



AwanBiru Technology Berhad

[Registration No. 201001038336]
(Incorporated in Malaysia)

**Unaudited Interim Financial Report
For the Quarter Ended 30 September 2021**

AWANBIRU TECHNOLOGY BERHAD

(Registration No.201001038336)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 SEPTEMBER 2021**

	Individual Quarter		Cumulative Period	
	Current Year Quarter	Preceding Year Quarter	Current Year To Date 3 months	Preceding Year To Date 3 months
Note	30/9/2021 RM'000	30/9/2020 RM'000	30/9/2021 RM'000	30/9/2020 RM'000
CONTINUING OPERATIONS				
Revenue	11,759	35,496	11,759	35,496
Cost of sales	(8,761)	(29,184)	(8,761)	(29,184)
Gross profit	2,998	6,312	2,998	6,312
Other income	483	187	483	187
	3,481	6,499	3,481	6,499
Administrative expenses	(4,038)	(4,610)	(4,038)	(4,610)
Other expenses	(694)	(621)	(694)	(621)
Finance costs	(183)	(1,060)	(183)	(1,060)
(Loss)/profit before taxation	B5 (1,434)	208	(1,434)	208
Income tax expense	B6 (250)	(478)	(250)	(478)
Loss after taxation from continuing operations	(1,684)	(270)	(1,684)	(270)
DISCONTINUED OPERATIONS				
Loss after taxation from discontinued operations	-	(893)	-	(893)
Loss after taxation	(1,684)	(1,163)	(1,684)	(1,163)
Other comprehensive expense	-	-	-	-
Total comprehensive expenses for the financial period	(1,684)	(1,163)	(1,684)	(1,163)
Loss after taxation attributable to:-				
Owners of the Company:				
Continuing operations	(1,684)	(75)	(1,684)	(75)
Discontinued operations	-	(893)	-	(893)
	(1,684)	(968)	(1,684)	(968)
Non-controlling interest:	-	(195)	-	(195)
	(1,684)	(1,163)	(1,684)	(1,163)
Total comprehensive expenses attributable to:				
Owners of the Company:				
Continuing operations	(1,684)	(75)	(1,684)	(75)
Discontinued operations	-	(893)	-	(893)
	(1,684)	(968)	(1,684)	(968)
Non-controlling interest:	-	(195)	-	(195)
	(1,684)	(1,163)	(1,684)	(1,163)
Loss Per Share attributable to owners of the Company (Sen)				
Basic:	B12			
Continuing operations	(0.21)	(0.01)	(0.21)	(0.01)
Discontinued operations	-	(0.17)	-	(0.17)

The unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial period from 1 July 2020 to 30 June 2021 and the accompanying explanatory notes attached to these interim financial statements.

AWANBIRU TECHNOLOGY BERHAD
(Registration No.201001038336)
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2021

	Note	Unaudited As at 30/9/2021 RM'000	Audited As at 30/6/2021 RM'000
ASSETS			
NON-CURRENT ASSETS			
Property and equipment		10,722	10,684
Investment properties		11,430	11,430
Development cost		-	32
		22,152	22,146
CURRENT ASSETS			
Contract costs		1,302	356
Trade and other receivables		311,955	314,360
Short-term investment		10,049	10,041
Cash and bank balances		33,470	30,552
Current tax assets		84	91
		356,860	355,400
Assets of disposal group classified as held for sale		25,000	25,000
		381,860	380,400
TOTAL ASSETS		404,012	402,546
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Trade and other payables		162,433	160,525
Borrowings	B8	3,240	3,874
Current tax liabilities		256	306
Contract liabilities		12,055	9,646
		177,984	174,351
NON-CURRENT LIABILITIES			
Borrowings	B8	20,097	20,427
Deferred tax liabilities		16,869	16,869
		36,966	37,296
TOTAL LIABILITIES		214,950	211,647
NET ASSETS		189,062	190,899
EQUITY			
Share capital		176,672	176,672
Other reserve		(3,366)	(3,366)
Warrant reserve		19,812	19,812
Employee share reserve		919	919
Accumulated losses		(16,689)	(15,005)
Total equity attributable to owners of the Company		177,348	179,032
Non-controlling interest		11,714	11,867
TOTAL EQUITY		189,062	190,899
TOTAL LIABILITIES & EQUITY		404,012	402,546
NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (SEN)		22.47	36.99

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial period from 1 July 2020 to 30 June 2021 and the accompanying explanatory notes attached to these interim financial statements.

