



AwanBiru Technology Berhad

[Registration No. 201001038336]
(Incorporated in Malaysia)

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

AWANBIRU TECHNOLOGY BERHAD
(Registration No.201001038336)

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

	Note	Individual Quarter		Cumulative Period	
		Current	Preceding	Current	Preceding
		Year Quarter	Year Quarter	Year To Date	Year To Date
		31/3/2022	31/3/2021	31/3/2022	31/3/2021
		RM'000	RM'000	RM'000	RM'000
CONTINUING OPERATIONS					
Revenue		13,266	28,507	78,253	102,101
Cost of sales		(7,662)	(21,604)	(58,215)	(81,480)
Gross profit		5,604	6,903	20,038	20,621
Other income		718	524	4,484	1,045
		6,322	7,427	24,522	21,666
Administrative expenses		(5,131)	(4,963)	(15,070)	(15,803)
Other expenses		(732)	(1,140)	(3,986)	(8,041)
Finance costs		(132)	(330)	(512)	(2,534)
Profit/ (loss) before taxation	B5	327	994	4,954	(4,712)
Income tax expense	B6	(250)	(527)	(765)	(1,914)
Profit/ (loss) after taxation from continuing operations		77	467	4,189	(6,626)
DISCONTINUED OPERATIONS					
Profit after taxation from discontinued operations		-	-	-	16,358
Profit after taxation		77	467	4,189	9,732
Other comprehensive income/ (expense)		-	-	-	-
Total comprehensive income/ (expenses) for the financial period		77	467	4,189	9,732
Profit/ (loss) after taxation attributable to:-					
Owners of the Company:					
Continuing operations		106	762	4,365	(5,933)
Discontinued operations		-	-	-	16,358
		106	762	4,365	10,425
Non-controlling interest:		(29)	(295)	(176)	(693)
		77	467	4,189	9,732
Total comprehensive income/ (expenses) attributable to:					
Owners of the Company:					
Continuing operations		106	762	4,365	(5,933)
Discontinued operations		-	-	-	16,358
		106	762	4,365	10,425
Non-controlling interest:		(29)	(295)	(176)	(693)
		77	467	4,189	9,732
Profit/ (Loss) Per Share attributable to owners of the Company (Sen)					
Basic:					
Continuing operations	B12	0.01	0.10	0.55	(0.92)
Discontinued operations		-	-	-	2.52

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 2020 to 30 June 2021 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 2022

	Note	Unaudited As at 31/3/2022 RM'000	Audited As at 30/6/2021 RM'000
ASSETS			
NON-CURRENT ASSETS			
Property and equipment		22,822	10,684
Investment properties		24,200	11,430
Development cost		-	32
		47,022	22,146
CURRENT ASSETS			
Contract costs		1,174	356
Trade and other receivables		371,177	314,360
Short-term investment		10,121	10,041
Cash and bank balances		18,265	30,552
Current tax assets		82	91
		400,819	355,400
Assets of disposal group classified as held for sale		-	25,000
		400,819	380,400
		447,841	402,546
TOTAL ASSETS			
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Trade and other payables		206,245	160,525
Borrowings	B8	3,860	3,874
Current tax liabilities		706	306
Contract liabilities		9,709	9,646
		220,520	174,351
NON-CURRENT LIABILITIES			
Borrowings	B8	15,517	20,427
Deferred tax liabilities		16,869	16,869
		32,386	37,296
		252,906	211,647
TOTAL LIABILITIES			
NET ASSETS			
		194,935	190,899
EQUITY			
Share capital		176,672	176,672
Treasury shares		(3,366)	(3,366)
Warrant reserve		19,812	19,812
Employee share option reserve		919	919
Accumulated losses		(10,640)	(15,005)
Total equity attributable to owners of the Company		183,397	179,032
Non-controlling interest		11,538	11,867
		194,935	190,899
TOTAL EQUITY			
TOTAL LIABILITIES & EQUITY			
		447,841	402,546
NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (SEN)			
		23.24	22.69

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 2020 to 30 June 2021 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 2022

