



SYSTECH BHD 897114-T
Incorporated in Malaysia

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2013**

(the figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT YEAR	PRECEDING YEAR	CURRENT PERIOD TO-	PRECEDING YEAR
	QUARTER	CORRESPONDING	DATE	CORRESPONDING
	31.03.2013	31.03.2012	31.03.2013	31.03.2012
	RM'000	RM'000	RM'000	RM'000
Revenue	1,733	1,539	6,850	5,857
Amortisation of research and development expenses	(295)	(223)	(1,117)	(790)
Other cost of sales	(137)	(197)	(588)	(530)
Gross profit	1,301	1,119	5,145	4,537
Interest income	8	11	48	55
Other income	126	20	155	20
Administration expenses	(485)	(562)	(1,596)	(1,262)
Depreciation	(26)	(42)	(159)	(146)
Restructuring expenses	-	-	-	(1,316)
Selling and distribution expenses	(107)	(112)	(503)	(558)
Provision for doubtful debts	(120)	(26)	(143)	(26)
Gain/(Loss) on disposal of investment	-	-	-	-
Impairment of assets	-	-	-	-
Gain/(Loss) on foreign exchange	1	(5)	(14)	(5)
Gain/(Loss) on derivatives	-	-	-	-
Other expenses	(92)	(30)	(233)	(128)
Profit from operations	606	373	2,700	1,171
Finance cost	(20)	(3)	(46)	(12)
Profit before tax	586	370	2,654	1,159
Income tax expenses	(22)	(20)	(41)	(32)
Profit after tax	564	350	2,613	1,127
Other comprehensive income	-	-	-	-
Total	564	350	2,613	1,127
Attributable to:-				
- Owners of the parent	564	350	2,613	1,127
- Non-controlling Interest	-	-	-	-
Total	564	350	2,613	1,127
Earnings per share ("EPS") attributable to owners of the parent (sen per share)				
Basic	0.20	0.14	0.95	0.51
Diluted	0.18	0.11	0.84	0.40

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the financial year ended 31 March 2012. The accompany notes are an integral part of this statement.



SYSTECH BHD 897114-T
Incorporated in Malaysia

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2013**

(the figures have not been audited)

	UNAUDITED AS AT 31.03.2013 RM'000	AUDITED AS AT 31.03.2012 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	2,255	1,197
Development expenditure	3,445	2,415
Goodwill on consolidation	22,337	22,337
TOTAL NON-CURRENT ASSETS	28,037	25,949
CURRENT ASSETS		
Trade receivables	1,543	1,462
Other receivables, deposits and prepayments	69	107
Investments	112	-
Current tax assets	16	34
Fixed deposit with licensed bank	-	1,500
Short term deposits with licensed financial institutions	7,814	6,650
Cash and bank balances	445	143
TOTAL CURRENT ASSETS	9,999	9,896
TOTAL ASSETS	38,036	35,845
EQUITY AND LIABILITIES		
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		
Share capital	28,425	25,425
Performance contingent consideration reserve	3,500	6,500
Retained earnings	3,738	1,125
TOTAL EQUITY	35,663	33,050
NON-CURRENT LIABILITIES		
Borrowings	1,671	1,015
TOTAL NON-CURRENT LIABILITIES	1,671	1,015
CURRENT LIABILITIES		
Trade payables	4	11
Other payables and accruals	262	1,651
Amount owing to a director	264	-
Borrowings	172	118
TOTAL CURRENT LIABILITIES	702	1,780
TOTAL LIABILITIES	2,373	2,795
TOTAL EQUITY AND LIABILITIES	38,036	35,845
NET ASSETS PER SHARE (SEN)	12.55	13.00

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the financial year ended 31 March 2012. The accompany notes are an integral part of this statement.



