



# **PRESTARIANG BERHAD**

[Registration No. 201001038336]  
(Incorporated in Malaysia)

**Unaudited Interim Financial Report  
For the Quarter Ended 30 September 2020**

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE QUARTER ENDED 30 SEPTEMBER 2020

	Note	Individual Quarter		Cumulative Period	
		Current Year Quarter 30/9/2020 RM'000	Preceding Year Quarter 30/9/2019 RM'000	Current Year To Date 3 months 30/9/2020 RM'000	Preceding Year To Date 3 months 30/9/2019 RM'000
<b>CONTINUING OPERATIONS</b>					
Revenue		35,496	38,151	35,496	38,151
Cost of sales		(29,184)	(32,267)	(29,184)	(32,267)
Gross profit		6,312	5,884	6,312	5,884
Other income		187	76	187	76
Administrative expenses		6,499	5,960	6,499	5,960
Other expenses		(4,610)	(7,209)	(4,610)	(7,209)
Finance costs		(621)	(674)	(621)	(674)
Profit/(loss) before taxation	B5	(1,060)	(942)	(1,060)	(942)
Income tax expense	B6	208	(2,865)	208	(2,865)
Loss after taxation from continuing operations		(478)	(136)	(478)	(136)
		(270)	(3,001)	(270)	(3,001)
<b>DISCONTINUED OPERATIONS</b>					
Loss after taxation from discontinued operations		(893)	-	(893)	-
Loss after taxation		(1,163)	(3,001)	(1,163)	(3,001)
Other comprehensive expense		-	-	-	-
<b>Total comprehensive expenses for the financial period</b>		<b>(1,163)</b>	<b>(3,001)</b>	<b>(1,163)</b>	<b>(3,001)</b>
<b>Loss after taxation attributable to:-</b>					
Owners of the Company:					
Continuing operations		(75)	(3,017)	(75)	(3,017)
Discontinued operations		(893)	-	(893)	-
		(968)	(3,017)	(968)	(3,017)
Non-controlling interest:		(195)	16	(195)	16
		(1,163)	(3,001)	(1,163)	(3,001)
<b>Total comprehensive expenses attributable to:</b>					
Owners of the Company:					
Continuing operations		(75)	(3,017)	(75)	(3,017)
Discontinued operations		(893)	-	(893)	-
		(968)	(3,017)	(968)	(3,017)
Non-controlling interest:		(195)	16	(195)	16
		(1,163)	(3,001)	(1,163)	(3,001)
<b>Loss Per Share attributable to owners of the Company (Sen)</b>					
Basic:					
Continuing operations	B12	(0.01)	(0.62)	(0.01)	(0.62)
Discontinued operations		(0.17)	N/A	(0.17)	N/A

The unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial period from 1 July 2019 to 30 June 2020 and the accompanying explanatory notes attached to these interim financial statements.

**PRESTARIANG BERHAD (Registration No. 201001038336)**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2020**

	Note	Unaudited As at 30/9/2020 RM'000	Audited As at 30/6/2020 RM'000
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property and equipment		22,578	23,194
Investment properties		27,510	27,510
Development cost		40	43
		50,128	50,747
<b>CURRENT ASSETS</b>			
Contract costs		3,018	4,297
Trade and other receivables		221,055	229,273
Short-term investment		40	40
Cash and bank balances		12,546	12,347
Current tax assets		23	69
		236,682	246,026
Assets of disposal group classified as held for sale		6,062	5,695
		242,744	251,721
<b>TOTAL ASSETS</b>		292,872	302,468
<b>LIABILITIES AND EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables		59,656	71,464
Borrowings	B8	42,590	39,884
Current tax liabilities		1,479	1,421
Contract liabilities		14,749	16,161
		118,474	128,930
Liabilities of disposal group classified as held for sale		15,222	13,422
		133,696	142,352
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	B8	24,538	24,315
Deferred tax liabilities		16,869	16,869
		41,407	41,184
<b>TOTAL LIABILITIES</b>		175,103	183,536
<b>NET ASSETS</b>		117,769	118,932
<b>EQUITY</b>			
Share capital		133,803	133,803
Other reserve		(3,366)	(3,366)
Accumulated losses		(25,295)	(24,327)
Total equity attributable to owners of the Company		105,142	106,110
Non-controlling interest		12,627	12,822
<b>TOTAL EQUITY</b>		117,769	118,932
<b>TOTAL LIABILITIES &amp; EQUITY</b>		292,872	302,468
<b>NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (SEN)</b>		19.76	21.92

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial period from 1 July 2019 to 30 June 2020 and the accompanying explanatory notes attached to these interim financial statements.

