



SYSTECH BHD 201001012883(897114-T)

Incorporated in Malaysia

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

(the figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 30.09.2023 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.09.2022 RM'000 RESTATED	CURRENT PERIOD TO-DATE 30.09.2023 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30.09.2022 RM'000 RESTATED
Continuing Operations				
Revenue	4,948	3,618	9,820	7,279
Amortisation of research and development expenses	(349)	(362)	(676)	(715)
Other cost of sales	(2,409)	(2,007)	(4,987)	(4,578)
Gross profit	2,190	1,249	4,157	1,986
Interest income	8	1	12	2
Other income	35	73	58	78
Administration expenses	(1,482)	(858)	(2,443)	(1,627)
Depreciation	(159)	(159)	(298)	(270)
Selling and distribution expenses	(426)	(281)	(695)	(599)
Gain/(Loss) on foreign exchange	16	(21)	13	(37)
Other operating expenses	(625)	(203)	(874)	(346)
Loss from operations	(443)	(199)	(70)	(813)
Finance cost	(4)	(5)	(7)	(11)
Loss before tax	(447)	(204)	(77)	(824)
Income tax expenses	-	-	-	-
Loss after tax from continuing operations	(447)	(204)	(77)	(824)
Discontinued Operations				
(Loss)/Profit after tax from discontinued operations	(405)	(154)	44	(660)
Loss for the financial year	(852)	(358)	(33)	(1,484)
Other Comprehensive Income/(Expenses):				
- Continuing operations	12	333	237	604
- Discontinued operations	(54)	(10)	(31)	22
	(42)	323	206	626
Total comprehensive (expenses)/income for the period	(894)	(35)	173	(858)



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(the figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 30.09.2023 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.09.2022 RM'000 RESTATED	CURRENT PERIOD TO-DATE 30.09.2023 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30.09.2022 RM'000 RESTATED
(Loss)/Profit after tax attributable to:				
Owners of the parent from:				
- Continuing operations	(503)	(115)	(373)	(426)
- Discontinued operations	(405)	(154)	45	(659)
	<u>(908)</u>	<u>(269)</u>	<u>(328)</u>	<u>(1,085)</u>
Non-controlling Interest from:				
- Continuing operations	56	(89)	296	(398)
- Discontinued operations	-	-	(1)	(1)
	<u>56</u>	<u>(89)</u>	<u>295</u>	<u>(399)</u>
	<u>(852)</u>	<u>(358)</u>	<u>(33)</u>	<u>(1,484)</u>
Total comprehensive (expenses)/income for the period attributable to:				
Owners of the parent from:				
- Continuing operations	(493)	206	(160)	156
- Discontinued operations	(459)	(164)	14	(637)
	<u>(952)</u>	<u>42</u>	<u>(146)</u>	<u>(481)</u>
Non-controlling Interest from:				
- Continuing operations	58	(77)	320	(376)
- Discontinued operations	-	-	(1)	(1)
	<u>58</u>	<u>(77)</u>	<u>319</u>	<u>(377)</u>
	<u>(894)</u>	<u>(35)</u>	<u>173</u>	<u>(858)</u>
(Loss)/Earning per share attributable to owners of the parent (sen per share)				
Basic:				
- Continuing operations	(0.14)	(0.03)	(0.11)	(0.12)
- Discontinued operations	(0.12)	(0.04)	0.01	(0.19)
	<u>(0.26)</u>	<u>(0.07)</u>	<u>(0.10)</u>	<u>(0.31)</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)
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2023

(the figures have not been audited)

