



AwanBiru Technology Berhad

[Registration No. 201001038336]
(Incorporated in Malaysia)

**Unaudited Interim Financial Report
For the Quarter Ended 31 December 2021**

AWANBIRU TECHNOLOGY BERHAD
(Registration No.201001038336)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 DECEMBER 2021

	Note	Individual Quarter		Cumulative Period	
		Current Year Quarter	Preceding Year Quarter	Current Year To Date 6 months	Preceding Year To Date 6 months
		31/12/2021 RM'000	31/12/2020 RM'000	31/12/2021 RM'000	31/12/2020 RM'000
CONTINUING OPERATIONS					
Revenue		53,228	38,098	64,987	73,594
Cost of sales		(41,792)	(30,692)	(50,553)	(59,876)
Gross profit		11,436	7,406	14,434	13,718
Other income		3,283	334	3,766	521
		14,719	7,740	18,200	14,239
Administrative expenses		(5,710)	(6,230)	(9,748)	(10,840)
Other expenses		(2,751)	(6,280)	(3,445)	(6,901)
Finance costs		(197)	(1,144)	(380)	(2,204)
Profit/ (loss) before taxation	B5	6,061	(5,914)	4,627	(5,706)
Income tax expense	B6	(265)	(909)	(515)	(1,387)
Profit/ (loss) after taxation from continuing operations		5,796	(6,823)	4,112	(7,093)
DISCONTINUED OPERATIONS					
Profit after taxation from discontinued operations		-	17,251	-	16,358
Profit after taxation		5,796	10,428	4,112	9,265
Other comprehensive income/ (expense)		-	-	-	-
Total comprehensive income/ (expenses) for the financial period		5,796	10,428	4,112	9,265
Profit/ (loss) after taxation attributable to:-					
Owners of the Company:					
Continuing operations		5,943	(6,425)	4,259	(6,695)
Discontinued operations		-	17,251	-	16,358
		5,943	10,826	4,259	9,663
Non-controlling interest:		(147)	(398)	(147)	(398)
		5,796	10,428	4,112	9,265
Total comprehensive income/ (expenses) attributable to:					
Owners of the Company:					
Continuing operations		5,943	(6,425)	4,259	(6,695)
Discontinued operations		-	17,251	-	16,358
		5,943	10,826	4,259	9,663
Non-controlling interest:		(147)	(398)	(147)	(398)
		5,796	10,428	4,112	9,265
Profit/ (Loss) Per Share attributable to owners of the Company (Sen)					
Basic:					
Continuing operations	B12	0.75	(1.03)	0.54	(1.16)
Discontinued operations		-	2.78	-	2.84

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 31 DECEMBER 2021

	Unaudited As at 31/12/2021 RM'000	Audited As at 30/6/2021 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property and equipment	22,547	10,684
Investment properties	24,200	11,430
Development cost	-	32
	46,747	22,146
CURRENT ASSETS		
Contract costs	704	356
Trade and other receivables	366,929	314,360
Short-term investment	10,198	10,041
Cash and bank balances	21,791	30,552
Current tax assets	82	91
	399,704	355,400
Assets of disposal group classified as held for sale	-	25,000
	399,704	380,400
TOTAL ASSETS	446,451	402,546
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Trade and other payables	202,835	160,525
Borrowings	3,860	3,874
Current tax liabilities	456	306
Contract liabilities	9,062	9,646
	216,213	174,351
NON-CURRENT LIABILITIES		
Borrowings	18,511	20,427
Deferred tax liabilities	16,869	16,869
	35,380	37,296
TOTAL LIABILITIES	251,593	211,647
NET ASSETS	194,858	190,899
EQUITY		
Share capital	176,672	176,672
Treasury shares	(3,366)	(3,366)
Warrant reserve	19,812	19,812
Employee share option reserve	919	919
Accumulated losses	(10,746)	(15,005)
Total equity attributable to owners of the Company	183,291	179,032
Non-controlling interest	11,567	11,867
TOTAL EQUITY	194,858	190,899
TOTAL LIABILITIES & EQUITY	446,451	402,546
NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (SEN)	23.23	22.69

