



# PRESTARIANG®

ANNUAL REPORT 2016

# TRANSFORMING LIVES

Technology & Talent thriving in a digital economy

# TRANSFORMING LIVES

Technology & Talent thriving in a digital economy

A butterfly takes flight as soon as it breaks free of its chrysalis. This is the moment when it discovers freedom of movement beyond what it was capable of as a caterpillar. Where once the caterpillar could only crawl towards its objective, the butterfly can now fly anywhere it chooses.

Symbolising transformation, the butterfly is aptly presented as the visual manifestation of Prestariang's coming of age as a Talent and Technology company in this year's Annual Report.

Our corporate journey reads like the caterpillar-butterfly lifecycle. We started out as a company engaged in ICT Training and Certification along with the complementary business of Software Licensing and Distribution. To this, we had added Education as a third business segment.

2016 was a turning point in our history with the emergence of a high-tech project of national significance- 'Sistem Kawalan Imigresen Nasional' (SKIN) which is set to transform and modernise the country's immigration and border security system.

Onwards into 2017, we unveiled yet another game changing digital experience in education. EduCloud, a cloud-based educational application is a smart platform that will revolutionise the dynamics and delivery of higher education on a regional level.

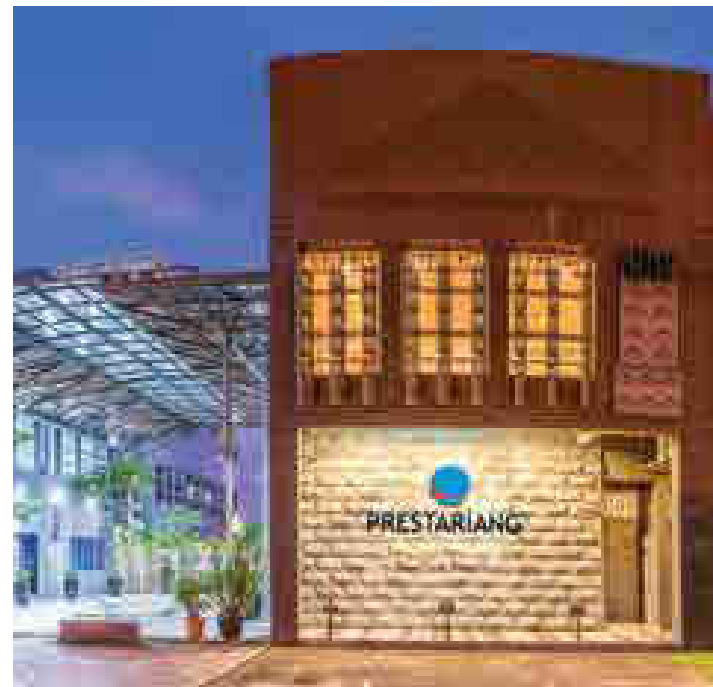
These new businesses lie at the heart of our transformation and are set to develop a platform from which we can capitalise on new and emerging opportunities in the digital economy. They are poised to drive sustainable business for the Company and at the same time touch the lives of many as they seek to survive and thrive in the digital economy.

## 7<sup>th</sup> ANNUAL GENERAL MEETING

Date : 22 May 2017, Monday

Time : 10.00 a.m.

Venue : Dewan Putra Perdana 1  
Putrajaya Shangri-La Hotel  
Taman Putra Perdana, Presint 1  
62000 Wilayah Persekutuan Putrajaya  
Malaysia



## OUR VISION

a Global Company that provides 21<sup>st</sup> Century Talent & the Digital Platform to Transform Innovative Services

## OUR MISSION

to drive sustainable recurring profit through digital transformation (Prestariang 5.0)



## OUR CORE BUSINESSES

### Technology

- Platform Based Services
  - SKIN
  - EduCloud
- Software & Services

### Talent

- Training & Certification
- University

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# At a GLANCE

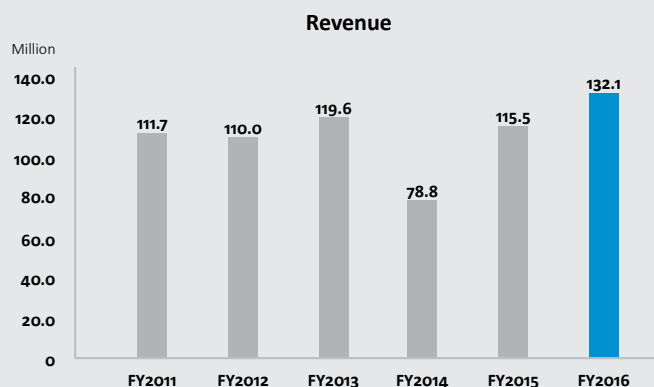
Incorporated in **2003**  
Listed Main Market  
Bursa Malaysia Securities Berhad  
**27 July 2011**



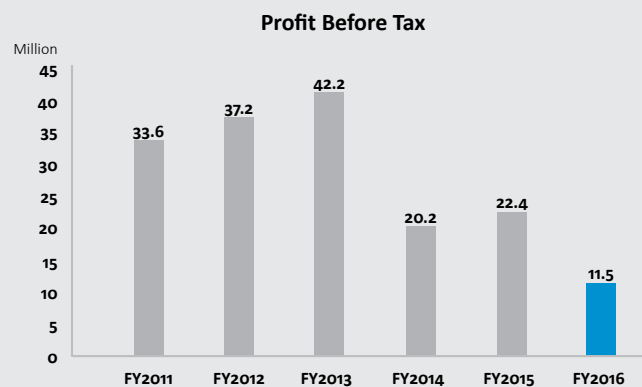
Headquarters  
**CYBERJAYA**

Market Capitalisation  
close to **RM1.0 BILLION**  
as at 31 December 2016

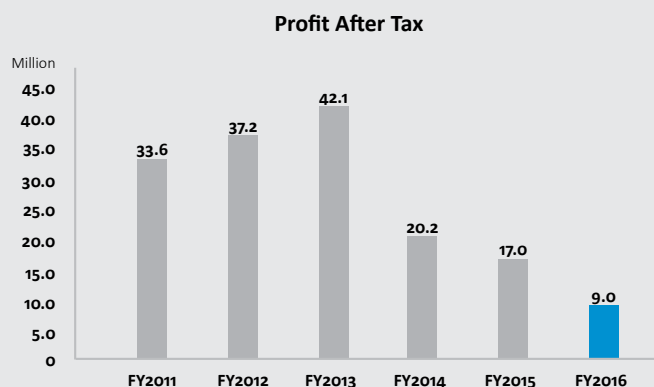
## Group's Performance Since Listing (2011 - 2016)



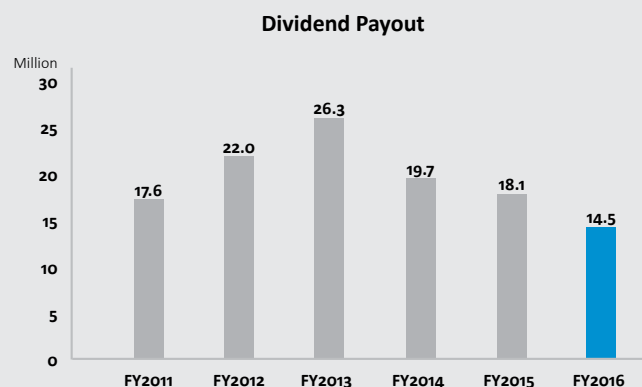
**RM667.7 million**



**RM167.1 million**




**RM159.1 million**



**RM118.2 million**

At a Glance (continued)

Dividend Policy  
Minimum of

**50%**   
Profit After Tax Payout



**>250,000**  
Trained & Certified  
Individuals

More than

**60**



Globally recognised  
certification courses

Distributed &  
Managed over

**5.5 million**



Software Licenses

## SHARIAH-COMPLIANT



A Constituent of

FTSE Bursa Malaysia  
EMAS Shariah index

FTSE Bursa Malaysia  
Small Cap Shariah index

A Constituent of



FTSE4Good

**BURSA MALAYSIA INDEX**

Since December 2014

## ISO 9001:2015

Certified for

Prestariang Systems Sdn Bhd  
Microsoft Business Solution (MLA2.0)



## TOP 100

MALAYSIA-ASEAN

Corporate Governance Transparency  
Index, Findings and Recognition 2016

## At a Glance (continued)

### THRIVING IN A DIGITAL ECONOMY

Convergence in the Information Communications Technology (ICT) landscape has resulted in societal changes leading to a need to revamp traditional markets and business approaches. The global internet platform has reshaped the industry and market with rapid technological advances and new upcoming disruptive technologies.

We have thus crafted a strategy to maintain our edge via our innovative business model. Thinking outside the box, we are leading to a paradigm shift which is effective to drive the Malaysian technology industry forward.

We are expanding opportunities in the dynamic business environment where traditional boundaries are shifting. Our migration from being a provider of training and certification in ICT and distributor of software licences to an undisputable driving force for Technology & Talent will enable growth, innovation, creativity and operational effectiveness in the markets in which we operate.

Since March 2017, Prestariang Berhad's (Prestariang or the Group) journey has essentially culminated to focus on two critical areas in the digital technology arena.

#### TECHNOLOGY

- Platform Based Services
  - SKIN
  - EduCloud
- Software & Services

#### TALENT

- Training & Certification
- University

### TECHNOLOGY

#### • Platform Based Services



#### Sistem Kawalan Imigresen Nasional (SKIN)

During the year under review, we received a letter dated 15 November 2016 (the Letter) from the Government of Malaysia (Government) via the Ministry of Home Affairs to confirm that the Cabinet has approved for the Company to implement 'Sistem Kawalan Imigresen Nasional' (SKIN). The 15-year concession consists of a three-year building and deployment phase and a 12-year maintenance and technical operation phase.

The purpose of SKIN is to enhance the effectiveness of our national immigration and border security system with the use of digital technologies to replace the existing immigration system which is deemed outdated.

The project is scheduled to begin in 2017 and is expected to be fully commissioned by 2020. Implementation of SKIN is intended to integrate the nation's control and monitoring of cross-border traffic with the deployment of Big Data Analytics (BDA), the Internet of Things (IoT), cloud computing and other emerging technologies. Initially, the system will be implemented at 212 domestic points of entry and offices as well as 24 locations overseas. SKIN represents a platform for us to develop new technologies and competencies, which can then be harnessed for deployment and implementation in similar projects here and abroad.

Through this platform, we expect to cultivate a pool of resident experts in such digital technologies as BDA, converged infrastructure, platform based applications, cybersecurity and change management.

In addition, the long term concession will provide the Group with a steady and stable revenue stream so as to ensure business sustainability throughout the tenure of the project.



#### EduCloud

Prestariang is collaborating with Alibaba.com Singapore E-Commerce Private Limited (Alibaba Cloud) and Conversant Solutions Pte. Ltd. (Conversant Solutions) to develop a cloud-based integrated platform that can deliver all education-related activities and services including campus management, teaching and learning, ICT security, e-commerce, entertainment, digital payment and many others.

EduCloud will serve to enhance learning through interactive experiences while also offering an open Academic Performance Index (API) to enable the integration of campus-wide applications.

Among others, EduCloud will have the potential to digitise education and steer students towards a culture of creativity and innovation to become future cloud-enable entrepreneurs while also creating lifelong partnerships between the Company and education communities.

Online learning is beginning to change the traditional methods of educating as it is not restricted by location or time constraints. In socio-economic terms, this allows previously unserved individuals to take advantage of educational experiences as it contributes towards savings in financial resources by serving courses virtually rather than in classrooms.

EduCloud is poised to be the catalyst for spawning new businesses in the education spectrum, opening the door to new opportunities in the Asia Pacific market.

#### • Software & Services



This business segment is one of our original activities, in which we provide software licence distribution and management services to:

- streamline the process of software inventory;
- upgrade and manage licences to increase efficiency; and
- improve the ability to promote compliance throughout our customer base.

Prestariang is recognised as one of Malaysia's major technology service providers and has won various awards from Microsoft, EC Council, CompTIA, Autodesk and many more highly recognised partners.

In partnership with global IT partners, Prestariang has distributed and managed more than 5.5 million third party software licences of various global brands since 2006.

At a Glance (continued)

Prestariang is the sole Microsoft Licensing Solutions Partner (LSP) appointed by the Ministry of Finance to provide Microsoft software licenses and related services under the Master Licensing Agreement (MLA) 2.0 to all Government agencies in Malaysia. Prestariang is also the distributor for Autodesk and Tekla software licenses in Malaysia.

In gaining a competitive advantage and enhancing the value of our products and services, we have extended several value added services to this core segment of our business. We now offer consultancy services, hardware, project management and asset management for our customers in the Federal Government, State Governments, other government agencies and the private sector.

**TALENT**

- **Training & Certification**



Prestariang provides training and certification for two main sectors:

- Information and Communications Technology (ICT)
- Oil & Gas (O&G)

Since inception, we have trained and certified over 250,000 individuals, making us the largest training and certification provider in Malaysia.

The Group offers over 60 globally-recognised certification courses nationwide in partnership with companies which include Microsoft, Autodesk, IBM, Oracle, CompTIA, EC-Council, Certiport, Prometric, PearsonVue, Global Knowledge, Quilt Wellington Redwood, Imperial College of London, TWIG and Tekla.

We are now revamping this business segment to focus on three key areas of BDA, IT security and coding in line with the needs and priorities for the implementation of SKIN. We are also remodelling the delivery of training through mobile apps and cloud-based applications.

Our key imperative is to enhance the employability of our trainees. To achieve this, we are providing trainees with a foundation in soft skills while at the same time, we are embedding job placement and matching into our courses.

Prestariang is also introducing new versions of long established programs such as the 3P industry-based certification program and a remodelled IC Citizen program.

In the O&G Sector, the Prestariang Skills Training Institute (PSTI) in Pengerang, Johor was set up to specifically support the industry's needs for skilled workers.

PSTI provides comprehensive and effective skilling and upskilling training to tradesmen, skilled workers and professionals who are keen on career placements in the industry. We also provide talent management solutions to various industry clients either on an outsourcing or contract basis.



- **University**



The Group's University Malaysia of Computer Science & Engineering (UniMy) offers tertiary education in Computer Science, Computer Engineering and ICT related courses. We are rebooting and repositioning UniMy as a Digital Technology University to capitalise on emerging technologies critical to the development of the digital economy which are transforming teaching and learning methods.

The major role of these technologies in education is to empower tech-enabled individuals to present educational activities. ICTs allow open source learning rather than manual source learning, thus encouraging students to be innovative, creative and proactive.

The reboot will include the revamp of content into three focus areas of BDA, IT Security and Coding. Apart from inclusion into our normal programs, UniMy will also introduce short courses which cover these core areas.

Over the years, UniMy has established academic collaborations with many prominent universities which include Australia's University of Melbourne through its Melbourne School of Engineering, University of Hawaii at Manda, United States of America through its College of Engineering, University of Hertfordshire and Teesside University, United Kingdom.

We have also established strategic partnerships with leading global IT players such as Microsoft, IBM, EC-Council, Huawei, Dell and Autodesk. Recently, we collaborated with Alibaba, Google, MakeSchool and Thales to accelerate UniMy's transition into a digital university that is able to ride on the Group's transformational businesses such as SKIN and EduCloud.

## Our Home Grown INTELLECTUAL PROPERTIES



### SMARTGREEN Certification

- The Green IT Foundation certification provides Sustainability Officers and IT Personnel with a general overview of the key concepts and best practice principles of Green IT.
- Modules and content of this certification have been upgraded and repackaged to offer candidates comprehensive up-to-date methodologies and equip them with skills to support and manage Green IT initiatives within an organisation.

SMARTGREEN Fundamentals assesses candidates' understanding in five fundamental areas:

- Understanding SMARTGREEN
- Lifecycle Management
- Optimising the Infrastructure
- SMARTGREEN as an Enabler
- Governance and Processes for Green IT



### IC CITIZEN Certification

- IC CITIZEN Certification is the first of its kind in the world that is specially developed and designed to produce digitally literate and responsible citizens.
- This unique yet universal certification program aims to impart Acceptable Usage Policy (AUP) that lays down rules of acceptable 'netiquette' or behaviour that must be applied when operating digital devices and accessing the internet within a society.
- The program certifies knowledge and understanding of the following Values: e-Access, e-Literate, e-Rule, e-Safety, e-Interaction & Collaboration, e-Enterprise, e-Care and e-Accountability.
- E-learning is now available to provide an innovative and convenient option for organisations and businesses across a whole range of sectors.



### Proficiency in Enterprise Communication (PEC) Certification

- PEC is to certify the English competency levels of university graduates for employment purposes. It emphasises on four critical skills; Speaking, Listening, Language & Reading and Writing.
- PEC has widened its scope to other general disciplines to cater to wider markets and plans to introduce e-learning via Mobile Apps where candidates have the option to learn on their terms and their location choices.



### Training & Learning Management Systems

- TLMS is a web based course components management system, which provides flexible courses/program management functionalities. It features systematic learning tools with measurable learning outcomes.
- These learning tools are part of a larger enterprise-wide learning management system with an integrated back end that allows data chunks to be reused and recycled. Together with service tools, role tools and analysis, and reporting tools they form an interactive teaching/learning platform.
- E-learning has been introduced to augment instructions and to strengthen the program as it eliminates many hurdles such as logistics and time issues to complete a training program.



## Our Major PROJECTS

### ON GOING

#### **3P** INDUSTRY-BASED Certification Programme (Program Pentauliahan Profesional)

- Provides professional ICT Training & Certification to final year students of ICT and ICT related fields in public higher education institutions in Malaysia. Modules have been upgraded to focus on BDA, IT security and coding.
- Over 45,000 participants have been trained and certified since 2006.
- The program has been extended to include soft skills training, job matching and job placements.

#### **M·U·S·E** Managing University Software As An Enterprise

- A joint-collaboration with the Ministry of Higher Education (MoHE), which involves distributing and managing Microsoft and Autodesk software licenses to public higher education institutions in Malaysia.
- Training for Microsoft software was conducted for over 47,000 seats nationwide.
- Over 4,000 students have been trained in Autodesk as part of our value-added after-sales service to customers.

#### **1** CiTiZEN™

- A special training program which was developed to foster national unity via appropriate use of technology.
- It promotes the concept of 1Malaysia digitally by instilling positive values, patriotism and nationalism through the use of technology.
- Over 130,000 participants have been trained since 2011.

#### talentxchange

TalentXchange.my is an online recruitment website which provides:

- Talent acquisition and placement services.
- Training & Certification.
- Talent management for employability.

### Prestariang Skills Training Institute (PSTI)

- Prestariang Skills Training Institute (PSTI) is based in Pengerang, Johor Bahru and is accredited by the Department of Skills Development, Ministry of Human Resource (DSD MOHR).
- PSTI offers the Malaysian Skills Certification program (Sijil Kemahiran Malaysia).
- The Accredited PSTI also provides short technical courses.
- The first student/trainee intake is expected to commence in June/July 2017.



#### Sistem Kawalan Imigresen Nasional (SKIN)

- In November 2016, we received a letter dated 15 November 2016 (the Letter) from the Government of Malaysia (Government) via the Ministry of Home Affairs to confirm that the Cabinet has approved for the Company to implement 'Sistem Kawalan Imigresen Nasional' (SKIN). The 15-year concession consists of a three-year building and deployment phase and a 12-year maintenance and technical operation phase.
- SKIN is a new border control system which replaces the current Malaysian Immigration System to modernise the national immigration system's core applications and infrastructure, and enhance national border security.
- SKIN will be a catalyst for expansion opportunities in service-based platform businesses by developing competencies in emerging technologies such as BDA, IoT, cloud computing and cybersecurity.
- SKIN is set to attract talents while providing a dynamic environment for students under our Talent business to gain leading-edge industry experience.



#### Competency Enhancement Program (CEP)

#### MLA

- Appointed Microsoft Licensing Solution Partner (LSP) to provide Microsoft software under the Master Licensing Agreement (MLA) 2.0 to all Government Agencies in Malaysia. The contract is over the course of three years.
- MLA 2.0 is an initiative by the Ministry of Finance that is aligned to the strategic ICT thrust of the Government.
- The focus of MLA 2.0 is to provide a licensing framework to better manage the procurement and utilisation of software license, streamline administration and the budgeting of software procurement.

#### CEP

- A unique value proposition under MLA 2.0, endorsed by Microsoft (Malaysia) Sdn. Bhd.
- On every 8% spent for the software purchase under MLA 2.0, clients can redeem the following:-
  - Hands-on product training conducted by certified trainers
  - Microsoft devices
  - Premier Services
- Over 16,000 civil servants have been trained since 2009, which is a continuity from the Role-based Training for Civil Servant (RBTCs) program, an initiative to provide ICT literacy to civil servants in Malaysia.



#### EduCloud

- An integrated service-based platform to be jointly built with Alibaba Cloud and Conversant Solutions that will transform the digital education landscape in Malaysia.
- EduCloud will be a single platform to deliver all activities linked to education and related services.
- These cloud-based services will include campus management, teaching and learning, entertainment, digital payment, online applications and many other services.



#### UNIVERSITY MALAYSIA OF COMPUTER SCIENCE & ENGINEERING

- Launched in January 2013, University Malaysia of Computer Science & Engineering (UniMy) offers tertiary education in computer science, computer engineering and ICT related courses. UniMy offers foundation to post degree studies.
- Over the years, UniMy has established academic collaborations with many prominent universities including Australia's University of Melbourne through its Melbourne School of Engineering, University of Hawaii at Manda, United States of America through its College of Engineering, University of Hertfordshire and Teesside University, United Kingdom.
- Academic and research collaborations propagate academic transfer programs, joint research projects and student exchange programs as well as to utilise external examiners for quality assurance and standards.
- Established strategic partnerships and collaborations with leading global IT players such as Microsoft, IBM, EC-Council, Huawei, Dell and Autodesk. These global IT partners collaborate with UniMy in student development activities which range from curriculum design, teaching & learning (T&L) technology, student projects, internships to career placements.
- From 2016, UniMy underwent strategic modifications to reboot its courses and modules for its eventual transformation into a digital university via strategic collaborations with Alibaba, Google, MakeSchool and Thales.
- Programs will be skewed to focus on BDA, data security and coding in line with the newly acquired SKIN project's requirements.

### COMPLETED



## Message from **OUR CHAIRMAN**

### Dear Valued Shareholders,

As we enter our 14<sup>th</sup> year of operations since our inception in 2003, we have achieved several milestones in the past and today, we have taken a closer step towards attaining our vision of truly being a Technology company which Transforms Lives.

We have stayed true to our commitment by strengthening our capabilities to push the barriers of the technological frontier. We are creating strategic alliances with other organisations and customers to provide and deliver new solutions, products and services which have a far reaching global impact.

### TRANSFORMING OUR BUSINESS ENVIRONMENT

At Prestariang, we recognise the need to constantly invest in the future. For the past several years, we have been placing a tidy sequence of steps in our strategic direction to ensure that the Company continues to thrive even in challenging environments. The ability to adapt quickly and implement new strategies has enabled us to remain resilient and sustain steady growth.

Since we started operations in 2003, we have been evolving at a steady pace from delivering software products to a mature business with a sound financial position. The rise of digital business, open source technologies, and services-based IT is dramatically changing, resulting in the need to respond faster and increase capabilities which is shifting towards a new breed of enterprise infrastructure.

As a Company which is results-driven we have focused on our workforce diversity to adapt the way they implement and operate technology. This is where our key strength lies. A solid talent pool which comprises experienced and highly skilled multidisciplinary professionals who embrace innovation while being data-driven to ensure the quality of our execution.

**DATO ' MOHAMED YUNUS RAMLI BIN ABBAS**  
Chairman



2016 marks our emergence as a significant game changer where digital technology is increasingly becoming essential to service delivery across all business areas and processes. Our persistence and hard work over the past two years has paid off and resonates with our own strategic view where we are leveraging on our expertise, creative talent and innovation to focus on technology as an enabler for growth and operational effectiveness.

We received the Letter dated 15 November 2016 from the Government via the Ministry of Home Affairs to confirm that the Cabinet has approved for the Company to implement 'Sistem Kawalan Imigresen Nasional' (SKIN).

In early 2017, we unveiled an exciting new venture with the signing of an MoU with Alibaba Cloud, a subsidiary of China's e-commerce giant, Alibaba Group and Conversant Solutions, a Singapore-based company which offers digital media enablement via SwiftMedia, its integrated cloud offering that enables content publishers to offer their digital content to end users on demand anywhere on any device.

Both SKIN and EduCloud has shifted the traditional boundaries of our core business. We are realigning our business activities to the two pillars of Technology and Talent which is effective from 1 March 2017.



## Message from Our Chairman (continued)

We envision that the expansion into a cohesive, integrated approach of both these pillars will lead to a better alignment of our service delivery and support in order to meet the expectations and needs of stakeholders in both the Concession Agreement and education segments.

The Technology and Talent Divisions are engineered to complement each other to create a synergy geared towards generating recurring income. Each Division is headed by a Chief Executive Officer who is tasked with generating growth and driving sustainability.

We are confident that the new growth drivers will lay a pipeline in long term stability and sustainability for the Group as we move up the value chain to become a truly innovative company built on emerging technologies, new competencies and dynamic business models.

At the same time, our realignment of business direction comes at an opportune time, given the overall economic challenges that affect our current contracts in Training & Certification and Software & Services.

## BUSINESS SEGMENTS

### TECHNOLOGY

#### • Platform Based Services

##### **Sistem Kawalan Imigresen Nasional (SKIN)**

At the time of writing, we are working with the Government on finalising details of a Concession Agreement to undertake the 15-year project, following the Letter issued by the Government dated 15 November 2016.

Beyond the financial returns, we anticipate that SKIN will be a pathway for Prestariang to develop service-based platform businesses by developing competencies in emerging technologies such as BDA, IoT, cloud computing, cybersecurity and others.

At the same time, SKIN will also be a beacon to attract talents while providing a dynamic environment for students under our Education division to gain leading-edge industry experience.

## Message from Our Chairman (continued)

### EduCloud

Prestariang signed an MoU with Alibaba Cloud and Conversant Solutions on 12 January 2017 to jointly build an Integrated Education Platform called EduCloud. As the platform to build an innovation ecosystem for the education sector, EduCloud will integrate and spearhead new as well as existing businesses across the education spectrum which will include campus management, teaching and learning, entertainment, digital payment and many other services.

The collaboration with Alibaba Cloud and Conversant Solutions, a Singapore-based digital media enabler for the Cloud, represents a major achievement for Prestariang as it seeks to transform the digital education landscape in Malaysia.

### • Software & Services

The overall economic challenges in the country, in particular the depreciation of the Ringgit against the US Dollar, has indirectly affected our gross margins for this segment as the Microsoft and Autodesk software licences are US Dollar denominated purchases. For FY2016, the MLA 2.0 contract to supply all Government Agencies contributed RM79.1 million, representing 67.5% of revenue generated by this business segment.

Meanwhile, our distribution of Autodesk licences to the domestic education market yielded RM12.3 million in sales (10.5% of segment revenue). For 2017 and beyond, we will not only continue efforts to renew current contracts, but will also expand the client-based coverage into State Governments as well as other Government or Government-Linked Agencies. It is worth noting that we are also offering consultancy services and supplying hardware as a value-add to the Software & Services Division.

## TALENT

### • Training & Certification

The performance of this business segment was impacted by the Government's budget constraints, resulting in a delay in implementing various programs. They included Enhancing School-based Learning Assessment in Science & Mathematics (ESBLA), 3P (Program Pentauliah Profesional), and IC Citizen Certification. However, some of these products have been remodeled to cater to current needs.

For FY2017, we expect the remodeled Training & Certification programs to churn out more revenue and higher margins. With the remodeled training programs expected to kick off in 2017, we will also focus efforts on the Technical & Vocational Education & Training (TVET) for the oil & gas industry with the opening of the Accredited Prestariang Skills Training Institute (PSTI) targeted for the first half of 2017.

We will also create history as this will be the first and only accredited centre in Pengerang, Johor to cater to the needs of the RAPID project.

### • University

The Group's education flagship, the University Malaysia of Computer Science & Engineering (UniMy) will undergo an operational and branding reboot as part of efforts to drive student recruitment in 2017.

The anticipated increase of students from the current complement of 200 is based on new program offerings. We are also offering short certification courses as well as carrying out aggressive marketing and branding to reach breakeven point.

The university currently offers 13 accredited programs ranging from diploma to post-graduate courses and various short certification courses in BDA, coding and cyber security.

UniMy has also embarked on a recruitment drive for foreign students, particularly from the Middle East for its 2017 intake. We are confident that UniMy will contribute towards significant growth for the Group in the years to come.

## 2016 FINANCIAL PERFORMANCE

Although the Group achieved higher Revenue in FY2016 against FY2015, Profit Before Tax (PBT) declined. This was mainly attributed to lower margins recorded for the Software Services business segment, which has been the main contributor towards Group Revenue for the current year. The weakened Malaysian economy and the Ringgit's downturn were the main factors behind delays in customers' projects which affected the Group's overall business performance.

## Message from Our Chairman (continued)

Substantial investment of RM24.5 million was also allocated for preparatory works for SKIN, which was kick-started over the last two years until the approval of the proposal was granted by the Government in November 2016.

Upon rollout of the SKIN project which is slated in 2017, the Group will benefit from the generation of this new income stream via the 15-year Concession Agreement. Furthermore, this significant project will allow us to expand our capabilities in offering similar services to other government agencies and industries not only locally but throughout the region as well.

Summary of the Group's Financial Indicators are presented on page 12 of this Annual Report.

### DIVIDEND

Prestariang remains committed to share profits with our loyal shareholders. Since our listing in 2011, we have apportioned at least 50% of Profit After Tax (PAT) to pay out as dividend.

For FY2016, the Group declared four interim dividends of 0.75 sen per share each which amounted to a total dividend of 3.00 sen per share (FY2015: 3.75 sen per share).

This represents a total dividend payout of RM14.5 million for FY2016 which constitutes 161% of PAT. Shareholders have earned a total dividend payout of RM118.2 million since listing. The Board will continue with this policy of profit sharing in the years to come and is confident that future dividend will increase, given the prospects that lie ahead.

### OUTLOOK

Prestariang's successful bid for SKIN represents an inflection point in our journey to catalyse extraordinary growth as well as migrate to become a technology developer as opposed to an adopter.

Through SKIN, the Group has a viable channel to not only build an ecosystem that stimulates innovation and enhances capabilities, but to also open the door to new opportunities in the digital economy.

We anticipate that SKIN and the other business platform of EduCloud will form the core of our business activities beyond 2017 and contribute significant future revenue.

In line with this business transformation, we have upgraded our business plan to the next iteration of 'Prestariang 5.0', details of which are presented in the Management Discussion & Analysis.

Over the years, Prestariang has always looked beyond today. We are now on the cusp to becoming the company of tomorrow.

### APPRECIATION

In the case of SKIN, let me take this opportunity to pay tribute to the persistence and perseverance of the management and staff, the guidance and counsel of the Board of Directors, as well as the support and patience of the shareholders in the pursuit of this project.

On behalf of Prestariang, I would also like to thank the Government for its confidence in the Group's ability to design and carry out this project of national significance.

The Group's sustained success since our listing is a tribute to the foresight of the management and the dynamism of our employees. Leading this enviable ensemble is our President/Group CEO, Dr. Abu Hasan Bin Ismail, who has time and again forged the direction of Prestariang with a visionary approach few can hope to replicate. He has been ably supported by a cast of innovative minds capable of translating Dr. Abu's vision into concrete plans.

I would like to state my deepest appreciation to my fellow Board members for their wise counsel through the years. Lastly, we are grateful for the loyalty and support from all our shareholders, stakeholders, partners, vendors and all employees who have contributed to shaping the Group's future. In return, we look forward to continuously sharing our successes with all our valued stakeholders.

**DATO' MOHAMED YUNUS RAMLI BIN ABBAS**

Chairman

## Management DISCUSSION & ANALYSIS



**DR. ABU HASAN BIN ISMAIL**  
President/Group CEO

### SUMMARY OF GROUP'S KEY FINANCIAL INDICATORS (In RM Million)

	2016	2015	%
Revenue	<b>132.1</b>	115.5	+14.4
Profit Before Tax	<b>11.5</b>	22.4	-48.7
Profit After Tax	<b>9.0</b>	17.0	-47.0
Net Profit Attributable			
to Shareholders	<b>8.9</b>	17.2	-48.2
Earnings Per Share (sen)	<b>1.84</b>	3.56	-48.3
Total Assets	<b>198.4</b>	204.4	-2.9
Shareholders' Funds	<b>161.5</b>	169.6	-4.8
Net Return on Equity	<b>5.5%</b>	10.2%	-46.1

The Group recorded higher Revenue of RM132.1 million in FY2016, representing an increase of 14.4% compared with the year before (FY2015: RM115.5 million). Revenue grew on the back of the Microsoft Licensing Agreement (MLA 2.0) for Software & Services, a three-year contract first rolled out in Q2, 2015.

However, the lower margin for Software & Services impacted significantly on profit since this business segment contributed more than 88% of Group Revenue. As a result, Profit Before Tax (PBT) dropped to RM11.5 million for the year in review, a decline of 48.7% from RM22.4 million in FY2015.

Correspondingly, Group PAT also dipped by 47.0% to RM9.0 million (FY2015: RM17.0 million).

Reviewing the financial performance of the three revenue-generating business segments (Software & Services, Training & Certification, and Education), Software & Services registered revenue of RM117.2 million for FY2016 against RM94.0 million the previous financial year.

## Management Discussion &amp; Analysis (continued)

## FINANCIAL PERFORMANCE

(In RM Million)

↑  
+14.4%  
**Revenue**  
**132.1**  
FY2015: 115.5

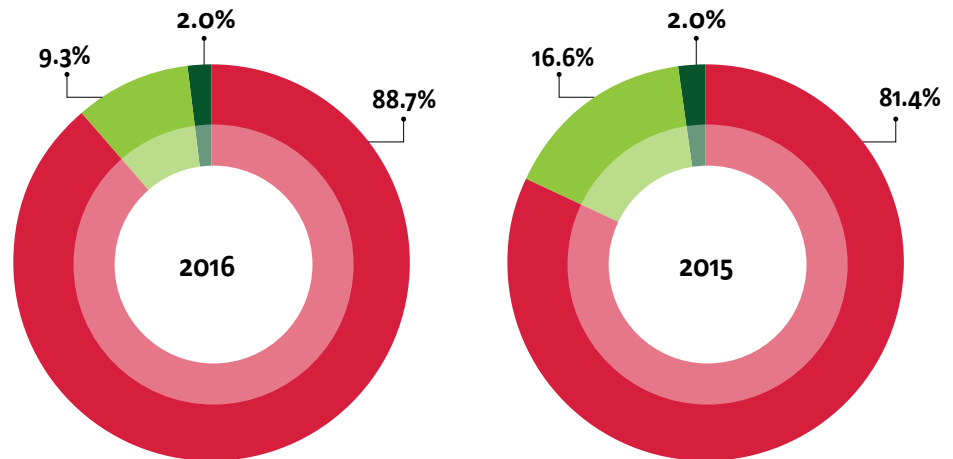
↓  
-48.7%  
**Profit Before Tax**  
**11.5**  
FY2015: 22.4

↓  
-47.0%  
**Profit After Tax**  
**9.0**  
FY2015: 17.0

↓  
-4.8%  
**Shareholders' Funds**  
**161.5**  
FY2015: 169.6

↓  
-2.9%  
**Total Assets**  
**198.4**  
FY2015: 204.4

↓  
-48.3%  
**Earnings Per Share (sen)**  
**1.84**  
FY2015: 3.56 sen



## CONTRIBUTION TO REVENUE BY DIVISION

(In RM Million)

	2016	2015
● Software & Services	117.2	94.0
● Training & Certification	12.3	19.2
● Education	2.6	2.3
<b>Total</b>	<b>132.1</b>	<b>115.5</b>

The increased revenue for this business segment pushed its share of Group Revenue to 88.7% (FY2015: 81.4%). Training & Certification achieved lower revenue of RM12.3 million, a drop of 35.9% from the year before (FY2015: RM19.2 million). The fall in revenue for this business segment meant that Training & Certification contributed only 9.3% to the Group's Revenue (FY2015: 16.6%). Meanwhile, the Education business segment recorded revenue of RM2.6 million (FY2015: RM2.3 million), constituting 2.0% of Group Revenue (FY2015: 2.0%).

The Shareholders' Funds closed the financial year with a total of RM161.5 million (FY2015: RM169.6 million). Total assets reached RM198.4 million as compared to RM204.4 million at the end of the last financial year. Meanwhile, Earnings Per Share (EPS) was 1.84 sen, down from 3.56 sen for FY2015.

## DIVIDEND POLICY

Prestariang has and will always stay true to its commitment to share profits with our shareholders. The Dividend Policy was approved by the Board which states that distribution of dividends of minimum 50% of PAT. This is reflected in the dividend payout in the previous years. Details of the Dividend Policy are elaborated on page 49 of this annual report.

## Management Discussion & Analysis (continued)

Given our optimism of future prospects, we are confident that the Group's dividend payout will increase in the years to come.

### DIVIDEND PAYOUT

The Group declared four interim dividends of 0.75 sen per share each for FY2016, amounting to a total dividend of 3.00 sen per share (FY2015: 3.75 sen per share). The total dividend payout of RM14.5 million for FY2016 represents 161% of PAT.

Since listing until 31 December 2016, a total of RM118.2 million have been paid to the shareholders reflecting our commitment to share our success to our loyal shareholders.

### LAYING THE FOUNDATION FOR BUSINESS TRANSFORMATION

Throughout the years, our key management team dedicated a significant amount of time and effort on identifying, assessing and evaluating viable projects which would determine the Group's onward course.

As such, although most of the Group's financial indicators have projected lower figures in comparison to the preceding year, the outlay for pursuing these new areas of growth have been based on well informed decisions.

The Group is fully committed to uphold responsible financial management while maintaining a rigorous approach in its standards and procedures to ensure operational excellence will augur well for the Group's growth prospects.

The Group achieved lower profits despite recording higher revenue for the current financial year. Nevertheless, this performance was anticipated given the preponderance of existing contracts for the lower-margin segment of Software & Services coupled with the delay in implementing programs for the higher-margin Training & Certification segment. This was attributed to delays in deployment of funds by customers who were generally affected by the overall downturn in the country's economy during the year in review.

With a year-on-year (y-o-y) growth of 24.7%, Software & Services was responsible for driving Group Revenue up by 14.4% in FY2016 despite the corresponding y-o-y drop of 35.9% for Training & Certification.

These opposing indicators resulted in Software & Services contributing a major share (88.7%) to Group Revenue even as the contribution from Training & Certification dipped below the 10 percentile mark to 9.3% for the first time in Prestariang's history.

While Software & Services has traditionally yielded lower margins as compared to Training & Certification, margins were further hampered in FY2016 by overall economic challenges and the depreciation throughout the year of the Ringgit against the US Dollar; which resulted in the thinning of our gross margins for this segment as the Microsoft and Autodesk software licences are US Dollar denominated purchases.

Meanwhile, the Training & Certification segment was also affected by the prevailing economic challenges, which led to the postponement of various programs.

The Group's other current business of Education under the flagship of the University of Malaysia for Computer Science and Engineering (UniMy) continues to face the challenge of recruiting students for its programs. Efforts to circumvent this challenge by rebooting the operations, branding and marketing are outlined on page 18 of this Management Discussion and Analysis.

During the financial year, Prestariang made substantial investments to lay the groundwork for SKIN. However, the cumulative RM24.5 million outlay for the project is anticipated to generate manifold returns in the years to come.

### DEVELOPING AND HARNESSING TECHNOLOGY & TALENT

As a company built on the premise of transformation, we are attuned to the various factors that are affecting the modern business landscape. We have always leveraged on the strategic direction in our digitalisation process with a clear mindset on developing our business through the lens of process innovation.



