



**SYSTECH BHD 897114-T**

Incorporated in Malaysia

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2012**

(the figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 31.03.2012 RM'000	PRECEDING YEAR	CURRENT PERIOD TO-DATE 31.03.2012 RM'000	PRECEDING YEAR
		CORRESPONDING		CORRESPONDING
		QUARTER 31.03.2011*		PERIOD 31.03.2011*
	RM'000	RM'000		RM'000
Revenue	1,539	N/A	5,857	N/A
Amortisation of research and development expenses	(223)	N/A	(790)	N/A
Other cost of sales	(197)	N/A	(530)	N/A
<b>Gross profit</b>	<b>1,119</b>	<b>N/A</b>	<b>4,537</b>	<b>N/A</b>
Interest income	11	N/A	55	N/A
Other income	20	N/A	20	N/A
Administration expenses	(562)	N/A	(1,257)	N/A
Depreciation	(42)	N/A	(146)	N/A
Restructuring expenses	-	N/A	(1,316)	N/A
Selling and distribution expenses	(112)	N/A	(558)	N/A
Provision for doubtful debts	(26)	N/A	(26)	N/A
Gain/(Loss) on disposal of investment	-	N/A	-	N/A
Impairment of assets	-	N/A	-	N/A
Gain/(Loss) on foreign exchange	(5)	N/A	(5)	N/A
Gain/(Loss) on derivatives	-	N/A	-	N/A
Other expenses	(30)	N/A	(128)	N/A
<b>Profit from operations</b>	<b>373</b>	<b>N/A</b>	<b>1,176</b>	<b>N/A</b>
Finance cost	(3)	N/A	(12)	N/A
<b>Profit before tax</b>	<b>370</b>	<b>N/A</b>	<b>1,164</b>	<b>N/A</b>
Income tax expenses	(20)	N/A	(32)	N/A
<b>Profit after tax</b>	<b>350</b>	<b>N/A</b>	<b>1,132</b>	<b>N/A</b>
Attributable to:-				
- Owners of the parent	350	N/A	1,132	N/A
- Minority Interest	-	N/A	-	N/A
	<b>350</b>	<b>N/A</b>	<b>1,132</b>	<b>N/A</b>
Basic/Diluted earnings per ordinary share (sen)	0.14	N/A	0.45	N/A

*The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying explanatory notes to the interim financial report.*

*Restructuring expenses are attributable to "one-off" expenses incurred arising from the implementation of the Restructuring Scheme of Viztel Solutions Berhad/Systech Bhd which has been charged to the First Quarter Income Statement. Should the said "one-off" restructuring expenses be excluded, the Group's consolidated profit after taxation for the current period to-date should be at approximately RM2.5 million.*

*\* No comparative figures are presented following the reverse take over exercise undertaken by Systech Bhd on the listing status of Viztel Solutions Berhad as explained in Note 2.1 to the interim financial report.*

*The current period-to-date covers period from 1 April 2011 to 31 March 2012 as explained in Note 2.1 to the interim financial report.*



**SYSTECH BHD 897114-T**  
Incorporated in Malaysia

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2012**

(the figures have not been audited)

	<b>UNAUDITED</b> <b>AS AT</b> <b>31.03.2012</b> <b>RM'000</b>	<b>AUDITED</b> <b>AS AT</b> <b>31.03.2011*</b> <b>RM'000</b>
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	1,197	-
Development expenditure	2,415	-
Goodwill on consolidation	22,337	-
<b>TOTAL NON-CURRENT ASSETS</b>	<b>25,949</b>	<b>-</b>
<b>CURRENT ASSETS</b>		
Trade receivables	1,462	-
Other receivables, deposits and prepayments	108	107
Current tax assets	34	-
Fixed deposit with licensed bank	1,500	-
Short term deposits with licensed financial institutions	6,650	-
Cash and bank balances	143	-
<b>TOTAL CURRENT ASSETS</b>	<b>9,897</b>	<b>107</b>
<b>TOTAL ASSETS</b>	<b>35,846</b>	<b>107</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT</b>		
Share capital	25,425	#
Performance contingent consideration reserve	6,500	-
Retained earnings	1,130	(2)
<b>TOTAL EQUITY</b>	<b>33,055</b>	<b>(2)</b>
<b>NON-CURRENT LIABILITIES</b>		
Borrowings	1,029	-
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>1,029</b>	<b>-</b>
<b>CURRENT LIABILITIES</b>		
Trade payables	11	-
Other payables and accruals	1,647	109
Borrowings	104	-
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,762</b>	<b>109</b>
<b>TOTAL LIABILITIES</b>	<b>2,792</b>	<b>109</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>35,846</b>	<b>107</b>
<b>NET ASSETS PER SHARE (SEN)</b>	<b>13.00</b>	<b>N/A</b>

