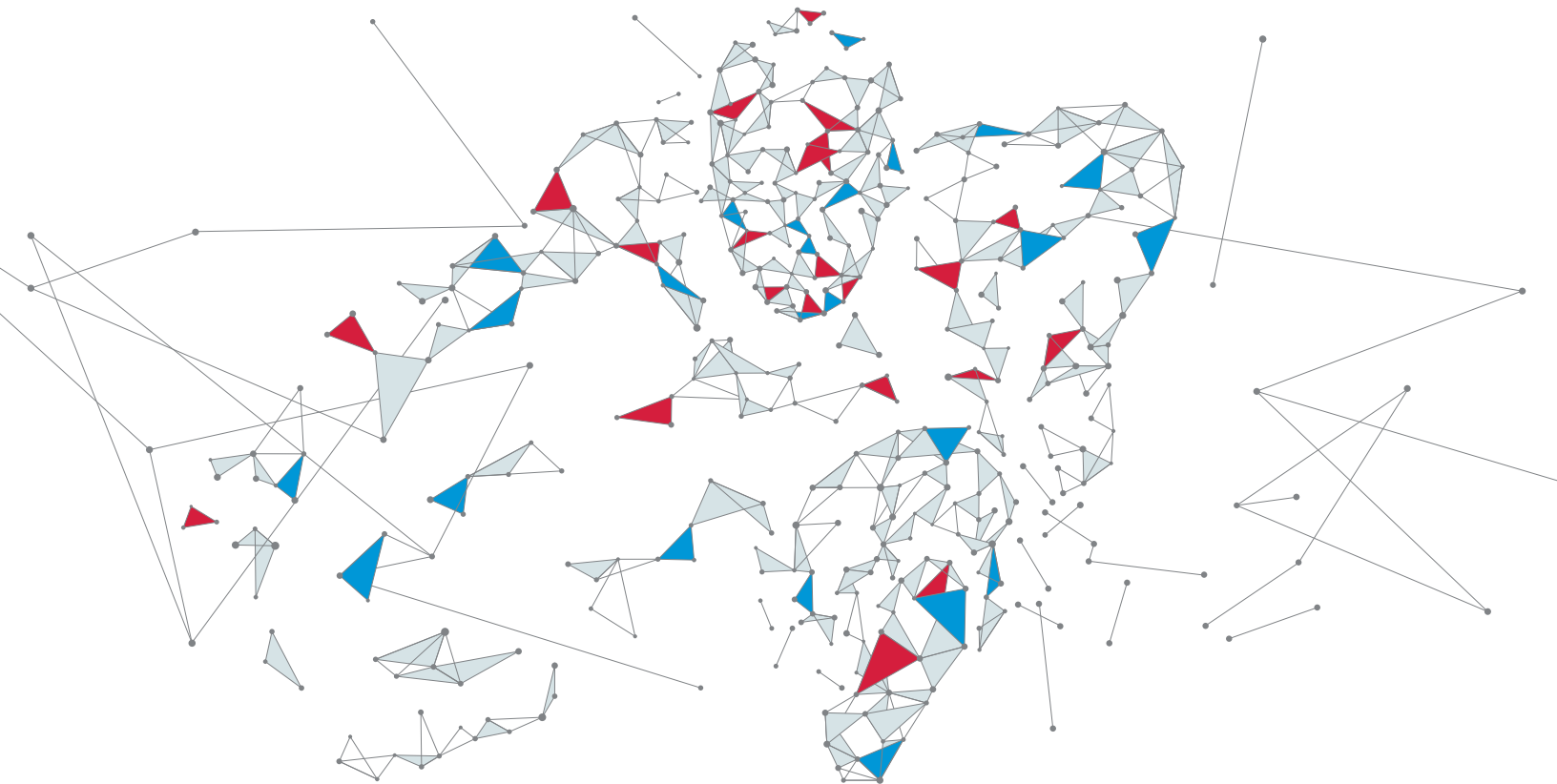


# PRESTARIANG®

ANNUAL REPORT 2019



## STAYING AGILE

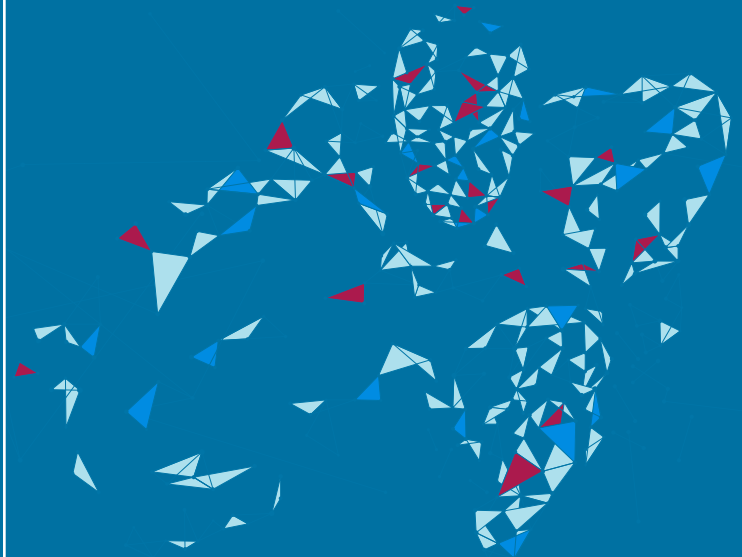
Technology & Talent  
Driving The Digital Economy

## STAYING AGILE

By its very nature, the digital industry thrives on technological disruption and business revolution. To stay relevant and competitive, digital players are compelled to constantly and consistently adapt to and through innovation.

As a business forged at the heart of Malaysia's digital economy, Prestariang is subject to the same ebb and flow of risks and opportunities. Some are influenced and dictated by market demand, others by forces beyond our direct control.

This being the case, we accept and understand that agility and adaptability are the key commodities for sustainability in this industry and economy. As such, we will continue to evolve as a nimble business entity, transforming with the times in order to help shape a productive future for all our stakeholders.



## 9<sup>TH</sup> ANNUAL GENERAL MEETING

- 27 November 2019, Wednesday
- 10:00 a.m.
- Auditorium,  
University Malaysia of Computer Science and Engineering  
(UNIMY)  
3410, Jalan Teknokrat 3, Cyberjaya 4  
63000 Cyberjaya, Selangor Darul Ehsan, Malaysia

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## VISION, MISSION AND SHARED VALUES

### VISION

A Global Company that Provides  
**21<sup>st</sup> Century Talent and Technology Services**  
 Platform to Transform Lives

### MISSION

To Drive Sustainable Recurring Profit through  
**Digital Transformation**

### SHARED VALUES

#### Collaboration

We listen and work collaboratively in the best interest of Prestariang and our customers. We leverage on our people's experiences and expertise to derive solutions by engaging in open and effective communication of processes, decisions and results.

#### Innovation

Innovations in our business are vital to our goals of providing customers with the highest level of services, value, reliability and speed. We bring together world-class capabilities and innovation to help our customers realise their visions. The compelling reasons to believe in Prestariang's future accomplishments are the strength of our team, the quality of our strategy and the scope of opportunities that are open to us.

#### Quality

We demand service excellence with added value through our understanding of customers' needs and drivers. We are results driven and it is extremely important to us that we deliver on our promise. We are geared towards managing our resources effectively and boosting productivity levels by ensuring that skills, knowledge and talents are proactively identified and developed. Our people are encouraged to challenge boundaries by applying industry best practices, leading edge technologies, as well as operational and technical expertise to propel Prestariang further ahead.

#### Customers as Our Focus

Our over-riding focus is on achieving successful long-lasting relationships with our customers, which are built on a strong foundation of understanding, trust and credibility. Focused on value creating efforts, we are constantly forging ahead, fully committed in providing the best value and innovative fit-for-purpose solutions to our customers.

#### Integrity

Our culture demands that our people have the capability and empowerment to take ownership of actions and issues, and to deal with them with urgency and confidence. With integrity as our core strength, we can further boost our growth opportunities, improve our work systems and processes and maintain mutually rewarding partnerships with our customers.



## AT A GLANCE



Incorporated in **2003**

Listed  
Main Market Bursa Malaysia  
Securities Berhad  
**27 July 2011**

Headquarters  
**CYBERJAYA**

**ISO 9001:2015**

Certified for  
Prestariang Systems Sdn Bhd  
Microsoft Business Solution

More than  
**256,000**

Trained & Certified  
Individuals

A Constituent of



FTSE4Good

**BURSA MALAYSIA  
INDEX**

Since December 2014

More than  
**60**

Globally Recognised  
Certification Courses

Over **5.81 million**

Distributed & Managed  
Software Licenses

**177**

Total Number of Employees



**SHARIAH-COMPLIANT**

A Constituent of  
FTSE Bursa Malaysia EMAS Shariah index  
FTSE Bursa Malaysia Small Cap Shariah index

**MSWG**



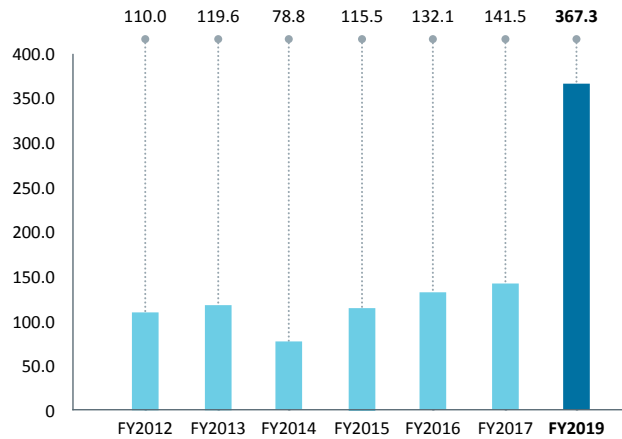
**MSWG-ASEAN CORPORATE  
GOVERNANCE 2018 AWARD  
WINNER-TECHNOLOGY INDUSTRY**

- MSWG-ASEAN Top 100 Companies for Corporate Governance Disclosures
- MSWG-ASEAN Top 100 Companies for Overall Corporate Governance and Performance

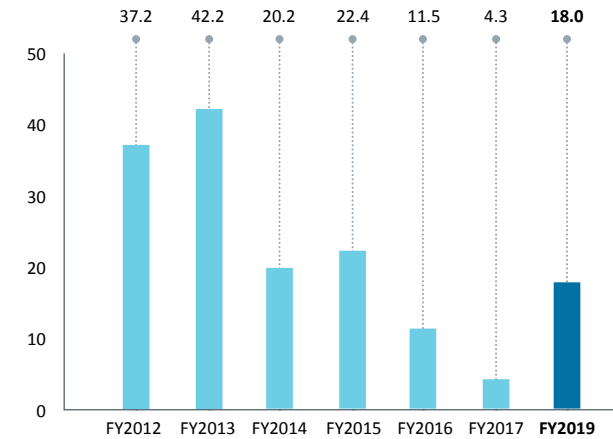
## AT A GLANCE

## GROUP'S PERFORMANCE SINCE LISTING FROM 2012 TO 2019 (RM Million)

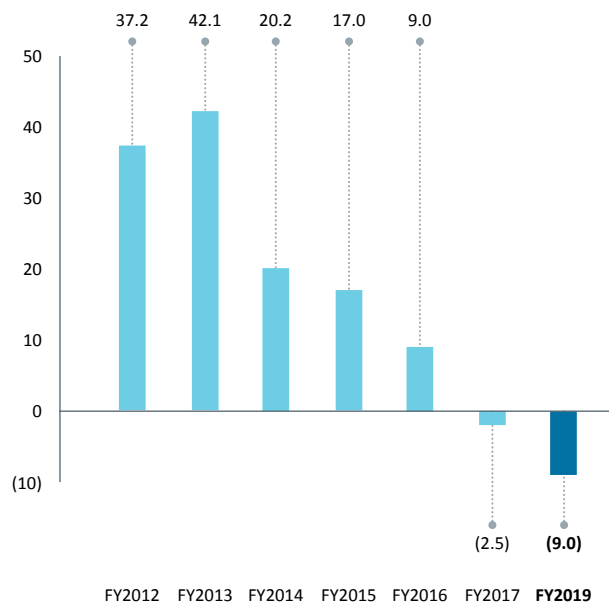
## Revenue

**RM367.3**

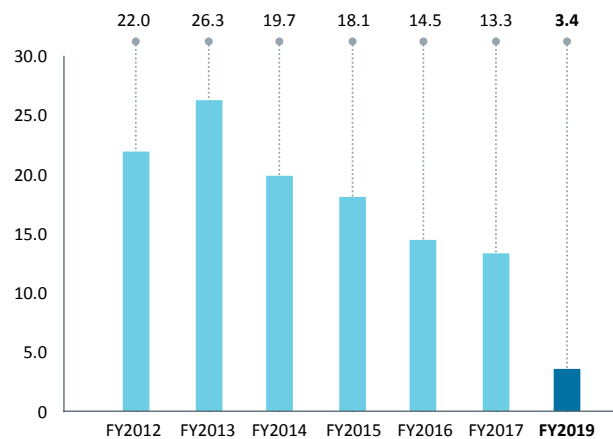
## Profit/(Loss) Before Tax

**RM18.0**

## Profit/(Loss) After Tax

**(RM9.0)**

## Dividend Payout

**RM3.4**

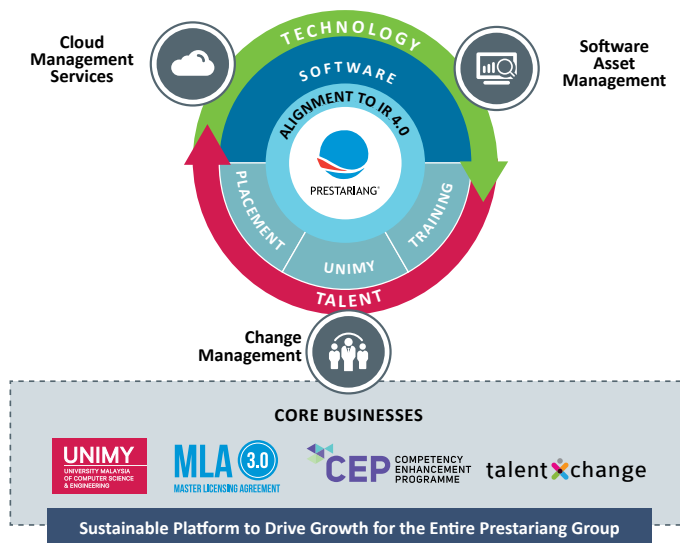
## WHO WE ARE

### PRESTARIANG IS A TECHNOLOGY AND TALENT PIONEER THAT HAS EVOLVED FROM BEING MALAYSIA'S LARGEST INFORMATION AND COMMUNICATIONS TECHNOLOGY (ICT) SOFTWARE AND TRAINING SERVICE PROVIDER TO A LEADING TECHNOLOGY AND TALENT INNOVATOR

Our technology division's core business is software asset management; which has been the sustenance of the Group's business. Its talent division primarily offers and conducts training, job placement and education, focusing on upskilling and reskilling talents in the sectors of ICT, oil & gas and other industries.

Headquartered in Cyberjaya, we are committed to drive the technology industry in Malaysia towards and beyond the new digital economy via our proven competencies and expertise in the markets where we serve.

In the financial period under review, we redefined our Mission in rebuilding and enhancing our core businesses, in line with our transformation of Prestariang 5.1. This reflects our agility and adaptability in facing the ebb and flow of Malaysia's digital economy.



We source for products and services for both our operations and capital expenditure, such as advertising, consultation services, technology services, hardware, software and building management services in supporting our day-to-day operations.

Operating in the heart of Malaysia's digital economy, we take cognisance of our responsibility towards driving the local economy. In this aspect, majority of our suppliers were local vendors as at 30 June 2019. There were no notable changes to our supply chain during the financial period under review.

#### Our Services:

- **Technology**
  - Software and Services
- **Talent**
  - Talent Management Services (Talent Acquisition and Talent Placement)
  - Academy
  - Education

#### Our Supply Chain

As a Technology and Talent Innovator, our supply chain of products and services under the technology division are in most cases, procured for Government agencies and public training institutes in Malaysia. As for our talent division, our products and services are typically intended to nurture, optimise and supply talents through all input channels in delivering quality talents to meet the human capital needs of industries.

## MAJOR PROJECTS



MLA is an initiative by the Ministry of Finance (MoF) that is aligned to the strategic ICT thrust of the Government.

Prestariang as the appointed Microsoft Licensing Solution Partner (LSP), provides Microsoft software licences, products and services via a centralised procurement contract to all Government Agencies and Institut Latihan Awam (ILA) in Malaysia.

MoF has awarded an extension of contract under MLA 3.0 until January 2021.

For more details, visit <https://www.mlatreasury.gov.my/>



MUSE is a joint initiative with the Ministry of Higher Education (MoHE), which involves distributing and managing Microsoft and Autodesk software licenses to public higher education institutions in Malaysia since 2006.

Prestariang has distributed over 45,000 and 30,000 Microsoft & Autodesk software licenses respectively.

Over 4,000 students have been trained in Autodesk as part of our value-added after-sales service.



Based in Pengerang, Johor Bahru, PSTI is a training institute dedicated to the construction, manufacturing, engineering and oil & gas industries. It is accredited by the Department of Skills Development, Ministry of Human Resource (DSD MoHR).

PSTI offers the Malaysian Skills Certification programme (Sijil Kemahiran Malaysia), short technical courses as well as soft skills to equip students with related employability skills in the construction and oil & gas industries.

For more details, visit <http://www.psti.edu.my/>



TalentXchange is an online recruitment website which manages talents for employability.

TalentXchange offers:

- Talent Acquisition and Placement Services
- Training & Certification
- Talent Management for Employability

For more details, visit <http://www.talentxchange.my>



This programme is a unique value proposition under MLA 3.0 in collaboration with the Government of Malaysia.

With every transaction on software purchases, both Government Agencies and Institut Latihan Awam (ILA) can each redeem 11% and 5% of their total purchase respectively on the following, among others:

- Hands-on product training conducted by certified trainers
- Microsoft devices
- Premier Services for end-to-end support solutions



## PAST PROJECTS



## HOMEGROWN INTELLECTUAL PROPERTIES



## MESSAGE FROM OUR CHAIRMAN



“ Our resolute performance in this critical situation was the result of our corrective action in realigning our current business model to ascertain our business continuity. ”

**DATO' MAZNAH BINTI ABDUL JALIL**  
*Independent Non-Executive Chairman*

### Dear Valued Shareholders,

The new financial period from 1 January 2018 to 30 June 2019 has been a challenging time for Prestariang Berhad (Prestariang or the Group) in our transformation journey as a technology and talent pioneer in Malaysia.

The unilateral termination of our 15-year Government Concession Agreement for the implementation of 'Sistem Kawalan Imigresen Nasional' (SKIN) in December 2018, after only 8 months into its tenure, dismantled a key platform of our current and future business.

Despite the setback, we managed to mitigate the negative impact of SKIN's termination on our financial results underpinned by consistent revenue contribution from our traditional business of Software & Services over the past 18 months.

Our Annual Report theme, Staying Agile, aptly describes our resilience in riding the ebb and flow of risks and opportunities inherent in a digital industry. We are not spared the consequences of technology disruption and forces beyond our control. It has severely affected us which applied downward pressure on the company's net profit margin.

While this has suppressed the Group's development and growth, we worked quickly on solutions to reduce negative exposure to our business risk. Therefore, we have identified areas which require our full attention with measures being taken to aggressively plan and embark on several initiatives to improve operational efficiency. Details on our approaches are outlined in the Management Discussion and Analysis on pages 12 to 19 of this Annual Report.

## MESSAGE FROM OUR CHAIRMAN

In light of the volatile environment, we shall remain prudent and remedy our circumstances by bouncing back with strategic, long-term business oriented plans, protecting our assets including our human capital and sustaining the continuity of our operations.

As such, I am confident that Prestariang will maintain its momentum, staying agile in order to capitalise on existing and new opportunities while sustaining financial performance and shaping a more rewarding future for all our stakeholders.

### FINANCIAL PERFORMANCE

The Group achieved Revenue of RM367.3 million during the 18-month period-to-date ended 30 June 2019 (PTD 2019) as compared with RM141.5 million in the restated 12-month period to date ended 31 December 2017 (PTD 2017). The significant increase in Revenue follows the reinstatement of revenue from SKIN with the adoption of Malaysian Financial Reporting Standards (MFRS) 15, which also resulted in a restatement of PTD 2017 Revenue (previously reported as RM219.5 million).

With the reinstatement, revenue recognition from SKIN was the highest contributor to Group Revenue at RM175.5 million. The Software & Services business was a close second with 28.6% growth in revenue to RM161.1 million (PTD 2017: RM125.3 million). Our emerging Talent Management business grew by more than three times to RM17.4 million (PTD 2017: RM5.4 million) while revenue from the Education segment also increased by 50.0% to RM9.3 million (PTD 2017: RM6.2 million). Segmental revenue from our Academy business, however, dropped by 13.0% to RM4.0 million from RM4.6 million recorded in the previous period.

Profit Before Tax (PBT) increased to RM18.0 million in PTD 2019, up by 4.2 times the restated PBT of RM4.3 million (previously reported as RM38.0 million) for PTD 2017. While significantly higher, the PBT for the period in review was nonetheless impacted by the material provision of impairment on trade receivables, development costs, fixed assets and other provisions in compliance with the respective MFRS.



## MESSAGE FROM OUR CHAIRMAN



The Group incurred a Loss After Tax (LAT) of -RM9.0 million in PTD 2019 as a result of income tax amounting to RM26.9 million, of which RM16.9 million was deferred tax, RM5.8 million was due to under taxation in prior years and RM4.2 million for the current year. The restatement of financials also led to an LAT of -RM2.5 million in the previous period.

The loss resulted in a negative Earnings Per Share (EPS) of -4.51 sen as compared against a restated EPS of -0.16 sen in the previous financial period (previously reported as 3.77 sen). Meanwhile, the Group's Total Assets grew by 33.7% to RM297.5 million for the period in review (PTD 2017: restated RM222.5 million). However, Net Assets dipped by 16.7% to RM120.1 million (PTD 2017: restated RM144.2 million), resulting in Net Assets Per Share falling by 16.7% to 24.81 sen in PTD 2019 from a restated 29.79 sen the period before.

- **Dividend**

Prestariang has a track record of sharing profits with our loyal and supportive shareholders, having in place a Dividend Policy to distribute a minimum 50% of our PAT. Since listing in July 2011, we have paid out a total of 27.88 sen per share amounting to RM134.9 million.

The Group paid out a total dividend of 0.7 sen per share amounting to RM3.4 million in respect to the period in review (PTD 2017: 2.75 sen amounting to RM13.3 million). The payment of interim dividend was made at a point when the Group had sufficient retained profits and cash flow.

Given the unexpected turn of events during PTD 2019, the Board of Directors (Board) is recommending financial prudence to retain sufficient capital resources in order to drive and sustain our current core businesses.

I am confident the Group will again issue dividends once Prestariang is on firmer footing in the near future.

## CORPORATE DEVELOPMENTS & OTHER EVENTS

- **Change in Financial Period**

During the period in review, Prestariang changed its financial year end from 31 December to 31 March and subsequently to 30 June. The changes were intended to attain clarity on the accounts and financial position of the Group while the necessary steps were being taken to address our legal position following SKIN's termination.

- **Legal Proceedings on SKIN**

On April 15 2019, the Group subsidiary Prestariang SKIN Sdn Bhd (PSKIN) initiated legal proceedings against the Government for compensation amounting to RM732.86 million based on the contractual formula for unilateral contract termination by way of expropriation via a letter dated 11 December 2018. The law suit is the fiduciary duty of the Board to protect shareholders' interests.

- **Change in Shareholding**

President and Group Chief Executive Officer (Group CEO) Dr Abu Hasan Ismail relinquished his entire stake of 117.20 million shares (24.2% shareholding) in Prestariang held by his private companies, Ekohati Sdn Bhd, Sigma Dedikasi Sdn Bhd and Anjakan Evolusi Sdn Bhd following a margin call on 14 December 2018. Dr Abu retains his position as Group CEO.

Subsequent to the sale, Maybank Trustees Berhad Areca Dynamic Growth Fund became Prestariang's single largest shareholder with a 16.01% stake followed by CIMB Islamic Trustee Berhad - Affin Hwang Multi-Asset Fund with an 8.3% stake.

## MESSAGE FROM OUR CHAIRMAN

### • BOD Appointments

Prestariang has appointed two new directors to the Board: Ginny Yeow Mei Ying as an Independent Non-Executive Director and Baldesh Singh a/l Manmohan Singh as a Non-Independent Executive Director and Chief Operating Officer of the Company.

### • Industry Recognition

I am delighted to note that Prestariang was awarded the Corporate Governance Industry Excellence Award (Technology) at the Minority Shareholders Watch Group (MSWG) ASEAN Corporate Governance Award 2018, a recognition of the Group's high level of transparency and corporate governance practices. In addition, Prestariang also remained a proud constituent of the FTSE4Good Bursa Malaysia Index throughout the financial period under review.

### PROSPECTS

The global shift towards Industry 4.0 and Malaysia's version of Industry4WRD is a clear pathway on which Prestariang can play a critical role in bringing together technology and talent for the country's manufacturing sector.

The Group is ideally placed to address issues in accelerating Industry4WRD such as the tripartite focus areas of technology, talent and training inclusive of change management to condition the minds of the next generation towards Industry 4.0.

In addition, we are committed towards providing end-to-end solutions in terms of talent management encompassing talent acquisition, profiling, training and placement, particularly in digital and other technological areas. At the same time, the Group is on hand to offer cloud-based services via our software asset management business.

### ACKNOWLEDGMENTS

On behalf of my fellow Board members, I would like to state our confidence in the stewardship of Dr Abu Hasan. The foundation he has built as the founder of this company has provided the resolve and resilience to weather any setbacks and challenges, foreseen and unforeseen. I am confident that under his leadership and support from the capable management team and all employees, we will continue to sustain the Group's business life cycle by adapting to the changing business environment.

The invaluable service and wise counsel of previous Chairman Dato' Mohamed Yunus Ramli Abbas has indeed been a driving force behind the Group's successes over the years. We would like to wish him the best in all his future undertakings.

I would also like to welcome our new Board Members, Ms Ginny Yeow Mei Ying and Mr Baldesh Singh a/l Manmohan Singh. With their impressive corporate credentials, I look forward to their input and contributions to enhance the development and strength of the Board.

My gratitude goes out to each and every valued shareholder for your patience and understanding during this difficult period. Your continuous support and confidence in the Group certainly encourages us to remain vigilant in our efforts. To the management and employees of Prestariang, your ability to stay focused and diligent throughout the past year is truly commendable.

Together, let us pledge our continued dedication to re-establish our foundation for long-term shareholder value as we face challenges ahead to re-align our business and translate our efforts into operating success.

**DATO' MAZNAH BINTI ABDUL JALIL**

*Chairman*

## MANAGEMENT DISCUSSION AND ANALYSIS



“ Prestariang Berhad (Prestariang or the Group) is a unique business entity borne out of Malaysia’s aspiration to develop a digital economy as part of the final thrust towards becoming a fully-developed nation. ”

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

### **BUSINESS OVERVIEW AND OBJECTIVES** **STAYING AGILE, CREATING OPPORTUNITIES**

At the outset, it was clear that a key driver of the digital economy is the capacity for technology innovation, while a critical enabler would be the availability of talents fitted to the ever-shifting trends and demands of the digital landscape.

On both fronts, agility emerged as a defining requirement: Flexibility in business in order to create and capitalise on opportunities via digital innovation or technology integration; and adaptability of human resources to upskill and reskill according to the fluid needs of industry.

From the beginning, Prestariang straddled these two major components of the digital economy, focusing on technology and talent as our core businesses by distributing and managing software licences, and training and certifying talents in ICT.

Our original twin businesses provided an initial platform for recurring income, from which we continued to drive business transformation in response to as well as to tap into emerging technologies rapidly reshaping business and industry.

The Group leveraged on the synergy offered by *Software Licence Distribution & Management* and *Training & Certification* to develop a value chain encompassing the career life cycle of human capital.

## MANAGEMENT DISCUSSION AND ANALYSIS

In this progressive iteration of our business model, we added the business segments of *Education*, via Prestariang's University of Computer Science & Engineering Malaysia (UNIMY), and *Talent Management* involving the acquisition of talents for further lifelong learning and training followed by their job placements. We referred to this iteration as 'Prestariang 2.0'.

Subsequently, we expanded our offerings in the Technology segment by complementing software management with value-added services coupled with the development of new digital solutions.

In this regard, the Group's Government Concession to develop a comprehensive core immigration system known as 'Sistem Kawalan Imigresen Nasional' (SKIN) was intended to be the catalyst for such capabilities as cloud services, change management, analytics & business intelligence, cyber & information security, e-commerce and others, as captured by our maturing models of 'Prestariang 3.0' through to 'Prestariang 5.0'.

However, the unilateral termination of SKIN during the period in review has put the brakes on our business transformation, requiring the Group to take stock and recalibrate our future direction.

The termination was informed in a letter sent by the Home Ministry to Prestariang SKIN Sdn Bhd on 11 December 2018 and took effect on 22 January 2019, approximately 8 months since the commencement of the project.

Pursuant to this, PSKIN filed a law suit on 15 April 2019 against the Government to claim RM732.86 million as compensation for the termination by expropriation. We remain positive on our claim and the compensation amount based on the contractual formula stipulated in the Concession Agreement.

Although SKIN's termination represents a significant setback, we have to take the necessary action to remain resilient and effectively reconfigure our strategy, structure, processes, people and technology to protect our businesses.

Accordingly, our focus areas now will be on our traditional businesses to keep our momentum going, which is the synergistic axis formed by our traditional sectors of Technology spearheaded by *Software & Services* and Talent revolving around a *Talent Management* ecosystem incorporating *Education and Academy*.



We have taken the necessary measures to drastically reduce or eliminate the identified risks and will continue to do so. Our concentration will be on taking control of our finances and shifting our focus to get through this difficult period.

### REVIEW OF FINANCIALS

In an announcement to Bursa Malaysia on 28 February 2019, the Board of Directors approved to change the financial year end to 30 June 2019 to mainly address the impact of SKIN and to attain clarity on the accounts and financial position of the Group. Resulting from this, the Group's current financial period in review is 18 months from 1 January 2018 to 30 June 2019.

The Group achieved below-par results for the period ended 30 June 2019 (PTD 2019). During the period, we adopted the Malaysian Financial Reporting Standards (MFRS) 15, which led to the reinstatement of revenue recognition from SKIN and a restatement of financial results after a reconciliation of Profit and Loss for the previous period ended 30 December 2017 (PTD 2017).

Revenue for PTD 2019 was considerably as compared with PTD 2017 higher but the bottom line was impacted by a host of factors including the material provision of impairment on trade receivables, development costs, fixed assets and other provisions taken to comply with the MFRS.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Revenue

The Group achieved Revenue of RM367.3 million in the 18-month PTD 2019 as compared with a restated RM141.5 million (previously reported as RM219.5 million) in the 12-month PTD 2017. This represents an increase by 2.6 times.

Revenue recognition from SKIN was the highest contributor to Group Revenue at RM175.5 million. The Software & Services business was a close second with 28.6% growth in revenue to RM161.1 million (PTD 2017: RM125.3 million). Prestariang's Talent Management business grew by more than three times to RM17.4 million (PTD 2017: RM5.4 million) while revenue from the Education segment also increased by 50.0% to RM9.3 million (PTD 2017: RM6.2 million). Segmental revenue from our Academy business, however, dropped by 13.0% to RM4.0 million from RM4.6 million recorded in the previous period.

In terms of share of Revenue, SKIN contributed 47.8%, followed by Software & Services with 43.9%, Talent Management (4.7%), Education (2.5%) and Academy (1.1%). Taking SKIN out of the equation, the Software & Services segment accounted for 84.0% of Group revenue and now represents the dominant component of Prestariang's business.

### Profits and Losses

Profit Before Tax (PBT) for the Group increased to RM18.0 million in PTD 2019 or 4.2 times the restated PBT of RM4.3 million (previously reported as RM38.0 million) for PTD 2017.

SKIN and Talent Management were the two business segments to register positive PBTs of RM59.4 million (PTD 2017: restated -RM6.2 million) and RM0.9 million (PTD 2017: RM0.3 million) respectively. On the other hand, the Education business continued to incur a Loss Before Tax (LBT) of RM21.3 million against -RM4.6 million the period before while the amalgamated LBT for Software & Services and Academy amounted to -RM9.3 million as compared with a PBT of RM18.5 million in PTD 2017.

### SUMMARY OF GROUP'S KEY FINANCIAL INDICATORS

(RM Million)

	FPE2019	FYE2017	%
Revenue	367.3	141.5	+160.0
Profit/(Loss) Before Tax	18.0	4.3	+318.6
Profit/(Loss) After Tax	(9.0)	(2.5)	-260.0
Shareholders' Funds	120.1	144.2	-16.7
Earnings/(Loss) Per Share (sen)	(4.51)	(0.16)	-2,178.8
Total Assets	297.5	222.5	+33.7
Dividend (sen)	0.7	2.75	-60.0
Dividend Payout	3.4	13.3	-74.4

The Group incurred a Loss After Tax (LAT) of -RM9.0 million in PTD 2019 as a result of income tax amounting to RM26.9 million, of which RM16.9 million was deferred tax, RM5.8 million was due to under taxation in prior years and RM4.2 million for the current year. The restatement of financials also led to an LAT of -RM2.5 million in the previous period.

Consequently, Earnings Per Share (EPS) was a negative -4.51 sen as compared against a restated EPS of -0.16 sen the previous financial period (previously reported as 3.77 sen).

### Dividend

The Group paid out a total dividend of 0.7 sen per share amounting to RM3.4 million in respect to the period in review (PTD 2017: 2.75 sen amounting to RM13.3 million). The payment of interim dividends was made at a point when the Group had sufficient retained profits and cash flow.

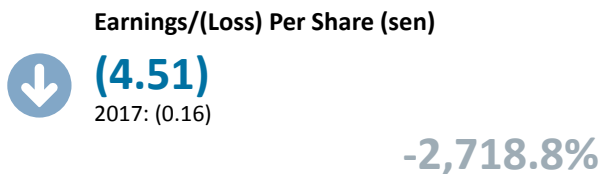
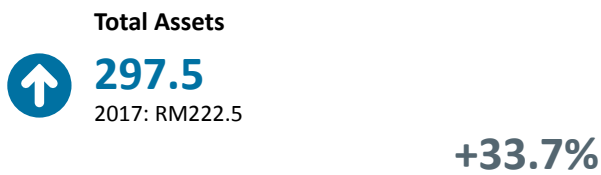
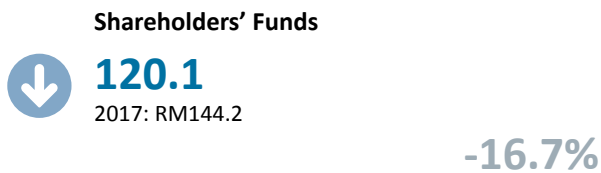
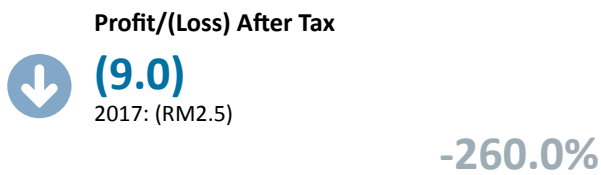
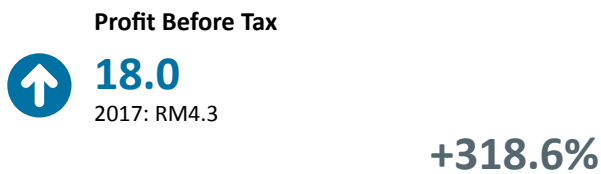
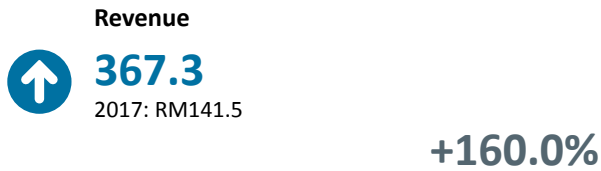
The reduced dividend is consistent with the unexpected turn of events during PTD 2019, giving rise to the need to retain sufficient capital resources in order to drive our current core businesses and prepare for the financial year ahead.

Our Dividend Policy to distribute a minimum 50% of our PAT has resulted in a cumulative issuance of 27.88 sen per share amounting to an aggregate payout of RM134.9 million since listing.



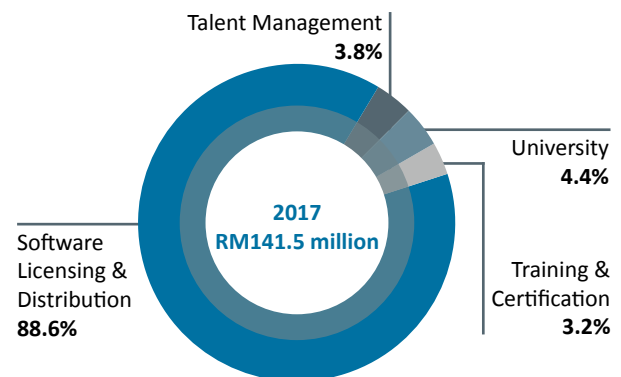
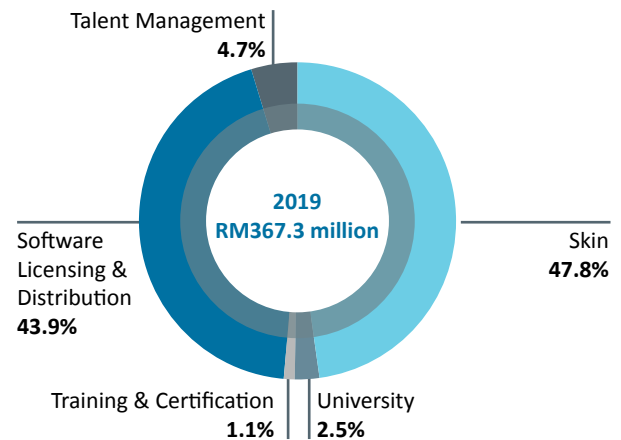
MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL PERFORMANCE  
(RM Million)



CONTRIBUTION TO REVENUE BY DIVISION  
(RM Million)

	2019	2017
SKIN	175.5	-
University	9.3	6.2
Training & Certification	4.0	4.6
Software Licensing & Distribution	161.1	125.3
Talent Management	17.4	5.4
<b>Total</b>	<b>367.3</b>	<b>141.5</b>



## MANAGEMENT DISCUSSION AND ANALYSIS

### Shareholders' Equity and Group Total Assets

The Shareholders' Equity dropped by -16.7% to RM120.1 million in PTD 2019 from a restated RM144.2 million (previously reported as RM171.3 million) the period before.

The Group's Total Assets grew by 33.7% to RM297.5 million for the period in review (PTD 2017: restated RM222.5 million). However, Net Assets dipped by 16.7% to RM120.1 million (PTD 2017: restated RM144.2 million), resulting in Net Assets Per Share falling by 23.9% to 24.82 sen in PTD 2019 from a restated 29.79 sen the previous financial period.

### Taxation

The Group incurred taxation amounting to RM26.9 million in PTD 2019 as compared with a restated RM6.8 million in PTD 2017. The taxation amount consisted of RM16.9 million for deferred tax, RM5.8 million for under taxation in prior years following a tax audit by the Inland Revenue Board (IRB) for the period 2011 to 2016 and RM4.2 million for the current year.

### Gearing & Finance Costs

Our aggregate borrowings to fund the development of SKIN and other business activities grew to RM63.5 million by the end of the new financial period, which was 2.8 times more than RM22.9 million in PTD 2017. As a result, our gearing ratio reached 0.53 in PTD 2019. In line with the need for greater prudence in financial management, we will endeavour to pare down this ratio to a more palatable level.

The higher borrowings also led to finance costs increasing by more than 10 fold to RM5.4 million as compared with RM0.5 million the previous financial period.

### Capital Management

The Group's cash and bank balances dipped to RM7.2 million at the end of the financial period in review from RM44.8 million in PTD 2017.

There is material uncertainty to continue as a going concern mainly due to the following:

- a. the Group's legal suit against the Government of Malaysia to recover the sums due under the SKIN project;

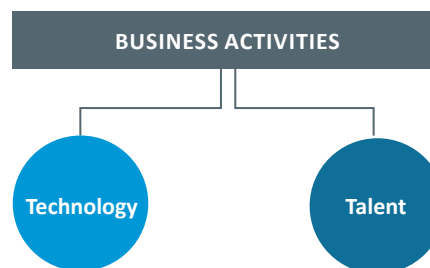
- b. During the financial period in review, the Group and the Company recorded:
  - i. negative operating cash flows of RM72,253,000 and RM12,365,000 respectively; and
  - ii. loss after taxation of RM8,957,000 and RM53,312,000 respectively.
- c. The Group had accepted advances of RM1,500,000 and RM5,000,000 from a director and a former director respectively for working capital.

The material uncertainty may cast significant doubt on the Group's ability to continue as a going concern and whether the Group and Company have sufficient cash flow to meet their obligations as and when they fall due. Following an assessment on its working capital and cash flow projection, the management has concluded that the Group and the Company have sufficient working capital to finance their operations and to meet financial obligations as and when they fall due.

This being the case and coupled with our relatively-high gearing ratio, we are determined to effectively manage our capital resources by optimising the current infrastructure while also looking to improve our liquidity by disposing assets deemed redundant.

### REVIEW OF OPERATIONS Leveraging on Core Activities

Over and above SKIN, Prestariang's business activities were underpinned by our synergistic pairing of Technology and Talent, as follows:



- Software & Services
- Talent Management Services (Talent Acquisition, Talent Placement)
- Academy
- Education

## MANAGEMENT DISCUSSION AND ANALYSIS

### Software & Services

This business emerged as the mainstay for Prestariang during the period in review following the termination of the SKIN contract. The segment contributed an increased RM161.1 million, accounting for 43.9% of Group Revenue over 18 months (84.0% if SKIN is not taken into consideration).

Over the years, this business segment has evolved from its original distribution and management of software licences to encompass software asset management as well as the provision of cloud management and other services.

In 2018, wholly-owned subsidiary Prestariang Systems Sdn Bhd (PSSB) formalised the Master Licensing Agreement (MLA) 3.0 with the Government to be the sole Microsoft Licensing Solutions Provider (LSP) for all public sector agencies and a new set of customers in public training institutes (ILA). PSSB has been a Microsoft LSP since 2006 and the latest three-year agreement is an extension and renewal of the previous MLA 2.0. The MLA 3.0 contract worth RM222.6 million runs from 1 February 2018 to 31 January 2021, or an average of approximately RM74.0 million per annum.

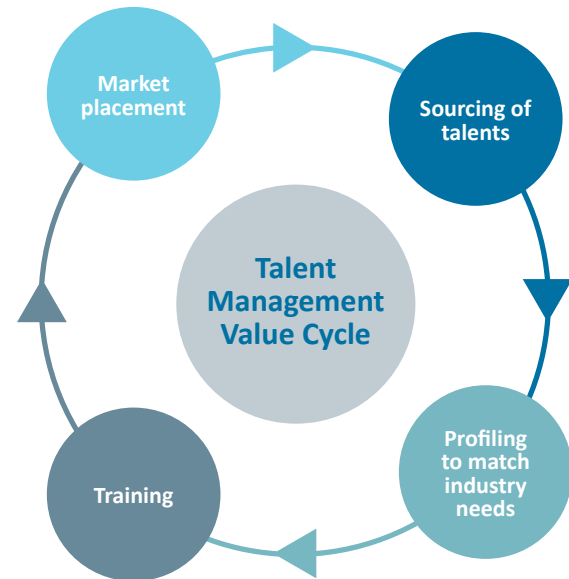
Beyond the public sector, the Group is poised to extend software asset management to the private sector, which remains largely untapped and offers significant opportunities in the areas of licensing compliance and subscription for management services.

In the case of cloud management, we are prioritising partnerships with global tech players instead of putting our chips in competency development. Such collaboration is expected to provide us with leverage in the commercial market and open doors for consultancy and also subscription-based for the delivery of services.

Going forward, we will continue to lean on Software & Services as the main income earner even as we seek to revitalise our Academy segment and grow the Talent Management Services and Education businesses.

### Talent Management Services

Originally intended as a complement and feeder to the Academy business, this segment is gradually maturing into a promising revenue stream for the future. During PTD 2019, the Talent Management business more than tripled its revenue to RM17.4 million with the added bonus of a marginal profit amounting to RM0.9 million.



We intend to offer end-to-end solutions to address prevailing issues with human resources by injecting talent profiling in our value chain. With this latest addition, Prestariang's Talent Management business will incorporate the following: talent acquisition; profiling; training; and job placement.

On this score, our Talent Xchange is ideally-placed to offer subscription-based profiling to a wide customer base such as universities, corporations, associations and other training agencies. Thus, talent profiling will become an additional revenue stream.

### Academy

Once the largest contributor to Group Revenue, our Academy business has subsided markedly in recent times with other segments such as Software & Services, Education and also SKIN receiving the bulk of the development focus and resources. In PTD 2019, revenue from training activities dipped to RM4.0 million, the lowest amount in Prestariang's corporate history.

Nevertheless, we will strive to push the performance of this sector within the Group by cultivating the demand for training from our complementary business of Talent Management.

## MANAGEMENT DISCUSSION AND ANALYSIS

According to our own market study carried out during the period in review, only 21% of local graduates are aligned to industry requirements. This leaves a substantial 79% in need of training to enhance their employability, representing a significant market for our Academy business. Added to their numbers are school leavers and unemployed or under-employed youths.

In addition, the demand for change management is rapidly growing given the increasing need for talents to constantly adapt to the shifting business and industry trends and practices in the digital age. The Group plans to introduce change management as a service to tap this opportunity.

### Education

This segment, spearheaded by UNIMY, continued to operate in the red with an LBT of -RM21.3 million despite an encouraging increase in revenue to RM9.3 million in the period under review. The Education segment remained weak due to lower student enrolment and higher operating expenditure as a result of operating at a new and bigger campus since December 2018. The losses were compounded by various material provision for impairments such as receivables and fixed assets.

Despite the slow pace of financial progress, however, we remain positive over UNIMY’s outlook. We are diversifying its revenue stream by offering short courses such as with CompTIA and Microsoft while continuing with aggressive marketing to attract local and international students.

UNIMY has collaborated with various international universities as part of our initiative to attract new students:

UNIMY has inked collaboration with four companies to launch a University-Industry Media Lab with the aim of providing students with real life working experience while also offering the corporations with a pool of ready talents for their respective pilot projects. They are:

- 1 Teamwork AllGain Sdn Bhd, which specialises in automotive and TVET’s education development industry.
- 2 Knowledge Link Sdn Bhd, one of the fastest-growing IT solution providers.
- 3 Time Brain Sdn Bhd, a creative house that elevates and empowers organisations by linking the Internet of Things (IoT) and Internet of People.
- 4 Invinity Group Bhd, a fast-growing FinTech company that supports sustainable growth with artificial intelligence-enabled solutions.
- 5 Eclimo Sdn Bhd, a green technology research and development company that launched Malaysia’s first electronic scooter.

UNIVERSITIES	INDUSTRY PARTNERS	
<ul style="list-style-type: none"> <li>• The University of Melbourne</li> <li>• University of the West of England, Bristol</li> <li>• University of Hertfordshire;</li> <li>• Teesside University;</li> <li>• University of Hawai’i, Manda</li> <li>• Digital Hollywood University</li> </ul>	<ul style="list-style-type: none"> <li>• Microsoft</li> <li>• Salesforce</li> <li>• Skillsoft</li> <li>• Huawei</li> <li>• Autodesk</li> <li>• Iverson</li> </ul>	<ul style="list-style-type: none"> <li>• CompTIA</li> <li>• Fusionex</li> <li>• EC-Council</li> <li>• Cybersecurity Malaysia</li> <li>• OpenLearning</li> <li>• Adobe</li> </ul>

## MANAGEMENT DISCUSSION AND ANALYSIS

### RISKS & EXPOSURE

#### Managing Risks Prudently

Sustaining and growing a business in the digital economy is arguably more challenging compared to companies in the traditional brick and mortar sectors, given the unpredictability of technology disruption.

More than most, opportunities and risks in the digital realm are so closely aligned with one another that they are often indistinguishable. In effect, they often appear to be two sides of the same coin.

One factor is the limited life span of digital technologies and platforms. Unlike conventional products or services, what would be considered emerging solutions today could well be obsolete in mere years down the line; and with them, the respective skillsets to develop, integrate or use those solutions in business and industry.

As such, Prestariang is at all times vigilant of trends in the digital space and the relatively short window period to develop and monetise such prospects. For this reason, we intend to stay agile in order to maximise opportunities and at the same time mitigate any risks.

Going forward, the Group is committed towards identifying key areas with potential risks in order to sustain our business and secure the financial and other interests of our stakeholders. We have in place a risk management framework and internal controls which are detailed in the Statement of Risk Management and Internal Controls on pages 119 to 122 of this Annual Report.

### MOVING FORWARD

#### Bridging the Gaps to Accelerate Industry4WRD

Industry4WRD, Malaysia's blueprint for Industry 4.0, is intended to be a platform for the assimilation of the national economy with the 4th Industrial Revolution (4IR) which envisions a holistic integration of the physical, digital and biological realms.

Launched on 31 October 2018, Industry4WRD is poised to revolutionise the nation's industries and in particular the manufacturing sector by moving it towards greater autonomy in practices and processes.

However, the pressing issue affecting the local as well as global landscape is the capacity of talent to first accept, then apply and harness Industry 4.0 applications in business and industry. At this stage, this is a significant gap that needs to be addressed in a comprehensive manner.

As a technology and talent company, Prestariang is singularly positioned to capitalise on the task of matching Industry4WRD's imperative to align talent with technology. Our synergistic businesses of cloud-based and talent management services augmented by education and training offers an ideal platform to meet these requirements.

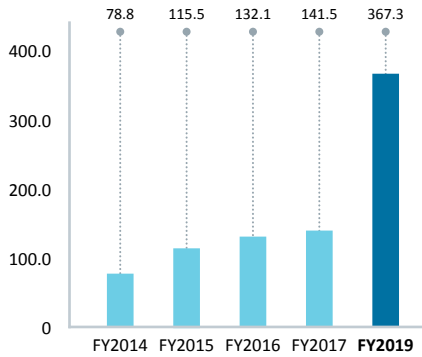
We stand poised to impart the virtues of learning and working agility, a characteristic which has helped us to adapt and stay above water in challenging times.

**DR ABU HASAN BIN ISMAIL**

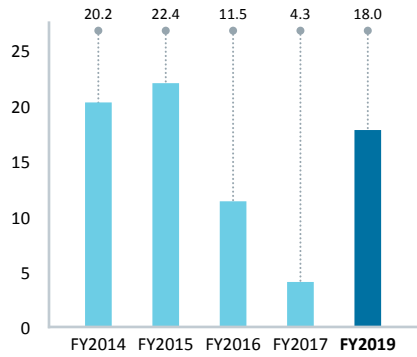
President/Group CEO

## FINANCIAL HIGHLIGHTS (RM MILLION)

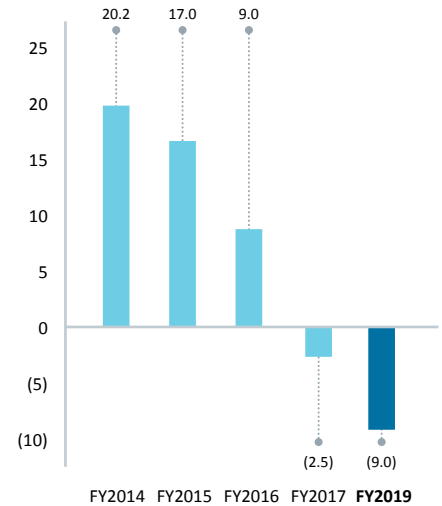
Revenue



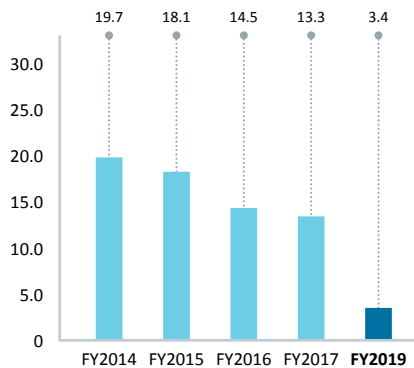
Profit/(Loss) Before Tax



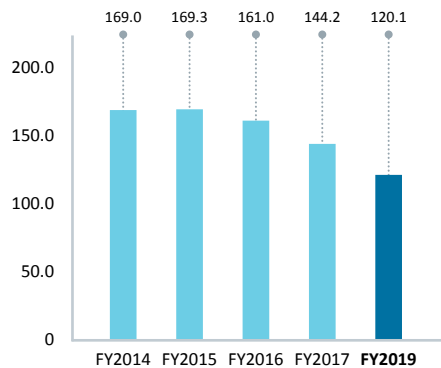
Profit/(Loss) After Tax



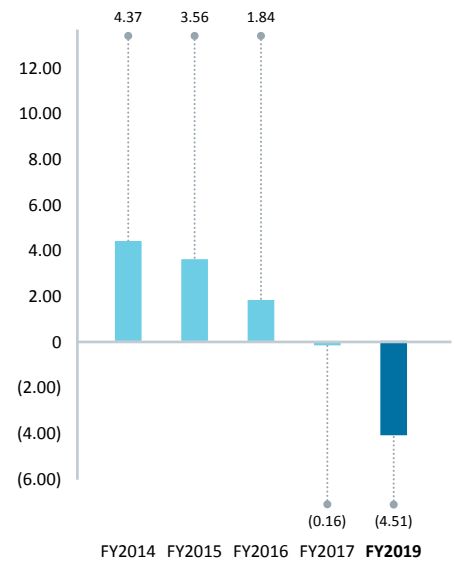
Dividend Payout



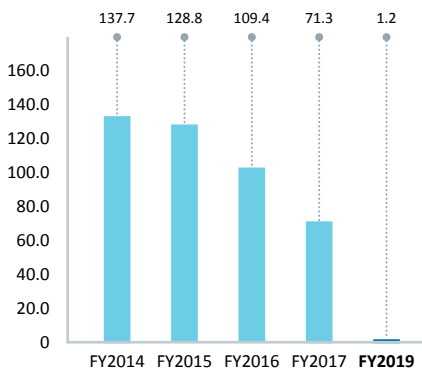
Shareholders' Funds



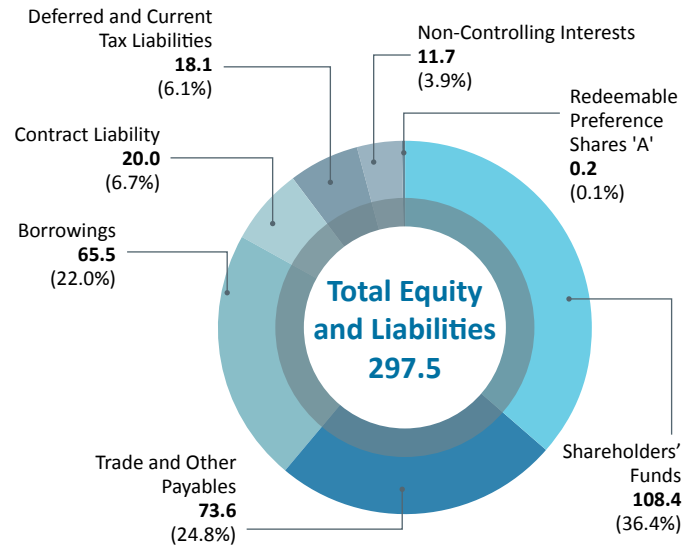
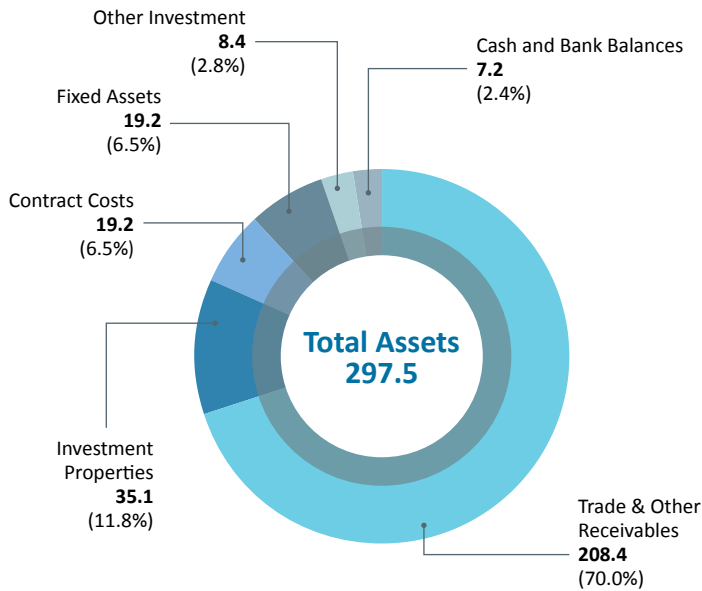
Earnings/(Loss) Per Share (sen)



Cash & Bank Balance and Short Term Investment

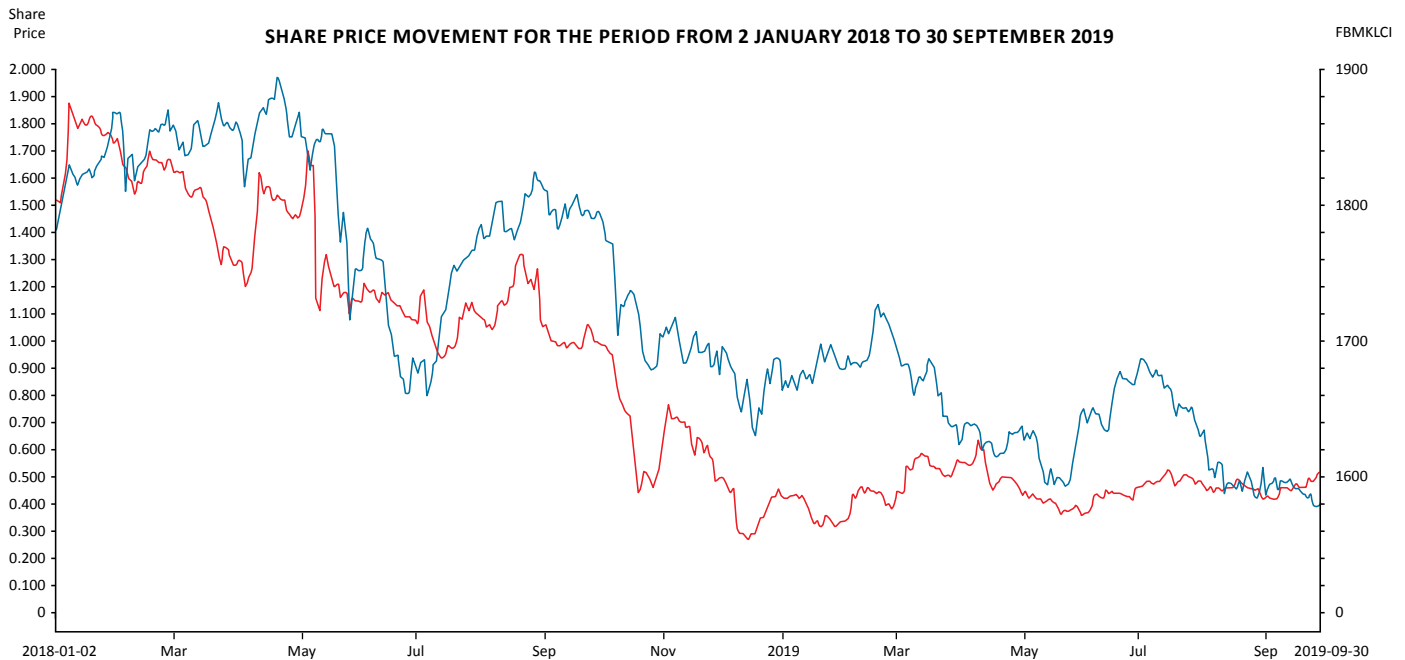


## FINANCIAL POSITION (RM MILLION)



## SHARE PERFORMANCE CHART

SHARE PRICE MOVEMENT FOR THE PERIOD FROM 2 JANUARY 2018 TO 30 SEPTEMBER 2019



— Prestariang  
— FBMKLCI

(Source: ShareInvestor)

Price	2018/2019	Date
Highest	RM1.910	9 January 2018
Lowest	RM0.255	14 December 2018

Average daily volume traded within the period: **11.6 millions** shares.

