TRANSPARENCY

CORPORATE GOVERNANCE **OVERVIEW STATEMENT**

The Board of Directors ("**the Board**") of Prestariang Berhad ("**the Company**") recognises the importance of maintaining the highest standards of corporate governance and best practices in the business and affairs of the Company and its group of companies ("**the Group**").

The Board, Management and employees of the Group affirm their commitment in ensuring that the Group is at the fore front of good governance. In this regard, the Group adheres and reports to the following statutory requirements, best practices and guidelines: -

i. Companies Act 2016 ("**CA 2016**")

ii. Bursa Malaysia Securities Berhad ("**Bursa Malaysia**") Main Market Listing Requirements ("**MMLR**")

iii. Malaysian Code on Corporate Governance ("**the Code**")

iv. Corporate Governance Guide: Moving from Aspiration to Actualisation ("**CG Guide**").

This Statement is prepared in compliance with the MMLR and guided by the key principles set out in the Code. It is to be read together with the Company's Corporate Governance Report ("**CG Report**") which detailed out on how the Company applies the Code. The CG Report can be downloaded through the Company's website: https://www.prestariang.com.my/or through the announcement published on the website of Bursa Malaysia.

The Principles and Practices encompass in the Code also serves as a fundamental guide to the Board in discharging its duties and responsibilities to act in the best interest of the Group and the Company, and managing the business and affairs of both the Group and the Company efficiently and effectively while safeguarding and enhancing the shareholders' value.

The Board views the corporate governance as synonymous with the four (4) prerequisites of a responsible corporate citizen, namely transparency, accountability, integrity and corporate performance. In recognition of the Group and the Company's efforts, the Company continues to be listed in FTSE4Good Bursa Malaysia Index which is the Environmental, Social & Governance Index (ESG) introduced by Bursa Malaysia to measure listed companies' responsibility in environmental, social and corporate governance. It is a collaboration with Financial Times Stock Exchange (FTSE) as part of the globally benchmarked FTSE4Good Index Series and is aligned with other leading global Environmental, Social & Governance frameworks such as the Global Reporting Initiative and the Carbon Disclosure Project.

The diagram below describes the governance framework of the Group. It shows interaction between the Board and its stakeholders. The Group has in place the process to ensure delegation flows through the Board and its committees and into the organisation.

CORPORATE GOVERNANCE **OVERVIEW STATEMENT**

The Board is pleased to share the following Statement and explain how the Group has applied the three (3) principles which are set out in the Code, namely:-

(a) Principle A: Board leadership and effectiveness;

(b) Principle B: Effective audit and risk management; and

(c) Principle C: Integrity in corporate reporting and meaningful relationship with stakeholders.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

BOARD RESPONSIBILITIES

The Company recognises the pivotal role played by the Board in the stewardship of its strategic business direction and ultimately in the enhancement of its long-term shareholder value.

The Board remains resolute and upholds its responsibility in governing, guiding and monitoring the direction of the Company with the eventual objective of enhancing long term sustainable value creation aligned with shareholders' interests whilst taking into account the long-term interests of all stakeholders, including shareholders, employees, customers, business associates and the communities in which the Group and the Company conducts its business.

The Company is led and controlled by an effective Board comprising of two (2) Executive Directors, namely Dr Abu Hasan Bin Ismail, the President/Group Chief Executive Officer ("**President/GCEO**") and Mr. Baldesh Singh A/L Manmohan Singh, the Chief Operating Officer ("**COO**") together with four (4) Independent Non-Executive Directors drawn from various professional backgrounds, bringing depth and diversity in experience, expertise and perspectives to the Company's business operations.

Board Charter

Based on the Board Charter, the Board's primary commitment is to lead and oversee the business of the Company and to ensure that the conduct of the Group's operations promotes business sustainability, integrity and complies with the relevant law, rules and regulations.

The Board's roles are:

- to represent and serve the interests of shareholders by overseeing and evaluating the Company's strategies, policies and performance;
- to ensure the shareholders are kept informed of the Company's performance and major developments affecting its state of affairs;
- to review, approve and monitor the strategic business plans, goals and key policies proposed by Management to ensure sustainability and optimisation of long term returns for the Group;
- to identify, continuously assess and manage the principal risks affecting the Group and to ensure the implementation of appropriate systems to manage these risks;
- to plan succession, including appointing, training, fixing the remuneration of and where appropriate, replacing senior management of the Group;
- to develop and implement an investor relations programme or shareholder communications policy for the Company;
- to review the adequacy and integrity of the Company's internal control and risk management systems as well as management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;
- to determine the remuneration of Executive Directors and Non-Executive Directors of the Group, with the individuals concerned abstaining from discussions of their own remuneration; and
- to ensure that the Company has appropriate corporate structures including standards of ethical behaviour as stated in the Directors' Code of Ethics and promoting a culture of corporate responsibility.

CORPORATE GOVERNANCE **OVERVIEW STATEMENT**

Matters that are reserved for the Board is clearly stated in the Board Charter which is subject to review from time to time. A copy of the Board Charter that also spells out the Directors' Code of Ethics and terms of reference of each of the Board Committee is available on the Company's website at www.prestariang.com.my.

Directors' Code of Ethics

The Board is aware of and has formalised a Directors' Code of Ethics that establish a corporate culture that engenders ethical conduct.

The adopted Directors' Code of Ethics described the standards of business conduct and ethical behaviour for Directors in the performance and exercise of their responsibilities as Directors of the Company. This is to ensure that high ethical standards are upheld, and that the interests of stakeholders are always taken into consideration. The Directors are required to declare their direct and indirect interests in the Company and related companies. It is also the Directors' responsibility to declare to the Board whether they and any person(s) connected to them have any potential or actual conflict of interest in any transaction or in any contract or proposed contract with the Company or any of its related companies. Any Director who has an interest in any related party transaction shall abstain from Board deliberation and voting and shall ensure that he and any person(s) connected to him will also abstain from voting on the resolution before him.

The Director's Code of Ethics is highlighted in the Board Charter which is available on the Company's website at www.prestariang.com.my

Chairman and President/GCEO

The roles of the Chairman and the President/GCEO are held by different individuals which segregated and clearly defined by their individual position descriptions. The Chairman is responsible in providing leadership for the Board to ensure that all Directors receive sufficient and relevant information on financial and non-financial matters to enable them to participate actively in Board decisions. The key roles and responsibilities of the Chairman as set out in the Board Charter of the Company include:-

- to provide governance in matters requiring corporate justice and integrity;
- to manage Board's communications and effectiveness and effective supervision over management;
- to create conditions for good decision-making during Board's and shareholders' meetings;
- to ensure Board's proceedings are in compliance with good conduct and best practices;
- to protect the interest and provide for the information needs of various stakeholders;
- to maintain good contact and effective relationships with external parties, investing public, regulatory agencies and trade associations;
- to ensure that quality information to facilitate decision-making is delivered to the Board on timely manner; and
- to ensure compliance with all relevant regulations and legislation..

The Board reviews, approves and monitors the strategic business plans, goals and activities proposed by Management from time to time to ensure sustainability and optimisation of long term returns for the Group.

Company Secretaries

The Board members have ready and unrestricted access to the advice and services of the Company Secretaries to enable them to discharge their duties effectively. The Company Secretaries advise the Board on the Company's Constitution, Board's policies and procedure as well as the compliance with the relevant regulatory requirements, codes or guidance and legislations. The Board is regularly updated and apprised by the Company Secretaries who are experienced, competent and knowledgeable, on the laws and regulations (or any amendments thereto), as well as directives issued by the regulatory authorities. The Company Secretaries brief the Board on proposed contents and timing of material announcements to be made to Bursa Malaysia. The Company Secretaries also serve notice to the Directors and Principal Officers to notify them of closed periods for trading in the Company's shares, and timely communication of decisions made and in accordance with the black-out periods for dealing in the Company's securities pursuant to Chapter 14 of the Bursa Malaysia MMLR.

The Company Secretaries attend and ensure that all Board meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are taken and maintained in the statutory books kept at the registered office of the Company. The Company Secretaries also facilitate timely communication of decisions made and policies set by the Board at Board meetings, to the Senior Management for action. The Company Secretaries work closely with Management to ensure that there are timely and appropriate information flows within and to the Board and Board Committees, and between the Non-Executive Directors and Management.

Supply of Information

All members of the Board are supplied with information in a timely manner. Board reports and meeting papers are circulated in advance prior to Board meetings to enable Directors to obtain further information and explanations, where required, before the meetings. Minutes of meetings, which accurately reflect the deliberation and decisions of the Board are also circulated within a reasonable period of time upon conclusion of each meeting.

Each Director has access to information pertaining to the Company's and the Group's business and affairs to enable them to discharge their duties. In addition, certain matters are reserved specifically for the Board's decision. These include approval of material acquisitions and disposals of assets, major corporate plans, financial results, and Board appointments.

The Directors also have direct access to the advice of the Company Secretaries, independent professional advisors and internal and external auditors, as and when appropriate, at the Company's expense.

The Board members are at liberty to seek independent professional advice on matters relating to the fulfilment of their roles and responsibilities. The cost of procuring these professional services will be borne by the Company.

Code of Conduct and Whistle Blowing Policy

In order to uphold the integrity and to cultivate the ethical business conduct by the employees, the Company continues to adopt the Code of Conduct which inclusive of the Whistle-Blowing Policy.

The Code of Conduct contains policies and guidelines relating to the standards and ethics that all employees are expected to observe and obey during the course of their employment in the Company whereas the Whistle Blowing Policy is designed to enable employees of the Company to raise concern and disclose information which the individual believes shows malpractice or impropriety.

As at the date of this Statement, the Company has not received any complaint under this procedure.

A copy of the Code of Conduct that contains the Whistle Blowing Policy is available on the Company's website at www.prestariang.com.my.

Policy on Sustainability

The Board acknowledges the importance of promoting sustainability by giving attention to environmental, social and governance aspects of business which underpin sustainability.

In line with the approved Sustainability Policy which enforces the Group's commitment to its employees, customers, distributors and other stakeholders in promoting good sustainability practices, the Company has implemented various sustainability activities as set up on pages 46 to 96 of this 2019 Annual Report.

The Board and the Company continue to seek improvements on all aspects of sustainability and measure progress accordingly.

The Sustainability Policy is highlighted on the Company's website at www.prestariang.com.my.

CORPORATE GOVERNANCE **OVERVIEW STATEMENT**

Financial Reporting

The Board aims to provide a balance and meaningful assessment of the Group's and the Company's financial performance and prospects through the annual financial statements, quarterly announcements of results to shareholders and the Management Discussion and Analysis in the Annual Report.

The Board, assisted by the Audit Committee, oversees the financial reporting process and the quality of the Group's and Company's annual and interim financial statements. It also reviews the appropriateness of the Group's and Company's accounting standards and regulatory requirements.

The Audit Committee had conducted an assessment and obtained confirmation from the External Auditors that they are independent in accordance with the By-laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants.

The Company has established a transparent arrangement with the Auditors to meet their professional requirement. Key features underlying the relationship of the Audit Committee with the Internal and External Auditors are included in the Audit Committee Report on pages 115 to 118 of this Annual Report.

The Audit Committee meets with the external auditors privately twice a year and whenever necessary, without the presence of the other directors or Management, to exchange independent views on matters which require the Audit Committee's attention.

The Audit Committee has conducted an annual assessment on the External Auditors to ensure the External Auditors continue to be suitable and independent.

The Statement of Responsibility by Directors in respect of the preparation of the annual audited financial statements of the Group and the Company is set out on page 124 of this Annual Report.

BOARD COMPOSITION

At present, the Board consists of six (6) members, comprising two (2) Executive Directors, one (1) Senior Independent Non-Executive Director and three (3) Independent Non-Executive Directors. There are two (2) women out of the six (6) Directors on the Board.

The Executive Directors are responsible for providing strategic leadership and overseeing the day-to-day operations and management within their specific areas of expertise or assigned responsibilities.

The Non-Executive Directors are independent from Management. Their role is to constructively challenge the Management and monitor the success of Management in delivering the approved targets and business plans within the risk appetite set by the Board. They have free and open contact with Management at all levels, and they engage with the external and internal auditors to address the matters concerning the management and oversight of the Company's business and operations.

The Nomination Committee will, from time to time, review the independency of the Independent Executive Directors by adopting the concept of independence in tandem with the definition of Independent Director in Paragraph 1.01 of the MMLR. Through the recommendation of the Nomination Committee, the Board is satisfied with the level of independence demonstrated by all the Independent Non-Executive Directors and their ability to act in the best interests of the Company.

CORPORATE GOVERNANCE **OVERVIEW STATEMENT**

The status of the Directors' directorship as at the date of writing this Statement are as follows:

Directors	Status
Dato' Maznah Binti Abdul Jalil	Independent Non-Executive Chairman
Paul Chan Wan Siew	Senior Independent Non-Executive Director
Ramanathan A/L Sathiamutty	Independent Non-Executive Director
Dr Abu Hasan Bin Ismail	Non-Independent Executive Director
Baldesh Singh A/L Manmohan Singh *(Appointed w.e.f. 28 February 2019)*	Non-Independent Executive Director
Ginny Yeow Mei Ying *(Appointed w.e.f. 28 February 2019)*	Independent Non-Executive Director

The Company complies with Bursa Malaysia MMLR with regards to Board's composition and the required ratio of Independent Directors. The profiles of the Directors are set out on pages 26 to 28 of this Annual Report.

The Board Charter provides that the tenure of an Independent Director shall not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board subject to the Director's re-designation as a Non-Independent Director. Otherwise, the Board must provide justification and seek shareholders' approval at the Annual General Meeting ("**AGM**") in the event it retains the Director as an Independent Director.

At the time of writing this Statement, the tenure of the Senior Independent Non-Executive Director of the Company namely, Mr. Paul Chan Wan Siew is eight (8) years and eleven (11) months and will be exceeding the cumulative term of nine (9) years at the forthcoming AGM. Both the Nomination Committee and the Board have assessed the independence of Mr. Paul Chan Wan Siew and were satisfied with the skills performed as well as the independent judgement that he brought to the Board. In view thereof, the Board recommends and supports his retention as an Independent Director of the Company which is tabled for the shareholders' approval at the forthcoming AGM based on the following justifications:-

(a) Mr. Paul Chan Wan Siew has met the independence guidelines as set out in Paragraph 1.01 of the Bursa Malaysia MMLR;

(b) He has not been entering nor is expected to enter into transaction(s) especially material contract(s) with the Group and/or the Company which would cause any conflict of interest with the Group and/or the Company;

(c) He does not have any relationship which would interfere his independent judgement in carrying out his function as an Independent Director; and

(d) He is familiar with the Group's activities and is able to provide tremendous insight to facilitate the decision-making processes of the Group.

The Board will ensure to review its composition and size to ensure it fairly reflects the investments of the shareholders of the Company while at the same time having due regard for diversity in skills, experience, age, cultural background and gender.

On boardroom diversity, the Board is supportive of and have complied with the boardroom gender diversity as recommended by the Code.

The Board has fulfilled and currently consists of two (2) female directors, exceeding the 30% women participation requirement on the Board. The Board targets to improve further on the gender diversity ratio. This year, the Board entrusted a woman to lead the boardroom whereby Dato' Maznah Binti Abdul Jalil has been appointed as the Chairman of the Company in replace of Dato' Mohamed Yunus Ramli Bin Abbas who has resigned on 31 January 2019.

CORPORATE GOVERNANCE **OVERVIEW STATEMENT**

The Directors, with their diverse background and qualifications, collectively bring with them a wide range of experience and expertise in areas such as accounting and auditing, taxation, finance, information technology and investment.

In accordance with the Company's Articles of Association, one-third (1/3) of the Directors are subject to retirement by rotation at every AGM and provided always that all Directors shall retire from office at least once every three (3) years but shall be eligible for re-election. Directors who are appointed by the Board are subject to re-election by the shareholders at the AGM held following their appointments. Pursuant to the Article 95 of the Company's Articles of Association, Mr. Ramanathan A/L Sathiamutty is the Director subject to re-election by rotation, of whom being eligible for re-election, has offered himself for re-election at this forthcoming AGM.

Mr. Baldesh Singh A/L Manmohan Singh and Ms. Ginny Yeow Mei Ying, who were appointed on 28 February 2019 are subject to retirement pursuant to Article 101 of the Company's Articles and Association and being eligible, have offered themselves for re-election at this forthcoming AGM.

The right for the shareholders to vote annually for election/re-election of all directors is explicitly provided in the Company's Articles of Association and Board Charter. The results of shareholders voting in the AGM are disclosed in detail in the AGM minutes as published in our website.

Meetings

Board meetings for the ensuing financial year are scheduled in advance before the end of the current financial year so that the Directors are able to plan ahead and pencil the next year's Board meetings into their respective meeting schedules.

During the financial period under review, the Board met on eleven (11) occasions, deliberating upon and considering a variety of matters including the Group's and the Company's financial results, major investments, strategic decisions and the overall direction of the Group and the Company. All Directors have complied with the minimum 50% attendance requirement in respect of Board Meetings as stipulated in the Bursa Malaysia MMLR.

Agenda and matters for discussion are prepared and circulated in advance of each meeting. All proceedings from Board meetings are recorded and the minutes are maintained by the Company Secretaries.

Details of Directors attendance at meetings of the Board during the financial period under review are as follows:

Name of Directors	No. of Meetings Attended
Dato' Maznah Binti Abdul Jalil	11/11
Paul Chan Wan Siew	10/11
Ramanathan A/L Sathiamutty	11/11
Dr Abu Hasan Bin Ismail	11/11
Ginny Yeow Mei Ying *(Appointed w.e.f. 28 February 2019)*	2/2
Baldesh Singh A/L Manmohan Singh *(Appointed w.e.f. 28 February 2019)*	2/2

Directors' Training

Amongst others, the training programmes/seminars/forums attended by the Directors during the financial period are as follows:

Name of Directors	Trainings Programmes/Seminars/Forums Attended
Dato' Maznah Binti Abdul Jalil	• KWAP Inspire - Environmental Conference 2018, Kuala Lumpur • PowerTalk: Effective Boards in a VUCA World, Kuala Lumpur • Digital Economy and Capital Market Series:Financial Technology (Fintech), Artificial Intelligence (AI), Big Data and Internet of Things (IOTs), Kuala Lumpur
Paul Chan Wan Siew	• World Capital Market Symposium, Kuala Lumpur • Japanese Institute of CPAs' Annual Conference, Tokyo • Bursa-MCCG Seminar: Malaysian Code of Corporate Governance 2017 • Ascend Pinnacle Pan Asian Corporate Directors Conference, San Francisco • Asia Pacific Business Forum-ESCAP Conference 2018, Hong Kong • NACD Global Cyber Summit 2018, Geneva • Cross Border Dialogue: Gender Diversity, Singapore (Speaker/Panelist) • Institute of Corporate Director Canada Annual Conference 2018, Vancouver • International Corporate Directors Forum, Los Angeles (Speaker/Panelist) • Thai Institute of Directors National Conference 2018, Bangkok • Leading in Digital Age, Kuala Lumpur • MAICSA Annual Conference 2018 • NACD Advanced Directors Professionalism Programme, Los Angeles • International Strategy Institute: Corporate Malaysia Summit 2018 (Speaker) • Singapore Institute of Directors: Rebooting Globalisation • Global Governance & Leadership Forum, Mumbai, India (Speaker/Panelist) • NACD Global Board Leaders' Summit, Washington, DC • ASEAN Board of Directors Conference: Future-Proof Boardroom (Speaker) • MACD Digital Board Series: Corporate Governance of Data • Effective Direction and Control of International Companies • Women Power Network (Speaker) • MACD Digital Board Series: The Human Firewall • The Art of M&A for HR Leaders, Orlando • Building Effective Board • Business & Economic Outlook Report 2019-2029 • Boardroom 4.0 – Reinventing the Board as Strategic Assets (Speaker) • Cross Border Dialogues: Gender Balance on Corporate Boards (Speaker/Facilitator) • MACD Women Board Series: Gender Balance in Corporate Boards (Facilitator) • Corporate Governance Symposium 2019, Delaware • Ascend Pinnacle Asian Corporate Directors Summit, New York • Integrated Reporting Conference: Managing Business Risks in the World of Disruption (Speaker) • IIRC Convention, London: Interacting with the Board on Value Creation (Speaker)

CORPORATE GOVERNANCE **OVERVIEW STATEMENT**

Name of Directors	Trainings Programmes/Seminars/Forums Attended
Ramanathan A/L Sathiamutty	• GSM forum-5G, Barcelona • Digital transformation forum, Nice France • Global Telco broadband forum, Frankfurt Germany
Dr Abu Hasan Bin Ismail	• ADOBE SUMMIT 2018, Las Vegas • The Dawn of a new era - How technology disruptions are changing the world, Kuala Lumpur
Ginny Yeow Mei Ying *(Appointed w.e.f. 28 February 2019)*	• Global Institute of Leadership Development (GILD) Asia, Singapore • RISE Hong Kong - Technology & Disruption Conference, Hong Kong • STEP Asia Conference, Hong Kong • Global Outlook, Opportunities in a shifting landscape, Singapore • Withersworldwide Family Office Conference, Singapore
Baldesh Singh A/L Manmohan Singh *(Appointed w.e.f. 28 February 2019)*	• RISE Hong Kong - Technology & Disruption Conference, Hong Kong • BETT Asia - "Building A Change Culture to Deliver 21st Century Learning", Kuala Lumpur • Global Education & Skills Conference - Varkey Foundation, Dubai

Apart from attending various conferences, seminars and training programmes organised by external/internal organisers during the financial period, the Directors also continuously received briefings and updates on regulatory from the Company Secretaries and industry including information on the Group's businesses and operations, risk management activities and other initiatives undertaken from Management.

The Board, with the assistance of the Nomination Committee would determine a continuous education programme for Board members to upgrade their skills in enhancing their effective contribution.

Protocol for accepting new directorships and time commitment

The Board also acknowledges that before accepting any new directorships, directors should notify the Chairman and indicate the amount of time that will be spent on the new appointment. The directors are expected to devote sufficient time to discharge their duties as directors of the Company.

In accordance with the Board Charter, each newly appointed director shall be briefed on the terms of their appointment, their duties and obligations and on the operations of the Group. Copies of the following documents are given:-

- Board Charter;
- Directors' Code of Ethics;
- Board Committees' composition and Terms of Reference;
- Constitution;
- Latest business plans;
- Latest annual reports and financial statements; and
- Organisation chart.

Committees established by the Board

The Board delegates certain responsibilities to the Board Committees, namely the Audit Committee, Nomination Committee, Risk Management Committee, Remuneration Committee, Finance and Investment Committee and Tender Committee in order to enhance business and operational efficiencies as well as efficacies of the Group.

All Board Committees have its own written terms of reference and the Board receives all minutes and reports of their proceedings and deliberations, where relevant. The Chairman of the various Board Committees report to the Board on the outcome of the respective Board Committee meetings. Such reports are incorporated in the minutes of the full Board meetings.

A copy of the Board Charter that includes the Terms of Reference of each of the Board Committees are available on the Company's website at www.prestariang.com.my

Audit Committee

The Company's Audit Committee comprises solely of Independent Non-Executive Director and the Chairman was elected amongst the members of the Audit Committee.

The Audit Committee is responsible to assist the Board in ensuring the adequacy and effectiveness of internal controls. The Executive Directors, Chief Financial Officer, Senior Manager Corporate Governance and the internal auditors, have attended the Audit Committee meeting by invitation. Where appropriate, the external auditors are invited to attend the Audit Committee meeting to brief the Audit Committee and provide responses to queries raised by the Audit Committee in respect of the Company's Financial Statements and reporting requirements.

With the view to maintain an independent and effective Audit Committee, majority of its members are financially literate, possess the appropriate level of expertise and experience, and has the strong understanding of the Company's business.

The detailed information on the Audit Committee with regards to its composition, activities and its report during the financial period ended 30 June 2019 are set out in the Audit Committee Report of this Annual Report.

Nomination Committee

The Company's Nomination Committee comprises wholly of Non-Executive Directors, and all members are independent. Mr. Paul Chan Wan Siew who was re-designated as the Senior Independent Non-Executive Director, was appointed as the Chairman of Nomination Committee in replace of Dato' Maznah Binti Abdul Jalil, who has resigned from the Nomination Committee on 28 February 2019.

The Nomination Committee meets at least once a year and at such additional meetings when required. The composition of Nomination Committee is set out as below:-

Name	No. of Meetings Attended
Paul Chan Wan Siew *(Re-designated as Chairman w.e.f. 28 February 2019)*	1/1
Ramanathan A/L Sathiamutty *(Appointed w.e.f. 28 February 2019)*	-
Ginny Yeow Mei Ying *(Appointed w.e.f. 28 February 2019)*	-

CORPORATE GOVERNANCE OVERVIEW STATEMENT

During the financial period under review, the Nomination Committee had actively carried out the Board recruitment exercise, and was mindful of the need to achieve diversity in the aspects of ethnicity, age and gender in shortlisting the potential candidates which were obtained from internal as well as external independent sources.

The main activities carried out by the Nomination Committee during the financial period under review are as follows:-

- Reviewed and recommended to the Board on the change of composition of Board Committees;
- Reviewed and recommended to the Board the re-designation of Dato' Maznah Binti Abdul Jalil from Senior Independent Non-Executive Director to Independent Non-Executive Chairman of the Company;
- Reviewed and recommended to the Board on the re-designation of Mr. Paul Chan Wan Siew from Independent Non-Executive Director to Senior Independent Non-Executive Director;
- Reviewed and recommended to the Board on the appointment of Mr. Baldesh Singh A/L Manmohan Singh as a Non-Independent Executive Director and COO of the Company;
- Reviewed and recommended to the Board on the appointment of Ms. Ginny Yeow Mei Ying as an Independent Non-Executive Director of the Company;
- Reviewed the Directors who are subject to retirement by rotation pursuant to the Company’s Articles of Association;
- Assessed the performance of the Board and Board Committees; and
- Assessed the independence of the Independent Directors of the Company.

The Nomination Committee has adopted a Nomination Policy in ensuring the effective composition of the members of the Board as well as making recommendations to the Board on the appointment, re-appointment and succession planning for Directors.

When making recommendations regarding the appointment of any proposed candidate to the Board or re-appointment of any existing member(s) of the Board, the Nomination Committee shall consider a variety of factors in assessing the suitability of the proposed candidate.

The Board had also agreed on the selection criteria for the proposed new Directors on the Board taking into consideration the appropriate mix of skills, experience and strength in qualities which would be relevant for the Board in order to ensure its ability to meet shifting competitive landscape and technological changes faced by the Group, and with reference to the Company’s objectives and strategic goals.

A copy of the Nomination Policy is available on the Company’s website at www.prestariang.com.my.

The periodical review of the Board’s performance is provided in the Board Charter whereby annual assessment is carried out at the end of each financial period. The annual assessments for the performance of Board, individual director and Committees were conducted for the financial period ended 30 June 2019. Directors and Committees provided anonymous feedback on their peers’ performance and individual performance contribution to the Board and respective Committees. The results were then collated by the Company Secretaries and tabled to the Nomination Committee for deliberation.

Each Director was provided feedback on their contribution to the Board and its Committees. The review supported the Board’s decision to endorse all retiring Directors standing for election. The assessment report together with the report on the Board balance (the required mix of skills, experience and other qualities) are discussed and circulated to the Board. The results affirmed that the Board and each of its Committees continue to operate effectively.

CORPORATE GOVERNANCE **OVERVIEW STATEMENT**

Remuneration Committee

The Remuneration Committee is made up wholly of three (3) Independent Non-Executive Directors and is presently chaired by Mr. Ramanathan A/L Sathiamutty.

The Remuneration Committee meets at least once a year or as and when required. The composition of Remuneration Committee and the number of meetings held are set out as below:-

Name	No. of Meetings Attended
Ramanathan A/L Sathiamutty (Chairman)	4/4
Paul Chan Wan Siew	4/4
Ginny Yeow Mei Ying *(Appointed w.e.f. 28 February 2019)*	-

The summary of activities of the Remuneration Committee during the financial period under review are as follows:

- reviewed and recommended to the Board the key performance result for the year 2017 of the President/GCEO and A1 C-Suite level officers
- reviewed and recommended to the Board the proposed salary increment, adjustment, promotion, incentive and performance bonus for the financial year 2017 for Prestariang Group
- reviewed and recommended to the Board the proposed remuneration package of the Group Head of Sales and Marketing of the Company
- reviewed and recommended to the Board on the amount of directors' fees for the financial year ended 31 December 2017
- reviewed and recommended to the Board the proposed payment of Directors' benefits from 16 May 2018 until the next AGM of the Company
- reviewed and recommended to the Board the revised terms of reference of the Remuneration Committee
- reviewed and recommended to the Board the proposed remuneration package for the COO of the Company
- reviewed and recommended to the Board the proposed revision of Directors' fee for the Non-Executive Directors of Board Committees
- reviewed and recommended to the Board the proposed employees cost rationalisation exercise for Prestariang Group (excluding SKIN)

The Remuneration Committee is responsible for recommending the compensation and remuneration packages for the Executive Directors as well as key senior management. In formulating the recommended remuneration packages, the Remuneration Committee has taken into consideration the information prepared by Management and independent consultants based on data of comparable companies.

The Remuneration Committee from time to time has evaluated the compensation and remuneration packages for the Non-Executive Directors guided by the market rates and benchmarking of similar companies based on the market capitalisation and industry whilst taking into consideration Board members' required experiences, competencies, efforts and the scope of the Board's works, including the number of meetings. The directors' remuneration is further determined at levels which would continue to attract and retain high calibre directors.

CORPORATE GOVERNANCE **OVERVIEW STATEMENT**

The Executive Directors do not receive any directors' fee for directorships held in Prestariang and its subsidiaries, while Non-Executive Directors receive remuneration package consisting of the following components:-

Fixed	Variable
• Board Fee • Committee Fee • Benefits • Directors and Officers Liability Insurance • Benefits-in-kind e.g. company car	• Meeting Allowance • Other Emoluments

The Board, as a whole determines the remuneration of Non-Executive Directors, with each Director concerned abstaining from any decision with regards to his/her remuneration. The Company pays its Directors the fees which shall be voted for approval by the shareholders annually during the AGM.

The details of remuneration of Directors as well as top five key senior management who served during the financial period ended 30 June 2019 are disclosed in the CG Report which is available on the Company's website at www.prestariang.com.my or through the announcement published on the website of Bursa Securities.

Remuneration Policy

The Company has in place a remuneration policy for the Directors and key senior management personnel which takes into account the demands, complexities, and performance of the Group as well as skills and experience required.

A copy of the remuneration policy which discloses high level principles and a detailed process for setting remuneration is available on the Company's website at www.prestariang.com.my.

The remuneration of senior management is determined at Board level and does not require shareholders' approval.

The Executive Director and senior management receive a competitive remuneration package consisting of the following components:-

Fixed	Variable	
Linked to job scope, responsibility and accountability	**Linked to individual KPI performance**	
Base Salary + Fixed Benefits	**Short Term Incentives Bonus + Cash Incentive**	**Long Term Incentives Shares Option Career enhancement**

The long-term variable components through shares option and career enhancement within the Group of Companies aims to attract, motivate, retain and reward key employee of requisite quality that increases productivity and profitability of the Group in the long run.

Under the Remuneration Policy, claw-back or malus provision exists whereby if it is proved after the grant of variable components to members of the Executive Director and Senior Management that the bonus and cash incentives were paid erroneously, the Company may in exceptional cases reclaim in full or in part variable components.

Variable pay awards may be made subject to adjustment events. At the discretion of Remuneration Committee, such an award may be adjusted before delivery (malus) or reclaimed after delivery (clawback) if an adjustment event occurs.

Finance and Investment Committee

The Finance and Investment Committee is made up of a majority of Non-Executive Directors with Mr. Paul Chan Wan Siew acting as the Chairman. The committee members meet as when required, to be determined by the Chairman.