AWANBIRU TECHNOLOGY BERHAD
(Registration No.201001038336)
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGE IN EQUITY
FOR THE QUARTER ENDED 30 SEPTEMBER 2021

	←----- Non-distributable ----->				Distributable (Accumulated Losses)/ Retained Profits	Attributable to owners of the Company	Non- controlling Interest	Total Equity
	Share Capital RM'000	Warrant Reserve RM'000	Employee share Option Reserve RM'000	Treasury Shares RM'000	RM'000	RM'000	RM'000	RM'000
At 30 June 2020 /1 July 2020								
- As previously reported	133,803	-	-	(3,366)	(24,327)	106,110	12,822	118,932
- Prior year adjustments	-	-	-	-	(663)	(663)	-	(663)
- As restated	133,803	-	-	(3,366)	(24,990)	105,447	12,822	118,269
Profit/ (Loss) after taxation	-	-	-	-	9,985	9,985	(636)	9,349
Transaction with owners of the Company:-								
- Issuance of ordinary shares	42,869	19,812	-	-	-	62,681	-	62,681
- Share options to employees	-	-	919	-	-	919	-	919
- Capital reduction in a subsidiary	-	-	-	-	-	-	(319)	(319)
	42,869	19,812	919	-	-	63,600	(319)	63,281
At 30 June 2021	176,672	19,812	919	(3,366)	(15,005)	179,032	11,867	190,899
Transaction with owners of the Company:-								
Loss after taxation	-	-	-	-	(1,684)	(1,684)	-	(1,684)
Transaction with owners of the Company:-								
- Disposal of a subsidiary	-	-	-	-	-	-	(153)	(153)
At 30 September 2021	176,672	19,812	919	(3,366)	(16,689)	177,348	11,714	189,062

The unaudited Condensed Consolidated Statement of Change in Equity should be read in conjunction with the Audited Financial Statements for the financial period from 1 July 2020 to 30 June 2021 and the accompanying explanatory notes attached to these interim financial statements.

AWANBIRU TECHNOLOGY BERHAD
(Registration No.201001038336)
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE QUARTER ENDED 30 SEPTEMBER 2021

	Current 3 months 30/9/2021 RM'000	Preceding Period 3 months 30/9/2020 RM'000
CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES		
(Loss)/ Profit before taxation		
Continuing operations	(1,434)	208
Discontinued operations	-	(893)
Adjustments for:		
Depreciation of property and equipment	694	735
Loss on disposal of a subsidiary company	34	-
Interest income	(135)	(13)
Interest expense	183	1,060
Operating (loss)/profit before working capital changes	(658)	1,097
Working capital changes:-		
Changes in contract costs	(946)	1,279
Changes in trade and other receivables	2,437	7,852
Changes in contract liabilities	2,409	(1,412)
Changes in trade and other payables	1,762	(10,010)
CASH FLOW FROM/(FOR) OPERATING ACTIVITIES	5,004	(1,194)
Interest paid	(183)	(1,060)
Income tax paid	(293)	(374)
NET CASH FLOW FROM/(FOR) OPERATING ACTIVITIES	4,528	(2,628)
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(732)	(116)
Interest received	135	-
Proceed from disposal of a subsidiary company	113	13
Placement of deposit pledged with licensed banks	-	(405)
NET CASH FLOW FOR INVESTING ACTIVITIES	(484)	(508)
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES		
Disposal of equity interest in a subsidiary by a Non-controlling interest	(153)	-
Repayment of term loans	(964)	-
Proceed from bank borrowing	-	2,929
NET CASH FLOW (FOR)/FROM FINANCING ACTIVITIES	(1,117)	2,929
Net increase/(decrease) in cash and cash equivalents	2,927	(207)
Cash and cash equivalents at beginning of the financial year	36,469	6,443
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	39,396	6,236
CASH AND CASH EQUIVALENT AT END OF THE FINANCIAL PERIOD COMPRISES THE FOLLOWING:-		
Cash and bank balances	29,347	6,196
Deposits with licensed banks	4,123	6,281
Short-term investments	10,049	40
	43,519	12,517
Less: Deposits pledged with licensed banks	(4,123)	(6,281)
	39,396	6,236

The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial period from 1 July 2020 to 30 June 2021 and the accompanying explanatory notes attached to these interim financial statements.

