



AUTOMATED SYSTEMS HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 771)

INTERIM RESULTS ANNOUNCEMENT 2009

RESULTS

The Board of Directors (the “Directors”) of Automated Systems Holdings Limited (the “Company” or “ASL”) are pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30th September, 2008. The interim financial statements have been reviewed by the Company’s Audit Committee.

Condensed Consolidated Income Statement

		Unaudited Three months ended 30th September,		Unaudited Six months ended 30th September,	
		2008	2007	2008	2007
	Notes	HK\$'000	HK\$'000	HK\$'000	HK\$'000
TURNOVER	(3)	378,832	342,520	733,527	666,665
Cost of goods sold		(202,116)	(204,203)	(390,900)	(388,733)
Costs of services rendered		(138,502)	(100,483)	(262,373)	(205,199)
Other income	(4)	3,168	4,944	4,395	8,013
Selling expenses		(19,507)	(18,024)	(36,476)	(30,563)
Administrative expenses		(11,054)	(9,176)	(22,080)	(19,079)
Finance costs	(5)	(2)	(1)	(3)	(1)
Share of results of associates		343	66	542	158
PROFIT BEFORE TAXATION	(6)	11,162	15,643	26,632	31,261
Taxation	(7)	(875)	(2,796)	(3,483)	(5,525)
Profit for the period attributable to equity holders of the Company		<u>10,287</u>	<u>12,847</u>	<u>23,149</u>	<u>25,736</u>
Interim dividend	(8)	<u>11,889</u>	<u>11,848</u>	<u>11,889</u>	<u>11,848</u>
EARNINGS PER SHARE	(9)				
Basic		<u>HK3.46 cents</u>	<u>HK4.35 cents</u>	<u>HK7.80 cents</u>	<u>HK8.73 cents</u>
Diluted		<u>HK3.45 cents</u>	<u>HK4.30 cents</u>	<u>HK7.76 cents</u>	<u>HK8.62 cents</u>

Condensed Consolidated Balance Sheet

		Unaudited 30th September, 2008 HK\$'000	Audited 31st March, 2008 HK\$'000
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment	(10)	198,610	223,225
Intangible assets		3,525	4,138
Interests in associates		1,043	705
		203,178	228,068
CURRENT ASSETS			
Inventories		79,780	111,556
Trade receivables	(11)	251,593	191,488
Other receivables, deposits and prepayments		85,846	65,202
Pledged short term bank deposits		100	100
Bank balances and cash		272,459	398,581
		689,778	766,927
CURRENT LIABILITIES			
Trade and bills payables	(12)	139,882	182,058
Other payables and accruals		55,492	75,920
Receipts in advance		123,670	139,392
Tax liabilities		15,421	6,362
		334,465	403,732
NET CURRENT ASSETS		355,313	363,195
TOTAL ASSETS LESS CURRENT LIABILITIES		558,491	591,263
NON-CURRENT LIABILITY			
Deferred taxation		18,223	23,142
		540,268	568,121
CAPITAL AND RESERVES			
Share capital		29,723	29,666
Reserves		510,545	538,455
Equity attributable to equity holders of the Company		540,268	568,121

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Preparation

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

2. Principal Accounting Policies

The condensed consolidated financial statements have been prepared on the historical cost basis except for properties, which are measured at revalued amounts.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Company’s annual consolidated financial statements for the year ended 31st March, 2008.

In the current interim period, the Group has applied, for the first time, the following amendments, new interpretations (“new Interpretations”) issued by the HKICPA.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC) – Int 12	Service Concession Arrangements
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of these new Interpretations had no material effect on the results or financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

The Group has not early applied the following new or revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs ¹
HKAS 1 (Revised)	Presentation of Financial Statements ²
HKAS 23 (Revised)	Borrowing Costs ²
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ³
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation ²
HKAS 39 (Amendments)	Eligible Hedged Items ³
HKFRS 1 & HKAS 27 (Amendment)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate ²
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations ²
HKFRS 3 (Revised)	Business Combinations ³
HKFRS 8	Operating Segments ²
HK(IFRIC) – Int 13	Customer Loyalty Programmes ⁴
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate ²
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation ⁵

¹ Effective for annual periods beginning on or after 1st January, 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after 1st July, 2009

² Effective for annual periods beginning on or after 1st January, 2009

³ Effective for annual periods beginning on or after 1st July, 2009

⁴ Effective for annual periods beginning on or after 1st July, 2008

⁵ Effective for annual periods beginning on or after 1st October, 2008

The adoption of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1st July, 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent’s ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions.

