



AwanBiru Technology Berhad

[Registration No. 201001038336]
(Incorporated in Malaysia)

**Unaudited Interim Financial Report
For the Quarter Ended 31 March 2023**

AWANBIRU TECHNOLOGY BERHAD

(Registration No.201001038336)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE QUARTER ENDED 31 MARCH 2023

	Note	Individual Quarter		Cumulative Period	
		Current Year Quarter	Preceding Year Quarter	Current Year To Date 9 months	Preceding Year To Date 9 months
		31/3/2023 RM'000	31/3/2022 RM'000	31/3/2023 RM'000	31/3/2022 RM'000
Revenue		8,509	13,266	34,602	78,253
Cost of sales		(4,077)	(7,662)	(20,722)	(58,215)
Gross profit		4,432	5,604	13,880	20,038
Other income		764	718	1,621	4,484
Administrative expenses		5,196	6,322	15,501	24,522
Other expenses		(5,588)	(5,131)	(17,468)	(15,070)
Finance costs		(884)	(732)	(2,705)	(3,986)
(Loss)/Profit before taxation	B5	(205)	(132)	(573)	(512)
Income tax expense	B6	(1,481)	327	(5,245)	4,954
		(560)	(250)	(1,182)	(765)
Total comprehensive (expenses)/income for the financial period		(2,041)	77	(6,427)	4,189
(Loss)/Profit after taxation attributable to:-					
Owners of the Company:		(1,988)	106	(6,296)	4,365
Non-controlling interest		(53)	(29)	(131)	(176)
		(2,041)	77	(6,427)	4,189
Total comprehensive (expenses)/income attributable to:					
Owners of the Company:		(1,988)	106	(6,296)	4,365
Non-controlling interest		(53)	(29)	(131)	(176)
		(2,041)	77	(6,427)	4,189
(Loss)/Earnings Per Share attributable to owners of the Company (Sen)					
Basic	B12	(0.25)	0.01	(0.80)	0.55

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 MARCH 2023

	Note	Unaudited As at 31/3/2023 RM'000	Audited As at 30/6/2022 RM'000
ASSETS			
NON-CURRENT ASSETS			
Property and equipment		21,796	22,433
Investment properties		24,180	24,180
Development cost		-	-
		<u>45,976</u>	<u>46,613</u>
CURRENT ASSETS			
Contract costs		1,248	382
Trade and other receivables		318,555	317,239
Contract assets		54,106	59,362
Short-term investment		14,885	15,313
Cash and cash equivalents		11,239	4,034
Current tax assets		-	46
		<u>400,033</u>	<u>396,376</u>
		<u>446,009</u>	<u>442,989</u>
TOTAL ASSETS			
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Trade and other payables		222,767	208,554
Borrowings	B8	3,720	3,768
Current tax liabilities		847	425
Contract liabilities		1,494	3,960
		<u>228,828</u>	<u>216,707</u>
NON-CURRENT LIABILITIES			
Borrowings	B8	11,336	14,061
Redeemable Preference Shares "A"		152	152
Deferred tax liabilities		16,869	16,869
		<u>28,357</u>	<u>31,082</u>
		<u>257,185</u>	<u>247,789</u>
TOTAL LIABILITIES			
NET ASSETS			
		<u>188,824</u>	<u>195,200</u>
EQUITY			
Share capital		176,912	176,861
Treasury shares		(3,366)	(3,366)
Warrant reserve		19,812	19,812
LTIP reserve		94	94
Accumulated losses		(15,967)	(9,671)
Total equity attributable to owners of the Company		<u>177,485</u>	<u>183,730</u>
Non-controlling interest		11,339	11,470
		<u>188,824</u>	<u>195,200</u>
TOTAL EQUITY			
TOTAL LIABILITIES & EQUITY			
		<u>446,009</u>	<u>442,989</u>
NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (SEN)			
		22.47	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 MARCH 2023

