



SYSTECH BHD 897114-T
Incorporated in Malaysia

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

(the figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 31.12.2016 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31.12.2015 RM'000	CURRENT PERIOD TO-DATE 31.12.2016 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31.12.2015 RM'000
Revenue	3,613	3,162	11,159	8,282
Amortisation of research and development expenses	(475)	(395)	(1,421)	(1,182)
Other cost of sales	(950)	(830)	(3,324)	(2,030)
Gross profit	2,188	1,937	6,414	5,070
Interest income	40	44	187	177
Other income	14	-	41	-
Administration expenses	(763)	(741)	(2,185)	(2,109)
Depreciation	(187)	(151)	(521)	(448)
Amortisation of goodwill	(156)	(156)	(469)	(469)
Selling and distribution expenses	(121)	(185)	(380)	(421)
Provision for doubtful debts	-	-	-	-
Gain/(Loss) on disposal of investment	-	-	-	-
Impairment of assets	-	-	-	-
Gain/(Loss) on foreign exchange	20	10	34	23
Gain/(Loss) on derivatives	-	-	-	-
Other operating expenses	(43)	(156)	(433)	(475)
Profit from operations	992	602	2,688	1,348
Finance cost	(66)	(68)	(198)	(187)
Profit before tax	926	534	2,490	1,161
Income tax expenses	(135)	(15)	(342)	(68)
Profit after tax	791	519	2,148	1,093
Other comprehensive income	10	-	13	-
Total comprehensive income	801	519	2,161	1,093
Attributable to:-				
- Owners of the parent	656	335	2,326	1,084
- Non-controlling Interest	135	184	(178)	9
	791	519	2,148	1,093
Earnings per share ("EPS") attributable to owners of the parent (sen per share)				
Basic	0.21	0.11	0.73	0.34
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 2016. 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 2016**

(the figures have not been audited)

	UNAUDITED AS AT 31.12.2016 RM'000	AUDITED AS AT 31.03.2016 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	7,852	7,694
Goodwill on consolidation	20,427	20,896
Investment properties	2,240	2,276
Development expenditure	6,441	5,732
Other investment	163	163
TOTAL NON-CURRENT ASSETS	37,123	36,761
CURRENT ASSETS		
Inventory	-	237
Trade receivables	1,846	1,996
Other receivables, deposits and prepayments	308	313
Current tax assets	288	367
Fixed deposits with licensed financial institution	500	500
Short term deposits with licensed financial institutions	6,795	4,722
Cash and bank balances	1,159	896
TOTAL CURRENT ASSETS	10,896	9,031
TOTAL ASSETS	48,019	45,792
EQUITY AND LIABILITIES		
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		
Share capital	31,734	31,734
Retained earnings	7,166	5,474
Exchange translation reserves	16	3
Treasury Shares	(214)	(16)
	38,702	37,195
Minority Interest	300	323
TOTAL EQUITY	39,002	37,518
NON-CURRENT LIABILITIES		
Borrowings	6,492	6,586
Deferred tax liabilities	203	143
TOTAL NON-CURRENT LIABILITIES	6,695	6,729
CURRENT LIABILITIES		
Trade payables	17	370
Other payables and accruals	2,018	889
Borrowings	287	286
TOTAL CURRENT LIABILITIES	2,322	1,545
TOTAL LIABILITIES	9,017	8,274
TOTAL EQUITY AND LIABILITIES	48,019	45,792
NET ASSETS PER SHARE (SEN)	12.29	11.82

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the financial year ended 31 March 2016. 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 2016**

(the figures have not been audited)

	←-----ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY----->						
	ORDINARY SHARES RM'000	RETAINED EARNINGS RM'000	TREASURY SHARES RM'000	EXCHANGE TRANSLATION RESERVES RM'000	TOTAL RM'000	NON- CONTROLLING INTEREST RM'000	TOTAL EQUITY RM'000
Balance as at 1 April 2016	31,734	5,474	(16)	3	37,195	323	37,518
Total comprehensive income for the financial period	-	2,326	-	13	2,339	(23)	2,316
Dividends - equity holder	-	(634)	-	-	(634)	-	(634)
Purchase of own shares	-	-	(198)	-	(198)	-	(198)
Balance as at 31 December 2016	31,734	7,166	(214)	16	38,702	300	39,002

