



SYSTECH BHD 897114-T
Incorporated in Malaysia

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2016**

(the figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 31.03.2016 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31.03.2015 RM'000	CURRENT PERIOD TO-DATE 31.03.2016 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31.03.2015 RM'000
Revenue	3,058	2,569	11,340	10,382
Amortisation of research and development expenses	(421)	(343)	(1,602)	(1,366)
Other cost of sales	(957)	(565)	(2,986)	(1,605)
Gross profit	1,680	1,661	6,752	7,411
Interest income	49	53	227	131
Other income	80	16	80	334
Administration expenses	(780)	(1,007)	(2,891)	(2,497)
Depreciation	(168)	(139)	(616)	(335)
Amortisation of goodwill	(156)	(156)	(625)	(625)
Selling and distribution expenses	(199)	(138)	(621)	(389)
Provision for doubtful debts	(21)	(20)	(21)	(20)
Gain/(Loss) on disposal of investment	-	-	-	-
Impairment of assets	-	-	-	-
Gain/(Loss) on foreign exchange	5	16	28	7
Gain/(Loss) on derivatives	-	-	-	-
Other operating expenses	(192)	(110)	(667)	(537)
Profit from operations	298	176	1,646	3,480
Finance cost	(73)	(77)	(260)	(182)
Profit before tax	225	99	1,386	3,298
Income tax expenses	(48)	67	(116)	(155)
Profit after tax	177	166	1,270	3,143
Other comprehensive income	-	-	-	-
	177	166	1,270	3,143
Attributable to:-				
- Owners of the parent	151	114	1,235	3,095
- Non-controlling Interest	26	52	35	48
	177	166	1,270	3,143
Earnings per share ("EPS") attributable to owners of the parent (sen per share)				
Basic	0.05	0.04	0.39	0.98
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 MARCH 2016

(the figures have not been audited)

	UNAUDITED AS AT 31.03.2016 RM'000	AUDITED AS AT 31.03.2015 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	8,805	8,748
Goodwill on consolidation	20,896	21,521
Investment properties	1,165	1,190
Development expenditure	5,757	4,648
Other investment	163	163
TOTAL NON-CURRENT ASSETS	36,786	36,270
CURRENT ASSETS		
Inventory	237	-
Trade receivables	1,996	1,383
Other receivables, deposits and prepayments	402	109
Current tax assets	344	159
Fixed deposits with licensed financial institution	500	-
Short term deposits with licensed financial institutions	4,722	6,782
Cash and bank balances	792	1,008
TOTAL CURRENT ASSETS	8,993	9,441
TOTAL ASSETS	45,779	45,711
EQUITY AND LIABILITIES		
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		
Share capital	31,734	31,734
Retained earnings	5,506	6,175
Treasury Shares	(16)	-
	37,224	37,909
Minority Interest	328	293
TOTAL EQUITY	37,552	38,202
NON-CURRENT LIABILITIES		
Borrowings	6,515	6,155
Deferred tax liabilities	103	103
TOTAL NON-CURRENT LIABILITIES	6,618	6,258
CURRENT LIABILITIES		
Trade payables	370	155
Other payables and accruals	882	856
Borrowings	357	240
TOTAL CURRENT LIABILITIES	1,609	1,251
TOTAL LIABILITIES	8,227	7,509
TOTAL EQUITY AND LIABILITIES	45,779	45,711
NET ASSETS PER SHARE (SEN)	11.83	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
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2016**

(the figures have not been audited)

Twelve (12) months ended 31 March 2016	<-----ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY----->			TOTAL RM'000	NON- CONTROLLING INTEREST RM'000	TOTAL EQUITY RM'000
	ORDINARY SHARES RM'000	RETAINED EARNINGS RM'000	TREASURY SHARES RM'000			
Balance as at 1 April 2015	31,734	6,175	-	37,909	293	38,202
Total comprehensive income for the financial period	-	1,235	-	1,235	35	1,270
Dividends - equity holder	-	(1,904)	-	(1,904)	-	(1,904)
Purchase of own shares	-	-	(16)	(16)	-	(16)
Balance as at 31 March 2016	31,734	5,506	(16)	37,224	328	37,552

Twelve (12) months ended 31 March 2015	<-----ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY----->			TOTAL RM'000	NON- CONTROLLING INTEREST RM'000	TOTAL EQUITY RM'000
	ORDINARY SHARES RM'000	RETAINED EARNINGS RM'000	TREASURY SHARES 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	-	3,095	-	3,095	48	3,143
Dividends - equity holder	-	(952)	-	(952)	-	(952)
Balance as at 31 March 2015	31,734	6,175	-	37,909	293	38,202

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 MARCH 2016**

(the figures have not been audited)