	←-----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
At 30 June 2021 /1 July 2021	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
At 30 June 2022	176,861	19,812	94	(3,366)	(9,671)	183,730	11,470	195,200
Loss after taxation/Total comprehensive expense for the year	-	-	-	-	(6,296)	(6,296)	(131)	(6,427)
Transaction with owners of the Company:-								
- Issuance of ordinary shares pursuant to ESOS	51	-	-	-	-	51	-	51
	51	-	-	-	-	51	-	51
At 31 March 2023	176,912	19,812	94	(3,366)	(15,967)	177,485	11,339	188,824

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
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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE QUARTER ENDED 31 MARCH 2023

	Current 9 months 31/3/2023 RM'000	Preceding Year 9 months 31/3/2022 RM'000
CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES		
(Loss)/Profit before taxation	(5,245)	4,954
Adjustments for:		
Depreciation of property and equipment	1,381	1,216
Loss on disposal of a subsidiary company	-	65
Impairment loss on property and equipment	-	747
Impairment loss on trade and other receivables	1,219	2,553
Interest income	(139)	(382)
Interest expense	573	512
Reversal of impairment on other receivables	(325)	-
Disposal of equity in a subsidiary attributed to non-controlling interests	-	(153)
Operating (loss)/profit before working capital changes	<u>(2,536)</u>	<u>9,512</u>
Working capital changes:-		
Changes in contract costs	(866)	(818)
Changes in contract assets	5,256	-
Changes in trade and other receivables	(2,210)	(59,239)
Changes in contract liabilities	(2,466)	63
Changes in trade and other payables	14,213	45,510
CASH FLOW FROM OPERATING ACTIVITIES	<u>11,391</u>	<u>(4,972)</u>
Interest paid	(573)	(469)
Income tax paid	(714)	(366)
NET CASH FLOW FROM/(FOR) OPERATING ACTIVITIES	<u>10,104</u>	<u>(5,807)</u>
CASH FLOWS FOR INVESTING ACTIVITIES		
Purchase of property and equipment	(744)	(1,871)
Interest received	139	283
Proceed from disposal of a subsidiary company	-	113
NET CASH FLOW FOR INVESTING ACTIVITIES	<u>(605)</u>	<u>(1,475)</u>
CASH FLOWS FOR FINANCING ACTIVITIES		
Repayment of term loans	(2,773)	(4,924)
Proceeds from issuance of ordinary shares via exercise of ESOS	51	-
NET CASH FLOW FOR FINANCING ACTIVITIES	<u>(2,722)</u>	<u>(4,924)</u>
Net increase/(decrease) in cash and cash equivalents	6,777	(12,206)
Cash and cash equivalents at beginning of the financial period	17,256	38,901
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	<u>24,033</u>	<u>26,695</u>
CASH AND CASH EQUIVALENT AT END OF THE FINANCIAL PERIOD COMPRISES THE FOLLOWING:-		
Cash and bank balances	9,148	16,574
Deposits with licensed banks	2,091	1,691
Short-term investments	14,885	10,121
	<u>26,124</u>	<u>28,386</u>
Less: Deposits pledged with licensed banks	(2,091)	(1,691)
	<u>24,033</u>	<u>26,695</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 MARCH 2023

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.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2023**A2. CHANGES IN ACCOUNTING POLICIES**

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

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
• 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 MARCH 2023

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 March 2023 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 March 2023.