3. Turnover and Segmental Information

Turnover represents the net amount received and receivable for goods sold by the Group to outside customers, less returns and allowances and revenue from service contracts, and is analysed as follows:

	Unaudited Three months ended 30th September,		Unaudited Six months ended 30th September,	
	2008	2007	2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Sales of goods	213,735	212,851	431,019	415,898
Revenue from service contracts	165,097	129,669	302,508	250,767
	<u>378,832</u>	<u>342,520</u>	<u>733,527</u>	<u>666,665</u>

Approximate 90% of the Group's revenue is derived from the Hong Kong market, its major geographical segment based on location of customers. Although the Group sells computer products and provides a wide range of services, in the opinion of the Directors, all the sales of goods and provision of services are information technology ("IT") related and, in most of the time, are negotiated under a single contract with a single customer. Accordingly, the Directors consider that the Group is engaged in one single business segment, namely IT services.

4. Other Income

	Unaudited Three months ended 30th September,		Unaudited Six months ended 30th September,	
	2008	2007	2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interest on bank deposits	1,254	2,274	2,303	4,961
Dividend income from available-for-sale investments	-	2,313	-	2,313
Miscellaneous	1,914	357	2,092	739
	<u>3,168</u>	<u>4,944</u>	<u>4,395</u>	<u>8,013</u>

5. Finance Costs

The amount represents interest on bank borrowings wholly repaid during the period.

6. Profit before Taxation

	Unaudited Three months ended 30th September,		Unaudited Six months ended 30th September,	
	2008	2007	2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Profit before taxation has been arrived at after charging (crediting):				
Depreciation and amortisation				
Property, plant and equipment	13,514	11,186	24,254	22,766
Intangible assets (included in costs of services rendered)	428	1,005	651	1,383
Loss/(Gain) on disposal of property, plant and equipment.	9	(133)	16	96
Share-based payment expense	229	187	559	375
	<u></u>	<u></u>	<u></u>	<u></u>

7. Taxation

	Unaudited Three months ended 30th September,		Unaudited Six months ended 30th September,	
	2008	2007	2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
The charge comprises:				
Current tax:				
Hong Kong Profits Tax	5,256	1,950	7,799	4,536
Overseas taxation	538	296	603	439
Deferred tax:				
Attributable to change in tax rate	(138)	-	(138)	-
Current year	(4,781)	550	(4,781)	550
Taxation attributable to the Company and its subsidiaries	<u>875</u>	<u>2,796</u>	<u>3,483</u>	<u>5,525</u>

Hong Kong Profits Tax is calculated at 16.5% (six months ended 30th September, 2007: 17.5%) of the estimated assessable profits derived from Hong Kong for the period.

On 26th June, 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which includes the reduction in corporate profits tax rate by 1% to 16.5% effective from the year of assessment 2008-2009. The deferred tax balance has been adjusted to reflect the tax rate that are expected to apply in the respective periods when the liability is settled.

Overseas taxation is calculated at the rates prevailing in the respective jurisdictions.

8. Interim Dividend

Subsequent to the interim period end, the Directors have determined that an interim dividend of 4.0 HK cents (six months ended 30th September, 2007: 4.0 HK cents) per share for the six months ended 30th September, 2008 is to be paid to the shareholders of the Company whose names appear in the register of members on 24th December, 2008.

During the period, the final dividend of 6.0 HK cents (six months ended 30th September 2007: 6.0 HK cents) and special dividend of 11.0 HK cents (six months ended 30th September 2007: 6.0 HK cents) per share in respect of the year ended 31st March, 2008 were paid to shareholders.