## FINANCIAL CALENDAR

### ANNUAL GENERAL MEETING

**29 OCTOBER 2019**

- Notice of the 9<sup>th</sup> Annual General Meeting
- Issuance of 2019 Annual Report

**27 NOVEMBER 2019**

9<sup>th</sup> Annual General Meeting

**16 MAY 2018**

8<sup>th</sup> Annual General Meeting

### BOARD OF DIRECTORS' MEETINGS

**2019**

**29 AUGUST**

**Q6 FYE 30 June 2019**

Unaudited consolidated 6<sup>th</sup> quarter results ended 30 June 2019

**30 MAY**

**Q5 FYE 30 June 2019**

Unaudited consolidated 5<sup>th</sup> quarter results ended 31 March 2019

**27 FEBRUARY**

**Q4 FYE 30 June 2019**

Unaudited consolidated 4<sup>th</sup> quarter results ended 31 December 2018

**12 APRIL**

**Special Board of Directors' Meeting**

**18 JANUARY**

**Special Board of Directors' Meeting**

**2018**

**12 DECEMBER**

**Special Board of Directors' Meeting**

**17 OCTOBER**

**Special Board of Directors' Meeting**

**15 MAY**

**Q1 FYE 30 June 2019**

Unaudited consolidated 1<sup>st</sup> quarter results ended 31 March 2018

**28 NOVEMBER**

**Q3 FYE 30 June 2019**

Unaudited consolidated 3<sup>rd</sup> quarter results ended 30 September 2018

**12 OCTOBER**

**Special Board of Directors' Meeting**

**29 AUGUST**

**Q2 FYE 30 June 2019**

Unaudited consolidated 2<sup>nd</sup> quarter results ended 30 June 2018

**27 FEBRUARY**

**Q4 FYE 31 December 2017**

Unaudited consolidated 4<sup>th</sup> quarter results ended 31 December 2017

### DIVIDENDS

**2018**

**29 AUGUST**

Declaration of Interim Single-Tier Dividend of 0.2 sen for the FYE 30 June 2019

**Announcement Date:** 29 August 2018

**Entitlement Date:** 19 September 2018

**Payment Date:** 17 October 2018

**16 MAY**

Declaration of Interim Single-Tier Dividend of 0.5 sen for the FYE 30 June 2019

**Announcement Date:** 16 May 2018

**Entitlement Date:** 6 June 2018

**Payment Date:** 4 July 2018

**27 FEBRUARY**

Declaration of Interim Single-Tier Dividend of 0.5 sen for the FYE 31 December 2017

**Announcement Date:** 27 February 2018

**Entitlement Date:** 14 March 2018

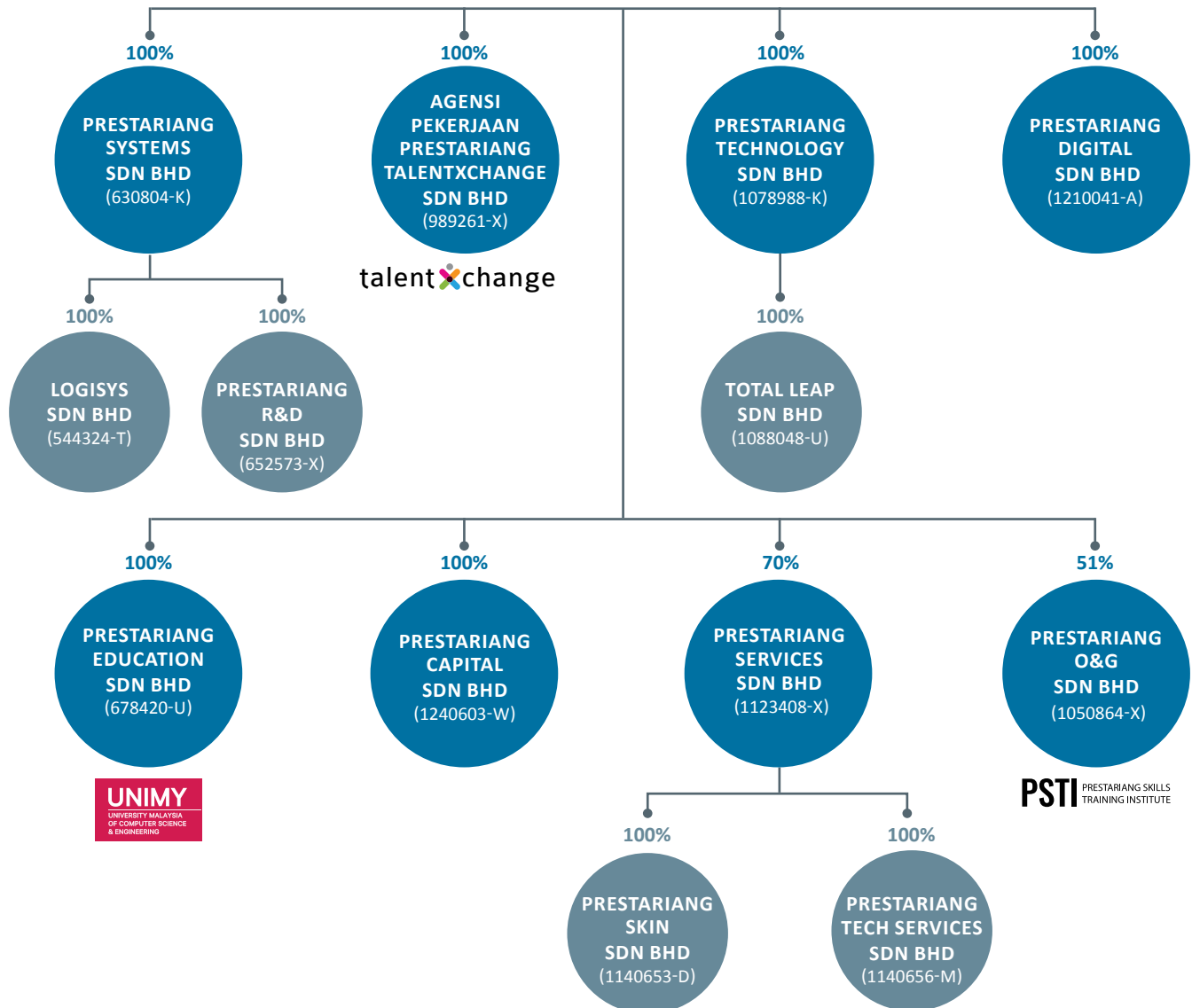
**Payment Date:** 5 April 2018



CORPORATE STRUCTURE



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



## CORPORATE INFORMATION

### BOARD OF DIRECTORS

**Dato' Maznah Binti Abdul Jalil**

Independent Non-Executive Chairman

**Dr Abu Hasan Bin Ismail**

Non-Independent Executive Director,  
President/Group Chief Executive Officer

**Paul Chan Wan Siew**

Senior Independent Non-Executive Director

**Ramanathan A/L Sathiamutty**

Independent Non-Executive Director

**Ginny Yeow Mei Ying**

Independent Non-Executive Director

**Baldesh Singh A/L Manmohan Singh**

Non-Independent Executive Director,  
Chief Operating Officer

### BOARD COMMITTEES

**NOMINATION COMMITTEE**

Paul Chan Wan Siew (Chairman)  
Ramanathan A/L Sathiamutty  
Ginny Yeow Mei Ying

**REMUNERATION COMMITTEE**

Ramanathan A/L Sathiamutty (Chairman)  
Paul Chan Wan Siew  
Ginny Yeow Mei Ying

**AUDIT COMMITTEE**

Paul Chan Wan Siew (Chairman)  
Ramanathan A/L Sathiamutty  
Ginny Yeow Mei Ying

**RISK MANAGEMENT COMMITTEE**

Ramanathan A/L Sathiamutty (Chairman)  
Dr Abu Hasan Bin Ismail  
Paul Chan Wan Siew  
Baldesh Singh A/L Manmohan Singh  
Ginny Yeow Mei Ying

**FINANCE AND INVESTMENT COMMITTEE**

Paul Chan Wan Siew (Chairman)  
Ramanathan A/L Sathiamutty  
Dr Abu Hasan Bin Ismail  
Baldesh Singh A/L Manmohan Singh  
Ginny Yeow Mei Ying

**TENDER COMMITTEE**

Ramanathan A/L Sathiamutty (Chairman)  
Dr Abu Hasan Bin Ismail  
Paul Chan Wan Siew  
Raja Azmi Bin Adam Nadarajan  
Abdul Razak Bin Bakrun

### COMPANY SECRETARIES

**Chua Siew Chuan**

(MAICSA 0777689)

**Lim Lih Chau**

(LS 0010105)

**HEAD OFFICE**

70-73, NeoCyber  
Lingkaran Cyber Point Barat  
63000 Cyberjaya  
Selangor Darul Ehsan  
Tel : +603 8314 8400  
Fax : +603 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 : +603 2084 9000  
Fax : +603 2094 9940

**PRINCIPAL BANKERS**

Ambank Islamic Bank Bhd

**STOCK EXCHANGE LISTING**

Main Market,  
Bursa Malaysia Securities Berhad

**INVESTOR RELATIONS**

**SLIY Consultancy and  
Communications Sdn Bhd**  
E-mail : [ir@prestariang.com.my](mailto:ir@prestariang.com.my)

### EXTERNAL AUDITORS

**Crowe Malaysia PLT**

LLP018817-LCA & AF 1018  
Level 16, Tower C, Megan Avenue II  
12, Jalan Yap Kwan Seng  
50450 Kuala Lumpur

### INTERNAL AUDITORS

**KPMG Management and Risk Consulting  
Sdn Bhd**

Level 10, KPMG Tower  
No. 8, First Avenue  
47800 Petaling Jaya  
Selangor Darul Ehsan

### SOLICITORS

**Messrs. Albar & Partners**

Suite 14-3 Level 14  
Wisma UOA Damansara II  
No. 6, Changkat Semantan  
Bukit Damansara  
50490 Kuala Lumpur

### SHARE REGISTRAR

**Boardroom Share Registrars Sdn Bhd**  
(Formerly known as Symphony Share  
Registrars Sdn Bhd)

11<sup>th</sup> Floor, Menara Symphony  
No. 5, Jalan Prof. Khoo Kay Kim  
Seksyen 13, 46200 Petaling Jaya  
Selangor Darul Ehsan  
Tel : +603 7890 4700  
Fax : +603 7890 4670

## BOARD OF DIRECTORS

**Paul Chan Wan Siew**  
Senior Independent  
Non-Executive Director

**Dr Abu Hasan Bin Ismail**  
Non-Independent Executive Director,  
President/Group Chief Executive Officer

**Baldesh Singh A/L Manmohan Singh**  
Non-Independent Executive Director,  
Chief Operating Officer



**Ginny Yeow Mei Ying**  
Independent  
Non-Executive Director

**Dato' Maznah Binti Abdul Jalil**  
Independent Non-Executive Chairman

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

## BOARD OF DIRECTORS' PROFILE



**DATO' MAZNAH  
BINTI ABDUL JALIL**  
Independent Non-Executive Chairman

<b>Nationality</b>	Malaysian
<b>Age/Gender</b>	66/Female
<b>Date of Appointment</b>	2 July 2012
<b>Length of Tenure</b>	7 years
<b>Number of Meetings Attended for the Financial Year</b>	11/11

### Membership of Board Committees

None

### Qualifications

- Bachelor of Science in Business Administration from Northern Illinois University, United States of America (USA).
- Masters of Science in Business Administration (Finance) from Central Michigan University, USA.

### Membership of Associations

- Life Member of the Women's Institute of Management.
- Member of Asian Strategy and Leadership Institute (ASLI) and Member of Corporate Malaysian Roundtable, ASLI.
- Member of the Board of Governors, University Malaysia of Computer Science and Engineering (UNIMY).

### Working Experience and Occupation

2011 - Present	: Chairman of SCS Global Advisory (M) Sdn Bhd.
2012 - April 2019	: Appointed as Executive Director and Chief Financial Officer, Sona Petroleum Berhad.
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 (Malaysia) Berhad.
1997	: Joined Diversified Resources Berhad (DRB) (now known as DRB-HICOM 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 2005.
1992 - 1995	: Appointed as Executive Director of Corporate Affairs at Master Carriage (Malaysia) Sdn. Bhd.
1979 - 1992	: Joined Amanah Merchant Bank Berhad and served as the Manager of Corporate Finance & Advisory.

### Directorship of Other Public Companies and Listed Issuers

Pavilion Real Estate Investment Trust, Felcra Berhad, InNature Berhad and Boustead Heavy Industries Corporation Berhad.



**DR ABU HASAN BIN ISMAIL**  
Non-Independent Executive Director,  
President/Group Chief Executive Officer

<b>Nationality</b>	Malaysian
<b>Age/Gender</b>	58/Male
<b>Date of Appointment</b>	18 November 2010
<b>Length of Tenure</b>	9 years
<b>Number of Meetings Attended for the Financial Year</b>	11/11

### Membership of Board Committees

Member of the Risk Management Committee, Finance & Investment Committee and Tender 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 Chief Executive Officer of Prestariang Berhad	
2015 - Present	: Appointed into the CEO faculty programme 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, Certiport, Prometric, ASIC and others.
2000 - 2002	: Joined FSBM Holdings Berhad. Appointed as an 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.

### Directorship of Other Public Companies and Listed Issuers

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

## BOARD OF DIRECTORS' PROFILE

**PAUL CHAN WAN SIEW**

Senior Independent  
Non-Executive Director

<b>Nationality</b>	Malaysian
<b>Age/Gender</b>	68/Male
<b>Date of Appointment</b>	18 November 2010
<b>Length of Tenure</b>	9 years
<b>Number of Meetings Attended for the Financial Year</b>	10/11

**Membership of Board Committees**

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

- 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.
- 1975 - Present : Professional and business experience spans four decades in accounting, auditing, corporate, financial and business advisory services.
- 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 Integrax Berhad; Senior Independent Director, Chairman of Audit Committee.
- 2004 - 2012 : Appointed to the Board of Mycron Steel Berhad; Chairman of Risk Management Committee.

**Directorship of Other Public Companies and Listed Issuers**

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

**RAMANATHAN  
A/L SATHIAMUTTY**

Independent Non-Executive Director

<b>Nationality</b>	Malaysian
<b>Age/Gender</b>	55/Male
<b>Date of Appointment</b>	16 April 2014
<b>Length of Tenure</b>	5 years
<b>Number of Meetings Attended for the Financial Year</b>	11/11

**Membership of Board Committees**

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

**Qualifications**

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

**Membership of Associations**

- Member of the Board of Governors, University Malaysia of Computer Science & Engineering.
- Adjunct professor at Taylor's University.

**Working Experience and Occupation**

- 2014 - Present : In 2014, he joined Celcom Axiata Berhad as a Chief Technology Officer and later in 2016, he commenced his new role for Celcom Axiata Berhad as its Chief Transformation Officer. He was further appointed as an Advisor to Celcom Axiata Berhad's Chief Executive Officer in early 2019, holding the position to date.
- 1998 - 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.

**Directorship of Other Public Companies and Listed Issuers**

Malaysia Airports Holdings Berhad.

## BOARD OF DIRECTORS' PROFILE



### GINNY YEOW MEI YING

Independent Non-Executive Director

<b>Nationality</b>	Malaysian
<b>Age/Gender</b>	37/Female
<b>Date of Appointment</b>	28 February 2019
<b>Length of Tenure</b>	Less than a year
<b>Number of Meetings Attended for the Financial Year</b>	2/2



### BALDESH SINGH A/L MANMOHAN SINGH

Non-Independent Executive Director,  
Chief Operating Officer

<b>Nationality</b>	Malaysian
<b>Age/Gender</b>	50/Male
<b>Date of Appointment</b>	28 February 2019
<b>Length of Tenure</b>	Less than a year
<b>Number of Meetings Attended for the Financial Year</b>	2/2

#### Membership of Board Committees

Member of Nomination Committee, Remuneration Committee, Audit Committee, Risk Management Committee, Finance & Investment Committee.

#### Qualifications

- English Literature (BA) Hons degree (American and Spanish literature) from University of Warwick, Coventry, England.
- Graduate Diploma in Marketing from Marketing Institute of Singapore.

#### Memberships of Associations

None

#### Working Experience and Occupation

2009 - Present	: Director of Kaginic Corporation Sdn Bhd.
2011 - 2017	: Joined Kencana Capital Sdn Bhd as an Investment Manager.
2007	: Joined Kuala Lumpur Regional Centre for Arbitration as Senior Marketing Executive.
2005 - 2007	: Joined F3 Strategies (Foundation for the Future) and served as the Corporate Communications Executive.
2003 - 2005	: Joined Zenith Media Malaysia and served as a Media Planner.

#### Directorship of Other Public Companies and Listed Issuers

None

#### Notes:

- 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.

#### Membership of Board Committees

Member of Risk Management Committee and Finance & Investment Committee.

#### Qualifications

- Chartered Certified Accountant, Chartered Institute of Management Accountants (CIMA).

#### Memberships of Associations

- Associate Member, Chartered Institute of Management Accountants (CIMA).

#### Working Experience and Occupation

March 2019 - Present	: Appointed to the Board and later as the Chief Operating Officer of Prestariang Berhad.
2016 - 2019	: Appointed as Chief Financial Officer and Head of Strategy at Liannex Corporation Pte Ltd, later appointed as Executive Director and Chief Operating Officer at Eduspec Holdings Berhad until May 2018.
2014 - 2016	: Joined Kencana Capital Sdn Bhd as Head of Strategy.
2011 - 2014	: Joined Sapura Kencana Petroleum Bhd as Vice President, Office of the Executive Vice Chairman.
2008 - 2011	: Joined Richfield Brands & Services Pte Ltd (SG) as Executive Director of Finance.
2002 - 2007	: Joined The Works Partnership Pte Ltd based in Hong Kong as Chief Financial Officer.
1998 - 2001	: Joined Tajo Berhad as Group Financial Controller, Turnaround Management Team.
1995 - 1998	: Joined Melewar Equities as Vice President Small & Medium Industries.
1994 - 1995	: Joined Rofia Group as an Accountant.
1992 - 1994	: Joined Bumiputra Merchant Bankers Berhad as Officer Corporate Banking.
1991 - 1992	: Joined Sunrise Berhad as Management Trainee.

#### Directorship of Other Public Companies and Listed Issuers

None

## SENIOR MANAGEMENT PROFILE

### DR ABU HASAN BIN ISMAIL

Non-Independent Executive Director,  
President/Group Chief Executive Officer

**Nationality** Malaysian

**Age/Gender** 58/Male

**Note:**

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

### BALDESH SINGH A/L MANMOHAN SINGH

Non-Independent Executive Director,  
Chief Operating Officer

**Nationality** Malaysian

**Age/Gender** 50/Male

**Note:**

Please refer to page 28 for Baldesh Singh A/L Manmohan Singh's complete profile.

### RAJA AZMI BIN ADAM NADARAJAN

Chief Executive Officer, Technology Division &  
Prestariang SKIN Sdn Bhd

**Nationality** Malaysian

**Age/Gender** 47/Male

**Date of Appointment** March 2017

### ABDUL RAZAK BIN BAKRUN

Chief Financial Officer

**Nationality** Malaysian

**Age/Gender** 51/Male

**Date of Appointment** May 2012

#### Qualifications

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

#### Working Experience and Occupation

2013 - 2016 : Lead Business Consultant and Advisor  
| Prestariang Berhad

2010 - 2013 : Chief Operating Officer and 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 and Technical Specialist | 3M

1999 - 2001 : Project Manager | SPS Corporation Sdn Bhd

1997 - 1999 : Field Engineer | Maxis Sdn Bhd

#### Directorship of Other Public Companies and Listed Issuers

Yayasan Universiti Malaysia

#### Qualifications

- Bachelor's Degree in Accountancy (Hons), Universiti Malaya
- A member of Malaysian Institute of Accountants (CA 22605)

#### Working Experience and Occupation

2007 - 2012 : General Manager Finance  
| Faber Mediserve Sdn Bhd

2004 - 2007 : Head of Finance and Account  
| Healthtronics (M) Sdn Bhd

2001 - 2004 : Senior Manager, Finance  
| Faber Mediserve Sdn Bhd

2000 - 2001 : Manager, Business Development  
| Renong Berhad

1999 - 2000 : Manager, President's Office  
| Renong Group, Expressway Division

1997 - 1999 : Manager, Finance | Kinta Kellas PLC

1993 - 1997 : Renong Management Trainee Scheme (RMTS)

#### Directorship of Other Public Companies and Listed Issuers

None

## SENIOR MANAGEMENT PROFILE

### HAFIZA ANOM BINTI ABDUL HAMID

Group Director of Sales and Marketing

<b>Nationality</b>	Malaysian
<b>Age/Gender</b>	42/Female
<b>Date of Appointment</b>	February 2015

#### Qualifications

- BSc (Hons) Degree in Computing, University of Portsmouth, United Kingdom
- Diploma in Computer Science, Universiti Teknologi Malaysia

#### Working Experience and Occupation

2017 - 2018 :	Director of Sales and Marketing, Software & Services   Prestariang System Sdn Bhd
2015 - 2017 :	Head of Sales, MLA 2.0   Prestariang System Sdn Bhd
2013 - 2014 :	Sales Manager CRM Sales Auto – Applications   Oracle Corporation Malaysia
2007 - 2013 :	Account Manager, Public Sector Group   Microsoft Malaysia
2006 - 2007 :	Inside Account Manager, Public Sector Group   Microsoft Malaysia
2003 - 2006 :	Account Manager   HeiTech Padu Berhad
1999 - 2003 :	Account Executive   Berita Information Systems Sdn Bhd

#### Directorship of Other Public Companies and Listed Issuers

None

### CHOK JOON HENG

Director, Corporate Services, Prestariang SKIN Sdn Bhd

<b>Nationality</b>	Malaysian
<b>Age/Gender</b>	45/Male
<b>Date of Appointment</b>	March 2017

#### Qualifications

- Association of Chartered Certified Accountants
- A member of Malaysian Institute of Accountants (CA 22358)

#### Working Experience and Occupation

2015 - 2016 :	Consultant, SKIN   Prestariang Technology Sdn Bhd
2005 - 2014 :	Associate Director   Crave Capital Sdn Bhd
2004 - 2005 :	Financial Consultant   Innovation Associates Outsource Sdn Bhd
2003 - 2004 :	Group Accountant   DPS Resources Berhad
2000 - 2003 :	Head of Internal Audit   TA Enterprise Berhad
1997 - 2000 :	Senior Auditor   TH Law and Co

#### Directorship of Other Public Companies and Listed Issuers

None



## SENIOR MANAGEMENT PROFILE

### YASMIN BINTI ABDULLAH

Senior Vice President, Human Resource and Learning & Development

<b>Nationality</b>	Malaysian
<b>Age/Gender</b>	51/Female
<b>Date of Appointment</b>	January 2018

#### Qualifications

- B Economics (Hons), Universiti Malaya
- Certified Facilitator (HRDF), DISC Profiling, Forte Profiling and Career Transition

#### Working Experience and Occupation

2018 – 2019	: Senior Vice President, Human Capital and Administration   Prestariang Berhad
2016 – 2017	: Consulting Director, Talent Management and Leadership Development   Integrated Hospitality Consulting
2015 – 2016	: Consulting Director, Talent Management and Leadership Development   BTI Consultants Sdn Bhd
2003 – 2015	: Human Resource and Consulting Director   Integrated Hospitality Consulting Sdn Bhd
1998 – 2003	: Director of Human Resource   Pelangi Beach Resort and Burau Bay Resort
1997 – 1998	: Human Resource and Training Manager   Sheraton Imperial Kuala Lumpur
1994 – 1997	: Human Resource Manager   Pelangi Beach Resort and Burau Bay Resort

#### Directorship of Other Public Companies and Listed Issuers

None

### PROF DR MOKHTAR BIN ABDULLAH

Vice Chancellor, University Malaysia of Computer Science and Technology (UNIMY), Prestariang Education Sdn Bhd

<b>Nationality</b>	Malaysian
<b>Age/Gender</b>	63/Male
<b>Date of Appointment</b>	October 2018

#### Qualifications

- PhD in Statistics, University of Dundee, Scotland, United Kingdom
- MSc in Statistics, University of Kent, Canterbury, United Kingdom
- BSc in Statistics, Universiti Kebangsaan Malaysia

#### Working Experience and Occupation

2018	: Dean, Faculty of Business & Accountancy   UNISEL
2017 - 2018	: Vice President & Chief Executive Officer   UNISEL Bangladesh Branch Campus
2016 - 2017	: Deputy Vice Chancellor (Academic, Research & Industrial Engagement)   UNISEL
2013 - 2017	: Director of Centre for Business, Research, Industry Linkages and Consultancies   UNISEL
2012 - 2018	: Professor of Statistics, Faculty of Business & Accountancy   UNISEL
2010 - 2012	: Assistant Vice Chancellor (Research & Innovation)   Defense National University of Malaysia (UPNM)
2003 - 2009	: Chief Executive Officer   ADMACS Corp. Consultants Sdn Bhd
1997 - 2003	: Deputy Director, Centre for Academic Development   Universiti Kebangsaan Malaysian (UKM)

#### Directorship of Other Public Companies and Listed Issuers

None

## SENIOR MANAGEMENT PROFILE

### DR PETER LEE FUEI SIONG

Director, Talent Division

<b>Nationality</b>	Malaysian
<b>Age/Gender</b>	50/Male
<b>Date of Appointment</b>	March 2019

#### Qualifications

- Bachelor of Medicine and Bachelor of Surgery, Manipal Higher Education Academy

#### Working Experience and Occupation

2017 - 2019	: Change Management Director   Prestariang Tech Services Sdn Bhd
2013 - 2016	: Project Consultant and Advisor   Brilliance Information Sdn Bhd
2009 - 2013	: Senior Consultant   Bloomberg School of Public Health, John Hopkins University
2007 - 2009	: Chief Marketing Officer   Brilliance Information Sdn Bhd
1995 - 2005	: Head of Department, Health Office (Kapit Division)   Ministry of Health, Malaysia
1996 - 1999	: Medical Officer   Ministry of Health, Malaysia
1995 - 1996	: House Officer   Ministry of Health, Malaysia

#### Directorship of Other Public Companies and Listed Issuers

None

#### Notes:

- (i) None of the Senior Management has any family relationship with each other or with any substantial shareholders of the Company.
- (ii) None of the Senior Management has any conflict of interests with the listed issuer.
- (iii) Other than traffic offences, none of the Senior Management has any convictions for offences within the past 5 years nor any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

## CALENDAR OF EVENTS



### 1 04 JANUARY 2018

CIMB's 10<sup>th</sup> Annual Malaysia Corporate Day featured a media briefing and perspectives from experts who presented outlooks on the economy and investment banking sector. The event was held in Mandarin Oriental Kuala Lumpur, Kuala Lumpur.



### 2 04 JANUARY 2018

A Memorandum of Cooperation (MoC) was signed between University Malaysia of Computer Science & Engineering (UNIMY) and IMEC Education Group. Datuk Dr Khairuddin Ab. Hamid, UNIMY Vice Chancellor and Prof Dr Selvaraj Oyyan Pillay, IMEC Chief Executive Officer, signed the MoC on behalf of their respective organisations.

### 3 15 JANUARY 2018

Dr Abu Hasan, Prestariang President/Group CEO and the Board of Directors of OpenLearning Global Pte Ltd attended the company's first BOD Open Learning Meeting for 2018. This meeting was held in Singapore.



## CALENDAR OF EVENTS

### 4 18 JANUARY 2018

The Memorandum of Cooperation (MoC) between UNIMY and CyberSecurity Malaysia was attended by Datuk Dr Khairuddin Ab. Hamid, UNIMY Vice Chancellor and representatives from CyberSecurity Malaysia.

### 5 26 JANUARY 2018

The official release of the book entitled "Faces of Fortune 2" authored by Tee Lin Say. The book portrays Dr Abu Hasan as Nick Fury.

### 6 28 JANUARY 2018

The Final Presentation and Award Ceremony of the Disrupt-IT Challenge 2017 was held at MaGiC, Cyberjaya. The competition was aimed at facilitating greater technopreneurs to positively disrupt industries and communities alike.



## CALENDAR OF EVENTS

**7 22 - 23 FEBRUARY 2018**

Dr Abu Hasan was invited by the Ministry of Higher Education to attend the Higher Education Forum (HEF) 2018 themed Islamic Economies@4IR: Waqf Revival on 22 February 2018 at the Royale Chulan Kuala Lumpur. The event was inaugurated by HRH Paduka Seri Sultan Nazrin Muizzudin Shah Ibni Almarhum Sultan Azlan Muhibbuddin Shah Al-Maghfur-Lah, Sultan of Perak.

**8 23 FEBRUARY 2018**

UNIMY signed a Collaboration Agreement with Robopreneur at UNIMY, Putrajaya. This collaboration was sealed by UNIMY's Acting Vice Chancellor, Robopreneur's Chief Executive Officer and Robopreneur's Chief Technology Officer.

**9 8 MARCH 2018**

The Job Matching PTPTN launch to commemorate the 20<sup>th</sup> Anniversary of Perbadanan Tabung Pendidikan Tinggi Nasional ("PTPTN") by former Deputy Prime Minister, Dato' Seri Dr Zahid Bin Hamidi.



## CALENDAR OF EVENTS

### 10 17 - 19 MARCH 2018

UNIMY organised the Open Day for its April intake which saw active engagement between prospective students, UNIMY staff and existing students.

### 11 06 - 07 APRIL 2018

A workshop was conducted for the AMDC competition shortlisted finalists for refinement of their submissions before final event.

### 12 16 MAY 2018

Prestariang's 8<sup>th</sup> Annual General Meeting (AGM) was held at Pulse Grande Hotel, Putrajaya.



## CALENDAR OF EVENTS



13



13 16 MAY 2018

The Analyst & Fund Managers Briefing was held at Ritz Carlton Hotel, Kuala Lumpur.



14 03 JULY 2018

UNIMY's Trailblazing 3.0 which is an event organised by students for students was the third installment with the theme, Job Security. The panel of speakers were Raja Azmi Adam, CEO of Prestariang SKIN Sdn Bhd, Kenny Ng of the UNIMY Alumni and Siti Rahayu Baharin, Founder of Buku Jalan Chow Kit.



15

15 21 - 22 JULY 2018

Prestariang participated in the Graduan Aspire 2018 which was held at the Kuala Lumpur Convention Centre, Kuala Lumpur. Our main objective in participating in this popular networking and career fair was to showcase the JobMatching PTPTN programme. It was targeted to PTPTN borrowers to offer them a fair chance of employment and at the same time the opportunity to consider PTPTN repayment options.

CALENDAR OF EVENTS



16 26 JULY 2018

Inking the Agreement for JobMatching PTPTN Programme Implementation by Chief Executive of Perbadanan Tabung Pendidikan Tinggi Nasional, En Wan Ahmad Bin Wan Yusuf and President/Group CEO of Prestariang, Dr Abu Hasan.



17



17 02 AUGUST 2018

Prestariang representatives conducted a presentation to brief Government Agencies in the Northern States of Peninsular Malaysia on MLA. The presentation was held at the Langkawi International Convention Centre (LICC), Langkawi.

18 07 AUGUST 2018

Adura Suhaimi and Emelia Abdul Rahman from Prestariang were recipients of the Certificate of Professional Security Certificate Awareness Manager (CISAM) at the Global ACE Scheme Pre-Launch Ceremony and CyberSecurity Malaysia Appreciation Day which was held at Putrajaya Marriott Hotel.



18



## CALENDAR OF EVENTS



19

**19 09 AUGUST 2018**

An open interview session was held at Prestariang HQ in conjunction with the Job Matching PTPN.

**20 05 SEPTEMBER 2018**

Prestariang Systems Sdn Bhd (PSSB) signed a Master Licensing Agreement (MLA) 3.0 with the Government of Malaysia as represented by the Ministry of Finance (MoF) to be the sole Microsoft Licensing Solutions Provider (LSP) for all Government Agencies and Institut Latihan Awam (ILA) in Malaysia. Signing the Agreement at the MoF was the Deputy Secretary General (Management), Datuk Ahmad Badri Bin Mohd Zahir and the President/GCEO of Prestariang, Dr Abu Hasan.



20

**21 27 SEPTEMBER 2018**

A roadshow was conducted to promote MLA 3.0 to Government Agencies in the East Coast Region.



21



## CALENDAR OF EVENTS

### 22 10 OCTOBER 2018

Students attended an open interview session for the Job Matching PTPTN at Prestariang HQ.

### 23 11 OCTOBER 2018

Representatives from the state governments and agencies of the Central Region attended the presentation on MLA which was conducted by Prestariang.

### 24 27 OCTOBER 2018

UNIMY Inaugural Convocation 2018 honoured the pioneering batch of foundation students who received their respective Bachelor's Degrees at the UNIMY New Campus in Cyberjaya.



## CALENDAR OF EVENTS

**25 08 NOVEMBER 2018**

Prestariang unveiled the new Microsoft dual-screen Surface device, Surface Go. It is deemed as the hero device for a wave of new dual-screen tablet/laptop hybrids. The private function was launched at Starbucks, Prima 5 in Cyberjaya where majority of the customers were MLA clients.

**26 27 NOVEMBER 2018**

The Enhance Your Competency Seminars which focussed on digital marketing was organised as one of the initiatives under the CEP programme. Participants from Government Agencies under the Master Licensing Agreement MLA 3.0 attended the seminars which were held at Hotel Bangi and Putrajaya on 11 October 2018 and 27 November 2018 respectively.

**27 13 DECEMBER 2018**

UNIMY entered into a Memorandum of Understanding (MoU) with Pejabat Pendidikan Daerah Petaling Perdana.

**28 13 DECEMBER 2018**

Students attended an open interview session for the Job Matching PTPTN which was held at Prestariang HQ.

## CALENDAR OF EVENTS



**29 22 JANUARY 2019**

Prestariang engaged with Ketua Setiausaha Negara in overcoming the shortage of competent and skillful staff in leading the high-impact and people-centric Digital Government for the Digital Government Competency and Capability Readiness (DGCCR) Boardroom Session with Ketua Setiausaha Negara.



**30 05 APRIL 2019**

Representatives from University of the West of England (UWE Bristol) visited UNIMY to explore future collaboration options between the two industry-oriented varsities.

**31 16 APRIL 2019**

An initiative by Prestariang to keep its existing base of clients up to date with the latest offerings by Adobe with its array of software and updates.



## CALENDAR OF EVENTS



32

32 16 - 17 APRIL 2019

Prestariang Berhad via its subsidiary, Agensi Pekerjaan Prestariang TalentXchange Sdn Bhd (TalentXchange), participated as one of the exhibitors in the UKM Career and Entrepreneurship Expo (CEP) 2019.

33 23 APRIL 2019

Prestariang Berhad via its subsidiary, Agensi Pekerjaan Prestariang TalentXchange Sdn Bhd (TalentXchange), participated as one of the exhibitors in the IIUM Mega Interview Day 2019.



33

34 10 JULY 2019

UNIMY, Cyberjaya played host to representatives of Manchester Metropolitan University (MMU), England during a novelty visit to discuss possible future collaborations between the two industry-oriented varsities.



34



## AWARDS AND ACCOLADES

### 2019

- 1 CompTIA Authorised Platinum Partner 2019
- 2 Remained as a constituent of the FTSE4Good Bursa Malaysia Index

#### 2018

- MSWG-ASEAN Corporate Governance 2018 Award Winner-Technology Industry.
- Listed on MSWG-ASEAN Top 100 Companies for CG Disclosures.
- Listed on MSWG-ASEAN Top 100 Companies for Overall CG & Performance.
- Remained as a constituent of the FTSE4Good Bursa Malaysia Index.
- Attained Microsoft Gold Cloud Productivity Status.

#### 2017

- Listed on MSWG-ASEAN Top 100 Companies for CG Disclosures.
- Listed on MSWG-ASEAN Top 100 Companies for Overall CG & Performance.
- Remained as a constituent of the FTSE4Good Bursa Malaysia Index.

#### 2016

- Dr Abu Hasan Bin Ismail was appointed into of the CEO Faculty Programme Blueprint. The appointment is for the period of September 2015 to September 2017.
- Prestariang Systems Sdn Bhd was awarded the Circle of Excellence ATC Award by the EC-Council.
- Prestariang Systems Sdn Bhd was awarded ISO 9001:2015 certification by SIRIM QAS International Sdn Bhd on 26 August 2016.
- Dr Abu Hasan Bin Ismail was appointed as Adjunct Professor at Universiti Sultan Zainal Abidin on 15 March 2016.
- Prestariang Systems Sdn Bhd was awarded as Best Performing Autodesk Education Partner ASEAN Region 2016.
- Remained as a constituent of the FTSE4Good Bursa Malaysia Index.

#### 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 Programme 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 Bumiputera Controlled Public Listed Companies (BCPLC) 2014-2015.
- Remained as a constituent of the FTSE4Good Bursa Malaysia Index.

#### 2014

- Anugerah Kecemerlangan Industri 2014 from MITI Services Sector: ICT Category Award.
- Forbes: Asia's 200 Best Under A Billion 2013/2014.
- Autodesk Authorised Training Centre 2014.
- A Member of FTSE4Good Bursa Malaysia Index 2014.
- Inclusion in the Minority Shareholder Watchdog Group (MSWG) Top100 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.

## AWARDS AND ACCOLADES

### 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 category.
- Invention, Innovation & Design Expo - IDEX 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 Programme in Asia.
- EC-Council Authorised Training Centre of The Year 2009.
- Best Performance for Career Education In IBM Software (CEIS Programme).
- 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 2004.



## SUSTAINABILITY COMMITMENT

### SUSTAINABILITY OVERVIEW

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## SUSTAINABILITY COMMITMENT

### REPORT OVERVIEW

2019 marks the 4<sup>th</sup> year of highlighting the progress made by Prestariang Berhad and its Group of Companies (the Group) towards targets set in our sustainability practices. We began our journey in 2015 where we have continuously strived to balance our business operations with achieving the objectives of our Sustainable Policy, which was approved and introduced within the same year. Since then, we have steadily been improving the quality of our reporting and disclosures and have effectively embedded sustainability into our corporate culture.

This report has been prepared by the Working Committee which is responsible for analysing data and comparing the targets against actual progress, which are based on the measurable objectives via an established checking mechanism to report our progress.

During the year in review, we conducted a materiality assessment with our internal and external stakeholders and have identified key material aspects deemed important to the Group, based on the Global Reporting Initiative (GRI) Sustainability Reporting Standards Guidelines: Core Option. We have also identified five United Nations Sustainable Development Goals (UNSDGs) which are most aligned to our business and operations.

Another substantial disclosure is the Key Performance Indicators of the Sustainability Goals with defined long term and short terms targets in achieving them.

### SCOPE OF THE REPORT

#### Reporting Period

This Sustainability Statement covers The Group's performance from 1 January 2018 to 30 June 2019 (18 months), unless stated otherwise. The report is aligned with the change of the Group's financial year from 31 December 2018 to 30 June 2019 as announced on 28 February 2019.

### SUSTAINABILITY PERFORMANCE RECOGNITIONS

#### 2018

- Ranked 43<sup>rd</sup> in MSWG's list of Top 100 Companies for CG Disclosure.
- Ranked 67<sup>th</sup> in MSWG's list of Top 100 Companies for Overall CG and Performance.
- Remains as a constituent for FTSE4Good Bursa Malaysia Index.
- Industry Excellence Award - Technology : MSWG - ASEAN Corporate Governance Award 2018.

#### 2019

- Remains as a constituent for FTSE4Good Bursa Malaysia Index.

For comparison, our data and performance were measured from 1 January 2018 to 31 December 2018 (i.e.12-months). While the data from 1 January 2019 to 30 June 2019 was collated and disclosed in this statement, the performance was not measured.

For the following year's report, the Group will refer to the 12-months' data collated and shall measure the performance from 1 July 2019 to 30 June 2020 against the period from 1 July 2018 to 30 June 2019.

#### Reporting Cycle

This Sustainability Statement is reported annually following The Group's financial year.

#### Scope of Reporting

This Sustainability Statement covers Prestariang Berhad and its wholly-owned subsidiaries which include:

- Prestariang Systems Sdn Bhd; and
- Prestariang O&G Sdn Bhd.

## SUSTAINABILITY COMMITMENT

These significant subsidiaries contributed more than 49.7% to the Group's business revenue for the reporting period and were therefore assessed. All these subsidiaries are geographically located at the corporate headquarters in NeoCyber, Cyberjaya, Selangor Darul Ehsan, Malaysia.

Prestariang's Sustainability Committee has agreed to omit Star Central, despite the contribution of 47.8% by Sistem Kawalan Imigresen Nasional (SKIN) project to the Group's business revenue. The building was our operation centre for SKIN. This was in light of the Cabinet's decision to terminate the SKIN Project by way of expropriation, which took effect in January 2019. This report does not include data on UNIMY due to its relocation activity which has occurred during the financial year under review. This has contributed to information gaps pertaining to UNIMY's sustainability performance and we are committed to improve on our disclosure within the next report.

### GUIDELINES

- Bursa Malaysia Sustainability Reporting Guidelines.
- FTSE4Good Bursa Malaysia Index Rating Guide.  
*Refer to the FTSE4Good Content Index on pages 253 to 258.*
- GRI Standards: Core option of the Global Reporting Initiative (GRI) Standards Sustainability Reporting Guidelines.
- Bursa Malaysia Corporate Governance Guide.

### COMMITMENTS

- Prestariang Sustainability Policy.
- Sustainable Development Goals (SDGs).

### Reference and Guidelines

This report has been prepared in accordance with the following guidelines and frameworks with the objective to deliver a transparent and comprehensive disclosure of Environmental, Social and Governance (ESG) performance to our stakeholders.

### Assurance

During the current period, Prestariang has not sought for external assurance for this report. We will continue to improve both our data collection and reporting processes. Consideration of external assurance will be done as our reporting matures.

### FEEDBACK

We welcome feedback on our sustainability report, including any reports of unlawful or unethical behaviour that conflict with our sustainability report and practices. For enquiries, please contact:

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Corporate Communications Department  
Prestariang Berhad

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## SUSTAINABILITY COMMITMENT

## ADVANCING SUSTAINABILITY

## SUSTAINABILITY POLICY

Sustainable management has always been central in our business. Our Sustainability Policy was approved and introduced in 2015 with five (5) principles related to ESG areas, which were aligned to our capability and capacity of the business. This was done to further improve our ESG performance and reduce our impact to the environment.

## Mission

Effectively communicating our sustainable business to employees, customers, distributors and other stakeholders on our commitment in promoting good sustainability practices.

## Objective

- To support stakeholder value creation as key to sustainability;
- To promote and adopt the best ESG practices and to continuously integrate sustainable practices into our management culture, working environment and business process; and
- To embrace accountability and transparency as the foundation for business performance.

**PRINCIPLE 1 : Sustainable Lifelong Learning Environment**

Develop talent through technology. Drive IT compliance through the management and distribution of original software while making software licences affordable.

**PRINCIPLE 2 : Stakeholder Engagement & Disclosures**

Support stakeholder value creation as key to sustainability with continuous efforts to build professional relationships with our employees, Government authorities and agencies, the media, fund managers & analysts, and the public at large via planned and targeted programmes and activities.

**PRINCIPLE 3 : Commitment to Corporate Responsibilities**

Safeguard human rights within our sphere of influence and contribute to community needs.

**PRINCIPLE 4 : Engaging Workplace**

Create an engaging and supportive work culture, provide for a knowledge based organisation while supporting diversity across the workplace and the Boardroom.

**PRINCIPLE 5 : Governance to Drive Compliance & Best Practices**

Observe and comply with all relevant legislations, regulations and codes of practice while integrating sustainability into the operations through implementing transparent, effective, ethical and sustainable processes across the business supply chain.

This policy is reviewed on a regular basis. As of the reporting period, the Sustainability Policy is deemed relevant and will continue to be practiced.

## SUSTAINABILITY COMMITMENT

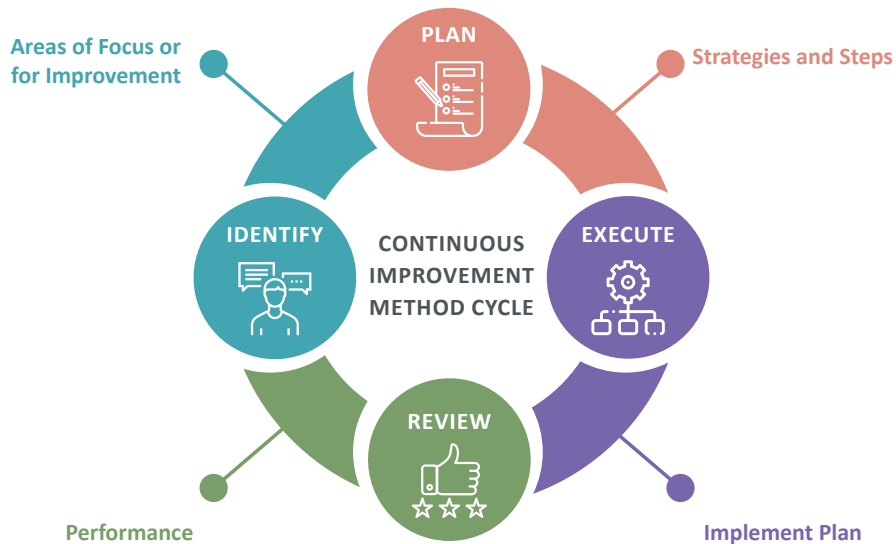
### MANAGEMENT APPROACH

Our sustainability efforts and disclosure are centred on a pragmatic approach to:

- Manage the impact of our business on the environment;
- Enrich communities where we serve;
- Build innovative services responsibly while ramping up on operational excellence and customer centricity; and
- Maintain a progressive and healthy working environment.

This approach is based on the five Sustainability Principles of the Sustainability Policy that was introduced in 2015. We have clear, aligned objectives to enable us to achieve both our business goals and the UNSDGs. This commitment is anchored on our ability to remain agile and adapt quickly through challenging business cycles. Resilience has been a key factor in weathering tough situations without compromising our work ethics and productivity.

The policies, practices, goals, execution, monitoring and management is led in a structured manner by the Sustainability Governance Committee through the Continuous Improvement Method Cycle.

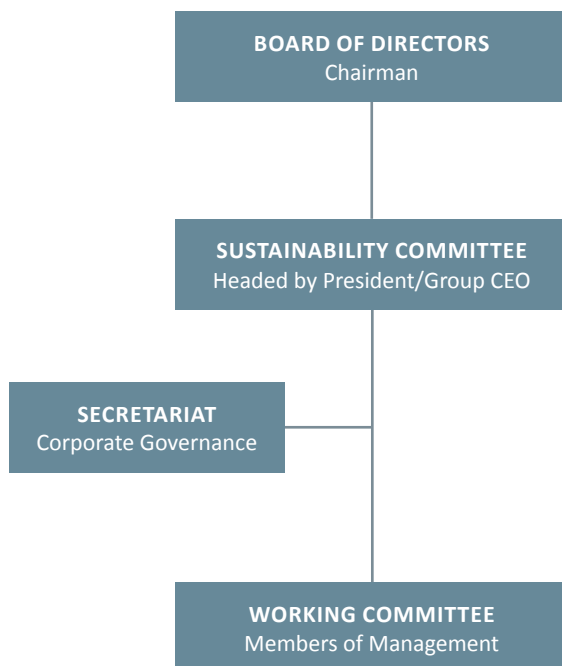


This method allows the Group to systematically execute sustainability plans set by the Sustainability Governance Committee which will be reviewed in the next cycle.

## SUSTAINABILITY COMMITMENT

### SUSTAINABILITY GOVERNANCE STRUCTURE

Together with the Sustainability Policy, the Sustainability Governance Structure was established to represent and assist the Board in meeting its oversight responsibilities in relation to the sustainability policies, goals and practices. Each committee member has defined roles and responsibilities to promote and coordinate the development and implementation of sustainability initiatives across all areas of our organisation.



The Sustainability Committee is tasked with identifying gaps to appropriately incorporate ESG factors into key business functions. The Committee operationalises the implementation, execution, monitoring and management of the Group's Sustainability Policy via the structured Continuous Improvement Methods Cycle.

### Roles in Sustainability Governance Structure

#### Board of Directors

The Board of Directors, chaired by the Chairman governs the sustainability initiatives of the Group. Matters and issues which arise are presented and discussed at Board Meetings to deliberate and decide on the Group's sustainability direction and to meet its oversight responsibilities in relation to the approval of the Sustainability Policy should there be any additions or amendments. The Board reviews, approves and monitors the strategic plans and goals proposed by the Sustainability Committee to ensure positive progress is made with sustainable long term returns for the Group. The Board is also responsible and accountable in evaluating the Group's sustainability performance on a periodical basis.

#### Sustainability Committee

The Sustainability Committee (SC) is headed by the President/GCEO and comprises the WC which is assisted by the Secretariat.

The role and responsibility of the President/GCEO is to design the action plan, execute and implement the sustainability strategies. It also includes the planning of activities to achieve the sustainability and business goals, its targets and Key Performance Indicators (KPIs) based on the approval by the Board. In addition to this, the SC is also responsible to assess risks and opportunities of ESG concerns.

The President/GCEO will delegate its authority on ESG concerns to the WC for execution. The President/GCEO is also responsible to approve the annual sustainability statement report.

#### Working Committee

The Working Committee (WC) comprises members of the Management and Heads of Departments from various subsidiaries and departments. The WC is responsible for:

- Reviewing the Sustainability Policy annually for relevancy, and making recommendations on the Sustainability Policy for the approval of the Board;
- Ensuring the Board receives sufficient and appropriate information for reviews, risk management and decision-making;

## SUSTAINABILITY COMMITMENT

- Planning and recommending ESG activities/actions, goals/targets and KPIs for the approval of the Board;
- Executing the approved ESG activities/actions, goals/targets and KPIs with its team members and employees under its supervision;
- Reviewing and endorsing the annual sustainability statement report; and
- Communicating critical ESG concerns to the Board.

### Secretariat

The Secretariat is headed by the Corporate Governance and Communication department where members are tasked to:

- Assist the WC in its administrative activities;
- Assist the WC to review the Sustainability Policy;
- Assist the WC for ESG references, guidelines, tracking performance measures and the review of the Sustainability Report;
- Assist the SC to review the effectiveness of risk management processes for ESG topics;
- Coordinate and compile the activity reports generated by members for the purpose of deliberation at Management and Board levels;
- Follow up on Board approved activities/actions for the purpose of reporting to the Board; and
- Monitor and report the consolidated sustainability activities/actions to the Board.

### Measurement and Tracking Mechanism

The WC, assisted by the Secretariat, compares targets against actual progress which are based on approved goals. The WC may from time to time propose improvements for the Boards' approval to align and organise various aspects of sustainability. The WC also has to establish a tracking mechanism to indicate data progress for each calendar year.

## STAKEHOLDER ENGAGEMENT

The success of sustainability is about listening and responding to the needs and interests of diverse stakeholder groups. We engage with our stakeholders through a multitude of channels. Our mechanisms for two-way dialogue ensure that we are abreast with the latest topics and concerns of our stakeholder representatives.

Our group of stakeholders comprises shareholders and investors, employees, customers, industry groups and strategic partners, students, communities, Non-Governmental Organisations (NGOs), Government Agencies and suppliers which are identified as our major touchpoint stakeholders. We treat all stakeholders with respect. All enquiries, feedback and complaints from stakeholders are taken to priority for resolution and fair judgement.

"Both of our internal and external stakeholders are key in our operations. In ensuring seamless communications between us and our stakeholders, we encourage two-way communication via various tools to ensure their voices are heard."

