over time HK\$'000	Total HK\$'000
IT Services			
Systems implementation and enhancement	-	8,969	8,969
Maintenance and support services	-	24,581	24,581
	-	33,550	33,550
Azeus Products			
Product licensing revenue	-	74,648	74,648
Product service revenue	10,041	-	10,041
Systems implementation and enhancement	-	12,783	12,783
Maintenance and support services	-	1,786	1,786
	10,041	89,217	99,258
	10,041	122,767	132,808



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F. Notes to the Condensed Interim Consolidated Financial Statements (Continued)

4. Segment and revenue information (Continued)

(c) Geographical information

The Group's two business segments operate in the main geographical areas as follows:

	<u>Sales for continuing operations</u>	
	1H FY2025 (Apr - Sep 24) HK\$'000	1H FY2024 (Apr - Sep 23) HK\$'000
Hong Kong and Asia	88,307	66,736
United Kingdom and Europe	26,108	22,817
Middle East	23,117	15,081
Australia and New Zealand	10,741	10,041
Africa	12,258	9,806
North America and South America	8,789	8,327
Total	169,320	132,808

	<u>Non-current assets</u>	
	Sep 2024 HK\$'000	Mar 2024 HK\$'000
Hong Kong	32,870	35,680
Philippines	4,244	4,106
Asia (except Hong Kong and Philippines)	327	413
United Kingdom and Europe	74	64
Others	28	32
Total	37,543	40,295

Non-current assets information presented above consists of property, plant and equipment, right-of-use assets, deferred income tax assets and refundable deposits as presented in the condensed consolidated statement of financial position.



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F. Notes to the Condensed Interim Consolidated Financial Statements (Continued)

5. Profit and loss information

5(a) Expenses by nature

Expenses included in cost of revenue, research and development, selling and marketing expenses and administrative expenses are analysed as follows:

	1H FY2025 (Apr - Sep 24) HK\$'000	1H FY2024 (Apr - Sep 23) HK\$'000
Directors' remuneration	(1,641)	(1,391)
Employee compensation	(74,825)	(65,904)
Depreciation of property, plant and equipment (Note 9)	(678)	(300)
Amortisation of right-of-use assets (Note 10(b))	(2,768)	(3,695)
Legal and professional fees	(2,520)	(2,382)
Rental expense on operating leases	(2,494)	(1,864)
Third-party hardware and software support cost	(3,389)	(3,493)
Project direct service cost, sub-contracting and consultancy fee	(1,896)	(2,107)
Third-party research and development expense	(1,359)	(726)
Cost of hosting services	(6,102)	(4,671)
Marketing activities expense	(7,701)	(6,098)
Utilities	(752)	(792)
Insurance	(660)	(781)
Sales consultancy fee	(4,535)	(3,629)
Sales commission	(1,109)	(682)
Technical supplies and services	(539)	(862)
Recruitment and training expenses	(208)	(750)
Fee on audit services	(247)	(137)
Bank and transaction charges	(553)	(611)
Office reinstatement expenses	-	(1,000)
Other expenses	(2,659)	(1,951)
Total cost of revenue, research and development, selling and marketing and administrative expenses	(116,635)	(103,826)



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F. Notes to the Condensed Interim Consolidated Financial Statements (Continued)

5. Profit and loss information (Continued)

5(b) Income tax

	1H FY2025 (Apr - Sep 24) HK\$'000	1H FY2024 (Apr - Sep 23) HK\$'000
Tax expense attributable to profit is made up of:		
- Current income tax	4,537	1,020
Under/(over) provision in prior financial years:		
- Current income tax	480	(583)
- Deferred tax	(32)	-
	4,985	437
Withholding tax	(74)	307
	4,911	744

6. Other income and other gains/(losses) – net

	1H FY2025 (Apr - Sep 24) HK\$'000	1H FY2024 (Apr - Sep 23) HK\$'000
Other income comprises of:		
Interest income	1,159	703
Sundry income	186	122
	1,345	825
Foreign exchange gains/(losses), net	2,175	(947)
	3,520	(122)



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F. Notes to the Condensed Interim Consolidated Financial Statements (Continued)

7. Earnings per ordinary share

	<u>Group</u>	
	1H FY2025 (Apr - Sep 24)	1H FY2024 (Apr - Sep 23)
Profit attributable to equity holders of the Company (HK\$'000)	48,859	27,345
Weighted average number of shares	29,999,993	29,999,993
- Basic earnings per share (HK dollars)	1.63	0.91
- Fully diluted earnings per share (HK dollars)	1.63	0.91

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 30 September 2024 and 30 September 2023.