**PRESTARIANG BERHAD (Registration No. 201001038336)**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGE IN EQUITY**  
**FOR THE QUARTER ENDED 30 SEPTEMBER 2020**

	←-----Non-distributable-----→			Distributable (Accumulated Losses)/ Retained Profits		Attributable to owners of the Company	Non- controlling Interest	Total Equity
	Share Capital RM'000	Treasury shares RM'000	Fair Value Reserve RM'000	Merger Deficit RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 30 June 2019 /1 July 2019</b>								
- As previously reported	119,700	(3,366)	(7,630)	(10,800)	10,534	108,438	11,711	120,149
- Prior year adjustments	-	-	-	10,800	(9,366)	1,434	834	2,268
- As restated	119,700	(3,366)	(7,630)	-	1,168	109,872	12,545	122,417
Loss after taxation	-	-	-	-	(17,171)	(17,171)	277	(16,894)
Transaction with owners of the Company:-								
- Fair value changes of equity instrument	-	-	(694)	-	-	(694)	-	(694)
- Issuance of ordinary shares	14,103	-	-	-	-	14,103	-	14,103
- Disposal of other investment	-	-	8,324	-	(8,324)	-	-	-
Total transaction with owners of the Company	14,103	-	7,630	-	(8,324)	13,409	-	13,409
<b>At 30 June 2019</b>	<b>133,803</b>	<b>(3,366)</b>	<b>-</b>	<b>-</b>	<b>(24,327)</b>	<b>106,110</b>	<b>12,822</b>	<b>118,932</b>
Loss after taxation	-	-	-	-	(968)	(968)	(195)	(1,163)
<b>At 30 September 2020</b>	<b>133,803</b>	<b>(3,366)</b>	<b>-</b>	<b>-</b>	<b>(25,295)</b>	<b>105,142</b>	<b>12,627</b>	<b>117,769</b>

The unaudited Condensed Consolidated Statement of Change in Equity should be read in conjunction with the Audited Financial Statements for the financial period from 1 July 2019 to 30 June 2020 and the accompanying explanatory notes attached to these interim financial statements.

**PRESTARIANG BERHAD (Registration No. 201001038336)**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE QUARTER ENDED 30 SEPTEMBER 2020**

	<b>Current Year To Date 30/9/2020 RM'000</b>	<b>Preceding Year To Date 30/9/2019 RM'000</b>
<b>CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES</b>		
Profit/(loss) before taxation		
Continuing operations	208	(2,865)
Discontinued operations	(893)	-
Adjustments for:		
Amortisation of development cost	3	-
Depreciation of property and equipment	732	625
Profit income received from deposits with licensed islamic banks	(13)	-
Interest expense	1,060	933
Operating profit/( loss) before working capital changes	<u>1,097</u>	<u>(1,307)</u>
Working capital changes:-		
Changes in contract costs	1,279	11,133
Changes in trade and other receivables	7,852	(16,092)
Changes in contract liabilities	(1,412)	5,989
Changes in trade and other payables	<u>(10,010)</u>	<u>3,097</u>
<b>CASH FLOW (FOR)/FROM OPERATING ACTIVITIES</b>	<u>(1,194)</u>	<u>2,820</u>
Interest paid	(1,060)	(933)
Income tax paid	(374)	(277)
<b>NET CASH FLOW (FOR)/FROM OPERATING ACTIVITIES</b>	<u>(2,628)</u>	<u>1,610</u>
<b>CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(116)	(1,066)
Profit income received from deposits with licensed islamic banks	13	-
(Placement)/withdrawal of deposit	(68)	2,045
Placement of deposit pledged with licensed banks	<u>(337)</u>	<u>-</u>
<b>NET CASH FLOW (FOR)/FROM INVESTING ACTIVITIES</b>	<u>(508)</u>	<u>979</u>
<b>CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES</b>		
Repayment of hire purchase obligations	-	(10)
Repayment of term loans	-	(951)
Proceeds from bank borrowing	<u>2,929</u>	<u>-</u>
<b>NET CASH FLOW FROM/(FOR) FINANCING ACTIVITIES</b>	<u>2,929</u>	<u>(961)</u>
Net (decrease)/increase in cash and cash equivalents	(207)	1,628
Cash and cash equivalents at beginning of the financial year	<u>6,403</u>	<u>2,950</u>
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR</b>	<u><u>6,196</u></u>	<u><u>4,578</u></u>
<b>CASH AND CASH EQUIVALENT AT END OF THE FINANCIAL YEAR COMPRISES THE FOLLOWING:-</b>		
Cash and bank balances	6,196	4,578
Deposits with licensed banks	6,281	2,172
	<u>12,477</u>	<u>6,750</u>
Less: Deposits pledged with licensed banks	<u>(6,281)</u>	<u>(2,172)</u>
	<u><u>6,196</u></u>	<u><u>4,578</u></u>