AWANBIRU TECHNOLOGY BERHAD

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2021

NOTES TO THE INTERIM FINANCIAL REPORT

PART A - EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134 ("MFRS 134")

A1. BASIS OF PREPARATION

These condensed consolidated interim financial statements have been prepared in accordance with the requirement of Malaysian Financial Reporting Standards ("MFRSs") 134, Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirement of Bursa Malaysia Securities Berhad. They do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 June 2020.

The accounting policies and methods of computation by the Group in this interim financial statement are consistent with those adopted in the financial statements for the period ended 30 June 2021 excepts for those standards, amendments and interpretations which are effective from the annual period beginning on or after 1 January 2021.

At the beginning of the current financial year, the Group adopted new MFRSs, Amendments to MFRSs and an IC Interpretation (collectively referred to as "pronouncements") that have been issued by the MASB and are applicable as listed below: -

- Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform – Phase 2

The Group expect that the adoption of the above standards and interpretations will have no material impact on the financial statements in the year of initial application.

AWANBIRU TECHNOLOGY BERHAD

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2021**A2. CHANGES IN ACCOUNTING POLICIES**

At the date of authorisation of these interim financial statements, the following MFRSs, Amendments to MFRSs and Issues Committee (“IC”) Interpretations were issued but not yet effective and have not been applied by the Group:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
• MFRS 17, Insurance Contracts	1 January 2023
• Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
• Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Join Venture	Deferred
• Amendment to MFRS 17 Insurance Contracts	1 January 2023
• Amendment to MFRS 101 and MFRS 108: Definition of Material	1 January 2020
• Amendments MFRS 101: Classification of Liabilities as Current or Non-Current	1 January 2023
• Amendments to MFRS 116: Property, Plant and Equipment-Proceed before Intended Use	1 January 2022
• Amendments to MFRS 137: Onerous Contracts-Cost of Fulfilling a Contract	1 January 2022
• Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
• Annual Improvement to MFRS Standards 2018-2020	1 January 2022

The adoption of the above standards and amendments are not expected to have any material financial impact to the Group upon their first adoption.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2021

A3. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the audited annual financial statements for the financial year ended 30 June 2021 was not qualified.

A4. SEASONAL OR CYCLICAL FACTORS

The business operations of the Group for the quarter ended 30 September 2021 have not been affected by any seasonal or cyclical factors.

A5. ITEMS OF UNUSUAL NATURE, SIZE OR INCIDENT

There were no material unusual items or events affecting the assets, liabilities, equity, net income or cash flow during the current financial quarter ended 30 September 2021.

A6. CHANGES IN ESTIMATES

There were no material changes in estimates of amounts reported in prior financial years that have a material effect to this interim financial report.

A7. CHANGES IN DEBT AND EQUITY SECURITIES

There was no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the current financial quarter.

A8. VALUATION OF PROPERTY AND EQUIPMENT

There was no revaluation of the property and equipment in the current financial quarter.

A9. DIVIDENDS PAID

There was no dividend paid during the current financial quarter.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2021

A10. SEGMENTAL INFORMATION

The Group's business segments reflect the internal reporting structure as follow:

- a) **Software & Services and Talent** - distribution and managing software licensing and providing ICT and O&G training and certification.
- b) **Education** – provide specialised computer science and engineering education. It offers computer studies ranging from foundation, diploma, degree, post graduate masters and PhD.
- c) **Employment services** – Human resource management services for foreign workers' recruitment and documentation services.
- d) **Concession** – delivery of total solution for the integrated and comprehensive core immigration system which includes design, customise, install, configure, test, commission and maintenance throughout the concession period.
- e) **Others** – Comprise of the holding company which is involved in investment holding and its inactive subsidiary companies.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2021

A10. SEGMENTAL INFORMATION (CONT'D)