9. Earnings Per Share

The calculation of the basic and diluted earnings per share attributable to equity holders of the Company is based on the following data:

	Unaudited Three months ended 30th September,		Unaudited Six months ended 30th September,	
	2008	2007	2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Earnings for the purpose of basic earnings per share and diluted earnings per share	<u>10,287</u>	<u>12,847</u>	<u>23,149</u>	<u>25,736</u>
	Number of shares		Number of shares	
	2008	2007	2008	2007
	'000	'000	'000	'000
Weighted average number of ordinary shares for the purpose of basic earnings per share	296,892	295,061	296,892	294,956
Effect of dilutive potential ordinary shares – Share options	<u>1,298</u>	<u>3,548</u>	<u>1,298</u>	<u>3,539</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>298,190</u>	<u>298,609</u>	<u>298,190</u>	<u>298,495</u>

10. Property, Plant and Equipment

During the period, the Group spent approximately HK\$7,974,000 (six months ended 30th September, 2007: HK\$27,112,000) mainly on additions to computer and office equipment.

During the period, the Group disposed of certain property, plant and equipment at the carrying amount of HK\$8,265,000 for proceeds of HK\$8,249,000, resulting in a loss on disposal of HK\$16,000.

At 30th September 2008, the Directors of the Company considered the carrying amount of the Group's leasehold land and buildings which are carried at revalued amounts do not differ significantly from that which would be determined using fair values at the balance sheet date.

11. Trade Receivables

The Group has granted credit to substantially all of its customers for 30 days and has credit control procedures to minimise credit risk. Overdue balances are reviewed regularly by senior management.

An aged analysis of the trade receivables at the balance sheet date, based on payment due date and net of allowance, is as follows:

	Unaudited 30th September, 2008 HK\$'000	Audited 31st March, 2008 HK\$'000
0 - 1 month	215,728	159,755
1 - 2 months	16,797	10,299
2 - 3 months	9,230	5,822
Over 3 months	<u>9,838</u>	<u>15,612</u>
	<u>251,593</u>	<u>191,488</u>

12. Trade and Bills Payables

An aged analysis of trade and bills payables at the balance sheet date, based on payment due date, is as follows:

	Unaudited 30th September, 2008 HK\$'000	Audited 31st March, 2008 HK\$'000
0 - 1 month	116,287	159,496
1 - 2 months	10,848	5,464
2 - 3 months	2,726	5,862
Over 3 months	<u>10,021</u>	<u>11,236</u>
	<u>139,882</u>	<u>182,058</u>

13. Pledge of Assets

The Group's bank deposits of approximately HK\$100,000 (31st March, 2008: HK\$100,000) have been pledged to secure the banking facilities of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

Turnover for the first six months of FY09 was HK\$733.5 million which is higher by HK\$66.9 million or 10.0% compared to the corresponding period last year. Turnover for the second quarter was HK\$378.8 million which is higher by HK\$36.3 million or 10.6% compared to FY08.

Product sales and service revenue for the first six months increased by 3.6% and 20.6% compared to the corresponding period in FY08 to HK\$431.0 million and HK\$302.5 million. Product sales and service revenue contributed 58.8% and 41.2% to total turnover respectively. Commercial and public sector sales during the first half of FY09 contributed 58.3% and 41.7% to turnover respectively as compared to 58.7% and 41.3% in FY08.

Profit before taxation for the first six months was HK\$26.6 million which is lowered by HK\$4.6 million compared to the corresponding period in FY08. The decrease was mainly attributed to the loss of dividend income after the

full disposal of the available-for-sale investments in FY08, and loss has also been incurred in completing a solution project that is strategically important to the Group. The drop of interest income due to the decline in interest rate, high pricing pressure and high inflationary cost also pressurises the Group in the second quarter of FY09.

As of 30th September, 2008, the order book balance was approximately HK\$580.0 million. The Group achieved a balance sheet with net cash of approximately HK\$272.6 million. There was no debt during this period and the Group's working capital ratio stood at 2.06:1.