8. Net asset value

	<u>Group</u>		<u>Company</u>	
	30 Sep 2024 HK\$	31 Mar 2024 HK\$	30 Sep 2024 HK\$	31 Mar 2024 HK\$
Net asset value per ordinary share based on the existing share capital as at period end	6.99	5.31	4.67	4.68

9. Property, plant and equipment

During the six months ended 30 September 2024, the Group acquired assets amounting to HK\$276,000 (30 September 2023: HK\$4,916,000). There is no disposal of assets in 1H FY2025 (1H FY2024: HK\$NIL). The depreciation expense during the period amounted to HK\$678,000 (1H FY2024: HK\$300,000).



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F. Notes to the Condensed Interim Consolidated Financial Statements (Continued)

10. Leases – Right-of-use assets and Lease liabilities

The Group leases office space for the purpose of office operations. There are no externally imposed covenants on these lease arrangements.

	Group	
	30 Sep 2024	31 Mar 2024
	HK\$'000	HK\$'000
(a) Right of use assets – Carrying amount	23,106	25,877
(b) Amortisation charge during the period/year (Note 5(a))	2,768	7,300
(c) Lease liabilities		
<i>Current</i>	7,084	4,748
<i>Non-current</i>	15,639	20,296
	22,723	25,044
(d) Interest expense on lease liabilities	488	886
(e) Lease expense not capitalised in lease liabilities Lease expense – short-term leases (Note 5(a))	2,494	3,731
(f) Total cash outflow for all the leases in the financial period ended 30 September 2024 was HK\$5,406,000 (1H FY2024: HK\$4,114,000).		
(g) There is no addition of right-of-use assets during the financial period ended 30 September 2024 (31 March 2024: HK\$30,012,000).		



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F. Notes to the Condensed Interim Consolidated Financial Statements (Continued)

10. Leases – Right-of-use assets and Lease liabilities (Continued)

(h) Future cash outflow which are not capitalised in lease liabilities

(i) *Extension options*

The leases for certain office space contain extension periods, for which the related lease payments had not been included in lease liabilities as the Group is not reasonably certain to exercise these extension options. The Group negotiates extension options to optimise operational flexibility in terms of managing the assets used in the Group's operations. The majority of the extension options are exercisable by the Group and not by the lessor.

11. Deferred income taxes

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority.

The amounts, determined after appropriate offsetting, are shown on the balance sheets as follows:

	<u>Group</u>	
	30 Sep 2024	31 Mar 2024
	HK\$'000	HK\$'000
Deferred income tax assets:		
- to be recovered after one year	3,116	3,069



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F. Notes to the Condensed Interim Consolidated Financial Statements (Continued)

12. Share Capital

	<u>Group and Company</u>	
	Number of issued shares '000	Share capital amount HK\$'000
Balance as at period end	30,000	46,800

All ordinary shares are fully paid. The par value is US\$0.20 per share. As at 30 September 2024, share capital of the Company comprises 29,999,993 ordinary shares (31 March 2024: 29,999,993).

There were no outstanding convertibles, subsidiary holdings or treasury shares as at the end of the current financial period and as at the end of the corresponding period of the immediate preceding financial year.

13. Significant related party transactions

A cash advance of HK\$1.5 million (31 March 2024: HK\$0.8 million) was made to one of our Executive Director as at period ended 30 September 2024 for the settlement of the hosting cost through his credit card for the cash rebate benefit for the overall hosting cost savings.