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 CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 DECEMBER 2021

	←----- Non-distributable ----->				Distributable (Accumulated			
	Share Capital RM'000	Warrant Reserve RM'000	Employee share Option Reserve RM'000	Treasury Shares RM'000	Losses)/ Retained Profits RM'000	Attributable to owners of the Company RM'000	Non- controlling Interest RM'000	Total Equity 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:-								
Profit/(loss) after taxation	-	-	-	-	4,259	4,259	(147)	4,112
Transaction with owners of the Company:-								
- Disposal of a subsidiary	-	-	-	-	-	-	(153)	(153)
- Share options to employees	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	(153)	(153)
At 31 December 2021	176,672	19,812	919	(3,366)	(10,746)	183,291	11,567	194,858

AWANBIRU TECHNOLOGY BERHAD
(Registration No.201001038336)
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE QUARTER ENDED 31 DECEMBER 2021

	Current 6 months 31/12/2021 RM'000	Preceding Year 6 months 31/12/2020 RM'000
CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES		
Profit/(loss) before taxation		
Continuing operations	4,627	(5,706)
Discontinued operations	-	16,358
Adjustments for:		
Depreciation of property and equipment	970	1,296
Loss/ (Gain) on disposal of a subsidiary company	34	(17,629)
Impairment loss on property and equipment	747	5,055
Impairment loss on trade and other receivables	2,067	489
Interest income	(279)	(42)
Interest expense	380	2,202
Disposal of equity in a subsidiary attributed to non-controlling interests	(153)	-
Operating profit before working capital changes	8,393	2,023
Working capital changes:-		
Changes in contract costs	(348)	935
Changes in trade and other receivables	(54,604)	12,301
Changes in contract liabilities	(584)	3,593
Changes in trade and other payables	42,174	(10,092)
CASH FLOW (FOR)/ FROM OPERATING ACTIVITIES	(4,969)	8,760
Interest paid	(380)	(2,202)
Income tax paid	(366)	(498)
NET CASH FLOW (FOR)/ FROM OPERATING ACTIVITIES	(5,715)	6,060
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(1,350)	(317)
Interest received	279	42
Proceed from disposal of a subsidiary company	113	2,153
Placement of deposit pledged with licensed banks	-	(3,730)
NET CASH FLOW FOR INVESTING ACTIVITIES	(958)	(1,852)
CASH FLOWS (FOR)/ FROM FINANCING ACTIVITIES		
Repayment of term loans	(1,930)	(866)
Repayment of redeemable secured loan stock	-	(10,000)
Repayment of bank overdraft	-	(1,936)
Repayment of revolving credits	-	(1,685)
Proceeds from issuance of shares	-	63,400
NET CASH FLOW (FOR)/FROM FINANCING ACTIVITIES	(1,930)	48,913
Net (decrease)/ increase in cash and cash equivalents	(8,603)	53,121
Cash and cash equivalents at beginning of the financial period	36,469	6,403
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	27,866	59,524
CASH AND CASH EQUIVALENT AT END OF THE FINANCIAL PERIOD COMPRISES THE FOLLOWING:-		
Cash and bank balances	17,668	59,524
Deposits with licensed banks	4,123	9,607
Short-term investments	10,198	-
	31,989	69,131
Less: Deposits pledged with licensed banks	(4,123)	(9,607)
	27,866	59,524

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 31 DECEMBER 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*, IAS 34 *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 2021.

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.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 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
• Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
• Amendments to MFRS 116: Property, Plant and Equipment-Proceeds before Intended Use	1 January 2022
• Amendments to MFRS 137: Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
• Amendments to MFRS 9: Annual Improvement to MFRS Standards 2018-2020	1 January 2022
• Amendments to MFRS 101: Classification of Liabilities as Current or Non-Current	1 January 2023
• Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
• Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

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 31 DECEMBER 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 31 December 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 31 December 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 31 DECEMBER 2021

A10. SEGMENTAL INFORMATION

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

- a) **Software & Services** – license distribution, implementation, system integration, managed services , application development, other cloud related solutions and services (IaaS, SaaS, PaaS, XaaS).
- b) **Talent** – provision of career placement, talent upskilling, reskilling, training and certification.
- c) **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.
- d) **Others** – comprise of the holding company which is involved in investment holding and other inactive subsidiaries.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2021