The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial period from 1 July 2019 to 30 June 2020 and the accompanying explanatory notes attached to these interim financial statements.

## **NOTES TO THE INTERIM FINANCIAL REPORT**

### **PART A – EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134 (“MFRS 134”)**

#### **A1. BASIS OF PREPARATION**

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

The accounting policies and methods of computation by the Group in this interim financial statement are consistent with those adopted in the financial statements for the period ended 30 June 2020 excepts for those standards, amendments and interpretations which are effective from the annual period beginning on or after 1 January 2020.

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

- Amendments to MFRS 3, Business Combinations – Definition of a Business
- Amendments to MFRS 101, Presentation of Financial Statements and MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material Amendments to MFRS 11, Joint Arrangements
- Amendments to MFRS 9 Financial Instruments, MFRS 139 Financial Instruments: Recognition and Measurement and MFRS 7 Financial Instruments: Disclosure – Interest Rate Benchmark Reform
- Amendment to MFRS 16, Leases – Covid-19 – Related Rent Concessions

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

**A2. CHANGES IN ACCOUNTING POLICIES**

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

<b>MFRSs and/or IC Interpretations (Including The Consequential Amendments)</b>	<b>Effective Date</b>
<ul style="list-style-type: none"> <li>• MFRS 17, Insurance Contracts</li> </ul>	1 January 2021
<ul style="list-style-type: none"> <li>• Amendments to MFRS 101, Presentation of Financial Statements – Classification of Liabilities as Current or Non-current</li> </ul>	1 January 2022
<ul style="list-style-type: none"> <li>• Amendments to MFRS 116, Property, Plant and Equipment – Proceeds before Intended Use</li> </ul>	1 January 2022
<ul style="list-style-type: none"> <li>• Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018 -2020)</li> </ul>	1 January 2022
<ul style="list-style-type: none"> <li>• Amendments to MFRS 3, Business Combinations – Reference to the Conceptual Framework</li> </ul>	1 January 2022
<ul style="list-style-type: none"> <li>• Amendments to MFRS 9, Financial Instruments (Annual Improvements to MFRS Standards 2018 - 2020)</li> </ul>	1 January 2022
<ul style="list-style-type: none"> <li>• Amendment to MFRS 141, Agriculture (Annual Improvements to MFRS Standards 2018 – 2020)</li> </ul>	1 January 2022
<ul style="list-style-type: none"> <li>• Amendments to MFRS 10, Consolidated Financial Statements and MFRS 128, Investment in Associate and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</li> </ul>	To be Confirmed

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

**A3. AUDITORS’ REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS**

The auditors' report on the audited annual financial statements for the financial year ended 30 June 2020 was not qualified.

**A4. SEASONAL OR CYCLICAL FACTORS**

The business operations of the Group for the quarter ended 30 September 2020 have not been affected by any seasonal or cyclical factors.

**A5. ITEMS OF UNUSUAL NATURE, SIZE OR INCIDENT**

There were no material unusual items or events affecting the assets, liabilities, equity, net income or cash flow during the current financial quarter ended 30 September 2020.

**A6. CHANGES IN ESTIMATES**

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

**A7. CHANGES IN DEBT AND EQUITY SECURITIES**

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

**A8. VALUATION OF PROPERTY AND EQUIPMENT**

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

**A9. CAPITAL COMMITMENT**

There was no material capital commitment for the quarter ended 30 September 2020.

**A10. DIVIDENDS PAID**

There was no dividend paid during the current financial quarter.

