



SYSTECH BHD 897114-T

Incorporated in Malaysia

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2017**

(the figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 31.12.2017 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31.12.2016 RM'000	CURRENT PERIOD TO-DATE 31.12.2017 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31.12.2016 RM'000
Revenue	6,731	3,613	15,368	11,159
Amortisation of research and development expenses	(760)	(475)	(1,922)	(1,421)
Other cost of sales	(3,130)	(950)	(6,708)	(3,324)
Gross profit	2,841	2,188	6,738	6,414
Interest income	21	40	97	187
Other income	25	14	84	41
Administration expenses	(984)	(763)	(2,359)	(2,185)
Depreciation	(281)	(187)	(716)	(521)
Impairment of goodwill	(156)	(156)	(469)	(469)
Selling and distribution expenses	(488)	(121)	(1,074)	(380)
Provision for doubtful debts	-	-	-	-
Gain/(Loss) on disposal of investment	-	-	-	-
Impairment of assets	-	-	-	-
Gain/(Loss) on foreign exchange	(3)	20	12	34
Gain/(Loss) on derivatives	-	-	-	-
Other operating expenses	(334)	(43)	(854)	(433)
Profit from operations	641	992	1,459	2,688
Finance cost	(97)	(66)	(258)	(198)
Profit before tax	544	926	1,201	2,490
Income tax expenses	(91)	(135)	(133)	(342)
Profit after tax	453	791	1,068	2,148
Other comprehensive (expense)/income	(355)	10	(531)	168
	98	801	537	2,316
Profit attributable to:-				
- Owners of the parent	473	656	1,120	2,326
- Non-controlling Interest	(20)	135	(52)	(178)
	453	791	1,068	2,148
Earnings per share ("EPS") attributable to owners of the parent (sen per share)				
Basic	0.14	0.21	0.34	0.73
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 2017. 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 2017

(the figures have not been audited)

	UNAUDITED AS AT 31.12.2017 RM'000	AUDITED AS AT 31.03.2017 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	6,463	6,329
Goodwill on consolidation	33,518	20,271
Investment properties	3,585	3,643
Development expenditure	8,113	7,081
Other investment	163	163
TOTAL NON-CURRENT ASSETS	51,842	37,487
CURRENT ASSETS		
Inventory	-	-
Trade receivables	4,352	2,449
Other receivables, deposits and prepayments	424	172
Current tax assets	303	358
Fixed deposits with licensed financial institution	500	500
Short term deposits with licensed financial institutions	2,042	5,274
Cash and bank balances	3,862	1,530
TOTAL CURRENT ASSETS	11,483	10,283
TOTAL ASSETS	63,325	47,770
EQUITY AND LIABILITIES		
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		
Share capital	43,882	31,734
Retained earnings	7,711	6,591
Exchange translation reserves	(516)	(3)
Treasury Shares	(306)	(214)
	50,771	38,108
Non-controlling interest	1,333	404
TOTAL EQUITY	52,104	38,512
NON-CURRENT LIABILITIES		
Borrowings	6,674	6,345
Deferred tax liabilities	136	203
TOTAL NON-CURRENT LIABILITIES	6,810	6,548
CURRENT LIABILITIES		
Trade payables	735	163
Other payables and accruals	2,727	2,205
Borrowings	949	342
TOTAL CURRENT LIABILITIES	4,411	2,710
TOTAL LIABILITIES	11,221	9,258
TOTAL EQUITY AND LIABILITIES	63,325	47,770
NET ASSETS PER SHARE (SEN)	14.98	12.14

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the financial year ended 31 March 2017. 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 2017**

(the figures have not been audited)