	UNAUDITED AS AT 30.09.2023 RM'000	AUDITED AS AT 31.03.2023 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	660	498
Goodwill on consolidation	20,812	5,306
Right-of-use assets	713	301
Development expenditure	3,154	2,858
TOTAL NON-CURRENT ASSETS	25,339	8,963
CURRENT ASSETS		
Inventory	-	8
Trade receivables	3,862	5,157
Other receivables, deposits and prepayments	757	953
Current tax assets	13	29
Fixed deposits with licensed financial institution	9	9
Short term deposits with licensed financial institutions	3,535	1,086
Cash and bank balances	2,679	2,397
	10,855	9,639
Assets of disposal group classified as held for sale	-	14,633
TOTAL CURRENT ASSETS	10,855	24,272
TOTAL ASSETS	36,194	33,235
EQUITY AND LIABILITIES		
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		
Share capital	43,882	43,882
Accumulated losses	(23,542)	(23,320)
Exchange translation reserves	418	209
Treasury Shares	(376)	(376)
	20,382	20,395
Non-controlling interest	3,017	2,824
TOTAL EQUITY	23,399	23,219
NON-CURRENT LIABILITIES		
Borrowings	62	24
Lease liabilities	378	62
Deferred tax liabilities	279	90
TOTAL NON-CURRENT LIABILITIES	719	176
CURRENT LIABILITIES		
Trade payables	497	903
Other payables and accruals	10,599	2,181
Current tax liabilities	590	305
Borrowings	45	25
Lease liabilities	345	253
	12,076	3,667
Liabilities of disposal group classified as held for sale	-	6,173
TOTAL CURRENT LIABILITIES	12,076	9,840
TOTAL LIABILITIES	12,795	10,016
TOTAL EQUITY AND LIABILITIES	36,194	33,235
NET ASSETS PER SHARE (SEN)	5.86	5.87

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 accompanying 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 SEPTEMBER 2023**

(the figures have not been audited)

Six (6) months ended 30 September 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 (expenses)/income for the financial period	-	(332)	-	186	(146)	319	173
Acquisition of a new subsidiary	-	-	-	-	-	(229)	(229)
Disposal of subsidiaries	-	110	-	23	133	103	236
Total changes in ownership interests in subsidiaries	-	110	-	23	133	(126)	7
Balance as at 30 September 2023	43,882	(23,542)	(376)	418	20,382	3,017	23,399
Six (6) months ended 30 September 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 (expenses)/income for the financial period	-	(1,109)	-	628	(481)	(377)	(858)
Balance as at 30 September 2022	43,882	(18,448)	(376)	426	25,484	2,198	27,682

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)
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023

(the figures have not been audited)

	CUMULATIVE QUARTERS	
	CURRENT PERIOD TO-DATE 30.09.2023 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30.09.2022 RM'000 RESTATED
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before tax from:		
- Continuing operations	(77)	(824)
- Discontinued operations	45	(657)
	(32)	(1,481)
Adjustment for non-cash items	1,430	2,241
Operating profit before changes in working capital	1,398	760
Changes in working capital		
Inventories	8	10
Trade and other receivables	4,700	1,003
Trade and other payables	479	(727)
Cash flow from operations	6,585	1,046
Tax refunded/(paid)	25	(245)
Net cash flow from operating activities	6,610	801
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(274)	(269)
Net cash inflow from the disposal of subsidiaries	3,396	-
Net cash outflow from the acquisition of a subsidiary	(8,090)	-
Payment for development expenditure	(186)	(876)
Interest received	14	6
Net cash flow from/(used in) investing activities	(5,140)	(1,139)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(63)	(110)
Net changes in hire purchase payables	(26)	(62)
Net changes in term loan	(77)	(179)
Net changes in lease liabilities	(160)	(126)
Net cash flow from/(used in) financing activities	(326)	(477)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	1,144	(815)
<i>Effect of changes in exchange rate</i>	67	74
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	5,012	5,201
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	6,223	4,460
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	3,535	1,068
Cash and bank balances	2,679	1,500
Fixed deposits, short term deposits and cash and bank balances attributable to assets of disposal group classified as held for sale	-	1,883
	6,223	4,460

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.



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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 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

There were no significant material and subsequent event 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 other than the following:-

- (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 (“Purchase Consideration”). TCAI becomes a 80% owned subsidiary of the Company following the completion of the acquisition.