A10. SEGMENTAL INFORMATION (CONT'D)

	RESULTS FOR 3 MONTHS ENDED 31 DECEMBER 2021 (UNAUDITED)					RESULTS FOR 3 MONTHS ENDED 31 DECEMBER 2020 (UNAUDITED)					
	Software & Services RM'000	Talent RM'000	Concession RM'000	Others RM'000	Total RM'000	Software & Services RM'000	Talent RM'000	Concession RM'000	Others RM'000	Total RM'000	
Continuing Operations						Continuing Operations					
Revenue						Revenue					
External revenue	51,824	1,404	-	-	53,228	36,879	1,143	-	76	38,098	
Inter-segment revenue	-	-	-	250	250	-	-	-	1,250	1,250	
Segment revenue	51,824	1,404	-	250	53,478	36,879	1,143	-	1,326	39,348	
Consolidation adjustments					(250)					(1,250)	
Consolidated revenue					53,228					38,098	
Results						Results					
Segment profit/(loss)											
before interest and taxation	9,818	(145)	(460)	(2,955)	6,258	3,265	(544)	(620)	(6,335)	(4,234)	
Finance costs					(197)					(1,144)	
Consolidation adjustments					-					(536)	
Consolidated profit before taxation					6,061					(5,914)	
Discontinued Operations						Discontinued Operations					
Segment profit											
before interest and taxation	-	-	-	-	-	-	-	-	16,715	16,715	
Consolidation adjustments					-					536	
Segment profit before taxation					-					17,251	
Total profit/(loss) before interest and taxation	9,818	(145)	(460)	(2,955)	6,258	3,265	(544)	(620)	10,380	12,481	
Finance costs					(197)					(1,144)	
Consolidation adjustments					-					-	
Total Profit Before Taxation					6,061					11,337	

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2021

A10. SEGMENTAL INFORMATION (CONT'D)

	RESULTS FOR 6 MONTHS ENDED 31 DECEMBER 2021 (UNAUDITED)					RESULTS FOR 6 MONTHS ENDED 31 DECEMBER 2020 (UNAUDITED)					
	Software & Services RM'000	Talent RM'000	Concession RM'000	Others RM'000	Total RM'000	Software & Services RM'000	Talent RM'000	Concession RM'000	Others RM'000	Total RM'000	
<u>Continuing Operations</u>						<u>Continuing Operations</u>					
Revenue						Revenue					
External revenue	59,685	5,302	-	-	64,987	70,470	2,970	-	154	73,594	
Inter-segment revenue	-	-	-	500	500	-	-	-	2,500	2,500	
Segment revenue	59,685	5,302	-	500	65,487	70,470	2,970	-	2,654	76,094	
Consolidation adjustments					(500)					(2,500)	
Consolidated revenue					64,987					73,594	
Results						Results					
Segment profit/(loss) before interest and taxation	9,737	708	(490)	(4,948)	5,007	7,871	(1,290)	(993)	(8,014)	(2,426)	
Finance costs					(380)					(2,204)	
Consolidation adjustments					-					(1,076)	
Consolidated profit before taxation					4,627					(5,706)	
<u>Discontinued Operations</u>						<u>Discontinued Operations</u>					
Segment profit before interest and taxation	-	-	-	-	-	-	-	-	15,282	15,282	
Consolidation adjustments					-					1,076	
Segment profit before taxation					-					16,358	
Total profit/(loss) before interest and taxation	9,737	708	(490)	(4,948)	5,007	7,871	(1,290)	(993)	7,268	12,856	
Finance costs					(380)					(2,204)	
Consolidation adjustments					-					-	
Total Profit Before Taxation					4,627					10,652	

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 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 31 December 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

There were no 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 31 December 2021 are as follows:

	<u>RM'000</u>
- Approved and contracted for	847
- Approved and not contracted for	446
	<u>1,293</u>

