



# **PRESTARIANG BERHAD**

(922260-K)

(Incorporated in Malaysia)

## **Unaudited Interim Financial Report For The Third Quarter Ended 30 September 2017**

**PRESTARIANG BERHAD (922260-K)**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017**

	Note	Individual Quarter		Cumulative Period	
		Current Year Quarter 30/9/2017 RM'000	Preceding Year Quarter 30/9/2016 RM'000	Current Year To Date 30/9/2017 RM'000	Preceding Year To Date 30/9/2016 RM'000
Revenue		48,474	17,840	147,579	107,356
Cost of sales		(34,794)	(11,962)	(112,754)	(81,820)
Gross profit		13,680	5,878	34,825	25,536
Other income		486	372	1,651	2,437
Administrative expenses		14,166	6,250	36,476	27,973
Other expenses		(5,188)	(5,193)	(15,360)	(16,944)
Finance costs		(453)	(326)	(1,341)	(1,161)
Profit before taxation	B5	(53)	-	(218)	(58)
Income tax expense	B6	8,472	731	19,557	9,810
Profit after taxation		(1,372)	-	(3,339)	(2,335)
Other comprehensive income		7,100	731	16,218	7,475
		-	-	-	-
<b>Total comprehensive income for the financial period</b>		<b>7,100</b>	<b>731</b>	<b>16,218</b>	<b>7,475</b>
<b>Profit after taxation attributable to:-</b>					
- Owners of the Company		4,571	731	13,604	7,475
- Non-controlling interest		2,529	-	2,614	-
		<b>7,100</b>	<b>731</b>	<b>16,218</b>	<b>7,475</b>
<b>Total comprehensive income attributable to:</b>					
- Owners of the Company		4,571	731	13,604	7,475
- Non-controlling interest		2,529	-	2,614	-
		<b>7,100</b>	<b>731</b>	<b>16,218</b>	<b>7,475</b>
<b>Earnings Per Share attributable to owners of the Company (Sen)</b>					
- Basic	B13	0.94	0.15	2.81	1.54
- Diluted		-	-	-	-

The above Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2016 and the accompanying notes attached to the interim financial statements.

**PRESTARIANG BERHAD (922260-K)**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2017**

	Note	Unaudited As at 30/9/2017 RM'000	Audited As at 31/12/2016 RM'000
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property and equipment		32,001	12,086
Development costs		9,841	7,341
Deferred tax assets		1,154	1,154
		42,996	20,581
<b>CURRENT ASSETS</b>			
Inventories		5,236	2,512
Trade and other receivables		99,149	64,783
Financial Assets		29,995	-
Short-term investments		31,978	51,496
Cash and bank balances		26,144	57,868
Current tax assets		1,589	1,162
		194,091	177,821
<b>TOTAL ASSETS</b>		237,087	198,402
<b>LIABILITIES AND EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables		50,550	35,347
Borrowings	<b>B8</b>	30	73
		50,580	35,420
<b>NET CURRENT ASSETS</b>		143,511	142,401
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	<b>B8</b>	19,972	309
Deferred tax liabilities		1,173	1,173
		21,145	1,482
<b>TOTAL LIABILITIES</b>		71,725	36,902
<b>NET ASSETS</b>		165,362	161,500
<b>EQUITY</b>			
Share capital		123,112	48,400
Other reserve		(17,578)	57,892
Retained profits	<b>B10</b>	56,290	54,749
Total equity attributable to owners of the Company		161,824	161,041
Non-controlling interest		3,538	459
<b>TOTAL EQUITY</b>		165,362	161,500
<b>TOTAL LIABILITIES &amp; EQUITY</b>		237,087	198,402
<b>NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (SEN)</b>		34.17	33.37

The above Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2016 and the accompanying notes attached to the interim financial statements.