14. Borrowings

The Group had no bank borrowings or debt securities as at 30 September 2024 and 31 March 2024.

15. Subsequent events

There are no known subsequent events which have led to adjustments to this set of interim financial statements.



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G. Other Information Required by Listing Rule Appendix 7.2

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

The condensed interim consolidated statements of financial position of Azeus Systems Holding Ltd. and its subsidiaries as at 30 September 2024 and the related condensed interim consolidated income statement, condensed interim consolidated statement of comprehensive income, the condensed interim statements of changes in equity and condensed interim consolidated statement of cash flows for the six-month period ended and certain explanatory notes have not been audited or reviewed.

2. Where the figures have been audited or reviewed, the auditors' report (including any modifications or emphasis of a matter).

Not applicable.

3. Review of performance of the Group

3.1 Review of Income Statement

a. Revenue

	1H FY2025	1H FY2024	+ / (-)
	(Apr - Sep 24)	(Apr - Sep 23)	
	HK\$'000	HK\$'000	%
IT Services			
System implementation and enhancement	6,387	8,969	(29)
Maintenance and support services	25,266	24,581	3
	31,653	33,550	(6)
Azeus Products	137,667	99,258	39
Total revenue	169,320	132,808	27



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G. Other Information Required by Listing Rule Appendix 7.2 (Continued)

3. Review of performance of the Group (Continued)

3.1 Review of Income Statement (Continued)

a. Revenue (Continued)

By Business Segment

Total Group revenue increased by 27.5% to HK\$169.3 million in 1H FY2025 from HK\$132.8 million in 1H FY2024.

IT Services

Overall, IT Services accounted for 18.7% (1H FY2024: 25.3%) of total Group revenue. Revenue from IT Services decreased by HK\$1.9 million, or 5.7%, to HK\$31.7 million in 1H FY2025, from HK\$33.6 million in 1H FY2024.

Systems implementation and enhancement accounted for 3.8% of the total revenue for 1H FY2025 (1H FY2024: 6.8%). Revenue from this segment decreased by HK\$2.6 million, or 28.9%, from HK\$9.0 million in 1H FY2024 to HK\$6.4 million in 1H FY2025, mainly due to lower projects and enhancements realised in 1H FY2025.

Revenue from the recurring maintenance and support services segment accounted for 14.9% (1H FY2024: 18.5%) of total revenue in 1H FY2025. Revenue from this segment increased by 2.8%, or HK\$0.7 million, from HK\$24.6 million in 1H FY2024 to HK\$25.3 million in 1H FY2025.

Azeus Products

Azeus Products accounted for 81.3% (1H FY2024: 74.7%) of total Group revenue in 1H FY2025. Revenue from Azeus Products increased by HK\$38.4 million, or 38.7%, from HK\$99.3 million in 1H FY2024 to HK\$137.7 million in 1H FY2025. Revenue from this segment is contributed from the license revenue of the Group's proprietary products and their associated professional services. The increase during the period was also boosted by revenue recognised from CERKS as the project has reached the deployment phase which the "Convene Record" license was deployed since last fiscal year end and will be continued to deploy over the remaining project until FY2027 as planned.



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G. Other Information Required by Listing Rule Appendix 7.2 (Continued)

3. Review of performance of the Group (Continued)

3.1 Review of Income Statement (Continued)

a. Revenue (Continued)

By Geographical

Hong Kong and Asia

The revenue from Hong Kong and Asia has increased from HK\$66.7 million in 1H FY2024, to HK\$88.3 million in 1H FY2025, by HK\$21.6 million or 32.4%. The increase is mainly contributed by the recognition of revenue from the CERKS project.

United Kingdom and Europe

The revenue from this region has increased from HK\$22.8 million in 1H FY2024 to HK\$26.1 million in 1H FY2025, by HK\$3.3 million (or by 14.5%). This is mainly contributed by the increase in revenue from the Convene business.