As there were no material transactions between 1 July 2023 and the actual acquisition completion date of 7 July 2023, the cut-off was taken on 1 July 2023 for accounting purposes.

The following summarised the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed as at 1 July 2023.

(a) Fair Value of Purchase Consideration

	Group and Company As at 1 July 2023 RM'000
Cash	14,400
Total Purchase Consideration	<u>14,400</u>

(b) Identifiable Assets Acquired and Liabilities Assumed

	Group As at 1 July 2023 RM'000
Plant and equipment	35
Development expenditures	775
Trade and other receivables	1,381
Cash and cash equivalents	310
Term loans	(74)
Trade and other payables	(683)
Contract liabilities	(2,444)
Deferred tax liabilities	(189)
Current tax liabilities	(258)
Fair value of net identifiable liabilities assumed	<u>(1,147)</u>

(c) Cash Flows Arising from Acquisition

	Group As at 1 July 2023 RM'000
Purchase consideration to be settled in cash and cash equivalents (item (a) above)	14,400
Less: Purchase consideration outstanding as at 30 September 2023	(6,000)
Less: Cash and cash equivalents of subsidiary acquired (item (b) above)	(310)
Net cash outflow from the acquisition of subsidiary	<u>8,090</u>

Partial of the Purchase Consideration of RM6,600,000 and RM1,800,000 was settled on 14 July 2023 and 27 September 2023 respectively. The remaining outstanding Purchase Consideration of RM6,000,000 will be settled within 6 months from the acquisition completion date of 7 July 2023.

(d) Goodwill Arising from Acquisition

	Group As at 1 July 2023 RM'000
Total consideration transferred (item (a) above)	14,400
Add: Fair value of net identifiable liabilities assumed (item (b) above)	1,147
Less: Non-controlling interest, measured at the proportionate share of the fair value of the net identifiable liabilities	(229)
Goodwill from the acquisition of subsidiary	<u>15,318</u>

The goodwill on acquisition is provisional as the Group will undertake a purchase price allocation exercise to determine the identifiable assets and liabilities, and to identify and measure intangible assets, if any. The goodwill on acquisition is now provisionally estimated to be RM15.32 million. Any adjustments arising will be adjusted accordingly on a retrospective basis when the purchase price allocation is finalised.

- (iii) 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.

Syscotech, Mobysys, Techcasys, and Syscotech Inc. were wholly-owned subsidiaries of the Company whereas SysCode was a 49.99% subsidiary of the Company. E-Business Subsidiaries have ceased to be subsidiaries of the Company upon completion of the disposal.

As there were no material transactions between 1 July 2023 and the actual disposal completion date of 7 July 2023, the cut-off was taken on 1 July 2023 for accounting purposes.

The financial effects of the disposal as at 1 July 2023 are summarised below:

	Group As at 1 July 2023 RM'000
Goodwill	171
Assets of disposal group held for sale	23,447
Liabilities of disposal group held for sale	(17,171)
Non-controlling interests	103
Carrying amount of net assets disposed of	6,550
Foreign exchange translation reserve	22
Loss on disposal of subsidiaries	(405)
Consideration to be settled in cash and cash equivalents, net of transaction costs	6,167
Less: Cash and cash equivalents of subsidiaries disposed of	(2,771)
Net cash inflow from the disposal of subsidiaries	<u>3,396</u>

The disposal consideration of RM6,604,605 was settled on 14 July 2023 whereas the net balances owing by the e-Business Subsidiaries to the Company of RM2,349,978 as at the completion date was fully settled by Bill Tham on 27 September 2023.

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 30.09.2023 RM'000	As at 31.03.2023 RM'000
Corporate guarantees given to banks as securities for credit facilities granted to a former subsidiary	-	<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.

While the borrowings have been fully settled by the former subsidiary during the financial period under review, the procedure of 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.



