



SYSTECH BHD 897114-T

Incorporated in Malaysia

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2013**

(the figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 30.09.2013 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.09.2012 RM'000	CURRENT PERIOD TO- DATE 30.09.2013 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30.09.2012 RM'000
Revenue	1,639	1,711	2,876	3,241
Amortisation of research and development expenses	(328)	(300)	(641)	(539)
Other cost of sales	(218)	(127)	(362)	(278)
Gross profit	1,093	1,284	1,873	2,424
Interest income	16	27	28	36
Other income	72	10	72	29
Administration expenses	(453)	(438)	(817)	(756)
Depreciation	(29)	(48)	(57)	(90)
Selling and distribution expenses	(91)	(131)	(198)	(290)
Provision for doubtful debts	-	(22)	-	(22)
Gain/(Loss) on disposal of investment	-	-	-	-
Impairment of assets	-	-	-	-
Gain/(Loss) on foreign exchange	(3)	(4)	(4)	(6)
Gain/(Loss) on derivatives	-	-	-	-
Other expenses	(38)	(48)	(84)	(85)
Profit from operations	567	630	813	1,240
Finance cost	(16)	(4)	(33)	(7)
Profit before tax	551	626	780	1,233
Income tax expenses	(74)	(6)	(113)	(11)
Profit after tax	477	620	667	1,222
Other comprehensive income	-	-	-	-
	477	620	667	1,222
Attributable to:-				
- Owners of the parent	477	620	667	1,222
- Non-controlling Interest	-	-	-	-
	477	620	667	1,222
Earnings per share ("EPS") attributable to owners of the parent (sen per share)				
Basic	0.15	0.22	0.21	0.43
Diluted	0.15	0.20	0.21	0.39

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the financial year ended 31 March 2013. The accompany notes are an integral part of this statement.



SYSTECH BHD 897114-T
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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2013**

(the figures have not been audited)

	UNAUDITED AS AT 30.09.2013 RM'000	AUDITED AS AT 31.03.2013 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	1,001	1,014
Goodwill on consolidation	22,146	22,146
Investment properties	1,228	1,240
Development expenditure	3,597	3,494
Other investment	112	112
Deferred tax assets	42	42
TOTAL NON-CURRENT ASSETS	28,126	28,048
CURRENT ASSETS		
Trade receivables	1,251	1,452
Other receivables, deposits and prepayments	555	70
Current tax assets	29	20
Short term deposits with licensed financial institutions	5,492	7,873
Cash and bank balances	1,265	486
TOTAL CURRENT ASSETS	8,592	9,901
TOTAL ASSETS	36,718	37,949
EQUITY AND LIABILITIES		
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		
Share capital	31,734	28,425
Performance contingent consideration reserve	-	3,309
Retained earnings	2,922	3,842
TOTAL EQUITY	34,656	35,576
NON-CURRENT LIABILITIES		
Borrowings	1,586	1,648
TOTAL NON-CURRENT LIABILITIES	1,586	1,648
CURRENT LIABILITIES		
Trade payables	20	3
Other payables and accruals	163	250
Provision for taxation	100	-
Amount owing to directors	18	275
Borrowings	175	197
TOTAL CURRENT LIABILITIES	476	725
TOTAL LIABILITIES	2,062	2,373
TOTAL EQUITY AND LIABILITIES	36,718	37,949
NET ASSETS PER SHARE (SEN)	10.92	12.52

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the financial year ended 31 March 2013. The accompany notes are an integral part of this statement.



SYSTECH BHD 897114-T
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2013**

(the figures have not been audited)

	<-----ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY----->			
	<-----NON-DISTRIBUTABLE----->	PERFORMANCE CONTINGENT CONSIDERATION RESERVE	<-DISTRIBUTABLE->	TOTAL EQUITY
	ORDINARY SHARES RM'000	RM'000	RETAINED EARNINGS RM'000	RM'000
Six (6) months ended 30 September 2013				
Balance as at 1 April 2013	28,425	3,309	3,842	35,576
Total comprehensive income for the financial period	3,309	(3,309)	667	667
Dividends - equity holders	-	-	(1,587)	(1,587)
Balance as at 30 September 2013	<u>31,734</u>	<u>-</u>	<u>2,922</u>	<u>34,656</u>

	<-----ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY----->			
	<-----NON-DISTRIBUTABLE----->	PERFORMANCE CONTINGENT CONSIDERATION RESERVE	<-DISTRIBUTABLE->	TOTAL EQUITY
	ORDINARY SHARES RM'000	RM'000	RETAINED EARNINGS RM'000	RM'000
Six (6) months ended 30 September 2012				
Balance as at 1 April 2012	25,425	6,500	1,125	33,050
Total comprehensive income for the financial period	3,000	(3,000)	1,222	1,222
Balance as at 30 September 2012	<u>28,425</u>	<u>3,500</u>	<u>2,347</u>	<u>34,272</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 2013. The accompany notes are an integral part of this statement.



