



## **AwanBiru Technology Berhad**

[Registration No. 201001038336]  
(Incorporated in Malaysia)

**Unaudited Interim Financial Report  
For the Quarter Ended 31 December 2022**

**AWANBIRU TECHNOLOGY BERHAD**

(Registration No.201001038336)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE QUARTER ENDED 31 DECEMBER 2022**

	Individual Quarter		Cumulative Period	
	Current	Preceding	Current	Preceding
	Year Quarter	Year Quarter	Year To Date	Year To Date
Note	31/12/2022	31/12/2021	31/12/2022	31/12/2021
	RM'000	RM'000	RM'000	RM'000
Revenue	7,988	53,228	26,093	64,987
Cost of sales	(4,156)	(41,792)	(16,645)	(50,553)
Gross profit	3,832	11,436	9,448	14,434
Other income	442	3,283	857	3,766
	4,274	14,719	10,305	18,200
Administrative expenses	(6,082)	(5,710)	(11,880)	(9,748)
Other expenses	(857)	(2,751)	(1,821)	(3,445)
Finance costs	(184)	(197)	(368)	(380)
(Loss)/Profit before taxation	<b>B5</b> (2,849)	6,061	(3,764)	4,627
Income tax expense	<b>B6</b> (100)	(265)	(622)	(515)
<b>Total comprehensive (expenses)/income for the financial period</b>	<b>(2,949)</b>	<b>5,796</b>	<b>(4,386)</b>	<b>4,112</b>
<b>(Loss)/Profit after taxation attributable to:-</b>				
Owners of the Company:	(2,909)	5,943	(4,308)	4,259
Non-controlling interest	(40)	(147)	(78)	(147)
	<b>(2,949)</b>	<b>5,796</b>	<b>(4,386)</b>	<b>4,112</b>
<b>Total comprehensive (expenses)/income attributable to:</b>				
Owners of the Company:	(2,909)	5,943	(4,308)	4,259
Non-controlling interest	(40)	(147)	(78)	(147)
	<b>(2,949)</b>	<b>5,796</b>	<b>(4,386)</b>	<b>4,112</b>
<b>(Loss)/Earnings Per Share attributable to owners of the Company (Sen)</b>				
Basic	<b>B12</b> (0.37)	0.75	(0.55)	0.54

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 2021 to 30 June 2022 and the accompanying explanatory notes attached to these interim financial statements.

**AWANBIRU TECHNOLOGY BERHAD**  
**(Registration No.201001038336)**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2022**

	Note	Unaudited As at 31/12/2022 RM'000	Audited As at 30/6/2022 RM'000
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property and equipment		21,911	22,433
Investment properties		24,180	24,180
Development cost		-	-
		46,091	46,613
<b>CURRENT ASSETS</b>			
Contract costs		1,971	382
Trade and other receivables		315,815	317,239
Contract assets		50,032	59,362
Short-term investment		15,246	15,313
Cash and cash equivalents		5,007	4,034
Current tax assets		66	46
		388,137	396,376
		434,228	442,989
<b>TOTAL ASSETS</b>			
<b>LIABILITIES AND EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables		206,912	208,554
Borrowings	B8	3,712	3,768
Current tax liabilities		668	425
Contract liabilities		2,844	3,960
		214,136	216,707
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	B8	12,206	14,061
Redeemable Preference Shares "A"		152	152
Deferred tax liabilities		16,869	16,869
		29,227	31,082
		243,363	247,789
<b>TOTAL LIABILITIES</b>			
<b>NET ASSETS</b>			
		190,865	195,200
<b>EQUITY</b>			
Share capital		176,912	176,861
Treasury shares		(3,366)	(3,366)
Warrant reserve		19,812	19,812
LTIP reserve		94	94
Accumulated losses		(13,979)	(9,671)
Total equity attributable to owners of the Company		179,473	183,730
Non-controlling interest		11,392	11,470
		190,865	195,200
<b>TOTAL EQUITY</b>			
<b>TOTAL LIABILITIES &amp; EQUITY</b>			
		434,228	442,989
<b>NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (SEN)</b>			
		22.73	23.28

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 2021 to 30 June 2022 and the accompanying explanatory notes attached to these interim financial statements.