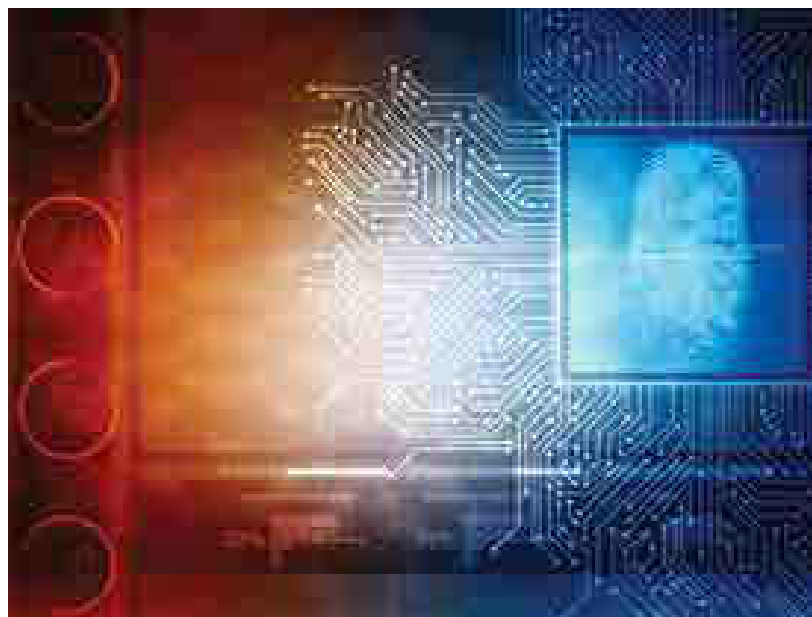
We started out our journey focusing on ICT Training & Certification, and distributing and managing of Software & Services, a foundation which formed the cornerstones of our progression to what we have achieved today.

Continual efforts at introducing new changes have advanced our business offerings to include Education, and Talent Acquisition and Talent Management. This successfully created a synergy within our various business segments, by complementing and supporting each segment which led to positive outcomes for the Group's recurring income stream.

Our migration to become a full fledged Technology & Talent company reflects how we have advanced and are swiftly moving ahead to spawn a set of capabilities that need to be deeply embedded across functions and operations. This will enable our managers to have a better basis for understanding markets and making sound business decisions.

## RESHAPING EXISTING BUSINESSES TO ALIGN WITH NEW VENTURES

As of 1 March 2017, Prestariang's businesses, existing and new, will be segmented and aligned into two business divisions: Technology (Platform Based Services which comprises SKIN and EduCloud, and Software & Services) and Talent (Training & Certification, and University). During the financial year, the Group set the wheels in motion to remodel its existing businesses in order to create synergy with its future platform based businesses.



## Management Discussion & Analysis (continued)

### TECHNOLOGY

#### • Platform Based Services

##### **Sistem Kawalan Imigresen Nasional (SKIN)**

Prestariang received the Letter dated 15 November 2016 from the Government to implement SKIN on a 15-year concession. The commencement of SKIN is subject to the finalisation of the terms and conditions of the Concession Agreement to be mutually agreed between Prestariang and the Government.

SKIN would be implemented by way of a public private partnership through the Build, Operate, Maintain and Transfer (BOMT) method. The project will commence in 2017 which will involve a three-year building and deployment phase and a 12-year maintenance and technical operation phase. It is expected to be fully commissioned by 2020 and will be installed in all immigration offices, including the country's entry points as well as attached offices abroad.

Payment to Prestariang shall commence upon full commissioning of the system (after three years), with an average annual payment of RM294.7 million from year four to year 15 during the maintenance and technical operation phase

For a start, the system will be implemented at 212 domestic and another 24 locations abroad. When fully commissioned, SKIN will replace the existing immigration system, policies, people, processes and operations in order to improve the effectiveness of the national security system.

The revamping and upgrading of the current immigration system will strengthen national security by allowing more effective border processes which includes surveillance of potential risks in cross-border traffic.

The project would allow the immigration system to more effectively respond to security threats while sustaining the economic, cultural, and social benefits of the nation, visitors and also immigrants.

## Management Discussion & Analysis (continued)

SKIN is a comprehensive and integrated technology platform to upgrade the core applications and infrastructure of Malaysia's immigration system with the objective of enhancing the national border security. The project is set to reinforce the national immigration system and safeguard the country from external threats while at the same time securing a source of recurring income to drive business sustainability for the Group.

SKIN deploys emerging technologies such as biometrics and facial recognition for identification, BDA for risk assessment, the IoT for surveillance, cloud computing for data storage and retrieval, and others to integrate systems and processes across the board.

Equally as important, we intend to leverage on SKIN as a catalyst for growth and an agent of change in our on-going transformation to become an innovative and dynamic technology company.

SKIN is not only a new revenue stream that can offer a steady income and stable cash flow throughout the tenure of the concession period; it is also a platform from which the Group can develop new competencies in digital technologies, system integration, business modelling, project management and others as listed below and outlined in Figure 1:

- Immigration & border control system;
- Modernisation into digital economy;
- Intelligence enterprise;
- DevOps and cybersecurity;
- Hyper-converged infrastructure; and
- Special projects.

We are setting out to develop proprietary products for SKIN, some of which on our own and others in collaboration with information and communications technology (ICT) partners from abroad including France.

### BUSINESS TRANSFORMATION STRATEGIES



Figure 1: SKIN paves the way for the Group to develop new competencies.

## Management Discussion &amp; Analysis (continued)

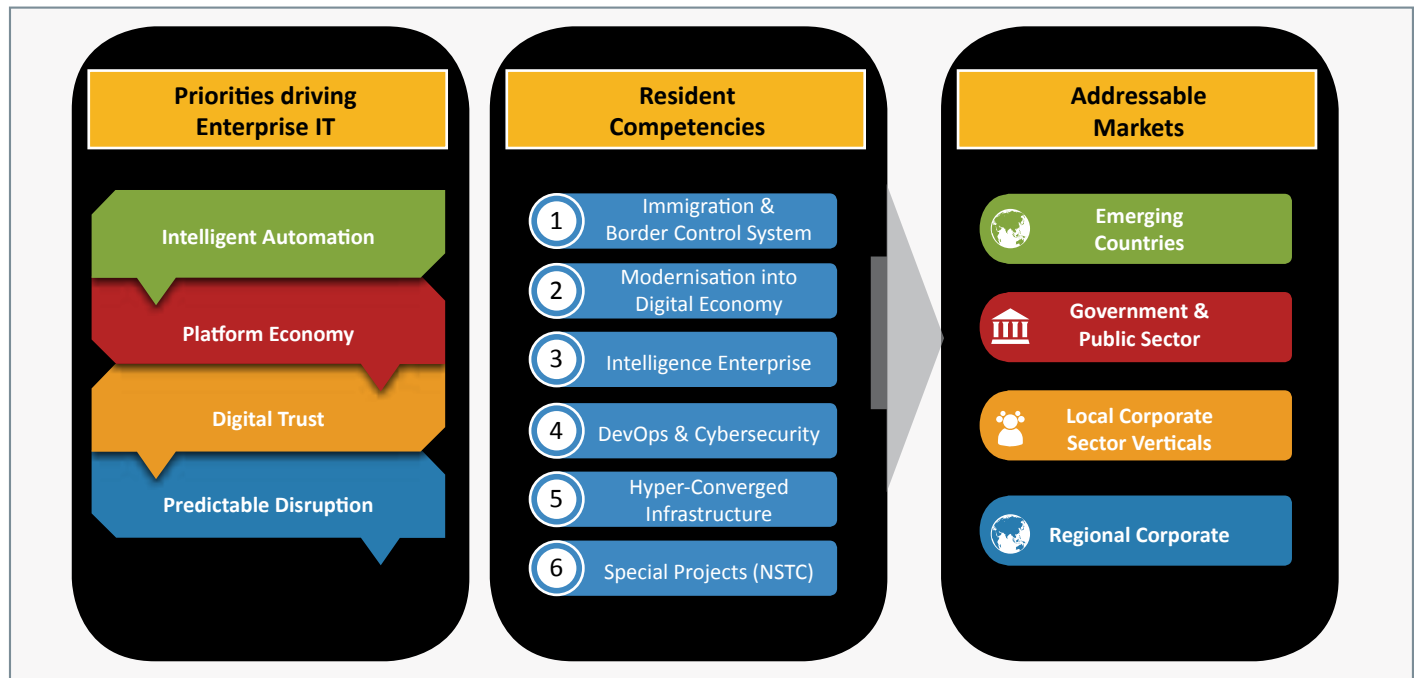


Figure 2: Technology trends mapped to competencies and potential markets.

With this approach, the Group will be well placed to replicate the product development and service provision in order to capitalise on opportunities in other industries as well as in other countries.

SKIN's potential will allow us to take the leading edge systems and processes utilised in SKIN and adapt this technology for other organisations who are seeking similar intelligent systems to boost their operations. Government Agencies and financial institutions are two such establishments that require safe and secure technology architecture in running their operations.

Indeed, SKIN will be a launchpad for Prestariang to penetrate new markets in the private and public sectors as well as emerging economies, as illustrated in Figure 2.

SKIN is one of two new 'platform' businesses that the Group is embarking on; the other is EduCloud, a cloud-based integrated platform set to innovate and revolutionise the education sector in Malaysia and abroad.

### EduCloud

Prestariang has entered into a joint collaboration with Alibaba Cloud and Conversant Solutions to develop EduCloud, a single service-based platform that will deliver all education-related activities and services.

EduCloud will create and manage a holistic ecosystem covering such diverse activities as campus management, teaching and learning, ICT security, e-commerce, entertainment, digital payment and many other services undertaken and offered by educational institutions.

From an education perspective, the platform is focused on enriching and enhancing learning through interactive experiences while also offering an open Academic Performance Index (API) to enable the integration of campus-wide applications, such as:

- Cloud-based learning management system (LMS) for on-campus, blended and massive open online courses (MOOC); and
- Course design and development services including online assessment and certification.

## Management Discussion & Analysis (continued)

Business-wise, the self-sustaining ecosystem will spearhead new business in the education spectrum by offering scalable and personalised on-demand services along with the scope to engage students and alumni through a lifelong partnership program, as shown in Figure 3.

In this way, the EduCloud platform can expand its consumer base and extend customer loyalty. At the same time, it will also operate on a revenue model that includes supplementary income streams in the form of transaction charges and retailer membership fees.

The Group's collaboration with Alibaba Cloud represents a major breakthrough in our cultivation of platform businesses and reflects Prestariang's growing footprint in the technology and education landscape.

By bringing together Alibaba Cloud's cloud computing resources, Conversant Solution's digital media enablement and content delivery network solutions, and Prestariang's deployment of education services, the partnership also paves the way to explore new opportunities in the Asia Pacific market.

Meanwhile, EduCloud will serve to integrate the Group's current and traditional activities of Training & Certification, Software & Services and Education.

### • Software & Services

Similar to the Training & Certification business segment, The distribution of software licenses will be geared towards the cloud spectrum in line with our migration to cloud-based platform services provided by EduCloud.

At the same time, we are expanding our service offerings to consultancy and hardware as well as extending our coverage beyond the Federal Government to other State Government Agencies and also to the private sector.

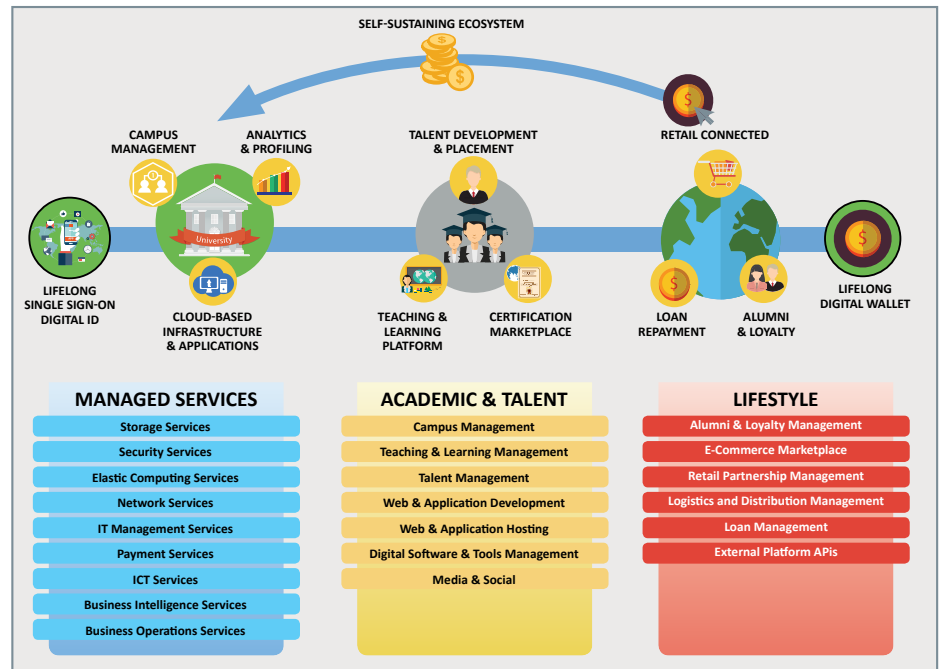


Figure 3: The EduCloud platform offers personalised, scalable and lifelong services.

## TALENT

### • Training & Certification

The Group's focus on efforts to diversify and expand our business portfolio has always been founded on the anticipation that the original business segment of Training & Certification would eventually decline.

Given the current obstacles in growing these segments via the traditional approach, we will reshape the business model to synergise with the technologies offered by the EduCloud platform. Training & Certification will take the form of new training content delivered through digital means such as online and mobile apps. In addition, it will also focus on three new areas of BDA, IT security and coding. The new delivery model will have the scope to appeal to the masses and their tendency towards the 'own time, own way' of training.

### • University

As with Training & Certification, the Group's University business is set to veer towards the virtual realm in terms of student engagement and learning modes. Our collaboration with Alibaba Cloud to develop EduCloud and close association with other global brands such as Google, MakeSchool and Thales will accelerate the shift for UniMy to become a digital university. UniMy will also offer students the unique prospect of gaining industry experience through cross collaboration with the Group's businesses such as SKIN. Despite the many challenges faced in the last four years, we are confident of turning around UniMy after taking into consideration the new developments taking shape to leverage on the future of education.

Management Discussion & Analysis (continued)

**OUTLOOK & PROSPECTS**

**CIRCUMNAVIGATING THE DIGITAL REALM**

We have veered our course towards focusing and embracing disruptive technologies which has positively impacted digital economic growth globally. Adoption of these innovative tech-enabled business trends in our business offerings are the drivers which are shaping the future of our Company. These include:

**Internet of All Things (IoT)** - a system of interrelated computing/digital devices or objects outfitted with data-collecting technologies for transferring of data and inter-communicating with one another.

**The Cloud** - storing and accessing data and programs over the internet, is shifting the economics of rent versus buy. With online connection, cloud computing can be done anywhere, anytime.

**Big Data Analytics (BDA)** - Data and analytics have become part of a new foundation for competitiveness. Global data volumes (e.g. social web sites and smartphones) are on the rise. With wireless communication, cloud infrastructure and data visualisation the reach of information is immense.

**Automating Knowledge Work** - productivity-enhancing technologies are taking root to replace physical labour and transactional tasks. At the same time upskilling and reskilling workers, redesigning education and training, and redefining the nature of work will all be important elements in reallocation of competent knowledge workers.

**Digital Education**- utilising technology to change the equation in traditional education deployment. Tablets and smartphones are used to deliver content for online open courses to interact and present education activities.

**Rapid Evolution of IT**- enabled commerce has reduced entry barriers and has opened new revenue streams where we can benefit greatly in improving our skills and bottom line.

**TRANSFORMING AND DRIVING THE BUSINESS FORWARD**

SKIN and EduCloud are the two determiners for Prestariang to leap forward and position itself as an entity that breeds hybrid technology.

In previous years, we have outlined the strategies to bring the Group forward by reinforcing the synergies within to harvest the opportunities beyond. These are encapsulated in what we refer to as Prestariang 5.0, which is featured in Figure 4.

In essence, Prestariang 5.0 leverages on the cloud-based platform provided by SKIN and EduCloud to develop competencies within the Group so as to unlock new opportunities. At the same time and as mentioned earlier, Prestariang will reorganise its core business activities into the two divisions of Technology and Talent (outlined in Figure 5).

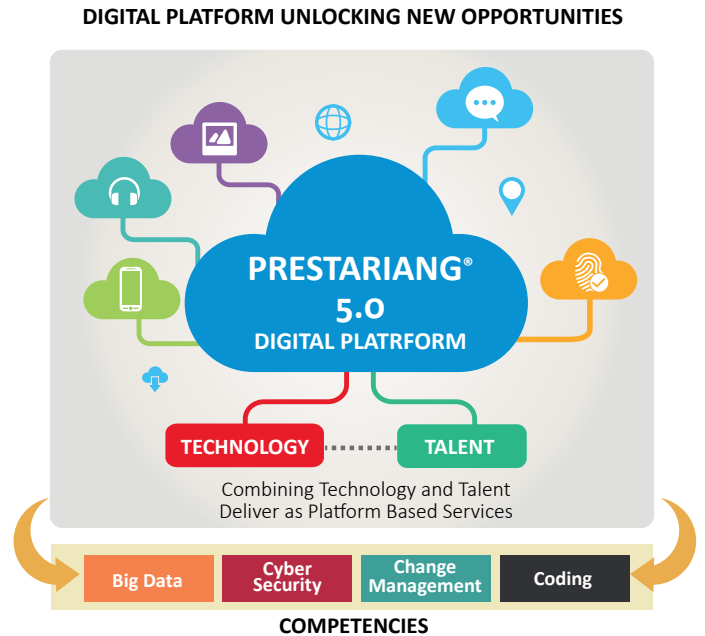


Figure 4: 'Prestariang 5.0', a strategic framework for the way forward.

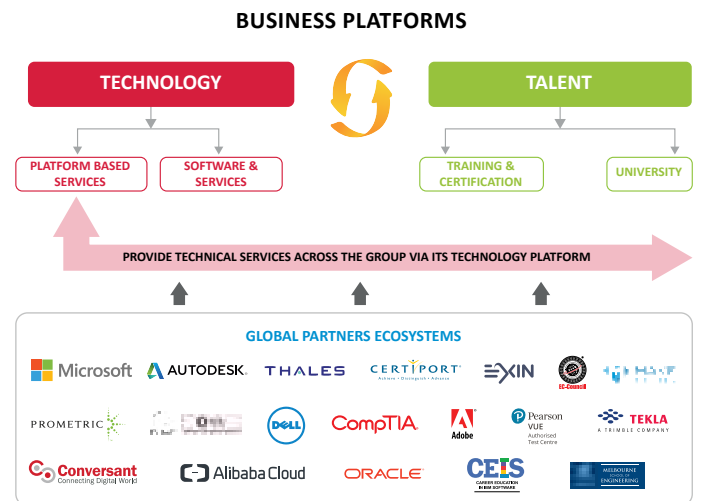
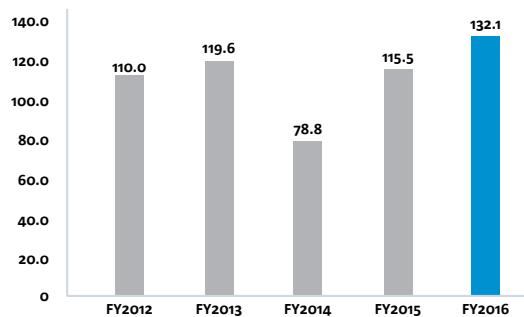


Figure 5: Integrated business structure anchored on Technology and Talent.

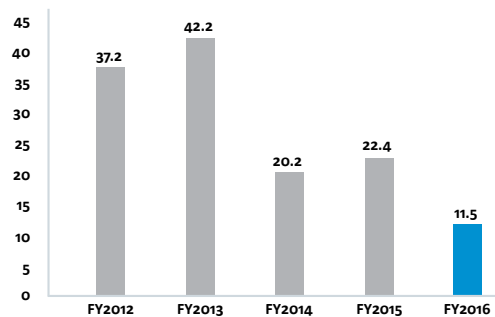
# Financial HIGHLIGHTS

(In RM Million)

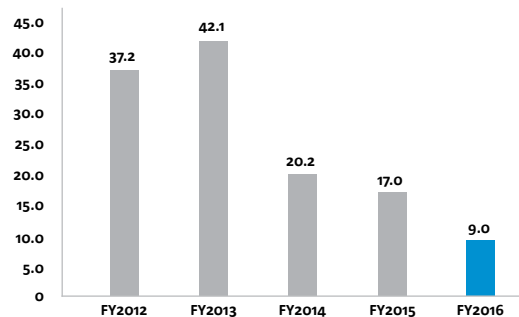
Revenue



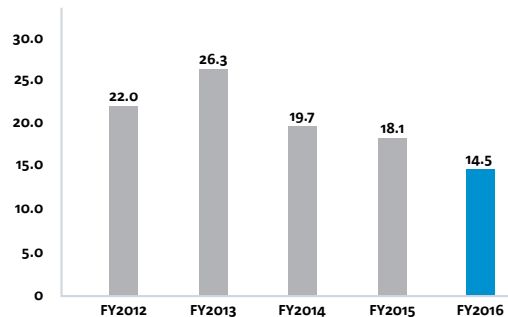
Profit Before Tax



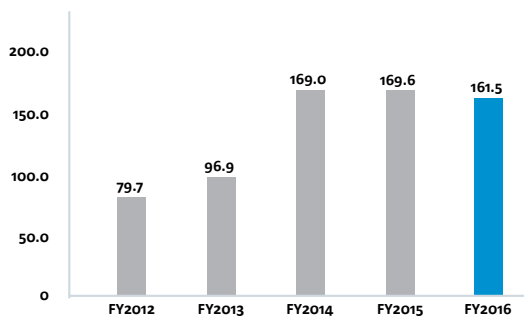
Profit After Tax



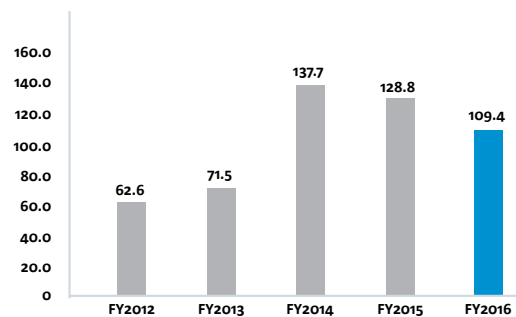
Dividend



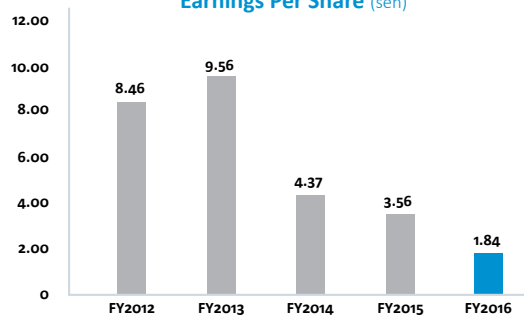
Shareholders' Funds



Cash &amp; Bank Balance and Short Term Investment

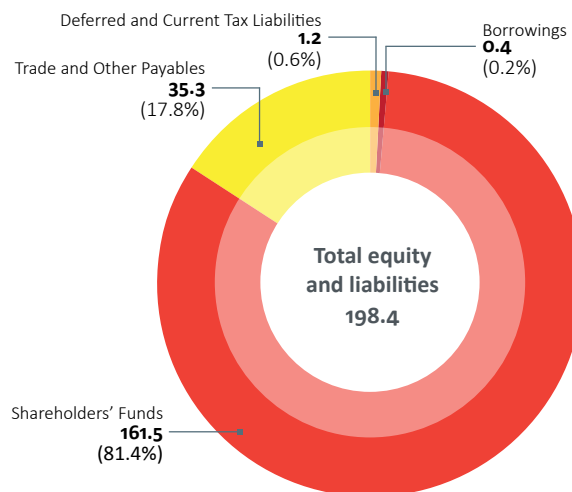
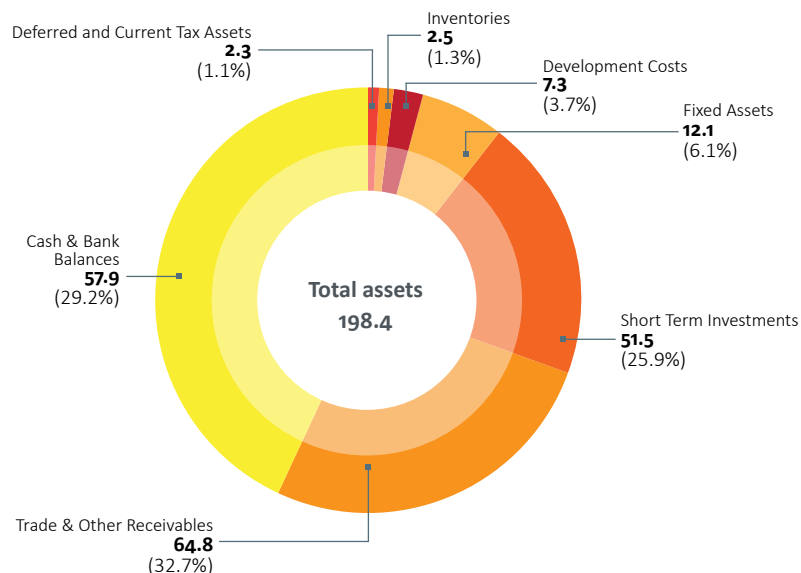


Earnings Per Share (sen)



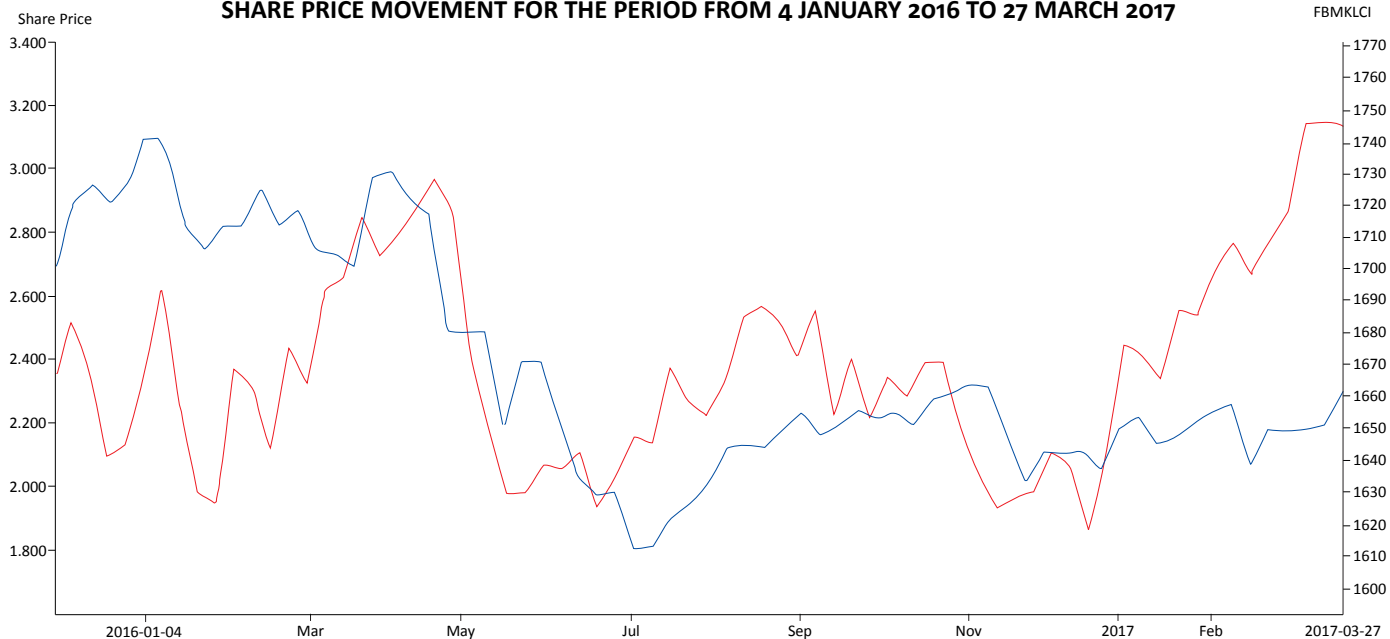
# Financial POSITION

(In RM Million)



## Share Performance CHART

SHARE PRICE MOVEMENT FOR THE PERIOD FROM 4 JANUARY 2016 TO 27 MARCH 2017



— Prestariang  
— FBMKLCI

Price	2016/2017	Date
Highest	RM3.26	12 January 2016
Lowest	RM1.75	12 July 2016

(Source: ShareInvestor)

Average daily volume traded within the period: **800,000** shares.

## Financial CALENDAR

<b>22 May 2017</b>	<b>27 April 2017</b>	<b>1 June 2016</b>
<b>7<sup>th</sup> Annual General Meeting</b>	<ul style="list-style-type: none"> <li>• Notice of the 7<sup>th</sup> Annual General Meeting</li> <li>• Issuance of 2016 Annual Report to Shareholders</li> </ul>	<b>6<sup>th</sup> Annual General Meeting</b>

### BOARD OF DIRECTORS MEETINGS

<b>2017</b>		<b>2016</b>	
<b>22 February</b>	<b>17 January</b>	<b>23 November</b>	<b>6 October</b>
<b>Board of Directors' Meeting</b> Unaudited consolidated fourth quarter results ended 31 December 2016.	<b>Special Board of Directors' Meeting</b>	<b>Board of Directors' Meeting</b> Unaudited consolidated third quarter results ended 30 September 2016.	<b>Special Board of Directors' Meeting</b>

<b>2016</b>				
<b>24 August</b>	<b>23 August</b>	<b>25 May</b>	<b>24 March</b>	<b>25 February</b>
<b>Board of Directors' Meeting</b> Unaudited consolidated second quarter results ended 30 June 2016.	<b>Special Board of Directors' Meeting</b>	<b>Board of Directors' Meeting</b> Unaudited consolidated first quarter results ended 31 March 2016.	<b>Board of Directors' Meeting</b> Audited Consolidated Accounts for the Financial Year Ended 31 December 2015.	<b>Board of Directors' Meeting</b> Unaudited consolidated fourth quarter results ended 31 December 2015.

### DIVIDENDS

<b>2017</b>		<b>2016</b>		
<b>22 February</b>	<b>23 November</b>	<b>24 August</b>	<b>25 May</b>	<b>25 February</b>
Declaration of Interim Single-Tier Dividend of 0.75 sen for the financial year ended 31 December 2016 <b>Announcement Date</b> 22 February 2017 <b>Entitlement Date</b> 9 March 2017 <b>Payment Date</b> 21 March 2017	Declaration of Interim Single-Tier Dividend of 0.75 sen for the financial year ended 31 December 2016 <b>Announcement Date</b> 23 November 2016 <b>Entitlement Date</b> 8 December 2016 <b>Payment Date</b> 6 January 2017	Declaration of Interim Single-Tier Dividend of 0.75 sen for the financial year ended 31 December 2016 <b>Announcement Date</b> 24 August 2016 <b>Entitlement Date</b> 9 September 2016 <b>Payment Date</b> 4 October 2016	Declaration of Interim Single-Tier Dividend of 0.75 sen for the financial year ended 31 December 2016 <b>Announcement Date</b> 25 May 2016 <b>Entitlement Date</b> 9 June 2016 <b>Payment Date</b> 21 June 2016	Declaration of Interim Single-Tier Dividend of 1.00 sen for the financial year ended 31 December 2015 <b>Announcement Date</b> 25 February 2016 <b>Entitlement Date</b> 11 March 2016 <b>Payment Date</b> 7 April 2016

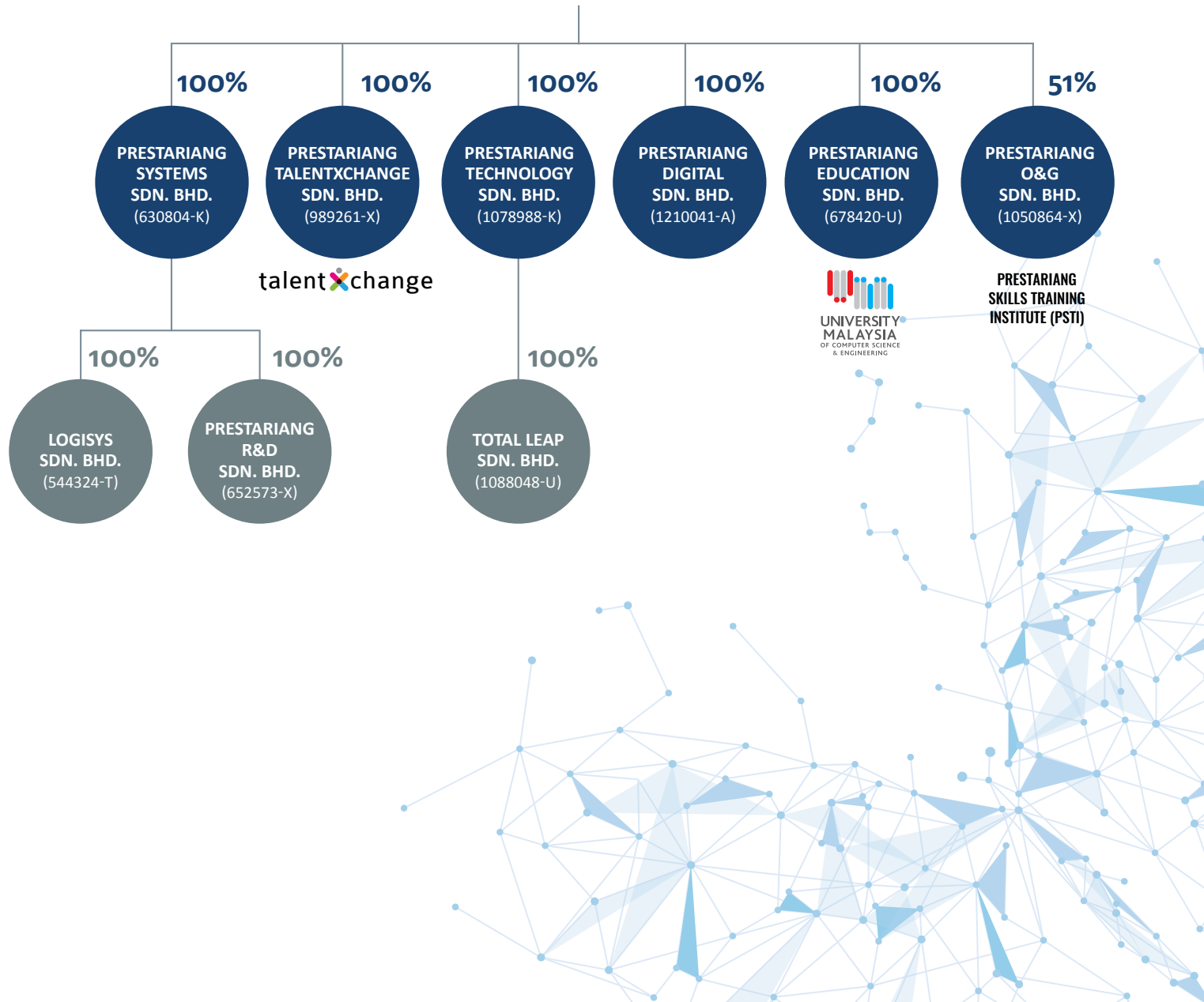


# Corporate STRUCTURE

31 March 2017



**PRESTARIANG<sup>®</sup>  
BERHAD**  
(922260-K)



# Corporate INFORMATION

## BOARD OF DIRECTORS

### Dato' Mohamed Yunus Ramli Bin Abbas

Independent Non-Executive Chairman

### Dr. Abu Hasan Bin Ismail

President/Group CEO

Non-Independent Executive Director

### Dato' Maznah Binti Abdul Jalil

Senior Independent Non-Executive Director

### Paul Chan Wan Siew

Independent Non-Executive Director

### Ramanathan A/L Sathiamutty

Independent Non-Executive Director

### Nik Amlizan Binti Mohamed

Non-Independent Non-Executive Director

### Mohd Arif Bin Ibrahim

CEO, Talent & Software Division

*Non-Independent Executive Director  
(Resigned on 17 January 2017)*

## BOARD OF COMMITTEES

### Audit Committee

Paul Chan Wan Siew (Chairman)

Dato' Maznah Binti Abdul Jalil

Ramanathan A/L Sathiamutty

Nik Amlizan Binti Mohamed

### Nomination Committee

Dato' Maznah Binti Abdul Jalil (Chairperson)

Paul Chan Wan Siew

Nik Amlizan Binti Mohamed

### Remuneration Committee

Ramanathan A/L Sathiamutty (Chairman)

Paul Chan Wan Siew

Dr. Abu Hasan Bin Ismail

### Risk Management Committee

Ramanathan A/L Sathiamutty (Chairman)

Paul Chan Wan Siew

Dr. Abu Hasan Bin Ismail

### Finance and Investment Committee

Dato' Maznah Binti Abdul Jalil (Chairperson)

Paul Chan Wan Siew

Dr. Abu Hasan Bin Ismail

Nik Amlizan Binti Mohamed

## COMPANY SECRETARIES

### Chua Siew Chuan

(MAICSA 0777689)

### Pan Seng Wee

(MAICSA 7034299)

## HEAD OFFICE

70-73, NeoCyber

Lingkar Cyber Point Barat

63000 Cyberjaya

Selangor Darul Ehsan

Tel : (03) 8314 8400

Fax : (03) 8318 9280

Website: [www.prestariang.com.my](http://www.prestariang.com.my)

## REGISTERED OFFICE

Level 7, Menara Milenium

Jalan Damanlela

Pusat Bandar Damansara

Damansara Heights

50490 Kuala Lumpur

Tel : (03) 2084 9000

Fax : (03) 2094 9940

## PRINCIPAL BANKERS

**Amlslamic Bank**

**CIMB Bank**

## STOCK EXCHANGE LISTING

Main Market,

Bursa Malaysia Securities Berhad

## INVESTOR RELATIONS

**RAPR Mileage Communications Sdn. Bhd.**

E-mail: [ir@prestariang.com.my](mailto:ir@prestariang.com.my)

## AUDITORS

**Messrs. Crowe Horwath (AF 1018)**

Level 16, Tower C, Megan Avenue II

12, Jalan Yap Kwan Seng

50450 Kuala Lumpur

## SOLICITORS

**Messrs. Albar & Partners**

6<sup>th</sup> Floor, Faber Imperial Court

Jalan Sultan Ismail

50250 Kuala Lumpur

## SHARE REGISTRAR

**Symphony Share Registrars Sdn. Bhd.**

Level 6, Symphony House

Pusat Dagangan Dana 1, Jalan PJU 1A/46

47301 Petaling Jaya

Selangor Darul Ehsan

Tel : (03) 7841 0000

Fax : (03) 7841 8151

# Board of DIRECTORS



*Left to right*

**Dato' Maznah Binti Abdul Jalil**  
(Senior Independent Non-Executive Director)

**Paul Chan Wan Siew**  
(Independent Non-Executive Director)

**Ramanathan A/L Sathiamutty**  
(Independent Non-Executive Director)

**Dato' Mohamed Yunus Ramli Bin Abbas**  
(Chairman, Independent Non-Executive Director)

**Dr. Abu Hasan Bin Ismail**  
(President/Group CEO, Non-Independent Executive Director)

**Nik Amlizan Binti Mohamed**  
(Non-Independent Non-Executive Director)

**Mohd Arif Bin Ibrahim**  
(Non-Independent Executive Director)  
(Resigned on 17 January 2017)

## Board of DIRECTORS' PROFILE



**DATO' MOHAMED YUNUS  
RAMLI BIN ABBAS**

Age 69, Malaysian, Male  
Independent Non-Executive  
Chairman



**DR. ABU HASAN BIN ISMAIL**

Age 56, Malaysian, Male  
President/Group CEO  
Non-Independent Executive  
Director

### DATE OF APPOINTMENT

18 November 2010

### MEMBERSHIP OF BOARD COMMITTEES

None

### QUALIFICATIONS

- Bachelor of Economics from University of Malaya.
- Master of Business Administration from Nova Southeastern University, Fort Lauderdale, Florida, United States of America (USA).
- Attended the Executive Program in Business Management from University of Michigan, USA.
- Doctorate of Management UNIMAP (Honorary).

### MEMBERSHIP OF ASSOCIATIONS

- Chairman of the Board of Governors, University Malaysia of Computer Science & Engineering (UniMy).

### WORKING EXPERIENCE AND OCCUPATION

- Sits on the Board of Directors of University Technology Malaysia Holdings.