**Dr Abu Hasan**

SUSTAINABILITY COMMITMENT

METHODS OF ENGAGEMENT AND KEY TOPICS DISCUSSED

STAKEHOLDER GROUP	KEY TOPICS OR CONCERN/ MATERIALITY AREAS	ENGAGEMENT PLATFORM	FREQUENCY	VALUES CREATED
Shareholders, Investors, Fund Managers and Analysts	<ul style="list-style-type: none"> <li>Economic Performance</li> <li>Sustaining Shareholder Value</li> <li>Sustainable Future Business</li> <li>Risk Management</li> <li>Market Presence, Branding &amp; Reputation</li> </ul>	Annual General Meeting	Annually	<ul style="list-style-type: none"> <li>Sharing financial performance, business direction and strategies, and sustainability initiatives.</li> <li>Rewarding shareholders through dividend payment.</li> </ul>
		Financial Report	Quarterly	Sharing financial performance, business direction and strategies, and sustainability initiatives.
		Analyst Briefings	Quarterly	
		Investor Relations Activities	As needed	<ul style="list-style-type: none"> <li>Real time share price, business presentations, annual reports, announcements and press releases.</li> <li>First line of enquiry on products and services.</li> </ul>
		Interviews/ Tele-conferences	As needed	
		Website	As needed	
Employees	<ul style="list-style-type: none"> <li>Recruitment, Career, Training &amp; Development</li> <li>Employee Engagement</li> <li>Diversity &amp; Equal Opportunities</li> <li>Health &amp; Safety</li> <li>Human &amp; Labour Rights</li> </ul>	Employee Engagement Survey	Every two (2) years	Understanding Employee's loyalty and grievances.
		Town Hall Meeting/ Forum	At least once a year	Sharing updated business direction and strategies, sustainability and employee performance/updates.
		Events	Based on scheduled plan	<ul style="list-style-type: none"> <li>Upskilling and new knowledge.</li> <li>Improving work efficiency.</li> </ul>
		Workshops & Trainings	As needed	
		Internal Communication: Bulletin, Yammer, WhatsApp	As needed	<ul style="list-style-type: none"> <li>Communicating and engaging employees on social, project and business updates.</li> <li>Continuous education and awareness-creation platform.</li> <li>Project team support.</li> </ul>
		Employee Performance Appraisal	Yearly	Appreciating and recognising employees' contributions.
		Voluntary Opportunities	As needed	Creating opportunities to contribute to the society.
		Clients/ Customers	<ul style="list-style-type: none"> <li>Customer Satisfaction</li> <li>Promotional /Loyalty Programme</li> <li>Sustainable Customer Service</li> <li>Quality Service Delivery</li> <li>Joint Value Creation</li> <li>Market Presence, Branding &amp; Reputation</li> <li>Ethics &amp; Integrity</li> <li>Innovation/Technology</li> <li>Talent Management</li> </ul>	Satisfaction Survey
Meetings	Based on project scheduled plan			<ul style="list-style-type: none"> <li>Agreement and resolutions for project matters regarding technical and commercial issues, as well as quality management.</li> <li>Updating project delivery and timeline.</li> </ul>
Technology Updates	As needed			Up to date information on latest product offerings and technical updates.
Roadshows and Exhibitions	As needed			Introducing products and services as a Technology and Talent Innovator.
Client Audit	As needed			<ul style="list-style-type: none"> <li>Promoting trust on products and services.</li> <li>Ensuring consistent quality and performance of product and service delivery.</li> </ul>

## SUSTAINABILITY COMMITMENT

STAKEHOLDER GROUP	KEY TOPICS OR CONCERN/ MATERIALITY AREAS	ENGAGEMENT PLATFORM	FREQUENCY	VALUES CREATED
<b>Clients/ Customers</b> <i>(continued)</i>	<ul style="list-style-type: none"> <li>• Customer Satisfaction</li> <li>• Promotional/Loyalty Programme</li> <li>• Sustainable Customer Service</li> <li>• Quality Service Delivery</li> <li>• Joint Value Creation</li> <li>• Market Presence, Branding &amp; Reputation</li> <li>• Ethics &amp; Integrity</li> <li>• Innovation/ Technology</li> <li>• Talent Management</li> </ul>	Events	Based on scheduled plan	<ul style="list-style-type: none"> <li>• Promoting and engaging customer relationship.</li> <li>• Awareness on products and services.</li> <li>• Promoting trust on products and services.</li> </ul>
		Site Visits	As needed	<ul style="list-style-type: none"> <li>• Promoting and engaging prospective customers and enhancing customer relationship.</li> <li>• Promoting trust on products and services to prospective customers and current customers.</li> </ul>
<b>Industry Groups, Academic Institutions and Strategic Partners</b>	<ul style="list-style-type: none"> <li>• Possible Collaborations</li> <li>• Joint Value Creation</li> <li>• Ongoing Dialogues</li> <li>• Quality Service Delivery</li> <li>• Compliance &amp; Regulation</li> <li>• Risk Management</li> <li>• Market Presence, Branding &amp; Reputation</li> <li>• Innovation/ Technology</li> <li>• Supply Chain Practices</li> <li>• Sustainable Future Business</li> <li>• Climate Change Development</li> </ul>	Conference Strategic Sponsorships	As needed	Leveraging, complimenting and supporting partners in the industry in terms of knowledge awareness and product branding.
		Strategic Business Meetings, Visits	As needed	<ul style="list-style-type: none"> <li>• Improving business and economic performance.</li> <li>• Forging long term bond.</li> <li>• Understanding industry updates and demands.</li> </ul>
		Collaborations	As needed	Creating business and values to our stakeholders.
		Audit	As needed	<ul style="list-style-type: none"> <li>• Promoting trust on products and services.</li> <li>• Ensuring consistent quality and performance.</li> <li>• Maintaining industry standards and compliance.</li> </ul>
<b>Students</b>	<ul style="list-style-type: none"> <li>• Social Engagements</li> <li>• Talent Development</li> <li>• Talent Management</li> <li>• Market Presence, Branding &amp; Reputation</li> <li>• Customer Satisfaction</li> </ul>	Events & Workshops	Based on scheduled plan	<ul style="list-style-type: none"> <li>• Promoting and engaging customer relationship.</li> <li>• Awareness on products and services.</li> </ul>
		Competitions	Annually to selected students	<ul style="list-style-type: none"> <li>• Promoting trust on products and services.</li> <li>• Exposing students to the industry</li> </ul>
		Internships	As needed	Exposing students to real life challenges and opportunities of the industry.
		Website & Social Media	As needed	<ul style="list-style-type: none"> <li>• Promotions and awareness on products and services.</li> <li>• Promoting trust on products and services.</li> <li>• First line of enquiry on products and services.</li> </ul>



SUSTAINABILITY COMMITMENT

STAKEHOLDER GROUP	KEY TOPICS OR CONCERN/ MATERIALITY AREAS	ENGAGEMENT PLATFORM	FREQUENCY	VALUES CREATED
Communities and NGOs	<ul style="list-style-type: none"> <li>Community Investment</li> <li>Local Social Operating Licenses</li> <li>Community Engagement</li> <li>Market Presence, Branding &amp; Reputation</li> </ul>	Donations and Sponsorships	As needed	<ul style="list-style-type: none"> <li>Building positive community relationships and attending to their needs.</li> <li>Upskilling and improving knowledge.</li> <li>Promoting brand trust.</li> </ul>
		Fundraising		
		Workshops/ Trainings		
Government Agencies	<ul style="list-style-type: none"> <li>Compliance &amp; Regulation</li> <li>Ethics &amp; Integrity</li> <li>Quality Service Delivery</li> <li>Continuous Improvement of Processes</li> </ul>	Audits, Meetings and Site Visits	As needed	<ul style="list-style-type: none"> <li>Ensuring regulatory standards and compliance.</li> <li>Ensuring integrity and trust with Regulatory Bodies.</li> <li>Ensuring consistent quality and performance.</li> </ul>
Vendors/ Suppliers	<ul style="list-style-type: none"> <li>Strategic Partnership Programmes</li> <li>Vendor Performance Review</li> <li>Supply Chain Practices</li> <li>Sustainable Future Business</li> </ul>	Vendor Performance Review	Annually	Reporting Performance and monitoring to improve efficiency throughout the supply chain.
		Tender, Bidding & Quotation	As needed	Sharing and updating ethical procurement values and requirements.
		Procurement Policies		
Media	<ul style="list-style-type: none"> <li>Economic Performance</li> <li>Sustainable Future Business</li> <li>Market Presence, Branding &amp; Reputation</li> </ul>	Press Releases	Quarterly and As needed	<ul style="list-style-type: none"> <li>Sharing financial performance, business direction and strategies, and sustainability initiatives.</li> <li>Promoting the Group through product branding and enhancing reputation.</li> <li>Creating desires or demands of the products and services.</li> </ul>
		Interview	As needed	
		Advertising	As needed	

SUSTAINABILITY COMMITMENT

MATERIALITY AND UNSDGS

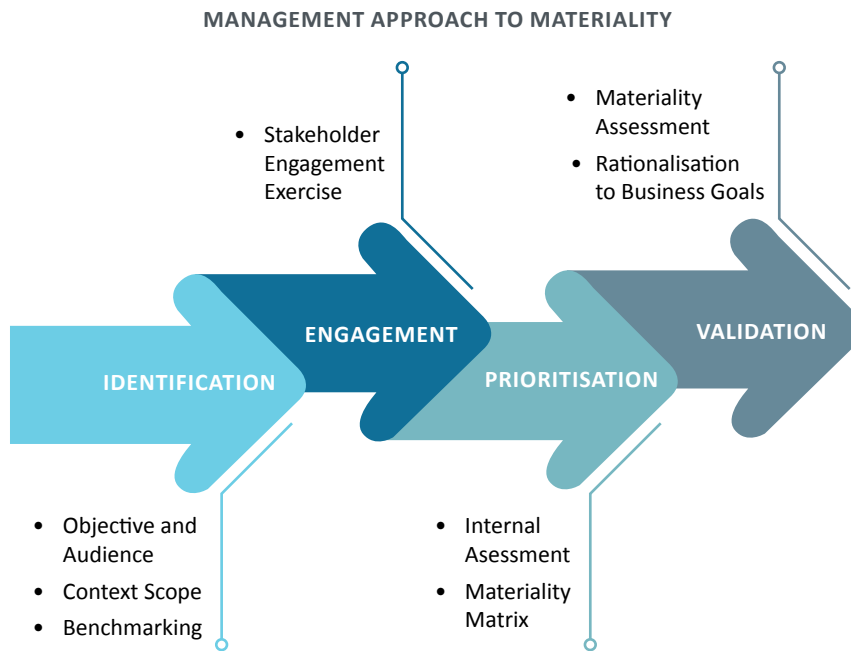
MANAGEMENT APPROACH

In the previous reporting year, we initiated a preliminary material matters matrix in light of positioning ourselves better in exploring opportunities and mitigating risks which are related to ESG aspects in order to effectively manage our sustainability performance.

For this reporting period, the Group has reviewed the current materiality assessment and undertook a new assessment to better reflect current stakeholder concerns and the company's key sustainability risks and opportunities.

The comprehensive materiality assessment has helped to improve our sustainability efforts by establishing a mandate for us to focus and act on issues as well as establish realistic goals and targets that are the highest priority for the business.

In identifying with the material issues, several steps of assessments and engagement sessions took place for the sole purpose of discovering and identifying issues that are material to the organisation, across the five principles of our Sustainability Policy.



**Identification**

This is where we identify sustainability issues that are important to our internal and external stakeholders. The SC set the appropriate objectives on material sustainability, and identified several of its key stakeholders (internal and external) for this materiality assessment. The SC took into consideration the context of its sustainability issues, internally and externally which is in line with the purpose, vision, mission and business goals related to sustainability.

In addition to the reference of sustainability, it was done by benchmarking Prestariang peers from the Technology industry, both locally and globally. This allowed us to identify sustainability matters that are common to the sector. We then proceeded to benchmark Prestariang's sustainability performance against other multinational sustainability best-practicing organisations to gain a wider insight beyond our sector.

SUSTAINABILITY COMMITMENT

The preliminary sustainability issues set were based on 24 Materiality Matters

MATERIALITY MATTERS	
 <b>ENVIRONMENTAL</b>	<ol style="list-style-type: none"> <li>1. Environmental Compliance</li> <li>2. Climate Change Development</li> <li>3. Energy &amp; Emissions</li> <li>4. Waste Management</li> <li>5. Water Management</li> <li>6. Green IT Practices</li> </ol>
 <b>SOCIAL</b>	<ol style="list-style-type: none"> <li>7. Community Engagement</li> <li>8. Diversity &amp; Equal Opportunities</li> <li>9. Employee Engagement</li> <li>10. Health &amp; Safety</li> <li>11. Human &amp; Labour Rights</li> <li>12. Recruitment, Career, Training &amp; Development</li> <li>13. Security Practices</li> </ol>
 <b>ECONOMIC &amp; GOVERNANCE</b>	<ol style="list-style-type: none"> <li>14. Economic Performance</li> <li>15. Ethics &amp; Integrity</li> <li>16. Compliance &amp; Regulation</li> <li>17. Risk Management</li> <li>18. Market Presence, Branding &amp; Reputation</li> <li>19. Innovation/Technology</li> <li>20. Supply Chain Practices</li> <li>21. Sustainable Future Business</li> <li>22. Sustaining Shareholder Value</li> <li>23. Talent Management</li> <li>24. Customer Satisfaction</li> </ol>

**Engagement**

With the material matters being identified, we engaged both of our internal and external stakeholders to solicit feedback regarding sustainability issues and their relevance in terms of ESG impacts to the Group and its stakeholders from both points of view. The participants included:

INTERNAL	EXTERNAL
<ul style="list-style-type: none"> <li>• Board of Directors</li> <li>• Management</li> <li>• Heads of Departments</li> <li>• Business Units</li> <li>• General Employees</li> </ul>	<ul style="list-style-type: none"> <li>• Shareholders</li> <li>• Investment Community</li> <li>• Customers</li> <li>• Suppliers</li> <li>• Auditors</li> </ul>

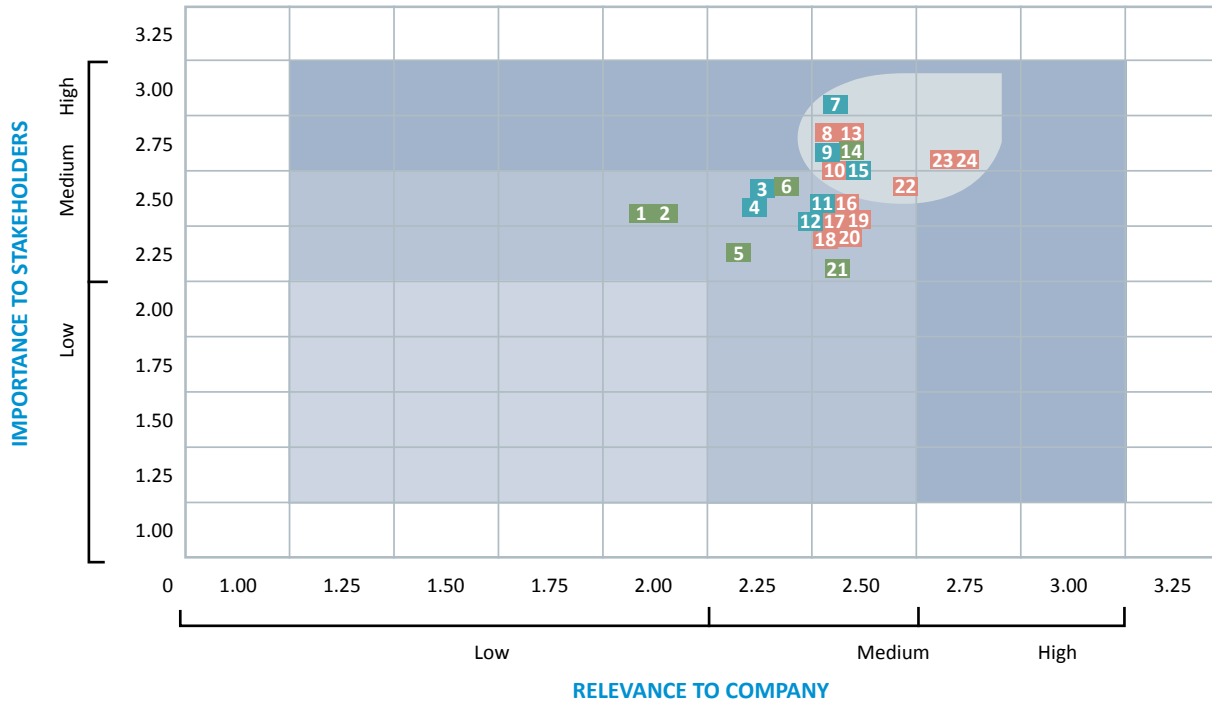
This engagement exercise was conducted over four weeks via three separate surveys, which were conducted in the first half of 2019. Participants were requested to rank the importance of the material matters and to suggest any additional ESG issues that were important in their opinion.

**Prioritisation**

The results of the survey were sorted and prioritised to reflect the significant ESG impacts which correlate with the direction and business goals of the Company. This involved careful consideration in prioritising the material matters which may influence the risks and opportunities to the Company.

## SUSTAINABILITY COMMITMENT

Based on the valid responses from the survey, the Materiality Matrix was developed as shown below:



Using these scores, the importance to stakeholders (represented by the y-axis) of each materiality matter against its relevance to the Group (represented by the x-axis) was plotted on a Materiality Matrix, which is a method to achieve balance between the concerns of stakeholders and priorities of the Company. These 24 Materiality Matters cover all three Sustainability ESG aspects.

From the Materiality Matrix, the plot points of the 'Leader Quadrant' as shown in the chart represent the most material matters to the Group and its stakeholders. With this informed insight, the SC then did an internal assessment to prioritise its significance to the ESG concerns and the business.

### Validation

The Group and the SC collectively assessed and reviewed the results of the Materiality Assessment with an independent consultant. Upon review, it was decided to capture five of the highest ranked Materiality Matters from each ESG aspect. These represent the issues of sustainability that is highly relevant and highly emphasised in driving sustainable development performance for Prestariang and its stakeholders.

- |  |  |
|--|--|
| 1. Climate Change Development                  | 13. Risk Management                        |
| 2. Water Management                            | 14. Green It Practices                     |
| 3. Health & Safety                             | 15. Human & Labour Rights                  |
| 4. Community Engagement                        | 16. Supply Chain Practices                 |
| 5. Waste Management                            | 17. Talent Management                      |
| 6. Environmental Compliance                    | 18. Sustaining Shareholder Value           |
| 7. Security Practices                          | 19. Market Presence, Branding & Reputation |
| 8. Innovation/Technology                       | 20. Sustainable Future Business            |
| 9. Recruitment, Career, Training & Development | 21. Energy And Emission                    |
| 10. Compliance & Regulation                    | 22. Customer Satisfaction                  |
| 11. Employee Engagement                        | 23. Economic Performance                   |
| 12. Diversity & Equal Opportunities            | 24. Ethics & Integrity                     |

■ Environment    ■ Social    ■ Economic & Governance

## SUSTAINABILITY COMMITMENT

The five Materiality Matters highly relevant are:

### ENVIRONMENTAL

#### Green IT Practice

Minimise negative impact of IT and business operations in an environmentally-friendly manner.

### SOCIAL

#### Recruitment, Career, Training and Development

Following Equal Opportunity hiring practices, while nurturing employee career advancement through training and education.

### ECONOMIC & GOVERNANCE

#### Innovation/Technology

Embarking on a journey where the importance of technology as a source of innovation is a critical success factor for increased market competitiveness.

#### Ethics and Integrity

Business conduct of the Company and its personnel in business dealings and ensuring all transactions are done in a transparent manner, honest and with moral principles.

#### Customer Satisfaction

Assessing dissatisfaction of customers through official complaints.

Moving forward, the Group is able to focus on sustainability efforts in these areas for the greatest possible impact. The task ahead is to include Risk and Opportunities and set goals for each of the materiality matters, followed by action plans and initiatives to meet these targets.

### SUPPORTING THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (UNSDGs)

We continue to move towards aligning our efforts to, and achieving the UNSDGs which are relevant to our operations. To date, we have moved another step forward by specifically focusing on five identified UNSDGs.

During the reporting year, we began the journey in embedding and aligning the UNSDGs into our sustainability initiatives.



Improve the quality of life by having access to quality education which can equip locals with the tools required to develop innovative solutions.



Promote inclusivity, diversity and sustainable economic growth, employment and decent work for all, including youth and persons with disabilities.

Support the eradication of forced labour, child labour and human trafficking by not hiring such individuals as employees. Protect labour rights and promote a safe and secure working environment for all employees.



Promote sustainable management and efficient use of production resources. Reduce waste generation through prevention, reduction, recycling and reuse. Adopt sustainable practices and to integrate our sustainability efforts into a report.

Promote public procurement practices that are sustainable, in accordance with national policies and priorities.



Integrate climate change measures into policies, strategies and planning.



Enhance the global partnership for sustainable development that mobilise and share knowledge, expertise, technology and financial resources.

Support initiatives to develop measurements of progress on sustainable development that complement gross domestic product, and support statistical capacity-building in developing countries.

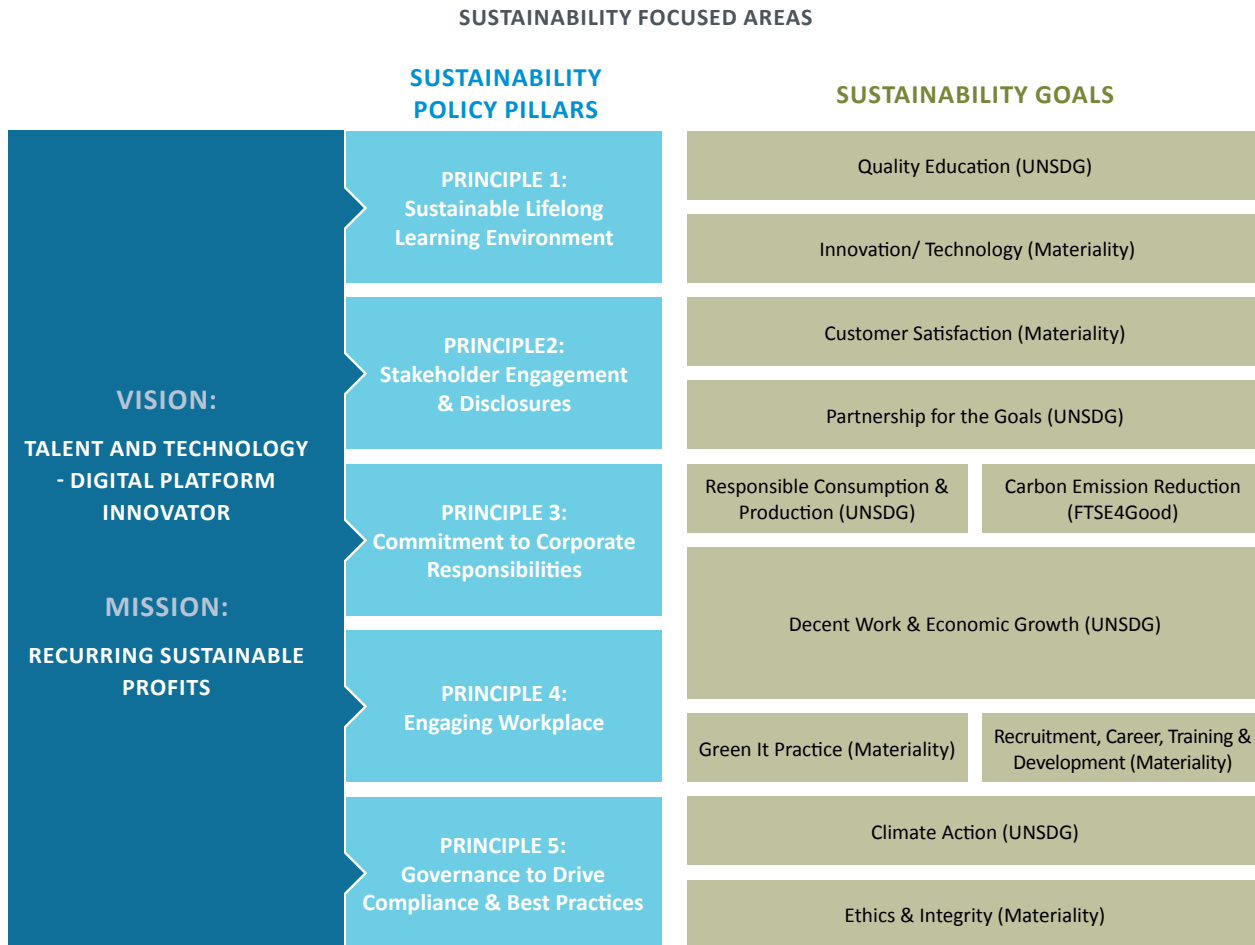
**SUSTAINABILITY COMMITMENT**

**SUSTAINABILITY GOALS**

**TYING THE GOALS – OUR SUSTAINABILITY FOCUSED AGENDAS**

Following the Materiality Assessment, the SC has consolidated all identified goals into meaningful attributes which are aligned to the UNSDGs and the requirements of FTSE4Good on carbon emissions, towards the Group’s sustainability goals. These sustainability goals were then assigned with KPIs, to achieve short and long term targets.

Prestariang is committed to its Sustainability Goals, which evolve and are in relation to the Company’s Vision and Mission. This further correlates with the five (5) sustainability principles, which are derived from the Sustainability Policy as depicted below:

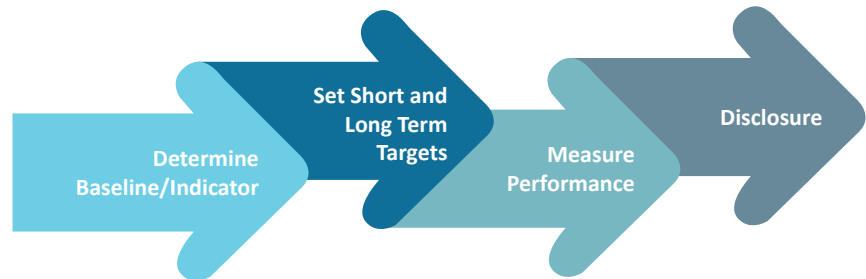


SUSTAINABILITY COMMITMENT

PERFORMANCE INDICATORS & TARGETS

Based on the consolidated Sustainability Goals, we now have a focused direction to peg indicators and targets towards ESG impacts. These identified indicators and targets have been cascaded to the Sustainability WC for enforcement.

Approach in determining performance indicators:



The approved sustainability performances indicators and targets are as follows:

ENVIRONMENT

GOAL	BASELINE/INDICATOR	SHORT TERM TARGETS (< 5 YEARS)	LONG TERM TARGETS (> 5 YEARS)
1. Carbon emission reduction	Emission per employee per year (Average 2.7 MT CO <sub>2</sub> -eq per employee following average emissions of employees in the United States of America)	Reduce and maintain less than 2.5 MT CO <sub>2</sub> -eq per employee per year for Scope 2	Maintain less than 2.0 MT CO <sub>2</sub> -eq per employee per year for Scope 2
2. Waste management and consumption reduction	Paper reams' usage per employee year. (based on 6.9 paper reams' usage per employee in 2017)	Reduce and maintain to less than 5 paper reams' usage per employee per year	Maintain less than 4 paper reams' usage per employee per year
3. Energy management and consumption reduction	Energy use per employee per year (1,733 kWh per employee in 2017)	Reduce and maintain less than 1,700 kWh per employee per year	Maintain less than 1,500 kWh per employee per year
4. Climate change/environment measures placed into all policies, strategies and planning	Number of policies approved	All policies within the Company revised to add climate change impact considerations	New policies take consideration on climate change impact

REFERENCES

FTSE4Good: GHG EMISSION REDUCTION

Materiality: GREEN IT PRACTICE

UNSDG: 12. RESPONSIBLE CONSUMPTION & PRODUCTION

UNSDG: 13. CLIMATE ACTION

## SUSTAINABILITY COMMITMENT

### SOCIAL

GOAL	BASELINE/INDICATOR	SHORT TERM TARGETS (< 5 YEARS)	LONG TERM TARGETS (> 5 YEARS)
5. Inclusive education which equips locals with the tools required to develop innovative solutions	Employability of graduates (96% based on 2017)	<ul style="list-style-type: none"> <li>Achieve and maintain above 100% employability of graduates</li> <li>100% employability of 105 Protégés by year 2021</li> </ul>	Produce 5% Socially-Conscious Technopreneurs
6. Maintaining high levels of customer satisfaction	Official customer complaints (2 complaints in 2018)	Resolve all complaints in three (3) working days	Towards zero complaints
7. Promote inclusivity, diversity, employment and equal opportunity	Turnover rate (Average turnover rate for technology industry = 11%)	Reduce and maintain an average turnover rate of 5% or less rate per year	Further reduce and maintain our average turnover to 3% or less per year
8. Maintaining decent work and fair income	Minimum wage based on: - Malaysia's minimum monthly wage - Industry benchmark	All employees are paid above minimum wage and equal to industry benchmark	All employees are paid 20% above market rate
9. Maintaining training and development for employees	Average man days (average 8 training man days)	Fulfill or exceed 8 training man days every year	To ensure every employee is professionally certified. Min = 1
10. Developing and implementing Succession Planning and Career Development	Established sources of successors, both internal and external. Min = 1	To have the first tier successors for all positions	To have up to the second tier of successors for all positions

REFERENCES **UNSDG: 4. QUALITY EDUCATION**

Materiality: **CUSTOMER SATISFACTION**

**UNSDG: 8. DECENT WORK & ECONOMIC GROWTH**

Materiality: **RECRUITMENT, CAREER, TRAINING & DEVELOPMENT**

### ECONOMIC & GOVERNANCE

GOAL	BASELINE/INDICATOR	SHORT TERM TARGETS (< 5 YEARS)	LONG TERM TARGETS (> 5 YEARS)
11. Creating an innovative Talent and Technology Service Delivery Culture by leveraging on a digital platform	Diversification of services via cloud offerings in driving innovation	Towards cloud certification by 2020	N/A
12. Maintaining good governance	FTSE4Good Ranking & Bursa Malaysia Sustainability Disclosure Review	Maintaining 4.0 and above for FTSE4Good Ranking	Achieving tier 1 overall ranking by Bursa Malaysia for sustainability disclosure review by 2030
13. Mobilise and share knowledge, expertise, technology and financial resources	UNIMY collaborations (3 collaborations per year)	Achieve and maintain four (4) collaborations per year	Achieve University Rankings listing by 2030

REFERENCES **Materiality: INNOVATION / TECHNOLOGY**

**Materiality: ETHICS & INTEGRITY**

**UNSDG: PARTNERSHIP FOR THE GOALS**

Progress of each goal will be disclosed in the next reporting period. This approach ensures that the Group remains on track with the objectives of the Sustainability Goals, and in creating value for our stakeholders, which are underpinned by the ESG indicators.



**SUSTAINABILITY COMMITMENT**

**SUSTAINABILITY RISKS AND OPPORTUNITIES**

The SC has also conducted a review and reassessment of the former risk and opportunities to ensure that these were closely aligned with the Company's Sustainability Goals.

**RISK**  
**Technology Evolution**

**HIGH RISK**  
Technology is both a key enabler as well as a potential source of significant disruption to our business model in the long run. The rapid rate of technological advances and disruptions in the ICT landscape leads to the shift in market demands.

**ACTION/MITIGATION PLAN**

- Periodic review on business model.
- Upgrade capabilities to provide better service experiences.
- Continuously exploring and embracing new technological developments.

**RISK**  
**Product Relevance**

**HIGH RISK**  
The obsolescence of products and services as a result of technological updates e.g. Cloud services.  
The shift in market demand.

**ACTION/MITIGATION PLAN**

- Focus on product development with innovative solutions that can commercialised into winning products and services.
- Conduct reviews and refresh products and services periodically to stay relevant with users and industry expectations.
- Continue to leverage on the strategic partnerships and alliances to create value.

**RISK**  
**Project Termination - Building Acquisition Requirements**

**HIGH RISK**  
Following the Cabinet's decision to terminate the SKIN project by way of expropriation, the building dedicated for the business has been left to minimum use.

**ACTION/MITIGATION PLAN**

- Propose to sell the office building due to termination of project.
- Alternatively, to lease the building.

**RISK**  
**Talent Retention**

**MEDIUM RISK**  
Our Talents being the heart of the Group have the ability and experience to carry out the daily business operations, meet customers' needs and ensure customer satisfaction.  
The termination of the SKIN project has resulted in the rationalisation of manpower that led to termination of employees.

**ACTION/MITIGATION PLAN**

- Develop talents for succession planning.
- Develop quality employee engagements and training programmes, and realign talents' competencies to organisational needs.
- Conduct periodic Employee Engagement Surveys to assess their level of engagement with Prestariang and solicit employees' views.
- Optimising manpower productivity through right-sizing exercises based on business needs.

**RISK**  
**Carbon Footprint**

**MEDIUM RISK**  
Risk of increasing carbon footprint at Prestariang project sites nationwide. Business travels, and conducting business events are essential, and sometimes are requirements of the project deliverables.

**ACTION/MITIGATION PLAN**

- For business meetings, employees have opted for online meetings via conference calls or video conferencing as an alternative option where suitable.
- Prestariang engages local vendors to arrange and occasionally conduct events where necessary, in order to reduce employees carbon footprint for outstation events.
- State level business events were reduced to regional business events instead to lower carbon footprint and optimise financial operations.

## SUSTAINABILITY COMMITMENT

### RISK Financial Management

#### HIGH RISK

The Cabinet's decision to terminate the SKIN project by way of expropriation has disrupted the plans and the financial projections of the Group.

The Group has filed and served its Originating Summons dated 15 April 2019 against the Government of Malaysia as Defendant claiming the amount of RM733 million in relation to the termination of the SKIN by expropriation.

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

#### ACTION/MITIGATION PLAN

- Opted to restructure the Company's financing facilities to fund the working capital requirement while making immediate settlement of contractual obligations due to the SKIN project termination.
- Reviewed the business operations and working capital needs, ensuring timely collection of receivables; favourable payment terms from suppliers, minimising inventory and maintaining sufficient bank facilities to support the existing business operations.
- Continuously monitor the extent of its credit risk to an acceptable level.

### OPPORTUNITY Investments in Sustainability and Green Processes

#### Medium Plan Implementation

Factoring ESG matters in all decision making which is embedded throughout the business while reducing wastage that impacts the environment and becoming prudent on operational expenditure.

#### ACTION PLAN

- Conduct reviews on business operations processes which include sustainability, and green IT processes and policies.

### OPPORTUNITY

- Transformational Business
- Dynamic Business Model

#### Immediate Plan Implementation

Prestariang's business model allows the Group to have a structure yet it is agile to adapt to new technology and talent services.

#### ACTION PLAN

- Realign existing core businesses subsequent to the SKIN project termination.
- Extending value added products and services to the existing core businesses.
- Develop new businesses which are aligned to Industry 4.0 specifically on growing the Government's digitisation agenda.
- Provide Cloud services, project management, hardware, Software Asset Management (SAM).
- Provide holistic talent management services which includes profiling.

### OPPORTUNITY Innovative Learning

#### Immediate Plan Implementation

Aligning with sustainability activities, the Group is committed to find different and innovative learning environments to lessen the environmental impact, yet provide effective learning experiences to trainer and student.

#### ACTION PLAN

- Seizing the online learning platform to develop better services and learning experience.
- Digitisation of services leads to reduced consumption of resources – reduced trainers, logistic expenditures, paper usage, less time taken, etc.

SUSTAINABILITY COMMITMENT



**PRINCIPLE 1: SUSTAINABLE LIFELONG LEARNING ENVIRONMENT**

**PROGRESSIVE AND SUSTAINABLE LIFELONG LEARNING IN INDUSTRY 4.0**

The Industry 4.0 (IR 4.0) creates a blurring of boundaries between the physical, digital and biological worlds and ultimately is the collective element behind many products and services that has become indispensable to modern life.

In a nutshell, these revolution through technologies transforms and changes lives radically as it disrupts businesses where everything must be connected and information must be literally at your fingertips at all times.

**THE INDUSTRY 4.0 IS ALL ABOUT BEING DIGITALLY CONNECTED**



As a Leading Technology and Talent Innovator, we believe that sustainability efforts pairing with IR 4.0 is a lifelong learning of adaptability and innovation. There are always ways and avenues to maximise resources, minimise excess and cultivate technological lifestyle. Given this broad understanding, our approach towards lifelong learning harnesses into the aspect of products and services which the Company delivers sustainably to customers through our stewardship of products & services.

**STEWARDSHIP OF PRODUCTS & SERVICES**

- Developing ways to empower communities to experience sustainable & inclusive education through technology and talent services that we provide so that they can create innovative solutions.
- Creating an innovative Talent and Technology Service Delivery Culture by leveraging on a digital platform.

**Our Alignment:**

UNSDG  MATERIALITY Innovation/Technology

## SUSTAINABILITY COMMITMENT

### Delivering Digital Technology Services for Digital Solutions

The Prestariang 5.1 Business Model represents our commitment in aligning to IR 4.0 in areas such as Internet of Things (IoT) and Cloud computing. Driven by this commitment, we are striving towards Cloud certification by the next reporting period to better position ourselves to serve our customers.

This is where our products and services can be enhanced and at the same time assist customers to achieve their goals for IR 4.0.

- **Prestariang 5.1 Business Model [page 5]**
- **Major Projects [page 6]**

Our SAM projects and programmes such as MLA 3.0, MUSE, Adobe and Autodesk have empowered more than 81 clients, with more than 295,000 software licenses distributed. These have enabled individuals to develop innovative solutions for the future.

### Supplying Sustainable and Capable Talents

Prestariang contributes to the critical role in supplying and sustaining capabilities for Malaysia's talent pool that needs to embrace the IR 4.0. The three-pronged activities to raise the skills of talents are through:

- Talent Management Services (Talent Acquisition and Placement);
- Academy; and
- Education.

As the largest ICT Training and Certification player in the country, we offer over 60 globally-recognised certification courses nationwide. We are in partnership with global IT players which includes Microsoft, Adobe, CompTIA, Salesforce, Autodesk and Oracle. Also, through Prestariang Skills Training Institute (PSTI), we have launched our Technical and Vocational Education and Training (TVET) programmes which were exclusively focused on different levels of welding expertise during the year under review.

We have successfully placed many graduates for employment through TalentXchange programmes. Prestariang will increase more programmes on placements as this is vital to our economic sustainability as well as getting talents equipped for IR 4.0.

In the financial period under review, we achieved the following:



Distributed more than  
**295,000**  
software licenses



Trained and certified  
**6,132**  
individuals for various  
software



Obtained  
**Gold Certified  
Cloud Productivity  
Status**  
by Microsoft



Enrolled our first batch of  
**Sijil Kemahiran  
Malaysia 3**  
TVET programme



Achieved  
**100%**  
graduate placements  
under TalentXchange

## SUSTAINABILITY COMMITMENT

In Education, University Malaysia of Computer Science & Engineering (UNIMY) held its first Graduate Convocation 2018 where UNIMY churned out 132 graduates that were specialised in Cyber Security, Big Data and Coding and ultimately ready for IR 4.0. 40% of the graduates were females, a testament of UNIMY's commitment towards not only Quality Education, but diversity and inclusivity as well.

We are also honoured that 4 graduates of the first batch of UNIMY became technopreneurs who are on the path of creating noteworthy businesses which are deemed sustainable for their future generations.

#### TRANSFORMING LIVES WITH INNOVATIVE TECHNOLOGY AND PRODUCTIVE TALENTS

There are limitless possibilities when we apply our products and services portfolios, coupled with the support of our global IT partners to solve complex societal challenges. We aim to harness the power of technology in creating a future that is capable of fully realising talent potential.

##### We bring more people into the digital economy

We believe that access to technology is a necessity, not a luxury. The future belongs to those who can leverage technology to solve problems and drive human progress.

##### We exert to address society's most challenging issues

We exert to assist the digital transformation of those who are addressing global issues – increasing efficiency, driving analytics and applying innovative solutions to drive positive sustainable impacts.

##### We develop technology to equip the global challenges that impact millions

We believe in scaling our products, along with our services to support and innovate our portfolio to drive real progress.



##### Innovation supported by strong global industry players

Prestariang and UNIMY undoubtedly have established strong relationships with global industry players. UNIMY, especially, has solid partnerships by collaborating with international as well as local industry players which include CompTIA, Cybersecurity Malaysia, EC-Council, Fusionex, KPMG, OpenLearning, Robopreneur, Salesforce, Amazon's AWS Academy and more. These partnerships create quality education and innovation by:

- Exposing students to a variety of technology certification accreditation;
- Learning and exploring Nano Technology, Data Science, Big Data Analytics, Robotics and other disruptive technology; and
- Allowing vast internship opportunities locally and abroad.

SUSTAINABILITY COMMITMENT



PRINCIPLE 2: STAKEHOLDER ENGAGEMENT AND DISCLOSURE

ENGAGING STAKEHOLDERS

We recognise that stakeholder engagement is an ever evolving process. In keeping ourselves abreast, regular interactions are imperative to sustain top-of-mind awareness among our shareholders, customers and other stakeholders within the marketplace. Effective engagement is also necessary to align the Group’s aspirations with the expectations of our stakeholders.

During the year in review, we turned up our pace a notch with more structured engagement activities. This is partly driven by our commitment to continuous improvement in providing the best possible products and services to our customers, complemented by our drive to ensure business sustainability.

While we are committed to our typical interactions of briefings, meetings, tele-conferences and forums to fully understand the needs of investors and customers, we have also expanded our engagement avenues which include site visits as well as client-driven audits. This is a reflection of our commitment in building trust and sustaining relationships with our various stakeholder groups.

**COMMITMENT TO CUSTOMERS**

We seek to:

- Constantly improve ourselves to provide the best possible solutions to our customers and their eco-system.
- Maintain customer satisfaction.
- Mobilise and share knowledge, expertise, technology and financial resources.

**Our Alignment:**

UNSDG  MATERIALITY  
Customer Satisfaction



The Digital Government Competency and Capability Readiness (DGCCR) Boardroom Session with the Chief Secretary to the Government was held at Malaysia Agro Exposition Park Serdang (MAEPS) Serdang in January 2019.

SUSTAINABILITY COMMITMENT

**Focusing on Customer Satisfaction**

Customers are key to us. Naturally, customer satisfaction emerged as one of the materiality issues identified. Customer satisfaction is integral as it is a part of the contract requirements for several business projects such as MLA, what is undertaken on a yearly basis. In addition, Prestariang also conducts customer satisfaction surveys beyond project requirements to uncover any shortfalls and takes immediate action for improvement.

In the reporting period, we conducted a Customers' Satisfaction Survey where 147 customers responded. 69% of customers were very satisfied with our services, software ease of use, our responsiveness and likely to recommend Prestariang to others.

The Group is keen to step up efforts in improving our services to our customers. We have already identified our immediate strategies and actions to perform better and deliver better customer experiences.

**Providing Channels for Feedback and Complaints**

Our streamlined, single-channeled customer service allows our customers to engage with us for complaints and feedback regarding all of our services and subsidiaries. It is vital that every enquiry, feedback, concerns raised and complaints are tracked and managed carefully and expeditiously via a proper metrics to benchmark and monitor customer feedback.



A total of **69%** of our customers were **Very Satisfied** based on Customers' Satisfaction Survey 2018

As a customer-centric organisation, it is pertinent that we have buy-in from every department, including the Management team. By having a systematic approach in place we are able to:

- 1** Track progress against key customer experience and operational targets.
- 2** Understand customer behaviour, identify friction points and prioritise the key drivers of satisfaction.

- 3** Coach teams with data and real-time metrics.
- 4** Predict customer behaviour and drive customer loyalty.

For feedback and enquiries contact:

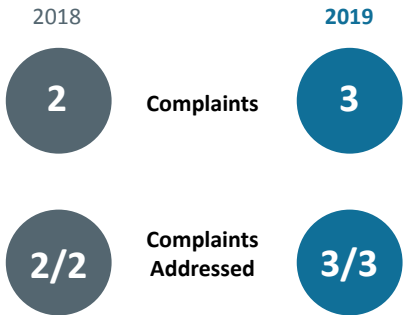
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+603 8318 9280

As at the reporting period, we have recorded five complaints which were addressed swiftly.



## SUSTAINABILITY COMMITMENT

### Keeping Customer Privacy Confidential and Safe

For us, data privacy remains as our top priority. We operate with the highest level of confidentiality and security in protecting and safeguarding customers' and employees' information from loss, misuse and unauthorised alteration. We uphold the Personal Data Protection Act (PDPA) 2015 and our stand is translated via our strict data protection policy, which is intended to protect customers' personal information and data gathered or to be gathered throughout any dealings with us.

Our approach to privacy and personal data protection is to respect and protect all personal information. The Group's approach to privacy and personal data protection is outlined in the Personal Data Protection (PDP) Notice. It is displayed on our website and featured on notice of agreements for subscribers of our services.

The notice sets out how we collect and handle personal information in accordance with the PDPA while our document control policy spells out the internal guidelines for employees in handling data, including personal data.

The process of securing privacy is by using technical, logical and procedural measures, such as multi-factor authentication, that are designed to help detect and prevent fraud and misuse of customer information.

We routinely patch our systems with security updates and we work to protect our systems from unauthorised internal or external access using numerous commercially available computer security products, as well as internally developed security procedures and practices.

Prestariang reported zero cyberattacks and incidents during the reporting period and zero breach of data privacy.

### ENGAGING SHAREHOLDERS AND THE INVESTMENT COMMUNITY

The Board is also committed to ensure all information on financial results, operational performance business strategies and other corporate matters, which are disseminated are always accurate and timely, and where necessary, filed with regulators in accordance with the relevant legal and regulatory requirements.

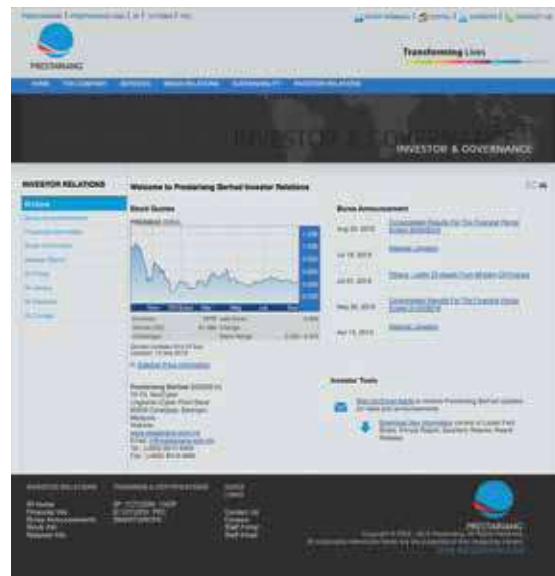
Our Investor Relations Policy includes guidelines on stakeholder engagement which indicate the authorised channels and personnel for the release of information to internal and external stakeholders. The policy also dictates the review and release of information to regulatory authorities to facilitate full disclosure of the Company's material information.

Our engagement in the marketplace has yielded the following benefits:

- Recognition among shareholders;
- Securing new investors; and
- Developing new business opportunities

We have a dedicated investor relations team to engage with stakeholders who are responsible for organising and planning regular meetings, roadshows, conference calls and site visits to keep the investment community updated on our strategic developments, financial performance as well as on ESG matters.

All relevant information, reports, policies and updates are published on our website at [www.prestariang.com.my](http://www.prestariang.com.my) in a timely manner. Stakeholders can also submit enquiries via email at [ir@prestariang.com.my](mailto:ir@prestariang.com.my).



*Prestariang's dedicated Investor Relations section in the company website keeps the investor community abreast with our ongoing developments.*

### COMMITMENT TO INVESTORS

Our commitment for good investor relations is to consistently build and gain trust among investors with clear communication and direction in order to generate value at both ends of the spectrum.



## SUSTAINABILITY COMMITMENT

### Disclosure of Financial Results

Our timely release of financial results on a quarterly basis provides shareholders with the latest information on the Group's performance and operations. An analyst briefing is held after the release of each quarter's financial results to Bursa Malaysia Securities Berhad (Bursa Malaysia). Materials presented during these briefing sessions are available to investors upon request and are also featured on the Group's website.

Announcement of Quarterly Results	
4 <sup>th</sup> Quarter Results FY2017	27 February 2018
1 <sup>st</sup> Quarter Result FY2018	15 May 2018
2 <sup>nd</sup> Quarter Result FY2018	29 August 2018
3 <sup>rd</sup> Quarter Result FY2018	28 November 2018
4 <sup>th</sup> Quarter Result FY2018	28 February 2019
5 <sup>th</sup> Quarter Result FY2019	30 May 2019
6 <sup>th</sup> Quarter Result FY2019	30 August 2019

### Shareholder Base and Value as Shariah-Compliant

We have a shareholder base of 6,317 institutional and retail/private shareholders as at 28 June 2019. Maybank Trustees Berhad Areca Dynamic Growth Fund and CIMB Islamic Trustee Berhad - Affin Hwang Multi-Asset Fund are our major shareholders with equity holdings of 16.01% and 8.29% respectively of our total share capital. Foreign shareholding accounted for 2.20% of the total.

As a Shariah-Compliant company, Prestariang is committed to responsible investments that are free from usury, gambling and ambiguity while striving for steady and sustainable profitability.

### Share Performance

During the year under review, our share price was on a downward trend due to the uncertainty of the SKIN Project. This has resulted in an all time low share price of RM0.27. However, the share price stabilised at an average of RM 0.42 moving towards the end of June 2019. Prestariang continued to receive support from both institutional and retail investors with total average traded volumes of 11.6 million shares per day. The price opened at RM 1.53 on 2 January 2018 and closed at RM0.41 on 28 June 2019.

### Returns to Shareholders

For the financial year ended on 30 June 2019, the Board of Directors have declared and paid three interim, single-tier dividends, totaling 1.20 sen per share, amounting to RM5.8 million.

### Dividend Policy

It is our commitment to create value for our shareholders. This is done via our dividend policy, which has been resolved and approved by the Board since February 2016. The policy sets the distribution of dividends at a minimum of 50% of PAT.

However, the recommendation and payments of dividend are dependent on the following factors:

- Availability of adequate distributable reserves and cash flows;
- Operating cash flow requirements and financial commitments;
- Anticipated future operating conditions, as well as future expansion, capital expenditure and investment plans; and
- 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 could be waived if payment of dividend may impact adversely on the cash flow and operations of the Group.

### Dividend Payout

Financial Year	2014	2015	2016	2017	2019
Total Gross Dividend per Share (sen)	4.19	3.75	3.00	2.75	0.70
Share Price (RM)	1.44	2.97	2.06	1.52	0.41
Dividend (RM Million)	19.7	18.1	14.5	13.3	3.40
Number of Shares (RM '000)	484,000	484,000	484,000	484,000	484,000

### Notes:

During 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 RM 0.10 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 RM 0.10 each at an issue price of RM 1.74 per ordinary share.

## SUSTAINABILITY COMMITMENT



## PRINCIPLE 3: COMMITMENT TO CORPORATE RESPONSIBILITIES

## EMPOWERING COMMUNITIES

We approach Corporate Social Responsibility (CSR) initiatives by value creation through our sustainability initiatives. Our focus moves beyond merely enhancing our reputation towards improving our ability to address challenges in our society. The objectives of our strategic focus are to raise the employability of individuals through education, the quality of life and living standards as highlighted in our Corporate Citizenship.

## Philanthropy for Education

As a Shariah-Compliant counter, we ensure that a part of our annual profits go towards charitable causes where we contribute a pre-determined amount to selected NGOs. In the reporting period, the Group donated approximately RM38,000.00 to the less fortunate in order to support early education and empower these children to have access to education.

We also welcome volunteerism among employees. We also adopt a culture of supporting each other in times of crisis, be it contribution in time, in-kind assistance or financial aid. It is noteworthy to mention that employees participated in numerous voluntary programmes and charitable events, funded personally by the employees themselves.

## CORPORATE CITIZENSHIP COMMITMENTS

- We continue to build better lives, especially in enhancing education opportunities and lifelong learning.
- This is our steadfast contribution and definition towards quality sustainable education for the betterment of local communities, their children and society in its entirety.
- We are committed to take responsibility on our environmental consumption and production which may impact the lives of the community that surrounds us.

## Our Alignment:



## SUSTAINABILITY COMMITMENT



2018 Ramadhan Charity Drive in and around the vicinity of Puchong, Selangor.



Prestariang and UNIMY joined hands during the Blood Donation campaign which was held at UNIMY Putrajaya on 1 October 2018.

## PROMOTING THE LEARNING GENERATION

We continue to build better lives in enhancing education opportunities with the objective of a sustainable lifelong learning generation.

## School Adoption Programme

Sekolah Kebangsaan Sungai Manggis (SKSM) in Banting, Selangor, has been our adopted school under the Prestariang School Adoption Programme since 2015. Since then, Prestariang has been steadfast in creating and enhancing the school's learning and teaching environment. We have established the concept of a lifelong learning environment, aspiring to develop talent from this school through technology by crafting opportunities for the youth in driving the future digital economy.



Donation of books to Sekolah Kebangsaan Sungai Manggis in 2018.

## Yayasan Universiti Malaysia

Yayasan Universiti Malaysia (YUM) has been Prestariang's rendition of support towards quality education. In our effort to nurture Malaysia's pool of industry-ready talents and drive the nation's digital economy, Prestariang has generously supported YUM Foundation through offering deserving Malaysian students from the lower income group to further their tertiary education in information & Communications Technology (ICT) since its inception.



UNIMY Gotcha where YUM sponsored deserving students for their further education.

## SUSTAINABILITY COMMITMENT

We appreciate academic achievements and take great pride in celebrating excellence among bright young Malaysians. As part of our appreciation efforts, Prestariang via the YUM Foundation rewards high achievers with scholarships and other types of sponsorships. This has allowed these scholars to pursue their foundation, diploma or bachelor's degrees. The sponsorship amount varies according to their academic achievements, prioritising those with merits e.g. 100% scholarship for tuition fees and resource fees for students with 8As for STPM or 3.70 CGPA for foundation & diploma or its equivalent respectively.

For the financial period under review, we have sponsored RM2,456,000 to support the YUM Foundation and its cause.

## BUILDING KNOWLEDGE SOCIETIES

A knowledge society generates and shares knowledge to all members of the society. We are committed to building knowledge societies in line with our business philosophy of 'Transforming Lives'.

### CEO @ Faculty Programme 2.0: Coached by the Pros

CEO @ Faculty Programme (CFP) 2.0, with its tagline "Coached by the Pros" is an ingenious initiative by the Ministry of Higher Education (MoHE), which aims to expose youth university lecturers with the rudiments and operations of the industry. Initiated in 2015, CFP has inducted more than 60 senior public servants, C-suite executives from both Government-Linked Companies (GLC) and private industries including Prestariang's very own President/GCEO, Dr Abu Hasan.

This time round, Ts Dr Roslinda Alias, Senior Lecturer, Education Faculty, from Universiti Teknologi MARA was selected for a 6-month placement in Prestariang. Stationed directly under Dr Abu Hasan's mentoring, she was exposed to all the nooks and crannies of the corporate world.

### ENABLING YOUTHS THROUGH EMPLOYMENT INITIATIVES

In line with our Corporate Citizenship Statement, supporting youth unemployment is close to our hearts and aligned with our materiality issue, which is to equip our youth with tools required for future employment and industry-ready. Prestariang's approach is through the provision of:

- Internship
- Traineeships via Prestariang Protégé
- Job placements via TalentXchange
- Further education via TalentXchange



Ts Dr Roslinda Binti Alias  
Senior Lecturer, Education Faculty  
Universiti Teknologi MARA



### INTERNSHIP POLICY

1. Equal employment opportunity for the underprivileged groups, which includes those from deprived backgrounds, poor social status or no formal education or qualifications.
2. Placement programme opportunities for unemployed youths, apprenticeships and graduate placements.

### Internship Programme and Temporary Employment

We provide industrial training for undergraduates that range from three to six months to final year students of all disciplines with real world experience by streaming them into respective departments within the Group, in line with their education and curricular backgrounds.

The programme is available for deserving students while our temporary employment programme is available for unemployed youths as stated within our Internship Policy. The Internship Policy is reviewed yearly or as and when needed.

SUSTAINABILITY COMMITMENT

Our Interns' and Temporary Employees' allowances are set at:

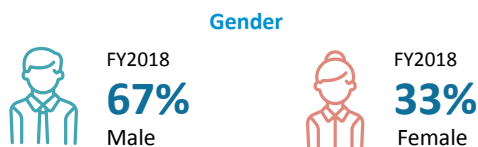


Description	Dec 2016	Dec 2017	Dec 2018	June 2019*
No. of Interns & Temporary Employees	21	48	15	0

\* As at 30 June 2019

As most of the interns and temporary employees are from local public universities, Malays make up the majority of this category of employees while 2% are Chinese and another 2% are of other races. The Company is stepping up efforts to encourage the diversity and inclusivity for the underprivileged groups. A total of 15 interns and temporary employees were hired during the reporting period.

Total Number of Interns & Temporary Employees



Age Group



Below 30 years old

# protégé

**Prestariang Protégé**

Professional Training and Education for Growing Entrepreneurs (Protégé) is a continuation of Skim Latihan 1Malaysia (SL1M). It is part of the Government's effort in raising the quality of local graduates, in driving their employability. As a beneficiary of the Government's Procurement Contract, it is Prestariang's fiduciary duty to execute the Protégé programme, in accordance to 1PP/PK 1.2 Order.

Prestariang Protégé is a 12-month programme, primarily targeting unemployed youth. The programme aims to optimise the employability of graduates. This is attained by allowing the protégés to assimilate themselves with the working environment via on-the-job training and developing various core soft-skills via training programmes. A total of 48 Protégés were selected during the reporting period where 65.6% were females. All of our protégés are below the age of 30 years old.

Total Number of Protégés

**Gender**



**Age Group**



Below 30 years old

\* As at 30 June 2019

## SUSTAINABILITY COMMITMENT

### Soft-Skills Training

The programme starts with development of key soft-skills via short training sessions. We emphasise on communication skills, critical thinking, organisational adaptability, professionalism and etiquette aside from other optional additional modules that can help to prime the protégés' for a real working environment.

### On-The-Job Training

Leveraging on our existing talents as supervisors, each protégé will be assigned to a supervisor. The supervisor then carries out the training by equipping the protégé with knowledge, skills and experiences - boosting their confidence and in turn, increasing their employability to secure a job by the end of the programme. The protégés are also given tasks and KPIs to be achieved, in line with their qualifications. Each supervisor monitors their protégé's development via two appraisal sessions, which are at the 6<sup>th</sup> and 12<sup>th</sup> months of the programme.

As at June 2019, Prestariang nurtured 63 protégés, recording a 33.33% employability rate:

- 3 of them were employed by Prestariang;
- 15 of them were employed by other companies within the 12-month training period; and
- The remaining 3 of them were employed after they completed the programme.

The remaining 66.67% (42 protégés) are currently undergoing the programme. It is expected for all 42 of them to be employed by the end of their 12-month training period.

Driven to curb both unemployment and financial distress among the local graduates, we are committed to expanding the programme to reach a bigger audience. Prestariang aspires to obtain 100% employability for a total of 105 protégés by year 2021.

## CORPORATE ENVIRONMENTAL RESPONSIBILITY

We are dedicated to serving and improving the communities where we operate. There is no greater community than the planet we all share. It is our strong belief and responsibility to build a sustainable future and help ensure that the planet will remain pristine for generations to come.

As a company, we are focused on managing our own environmental footprint, and have disclosed our environmental consumption since 2014. In this report, we have disclosed the carbon emission for the reporting year and are continuously finding ways to reduce and reuse, to increase our efficiency and sustainability efforts.

### COMMITMENT TO THE ENVIRONMENT



Monitor excessive water discharge, electricity usage, paper usage and proper waste disposal.



Instilling a culture that supports a lifelong learning environment in the workplace and the community in which we operate.



Proactively seek to adopt best practices and standards to promote the 3Rs "Reduce, Reuse and Recycle" process.






Creating awareness and encouraging participation of our employees.

## SUSTAINABILITY COMMITMENT

## Operating Sustainability – Our Environmental Goals

We are committed to reducing our total overall operational greenhouse gas emissions by less than 2.0 MT CO<sub>2</sub> emission per employee per year. Our Goals are as below:

	 <b>CARBON EMISSION</b>	 <b>REDUCE PAPER WASTE</b>	 <b>REDUCE ENERGY CONSUMPTION</b>
<b>SHORT TERM</b>	Reduce and maintain less than 2.5 MT CO <sub>2</sub> -eq emission per employee per year for Scope 2.	Reduce and maintain to less than 5 paper reams per employee per year.	Reduce and maintain less than 1,500 kWh per employee per year.
<b>LONG TERM</b>	Reduce to less than 2.0 MT CO <sub>2</sub> -eq emission per employee per year for Scope 2 by 2030.	Maintain less than 4 paper reams per employee by 2030.	Maintain less than 1,000 kWh per employee per year by 2030.

## Carbon Emissions

We have reported our collection of Carbon Emission inventory since 2017. This includes indirect emissions associated with the consumption of purchased electricity (Scope 2) and other indirect emissions associated with paper use and employee business travel (Scope 3). We do not produce any direct emissions (Scope 1).

Based on our set goals, we have successfully reduced less than 2.5 MT CO<sub>2</sub>-eq per employee per person for Scope 2 emissions. This is contributed by our reduced operation size and manpower, coupled with the effective approach towards our Green ICT Practices which are explained in detail on page 92. We target to maintain less than 2.5 MT CO<sub>2</sub>-eq per employee from here onwards.

