



**SYSTECH BHD 897114-T**

Incorporated in Malaysia

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2014**

(the figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT YEAR	PRECEDING YEAR	CURRENT PERIOD TO-	PRECEDING YEAR
	QUARTER	CORRESPONDING	DATE	CORRESPONDING
	31.03.2014	QUARTER	31.03.2014	PERIOD
	RM'000	31.03.2013	RM'000	31.03.2013
	RM'000	RM'000	RM'000	RM'000
Revenue	2,185	1,733	6,769	6,850
Amortisation of research and development expenses	(316)	(278)	(1,264)	(1,101)
Other cost of sales	(249)	(104)	(843)	(555)
<b>Gross profit</b>	<b>1,620</b>	<b>1,351</b>	<b>4,662</b>	<b>5,194</b>
Interest income	9	67	45	107
Other income	46	126	145	155
Administration expenses	(746)	(487)	(1,999)	(1,597)
Depreciation	(29)	(27)	(114)	(159)
Selling and distribution expenses	(91)	(107)	(390)	(503)
Provision for doubtful debts	(40)	(170)	(59)	(192)
Gain/(Loss) on disposal of investment	-	-	-	-
Impairment of assets	-	-	-	-
Gain/(Loss) on foreign exchange	5	1	(1)	(14)
Gain/(Loss) on derivatives	-	-	-	-
Other expenses	(34)	(91)	(160)	(233)
<b>Profit from operations</b>	<b>740</b>	<b>663</b>	<b>2,129</b>	<b>2,758</b>
Finance cost	(15)	(19)	(65)	(45)
<b>Profit before tax</b>	<b>725</b>	<b>644</b>	<b>2,064</b>	<b>2,713</b>
Income tax expenses	(74)	23	(287)	4
<b>Profit after tax</b>	<b>651</b>	<b>667</b>	<b>1,777</b>	<b>2,717</b>
Other comprehensive income	-	-	-	-
	<b>651</b>	<b>667</b>	<b>1,777</b>	<b>2,717</b>
Attributable to:-				
- Owners of the parent	651	667	1,777	2,717
- Non-controlling Interest	-	-	-	-
	<b>651</b>	<b>667</b>	<b>1,777</b>	<b>2,717</b>
Earnings per share ("EPS") attributable to owners of the parent (sen per share)				
Basic	0.21	0.23	0.56	0.96
Diluted	0.21	0.21	0.56	0.86

*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**

Incorporated in Malaysia

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**AS AT 31 MARCH 2014**

(the figures have not been audited)

	UNAUDITED AS AT 31.03.2014 RM'000	AUDITED AS AT 31.03.2013 RM'000
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	1,369	1,014
Goodwill on consolidation	22,146	22,146
Investment properties	1,215	1,240
Development expenditure	3,889	3,494
Other investment	112	112
Deferred tax assets	-	42
<b>TOTAL NON-CURRENT ASSETS</b>	<b>28,731</b>	<b>28,048</b>
<b>CURRENT ASSETS</b>		
Trade receivables	1,473	1,452
Other receivables, deposits and prepayments	583	70
Current tax assets	39	20
Short term deposits with licensed financial institutions	6,619	7,873
Cash and bank balances	759	486
<b>TOTAL CURRENT ASSETS</b>	<b>9,473</b>	<b>9,901</b>
<b>TOTAL ASSETS</b>	<b>38,204</b>	<b>37,949</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT</b>		
Share capital	31,734	28,425
Performance contingent consideration reserve	-	3,309
Retained earnings	4,032	3,842
<b>TOTAL EQUITY</b>	<b>35,766</b>	<b>35,576</b>
<b>NON-CURRENT LIABILITIES</b>		
Borrowings	1,931	1,648
Deferred tax liabilities	53	
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>1,984</b>	<b>1,648</b>
<b>CURRENT LIABILITIES</b>		
Trade payables	10	3
Other payables and accruals	303	250
Amount owing to directors	-	275
Borrowings	141	197
<b>TOTAL CURRENT LIABILITIES</b>	<b>454</b>	<b>725</b>
<b>TOTAL LIABILITIES</b>	<b>2,438</b>	<b>2,373</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>38,204</b>	<b>37,949</b>
<b>NET ASSETS PER SHARE (SEN)</b>	<b>11.27</b>	<b>12.52</b>

