



**Press Release**

**14 September 2007**

**Subex Azure Revises Revenue and Profit Guidance**

*- Confirms Syndesis Acquisition is EPS Accretive in FY08*

**Bangalore, INDIA:** Subex Azure Ltd., a leading global provider of Operations Support Systems (OSS) solutions for telecom operators, today announced that the company has decided to revise its guidance for FY08. A key customer in North America has notified the company the postponement of its near term capex commitments. Consequently, some of the contracts that the company was to book from this key customer and recognize (either fully or partially) during the third and fourth quarters of FY08 will be postponed. The revision in guidance is on the back of this information,

The company now expects revenue of Rs. 5,200 million (US\$ 130 million) and Profit After Tax of Rs. 1,040 million (US\$ 26 million) from its products business. The revenue split amongst RMS, BT and FAS BUs will now be Rs. 2,720 million, Rs. 880 million and Rs. 1,600 million respectively. The company has recognized Rs. 1,000 million in revenue for Q1 and the current backlog to be recognized during the balance of FY08 is Rs. 2,600 million.

“Given the non-linearity in the products business and that most of our costs are fixed, any reduction in revenue usually leads to an almost comparable, in value, reduction of profit,” said Subash Menon, Founder Chairman, Managing Director & CEO, Subex Azure. “However, by adopting prudent cost management measures, we have ensured that a reduction of Rs. 950 million in revenue will result in only Rs. 510 million reduction in PAT, thereby greatly reducing the impact on the overall profitability.” he said.

Subex Azure has also confirmed that its recently completed acquisition of Syndesis will be EPS accretive in the very first year of the transaction i.e. FY08 ending 31<sup>st</sup> March, 2008. In spite of a 40% dilution in equity (including pending conversion of FCCBs & warrants), the fully diluted EPS is set to increase from Rs. 19.39 in FY07 to Rs. 21.22 in FY08. Exclusive of FCCB interest, the fully diluted EPS would increase in FY08 by 26% over last year.

Further, the integration of Syndesis is progressing on track and will be complete, as originally planned, by January-March 2008. This successful integration program will help improve EBITDA of the erstwhile Syndesis business from 5% in FY07 to 22.5% in FY08. Consequently, the products business will have an EBITDA of 31.5%, up from 22.6% last year. This expansion of EBITDA is on the back of an organic growth of 43% in the continuing business.

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#### **About Subex Azure Ltd.**

Subex Azure is a leading global provider of Operators Support Systems (OSS) solutions with a mission to empower telecom operators to achieve competitive advantage and deliver new service experiences to subscribers. The company pioneered the strategic concept of the Revenue Operations Center (ROC) – a centralized and integrated infrastructure for end-to-end monitoring, measurement and control of the operator's revenue chain - to foster operational dexterity and hence sustained profitability.

Subex Azure's software portfolio powers the ROC and its best-in-class solutions enable new service creation, subscriber-centric fulfillment, provisioning automation, revenue assurance & cost management, data integrity management, fraud management and interconnect/interparty settlement.

Subex Azure's customers include 32 of the world's 50 largest telecom operators by revenue. The company has more than 150 installations in over 60 countries. Subex Azure was named in the prestigious Deloitte Technology Fast 500 Asia Pacific 2006 list of companies, underlining the company's growth and leadership status.

For more information please visit [www.subexazure.com](http://www.subexazure.com)

#### **Forward Looking and Cautionary Statements**

Certain statements in this release concerning Subex Azure's products, strategy and future growth prospects are forward -looking statements, which involve a number of risks, and uncertainties that could cause actual results to differ materially from those in such forward -looking statements. The risks and uncertainties relating to these statements include, but are not limited to, market acceptance of Subex Azure's products and services, Subex Azure's ability to implement its growth strategy, competition in Subex Azure's areas of business and general economic conditions affecting the telecom industry.

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