## Total Carbon Emissions

(MT CO <sub>2</sub> -eq) / Financial Year		Dec 2015	Dec 2016	Dec 2017	Dec 2018	June 2019*
Scope 1		N/A	N/A	N/A	N/A	N/A
Scope 2		207	218	215	190	74.26
Scope 3 :	Paper Use			10.44**	9.02	2.45
	Business Travel: Road Bound			60.10	44.15	35.83
	Business Travel: Local Air Travel				4.32	1.60
<b>Total</b>				<b>285.54</b>	<b>247.49</b>	<b>114.14</b>

Carbon footprint is measured in terms of metric tonnes of carbon dioxide equivalent (MT CO<sub>2</sub>-eq).

\*\* Updated carbon emission data for 2017

## Scope 2 Carbon Emission per Employee

Financial Year	Dec 2015	Dec 2016	Dec 2017	Dec 2018	June 2019*
Scope 2: Energy Carbon Emission per Employee (MT CO <sub>2</sub> -eq)	1.45	1.45	1.29	0.79	0.71
Variance		0%	-11.03%	-38.76%	-

\* As at 30 June 2019

## SUSTAINABILITY COMMITMENT

### Internal Carbon Pricing

We set our internal carbon pricing based on United Nations Global Compact recommendation at USD100/MT CO<sub>2</sub>-eq to be at par with other Technology peers worldwide.

Amount / Financial Year	Dec 2015	Dec 2016	Dec 2017	Dec 2018	June 2019*
Scope 1			N/A	N/A	N/A
Scope 2			USD21,500	<b>USD19,000</b>	<b>USD7,426</b>
Scope 3			USD7,054	<b>USD5,749</b>	<b>USD3,828</b>
<b>Total USD</b>			<b>USD28,554</b>	<b>USD24,749</b>	<b>USD11,254</b>
<b>Total (RM)**</b>			<b>RM114,216</b>	<b>RM98,996</b>	<b>RM45,016</b>

\* As at 30 June 2019

\*\* Assumption that 1 USD = RM4.00

### Energy Use

Our energy consumption qualifies as our main indirect source of emission under Scope 2. We have one source of energy through electricity. Our consumption has decreased by more than 5% in 2018. This is a resounding success to our goal of 0.5% reduction made in 2017, mainly driven by our reduced operation size and our commitment towards the Green ICT Practices. We will remain committed to our Green ICT Practices in order to reach our long term goals.

Below is our record of 5 years energy use and carbon emissions in metric tons of carbon dioxide equivalent (MT CO<sub>2</sub>-eq):

Financial Year	Dec 2015	Dec 2016	Dec 2017	Dec 2018	June 2019*
Energy Use (kWh)	278,432	293,062	289,471	<b>273,804</b>	<b>107,006</b>
Variance	-	5.25%	-1.23%	<b>-5.41%</b>	-
Energy Use per Employee (kWh)	1,961	1,953	1,733	<b>1,131</b>	<b>1,029</b>
Variance		-0.41%	-11.26%	<b>-34.74%</b>	-
Energy Carbon Emission (MT CO <sub>2</sub> -eq)	207	218	215	<b>190</b>	<b>74.26</b>
Variance		5.31%	-1.38%	<b>-11.62%</b>	-
Energy Carbon Emission per Employee (MT CO <sub>2</sub> -eq)	1.45	1.45	1.29	<b>0.79</b>	<b>0.71</b>

\* As at 30 June 2019

- The energy use data has not been verified by a third-party nor has there been an adoption of an internal assurance standard.
- Our non-renewable energy consumption comprised grid electricity only.
- All records are compared only for NeoCyber building and employees working in that location.



## SUSTAINABILITY COMMITMENT

**Water Use**

We practice responsible water consumption at our workplace by discouraging, where possible, wasteful practices. The water consumed is obtained from the municipal water supply. For year 2018 and 2019, an estimation was used due to a technical metering problem, which was provided by the Joint Management Body (JMB) of NeoCyber building. Thus, for the financial year under review, accurate measurement of performance and comparison cannot be made. However, our commitment to consistently better our disclosure is not dampened by this development. We will first look into the issue with the JMB and restate the actual data in our future report once it becomes available.

We have also been practicing rainwater harvesting since 2014. The collected rainwater is used for non-potable purposes such as washing corridors, grounds maintenance, irrigating drains and watering plants. We are making efforts towards measuring the collected rainwater in the future.

As to date, the carbon emission by water use remains irrelevant.

Financial Year	Dec 2015	Dec 2016	Dec 2017	Dec 2018	June 2019*
Water Use (m3)	626	492	271	<b>310</b>	<b>120</b>
Variance	-	-21.41%	-44.92%	<b>14.39%</b>	-
Water Use per Employee (m3)	4.41	3.28	1.62	<b>1.28</b>	<b>1.15</b>
Variance	-	-25.62%	-50.61%	<b>-21%</b>	-
Water Carbon Emission (MT CO <sub>2</sub> -eq)	2.62	2.06	1.14	<b>1.30</b>	<b>0.88</b>
Variance	-	-21.37%	-44.66%	<b>14.04%</b>	-
Energy Carbon Emission per Employee (MT CO <sub>2</sub> -eq)	0.02	0.01	0	<b>0</b>	<b>0</b>

\* As at 30 June 2019

- All records are compared only for NeoCyber building and employees working in that location.

**Paper Use**

Our Scope 3 emissions are from our paper consumption. The data collected during the year in review represents the baseline performance. We would like to restate that the new calculation for carbon emission of paper use was 10.44 MT CO<sub>2</sub> for 2017. The new carbon emission calculator is now based on the Paper Calculator 4.0 available at [c.environmentalpaper.org](http://c.environmentalpaper.org).

We have reduced our consumption to 13% in 2018. Thus, we have achieved the previous goal set (which was at 0.5% carbon emission reduction). Once again, our reduced operational size and adherence towards our Green ICT Practices played a major role in this success. In the future, we intend to maintain our paper use by adhering to our Green ICT Practices.

Financial Year	Dec 2017	Dec 2018	June 2019*
Paper Use (reams)	1,151	<b>995</b>	<b>271</b>
Paper Use (reams) per employee	6.90	<b>4.11</b>	<b>2.61</b>
Paper Use (tonne)	2.87	<b>2.49</b>	<b>0.68</b>
Variance	-	<b>-13.24%</b>	-
Carbon Emission from Paper (MT CO <sub>2</sub> -eq)	10.44**	<b>9.02</b>	<b>2.45</b>

\*\* Updated carbon emission data for 2017

\* As at 30 June 2019

## SUSTAINABILITY COMMITMENT

### Business Travel

Business Travel forms another source of Scope 3 emissions. For this reporting period, we have added domestic air business travel data for carbon emission calculation. Road-bound business travel is only referenced to the use of cars and motorcycles only. We aim to reduce carbon emissions from road-bound vehicles by 0.5%.

Financial Year	Dec 2017	Dec 2018	June 2019*
Road-bound Business Travel Mileage (KM)	207,114	147,175	119,423
Carbon Emissions from Road-bound Business Travel (MT CO <sub>2</sub> -eq)	60.10	42.70	34.60
Variance	-	-28.95%	-

Financial Year	Dec 2018	June 2019*
Domestic Air Business Travel (KM)	59,353.47	22,460.07
Carbon Emissions from Air Business Travel (MT CO <sub>2</sub> -eq)	4.32	1.60

\* As at 30 June 2019

### Recycling

During the year in review, our recycling activities were less intense compared to the previous years. As the number of employees dropped, less waste was produced and in turn less recycling needed to be done.

#### Frequency of Recycling 2019

Once every two months



Paper



Plastic

### Savings Through the Reuse of Material

During the reporting period, we saved RM87.80 due to recycling of paper, plastic and steel. We intend to increase our recycling activities for the next reporting period.

Paper



RM62.90

Plastic



RM15.40

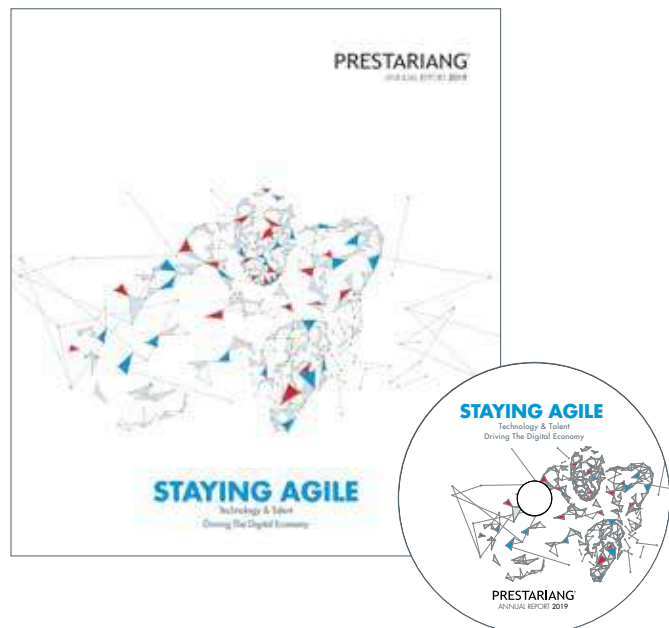
Steel



RM9.80

### Paperless Annual Report

We aspire to distribute paperless annual reports in the future. Moving forward, we will be producing our annual reports in interactive Portable Document Format (PDF) which will be available in our corporate website ([www.prestariang.com.my](http://www.prestariang.com.my)) subject to shareholders' approval on the proposed adoption of the new constitution of the company at the forthcoming Annual General Meeting (AGM).



## SUSTAINABILITY COMMITMENT



## PRINCIPLE 4: ENGAGING WORKPLACE

## THE BEST FOR OUR PEOPLE

As a leading Technology and Talent Platform Innovator, we embrace people development and investing in talents to grow our businesses. A robust approach to employees' performance management is the key to sustainable growth and competitiveness. The Company is dedicated to the belief: Commitment to Our Employees, which has been the guiding principles of people management over the years.

This commitment is translated into diverse best practices which encompass education initiatives, employees engagement, performance management processes, compliance through implementation of workplace policies, industrial engagements, along with strategic plans for business transition strategy and career succession planning. As our focus has intensified towards the development of knowledge workers, it is imperative to fulfill both business needs and creating a conducive workplace that meets the rise in employee aspirations and expectations.

**Professional Membership**

We are a member of the Malaysian Employers Federation (MEF), which provides various services within the areas of human resource and industrial relations, market surveys and employment information, workplace training and development, and occupational health and safety programmes.

We are also a member of the Malaysian Institute of Management (MIM), which provides professional certifications and education programmes in the form of in-house and international training programmes to drive professional career aspirations and organisational growth.

**Labour Practice, Compliance, Policies and Human Rights**

In attracting talents by providing the best working environment and protecting our employees' rights, we comply with all laws and regulations as stated herein. To date, we have also recorded zero instances of non-compliance to labour standards.

## COMMITMENT TO OUR EMPLOYEES

- We are committed to provide our employees with a stable, diversified and innovative work environment where there is equal opportunity for learning and growth.

## Our Alignment:

UNSDG



**MATERIALITY**  
Recruitment,  
Career, Training  
and Development

**Equal Opportunity Employer**

We are an Equal Opportunity Employer. In line with the Universal Declaration of Human Rights (UDHR), we are committed to practicing equal employment opportunities for all employees based on merit, free from discrimination and providing non-discriminatory, fair employee wages and salary.

All employment decisions at Prestariang are based on business needs, job requirements and qualifications, disregarding race, colour, religion, gender, age, sexual orientations, physical/mental /sensory disabilities, political beliefs and nationality. We practice no child and youth person labour and no forced labour in any kind of work. We respect the rights of employees to practice their religion during their working hours. As stated in our Employee Handbook, we will not tolerate discrimination based on any of these characteristics.

**Advocate Freedom of Association**

We uphold freedom of association, compliant with the Federal Constitution and other applicable laws in that regard.

## SUSTAINABILITY COMMITMENT

### Advocate Freedom of Expression

We uphold freedom of expression/association, compliant with the Federal Constitution and other applicable laws in that regard. Our employees have the right to freedom of speech and expression, in line with Prestariang's Employee Code of Conduct and Whistle Blowing Policy.

### Discourage Excessive Working Hours

We take work-life balance very seriously. We comply with local labour laws with regards to working hours and public holidays and have yet to record any incidents of non-compliance to labour standards. Committed to keeping the employees' work-life balance, we also allow flexible working hours to accommodate specific needs of our employees as addressed within our Employee Handbook.

### Commitment to Exceed Minimum Wage

We not only comply with the Minimum Wage Order 2018 regulations, but we go above and beyond by ensuring that permanent and contract employees are paid a minimum of RM2,000.00 gross salary, which exceeds the local minimum wage of RM1,100.00.

### Rights to Trade Union and Collective Bargaining

We open the rights to non-executive, trade workers and/or general workers to participate or form trade unions provided for under the National Union of Commercial Workers (NUCW). As per the reporting period, no trade unions were formed. Therefore, we would like to highlight that we are a non-unionised organisation and rendering the Collective Bargaining as inapplicable without a Trade Union.

### Compensation and Benefits

We are committed to provide on-time salary payment to employees, which is above the statutory minimum wage, and pay overtime compensation in accordance with the labour law and regulations. All employees and protégés are provided with Medical Benefits.

## COMPLIANCE TO REGULATIONS AND LAWS

### LABOUR AND EMPLOYEE MATTERS:

1. Employment Act 1955
2. Child Act 2001
3. Children Youth Persons (Employment) Act 2010
4. Industrial Relations Act 1967
5. Anti-Corruption Commission Act 2009
6. Official Secret Act 1972
7. Minimum Retirement Age (Exemption) Order 2016.
8. Industrial Relation Act 1967
9. Minimum Wage Order 2018
10. Whistle-blower Protection Act 2010
11. Employment Termination and Lay-Off Benefits Regulations 1980
12. Subscribe to Universal Declaration of Human Rights (UNDR)
13. Personal Data Protection Act 2010
14. Employees Provident Fund Act 1991
15. Employees' Social Security Act 1969
16. Employment Insurance System Act 2017
17. Trade Unions Act 1959
18. Occupational Safety and Health 1994
19. Workmen's Compensation Act 1952

## SUSTAINABILITY COMMITMENT

### GRIEVANCE PROCEDURE

#### Employee Handbook: On-Board Training and Accessibility

Our Employee Handbook is disseminated to all employees and spells out all the terms and conditions of employment. The Company also pledges to foster safe, inclusive, and respectful workplaces and freedom to association and expression. Our Handbook is reviewed every year and was updated in 2019, incorporating updated laws and regulations as well as the mandate the by the Government.

The Handbook also explicitly states that the we provide all employees and applicants for employment with fair and equal employment opportunities without regard to race, colour, ethnicity, national origin, religion, beliefs, age, sexual orientation, expression, marital status, gender or gender identity, disability and any other legally protected status.

All employment policies and guidelines, including the Handbook are made available and accessible anywhere, locally and internationally, in English (as our official language for online communication) and in Bahasa Malaysia via our internal employee portal.

All new employees are briefed on the Handbook and its contents through on-boarding training sessions.

#### Incidents, Whistle Blowing and Grievance

We have established a grievance policy within the Company to ensure constructive methods of voicing concerns and proper methods in addressing any issues raised. The Employee Handbook outlines details on filing complaints or reporting dissatisfaction/discontent arising from work related issues, including bullying and harassment. We have recorded zero incidents to date.

#### Stage 01

Submit notice of grievance to his or her immediate supervisor within six working days from the actual date of incident. Investigation of complaint is to be carried out, if necessary. The grievance will be addressed within ten working days.

#### Stage 02

If the grievance is not resolved, the said immediate supervisor will refer it to the employee's department/business head and discussions will be held with the said employee. The grievance will be addressed within the next six working days.

#### Stage 03

If the grievance is yet to be resolved, the Head of Department/Business will refer it to the Human Resource Department (HRD) and discussions will be held with the said employee, involving the immediate supervisor and department/business head as well.

#### Stage 04

If the grievance remains unsolved, the HR Manager will extend the case to the Chief Executive Officer (CEO) or Grievance Panel for them to make a decision within six working days. The employee may appeal on the decision, where the final decision will be made by the CEO.

## SUSTAINABILITY COMMITMENT

Employees are also encouraged to raise their concerns with regards to unethical or unlawful behaviour and organisational integrity by leveraging on our Whistle Blowing Policy. The policy is designed to enable an employee of the Company to raise their concerns internally, at a high level and to disclose information which the individual believes shows malpractice or impropriety.

Our Whistle Blowing Policy and Grievance Procedure are presented on page 101 in the Corporate Governance Overview Statement and is also available on our corporate website [www.prestariang.com.my](http://www.prestariang.com.my).

There were no grievances or incidents from employees recording during the year under review.

### CULTIVATING INCLUSION AND EMBRACING DIVERSITY

The Company and its Board of Directors are committed to providing a diverse, inclusive and fair work culture that values and celebrates differences. Diversity is embraced and different perspectives on issues are welcomed as it fosters creativity and innovation to solve business challenges. The HRD plays an important role of cultivating inclusivity and fostering an inclusive workplace through employee engagement activities such as festive celebrations, sports events and recreational activities to strengthen relationship among employees of different levels and backgrounds.

The HRD plans and organises activities for employee engagement every year. To measure the effectiveness of engagement, the HRD conducts an Employee Engagement Survey every year and annual employee performance appraisal. We are mindful about engaging and retaining productive employees and have set the target for employee turnover rate below 10%. For 2018, the employees turnover rate was 6% compared with 10.78% in 2017.

Strategies and principles to maintain employee current and future inclusivity, diversity and active engagement as a virtue to the working culture are as follows:

- Properly balance the needs of the employees and the needs of the Company.
- Provide training and development in areas of leadership and technology enhancement especially digital disruption.
- Hiring the most qualified employees; getting the right talents with the right job fit and skills.
- Obligated to employ and develop local talents as part of our commitment to the community, to drive and sustain the local economy.
- Retaining our valued employees by implementing the following initiatives:
  - o Assuring effective leadership qualities in our managers;
  - o Providing competitive wages and benefits;
  - o Implementing continuous Learning and Development Programmes;
  - o Conducting career development training and coaching;
  - o Conducting exit interviews;
  - o Supplying relevant feedback to management via Employee Satisfaction Survey; and
  - o Enhancing two-way communication between employees and management.
- Emphasis on leadership development programmes specifically for potential successors to ensure future leaders are well equipped for leadership management and are ready to take over the key positions within the organisation.
- Maintaining the procedures of employee grievance, whistle blowing and complaints, and its easy accessibility to employees.
- Allowing employees to perform voluntary work or activities such as charitable work and personal donations for the wellbeing of the community.

SUSTAINABILITY COMMITMENT

Major Employee Engagement Activities 2018/2019



**1 21 January 2018**  
Prestariangites participated and nailed it at Twincity Marathon 2018.

**2 23 February 2018**  
UNIMY's first Chinese New Year celebration organised by the UNIMY Student Representative Council 2017/2018.

**3 24 February 2018**  
Health enthusiasts among our employees headed to Kuala Pilah, Negeri Sembilan for an excursion to conquer the peak of Bukit Senaling on 28 February 2018. This was a novel employee engagement method to encourage camaraderie and a healthy lifestyle among our employees.

**27 February 2018**  
PSKIN kicked-off their Townhall session 2018 where PSKIN CEO Raja Azmi drove the team towards achieving the SKIN Project goals.

**4 08 March 2018**  
Prestariang employees donned purple attire in support of the #pressforprogress to celebrate Women's International Day.

## SUSTAINABILITY COMMITMENT

### Major Employee Engagement Activities 2018/2019



**5 07 May 2018**  
Celebrating the President/Group CEO, Dr Abu's 57<sup>th</sup> birthday which fell on 8 May 2018.

**6 11 July 2018**  
Prestariang Annual Hari Raya Aidilfitri celebration. Our clients from the Ministry of Home Affairs joined us in the celebration.

**7 13 July 2018**  
In conjunction with the 2018 FIFA World Cup, football enthusiasts among our employees who were caught up with the World Cup fever madness organised a gathering to celebrate Hari Raya Aidilfitri. Employees donned jerseys of their favourite teams and decorated their workplace with memorabilia while indulging in festive goodies such as rendang, lemang and cookies. The potluck on 13 July 2018 was held at Prestariang HQ in Cyberjaya.



## SUSTAINABILITY COMMITMENT

## Major Employee Engagement Activities 2018/2019



**8 30 August 2018**  
In the spirit of Merdeka, employees celebrated Malaysia's 61<sup>st</sup> Independence Day.

**9 27 September 2018**  
Prestariang and UNIMY students and staff participated in the annual Bursa Bull Charge.

**10 02 November 2018**  
Employees gathered together to celebrate Deepavali, the Festival of Lights.

**11 09 November 2018**  
Baking Sessions with The Boys at Prestariang HQ in Cyberjaya.

**12 17 June 2019**  
Prestariang celebrated the annual Hari Raya Aidilfitri celebrations with our clients from the Ministry of Finance.



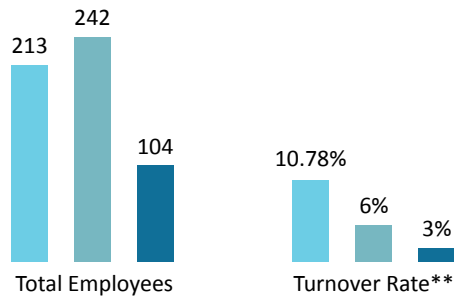
## SUSTAINABILITY COMMITMENT

### Employee Demographics

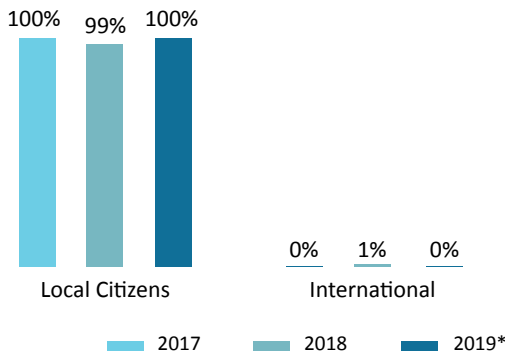
As at 30 June 2019, there were 104 employees, a reduction of 35% compared with 242 employees as at 31 December 2018. The reduction of manpower was mainly contributed by the termination of the SKIN Project on 19 January 2019. The termination was based on Expropriation (Clause 31 of the CA). As such, the Company underwent a business consolidation strategic exercise, triggered by the need to cease operations of the SKIN project which resulted in the inevitable retrenchment of some employees.

While we focused on rationalising our business operations due to the termination of the project, we still maintained our standing as an Equal Opportunity Employer by providing equal opportunity for learning and personal growth. Our effort is evident by the steady increase of our multi-racial workforce over the years.

### Total Employees



### Employees by Nationality



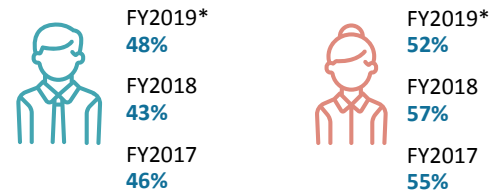
\* As at 30 June 2019

\*\* It is noteworthy to disclose that only employees that have resigned and being replaced are calculated into our turnover rate. This excludes talent management processes that have been done under the business consolidation strategy exercises. The total employees in the past five years does not include UNIMY headcount.

In terms of gender diversity across the workplace, Prestariang's female to male ratio was 5:7 for year 2018 and 5:6 for year 2019 (as at 30 June 2019), respectively. As the Company matures, so does the increase of employees within the above 40-year age group.

It is also noteworthy to disclose that the number of employees every year does not include UNIMY's headcount nor its sustainability performance. This is due to having a fair comparison of employee demography and performance.

### Employees by Gender




### Employees by Race

Malay	Chinese	Indian	Others
FY2019*	FY2019*	FY2019*	FY2019*
84.6%	10.6%	3.8%	1.0%
FY2018	FY2018	FY2018	FY2018
84%	8%	7%	1%
FY2017	FY2017	FY2017	FY2017
87%	8%	5%	0%

### Employees by Age

Below 40 years old	40 years old and above
FY2019*	FY2019*
69%	31%
FY2018	FY2018
67%	33%
FY2017	FY2017
68%	32%

### Employees by Education



PhD and Master	Degree	Diploma
FY2019*	FY2019*	FY2019*
7%	67%	26%
FY2018	FY2018	FY2018
13%	74%	13%
FY2017	FY2017	FY2017
24%	58%	18%

\* As at 30 June 2019

## SUSTAINABILITY COMMITMENT

## EMPLOYEE TALENT DEVELOPMENT AND GROWTH

Our focus during the period under review was on enhancing employees' skills to meet the Group's operational and business requirements as well as addressing newer challenges in their respective areas of work.

In 2018, the cost of training increased drastically from RM135,261 in 2017 to RM571,882 in 2018, despite the reduction of training man days from 14 days in 2017 to 4 man days in 2018.

This is mainly driven by the higher cost of technical-specific trainings (i.e. Red Hat related trainings).

Majority of the training budget for 2018 was allocated for technical trainings and certifications while the remaining was allocated for leadership, systems and soft-skills training programmes.

## Training and Development

Average Man Days	Overall Cost
FY2019*	FY2019*
<b>0.5</b>	<b>RM7,690</b>
FY2018	FY2018
<b>4</b>	<b>RM571,882</b>
FY2017	FY2017
<b>14</b>	<b>RM135,261</b>

## Training Programmes

Technical	Non-Technical
FY2019*	FY2019*
<b>0</b>	<b>6</b>
FY2018	FY2018
<b>24</b>	<b>20</b>
FY2017	FY2017
<b>48</b>	<b>6</b>

\* As at 30 June 2019

## Technical Training

## 2018

- PRINCE2 Foundation Certification (Class)
- Automation with Ansible I
- Open Shift Administrator 1(OCPA)
- Red Hat Satellite 6 Administration
- Red Hat Certification System Administrator
- Open Shift Administrator 1 (OCPA)
- Certified Information Security Awareness Manager
- ISO/IEC: 2013 Information Security Management System Lead Implementer
- OpenShift Enterprise Development (OCPD1)
- Effective Safety and Health Committee (ESHC)
- Seminar on BCMS & ISMS/ TSMS Certification Schemes
- Microsoft M365/O365
- IREB Certified Professional for Requirements Engineering (CPRE)
- PRINCE2 Foundation Certification (Exam)
- Implementing an Advance Server Infrastructure
- Contractual Risk Management
- Arista CloudVision Test Drive
- SKIN-ITIL Awareness
- Threat Prevention and Traps Workshop
- CISCO ACI Power Workshop
- PMP Certification Preparation Course
- SAP Ariba Innovation Day
- Ingram Microsoft Cloud Marketplace
- Jom Guna Levi

## SUSTAINABILITY COMMITMENT

### Non-Technical Training

#### 2018

- HRDF Train-the Trainer Certification Programme
- The Art of Public Speaking
- MFRS 15 - Revenue from Contracts with Customers
- Microsoft: Upselling M365/O365 Workshop & Planning
- SKIN-Update on legal matters
- What is the Make Up of a Competent Company Secretary and Secretarial Practice Under Companies Act 2016
- Onboarding Training for Skillsoft Product
- Upsell Briefing: Digital Marketing & Big Data Training
- Top Grooming for Women@Workplace
- Documentation Evidence in Compliance to Risk Management Requirements
- SIRIM STS Customer Day 2018
- Conference for Government ICT Officers of Malaysia
- Gearing Up Corporate Liability
- Integrated Report - Bringing Numbers to Life
- HRDF Briefing
- 2019 Budget Seminar
- Latest Developments on MFRS 16
- Be A Talent Sourcing Pro
- Open Learning Conference 2018
- Digital Talent Report 2017 Sharing Session 2

#### 2019

- Adobe Partners Training Enablement
- ESG Seminar for FTSE4GOOD Bursa Malaysia
- Unlock Shareholder Value with Compelling and Effective Storytelling
- Certified professional In Business Strategy, Finance and Leadership Management
- Soft Skills Training Digital Marketing
- SSM National Conference 2019 Future Proofing Business in the Digital Age

### Employee Performance, Growth and Career Development

In accordance with our commitment to equal personal growth, we are committed to the strategic Succession Planning and Employee Competency Development for our employees.

For the latter, the Company conducts an annual employee performance review where employees have opportunities for career development assessment, personal growth assessment, as well as promotion and bonus.

It is in the Human Resource policy to groom employees who are lagging in their performance through specific training or coaching. This has resulted in better employee morale and motivation, and ultimately better retention among our employees. Subsequent to this, we placed priority on retaining internal placements for vacancies before opting for external recruits.

To drive continuous improvements, all employees are assessed via an annual performance evaluation.

In addition to this, we plan to enhance our competency development process via a structured and holistic approach, with the aim of equipping our employees with the necessary skills and competencies to prepare them for the inevitable IR 4.0. We aim to have in place a sustainable talent pipeline across all job levels - to ensure seamless continuity of development for our employees, in tandem with the sustainability of our business and operations as well. We must increase competencies and capabilities of our workforce to improve efficiencies in order to meet the set targets to sustain the Company's future.

## SUSTAINABILITY COMMITMENT

### Succession Planning

Some of our employees have been promoted within the Group. Currently, we are working on establishing a clear succession planning for all levels of employment. The plan is slated for approval in the next reporting period.

### MAINTAINING A SAFE, HEALTHY AND SUSTAINABLE WORKPLACE ENVIRONMENT

We strive to create a conducive physical work environment while ensuring that our employees have the right tools, equipment and facilities to perform their work efficiently and safely. The Health, Safety and Environment (HSE) Policy enforced in 2017 and the Employee Handbook outlines requirements for all employees to adhere to all relevant health, safety and environmental laws and regulations across all business units and working locations. We also allow flexible working hours, where necessary, to accommodate the specific needs of our employees as addressed in the Employee Handbook.

During the reporting period, several HSE programmes were conducted including safety briefings to new employees, emergency preparedness and response, incident reporting and investigation. We also held meetings, workplace inspections and audits on a regular basis to monitor and evaluate the effectiveness of our various programmes so as to ensure continuous improvements in our efforts to promote HSE.

To date, zero HSE incidents were recorded. The HSE policy is set for a review on a need basis. The said policy is deemed relevant and will continue to be practiced.

### Green ICT Practice

We have long subscribed to Green ICT Practices in the workplace. Under this practice, we leverage on ICT to conserve natural resources and also actively take precautions to reduce the impact of our operations on the environment. Prestariang's Green ICT Practices adheres to the Personal Data Protection Standard 2015, ISO/IEC 27001:2013, MAMPU ICT Security Policy version 5.3, and Information Technology Infrastructure Library (ITIL). It is also inter-related to our Procurement Policy, Employee Code of Conduct and Employee Handbook.

In January 2018, the Information Technology Security Standards (IITS) policy was formalised to encompass Green ICT Strategies which was laid out as guidelines in reducing the effect of climate change and improving environmental performance through smart ICT usage. This is done by reducing and efficiently using energy and in turn, contributing to a considerable amount of financial savings as well. The IITS will be reviewed yearly.

IITS is in line with the Information Security Management Systems (ISMS) practices and includes:

#### Device Consolidation

Where possible, to reduce the number of electronic devices used by an individual so as to cut down indirect consumption;

#### Green Disposal

Ensure proper disposal or resale of equipment that is no longer required; and

#### Hardware Acquisition

To include 'compliance to relevant green standards' as one of the tender specifications, whenever applicable.

## SUSTAINABILITY COMMITMENT

### Green ICT Practice



#### Printing and Printers

- All printers used are to be Energy Star certified.
- Printer consolidation policy: reduce the number of single printers and apply networked multifunction devices (MFDs).
- Encourage employees to print both sides of the paper.



#### Computers

- Utilise energy efficient chips and disk drives for computers used by our personnel and customers.
- Leverage on cloud computing for personal computers and mobile devices such as tablets and smart phones.
- Reduce energy consumption through active power management on computers (standby/hibernate after 10 minutes of inactivity).
- Turn off computers, lighting and cooling systems when not in use.



#### Data Centres and Servers

- Reduce the energy consumption of data centres by relocating data onto various cloud services.
- Server Optimisation: implement storage virtualisation and capacity management, and convert existing physical servers to virtual servers.



#### Data Privacy, Confidentiality and Security

- Reduce the energy consumption of data centres by relocating data onto various cloud services.
- Server Optimisation: implement storage virtualisation and capacity management, and convert existing physical servers to virtual servers.



#### Energy Consumption

- Energy efficient mechanical and electrical systems to achieve optimal efficiency.
- Replacing conventional lighting to energy saving lighting.
- Make use of natural light, automated energy-efficient cooling systems and other office equipment.



#### Recycle, Reuse, Reduce

- Utilise recycling bins for paper, plastic and glass waste located within the office premises.
- Utilise used paper for claim submissions and for ancillary uses.
- Minimise general waste and encourage alternatives to conventional waste disposal, such as “Bring Your Own” food containers.
- Make use of natural light, automated energy-efficient cooling systems and other office equipment.
- Encourage employees to sort materials before disposal to help lower GHG emission.



#### Green Conduct

- Conduct environmentally-conscious and paperless meetings.
- Utilise secured email and thumb drives as alternative means of distribution instead of printed copies.
- Encourage video or voice conferencing in meetings to save time and reduce carbon footprint from traveling.
- Use paper brands that are endorsed for their environmental policies and commitment to zero deforestation.

SUSTAINABILITY COMMITMENT



**PRINCIPLE 5: GOVERNANCE TO DRIVE COMPLIANCE AND BEST PRACTICES**

**INTEGRATING SUSTAINABILITY INTO CORPORATE POLICIES**

We have steadily been integrating more and more sustainability practices at all levels of our organisation, which have become more widely accepted by our people. Sustainability practices are ingrained into our corporate strategies, Risk Management systems and Company policies. We have experienced the results of these efforts as it has produced better decision making processes and with continued efforts, it will put Prestariang on firmer footing to improve its profitability.

Several Corporate Plans and Company Policies have incorporated Sustainability concerns as follows:

✓	Code of Conduct
✓	Employee Handbook
✓	Procurement Policy
✓	Health, Safety and Environment Policy
✓	Nomination Policy
✓	Information Technology Security Standards Policy
✓	Diversity
✓	Equal Employment & Gender Equality
✓	Women on Board
✓	Whistle Blowing Policy and Grievance Procedures
✓	Good Risk Management

All policies are reviewed yearly or as and when needed. This is to encourage and adopt more sustainability practices to address concerns which may arise from time to time.

**Corporate Governance**

The Board acknowledges the importance of promoting sustainability by giving attention to ESG aspects of business which emphasise sustainability. As highlighted in 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.

**COMMITMENT TO GOOD GOVERNANCE**

- Comply with all relevant legislation, regulations and codes of practice.
- Maintain the highest standards of corporate governance, sustainability governance and best practices in the business and affairs of the Company and its Group of Companies.

**Our Alignment:**

UNSDG



**MATERIALITY**  
Ethics & Integrity

**Corporate Governance Framework**

The Corporate Governance Framework has attributes that contribute to effective governance and tools for addressing governance risks. It also promotes smooth interaction between the Board and its stakeholders, which include the Board Sub-Committees, key management personnel and cascaded to all employees in the organisation.

The Group adheres 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 (the Code)
- IV. Corporate Governance Guide: Moving from Aspiration to Actualisation (CG Guide) 3<sup>rd</sup> Edition

## SUSTAINABILITY COMMITMENT

The Corporate Governance Framework has attributes that contribute to effective governance and tools for addressing risks. It also promotes engagement between the Board and its stakeholders, which include the Board Sub-Committees, key management personnel and cascaded to all employees in the organisation.



*Our stakeholders at the 8<sup>th</sup> Annual General Meeting expect greater transparency, accountability and better governance in business and ESG performance.*



*Our adherence to Corporate Governance best practices bore fruit when MSWG awarded us with the MSWG-ASEAN Corporate Governance 2018 Award under the Technology Industry - a solid testament of our commitment towards embracing good Corporate Governance in the Company.*

### QUALITY POLICY (VERSION 3.0)

We are committed to satisfying the needs and exceeding the expectations of our customers and stakeholders and comply with 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.

During the year in review, we expanded the coverage of our ISO 9001:2015 certification, encompassing not only the customers under direct business transactions, but those doing renewals and true up transactions as well. This is in line with our commitment for continuous improvement of our processes.



FTSE4Good

Since 2014, we have remained a constituent of the FTSE4Good Bursa Malaysia Index. This reflects our dedication towards addressing ESG risks.



**SUSTAINABILITY COMMITMENT**

**EXCELLENCE IN SERVICE AND DELIVERY, RESPONSIBLE ETHICS AND VALUES**

As a part of our shared values, customer focus, quality of service, delivery and integrity are our top priority to best serve the needs of our clients and customers. This virtue also reflects our quality of communication and daily operations delivery to each other as employees.

- **Prestariang Shared Values [page 2]**

**BENCHMARKING**

We view benchmarking as a critical process to help us identify our aspirational levels and at the same time, highlight areas where we are lacking. As a Company with global strategic partners, it is pertinent as well as logical that we benchmark against the best practices of our business partners, which we often adopt and apply throughout our value chain to sustain our reputation as a trusted partner, employer of choice and preferred company for investors.

**CODE OF CONDUCT**

Prestariang strictly enforces ethical conduct that is contained in the Company’s Code of Conduct. This Code includes recommendations on professional conduct, code of ethics, guide on giving and receiving gifts, whistle blowing, business amenities and relationship with government employees, use and dissemination of proprietary and confidential information, and conflict of interest as well as copyrights concerns. The Code also suggests that employees refrain from any behaviour which can be construed as anti-competitive practice. The Code of Conduct is communicated to all employees through timely training sessions, which include on-boarding programmes for new hires.

More on whistle blowing and grievance can be found on page 101, also within the Corporate Governance Overview Statement or at our corporate website at [www.prestariang.com.my](http://www.prestariang.com.my).

**QUALITY MANAGEMENT**

Through its wholly owned subsidiary, Prestariang Systems Sdn Bhd, Prestariang has been recognised with the ISO 9001:2015 Quality Management System certification by SIRIM QAS International Sdn Bhd since August 2016. The certification covers the distribution and management of Microsoft software licenses to Government Agencies under MLA 2.0 and MLA3.0. SIRIM QAS International has awarded our ISO 9001:2015 with a renewal until year 2022.

During the year in review, we were in the midst of expanding the coverage of ISO 9001:2015 Quality Management System certification, encompassing services beyond direct business transactions. However, due to the Cabinet’s decision to terminate the Sistem Kawalan Imigresen Nasional (SKIN) Project by way of expropriation, which took effect in January 2019, Prestariang SKIN Sdn Bhd’s (PSKIN) exercise towards attaining ISO certification was discontinued.

**ANTI-CORRUPTION**

The Group rejects all forms of bribery, corruption or other type of unethical inducement, and will not tolerate such behaviour from our employees and vendors, which are stipulated in the Employee Handbook, Code of Conduct and Procurement Policy. We also comply with the Anti-Corruption Legislation of Malaysia under the Malaysian Anti-Corruption Commission Act 2009 (Act 694).

To ensure all employees are committed to complying with this practice, communication and enforcement through the on-boarding process, and updates are made available and accessible anywhere locally and internationally, in English and Bahasa Malaysia via our internal employee portal.

No incidents of corruption were recorded to this date.

**CUSTOMER PRIVACY AND POLICY**

We continue to comply with requirements under the Personal Data Protection Act 2015 (PDPA) as stated on page 70. We conduct training programmes for employees on PDPA on a regular basis to instill awareness and to ensure compliance with all applicable laws and regulations related to the PDPA. In accordance with the Personal Data Protection (Class of Data Users) Order 2013, UNIMY is also registered with the Personal Data Protection Commissioner of Malaysia.

**PUBLIC POLICY**

The Group practices against corruption and does not permit or condone bribes, kickbacks or any other illegal, secret or improper payments, gifts, transfers or receipts when dealing with the Government. Employees are to refrain from giving public statements to members of the public or news media without proper clearance by the President /Group CEO.

## SUSTAINABILITY COMMITMENT

### SUPPLY CHAIN MANAGEMENT AND PROCUREMENT PRACTICE

We believe in long term and robust relationships with suppliers and contractors (vendors). We believe that long term relationships and collaborations can overcome any risks of non-compliance, as well as any labour, health and safety, environmental and ethical violations, and in return, have a sustainable supply chain management.

#### Local Suppliers Procurement Practice Policies

Under our Procurement Policy 2017, our vendors are carefully selected through a rigorous process of quality, integrity, service and product value, taking into consideration the ESG concerns. The Company prioritises local vendor sourcing as part of Prestariang's effort to ensure security of supply as well as developing economic growth among the local industries.

#### Assessments of New and Existing Vendors

Prestariang practices an annual Vendor Performance Review (VPR) where our vendors are rated and evaluated according to these criteria:

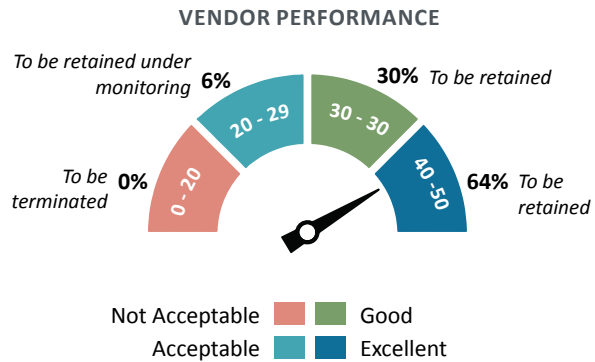
- 1 Quality Meets Specification
- 2 Quantity Meets Specification
- 3 Delivery Timeliness
- 4 Adequate Equipment and Stock
- 5 Technical Competency
- 6 Responsiveness
- 7 Vendor Accessibility
- 8 Working Relationship
- 9 Accuracy and Completeness of Documentation
- 10 Compliance with Contract /LOA /Terms

The ESG impacts will be stipulated specifically in the compliance of contract, LOA and/or term given. This is not limited to the Local Sourcing practice and the Code of Conduct, which ensure the vendors to adhere to relevant local rules and regulations.

New vendors will be assessed based on the value of products and services, also quality and timeline delivery based on the quotations or tender submissions, where addressing ESG will pose an added advantage.

#### Results of Vendor Performance Review

115 of our vendors (encompassing local and international) have been rated and evaluated through our VPR. For the year in review, we retained all vendors while 6% will be monitored for future evaluations.

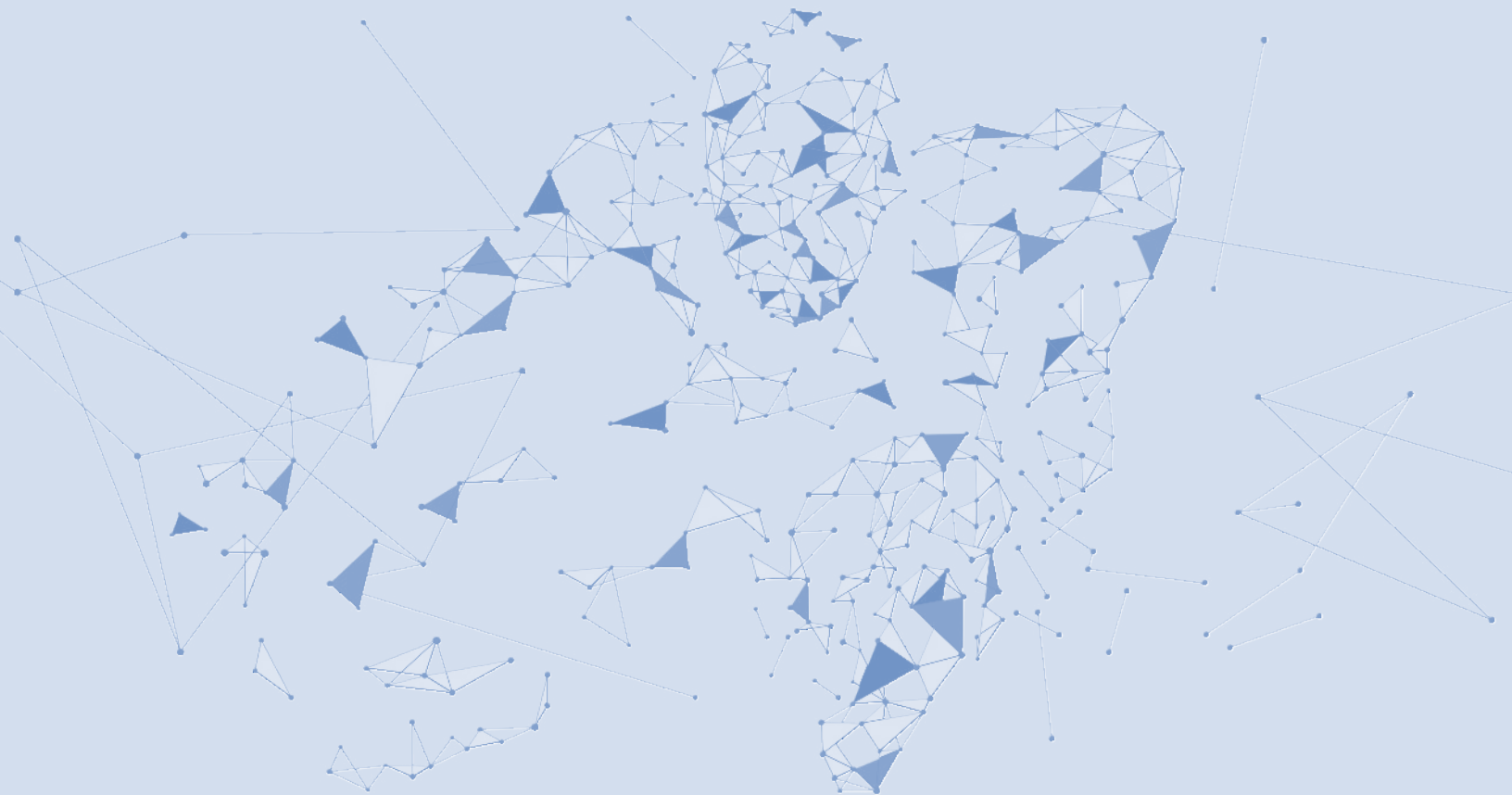


### BUSINESS CONTINUITY AND FUTURE INNOVATIONS

Business continuity is vital for the Company's business operations to be sustainable and to guarantee recurring profits in many more years to come. Therefore, the Board of Directors and Senior Management conduct annual meetings to strategise and plan which include Risk Management as well.

The use of technology also contributes to the Company business continuity plan. The IT Department oversees the handling of the current system for a smooth and progressive transition into future.

Succession planning is a key element in business continuity where it is explained in further detail on page 91.



# TRANSPARENCY

<b>98</b>	Corporate Governance Overview Statement
<b>115</b>	Audit Committee Report
<b>119</b>	Statement on Risk Management and Internal Control
<b>123</b>	Other Compliance Information
<b>124</b>	Statement of Responsibility by Directors

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“the Board”) 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 Company and its group of companies (“the Group”).

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 and reports to the following statutory requirements, best practices and guidelines: -

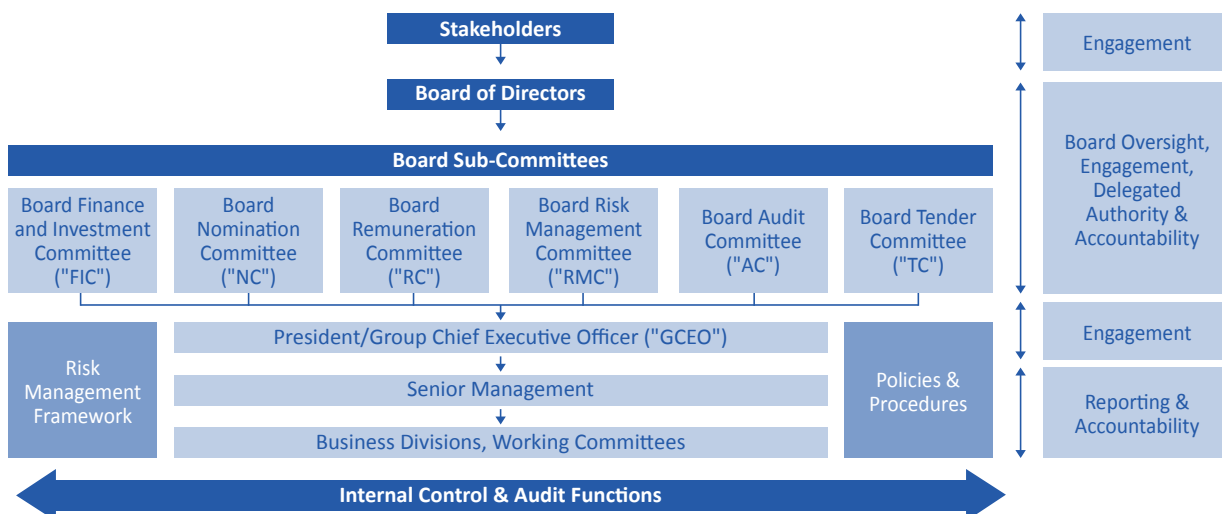
- i. Companies Act 2016 (“CA 2016”)
- ii. Bursa Malaysia Securities Berhad (“Bursa Malaysia”) Main Market Listing Requirements (“MMLR”)
- iii. Malaysian Code on Corporate Governance (“the Code”)
- iv. Corporate Governance Guide: Moving from Aspiration to Actualisation (“CG Guide”).

This Statement is prepared in compliance with the MMLR and guided by the key principles set out in the Code. It is to be read together with the Company’s Corporate Governance Report (“CG Report”) which detailed out on how the Company applies the Code. The CG Report can be downloaded through the Company’s website: <https://www.prestariang.com.my/> or through the announcement published on the website of Bursa Malaysia.

The Principles and Practices encompass in the Code also serves as a fundamental guide to the Board in discharging its duties and responsibilities 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 the 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 diagram below describes the governance framework of the Group. It shows interaction between the Board and its stakeholders. The Group has in place the process to ensure delegation flows through the Board and its committees and into the organisation.



## CORPORATE GOVERNANCE **OVERVIEW STATEMENT**

The Board is pleased to share the following Statement and explain how the Group has applied the three (3) principles which are set out in the Code, namely:-

- (a) Principle A: Board leadership and effectiveness;
- (b) Principle B: Effective audit and risk management; and
- (c) Principle C: Integrity in corporate reporting and meaningful relationship with stakeholders.

### **PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS**

#### **BOARD RESPONSIBILITIES**

The Company recognises the pivotal role played 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.

The Company is led and controlled by an effective Board comprising of two (2) Executive Directors, namely Dr Abu Hasan Bin Ismail, the President/Group Chief Executive Officer ("**President/GCEO**") and Mr. Baldesh Singh A/L Manmohan Singh, the Chief Operating Officer ("**COO**") together with four (4) Independent Non-Executive Directors drawn from various professional backgrounds, bringing depth and diversity in experience, expertise and perspectives to the Company's business operations.

#### **Board Charter**

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.

The Board's roles are:

- to represent and serve the interests of shareholders by overseeing and evaluating the Company's strategies, policies and performance;
- to ensure the shareholders are kept informed of the Company's performance and major developments affecting its state of affairs;
- to review, approve and monitor the strategic business plans, goals and key policies proposed by Management to ensure sustainability and optimisation of long term returns for the Group;
- to identify, continuously assess and manage the principal risks affecting the Group and to ensure the implementation of appropriate systems to manage these risks;
- to plan succession, including appointing, training, fixing the remuneration of and where appropriate, replacing senior management of the Group;
- to develop and implement an investor relations programme or shareholder communications policy for the Company;
- 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;
- 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
- 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.

## CORPORATE GOVERNANCE **OVERVIEW STATEMENT**

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 that also spells out the Directors' Code of Ethics and terms of reference of each of the Board Committee is available on the Company's website at [www.prestariang.com.my](http://www.prestariang.com.my).

### **Directors' Code of Ethics**

The Board is aware of and has formalised a Directors' Code of Ethics that establish a corporate culture that engenders ethical conduct.

The adopted Directors' Code of Ethics described the standards of business conduct and ethical behaviour for Directors in the performance and exercise of their responsibilities as Directors of the Company. 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.

The Director's Code of Ethics is highlighted in the Board Charter which is available on the Company's website at [www.prestariang.com.my](http://www.prestariang.com.my)

### **Chairman and President/GCEO**

The roles of the Chairman and the President/GCEO are held by different individuals which segregated and clearly defined by their individual position descriptions. The Chairman is responsible in providing leadership for the Board to ensure that all Directors receive sufficient and relevant information on financial and non-financial matters to enable them to participate actively in Board decisions. The key roles and responsibilities of the Chairman as set out in the Board Charter of the Company include:-

- to provide governance in matters requiring corporate justice and integrity;
- to manage Board's communications and effectiveness and effective supervision over management;
- to create conditions for good decision-making during Board's and shareholders' meetings;
- to ensure Board's proceedings are in compliance with good conduct and best practices;
- to protect the interest and provide for the information needs of various stakeholders;
- to maintain good contact and effective relationships with external parties, investing public, regulatory agencies and trade associations;
- to ensure that quality information to facilitate decision-making is delivered to the Board on timely manner; and
- to ensure compliance with all relevant regulations and legislation..

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

### **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 Constitution, Board's policies and procedure as well as the 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 (or any amendments thereto), 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 of the Bursa Malaysia MMLR.

## CORPORATE GOVERNANCE **OVERVIEW STATEMENT**

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.

### **Supply of Information**

All members of the Board are supplied with information in a timely manner. Board reports and meeting papers are circulated in advance prior to Board meetings to enable Directors to obtain further information and explanations, where required, before the meetings. Minutes of meetings, which accurately reflect the deliberation and decisions of the Board are also circulated within a reasonable period of time upon conclusion of each meeting.

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.

### **Code of Conduct and Whistle Blowing Policy**

In order to uphold the integrity and to cultivate the ethical business conduct by the employees, the Company continues to adopt the Code of Conduct which inclusive of the Whistle-Blowing Policy.

The Code of Conduct contains policies and guidelines relating to the standards and ethics that all employees are expected to observe and obey during the course of their employment in the Company whereas the Whistle Blowing Policy is designed to enable employees of the Company to raise concern and disclose information which the individual believes shows malpractice or impropriety.

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

A copy of the Code of Conduct that contains the Whistle Blowing Policy is available on the Company's website at [www.prestariang.com.my](http://www.prestariang.com.my).

### **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 46 to 96 of this 2019 Annual Report.

The Board and the Company continue to seek improvements on all aspects of sustainability and measure progress accordingly.

The Sustainability Policy is highlighted on the Company's website at [www.prestariang.com.my](http://www.prestariang.com.my).

## CORPORATE GOVERNANCE **OVERVIEW STATEMENT**

### **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 Management Discussion and Analysis in the Annual Report.

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

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 115 to 118 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 124 of this Annual Report.

### **BOARD COMPOSITION**

At present, the Board consists of six (6) members, comprising two (2) Executive Directors, one (1) Senior Independent Non-Executive Director and three (3) Independent Non-Executive Directors. There are two (2) women out of the six (6) Directors on the Board.

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 Nomination Committee will, from time to time, review the independency of the Independent Executive Directors by adopting the concept of independence in tandem with the definition of Independent Director in Paragraph 1.01 of the MMLR. 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.



CORPORATE GOVERNANCE **OVERVIEW STATEMENT**

The status of the Directors' directorship as at the date of writing this Statement are as follows:

Directors	Status
Dato' Maznah Binti Abdul Jalil	Independent Non-Executive Chairman
Paul Chan Wan Siew	Senior Independent Non-Executive Director
Ramanathan A/L Sathiamutty	Independent Non-Executive Director
Dr Abu Hasan Bin Ismail	Non-Independent Executive Director
Baldesh Singh A/L Manmohan Singh ( <i>Appointed w.e.f. 28 February 2019</i> )	Non-Independent Executive Director
Ginny Yeow Mei Ying ( <i>Appointed w.e.f. 28 February 2019</i> )	Independent Non-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 28 of this Annual Report.

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.

At the time of writing this Statement, the tenure of the Senior Independent Non-Executive Director of the Company namely, Mr. Paul Chan Wan Siew is eight (8) years and eleven (11) months and will be exceeding the cumulative term of nine (9) years at the forthcoming AGM. Both the Nomination Committee and the Board have assessed the independence of Mr. Paul Chan Wan Siew and were satisfied with the skills performed as well as the independent judgement that he brought to the Board. In view thereof, the Board recommends and supports his retention as an Independent Director of the Company which is tabled for the shareholders' approval at the forthcoming AGM based on the following justifications:-

- (a) Mr. Paul Chan Wan Siew has met the independence guidelines as set out in Paragraph 1.01 of the Bursa Malaysia MMLR;
- (b) He has not been entering nor is expected to enter into transaction(s) especially material contract(s) with the Group and/or the Company which would cause any conflict of interest with the Group and/or the Company;
- (c) He does not have any relationship which would interfere his independent judgement in carrying out his function as an Independent Director; and
- (d) He is familiar with the Group's activities and is able to provide tremendous insight to facilitate the decision-making processes of the Group.

The Board will ensure to review its composition and size to ensure it fairly reflects the investments of the shareholders of the Company while at the same time having due regard for diversity in skills, experience, age, cultural background and gender.

On boardroom diversity, the Board is supportive of and have complied with the boardroom gender diversity as recommended by the Code.

The Board has fulfilled and currently consists of two (2) female directors, exceeding the 30% women participation requirement on the Board. The Board targets to improve further on the gender diversity ratio. This year, the Board entrusted a woman to lead the boardroom whereby Dato' Maznah Binti Abdul Jalil has been appointed as the Chairman of the Company in replace of Dato' Mohamed Yunus Ramli Bin Abbas who has resigned on 31 January 2019.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

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.

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 AGM held following their appointments. Pursuant to the Article 95 of the Company's Articles of Association, Mr. Ramanathan A/L Sathiamutty is the Director subject to re-election by rotation, of whom being eligible for re-election, has offered himself for re-election at this forthcoming AGM.