**AWANBIRU TECHNOLOGY BERHAD**  
**(Registration No.201001038336)**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE QUARTER ENDED 31 DECEMBER 2022**

	<-----Non-distributable-----> Distributable							
	Share Capital RM'000	Warrant Reserve RM'000	LTIP Reserve RM'000	Treasury Shares RM'000	Accumulated Losses RM'000	Attributable to owners of the Company RM'000	Non- controlling Interest RM'000	Total Equity RM'000
<b>At 30 June 2021 /1 July 2021</b>	176,672	19,812	919	(3,366)	(15,005)	179,032	11,867	190,899
Profit after taxation/Total comprehensive income for the year	-	-	-	-	4,415	4,415	(244)	4,171
Transaction with owners of the Company:-								
- ESOS lapsed	-	-	(919)	-	919	-	-	-
- Share options and LTIP shares granted	-	-	283	-	-	283	-	283
- Shares issued	189	-	(189)	-	-	-	-	-
- Disposal of a subsidiary	-	-	-	-	-	-	(153)	(153)
	189	-	(825)	-	919	283	(153)	130
<b>At 30 June 2022</b>	<b>176,861</b>	<b>19,812</b>	<b>94</b>	<b>(3,366)</b>	<b>(9,671)</b>	<b>183,730</b>	<b>11,470</b>	<b>195,200</b>
Loss after taxation/Total comprehensive expense for the year	-	-	-	-	(4,308)	(4,308)	(78)	(4,386)
Transaction with owners of the Company:-								
- Issuance of ordinary shares pursuant to ESOS	51	-	-	-	-	51	-	51
	51	-	-	-	-	51	-	51
<b>At 31 December 2022</b>	<b>176,912</b>	<b>19,812</b>	<b>94</b>	<b>(3,366)</b>	<b>(13,979)</b>	<b>179,473</b>	<b>11,392</b>	<b>190,865</b>

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial period from 1 July 2021 to 30 June 2022 and the accompanying explanatory notes attached to these interim financial statements.

**AWANBIRU TECHNOLOGY BERHAD**  
**(Registration No.201001038336)**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE QUARTER ENDED 31 DECEMBER 2022**

	<b>Current 6 months 31/12/2022 RM'000</b>	<b>Preceding Year 6 months 31/12/2021 RM'000</b>
<b>CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES</b>		
(Loss)/Profit before taxation	(3,764)	4,627
Adjustments for:		
Depreciation of property and equipment	910	970
Loss on disposal of a subsidiary company	-	34
Impairment loss on property and equipment	-	747
Impairment loss on trade and other receivables	808	2,067
Interest income	(89)	(279)
Interest expense	368	380
Disposal of equity in a subsidiary attributed to non-controlling interests	-	(153)
Operating (loss)/profit before working capital changes	<u>(1,767)</u>	<u>8,393</u>
Working capital changes:-		
Changes in contract costs	(1,589)	(348)
Changes in contract assets	9,330	-
Changes in trade and other receivables	616	(54,604)
Changes in contract liabilities	(1,116)	(584)
Changes in trade and other payables	(1,642)	42,174
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<u>3,832</u>	<u>(4,969)</u>
Interest paid	(368)	(380)
Income tax paid	(399)	(366)
<b>NET CASH FLOW FROM/(FOR) OPERATING ACTIVITIES</b>	<u>3,065</u>	<u>(5,715)</u>
<b>CASH FLOWS FOR INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(388)	(1,350)
Interest received	89	279
Proceed from disposal of a subsidiary company	-	113
<b>NET CASH FLOW FOR INVESTING ACTIVITIES</b>	<u>(299)</u>	<u>(958)</u>
<b>CASH FLOWS FOR FINANCING ACTIVITIES</b>		
Repayment of term loans	(1,911)	(1,930)
Proceeds from issuance of ordinary shares via exercise of ESOS	51	-
<b>NET CASH FLOW FOR FINANCING ACTIVITIES</b>	<u>(1,860)</u>	<u>(1,930)</u>
Net increase/(decrease) in cash and cash equivalents	906	(8,603)
Cash and cash equivalents at beginning of the financial period	17,256	36,469
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD</b>	<u>18,162</u>	<u>27,866</u>
<b>CASH AND CASH EQUIVALENT AT END OF THE FINANCIAL PERIOD COMPRISES THE FOLLOWING:-</b>		
Cash and bank balances	2,916	17,668
Deposits with licensed banks	2,091	4,123
Short-term investments	15,246	10,198
	<u>20,253</u>	<u>31,989</u>
Less: Deposits pledged with licensed banks	(2,091)	(4,123)
	<u>18,162</u>	<u>27,866</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 2021 to 30 June 2022 and the accompanying explanatory notes attached to these interim financial statements.