	←-----ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY----->						
	ORDINARY SHARES RM'000	RETAINED EARNINGS RM'000	TREASURY SHARES RM'000	EXCHANGE TRANSLATION RESERVES RM'000	TOTAL RM'000	NON- CONTROLLING INTEREST RM'000	TOTAL EQUITY RM'000
Balance as at 1 April 2015	31,734	6,175	-	-	37,909	293	38,202
Total comprehensive income for the financial period	-	1,084	-	-	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

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 2016. 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 DECEMBER 2016**

(the figures have not been audited)

	CUMULATIVE QUARTERS	
	CURRENT PERIOD TO-DATE 31.12.2016 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31.12.2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit after tax	2,148	1,093
Adjustment for non-cash items	2,355	2,177
Operating profit before changes in working capital	4,503	3,270
Increase in trade receivables	150	(746)
Other net changes in assets	233	(158)
Decrease in trade payables	(352)	103
Other net changes in liabilities	1,493	(390)
Cash flow from operations	6,027	2,079
Tax paid	(204)	(247)
Net cash flow from operating activities	5,823	1,832
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(642)	(356)
Payment for development expenditure	(2,130)	(1,884)
Interest received	187	177
Net cash flow used in investing activities	(2,585)	(2,063)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend to shareholders	(634)	(1,904)
Purchase of treasury shares	(198)	-
Net change in hire purchase payables	(104)	(95)
Proceeds from issuance of shares to non-controlling interest	155	-
Interest paid	(131)	(187)
Net changes in term loan	10	525
Net cash flow used in financing activities	(902)	(1,661)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	2,336	(1,892)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	6,118	7,790
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	8,454	5,898

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

Fixed deposits with licensed financial institution	500	500
Short term deposits with licensed financial institutions	6,795	4,729
Cash and bank balances	1,159	669
	8,454	5,898

The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Annual Financial Report for the financial year ended 31 March 2016. 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 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 2016.

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 2016.

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 2016.

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 2016.

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 2016 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 839,000 ordinary shares of RM0.10 each from the open market for a total consideration of RM146,330. The buy-back was financed by internally generated funds. The shares purchased are held as treasury shares. As at 31 December 2016, the total number of treasury shares held were 1,273,000 or 0.40115% 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)
September to December 2016	839,000	0.170	0.175	0.174	146,330

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

The principal business of the Group has two (2) main reportable operating segments – e-business solutions and the cyber security solutions segments. The segmental results are as follows:-

Nine (9) Months Financial Period Ended 31 December 2016

	e-Business Solutions RM'000	Cyber-security solutions RM'000	Adjustment and Eliminations RM'000	Consolidated RM'000
Revenue from external customers	9,079	2,080	-	11,159
Segment results	2,847	(347)	-	2,501
Interest income				187
Financing cost				(198)
Profit before taxation				2,490
Tax Expenses				(342)
Profit after taxation				2,148
Segment assets	42,910	2,419	2,692	48,019
Segment liabilities	5,020	752	3,245	9,017
Capital and development expenditure	2,382	390	-	2,772
Depreciation	431	66	24	521

Adjustments for segment assets, liabilities and depreciation relates to investment properties, other investments, current tax assets and deferred tax liabilities.

The segmental results based on geographical segments are as follows:-

Nine (9) Months Financial Period Ended 31 December 2016

	Malaysia RM'000	North Asia and Other Areas RM'000	South East Asia RM'000	Total RM'000
Revenue from external customers	3,834	4,606	2,719	11,159
Segment assets	46,852	839	328	48,019
Capital and development expenditure	2,772	-	-	2,772

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 Group does not have any capital commitments as at the end of the current financial period under review.

The corporate guarantees of the Company are as follows:-

	As at 31.12.2016 RM'000	As at 31.03.2016 RM'000
Corporate guarantees given to banks as securities for credit facilities granted to a subsidiary	6,779	6,872

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 2016**

PART B: ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS

17. Review of Performance

The Group recorded RM3.613 million of revenue and a profit after taxation of RM0.791 million in the current quarter under review.