	RESULTS FOR 3 MONTHS ENDED 30 SEPTEMBER 2021 (UNAUDITED)						RESULTS FOR 3 MONTHS ENDED 30 SEPTEMBER 2020 (UNAUDITED)					
	Software & Services and Talent RM'000	Education RM'000	Employment Services RM'000	Concession RM'000	Others RM'000	Total RM'000	Software & Services and Talent RM'000	Education RM'000	Employment Services RM'000	Concession RM'000	Others RM'000	Total RM'000
Continuing Operations												
Revenue						Revenue						
External revenue	11,759	-	-	-	-	11,759	External revenue	35,418	-	78	-	35,496
Inter-segment revenue	-	-	-	-	250	250	Inter-segment revenue	-	-	-	-	1,250
Segment revenue	11,759	-	-	-	250	12,009	Segment revenue	35,418	-	78	-	36,746
Consolidation adjustments						(250)	Consolidation adjustments					(1,250)
Consolidated revenue						11,759	Consolidated revenue					35,496
Results						Results						
Segment profit/(loss)							Segment profit/(loss)					
before interest and taxation	438	-	(96)	(30)	(1,563)	(1,251)	before interest and taxation	3,053	-	(169)	(373)	(703)
Finance costs						(183)	Finance costs					(1,060)
Consolidation adjustments						-	Consolidation adjustments					(540)
Consolidated profit before taxation						(1,434)	Consolidated loss before taxation					208
Discontinued Operations						Discontinued Operations						
Segment loss							Segment loss					
before interest and taxation	-	-	-	-	-	-	before interest and taxation	-	(1,433)	-	-	(1,433)
Consolidation adjustments						-	Consolidation adjustments					540
before interest and taxation	-	-	-	-	-	-	before interest and taxation	-	(1,433)	-	-	(893)
Total profit/(loss) before interest and taxation	438	-	(96)	(30)	(1,563)	(1,251)	Total profit/(loss) before interest and taxation	3,053	(1,433)	(169)	(373)	(703)
Finance costs						(183)	Finance costs					(1,060)
Consolidation adjustments						-	Consolidation adjustments					-
Total Loss Before Taxation						(1,434)	Total Loss Before Taxation					(685)

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2021**A11. MATERIAL EVENTS SUBSEQUENT TO THE END OF INTERIM QUARTER**

Other than as disclosed under Note [B7], there were no items, transactions or events of a material and unusual nature that have arisen since 30 September 2021 to the date of this announcement which would substantially affect the financial results of the Group for the current financial quarter that have not been reflected in the condensed financial statements.

A12. CHANGES IN COMPOSITION OF THE GROUP

On 23 August 2021, the Company has disposed its 70% share in Prestariang Oil & Gas Sdn. Bhd. There were no other changes in the composition of the Group during the current financial quarter.

A13. CONTINGENT LIABILITIES OR CONTINGENT ASSETS

There were no contingent assets. Contingent liabilities during the financial period were as follows: -

	<u>RM'000</u>
- Performance guarantee extended by a subsidiary to third party	7,417
- Compensation to a vendor due to project termination	7,291
- Dividend payable on Redeemable Preference Shares ("RPS")	28,800
	<u>43,508</u>

A14. CAPITAL COMMITMENTS

Capital commitments of the Group in respect of property and equipment as at 30 September 2021 are as follows:

	<u>RM'000</u>
- Approved and contracted for	<u>1,023</u>

A15. SIGNIFICANT RELATED PARTY TRANSACTIONS

There were no significant related party transactions for the quarter ended 30 September 2021.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2021

NOTES TO THE INTERIM FINANCIAL REPORT**PART B - ADDITIONAL INFORMATION AS REQUIRED BY MAIN MARKET LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD (PART A OF APPENDIX 9B)****B1. OPERATING SEGMENTS REVIEW**

	INDIVIDUAL QUARTER			
	Current Quarter 30/9/2021 RM'000	Preceding Year Quarter 30/9/2020 RM'000	Variance RM'000 (%)	
<u>Segmental Revenue:</u>				
<u>Continuing Operations</u>				
Software & Services and Talent				
- Software & Services	8,684	34,148	(25,464)	-75%
- Talent	3,075	1,270	1,805	142%
	11,759	35,418	(23,659)	-67%
Employment services	-	78	(78)	-100%
Others	250	1,250	(1,000)	-80%
	12,009	36,746	(24,737)	-67%
Inter-segment Elimination	(250)	(1,250)		
Group	11,759	35,496	(23,737)	-67%
<u>Profit/(Loss) Before Taxation</u>				
Software & Services and Talent	255	1,993	(1,738)	-87%
Employment Services	(96)	(169)	73	43%
Concession	(30)	(373)	343	92%
Others	(1,563)	(703)	(860)	-122%
	(1,434)	748	(2,182)	292%
Inter-segment Elimination	-	(540)		
	(1,434)	208	(1,642)	789%
<u>Discontinued Operations</u>				
Education	-	(1,433)	1,433	100%
Inter-segment Elimination	-	540		
	-	(893)	893	100%
Group	(1,434)	(685)	(749)	-109%

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2021

B1. OPERATING SEGMENTS REVIEW (CONT'D)

THREE (3) MONTHS RESULTS (Q1FY2022 vs Q1FY2021)

The Group revenue for the three (3) months period under review decreased from RM35.5 million to RM11.8 million in Q1 FY2022, which is RM23.7 million lower than Q1 FY2021 mainly attributable to the lower revenue from Software & Services and Talent segment.

