



SYSTECH BHD 201001012883(897114-T)

Incorporated in Malaysia

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023**

(the figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 30.06.2023 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.06.2022 RM'000 RESTATED	CURRENT PERIOD TO-DATE 30.06.2023 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30.06.2022 RM'000 RESTATED
<u>Continuing Operations</u>				
Revenue	4,872	3,661	4,872	3,661
Amortisation of research and development expenses	(327)	(353)	(327)	(353)
Other cost of sales	(2,578)	(2,571)	(2,578)	(2,571)
Gross profit	1,967	737	1,967	737
Interest income	4	1	4	1
Other income	23	5	23	5
Administration expenses	(961)	(769)	(961)	(769)
Depreciation	(139)	(111)	(139)	(111)
Selling and distribution expenses	(269)	(318)	(269)	(318)
Loss on foreign exchange	(3)	(16)	(3)	(16)
Other operating expenses	(249)	(143)	(249)	(143)
Profit/(Loss) from operations	373	(614)	373	(614)
Finance cost	(3)	(6)	(3)	(6)
Profit/(Loss) before tax	370	(620)	370	(620)
Income tax expenses	-	-	-	-
Profit/(Loss) after tax from continuing operations	370	(620)	370	(620)
<u>Discontinued Operations</u>				
Profit/(Loss) after tax from discontinued operations	449	(506)	449	(506)
Profit/(Loss) for the financial year	819	(1,126)	819	(1,126)
Other Comprehensive Income:				
- Continuing operations	225	271	225	271
- Discontinued operations	23	32	23	32
	248	303	248	303
Total comprehensive income/(expenses) for the period	1,067	(823)	1,067	(823)



SYSTECH BHD 201001012883(897114-T)

Incorporated in Malaysia

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023**

(the figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 30.06.2023 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.06.2022 RM'000 RESTATED	CURRENT PERIOD TO-DATE 30.06.2023 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30.06.2022 RM'000 RESTATED
Profit/(Loss) after tax attributable to:				
Owners of the parent from:				
- Continuing operations	130	(311)	130	(311)
- Discontinued operations	450	(505)	450	(505)
	<u>580</u>	<u>(816)</u>	<u>580</u>	<u>(816)</u>
Non-controlling Interest from:				
- Continuing operations	240	(309)	240	(309)
- Discontinued operations	(1)	(1)	(1)	(1)
	<u>239</u>	<u>(310)</u>	<u>239</u>	<u>(310)</u>
	<u>819</u>	<u>(1,126)</u>	<u>819</u>	<u>(1,126)</u>
Total comprehensive income/(expense) for the period attributable to:				
Owners of the parent from:				
- Continuing operations	333	(50)	333	(50)
- Discontinued operations	473	(473)	473	(473)
	<u>806</u>	<u>(523)</u>	<u>806</u>	<u>(523)</u>
Non-controlling Interest from:				
- Continuing operations	262	(299)	262	(299)
- Discontinued operations	(1)	(1)	(1)	(1)
	<u>261</u>	<u>(300)</u>	<u>261</u>	<u>(300)</u>
	<u>1,067</u>	<u>(823)</u>	<u>1,067</u>	<u>(823)</u>
Earning/(Loss) per share attributable to owners of the parent (sen per share)				
Basic:				
- Continuing operations	0.04	(0.09)	0.04	(0.09)
- Discontinued operations	0.13	(0.15)	0.13	(0.15)
	<u>0.17</u>	<u>(0.24)</u>	<u>0.17</u>	<u>(0.24)</u>
Diluted:				
- Continuing operations	N/A	N/A	N/A	N/A
- Discontinued operations	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 2023. The accompany notes are an integral part of this statement.