**PRESTARIANG BERHAD (922260-K)**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGE IN EQUITY**  
**FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017**

	←-----Non-distributable ----->				Distributable	Attributable to owners of the Company	Non-controlling Interest	Total Equity
	Share Capital	Share Premium	Treasury shares	Merger Deficit	Retained Profits	RM'000	RM'000	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000			
<b>At 31 December 2015/1 January 2016</b>	48,400	74,712	(1,203)	(14,212)	61,562	169,259	295	169,554
Profit after taxation / Total comprehensive income	-	-	-	-	8,884	8,884	164	9,048
Transaction with owners of the Company:-								
-Purchase of treasury shares	-	-	(1,405)	-	-	(1,405)	-	(1,405)
-Dividends paid	-	-	-	-	(15,697)	(15,697)	-	(15,697)
Changes in ownership interest in subsidiary that do not result in loss of control	-	-	(1,405)	-	(15,697)	(17,102)	-	(17,102)
Total transaction with owners of the Company	-	-	(1,405)	-	(15,697)	(17,102)	-	(17,102)
<b>At 31 December 2016 / 1 January 2017</b>	<b>48,400</b>	<b>74,712</b>	<b>(2,608)</b>	<b>(14,212)</b>	<b>54,749</b>	<b>161,041</b>	<b>459</b>	<b>161,500</b>
Adjustment for effects of Companies Act 2016 ( <b>Note a</b> )	74,712	(74,712)	-	-	-	-	-	-
Profit after taxation / Total comprehensive income	-	-	-	-	13,604	13,604	2,614	16,218
Transaction with owners of the Company:-								
-Purchase of treasury shares	-	-	(758)	-	-	(758)	-	(758)
-Dividends paid	-	-	-	-	(12,063)	(12,063)	-	(12,063)
Total transaction with owners of the Company	-	-	(758)	-	(12,063)	(12,821)	-	(12,821)
Subscription of shares in a subsidiary company by non-controlling interest	-	-	-	-	-	-	465	465
<b>At 30 September 2017</b>	<b>123,112</b>	<b>-</b>	<b>(3,366)</b>	<b>(14,212)</b>	<b>56,290</b>	<b>161,824</b>	<b>3,538</b>	<b>165,362</b>

**Note a:** Pursuant to Section 618(2) of the Companies Act 2016 ("CA2016"), any amount standing to the credit of the share premium account shall become part of the share capital. Notwithstanding this, the Group may within 24 months upon commencement of the CA2016, use the amount standing to the credit of the share premium account of RM74,712,000 for the purpose set out in Section 618(3) of the CA2016.

The above Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2016 and the accompanying notes attached to the interim financial statements.

**PRESTARIANG BERHAD (922260-K)**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017**

	<b>Current Year To Date 30/9/2017 RM'000</b>	<b>Preceding Year To Date 30/9/2016 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	19,557	9,810
Adjustments for:		
Depreciation of property and equipment	1,341	1,260
Fair value on short term investment	-	(1,046)
Profit income received from deposits with licensed islamic banks	(12)	(14)
Interest expense	57	-
Interest income	(1,534)	(2,016)
Operating profit before working capital changes	<u>19,409</u>	<u>7,994</u>
Operating profit before working capital changes:-		
Changes in inventories	(2,724)	(159)
Changes in trade and other receivables	(88,876)	(30,056)
Changes in amount owing by contract customers	24,515	(4,031)
Changes in trade and other payables	18,826	(6,747)
<b>CASH USED IN OPERATING ACTIVITIES</b>	<u>(28,850)</u>	<u>(32,999)</u>
Interest paid	(57)	-
Income tax paid	(3,768)	(3,574)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<u>(32,675)</u>	<u>(36,573)</u>
<b>CASH FLOWS FOR INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(21,256)	(313)
Profit income received from deposits with licensed islamic banks	12	14
Interest received	1,534	2,016
Development costs paid	(2,500)	(758)
Net decrease/(increase) in short term investments	19,518	(2,000)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<u>(2,692)</u>	<u>(1,041)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of hire purchase obligation	(253)	-
Repayment of term loan	-	(715)
Dividends paid	(15,683)	(12,077)
Proceeds from issuance of shares to NCI in subsidiary	465	-
Proceeds from bank borrowing	19,872	-
Acquisition of treasury shares by the Company	(758)	(1,369)
<b>NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES</b>	<u>3,643</u>	<u>(14,161)</u>
Net decrease in cash and cash equivalents	(31,724)	(51,775)
Cash and cash equivalents at beginning of the financial period	55,170	85,099
<b>CASH AND CASH EQUIVALENT AT END OF THE FINANCIAL PERIOD</b>	<u>23,446</u>	<u>33,324</u>
<b>CASH AND CASH EQUIVALENT AT END OF THE FINANCIAL PERIOD COMPRISES THE FOLLOWING:-</b>		
Cash and bank balances	5,481	3,551
Deposits with licensed banks	20,663	32,473
	<u>26,144</u>	<u>36,024</u>
Less: Deposits pledged with licensed banks	(2,698)	(2,700)
	<u>23,446</u>	<u>33,324</u>

The above Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2016 and the accompanying notes attached to the interim financial statements.

