



AwanBiru Technology Berhad

[Registration No. 201001038336]
(Incorporated in Malaysia)

**Unaudited Interim Financial Report
For the Quarter Ended 30 June 2022**

AWANBIRU TECHNOLOGY BERHAD

(Registration No.201001038336)

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

FOR THE QUARTER AND YEAR ENDED 30 JUNE 2022

	Note	Individual Quarter		Cumulative Period	
		Current Year Quarter	Preceding Year Quarter	Current Year To Date 12 months	Preceding Year To Date 12 months
		30/6/2022 RM'000	30/6/2021 RM'000	30/6/2022 RM'000	30/6/2021 RM'000
CONTINUING OPERATIONS					
Revenue		12,163	2,808	90,416	104,909
Cost of sales		(4,594)	(3,643)	(62,809)	(85,123)
Gross profit		7,569	(835)	27,607	19,786
Other income		804	5,125	5,288	7,731
Administrative expenses		8,373	4,290	32,895	27,517
Other expenses		(6,415)	(5,154)	(21,485)	(21,646)
Finance costs		(1,508)	(479)	(5,494)	(9,359)
Profit/ (loss) before taxation	B5	(184)	(458)	(696)	(2,995)
Income tax expense	B6	266	(1,801)	5,220	(6,483)
Profit/ (loss) after taxation from continuing operations		(572)	1,418	(1,337)	(500)
		(306)	(383)	3,883	(6,983)
DISCONTINUED OPERATIONS					
Profit after taxation from discontinued operations		-	-	-	16,332
Profit after taxation		(306)	(383)	3,883	9,349
Other comprehensive income/ (expense)		-	-	-	-
Total comprehensive income/ (expenses) for the financial period		(306)	(383)	3,883	9,349
Profit/ (loss) after taxation attributable to:-					
Owners of the Company:					
Continuing operations		(238)	(547)	4,127	(6,347)
Discontinued operations		-	-	-	16,332
		(238)	(547)	4,127	9,985
Non-controlling interest:		(68)	164	(244)	(636)
		(306)	(383)	3,883	9,349
Total comprehensive income/ (expenses) attributable to:					
Owners of the Company:					
Continuing operations		(238)	(547)	4,127	(6,347)
Discontinued operations		-	-	-	16,332
		(238)	(547)	4,127	9,985
Non-controlling interest:		(68)	164	(244)	(636)
		(306)	(383)	3,883	9,349
Profit/ (Loss) Per Share attributable to owners of the Company (Sen)					
Basic:					
Continuing operations	B12	(0.03)	(0.08)	0.52	(0.93)
Discontinued operations		-	-	-	2.39

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 30 JUNE 2022

	Note	Unaudited As at 30/6/2022 RM'000	Audited As at 30/6/2021 RM'000
ASSETS			
NON-CURRENT ASSETS			
Property and equipment		22,433	10,684
Investment properties		24,180	11,430
Development cost		-	32
		46,613	22,146
CURRENT ASSETS			
Contract costs		382	356
Trade and other receivables		376,584	314,360
Short-term investment		15,313	10,041
Cash and cash equivalents		3,991	30,552
Current tax assets		46	91
		396,316	355,400
Assets of disposal group classified as held for sale		-	25,000
		396,316	380,400
		442,929	402,546
TOTAL ASSETS			
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Trade and other payables		208,581	160,525
Borrowings	B8	3,768	3,874
Current tax liabilities		625	306
Contract liabilities		3,960	9,646
		216,934	174,351
NON-CURRENT LIABILITIES			
Borrowings	B8	14,213	20,427
Deferred tax liabilities		16,869	16,869
		31,082	37,296
		248,016	211,647
TOTAL LIABILITIES			
NET ASSETS			
		194,913	190,899
EQUITY			
Share capital		176,861	176,672
Treasury shares		(3,366)	(3,366)
Warrant reserve		19,812	19,812
Employee share option reserve		95	919
Accumulated losses		(9,959)	(15,005)
		183,443	179,032
Total equity attributable to owners of the Company		183,443	179,032
Non-controlling interest		11,470	11,867
		194,913	190,899
		442,929	402,546
TOTAL LIABILITIES & EQUITY			
NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (SEN)			
		23.25	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 AND YEAR ENDED 30 JUNE 2022