Nine (9) months ended 31 December 2017	←-----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	EXCHANGE TRANSLATION RESERVES RM'000			
Balance as at 1 April 2017	31,734	6,591	(214)	(3)	38,108	404	38,512
Total comprehensive income for the financial period	-	1,120	-	(513)	607	(70)	537
Issuance of new shares	12,148	-	-	-	12,148	-	12,148
Acquisition of new subsidiaries	-	-	-	-	-	999	999
Dividends - equity holder	-	-	-	-	-	-	-
Purchase of own shares	-	-	(92)	-	(92)	-	(92)
Balance as at 31 December 2017	43,882	7,711	(306)	(516)	50,771	1,333	52,104

Nine (9) months ended 31 December 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	EXCHANGE TRANSLATION RESERVES 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

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 2017. 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 2017**

(the figures have not been audited)

	CUMULATIVE QUARTERS	
	CURRENT PERIOD TO-DATE 31.12.2017 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31.12.2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit after tax	1,068	2,148
Adjustment for non-cash items	3,155	2,355
Operating profit before changes in working capital	4,223	4,503
(Increase)/decrease in trade receivables	(1,165)	150
Other net changes in assets	43	233
Increase/(decrease) in trade payables	271	(352)
Other net changes in liabilities	(12)	1,493
Cash flow from operations	3,360	6,027
Tax paid	(55)	(204)
Net cash flow from operating activities	3,305	5,823
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(659)	(642)
Payment for development expenditure	(2,288)	(2,130)
Interest received	181	187
Cash outflow from acquisition of subsidiaries	(841)	-
Net cash flow used in investing activities	(3,607)	(2,585)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend to shareholders	-	(634)
Purchase of treasury shares	(92)	(198)
Net change in hire purchase payables	193	(104)
Proceeds from issuance of shares	-	155
Interest paid	(229)	(131)
Net changes in term loan	(362)	10
Net cash flow used in financing activities	(490)	(902)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(792)	2,336
Effect of changes in exchange rate	(108)	-
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	7,304	6,118
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	6,404	8,454

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	2,042	6,795
Cash and bank balances	3,862	1,159
	6,404	8,454

The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Annual Financial Report for the financial year ended 31 March 2017. 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 2017**

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 2017.

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 2017.

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 2017.

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 2017.

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 2017 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 was 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. Carrying Amount of Revalued Assets

There were no revaluation of property, plant and equipment by the Group.

11. 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.

12. Changes in the Composition of the Group

There were no other changes in the composition of the Group during the current financial period under review.

13. 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.

14. 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 31.12.2017 RM'000	As at 31.03.2017 RM'000
Corporate guarantees given to banks as securities for credit facilities granted to a subsidiary	<u>7,623</u>	<u>6,687</u>

15. 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 2017**

PART B: ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS

16. Review of Performance

The Group recorded RM6.731 million of revenue and a profit after taxation of RM0.453 million in the current quarter under review and the recorded revenue was contributed by the following five (5) direct and indirect subsidiaries with business operation:

- (i) 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;
- (ii) 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;
- (iii) SysCode, which is principally involved in the development and research and development of cloud-based software solutions. (The software solutions provided by Syscotech, Mobysys and SysCode are to be referred to as "**e-business solutions**");
- (iv) 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 (the applications and services provided by SysArmy are to be referred to as "**CyberSecurity**"); and
- (v) Postlink, which is principally involved in the business of annual report and publication mailing in Singapore and the development of a new initiative in providing digitised annual report in a dynamic format (the services provided by Postlink are to be referred to as "**e-Logistics**").

Demand for the Group's solutions are driven by the general economic conditions in general. We expect revenue from e-business solutions and CyberSecurity to continue to grow.

The Group's level of operating activities is determined by the number of employees engaged to:

- (a) manage customisation under its e-business solutions segment;
- (b) undertake the monitoring and professional services for its CyberSecurity customers; and
- (c) undertake the provision of Postlink's services.