SYSTECH BHD 897114-T
Incorporated in Malaysia

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2013**

(the figures have not been audited)

	<-----ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY----->			
	<-----NON-DISTRIBUTABLE----->		<-DISTRIBUTABLE->	
	ORDINARY SHARES RM'000	PERFORMANCE CONTINGENT CONSIDERATION RESERVE RM'000	RETAINED EARNINGS RM'000	TOTAL EQUITY RM'000
Twelve (12) months ended 31 March 2013				
Balance as at 1 April 2012	25,425	6,500	1,125	33,050
Issuance of Deferred Consideration Shares pursuant to the acquisition of Syscatech Sdn Bhd	3,000	(3,000)		-
Total comprehensive income for the financial period	-	-	2,613	2,613
Balance as at 31 March 2013	<u>28,425</u>	<u>3,500</u>	<u>3,738</u>	<u>35,663</u>

	<-----ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY----->			
	<-----NON-DISTRIBUTABLE----->		<-DISTRIBUTABLE->	
	ORDINARY SHARES RM'000	PERFORMANCE CONTINGENT CONSIDERATION RESERVE RM'000	RETAINED EARNINGS RM'000	TOTAL EQUITY RM'000
Twelve (12) months ended 31 March 2012				
Balance as at 1 April 2011	#	-	(2)	(2)
Issuance of shares pursuant to the 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	-	-	1,127	1,127
Balance as at 31 March 2012	<u>25,425</u>	<u>6,500</u>	<u>1,125</u>	<u>33,050</u>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the financial year ended 31 March 2012. The accompany notes are an integral part of this statement.

RM2.00



SYSTECH BHD 897114-T
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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2013**

(the figures have not been audited)

	CUMULATIVE QUARTERS	
	CURRENT PERIOD TO-DATE 31.03.2013 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31.03.2012 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Total comprehensive income	2,613	1,127
Adjustment for non-cash items	1,480	2,208
Operating profit before changes in working capital	4,093	3,335
(Increase)/Decrease in trade receivables	(143)	904
Other net changes in assets	(66)	(170)
Decrease in trade payables	(21)	(24)
Other net changes in liabilities	(1,899)	140
Cash flow from operations	1,964	4,185
Tax paid/(refund)	18	(2)
Net cash flow from operating activities	1,982	4,183
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,210)	(468)
Payment for development expenditure	(1,496)	(922)
Acquisition of subsidiary	(23)	1,432
Interest received	48	55
Net cash flow (used in)/from investing activities	(2,681)	97
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	-	5,000
Payment of Restructuring Expenses	-	(1,316)
Repayment of hire purchase payables	(125)	(83)
Interest paid	(45)	(12)
Drawdown of hire purchase loan	303	-
Drawdown of term loan	532	424
Net cash flow from financing activities	665	4,013
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(34)	8,293
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	8,293	#
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	8,259	8,293
The cash and cash equivalents at the end of the reporting period comprised of the following:-		
Fixed deposit with licensed bank	-	1,500
Short term deposits with licensed financial institutions	7,814	6,650
Cash and bank balances	445	143
	8,259	8,293

The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Annual Financial Report for the financial year ended 31 March 2012. The accompany notes are an integral part of this statement.

RM2.00



SYSTECH BHD 897114-T
Incorporated in Malaysia

**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 MARCH 2013**

PART A: REQUIREMENT OF MFRS 134 – INTERIM FINANCIAL REPORTING

1. Basis of preparation

The interim financial report is unaudited and has been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“MFRS”) 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 Systech Bhd (“Systech” or “the Company”) and its subsidiaries (“the Group”) since the previous financial year ended (“FYE”) 31 March 2012.

They do not include all of the information required for full annual financial statements, and as such should be read in conjunction with the consolidated financial statements of the Group as at and for the FYE 31 March 2012.

These are the Group’s interim financial statements for part of the period covered by the Group’s first MFRS framework annual financial statements and MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards has been applied. The transition from FRS to MFRS has no material impact on the financial statements of the Group.

2. Significant 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 FYE 31 March 2012.

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 and are consistent with those adopted in the audited financial statements of Systech for the FYE 31 March 2012.

4. Auditor’s Report on Preceding Annual Financial Statements

The independent auditors’ report on Systech’s annual audited financial statements for the preceding FYE 31 March 2012 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

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.

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.