	←----- Non-distributable ----->				Distributable (Accumulated Losses)/ Retained Profits	Attributable to owners of the Company	Non- controlling Interest	Total Equity
	Share Capital RM'000	Warrant Reserve RM'000	Employee share Option Reserve RM'000	Treasury Shares RM'000	RM'000	RM'000	RM'000	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	-	-	-	-	4,127	4,127	(244)	3,883
Transaction with owners of the Company:-								
- Issuance of ordinary shares	189	-	-	-	-	189	-	189
- Disposal of a subsidiary	-	-	-	-	-	-	(153)	(153)
- Share options to employees	-	-	(824)	-	919	95	-	95
-Dividends paid	-	-	-	-	-	-	-	-
-Dividends paid to NCI	-	-	-	-	-	-	-	-
	189	-	(824)	-	919	284	(153)	131
At 30 June 2022	176,861	19,812	95	(3,366)	(9,959)	183,443	11,470	194,913

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 AND YEAR ENDED 30 JUNE 2022

	Current 12 months 30/6/2022 RM'000	Preceding Year 12 months 30/6/2021 RM'000
CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES		
Profit/(loss) before taxation		
Continuing operations	5,220	(6,483)
Discontinued operations	-	16,332
Adjustments for:		
Amortisation of development cost	-	11
Bad debts written off	-	981
Depreciation of property and equipment	1,652	2,367
Fair value gain on investment properties	-	(981)
Loss/ (Gain) on disposal of a subsidiary company	65	(22,031)
Loss/ (Gain) on disposal of property and equipment	-	180
Impairment loss on property and equipment	842	-
Impairment loss on trade and other receivables	2,586	464
Impairment loss of contract costs	-	1,628
Impairment loss of investment property	820	-
Impairment loss of non current assets held for sale	-	3,041
Interest income	(508)	(546)
Interest expense	669	2,908
ESOS expenses	(1,743)	919
Disposal of equity in a subsidiary attributed to non-controlling interests	(153)	-
Operating profit before working capital changes	9,450	(1,210)
Working capital changes:-		
Changes in contract costs	(26)	2,331
Changes in trade and other receivables	(64,854)	40,227
Changes in contract liabilities	(5,686)	(5,715)
Changes in trade and other payables	49,862	(25,264)
CASH FLOW (FOR)/ FROM OPERATING ACTIVITIES	(11,254)	10,369
Interest paid	(669)	(2,908)
Income tax paid	(886)	(1,143)
NET CASH FLOW (FOR)/ FROM OPERATING ACTIVITIES	(12,809)	6,318
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES		
Proceed from disposal of property and equipment	-	337
Purchase of property and equipment	(2,780)	(1,793)
Interest received	508	546
Proceed from disposal of a subsidiary company	113	2,134
Withdrawal of deposit	-	1,820
NET CASH FLOW (FOR)/ FROM INVESTING ACTIVITIES	(2,159)	3,044
CASH FLOWS (FOR)/ FROM FINANCING ACTIVITIES		
Repayment of term loans	(6,320)	(2,787)
Repayment of redeemable secured loan stock	-	(10,000)
Repayment of revolving credits	-	(19,161)
Proceeds from issuance of shares	-	62,681
Repayment to directors	-	(2,477)
NET CASH FLOW (FOR)/FROM FINANCING ACTIVITIES	(6,320)	28,256
Net (decrease)/ increase in cash and cash equivalents	(21,288)	37,618
Cash and cash equivalents at beginning of the financial year	38,901	(1,149)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	17,613	36,469
CASH AND CASH EQUIVALENT AT END OF THE FINANCIAL YEAR COMPRISES THE FOLLOWING:-		
Cash and bank balances	2,300	5,301
Deposits with licensed banks	1,691	25,251
Short-term investments	15,313	10,041
	19,304	40,593
Less: Deposits pledged with licensed banks	(1,691)	(4,124)
	17,613	36,469

