

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023

(the figures have not been audited)

	Third Quarter Ended		Financial Period Ended	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
		RESTATED		RESTATED
<b>Continuing Operations</b>				
Revenue	8,082	4,575	17,902	11,853
Amortisation of research and development expenses	(298)	(330)	(973)	(1,045)
Other cost of sales	(4,726)	(2,359)	(9,713)	(6,938)
Gross profit	3,058	1,885	7,216	3,870
Interest income	10	1	22	2
Other income	67	11	125	89
Administration expenses	(1,831)	(934)	(4,274)	(2,560)
Depreciation	(180)	(137)	(479)	(407)
Impairment of goodwill	-	-	-	-
Selling and distribution expenses	(436)	(264)	(1,131)	(862)
Allowance for impairment losses on trade and other receivables	-	-	-	-
Gain/(Loss) on foreign exchange	1	4	14	(34)
Gain on disposal property, plant and equipment	-	-	-	-
Other operating expenses	(1,622)	(323)	(2,496)	(668)
(Loss)/Profit from operations	(933)	243	(1,003)	(570)
Finance cost	(10)	(5)	(17)	(16)
(Loss)/Profit before tax	(943)	239	(1,020)	(586)
Income tax expenses	(311)	(105)	(311)	(105)
Profit/(Loss) after tax from continuing operations	(1,254)	134	(1,331)	(691)
<b>Discontinued Operations</b>				
(Loss)/Profit after tax from discontinued operations	-	(111)	44	(771)
<b>Loss for the financial year</b>	<b>(1,254)</b>	<b>23</b>	<b>(1,287)</b>	<b>(1,462)</b>
Other Comprehensive Income/(Expense):				
- Continuing operations	90	196	328	800
- Discontinued operations	-	(14)	(31)	8
	90	182	297	808
<b>Total comprehensive (expense)/income for the period</b>	<b>(1,164)</b>	<b>205</b>	<b>(990)</b>	<b>(654)</b>

*(The above Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2023. The accompanying notes are an integral part of this statement.)*

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023 (Continued)

(the figures have not been audited)

	Third Quarter Ended		Financial Period Ended	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000		RM'000	
	RESTATED		RESTATED	
<b>(Loss)/Profit after tax attributable to:</b>				
Owners of the parent from:				
- Continuing operations	(1,373)	2	(1,746)	(425)
- Discontinued operations	-	(109)	45	(768)
	<u>(1,373)</u>	<u>(107)</u>	<u>(1,701)</u>	<u>(1,193)</u>
Non-controlling Interest from:				
- Continuing operations	119	133	415	(265)
- Discontinued operations	-	(3)	(1)	(4)
	<u>119</u>	<u>130</u>	<u>414</u>	<u>(269)</u>
	<u>(1,254)</u>	<u>23</u>	<u>(1,287)</u>	<u>(1,462)</u>
<b>Total comprehensive (expenses)/income for the period attributable to:</b>				
Owners of the parent from:				
- Continuing operations	(1,291)	191	(1,450)	347
- Discontinued operations	-	(123)	14	(760)
	<u>(1,291)</u>	<u>68</u>	<u>(1,436)</u>	<u>(413)</u>
Non-controlling Interest from:				
- Continuing operations	127	140	447	(237)
- Discontinued operations	-	(3)	(1)	(4)
	<u>127</u>	<u>137</u>	<u>446</u>	<u>(241)</u>
	<u>(1,164)</u>	<u>205</u>	<u>(990)</u>	<u>(654)</u>
<b>(Loss)/Earning per share attributable to owners of the parent (sen per share)</b>				
Basic:				
- Continuing operations	(0.39)	-	(0.50)	(0.12)
- Discontinued operations	-	(0.03)	0.01	(0.22)
	<u>(0.39)</u>	<u>(0.03)</u>	<u>(0.49)</u>	<u>(0.34)</u>
Diluted:				
- Continuing operations	N/A	N/A	N/A	N/A
- Discontinued operations	N/A	N/A	N/A	N/A

*(The above Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31<sup>st</sup> March 2023. The accompany notes are an integral part of this statement)*

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2023**  
(the figures have not been audited)