*The Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying explanatory notes to the interim financial report.*

*\* The latest audited Statement of Financial Position of Systech Bhd as at 31 March 2011 has been presented as the comparative Statement of Financial Position, following the reverse take over exercise undertaken by Systech Bhd on the listing status of Viztel Solutions Berhad as explained in Note 2.1 to the interim financial report.*

*# RM2.00 comprising of 20 ordinary shares of RM0.10 each*



**SYSTECH BHD 897114-T**  
Incorporated in Malaysia

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2012**

(the figures have not been audited)

**Twelve Months Financial Period Ended 31 March 2012**

	<-----ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY----->			
	<-----NON-DISTRIBUTABLE----->	PERFORMANCE CONTINGENT CONSIDERATION RESERVE	<-DISTRIBUTABLE-> RETAINED EARNINGS	TOTAL EQUITY
	ORDINARY SHARES RM'000	RM'000	RM'000	RM'000
Balance as at 1 April 2011	#	-	(2)	(2)
Issuance of shares pursuant to acquisition of Syscatech Sdn Bhd	17,400	6,500		23,900
Issuance of shares pursuant to the Share Exchange of the entire issued and paid-up share capital of Viztel Solutions Berhad	3,025		-	3,025
Issuance of shares pursuant to a Public Issue	5,000		-	5,000
Total comprehensive income for the financial period			1,132	1,132
Balance as at 31 March 2012	25,425	6,500	1,130	33,055

*The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying explanatory notes to the interim financial report.*

# RM2.00

*The current period-to-date covers period from 1 April 2011 to 31 March 2012 as explained in Note 2.1 to the interim financial report.*



**SYSTECH BHD 897114-T**

Incorporated in Malaysia

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2012**

(the figures have not been audited)

	CUMULATIVE QUARTERS	
	CURRENT PERIOD TO-DATE 31.03.2012 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31.03.2011* RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Total comprehensive income	1,132	N/A
Adjustment for non-cash items	2,208	N/A
Operating profit before changes in working capital	3,340	N/A
Decrease in trade receivables	904	N/A
Other net changes in assets	(170)	N/A
Decrease in trade payables	(24)	N/A
Other net changes in liabilities	135	N/A
Cash flow from operations	4,185	N/A
Tax paid	(2)	N/A
Net cash flow from operating activities	4,183	N/A
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(468)	N/A
Payment for development expenditure	(922)	N/A
Acquisition of subsidiary	1,432	N/A
Interest received	55	N/A
Net cash flow from investing activities	97	N/A
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of shares	5,000	N/A
Payment of Restructuring Expenses	(1,316)	N/A
Repayment of hire purchase payables	(83)	N/A
Interest paid	(12)	N/A
Drawdown of term loan	424	N/A
Net cash from financing activities	4,013	N/A
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	8,293	N/A
<b>CASH AND CASH EQUIVALENT AT THE BEGINNING OF PERIOD</b>	#	N/A
<b>CASH AND CASH EQUIVALENT AT THE END OF PERIOD</b>	8,293	N/A
The cash and cash equivalents at the end of the reporting period comprised of the following:-		
Fixed deposit with licensed bank	1,500	N/A
Short term deposits with licensed financial institutions	6,650	N/A
Cash and bank balances	143	N/A
	8,293	N/A

*The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the accompanying explanatory notes to the interim financial report.*

# RM2.00

*\* No comparative figures are presented following the reverse take over exercise undertaken by Systech Bhd on the listing status of Viztel Solutions Berhad as explained in Note 2.1 to the interim financial report.*

*The current period-to-date covers period from 1 April 2011 to 31 March 2012 as explained in Note 2.1 to the interim financial report.*



**SYSTECH BHD 897114-T**  
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## **NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2012**

### **PART A: REQUIREMENT OF FRS 134 – INTERIM FINANCIAL REPORTING**

#### **1. Basis of preparation**

The interim financial report is unaudited and has been prepared in accordance with the requirements of Financial Reporting Standards (“FRS”) 134, Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) for the ACE Market.