	←----- Non-distributable ----->				Distributable (Accumulated			
	Share Capital RM'000	Warrant Reserve RM'000	Employee share Option Reserve RM'000	Treasury Shares RM'000	Losses)/ Retained Profits RM'000	Attributable to owners of the Company RM'000	Non- controlling Interest RM'000	Total Equity RM'000
At 30 June 2020 /1 July 2020								
- As previously reported	133,803	-	-	(3,366)	(24,327)	106,110	12,822	118,932
- Prior year adjustments	-	-	-	-	(663)	(663)	-	(663)
- As restated	133,803	-	-	(3,366)	(24,990)	105,447	12,822	118,269
Profit/ (Loss) after taxation	-	-	-	-	9,985	9,985	(636)	9,349
Transaction with owners of the Company:-								
- Issuance of ordinary shares	42,869	19,812	-	-	-	62,681	-	62,681
- Share options to employees	-	-	919	-	-	919	-	919
- Capital reduction in a subsidiary	-	-	-	-	-	-	(319)	(319)
	42,869	19,812	919	-	-	63,600	(319)	63,281
At 30 June 2021	176,672	19,812	919	(3,366)	(15,005)	179,032	11,867	190,899
Transaction with owners of the Company:-								
Profit/(loss) after taxation	-	-	-	-	4,365	4,365	(176)	4,189
Transaction with owners of the Company:-								
- Disposal of a subsidiary	-	-	-	-	-	-	(153)	(153)
- Share options to employees	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	(153)	(153)
At 31 March 2022	176,672	19,812	919	(3,366)	(10,640)	183,397	11,538	194,935

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 2020 to 30 June 2021 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 MARCH 2022

	Current 9 months 31/3/2022 RM'000	Preceding Year 9 months 31/3/2021 RM'000
CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES		
Profit/(loss) before taxation		
Continuing operations	4,954	(4,712)
Discontinued operations	-	16,358
Adjustments for:		
Depreciation of property and equipment	1,216	1,887
Loss/ (Gain) on disposal of a subsidiary company	65	(17,629)
Impairment loss on property and equipment	747	5,055
Impairment loss on trade and other receivables	2,553	489
Impairment loss of contract costs	-	300
Interest income	(382)	(236)
Interest expense	512	2,534
Disposal of equity in a subsidiary attributed to non-controlling interests	(153)	-
Operating profit before working capital changes	9,512	4,046
Working capital changes:-		
Changes in contract costs	(818)	1,780
Changes in trade and other receivables	(59,239)	24,311
Changes in contract liabilities	63	(8,162)
Changes in trade and other payables	45,510	(19,169)
CASH FLOW (FOR)/ FROM OPERATING ACTIVITIES	(4,972)	2,806
Interest paid	(469)	(2,534)
Income tax paid	(366)	(1,098)
NET CASH FLOW (FOR)/ FROM OPERATING ACTIVITIES	(5,807)	(826)
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(1,871)	(151)
Interest received	283	236
Proceed from disposal of a subsidiary company	113	2,153
Withdrawal of deposit	-	2,262
NET CASH FLOW (FOR)/ FROM INVESTING ACTIVITIES	(1,475)	4,500
CASH FLOWS (FOR)/ FROM FINANCING ACTIVITIES		
Repayment of term loans	(4,924)	(1,828)
Repayment of redeemable secured loan stock	-	(10,000)
Repayment of bank overdraft	-	(7,950)
Repayment of revolving credits	-	(11,801)
Proceeds from issuance of shares	-	63,400
NET CASH FLOW (FOR)/FROM FINANCING ACTIVITIES	(4,924)	31,821
Net (decrease)/ increase in cash and cash equivalents	(12,206)	35,495
Cash and cash equivalents at beginning of the financial period	38,901	6,403
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	26,695	41,898
CASH AND CASH EQUIVALENT AT END OF THE FINANCIAL PERIOD COMPRISES THE FOLLOWING:-		
Cash and bank balances	16,574	41,898
Deposits with licensed banks	1,691	3,618
Short-term investments	10,121	-
	28,386	45,516
Less: Deposits pledged with licensed banks	(1,691)	(3,618)
	26,695	41,898

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 2020 to 30 June 2021 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 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 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 2021.

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 2021 excepts for those standards, amendments and interpretations which are effective from the annual period beginning on or after 1 January 2021.

