



AwanBiru Technology Berhad

[Registration No. 201001038336]
(Incorporated in Malaysia)

**Unaudited Interim Financial Report
For the Quarter Ended 30 June 2023**

AWANBIRU TECHNOLOGY BERHAD
(Registration No.201001038336)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 JUNE 2023

	Note	Individual Quarter		Cumulative Period	
		Current Year Quarter 30/6/2023 RM'000	Preceding Year Quarter 30/6/2022 RM'000	Current Year To Date 12 months 30/6/2023 RM'000	Preceding Year To Date 12 months 30/6/2022 RM'000
Revenue		5,203	12,006	39,805	90,259
Cost of sales		(2,081)	(4,321)	(22,803)	(62,536)
Gross profit		3,122	7,685	17,002	27,723
Other income		1,138	846	2,759	5,330
Administrative expenses		4,260	8,531	19,761	33,053
Other expenses		(3,697)	(6,467)	(21,165)	(21,537)
Finance costs		(1,171)	(1,508)	(3,876)	(5,494)
Income tax expense		(193)	(184)	(766)	(696)
(Loss)/Profit before taxation	B5	(801)	372	(6,046)	5,326
Income tax expense	B6	924	(390)	(258)	(1,155)
Total comprehensive (expenses)/income for the financial period		123	(18)	(6,304)	4,171
(Loss)/Profit after taxation attributable to:-					
Owners of the Company:		44	50	(6,252)	4,415
Non-controlling interest		79	(68)	(52)	(244)
		123	(18)	(6,304)	4,171
Total comprehensive (expenses)/income attributable to:					
Owners of the Company:		44	50	(6,252)	4,415
Non-controlling interest		79	(68)	(52)	(244)
		123	(18)	(6,304)	4,171
(Loss)/Earnings Per Share attributable to owners of the Company (Sen)					
Basic	B12	0.01	0.01	(0.79)	0.56

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 30 JUNE 2023

	Note	Unaudited As at 30/6/2023 RM'000	Audited As at 30/6/2022 RM'000
ASSETS			
NON-CURRENT ASSETS			
Property and equipment		21,222	22,433
Investment properties		24,180	24,180
Development cost		-	-
		45,402	46,613
CURRENT ASSETS			
Contract costs		540	382
Trade and other receivables		324,078	317,239
Contract assets		29,445	59,362
Short-term investment		5,525	15,313
Cash and cash equivalents		8,276	4,034
Current tax assets		1,591	46
		369,455	396,376
TOTAL ASSETS		414,857	442,989
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Trade and other payables		193,411	208,554
Borrowings	B8	3,873	3,768
Current tax liabilities		-	425
Contract liabilities		1,309	3,960
		198,593	216,707
NON-CURRENT LIABILITIES			
Borrowings	B8	10,280	14,061
Redeemable Preference Shares "A"		152	152
Deferred tax liabilities		16,869	16,869
		27,301	31,082
TOTAL LIABILITIES		225,894	247,789
NET ASSETS		188,963	195,200
EQUITY			
Share capital		176,985	176,861
Treasury shares		(3,366)	(3,366)
Warrant reserve		19,812	19,812
LTIP reserve		37	94
Accumulated losses		(15,923)	(9,671)
Total equity attributable to owners of the Company		177,545	183,730
Non-controlling interest		11,418	11,470
TOTAL EQUITY		188,963	195,200
TOTAL LIABILITIES & EQUITY		414,857	442,989
NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (SEN)		22.48	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 30 JUNE 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	-	-	-	-	(6,252)	(6,252)	(52)	(6,304)
Transaction with owners of the Company:-								
- Issuance of ordinary shares pursuant to ESOS	124	-	(57)	-	-	67	-	67
	124	-	(57)	-	-	67	-	67
At 30 June 2023	176,985	19,812	37	(3,366)	(15,923)	177,545	11,418	188,963