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 30 JUNE 2022

NOTES TO THE INTERIM FINANCIAL REPORT

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

A1. BASIS OF PREPARATION

These condensed consolidated interim financial statements have been prepared in accordance with the requirement of Malaysian Financial Reporting Standards (“MFRSs”) 134 *Interim Financial Reporting*, IAS 34 *Interim Financial Reporting* and paragraph 9.22 of the Main Market Listing Requirement of Bursa Malaysia Securities Berhad. They do not include all the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 June 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 30 JUNE 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 Improvements 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 30 JUNE 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 30 June 2022 is not significantly affected by any seasonal or cyclical factors.

A5. ITEMS OF UNUSUAL NATURE, SIZE OR INCIDENT

There were no material unusual items or events affecting the assets, liabilities, equity, net income or cash flows of the Group during the current financial quarter ended 30 June 2022.

A6. CHANGES IN ESTIMATES

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

A7. CHANGES IN DEBT AND EQUITY SECURITIES

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

A8. VALUATION OF PROPERTY AND EQUIPMENT

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

A9. DIVIDENDS PAID

There was no dividend paid during the current financial quarter.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 2022

A10. SEGMENTAL INFORMATION

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

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

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 2022

A10. SEGMENTAL INFORMATION (CONT'D)

RESULTS FOR 3 MONTHS ENDED 30 JUNE 2022 (UNAUDITED)						RESULTS FOR 3 MONTHS ENDED 30 JUNE 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	5,974	6,189	-	-	12,163	External revenue	963	1,823	-	22	2,808
Inter-segment revenue	-	-	-	4,831	4,831	Inter-segment revenue	-	-	-	(2,750)	(2,750)
Segment revenue	5,974	6,189	-	4,831	16,994	Segment revenue	963	1,823	-	(2,728)	58
Consolidation adjustments				(4,831)	(4,831)	Consolidation adjustments					2,750
Consolidated revenue					12,163	Consolidated revenue					2,808
Results						Results					
Segment profit/(loss)						Segment profit/(loss)					
before interest and taxation	2,168	605	(232)	(2,091)	450	before interest and taxation	(1,639)	110	2,912	(2,726)	(1,343)
Finance costs					(184)	Finance costs					(458)
Consolidation adjustments					-	Consolidation adjustments					-
Consolidated profit						Consolidated loss					
before taxation					266	before taxation					(1,801)
Discontinued Operations						Discontinued Operations					
Segment profit						Segment profit					
before interest and taxation	-	-	-	-	-	before interest and taxation	-	-	-	-	-
Consolidation adjustments					-	Consolidation adjustments					-
Segment profit before taxation					-	Segment profit before taxation					-
Total profit/(loss)						Total profit/(loss)					
before interest and taxation	2,168	605	(232)	(2,091)	450	before interest and taxation	(1,639)	110	2,912	(2,726)	(1,343)
Finance costs					(184)	Finance costs					(458)
Consolidation adjustments					-	Consolidation adjustments					-
Total Profit Before Taxation					266	Total Loss Before Taxation					(1,801)

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 2022

A10. SEGMENTAL INFORMATION (CONT'D)

	RESULTS FOR 12 MONTHS ENDED 30 JUNE 2022 (UNAUDITED)					RESULTS FOR 12 MONTHS ENDED 30 JUNE 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	76,112	14,304	-	-	90,416	97,502	7,177	-	230	104,909	
Inter-segment revenue	-	-	-	5,581	5,581	-	-	-	1,000	1,000	
Segment revenue	76,112	14,304	-	5,581	95,997	97,502	7,177	-	1,230	105,909	
Consolidation adjustments					(5,581)					(1,000)	
Consolidated revenue					90,416					104,909	
Results						Results					
Segment profit/(loss)											
before interest and taxation	14,693	1,130	(819)	(9,088)	5,916	6,046	423	1,420	(11,376)	(3,487)	
Finance costs					(696)					(2,996)	
Consolidation adjustments										-	
Consolidated profit											
before taxation					5,220					(6,483)	
Discontinued Operations						Discontinued Operations					
Segment profit											
before interest and taxation	-	-	-	-	-	-	-	-	16,332	16,332	
Consolidation adjustments					-					-	
Segment profit before taxation					-					16,332	
Total profit/(loss)											
before interest and taxation	14,693	1,130	(819)	(9,088)	5,916	6,046	423	1,420	4,956	12,845	
Finance costs					(696)					(2,996)	
Consolidation adjustments					-					-	
Total Profit Before Taxation					5,220					9,849	