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 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform – Phase 2

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 MARCH 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:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
• Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
• Amendments to MFRS 116: Property, Plant and Equipment-Proceeds before Intended Use	1 January 2022
• Amendments to MFRS 137: Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
• Amendments to MFRS 9: Annual Improvement to MFRS Standards 2018-2020	1 January 2022
• Amendments to MFRS 101: Classification of Liabilities as Current or Non-Current	1 January 2023
• Amendments to MFRS 108: Definition of Accounting Estimates	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 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 2021 was not qualified.

A4. SEASONAL OR CYCLICAL FACTORS

The business operations of the Group for the quarter ended 31 March 2022 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 31 March 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 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. 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 2022

A10. SEGMENTAL INFORMATION

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

- 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** – comprise of the holding company which is involved in investment holding and other inactive subsidiaries.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2022

A10. SEGMENTAL INFORMATION (CONT'D)

	RESULTS FOR 3 MONTHS ENDED 31 MARCH 2022 (UNAUDITED)					RESULTS FOR 3 MONTHS ENDED 31 MARCH 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	
Continuing Operations						Continuing Operations					
Revenue						Revenue					
External revenue	10,453	2,813	-	-	13,266	26,069	2,384	-	54	28,507	
Inter-segment revenue	-	-	-	250	250	-	-	-	1,250	1,250	
Segment revenue	10,453	2,813	-	250	13,516	26,069	2,384	-	1,304	29,757	
Consolidation adjustments					(250)					(1,250)	
Consolidated revenue					13,266					28,507	
Results						Results					
Segment profit/(loss)											
before interest and taxation	2,891	135	(97)	(2,470)	459	3,409	(493)	(499)	(1,093)	1,324	
Finance costs					(132)					(330)	
Consolidation adjustments					-					-	
Consolidated profit before taxation					327					994	
Discontinued Operations						Discontinued Operations					
Segment profit											
before interest and taxation	-	-	-	-	-	-	-	-	-	-	
Consolidation adjustments					-					-	
Segment profit before taxation					-					-	
Total profit/(loss) before interest and taxation	2,891	135	(97)	(2,470)	459	3,409	(493)	(499)	(1,093)	1,324	
Finance costs					(132)					(330)	
Consolidation adjustments					-					-	
Total Profit Before Taxation					327					994	

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2022

A10. SEGMENTAL INFORMATION (CONT'D)

	RESULTS FOR 9 MONTHS ENDED 31 MARCH 2022 (UNAUDITED)					RESULTS FOR 9 MONTHS ENDED 31 MARCH 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	
Continuing Operations						Continuing Operations					
Revenue						Revenue					
External revenue	70,138	8,115	-	-	78,253	96,539	5,354	-	208	102,101	
Inter-segment revenue	-	-	-	750	750	-	-	-	3,750	3,750	
Segment revenue	70,138	8,115	-	750	79,003	96,539	5,354	-	3,958	105,851	
Consolidation adjustments					(750)					(3,750)	
Consolidated revenue					78,253					102,101	
Results						Results					
Segment profit/(loss)											
before interest and taxation	12,524	523	(587)	(6,994)	5,466	11,280	(1,783)	(1,492)	(9,107)	(1,102)	
Finance costs					(512)					(2,534)	
Consolidation adjustments					-					(1,076)	
Consolidated profit					4,954					(4,712)	
before taxation											
Discontinued Operations						Discontinued Operations					
Segment profit											
before interest and taxation	-	-	-	-	-	-	-	-	15,282	15,282	
Consolidation adjustments					-					1,076	
Segment profit before taxation					-					16,358	
Total profit/(loss)											
before interest and taxation	12,524	523	(587)	(6,994)	5,466	11,280	(1,783)	(1,492)	6,175	14,180	
Finance costs					(512)					(2,534)	
Consolidation adjustments					-					-	
Total Profit Before Taxation					4,954					11,646	

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2022**A11. 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 31 March 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: -

	<u>RM'000</u>
- Performance guarantee extended by a subsidiary to third party	7,417
- Compensation to a vendor due to project termination	7,291
- Dividend payable on Redeemable Preference Shares ("RPS")	28,800
	<u>43,508</u>