**AWANBIRU TECHNOLOGY BERHAD**

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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2022**

**NOTES TO THE INTERIM FINANCIAL REPORT**

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

**A1. BASIS OF PREPARATION**

These condensed consolidated interim financial statements have been prepared in accordance with the requirement of Malaysian Financial Reporting Standards (“MFRSs”) 134 *Interim Financial Reporting*, IAS 34 *Interim Financial Reporting* and paragraph 9.22 of the Main Market Listing Requirement of Bursa Malaysia Securities Berhad. They do not include all 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 2022.

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 2022 excepts for those standards, amendments and interpretations which are effective from the annual period beginning on or after 1 January 2022.

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: Reference to the Conceptual Framework
- Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use
- Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract
- Annual Improvements to MFRS Standards 2018 – 2020

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

**AWANBIRU TECHNOLOGY BERHAD**

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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2022****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>
• MFRS 17 Insurance Contracts	1 January 2023
• 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 17 Insurance Contracts	1 January 2023
• Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 – Comparative Information	1 January 2023
• Amendment to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
• Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
• Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

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

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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2022**

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

The auditors' report on the audited annual financial statements for the financial year ended 30 June 2022 was not qualified.

**A4. SEASONAL OR CYCLICAL FACTORS**

The business operations of the Group for the quarter ended 31 December 2022 is not significantly 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 flows of the Group during the current financial quarter ended 31 December 2022.

**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 or repayment of debt and equity securities during the current financial quarter.

**A8. VALUATION OF PROPERTY AND EQUIPMENT**

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

**A9. DIVIDENDS PAID**

There was no dividend paid during the current financial quarter.



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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2022**

**A10. SEGMENTAL INFORMATION**

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

- a) **Software & Services** – license distribution, implementation, system integration, managed services, application development, other cloud related solutions and services (IaaS, SaaS, PaaS, XaaS).
- b) **Talent** – provision of career placement, talent upskilling, reskilling, training and certification.
- c) **Concession** – delivery of total solution for the integrated and comprehensive core immigration system which includes design, customise, install, configure, test, commission and maintenance throughout the concession period.
- d) **Others** – investment holding and other inactive subsidiaries.