	CUMULATIVE QUARTERS	
	CURRENT PERIOD TO-DATE 31.03.2016 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31.03.2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Total comprehensive income	1,270	3,143
Adjustment for non-cash items	2,940	2,233
Operating profit before changes in working capital	4,210	5,376
(Increase)/Decrease in trade receivables	(634)	90
Other net changes in assets	(537)	457
Increase in trade payables	215	145
Other net changes in liabilities	31	554
Cash flow from operations	3,285	6,622
Tax paid	(302)	(224)
Net cash flow from operating activities	2,983	6,398
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(644)	(7,330)
Payment for development expenditure	(2,712)	(2,097)
Proceeds from disposal of fixed assets	-	248
Interest received	227	210
Net cash flow used in investing activities	(3,129)	(8,969)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend to shareholders	(1,904)	(952)
Purchase of treasury shares	(16)	-
Net change in hire purchase payables	(12)	(194)
Proceeds from issuance of shares	-	245
Interest paid	(187)	(182)
Net changes in term loan	489	4,066
Net cash flow (used in)/from financing activities	(1,630)	2,983
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(1,776)	412
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	7,790	7,378
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	6,014	7,790
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	4,722	6,782
Cash and bank balances	792	1,008
	6,014	7,790

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 MARCH 2016**

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

During the quarter under review, the Company purchased a total of 90,000 ordinary shares of RM0.10 each from the open market for a total consideration of RM16,200. The buy-back was financed by internally generated funds. The shares purchased are held as treasury shares. As at 31 March 2016, the total number of treasury shares held were 90,000 or 0.02836% of the total paid up share capital of the Company.

Month	No of shares purchased and retained as treasury shares	Lowest price paid (RM)	Highest price paid (RM)	Average price paid (RM)	Total consideration paid (RM)
January to March 2016	90,000	0.175	0.190	0.180	16,200

Other than as set out above, 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:-

Twelve (12) Months Financial Period Ended 31 March 2016

	Malaysia RM'000	North Asia and Other Areas RM'000	South East Asia RM'000	Total RM'000
Revenue from external customers	5,633	2,721	2,986	11,340
Segment assets	45,299	262	218	45,779
Capital expenditure	644	-	-	644

Twelve (12) Months Financial Period Ended 31 March 2015

	Malaysia RM'000	North Asia and Other Areas RM'000	South East Asia RM'000	Total RM'000
Revenue from external customers	4,069	3,456	2,857	10,382
Segment assets	45,179	200	332	45,711
Capital expenditure	7,330	-	-	7,330

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 31.03.2016 RM'000	As at 31.03.2015 RM'000
Office suites under construction contracted but not provided in the financial statements	<u>97</u>	<u>353</u>

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 31.03.2016 RM'000	As at 31.03.2015 RM'000
Corporate guarantees given to banks as securities for credit facilities granted to a subsidiary	<u>6,872</u>	<u>6,395</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 2016**

PART B: ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS

17. Review of Performance

The Group recorded RM3.058 million of revenue and a profit after taxation of RM0.177 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	
	31.03.2016	31.03.2015	RM'000	%
	RM'000	RM'000		
Revenue	3,058	2,569	489	19.03
Profit after tax	177	166	11	6.63

Revenue and profit after taxation for the current quarter under review has increased as compared to the corresponding quarter of the previous financial year. This is mainly due to the contribution from SysArmy.

18. Variation of Results against Preceding Quarter

	INDIVIDUAL QUARTER ENDED		VARIANCE	
	31.03.2016	31.12.2015	RM'000	%
	RM'000	RM'000		
Revenue	3,058	3,161	(103)	(3.26)
Profit after tax	177	519	(342)	(65.90)

Revenue for the quarter under review is comparable to the preceding quarter. However, the Group's profit after taxation decreased following the increase in administration cost as well as operating and staff related expenses during the period under review.

19. Current Year Prospects

The Group will continue to emphasise on growing its cyber security business as well as undertake further research and development in its existing as well as new solutions and services offering for the coming financial year 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
	31.03.2016	31.03.2016
	RM'000	RM'000
Income Tax		
- Malaysian Tax	33	66
- Foreign Tax	15	50
- Deferred Tax	-	-
	<u>48</u>	<u>116</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

	31.03.2016 RM'000
NON-CURRENT	
SECURED	
Long term loan	6,063
Hire purchase	452
	<hr/> 6,515
CURRENT	
SECURED	
Term loan	218
Hire purchase	139
	<hr/> 357
	<hr/> 6,872
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 March 2016 are analysed as follows:-

	31.03.2016 RM'000	31.03.2015 RM'000
Total retained profits of the Company and Subsidiaries		
- Realised	5,609	6,278
- Unrealised	(103)	(103)
	<hr/> 5,506	<hr/> 6,175
Less: Consolidated adjustments	-	-
Total Group retained profits	<hr/> 5,506	<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

At the forthcoming Annual General Meeting, a single tier final dividend of 2.0% amounting to RM634,676 in respect of the FYE 31 March 2016 on 317,337,820 Systech Shares (0.2 sen per share) will be proposed for shareholders' approval. The number of Systech Shares entitled to the said dividend shall exclude treasury shares held on the entitlement date. 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 2017.

27. Basic earnings per Share

	CURRENT QUARTER ENDED		CURRENT PERIOD TO-DATE	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
Basic earnings per share				
Profit after tax attributable to owners of the parent (RM'000)	151	114	1,235	3,095
Weighted average number of ordinary shares in issue ('000)	317,338	317,338	317,338	317,338
Basic earnings per share (sen)	0.05	0.04	0.39	0.98

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 25th Day of May 2016.