The Restructuring Scheme of Viztel Solutions Berhad involves, inter-alia, the acquisition by Systech of the entire equity interest in Syscotech Sdn Bhd ("Syscotech"), for a total purchase consideration of RM23,900,000 which shall be satisfied as follows:-

- (i) An initial consideration of RM17,400,000 shall be satisfied by the issuance of the 174,000,000 new ordinary shares of RM0.10 each in Systech ("Systech Shares"); and
- (ii) The balance of the purchase consideration of up to RM6,500,000 shall be satisfied by the issuance of 65,000,000 new Systech Shares ("Deferred Consideration Shares")(which is recognised as Performance Contingent Consideration Reserve) based of the actual audited profit after taxation ("PAT") of Syscotech for each of the FYEs 31 March 2012 and 31 March 2013 in accordance with the following terms:-
 - (a) Issuance of up to a maximum 30,000,000 Deferred Consideration 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 FYE 31 March 2012 ("1st Tranche Share Issuance"); and
 - (b) Issuance of up to a maximum of 35,000,000 Deferred Consideration 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 FYE 31 March 2013 ("2nd Tranche Share Issuance").

Sycotech has achieved an audited PAT of RM3,078,162 for the FYE 31 March 2012 thereby meeting conditions set out for the 1st Tranche Share Issuance and the 30,000,000 new Systech Shares have been issued on 23 July 2012 to the vendors of Syscotech.

The 2nd Tranche Share Issuance is subject to the completion of the audit on the financial results of Syscotech for FYE 31 March 2013 and if the PAT of Syscotech is lower than RM3.5 million, the differences will be taken directly into shareholders' funds via a re-measurement of goodwill and will have no impact to the Income Statement.

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 2013

	Malaysia RM'000	North Asia RM'000	South East Asia RM'000	Total RM'000
Revenue from external customers	2,650	943	3,257	6,850
Segment assets	37,608	91	337	38,036
Capital expenditure	1,210	-	-	1,210

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	35,157	107	581	35,845
Capital expenditure	468	-	-	468

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

On 7 March 2012, the Company had entered into a Sale and Purchase Agreement with Tan Hock Soon and Chong Miew Lai to acquire the entire equity interest in Mobysys Sdn Bhd for a total cash consideration of RM50,000 only. The acquisition was completed on 5 July 2012.

On 18 July 2012, the Company had subscribed for 1 ordinary share of RM1.00 each and acquired 1 ordinary share of RM1.00 each which collectively representing 100% equity interest in Techcasys Sdn Bhd for a total cash consideration of RM2.00.

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 and corporate guarantees

The capital commitments of the Group for the quarter under review are as follows:-

	As at 31.03.2013 RM'000	As at 31.03.2012 RM'000
Office lots under construction contracted but not provided in the financial statements	<u>1,772</u>	<u>513</u>

The capital commitment is in relation to the balance purchase price for the office lots under construction which have been authorised and contracted but not provided for in the financial statements. Progress payments in respect of the said on-going construction of office lots have been included as carrying cost in property, plant and equipment of the Group.

The corporate guarantees of the Company are as follows:-

	As at 31.03.2013 RM'000	As at 31.03.2012 RM'000
Corporate guarantees given to banks as securities for credit facilities granted to its subsidiary	<u>1,843</u>	<u>849</u>

16. Significant Related Party Transactions

There were no significant related party transactions during the financial period under review.



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

**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 31 MARCH 2013**

PART B: ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS

17. Review of Performance

The Group recorded RM1.733 million of revenue in the current quarter under review contributed mainly by Sycatech. The Group has also recorded a profit after taxation of RM0.564 million.

Systech's principal operating subsidiary, Sycatech, 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.

The Group's performance for the quarter under review against the corresponding quarter of the previous financial year is as follows:-

	INDIVIDUAL QUARTER ENDED		VARIANCE	
	31.03.2013	31.03.2012	RM'000	%
	RM'000	RM'000		
Revenue	1,733	1,539	194	12.61
Profit/(Loss) after tax	564	350	214	61.14

Revenue for the current quarter under review has increased as compared to the corresponding quarter of the previous financial year, mainly due to contribution from several new customers of Sycatech. The Group's profit after taxation has also increased in line with the increase in revenue.

18. Variation of Results against Preceding Quarter

	INDIVIDUAL QUARTER ENDED		VARIANCE	
	31.03.2013	31.12.12	RM'000	%
	RM'000	RM'000		
Revenue	1,733	1,876	(143)	(7.62)
Profit after tax	564	827	(263)	(31.80)

Revenue for the quarter under review has decreased in comparison to the preceding quarter mainly due to lower contribution from Sycatech's customers during the said quarter. The Group's profit after taxation has also decreased in line with the decrease in revenue and higher administrative cost incurred during the period.

