



SYSTECH BHD 201001012883(897114-T)
Incorporated in Malaysia

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021**

(the figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 30.06.2021 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.06.2020 RM'000	CURRENT PERIOD TO-DATE 30.06.2021 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30.06.2020 RM'000
Revenue	5,833	7,160	5,833	7,160
Amortisation of research and development expenses	(891)	(868)	(891)	(868)
Other cost of sales	(3,113)	(3,240)	(3,113)	(3,240)
Gross profit	1,829	3,052	1,829	3,052
Interest income	23	27	23	27
Other income	48	199	48	199
Administration expenses	(1,285)	(1,272)	(1,285)	(1,272)
Depreciation	(175)	(235)	(175)	(235)
Impairment of goodwill	(319)	(319)	(319)	(319)
Selling and distribution expenses	(532)	(367)	(532)	(367)
Provision for doubtful debts	-	(96)	-	(96)
Gain/(Loss) on foreign exchange	(21)	5	(21)	5
Other operating expenses	(293)	(288)	(293)	(288)
(Loss)/Profit from operations	(725)	706	(725)	706
Finance cost	(59)	(66)	(59)	(66)
(Loss)/Profit before tax	(784)	640	(784)	640
Income tax expenses	(58)	(3)	(58)	(3)
(Loss)/Profit after tax	(842)	637	(842)	637
Other comprehensive income	17	251	17	251
Total comprehensive (expense)/income for the period	(825)	888	(825)	888
(Loss)/Profit after tax attributable to:-				
- Owners of the parent	(754)	83	(754)	83
- Non-controlling Interest	(88)	554	(88)	554
	(842)	637	(842)	637
Total comprehensive (expense)/income for the period attributable to:-				
- Owners of the parent	(737)	320	(737)	320
- Non-controlling Interest	(88)	568	(88)	568
	(825)	888	(825)	888
(Loss)/Earnings per share attributable to owners of the parent (sen per share)				
Basic	(0.22)	0.02	(0.22)	0.02
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 2021. The accompany notes are an integral part of this statement.



SYSTECH BHD 201001012883(897114-T)
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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021**

(the figures have not been audited)

	UNAUDITED AS AT 30.06.2021 RM'000	AUDITED AS AT 31.03.2021 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	4,662	4,703
Goodwill on consolidation	29,162	29,456
Investment properties	3,320	3,339
Right-of-use assets	675	741
Development expenditure	9,126	9,185
Other investment	292	299
Deferred tax assets	67	67
TOTAL NON-CURRENT ASSETS	47,304	47,790
CURRENT ASSETS		
Inventory	5	16
Trade receivables	2,801	3,691
Other receivables, deposits and prepayments	536	553
Current tax assets	664	636
Fixed deposits with licensed financial institution	270	269
Short term deposits with licensed financial institutions	4,371	4,392
Cash and bank balances	2,975	3,043
TOTAL CURRENT ASSETS	11,622	12,600
TOTAL ASSETS	58,926	60,390
EQUITY AND LIABILITIES		
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		
Share capital	43,882	43,882
Retained earnings	4,349	5,110
Exchange translation reserves	(277)	(301)
Treasury Shares	(376)	(376)
	47,578	48,315
Non-controlling interest	2,515	2,603
TOTAL EQUITY	50,093	50,918
NON-CURRENT LIABILITIES		
Borrowings	5,239	5,327
Lease liabilities	427	492
Deferred tax liabilities	524	474
TOTAL NON-CURRENT LIABILITIES	6,190	6,293
CURRENT LIABILITIES		
Trade payables	659	709
Other payables and accruals	1,213	1,632
Provision for taxation	34	75
Borrowings	478	506
Lease liabilities	259	257
TOTAL CURRENT LIABILITIES	2,643	3,179
TOTAL LIABILITIES	8,833	9,472
TOTAL EQUITY AND LIABILITIES	58,926	60,390
NET ASSETS PER SHARE (SEN)	14.41	14.64

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the financial year ended 31 March 2021. The accompany notes are an integral part of this statement.