Business Review

Infrastructure business

The Group saw solid progress within the IT infrastructure business in the second quarter with a balanced performance in various industries. Progress was fueled by continued IT spending from clients making infrastructure upgrades in an effort to maintain service levels and operational efficiency. Most notably, the Group secured a sizable deal from an international bank in Hong Kong by providing 4 enterprise servers to upgrade a mission-critical system. Furthermore, the Group won a bid from a well known telecommunication services provider to supply 9 IBM System p5 servers and storage management software for approximately 500 users.

Solutions business

The solutions business also recorded satisfactory results for the second quarter of FY09. In the public sector, the Group was awarded a contract to provide a Rent Enquiry Facility Kiosk solution for the Hong Kong Housing Authority. This solution will enable public estate tenants to conveniently check rental payment balances at any estate office in Hong Kong. In July 2008, the Group won a multi-million dollar contract from a prestigious Hong Kong financial institution to provide a human resources solution serving 700 users. This contract demonstrated a successful extension of the Group's proven human resources solution from the public sector to the banking and finance sector. Following suit from the previous quarter, the Group continued to meet the growing need for security enhancements from customers in Hong Kong and Macau. These orders included a number of security solutions that leveraged advanced technologies from our close IT industry partners.

Services business

The Services business has once again made a significant contribution to the Group's performance. With the focus of securing high-value business, the Group was able to secure sizable long-term maintenance and managed services deals in the first half of FY09, bringing in stable recurring revenue. In August 2008, the Group obtained an additional contract from a government department to provide 2-year outsourcing maintenance support for its electronic document management system. This deal illustrates the government's continued confidence and satisfaction with ASL's services.

Overseas business

The overseas business continued to perform satisfactorily in the first half of FY09 as we saw the Group making progress in many areas, particularly in extending the client base of the Group. Turnover of overseas business for the first half of FY09 increased 60.2% comparing to the corresponding period from last year.

Our subsidiary in Thailand has made major in-roads into the government sector by winning its first contract worth over a million dollars from the Community Development Department under the Ministry of Interior. ASL is responsible for supplying computer hardware and anti-virus software for all its branches across Thailand.

Our PRC subsidiary in Guangzhou won a contract to provide the Group's market proven front office solution to a newly opened hotel in Hangzhou. Moreover, ASL continues to provide services and solutions for existing Hong Kong customers who have operations in China.

The performance of the Taiwan subsidiary has seen considerable progress compared to the same period last year. In the wake of these developments and in congruence with our business development strategy, our subsidiary in Taiwan opened a new office in Taichung City on 10th November, 2008. The new office, located in the heart of the city, enables us to better serve multinational and local customers in the central and southern Taiwan. Furthermore, it will allow the Group to penetrate deeper into the Taiwan IT market as a whole. To support the expansion, and to serve customers better with faster and quality service, our subsidiary in Taiwan has increased its talent pool to more than 40 staff. We are confident that the new office can accommodate customers' demand for quality IT services and solutions, and provide effective support to customers' operations in different parts of the island.

Prospect and Outlook

Like other businesses, the global financial crisis will likely have an effect on the Group's performance. The Group will continue to endeavour to control the costs and make use of the existing resources to maintain the Group's position in the IT industry. The Group will focus to further develop solutions business. In October 2008, the Group's subsidiary in Macau continues its achievement on winning contracts for the provision of Baccarat Score Board System and Playing Card Management System, signified by the City of Dreams project recently won, which amounts to multi-million dollars. The Group has also been awarded a contract to provide an e-Procurement System to a government department of Hong Kong.

While facing the existing economic climate, the Group continues to focus on customer service excellence and maintaining a leadership role. The Group will continue to concentrate efforts on staff training. The Group has recently completed 'people skills' training sessions for management personnel and are planning for additional programs to fortify staff expertise. ASL will also maintain Hong Kong a centre for excellence, and make Taiwan and Mainland China focal points for development. By leveraging the existing advantage, ASL will capitalise on the expanding relationship and growing number of business transactions between Hong Kong, Taiwan, and Mainland China. In addition, the Group will maintain effective cost control measures and create greater economies of scale by continuing to seek ways to maximise the capacity and potential of Hong Kong resources.