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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2022**

**A10. SEGMENTAL INFORMATION (CONT'D)**

	RESULTS FOR 3 MONTHS ENDED 31 DECEMBER 2022 (UNAUDITED)					RESULTS FOR 3 MONTHS ENDED 31 DECEMBER 2021 (UNAUDITED)					
	Software & Services RM'000	Talent RM'000	Concession RM'000	Others RM'000	Total RM'000	Software & Services RM'000	Talent RM'000	Concession RM'000	Others RM'000	Total RM'000	
<b>Continuing Operations</b>						<b>Continuing Operations</b>					
<b>Revenue</b>						<b>Revenue</b>					
External revenue	4,561	3,427	-	-	7,988	51,824	1,404	-	-	53,228	
Inter-segment revenue	-	155	-	500	655	-	-	-	250	250	
Segment revenue	4,561	3,582	-	500	8,643	51,824	1,404	-	250	53,478	
Consolidation adjustments					(655)					(250)	
Consolidated revenue					7,988					53,228	
<b>Results</b>						<b>Results</b>					
Segment profit/(loss)											
before interest and taxation	583	140	(139)	(3,249)	(2,665)	9,818	(145)	(460)	(2,955)	6,258	
Finance costs					(184)					(197)	
Consolidation adjustments					-					-	
<b>Total Loss Before Taxation</b>					<b>(2,849)</b>					<b>6,061</b>	

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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2022**

**A10. SEGMENTAL INFORMATION (CONT'D)**

	RESULTS FOR 6 MONTHS ENDED 31 DECEMBER 2022 (UNAUDITED)					RESULTS FOR 6 MONTHS ENDED 31 DECEMBER 2021 (UNAUDITED)				
	Software & Services RM'000	Talent RM'000	Concession RM'000	Others RM'000	Total RM'000	Software & Services RM'000	Talent RM'000	Concession RM'000	Others RM'000	Total RM'000
<b>Continuing Operations</b>										
<b>Revenue</b>										
External revenue	17,468	8,625	-	-	26,093	59,685	5,302	-	-	64,987
Inter-segment revenue	-	282	-	1,000	1,282	-	-	-	500	500
Segment revenue	17,468	8,907	-	1,000	27,375	59,685	5,302	-	500	65,487
Consolidation adjustments					(1,282)					(500)
Consolidated revenue					26,093					64,987
<b>Results</b>										
Segment profit/(loss)										
before interest and taxation	1,516	1,008	(260)	(5,660)	(3,396)	9,737	708	(490)	(4,948)	5,007
Finance costs					(368)					(380)
Consolidation adjustments					-					-
<b>Total Loss Before Taxation</b>					<b>(3,764)</b>					<b>4,627</b>

**AWANBIRU TECHNOLOGY BERHAD**

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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2022****A11. MATERIAL EVENTS SUBSEQUENT TO THE END OF INTERIM QUARTER**

There were no items, transactions or events of a material and unusual nature that have arisen since 31 December 2022 to the date of this announcement which would substantially affect the financial results of the Group for the current financial quarter that have not been reflected in the condensed financial statements.

**A12. CHANGES IN COMPOSITION OF THE GROUP**

There were no changes in the composition of the Group during the current financial quarter.

**A13. CONTINGENT LIABILITIES OR CONTINGENT ASSETS**

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

	<b>RM '000</b>
- Performance guarantee extended by a subsidiary to third party	5,350
- Dividend payable on Redeemable Preference Shares ("RPS")	28,804
	<u>34,154</u>

**A14. CAPITAL COMMITMENTS**

Capital commitments of the Group in respect of property and equipment as at 31 December 2022 are as follows:

	<b><u>RM'000</u></b>
- Approved but not contracted for	<u>812</u>

**A15. SIGNIFICANT RELATED PARTY TRANSACTIONS**

There were no significant related party transactions for the quarter ended 31 December 2022.