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 MARCH 2023

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 MARCH 2023

A10. SEGMENTAL INFORMATION (CONT'D)

	RESULTS FOR 3 MONTHS ENDED 31 MARCH 2023 (UNAUDITED)					RESULTS FOR 3 MONTHS ENDED 31 MARCH 2022 (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
Revenue										
External revenue	3,353	5,156	-	-	8,509	10,453	2,813	-	-	13,266
Inter-segment revenue	-	123	-	500	623	-	-	-	250	250
Segment revenue	3,353	5,279	-	500	9,132	10,453	2,813	-	250	13,516
Consolidation adjustments					(623)					(250)
Consolidated revenue					8,509					13,266
Results										
Segment (loss)/profit before interest and taxation	(52)	885	(176)	(1,933)	(1,276)	2,891	135	(97)	(2,470)	459
Finance costs					(205)					(132)
Consolidation adjustments					-					-
Total Loss Before Taxation					(1,481)					327

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2023**A10. SEGMENTAL INFORMATION (CONT'D)**

	RESULTS FOR 9 MONTHS ENDED 31 MARCH 2023 (UNAUDITED)					RESULTS FOR 9 MONTHS ENDED 31 MARCH 2022 (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
Revenue						Revenue				
External revenue	20,822	13,780	-	-	34,602	70,138	8,115	-	-	78,253
Inter-segment revenue	-	405	-	1,500	1,905	-	-	-	750	750
Segment revenue	20,822	14,185	-	1,500	36,507	70,138	8,115	-	750	79,003
Consolidation adjustments					(1,905)					(750)
Consolidated revenue					34,602					78,253
Results						Results				
Segment profit/(loss)						Segment profit/(loss)				
before interest and taxation	1,427	1,853	(437)	(7,515)	(4,672)	12,524	523	(587)	(6,994)	5,466
Finance costs					(573)					(512)
Consolidation adjustments					-					-
Total Loss Before Taxation					(5,245)	Total Profit Before Taxation				4,954

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2023**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 March 2023 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: -

	RM '000
- Performance guarantee extended by a subsidiary to third party	493
- Dividend payable on Redeemable Preference Shares ("RPS")	<u>28,804</u>
	<u>29,297</u>

A14. CAPITAL COMMITMENTS

Capital commitments of the Group in respect of property and equipment as at 31 March 2023 are as follows:

	RM'000
- Approved but not contracted for	<u>558</u>

A15. SIGNIFICANT RELATED PARTY TRANSACTIONS

There were no significant related party transactions for the quarter ended 31 March 2023.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2023**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 31/3/2023 RM'000	Preceding Year Quarter 31/3/2022 RM'000	Variance		Current Year to Date 31/3/2023 RM'000	Preceding Year to Date 31/3/2022 RM'000	Variance	
			RM'000	(%)			RM'000	(%)
<u>Segmental Revenue:</u>								
Software & Services	3,353	10,453	(7,100)	-68%	20,822	70,138	(49,316)	-70%
Talent	5,279	2,813	2,466	88%	14,185	8,115	6,070	75%
Concession	-	-	-	0%	-	-	-	0%
Others	500	250	250	100%	1,500	750	750	100%
	9,132	13,516	(4,384)	-32%	36,507	79,003	(42,496)	-54%
Inter-segment Elimination	(623)	(250)			(1,905)	(750)		
Group	8,509	13,266	(4,757)	-36%	34,602	78,253	(43,651)	-56%
<u>Profit/(Loss) Before Taxation</u>								
Software & Services	(96)	2,860	(2,956)	-103%	1,427	12,407	(10,980)	-88%
Talent	829	104	724	696%	1,853	401	1,452	362%
Concession	(176)	(97)	(79)	-81%	(437)	(587)	150	26%
Others	(2,038)	(2,540)	502	20%	(8,088)	(7,267)	(821)	-11%
	(1,481)	327	(1,808)	-553%	(5,245)	4,954	(10,199)	-206%
Inter-segment Elimination	-	-			-	-		
Group	(1,481)	327	(1,808)	-553%	(5,245)	4,954	(10,199)	-206%

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2023

B1. OPERATING SEGMENTS REVIEW (CONT'D)

THREE (3) MONTHS RESULTS (Q3 FY2023 vs Q3 FY2022)

The Group revenue for the three (3) months period under review decreased from RM13.3 million in Q3 FY2022 to RM8.5 million in Q3 FY2023, which is RM4.8 million lower mainly attributable to the lower revenue from Software & Services segment.

