



SYSTECH BHD 897114-T
Incorporated in Malaysia

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2015**

(the figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 31.12.2015 RM'000	PRECEDING YEAR	CURRENT PERIOD TO-DATE 31.12.2015 RM'000	PRECEDING YEAR
		CORRESPONDING		CORRESPONDING
		QUARTER 31.12.2014 RM'000		PERIOD 31.12.2014 RM'000
Revenue	3,161	3,032	8,282	7,813
Amortisation of research and development expenses	(395)	(329)	(1,181)	(1,023)
Other cost of sales	(829)	(434)	(2,030)	(1,040)
Gross profit	1,937	2,269	5,071	5,750
Interest income	44	41	177	78
Other income	-	1	63	319
Administration expenses	(741)	(578)	(2,173)	(1,511)
Depreciation	(151)	(88)	(448)	(196)
Amortisation of goodwill	(156)	(156)	(469)	(469)
Selling and distribution expenses	(185)	(39)	(421)	(131)
Provision for doubtful debts	-	-	-	-
Gain/(Loss) on disposal of investment	-	-	-	-
Impairment of assets	-	-	-	-
Gain/(Loss) on foreign exchange	10	(1)	23	(9)
Gain/(Loss) on derivatives	-	-	-	-
Other operating expenses	(156)	(204)	(475)	(517)
Profit from operations	602	1,245	1,348	3,314
Finance cost	(68)	(60)	(187)	(106)
Profit before tax	534	1,185	1,161	3,208
Income tax expenses	(15)	(119)	(68)	(297)
Profit after tax	519	1,066	1,093	2,911
Other comprehensive income	-	-	-	-
	519	1,066	1,093	2,911
Attributable to:-				
- Owners of the parent	335	1,070	1,084	2,915
- Non-controlling Interest	184	(4)	9	(4)
	519	1,066	1,093	2,911
Earnings per share ("EPS") attributable to owners of the parent (sen per share)				
Basic	0.11	0.34	0.34	0.92
Diluted	N/A	N/A	N/A	N/A

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the financial year ended 31 March 2015. 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 DECEMBER 2015

(the figures have not been audited)

	UNAUDITED	AUDITED
	AS AT	AS AT
	31.12.2015	31.03.2015
	RM'000	RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	8,679	8,748
Goodwill on consolidation	21,052	21,521
Investment properties	1,171	1,190
Development expenditure	5,350	4,648
Other investment	163	163
TOTAL NON-CURRENT ASSETS	36,415	36,270
CURRENT ASSETS		
Trade receivables	2,128	1,383
Other receivables, deposits and prepayments	266	109
Current tax assets	337	159
Fixed deposits with licensed financial institution	500	-
Short term deposits with licensed financial institutions	4,729	6,782
Cash and bank balances	669	1,008
TOTAL CURRENT ASSETS	8,629	9,441
TOTAL ASSETS	45,044	45,711
EQUITY AND LIABILITIES		
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		
Share capital	31,734	31,734
Retained earnings	5,355	6,175
	37,089	37,909
Minority Interest	302	293
TOTAL EQUITY	37,391	38,202
NON-CURRENT LIABILITIES		
Borrowings	6,552	6,155
Deferred tax liabilities	103	103
TOTAL NON-CURRENT LIABILITIES	6,655	6,258
CURRENT LIABILITIES		
Trade payables	259	155
Other payables and accruals	466	856
Borrowings	273	240
TOTAL CURRENT LIABILITIES	998	1,251
TOTAL LIABILITIES	7,653	7,509
TOTAL EQUITY AND LIABILITIES	45,044	45,711
NET ASSETS PER SHARE (SEN)	11.78	12.04

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the financial year ended 31 March 2015. 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 DECEMBER 2015**

(the figures have not been audited)

Nine (9) months ended 31 December 2015	<-----ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY----->			NON- CONTROLLING INTEREST RM'000	TOTAL EQUITY RM'000
	ORDINARY SHARES RM'000	RETAINED EARNINGS RM'000	TOTAL RM'000		
Balance as at 1 April 2015	31,734	6,175	37,909	293	38,202
Total comprehensive income/(expense) for the financial period	-	1,084	1,084	9	1,093
Dividends - equity holder	-	(1,904)	(1,904)	-	(1,904)
Balance as at 31 December 2015	31,734	5,355	37,089	302	37,391
Nine (9) months ended 31 December 2014	<-----ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY----->			NON- CONTROLLING INTEREST RM'000	TOTAL EQUITY RM'000
	ORDINARY SHARES RM'000	RETAINED EARNINGS RM'000	TOTAL RM'000		
Balance as at 1 April 2014	31,734	4,032	35,766	-	35,766
Allotment of shares	-	-	-	245	245
Total comprehensive income for the financial period	-	2,915	2,915	(4)	2,911
Dividends - equity holder	-	(952)	(952)	-	(952)
Balance as at 31 December 2014	31,734	5,995	37,729	241	37,970

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 2015. 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 31 DECEMBER 2015**

(the figures have not been audited)