- 2006-Present** - Established NuSuara Technologies Sdn. Bhd.  
Executive Director of NuSuara Technologies Sdn. Bhd.
- 2003-2005** - Appointed by the Ministry of Education as the Chairman of the Board of Directors of Universiti Malaysia Perlis (UNIMAP).
- 2002-2005** - Chief Executive Officer, Celcom (Malaysia) Berhad.
- 2002** - Chief Executive Officer, Encorp Group.
- 1996-2001** - Country Manager for Motorola Malaysia.
- 1989-1995** - Vice President at Motorola Inc. in Florida, USA.
- 1980-1985** - Director of Training and Development for Motorola Asia Pacific.
- 1978-1980** - Started his career at Motorola in Penang and was subsequently appointed as the Director of Human Resource of Motorola South Asia.

### DIRECTORSHIPS OF OTHER PUBLIC COMPANIES AND LISTED ISSUERS

None

### NO. OF BOARD MEETINGS ATTENDED FOR THE FINANCIAL YEAR

7/7

### DATE OF APPOINTMENT

18 November 2010

### MEMBERSHIP OF BOARD COMMITTEES

- Member of the Remuneration Committee, Risk Management Committee and Finance and Investment Committee.

### QUALIFICATIONS

- Diploma in Architecture from Universiti Teknologi Malaysia (UTM).
- Bachelor of Science (BSc) and Bachelor of Architecture (BArch) from the University of Strathclyde, Glasgow.
- Master of Philosophy (MPhil) and Doctor of Philosophy (PhD) from the University of Sheffield, UK.

### MEMBERSHIP OF ASSOCIATIONS

- International Advisory Board of Computer Trade Industry Association (CompTIA) based in the USA.
- Council member at Taylor's University.
- Advisory Panel for International Business School (IBS) in Universiti Teknologi Malaysia (UTM).
- Adjunct Professor at Universiti Teknologi Malaysia and Universiti Sultan Zainal Abidin.
- Visiting Professor at Universiti Teknologi MARA.
- Member of the Board of Governors, University Malaysia of Computer Science & Engineering (UniMy).

### WORKING EXPERIENCE AND OCCUPATION

- Founder and President/Group CEO of Prestariang Berhad.

- 2015 -Present** - Appointed into the CEO faculty program by the Ministry of Education, Malaysia under the Malaysian Higher Education Blueprint.
- 2003-Present** - Since the inception of Prestariang in 2003, he has overseen the financial and strategic growth of the Company and has formed successful partnerships with global ICT organisations, which include Microsoft, Autodesk, IBM, Oracle, CompTIA, Certipoint, Prometric, ASIC and others.
  - Listed the Company on the Main Market of Bursa Malaysia on 27 July 2011.
- 2000-2002** - Joined FSBM Holdings Bhd. Appointed as Executive Director.
- 1997-2000** - One of the founders of the Multimedia University. Appointed as the Professor and Dean at the newly created Faculty of Creative Multimedia.

### DIRECTORSHIPS OF OTHER PUBLIC COMPANIES AND LISTED ISSUERS

Institute Sultan Iskandar of Urban Habitat and High Rise, Yayasan Universiti Malaysia.

### NO. OF BOARD MEETINGS ATTENDED FOR THE FINANCIAL YEAR

7/7

## Board of Directors' Profile (continued)



**DATO' MAZNAH  
BINTI ABDUL JALIL**  
Age 64, Malaysian, Female  
Senior Independent  
Non-Executive Director



**PAUL CHAN WAN SIEW**  
Age 66, Malaysian, Male  
Independent Non-Executive  
Director

**DATE OF APPOINTMENT**

02 July 2012

**MEMBERSHIP OF BOARD COMMITTEES**

- Chairman of the Finance and Investment Committee and Nomination Committee.
- Member of the Audit Committee.

**QUALIFICATIONS**

- Bachelor of Science (BSc) and Masters Degree in Business Administration (Finance) from the Northern Illinois University, USA and the Central Michigan University, USA respectively.

**MEMBERSHIP OF ASSOCIATIONS**

- Trustee of Malaysian Aids Foundation.
- Life Member of the Women's Institute of Management.
- Member of Asian Strategy and Leadership Institute (ASLI) and Member of Corporate Malaysian Roundtable, ASLI.

**WORKING EXPERIENCE AND OCCUPATION**

- 2012-Present** - Director, Sona Petroleum Berhad.
- 2011-Present** - Chairman of SCS Global Advisory (M) Sdn. Bhd. (formerly known as Moore Stephens AC Advisory Sdn. Bhd.)
- 2009-2011** - Appointed as Executive Vice President, Corporate Finance Advisory at Kenanga Investment Bank Berhad.
- 2007-2008** - Appointed as Head, Corporate Finance and Principal Investment at Hong Leong Financial Group Berhad.
- 2006-2007** - Appointed to the board of United Overseas Bank Berhad.
- 1997** - Joined HICOM Holdings Berhad as Vice President and was elected to the board of DRB-HICOM Berhad. She was also appointed to the boards of the various subsidiaries and associated companies of DRB-HICOM till 2006.
- 1992-1995** - Appointed as Executive Director of Corporate Affairs at Master Carriage (M) Sdn. Bhd.
- 1979-1992** - Joined Amanah Merchant Bank Berhad and served as the Manager of Corporate Finance & Advisory.

**DIRECTORSHIPS OF OTHER PUBLIC COMPANIES AND LISTED ISSUERS**

- Pavillion Real Estate Investment Trust, Sona Petroleum Berhad and Malaysia Aids Foundation.

**NO. OF BOARD MEETINGS ATTENDED FOR THE FINANCIAL YEAR**

6/7

**DATE OF APPOINTMENT**

18 November 2010

**MEMBERSHIP OF BOARD COMMITTEES**

- Chairman of the Audit Committee.
- Member of the Nomination Committee, Risk Management Committee, Remuneration Committee and the Finance and Investment Committee.

**QUALIFICATIONS**

- Chartered Accountant, Malaysian Institute of Accountants (MIA).
- Chartered Certified Accountant, Association of Chartered Certified Accountants (UK).
- Chartered Secretary, Institute of Chartered Secretaries and Administrators (UK).
- Certified Practising Accountant, CPA Australia.
- Certified Financial Planner and Chartered Financial Consultant (USA).

**MEMBERSHIP OF ASSOCIATIONS**

- Chartered Accountant, Malaysian Institute of Accountants.
- Fellow Member, Association of Chartered Certified Accountants (UK).
- Fellow Member, Institute of Chartered Secretaries and Administrators (UK).
- Fellow Member, CPA Australia.
- Founding Board Member and President, Malaysian Alliance of Corporate Directors (MACD).
- NACD Governance Fellow, National Association of Corporate Directors, USA.
- NACD Board Leadership Fellow, National Association of Corporate Directors, USA.
- Vice President II, Federation of Public Listed Companies (FPLC).
- Founding & Executive Committee Member, Global Network of Director Institutes (GNDI).
- IIRC Ambassador, International Integrated Reporting Council, UK.

**WORKING EXPERIENCE AND OCCUPATION**

- 2013-2016** - Appointed to the Board of Prudential Assurance Malaysia Berhad.
- 2012-2013** - Appointed to the Board of Melewar Industrial Group Berhad; Chairman of Risk Management Committee.
- 2011-2015** - Appointed to the Board of Integrex Berhad; Senior Independent Director, Chairman of Audit Committee.
- 2008-Present** - Appointed to the Board of Luxchem Corporation Berhad; Senior Independent Director, Chairman of Nomination Committee.
- 2007-Present** - President of Business Transitions Asia Sdn. Bhd.
- 2004-2012** - Appointed to the Board of Mycron Steel Berhad; Chairman of Risk Management Committee.
- 1975-Present** - Professional and business experience spans four decades in accounting, auditing, corporate, financial and business advisory services.

**DIRECTORSHIPS OF OTHER PUBLIC COMPANIES AND LISTED ISSUERS**

- Luxchem Corporation Berhad, Federation of Public Listed Companies Berhad and Malaysian Alliance of Corporate Directors.

**NO. OF BOARD MEETINGS ATTENDED FOR THE FINANCIAL YEAR**

7/7

## Board of Directors' Profile (continued)



**RAMANATHAN  
A/L SATHIAMUTTY**  
Age 53, Malaysian, Male  
Independent  
Non-Executive Director



**NIK AMLIZAN BINTI  
MOHAMED**  
Age 49, Malaysian, Female  
Non-Independent  
Non-Executive Director

**DATE OF APPOINTMENT**

16 April 2014

**MEMBERSHIP OF BOARD COMMITTEES**

- Chairman of the Risk Management Committee and Remuneration Committee.
- Member of the Audit Committee.

**QUALIFICATIONS**

- Bachelor of Engineering (Hons) Degree in Electrical & Electronic Engineering from University Kebangsaan Malaysia.
- Master of Business Administration (MBA) from Universiti Putra Malaysia.
- Executive Management Program from the Harvard Business School and INSEAD.

**MEMBERSHIP OF ASSOCIATIONS**

- Member of the advisory boards at INTI College, Universiti Putra Malaysia's Computer Science and Information Technology Faculty and University Tenaga Nasional's International Advisory Council.
- Member of the Board of Governors, University Malaysia of Computer Science & Engineering.
- Adjunct professor at Taylor's University.
- Non Executive Director at Universiti Kebangsaan Malaysia.

**WORKING EXPERIENCE AND OCCUPATION**

**2014-Present** - He is currently the Chief Transformation Officer at Celcom Axiata Berhad.

- 1988-2013** - Began his career as a system engineer at IBM Corporation Malaysia and was subsequently appointed as the Managing Director for IBM Malaysia in January 2010. His career at IBM spanned 24 years and he was involved in the telecommunications, utilities, media and entertainment sectors.
- Throughout his tenure at IBM, he managed the venture capital portfolio, where he was based in Japan. He also led a team to develop strategies on software acquisitions in the USA and served as the project executive for delivery at one of the largest telecommunications companies in India.
  - He subsequently took on assignments in Korea as part of IBM Korea's senior leadership team after which he went to Singapore to be part of the ASEAN leadership team.
  - He is a sought after speaker and was engaged to speak at the ASEAN Leadership Exchange, 9<sup>th</sup> ASLI Leadership Forum and the 16<sup>th</sup> Malaysian Banking Summit.

**DIRECTORSHIPS OF OTHER PUBLIC COMPANIES AND LISTED ISSUERS**

None

**NO. OF BOARD MEETINGS ATTENDED FOR THE FINANCIAL YEAR**

4/7

**DATE OF APPOINTMENT**

25 February 2016

**MEMBERSHIP OF BOARD COMMITTEES**

- Member of the Nomination Committee, Audit Committee and Finance and Investment Committee.

**QUALIFICATIONS**

- Bachelor's Degree in Economics/Accounting from Claremont McKenna College, USA.

**MEMBERSHIP OF ASSOCIATIONS**

- The Malaysian Institute of Integrity

**WORKING EXPERIENCE AND OCCUPATION**

- Has over 20 years of experience in the fund management industry.
- Currently sits on the Board of Directors for Prima Ekuiti (UK) Limited, a wholly owned subsidiary of KWAP. She is also a Director of i-VCap Management Sdn. Bhd and Harta Integra Berkat Sdn. Bhd. She is an Investment Committee Member of Metropolitan Retail JV (Jersey) Unit Trust

**2007-Present** - Assumed her current role as the Chief Investment Officer of Kumpulan Wang Persaraan (Diperbadankan) (KWAP) in September 2014. Prior to the appointment, she was the Director/Head of Equity, a position she held since joining KWAP in 2007 before she became Senior Director, Equity in February 2014. Her current responsibilities include developing and overseeing investment functions for KWAP namely creation and implementation of investment organisation, policies and procedures, performance matrix, recruitment of staff, selection of External Fund Managers, development of asset allocation models and formulating KWAP Fund Investment Strategies across all asset classes.

**1991-2007** - Started her career in the fund management industry when she joined BBMB Unit Trust Management Sdn. Bhd. after a two-year stint with Georgiou Incorporated, San Francisco, California, USA. Her last position before she joined KWAP in 2007 was General Manager/Head of Equity (Syariah/Ethical) at RHB Asset Management Sdn. Bhd. She served as Head of Investment Research/Senior Portfolio Manager at Mayban Investment Sdn. Bhd. until 2001.

**DIRECTORSHIPS OF OTHER PUBLIC COMPANIES AND LISTED ISSUERS**

None

**NO. OF BOARD MEETINGS ATTENDED FOR THE FINANCIAL YEAR**

5/6

**MOHD ARIF BIN IBRAHIM**

Age 49, Malaysian, Male  
 Non-Independent Executive Director  
 (Resigned on 17 January 2017)

## Board of Directors' Profile (continued)

**DATE OF APPOINTMENT**

20 August 2015

**MEMBERSHIP OF BOARD COMMITTEES**

None

**QUALIFICATIONS**

- Bachelor of Science in Business Administration, California State University, Sacramento, USA.
- Master of Business Administration, California State University, Sacramento, USA.

**MEMBERSHIP OF ASSOCIATIONS**

None

**WORKING EXPERIENCE AND OCCUPATION**

- 2015-Present** - Appointed as the CEO of Talent & Software Division of Prestariang Berhad. Prior to the appointment, he was the COO of Prestariang Berhad.
- 2011-2014** - Appointed as Country Leader- Global Business Services, IBM Malaysia Sdn. Bhd.
- 2001-2011** - Joined KPMG Malaysia as Managing Consultant- Business Advisory Services.  
Promoted to Associate Director in 2002 and was subsequently promoted to Director in 2004.  
Appointed as Partner Executive Director in 2006.
- 1997-2001** - Appointed as Head of Corporate Planning & Project Development at Pahang State Development Corporation.
- 1994-1996** - Joined W.R Grace Packaging (M) Sdn. Bhd. as Senior Financial Analyst.
- 1992-1994** - Joined Citibank Berhad as Assistant Manager, Corporate Finance.
- 1990-1992** - Began his career at Citibank N.A, Sacramento, California as a management trainee.

**DIRECTORSHIPS OF OTHER PUBLIC COMPANIES AND LISTED ISSUERS**

None

**NO. OF BOARD MEETINGS ATTENDED FOR THE FINANCIAL YEAR**

7/7

**Notes:**

- Except for Dr. Abu Hasan Bin Ismail whose spouse and sibling are also substantial shareholders of the Company, none of the Directors has any family relationship with each other or with any substantial shareholders of the Company and does not have any conflict of interest with the company.
- None of the Directors has any conviction for offences, other than traffic offences, within the past 5 years.
- Except as disclosed above, none of the Directors holds any directorship in other public companies and listed issuer.
- The Directors' holdings in shares of the Company are disclosed in the Analysis of Shareholdings section of this Annual Report.
- None of the Directors has any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

## Senior MANAGEMENT PROFILE

### DR. ABU HASAN BIN ISMAIL

Age 56, Malaysian, Male  
President/Group CEO  
Non-Independent Executive Director

*Note: Please refer to page 26 for Dr. Abu Hasan Bin Ismail's complete profile.*

### ABDUL RAZAK BIN BAKRUN

Age 49, Malaysian, Male  
Chief Financial Officer

**DATE OF APPOINTMENT** : May 2012

#### QUALIFICATIONS

- Master in Business Administration (MBA), Universiti Malaya.
- Bachelor Degree in Accountancy (Hons), Universiti Malaya.
- A member of Malaysia Institute of Accountant.

#### WORKING EXPERIENCE AND OCCUPATION

- 2007-2012** - Faber Mediserve Sdn Bhd - General Manager Finance.
- 2004-2007** - Healthronics (M) Sdn Bhd - Head of Finance & Account.
- 2001-2004** - Faber Mediserve Sdn Bhd - Senior Manager, Finance.
- 2000-2001** - Renong Berhad - Manager, Business Development.
- 1999-2000** - Renong Group, Expressway Division - Manager, President's Office.
- 1997-1999** - Kinta Kellas PLC - Manager, Finance.
- 1993-1997** - Renong Management Trainee Scheme (RMTS).

**ANY DIRECTORSHIP IN PUBLIC COMPANIES AND LISTED ISSUERS** - NIL

### PROFESSOR DATUK DR. KHAIRUDDIN BIN AB. HAMID

Age 59, Malaysian, Male  
Vice Chancellor University Malaysia of Computer Science and Engineering

**DATE OF APPOINTMENT** : April 2014

#### QUALIFICATIONS

- Bachelor of Electrical Engineering (Hons) University of Technology Malaysia.
- Master of Science in Electrical Engineering from University of Hawaii at Manoa, USA.
- Doctor of Philosophy in Electronic Systems Engineering from University of Essex, UK.
- Chairman of the Senate Committee.
- Chairman of the Executive Management Committee.
- Member Board of Governance.

#### WORKING EXPERIENCE AND OCCUPATION

- 1993-2014** - UNIMAS  
Throughout his tenure in UNIMAS, he served as:  
Associate Professor  
Professor/Dean  
Deputy Vice Chancellor  
Vice Chancellor  
Visiting Professor at Waseda University, Tokyo
- 1982-1992** - Lecturer at Faculty of Electrical Engineering, UTM.

**ANY DIRECTORSHIP IN PUBLIC COMPANIES AND LISTED ISSUERS** - NIL





## Senior Management Profile (continued)

**RAJA AZMI BIN ADAM NADARAJAN**

Age 47, Malaysian, Male  
Chief Executive Officer, Technology Division & Prestariang SKIN Sdn Bhd

**DATE OF APPOINTMENT** : March 2017

**QUALIFICATIONS**

- BE (Hons) Electrical Engineering, Universiti Teknologi Malaysia.
- Diploma Electrical Engineering, Universiti Teknologi Malaysia.

**WORKING EXPERIENCE AND OCCUPATION**

- 2013-2016** - Lead Business Consultant & Advisor to Prestariang Bhd.  
**2010-2013** - Chief Operating Officer & Sales SVP Prestariang Berhad.  
**2008-2010** - Services Sales Director (Services Executive) Microsoft Malaysia.  
**2005-2007** - Industry Partner Account Manager Microsoft Malaysia  
**2003-2005** - Country Manager ADC KRONE Pte Ltd.  
**2001-2003** - Senior Account & Technical Specialist 3M.  
**1999-2001** - Project Manager- SPS Corporation Sdn Bhd.  
**1997-1999** - Field Engineer- Maxis Sdn Bhd.

**ANY DIRECTORSHIP IN PUBLIC COMPANIES AND LISTED ISSUERS** - NIL

**HASLINA ALIAS**

Age 49, Malaysian, Female  
Director, Human Capital Development

**DATE OF APPOINTMENT** : October 2014

**QUALIFICATIONS**

- Bachelor Degree (Hons) in Business Administration, Universiti Utara Malaysia.
- Post Graduate Diploma in Business Leadership from University of Northumbria UK.
- A member of Malaysia Institute of Human Resource Management.

**WORKING EXPERIENCE AND OCCUPATION**

- 2008-2014** - UEM Edgenta Berhad - Senior General Manager Corporate Human Resource.  
**2005-2008** - UEM Group Berhad - Senior Manager, Group Human Resource & Training.  
**1999-2005** - Metacorp/MTD Capital Berhad- Head of Human Resources.  
**1997-1999** - Mun Loong Berhad- Assistant Manager, Group Human Resource.  
**1995-1997** - Indah Water Konsortium Sdn Bhd- Senior HR Executive.  
**1994** - Northwest Water Consortium Ltd- Data Analyst.  
**1992-1994** - Federal Power Sdn Bhd- Executive Business Development & Corporate Services.

**ANY DIRECTORSHIP IN PUBLIC COMPANIES AND LISTED ISSUERS** - NIL

**HAFIZA ANOM BINTI ABDUL HAMID**

Age 40, Malaysian, Female  
Director, Sales, Marketing & Business Development

**DATE OF APPOINTMENT** : March 2015

**QUALIFICATIONS**

- BSc (Hons) Computing , University of Portsmouth.

**WORKING EXPERIENCE AND OCCUPATION**

- 2013-2014** - Oracle Corporation Malaysia  
Sales Manager, CRM Sales Auto- Applications.  
**2007-2013** - Microsoft Malaysia  
Account Manager, Public Sector Group.  
**2006-2007** - Microsoft Malaysia  
Inside Account Manager, Public Sector Group.  
**2003-2006** - HeiTech Padu Berhad, Account Manager.  
**1999-2003** - Berita Information Systems Sdn Bhd- Account Executive.

**ANY DIRECTORSHIP IN PUBLIC COMPANIES AND LISTED ISSUERS** - NIL

**Notes:**

- Except for Dr. Abu Hasan Bin Ismail whose spouse and sibling are also substantial shareholders of the Company, none of the Senior Management has any family relationship with each other or with any substantial shareholders of the Company.
- None of the Senior Management has any conflict of interests with the listed issuer.
- Other than traffic offences, none of the Senior Management has any for convictions for offences within the past 5 years and any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.



## Calendar of EVENTS

**6 January**

Prestariang's Senior Management networked with other industry heads at the CIMB 8<sup>th</sup> Annual Malaysia Corporate Day which was held at the Hilton Kuala Lumpur.



**20 - 22 January**

A two-day workshop on the Development of QMS & Review of Implementation for the ISO 9001:2015 certification was held at Port Dickson, Negeri Sembilan.

**21 January**

Dr. Abu Hasan Bin Ismail and Ministry of Education Malaysia delegates visited the British Education & Training Events which were held at the ExCel Exhibition Centre in London.



## Calendar of Events (continued)

**26 February**

The first Analyst Briefing for the year was held at the Westin Hotel in Kuala Lumpur.



**12 - 13 April**

Prestariang participated in the Invest Malaysia Kuala Lumpur 2016 Conference which was held at the Shangri-La Hotel Kuala Lumpur. This annual event is organised by Bursa Malaysia and is targeted to the global investing community.

**14 April**

The MLA2.0 Briefing and Launching of the MLA 2.0 Portal was held at the Putrajaya Marriott Hotel.



**26 May**

The second Analyst Briefing was organised at the Grand Hyatt Kuala Lumpur.

## Calendar of Events (continued)

**May 31 - June 1**

The Autodesk Program Ambassador Kick-Off event was conducted at the Hotel Pullman Putrajaya Lakeside.

**1 June**

Prestariang Berhad's 6<sup>th</sup> Annual General Meeting was held at Shangri-La Hotel Putrajaya.

**25 August**

The third Analyst Briefing for the year, was held at the Grand Hyatt Kuala Lumpur.



**2 - 4 September**  
Prestariang's second Directors & Management Strategic Planning Summit 2016 was held over two days at the Le Méridien Saigon, Ho Chi Minh, Vietnam.

## Calendar of Events (continued)

**5 October**

A contingent from University of Twente conducted a study tour at UniMy.



**21 October**

Prestariang sponsored four prizes for the Dean's List of Faculty of Information Technology, Universiti Putra Malaysia in Serdang, Selangor during the Prize Giving Ceremony for the university's Top Achievers.

**5 - 6 November**

Prestariang organised the TalentXChange Talent & Employment Fair 2016 at the Everly Hotel in Putrajaya.



**15 November**

Mohd. Arif bin Ibrahim, CEO of Talent & Software Division shared insights in education technology and innovation at the third annual Bett Asia Leadership Summit, Educating for Global Citizenship - BETT ASIA 2016. The two-day event was held at the Mandarin Oriental in Kuala Lumpur.

## Awards and ACCOLADES



## 2016

- 1 Dr. Abu Hasan Bin Ismail was appointed as part of the CEO Faculty Program Blueprint. The appointment is for the period of September 2015-September 2017.
- 2 Prestariang Systems Sdn. Bhd. was awarded the Circle of Excellence ATC Award by the EC-Council.
- 3 Prestariang Systems Sdn. Bhd. was awarded ISO 9001:2015 certification by SIRIM QAS International Sdn. Bhd. on 26 August 2016.



- 4 Dr. Abu Hasan Bin Ismail was appointed as Adjunct Professor at Universiti Sultan Zainal Abidin on 15 March 2016.
- 5 Prestariang Systems Sdn. Bhd. was awarded as Best Performing Autodesk Education Partner ASEAN Region 2016.
- 6 Constituent of the FTSE4Good Bursa Malaysia Index with improved scores in ESG ratings as at 6 December 2016. Achieved a 4.4 scoring (5-Highest) in ESG Rating Absolute Score and 98% for the ICB Supersector Relative Percentile Score.

### 2015

- Dr. Abu Hasan Bin Ismail received the CEO Award For Business Excellence 2015 by Malaysia Productivity Corporation.
- EC-Council Circle of Excellence Authorised Training Centre 2015.
- Dr. Abu Hasan Bin Ismail was appointed into the CEO Faculty Program by the Ministry of Education Malaysia under the Malaysian Higher Education Blueprint.
- Proficiency in Enterprise Communication (PEC) received the Gold Medal and The Best Award at the Malaysia Technology Expo 2015 (MTE).
- Prestariang was recognised for its contributions towards BIM knowledge sharing & collaboration with Construction IT Department, Construction Industry Development Board Malaysia.
- Prestariang was declared the winner under the E-Agreement Adoption & Partner Quote Adoption by Microsoft (SEA + NZ) category.
- Dr. Abu Hasan Bin Ismail was awarded with the Anugerah Ikon Usahawan BCPLC 2014-2015.

## Awards and Accolades (continued)

**2014**

- Anugerah Kecemerlangan Industri 2014 from MITI Services Sector: ICT Category Award.
- Forbes: Asia's 200 Best Under A Billion 2013/2014.
- Autodesk Authorized Training Centre 2014.
- A Member of FTSE4Good Bursa Malaysia Index 2014.
- Inclusion in the Minority Shareholder Watchdog Group (MSWG) Top 100 ASEAN Corporate Governance Scorecard for 2014.
- Microsoft Partner Network 2014 (Gold Partner).
- Microsoft Authorised Education Reseller 2014 (Gold Partner).
- EC-Council Training Centre of The Year Award (Enterprise) 2014.

**2013**

- Best of e-Inclusion & e-Community MSC Malaysia APICTA 2013.
- Autodesk Best Performing Reseller in Asia Pacific 2013 Deal of the Year.
- 24<sup>th</sup> International Invention, Innovation & Technology Exhibition (ITEX) 2013 Prestariang's home grown certification, Proficiency in Enterprise Communication (PEC) won the Gold Medal under the Educational Items category.
- Invention, Innovation & Design Expo- IINDEX 2013 PEC won the Diamond Award (Invention) & Gold Medal.
- IC CITIZEN Outstanding Performance- Global Partner Summit 2013.
- APAC Partner Performance Awards 2013 - IC3 Exam Growth Rate Exceptional Performance for IC CITIZEN.
- EC-Council Circle of Excellence Authorised Training Centre 2013.
- Microsoft Partner Network 2013 (Gold Learning, Silver Volume Licensing).
- CompTIA Excellence Award 2013.

**2012**

- EC-Council Circle of Excellence Authorised Training Centre 2012.
- Malaysia Venture Capital Awards 2012.
- Innovation in Workforce Enablement 2012 by Prometric.
- Microsoft Partner Network 2012 (Gold Learning, Gold Volume Licensing, Silver Learning & Silver Volume Licensing).
- OSK Small Cap Day 2012 (OSK Top 5 Malaysian Small Cap Companies 2012).

**2011**

- Microsoft Learning Solution Partner of the Year 2011.
- Certiport Champion of Digital Literacy 2011.
- Autodesk Best Performing Partner in Asia Pacific 2011.
- Autodesk High Achiever Education Authorisation 2011.
- Microsoft Partner Network Gold Volume Licensing 2011.
- EC Council ATC of Year 2011.

**2010**

- Microsoft Learning Solution Partner of the Year 2010.
- CompTIA Authorised Platinum Partner 2010-2011.
- Microsoft Gold Certified Partner 2010-2011.
- Microsoft Certified Partner 2010-2011.
- Recognition Award for Innovative Venture Capital Backed Companies 2010 by the Malaysian Venture Capital and Private Equity Association.
- EC-Council Circle of Excellence Authorised Training Centre 2010.

**2009**

- Microsoft Certified Partner for Learning Solution (CPLS) Partner Excellence 2009.
- Microsoft Gold Certified Partner 2009-2010.
- Prometric Most Valued Partner- Most Comprehensive Global IT Certification Program in Asia.
- EC-Council Authorised Training Centre of The Year 2009.
- Best Performance for Career Education In IBM Software (CEIS Program).
- Highest Certification Achievement and Commitment in Producing Globally-benchmarked Graduates.
- Member in Good Standing and Afforded All The Privileges and Benefits of this Designation 2009-2010.
- Member in Good Standing of CompTIA (Computing Technology Industry Association) 2009.

**2008**

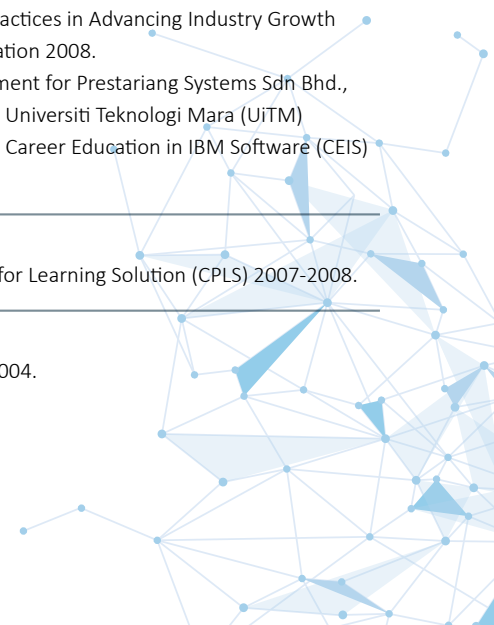
- Microsoft Gold Certified Partner 2008-2009.
- Microsoft Certified Partner Learning Solution (CPLS) 2008-2009.
- Asia Pacific Regional Best Practices in Advancing Industry Growth through Innovation in Education 2008.
- Certificate of Acknowledgement for Prestariang Systems Sdn Bhd., IBM Malaysia Sdn. Bhd. and Universiti Teknologi Mara (UiTM) working together under the Career Education in IBM Software (CEIS) 2008.

**2007**

- Microsoft Certified Partner for Learning Solution (CPLS) 2007-2008.

**2004**

- Apple Key Account Win FY2004.



# Media HIGHLIGHTS





Media Highlights (continued)



## Our Sustainability JOURNEY

Prestariang remains steadfast in its commitment to act ethically and contribute to economic development and growth. We believe in enhancing the quality of life for our employees and their families, as well as that of the society at large. We respect the environment and continuously seek the necessary knowledge and resources to deepen our awareness.

As a model corporate citizen, sustainability has always been a cornerstone of our philosophy and towards this end, we have endeavoured tirelessly to meet all the respective goals and key performance indicators (KPI).

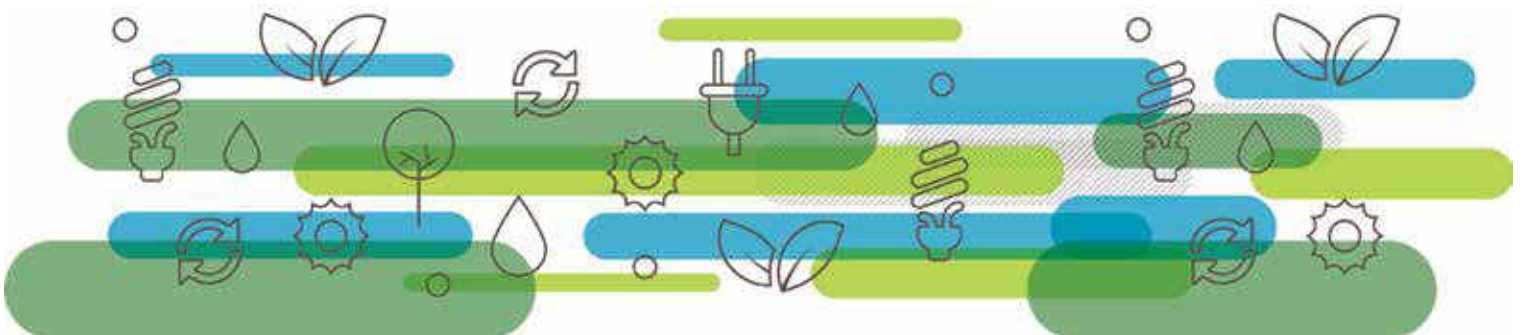
It is pertinent to point out that Prestariang was one of the pioneer Malaysian companies on the FTSE4Good Bursa Malaysia (Environmental, Social and Governance or ESG) Index which was inaugurated in December 2014. Bursa Malaysia introduced the ESG Index in order to bolster ESG disclosure and practices for public-listed companies. The Index measures the performance of companies based on ESG-related indicators similar to other ESG frameworks such as the Global Reporting Initiative (GRI) and Carbon Disclosure Project.

From the original 24, the number of constituents has since grown to 42 as at 6 December 2016. We are pleased to report improved scores in the ESG ratings as at December 2016 underpinning our pledge for continuous improvement in our ESG initiatives. We achieved a 4.4 score against a 3.0 score recorded in 2015 (5-Highest) in our ESG Rating Absolute Score and 98% (2015: 64%) for the ICB Supersector Relative Percentile Score.

We firmly believe such benchmarking would only serve to raise the level of focus and attention towards sustainability in our business operations as well as in the development of solutions and services to our customer base.

Naturally, each of the Principles is aligned to a key indicator on the FTSE4Good Index as well as to other international sustainability reporting protocols for all our corporate and business activities.

The Company also established a tracking mechanism to indicate progress for each target either for the fiscal or calendar year.



## Our Sustainability Journey (continued)

In the wake of the Group's participation in the ESG Index, we developed a Sustainability Policy in 2015 underpinned by five Principles which are related to ESG. These five Principles were subsequently approved by the Board of Directors and are as follows:



### PRINCIPLE 1

#### SUSTAINABLE LIFELONG LEARNING ENVIRONMENT

Focus is on developing talent through technology via training and certification programs with emphasis on continuous upskilling and reskilling of personnel in various industry sectors.

We effectively manage and distribute original software to drive IT compliance while making software licenses affordable. Prestariang as a technology provider and enabler, endeavours to introduce and apply innovative solutions for sustainable development.



### PRINCIPLE 2

#### STAKEHOLDER ENGAGEMENT & DISCLOSURES

Prestariang employs a wide range of channels for communicating with various stakeholders. These channels are aligned with the needs and expectations of each and every stakeholder which include our employees, Government authorities and agencies, the media, fund managers & analysts and the public at large. We collaborate with and recognise the vital role vendors and suppliers play to ensure a robust supply chain within our operations.



### PRINCIPLE 3

#### COMMITMENT TO CORPORATE RESPONSIBILITIES

Our Corporate Social Responsibility (CSR) initiatives are undertaken to contribute positively to social, economic and environmental development of the communities that we serve. Our programs align professional conduct with protocols on human and social rights. We support the ten principles of United Nations Global Compact on human rights, labour conditions, the environment and anti-corruption. We strive to safeguard human rights within our sphere.

All business activities conducted by the Company through its business units are aimed at developing and propagating environmentally-friendly technologies and enhancing energy efficiency, where applicable.



### PRINCIPLE 4

#### ENGAGING WORKPLACE

We strive to improve our employees' satisfaction in the workplace enabling them to strike a balance between work and personal life. Employee remuneration match or exceed the market average to attract and retain high-calibre recruits. We support gender diversity across the workplace and the Boardroom in order to achieve greater competitiveness and better positioning in the marketplace.

We ensure that our employees are equipped with the necessary tools to upgrade technical proficiency and strengthen their capabilities, both individually and collectively. Employees undergo both technical and soft skill training programs as both are equally as important to align personal values with our corporate culture. We emphasise on an ongoing and systematic approach to Occupational Safety, Health & Environment (OSHE) to safeguard our employees, the community and to protect the environment.



### PRINCIPLE 5

#### GOVERNANCE TO DRIVE COMPLIANCE & BEST PRACTICES

We regularly review and update the three facets of Governance, Risk Management and Compliance (GRC) to assure that our organisation meets its objectives. Implementation and continuous improvement of transparent, effective, ethical and sustainable processes across the business supply chain are integral alongside identifying, analysing and responding appropriately to mitigate risks. The adoption of best practices and international guidelines in our systems, processes and procedures provides a foundation for continual improvement while enhancing our image and facilitating business expansion.

Our Sustainability Journey (continued)



**PRINCIPLE 1**  
SUSTAINABLE LIFELONG  
LEARNING ENVIRONMENT

**Creating an Agile Talent Pool**

Competition for the best talents is becoming increasingly intense in the face of a dynamic global market that is consistently disrupted by innovation and new-age technologies. To survive and thrive, companies are constantly searching for and recruiting suitable candidates of high quality to build and strengthen their talent pool.

Prestariang leverages on its expertise in managing and mobilising talent through enhancements of its education programs to boost human capital development and address the talent gap in the country.

Over a quarter million professionals have benefited from our programs which make us the largest ICT Training and Certification provider in Malaysia. We offer over 60 globally recognised certification courses nationwide via partnership with leading IT-related entities such as Microsoft, Autodesk, IBM, Oracle, CompTIA, EC-Council, Certiport, Prometric, PearsonVue, Global Knowledge, Quilt Wellington redwood, Imperial College of London and TWIG.

Skills-building programs offered to upskill and reskill talent are benchmarked against international standards to equip the workforce with the right knowledge, skills and attitudes to increase talent employability and thrive in a globalised economy. The ICT programs offered which are focused on three main areas of BDA, Security and Coding are continuously reviewed and updated to ensure the programs are relevant and current.

Beyond academic, we also provide soft-skills training to the participants as value-added services to the programs offered. Effective verbal and written communication, preparations for job interviews, time management and grooming are some of the elements cascaded to the participants for a balanced, well-rounded education.



**Equipping the Workforce with Digital Skills**

IT compliance is a complementary activity to our provision of ICT Training and Certification to ensure our customers are abiding by both industry regulations and government legislation. We also provide affordable software licenses to those we train as added value.

In addition, we also encourage compliance by providing Microsoft software under the Microsoft Licensing Agreement (MLA 2.0) to all Government Agencies in Malaysia and also to our customers in the private sector. To date, Prestariang has distributed and managed over 5.5 million software licenses.

Beyond IT compliance of global software brands, Prestariang has further invested in R&D to develop home-grown certifications such as the IC CITIZEN for the global market. The world's first certification to promote the appropriate use of technology, IC CITIZEN is designed to produce digitally literate and responsible citizens.

**2003 - 2016 TALENT & SOFTWARE ROLLOUT**



**5.5 MILLION**  
Software Licenses

**20**  
Universities

**37**  
Polytechnics

**40**  
Community Colleges



**24**  
Ministries



**1,123**  
Government Agencies

**10,000**  
Schools

## Our Sustainability Journey (continued)

**Big Data Competency Centres**

BDA is one of the fastest-growing digital technologies with wide applications across business and industry, society and government. Malaysia recognises the scale and scope of BDA opportunities and aspires to become a regional hub for the development and adoption of such solutions.

As a leading provider of ICT Training and Certification, Prestariang is at the forefront of efforts to develop human capital in BDA. We are collaborating with the Ministry of Higher Education (MoHE) to provide training in various aspects of BDA from data mining, processing analytics and development of user interfaces.

We have successfully established BDA Competency Centres with five institutions of higher learning which are Universiti Utara Malaysia (UUM), Universiti Sains Malaysia (USM), Universiti Malaysia Terengganu (UMT), Universiti Malaysia Sarawak, (UNIMAS) and Politeknik Ibrahim Sultan (PIS). Universiti Teknologi Mara (UiTM) which is another university that was selected for the program is scheduled for implementation in 2017.

University Malaysia of Computer Science & Engineering (UniMy) is also recognised as the official academic partner, responsible for BDA Training & Certification.

**Autodesk Malaysia Design Competition (AMDC)**

Prestariang launched the AMDC in collaboration with the MoHE and global software brand Autodesk with the aim of generating interest among prospective students in architecture, engineering and digital arts.

The idea for AMDC which was mooted in 2009 was to encourage students' ability in design and 3D drawings using Autodesk software and tools. Today, this initiative has grown to present more students with opportunities to showcase their creativity and innovation skills at a global arena.

Over the years, the competition categories have also expanded to include students from all disciplines for undergraduates as well as postgraduates.

With each passing year, the number of participants have grown with opportunities for winning entries to represent Malaysia at international level competitions and events as well.

The theme for AMDC 2016 was "3D For Society: Dream. Design. Deliver." It called on participants to design solutions in either one of three categories: Architecture, Industrial Design or Creative Media Design on issues faced by society.

The competition was opened to all tertiary level students undertaking Degree or Master programs as well as diplomas and certificates. Prestariang sponsored prizes worth up to RM100,000.00 in the form of cash, tools and hardware as well as vouchers.