**AWANBIRU TECHNOLOGY BERHAD**

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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2022****NOTES TO THE INTERIM FINANCIAL REPORT****PART B – ADDITIONAL INFORMATION AS REQUIRED BY MAIN MARKET LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD (PART A OF APPENDIX 9B)****B1. OPERATING SEGMENTS REVIEW**

	INDIVIDUAL QUARTER				CUMULATIVE QUARTER				
	Current Quarter 31/12/2022 RM'000	Preceding Year Quarter 31/12/2021 RM'000	Variance		Current Year to Date 31/12/2022 RM'000	Preceding Year to Date 31/12/2021 RM'000	Variance		
			RM'000	(%)			RM'000	(%)	
<b><u>Segmental Revenue:</u></b>									
<b><u>Continuing Operations</u></b>									
Software & Services	4,561	51,824	(47,263)	-91%	17,468	59,685	(42,217)	-71%	
Talent	3,582	1,404	2,178	155%	8,907	5,302	3,605	68%	
Concession	-	-	-	0%	-	-	-	0%	
Others	500	250	250	100%	1,000	500	500	100%	
	8,643	53,478	(44,835)	-84%	27,375	65,487	(38,112)	-58%	
Inter-segment Elimination	(655)	(250)			(1,282)	(500)			
<b>Group</b>	<b>7,988</b>	<b>53,228</b>	<b>(45,240)</b>	<b>-85%</b>	<b>26,093</b>	<b>64,987</b>	<b>(38,894)</b>	<b>-60%</b>	
<b><u>Profit/(Loss) Before Taxation</u></b>									
Software & Services	543	9,773	(9,230)	-94%	1,516	9,650	(8,134)	-84%	
Talent	90	(181)	270	149%	1,008	639	369	58%	
Concession	(139)	(460)	321	70%	(260)	(490)	230	47%	
Others	(3,343)	(3,071)	(272)	-9%	(6,028)	(5,172)	(856)	-17%	
	(2,849)	6,061	(8,910)	-147%	(3,764)	4,627	(8,391)	-181%	
Inter-segment Elimination	-	-			-	-			
<b>Group</b>	<b>(2,849)</b>	<b>6,061</b>	<b>(8,910)</b>	<b>-147%</b>	<b>(3,764)</b>	<b>4,627</b>	<b>(8,391)</b>	<b>-181%</b>	

## **AWANBIRU TECHNOLOGY BERHAD**

(Registration No. 201001038336)

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2022**

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

#### **THREE (3) MONTHS RESULTS (Q2 FY2023 vs Q2 FY2022)**

The Group revenue for the three (3) months period under review decreased from RM53.2 million in Q2 FY2022 to RM8.0 million in Q2 FY2023, which is RM45.2 million lower mainly attributable to the lower revenue from Software & Services segment.

The Group recorded a loss before taxation of RM2.8 million in Q2 FY2023 as compared to a profit before taxation of RM6.1 million in Q2 FY2022. Factors affecting the results for this quarter were as follows:

- i. Decrease in Software & Services revenue from RM51.8 million in Q2 FY2022 to RM4.6 million in Q2 FY2023 due to the revenue recognition from Pernec Integrated Network Systems Sdn.Bhd. ("Pernec") project in Q2 FY2022. This has resulted in a lower profit before taxation of RM0.5 million as compared to a profit before taxation of RM9.8 million in Q2 FY2022;
- ii. Talent segment recorded a profit before taxation of RM0.09 million in Q2 FY2023 as compared to a loss before taxation of RM0.18 million in Q2 FY2022 due to an increase in revenue of RM3.6 million in Q2 FY2023 from RM1.4 million in Q2 FY2022 mainly from the higher number of placements under the Selangor Kerjaya Program;
- iii. Concession segment recorded a loss before taxation of RM0.14 million in Q2 FY2023 as compared to a loss before taxation of RM0.46 million in Q2 FY2022 mainly due to lower legal and professional services cost relating to the claim against The Government of Malaysia ("GOM"); and
- iv. Others segment recorded a revenue of RM0.5 million from the holding company charging subsidiaries management fees for the Group shared service cost in Q2 FY2023. The segment recorded a higher loss before taxation of RM3.3 million in Q2 FY2023 as compared to RM3.1 million loss before taxation in Q2 FY2022 mainly due to higher operating expenses.