The composition of the Finance and Investment Committee are as follows:-

Name
Paul Chan Wan Siew (Chairman) *(Re-designated as Chairman w.e.f. 28 February 2019)*
Ramanathan A/L Sathiamutty *(Appointed w.e.f. 28 February 2019)*
Ginny Yeow Mei Ying *(Appointed w.e.f. 28 February 2019)*
Dr Abu Hasan Bin Ismail
Baldesh Singh A/L Manmohan Singh *(Appointed w.e.f. 28 February 2019)*

Tender Committee

The objective of the Tender Committee is to assist the Board in recommending the procurement within Prestariang Services Group. The Committee members were selected and appointed among the members of the Board and inclusive of the Chief Finance Officer of the Company as well as Chief Executive Officer of Prestariang Services Group, under the lead of Mr. Ramanathan A/L Sathiamutty as the Chairman.

The composition of the Tender Committee are as follows:

Name
Ramanathan A/L Sathiamutty (Chairman)
Paul Chan Wan Siew
Dr Abu Hasan Bin Ismail
Raja Azmi Bin Adam Nadarajan
Abdul Razak Bin Bakrun

CORPORATE GOVERNANCE **OVERVIEW STATEMENT**

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

AUDIT COMMITTEE

The composition and details of activities carried out by the Audit Committee during the financial period under review are set out in the Audit Committee Report of this Annual Report.

RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

Internal Control

The Board has overall responsibility for maintaining a system of internal control and risk management that provides a reasonable assurance of effective and efficient operations and compliance with laws and regulations, as well as with internal procedures and guidelines.

The Board is of the view that the system of internal control and risk management in place during the period, is sound and sufficient to safeguard the Group's assets, as well as shareholders' investments, and the interests of customers, regulators, employees and other stakeholders. The Statement on Risk Management and Internal Control furnished on pages 119 to 122 of this Annual Report provides an overview of the internal control within the Group during the financial period under review.

Internal Audit

During the financial period under review, the internal audit activity continued to be outsourced to KPMG Management and Risk Consulting Sdn. Bhd. to provide internal audit services for greater independence in internal audit function.

A summary of the activities of the Audit Committee and the Internal Auditors during the financial period under review is set out in the Audit Committee Report on pages 115 to 118 of this Annual Report.

Risk Management Committee

The Risk Management Committee is made up of a majority of Non-Executive Directors and currently chaired by Mr. Ramanathan A/L Sathiamutty.

The Risk Management Committee is responsible for reviewing and recommending risk management policies and strategies for the Company. It also assists the Board in fulfilling corporate governance, risk management and statutory responsibilities in order to manage overall risk exposure.

During the financial period under review, the Risk Management Committee held five (5) meetings and details of attendance of its members are as follows:-

Name	No. of Meetings Attended
Ramanathan A/L Sathiamutty (Chairman)	5/5
Dr Abu Hasan Bin Ismail	5/5
Paul Chan Wan Siew	5/5
Baldesh Singh A/L Manmohan Singh *(Appointed w.e.f. 28 February 2019)*	1/1
Ginny Yeow Mei Ying *(Appointed w.e.f. 28 February 2019)*	1/1

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Communication with Stakeholders

The Company recognises the importance of communicating with its shareholders and other stakeholders as it is a key component to uphold the principles and best practices of corporate governance for the Group and the Company.

The Board has developed and adopted as part of its Investor Relations ("IR") Policy guidelines on stakeholder engagement which stipulate the authorised channels and personnel through which/whom certain information of the Group shall be approved and disclosed to internal and external stakeholders. The Company executes its IR programme following the framework as set out in the IR Policy. The Policy provides comprehensive guides, processes and procedures around for which the programme is structured including corporate disclosures. The approved IR Policy is published in the Company's website at https://www.prestariang.com.my/investorrelations/policy.html.

In maintaining the commitment to effective communication with shareholders and stakeholders, the Company adopts the practice of comprehensive, timely and continuing disclosures of information to its shareholders and stakeholders. This practice of disclosure of information is not just established to comply with Bursa Malaysia MMLR pertaining to continuing disclosure, but it also adopts the best practices as recommended with regards to strengthening engagement and communication with its shareholders. Where possible and applicable, the Company also provides additional disclosure of information on a voluntary basis. The Company believes that consistently maintaining a high level of disclosure and extensive communication with its shareholders is vital to shareholders and investors to make informed investment decisions.

In addition, the Company makes various announcements through Bursa Malaysia, in particular, the timely release of the quarterly results within two (2) months from the close of a particular quarter. Summaries of the quarterly and full year results together with the full announcements are available at the Company's website and Bursa Malaysia's website.

Another important medium is initiating dialogues with the shareholders and stakeholders frequently. Media coverage on the Group is initiated at regular intervals to provide wider publicity and improve the understanding of the Group's business.

Investor Relations

The annual report is a main channel of communication between the Company and its shareholders and stakeholders. The annual report communicates comprehensive information of the financial results and activities undertaken by the Group and the Company during the year under review. As a public listed company, the contents and disclosure requirements of the annual report are also governed by Bursa Malaysia MMLR.

The Company disseminates its annual report, together with an executive summary, to its shareholders either in CD ROM media or hard copy. The executive summary provides highlights of the Group's and the Company's key financial and corporate information.

Along with good corporate governance practices, the Company adheres to corporate disclosure policies in providing greater disclosure and transparency through all its communications with its shareholders, investors and the general public. A dedicated section on Corporate Governance which sets out the information on the Company's announcements to the regulators, financial results, the Board Charter and policies, Directors' Code of Ethics and the Company's Annual Reports is available on the Company's website to effectively disseminate information to all shareholders.

The Company strives to promote and encourage bilateral communications with its shareholders through participation at its general meetings and also ensures timely dissemination of any information to investors, analysts and the general public.

CORPORATE GOVERNANCE **OVERVIEW STATEMENT**

The Group and the Company maintain the following website that allows all shareholders and investors access to information about the Group and the Company: www.prestariang.com.my.

Any further information regarding the Group and the Company may also be obtained from the following communication channels:

Corporate Governance		
Telephone	:	03-8314 8400
Facsimile	:	03-8318 9280
Email	:	inquiry@prestariang.com.my

A summary of the corporate activities is set out on pages 33 to 43 of this Annual Report.

Conduct of General Meetings

Another key avenue of communication with its shareholders is the Company's AGM, which provides a useful forum for shareholders to engage directly with the Directors and Senior Management. The shareholders are given at least 28 days from the date of notice of AGM which is 29 October 2019 until the AGM date of 27 November 2019. Sufficient notice period is given to the shareholders in order for them to schedule their time to attend the Company's AGM.

At the Company's AGM, the President/GCEO of the Company presents a comprehensive and concise review of the Group's financial performance and value created for shareholders. This review is supported by visual and graphical presentation of the Group's performance. The Board and the senior management are present during the AGM to answer any enquiries from the shareholders.

Poll Voting

During the Eighth AGM held last year, poll voting was used to facilitate the voting process for resolutions tabled. This is in line with Paragraph 8.29A of the Bursa Malaysia MMLR on the requirement for poll voting by which one share one vote principle applies for resolutions set out in the notice of general meetings which applies for general meetings held on or after 1 July 2016.

An independent scrutineer was also appointed to scrutinise the polling process. The Board will consider and explore the suitability and feasibility of adopting electronic voting in coming years to facilitate greater shareholders participation at general meeting, and to ensure accurate and efficient outcomes of the poll voting process.

This CG Overview Statement was approved by the Board of Directors on 19 September 2019.

AUDIT **COMMITTEE REPORT**

The Board of Directors ("**Board**") of Prestariang Berhad ("**the Company**") is pleased to present the Audit Committee Report for the financial period ended ("**FPE**") 30 June 2019.

OBJECTIVES

The objectives of the Audit Committee are as follows:-

- reviewing reports from internal and external auditors to validate scope, evaluate existing policies, establish audit quality and ensure compliance with the company's policies; and

- ensuring that proper processes and procedures are in place to comply with applicable laws, rules and regulations, directives and guidelines established by the relevant regulatory bodies.

COMPOSITION OF THE AUDIT COMMITTEE AND MEETINGS

The Audit Committee comprises of three (3) Directors whom all are Independent Non-Executive Directors and the Audit Committee Chairman was elected amongst the members of the Audit Committee themselves.

The Audit Committee meets at least four (4) times annually. During the financial period under review, the Audit Committee held six (6) meetings with details of attendance of the members as shown below:

Name	Designation	No. of Meetings Attended
Paul Chan Wan Siew	Chairman/Senior Independent Non-Executive Director	6/6
Ramanathan A/L Sathiamutty	Member/Independent Non-Executive Director	6/6
Ginny Yeow Mei Ying *(Appointed w.e.f. 28 February 2019)*	Member/Independent Non-Executive Director	1/1

All members of the Audit Committee are financially literate and equipped with the required business skills. The majority of the Audit Committee members are financial experts with notable experience in the financial industry in particular accounting, auditing, corporate finance, investment and business advisory. Mr. Paul Chan Wan Siew is a member of the Malaysian Institute of Accountants.

TERMS OF REFERENCE

The Terms of Reference of the Audit Committee, outlining the Audit Committee's composition, retirement and resignation, proceeding of meeting, authority, duties and responsibilities, is available in the Company's website at www.prestariang.com.my.

AUDIT **COMMITTEE REPORT**

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE DURING THE FINANCIAL PERIOD UNDER REVIEW

i. Change of financial year

The Audit Committee reviewed and recommended to the Board for approval, the proposed change of financial year end from 31 December to 31 March and from 31 March to 30 June at its meetings held on 28 November 2018 and 27 February 2019 respectively.

ii. Financial reports

a) Reviewed the quarterly financial statements pertaining thereto and made recommendations to the Board for approval of the same as follows:-

Date of Meetings	Review of Quarterly Financial Statements
27 February 2018	Fourth quarter results for the financial year ended ("**FYE**") 31 December 2017
15 May 2018	First quarter results for the FPE 30 June 2019
29 August 2018	Second quarter results for the FPE 30 June 2019
28 November 2018	Third quarter results for the FPE 30 June 2019
27 February 2019	Fourth quarter results for the FPE 30 June 2019
30 May 2019	Fifth quarter results for the FPE 30 June 2019

The review was to ensure the Company's quarterly results were prepared in accordance with:-

- Malaysian Financial Reporting Standard;
- Malaysian Financial Reporting Standard 134 Interim Financial Reporting;
- Disclosure provisions of the Bursa Malaysia Securities Berhad Main Market Listing Requirements; and
- Companies Act 2016.

b) Reviewed and made recommendations to the Board in respect of the audited financial statements of the Group and the Company for the FYE 31 December 2017 to ensure that it presented a true and fair view of the Company's financial position and performance for the year and compliance with all the regulatory requirements. In addition, the Audit Committee had reviewed the Audit Review Memorandum for the FYE 31 December 2017 prepared by the External Auditors at the meeting held on 27 February 2018.

iii. External Auditors

a) Reviewed and discussed with the External auditors at the meetings held on 27 February 2018 and 30 May 2019, the Audit Review Memorandum for the FYE 31 December 2017 and Audit Planning Memorandum for the FPE 30 June 2019 respectively. Discussed and considered the significant accounting adjustment and auditing issues arising from interim audit as well as the final audit with the External Auditors. The Audit Committee also had two (2) private discussions with the External Auditors on 27 February 2018 and 30 May 2019 without the presence of Management and Executive Directors to review on the issues relating to financial controls and operational efficiencies of the Company and its subsidiaries.

b) Messrs. Crowe Malaysia PLT declared their independence and confirmed that they were not aware of any relationship between Messrs. Crowe Malaysia PLT and the Group that, in their professional judgement, might reasonably be thought to impair their independence.

c) Evaluated the performance of the External Auditors covering areas such as quality of services and sufficiency of resources provided, audit communication and interaction, auditor objectivity, Independence and Professional Scepticism and as well as the audit fees. Based on evaluation, the Audit Committee had recommended to the Board for approval, the re-appointment of the External Auditors until the conclusion of the next Annual General Meeting.

iv. Internal Audit

The Company has outsourced its internal audit function to KPMG Management and Risk Consulting Sdn. Bhd., an independent professional services firm, to assist the Audit Committee in discharging its duties and responsibilities more effectively.

The Audit Committee reviewed and discussed with the Internal Auditors at the meetings held on 27 February 2018, 29 August 2018 and 28 November 2018, the Internal Audit Report which covered the internal control review as follows:-

- Admissions and billing and collection of Prestariang Education Sdn. Bhd. (*focusing on University Malaysia of Computer Science and Engineering*)
- Sales and receivables, procurement and inventory management of Prestariang Systems Sdn. Bhd.

The AC also reviewed the significant audit findings, recommendations to improve any weakness or non-compliance, follow-up report and the respective Management' responses thereto during the meeting held on 27 February 2018, 29 August 2018 and 28 November 2018.

v. Related Party Transactions and Recurrent Related Party Transactions ("**RRPTs**")

The Audit Committee reviewed significant related party transaction and RRPTs entered into/to be entered into by the Group to ensure that the transactions were in the best interest of the Group; were fair, reasonable and on Group's normal commercial terms; and not detrimental to the interest of the minority shareholders of Prestariang.

The RRPTs of the Group were reviewed on a quarterly basis at its meetings held on 27 February 2018, 15 May 2018, 29 August 2018 and 28 November 2018, 27 February 2019 and 30 May 2019.

vi. Terms of Reference of the Audit Committee

The Audit Committee reviewed and recommended to the Board for approval the revised Terms of Reference of the Audit Committee at its meeting held on 15 May 2018.

vii. Annual Report

The Audit Committee reviewed and recommended to the Board for approval, the Audit Committee Report and Statement on Risk Management and Internal Control for inclusion in the 2017 Annual Report.

INTERNAL AUDIT FUNCTION

It is the responsibility of the internal auditors to provide the Audit Committee with independent and objective reports on the state of internal control of the various operating units within the Group and the extent of compliance of the units with the Group's established policies and procedures.

AUDIT **COMMITTEE REPORT**

To this end, the functions of the internal auditors are to:

(i) perform audit work in accordance with the pre-approved internal audit plan;

(ii) carry out reviews on the systems of internal control of the Group and the Company;

(iii) review and comment on the effectiveness and adequacy of the existing control policies and procedures; and

(iv) provide recommendations, if any, for the improvement of the control policies and procedures.

The Audit Committee and Board are satisfied with the performance of the internal auditors, KPMG Management and Risk Consulting Sdn. Bhd., in the provision of outsourced internal audit services to the Group and the Company. The fees incurred for the internal audit function in respect of the financial period ended 30 June 2019 is RM74,000 exclusive Sales and Service Tax and out-of-pocket expenses.

During the financial period under review, the internal auditors completed two (2) audit cycles focused on key controls deployed by the Management at Prestariang Systems Sdn Bhd in respect of the following processes as approved by the Audit Committee:

Cycle 1

- **Sales and Receivables**

  Assess the adequacy and test the operating effectiveness of the following:

  - sales and receivables policies and procedures;
  - pricing guidelines and approval;
  - processing of work orders;
  - credit limit and monitoring of payment history;
  - invoicing (including manual billings), adjustments, discounts and rebates, if any;
  - collection of revenue and application of receipts against debts; and
  - ageing analysis.

Cycle 2

- **Procurement and Inventory Management**

  Assess the adequacy and test the operating effectiveness of the following:

  - procurement and inventory policies and procedures;
  - vendor data management (including approved vendor list, periodic vendor assessment and vendor master-file maintenance);
  - sourcing and selection of vendor;
  - purchase requisition and ordering (including approvals for purchases);
  - receiving;
  - recording of accounts payable (including timeliness of recording of supplier invoices);
  - monitoring of open purchase orders;
  - inventory tracking process;
  - inventory counts, including processing of count differences; and
  - organisation within warehouse and controls over inventories held within the warehouse (focusing on the training materials).

STATEMENT ON **RISK MANAGEMENT AND INTERNAL CONTROL**

INTRODUCTION

The Malaysian Code on Corporate Governance (“**Code**”) recommends that the Board of Directors (“**Board**”) of the listed companies should maintain a sound risk management and internal control framework in order to safeguard shareholders’ investments and the Group’s and the Company’s assets. Bursa Malaysia Securities Berhad (“**Bursa Malaysia**”) Main Market Listing Requirements, Practices 9.1 and 9.2 of the Malaysian Code on Corporate Governance also require the Board of the listed companies to include a statement on the state of their internal controls in their annual reports.

In view of the above, the Board of the Company is pleased to present the following statement that has been prepared in accordance with the “Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers” (SRMIC) issued by Bursa Malaysia.

BOARD RESPONSIBILITY

The Board recognises its responsibility in upholding an effective and adequate risk management and internal control system, which contributes a material part in good corporate governance. In line with that, the Board acknowledges its main responsibility in ensuring the principal and significant risks of the Group and the Company are identified and properly managed by the risk management and internal control system of the Group and the Company.

The Board has also established an on-going process for identifying, evaluating and managing significant risks faced by the Group and the Company and to regularly review this process in conjunction with the SRMIC.

Management is assigned with the role of assisting the Board on the implementation of the Board’s policies and procedures on risk management and control by identifying and assessing the various risks that could affect the operation of the Group and the Company, and ensuring appropriate and suitable controls are taken to mitigate and control the risks.

From time to time, the Board received assurance from the President/Group Chief Executive Officer (“**GCEO**”) and Chief Financial Officer (“**CFO**”) that the risk management and internal control system in place is operating in an adequate and effective manner, and that it is sufficient to safeguard the interest of the Group and the Company.

The Board acknowledges that a sound risk management and internal control system provides reasonable but not absolute assurance, that the Group and the Company will not be hindered in achieving its business objectives in the ordinary course of business.

CONTROL STRUCTURE & RISK MANAGEMENT FRAMEWORK

The day to day operations of the Group and the Company is overseen by the President/GCEO with the assistance of COO and CEOs of the business divisions. This control is exercised through Senior Management in respect of commercial, financial and operational aspects of the Group and the Company. The President/ GCEO, CEOs of the business divisions and Senior Management meet regularly to deliberate on such matters.

Internal control is a process, enforced by the Board of Directors and the Management of Prestariang. It is designed to provide reasonable assurance regarding the achievement of Prestariang Group’s objectives and to safeguard shareholders’ investment and assets. Although it is impossible to provide complete assurance through any control system, the control systems must be designed and applied to manage the likelihood and impact of risk to acceptable levels. The Group adopts Risks Management Framework with the internal control system is principally aligned with the Committee of Sponsoring Organisations of the Treadway Commission (COSO) “Internal Control - Integrated Framework model”.

Risks identified are evaluated by examining the potential impact on the Group if a risk crystallised as well as the likelihood of occurrence. The risk rating is expressed in terms of combination of impact and likelihood, which shall be rated as low, medium, significant and high, as determined according to the risk rating matrix.

The Board fully supports the contents of the SRMIC and through the Audit Committee continually reviews the adequacy and effectiveness of the risk management processes in place within the various operating units with the aim of strengthening the risk management functions across the Group and the Company.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Management also acknowledges its responsibility for the management of risks, for developing, operating and monitoring the system of internal controls and for providing assurance to the Board that it has done so in accordance with the policies adopted by the Board. Further assurance is provided by the Internal Audit function which operates across the Group with emphasis on key operating units within the Group. Acknowledging the need for an effective and independent Internal Audit function as an integral part of the control structure and risk management framework of the Group and the Company, the decision was taken to outsource the Internal Audit activities to a third party service provider.

INTERNAL AUDIT FUNCTION

In desiring to maintain total independence in the management of the risk and internal control environment, the Company has appointed KPMG Management & Risk Consulting Sdn. Bhd. ("**KPMG MRC**") to manage the Company's internal audit function on an outsourced basis. The fees incurred for the outsourced internal audit function for the financial period ended 30 June 2019 were RM74,000 inclusive Sales and Service Tax and out-of-pocket expenses.

The internal audit engagement by KPMG MRC is headed by an Executive Director, namely Ms. Kasturi Nathan. Ms. Kasturi is a Fellow Certified Practicing Accountant, Australia, a professional member of the Institute of Internal Auditors, Malaysia and a Chartered Accountant (Malaysian Institute of Accountants). Ms Kasturi has accumulated over 20 years of experience in a wide range of governance advisory, risk and internal audit work.

There were total of four (4) personnel deployed by KPMG MRC for the internal audit work of financial year ended 30 June 2019. All the personnel deployed by KPMG MRC are free from any relationships or conflicts of interest, which could impair their objectivity and independence during the course of the work.

The internal audit work was carried out in accordance with the KPMG Internal Audit Methodology, risk-based internal audit methodology, which is aligned with the International Standards for the Professional Practice of Internal Auditing of the Institute of Internal Auditors, of which final communication of internal audit plan, processes and results of the internal audit assessment are supported by sufficient, reliable and relevant information which signifies a satisfactory conclusion of the internal audit work.

KPMG MRC reports independently and directly to the Audit Committee in respect of the internal audit function. The Audit Committee together with KPMG MRC agree on the scope and planned internal audit activities annually and all audit findings arising therefrom are reported to the Audit Committee.

KPMG MRC is allowed for an unrestricted access to all the documents and records of the Group and the Company which are deemed necessary for the performance of its function and independently reviews the control processes implemented by Management. It also reviews the internal controls in the key activities of the Group's and the Company's business based on the discussion with Management as well as with the Audit Committee. In addition, KPMG MRC carries out periodic assignments to ensure the policies and procedures established by the Board are complied with by Management. All reports and findings arising from these reviews are discussed primarily with the respective process custodians prior to a formal report being presented to the Audit Committee.

As an additional function to the Group, KPMG MRC also provides business improvement recommendations for the consideration of Management and the Board to assist in the continuous development of a more efficient and comprehensive internal control environment.

In the financial period under review, KPMG MRC had completed 2 audit cycles which focused on key controls deployed by Management at Prestariang Systems Sdn Bhd in respect of the following processes as approved by the Audit committee:

Cycle 1

- **Sales and Receivables**

  Assess the adequacy and test the operating effectiveness of the following:

  - sales and receivables policies and procedures;
  - pricing guidelines and approval;
  - processing of work orders;

- credit limit and monitoring of payment history;
- invoicing (including manual billings), adjustments, discounts and rebates, if any;
- collection of revenue and application of receipts against debts; and
- ageing analysis.

Cycle 2

- **Procurement and Inventory Management**

  Assess the adequacy and test the operating effectiveness of the following:

  - procurement and inventory policies and procedures;
  - vendor data management (including approved vendor list, periodic vendor assessment and vendor master-file maintenance);
  - sourcing and selection of vendor;
  - purchase requisition and ordering (including approvals for purchases);
  - receiving;
  - recording of accounts payable (including timeliness of recording of supplier invoices);
  - monitoring of open purchase orders;
  - inventory tracking process;
  - inventory counts, including processing of count differences; and
  - organisation within warehouse and controls over inventories held within the warehouse (focusing on the training materials).

OTHER KEY RISK MANAGEMENT AND INTERNAL CONTROL ELEMENTS

- Clearly defined terms of reference, authorities and responsibilities of the various committees which include the Audit Committee, Risk Management Committee, Nomination Committee, Remuneration Committee, Finance & Investment Committee and Board Tender Committee.
- Well-defined organisational structure with clear lines for the segregation of duties, accountability and the delegation of responsibilities to Senior Management and the respective division heads including appropriate authority limits to ensure accountability and approval responsibility.
- The Board is updated on the Group's performance at the scheduled meetings. The Group's business plan and actual versus budget performance for the year are reviewed and deliberated on by the Board. Financial performance variances are presented to the Board on a quarterly basis.
- An annual planning and budgetary exercise is undertaken requiring all divisions to prepare business plans and budgets for the forthcoming year. These are deliberated on and approved by the Board before its implementation.
- There are regular Board meetings and Board papers distributed in advance to all Board Members who are entitled to receive and access all necessary and relevant information. Decisions of the Board are only made after the required information is made available and deliberated on by the Board. The Board maintains complete and effective control over the strategies and direction of the Group and the Company.
- Within the risk management framework, the Group has an established and structured process for the identification, assessment, communication, monitoring as well as continual review of risks, effectiveness of risk mitigation strategies and controls at the divisional and enterprise levels. The analysis and evaluation of our risks are guided by approved risk categories. These risks are reviewed by the Risk Management Committee and report to the Board on a quarterly basis.
- Our appetite for risk is a key consideration in our decision making. Our risk appetite reflects the scale of risk on a broad level which the Group is prepared to take, in pursuit of our strategic objectives. The amount of risk the Group tolerates reflects the unique circumstances faced by the Group, including the external environment, strategy, people, business, systems and policies. Key features of the Group's risk appetite cover strategic, operational, financial and regulatory parameters. They guide the Group as to how to manage risks effectively.

STATEMENT ON **RISK MANAGEMENT AND INTERNAL CONTROL**

- The Audit Committee reviews the effectiveness of the system of risk management and internal controls of the Group and the Company on behalf of the Board. The Audit Committee comprises solely of Independent Non-Executive Directors and is not restricted in any way in the conduct of its duties and has unrestricted access to the internal and external auditors of the Company and to all employees of the Group and the Company. The Audit Committee is also entitled to seek such other third party independent professional advice deemed necessary in the performance of its responsibility.
- Review by the Audit Committee of risk management internal control issues identified by the external and internal auditors and action taken by the Management in respect of the findings arising therefrom. The internal audit function reports directly to the Audit Committee. Findings are communicated to the Management and the Audit Committee with recommendations for improvements and follow up to confirm all agreed recommendations are implemented. The internal audit plan is structured on a risk-based approach and is reviewed and approved by the Audit Committee.
- The Risk Management Committee was established by the Board to assist the Board in overseeing the overall management of the principal areas of risk of the Group and the Company.
- Management Accounts are prepared in a timely manner and on a quarterly basis and are reviewed by the President/GCEO, COO, CFO together with the heads of the respective business divisions.
- The assessment of the adequacy and effectiveness of the internal control system is on periodic basis. From time to time the following are taken into considerations and changes are made to improve the internal control system:-
    - o Ensuring an appropriate organisational structure for planning, executing, controlling and monitoring business operations with appropriate authorisation limits.
    - o Reviewing the consolidated risk register of the Prestariang Group and receiving regular reports on any significant problems that have occurred during the year and changes to the risks over the period under review.
    - o Reviewing external and internal audit work plans and their results.
    - o Reviewing periodically the long-term financial objectives and business strategies of the Prestariang Group.
    - o Reviewing variance reports from major operating subsidiaries and associates against business objectives.
    - o Effectively applying policies, processes and activities relating to internal control and risk management through control self-assessments and internal audit reviews

NO SIGNIFICANT WEAKNESS IN RISK MANAGEMENT AND INTERNAL CONTROL RESULTING IN MATERIAL LOSS

The Board is of the opinion that there is no significant weakness in the system of risk management and internal control, contingencies or uncertainties that could result in material loss and adversely affect the Group and the Company. The Board is also of the opinion that the Company's risk management system and internal control is in place for the financial period under review, and is up to date as at the date of this statement. The Management together with the Board continue to take necessary measures to strengthen the internal control structure and the management of risks.

ASSURANCE FROM THE PRESIDENT/GROUP CEO AND THE CFO

The Board has received assurance from the President/GCEO and CFO that the Group's risk management and internal control system, in all material aspects, is operating adequately and effectively.

REVIEW OF THE STATEMENT BY THE EXTERNAL AUDITORS

The external auditors have reviewed the Statement on Risk Management and Internal Control in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and Audit and Assurance Practice Guide 3, *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control Included in the Annual Report*.

Based on the limited assurance procedures and review, the external auditors have informed the Board that nothing has come to their attention that has caused them to believe that the Statement on Risk Management and Internal Control has not been prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers and Practices 9.1 and 9.2 of the Malaysian Code on Corporate Governance 2017 to be set out, nor is the Statement factually inaccurate.

OTHER **COMPLIANCE INFORMATION**

The following information is provided in compliance with Appendix 9C of Bursa Malaysia Securities Berhad Main Market Listing Requirements.

a) Utilisation Of Proceeds

The Company did not raise any fund through any corporate proposal during the financial year.

b) Audit and Non-Audit Fees

During the financial period, the amounts of audit and non-audit fees paid or payable to the external auditors, and its local affiliated companies for the services rendered to the Group and the Company for the financial period ended 30 June 2019 are as follows:

	Group (RM)	Company (RM)
Audit Fees	350,000	39,000
Non-Audit Fees	589,540	23,000

Note:

The Group engaged the external auditors, and its local affiliated companies for the non-audit works for the preparation, review and submission of tax returns and tax advisory services on businesses.

c) Material Contracts

There was no material contract entered into by the Company and/or its subsidiaries involving the interest of Directors and/or major shareholders, either still subsisting at the end of the financial period or entered into since the end of the previous financial year.

Subsequent to the announcement dated 12 December 2018 whereby the Company has announced that Prestariang SKIN Sdn. Bhd. ("**PSKIN**") had on 11 December 2018 received a letter from the Ministry of Home Affairs confirming the decision of the Cabinet to terminate the Sistem Kawalan Imigresen Nasional ("**SKIN**") project by way of expropriation with the effective date of termination took effective on 22 January 2019.

d) Material Litigation

PSKIN, a wholly owned subsidiary of Prestariang Services Sdn Bhd, which is a subsidiary of the Company has filed and served an Originating Summons ("OS") dated 15 April 2019 against the Government of Malaysia ("GOM") claiming the amount of RM733 million in relation to the termination of the SKIN by expropriation. The Group remains positive on the compensation amount based on the formula stipulated under the Concession Agreement.

STATEMENT OF **RESPONSIBILITY BY DIRECTORS**

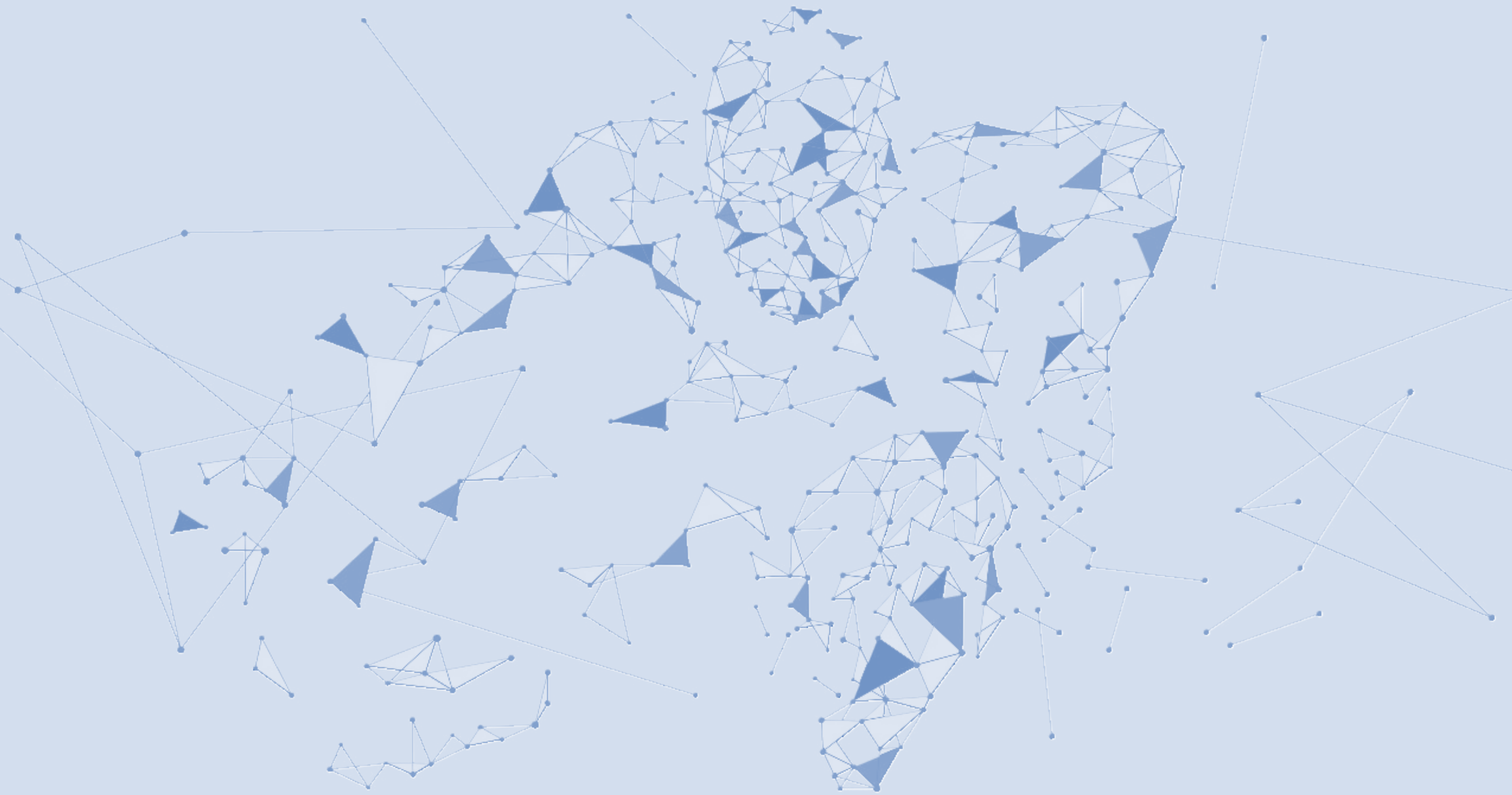
The Board of Directors ("**the Board**") of the Company is responsible for ensuring the annual audited financial statements of the Group and the Company are made in accordance with applicable approved accounting standards, and have reflected a true and fair view of the state of affairs of the Group and the Company as at 30 June 2019, and of the results of their operations and cash flows of the Group and the Company at the financial period.