The winner of the Grand Prize Autodesk Panorama 2017 would earn a place at the boot camp for Asia Pacific Student Experts at Feng Chia University in Taichung, Taiwan.

The judging criteria of the competition is focused on three areas which include but are not limited to:

- Solutions to be presented in an IT-based format;
- Involves multi-disciplinary aspects which can be accepted globally; and
- To present business plans where the idea/product can be commercially viable.

## Our Sustainability Journey (continued)

### Promoting Green ICT

Prestariang subscribes to the concept of 'Green ICT' and its twin objectives of leveraging on ICT to conserve natural resources (Green by IT) and reducing the impact of ICT on the environment (Green of IT).

As we reinvent ourselves to leverage on our niche offerings in Technology & Talent for the ICT industry, we are aware of the need to create tangible solutions to decrease our footprint by utilising technology to adopt environmentally sound practices.

On a broad concept of sustainability innovation we encourage the following practices within the organisation and among our stakeholders:

- Promote the use of energy efficient chips and disk drives mainly to our personnel and customer base.
- Replacing personal computers with cloud computing in combination with mobile devices such as tablets and smart phones.
- Reducing the energy consumption of data centers by relocating data onto various cloud-services.
- Using renewable energy sources to power data centers.
- Incorporation of eco-friendly furniture and building materials made of recycled products.
- Energy efficient mechanical and electrical systems to achieve optimal efficiency.
- Making use of natural light, automated energy-efficient cooling system and other office equipment.

Internally among our employees and in the management of our workplace, we advocate several changes to the ways we use computers and manage our workplace environment to significantly decrease energy consumption. These include:

- Enabling power management features: Programming computers to automatically power down to energy saving state when not in use (sleep mode).
- Smart technology and mobile apps for controlling lighting and cooling systems in the office premise are on trial for eventual implementation. Turning off computers, lighting and cooling systems when not in use.
- Promoting and encouraging employee buy-in for green computing efforts.
- Promoting telecommuting and remote computer administration to reduce transportation emissions.
- Recycling bins are placed in the compound of our office premise as an alternative to conventional waste disposal. Employees and cleaners are encouraged to sort materials before disposing to help lower greenhouse gas emissions.

To raise awareness on the need to conserve energy and lower the environmental impact of business and ICT operations, we offer the SMARTGREEN Fundamentals training and certification program that introduces emerging Green IT principles. Candidates will be equipped with the necessary knowledge to assess, redesign and remodel their systems and practices. The key objective is to preserve the environment and natural resources, and minimise negative effects of human activities.

The global call on new legislation to encourage ICT vendors and users to be more energy efficient in the future will necessitate us to form a strong policy framework that will create long term value for carbon emission reductions and support the development of new technologies. By embracing Green IT practices, the transparency and accuracy of information collated will significantly improve in order to reduce our environmental impact.



*Promoting 3R to instill responsible consumer behavior among our employees to minimise waste for the benefit of the present and future generations.*

## OUR SUSTAINABLE COMMITMENT

Objective: To address the issue of energy and water use, and to effectively reduce our carbon footprint to achieve our aim of creating a lifelong learning environment

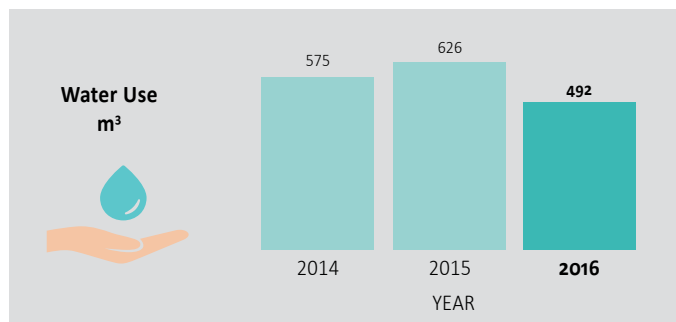
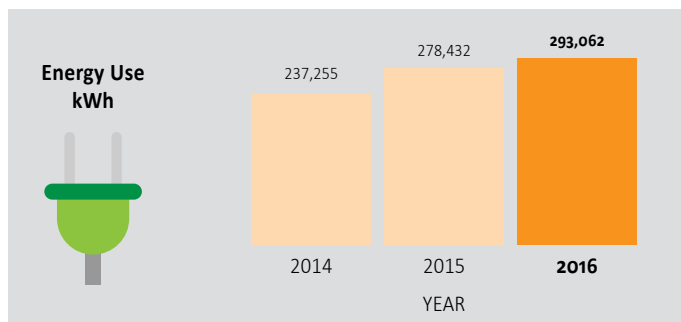


Our Sustainability Journey (continued)

**Energy Use**

Our consumption of power has been growing over the past three years as a result of business growth and the nature of our business. ICT operations consume more power than other activities, particularly in data management and server operations. With this in mind, we have introduced several in-house guidelines to promote energy efficiency in our use of computers and other equipment as outlined on page 44.

In 2016, our energy consumption amounted to 293,062 kWh (2015: 278,432 kWh), representing an increase of almost 5% over the previous year. The estimated energy consumption per employee decreased by 0.358% from 1,961 kWh registered in 2015 to 1,954 kWh for the reporting year. Correspondingly, a 1% decrease in energy consumption per sq. metre or 97.22 kWh was computed for 2016 as opposed to 98.82 kWh registered in 2015.



**Water Use**

We have made significant headway in our efforts to reduce water consumption. In 2016, our total water usage amounted to 492 m<sup>3</sup>, which was 21.4% less than 2015. The amount of water consumed was even lower than 2014 (575 m<sup>3</sup>) despite the increase in the number of employees and extension of work spaces.

We will continue to encourage the efficient use of water among our personnel while also discourage wasteful practices. Rainwater harvesting is another cost savings initiative which was introduced at our office premise. Collected water is used for non-potable purposes such as washing the corridors, grounds maintenance, irrigation drains and watering plants.

**Carbon Footprint**

To complement our efforts to reduce energy and water consumption, we have instilled several measures to further reduce our carbon footprint. A prime motivator to reduce carbon emissions is to save costs through energy-saving steps, reduce use of consumable products, rationalising office automation and champion the “Reduce, Reuse & Recycle” in our organisation.

Each department is allocated a specific budget for paper supply. Demerit points are dished out to any department that exceeds this budget and the department head is required to step up efforts to mitigate the wastage. Since 2014, our Annual Reports are mainly distributed in CD-ROM format with only nominal copies being printed.

Employees are encouraged to use digital touchscreen devices and tools during meetings. Sharing of information, emails, reports and other correspondences are shared electronically which can be reviewed on a laptop, tablet or smartphone. We also advocate the use of smartphone apps that capture the content of paper files and turn them into digital files, and secured e-signing tools to obliterate the requirement that printed documents must be physically signed. Video or voice conferencing are encouraged for meetings as this contributes towards reducing travel costs and time savings.

We aim to adopt standards such as Leadership in Energy and Environmental Design (LEED) to address key areas of sustainable development, water savings, energy efficiency, materials selection and indoor environmental quality.

We endeavour to continuously improve on our processes and adopt more effective ways to minimise our carbon footprint and help improve our quality of life.



## Our Sustainability Journey (continued)



### PRINCIPLE 2 STAKEHOLDER ENGAGEMENT & DISCLOSURES

We believe that success at a corporate or organisational level is only possible when there is a holistic ecosystem built around the aspirations of the Company and our people, clients and vendors, as well as all other stakeholders such as investors, the Government and the larger community that we serve.

Our ability to consistently deliver value even in trying times lies in the capacity to align the Group's focus to the wishes and concerns of its stakeholders. This requires the meticulous development and maintenance of communication channels between Prestariang and the various groups of interested stakeholders.

These platforms for engagement serve to disseminate vital and timely information while also promoting transparency. Any feedback is channeled to the appropriate departments within the Company for further action, where necessary.

We will continue to engage our stakeholders in order to ensure our operations and business offerings are aligned with our client's needs and expectations.

The feedback and input received from the engagement process are always evaluated and taken into consideration in the formulation of the Company's strategies.

#### Engaging the Marketplace

The Board is committed to ensure that information and communication to investors regarding corporate matters, and financial and operational performance of the Group are accurate, timely, factual, consistent, broadly-disseminated and where necessary, filed with regulators in accordance with applicable legal and regulatory requirements.

The Board has developed and adopted as part of its Investor Relations Policy guidelines on Stakeholder Engagement which stipulate the authorised channels and personnel through which/whom certain information of the Group shall be approved and disclosed to internal and external stakeholders.

The Policy regulates the review and release of information to regulatory authorities, facilitating timely and accurate disclosure of the Company's affairs and includes internal and external corporate communications and investor relations activities.

Every quarter, the Investor Relations team (IR team) provides reports to the Board on shareholding details, investor relations activities, recommendation by analysts, comments from the investment community as well as commentaries on share price information and company valuation.



The Board also receives a report at each quarterly meeting on the shareholding structure, including any change to the holdings of substantial shareholders of the Company.

The timely release of financial results on a quarterly basis provides the investment community with an up-to-date view of the Group's performance and operations. An analysts' briefing is always held after the release of the quarterly financial results to Bursa Malaysia Securities Berhad (Bursa Malaysia).

Comprehensive presentation slides are prepared for each briefing session where updates on Prestariang's business activities and its overall growth plans are presented. These slides are shared with investors upon request via email while announcements and press releases are also made available to the public via the Group's website at [www.prestariang.com.my](http://www.prestariang.com.my) following the relevant disclosures made to Bursa Malaysia.

Throughout the financial year, the IR team engaged with existing and potential institutional investors, analysts, fund managers and the investment community through various platforms which included one-on-one meetings, group meetings and tele-conferences.

#### Announcement of Quarterly Results

EVENT	DATE
Fourth Quarter FY2015	25 February 2016
First Quarter FY2016	25 May 2016
Second Quarter FY2016	24 August 2016
Third Quarter FY2016	23 November 2016
Fourth Quarter FY2016	22 February 2017



Our Sustainability Journey (continued)



**Investor Relations**

The Board recognises the importance of an effective communication channel between the Company, its shareholders and the general public. Pertinent matters that may affect stakeholders include strategic developments, financial results and material business matters affecting the Company and Group.

The Company’s IR team facilitates communication between the Company and the investment community. Senior Management of the Company actively engage with the investment community and the Board is periodically briefed on these interactions and the feedback from the investment community.

The IR team has an extensive program that involves the holding of regular meetings, conference calls and site visits, all intended to keep the investment community abreast of the Company’s strategic developments and financial performance. In addition, investment road shows and conferences are held to engage with shareholders and potential investors across the globe.

The IR team also constantly engages the investment community on ESG matters.

Our commitment to good investor relations helps build and gain trust from investors. Consistent and thorough investor communications have proven beneficial to our Company’s image perception. It has led to a number of important advantages which includes:

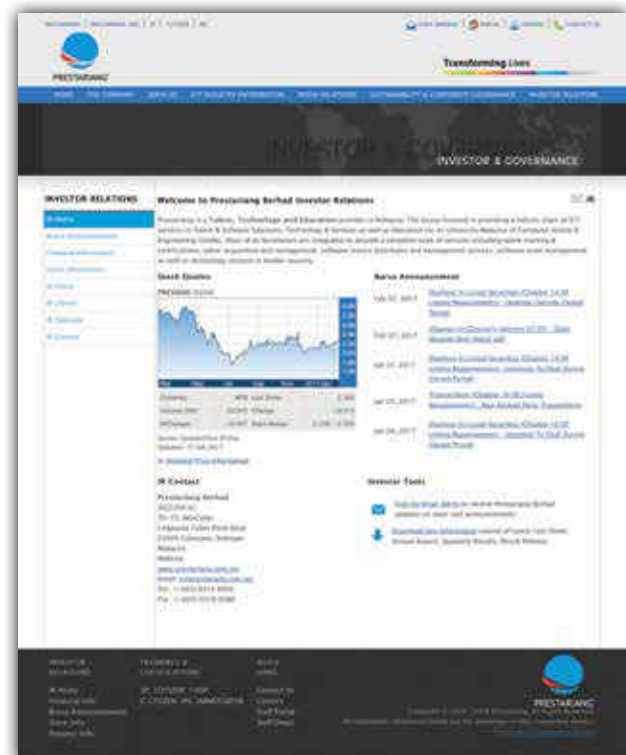
- Board of Directors’ and executives’ accountability;
- leveraging on shareholders’ relationships for brand advocacy;
- securing new investors; and
- building our business infrastructure.

**IR Webpage**

Technology is also utilised to increase the effectiveness and timeliness of information dissemination. The Company’s website is a key communication channel for the Company to reach its shareholders, the investment community and the general public.

Up-to-date information on Group activities, financial results and major strategic developments are provided on the website. The website further outlines the Company’s business principles, Code of Conduct/ Whistleblowing, Board Charter and various corporate governance initiatives.

The financial results, annual reports, announcements to Bursa Malaysia, corporate presentations, sustainability initiatives, press clippings and other information on the Company are available online at [www.prestariang.com.my](http://www.prestariang.com.my). Stakeholders may also submit enquiries via email at [ir@prestariang.com.my](mailto:ir@prestariang.com.my) which is available as a link within the Webpage.



## Our Sustainability Journey (continued)



### Annual General Meeting (AGM)

The AGM is an opportunity for further shareholder engagement and for the Chairman to explain the Company's performance and progress, and along with other members of the Board, to answer any questions. All Directors attend the AGM, unless unforeseen circumstances or pressing commitments prevent them from doing so.

The Company's AGM, scheduled in May this year, is the primary platform for communication with the widest range of shareholders.

Some of the measures to encourage greater shareholder attendance and participation include the following:

- Shareholders who are unable to attend are allowed to appoint a proxy/ies to attend and vote on their behalf. The proxy need not be a shareholder;

- The venue of the AGM is at an easily-accessible location;
- The Prestariang website ([www.prestariang.com.my](http://www.prestariang.com.my)) contains a number of references to and notices about the AGM;
- Members of the Board, Senior Management as well as the external auditors of the Company are present at the AGM to address any questions or concerns that shareholders may have; and
- The Board presents the highlights of the Group's performance at AGMs and shareholders queries are answered and their views obtained.

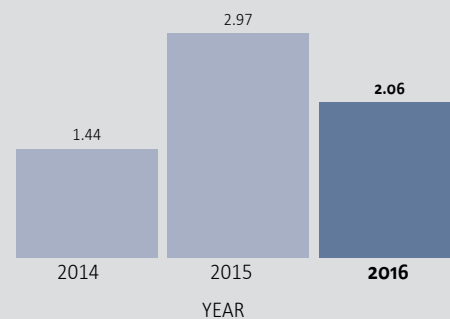
### Shareholder Base

Prestariang has a shareholder base of 2,229 institutional and retail/private shareholders as at 30 December 2016. Kumpulan Wang Persaraan (Diperbadankan) and AIA Berhad remained as our substantial shareholders with equity holdings of 11.8% and 9.6% respectively of our total share capital. Foreign shareholding stood at 6.08%.

### Share Performance

Our share price dipped in 2016. However, this was an anticipated decline due to the challenging market environment. The price opened at RM2.97 on 4 January 2016 and closed at RM2.06 on 30 December 2016, representing a decline of 30.64%.

 **Prestariang Share Closing Price**  
RM



**Note:**

During the Financial Year 2014, the issued and paid up share capital of the company was increased by way of:-

(a) a bonus issue of 220,000,000 new ordinary shares of RM0.10 each on the basis of one (1) bonus share for every one (1) existing share in issue; and

(b) a private placement of 44,000,000 new ordinary shares of RM0.10 each at an issue price of RM1.74 per ordinary share.

## Our Sustainability Journey (continued)

**Return to Shareholders**

The overriding goal and guiding principle for Prestariang is to ensure healthy returns to our shareholders year after year. We have consistently achieved this by adjusting and transforming our business strategies to suit prevailing market needs, trends and conditions. We have always remained steadfast in the belief that innovation holds the key to our future. To date, our business philosophy of embracing change as the way forward has paid dividends in increasing shareholders' value over time.

For the financial year ended 31 December 2016, the Board of Directors declared and issued four interim single-tier dividends of 0.75 sen per share, amounting to a total dividend of 3.00 sen per share.

Total dividend payout in 2016 was RM14.5 million constituting 161% of PAT. This augurs well for shareholders' confidence as we push forward to ensure sustainable growth and returns in our businesses portfolios.

**Dividend Policy**

The Board acknowledges the importance of rewarding shareholders with stable dividend growth over time.

In line with the Board's intention to create value for shareholders through a committed dividend policy, the Board of Directors has resolved and approved in February 2016 that distribution of dividends of minimum 50% of PAT.

However, such recommendation and payments of dividends will depend upon a number of factors, as follows:-

- a) Availability of adequate distributable reserves and cash flows;
- b) Operating cash flow requirement and financial commitments;
- c) Anticipated future operating conditions, as well as future expansion, capital expenditure and investment plans; and
- d) Any material impact of tax laws and other regulatory requirements.

Actual dividends proposed and declared may vary depending on financial performance and cash flow, and may be waived if the payment of dividends would adversely affect the cash flows and operations of the Group.

We reiterate our dividend commitment through the dividend payment table below.

**Dividend Payout**

	2013	2014	2015	2016
Total gross dividend per share (sen)	12.0	4.19	3.75	<b>3.00</b>
Share price (RM)	2.88	1.44	2.97	<b>2.06</b>
Dividend (RM Million)	26.3	19.7	18.1	<b>14.5</b>
No. of shares	220,000,000	484,000,000	484,000,000	<b>484,000,000</b>

**Notes:**

During the Financial Year 2014, the issued and paid up share capital of the company was increased by way of:-

- (a) a bonus issue of 220,000,000 new ordinary shares of RM0.10 each on the basis of one (1) bonus share for every one (1) existing share in issue; and
- (b) a private placement of 44,000,000 new ordinary shares of RM0.10 each at an issue price of RM1.74 per ordinary share.

## Our Sustainability Journey (continued)



### PRINCIPLE 3

#### COMMITMENT TO CORPORATE RESPONSIBILITIES

#### Encouraging & Empowering Our Communities

Prestariang understands that a corporate citizen is more than just a business, as it is also a pillar of the communities in which we operate in. With this in mind, we always align our business and other activities to serve the interests of our stakeholders.

We have and will continue to introduce programs aimed at building better lives, especially in the area of enhancing education opportunities. We are particularly committed to helping underprivileged children. At Prestariang, we view CR as an integral part of our overall strategies to fundamentally strengthen our business while contributing to society at the same time. In view of the rising trend and being a socially conscious organisation, we are embedding CR into our operations and using it to attract and retain talents. Over the years, we have continued to refine our approach to CR.

As a Shariah-Compliant counter, Prestariang ensures that 2.5% of annual profits go towards charitable causes such as orphanages and other homes for the aged, infirmed, underserved and underprivileged.



“Enabling  
the Power of  
Wisdom”



#### CEO@Faculty Program, Universiti Sultan Zainal Abidin (UniSZA), Terengganu

In 2015, Dr. Abu Hasan Bin Ismail (Dr. Abu Hasan) was inducted into the CEO Faculty Program by the MoHE. Dr. Abu has been assigned to his host, Universiti Sultan Zainal Abidin, Terengganu since 2015, where he will continue to dedicate his time on campus for various activities including public lectures, forums, seminars, knowledge sharing and more.

This initiative enables the CEO to share his knowledge and experience with the students and faculty members with the aim of improving the curriculum by embracing ICT in the teaching and learning processes.



## Our Sustainability Journey (continued)



### School Adoption Program

With the support from our Board of Directors, Prestariang took another step forward in its CR initiatives with the School Adoption Program. Sekolah Kebangsaan Sungai Manggis in Banting, Selangor was identified as the beneficiary of this program in tandem with our corporate vision and mission. The objective of this program is to build a sustainable foundation and develop future talents for the global market.

Through planned activities, we will establish the concept of a lifelong learning environment with the aim of developing talent through technology for students of this school. This will provide greater opportunities for the youth within the community. The school adoption program enables us to identify and address any inequalities and inadequacies at this rural school in order to ensure positive learning experiences.

On 5 May 2016, Prestariang inaugurated its first School Adoption program by donating 21 units of computers to the school. Located in Banting, Selangor, the school was established in 1903 with a student population of 438 and a teaching complement of 36.

The donated computers were installed with the latest Microsoft Office Professional Plus 2016 software. Along with the handover of computers, Prestariang also helped to enhance the network infrastructure of the existing computer lab for SK Sungai Manggis.

We also conducted the IC Citizen Training and Certification program for 39 teachers at this school. The program was held from 30 May to 2 June 2016, during which 34 teachers passed and received the certification.

## Our Sustainability Journey (continued)

### Universiti Teknologi MARA (UiTM) - Art & Design CEO Talk Series

On 20 July 2016, the Art & Design CEO Talk Series which is jointly organised by the National Design Centre, CESTUR, UiTM Print and UiTM Photo Centre featured Dr. Abu Hasan as the event's first invited guest speaker.

The CEO was invited to share knowledge on Prestariang's strategic partnership with global IT players including Microsoft, IBM, Oracle and Adobe as well as global education institutions such as the University of Melbourne Australia-School of Engineering and the Imperial College of London.

His presentation entitled "Keeping Up with the Digital Natives, Educators must Act Now!" clearly showcased Dr. Abu Hasan's pioneering work to bridge the gap between academia and industry.



### Teach for Malaysia, SMK Bandar Seri Alam, Johor

Teach for Malaysia is an independent, not-for-profit organisation that enlists Malaysia's most promising future leaders in its mission to end education inequality. As part of the program to work with leaders in various fields in expanding the mindsets of children in Malaysia, Dr. Abu Hasan was invited to co-teach a class of secondary school students in September 2016.

## Our Sustainability Journey (continued)

**Yayasan Universiti Malaysia**

Prestariang supports the Yayasan Universiti Malaysia with the aim of providing students from the lower income group with opportunities to further their studies in Information Technology (IT) and related fields.

The Foundation identifies and supports deserving students to continue their studies in a broad range of IT subjects. Selected students will have the opportunity to undergo either pre-university, undergraduate or post-graduate studies, which will essentially pave the way for them to build careers in the industry. During the year under review, Prestariang contributed RM700,000.00 to the Foundation.



## “Building Better Lives”

**Transforming Lives****Building Homes for Orang Asli in Teratak Semai Kg Batu Tapah**

The Group CEO, Dr. Abu Hasan decided that part of his contribution to “Transforming Lives” in 2016 should also include those of a basic living need. He participated in a project initiated by University Putra Malaysia’s final year students in 2015, known as ‘Projek Skim Perumahan Teratak Semai’ to build houses for an Orang Asli settlement in Perak. Four houses have been built since its launch in January 2015, with each house costing RM6,000.00. During the year under review, Prestariang sponsored the construction of five houses.



## Our Sustainability Journey (continued)



As a knowledge-based organisation, we continuously invest in people and ideas. Our people are equipped with various qualifications and skills to ensure the smooth operations and continuous growth of Prestariang. We have a team of professionals in the following areas of specialty:

- Autodesk AutoCAD 2010 Associates and Professionals
- Autodesk Revit Architecture 2010 Associates and Professionals
- Certified Training Professionals (CTP)
- MCAD, CISCO and CompTIA certified engineers and specialists
- Microsoft Certified Professionals – Licensing Solutions
- Microsoft Certified Technology Specialists
- Project Management Professionals (PMP)
- University Professors and Lecturers (PhD and Masters Degree holders)
- Graphic, Web & Multimedia Designers
- Professional Certified Accountants (MICPA, CA)





## Our Sustainability Journey (continued)



#### PRINCIPLE 4 ENGAGING WORKPLACE

Prestariang is committed to providing our employees with a stable and innovative work environment where there is equal opportunity for learning and personal growth. In efforts to continuously strengthen and build our business it is imperative that we maximise the value of human capital to align it with company initiatives, values, strategies and the needs of all stakeholders via the following principles:

- Properly balancing the needs of the employees and the needs of the company;
- Ensuring a diverse workforce in a safe and discrimination/harassment free environment by: maintaining compliance with employment laws and Government regulations, providing management and employee training, and developing policies and procedures;
- Providing training and development in areas of: effective leadership and career development of employees, technical and soft skills learning;
- Hiring the most qualified employees; getting the right talents with the right job fit and skills; and
- Retaining our valued employees by: assuring effective leadership qualities in our managers; providing competitive wages and benefits; furnishing technical, interpersonal and career development training and coaching; conducting exit interviews and supplying relevant feedback to management; and enhancing two-way communication between employees and management.

As a Company that believes in learning and development as part of human capital development, we continuously educate and upgrade our employees' knowledge so that we are able to:

- Keep up with the latest technology and changes;
- Maintain knowledge and skills;
- Improve work; and
- Increase productivity.

The Human Capital Development Department will act as a catalyst to enable all employees to contribute at optimum levels toward the success of the business and leading by example.

#### Employee Training & Development

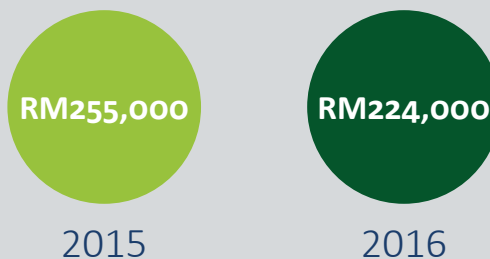
Through the years, Prestariang's emphasis on developing its human capital through identified training programs have positively impacted the business performance as seen in its bottom line and increased employee morale.

For 2016, we focused on upgrading our human capital technical skills to meet the Company's operations and business requirements. An estimated 60% of the training allocation was spent on technical training to enhance and upgrade employees' skills as well as increasing their knowledge to face new challenges in their areas of work. Another 40% was spent on leadership, systems and Soft Skills Training to ensure our human capital are equipped with the right behavioural skills and perform ethically at all times.

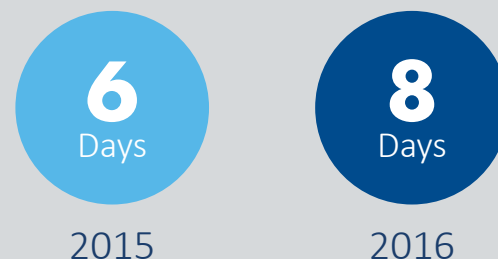
The total cost spent on training for the whole group in 2016 was RM224,000.00 with an average of 8 man days training per year. It is pertinent to note that while the average man days training increased for the year in review as opposed to the corresponding year, the overall training cost was reduced. The savings of over RM30,000.00 was attributed to conducting more in-house trainings and discounted rates offered by the respective training companies for early registrations and increased number of participants.

Comparatively, against 2015 cost are as follows:

#### Overall Training Cost



#### Average Man Days Training



## Our Sustainability Journey (continued)

The following are the major key trainings/courses summary for the Company:

TECHNICAL	NON-TECHNICAL
<ul style="list-style-type: none"> <li>• CISCO Security Firewall</li> <li>• Microsoft Azure</li> <li>• Digital Transformation on Clouds</li> <li>• Microsoft Office 365</li> <li>• Hybrid Mobile Applications</li> <li>• Change Management Foundation</li> <li>• APAC Sales &amp; Licensing</li> <li>• Big Data Analytic Workshop</li> <li>• Apple IOS Deployment &amp; Security</li> <li>• Microsoft Specialist with Microsoft Project</li> <li>• ATP Flex Network Solutions</li> <li>• Cloud Security &amp; Management</li> <li>• Everyone Can Code</li> </ul>	<ul style="list-style-type: none"> <li>• Report Writing on Telling story behind the numbers</li> <li>• Creating Business Development &amp; Sales Environment</li> <li>• Essential Strategic Management Skills</li> <li>• ISO - Quality Awareness</li> <li>• Automated Filing, Records and Documentation</li> <li>• Customer Service Centricity</li> <li>• Successful Negotiation</li> <li>• Leadership in New Digital Era</li> <li>• The Sales Culture</li> <li>• Thinking Outside the Box</li> <li>• Leadership &amp; People Management Skills</li> <li>• Work Innovation Approach</li> </ul>

The Company contributes 1% of total salary into the Human Resource Development Fund (HRDF) for claimable training and also allocates between RM2,000.00 and RM3,000.00 per employee for external learning and development annually.

In 2016, our employees recorded an average of 8 man days for in-house training programs, a 33% increase from 6 days in 2015.

### Internship Program

Prestariang offers industrial training for undergraduates which ranges from a period of three to six months. Although priority is given to students with ICT background, final year students of any discipline who apply are assessed and streamed into the respective departments within the Group based on their education and co-curricular backgrounds.

Equal opportunity employment opportunities are also offered to underprivileged individuals from deprived backgrounds while placement programs are also offered to unemployed youths as stated in our Internship Policy.

The Internship Policy and opportunities are available on Prestariang's website at [www.prestariang.com.my](http://www.prestariang.com.my).

Interns are paid a monthly allowance throughout the duration of the program. Degree students receive RM1,000.00 per month while Diploma students receive RM800.00 per month. Assigned supervisors carefully monitor and interact directly with the interns for on-the-job training based on each individual's discipline of study. This allows interns to integrate practical experiences with theoretical classroom knowledge.

Internships allow our experienced professionals the ability to share their skills and cultivate the next generation of leaders in their field. It further encourages them to be better prepared for a career in a certain field, determine their career path, build strong resumes, develop a network of professional contacts for future opportunities and references, and close the gaps in the workplace.

During 2016, 17 Degree students and four Diploma students of various disciplines enrolled in our Internship Program.

Interns are basically trained with the objective of offering them permanent employment with the Company. Interns are given a certificate of completion upon completing their internship.

### Workforce Diversity

We recognise that our employees are our greatest asset. We aim to retain people with diverse backgrounds, religions, race, gender and age.

We believe in equality of race and gender diversity in the organisation. The Company is committed to foster gender diversity across the workplace and in the Boardroom.

We also subscribe to employing skilled disabled people. As at current, Prestariang has two disabled employees in its employment and will continue to support qualified disabled people.

In terms of gender diversity our workforce ratio to gender diversity of male to female is 49:51.

Detailed employment policies are uploaded on the internal employee portal and is accessible by all employees.



Our Sustainability Journey (continued)

**150**

142  
in FY2015

total workforce  
of PRESTARIANG



**34%**

35%  
in FY2015

of total workforce  
are permanent staff

**11.3%**

turnover rate

9.5%  
in FY2015



**51%**

of total workforce  
are women

53%  
in FY2015



our workforce by classification

**39%**

Management

44%  
in FY2015

**56%**

Executive

52%  
in FY2015

**5%**

Non-Executive

4%  
in FY2015

**27%**

of total workforce  
are with technical skills

33%  
in FY2015



our workforce by qualification



**19%**

PhD & Masters

18%  
in FY2015

**59%**

Degree

63%  
in FY2015

**74%**

of total  
workforce  
are below  
40 years old



Our Sustainability Journey (continued)



**24 January 2016**  
In promoting a healthy lifestyle, Prestariang employees participated in the Cyberjaya Twincity Marathon 2016.



**23 March 2016**  
Prestariang Wellness Week: LETS ZUMBA!



**24 March 2016**  
The Prestariang Wellness Week featured a host of activities which included Apple Day, Zumba@Prestariang and Blood Donation.



**11 March 2016**  
AKPK conducted a talk and counselling session on financial management.



**22 April 2016**  
Prestariang organised a Badminton Tournament where employees competed in singles and doubles competitions.



**12 May 2016 & 21 June 2016**  
Mr. Rubent from Pertubuhan Pencegahan Kebakaran Kuala Lumpur demonstrated various safety measures in the workplace which included methods of using the fire extinguisher.

# Our People Our Strength | 2016



**17 June 2016**  
A talk was organised to highlight the Importance about Ibadah Zakat which form part of the five pillars of Islam.



**June 2016**  
A Ramadhan Charity Drive was arranged among employees to contribute food items and necessities to the less fortunate during the entire fasting month.



**8 September 2016**  
Prestariang employees participated in the Bursa Bull Charge Run 2016 running event.



**10 September 2016**  
An Usrah on religious values and spirituality was conducted to share knowledge with Prestariang employees.



**4 October 2016**  
A conference on The Sales & Service Culture Code was held at UniMy, Cyberjaya.



**27 September 2016**  
Employees indulged in the fun-filled Let's Roll Over Bowling Return tournament. The event was held at IOI City Mall in Puchong.

Our Sustainability Journey (continued)



**PRINCIPLE 5  
GOVERNANCE**

**Strengthening our Integrated Management Systems**

Sustainable governance processes are integral to sustainable operations. As such, we adopt best practices that integrate sustainable practices throughout our business supply chains. This enhances transparency within the Group and strengthens ethical processes to ensure business continuity.

During the year, Prestariang established a quality control system to ensure that high quality services and timely delivery are provided to our customers. The delivery of Microsoft Business Solutions by Prestariang Systems Sdn. Bhd. was awarded ISO 9001:2015 certification by SIRIM QAS International Sdn. Bhd. on 26 August 2016.

The certification covers the distribution and management of Microsoft MLA 2.0 (Master Licensing Agreement) Enterprise Agreement (EA) software licenses to Government and Government Agencies.

**Benchmarked Best Practices**

Prestariang is committed to the highest standards of ethical business practices. We adhere and comply with the relevant legislations, regulations and codes of practice. Our culture of integrity strengthens our position as a trusted partner, employer of choice and preferred company for investors.

As a company with global partners, we regularly benchmark against our business partners’ best practices, which are then adopted across our entire business chain.

We conform to ethical standards by conducting all activities at the highest level of integrity and compliance while ensuring business continuity. This collaboration has built the foundation for successful business undertakings through responsible and lawful conduct.



**QUALITY POLICY**

“Prestariang is committed to satisfying the needs and exceeding the expectations of our customers and stakeholders and comply with the statutory and regulatory requirements in the distribution and management of software licenses.

We are also committed to continually improve the effectiveness of our Quality Management System”

**Commitment to Occupational Safety & Health**

Our emphasis on Safety, Health & Environment (SHE) are cascaded to our employees via a vigorous safety and health management program.

The implementation of the Health, Safety & Environment (HSE) Policy has created an ideal workplace where safety and health risks as well as environmental concerns are identified, assessed and controlled or minimised if not eliminated.

Throughout 2016, various SHE programs and initiatives were implemented which included documentation of safe work procedures, briefings and trainings, emergency preparedness and response, wellness activities, management of contractors and incident reporting and investigation.

SHE meetings, Workplace Inspections and SHE Audits are conducted and reports are generated to monitor and evaluate the effectiveness of our programs.

Opportunities for improvement are discussed and where applicable, implemented to minimise the safety and health risks and environmental impact. The HSE Policy is available on the Company’s website at **www.prestariang.com.my**.



## Our Sustainability Journey (continued)



### Embracing Globally Recognised Corporate Responsibility Standards

In December 2014, Financial Times Stock Exchange (FTSE) and Bursa Malaysia launched the FTSE4Good Bursa Malaysia Index, an ESG index for the Malaysian market. The FTSE4Good Bursa Malaysia Index is designed to measure the performance of companies demonstrating good ESG practices.

In October 2015, Bursa Malaysia launched a new Sustainability Framework to enhance corporate transparency on environmental, social and corporate governance-related issues among companies in Malaysia. As such, the constituents of the FTSE4Good Bursa Malaysia Index increased currently to 42 from 24 since the index was first launched in 2014.

Prestariang is among the 42 companies which demonstrated a leading approach within the Malaysian market to address relevant corporate responsibility risks in the FTSE4Good Bursa Malaysia Index which was updated on 6 December 2016.

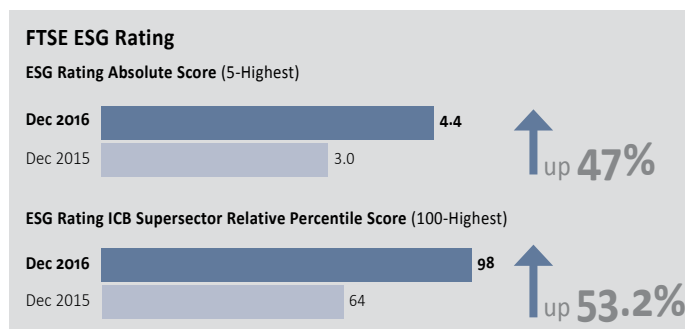
Prestariang is also a constituent of:

- FTSE Bursa Malaysia Emas Shariah Index
- FTSE Bursa Malaysia Small Cap Shariah Index

Since incorporating the expanded sustainability reporting into our annual report two years ago, we have formed various processes to address materiality and stakeholder inclusiveness for the four CSR pillars of marketplace, workplace, community and environment.

We markedly improved our ratings in 2016 where we achieved an Absolute Score of 4.4 (2015: 3.0), just short of 12% from achieving the highest score of 5. The ICB Supersector Relative Percentile Score was 98 (2015: 64). Breakdowns into underlying Pillar and Thematic Exposures and Scores are applied to each company's unique circumstances and results are tabulated to achieve the overall score.

This commendable performance is due to our effective internal engagement with our employees to successively increase their knowledge level, attitude and behaviours.



### Business Process Management

With each passing year, the business environment and laws in the country evolve in order to establish higher standards of competency for corporate accountability.

The Code of Ethics adopted by the Group is based on principles in relation to sincerity, integrity, responsibility and corporate social responsibility. We strictly adhere to the guidelines as outlined in the code to enhance the standard of corporate governance and corporate behaviour throughout our business chain. This extends to our activities and operations to meet our social responsibilities and environmental preservation obligations.

The Code of Conduct, Whistleblowing Policy and Personal Data Protection Policy are available on Prestariang's website.

The awareness on the risk management and internal control disclosure among Malaysian public-listed firms increases each year to ensure accurate and timely disclosure of material information to investors. Risk management and internal control are integrated into management processes and embedded in all day to day business activities of the Group.

The Management Team is expected to provide assurance to the Board of Directors that the Group's risk management and internal control systems are operating adequately and effectively based on the risk management framework adopted by the Group.

Prestariang has outsourced the Company's internal audit function and reporting to KPMG Management & Risk Consulting Sdn. Bhd. (KPMG MRC). KPMG MRC reports independently and directly to the Audit Committee in respect of the internal audit function.

### Developing Vendor Competence

We have established the Strategic Partnership Program to continuously assess and monitor vendors' performance in meeting the Company's quality and standards criteria. This includes the appointment of strategic vendors, assessing vendors' systems, operations and deliverables of goods and services which are supplied.

Through this program, we can better evaluate the supply chain quality and management systems, procedures and compliance and accuracy of documentation.

To maintain a robust working relationship, we encourage our vendors to develop new capabilities to improve their core competencies via regular communication with them for a two-way improvement between both parties. The benefits of developing strong capabilities within our program will result in:

- better control of time, cost, quality for any given project or program;
- better identifying opportunities for cost savings;
- implementing operational improvements; and
- more effective and efficient review of deliverables and/or service levels.



## **TRANSPARENCY**

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## Statement on **CORPORATE GOVERNANCE**

The Board of Directors of Prestariang Berhad (the Company) recognises the importance of maintaining the highest standards of corporate governance and best practices in the business and affairs of the Group and the Company.

The Board, Management and employees of the Group affirm their commitment in ensuring that the Group is at the fore front of good governance. In this regard, the Group adheres strictly to the following statutory requirements, best practices and guidelines:-

- i. Companies Act 2016 (CA 2016)
- ii. Bursa Malaysia Securities Berhad (Bursa Malaysia) Main Market Listing Requirements (MMLR)
- iii. Malaysian Code of Corporate Governance 2012 (the Code)
- iv. Corporate Governance Guide: Towards Boardroom Excellence 2nd edition issued by Bursa Malaysia (CG Guide).

The Principles and Recommendations encompass in the Code also serve as a fundamental guide to the Board in discharging its principal duty to act in the best interest of the Group and the Company, and managing the business and affairs of both the Group and the Company efficiently and effectively while safeguarding and enhancing shareholders' value.

The Board views the corporate governance as synonymous with the four (4) prerequisites of a responsible corporate citizen, namely transparency, accountability, integrity and corporate performance. In recognition of the Group and the Company's efforts, the Company continues to be listed in FTSE4Good Bursa Malaysia Index which is the Environmental & Social Governance Index (ESG) introduced by Bursa Malaysia to measure listed companies' responsibility in environmental, social and corporate governance. It is a collaboration with Financial Times Stock Exchange (FTSE) as part of the globally benchmarked FTSE4Good Index Series and is aligned with other leading global Environmental, Social & Governance frameworks such as the Global Reporting Initiative and the Carbon Disclosure Project.

