

Press Release

AZTECH REPORTS ANOTHER QUARTER OF PROFITABILITY

- Net profit of S\$12.6 million for 9 months (January to September 2007)
- ADSL2/2+ modems/ routers and HomePlug powerline adapters remain primary growth drivers

Singapore, 25 October 2007 – Aztech Systems Ltd (“Aztech”) today reported its financial results for the quarter ended 30 September 2007.

Financial Highlights

	Jan ~ Sept FY07 (S\$m)	Jan ~ Sept FY06 (S\$m)	Change (%)
Turnover	185.13	163.03	13.6
Gross Profit	34.98	32.46	7.8
Gross Profit Margin	18.9%	19.9%	(1.0)
Net Profit After Tax	12.62	12.24	3.1
Net Margin (%)	6.8%	7.5%	(0.7)
EBITDA	21.58	20.60	4.8
Basic EPS (cents)	3.05	3.03	0.7

	3QFY07 (S\$m)	3QFY06 (S\$m)	Change (%)
Turnover	67.50	61.95	8.9
Gross Profit	12.45	12.85	(3.1)
Gross Profit Margin	18.4%	20.7%	(2.3)
Net Profit After Tax	3.59	5.03	(28.6)
Net Margin (%)	5.3%	8.1%	(2.8)
EBITDA	6.71	7.62	(11.9)
Basic EPS (cents)	0.86	1.24	(30.6)

Compared to nine months ended 30 September 2006, revenue for same period ended 30 September 2007 rose 13.6% to S\$185.13 million while net profit increased 3.1% to S\$12.62 million. The primary growth drivers continued to be broadband products such as ADSL2/2+ modems/routers and HomePlug where the Group saw continual momentum in repeated sales to existing and new customers.

On a quarter-on-quarter basis, the Group witnessed a 8.9% increase in turnover to S\$67.50 million, while net profit declined 28.6% to S\$3.59 million. Despite new and large orders received from customers during 3Q 2007, the decline in profit was attributed to:

- A slowdown in orders from a key contract manufacturing customer in Asia Pacific region
- The appreciation of Renminbi as well as rising labor costs and overheads in China, contributed to higher operating costs
- Rising commodity costs affecting gross margin
- An additional exchange loss of S\$0.44 million due to the depreciation of US dollar against the Singapore dollar
- Provision for doubtful debts of S\$0.58 million from 2 customers



SGX MAINBOARD LISTED

AZTECH SYSTEMS LTD

Company Reg. No 198601642R

Aztech

Aztech's financial position remained healthy as it ended with cash and cash equivalent of S\$26.22 million as at 30 September 2007. The Group's year-to-date order book until 24 October 2007 is S\$270.0 million, compared with the total revenue of S\$239.0 million for the year ended 2006.

With the objective to increase shareholder value, the Group has embarked on share buy-back practices, purchasing to-date a total of 3.26 million shares worth S\$1.43 million. The Group has consistently advocated rewards for shareholders in dividends payouts ratios against net profit of 15.5% in 2004, 19.8% in 2005 and 30.4% in 2006.

Strategy Moving Ahead

1. Riding on the increasing global broadband adoption

Driven by the worldwide proliferation of broadband usage, Aztech's strong position to ride on the wave is proven by its ODM/OEM sales segment that recorded a strong growth of 35.3% to S\$31.78 million in 3Q 2007. As of 1H 2007, the worldwide ADSL broadband lines totaled 197 million and further growth has been projected. Leveraging on this phenomenon, Aztech will continue to see high growth in ADSL2/2+ broadband modem sales.

The HomePlug market is also revealing trends of acceptance in many countries, fueled by the increasing popularity and demand for Triple Play applications such as Internet Protocol (IP) TV, and High Definition (HD) TV.

2. Penetrating into new markets

SHIRO, a subsidiary of Aztech, has placed footprints into emerging markets such as Russia, Ukraine and South America with orders of its latest MP3 & MP4 players and DECT phone. The charter is inline with the Group's overall sales venture into South America and Eastern Europe, specifically focusing on the development of strategic partnerships with targeted ODM partners and retailers.

3. New products

Aztech is shipping its new PC-less Skype™ DECT ("Digital Cordless Telephones") and RC helicopters in October 2007.

Shipment of the new powerline adapter, HL109E HomePlug with "Simple Connect" has also commenced in October. The HL109E has the added feature to automate security set-ups within seconds in a HomePlug powered network.

New products in the pipeline:

1. HomePlug built-in Wireless Draft N router
2. 200Mbps HomePlug with AC pass-through
3. VDSL2+ Residential Gateway
4. 6 channel 3D mini-electric RC Helicopter



SGX MAINBOARD LISTED

AZTECH SYSTEMS LTD

Company Reg. No 198601642R

31 Ubi Road 1, Aztech Building, Singapore 408694. Tel: (65) 6741 7211, Fax: (65) 6749 1198, <http://www.aztech.com>

Aztech

The Group will continue to place great emphasis on building a world-class R&D team. Today, with 4 R&D centers strategically located in key cities in Asia, our engineering capabilities are well equipped with an entire spectrum of skills and infrastructure to develop new products of the finest quality and higher margin.

4. Improving manufacturing efficiency and capacity

The vertically integrated manufacturing plant in Dong Guan continues to transform towards more automation, with less dependence on manual workforce. In September, the Group commissioned 3 new state-of-the-art high-speed SMT (“surface mount technology”) lines, increasing the total plant capacity by 35%. Adding to the existing SMT lines, there are now a total of 16 lines in full operational mode. To cater for a diverse product mix and higher productivity, the plant has adopted lean manufacturing solutions such as cell-based production lines. The cell-based configurations will increase flexibility and throughput for such high mix orders.

5. Mitigating impact on operations cost due to currency fluctuations

The high volatility of exchange rates is prevalent and faced by companies engaged in international business. 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 the 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.

Group's Overall Performance

Commenting on the Group's overall performance, Aztech's Chairman and CEO, Michael Mun stated, “We are encouraged by the growth in our ODM/OEM sector. The Group will continue to increase our sales and maintain a healthy margin for all our businesses. We remain mindful of profitability factors and will take steps to improve our manufacturing productivity and operational efficiency further to mitigate overall cost pressures.”

Barring any unforeseen circumstances, the Group expects to be profitable for 4Q FY2007.

Investor Relations:

Gary Tan

DID: (65) 6843 1218

Email: gary.tan@aztech

Visit www.aztech.com/investor



SGX MAINBOARD LISTED

AZTECH SYSTEMS LTD

Company Reg. No 198601642R

31 Ubi Road 1, Aztech Building, Singapore 408694. Tel: (65) 6741 7211, Fax: (65) 6749 1198, <http://www.aztech.com>

Aztech

About Aztech Systems Ltd. ("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 ODM/OEM, 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 (Mainboard Small Cap) at the Securities Investors Association of Singapore Investors' Choice Award 2007



SGX MAINBOARD LISTED

AZTECH SYSTEMS LTD

Company Reg. No 198601642R

31 Ubi Road 1, Aztech Building, Singapore 408694. Tel: (65) 6741 7211, Fax: (65) 6749 1198, <http://www.aztech.com>