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				CUMULATIVE PERIOD			
	CURRENT	PRECEDING YEAR	Changes		CURRENT	PRECEDING YEAR	Changes	
	YEAR	CORRESPONDING			PERIOD TO-	CORRESPONDING		
	QUARTER	QUARTER	RM'000	%	DATE	PERIOD	RM'000	%
	31.12.2017	31.12.2016			31.12.2017	31.12.2016		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	6,731	3,613	3,118	86.30	15,368	11,159	4,209	37.72
Gross profit	2,841	2,188	653	29.84	6,738	6,414	324	5.05
Profit before interest and tax	641	992	(351)	(35.38)	1,459	2,688	(1,229)	(45.72)
Profit before tax	544	926	(382)	(41.25)	1,201	2,490	(1,289)	(51.77)
Profit after tax	453	791	(338)	(42.73)	1,068	2,148	(1,080)	(50.28)
Attributable to owners of the parent	473	656	(183)	(27.90)	1,120	2,326	(1,206)	(51.85)

Revenue 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 the e-Logistics segment and the increase in revenue from the e-business segment during the said period.

The decrease in profit after tax for the current quarter under review is mainly due to:

- higher selling and distribution expenses incurred to widen and strengthen the Group's market position in the business segment of e-business solutions and CyberSecurity; and
- higher administrative and employees related costs incurred during the said period.

There were no material other income or expenses received and/or incurred by the Group during the period under review.

Other than Postlink and PT SysArmy Indocyber Security ("PT SysArmy"), an indirect subsidiary incorporated in the Republic of Indonesia by SysArmy Sdn Bhd; the other overseas venture i.e. Sycatech, Inc., a direct subsidiary incorporated in the United States of America by Systech Bhd; remained dormant.

In view of the inactive position of the said subsidiary, the exposure of foreign currency translation risk in relation to thereto, which is in regard to the exposure of United States Dollar is therefore not significant.

The Group is exposed to currency exposure arising from its investment in Postlink and PT SysArmy which are denominated in Singapore Dollar ("SGD") and Indonesian Rupiah ("IDR") and the exposures are managed closely from time to time. In view of the insignificant transactions between the subsidiaries based in Malaysia with Postlink and PT SysArmy during the period, the exposures hence have no material effect on the financial results of the Group for the current financial period under review.

The Group is also exposed to transactional currency exposures arising from sales and the occasional insignificant purchases made by subsidiaries of the Group that are based in Malaysia; that are denominated in currencies other than the functional currency of the Group which is, Ringgit Malaysia. The currencies giving rise to this risk are primarily United States Dollar, Chinese Renminbi, SGD and IDR. The exposures have been managed closely and with the insignificant fluctuation of exchange during the period, the exposure hence has no material effect on the financial results of the Group for the current financial period under review.

The normal credit terms granted by the Group to its customers range from 30 to 60 days. Other credit terms are assessed and approved on a case-by-case basis. Half of the Group's total receivables are neither past due nor impaired, with the remaining half comprised of credible receivables with regular payments and henceforth, there were no material provision for, or write-off of trade receivables during the period under review.

17. Variation of Results against Preceding Quarter

	INDIVIDUAL QUARTER		Changes	
	CURRENT YEAR QUARTER	IMMEDIATE PRECEDING QUARTER		
	31.12.2017 RM'000	30.09.2017 RM'000	RM'000	%
Revenue	6,731	4,818	1,913	39.71
Gross profit	2,841	2,028	813	40.09
Profit before interest and tax	641	368	273	74.18
Profit before tax	544	284	260	91.55
Profit after tax	453	247	206	83.40
Attributable to owners of the parent	473	239	234	97.91

Revenue for the quarter under review has increased as compared to the preceding quarter. This is mainly due to the contribution from the e-Logistics segment and the increase in revenue from the e-business segment during the said period. With similar gross profit margins derived during the periods under review, the Group's profit after taxation increased in tandem with the increase in revenue.