**NOTES TO THE INTERIM FINANCIAL REPORT**

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

**A1. BASIS OF PREPARATION**

These condensed consolidated interim financial statements have been prepared in accordance with the requirement of Malaysian Financial Reporting Standards (“MFRSs”) 134, Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirement of Bursa Malaysia Securities Berhad. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2016.

The accounting policies and methods of computation by the Group in this interim financial statement are consistent with those adopted in the financial statements for the year ended 31 December 2016 excepts for those standards, amendments and interpretations which are effective from the annual period beginning on or after 1 January 2017. The adoption of these standards, amendments and interpretations has no material impact to these interim financial statements. The explanatory notes attached to the Interim Financial Statements provide an explanation of events and transactions that are significant for an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2016.

**Companies Act 2016**

The Companies Act 2016 (“New Act”) was enacted to replace the Companies Act 1965 with the objectives to create a legal and regulatory structure that will facilitate business and promote accountability as well as protection of corporate directors and shareholders, taking into consideration the interest of other stakeholders.

Amongst the key changes introduced in the New Act which will affect the financial statements of the Group upon the commencement of the New Act on 31 January 2017 includes:

- Removal of the authorised share capital
- Shares of the Company will cease to have par or nominal value
- The Company’s share premium account will become part of the Company’s share capital

The adoption of the New Act did not have any financial impact to the financial statements of the Group, if applicable, the effect of adoption mainly will be on disclosure to the annual report and financial statements.

**A2. CHANGES IN ACCOUNTING POLICIES**

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

**MFRSs, Interpretations and Amendments effective for annual periods beginning on or after 1 January 2018**

- Amendments to MFRS 2, Classification and Measurement of Share-based Payment Transactions
- Amendments to MFRS 4, Insurance Contracts: Applying MFRS 9, Financial Instruments with MFRS 4, Insurance Contracts
- MFRS 9, Financial Instruments (2014)
- MFRS 15, Revenue from Contracts with Customers
- Clarifications to MFRS 15, Revenue from Contract with Customers
- IC Interpretation 22, Foreign Currency Transactions and Advance Consideration
- Amendments to MFRS 140, Transfer of Investment Property

**MFRSs, Interpretations and Amendments effective for annual periods beginning on or after 1 January 2019**

- MFRS 16, Leases

**MFRSs, Interpretations and Amendments effective for a date yet to be confirmed**

- Amendments to MFRS 10, Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impacts to the financial statements of the Group, excepts MFRS 9 and MFRS 15.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 15, MFRS 9 and MFRS 16.

**PRESTARIANG BERHAD (922260-K)**  
**UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2017**

**A3. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS**

The auditors' report on the audited annual financial statements for the financial year ended 31 December 2016 was not qualified.

**A4. SEASONAL OR CYCLICAL FACTORS**

The third quarter is typically affected by the low demand in the software business except for Competency Enhancement Program (CEP) for participating civil servants and the delivery of the programme is based on the pre agreed schedules.

**A5. ITEMS OF UNUSUAL NATURE, SIZE OR INCIDENT**

There was no material unusual items or events affecting the assets, liabilities, equity, net income or cash flow during the current financial period ended 30 September 2017.

**A6. CHANGES IN ESTIMATES**

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

**A7. CHANGES IN DEBT AND EQUITY SECURITIES**

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

During the current quarter, the Company has purchased its own shares as follows: -

Month	No of share purchased (unit)	Purchase price per		Average cost per share RM	Total cost RM'000
		Lowest RM	Highest RM		
Balance b/f	1,456,700			1.98	2,882
Jul-17	241,800	1.91	2.08	2.00	484
Balance c/f	1,698,500			1.98	3,366

These shares were retained as treasury shares and there is no resale or cancellation of the treasury shares.