The Group recorded a loss before interest and tax of RM1.3 million in Q1 FY2022 as compared to a profit before interest and tax of RM0.4 million in Q1 FY2021. Factors affecting the results for this quarter were as follows:

- i. Decrease in Software & Services and Talent revenue from RM35.4 million in Q1 FY2021 to RM11.8 million Q1 FY2022. This segment's revenue was impacted due to the dual effect of the expiry of the Master Licensing Agreement ("MLA") with the Government of Malaysia and the discontinuation by Microsoft of our wholly owned subsidiary, Awantec Systems Sdn. Bhd.'s ("ASSB") (formerly known as Prestariang Systems Sdn. Bhd.) membership in the Microsoft Partner Network effective 31 January 2021.

This resulted in the lower profit before interest and tax for this segment of RM0.4 million as compared to a profit before interest and tax of RM3.1 million in Q1 FY2021.

- ii. Employment services segment recorded a loss before interest and tax of RM96,000 in Q1 FY2022 as compared to a loss before interest and tax of RM169,000 in Q1 FY2021. This segment has been disposed during the quarter under review.
- iii. Others recorded a revenue of RM0.3 million from the holding company charging subsidiaries management fees for the Group shared services cost in Q1 FY2022. The segment recorded loss before interest and tax of RM1.6 million Q1 FY2022 as compared to loss before interest and tax of RM0.7 million in Q1 FY2021 on the back of lower management fees charged out to operating units despite a reduction in head office and corporate cost.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2021

B2. COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S RESULTS

	Current Quarter 30/9/2021 RM'000	Immediate Preceding Quarter 30/6/2021 RM'000	Variance RM'000 (%)	
<u>Segmental Revenue:</u>				
<u>Continuing Operations</u>				
Software & Services and Talent				
- Software & Services	8,684	1,291	7,393	573%
- Talent	3,075	1,495	1,580	106%
	<u>11,759</u>	<u>2,786</u>	8,973	322%
Employment services	-	22	(22)	-100%
Others	250	(2,750)	3,000	-109%
	<u>12,009</u>	<u>58</u>	11,951	20605%
Inter-segment Elimination	(250)	2,750		
Group	<u>11,759</u>	<u>2,808</u>	8,951	319%
<u>Profit/(loss) Before Taxation</u>				
Software & Services and Talent	255	(1,715)	1,970	-115%
Employment services	(96)	(100)	4	4%
Concession	(30)	2,912	(2,942)	101%
Others	(1,563)	(2,898)	1,336	-46%
	<u>(1,434)</u>	<u>(1,801)</u>	368	-20%
Inter-segment Elimination	-	-		
Group	<u>(1,434)</u>	<u>(1,801)</u>	368	-20%

The Group recorded a lower loss before tax of RM1.4 million in Q1 FY2022 as compared to loss before tax of RM1.8 million in Q4 FY2021 which included a one-off gain on disposal of subsidiary, following the deconsolidation of Prestariang Tech Services Sdn.Bhd ("PTSSB") resulting from Creditors' voluntary winding up in Q4 FY2021. We saw a significant jump in revenue for both our Software & Services and Talent Segment generating a profit before tax of RM255,000 compared to a loss of RM1.7 million for Q4 FY2021 .

B3. PROSPECTS FOR THE FINANCIAL YEAR ENDING 30 JUNE 2022**Strong cash position**

We have highlighted the substantial progress made in FY2020 and FY2021 with our rationalization plan to monetize non-core assets and reduce operating cost. This process is now largely completed with the exception of the planned disposal of our office building for RM24.2 million following the termination of our SPA which we announced on 10 November 2021. Our plans remain to find a suitable buyer and dispose of the said building.

B3. PROSPECTS FOR THE FINANCIAL YEAR ENDING 30 JUNE 2022 (CONT'D)

Strong cash position (Cont'd)

With our strong cash balance from the completion of our placement of shares and rights issue in November of 2020 and following the expiry of the Master Licensing Agreement (“MLA”) with the Ministry of Finance we have been actively rebuilding our business. Details of our progress on this front are explained below in the segment labeled “rebuilding revenue base with our expanded product and service offerings”

We are cautiously optimistic of the year ahead as our revenue from new business including but not limited to our partnership with Google and existing opportunities in the Talent and Placements segments have demonstrated good growth from Q4 FY2021 to this Q1 FY2022.

