



SYSTECH BHD 201001012883(897114-T)
Incorporated in Malaysia

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022

(the figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 30.06.2022 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.06.2021 RM'000	CURRENT PERIOD TO-DATE 30.06.2022 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30.06.2021 RM'000
Revenue	4,749	5,833	4,749	5,833
Amortisation of research and development expenses	(865)	(891)	(865)	(891)
Other cost of sales	(2,922)	(3,113)	(2,922)	(3,113)
Gross profit	962	1,829	962	1,829
Interest income	2	23	2	23
Other income	30	48	30	48
Administration expenses	(1,281)	(1,285)	(1,281)	(1,285)
Depreciation	(192)	(175)	(192)	(175)
Impairment of goodwill	-	(319)	-	(319)
Selling and distribution expenses	(470)	(532)	(470)	(532)
Loss on foreign exchange	(16)	(21)	(16)	(21)
Gain on disposal property, plant and equipment	95	-	95	-
Other operating expenses	(200)	(293)	(200)	(293)
Loss from operations	(1,070)	(725)	(1,070)	(725)
Finance cost	(54)	(59)	(54)	(59)
Loss before tax	(1,124)	(784)	(1,124)	(784)
Income tax expenses	(2)	(58)	(2)	(58)
Loss after tax	(1,126)	(842)	(1,126)	(842)
Other comprehensive income	303	17	303	17
Total comprehensive expenses for the period	(823)	(825)	(823)	(825)
Loss after tax attributable to:-				
- Owners of the parent	(816)	(754)	(816)	(754)
- Non-controlling Interest	(310)	(88)	(310)	(88)
	(1,126)	(842)	(1,126)	(842)
Total comprehensive expenses for the period attributable to:-				
- Owners of the parent	(523)	(737)	(523)	(737)
- Non-controlling Interest	(300)	(88)	(300)	(88)
	(823)	(825)	(823)	(825)
Loss per share attributable to owners of the parent (sen per share)				
Basic	(0.23)	(0.22)	(0.23)	(0.22)
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 2022. 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 2022**

(the figures have not been audited)

	UNAUDITED AS AT 30.06.2022 RM'000	AUDITED AS AT 31.03.2022 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	5,039	4,671
Goodwill on consolidation	9,973	9,723
Investment properties	3,244	3,263
Right-of-use assets	424	486
Development expenditure	8,324	8,644
Other investment	206	196
TOTAL NON-CURRENT ASSETS	27,210	26,983
CURRENT ASSETS		
Inventory	2	12
Trade receivables	2,822	3,833
Other receivables, deposits and prepayments	779	960
Current tax assets	876	734
Fixed deposits with licensed financial institution	270	269
Short term deposits with licensed financial institutions	1,981	2,372
Cash and bank balances	2,402	2,560
TOTAL CURRENT ASSETS	9,132	10,740
TOTAL ASSETS	36,342	37,723
EQUITY AND LIABILITIES		
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		
Share capital	43,882	43,882
Accumulated losses	(18,144)	(17,339)
Exchange translation reserves	80	(202)
Treasury Shares	(376)	(376)
	25,442	25,965
Non-controlling interest	2,275	2,575
TOTAL EQUITY	27,717	28,540
NON-CURRENT LIABILITIES		
Borrowings	5,113	4,944
Lease liabilities	176	234
Deferred tax liabilities	1,064	1,064
TOTAL NON-CURRENT LIABILITIES	6,353	6,242
CURRENT LIABILITIES		
Trade payables	363	751
Other payables and accruals	1,211	1,507
Borrowings	431	412
Lease liabilities	267	271
TOTAL CURRENT LIABILITIES	2,272	2,941
TOTAL LIABILITIES	8,625	9,183
TOTAL EQUITY AND LIABILITIES	36,342	37,723
NET ASSETS PER SHARE (SEN)	7.97	8.21

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the financial year ended 31 March 2022. 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 2022**

(the figures have not been audited)

Three (3) months ended 30 June 2022	-----ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY-----						NON- CONTROLLING INTEREST RM'000	TOTAL EQUITY RM'000
	ORDINARY SHARES RM'000	ACCUMULATED LOSSES RM'000	TREASURY SHARES RM'000	EXCHANGE TRANSLATION RESERVES RM'000	TOTAL RM'000			
Balance as at 1 April 2022	43,882	(17,339)	(376)	(202)	25,965	2,575	28,540	
Total comprehensive (expense)/income for the financial period	-	(805)	-	282	(523)	(300)	(823)	
Balance as at 30 June 2022	43,882	(18,144)	(376)	80	25,442	2,275	27,717	
Three (3) months ended 30 June 2021	-----ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY-----						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	TOTAL 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	