The Board is pleased to share the following statement which indicates the Principles and Recommendations of the Code, in all material respect, have been adhered to and complied by the Company during the financial year ended 31 December 2016.

### **STATEMENT OF PRINCIPLES**

The following sets out the manner in which the Principles and Recommendations of the Code have been applied by the Company.

#### **PRINCIPLE 1 : ESTABLISH CLEAR ROLES AND RESPONSIBILITIES**

The Company recognises the pivotal role play by the Board in the stewardship of its strategic business direction and ultimately in the enhancement of its long-term shareholder value.

The Board remains resolute and upholds its responsibility in governing, guiding and monitoring the direction of the Company with the eventual objective of enhancing long term sustainable value creation aligned with shareholders' interests whilst taking into account the long-term interests of all stakeholders, including shareholders, employees, customers, business associates and the communities in which the Group and the Company conducts its business.

Based on the Board Charter, the Board's primary commitment is to lead and oversee the business of the Company and to ensure that the conduct of the Group's operations promotes business sustainability, integrity and complies with the relevant law, rules and regulations.



## Statement on Corporate Governance (continued)

The Board's roles are:-

- a. to represent and serve the interests of shareholders by overseeing and evaluating the Company's strategies, policies and performance;
- b. to ensure the shareholders are kept informed of the Company's performance and major developments affecting its state of affairs;
- c. to review, approve and monitor the strategic business plans, goals and key policies proposed by Management to ensure sustainability and optimization of long term returns for the Group;
- d. to identify, continuously assess and manage the principal risks affecting the Group and to ensure the implementation of appropriate systems to manage these risks;
- e. to plan succession, including appointing, training, fixing the remuneration of and where appropriate, replacing senior management of the Group;
- f. to develop and implement an investor relations program or shareholder communications policy for the Company;
- g. to review the adequacy and integrity of the Company's internal control and risk management systems as well as management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;
- h. to determine the remuneration of Executive Directors and Non-Executive Directors of the Group, with the individuals concerned abstaining from discussions of their own remuneration; and
- i. to ensure that the Company has appropriate corporate structures including standards of ethical behaviour as stated in the Directors' Code of Ethics and promoting a culture of corporate responsibility.

Matters that are reserved for the Board is clearly stated in the Board Charter which is subject to review from time to time. A copy of the Board Charter has been uploaded to the Company's website at [www.prestariang.com.my](http://www.prestariang.com.my).

The Board members, in carrying out their duties and responsibilities, are firmly committed to ensuring that the highest standards of corporate governance and corporate conduct are adhered to, in order for the Company to achieve strong financial performance for each financial year, and more importantly delivers long-term and sustainable value to shareholders.

**Directors' Code of Ethics**

The adopted Directors' Code of Ethics describes the standards of business conduct and ethical behaviour for Directors in the performance and exercise of their responsibilities as Directors of the Company or when representing the Company, including declaration of interests, conduct in meetings and guidelines in accepting gifts.

The Directors have continued to observe the said Directors' Code of Ethics in carrying out their fiduciary duties and responsibilities. This is to ensure that high ethical standards are upheld, and that the interests of stakeholders are always taken into consideration. The Directors are required to declare their direct and indirect interests in the Company and related companies. It is also the Directors' responsibility to declare to the Board whether they and any person(s) connected to them have any potential or actual conflict of interest in any transaction or in any contract or proposed contract with the Company or any of its related companies. Any Director who has an interest in any related party transaction shall abstain from Board deliberation and voting and shall ensure that he and any person(s) connected to him will also abstain from voting on the resolution before him.

## Statement on Corporate Governance (continued)

### Whistle Blowing Policy

In order to uphold the integrity of the Company in conducting its business, the Company continues to implement the approved Code of Conduct which contains the Whistle-Blowing Policy.

The policy is designed to enable employee of the Company to raise concern internally and at a high level and to disclose information which the individual believes shows malpractice or impropriety.

Examples of those concerns include:

- Financial malpractice or impropriety or fraud
- Failure to comply with a legal obligation or Statutes
- Endangerment of an individual's health & safety or the environment
- Criminal activity/offences
- Improper conduct or unethical behaviour
- Corruption, bribery or blackmail
- Miscarriage of justice
- Attempt to conceal of any/or a combination of the above

The approved Code of Conduct and the Whistle Blowing Policy are published in the Company's website.

As at the date of this Statement, the Company has not received any complaint under this procedure.

### Policy on Sustainability

The Board acknowledges the importance of promoting sustainability by giving attention to environmental, social and governance aspects of business which underpin sustainability.

In line with the approved Sustainability Policy which enforces the Group's commitment to its employees, customers, distributors and other stakeholders in promoting good sustainability practices, the Company has implemented various sustainability activities as set up on pages 40 to 60 of the Annual Report.

### Supply of Information

All members of the Board are supplied with information in a timely manner. Board reports and papers are circulated in advance prior to Board meetings to enable Directors to obtain further information and explanations, where required, before the meetings.

Each Director has access to information pertaining to the Company's and the Group's business and affairs to enable them to discharge their duties. In addition, certain matters are reserved specifically for the Board's decision. These include approval of material acquisitions and disposals of assets, major corporate plans, financial results, and Board appointments.

The Directors also have direct access to the advice of the Company Secretaries, independent professional advisors and internal and external auditors, as and when appropriate, at the Company's expense.

The Board members are at liberty to seek independent professional advice on matters relating to the fulfilment of their roles and responsibilities. The cost of procuring these professional services will be borne by the Company.

## Statement on Corporate Governance (continued)

**Company Secretaries**

The Board members have ready and unrestricted access to the advice and services of the Company Secretaries to enable them to discharge their duties effectively. The Company Secretaries advise the Board on the Company's constitutions, Board's policies and procedure and compliance with the relevant regulatory requirements, codes or guidance and legislations. The Board is regularly updated and apprised by the Company Secretaries who are experienced, competent and knowledgeable, on the laws and regulations, as well as directives issued by the regulatory authorities. The Company Secretaries brief the Board on proposed contents and timing of material announcements to be made to Bursa Malaysia. The Company Secretaries also serve notice to the Directors and principal Officers to notify them of closed periods for trading in the Company's shares, and timely communication of decisions made and in accordance with the black-out periods for dealing in the Company's securities pursuant to Chapter 14 the Bursa Malaysia MMLR.

The Company Secretaries attend and ensure that all Board meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are taken and maintained in the statutory books kept at the registered office of the Company. The Company Secretaries also facilitate timely communication of decisions made and policies set by the Board at Board meetings, to the Senior Management for action. The Company Secretaries work closely with Management to ensure that there are timely and appropriate information flows within and to the Board and Board Committees, and between the Non-Executive Directors and Management.

**Leadership Development**

The Company believes in talent development particularly for key positions successor which is in line with the Leadership Development. Subsequent to the Succession Plan framework endorsed in 2014 and the restructuring of the Group core business activities effective from 1 March 2017 (hereinafter referred to as "Group Restructuring") the Company is in the process of streamlining and aligning key positions to drive the transformational business.

The key positions grow in tandem with the growth and development of the Company. The President/Group Chief Executive Officer (President/GCEO) and the relevant Board committees spend a significant amount of time and effort evaluating key potential candidates, including by maintaining a compilation of potential candidates organized by strategic skill set. The Company is particularly focused on identifying individuals whose skills and experiences will contribute to the shaping of our business strategy with diverse and balanced perspectives to the organization. The Company subscribes to diversity in terms of experience, capability, nationality, ethnicity and gender.

**PRINCIPLE 2 : STRENGTHEN COMPOSITION**

The Executive Directors are responsible for providing strategic leadership and overseeing the day-to-day operations and management within their specific areas of expertise or assigned responsibilities.

The Non-Executive Directors are independent from Management. Their role is to constructively challenge the Management and monitor the success of Management in delivering the approved targets and business plans within the risk appetite set by the Board. They have free and open contact with Management at all levels, and they engage with the external and internal auditors to address the matters concerning the management and oversight of the Company's business and operations.

The Board has defined the roles and responsibilities of Non-Executive Directors, which include the following:-

- providing independent and objective views (in the case of Non-Executive Directors who are Independent Non-Executive Directors), assessment and suggestions in deliberations of the Board;
- ensuring effective check and balance in the proceedings of the Board;
- mitigating any possible conflict of interest between the policy-making process and day-to-day management of the Group and the Company; and
- constructively challenging and contributing to the development of the business strategies and direction of the Group and the Company.

## Statement on Corporate Governance (continued)

To ensure the effectiveness of the Independent Non-Executive Directors on the Board, the independence assessment shall be conducted annually.

The Board Committees report to the Board on their recommendations, while the ultimate responsibility for decision making lies with the Board.

Through the recommendation of the Nomination Committee, the Board is satisfied with the level of independence demonstrated by all the Independent Non-Executive Directors and their ability to act in the best interests of the Company.

At present, the Board consists of six (6) members, comprising one (1) Executive Director, one (1) Non-Independent Non-Executive Director, one (1) Senior Independent Non-Executive Director and three (3) Independent Non-Executive Directors.

The status of the Directors' directorship is as follows:

Directors	Status
Dato' Mohamed Yunus Ramli Bin Abbas	Independent Non-Executive Chairman
Dr. Abu Hasan Bin Ismail	Non-Independent Executive Director
Dato' Maznah Binti Abdul Jalil	Senior Independent Non-Executive Director
Chan Wan Siew	Independent Non-Executive Director
Ramanathan A/L Sathiamutty	Independent Non-Executive Director
Nik Amlizan Binti Mohamed	Non-Independent Non-Executive Director
Mohd Arif Bin Ibrahim (Resigned w.e.f. 17 January 2017)	Non-Independent Executive Director

The Company complies with Bursa Malaysia MMLR with regards to Board's composition and the required ratio of Independent Directors. The profiles of the Directors are set out on pages 26 to 29 of this Annual Report.

The Board will, from time to time, review its composition and size to ensure it fairly reflects the investments of the shareholders of the Company.

On boardroom diversity, the Board is supportive of the gender boardroom diversity recommended by the Code. The Board currently consists of two (2) female directors and complies with the Corporate Governance Blueprint 2011 issued by the Securities Commission on increasing women participation on boards to reach 30% by 2016.

The Directors, with their diverse background and qualifications, collectively bring with them a wide range of experience and expertise in areas such as accounting and auditing, taxation, finance, information technology and investment.

### COMMITTEES ESTABLISHED BY THE BOARD

The Board delegates certain responsibilities to the Board Committees, namely the Audit Committee, Nomination Committee, Risk Management Committee, Remuneration Committee and Finance and Investment Committee in order to enhance business and operational efficiencies as well as efficacies.

All Board Committees have written terms of reference and the Board receives all minutes and reports of their proceedings and deliberations, where relevant. The Chairmen of the various Committees report to the Board on the outcome of the Committee meetings. Such reports are incorporated in the minutes of the full Board meetings.

The terms of reference of the Board Committees are available online at [www.prestariang.com.my](http://www.prestariang.com.my).

## Statement on Corporate Governance (continued)

**Audit Committee**

The Company's Audit Committee comprises exclusively of Non-Executive Directors, where three (3) members are independent and one (1) member is non-independent, and presently chaired by Mr. Chan Wan Siew.

The Audit Committee meets at least four (4) times annually.

During the financial year, the Audit Committee held five (5) meetings and details of attendance of its members are as follows:

Name	No. of meetings attended
Chan Wan Siew - Chairman	5/5
Dato' Maznah Binti Abdul Jalil	5/5
Ramanathan A/L Sathiamutty	4/5
Nik Amlizan Binti Mohamed	3/3

The Executive Directors, Chief Financial Officer, Senior Manager Corporate Governance and the internal auditors, have attended the Audit Committee meeting by invitation. Where appropriate, the external auditors are invited to attend and brief the Audit Committee and to provide responses to queries raised by the Audit Committee in respect of the Company's Financial Statements and reporting requirements.

**Nomination Committee**

The Company's Nomination Committee comprises exclusively of Non-Executive Directors, and majority of the members are independent.

The Nomination Committee shall meet at least once a year or as and when required. The composition of Nomination Committee is set out as below:-

Name	No. of meetings attended
Dato' Maznah Binti Abdul Jalil (Chairperson)	3/3
Chan Wan Siew	3/3
Nik Amlizan Binti Mohamed	1/1

The main activities carried out by the Nomination Committee during the financial year are as follows:-

- Reviewed and recommended to the Board of Directors on the new candidate to be appointed as Director of the Company;
- Reviewed and recommended to the Board of Directors on the re-designation of the Chief Executive officer as the President/Group CEO and appointment of Chief Operating Officer as the CEO of Talent & Software Division of the Group;
- Reviewed and recommended to the Board of Directors, the revised Terms of Reference of the Nomination Committee according to the amendments of to the Bursa Malaysia MMLR;
- Reviewed the Directors who are subject to retirement by rotation pursuant to the Company's Articles of Association;
- Assessed the performance of the Board and Board Committees; and
- Assessed the independence of the Independent Directors of the Company.

## Statement on Corporate Governance (continued)

In considering candidates for directorship, the Nomination Committee takes into account the following:-

- skill, knowledge, expertise, experience;
- professionalism;
- integrity; and
- the ability to discharge such responsibilities and functions as expected from a director.

The annual assessments for the performance of Board, individual director and Committees were conducted for the financial year ended 31 December 2016. This exercise is carried out after the end of each financial year. The assessment report together with the report on the Board balance (the required mix of skills, experience and other qualities) are discussed and circulated to the Board.

The Board Charter provides that the tenure of an independent director shall not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an independent director may continue to serve on the Board subject to the director's re-designation as a non-independent director. Otherwise, the Board must provide justification and seek shareholders' approval at the Annual General Meeting (AGM) in the event it retains the director as an independent director. None of the Directors exceeds the nine (9) years' tenure in the Company and subject to the re-designation and/or shareholders' approval, hence there is no resolution on the said matter to be tabled at the forthcoming AGM for shareholders' approval.

### Protocol for accepting new directorships and Time Commitment

The Board also acknowledges that before accepting any new directorships, directors should notify the Chairman and indicate the amount of time that will be spent on the new appointment. The directors are expected to devote sufficient time to discharge their duties as directors of the Company.

In accordance with the Board Charter, each newly appointed director shall be briefed on the terms of their appointment, their duties and obligations and on the operations of the Group. Copies of the following documents are given:-

- Board Charter;
- Memorandum & Articles of Association;
- Directors' Code of Ethics;
- Board Committees' composition and Terms of Reference;
- Latest business plans;
- Latest annual reports and financial statements; and
- Organisation chart.

### Remuneration Committee

The Remuneration Committee is made up of two (2) Independent Non-Executive Directors and one (1) Non-Independent Executive Director, and is presently chaired by Mr. Ramanathan A/L Sathiamutty.

The Remuneration Committee shall meet at least once a year or as and when required. The composition of Remuneration Committee and the number of meetings held are set out as below:-

Name	No. of meeting attended
Ramanathan A/L Sathiamutty (Chairman)	1/1
Chan Wan Siew	1/1
Dr. Abu Hasan Bin Ismail	1/1

## Statement on Corporate Governance (continued)

The summary of activities of the Remuneration Committee during the financial year under review is as follows:-

- Reviewed and recommended to the Board on the amount of directors' fees for the financial year ended 31 December 2015;
- Reviewed and recommended to the Board on the overall budget for performance incentive payment for year 2015 and salary increment for year 2016; and
- Reviewed and recommended to the Board on the Key Performance Indicators of the President/GCEO and CEO for the year 2016.

**DIRECTORS' REMUNERATION**

The Remuneration Committee is responsible for recommending the compensation and remuneration packages for the Executive Directors. In formulating the recommended remuneration packages, the Remuneration Committee has taken into consideration the information prepared by Management and independent consultants based on data of comparable companies.

The Remuneration Committee from time to time has evaluated the compensation and remuneration packages for the Non-Executive Directors guided by the market rates and benchmarking of similar companies based on the market capitalization and industry. The directors' remuneration is further determined at levels which would continue to attract and retain high calibre directors.

The Board, as a whole, determines the remuneration of Non-Executive Directors, with each Director concerned abstaining from any decision with regards to his/her remuneration. The Company pays its Non-Executive Directors an annual fee which is subject to the approval of the shareholders of the Company at the AGM.

The details of remuneration of Directors who served during the financial year ended 31 December 2016 are as follows:-

	Emoluments and Allowance (RM)	Fees* (RM)	Benefit-in-kind (RM)	Total (RM)
<b>Company</b>				
Executive Directors	804,746	-	79,485	884,234
Non-Executive Directors	263,774	316,290	-	580,064
<b>Group</b>				
Executive Directors	1,586,743	-	79,485	1,666,228
Non-Executive Directors	263,774	328,290	-	592,064

\* The payment of Directors' fees of the Company is subject to the approval by shareholders at the AGM.

The number of Directors whose remuneration fell within the respective bands is as follows:

Remuneration Band (RM)	Group		Company	
	Executive	Non-Executive	Executive	Non-Executive
1 – 50,000	-	-	1	-
50,001 – 100,000	-	1	-	2
100,001 – 150,000	-	4	-	3
800,001 – 850,000	2	-	1	-

**Note: Successive bands of RM50,000 are not shown entirely as they are not represented.**

## Statement on Corporate Governance (continued)

### Finance and Investment Committee

The Finance and Investment Committee is led by Dato' Maznah Binti Abdul Jalil. The Committee is made up of a majority of Non-Executive Directors.

The Finance and Investment Committee meets as and when required, and at least once a year.

The composition of the Finance and Investment Committee are as follows:

Name	No. of meeting attended
Dato' Maznah Binti Abdul Jalil (Chairperson)	1/1
Chan Wan Siew	1/1
Dr. Abu Hasan Bin Ismail	1/1
Nik Amlizan Binti Mohamed	1/1

The Finance and Investment Committee reviewed the investment policy and guidelines, proposals, status of investments during the financial year under review.

### PRINCIPLE 3 : REINFORCE INDEPENDENCE

The Company is led and controlled by an effective Board comprising of one (1) Executive Director, namely Dr. Abu Hasan Bin Ismail, the President/GCEO together with five (5) Non-Executive Directors drawn from various professional backgrounds, bringing depth and diversity in experience, expertise and perspectives to the Company's business operations.

Recommendation 3.5 of the Code states that the board must comprise a majority of independent directors where the chairman of the board is not an independent director. Dato' Mohamed Yunus Ramli Bin Abbas has been redesignated from Non-Independent Non-Executive Chairman to Independent Non-Executive Chairman on 24 March 2016 and the majority of the Board is independent directors. The Board had identified Dato' Maznah Binti Abdul Jalil to be the Senior Independent Non-Executive Director to whom concerns may be conveyed to by shareholders and the general public.

#### Board Oversight of the Management

The roles of the Chairman and the President/GCEO are segregated and clearly defined by their individual position descriptions. The Chairman is responsible for running the Board and ensures that all Directors receive sufficient and relevant information on financial and non-financial matters to enable them to participate actively in Board decisions.

The Board reviews, approves and monitors the strategic business plans, goals and activities proposed by Management from time to time to ensure sustainability and optimization of long term returns for the Group.

From 2-4 August 2016, the Company held the Board of Directors and the Management Strategic Planning Summit (the Summit) in Ho Chi Minh City, Vietnam to review transformational growth of the business divisions and develop new and refined strategies.

Following the outcome of the Summit, the Board approved the Group Restructuring effective from 1st March 2017 whereby the Group businesses are streamlined and aligned to two core divisions i.e. Technology and Talent. These business divisions will be headed by their respective CEOs, reporting directly to the President/ GCEO.



## Statement on Corporate Governance (continued)

The President/GCEO and the CEOs of the business divisions shall act in accordance with the powers delegated as per the limits of authority by the Board from time to time.

The President/GCEO shall be more focused on strategic function and overseeing at macro level while the CEOs of the respective business divisions shall be responsible to execute and implement the strategies, operations and activities of the respective business units with a view to achieve their respective goals and targets.

At the onset of each financial year, the Board considers and approves a set of KPIs and expectations on the basis of the Balanced Scorecard for the President/GCEO as recommended by the Remuneration Committee. This serves as a yardstick against which his performance will be measured and evaluated. These KPIs are cascaded down to the CEOs of the respective business divisions as well as the Management.

### Re-election of Directors

In accordance with the Company's Articles of Association, one-third (1/3) of the Directors are subject to retirement by rotation at every AGM and provided always that all Directors shall retire from office at least once every three (3) years but shall be eligible for re-election. Directors who are appointed by the Board are subject to re-election by the shareholders at the annual general meeting held following their appointments. Pursuant to the Article 95 of the Company's Articles of Association, the Directors who are subject to re-election by rotation are Dato' Mohamed Yunus Ramli Bin Abbas and Dr. Abu Hasan Bin Ismail, of whom being eligible for re-election, have offered themselves for re-election at this forthcoming AGM.

## PRINCIPLE 4 : FOSTERING COMMITMENT

### Meetings

Board meetings for the ensuing financial year are scheduled in advance before the end of the current financial year so that the Directors are able to plan ahead and pencil the next year's Board meetings into their respective meeting schedules.

During the financial year ended 31 December 2016, the Board met on seven (7) occasions, deliberating upon and considering a variety of matters including the Group's and the Company's financial results, major investments, strategic decisions and the overall direction of the Group and the Company.

Agenda and matters for discussion are prepared and circulated in advance of each meeting. All proceedings from Board meetings are recorded and the minutes are maintained by the Company Secretaries.

Details of Directors attendance at meetings of the Board during the financial year under review are as follows:

Name of Directors	No. of Meetings Attended
Dato' Mohamed Yunus Ramli Bin Abbas	7/7
Dato' Maznah Binti Abdul Jalil	6/7
Dr. Abu Hasan Bin Ismail	7/7
Chan Wan Siew	7/7
Ramanathan A/L Sathiamutty	4/7
Nik Amlizan Binti Mohamed	5/6
Mohd Arif Bin Ibrahim (Resigned w.e.f. 17 January 2017)	7/7

## Statement on Corporate Governance (continued)

**Directors' Training**

Amongst others, the training programs/seminars/forums attended by the Directors during the financial year are as follows:

Name of Directors	Trainings Programs/Seminars/Forums Attended
Dato' Mohamed Yunus Ramli Bin Abbas	<ul style="list-style-type: none"> <li>• Global IT Trends</li> <li>• Tech Trends and Digital Business</li> </ul>
Dato' Maznah Binti Abdul Jalil	<ul style="list-style-type: none"> <li>• Capital Market Director Program: Module 1: Directors as gatekeepers of market participants</li> <li>• Capital Market Director Program: Module 2B: Business challenges and regulatory expectations - What directors need to know (Fund management)</li> <li>• Capital Market Director Program: Module 3: Risk oversight and compliance - Action plan for board of directors</li> <li>• Capital Market Director Program: Module 4: Current and emerging regulatory issues in the capital market</li> <li>• Tan Sri Panglima Andrew Sheng titled "Implications of Trump on the Asian Supply Chain and Investment</li> <li>• Global IT Trends</li> <li>• Tech Trends and Digital Business</li> </ul>
Dr. Abu Hasan Bin Ismail	<ul style="list-style-type: none"> <li>• Global IT Trends</li> <li>• Tech Trends and Digital Business</li> </ul>
Chan Wan Siew	<ul style="list-style-type: none"> <li>• Financial Institutes Directors' Education (FIDE): New &amp; Revised Auditors Reporting Standard</li> <li>• FIDE Cyber- Risk Oversight</li> <li>• Asian World Summit (AWS) 7th Annual Corporate Governance Summit (Speaker)</li> <li>• MSWG - Institutional Investor Council Corporate Governance Week - Stewardship Matters for Long Term Sustainability</li> <li>• KPMG Audit Committee Institute- Sustainability Reporting</li> <li>• Audit Committee Seminar organised by The Federation of Public Companies (FPLC)</li> <li>• Asian Bureau of Finance &amp; Economic Research (ABFER) 4th Annual Conference</li> <li>• MIA-SMP (Small Medium Practitioners) Mergers &amp; Acquisitions Seminar (Speaker)</li> <li>• National Association of Corporate Directors (NACD) Cyber Summit</li> <li>• NACD Advance Director Professionalism Program</li> <li>• MAICSA Annual Conference 2016- Sustainability Shaping the Future</li> <li>• MIA Seminar- International Audit Assurance Standard Board</li> <li>• NACD Global Board Leaders' Summit 2016</li> <li>• MIA-IIRC (International Integrated Reporting Council) Conference organised by MIA-IIRC</li> <li>• Institute of Directors, Southern Africa (IODSA) Conference- Launch of KING IV on CG</li> <li>• Marcus Evans' 2nd Annual Conference- The Boardroom Agenda (Speaker)</li> <li>• Global IT Trends</li> <li>• Tech Trends and Digital Business</li> </ul>

## Statement on Corporate Governance (continued)

Name of Directors	Trainings Programs/Seminars/Forums Attended
Ramanathan A/L Sathiamutty	<ul style="list-style-type: none"> <li>• World mobile congress, Barcelona</li> <li>• TM Forum, Nice</li> <li>• World broadband forum, London</li> <li>• Global IT Trends</li> <li>• Tech Trends and Digital Business</li> </ul>
Nik Amlizan Binti Mohamed	<ul style="list-style-type: none"> <li>• AIF Distinguished Speakers Series 2016</li> <li>• Leadership Series with YBhg. Tan Sri Rafidah Aziz</li> <li>• Advanced Business Management Program</li> <li>• China in Perspective - End of the Economic Miracle</li> <li>• Affin Hwang Capital Conference Series 2016</li> <li>• KWAP Teambuilding 2016</li> <li>• Private Equity Forum 2016</li> <li>• Strategic Corporate Governance</li> <li>• Franklin Templeton's Institutional Client Program</li> <li>• AIF Distinguished Speakers Series 2016: Riding the Leadership Roller Coaster</li> <li>• Global IT Trends</li> <li>• Tech Trends and Digital Business</li> </ul>
Mohd Arif Bin Ibrahim	<ul style="list-style-type: none"> <li>• Microsoft LSP Roundtable</li> <li>• Microsoft Envision, New Orleans, USA</li> <li>• Invest Malaysia KL 2016</li> <li>• Seminar Pengantarabangsaan</li> <li>• Kementerian Pendidikan Tinggi (KPT) Malaysia</li> <li>• MDeC Leaderonomic DOJO Program</li> <li>• MDeC CEO Leadership Forum - GAIN Idea</li> <li>• BETT Asia Leadership Summit</li> <li>• Training: Sales &amp; Coaching - Building a World Class Salesforce</li> <li>• Global IT Trends</li> <li>• Tech Trends and Digital Business</li> </ul>

Apart from attending various conferences, seminars and training programs organised by external/internal organisers during the financial year, the Directors also continuously received briefings and updates on regulatory from the Company Secretaries and industry including information on the Group's businesses and operations, risk management activities and other initiatives undertaken from Management.

The Board, with the assistance of the Nomination Committee would determine a continuous education program for Board members to upgrade their skills in enhancing their effective contribution.

Statement on Corporate Governance (continued)

## **PRINCIPLE 5 : UPHOLDING INTEGRITY IN FINANCIAL REPORTING**

### **ACCOUNTABILITY AND AUDIT**

#### **Financial Reporting**

The Board aims to provide a balance and meaningful assessment of the Group's and the Company's financial performance and prospects through the annual financial statements, quarterly announcements of results to shareholders and the Chairman's Statement in the Annual Report.

The Board, assisted by the Audit Committee, oversees the financial reporting process and the quality of the Group's and the Company's annual and interim financial statements. It also reviews the appropriateness of the Group's and the Company's accounting standards and regulatory requirements.

Recommendation 5.2 of the Code states that the Audit Committee should have policies and procedures to assess the suitability and independence of external auditors. The Audit Committee had conducted an assessment and obtained confirmation from the External Auditors that they are independent in accordance with the By-laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants.

The Company has established a transparent arrangement with the Auditors to meet their professional requirement. Key features underlying the relationship of the Audit Committee with the Internal and External Auditors are included in the Audit Committee Report on pages 77 to 79 of this Annual Report.

The Audit Committee meets with the external auditors privately twice a year and whenever necessary, without the presence of the other directors or Management, to exchange independent views on matters which require the Audit Committee's attention.

The Audit Committee has conducted an annual assessment on the External Auditors to ensure the External Auditors continue to be suitable and independent.

The Statement of Responsibility by Directors in respect of the preparation of the annual audited financial statements of the Group and the Company is set out on page 85 of this Annual Report.

## **PRINCIPLE 6 : RECOGNISING AND MANAGE RISK**

### **Internal Control**

The Board has overall responsibility for maintaining a system of internal control and risk management that provides a reasonable assurance of effective and efficient operations and compliance with laws and regulations, as well as with internal procedures and guidelines.

The Statement on Risk Management and Internal Control furnished on pages 80 to 83 of this Annual Report provides an overview of the internal control within the Group during the financial year under review.

On 26 August 2016, Prestariang Systems Sdn. Bhd., a wholly-owned subsidiary of the Company was awarded ISO 9001:2015 certification for Microsoft Business Solution (MLA2.0) by SIRIM QAS International Sdn. Bhd. This signifies the Company's commitment to continually improve the effectiveness of our Quality Management System.

### **Internal Audit**

During the financial year under review, the internal audit activity continued to be outsourced to KPMG Management and Risk Consulting Sdn. Bhd. to provide internal audit services for greater independence in internal audit function.

A summary of the activities of the Audit Committee and the Internal Auditors during the financial year under review is set out in the Audit Committee Report on pages 77 to 79 of this Annual Report.

## Statement on Corporate Governance (continued)

**Risk Management Committee**

The Risk Management Committee is made up of a majority of Non-Executive Directors and currently chaired by Mr. Ramanathan A/L Sathiamutty.

During the financial year, the Risk Management Committee held two (2) meetings and details of attendance of its members are as follows:

Name	No. of meetings attended
Ramanathan A/L Sathiamutty (Chairman)	2/2
Dr. Abu Hasan Bin Ismail	2/2
Chan Wan Siew	2/2

**PRINCIPLE 7 : ENSURING TIMELY AND HIGH QUALITY DISCLOSURES****Communication**

The Company recognises the importance of communicating with its shareholders and other stakeholders as it is a key component to uphold the principles and best practices of corporate governance for the Group and the Company.

The Company executes its Investor Relation (IR) program following the framework as set out in the IR Policy. The Policy provides comprehensive guides, processes and procedures around for which the program is structured including corporate disclosures. The approved IR Policy is published in the Company's website.

In maintaining the commitment to effective communication with shareholders and stakeholders, the Company adopts the practice of comprehensive, timely and continuing disclosures of information to its shareholders and stakeholders. This practice of disclosure of information is not just established to comply with Bursa Malaysia Main Market Listing Requirements pertaining to continuing disclosure, but it also adopts the best practices as recommended with regards to strengthening engagement and communication with its shareholders. Where possible and applicable, the Company also provides additional disclosure of information on a voluntary basis. The Company believes that consistently maintaining a high level of disclosure and extensive communication with its shareholders is vital to shareholders and investors to make informed investment decisions.

**PRINCIPLE 8 : STRENGTHENING RELATIONSHIP BETWEEN THE COMPANY AND ITS SHAREHOLDERS****SHAREHOLDERS AND INVESTORS**

Another key avenue of communication with its shareholders is the Company's AGM, which provides a useful forum for shareholders to engage directly with the Directors and Senior Management.

At the Company's AGM, the Chairman of the Company presents a comprehensive and concise review of the Group's financial performance and value created for shareholders. This review is supported by visual and graphical presentation of the Group's performance.

In addition, the Company makes various announcements through Bursa Malaysia, in particular, the timely release of the quarterly results within two (2) months from the close of a particular quarter. Summaries of the quarterly and full year results together with the full announcements are available at the Company's website and Bursa Malaysia's website.

Another important medium is initiating dialogues with the shareholders and stakeholders frequently. Media coverage on the Group is initiated at regular intervals to provide wider publicity and improve the understanding of the Group's business.

## Statement on Corporate Governance (continued)

### Investor Relations

The annual report is a main channel of communication between the Company and its shareholders and stakeholders. The annual report communicates comprehensive information of the financial results and activities undertaken by the Group and the Company during the year under review. As a public listed company, the contents and disclosure requirements of the annual report are also governed by Bursa Malaysia Main Market Listing Requirements.

The Company disseminates its annual report, together with an executive summary, to its shareholders either in CD ROM media or hard copy. The executive summary provides highlights of the Group's and the Company's key financial and corporate information.

Along with good corporate governance practices, the Company adheres to corporate disclosure policies in providing greater disclosure and transparency through all its communications with its shareholders, investors and the general public. A dedicated section on Corporate Governance which sets out the information on the Company's announcements to the regulators, financial results, the Board Charter and policies, Directors' Code of Ethics and the Company's Annual Reports is available on the Company's website to effectively disseminate information to all shareholders.

The Company strives to promote and encourage bilateral communications with its shareholders through participation at its general meetings and also ensures timely dissemination of any information to investors, analysts and the general public.

The Group and the Company maintain the following website that allows all shareholders and investors access to information about the Group and the Company: [www.prestariang.com.my](http://www.prestariang.com.my).

Any further information regarding the Group and the Company may also be obtained from the following persons:

Corporate Governance  
Telephone : 03-8314 8400  
Facsimile : 03-8318 9280  
E-mail : [ir@prestariang.com.my](mailto:ir@prestariang.com.my)

A summary of the corporate activities is set out on pages 32 to 35 of this Annual Report.

### Poll Voting

During the Sixth AGM held last year, the Chairman had reminded the attending shareholders of their right to demand for poll voting. Nonetheless, no request for **poll voting** was received during the AGM.

Pursuant to Paragraph 8.29A of the Bursa Malaysia MMLR on the requirement for poll voting for any resolution set out in the notice of general meetings which will apply for general meetings held on or after 1 July 2016, the Board will consider and explore the suitability and feasibility of adopting electronic voting in coming years to facilitate greater shareholders participation at general meeting, and to ensure accurate and efficient outcomes of the poll voting process. An independent scrutineer shall be appointed to undertake the polling process.

# Audit COMMITTEE REPORT

The Board of Directors (Board) of Prestariang Berhad (the Company) is pleased to present the Audit Committee Report for the financial year ended 31 December 2016.

## OBJECTIVES

The objectives of the Audit Committee are as follows:-

- reviewing reports from internal and external auditors to validate scope, evaluate existing policies, establish audit quality and ensure compliance with the company's policies; and
- ensuring that proper processes and procedures are in place to comply with applicable laws, rules and regulations, directives and guidelines established by the relevant regulatory bodies.

## COMPOSITION

The Audit Committee comprises at least three (3) Directors, majority of whom are Independent. The members of the Audit Committee shall elect a Chairman from amongst themselves who shall be an Independent Director. The Audit Committee comprises only of Non-Executive Directors.

## MEMBERSHIP

The Audit Committee consists of Mr. Chan Wan Siew, the Chairman who is also a member of the Malaysian Institute of Accountant, Dato' Maznah Binti Abdul Jalil, Mr. Ramanathan A/L Sathiamutty and Puan Nik Amlizan Binti Mohamed.

## TERMS OF REFERENCE

The Terms of Reference of the Audit Committee, outlining the Audit Committee's composition, retirement and resignation, proceeding of meeting, authority, duties and responsibilities, is available in the Company's website at [www.prestariang.com.my](http://www.prestariang.com.my).

## SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE DURING THE FINANCIAL YEAR UNDER REVIEW

### i. Financial reports

- a) Reviewed the quarterly financial statements pertaining thereto and made recommendations to the Board for approval of the same as follows:-

Date of Meetings	Review of Quarterly Financial Statements
25 February 2016	Fourth quarter results for the FYE 2015
25 May 2016	First quarter results for the FYE 2016
24 August 2016	Second quarter results for the FYE 2016
23 November 2016	Third quarter results for the FYE 2016

The review was to ensure the Company's quarterly results were prepared in accordance with:-

- Malaysian Financial Reporting Standard;
  - International Accounting Standards 34- Interim Financial Reporting Standards;
  - Disclosure provisions of the Listing Requirements of Bursa Malaysia Securities Berhad; and
  - Section 169 and Ninth Schedule of the Companies Act, 1965.
- b) Reviewed and made recommendations to the Board in respect of the audited financial statements of the Group and the Company for the FYE 2015 at its meeting held on 24 March 2016 and to ensure that it presented a true and fair view of the Company's financial position and performance for the year and compliance with all the regulatory requirements. In addition, the AC had reviewed the Audit Review Memorandum for the FYE 2015 prepared by the External Auditors at the meeting held on 25 February 2016.

## Audit Committee Report (continued)

### ii. External Auditors

- a) Reviewed and discussed with the External auditors at the meetings held on 25 February 2016 and 23 November 2016, the Audit Review Memorandum for FYE 2015 and Audit Planning Memorandum for FYE 2016 respectively. Discussed and considered the significant accounting adjustment and auditing issues arising from interim audit as well as the final audit with the External Auditors. The AC also had two (2) private discussions with the External Auditors on 25 February 2016 and 23 November 2016 without the presence of Management and Executive Directors to review on the issues relating to financial controls and operational efficiencies of the Company and its subsidiaries.
- b) Messrs. Crowe Horwath declared their independence and confirmed that they were not aware of any relationship between Messrs. Crowe Horwath and the Group that, in their professional judgement, might reasonably be thought to impair their independence.
- c) Evaluated the performance of the External Auditors covering areas such as quality of services and sufficiency of resources provided, audit communication and interaction, auditor objectivity, Independence and Professional Scepticism and as well as the audit fees. Based on evaluation, the AC had recommended to the Board for approval, the re-appointment of the External Auditors for the ensuing financial year of 31 December 2016 at its meeting held on 24 March 2016.

### iii. Internal Audit

The Company has outsourced its internal audit function to KPMG Management and Risk Consulting Sdn. Bhd., an independent professional services firm, to assist the AC in discharging its duties and responsibilities more effectively.

The AC reviewed and discussed with the Internal Auditors at the meetings held on 25 February 2016 and 23 November 2016, the Internal Audit Report which covered the internal control review as follows:-

- Contract Management of the Company, Prestariang System Sdn. Bhd. and University Malaysia of Computer Science & Engineering; and
- Operations of Prestariang O&G Sdn. Bhd.

On 25 May 2016, the AC reviewed and accepted the Internal Audit Plan for the FYE 2016.

The AC also reviewed the significant audit findings, recommendations to improve any weakness or non-compliance, follow-up report and the respective Management' responses thereto during the meeting held on 25 February 2016 and 23 November 2016.

The AC also evaluated the performance of the Internal Auditors and recommended for the appointment of KPMG Management and Risk Consulting Sdn. Bhd. as the Internal Auditor for the Group for the ensuing financial year 2016.

### iv. Recurrent Related Party Transactions (RRPTs)

The AC reviewed on a quarterly basis the RRPTs of the Group at its meetings held on 25 February 2016, 25 May 2016, 24 August 2016 and 23 November 2016.

The AC noted there were no RRPTs for the financial year under review.

### v. Annual Report

The AC reviewed and recommended to the Board for approval, the AC Report and Statement on Risk Management and Internal Control for inclusion in the Annual Report of the Company in respect of the FYE 2015.



## Audit Committee Report (continued)

**INTERNAL AUDIT FUNCTION**

It is the responsibility of the internal auditors to provide the Audit Committee with independent and objective reports on the state of internal control of the various operating units within the Group and the extent of compliance of the units with the Group's established policies and procedures.

To this end, the functions of the internal auditors are to:

- (i) perform audit work in accordance with the pre-approved internal audit plan;
- (ii) carry out reviews on the systems of internal control of the Group and the Company; and
- (iii) review and comment on the effectiveness and adequacy of the existing control policies and procedures; and
- (iv) provide recommendations, if any, for the improvement of the control policies and procedures.

The Audit Committee and Board are satisfied with the performance of the internal auditors KPMG Management and Risk Consulting Sdn. Bhd., in the provision of outsourced internal audit services to the Group and the Company. The fees incurred for the internal audit function in respect of the financial year ended 31 December 2016 is RM 76,000.

During the year under review, the internal auditors completed two (2) audit cycles focused on key controls deployed by the Management in respect of the following processes as approved by the Audit Committee:

**Cycle 1** at Prestariang O&G Sdn. Bhd.**• Operation****Assess the adequacy and test the operating effectiveness of the following:**

- o Comprehensiveness of policies and procedures on payroll processing, workers' general welfare, supply of workers and documentation services;
- o Payroll processing for client's workers, including accuracy and timeliness;
- o Supply of general welfare to client's workers, e.g. accommodation, food, transportation and health check;
- o Supply of workers to client; and
- o Documentation services for client.