The Group recorded a loss before taxation of RM1.5 million in Q3 FY2023 as compared to a profit before taxation of RM0.3 million in Q3 FY2022. Factors affecting the results for this quarter were as follows:

- i. Decrease in Software & Services revenue from RM10.5 million in Q3 FY2022 to RM3.4 million in Q3 FY2023 due to the revenue recognition from Pernec Integrated Network Systems Sdn.Bhd. ("Pernec") project in Q3 FY2022. This has resulted in a loss before taxation of RM0.1 million as compared to a profit before taxation of RM2.9 million in Q3 FY2022;
- ii. Talent segment recorded a profit before taxation of RM0.8 million in Q3 FY2023 as compared to a profit before taxation of RM0.1 million in Q3 FY2022 due to an increase in revenue of RM5.3 million in Q3 FY2023 from RM2.8 million in Q3 FY2022 mainly from the higher number of placements under the Selangor Kerjaya Program; and
- iii. Others segment recorded a lower loss before taxation of RM2.0 million in Q3 FY2023 as compared to RM2.5 million loss before taxation in Q3 FY2022 mainly due to one-off reversal of impairment in Q3 FY2023.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2023

B1. OPERATING SEGMENTS REVIEW (CONT'D)

NINE (9) MONTHS RESULTS (YTD Q3 FY2023 vs YTD Q3 FY2022)

The Group revenue for the nine (9) months period under review decreased from RM78.3 million in YTD Q3 FY2022 to RM34.6 million in YTD Q3 FY2023, which is RM43.7 million lower mainly attributable to the lower revenue from Software & Services segment.

The Group recorded a loss before taxation of RM5.2 million in YTD Q3 FY2023 as compared to a profit before taxation of RM5.0 million in YTD Q3 FY2022. Factors affecting the results for this quarter were as follows:

- i. Decrease in Software & Services revenue from RM70.1 million in YTD Q3 FY2022 to RM20.8 million in YTD Q3 FY2023 due to the revenue recognition from Pernec and MOE projects in YTD Q3 FY2022. This has resulted in a lower profit before taxation of RM1.4 million in YTD Q3FY2023 as compared to a profit before taxation of RM12.4 million in YTD Q3 FY2022;
- ii. Talent segment recorded a higher profit before taxation of RM1.9 million in YTD Q3 FY2023 as compared to a profit before taxation of RM0.4 million in YTD Q3 FY2022 due to an increase in revenue of RM14.2 million in YTD Q3 FY2023 from RM8.1 million in YTD Q3 FY2022 mainly from the higher number of placements under the Selangor Kerjaya Program;
- iii. Concession segment recorded a loss before taxation of RM0.4 million in YTD Q3 FY2023 as compared to a loss before taxation of RM0.6 million in YTD Q3 FY2022 mainly due to lower legal and professional services cost relating to the claim against The Government of Malaysia ("GOM"); and
- iv. The segment recorded a higher loss before taxation of RM8.1 million in YTD Q3 FY2023 as compared to RM7.3 million loss before taxation in YTD Q3 FY2022 mainly due to higher operating expenses.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2023**B2. COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S RESULTS**

	Current Quarter 31/3/2023 RM'000	Immediate Preceding Quarter 31/12/2022 RM'000	Variance RM'000	(%)
<u>Segmental Revenue:</u>				
Software & Services	3,353	4,561	(1,208)	-26%
Talent	5,279	3,582	1,697	47%
Concession	-	-	-	0%
Others	500	500	-	0%
	9,132	8,643	489	6%
Inter-segment Elimination	(623)	(655)		
Group	8,509	7,988	521	7%
<u>(Loss/Profit) Before Taxation</u>				
Software & Services	(96)	543	(639)	-118%
Talent	829	90	739	821%
Concession	(176)	(139)	(37)	-27%
Others	(2,038)	(3,343)	1,305	39%
	(1,481)	(2,849)	1,368	48%
Inter-segment Elimination	-	-		
Group	(1,481)	(2,849)	1,368	48%

The Group recorded a lower loss before taxation of RM1.5 million in Q3 FY2023 as compared to a loss before taxation of RM2.8 million in Q2 FY2023 mainly due to lower operating expenses in Q3 FY2023.