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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 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 recorded revenue of the Continuing Operations is contributed by the following five (5) direct subsidiaries:

- (i) TCAI is principally involved in the sale and supply of Human Capital Management (“HCM”) software, computer hardware, consultation, provision of training and technical support to customers;
- (ii) SysAIU Sdn Bhd (“SysAIU”), is principally involved in the provision of software related services, trade in software related peripherals and provision of management services (the software solutions and services provided by TCAI and SysAIU are referred herein and hereafter as “HCM”);
- (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”).

Meanwhile, Discontinued Operations’ revenue was 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 software related services as well as develop and enhance solutions, manage customisation and to maintain solutions provided under the Group's HCM segment;
- (b) undertake the provision of monitoring and professional services as well as to provide the necessary advice and training to its CyberSecurity customers;
- (c) undertake the provision of e-logistic services for Postlink's customers; and
- (d) Develop and enhance solutions, manage customisation and to maintain solutions provided under the Group's e-business solutions segment (Discontinued and disposed on 7 July 2023).

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 CORRESPONDING QUARTER	Changes		CURRENT PERIOD TO-DATE	PRECEDING YEAR CORRESPONDING PERIOD	Changes	
	30.09.2023 RM'000	30.09.2022 RM'000	RM'000	%	30.09.2023 RM'000	30.09.2022 RM'000	RM'000	%
<u>Continuing Operations</u>								
Revenue	4,948	3,618	1,330	36.76	9,820	7,279	2,541	34.91
Gross profit	2,190	1,249	941	75.34	4,157	1,986	2,171	109.32
Loss before interest and tax	(443)	(199)	(244)	(122.61)	(70)	(813)	743	91.39
Loss before tax	(447)	(204)	(243)	(119.12)	(77)	(824)	747	90.66
Loss after tax	(447)	(204)	(243)	(119.12)	(77)	(824)	747	90.66
Attributable to owners of the parent	(503)	(115)	(388)	(337.39)	(373)	(426)	53	12.44
<u>Discontinued Operations</u>								
Revenue	-	1,692	(1,692)	(100.00)	1,627	2,780	(1,153)	(41.47)
Gross profit	-	752	(752)	(100.00)	1,128	977	151	15.46
(Loss)/Profit before interest and tax	(405)	(102)	(303)	(297.06)	101	(558)	659	N/A
(Loss)/Profit before tax	(405)	(153)	(252)	(164.71)	45	(657)	702	N/A
(Loss)/Profit after tax	(405)	(154)	(251)	(162.99)	44	(660)	704	N/A
Attributable to owners of the parent	(405)	(154)	(251)	(162.99)	45	(659)	704	N/A

The Group posted a revenue from Continuing Operations for the current quarter under review of RM4.948 million. This was 36.8% or RM1.330 million higher than the corresponding quarter of the previous financial year, mainly due to the contribution from HCM solutions segment by the newly acquired subsidiary, TCAI and SysAIU coupled with increase in contribution from the e-Logistics segment. The increase is partially offset by the lower contribution from CyberSecurity segment.

The Group recorded a loss after tax of RM0.447 million from Continuing Operations, out of which RM0.503 million is attributable to owners of the parent. Continuing Operations recorded higher loss after tax as compared to corresponding quarter of previous financial year despite higher revenue generated mainly due to increase in operating expenses incurred by HCM solutions segment in current quarter.

The Group did not generate any revenue from Discontinued Operations during current quarter under review as the e-Business Subsidiaries have been deconsolidated on 1 July 2023. The loss after tax of RM0.405 million recorded for the current quarter was related to the loss on disposal of subsidiaries calculated as the difference between the fair value of consideration received and the proportion of the identifiable net assets, including goodwill of the subsidiaries disposed of.