Mr. Baldesh Singh A/L Manmohan Singh and Ms. Ginny Yeow Mei Ying, who were appointed on 28 February 2019 are subject to retirement pursuant to Article 101 of the Company's Articles and Association and being eligible, have offered themselves for re-election at this forthcoming AGM.

The right for the shareholders to vote annually for election/re-election of all directors is explicitly provided in the Company's Articles of Association and Board Charter. The results of shareholders voting in the AGM are disclosed in detail in the AGM minutes as published in our website.

### 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 period under review, the Board met on eleven (11) 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. All Directors have complied with the minimum 50% attendance requirement in respect of Board Meetings as stipulated in the Bursa Malaysia MMLR.

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 period under review are as follows:

Name of Directors	No. of Meetings Attended
Dato' Maznah Binti Abdul Jalil	11/11
Paul Chan Wan Siew	10/11
Ramanathan A/L Sathiamutty	11/11
Dr Abu Hasan Bin Ismail	11/11
Ginny Yeow Mei Ying ( <i>Appointed w.e.f. 28 February 2019</i> )	2/2
Baldesh Singh A/L Manmohan Singh ( <i>Appointed w.e.f. 28 February 2019</i> )	2/2

CORPORATE GOVERNANCE **OVERVIEW STATEMENT****Directors' Training**

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

Name of Directors	Trainings Programmes/Seminars/Forums Attended
Dato' Maznah Binti Abdul Jalil	<ul style="list-style-type: none"> <li>• KWAP Inspire - Environmental Conference 2018, Kuala Lumpur</li> <li>• PowerTalk: Effective Boards in a VUCA World, Kuala Lumpur</li> <li>• Digital Economy and Capital Market Series: Financial Technology (Fintech), Artificial Intelligence (AI), Big Data and Internet of Things (IOTs), Kuala Lumpur</li> </ul>
Paul Chan Wan Siew	<ul style="list-style-type: none"> <li>• World Capital Market Symposium, Kuala Lumpur</li> <li>• Japanese Institute of CPAs' Annual Conference, Tokyo</li> <li>• Bursa-MCCG Seminar: Malaysian Code of Corporate Governance 2017</li> <li>• Ascend Pinnacle Pan Asian Corporate Directors Conference, San Francisco</li> <li>• Asia Pacific Business Forum-ESCAP Conference 2018, Hong Kong</li> <li>• NACD Global Cyber Summit 2018, Geneva</li> <li>• Cross Border Dialogue: Gender Diversity, Singapore (Speaker/Panelist)</li> <li>• Institute of Corporate Director Canada Annual Conference 2018, Vancouver</li> <li>• International Corporate Directors Forum, Los Angeles (Speaker/Panelist)</li> <li>• Thai Institute of Directors National Conference 2018, Bangkok</li> <li>• Leading in Digital Age, Kuala Lumpur</li> <li>• MAICSA Annual Conference 2018</li> <li>• NACD Advanced Directors Professionalism Programme, Los Angeles</li> <li>• International Strategy Institute: Corporate Malaysia Summit 2018 (Speaker)</li> <li>• Singapore Institute of Directors: Rebooting Globalisation</li> <li>• Global Governance &amp; Leadership Forum, Mumbai, India (Speaker/Panelist)</li> <li>• NACD Global Board Leaders' Summit, Washington, DC</li> <li>• ASEAN Board of Directors Conference: Future-Proof Boardroom (Speaker)</li> <li>• MACD Digital Board Series: Corporate Governance of Data</li> <li>• Effective Direction and Control of International Companies</li> <li>• Women Power Network (Speaker)</li> <li>• MACD Digital Board Series: The Human Firewall</li> <li>• The Art of M&amp;A for HR Leaders, Orlando</li> <li>• Building Effective Board</li> <li>• Business &amp; Economic Outlook Report 2019-2029</li> <li>• Boardroom 4.0 – Reinventing the Board as Strategic Assets (Speaker)</li> <li>• Cross Border Dialogues: Gender Balance on Corporate Boards (Speaker/Facilitator)</li> <li>• MACD Women Board Series: Gender Balance in Corporate Boards (Facilitator)</li> <li>• Corporate Governance Symposium 2019, Delaware</li> <li>• Ascend Pinnacle Asian Corporate Directors Summit, New York</li> <li>• Integrated Reporting Conference: Managing Business Risks in the World of Disruption (Speaker)</li> <li>• IIRC Convention, London: Interacting with the Board on Value Creation (Speaker)</li> </ul>

CORPORATE GOVERNANCE **OVERVIEW STATEMENT**

Name of Directors	Trainings Programmes/Seminars/Forums Attended
Ramanathan A/L Sathiamutty	<ul style="list-style-type: none"> <li>• GSM forum-5G, Barcelona</li> <li>• Digital transformation forum, Nice France</li> <li>• Global Telco broadband forum, Frankfurt Germany</li> </ul>
Dr Abu Hasan Bin Ismail	<ul style="list-style-type: none"> <li>• ADOBE SUMMIT 2018, Las Vegas</li> <li>• The Dawn of a new era - How technology disruptions are changing the world, Kuala Lumpur</li> </ul>
Ginny Yeow Mei Ying <i>(Appointed w.e.f. 28 February 2019)</i>	<ul style="list-style-type: none"> <li>• Global Institute of Leadership Development (GILD) Asia, Singapore</li> <li>• RISE Hong Kong - Technology &amp; Disruption Conference, Hong Kong</li> <li>• STEP Asia Conference, Hong Kong</li> <li>• Global Outlook, Opportunities in a shifting landscape, Singapore</li> <li>• Withersworldwide Family Office Conference, Singapore</li> </ul>
Baladesh Singh A/L Manmohan Singh <i>(Appointed w.e.f. 28 February 2019)</i>	<ul style="list-style-type: none"> <li>• RISE Hong Kong - Technology &amp; Disruption Conference, Hong Kong</li> <li>• BETT Asia - "Building A Change Culture to Deliver 21st Century Learning", Kuala Lumpur</li> <li>• Global Education &amp; Skills Conference - Varkey Foundation, Dubai</li> </ul>

Apart from attending various conferences, seminars and training programmes organised by external/internal organisers during the financial period, 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 programme for Board members to upgrade their skills in enhancing their effective contribution.

#### **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;
- Directors' Code of Ethics;
- Board Committees' composition and Terms of Reference;
- Constitution;
- Latest business plans;
- Latest annual reports and financial statements; and
- Organisation chart.

CORPORATE GOVERNANCE **OVERVIEW STATEMENT****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, Finance and Investment Committee and Tender Committee in order to enhance business and operational efficiencies as well as efficacies of the Group.

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

A copy of the Board Charter that includes the Terms of Reference of each of the Board Committees are available on the Company's website at [www.prestariang.com.my](http://www.prestariang.com.my)

*Audit Committee*

The Company's Audit Committee comprises solely of Independent Non-Executive Director and the Chairman was elected amongst the members of the Audit Committee.

The Audit Committee is responsible to assist the Board in ensuring the adequacy and effectiveness of internal controls. 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 the Audit Committee meeting to brief the Audit Committee and provide responses to queries raised by the Audit Committee in respect of the Company's Financial Statements and reporting requirements.

With the view to maintain an independent and effective Audit Committee, majority of its members are financially literate, possess the appropriate level of expertise and experience, and has the strong understanding of the Company's business.

The detailed information on the Audit Committee with regards to its composition, activities and its report during the financial period ended 30 June 2019 are set out in the Audit Committee Report of this Annual Report.

*Nomination Committee*

The Company's Nomination Committee comprises wholly of Non-Executive Directors, and all members are independent. Mr. Paul Chan Wan Siew who was re-designated as the Senior Independent Non-Executive Director, was appointed as the Chairman of Nomination Committee in replace of Dato' Maznah Binti Abdul Jalil, who has resigned from the Nomination Committee on 28 February 2019.

The Nomination Committee meets at least once a year and at such additional meetings when required. The composition of Nomination Committee is set out as below:-

Name	No. of Meetings Attended
Paul Chan Wan Siew <i>(Re-designated as Chairman w.e.f. 28 February 2019)</i>	1/1
Ramanathan A/L Sathiamutty <i>(Appointed w.e.f. 28 February 2019)</i>	-
Ginny Yeow Mei Ying <i>(Appointed w.e.f. 28 February 2019)</i>	-

## CORPORATE GOVERNANCE **OVERVIEW STATEMENT**

During the financial period under review, the Nomination Committee had actively carried out the Board recruitment exercise, and was mindful of the need to achieve diversity in the aspects of ethnicity, age and gender in shortlisting the potential candidates which were obtained from internal as well as external independent sources.

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

- Reviewed and recommended to the Board on the change of composition of Board Committees;
- Reviewed and recommended to the Board the re-designation of Dato' Maznah Binti Abdul Jalil from Senior Independent Non-Executive Director to Independent Non-Executive Chairman of the Company;
- Reviewed and recommended to the Board on the re-designation of Mr. Paul Chan Wan Siew from Independent Non-Executive Director to Senior Independent Non-Executive Director;
- Reviewed and recommended to the Board on the appointment of Mr. Baldesh Singh A/L Manmohan Singh as a Non-Independent Executive Director and COO of the Company;
- Reviewed and recommended to the Board on the appointment of Ms. Ginny Yeow Mei Ying as an Independent Non-Executive Director of the Company;
- 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.

The Nomination Committee has adopted a Nomination Policy in ensuring the effective composition of the members of the Board as well as making recommendations to the Board on the appointment, re-appointment and succession planning for Directors.

When making recommendations regarding the appointment of any proposed candidate to the Board or re-appointment of any existing member(s) of the Board, the Nomination Committee shall consider a variety of factors in assessing the suitability of the proposed candidate.

The Board had also agreed on the selection criteria for the proposed new Directors on the Board taking into consideration the appropriate mix of skills, experience and strength in qualities which would be relevant for the Board in order to ensure its ability to meet shifting competitive landscape and technological changes faced by the Group, and with reference to the Company's objectives and strategic goals.

A copy of the Nomination Policy is available on the Company's website at [www.prestariang.com.my](http://www.prestariang.com.my).

The periodical review of the Board's performance is provided in the Board Charter whereby annual assessment is carried out at the end of each financial period. The annual assessments for the performance of Board, individual director and Committees were conducted for the financial period ended 30 June 2019. Directors and Committees provided anonymous feedback on their peers' performance and individual performance contribution to the Board and respective Committees. The results were then collated by the Company Secretaries and tabled to the Nomination Committee for deliberation.

Each Director was provided feedback on their contribution to the Board and its Committees. The review supported the Board's decision to endorse all retiring Directors standing for election. 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 results affirmed that the Board and each of its Committees continue to operate effectively.

CORPORATE GOVERNANCE **OVERVIEW STATEMENT***Remuneration Committee*

The Remuneration Committee is made up wholly of three (3) Independent Non-Executive Directors and is presently chaired by Mr. Ramanathan A/L Sathiamutty.

The Remuneration Committee meets 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 Meetings Attended
Ramanathan A/L Sathiamutty (Chairman)	4/4
Paul Chan Wan Siew	4/4
Ginny Yeow Mei Ying ( <i>Appointed w.e.f. 28 February 2019</i> )	-

The summary of activities of the Remuneration Committee during the financial period under review are as follows:

- reviewed and recommended to the Board the key performance result for the year 2017 of the President/GCEO and A1 C-Suite level officers
- reviewed and recommended to the Board the proposed salary increment, adjustment, promotion, incentive and performance bonus for the financial year 2017 for Prestariang Group
- reviewed and recommended to the Board the proposed remuneration package of the Group Head of Sales and Marketing of the Company
- reviewed and recommended to the Board on the amount of directors' fees for the financial year ended 31 December 2017
- reviewed and recommended to the Board the proposed payment of Directors' benefits from 16 May 2018 until the next AGM of the Company
- reviewed and recommended to the Board the revised terms of reference of the Remuneration Committee
- reviewed and recommended to the Board the proposed remuneration package for the COO of the Company
- reviewed and recommended to the Board the proposed revision of Directors' fee for the Non-Executive Directors of Board Committees
- reviewed and recommended to the Board the proposed employees cost rationalisation exercise for Prestariang Group (excluding SKIN)

The Remuneration Committee is responsible for recommending the compensation and remuneration packages for the Executive Directors as well as key senior management. 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 capitalisation and industry whilst taking into consideration Board members' required experiences, competencies, efforts and the scope of the Board's works, including the number of meetings. The directors' remuneration is further determined at levels which would continue to attract and retain high calibre directors.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Executive Directors do not receive any directors' fee for directorships held in Prestariang and its subsidiaries, while Non-Executive Directors receive remuneration package consisting of the following components:-

Fixed	Variable
<ul style="list-style-type: none"> <li>• Board Fee</li> <li>• Committee Fee</li> <li>• Benefits</li> <li>• Directors and Officers Liability Insurance</li> <li>• Benefits-in-kind e.g. company car</li> </ul>	<ul style="list-style-type: none"> <li>• Meeting Allowance</li> <li>• Other Emoluments</li> </ul>

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 Directors the fees which shall be voted for approval by the shareholders annually during the AGM.

The details of remuneration of Directors as well as top five key senior management who served during the financial period ended 30 June 2019 are disclosed in the CG Report which is available on the Company's website at [www.prestariang.com.my](http://www.prestariang.com.my) or through the announcement published on the website of Bursa Securities.

### Remuneration Policy

The Company has in place a remuneration policy for the Directors and key senior management personnel which takes into account the demands, complexities, and performance of the Group as well as skills and experience required.

A copy of the remuneration policy which discloses high level principles and a detailed process for setting remuneration is available on the Company's website at [www.prestariang.com.my](http://www.prestariang.com.my).

The remuneration of senior management is determined at Board level and does not require shareholders' approval.

The Executive Director and senior management receive a competitive remuneration package consisting of the following components:-

Fixed	Variable	
<p>Linked to job scope, responsibility and accountability</p>	<p>Linked to individual KPI performance</p>	
<p>Base Salary + Fixed Benefits</p>	<p>Short Term Incentives Bonus + Cash Incentive</p>	<p>Long Term Incentives Shares Option Career enhancement</p>



CORPORATE GOVERNANCE **OVERVIEW STATEMENT**

The long-term variable components through shares option and career enhancement within the Group of Companies aims to attract, motivate, retain and reward key employee of requisite quality that increases productivity and profitability of the Group in the long run.

Under the Remuneration Policy, claw-back or malus provision exists whereby if it is proved after the grant of variable components to members of the Executive Director and Senior Management that the bonus and cash incentives were paid erroneously, the Company may in exceptional cases reclaim in full or in part variable components.

Variable pay awards may be made subject to adjustment events. At the discretion of Remuneration Committee, such an award may be adjusted before delivery (malus) or reclaimed after delivery (clawback) if an adjustment event occurs.

*Finance and Investment Committee*

The Finance and Investment Committee is made up of a majority of Non-Executive Directors with Mr. Paul Chan Wan Siew acting as the Chairman. The committee members meet as when required, to be determined by the Chairman.

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

Name
Paul Chan Wan Siew (Chairman) <i>(Re-designated as Chairman w.e.f. 28 February 2019)</i>
Ramanathan A/L Sathiamutty <i>(Appointed w.e.f. 28 February 2019)</i>
Ginny Yeow Mei Ying <i>(Appointed w.e.f. 28 February 2019)</i>
Dr Abu Hasan Bin Ismail
Baldesh Singh A/L Manmohan Singh <i>(Appointed w.e.f. 28 February 2019)</i>

*Tender Committee*

The objective of the Tender Committee is to assist the Board in recommending the procurement within Prestariang Services Group. The Committee members were selected and appointed among the members of the Board and inclusive of the Chief Finance Officer of the Company as well as Chief Executive Officer of Prestariang Services Group, under the lead of Mr. Ramanathan A/L Sathiamutty as the Chairman.

The composition of the Tender Committee are as follows:

Name
Ramanathan A/L Sathiamutty (Chairman)
Paul Chan Wan Siew
Dr Abu Hasan Bin Ismail
Raja Azmi Bin Adam Nadarajan
Abdul Razak Bin Bakrun

## CORPORATE GOVERNANCE **OVERVIEW STATEMENT**

### PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

#### AUDIT COMMITTEE

The composition and details of activities carried out by the Audit Committee during the financial period under review are set out in the Audit Committee Report of this Annual Report.

#### RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

##### 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 Board is of the view that the system of internal control and risk management in place during the period, is sound and sufficient to safeguard the Group's assets, as well as shareholders' investments, and the interests of customers, regulators, employees and other stakeholders. The Statement on Risk Management and Internal Control furnished on pages 119 to 122 of this Annual Report provides an overview of the internal control within the Group during the financial period under review.

##### Internal Audit

During the financial period 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 period under review is set out in the Audit Committee Report on pages 115 to 118 of this Annual Report.

##### 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.

The Risk Management Committee is responsible for reviewing and recommending risk management policies and strategies for the Company. It also assists the Board in fulfilling corporate governance, risk management and statutory responsibilities in order to manage overall risk exposure.

During the financial period under review, the Risk Management Committee held five (5) meetings and details of attendance of its members are as follows:-

Name	No. of Meetings Attended
Ramanathan A/L Sathiamutty (Chairman)	5/5
Dr Abu Hasan Bin Ismail	5/5
Paul Chan Wan Siew	5/5
Baldesh Singh A/L Manmohan Singh ( <i>Appointed w.e.f. 28 February 2019</i> )	1/1
Ginny Yeow Mei Ying ( <i>Appointed w.e.f. 28 February 2019</i> )	1/1

## CORPORATE GOVERNANCE **OVERVIEW STATEMENT**

### **PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS**

#### **Communication with Stakeholders**

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 Board has developed and adopted as part of its Investor Relations (“IR”) 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 Company executes its IR programme following the framework as set out in the IR Policy. The Policy provides comprehensive guides, processes and procedures around for which the programme is structured including corporate disclosures. The approved IR Policy is published in the Company’s website at <https://www.prestariang.com.my/investorrelations/policy.html>.

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 MMLR 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.

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.

#### **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 MMLR.

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.

## CORPORATE GOVERNANCE **OVERVIEW STATEMENT**

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 communication channels:

Corporate Governance	
Telephone	: 03-8314 8400
Facsimile	: 03-8318 9280
Email	: <a href="mailto:inquiry@prestariang.com.my">inquiry@prestariang.com.my</a>

A summary of the corporate activities is set out on pages 33 to 43 of this Annual Report.

### Conduct of General Meetings

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. The shareholders are given at least 28 days from the date of notice of AGM which is 29 October 2019 until the AGM date of 27 November 2019. Sufficient notice period is given to the shareholders in order for them to schedule their time to attend the Company's AGM.

At the Company's AGM, the President/GCEO 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. The Board and the senior management are present during the AGM to answer any enquiries from the shareholders.

### Poll Voting

During the Eighth AGM held last year, poll voting was used to facilitate the voting process for resolutions tabled. This is in line with Paragraph 8.29A of the Bursa Malaysia MMLR on the requirement for poll voting by which one share one vote principle applies for resolutions set out in the notice of general meetings which applies for general meetings held on or after 1 July 2016.

An independent scrutineer was also appointed to scrutinise the polling process. 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.

**This CG Overview Statement was approved by the Board of Directors on 19 September 2019.**

## AUDIT COMMITTEE REPORT

The Board of Directors (“**Board**”) of Prestariang Berhad (“**the Company**”) is pleased to present the Audit Committee Report for the financial period ended (“**FPE**”) 30 June 2019.

### 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 OF THE AUDIT COMMITTEE AND MEETINGS

The Audit Committee comprises of three (3) Directors whom all are Independent Non-Executive Directors and the Audit Committee Chairman was elected amongst the members of the Audit Committee themselves.

The Audit Committee meets at least four (4) times annually. During the financial period under review, the Audit Committee held six (6) meetings with details of attendance of the members as shown below:

Name	Designation	No. of Meetings Attended
Paul Chan Wan Siew	Chairman/Senior Independent Non-Executive Director	6/6
Ramanathan A/L Sathiamutty	Member/Independent Non-Executive Director	6/6
Ginny Yeow Mei Ying <i>(Appointed w.e.f. 28 February 2019)</i>	Member/Independent Non-Executive Director	1/1

All members of the Audit Committee are financially literate and equipped with the required business skills. The majority of the Audit Committee members are financial experts with notable experience in the financial industry in particular accounting, auditing, corporate finance, investment and business advisory. Mr. Paul Chan Wan Siew is a member of the Malaysian Institute of Accountants.

### 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).

## AUDIT COMMITTEE REPORT

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

#### i. Change of financial year

The Audit Committee reviewed and recommended to the Board for approval, the proposed change of financial year end from 31 December to 31 March and from 31 March to 30 June at its meetings held on 28 November 2018 and 27 February 2019 respectively.

#### ii. 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
27 February 2018	Fourth quarter results for the financial year ended ("FYE") 31 December 2017
15 May 2018	First quarter results for the FPE 30 June 2019
29 August 2018	Second quarter results for the FPE 30 June 2019
28 November 2018	Third quarter results for the FPE 30 June 2019
27 February 2019	Fourth quarter results for the FPE 30 June 2019
30 May 2019	Fifth quarter results for the FPE 30 June 2019

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

- Malaysian Financial Reporting Standard;
- Malaysian Financial Reporting Standard 134 Interim Financial Reporting;
- Disclosure provisions of the Bursa Malaysia Securities Berhad Main Market Listing Requirements; and
- Companies Act 2016.

- b) Reviewed and made recommendations to the Board in respect of the audited financial statements of the Group and the Company for the FYE 31 December 2017 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 Audit Committee had reviewed the Audit Review Memorandum for the FYE 31 December 2017 prepared by the External Auditors at the meeting held on 27 February 2018.

#### iii. External Auditors

- a) Reviewed and discussed with the External auditors at the meetings held on 27 February 2018 and 30 May 2019, the Audit Review Memorandum for the FYE 31 December 2017 and Audit Planning Memorandum for the FPE 30 June 2019 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 Audit Committee also had two (2) private discussions with the External Auditors on 27 February 2018 and 30 May 2019 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 Malaysia PLT declared their independence and confirmed that they were not aware of any relationship between Messrs. Crowe Malaysia PLT and the Group that, in their professional judgement, might reasonably be thought to impair their independence.

**AUDIT COMMITTEE REPORT**

- 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 Audit Committee had recommended to the Board for approval, the re-appointment of the External Auditors until the conclusion of the next Annual General Meeting.

iv. 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 Audit Committee in discharging its duties and responsibilities more effectively.

The Audit Committee reviewed and discussed with the Internal Auditors at the meetings held on 27 February 2018, 29 August 2018 and 28 November 2018, the Internal Audit Report which covered the internal control review as follows:-

- Admissions and billing and collection of Prestariang Education Sdn. Bhd. (*focusing on University Malaysia of Computer Science and Engineering*)
- Sales and receivables, procurement and inventory management of Prestariang Systems Sdn. Bhd.

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 27 February 2018, 29 August 2018 and 28 November 2018.

v. Related Party Transactions and Recurrent Related Party Transactions (“RRPTs”)

The Audit Committee reviewed significant related party transaction and RRPTs entered into/to be entered into by the Group to ensure that the transactions were in the best interest of the Group; were fair, reasonable and on Group's normal commercial terms; and not detrimental to the interest of the minority shareholders of Prestariang.

The RRPTs of the Group were reviewed on a quarterly basis at its meetings held on 27 February 2018, 15 May 2018, 29 August 2018 and 28 November 2018, 27 February 2019 and 30 May 2019.

vi. Terms of Reference of the Audit Committee

The Audit Committee reviewed and recommended to the Board for approval the revised Terms of Reference of the Audit Committee at its meeting held on 15 May 2018.

vii. Annual Report

The Audit Committee reviewed and recommended to the Board for approval, the Audit Committee Report and Statement on Risk Management and Internal Control for inclusion in the 2017 Annual Report.

**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.

## AUDIT COMMITTEE REPORT

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;
- (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 period ended 30 June 2019 is RM74,000 exclusive Sales and Service Tax and out-of-pocket expenses.

During the financial period under review, the internal auditors completed two (2) audit cycles focused on key controls deployed by the Management at Prestariang Systems Sdn Bhd in respect of the following processes as approved by the Audit Committee:

### Cycle 1

- **Sales and Receivables**

Assess the adequacy and test the operating effectiveness of the following:

- sales and receivables policies and procedures;
- pricing guidelines and approval;
- processing of work orders;
- credit limit and monitoring of payment history;
- invoicing (including manual billings), adjustments, discounts and rebates, if any;
- collection of revenue and application of receipts against debts; and
- ageing analysis.

### Cycle 2

- **Procurement and Inventory Management**

Assess the adequacy and test the operating effectiveness of the following:

- procurement and inventory policies and procedures;
- vendor data management (including approved vendor list, periodic vendor assessment and vendor master-file maintenance);
- sourcing and selection of vendor;
- purchase requisition and ordering (including approvals for purchases);
- receiving;
- recording of accounts payable (including timeliness of recording of supplier invoices);
- monitoring of open purchase orders;
- inventory tracking process;
- inventory counts, including processing of count differences; and
- organisation within warehouse and controls over inventories held within the warehouse (focusing on the training materials).



## STATEMENT ON **RISK MANAGEMENT AND INTERNAL CONTROL**

### INTRODUCTION

The Malaysian Code on Corporate Governance (“Code”) recommends that the Board of Directors (“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, Practices 9.1 and 9.2 of the Malaysian Code on Corporate Governance 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 Bursa Malaysia.

### 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/Group Chief Executive Officer (“GCEO”) and Chief Financial Officer (“CFO”) 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 of COO and 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.

Internal control is a process, enforced by the Board of Directors and the Management of Prestariang. It is designed to provide reasonable assurance regarding the achievement of Prestariang Group’s objectives and to safeguard shareholders’ investment and assets. Although it is impossible to provide complete assurance through any control system, the control systems must be designed and applied to manage the likelihood and impact of risk to acceptable levels. The Group adopts Risks Management Framework with the internal control system is principally aligned with the Committee of Sponsoring Organisations of the Treadway Commission (COSO) “Internal Control - Integrated Framework model”.

Risks identified are evaluated by examining the potential impact on the Group if a risk crystallised as well as the likelihood of occurrence. The risk rating is expressed in terms of combination of impact and likelihood, which shall be rated as low, medium, significant and high, as determined according to the risk rating matrix.

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.

## STATEMENT ON **RISK MANAGEMENT AND INTERNAL CONTROL**

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.

### **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 period ended 30 June 2019 were RM74,000 inclusive Sales and Service Tax and out-of-pocket expenses.

The internal audit engagement by KPMG MRC is headed by an Executive Director, namely Ms. Kasturi Nathan. Ms. Kasturi is a Fellow Certified Practising Accountant, Australia, a professional member of the Institute of Internal Auditors, Malaysia and a Chartered Accountant (Malaysian Institute of Accountants). Ms Kasturi has accumulated over 20 years of experience in a wide range of governance advisory, risk and internal audit work.

There were total of four (4) personnel deployed by KPMG MRC for the internal audit work of financial year ended 30 June 2019. All the personnel deployed by KPMG MRC are free from any relationships or conflicts of interest, which could impair their objectivity and independence during the course of the work.

The internal audit work was carried out in accordance with the KPMG Internal Audit Methodology, risk-based internal audit methodology, which is aligned with the International Standards for the Professional Practice of Internal Auditing of the Institute of Internal Auditors, of which final communication of internal audit plan, processes and results of the internal audit assessment are supported by sufficient, reliable and relevant information which signifies a satisfactory conclusion of the internal audit work.

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 financial period under review, KPMG MRC had completed 2 audit cycles which focused on key controls deployed by Management at Prestariang Systems Sdn Bhd in respect of the following processes as approved by the Audit committee:

#### **Cycle 1**

- **Sales and Receivables**

Assess the adequacy and test the operating effectiveness of the following:

- sales and receivables policies and procedures;
- pricing guidelines and approval;
- processing of work orders;

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

- credit limit and monitoring of payment history;
- invoicing (including manual billings), adjustments, discounts and rebates, if any;
- collection of revenue and application of receipts against debts; and
- ageing analysis.

### Cycle 2

- **Procurement and Inventory Management**

Assess the adequacy and test the operating effectiveness of the following:

- procurement and inventory policies and procedures;
- vendor data management (including approved vendor list, periodic vendor assessment and vendor master-file maintenance);
- sourcing and selection of vendor;
- purchase requisition and ordering (including approvals for purchases);
- receiving;
- recording of accounts payable (including timeliness of recording of supplier invoices);
- monitoring of open purchase orders;
- inventory tracking process;
- inventory counts, including processing of count differences; and
- organisation within warehouse and controls over inventories held within the warehouse (focusing on the training materials).

### 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, Finance & Investment Committee and Board Tender 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.
- The Board is updated on the Group's performance at the scheduled meetings. The Group's business plan and actual versus budget performance for the year are reviewed and deliberated on by the Board. Financial performance variances are presented to the Board on a quarterly basis.
- An annual planning and budgetary exercise is undertaken requiring all divisions to prepare business plans and budgets for the forthcoming year. These are deliberated on and approved by the Board before its implementation.
- 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.
- Within the risk management framework, the Group has an established and structured process for the identification, assessment, communication, monitoring as well as continual review of risks, effectiveness of risk mitigation strategies and controls at the divisional and enterprise levels. The analysis and evaluation of our risks are guided by approved risk categories. These risks are reviewed by the Risk Management Committee and report to the Board on a quarterly basis.
- Our appetite for risk is a key consideration in our decision making. Our risk appetite reflects the scale of risk on a broad level which the Group is prepared to take, in pursuit of our strategic objectives. The amount of risk the Group tolerates reflects the unique circumstances faced by the Group, including the external environment, strategy, people, business, systems and policies. Key features of the Group's risk appetite cover strategic, operational, financial and regulatory parameters. They guide the Group as to how to manage risks effectively.

## STATEMENT ON **RISK MANAGEMENT AND INTERNAL CONTROL**

- 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 solely of Independent Non-Executive Directors and 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.
- Management Accounts are prepared in a timely manner and on a quarterly basis and are reviewed by the President/GCEO, COO, CFO together with the heads of the respective business divisions.
- The assessment of the adequacy and effectiveness of the internal control system is on periodic basis. From time to time the following are taken into considerations and changes are made to improve the internal control system:-
  - o Ensuring an appropriate organisational structure for planning, executing, controlling and monitoring business operations with appropriate authorisation limits.
  - o Reviewing the consolidated risk register of the Prestariang Group and receiving regular reports on any significant problems that have occurred during the year and changes to the risks over the period under review.
  - o Reviewing external and internal audit work plans and their results.
  - o Reviewing periodically the long-term financial objectives and business strategies of the Prestariang Group.
  - o Reviewing variance reports from major operating subsidiaries and associates against business objectives.
  - o Effectively applying policies, processes and activities relating to internal control and risk management through control self-assessments and internal audit reviews

### **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 period 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.

### **ASSURANCE FROM THE PRESIDENT/GROUP CEO AND THE CFO**

The Board has received assurance from the President/GCEO and CFO 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, ISAE 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and Audit and Assurance Practice Guide 3, *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control Included in the Annual Report*.

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 and Internal Control: Guidelines for Directors of Listed Issuers and Practices 9.1 and 9.2 of the Malaysian Code on Corporate Governance 2017 to be set out, nor is the Statement 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 period, the amounts of audit and non-audit fees paid or payable to the external auditors, and its local affiliated companies for the services rendered to the Group and the Company for the financial period ended 30 June 2019 are as follows:

	Group (RM)	Company (RM)
Audit Fees	350,000	39,000
Non-Audit Fees	589,540	23,000

Note:

The Group engaged the external auditors, and its local affiliated companies for the non-audit works for the preparation, review and submission of tax returns and tax advisory services on businesses.

**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 period or entered into since the end of the previous financial year.

Subsequent to the announcement dated 12 December 2018 whereby the Company has announced that Prestariang SKIN Sdn. Bhd. (“PSKIN”) had on 11 December 2018 received a letter from the Ministry of Home Affairs confirming the decision of the Cabinet to terminate the Sistem Kawalan Imigresen Nasional (“SKIN”) project by way of expropriation with the effective date of termination took effective on 22 January 2019.

**d) Material Litigation**

PSKIN, a wholly owned subsidiary of Prestariang Services Sdn Bhd, which is a subsidiary of the Company has filed and served an Originating Summons (“OS”) dated 15 April 2019 against the Government of Malaysia (“GOM”) claiming the amount of RM733 million in relation to the termination of the SKIN by expropriation. The Group remains positive on the compensation amount based on the formula stipulated under the Concession Agreement.

## STATEMENT OF **RESPONSIBILITY BY DIRECTORS**

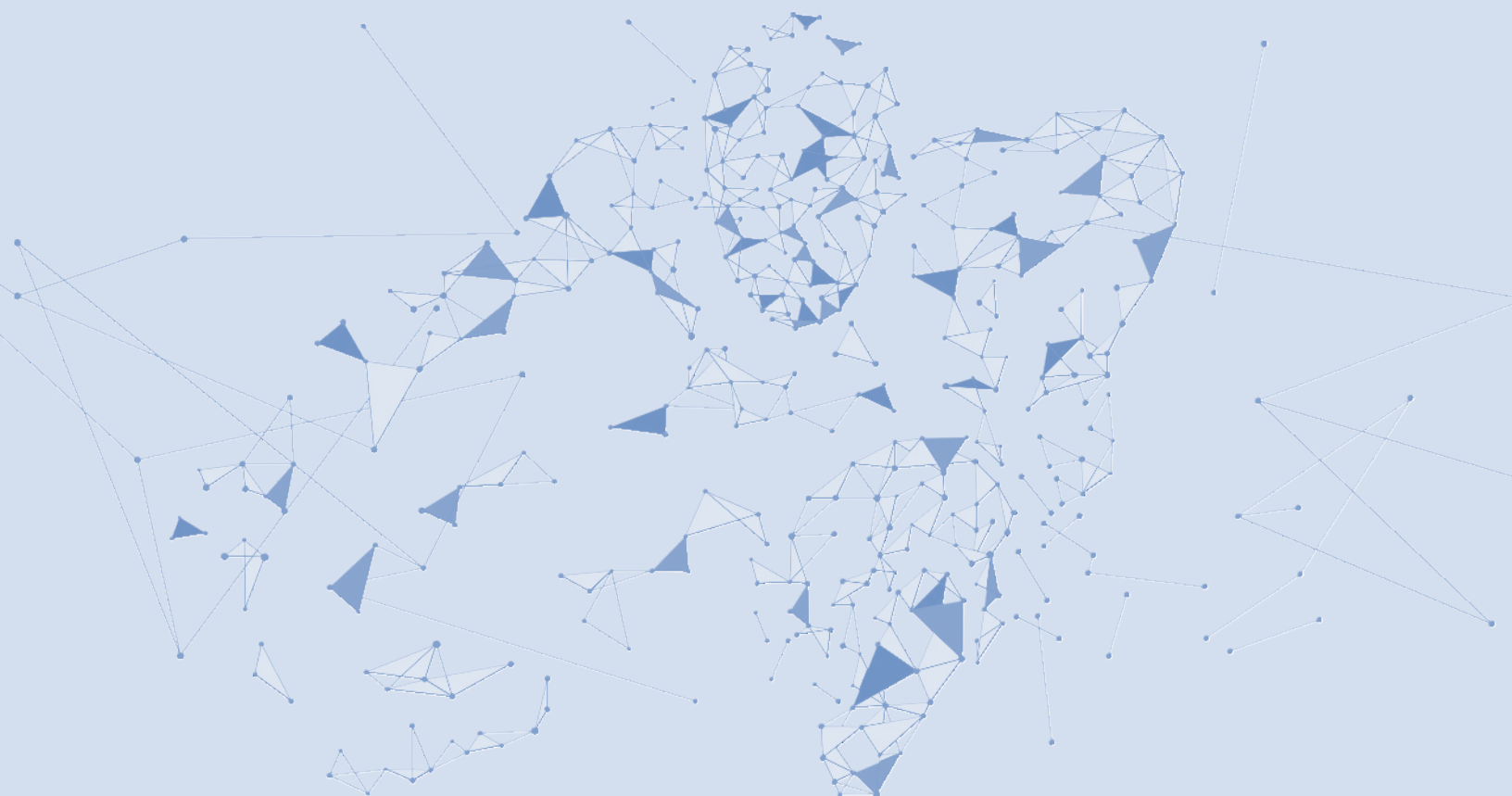
The Board of Directors (“**the Board**”) of the Company is responsible for ensuring the annual audited financial statements of the Group and the Company are made in accordance with applicable approved accounting standards, and have reflected a true and fair view of the state of affairs of the Group and the Company as at 30 June 2019, and of the results of their operations and cash flows of the Group and the Company at the financial period.

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 period ended 30 June 2019 as set out on pages 138 to 240 of this Annual Report.



## FINANCIAL REVIEW

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<b>131</b>	Statement by Directors	<b>141</b>	Statements of Changes in Equity
<b>131</b>	Statutory Declaration	<b>144</b>	Statements of Cash Flows
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<b>138</b>	Statements of Financial Position		

## DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial period ended 30 June 2019.

### CHANGE OF FINANCIAL YEAR END

During the current financial period, the Company and its subsidiaries have changed their financial year ended from 31 December to 30 June.

### PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 6 to the financial statements.

### RESULTS

	The Group RM'000	The Company RM'000
Loss after taxation for the financial period	(8,957)	(53,312)
Attributable to:-		
Owners of the Company	(21,753)	(53,312)
Non-controlling interests	12,796	-
	(8,957)	(53,312)

### DIVIDENDS

Dividends paid or declared by the Company since 31 December 2017 are as follows:-

	RM'000
<u>In respect of the financial year ended 31 December 2017</u>	
A third interim dividend of 0.50 sen per ordinary share, paid on 5 January 2018	2,412
A fourth interim dividend of 0.50 sen per ordinary share, paid on 5 April 2018	2,412
<u>In respect of the financial period ended 30 June 2019</u>	
A first interim dividend of 0.50 sen per ordinary share, paid on 4 July 2018	2,411
A second interim dividend of 0.20 sen per ordinary share, paid on 17 October 2018	965
	8,200



**DIRECTORS' REPORT****RESERVES AND PROVISIONS**

There were no material transfers to or from reserves or provisions during the financial period other than those disclosed in the financial statements.

**ISSUES OF SHARES AND DEBENTURES**

During the financial period:-

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

**TREASURY SHARES**

As at 30 June 2019, the Company held as treasury shares a total of 1,698,500 of its 484,000,000 issued and fully paid-up ordinary shares. The treasury shares are held at a carrying amount of RM3,366,346. The details on the treasury shares are disclosed in Note 20 to the financial statements.

**OPTIONS GRANTED OVER UNISSUED SHARES**

During the financial period, 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 all known bad debts had been written off 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 further 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

### CONTINGENT AND OTHER LIABILITIES

The contingent liabilities are disclosed in Note 48 to the financial statements. As 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 period 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 period.

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 period 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 period were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature other than termination of Sistem Kawalan Imigresen Nasional ("SKIN") project and material litigation as disclosed in Notes 50(h) and 52 respectively.

There has not arisen in the interval between the end of the financial period 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 period in which the report is made.

### DIRECTORS

The names of directors of the Company who served during the financial period and up to the date of this report are as follows:-

Dr Abu Hasan Bin Ismail	
Dato' Maznah Binti Abdul Jalil	
Chan Wan Siew	
Ramanathan A/L Sathiamutty	
Baldesh Singh A/L Manmohan Singh	(Appointed on 28 February 2019)
Ginny Yeow Mei Ying	(Appointed on 28 February 2019)
Nik Amlizan Binti Mohamed	(Resigned on 30 September 2018)
Dato' Mohamed Yunus Ramli Bin Abbas	(Resigned on 31 January 2019)

The names of directors of the Company's subsidiaries who served during the financial period and up to the date of this report, not including those directors mentioned above, are as follows:-

Abdul Razak Bin Bakrun  
Siti Afiza Binti Ahmad  
Raja Azmi Bin Adam Nadarajan

## DIRECTORS' REPORT

## DIRECTORS' INTERESTS

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

	← Number of Ordinary Shares →			
	At 1.1.2018	Bought	Sold	At 30.6.2019
<b>The Company</b>				
<i>Direct Interests</i>				
Chan Wan Siew	550,000	400,000	-	950,000
Dato' Maznah Binti Abdul Jalil	2,431,000	-	-	2,431,000
<i>Indirect Interests</i>				
Dr Abu Hasan Bin Ismail #	132,301,400	-	(132,301,400)	-
Chan Wan Siew ^	50,000	-	-	50,000
<b>Prestariang Services Sdn. Bhd., a 70% owned subsidiary of the Company</b>				
<i>Direct Interest</i>				
Dr Abu Hasan Bin Ismail	-	76,356	-	76,356
<i>Indirect Interest</i>				
Dr Abu Hasan Bin Ismail *	-	122,170	-	122,170
← Number of Redeemable Preference Shares "A" →				
	At 1.1.2018	Bought	Sold	At 30.6.2019
<b>Prestariang Services Sdn. Bhd., a 70% owned subsidiary of the Company</b>				
<i>Indirect Interest</i>				
Dr Abu Hasan Bin Ismail *	-	151,601	-	151,601

Notes:-

- # - Deemed interested by virtue of director's interest in Ekohati Sdn. Bhd., Sigma Dedikasi Sdn. Bhd. and Anjakan Evolusi Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.
- ^ - 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.
- \* - Deemed interested by virtue of director's interest in Halaman Kapital Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.

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

## 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 included in the aggregate amount of remuneration received or due and receivable by directors shown in the financial statements or the fixed salary of a full-time employee of the Company or related corporations) 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 period was the Group or the 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

### DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Group and of the Company during the financial period are disclosed in Note 39(a) to the financial statements.

### INDEMNITY AND INSURANCE COST

During the financial period, the total amount of indemnity coverage and insurance premium paid for the directors of the Company and of the Group were RM10,000,000 and RM26,114 respectively. No indemnity was given to or insurance effected for auditors of the Company.

### SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 6 to the financial statements.

### SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial period are disclosed in Note 50 to the financial statements.

### SIGNIFICANT EVENT OCCURRING AFTER THE REPORTING PERIOD

The significant event occurring after the reporting period is disclosed in Note 51 to the financial statements.

### AUDITORS

The auditors, Crowe Malaysia PLT (converted from a conventional partnership, Crowe Malaysia which was previously known as Crowe Horwath), have expressed their willingness to continue in office.

The details of the auditors' remuneration are disclosed in Note 37 to the financial statements.

Signed in accordance with a resolution of the directors dated 19 September 2019.



**Dr Abu Hasan Bin Ismail**



**Dato' Maznah Binti Abdul Jalil**

## STATEMENT BY **DIRECTORS** PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Dr Abu Hasan Bin Ismail and Dato' Maznah Binti Abdul Jalil, being two of the directors of Prestariang Berhad, state that, in the opinion of the directors, the financial statements set out on pages 138 to 240 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30 June 2019 and of their financial performance and cash flows for the financial period ended on that date.

Signed in accordance with a resolution of the directors dated 19 September 2019.



**Dr Abu Hasan Bin Ismail**



**Dato' Maznah Binti Abdul Jalil**

## STATUTORY **DECLARATION** PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT 2016

I, Abdul Razak Bin Bakrun, MIA Membership Number: 22605, 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 138 to 240 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovementioned  
Abdul Razak Bin Bakrun, NRIC Number: 680321-04-5245  
at Kuala Lumpur  
in the Federal Territory  
on this 19 September 2019



**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 30 June 2019 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 period then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 138 to 240.

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 30 June 2019, and of their financial performance and their cash flows for the financial period 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.

#### Material Uncertainty Related to Going Concern

We draw attention to Note 4.2 in the financial statements, which indicates that:-

- (a) The termination of Sistem Kawalan Imigresen Nasional ("SKIN") project by the Government of Malaysia ("GOM"), resulting in the Group undertaking a legal suit against the GOM to recover the sums due under the SKIN project. Further details on the amount due for the SKIN project and legal suit are disclosed in Notes 14(b) and 52 respectively;
- (b) During the financial period ended 30 June 2019, the Group and the Company recorded:-
  - (i) negative operating cash flows of RM72,253,000 and RM12,365,000 respectively; and
  - (ii) loss after taxation of RM8,957,000 and RM53,312,000 respectively.
- (c) The Group has accepted advances of RM1,500,000 and RM5,000,000 from a director and a former director of the Company respectively for working capital purpose.

**INDEPENDENT AUDITORS' REPORT**  
TO THE MEMBERS OF PRESTARIANG BERHAD

### Material Uncertainty Related to Going Concern (Cont'd)

These indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and whether the Group and the Company have sufficient cash flows to meet their obligations as and when they fall due.

In the preparation of the Group financial statements, the management has made an assessment on its working capital sufficiency and with the support of a cash flow projection. The management has concluded that the Group and the Company shall have sufficient working capital to finance their operations and to meet their financial obligations as and when they fall due.

As at the end of the reporting period and as at the date these financial statements were authorised for issue, the directors believe that there is no material uncertainty exists over the ability of the Group and the Company to continue on a going concern basis. Accordingly, the financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that may be necessary if the Group and the Company are unable to continue as a going concern.

Our opinion is not modified in respect of this matter.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial period. 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. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

<b>Revenue and cost recognition for SKIN Project</b> Refer to Note 33 to the financial statements	
<b>Key Audit Matter</b>	<b>How our audit addressed the key audit matter</b>
<p>The Group has reported revenue and cost of sales of approximately RM175.5 million and RM105.0 million, respectively for the SKIN Project during the financial period.</p> <p>The recognition of revenue on the SKIN Project is based on the percentage of completion method. The determination of the percentage of completion requires management to exercise significant judgement in estimating the total costs to complete the SKIN Project.</p> <p>We determined this to be a key audit matter due to the complexity and judgemental nature of the budgeting of contract costs and the determination of revenue recognised.</p>	<p>Our procedures included, amongst others:-</p> <ul style="list-style-type: none"> <li>• Reviewed the contracts and discussed with management to obtain a full understanding of the terms and risks to assess the appropriateness of revenue recognition;</li> <li>• Assessed the management's assessment in determining the percentage of completion of projects and estimations of budgeted revenue and costs;</li> <li>• Assessed the reliability of total budgeted costs by comparing budgeted costs to actual outcomes;</li> <li>• Performed verification on the actual costs incurred for the financial period; and</li> <li>• Performed re-computation on the profit recognised and checked calculation of the percentage of completion.</li> </ul>

## INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PRESTARIANG BERHAD

### Key Audit Matters (Cont'd)

<p><b>Valuation of other investment</b> Refer to Note 9 to the financial statements</p>	
<p><b>Key Audit Matter</b></p> <p>The Group classifies its unquoted equity investments as Fair Value Through Other Comprehensive Income ("FVOCI"). In estimating the fair value of these investments, the Group used valuation techniques which took into consideration key assumptions, estimates and/or unobservable input information of the underlying company in which the Group has invested in.</p> <p>We focused on this area as it involved the exercise of significant judgement by the directors and the use of assumptions and estimates.</p>	<p><b>How our audit addressed the key audit matter</b></p> <p>Our procedures included, amongst others:-</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of the methodology adopted by management in estimating the fair value of these investments and whether such methodology is consistent with those used in the industry;</li> <li>• Discussed with management to obtain an understanding of the related underlying data used as input to the valuation models;</li> <li>• Discussed with the management the key assumptions and estimates used in the valuation model; and</li> <li>• Assessed the appropriateness of the valuation techniques and checked the reasonableness of the discount rate used, with the assistance of our valuation experts.</li> </ul>
<p><b>Impairment assessment of trade receivables</b> Refer to Notes 14 and 49.1(b)(iii) to the financial statements</p>	
<p><b>Key Audit Matter</b></p> <p>As at 30 June 2019, trade receivables amounted to approximately RM200.32 million. The details of trade receivables and its credit risks are disclosed in Note 49.1(b)(iii) to the financial statements.</p> <p>The management applied assumptions in assessing the level of allowance for impairment losses on trade receivables based on the following:-</p> <ul style="list-style-type: none"> <li>• customers' payment profiles of past sales and corresponding historical credit losses;</li> <li>• specific known facts or circumstances on customers' ability to pay; or</li> <li>• by reference to past default experience.</li> </ul> <p>The impairment assessment involves significant judgements and there is inherent uncertainty in the assumptions applied by the management to determine the level of allowance.</p> <p>This is considered a key audit matter due to the inherent subjectivity that is involved in making judgement in relation to the recoverability of trade receivables.</p>	<p><b>How our audit addressed the key audit matter</b></p> <p>Our procedures included, amongst others:-</p> <ul style="list-style-type: none"> <li>• Obtained an understanding of:- <ul style="list-style-type: none"> <li>• the Group's control over the receivable collection process;</li> <li>• how the Group identifies and assesses the impairment of receivables; and</li> <li>• how the Group makes the accounting estimates for impairment.</li> </ul> </li> <li>• Reviewed the ageing analysis of receivables and testing the reliability thereof;</li> <li>• Reviewed subsequent cash collections for major receivables and overdue amounts;</li> <li>• Made inquiries of management regarding the action plans to recover overdue amounts;</li> <li>• Examined other evidence including customers' correspondences, proposed or existing settlement plans, repayment schedules, etc; and</li> <li>• Evaluating the reasonableness and adequacy of the allowance for impairment loss recognised.</li> </ul>



**INDEPENDENT AUDITORS' REPORT**  
TO THE MEMBERS OF PRESTARIANG BERHAD

**Key Audit Matters (Cont'd)**

<p><b>Development costs</b> Refer to Note 11 to the financial statements</p>	
<b>Key Audit Matter</b>	<b>How our audit addressed the key audit matter</b>
<p>Management exercise their judgment in determining the development costs that are qualified for capitalisation with respect to the technical feasibility of the products developed and ability to generate future economic benefits.</p> <p>This is considered a key audit matter given the materiality of the Group's development costs and the inherent subjectivity in impairment testing.</p> <p>The aforementioned impairment review gave rise to impairment loss of RM9,644,000 to the Group as disclosed in Note 11 to the financial statements.</p>	<p>Our procedures included, amongst others:-</p> <ul style="list-style-type: none"> <li>• Made enquiries 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;</li> <li>• Reviewed the management measurement and assessment in the identification of additional development costs capitalised;</li> <li>• Reviewed management's estimate of the recoverable amounts and tested the cash flow forecasts for their accuracy;</li> <li>• Evaluated the appropriateness and reasonableness of the key assumptions;</li> <li>• Performed sensitivity analysis over the key assumptions to understand the impact of changes over the recoverable amounts; and</li> <li>• Reviewed the adequacy of disclosure in the financial statements.</li> </ul>

**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.

## INDEPENDENT **AUDITORS' REPORT** TO THE MEMBERS OF PRESTARIANG BERHAD

### **Responsibilities of the 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 2016 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.

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.

INDEPENDENT **AUDITORS' REPORT**  
TO THE MEMBERS OF PRESTARIANG BERHAD

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

- 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.

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 period 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.