The Board is also responsible for ensuring that the annual audited financial statements of the Group and the Company are in compliance with the provisions of the Companies Act 2016, the Malaysian Financial Reporting Standards issued by the Malaysian Accounting Standard Board, the Listing Requirements of Bursa Malaysia Securities Berhad and all other relevant laws and regulations.

The Directors have further responsibility of ensuring that proper, accurate, timely and reliable accounting records are kept. The annual audited financial statements have been prepared based on relevant and appropriate accounting policies and with usage of reasonable and prudent judgement and estimates.

The Directors have general responsibility for taking reasonable steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

In compliance with the various responsibilities of the Directors, the Directors present the financial statements of the Group and the Company for the financial period ended 30 June 2019 as set out on pages 138 to 240 of this Annual Report.



FINANCIAL **REVIEW**

DIRECTORS' **REPORT**

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial period ended 30 June 2019.

CHANGE OF FINANCIAL YEAR END

During the current financial period, the Company and its subsidiaries have changed their financial year ended from 31 December to 30 June.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 6 to the financial statements.

RESULTS

	The Group RM'000	The Company RM'000
Loss after taxation for the financial period	(8,957)	(53,312)
Attributable to:-		
Owners of the Company	(21,753)	(53,312)
Non-controlling interests	12,796	-
	(8,957)	(53,312)

DIVIDENDS

Dividends paid or declared by the Company since 31 December 2017 are as follows:-

	RM'000
<u>In respect of the financial year ended 31 December 2017</u>	
A third interim dividend of 0.50 sen per ordinary share, paid on 5 January 2018	2,412
A fourth interim dividend of 0.50 sen per ordinary share, paid on 5 April 2018	2,412
<u>In respect of the financial period ended 30 June 2019</u>	
A first interim dividend of 0.50 sen per ordinary share, paid on 4 July 2018	2,411
A second interim dividend of 0.20 sen per ordinary share, paid on 17 October 2018	965
	8,200

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial period other than those disclosed in the financial statements.

ISSUES OF SHARES AND DEBENTURES

During the financial period:-

(a) there were no changes in the issued and paid-up share capital of the Company; and

(b) there were no issues of debentures by the Company.

TREASURY SHARES

As at 30 June 2019, the Company held as treasury shares a total of 1,698,500 of its 484,000,000 issued and fully paid-up ordinary shares. The treasury shares are held at a carrying amount of RM3,366,346. The details on the treasury shares are disclosed in Note 20 to the financial statements.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial period, no options were granted by the Company to any person to take up any unissued shares in the Company.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the further writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

DIRECTORS' REPORT

CONTINGENT AND OTHER LIABILITIES

The contingent liabilities are disclosed in Note 48 to the financial statements. As at the date of this report, there does not exist:-

(a) any charge on the assets of the Group and of the Company that has arisen since the end of the financial period which secures the liabilities of any other person; or

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial period.

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial period which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial period were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature other than termination of Sistem Kawalan Imigresen Nasional ("SKIN") project and material litigation as disclosed in Notes 50(h) and 52 respectively.

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial period in which the report is made.

DIRECTORS

The names of directors of the Company who served during the financial period and up to the date of this report are as follows:-

Dr Abu Hasan Bin Ismail	
Dato' Maznah Binti Abdul Jalil	
Chan Wan Siew	
Ramanathan A/L Sathiamutty	
Baldesh Singh A/L Manmohan Singh	(Appointed on 28 February 2019)
Ginny Yeow Mei Ying	(Appointed on 28 February 2019)
Nik Amlizan Binti Mohamed	(Resigned on 30 September 2018)
Dato' Mohamed Yunus Ramli Bin Abbas	(Resigned on 31 January 2019)

The names of directors of the Company's subsidiaries who served during the financial period and up to the date of this report, not including those directors mentioned above, are as follows:-

Abdul Razak Bin Bakrun
Siti Afiza Binti Ahmad
Raja Azmi Bin Adam Nadarajan

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of the directors holding office at the end of the financial period in shares of the Company and its related corporations during the financial period are as follows:-

	← Number of Ordinary Shares →			
	At 1.1.2018	**Bought**	**Sold**	**At 30.6.2019**
The Company				
Direct Interests				
Chan Wan Siew	550,000	400,000	-	950,000
Dato' Maznah Binti Abdul Jalil	2,431,000	-	-	2,431,000
Indirect Interests				
Dr Abu Hasan Bin Ismail #	132,301,400	-	(132,301,400)	-
Chan Wan Siew ^	50,000	-	-	50,000
Prestariang Services Sdn. Bhd., a 70% owned subsidiary of the Company				
Direct Interest				
Dr Abu Hasan Bin Ismail	-	76,356	-	76,356
Indirect Interest				
Dr Abu Hasan Bin Ismail *	-	122,170	-	122,170

	← Number of Redeemable Preference Shares "A" →			
	At 1.1.2018	**Bought**	**Sold**	**At 30.6.2019**
Prestariang Services Sdn. Bhd., a 70% owned subsidiary of the Company				
Indirect Interest				
Dr Abu Hasan Bin Ismail *	-	151,601	-	151,601

Notes:-

- Deemed interested by virtue of director's interest in Ekohati Sdn. Bhd., Sigma Dedikasi Sdn. Bhd. and Anjakan Evolusi Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.

^ - Deemed interested by virtue of his spouse, Ms. Lee Oi Lin's shareholdings in the Company pursuant to Section 59(11)(c) of the Companies Act 2016.

* - Deemed interested by virtue of director's interest in Halaman Kapital Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.

The other directors holding office at the end of the financial period had no interest in shares of the Company or its related corporations during the financial period.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than the benefits included in the aggregate amount of remuneration received or due and receivable by directors shown in the financial statements or the fixed salary of a full-time employee of the Company or related corporations) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Neither during nor at the end of the financial period was the Group or the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' REPORT

DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Group and of the Company during the financial period are disclosed in Note 39(a) to the financial statements.

INDEMNITY AND INSURANCE COST

During the financial period, the total amount of indemnity coverage and insurance premium paid for the directors of the Company and of the Group were RM10,000,000 and RM26,114 respectively. No indemnity was given to or insurance effected for auditors of the Company.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 6 to the financial statements.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial period are disclosed in Note 50 to the financial statements.

SIGNIFICANT EVENT OCCURRING AFTER THE REPORTING PERIOD

The significant event occurring after the reporting period is disclosed in Note 51 to the financial statements.

AUDITORS

The auditors, Crowe Malaysia PLT (converted from a conventional partnership, Crowe Malaysia which was previously known as Crowe Horwath), have expressed their willingness to continue in office.

The details of the auditors' remuneration are disclosed in Note 37 to the financial statements.

Signed in accordance with a resolution of the directors dated 19 September 2019.

Dr Abu Hasan Bin Ismail

Dato' Maznah Binti Abdul Jalil

STATEMENT BY **DIRECTORS** PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Dr Abu Hasan Bin Ismail and Dato' Maznah Binti Abdul Jalil, being two of the directors of Prestariang Berhad, state that, in the opinion of the directors, the financial statements set out on pages 138 to 240 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30 June 2019 and of their financial performance and cash flows for the financial period ended on that date.

Signed in accordance with a resolution of the directors dated 19 September 2019.

Dr Abu Hasan Bin Ismail

Dato' Maznah Binti Abdul Jalil

STATUTORY **DECLARATION** PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT 2016

I, Abdul Razak Bin Bakrun, MIA Membership Number: 22605, being the officer primarily responsible for the financial management of Prestariang Berhad, do solemnly and sincerely declare that the financial statements set out on pages 138 to 240 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovementioned
Abdul Razak Bin Bakrun, NRIC Number: 680321-04-5245
at Kuala Lumpur
in the Federal Territory
on this 19 September 2019

Abdul Razak Bin Bakrun

Before me

PESURUHJAYA SUMPAH
NO. W 668
LAI DIN
1 JAN 2019 - 30 JAN 2020
MALAYSIA

B-3A-4, Megan Avenue 2,
12, Jalan Yap Kwan Seng,
50450 Kuala Lumpur.

INDEPENDENT **AUDITORS' REPORT**
TO THE MEMBERS OF PRESTARIANG BERHAD

REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Prestariang Berhad, which comprise the statements of financial position as at 30 June 2019 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial period then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 138 to 240.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2019, and of their financial performance and their cash flows for the financial period then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Material Uncertainty Related to Going Concern

We draw attention to Note 4.2 in the financial statements, which indicates that:-

(a) The termination of Sistem Kawalan Imigresen Nasional ("SKIN") project by the Government of Malaysia ("GOM"), resulting in the Group undertaking a legal suit against the GOM to recover the sums due under the SKIN project. Further details on the amount due for the SKIN project and legal suit are disclosed in Notes 14(b) and 52 respectively;

(b) During the financial period ended 30 June 2019, the Group and the Company recorded:-

  (i) negative operating cash flows of RM72,253,000 and RM12,365,000 respectively; and

  (ii) loss after taxation of RM8,957,000 and RM53,312,000 respectively.

(c) The Group has accepted advances of RM1,500,000 and RM5,000,000 from a director and a former director of the Company respectively for working capital purpose.

Material Uncertainty Related to Going Concern (Cont'd)

These indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and whether the Group and the Company have sufficient cash flows to meet their obligations as and when they fall due.

In the preparation of the Group financial statements, the management has made an assessment on its working capital sufficiency and with the support of a cash flow projection. The management has concluded that the Group and the Company shall have sufficient working capital to finance their operations and to meet their financial obligations as and when they fall due.

As at the end of the reporting period and as at the date these financial statements were authorised for issue, the directors believe that there is no material uncertainty exists over the ability of the Group and the Company to continue on a going concern basis. Accordingly, the financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that may be necessary if the Group and the Company are unable to continue as a going concern.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial period. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

<table>
<tr><td colspan="2">Revenue and cost recognition for SKIN Project
Refer to Note 33 to the financial statements</td></tr>
<tr><td>Key Audit Matter</td><td>How our audit addressed the key audit matter</td></tr>
<tr><td>The Group has reported revenue and cost of sales of approximately RM175.5 million and RM105.0 million, respectively for the SKIN Project during the financial period.

The recognition of revenue on the SKIN Project is based on the percentage of completion method. The determination of the percentage of completion requires management to exercise significant judgement in estimating the total costs to complete the SKIN Project.

We determined this to be a key audit matter due to the complexity and judgemental nature of the budgeting of contract costs and the determination of revenue recognised.</td><td>Our procedures included, amongst others:-

• Reviewed the contracts and discussed with management to obtain a full understanding of the terms and risks to assess the appropriateness of revenue recognition;
• Assessed the management's assessment in determining the percentage of completion of projects and estimations of budgeted revenue and costs;
• Assessed the reliability of total budgeted costs by comparing budgeted costs to actual outcomes;
• Performed verification on the actual costs incurred for the financial period; and
• Performed re-computation on the profit recognised and checked calculation of the percentage of completion.</td></tr>
</table>

INDEPENDENT **AUDITORS' REPORT**
TO THE MEMBERS OF PRESTARIANG BERHAD

Key Audit Matters (Cont'd)

<table>
<tr><td colspan="2">Valuation of other investment
Refer to Note 9 to the financial statements</td></tr>
<tr><td>Key Audit Matter</td><td>How our audit addressed the key audit matter</td></tr>
<tr><td>The Group classifies its unquoted equity investments as Fair Value Through Other Comprehensive Income ("FVOCI"). In estimating the fair value of these investments, the Group used valuation techniques which took into consideration key assumptions, estimates and/or unobservable input information of the underlying company in which the Group has invested in.

We focused on this area as it involved the exercise of significant judgement by the directors and the use of assumptions and estimates.</td><td>Our procedures included, amongst others:-

• Obtained an understanding of the methodology adopted by management in estimating the fair value of these investments and whether such methodology is consistent with those used in the industry;
• Discussed with management to obtain an understanding of the related underlying data used as input to the valuation models;
• Discussed with the management the key assumptions and estimates used in the valuation model; and
• Assessed the appropriateness of the valuation techniques and checked the reasonableness of the discount rate used, with the assistance of our valuation experts.</td></tr>
</table>

<table>
<tr><td colspan="2">Impairment assessment of trade receivables
Refer to Notes 14 and 49.1(b)(iii) to the financial statements</td></tr>
<tr><td>Key Audit Matter</td><td>How our audit addressed the key audit matter</td></tr>
<tr><td>As at 30 June 2019, trade receivables amounted to approximately RM200.32 million. The details of trade receivables and its credit risks are disclosed in Note 49.1(b)(iii) to the financial statements.

The management applied assumptions in assessing the level of allowance for impairment losses on trade receivables based on the following:-
• customers' payment profiles of past sales and corresponding historical credit losses;
• specific known facts or circumstances on customers' ability to pay; or
• by reference to past default experience.

The impairment assessment involves significant judgements and there is inherent uncertainty in the assumptions applied by the management to determine the level of allowance.

This is considered a key audit matter due to the inherent subjectivity that is involved in making judgement in relation to the recoverability of trade receivables.</td><td>Our procedures included, amongst others:-

• Obtained an understanding of:-
    • the Group's control over the receivable collection process;
    • how the Group identifies and assesses the impairment of receivables; and
    • how the Group makes the accounting estimates for impairment.
• Reviewed the ageing analysis of receivables and testing the reliability thereof;
• Reviewed subsequent cash collections for major receivables and overdue amounts;
• Made inquiries of management regarding the action plans to recover overdue amounts;
• Examined other evidence including customers' correspondences, proposed or existing settlement plans, repayment schedules, etc; and
• Evaluating the reasonableness and adequacy of the allowance for impairment loss recognised.</td></tr>
</table>

Key Audit Matters (Cont'd)

<table>
<tr><td colspan="2">Development costs
Refer to Note 11 to the financial statements</td></tr>
<tr><td>Key Audit Matter</td><td>How our audit addressed the key audit matter</td></tr>
<tr><td>Management exercise their judgment in determining the development costs that are qualified for capitalisation with respect to the technical feasibility of the products developed and ability to generate future economic benefits.

This is considered a key audit matter given the materiality of the Group's development costs and the inherent subjectivity in impairment testing.

The aforementioned impairment review gave rise to impairment loss of RM9,644,000 to the Group as disclosed in Note 11 to the financial statements.</td><td>Our procedures included, amongst others:-

• Made enquiries on the latest development and status of these projects and reviewed management's assessment of impairment by considering both internal and external sources of information;
• Reviewed the management measurement and assessment in the identification of additional development costs capitalised;
• Reviewed management's estimate of the recoverable amounts and tested the cash flow forecasts for their accuracy;
• Evaluated the appropriateness and reasonableness of the key assumptions;
• Performed sensitivity analysis over the key assumptions to understand the impact of changes over the recoverable amounts; and
• Reviewed the adequacy of disclosure in the financial statements.</td></tr>
</table>

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT **AUDITORS' REPORT**
TO THE MEMBERS OF PRESTARIANG BERHAD

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As a part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:-

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Crowe

Crowe Malaysia PLT
LLP0018817-LCA & AF 1018
Chartered Accountants

Onn Kien Hoe
01772/11/2020 J
Chartered Accountant

Kuala Lumpur

19 September 2019

STATEMENTS OF **FINANCIAL POSITION**
AT 30 JUNE 2019

		The Group			The Company	
		30.6.2019	31.12.2017	1.1.2017	30.6.2019	31.12.2017
	Note	RM'000	RM'000	RM'000	RM'000	RM'000
ASSETS						
NON-CURRENT ASSET						
Investments in subsidiaries	6	**-**	-	-	**20,847**	41,347
Property and equipment	7	**19,171**	37,246	12,086	**-**	-
Investment properties	8	**35,089**	-	-	**-**	-
Other investment	9	**8,427**	9,885	-	**-**	-
Deferred tax assets	10	**-**	-	1,154	**-**	-
Development costs	11	**54**	6,051	7,341	**-**	-
		62,741	53,182	20,581	**20,847**	41,347
CURRENT ASSETS						
Inventories	12	**-**	840	27,027	**-**	-
Contract costs	13	**19,217**	44,335	-	**-**	-
Trade receivables	14	**200,324**	42,136	34,686	**-**	-
Other receivables, deposits and prepayments	15	**8,010**	10,721	5,582	**21**	2,631
Amount owing by subsidiaries	16	**-**	-	-	**64,276**	71,097
Short-term investments	17	**40**	26,504	66,605	**40**	4,365
Current tax assets		**23**	-	1,162	**12**	12
Cash and bank balances	18	**7,166**	44,782	42,759	**4**	148
		234,780	169,318	177,821	**64,353**	78,253
TOTAL ASSETS		**297,521**	222,500	198,402	**85,200**	119,600
EQUITY AND LIABILITIES						
EQUITY						
Share capital	19	**119,700**	119,700	48,400	**119,700**	119,700
Treasury shares	20	**(3,366)**	(3,366)	(2,608)	**(3,366)**	(3,366)
Share premium		**-**	-	74,712	**-**	-
Merger deficit	21(a)	**(10,800)**	(10,800)	(14,212)	**-**	-
Fair value reserve	21(b)	**(7,630)**	-	-	**-**	-
Retained profits/(Accumulated losses)		**10,534**	39,501	54,749	**(61,526)**	574
Equity attributable to owners of the Company		**108,438**	145,035	161,041	**54,808**	116,908
Redeemable convertible preference shares	22	**-**	237	-	**-**	-
Non-controlling interests	6	**11,711**	(1,085)	459	**-**	-
TOTAL EQUITY		**120,149**	144,187	161,500	**54,808**	116,908

STATEMENTS OF **FINANCIAL POSITION**
AT 30 JUNE 2019 (CONT'D)

		The Group			The Company	
		30.6.2019	31.12.2017	1.1.2017	30.6.2019	31.12.2017
	Note	RM'000	RM'000	RM'000	RM'000	RM'000
NON-CURRENT LIABILITIES						
Hire purchase payables	23	**54**	116	309	**-**	-
Term loans	24	**26,240**	21,860	-	**-**	-
Redeemable secured loan stocks	25	**10,000**	-		**-**	-
Redeemable preference shares "A"	26	**152**	-	-	**-**	-
Deferred tax liabilities	10	**16,922**	-	1,173	**-**	-
		53,368	21,976	1,482	**-**	-
CURRENT LIABILITIES						
Trade payables	27	**53,791**	33,871	12,902	**-**	-
Contract liabilities	28	**19,996**	11,851	-	**-**	-
Other payables and accruals	29	**19,809**	8,702	22,445	**673**	2,692
Amount owing to directors	30	**2,133**	-	-	**505**	-
Amount owing to a subsidiary	16	**-**	-	-	**29,214**	-
Hire purchase payables	23	**42**	38	73	**-**	-
Term loans	24	**3,346**	840	-	**-**	-
Revolving credits	31	**17,661**	-	-	**-**	-
Bank overdrafts	32	**6,026**	-	-	**-**	-
Current tax liabilities		**1,200**	1,035	-	**-**	-
		124,004	56,337	35,420	**30,392**	2,692
TOTAL LIABILITIES		**177,372**	78,313	36,902	**30,392**	2,692
TOTAL EQUITY AND LIABILITIES		**297,521**	222,500	198,402	**85,200**	119,600

The annexed notes form an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND **OTHER COMPREHENSIVE INCOME**

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019

	Note	The Group 1.1.2018 to 30.6.2019 RM'000	The Group 1.1.2017 to 31.12.2017 RM'000	The Company 1.1.2018 to 30.6.2019 RM'000	The Company 1.1.2017 to 31.12.2017 RM'000
REVENUE	33	**367,318**	141,453	**11,552**	17,775
COST OF SALES		**(258,967)**	(109,338)	**-**	-
GROSS PROFIT		**108,351**	32,115	**11,552**	17,775
OTHER INCOME	34	**1,511**	2,725	**193**	256
		109,862	34,840	**11,745**	18,031
ADMINISTRATIVE EXPENSES		**(49,325)**	(24,136)	**(12,040)**	(3,658)
OTHER EXPENSES		**(20,895)**	(5,315)	**(20,595)**	(30)
FINANCE COSTS	35	**(5,365)**	(479)	**(1)**	(1)
NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS	36	**(16,323)**	(650)	**(31,788)**	-
PROFIT/(LOSS) BEFORE TAXATION	37	**17,954**	4,260	**(52,679)**	14,342
INCOME TAX EXPENSE	40	**(26,911)**	(6,806)	**(633)**	-
(LOSS)/PROFIT AFTER TAXATION		**(8,957)**	(2,546)	**(53,312)**	14,342
OTHER COMPREHENSIVE INCOME					
Item that Will Not be Reclassified Subsequently to Profit or Loss					
Fair value changes of equity instrument		**(1,689)**	-	**-**	-
TOTAL COMPREHENSIVE (EXPENSES)/INCOME FOR THE FINANCIAL PERIOD/YEAR		**(10,646)**	(2,546)	**(53,312)**	14,342
(LOSS)/PROFIT AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		**(21,753)**	(773)	**(53,312)**	14,342
Non-controlling interests		**12,796**	(1,773)	**-**	-
		(8,957)	(2,546)	**(53,312)**	14,342
TOTAL COMPREHENSIVE(EXPENSES)/INCOME ATTRIBUTABLE TO:-					
Owners of the Company		**(23,442)**	(773)	**(53,312)**	14,342
Non-controlling interests		**12,796**	(1,773)	**-**	-
		(10,646)	(2,546)	**(53,312)**	14,342
LOSS PER SHARE (SEN)	41				
Basic		**(4.51)**	(0.16)		
Diluted		**(4.51)**	(0.16)		

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019

		← Non-Distributable				→ Distributable				
	Note	Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	Merger Deficit RM'000	Fair Value Reserve RM'000	Retained Profits RM'000	Attributable to Owners of the Company RM'000	Redeemable Convertible Preference Shares ("RCPS") RM'000	Non-controlling Interests RM'000	Total Equity RM'000
The Group											
Balance at 1.1.2017		48,400	(2,608)	74,712	(14,212)	-	54,749	161,041	-	459	161,500
Profit/(Loss) after taxation/ Total comprehensive income/ (expenses) for the financial year:											
- As previously reported		-	-	-	-	-	18,208	18,208	-	6,362	24,570
- Effects of adoption of MFRS 15		-	-	-	-	-	(18,981)	(18,981)	-	(8,135)	(27,116)
- As restated		-	-	-	-	-	(773)	(773)	-	(1,773)	(2,546)
Contributions by and distributions to the owners of the Company:											
- Purchase of treasury shares	20	-	(758)	-	-	-	-	(758)	-	-	(758)
- Subscription of shares in subsidiaries		-	-	-	-	-	-	-	-	229	229
- Dividends	42	-	-	-	-	-	(14,475)	(14,475)	-	-	(14,475)
- Transfer to share capital upon implementation of the Companies Act 2016		71,300	-	(74,712)	3,412	-	-	-	-	-	-
Total transactions with owners		71,300	(758)	(74,712)	3,412	-	(14,475)	(15,233)	-	229	(15,004)
Issuance of RCPS subscribed by non-controlling interests		-	-	-	-	-	-	-	237	-	237
Balance at 31.12.2017		119,700	(3,366)	-	(10,800)	-	39,501	145,035	237	(1,085)	144,187

STATEMENTS OF **CHANGES IN EQUITY**
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

	Note	Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	Merger Deficit RM'000	Fair Value Reserve RM'000	Retained Profits RM'000	Attributable to Owners of the Company RM'000	Redeemable Convertible Preference Shares ("RCPS") RM'000	Non-controlling Interests RM'000	Total Equity RM'000
		← Non-Distributable				→	Distributable				
The Group											
Balance at 1.1.2018											
- As previously reported		119,700	(3,366)	-	(10,800)	-	58,482	164,016	237	7,050	171,303
- Effects of adoption of MFRS 15	53	-	-	-	-	-	(18,981)	(18,981)	-	(8,135)	(27,116)
		119,700	(3,366)	-	(10,800)	-	39,501	145,035	237	(1,085)	144,187
- Effects of adoption of MFRS 9	53	-	-	-	-	(5,941)	(1,426)	(7,367)	-	-	(7,367)
- As restated		119,700	(3,366)	-	(10,800)	(5,941)	38,075	137,668	237	(1,085)	136,820
(Loss)/Profit after taxation for the financial period		-	-	-	-	-	(21,753)	(21,753)	-	12,796	(8,957)
Other comprehensive income for the financial period:											
- Fair value changes of equity instruments		-	-	-	-	(1,689)	-	(1,689)	-	-	(1,689)
Total comprehensive expenses/(income) for the financial period		-	-	-	-	(1,689)	(21,753)	(23,442)	-	12,796	(10,646)
Distributions to the owners of the Company:											
- Dividends	42	-	-	-	-	-	(5,788)	(5,788)	-	-	(5,788)
Redemption of RCPS	22	-	-	-	-	-	-	-	(85)	-	(85)
Reclassification of RCPS	22	-	-	-	-	-	-	-	(152)	-	(152)
Balance at 30.6.2019		119,700	(3,366)	-	(10,800)	(7,630)	10,534	108,438	-	11,711	120,149

The annexed notes form an integral part of these financial statements.

STATEMENTS OF **CHANGES IN EQUITY**
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

	Note	Share Capital RM'000	Treasury Shares RM'000	Non-distributable Share Premium RM'000	Distributable Retained Profits/ (Accumulated Losses) RM'000	Total Equity RM'000
The Company						
Balance at 1.1.2017		48,400	(2,608)	71,300	707	117,799
Profit after taxation/Total comprehensive income for the financial year		-	-	-	14,342	14,342
Contributions by and distributions to owners of the Company:						
- Purchase of treasury shares	20	-	(758)	-	-	(758)
- Dividends	42	-	-	-	(14,475)	(14,475)
- Transfer to share capital upon implementation of the Companies Act 2016		71,300	-	(71,300)	-	-
Total transactions with owners		71,300	(758)	(71,300)	(14,475)	(15,233)
Balance at 31.12.2017		**119,700**	**(3,366)**	**-**	**574**	**116,908**
Balance at 1.1.2018						
- As previously reported		**119,700**	**(3,366)**	**-**	**574**	**116,908**
- Effects of adoption of MFRS 9	53	**-**	**-**	**-**	**(3,000)**	**(3,000)**
- As restated		**119,700**	**(3,366)**	**-**	**(2,426)**	**113,908**
Loss after taxation/Total comprehensive expenses for the financial period		**-**	**-**	**-**	**(53,312)**	**(53,312)**
Distributions to owners of the Company:						
- Dividends	42	**-**	**-**	**-**	**(5,788)**	**(5,788)**
Balance at 30.6.2019		**119,700**	**(3,366)**	**-**	**(61,526)**	**54,808**

The annexed notes form an integral part of these financial statements.

STATEMENTS OF **CASH FLOWS**
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019

	Note	The Group 1.1.2018 to 30.6.2019 RM'000	The Group 1.1.2017 to 31.12.2017 RM'000	The Company 1.1.2018 to 30.6.2019 RM'000	The Company 1.1.2017 to 31.12.2017 RM'000
CASH FLOWS FOR OPERATING ACTIVITIES					
Profit/(Loss) before taxation		**17,954**	4,260	**(52,679)**	14,342
Adjustments for:-					
Bad debts written off		**545**	-	**-**	-
Depreciation of property and equipment		**4,153**	1,812	**-**	30
Dividend income		**-**	-	**(11,552)**	(17,775)
Impairment loss:					
- investment in subsidiaries		**-**	-	**20,500**	-
- property and equipment		**1,500**	-	**-**	-
- development costs		**9,644**	3,503	**-**	-
- trade receivables		**14,074**	650	**-**	-
- other receivables		**3,156**	-	**2,599**	-
- amount owing by subsidiaries		**-**	-	**29,189**	-
Property and equipment written off		**1,313**	-	**-**	-
Interest expense		**4,718**	263	**-**	-
Gain on disposal of property and equipment		**(148)**	(13)	**(65)**	-
Gain on redemption of redeemable preference shares "A"		**(85)**	-	**-**	-
Interest income		**(424)**	(1,940)	**(128)**	(256)
Profit from deposits with licensed Islamic banks		**(72)**	(20)	**-**	-
Reversal of impairment loss on trade receivables		**(907)**	-	**-**	-
Operating profit/(loss) before working capital changes		**55,421**	8,515	**(12,136)**	(3,659)
Decrease/(Increase) in contract costs		**25,118**	(44,335)	**-**	-
Decrease in inventories		**840**	26,187	**-**	-
(Increase)/Decrease in trade and other receivables		**(175,151)**	(13,239)	**11**	(1,967)
Increase in contract liabilities		**8,145**	145	**-**	-
Increase/(Decrease) in trade and other payables		**27,939**	(20,140)	**393**	(9)
CASH FLOW FOR OPERATIONS		**(57,688)**	(2,587)	**(11,732)**	(5,635)
Interest paid		**(4,718)**	(263)	**-**	-
Income tax (paid)/refunded		**(9,847)**	(4,628)	**(633)**	468
NET CASH FOR OPERATING ACTIVITIES		**(72,253)**	(7,478)	**(12,365)**	(5,167)

STATEMENTS OF **CASH FLOWS**
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

	Note	The Group 1.1.2018 to 30.6.2019 RM'000	The Group 1.1.2017 to 31.12.2017 RM'000	The Company 1.1.2018 to 30.6.2019 RM'000	The Company 1.1.2017 to 31.12.2017 RM'000
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Advances to subsidiaries		-	-	(25,368)	(6,467)
Additional investment in a subsidiary		-	-	-	(535)
Development costs paid		(3,647)	(2,213)	-	-
Dividend received		-	-	-	15,683
Interest income received		424	1,940	128	256
Placement of deposit pledged with a licensed bank		(1,318)	(200)	-	-
Profit received from deposits with licensed Islamic banks		72	20	-	-
Proceeds from disposal of property and equipment		148	200	65	-
Purchase of:					
- other investment		(6,172)	(9,885)	-	-
- property and equipment		(12,573)	(27,159)	-	-
- investment properties	43(a)	-	-	-	-
NET CASH FLOW (FOR)/FROM INVESTING ACTIVITIES		(23,066)	(37,297)	(25,175)	8,937
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES					
Advances from directors		2,133	-	505	-
Advances from other payables		5,173	-	-	-
Advances from a subsidiary		-	-	40,766	-
Dividend paid		(8,200)	(15,683)	(8,200)	(15,683)
Drawdown of term loan		-	22,700	-	-
Drawdown of revolving credits		17,661	-	-	-
Proceeds from issuance of:					
- redeemable convertible preference shares		-	237	-	-
- shares to non-controlling interest in a subsidiary		-	229	-	-
- redeemable secured loan stocks		10,000	-	-	-
Purchase of treasury shares	20	-	(758)	-	(758)
Repayment of hire purchase obligations		(58)	(228)	-	-
Repayment of term loans		(2,814)	-	-	-
NET CASH FROM/(FOR) FINANCING ACTIVITIES		23,895	6,497	33,071	(16,441)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(71,424)	(38,278)	(4,469)	(12,671)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD/YEAR		68,388	106,666	4,513	17,184
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD/YEAR	43(c)	(3,036)	68,388	44	4,513

The annexed notes form an integral part of these financial statements.