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 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 30 June 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	5,349
- Dividen payable on Redeemable Preference Shares ("RPS")	<u>28,800</u>
	<u>34,149</u>

A14. CAPITAL COMMITMENTS

Capital commitments of the Group in respect of property and equipment as at 30 June 2022 are as follows:

	<u>RM'000</u>
- Approved and contracted for	330
- Approved but not contracted for	<u>193</u>
	<u>523</u>

A15. SIGNIFICANT RELATED PARTY TRANSACTIONS

There were no significant related party transactions for the quarter ended 30 June 2022.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 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 30/6/2022 RM'000	Preceding Year Quarter 30/6/2021 RM'000	Variance RM'000	12 MONTHS Current Year to Date 30/6/2022 RM'000	12 MONTHS Preceding Year to Date 30/6/2021 RM'000	Variance RM'000
<u>Segmental Revenue:</u>						
<u>Continuing Operations</u>						
Software & Services	5,974	963	5,011	76,112	97,502	(21,390)
Talent	6,189	1,823	4,366	14,304	7,177	7,127
Concession	-	-	-	-	-	-
Others	4,831	(2,728)	7,559	5,581	1,230	4,351
	16,994	58	16,936	95,997	105,909	(9,912)
Inter-segment Elimination	(4,831)	2,750		(5,581)	(1,000)	
Group	12,163	2,808	9,355	90,416	104,909	(14,493)
<u>Profit/(Loss) Before Taxation</u>						
Software & Services	2,168	(1,781)	3,949	14,693	6,046	8,647
Talent	605	110	494	1,130	423	707
Concession	(232)	2,912	(3,144)	(819)	1,420	(2,239)
Others	(2,275)	(3,041)	766	(9,785)	(14,372)	4,587
	266	(1,801)	2,067	5,220	(6,483)	11,703
<u>Discontinued Operations</u>						
Education	-	-	-	-	16,332	(16,332)
Group	266	(1,801)	2,067	5,220	9,849	(4,629)

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 2022

B1. OPERATING SEGMENTS REVIEW (CONT'D)

THREE (3) MONTHS RESULTS (Q4 FY2022 vs Q4 FY2021)

The Group revenue for the three (3) months period under review increased from RM2.8 million in Q4 FY2021 to RM12.2 million in Q4 FY2022, which is RM9.4 million higher attributable to the higher revenue from both Software & Services and Talent segments.

The Group recorded a profit before taxation from its Continuing Operations of RM0.3 million in Q4 FY2022 as compared to a loss before taxation of RM1.8 million in Q4 FY2021. Factors affecting the results for this quarter were as follows:

- i. Increase in Software & Services revenue from RM0.96 million in Q4 FY2021 to RM5.97 million in Q4 FY2022. This has resulted in a profit before taxation for this segment of RM2.2 million as compared to a loss before taxation of RM1.8 million in Q4 FY2021. This higher revenue reflecting strong traction from our customers following our pivot to the cloud with Google. This was further supported by;
- ii. The Talent segment which recorded profit before taxation of RM0.6 million in Q4 FY2022 as compared to a profit before taxation of RM0.11 million in Q4 FY2021 due to an increase in revenue of RM4.4 million in Q4 FY2022 from RM1.8 million in Q4 FY2021 mainly from the Selangor Kerjaya Program.