**Cycle 2** at Prestariang O&G Sdn. Bhd.**• Billing and collection****Assess the adequacy and test the operating effectiveness of the following:**

- o Comprehensiveness of policies and procedures on the recognition of sales/billing and credit control management;
- o Controls established over billings and collection, including discounts given to customers;
- o Appropriateness of cut-off procedures to ensure sales is accurately recognised/captured;
- o Approval matrix for credit limits and terms;
- o Discounts and provision for bad debts (including write-offs) – use of credit notes and journals; and
- o Debt monitoring recovery, i.e. identification of customer debts thorough periodic ageing, and follow-up action taken to recover high and long-outstanding customer debts.

# Statement on Risk Management and **INTERNAL CONTROL**

## **INTRODUCTION**

The Malaysian Code on Corporate Governance 2012 (Code) recommends that the Board of Directors (the Board) of the listed companies should maintain a sound risk management and internal control framework in order to safeguard shareholders' investments and the Group's and the Company's assets. Bursa Malaysia Securities Berhad (Bursa Malaysia) Main Market Listing Requirements also require the Board of the listed companies to include a statement on the state of their internal controls in their annual reports.

In view of the above, the Board of the Company is pleased to present the following statement that has been prepared in accordance with the "Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers" (SRMIC) issued by the Bursa Malaysia's Task Force on Internal Control.

## **BOARD RESPONSIBILITY**

The Board recognises its responsibility in upholding an effective and adequate risk management and internal control system, which contributes a material part in good corporate governance. In line with that, the Board acknowledges its main responsibility in ensuring the principal and significant risks of the Group and the Company are identified and properly managed by the risk management and internal control system of the Group and the Company.

The Board has also established an on-going process for identifying, evaluating and managing significant risks faced by the Group and the Company and to regularly review this process in conjunction with the SRMIC.

Management is assigned with the role of assisting the Board on the implementation of the Board's policies and procedures on risk management and control by identifying and assessing the various risks that could affect the operation of the Group and the Company, and ensuring appropriate and suitable controls are taken to mitigate and control the risks.

From time to time, the Board received assurance from the President/GCEO and Chief Financial Officer that the risk management and internal control system in place is operating in an adequate and effective manner, and that it is sufficient to safeguard the interest of the Group and the Company.

The Board acknowledges that a sound risk management and internal control system provides reasonable but not absolute assurance, that the Group and the Company will not be hindered in achieving its business objectives in the ordinary course of business.

## **CONTROL STRUCTURE & RISK MANAGEMENT FRAMEWORK**

The day to day operations of the Group and the Company is overseen by the President/GCEO with the assistance by CEOs of the business divisions. This control is exercised through Senior Management in respect of commercial, financial and operational aspects of the Group and the Company. The President/GCEO, CEOs of the business divisions and Senior Management meet regularly to deliberate on such matters.

The Board fully supports the contents of the SRMIC and through the Audit Committee continually reviews the adequacy and effectiveness of the risk management processes in place within the various operating units with the aim of strengthening the risk management functions across the Group and the Company.

Management also acknowledges its responsibility for the management of risks, for developing, operating and monitoring the system of internal controls and for providing assurance to the Board that it has done so in accordance with the policies adopted by the Board. Further assurance is provided by the Internal Audit function which operates across the Group with emphasis on key operating units within the Group. Acknowledging the need for an effective and independent Internal Audit function as an integral part of the control structure and risk management framework of the Group and the Company, the decision was taken to outsource the Internal Audit activities to a third party service provider.

## Statement on Risk Management And Internal Control (continued)

**INTERNAL AUDIT FUNCTION**

In desiring to maintain total independence in the management of the risk and internal control environment, the Company has appointed KPMG Management & Risk Consulting Sdn. Bhd. (KPMG MRC) to manage the Company's internal audit function on an outsourced basis. The fees incurred for the outsourced internal audit function for the financial year ended 31 December 2016 were RM76,000.

KPMG MRC reports independently and directly to the Audit Committee in respect of the internal audit function. The Audit Committee together with KPMG MRC agree on the scope and planned internal audit activities annually and all audit findings arising therefrom are reported to the Audit Committee.

KPMG MRC is allowed for an unrestricted access to all the documents and records of the Group and the Company which are deemed necessary for the performance of its function and independently reviews the control processes implemented by Management. It also reviews the internal controls in the key activities of the Group's and the Company's business based on the discussion with Management as well as with the Audit Committee. In addition, KPMG MRC carries out periodic assignments to ensure the policies and procedures established by the Board are complied with by Management. All reports and findings arising from these reviews are discussed primarily with the respective process custodians prior to a formal report being presented to the Audit Committee.

As an additional function to the Group, KPMG MRC also provides business improvement recommendations for the consideration of Management and the Board to assist in the continuous development of a more efficient and comprehensive internal control environment.

In the year under review, KPMG MRC had completed 2 audit cycles which focused on key controls deployed by Management in respect of the following processes as approved by the Audit committee:

**Cycle 1** at Prestariang O&G Sdn. Bhd.**• Operation****Assess the adequacy and test the operating effectiveness of the following:**

- o Comprehensiveness of policies and procedures on payroll processing, workers' general welfare, supply of workers and documentation services;
- o Payroll processing for client's workers, including accuracy and timeliness;
- o Supply of general welfare to client's workers, e.g. accommodation, food, transportation and health check;
- o Supply of workers to client; and
- o Documentation services for client.

**Cycle 2** at Prestariang O&G Sdn. Bhd.**• Billing and collection****Assess the adequacy and test the operating effectiveness of the following:**

- o Comprehensiveness of policies and procedures on the recognition of sales/billing and credit control management;
- o Controls established over billings and collection, including discounts given to customers;
- o Appropriateness of cut-off procedures to ensure sales is accurately recognised/captured;
- o Approval matrix for credit limits and terms;
- o Discounts and provision for bad debts (including write-offs) - use of credit notes and journals; and
- o Debt monitoring recovery, i.e. identification of customer debts thorough periodic ageing, and follow-up action taken to recover high and long-outstanding customer debts.

## Statement on Risk Management And Internal Control (continued)

### **OTHER KEY RISK MANAGEMENT AND INTERNAL CONTROL ELEMENTS**

- Clearly defined terms of reference, authorities and responsibilities of the various committees which include the Audit Committee, Risk Management Committee, Nomination Committee, Remuneration Committee and Finance & Investment Committee.
- Well-defined organisational structure with clear lines for the segregation of duties, accountability and the delegation of responsibilities to Senior Management and the respective division heads including appropriate authority limits to ensure accountability and approval responsibility.
- Budgets are prepared annually for the Business/Operating units and approved by the Board. The budgets include operational and financial requirements and performance monitored on a quarterly basis.
- The President/GCEO and the CEOs of the business divisions meet regularly with Senior Management to discuss issues on the financial performance, business initiatives and other management and corporate issues of the Group and the Company.
- There are regular Board meetings and Board papers distributed in advance to all Board Members who are entitled to receive and access all necessary and relevant information. Decisions of the Board are only made after the required information is made available and deliberated on by the Board. The Board maintains complete and effective control over the strategies and direction of the Group and the Company.
- The Audit Committee reviews the effectiveness of the system of risk management and internal controls of the Group and the Company on behalf of the Board. The Audit Committee comprises Non-Executive Members of the Board, who are also Independent Directors. The Audit Committee is not restricted in any way in the conduct of its duties and has unrestricted access to the internal and external auditors of the Company and to all employees of the Group and the Company. The Audit Committee is also entitled to seek such other third party independent professional advice deemed necessary in the performance of its responsibility.
- Review by the Audit Committee of risk management internal control issues identified by the external and internal auditors and action taken by the Management in respect of the findings arising therefrom. The internal audit function reports directly to the Audit Committee. Findings are communicated to the Management and the Audit Committee with recommendations for improvements and follow up to confirm all agreed recommendations are implemented. The internal audit plan is structured on a risk-based approach and is reviewed and approved by the Audit Committee.
- The Risk Management Committee was established by the Board to assist the Board in overseeing the overall management of the principal areas of risk of the Group and the Company including capital management and operational process.
- Review all proposals for material capital and investment opportunities by the Finance & Investment Committee and approval of the same by the Board prior to committing the expenses.
- There are sufficient reports generated in respect of the business and operating units to enable proper review of the operational, financial and regulatory environment. Management Accounts are prepared in a timely manner and on a monthly basis and are reviewed by the President/GCEO and the CEOs of the business divisions with the Senior Management.

### **NO SIGNIFICANT WEAKNESS IN RISK MANAGEMENT AND INTERNAL CONTROL RESULTING IN MATERIAL LOSS**

The Board is of the opinion that there is no significant weakness in the system of risk management and internal control, contingencies or uncertainties that could result in material loss and adversely affect the Group and the Company. The Board is also of the opinion that the Company's risk management system and internal control is in place for the financial year under review, and is up to date as at the date of this statement. The Management together with the Board continue to take necessary measures to strengthen the internal control structure and the management of risks.

## Statement on Risk Management And Internal Control (continued)

**ASSURANCE FROM THE PRESIDENT/GROUP CHIEF EXECUTIVE OFFICER AND THE CHIEF FINANCIAL OFFICER**

The Board has received assurance from the President/GCEO, and the Chief Financial Officer that the Group's risk management and internal control system, in all material aspects, is operating adequately and effectively.

**REVIEW OF THE STATEMENT BY THE EXTERNAL AUDITORS**

The external auditors have reviewed the Statement on Risk Management and Internal Control in accordance with Malaysian Approved Standard on Assurance Engagements, Assurance Engagements Other than Audits or Reviews of Historical Financial Information: ISAE 3000, and Recommended Practice Guide 5 (Revised): Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants for inclusion in the Annual Report of the Group.

Based on the limited assurance procedures and review, the external auditors have informed the Board that nothing has come to their attention that has caused them to believe that the Statement on Risk Management and Internal Control has not been prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers or that it is factually inaccurate.

## Other Compliance

# INFORMATION

The following information is provided in compliance with Appendix 9C of Bursa Malaysia Securities Berhad Main Market Listing Requirements.

### a) Utilisation Of Proceeds

The Company did not raise any fund through any corporate proposal during the financial year.

### b) Audit and Non-Audit Fees

During the financial year, the amounts of audit and non-audit fees paid by the Group and the Company to the External Auditors are as follows:

	Group (RM)	Company (RM)
Audit Fees	111,062	28,000
Non-Audit Fees	8,480	8,480

### c) Material Contracts

There was no material contract entered into by the Company and/or its subsidiaries involving the interest of Directors and/or major shareholders, either still subsisting at the end of the financial year or entered into since the end of the previous financial year.

## Statement of Responsibility **BY DIRECTORS**

The Board of Directors (the Board) of the Company is responsible for ensuring the annual audited financial statements of the Group and the Company are made in accordance with applicable approved accounting standards, and have reflected a true and fair view of the state of affairs of the Group and the Company as at 31 December 2016, and of the results of their operations and cash flows of the Group and the Company at the financial year.

The Board is also responsible for ensuring that the annual audited financial statements of the Group and the Company are in compliance with the provisions of the Companies Act, 2016, the Malaysian Financial Reporting Standards issued by the Malaysian Accounting Standard Board, the Listing Requirements of Bursa Malaysia Securities Berhad and all other relevant laws and regulations.

The Directors have further responsibility of ensuring that proper, accurate, timely and reliable accounting records are kept. The annual audited financial statements have been prepared based on relevant and appropriate accounting policies and with usage of reasonable and prudent judgement and estimates.

The Directors have general responsibility for taking reasonable steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

In compliance with the various responsibilities of the Directors, the Directors present the financial statements of the Group and the Company for the financial year ended 31 December 2016 as set out on pages 99 to 160 of this Annual Report.



## Financial **REVIEW**

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# Directors' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2016.

## PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

## RESULTS

	The Group RM'ooo	The Company RM'ooo
Profit after taxation for the financial year	9,048	16,020
Attributable to:		
Owners of the Company	8,884	16,020
Non-controlling interest	164	-
	9,048	16,020

## DIVIDENDS

Since the end of the previous financial year, the Company:-

- (a) paid a fourth interim single-tier dividend of 1.0 sen per ordinary share amounting to RM4,833,450 in respect of the financial year ended 31 December 2015 on 7 April 2016;
- (b) paid a first interim single-tier dividend of 0.75 sen per ordinary share amounting to RM3,622,838 in respect of the current financial year on 21 June 2016;
- (c) paid a second interim single-tier dividend of 0.75 sen per ordinary share amounting to RM3,620,213 in respect of the current financial year on 4 October 2016; and
- (d) paid a third interim single-tier dividend of 0.75 sen per ordinary share amounting to RM3,620,213 in respect of the current financial year on 6 January 2017.

On 22 February 2017, the Board of Directors declared a fourth interim single-tier dividend of 0.75 sen per ordinary share amounting to RM3,620,085 in respect of the financial year ended 31 December 2016. The interim dividend has been paid on 21 March 2017. The financial statements for the current financial year do not reflect this interim dividend. Such dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2017.

## RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year are disclosed in the financial statements.

Directors' Report (continued)

## ISSUES OF SHARES AND DEBENTURES

During the financial year:-

- (a) there were no changes in the authorised and issued and paid-up share capital of the Company; and
- (b) there were no issues of debentures by the Company.

## TREASURY SHARES

During the financial year, the Company purchased 667,000 of its issued ordinary shares from the open market at prices ranging from RM1.98 to RM2.13 per share. The total consideration paid for the purchase was RM1,404,355 including transaction costs. The shares purchased are being held as treasury shares in accordance with Section 67A of the Companies Act 1965 and are presented as a deduction from equity.

As at 31 December 2016, the Company held as treasury shares a total of 1,322,000 of its 484,000,000 issued and fully paid-up ordinary shares. The treasury shares are held at a carrying amount of RM2,607,859. Relevant details on the treasury shares are disclosed in Note 23(a) to the financial statements.

## OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

## BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that there are no known bad debts and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

## CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

## VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

## Directors' Report (continued)

**CONTINGENT AND OTHER LIABILITIES**

At the date of this report, there does not exist:-

- (a) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

**CHANGE OF CIRCUMSTANCES**

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

**ITEMS OF AN UNUSUAL NATURE**

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year in which the report is made.

**DIRECTORS**

The directors who served since the date of the last report are as follows:-

Dato' Mohamed Yunus Ramli Bin Abbas  
Dr. Abu Hasan Bin Ismail  
Dato' Maznah Binti Abdul Jalil  
Chan Wan Siew  
Ramanathan A/L Sathiamutty  
Nik Amlizan Binti Mohamed  
Mohd Arif Bin Ibrahim (resigned 17.1.2017)

## Directors' Report (continued)

**DIRECTORS' INTERESTS**

According to the register of directors' shareholdings, the interests of the directors holding office at the end of the financial year in shares of the Company and its related corporations during the financial year are as follows:-

	Number of ordinary shares of RM0.10 each			At 31.12.2016
	At 1.1.2016	Bought	Sold	
<b>Direct Interests in the Company</b>				
Dato' Mohamed Yunus Ramli Bin Abbas	2,000,000	1,000,000	-	3,000,000
Chan Wan Siew	450,000	-	-	450,000
Dato' Maznah Binti Abdul Jalil	2,261,000	120,000	-	2,381,000
<b>Indirect Interests in the Company</b>				
Dr. Abu Hasan Bin Ismail #1	132,301,400	-	-	132,301,400
Dato' Maznah Binti Abdul Jalil #2	120,000	-	(120,000)	-
Chan Wan Siew #3	50,000	-	-	50,000

**Notes :-**

- #1- Deemed interested by virtue of his substantial shareholdings in Ekohati Sdn. Bhd., Sigma Dedikasi Sdn. Bhd. and Anjakan Evolusi Sdn. Bhd. which in turn are substantial shareholders of the Company pursuant to Section 8 of the Companies Act 2016.
- #2- Deemed interested by virtue of her spouse, Sheikh Abd Aziz Bin S Abod's shareholdings in the Company pursuant to Section 59(11)(c) of the Companies Act 2016.
- #3- Deemed interested by virtue of his spouse, Ms. Lee Oi Lin's shareholdings in the Company pursuant to Section 59(11)(c) of the Companies Act 2016.

By virtue of his interest in shares in the Company, Dr. Abu Hasan Bin Ismail is deemed to have an interest in shares in its related corporations during the financial year to the extent of the Company's interest, in accordance with Section 8 of the Companies Act 2016.

The other directors holding office at the end of the financial year had no interest in shares of the Company or its related corporations during the financial year.

**DIRECTORS' BENEFITS**

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than the benefits shown under the *Directors' Remuneration* section of our report) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Neither during nor at the end of the financial year was the Group or Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

## Directors' Report (continued)

**DIRECTORS' REMUNERATION**

The details of the directors' remuneration are disclosed in Note 29(a) to the financial statements.

**SUBSIDIARIES**

The details of the Company's subsidiaries are disclosed in Note 5 to the financial statements.

The auditors' reports on the financial statements of the subsidiaries did not contain any qualification.

None of the subsidiaries had any interest in shares in the Company during the financial year. Their interests in shares in other related corporations are disclosed in Note 5 to the financial statements.

**AUDITORS' REMUNERATION**

During the financial year, the total amount paid to or receivable by the auditors as remuneration for their services rendered to the Group and the Company amounted to RM111,000 and RM28,000 respectively.

**SIGNIFICANT EVENT DURING THE FINANCIAL YEAR**

The significant event during the financial year is disclosed in Note 39 to the financial statements.

**SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD**

The significant events occurring after the reporting period are disclosed in Note 40 to the financial statements.

**AUDITORS**

The auditors, Messrs. Crowe Horwath, have expressed their willingness to continue in office.

Signed in accordance with a resolution of the directors dated 28 MAR 2017



Dr. Abu Hasan Bin Ismail



Dato' Mohamed Yunus Ramli Bin Abbas

## Statement by **DIRECTORS** Pursuant To Section 251(2) of The Companies Act 2016

We, Dr. Abu Hasan Bin Ismail and Dato' Mohamed Yunus Ramli Bin Abbas, being two of the directors of Prestariang Berhad, state that, in the opinion of the directors, the financial statements set out on pages 99 to 160 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2016 and of their financial performance and cash flows for the financial year ended on that date.

The supplementary information set out in Note 41, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed in accordance with a resolution of the directors dated 28 March 2017.



**Dr. Abu Hasan Bin Ismail**



**Dato' Mohamed Yunus Ramli Bin Abbas**

## Statutory **DECLARATION** Pursuant To Section 251(1)(b) of The Companies Act 2016

I, Abdul Razak Bin Bakrun, I/C No. 680321-04-5245, being the officer primarily responsible for the financial management of Prestariang Berhad, do solemnly and sincerely declare that the financial statements set out on pages 99 to 160 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by

Abdul Razak Bin Bakrun, I/C No. 680321-04-5245

at Kuala Lumpur in the Federal Territory

on this 28 March 2017




**Abdul Razak Bin Bakrun**

Before me

B-3A-4, Megan Avenue 2,  
12, Jalan Yap Kwan Seng,  
50450 Kuala Lumpur

Independent  
**AUDITORS' REPORT**  
to the Members of Prestariang Berhad

## REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of Prestariang Berhad, which comprise the statements of financial position as at 31 December 2016 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 99 to 160.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

### Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence and Other Ethical Responsibilities

We are independent of the Group and Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants (By-Laws) and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)*, and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

## Independent Auditors' Report to the Members of Prestariang Berhad (continued)

<b>Development Costs</b> Refer to Note 8 in the financial statements	
<b>Key Audit Matter</b>	<b>How our audit addressed the key audit matter</b>
<p>The Group's development costs as at the end of reporting period amounted to approximately RM7.3 million were in respect of development projects which are yet to be commercialised.</p> <p>We focused on this area as the capitalisation and recoverability of these development costs require significant judgement in the identification of these intangible assets and in the assumptions used in the determination of the recoverable amounts.</p> <p>The recoverable amounts of these intangible assets are based on discounted cash flow models for each of the intangible assets. The judgement involved in applying and determining the appropriate assumptions and discount rate for the cash flows which could lead to a risk of material misstatement.</p>	<p>Our procedures included, amongst others:-</p> <p>We enquired management on the latest development and status of these projects and reviewed management's assessment of impairment by considering both internal and external sources of information.</p> <p>We also reviewed management's assessment on the recoverable amounts of these development costs which are determined using the value in use approach based on financial budgets and key assumptions approved by management.</p> <p>For additional intangible assets capitalised, we reviewed management's measurement and assessment in the identification of these development costs.</p>
<b>Amount owing by contract customer</b> Refer to Note 12 in the financial statements	
<b>Key Audit Matter</b>	<b>How our audit addressed the key audit matter</b>
<p>As at the end of the reporting period, the Group has incurred a total expenditure of approximately RM24.5 million for Sistem Kawalan Imigresen Nasional (SKIN) project.</p> <p>We focused on this area as the SKIN project will be negotiated in the form of concession arrangement which has permitted these costs to be accounted for in accordance with the relevant MFRSs. This would require significant judgement in identification of costs which are attributable to contract activities and could be allocated to this project.</p>	<p>Our procedures included, amongst others:-</p> <p>We enquired management and reviewed relevant documents on the latest development and status of this project.</p> <p>We reviewed the costs incurred to date and management's measurement and assessment in identification of costs which are attributable to contract activities and could be allocated to this project.</p>



## Independent Auditors' Report to the Members of Prestariang Berhad (continued)

### Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Directors for the Financial Statements

The directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

### Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

## Independent Auditors' Report to the Members of Prestariang Berhad (continued)

### **Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)**

As a part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:-

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

## Independent Auditors' Report to the Members of Prestariang Berhad (continued)

**Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)**

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:-

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.
- (b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (c) Our audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

## Independent Auditors' Report to the Members of Prestariang Berhad (continued)

**Other Reporting Responsibilities**

The supplementary information set out in Note 41 on page 161 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants (MIA Guidance) and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

**OTHER MATTERS**

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

**Crowe Horwath**

Firm No: AF 1018

Chartered Accountants

28 March 2017

Kuala Lumpur

**Chua Wai Hong**

Approval No: 2974/09/17 (J)

Chartered Accountant

# Statements of FINANCIAL POSITION

at 31 December 2016

	Note	The Group		The Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Assets</b>					
<b>Non-current assets</b>					
Investments in subsidiaries	5	-	-	40,812	40,812
Property and equipment	6	12,086	12,964	30	66
Deferred tax assets	7	1,154	1,154	-	-
Development costs	8	7,341	5,221	-	-
		20,581	19,339	40,842	40,878
<b>Current assets</b>					
Inventories	9	2,512	1,755	-	-
Trade receivables	10	31,730	31,452	-	-
Other receivables	11	8,538	6,654	664	4,881
Amount owing by contract customer	12	24,515	15,747	-	-
Amounts due from subsidiaries	13	-	-	62,538	20,148
Short-term investments	14	51,496	40,977	-	-
Current tax assets		1,162	636	480	636
Cash and bank balances	15	57,868	87,797	17,184	57,805
		177,821	185,018	80,866	83,470
<b>Total assets</b>		<b>198,402</b>	<b>204,357</b>	<b>121,708</b>	<b>124,348</b>
<b>Liabilities and equity</b>					
<b>Current liabilities</b>					
Trade payables	16	12,902	15,723	-	-
Other payables	17	22,445	15,925	3,909	5,467
Borrowings	18	73	92	-	-
Current tax liabilities		-	1,267	-	-
		35,420	33,007	3,909	5,467
<b>Net current assets</b>		<b>142,401</b>	<b>152,011</b>	<b>76,957</b>	<b>78,003</b>
<b>Non-current liabilities</b>					
Borrowings	18	309	623	-	-
Deferred tax liabilities	7	1,173	1,173	-	-
		1,482	1,796	-	-
<b>Total liabilities</b>		<b>36,902</b>	<b>34,803</b>	<b>3,909</b>	<b>5,467</b>
<b>Net assets</b>		<b>161,500</b>	<b>169,554</b>	<b>117,799</b>	<b>118,881</b>
<b>Equity</b>					
Share capital	21	48,400	48,400	48,400	48,400
Share premium	22	74,712	74,712	71,300	71,300
Treasury shares	23 (a)	(2,608)	(1,203)	(2,608)	(1,203)
Merger deficit	23 (b)	(14,212)	(14,212)	-	-
Retained profits		54,749	61,562	707	384
Equity attributable to owners of the Company		161,041	169,259	117,799	118,881
Non-controlling interest	5	459	295	-	-
<b>Total equity</b>		<b>161,500</b>	<b>169,554</b>	<b>117,799</b>	<b>118,881</b>
<b>Total liabilities and equity</b>		<b>198,402</b>	<b>204,357</b>	<b>121,708</b>	<b>124,348</b>

The annexed notes form an integral part of these financial statements.

# Statements of Profit or Loss and **OTHER COMPREHENSIVE INCOME**

for the financial year ended 31 December 2016

	Note	The Group		The Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Revenue	24	132,071	115,476	18,097	17,017
Cost of sales		(99,673)	(76,847)	-	-
Gross profit		32,398	38,629	18,097	17,017
Other income	25	2,950	6,072	827	2,346
Administrative expenses		35,348	44,701	18,924	19,363
Other expenses		(21,625)	(19,922)	(2,868)	(3,576)
Finance costs	26	(1,739)	(1,998)	(36)	(36)
Finance costs		(453)	(323)	-	(1)
Profit before taxation	27	11,531	22,458	16,020	15,750
Income tax expense	30	(2,483)	(5,427)	-	-
Profit after taxation		9,048	17,031	16,020	15,750
Other comprehensive income		-	-	-	-
Total comprehensive income for the financial year		9,048	17,031	16,020	15,750
<b>Profit after taxation attributable to:</b>					
Owners of the Company		8,884	17,226	16,020	15,750
Non-controlling interest		164	(195)	-	-
		9,048	17,031	16,020	15,750
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		8,884	17,226	16,020	15,750
Non-controlling interest		164	(195)	-	-
		9,048	17,031	16,020	15,750
<b>Earning per share attributable to owners of the Company (sen)</b>					
Basic	31	1.84	3.56		
Diluted	31	1.84	3.56		

The annexed notes form an integral part of these financial statements.

# Statements of CHANGES IN EQUITY

for the financial year ended 31 December 2016

The Group	Note	Share Capital RM'000	Treasury Shares RM'000	← Non-Distributable →		Distributable Retained Profits RM'000	Attributable to owners of the Company RM'000	Non- controlling Interest RM'000	Total Equity RM'000
				Share Premium RM'000	Merger Deficit RM'000				
<b>At 1 January 2015</b>		48,400	-	74,712	(14,212)	60,053	168,953	-	168,953
Profit after taxation/Total comprehensive income for the financial year		-	-	-	-	17,226	17,226	(195)	17,031
Transaction with owners of the Company:									
- Purchase of treasury shares	23 (a)	-	(1,203)	-	-	-	(1,203)	-	(1,203)
- Dividends paid	32	-	-	-	-	(15,717)	(15,717)	-	(15,717)
Total transactions with the owners of the Company		-	(1,203)	-	-	(15,717)	(16,920)	-	(16,920)
Changes in ownership interest in subsidiary that do not result in loss of control									
- Effect of changes in stake		-	-	-	-	-	-	490	490
<b>At 31 December 2015/1 January 2016</b>		<b>48,400</b>	<b>(1,203)</b>	<b>74,712</b>	<b>(14,212)</b>	<b>61,562</b>	<b>169,259</b>	<b>295</b>	<b>169,554</b>
Profit after taxation/Total comprehensive income for the financial year		-	-	-	-	8,884	8,884	164	9,048
Transaction with owners of the Company:									
- Purchase of treasury shares	23 (a)	-	(1,405)	-	-	-	(1,405)	-	(1,405)
- Dividends paid	32	-	-	-	-	(15,697)	(15,697)	-	(15,697)
Total transactions with the owners of the Company		-	(1,405)	-	-	(15,697)	(17,102)	-	(17,102)
<b>At 31 December 2016</b>		<b>48,400</b>	<b>(2,608)</b>	<b>74,712</b>	<b>(14,212)</b>	<b>54,749</b>	<b>161,041</b>	<b>459</b>	<b>161,500</b>

The annexed notes form an integral part of these financial statements.

## Statements of Changes in Equity for the financial year ended 31 December 2016 (continued)

The Company	Note	Share	Non-Distributable		Distributable	Total
		Capital	Treasury	Share	Retained	
		RM'000	Shares	Premium	Profits	RM'000
		RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 1 January 2015</b>		48,400	-	71,300	351	120,051
Profit after taxation/Total comprehensive income for the financial year		-	-	-	15,750	15,750
Transaction with owners of the Company:						
- Purchase of treasury shares	23 (a)	-	(1,203)	-	-	(1,203)
- Dividends paid	32	-	-	-	(15,717)	(15,717)
Total transactions with the owners of the Company		-	(1,203)	-	(15,717)	(16,920)
<b>At 31 December 2015/1 January 2016</b>		<b>48,400</b>	<b>(1,203)</b>	<b>71,300</b>	<b>384</b>	<b>118,881</b>
Profit after taxation/Total comprehensive income for the financial year		-	-	-	16,020	16,020
Transaction with owners of the Company:						
- Purchase of treasury shares	23 (a)	-	(1,405)	-	-	(1,405)
- Dividends paid	32	-	-	-	(15,697)	(15,697)
Total transactions with the owners of the Company		-	(1,405)	-	(15,697)	(17,102)
<b>At 31 December 2016</b>		<b>48,400</b>	<b>(2,608)</b>	<b>71,300</b>	<b>707</b>	<b>117,799</b>

The annexed notes form an integral part of these financial statements.



# Statements of **CASH FLOWS**

for the financial year ended 31 December 2016

	Note	The Group		The Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Cash flows (used in)/generated from operating activities</b>					
Profit before taxation		11,531	22,458	16,020	15,750
Adjustments for:-					
Bad debts written off		-	179	-	-
Depreciation of property and equipment		1,738	1,815	36	36
Fair value gain on short-term investments		-	(642)	-	-
Dividend income		-	(303)	-	-
Gain on disposal of property and equipment		(180)	(75)	-	-
Gain on disposal of short-term investment		-	(481)	-	-
Interest expense		60	46	-	-
Interest income		(2,703)	(2,348)	(827)	(2,346)
Profit income received from deposits with licensed Islamic Banks		(19)	(23)	-	-
Unrealised gain on foreign exchange		-	(843)	-	-
Operating profit before working capital changes		10,427	19,783	15,229	13,440
Increase in inventories		(757)	(743)	-	-
(Increase)/Decrease in trade and other receivables		(2,162)	(17,394)	4,217	(4,848)
Increase/(Decrease) in trade and other payables		4,913	17,183	(344)	75
Increase in amount owing by contract customer		(8,768)	(11,748)	-	-
Cash generated from operating activities		3,653	7,081	19,102	8,667
Interest paid		(60)	(46)	-	-
Income tax (paid)/refund		(4,276)	(4,445)	156	(307)
<b>Net cash (used in)/ generated from operating activities carried forward</b>		<b>(683)</b>	2,590	<b>19,258</b>	8,360

The annexed notes form an integral part of these financial statements.

## Statements of Cash Flows for the financial year ended 31 December 2016 (continued)

	Note	The Group		The Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Net cash (used in)/generated from operating activities brought forward</b>		<b>(683)</b>	2,590	<b>19,258</b>	8,360
<b>Cash flows used in investing activities</b>					
Acquisition of equity interest in a subsidiary from non-controlling interest		-	490	-	-
Additional investments in an existing subsidiaries	5	-	-	-	(510)
Development costs paid	8	(2,120)	(1,838)	-	-
Dividend received		-	303	-	-
Interest received		2,703	2,348	827	2,346
Net withdrawal of deposits pledged with licensed banks		-	(83)	-	-
Profit income received from deposits with licensed Islamic Banks		19	23	-	-
Proceeds from disposal of:					
- property and equipment		250	75	-	-
Purchase of property and equipment	33	(530)	(1,649)	-	-
Advances to subsidiaries		-	-	(42,390)	(19,299)
Net increase in short-term investment		(10,519)	(8,568)	-	-
<b>Net cash used in investing activities</b>		<b>(10,197)</b>	(8,899)	<b>(41,563)</b>	(17,463)
<b>Cash flows used in financing activities</b>					
Dividends paid		(16,911)	(10,883)	(16,911)	(10,883)
Purchase of treasury shares	23	(1,405)	(1,203)	(1,405)	(1,203)
Repayment of hire purchase obligations		(18)	(149)	-	-
Repayment of term loans		(715)	(173)	-	-
Repayment to subsidiaries		-	-	-	(9,508)
<b>Net cash used in financing activities</b>		<b>(19,049)</b>	(12,408)	<b>(18,316)</b>	(21,594)
Net decrease in cash and cash equivalents		(29,929)	(18,717)	(40,621)	(30,697)
Cash and cash equivalents at beginning of the financial year		85,099	103,816	57,805	88,502
<b>Cash and cash equivalents at end of the financial year</b>	15	<b>55,170</b>	85,099	<b>17,184</b>	57,805

The annexed notes form an integral part of these financial statements.

# Notes to the FINANCIAL STATEMENTS

for the financial year ended 31 December 2016

## 1. GENERAL INFORMATION

The Company is a public company limited by shares and is incorporated under the Companies Act 1965 in Malaysia. The domicile of the Company is Malaysia. The registered office and principal place of business are as follows:-

Registered office : Level 7, Menara Milenium,  
Jalan Damanlela,  
Pusat Bandar Damansara,  
Damansara Heights,  
50490 Kuala Lumpur.

Principal place of business : 70-73, NeoCyber,  
Lingkar Cyber Point Barat,  
63000 Cyberjaya,  
Selangor Darul Ehsan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 28 March 2017.

## 2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

## 3. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards (MFRSs), International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

3.1 During the current financial year, the Group has adopted the following new accounting standards and interpretations (including the consequential amendments, if any):-

### **MFRSs and/or IC Interpretations (Including The Consequential Amendments)**

MFRS 14 Regulatory Deferral Accounts

Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities – Applying the Consolidation Exception

Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations

Amendments to MFRS 101: Disclosure Initiative

Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation

Amendments to MFRS 116 and MFRS 141: Agriculture – Bearer Plants

Amendments to MFRS 127: Equity Method in Separate Financial Statements

Annual Improvements to MFRSs 2012 - 2014 Cycle

The adoption of the above accounting standards and interpretations (including the consequential amendments) did not have any material impact on the Group's financial statements.

Notes to the Financial Statements for the financial year ended 31 December 2016 (continued)

### 3. BASIS OF PREPARATION (CONT'D)

- 3.2 The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

<b>MFRSs and/or IC Interpretations (Including The Consequential Amendments)</b>	<b>Effective Date</b>
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 16 Leases	1 January 2019
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	1 January 2018*
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice
Amendments to MFRS 15: Effective Date of MFRS 15	1 January 2018
Amendments to MFRS 15: Clarifications to MFRS 15 'Revenue from Contracts with Customers'	1 January 2018
Amendments to MFRS 107: Disclosure Initiative	1 January 2017
Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to MFRS 140 – Transfers of Investment Property	1 January 2018
Annual Improvements to MFRS Standards 2014 – 2016 Cycles:	
• Amendments to MFRS 12: Clarification of the Scope of Standard	1 January 2017
Annual Improvements to MFRS Standards 2014 – 2016 Cycles:	
• Amendments to MFRS 1: Deletion of Short-term Exemptions for First-time Adopters	
• Amendments to MFRS 128: Measuring an Associate or Joint Venture at Fair Value	1 January 2018

\* *Entities that meet the specific criteria in MFRS 4.20B may choose to defer the application of MFRS 9 until the earlier of the application of the forthcoming insurance contracts standard or annual periods beginning before 1 January 2021.*

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Company upon their initial application.

### 4. SIGNIFICANT ACCOUNTING POLICIES

#### 4.1 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. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:-

## Notes to the Financial Statements for the financial year ended 31 December 2016 (continued)

**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.1 Critical Accounting Estimates and Judgements (Cont'd)***(a) Depreciation of Property and Equipment*

The estimates for the residual values, useful lives and related depreciation charges for the property and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

*(b) Income Taxes*

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the year in which such determination is made.

*(c) Impairment of Non-Financial Assets*

When the recoverable amount of an asset is determined based on the estimate of the value in use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

*(d) Amortisation of Development Costs*

The estimates for the residual values, useful lives and related amortisation charges for the development costs are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its development costs will be insignificant. As a result, residual values are not being taken into consideration for the computation of the amortisation amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future amortisation charges could be revised.

*(e) Write-down of Inventories*

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

Notes to the Financial Statements for the financial year ended 31 December 2016 (continued)

#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### 4.1 Critical Accounting Estimates and Judgements (Cont'd)

*(f) Impairment of Trade and Other Receivables*

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loans and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

*(g) Fair Value Estimates for Certain Financial Assets and Financial Liabilities*

The Group carries certain financial assets and financial liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and/or equity.

*(h) Construction Contracts*

Construction contracts accounting requires reliable estimation of the costs to complete the contract and reliable estimation of the stage of completion.

*(i) Contract Revenue*

Construction contracts accounting requires that variation claims and incentive payments only be recognised as contract revenue to the extent that it is probable that they will be accepted by the customers. As the approval process often takes some time, a judgement is required to be made of its probability and revenue recognised accordingly.

*(ii) Contract Costs*

Using experience gained on each particular contract and taking into account the expectations of the time and materials required to complete the contract, management estimates the profitability of the contract on an individual basis at any particular time.

## Notes to the Financial Statements for the financial year ended 31 December 2016 (continued)

**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.2 Basis of Consolidation**

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

Subsidiaries are entities (including structured entities, if any) controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

**(a) Business Combinations**

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

**(b) Non-Controlling Interests**

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Notes to the Financial Statements for the financial year ended 31 December 2016 (continued)

#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### 4.2 Basis of Consolidation (Cont'd)

*(c) Changes in Ownership Interests in Subsidiaries Without Change of Control*

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

*(d) Loss of Control*

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and
- (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

##### 4.3 Functional and Foreign Currencies

*(a) Functional and Presentation Currency*

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia (RM), which is the Company's functional and presentation currency and has been rounded to the nearest thousand, unless otherwise stated.

*(b) Transactions and Balances*

Transactions in foreign currency are converted into the respective functional currency on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.



## Notes to the Financial Statements for the financial year ended 31 December 2016 (continued)

**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.4 Financial Instruments**

Financial assets and financial liabilities instruments are recognised in the statements of the financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

**(a) Financial Assets**

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, held-to-maturity investments, loan and receivables financial assets, or available-for-sale financial assets, as appropriate.

**(i) Financial Assets at Fair Value Through Profit or Loss**

Financial assets are classified as financial assets at fair value through profit or loss when the financial asset is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established.

Financial assets at fair value through profit or loss could be presented as current assets or non-current assets. Financial assets that are held primarily for trading purposes are presented as current assets whereas financial assets that are not held primarily for trading purposes are presented as current assets or non-current assets based on the settlement date.

**(ii) Held-to-maturity Investments**

As at the end of the reporting period, there were no financial assets classified under this category.

Notes to the Financial Statements for the financial year ended 31 December 2016 (continued)

#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### 4.4 Financial Instruments (Cont'd)

###### (a) Financial Assets (Cont'd)

###### (iii) Loans and Receivables Financial Assets

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Loans and receivables financial assets are classified as current assets, except for those having settlement dates later than 12 months after the reporting date which are classified as non-current assets.

###### (iv) Available-for-sale Financial Assets

As at the end of the reporting period, there were no financial assets classified under this category.

###### (b) Financial Liabilities

###### (i) Financial Liabilities at Fair Value through Profit or Loss

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges. Fair value through profit or loss category also comprises contingent consideration in a business combination.

###### (ii) Other Financial Liabilities

Other financial liabilities are initially measured at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

## Notes to the Financial Statements for the financial year ended 31 December 2016 (continued)

**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.4 Financial Instruments (Cont'd)***(c) Equity Instruments*

Equity instruments classified as equity are measured at cost and are not remeasured subsequently.

*(i) Ordinary Shares*

Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

*(ii) Treasury Shares*

When the Company's own shares recognised as equity are bought back, the amount of the consideration paid, including all costs directly attributable, are recognised as a deduction from equity. Own shares purchased that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares.