The explanatory notes attached to the interim financial report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the previous financial year ended 31 March 2011.

#### **2. Significant Accounting Policies**

##### **2.1 FRS 3 Business Combinations**

On 1 March 2010, Leinet Technology Berhad (“Leinet”) and Viztel Solutions Berhad (“Viztel”) had entered into an Original Definitive Agreement to undertake a series of proposals to regularise Viztel’s financial position including inter-alia, an injection of a new viable business into Systech Bhd (“Systech”), a share exchange of shares in Viztel for share in Systech, a fund raising exercise by Systech and the transfer of Viztel’s listing status to Systech (“Restructuring Scheme”).

On 23 April 2010, Systech had entered into an Original Acquisition Sales and Purchase Agreement (“SPA”) with Leinet to acquire the entire equity interest of its subsidiary, Syscatech Sdn. Bhd. (“Syscatech”) for a consideration of RM23,900,000. The SPA was subsequently restated on 17 December 2010 via the Restated Definitive Agreement and Restated Acquisition SPA with Leinet to vary certain terms and conditions. Revision was made to the mode of satisfaction of the consideration where the total consideration of up to RM23,900,000 shall be satisfied as follows:

- (i) An initial consideration of RM17,400,000 shall be satisfied by the issuance of 174,000,000 new Systech ordinary shares of RM0.10 each (“Systech Shares”) at an issue price of RM0.10 per share; and
- (ii) The balance of the consideration of up to RM6,500,000 shall be satisfied by the issuance of new Systech Shares based on the audited Profit After Tax (“PAT”) of Syscatech for each of the financial year ending 31 March 2012 and 2013 in accordance with the following terms (“Deferred Consideration Shares”):
  - (a) Issuance of up to a maximum of 30,000,000 new Systech Shares at an issue price of RM0.10 per share within twelve (12) months from the date of issuance of the audited financial statements of Syscatech for the financial year ending 31 March 2012; and

- (b) Issuance of up to a maximum of 35,000,000 new Systech Shares at an issue price of RM0.10 per share within twelve (12) months from the date of issuance of the audited financial statements of Syscotech for the financial year ending 31 March 2013.
- (iii) In addition to the items (i) and (ii), Leinet also guaranteed that Syscotech shall achieve an audited PAT of not less than RM2,500,000 for the financial year ending 31 March 2011 (“Guaranteed Profit”) provided always that the liability of the Company in respect of the Guaranteed Profit shall be limited to the amount of the Guaranteed Profit. The said Guaranteed Profit was met and was announced on 28 July 2011.

Under the provision of FRS 3, Business Combination applies to the proposed acquisition whereby an acquirer shall be identified for all business combinations and the acquirer is defined as the combining entity that obtains control of the other combining entities or businesses.

Under the Restructuring Scheme, the acquirer is deemed to be Syscotech (whose equity interest has been acquired) and Viztel (whose equity interest has been exchanged) is the acquiree as Leinet, being the vendor of Syscotech will control Systech. Under these circumstances, the Restructuring Scheme is considered to represent a reverse acquisition via a special purpose vehicle, Systech.

On 12 July 2011, Systech has also entered into a novation agreement with Viztel and Viztel Systems Sdn Bhd (“VSSB”); a subsidiary of Viztel; for the novation of debts amounting to RM1,333,000 to Systech from Viztel and VSSB.

