



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

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2014**

(the figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 30.06.2014 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.06.2013 RM'000	CURRENT PERIOD TO- DATE 30.06.2014 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30.06.2013 RM'000
Revenue	2,168	1,237	2,168	1,237
Amortisation of research and development expenses	(338)	(313)	(338)	(313)
Other cost of sales	(283)	(143)	(283)	(143)
<b>Gross profit</b>	<b>1,547</b>	<b>781</b>	<b>1,547</b>	<b>781</b>
Interest income	11	12	11	12
Other income	137	1	137	1
Administration expenses	(415)	(364)	(415)	(364)
Depreciation	(35)	(28)	(35)	(28)
Amortisation of goodwill	(156)	-	(156)	-
Selling and distribution expenses	(23)	(107)	(23)	(107)
Provision for doubtful debts	-	-	-	-
Gain/(Loss) on disposal of investment	-	-	-	-
Impairment of assets	-	-	-	-
Gain/(Loss) on foreign exchange	(4)	(2)	(4)	(2)
Gain/(Loss) on derivatives	-	-	-	-
Other expenses	(140)	(46)	(140)	(46)
<b>Profit from operations</b>	<b>922</b>	<b>247</b>	<b>922</b>	<b>247</b>
Finance cost	(16)	(17)	(16)	(17)
<b>Profit before tax</b>	<b>906</b>	<b>230</b>	<b>906</b>	<b>230</b>
Income tax expenses	(101)	(39)	(101)	(39)
<b>Profit after tax</b>	<b>805</b>	<b>191</b>	<b>805</b>	<b>191</b>
Other comprehensive income	-	-	-	-
	<b>805</b>	<b>191</b>	<b>805</b>	<b>191</b>
Attributable to:-				
- Owners of the parent	805	191	805	191
- Non-controlling Interest	-	-	-	-
	<b>805</b>	<b>191</b>	<b>805</b>	<b>191</b>
Earnings per share ("EPS") attributable to owners of the parent (sen per share)				
Basic	0.25	0.07	0.25	0.07
Diluted	0.25	0.06	0.25	0.06

*The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the financial year ended 31 March 2014. 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 30 JUNE 2014**

(the figures have not been audited)

	<b>UNAUDITED AS AT 30.06.2014 RM'000</b>	<b>AUDITED AS AT 31.03.2014 RM'000</b>
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	1,890	1,369
Goodwill on consolidation	21,989	22,146
Investment properties	1,209	1,215
Development expenditure	3,975	3,889
Other investment	114	112
<b>TOTAL NON-CURRENT ASSETS</b>	<b>29,177</b>	<b>28,731</b>
<b>CURRENT ASSETS</b>		
Trade receivables	872	1,473
Other receivables, deposits and prepayments	1,500	583
Current tax assets	45	39
Short term deposits with licensed financial institutions	6,825	5,749
Cash and bank balances	991	1,629
<b>TOTAL CURRENT ASSETS</b>	<b>10,233</b>	<b>9,473</b>
<b>TOTAL ASSETS</b>	<b>39,410</b>	<b>38,204</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT</b>		
Share capital	31,734	31,734
Retained earnings	4,837	4,032
<b>TOTAL EQUITY</b>	<b>36,571</b>	<b>35,766</b>
<b>NON-CURRENT LIABILITIES</b>		
Borrowings	2,334	1,933
Deferred tax liabilities	53	53
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>2,387</b>	<b>1,986</b>
<b>CURRENT LIABILITIES</b>		
Trade payables	6	10
Other payables and accruals	298	303
Borrowings	148	139
<b>TOTAL CURRENT LIABILITIES</b>	<b>452</b>	<b>452</b>
<b>TOTAL LIABILITIES</b>	<b>2,839</b>	<b>2,438</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>39,410</b>	<b>38,204</b>
<b>NET ASSETS PER SHARE (SEN)</b>	<b>11.52</b>	<b>11.27</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 2014. 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 30 JUNE 2014**

(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
Three (3) months ended 30 June 2014				
Balance as at 1 April 2014	31,734	-	4,032	35,766
Total comprehensive income for the financial period	-	-	805	805
Dividends - equity holders	-	-	-	-
Balance as at 30 June 2014	<u>31,734</u>	<u>-</u>	<u>4,837</u>	<u>36,571</u>
Three (3) months ended 30 June 2013				
Balance as at 1 April 2013	28,425	3,309	3,842	35,576
Total comprehensive income for the financial period	-	-	191	191
Balance as at 30 June 2013	<u>28,425</u>	<u>3,309</u>	<u>4,033</u>	<u>35,767</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 2014. 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 30 JUNE 2014**

(the figures have not been audited)

	CUMULATIVE QUARTERS	
	CURRENT PERIOD TO-DATE 30.06.2014 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30.06.2013 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Total comprehensive income	805	191
Adjustment for non-cash items	397	328
Operating profit before changes in working capital	1,202	519
Decrease in trade receivables	602	548
Other net changes in assets	(919)	(153)
Decrease in trade payables	(4)	-
Other net changes in liabilities	(5)	(116)
Cash flow from operations	876	798
Tax paid	(6)	(3)
Net cash flow from operating activities	870	795
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(550)	(23)
Payment for development expenditure	(425)	(371)
Proceeds from disposal of fixed assets	110	-
Interest received	38	12
Net cash flow used in investing activities	(827)	(382)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend to shareholders	-	-
Drawdown/(Repayment) of hire purchase payables	206	(36)
Interest paid	(15)	-
Drawdown of hire purchase loan	-	-
Net changes in term loan	204	(6)
Net cash flow from/(used in) financing activities	395	(42)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	438	371
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD</b>	7,378	8,359
<b>CASH AND CASH EQUIVALENTS AT THE END OF PERIOD</b>	7,816	8,730
The cash and cash equivalents at the end of the reporting period comprised of the following:-		
Short term deposits with licensed financial institutions	6,825	8,233
Cash and bank balances	991	497
	7,816	8,730

*The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Annual Financial Report for the financial year ended 31 March 2014. 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 JUNE 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 2014.

