

Press Release

AZTECH ACHIEVES \$18.18 MILLION NET PROFIT WITH \$268 MILLION SALES

- FY2007 revenue rose 12.3% to \$268.31 million
- Continued good track record of rewarding shareholders – Final dividend payment 1 cent per share
- Business prospects remain positive with increasing global broadband usage and Group's diversification into new business sector

Singapore, 5 February 2008 – Aztech Systems Ltd (“Aztech”) today announced its fourth quarter and full year FY2007 financial results for the respective periods ended 31 December 2007.

Financials At A Glance

	FY07 (S\$m)	FY06 (S\$m)	Change (%)		4QFY07 (S\$m)	4QFY06 (S\$m)	Change (%)
Turnover	268.31	239.00	12.3%	Turnover	83.18	75.97	9.5%
Net Profit After Tax	18.18	20.04	(9.3%)	Net Profit After Tax	5.56	7.80	(28.7%)
Net Margin (%)	6.8%	8.4%	(1.6%)	Net Margin (%)	6.7%	10.3%	(3.6%)
EBITDA	31.29	32.44	(3.5%)	EBITDA	9.71	11.83	(17.9%)
Basic EPS (cents)	4.45	4.94	(9.9%)	Basic EPS (cents)	1.40	1.91	(26.7%)

In FY2007, Aztech's revenue scaled up 12.3% to S\$268.31 million, as compared to S\$239.00 million in FY2006. The continued growth in turnover was reinforced primarily by strong performances from the ODM/OEM segment. Primary growth drivers continued to be broadband products such as ADSL2/2+ modems/routers and HomePlug.

The Group is pleased to report that in spite of the increase in cost of raw materials and other adverse market conditions, Aztech continued to perform and reaped a net profit of S\$18.18 million in FY2007.

On a quarter-on-quarter basis, the Group witnessed a similar increase in turnover of 9.5% to S\$83.18 million, while net profit was S\$5.56 million.

Commenting on the Group's overall performance, Aztech's Chairman and CEO, Michael Mun stated, "Amidst a challenging industry and economic conditions today, I believe our ability to retain profitability underscores Aztech's competitive strategy as well as affirmation of our strong operating foundation. We will continue to manage the challenges ahead and strive towards giving good value to our shareholders."

The Group maintained a sound balance sheet with cash and cash equivalent of S\$36.18 million. The Group's year-to-date order book until 4th February 2007 was S\$109.09 million, compared with the total revenue of S\$268.31 million for the year ended 2007.



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Good Track Record of Rewarding Shareholders

Aztech is continuing its consistent and good track record of dividends payouts. The Group declared a final dividend payout of 1 cent per share. This is in addition to the 0.75 cent per share paid out to shareholders on 31st August 2007, making the total dividend for FY2007 to be 1.75 cents per share.

Year	Cents	Payout Ratio
2004	0.25	15.5%
2005	0.5	19.8%
2006	1.5	30.4%
2007	1.75	39.3%

To increase shareholders' value, Aztech has carried out share buy-back practices, and purchased a total of 9.79 million shares worth S\$3.65 million during FY2007.

Strategy Moving Ahead

Capitalizing on its R&D strengths, manufacturing competencies and dominance in the broadband technology areas, Aztech will focus on executing the following profit growth plans:

1) Improving costs efficiencies

The Group remains mindful of global economic uncertainty and fluctuations that could affect profitability. The increase in material prices and higher operating costs continue to impose cost pressures on the Group. China has started implementing a new labour law that will further put pressure in terms of overhead costs in the territory. To mitigate these challenges, the Group will continue its focus on higher value-added business. At the same time, improve manufacturing efficiency by simplifying manufacturing processes and also increasing factory automation.

2) Managing the appreciation of Chinese Renminbi and Singapore dollar against US dollar

The strengthening of the Chinese Renminbi and Singapore dollar, against the US dollar has added additional load to the profit margin. To mitigate against adverse fluctuations of foreign currencies, the Group hedges a fixed amount of US dollar against Singapore dollar and Renminbi for the Group's monthly operating expenses. In doing this, Aztech intends to add stability to their earnings and cash flow. The hedging policy is implemented according to strict risk management guidelines and only for operational requirements. The Group will continue to monitor the currency situation and periodically review the requirement for this exercise.



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3) Delivering feature-rich products

Aztech will continue to reinforce the key strengths of its core business, primarily the design and manufacturing of ADSL2+ modems/routers and the HomePlug powerline adapters for the OEM/ODM and Retail market. In addition, the Group is also targeting to produce feature-rich products that command higher margin such as the new Residential Gateway. The Gateway is truly an all-in-1 broadband device, with built-in modem, wireless Draft N, 4-port router, Ethernet WAN port, VoIP, DECT and 200Mbps HomePlug.

The Group is commitment to continue growing our R&D activities by forging alliances with institutions to produce innovative products.

4) Diversification into new business sector

As part of its long-term growth plan, the Group has embarked on its strategy to diversify its business into new sectors. One of the areas that have been identified is the business of sourcing and supplying of materials, for building construction industry and infrastructure development projects. Aztech is continuing to explore other business opportunities to enhance shareholder value.

In Conclusion

Said Michael Mun, "To overcome the impediment from today's costs pressures, our main efforts and key focus for 2008 will be to push for greater expansion while ensuring an high level of operational efficiency. The management has implemented cost control measures throughout the Group in order to cope with the increase in operating costs. Adding to that, I believe that our diversification strategy will strengthen our position further."

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About Aztech

Incorporated in 1986, and listed on the Main board of the Singapore Stock Exchange, Aztech Systems Ltd specializes in the design and manufacturing of voice and data communications solutions. Headquartered in Singapore, Aztech today has over 2,500 employees worldwide with strong R&D, design and manufacturing capabilities. Supported by its six sales offices in Singapore, Hong Kong, China, USA, Germany and Malaysia, the Company provides OEM/ODM, contract manufacturing and retail distribution business.

-Silver award winner (*sesdaq*) for Best Investor Relations, awarded at the Singapore Corporate Awards 2007

-Most Transparent Company Award at the Securities Investors Association of Singapore Investors' Choice Award 2006 (*sesdaq*) & 2007 (main board small cap, runners-up)



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