	CUMULATIVE QUARTERS	
	CURRENT PERIOD TO-DATE 31.12.2015 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31.12.2014 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Total comprehensive income	1,093	2,911
Adjustment for non-cash items	2,177	1,307
Operating profit before changes in working capital	3,270	4,218
(Increase)/Decrease in trade receivables	(746)	205
Other net changes in assets	(158)	448
Decrease in trade payables	103	10
Other net changes in liabilities	(390)	79
Cash flow from operations	2,079	4,960
Tax (paid)/refund	(247)	8
Net cash flow from operating activities	1,832	4,968
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(356)	(7,070)
Payment for development expenditure	(1,884)	(1,339)
Proceeds from disposal of fixed assets	-	239
Interest received	177	157
Net cash flow used in investing activities	(2,063)	(8,013)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend to shareholders	(1,904)	(952)
(Repayment)/drawdown of hire purchase payables	(95)	319
Proceeds from issuance of shares	-	245
Interest paid	(187)	(15)
Net changes in term loan	525	4,047
Net cash flow (used in)/from financing activities	(1,661)	3,644
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(1,892)	599
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	7,790	7,378
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	5,898	7,977

The cash and cash equivalents at the end of the reporting period comprised of the following:-

Fixed deposits with licensed financial institution	500	-
Short term deposits with licensed financial institutions	4,729	6,854
Cash and bank balances	669	1,123
	5,898	7,977

The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Annual Financial Report for the financial year ended 31 March 2015. 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 DECEMBER 2015**

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 2015.

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 2015.

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 2015.

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 2015.

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 2015 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.

9. Dividends paid

No dividend has been paid during 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:-

Nine (9) Months Financial Period Ended 31 December 2015

	Malaysia RM'000	North Asia and Other Areas RM'000	South East Asia RM'000	Total RM'000
Revenue from external customers	4,769	1,629	1,884	8,282
Segment assets	44,511	213	320	45,044
Capital expenditure	356	-	-	356

Nine (9) Months Financial Period Ended 31 December 2014

	Malaysia RM'000	North Asia and Other Areas RM'000	South East Asia RM'000	Total RM'000
Revenue from external customers	2,749	2,901	2,163	7,813
Segment assets	44,001	182	682	44,865
Capital expenditure	7,070	-	-	7,070

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 31.12.2015 RM'000	As at 31.03.2015 RM'000
Office suites under construction contracted but not provided in the financial statements	97	353

The capital commitment is 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 corporate guarantees of the Company are as follows:-

	As at 31.12.2015 RM'000	As at 31.03.2015 RM'000
Corporate guarantees given to banks as securities for credit facilities granted to a subsidiary	6,825	6,395

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 DECEMBER 2015**

PART B: ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS

17. Review of Performance

The Group recorded RM3.161 million of revenue and a profit after taxation of RM0.519 million in the current quarter under review.

Systech's currently has three (3) operating subsidiaries, Sycatech Sdn Bhd ("Sycatech"), 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; 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; and Sysarmy Sdn Bhd ("Sysarmy"), which is principally involved in Big Data Analytics and related applications focusing on cyber security services, managed security network monitoring system and other cyber security related products and advisory work.

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 and demand for cyber security related applications in Malaysia. Its level of operating activities is determined by its number of employees as well as the complexity of customisation and monitoring 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	
	31.12.2015	31.12.2014	RM'000	%
	RM'000	RM'000		
Revenue	3,161	3,032	129	4.26
Profit after tax	519	1,066	(547)	(51.32)

Revenue for the current quarter under review is comparable to the corresponding quarter of the previous financial year. However, the Group's profit after taxation decreased following lower profit margins recorded, the increase in administration cost and depreciation as well as operating and staff related expenses following the increase in the number of employees of the Group.

18. Variation of Results against Preceding Quarter

	INDIVIDUAL QUARTER ENDED		VARIANCE	
	31.12.2015	30.09.2015	RM'000	%
	RM'000	RM'000		
Revenue	3,161	2,625	536	20.42
Profit after tax	519	205	314	153.17

Revenue for the quarter under review has increased as compared to the preceding quarter with the Group being able to increase revenue from its cyber security business. The Group's profit after tax has also increased in line with the increase in revenue.

19. Current Year Prospects

With the current economic conditions in Malaysia and the South East Asian region, the Group will continue to increase its sales and marketing activities across the region to grow its revenue and improve its financial results in the coming financial quarter with emphasis being placed on the cyber security business and the Board of Directors remains optimistic that the Group will be able to achieve satisfactory performance in the FYE 31 March 2016.

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 2016.

21. Tax Expense

	CURRENT	CURRENT PERIOD
	QUARTER ENDED	TO-DATE
	31.12.2015	31.12.2015
	RM'000	RM'000
Income Tax		
- Malaysian Tax	-	33
- Foreign Tax	15	35
- Deferred Tax	-	-
	<u>15</u>	<u>68</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

	31.12.2015 RM'000
NON-CURRENT	
SECURED	
Long term loan	6,176
Hire purchase	376
	<hr/> 6,552
CURRENT	
SECURED	
Term loan	141
Hire purchase	132
	<hr/> 273
	<hr/> 6,825
Gearing ratio (times)	0.18

All the above borrowings are denominated in Ringgit Malaysia.

24. Realised and Unrealised Profits/Losses Disclosure

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

	31.12.2015 RM'000	31.03.2015 RM'000
Total retained profits of the Company and Subsidiaries		
- Realised	5,458	6,278
- Unrealised	(103)	(103)
	<hr/> 5,355	<hr/> 6,175
Less: Consolidated adjustments	-	-
Total Group retained profits	<hr/> 5,355	<hr/> 6,175

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. Basic earnings per Share

	CURRENT QUARTER ENDED		CURRENT PERIOD TO-DATE	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Basic earnings per share				
Profit after tax attributable to owners of the parent (RM'000)	335	1,066	1,084	2,911
Weighted average number of ordinary shares in issue ('000)	317,338	317,338	317,338	317,338
Basic earnings per share (sen)	0.11	0.34	0.34	0.92

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 23rd Day of February 2016.