A14. CAPITAL COMMITMENTS

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

	<u>RM'000</u>
- Approved and contracted for	2,088
- Approved and not contracted for	240
	<u>2,328</u>

A15. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 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 31/3/2022 RM'000	Preceding Year Quarter 31/3/2021 RM'000	Variance		9 MONTHS Current Year to Date 31/3/2022 RM'000	9 MONTHS Preceding Year to Date 31/3/2021 RM'000	Variance	
			RM'000	(%)			RM'000	(%)
<u>Segmental Revenue:</u>								
<u>Continuing Operations</u>								
Software & Services	10,453	26,069	(15,616)	-60%	70,138	96,539	(26,401)	-27%
Talent	2,813	2,384	429	18%	8,115	5,354	2,761	52%
Concession	-	-	-	0%	-	-	-	0%
Others	250	1,304	(1,054)	-81%	750	3,958	(3,208)	-81%
	13,516	29,757	(16,241)	-55%	79,003	105,851	(26,848)	-25%
Inter-segment Elimination	(250)	(1,250)			(750)	(3,750)		
Group	13,266	28,507	(15,241)	-53%	78,253	102,101	(23,848)	-23%
<u>Profit/(Loss) Before Taxation</u>								
Software & Services	2,860	3,306	(446)	-13%	12,407	11,280	1,127	10%
Talent	104	(493)	595	-121%	401	(1,783)	2,183	122%
Concession	(97)	(499)	402	81%	(587)	(1,492)	905	61%
Others	(2,540)	(1,320)	(1,221)	-93%	(7,267)	(11,641)	4,373	38%
	327	994	(667)	67%	4,954	(3,636)	8,590	236%
Inter-segment Elimination	-	-			-	(1,076)		
	327	994	(667)	67%	4,954	(4,712)	9,666	205%
<u>Discontinued Operations</u>								
Education	-	-	-	0%	-	15,282	(15,282)	-100%
Inter-segment Elimination	-	-	-	0%	-	1,076	(1,076)	-100%
	-	-	-	0%	-	16,358	(16,358)	-100%
Group	327	994	(667)	67%	4,954	11,646	(6,692)	-57%

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2022

B1. OPERATING SEGMENTS REVIEW (CONT'D)

THREE (3) MONTHS RESULTS (Q3 FY2022 vs Q3 FY2021)

The Group revenue for the three (3) months period under review decreased from RM28.5 million in Q3 FY2021 to RM13.3 million in Q3 FY2022, which is RM15.2 million lower mainly attributable to the lower revenue from Software & Services. Q3 FY2021 saw unusually high sales for this segment as customers accelerated their purchases prior to the expiry of the Master Licensing Agreement (“MLA”) in that quarter of 2021.

The Group recorded a profit before taxation from its Continuing Operations of RM0.3 million in Q3 FY2022 as compared to a profit before taxation of RM1.0 million in Q3 FY2021. Factors affecting the results for this quarter were as follows:

- i. Decrease in Software & Services revenue from 26.1 million in Q3 FY2021 to RM10.5 million in Q3 FY2022. This has resulted in a lower profit before taxation for this segment of RM2.9 million as compared to a profit before tax of RM3.3 million in Q3 FY2021 reflecting the improved gross margins from our pivot to the cloud with Google. This was further offset with;
- ii. Lower losses recorded by Concession segment of RM97,000 in Q3 FY2022 as compared to a loss before taxation of RM499,000 in Q3 FY2021 due to lower operating expenses incurred due to deconsolidation of a subsidiary Prestariang Tech Services Sdn.Bhd (“PTSSB”) in April 2021.
- iii. Talent segment recorded profit before taxation of RM0.1 million in Q3 FY2022 as compared to a loss before taxation of RM0.5 million in Q3 FY2021 due to an increase in revenue of RM2.8 million in Q3 FY2022 from RM2.4 million in Q3 FY2021 mainly from the Selangor Kerjaya Program.

NINE (9) MONTHS RESULTS (YTD Q3 FY2022 vs YTD Q3 FY2021)

The Group revenue for the nine (9) months period under review decreased from RM102.1 million in YTD Q3 FY2021 to RM78.3 million in YTD Q3 FY2022. This is RM23.8 million lower and mainly attributable to our pivot to the cloud following the expiry of the MLA for Software & Services segment.