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 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 PT SysArmy, the exposure of foreign currency translation risk of Indonesian Rupiah (“IDR”) is 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 term granted by the Group to its customers is 30 days. Other credit terms are assessed and approved on a case-by-case basis. Approximately 33% (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	%
	30.09.2023	30.06.2023		
Continuing Operations				
Revenue	4,948	4,872	76	1.56
Gross profit	2,190	1,967	223	11.34
(Loss)/Profit before interest and tax	(443)	373	(816)	N/A
(Loss)/Profit before tax	(447)	370	(817)	N/A
(Loss)/Profit after tax	(447)	370	(817)	N/A
Attributable to owners of the parent	(503)	130	(633)	N/A
Discontinued Operations				
Revenue	-	1,627	(1,627)	(100.00)
Gross profit	-	1,128	(1,128)	(100.00)
(Loss)/Profit before interest and tax	(405)	506	(911)	N/A
(Loss)/Profit before tax	(405)	450	(855)	N/A
(Loss)/Profit after tax	(405)	449	(854)	N/A
Attributable to owners of the parent	(405)	450	(855)	N/A

Revenue from Continuing Operations for the quarter under review had improved slightly by RM0.076 million or 1.6% from RM4.872 million to RM4.948 million in the current quarter mainly due to revenue contribution from the new segment, HCM solutions segment, with the increase partially offset by decrease in revenue from the e-Logistics segment.

The Group recorded a loss after tax of RM0.447 million from Continuing Operations in current quarter under review as compared to the immediate preceding quarter with

profit after tax of RM0.370 million despite higher revenue and better margin mainly due to inclusion of operating expenses incurred by the new HCM solutions segment and higher staff costs incurred by e-Logistics segment.

Revenue from Discontinued Operations had decreased from RM1.627 million in the immediate preceding quarter to nil in the current quarter under review due to deconsolidation of e-Business Subsidiaries following the completion of disposal of e-Business subsidiaries on 7 July 2023.

The loss after tax of RM0.405 million recorded from Discontinued Operations was related to the loss on disposal of subsidiaries as set out in Section B16 of this announcement.

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 solutions and e-Logistics whereas Discontinued Operations is represented by e-Business solutions segment. The segmental results are as follows:

Six (6) Months Financial Period Ended 30 September 2023

	Continuing			Discontinued	Adjustment and Eliminations RM'000	Consolidated RM'000
	Human Capital Management ("HCM") solutions RM'000	CyberSecurity solutions RM'000	e-Logistics RM'000	e-Business Solutions RM'000		
Revenue from external customers	889	5,440	3,491	1,627	-	11,447
Segment results	(792)	246	464	99	-	17
Interest income						14
Financing cost						(63)
Loss before taxation						(32)
Tax Expenses						(1)
Loss after taxation						(33)
Segment assets	3,450	10,019	1,900	-	20,825	36,194
Segment liabilities	9,789	1,815	322	-	869	12,795
Capital and development expenditure	3	339	13	105	-	460
Depreciation	2	170	126	-	-	298

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:

Six (6) Months Financial Period Ended 30 September 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	5,853	407	3,560	9,820
- Discontinued operations	581	146	900	1,627
	<u>6,434</u>	<u>553</u>	<u>4,460</u>	<u>11,447</u>
Segment assets	34,258	7	1,929	36,194
Capital and development expenditure	447	-	13	460

The segmental performance and assets of South East Asia include Continuing Operations' revenue and assets of Postlink and PT SysArmy.

19. Current Year Prospects

The Group has begun its effort to grow 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.

The Group under the new shareholders will remain focus on the existing information technology solutions business. Nevertheless, the Board may from time to time review the Group's businesses and operations and make such arrangements, rationalisation and reorganisation that is suitable for the improvement, future growth, viability or sustainability of the business operations of the Group.

The remaining quarters for FYE 31 March 2024 are likely to experience continued inflationary pressures, unresolved geopolitical landscape and persistent uncertainty in the global economy outlook. Under the current economic climate, the Board take cognisance of the need to improve operational efficiency in order to grow both the top and bottom-line results this financial year.

Barring any unforeseen circumstances, the Group is cautiously optimistic about its prospects as efforts are continuously made to improve its financial performance and will continue to implement its business strategies vigilantly to improve its financial performance while ensuring 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 2024.