Where treasury shares are sold, the difference between the sales consideration and the carrying amount of the treasury shares are shown as a movement in equity. When the consideration received is more than the carrying amount, the credit difference arising is taken to the share premium account. Where the consideration received is less than the carrying amount, the debit difference is offset against reserves.

*(d) Derecognition*

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Notes to the Financial Statements for the financial year ended 31 December 2016 (continued)

#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### 4.5 Investments in Subsidiaries

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investments includes transaction costs.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

##### 4.6 Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is charged to profit or loss (unless it is included in the carrying amount of another asset) on a straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Buildings	50 years
Computer systems and equipment	5 years
Furniture and fittings	10 years
Office equipment	5- 10 years
Office renovation	5- 10 years
Motor vehicles	5 years

Capital work-in-progress included in property and equipment are not depreciated as these assets are not yet available for use.

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property and equipment.

When significant parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Capital work-in-progress represents assets under construction, and which are not ready for commercial use at the end of the reporting period. Capital work-in-progress is stated at cost, and is transferred to the relevant category of assets and depreciated accordingly when the assets are completed and ready for commercial use.

Cost of capital work-in-progress includes direct cost, related expenditure and interest cost on borrowings taken to finance the construction or acquisition of the assets to the date that the assets are completed and put into use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss.

## Notes to the Financial Statements for the financial year ended 31 December 2016 (continued)

**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.7 Research and Development Expenditure**

Research expenditure is recognised as an expense when it is incurred.

Development expenditure is recognised as an expense except that costs incurred on development projects are capitalised as non-current assets to the extent that such expenditure is expected to generate future economic benefits. Development expenditure is capitalised if, and only if, an entity can demonstrate all of the following:-

- (i) its ability to measure reliably the expenditure attributable to the asset under development;
- (ii) the product or process is technically and commercially feasible;
- (iii) its future economic benefits are probable;
- (iv) its intention to complete and the ability to use or sell the developed asset; and
- (v) the availability of adequate technical, financial and other resources to complete the asset under development.

Capitalised development expenditure is measured at cost less accumulated amortisation and impairment losses, if any. Development expenditure initially recognised as an expense is not recognised as assets in the subsequent period.

The development expenditure is amortised on a straight-line method over a period of 3 years when the products are ready for sale or use. In the event that the expected future economic benefits are no longer probable of being recovered, the development expenditure is written down to its recoverable amount.

The amortization method, useful life and residual value are reviewed, and adjusted if appropriate, at the end of each reporting period.

**4.8 Impairment****(a) Impairment of Financial Assets**

All financial assets (other than those categorised at fair value through profit or loss), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset.

An impairment loss in respect of held-to-maturity investments and loans and receivables financial assets is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Notes to the Financial Statements for the financial year ended 31 December 2016 (continued)

#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### 4.8 Impairment (Cont'd)

###### (b) *Impairment of Non-Financial Assets*

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when an annual impairment assessment is compulsory or there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amounts and an impairment loss shall be recognised. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value-in-use, which is measured by reference to discounted future cash flow using a pre-tax discount rate. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss.

When there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.

##### 4.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in-first-out basis and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

##### 4.10 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdrafts and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

##### 4.11 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The unwinding of the discount is recognised as interest expense in profit or loss.

## Notes to the Financial Statements for the financial year ended 31 December 2016 (continued)

**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.12 Leased Assets***(a) Finance Assets*

A lease is recognised as a finance lease if it transfers substantially to the Company all the risks and rewards incidental to ownership. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. The corresponding liability is included in the statement of financial position as hire purchase payables.

Minimum lease payments made under finance leases are apportioned between the finance costs and the reduction of the outstanding liability. The finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss and allocated over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each accounting period.

Leasehold land which in substance is a finance lease is classified as property and equipment.

*(b) Operating Lease*

All leases that do not transfer substantially to the Group all the risks and rewards incidental to ownership are classified as operating leases and, the leased assets are not recognised on the Group's statement of financial position.

Payments made under operating leases are recognised as an expense in the profit or loss on a straight-line method over the term of the lease. Lease incentives received are recognised as a reduction of rental expense over the lease term on a straight-line method. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

**4.13 Employee Benefits***(a) Short-term Benefits*

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are recognised in profit or loss and included in the development costs, where applicable, in the period in which the associated services are rendered by employees of the Group.

*(b) Defined Contribution Plans*

The Group's contributions to defined contribution plans are recognised in profit or loss and included in the development costs, where applicable, in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

Notes to the Financial Statements for the financial year ended 31 December 2016 (continued)

#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### 4.14 Income Taxes

###### (a) Current Tax

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

###### (b) Deferred Tax

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs.

###### (c) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of GST. However, when the GST incurred are related to purchases of assets or services which are not recoverable from the taxation authorities, the GST are included as part of the costs of the assets acquired or as part of the expense item whichever is applicable.

Receivables and payables are stated with the amount of GST included (where applicable).

The net amount of the GST recoverable from or payable to the taxation authorities at the end of the reporting period is included in other receivables or other payables.

##### 4.15 Related Parties

A party is related to an entity (referred to as the "reporting entity") if:-

- (a) A person or a close member of that person's family is related to a reporting entity if that person:-
  - (i) has control or joint control over the reporting entity;
  - (ii) has significant influence over the reporting entity; or
  - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the reporting entity.



## Notes to the Financial Statements for the financial year ended 31 December 2016 (continued)

**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****4.15 Related Parties (Cont'd)**

- (b) An entity is related to a reporting entity if any of the following conditions applies:-
- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
  - (vi) The entity is controlled or jointly controlled by a person identified in (a) above.
  - (vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
  - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Related parties also include key management personnel defined as those person having authority and responsibility for planning, directing and controlling the activities of the reporting entity either directly or indirectly, including any director (whether executive or otherwise) of that entity.

**4.16 Operating Segments**

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

**4.17 Earnings per Ordinary Shares**

Basic earnings per ordinary share is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for own shares held.

**4.18 Borrowing Costs**

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. The capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

All other borrowing costs are recognised in profit or loss as expenses in the period in which they are incurred.

**4.19 Amounts Owed By/To Contract Customers**

The amounts owing by/to contract customers are stated at cost plus profits attributable to contracts in progress less progress billings and allowance for foreseeable losses, if any. Cost includes direct materials, labour and applicable overheads.

Notes to the Financial Statements for the financial year ended 31 December 2016 (continued)

#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### 4.20 Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

- Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;
- Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the events or change in circumstances that caused the transfer.

##### 4.21 Revenue and Other Income

###### (a) Sale of Goods

Revenue is measured at fair value of the consideration received or receivable and is recognised upon delivery of goods and customers' acceptance and where applicable, net of returns, goods and services tax, cash and trade discounts.

###### (b) Services

Revenue is recognised upon the rendering of services and when the outcome of the transaction can be estimated reliably. In the event the outcome of the transaction could not be estimated reliably, revenue is recognised to the extent of the expenses incurred that are recoverable.

###### (c) Interest Income

Interest income is recognised on an accrual basis using the effective interest method.

###### (d) Dividend Income

Dividend income from investment is recognised when the right to receive dividend payment is established.

###### (e) Rental Income

Rental income is accounted for on a straight-line method over the lease term.

## Notes to the Financial Statements for the financial year ended 31 December 2016 (continued)

## 5. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2016 RM'000	2015 RM'000
Unquoted shares, at cost:-		
At 1 January	40,812	40,302
Addition during the financial year	-	510
At 31 December	40,812	40,812

The details of the subsidiaries, which are all incorporated and having principal place of business in Malaysia, are as follows:-

Name of Company	Principal activities	Percentage of Issues Share Capital Held by Parent	
		2016	2015
<b>Subsidiaries of the Company:</b>			
Prestariang Systems Sdn. Bhd. (PSSB)	Providing Information and Communication Technology (ICT) training and certification, and software license distribution and management.	100	100
Prestariang Education Sdn. Bhd. (PESB)	Providing personalised ICT education in a diverse and vibrant community.	100	100
Prestariang Talentxchange Sdn. Bhd. (PTXSB)	Providing best-fit talents to the local, regional & global markets and delivering practical talent management solutions.	100	100
Prestariang O&G Sdn. Bhd. (POGSB)	Providing training and placement services as well employment and documentation services for foreign workers.	51	51
Prestariang Technology Sdn. Bhd. (PTSB)	Dormant.	100	100
<b>Subsidiary of PTSB:</b>			
Total Leap Sdn. Bhd. (TLSB)	Dormant.	100	100
<b>Subsidiaries of PSSB:</b>			
Logisys Sdn. Bhd. (LSB)	Dormant.	100	100
Prestariang R&D Sdn. Bhd. (PR&D)	Dormant.	100	100

Notes to the Financial Statements for the financial year ended 31 December 2016 (continued)

## 5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(a) The non-controlling interest at the end of the reporting period comprise the following:-

	Effective Equity Interest		The Group	
	2016 %	2015 %	2016 RM'000	2015 RM'000
POGSB	49	49	459	295

(b) Summarised financial information of non-controlling interest has not been presented as the non-controlling interest of the subsidiary is not material to the Group.

## 6. PROPERTY AND EQUIPMENT

The Group	Building RM'000	Computer systems and equipment RM'000	Furniture and Fittings RM'000	Office Equipment RM'000	Office Renovation RM'000	Motor Vehicles RM'000	Capital work in progress RM'000	Total RM'000
<b>2016</b>								
<b>Cost</b>								
At 1 January	5,255	2,855	1,998	2,093	5,144	1,889	301	19,535
Additions	-	181	47	31	65	555	51	930
Reclassification	-	-	5	-	304	-	(309)	-
Disposal	-	-	-	-	-	(940)	-	(940)
At 31 December	5,255	3,036	2,050	2,124	5,513	1,504	43	19,525
<b>Accumulated depreciation</b>								
At 1 January	585	1,497	598	728	1,672	1,491	-	6,571
Charge for the year (Note 27)	105	483	201	194	543	212	-	1,738
Disposal	-	-	-	-	-	(870)	-	(870)
At 31 December	690	1,980	799	922	2,215	833	-	7,439
<b>Net carrying amount At 31 December</b>	<b>4,565</b>	<b>1,056</b>	<b>1,251</b>	<b>1,202</b>	<b>3,298</b>	<b>671</b>	<b>43</b>	<b>12,086</b>

Notes to the Financial Statements for the financial year ended 31 December 2016 (continued)

**6. PROPERTY AND EQUIPMENT (CONT'D)**

The Group	Building RM'000	Computer systems and equipment RM'000	Furniture and Fittings RM'000	Office Equipment RM'000	Office Renovation RM'000	Motor Vehicles RM'000	Capital work in progress RM'000	Total RM'000
<b>2015</b>								
<b>Cost</b>								
At 1 January	5,255	2,392	1,879	1,766	4,705	2,150	-	18,147
Additions	-	463	119	327	439	-	301	1,649
Disposal	-	-	-	-	-	(261)	-	(261)
At 31 December	5,255	2,855	1,998	2,093	5,144	1,889	301	19,535
<b>Accumulated depreciation</b>								
At 1 January	480	1,041	396	540	1,152	1,408	-	5,017
Charge for the year (Note 27)	105	456	202	188	520	344	-	1,815
Disposal	-	-	-	-	-	(261)	-	(261)
At 31 December	585	1,497	598	728	1,672	1,491	-	6,571
<b>Net carrying amount</b>								
<b>At 31 December</b>	4,670	1,358	1,400	1,365	3,472	398	301	12,964

Notes to the Financial Statements for the financial year ended 31 December 2016 (continued)

**6. PROPERTY AND EQUIPMENT (CONT'D)**

The Company	Building RM'000	Computer systems and equipment RM'000	Furniture and Fittings RM'000	Office Equipment RM'000	Office Renovation RM'000	Motor Vehicles RM'000	Capital work in progress RM'000	Total RM'000
<b>2016</b>								
<b>Cost</b>								
At 1 January	-	-	-	-	-	180	-	180
Additions	-	-	-	-	-	-	-	-
Reclassification	-	-	-	-	-	-	-	-
At 31 December	-	-	-	-	-	180	-	180
<b>Accumulated depreciation</b>								
At 1 January	-	-	-	-	-	114	-	114
Charge for the year (Note 27)	-	-	-	-	-	36	-	36
At 31 December	-	-	-	-	-	150	-	150
<b>Net carrying amount At 31 December</b>	-	-	-	-	-	30	-	30
<b>The Company 2015</b>								
<b>Cost</b>								
At 1 January	-	-	-	-	-	180	-	180
Additions	-	-	-	-	-	-	-	-
At 31 December	-	-	-	-	-	180	-	180
<b>Accumulated depreciation</b>								
At 1 January	-	-	-	-	-	78	-	78
Charge for the year (Note 27)	-	-	-	-	-	36	-	36
At 31 December	-	-	-	-	-	114	-	114
<b>Net carrying amount At 31 December</b>	-	-	-	-	-	66	-	66

- (a) Included in property and equipment of the Group are motor vehicles with a total net book value of RM444,790 (2015: nil) held under hire purchase arrangements.

## Notes to the Financial Statements for the financial year ended 31 December 2016 (continued)

**7. DEFERRED TAX ASSETS/(LIABILITIES)**

	The Group	
	2016 RM'000	2015 RM'000
At 1 January	(19)	-
Recognised in profit or loss (Note 30)	-	(19)
At 31 December	(19)	(19)
Presented as follows:-		
Deferred tax assets	1,154	1,154
Deferred tax liabilities	(1,173)	(1,173)
	(19)	(19)

The Group has recognised the deferred tax assets based on its expected level of operations of a subsidiary and the probability that sufficient taxable profit will be generated in the future against which the deferred tax assets can be utilised.

The deferred tax assets/(liabilities) recognised at the end of the reporting period and after appropriate offsetting are as follows:-

	The Group	
	2016 RM'000	2015 RM'000
Deferred tax assets:-		
Unutilised tax losses	779	779
Unabsorbed capital allowance	617	617
Provisions	385	385
	1,781	1,781
Deferred tax liabilities:-		
Accelerated capital allowances over depreciation	(1,185)	(1,185)
Deductible differences on development cost	(449)	(449)
Others	(166)	(166)
	(1,800)	(1,800)
	(19)	(19)
No deferred tax assets is recognised in the statements of financial position on the following items:-		
Unutilised tax losses	13,656	11,739
Unabsorbed capital allowance	-	-
	13,656	11,739

Notes to the Financial Statements for the financial year ended 31 December 2016 (continued)

## 8. DEVELOPMENT COSTS

	The Group	
	2016 RM'000	2015 RM'000
<b>Cost</b>		
At 1 January	6,611	4,773
Addition during the financial year	2,120	1,838
At 31 December	8,731	6,611
<b>Accumulated amortisation</b>		
As at 31 December	(1,390)	(1,390)
	7,341	5,221

- (a) The development costs at the end of the reporting period comprised the development of 1 Citizen, Proficiency In Communication, Green ICT, EduCloud and Program for International Student Assessment.
- (b) At the end of the reporting period, the development costs for the projects yet to be commercialised amounted to approximately RM7,341,000 (2015: RM5,221,000).
- (c) The Group has assessed the recoverable amount of development costs and determined that no impairment is required. The recoverable amounts of the development costs are determined using the value in use approach, and this is derived from the present value of the future cash flows from each development costs unit computed based on the projections of financial budgets approved by management covering a period of 2 to 5 years. The key assumptions used in the determination of the recoverable amounts are as follows:-

	Gross Margin		Growth Rate		Discount Rate	
	2016 %	2015 %	2016 %	2015 %	2016 %	2015 %
PEC	60	60	-	-	11.58	12.67
Green ICT	50	50	-	-	11.58	12.67
PISA	40	40	-	-	11.58	12.67
EduCloud	40	-	-	-	11.58	-

- (i) Budgeted gross margin      Average gross margin based on historical averages achieved, adjusted to reflect expected efficiency improvements and cost saving measures.
- (ii) Growth rate      Based on the expected projection of each development costs unit.
- (iii) Discount rate (pre-tax)      Based on the weighted average cost of capital of the Group, adjusted to specific risks relating to the relevant cash-generating unit.

The values assigned to the key assumptions represent management's assessment of future trends in the cash-generating units and are based on both external sources and internal historical data.



## Notes to the Financial Statements for the financial year ended 31 December 2016 (continued)

**9. INVENTORIES**

	The Group	
	2016 RM'000	2015 RM'000
Finished goods	2,512	1,755
Recognised in profit or loss:- Inventories recognised as cost of sales	76,613	63,984

**10. TRADE RECEIVABLES**

	The Group	
	2016 RM'000	2015 RM'000
Trade receivables	32,029	31,751
Allowance for impairment losses	(299)	(299)
	31,730	31,452

Trade receivables are non-interest bearing and are generally on 30 to 60 days credit terms. They are recognised at their original invoiced amounts less trade discounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

	The Group	
	2016 RM'000	2015 RM'000
<b>Neither past due nor impaired:-</b>		
1 to 30 days	22,327	21,172
31 to 60 days	1,223	2,076
	23,550	23,248
<b>Past due but not impaired:-</b>		
61 to 90 days	393	88
More than 90 days	7,787	8,116
	8,180	8,204
	31,730	31,452
<b>Past due and impaired:-</b>		
More than 90 days	299	299
	32,029	31,751

## Notes to the Financial Statements for the financial year ended 31 December 2016 (continued)

**10. TRADE RECEIVABLES (CONT'D)**Trade receivables that are impaired

The Group's trade receivables that are impaired as at the end of the reporting period and the movement of the allowance accounts used to record the impairment are as follows:-

	<b>The Group Individually impaired</b>	
	<b>2016 RM'000</b>	<b>2015 RM'000</b>
At 1 January	299	299
Addition during the financial year	-	-
At 31 December	299	299

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

The Group believes that no additional impairment allowance is necessary in respect of trade receivables that are past due but not impaired because they are companies with good collection track record with the Group. Based on past experience and no adverse information to date, the directors of the Group are of the opinion that no allowance for impairment is necessary in respect of these balances as there has been no significant change in the credit quality and the balances are still considered recoverable.

**11. OTHER RECEIVABLES**

	<b>The Group</b>		<b>The Company</b>	
	<b>2016 RM'000</b>	<b>2015 RM'000</b>	<b>2016 RM'000</b>	<b>2015 RM'000</b>
Sundry receivables	4,229	5,293	644	4,878
Other deposits	3,496	556	-	-
Prepayments	695	694	20	3
Advances	118	111	-	-
	<b>8,538</b>	6,654	<b>664</b>	4,881

Sundry receivables are non-interest bearing. They are recognised at the amounts which represent their fair values on initial recognition.

## Notes to the Financial Statements for the financial year ended 31 December 2016 (continued)

**12. AMOUNT OWING BY CONTRACT CUSTOMER**

	The Group	
	2016 RM'000	2015 RM'000
Contract costs incurred to date	24,515	15,747

The amount owing by contract customer represents unbilled contract costs incurred relating to activities of Sistem Kawalan Imigresen Nasional (SKIN or the Project) project. Based on the current state of affairs and other available information on the Project, the directors are confident that the Project will be completed and implemented according to plan.

The contract costs incurred to date included the following charges made during the financial year:

	The Group	
	2016 RM'000	2015 RM'000
Staff costs (Note 28)	2,574	2,709

**13. AMOUNTS DUE FROM SUBSIDIARIES**

The non-trade balances represent unsecured interest-free advances and payment made on behalf. The amount due from are repayable on demand and are to be settled in cash.

**14. SHORT-TERM INVESTMENTS**

	The Group			
	2016		2015	
	Carrying Amount RM'000	Market Value RM'000	Carrying Amount RM'000	Market Value RM'000
Equity funds unit trusts in Malaysia, at fair value	326	326	5,265	5,265
Investments placed with fund managers in Malaysia, at fair value	51,170	51,170	35,712	35,712
	51,496		40,977	

Notes to the Financial Statements for the financial year ended 31 December 2016 (continued)

## 15. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Cash and bank balances	6,131	5,206	2,075	20
Deposits with licensed banks	51,737	82,591	15,109	57,785
	57,868	87,797	17,184	57,805
Less: Deposits pledged with licensed banks	(2,698)	(2,698)	-	-
Cash and cash equivalents	55,170	85,099	17,184	57,805

The deposits with licensed banks of the Group and of the Company bore effective interest rates ranging from 2.80% to 4.00% (2015: 2.80% to 4.70%) per annum. The deposits have maturity periods ranging from 30 to 120 days (2015: 30 to 120 days) at the end of the reporting period.

Included in deposits with licensed banks of the Group at the end of the reporting period was an amount of RM2,698,000 (2015: RM2,698,000) which has been pledged to a licensed bank as security for banking facilities granted to the Group.

## 16. TRADE PAYABLES

The normal trade credit term granted to the Group is 60 (2015:60) days.

## 17. OTHER PAYABLES

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Sundry payables	4,011	3,527	231	322
Accruals	3,006	2,262	58	311
Advances received from customers	11,808	5,302	-	-
Dividend payable	3,620	4,834	3,620	4,834
	22,445	15,925	3,909	5,467

## Notes to the Financial Statements for the financial year ended 31 December 2016 (continued)

**18. BORROWINGS**

	The Group	
	2016 RM'000	2015 RM'000
<b>Short-Term Borrowings</b>		
<b>Secured</b>		
Hire purchase (Note 19)	73	-
Term loan (Note 20)	-	92
	<b>73</b>	92
<b>Long-Term Borrowings</b>		
<b>Secured</b>		
Hire purchase (Note 19)	309	-
Term loan (Note 20)	-	623
	<b>309</b>	623
<b>Total Borrowings</b>		
<b>Secured</b>		
Hire purchase (Note 19)	382	-
Term loan (Note 20)	-	715
	<b>382</b>	715

**19. HIRE PURCHASE PAYABLES**

	The Group	
	2016 RM'000	2015 RM'000
<b>Secured</b>		
<b>Minimum hire purchase payments:</b>		
Not later than 1 year	90	-
Later than 1 year and not later than 2 years	90	-
Later than 2 years and not later than 5 years	248	-
	<b>428</b>	-
Less: Future finance charges	<b>(46)</b>	-
Present value of hire purchase payables	<b>382</b>	-

Notes to the Financial Statements for the financial year ended 31 December 2016 (continued)

**19. HIRE PURCHASE PAYABLES (CONT'D)**

	The Group	
	2016 RM'000	2015 RM'000
<b>Present value of hire purchase payables</b>		
Not later than 1 year (Note 18)	73	-
Non-current:		
Later than 1 year and not later than 2 years	77	-
Later than 2 years and not later than 5 years	232	-
Total non-current portion (Note 18)	309	-
	<b>382</b>	-
Analysed as:		
Due within 12 months (Note 18)	73	-
Due after 12 months (Note 18)	309	-
	<b>382</b>	-

(a) The hire purchase payables of the Group are secured by the Group's motor vehicles under hire purchase.

(b) The hire purchase payables of the Group at the end of the reporting period bore an effective interest rate of 4.82% (2015: nil) per annum. The interest rate is fixed at the inception of the hire purchase arrangements.

**20. TERM LOAN**

	The Group	
	2016 RM'000	2015 RM'000
<b>Secured</b>		
<b>Current</b>		
Not later than 1 year (Note 18)	-	92
<b>Non-current</b>		
Later than 1 year and not later than 2 years	-	143
Later than 2 years and not later than 5 years	-	311
Later than 5 years	-	169
Total non-current portion (Note 18)	-	623
	<b>-</b>	<b>715</b>

Notes to the Financial Statements for the financial year ended 31 December 2016 (continued)

## 20. TERM LOAN (CONT'D)

The details of the repayment terms are as follows:-

TERM LOAN	NUMBER OF MONTHLY INSTALMENT	MONTHLY INSTALMENT RM	DATE OF COMMENCEMENT OF REPAYMENT	THE GROUP AMOUNT OUTSTANDING	
				2016 RM'000	2015 RM'000
1	180	14,333	July 2008	-	715

At the end of the previous reporting period, the term loan bore an effective interest rate of 5.35% per annum.

The term loan was secured by:-

- (a) a general facility agreement;
- (b) a Deed of Assignment cum Power of Attorney over six units of buildings of the Group; and
- (c) a personal guarantee of a director of the Group for RM1,350,000.

## 21. SHARE CAPITAL

	The Company			
	Number of Ordinary Shares of RM0.10 each		Amount	
	2016 '000	2015 '000	2016 RM'000	2015 RM'000
<b>Authorised Share Capital</b>				
At 1 January/31 December	<b>1,000,000</b>	1,000,000	<b>100,000</b>	100,000
<b>Issued and Fully Paid-up</b>				
At 1 January/31 December	<b>484,000</b>	484,000	<b>48,400</b>	48,400

The holders of the ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company, and are entitled to one vote per ordinary share at meetings of the Company.

Notes to the Financial Statements for the financial year ended 31 December 2016 (continued)

## 22. SHARE PREMIUM

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
At 1 January/31 December	<b>74,712</b>	74,712	<b>71,300</b>	71,300

Included in the share premium of the Group is an amount of RM3,412,000 (2015: RM3,412,000) relating to the share premium in a subsidiary.

The share premium reserve represents the premium paid on subscriptions of ordinary shares in the Company over and above the par value of the shares issued, net of transaction costs (if any). The share premium reserve is not distributable by way of dividends and may be utilised in the manner set out in Section 60(3) of the Companies Act 1965.

## 23. OTHER RESERVES

### (a) Treasury Shares

During the financial year, the Company has purchased 667,000 of its own issued ordinary shares from the open market at prices ranging from RM1.98 to RM2.13 per share. The total consideration paid for the purchase was RM1,404,355 including the transaction costs. The ordinary shares purchased are held as treasury shares in accordance with Section 67A of the Companies Act 1965.

Of the total 484,000,000 issued and fully paid-up ordinary shares at the end of the reporting period, 1,322,000 ordinary shares are held as treasury shares by the Company. None of the treasury shares were resold or cancelled during the financial year.

### (b) Merger Deficit

The merger deficit arose from the difference between the nominal value of shares issued by the Company and the nominal value of shares of subsidiaries acquired under the pooling interest method of accounting.



## Notes to the Financial Statements for the financial year ended 31 December 2016 (continued)

**24. REVENUE**

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
ICT training and certification	7,952	18,891	-	-
Software licence distribution and management	117,254	93,974	-	-
Gross dividend income	-	-	18,097	17,017
Education	2,565	2,293	-	-
Employment services	4,300	318	-	-
	<b>132,071</b>	115,476	<b>18,097</b>	17,017

**25. OTHER INCOME**

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Dividend income	-	303	-	-
Fair value gain on short-term investments	-	642	-	-
Foreign exchange gain:				
- realised	-	1,038	-	-
- unrealised	-	843	-	-
Interest income	2,703	2,348	827	2,346
Profit income received from deposits with licensed Islamic Banks	19	23	-	-
Rental income	16	51	-	-
Gain on disposal of:				
- property and equipment	180	75	-	-
- short-term investment	-	481	-	-
Others	32	268	-	-
	<b>2,950</b>	6,072	<b>827</b>	2,346

Notes to the Financial Statements for the financial year ended 31 December 2016 (continued)

## 26. FINANCE COSTS

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Bank charges	216	124	-	1
Commission charges	177	153	-	-
Interest expense:				
- hire purchase	5	2	-	-
- term loan	55	44	-	-
	60	46	-	-
	453	323	-	1

## 27. PROFIT BEFORE TAXATION

In addition to those disclosed in Note 25 and Note 26 to the financial statements, profit before taxation is arrived at after charging/(crediting):-

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Auditors' remuneration:				
- audit fees	111	101	28	28
Bad debts written off	-	179	-	-
Depreciation of property and equipment (Note 6)	1,738	1,815	36	36
Rental of equipment	782	831	-	-
Rental of office	1,295	1,883	-	-
Staff costs (Note 28)	13,961	12,585	2,442	2,913

## Notes to the Financial Statements for the financial year ended 31 December 2016 (continued)

**28. STAFF COSTS**

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Salaries and other benefits	13,140	12,566	1,420	2,399
Defined contribution plans	1,334	1,467	184	238
Social security costs	88	76	13	11
Other staff related expenses	1,973	1,185	825	265
	16,535	15,294	2,442	2,913
Less: Include in amount owing by contract customer (Note 12)	(2,574)	(2,709)	-	-
	13,961	12,585	2,442	2,913

Included in the staff costs of the Group and the Company are directors' remuneration amounting to RM2,258,000 and RM1,464,000 (2015: RM1,482,000 and RM840,000) respectively, as further disclosed in Note 29 to the financial statements.

**29. KEY MANAGEMENT PERSONNEL COMPENSATION**

The key management personnel of the Group and of the Company include executive directors and non-executive directors of the Company and certain members of senior management of the Group and of the Company.

(a) The key management personnel compensation during the financial year are as follows:-

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<u>Directors of the Company</u>				
<i>Executive Directors</i>				
Short-term employee benefits:				
- Salaries, bonuses and other benefits	1,496	872	798	307
Defined contribution benefits	170	95	86	27
	1,666	967	884	334
<i>Non-executive Directors</i>				
Short-term employee benefits:				
- Fee	328	240	316	231
- Allowance	264	275	264	275
	592	515	580	506
	2,258	1,482	1,464	840

Notes to the Financial Statements for the financial year ended 31 December 2016 (continued)

## 29. KEY MANAGEMENT PERSONNEL COMPENSATION (CONT'D)

(a) The key management personnel compensation during the financial year are as follows:- (Cont'd)

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<u>Other Key Management Personnel</u>				
Short-term employee benefits	2,257	2,809	352	795
Defined contribution benefits	264	327	40	90
Benefit-in-kind	37	-	12	-
	<b>2,558</b>	3,136	<b>404</b>	885

The estimated monetary value of benefits-in-kind provided by the Company to its executive director is RM79,000 (2015: RM78,000).

(b) The number of the Company's directors with total remuneration falling in bands of RM50,000 are as follows:-

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Executive Directors:				
RM1- RM50,000	-	-	1	1
RM250,001- RM300,000	-	1	-	1
RM650,001- RM700,000	-	1	-	-
RM800,001- RM850,000	2	-	1	-
	<b>2</b>	2	<b>2</b>	2
Non-executive Directors:				
RM50,001- RM100,000	1	-	2	1
RM100,001- RM150,000	4	4	3	3
	<b>7</b>	6	<b>7</b>	6

## Notes to the Financial Statements for the financial year ended 31 December 2016 (continued)

**30. INCOME TAX EXPENSE**

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Current tax expense:				
- for the financial year	3,035	5,320	-	-
- (over)/underprovision in prior years	(552)	88	-	-
	<b>2,483</b>	5,408	-	-
Deferred tax expense relating to the origination of temporary difference (Note 7):				
- current financial year	-	(956)	-	-
- underprovision in the previous financial year	-	975	-	-
	-	19	-	-
	<b>2,483</b>	5,427	-	-

A reconciliation of income tax expense applicable to the profit before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group and of the Company is as follows:-

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Profit before taxation	11,531	22,458	16,020	15,750
Tax at statutory tax rate of 24% (2015: 25%)	2,767	5,614	3,845	3,938
Tax-exempt income under pioneer status	-	(1,578)	-	-
Non-taxable income	(1,256)	(1,097)	(4,542)	(4,841)
Non-deductible expenses	1,043	1,153	697	903
Deferred tax assets not recognised during the financial year	481	272	-	-
(Over)/Underprovision in the previous financial year:				
- current year	(552)	88	-	-
- deferred tax	-	975	-	-
Income tax expense for the financial year	<b>2,483</b>	5,427	-	-

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2015: 25%) of the estimated assessable profit for the financial year.

## Notes to the Financial Statements for the financial year ended 31 December 2016 (continued)

**31. EARNINGS PER SHARE**

The basic earnings per share is calculated by dividing the Group's profit attributable to owners of the Company for the financial year by the weighted average number of ordinary shares in issue during the financial year, as follows:-

	The Group	
	2016	2015
Profit attributable to owners of the Company (RM'000)	8,884	17,226
Weighted average number of ordinary shares ('000):-		
Issued ordinary shares at 1 January	484,000	484,000
Effect of treasury shares held	(1,018)	(233)
Weighted average number of ordinary shares at 31 December ('000)	482,982	483,767
Basic earnings per share (sen)	1.84	3.56

The Company has not issued any dilutive potential ordinary shares and hence, the diluted earnings per share is equal to the basic earnings per share.

**32. DIVIDENDS**

	The Group/ The Company	
	2016 RM'000	2015 RM'000
<b>In respect of the financial year ended 31 December 2014:</b>		
- declared and paid fourth interim tax-exempt dividend of 0.5 sen per ordinary share	-	2,420
<b>In respect of the financial year ended 31 December 2015:</b>		
- declared and paid a first interim tax-exempt dividend of 0.75 sen per ordinary share	-	3,630
- declared and paid a second interim tax-exempt dividend of 1 sen per ordinary share	-	4,833
- declared and paid a third interim tax-exempt dividend of 1 sen per ordinary share	-	4,834
- declared and paid fourth interim tax-exempt dividend of 1 sen per ordinary share	4,833	-
<b>In respect of the financial year ended 31 December 2016:</b>		
- declared and paid a first interim tax-exempt dividend of 0.75 sen per ordinary share	3,623	-
- declared and paid a second interim tax-exempt dividend of 0.75 sen per ordinary share	3,621	-
- declared and paid a third interim tax-exempt dividend of 0.75 sen per ordinary share	3,620	-
	15,697	15,717

## Notes to the Financial Statements for the financial year ended 31 December 2016 (continued)

**32. DIVIDENDS (CONT'D)**

On 22 February 2017, the Board of Directors declared a fourth interim single-tier dividend of 0.75 sen per ordinary share amounting to RM3,620,085 in respect of the financial year ended 31 December 2016. The interim dividend shall be paid on 21 March 2017. The financial statements for the current financial year do not reflect this interim dividend. Such dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2017.

**33. PURCHASE OF PROPERTY AND EQUIPMENT**

	The Group	
	2016 RM'000	2015 RM'000
Cost of property and equipment purchased (Note 6)	930	1,649
Amount financed through hire purchase	(400)	-
Cash disbursed for purchase of property and equipment	530	1,649

**34. CAPITAL COMMITMENTS**

	The Group	
	2016 RM'000	2015 RM'000
<b>Authorised but not Contracted for</b>		
Purchase of property and equipment	33	-
Development costs	-	600
	<b>33</b>	<b>600</b>
<b>Contracted but not Provided for</b>		
Purchase of property and equipment	25,452	-
Development costs	-	6,738
	<b>25,452</b>	<b>6,738</b>

Notes to the Financial Statements for the financial year ended 31 December 2016 (continued)

### 35. OPERATING LEASE COMMITMENTS

#### LEASES AS LESSEE

The Group leases a number of office buildings for campus and apartments for accommodation of students under non-cancellable operating leases. The lease periods range from 1 to 5 years with an option to renew after those dates. Lease payments are increased every 2 years to reflect market rentals and none of the leases includes contingent rentals. The Group is restricted from sub-leasing the leased assets to third parties.

The future minimum lease payments under the non-cancellable operating leases are as follows:-

	The Group	
	2016 RM'000	2015 RM'000
Not more than one year	1,019	2,198
Later than one year and not later than five years	-	1,019
	<b>1,019</b>	<b>3,217</b>

### 36. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

#### 36.1 Financial Risk Management Policies

The Group's policies in respect of the major areas of treasury activity are as follows:-

##### (a) Market Risk

###### (i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currency other than the respective functional currency of entities within the Group. The currency giving rise to the risk is primarily United States Dollar (USD). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. On occasion, the Group enters into forward foreign currency contracts to hedge against its foreign currency risk. The Group also holds cash and cash equivalents dominated in foreign currency for working capital purposes.



Notes to the Financial Statements for the financial year ended 31 December 2016 (continued)

### 36. FINANCIAL INSTRUMENTS (CONT'D)

#### 36.1 Financial Risk Management Policies (Cont'd)

##### (a) Market Risk (Cont'd)

##### (i) Foreign Currency Risk (Cont'd)

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) that based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:-

##### *Foreign Currency Exposure*

	United States Dollar RM'ooo	Ringgit Malaysia RM'ooo	Total RM'ooo
<b>The Group 2016</b>			
<u>Financial Assets</u>			
Trade receivables	743	30,987	31,730
Other receivables	-	7,843	7,843
Short-term investments	-	51,496	51,496
Cash and bank balances	306	57,562	57,868
	<b>1,049</b>	<b>147,888</b>	<b>148,937</b>
<u>Financial Liabilities</u>			
Trade payables	10,622	2,280	12,902
Other payables	-	22,445	22,445
Borrowings - hire purchase payables	-	382	382
	<b>10,622</b>	<b>25,107</b>	<b>35,729</b>
Net financial (liabilities)/assets	<b>(9,573)</b>	<b>122,781</b>	<b>113,208</b>
Less: Net financial assets denominated in the respective entities' functional currencies	-	<b>(122,781)</b>	<b>(122,781)</b>
Currency exposure	<b>(9,573)</b>	-	<b>(9,573)</b>

Notes to the Financial Statements for the financial year ended 31 December 2016 (continued)

### 36. FINANCIAL INSTRUMENTS (CONT'D)

#### 36.1 Financial Risk Management Policies (Cont'd)

##### (a) Market Risk (Cont'd)

##### (i) Foreign Currency Risk (Cont'd)

##### *Foreign Currency Exposure (Cont'd)*

	United States Dollar RM'ooo	Ringgit Malaysia RM'ooo	Total RM'ooo
<b>The Group</b>			
<b>2015</b>			
<u>Financial Assets</u>			
Trade receivables	3,810	27,642	31,452
Other receivables	-	5,960	5,960
Short-term investments	-	40,977	40,977
Cash and bank balances	1,089	86,708	87,797
	4,899	161,287	166,186
<u>Financial Liabilities</u>			
Trade payables	13,091	2,632	15,723
Other payables	-	15,925	15,925
Borrowings	-	715	715
	13,091	19,272	32,363
Net financial (liabilities)/assets	(8,192)	142,015	133,823
Less: Net financial assets denominated in the respective entities' functional currencies	-	(142,015)	(142,015)
Currency exposure	(8,192)	-	(8,192)

Notes to the Financial Statements for the financial year ended 31 December 2016 (continued)

### 36. FINANCIAL INSTRUMENTS (CONT'D)

#### 36.1 Financial Risk Management Policies (Cont'd)

##### (a) Market Risk (Cont'd)

##### (i) Foreign Currency Risk (Cont'd)

##### *Foreign Currency Risk Sensitivity Analysis*

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies at the end of the reporting period, with all other variables held constant:-

	The Group	
	2016 RM'000	2015 RM'000
<b>Effect on Profit After Taxation</b>		
USD/RM - strengthened by 5%	<b>(364)</b>	(307)
- weekend by 5%	<b>364</b>	307

##### (ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from long-term borrowings with variable rates. The Group's policy is to obtain the most favourable interest rates available and by maintaining a balanced portfolio mix of fixed and floating rate borrowings.

The Group's fixed deposits with licensed banks are carried at amortised cost. Therefore, they are not subject to interest rate risk as defined MFRS 7 since neither they carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Note 20 to the financial statements.

Notes to the Financial Statements for the financial year ended 31 December 2016 (continued)

### 36. FINANCIAL INSTRUMENTS (CONT'D)

#### 36.1 Financial Risk Management Policies (Cont'd)

##### (a) Market Risk (Cont'd)

##### (ii) Interest Rate Risk (Cont'd)

##### *Interest Rate Risk Sensitivity Analysis*

The following table details the sensitivity analysis to a reasonable possible change in the interest rates at the end of the reporting period, with all other variables held constant:-

	The Group	
	2016 RM'000	2015 RM'000
<b>Effect on Profit After Taxation</b>		
Increase of 100 basis points	-	(5)
Decrease of 100 basis points	-	5

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for non-derivative financial instruments in existence at that date. The 100 basis point increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual reporting period.

##### (iii) Equity Price Risk

The Group's principal exposure to equity price risk arises mainly from changes in quoted investment prices. The Group manages its exposure equity price risks by maintaining a portfolio of equities with different risk profiles.