	<u>31.12.2023</u> RM'000 Unaudited	<u>31.03.2023</u> RM'000 Audited
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	834	498
Goodwill on consolidation	20,885	5,306
Right-of-use assets	603	301
Development expenditure	2,895	2,858
<b>Total Non-Current Assets</b>	<u>25,217</u>	<u>8,963</u>
<b>CURRENT ASSETS</b>		
Inventory	-	8
Trade receivables	5,569	5,157
Other receivables, deposits and prepayments	847	953
Current tax assets	167	29
Fixed deposits with licensed financial institution	9	9
Short term deposits with licensed financial institutions	3,364	1,086
Cash and bank balances	4,202	2,397
	<u>14,158</u>	<u>9,639</u>
Assets of disposal group classified as held for sale	-	14,633
<b>Total Current Assets</b>	<u>14,158</u>	<u>24,272</u>
<b>Total Assets</b>	<u>39,375</u>	<u>33,235</u>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT</b>		
Share capital	43,882	43,882
Accumulated losses	(24,914)	(23,320)
Exchange translation reserves	500	209
Treasury Shares	(376)	(376)
	<u>19,092</u>	<u>20,395</u>
Non-controlling interest	3,144	2,824
<b>Total Equity</b>	<u>22,236</u>	<u>23,219</u>
<b>NON-CURRENT LIABILITIES</b>		
Borrowings	50	24
Lease liabilities	325	62
Deferred tax liabilities	279	90
<b>Total Non-Current Liabilities</b>	<u>654</u>	<u>176</u>
<b>CURRENT LIABILITIES</b>		
Trade payables	2,081	903
Other payables and accruals	13,484	2,181
Current tax liabilities	590	305
Borrowings	46	25
Lease liabilities	284	253
	<u>16,485</u>	<u>3,667</u>
Liabilities of disposal group classified as held for sale	-	6,173
<b>Total Current Liabilities</b>	<u>16,485</u>	<u>9,840</u>
<b>Total Liabilities</b>	<u>17,139</u>	<u>10,016</u>
<b>Total Equity And Liabilities</b>	<u>39,375</u>	<u>33,235</u>
<b>Net Assets Per Share (Sen)</b>	<u>5.49</u>	<u>5.87</u>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023**  
(the figures have not been audited)

Nine (9) months ended 31 December 2023	<-----Attributable To Equity Holders of the Company----->						
	Ordinary Shares	Accumulated Losses	Treasury Shares	Exchange Translation Reserves	Total	Non-Controlling Interest	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 April 2023	43,882	(23,320)	(376)	209	20,395	2,824	23,219
Total comprehensive (expense)/income for the financial period	-	(1,704)	-	268	(1,436)	446	(990)
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 31 December 2023	43,882	(24,914)	(376)	500	19,092	3,144	22,236
	-	-	-	-	-	-	-
Nine (9) months ended 31 December 2022	<-----Attributable To Equity Holders of the Company----->						
	Ordinary Shares	Accumulated Losses	Treasury Shares	Exchange Translation Reserves	Total	Non-Controlling Interest	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	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	-	(1,206)	-	793	(413)	(240)	(653)
Balance as at 31 December 2022	43,882	(18,545)	(376)	591	25,552	2,335	27,887

*(The above Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31<sup>st</sup> March 2023. The accompany notes are an integral part of this statement)*

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2023**  
(the figures have not been audited)