As such, in accordance with FRS 3 Business Combinations, the consolidated financial statements represents a continuation of the historical financial statements of Systech and the effects of the share exchange of shares in Viztel for shares in Systech and the value of the novation of debts have been accounted for as part of the cost of investment in Syscotech and accordingly:-

- (i) no comparative figures are presented for these statements as Systech, a non-listed public limited liability company, did not make any interim financial reporting prior to the reserve acquisition;
- (ii) the latest audited Statement of Financial Position of Systech as at 31 March 2011 has been presented as the comparative Statement of Financial Position; and
- (iii) under the terms of the Restructuring Scheme, the Deferred Consideration Shares has been disclosed as Performance Contingent Consideration Reserve in the Statement of Financial Position.

## 2.2 Changes in Accounting Policies

The accounting policies and presentation adopted for the interim financial report are consistent with those adopted in the audited financial statements of Systech for the financial year ended 31 March 2011 except for the adoption of the following new and amended FRS and IC Interpretations with effect from 1 April 2011

FRS 1	First-time Adoption of Financial Reporting Standards
Amendments to FRS 1	Limited Exemption from Comparatives FRS 7 Disclosures for First-time Adopters and Additional Exemptions for First Time Adopters
Amendments to FRS 2	Share-based Payment

Amendments to FRS 2	Group Cash-Settled Share Based Payment Transactions
FRS 3	Business Combinations (Revised)
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 7	Improving Disclosures about Financial Instruments
Amendments to FRS 121	The Effects of Changes in Foreign Exchange rates
Amendments to FRS 128	Investment in Associates
Amendments to FRS 127	Consolidated and Separate Financial Statements
Amendments to FRS 132	Classification of Rights Issues
Amendments to FRS 134	Interim Financial Reporting
Amendments to FRS 138	Intangible Assets
Amendments to FRS 139	Financial Instruments: Recognition and Measurements
IC Interpretation 4	Determining whether an Arrangement contains a Lease
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 12	Service Concession Arrangements
Amendments to IC Interpretation 13	Customers Loyalty Programmes
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners
IC Interpretation 18	Transfers of Assets from Customers
TR 3	Guidance on Disclosures of Transitions to IFRS

Other than the disclosures under the Amendments to FRS 7, the adoption of the above standards and interpretations did not have any material effect on the financial performance or position of the Group

### 2.3 Standards issued but not yet effective

As at the date of authorisation of the interim financial report, the following standards and interpretations were issued but not yet effective and have not been applied by the Group, which are:-

#### Effective from the Date on or after 1 July 2011

Amendments to IC Interpretation 14	Prepayment of a Minimum Funding Requirement
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments

#### Effective from the Date on or after 1 January 2012

Amendments to FRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
FRS 7	Disclosures – Transfers of Financial Assets
FRS 112	Deferred Tax : Recovery of Underlying Assets
FRS 124	Related Party Disclosures
IC Interpretation 15	Agreements for the Construction of Real Estate

#### Effective from the Date on or after 1 July 2012

FRS 101	Presentation of items of Other Comprehensive Income
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## Effective from the Date on or after 1 January 2013

FRS 9	Financial Instruments
FRS 10	Consolidated Financial Statements
FRS 11	Joint Arrangements
FRS 12	Disclosure of Interest in Other Entities
FRS 13	Fair Value Measurement
FRS 119	Employee Benefits
FRS 127	Separate Financial Statements

The Directors expect that the adoption of the other standards and interpretations as set out above will have no significant impact on the financial statements in the period of initial application.

Nevertheless, The Malaysian Accounting Standards Board (“MASB”) had on 19 November 2011 issued the Malaysian Financial Reporting Standards (“MFRS”) framework in conjunction with the MASB’s effort to converge with the International Financial Reporting Standards (“IFRS”) in year 2012.

The MFRS framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception for entities that are within the scope of MFRS 141 - Agriculture and IC Interpretation 15 - Agreements for Construction of Real Estate, including its parent, significant investor and venturer (herein referred as “Transitioning Entity”).

Early adoption of the MFRS framework is permitted.

A Transitioning Entity may in alternative apply the existing FRSs as its financial reporting framework for annual periods beginning on or after 1 January 2012. A Transitioning Entity shall comply with the MFRS framework for the annual periods commencing on or after 1 January 2013.

The Group does not falls within the application provided under the transitioning entity and is therefore required to adopt the MFRS framework for the annual periods beginning on or after 1 April 2012. The Group is currently in the process of determining the impact arising from the initial application of the MFRS framework.