The Group recorded a profit before tax from its Continuing Operations of RM5.0 million in YTD Q3 FY2022 as compared to a loss before tax of RM4.7 million in YTD Q3 FY2021 despite the significantly lower revenue. Factors affecting the results for this year-to-date period were as follows:

- i. Despite the decrease in Software & Services revenue from RM96.5 million in YTD Q3 FY2021 to RM70.1 million in YTD Q3 FY2022, this segment recorded a higher profit before tax of RM12.4 million in YTD Q3 FY2022 as compared to a profit before tax of RM11.3 million in YTD Q3 FY2021 reflecting the improved margins from our pivot to the cloud and enhanced by additional sales incentives.

B1. OPERATING SEGMENTS REVIEW (CONT'D)

NINE (9) MONTHS RESULTS (YTDQ3 FY2022 vs YTDQ3 FY2021) (CONT'D)

This segment's revenue was impacted from the dual effect of the expiry of the Master Licensing Agreement ("MLA") with the Government of Malaysia and the discontinuation by Microsoft of our wholly owned subsidiary, Awantec Systems Sdn. Bhd.'s ("ASSB") (formerly known as Prestariang Systems Sdn. Bhd.) membership in the Microsoft Partner Network effective 31 January 2021;

- ii. Talent segment recorded higher profit before taxation of RM0.4 million in YTD Q3 FY2022 as compared to a loss before taxation of RM1.8 million in YTD Q3 FY2021 mainly following an increase in revenue to RM8.1 million in YTD Q3 FY2022 from RM5.4 million in YTD Q3 FY2021. The growth in this segment is mainly from our Selangor Kerjaya Program;
- iii. Concession segment recorded a lower loss before taxation of RM0.6 million as compared to a loss before tax of RM1.5 million due to lower operating expenses incurred due to deconsolidation of a subsidiary Prestariang Tech Services Sdn.Bhd ("PTSSB") in April 2021; and
- iv. Others segment recorded a lower loss before taxation from Continuing Operations of RM7.3 million in YTD Q3 FY2022 as compared to a loss before taxation of RM11.6 million in YTD Q3 FY2021 mainly due to one-off provision of impairment loss on property and equipment amounting to RM5.1 million in YTD Q3 FY2021.

The one-off substantial profit before taxation from Discontinued Operations of RM16.4 million in YTD Q3 FY2021 was mainly due to one-off gain from disposal of Prestariang Education Sdn. Bhd.

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	Current Quarter 31/3/2022 RM'000	Immediate Preceding Quarter 31/12/2021 RM'000	Variance RM'000	(%)
<u>Segmental Revenue:</u>				
<u>Continuing Operations</u>				
Software & Services	10,453	51,824	(41,371)	-80%
Talent	2,813	1,404	1,409	100%
Concession	-	-	-	0%
Others	250	250	-	0%
	13,516	53,478	(39,961)	-75%
Inter-segment Elimination	(250)	(250)		
Group	13,266	53,228	(39,961)	-75%
<u>Profit/(loss) Before Taxation</u>				
Software & Services	2,860	9,773	(6,913)	-71%
Talent	104	(181)	284	-157%
Concession	(97)	(460)	363	79%
Others	(2,540)	(3,071)	531	-17%
	327	6,061	(5,734)	-95%
Inter-segment Elimination	-	-		
Group	327	6,061	(5,734)	-95%

The Group recorded a profit before taxation of RM0.3 million in Q3 FY2022 as compared to a profit of RM6.1 million in Q2 FY2022. The strong performance in Q3 FY2022 was mainly attributable to our Software & Services segment which included substantial revenue from the Pernec Contract.

B3. PROSPECTS FOR THE FINANCIAL YEAR ENDING 30 JUNE 2022

The rationalization plan outlined previously is now largely completed with the exception of the planned disposal of our office building for RM24.2 million following the termination of our SPA which we announced on 10 November 2021. Pursuant to the termination, the 10% deposit paid by the Purchaser amounting to RM2.42 million was forfeited. Our plans remain to find a suitable buyer and dispose of the said building.