	FOR THE FINANCIAL PERIOD ENDED	
	31.12.2023	31.12.2022
	RM'000	RM'000 RESTATED
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss)/Profit before tax from:		
- Continuing operations	(1,020)	(585)
- Discontinued operations	45	(819)
	(975)	(1,404)
Adjustment for non-cash items	1,933	3,382
Operating profit before changes in working capital	958	1,978
Changes in working capital		
Inventories	8	-
Trade receivables	316	(830)
Other receivables	2,586	128
Trade payables	1,187	44
Other payables	67	144
Cash flow from operations	5,122	1,464
Tax paid	(440)	(322)
Net cash flow from operating activities	4,682	1,142
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(543)	(319)
Net cash inflow from the disposal of subsidiaries	5,096	-
Net cash outflow from the acquisition of a subsidiary	(8,090)	-
Payment for development expenditure	(224)	(1,109)
Interest received	24	9
Net cash used in investing activities	(3,737)	(1,419)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid	(72)	(171)
Net changes in hire purchase payables	(32)	(87)
Net changes in term loan	(82)	(259)
Net changes in lease liabilities	(275)	(195)
Advances from Directors	1,994	-
Net cash flow from/(used in) financing activities	1,533	(712)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	2,478	(989)
Effect of changes in exchange rate	85	61
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD</b>	5,012	5,201
<b>CASH AND CASH EQUIVALENTS AT THE END OF PERIOD</b>	7,575	4,273
The cash and cash equivalents at the end of the reporting period comprised of the following:-		
Fixed deposits with licensed financial institution	9	270
Short term deposits with licensed financial institutions	3,364	1,403
Cash and bank balances	4,202	2,600
Fixed deposits, short term deposits and cash and bank balances attributable to assets of disposal group classified as held for sale	-	-
	7,575	4,273

*(The above Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statements for the financial year ended 31<sup>st</sup> March 2023. The accompany notes are an integral part of this statement)*

## NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2023

### PART A: REQUIREMENT OF MFRS 134 - INTERIM FINANCIAL REPORTING

#### 1. Basis of preparation

This interim financial report is based on the unaudited financial statements for the quarter ended 31 December 2023 and has been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“MFRS”) 134: Interim Financial Reporting issued by the Malaysian Accounting Standard Board (“MASB”) 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 the information required for full annual financial statements, and as such should be read in conjunction with the audited 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:

Amendments to:

MFRS 16 Lease Liability in a Sale and Leaseback  
MFRS 101 Classification of Liabilities as Current or Non-Current Disclosure of Accounting Policies  
MFRS 101 Non-Current Liabilities with Covenants  
MFRS 108 Definition of Accounting Estimates  
MFRS 107 and MFRS 7 Supplier Finance Arrangements  
MFRS 112 Deferred Tax related to Assets and Liabilities arising from a Single Transaction  
MFRS 112 International Tax Reform - Pillar Two Model Rules  
MFRS 121 Lack of Exchangeability  
MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The adoption of the above amendments does not have any material effect to 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**

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) Incorporation of Systech IOT Solutions Sdn Bhd**

On 4<sup>th</sup> December 2023, the Company has incorporated a 100%-owned subsidiary, namely Systech IOT Solutions Sdn Bhd ("Systech IOT") under the Corporate Solution segment. This subsidiary is principally involved in the provision of information technologies services, management services and maintenance services.

The incorporation above did not have material impact to the Group during the financial period to date.

### 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 corporate guarantees of the Company are as follows:

	<u>31.12.2023</u>	<u>31.03.2023</u>
	RM'000	RM'000
Corporate guarantees given to banks as securities for credit facilities granted to a former subsidiary	-	4,159

On 13 February 2023, the Company entered into a conditional share sale agreement (“Disposal SSA”) with Bill Tham Kok Weng (“Bill Tham”) for the disposals of the Company’s entire equity interests in Syscotech Sdn Bhd, Mobsys Sdn Bhd, Techcasys Sdn Bhd, Syscotech Inc. and SysCode Sdn Bhd.

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 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.



## NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2023

### PART B: ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS

#### 1. Review of Performance

In line with the intention of the Group to dispose five of its subsidiaries, namely Sycatech Sdn Bhd (“Sycatech”), Mobysys Sdn Bhd (“Mobysys”), Techcasys Sdn Bhd (“Techcasys”), Sycatech Inc. and Syscode Sdn Bhd (“Syscode”) which have been loss-making over the past 3 consecutive financial years, corresponding assets and liabilities of the 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 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 the Subsidiaries are represented as if the operations have been discontinued from the start of the comparative period. The disposal of the Subsidiaries has been completed on 7 July 2023.

The recorded revenue of the Continuing Operations is contributed by the following four (4) direct subsidiaries:

- (i) Talentcloud AI Sdn Bhd (“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 “Corporate Solution” which previously known as “HCM Solution”).
- (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”).