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 30 JUNE 2023

	Current 12 months 30/6/2023 RM'000	Preceding Year 12 months 30/6/2022 RM'000
CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES		
(Loss)/Profit before taxation	(6,046)	5,326
Adjustments for:		
Amortisation of development cost	-	1
Depreciation of property and equipment	1,876	1,656
Fair value loss on investment properties	-	820
Loss on disposal of property and equipment	19	-
Loss on disposal of a subsidiary company	-	36
Impairment loss on contract cost	-	71
Impairment loss on property and equipment	373	810
Impairment loss on trade and other receivables	1,485	2,571
Dividend income	-	(43)
Interest income	(368)	(508)
Interest expense	766	669
LTIP expense	15	283
Reversal of impairment on trade and other receivables	(417)	(601)
Operating (loss)/profit before working capital changes	(2,297)	11,091
Working capital changes:-		
Changes in contract costs	(158)	(97)
Changes in contract assets	29,917	(59,362)
Changes in trade and other receivables	(7,907)	(4,930)
Changes in contract liabilities	(2,651)	(5,686)
Changes in trade and other payables	(15,143)	48,029
CASH FLOW FROM OPERATING ACTIVITIES	1,761	(10,955)
Interest paid	(766)	(669)
Income tax paid	(2,228)	(1,002)
NET CASH FLOW FOR OPERATING ACTIVITIES	(1,233)	(12,626)
CASH FLOWS FOR INVESTING ACTIVITIES		
Purchase of property and equipment	(1,057)	(2,934)
Dividend income received	-	43
Interest received	368	508
Proceed from disposal of a subsidiary company	-	83
NET CASH FLOW FOR INVESTING ACTIVITIES	(689)	(2,300)
CASH FLOWS FOR FINANCING ACTIVITIES		
Repayment of term loans	(3,676)	(6,320)
Proceeds from issuance of ordinary shares via exercise of ESOS	52	-
Withdrawal of deposit pledged with a licensed bank	653	2,033
NET CASH FLOW FOR FINANCING ACTIVITIES	(2,971)	(4,287)
Net decrease in cash and cash equivalents	(4,893)	(19,213)
Cash and cash equivalents at beginning of the financial year	17,256	36,469
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	12,363	17,256
CASH AND CASH EQUIVALENT AT END OF THE FINANCIAL PERIOD COMPRISES THE FOLLOWING:-		
Cash and bank balances	6,838	1,943
Deposits with licensed banks	1,438	2,091
Short-term investments	5,525	15,313
	13,801	19,347
Less: Deposits pledged with licensed banks	(1,438)	(2,091)
	12,363	17,256

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.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 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 30 JUNE 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 30 JUNE 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 30 June 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 30 June 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 30 JUNE 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 30 JUNE 2023**A10. SEGMENTAL INFORMATION (CONT'D)**

	RESULTS FOR 3 MONTHS ENDED 30 JUNE 2023 (UNAUDITED)					RESULTS FOR 3 MONTHS ENDED 30 JUNE 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	
Continuing Operations						Continuing Operations					
Revenue						Revenue					
External revenue	2,948	2,255	-	-	5,203	5,974	6,032	-	-	12,006	
Inter-segment revenue	-	189	-	500	689	-	-	-	4,831	4,831	
Segment revenue	2,948	2,444	-	500	5,892	5,974	6,032	-	4,831	16,837	
Consolidation adjustments					(689)					(4,831)	
Consolidated revenue					5,203					12,006	
Results						Results					
Segment profit/(loss)											
before interest and taxation	1,148	102	264	(2,122)	(608)	2,168	711	(232)	(2,091)	556	
Finance costs					(193)					(184)	
Consolidation adjustments					-					-	
Total Loss Before Taxation					(801)					372	

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 2023

A10. SEGMENTAL INFORMATION (CONT'D)

	RESULTS FOR 12 MONTHS ENDED 30 JUNE 2023 (UNAUDITED)					RESULTS FOR 12 MONTHS ENDED 30 JUNE 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	
Continuing Operations						Continuing Operations					
Revenue						Revenue					
External revenue	23,771	16,034	-	-	39,805	76,112	14,147	-	-	90,259	
Inter-segment revenue	-	595	-	2,000	2,595	-	-	-	5,581	5,581	
Segment revenue	23,771	16,629	-	2,000	42,400	76,112	14,147	-	5,581	95,840	
Consolidation adjustments					(2,595)					(5,581)	
Consolidated revenue					39,805					90,259	
Results						Results					
Segment profit/(loss) before interest and taxation	2,466	1,717	(173)	(9,290)	(5,280)	14,693	1,236	(819)	(9,088)	6,022	
Finance costs					(766)					(696)	
Consolidation adjustments					-					-	
Total Loss Before Taxation					(6,046)					5,326	

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 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 30 June 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	578
- Dividend payable on Redeemable Preference Shares ("RPS")	<u>28,804</u>
	<u>29,382</u>

A14. CAPITAL COMMITMENTS

Capital commitments of the Group in respect of property and equipment as at 30 June 2023 are as follows:

