



SYSTECH BHD 897114-T
Incorporated in Malaysia

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019**

(the figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 30.09.2019 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.09.2018 RM'000	CURRENT PERIOD TO-DATE 30.09.2019 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30.09.2018 RM'000
CONTINUING OPERATIONS				
Revenue	6,732	6,667	15,404	15,734
Amortisation of research and development expenses	(837)	(720)	(1,635)	(1,400)
Other cost of sales	(2,684)	(2,220)	(6,923)	(6,561)
Gross profit	3,211	3,727	6,846	7,773
Interest income	30	28	59	54
Other income	63	23	77	50
Administration expenses	(1,317)	(1,318)	(2,606)	(2,935)
Depreciation	(231)	(270)	(482)	(495)
Impairment of goodwill	(319)	(481)	(638)	(638)
Selling and distribution expenses	(388)	(652)	(802)	(766)
Provision for doubtful debts	-	-	(25)	(50)
Gain/(Loss) on foreign exchange	(7)	2	(5)	4
Gain/(Loss) on disposal property, plant and equipment	-	(0)	(0)	(0)
Other operating expenses	(557)	(290)	(957)	(578)
Profit from operations	485	769	1,467	2,419
Finance cost	(76)	(88)	(154)	(177)
Profit before tax from continuing operations	409	681	1,313	2,242
Income tax expenses	(23)	(184)	(187)	(552)
Profit after tax from continuing operations	386	497	1,126	1,690
Discontinued operations				
Loss from discontinued operation, net of tax	(3)	-	(6)	-
Profit after tax	383	497	1,120	1,690
Other comprehensive (expense)/income	(50)	388	123	497
Total comprehensive income for the period	333	885	1,243	2,187
Profit after tax attributable to:-				
- Owners of the parent	319	408	614	1,195
- Non-controlling Interest	64	89	506	495
	383	497	1,120	1,690
Total comprehensive income for the period attributable to:-				
- Owners of the parent	289	766	731	1,646
- Non-controlling Interest	44	119	512	541
	333	885	1,243	2,187
Earnings per share attributable to owners of the parent (sen per share)				
Basic				
- continuing operations	0.09	0.12	0.18	0.34
- discontinued operation	(0.00)	-	(0.00)	-
	0.09	0.12	0.18	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 2019. 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 SEPTEMBER 2019

(the figures have not been audited)

	UNAUDITED AS AT 30.09.2019 RM'000	AUDITED AS AT 31.03.2019 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	5,288	5,597
Goodwill on consolidation	31,460	31,983
Investment properties	3,453	3,491
Development expenditure	9,373	9,330
Other investment	261	261
Deferred tax assets	67	67
TOTAL NON-CURRENT ASSETS	49,902	50,729
CURRENT ASSETS		
Inventory	2	10
Trade receivables	5,998	6,494
Other receivables, deposits and prepayments	309	351
Current tax assets	873	241
Fixed deposits with licensed financial institution	261	260
Short term deposits with licensed financial institutions	2,784	3,210
Cash and bank balances	2,773	2,229
Assets of non-current assets classified as held for sale	33	49
TOTAL CURRENT ASSETS	13,033	12,844
TOTAL ASSETS	62,935	63,573
EQUITY AND LIABILITIES		
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		
Share capital	43,882	43,882
Retained earnings	8,311	8,389
Exchange translation reserves	(514)	(631)
Treasury Shares	(376)	(376)
	51,303	51,264
Non-controlling interest	1,773	1,833
TOTAL EQUITY	53,076	53,097
NON-CURRENT LIABILITIES		
Borrowings	5,741	5,972
Deferred tax liabilities	424	424
TOTAL NON-CURRENT LIABILITIES	6,165	6,396
CURRENT LIABILITIES		
Trade payables	972	1,369
Other payables and accruals	1,117	1,482
Amount owing to directors	334	480
Provision for taxation	798	207
Borrowings	440	494
Liabilities of non-current assets classified as held for sale	33	48
TOTAL CURRENT LIABILITIES	3,694	4,080
TOTAL LIABILITIES	9,859	10,476
TOTAL EQUITY AND LIABILITIES	62,935	63,573
NET ASSETS PER SHARE (SEN)	15.26	15.27