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office and principal place of business are as follows:-

Registered office	:	Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur.
Principal place of business	:	70-73, NeoCyber, Lingkaran Cyber Point Barat, 63000 Cyberjaya, Selangor Darul Ehsan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 19 September 2019.

2. CHANGE OF FINANCIAL YEAR END

During the current financial period, the Company and its subsidiaries have changed their financial year end from 31 December to 30 June.

3. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 6 to the financial statements.

4. BASIS OF ACCOUNTING

4.1 BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

4. BASIS OF ACCOUNTING (CONT'D)

4.1 BASIS OF PREPARATION (CONT'D)

4.1.1 During the current financial period, the Group has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

MFRS 9 Financial Instruments (IFRS 9 as issued by IASB in July 2014)

MFRS 15 Revenue from Contracts with Customers

IC Interpretation 22 Foreign Currency Transactions and Advance Consideration

Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions

Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts

Amendments to MFRS 15: Effective Date of MFRS 15

Amendments to MFRS 15: Clarifications to MFRS 15 'Revenue from Contracts with Customers'

Amendments to MFRS 140 – Transfers of Investment Property

Annual Improvements to MFRS Standards 2014 – 2016 Cycles
- Amendments to MFRS 1: Deletion of Short-term Exemptions for First-time Adopters
- Amendments to MFRS 128: Measuring an Associate or Joint Venture at Fair Value

The adoption of the above accounting standards and/or interpretations (including the consequential amendments) did not have any material impact on the Group's financial statements except as follows:-

(a) MFRS 9 introduces a new classification and measurement requirements for financial assets that reflects the business model in which the financial assets are managed and their cash flow characteristics. MFRS 9 contains 3 principal classification categories for financial assets i.e. measured at amortised cost, fair value through profit or loss, fair value through other comprehensive income and eliminates the previous categories of held to maturity, loans and receivables and available-for-sale financial assets. In addition, MFRS 9 replaces the 'incurred loss' model in MFRS 139 with the 'expected credit loss' model. This new impairment approach is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

(b) MFRS 15 requires an entity to recognise revenue to depict the transfer of promised goods or services to customers for an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenue is recognised when a customer obtains control of goods or services, i.e. when the customer has the ability to direct the use of and obtain the benefits from the goods or services. In addition, more guidance has been added in MFRS 15 to deal with specific scenarios.

The changes in accounting policies as a consequence of the adoption of above accounting standards are presented in Note 53 to the financial statements.

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

4. BASIS OF ACCOUNTING (CONT'D)

4.1 BASIS OF PREPARATION (CONT'D)

4.1.2 The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the current financial period:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 16 Leases	1 January 2019
MFRS 17 Insurance Contracts	1 January 2021
IC Interpretation 23 Uncertainty Over Income Tax Treatments	1 January 2019
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 9: Prepayment Features with Negative Compensation	1 January 2019
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 101 and MFRS 108: Definition of Material	1 January 2020
Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Annual Improvements to MFRS Standards 2015 – 2017 Cycles	1 January 2019

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application except as follows:-

MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and will replace the current guidance on lease accounting when it becomes effective. Under MFRS 16, the classification of leases as either finance leases or operating leases is eliminated for lessees. All lessees are required to recognise their leased assets and the related lease obligations in the statement of financial position (with limited exceptions). The leased assets are subject to depreciation and the interest on lease liabilities are calculated using the effective interest method. The Group is currently assessing the financial impact that may arise from the adoption of this standard.

4.2 GOING CONCERN

During the financial period:-

(a) The termination of Sistem Kawalan Imigresen Nasional ("SKIN") project by the Government of Malaysia ("GOM"), resulting in the Group undertaking a legal suit against the GOM to recover the sums due under the SKIN project. Further details on the amount due for the SKIN project and legal suit are disclosed in Notes 14(b) and 52 respectively;

(b) The Group and the Company recorded:-

(i) negative operating cash flows of RM72,253,000 and RM12,365,000 respectively; and

(ii) loss after taxation of RM8,957,000 and RM53,312,000 respectively.

4. BASIS OF ACCOUNTING (CONT'D)

4.2 GOING CONCERN (CONT'D)

(c) The Group has accepted advances of RM1,500,000 and RM5,000,000 from a director and a former director of the Company respectively for working capital purpose.

These indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and whether the Group and the Company have sufficient cash flows to meet their obligations as and when they fall due.

In the preparation of the Group financial statements, the management has made an assessment on its working capital sufficiency and with the support of a cash flow projection. The management has concluded that the Group and the Company shall have sufficient working capital to finance their operations and to meet their financial obligations as and when they fall due.

As at the end of the reporting period and as at the date these financial statements were authorised for issue, the directors believe that there is no material uncertainty exists over the ability of the Group and the Company to continue on a going concern basis. Accordingly, the financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that may be necessary if the Group and the Company are unable to continue as a going concern.

5. SIGNIFICANT ACCOUNTING POLICIES

5.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Key Sources of Estimation Uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, other than as disclosed below:-

(a) Valuation of Investment Properties

Investment properties of the Group are reported at fair value which is based on valuations performed by independent professional valuers.

The independent professional valuers have exercised judgement in determining the selling prices of recent transactions and asking prices of similar properties of nearby location and where necessary, adjusting for tenure, location, size, existing condition and usage and surrounding developments used in the valuation process. Also, judgement has been applied in estimating prices for less readily observable external parameters. Other factors such as model assumptions, market dislocations and unexpected correlations can also materially affect these estimates and the resulting fair value.

(b) Impairment of Property and Equipment and Development Cost

The Group determines whether its property and equipment and development cost are impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates.

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Key Sources of Estimation Uncertainty (Cont'd)

(c) Fair Value Estimates for Unquoted Financial Assets

The Group carries certain financial assets that are not traded in an active market at fair value. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. The amount of fair value changes would differ if the Group uses different valuation methodologies and assumptions, and eventually affect profit and/or other comprehensive income.

(d) Impairment of Trade Receivables

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables. The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying values of trade receivables.

(e) Impairment of Non-Trade Receivables

The loss allowances for non-trade financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the past payment trends, existing market conditions as well as forward-looking estimates at the end of each reporting period.

(f) Revenue Recognition for Services Contracts

The Group recognises services revenue by reference to the services progress using the input method, determined based on the proportion of services costs incurred for work performed todate over the estimated total services costs. The total estimated costs are based on approved budgets, which require assessment and judgement to be made on changes in, for example, work scope, changes in costs and costs to completion. In making the judgement, management relies on past experience and the work of specialists.

(g) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group and the Company recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the period in which such determination is made.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Critical Judgements Made in Applying Accounting Policies

Management believes that there are no instances of application of critical judgement in applying the Group's accounting policies which will have a significant effect on the amounts recognised in the financial statements other than as disclosed below:-

(a) Classification between Investment Properties and Owner-occupied Properties

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

(b) Contingent Liabilities

The recognition and measurement for contingent liabilities is based on management's view of the expected outcome on contingencies after consulting legal counsel for litigation cases and experts, for matters in the ordinary course of business. Furthermore, the directors are of the view that the chances of the financial institutions to call upon the corporate guarantees issued by the Group and the Company are remote.

5.2 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.2 BASIS OF CONSOLIDATION (CONT'D)

The acquisitions resulted in a business combination involving common control entities are outside the scope of MFRS 3. The merger accounting is used by the Group to account for such common control business combinations.

(a) Business Combinations

(i) Merger Accounting for Common Control Business Combinations

The acquisitions resulted in a business combination involving common control entities, and accordingly the accounting treatment is outside the scope of MFRS 3. The merger accounting is used by the Group to account for such common control business combinations.

A business combination involving entities under common control is a business combination in which all the combining entities or subsidiaries are ultimately controlled by the same party and parties both before and after the business combination, and that control is not transitory.

Subsidiaries acquired which have met the criteria for pooling of interest are accounted for using merger accounting principles. Under the merger method of accounting, the results of the subsidiaries are presented as if the merger had been affected throughout the current financial period.

The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. No amount is recognised in respect of goodwill and excess of the acquirer's interest in the net fair value of the acquirer's identifiable assets and liabilities and contingent liabilities over cost at the time of the common control business combination to the extent of the continuation of the controlling party and parties' interests.

When the merger method is used, the cost of investment in the Company's books is recorded at the nominal value of shares issued. The difference between the carrying value of the investment and the nominal value of the shares of the subsidiaries is treated as a merger deficit or merger reserve as applicable. The results of the subsidiaries being merged are included for the full financial year.

(ii) Acquisition Method of Accounting for Non-common Control Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.2 BASIS OF CONSOLIDATION (CONT'D)

(a) Business Combinations (Cont'd)

(ii) Acquisition Method of Accounting for Non-common Control Business Combinations (Cont'd)

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

(b) Non-Controlling Interests

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(c) Changes in Ownership Interests in Subsidiaries Without Change of Control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

(d) Loss of Control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 9 (31.12.2017 - MFRS 139) or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.3 FUNCTIONAL AND FOREIGN CURRENCIES

(a) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency and has been rounded to the nearest thousand, unless otherwise stated.

(b) Foreign Currency Transactions and Balances

Transactions in foreign currency are converted into the respective functional currency on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

5.4 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the statements of the financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value (other than trade receivables without significant financing component which are measured at transaction price as defined in MFRS 15 - Revenue from Contracts with Customers at inception). Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.4 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

Debt Instruments

(i) Amortised Cost

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses, through the expected life of the financial asset or a shorter period (where appropriate).

(ii) Fair Value through Other Comprehensive Income

The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is calculated using the effective interest rate method.

(iii) Fair Value through Profit or Loss

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss.

The Group reclassifies debt instruments when and only when its business model for managing those assets change.

Equity Instruments

All equity investments are subsequently measured at fair value with gains and losses recognised in profit or loss except where the Group has elected to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.4 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (Cont'd)

Equity Instruments (Cont'd)

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established unless the dividends clearly represent a recovery of part of the cost of the equity investments.

(b) Financial Liabilities

(i) Financial Liabilities at Fair Value through Profit or Loss

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. The changes in fair value of these financial liabilities are recognised in profit or loss except for the amount of change in the fair value that is attributable to changes in the credit risk of that liability is recognised directly in other comprehensive income and is not subsequently reclassified to profit or loss upon the derecogntion of the financial liability.

(ii) Other Financial Liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial liability or a shorter period (where appropriate).

(iii) Redeemable Preference Shares

Preference shares are classified as financial liabilities if they are redeemable on a specific date or at the option of the preference shareholders, or if dividend payments are not discretionary.

Redeemable preference shares ("RPS") are classified as financial liabilities in accordance with the substance of the contractual arrangement of the instruments. The RPS are measured at amortised cost using the effective interest method.

Dividends to holders of the RPS are recognised as finance costs, on an accrual basis.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.4 FINANCIAL INSTRUMENTS (CONT'D)

(c) Equity Instruments

Equity instruments classified as equity are measured initially at cost and are not remeasured subsequently.

(i) Ordinary Shares

Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(ii) Treasury Shares

When the Company's own shares recognised as equity are bought back, the amount of the consideration paid, including all costs directly attributable, are recognised as a deduction from equity. Own shares purchased that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares.

Where treasury shares are reissued by resale, the difference between the sales consideration received and the carrying amount of the treasury shares is recognised in equity.

Where treasury shares are cancelled, their costs are transferred to retained profits.

(iii) Redeemable Convertible Preference Shares

Redeemable convertible preference shares are classified as equity if they are non-redeemable, or are redeemable but only at the Company's option, and any dividends are discretionary.

Redeemable convertible preference shares are classified as equity in accordance with the substance of the contractual arrangement of the instruments. Dividends on Redeemable convertible preference shares are recognised as distributions within equity.

(d) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.4 FINANCIAL INSTRUMENTS (CONT'D)

(d) Derecognition (Cont'd)

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(e) Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specific debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee or, when there is no specific contractual period, recognised in profit or loss upon discharge of the guarantee. If the debtor fails to make payment relating to a financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the amount of the credit loss determined in accordance with the expected credit loss model and the amount initially recognised less cumulative amortisation.

<u>Accounting Policies Applied Until 31 December 2017</u>

As disclosed in Note 53 to the financial statements, the Group has applied MFRS 9 retrospectively with cumulative financial impacts recognised in the opening consolidated statement of financial position on 1 January 2018 (date of initial application of MFRS 9) and hence, the comparative information of its financial instruments is not restated. As a result, the comparative information of the Group's financial assets continues to be accounted for in accordance with their previous accounting policies as summarised below:-

(a) Unquoted trade receivables and other receivables with fixed or determinable payments were classified as loans and receivables financial assets, measured at amortised cost using the effective interest method, less any impairment loss. Interest income was recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

(b) Available-for-sale financial assets were non-derivative financial assets not classified in any of the other categories. After initial recognition, available-for-sale financial assets were remeasured to fair value at each reporting date with any gain and loss recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve was reclassified from equity into profit or loss. Interest income calculated for a debt instrument using the effective interest method was recognised in profit or loss. Investments in equity instruments whose fair value cannot be reliably measured were measured at cost less accumulated impairment losses, if any.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.5 INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investments includes transaction costs.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

5.6 PROPERTY AND EQUIPMENT

All items of property and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

Subsequent to initial recognition, all property and equipment are stated at cost less accumulated depreciation and any impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

Depreciation on property and equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on a straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Freehold buildings	50 years
Computer systems and equipment	5 years
Furniture and fittings	10 years
Office equipment	5 - 10 years
Office renovation	5 - 10 years
Motor vehicles	5 years

Capital work-in-progress included in property and equipment are not depreciated as these assets are not yet available for use.

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property and equipment. Any changes are accounted for as a change in estimate.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.6 PROPERTY AND EQUIPMENT (CONT'D)

When significant parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss.

5.7 INVESTMENT PROPERTIES

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property.

Subsequent to initial recognition, investment properties are stated at fair value with fair value changes recognised in profit or loss.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property or inventories, the fair value at the date of change becomes the cost for subsequent accounting purposes. If owner-occupied property becomes an investment property, such property shall be accounted for in accordance with the accounting policy for property and equipment up to date of change in use.

5.8 RESEARCH AND DEVELOPMENT EXPENDITURE

Research expenditure is recognised as an expense when it is incurred.

Development expenditure is recognised as an expense except that costs incurred on development projects are capitalised as non-current assets to the extent that such expenditure is expected to generate future economic benefits. Development expenditure is capitalised if, and only if, an entity can demonstrate all of the following:-

(i) its ability to measure reliably the expenditure attributable to the asset under development;
(ii) the product or process is technically and commercially feasible;
(iii) its future economic benefits are probable;
(iv) its intention to complete and the ability to use or sell the developed asset; and
(v) the availability of adequate technical, financial and other resources to complete the asset under development.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.8 RESEARCH AND DEVELOPMENT EXPENDITURE (CONT'D)

Capitalised development expenditure is measured at cost less accumulated amortisation and impairment losses, if any. Development expenditure initially recognised as an expense is not recognised as assets in the subsequent period.

The development expenditure is amortised on a straight-line method over a period of 3 years when the products are ready for sale or use. In the event that the expected future economic benefits are no longer probable of being recovered, the development expenditure is written down to its recoverable amount.

The amortisation method, useful life and residual value are reviewed, and adjusted if appropriate, at the end of each reporting period.

5.9 LEASED ASSETS

(a) Finance Leases

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. The corresponding liability is included in the statements of financial position as hire purchase payables.

Minimum lease payments made under finance leases are apportioned between the finance costs and the reduction of the outstanding liability. The finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss and allocated over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each accounting period.

(b) Operating Lease

All leases that do not transfer substantially to the Group all the risks and rewards incidental to ownership are classified as operating leases and, the leased assets are not recognised on the statement of financial position of the Group.

Payments made under operating leases are recognised as an expense in the profit or loss on a straight-line method over the term of the lease. Lease incentives received are recognised as a reduction of rental expense over the lease term on a straight-line method. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

5.10 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in-first-out method and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.11 CONTRACT COSTS

(a) Incremental Costs of Obtaining A Contract

The Group recognises incremental costs of obtaining contracts with customers as an asset when the Group expects to recover these costs. When the amortisation period of the asset is one year or less, such costs are recognised as an expense immediately when incurred.

(b) Costs to Fulfil A Contract

The Group recognises costs that relate directly to a contract (or an anticipated contract) with customer as an asset when the costs generate or enhance resources of the Group, will be used in satisfying performance obligation in the future and are recovered.

The contract costs are initially measured at cost and amortised on a systematic basis that is consistent with the pattern of revenue recognition to which the asset relates.

An impairment loss is recognised in the profit or loss when the carrying amount of the contract cost exceeds the expected revenue less expected cost that will be incurred. Any impairment loss recovered shall be reversed to the extent of the carrying amount of the contract cost does not exceed the amount that would have been recognised had there been no impairment loss recognised previously.

5.12 CONTRACT ASSETS AND CONTRACT LIABILITIES

A contract asset is recognised when the Group's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment requirements of MFRS 9 - Financial Instruments.

A contract liability is stated at cost and represents the obligation of the Group to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

5.13 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts.

5.14 IMPAIRMENT

(a) Impairment of Financial Assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at fair value through other comprehensive income and trade receivables.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.14 IMPAIRMENT

(a) Impairment of Financial Assets (Cont'd)

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime expected credit losses for trade receivables and contract assets using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

For all other financial instruments, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Accounting Policy Applied Until 31 December 2017

As disclosed in Note 53 to the financial statements, the Group has applied MFRS 9 retrospectively with cumulative financial impacts recognised in the opening consolidated statement of financial position on 1 January 2018 (date of initial application of MFRS 9) and hence, the comparative information of its financial instruments is not restated. As a result, the comparative information on the impairment of the Group's financial assets has been accounted for in accordance with its previous accounting policy as summarised below:-

The Group assessed at the end of each reporting period whether there was objective evidence that a financial asset (or group of financial assets) was impaired. Impairment losses were incurred only if there was objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that events had an impact on the estimated future cash flows of the financial asset (or group of financial assets) that could be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost was considered an indicator that the assets are impaired.

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.14 IMPAIRMENT

(b) Impairment of Non-financial Assets

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when an annual impairment assessment is compulsory or there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value in use, which is measured by reference to discounted future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset. Any impairment loss recognised in respect of a cash-generating unit is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rata basis.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately, unless the asset is carried at its revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

5.15 PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The unwinding of the discount is recognised as interest expense in profit or loss.

5.16 EMPLOYEE BENEFITS

(a) Short-term Benefits

Wages, salaries, paid annual leave and bonuses are measured on an undiscounted basis and are recognised in profit or loss and included in the development costs, where appropriate, in the period in which the associated services are rendered by employees of the Group.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.16 EMPLOYEE BENEFITS (CONT'D)

(b) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss and included in the development costs, where appropriate, in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

5.17 INCOME TAXES

(a) Current Tax

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

(b) Deferred Tax

Deferred tax are recognised using the liability method for all temporary differences other than those that arise from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that related tax benefits will be realised.

Where investment properties are carried at their fair value, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodies in the property over time, rather than through sale.

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.17 INCOME TAXES (CONT'D)

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

(c) Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of GST except for the GST in a purchase of assets or services which are not recoverable from the taxation authorities, the GST are included as part of the costs of the assets acquired or as part of the expense item whichever is applicable.

In addition, receivables and payables are also stated with the amount of GST included (where applicable).

The net amount of the GST recoverable from or payable to the taxation authorities at the end of the reporting period is included in other receivables or other payables.

5.18 CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements, unless the probability of outflow of economic benefits is remote. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

5.19 OPERATING SEGMENTS

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.20 EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for own shares held.

Diluted earnings per ordinary share is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

5.21 BORROWING COSTS

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

5.22 FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the events or change in circumstances that caused the transfer.

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.23 REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of sales and service tax, returns, rebates and discounts.

The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of that asset.

Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time. The Group transfers control of a good or service at a point in time unless one of the following over time criteria is met:-

- The customer simultaneously receives and consumes the benefits provided as the Group performs.
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
- The Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

(a) Sale of Hardware and Software License

Revenue from the sale of hardware for a fixed fee shall be recognised when control over the hardware is transferred to customer at a point in time. For hardware sales, transfer of control is usually deemed to occur upon delivery of products and customer acceptances. Software licences may be provided to the customer at a point in time, therefore revenue is recognised when customer obtains control of the software.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(b) Rendering of ICT training and certification

Revenue for ICT training and certification is recognised as the services are delivered.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.23 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONT'D)

(c) Educational Services

(i) Tuition and resource fees.

Tuition and resource fees are recognised over a period of time when the services are rendered.

Fee received in advance is not recognised as revenue as the performance obligation is not satisfied and therefore a contract liability is recognised over the period in which the conduct of classes representing the Group's obligation to the student to-date.

(ii) Registration fees

In the previous financial years, the Group recognised registration fee at a point in time. During the current financial period, the Group changed the accounting policy whereby the registration fee is recognised over a period of time when the services are rendered in accordance to the new standard.

(d) Employment Services

Revenue from providing employment services is recognised over time in the period in which the services are rendered. This is determined based on the actual labour hours spent.

Customers are invoiced on a monthly basis and consideration is payable when invoiced.

(e) Concession Services

Revenue from rendering of services is recognised over time in the period in which the services are rendered using the input method, determined based the proportion of total costs incurred for work performed todate over the estimated total services costs. Transaction price is computed based on the price specified in the contract and adjusted for any variable consideration such as incentives and penalties. Past experience is used to estimate and provide for the variable consideration, using expected value method and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

A receivable is recognised when the concession services are rendered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. If the construction services rendered exceed the payment received, a contract asset is recognised. If the payments exceed the construction services rendered, a contract liability is recognised.

5.24 REVENUE FROM OTHER SOURCES AND OTHER INCOME

(a) Dividend Income

Dividend income from investment is recognised when the right to receive dividend payment is established.

(b) Interest Income

Interest income is recognised on an accrual basis using the effective interest method.

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

6. INVESTMENTS IN SUBSIDIARIES

	The Company	
	30.6.2019 RM'000	**31.12.2017 RM'000**
Unquoted shares, at cost		
At 1 January 2018/2017	**41,347**	40,812
Addition during the financial period/year	**-**	535
	41,347	41,347
Less: Accumulated impairment losses	**(20,500)**	-
At 30 June/31 December	**20,847**	41,347

The details of the subsidiaries, which are all incorporated and having principal place of business in Malaysia, are as follows:-

Name of Subsidiary	Percentage of Issued Share Capital Held by Parent 30.6.2019 %	31.12.2017 %	Principal Activities
Subsidiaries of the Company			
Prestariang Systems Sdn. Bhd. ("PSSB")	**100**	100	Providing Information and Communication Technology ("ICT") training and certification, and software license distribution and management.
Prestariang Education Sdn. Bhd. ("PESB")	**100**	100	Providing personalised ICT education in a diverse and vibrant community.
Agensi Pekerjaan Prestariang Talentxchange Sdn. Bhd. (formerly known as Prestariang Talentxchange Sdn. Bhd.) ("PTXSB")	**100**	100	Professional recruitment and job placement services, including human resources and management consulting and career transition services.
Prestariang O&G Sdn. Bhd. ("POGSB")	**51**	51	Providing training and placement services as well as employment and documentation services for foreign workers.
Prestariang Technology Sdn.Bhd. ("PTSB")	**100**	100	ICT consultancy activities as training provider and consultants, to produce the advice and assistance of engineers and experts in any field with any project the company engaged in. The company has not commenced its business operations during the financial period.
Prestariang Digital Sdn. Bhd. ("PDSB")	**100**	100	Dormant.

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries, which are all incorporated and having principal place of business in Malaysia, are as follows (Cont'd):-

Name of Subsidiary	Percentage of Issued Share Capital Held by Parent 30.6.2019 %	31.12.2017 %	Principal Activities
Subsidiaries of the Company (Cont'd)			
Prestariang Capital Sdn. Bhd. ("PCSB")	**100**	100	Investment holding.
Prestariang Services Sdn. Bhd. ("PSV")	**70**	70	Investment holding.
Subsidiary of PTSB			
Total Leap Sdn. Bhd. ("TLSB")	**100**	100	Other services activities as general traders and provide advisory, consultancy and management services for relevant industries. The company has not commenced its business operations during the financial period.
Subsidiaries of PSSB			
Logisys Sdn. Bhd. ("LSB")	**100**	100	Other information technology service activities. The company has not commenced its business operations during the financial period.
Prestariang R&D Sdn. Bhd. ("PR&D")	**100**	100	Other services activities n.e.c. The company has not commenced its business operations during the financial period.
Subsidiaries of PSV			
Prestariang Skin Sdn. Bhd. ("PSKIN")	**100**	100	Providing a special purpose vehicle solely for the purpose to study, design, develop, customise, supply, deliver, install, configure, integrate, interface, test, commission, support and maintain the immigration system known as Sistem Kawalan Imigresen Nasional ("SKIN").
Prestariang Tech Services Sdn. Bhd. ("PTSSB")	**100**	100	Providing consultancy, advisory, research and development, human resource and other outsourcing services relating to ICT, security related system, network infrastructure and date/system analytics.

(a) During the financial period, the Company has carried out a review of the recoverable amount of its investment in subsidiaries that had been persistently making losses. An impairment losses of RM20,500,000 (31.12.2017 - Nil) was recognised in "Other Expenses" line item of the statement of profit or loss and other comprehensive income.

This investment in a subsidiary belonged to the Group's 'Other' reportable segment.

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(b) The non-controlling interests at the end of the reporting period comprise the following:-

	Effective Equity Interest		**The Company**	
	30.6.2019	31.12.2017	**30.6.2019**	**31.12.2017**
	%	%	**RM'000**	**RM'000**
PSV	**30**	30	**10,947**	(1,643)
Other individually immaterial subsidiary	**49**	49	**764**	558
			11,711	(1,085)

(c) The summarised financial information (before intra-group elimination) for each subsidiary that has non-controlling interests that are material to the Group is as follows:-

	PSV and its subsidiaries	
	30.6.2019	**31.12.2017**
	RM'000	**RM'000**
<u>At 30 June/31 December</u>		
Non-current assets	**665**	115
Current assets	**178,295**	57,494
Non-current liabilities	**(17,073)**	-
Current liabilities	**(125,526)**	(62,848)
Net assets	**36,361**	(5,239)
<u>Financial Period/Year Ended 30 June/31 December</u>		
Revenue	**175,460**	-
Profit for the financial period/year	**41,837**	(6,223)
Total comprehensive income	**41,837**	(6,223)
Net cash flows for operating activities	**(50,362)**	(45,306)
Net cash flows for investing activities	**(394)**	(296)
Net cash flows from financing activities	**40,829**	55,692

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

7. PROPERTY AND EQUIPMENT

	Freehold buildings RM'000	Computer systems and equipment RM'000	Furniture and fittings RM'000	Office equipment RM'000	Office renovation RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
The Group								
30.6.2019								
Cost								
At 1 January 2018	30,765	3,621	2,120	2,356	5,716	1,339	533	46,450
Additions	-	862	2,953	2,951	2,507	-	5,350	14,623
Adjustments on cost	(1,590)	-	-	-	-	-	(460)	(2,050)
Reclassification	-	3,969	-	122	-	-	(4,091)	-
Transfer to investment properties (Note 8)	(23,921)	-	-	-	-	-	-	(23,921)
Disposals	-	(1)	-	-	-	(670)	-	(671)
Written Off	-	(16)	(159)	(78)	(2,280)	-	(9)	(2,542)
At 30 June	5,254	8,435	4,914	5,351	5,943	669	1,323	31,889
Accumulated Depreciation								
At 1 January 2018	796	2,491	1,010	1,145	2,777	985	-	9,204
Charge for the financial period (Note 37)	397	1,404	543	621	1,010	178	-	4,153
Transfer to investment properties (Note 8)	(239)	-	-	-	-	-	-	(239)
Disposals	-	(1)	-	-	-	(670)	-	(671)
Written Off	-	(8)	(67)	(44)	(1,110)	-	-	(1,229)
At 30 June	954	3,886	1,486	1,722	2,677	493	-	11,218
Accumulated Impairment Losses								
At 1 January 2018	-	-	-	-	-	-	-	-
Impairment losses for the period (Note 37)	-	331	425	744	-	-	-	1,500
At 30 June	-	331	425	744	-	-	-	1,500
Net carrying amount								
At 30 June	4,300	4,218	3,003	2,885	3,266	176	1,323	19,171

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

7. PROPERTY AND EQUIPMENT (CONT'D)

	Freehold buildings RM'000	Computer systems and equipment RM'000	Furniture and fittings RM'000	Office equipment RM'000	Office renovation RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
The Group								
31.12.2017								
Cost								
At 1 January 2017	5,255	3,036	2,050	2,124	5,513	1,504	43	19,525
Additions	25,510	591	55	65	96	-	842	27,159
Reclassification	-	(6)	15	167	107	69	(352)	-
Disposal	-	-	-	-	-	(234)	-	(234)
At 31 December	30,765	3,621	2,120	2,356	5,716	1,339	533	46,450
Accumulated Depreciation								
At 1 January 2017	690	1,980	799	922	2,215	833	-	7,439
Charge for the financial year (Note 37)	106	511	211	223	562	199	-	1,812
Disposal	-	-	-	-	-	(47)	-	(47)
At 31 December	796	2,491	1,010	1,145	2,777	985	-	9,204
Net carrying amount								
At 31 December	29,969	1,130	1,110	1,211	2,939	354	533	37,246

	30.6.2019 RM'000	31.12.2017 RM'000
The Company		
Motor vehicles		
Cost		
At 1 January 2018/2017	**180**	180
Disposal	**(180)**	-
At 30 June/31 December	**-**	180
Accumulated depreciation		
At 1 January 2018/2017	**180**	150
Charge for the financial period/year (Note 37)	**-**	30
Disposal	**(180)**	-
At 30 June/31 December	**-**	180
Net carrying amount		
At 30 June/31 December	-	-

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

7. PROPERTY AND EQUIPMENT (CONT'D)

(a) Included in property and equipment of the Group at the end of the reporting period were motor vehicles with a total net book value of RM111,192 (31.12.2017 - RM175,575) held under hire purchase arrangements. These leased assets have been pledged as security for the related finance lease liabilities of the Group as disclosed in Note 23 to the financial statements.

(b) The freehold buildings of the Group amounting to RM4,301,000 (31.12.2017 - Nil) have been pledged to a licensed bank as security for redeemable secured loan stocks as disclosed in Note 25 to the financial statements.

(c) In the previous financial year, the freehold buildings of the Group amounting to RM25,510,000 have been pledged to a licensed bank as security for banking facilities granted to the Group. The freehold buildings were transferred to investment properties (Note 8) during the financial period.

(d) The titles of the freehold buildings are in the process of being issued to the Group by the relevant authority.

(e) During the financial period, the Group has carried out a review of the recoverable amount of certain equipment in a subsidiary which had been persistently making losses. An impairment loss of RM1,500,000 (31.12.2017 - Nil), representing the write-down of the equipment to the recoverable amount was recognised in profit or loss under the "Other Expenses" line item of the statements of profit or loss and other comprehensive income as disclosed in Note 37 to the financial statements.

8. INVESTMENT PROPERTIES

	The Group	
	30.6.2019 RM'000	**31.12.2017 RM'000**
Carrying Amount		
Freehold commercial building, at fair value		
At 1 January 2018/2017	**-**	-
Addition	**11,407**	-
Transfer from property and equipment (Note 7)	**23,682**	-
At 30 June/31 December	**35,089**	-

(a) The freehold buildings amounting to RM11,407,000 (31.12.2017 - Nil) have been pledged to a licensed bank as security for banking facilities granted to the Group as disclosed in Note 24(c) to the financial statements.