Revenue in total grew by over 300% from RM2.8 million in Q4 FY2021 to RM11.8 million in Q1 FY2022. While this is still significantly lower than the RM35.5 million recorded in the Q1 FY2021, it demonstrates the transition gaining traction and we are moving in the right direction.

We expect in the year ahead as we seed new opportunities with our existing clients and reach out to new clients to rebuild our sales pipeline and order books the earnings trajectory may see some fluctuation from quarter to quarter. We however believe that in the immediate future the strong cash position from the fund-raising exercise, monetization of non-core assets supplemented by cash from operations will give us the resilience needed as we rebuild our business with new product lines and services in the coming quarters.

Rebuilding revenue base with more products and service offerings

In February 2021, our wholly owned subsidiary Awantec Systems Sdn. Bhd. (“**ASSB**”) (formerly known as Prestariang Systems Sdn. Bhd.), was appointed by Google as their exclusive Managed Service Provider (“MSP”) to the Government of Malaysia in relation to their empanelment by the Malaysian Administrative Modernisation and Management Planning Unit (“MAMPU”) to support government agencies with Google Cloud Platform and Google Workspace. The appointment is in respect of Infrastructure as a Service (IaaS), Platform as a Service (PaaS), Software as a Service (SaaS) and Anything as a Service (XaaS) for the next three years from 2021 to 2023.

Equipped with a wider range of products and services from our principals, we are going deeper in our relationship with our customers from mostly managing software licenses into providing multiple Cloud products and services and change management to improve the customers’ operational process and drive innovations into their digital transformation journey. We have also expanded our talent business from training to include job placement and upskilling and reskilling.

We have received good responses from our clients towards these new offerings. In addition to significant wins like the MOE contract announced on 13 July 2021, we have been running various Proof of Concepts (“POC’s) for our clients and look forward to being able to progress these to actual awards and we will make the necessary announcements in due course.

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B3. PROSPECTS FOR THE FINANCIAL YEAR ENDING 30 JUNE 2022 (CONT'D)

Outlook

For this Q1 FY2022, we have seen growth in both the existing Talent segment from revenue of RM1.5 million in Q4 FY2021 to RM3.1 million in Q1 FY2022 and new business in the Technology segment which is now underpinned by Google in place of Microsoft from revenue of RM1.3 million in Q4 FY2021 to RM8.7 million in Q1 FY2022.

Our investment in our people, our relationships with our partners and our customers is starting to bear fruit. We expect that while in the immediate future this growth may fluctuate, we are confident that in the medium to long term it will stabilize on the back of the recurring income from renewals and continuing managed services revenue as is typical for cloud-based businesses.

We have laid the groundwork in terms of our capability, financial reserves from the recent corporate exercise and partnerships with leading global technology players like Google, SAP, Adobe and others to access products and services to be a key player in tapping the vast opportunities in arising from the Malaysia Digital Economy Blueprint. We will provide our customers with innovative and cost-effective solutions by leveraging the latest technology working together with our global technology partners as well as leveraging the right talent to drive digital adoption, which is aligned to the Malaysia Digital Economy Blueprint. On this premise, our Board is of the view that our Group is in good position to capitalize on the task of meeting the market requirement for technology and talent services to spearhead our business growth.

B4. VARIANCE ON PROFIT FORECAST/PROFIT GUARANTEE

The Group did not issue any profit forecast or profit estimate previously in any public document.

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B5. (LOSS)/PROFIT BEFORE TAXATION

(Loss)/ profit before taxation is derived after taking into consideration of the following:

	<u>Individual Quarter</u>	
	Current Year	Preceding
	Quarter	Year Quarter
	30/9/2021	30/9/2020
	RM'000	RM'000
Interest expense	183	1,060
Depreciation and amortisation	694	735
Foreign exchange loss/(gain)	13	(175)
Loss from disposal of a subsidiary company	34	-

B6. INCOME TAX EXPENSE

The Group consolidated tax expense was computed based on the respective company's results separately. Certain companies within the Group reported profits before tax and therefore were taxable.