SYSTECH BHD 201001012883(897114-T)
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021**

(the figures have not been audited)

Three (3) months ended 30 June 2021	<-----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 2021	43,882	5,110	(376)	(301)	48,315	2,603	50,918
Total comprehensive (expense)/income for the financial period	-	(761)	-	24	(737)	(88)	(825)
Balance as at 30 June 2021	43,882	4,349	(376)	(277)	47,578	2,515	50,093

Three (3) months ended 30 June 2020	<-----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 2020	43,882	7,106	(376)	(574)	50,038	1,963	52,001
Total comprehensive income for the financial period	-	83	-	237	320	568	888
Balance as at 30 June 2020	43,882	7,189	(376)	(337)	50,358	2,531	52,889

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 2021. The accompany notes are an integral part of this statement.



SYSTECH BHD 201001012883(897114-T)
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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021**

(the figures have not been audited)

	CUMULATIVE QUARTERS	
	CURRENT PERIOD TO-DATE 30.06.2021 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30.06.2020 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before tax	(784)	640
Adjustment for non-cash items	1,483	1,599
Operating profit before changes in working capital	699	2,239
Decrease in trade receivables	922	133
Other net changes in assets	(5)	50
Decrease in trade payables	(50)	(59)
Other net changes in liabilities	(420)	(185)
Cash flow from operations	1,146	2,178
Tax paid	(76)	(71)
Net cash flow from operating activities	1,070	2,107
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(76)	(1)
Payment for development expenditure	(866)	(766)
Interest received	23	27
Net cash flow used in investing activities	(919)	(740)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(59)	(7)
Net changes in hire purchase payables	(22)	(34)
Net changes in term loan	(94)	-
Net changes in lease liabilities	(62)	(59)
Net cash flow used in financing activities	(237)	(100)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(86)	1,267
<i>Effect of changes in exchange rate</i>	(2)	19
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	7,704	6,311
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	7,616	7,597

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

Fixed deposits with licensed financial institution	270	262
Short term deposits with licensed financial institutions	4,371	3,017
Cash and bank balances	2,975	4,318
	7,616	7,597

The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Annual Financial Report for the financial year ended 31 March 2021. The accompany notes are an integral part of this statement.



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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 2021

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 2021.

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 2021.

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 2021 except for those standards, amendments and IC Interpretation, which are effective for financial period beginning on or after 1 April 2021 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 2021.

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 2021 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

Other than the imposition of National Recovery Plan and the Full Movement Control Order implemented by the Government of Malaysia to curb the spread of COVID-19, there were no other 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 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 30.06.2021 RM'000	As at 31.03.2021 RM'000
Corporate guarantees given to banks as securities for credit facilities granted to a subsidiary	<u>5,521</u>	<u>5,610</u>

15. Significant Related Party Transactions

There were no significant related party transactions during the financial period under review.



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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 2021

PART B: ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS

16. Review of Performance

The Group recorded RM5.833 million of revenue and a loss after taxation of RM0.842 million within the current quarter under review, with the recorded revenue of the quarter continuously contributed by the business operation of the following same seven (7) direct subsidiaries with business operation:

- (i) Syscotech Sdn Bhd (“**Syscotech**”), which is involved principally in designing, researching and developing, customising and implementing its proprietary software solutions for the members’ centric industry such as the direct selling industry and retail industry;
- (ii) Mobysys Sdn Bhd (“**Mobysys**”), which is otherwise involved principally in developing franchise software system catering for the needs of franchise business operator in operating and managing their franchise business;
- (iii) SysCode Sdn Bhd (“**SysCode**”), which is principally involved in research and development and implementation of cloud-based software solutions and blockchain solutions. (The software solutions provided by Syscotech, Mobysys and SysCode are referred herein and hereafter as “**e-Business solutions**”);
- (iv) SysArmy Sdn Bhd, and both its subsidiaries, PT SysArmy Indocyber Security and Secure IoT Sdn Bhd (“**SysArmy**”), are all 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, training and advisory work (the applications and services provided by SysArmy are referred herein and hereafter 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 referred herein and hereafter as “**e-Logistics**”).