21. Tax Expense

	CURRENT QUARTER ENDED 30.09.2023 RM'000	CURRENT PERIOD TO- DATE 30.09.2023 RM'000
<u>Discontinued Operations</u>		
Income Tax		
- Foreign Tax	<u>-</u>	<u>1</u>
Total income tax expense	<u>-</u>	<u>1</u>

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

22. Status of Corporate Proposals

On 6 September 2023, the Company received a notice of Unconditional Mandatory Take-Over Offer (“**Notice**”) from Malacca Securities Sdn Bhd (“**MSEC**”), on behalf of Smartpro Capital Sdn Bhd (“**Offeror**”), to acquire all the remaining ordinary shares in Systech not already held by the Offeror, Liew Choon Lian (“**Ultimate Offeror**”) and persons acting in concert with them (“**Offer Shares**”) for a cash consideration of RM0.22 per ordinary share in Systech (“**Offer**”).

On 27 September 2023, on behalf of the Offeror, MSEC has sent out the Offer Documents in relation to the Notice to the shareholders of the Company and the Offer was closed on 18 October 2023.

There were no corporate proposals that were announced but not completed as at the date of this report, other than those disclosed above.

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 RM'000	Revised proposed utilisation as at LPD ^{N1} RM'000	Actual utilisation as at LPD RM'000	Balance yet to be utilised as at LPD RM'000	Estimated timeframe
Partial settlement of the Purchase Consideration for the Proposed Acquisition	8,400	8,400	(8,400)	-	Within 6 months
Estimated expenses for the Proposals	500	500	(438)	62 ^{N2}	Within 3 months
General working capital	198	55	(117)	(62)	Within 3 months
	9,098	8,955	(8,955)	-	

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 - Excess in funds allocated for estimated expenses for the Proposals is adjusted to the amount allocated for the Group’s general working capital.

24. Borrowings and Debts Securities

As at 30 September 2023

	Long Term		Short term		Total	
	SGD'000	RM'000	SGD'000	RM'000	SGD'000	RM'000
<i>Unsecured</i>						
- Term loan	-	50	-	19	-	69
- Hire purchase	3	12	8	26	11	38
- Lease liabilities	-	378	23	345	23	723
						830
					Gearing ratio (times)	0.04

As at 30 September 2022

	Long Term		Short term		Total	
	SGD'000	RM'000	SGD'000	RM'000	SGD'000	RM'000
<i>Secured</i>						
- Term loan	-	4,771	-	298	-	5,069
<i>Unsecured</i>						
- Hire purchase	11	269	7	87	18	356
- Lease liabilities	23	115	68	264	91	379
						5,804
					Gearing ratio (times)	0.21

Other than Postlink's hire purchase of SGD11,000 which bear effective interest rate at 5.10%, Postlink's lease liabilities of SGD23,000 with implicit interest rate of 5.11% as well as monthly repayments of the said borrowings, there is no other foreign denominated and unsecured borrowings. The Ringgit Malaysia term loan bear interest at 7.00% per annum.

The gearing ratio of the Group reduced from 0.21 times to 0.04 times as a result of disposal of the e-Business Subsidiaries. For corresponding quarter of the previous financial year, the Ringgit Malaysia term loans related to one of the e-Business Subsidiaries which borne interest at 4.20% to 4.57% per annum whilst the effective rate implicit in the hire purchase was 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	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
Basic (loss)/earning per share				
(Loss)/Profit after tax attributable to owners of the parent (RM'000)				
- Continuing operations	(503)	(115)	(373)	(426)
- Discontinued operations	(405)	(154)	45	(659)
	(908)	(269)	(328)	(1,085)
Weighted average number of ordinary shares in issue ('000)	347,708	347,708	347,708	347,708
Basic (loss)/earning per share (sen)				
- Continuing operations	(0.14)	(0.03)	(0.11)	(0.12)
- Discontinued operations	(0.12)	(0.04)	0.01	(0.19)
	(0.26)	(0.07)	(0.10)	(0.31)

By the Order of the Board

Company Secretary

Dated this 28th of November 2023.