### 3. Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated by the Directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group’s accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:

#### (a) Impairment of Non-Financial Assets

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.



**(b) Impairment of Trade and Other Receivables**

The Group makes an impairment loss when there is objective evidence that a financial asset is impaired. Management specifically reviews its receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgment to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

**4. Auditor's Report on Preceding Annual Financial Statements**

The independent auditors' report on Systech's annual audited financial statements for the preceding financial year ended 31 March 2011 was not subject to any audit qualification.

**5. Seasonal and Cyclical Factors**

The business of the Group was not affected by any significant seasonal and cyclical factors during the current financial period under review.

**6. Unusual Items due to their Nature, Size or Incidence**

Saved as those arising from the reverse acquisition as explained in Note 2.1 and Restructuring Expenses as set out below, there were no unusual items affecting the assets, liabilities, equity, net income, or cash flows due to their nature, size or incidence during the current financial period under review:-

	<b>CURRENT YEAR QUARTER 31.03.2012 RM'000</b>	<b>CURRENT PERIOD TO-DATE 31.03.2012 RM'000</b>
Profit after tax (RM'000)	350	1,132
Restructuring Expenses	-	1,316
Profit after tax excluding unusual item	<u>350</u>	<u>2,448</u>

The Restructuring Expenses were incurred in relation to the Restructuring Scheme as set out in Note 2.1 and are non-recurring in nature.

**7. Material Changes in Estimates**

There were no material changes in estimates of amounts reported in prior financial years. Thus, there is no material effect in the financial statements of the current financial period under review.

**8. Debt and Equity Securities**

There were no issuance, cancellation, repurchase, resale and repayment of debt securities of the Group and equity securities of the Company during the financial quarter under review other than the issuance of:-

- (i) 174,000,000 new Systech Shares pursuant to the acquisition of Syscatech as described in Note 2.1;

(ii) 30,250,000 new Systech Shares pursuant to the share exchange of the entire issued and paid-up share capital of Viztel of RM6,050,000 comprising 60,500,000 Viztel ordinary shares of RM0.10 each (“Viztel Shares”) for 30,250,000 Systech Shares on the basis of one (1) Systech Share for every two (2) Viztel Shares held; and

(iii) 50,000,000 new Systech Shares pursuant to the issuance of shares to identified investors at an issue price of RM0.10 per Systech Share.

## 9. Dividends paid

No dividend has been paid in the current financial quarter under review.

## 10. Segmental Reporting

As the Group is principally engaged in providing services of e-business solutions, segment reporting by business segment is not prepared. The segmental results based on geographical segments are as follows:-

### Twelve Months Financial Period Ended 31 March 2012

	Malaysia RM'000	North Asia RM'000	South East Asia RM'000	Total RM'000
Revenue from external customers	2,530	932	2,395	5,857
Segment assets	35,158	107	581	35,846
Capital expenditure	468	-	-	468

*\* No comparative figures are presented following the reverse take over exercise undertaken by Systech Bhd on the listing status of Viztel Solutions Berhad as explained in Note 2.1 to the interim financial report.*

## 11. Carrying Amount of Revalued Assets

There were no revaluation of property, plant and equipment by the Group.

## 12. Significant Material and Subsequent Events

There were no significant material and subsequent events subsequent to the end of the current financial period under review that have not been reflected in the interim financial statements.

## 13. Changes in the Composition of the Group

The details of the acquisition of the entire equity interest in Syscatech are set out in Note 2.1. The acquisition was completed on 20 May 2011 and the Company become the legal holding company of Syscatech.

Pursuant to Restructuring Scheme, the Company has also implemented a share exchange of the entire issued and paid-up share capital of Viztel of RM6,050,000 comprising 60,500,000 Viztel Shares for 30,250,000 Systech Shares on the basis of one (1) Systech Share for every two (2) Viztel Shares held. The share exchange was completed on 3 June 2011 and the Company become the legal holding company of Viztel and its subsidiaries.

On 22 August 2011, the Company has also entered into a Sale and Purchase Agreement with Maslina binti Shamsuddin and Othman bin Ahmad to dispose off its entire equity interest in Viztel for a total cash consideration of RM2.00 only. The disposal was completed on 20 September 2011.