Financial Resources and Liquidity

As at 30th September, 2008, the Group's total assets of HK\$893.0 million were financed by current liabilities of HK\$334.5 million, deferred taxation of HK\$18.2 million and shareholders' equity of HK\$540.3 million. The Group had a working capital ratio of approximately 2.06:1.

As at 30th September, 2008, the Group had an aggregate composite banking facilities from banks of approximately HK\$96.3 million of which HK\$28.5 million was utilised (31st March, 2008: HK\$26.9 million). The Group's gearing ratio was zero (31st March, 2008: zero) as at 30th September, 2008.

Treasury Policies

The Group generally financed its operations with internally generated resources and credit facilities provided by banks. Bank facilities available for the Group include trust receipt loans, overdrafts and term loans. The interest rates of most of these will be fixed by reference to the respective countries' Interbank Offer Rate. The bank deposits will be mainly in Hong Kong dollars and United States dollars ("US dollars").

Foreign Exchange Exposure

The Group mainly earns revenue and incurs costs in US dollars and Hong Kong dollars. Foreign exchange exposure of the Group will continue to be minimal as long as the policy of the Government of the Hong Kong Special Administrative Region to link the Hong Kong dollars to the US dollars remains in effect. There was no material exposure to fluctuations in exchange rates, and therefore no related hedging financial instrument was applied during the six-month period ended 30th September, 2008.

Contingent Liabilities

Corporate guarantee to banks and vendors as security for banking facilities and goods supplied to the Group amounted to approximately HK\$80.3 million as at 30th September, 2008. The amount utilised against such facilities and goods supplied as at 30th September, 2008 which was secured by the corporate guarantee amounted to approximately HK\$3.7 million. The performance bond issued by the Group to customers as security of contract was approximately HK\$28.5 million as at 30th September, 2008.

Employee and Remuneration Policies

As at 30th September, 2008, the Group, excluding its associates, employed 1,555 permanent and contract staff in Hong Kong, Macau, Taiwan, mainland China and Thailand. The Group remunerates its employees based on their performance, working experience and the prevailing market conditions. Bonuses are granted on a discretionary basis. Other employee benefits include mandatory provident fund, insurance, medical coverage and share options scheme.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 29th December, 2008 to 31st December, 2008, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's registrars, Tricor Tengis Limited at 26/F Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong,

for registration not later than 4:30 p.m. on 24th December, 2008. The dividend warrants will be despatched on or before 15th January, 2009.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30th September, 2008, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the unaudited interim results.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules. The Company has made specific enquiry of all Directors regarding any non-compliance with the Model Code during the six month ended 30th September, 2008, and they all confirmed that they have fully complied with the required standard set out in the Model Code.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules throughout the accounting period for the six months ended 30th September, 2008 except as noted below:

- (a) with respect to Code A.1.1, a majority of directors of the Board was not present in a Board meeting duly held on 27th June, 2008 due to some directors had to travel for business development; and
- (b) with respect to Code A.4.1, all non-executive directors of the Company are not appointed for a specific term but are subject to retirement by rotation and re-election in accordance with the Company's Bye-laws.

By Order of the Board
Lai Yam Ting
Managing Director

Hong Kong, 26th November, 2008

As at the date of this announcement, the board of directors comprises Mr. Lai Yam Ting and Mr. Lau Ming Chi, Edward being executive directors, Mr. Allen Joseph Pathmarajah, Mr. Kuo Chi Yung, Peter, Mr. Moo Kwee Chong, Johnny, Mr. Michael Shove, Mr. Darren John Collins, Mr. Wang Yung Chang, Kenneth and Mr. Andrew John Anker being non-executive directors and Mr. Cheung Man, Stephen, Mr. Hon Sheung Tin, Peter and Mr. Li King Hang, Richard being independent non-executive directors.