SYSTECH BHD 897114-T
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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2013**

(the figures have not been audited)

	CUMULATIVE QUARTERS	
	CURRENT PERIOD TO-DATE 30.09.2013 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30.09.2012 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Total comprehensive income	667	1,222
Adjustment for non-cash items	703	620
Operating profit before changes in working capital	1,370	1,842
Decrease/(Increase) in trade receivables	200	(910)
Other net changes in assets	(486)	(76)
Increase/(Decrease) in trade payables	17	(16)
Other net changes in liabilities	(244)	(1,605)
Cash flow from operations	857	(765)
Tax (paid)/refund	(10)	21
Net cash flow from/(used in) operating activities	847	(744)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(30)	(793)
Payment for development expenditure	(743)	(643)
Acquisition of subsidiary	-	(23)
Interest received	28	36
Net cash flow used in investing activities	(745)	(1,423)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend to shareholders	(1,587)	-
Repayment of hire purchase payables	(72)	(54)
Interest paid	(33)	(7)
Drawdown of hire purchase loan	-	303
(Repayment)/Drawdown of term loan	(12)	182
Net cash flow (used in)/from financing activities	(1,704)	424
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,602)	(1,743)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	8,359	8,293
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	6,757	6,550
The cash and cash equivalents at the end of the reporting period comprised of the following:-		
Fixed deposit with licensed bank	-	-
Short term deposits with licensed financial institutions	5,492	6,300
Cash and bank balances	1,265	250
	6,757	6,550

The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Annual Financial Report for the financial year ended 31 March 2013. The accompany notes are an integral part of this statement.



SYSTECH BHD 897114-T
Incorporated in Malaysia

**NOTES TO THE INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 30 SEPTEMBER 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 2013.

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 2013.

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 2013.

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 2013.

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 2013 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 Sycatech Sdn Bhd ("Sycatech"), 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 Sycatech 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 Sycatech 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 Sycatech for the FYE 31 March 2013 ("2nd Tranche Share Issuance").

Sycatech 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 Sycatech.

Sycatech has achieved an audited PAT of RM3,308,780 for the FYE 31 March 2013 thereby meeting conditions set out for the 2nd Tranche Share Issuance and the 33,087,800 new Systech Shares have been issued on 19 July 2013 to the vendors of Sycatech. The difference between the actual number of Systech Shares issued and the Deferred Consideration Shares which was recognised as Performance Contingent Consideration Reserve has been taken directly into shareholders' funds via a re-measurement of goodwill and had no impact to the Income Statement.

9. Dividends paid

A single tier final dividend of 5% amounting to RM1,586,689 in respect of the FYE 31 March 2013 on 317,337,820 ordinary shares of RM0.10 each (0.50 sen per share) was paid on 20 September 2013.

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:-

Six Months Financial Period Ended 30 September 2013				
	Malaysia RM'000	North Asia RM'000	South East Asia RM'000	Total RM'000
Revenue from external customers	1,290	206	1,380	2,876
Segment assets	36,094	145	479	36,718
Capital expenditure	30	-	-	30
Six Months Financial Period Ended 30 September 2012				
	Malaysia RM'000	North Asia RM'000	South East Asia RM'000	Total RM'000
Revenue from external customers	1,060	564	1,617	3,241
Segment assets	35,204	424	1,035	36,663
Capital expenditure	793	-	-	793

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

There are no 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 30.09.2013 RM'000	As at 31.03.2013 RM'000
Office suites under construction contracted but not provided in the financial statements	1,772	1,772
Office suites acquired pending completion but not provided in the financial statement	4,140	-
	<u>5,912</u>	<u>1,772</u>

The capital commitment is partly in relation to the balance purchase price for the office suites 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 suites have been included as carrying cost in property, plant and equipment of the Group.