SYSTECH BHD 201001012883(897114-T)
Incorporated in Malaysia

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

(the figures have not been audited)

	UNAUDITED AS AT 30.06.2023 RM'000	AUDITED AS AT 31.03.2023 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	439	498
Goodwill on consolidation	5,485	5,306
Right-of-use assets	236	301
Development expenditure	2,578	2,858
TOTAL NON-CURRENT ASSETS	<u>8,738</u>	<u>8,963</u>
CURRENT ASSETS		
Inventory	-	8
Trade receivables	2,991	5,157
Other receivables, deposits and prepayments	1,139	953
Current tax assets	30	29
Fixed deposits with licensed financial institution	9	9
Short term deposits with licensed financial institutions	2,406	1,086
Cash and bank balances	3,262	2,397
	<u>9,837</u>	<u>9,639</u>
Assets of disposal group classified as held for sale	16,526	14,633
TOTAL CURRENT ASSETS	<u>26,363</u>	<u>24,272</u>
TOTAL ASSETS	<u>35,101</u>	<u>33,235</u>
EQUITY AND LIABILITIES		
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		
Share capital	43,882	43,882
Accumulated losses	(22,743)	(23,320)
Exchange translation reserves	438	209
Treasury Shares	(376)	(376)
	<u>21,201</u>	<u>20,395</u>
Non-controlling interest	3,085	2,824
TOTAL EQUITY	<u>24,286</u>	<u>23,219</u>
NON-CURRENT LIABILITIES		
Borrowings	18	24
Lease liabilities	47	62
Deferred tax liabilities	90	90
TOTAL NON-CURRENT LIABILITIES	<u>155</u>	<u>176</u>
CURRENT LIABILITIES		
Trade payables	563	903
Other payables and accruals	1,914	2,181
Current tax liabilities	280	305
Borrowings	26	25
Lease liabilities	201	253
	<u>2,984</u>	<u>3,667</u>
Liabilities of disposal group classified as held for sale	7,676	6,173
TOTAL CURRENT LIABILITIES	<u>10,660</u>	<u>9,840</u>
TOTAL LIABILITIES	<u>10,815</u>	<u>10,016</u>
TOTAL EQUITY AND LIABILITIES	<u>35,101</u>	<u>33,235</u>
NET ASSETS PER SHARE (SEN)	<u>6.10</u>	<u>5.87</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the financial year ended 31 March 2023. The accompany notes are an integral part of this statement.



SYSTECH BHD 201001012883(897114-T)
Incorporated in Malaysia

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023**

(the figures have not been audited)

Three (3) months ended 30 June 2023	-----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 2023	43,882	(23,320)	(376)	209	20,395	2,824	23,219
Total comprehensive income for the the financial period	-	577	-	229	806	261	1,067
Balance as at 30 June 2023	43,882	(22,743)	(376)	438	21,201	3,085	24,286
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	RETAINED EARNINGS 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

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 2023. The accompany notes are an integral part of this statement.



SYSTECH BHD 201001012883(897114-T)
Incorporated in Malaysia

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023**

(the figures have not been audited)

	CUMULATIVE QUARTERS	
	CURRENT PERIOD TO-DATE 30.06.2023 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30.06.2022 RM'000 RESTATED
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax from:		
- Continuing operations	370	(620)
- Discontinued operations	450	(504)
	820	(1,124)
Adjustment for non-cash items	519	1,135
Operating profit before changes in working capital	1,339	11
Decrease in trade receivables	1,652	1,011
Other net changes in assets	(187)	191
Decrease in trade payables	(331)	(388)
Other net changes in liabilities	(382)	(296)
Cash flow from operations	2,091	529
Tax paid	(44)	(144)
Net cash flow from operating activities	2,047	385
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(13)	(186)
Payment for development expenditure	(148)	(544)
Interest received	6	2
Net cash flow used in investing activities	(155)	(728)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(59)	(54)
Net changes in hire purchase payables	(19)	(26)
Net changes in term loan	(73)	(96)
Net changes in lease liabilities	(70)	(62)
Advances from intermediate holding company	1,700	-
Net cash flow from/(used in) financing activities	1,479	(238)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	3,371	(581)
<i>Effect of changes in exchange rate</i>	65	33
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	5,012	5,201
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	8,448	4,653
The cash and cash equivalents at the end of the reporting period comprised of the following:-		
Fixed deposits with licensed financial institution	9	9
Short term deposits with licensed financial institutions	2,406	1,212
Cash and bank balances	3,262	1,569
Fixed deposits, short term deposits and cash and bank balances attributable to assets of disposal group classified as held for sale	2,771	1,863
	8,448	4,653

The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Annual Financial Report for the financial year ended 31 March 2023. The accompany notes are an integral part of this statement.