	<u>Individual Quarter</u>	
	Current Year	Preceding
	Quarter	Year Quarter
	30/9/2021	30/9/2020
	RM'000	RM'000
Malaysia tax:		
- for the current year	250	478

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B7. STATUS OF CORPORATE PROPOSALS

The Company is implementing the following proposals that form part of the Group's rationalisation plan:

1. Proposed multi proposals

The status of utilisation of the proceed from the Private Placement and Rights Issue as at 30 September 2021 is as follows:

Description	Estimated timeframe for utilisation upon listing	Proposed utilisation (RM'000)	Actual utilisation (RM'000)	Balance (RM'000)
Working capital for expansion of existing business	Within 12 months	28,309	24,200	4,109
Business expansion for new product offering and services	Within 24 months	17,513	-	17,513
Full repayment of advances from Directors as well as redemption of the RSLs	Within 3 months	16,500	16,500	-
Estimated expenses in relation to the Corporate Exercises	Upon Completion	900	900	-
Total Gross Proceed		63,222	41,600	21,622

i. Long term incentive plan ("LTIP")

The Company had, on 25 January 2021, announced that the effective date for the LTIP has been fixed to commence on 25 January 2021. The LTIP comprises the establishment of an employee share option scheme and share grant plan of up to 15% of the issued share capital of the Company at any point in time during the duration of the LTIP for eligible directors and employees of the Company and its subsidiaries.

B7. STATUS OF CORPORATE PROPOSALS (CONT'D)

2. Proposed scheme of arrangement

On 24 August 2020, Prestariang SKIN Sdn. Bhd. ("PSKIN"), a subsidiary of the Company, made an application pursuant to Section 366 of the Companies Act 2016 (the "Act"), for a proposed scheme of arrangement between PSKIN and its scheme creditors pursuant to Section 366 of the Act, to be put forward to the creditors at court convened meetings (the "Proposed Scheme"). The Proposed Scheme is in relation to PSKIN only. The purpose of the Proposed Scheme is to preserve the going concern of PSKIN while it carries on with negotiations and legal action to seek compensation from the Government of Malaysia for the termination of the SKIN contract. The application, if granted, is not expected to have any material impact on the financial and operational matters of the Company and its subsidiaries. Further, the Proposed Scheme does not involve any lenders of PSKIN or the Prestariang Group.

On 2 December 2020, the High Court of Malaya has granted the approval of the Proposed Scheme today, pursuant to the application filed by PSKIN dated 11 November 2020.

3. Proposed disposal of a property

On 8 February 2021, the company announced that its wholly-owned subsidiary, Awantec Systems Sdn. Bhd. ("ASSB") (formerly known as Prestariang Systems Sdn. Bhd.), has entered into conditional sale and purchase agreements ("SPA's") with Serba Dinamik Group Berhad (the "Purchaser"), for the disposal of one Eight (8) Storey stratified corporate office building known as Block 12, Corporate Park, Star Central @ Cyberjaya erected on part of all that piece of freehold land held under Master Title Geran 339485, Lot 111284, Bandar Cyberjaya, Daerah Sepang, Negeri Selangor Darul Ehsan together with its attached fixtures and fittings as listed in the SPA's for a total cash consideration of Ringgit Malaysia Twenty Four Million Two Hundred Thousand (RM24,200,000.00) only (the "Proposed Disposal").

Following the fulfilment of the condition precedent under the SPAs, the SPAs were scheduled to be completed on 31 July 2021 with an option for the purchaser to extend for up to one month subject to payment of late payment interest.

Pursuant to the Purchaser's request, the Vendor had further agreed to grant an extension of time for the Purchaser to pay the Balance Purchase Price by 31 October 2021.

The Company had on 10 November 2021 announced that the Vendor and the Purchaser had on 10 November 2021 entered into a Mutual Termination Agreement ("MTA") to terminate the SPAs accordingly.

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B7. STATUS OF CORPORATE PROPOSALS (CONT'D)

4. Creditor's Voluntary Liquidation

On 2 April 2021, the Company announced that Prestariang Tech Services Sdn. Bhd. ("**PTSSB**"), a wholly-owned subsidiary of Prestariang Services Sdn. Bhd., which in turn is a subsidiary of the Company, was undergoing a Creditors' Voluntary Winding Up, where:

- (i) Mr. Lim Tian Huat and Mr. Chiang Teng Guan of Messrs. Rodgers Reidy & Co. will be appointed as the Joint and Several Interim Liquidators on 2 April 2021 to commence the Creditors' Voluntary Winding Up proceedings pursuant to Section 440(1) of the Companies Act 2016; and
- (ii) the first meeting of PTSSB and its creditors (the "**First Creditor's Meeting**") is scheduled to be held within thirty (30) days from 2 April 2021.