**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 Malaysia PLT**  
LLP0018817-LCA & AF 1018  
Chartered Accountants

Kuala Lumpur

19 September 2019



**Onn Kien Hoe**  
01772/11/2020 J  
Chartered Accountant

## STATEMENTS OF FINANCIAL POSITION

AT 30 JUNE 2019

	Note	30.6.2019 RM'000	The Group 31.12.2017 RM'000	1.1.2017 RM'000	The Company 30.6.2019 RM'000	31.12.2017 RM'000
<b>ASSETS</b>						
<b>NON-CURRENT ASSET</b>						
Investments in subsidiaries	6	-	-	-	20,847	41,347
Property and equipment	7	19,171	37,246	12,086	-	-
Investment properties	8	35,089	-	-	-	-
Other investment	9	8,427	9,885	-	-	-
Deferred tax assets	10	-	-	1,154	-	-
Development costs	11	54	6,051	7,341	-	-
		<b>62,741</b>	53,182	20,581	<b>20,847</b>	41,347
<b>CURRENT ASSETS</b>						
Inventories	12	-	840	27,027	-	-
Contract costs	13	19,217	44,335	-	-	-
Trade receivables	14	200,324	42,136	34,686	-	-
Other receivables, deposits and prepayments	15	8,010	10,721	5,582	21	2,631
Amount owing by subsidiaries	16	-	-	-	64,276	71,097
Short-term investments	17	40	26,504	66,605	40	4,365
Current tax assets		23	-	1,162	12	12
Cash and bank balances	18	7,166	44,782	42,759	4	148
		<b>234,780</b>	169,318	177,821	<b>64,353</b>	78,253
<b>TOTAL ASSETS</b>		<b>297,521</b>	222,500	198,402	<b>85,200</b>	119,600
<b>EQUITY AND LIABILITIES</b>						
<b>EQUITY</b>						
Share capital	19	119,700	119,700	48,400	119,700	119,700
Treasury shares	20	(3,366)	(3,366)	(2,608)	(3,366)	(3,366)
Share premium		-	-	74,712	-	-
Merger deficit	21(a)	(10,800)	(10,800)	(14,212)	-	-
Fair value reserve	21(b)	(7,630)	-	-	-	-
Retained profits/(Accumulated losses)		10,534	39,501	54,749	(61,526)	574
Equity attributable to owners of the Company		<b>108,438</b>	145,035	161,041	<b>54,808</b>	116,908
Redeemable convertible preference shares	22	-	237	-	-	-
Non-controlling interests	6	11,711	(1,085)	459	-	-
<b>TOTAL EQUITY</b>		<b>120,149</b>	144,187	161,500	<b>54,808</b>	116,908

STATEMENTS OF **FINANCIAL POSITION**  
AT 30 JUNE 2019 (CONT'D)

	Note	30.6.2019 RM'000	The Group 31.12.2017 RM'000	1.1.2017 RM'000	The Company 30.6.2019 RM'000	31.12.2017 RM'000
<b>NON-CURRENT LIABILITIES</b>						
Hire purchase payables	23	54	116	309	-	-
Term loans	24	26,240	21,860	-	-	-
Redeemable secured loan stocks	25	10,000	-	-	-	-
Redeemable preference shares "A"	26	152	-	-	-	-
Deferred tax liabilities	10	16,922	-	1,173	-	-
		<b>53,368</b>	21,976	1,482	-	-
<b>CURRENT LIABILITIES</b>						
Trade payables	27	53,791	33,871	12,902	-	-
Contract liabilities	28	19,996	11,851	-	-	-
Other payables and accruals	29	19,809	8,702	22,445	673	2,692
Amount owing to directors	30	2,133	-	-	505	-
Amount owing to a subsidiary	16	-	-	-	29,214	-
Hire purchase payables	23	42	38	73	-	-
Term loans	24	3,346	840	-	-	-
Revolving credits	31	17,661	-	-	-	-
Bank overdrafts	32	6,026	-	-	-	-
Current tax liabilities		1,200	1,035	-	-	-
		<b>124,004</b>	56,337	35,420	<b>30,392</b>	2,692
<b>TOTAL LIABILITIES</b>		<b>177,372</b>	78,313	36,902	<b>30,392</b>	2,692
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>297,521</b>	222,500	198,402	<b>85,200</b>	119,600

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

## STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019

	Note	The Group		The Company	
		1.1.2018 to 30.6.2019 RM'000	1.1.2017 to 31.12.2017 RM'000	1.1.2018 to 30.6.2019 RM'000	1.1.2017 to 31.12.2017 RM'000
REVENUE	33	367,318	141,453	11,552	17,775
COST OF SALES		(258,967)	(109,338)	-	-
GROSS PROFIT		108,351	32,115	11,552	17,775
OTHER INCOME	34	1,511	2,725	193	256
		109,862	34,840	11,745	18,031
ADMINISTRATIVE EXPENSES		(49,325)	(24,136)	(12,040)	(3,658)
OTHER EXPENSES		(20,895)	(5,315)	(20,595)	(30)
FINANCE COSTS	35	(5,365)	(479)	(1)	(1)
NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS	36	(16,323)	(650)	(31,788)	-
PROFIT/(LOSS) BEFORE TAXATION	37	17,954	4,260	(52,679)	14,342
INCOME TAX EXPENSE	40	(26,911)	(6,806)	(633)	-
(LOSS)/PROFIT AFTER TAXATION		(8,957)	(2,546)	(53,312)	14,342
OTHER COMPREHENSIVE INCOME					
<u>Item that Will Not be Reclassified</u> <u>Subsequently to Profit or Loss</u> Fair value changes of equity instrument		(1,689)	-	-	-
TOTAL COMPREHENSIVE (EXPENSES)/INCOME FOR THE FINANCIAL PERIOD/YEAR		(10,646)	(2,546)	(53,312)	14,342
<b>(LOSS)/PROFIT AFTER TAXATION ATTRIBUTABLE TO:-</b>					
Owners of the Company		(21,753)	(773)	(53,312)	14,342
Non-controlling interests		12,796	(1,773)	-	-
		(8,957)	(2,546)	(53,312)	14,342
<b>TOTAL COMPREHENSIVE(EXPENSES)/INCOME ATTRIBUTABLE TO:-</b>					
Owners of the Company		(23,442)	(773)	(53,312)	14,342
Non-controlling interests		12,796	(1,773)	-	-
		(10,646)	(2,546)	(53,312)	14,342
<b>LOSS PER SHARE (SEN)</b>	41				
Basic		(4.51)	(0.16)		
Diluted		(4.51)	(0.16)		

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

## STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019

Note	← Non-Distributable →				Distributable		Attributable to Owners of the Company RM'000	Redeemable Convertible Preference Shares ("RCPS") RM'000	Non-controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	Merger Deficit RM'000	Fair Value Reserve RM'000	Retained Profits RM'000				
<b>The Group</b>										
<b>Balance at 1.1.2017</b>	48,400	(2,608)	74,712	(14,212)	-	54,749	161,041	-	459	161,500
Profit/(Loss) after taxation/ Total comprehensive income/ (expenses) for the financial year:										
- As previously reported	-	-	-	-	-	18,208	18,208	-	6,362	24,570
- Effects of adoption of MFRS 15	-	-	-	-	-	(18,981)	(18,981)	-	(8,135)	(27,116)
- As restated	-	-	-	-	-	(773)	(773)	-	(1,773)	(2,546)
Contributions by and distributions to the owners of the Company:										
- Purchase of treasury shares	20	(758)	-	-	-	-	(758)	-	-	(758)
- Subscription of shares in subsidiaries		-	-	-	-	-	-	-	229	229
- Dividends	42	-	-	-	-	(14,475)	(14,475)	-	-	(14,475)
- Transfer to share capital upon implementation of the Companies Act 2016		71,300	-	(74,712)	3,412	-	-	-	-	-
Total transactions with owners		71,300	(758)	(74,712)	3,412	(14,475)	(15,233)	-	229	(15,004)
Issuance of RCPS subscribed by non-controlling interests		-	-	-	-	-	-	237	-	237
<b>Balance at 31.12.2017</b>	119,700	(3,366)	-	(10,800)	-	39,501	145,035	237	(1,085)	144,187

STATEMENTS OF **CHANGES IN EQUITY**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

Note	← Non-Distributable →		Distributable		Fair Value Reserve RM'000	Retained Profits RM'000	Attributable to Owners of the Company RM'000	Redeemable Convertible Preference Shares ("RCPS") RM'000	Non-controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	Merger Deficit RM'000						
<b>The Group</b>										
Balance at 1.1.2018										
- As previously reported	119,700	(3,366)	-	(10,800)	-	58,482	164,016	237	7,050	171,303
- Effects of adoption of MFRS 15	53	-	-	-	-	(18,981)	(18,981)	-	(8,135)	(27,116)
	119,700	(3,366)	-	(10,800)	-	39,501	145,035	237	(1,085)	144,187
- Effects of adoption of MFRS 9	53	-	-	-	(5,941)	(1,426)	(7,367)	-	-	(7,367)
- As restated	119,700	(3,366)	-	(10,800)	(5,941)	38,075	137,668	237	(1,085)	136,820
(Loss)/Profit after taxation for the financial period	-	-	-	-	-	(21,753)	(21,753)	-	12,796	(8,957)
Other comprehensive income for the financial period:										
- Fair value changes of equity instruments	-	-	-	-	(1,689)	-	(1,689)	-	-	(1,689)
Total comprehensive expenses/(income) for the financial period	-	-	-	-	(1,689)	(21,753)	(23,442)	-	12,796	(10,646)
Distributions to the owners of the Company:										
- Dividends	42	-	-	-	-	(5,788)	(5,788)	-	-	(5,788)
Redemption of RCPS	22	-	-	-	-	-	-	(85)	-	(85)
Reclassification of RCPS	22	-	-	-	-	-	-	(152)	-	(152)
Balance at 30.6.2019	119,700	(3,366)	-	(10,800)	(7,630)	10,534	108,438	-	11,711	120,149

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



STATEMENTS OF **CHANGES IN EQUITY**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

	Note	Share Capital RM'000	Treasury Shares RM'000	Non- distributable Share Premium RM'000	Distributable Retained Profits/ (Accumulated Losses) RM'000	Total Equity RM'000
<b>The Company</b>						
<b>Balance at 1.1.2017</b>		48,400	(2,608)	71,300	707	117,799
Profit after taxation/Total comprehensive income for the financial year		-	-	-	14,342	14,342
Contributions by and distributions to owners of the Company:						
- Purchase of treasury shares	20	-	(758)	-	-	(758)
- Dividends	42	-	-	-	(14,475)	(14,475)
- Transfer to share capital upon implementation of the Companies Act 2016		71,300	-	(71,300)	-	-
Total transactions with owners		71,300	(758)	(71,300)	(14,475)	(15,233)
<b>Balance at 31.12.2017</b>		<b>119,700</b>	<b>(3,366)</b>	<b>-</b>	<b>574</b>	<b>116,908</b>
Balance at 1.1.2018						
- As previously reported		119,700	(3,366)	-	574	116,908
- Effects of adoption of MFRS 9	53	-	-	-	(3,000)	(3,000)
- As restated		119,700	(3,366)	-	(2,426)	113,908
Loss after taxation/Total comprehensive expenses for the financial period		-	-	-	(53,312)	(53,312)
Distributions to owners of the Company:						
- Dividends	42	-	-	-	(5,788)	(5,788)
<b>Balance at 30.6.2019</b>		<b>119,700</b>	<b>(3,366)</b>	<b>-</b>	<b>(61,526)</b>	<b>54,808</b>

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

## STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019

	Note	The Group		The Company	
		1.1.2018 to 30.6.2019 RM'000	1.1.2017 to 31.12.2017 RM'000	1.1.2018 to 30.6.2019 RM'000	1.1.2017 to 31.12.2017 RM'000
<b>CASH FLOWS FOR OPERATING ACTIVITIES</b>					
Profit/(Loss) before taxation		17,954	4,260	(52,679)	14,342
Adjustments for:-					
Bad debts written off		545	-	-	-
Depreciation of property and equipment		4,153	1,812	-	30
Dividend income		-	-	(11,552)	(17,775)
Impairment loss:					
- investment in subsidiaries		-	-	20,500	-
- property and equipment		1,500	-	-	-
- development costs		9,644	3,503	-	-
- trade receivables		14,074	650	-	-
- other receivables		3,156	-	2,599	-
- amount owing by subsidiaries		-	-	29,189	-
Property and equipment written off		1,313	-	-	-
Interest expense		4,718	263	-	-
Gain on disposal of property and equipment		(148)	(13)	(65)	-
Gain on redemption of redeemable preference shares "A"		(85)	-	-	-
Interest income		(424)	(1,940)	(128)	(256)
Profit from deposits with licensed Islamic banks		(72)	(20)	-	-
Reversal of impairment loss on trade receivables		(907)	-	-	-
Operating profit/(loss) before working capital changes		55,421	8,515	(12,136)	(3,659)
Decrease/(Increase) in contract costs		25,118	(44,335)	-	-
Decrease in inventories		840	26,187	-	-
(Increase)/Decrease in trade and other receivables		(175,151)	(13,239)	11	(1,967)
Increase in contract liabilities		8,145	145	-	-
Increase/(Decrease) in trade and other payables		27,939	(20,140)	393	(9)
<b>CASH FLOW FOR OPERATIONS</b>		(57,688)	(2,587)	(11,732)	(5,635)
Interest paid		(4,718)	(263)	-	-
Income tax (paid)/refunded		(9,847)	(4,628)	(633)	468
<b>NET CASH FOR OPERATING ACTIVITIES</b>		(72,253)	(7,478)	(12,365)	(5,167)

STATEMENTS OF **CASH FLOWS**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

	Note	The Group		The Company	
		1.1.2018 to 30.6.2019 RM'000	1.1.2017 to 31.12.2017 RM'000	1.1.2018 to 30.6.2019 RM'000	1.1.2017 to 31.12.2017 RM'000
<b>CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES</b>					
Advances to subsidiaries		-	-	(25,368)	(6,467)
Additional investment in a subsidiary		-	-	-	(535)
Development costs paid		(3,647)	(2,213)	-	-
Dividend received		-	-	-	15,683
Interest income received		424	1,940	128	256
Placement of deposit pledged with a licensed bank		(1,318)	(200)	-	-
Profit received from deposits with licensed Islamic banks		72	20	-	-
Proceeds from disposal of property and equipment		148	200	65	-
Purchase of:					
- other investment		(6,172)	(9,885)	-	-
- property and equipment		(12,573)	(27,159)	-	-
- investment properties	43(a)	-	-	-	-
<b>NET CASH FLOW (FOR)/FROM INVESTING ACTIVITIES</b>		<b>(23,066)</b>	<b>(37,297)</b>	<b>(25,175)</b>	<b>8,937</b>
<b>CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES</b>					
Advances from directors		2,133	-	505	-
Advances from other payables		5,173	-	-	-
Advances from a subsidiary		-	-	40,766	-
Dividend paid		(8,200)	(15,683)	(8,200)	(15,683)
Drawdown of term loan		-	22,700	-	-
Drawdown of revolving credits		17,661	-	-	-
Proceeds from issuance of:					
- redeemable convertible preference shares		-	237	-	-
- shares to non-controlling interest in a subsidiary		-	229	-	-
- redeemable secured loan stocks		10,000	-	-	-
Purchase of treasury shares	20	-	(758)	-	(758)
Repayment of hire purchase obligations		(58)	(228)	-	-
Repayment of term loans		(2,814)	-	-	-
<b>NET CASH FROM/(FOR) FINANCING ACTIVITIES</b>		<b>23,895</b>	<b>6,497</b>	<b>33,071</b>	<b>(16,441)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(71,424)</b>	<b>(38,278)</b>	<b>(4,469)</b>	<b>(12,671)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD/YEAR</b>		<b>68,388</b>	<b>106,666</b>	<b>4,513</b>	<b>17,184</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD/YEAR</b>	43(c)	<b>(3,036)</b>	<b>68,388</b>	<b>44</b>	<b>4,513</b>

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

## NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019

### 1. **GENERAL INFORMATION**

The Company is a public limited liability company, incorporated and domiciled in 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 19 September 2019.

### 2. **CHANGE OF FINANCIAL YEAR END**

During the current financial period, the Company and its subsidiaries have changed their financial year end from 31 December to 30 June.

### 3. **PRINCIPAL ACTIVITIES**

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 6 to the financial statements.

### 4. **BASIS OF ACCOUNTING**

#### 4.1 **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 2016 in Malaysia.

NOTES TO THE **FINANCIAL STATEMENTS**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

#### 4. BASIS OF ACCOUNTING (CONT'D)

##### 4.1 BASIS OF PREPARATION (CONT'D)

4.1.1 During the current financial period, the Group has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):-

##### **MFRSs and/or IC Interpretations (Including The Consequential Amendments)**

MFRS 9 Financial Instruments (IFRS 9 as issued by IASB in July 2014)

MFRS 15 Revenue from Contracts with Customers

IC Interpretation 22 Foreign Currency Transactions and Advance Consideration

Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions

Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts

Amendments to MFRS 15: Effective Date of MFRS 15

Amendments to MFRS 15: Clarifications to MFRS 15 'Revenue from Contracts with Customers'

Amendments to MFRS 140 – Transfers of Investment Property

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

The adoption of the above accounting standards and/or interpretations (including the consequential amendments) did not have any material impact on the Group's financial statements except as follows:-

- (a) MFRS 9 introduces a new classification and measurement requirements for financial assets that reflects the business model in which the financial assets are managed and their cash flow characteristics. MFRS 9 contains 3 principal classification categories for financial assets i.e. measured at amortised cost, fair value through profit or loss, fair value through other comprehensive income and eliminates the previous categories of held to maturity, loans and receivables and available-for-sale financial assets. In addition, MFRS 9 replaces the 'incurred loss' model in MFRS 139 with the 'expected credit loss' model. This new impairment approach is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.
- (b) MFRS 15 requires an entity to recognise revenue to depict the transfer of promised goods or services to customers for an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenue is recognised when a customer obtains control of goods or services, i.e. when the customer has the ability to direct the use of and obtain the benefits from the goods or services. In addition, more guidance has been added in MFRS 15 to deal with specific scenarios.

The changes in accounting policies as a consequence of the adoption of above accounting standards are presented in Note 53 to the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

#### 4. BASIS OF ACCOUNTING (CONT'D)

##### 4.1 BASIS OF PREPARATION (CONT'D)

4.1.2 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 period:-

<b>MFRSs and/or IC Interpretations (Including The Consequential Amendments)</b>	<b>Effective Date</b>
MFRS 16 Leases	1 January 2019
MFRS 17 Insurance Contracts	1 January 2021
IC Interpretation 23 Uncertainty Over Income Tax Treatments	1 January 2019
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 9: Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 101 and MFRS 108: Definition of Material	1 January 2020
Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Annual Improvements to MFRS Standards 2015 – 2017 Cycles	1 January 2019

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 Group upon their initial application except as follows:-

MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and will replace the current guidance on lease accounting when it becomes effective. Under MFRS 16, the classification of leases as either finance leases or operating leases is eliminated for lessees. All lessees are required to recognise their leased assets and the related lease obligations in the statement of financial position (with limited exceptions). The leased assets are subject to depreciation and the interest on lease liabilities are calculated using the effective interest method. The Group is currently assessing the financial impact that may arise from the adoption of this standard.

##### 4.2 GOING CONCERN

During the financial period:-

- (a) The termination of Sistem Kawalan Imigresen Nasional (“SKIN”) project by the Government of Malaysia (“GOM”), resulting in the Group undertaking a legal suit against the GOM to recover the sums due under the SKIN project. Further details on the amount due for the SKIN project and legal suit are disclosed in Notes 14(b) and 52 respectively;
- (b) The Group and the Company recorded:-
  - (i) negative operating cash flows of RM72,253,000 and RM12,365,000 respectively; and
  - (ii) loss after taxation of RM8,957,000 and RM53,312,000 respectively.

NOTES TO THE **FINANCIAL STATEMENTS**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

#### 4. BASIS OF ACCOUNTING (CONT'D)

##### 4.2 GOING CONCERN (CONT'D)

- (c) The Group has accepted advances of RM1,500,000 and RM5,000,000 from a director and a former director of the Company respectively for working capital purpose.

These indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and whether the Group and the Company have sufficient cash flows to meet their obligations as and when they fall due.

In the preparation of the Group financial statements, the management has made an assessment on its working capital sufficiency and with the support of a cash flow projection. The management has concluded that the Group and the Company shall have sufficient working capital to finance their operations and to meet their financial obligations as and when they fall due.

As at the end of the reporting period and as at the date these financial statements were authorised for issue, the directors believe that there is no material uncertainty exists over the ability of the Group and the Company to continue on a going concern basis. Accordingly, the financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that may be necessary if the Group and the Company are unable to continue as a going concern.

#### 5. SIGNIFICANT ACCOUNTING POLICIES

##### 5.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

###### *Key Sources of Estimation Uncertainty*

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, other than as disclosed below:-

###### **(a) Valuation of Investment Properties**

Investment properties of the Group are reported at fair value which is based on valuations performed by independent professional valuers.

The independent professional valuers have exercised judgement in determining the selling prices of recent transactions and asking prices of similar properties of nearby location and where necessary, adjusting for tenure, location, size, existing condition and usage and surrounding developments used in the valuation process. Also, judgement has been applied in estimating prices for less readily observable external parameters. Other factors such as model assumptions, market dislocations and unexpected correlations can also materially affect these estimates and the resulting fair value.

###### **(b) Impairment of Property and Equipment and Development Cost**

The Group determines whether its property and equipment and development cost are impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates.

NOTES TO THE **FINANCIAL STATEMENTS**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

**5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**5.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)**

*Key Sources of Estimation Uncertainty (Cont'd)*

**(c) Fair Value Estimates for Unquoted Financial Assets**

The Group carries certain financial assets that are not traded in an active market at fair value. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. The amount of fair value changes would differ if the Group uses different valuation methodologies and assumptions, and eventually affect profit and/or other comprehensive income.

**(d) Impairment of Trade Receivables**

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables. The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying values of trade receivables.

**(e) Impairment of Non-Trade Receivables**

The loss allowances for non-trade financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the past payment trends, existing market conditions as well as forward-looking estimates at the end of each reporting period.

**(f) Revenue Recognition for Services Contracts**

The Group recognises services revenue by reference to the services progress using the input method, determined based on the proportion of services costs incurred for work performed to date over the estimated total services costs. The total estimated costs are based on approved budgets, which require assessment and judgement to be made on changes in, for example, work scope, changes in costs and costs to completion. In making the judgement, management relies on past experience and the work of specialists.

**(g) Income Taxes**

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group and the Company 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 period in which such determination is made.



NOTES TO THE **FINANCIAL STATEMENTS**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

## 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 5.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

#### *Critical Judgements Made in Applying Accounting Policies*

Management believes that there are no instances of application of critical judgement in applying the Group's accounting policies which will have a significant effect on the amounts recognised in the financial statements other than as disclosed below:-

#### **(a) Classification between Investment Properties and Owner-occupied Properties**

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

#### **(b) Contingent Liabilities**

The recognition and measurement for contingent liabilities is based on management's view of the expected outcome on contingencies after consulting legal counsel for litigation cases and experts, for matters in the ordinary course of business. Furthermore, the directors are of the view that the chances of the financial institutions to call upon the corporate guarantees issued by the Group and the Company are remote.

### 5.2 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 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.

## NOTES TO THE **FINANCIAL STATEMENTS** FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

### 5. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

#### 5.2 **BASIS OF CONSOLIDATION (CONT'D)**

The acquisitions resulted in a business combination involving common control entities are outside the scope of MFRS 3. The merger accounting is used by the Group to account for such common control business combinations.

##### (a) **Business Combinations**

###### (i) **Merger Accounting for Common Control Business Combinations**

The acquisitions resulted in a business combination involving common control entities, and accordingly the accounting treatment is outside the scope of MFRS 3. The merger accounting is used by the Group to account for such common control business combinations.

A business combination involving entities under common control is a business combination in which all the combining entities or subsidiaries are ultimately controlled by the same party and parties both before and after the business combination, and that control is not transitory.

Subsidiaries acquired which have met the criteria for pooling of interest are accounted for using merger accounting principles. Under the merger method of accounting, the results of the subsidiaries are presented as if the merger had been affected throughout the current financial period.

The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. No amount is recognised in respect of goodwill and excess of the acquirer's interest in the net fair value of the acquirer's identifiable assets and liabilities and contingent liabilities over cost at the time of the common control business combination to the extent of the continuation of the controlling party and parties' interests.

When the merger method is used, the cost of investment in the Company's books is recorded at the nominal value of shares issued. The difference between the carrying value of the investment and the nominal value of the shares of the subsidiaries is treated as a merger deficit or merger reserve as applicable. The results of the subsidiaries being merged are included for the full financial year.

###### (ii) **Acquisition Method of Accounting for Non-common Control 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.

NOTES TO THE **FINANCIAL STATEMENTS**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

## 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 5.2 BASIS OF CONSOLIDATION (CONT'D)

#### (a) Business Combinations (Cont'd)

##### (ii) Acquisition Method of Accounting for Non-common Control Business Combinations (Cont'd)

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.

#### (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 9 (31.12.2017 - MFRS 139) or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

## NOTES TO THE **FINANCIAL STATEMENTS** FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

### 5. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

#### 5.3 **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) **Foreign Currency 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.

#### 5.4 **FINANCIAL INSTRUMENTS**

Financial assets and financial liabilities 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 (other than trade receivables without significant financing component which are measured at transaction price as defined in MFRS 15 - Revenue from Contracts with Customers at inception). 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.

NOTES TO THE **FINANCIAL STATEMENTS**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

## 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 5.4 FINANCIAL INSTRUMENTS (CONT'D)

#### (a) Financial Assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

##### *Debt Instruments*

#### (i) Amortised Cost

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

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), excluding expected credit losses, through the expected life of the financial asset or a shorter period (where appropriate).

#### (ii) Fair Value through Other Comprehensive Income

The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is calculated using the effective interest rate method.

#### (iii) Fair Value through Profit or Loss

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss.

The Group reclassifies debt instruments when and only when its business model for managing those assets change.

##### *Equity Instruments*

All equity investments are subsequently measured at fair value with gains and losses recognised in profit or loss except where the Group has elected to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

NOTES TO THE **FINANCIAL STATEMENTS**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

**5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**5.4 FINANCIAL INSTRUMENTS (CONT'D)**

**(a) Financial Assets (Cont'd)**

*Equity Instruments (Cont'd)*

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established unless the dividends clearly represent a recovery of part of the cost of the equity investments.

**(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. The changes in fair value of these financial liabilities are recognised in profit or loss except for the amount of change in the fair value that is attributable to changes in the credit risk of that liability is recognised directly in other comprehensive income and is not subsequently reclassified to profit or loss upon the derecognition of the financial liability.

**(ii) Other Financial Liabilities**

Other financial liabilities are 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 (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 liability or a shorter period (where appropriate).

**(iii) Redeemable Preference Shares**

Preference shares are classified as financial liabilities if they are redeemable on a specific date or at the option of the preference shareholders, or if dividend payments are not discretionary.

Redeemable preference shares ("RPS") are classified as financial liabilities in accordance with the substance of the contractual arrangement of the instruments. The RPS are measured at amortised cost using the effective interest method.

Dividends to holders of the RPS are recognised as finance costs, on an accrual basis.

NOTES TO THE **FINANCIAL STATEMENTS**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

## 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 5.4 FINANCIAL INSTRUMENTS (CONT'D)

#### (c) Equity Instruments

Equity instruments classified as equity are measured initially at cost and are not remeasured subsequently.

##### (i) Ordinary Shares

Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

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 reissued by resale, the difference between the sales consideration received and the carrying amount of the treasury shares is recognised in equity.

Where treasury shares are cancelled, their costs are transferred to retained profits.

##### (iii) Redeemable Convertible Preference Shares

Redeemable convertible preference shares are classified as equity if they are non-redeemable, or are redeemable but only at the Company's option, and any dividends are discretionary.

Redeemable convertible preference shares are classified as equity in accordance with the substance of the contractual arrangement of the instruments. Dividends on Redeemable convertible preference shares are recognised as distributions within equity.

#### (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 when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

NOTES TO THE **FINANCIAL STATEMENTS**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

**5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**5.4 FINANCIAL INSTRUMENTS (CONT'D)**

**(d) Derecognition (Cont'd)**

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.

**(e) Financial Guarantee Contracts**

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specific debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee or, when there is no specific contractual period, recognised in profit or loss upon discharge of the guarantee. If the debtor fails to make payment relating to a financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the amount of the credit loss determined in accordance with the expected credit loss model and the amount initially recognised less cumulative amortisation.

Accounting Policies Applied Until 31 December 2017

As disclosed in Note 53 to the financial statements, the Group has applied MFRS 9 retrospectively with cumulative financial impacts recognised in the opening consolidated statement of financial position on 1 January 2018 (date of initial application of MFRS 9) and hence, the comparative information of its financial instruments is not restated. As a result, the comparative information of the Group's financial assets continues to be accounted for in accordance with their previous accounting policies as summarised below:-

- (a) Unquoted trade receivables and other receivables with fixed or determinable payments were classified as loans and receivables financial assets, measured at amortised cost using the effective interest method, less any impairment loss. Interest income was recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.
- (b) Available-for-sale financial assets were non-derivative financial assets not classified in any of the other categories. After initial recognition, available-for-sale financial assets were remeasured to fair value at each reporting date with any gain and loss recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve was reclassified from equity into profit or loss. Interest income calculated for a debt instrument using the effective interest method was recognised in profit or loss. Investments in equity instruments whose fair value cannot be reliably measured were measured at cost less accumulated impairment losses, if any.



NOTES TO THE **FINANCIAL STATEMENTS**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

## 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 5.5 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.

### 5.6 PROPERTY AND EQUIPMENT

All items of property and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

Subsequent to initial recognition, all property and equipment are stated at cost less accumulated depreciation and any impairment losses.

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.

Depreciation on property and equipment 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:-

Freehold 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. Any changes are accounted for as a change in estimate.

## NOTES TO THE **FINANCIAL STATEMENTS** FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

### 5. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

#### 5.6 **PROPERTY AND EQUIPMENT (CONT'D)**

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.

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.

#### 5.7 **INVESTMENT PROPERTIES**

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property.

Subsequent to initial recognition, investment properties are stated at fair value with fair value changes recognised in profit or loss.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property or inventories, the fair value at the date of change becomes the cost for subsequent accounting purposes. If owner-occupied property becomes an investment property, such property shall be accounted for in accordance with the accounting policy for property and equipment up to date of change in use.

#### 5.8 **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.

NOTES TO THE **FINANCIAL STATEMENTS**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

## 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 5.8 RESEARCH AND DEVELOPMENT EXPENDITURE (CONT'D)

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 amortisation method, useful life and residual value are reviewed, and adjusted if appropriate, at the end of each reporting period.

### 5.9 LEASED ASSETS

#### (a) Finance Leases

A lease is recognised as a finance lease if it transfers substantially to the Group 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 statements 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.

#### (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 statement of financial position of the Group.

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.

### 5.10 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in-first-out method 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.

## NOTES TO THE **FINANCIAL STATEMENTS**

### FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

#### 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### 5.11 CONTRACT COSTS

###### (a) Incremental Costs of Obtaining A Contract

The Group recognises incremental costs of obtaining contracts with customers as an asset when the Group expects to recover these costs. When the amortisation period of the asset is one year or less, such costs are recognised as an expense immediately when incurred.

###### (b) Costs to Fulfil A Contract

The Group recognises costs that relate directly to a contract (or an anticipated contract) with customer as an asset when the costs generate or enhance resources of the Group, will be used in satisfying performance obligation in the future and are recovered.

The contract costs are initially measured at cost and amortised on a systematic basis that is consistent with the pattern of revenue recognition to which the asset relates.

An impairment loss is recognised in the profit or loss when the carrying amount of the contract cost exceeds the expected revenue less expected cost that will be incurred. Any impairment loss recovered shall be reversed to the extent of the carrying amount of the contract cost does not exceed the amount that would have been recognised had there been no impairment loss recognised previously.

##### 5.12 CONTRACT ASSETS AND CONTRACT LIABILITIES

A contract asset is recognised when the Group's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment requirements of MFRS 9 - Financial Instruments.

A contract liability is stated at cost and represents the obligation of the Group to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

##### 5.13 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits 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 statements of cash flows, cash and cash equivalents are presented net of bank overdrafts.

##### 5.14 IMPAIRMENT

###### (a) Impairment of Financial Assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at fair value through other comprehensive income and trade receivables.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

NOTES TO THE **FINANCIAL STATEMENTS**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

## 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 5.14 IMPAIRMENT

#### (a) Impairment of Financial Assets (Cont'd)

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime expected credit losses for trade receivables and contract assets using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

For all other financial instruments, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

#### Accounting Policy Applied Until 31 December 2017

As disclosed in Note 53 to the financial statements, the Group has applied MFRS 9 retrospectively with cumulative financial impacts recognised in the opening consolidated statement of financial position on 1 January 2018 (date of initial application of MFRS 9) and hence, the comparative information of its financial instruments is not restated. As a result, the comparative information on the impairment of the Group's financial assets has been accounted for in accordance with its previous accounting policy as summarised below:-

The Group assessed at the end of each reporting period whether there was objective evidence that a financial asset (or group of financial assets) was impaired. Impairment losses were incurred only if there was objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that events had an impact on the estimated future cash flows of the financial asset (or group of financial assets) that could be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost was considered an indicator that the assets are impaired.

## NOTES TO THE **FINANCIAL STATEMENTS** FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

### 5. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

#### 5.14 **IMPAIRMENT**

##### (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 amount and an impairment loss shall be recognised. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value in use, which is measured by reference to discounted future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset. Any impairment loss recognised in respect of a cash-generating unit is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rata basis.

In respect of assets other than goodwill, and 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, unless the asset is carried at its revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 5.15 **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.

#### 5.16 **EMPLOYEE BENEFITS**

##### (a) **Short-term Benefits**

Wages, salaries, paid annual leave and bonuses are measured on an undiscounted basis and are recognised in profit or loss and included in the development costs, where appropriate, in the period in which the associated services are rendered by employees of the Group.

NOTES TO THE **FINANCIAL STATEMENTS**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

## 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 5.16 EMPLOYEE BENEFITS (CONT'D)

#### (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 appropriate, 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.

### 5.17 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 are recognised using the liability method for all temporary differences other than those that arise from goodwill 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 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 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 related tax benefits will be realised.

Where investment properties are carried at their fair value, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale.

## NOTES TO THE **FINANCIAL STATEMENTS** FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

### 5. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

#### 5.17 **INCOME TAXES (CONT'D)**

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or 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 (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

##### **(c) Goods and Services Tax (“GST”)**

Revenues, expenses and assets are recognised net of GST except for the GST in a purchase 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.

In addition, receivables and payables are also 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.

#### 5.18 **CONTINGENT LIABILITIES**

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements, unless the probability of outflow of economic benefits is remote. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

#### 5.19 **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.



NOTES TO THE **FINANCIAL STATEMENTS**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

## 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 5.20 EARNINGS PER ORDINARY SHARE

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.

Diluted earnings per ordinary share is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

### 5.21 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.

### 5.22 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.

NOTES TO THE **FINANCIAL STATEMENTS**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

**5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**5.23 REVENUE FROM CONTRACTS WITH CUSTOMERS**

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of sales and service tax, returns, rebates and discounts.

The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of that asset.

Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time. The Group transfers control of a good or service at a point in time unless one of the following over time criteria is met:-

- The customer simultaneously receives and consumes the benefits provided as the Group performs.
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
- The Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

**(a) Sale of Hardware and Software License**

Revenue from the sale of hardware for a fixed fee shall be recognised when control over the hardware is transferred to customer at a point in time. For hardware sales, transfer of control is usually deemed to occur upon delivery of products and customer acceptances. Software licences may be provided to the customer at a point in time, therefore revenue is recognised when customer obtains control of the software.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

**(b) Rendering of ICT training and certification**

Revenue for ICT training and certification is recognised as the services are delivered.

NOTES TO THE **FINANCIAL STATEMENTS**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

## 5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 5.23 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONT'D)

#### (c) Educational Services

##### (i) Tuition and resource fees.

Tuition and resource fees are recognised over a period of time when the services are rendered.

Fee received in advance is not recognised as revenue as the performance obligation is not satisfied and therefore a contract liability is recognised over the period in which the conduct of classes representing the Group's obligation to the student to-date.

##### (ii) Registration fees

In the previous financial years, the Group recognised registration fee at a point in time. During the current financial period, the Group changed the accounting policy whereby the registration fee is recognised over a period of time when the services are rendered in accordance to the new standard.

#### (d) Employment Services

Revenue from providing employment services is recognised over time in the period in which the services are rendered. This is determined based on the actual labour hours spent.

Customers are invoiced on a monthly basis and consideration is payable when invoiced.

#### (e) Concession Services

Revenue from rendering of services is recognised over time in the period in which the services are rendered using the input method, determined based the proportion of total costs incurred for work performed to date over the estimated total services costs. Transaction price is computed based on the price specified in the contract and adjusted for any variable consideration such as incentives and penalties. Past experience is used to estimate and provide for the variable consideration, using expected value method and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

A receivable is recognised when the concession services are rendered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. If the construction services rendered exceed the payment received, a contract asset is recognised. If the payments exceed the construction services rendered, a contract liability is recognised.

### 5.24 REVENUE FROM OTHER SOURCES AND OTHER INCOME

#### (a) Dividend Income

Dividend income from investment is recognised when the right to receive dividend payment is established.

#### (b) Interest Income

Interest income is recognised on an accrual basis using the effective interest method.

NOTES TO THE **FINANCIAL STATEMENTS**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

**6. INVESTMENTS IN SUBSIDIARIES**

	The Company	
	30.6.2019 RM'000	31.12.2017 RM'000
Unquoted shares, at cost		
At 1 January 2018/2017	41,347	40,812
Addition during the financial period/year	-	535
	41,347	41,347
Less: Accumulated impairment losses	(20,500)	-
At 30 June/31 December	20,847	41,347

The details of the subsidiaries, which are all incorporated and having principal place of business in Malaysia, are as follows:-

Name of Subsidiary	Percentage of Issued Share Capital Held by Parent		Principal Activities
	30.6.2019	31.12.2017	
	%	%	
<i>Subsidiaries of the Company</i>			
Prestariang Systems Sdn. Bhd. ("PSSB")	100	100	Providing Information and Communication Technology ("ICT") training and certification, and software license distribution and management.
Prestariang Education Sdn. Bhd. ("PESB")	100	100	Providing personalised ICT education in a diverse and vibrant community.
Agensi Pekerjaan Prestariang Talentxchange Sdn. Bhd. (formerly known as Prestariang Talentxchange Sdn. Bhd.) ("PTXSB")	100	100	Professional recruitment and job placement services, including human resources and management consulting and career transition services.
Prestariang O&G Sdn. Bhd. ("POGSB")	51	51	Providing training and placement services as well as employment and documentation services for foreign workers.
Prestariang Technology Sdn.Bhd. ("PTSb")	100	100	ICT consultancy activities as training provider and consultants, to produce the advice and assistance of engineers and experts in any field with any project the company engaged in. The company has not commenced its business operations during the financial period.
Prestariang Digital Sdn. Bhd. ("PDSB")	100	100	Dormant.

NOTES TO THE **FINANCIAL STATEMENTS**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

## 6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries, which are all incorporated and having principal place of business in Malaysia, are as follows (Cont'd):-

Name of Subsidiary	Percentage of Issued Share Capital Held by Parent		Principal Activities
	30.6.2019 %	31.12.2017 %	
<i>Subsidiaries of the Company (Cont'd)</i>			
Prestariang Capital Sdn. Bhd. ("PCSB")	100	100	Investment holding.
Prestariang Services Sdn. Bhd. ("PSV")	70	70	Investment holding.
<i>Subsidiary of PTSB</i>			
Total Leap Sdn. Bhd. ("TLSB")	100	100	Other services activities as general traders and provide advisory, consultancy and management services for relevant industries. The company has not commenced its business operations during the financial period.
<i>Subsidiaries of PSSB</i>			
Logisys Sdn. Bhd. ("LSB")	100	100	Other information technology service activities. The company has not commenced its business operations during the financial period.
Prestariang R&D Sdn. Bhd. ("PR&D")	100	100	Other services activities n.e.c. The company has not commenced its business operations during the financial period.
<i>Subsidiaries of PSV</i>			
Prestariang Skin Sdn. Bhd. ("PSKIN")	100	100	Providing a special purpose vehicle solely for the purpose to study, design, develop, customise, supply, deliver, install, configure, integrate, interface, test, commission, support and maintain the immigration system known as Sistem Kawalan Imigresen Nasional ("SKIN").
Prestariang Tech Services Sdn. Bhd. ("PTSSB")	100	100	Providing consultancy, advisory, research and development, human resource and other outsourcing services relating to ICT, security related system, network infrastructure and data/system analytics.

- (a) During the financial period, the Company has carried out a review of the recoverable amount of its investment in subsidiaries that had been persistently making losses. An impairment losses of RM20,500,000 (31.12.2017 - Nil) was recognised in "Other Expenses" line item of the statement of profit or loss and other comprehensive income.

This investment in a subsidiary belonged to the Group's 'Other' reportable segment.

NOTES TO THE **FINANCIAL STATEMENTS**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

**6. INVESTMENTS IN SUBSIDIARIES (CONT'D)**

(b) The non-controlling interests at the end of the reporting period comprise the following:-

	Effective Equity Interest		The Company	
	30.6.2019	31.12.2017	30.6.2019	31.12.2017
	%	%	RM'000	RM'000
PSV	30	30	10,947	(1,643)
Other individually immaterial subsidiary	49	49	764	558
			11,711	(1,085)

(c) The summarised financial information (before intra-group elimination) for each subsidiary that has non-controlling interests that are material to the Group is as follows:-

	PSV and its subsidiaries	
	30.6.2019	31.12.2017
	RM'000	RM'000
<u>At 30 June/31 December</u>		
Non-current assets	665	115
Current assets	178,295	57,494
Non-current liabilities	(17,073)	-
Current liabilities	(125,526)	(62,848)
Net assets	36,361	(5,239)
<u>Financial Period/Year Ended 30 June/31 December</u>		
Revenue	175,460	-
Profit for the financial period/year	41,837	(6,223)
Total comprehensive income	41,837	(6,223)
Net cash flows for operating activities	(50,362)	(45,306)
Net cash flows for investing activities	(394)	(296)
Net cash flows from financing activities	40,829	55,692

NOTES TO THE **FINANCIAL STATEMENTS**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

## 7. PROPERTY AND EQUIPMENT

	Freehold buildings 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>The Group</b>								
<b>30.6.2019</b>								
<b>Cost</b>								
At 1 January 2018	30,765	3,621	2,120	2,356	5,716	1,339	533	46,450
Additions	-	862	2,953	2,951	2,507	-	5,350	14,623
Adjustments on cost	(1,590)	-	-	-	-	-	(460)	(2,050)
Reclassification	-	3,969	-	122	-	-	(4,091)	-
Transfer to investment properties (Note 8)	(23,921)	-	-	-	-	-	-	(23,921)
Disposals	-	(1)	-	-	-	(670)	-	(671)
Written Off	-	(16)	(159)	(78)	(2,280)	-	(9)	(2,542)
At 30 June	5,254	8,435	4,914	5,351	5,943	669	1,323	31,889
<b>Accumulated Depreciation</b>								
At 1 January 2018	796	2,491	1,010	1,145	2,777	985	-	9,204
Charge for the financial period (Note 37)	397	1,404	543	621	1,010	178	-	4,153
Transfer to investment properties (Note 8)	(239)	-	-	-	-	-	-	(239)
Disposals	-	(1)	-	-	-	(670)	-	(671)
Written Off	-	(8)	(67)	(44)	(1,110)	-	-	(1,229)
At 30 June	954	3,886	1,486	1,722	2,677	493	-	11,218
<b>Accumulated Impairment Losses</b>								
At 1 January 2018	-	-	-	-	-	-	-	-
Impairment losses for the period (Note 37)	-	331	425	744	-	-	-	1,500
At 30 June	-	331	425	744	-	-	-	1,500
<b>Net carrying amount</b>								
At 30 June	4,300	4,218	3,003	2,885	3,266	176	1,323	19,171

NOTES TO THE **FINANCIAL STATEMENTS**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

**7. PROPERTY AND EQUIPMENT (CONT'D)**

	Freehold buildings 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>The Group</b>								
<b>31.12.2017</b>								
<b>Cost</b>								
At 1 January 2017	5,255	3,036	2,050	2,124	5,513	1,504	43	19,525
Additions	25,510	591	55	65	96	-	842	27,159
Reclassification	-	(6)	15	167	107	69	(352)	-
Disposal	-	-	-	-	-	(234)	-	(234)
At 31 December	30,765	3,621	2,120	2,356	5,716	1,339	533	46,450
<b>Accumulated Depreciation</b>								
At 1 January 2017	690	1,980	799	922	2,215	833	-	7,439
Charge for the financial year (Note 37)	106	511	211	223	562	199	-	1,812
Disposal	-	-	-	-	-	(47)	-	(47)
At 31 December	796	2,491	1,010	1,145	2,777	985	-	9,204
<b>Net carrying amount</b>								
At 31 December	29,969	1,130	1,110	1,211	2,939	354	533	37,246
						<b>30.6.2019 RM'000</b>	<b>31.12.2017 RM'000</b>	
<b>The Company</b>								
Motor vehicles								
<b>Cost</b>								
At 1 January 2018/2017						<b>180</b>	180	
Disposal						<b>(180)</b>	-	
At 30 June/31 December						-	180	
<b>Accumulated depreciation</b>								
At 1 January 2018/2017						<b>180</b>	150	
Charge for the financial period/year (Note 37)						-	30	
Disposal						<b>(180)</b>	-	
At 30 June/31 December						-	180	
<b>Net carrying amount</b>								
At 30 June/31 December						-	-	



NOTES TO THE **FINANCIAL STATEMENTS**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

## 7. PROPERTY AND EQUIPMENT (CONT'D)

- (a) Included in property and equipment of the Group at the end of the reporting period were motor vehicles with a total net book value of RM111,192 (31.12.2017 - RM175,575) held under hire purchase arrangements. These leased assets have been pledged as security for the related finance lease liabilities of the Group as disclosed in Note 23 to the financial statements.
- (b) The freehold buildings of the Group amounting to RM4,301,000 (31.12.2017 - Nil) have been pledged to a licensed bank as security for redeemable secured loan stocks as disclosed in Note 25 to the financial statements.
- (c) In the previous financial year, the freehold buildings of the Group amounting to RM25,510,000 have been pledged to a licensed bank as security for banking facilities granted to the Group. The freehold buildings were transferred to investment properties (Note 8) during the financial period.
- (d) The titles of the freehold buildings are in the process of being issued to the Group by the relevant authority.
- (e) During the financial period, the Group has carried out a review of the recoverable amount of certain equipment in a subsidiary which had been persistently making losses. An impairment loss of RM1,500,000 (31.12.2017 - Nil), representing the write-down of the equipment to the recoverable amount was recognised in profit or loss under the "Other Expenses" line item of the statements of profit or loss and other comprehensive income as disclosed in Note 37 to the financial statements.

## 8. INVESTMENT PROPERTIES

	The Group	
	30.6.2019 RM'000	31.12.2017 RM'000
<i>Carrying Amount</i>		
Freehold commercial building, at fair value		
At 1 January 2018/2017	-	-
Addition	11,407	-
Transfer from property and equipment (Note 7)	23,682	-
At 30 June/31 December	35,089	-

- (a) The freehold buildings amounting to RM11,407,000 (31.12.2017 - Nil) have been pledged to a licensed bank as security for banking facilities granted to the Group as disclosed in Note 24(c) to the financial statements.
- (b) The freehold buildings amount to RM23,682,000 (31.12.2017 - Nil) have been pledged to a licensed bank as security for banking facilities granted to the Group as disclosed in Note 24(b) to the financial statements.  
The freehold buildings were transferred from property and equipment (Note 7) during the financial period.
- (c) Investment properties are stated at fair value, which have been determined based on valuations performed by independent professional valuers at the end of the reporting date using the sales comparison approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size, location and market trends. The most significant input into this valuation approach is price per square foot of comparable properties. There has been no change to the valuation technique during the financial period.  
The fair values of the investment properties are within level 2 of the fair value hierarchy.  
There were no transfers between the levels of fair value hierarchy during the financial period/year.  
The fair value measurements of the investment properties are based on the highest and best use which do not differ from their actual use.
- (d) The title of the freehold buildings are in the process of being issued to the Group by the relevant authority.

NOTES TO THE **FINANCIAL STATEMENTS**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

**9. OTHER INVESTMENT**

	The Group	
	30.6.2019 RM'000	31.12.2017 RM'000
At 1 January 2018/2017:		
- As previously reported	9,885	-
- Effects on adoption of MFRS 9	(5,941)	-
Amount reported under MFRS 9 (31.12.2017 - MFRS 139)	3,944	-
Addition during the financial period/year	6,172	9,885
Changes in fair value	(1,689)	-
At 30 June/31 December	8,427	9,885

Equity Investment at Fair Value Through Other Comprehensive Income

- (a) At 1 January 2018, the Group designated its investment in unquoted shares to be measured at fair value through other comprehensive income because the Group intends to hold for long-term strategic purposes. In the last financial year, these investments were classified as available-for-sale financial assets and measured at cost.
- (b) The fair value of the investment is summarised below:-

	The Group 30.6.2019 RM'000
Unquoted shares of Entity A	8,427

- (c) There was no disposal of investment carried at fair value through other comprehensive income during the financial period.

NOTES TO THE **FINANCIAL STATEMENTS**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

**10. DEFERRED TAX ASSETS/(LIABILITIES)**

	The Group	
	30.6.2019 RM'000	31.12.2017 RM'000
At 1 January 2018/2017	-	(19)
Recognised in profit or loss (Note 40)	(16,922)	19
At 30 June/31 December	(16,922)	-

The deferred tax liabilities recognised at the end of the reporting period and after appropriate offsetting are as follows:-

	The Group	
	30.6.2019 RM'000	31.12.2017 RM'000
Deferred tax liabilities:-		
Temporary difference on concession	(16,922)	-

No deferred tax assets is recognised in the statements of financial position on the following items:-

	The Group	
	30.6.2019 RM'000	31.12.2017 RM'000
Unutilised tax losses	24,268	15,718
Unabsorbed capital allowances	5,137	2,972
Advances from customers	18,767	11,851
Provisions	29,821	6,903
Excess of capital allowance over property and equipment	(7,417)	(4,782)
Temporary difference on development costs	(10,984)	(8,210)
	59,592	24,452

No deferred tax assets are recognised in respect of these items as it is not probable that taxable profits of the subsidiaries will be available against which the deductible temporary differences can be utilised.

The unused tax losses expire at end of the year of assessment 2025 but the unabsorbed capital allowances can be carried forward indefinitely to be utilised against income from the same business source, subject to no substantial change in shareholders of the subsidiaries.

With effect from year of assessment 2019, unused tax losses in a year of assessment can only be carried forward for a maximum period of 7 consecutive years of assessment immediately following that year of assessment.

NOTES TO THE **FINANCIAL STATEMENTS**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

**11. DEVELOPMENT COSTS**

	The Group	
	30.6.2019 RM'000	31.12.2017 RM'000
<b>Cost</b>		
At 1 January 2018/2017	10,944	8,731
Additions during the financial period/year	3,647	2,213
At 30 June/31 December	14,591	10,944
<b>Accumulated Amortisation</b>		
At 30 June/31 December	(1,390)	(1,390)
<b>Accumulated impairment losses</b>		
At 1 January 2018/2017	(3,503)	-
Impairment losses during the financial period/year (Note 37)	(9,644)	(3,503)
At 30 June/31 December	(13,147)	(3,503)
<b>Net Carrying Amount</b>	54	6,051

(a) Included in additions during the financial period/year are:-

	The Group	
	30.6.2019 RM'000	31.12.2017 RM'000
Salaries, allowances and bonuses	1,754	645
Defined contribution benefits	203	74
Other benefits	145	4
	2,102	723

NOTES TO THE **FINANCIAL STATEMENTS**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

## 11. DEVELOPMENT COSTS (CONT'D)

(b) Development cost at the end of the reporting period comprised:-

	The Group	
	30.6.2019 RM'000	31.12.2017 RM'000
Development of Educloud, bundled with 1 Citizen, Proficiency in Communication, Green ICT and Programme for International Student Assessment	-	5,997
Development of Accredited Prestariang Skill Training Institute, a development in accredited training centre at Pengerang Johor for Technical and Vocational Education and Training (TVET) programme	54	54
	<b>54</b>	6,051

(c) At the end of the reporting period, the development costs for the projects yet to be commercialised amounted to approximately RM54,000 (31.12.2017 - RM6,051,000).

(d) The Group has assessed the recoverable amounts of development costs and determined that no impairment losses is required other than impairment losses provided amounted to approximately RM9,644,000 (31.12.2017 - RM3,503,000) which was recognised in profit or loss under the "Other Expenses" line item of the statements of profit or loss and other comprehensive income as disclosed in Note 37 to the financial statements. 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 3 years.

## 12. INVENTORIES

	The Group	
	30.6.2019 RM'000	31.12.2017 RM'000
Finished goods	-	840
Recognised in profit or loss:- Inventories recognised as cost of sales	<b>118,235</b>	84,820

NOTES TO THE **FINANCIAL STATEMENTS**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

**13. CONTRACT COSTS**

	The Group	
	30.6.2019 RM'000	31.12.2017 RM'000
Costs to fulfil a contract:		
- customer's order in future	19,217	-
- concession agreement for the development of SKIN Solution in future	-	44,335
	<b>19,217</b>	<b>44,335</b>

The costs incurred are to be recognised to the profit or loss based on the specific contract it relates to, consistent with the pattern of recognition of the revenue.

**14. TRADE RECEIVABLES**

	The Group	
	30.6.2019 RM'000	31.12.2017 RM'000
Trade receivables	215,660	43,085
Allowance for impairment losses	(15,336)	(949)
	<b>200,324</b>	<b>42,136</b>
Allowance for impairment losses:-		
At 1 January 2018/2017:		
- As previously reported	(949)	(299)
- Effects on the adoption of MFRS 9	(1,426)	-
Amount reported under MFRS 9 (31.12.2017 - MFRS 139)	(2,375)	(299)
Addition during the financial period/year (Note 36)	(14,074)	(650)
Reversal during the financial period/year (Note 36)	907	-
Written off during the financial period/year	206	-
At 30 June/31 December	<b>(15,336)</b>	<b>(949)</b>

- (a) Trade receivables are non-interest bearing and are generally on 30 to 60 (31.12.2017 - 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.
- (b) Included in the trade receivables of the Group is an amount of RM175,460,000 (31.12.2017 - Nil) owing by the Government of Malaysia ("GOM") in relation to the development of SKIN Solution.

As disclosed in Note 50(h) to the financial statements, the termination of the SKIN Project took effect on 22 January 2019. The amount owing is expected to be recovered through legal claims from the GOM.

NOTES TO THE **FINANCIAL STATEMENTS**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

**15. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS**

	The Group		The Company	
	30.6.2019 RM'000	31.12.2017 RM'000	30.6.2019 RM'000	31.12.2017 RM'000
Other receivables:-				
Third parties	3,875	3,119	2,599	2,599
Advances	86	10	-	-
Goods and services tax receivables	4,833	2,825	-	-
	<b>8,794</b>	5,954	<b>2,599</b>	2,599
Other deposits	1,864	2,661	-	-
Prepayments	508	2,106	21	32
	<b>11,166</b>	10,721	<b>2,620</b>	2,631
Allowance for impairment losses	<b>(3,156)</b>	-	<b>(2,599)</b>	-
	<b>8,010</b>	10,721	<b>21</b>	2,631
Allowance for impairment losses:-				
At 1 January 2018/2017	-	-	-	-
Addition during the financial period/year (Note 36)	<b>(3,156)</b>	-	<b>(2,599)</b>	-
At 30 June/31 December	<b>(3,156)</b>	-	<b>(2,599)</b>	-

In the previous financial year, included in other deposits in an amount of RM1,380,000 paid for the purchase of investment properties. The purchase transaction was completed during the financial period and the deposit paid has been transferred to the cost of investment properties purchased.

NOTES TO THE **FINANCIAL STATEMENTS**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

**16. AMOUNTS OWING BY/(TO) SUBSIDIARIES**

	The Company	
	30.6.2019 RM'000	31.12.2017 RM'000
<b>Amount Owing by Subsidiaries</b>		
<u>Current</u>		
Non-trade balances	96,465	71,097
Allowance for impairment losses	(32,189)	-
	<b>64,276</b>	71,097
Allowance for impairment losses:-		
At 1 January 2018/2017:		
- As previously reported	-	-
- Effects on adoption of MFRS 9	(3,000)	-
Amount reported under MFRS 9 (31.12.2017 - MFRS 139)	(3,000)	-
Addition during the financial period/year (Note 36)	(29,189)	-
At 30 June/31 December	(32,189)	-
<b>Amount Owing to A Subsidiary</b>		
<u>Current</u>		
Non-trade balances	(29,214)	-

(a) The following table provides information on the amounts owing by subsidiaries prior to their offsetting:-

	Gross Amount RM'000	Amount Offset RM'000	Net Carrying Amount RM'000
<b>The Company</b>			
<b>30.6.2019</b>			
Amount owing by	153,578	(57,113)	96,465
Amount owing to	(86,327)	57,113	(29,214)
<b>31.12.2017</b>			
Amount owing by	148,494	(77,397)	71,097
Amount owing to	(77,397)	77,397	-

(b) The amounts owing represents unsecured interest-free advances and payments made on behalf. The amounts owing are repayable on demand and are to be settled in cash.



NOTES TO THE **FINANCIAL STATEMENTS**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

## 17. SHORT-TERM INVESTMENTS

	The Group			
	30.6.2019		31.12.2017	
	Carrying Amount RM'000	Market Value RM'000	Carrying Amount RM'000	Market Value RM'000
Equity funds unit trust, at fair value	-	-	326	326
Investments placed with fund managers, at fair value	40	40	26,178	26,178
	40	40	26,504	26,504

	The Company			
	30.6.2019		31.12.2017	
	Carrying Amount RM'000	Market Value RM'000	Carrying Amount RM'000	Market Value RM'000
Investments placed with fund managers, at fair value	40	40	4,365	4,365

## 18. CASH AND BANK BALANCES

	The Group		The Company	
	30.6.2019 RM'000	31.12.2017 RM'000	30.6.2019 RM'000	31.12.2017 RM'000
	Cash and bank balances	2,950	13,191	4
Fixed deposits with licensed banks	4,216	31,591	-	-
	7,166	44,782	4	148

- (a) The fixed deposits with licensed banks of the Group at the end of the reporting period bore effective interest rates ranging from 1.50% to 3.05% (31.12.2017 - 1.50% to 3.38%) per annum. The fixed deposits have maturity periods ranging from 60 to 365 (31.12.2017 - 1 to 365) days.
- (b) Included in fixed deposits with licensed banks of the Group at the end of the reporting period was an amount of RM4,216,000 (31.12.2017 - RM2,898,000) which have been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Notes 31, 32 and Note 48 to the financial statements.

NOTES TO THE **FINANCIAL STATEMENTS**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

**19. SHARE CAPITAL**

	The Group/The Company			
	30.6.2019 '000 Number of Shares	31.12.2017 '000	30.6.2019 RM'000 Amount	31.12.2017 RM'000
<b>Issued and Fully Paid-Up</b>				
Ordinary Shares				
At 1 January 2018/2017	484,000	484,000	119,700	48,400
Transfer from share premium account	-	-	-	71,300
At 30 June/31 December	484,000	484,000	119,700	119,700

- (a) The holders of 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. The ordinary shares have no par value.
- (b) On 31 January 2017, the concepts of authorised share capital and par value of share capital were abolished in accordance with the Companies Act 2016. Consequently, the amount standing to the credit of the Company's share premium account became part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Companies Act 2016. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

**20. TREASURY SHARES**

- (a) In the previous financial year, the Company has purchased 376,500 of its own issued ordinary shares from the open market at prices ranging from RM1.91 to RM2.08 per share via internally generated funds. The total consideration paid for the purchase was RM758,487 including the transaction costs. The ordinary shares purchased are held as treasury shares in accordance with Section 127(6) of the Companies Act 2016.
- (b) During the financial period, the Company has not purchased any ordinary shares from the open market. Of the total 484,000,000 issued ordinary shares at the end of the reporting period, 1,698,500 (31.12.2017 - 1,698,500) ordinary shares are held as treasury shares by the Company. None of the treasury shares were resold or cancelled during the financial period.

NOTES TO THE **FINANCIAL STATEMENTS**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

## 21. RESERVES

### (a) Merger Deficit

The merger deficit arose from the difference between the carrying value of the investment and the nominal value of shares of subsidiaries acquired under the pooling interest method of accounting.

### (b) Fair Value Reserve

The fair value reserve represents the cumulative fair value changes (net of tax, where applicable) of investments designated at fair value through other comprehensive income (31.12.2017 - available-for-sale financial assets).

## 22. REDEEMABLE CONVERTIBLE PREFERENCE SHARES (“RCPS”)

	The Group			
	30.6.2019	31.12.2017	30.6.2019	31.12.2017
	Number of Shares '000	'000	Amount RM'000	Amount RM'000
<b>RCPS “A”</b>				
At 1 January 2018/2017	152	-	152	-
Issuance during the financial period/year	-	152	-	152
Reclassified to redeemable preference shares “A” (“RPS A”) (Note 26)	(152)	-	(152)	-
At 30 June/31 December	-	152	-	152
<b>RCPS “B”</b>				
At 1 January 2018/2017	85	-	85	-
Issuance during the financial period/year	-	85	-	85
Redemption during the financial period/year	(85)	-	(85)	-
At 30 June/31 December	-	85	-	85
	-	237	-	237

NOTES TO THE **FINANCIAL STATEMENTS**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

**22. REDEEMABLE CONVERTIBLE PREFERENCE SHARES (“RCPS”) (CONT’D)**

**(a) RCPS “A”**

The salient features of RCPS “A” are as follows:-

<b>Terms</b>	<b>Details</b>
Dividend	Nil
Security	The RCPS “A” will be unsecured.
Expiry date	1 month after the expiry date of the Conversion Period or such other date as may be mutually agreed between PSV and the holder.
Redemption price	Equivalent to the issue price.
Redemption	<p>(i) Unless the RCPS “A” shall have been converted within the conversion period, the RCPS “A” shall be redeemed on the expiry date or by mutual agreement of the RCPS “A” holders and PSV. Provided always that all outstanding indebtedness (if any) due and owing by PSV to RCPS “A” holders shall be fully settled on or before the redemption date.</p> <p>(ii) The redemption sum shall be payable on the redemption date.</p> <p>(iii) No RCPS “A” shall be redeemed otherwise than out of profits or a fresh issue of shares of the capital of PSV and subject always to the provisions of the Companies Act 2016.</p> <p>(iv) The receipt of RCPS “A” holders of the redemption sum from PSV shall constitute an absolute discharge of PSV in respect of the RCPS “A” redeemed.</p>
Conversion rights	<p>(i) All (and not some) of the RCPS “A” held by the holder shall be convertible into new ordinary shares at the conversion ratio and conversion price, at any time during the conversion period.</p> <p>(ii) The notice of conversion given by the holder or PSV, as the case may be, hereunder shall be irrevocable upon receipt thereof by the other party.</p>

NOTES TO THE **FINANCIAL STATEMENTS**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

## 22. REDEEMABLE CONVERTIBLE PREFERENCE SHARES (“RCPS”) (CONT'D)

### (a) RCPS “A” (Cont'd)

The salient features of RCPS “A” are as follows (Cont'd):-

Terms	Details
Conversion period	<p>(i) All (and not some) of the RCPS “A” shall be converted into new ordinary shares:-</p> <ul style="list-style-type: none"> <li>• at the option of the RCPS “A” holder by notice in writing to the Company, at any time after the 5th anniversary of the Effective Date but prior to the expiry of 12 years from the Effective Date;</li> <li style="text-align: center;">or</li> <li>• in the event of proposed listing, at such time as may be determined by the Board and notified to the holder, prior to the date of the proposed Listing approved by the relevant authorities;</li> </ul> <p>whichever is the earlier.</p> <p>(ii) Any RCPS “A” which is not converted upon the expiry of the conversion period shall cease to be convertible and shall be redeemable in accordance with the redemption terms.</p>
Rights	<p>(i) <u>Voting rights</u> RCPS “A” does not carry any right to vote at any general meeting of PSV except for the right to vote in person or by proxy at such meeting in each of the following circumstances:-</p> <ul style="list-style-type: none"> <li>• Any resolution which varies the rights and privileges attaching to the RCPS “A”;</li> <li>• Any resolution to reduce the share capital of PSV;</li> <li>• Any resolution for the winding-up of the Company; and</li> <li>• Any other circumstances as may be provided under the law and applicable to preference shares.</li> </ul> <p>(ii) <u>No board representation</u> The RCPS “A” does not entitle the RCPS “A” holders to be represented on the Board.</p>
Ranking	<p>(i) The RCPS “A” shall rank equally amongst themselves and shall rank in priority to RCPS “B” and any other preference shares (if any). The RCPS “A” shall rank in priority to the ordinary shares, but shall rank behind all secured and unsecured obligations of PSV.</p> <p>(ii) In the event of liquidation, dissolution, winding-up or other repayment of capital of PSV, the holder shall have priority in repayment of the RCPS “A” over any payment to the holders of other preference shares and/or ordinary shares of PSV.</p>

NOTES TO THE **FINANCIAL STATEMENTS**  
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**22. REDEEMABLE CONVERTIBLE PREFERENCE SHARES (“RCPS”) (CONT'D)**

**(a) RCPS “A” (Cont'd)**

On 14 March 2018, a members’ written resolution of the holders of RCPS was passed to reclassify the existing issued RCPS “A” to RPS “A” and to amend the terms and conditions of RPS “A”. Please refer to Note 26 to the financial statements for further details on RPS “A”.