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the financial year ended 31 March 2019. 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 SEPTEMBER 2019**

(the figures have not been audited)

Six (6) months ended 30 September 2019	←-----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 2019	43,882	8,389	(376)	(631)	51,264	1,833	53,097
Total comprehensive income for the financial period	-	614	-	117	731	(60)	671
Dividends - equity holder	-	(692)	-	-	(692)	-	(692)
Balance as at 30 September 2019	<u>43,882</u>	<u>8,311</u>	<u>(376)</u>	<u>(514)</u>	<u>51,303</u>	<u>1,773</u>	<u>53,076</u>
Six (6) months ended 30 September 2018	←-----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 2018	43,882	7,989	(362)	(960)	50,549	1,669	52,218
Total comprehensive income for the financial period	-	1,195	-	451	1,646	(275)	1,371
Balance as at 30 June 2018	<u>43,882</u>	<u>9,184</u>	<u>(362)</u>	<u>(509)</u>	<u>52,195</u>	<u>1,394</u>	<u>53,589</u>

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 2019. 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 SEPTEMBER 2019**

(the figures have not been audited)

	CUMULATIVE QUARTERS	
	CURRENT PERIOD TO-DATE 30.09.2019 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30.09.2018 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax		
- continuing operations	1,313	2,242
- discontinued operation	(6)	-
Adjustment for non-cash items	2,954	2,713
Operating profit before changes in working capital	4,261	4,955
Decrease in trade receivables	471	342
Other net changes in assets	50	(44)
Decrease in trade payables	(345)	(890)
Other net changes in liabilities	(561)	(375)
Cash flow from operations	3,876	3,988
Tax paid	(226)	(180)
Net cash flow from operating activities	3,650	3,808
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(145)	(327)
Payment for development expenditure	(1,748)	(1,858)
Development expenditure written off	-	104
Interest received	59	54
Net cash flow used in investing activities	(1,834)	(2,027)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to minority shareholders of subsidiary	(578)	(815)
Dividend paid to shareholders of the Company	(692)	-
Net changes in hire purchase payables	(92)	(105)
Interest paid	(154)	(177)
Net changes in term loan	(194)	(361)
Net cash flow used in financing activities	(1,710)	(1,458)
NET INCREASE IN CASH AND CASH EQUIVALENTS	106	323
<i>Effect of changes in exchange rate</i>	13	130
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	5,699	5,801
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	5,818	6,254
The cash and cash equivalents at the end of the reporting period comprised of the following:-		
Fixed deposits with licensed financial institution	261	161
Short term deposits with licensed financial institutions	2,784	2,485
Cash and bank balances	2,773	3,608
	5,818	6,254

The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Annual Financial Report for the financial year ended 31 March 2019. 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 SEPTEMBER 2019**

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 2019.

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 2019.

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 2019 except for those standards, amendments and IC Interpretation, which are effective for financial period beginning on or after 1 April 2019 and are applicable to the Group. The adoption of these new MFRSs do not have any significant effect on the financial statements of the Group.

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 2019.

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 2019 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

A single tier final dividend of 0.2 sen per ordinary share amounting to RM691,696 in respect of the FYE 31 March 2019 on 345,847,820 ordinary shares was paid on 13 September 2019.

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 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 30.09.2019 RM'000	As at 31.03.2019 RM'000
Corporate guarantees given to banks as securities for credit facilities granted to a subsidiary	5,967	6,027

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 SEPTEMBER 2019**

PART B: ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS

16. Review of Performance

The Group recorded RM6.732 million of revenue and a profit after taxation of RM0.386 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 Sdn Bhd (“**SysCode**”), which is principally involved in the development and research and development of cloud-based software solutions and blockchain 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 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	
	30.09.2019	30.09.2018	RM'000	%	30.09.2019	30.09.2018	RM'000	%
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	6,732	6,667	65	0.97	15,404	15,734	(330)	(2.10)
Gross profit	3,211	3,727	(516)	(13.84)	6,846	7,773	(927)	(11.93)
Profit before interest and tax	485	769	(284)	(36.93)	1,467	2,419	(952)	(39.36)
Profit before tax	409	681	(272)	(39.94)	1,313	2,242	(929)	(41.44)
Profit after tax	386	497	(111)	(22.33)	1,126	1,690	(564)	(33.37)
Attributable to owners of the parent	319	408	(89)	(21.81)	614	1,195	(581)	(48.62)