There were no other changes in the composition of the Group during the current financial period under review.

**14. Changes in Contingent Liabilities or Contingent Assets**

There were no changes in contingent liabilities or contingent assets of the Group during the current financial period under review.

**15. Capital Commitments**

There were no capital commitments during the current financial period under review.

**16. Significant Related Party Transactions**

The Group had the following transactions during the financial period under review with related parties in which certain directors of the Company have substantial financial interest:-

<b>Nature of Transactions</b>	<b>Transaction value based on billings RM'000</b>	<b>Balance outstanding as at 31.03.2012 RM'000</b>
Provision of e-business solutions to a company in which certain Directors of the Company have substantial financial interest	41	41



**SYSTECH BERHAD ("SYSTECH") 897114-T**  
Incorporated in Malaysia

**NOTES TO THE INTERIM FINANCIAL REPORT  
FOR THE QUARTER ENDED 31 MARCH 2012**

**PART B: ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS**

**17. Review of Performance**

The Group recorded RM1.539 million of revenue in the current quarter under review contributed by Syscatech. The Group has also recorded a profit after taxation of RM0.350 million.

Systech's principal operating subsidiary, Syscatech is principally involved in the design, research and development, customisation and implementation of its proprietary software solutions to the members' centric industry such as the direct selling industry and retail industry. Demand for its solutions are driven by the general economic conditions as well as the growth in the direct selling industry in the various countries that its solutions are being implemented. Its level of operating activities is determined by its number of employees as well as the complexity of customisation that its customers required. During the period under review, there were no factors or circumstances that significantly affected its revenue, costs or profit margins other than the "one-off" Restructuring Expenses of RM1.316 million expensed off in the previous financial quarter

There were no comparative figures in the preceding financial year as Systech, a non-listed public limited liability company, did not make any interim financial reporting prior to the reverse acquisition as explained in Note 2.1.

**18. Variation of Results against Preceding Quarter**

Revenue for the quarter under review has maintained at the same level as the preceding quarter at RM1.539 million in the current quarter compared to RM1.595 million recorded in the preceding quarter.

However, the Group's profit after taxation has decreased from a profit of RM0.714 million in the previous financial quarter to a profit of RM0.350 million in the current financial quarter ended 31 March 2012 mainly due to higher administration expenses incurred during the said quarter and provision for taxation.

**19. Current Year Prospects**

While the Group expects the coming financial year to be full of challenges, the Board of Directors remains optimistic that the Group will be able to achieve satisfactory performance in the financial year ending 31 March 2013 on the expectation of stronger revenue contribution from Syscatech's overseas customers for the next financial year.

**20. Variance of Actual Profit from Profit Forecast for Syscotech Sdn Bhd, a wholly-owned subsidiary of the Company**

The Group had in its Circular to Shareholders in relation to the Proposed Restructuring Scheme of Viztel dated 30 March 2011 forecast a profit after taxation of RM3.048 million for Syscotech the financial year ending 31 March 2012. The comparison to the results achieved by Syscotech for the current quarter under review is as follows:-

	<b>4TH QUARTER ENDED 31.03.2012 RM'000</b>	<b>FORECAST 31.03.2012 RM'000</b>
Revenue	6,574	6,919
Profit before tax	3,109	3,073
Income tax expenses	(31)	(25)
Profit after tax	3,078	3,048

For the financial year ended 31 March 2012, despite the lower revenue achieved as compared to the forecast revenue, Syscotech has achieved a higher profit after taxation of RM3.08 million as compared to the forecast profit after taxation of RM3.05 million mainly due to effective control which resulted in lower expenses recorded during the said financial year. The results of Syscotech is currently being audited and an announcement will be made in due course on the achievement of the actual profit as compared to the profit forecast for the financial year ended 31 March 2012.