**(b) RCPS “B”**

On 22 February 2019, the entire RCPS “B” was redeemed at a redemption price of RM1.

The salient features of RCPS “B” are as follows:-

<b>Terms</b>	<b>Details</b>
Dividend	Nil
Security	The RCPS “B” will be unsecured.
Expiry date	1 month after the expiry date of the Conversion Period or such other date as may be mutually agreed between PSV and the holder.
Redemption price	Equivalent to the issue price.
Redemption	<p>(i) Unless the RCPS “B” shall have been converted within the conversion period, the RCPS “B” shall be redeemed:-</p> <ul style="list-style-type: none"> <li>• on the expiry date; or</li> <li>• by mutual agreement of the RCPS “B” holder and PSV; or</li> <li>• upon termination of the concession agreement;</li> </ul> <p>whichever is the earlier.</p> <p>(ii) The redemption sum shall be payable on the redemption date.</p> <p>(iii) No RCPS “B” shall be redeemed otherwise than out of profits or a fresh issue of shares of the capital of PSV and subject always to the provisions of the Companies Act 2016.</p> <p>(iv) The receipt of RCPS “B” holder of the redemption sum from PSV shall constitute an absolute discharge of PSV in respect of the RCPS “B” redeemed.</p>

NOTES TO THE **FINANCIAL STATEMENTS**  
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## 22. REDEEMABLE CONVERTIBLE PREFERENCE SHARES (“RCPS”) (CONT'D)

### (b) RCPS “B” (Cont'd)

The salient features of RCPS “B” are as follows (Cont'd):-

Terms	Details
Conversion period	<p>(i) All (and not some) of the RCPS “B” shall be converted into new ordinary shares:-</p> <ul style="list-style-type: none"> <li>• at the option of the RCPS “B” holder, at any time after the 5th anniversary of the Effective Date but prior to the expiry of 12 years from the Effective Date; or</li> <li>• in the event of proposed listing, at such time as may be determined by the Board prior to the date of the proposed Listing approved by the relevant authorities; whichever is the earlier.</li> </ul> <p>(ii) Any RCPS “B” which is not converted upon the expiry of the conversion period shall cease to be convertible and shall be redeemable in accordance with the redemption terms.</p>
Rights	<p>(i) <u>Voting rights</u> RCPS B does not carry any right to vote at any general meeting of PSV except for the right to vote in person or by proxy at such meeting in each of the following circumstances:-</p> <ul style="list-style-type: none"> <li>• Any resolution which varies the rights and privileges attaching to the RCPS B;</li> <li>• Any resolution to reduce the share capital of PSV;</li> <li>• Any resolution for the winding-up of the Company; and</li> <li>• Any other circumstances as may be provided under the law and applicable to preference shares.</li> </ul> <p>(ii) <u>No board representation</u> The RCPS “B” does not entitle the RCPS “B” holders to be represented on the Board.</p>
Ranking	<p>(i) The RCPS “B” shall rank equally amongst themselves. The RCPS “B” shall rank in priority to the ordinary shares, but shall rank behind RCPS “A” and all secured and unsecured obligations of PSV.</p> <p>(ii) In the event of liquidation, dissolution, winding-up or other repayment of capital of PSV, the holder shall rank after RCPS “A” but shall have priority in repayment of the RCPS “B” over any payment to the holders of ordinary shares of PSV.</p>

NOTES TO THE **FINANCIAL STATEMENTS**  
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**23. HIRE PURCHASE PAYABLES**

	The Group	
	30.6.2019 RM'000	31.12.2017 RM'000
Minimum hire purchase payments:		
- not later than 1 year	45	45
- later than 1 year and not later than 5 years	56	123
	<b>101</b>	168
Less: Future finance charges	(5)	(14)
Present value of hire purchase payables	<b>96</b>	154
Analysed by:-		
Current liabilities	42	38
Non-current liabilities	54	116
	<b>96</b>	154

- (a) The hire purchase payables of the Group are secured by the Group's motor vehicles under finance leases as disclosed in Note 7(a) to the financial statements. The hire purchase arrangements are expiring in 3 (31.12.2017 - 4) years.
- (b) The hire purchase payables of the Group at the end of the reporting period bore an effective interest rate of 4.82% (31.12.2017 - 4.82%). The interest rates are fixed at the inception of the hire purchase arrangements.

**24. TERM LOANS**

	The Group	
	30.6.2019 RM'000	31.12.2017 RM'000
Current liabilities	3,346	840
Non-current liabilities	26,240	21,860
	<b>29,586</b>	22,700



NOTES TO THE **FINANCIAL STATEMENTS**  
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## 24. TERM LOANS (CONT'D)

- (a) The interest rate profile of the term loans is summarised below:-

	Effective Interest Rate		The Group	
	30.6.2019	31.12.2017	30.6.2019	31.12.2017
	%	%	RM'000	RM'000
Floating rate term loans				
I	4.60	4.82	20,600	22,700
II	4.30	-	8,986	-
			29,586	22,700

- (b) Term loan I was secured by:-
- (i) a general facility agreement;
  - (ii) a deed of assignment over its rights, title and intent as contained in the sale and purchase agreement in respect of the buildings as disclosed in Note 8(b) to the financial statements;
  - (iii) a charge over Financing Payment Reserve Account;
  - (iv) letter of support from the Company in form and substance acceptable to the bank; and
  - (v) deed of assignment of takaful/insurance proceeds in relation to the buildings as disclosed in Note 8(b) to the financial statements.
- (c) Term loan II was secured by:-
- (i) open all monies facilities agreement;
  - (ii) open all monies first party deed of assignment over the rights, benefits, titles and interests as contained in the Sale and Purchase Agreement in respect of the buildings as disclosed in Note 8(a) to the financial statements; and
  - (iii) a corporate guarantee of the Company.
- (d) Term loan I was secured by negative pledge that imposed certain covenants on the subsidiary that received the loan. The significant covenants of the term loan are as follows:-
- (i) the subsidiary shall obtain the bank's prior written consent for changing its shareholding;
  - (ii) the subsidiary shall not declare any dividend in the event of default; and
  - (iii) the Group shall grant the bank the right to bid for any Shariah-compliant cash management, treasury products, debt capital market fund raisings and corporate exercise.
- (e) The significant covenants of the term loan II are as follows:-
- (i) the Group shall maintain a consolidated Total Debt to Equity ratio of not more than 1 time throughout the tenure of the facility, failing which, the bank reserves the absolute right to withdraw, revise, restructure or cancel the facility as it deems fit;
  - (ii) the subsidiary shall not declare any dividend in the event of default has occurred under the term loan or if such declaration would result in an event of default; and
  - (iii) the subsidiary shall obtain the bank's prior written consent for changing its shareholding and its key management personnel.

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**25. REDEEMABLE SECURED LOAN STOCKS (“RSLs”)**

On 27 May 2019, PSSB, a wholly-owned subsidiary of the Company issued 10,000,000 RSLs at a subscription price of RM1 each to Affin Hwang Asset Management Bhd..

The salient terms, rights and privileges of RSLs are set out below:-

<b>Terms</b>	<b>Details</b>
Coupon rate	<p>(a) <u>Preferential Coupon</u></p> <p>(i) a base coupon of 10% per annum from each Issue Date payable annually in arrears; and</p> <p>(ii) an additional “extension premium” coupon (over and above the base coupon) of 2% per annum payable for the Extended Period where applicable; calculated on the subscription price of RM1 per RSLs, payable on the subscription RSLs on each coupon payment date (including the maturity date or the extended maturity date).</p> <p>(b) <u>Special Coupon</u></p> <p>An additional one-off special coupon (over and above Preferential Coupon) which shall be payable within 30 days after occurrence of either one or both of the following events:-</p> <p>(i) 5% of the Aggregate Subscription Price (RM10,000,000) if the Compensation Sum received by PSKIN under the Concession Agreement is between RM150,000,000 and RM174,900,000; or</p> <p>(ii) 10% of the Aggregate Subscription Price (RM10,000,000) if the Compensation Sum received by PSKIN under the Concession Agreement is more than RM150,000,000.</p> <p>The Coupon shall constitute direct, unconditional and secured obligations of PSSB and PSSB’s payment obligation in respect of the Coupon shall rank in priority to all PSSB’s present and future unsecured and unsubordinated obligations from time to time (excepts liabilities which preferred solely by the laws of Malaysia) and any payment obligations in respect of all classes of shares of PSSB.</p>
Maturity date	<p>Means the date falling upon the earlier of the following events, or if such date is not a business day, the immediately preceding business day:-</p> <p>(a) 24 calendar months from the Issue Date of the subscription RSLs; or</p> <p>(b) 60 days following occurrence of any of the Acceleration Events.</p>
Extended Maturity Date	The date of expiry of extension period.
Extended Period	The extension of maturity date for a period of 6 months as may be mutually agreed by the parties.

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## 25. REDEEMABLE SECURED LOAN STOCKS (“RSLs”) (CONT'D)

The salient terms, rights and privileges of RSLs are set out below (Cont'd):-

Terms	Details
Redemption Price	RM1 per RSLs, together with all coupon accrued and due up until the Maturity Date or the Extended Maturity Date, and any liquidated damages payable if a Termination Event shall occur.
(a)	Special Coupon amounting to RM1,000,000 has been disclosed as a contingent liability in Note 48 to the financial statements.
(b)	The RSLs was secured by:-
(i)	an assignment of receivable executed by a subsidiary;
(ii)	corporate guarantee executed by the Company; and
(iii)	assignment of all the rights, benefits, title and interest in respect of the buildings as disclosed in Note 7(b) to the financial statement.

## 26. REDEEMABLE PREFERENCE SHARES “A”

	The Group			
	30.6.2019	31.12.2017	30.6.2019	31.12.2017
	Number Of Shares '000	'000	Amount RM'000	RM'000
<b>RPS “A”</b>				
At 1 January 2018/2017	-	-	-	-
Reclassified from RCPS “A” (Note 22)	152	-	152	-
At 30 June/31 December	152	-	152	-

The salient features of RPS “A” are as follows:-

Terms	Details
Dividend	<p>Each RPS “A” shall carry the right to receive fixed cumulative dividend at such rate or in such amount to be mutually agreed between PSV and the holder.</p> <p>The Board shall not declare and pay dividends to the holders of the ordinary shares without declaring and paying the cumulative dividend to the holders of RPS “A”. For avoidance of doubt, the Board may declare and pay the cumulative dividend to the RPS “A” holder without declaring or paying dividends to holders of the ordinary shares.</p>

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**26. REDEEMABLE PREFERENCE SHARES "A" (CONT'D)**

The salient features of RPS "A" are as follows (Cont'd):-

<b>Terms</b>	<b>Details</b>
Redemption sum	The redemption sum per RPS "A" shall be equivalent to the Issue Price.
Redemption	The RPS "A" shall be redeemed:- (i) on a date falling on the 13th anniversary of the effective date; (ii) in the event of the Proposed Listing Exercise, at such time as may be determined by the Board and notified in writing to the holder, prior to the date of Listing approved by the relevant authorities; or (iii) on a date as may be mutually agreed between the holder and PSV; whichever is be the earlier ("Redemption Date").
Voting rights	RPS "A" does not carry any right to vote at any general meeting of PSV except for the right to vote in person or by proxy at such meeting in each of the following circumstances:- (i) in respect of any resolution which varies the rights and privileges attaching to the RPS "A"; (ii) in respect of any resolution to reduce the share capital of PSV; (iii) in respect of any resolution for the winding-up of PSV; and (iv) any other circumstances as may be provided under the law.
Conversion	The RPS "A" is not convertible into ordinary shares and the RPS "A" holder shall not have any convertible rights whatsoever in respect of the RPS "A".
Ranking	The RPS "A" shall rank equally amongst themselves and shall rank in priority to RCPS "B" and any other preference shares (if any). The RPS "A" shall rank in priority to the shares, but shall rank behind all secured and unsecured obligations of PSV.

**27. TRADE PAYABLES**

The normal trade credit term granted to the Group is 60 (31.12.2017 - 60) days.

**28. CONTRACT LIABILITIES**

		<b>The Group</b>	
		<b>30.6.2019</b>	<b>31.12.2017</b>
		<b>RM'000</b>	<b>RM'000</b>
Contract liabilities relating to:			
- Software license distribution and management and ICT training and certification	(a)	<b>18,728</b>	11,851
- Advance receipts of tuition, registration, resource and accommodation fees from students	(b)	<b>1,268</b>	-
		<b>19,996</b>	11,851

NOTES TO THE **FINANCIAL STATEMENTS**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

## 28. CONTRACT LIABILITIES (CONT'D)

The contract liabilities at the end of reporting period primarily relates to:-

- (a) advance considerations received from a few customers for software license distribution and management and ICT training and certification of which the revenue will be recognised upon delivery of goods or services to the customers.
- (b) advance considerations received from students for registration, tuition, resource and accommodation fees which the revenue will be recognised over remaining term of the courses it relates to.
- (c) The changes to contract liabilities balances during the financial period/year are summarised below:-

	The Group	
	30.6.2019 RM'000	31.12.2017 RM'000
At 1 January 2018/2017	11,851	11,608
Billings to customer during the financial period/year	20,864	7,009
Revenue recognised in profit or loss during the financial period/year	(12,719)	(6,766)
At 30 June/31 December	19,996	11,851

## 29. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	30.6.2019 RM'000	31.12.2017 RM'000	30.6.2019 RM'000	31.12.2017 RM'000
Other payables:-				
Third parties	16,309	4,285	598	215
Goods and services tax payable	-	1,452	-	-
Sales and services tax payable	25	-	-	-
	16,334	5,737	598	215
Accruals	3,475	553	75	65
Dividend payable	-	2,412	-	2,412
	19,809	8,702	673	2,692

NOTES TO THE **FINANCIAL STATEMENTS**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

**29. OTHER PAYABLES AND ACCRUALS (CONT'D)**

- (a) Included in other payables of the Group are the following:-

	The Group	
	30.6.2019 RM'000	31.12.2017 RM'000
Interest bearing:		
- Principal component	5,000	-
- Interest component	173	-
	<b>5,173</b>	<b>-</b>

The amount owing represents advances from a former director of the Company and bore interest rate of 1.5% (31.12.2017 - Nil) per month at the end of the reporting period. The amount owing is unsecured, repayable on demand and will be settled in cash.

- (b) Included in other payables is an amount of RM327,000 (31.12.2017 - Nil), being amount payable in relation to the purchase of building as disclosed in Note 8 to the financial statements.
- (c) Included in accruals is an accrued cost for the unexpired tenancy term amounting to RM985,000 (31.12.2017 - Nil) in relation to the early termination of the tenancy agreement with a landlord.

**30. AMOUNT OWING TO DIRECTORS**

	The Group		The Company	
	30.6.2019 RM'000	31.12.2017 RM'000	30.6.2019 RM'000	31.12.2017 RM'000
Interest bearing:				
- Principal component	1,500	-	-	-
- Interest component	113	-	-	-
	<b>1,613</b>	<b>-</b>	<b>-</b>	<b>-</b>
Non-interest bearing	520	-	505	-
	<b>2,133</b>	<b>-</b>	<b>505</b>	<b>-</b>

- (a) The amount owing is non-trade in nature.
- (b) The non-interest bearing is unsecured and repayable on demand. The amount owing is to be settled in cash.
- (c) The interest-bearing amount at the end of the reporting period bore interest rate of 1.5% (31.12.2017 - Nil) per month.

NOTES TO THE **FINANCIAL STATEMENTS**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

### 31. REVOLVING CREDITS

- (a) The revolving credits of the Group bore effective interest rates ranging from 5.31% to 5.63% (31.12.2017 - Nil) per annum.
- (b) The revolving credits of the Group were secured by:
- (i) a general facility agreement;
  - (ii) fixed deposits of RM999,999 (31.12.2017 - Nil) of a subsidiary as disclosed in Note 18 to the financial statements; and
  - (iii) a corporate guarantee of the Company.

### 32. BANK OVERDRAFTS

The bank overdrafts of the Group at the end of the reporting period bore an effective interest rate of 7.2% (31.12.2017 - Nil) per annum and are secured in the same manner as the revolving credits disclosed in Note 31 to the financial statements.

### 33. REVENUE

	The Group		The Company	
	1.1.2018 to 30.6.2019 RM'000	1.1.2017 to 31.12.2017 RM'000	1.1.2018 to 30.6.2019 RM'000	1.1.2017 to 31.12.2017 RM'000
<u>Revenue from Contracts with Customers</u>				
ICT training and certification	3,983	4,585	-	-
Software license distribution and management	161,170	125,282	-	-
Gross dividend income	-	-	11,552	17,775
Concession	175,460	-	-	-
Education	9,302	6,182	-	-
Employment services	17,403	5,404	-	-
	<b>367,318</b>	141,453	<b>11,552</b>	17,775

The information on the disaggregation of revenue is disclosed in Note 45 to the financial statements.

NOTES TO THE **FINANCIAL STATEMENTS**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

**34. OTHER INCOME**

	The Group		The Company	
	1.1.2018 to 30.6.2019 RM'000	1.1.2017 to 31.12.2017 RM'000	1.1.2018 to 30.6.2019 RM'000	1.1.2017 to 31.12.2017 RM'000
<u>Revenue from other sources</u>				
Interest income	424	1,940	128	256
Fair value gain on short-term investments	591	-	-	-
Gain on disposal of property and equipment	148	13	65	-
Gain on redemption of RPS "A"	85	-	-	-
Profit from deposits with licensed Islamic banks	72	20	-	-
Others	191	752	-	-
	<b>1,511</b>	<b>2,725</b>	<b>193</b>	<b>256</b>

**35. FINANCE COSTS**

	The Group		The Company	
	1.1.2018 to 30.6.2019 RM'000	1.1.2017 to 31.12.2017 RM'000	1.1.2018 to 30.6.2019 RM'000	1.1.2017 to 31.12.2017 RM'000
Bank charges	121	79	1	1
Commission charges	526	137	-	-
Interest expense:				
- advances from other payables	623	-	-	-
- advances from a director	113	-	-	-
- bank overdrafts	349	-	-	-
- hire purchase	9	14	-	-
- term loan	1,992	249	-	-
- redeemable secured loan stocks	96	-	-	-
- redeemable preference share	777	-	-	-
- revolving credits	759	-	-	-
	<b>4,718</b>	<b>263</b>	<b>-</b>	<b>-</b>
	<b>5,365</b>	<b>479</b>	<b>1</b>	<b>1</b>



NOTES TO THE **FINANCIAL STATEMENTS**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

### 36. NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	The Group		The Company	
	1.1.2018 to 30.6.2019 RM'000	1.1.2017 to 31.12.2017 RM'000	1.1.2018 to 30.6.2019 RM'000	1.1.2017 to 31.12.2017 RM'000
Impairment losses during the financial period/year:				
- Individually impaired under MFRS 139:				
- trade receivables (Note 14)	-	650	-	-
- Additions under MFRS 9:				
- trade receivables (Note 14)	14,074	-	-	-
- other receivables (Note 15)	3,156	-	2,599	-
- amount owing by subsidiaries (Note 16)	-	-	29,189	-
Reversal of impairment losses:				
- trade receivables (Note 14)	(907)	-	-	-
	<b>16,323</b>	650	<b>31,788</b>	-

### 37. PROFIT/(LOSS) BEFORE TAXATION

In addition to those disclosed in Notes 34, 35 and 36 to the financial statements, profit/(loss) before taxation is arrived at after charging:-

	The Group		The Company	
	1.1.2018 to 30.6.2019 RM'000	1.1.2017 to 31.12.2017 RM'000	1.1.2018 to 30.6.2019 RM'000	1.1.2017 to 31.12.2017 RM'000
Auditors' remuneration:				
- audit fee:				
- for the financial period/year	335	166	37	37
- underprovision in the previous financial year	15	12	2	5
- non-audit fee:				
- for the financial period/year	16	8	16	8
- underprovision in the previous financial year	7	-	7	-
Bad debt written off	545	-	-	-
Depreciation of property and equipment (Note 7)	4,153	1,812	-	30
Donation	2,456	-	2,456	-
Direct operating expenses on investment properties	46	-	-	-
Fair value loss on short-term investments	326	-	-	-
Impairment loss:				
- investment in subsidiaries	-	-	20,500	-
- property and equipment	1,500	-	-	-
- development costs (Note 11)	9,644	3,503	-	-
Penalty	2,365	-	95	-
Property and equipment written off	1,313	-	-	-
Realised loss on foreign exchange	871	-	-	-
Rental expense on:				
- equipment	1,253	813	-	-
- office	4,793	1,725	-	-
- student accommodation	733	444	-	-
Staff costs (including directors' remuneration and other key management personnel as disclosed in Note 38)	<b>74,334</b>	16,873	<b>8,690</b>	2,998

NOTES TO THE **FINANCIAL STATEMENTS**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

**38. STAFF COSTS**

	The Group		The Company	
	1.1.2018 to 30.6.2019 RM'000	1.1.2017 to 31.12.2017 RM'000	1.1.2018 to 30.6.2019 RM'000	1.1.2017 to 31.12.2017 RM'000
Salaries, bonuses and other benefits	61,453	14,410	7,291	2,582
Defined contribution plans	5,852	1,218	829	219
Social security costs	362	117	46	36
Other staff related expenses	6,667	1,128	524	161
	<b>74,334</b>	<b>16,873</b>	<b>8,690</b>	<b>2,998</b>

Included in the staff costs of the Group and of the Company are:-

- directors' remuneration amounting to RM3,886,000 and RM2,754,000 (31.12.2017 - RM998,000 and RM811,000) respectively, as further disclosed in Note 39(a) to the financial statements.
- termination costs incurred on the Voluntary Separation Scheme paid to staff amounting to RM871,000 (31.12.2017 - RM87,000).

**39. 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.

The key management personnel compensation during the financial period/year are as follows:-

	The Group		The Company	
	1.1.2018 to 30.6.2019 RM'000	1.1.2017 to 31.12.2017 RM'000	1.1.2018 to 30.6.2019 RM'000	1.1.2017 to 31.12.2017 RM'000
<b>(a) Directors</b>				
<i>Directors of the Company</i>				
<i>Executive Directors</i>				
Short-term employee benefits:				
- salaries, bonuses and other benefits	2,522	159	1,719	159
Defined contribution benefits	296	13	206	13
	<b>2,818</b>	<b>172</b>	<b>1,925</b>	<b>172</b>
<i>Non-Executive Directors</i>				
Short-term employee benefits:				
- fee	546	374	534	362
- allowances	295	277	295	277
	<b>841</b>	<b>651</b>	<b>829</b>	<b>639</b>
	<b>3,659</b>	<b>823</b>	<b>2,754</b>	<b>811</b>

NOTES TO THE **FINANCIAL STATEMENTS**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

**39. KEY MANAGEMENT PERSONNEL COMPENSATION (CONT'D)**

	The Group		The Company	
	1.1.2018 to 30.6.2019 RM'000	1.1.2017 to 31.12.2017 RM'000	1.1.2018 to 30.6.2019 RM'000	1.1.2017 to 31.12.2017 RM'000
<u>Directors of the Subsidiaries</u>				
<i>Executive Directors</i>				
Short-term employee benefits:				
- salaries, bonuses and other benefits	205	158	-	-
Defined contribution benefits	22	17	-	-
	227	175	-	-
Total directors' remuneration (Note 38)	3,886	998	2,754	811

The estimated monetary value of benefits-in-kind provided by the Group and the Company to its executive director is RM50,000 and Nil (31.12.2017 - Nil and RM50,000) respectively.

	The Group		The Company	
	1.1.2018 to 30.6.2019 RM'000	1.1.2017 to 31.12.2017 RM'000	1.1.2018 to 30.6.2019 RM'000	1.1.2017 to 31.12.2017 RM'000
<b>(b) Other Key Management Personnel</b>				
<u>Directors of the Subsidiaries</u>				
Short-term employee benefits	9,541	1,823	1,935	334
Defined contribution benefits	1,084	210	226	38
Total compensation for other key management personnel (Note 37)	10,625	2,033	2,161	372

The estimated monetary value of benefits-in-kind provided by the Group and the Company to the other key management personnel were RM12,000 and RM12,000 (31.12.2017 - RM52,000 and RM39,000) respectively.

NOTES TO THE **FINANCIAL STATEMENTS**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

**40. INCOME TAX EXPENSE**

	The Group		The Company	
	1.1.2018 to 30.6.2019 RM'000	1.1.2017 to 31.12.2017 RM'000	1.1.2018 to 30.6.2019 RM'000	1.1.2017 to 31.12.2017 RM'000
Current tax:				
- for the financial period/year	4,170	4,764	-	-
- underprovision in the previous financial year	5,819	2,061	633	-
	9,989	6,825	633	-
Deferred tax (Note 10):				
- origination and reversal of temporary differences	16,922	-	-	-
- overprovision in the previous financial year	-	(19)	-	-
	16,922	(19)	-	-
	26,911	6,806	633	-

A reconciliation of income tax expense applicable to the profit/(loss) 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	
	1.1.2018 to 30.6.2019 RM'000	1.1.2017 to 31.12.2017 RM'000	1.1.2018 to 30.6.2019 RM'000	1.1.2017 to 31.12.2017 RM'000
Profit/(Loss) before taxation	17,954	4,260	(52,679)	14,342
Tax at the statutory rate of 24% (31.12.2017 - 24%)	4,309	1,022	(12,643)	3,442
Tax effects of:-				
Tax-exempt income	(1,354)	-	-	-
Non-taxable income	(137)	(336)	(2,819)	(4,266)
Non-deductible expenses	9,840	2,337	15,462	824
Deferred tax assets not recognised during the financial period/year	8,434	1,741	-	-
Under/(Over)provision in the previous financial year:				
- current tax	5,819	2,061	633	-
- deferred tax	-	(19)	-	-
Income tax expense for the financial period/year	26,911	6,806	633	-

NOTES TO THE **FINANCIAL STATEMENTS**  
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#### 40. INCOME TAX EXPENSE (CONT'D)

Income tax is calculated at the Malaysian statutory tax rate of 24% (31.12.2017 - 24%) of the estimated assessable profit for the financial period/year.

For years of assessment 2017 and 2018, the Malaysian statutory tax rate will be reduced by 1% to 4%, based on the prescribed incremental percentage of chargeable income from business, compared to that of the immediate preceding year of assessment.

During the financial period, PSSB, a wholly-owned subsidiary of the Company was granted the Pioneer Status incentive under the Promotion of Investments Act 1986. PSSB will enjoy 30% exemption from income tax on its statutory income from pioneer activities for a period of 5 years, from 27 March 2017 until 26 March 2022.

#### 41. LOSS PER SHARE

	The Group	
	1.1.2018 to 30.6.2019	1.1.2017 to 31.12.2017
Loss after taxation attributable to owners of the Company (RM'000)	(21,753)	(773)
Weighted average number of ordinary shares ('000):-		
Ordinary shares at 1 January 2018/2017	484,000	484,000
Effect of treasury shares held at 1 January	(1,699)	(1,322)
Effect of new treasury shares purchased	-	(183)
Weighted average number of ordinary shares at 30 June/31 December ('000)	482,301	482,495
Basic loss per share (Sen)	(4.51)	(0.16)

The basic loss per share of the Group is calculated by dividing the Group's loss after tax attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the financial period/year, excluding treasury shares of the Company.

The Company has not issued any dilutive potential ordinary shares and hence, the diluted loss per share is equal to the basic loss per share.

NOTES TO THE **FINANCIAL STATEMENTS**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

**42. DIVIDENDS**

	The Group/The Company	
	30.6.2019 RM'000	31.12.2017 RM'000
Declared:-		
<u>In respect of the financial year ended 31 December 2016</u>		
- fourth interim dividend of 0.75 sen per ordinary share	-	3,620
<u>In respect of the financial year ended 31 December 2017</u>		
- first interim dividend of 0.75 sen per ordinary share	-	3,620
- second interim dividend of 1.00 sen per ordinary share	-	4,823
- third interim dividend of 0.50 sen per ordinary share	-	2,412
- fourth interim dividend of 0.50 sen per ordinary share	<b>2,412</b>	-
<u>In respect of the financial period ended 30 June 2019</u>		
- first interim dividend of 0.50 sen per ordinary share	<b>2,411</b>	-
- second interim dividend of 0.20 sen per ordinary share	<b>965</b>	-
	<b>5,788</b>	14,475

**43. CASH FLOW INFORMATION**

(a) The cash disbursed for the purchase of investment properties is as follows:-

	The Group/The Company	
	30.6.2019 RM'000	31.12.2017 RM'000
Cost of investment properties purchased (Note 8)	<b>11,407</b>	-
Less: Amount financed through term loan (Note (b) below)	<b>(9,700)</b>	-
Less: Deposits paid in the previous financial year (Note 15)	<b>(1,380)</b>	-
Less: Other payables (Note 29(b))	<b>(327)</b>	-
Cash disbursed for purchase of investment properties	-	-

NOTES TO THE **FINANCIAL STATEMENTS**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

**43. CASH FLOW INFORMATION (CONT'D)**

(b) The reconciliation of liabilities arising from financing activities are as follows:-

	Term Loans RM'000	Hire Purchase RM'000	Revolving Credits RM'000	RSLs RM'000	Amount Owing To Directors RM'000	Other Payables RM'000	Total RM'000
<b>The Group</b>							
<b>30.6.2019</b>							
At 1 January 2018	22,700	154	-	-	-	-	22,854
<u>Changes in Financing Cash Flows</u>							
Proceeds from drawdown	9,700	-	17,661	-	-	-	27,361
Proceeds from new issuance	-	-	-	10,000	-	-	10,000
Repayment of borrowing principal	(2,814)	(58)	-	-	-	-	(2,872)
Repayment of borrowing interest	(1,992)	(9)	(759)	(96)	-	(450)	(3,306)
Advances from	-	-	-	-	1,500	5,000	6,500
	4,894	(67)	16,902	9,904	1,500	4,550	37,683
<u>Non-cash Changes</u>							
Directors' fee and allowance	-	-	-	-	520	-	520
Finance charges recognised in profit or loss (Note 35)	1,992	9	759	96	113	623	3,592
	1,992	9	759	96	633	623	4,112
At 30 June	29,586	96	17,661	10,000	2,133	5,173	64,649

	Term Loan RM'000	Hire Purchase RM'000	Total RM'000
<b>The Group</b>			
<b>31.12.2017</b>			
At 1 January 2017	-	382	382
<u>Changes in Financing Cash Flows</u>			
Proceeds from drawdown	22,700	-	22,700
Repayment of borrowing principal	-	(228)	(228)
Repayment of borrowing interests	(249)	(14)	(263)
	22,451	(242)	22,209
<u>Non-cash Changes</u>			
Finance charges recognised in profit or loss (Note 35)	249	14	263
At 31 December	22,700	154	22,584

NOTES TO THE **FINANCIAL STATEMENTS**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

**43. CASH FLOW INFORMATION (CONT'D)**

(b) The reconciliation of liabilities arising from financing activities are as follows (Cont'd):-

	Amount Owing To A Subsidiary RM'000	Amount Owing To Directors RM'000	Total RM'000
<b>The Company</b>			
<b>30.6.2019</b>			
At 1 January 2018	-	-	-
<u>Changes in Financing Cash Flows</u>			
Advances from	40,766	-	40,766
<u>Non-cash Changes</u>			
Dividend	(11,552)	-	(11,552)
Directors' fee and allowance	-	505	505
	(11,552)	505	(11,047)
At 30 June	29,214	505	29,719

(c) The cash and cash equivalents comprise the following:-

	The Group		The Company	
	30.6.2019 RM'000	31.12.2017 RM'000	30.6.2019 RM'000	31.12.2017 RM'000
Cash and bank balances (Note 18)	2,950	13,191	4	148
Fixed deposits with licensed banks (Note 18)	4,216	31,591	-	-
Short-term investments (Note 17)	40	26,504	40	4,365
Bank overdrafts (Note 32)	(6,026)	-	-	-
	1,180	71,286	44	4,513
Less: Fixed deposits pledged with licensed banks (Note 18)	(4,216)	(2,898)	-	-
	(3,036)	68,388	44	4,513



NOTES TO THE **FINANCIAL STATEMENTS**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

#### 44. RELATED PARTY DISCLOSURES

##### (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 Transactions and Balances

Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following transactions with the related parties during the financial period/year:-

	The Group		The Company	
	1.1.2018 to 30.6.2019 RM'000	1.1.2017 to 31.12.2017 RM'000	1.1.2018 to 30.6.2019 RM'000	1.1.2017 to 31.12.2017 RM'000
<b>Subsidiaries</b>				
Advances to	-	-	48,295	27,500
Advances from	-	-	68,055	31,024
Payment on behalf for	-	-	6,452	11,796
Payment on behalf from	-	-	2,452	1,805
Dividend income	-	-	11,552	17,775
<b>A director</b>				
Advances from	1,500	-	-	-
Interest expense	113	-	-	-
<b>A former director</b>				
Advances from	5,000	-	-	-
Interest expense	248	-	-	-

The significant outstanding balances of the related parties (including the allowance for impairment loss made) together with their terms and conditions are disclosed in the respective notes to the financial statements.

#### 45. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the Group Chief Executive Officer as its chief operating decision maker in order to allocate resources to segments and to assess their performance. For management purposes, the Group is organised into business units based on their products and services provided.

NOTES TO THE **FINANCIAL STATEMENTS**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

**45. OPERATING SEGMENTS (CONT'D)**

The Group is organised into 5 main business segments as follows:-

- Information and Communications Technology (“ICT”) training and certification and software license 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.
- Concession - delivery of total solution for the integrated and comprehensive core immigration system includes design, customise, install, configure, test, commission and maintain throughout the concession period.
- 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.
- Employment Services - Human resource management services is to provide facilities for foreign workers’ recruitment and document services.
- Others - The holding company involved in the activity of investment holding.

- (a) Management assesses the performance of the reportable segments based on their profit before interest expense and taxation. The accounting policies of the reportable segments are the same as the Group’s accounting policies.

Borrowings and investment-related activities are managed on a group basis by the central treasury function and are not allocated to reportable segments.

- (b) Each reportable segment assets is measured based on all assets (including goodwill) of the segment other than investments in associates and tax-related assets.
- (c) Each reportable segment liabilities is measured based on all liabilities of the segment other than borrowings and tax-related liabilities.
- (d) Assets, liabilities and expenses which are common and cannot be meaningfully allocated to the reportable segments are presented under unallocated items. Unallocated items comprise mainly corporate assets (primarily the Company’s headquarters) and head office expenses.

Transactions between reportable segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation.

NOTES TO THE **FINANCIAL STATEMENTS**  
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**45. OPERATING SEGMENTS (CONT'D)**

**45.1 BUSINESS SEGMENTS**

	ICT Services and Distribution RM'000	Education RM'000	Employment Services RM'000	Concession RM'000	Other RM'000	Consolidation Adjustments and Eliminations RM'000	Total RM'000
<b>The Group</b>							
<b>30.6.2019</b>							
<b>Revenue</b>							
External revenue	165,153	9,302	17,403	175,460	-	-	367,318
Inter-segment revenue	-	-	-	-	11,552	(11,552)	-
Consolidated revenue	165,153	9,302	17,403	175,460	11,552	(11,552)	367,318
Represented by:-							
<u>Revenue recognised at a point of time</u>							
- Sales of software distribution and ICT Training	165,153	-	-	-	-	-	165,153
- Dividend income	-	-	-	-	11,552	(11,552)	-
<u>Revenue recognised over time</u>							
- Education services	-	9,302	-	-	-	-	9,302
- Employment services	-	-	17,403	-	-	-	17,403
- Concession	-	-	-	175,460	-	-	175,460
	165,153	9,302	17,403	175,460	11,552	(11,552)	367,318

NOTES TO THE **FINANCIAL STATEMENTS**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

45. OPERATING SEGMENTS (CONT'D)

45.1 BUSINESS SEGMENTS (CONT'D)

	ICT Services and Distribution RM'000	Education RM'000	Employment Services RM'000	Concession RM'000	Other RM'000	Consolidation Adjustments and Eliminations RM'000	Total RM'000
<b>The Group</b>							
<b>30.6.2019</b>							
Segment (loss)/profit before interest and taxation	(4,784)	(21,287)	914	60,240	(52,839)	41,075	23,319
Finance costs							(5,365)
Profit before taxation							17,954
Segment (loss)/profit includes the followings:-							
Interest expense	3,941	-	-	777	-	-	4,718
Interest income	(296)	-	-	-	(128)	-	(424)
Depreciation of property and equipment	3,089	883	112	69	-	-	4,153
Fair value gain on short-term investments	(265)	-	-	-	-	-	(265)
Gain on disposal of property and equipment	(83)	-	-	-	(65)	-	(148)
Impairment loss:							
- trade receivables	8,030	6,044	-	-	-	-	14,074
- other receivables	-	553	-	-	2,603	-	3,156
- amount owing by related companies	3,409	-	-	335	-	(3,744)	-
- amount owing by subsidiaries	-	-	-	-	29,189	(29,189)	-
- investment in subsidiaries	-	-	-	-	20,500	(20,500)	-
- development costs	9,144	500	-	-	-	-	9,644
- property and equipment	-	1,500	-	-	-	-	1,500
Penalty	2,270	-	-	-	95	-	2,365
Property and equipment written off	-	1,313	-	-	-	-	1,313
Profit from deposits with licensed Islamic banks	(36)	(4)	-	(25)	(7)	-	(72)
Reversal of impairment loss:							
- trade receivables	(907)	-	-	-	-	-	(907)
- amount owing by a subsidiary	(360)	-	-	-	-	360	-

NOTES TO THE **FINANCIAL STATEMENTS**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

**45. OPERATING SEGMENTS (CONT'D)**

**45.1 BUSINESS SEGMENTS (CONT'D)**

	ICT Services and Distribution RM'000	Education RM'000	Employment Services RM'000	Concession RM'000	Other RM'000	Consolidation Adjustments and Eliminations RM'000	Total RM'000
<b>The Group</b>							
<b>30.6.2019</b>							
<b>Assets</b>							
Segment assets	174,019	3,821	3,497	178,960	85,610	(156,813)	289,094
Unallocated asset: - other investment							8,427
Consolidated total assets							<u>297,521</u>
Additions to non-current assets other than financial instruments are:							
- property and equipment	11,328	616	11	618	-	-	12,573
- investment properties	11,407	-	-	-	-	-	11,407
- development costs	3,147	-	500	-	-	-	3,647
<b>Liabilities</b>							
Segment liabilities	67,975	36,118	1,923	125,025	48,936	(174,096)	105,881
Unallocated liabilities:							
- hire purchase payables							96
- term loans							29,586
- revolving credits							17,661
- bank overdrafts							6,026
- deferred tax liabilities							16,922
- current tax liabilities							1,200
Consolidated total liabilities							<u>177,372</u>

NOTES TO THE **FINANCIAL STATEMENTS**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

**45. OPERATING SEGMENTS (CONT'D)**

**45.1 BUSINESS SEGMENTS (CONT'D)**

	ICT Services and Distribution RM'000	Education RM'000	Employment Services RM'000	Concession RM'000	Other RM'000	Consolidation Adjustments and Eliminations RM'000	Total RM'000
<b>The Group</b>							
<b>31.12.2017</b>							
<b>Revenue</b>							
External revenue	129,867	6,182	5,404	-	-	-	141,453
Inter-segment revenue	-	-	-	-	17,775	(17,775)	-
Consolidated revenue	129,867	6,182	5,404	-	17,775	(17,775)	141,453
Represented by:-							
<u>Revenue recognised at a point of time</u>							
- Sales of software distribution and ICT training	129,867	-	-	-	-	-	129,867
- Dividend income	-	-	-	-	17,775	(17,775)	-
<u>Revenue recognised over time</u>							
- Education services	-	6,182	-	-	-	-	6,182
- Employment services	-	-	5,404	-	-	-	5,404
	129,867	6,182	5,404	-	17,775	(17,775)	141,453
Segment profit/(loss) before interest and taxation	18,877	(4,600)	321	(6,239)	14,155	(17,775)	4,739
Finance costs							(479)
Profit before taxation							4,260
Segment profit/(loss) includes the followings:-							
Interest expense	263	-	-	-	-	-	263
Interest income	(1,664)	-	-	(20)	(256)	-	(1,940)
Impairment loss:							
- trade receivables	445	205	-	-	-	-	650
- development costs	3,503	-	-	-	-	-	3,503
Depreciation of property and equipment	1,077	640	64	1	30	-	1,812

NOTES TO THE **FINANCIAL STATEMENTS**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

**45. OPERATING SEGMENTS (CONT'D)**

**45.1 BUSINESS SEGMENTS (CONT'D)**

	ICT Services and Distribution RM'000	Education RM'000	Employment Services RM'000	Concession RM'000	Other RM'000	Consolidation Adjustments and Eliminations RM'000	Total RM'000
<b>The Group</b>							
<b>31.12.2017</b>							
Segment profit/(loss) includes the followings (Cont'd):-							
Gain on disposal of property and equipment	(13)	-	-	-	-	-	(13)
Profit from deposits with licensed Islamic banks	(20)	-	-	-	-	-	(20)
<b>Assets</b>							
Segment assets	174,236	9,170	2,921	57,609	120,878	(152,199)	212,615
Unallocated asset:							
- other investment							9,885
Consolidated total assets							<u>222,500</u>
Additions to non-current assets other than financial instruments are:							
- property and equipment	26,288	419	335	117	-	-	27,159
- development costs	2,159	-	54	-	-	-	2,213
<b>Liabilities</b>							
Segment liabilities	67,397	18,768	1,805	62,849	16,104	(112,499)	54,424
Unallocated liabilities:							
- hire purchase payables							154
- term loans							22,700
- current tax liabilities							1,035
Consolidated total liabilities							<u>78,313</u>

NOTES TO THE **FINANCIAL STATEMENTS**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

**45. OPERATING SEGMENTS (CONT'D)**

**45.2 GEOGRAPHICAL INFORMATION**

The Group operates predominantly all business segments in Malaysia. Accordingly, the information by geographical segments is not presented.

**45.3 MAJOR CUSTOMERS**

The following are major customers with revenue equal to or more than 10% of the Group's total revenue.

	Revenue		Business Segment
	1.1.2018 to 30.6.2019 RM'000	1.1.2017 to 31.12.2017 RM'000	
Customer A	175,460	-	Concession
Customer B	*	18,036	ICT services and distribution

\* - During the financial period, the revenue for this customer was less than 10% of the Group's revenue.

**46. CAPITAL COMMITMENTS**

	The Group	
	30.6.2019 RM'000	31.12.2017 RM'000
Purchase of property and equipment	-	10,180
Additional investment in other investment	-	6,172
	-	16,352



NOTES TO THE **FINANCIAL STATEMENTS**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

#### 47. OPERATING LEASE COMMITMENTS

The Group leases a number of office buildings for campus under non-cancellable operating leases. The lease periods range from 1 to 3 (31.12.2017 - 1 to 5) years with an option to renew after those dates. Lease payments are increased every year 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	
	30.6.2019 RM'000	31.12.2017 RM'000
Not more than 1 year	4,016	1,290
Later than 1 year and not later than 5 years	6,837	1,319
	<b>10,853</b>	2,609

#### 48. CONTINGENT LIABILITIES

No provisions are recognised on the following matters as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement:-

	The Group		The Company	
	30.6.2019 RM'000	31.12.2017 RM'000	30.6.2019 RM'000	31.12.2017 RM'000
Performance guarantee extended by a subsidiary to third parties	14,928	12,595	-	-
Compensation to a vendor due to project termination	7,291	-	-	-
Dividend payable on RPS "A"	28,800	-	-	-
Special coupon on RSLs	1,000	-	-	-
Corporate guarantee given to licensed banks for credit facilities granted to a subsidiary	-	-	67,390	34,795
	<b>52,019</b>	12,595	<b>67,390</b>	34,795

NOTES TO THE **FINANCIAL STATEMENTS**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

**49. 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.

**49.1 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 currencies giving rise to the risk are primarily United States Dollar ("USD"), Australian Dollar ("AUD") and Euro ("EUR"). 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'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*

	← 30.6.2019 →			← 31.12.2017 →		
	United States Dollar RM'000	Australian Dollar RM'000	Euro RM'000	United States Dollar RM'000	Australian Dollar RM'000	Euro RM'000
<b>The Group</b>						
<u>Financial Assets</u>						
Other investment	-	8,427	-	-	9,885	-
Other receivables	-	-	-	-	312	-
Cash and bank balances	-	-	-	1	-	-
	-	8,427	-	1	10,197	-

NOTES TO THE **FINANCIAL STATEMENTS**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

#### 49. FINANCIAL INSTRUMENTS (CONT'D)

##### 49.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

###### (a) Market Risk (Cont'd)

###### (i) Foreign Currency Risk (Cont'd)

###### *Foreign Currency Exposure (Cont'd)*

	← 30.6.2019 →			← 31.12.2017 →		
	United States Dollar RM'000	Australian Dollar RM'000	Euro RM'000	United States Dollar RM'000	Australian Dollar RM'000	Euro RM'000
<b>The Group</b>						
<u>Financial Liability</u>						
Trade payables	(20,929)	-	(22,946)	(21,507)	-	-
Net financial (liabilities)/assets	(20,929)	8,427	(22,946)	(21,506)	10,197	-
Less: Forward foreign currency contracts (contracted notional principal)	-	-	-	6,252	-	-
Currency Exposure	(20,929)	8,427	(22,946)	(15,254)	10,197	-

The Company does not have any foreign currency exposure and hence, is not exposed to foreign currency risk.

###### *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	
	1.1.2018 to 30.6.2019 RM'000	1.1.2017 to 31.12.2017 RM'000
<b>Effects on Loss After Taxation</b>		
USD/RM - strengthened by 5%	(795)	(580)
- weakened by 5%	795	580
AUD/RM - strengthened by 5%	320	388
- weakened by 5%	(320)	(388)
EUR/RM - strengthened by 5%	(872)	-
- weakened by 5%	872	-

NOTES TO THE **FINANCIAL STATEMENTS**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

**49. FINANCIAL INSTRUMENTS (CONT'D)**

**49.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)**

**(a) Market Risk (Cont'd)**

**(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 in MFRS 7 since neither the carrying amounts 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 summarised as follows:-

	The Group	
	30.6.2019 RM'000	31.12.2017 RM'000
<u>Floating Rate Instruments</u>		
Term loans	29,586	22,700
Bank overdrafts	6,026	-
	<b>35,612</b>	<b>22,700</b>

*Interest Rate Risk Sensitivity Analysis*

The following table details the sensitivity analysis to a reasonably possible change in the interest rates at the end of the reporting period, with all other variables held constant:-

	The Group	
	1.1.2018 to 30.6.2019 RM'000	1.1.2017 to 31.12.2017 RM'000
<b>Effects on Loss After Taxation</b>		
Increase of 100 basis points	(271)	(173)
Decrease of 100 basis points	271	173

NOTES TO THE **FINANCIAL STATEMENTS**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

## 49. FINANCIAL INSTRUMENTS (CONT'D)

### 49.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

#### (a) Market Risk (Cont'd)

##### (iii) Equity Price Risk

The Group and the Company's principal exposure to equity price risk arises mainly from changes in quoted investment prices. The Group and the Company manage their exposure equity price risks by maintaining a portfolio of equities with different risk profiles.

The Group and the Company's equity price profile as monitored by management is set out below:-

	The Group	
	30.6.2019 RM'000	31.12.2017 RM'000
<u>Short-term investments</u>		
Equity funds unit trusts	-	326
Investments placed with fund managers	40	26,178
	40	26,504
	The Company	
	30.6.2019 RM'000	31.12.2017 RM'000
<u>Short-term investments</u>		
Investments placed with fund managers	40	4,365

NOTES TO THE **FINANCIAL STATEMENTS**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

**49. FINANCIAL INSTRUMENTS (CONT'D)**

**49.1 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	
	1.1.2018 to 30.6.2019 RM'000	1.1.2017 to 31.12.2017 RM'000
<b>Effects on Loss After Taxation</b>		
Increase of 5%	2	1,007
Decrease of 5%	(2)	(1,007)

	The Company	
	1.1.2018 to 30.6.2019 RM'000	1.1.2017 to 31.12.2017 RM'000
<b>Effects on Loss After Taxation</b>		
Increase of 5%	2	166
Decrease of 5%	(2)	(166)

NOTES TO THE **FINANCIAL STATEMENTS**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

## 49. FINANCIAL INSTRUMENTS (CONT'D)

### 49.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

#### (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 Company's exposure to credit risk arises principally from loans and advances to subsidiaries, and corporate guarantee given to financial institutions for credit facilities granted to certain subsidiaries. The Company monitors the results of these subsidiaries regularly and repayments made by the subsidiaries.

#### (i) Credit Risk Concentration Profile

The Group's major concentration of credit risk relates to the amounts owing by 1 (31.12.2017 - 2) customers which constituted approximately 88% (31.12.2017 - 32%) of its total trade receivables at the end of the reporting period.

#### (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 after deducting any allowance for impairment losses (where applicable).

In addition, the Company's maximum exposure to credit risk also includes corporate guarantees provided to its subsidiaries as disclosed under the 'Maturity Analysis' of item (c) below, representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period. These corporate guarantees have not been recognised in the Company's financial statements since their fair value on initial recognition were not material.

#### (iii) Assessment of Impairment Losses

At each reporting date, the Group assesses whether any of the financial assets at amortised cost is credit impaired.

The gross carrying amounts of financial assets are written off when there is no reasonable expectation of recovery (i.e. the debtor does not have assets or sources of income to generate sufficient cash flows to repay the debt) despite the fact that they are still subject to enforcement activities.

NOTES TO THE **FINANCIAL STATEMENTS**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

**49. FINANCIAL INSTRUMENTS (CONT'D)**

**49.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)**

**(b) Credit Risk (Cont'd)**

(iii) Assessment of Impairment Losses (Cont'd)

*Trade Receivables*

The Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables has been grouped based on shared credit risk characteristics and the days past due.

The Group considers any receivables having financial difficulty or with significant balances outstanding for more than a year, are deemed credit impaired.

The expected loss rates are based on the payment profiles of sales over a period of 120 days from the measurement date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle their debts.

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for the trade receivables is summarised below:-

	Gross Amount RM'000	Lifetime Loss Allowance RM'000	Carrying Amount RM'000
<b>The Group</b>			
<b>30.6.2019</b>			
Current (not past due)	188,691	(257)	188,434
1 to 30 days past due	4,922	(66)	4,856
31 to 60 days past due	1,078	(32)	1,046
61 to 90 days past due	1,288	(38)	1,250
Past due more than 90 days	4,863	(125)	4,738
	200,842	(518)	200,324
Credit impaired:			
- individually impaired	14,818	(14,818)	-
	215,660	(15,336)	200,324



NOTES TO THE **FINANCIAL STATEMENTS**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

#### 49. FINANCIAL INSTRUMENTS (CONT'D)

##### 49.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

###### (b) Credit Risk (Cont'd)

###### (iii) Assessment of Impairment Losses (Cont'd)

###### *Trade Receivables* (Cont'd)

In the last financial year, the loss allowance on trade receivables was calculated under MFRS 139. The ageing analysis of trade receivables is as follows:-

	Gross Amount RM'000	Individual Impairment RM'000	Collective Impairment RM'000	Carrying Amount RM'000
<b>The Group</b>				
<b>31.12.2017</b>				
Not past due	18,189	-	-	18,189
Past due:				
- 1 to 30 days	12,291	-	-	12,291
- 31 to 60 days	521	-	-	521
- more than 60 days	12,084	(949)	-	11,135
	43,085	(949)	-	42,136

The movements in the loss allowances in respect of trade receivables is disclosed in Note 14 to the financial statements.

###### *Other Receivables*

The Group applies the 3-stage general approach to measuring expected credit losses for the other receivables. Generally, the Group considers amount owing by other receivables have low credit risks. The Group considers other receivables to be credit impaired when the other receivable is unlikely to repay its loan or advance in full.

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for other receivables are summarised below:-

	Gross Amount RM'000	Lifetime Loss Allowance RM'000	Carrying Amount RM'000
<b>The Group</b>			
<b>30.6.2019</b>			
Low credit risk	8,010	-	8,010
Credit impaired	3,156	(3,156)	-
	11,166	(3,156)	8,010

In the last financial year, the loss allowance on other receivables was calculated under MFRS 139.

NOTES TO THE **FINANCIAL STATEMENTS**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

**49. FINANCIAL INSTRUMENTS (CONT'D)**

**49.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)**

**(b) Credit Risk (Cont'd)**

(iii) Assessment of Impairment Losses (Cont'd)

*Fixed Deposits with Licensed Banks, Cash and Bank Balances*

The Group considers these banks and financial institutions have low credit risks. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

*Amount Owing By Subsidiaries (Non-trade Balances)*

The Company applies the 3-stage general approach to measuring expected credit losses for all inter-company balances. Generally, the Company considers loans and advances to subsidiaries have low credit risks. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's loan or advance to be credit impaired when the subsidiary is unlikely to repay its loan or advance in full or the subsidiary is continuously loss making or the subsidiary is having a deficit in its total equity.

The Company determines the probability of default for these loans and advances individually using internal information available.

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for amount owing by subsidiaries are summarised below:-

	Gross Amount RM'000	Lifetime Loss Allowance RM'000	Carrying Amount RM'000
<b>The Company</b>			
<b>30.6.2019</b>			
Low credit risk	64,276	-	64,276
Credit impaired	32,189	(32,189)	-
	<b>96,465</b>	<b>(32,189)</b>	<b>64,276</b>

In the last financial year, the loss allowance on amount owing by subsidiaries was calculated under MFRS 139.

NOTES TO THE **FINANCIAL STATEMENTS**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

## 49. FINANCIAL INSTRUMENTS (CONT'D)

### 49.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

#### (b) Credit Risk (Cont'd)

##### (iii) Assessment of Impairment Losses (Cont'd)

##### *Financial Guarantee Contracts*

All of the financial guarantee contracts are considered to be performing, have low risks of default and historically there were no instances where these financial guarantee contracts were called upon by the parties of which the financial guarantee contracts were issued to. Accordingly, no loss allowances were identified based on 12-month expected credit losses.

#### (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.

##### *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):-

	Effective Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 – 5 Years RM'000	Over 5 Years RM'000
<b>The Group</b>						
<b>30.6.2019</b>						
<u>Non-derivative Financial Liabilities</u>						
RPS "A"	4.60	152	152	-	152	-
RSLs	10.00	10,000	10,000	-	10,000	-
Hire purchase payables	4.82	96	101	45	56	-
Term loans	4.30 - 4.60	29,586	40,275	4,614	22,174	13,487
Revolving credits	5.31 - 5.63	17,661	17,661	17,661	-	-
Trade payables	-	53,791	53,791	53,791	-	-
Other payables and accruals	18.00	19,784	20,697	20,697	-	-
Amount owing to directors	18.00	2,133	2,406	2,406	-	-
Bank overdrafts	7.20	6,026	6,026	6,026	-	-
		<b>139,229</b>	<b>151,109</b>	<b>105,240</b>	<b>32,382</b>	<b>13,487</b>

NOTES TO THE **FINANCIAL STATEMENTS**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

**49. FINANCIAL INSTRUMENTS (CONT'D)**

**49.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)**

(c) **Liquidity Risk (Cont'd)**

*Maturity Analysis (Cont'd)*

	Effective Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 – 5 Years RM'000	Over 5 Years RM'000
<b>The Group</b>						
<b>31.12.2017</b>						
<u>Non-derivatives</u>						
<u>Financial Liabilities</u>						
Hire purchase payables	4.82	154	168	45	123	-
Term loan	4.82	22,700	28,406	1,929	13,345	13,132
Trade payables	-	33,871	33,871	33,871	-	-
Other payables and accruals	-	7,250	7,250	7,250	-	-
		63,975	69,695	43,095	13,468	13,132
<b>The Company</b>						
<b>30.6.2019</b>						
<u>Non-derivatives</u>						
<u>Financial Liabilities</u>						
Other payables and accruals	-	673	673	673	-	-
Amount owing to directors	-	505	505	505	-	-
Amount owing to a subsidiary	-	29,214	29,214	29,214	-	-
Financial guarantee contracts in relation to corporate guarantee given to certain subsidiaries #	-	-	67,390	67,390	-	-
		30,392	97,782	97,782	-	-

NOTES TO THE **FINANCIAL STATEMENTS**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

## 49. FINANCIAL INSTRUMENTS (CONT'D)

### 49.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

#### (c) Liquidity Risk (Cont'd)

##### *Maturity Analysis (Cont'd)*

	Effective Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 – 5 Years RM'000	Over 5 Years RM'000
<b>The Company</b>						
<b>31.12.2017</b>						
<u>Non-derivatives Financial Liabilities</u>						
Other payables and accruals	-	2,692	2,692	2,692	-	-
Financial guarantee contracts in relation to corporate guarantee given to certain subsidiaries #	-	-	34,795	34,795	-	-
		2,692	37,487	37,487	-	-

# - The contractual undiscounted cash flows represent the outstanding credit facilities of the subsidiaries at the end of the reporting period. The financial guarantees have not been recognised in the financial statements since their fair value on initial recognition were not material.

