



**SYSTECH BHD 897114-T**

Incorporated in Malaysia

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018**

(the figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 30.06.2018 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.06.2017 RM'000	CURRENT PERIOD TO-DATE 30.06.2018 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30.06.2017 RM'000
Revenue	9,067	3,819	9,067	3,819
Amortisation of research and development expenses	(679)	(548)	(679)	(548)
Other cost of sales	(4,341)	(1,402)	(4,341)	(1,402)
<b>Gross profit</b>	<b>4,047</b>	<b>1,869</b>	<b>4,047</b>	<b>1,869</b>
Interest income	26	38	26	38
Other income	27	16	27	16
Administration expenses	(1,617)	(675)	(1,617)	(675)
Depreciation	(225)	(207)	(225)	(207)
Impairment of goodwill	(157)	(157)	(157)	(157)
Selling and distribution expenses	(115)	(277)	(115)	(277)
Provision for doubtful debts	(50)	-	(50)	-
Gain/(Loss) on disposal of investment	-	-	-	-
Impairment of assets	-	-	-	-
Gain/(Loss) on foreign exchange	2	24	2	24
Gain/(Loss) on derivatives	-	-	-	-
Other operating expenses	(287)	(182)	(287)	(182)
<b>Profit from operations</b>	<b>1,651</b>	<b>449</b>	<b>1,651</b>	<b>449</b>
Finance cost	(89)	(77)	(89)	(77)
<b>Profit before tax</b>	<b>1,562</b>	<b>372</b>	<b>1,562</b>	<b>372</b>
Income tax expenses	(368)	(5)	(368)	(5)
<b>Profit after tax</b>	<b>1,194</b>	<b>367</b>	<b>1,194</b>	<b>367</b>
Other comprehensive (expense)/income	109	-	109	-
	<b>1,303</b>	<b>367</b>	<b>1,303</b>	<b>367</b>
<b>Profit attributable to:-</b>				
- Owners of the parent	787	407	787	407
- Non-controlling Interest	407	(40)	407	(40)
	<b>1,194</b>	<b>367</b>	<b>1,194</b>	<b>367</b>
<b>Earnings per share ("EPS") attributable to owners of the parent (sen per share)</b>				
Basic	0.23	0.13	0.23	0.13
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 2018. 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 2018**

(the figures have not been audited)

	<b>UNAUDITED</b>	<b>AUDITED</b>
	<b>AS AT</b>	<b>AS AT</b>
	<b>30.06.2018</b>	<b>31.03.2018</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	6,024	6,230
Goodwill on consolidation	32,876	32,977
Investment properties	3,548	3,567
Development expenditure	8,758	8,493
Other investment	251	251
Deferred tax assets	67	67
<b>TOTAL NON-CURRENT ASSETS</b>	<b>51,524</b>	<b>51,585</b>
<b>CURRENT ASSETS</b>		
Inventory	2	29
Trade receivables	6,712	6,535
Other receivables, deposits and prepayments	817	513
Current tax assets	246	186
Fixed deposits with licensed financial institution	-	500
Short term deposits with licensed financial institutions	2,222	2,408
Cash and bank balances	3,652	2,893
<b>TOTAL CURRENT ASSETS</b>	<b>13,651</b>	<b>13,064</b>
<b>TOTAL ASSETS</b>	<b>65,175</b>	<b>64,649</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT</b>		
Share capital	43,882	43,882
Retained earnings	8,776	7,989
Exchange translation reserves	(866)	(960)
Treasury Shares	(362)	(362)
	51,430	50,549
Non-controlling interest	2,091	1,669
<b>TOTAL EQUITY</b>	<b>53,521</b>	<b>52,218</b>
<b>NON-CURRENT LIABILITIES</b>		
Borrowings	6,305	6,471
Deferred tax liabilities	301	251
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>6,606</b>	<b>6,722</b>
<b>CURRENT LIABILITIES</b>		
Trade payables	793	1,692
Other payables and accruals	2,385	2,403
Amount owing to directors	592	533
Provision for taxation	440	175
Borrowings	838	906
<b>TOTAL CURRENT LIABILITIES</b>	<b>5,048</b>	<b>5,709</b>
<b>TOTAL LIABILITIES</b>	<b>11,654</b>	<b>12,431</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>65,175</b>	<b>64,649</b>
<b>NET ASSETS PER SHARE (SEN)</b>	<b>15.39</b>	<b>11.90</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 2018. 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 2018**

(the figures have not been audited)