**A11. SEGMENTAL INFORMATION**

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

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



**PRESTARIANG BERHAD (Registration No. 201001038336)**  
**UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2020**

**A11. SEGMENTAL INFORMATION (CONT'D)**

	RESULTS FOR 3 MONTHS ENDED 30 SEPTEMBER 2020 (UNAUDITED)						RESULTS FOR 3 MONTHS ENDED 30 SEPTEMBER 2019 (UNAUDITED)					
	Software & Services and Talent RM'000	Education RM'000	Employment Services RM'000	Concession RM'000	Others RM'000	Total RM'000	Software & Services and Talent RM'000	Education RM'000	Employment Services RM'000	Concessio RM'000	Others RM'000	Total RM'000
<b>Continuing Operations</b>												
<b>Revenue</b>												
External revenue	35,418	-	78	-	-	35,496	34,931	1,758	1,462	-	-	38,151
Inter-segment revenue	-	-	-	-	1,250	1,250	-	-	-	-	-	-
Segment revenue	35,418	-	78	-	1,250	36,746	34,931	1,758	1,462	-	-	38,151
Consolidation adjustments						(1,250)						-
Consolidated revenue						35,496						38,151
<b>Results</b>												
Segment profit/(loss) before interest and taxation	3,053	-	(169)	(373)	(703)	1,808	1,505	(1,337)	75	(65)	(2,101)	(1,923)
Finance costs						(1,060)						(942)
Consolidation adjustments						(540)						-
Consolidated profit before taxation						208						(2,865)
<b>Discontinued Operations</b>												
Segment loss before interest and taxation	-	(1,433)	-	-	-	(1,433)	-	-	-	-	-	-
Consolidation adjustments before interest and taxation	-	(1,433)	-	-	-	(893)	-	-	-	-	-	-
<b>Total profit/(loss) before interest and taxation</b>	<b>3,053</b>	<b>(1,433)</b>	<b>(169)</b>	<b>(373)</b>	<b>(703)</b>	<b>375</b>	<b>1,505</b>	<b>(1,337)</b>	<b>75</b>	<b>(65)</b>	<b>(2,101)</b>	<b>(1,923)</b>
Finance costs						(1,060)						(942)
Consolidation adjustments						-						-
<b>Total Loss Before Taxation</b>						<b>(685)</b>						<b>(2,865)</b>

**A12. MATERIAL EVENTS SUBSEQUENT TO THE END OF INTERIM QUARTER**

Other than as disclosed under **Note [B7]**, there were no items, transactions or events of a material and unusual nature that have arisen since 30 September 2020 to the date of this announcement which would substantially affect the financial results of the Group for the current financial quarter that have not been reflected in the condensed financial statements.

**A13. CHANGES IN COMPOSITION OF THE GROUP**

In the opinion of the Board of Directors, other than as disclosed under **Note [B7(1)]**, there were no other changes in the composition of the Group during the current financial quarter.

**A14. CONTINGENT LIABILITIES OR CONTINGENT ASSETS**

There were no contingent assets. Contingent liabilities during the financial year were as follow:-

	<u><b>RM'000</b></u>
- Performance guarantee extended by a subsidiary to third party	13,750
- Compensation to a vendor due to project termination	7,291
- Dividend payable on Redeemable Preference Shares ("RPS")	28,800
- Special coupon on Redeemable Secured Loan Stock ("RSLs")	1,000
	<u>50,841</u>

**A15. SIGNIFICANT RELATED PARTY TRANSACTIONS**

There was no significant related party transactions for the quarter ended 30 September 2020.

**NOTES TO THE INTERIM FINANCIAL REPORT**

**PART B – ADDITIONAL INFORMATION AS REQUIRED BY MAIN MARKET LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD (PART A OF APPENDIX 9B)**