A15. SIGNIFICANT RELATED PARTY TRANSACTIONS

There were no significant related party transactions for the quarter ended 31 December 2021.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 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				CUMULATIVE QUARTER			
	Current Quarter 31/12/2021	Preceding Year Quarter 31/12/2020	Variance		6 MONTHS Current Year to Date 31/12/2021	6 MONTHS Preceding Year to Date 31/12/2020	Variance	
	RM'000	RM'000	RM'000	(%)	RM'000	RM'000	RM'000	(%)
<u>Segmental Revenue:</u>								
<u>Continuing Operations</u>								
Software & Services	51,824	36,879	14,945	41%	59,685	70,470	(10,785)	-15%
Talent	1,404	1,143	261	23%	5,302	2,970	2,332	79%
Concession	-	-	-	n/a	-	-	-	n/a
Others	250	1,326	(1,076)	-81%	500	2,654	(2,154)	-81%
	53,478	39,348	14,130	36%	65,487	76,094	(10,607)	-14%
Inter-segment Elimination	(250)	(1,250)			(500)	(2,500)		
Group	53,228	38,098	15,130	40%	64,987	73,594	(8,607)	-12%
<u>Profit/(Loss) Before Taxation</u>								
Software & Services	9,773	2,911	6,863	236%	9,650	7,196	2,455	34%
Talent	(181)	(544)	363	-67%	639	(1,290)	1,929	150%
Concession	(460)	(620)	160	26%	(490)	(993)	503	51%
Others	(3,071)	(7,125)	4,054	57%	(5,172)	(9,543)	4,371	46%
	6,061	(5,378)	11,439	213%	4,627	(4,630)	9,257	200%
Inter-segment Elimination	-	(536)			-	(1,076)		
	6,061	(5,914)	11,975	202%	4,627	(5,706)	10,333	181%
<u>Discontinued Operations</u>								
Education	-	16,715	(16,715)	-100%	-	15,282	(15,282)	-100%
Inter-segment Elimination	-	536			-	1,076		
	-	17,251	(17,251)	-100%	-	16,358	(16,358)	-100%
Group	6,061	11,337	(5,276)	-47%	4,627	10,652	(6,025)	-57%

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2021

B1. OPERATING SEGMENTS REVIEW (CONT'D)**THREE (3) MONTHS RESULTS (Q2 FY2022 vs Q2 FY2021)**

The Group revenue for the three (3) months period under review increased from RM38.1 million in Q2 FY2021 to RM53.2 million in Q2 FY2022, which is RM15.1 million higher mainly attributable to the higher revenue from Software & Services.

The Group recorded a higher profit before tax from its Continuing Operations of RM6.1 million in Q2 FY2022 as compared to a loss before tax of RM5.9 million in Q2 FY2021. Factors affecting the results for this quarter were as follows:

- i. Increase in Software & Services revenue from 36.9 million in Q2 FY2021 to RM51.8 million in Q2 FY2022. This combined with additional sales incentive has resulted in a higher profit before tax for this segment of RM9.8 million as compared to a profit before tax of RM2.9 million in Q2 FY2021.
- ii. Concession segment recorded a loss before tax of RM460,000 as compared to a loss before tax of RM620,000 due to operating expense mainly from legal and professional services cost relating to the claim against The Government of Malaysia ("GOM") as well as statutory and compliance cost.
- iii. Other segments recorded a lower loss before tax from Continuing Operations of RM3.1 million in Q2 FY2022 as compared to a loss before tax of RM7.1 million in Q2 FY2021 mainly due to one-off provision of impairment loss on property and equipment amounting to RM5.1 million in Q2 FY2021.

The substantial profit before tax from Discontinued Operations of RM17.3 million in Q2 FY2021 was mainly due to one-off gain from disposal of Prestariang Education Sdn. Bhd.

SIX (6) MONTHS RESULTS (YTD Q2 FY2022 vs YTD Q2 FY2021)

The Group revenue for the six (6) months period under review decreased from RM73.6 million in YTD Q2 FY2021 to RM65.0 million in YTD Q2 FY2022, which is RM8.6 million lower mainly attributable to the lower revenue from Software & Services.