18. Segmental Reporting

The principal business of the Group is categorised into three (3) main reportable operating segments which comprised of e-business solutions, CyberSecurity and e-Logistics. The segmental results are as follows:

Nine (9) Months Financial Period Ended 31 December 2017

	e-Business Solutions RM'000	CyberSecurity solutions RM'000	e-Logistics RM'000	Adjustment and Eliminations RM'000	Consolidated RM'000
Revenue from external customers	8,720	3,645	3,003	-	15,368
Segment results	1,227	79	113	(57)	1,362
Interest income					97
Financing cost					(258)
Profit before taxation					1,201
Tax Expenses					(133)
Profit after taxation					1,068
Segment assets	52,167	4,221	2,885	4,052	63,325
Segment liabilities	5,971	1,555	1,483	2,212	11,221
Capital and development expenditure	2,010	937	-	-	2,947
Depreciation	508	159	49	-	716

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

The entire e-Logistics segment is attributed to the financial results and position attained by Postlink, which has a currency denomination in SGD whilst the CyberSecurity segment includes the financial results and position of PT SysArmy with has a currency denomination in IDR.

The segmental results based on geographical segments are as follows:

Nine (9) Months Financial Period Ended 31 December 2017

	Malaysia RM'000	North Asia and Other Areas RM'000	South East Asia RM'000	Total RM'000
Revenue from external customers	8,154	3,421	3,793	15,368
Segment assets	60,836	729	1,760	63,325
Capital and development expenditure	2,947	-	-	2,947

The segmental results of South East Asia include revenue and assets of Postlink and PT SysArmy.

19. Current Year Prospects

The Group will continue to enhance its revenue from the business segment of CyberSecurity and maintain its market share in its e-business solutions, vis-a-vis continuing with research and development on the e-Logistics segment for the remaining financial quarter of FYE 31 March 2018.

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 2018.

21. Tax Expense

	CURRENT QUARTER ENDED 31.12.2017 RM'000	CURRENT PERIOD TO- DATE 31.12.2017 RM'000
Income Tax		
- Malaysian Tax	30	62
- Foreign Tax	61	71
- Deferred Tax	-	-
	91	133

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.

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 five (5) years until 19 September 2021.

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

As at 31 December 2017

	Long Term		Short term		Total	
	SGD'000	RM'000	SGD'000	RM'000	SGD'000	RM'000
Secured						
- Long term loan	40	6,239	146	738	186	6,977
- Hire purchase	-	435	-	211	-	646
						7,623
					Gearing ratio (times)	0.15

As at 31 December 2016

	Long Term		Short term		Total	
	SGD'000	RM'000	SGD'000	RM'000	SGD'000	RM'000
Secured						
- Long term loan	-	6,150	-	142	-	6,292
- Hire purchase	-	342	-	145	-	487
						6,779
					Gearing ratio (times)	0.17

Other than Postlink's borrowings of SGD186,000 and monthly repayments of the said borrowings, there are no other foreign denominated borrowings, unsecured borrowings or significant changes in the level of borrowings of the Group. The Ringgit Malaysia term loans bear interest at 4.60% to 4.95% per annum, the SGD term loans bear interest at 9.50% to 11.76% per annum whilst the effective rate implicit in the hire purchase is at 4.81% to 5.39% per annum.

24. Realised and Unrealised Profits/Losses Disclosure

The retained profits as at 31 December 2017 are analysed as follows:

	31.12.2017 RM'000	31.03.2017 RM'000
Total retained profits of the Company and Subsidiaries		
- Realised	7,847	6,794
- Unrealised	(136)	(203)
	7,711	6,591
Less: Consolidated adjustments	-	-
Total Group retained profits	7,711	6,591

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 dividend has been recommended during the financial period under review.

27. Basic earnings per Share

	CURRENT QUARTER ENDED		CURRENT PERIOD TO-DATE	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Basic earnings per share				
Profit after tax attributable to owners of the parent (RM'000)	473	656	1,120	2,326
Weighted average number of ordinary shares in issue ('000)	347,708	317,338	330,836	317,338
Basic earnings per share (sen)	0.14	0.21	0.34	0.73

By the Order of the Board

Company Secretary

Dated this 8th Day of February 2018.