B3. PROSPECTS FOR THE FINANCIAL YEAR ENDING 30 JUNE 2023

The results for YTD Q3 FY2023 as compared to YTD Q3 FY2022 has shown a decrease in revenue for Software & Services due to the revenue recognition from Pernec and MOE projects in YTD Q3 FY2022. During this period, our Talent segment has demonstrated consistent growth, which we are pleased to report. Although the Software & Services revenue dropped from RM70.1 million in YTD Q3 FY2022 to RM20.8 million in YTD Q3 FY2023, this segment achieved a higher profit margin than the same quarter last year due to an increase in contribution from services.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2023

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

Despite the challenges faced during YTD Q3 FY2023, we remain committed to our investment in the 3Ps - People, Partners and Products & Services. We are confident in our ability to improve the performance of all segments by diversifying our products and markets and improving demand for our services.

We recognize that these efforts may lead to variations in the earnings trajectory on a quarter-to-quarter basis. Nevertheless, we remain cautiously optimistic about the future prospects of the Group, given the outlook of the industry and the Government plans to accelerate Malaysia's progress as a technologically-advanced economy. The Group will stay resilient and attentive in dealing with the current fluctuations, as a reliable provider of technology and talent services, and we are confident that our continued investments in the 3Ps will position us well for growth and success in the future.

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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UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2023**B5. (LOSS)/PROFIT BEFORE TAXATION**

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

	Individual Quarter		Cumulative Quarter	
	Current Quarter 31/3/2023 RM'000	Preceding Year Quarter 31/3/2022 RM'000	9 months Current Year to date 31/3/2023 RM'000	9 months Preceding Year to date 31/3/2022 RM'000
Interest expense	205	132	573	512
Interest income	(50)	(101)	(139)	(382)
Depreciation and amortisation	471	246	1,381	1,216
Foreign exchange loss	1	5	2	51
Impairment losses:				
Trade and other receivables	411	486	1,219	2,553
Property and equipment	-	-	-	747
Loss from disposal of a subsidiary companies	-	-	-	65
Reversal of impairment losses on other receivables	(325)	-	(325)	-

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.

	Individual Quarter		Cumulative Quarter	
	Current Quarter 31/3/2023 RM'000	Preceding Year Quarter 31/3/2022 RM'000	9 months Current Year to date 31/3/2023 RM'000	9 months Preceding Year to date 31/3/2022 RM'000
Malaysia tax:				
- for the current year	560	250	1,110	750
- under provision in prior year	-	-	72	15
	<u>560</u>	<u>250</u>	<u>1,182</u>	<u>765</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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UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2023**B7. STATUS OF CORPORATE PROPOSALS (CONT'D)**

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 March 2023 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	
<u>Borrowings</u>						
- Term loan	11,336	-	11,336	3,720	3,720	15,056
<u>Debt Securities</u>						
- RPS "A"	152	-	152	-	-	152
Total	11,488	-	11,488	3,720	3,720	15,208

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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 March 2023.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2023**B12. (LOSS)/EARNINGS PER SHARE**

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Current Quarter 31/3/2023	Preceding Year Quarter 31/3/2022	9 months Current Year to date 31/3/2023	9 months Preceding Year to date 31/3/2022
(Loss)/Profit after taxation attributable to owners of the Company (RM'000)	(1,988)	106	(6,296)	4,365
Weighted average number of ordinary shares in issue ('000)	788,016	787,425	788,016	787,425
Basic (loss)/earnings per share (sen)	(0.25)	0.01	(0.80)	0.55

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 25 May 2023.

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

Secretaries

Kuala Lumpur**25 May 2023**