SYSTECH BHD 201001012883(897114-T)
Incorporated in Malaysia

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 2023

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 2023.

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 2023.

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 2023 except for those standards, amendments and IC Interpretation, which are effective for financial period beginning on or after 1 April 2023 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 2023.

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 2023 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

The following were the material events subsequent to the financial period ended 30 June 2023:-

- (i) On 7 July 2023, the Company completed the acquisition of 240,000 ordinary shares in TalentCloud AI Sdn Bhd (“TCAI”), representing 80% equity interest in TCAI for a total cash consideration of RM14,400,000 (“Proposed Acquisition”) upon the fulfilment of all conditions precedent to the conditional share sale agreement entered with Sea Capital Holdings Sdn Bhd. TCAI becomes a 80% owned subsidiary of the Company following the completion of the Proposed Acquisition.
- (ii) On 7 July 2023, the Company completed the disposals of the Company’s entire equity interests in Syscotech Sdn Bhd (“Syscotech”), Mobysys Sdn Bhd (“Mobysys”), Techcasys Sdn Bhd (“Techcasys”), Syscotech Inc. and SysCode Sdn Bhd (“SysCode”) (collectively referred to as “e-Business Subsidiaries”) to Bill Tham Kok Weng (“Bill Tham”) for a total cash disposal price of RM6,604,605 (“Proposed Disposal”) upon the fulfilment of all conditions precedent to the conditional share sale agreement entered with Bill Tham. Syscotech, Mobysys, Techcasys, and Syscotech Inc. were wholly-owned subsidiaries of the Company whereas SysCode was a 49.99% subsidiary of the Company. The e-Business Subsidiaries have ceased to be subsidiaries of the Company upon completion of the Proposed Disposal.

As the Proposed Acquisition and Proposed Disposal (collectively referred to as the “Proposals”) were only completed subsequent to current financial period, the financial impact of the Proposals have not been reflected in the current quarter under review.

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 other than the following:-

- (i) On 5 May 2023, the Company has incorporated a new 100%-owned subsidiary, namely SysAIU Sdn Bhd (“SysAIU”) under the Human Capital Management (“HCM”) solutions segment, which is principally involved in the provision of software related services, trade in software related peripherals and provision of management services.

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 30.06.2023 RM'000	As at 31.03.2023 RM'000
Corporate guarantees given to banks as securities for credit facilities granted to a subsidiary	<u>4,098</u>	<u>4,159</u>

Bill Tham shall within 12 months, or any extended period as may be agreed between the Company and Bill Tham, from 7 July 2023, the completion date of the conditional share sale agreement, terminate or withdraw the corporate guarantees extended by the Company for purposes of the e-Business Subsidiaries obtaining financing from the financial institutions. The termination of corporate guarantees by the Company is still in progress as at the date of this Report.

15. Significant Related Party Transactions

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



SYSTECH BHD 201001012883(897114-T)
Incorporated in Malaysia

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 2023

PART B: ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS

16. Review of Performance

In line with the intention of the Group to dispose of its e-Business Subsidiaries which have been loss-making over the past 3 consecutive financial years, corresponding assets and liabilities of the e-Business Subsidiaries had been classified under Held for Sale, in compliance with MFRS 5: Non-current Assets Held for Sale and Discontinued Operations. Accordingly, these assets had been measured at the lower of carrying amount and fair value less cost to sell.

Following the reclassification of the assets and liabilities to Held for Sale, results of the e-Business Subsidiaries had been represented as Discontinued Operations since it is one of the major business operations within the Group.