Three (3) months ended 30 June 2018	-----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 2018	43,882	7,989	(362)	(960)	50,549	1,669	52,218
Total comprehensive income for the financial period	-	787	-	94	881	422	1,303
Balance as at 30 June 2018	43,882	8,776	(362)	(866)	51,430	2,091	53,521

Three (3) months ended 30 June 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
Repurchase of shares	-	-	(92)	-	(92)	-	(92)
Total comprehensive income for the financial period	-	407	-	-	407	(40)	367
Balance as at 30 June 2017	31,734	6,998	(306)	(3)	38,423	364	38,787

*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 2018. 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 2018**

(the figures have not been audited)

	CUMULATIVE QUARTERS	
	CURRENT PERIOD TO-DATE 30.06.2018 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30.06.2017 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	1,562	367
Adjustment for non-cash items	1,192	1,040
Operating profit before changes in working capital	2,754	1,407
Increase in trade receivables	(227)	(301)
Other net changes in assets	(277)	(614)
(Decrease)/Increase in trade payables	(900)	321
Other net changes in liabilities	42	51
Cash flow from operations	1,392	864
Tax (paid)/refunded	(113)	102
Net cash flow from operating activities	1,279	966
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(22)	(58)
Payment for development expenditure	(941)	(758)
Interest received	26	53
Net cash flow used in investing activities	(937)	(763)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Purchase of treasury shares	-	(92)
Net change in hire purchase payables	(52)	(36)
Interest paid	(89)	(77)
Net changes in term loan	(182)	(52)
Net cash flow used in financing activities	(323)	(257)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	19	(54)
<i>Effect of changes in exchange rate</i>	54	-
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD</b>	5,801	7,304
<b>CASH AND CASH EQUIVALENTS AT THE END OF PERIOD</b>	5,874	7,250

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	2,222	5,056
Cash and bank balances	3,652	1,694
	5,874	7,250

*The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Annual Financial Report for the financial year ended 31 March 2018. 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 2018**

### **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 2018.

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 2018.

#### **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 2018.

#### **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 2018.

#### **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 2018 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. 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 30.06.2018 RM'000	As at 31.03.2018 RM'000
Corporate guarantees given to banks as securities for credit facilities granted to a subsidiary	<u>6,395</u>	<u>6,307</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 30 JUNE 2018**

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

#### **16. Review of Performance**

The Group recorded RM9.067 million of revenue and a profit after taxation of RM1.194 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 Pte. Ltd. (“**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 e-logistic services for Postlink’s customers.

During the period under review, there were no factors or circumstances that significantly affected its revenue, costs or profit margins.

The current quarter under review had included the results from SysCode Sdn Bhd (“**SysCode**”) and Postlink, of which the acquisition of equity interest in these companies were completed on 31 July 2017 and 30 August 2017, respectively. Consequently, in comparing the results of the Group for the quarter under review against the corresponding quarter of the previous financial year, will indicate a general increase in all aspects, i.e. increase in revenue, gross profit and profit after tax.

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 YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	Changes		CURRENT PERIOD TO-DATE	PRECEDING YEAR CORRESPONDING PERIOD	Changes	
	30.06.2018	30.06.2017	RM'000	%	30.06.2018	30.06.2017	RM'000	%
	RM'000	RM'000			RM'000	RM'000		
Revenue	9,067	3,819	5,248	137.42	9,067	3,819	5,248	137.42
Gross profit	4,047	1,869	2,178	116.53	4,047	1,869	2,178	116.53
Profit before interest and tax	1,651	449	1,202	267.71	1,651	449	1,202	267.71
Profit before tax	1,562	372	1,190	319.89	1,562	372	1,190	319.89
Profit after tax	1,194	367	827	225.34	1,194	367	827	225.34
Attributable to owners of the parent	787	407	380	93.37	787	407	380	93.37

Postlink contributed RM4.762 million in revenue and a profit after tax of RM0.716 million during the current quarter under review. e-Business solutions and CyberSecurity segments also recorded increase in revenue and profit after tax in the current quarter under review as compared to the corresponding quarter of the previous financial year.

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. Syscatech, 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 impact 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 give 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 impact 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 180 days. Other credit terms are assessed and approved on a case-by-case basis. 60% of the Group's total receivables are neither past due nor impaired, with the remaining comprised of credible receivables with regular payments. The Group had made a provision for doubtful debts amounting to RM50,000 during the period under review.