(b) The freehold buildings amount to RM23,682,000 (31.12.2017 - Nil) have been pledged to a licensed bank as security for banking facilities granted to the Group as disclosed in Note 24(b) to the financial statements.

The freehold buildings were transferred from property and equipment (Note 7) during the financial period.

(c) Investment properties are stated at fair value, which have been determined based on valuations performed by independent professional valuers at the end of the reporting date using the sales comparison approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size, location and market trends. The most significant input into this valuation approach is price per square foot of comparable properties. There has been no change to the valuation technique during the financial period.

The fair values of the investment properties are within level 2 of the fair value hierarchy.

There were no transfers between the levels of fair value hierarchy during the financial period/year.

The fair value measurements of the investment properties are based on the highest and best use which do not differ from their actual use.

(d) The title of the freehold buildings are in the process of being issued to the Group by the relevant authority.

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

9. OTHER INVESTMENT

	The Group	
	30.6.2019	**31.12.2017**
	RM'000	**RM'000**
At 1 January 2018/2017:		
- As previously reported	**9,885**	-
- Effects on adoption of MFRS 9	**(5,941)**	-
Amount reported under MFRS 9 (31.12.2017 - MFRS 139)	**3,944**	-
Addition during the financial period/year	**6,172**	9,885
Changes in fair value	**(1,689)**	-
At 30 June/31 December	**8,427**	9,885

Equity Investment at Fair Value Through Other Comprehensive Income

(a) At 1 January 2018, the Group designated its investment in unquoted shares to be measured at fair value through other comprehensive income because the Group intends to hold for long-term strategic purposes. In the last financial year, these investments were classified as available-for-sale financial assets and measured at cost.

(b) The fair value of the investment is summarised below:-

	The Group
	30.6.2019
	RM'000
Unquoted shares of Entity A	**8,427**

(c) There was no disposal of investment carried at fair value through other comprehensive income during the financial period.

10. DEFERRED TAX ASSETS/(LIABILITIES)

	The Group	
	30.6.2019	**31.12.2017**
	RM'000	**RM'000**
At 1 January 2018/2017	**-**	(19)
Recognised in profit or loss (Note 40)	**(16,922)**	19
At 30 June/31 December	**(16,922)**	-

The deferred tax liabilities recognised at the end of the reporting period and after appropriate offsetting are as follows:-

	The Group	
	30.6.2019	**31.12.2017**
	RM'000	**RM'000**
Deferred tax liabilities:-		
Temporary difference on concession	**(16,922)**	-

No deferred tax assets is recognised in the statements of financial position on the following items:-

	The Group	
	30.6.2019	**31.12.2017**
	RM'000	**RM'000**
Unutilised tax losses	**24,268**	15,718
Unabsorbed capital allowances	**5,137**	2,972
Advances from customers	**18,767**	11,851
Provisions	**29,821**	6,903
Excess of capital allowance over property and equipment	**(7,417)**	(4,782)
Temporary difference on development costs	**(10,984)**	(8,210)
	59,592	24,452

No deferred tax assets are recognised in respect of these items as it is not probable that taxable profits of the subsidiaries will be available against which the deductible temporary differences can be utilised.

The unused tax losses expire at end of the year of assessment 2025 but the unabsorbed capital allowances can be carried forward indefinitely to be utilised against income from the same business source, subject to no substantial change in shareholders of the subsidiaries.

With effect from year of assessment 2019, unused tax losses in a year of assessment can only be carried forward for a maximum period of 7 consecutive years of assessment immediately following that year of assessment.

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

11. DEVELOPMENT COSTS

	The Group	
	30.6.2019	**31.12.2017**
	RM'000	**RM'000**
Cost		
At 1 January 2018/2017	**10,944**	8,731
Additions during the financial period/year	**3,647**	2,213
At 30 June/31 December	**14,591**	10,944
Accumulated Amortisation		
At 30 June/31 December	**(1,390)**	(1,390)
Accumulated impairment losses		
At 1 January 2018/2017	**(3,503)**	-
Impairment losses during the financial period/year (Note 37)	**(9,644)**	(3,503)
At 30 June/31 December	**(13,147)**	(3,503)
Net Carrying Amount	**54**	6,051

(a) Included in additions during the financial period/year are:-

	The Group	
	30.6.2019	**31.12.2017**
	RM'000	**RM'000**
Salaries, allowances and bonuses	**1,754**	645
Defined contribution benefits	**203**	74
Other benefits	**145**	4
	2,102	723

11. DEVELOPMENT COSTS (CONT'D)

(b) Development cost at the end of the reporting period comprised:-

	The Group	
	30.6.2019	**31.12.2017**
	RM'000	**RM'000**
Development of Educloud, bundled with 1 Citizen, Proficiency in Communication, Green ICT and Programme for International Student Assessment	**-**	5,997
Development of Accredited Prestariang Skill Training Institute, a development in accredited training centre at Pengerang Johor for Technical and Vocational Education and Training (TVET) programme	**54**	54
	54	6,051

(c) At the end of the reporting period, the development costs for the projects yet to be commercialised amounted to approximately RM54,000 (31.12.2017 - RM6,051,000).

(d) The Group has assessed the recoverable amounts of development costs and determined that no impairment losses is required other than impairment losses provided amounted to approximately RM9,644,000 (31.12.2017 - RM3,503,000) which was recognised in profit or loss under the "Other Expenses" line item of the statements of profit or loss and other comprehensive income as disclosed in Note 37 to the financial statements. The recoverable amounts of the development costs are determined using the value in use approach, and this is derived from the present value of the future cash flows from each development costs unit computed based on the projections of financial budgets approved by management covering a period of 3 years.

12. INVENTORIES

	The Group	
	30.6.2019	**31.12.2017**
	RM'000	**RM'000**
Finished goods	**-**	840
Recognised in profit or loss:-		
Inventories recognised as cost of sales	**118,235**	84,820

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

13. CONTRACT COSTS

	The Group	
	30.6.2019 RM'000	**31.12.2017 RM'000**
Costs to fulfil a contract:		
- customer's order in future	**19,217**	-
- concession agreement for the development of SKIN Solution in future	**-**	44,335
	19,217	44,335

The costs incurred are to be recognised to the profit or loss based on the specific contract it relates to, consistent with the pattern of recognition of the revenue.

14. TRADE RECEIVABLES

	The Group	
	30.6.2019 RM'000	**31.12.2017 RM'000**
Trade receivables	**215,660**	43,085
Allowance for impairment losses	**(15,336)**	(949)
	200,324	42,136
Allowance for impairment losses:-		
At 1 January 2018/2017:		
- As previously reported	**(949)**	(299)
- Effects on the adoption of MFRS 9	**(1,426)**	-
Amount reported under MFRS 9 (31.12.2017 - MFRS 139)	**(2,375)**	(299)
Addition during the financial period/year (Note 36)	**(14,074)**	(650)
Reversal during the financial period/year (Note 36)	**907**	-
Written off during the financial period/year	**206**	-
At 30 June/31 December	**(15,336)**	(949)

(a) Trade receivables are non-interest bearing and are generally on 30 to 60 (31.12.2017 - 30 to 60) days credit terms. They are recognised at their original invoiced amounts less trade discounts which represent their fair values on initial recognition.

(b) Included in the trade receivables of the Group is an amount of RM175,460,000 (31.12.2017 - Nil) owing by the Government of Malaysia ("GOM") in relation to the development of SKIN Solution.

As disclosed in Note 50(h) to the financial statements, the termination of the SKIN Project took effect on 22 January 2019. The amount owing is expected to be recovered through legal claims from the GOM.

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

15. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	30.6.2019 RM'000	**31.12.2017 RM'000**	**30.6.2019 RM'000**	**31.12.2017 RM'000**
Other receivables:-				
Third parties	**3,875**	3,119	**2,599**	2,599
Advances	**86**	10	**-**	-
Goods and services tax receivables	**4,833**	2,825	**-**	-
	8,794	5,954	**2,599**	2,599
Other deposits	**1,864**	2,661	**-**	-
Prepayments	**508**	2,106	**21**	32
	11,166	10,721	**2,620**	2,631
Allowance for impairment losses	**(3,156)**	-	**(2,599)**	-
	8,010	10,721	**21**	2,631
Allowance for impairment losses:-				
At 1 January 2018/2017	**-**	-	**-**	-
Addition during the financial period/year (Note 36)	**(3,156)**	-	**(2,599)**	-
At 30 June/31 December	**(3,156)**	-	**(2,599)**	-

In the previous financial year, included in other deposits in an amount of RM1,380,000 paid for the purchase of investment properties. The purchase transaction was completed during the financial period and the deposit paid has been transferred to the cost of investment properties purchased.

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

16. AMOUNTS OWING BY/(TO) SUBSIDIARIES

	The Company	
	30.6.2019 RM'000	**31.12.2017 RM'000**
Amount Owing by Subsidiaries		
Current		
Non-trade balances	**96,465**	71,097
Allowance for impairment losses	**(32,189)**	-
	64,276	71,097
Allowance for impairment losses:-		
At 1 January 2018/2017:		
- As previously reported	**-**	-
- Effects on adoption of MFRS 9	**(3,000)**	-
Amount reported under MFRS 9 (31.12.2017 - MFRS 139)	**(3,000)**	-
Addition during the financial period/year (Note 36)	**(29,189)**	-
At 30 June/31 December	**(32,189)**	-
Amount Owing to A Subsidiary		
Current		
Non-trade balances	**(29,214)**	-

(a) The following table provides information on the amounts owing by subsidiaries prior to their offsetting:-

	Gross Amount RM'000	Amount Offset RM'000	Net Carrying Amount RM'000
The Company			
30.6.2019			
Amount owing by	**153,578**	**(57,113)**	**96,465**
Amount owing to	**(86,327)**	**57,113**	**(29,214)**
31.12.2017			
Amount owing by	148,494	(77,397)	71,097
Amount owing to	(77,397)	77,397	-

(b) The amounts owing represents unsecured interest-free advances and payments made on behalf. The amounts owing are repayable on demand and are to be settled in cash.

17. SHORT-TERM INVESTMENTS

	The Group			
	30.6.2019		31.12.2017	
	Carrying Amount RM'000	Market Value RM'000	Carrying Amount RM'000	Market Value RM'000
Equity funds unit trust, at fair value	-	-	326	326
Investments placed with fund managers, at fair value	**40**	**40**	26,178	26,178
	40	**40**	26,504	26,504

	The Company			
	30.6.2019		31.12.2017	
	Carrying Amount RM'000	Market Value RM'000	Carrying Amount RM'000	Market Value RM'000
Investments placed with fund managers, at fair value	**40**	**40**	4,365	4,365

18. CASH AND BANK BALANCES

	The Group		The Company	
	30.6.2019 RM'000	31.12.2017 RM'000	30.6.2019 RM'000	31.12.2017 RM'000
Cash and bank balances	**2,950**	13,191	**4**	148
Fixed deposits with licensed banks	**4,216**	31,591	**-**	-
	7,166	44,782	**4**	148

(a) The fixed deposits with licensed banks of the Group at the end of the reporting period bore effective interest rates ranging from 1.50% to 3.05% (31.12.2017 - 1.50% to 3.38%) per annum. The fixed deposits have maturity periods ranging from 60 to 365 (31.12.2017 - 1 to 365) days.

(b) Included in fixed deposits with licensed banks of the Group at the end of the reporting period was an amount of RM4,216,000 (31.12.2017 - RM2,898,000) which have been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Notes 31, 32 and Note 48 to the financial statements.

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

19. SHARE CAPITAL

	The Group/The Company			
	30.6.2019	**31.12.2017**	**30.6.2019**	**31.12.2017**
	'000	**'000**	**RM'000**	**RM'000**
	Number of Shares		**Amount**	
Issued and Fully Paid-Up				
Ordinary Shares				
At 1 January 2018/2017	**484,000**	484,000	**119,700**	48,400
Transfer from share premium account	**-**	-	**-**	71,300
At 30 June/31 December	**484,000**	484,000	**119,700**	119,700

(a) The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company, and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.

(b) On 31 January 2017, the concepts of authorised share capital and par value of share capital were abolished in accordance with the Companies Act 2016. Consequently, the amount standing to the credit of the Company's share premium account became part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Companies Act 2016. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

20. TREASURY SHARES

(a) In the previous financial year, the Company has purchased 376,500 of its own issued ordinary shares from the open market at prices ranging from RM1.91 to RM2.08 per share via internally generated funds. The total consideration paid for the purchase was RM758,487 including the transaction costs. The ordinary shares purchased are held as treasury shares in accordance with Section 127(6) of the Companies Act 2016.

(b) During the financial period, the Company has not purchased any ordinary shares from the open market. Of the total 484,000,000 issued ordinary shares at the end of the reporting period, 1,698,500 (31.12.2017 - 1,698,500) ordinary shares are held as treasury shares by the Company. None of the treasury shares were resold or cancelled during the financial period.

21. RESERVES

(a) Merger Deficit

The merger deficit arose from the difference between the carrying value of the investment and the nominal value of shares of subsidiaries acquired under the pooling interest method of accounting.

(b) Fair Value Reserve

The fair value reserve represents the cumulative fair value changes (net of tax, where applicable) of investments designated at fair value through other comprehensive income (31.12.2017 - available-for-sale financial assets).

22. REDEEMABLE CONVERTIBLE PREFERENCE SHARES ("RCPS")

	The Group			
	30.6.2019	**31.12.2017**	**30.6.2019**	**31.12.2017**
	Number of Shares		**Amount**	
	'000	**'000**	**RM'000**	**RM'000**
RCPS "A"				
At 1 January 2018/2017	**152**	-	**152**	-
Issuance during the financial period/year	**-**	152	**-**	152
Reclassified to redeemable preference shares "A" ("RPS A") (Note 26)	**(152)**	-	**(152)**	-
At 30 June/31 December	**-**	152	**-**	152
RCPS "B"				
At 1 January 2018/2017	**85**	-	**85**	-
Issuance during the financial period/year	**-**	85	**-**	85
Redemption during the financial period/year	**(85)**	-	**(85)**	-
At 30 June/31 December	**-**	85	**-**	85
	-	237	**-**	237

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

22. REDEEMABLE CONVERTIBLE PREFERENCE SHARES (“RCPS”) (CONT’D)

(a) RCPS “A”

The salient features of RCPS “A” are as follows:-

Terms	Details
Dividend	Nil
Security	The RCPS “A” will be unsecured.
Expiry date	1 month after the expiry date of the Conversion Period or such other date as may be mutually agreed between PSV and the holder.
Redemption price	Equivalent to the issue price.
Redemption	(i) Unless the RCPS “A” shall have been converted within the conversion period, the RCPS “A” shall be redeemed on the expiry date or by mutual agreement of the RCPS “A” holders and PSV. Provided always that all outstanding indebtedness (if any) due and owing by PSV to RCPS “A” holders shall be fully settled on or before the redemption date.
	(ii) The redemption sum shall be payable on the redemption date.
	(iii) No RCPS “A” shall be redeemed otherwise than out of profits or a fresh issue of shares of the capital of PSV and subject always to the provisions of the Companies Act 2016.
	(iv) The receipt of RCPS “A” holders of the redemption sum from PSV shall constitute an absolute discharge of PSV in respect of the RCPS “A” redeemed.
Conversion rights	(i) All (and not some) of the RCPS “A” held by the holder shall be convertible into new ordinary shares at the conversion ratio and conversion price, at any time during the conversion period.
	(ii) The notice of conversion given by the holder or PSV, as the case may be, hereunder shall be irrevocable upon receipt thereof by the other party.

22. REDEEMABLE CONVERTIBLE PREFERENCE SHARES ("RCPS") (CONT'D)

(a) RCPS "A" (Cont'd)

The salient features of RCPS "A" are as follows (Cont'd):-

Terms	**Details**
Conversion period	(i) All (and not some) of the RCPS "A" shall be converted into new ordinary shares:- • at the option of the RCPS "A" holder by notice in writing to the Company, at any time after the 5th anniversary of the Effective Date but prior to the expiry of 12 years from the Effective Date; or • in the event of proposed listing, at such time as may be determined by the Board and notified to the holder, prior to the date of the proposed Listing approved by the relevant authorities; whichever is the earlier.
	(ii) Any RCPS "A" which is not converted upon the expiry of the conversion period shall cease to be convertible and shall be redeemable in accordance with the redemption terms.
Rights	(i) <u>Voting rights</u> RCPS "A" does not carry any right to vote at any general meeting of PSV except for the right to vote in person or by proxy at such meeting in each of the following circumstances:- • Any resolution which varies the rights and privileges attaching to the RCPS "A"; • Any resolution to reduce the share capital of PSV; • Any resolution for the winding-up of the Company; and • Any other circumstances as may be provided under the law and applicable to preference shares.
	(ii) <u>No board representation</u> The RCPS "A" does not entitle the RCPS "A" holders to be represented on the Board.
Ranking	(i) The RCPS "A" shall rank equally amongst themselves and shall rank in priority to RCPS "B" and any other preference shares (if any). The RCPS "A" shall rank in priority to the ordinary shares, but shall rank behind all secured and unsecured obligations of PSV.
	(ii) In the event of liquidation, dissolution, winding-up or other repayment of capital of PSV, the holder shall have priority in repayment of the RCPS "A" over any payment to the holders of other preference shares and/or ordinary shares of PSV.

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

22. REDEEMABLE CONVERTIBLE PREFERENCE SHARES ("RCPS") (CONT'D)

(a) RCPS "A" (Cont'd)

On 14 March 2018, a members' written resolution of the holders of RCPS was passed to reclassify the existing issued RCPS "A" to RPS "A" and to amend the terms and conditions of RPS "A". Please refer to Note 26 to the financial statements for further details on RPS "A".

(b) RCPS "B"

On 22 February 2019, the entire RCPS "B" was redeemed at a redemption price of RM1.

The salient features of RCPS "B" are as follows:-

Terms	Details
Dividend	Nil
Security	The RCPS "B" will be unsecured.
Expiry date	1 month after the expiry date of the Conversion Period or such other date as may be mutually agreed between PSV and the holder.
Redemption price	Equivalent to the issue price.
Redemption	(i) Unless the RCPS "B" shall have been converted within the conversion period, the RCPS "B" shall be redeemed:- • on the expiry date; or • by mutual agreement of the RCPS "B" holder and PSV; or • upon termination of the concession agreement; whichever is the earlier. (ii) The redemption sum shall be payable on the redemption date. (iii) No RCPS "B" shall be redeemed otherwise than out of profits or a fresh issue of shares of the capital of PSV and subject always to the provisions of the Companies Act 2016. (iv) The receipt of RCPS "B" holder of the redemption sum from PSV shall constitute an absolute discharge of PSV in respect of the RCPS "B" redeemed.

22. REDEEMABLE CONVERTIBLE PREFERENCE SHARES ("RCPS") (CONT'D)

(b) RCPS "B" (Cont'd)

The salient features of RCPS "B" are as follows (Cont'd):-

Terms	**Details**
Conversion period	(i) All (and not some) of the RCPS "B" shall be converted into new ordinary shares:- • at the option of the RCPS "B" holder, at any time after the 5th anniversary of the Effective Date but prior to the expiry of 12 years from the Effective Date; or • in the event of proposed listing, at such time as may be determined by the Board prior to the date of the proposed Listing approved by the relevant authorities; whichever is the earlier.
	(ii) Any RCPS "B" which is not converted upon the expiry of the conversion period shall cease to be convertible and shall be redeemable in accordance with the redemption terms.
Rights	(i) <u>Voting rights</u> RCPS B does not carry any right to vote at any general meeting of PSV except for the right to vote in person or by proxy at such meeting in each of the following circumstances:- • Any resolution which varies the rights and privileges attaching to the RCPS B; • Any resolution to reduce the share capital of PSV; • Any resolution for the winding-up of the Company; and • Any other circumstances as may be provided under the law and applicable to preference shares.
	(ii) <u>No board representation</u> The RCPS "B" does not entitle the RCPS "B" holders to be represented on the Board.
Ranking	(i) The RCPS "B" shall rank equally amongst themselves. The RCPS"B" shall rank in priority to the ordinary shares, but shall rank behind RCPS "A" and all secured and unsecured obligations of PSV.
	(ii) In the event of liquidation, dissolution, winding-up or other repayment of capital of PSV, the holder shall rank after RCPS "A" but shall have priority in repayment of the RCPS "B" over any payment to the holders of ordinary shares of PSV.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

23. HIRE PURCHASE PAYABLES

	The Group	
	30.6.2019 RM'000	31.12.2017 RM'000
Minimum hire purchase payments:		
- not later than 1 year	**45**	45
- later than 1 year and not later than 5 years	**56**	123
	101	168
Less: Future finance charges	**(5)**	(14)
Present value of hire purchase payables	**96**	154
Analysed by:-		
Current liabilities	**42**	38
Non-current liabilities	**54**	116
	96	154

(a) The hire purchase payables of the Group are secured by the Group's motor vehicles under finance leases as disclosed in Note 7(a) to the financial statements. The hire purchase arrangements are expiring in 3 (31.12.2017 - 4) years.

(b) The hire purchase payables of the Group at the end of the reporting period bore an effective interest rate of 4.82% (31.12.2017 - 4.82%). The interest rates are fixed at the inception of the hire purchase arrangements.

24. TERM LOANS

	The Group	
	30.6.2019 RM'000	31.12.2017 RM'000
Current liabilities	**3,346**	840
Non-current liabilities	**26,240**	21,860
	29,586	22,700

24. TERM LOANS (CONT'D)

(a) The interest rate profile of the term loans is summarised below:-

	Effective Interest Rate		The Group	
	30.6.2019	**31.12.2017**	**30.6.2019**	**31.12.2017**
	%	**%**	**RM'000**	**RM'000**
Floating rate term loans				
I	**4.60**	4.82	**20,600**	22,700
II	**4.30**	-	**8,986**	-
			29,586	22,700

(b) Term loan I was secured by:-

(i) a general facility agreement;

(ii) a deed of assignment over its rights, title and intent as contained in the sale and purchase agreement in respect of the buildings as disclosed in Note 8(b) to the financial statements;

(iii) a charge over Financing Payment Reserve Account;

(iv) letter of support from the Company in form and substance acceptable to the bank; and

(v) deed of assignment of takaful/insurance proceeds in relation to the buildings as disclosed in Note 8(b) to the financial statements.

(c) Term loan II was secured by:-

(i) open all monies facilities agreement;

(ii) open all monies first party deed of assignment over the rights, benefits, titles and interests as contained in the Sale and Purchase Agreement in respect of the buildings as disclosed in Note 8(a) to the financial statements; and

(iii) a corporate guarantee of the Company.

(d) Term loan I was secured by negative pledge that imposed certain covenants on the subsidiary that received the loan. The significant covenants of the term loan are as follows:-

(i) the subsidiary shall obtain the bank's prior written consent for changing its shareholding;

(ii) the subsidiary shall not declare any dividend in the event of default; and

(iii) the Group shall grant the bank the right to bid for any Shariah-compliant cash management, treasury products, debt capital market fund raisings and corporate exercise.

(e) The significant covenants of the term loan II are as follows:-

(i) the Group shall maintain a consolidated Total Debt to Equity ratio of not more than 1 time throughout the tenure of the facility, failing which, the bank reserves the absolute right to withdraw, revise, restructure or cancel the facility as it deems fit;

(ii) the subsidiary shall not declare any dividend in the event of default has occurred under the term loan or if such declaration would result in an event of default; and

(iii) the subsidiary shall obtain the bank's prior written consent for changing its shareholding and its key management personnel.

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

25. REDEEMABLE SECURED LOAN STOCKS ("RSLS")

On 27 May 2019, PSSB, a wholly-owned subsidiary of the Company issued 10,000,000 RSLS at a subscription price of RM1 each to Affin Hwang Asset Management Bhd..

The salient terms, rights and privileges of RSLS are set out below:-

Terms	**Details**
Coupon rate	(a) <u>Preferential Coupon</u> (i) a base coupon of 10% per annum from each Issue Date payable annually in arreas; and (ii) an additional "extension premium" coupon (over and above the base coupon) of 2% per annum payable for the Extended Period where applicable; calculated on the subscription price of RM1 per RSLS, payable on the subscription RSLS on each coupon payment date (including the maturity date or the extended maturity date). (b) <u>Special Coupon</u> An additional one-off special coupon (over and above Preferential Coupon) which shall be payable within 30 days after occurrence of either one or both of the following events:- (i) 5% of the Aggregate Subscription Price (RM10,000,000) if the Compensation Sum received by PSKIN under the Concession Agreement is between RM150,000,000 and RM174,900,000; or (ii) 10% of the Aggregate Subscription Price (RM10,000,000) if the Compensation Sum received by PSKIN under the Concession Agreement is more than RM150,000,000. The Coupon shall constitute direct, unconditional and secured obligations of PSSB and PSSB's payment obligation in respect of the Coupon shall rank in priority to all PSSB's present and future unsecured and unsubordinated obligations from time to time (excepts liabilities which preferred solely by the laws of Malaysia) and any payment obligations in respect of all classes of shares of PSSB.
Maturity date	Means the date falling upon the earlier of the following events, or if such date is not a business day, the immediately preceding business day:- (a) 24 calendar months from the Issue Date of the subscription RSLS; or (b) 60 days following occurrence of any of the Acceleration Events.
Extended Maturity Date	The date of expiry of extension period.
Extended Period	The extension of maturity date for a period of 6 months as may be mutually agreed by the parties.

25. REDEEMABLE SECURED LOAN STOCKS ("RSLS") (CONT'D)

The salient terms, rights and privileges of RSLS are set out below (Cont'd):-

Terms	**Details**
Redemption Price	RM1 per RSLS, together with all coupon accrued and due up until the Maturity Date or the Extended Maturity Date, and any liquidated damages payable if a Termination Event shall occur.

(a) Special Coupon amounting to RM1,000,000 has been disclosed as a contingent liability in Note 48 to the financial statements.

(b) The RSLS was secured by:-

(i) an assignment of receivable executed by a subsidiary;

(ii) corporate guarantee executed by the Company; and

(iii) assignment of all the rights, benefits, title and interest in respect of the buildings as disclosed in Note 7(b) to the financial statement.

26. REDEEMABLE PREFERENCE SHARES "A"

	The Group			
	30.6.2019	31.12.2017	30.6.2019	31.12.2017
	Number Of Shares		Amount	
	'000	'000	RM'000	RM'000
RPS "A"				
At 1 January 2018/2017	-	-	-	-
Reclassified from RCPS "A" (Note 22)	152	-	152	-
At 30 June/31 December	152	-	152	-

The salient features of RPS "A" are as follows:-

Terms	**Details**
Dividend	Each RPS "A" shall carry the right to receive fixed cumulative dividend at such rate or in such amount to be mutually agreed between PSV and the holder. The Board shall not declare and pay dividends to the holders of the ordinary shares without declaring and paying the cumulative dividend to the holders of RPS "A". For avoidance of doubt, the Board may declare and pay the cumulative dividend to the RPS "A" holder without declaring or paying dividends to holders of the ordinary shares.

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

26. REDEEMABLE PREFERENCE SHARES "A" (CONT'D)

The salient features of RPS "A" are as follows (Cont'd):-

Terms	Details
Redemption sum	The redemption sum per RPS "A" shall be equivalent to the Issue Price.
Redemption	The RPS "A" shall be redeemed:- (i) on a date failing on the 13th anniversary of the effective date; (ii) in the event of the Proposed Listing Exercise, at such time as may be determined by the Board and notified in writing to the holder, prior to the date of Listing approved by the relevant authorities; or (iii) on a date as may be mutually agreed between the holder and PSV; whichever is be the earlier ("Redemption Date").
Voting rights	RPS "A" does not carry any right to vote at any general meeting of PSV except for the right to vote in person or by proxy at such meeting in each of the following circumstances:- (i) in respect of any resolution which varies the rights and privileges attaching to the RPS "A"; (ii) in respect of any resolution to reduce the share capital of PSV; (iii) in respect of any resolution for the winding-up of PSV; and (iv) any other circumstances as may be provided under the law.
Conversion	The RPS "A" is not convertible into ordinary shares and the RPS "A" holder shall not have any convertible rights whatsoever in respect of the RPS "A".
Ranking	The RPS "A" shall rank equally amongst themselves and shall rank in priority to RCPS "B" and any other preference shares (if any). The RPS "A" shall rank in priority to the shares, but shall rank behind all secured and unsecured obligations of PSV.

27. TRADE PAYABLES

The normal trade credit term granted to the Group is 60 (31.12.2017 - 60) days.

28. CONTRACT LIABILITIES

		The Group	
		30.6.2019 RM'000	**31.12.2017 RM'000**
Contract liabilities relating to:			
- Software license distribution and management and ICT training and certification	(a)	**18,728**	11,851
- Advance receipts of tuition, registration, resource and accommodation fees from students	(b)	**1,268**	-
		19,996	11,851

28. CONTRACT LIABILITIES (CONT'D)

The contract liabilities at the end of reporting period primarily relates to:-

(a) advance considerations received from a few customers for software license distribution and management and ICT training and certification of which the revenue will be recognised upon delivery of goods or services to the customers.

(b) advance considerations received from students for registration, tuition, resource and accommodation fees which the revenue will be recognised over remaining term of the courses it relates to.

(c) The changes to contract liabilities balances during the financial period/year are summarised below:-

	The Group	
	30.6.2019	**31.12.2017**
	RM'000	**RM'000**
At 1 January 2018/2017	**11,851**	11,608
Billings to customer during the financial period/year	**20,864**	7,009
Revenue recognised in profit or loss during the financial period/year	**(12,719)**	(6,766)
At 30 June/31 December	**19,996**	11,851

29. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	30.6.2019	**31.12.2017**	**30.6.2019**	**31.12.2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Other payables:-				
Third parties	**16,309**	4,285	**598**	215
Goods and services tax payable	**-**	1,452	**-**	-
Sales and services tax payable	**25**	-	**-**	-
	16,334	5,737	**598**	215
Accruals	**3,475**	553	**75**	65
Dividend payable	**-**	2,412	**-**	2,412
	19,809	8,702	**673**	2,692

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

29. OTHER PAYABLES AND ACCRUALS (CONT'D)

(a) Included in other payables of the Group are the following:-

	The Group	
	30.6.2019 RM'000	31.12.2017 RM'000
Interest bearing:		
- Principal component	5,000	-
- Interest component	173	-
	5,173	-

The amount owing represents advances from a former director of the Company and bore interest rate of 1.5% (31.12.2107 - Nil) per month at the end of the reporting period. The amount owing is unsecured, repayable on demand and will be settled in cash.

(b) Included in other payables is an amount of RM327,000 (31.12.2017 - Nil), being amount payable in relation to the purchase of building as disclosed in Note 8 to the financial statements.

(c) Included in accruals is an accrued cost for the unexpired tenancy term amounting to RM985,000 (31.12.2017 - Nil) in relation to the early termination of the tenancy agreement with a landlord.

30. AMOUNT OWING TO DIRECTORS

	The Group		The Company	
	30.6.2019 RM'000	31.12.2017 RM'000	30.6.2019 RM'000	31.12.2017 RM'000
Interest bearing:				
- Principal component	1,500	-	-	-
- Interest component	113	-	-	-
	1,613	-	-	-
Non-interest bearing	520	-	505	-
	2,133	-	505	-

(a) The amount owing is non-trade in nature.

(b) The non-interest bearing is unsecured and repayable on demand. The amount owing is to be settled in cash.

(c) The interest-bearing amount at the end of the reporting period bore interest rate of 1.5% (31.12.2017 - Nil) per month.

31. REVOLVING CREDITS

(a) The revolving credits of the Group bore effective interest rates ranging from 5.31% to 5.63% (31.12.2017 - Nil) per annum.

(b) The revolving credits of the Group were secured by:

(i) a general facility agreement;

(ii) fixed deposits of RM999,999 (31.12.2017 - Nil) of a subsidiary as disclosed in Note 18 to the financial statements; and

(iii) a corporate guarantee of the Company.

32. BANK OVERDRAFTS

The bank overdrafts of the Group at the end of the reporting period bore an effective interest rate of 7.2% (31.12.2017 - Nil) per annum and are secured in the same manner as the revolving credits disclosed in Note 31 to the financial statements.