The comparative condensed consolidated statement of comprehensive income for e-Business Subsidiaries are represented as if the operations have been discontinued from the start of the comparative period. The disposal of e-Business Subsidiaries has been completed on 7 July 2023.

The Group recorded revenue of RM4.872 million from Continuing Operations with a profit after taxation of RM0.370 million within the current quarter under review, with the recorded revenue of the quarter contributed by the continuing business operation of the following three (3) direct subsidiaries:

- (i) 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
- (ii) 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**”).

As the acquisition of TCAI was only completed on 7 July 2023, hence the revenue contribution from TCAI will only be reflected in the next quarterly report.

Meanwhile, the Group generated RM1.627 million revenue from Discontinued Operations with a profit after taxation of RM0.449 million during the current quarter under review, contributed by the following e-Business Subsidiaries with active business operation:

- (i) Syscatech, 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; and
- (ii) 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 Syscatech and Mobysys are referred herein and hereafter as “**e-Business solutions**”);

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

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	PRECEDING YEAR CORRESPONDING QUARTER	Changes		CURRENT PERIOD TO-DATE	PRECEDING YEAR CORRESPONDING PERIOD	Changes		
	30.06.2023 RM'000	30.06.2022 RM'000	RM'000	%	30.06.2023 RM'000	30.06.2022 RM'000	RM'000	%	
Continuing Operations									
Revenue	4,872	3,661	1,211	33.08	4,872	3,661	1,211	33.08	
Gross profit	1,967	737	1,230	166.89	1,967	737	1,230	166.89	
Profit/(Loss) before interest and tax	373	(614)	987	N/A	373	(614)	987	N/A	
Profit/(Loss) before tax	370	(620)	990	N/A	370	(620)	990	N/A	
Profit/(Loss) after tax	370	(620)	990	N/A	370	(620)	990	N/A	
Attributable to owners of the parent	130	(311)	441	N/A	130	(311)	441	N/A	
Discontinued Operations									
Revenue	1,627	1,088	539	49.54	1,627	1,088	539	49.54	
Gross profit	1,128	225	903	401.33	1,128	225	903	401.33	
Profit/(Loss) before interest and tax	506	(456)	962	N/A	506	(456)	962	N/A	
Profit/(Loss) before tax	450	(504)	954	N/A	450	(504)	954	N/A	
Profit/(Loss) after tax	449	(506)	955	N/A	449	(506)	955	N/A	
Attributable to owners of the parent	451	(505)	956	N/A	451	(505)	956	N/A	

The Group posted a revenue from Continuing Operations for the current quarter under review of RM4.872 million. This was 33.1% or RM1.211 million higher than the corresponding quarter of the previous financial year, mainly due to the increase in contribution from both the e-Logistics and CyberSecurity segments.

The Group recorded a profit after tax of RM0.370 million from Continuing Operations, out of which RM0.130 million is attributable to owners of the parent. The financial performance of Continuing Operations has improved as compared to a loss after tax of RM0.620 million registered in corresponding quarter of previous financial year mainly due to higher revenue generated and better gross margin in current quarter.

The Group posted a profit after tax from Discontinued Operations of RM0.449 million for the current quarter ended 31 March 2023 as compared to the loss incurred of RM0.506 million in corresponding quarter of the previous financial year. The improvement in result was mainly attributed to higher revenue registered and there being no depreciation or amortisation for non-current assets while they are classified as part of a disposal group classified as held for sale in accordance with MFRS 5.