The Discontinued Operations’ revenue was contributed by the following Subsidiaries with active business operation:

- (i) Sycatech 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;

**Results for current quarter vs corresponding quarter of preceding financial year and Current financial period-to-date vs corresponding period-to-date of preceding financial year**

	Individual				Cumulative			
	Current Year Quarter		Preceding Year Corresponding Quarter		Current Year Quarter		Preceding Year Corresponding Quarter	
	31.12.2023	31.12.2022	Changes		31.12.2023	31.12.2022	Changes	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
<b>Continuing Operations</b>								
Revenue	8,082	4,575	3,507	77	17,902	11,853	6,049	51
Gross profit	3,058	1,885	1,173	62	7,216	3,870	3,346	86
(Loss)/Profit before interest and tax	(933)	243	(1,176)	484	(1,003)	(570)	(433)	76
(Loss)/Profit before tax	(943)	239	(1,182)	495	(1,020)	(586)	(434)	74
(Loss)/Profit after tax	(1,254)	134	(1,388)	1,036	(1,331)	(691)	(640)	93
Attributable to owners of the parent	(1,373)	2	(1,375)	68,750	(1,746)	(425)	(1,321)	311
<b>Discontinued Operations</b>								
Revenue	-	1,776	(1,776)	(100)	1,627	4,558	(2,931)	(64)
Gross profit	-	886	(886)	(100)	1,128	1,864	(736)	(39)
Loss before interest and tax	-	(105)	105	100	101	(664)	765	N/A
Loss before tax	-	(161)	161	100	45	(819)	864	N/A
Loss after tax	-	(212)	212	100	44	(872)	916	N/A
Attributable to owners of the parent	-	(212)	212	100	45	(872)	917	N/A

For the current financial quarter ended 31 December 2023, the Group recorded a revenue of RM8.082 million from Continuing Operations, an increase of RM3.507 million, 77% from RM4.575 million as recorded in the previous comparable financial quarter ended 31 December 2022, the higher revenue was mainly contributed by higher revenue in TCAI and SysArmy.

The Group recorded a loss before taxation of RM0.943 million from Continuing Operations in this financial quarter as compared to a profit before taxation of RM0.239 million recorded in the previous comparable financial quarter ended 31 December 2022, mainly due to professional fee incurred for corporate exercise and increase in staff cost.

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.

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 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 Group did not generate any revenue from Discontinued Operations in this financial quarter as the five Subsidiaries have been disposed and deconsolidated on 1 July 2023.

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.

## Comparison with immediate Preceding Quarter's Results

	Financial Quarter Ended			
	Current	Preceding	Changes	
	31.12.2023	30.09.2023	RM'000	%
	RM'000	RM'000	RM'000	%
<b><u>Continuing Operations</u></b>				
Revenue	8,082	4,948	3,134	63
Gross profit	3,058	2,190	868	40
Loss before interest and tax	(933)	(443)	(490)	N/A
Loss before tax	(943)	(447)	(496)	N/A
Loss after tax	(1,254)	(447)	(807)	N/A
Attributable to owners of the parent	(1,373)	(503)	(870)	N/A
<b><u>Discontinued Operations</u></b>				
Revenue	-	-	-	-
Gross profit	-	-	-	-
Loss before interest and tax	-	(405)	405	N/A
Loss before tax	-	(405)	405	N/A
Loss after tax	-	(405)	405	N/A
Attributable to owners of the parent	-	(405)	405	N/A

The Group's Continuing Operations recorded a total revenue of RM8.082 million for the current financial quarter ended 31 December 2023, representing a 63% increase in revenue as compared to the preceding quarter, mainly due to the contribution in corporate solution and cybersecurity segment.

The Group's Continuing Operations recorded a loss before tax of RM0.943 million in the current financial quarter as compared to RM0.447 million in the preceding quarter, despite higher revenue. This is mainly due to professional fee incurred for corporate exercise and increase in staff cost.

Revenue from Discontinued Operations remains NIL in the current financial quarter due to deconsolidation of the five Subsidiaries following the completion of disposal on 7 July 2023.