	RM'000
- Approved but not contracted for	<u>24</u>

A15. SIGNIFICANT RELATED PARTY TRANSACTIONS

There were no significant related party transactions for the quarter ended 30 June 2023.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 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 30/6/2023 RM'000	Preceding Year Quarter 30/6/2022 RM'000	Variance		Current Year to Date 30/6/2023 RM'000	Preceding Year to Date 30/6/2022 RM'000	Variance		
			RM'000	(%)			RM'000	(%)	
<u>Segmental Revenue:</u>									
<u>Continuing Operations</u>									
Software & Services	2,948	5,974	(3,026)	-51%	23,771	76,112	(52,341)	-69%	
Talent	2,444	6,032	(3,588)	-59%	16,629	14,147	2,482	18%	
Concession	-	-	-	0%	-	-	-	0%	
Others	500	4,831	(4,331)	-90%	2,000	5,581	(3,581)	-64%	
	5,892	16,837	(10,945)	-65%	42,400	95,840	(53,440)	-56%	
Inter-segment Elimination	(689)	(4,831)			(2,595)	(5,581)			
Group	5,203	12,006	(6,803)	-57%	39,805	90,259	(50,454)	-56%	
<u>(Loss)/Profit Before Taxation</u>									
Software & Services	1,077	2,168	(1,091)	-50%	2,186	14,493	(12,307)	-85%	
Talent	26	711	(686)	-96%	1,418	1,036	382	37%	
Concession	264	(232)	496	214%	(173)	(819)	646	79%	
Others	(2,168)	(2,275)	107	5%	(9,477)	(9,384)	(93)	-1%	
	(801)	372	(1,173)	-315%	(6,046)	5,326	(11,372)	-214%	
Inter-segment Elimination	-	-			-	-			
Group	(801)	372	(1,173)	-315%	(6,046)	5,326	(11,372)	-214%	

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 2023

B1. OPERATING SEGMENTS REVIEW (CONT'D)

THREE (3) MONTHS RESULTS (Q4 FY2023 vs Q4 FY2022)

The Group revenue for the three (3) months period under review decreased from RM12.0 million in Q4 FY2022 to RM5.2 million in Q4 FY2023, mainly attributable to the lower revenue from Software & Services and Talent segment.

The Group recorded a loss before taxation of RM0.8 million in Q4 FY2023 as compared to a profit before taxation of RM0.4 million in Q4 FY2022. Factors affecting the results for this quarter were as follows:

- i. Decrease in Software & Services revenue from RM6.0 million in Q4 FY2022 to RM2.9 million in Q4 FY2023 due to the lower revenue recognition in Q4 FY2023. This has resulted in a profit before taxation of RM1.1 million as compared to a profit before taxation of RM2.2 million in Q4 FY2022.
- ii. Talent segment recorded a profit before taxation of RM0.02 million in Q4 FY2023 as compared to a profit before taxation of RM0.7 million in Q4 FY2022 due to a decrease in revenue from RM6.0 million in Q4 FY2022 to RM2.4 million in Q4 FY2023 mainly due to the lower number of placements. Despite the lower revenue in Q4 FY2023, Talent segment achieved a higher profit margin compared to Q4 FY2022 due to better margin from learning platform and placement services.
- iii. Others segment recorded a lower loss before taxation of RM2.2 million in Q4 FY2023 as compared to RM2.3 million loss before taxation in Q4 FY2022 mainly due to lower operating expenses in Q4 FY2023.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 2023

B1. OPERATING SEGMENTS REVIEW (CONT'D)

TWELVE (12) MONTHS RESULTS (FY2023 vs FY2022)

The Group revenue decreased from RM90.3 million in FY2022 to RM39.8 million in FY2023, which is RM50.5 million lower mainly attributable to the lower revenue from Software & Services segment.

The Group recorded a loss before taxation of RM6.0 million in FY2023 as compared to a profit before taxation of RM5.3 million in FY2022. Factors affecting the results for this year-to-date period were as follows:

- i. Decrease in Software & Services segment revenue from RM76.1 million in FY2022 to RM23.8 million in FY2023 due to the higher revenue recognition from Pernec and MOE projects in FY2022. Despite the lower Software & Services revenue in FY2023, this segment achieved a higher profit margin in FY2023 due to an increase in contribution from services. This segment recorded a profit before taxation of RM2.2 million in FY2023 as compared to a profit before taxation of RM14.5 million in FY2022;
- ii. Talent segment has demonstrated consistent growth which we are pleased to report an increase in revenue from RM14.1 million in FY2022 to RM16.6 million in FY2023 mainly due to the higher number of placements under the Selangor Kerjaya Program. As a result of the higher revenue, this segment recorded a higher profit before taxation of RM1.4 million in FY2023 as compared to a profit before taxation of RM1.0 million in FY2022;
- iii. The segment Others recorded a loss before taxation of RM9.5 million in FY2023 as compared to RM9.4 million loss before taxation in FY2022.