The Group recorded a higher profit before tax from its Continuing Operations of RM4.6 million in YTD Q2 FY2022 as compared to a loss before tax of RM5.7 million in YTD Q2 FY2021. Factors affecting the results for this year-to-date period were as follows:

- i. Despite the decrease in Software & Services revenue from RM70.5 million in YTD Q2 FY2021 to RM59.7 million in YTD Q2 FY2022, this segment recorded a higher profit before tax of RM9.7 million in YTD Q2 FY2022 as compared to a profit before tax of RM7.2 million in YTD Q2 FY2021 enhanced by additional sales incentive.

B1. OPERATING SEGMENTS REVIEW (CONT'D)

SIX (6) MONTHS RESULTS (YTDQ2 FY2022 vs YTDQ2 FY2021) (CONT'D)

This segment's revenue was impacted from 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.

- ii. Concession segment recorded a loss before tax of RM490,000 as compared to a loss before tax of RM993,000 due to operating expense mainly from legal and professional services cost relating to the claim against The Government of Malaysia ("GOM") as well as statutory and compliance cost.
- iii. Others segment recorded a lower loss before tax from Continuing Operations of RM5.2 million in YTD Q2 FY2022 as compared to a loss before tax of RM9.5 million in YTD Q2 FY2021 mainly due to one-off provision of impairment loss on property and equipment amounting to RM5.1 million in YTD Q2 FY2021.

The substantial profit before tax from Discontinued Operations of RM16.4 million in YTD Q2 FY2021 was mainly due to one-off gain from disposal of Prestariang Education Sdn. Bhd.

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B2. COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S RESULTS

	Current Quarter 31/12/2021 RM'000	Immediate Preceding Quarter 30/9/2021 RM'000	Variance RM'000 (%)	
<u>Segmental Revenue:</u>				
<u>Continuing Operations</u>				
Software & Services	51,824	7,861	43,963	559%
Talent	1,404	3,898	(2,494)	-64%
Concession	-	-	-	n/a
Others	250	250	-	0%
	53,478	12,009	41,469	345%
Inter-segment Elimination	(250)	(250)		
Group	53,228	11,759	41,469	353%
<u>Profit/(loss) Before Taxation</u>				
Software & Services	9,773	(123)	9,896	8052%
Talent	(181)	811	(991)	-122%
Concession	(460)	(30)	(430)	-1432%
Others	(3,071)	(2,092)	(979)	47%
	6,061	(1,434)	7,495	523%
Inter-segment Elimination	-	-		
Group	6,061	(1,434)	7,495	523%

The Group recorded a higher profit before tax of RM6.1 million in Q2 FY2022 as compared to a loss of RM1.4 million in Q1 FY2022 mainly due to increase in revenue from Software & Services.

B3. PROSPECTS FOR THE FINANCIAL YEAR ENDING 30 JUNE 2022

The rationalization plan outlined previously 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. Pursuant to the termination, the 10% deposit paid by the Purchaser amounting to RM2.42 million was forfeited. Our plans remain to find a suitable buyer and dispose of the said building.

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).

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

We have received positive responses from our clients towards these new offerings. In the first half of FY2022, we have recorded two (2) significant wins from Ministry of Education ("MOE") and Pernec Integrated Network Systems Sdn.Bhd. ("Pernec"). The Pernec contract which we announced on 1 December 2021 relates to the provision of Google Workspace Solution, integration, configuration, provisioning and support services for a unified communication and collaborative platform. These wins serve as solid endorsements from our clients for our pivot to the cloud with our partners like Google, SAP, Adobe and others. These strategic wins will provide us with a solid platform to go deeper in our engagement as we build on our partnership with our clients as they transition to the Cloud.

The deployment and delivery for MOE and Pernec projects have accelerated working capital requirements in this quarter, increasing cash outlay, trade payables and receivables. The ensuing revenue stream over the term of these contracts will see our cashflow from operations soon turn positive and reduce reliance on cash reserves to fund operations.