TWELVE (12) MONTHS RESULTS (FY2022 vs FY2021)

The Group revenue for the twelve (12) months period under review decreased from RM104.9 million in FY2021 to RM90.4 million in FY2022. This is RM14.5 million lower and mainly attributable to the rebuilding stage of 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 RM5.2 million in FY2022 as compared to a loss before tax of RM6.5 million in FY2021. Factors affecting the results for this year-to-date period were as follows:

- i. Despite the decrease in Software & Services revenue from RM97.5 million in FY2021 to RM76.1 million in FY2022, this segment recorded a higher profit before tax of RM14.7 million in FY2022 as compared to a profit before tax of RM6.0 million in FY2021 reflecting the improved margins from our pivot to the cloud and enhanced by additional sales incentives.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 2022

B1. OPERATING SEGMENTS REVIEW (CONT'D)

TWELVE (12) MONTHS RESULTS (FY2022 vs 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 RM1.1 million in FY2022 as compared to a profit before taxation of RM0.4 million in FY2021 mainly following an increase in revenue to RM14.3 million in FY2022 from RM7.2 million in FY2021. The growth in this segment is mainly from our Selangor Kerjaya Program;
- iii. Concession segment recorded a loss before taxation of RM0.8 million as compared to a profit before tax of RM1.4 million mainly due to one off gain on disposal of subsidiary in FY2021 following the deconsolidation of a subsidiary Prestariang Tech Services Sdn.Bhd ("PTSSB") resulting from Creditors' voluntary winding up (as explained in note A12) offset with operating expense mainly from legal and professional services cost relating to the claim against The Government of Malaysia ("GOM") as well as statutory and compliance cost.
- iv. Others segment recorded a lower loss before taxation from Continuing Operations of RM9.1 million in FY2022 as compared to a loss before taxation of RM14.4 million in FY2021 mainly due to one-off provision of impairment loss on property and equipment in FY2021.

The one-off substantial profit before taxation from Discontinued Operations of RM16.3 million was mainly due to one-off gain from disposal of Prestariang Education Sdn. Bhd in FY2021.

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B2. COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S RESULTS

	Current Quarter 30/6/2022 RM'000	Immediate Preceding Quarter 31/03/2022 RM'000	Variance RM'000
<u>Segmental Revenue:</u>			
<u>Continuing Operations</u>			
Software & Services	5,974	10,453	(4,479)
Talent	6,189	2,813	3,376
Concession	-	-	-
Others	4,831	250	4,581
	<u>16,994</u>	<u>13,516</u>	<u>3,478</u>
Inter-segment Elimination	(4,831)	(250)	
Group	<u>12,163</u>	<u>13,266</u>	<u>(1,103)</u>
<u>Profit/(loss) Before Taxation</u>			
Software & Services	2,168	2,860	(692)
Talent	605	104	501
Concession	(232)	(97)	(135)
Others	(2,275)	(2,540)	265
	<u>266</u>	<u>326</u>	<u>(60)</u>
Inter-segment Elimination	-	-	
Group	<u>266</u>	<u>326</u>	<u>(60)</u>

The Group profit before taxation in Q4 FY2022 stood consistent with profit before taxation in Q3 FY2022 of RM0.3 million.

B3. PROSPECTS FOR THE FINANCIAL YEAR ENDING 30 JUNE 2022

The Group returned to operational profitability in FY 2022 on the back of strong performance from our Talent segment and good traction in our Software & Services segment following our pivot to the cloud and new partnerships with cloud giants like Google, Zoom and others.

As the exclusive Managed Service Provider ("MSP") for Google to the Government of Malaysia under the MyDigital blueprint we have seen strong engagement and significant traction for our offerings as the Government under the stewardship of MAMPU begins to transition to the Cloud bringing with it opportunities both in the Software & Services and Talent segments.

We are cautiously optimistic as our contribution from new business including but not limited to our partnership with Google and existing opportunities in the Talent segment have demonstrated good growth from FY2021 to this FY 2022 while we continue to seed new opportunities. Our optimistic view is supported by Google where they have announced on 12 August 2022 that they will be adding Malaysia as a cloud region to meet growing demand on cloud services locally and around the world.