The Group's equity price profile as monitored by management is set out below:-

	The Group	
	2016 RM'000	2015 RM'000
Equity funds unit trusts	326	5,265
Investments placed with fund managers	51,170	35,712
	<b>51,496</b>	40,977

Notes to the Financial Statements for the financial year ended 31 December 2016 (continued)

### 36. FINANCIAL INSTRUMENTS (CONT'D)

#### 36.1 Financial Risk Management Policies (Cont'd)

##### (a) Market Risk (Cont'd)

##### (iii) Equity Price Risk (Cont'd)

##### *Equity Price Risk Sensitivity Analysis*

The following table details the sensitivity analysis to a reasonably possible change in the prices of the quoted investments at the end of the reporting period, with all other variables held constant:-

	The Group	
	2016 RM'000	2015 RM'000
<b>Effect on Profit After Taxation</b>		
Increase of 5%	1,957	1,537
Decrease of 5%	(1,957)	(1,537)

##### (b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including quoted investments, cash and bank balances and derivatives), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Groups uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 60 days, which are deemed to have higher credit risk, are monitored individually.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified (where applicable). Impairment is estimated by management based on prior experience and the current economic environment.

Notes to the Financial Statements for the financial year ended 31 December 2016 (continued)

### 36. FINANCIAL INSTRUMENTS (CONT'D)

#### 36.1 Financial Risk Management Policies (Cont'd)

##### (b) Credit Risk (Cont'd)

###### (i) Credit Risk Concentration Profile

The Group's major concentration of credit risk relates to the amounts owing by 3 customers which constituted approximately 47% of its total trade receivables at the end of the reporting period.

In addition, the Group also determines concentration of credit risk by monitoring the geographical region of its trade receivables on an ongoing basis. The credit risk concentration profile of trade receivables at the end of the reporting period is as follows:-

	The Group	
	2016 RM'000	2015 RM'000
Singapore	743	3,810
Malaysia	30,987	27,642
	<b>31,730</b>	31,452

###### (ii) Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

##### (c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

Notes to the Financial Statements for the financial year ended 31 December 2016 (continued)

### 36. FINANCIAL INSTRUMENTS (CONT'D)

#### 36.1 Financial Risk Management Policies (Cont'd)

##### (c) Liquidity Risk (Cont'd)

###### Maturity Analysis

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

The Group	Contractual Interest Rate (%)	Contractual Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within one year or on demand RM'000	One to two years RM'000	Two to five years RM'000	More than five years RM'000
<b>2016</b>							
<u>Non-derivative</u>							
<u>Financial Liabilities</u>							
Trade payables	-	12,902	12,902	12,902	-	-	-
Other payables	-	22,445	22,445	22,445	-	-	-
Hire purchase payables	4.82	382	428	90	90	248	-
		<b>35,729</b>	<b>35,775</b>	<b>35,437</b>	<b>90</b>	<b>248</b>	<b>-</b>
<b>The Group</b>							
<b>2015</b>							
<u>Non-derivative</u>							
<u>Financial Liabilities</u>							
Trade payables	-	15,723	15,723	15,723	-	-	-
Other payables	-	15,925	15,925	15,925	-	-	-
Term loan	5.35	715	867	173	173	347	174
		<b>32,363</b>	<b>32,515</b>	<b>31,821</b>	<b>173</b>	<b>347</b>	<b>174</b>

Notes to the Financial Statements for the financial year ended 31 December 2016 (continued)

### 36. FINANCIAL INSTRUMENTS (CONT'D)

#### 36.1 Financial Risk Management Policies (Cont'd)

##### (c) Liquidity Risk (Cont'd)

##### Maturity Analysis (Cont'd)

	Contractual Interest Rate (%)	Carrying Amount RM'ooo	Contractual Undiscounted Cash Flows RM'ooo	Within one year or on demand RM'ooo	One to two years RM'ooo	Two to five years RM'ooo	More than five years RM'ooo
<b>The Company 2016</b>							
<u>Non-derivative</u>							
<u>Financial Liabilities</u>							
Other payables	-	3,909	3,909	3,909	-	-	-
		3,909	3,909	3,909	-	-	-
<b>The Company 2015</b>							
<u>Non-derivative</u>							
<u>Financial Liabilities</u>							
Other payables	-	5,467	5,467	5,467	-	-	-
		5,467	5,467	5,467	-	-	-

#### 36.2 Capital Risk Management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholders value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio. The debt-to-equity ratio is calculated as net debt divided by total equity. The debt-to-equity ratio of the Group at the end of the reporting period is not presented as its cash and cash equivalents exceeded the total external borrowings.



Notes to the Financial Statements for the financial year ended 31 December 2016 (continued)

**36. FINANCIAL INSTRUMENTS (CONT'D)****36.3 Classification of Financial Instruments**

<b>The Group 2016</b>	<b>Note</b>	<b>Loan and Receivables Financial Assets RM'000</b>	<b>Other Financial Liabilities RM'000</b>	<b>Fair Value through Profit or Loss RM'000</b>	<b>Total RM'000</b>
<b>Assets</b>					
Trade receivables	10	31,730	-	-	31,730
Other receivables	11	7,843	-	-	7,843
Short-term investments	14	-	-	51,496	51,496
Cash and bank balances	15	57,868	-	-	57,868
Total financial assets		97,441	-	51,496	148,937
Total non-financial assets					49,465
Total assets					198,402
<b>Liabilities</b>					
Trade payables	16	-	12,902	-	12,902
Other payables	17	-	22,445	-	22,445
Borrowings	18	-	382	-	382
Total financial liabilities		-	35,729	-	35,729
Total non-financial liabilities					1,173
Total liabilities					36,902

Notes to the Financial Statements for the financial year ended 31 December 2016 (continued)

### 36. FINANCIAL INSTRUMENTS (CONT'D)

#### 36.3 Classification of Financial Instruments (Cont'd)

The Group 2015	Note	Loan and Receivables Financial Assets RM'ooo	Other Financial Liabilities RM'ooo	Fair Value through Profit or Loss RM'ooo	Total RM'ooo
<b>Assets</b>					
Trade receivables	10	31,452	-	-	31,452
Other receivables	11	5,960	-	-	5,960
Short-term investments	14	-	-	40,977	40,977
Cash and bank balances	15	87,797	-	-	87,797
Total financial assets		125,209	-	40,977	166,186
Total non-financial assets					38,171
Total assets					204,357
<b>Liabilities</b>					
Trade payables	16	-	15,723	-	15,723
Other payables	17	-	15,925	-	15,925
Borrowings	18	-	715	-	715
Total financial liabilities		-	32,363	-	32,363
Total non-financial liabilities					2,440
Total liabilities					34,803

Notes to the Financial Statements for the financial year ended 31 December 2016 (continued)

**36. FINANCIAL INSTRUMENTS (CONT'D)****36.3 Classification of Financial Instruments (Cont'd)**

<b>The Company 2016</b>	<b>Note</b>	<b>Loan and Receivables Financial Assets RM'000</b>	<b>Other Financial Liabilities RM'000</b>	<b>Fair Value through Profit or Loss RM'000</b>	<b>Total RM'000</b>
<b>Assets</b>					
Other receivables	11	644	-	-	644
Amounts due from subsidiaries	13	62,538	-	-	62,538
Cash and bank balances	15	17,184	-	-	17,184
Total financial assets		80,366	-	-	80,366
Total non-financial assets					41,342
Total assets					121,708
<b>Liabilities</b>					
Other payables	17	-	3,909	-	3,909
Total financial liabilities		-	3,909	-	3,909
Total non-financial liabilities					-
Total liabilities					3,909
<b>The Company 2015</b>					
<b>Assets</b>					
Other receivables	11	4,878	-	-	4,878
Amounts due from subsidiaries	13	20,148	-	-	20,148
Cash and bank balances	15	57,805	-	-	57,805
Total financial assets		82,831	-	-	82,831
Total non-financial assets					41,517
Total assets					124,348
<b>Liabilities</b>					
Other payables	17	-	5,467	-	5,467
Total financial liabilities		-	5,467	-	5,467
Total non-financial liabilities					-
Total liabilities					5,467

Notes to the Financial Statements for the financial year ended 31 December 2016 (continued)

### 36. FINANCIAL INSTRUMENTS (CONT'D)

#### 36.4 Fair Value Information

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments.

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:-

The Group	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments Not Carried at Fair Value			Total Fair Value RM'000	Carrying Amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
<b>2016</b>								
<u>Financial Asset</u>								
Short-term investments	51,496	-	-	-	-	-	51,496	51,496
<u>Financial Liability</u>								
Hire Purchase Payables	-	-	-	-	382	-	382	382
<b>2015</b>								
<u>Financial Asset</u>								
Short-term investments	40,977	-	-	-	-	-	40,977	40,977
<u>Financial Liability</u>								
Term Loan	-	-	-	-	715	-	715	715

#### (a) Fair Value of Financial Instruments Carried at Fair Value

The fair values above have been determined using the following basis:-

- (i) The fair value of quoted investments is determined at their quoted closing bid prices at the end of the reporting period.

There were no transfer between level 1 and level 2 during the financial year.

## Notes to the Financial Statements for the financial year ended 31 December 2016 (continued)

**36. FINANCIAL INSTRUMENTS (CONT'D)****36.4 Fair Value Information (Cont'd)****(b) Fair Value of Financial Instruments not Carried at Fair Value**

The fair value, which are for disclosure purposes, and have been determined using the following basis:-

- (i) The fair values of the Group's terms loans that carry floating interest rates approximated their carrying amounts as they are repriced to market interest rates on or near the reporting date.
- (ii) The fair values of hire purchase payables and term loan that carry fixed interest rate are determined by discounting the relevant future contractual cash flow using current market interest rates for similar instruments at the end of the reporting period. The interest rates used to discount the estimated cash flows are as follows:-

	The Group	
	RM 2016 %	RM 2015 %
Hire purchase payables	4.82	-

**37. OPERATING SEGMENTS**

The Group's business segments can be organised into the following segments reflecting the Group's internal reporting structure:

- (a) Information and Communications Technology (ICT) training and certification and software licence distribution and management (collectively referred to as the "ICT services and distribution") - provision of both basic and professional ICT training and certification encompassing instructor-led courses and certification examination at the end of the course. At the same time distributing and managing the software licences.
- (b) Education - University Malaysia of Computer Science and Engineering (UniMy) is designed to develop talented market-ready computing professionals to meet the challenge of advancing Malaysia's economic success in the next decade. To enhance human knowledge in computer science and engineering and explore the challenge of integrating it with emerging technology in an interdisciplinary environment, while educating outstanding students to become creative, innovative and responsible members of society.
- (c) Employment Services - Human resource management services is to provide facilities for foreign workers' recruitment and document services.
- (d) Others - The holding company involved in the activity of investment holding.

Management monitors the operating results of its business units separately for the purpose of making decision about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Assets, liabilities and expenses which are common and cannot be meaningfully allocated to the operating segments are presented under unallocated items. Unallocated items comprise mainly investments and related income, loans and borrowings and related expenses, corporate assets (primarily the Company's headquarters) and head office expenses.

Notes to the Financial Statements for the financial year ended 31 December 2016 (continued)

**37. OPERATING SEGMENTS (CONT'D)****37.1 Business Segments**

	ICT Services and Distribution RM'000	Education RM'000	Employment Services RM'000	Other RM'000	Group RM'000
<b>2016</b>					
<b>Revenue</b>					
External revenue	125,206	2,565	4,300	-	132,071
Inter-segment revenue	-	-	-	18,097	18,097
Segment revenue	125,206	2,565	4,300	18,097	150,168
Consolidation adjustments					(18,097)
Consolidated revenue					132,071
<b>Results</b>					
Segment profit/(loss) before interest and taxation	19,855	(6,068)	335	15,959	30,081
Finance costs					(453)
Consolidation adjustments					(18,097)
Consolidated profit before taxation					11,531
Segment profit/(loss) before interest and taxation include the following:-					
Depreciation and amortisation	1,122	567	13	36	1,738
Gain on disposal of:					
- property and equipment	180	-	-	-	180
Interest income	1,879	-	-	824	2,703
<b>Assets</b>					
Segment assets	181,879	7,510	1,932	122,189	313,510
Current tax assets	632	-	50	480	1,162
	182,511	7,510	1,982	122,669	314,672
Deferred tax assets					1,154
Consolidation adjustments					(117,424)
Consolidated total assets					198,402
<b>Liabilities</b>					
Segment liabilities	93,554	12,433	1,068	6,931	113,986
	93,554	12,433	1,068	6,931	113,986
Deferred tax liabilities					1,173
Consolidation adjustments					(78,257)
Consolidated total liabilities					36,902
Additions to non-current assets other than financial instruments and deferred tax assets are:					
- property and equipment	604	206	120	-	930
- development costs	2,120	-	-	-	2,120

Notes to the Financial Statements for the financial year ended 31 December 2016 (continued)

**37. OPERATING SEGMENTS (CONT'D)****37.1 Business Segments (Cont'd)**

	ICT Services and Distribution RM'ooo	Education RM'ooo	Employment Services RM'ooo	Other RM'ooo	Group RM'ooo
<b>2015</b>					
<b>Revenue</b>					
External revenue	112,865	2,293	318	-	115,476
Inter-segment revenue	-	-	-	17,017	17,017
Segment revenue	112,865	2,293	318	17,017	132,493
Consolidation adjustments					(17,017)
Consolidated revenue					115,476
<b>Results</b>					
Segment profit/(loss) before interest and taxation	31,137	(5,794)	(397)	15,559	40,505
Finance costs					(323)
Consolidation adjustments					(17,724)
Consolidated profit before taxation					22,458
Segment profit/(loss) before interest and taxation include the following:-					
Bad debts written off	-	-	-	179	179
Depreciation and amortisation	1,203	576	-	36	1,815
Fair value gain on short-term investments	642	-	-	-	642
Gain on disposal of:					
- property and equipment	75	-	-	-	75
- short-term investment	481	-	-	-	481
Interest income	-	2	-	2,346	2,348
Foreign exchange gain:					
- unrealised	843	-	-	-	843
<b>Assets</b>					
Segment assets	129,666	8,817	993	124,227	263,703
Current tax assets	-	-	-	636	636
	129,666	8,817	993	124,863	264,339
Deferred tax assets					1,154
Consolidation adjustments					(61,136)
Consolidated total assets					204,357

Notes to the Financial Statements for the financial year ended 31 December 2016 (continued)

### 37. OPERATING SEGMENTS (CONT'D)

#### 37.1 Business Segments (Cont'd)

2015	ICT Services and Distribution RM'ooo	Education RM'ooo	Employment Services RM'ooo	Other RM'ooo	Group RM'ooo
<b>Liabilities</b>					
Segment liabilities	40,215	7,464	413	6,240	54,332
Current tax liabilities	1,267	-	-	-	1,267
	41,482	7,464	413	6,240	55,599
Deferred tax liabilities					1,173
Consolidation adjustments					(21,969)
Consolidated total liabilities					34,803
Additions to non-current assets other than financial instruments and deferred tax assets are:					
- property and equipment	1,052	597	-	-	1,649
- development costs	1,838	-	-	-	1,838

#### 37.2 Geographical Segments

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers.

##### Geographical information

The Group	Malaysia RM'ooo	Singapore RM'ooo	Total RM'ooo
<b>2016</b>			
Revenue	129,626	2,445	132,071
<b>2015</b>			
Revenue	109,374	6,102	115,476

The Group's non-current assets are located in Malaysia.



Notes to the Financial Statements for the financial year ended 31 December 2016 (continued)

### 37. OPERATING SEGMENTS (CONT'D)

#### 37.3 Major Customers

The following are major customers with revenue equal to or more than 10% of the Group's total revenue.

Customer	Business Segment	Revenue	
		2016 RM'000	2015 RM'000
Customer C	ICT services & distributions	13,734	11,187

### 38. RELATED PARTY DISCLOSURE

#### (a) Identities of Related Parties

Parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control.

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, key management personnel and entities within the same group of companies.

#### (b) Significant Related Party Transaction

Other than those disclosed elsewhere in the financial statements, the Company had the following significant transaction with related parties during the financial year:-

	The Company	
	2016 RM'000	2015 RM'000
Dividend received from: - PSSB	18,097	17,017

Notes to the Financial Statements for the financial year ended 31 December 2016 (continued)

### 39. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

On 15 November 2016, the Company has received a letter from the Government of Malaysia (Government) via Ministry of Home Affairs to confirm that the Cabinet has approved for the Company to implement 'Sistem Kawalan Imigresen Nasional' (SKIN). SKIN is a comprehensive and integrated technology platform to modernize the core applications and infrastructure of the national immigration system with the objective to enhance the national border security. SKIN will be implemented by way of a Public Private Partnership through Build, Operate, Maintain and Transfer (BOMT) method. The concession shall be for a period of fifteen (15) years and will consist of three (3) years of build and deployment phase and twelve (12) years of maintenance and technical operation phase.

### 40. SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

The details of the significant events occurring after the reporting period are as follows:

- (a) On 12 January 2017, the Company entered into a Memorandum of Understanding (MoU) with Alibaba.com Singapore E-Commerce Private Limited and Conversant Solutions Pte. Ltd. to form a strategic joint collaboration to create an Integrated Education Platform (IEP) known as EduCloud. The co-operation is to create EduCloud as a Single Platform to derive innovative ecosystem to deliver all activities linked to education and education-related activities and services including but not limited to campus management, teaching and learning, ICT security, entertainment, digital payment and other activities and/or services undertaken by educational institutions and other online applications.
- (b) On 12 January 2017, the Company had acquired two (2) ordinary shares of RM1.00 each in Prestariang Digital Sdn Bhd (PDSB), representing 100% of the total issued and paid-up share capital of PDSB, for a total consideration of RM2.00 from Dr. Abu Hasan Bin Ismail and Encik Abdul Razak Bin Bakrun (the Acquisition). Subsequent to the Acquisition, PDSB became a wholly-owned subsidiary of the Company.
- (c) The Companies Act 2016 came into effect on 31 January 2017 (except for Section 241 and Division 8 of Part III of the said Act) and replaces the existing Companies Act 1965.

Amongst the key changes introduced under the Companies Act 2016 that will affect the financial statements of the Group and of the Company upon its initial adoption are:-

- (i) Removal of the authorised share capital;
- (ii) Ordinary shares will cease to have par or nominal value; and
- (iii) Share premium account and capital redemption reserve will become part of the share capital.

The adoption of the Companies Act 2016 is to be applied prospectively. Therefore, the changes in the accounting policies and the possible impacts on the financial statements upon its initial adoption will be disclosed in the financial statements of the Group and of the Company for the financial year ending 31 December 2017.

## Notes to the Financial Statements for the financial year ended 31 December 2016 (continued)

**41. SUPPLEMENTARY INFORMATION - DISCLOSURE OF REALISED AND UNREALISED PROFITS**

The breakdown of the retained profits of the Group and of the Company at the end of the reporting period into realised and unrealised profits are presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants, as follows:-

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Total retained profits of the Company and its subsidiaries:				
- Realised	<b>52,471</b>	57,481	<b>707</b>	384
- Unrealised	-	1,639	-	-
	<b>52,471</b>	59,120	<b>707</b>	384
Add: Consolidation adjustments	<b>2,278</b>	2,442	-	-
At 31 December	<b>54,749</b>	61,562	<b>707</b>	384

# List of PROPERTIES

No.	Location	Registered Owner	Tenure	Built-up Area	Description/ Existing Use	Approximate Age of Building (Years)	Net Book Value as at 31.12.16 (RM'000)	Date of Acquisition
1.	70-1, Biz Avenue 2, NeoCyber, 63000 Cyberjaya, Selangor	PSSB	Freehold	1,710 sq.ft. building	Office	8	230	4 Sept 2007
2.	71-1, Biz Avenue 2, NeoCyber, 63000 Cyberjaya, Selangor	PSSB	Freehold	1,710 sq.ft. building	Office	8	230	4 Sept 2007
3.	72-1, Biz Avenue 2, NeoCyber, 63000 Cyberjaya, Selangor	PSSB	Freehold	1,710 sq.ft. building	Office	8	230	4 Sept 2007
4.	73-1, Biz Avenue 2, NeoCyber, 63000 Cyberjaya, Selangor	PSSB	Freehold	1,847 sq.ft. building	Office	8	277	4 Sept 2007
5.	72-G, Biz Avenue 2, NeoCyber, 63000 Cyberjaya, Selangor	PSSB	Freehold	1,446 sq.ft. building	Office	8	347	4 Sept 2007
6.	73-G, Biz Avenue 2, NeoCyber, 63000 Cyberjaya, Selangor	PSSB	Freehold	2,440 sq.ft. building/ Partially training room	Office	8	687	15 Sept 2007
7.	71-G, Biz Avenue 2, NeoCyber, 63000 Cyberjaya, Selangor	PSSB	Freehold	1,446 sq.ft. building	Office	8	479	1 July 2009
8.	70-G, Biz Avenue 2, NeoCyber, 63000 Cyberjaya, Selangor	PSSB	Freehold	1,446 sq.ft. building	Office	8	479	1 July 2009
9.	73A-G, Biz Avenue 2, NeoCyber, 63000 Cyberjaya, Selangor	PSSB	Freehold	2,440 sq.ft. building	Office	8	918	3 Sept 2010
10.	73A-1, Biz Avenue 2, NeoCyber, 63000 Cyberjaya, Selangor	PSSB	Freehold	1,847 sq.ft. building	Office	8	688	3 Sept 2010

# Analysis of SHAREHOLDINGS

as at 31 March 2017

## SHARE CAPITAL

Total number of Issued shares	: 484,000,000 Ordinary Shares (including 1,322,000 treasury shares)
Class of share	: Ordinary Shares
Voting rights	: One (1) vote per Ordinary Share
Number of shareholders	: 2,261

## DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Shareholders	%	No. of Shares	%
1- 99	14	0.62	200	0.00
100- 1,000	288	12.74	208,100	0.04
1,001- 10,000	1,196	52.90	6,176,500	1.28
10,001- 100,000	528	23.35	18,312,900	3.79
100,001- 24,133,899*	232	10.26	257,874,200	53.43
24,133,900 and above **	3	0.13	200,106,100	41.46
<b>Total</b>	<b>2,261</b>	<b>100.00</b>	<b>482,678,000</b>	<b>100.00</b>

Notes:

(\*) Less than 5% of issued holdings

(\*\*) 5% and above of issued holdings

## SUBSTANTIAL SHAREHOLDERS AS AT 31 MARCH 2017

Name of Substantial Shareholder	Direct Interest		Indirect Interest	
	No. of Shares Held	%	No. of Shares Held	%
Dr. Abu Hasan Bin Ismail	-	-	132,301,400 <sup>(a)</sup>	27.41
Brahmal Vasudevan	27,929,600	5.79	-	-
EkoHati Sdn. Bhd.	100,001,800	20.72	32,299,600 <sup>(b)</sup>	6.69
Anjakan Evolusi Sdn. Bhd.	18,480,000	3.83	113,821,400 <sup>(c)</sup>	23.58
Shahirul Azian Binti Abu Bakar	-	-	132,301,400 <sup>(d)</sup>	27.41
Zubaidah Binti Ismail	-	-	132,301,400 <sup>(e)</sup>	27.41
Kumpulan Wang Persaraan (Diperbadankan)	54,702,700	11.33	3,234,900 <sup>(f)</sup>	0.67
AIA Bhd.	45,932,500	9.52	1,167,600 <sup>(g)</sup>	0.24
AIA Group Limited	-	-	47,100,100 <sup>(h)</sup>	9.76
AIA Company Limited	-	-	47,100,100 <sup>(h)</sup>	9.76
Orange Policy Sdn. Bhd.	-	-	47,100,100 <sup>(i)</sup>	9.76
Premium Policy Berhad	-	-	47,100,100 <sup>(j)</sup>	9.76

Analysis of Shareholdings as at 31 March 2017 (continued)

### SUBSTANTIAL SHAREHOLDERS AS AT 31 MARCH 2017 (CONT'D)

Notes:

- (a) Deemed interested by virtue of his interest in EkoHati Sdn. Bhd., Sigma Dedikasi Sdn. Bhd. and Anjakan Evolusi Sdn. Bhd. pursuant to Section 8 of the Companies Act, 2016 (the Act).
- (b) Deemed interested by virtue of Dr. Abu Hasan Bin Ismail (Dr. Abu) is interests in Sigma Dedikasi Sdn. Bhd. and Anjakan Evolusi Sdn. Bhd. pursuant to Section 8 of the Act.
- (c) Deemed interested by virtue of Dr. Abu's interests in EkoHati Sdn. Bhd. and Sigma Dedikasi Sdn. Bhd. pursuant to Section 8 of the Act.
- (d) Deemed interested by virtue of the interests of her spouse, Dr. Abu in EkoHati Sdn. Bhd., Sigma Dedikasi Sdn. Bhd. and Anjakan Evolusi Sdn. Bhd. pursuant to Section 8 of the Act.
- (e) Deemed interested by virtue of the interests of her sibling, Dr. Abu in EkoHati Sdn. Bhd., Sigma Dedikasi Sdn. Bhd. and Anjakan Evolusi Sdn. Bhd. pursuant to Section 8 of the Act.
- (f) Deemed interested by virtue of the interest of Kumpulan Wang Persaraan (Diperbadankan)'s Fund Managers pursuant to Section 8 of the Act.
- (g) Deemed interested in shares held by AIA Pension and Asset Management Sdn. Bhd. and AIA PUBLIC Takaful Bhd, pursuant to Section 8 of the Act.
- (h) Deemed interested in the shares held by AIA Bhd., AIA PUBLIC Takaful Bhd. and AIA Pension and Asset Management Sdn. Bhd., pursuant to Section 8 of the Act.
- (i) Deemed interested in the shares held by AIA Bhd., AIA PUBLIC Takaful Bhd. and AIA Pension and Asset Management Sdn. Bhd., pursuant to Section 8 of the Act.
- (j) Deemed interested in the shares held by AIA Bhd., AIA PUBLIC Takaful Bhd. and AIA Pension and Asset Management Sdn. Bhd., pursuant to Section 8 of the Act.

### DIRECTORS' SHAREHOLDINGS AS AT 31 MARCH 2017

Name of Directors	Direct Interest		Indirect Interest	
	No. of Shares Held	%	No. of Shares Held	%
Dato' Mohamed Yunus Ramli Bin Abbas	3,500,000	0.73	-	-
Dr. Abu Hasan Bin Ismail	-	-	132,301,400*	27.41
Dato' Maznah Binti Abdul Jalil	2,381,000	0.49	-	-
Chan Wan Siew	450,000	0.09	50,000**	0.01
Ramanathan A/L Sathiamutty	-	-	-	-
Nik Amlizan Binti Mohamed	-	-	-	-

Notes:

(\*) Deemed interest by virtue of his interest in EkoHati Sdn. Bhd., Sigma Dedikasi Sdn. Bhd. and Anjakan Evolusi Sdn. Bhd. pursuant to Section 8 of the Act.

(\*\*) Deemed interest by virtue of his spouse, Lee Oi Lin's shareholdings.

## Analysis of Shareholdings as at 31 March 2017 (continued)

**THIRTY LARGEST SECURITIES ACCOUNT HOLDERS AS AT 31 MARCH 2017**

<b>No.</b>	<b>Securities Account Holders</b>	<b>No. of Shares</b>	<b>%</b>
1	EKOHATI SDN. BHD.	100,001,800	20.72
2	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	54,702,700	11.33
3	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. EXEMPT AN FOR AIA BHD.	45,401,600	9.41
4	ANJAKAN EVOLUSI SDN. BHD.	18,480,000	3.83
5	CIMB GROUP NOMINEES (TEMPATAN) SDN. BHD. CIMB ISLAMIC TRUSTEE BERHAD FOR AFFIN HWANG MULTI-ASSET FUND	15,210,100	3.15
6	CIMSEC NOMINEES (ASING) SDN. BHD. CIMB FOR PACIFIC STRAITS HOLDINGS LTD. (PB)	14,700,000	3.05
7	SIGMA DEDIKASI SDN. BHD.	13,819,600	2.86
8	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. EMPLOYEES PROVIDENT FUND BOARD	13,308,400	2.76
9	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. CIMB BANK FOR BRAHMAL A/L VASUDEVAN (PBCL-OGO115)	7,729,600	1.60
10	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. BANK KERJASAMA RAKYAT (M) BERHAD (412803)	5,739,700	1.19
11	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. EMPLOYEES PROVIDENT FUND BOARD (F TEMPLETON)	5,707,100	1.18
12	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM BUMIPUTERA 2	5,000,000	1.04
13	HSBC NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR CREDIT SUISSE (SG BR-TST-ASING)	4,520,000	0.94
14	PERMODALAN NASIONAL BERHAD	4,192,000	0.87
15	AMANAHRAYA TRUSTEES BERHAD PUBLIC SMALLCAP FUND	4,108,700	0.85

Analysis of Shareholdings as at 31 March 2017 (continued)

**THIRTY LARGEST SECURITIES ACCOUNT HOLDERS AS AT 31 MARCH 2017 (CONT'D)**

No.	Securities Account Holders	No. of Shares	%
16	YEOH ENG HUA	4,000,000	0.83
17	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. EXEMPT AN FOR ARECA CAPITAL SDN BHD	3,960,000	0.82
18	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM NASIONAL	3,948,400	0.82
19	HSBC NOMINEES (TEMPATAN) SDN. BHD. HSBC (M) TRUSTEE BHD FOR ALLIANZ LIFE INSURANCE MALAYSIA BERHAD (MEF)	3,850,600	0.80
20	KUMPULAN MODAL PERDANA SDN. BHD.	3,800,000	0.79
21	DATO' MOHAMED YUNUS RAMLI BIN ABBAS	3,500,000	0.73
22	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. MAYBANK TRUSTEES BERHAD FOR APEX DANA AL-SOFI-I (ADAS-I) (410325)	3,345,200	0.69
23	RHB CAPITAL NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR GAN NYAP LIOU @ GAN NYAP LIOW	3,271,400	0.68
24	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM NASIONAL 3 IMBANG	3,230,700	0.67
25	HSBC NOMINEES (TEMPATAN) SDN. BHD. EXEMPT AN FOR CREDIT SUISSE AG (SG-CLT-T-OS PR)	3,006,000	0.62
26	TAYLOR'S EDUCATION SDN. BHD.	3,000,000	0.62
27	HLB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR YEOH POH CHOO	2,844,000	0.59
28	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD EXEMPT AN FOR AFFIN HWANG ASSET MANAGEMENT BERHAD (TSTAC/CLNT-T)	2,791,000	0.58
29	HLIB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR YEOH ENG HUA	2,732,000	0.57
30	AMANAHRAYA TRUSTEES BERHAD PUBLIC MUTUAL PRS GROWTH FUND	2,562,000	0.53
<b>TOTAL</b>		<b>362,462,600</b>	<b>75.09</b>



# Notice of ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Seventh Annual General Meeting (7<sup>th</sup> AGM) of the Company will be held at Dewan Putra Perdana 1, Putrajaya Shangri-La Hotel, Taman Putra Perdana, Presint 1, 62000 Wilayah Persekutuan Putrajaya, Malaysia on Monday, 22 May 2017 at 10:00 a.m. for the following purposes :-

## AGENDA

- |    |  |                                     |
|----|--|-------------------------------------|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 December 2016 together with the Reports of the Directors and the Auditors thereon.                           | <b>(Please refer to Note No. 7)</b> |
| 2. | To approve the payment of Directors' fees for the financial year ended 31 December 2016.   | <b>(Resolution 1)</b>               |
| 3. | To approve the payment of Directors' benefits up to an amount of RM290,000.00 from 1 January 2017 until the next Annual General Meeting of the Company.                                  | <b>(Resolution 2)</b>               |
| 4. | To re-elect Dato' Mohamed Yunus Ramli Bin Abbas who is retiring pursuant to Article 95 of the Company's Articles of Association and being eligible, has offered himself for re-election. | <b>(Resolution 3)</b>               |
| 5. | To re-elect Dr. Abu Hasan Bin Ismail who is retiring pursuant to Article 95 of the Company's Articles of Association and being eligible, has offered himself for re-election.            | <b>(Resolution 4)</b>               |
| 6. | To re-appoint Messrs. Crowe Horwath as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration.         | <b>(Resolution 5)</b>               |

## As Special Business

To consider and if thought fit, with or without any modification, to pass the following Ordinary Resolutions:-

- |    |  |                       |
|----|--|-----------------------|
| 7. | <b>ORDINARY RESOLUTION NO. 1</b><br><b>- AUTHORITY TO ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016</b> | <b>(Resolution 6)</b> |
|----|--|-----------------------|

**"THAT** subject to Sections 75 and 76 of the Companies Act, 2016 and approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered to issue and allot shares in the Company, at any time to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being and the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad;

**AND THAT** such authority shall commence immediately upon the passing of this Resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company."

## Notice of Annual General Meeting (continued)

8. **ORDINARY RESOLUTION NO. 2****(Resolution 7)****- PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES OF UP TO 10% OF THE TOTAL NUMBER OF ISSUED SHARES OF THE COMPANY**

**“THAT** subject always to the Companies Act, 2016, the provisions of the Memorandum and Articles of Association of the Company, the Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Securities) and all other applicable laws, guidelines, rules and regulations, if applicable, the Company be and is hereby authorised to purchase such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities as the Directors may deem fit and expedient in the interest of the Company, provided that:-

- (i) the aggregate number of shares purchased does not exceed 10% of the total number of issued shares of the Company as quoted on Bursa Securities as at the point of purchase;
- (ii) the maximum amount of funds to be allocated for the Proposed Renewal of Share Buy-Back shall not exceed the aggregate of the retained profits of the Company, based on the latest audited financial statements and/or latest management accounts of the Company (where applicable); and
- (iii) the Directors of the Company may decide either to retain the shares purchased as treasury shares or cancel the shares or retain part of the shares so purchased as treasury shares and cancel the remainder or to resell the shares or distribute the shares as dividends;

**THAT** authority conferred by this Resolution shall commence immediately upon the passing of this Resolution and will only continue to be in force until:

- (i) the conclusion of the next annual general meeting of the Company, unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
  - (ii) the expiration of the period within which the next annual general meeting after that date is required by law to be held; or
  - (iii) revoked or varied by resolution passed by the shareholders of the Company in general meeting,
- whichever occurs first;

**AND THAT** authority be and is hereby given to the Directors of the Company to act and take all such steps and do all things as are necessary or expedient to implement, finalise and give full effect to the aforesaid purchase.”

## Notice of Annual General Meeting (continued)

9. To transact any other ordinary business of which due notice shall have been given.

By Order of the Board

**CHUA SIEW CHUAN (MAICSA 0777689)**

**PAN SENG WEE (MAICSA 7034299)**

Company Secretaries

Kuala Lumpur

Dated: 27 April 2017

**NOTES:**

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 16 May 2017 (General Meeting Record of Depositories) shall be eligible to attend the Meeting.
2. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. Where a member appoints more than one (1) proxy to attend and vote at the Meeting, such appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
3. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.
4. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under Seal or under the hand of an officer or attorney duly authorised.
5. Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 (SICDA) which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. Where a member is an authorised nominee as defined under SICDA, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
6. The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a duly notarised certified copy of that power or authority, shall be deposited at the office of the Company's Share Registrar, Symphony Share Registrars Sdn. Bhd., Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time appointed for holding the Meeting or any adjournment thereof.
7. This Agenda item is meant for discussion only, as the provision of Section 340(1)(a) of the Companies Act, 2016 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

## Notice of Annual General Meeting (continued)

## 8. Explanatory Note Ordinary and Special Business :-

(i) **Resolution 2 - Approval for the payment of Directors' benefits**

The proposed Directors' benefits payable comprises allowances and other benefits. The total estimated amount of Directors' benefits payable is calculated based on the number of scheduled Board and Board Committees meetings for the financial year ending 31 December 2017 until the next Annual General Meeting and other benefits. This authority, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

(ii) **Resolution 6 - Authority to Allot shares pursuant to Sections 75 and 76 of the Companies Act, 2016**

The Company wishes to renew the mandate on the authority to allot shares pursuant to Sections 75 and 76 of the Companies Act, 2016 at the 7<sup>th</sup> AGM of the Company (hereinafter referred to as the "General Mandate").

The Company had been granted a general mandate by its shareholders at the Sixth Annual General Meeting (6<sup>th</sup> AGM) of the Company held 1 June 2016. (hereinafter referred to as the "Previous Mandate").

The Previous Mandate granted by the shareholders had not been utilised and hence no proceed was raised therefrom.

The purpose to seek the General Mandate is to enable the Directors of the Company to issue and allot shares at any time to such persons in their absolute discretion without convening a general meeting provided that the aggregate number of the shares issued does not exceed 10% of the total number of issued shares of the Company for the time being. The General Mandate, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

The General Mandate will enable the Directors to take swift action for allotment of shares for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisition(s) and to avoid delay and cost in convening general meetings to approve such issue of shares.

(iii) **Resolution 7 - Proposed Renewal of Authority for the Company to Purchase its own Shares of up to 10% of the Total Number of Issued Shares of the Company (hereinafter referred to as "Proposed Renewal of Share Buy-back Authority")**

The Proposed Renewal of Share Buy-back Authority is to renew the authority granted by the shareholders of the Company at the 6<sup>th</sup> AGM of the Company held on 1 June 2016. The proposed renewal will allow the Company to purchase its own shares up to 10% of the total number of issued shares of the Company at any time within the time period stipulated in Bursa Malaysia Securities Berhad Main Market Listing Requirements.

Please refer to the Circular to Shareholders dated 27 April 2017 for more information.



**PRESTARIANG BERHAD**  
(Company No. 922260-K)  
(Incorporated in Malaysia)

CDS Account No.	
Number of ordinary shares	

\*I/We (full name) \_\_\_\_\_  
bearing \*NRIC No./Passport No./Company No. \_\_\_\_\_  
of (full address) \_\_\_\_\_  
being a \*member/members of Prestariang Berhad ("the Company") hereby appoint:-

First Proxy "A"

Full Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Full Address			

and/or failing \*him/her,

Second Proxy "B"

Full Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Full Address			

100%

or failing \*him/her, the \*Chairman of the Meeting as \*my/our proxy to vote for \*me/us and on \*my/our behalf at the Seventh Annual General Meeting of the Company to be held at Dewan Putra Perdana 1, Putrajaya Shangri-La Hotel, Taman Putra Perdana, Presint 1, 62000 Wilayah Persekutuan Putrajaya, Malaysia on Monday, 22 May 2017 at 10:00 a.m. and at any adjournment thereof.

In the case of a vote by a show of hands, my proxy \_\_\_\_\_ (one only) shall vote on \*my/our behalf.

My/our proxy/proxies shall vote as follows :-

(Please indicate with an "X" in the spaces provided below as to how you wish your votes to be casted. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at \*his/her discretion.)

Item	Agenda	Resolution	For	Against
1.	To receive the Audited Financial Statements for the financial year ended 31 December 2016 together with the Reports of the Directors and the Auditors thereon.			
2.	To approve the payment of Directors' fees.	1		
3.	To approve the payment of Directors' benefits up to an amount of RM290,000.00 from 1 January 2017 until the next Annual General Meeting of the Company.	2		
4.	To re-elect Dato' Mohamed Yunus Ramli Bin Abbas as Director.	3		
5.	To re-elect Dr. Abu Hasan Bin Ismail as Director	4		
6.	To re-appoint Messrs. Crowe Horwath as Auditors of the Company and to authorise the Directors to fix their remuneration.	5		
<b>Special Business</b>				
7.	Authority to allot shares pursuant to Sections 75 and 76 of the Companies Act, 2016.	6		
8.	Proposed Renewal of Share buy-back authority.	7		

As witness my/our hand(s) this day \_\_\_\_\_ of \_\_\_\_\_, 2017.

\_\_\_\_\_  
\*Signature of Member/Common Seal

\* Strike out whichever not applicable

**Notes:**

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 16 May 2017 shall be eligible to attend the Meeting.
2. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. Where a member appoints more than one (1) proxy to attend and vote at the Meeting, such appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
3. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.
4. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under Seal or under the hand of an officer or attorney duly authorised.
5. Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 (SICDA) which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. Where a member is an authorised nominee as defined under SICDA, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
6. The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a duly notarised certified copy of that power or authority, shall be deposited at the office of the Company's Share Registrar, Symphony Share Registrars Sdn. Bhd., Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time appointed for holding the Meeting or any adjournment thereof.

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To:  
**Symphony Share Registrars Sdn. Bhd.**  
Level 6, Symphony House  
Pusat Dagangan Dana 1  
Jalan PJU 1A/46  
47301 Petaling Jaya  
Selangor Darul Ehsan

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