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

## Segmental Reporting: Business and Geographical Highlights

The performance of the respective business segments for this financial year quarter ended 31 December 2023 is as follows:

	Continuing			Discontinued	Adjustment and Eliminations	Consolidated
	Corporate solutions	CyberSecurity solutions	e-Logistics	e-Business Solutions		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Nine (9) Months Financial Period Ended 31 December 2023</b>						
Revenue from external customers	2,046	10,563	5,293	1,627	-	19,529
Segment results	(2,136)	876	329	99	-	(832)
Segment assets	4,879	11,545	1,899	-	21,052	39,375
Segment liabilities	12,692	3,139	439	-	869	17,139
Depreciation	4	282	193	-	-	479
Amortisation	42	931	-	-	-	973

Corporate solution - The group expanded their business in HCM further to overall corporate solution including focus on organic growth in providing Corporate Solutions, including Digital Transformation via artificial intelligence (“AI”) and Enterprise Resource Planning (“ERP”), Internet of Things (“IoT”) and human capital management (“HCM”) solutions.

The segmental results based on geographical segments are as follows:

	<b>Nine (9) Months Financial Period Ended 31 December 2023</b>			
	Malaysia	North Asia and Other Areas	South East Asia	Total
	RM'000	RM'000	RM'000	RM'000
Revenue from external customers:				
- Continuing operations	11,989	526	5,387	17,902
- Discontinued operations	581	146	900	1,627
	<b>12,570</b>	<b>672</b>	<b>6,287</b>	<b>19,529</b>

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

## 2. Current Year Prospects

The Group has been streamlining their business by strategically diversifying non-performing business segment. Following the completion of disposal of five of its subsidiaries in July 2023, the Group focus on organic growth in providing Corporate Solutions, including Digital Transformation via artificial intelligence (“AI”) and Enterprise Resource Planning (“ERP”), Internet of Things (“IoT”) and human capital management (“HCM”) solutions as well as cybersecurity.

The Group has incorporated Systech IOT, focusing in providing IOT solution. The Board is optimistic that the corporate solution segment will contribute positively to the group business.

The Group will also continue to focus on cost optimisation efforts to ensure the Group remains competitive in the challenging business environment and deliver sustainable growth in the long term especially rapid growth in the IT industry. The Board is optimistic that the Group shall perform positively and may from time to time review the Group’s businesses and operations as well as will make such arrangements, rationalisation and reorganisation that is suitable for the improvement, future growth, viability or sustainability of the business operations of the Group.

## 3. Variance of Actual Profit from Profit Forecast

The Group has not provided any profit estimate, forecast, projection, internal targets for the FYE 31 March 2024.

## 4. Taxation

The taxation charge for the Group comprises:

	<b>Financial Quarter Ended</b>	<b>Financial Period Ended</b>
	<b>31.12.2023</b>	<b>31.12.2023</b>
	<b>RM'000</b>	<b>RM'000</b>
<b><u>Continuing Operations</u></b>		
Income Tax		
- Malaysian Tax	311	311
	311	311
<b><u>Discontinued Operations</u></b>		
Income Tax		
- Foreign Tax	-	1
	-	1
	-	-
Total income tax expense	311	312

The income tax expenses for the current quarter and financial period incurred by Continuing Operations are derived from the CyberSecurity segment.