All other geographical regions

For the other regions, the increase in revenue is mainly contributed by the Azeus Product revenue, which is in-line with management's direction of growing the product business globally and exploring into new markets.

b. Cost of revenue and gross profit margin

Cost of revenue mainly consists of direct employee salaries for the delivery of service and provision of support services, cost of third-party hardware and software products used in IT services system implementation and maintenance projects, cost of subcontracting and consultancy services and cost of hosting the Group's cloud-based application.



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G. Other Information Required by Listing Rule Appendix 7.2 (Continued)

3. Review of performance of the Group (Continued)

3.1 Review of Income Statement (Continued)

b. Cost of revenue and gross profit margin (Continued)

The Group's cost of revenue increased by HK\$4.2 million, or by 10.0%, to HK\$46.0 million in 1H FY2025 from HK\$41.8 million in 1H FY2024. Overall, the Group's gross profit margin increased slightly by 4.3 percentage points to 72.8% in 1H FY2025 as compared to 68.5% in 1H FY2024. This is mainly due to higher margin contributed by Azeus Product business line.

c. Research and development expenses

Research and development expenses consist primarily of personnel and related expenses (including salaries, benefits, and bonuses) directly associated with product design and development teams.

Total research and development costs were HK\$18.0 million in 1H FY2025, showing an HK\$2.6 million, or 16.9% increase compared to HK\$15.4 million in 1H FY2024.

The increase was mainly due to the personnel cost, which increased by HK\$2.3 million in 1H FY2025, to HK\$16.1 million (1H FY2024: HK\$13.8 million) due to higher research and development engineering team cost for development in Convane ESG.



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G. Other Information Required by Listing Rule Appendix 7.2 (Continued)

3. Review of performance of the Group (Continued)

3.1 Review of Income Statement (Continued)

d. Selling and marketing expenses

Selling and marketing expenses consist primarily of salaries and related expenses of sales representatives of HK\$22.7 million in 1H FY2025 (1H FY2024: HK\$19.3 million) and cost of marketing activities of HK\$7.7 million (1H FY2024: HK\$6.1 million) which include advertising, trade shows and events, corporate communications, brand building and product marketing activities.

Selling and marketing expenses increased by 19.7% or HK\$5.0 million to HK\$30.4 million in 1H FY2025 as compared to HK\$25.4 million in 1H FY2024, mainly due to an increase in sales representative personnel cost of HK\$3.4 million, and an increase in cost of marketing activities by HK\$1.6 million as compared to 1H FY2024, from marketing efforts such as advertising, conferencing and engaging with consultants to increase public exposure. The Group has focused more on expanding the marketing team with talents during the period under review, contributing to the increased in sales and marketing personnel cost.

e. Administrative expenses

Administrative operating expenses include legal and professional fees, Directors' fees, audit fee, rent and rates and other operating expenses. The total expenses have increased by HK\$1.0 million, or 4.7%, to HK\$22.2 million in 1H FY2025 from HK\$21.2 million in 1H FY2024.

This is contributed mainly by the increase in payroll cost by HK\$2.9 million from HK\$6.8 million in 1H FY2024, to HK\$9.7 million in 1H FY2025 to support the back office work of the expanding business. This is then netted off with the decrease in one-off leasehold improvement reinstatement cost of HK\$1.0 million incurred in 1H FY2024 for the Hong Kong new office space and the decrease in recruitment expenses by HK\$0.6 million (1H FY2025: HK\$0.1 million; 1H FY2024: HK\$0.7 million).



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G. Other Information Required by Listing Rule Appendix 7.2 (Continued)

3. Review of performance of the Group (Continued)

3.1 Review of Income Statement (Continued)

f. Other income and other gains/(losses) – net

	1H FY2025	1H FY2024	+ / (-)
	(Apr – Sep 24)	(Apr – Sep 23)	+ / (-)
	HK\$'000	HK\$'000	%
Other income comprises of:			
Interest income	1,159	703	65
Sundry income	186	122	52
	1,345	825	63
Foreign exchange gain/(losses)	2,175	(947)	(330)
	3,520	(122)	(2,985)

The increase in interest income from banks is mainly contributed by the increase in fixed deposits placed by the Group as compared to 1H FY2024. The sundry income represents the subsidies and grants introduced by various governments to support businesses.