**B1. OPERATING SEGMENTS REVIEW**

	<b>INDIVIDUAL QUARTER</b>			
	<b>Current Quarter 30/9/2020 RM'000</b>	<b>Preceding Year Quarter 30/9/2019 RM'000</b>	<b>Variance RM'000 (%)</b>	
<b><u>Segmental Revenue:</u></b>				
<b><u>Continuing Operations</u></b>				
Software & Services and Talent				
- Software & Services	34,148	33,612	536	2%
- Talent	1,270	1,319	(49)	-4%
	<u>35,418</u>	<u>34,931</u>	487	1%
Education	-	1,758	(1,758)	-100%
Employment services	78	1,462	(1,384)	-95%
Concession	-	-	-	
Others	1,250	-	1,250	
	<u>36,746</u>	<u>38,151</u>	(1,405)	-4%
Inter-segment Elimination	(1,250)	-		
<b>Group</b>	<u>35,496</u>	<u>38,151</u>	(2,655)	-7%
<b><u>Profit/(Loss) Before Taxation</u></b>				
Software & Services and Talent	1,993	569	1,424	250%
Education	-	(1,341)	1,341	100%
Employment Services	(169)	73	(242)	-332%
Concession	(373)	(65)	(308)	-474%
Others	(703)	(2,101)	1,398	67%
	<u>748</u>	<u>(2,865)</u>	3,613	126%
Inter-segment Elimination	(540)	-		
	<u>208</u>	<u>(2,865)</u>	3,073	107%
<b><u>Discontinued Operations</u></b>				
Education	(1,433)	-	n/a	n/a
Inter-segment Elimination	540	-	n/a	n/a
	<u>(893)</u>	-	n/a	
<b>Group</b>	<u>(685)</u>	<u>(2,865)</u>	2,180	76%

**B1. OPERATING SEGMENTS REVIEW (CONT'D)**

The Group's revenue for the current quarter is RM35.5 million, which was RM2.7 million lower than the preceding quarter of RM38.2 million. This is driven by lower revenue for Employment Services segment. The current quarter revenue also excluded revenue from Education segment as the results of Prestariang Education Sdn Bhd is now classified as results from discontinued operations.

The Group recorded loss before tax of RM0.7 million or 76% less than preceding year of RM2.9 million mainly due to higher profit from Software & Services and Talent segment during the quarter. Factors affecting the results for this quarter were as follows:

- i. Software & Services and Talent recorded revenue of RM35.4 million, which was a growth of RM0.5 million or 1% from the preceding year of RM34.9 million.  
  
This segment's profit before interest and tax was higher at RM2.0 million as compared to RM0.6 million for the preceding year due to higher profit margin.
- ii. Employment services recorded much lower revenue of RM0.1 million compared to RM1.5 million in the preceding year. This is primarily linked to the winding down of its project in Pengerang as the project reaches its completion. The segment recorded a loss before interest and tax of RM169,000 compared to a profit before interest and tax of RM73,000 in the previous year.
- iii. The Concession segment has ceased operation in January 2019 and has stopped incurring operational cost since the end the financial period ended 30 June 2019. Following which cost attributable to this segment is primarily for legal cost relating to the claim against The Government of Malaysia ("GOM") as well as statutory and compliance cost.
- iv. Others recorded a revenue of RM1.2 million from the holding company charging subsidiaries management fees for Group shared services cost.

**B2. COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S RESULTS**

	<b>Current Quarter 30/9/2020 RM'000</b>	<b>Immediate Preceding Quarter 30/6/2020 RM'000</b>	<b>Variance RM'000</b>	<b>(%)</b>
<b><u>Segmental Revenue:</u></b>				
<b><u>Continuing Operations</u></b>				
Software & Services and Talent				
- Software & Services	34,148	62,303	(28,155)	-45%
- Talent	1,270	467	803	172%
	<u>35,418</u>	<u>62,770</u>	<u>(27,352)</u>	<u>-44%</u>
Employment services	78	234	(156)	-67%
Concession	-	-	-	n/a
Others	1,250	1,000	250	25%
	<u>36,746</u>	<u>64,004</u>	<u>(27,258)</u>	<u>-43%</u>
Inter-segment Elimination	(1,250)	(1,000)		
<b>Group</b>	<u>35,496</u>	<u>63,004</u>	<u>(27,508)</u>	<u>-44%</u>
<b><u>(Loss)/Profit Before Taxation</u></b>				
Software & Services and Talent	1,993	2,018	(25)	-1%
Employment services	(169)	(176)	7	-4%
Concession	(373)	(717)	344	-48%
Others	(703)	(1,918)	1,215	-63%
	<u>748</u>	<u>(793)</u>	<u>1,541</u>	<u>-194%</u>
Inter-segment Elimination	(540)	(443)		
	<u>208</u>	<u>(1,236)</u>	<u>1,444</u>	<u>-117%</u>
<b><u>Discontinued Operations</u></b>				
Education	(1,433)	(4,831)	3,398	-70%
Inter-segment Elimination	540	443		
	<u>(893)</u>	<u>(4,388)</u>		
<b>Group</b>	<u>(685)</u>	<u>(5,624)</u>	<u>4,939</u>	<u>-88%</u>