*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**  
Incorporated in Malaysia

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2014**

(the figures have not been audited)

	<-----ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY----->			
	<-----NON-DISTRIBUTABLE----->	PERFORMANCE CONTINGENT CONSIDERATION	<-DISTRIBUTABLE->	
	ORDINARY SHARES RM'000	RESERVE RM'000	RETAINED EARNINGS RM'000	TOTAL EQUITY RM'000
Twelve (12) months ended 31 March 2014				
Balance as at 1 April 2013	28,425	3,309	3,842	35,576
Allotment of shares	3,309	(3,309)	-	-
Total comprehensive income for the financial period	-	-	1,777	1,777
Dividends - equity holders	-	-	(1,587)	(1,587)
Balance as at 31 March 2014	<u>31,734</u>	<u>-</u>	<u>4,032</u>	<u>35,766</u>

	<-----ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY----->			
	<-----NON-DISTRIBUTABLE----->	PERFORMANCE CONTINGENT CONSIDERATION	<-DISTRIBUTABLE->	
	ORDINARY SHARES RM'000	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
Allotment of shares	3,000	(3,000)	-	-
Total comprehensive income for the financial period	-	-	2,717	2,717
Reversal	-	(191)	-	(191)
Balance as at 31 March 2013	<u>28,425</u>	<u>3,309</u>	<u>3,842</u>	<u>35,576</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**  
Incorporated in Malaysia

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2014**

(the figures have not been audited)

	CUMULATIVE QUARTERS	
	CURRENT PERIOD TO-DATE 31.03.2014 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31.03.2013 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Total comprehensive income	1,777	2,717
Adjustment for non-cash items	1,440	1,453
Operating profit before changes in working capital	3,217	4,170
Increase in trade receivables	(81)	(102)
Other net changes in assets	(514)	(66)
Increase/(Decrease) in trade payables	7	(21)
Other net changes in liabilities	32	(1,901)
Cash flow from operations	2,661	2,080
Tax paid	(178)	(27)
Net cash flow from operating activities	2,483	2,053
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(442)	(1,210)
Payment for development expenditure	(1,658)	(1,529)
Acquisition of subsidiary	-	(23)
Interest received	46	107
Net cash flow used in investing activities	(2,054)	(2,655)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend to shareholders	(1,587)	-
Repayment of hire purchase payables	(147)	(125)
Interest paid	(49)	(45)
Drawdown of hire purchase loan	-	303
Net changes in term loan	373	535
Net cash flow (used in)/from financing activities	(1,410)	668
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(981)	66
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD</b>	8,359	8,293
<b>CASH AND CASH EQUIVALENTS AT THE END OF PERIOD</b>	7,378	8,359
The cash and cash equivalents at the end of the reporting period comprised of the following:-		
Short term deposits with licensed financial institutions	6,619	7,873
Cash and bank balances	759	486
	7,378	8,359

*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 31 MARCH 2014**

### **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 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.

Sycotech 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 Syscotech. 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**

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 2014

	Malaysia RM'000	North Asia RM'000	South East Asia RM'000	Total RM'000
Revenue from external customers	3,341	791	2,637	6,769
Segment assets	37,352	542	310	38,204
Capital expenditure	442	-	-	442

### 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	2,635	978	3,237	6,850
Segment assets	37,515	100	334	37,949
Capital expenditure	1,210	-	-	1,210

## 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 31.03.2014 RM'000	As at 31.03.2013 RM'000
Office suites under construction contracted but not provided in the financial statements	1,377	1,772
Office suites acquired pending completion but not provided in the financial statement	4,140	-
	<u>5,517</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 31.03.2014 RM'000	As at 31.03.2013 RM'000
Corporate guarantees given to banks as securities for credit facilities granted to a subsidiary	<u>2,072</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 31 MARCH 2014**

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

**17. Review of Performance**

The Group recorded RM2.185 million of revenue and a profit after taxation of RM0.651 million in the current quarter under review.