### 49.2 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support its businesses 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.

NOTES TO THE **FINANCIAL STATEMENTS**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

**49. FINANCIAL INSTRUMENTS (CONT'D)**

**49.2 CAPITAL RISK MANAGEMENT (CONT'D)**

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as net debt divided by total equity. The Group includes within net debt, loans and borrowings from financial institutions less cash and cash equivalents. The debt-to-equity ratio of the Group at the end of the reporting period was as follows:-

	The Group	
	30.6.2019 RM'000	31.12.2017 RM'000
RSLs (Note 25)	10,000	-
RPS "A" (Note 26)	152	-
Hire purchase payables (Note 23)	96	154
Term loans (Note 24)	29,586	22,700
Revolving credits (Note 31)	17,661	-
Bank overdrafts (Note 32)	6,026	-
	<b>63,521</b>	22,854
Less: Short-term investments (Note 17)	(40)	(26,504)
Less: Fixed deposits with licensed banks (Note 18)	(4,216)	(31,591)
Less: Cash and bank balances (Note 18)	(2,950)	(13,191)
Net debt	<b>56,315</b>	(48,432)
Total equity	<b>120,149</b>	144,187
Debt-to-equity ratio	<b>0.47</b>	N/A

There was no change in the Group's approach to capital management during the financial period.

The Group is also required to comply with certain loan covenants as disclosed in Note 24 to the financial statements, failing which, the bank may call an event of default. The Group has complied with this requirement.

NOTES TO THE **FINANCIAL STATEMENTS**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

#### 49. FINANCIAL INSTRUMENTS (CONT'D)

##### 49.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	30.6.2019	
	The Group RM'000	The Company RM'000
<b>Financial Assets</b>		
<u>Mandatorily at Fair Value Through Profit or Loss</u>		
Short-term investments (Note 17)	40	40
<u>Designated at Fair Value Through Other Comprehensive Income</u>		
<u>Upon Initial Recognition</u>		
Other investment (Note 9)	8,427	-
<u>Amortised Cost</u>		
Trade receivables (Note 14)	200,324	-
Other receivables (Note 15)	805	-
Amount owing by subsidiaries (Note 16)	-	64,276
Cash and bank balances (Note 18)	7,166	4
	<b>208,295</b>	<b>64,280</b>
<b>Financial Liability</b>		
<u>Amortised Cost</u>		
RPS "A" (Note 26)	152	-
RSLs (Note 25)	10,000	-
Hire purchase payables (Note 23)	96	-
Term loans (Note 24)	29,586	-
Revolving credits (Note 31)	17,661	-
Trade payables (Note 27)	53,791	-
Other payables and accruals (Note 29)	19,784	673
Amount owing to a subsidiary (Note 16)	-	29,214
Amount owing to directors (Note 30)	2,133	505
Bank overdrafts (Note 32)	6,026	-
	<b>139,229</b>	<b>30,392</b>

NOTES TO THE **FINANCIAL STATEMENTS**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

**49. FINANCIAL INSTRUMENTS (CONT'D)**

**49.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONT'D)**

	31.12.2017	
	The Group RM'000	The Company RM'000
<b>Financial Assets</b>		
<u>Available-for-sale Financial Asset</u>		
Other investment (Note 9)	9,885	-
<u>Loans and Receivables Financial Assets</u>		
Trade receivables (Note 14)	42,136	-
Other receivables (Note 15)	3,129	2,599
Amount owing by subsidiaries (Note 16)	-	71,097
Cash and bank balances (Note 18)	44,782	148
	90,047	73,844
<u>Fair Value through Profit or Loss</u>		
Short-term investments (Note 17)	26,504	4,365
<b>Financial Liability</b>		
<u>Other Financial Liabilities</u>		
Hire purchase payables (Note 23)	154	-
Term loan (Note 24)	22,700	-
Trade payables (Note 27)	33,871	-
Other payables and accruals (Note 29)	7,250	2,692
	63,975	2,692



NOTES TO THE **FINANCIAL STATEMENTS**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

**49. FINANCIAL INSTRUMENTS (CONT'D)**

**49.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS**

	30.6.2019	
	The Group RM'000	The Company RM'000
<b>Financial Assets</b>		
<u>Fair Value Through Profit or Loss</u>		
Net gains recognised in profit or loss	393	128
<u>Equity Investments at Fair Value Through Other Comprehensive Income</u>		
Net losses recognised in other comprehensive income	(1,689)	-
<u>Amortised Cost</u>		
Net losses recognised in profit or loss	(16,500)	(31,788)
<b>Financial Liability</b>		
<u>Amortised Cost</u>		
Net losses recognised in profit or loss	(5,504)	-

	31.12.2017	
	The Group RM'000	The Company RM'000
<b>Financial Assets</b>		
<u>Fair Value Through Profit or Loss</u>		
Net gains recognised in profit or loss	1,940	256
<u>Loans and Receivables Financial Asset</u>		
Net losses recognised in profit or loss	(630)	-
<b>Financial Liability</b>		
<u>Financial Liabilities Measured at Amortised Cost</u>		
Net gains recognised in profit or loss	103	-

NOTES TO THE **FINANCIAL STATEMENTS**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

**49. FINANCIAL INSTRUMENTS (CONT'D)**

**49.5 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 or repayable on demand terms.

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:-

	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	Level 2	Level 3	Level 1	Level 2	Level 3		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
<b>The Group</b>								
<b>30.6.2019</b>								
<u>Financial Assets</u>								
Other investment #	-	-	8,427	-	-	-	8,427	8,427
Short-term investments	40	-	-	-	-	-	40	40
<u>Financial Liabilities</u>								
RPS "A"	-	-	-	-	152	-	152	152
RSLs	-	-	-	-	10,000	-	10,000	10,000
Hire purchase payables	-	-	-	-	96	-	96	96
Term loans	-	-	-	-	29,586	-	29,586	29,586
<b>The Group</b>								
<b>31.12.2017</b>								
<u>Financial Asset</u>								
Short-term investments	26,504	-	-	-	-	-	26,504	26,504
<u>Financial Liabilities</u>								
Hire purchase payables	-	-	-	-	154	-	154	154
Term loan	-	-	-	-	22,700	-	22,700	22,700

Note:-

# - The fair value measurement of unquoted investments arising from the adoption of MFRS 9 with effect from 1 January 2018. Comparative figures are not restated in line with the transition requirements under MFRS 9. The fair value of the unquoted investments in the previous financial year was not presented as the investments were accounted for under MFRS 139, which were not carried at fair value and were stated at cost less any impairment loss as at 31 December 2017.

NOTES TO THE **FINANCIAL STATEMENTS**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

#### 49. FINANCIAL INSTRUMENTS (CONT'D)

##### 49.5 FAIR VALUE INFORMATION (CONT'D)

	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	Level 2	Level 3	Level 1	Level 2	Level 3		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
<b>The Company</b>								
<b>30.6.2019</b>								
<u>Financial Asset</u>								
Short-term investments	40	-	-	-	-	-	40	40
<b>31.12.2017</b>								
<u>Financial Asset</u>								
Short-term investments	4,365	-	-	-	-	-	4,365	4,365

#### (a) Fair Value of Financial Instruments Carried at Fair Value

The fair values of above have been determined using the following basis:-

- (i) The fair value of short-term investment is determined at their quoted closing prices at the end of the reporting period.
- (ii) The fair value of unquoted equity investments is determined based on input and the information applicable to level 3 fair value measurement. The fair value of unquoted investments have been estimated using Discounted Cash Flows ("DCF") techniques. The DCF model incorporates unobservable inputs, amongst others, the forecast cash flows, long-term growth rates, cost of capital and long-term operating margins.

There were no transfer between level 1 and level 2 during the financial period.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

#### 49. FINANCIAL INSTRUMENTS (CONT'D)

##### 49.5 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 term loan 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 RCPS "A", RSLs, hire purchase payables 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	
	30.6.2019	31.12.2017
	%	%
RPS "A"	4.60	-
RSLs	10.00	-
Hire purchase payables	4.82	4.82
Term loans	4.30 to 4.60	4.82

#### 50. SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD

- (a) On 29 January 2018, PSSB, a wholly-owned subsidiary of the Company has received a letter of award dated 29 January 2018 from the Ministry of Finance ("MOF") for the extension of contract to supply Microsoft software licences, products and services under Master Licensing Agreement ("MLA") 3.0 to all Government Agencies and Institut Latihan Awam in Malaysia. The extension of Contract is for the period of 3 years commencing from 1 February 2018 until 31 January 2021 at an estimated total value of RM222,600,000. The extension of contract under MLA 3.0 is an enhancement of MLA 2.0 that includes the Institut Latihan Awam as PSSB's new customer base with new added scope of services.
- (b) On 9 February 2018, PCSB, a wholly-owned subsidiary of the Company has completed subscription of the second tranche of 2,000,000 "A" ordinary shares at the subscription price of AUD2,000,000. After completion of the above, PCSB interest in OpenLearning Global Pte. Ltd. ("OGPL") increased from 10.71% to 16.67%.

The final equity interest of PCSB shall be determined based on a performance band that is if OGPL group achieve a consolidated profit after tax of AUD9,000,000 for the twelve months ending 31 December 2020, PCSB will receive an effective shareholding of 14.28%. However, reduction in profits for the twelve months ending 31 December 2020 could see the shareholding in OGPL rising to 24.3%.

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

**50. SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD (CONT'D)**

- (c) On 14 March 2018, PSV, a 70% owned subsidiary of the Company has reclassified the RCPS "A" to RPS "A".
- (d) On 30 March 2018, Halaman Kapital Sdn. Bhd. ("HKSB"), a company wholly owned by Dr Abu Hasan Bin Ismail ("Dr Abu"), the director of the Company, acquired an aggregate 16% equity interest in PSV from 2 shareholders, Muhammad Nagib Gopal Abdullah ("Nagib") and Raja Azmi Adam Nadarajan ("Raja Azmi").
- In consequent thereof, HKSB held 16% equity interest in PSV while Nagib and Raja Azmi held 2% each.
- (e) On 10 April 2018, PSKIN, a wholly-owned subsidiary of the Company received a letter from the Ministry of Home Affairs, which confirmed that PSKIN has fulfilled all the conditions precedent in the Concession Agreement ("CA") with the GOM in relation to the implementation of an integrated and comprehensive core immigration system known as SKIN. The Effective Date of the CA is 11 April 2018.
- (f) On 4 September 2018, PSSB entered into an agreement with the GOM represented by the Ministry of Finance for the implementation of MLA 3.0. This is further to an announcement made on 29 January 2018.
- (g) On 25 September 2018, PSSB received a letter of award from Ministry of Education ("MOE") on the extension of contract for the supply of Microsoft software licenses under the MUSE programme to all public higher education institution including universities, polytechnics and community colleges under the Ministry of Higher Education (currently MOE). The extension is for a period of one (1) year commenced on 3 July 2018 until 2 July 2019 at a total value of RM11,627,070.97.
- (h) On 12 December 2018, PSKIN had received a letter from Ministry of Home Affairs dated 11 December 2018, confirming the decision of the Cabinet to terminate the SKIN project by way of expropriation. Following clarification with the government, both parties have mutually agreed that the termination of concession to take effect on 22 January 2019. PSKIN is entitled for compensation in accordance with the formula set out in the CA.
- (i) On 28 May 2018, PCSB entered into:-
- (i) a supplemental deed to the Subscription Agreement dated 5 September 2017 ("Supplemental Deed 1") with OGPL and Adam Maurice Brimo for the purposes of supplementing and amending the terms and conditions of the Subscription Agreement arising from the subscription of shares by Magna Intelligent Sdn. Bhd. ("Magna") and Other Investors.
- Pursuant to the Supplemental Deed 1, PCSB shall subscribe for an additional 194,153 convertible preference shares ("CPS") at an aggregate consideration of AUD1.00 only.
- (ii) a supplemental deed to the Shareholders' Agreement dated 5 September 2017 ("Supplemental Deed 2") with OLG Australia Investor Pte. Ltd., OGPL and Other Investors for the purposes of supplementing and amending the terms and conditions of the Shareholders' Agreement arising from the subscription of shares in OGPL by Other Investors.
- Upon the subscription of shares in OGPL by Magna and Other Investors, PCSB's interest in OGPL decreased from 16.67% to 14.90%.
- (j) On 5 June 2018, PCSB subscribed for an additional 194,153 CPS in OGPL at an aggregate consideration of AUD1.00 only.
- (k) On 23 April 2019, PSV declared the single-tier interim dividend amounting to RM28,804,190 at RM190 per redeemable preference share in respect of the financial period 30 June 2019 to RPS "A" holders. The payment of the dividend is contingent upon the following events:-
- (i) PSKIN receiving the contractual payment for the legal claim amounting to RM733 million from the GOM;
- (ii) approval by the directors of PSV in the event the payment received by PSKIN is less than the contractual payment; or
- (iii) the reinstatement of the SKIN project by GOM to PSKIN, with project value and scope agreed by both parties.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

#### 51. SIGNIFICANT EVENT OCCURRING AFTER THE REPORTING PERIOD

On 1 July 2019, PSSB had received a Letter of Award dated 28 June 2019 from the MOF to supply Microsoft software licenses, product and services under the MLA 3.0 to the MOE, for a period of 1 year at a total price of RM22,942,505. The contract will be managed through the following programmes:-

- (a) Education Alliance Agreement (“EAA”) to all schools under MOE, shall be effective from 10 March 2019 to 9 March 2020 at a price of RM11,226,005; and
- (b) Enrolment for Education Solutions (“EES”) to all agencies under MOE, shall be effective from 3 July 2019 to 2 July 2020 at a price of RM11,716,500.

#### 52. MATERIAL LITIGATION

On 15 April 2019, PSKIN, a wholly-owned subsidiary of PSV, which in turn is a subsidiary of the Company, filed an Originating Summons (No. WA-21NCvC-20-04/2019) at the Kuala Lumpur High Court (“OS”) as “Plaintiff” against the Government of Malaysia (“GOM”) as “Defendant”, in relation to the termination of the Concession Agreement dated 9 August 2017 (“CA”) by GOM, by way of expropriation pursuant to Clause 31.1 of the CA.

##### Details of Circumstances leading to the Filing of the OS against GOM

Following the letter from GOM dated 11 December 2018, confirming the decision of the Cabinet to terminate the SKIN project, PSKIN and GOM had met several times to discuss among others, the payment obligation of GOM and the quantum to be paid by GOM, but both parties were unable to reach an agreement. Hence, PSKIN has filed the OS seeking the following orders:-

- (a) A declaration that GOM is under an obligation to pay to PSKIN a sum representing the present value of the Availability Charges for the remaining unexpired Concession Period discounted at Weighted Average Cost of Capital of PSKIN as at the effective date of termination of the CA i.e. 22 January 2019, in accordance with Clause 28.3.1(b)(iii) read together with Appendix 14 of the CA and Schedule 1 of the Supplemental Agreement dated 11 April 2018 (“Supplemental Agreement”);
- (b) A declaration that the sum payable by GOM to PSKIN pursuant to Clauses 28.3.1(b)(iii), 31 and Appendix 14 of the CA and Schedule 1 of the Supplemental Agreement is RM732,860,194.00, or any such amount as ordered by the Court;
- (c) An order that GOM makes payment to PSKIN of the sums declared and ordered in respect of paragraph (b) above, not later than six (6) months after the termination date i.e. on or before 22 July 2019, in compliance with Clause 28.3.1(b)(iii) of the CA;
- (d) Interest on the sum of RM732,860,194.00 or any such sum as ordered by the Court, at any such rate as the Court deems fit, calculated from 22 July 2019, or any such date as the Court deems fit, to the date of judgement;
- (e) Interest on the judgement sum in respect of paragraph (c) above at the rate of 5% per annum calculated from the date of judgement to the date of full satisfaction of the judgement sum;
- (f) Costs; and/or
- (g) Such further and/or other relief as the Court deems fit.

NOTES TO THE **FINANCIAL STATEMENTS**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

## 52. MATERIAL LITIGATION (CONT'D)

### Details of Circumstances leading to the Filing of the OS against GOM (Cont'd)

PSKIN filed the OS on 15 April 2019 and the sealed copy of the OS was served on GOM on 25 April 2019. Following this, PSKIN filed an application for a Protective Order, which was granted on 19 June 2019. Upon obtaining the Protective Order, PSKIN filed its Affidavit in Support in respect of the OS on 19 June 2019 and served the said Affidavit in Support on GOM on 24 June 2019. GOM was to file its Affidavit in Reply in respect of the OS by 12 July 2019.

On 23 August 2019, GOM served its Affidavit in Reply in respect of the OS on PSKIN. On 6 September 2019, PSKIN filed and served its Affidavit in Reply on GOM.

GOM has filed an application for conversion of the OS to a writ action. The Hearing of this application has been fixed for 25 September 2019. If GOM is successful in its application, the OS will be converted into a writ action with directions given for a trial of the suit.

## 53. CHANGES IN ACCOUNTING POLICIES

As mentioned in Note 4.1 to the financial statements, the Group has adopted MFRS 9 and MFRS 15 during the financial period. The financial impacts upon the adoption of these accounting standards are summarised below:-

### Statements of Financial Position (Extract):-

	← At 31.12.2017 →			← At 1.1.2018 →	
	As Previously Reported RM'000	MFRS 15 Adjustments RM'000	As Restated (after effects of adoption of MFRS 15) RM'000	MFRS 9 Adjustments RM'000	As Restated RM'000
<b>The Group</b>					
<u>Assets</u>					
Long-term receivable	78,053	(78,053)	-	-	-
Other investment	9,885	-	9,885	(5,941)	3,944
Contract cost	-	44,335	44,335	-	44,335
Trade receivables	42,136	-	42,136	(1,426)	40,710
<u>Liabilities</u>					
Deferred tax liabilities	1,138	(1,138)	-	-	-
Current tax liabilities	6,499	(5,464)	1,035	-	1,035
Other payables and accruals	20,553	(11,851)	8,702	-	8,702
Contract liabilities	-	11,851	11,851	-	11,851
<u>Equities</u>					
Fair value reserve	-	-	-	(5,941)	(5,941)
Retained profits	58,482	(18,981)	39,501	(1,426)	38,075
Non-controlling interests	7,050	(8,135)	(1,085)	-	(1,085)

NOTES TO THE **FINANCIAL STATEMENTS**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

**53. CHANGES IN ACCOUNTING POLICIES**

Statements of Financial Position (Extract) (Cont'd):-

	← At 31.12.2017 →			← At 1.1.2018 →	
	As Previously Reported RM'000	MFRS 15 Adjustments RM'000	As Restated (after effects of adoption of MFRS 15) RM'000	MFRS 9 Adjustments RM'000	As Restated RM'000
<b>The Company</b>					
<u>Asset</u>					
Amount owing by subsidiaries	71,097	-	71,097	(3,000)	68,097
<u>Equity</u>					
Retained profits/(Accumulated losses)	574	-	574	(3,000)	(2,426)

Statements of Profit Or Loss and Other Comprehensive Income (Extract):-

	← 1.1.2017 to 31.12.2017 →		
	As Previously Reported RM'000	MFRS 15 Adjustments RM'000	As Restated RM'000
<b>The Group</b>			
Revenue	219,506	(78,053)	141,453
Cost of sales	(153,673)	44,335	(109,338)
Gross profit	65,833	(33,718)	32,115
Profit before taxation	37,978	(33,718)	4,260
Income tax expense	(13,408)	6,602	(6,806)
Profit/(Loss) after taxation attributable to:			
- Owners of the Company	18,208	(18,981)	(773)
- Non-controlling interests	6,362	(8,135)	(1,773)



NOTES TO THE **FINANCIAL STATEMENTS**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

### 53. CHANGES IN ACCOUNTING POLICIES (CONT'D)

#### Statements of Cash Flows (Extract):-

	← 1.1.2017 to 31.12.2017 →	
	As Previously Reported RM'000	MFRS 15 Adjustments RM'000
		As Restated RM'000
<b>The Group</b>		
Profit before taxation	37,978	(33,718)
Increase in contract costs	-	(44,335)
Increase in trade and other receivables	(91,292)	78,053
		(13,239)

#### Initial Application of MFRS 15

The Group has adopted MFRS 15 with full retrospective application using the following practical expedients:-

For completed contracts, an entity need not restate contracts that:-

- (a) begin and end within the same annual reporting period; or
- (b) are completed contracts at the beginning of the earliest period presented.

The main impacts resulting from the changes made are summarised below:-

- (a) Timing of recognition of revenue

The Group has deferred the revenue recognition on concession revenue as PSKIN has met the criteria of contract in MFRS 15 in the current financial period, based the effective date of the CA as declared by Ministry of Home Affairs.

- (b) Accounting for costs to fulfill a contract

The Group has recognised costs to relate directly to a contract (or an anticipated contract) with customer as an asset when the costs generate or enhance resources of the Group, will be used in satisfying performance obligation in the future and are recovered.

- (c) Presentation of contract liabilities in the statements of financial position

MFRS 15 requires separate presentation of contract assets and contract liabilities in the statement of financial position. This results in some reclassifications as of 1 January 2017 and 31 December 2017, which were previously included in other payables financial statement line items. Contract liabilities are the obligations to transfer goods or services to the customers for which the Group has received the consideration or have billed the customers.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

#### 53. CHANGES IN ACCOUNTING POLICIES (CONT'D)

##### Initial Application of MFRS 9

The Group has adopted MFRS 9 without restating any comparative information (transitional exemption). Therefore, the financial impacts arising from the new classification and measurement of financial instruments, and the new impairment requirements are not reflected in its consolidated statements of financial position as at 31 December 2017; but are recognised in the opening consolidated statements of financial position on 1 January 2018 (date of initial application of MFRS 9). The main impacts resulting from the changes made are summarised below:-

	Classification and Carrying Amount		
	Under MFRS 139 RM'000	Under MFRS 9 RM'000	Transition Adjustment RM'000
<b>The Group</b>			
(a) Reclassification from available-for-sale ("AFS") financial assets to fair value through other comprehensive income ("FVOCI").	AFS 9,885	FVOCI 3,944	(5,941)

The Group intends to hold the other investment for long-term strategic purposes. This investment was measured at cost less impairment losses in prior periods. As permitted by MFRS 9, the Group has designated such investment as fair value through other comprehensive income, to be measured at fair value at each reporting date. As a result, a total fair value loss of RM5,941,000 was recognised in the fair value reserve of the Group with a corresponding decrease in the carrying amount of its other investments as at 1 January 2018.

- (b) The Group has changed its impairment loss methodology from the "incurred loss" approach to the "expected credit loss" approach upon the adoption of MFRS 9. Under this new approach, the Group has accounted for the expected credit losses of its financial assets measured at amortised costs to reflect their changes in credit risk since initial recognition. Also, the Group has applied a simplified approach to measure the loss allowance of its trade receivables as permitted by MFRS 9. Consequently, a total increase of RM1,426,000 in the loss allowance for trade receivables was recognised in the opening retained profits of the Group at 1 January 2018.

##### **The Company**

There were no material financial impacts upon the transition to MFRS 9 at the date of initial application other than an increase in the loss allowance for amount owing by subsidiaries arising from the change in impairment loss assessment.

#### 54. COMPARATIVE FIGURES

The Company and its subsidiaries have changed its financial year end from 31 December to 30 June. Consequently, the comparative figures for the statements of profit or loss and other comprehensive income, statements of changes in equity, statements of cash flows and their related notes are not comparable to that for the current 18-month period ended 30 June 2019.

## LIST OF PROPERTIES

No.	Location	Registered Owner	Tenure	Built-up Area (sq ft)	Description/ Existing Use	Approximate Age of Building (Years)	Net Book Value as at 30.06.2019 (RM)	Date of Acquisition
1.	Unit No. 70-1, Lingkaran Cyber Point Barat, NeoCyber, 63000 Cyberjaya, Selangor Darul Ehsan	PSSB	Freehold	1,710 sq ft	Office building	10.5	215,000.00	4 Sept 2007
2.	Unit No. 71-1, Lingkaran Cyber Point Barat, NeoCyber, 63000 Cyberjaya, Selangor Darul Ehsan	PSSB	Freehold	1,710 sq ft	Office building	10.5	215,000.00	4 Sept 2007
3.	Unit No. 72-1, Lingkaran Cyber Point Barat, NeoCyber, 63000 Cyberjaya, Selangor Darul Ehsan	PSSB	Freehold	1,710 sq ft	Office building	10.5	215,000.00	4 Sept 2007
4.	Unit No. 73-1, Lingkaran Cyber Point Barat, NeoCyber, 63000 Cyberjaya, Selangor Darul Ehsan	PSSB	Freehold	1,847 sq ft	Office building	10.5	258,000.00	4 Sept 2007
5.	Unit No. 72-G, Lingkaran Cyber Point Barat, NeoCyber, 63000 Cyberjaya, Selangor Darul Ehsan	PSSB	Freehold	1,446 sq ft	Office building	10.5	409,000.00	4 Sept 2007
6.	Unit No. 73-G, Lingkaran Cyber Point Barat, NeoCyber, 63000 Cyberjaya, Selangor Darul Ehsan	PSSB	Freehold	2,440 sq ft	Office building	10.5	647,000.00	15 Sept 2007
7.	Unit No. 71-G, Lingkaran Cyber Point Barat, NeoCyber, 63000 Cyberjaya, Selangor Darul Ehsan	PSSB	Freehold	1,446 sq ft	Office building	10.5	422,000.00	1 July 2009
8.	Unit No. 70-G, Lingkaran Cyber Point Barat, NeoCyber, 63000 Cyberjaya, Selangor Darul Ehsan	PSSB	Freehold	1,446 sq ft	Office building	10.5	422,000.00	1 July 2009
9.	Unit No. 73A-G, Lingkaran Cyber Point Barat, NeoCyber, 63000 Cyberjaya, Selangor Darul Ehsan	PSSB	Freehold	2,440 sq ft	Office building	10.5	852,000.00	3 Sept 2010
10.	Unit No. 73A-1, Lingkaran Cyber Point Barat, NeoCyber, 63000 Cyberjaya, Selangor Darul Ehsan	PSSB	Freehold	1,847 sq ft	Office building	10.5	645,000.00	3 Sept 2010
11.	Block 12 Corporate Park Star Central @Cyberjaya, 63000 Cyberjaya, Selangor Darul Ehsan	PSSB	Freehold	40,375 sq ft	Office building	1.5	23,682,000.00	4 Dec 2017
12.	Block 11-2 (11B), Corporate Park Star Central @Cyberjaya, 63000 Cyberjaya, Selangor Darul Ehsan	PSSB	Freehold	17,999 sq ft	Office building	0.92	11,407,000.00	3 Jul 2018

## ANALYSIS OF SHAREHOLDINGS

AS AT 30 SEPTEMBER 2019

### SHARE CAPITAL

Total number of Issued shares	: 484,000,000 Ordinary Shares (including 1,698,500 treasury shares)
Class of share	: Ordinary Shares
Voting rights	: One (1) vote per Ordinary Share
Number of shareholders	: 5,765

### DISTRIBUTION OF SHAREHOLDINGS

SIZE OF HOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	17	0.29	194	0.00
100 – 1,000	581	10.08	373,900	0.08
1,001 - 10,000	2,800	48.57	16,889,506	3.50
10,001 – 100,000	1,956	33.93	68,098,900	14.12
100,001 – 24,115,074*	408	7.08	254,305,800	52.73
24,115,075 and above **	3	0.05	142,633,200	29.57
<b>Total</b>	<b>5,765</b>	<b>100.00</b>	<b>482,301,500</b>	<b>100.00</b>

Notes :

(\*) *Less than 5% of issued holdings*

(\*\*) *5% and above of issued holdings*

### SUBSTANTIAL SHAREHOLDERS AS AT 30 SEPTEMBER 2019

NAME OF SUBSTANTIAL SHAREHOLDER	DIRECT INTEREST		INDIRECT INTEREST	
	NO. OF SHARES HELD	%	NO. OF SHARES HELD	%
Maybank Trustees Berhad Areca Dynamic Growth Fund	77,196,400	16.01	-	-
CIMB Islamic Trustee Berhad - Affin Hwang Multi-Asset Fund	40,000,000	8.29	-	-
Kumpulan Wang Persaraan (Diperbadankan)	25,437,100	5.27	2,722,100 <sup>(a)</sup>	0.56

Notes:-

(a) *Deemed interested by virtue of the interest of Kumpulan Wang Persaraan (Diperbadankan)'s Fund Managers pursuant to Section 8 of the Act.*

## ANALYSIS OF **SHAREHOLDINGS** AS AT 30 SEPTEMBER 2019

### DIRECTORS' SHAREHOLDINGS AS AT 30 SEPTEMBER 2019

NAME OF DIRECTORS	DIRECT INTEREST		INDIRECT INTEREST	
	NO. OF SHARES HELD	%	NO. OF SHARES HELD	%
Dato' Maznah Binti Abdul Jalil	2,431,000	0.50	-	-
Dr Abu Hasan Bin Ismail	-	-	-	-
Chan Wan Siew	950,000	0.20	50,000*	0.01
Ramanathan A/L Sathiamutty	-	-	-	-
Baldesh Singh A/L Manmohan Singh	-	-	-	-
Ginny Yeow Mei Ying	-	-	-	-

Notes:-

(\*) *Deemed interest by virtue of his spouse, Lee Oi Lin's shareholdings.*

### THIRTY LARGEST SECURITIES ACCOUNT HOLDERS AS AT 30 SEPTEMBER 2019

NO.	SECURITIES ACCOUNT HOLDERS	NO. OF SHARES	%
1.	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR ARECA DYNAMIC GROWTH FUND (411901)	77,196,400	16.01
2.	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB ISLAMIC TRUSTEE BERHAD FOR AFFIN HWANG MULTI-ASSET FUND	40,000,000	8.29
3.	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	25,436,800	5.27
4.	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YEOH POH CHOO	12,372,000	2.57
5.	YEOH ENG HUA	10,786,000	2.24
6.	MAYBANK NOMINEES (TEMPATAN) SDN BHD ETIQA LIFE INSURANCE BERHAD (GROWTH)	8,469,800	1.76
7.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (AMUNDI)	8,000,000	1.66
8.	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM BUMIPUTERA 2	7,733,100	1.60

ANALYSIS OF **SHAREHOLDINGS**

AS AT 30 SEPTEMBER 2019

**THIRTY LARGEST SECURITIES ACCOUNT HOLDERS AS AT 30 SEPTEMBER 2019 (CONT'D)**

NO.	SECURITIES ACCOUNT HOLDERS	NO. OF SHARES	%
9.	DATO' MOHAMED YUNUS RAMLI BIN ABBAS	7,300,000	1.51
10.	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM MALAYSIA 3	6,953,700	1.44
11.	MAYBANK NOMINEES (TEMPATAN) SDN BHD ETIQA LIFE INSURANCE BERHAD (DANA EKT PRIMA)	6,052,100	1.25
12.	AMANAHRAYA TRUSTEES BERHAD ASN IMBANG (MIXED ASSET BALANCED) 1	4,955,500	1.03
13.	MERCSEC NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR SIOW WONG YEN @ SIOW KWANG HWA	4,663,500	0.97
14.	MAYBANK NOMINEES (TEMPATAN) SDN BHD ETIQA LIFE INSURANCE BERHAD (BALANCE)	4,004,500	0.83
15.	CHIN CHIN SEONG	3,650,000	0.76
16.	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	3,127,500	0.65
17.	SOON HOCK TEONG	3,050,000	0.63
18.	HSBC NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR CREDIT SUISSE AG (SG-CLT-T-OS PR)	3,006,000	0.62
19.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR CHIA KWOON MENG (MM0678)	3,000,000	0.62
20.	TAYLOR'S EDUCATION SDN BHD	3,000,000	0.62

ANALYSIS OF **SHAREHOLDINGS**  
AS AT 30 SEPTEMBER 2019

**THIRTY LARGEST SECURITIES ACCOUNT HOLDERS AS AT 30 SEPTEMBER 2019 (CONT'D)**

<b>NO.</b>	<b>SECURITIES ACCOUNT HOLDERS</b>	<b>NO. OF SHARES</b>	<b>%</b>
21.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHIA HANG KIAN	2,609,400	0.54
22.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (ARIM)	2,600,000	0.54
23.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YEOH POH CHOO	2,510,000	0.52
24.	MAYBANK NOMINEES (TEMPATAN) SDN BHD BANK KERJASAMA RAKYAT (M) BERHAD (412803)	2,500,000	0.52
25.	DATO' MAZNAH BINTI ABDUL JALIL	2,431,000	0.50
26.	CHEW KIAM HAR	2,200,000	0.46
27.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YEOH POO CHOO (MY2095)	2,190,000	0.45
28.	MALACCA EQUITY NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR PHILLIP CAPITAL MANAGEMENT SDN BHD (EPF)	1,915,800	0.40
29.	PROMSERV SDN BHD	1,900,000	0.39
30.	FIRSTLINK CAPITAL PTE LTD	1,894,100	0.39
	<b>TOTAL</b>	<b>265,507,200</b>	<b>55.04</b>

## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Ninth Annual General Meeting (“9<sup>th</sup> AGM”) of the Company will be held at Auditorium, University Malaysia of Computer Science and Engineering (“UNIMY”), 3410, Jalan Teknokrat 3, Cyberjaya 4, 63000 Cyberjaya, Selangor Darul Ehsan, Malaysia on Wednesday, 27 November 2019 at 10:00 a.m. for the following purposes:-

### AGENDA

- |    |   |                                     |
|----|---|-------------------------------------|
| 1. | To receive the Audited Financial Statements for the financial period ended 30 June 2019 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 of RM534,000 for the financial period ended 30 June 2019.   | <b>(Resolution 1)</b>               |
| 3. | To approve the payment of Directors’ benefits up to an amount of RM294,800 from 28 November 2019 until the next Annual General Meeting of the Company.                                | <b>(Resolution 2)</b>               |
| 4. | To re-elect Mr. Ramanathan A/L Sathiamutty 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 the following Directors who are retiring pursuant to Article 101 of the Company’s Articles of Association and being eligible, have offered themselves for re-election:-   |                                     |
|    | (a) Mr. Baldesh Singh A/L Manmohan Singh  | <b>(Resolution 4)</b>               |
|    | (b) Ms. Ginny Yeow Mei Ying   | <b>(Resolution 5)</b>               |
| 6. | To re-appoint Messrs. Crowe Malaysia PLT 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 6)</b>               |

### As Special Business

To consider and if thought fit, with or without any modification, to pass the following Ordinary and Special Resolutions:-

- |    |   |                       |
|----|---|-----------------------|
| 7. | <b>ORDINARY RESOLUTION NO. 1</b><br><b>- AUTHORITY TO ISSUE SHARES PURSUANT TO THE COMPANIES ACT 2016</b> | <b>(Resolution 7)</b> |
|----|---|-----------------------|

“**THAT** subject always to the Companies Act 2016 (“**the Act**”), the Articles of Association of the Company and approvals from Bursa Malaysia Securities Berhad (“**Bursa Securities**”) and any other relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered pursuant to the Act, to issue and allot shares in the capital of the Company from time to time at such price and upon such terms and conditions, for such purposes and to such person or persons whomsoever the Directors may in their absolute discretion deem fit, provided always that the aggregate number of shares to be issued pursuant to this resolution does not exceed ten percent (10%) of the total number of issued shares of the Company for the time being;

**AND THAT** the Directors be and are hereby empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities;

**AND FURTHER 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**8. **ORDINARY RESOLUTION NO. 2****(Resolution 8)****- 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 ("PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY")**

"**THAT** subject always to the Companies Act 2016, the Articles of Association/Constitution of the Company, the Bursa Malaysia Securities Berhad ("**Bursa Securities**") Main Market Listing Requirements 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 ten percent (10%) of the total number of issued shares of the Company including the shares previously purchased and retained as Treasury Shares (if any);
- (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 in their absolute discretion 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 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**

9. **ORDINARY RESOLUTION NO. 3** (Resolution 9)  
- **RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTOR**

“**THAT** Mr. Chan Wan Siew who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years be and is hereby retained as an Independent Non-Executive Director in accordance with the Malaysian Code on Corporate Governance.”

10. **SPECIAL RESOLUTION** (Resolution 10)  
- **PROPOSED ADOPTION OF A NEW CONSTITUTION OF THE COMPANY (“PROPOSED ADOPTION”)**

“**THAT** approval be and is hereby given to revoke the existing Memorandum and Articles of Association of the Company in its entirety and in place thereof, the proposed new Constitution of the Company as set out in Part B of the Statement to Shareholders dated 29 October 2019, be and is hereby adopted as the Constitution of the Company with immediate effect.

**AND THAT** the Directors of the Company be and are hereby authorised to do all such acts, deeds and things as are necessary and/or expedient in order to give full effect to the Proposed Adoption with the full power to assent to any conditions, modification, and/or amendments as may be required by any relevant authorities to give effect to the Proposed Adoption.”

11. To transact any other ordinary business of which due notice shall have been given.

By Order of the Board

**CHUA SIEW CHUAN (MAICSA 0777689)**  
**LIM LIH CHAU (LS 0010105)**  
Company Secretaries

Kuala Lumpur  
Dated: 29 October 2019

NOTICE OF **ANNUAL GENERAL MEETING****NOTES:**

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 20 November 2019 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, Boardroom Share Registrars Sdn. Bhd. (*formerly known as Symphony Share Registrars Sdn. Bhd.*), 11<sup>th</sup> Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 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.
8. Explanatory Note on 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 period from 28 November 2019 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 7 – Authority to issue shares pursuant to the Companies Act 2016**

The Company wishes to renew the mandate on the authority to issue shares pursuant to the Companies Act 2016 at the 9<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 Eighth Annual General Meeting (“8<sup>th</sup> AGM”) of the Company held on 16 May 2018 (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.

## NOTICE OF **ANNUAL GENERAL MEETING**

(iii) **Resolution 8 – 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 8<sup>th</sup> AGM of the Company held on 16 May 2018. 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 Statement to Shareholders dated 29 October 2019 for further information.

(iv) **Resolution 9 – Retention of the Independent Non-Executive Director**

Mr. Chan Wan Siew was appointed as an Independent Non-Executive Director of the Company on 18 November 2010, and will therefore serve as Independent Non-Executive Director for more than nine (9) years. As at the date of the Notice of the Annual General Meeting, he has served the Company for eight (8) years and eleven (11) months. However, he has met the independence guidelines as set out in Chapter 1 of Bursa Malaysia Securities Berhad Main Market Listing Requirements. The Board therefore, considers him to be independent and believes that he should be retained as an Independent Non-Executive Director of the Company.

(v) **Resolution 10 – Proposed Adoption of a New Constitution of the Company**

The proposed special resolution is undertaken primarily to streamline the existing Memorandum and Articles of Association (“M&A”) of the Company with the Companies Act 2016, which was effective from 31 January 2017. The Proposed Adoption of a New Constitution is also to align the existing M&A with the Main Market Listing Requirements issued by Bursa Securities Malaysia Berhad on 29 November 2017, and to provide clarity to certain provision thereof and to render consistency throughout in order to facilitate and further enhance administrative efficiency.

Please refer to the Statement to Shareholders dated 29 October 2019 for further information.



PRESTARIANG®

PRESTARIANG BERHAD  
(Company No. 922260-K)  
(Incorporated in Malaysia)

# FORM OF PROXY

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 Represented	
		No. of Shares	%
Full Address			

and/or failing \*him/her,

Second Proxy "B"

Full Name	NRIC/Passport No.	Proportion of Shareholdings Represented	
		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 Ninth Annual General Meeting of the Company to be held at Auditorium, University Malaysia of Computer Science and Engineering ("UNIMY"), 3410, Jalan Teknokrat 3, Cyberjaya 4, 63000 Cyberjaya, Selangor Darul Ehsan, Malaysia on Wednesday, 27 November 2019 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 period ended 30 June 2019 together with the Reports of the Directors and the Auditors thereon.			
2.	To approve the payment of Directors' fees of RM534,000 for the financial period ended 30 June 2019.	1		
3.	To approve the payment of Directors' benefits up to an amount of RM294,800 from 28 November 2019 until the next Annual General Meeting of the Company.	2		
4.	To re-elect Mr. Ramanathan A/L Sathiamutty as Director.	3		
5(a).	To re-elect Mr. Baldesh Singh A/L Manmohan Singh as Director.	4		
5(b).	To re-elect Ms. Ginny Yeow Mei Ying as Director.	5		
6.	To re-appoint Messrs. Crowe Malaysia PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.	6		
<b>Special Business</b>				
7.	Authority to issue shares pursuant to the Companies Act 2016.	7		
8.	Proposed Renewal of Share buy-back authority.	8		
9.	Retention of Mr. Chan Wan Siew as Independent Non-Executive Director.	9		
10.	Proposed Adoption of a New Constitution of the Company.	10		

As witness my/our hand(s) this day \_\_\_\_\_ of \_\_\_\_\_, 2019.

\_\_\_\_\_  
\*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 20 November 2019 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, Boardroom Share Registrars Sdn. Bhd. (*formerly known as Symphony Share Registrars Sdn. Bhd.*), 11<sup>th</sup> Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 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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Stamp

To:

**Boardroom Share Registrars Sdn. Bhd.**

*(Formerly known as Symphony Share Registrars Sdn. Bhd.)*

11<sup>th</sup> Floor, Menara Symphony

No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13

46200 Petaling Jaya, Selangor Darul Ehsan

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## FTSE4GOOD CONTENT INDEX

### CLIMATE CHANGE

Reference Indicator	Indicator Description	Reference Section	Pages
ECC01	Climate change impact including CO2/GHG emissions - Policy or commitment statement to: a) Address the issue b) Reduce or avoid the impact or improve efficiency	<ul style="list-style-type: none"> <li>• Sustainability Policy</li> <li>• Supporting the United Nations Sustainable Development Goals (UNSDG)</li> <li>• Performance, Indicators and Targets</li> <li>• Sustainability Risks and Opportunities</li> <li>• Commitment to the Environment</li> <li>• Green ICT Practice</li> </ul>	49, 59, 61, 63, 76 & 91
ECC05	Initiatives in place include measures to address climate change through adaptation: a) Company mentions addressing adaptation b) Company explains specific actions taken	<ul style="list-style-type: none"> <li>• Supporting the United Nations Sustainable Development Goals (UNSDG)</li> <li>• Performance, Indicators and Targets</li> <li>• Sustainability Risks and Opportunities</li> <li>• Operating Sustainably - Our Environmental Goals</li> <li>• Green ICT Practice</li> </ul>	59, 61, 63, 77-80 & 91
ECC08	Board oversight of climate change: a) Evidence of board or board committee oversight of the management of climate change risks b) Named position responsible at Board level	<ul style="list-style-type: none"> <li>• Sustainability Governance Structure</li> <li>• Corporate Governance Overview - Principle A: Board Leadership and Effectiveness</li> </ul>	51, 52 & 98
ECC12	Intensity of operational GHG emissions is: a) Measured and disclosed b) Reduced	<ul style="list-style-type: none"> <li>• Corporate Responsibilities to the Environment</li> </ul>	76 to 80
ECC14	Three years of total operational GHG emissions data (Scope 1 & 2) is disclosed	<ul style="list-style-type: none"> <li>• Total Carbon Emission</li> </ul>	77
ECC15	Three years of total energy consumption data is disclosed	<ul style="list-style-type: none"> <li>• Energy Use</li> </ul>	78
ECC31	Energy use- Policy or commitment statement to: a) Address the issue b) Reduce or avoid the impact or improve efficiency	<ul style="list-style-type: none"> <li>• Performance Indicators and Targets</li> <li>• Green ICT Practice</li> <li>• Commitment to the Environment</li> <li>• Operating Sustainability - Our Environmental Goals</li> </ul>	61, 76, 77 & 91
ECC38	Short term (up to 5 years) GHG emissions reduction targets - this could include scope 1 and/or scope 2 and/or scope 3: a) Unquantified, process targets b) Quantified targets	<ul style="list-style-type: none"> <li>• Performance, Indicators and Targets</li> <li>• Operating Sustainability – Our Environmental Goals</li> </ul>	61, 77, 78, 79 & 80
ECC40	Disclosure of results measured against previously set and disclosed targets to reduce operational GHG emissions: a) Unquantified, process targets b) Quantified targets	<ul style="list-style-type: none"> <li>• Performance, Indicators and Targets</li> <li>• Operating Sustainability – Our Environmental Goals</li> </ul>	Pages 61, 77, 78, 79 & 80
ECC41	Independent verification of operational GHG emissions data: a) Independent Verification by third party b) International assurance standard used, and level of assurance declared	<ul style="list-style-type: none"> <li>• Scope of the Report : Assurance</li> </ul>	48
ECC42	Independent verification of operational energy consumption data a) Independent Verification by third party b) International assurance standard used, and level of assurance declared	<ul style="list-style-type: none"> <li>• Scope of the Report : Assurance</li> </ul>	48
ECC43	Recognition of climate change: a) As a relevant risk and/or opportunity to the business b) Discloses time horizon of risk and/or opportunity	<ul style="list-style-type: none"> <li>• Sustainability Risk and Opportunities</li> </ul>	63 to 64

## FTSE4GOOD CONTENT INDEX

### CLIMATE CHANGE (CONT'D)

Reference Indicator	Indicator Description	Reference Section	Pages
ECC49	Scope 3 emissions	<ul style="list-style-type: none"> <li>Carbon Emission</li> </ul>	77
ECC51	Internal carbon price: a) Company has an internal price of carbon b) Company discloses the price of carbon	<ul style="list-style-type: none"> <li>Internal Carbon Pricing</li> </ul>	78

### LABOUR STANDARDS

Reference Indicator	Indicator Description	Reference Section	Pages
SLS03	In relation to non-discrimination, company: a) Addresses non-discrimination/equal opportunity in general disclosures b) Race c) Religion d) Gender e) Age f) Sexual orientation g) Disabilities h) Nationality	<ul style="list-style-type: none"> <li>Equal Opportunity Employer</li> </ul>	81 & 88
SLS05	Policy or statement supporting the right to freedom of association that: a) Refers only to compliance with local law on freedom of association b) Covers the respect for or support of the right to freedom of association	<ul style="list-style-type: none"> <li>Advocate Freedom of Association</li> <li>Advocate Freedom of Expression</li> </ul>	81 to 82
SLS06	Policy or statement supporting the right to collective bargaining that: a) Refers only to compliance with local law on collective b) Covers the respect for or support of the right to collective bargaining	<ul style="list-style-type: none"> <li>Rights to Trade Union and Collective Bargaining</li> </ul>	82
SLS07	Policy/Principles/Code addressing the elimination of excessive working hours, which: a) Focuses on compliance with local law on working hours/overtime b) Focuses on specifically reducing excessive working hours	<ul style="list-style-type: none"> <li>Discourage Excessive Working Hours</li> </ul>	82
SLS08	Policy or statement supporting the right to a minimum or living wage, which: a) Focuses on compliance with minimum wage b) Commits to exceed minimum wage/meet living wage	<ul style="list-style-type: none"> <li>Commitment to Exceed Minimum Wage</li> </ul>	82
SLS11	Policy supporting the community addressing: a) The employment of under-privileged groups b) Youth unemployment initiatives, apprenticeships or graduate placements	<ul style="list-style-type: none"> <li>Corporate Citizenship Commitments</li> <li>Promoting the Learning Generation</li> <li>Enabling Youths Through Employment Initiatives</li> <li>Internship Policy</li> </ul>	2, 73 & 74
SLS12	Company policy on labour standards is: a) Communicated globally to employees b) Translated into relevant languages	<ul style="list-style-type: none"> <li>Employee Handbook: On-Board Training and Accessibility</li> </ul>	83



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## LABOUR STANDARDS (CONT'D)

Reference Indicator	Indicator Description	Reference Section	Pages
SLS16	Company has taken action to improve workforce diversity, equal opportunities, or reduce discrimination, including those based on: a) Race b) Religion c) Gender d) Age e) Sexual Orientation f) Disabilities g) Nationality	<ul style="list-style-type: none"> <li>Cultivating Inclusion and Embracing Diversity</li> </ul>	84
SLS21	In relation to instances of labour standards non-compliance, the company: a) Discloses the number of incidents b) Has disclosed specific action taken regarding non-compliance specifying the types of incidents	<ul style="list-style-type: none"> <li>Labour Practice, Compliance and Policies and Human Rights</li> </ul>	81
SLS24	Full time staff voluntary turnover rates	<ul style="list-style-type: none"> <li>Employee Demographic</li> </ul>	88
SLS25	Percentage of employees that are contractors or temporary staff	<ul style="list-style-type: none"> <li>Internship Programme and Temporary Employment</li> <li>Employee Demographic</li> </ul>	75 & 88
SLS26	Amount of time spent on employee development training to enhance knowledge or individual skills	<ul style="list-style-type: none"> <li>Employee Talent Development and Growth</li> </ul>	89
SLS29	Employee personnel development training to enhance abilities or individual skills, including: a) Policy or commitment statement to provide employee personnel development training b) Detailed description of the personnel development training that is provided	<ul style="list-style-type: none"> <li>Commitment to our Employees</li> <li>Performance Indicator and Targets</li> <li>Employee Talent Development and Growth</li> </ul>	62, 81 & 89
SLS30	The company addresses bullying and/or harassment: a) Providing a confidential reporting channel or whistleblowing system b) Manager training on handling of reports or instances of bullying or harassment	<ul style="list-style-type: none"> <li>Incidents, Whistleblowing and Grievance</li> </ul>	83
SLS32	Percentage of global staff with a disability a) Year b) Percentage of global staff with a disability	<ul style="list-style-type: none"> <li>Employee Demographic</li> </ul>	88
SLS33	Percentage of women in the global workforce a) Year b) Percentage of women in the global workforce	<ul style="list-style-type: none"> <li>Employee Demographic</li> </ul>	88

## FTSE4GOOD CONTENT INDEX

### HUMAN RIGHTS & COMMUNITY

Reference Indicator	Indicator Description	Reference Section	Pages
SHR03	Statement of principles or process by which community investments are made: a) Covering defined focus areas b) Community investment focus area(s) linked to the company's business strategy	<ul style="list-style-type: none"> <li>Corporate Citizenship Commitments</li> <li>Philanthropy for Education</li> <li>Promoting the Learning Generation</li> <li>Enabling Youths Through Employment Initiatives</li> </ul>	72, 73 to 74
SHR04	Policy addresses children's rights, other than child labour through: a) Evidence of support for children's rights in company operations or through programmes b) Policy or commitment statement on children's rights	<ul style="list-style-type: none"> <li>Equal Opportunity Employer</li> <li>Compliance to Regulations and Laws</li> </ul>	81 to 82
SHR05	Commitment to local employment and/or sourcing: a) Comment on local employment/sourcing b) Clear commitment	<ul style="list-style-type: none"> <li>Cultivating Inclusion and Embracing Diversity</li> <li>Employee Demographic</li> </ul>	81, 84 & 88
SHR06	Addresses freedom of expression through: a) Having a statement/policy b) Being a member of a relevant industry initiative	<ul style="list-style-type: none"> <li>Advocate Freedom of Expression</li> <li>Professional Membership</li> </ul>	81 to 82
SHR07	Addresses data privacy through: a) Having a statement/policy b) Being a member of a relevant industry initiative	<ul style="list-style-type: none"> <li>Professional Membership</li> <li>Green ICT Practice</li> <li>Customer Privacy and Policy</li> </ul>	70, 81, 91 & 95
SHR15	Output/outcome of specific results, achievements or benefits of community investments: a) Details of output/outcome including non-quantified b) Quantification of output/outcome	<ul style="list-style-type: none"> <li>Philanthropy for Education</li> <li>Promoting the Learning Generation</li> <li>Enabling Youths Through Employment Initiatives</li> </ul>	72, 73 to 74
SHR16	Mechanisms to facilitate employee engagement and involvement with charitable partners: a) Evidence of recognising volunteering b) Specific targets or structures set up to facilitate employee engagement	<ul style="list-style-type: none"> <li>Volunteerism for the Community</li> <li>Cultivating Inclusion and Embracing Diversity</li> </ul>	72 & 84
SHR17	Total Amount of corporate or group donations/community investments made to registered not-for-profit organisations	<ul style="list-style-type: none"> <li>Philanthropy for Education</li> </ul>	Page 72

### CORPORATE GOVERNANCE

Reference Indicator	Indicator Description	Reference Section	Pages
GCG01	Separate Non-Executive Chairman and CEO a) Separate Non-Executive Chairman and CEO, where Chairman is not independent, OR his independence is not declared  b) Separate Non-Executive Chairman and CEO, where Chairman is independent	<ul style="list-style-type: none"> <li>Board of Directors</li> <li>Board Composition</li> </ul>	NOT APPLICABLE Chairman and CEO are separated. Chairman is independent.  25, 102 to 103
GCG02	Disclosure of details about Directors: a) Expertise b) Other Directorships	<ul style="list-style-type: none"> <li>Board of Directors</li> <li>Board Composition</li> </ul>	25, 26, 27 & 28
GCG03	Number of Board Directors	<ul style="list-style-type: none"> <li>Board of Directors</li> <li>Board Composition</li> </ul>	102

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## CORPORATE GOVERNANCE (CONT'D)

Reference Indicator	Indicator Description	Reference Section	Pages
GCG04	Number of independent Directors on the board	<ul style="list-style-type: none"> <li>Board of Directors</li> <li>Board Composition</li> </ul>	102
GCG05	Number of women on the board	<ul style="list-style-type: none"> <li>Board of Directors</li> <li>Board Composition</li> </ul>	102
GCG06	Commitment to gender diversity on the board: a) Statement of support b) Targets in place to improve gender ratio	<ul style="list-style-type: none"> <li>Integrating Sustainability into Corporate Policies</li> <li>Corporate Governance Overview</li> </ul>	93 & 103
GCG07	Board addresses: a) Conflicts of interest b) Related party transactions	<ul style="list-style-type: none"> <li>Audit Committee Report</li> </ul>	99 & 100
GCG08	Periodic evaluation of board effectiveness: a) Review (can have no clear timeframe) b) Evaluation with a clear timeframe (e.g. annually or other set period)	<ul style="list-style-type: none"> <li>Corporate Governance Overview</li> </ul>	98 to 99
GCG09	Disclosure of: a) Board Committee(s) b) Their Charters, terms of reference or equivalent	<ul style="list-style-type: none"> <li>Board Composition</li> <li>Board Charter</li> </ul>	99 & 102
GCG10	Disclosure of number of times the board/each committee have/has met per annum: a) The Board b) Each Committee	<ul style="list-style-type: none"> <li>Board of Directors</li> <li>Meetings</li> </ul>	26 to 28, 99 & 104
GCG11	Disclosure of the attendance rate: a) For some individual board/committee members b) Of all individual directors at both board and committee level	<ul style="list-style-type: none"> <li>Board of Directors</li> <li>Meetings</li> </ul>	26 to 28, 99 & 104
GCG14	Disclosure of fixed and variable remuneration for: a) Senior executives b) Non-executive board members	<ul style="list-style-type: none"> <li>Corporate Governance Report <a href="http://www.prestariang.com.my">www.prestariang.com.my</a></li> </ul>	N/A
GCG19	Annual General Meeting: Number of days between the date of notice and date of meeting	<ul style="list-style-type: none"> <li>Conduct of General Meetings</li> </ul>	114
GCG21	Shareholders have the right to vote on executive remuneration: a) Evidence of shareholders voting in the AGM b) The right to vote annually is explicitly covered in a company policy	<ul style="list-style-type: none"> <li>Board Composition</li> </ul>	114
GCG22	Shareholders have the right to vote on Director appointments and dismissals: a) Number Evidence of shareholders voting in the AGM b) The right to vote annually for election/re-election of all directors is explicitly covered in a company policy	<ul style="list-style-type: none"> <li>Board Charter</li> </ul>	104
GCG26	Disclosure of voting results: a) In at least a limited manner b) In a detailed manner	<ul style="list-style-type: none"> <li>Board Composition</li> </ul>	104
GCG27	Remuneration for senior executives: a) Includes long-term incentives or mechanisms b) Incorporates ESG performance	<ul style="list-style-type: none"> <li>Remuneration Policy</li> </ul>	110

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## CORPORATE GOVERNANCE (CONT'D)

Reference Indicator	Indicator Description	Reference Section	Pages
GCG40	Claw-back or malus provision exists for remuneration: a) Applies to CEO b) Applies to CEO and to one or more senior executives	• Remuneration Policy	110 to 111
GCG42	Does the company provide for one share one vote for all company meeting resolutions?	Yes • Poll Voting	114
GCG43	If the company does not have a separate Non-Executive Chairman and CEO, does it have a Lead Director or Senior Independent Director?	<i>Not Applicable</i>	<i>Not Applicable</i>
GCG44	Financial expertise on the audit committee: a) At least one independent financial expert on the audit committee b) A majority of independent financial experts on the audit committee	• Audit Committee	26 to 28
GCG46	There is a fully non-executive Audit Committee or Audit Board with: a) At least half independent members: b) All independent members	• Audit Committee	107
GCG47	There is a fully non-executive Remuneration Committee with: a) At least half independent members b) All independent members	• Remuneration Committee	109
GCG48	In relation to executive remuneration, the company discloses: a) High level principles b) A detailed process for setting remuneration	• Remuneration Policy	110
GCG49	Disclosure and Nature of fees paid to the auditor: a) Audit and non-audit fees are separately disclosed b) Amount of audit fees exceeds the amount of non-audit fees in the last fiscal year	• Statement of Risk Management and Internal Control	119

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