The Group's revenue for the current quarter is RM35.5 million, which was RM27.5 million or 44% lower than the preceding quarter of RM63.0 million. The lower revenue for this quarter can be contributed to lower revenue from Software & Services and Talent which is explained in more details in the notes below:

**B2. COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S RESULTS (CONT'D)**

The Group recorded loss before tax of RM0.7 million or 88% lower than preceding quarter of RM5.6 million mainly due to net effect of the following:

- i. Software & Services and Talent recorded revenue of RM35.4 million, which was RM27.4 million or 44% lower from the previous quarter of RM62.8 million. The higher revenue in previous quarter was achieved as customers' orders, which were delayed during the MCO started to flow again following the transition to the Recovery MCO in early May which allowed most business activities to resume that led to revenue to peak in June 2020. However, Talent segment recorded revenue for the current quarter of RM1.3 million, which was 2.6 times higher than the preceding quarter of RM0.5 million as physical classes started to resume by late July 2020 as well as more online classes being conducted as online learning platform gained acceptance by customers.

This segment's profit before interest and tax for the current quarter of RM1.99 million was on par with the preceding quarter figure of RM2.02 million despite the revenue being 44% lower. This was achieved on the back of higher profit margin from sales of software and the increase in revenue from training as physical classes resumed and online classes gained momentum during the quarter. Training activities typically yield much higher profit margins and our active engagement with clients to transition to E-learning solutions, Virtual Instructor Lead Trainings ("VILT") and Blended Learning to overcome this challenge has gained customers' acceptance.

- ii. Employment services recorded much lower revenue of RM0.08 million compared to RM0.23million in the previous quarter. This is primarily linked to the winding down of its project in Pengerang as the project reaches its completion. The segment recorded a loss before interest and tax of RM169,000 compared to a loss before interest and tax of RM176,000 in the previous quarter.
- iii. The Concession segment has ceased operation in January 2019 and has stopped incurring operational cost since the end the financial period ended 30 June 2019. Following which cost attributable to this segment is primarily for legal cost relating to the claim against The Government of Malaysia ("GOM") as well as statutory and compliance cost.
- iv. Others recorded a revenue of RM1.2 million from the holding company charging subsidiaries management fees for Group shared services cost compared to RM1.0 million in the previous quarter. However, this segment's loss before interest and tax has decreased by 63% to RM0.7 million in this quarter as compared to the previous quarter loss before interest and tax of RM1.9 million. The higher in cost for previous quarter mainly relates to higher professional and legal fees incurred in respect of corporate proposals.

**B3. PROSPECTS FOR THE FINANCIAL YEAR ENDING 30 JUNE 2021**

Cashflow and profitability improved

We made substantial progress in our rationalisation plan to monetize non-core assets and reduce operating cost. This is evidenced from disposals of non-core assets and loss-making operations over the last 12 months which had improved our overall cashflow and is expected to improve our future results. We have also turned around to achieve profit before tax for the current quarter after incurring losses for the previous consecutive 6 quarters.

Going concern issue resolved

Our financial position has stabilised and we have resolved and satisfactorily addressed the issue of going concern raised by our external auditors in 2019 despite the onset of Covid 19. Our private placement of shares to our founder and President/Group Chief Executive Officer Dr Abu Hasan Ismail and the rights issue are scheduled for completion by end November 2020 which will place us in strong financial footing to focus on growing our business.

More products and service offerings

We have actively worked with product principals and we now have wider range of products and services to offer to our customers particularly in the Cloud based services. We are expanding our role from mostly managing software licenses into providing multiple Cloud services. We have also expanded our talent business from training to include job placement and upskilling and reskilling.

Expected discontinuation as Microsoft channel partner

On 15 September 2020, we announced that Prestariang Systems Sdn Bhd (“PSSB”), our wholly owned subsidiary, has been informed on 14 September by Microsoft that it will discontinue PSSB’s role as its Channel Partner effective 31 January 2021. We note that our revenue base without Microsoft products and services, post our discontinuation by Microsoft as their channel partner, will be impacted in the immediate term and require some time for us to rebuild.

Outlook

We have laid the groundwork, in terms of our capability, financial standing and products and services offerings, to be a key player in tapping the vast opportunities in the Cloud-based services in Malaysia for both public and private sectors as well as the talent training and placement to rebuild our revenue base. Based on the above, our Board is of the view that our Group is in good position to capitalise on the task of meeting the market requirement for Cloud based services and talent management services to spearhead our business growth.