Mr. Lim Tian Huat and Mr. Chiang Teng Guan of Messrs. Rodgers Reidy & Co. were appointed as the Joint and Several Liquidators for the Creditors' Voluntary Winding Up of PTSSB by a resolution of the Company and its Creditors at the First Creditor's Meeting held on 3 May 2021.

The Creditors' Voluntary Winding Up is part of an overall debt management exercise undertaken by the Company for the wholly-owned subsidiaries of Prestariang Services Sdn. Bhd. (namely PSKIN and PTSSB) following the termination of the SKIN Project. Further, PTSSB cannot by reason of its liabilities continue its business as usual.

B8. BORROWINGS

The Group's borrowing and debts securities as at 30 September 2021 are as follows:

	Long term borrowing			Short term borrowing			Total (RM'000)
	Secured	Unsecured	Total	Secured	Unsecured	Total	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<u>Borrowings</u>							
- Term Loans	19,945	-	19,945	3,240	-	3,240	23,185
<u>Debts securities</u>							
- RPS "A"	152	-	152	-	-	-	152
Total	20,097	-	20,097	3,240	-	3,240	23,337

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B9. MATERIAL LITIGATION

The Group has filed and served its Originating Summons (“OS”) dated 15 April 2019 against the Government of Malaysia (“GOM”) as Defendant claiming the amount of RM733 million in relation to the termination of the Sistem Kawalan Imigresen Nasional (“SKIN”) by expropriation.

On 30 October 2019, the High Court Judge dismissed GOM's application to convert PSKIN's OS to a Writ action and awarded costs to Prestariang SKIN Sdn. Bhd. (“PSKIN”). In dismissing GOM's application, the Judge held, among others, that the termination of the Concession Agreement by expropriation is not in dispute. The only point for the determination of the Court is the amount to be paid by GOM as a consequence of the expropriation. The Concession Agreement provides for a contractual formula to determine the amount to be paid. As such, there are no disputes of fact to warrant a trial.

GOM appealed against the High Court Judge's decision dismissing its application. On 10 June 2020, the Court of Appeal found that there was no merit to GOM's appeal and awarded costs PSKIN. In dismissing GOM's appeal, the Court of Appeal held that GOM would not suffer any prejudice with PSKIN's action continuing by way of OS in light of the directions given by the High Court Judge to allow for the cross-examination of the various deponents as well as for expert evidence to be tendered.

On 23 July 2020, PSKIN's Originating Summons (“OS”) was transferred to a new High Court Judge. The OS was heard before the Court on 22 January 2021, 29 January 2021, 26 February 2021, 9 April 2021, 20 May 2021 and 2 November 2021. Further hearing dates have been scheduled on 29 and 30 November 2021 and 7 and 8 December 2021.

The Group remains positive on the compensation amount based on the formula stipulated under the Concession Agreement. Based on the above, the management is confident that there is no impairment necessary for the period under review.

Separately, PSKIN and GOM have also agreed to refer the dispute in respect of PSKIN's Originating Summons to court-annexed mediation conducted by the Kuala Lumpur Court Mediation Centre (“**Mediation Centre**”). The parties agreed that the mediation process shall proceed concurrently with the court proceedings. On 30 October 2019, representatives from PSKIN and GOM (with parties' respective Counsel) attended the first mediation session. A further mediation session between the parties has yet to be fixed.

B10. FAIR VALUE HIERARCHY

There were no transfers between any levels of the fair value hierarchy took place during the current quarter and the comparative period. There was also no change in the purpose of any financial asset that subsequently resulted in a different classification of that asset.

B11. PROPOSED DIVIDEND

No interim dividend has been declared for the current quarter ended 30 September 2021.

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B12. LOSS PER SHARE

	Current Year Quarter 30/9/2021	Preceding Year Quarter 30/9/2020
Loss after taxation attributable to owners of the Company (RM'000)	(1,684)	(968)
Weighted average number of ordinary shares in issue ('000)	789,124	532,230
Basic earning/(loss) per share (sen):		
-Continuing operations	(0.21)	(0.01)
-Discontinued operations	-	(0.17)

B13. AUTHORISED FOR ISSUE

The interim financial report was authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 25 November 2021.

BY ORDER OF THE BOARD**CHUA SIEW CHUAN (SSM PC No. 201908002648)****LIM LIH CHAU (SSM PC No. 201908001454)**

Secretaries

Kuala Lumpur**25 November 2021**