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. 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	
	31.03.2014 RM'000	31.03.2013 RM'000	RM'000	%
Revenue	2,185	1,733	452	26.08
Profit after tax	651	667	(16)	(2.40)

Revenue for the current quarter under review has increased as compared to the corresponding quarter of the previous financial year; mainly due to higher contribution from Mobysys' customers. The Group's profit after taxation has decreased despite the significant increase in revenue is mainly due to higher direct costs incurred as well as provision for deferred taxation during the quarter under review.

## 18. Variation of Results against Preceding Quarter

	INDIVIDUAL QUARTER ENDED		VARIANCE	
	31.03.2014	31.12.2013		
	RM'000	RM'000	RM'000	%
Revenue	2,185	1,708	477	27.93
Profit after tax	651	459	192	41.83

Revenue for the quarter under review has improved as compared to the preceding quarter mainly due to continued growth in revenue achieved by Mobysys during the said quarter. The Group's profit after taxation has also improved in tandem with the increased in revenue.

## 19. Current Year Prospects

With the expectation that Mobysys' market expansion program will continue to contribute to the Group's revenue and Syscotech and Techcasys Sdn Bhd undertaking further research and development into their existing as well as new solutions and services offering, the Board of Directors remains optimistic that the Group will be able to achieve satisfactory performance in the FYE 31 March 2015.

## 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
	31.03.2014	31.03.2014
	RM'000	RM'000
Income Tax		
- Malaysian Tax	(29)	162
- Foreign Tax	8	30
	<hr/>	<hr/>
	(21)	192
Deferred Tax	95	95
	<hr/>	<hr/>
	74	287

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 of five (5) years until 16 June 2013 and of which has been extended for another five (5) years until 15 June 2018. Deferred taxation is provided in relation to Syscotech following the expiration of its Pioneer Status on 21 April 2013 and the reversal of deferred taxation assets for Mobysys following its extension of its Pioneer Status.

## 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

	31.03.2014 RM'000
<b>NON-CURRENT</b>	
<b>SECURED</b>	
Long term loan	1,729
Hire purchase	202
	<hr/> 1,931
<b>CURRENT</b>	
<b>SECURED</b>	
Term loan	28
Hire purchase	113
	<hr/> 141
	<hr/> <hr/> 2,072
<b>Gearing ratio (times)</b>	0.06

All the above borrowings are denominated in Ringgit Malaysia.

## 24. Realised and Unrealised Profits/Losses Disclosure

The retained profits as at 31 March 2014 are analysed as follows:-

	31.03.2014 RM'000	31.03.2013 RM'000
Total retained profits of the Company and Subsidiaries		
- Realised	4,085	3,800
- Unrealised	(53)	42
	<hr/> 4,032	<hr/> 3,842
Less: Consolidated adjustments	-	-
Total Group retained profits	<hr/> <hr/> 4,032	<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

At the forthcoming Annual General Meeting, a single tier final dividend of 3.0% amounting to RM952,013 in respect of the FYE 31 March 2013 on 317,337,820 Systech Shares (0.3 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 2015.

## 27. Earnings per Share

	CURRENT QUARTER ENDED		CURRENT PERIOD TO-DATE	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013
<b>Basic earnings per share</b>				
Profit after tax (RM'000)	651	667	1,777	2,717
Weighted average number of ordinary shares in issue ('000)	317,338	284,250	317,338	284,250
Basic earnings per share (sen)	0.21	0.23	0.56	0.96
<b>Diluted earnings per share</b>				
Profit after tax (RM'000)	651	667	1,777	2,717
Weighted average number of ordinary shares in issue ('000)	317,338	317,338	317,338	317,338
Basic earnings per share (sen)	0.21	0.21	0.56	0.86

## 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 22<sup>nd</sup> Day of May 2014.**