In February 2021, our wholly owned subsidiary Awantec Systems Sdn. Bhd. ("**ASSB**") (formerly known as Prestariang Systems Sdn. Bhd.), was appointed by Google as their exclusive Managed Service Provider ("MSP") to the Government of Malaysia in relation to their empanelment by the Malaysian Administrative Modernisation and Management Planning Unit ("MAMPU") to facilitate the migration of government agencies to the Cloud, in line with the MyDigital goals. Empowered with the suite of Google products and services including Google AI and BigData, Security, Storage and Workspace, ASSB is strategically positioned to provide the range of Cloud services from Infrastructure as a Service (IaaS) and Platform as a Service (PaaS) to Software as a Service (SaaS) and Anything as a Service (XaaS). A Cloud Framework Agreement ("CFA") was subsequently signed between MAMPU, GOOGLE and ASSB on 13 May 2022.

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B3. PROSPECTS FOR THE FINANCIAL YEAR ENDING 30 JUNE 2022 (CONT'D)

We have received positive responses from our clients towards these new offerings. In the first half of FY2022, we have recorded two (2) significant wins from Ministry of Education ("MOE") and Pernec Integrated Network Systems Sdn. Bhd. ("Pernec"). The Pernec contract which we announced on 1 December 2021 relates to the provision of Google Workspace Solution, integration, configuration, provisioning and support services for a unified communication and collaborative platform. These wins serve as solid endorsements from our clients for our pivot to the cloud with our partners like Google, SAP, Adobe and others. These strategic wins will provide us with a solid platform to go deeper in our engagement as we build on our partnership with our clients as they transition to the Cloud.

The deployment and delivery for MOE and Pernec projects have accelerated working capital requirements in this quarter, increasing cash outlay, trade payables and receivables. The ensuing revenue stream over the term of these contracts will see our cashflow from operations soon turn positive and reduce reliance on cash reserves to fund operations.

Revenue in total grew by 564% from RM11.8 million in Q1FY2022 to RM78.3 million in YTD Q3 FY2022. Underpinned by this strong performance the Group remains profitable for the second consecutive quarter reflecting the positive response from our clients to our pivot to the Cloud. While we see a drop in revenue in this quarter compared to the previous quarter, we remain confident that our year on year revenue and core operating profits since our pivot to the cloud will continue to show improvements. We will leverage our recent success and inroads with clients to build on our deal pipeline and focus on its conversion into our orderbook.

We are cautiously optimistic of the year ahead as our revenue from new business including but not limited to our partnership with Google and existing opportunities in the Talent segment have demonstrated good growth from Q1 FY2022 to this Q3 FY2022 while we continue to seed new opportunities. On this premise, our Board is of the view that our Group is in good position to capitalize on the task of meeting the market requirement for technology and talent services to spearhead our business growth.

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 2022**B5. PROFIT/ (LOSS) BEFORE TAXATION**

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

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>Current Year Quarter</u>	<u>Preceding Year Quarter</u>	<u>9 months Current Year To Date</u>	<u>9 months Preceding Year To Date</u>
	<u>31/3/2022</u>	<u>31/3/2021</u>	<u>31/3/2022</u>	<u>31/3/2021</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Interest expense	132	330	512	2,534
Interest income	(101)	(194)	(382)	(236)
Depreciation and amortisation	246	591	1,216	1,887
Foreign exchange loss/ (gain)	5	(115)	51	364
Impairment losses:				
Trade and other receivables	486	-	2,553	489
Property and equipment	-	-	747	5,055
Loss from disposal of a subsidiary company	-	-	65	-

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.

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>Current Year Quarter</u>	<u>Preceding Year Quarter</u>	<u>9 months Current Year To Date</u>	<u>9 months Preceding Year To Date</u>
	<u>31/3/2022</u>	<u>31/3/2021</u>	<u>31/3/2022</u>	<u>31/3/2021</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Malaysia tax:				
- for the current year	250	527	750	1,529
- Under provision in prior year	-	-	15	385
	<u>250</u>	<u>527</u>	<u>765</u>	<u>1,914</u>

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2022**B7. STATUS OF CORPORATE PROPOSALS**

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

1. Proposed multi proposals**i. Private Placement and Rights Issue**

The Company had on 30 November 2020, announced that it had completed its corporate exercises on the Private Placement and Rights Issue.