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B2. COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S RESULTS

	Current Quarter 30/6/2023 RM'000	Immediate Preceding Quarter 31/3/2023 RM'000	Variance RM'000	(%)
<u>Segmental Revenue:</u>				
<u>Continuing Operations</u>				
Software & Services	2,948	3,353	(405)	-12%
Talent	2,444	5,279	(2,835)	-54%
Concession	-	-	-	0%
Others	500	500	-	0%
	5,892	9,132	(3,240)	-35%
Inter-segment Elimination	(689)	(623)		
Group	5,203	8,509	(3,306)	-39%
<u>Profit/(Loss) Before Taxation</u>				
Software & Services	1,077	(96)	1,173	-1222%
Talent	26	829	(803)	-97%
Concession	264	(176)	440	250%
Others	(2,168)	(2,038)	(130)	-6%
	(801)	(1,481)	680	46%
Inter-segment Elimination	-	-		
Group	(801)	(1,481)	680	46%

The Group recorded a lower loss before taxation of RM0.8 million in Q4 FY2023 as compared to a loss before taxation of RM1.5 million in Q3 FY2023 mainly due to lower operating expenses in Q4 FY2023.

B3. PROSPECTS FOR THE FINANCIAL YEAR ENDING 30 JUNE 2024

The Group achieved a profit after taxation of RM0.1 million in Q4 FY2023 compared to a loss after tax of RM18,000 in the same period last year. This is a testament of the significant progress attained based on our transformation plan formulated in 2021; which includes both growing our Cloud based solutions and services offerings as well as implementing effective cost management.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 2023

Despite the challenges faced during FY2023, we have managed to achieve a profit in Q4 FY2023 and maintain healthy financial reserves. The Board and Management are confident that performance in FY2024 will improve as we remain focused on strengthening our synergistic offerings within the Software & Services and Talent segments to continue driving growth for the Group.

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 30 JUNE 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 30/6/2023 RM'000	Preceding Year Quarter 30/6/2022 RM'000	12 months Current Year to date 30/6/2023 RM'000	12 months Preceding Year to date 30/6/2022 RM'000
Interest expense	193	184	766	696
Interest income	(229)	(126)	(368)	(508)
Depreciation and amortisation	495	246	1,876	1656
Foreign exchange loss	35	23	37	74
Fair value loss on investment properties	-	820	-	820
Impairment losses:				
Contract costs	-	71	-	71
Trade and other receivables	266	486	1,485	2,571
Property and equipment	-	62	-	810
Loss from disposal of a subsidiary companies	-	-	-	36
Reversal of impairment losses on trade and other receivables	(72)	(601)	(417)	(601)

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 30/6/2023 RM'000	Preceding Year Quarter 30/6/2022 RM'000	12 months Current Year to date 30/6/2023 RM'000	12 months Preceding Year to date 30/6/2022 RM'000
Malaysia tax:				
- for the current year	(749)	390	361	1,152
- under provision in prior year	(175)	-	(103)	3
	<u>(924)</u>	<u>390</u>	<u>258</u>	<u>1,155</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 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 30 June 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	
Borrowings						
- Term loan	10,280	-	10,280	3,873	3,873	14,153
Debt Securities						
- RPS "A"	152	-	152	-	-	152
Total	10,432	-	10,432	3,873	3,873	14,305

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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 heard before the High Court on 22 January 2021, 29 January 2021, 26 February 2021, 9 April 2021, 20 May 2021, 2 November 2021, 30 November 2021, 11 March 2022, 25 July 2023 and 26 July 2023. The hearing of the OS is currently still ongoing and the next hearing date has been fixed for 27 October 2023.

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 and the Group will continue to pursue mediation in parallel with the OS.

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 30 June 2023.

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	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Current Quarter 30/6/2023	Preceding Year Quarter 30/6/2022	12 months Current Year to date 30/6/2023	12 months Preceding Year to date 30/6/2022
Profit/(loss) after taxation attributable to owners of the Company (RM'000)	44	50	(6,252)	4,415
Weighted average number of ordinary shares in issue ('000)	789,892	787,425	789,892	787,425
Basic earnings/(loss) per share (sen)	0.01	0.01	(0.79)	0.56

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 28 August 2023.

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

Secretaries

Kuala Lumpur**28 August 2023**