The revenue remained fairly consistent for the current quarter/period under review, whilst gross profit margins have declined for the e-Business solutions and e-Logistic segments during the current quarter under review resulting in lower gross profit and profit after taxation 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, 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. Approximately 75% of the Group's total receivables are neither past due nor impaired, with the remaining 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	IMMEDIATE		
	YEAR	PRECEDING		
	QUARTER	QUARTER		
	30.09.2019	30.06.2019	RM'000	%
	RM'000	RM'000		
Revenue	6,732	8,672	(1,940)	(22.37)
Gross profit	3,211	3,634	(423)	(11.64)
Profit/(Loss) before interest and tax	485	983	(498)	(50.66)
Profit/(Loss) before tax	409	904	(495)	(54.76)
Profit/(Loss) after tax	386	741	(355)	(47.91)
Attributable to owners of the parent	319	295	24	8.14

Revenue for the quarter under review had decreased as compared to the immediate preceding quarter mainly due to the decrease in contribution from the e-Logistics and CyberSecurity segments which was partially mitigated by the increase in contribution from the e-Business solutions segment. Although higher gross margin was recorded during the said period, the lower profit after tax was due to the increase in expenses incurred during the said quarter.

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:

Six (6) Months Financial Period Ended 30 September 2019

	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	5,074	3,360	6,970	-	15,404
Segment results	522	242	1,282	(638)	1,408
Interest income					59
Financing cost					(154)
Profit before taxation					1,313
Tax Expenses					(187)
Profit after taxation					1,126
Segment assets	19,315	5,230	2,343	36,047	62,935
Segment liabilities	7,535	1,062	838	424	9,859
Capital and development expenditure	1,103	789	-	-	1,892
Depreciation	331	142	9	-	482

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 which has a currency denomination in IDR.

The segmental results based on geographical segments are as follows:

Six (6) Months Financial Period Ended 30 September 2019

	Malaysia RM'000	North Asia and Other Areas RM'000	South East Asia RM'000	Total RM'000
Revenue from external customers	5,024	595	9,785	15,404
Segment assets	57,106	1,135	4,694	62,935
Capital and development expenditure	1,892	-	-	1,892

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 Syscotech, Inc.

19. Current Year Prospects

The Group faces challenges for the remaining quarters of the FYE 31 March 2020 due to the regional economic environment but will nonetheless continue to focus on research and development and expanding its customer base particularly in the e-Business solutions and CyberSecurity segments.

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 2020.

21. Tax Expense

	CURRENT QUARTER ENDED 30.09.2019 RM'000	CURRENT PERIOD TO- DATE 30.09.2019 RM'000
Income Tax		
- Malaysian Tax	20	20
- Foreign Tax	3	167
- Deferred Tax	-	-
	<u>23</u>	<u>187</u>

The provision for foreign income tax mainly relates to the tax provision of the e-Logistics segment.

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 September 2019

	Long Term		Short term		Total	
	SGD'000	RM'000	SGD'000	RM'000	SGD'000	RM'000
Secured						
- Term loan	-	5,576	-	317	-	5,893
- Hire purchase	-	165	-	123	-	288
						6,181
					Gearing ratio (times)	0.12

As at 30 September 2018

	Long Term		Short term		Total	
	SGD'000	RM'000	SGD'000	RM'000	SGD'000	RM'000
Secured						
- Term loan	-	5,895	76	528	76	6,423
- Hire purchase	-	288	-	200	-	488
						6,911
					Gearing ratio (times)	0.13

There are no 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 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	
	30.09.2019	30.09.2018	30.09.2019	30.09.2018
Basic earnings per share				
Profit after tax attributable to owners of the parent (RM'000)	319	408	614	1,195
Weighted average number of ordinary shares in issue ('000)	347,708	347,708	347,708	347,708
Basic earnings per share (sen)	0.09	0.12	0.18	0.34

By the Order of the Board

Company Secretary

Dated this 15th Day of November 2019.