The increase in foreign exchange gain for 1H FY2025 was due to the strengthening of the Hong Kong Dollar (HKD) relative to other currencies as compared to prior period, which reduced the impact of currency fluctuations compared to the previous period.

g. Net profit after taxation

The Group reported a net profit of HK\$48.9 million in 1H FY2025 as compared to a net profit of HK\$27.3 million in 1H FY2024, showing an increase of 79.1%.



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G. Other Information Required by Listing Rule Appendix 7.2 (Continued)

3. Review of performance of the Group (Continued)

3.2 Review of Statement of Financial Position

a. Trade and other receivables

Trade and other receivables decreased by 7.5% from HK\$67.1 million as at 31 March 2024 to HK\$62.1 million as at 30 September 2024. As of 30 September 2024, the Group recorded an impairment loss of financial assets of HK\$1.9 million during the period ended 30 September 2024 (31 March 2024: HK\$2.8 million).

b. Inventories

Inventories comprise of third-party hardware and software products to be used in IT services implementation projects under the relevant contract terms. The balance represents items that were delivered but pending for the completion of the corresponding acceptance tests. Therefore, revenue associated with these hardware and software products has not been recognised.

As at 30 September 2024, the inventory balance of the Group is HK\$1.8 million (31 March 2024: HK\$1.2 million). These are the inventories that will be used to implement as per the rollout plans of the project secured by the Group.

c. Contract assets

The Group's customers pay a fixed amount based on an agreed contractual payment schedule. Contract assets are recognised if the services rendered by the Group exceed the payment received from customers. Contract assets increased by HK\$38.5 million, or 127.1%, from HK\$30.3 million as at 31 March 2024 to HK\$68.8 million as at 30 September 2024 as contracts that were delivered during the period have not reached the payment milestone yet. The majority of the balance were subsequently received after the period end.



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G. Other Information Required by Listing Rule Appendix 7.2 (Continued)

3. Review of performance of the Group (Continued)

3.2 Review of Statement of Financial Position (Continued)

d. Right-of-use assets

The right-of-use assets arise from office space lease arrangement that was entered by its subsidiaries for operational purposes. The right-of-use assets have decreased by 10.8% from HK\$25.9 million as of 31 March 2024 to HK\$23.1 million as at 30 September 2024, mainly due to amortisation expense during the period of HK\$2.8 million.

e. Refundable deposits

The refundable deposits have increased slightly by 7.8% from HK\$5.1 million as at 31 March 2024 to HK\$5.5 million as at 30 September 2024, mainly from increased security deposits for administrative purposes.

f. Lease liabilities – current and non-current

Similar to the right-of-use assets, lease liabilities arose from office space lease arrangement that was entered by the subsidiaries for operational purposes. As at 30 September 2024, the current lease liabilities have increased to HK\$7.1 million, increased by HK\$2.4 million from HK\$4.7 million as at 31 March 2024. Non-current lease liabilities have decreased by HK\$4.7 million, from HK\$20.3 million as at 31 March 2024, to HK\$15.6 million as at 30 September 2024. This is contributed by the repayment of the principal lease liabilities and interest, amounting to HK\$2.8 million made.



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G. Other Information Required by Listing Rule Appendix 7.2 (Continued)

3. Review of performance of the Group (Continued)

3.2 Review of Statement of Financial Position (Continued)

g. Contract liabilities – current and non-current

Contract liabilities primarily consist of billings due or payments received in advance of revenue recognition from subscription services and IT Services maintenance and support services respectively. Contract liabilities that will be recognised during the succeeding twelve months period are recorded as current contract liabilities while more than twelve months are recorded as non-current. Total contract liabilities have maintained at a similar amount, with HK\$105.2 million as at 31 March 2024 and HK\$105.5 million as at 30 September 2024, purely from the billings made.

h. Current income tax assets/(liabilities)