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 Syscotech Inc. under Discontinued Operations, 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 56% (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		
	30.06.2023	31.03.2023	RM'000	%
<u>Continuing Operations</u>				
Revenue	4,872	5,596	(724)	(12.94)
Gross profit	1,967	2,811	(844)	(30.02)
Profit before interest and tax	373	1,306	(933)	(71.44)
Profit before tax	370	1,302	(932)	(71.58)
Profit after tax	370	982	(612)	(62.32)
Attributable to owners of the parent	130	496	(366)	(73.79)
<u>Discontinued Operations</u>				
Revenue	1,627	1,211	416	34.35
Gross profit	1,128	323	805	249.23
Profit/(Loss) before interest and tax	506	(5,292)	5,798	N/A
Profit/(Loss) before tax	450	(5,346)	5,796	N/A
Profit/(Loss) after tax	449	(5,282)	5,731	N/A
Attributable to owners of the parent	451	(5,282)	5,733	N/A

Revenue from Continuing Operations for the quarter under review had decreased by RM0.724 million or 12.9% from RM5.596 million to RM4.872 million in the current quarter due to lower contribution from the CyberSecurity segment, with the decrease partially cushioned by increase in revenue from the e-Logistics segment.

The Group recorded a lower profit after tax of RM0.370 million from Continuing Operations in current quarter under review as compared to the immediate preceding quarter with profit after tax of RM0.982 million mainly due to reduced gross profit margin from 50% to 40%. Besides, there was also losses incurred by the newly incorporated subsidiary, SysAIU as it has yet to commence business in the current quarter under review.

Revenue from Discontinued Operations had increased from RM1.211 million in the immediate preceding quarter to RM1.627 million in the current quarter under review

mainly due to higher contribution from maintenance services rendered to customers from direct selling industry.

The profit after tax of RM0.449 million generated from Discontinued Operations has improved significantly as compared to the loss after tax recorded of RM5.282 million in the immediate preceding quarter mainly due to higher revenue generated, lower operating expenses and there was an impairment of goodwill made of RM4.600 million on a subsidiary from the e-Business solutions segment in the immediate preceding quarter.

18. Segmental Reporting

The principal business of the Group is categorised into Continuing Operations which comprised of three (3) main reportable operating segments namely HCM solutions, CyberSecurity and e-Logistics whereas Discontinued Operations is represented by e-Business solutions segment. The segmental results are as follows:

Three (3) Months Financial Period Ended 30 June 2023

	Continuing			Discontinued	Adjustment and Eliminations RM'000	Consolidated RM'000
	Human Capital Management ("HCM") RM'000	CyberSecurity solutions RM'000	e-Logistics RM'000	e-Business Solutions RM'000		
Revenue from external customers	-	2,738	2,134	1,627	-	6,499
Segment results	(180)	73	451	504	-	873
Interest income						6
Financing cost						(59)
Profit before taxation						820
Tax Expenses						(1)
Profit after taxation						819
Segment assets	1,000	9,848	2,212	16,526	5,515	35,101
Segment liabilities	551	1,570	648	7,676	370	10,815
Capital and development expenditure	-	56	-	105	-	161
Depreciation	-	78	61	-	-	139

Adjustments for segment assets and liabilities relates to goodwill, current tax assets, current tax liabilities 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 2023

	Malaysia RM'000	North Asia and Other Areas RM'000	South East Asia RM'000	Total RM'000
Revenue from external customers:				
- Continuing operations	2,347	360	2,165	4,872
- Discontinued operations	581	146	900	1,627
	2,928	506	3,065	6,499
Segment assets	32,461	360	2,280	35,101
Capital and development expenditure	161	-	-	161

The segmental performance and assets of South East Asia include Continuing Operations' revenue and assets of Postlink and PT SysArmy, whilst the segment assets of North Asia and Other Areas includes assets of Sycatech Inc..

19. Current Year Prospects

With the recent completion of disposal of its loss-making e-Business solutions segment and acquisition of TCAI, the Group can now focus on the growth of its HCM solutions segment carried out by TCAI and SysAIU with the implementation of integration process and expanding its human capital management solutions offering, implementing newly secured projects and further expanding its marketing efforts.

Although the Malaysian economy expanded by 5.6% in the first quarter of 2023 driven by strong domestic demand and continued improvements in the labour market, growth is expected to moderate due to uncertainty in global economy outlook which is likely to affect the overall market sentiment.