**B4. VARIANCE ON PROFIT FORECAST/PROFIT GUARANTEE**

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

**B5. PROFIT/(LOSS) BEFORE TAXATION**

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

	<u>Individual Quarter</u>	
	Current Year Quarter	Preceding Year Quarter
	30/9/2020 RM'000	30/9/2019 RM'000
Interest expense	1,060	933
Depreciation and amortisation	735	625
Foreign exchange gain/(loss)	175	(29)

**B6. INCOME TAX EXPENSE**

	<u>Individual Quarter</u>	
	Current Year Quarter	Preceding Year Quarter
	30/9/2020 RM'000	30/9/2019 RM'000
Malaysia tax:		
- for the current year	478	136

The Group consolidated results reported tax expense despite the Group having consolidated loss before taxation for the quarter and year. This is because the income tax expense is computed based on the respective company's results separately. Certain companies within the Group reported profits before tax and therefore were taxable.



## **B7. STATUS OF CORPORATE PROPOSALS**

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

### **1. Proposed disposal of the entire equity interest in Prestariang Education Sdn Bhd**

The Company had announced on 25 February 2020 that it had entered into a conditional Shares Sale Agreement (SSA) with Serba Dinamik Group Berhad ("SDGB") for the proposed disposal of 20,000,000 ordinary shares, representing 100% equity interest held in Prestariang Education Sdn Bhd ("PESB") to SDGB for a cash consideration of RM2,500,000 ("Proposed Disposal"). The SSA is conditional upon the approval of the Ministry of Education ("MOE"), in respect of the change in ownership of PESB, being obtained within 90 days of the date of the SSA. The period to obtain the approval of the MOE is extendable for a further period of 90 days and from thereon, maybe further extended by mutual agreement of the parties.

In view of the MCO, the parties have agreed to extend the period for the fulfilment of the conditions precedent of the SSA to 4 November 2020.

On 28 October 2020, the Company announced that the Ministry of Higher Education had, vide its letter dated 23 October 2020, approved the change of shareholder and shareholdings structure and the composition of the board of directors in PESB as required under the conditional SSA with SDGB. On 16 November 2020, the Company announced that the Proposed Disposal was completed. Upon completion of the Proposed disposal, PESB has ceased to be a wholly owned subsidiary of the Company.

### **2. Proposed multi proposals**

On 23 July 2020, the Company via its financial adviser UOB Kay Hian Securities (M) Sdn Bhd ("UOBKH"), announced that we proposed to undertake the following:-

- i. Proposed private placement of 79,579,740 ordinary shares in the Company, at an issue price of RM0.350 per share together with 79,579,740 warrants on the basis of 1 warrant for every 1 placement share issued;
- ii. a renounceable rights issue of up to 176,843,866 new ordinary shares in the Company at an issue price of RM 0.200 per Rights Share, on the basis of 1 rights share for every 3 existing shares held, together with up to 176,843,866 warrants on the basis of 1 warrant for every 1 rights share subscribed for; and

**B7. STATUS OF CORPORATE PROPOSALS (CONT'D)**

- iii. the establishment of a long term incentive plan ("LTIP"), which comprises the proposed employees share option scheme and the proposed share grant plan to eligible directors and employees of the Group, of up to 15% of the issued share capital of our Company (excluding treasury shares, if any) at any point in time during the tenure of the LTIP.

On 19 August 2020, UOBKH had, on behalf of our Company, announced that Bursa Securities had vide its letter dated 19 August 2020, resolved to approve the proposals, subject to the conditions set-out below.

The approval granted by Bursa Securities for the Proposed LTIP is subject to the following:-

- i. UOBKH is required to submit a confirmation to Bursa Securities of full compliance of the Proposed LTIP pursuant to paragraph 6.43(1) of the Main Market Listing Requirements ("Listing Requirements") and stating the effective date of implementation together with a certified true copy of the resolution passed by the shareholders in general meeting; and
- ii. Prestariang is required to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the Proposed LTIP as at the end of each quarter together with a detailed computation of listing fees payable.

The approval granted by Bursa Securities for the Proposed Private Placement with Warrants and Proposed Rights Issue with Warrants are subject to the following conditions:-

- i. Prestariang and UOBKH must comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Private Placement with Warrants and Proposed Rights Issue with Warrants;
- ii. Prestariang and UOBKH to inform Bursa Securities upon the completion of the Proposed Private Placement with Warrants and Proposed Rights Issue with Warrants;
- iii. Prestariang to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Private Placement with Warrants and Proposed Rights Issue with Warrants are completed;

Prestariang to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the exercise of Warrants as at the end of each quarter together with a detailed computation of listing fees payable.