## 5. Status of Corporate Proposals

- (i) On 22 December 2023, Systech had entered into subscription agreements with the Subscribers (as defined in Section 2.1 of the announcement), for the proposed shares issuance of up to 144,000,000 new ordinary shares in Systech (“**Systech Shares**” or “**Shares**”) (“**Subscription Shares**”) (“**Subscription Agreements**”), representing approximately 29.4% of the enlarged total number of issued Shares (excluding treasury shares) after the shares issuance, for a total cash consideration of RM51,840,000 (“**Subscription Consideration**”), subject to the terms and conditions of the Subscription Agreements (“**Proposed Shares Issuance**”);
- (ii) Systech (as the “**Purchaser**”) had on 22 December 2023 entered into a conditional share sale agreement with Low Min Yew (“**LMY**”), Sea Capital LP (“**SeaCap**”) and Maybank Trustees Berhad (for Securities Commission MYCIF) (“**MTB**”) (collectively, referred to as the “**Vendors**”), for the proposed acquisition of 552,255 ordinary shares in Wilstech Sdn. Bhd. (“**Wilstech**”) (“**Sale Shares**”) (“**SSA**”), representing the entire equity interest of Wilstech, for a total purchase consideration of RM75,000,000 (“**Purchase Consideration**”), to be satisfied via cash consideration of RM20,000,000 (“**Cash Consideration**”) and the remaining RM55,000,000 to be settled via the issuance of 152,777,777 Systech Shares (“**Consideration Shares**”) at an issue price of RM0.36 per Consideration Share, subject to the terms and conditions of the SSA (“**Proposed Acquisition**”);
- (iii) Systech proposes to undertake a bonus issue of up to 160,656,399 new warrants in Systech (“**Warrants**”) on the basis of 1 Warrant for every 4 existing Systech Shares held by the entitled shareholders on an entitlement date to be determined and announced later (“**Entitled Shareholders**”) (“**Entitlement Date**”) (“**Proposed Bonus Issue of Warrants**”); and
- (iv) Systech proposes to establish an employees’ share scheme of up to 15.0% of the total number of issued Shares (excluding treasury shares) (“**ESS**” or “**Scheme**”) at any point in time during the tenure of the Scheme for eligible Directors and employees of Systech and its subsidiaries (“**Systech Group**” or “**Group**”) (excluding dormant subsidiaries, if any) (“**Proposed ESS**”),
- (v) On 2 February 2024, on behalf of the Board, Malacca Securities submitted the listing application in respect of the Proposals to Bursa Securities.

The Proposed Shares Issuance, Proposed Acquisition, Proposed Bonus Issue of Warrants and Proposed ESS are hereinafter collectively referred to as the (“**Proposals**”) has yet to be completed as at the date of this Report.

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

## 6. Borrowings and Debts Securities

Breakdown of the Group's borrowing and debt securities were as follows:

	As at 31 December 2023					
	Long Term		Short term		Total	
	SGD'000	RM'000	SGD'000	RM'000	SGD'000	RM'000
<b>Unsecured</b>						
- Term loan	-	45	-	19	-	64
- Hire purchase	-	5	-	27	-	32
- Lease liabilities	-	325	-	284	-	609
						705
						Gearing ratio (times) <u>0.03</u>
<b>As at 31 December 2022</b>						
	As at 31 December 2022					
	Long Term		Short term		Total	
	SGD'000	RM'000	SGD'000	RM'000	SGD'000	RM'000
<b>Secured</b>						
- Term loan	-	4,699	-	291	-	4,990
<b>Unsecured</b>						
- Hire purchase	9	248	7	83	16	331
- Lease liabilities	-	-	-	-	-	-
						5,321
						Gearing ratio (times) <u>0.19</u>

Other than Postlink's hire purchase of SGD11,000 which bear effective interest rate at 5.10% and monthly repayments of the said borrowing, 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 0.19 times to 0.03 times because of disposal of the Subsidiaries. For corresponding quarter of the previous financial year, the Ringgit Malaysia term loans related to one of the 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.

## 7. Changes in Material Litigation

There is no material litigation involving the Group as at 31 December 2023.

## 8. Dividends

The Board has not recommended any dividend for the financial quarter under review.



**SYSTECH BHD 201001012883(897114-T)**  
 Incorporated in Malaysia

## 9. Basic Earning/(Loss) per Share

	Current Quarter Ended		Current Period-to-Date	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Basic (loss)/earning per share				
(Loss)/Profit after tax attributable to owners of the parent (RM'000)				
- Continuing operations	(1,373)	2	(1,746)	(425)
- Discontinued operations	-	(109)	45	(768)
	<u>(1,373)</u>	<u>(107)</u>	<u>(1,701)</u>	<u>(1,193)</u>
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	(0.39)	-	(0.50)	(0.12)
- Discontinued operations	-	(0.03)	0.01	(0.22)
	<u>(0.39)</u>	<u>(0.03)</u>	<u>(0.49)</u>	<u>(0.34)</u>

**By the Order of the Board**

**Company Secretary**

**Dated this 29th of February 2024**