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 2022. 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 2022**

(the figures have not been audited)

	CUMULATIVE QUARTERS	
	CURRENT PERIOD TO-DATE 30.06.2022 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30.06.2021 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(1,124)	(784)
Adjustment for non-cash items	1,135	1,483
Operating profit before changes in working capital	11	699
Decrease in trade receivables	1,011	922
Other net changes in assets	191	(5)
Decrease in trade payables	(388)	(50)
Other net changes in liabilities	(296)	(420)
Cash flow from operations	529	1,146
Tax paid	(144)	(76)
Net cash flow from operating activities	385	1,070
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(186)	(76)
Payment for development expenditure	(544)	(866)
Interest received	2	23
Net cash flow used in investing activities	(728)	(919)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(54)	(59)
Net changes in hire purchase payables	(26)	(22)
Net changes in term loan	(96)	(94)
Net changes in lease liabilities	(62)	(62)
Net cash flow from/(used in) financing activities	(238)	(237)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(581)	(86)
<i>Effect of changes in exchange rate</i>	33	(2)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	5,201	7,704
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	4,653	7,616

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

Fixed deposits with licensed financial institution	270	270
Short term deposits with licensed financial institutions	1,981	4,371
Cash and bank balances	2,402	2,975
	4,653	7,616

The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Annual Financial Report for the financial year ended 31 March 2022. The accompany notes are an integral part of this statement.



SYSTECH BHD 201001012883(897114-T)
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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 2022

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 2022.

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 2022.

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 2022 except for those standards, amendments and IC Interpretation, which are effective for financial period beginning on or after 1 April 2022 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 2022.

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 2022 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 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 30.06.2022 RM'000	As at 31.03.2022 RM'000
Corporate guarantees given to banks as securities for credit facilities granted to a subsidiary	<u>4,368</u>	<u>4,448</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 2022

PART B: ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS

16. Review of Performance

The Group recorded RM4.749 million of revenue and a loss after taxation of RM1.126 million within the current quarter under review, with the recorded revenue of the quarter continuously contributed by the business operation of the following five (5) 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; (The software solutions provided by Syscotech and Mobysys are referred herein and hereafter as “**e-Business solutions**”);
- (iii) SysArmy Sdn Bhd, and its active subsidiary, Secure IoT Sdn Bhd (“**SysArmy**”), are both 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
- (iv) 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.

There were no 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 QUARTER	Changes		CURRENT PERIOD TO-DATE	PRECEDING YEAR CORRESPONDING PERIOD	Changes	
	30.06.2022	30.06.2021	RM'000	%	30.06.2022	30.06.2021	RM'000	%
	RM'000	RM'000			RM'000	RM'000		
Revenue	4,749	5,833	(1,084)	(18.58)	4,749	5,833	(1,084)	(18.58)
Gross profit	962	1,829	(867)	(47.40)	962	1,829	(867)	(47.40)
Loss before interest and tax	(1,070)	(725)	(345)	(47.59)	(1,070)	(725)	(345)	(47.59)
Loss before tax	(1,124)	(784)	(340)	(43.37)	(1,124)	(784)	(340)	(43.37)
Loss after tax	(1,126)	(842)	(284)	(33.73)	(1,126)	(842)	(284)	(33.73)
Attributable to owners of the parent	(816)	(754)	(62)	(8.22)	(816)	(754)	(62)	(8.22)

The lower revenue for the current quarter under review was mainly due to the decrease in contribution from all the three operating segments of the Group due to weaker market sentiment. The Group recorded a loss after taxation of RM1.126 million as a result of the lower revenue generated and lower gross margin as compared to the corresponding quarter of the previous financial year, out of which RM0.816 million is attributable to owners of the parent.

Despite the revenue generated decreased by RM1.084 million, the loss after tax attributable to owners of the parent only increased marginally from RM0.754 million to RM0.816 million mainly because there was no impairment loss of goodwill recorded and lower expenses incurred for the current quarter under review.