The Company has obtained the approval of the shareholders of the Company for the above proposals at the forthcoming extraordinary general meeting of the Company held on 15 September 2020. The implementation of the proposals are currently in progress.

**B7. STATUS OF CORPORATE PROPOSALS (CONT'D)**

3. Proposed scheme of arrangement

On On 24 August 2020, Prestariang SKIN Sdn. Bhd. (“PSKIN”), a subsidiary of the Company, made an application pursuant to Section 366 of the Companies Act 2016 (the “Act”), for a proposed scheme of arrangement between PSKIN and its scheme creditors pursuant to Section 366 of the Act, to be put forward to the creditors at court convened meetings.

The purpose of the application is to preserve the going concern of PSKIN while it carries on with negotiations and legal action to seek compensation from the Government of Malaysia for the termination of the SKIN contract. The application, if granted, is not expected to have any material impact on the financial and operational matters of the Company and its subsidiaries.

On 30 September 2020, the High Court of Malaya has granted, among others, leave to PSKIN (“Court Order”) to summon meetings of creditors of PSKIN or any class of them to be held within three (3) months of the date of the Court Order for the purpose of considering and, if thought fit, approving with or without modification the proposed scheme of arrangement, pursuant to Section 366 of the Act. The details of the abovementioned proposed scheme of arrangement are in the process of being finalised by the Company.

## B8. BORROWINGS

The Group's borrowing and debts securities as at 30 September 2020 are as follows:

	Long term borrowing			Short term borrowing			Total (RM'000)
	Secured RM'000	Unsecured RM'000	Total RM'000	Secured RM'000	Unsecured RM'000	Total RM'000	
<b><u>Borrowings</u></b>							
- Bank overdraft	-	-	-	10,617	-	10,617	10,617
- Term Loan	24,386	-	24,386	2,550	-	2,550	26,936
- Revolving Credit	-	-	-	19,423	-	19,423	19,423
<b><u>Debts securities</u></b>							
- RSLs	-	-	-	10,000	-	10,000	10,000
- RPS "A"	152	-	152	-	-	-	152
<b>Total</b>	<b>24,538</b>	<b>-</b>	<b>24,538</b>	<b>42,590</b>	<b>-</b>	<b>42,590</b>	<b>67,128</b>

## B9. MATERIAL LITIGATION

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

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

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

On 23 July 2020, PSKIN's Originating Summons ("OS") has been transferred to a new High Court Judge and the hearing of PSKIN's OS and cross-examination of the deponents of affidavits has been fixed for 21 January 2021, 22 January 2021, 29 January 2021 and 26 February 2021. A case management has also been fixed for 30 November 2020.

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

**B9. MATERIAL LITIGATION (CONT'D)**

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

PSKIN had on 24 August 2020 made an application, pursuant to section 366 of the Companies Act 2016 (the "Act"), for a proposed scheme of arrangement between PSKIN and its scheme creditors. This scheme will be put forward to the creditors at court convened meetings.

The purpose of the application is to preserve the going concern of PSKIN while it carries on with negotiations and legal action to seek compensation from GOM for the termination of SKIN. The application, if granted, is not expected to have any material impact on the financial and operational matters of the Company and its subsidiaries.

**B10. FAIR VALUE HIERARCHY**

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

**B11. PROPOSED DIVIDEND**

No interim dividend has been declared for the current quarter ended 30 September 2020.

**B12. LOSS PER SHARE**

	<u>Individual Quarter</u>	
	<b>Current Year Quarter 30/9/2020</b>	<b>Preceding Year Quarter 30/9/2019</b>
Loss after taxation attributable to owners of the Company (RM'000)	(968)	(3,017)
Weighted average number of ordinary shares in issue ( '000)	532,230	484,000
Basic loss per share (sen):		
-Continuing operations	(0.01)	(0.62)
-Discontinued operations	(0.17)	N/A

**B13. AUTHORISED FOR ISSUE**

The interim financial report was authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 26 November 2020.

**BY ORDER OF THE BOARD**

**CHUA SIEW CHUAN (SSM PC No. 201908002648)**

**LIM LIH CHAU (SSM PC No. 201908001454)**

Secretaries

**Kuala Lumpur**

**26 November 2020**