The remaining capital commitment is in relation to the balance purchase price for the office suites of which the sale and purchase agreement was executed on 27 September 2013 (details of which was announced on the said date) and is pending completion.

The corporate guarantees of the Company are as follows:-

	As at 30.09.2013 RM'000	As at 31.03.2013 RM'000
Corporate guarantees given to banks as securities for credit facilities granted to a subsidiary	<u>1,761</u>	<u>1,845</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 30 SEPTEMBER 2013**

PART B: ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS

17. Review of Performance

The Group recorded RM1.639 million of revenue and a profit after taxation of RM0.477 million in the current quarter under review.

Systech's principal operating subsidiary, Syscotech, 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. Systech's other operating subsidiary, Mobysys Sdn Bhd ("Mobysys"), is principally involved in the development of franchise software system, which is designed for the operational and management needs for organisations operating with franchise business models.

Demand for the Group's solutions are driven by the general economic conditions as well as the growth in both the direct selling industry as well as the franchise 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	
	30.09.2013 RM'000	30.09.2012 RM'000	RM'000	%
Revenue	1,639	1,711	(72)	(4.21)
Profit/(Loss) after tax	477	620	(143)	(23.06)

Revenue for the current quarter under review has decreased slightly as compared to the corresponding quarter of the previous financial year; mainly due to lower contribution from Syscotech's customers where the effect was partially softened by the growth in Mobysys's revenue. The Group's profit after taxation has declined mainly due to higher direct costs incurred as well as higher provision for taxation during the quarter under review.

18. Variation of Results against Preceding Quarter

	INDIVIDUAL QUARTER ENDED		VARIANCE	
	30.09.2013	30.06.2013		
	RM'000	RM'000	RM'000	%
Revenue	1,639	1,237	402	32.50
Profit after tax	477	191	286	149.74

Revenue for the quarter under review has improved as compared to the preceding quarter mainly due to higher revenue achieved by both Syscotech and Mobysys during the said quarter. The Group's profit after taxation has also increased in parallel with the effect from revenue.

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 FYE 31 March 2014 on the expectation of stronger revenue contribution from Syscotech's overseas customers as well as Mobysys market expansion program.

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 2014.

21. Tax Expense

	CURRENT QUARTER	CURRENT PERIOD
	ENDED	TO-DATE
	30.09.2013	30.09.2013
	RM'000	RM'000
Income Tax		
- Malaysian Tax	66	100
- Foreign Tax	8	13
	<hr/>	<hr/>
	74	113
Deferred Tax	-	-
	<hr/>	<hr/>
	74	113

The Group's effective tax rate for the current financial quarter is lower than the statutory tax rate as a subsidiary of the Group, Mobysys, was granted Pioneer Status with effect from 17 June 2008, which exempts 100% of its statutory business income from taxation for a period up to five (5) years until 16 June 2013.

22. Status of Corporate Proposals

There are no corporate proposals announced or outstanding as at the date of this Report.

23. Borrowings and Debts Securities

	30.09.2013 RM'000
NON-CURRENT	
SECURED	
Long term loan	1,344
Hire purchase	242
	<hr/> 1,586
CURRENT	
SECURED	
Term loan	27
Hire purchase	148
	<hr/> 175
	<hr/> <hr/> 1,761
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 30 September 2013 are analysed as follows:-

	30.09.2013 RM'000	31.03.2013 RM'000
Total retained profits of the Company and Subsidiaries		
- Realised	2,881	3,800
- Unrealised	42	42
	<hr/> 2,923	<hr/> 3,842
Less: Consolidated adjustments	-	-
Total Group retained profits	<hr/> <hr/> 2,923	<hr/> <hr/> 3,842

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	
	30.09.2013	30.09.2012	30.09.2013	30.09.2012
Basic earnings per share				
Profit after tax (RM'000)	477	620	667	1,222
Weighted average number of ordinary shares in issue ('000)	317,338	284,250	317,338	284,250
Basic earnings per share (sen)	0.15	0.22	0.21	0.43
Diluted earnings per share				
Profit after tax (RM'000)	477	620	667	1,222
Weighted average number of ordinary shares in issue ('000)	317,338	317,338	317,338	317,338
Basic earnings per share (sen)	0.15	0.20	0.21	0.39

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 14th Day of November 2013.