33. REVENUE

	The Group		The Company	
	1.1.2018 to 30.6.2019 RM'000	**1.1.2017 to 31.12.2017 RM'000**	**1.1.2018 to 30.6.2019 RM'000**	**1.1.2017 to 31.12.2017 RM'000**
<u>Revenue from Contracts with Customers</u>				
ICT training and certification	**3,983**	4,585	**-**	-
Software license distribution and management	**161,170**	125,282	**-**	-
Gross dividend income	**-**	-	**11,552**	17,775
Concession	**175,460**	-	**-**	-
Education	**9,302**	6,182	**-**	-
Employment services	**17,403**	5,404	**-**	-
	367,318	141,453	**11,552**	17,775

The information on the disaggregation of revenue is disclosed in Note 45 to the financial statements.

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

34. OTHER INCOME

	The Group		The Company	
	1.1.2018 to 30.6.2019 RM'000	1.1.2017 to 31.12.2017 RM'000	1.1.2018 to 30.6.2019 RM'000	1.1.2017 to 31.12.2017 RM'000
Revenue from other sources				
Interest income	**424**	1,940	**128**	256
Fair value gain on short-term investments	**591**	-	**-**	-
Gain on disposal of property and equipment	**148**	13	**65**	-
Gain on redemption of RPS "A"	**85**	-	**-**	-
Profit from deposits with licensed Islamic banks	**72**	20	**-**	-
Others	**191**	752	**-**	-
	1,511	2,725	**193**	256

35. FINANCE COSTS

	The Group		The Company	
	1.1.2018 to 30.6.2019 RM'000	1.1.2017 to 31.12.2017 RM'000	1.1.2018 to 30.6.2019 RM'000	1.1.2017 to 31.12.2017 RM'000
Bank charges	**121**	79	**1**	1
Commission charges	**526**	137	**-**	-
Interest expense:				
- advances from other payables	**623**	-	**-**	-
- advances from a director	**113**	-	**-**	-
- bank overdrafts	**349**	-	**-**	-
- hire purchase	**9**	14	**-**	-
- term loan	**1,992**	249	**-**	-
- redeemable secured loan stocks	**96**	-	**-**	-
- redeemable preference share	**777**	-	**-**	-
- revolving credits	**759**	-	**-**	-
	4,718	263	**-**	-
	5,365	479	**1**	1

36. NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	The Group		The Company	
	1.1.2018 to 30.6.2019 RM'000	1.1.2017 to 31.12.2017 RM'000	1.1.2018 to 30.6.2019 RM'000	1.1.2017 to 31.12.2017 RM'000
Impairment losses during the financial period/year:				
- Individually impaired under MFRS 139:				
- trade receivables (Note 14)	-	650	-	-
- Additions under MFRS 9:				
- trade receivables (Note 14)	14,074	-	-	-
- other receivables (Note 15)	3,156	-	2,599	-
- amount owing by subsidiaries (Note 16)	-	-	29,189	-
Reversal of impairment losses:				
- trade receivables (Note 14)	(907)	-	-	-
	16,323	650	31,788	-

37. PROFIT/(LOSS) BEFORE TAXATION

In addition to those disclosed in Notes 34, 35 and 36 to the financial statements, profit/(loss) before taxation is arrived at after charging:-

	The Group		The Company	
	1.1.2018 to 30.6.2019 RM'000	1.1.2017 to 31.12.2017 RM'000	1.1.2018 to 30.6.2019 RM'000	1.1.2017 to 31.12.2017 RM'000
Auditors' remuneration:				
- audit fee:				
- for the financial period/year	335	166	37	37
- underprovision in the previous financial year	15	12	2	5
- non-audit fee:				
- for the financial period/year	16	8	16	8
- underprovision in the previous financial year	7	-	7	-
Bad debt written off	545	-	-	-
Depreciation of property and equipment (Note 7)	4,153	1,812	-	30
Donation	2,456	-	2,456	-
Direct operating expenses on investment properties	46	-	-	-
Fair value loss on short-term investments	326	-	-	-
Impairment loss:				
- investment in subsidiaries	-	-	20,500	-
- property and equipment	1,500	-	-	-
- development costs (Note 11)	9,644	3,503	-	-
Penalty	2,365	-	95	-
Property and equipment written off	1,313	-	-	-
Realised loss on foreign exchange	871	-	-	-
Rental expense on:				
- equipment	1,253	813	-	-
- office	4,793	1,725	-	-
- student accommodation	733	444	-	-
Staff costs (including directors' remuneration and other key management personnel as disclosed in Note 38)	74,334	16,873	8,690	2,998

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

38. STAFF COSTS

	The Group		The Company	
	1.1.2018 to 30.6.2019 RM'000	**1.1.2017 to 31.12.2017 RM'000**	**1.1.2018 to 30.6.2019 RM'000**	**1.1.2017 to 31.12.2017 RM'000**
Salaries, bonuses and other benefits	**61,453**	14,410	**7,291**	2,582
Defined contribution plans	**5,852**	1,218	**829**	219
Social security costs	**362**	117	**46**	36
Other staff related expenses	**6,667**	1,128	**524**	161
	74,334	16,873	**8,690**	2,998

Included in the staff costs of the Group and of the Company are:-

(a) directors' remuneration amounting to RM3,886,000 and RM2,754,000 (31.12.2017 - RM998,000 and RM811,000) respectively, as further disclosed in Note 39(a) to the financial statements.

(b) termination costs incurred on the Voluntary Separation Scheme paid to staff amounting to RM871,000 (31.12.2017 - RM87,000).

39. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel of the Group and of the Company include executive directors and non-executive directors of the Company and certain members of senior management of the Group and of the Company.

The key management personnel compensation during the financial period/year are as follows:-

	The Group		The Company	
	1.1.2018 to 30.6.2019 RM'000	**1.1.2017 to 31.12.2017 RM'000**	**1.1.2018 to 30.6.2019 RM'000**	**1.1.2017 to 31.12.2017 RM'000**
(a) Directors				
Directors of the Company				
Executive Directors				
Short-term employee benefits:				
- salaries, bonuses and other benefits	**2,522**	159	**1,719**	159
Defined contribution benefits	**296**	13	**206**	13
	2,818	172	**1,925**	172
Non-Executive Directors				
Short-term employee benefits:				
- fee	**546**	374	**534**	362
- allowances	**295**	277	**295**	277
	841	651	**829**	639
	3,659	823	**2,754**	811

39. KEY MANAGEMENT PERSONNEL COMPENSATION (CONT'D)

	The Group		The Company	
	1.1.2018 to 30.6.2019 RM'000	**1.1.2017 to 31.12.2017 RM'000**	**1.1.2018 to 30.6.2019 RM'000**	**1.1.2017 to 31.12.2017 RM'000**
Directors of the Subsidiaries				
Executive Directors				
Short-term employee benefits:				
- salaries, bonuses and other benefits	**205**	158	**-**	-
Defined contribution benefits	**22**	17	**-**	-
	227	175	**-**	-
Total directors' remuneration (Note 38)	**3,886**	998	**2,754**	811

The estimated monetary value of benefits-in-kind provided by the Group and the Company to its executive director is RM50,000 and Nil (31.12.2017 - Nil and RM50,000) respectively.

	The Group		The Company	
	1.1.2018 to 30.6.2019 RM'000	**1.1.2017 to 31.12.2017 RM'000**	**1.1.2018 to 30.6.2019 RM'000**	**1.1.2017 to 31.12.2017 RM'000**
(b) Other Key Management Personnel				
Directors of the Subsidiaries				
Short-term employee benefits	**9,541**	1,823	**1,935**	334
Defined contribution benefits	**1,084**	210	**226**	38
Total compensation for other key management personnel (Note 37)	**10,625**	2,033	**2,161**	372

The estimated monetary value of benefits-in-kind provided by the Group and the Company to the other key management personnel were RM12,000 and RM12,000 (31.12.2017 - RM52,000 and RM39,000) respectively.

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

40. INCOME TAX EXPENSE

	The Group		The Company	
	1.1.2018 to 30.6.2019 RM'000	1.1.2017 to 31.12.2017 RM'000	1.1.2018 to 30.6.2019 RM'000	1.1.2017 to 31.12.2017 RM'000
Current tax:				
- for the financial period/year	4,170	4,764	-	-
- underprovision in the previous financial year	5,819	2,061	633	-
	9,989	6,825	633	-
Deferred tax (Note 10):				
- origination and reversal of temporary differences	16,922	-	-	-
- overprovision in the previous financial year	-	(19)	-	-
	16,922	(19)	-	-
	26,911	6,806	633	-

A reconciliation of income tax expense applicable to the profit/(loss) before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group and of the Company is as follows:-

	The Group		The Company	
	1.1.2018 to 30.6.2019 RM'000	1.1.2017 to 31.12.2017 RM'000	1.1.2018 to 30.6.2019 RM'000	1.1.2017 to 31.12.2017 RM'000
Profit/(Loss) before taxation	17,954	4,260	(52,679)	14,342
Tax at the statutory rate of 24% (31.12.2017 - 24%)	4,309	1,022	(12,643)	3,442
Tax effects of:-				
Tax-exempt income	(1,354)	-	-	-
Non-taxable income	(137)	(336)	(2,819)	(4,266)
Non-deductible expenses	9,840	2,337	15,462	824
Deferred tax assets not recognised during the financial period/year	8,434	1,741	-	-
Under/(Over)provision in the previous financial year:				
- current tax	5,819	2,061	633	-
- deferred tax	-	(19)	-	-
Income tax expense for the financial period/year	26,911	6,806	633	-

40. INCOME TAX EXPENSE (CONT'D)

Income tax is calculated at the Malaysian statutory tax rate of 24% (31.12.2017 - 24%) of the estimated assessable profit for the financial period/year.

For years of assessment 2017 and 2018, the Malaysian statutory tax rate will be reduced by 1% to 4%, based on the prescribed incremental percentage of chargeable income from business, compared to that of the immediate preceding year of assessment.

During the financial period, PSSB, a wholly-owned subsidiary of the Company was granted the Pioneer Status incentive under the Promotion of Investments Act 1986. PSSB will enjoy 30% exemption from income tax on its statutory income from pioneer activities for a period of 5 years, from 27 March 2017 until 26 March 2022.

41. LOSS PER SHARE

	The Group	
	1.1.2018 to 30.6.2019	**1.1.2017 to 31.12.2017**
Loss after taxation attributable to owners of the Company (RM'000)	**(21,753)**	(773)
Weighted average number of ordinary shares ('000):-		
Ordinary shares at 1 January 2018/2017	**484,000**	484,000
Effect of treasury shares held at 1 January	**(1,699)**	(1,322)
Effect of new treasury shares purchased	**-**	(183)
Weighted average number of ordinary shares at 30 June/31 December ('000)	**482,301**	482,495
Basic loss per share (Sen)	**(4.51)**	(0.16)

The basic loss per share of the Group is calculated by dividing the Group's loss after tax attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the financial period/year, excluding treasury shares of the Company.

The Company has not issued any dilutive potential ordinary shares and hence, the diluted loss per share is equal to the basic loss per share.

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

42. DIVIDENDS

	The Group/The Company	
	30.6.2019	**31.12.2017**
	RM'000	**RM'000**
Declared:-		
In respect of the financial year ended 31 December 2016		
- fourth interim dividend of 0.75 sen per ordinary share	**-**	3,620
In respect of the financial year ended 31 December 2017		
- first interim dividend of 0.75 sen per ordinary share	**-**	3,620
- second interim dividend of 1.00 sen per ordinary share	**-**	4,823
- third interim dividend of 0.50 sen per ordinary share	**-**	2,412
- fourth interim dividend of 0.50 sen per ordinary share	**2,412**	-
In respect of the financial period ended 30 June 2019		
- first interim dividend of 0.50 sen per ordinary share	**2,411**	-
- second interim dividend of 0.20 sen per ordinary share	**965**	-
	5,788	14,475

43. CASH FLOW INFORMATION

(a) The cash disbursed for the purchase of investment properties is as follows:-

	The Group/The Company	
	30.6.2019	**31.12.2017**
	RM'000	**RM'000**
Cost of investment properties purchased (Note 8)	**11,407**	-
Less: Amount financed through term loan (Note (b) below)	**(9,700)**	-
Less: Deposits paid in the previous financial year (Note 15)	**(1,380)**	-
Less: Other payables (Note 29(b))	**(327)**	-
Cash disbursed for purchase of investment properties	**-**	-

43. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliation of liabilities arising from financing activities are as follows:-

	Term Loans RM'000	Hire Purchase RM'000	Revolving Credits RM'000	RSLS RM'000	Amount Owing To Directors RM'000	Other Payables RM'000	Total RM'000
The Group							
30.6.2019							
At 1 January 2018	22,700	154	-	-	-	-	22,854
Changes in Financing Cash Flows							
Proceeds from drawdown	9,700	-	17,661	-	-	-	27,361
Proceeds from new issuance	-	-	-	10,000	-	-	10,000
Repayment of borrowing principal	(2,814)	(58)	-	-	-	-	(2,872)
Repayment of borrowing interest	(1,992)	(9)	(759)	(96)	-	(450)	(3,306)
Advances from	-	-	-	-	1,500	5,000	6,500
	4,894	(67)	16,902	9,904	1,500	4,550	37,683
Non-cash Changes							
Directors' fee and allowance	-	-	-	-	520	-	520
Finance charges recognised in profit or loss (Note 35)	1,992	9	759	96	113	623	3,592
	1,992	9	759	96	633	623	4,112
At 30 June	29,586	96	17,661	10,000	2,133	5,173	64,649

	Term Loan RM'000	Hire Purchase RM'000	Total RM'000
The Group			
31.12.2017			
At 1 January 2017	-	382	382
Changes in Financing Cash Flows			
Proceeds from drawdown	22,700	-	22,700
Repayment of borrowing principal	-	(228)	(228)
Repayment of borrowing interests	(249)	(14)	(263)
	22,451	(242)	22,209
Non-cash Changes			
Finance charges recognised in profit or loss (Note 35)	249	14	263
At 31 December	22,700	154	22,584

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

43. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliation of liabilities arising from financing activities are as follows (Cont'd):-

	Amount Owing To A Subsidiary RM'000	Amount Owing To Directors RM'000	Total RM'000
The Company			
30.6.2019			
At 1 January 2018	-	-	-
Changes in Financing Cash Flows			
Advances from	40,766	-	40,766
Non-cash Changes			
Dividend	(11,552)	-	(11,552)
Directors' fee and allowance	-	505	505
	(11,552)	505	(11,047)
At 30 June	29,214	505	29,719

(c) The cash and cash equivalents comprise the following:-

	The Group		The Company	
	30.6.2019 RM'000	31.12.2017 RM'000	30.6.2019 RM'000	31.12.2017 RM'000
Cash and bank balances (Note 18)	2,950	13,191	4	148
Fixed deposits with licensed banks (Note 18)	4,216	31,591	-	-
Short-term investments (Note 17)	40	26,504	40	4,365
Bank overdrafts (Note 32)	(6,026)	-	-	-
	1,180	71,286	44	4,513
Less: Fixed deposits pledged with licensed banks (Note 18)	(4,216)	(2,898)	-	-
	(3,036)	68,388	44	4,513

44. RELATED PARTY DISCLOSURES

(a) Identities of Related Parties

Parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control.

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, key management personnel and entities within the same group of companies.

(b) Significant Related Party Transactions and Balances

Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following transactions with the related parties during the financial period/year:-

	The Group		The Company	
	1.1.2018 to 30.6.2019 RM'000	**1.1.2017 to 31.12.2017 RM'000**	**1.1.2018 to 30.6.2019 RM'000**	**1.1.2017 to 31.12.2017 RM'000**
Subsidiaries				
Advances to	**-**	-	**48,295**	27,500
Advances from	**-**	-	**68,055**	31,024
Payment on behalf for	**-**	-	**6,452**	11,796
Payment on behalf from	**-**	-	**2,452**	1,805
Dividend income	**-**	-	**11,552**	17,775
A director				
Advances from	**1,500**	-	**-**	-
Interest expense	**113**	-	**-**	-
A former director				
Advances from	**5,000**	-	**-**	-
Interest expense	**248**	-	**-**	-

The significant outstanding balances of the related parties (including the allowance for impairment loss made) together with their terms and conditions are disclosed in the respective notes to the financial statements.

45. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the Group Chief Executive Officer as its chief operating decision maker in order to allocate resources to segments and to assess their performance. For management purposes, the Group is organised into business units based on their products and services provided.

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

45. OPERATING SEGMENTS (CONT'D)

The Group is organised into 5 main business segments as follows:-

- Information and Communications Technology ("ICT") training and certification and software license distribution and management (collectively referred to as the "ICT services and distribution") - provision of both basic and professional ICT training and certification encompassing instructor-led courses and certification examination at the end of the course, at the same time distributing and managing the software licences.

- Concession - delivery of total solution for the integrated and comprehensive core immigration system includes design, customise, install, configure, test, commission and maintain throughout the concession period.

- Education - University Malaysia of Computer Science and Engineering ("UniMy") is designed to develop talented market-ready computing professionals to meet the challenge of advancing Malaysia's economic success in the next decade. To enhance human knowledge in computer science and engineering and explore the challenge of integrating it with emerging technology in an interdisciplinary environment, while educating outstanding students to become creative, innovative and responsible members of society.

- Employment Services - Human resource management services is to provide facilities for foreign workers' recruitment and document services.

- Others - The holding company involved in the activity of investment holding.

(a) Management assesses the performance of the reportable segments based on their profit before interest expense and taxation. The accounting policies of the reportable segments are the same as the Group's accounting policies.

Borrowings and investment-related activities are managed on a group basis by the central treasury function and are not allocated to reportable segments.

(b) Each reportable segment assets is measured based on all assets (including goodwill) of the segment other than investments in associates and tax-related assets.

(c) Each reportable segment liabilities is measured based on all liabilities of the segment other than borrowings and tax-related liabilities.

(d) Assets, liabilities and expenses which are common and cannot be meaningfully allocated to the reportable segments are presented under unallocated items. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters) and head office expenses.

Transactions between reportable segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation.

45. OPERATING SEGMENTS (CONT'D)

45.1 BUSINESS SEGMENTS

	ICT Services and Distribution RM'000	Education RM'000	Employment Services RM'000	Concession RM'000	Other RM'000	Consolidation Adjustments and Eliminations RM'000	Total RM'000
The Group							
30.6.2019							
Revenue							
External revenue	165,153	9,302	17,403	175,460	-	-	367,318
Inter-segment revenue	-	-	-	-	11,552	(11,552)	-
Consolidated revenue	165,153	9,302	17,403	175,460	11,552	(11,552)	367,318
Represented by:-							
Revenue recognised at a point of time							
- Sales of software distribution and ICT Training	165,153	-	-	-	-	-	165,153
- Dividend income	-	-	-		11,552	(11,552)	-
Revenue recognised over time							
- Education services	-	9,302	-	-	-	-	9,302
- Employment services	-	-	17,403	-	-	-	17,403
- Concession	-	-	-	175,460	-	-	175,460
	165,153	9,302	17,403	175,460	11,552	(11,552)	367,318

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

45. OPERATING SEGMENTS (CONT'D)

45.1 BUSINESS SEGMENTS (CONT'D)

	ICT Services and Distribution RM'000	Education RM'000	Employment Services RM'000	Concession RM'000	Other RM'000	Consolidation Adjustments and Eliminations RM'000	Total RM'000
The Group							
30.6.2019							
Segment (loss)/profit before interest and taxation	(4,784)	(21,287)	914	60,240	(52,839)	41,075	23,319
Finance costs							(5,365)
Profit before taxation							17,954
Segment (loss)/profit includes the followings:-							
Interest expense	3,941	-	-	777	-	-	4,718
Interest income	(296)	-	-	-	(128)	-	(424)
Depreciation of property and equipment	3,089	883	112	69	-	-	4,153
Fair value gain on short-term investments	(265)	-	-	-	-	-	(265)
Gain on disposal of property and equipment	(83)	-	-	-	(65)	-	(148)
Impairment loss:							
- trade receivables	8,030	6,044	-	-	-	-	14,074
- other receivables	-	553	-	-	2,603	-	3,156
- amount owing by related companies	3,409	-	-	335	-	(3,744)	-
- amount owing by subsidiaries	-	-	-	-	29,189	(29,189)	-
- investment in subsidiaries	-	-	-	-	20,500	(20,500)	-
- development costs	9,144	500	-	-	-	-	9,644
- property and equipment	-	1,500	-	-	-	-	1,500
Penalty	2,270	-	-	-	95	-	2,365
Property and equipment written off	-	1,313	-	-	-	-	1,313
Profit from deposits with licensed Islamic banks	(36)	(4)	-	(25)	(7)	-	(72)
Reversal of impairment loss:							
- trade receivables	(907)	-	-	-	-	-	(907)
- amount owing by a subsidiary	(360)	-	-	-	-	360	-

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

45. OPERATING SEGMENTS (CONT'D)

45.1 BUSINESS SEGMENTS (CONT'D)

	ICT Services and Distribution RM'000	Education RM'000	Employment Services RM'000	Concession RM'000	Other RM'000	Consolidation Adjustments and Eliminations RM'000	Total RM'000
The Group							
30.6.2019							
Assets							
Segment assets	174,019	3,821	3,497	178,960	85,610	(156,813)	289,094
Unallocated asset:							
- other investment							8,427
Consolidated total assets							297,521
Additions to non-current assets other than financial instruments are:							
- property and equipment	11,328	616	11	618	-	-	12,573
- investment properties	11,407	-	-	-	-	-	11,407
- development costs	3,147	-	500	-	-	-	3,647
Liabilities							
Segment liabilities	67,975	36,118	1,923	125,025	48,936	(174,096)	105,881
Unallocated liabilities:							
- hire purchase payables							96
- term loans							29,586
- revolving credits							17,661
- bank overdrafts							6,026
- deferred tax liabilities							16,922
- current tax liabilities							1,200
Consolidated total liabilities							177,372

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

45. OPERATING SEGMENTS (CONT'D)

45.1 BUSINESS SEGMENTS (CONT'D)

	ICT Services and Distribution RM'000	Education RM'000	Employment Services RM'000	Concession RM'000	Other RM'000	Consolidation Adjustments and Eliminations RM'000	Total RM'000
The Group							
31.12.2017							
Revenue							
External revenue	129,867	6,182	5,404	-	-	-	141,453
Inter-segment revenue	-	-	-	-	17,775	(17,775)	-
Consolidated revenue	129,867	6,182	5,404	-	17,775	(17,775)	141,453
Represented by:-							
Revenue recognised at a point of time							
- Sales of software distribution and ICT training	129,867	-	-	-	-	-	129,867
- Dividend income	-	-	-	-	17,775	(17,775)	-
Revenue recognised over time							
- Education services	-	6,182	-	-	-	-	6,182
- Employment services	-	-	5,404	-	-	-	5,404
	129,867	6,182	5,404	-	17,775	(17,775)	141,453
Segment profit/(loss) before interest and taxation	18,877	(4,600)	321	(6,239)	14,155	(17,775)	4,739
Finance costs							(479)
Profit before taxation							4,260
Segment profit/(loss) includes the followings:-							
Interest expense	263	-	-	-	-	-	263
Interest income	(1,664)	-	-	(20)	(256)	-	(1,940)
Impairment loss:							
- trade receivables	445	205	-	-	-	-	650
- development costs	3,503	-	-	-	-	-	3,503
Depreciation of property and equipment	1,077	640	64	1	30	-	1,812

45. OPERATING SEGMENTS (CONT'D)

45.1 BUSINESS SEGMENTS (CONT'D)

	ICT Services and Distribution RM'000	Education RM'000	Employment Services RM'000	Concession RM'000	Other RM'000	Consolidation Adjustments and Eliminations RM'000	Total RM'000
The Group							
31.12.2017							
Segment profit/(loss)includes the followings (Cont'd):-							
Gain on disposal of property and equipment	(13)	-	-	-	-	-	(13)
Profit from deposits with licensed Islamic banks	(20)	-	-	-	-	-	(20)
Assets							
Segment assets	174,236	9,170	2,921	57,609	120,878	(152,199)	212,615
Unallocated asset:							
- other investment							9,885
Consolidated total assets							222,500
Additions to non-current assets other than financial instruments are:							
- property and equipment	26,288	419	335	117	-	-	27,159
- development costs	2,159	-	54	-	-	-	2,213
Liabilities							
Segment liabilities	67,397	18,768	1,805	62,849	16,104	(112,499)	54,424
Unallocated liabilities:							
- hire purchase payables							154
- term loans							22,700
- current tax liabilities							1,035
Consolidated total liabilities							78,313

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

45. OPERATING SEGMENTS (CONT'D)

45.2 GEOGRAPHICAL INFORMATION

The Group operates predominantly all business segments in Malaysia. Accordingly, the information by geographical segments is not presented.

45.3 MAJOR CUSTOMERS

The following are major customers with revenue equal to or more than 10% of the Group's total revenue.

	Revenue		Business Segment
	1.1.2018 to 30.6.2019 RM'000	1.1.2017 to 31.12.2017 RM'000	
Customer A	**175,460**	-	Concession
Customer B	*	18,036	ICT services and distribution

* - During the financial period, the revenue for this customer was less than 10% of the Group's revenue.

46. CAPITAL COMMITMENTS

	The Group	
	30.6.2019 RM'000	31.12.2017 RM'000
Purchase of property and equipment	-	10,180
Additional investment in other investment	-	6,172
	-	16,352

47. OPERATING LEASE COMMITMENTS

The Group leases a number of office buildings for campus under non-cancellable operating leases. The lease periods range from 1 to 3 (31.12.2017 - 1 to 5) years with an option to renew after those dates. Lease payments are increased every year to reflect market rentals and none of the leases includes contingent rentals. The Group is restricted from sub-leasing the leased assets to third parties.

The future minimum lease payments under the non-cancellable operating leases are as follows:-

	The Group	
	30.6.2019	**31.12.2017**
	RM'000	**RM'000**
Not more than 1 year	**4,016**	1,290
Later than 1 year and not later than 5 years	**6,837**	1,319
	10,853	2,609

48. CONTINGENT LIABILITIES

No provisions are recognised on the following matters as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement:-

	The Group		The Company	
	30.6.2019	**31.12.2017**	**30.6.2019**	**31.12.2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Performance guarantee extended by a subsidiary to third parties	**14,928**	12,595	**-**	-
Compensation to a vendor due to project termination	**7,291**	-	**-**	-
Dividend payable on RPS "A"	**28,800**	-	**-**	-
Special coupon on RSLS	**1,000**	-	**-**	-
Corporate guarantee given to licensed banks for credit facilities granted to a subsidiary	**-**	-	**67,390**	34,795
	52,019	12,595	**67,390**	34,795

49. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

49.1 FINANCIAL RISK MANAGEMENT POLICIES

The Group's policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currency other than the respective functional currency of entities within the Group. The currencies giving rise to the risk are primarily United States Dollar ("USD"), Australian Dollar ("AUD") and Euro ("EUR"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. On occasion, the Group enters into forward foreign currency contracts to hedge against its foreign currency risk.

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) that based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:-

Foreign Currency Exposure

	30.6.2019			31.12.2017		
	United States Dollar RM'000	Australian Dollar RM'000	Euro RM'000	United States Dollar RM'000	Australian Dollar RM'000	Euro RM'000
The Group						
Financial Assets						
Other investment	**-**	**8,427**	**-**	-	9,885	-
Other receivables	**-**	**-**	**-**	-	312	-
Cash and bank balances	**-**	**-**	**-**	1	-	-
	-	**8,427**	**-**	1	10,197	-

49. FINANCIAL INSTRUMENTS (CONT'D)

49.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

	30.6.2019			31.12.2017		
	United States Dollar RM'000	**Australian Dollar RM'000**	**Euro RM'000**	**United States Dollar RM'000**	**Australian Dollar RM'000**	**Euro RM'000**
The Group						
Financial Liability						
Trade payables	**(20,929)**	**-**	**(22,946)**	(21,507)	-	-
Net financial (liabilities)/assets	**(20,929)**	**8,427**	**(22,946)**	(21,506)	10,197	-
Less: Forward foreign currency contracts (contracted notional principal)	**-**	**-**	**-**	6,252	-	-
Currency Exposure	**(20,929)**	**8,427**	**(22,946)**	(15,254)	10,197	-

The Company does not have any foreign currency exposure and hence, is not exposed to foreign currency risk.

Foreign Currency Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies at the end of the reporting period, with all other variables held constant:-

	The Group	
	1.1.2018 to 30.6.2019 RM'000	**1.1.2017 to 31.12.2017 RM'000**
Effects on Loss After Taxation		
USD/RM - strengthened by 5%	**(795)**	(580)
- weakened by 5%	**795**	580
AUD/RM - strengthened by 5%	**320**	388
- weakened by 5%	**(320)**	(388)
EUR/RM - strengthened by 5%	**(872)**	-
- weakened by 5%	**872**	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

49. FINANCIAL INSTRUMENTS (CONT'D)

49.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from long-term borrowings with variable rates. The Group's policy is to obtain the most favourable interest rates available and by maintaining a balanced portfolio mix of fixed and floating rate borrowings.

The Group's fixed deposits with licensed banks are carried at amortised cost. Therefore, they are not subject to interest rate risk as defined in MFRS 7 since neither the carrying amounts nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is summarised as follows:-

	The Group	
	30.6.2019 RM'000	**31.12.2017 RM'000**
Floating Rate Instruments		
Term loans	**29,586**	22,700
Bank overdrafts	**6,026**	-
	35,612	22,700

Interest Rate Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the interest rates at the end of the reporting period, with all other variables held constant:-

	The Group	
	1.1.2018 to 30.6.2019 RM'000	**1.1.2017 to 31.12.2017 RM'000**
Effects on Loss After Taxation		
Increase of 100 basis points	**(271)**	(173)
Decrease of 100 basis points	**271**	173

49. FINANCIAL INSTRUMENTS (CONT'D)

49.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(iii) Equity Price Risk

The Group and the Company's principal exposure to equity price risk arises mainly from changes in quoted investment prices. The Group and the Company manage their exposure equity price risks by maintaining a portfolio of equities with different risk profiles.

The Group and the Company's equity price profile as monitored by management is set out below:-

	The Group	
	30.6.2019	**31.12.2017**
	RM'000	**RM'000**
Short-term investments		
Equity funds unit trusts	**-**	326
Investments placed with fund managers	**40**	26,178
	40	26,504

	The Company	
	30.6.2019	**31.12.2017**
	RM'000	**RM'000**
Short-term investments		
Investments placed with fund managers	**40**	4,365

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

49. FINANCIAL INSTRUMENTS (CONT'D)

49.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(iii) Equity Price Risk (Cont'd)

Equity Price Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the prices of the quoted investments at the end of the reporting period, with all other variables held constant:-

	The Group	
	1.1.2018 to 30.6.2019 RM'000	**1.1.2017 to 31.12.2017 RM'000**
Effects on Loss After Taxation		
Increase of 5%	**2**	1,007
Decrease of 5%	**(2)**	(1,007)

	The Company	
	1.1.2018 to 30.6.2019 RM'000	**1.1.2017 to 31.12.2017 RM'000**
Effects on Loss After Taxation		
Increase of 5%	**2**	166
Decrease of 5%	**(2)**	(166)

49. FINANCIAL INSTRUMENTS (CONT'D)

49.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including quoted investments, cash and bank balances and derivatives), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Company's exposure to credit risk arises principally from loans and advances to subsidiaries, and corporate guarantee given to financial institutions for credit facilities granted to certain subsidiaries. The Company monitors the results of these subsidiaries regularly and repayments made by the subsidiaries.

(i) Credit Risk Concentration Profile

The Group's major concentration of credit risk relates to the amounts owing by 1 (31.12.2017 - 2) customers which constituted approximately 88% (31.12.2017 - 32%) of its total trade receivables at the end of the reporting period.

(ii) Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Group after deducting any allowance for impairment losses (where applicable).

In addition, the Company's maximum exposure to credit risk also includes corporate guarantees provided to its subsidiaries as disclosed under the 'Maturity Analysis' of item (c) below, representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period. These corporate guarantees have not been recognised in the Company's financial statements since their fair value on initial recognition were not material.

