



TECSYS INC.

TSX: TCS

Closing Price (February 26): \$2.05

52-Week Range: \$2.34-\$1.14

Shares O/S: 12.3 million

Market Cap: \$25.2 million

THIRD-QUARTER F2010 RESULTS

TECSYS Inc. announced results for the third quarter and first nine months of fiscal 2010 (ended January 31, 2010).

A. Third-Quarter F2010

(\$000s)	Q3/F2010	Q3/F2009
Revenue: Products	2,774	3,140
Services	5,740	6,222
Reimbursable Expense:	<u>286</u>	<u>287</u>
Total	8,800	9,649
Gross Profit Products:	1,571	1,590
Services	<u>2,258</u>	<u>2,433</u>
Total	3,829	4,023
Gross Profit Margin: Products	56.60%	50.60%
Services	<u>39.30%</u>	<u>39.10%</u>
Total	43.50%	41.70%
Net Earnings	62	97
Net Profit Margin	0.70%	1.00%
EPS	\$0.00	\$0.01
Shares O/S (million)	12.3	12.7



-2-

For the third quarter of fiscal 2010, TECSYS reported earnings of \$0.00 per share compared with \$0.01 per share for the same period of fiscal 2009. Revenues declined 8.3% to \$8.8 million, mainly as a result of a \$750,000 negative impact from the weakening of the U.S. dollar.

Gross profit margin improved to approximately 44% from 42% in the year-earlier period, as a result of margins in the products area increasing to 56.6% from 50.6% as a result of increased sales of proprietary products. Gross profit reached \$3.8 million in the latest quarter, compared with \$4.0 million in the corresponding fiscal 2009 period.

B. Nine-Months F2010

(\$000s)	9M/F2010	9M/F2009
Revenue: Products	9,866	12,102
Services	17,240	17,664
Reimbursable Expenses:	<u>819</u>	<u>831</u>
Total	27,925	30,597
Gross Profit: Products	6,331	6,211
Services	<u>6,459</u>	<u>6,442</u>
Total	12,790	12,653
Gross Profit Margin: Products	64.20%	51.30%
Services	<u>37.50%</u>	<u>36.50%</u>
Total	45.80%	41.40%
Net Earnings	916	1015
Net Profit Margin	45.80%	41.40%
EPS	\$0.07	\$0.08
Shares O/S (million)	12.4	12.8

The latest results brought earnings for the first three quarters of fiscal 2010 to \$0.07 per share compared with \$0.08 per share for the first nine months of fiscal 2009. Revenues declined 8.8% to \$27.9 million, primarily as a result of an 18.5% drop in product sales. Sales of the Company's proprietary products rose 11% during the latest nine months.



-3-

Service revenues remained at approximately the same level as in the fiscal 2009 nine-month period.

The increased sales of higher-margined proprietary products enabled the Company to achieve an overall 1.9% increase in gross profit to \$6.3 million in the products area, despite the overall sales decline in this sector. Gross profit in the services area increased slightly to \$6.5 million in the latest period.

Order Pipeline

The Company's order backlog was \$17.8 million at the end of Q3/F2010, compared with \$17.9 million at the end of Q2. Clients have been taking extra time to finalize their decisions in the current economy, but the order pipeline is significantly more active than it has been since 2008. During the latest quarter, the Company signed at least 21 agreements with existing and new clients in a wide range of industries. It also deployed 15 supply-chain solutions at customer locations.

Semi-Annual Dividend

The Company remains financially strong with no long term debt and \$7.2 million (\$0.59 per share) of cash. The Directors declared a semi-annual dividend of \$0.025 per share, payable March 31 to shareholders of record March 12.

COMMENT: *The results were in line with our expectations, and we continue to expect them to improve through fiscal 2011 as outlined in our January 26, 2009 StockPotentials. Results could be augmented by two new initiatives: the addition of the company's new Visual Logistics software product, and entry into the college and university market - which management considers to be similar to its hospital supply market.*

For more details on TECSYS' results, see the Company's February 25, 2010 news release, available on SEDAR at www.sedar.com.

THE COMPANY

TECSYS Inc. is a Montreal-based company involved in the development, marketing, implementation and support of supply chain management software solutions for over 500 mid-sized and "Fortune 1000" corporations in the healthcare, heavy equipment, third-party logistics, and general high-volume wholesale distribution industries. The Company was founded in 1983 by its current Executive Chairman, David Brereton, and went public in 1998. TECSYS operates from four offices and one storage facility. The Company's activities are carried out in Canada, the United States, Europe, and South America.



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For more on TECSYS Inc., see *eResearch's* January 26, 2010 *StockPotentials* Report, available at www.eresearch.ca.

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