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 2014.

**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 2014.

**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 2014, except for the commencement of amortisation of the goodwill arising from the acquisition of subsidiary.

**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 2014 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, except for the commencement of amortisation of the goodwill arising from the acquisition of subsidiary.

## 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.

## 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:-

### Three Months Financial Period Ended 30 June 2014

	Malaysia RM'000	North Asia and Other Areas RM'000	South East Asia RM'000	Total RM'000
Revenue from external customers	745	853	570	2,168
Segment assets	39,039	270	101	39,410
Capital expenditure	550	-	-	550

### Three Months Financial Period Ended 30 June 2013

	Malaysia RM'000	North Asia and Other Areas RM'000	South East Asia RM'000	Total RM'000
Revenue from external customers	474	55	708	1,237
Segment assets	37,389	111	481	37,981
Capital expenditure	23	-	-	23

## 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 30.06.2014 RM'000	As at 31.03.2014 RM'000
Office suites under construction contracted but not provided in the financial statements	1,168	1,377
Office suites acquired pending completion but not provided in the financial statements	3,450	4,140
	<u>4,618</u>	<u>5,517</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 acquired on 27 September 2013. A total of RM1.150 million of the purchase consideration has been paid in cash and included in other receivables, deposits and prepayments and the said acquisition was completed on 5 August 2014.

The corporate guarantees of the Company are as follows:-

	As at 30.06.2014 RM'000	As at 31.03.2014 RM'000
Corporate guarantees given to banks as securities for credit facilities granted to a subsidiary	<u>2,482</u>	<u>2,072</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 JUNE 2014**

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

**17. Review of Performance**

The Group recorded RM2.168 million of revenue and a profit after taxation of RM0.805 million in the current quarter under review.

Systech's currently has two (2) operating subsidiaries, Syscotech, which 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; and Mobysys Sdn Bhd ("Mobysys"), which 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	
	30.06.2014 RM'000	30.06.2013 RM'000	RM'000	%
Revenue	2,168	1,237	931	75.26
Profit after tax	805	191	614	321.47

Revenue for the current quarter under review has increased significantly 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 also increased in line with the increase in revenue. Included in profit after taxation for the current quarter under review is a gain from disposal of fixed assets amounting to RM0.110 million.



## 18. Variation of Results against Preceding Quarter

	INDIVIDUAL QUARTER ENDED		VARIANCE	
	30.06.2014	31.03.2014		
	RM'000	RM'000	RM'000	%
Revenue	2,168	2,185	(17)	(0.78)
Profit after tax	805	651	154	23.66

Revenue for the quarter under review has maintained at the same level as the preceding quarter with Mobysys sustaining its growth in revenue during the said quarter. The Group's profit after taxation has also maintained at the same level as the preceding quarter after the exclusion of the gain from disposal of fixed assets.

## 19. Current Year Prospects

With the expectation of Mobysys' market expansion program and sustainable growth in customer acquisition, and Syscotech and Techcasys Sdn Bhd continuing to undertake 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 2015.

## 21. Tax Expense

	CURRENT QUARTER	CURRENT PERIOD
	ENDED	TO-DATE
	30.06.2014	30.06.2014
	RM'000	RM'000
Income Tax		
- Malaysian Tax	92	92
- Foreign Tax	9	9
	<u>101</u>	<u>101</u>

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.

## 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

	30.06.2014 RM'000
<b>NON-CURRENT</b>	
<b>SECURED</b>	
Long term loan	1,932
Hire purchase	402
	<hr/> 2,334
<b>CURRENT</b>	
<b>SECURED</b>	
Term loan	28
Hire purchase	120
	<hr/> 148
	<hr/> <hr/> 2,482
<b>Gearing ratio (times)</b>	0.07

All the above borrowings are denominated in Ringgit Malaysia.

## 24. Realised and Unrealised Profits/Losses Disclosure

The retained profits as at 31 March 2015 are analysed as follows:-

	30.06.2014 RM'000	31.03.2014 RM'000
Total retained profits of the Company and Subsidiaries		
- Realised	4,890	4,085
- Unrealised	<u>(53)</u>	<u>(53)</u>
	4,837	4,032
Less: Consolidated adjustments	<u>-</u>	<u>-</u>
Total Group retained profits	<u>4,837</u>	<u>4,032</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

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

The shareholders of the Company at the Fourth Annual General Meeting held on 28 August 2014 had approved the payment of a single tier final dividend of 3.0% for the FYE 31 March 2014 of which the entitlement date for the said dividend shall be on 12 September 2014 and will be paid on 26 September 2014.

## 27. Earnings per Share

	CURRENT QUARTER ENDED		CURRENT PERIOD TO-DATE	
	30.06.2014	30.06.2013	30.06.2014	30.06.2013
<b>Basic earnings per share</b>				
Profit after tax (RM'000)	805	191	805	191
Weighted average number of ordinary shares in issue ('000)	317,338	284,250	317,338	284,250
Basic earnings per share (sen)	0.25	0.07	0.25	0.07
<b>Diluted earnings per share</b>				
Profit after tax (RM'000)	805	191	805	191
Weighted average number of ordinary shares in issue ('000)	317,338	317,338	317,338	317,338
Basic earnings per share (sen)	0.25	0.06	0.25	0.06

## 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 28<sup>th</sup> Day of August 2014.**