Systech’s currently has three (3) operating subsidiaries, Syscotech Sdn Bhd (“**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; 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 and its subsidiary, PT SysArmy Indocyber Security (“**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	
	31.12.2016	31.12.2015		
	RM'000	RM'000	RM'000	%
Revenue	3,613	3,162	451	14.26
Profit after tax	791	519	272	52.41

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 increase in revenue from the overseas customers of Syscotech and Mobysys during the said period as well as from the acquisition of new customers by SysArmy in Malaysia. The increase in profit after tax for the current quarter under review is in line with the increase in revenue.

18. Variation of Results against Preceding Quarter

	INDIVIDUAL QUARTER ENDED		VARIANCE	
	31.12.2016	30.09.2016	RM'000	%
	RM'000	RM'000		
Revenue	3,613	4,118	(505)	(12.26)
Profit after tax	791	708	83	11.72

Revenue for the quarter under review has decreased as compared to the preceding quarter. This is mainly due to lower revenue recorded by both Syscatech and Mobsys during the said period under review. However, the Group's profit after taxation increased due to improvement in gross margins as well as lower operating cost recorded during the said period.

19. Current Year Prospects

The Group will continue to emphasise on growing its cyber security business, as well as further expanding its marketing efforts in the overseas market for its solutions and services for the remaining financial quarter and the Board of Directors remains optimistic that the Group will be able to achieve satisfactory performance in the FYE 31 March 2017.

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 2017.

21. Tax Expense

	CURRENT QUARTER ENDED 31.12.2016 RM'000	CURRENT PERIOD TO- DATE 31.12.2016 RM'000
Income Tax		
- Malaysian Tax	100	257
- Foreign Tax	5	25
- Deferred Tax	30	60
	<u>135</u>	<u>342</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, Mobsys, 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. SysArmy has also been granted the Pioneer Status Incentive under the Promotion of Investments Act, 1986 for 100% income tax exemption on statutory income derived from its MSC Malaysia Qualifying Activities for a period of 10 years from the date of the Pioneer Certificate (an application of which shall be made within twenty-four (24) months from the date of the approval letter, and of which have yet to be made by SysArmy) subject to the Conditions of the Grant.

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

	30.09.2016
	RM'000
NON-CURRENT	
SECURED	
Long term loan	6,150
Hire purchase	342
	<hr/> 6,492
CURRENT	
SECURED	
Term loan	142
Hire purchase	145
	<hr/> 287
	<hr/> 6,779
Gearing ratio (times)	0.17

All the above borrowings are denominated in Ringgit Malaysia.

24. Realised and Unrealised Profits/Losses Disclosure

The retained profits as at 31 December 2016 are analysed as follows:-

	31.12.2016	31.03.2016
	RM'000	RM'000
Total retained profits of the Company and Subsidiaries		
- Realised	7,369	5,617
- Unrealised	(203)	(143)
	<hr/> 7,166	<hr/> 5,474
Less: Consolidated adjustments	-	-
Total Group retained profits	<hr/> 7,166	<hr/> 5,474

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

A single tier first interim dividend of 3.0% in respect of the FYE 31 March 2017 amounting to RM952,013 on 317,337,820 Systech Shares (0.3 sen per share) will be declared and is to be paid on 20 March 2017 to depositors registered in the records of Depositors at the close of business on 24 February 2017. The number of Systech Shares entitled to the said dividend shall exclude treasury shares held on the entitlement date. This interim report does not reflect this dividend. Such dividend will be accounted for in equity as an appropriation of retained earnings in the quarter ending 31 March 2017.

27. Basic earnings per Share

	CURRENT QUARTER ENDED		CURRENT PERIOD TO-DATE	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Basic earnings per share				
Profit after tax attributable to owners of the parent (RM'000)	656	335	2,326	1,084
Weighted average number of ordinary shares in issue ('000)	317,338	317,338	317,338	317,338
Basic earnings per share (sen)	0.21	0.11	0.73	0.34

By the Order of the Board

Company Secretary

Dated this 8th Day of February 2017.