19. Current Year Prospects

While the Group expects the coming financial year to be full of challenges, the Board of Directors is confident that with the efforts of the Management's continuous investment in development and market expansion to develop a sustainable income stream, the Group will be able to achieve satisfactory performance in the coming financial year.

20. Variance of Actual Profit from Profit Forecast

The Group did not announce or provide any profit estimate, forecast, projection, internal targets for the FYE 31 March 2013.

21. Tax Expense

	CURRENT QUARTER ENDED 31.03.2013 RM'000	CURRENT PERIOD TO-DATE 31.03.2013 RM'000
Income Tax		
- Malaysian Tax	15	16
- Foreign Tax	7	25
	<hr/>	<hr/>
	22	41
Deferred Tax	-	-
	<hr/>	<hr/>
	22	41

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.

22. Status of Corporate Proposals

The Company had on 7 September 2011 announced that it had entered into a memorandum of understanding ("MOU") 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. On 5 March 2012 and 3 September 2012, the MOU was further extended for another six (6) months period for completion. As the MOU was subject to the parties entering into a sale and purchase agreement for the Proposed Acquisition by 1 March 2013, failing which the MOU shall lapse and with the parties not being able to finalise the terms of the proposed acquisition within the stipulated timeframe, the Company had announced on 1 March 2013 that the MOU has since lapsed.

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, and the proceeds had been fully utilised in the following manner:

Purpose	Proposed Utilisation RM'000	Actual utilisation as at 31.03.2013 RM'000	Timeframe for utilisation (listed on 15.06.2011) Months	Deviation RM'000
Research & development expenses	2,000	2,000	24	-
Working capital	1,500	1,500	24	-
Estimated expenses relating to the Restructuring Scheme	1,500	1,500	3	-
TOTAL	5,000	5,000		-

23. Borrowings and Debts Securities

	31.03.2013 RM'000
NON-CURRENT	
SECURED	
Long term loan	1,355
Hire purchase	316
	<u>1,671</u>
CURRENT	
SECURED	
Term loan	26
Hire purchase	146
	<u>172</u>
	<u>1,843</u>
Gearing ratio (times)	0.05

All the above borrowings are denominated in Ringgit Malaysia.

24. Realised and Unrealised Profits/Losses Disclosure

The retained profits as at 31 March 2013 are analysed as follows:-

	31.03.2013 RM'000	31.03.2012 RM'000
Total retained profits of the Company and Subsidiaries		
- Realised	3,738	1,125
- Unrealised	-	-
	<u>3,738</u>	<u>1,125</u>
Less: Consolidated adjustments	-	-
Total Group retained profits	<u>3,738</u>	<u>1,125</u>

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

At the forthcoming Annual General Meeting, a single tier final dividend of 5.0% amounting to RM1,421,250* in respect of the FYE 31 March 2013 on 284,250,020* Systech Shares (0.5 sen per share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect the proposed dividend. Such dividend, if approved by the shareholders will be accounted for in shareholders' equity as an appropriation of retained profits in the FYE 31 March 2014.

Notes:

* the amount of dividend payment and the number of shares have not taken into consideration the 2nd Tranche Share Issuance and an appropriate announcement in respect of the final amount of dividend to be paid will be made in due course.

27. Earnings per Share

	CURRENT QUARTER ENDED		CURRENT PERIOD TO-DATE	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012
Basic earnings per share				
Profit after tax (RM'000)	564	350	2,613	1,127
Weighted average number of ordinary shares in issue ('000)	284,250	254,250	274,880	219,421
Basic earnings per share (sen)	0.20	0.14	0.95	0.51
Diluted earnings per share				
Profit after tax (RM'000)	564	350	2,613	1,127
Weighted average number of ordinary shares in issue ('000)	319,250	319,250	309,880	284,421
Basic earnings per share (sen)	0.18	0.11	0.84	0.40

28. Fair Value Hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to 3 based on the degree to which the fair value is observable.

- (i) Level 1 Fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- (ii) Level 2 Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- (iii) Level 3 Fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group does not have any financial instruments carried at fair value or any instruments classified as Level 1, Level 2 and Level 3 as at the end of the reporting period.

By the Order of the Board

Company Secretary

Dated this 28th Day of May 2013.