(iii) Assessment of Impairment Losses

At each reporting date, the Group assesses whether any of the financial assets at amortised cost is credit impaired.

The gross carrying amounts of financial assets are written off when there is no reasonable expectation of recovery (i.e. the debtor does not have assets or sources of income to generate sufficient cash flows to repay the debt) despite the fact that they are still subject to enforcement activities.

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

49. FINANCIAL INSTRUMENTS (CONT'D)

49.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables

The Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables has been grouped based on shared credit risk characteristics and the days past due.

The Group considers any receivables having financial difficulty or with significant balances outstanding for more than a year, are deemed credit impaired.

The expected loss rates are based on the payment profiles of sales over a period of 120 days from the measurement date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle their debts.

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for the trade receivables is summarised below:-

	Gross Amount RM'000	Lifetime Loss Allowance RM'000	Carrying Amount RM'000
The Group			
30.6.2019			
Current (not past due)	188,691	(257)	188,434
1 to 30 days past due	4,922	(66)	4,856
31 to 60 days past due	1,078	(32)	1,046
61 to 90 days past due	1,288	(38)	1,250
Past due more than 90 days	4,863	(125)	4,738
	200,842	(518)	200,324
Credit impaired:			
- individually impaired	14,818	(14,818)	-
	215,660	(15,336)	200,324

49. FINANCIAL INSTRUMENTS (CONT'D)

49.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables (Cont'd)

In the last financial year, the loss allowance on trade receivables was calculated under MFRS 139. The ageing analysis of trade receivables is as follows:-

	Gross Amount RM'000	Individual Impairment RM'000	Collective Impairment RM'000	Carrying Amount RM'000
The Group				
31.12.2017				
Not past due	18,189	-	-	18,189
Past due:				
- 1 to 30 days	12,291	-	-	12,291
- 31 to 60 days	521	-	-	521
- more than 60 days	12,084	(949)	-	11,135
	43,085	(949)	-	42,136

The movements in the loss allowances in respect of trade receivables is disclosed in Note 14 to the financial statements.

Other Receivables

The Group applies the 3-stage general approach to measuring expected credit losses for the other receivables. Generally, the Group considers amount owing by other receivables have low credit risks. The Group considers other receivables to be credit impaired when the other receivable is unlikely to repay its loan or advance in full.

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for other receivables are summarised below:-

	Gross Amount RM'000	Lifetime Loss Allowance RM'000	Carrying Amount RM'000
The Group			
30.6.2019			
Low credit risk	**8,010**	**-**	**8,010**
Credit impaired	**3,156**	**(3,156)**	**-**
	11,166	**(3,156)**	**8,010**

In the last financial year, the loss allowance on other receivables was calculated under MFRS 139.

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

49. FINANCIAL INSTRUMENTS (CONT'D)

49.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Fixed Deposits with Licensed Banks, Cash and Bank Balances

The Group considers these banks and financial institutions have low credit risks. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

Amount Owing By Subsidiaries (Non-trade Balances)

The Company applies the 3-stage general approach to measuring expected credit losses for all inter-company balances. Generally, the Company considers loans and advances to subsidiaries have low credit risks. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's loan or advance to be credit impaired when the subsidiary is unlikely to repay its loan or advance in full or the subsidiary is continuously loss making or the subsidiary is having a deficit in its total equity.

The Company determines the probability of default for these loans and advances individually using internal information available.

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for amount owing by subsidiaries are summarised below:-

	Gross Amount RM'000	Lifetime Loss Allowance RM'000	Carrying Amount RM'000
The Company			
30.6.2019			
Low credit risk	**64,276**	**-**	**64,276**
Credit impaired	**32,189**	**(32,189)**	**-**
	96,465	**(32,189)**	**64,276**

In the last financial year, the loss allowance on amount owing by subsidiaries was calculated under MFRS 139.

49. FINANCIAL INSTRUMENTS (CONT'D)

49.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Financial Guarantee Contracts

All of the financial guarantee contracts are considered to be performing, have low risks of default and historically there were no instances where these financial guarantee contracts were called upon by the parties of which the financial guarantee contracts were issued to. Accordingly, no loss allowances were identified based on 12-month expected credit losses.

(c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

Maturity Analysis

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

	Effective Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 – 5 Years RM'000	Over 5 Years RM'000
The Group						
30.6.2019						
Non-derivative Financial Liabilities						
RPS "A"	4.60	152	152	-	152	-
RSLS	10.00	10,000	10,000	-	10,000	-
Hire purchase payables	4.82	96	101	45	56	-
Term loans	4.30 - 4.60	29,586	40,275	4,614	22,174	13,487
Revolving credits	5.31 - 5.63	17,661	17,661	17,661	-	-
Trade payables	-	53,791	53,791	53,791	-	-
Other payables and accruals	18.00	19,784	20,697	20,697	-	-
Amount owing to directors	18.00	2,133	2,406	2,406	-	-
Bank overdrafts	7.20	6,026	6,026	6,026	-	-
		139,229	151,109	105,240	32,382	13,487

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

49. FINANCIAL INSTRUMENTS (CONT'D)

49.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

	Effective Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 – 5 Years RM'000	Over 5 Years RM'000
The Group						
31.12.2017						
Non-derivatives Financial Liabilities						
Hire purchase payables	4.82	154	168	45	123	-
Term loan	4.82	22,700	28,406	1,929	13,345	13,132
Trade payables	-	33,871	33,871	33,871	-	-
Other payables and accruals	-	7,250	7,250	7,250	-	-
		63,975	69,695	43,095	13,468	13,132
The Company						
30.6.2019						
Non-derivatives Financial Liabilities						
Other payables and accruals	**-**	**673**	**673**	**673**	**-**	**-**
Amount owing to directors	**-**	**505**	**505**	**505**	**-**	**-**
Amount owing to a subsidiary	**-**	**29,214**	**29,214**	**29,214**	**-**	**-**
Financial guarantee contracts in relation to corporate guarantee given to certain subsidiaries #	**-**	**-**	**67,390**	**67,390**	**-**	**-**
		30,392	**97,782**	**97,782**	**-**	**-**

49. FINANCIAL INSTRUMENTS (CONT'D)

49.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

	Effective Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 – 5 Years RM'000	Over 5 Years RM'000
The Company						
31.12.2017						
Non-derivatives Financial Liabilities						
Other payables and accruals	-	2,692	2,692	2,692	-	-
Financial guarantee contracts in relation to corporate guarantee given to certain subsidiaries #	-	-	34,795	34,795	-	-
		2,692	37,487	37,487	-	-

- The contractual undiscounted cash flows represent the outstanding credit facilities of the subsidiaries at the end of the reporting period. The financial guarantees have not been recognised in the financial statements since their fair value on initial recognition were not material.

49.2 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholders value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

49. FINANCIAL INSTRUMENTS (CONT'D)

49.2 CAPITAL RISK MANAGEMENT (CONT'D)

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as net debt divided by total equity. The Group includes within net debt, loans and borrowings from financial institutions less cash and cash equivalents. The debt-to-equity ratio of the Group at the end of the reporting period was as follows:-

	The Group	
	30.6.2019 RM'000	**31.12.2017 RM'000**
RSLS (Note 25)	**10,000**	-
RPS "A" (Note 26)	**152**	-
Hire purchase payables (Note 23)	**96**	154
Term loans (Note 24)	**29,586**	22,700
Revolving credits (Note 31)	**17,661**	-
Bank overdrafts (Note 32)	**6,026**	-
	63,521	22,854
Less: Short-term investments (Note 17)	**(40)**	(26,504)
Less: Fixed deposits with licensed banks (Note 18)	**(4,216)**	(31,591)
Less: Cash and bank balances (Note 18)	**(2,950)**	(13,191)
Net debt	**56,315**	(48,432)
Total equity	**120,149**	144,187
Debt-to-equity ratio	**0.47**	N/A

There was no change in the Group's approach to capital management during the financial period.

The Group is also required to comply with certain loan covenants as disclosed in Note 24 to the financial statements, failing which, the bank may call an event of default. The Group has complied with this requirement.

49. FINANCIAL INSTRUMENTS (CONT'D)

49.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	30.6.2019	
	The Group RM'000	The Company RM'000
Financial Assets		
Mandatorily at Fair Value Through Profit or Loss		
Short-term investments (Note 17)	40	40
Designated at Fair Value Through Other Comprehensive Income Upon Initial Recognition		
Other investment (Note 9)	8,427	-
Amortised Cost		
Trade receivables (Note 14)	200,324	-
Other receivables (Note 15)	805	-
Amount owing by subsidiaries (Note 16)	-	64,276
Cash and bank balances (Note 18)	7,166	4
	208,295	64,280
Financial Liability		
Amortised Cost		
RPS "A" (Note 26)	152	-
RSLS (Note 25)	10,000	-
Hire purchase payables (Note 23)	96	-
Term loans (Note 24)	29,586	-
Revolving credits (Note 31)	17,661	-
Trade payables (Note 27)	53,791	-
Other payables and accruals (Note 29)	19,784	673
Amount owing to a subsidiary (Note 16)	-	29,214
Amount owing to directors (Note 30)	2,133	505
Bank overdrafts (Note 32)	6,026	-
	139,229	30,392

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

49. FINANCIAL INSTRUMENTS (CONT'D)

49.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONT'D)

	31.12.2017	
	The Group RM'000	The Company RM'000
Financial Assets		
Available-for-sale Financial Asset		
Other investment (Note 9)	9,885	-
Loans and Receivables Financial Assets		
Trade receivables (Note 14)	42,136	-
Other receivables (Note 15)	3,129	2,599
Amount owing by subsidiaries (Note 16)	-	71,097
Cash and bank balances (Note 18)	44,782	148
	90,047	73,844
Fair Value through Profit or Loss		
Short-term investments (Note 17)	26,504	4,365
Financial Liability		
Other Financial Liabilities		
Hire purchase payables (Note 23)	154	-
Term loan (Note 24)	22,700	-
Trade payables (Note 27)	33,871	-
Other payables and accruals (Note 29)	7,250	2,692
	63,975	2,692

49. FINANCIAL INSTRUMENTS (CONT'D)

49.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS

	30.6.2019	
	The Group RM'000	**The Company RM'000**
Financial Assets		
Fair Value Through Profit or Loss		
Net gains recognised in profit or loss	**393**	**128**
Equity Investments at Fair Value Through Other Comprehensive Income		
Net losses recognised in other comprehensive income	**(1,689)**	**-**
Amortised Cost		
Net losses recognised in profit or loss	**(16,500)**	**(31,788)**
Financial Liability		
Amortised Cost		
Net losses recognised in profit or loss	**(5,504)**	**-**

	31.12.2017	
	The Group RM'000	**The Company RM'000**
Financial Assets		
Fair Value Through Profit or Loss		
Net gains recognised in profit or loss	1,940	256
Loans and Receivables Financial Asset		
Net losses recognised in profit or loss	(630)	-
Financial Liability		
Financial Liabilities Measured at Amortised Cost		
Net gains recognised in profit or loss	103	-

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

49. FINANCIAL INSTRUMENTS (CONT'D)

49.5 FAIR VALUE INFORMATION

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:-

	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments not Carried at Fair Value			Total Fair Value	Carrying Amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	RM'000	RM'000
The Group								
30.6.2019								
<u>Financial Assets</u>								
Other investment #	**-**	**-**	**8,427**	**-**	**-**	**-**	**8,427**	**8,427**
Short-term investments	**40**	**-**	**-**	**-**	**-**	**-**	**40**	**40**
<u>Financial Liabilities</u>								
RPS "A"	**-**	**-**	**-**	**-**	**152**	**-**	**152**	**152**
RSLS	**-**	**-**	**-**	**-**	**10,000**	**-**	**10,000**	**10,000**
Hire purchase payables	**-**	**-**	**-**	**-**	**96**	**-**	**96**	**96**
Term loans	**-**	**-**	**-**	**-**	**29,586**	**-**	**29,586**	**29,586**
The Group								
31.12.2017								
<u>Financial Asset</u>								
Short-term investments	26,504	-	-	-	-	-	26,504	26,504
<u>Financial Liabilities</u>								
Hire purchase payables	-	-	-	-	154	-	154	154
Term loan	-	-	-	-	22,700	-	22,700	22,700

Note:-

\# - The fair value measurement of unquoted investments arising from the adoption of MFRS 9 with effect from 1 January 2018. Comparative figures are not restated in line with the transition requirements under MFRS 9. The fair value of the unquoted investments in the previous financial year was not presented as the investments were accounted for under MFRS 139, which were not carried at fair value and were stated at cost less any impairment loss as at 31 December 2017.

49. FINANCIAL INSTRUMENTS (CONT'D)

49.5 FAIR VALUE INFORMATION (CONT'D)

	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments not Carried at Fair Value			Total Fair Value	Carrying Amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	RM'000	RM'000
The Company								
30.6.2019								
Financial Asset								
Short-term investments	**40**	**-**	**-**	**-**	**-**	**-**	**40**	**40**
31.12.2017								
Financial Asset								
Short-term investments	4,365	-	-	-	-	-	4,365	4,365

(a) Fair Value of Financial Instruments Carried at Fair Value

The fair values of above have been determined using the following basis:-

(i) The fair value of short-term investment is determined at their quoted closing prices at the end of the reporting period.

(ii) The fair value of unquoted equity investments is determined based on input and the information applicable to level 3 fair value measurement. The fair value of unquoted investments have been estimated using Discounted Cash Flows ("DCF") techniques. The DCF model incorporates unobservable inputs, amongst others, the forecast cash flows, long-term growth rates, cost of capital and long-term operating margins.

There were no transfer between level 1 and level 2 during the financial period.

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

49. FINANCIAL INSTRUMENTS (CONT'D)

49.5 FAIR VALUE INFORMATION (CONT'D)

(b) Fair Value of Financial Instruments not Carried at Fair Value

The fair value, which are for disclosure purposes, and have been determined using the following basis:-

(i) The fair values of the Group's term loan that carry floating interest rates approximated their carrying amounts as they are repriced to market interest rates on or near the reporting date.

(ii) The fair values of RCPS "A", RSLS, hire purchase payables that carry fixed interest rate are determined by discounting the relevant future contractual cash flow using current market interest rates for similar instruments at the end of the reporting period. The interest rates used to discount the estimated cash flows are as follows:-

	The Group	
	30.6.2019	**31.12.2017**
	%	**%**
RPS "A"	**4.60**	-
RSLS	**10.00**	-
Hire purchase payables	**4.82**	4.82
Term loans	**4.30 to 4.60**	4.82

50. SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD

(a) On 29 January 2018, PSSB, a wholly-owned subsidiary of the Company has received a letter of award dated 29 January 2018 from the Ministry of Finance ("MOF") for the extension of contract to supply Microsoft software licences, products and services under Master Licensing Agreement ("MLA") 3.0 to all Government Agencies and Institut Latihan Awam in Malaysia. The extension of Contract is for the period of 3 years commencing from 1 February 2018 until 31 January 2021 at an estimated total value of RM222,600,000. The extension of contract under MLA 3.0 is an enhancement of MLA 2.0 that includes the Institut Latihan Awam as PSSB's new customer base with new added scope of services.

(b) On 9 February 2018, PCSB, a wholly-owned subsidiary of the Company has completed subscription of the second tranche of 2,000,000 "A" ordinary shares at the subscription price of AUD2,000,000. After completion of the above, PCSB interest in OpenLearning Global Pte. Ltd. ("OGPL") increased from 10.71% to 16.67%.

The final equity interest of PCSB shall be determined based on a performance band that is if OGPL group achieve a consolidated profit after tax of AUD9,000,000 for the twelve months ending 31 December 2020, PCSB will receive an effective shareholding of 14.28%. However, reduction in profits for the twelve months ending 31 December 2020 could see the shareholding in OGPL rising to 24.3%.

50. SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD (CONT'D)

(c) On 14 March 2018, PSV, a 70% owned subsidiary of the Company has reclassified the RCPS “A” to RPS “A”.

(d) On 30 March 2018, Halaman Kapital Sdn. Bhd. (“HKSB”), a company wholly owned by Dr Abu Hasan Bin Ismail (“Dr Abu”), the director of the Company, acquired an aggregate 16% equity interest in PSV from 2 shareholders, Muhammad Nagib Gopal Abdullah (“Nagib”) and Raja Azmi Adam Nadarajan (“Raja Azmi”).

In consequent thereof, HKSB held 16% equity interest in PSV while Nagib and Raja Azmi held 2% each.

(e) On 10 April 2018, PSKIN, a wholly-owned subsidiary of the Company received a letter from the Ministry of Home Affairs, which confirmed that PSKIN has fulfilled all the conditions precedent in the Concession Agreement (“CA”) with the GOM in relation to the implementation of an integrated and comprehensive core immigration system known as SKIN. The Effective Date of the CA is 11 April 2018.

(f) On 4 September 2018, PSSB entered into an agreement with the GOM represented by the Ministry of Finance for the implementation of MLA 3.0. This is further to an announcement made on 29 January 2018.

(g) On 25 September 2018, PSSB received a letter of award from Ministry of Education (“MOE”) on the extension of contract for the supply of Microsoft software licenses under the MUSE programme to all public higher education institution including universities, polytechnics and community colleges under the Ministry of Higher Education (currently MOE). The extension is for a period of one (1) year commenced on 3 July 2018 until 2 July 2019 at a total value of RM11,627,070.97.

(h) On 12 December 2018, PSKIN had received a letter from Ministry of Home Affairs dated 11 December 2018, confirming the decision of the Cabinet to terminate the SKIN project by way of expropriation. Following clarification with the government, both parties have mutually agreed that the termination of concession to take effect on 22 January 2019. PSKIN is entitled for compensation in accordance with the formula set out in the CA.

(i) On 28 May 2018, PCSB entered into:-

(i) a supplemental deed to the Subscription Agreement dated 5 September 2017 (“Supplemental Deed 1”) with OGPL and Adam Maurice Brimo for the purposes of supplementing and amending the terms and conditions of the Subscription Agreement arising from the subscription of shares by Magna Intelligent Sdn. Bhd. (“Magna”) and Other Investors.

Pursuant to the Supplemental Deed 1, PCSB shall subscribe for an additional 194,153 convertible preference shares (“CPS”) at an aggregate consideration of AUD1.00 only.

(ii) a supplemental deed to the Shareholders’ Agreement dated 5 September 2017 (“Supplemental Deed 2”) with OLG Australia Investor Pte. Ltd., OGPL and Other Investors for the purposes of supplementing and amending the terms and conditions of the Shareholders’ Agreement arising from the subscription of shares in OGPL by Other Investors.

Upon the subscription of shares in OGPL by Magna and Other Investors, PCSB’s interest in OGPL decreased from 16.67% to 14.90%.

(j) On 5 June 2018, PCSB subscribed for an additional 194,153 CPS in OGPL at an aggregate consideration of AUD1.00 only.

(k) On 23 April 2019, PSV declared the single-tier interim dividend amounting to RM28,804,190 at RM190 per redeemable preference share in respect of the financial period 30 June 2019 to RPS “A” holders. The payment of the dividend is contingent upon the following events:-

(i) PSKIN receiving the contractual payment for the legal claim amounting to RM733 million from the GOM;

(ii) approval by the directors of PSV in the event the payment received by PSKIN is less than the contractual payment; or

(iii) the reinstatement of the SKIN project by GOM to PSKIN, with project value and scope agreed by both parties.

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

51. SIGNIFICANT EVENT OCCURRING AFTER THE REPORTING PERIOD

On 1 July 2019, PSSB had received a Letter of Award dated 28 June 2019 from the MOF to supply Microsoft software licenses, product and services under the MLA 3.0 to the MOE, for a period of 1 year at a total price of RM22,942,505. The contract will be managed through the following programmes:-

(a) Education Alliance Agreement ("EAA") to all schools under MOE, shall be effective from 10 March 2019 to 9 March 2020 at a price of RM11,226,005; and

(b) Enrolment for Education Solutions ("EES") to all agencies under MOE, shall be effective from 3 July 2019 to 2 July 2020 at a price of RM11,716,500.

52. MATERIAL LITIGATION

On 15 April 2019, PSKIN, a wholly-owned subsidiary of PSV, which in turn is a subsidiary of the Company, filed an Originating Summons (No. WA-21NCvC-20-04/2019) at the Kuala Lumpur High Court ("OS") as "Plaintiff" against the Government of Malaysia ("GOM") as "Defendant", in relation to the termination of the Concession Agreement dated 9 August 2017 ("CA") by GOM, by way of expropriation pursuant to Clause 31.1 of the CA.

Details of Circumstances leading to the Filing of the OS against GOM

Following the letter from GOM dated 11 December 2018, confirming the decision of the Cabinet to terminate the SKIN project, PSKIN and GOM had met several times to discuss among others, the payment obligation of GOM and the quantum to be paid by GOM, but both parties were unable to reach an agreement. Hence, PSKIN has filed the OS seeking the following orders:-

(a) A declaration that GOM is under an obligation to pay to PSKIN a sum representing the present value of the Availability Charges for the remaining unexpired Concession Period discounted at Weighted Average Cost of Capital of PSKIN as at the effective date of termination of the CA i.e. 22 January 2019, in accordance with Clause 28.3.1(b)(iii) read together with Appendix 14 of the CA and Schedule 1 of the Supplemental Agreement dated 11 April 2018 ("Supplemental Agreement");

(b) A declaration that the sum payable by GOM to PSKIN pursuant to Clauses 28.3.1(b)(iii), 31 and Appendix 14 of the CA and Schedule 1 of the Supplemental Agreement is RM732,860,194.00, or any such amount as ordered by the Court;

(c) An order that GOM makes payment to PSKIN of the sums declared and ordered in respect of paragraph (b) above, not later than six (6) months after the termination date i.e. on or before 22 July 2019, in compliance with Clause 28.3.1(b)(iii) of the CA;

(d) Interest on the sum of RM732,860,194.00 or any such sum as ordered by the Court, at any such rate as the Court deems fit, calculated from 22 July 2019, or any such date as the Court deems fit, to the date of judgement;

(e) Interest on the judgement sum in respect of paragraph (c) above at the rate of 5% per annum calculated from the date of judgement to the date of full satisfaction of the judgement sum;

(f) Costs; and/or

(g) Such further and/or other relief as the Court deems fit.

52. MATERIAL LITIGATION (CONT'D)

Details of Circumstances leading to the Filing of the OS against GOM (Cont'd)

PSKIN filed the OS on 15 April 2019 and the sealed copy of the OS was served on GOM on 25 April 2019. Following this, PSKIN filed an application for a Protective Order, which was granted on 19 June 2019. Upon obtaining the Protective Order, PSKIN filed its Affidavit in Support in respect of the OS on 19 June 2019 and served the said Affidavit in Support on GOM on 24 June 2019. GOM was to file its Affidavit in Reply in respect of the OS by 12 July 2019.

On 23 August 2019, GOM served its Affidavit in Reply in respect of the OS on PSKIN. On 6 September 2019, PSKIN filed and served its Affidavit in Reply on GOM.

GOM has filed an application for conversion of the OS to a writ action. The Hearing of this application has been fixed for 25 September 2019. If GOM is successful in its application, the OS will be converted into a writ action with directions given for a trial of the suit.

53. CHANGES IN ACCOUNTING POLICIES

As mentioned in Note 4.1 to the financial statements, the Group has adopted MFRS 9 and MFRS 15 during the financial period. The financial impacts upon the adoption of these accounting standards are summarised below:-

Statements of Financial Position (Extract):-

	At 31.12.2017			At 1.1.2018	
	As Previously Reported RM'000	MFRS 15 Adjustments RM'000	As Restated (after effects of adoption of MFRS 15) RM'000	MFRS 9 Adjustments RM'000	As Restated RM'000
The Group					
Assets					
Long-term receivable	78,053	(78,053)	-	-	-
Other investment	9,885	-	9,885	(5,941)	3,944
Contract cost	-	44,335	44,335	-	44,335
Trade receivables	42,136	-	42,136	(1,426)	40,710
Liabilities					
Deferred tax liabilities	1,138	(1,138)	-	-	-
Current tax liabilities	6,499	(5,464)	1,035	-	1,035
Other payables and accruals	20,553	(11,851)	8,702	-	8,702
Contract liabilities	-	11,851	11,851	-	11,851
Equities					
Fair value reserve	-	-	-	(5,941)	(5,941)
Retained profits	58,482	(18,981)	39,501	(1,426)	38,075
Non-controlling interests	7,050	(8,135)	(1,085)	-	(1,085)

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

53. CHANGES IN ACCOUNTING POLICIES

Statements of Financial Position (Extract) (Cont'd):-

	At 31.12.2017			At 1.1.2018	
	As Previously Reported RM'000	MFRS 15 Adjustments RM'000	As Restated (after effects of adoption of MFRS 15) RM'000	MFRS 9 Adjustments RM'000	As Restated RM'000
The Company					
Asset					
Amount owing by subsidiaries	71,097	-	71,097	(3,000)	68,097
Equity					
Retained profits/(Accumulated losses)	574	-	574	(3,000)	(2,426)

Statements of Profit Or Loss and Other Comprehensive Income (Extract):-

	1.1.2017 to 31.12.2017		
	As Previously Reported RM'000	MFRS 15 Adjustments RM'000	As Restated RM'000
The Group			
Revenue	219,506	(78,053)	141,453
Cost of sales	(153,673)	44,335	(109,338)
Gross profit	65,833	(33,718)	32,115
Profit before taxation	37,978	(33,718)	4,260
Income tax expense	(13,408)	6,602	(6,806)
Profit/(Loss) after taxation attributable to:			
- Owners of the Company	18,208	(18,981)	(773)
- Non-controlling interests	6,362	(8,135)	(1,773)

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

53. CHANGES IN ACCOUNTING POLICIES (CONT'D)

Statements of Cash Flows (Extract):-

	1.1.2017 to 31.12.2017		
	As Previously Reported RM'000	**MFRS 15 Adjustments RM'000**	**As Restated RM'000**
The Group			
Profit before taxation	37,978	(33,718)	4,260
Increase in contract costs	-	(44,335)	(44,335)
Increase in trade and other receivables	(91,292)	78,053	(13,239)

<u>Initial Application of MFRS 15</u>

The Group has adopted MFRS 15 with full retrospective application using the following practical expedients:-

For completed contracts, an entity need not restate contracts that:-

(a) begin and end within the same annual reporting period; or

(b) are completed contracts at the beginning of the earliest period presented.

The main impacts resulting from the changes made are summarised below:-

(a) Timing of recognition of revenue

The Group has deferred the revenue recognition on concession revenue as PSKIN has met the criteria of contract in MFRS 15 in the current financial period, based the effective date of the CA as declared by Ministry of Home Affairs.

(b) Accounting for costs to fulfill a contract

The Group has recognised costs to relate directly to a contract (or an anticipated contract) with customer as an asset when the costs generate or enhance resources of the Group, will be used in satisfying performance obligation in the future and are recovered.

(c) Presentation of contract liabilities in the statements of financial position

MFRS 15 requires separate presentation of contract assets and contract liabilities in the statement of financial position. This results in some reclassifications as of 1 January 2017 and 31 December 2017, which were previously included in other payables financial statement line items. Contract liabilities are the obligations to transfer goods or services to the customers for which the Group has received the consideration or have billed the customers.

NOTES TO THE **FINANCIAL STATEMENTS**
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2019 (CONT'D)

53. CHANGES IN ACCOUNTING POLICIES (CONT'D)

Initial Application of MFRS 9

The Group has adopted MFRS 9 without restating any comparative information (transitional exemption). Therefore, the financial impacts arising from the new classification and measurement of financial instruments, and the new impairment requirements are not reflected in its consolidated statements of financial position as at 31 December 2017; but are recognised in the opening consolidated statements of financial position on 1 January 2018 (date of initial application of MFRS 9). The main impacts resulting from the changes made are summarised below:-

		Classification and Carrying Amount		
		Under MFRS 139 RM'000	Under MFRS 9 RM'000	Transition Adjustment RM'000
The Group				
(a)	Reclassification from available-for-sale ("AFS") financial assets to fair value through other comprehensive income ("FVOCI").	AFS 9,885	FVOCI 3,944	(5,941)

The Group intends to hold the other investment for long-term strategic purposes. This investment was measured at cost less impairment losses in prior periods. As permitted by MFRS 9, the Group has designated such investment as fair value through other comprehensive income, to be measured at fair value at each reporting date. As a result, a total fair value loss of RM5,941,000 was recognised in the fair value reserve of the Group with a corresponding decrease in the carrying amount of its other investments as at 1 January 2018.

(b) The Group has changed its impairment loss methodology from the "incurred loss" approach to the "expected credit loss" approach upon the adoption of MFRS 9. Under this new approach, the Group has accounted for the expected credit losses of its financial assets measured at amortised costs to reflect their changes in credit risk since initial recognition. Also, the Group has applied a simplified approach to measure the loss allowance of its trade receivables as permitted by MFRS 9. Consequently, a total increase of RM1,426,000 in the loss allowance for trade receivables was recognised in the opening retained profits of the Group at 1 January 2018.

The Company

There were no material financial impacts upon the transition to MFRS 9 at the date of initial application other than an increase in the loss allowance for amount owing by subsidiaries arising from the change in impairment loss assessment.

54. COMPARATIVE FIGURES

The Company and its subsidiaries have changed its financial year end from 31 December to 30 June. Consequently, the comparative figures for the statements of profit or loss and other comprehensive income, statements of changes in equity, statements of cash flows and their related notes are not comparable to that for the current 18-month period ended 30 June 2019.

LIST OF PROPERTIES

No.	Location	Registered Owner	Tenure	Built-up Area (sq ft)	Description/ Existing Use	Approximate Age of Building (Years)	Net Book Value as at 30.06.2019 (RM)	Date of Acquisition
1.	Unit No. 70-1, Lingkaran Cyber Point Barat, NeoCyber, 63000 Cyberjaya, Selangor Darul Ehsan	PSSB	Freehold	1,710 sq ft	Office building	10.5	215,000.00	4 Sept 2007
2.	Unit No. 71-1, Lingkaran Cyber Point Barat, NeoCyber, 63000 Cyberjaya, Selangor Darul Ehsan	PSSB	Freehold	1,710 sq ft	Office building	10.5	215,000.00	4 Sept 2007
3.	Unit No. 72-1, Lingkaran Cyber Point Barat, NeoCyber, 63000 Cyberjaya, Selangor Darul Ehsan	PSSB	Freehold	1,710 sq ft	Office building	10.5	215,000.00	4 Sept 2007
4.	Unit No. 73-1, Lingkaran Cyber Point Barat, NeoCyber, 63000 Cyberjaya, Selangor Darul Ehsan	PSSB	Freehold	1,847 sq ft	Office building	10.5	258,000.00	4 Sept 2007
5.	Unit No. 72-G, Lingkaran Cyber Point Barat, NeoCyber, 63000 Cyberjaya, Selangor Darul Ehsan	PSSB	Freehold	1,446 sq ft	Office building	10.5	409,000.00	4 Sept 2007
6.	Unit No. 73-G, Lingkaran Cyber Point Barat, NeoCyber, 63000 Cyberjaya, Selangor Darul Ehsan	PSSB	Freehold	2,440 sq ft	Office building	10.5	647,000.00	15 Sept 2007
7.	Unit No. 71-G, Lingkaran Cyber Point Barat, NeoCyber, 63000 Cyberjaya, Selangor Darul Ehsan	PSSB	Freehold	1,446 sq ft	Office building	10.5	422,000.00	1 July 2009
8.	Unit No. 70-G, Lingkaran Cyber Point Barat, NeoCyber, 63000 Cyberjaya, Selangor Darul Ehsan	PSSB	Freehold	1,446 sq ft	Office building	10.5	422,000.00	1 July 2009
9.	Unit No. 73A-G, Lingkaran Cyber Point Barat, NeoCyber, 63000 Cyberjaya, Selangor Darul Ehsan	PSSB	Freehold	2,440 sq ft	Office building	10.5	852,000.00	3 Sept 2010
10.	Unit No. 73A-1, Lingkaran Cyber Point Barat, NeoCyber, 63000 Cyberjaya, Selangor Darul Ehsan	PSSB	Freehold	1,847 sq ft	Office building	10.5	645,000.00	3 Sept 2010
11.	Block 12 Corporate Park Star Central @Cyberjaya, 63000 Cyberjaya, Selangor Darul Ehsan	PSSB	Freehold	40,375 sq ft	Office building	1.5	23,682,000.00	4 Dec 2017
12.	Block 11-2 (11B), Corporate Park Star Central @Cyberjaya, 63000 Cyberjaya, Selangor Darul Ehsan	PSSB	Freehold	17,999 sq ft	Office building	0.92	11,407,000.00	3 Jul 2018

ANALYSIS OF **SHAREHOLDINGS**
AS AT 30 SEPTEMBER 2019

SHARE CAPITAL

Total number of Issued shares	:	484,000,000 Ordinary Shares (including 1,698,500 treasury shares)
Class of share	:	Ordinary Shares
Voting rights	:	One (1) vote per Ordinary Share
Number of shareholders	:	5,765

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF HOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	17	0.29	194	0.00
100 – 1,000	581	10.08	373,900	0.08
1,001 - 10,000	2,800	48.57	16,889,506	3.50
10,001 – 100,000	1,956	33.93	68,098,900	14.12
100,001 – 24,115,074*	408	7.08	254,305,800	52.73
24,115,075 and above **	3	0.05	142,633,200	29.57
Total	**5,765**	**100.00**	**482,301,500**	**100.00**

Notes :

(*) *Less than 5% of issued holdings*

(**) 5% and above of issued holdings

SUBSTANTIAL SHAREHOLDERS AS AT 30 SEPTEMBER 2019

	DIRECT INTEREST		INDIRECT INTEREST	
NAME OF SUBSTANTIAL SHAREHOLDER	NO. OF SHARES HELD	%	NO. OF SHARES HELD	%
Maybank Trustees Berhad Areca Dynamic Growth Fund	77,196,400	16.01	-	-
CIMB Islamic Trustee Berhad - Affin Hwang Multi-Asset Fund	40,000,000	8.29	-	-
Kumpulan Wang Persaraan (Diperbadankan)	25,437,100	5.27	2,722,100 [(a)]	0.56

Notes:-

(a) Deemed interested by virtue of the interest of Kumpulan Wang Persaraan (Diperbadankan)'s Fund Managers pursuant to Section 8 of the Act.