Revenue in total grew by 353% from RM11.8 million in Q1FY2022 to RM53.2 million in Q2 FY2022. Underpinned by this strong performance the Group returned to operational profitability for the first time since Q2 FY2019 in the current quarter under review. While our earnings trajectory going forward may see some fluctuation from quarter to quarter, we remain confident that we will show improving trends in our year-on-year revenue and core operating profitability since our pivot to the cloud. We will leverage our recent success and inroads with clients to build on our deal pipeline and focus on its conversion into our orderbook.

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 segment have demonstrated good growth from Q1 FY2022 to this Q2 FY2022 while we continue to seed new opportunities.

Building on the momentum for the first half of FY2022 we see further opportunities arising from the Malaysia Digital Economy Blueprint synonymous with our namesake in providing our customers with innovative and cost-effective solutions by leveraging the latest technology working together with our global technology partners. 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 ESTIMATE

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

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B5. PROFIT BEFORE TAXATION

Profit before taxation is derived after taking into consideration of the following:

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>Current Year</u>	<u>Preceding</u>	<u>6 months</u>	<u>6 months</u>
	<u>Quarter</u>	<u>Year Quarter</u>	<u>Current</u>	<u>Preceding</u>
	<u>31/12/2021</u>	<u>31/12/2020</u>	<u>Year</u>	<u>Year</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>To Date</u>	<u>To Date</u>
			<u>31/12/2021</u>	<u>31/12/2020</u>
			<u>RM'000</u>	<u>RM'000</u>
Interest expense	197	1,144	380	2,204
Depreciation and amortisation	472	561	970	1,296
Foreign exchange loss	41	304	54	479
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>		<u>Cumulative Quarter</u>	
	<u>Current</u>	<u>Preceding</u>	<u>6 months</u>	<u>6 months</u>
	<u>Year Quarter</u>	<u>Year Quarter</u>	<u>Current</u>	<u>Preceding</u>
	<u>31/12/2021</u>	<u>31/12/2020</u>	<u>Year To Date</u>	<u>Year To Date</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>31/12/2021</u>	<u>31/12/2020</u>
			<u>RM'000</u>	<u>RM'000</u>
Malaysia tax:				
- for the current year	250	524	500	1,002
- Under provision in prior year	15	385	15	385
	265	909	515	1,387

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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

i. Private Placement and Rights Issue

The Company had on 30 November 2020, announced that it had completed its corporate exercises on the Private Placement and Rights Issue.

The status of utilisation of the proceeds from the Private Placement and Rights Issue as at 31 December 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	(28,309)	-
Business expansion for new product offering and service	Within 12 months	17,513	(3,874)	13,639
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	(49,583)	13,639

ii. 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.

The LTIP shall be in force for a period of five (5) years from the effective date and extendable for a period of up to another five (5) years immediately from the expiry of the five (5) years upon the recommendation of the LTIP Committee and shall not in aggregate exceed ten (10) years from the effective date or such longer period as may be permitted by Bursa Securities or any other relevant authorities.

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 Awanbiru Group.

On 2 December 2020, the High Court of Malaya has granted the approval of the Proposed Scheme, 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.

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 31 December 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	18,359	-	18,359	3,860	-	3,860	22,219
<u>Debts securities</u>							
- RPS "A"	152	-	152	-	-	-	152
Total	18,511	-	18,511	3,860	-	3,860	22,371

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, the 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, 2 November 2021 and 30 November 2021. Further hearing dates have been scheduled on 11 and 14 March 2022.

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**”). 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 which 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 31 December 2021.

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B12. PROFIT/ (LOSS) PER SHARE

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>Current Year Quarter</u> 31/12/2021	<u>Preceding Year Quarter</u> 31/12/2020	<u>6 months Current Year To Date</u> 31/12/2021	<u>6 months Preceding Year To Date</u> 31/12/2020
Profit after taxation attributable to owners of the Company (RM'000)	5,943	10,826	4,259	9,663
Weighted average number of ordinary shares in issue ('000)	787,425	621,420	787,425	576,825
Basic earning/(loss) per share (sen):				
-Continuing operations	0.75	(1.03)	0.54	(1.16)
-Discontinued operations	-	2.78	-	2.84

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 28 February 2022.

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

Secretaries

Kuala Lumpur**28 February 2022**