The financial performance of the Group can be influenced by a wide range of internal and external factors, including but not limited to overall economic conditions, political stability and geopolitical events, industry's competition and operational efficiency. While it is difficult to predict the factors that may affect its future with certainty, the Group will continue to manage the Group's business with vigilance.

Barring any unforeseen circumstances, the Group is cautiously optimistic about its prospects as efforts are continuously made to improve its financial performance 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 30.06.2023 RM'000	CURRENT PERIOD TO- DATE 30.06.2023 RM'000
<u>Discontinued Operations</u>		
Income Tax		
- Foreign Tax	1	1
Total income tax expense	<u>1</u>	<u>1</u>

There was no income tax expense incurred by Continuing Operations for the current quarter under review. For Discontinued Operations, income tax expense for the current quarter related to foreign tax from one of the subsidiaries of the e-Business solutions segment.

22. Status of Corporate Proposals

Other than the Proposals as set out in Section A11 of this announcement, there are no corporate proposals announced or outstanding as at the date of this Report.

23. Utilisation of Proceeds

The total gross proceeds of approximately RM9.0 million arising from the Proposed Disposal are proposed to be utilised as follows:-

Details of utilisation	Original proposed utilisation	Revised proposed utilisation as at LPD ^{N1}	Actual utilisation as at LPD	Balance yet to be utilised as at LPD ^{N2}	Estimated timeframe
	RM'000	RM'000	RM'000	RM'000	
Partial settlement of the Purchase Consideration for the Proposed Acquisition	8,400	8,400	(6,600)	1,800	Within 6 months
Estimated expenses for the Proposals	500	500	-	500	Within 3 months
General working capital	198	55	(5)	50	Within 3 months
	9,098	8,955	(6,605)	2,350	

Notes:-

N1 - Revision due to actual gross proceed raised from the Proposed Disposal was RM8,954,583 instead of RM9,098,167 as per circular to shareholders dated 24 March 2023 following the determination of the inter-company balances due from the e-Business Subsidiaries to Systech on completion date.

N2 - This amount is in relation to the proposed repayment by Bill Tham of the net balances owing by the e-Business Subsidiaries to the Company of RM2,349,978 as at the completion date which shall be settled within 12 months from the completion date and will be utilised in the manner as set out above.

24. Borrowings and Debts Securities

As at 30 June 2023

	Long Term		Short term		Total	
	SGD'000	RM'000	SGD'000	RM'000	SGD'000	RM'000
Secured						
- Term loan	-	4,559	-	280	-	4,839
- Hire purchase	5	206	8	86	13	292
						5,131
					Gearing ratio (times)	0.21

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

Other than Postlink's hire purchase of SGD13,000 which bear effective interest rate at 5.10% and monthly repayments of the said borrowing, there is no other foreign denominated borrowings, unsecured borrowings or significant changes in the level of borrowings of the Group. The Ringgit Malaysia term loans related to one of the e-Business Subsidiaries bear interest at 4.20% to 4.57% per annum whilst the effective rate implicit in the hire purchase is at 3.80% to 4.50% per annum.

25. Changes in Material Litigation

The Group does not have any material litigation which would materially and adversely affect the financial position of the Group as at the date of this Report.

26. Dividends

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

27. Basic Earning/(Loss) per Share

	CURRENT QUARTER ENDED		CURRENT PERIOD TO-DATE	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
Basic earning/(loss) per share				
Profit/(Loss) after tax attributable to owners of the parent (RM'000)				
- Continuing operations	130	(311)	130	(311)
- Discontinued operations	450	(505)	450	(505)
	<u>580</u>	<u>(816)</u>	<u>580</u>	<u>(816)</u>
Weighted average number of ordinary shares in issue ('000)	347,708	347,708	347,708	347,708
Basic earning/loss per share (sen)				
- Continuing operations	0.04	(0.09)	0.04	(0.09)
- Discontinued operations	0.13	(0.15)	0.13	(0.15)
	<u>0.17</u>	<u>(0.24)</u>	<u>0.17</u>	<u>(0.24)</u>

By the Order of the Board

Company Secretary

Dated this 28th of August 2023.