Current income tax assets have decreased by HK\$0.4 million to HK\$0.6 million as at 30 September 2024 from the tax expense recognised by the Group (31 March 2024: HK\$1.0 million), while the current income tax liabilities have increased by 59.6% or HK\$3.1 million equivalent from HK\$5.2 million as of 31 March 2024, compared to HK\$8.3 million as at 30 September 2024, mainly due to tax provision provided as at 30 September 2024 for a higher half year results.

i. Share capital and reserves

The Group's shareholders' equity increased from HK\$159.2 million as of 31 March 2024 to HK\$209.7 million as of 30 September 2024 mainly due to the net profit of HK\$48.9 million generated from the growth in revenue generated in 1H FY2025.



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G. Other Information Required by Listing Rule Appendix 7.2 (Continued)

3. Review of performance of the Group (Continued)

3.3 Review of Statement of Cash Flows

The Group's net cash provided by operating activities decreased by HK\$4.1 million (or by 19.6%) during the period under review, at HK\$16.8 million in 1H FY2025 as compared to HK\$20.9 million in 1H FY2024. Overall, the Group's cash position has increased by HK\$21.2 million (by 11.6%), to HK\$204.6 million as of 30 September 2024 (31 March 2024: HK\$183.4 million). The increase is mainly from the increase in revenue and hence, cash collection during the period under review.

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

There has been no significant variance in the results of the Group in the first half of FY2025 as compared to the prospect statement disclosed in the announcement of results for the full year ended 31 March 2024 on 30 May 2024.

5. 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.

Looking ahead, Azeus will continue to expand our geographical footprint and invest in developing our new product line—the ESG reporting platform. Azeus expects the "CERKS" contract, which has entered the deployment phase, to be a key contributor to both our top and bottom lines. We remain optimistic on the outlook for the second half and expect continued growth.



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G. Other Information Required by Listing Rule Appendix 7.2 (Continued)

6. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

Name of dividend	Interim
Dividend type	Cash
Dividend amount per share (HK\$ in cents)	HK\$1.60 cent per ordinary share
Tax rate	Tax-exempt (1-tier)

(b) Corresponding Period of the Immediately Preceding Financial Year

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

Yes, the details are as follows:

Name of dividend	Interim
Dividend type	Cash
Dividend amount per share (HK\$ in cents)	HK\$ 0.90 cent per ordinary share
Tax rate	Tax-exempt (1-tier)

Name of dividend	Final dividend
Dividend type	Cash
Dividend amount per share (HK\$ in cents)	HK\$ 1.90 cent per ordinary share
Tax rate	Tax-exempt (1-tier)

(c) Date payable

Date of proposed interim dividend payment will be announced later.

(d) Books closure date

Notice of book closure date will be announced later.

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

Not applicable.



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G. Other Information Required by Listing Rule Appendix 7.2 (Continued)

- 8. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Group has not obtained a general mandate from shareholders of the Company for Interested Person Transactions.

- 9. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).**

The Company has received undertaking from all its directors and executive officers in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual of the SGX-ST.

- 10. Confirmation by the Board pursuant to Rule 705(5) of the Listing Manual**

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the six-month period ended 30 September 2024 to be false or misleading in any material aspect.

- 11. Disclosures on Incorporation of Entities, Acquisition and Realisation of Shares pursuant to Rule 706A.**

A wholly owned subsidiary of the Company, Azeus System Ltd has on 4 October 2024, acquired share capital of AED100,000 comprising of 100 ordinary shares (representing 100% of the shareholding) in the share capital of Azeus Convene Software – Sole Proprietorship – L.L.C in Abu Dhabi. The principal activity of Azeus Convene Software – Sole Proprietorship – L.L.C is selling of software and cloud-based subscription services.

The acquisition of the Company is not expected to have any significant impact on the net tangible assets and earnings per share of the Group for the financial year ending 31 March 2025.



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BY ORDER OF THE BOARD

LEE WAN LIK
Executive Chairman

14 November 2024

MICHAEL YAP KIAM SIEW
Chief Executive Officer