ANALYSIS OF **SHAREHOLDINGS**
AS AT 30 SEPTEMBER 2019

DIRECTORS' SHAREHOLDINGS AS AT 30 SEPTEMBER 2019

	DIRECT INTEREST		INDIRECT INTEREST	
NAME OF DIRECTORS	NO. OF SHARES HELD	%	NO. OF SHARES HELD	%
Dato' Maznah Binti Abdul Jalil	2,431,000	0.50	-	-
Dr Abu Hasan Bin Ismail	-	-	-	-
Chan Wan Siew	950,000	0.20	50,000*	0.01
Ramanathan A/L Sathiamutty	-	-	-	-
Baldesh Singh A/L Manmohan Singh	-	-	-	-
Ginny Yeow Mei Ying	-	-	-	-

Notes:-

(*) *Deemed interest by virtue of his spouse, Lee Oi Lin's shareholdings.*

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS AS AT 30 SEPTEMBER 2019

NO.	SECURITIES ACCOUNT HOLDERS	NO. OF SHARES	%
1.	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR ARECA DYNAMIC GROWTH FUND (411901)	77,196,400	16.01
2.	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB ISLAMIC TRUSTEE BERHAD FOR AFFIN HWANG MULTI-ASSET FUND	40,000,000	8.29
3.	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	25,436,800	5.27
4.	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YEOH POH CHOO	12,372,000	2.57
5.	YEOH ENG HUA	10,786,000	2.24
6.	MAYBANK NOMINEES (TEMPATAN) SDN BHD ETIQA LIFE INSURANCE BERHAD (GROWTH)	8,469,800	1.76
7.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (AMUNDI)	8,000,000	1.66
8.	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM BUMIPUTERA 2	7,733,100	1.60

ANALYSIS OF **SHAREHOLDINGS**
AS AT 30 SEPTEMBER 2019

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS AS AT 30 SEPTEMBER 2019 (CONT'D)

NO.	SECURITIES ACCOUNT HOLDERS	NO. OF SHARES	%
9.	DATO' MOHAMED YUNUS RAMLI BIN ABBAS	7,300,000	1.51
10.	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM MALAYSIA 3	6,953,700	1.44
11.	MAYBANK NOMINEES (TEMPATAN) SDN BHD ETIQA LIFE INSURANCE BERHAD (DANA EKT PRIMA)	6,052,100	1.25
12.	AMANAHRAYA TRUSTEES BERHAD ASN IMBANG (MIXED ASSET BALANCED) 1	4,955,500	1.03
13.	MERCSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SIOW WONG YEN @ SIOW KWANG HWA	4,663,500	0.97
14.	MAYBANK NOMINEES (TEMPATAN) SDN BHD ETIQA LIFE INSURANCE BERHAD (BALANCE)	4,004,500	0.83
15.	CHIN CHIN SEONG	3,650,000	0.76
16.	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	3,127,500	0.65
17.	SOON HOCK TEONG	3,050,000	0.63
18.	HSBC NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR CREDIT SUISSE AG (SG-CLT-T-OS PR)	3,006,000	0.62
19.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHIA KWOON MENG (MM0678)	3,000,000	0.62
20.	TAYLOR'S EDUCATION SDN BHD	3,000,000	0.62

ANALYSIS OF **SHAREHOLDINGS**
AS AT 30 SEPTEMBER 2019

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS AS AT 30 SEPTEMBER 2019 (CONT'D)

NO.	SECURITIES ACCOUNT HOLDERS	NO. OF SHARES	%
21.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHIA HANG KIAN	2,609,400	0.54
22.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (ARIM)	2,600,000	0.54
23.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YEOH POH CHOO	2,510,000	0.52
24.	MAYBANK NOMINEES (TEMPATAN) SDN BHD BANK KERJASAMA RAKYAT (M) BERHAD (412803)	2,500,000	0.52
25.	DATO' MAZNAH BINTI ABDUL JALIL	2,431,000	0.50
26.	CHEW KIAM HAR	2,200,000	0.46
27.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YEOH POO CHOO (MY2095)	2,190,000	0.45
28.	MALACCA EQUITY NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR PHILLIP CAPITAL MANAGEMENT SDN BHD (EPF)	1,915,800	0.40
29.	PROMSERV SDN BHD	1,900,000	0.39
30.	FIRSTLINK CAPITAL PTE LTD	1,894,100	0.39
	TOTAL	**265,507,200**	**55.04**

NOTICE OF **ANNUAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN that the Ninth Annual General Meeting ("9th AGM") of the Company will be held at Auditorium, University Malaysia of Computer Science and Engineering ("UNIMY"), 3410, Jalan Teknokrat 3, Cyberjaya 4, 63000 Cyberjaya, Selangor Darul Ehsan, Malaysia on Wednesday, 27 November 2019 at 10:00 a.m. for the following purposes:-

AGENDA

1. To receive the Audited Financial Statements for the financial period ended 30 June 2019 together with the Reports of the Directors and the Auditors thereon. **(Please refer to Note No. 7)**

2. To approve the payment of Directors' fees of RM534,000 for the financial period ended 30 June 2019. **(Resolution 1)**

3. To approve the payment of Directors' benefits up to an amount of RM294,800 from 28 November 2019 until the next Annual General Meeting of the Company. **(Resolution 2)**

4. To re-elect Mr. Ramanathan A/L Sathiamutty who is retiring pursuant to Article 95 of the Company's Articles of Association and being eligible, has offered himself for re-election. **(Resolution 3)**

5. To re-elect the following Directors who are retiring pursuant to Article 101 of the Company's Articles of Association and being eligible, have offered themselves for re-election:-

    (a) Mr. Baldesh Singh A/L Manmohan Singh **(Resolution 4)**

    (b) Ms. Ginny Yeow Mei Ying **(Resolution 5)**

6. To re-appoint Messrs. Crowe Malaysia PLT as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. **(Resolution 6)**

<u>As Special Business</u>

To consider and if thought fit, with or without any modification, to pass the following Ordinary and Special Resolutions:-

7. **ORDINARY RESOLUTION NO. 1** **(Resolution 7)**
    - AUTHORITY TO ISSUE SHARES PURSUANT TO THE COMPANIES ACT 2016

    "**THAT** subject always to the Companies Act 2016 ("**the Act**"), the Articles of Association of the Company and approvals from Bursa Malaysia Securities Berhad ("**Bursa Securities**") and any other relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered pursuant to the Act, to issue and allot shares in the capital of the Company from time to time at such price and upon such terms and conditions, for such purposes and to such person or persons whomsoever the Directors may in their absolute discretion deem fit, provided always that the aggregate number of shares to be issued pursuant to this resolution does not exceed ten percent (10%) of the total number of issued shares of the Company for the time being;

    AND THAT the Directors be and are hereby empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities;

    AND FURTHER THAT such authority shall commence immediately upon the passing of this Resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company."

NOTICE OF **ANNUAL GENERAL MEETING**

8. **ORDINARY RESOLUTION NO. 2** **(Resolution 8)**
- PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES OF UP TO 10% OF THE TOTAL NUMBER OF ISSUED SHARES OF THE COMPANY ("PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY")

"**THAT** subject always to the Companies Act 2016, the Articles of Association/Constitution of the Company, the Bursa Malaysia Securities Berhad ("**Bursa Securities**") Main Market Listing Requirements and all other applicable laws, guidelines, rules and regulations, if applicable, the Company be and is hereby authorised to purchase such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities as the Directors may deem fit and expedient in the interest of the Company, provided that:-

(i) the aggregate number of shares purchased does not exceed ten percent (10%) of the total number of issued shares of the Company including the shares previously purchased and retained as Treasury Shares (if any);

(ii) the maximum amount of funds to be allocated for the Proposed Renewal of Share Buy-Back shall not exceed the aggregate of the retained profits of the Company, based on the latest audited financial statements and/or latest management accounts of the Company (where applicable); and

(iii) the Directors of the Company may decide in their absolute discretion either to retain the shares purchased as treasury shares or cancel the shares or retain part of the shares so purchased as treasury shares and cancel the remainder or to resell the shares or distribute the shares as dividends;

THAT authority conferred by this Resolution shall commence immediately upon the passing of this Resolution and will only continue to be in force until:

(i) the conclusion of the next Annual General Meeting of the Company, unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or

(ii) the expiration of the period within which the next Annual General Meeting after that date is required by law to be held; or

(iii) revoked or varied by resolution passed by shareholders of the Company in general meeting,

whichever occurs first;

AND THAT authority be and is hereby given to the Directors of the Company to act and take all such steps and do all things as are necessary or expedient to implement, finalise and give full effect to the aforesaid purchase."

NOTICE OF **ANNUAL GENERAL MEETING**

9. **ORDINARY RESOLUTION NO. 3** **(Resolution 9)**
   - RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTOR

   "**THAT** Mr. Chan Wan Siew who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years be and is hereby retained as an Independent Non-Executive Director in accordance with the Malaysian Code on Corporate Governance."

10. **SPECIAL RESOLUTION** **(Resolution 10)**
    - PROPOSED ADOPTION OF A NEW CONSTITUTION OF THE COMPANY ("PROPOSED ADOPTION")

    "**THAT** approval be and is hereby given to revoke the existing Memorandum and Articles of Association of the Company in its entirety and in place thereof, the proposed new Constitution of the Company as set out in Part B of the Statement to Shareholders dated 29 October 2019, be and is hereby adopted as the Constitution of the Company with immediate effect.

    AND THAT the Directors of the Company be and are hereby authorised to do all such acts, deeds and things as are necessary and/or expedient in order to give full effect to the Proposed Adoption with the full power to assent to any conditions, modification, and/or amendments as may be required by any relevant authorities to give effect to the Proposed Adoption."

11. To transact any other ordinary business of which due notice shall have been given.

By Order of the Board

CHUA SIEW CHUAN (MAICSA 0777689)
LIM LIH CHAU (LS 0010105)
Company Secretaries

Kuala Lumpur
Dated: 29 October 2019

NOTICE OF **ANNUAL GENERAL MEETING**

NOTES:

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 20 November 2019 shall be eligible to attend the Meeting.

2. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. Where a member appoints more than one (1) proxy to attend and vote at the Meeting, such appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.

3. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.

4. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under Seal or under the hand of an officer or attorney duly authorised.

5. Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. Where a member is an authorised nominee as defined under SICDA, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.

6. The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a duly notarised certified copy of that power or authority, shall be deposited at the office of the Company's Share Registrar, Boardroom Share Registrars Sdn. Bhd. *(formerly known as Symphony Share Registrars Sdn. Bhd.)*, 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time appointed for holding the Meeting or any adjournment thereof.

7. This Agenda item is meant for discussion only, as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

8. Explanatory Note on Special Business :-

   (i) **Resolution 2 – Approval for the payment of Directors' benefits**

   The proposed Directors' benefits payable comprises allowances and other benefits. The total estimated amount of Directors' benefits payable is calculated based on the number of scheduled Board and Board Committees meetings for period from 28 November 2019 until the next Annual General Meeting and other benefits. This authority, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

   (ii) **Resolution 7 – Authority to issue shares pursuant to the Companies Act 2016**

   The Company wishes to renew the mandate on the authority to issue shares pursuant to the Companies Act 2016 at the 9th AGM of the Company (hereinafter referred to as the "General Mandate").

   The Company had been granted a general mandate by its shareholders at the Eighth Annual General Meeting ("8th AGM") of the Company held on 16 May 2018 (hereinafter referred to as the "Previous Mandate").

   The Previous Mandate granted by the shareholders had not been utilised and hence no proceed was raised therefrom.

   The purpose to seek the General Mandate is to enable the Directors of the Company to issue and allot shares at any time to such persons in their absolute discretion without convening a general meeting provided that the aggregate number of the shares issued does not exceed 10% of the total number of issued shares of the Company for the time being. The General Mandate, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

   The General Mandate will enable the Directors to take swift action for allotment of shares for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisition(s) and to avoid delay and cost in convening general meetings to approve such issue of shares.

NOTICE OF **ANNUAL GENERAL MEETING**

(iii) **Resolution 8 – Proposed Renewal of Share Buy-Back Authority**

The Proposed Renewal of Share Buy-back Authority is to renew the authority granted by the shareholders of the Company at the 8th AGM of the Company held on 16 May 2018. The proposed renewal will allow the Company to purchase its own shares up to 10% of the total number of issued shares of the Company at any time within the time period stipulated in Bursa Malaysia Securities Berhad Main Market Listing Requirements.

Please refer to the Statement to Shareholders dated 29 October 2019 for further information.

(iv) **Resolution 9 – Retention of the Independent Non-Executive Director**

Mr. Chan Wan Siew was appointed as an Independent Non-Executive Director of the Company on 18 November 2010, and will therefore serve as Independent Non-Executive Director for more than nine (9) years. As at the date of the Notice of the Annual General Meeting, he has served the Company for eight (8) years and eleven (11) months. However, he has met the independence guidelines as set out in Chapter 1 of Bursa Malaysia Securities Berhad Main Market Listing Requirements. The Board therefore, considers him to be independent and believes that he should be retained as an Independent Non-Executive Director of the Company.

(v) **Resolution 10 – Proposed Adoption of a New Constitution of the Company**

The proposed special resolution is undertaken primarily to streamline the existing Memorandum and Articles of Association ("**M&A**") of the Company with the Companies Act 2016, which was effective from 31 January 2017. The Proposed Adoption of a New Constitution is also to align the existing M&A with the Main Market Listing Requirements issued by Bursa Securities Malaysia Berhad on 29 November 2017, and to provide clarity to certain provision thereof and to render consistency throughout in order to facilitate and further enhance administrative efficiency.

Please refer to the Statement to Shareholders dated 29 October 2019 for further information.

PRESTARIANG

PRESTARIANG BERHAD
(Company No. 922260-K)
(Incorporated in Malaysia)

FORM OF PROXY

CDS Account No.	
Number of ordinary shares	

*I/We (full name) ____

bearing *NRIC No./Passport No./Company No. ____

of (full address) ____

being a *member/members of Prestariang Berhad ("the Company") hereby appoint:

First Proxy "A"

Full Name	NRIC/Passport No.	Proportion of Shareholdings Represented	
		No. of Shares	%
Full Address			

and/or failing *him/her,

Second Proxy "B"

Full Name	NRIC/Passport No.	Proportion of Shareholdings Represented	
		No. of Shares	%
Full Address			
			100%

or failing *him/her, the *Chairman of the Meeting as *my/our proxy to vote for *me/us and on *my/our behalf at the Ninth Annual General Meeting of the Company to be held at Auditorium, University Malaysia of Computer Science and Engineering ("UNIMY"), 3410, Jalan Teknokrat 3, Cyberjaya 4, 63000 Cyberjaya, Selangor Darul Ehsan, Malaysia on Wednesday, 27 November 2019 at 10:00 a.m. and at any adjournment thereof.

In the case of a vote by a show of hands, my proxy ______________________________ (one only) shall vote on *my/our behalf.

My/our proxy/proxies shall vote as follows:

*(Please indicate with an "X" in the spaces provided below as to how you wish your votes to be casted. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at *his/her discretion.)*

Item	Agenda			
1.	To receive the Audited Financial Statements for the financial period ended 30 June 2019 together with the Reports of the Directors and the Auditors thereon.			
		Resolution	**For**	**Against**
2.	To approve the payment of Directors' fees of RM534,000 for the financial period ended 30 June 2019.	1		
3.	To approve the payment of Directors' benefits up to an amount of RM294,800 from 28 November 2019 until the next Annual General Meeting of the Company.	2		
4.	To re-elect Mr. Ramanathan A/L Sathiamutty as Director.	3		
5(a).	To re-elect Mr. Baldesh Singh A/L Manmohan Singh as Director.	4		
5(b).	To re-elect Ms. Ginny Yeow Mei Ying as Director.	5		
6.	To re-appoint Messrs. Crowe Malaysia PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.	6		
Special Business				
7.	Authority to issue shares pursuant to the Companies Act 2016.	7		
8.	Proposed Renewal of Share buy-back authority.	8		
9.	Retention of Mr. Chan Wan Siew as Independent Non-Executive Director.	9		
10.	Proposed Adoption of a New Constitution of the Company.	10		

As witness my/our hand(s) this day __________ of ____________________, 2019.

____
*Signature of Member/Common Seal

** Strike out whichever not applicable*

Notes:

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 20 November 2019 shall be eligible to attend the Meeting.
2. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. Where a member appoints more than one (1) proxy to attend and vote at the Meeting, such appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
3. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.
4. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under Seal or under the hand of an officer or attorney duly authorised.
5. Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. Where a member is an authorised nominee as defined under SICDA, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
6. The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a duly notarised certified copy of that power or authority, shall be deposited at the office of the Company's Share Registrar, Boardroom Share Registrars Sdn. Bhd. *(formerly known as Symphony Share Registrars Sdn. Bhd.)*, 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, not less than forty-eight (48) hours before the time appointed for holding the Meeting or any adjournment thereof.

fold here

Stamp

To:

Boardroom Share Registrars Sdn. Bhd.

(Formerly known as Symphony Share Registrars Sdn. Bhd.)

11th Floor, Menara Symphony

No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13

46200 Petaling Jaya, Selangor Darul Ehsan

fold here

FTSE4GOOD CONTENT INDEX

CLIMATE CHANGE

Reference Indicator	Indicator Description	Reference Section	Pages
ECC01	Climate change impact including CO2/GHG emissions - Policy or commitment statement to: a) Address the issue b) Reduce or avoid the impact or improve efficiency	• Sustainability Policy • Supporting the United Nations Sustainable Development Goals (UNSDG) • Performance, Indicators and Targets • Sustainability Risks and Opportunities • Commitment to the Environment • Green ICT Practice	49, 59, 61, 63, 76 & 91
ECC05	Initiatives in place include measures to address climate change through adaptation: a) Company mentions addressing adaptation b) Company explains specific actions taken	• Supporting the United Nations Sustainable Development Goals (UNSDG) • Performance, Indicators and Targets • Sustainability Risks and Opportunities • Operating Sustainably - Our Environmental Goals • Green ICT Practice	59, 61, 63, 77-80 & 91
ECC08	Board oversight of climate change: a) Evidence of board or board committee oversight of the management of climate change risks b) Named position responsible at Board level	• Sustainability Governance Structure • Corporate Governance Overview - Principle A: Board Leadership and Effectiveness	51, 52 & 98
ECC12	Intensity of operational GHG emissions is: a) Measured and disclosed b) Reduced	• Corporate Responsibilities to the Environment	76 to 80
ECC14	Three years of total operational GHG emissions data (Scope 1 & 2) is disclosed	• Total Carbon Emission	77
ECC15	Three years of total energy consumption data is disclosed	• Energy Use	78
ECC31	Energy use- Policy or commitment statement to: a) Address the issue b) Reduce or avoid the impact or improve efficiency	• Performance Indicators and Targets • Green ICT Practice • Commitment to the Environment • Operating Sustainability - Our Environmental Goals	61, 76, 77 & 91
ECC38	Short term (up to 5 years) GHG emissions reduction targets - this could include scope 1 and/or scope 2 and/or scope 3: a) Unquantified, process targets b) Quantified targets	• Performance, Indicators and Targets • Operating Sustainability – Our Environmental Goals	61, 77, 78, 79 & 80
ECC40	Disclosure of results measured against previously set and disclosed targets to reduce operational GHG emissions: a) Unquantified, process targets b) Quantified targets	• Performance, Indicators and Targets • Operating Sustainability – Our Environmental Goals	Pages 61, 77, 78, 79 & 80
ECC41	Independent verification of operational GHG emissions data: a) Independent Verification by third party b) International assurance standard used, and level of assurance declared	• Scope of the Report : Assurance	48
ECC42	Independent verification of operational energy consumption data a) Independent Verification by third party b) International assurance standard used, and level of assurance declared	• Scope of the Report : Assurance	48
ECC43	Recognition of climate change: a) As a relevant risk and/or opportunity to the business b) Discloses time horizon of risk and/or opportunity	• Sustainability Risk and Opportunities	63 to 64

FTSE4GOOD CONTENT INDEX

CLIMATE CHANGE (CONT'D)

Reference Indicator	Indicator Description	Reference Section	Pages
ECC49	Scope 3 emissions	• Carbon Emission	77
ECC51	Internal carbon price: a) Company has an internal price of carbon b) Company discloses the price of carbon	• Internal Carbon Pricing	78

LABOUR STANDARDS

Reference Indicator	Indicator Description	Reference Section	Pages
SLS03	In relation to non-discrimination, company: a) Addresses non-discrimination/equal opportunity in general disclosures b) Race c) Religion d) Gender e) Age f) Sexual orientation g) Disabilities h) Nationality	• Equal Opportunity Employer	81 & 88
SLS05	Policy or statement supporting the right to freedom of association that: a) Refers only to compliance with local law on freedom of association b) Covers the respect for or support of the right to freedom of association	• Advocate Freedom of Association • Advocate Freedom of Expression	81 to 82
SLS06	Policy or statement supporting the right to collective bargaining that: a) Refers only to compliance with local law on collective b) Covers the respect for or support of the right to collective bargaining	• Rights to Trade Union and Collective Bargaining	82
SLS07	Policy/Principles/Code addressing the elimination of excessive working hours, which: a) Focuses on compliance with local law on working hours/overtime b) Focuses on specifically reducing excessive working hours	• Discourage Excessive Working Hours	82
SLS08	Policy or statement supporting the right to a minimum or living wage, which: a) Focuses on compliance with minimum wage b) Commits to exceed minimum wage/meet living wage	• Commitment to Exceed Minimum Wage	82
SLS11	Policy supporting the community addressing: a) The employment of under-privileged groups b) Youth unemployment initiatives, apprenticeships or graduate placements	• Corporate Citizenship Commitments • Promoting the Learning Generation • Enabling Youths Through Employment Initiatives • Internship Policy	2, 73 & 74
SLS12	Company policy on labour standards is: a) Communicated globally to employees b) Translated into relevant languages	• Employee Handbook: On-Board Training and Accessibility	83

LABOUR STANDARDS (CONT'D)

Reference Indicator	Indicator Description	Reference Section	Pages
SLS16	Company has taken action to improve workforce diversity, equal opportunities, or reduce discrimination, including those based on: a) Race b) Religion c) Gender d) Age e) Sexual Orientation f) Disabilities g) Nationality	• Cultivating Inclusion and Embracing Diversity	84
SLS21	In relation to instances of labour standards non-compliance, the company: a) Discloses the number of incidents b) Has disclosed specific action taken regarding non-compliance specifying the types of incidents	• Labour Practice, Compliance and Policies and Human Rights	81
SLS24	Full time staff voluntary turnover rates	• Employee Demographic	88
SLS25	Percentage of employees that are contractors or temporary staff	• Internship Programme and Temporary Employment • Employee Demographic	75 & 88
SLS26	Amount of time spent on employee development training to enhance knowledge or individual skills	• Employee Talent Development and Growth	89
SLS29	Employee personnel development training to enhance abilities or individual skills, including: a) Policy or commitment statement to provide employee personnel development training b) Detailed description of the personnel development training that is provided	• Commitment to our Employees • Performance Indicator and Targets • Employee Talent Development and Growth	62, 81 & 89
SLS30	The company addresses bullying and/or harassment: a) Providing a confidential reporting channel or whistleblowing system b) Manager training on handling of reports or instances of bullying or harassment	• Incidents, Whistleblowing and Grievance	83
SLS32	Percentage of global staff with a disability a) Year b) Percentage of global staff with a disability	• Employee Demographic	88
SLS33	Percentage of women in the global workforce a) Year b) Percentage of women in the global workforce	• Employee Demographic	88

FTSE4GOOD CONTENT INDEX

HUMAN RIGHTS & COMMUNITY

Reference Indicator	Indicator Description	Reference Section	Pages
SHR03	Statement of principles or process by which community investments are made: a) Covering defined focus areas b) Community investment focus area(s) linked to the company's business strategy	• Corporate Citizenship Commitments • Philanthropy for Education • Promoting the Learning Generation • Enabling Youths Through Employment Initiatives	72, 73 to 74
SHR04	Policy addresses children's rights, other than child labour through: a) Evidence of support for children's rights in company operations or through programmes b) Policy or commitment statement on children's rights	• Equal Opportunity Employer • Compliance to Regulations and Laws	81 to 82
SHR05	Commitment to local employment and/or sourcing: a) Comment on local employment/sourcing b) Clear commitment	• Cultivating Inclusion and Embracing Diversity • Employee Demographic	81, 84 & 88
SHR06	Addresses freedom of expression through: a) Having a statement/policy b) Being a member of a relevant industry initiative	• Advocate Freedom of Expression • Professional Membership	81 to 82
SHR07	Addresses data privacy through: a) Having a statement/policy b) Being a member of a relevant industry initiative	• Professional Membership • Green ICT Practice • Customer Privacy and Policy	70, 81, 91 & 95
SHR15	Output/outcome of specific results, achievements or benefits of community investments: a) Details of output/outcome including non-quantified b) Quantification of output/outcome	• Philanthropy for Education • Promoting the Learning Generation • Enabling Youths Through Employment Initiatives	72, 73 to 74
SHR16	Mechanisms to facilitate employee engagement and involvement with charitable partners: a) Evidence of recognising volunteering b) Specific targets or structures set up to facilitate employee engagement	• Volunteerism for the Community • Cultivating Inclusion and Embracing Diversity	72 & 84
SHR17	Total Amount of corporate or group donations/community investments made to registered not-for-profit organisations	• Philanthropy for Education	Page 72

CORPORATE GOVERNANCE

Reference Indicator	Indicator Description	Reference Section	Pages
GCG01	Separate Non-Executive Chairman and CEO a) Separate Non-Executive Chairman and CEO, where Chairman is not independent, OR his independence is not declared b) Separate Non-Executive Chairman and CEO, where Chairman is independent	• Board of Directors • Board Composition	NOT APPLICABLE Chairman and CEO are separated. Chairman is independent. 25, 102 to 103
GCG02	Disclosure of details about Directors: a) Expertise b) Other Directorships	• Board of Directors • Board Composition	25, 26, 27 & 28
GCG03	Number of Board Directors	• Board of Directors • Board Composition	102

FTSE4GOOD **CONTENT INDEX**

CORPORATE GOVERNANCE (CONT'D)

Reference Indicator	Indicator Description	Reference Section	Pages
GCG04	Number of independent Directors on the board	• Board of Directors • Board Composition	102
GCG05	Number of women on the board	• Board of Directors • Board Composition	102
GCG06	Commitment to gender diversity on the board: a) Statement of support b) Targets in place to improve gender ratio	• Integrating Sustainability into Corporate Policies • Corporate Governance Overview	93 & 103
GCG07	Board addresses: a) Conflicts of interest b) Related party transactions	• Audit Committee Report	99 & 100
GCG08	Periodic evaluation of board effectiveness: a) Review (can have no clear timeframe) b) Evaluation with a clear timeframe (e.g. annually or other set period)	• Corporate Governance Overview	98 to 99
GCG09	Disclosure of: a) Board Committee(s) b) Their Charters, terms of reference or equivalent	• Board Composition • Board Charter	99 & 102
GCG10	Disclosure of number of times the board/each committee have/has met per annum: a) The Board b) Each Committee	• Board of Directors • Meetings	26 to 28, 99 & 104
GCG11	Disclosure of the attendance rate: a) For some individual board/committee members b) Of all individual directors at both board and committee level	• Board of Directors • Meetings	26 to 28, 99 & 104
GCG14	Disclosure of fixed and variable remuneration for: a) Senior executives b) Non-executive board members	• Corporate Governance Report www.prestariang.com.my	N/A
GCG19	Annual General Meeting: Number of days between the date of notice and date of meeting	• Conduct of General Meetings	114
GCG21	Shareholders have the right to vote on executive remuneration: a) Evidence of shareholders voting in the AGM b) The right to vote annually is explicitly covered in a company policy	• Board Composition	114
GCG22	Shareholders have the right to vote on Director appointments and dismissals: a) Number Evidence of shareholders voting in the AGM b) The right to vote annually for election/re-election of all directors is explicitly covered in a company policy	• Board Charter	104
GCG26	Disclosure of voting results: a) In at least a limited manner b) In a detailed manner	• Board Composition	104
GCG27	Remuneration for senior executives: a) Includes long-term incentives or mechanisms b) Incorporates ESG performance	• Remuneration Policy	110

FTSE4GOOD **CONTENT INDEX**

CORPORATE GOVERNANCE (CONT'D)

Reference Indicator	Indicator Description	Reference Section	Pages
GCG40	Claw-back or malus provision exists for remuneration: a) Applies to CEO b) Applies to CEO and to one or more senior executives	• Remuneration Policy	110 to 111
GCG42	Does the company provide for one share one vote for all company meeting resolutions?	*Yes* • Poll Voting	114
GCG43	If the company does not have a separate Non-Executive Chairman and CEO, does it have a Lead Director or Senior Independent Director?	*Not Applicable*	*Not Applicable*
GCG44	Financial expertise on the audit committee: a) At least one independent financial expert on the audit committee b) A majority of independent financial experts on the audit committee	• Audit Committee	26 to 28
GCG46	There is a fully non-executive Audit Committee or Audit Board with: a) At least half independent members: b) All independent members	• Audit Committee	107
GCG47	There is a fully non-executive Remuneration Committee with: a) At least half independent members b) All independent members	• Remuneration Committee	109
GCG48	In relation to executive remuneration, the company discloses: a) High level principles b) A detailed process for setting remuneration	• Remuneration Policy	110
GCG49	Disclosure and Nature of fees paid to the auditor: a) Audit and non-audit fees are separately disclosed b) Amount of audit fees exceeds the amount of non-audit fees in the last fiscal year	• Statement of Risk Management and Internal Control	119

PRESTARIANG®
(922260-K)

70-73, NeoCyber
Lingkaran Cyber Point Barat
63000 Cyberjaya
Selangor Darul Ehsan

+603 8314 8400

+603 8318 9280

www.prestariang.com.my

This annual report is printed on eco-friendly paper.