The status of utilisation of the proceeds from the Private Placement and Rights Issue as at 31 March 2022 is as follows:

Description	Estimated timeframe for utilisation upon listing	Proposed utilisation (RM'000)	Actual utilisation (RM'000)	Balance (RM'000)
Working capital for expansion of existing business	Within 12 months	28,309	(28,309)	-
Business expansion for new product offering and services	Within 24 months	17,513	(7,885)	9,628
Full repayment of advances from Directors as well as redemption of the RSLs	Within 3 months	16,500	(16,500)	-
Estimated expenses in relation to the Corporate Exercises	Upon completion	900	(900)	-
Total Gross Proceed		63,222	(53,594)	9,628

ii. 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.

B7. STATUS OF CORPORATE PROPOSALS (CONT'D)

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.

3. Proposed disposal of a property

On 8 February 2021, the company announced that its wholly-owned subsidiary, Awantec Systems Sdn. Bhd. ("ASSB") (formerly known as Prestariang Systems Sdn. Bhd.), has entered into conditional sale and purchase agreements ("SPA's") with Serba Dinamik Group Berhad (the "Purchaser"), for the disposal of one Eight (8) Storey stratified corporate office building known as Block 12, Corporate Park, Star Central @ Cyberjaya erected on part of all that piece of freehold land held under Master Title Geran 339485, Lot 111284, Bandar Cyberjaya, Daerah Sepang, Negeri Selangor Darul Ehsan together with its attached fixtures and fittings as listed in the SPA's for a total cash consideration of Ringgit Malaysia Twenty Four Million Two Hundred Thousand (RM24,200,000.00) only (the "Proposed Disposal").

Following the fulfilment of the condition precedent under the SPAs, the SPAs were scheduled to be completed on 31 July 2021 with an option for the purchaser to extend for up to one month subject to payment of late payment interest.

Pursuant to the Purchaser's request, the Vendor had further agreed to grant an extension of time for the Purchaser to pay the Balance Purchase Price by 31 October 2021.

The Company had on 10 November 2021 announced that the Vendor and the Purchaser had on 10 November 2021 entered into a Mutual Termination Agreement ("MTA") to terminate the SPAs accordingly.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2022**B7. STATUS OF CORPORATE PROPOSALS (CONT'D)**

4. Creditor's Voluntary Liquidation

On 2 April 2021, the Company announced that Prestariang Tech Services Sdn. Bhd. ("PTSSB"), a wholly owned subsidiary of Prestariang 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 Prestariang 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 2022 are as follows:

	Long term borrowing			Short term borrowing			Total (RM'000)
	Secured	Unsecured	Total	Secured	Unsecured	Total	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<u>Borrowings</u>							
- Term Loans	15,365	-	15,365	3,860	-	3,860	19,225
<u>Debts securities</u>							
- RPS "A"	152	-	152	-	-	-	152
Total	15,517	-	15,517	3,860	-	3,860	19,377

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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.

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, the OS was transferred to a new High Court Judge.

The OS was heard before the Court on 22 January 2021, 29 January 2021, 26 February 2021, 9 April 2021, 20 May 2021, 2 November 2021, 30 November 2021 and 11 March 2022. A new hearing date has been fixed on 4 July 2022 in respect of PSKIN's application to hold a discussion with costs experts.

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 2022.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2022**B12. PROFIT/ (LOSS) PER SHARE**

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Current Year Quarter 31/3/2022	Preceding Year Quarter 31/3/2021	9 months Current Year To Date 31/3/2022	9 months Preceding Year To Date 31/3/2021
Profit after taxation attributable to owners of the Company (RM'000)	106	762	4,365	10,425
Weighted average number of ordinary shares in issue ('000)	787,425	786,954	787,425	648,275
Basic earning/(loss) per share (sen):				
-Continuing operations	0.01	0.10	0.55	(0.92)
-Discontinued operations	-	-	-	2.52

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 27 May 2022.

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

Secretaries

Kuala Lumpur**27 May 2022**