In general, demand for the Group’s solutions are driven by the general economic conditions.

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

- (a) Develop an enhance solutions, manage customisation and to maintain solutions provided under the Group’s e-business solutions segment;
- (b) undertake the provision of monitoring and professional services as well as to provide the necessary advice and training to its CyberSecurity customers; and
- (c) undertake the provision of e-logistic services for Postlink’s customers.

Except as disclosed in Note 6 of this Interim Financial Report, there were no other factors or circumstances that significantly affected the Group’s revenue, costs or profit margins during the period under review.

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	
	30.06.2021	30.06.2020	RM'000	%	30.06.2021	30.06.2020	RM'000	%
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	5,833	7,160	(1,327)	(18.53)	5,833	7,160	(1,327)	(18.53)
Gross profit	1,829	3,052	(1,223)	(40.07)	1,829	3,052	(1,223)	(40.07)
(Loss)/Profit before interest and tax	(725)	706	(1,431)	(202.69)	(725)	706	(1,431)	(202.69)
(Loss)/Profit before tax	(784)	640	(1,424)	(222.50)	(784)	640	(1,424)	(222.50)
(Loss)/Profit after tax	(842)	637	(1,479)	(232.18)	(842)	637	(1,479)	(232.18)
Attributable to owners of the parent	(754)	83	(837)	N/A	(754)	83	(837)	N/A

The lower revenue for the current quarter under review was mainly due to the decrease in demand from the business segments of e-Business solutions and e-Logistics, with the decrease partly cushioned by the increase in revenue from the segment of CyberSecurity.

The loss after taxation in the current quarter under review was mainly due to the lower revenue generated and lower gross margin if compared to the corresponding quarter of the previous financial year. There were also higher subsidies received by the Group totaling of approximately RM424,972 in the corresponding quarter of the previous financial year from the respective Government in which the Group operates, while the subsidies received during the current quarter under review were approximately RM28,180 as detailed below.

Other income of the current quarter under review includes the following:

- A total amount of SGD9,087, which is equivalent to approximately RM28,180 was received by Postlink under the "Jobs Support Scheme" and "SkillsFuture Enterprise Credit" introduced by the Government of the Republic of Singapore for supporting the continuous engagement of employees as well as encouraging enterprise development and workforce transformation while the pandemic is still ongoing.

Except for the foregoing-mentioned, there was no other income of a material amount being received by the Group or other expenses of a material amount being incurred by the Group during the period under review.

Other than Postlink, which was incorporated in the Republic of Singapore and PT SysArmy Indocyber Security ("PT SysArmy"), which was incorporated by SysArmy Sdn Bhd in the Republic of Indonesia as direct subsidiary of SysArmy Sdn Bhd; the remaining overseas direct subsidiary of Systech, which is Sycatech, Inc., was incorporated in the United States of America by Systech and continue to remained dormant. In view of the dormant position of Sycatech Inc, the exposure of foreign currency translation risk of United States Dollar ("USD") is therefore not significant.

The Group is exposed to currency exposure arising from its investment in Postlink and PT SysArmy as the functional currency of both the investment are denominated in Singapore Dollar ("SGD") and Indonesian Rupiah ("IDR") respectively. However, in view of the intra-group transactions transacted between the Group and Postlink together with PT SysArmy were insignificant during the period, the currency exposures hence have no material impact on the financial results of the Group for the current financial period under review. Despite the transactions were insignificant, the exposures were managed and monitored closely by the Group from time to time.

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 with parties not within the Group; 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 USD, 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 90% (net of provision for doubtful debts) of the Group's total receivables are neither past due nor impaired, with the remaining comprised of credible receivables with regular payments.