## 17. Variation of Results against Preceding Quarter

	INDIVIDUAL QUARTER			
	CURRENT	IMMEDIATE	Changes	
	YEAR	PRECEDING		
	QUARTER	QUARTER	RM'000	%
	30.06.2018	31.03.2018		
	RM'000	RM'000		
Revenue	9,067	6,934	2,133	30.76
Gross profit	4,047	2,774	1,273	45.89
Profit before interest and tax	1,651	760	891	117.24
Profit before tax	1,562	669	893	133.48
Profit after tax	1,194	539	655	121.52
Attributable to owners of the parent	787	203	584	287.68

Revenue for the quarter under review had increased as compared to the immediate preceding quarter mainly due to higher contribution from the e-business solutions and e-Logistics segments during the said period. The increase in profit after tax is mainly due to higher gross margin recorded during the said period following the increase in revenue from the e-business solutions segment.

## 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:

### Three (3) Months Financial Period Ended 30 June 2018

	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	2,981	1,324	4,762	-	9,067
Segment results	656	99	870	-	1,625
Interest income					26
Financing cost					(89)
Profit before taxation					1,562
Tax Expenses					(368)
Profit after taxation					1,194
Segment assets	52,261	4,978	3,891	4,045	65,175
Segment liabilities	8,606	1,563	1,234	251	11,654
Capital and development expenditure	638	325	-	-	963
Depreciation	164	59	3	-	225

*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:

Three (3) Months Financial Period Ended 30 June 2018				
	Malaysia RM'000	North Asia and Other Areas RM'000	South East Asia RM'000	Total RM'000
Revenue from external customers	3,195	669	5,203	9,067
Segment assets	58,312	2,451	4,412	65,175
Capital and development expenditure	963	-	-	963

The segmental results of South East Asia include revenue and assets of Postlink and PT SysArmy, whilst the segment assets of North Asia and Other Areas includes assets of Syscatech, Inc.

## 19. Current Year Prospects

With the challenging business environment expected in the second half of 2018, the Group will continue to focus on maintaining its market share in the e-business solutions segment whilst further developing its CyberSecurity solutions and services. The Group will also continue its research and development on the e-Logistics segment whilst exploring opportunities for the blockchain solutions currently being developed by SysCode for the remaining financial quarters of the FYE 31 March 2019

## 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 2019.

## 21. Tax Expense

	CURRENT QUARTER ENDED 30.06.2018 RM'000	CURRENT PERIOD TO- DATE 30.06.2018 RM'000
Income Tax		
- Malaysian Tax	158	158
- Foreign Tax	160	160
- Deferred Tax	50	50
	368	368

The Group's effective tax rate for the current financial quarter is lower than the statutory tax rate mainly due to:

- the lower statutory tax rate in which Postlink is subjected to in Singapore;
- the Pioneer Status of Mobysys which had just expired on 15 June 2018; and
- the Pioneer Status Incentive under the Promotion of Investments Act, 1986 enjoyed by SysArmy 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 30 June 2018

	Long Term		Short term		Total	
	SGD'000	RM'000	SGD'000	RM'000	SGD'000	RM'000
<b>Secured</b>						
- Term loan	-	5,979	113	623	113	6,602
- Hire purchase	-	326	-	215	-	541
						7,143
					Gearing ratio (times)	0.14

As at 30 June 2017

	Long Term		Short term		Total	
	SGD'000	RM'000	SGD'000	RM'000	SGD'000	RM'000
<b>Secured</b>						
- Term loan	-	5,966	-	218	-	6,184
- Hire purchase	-	266	-	149	-	415
						6,599
					Gearing ratio (times)	0.17

Other than Postlink's borrowings of SGD113,000 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 4.70% to 5.10% per annum, the SGD term loans bear interest at 6.00% to 9.50% per annum whilst the effective rate implicit in the hire purchase is at 4.50% to 5.39% per annum.

## 24. 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.

## 25. Dividends

No dividend has been recommended during the financial period under review.

## 26. Basic earnings per Share

	CURRENT QUARTER ENDED		CURRENT PERIOD TO-DATE	
	30.06.2018	30.06.2017	30.06.2018	30.06.2017
<b>Basic earnings per share</b>				
Profit after tax attributable to owners of the parent (RM'000)	787	407	787	407
Weighted average number of ordinary shares in issue ('000)	347,708	317,338	347,708	317,338
Basic earnings per share (sen)	0.23	0.13	0.23	0.13

**By the Order of the Board**

**Company Secretary**

**Dated this 31<sup>st</sup> Day of July 2018.**