**21. TAX EXPENSE**

	<b>QUARTER 3 MONTHS ENDED 31.03.2012 RM'000</b>	<b>CURRENT PERIOD TO-DATE 31.03.2012 RM'000</b>
Income Tax		
- Malaysian Tax	15	15
- Foreign Tax	5	17
	20	32
Deferred Tax	-	-
	20	32

The Group's effective tax rate for the current financial quarter is lower than the statutory tax rate as its core subsidiary, Syscotech, was granted Pioneer Status with effect from 23 April 2003, which exempts 100% of its statutory business income from taxation for a period up to five (5) years until 22 April 2008. The Pioneer Status was further extended for another five (5) years until 21 April 2013

*\* No comparative figures are presented following the reverse take over exercise undertaken by Systech Bhd on the listing status of Viztel Solutions Berhad as explained in Note 2.1 to the interim financial report.*

## 22. Status of Corporate Proposals

The disposal of the entire equity interest in Viztel as set out in Note 13 was completed on 20 September 2011.

The Company had on 7 September 2011 announced that it had entered into a memorandum of understanding with Murali Nair in relation to the proposed acquisition by the Company of 100,000 ordinary shares in Postlink Pte Ltd ("Postlink") representing 100% equity interest in Postlink for a purchase consideration to be determined. The proposal is currently pending the conduct of a due diligence and finalisation of negotiations and terms of the sale and purchase agreement and an announcement will be made in due course upon the execution of the relevant agreement in respect of the proposed acquisition of Postlink.

Save as for the abovementioned, there were no corporate proposals announced or outstanding as at the date of this Report.

On 15 June 2011, the Company received proceeds of RM5.0 million from the public issue of 50,000,000 new Systech Shares as set out in Note 8, and the proceeds will be utilised in the following manner:

Purpose	Proposed Utilisation RM'000	Actual utilisation as at 24.05.2012 RM'000	Timeframe for utilisation (listed on 15.06.2011) Months	Deviation RM'000	Explanation
Research & development expenses	2,000	1,375	24	625	A
Working capital	1,500	500	24	1,000	A
Estimated expenses relating to the Restructuring Scheme	1,500	1,500	3	-	
<b>TOTAL</b>	<b>5,000</b>	<b>3,375</b>		<b>1,625</b>	

Notes:

(A) Proceeds are placed within fixed deposit with licensed bank, short term deposit with licensed financial institutions and cash and bank balances throughout the financial period and have not been utilized.

## 23. Borrowings and Debts Securities

	31.03.2012 RM'000
<b>NON-CURRENT</b>	
<b>SECURED</b>	
Long term loan	849
Hire purchase	180
	<hr/>
	1,029
<b>CURRENT</b>	
<b>SECURED</b>	
Hire purchase	104
	<hr/>
	104
	<hr/>
	1,133
	<hr/>
<b>Gearing ratio (times)</b>	0.03

All the above borrowings are denominated in Ringgit Malaysia.

## 24. Realised and Unrealised Profits/Losses Disclosure

The retained profits as at 31 March 2012 are analysed as follows:-

	31.03.2012 RM'000	31.03.2011 RM'000
Total retained profits of the Company and Subsidiaries		
- Realised	1,130	N/A
- Unrealised	-	N/A
	1,130	N/A
Less: Consolidated adjustments	-	N/A
Total Group retained profits	1,130	N/A

*\* No comparative figures are presented following the reverse take over exercise undertaken by Systech Bhd on the listing status of Viztel Solutions Berhad as explained in Note 2.1 to the interim financial report.*

## 25. Changes in Material Litigation

The Group does not have any material litigation which would materially and adversely affect the financial position of the Group as at the date of this Report.

## 26. Dividends

No dividends have been recommended during the financial period under review.

## 27. Earnings per Share

	CURRENT QUARTER ENDED		CURRENT PERIOD TO-DATE	
	31.03.2012	31.03.2011*	31.03.2012	31.03.2011*
Profit after tax (RM'000)	350	N/A	1,132	N/A
Weighted average number of ordinary shares in issue ('000)	254,250	N/A	254,250	N/A
Basic earnings per share (sen)	0.14	N/A	0.45	N/A

*\* No comparative figures are presented following the reverse take over exercise undertaken by Systech Bhd on the listing status of Viztel Solutions Berhad as explained in Note 2.1 to the interim financial report.*

**By the Order of the Board**

**Company Secretary**

**Dated this 22<sup>nd</sup> Day of May 2012.**