Moreover, there was a gain on disposal of property, plant and equipment of RM95,000 from the disposal of a motor vehicle by one of the e-Business solutions subsidiaries.

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; the remaining overseas direct subsidiary of Systech, which is Syscatech, Inc., incorporated in the United States of America by Systech; and the overseas indirect subsidiary of Systech, 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 had remained dormant. In view of the dormant position of Syscatech Inc and PT SysArmy, the exposure of foreign currency translation risk of United States Dollar ("USD") and Indonesian Rupiah ("IDR") are therefore not significant.

The Group is exposed to currency exposure arising from its investment in Postlink as the functional currency of the investment is denominated in Singapore Dollar ("SGD"). However, in view of the intra-group transactions transacted between the Group and Postlink 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, EURO, 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 30.06.2022 RM'000	IMMEDIATE PRECEDING QUARTER 31.03.2022 RM'000	RM'000	%
Revenue	4,749	5,977	(1,228)	(20.55)
Gross profit	962	2,819	(1,857)	(65.87)
Loss before interest and tax	(1,070)	(19,153)	18,083	94.41
Loss before tax	(1,124)	(19,206)	18,082	94.15
Loss after tax	(1,126)	(19,887)	18,761	94.34
Attributable to owners of the parent	(816)	(19,953)	19,137	95.91

Revenue for the quarter under review had decreased as compared to the immediate preceding quarter due to lower contribution from all the three operating segments of the Group. Despite the decrease in revenue generated, the loss after tax recorded improved significantly as compared to the immediate preceding quarter mainly because there were impairment of goodwill of RM18.87 million and write off of development expenditure of RM0.444 million recorded in the previous 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 2022

	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	1,088	2,243	1,418	-	4,749
Segment results	(453)	(775)	156	-	(1,072)
Interest income					2
Financing cost					(54)
Loss before taxation					(1,124)
Tax Expenses					(2)
Loss after taxation					(1,126)
Segment assets	12,170	8,121	1,752	14,299	36,342
Segment liabilities	5,685	1,282	594	1,064	8,625
Capital and development expenditure	398	332	-	-	730
Depreciation	80	54	58	-	192

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 2022

	Malaysia RM'000	North Asia and Other Areas RM'000	South East Asia RM'000	Total RM'000
Revenue from external customers	2,336	411	2,002	4,749
Segment assets	33,609	905	1,828	36,342
Capital and development expenditure	730	-	-	730

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

Malaysia has begun its transition to the endemic phase from 1 April 2022 onwards with traveling and business operating hours restrictions lifted. It is anticipated that businesses will gradually recover with the relaxed Covid-19 rules and standard operating procedures. However, there is uncertainty on Malaysia's growth prospects as the global environment remains very challenging with increasing inflationary pressures across the world, aggravated by the Ukraine-Russia military conflict continues to disrupt global supply chain flows and rising recession concern.

In view of the global economic uncertainties, the Group is of the opinion that the prospect of the Group for the remaining quarters for FYE 31 March 2023 will be challenging. As such, the Group will continue to implement its business strategies cautiously and will take the necessary measures to ensure its long-term sustainability.

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 2023.

21. Tax Expense

	CURRENT QUARTER ENDED 30.06.2022 RM'000	CURRENT PERIOD TO- DATE 30.06.2022 RM'000
Income Tax		
- Foreign Tax	2	2
	<u>2</u>	<u>2</u>

The income tax expense for the current quarter under review is related to the foreign income tax incurred by the e-Business solutions 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 2022

	Long Term		Short term		Total	
	SGD'000	RM'000	SGD'000	RM'000	SGD'000	RM'000
Secured						
- Term loan	-	4,825	-	328	-	5,153
- Hire purchase	13	288	7	103	20	391
						5,544
					Gearing ratio (times)	0.20

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

Other than Postlink's hire purchase of SGD20,000 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 loss per Share

	CURRENT QUARTER ENDED		CURRENT PERIOD TO-DATE	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
Basic loss per share				
Loss after tax attributable to owners of the parent (RM'000)	(816)	(754)	(816)	(754)
Weighted average number of ordinary shares in issue ('000)	347,708	347,708	347,708	347,708
Basic loss per share (sen)	(0.23)	(0.22)	(0.23)	(0.22)

By the Order of the Board

Company Secretary

Dated this 28th of July 2022.