## **AWANBIRU TECHNOLOGY BERHAD**

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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2022**

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

#### **SIX (6) MONTHS RESULTS (YTD Q2 FY2023 vs YTD Q2 FY2022)**

The Group revenue for the six (6) months period under review decreased from RM65.0 million in YTD Q2 FY2022 to RM26.1 million in YTD Q2 FY2023, which is RM38.9 million lower mainly attributable to the lower revenue from Software & Services segment.

The Group recorded a loss before taxation of RM3.8 million in YTD Q2 FY2023 as compared to a profit before taxation of RM4.6 million in YTD Q2 FY2022. Factors affecting the results for this quarter were as follows:

- i. Decrease in Software & Services revenue from RM59.7 million in YTD Q2 FY2022 to RM17.5 million in YTD Q2 FY2023 due to the revenue recognition from Pernec project in YTD Q2 FY2022. This has resulted in a lower profit before taxation of RM1.5 million in YTDQ2FY2023 as compared to a profit before taxation of RM9.7 million in YTD Q2 FY2022;
- ii. Talent segment recorded a higher profit before taxation of RM1.0 million in YTD Q2 FY2023 as compared to a profit before taxation of RM0.64 million in YTD Q2 FY2022 due to an increase in revenue of RM8.9 million in YTD Q2 FY2023 from RM5.3 million in YTD Q2 FY2022 mainly from the higher number of placements under the Selangor Kerjaya Program;
- iii. Concession segment recorded a loss before taxation of RM0.26 million in YTD Q2 FY2023 as compared to a loss before taxation of RM0.49 million in YTD Q2 FY2022 mainly due to lower legal and professional services cost relating to the claim against The Government of Malaysia ("GOM"); and
- iv. Others segment recorded a revenue of RM1.0 million from the holding company charging subsidiaries management fees for the Group shared service cost in YTD Q2 FY2023. The segment recorded a higher loss before taxation of RM6.0 million in YTD Q2 FY2023 as compared to RM5.2 million loss before taxation in YTD Q2 FY2022 mainly due to higher operating expenses.

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

	<b>Current Quarter 31/12/2022 RM'000</b>	<b>Immediate Preceding Quarter 30/09/2022 RM'000</b>	<b>0 RM'000</b>	<b>(%)</b>
<b><u>Segmental Revenue:</u></b>				
<b><u>Continuing Operations</u></b>				
Software & Services	4,561	12,906	(8,345)	-65%
Talent	3,582	5,326	(1,744)	-33%
Concession	-	-	-	0%
Others	500	500	-	0%
	8,643	18,732	(10,089)	-54%
Inter-segment Elimination	(655)	(627)		
<b>Group</b>	7,988	18,105	(10,117)	-56%
<b><u>Profit/(loss) Before Taxation</u></b>				
Software & Services	543	1,038	(495)	-48%
Talent	90	1,040	(950)	-91%
Concession	(139)	(122)	(17)	-14%
Others	(3,343)	(2,871)	(472)	-16%
	(2,849)	(915)	(1,934)	-211%
Inter-segment Elimination	-	-		
<b>Group</b>	(2,849)	(915)	(1,934)	-211%

The Group recorded a higher loss before taxation of RM2.85 million in Q2 FY2023 as compared to a loss before taxation of RM0.92 million in Q1 FY2022 mainly due to lower revenue from software and services segments in Q2 FY2023.

**B3. PROSPECTS FOR THE FINANCIAL YEAR ENDING 30 JUNE 2023**

The results for YTD Q2 FY2023 as compared to YTD Q2 FY2022 has shown a decrease in revenue for Software & Services due to the revenue recognition from Pernec project in YTD Q2 FY2022 while our Talent segment contributes a positive growth. Despite the decrease in Software & Services revenue from RM65.0 million in YTD Q2 FY2022 to RM26.1 million in YTD Q2 FY2023, this segment recorded a higher profit margin as compared to our previous year same quarter due to a higher percentage contribution from services.