17. Variation of Results against Preceding Quarter

	INDIVIDUAL QUARTER		Changes	
	CURRENT YEAR QUARTER	IMMEDIATE PRECEDING QUARTER	RM'000	%
	30.06.2021	31.03.2021	RM'000	
Revenue	5,833	5,555	278	5.00
Gross profit	1,829	2,580	(751)	(29.11)
Loss before interest and tax	(725)	(64)	(661)	N/A
Loss before tax	(784)	(101)	(683)	N/A
Loss after tax	(842)	(253)	(589)	(232.81)
Attributable to owners of the parent	(754)	(477)	(277)	(58.07)

Revenue for the quarter under review had increased as compared to the immediate preceding quarter mainly due to the increase in contribution from the e-Logistics segment. Despite the increase in revenue generated, the loss after tax recorded was higher as compared to the immediate preceding quarter, mainly due to lower gross margin recorded during the current 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:

Three (3) Months Financial Period Ended 30 June 2021

	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	1,321	2,591	1,921	-	5,833
Segment results	(359)	(450)	380	(319)	(748)
Interest income					23
Financing cost					(59)
Loss before taxation					(784)
Tax Expenses					(58)
Loss after taxation					(842)
Segment assets	14,981	7,736	2,771	33,438	58,926
Segment liabilities	5,797	1,396	1,116	524	8,833
Capital and development expenditure	497	445	-	-	942
Depreciation	75	54	46	-	175

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:

Three (3) Months Financial Period Ended 30 June 2021

	Malaysia RM'000	North Asia and Other Areas RM'000	South East Asia RM'000	Total RM'000
Revenue from external customers	2,787	436	2,610	5,833
Segment assets	55,357	541	3,028	58,926
Capital and development expenditure	942	-	-	942

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

Given the current circumstances amidst market uncertainty and movement restrictions continued to be undertaken by the Government, economic activities and operation are expected to continue to be curtailed. Taking into consideration the aforesaid, the Group foresees the financial performance for the remaining quarters for FYE 31 March 2022 to remain challenging. Nonetheless, the Group will continue to take measures to ensure its long-term sustainability whilst placing the employees' health and safety in parallel to the priorities of the Group.

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 2022.

21. Tax Expense

	CURRENT QUARTER ENDED 30.06.2021 RM'000	CURRENT PERIOD TO- DATE 30.06.2021 RM'000
Income Tax		
- Malaysian Tax	-	-
- Foreign Tax	8	8
- Deferred Tax	50	50
	<u>58</u>	<u>58</u>

The deferred tax for the current quarter under review relates to deferred tax provision of the CyberSecurity 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 June 2021

	Long Term		Short term		Total	
	SGD'000	RM'000	SGD'000	RM'000	SGD'000	RM'000
Secured						
- Term loan	-	5,154	-	390	-	5,544
- Hire purchase	20	85	7	88	27	173
						5,717
					Gearing ratio (times)	0.11

As at 30 June 2020

	Long Term		Short term		Total	
	SGD'000	RM'000	SGD'000	RM'000	SGD'000	RM'000
Secured						
- Term loan	-	5,419	-	364	-	5,783
- Hire purchase	27	173	7	126	34	299
						6,082
					Gearing ratio (times)	0.11

Other than Postlink's hire purchase of SGD27,000 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 effective rate implicit in the hire purchase is at 4.50% to 5.39% per annum, whilst the SGD hire purchase effective rate is at 5.10%.

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	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
Basic loss per share (Loss)/Profit after tax attributable to owners of the parent (RM'000)	(754)	83	(754)	83
Weighted average number of ordinary shares in issue ('000)	347,708	347,708	347,708	347,708
Basic (loss)/earnings per share (sen)	(0.22)	0.02	(0.22)	0.02

By the Order of the Board

Company Secretary

Dated this 28th of July 2021.