On this premise, our Board is of the view that our Group is in a good position to capitalise on the task of meeting the market requirement for technology and talent services to spearhead our business growth.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 2022**B4. VARIANCE ON PROFIT FORECAST/PROFIT ESTIMATE**

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

B5. PROFIT/ (LOSS) BEFORE TAXATION

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

	Individual Quarter		Cumulative Period	
	Current Year Quarter	Preceding Year Quarter	Current Year To Date 12 months	Preceding Year To Date 12 months
	30/6/2022 RM'000	30/6/2021 RM'000	30/6/2022 RM'000	30/6/2021 RM'000
Interest expense	157	458	669	2,992
Interest income	(126)	-	(508)	-
Depreciation and amortisation	436	518	1,652	2,405
Foreign exchange loss/ (gain)	23	244	74	(120)
Impairment losses:				
Trade and other receivables	(582)	939	1,971	1,428
Property and equipment	62	(2,014)	809	3,041
Contract cost	-	1,328	-	1,628
Investment Properties	820	-	820	-
Loss/(Gain) from disposal of a subsidiary companies	-	(3,615)	65	(21,244)

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 Period	
	Current Year Quarter	Preceding Year Quarter	Current Year To Date 12 months	Preceding Year To Date 12 months
	30/6/2022 RM'000	30/6/2021 RM'000	30/6/2022 RM'000	30/6/2021 RM'000
Malaysia tax:				
- for the current year	572	(1,529)	1,337	-
- under provision in prior year	-	111	-	500
	<u>572</u>	<u>(1,418)</u>	<u>1,337</u>	<u>500</u>

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 2022**B7. STATUS OF CORPORATE PROPOSALS**

The Company is implementing the following proposals that form part of the Group's rationalization 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 30 June 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	(17,513)	-
Full repayment of advances from Directors as well as redemption of the RSLs	Within 3 months	16,500	(16,500)	-
Expenses in relation to the Corporate Exercises	Upon Completion	900	(900)	-
Total Gross Proceed		63,222	(63,222)	-

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.

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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. 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.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 2022**B8. BORROWINGS**

The Group's borrowing and debts securities as at 30 June 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 Loan	14,061	-	14,061	3,768	-	3,768	17,829
<u>Debt Securities</u>							
-RPS "A"	152	-	152	-	-	-	152
Total	14,213	-	14,213	3,768	-	3,768	17,981

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 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.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 2022**B9. MATERIAL LITIGATION (CONT'D)**

Separately, PSKIN and GOM have also agreed to refer the dispute in respect of PSKIN's Originating Summons to court-annexed mediation conducted by the Kuala Lumpur Court Mediation Centre ("**Mediation Centre**"). 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 30 June 2022.

B12. PROFIT/ (LOSS) PER SHARE

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Current Year Quarter	Preceding Year Quarter	12 Month	12 Month
			Current Year To Date	Preceding Year To Date
	30/6/2022	30/6/2021	30/6/2022	30/6/2021
(Loss)/Profit after taxation attributable to owners of the Company (RM'000)	(418)	(547)	3,947	(6,347)
Weighted average number of ordinary shares in issue ('000)	787,425	683,926	787,425	683,926
Basic earning/(loss) per shares (sen):				
-Continuing operations	(0.05)	(0.08)	0.50	(0.93)
-Discontinued operations				2.39

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	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>Current Year</u>	<u>Preceding</u>	<u>12 Month</u>	<u>12 Month</u>
	<u>Quarter</u>	<u>Year Quarter</u>	<u>Current</u>	<u>Preceding</u>
	<u>30/6/2022</u>	<u>30/6/2021</u>	<u>Year To</u>	<u>Year To</u>
			<u>Date</u>	<u>Date</u>
	<u>30/6/2022</u>	<u>30/6/2021</u>	<u>30/6/2022</u>	<u>30/6/2021</u>
(Loss)/Profit after taxation attributable to owners of the Company (RM'000)	(418)	(547)	3,947	(6,347)
Weighted average number of ordinary shares in issue ('000)	787,425	683,926	787,425	683,926
Basic earning/(loss) per shares (sen):				
-Continuing operations	(0.05)	(0.08)	0.50	(0.93)
-Discontinued operations				2.39

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 29 August 2022.

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

Secretaries

Kuala Lumpur**29 August 2022**