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**B3. PROSPECTS FOR THE FINANCIAL YEAR ENDING 30 JUNE 2023 (CONT'D)**

During the quarter under review, we felt the effects of a slowdown in customers' procurement decision making leading up to GE15. Our continued investments into the 3Ps - People, Partners and Products & Services may cause quarter-to-quarter fluctuations in the earnings trajectory. Although current fluctuations has created near-term headwinds, efforts will continuously be made in improving the performance of all the segments by improving the demand for our products and services through both product and market diversifications. With our track records as trusted partner for technology and talent services, the Group will remain resilient and vigilant in addressing the current fluctuations.

Premised on the overview and outlook of the industry and the Government plans to accelerate Malaysia's progress as a technologically-advanced economy, we are cautiously optimistic about the future prospects of the Group despite the challenges that may be in store.

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

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

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

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

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current Quarter 31/12/2022 RM'000</b>	<b>Preceding Year Quarter 31/12/2021 RM'000</b>	<b>6 months Current Year to date 31/12/2022 RM'000</b>	<b>6 months Preceding Year to date 31/12/2021 RM'000</b>
Interest expense	184	197	368	380
Interest income	59	144	89	279
Depreciation and amortisation	457	472	910	970
Foreign exchange loss	1	41	1	54
Impairment losses on trade and other receivables	400	2,067	808	2,067
Loss from disposal of a subsidiary companies	-	-	-	34

**B6. INCOME TAX EXPENSE**

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

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current Quarter 31/12/2022 RM'000</b>	<b>Preceding Year Quarter 31/12/2021 RM'000</b>	<b>6 months Current Year to date 31/12/2022 RM'000</b>	<b>6 months Preceding Year to date 31/12/2021 RM'000</b>
Malaysia tax:				
- for the current year	100	250	550	500
- under provision in prior year	-	15	72	15
	<u>100</u>	<u>265</u>	<u>622</u>	<u>515</u>

**B7. STATUS OF CORPORATE PROPOSALS**

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

1. Long term incentive plan ("LTIP")

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

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

2. Proposed scheme of arrangement

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

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

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

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## 3. Creditor's Voluntary Liquidation

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

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

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

**B8. BORROWINGS**

The Group's borrowing and debts securities as at 31 December 2022 are as follows:

	Long term borrowing			Short term borrowing		Total (RM'000)
	Secured	Unsecured	Total	Secured	Total	
	RM '000	RM '000	RM '000	RM '000	RM '000	
<b><u>Borrowings</u></b>						
-Term Loan	12,206	-	12,206	3,712	3,712	15,918
<b><u>Debt Securities</u></b>						
-RPS "A"	152	-	152	-	-	152
Total	12,358	-	12,358	3,712	3,712	16,070

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### **B9. MATERIAL LITIGATION**

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

The OS was first heard before the High Court on 22 January 2021 and the hearing of the OS is currently still ongoing.

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

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

### **B10. FAIR VALUE HIERARCHY**

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

### **B11. PROPOSED DIVIDEND**

No interim dividend has been declared for the current quarter ended 31 December 2022.

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**B12. (LOSS)/EARNINGS PER SHARE**

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<b>Current Quarter 31/12/2022</b>	<b>Preceding Year Quarter 31/12/2021</b>	<b>6 months Current Year to date 31/12/2022</b>	<b>6 months Preceding Year to date 31/12/2021</b>
(Loss)/Profit after taxation attributable to owners of the Company (RM'000)	(2,909)	5,943	(4,308)	4,259
Weighted average number of ordinary shares in issue ('000)	788,016	787,425	788,016	787,425
Basic (loss)/earnings per share (sen)	(0.37)	0.75	(0.55)	0.54

**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 23 February 2023.

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

Secretaries

**Kuala Lumpur****23 February 2023**