**A8. VALUATION OF PROPERTY AND EQUIPMENT**

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



**PRESTARIANG BERHAD (922260-K)**  
**UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2017**

**A9. CAPITAL COMMITMENT**

Capital commitment for purchase of property and equipment not provided for in the condensed report as at the end of the financial period is as follows:

	<b>Contracted but not provided for RM'000</b>
Building	<u>11,407</u>

**A10. DIVIDENDS PAID**

	<b>9 months ended</b>	
	<b>30/9/2017</b>	<b>30/9/2016</b>
	<b>RM'000</b>	<b>RM'000</b>
In respect of the financial year ended 31 December 2015:		
- declared as fourth interim tax-exempt dividend of 1.0 sen per ordinary share	-	4,833
In respect of the financial year ended 31 December 2016:		
- declared a first interim tax-exempt dividend of 0.75 sen per ordinary share	-	3,623
- declared a second interim tax-exempt dividend of 0.75 sen per ordinary share	-	3,621
- declared as fourth interim tax-exempt dividend of 0.75 sen per ordinary share	3,620	-
In respect of the financial year ended 31 December 2017:		
- declared as first interim tax-exempt dividend of 0.75 sen per ordinary share	3,620	-
- declared as second interim tax-exempt dividend of 1.0 sen per ordinary share	4,823	-
Total dividends paid	<u>12,063</u>	<u>12,077</u>

**A11. SEGMENTAL INFORMATION**

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

- a) **Software & Services and Academy** - distribution and managing the software licensing and providing the ICT and O&G training and certification.
- b) **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.
- c) **Education** – provide specialised computer science and engineering education. It offers computer studies ranges from foundation, diploma, degree, post graduate masters and PhD.
- d) **Employment services** – Human resource management services for foreign workers' recruitment and documentation services.
- e) **Others** – Comprise the holding company which involved in activity of investment holding and its subsidiary companies.

**PRESTARIANG BERHAD (922260-K)**  
**UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2017**

**A11. SEGMENTAL INFORMATION (CONT'D)**

	RESULTS FOR 3 MONTHS ENDED 30 SEPT 2017						RESULTS FOR 3 MONTHS ENDED 30 SEPT 2016						
	ICT Services and Distribution RM'000	Concession RM'000	Education RM'000	Employment Services RM'000	Other RM'000	Total RM'000	ICT Services and Distribution RM'000	Concession RM'000	Education RM'000	Employment Services RM'000	Other RM'000	Total RM'000	
<b>Revenue</b>							<b>Revenue</b>						
External revenue	15,291	29,995	1,783	1,405	-	48,474	External revenue	15,842	-	707	1,291	-	17,840
Inter-segment revenue	-	-	-	-	4,823	4,823	Inter-segment revenue	-	-	-	-	3,621	3,621
Segment revenue	15,291	29,995	1,783	1,405	4,823	53,297	Segment revenue	15,842	-	707	1,291	3,621	21,461
Consolidation adjustments						(4,823)	Consolidation adjustments						(3,621)
Consolidated revenue						48,474	Consolidated revenue						17,840
<b>Results</b>							<b>Results</b>						
Segment profit/(loss) before interest and taxation	2,324	8,399	(1,782)	151	4,256	13,348	Segment profit/(loss) before interest and taxation	3,050	-	(1,645)	106	2,841	4,352
Finance costs						(53)	Finance costs						-
Consolidation adjustments						(4,823)	Consolidation adjustments						(3,621)
Consolidated profit before taxation						8,472	Consolidated profit before taxation						731

**PRESTARIANG BERHAD (922260-K)**  
**UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2017**

**A11. SEGMENTAL INFORMATION (CONT'D)**

	RESULTS FOR 9 MONTHS ENDED 30 SEPT 2017						RESULTS FOR 9 MONTHS ENDED 30 SEPT 2016					
	ICT Services and Distribution RM'000	Concession RM'000	Education RM'000	Employment Services RM'000	Other RM'000	Total RM'000	ICT Services and Distribution RM'000	Concession RM'000	Education RM'000	Employment Services RM'000	Other RM'000	Total RM'000
<b>Revenue</b>							<b>Revenue</b>					
External revenue	109,454	29,995	4,022	4,108	-	147,579	102,448	-	1,843	3,065		107,356
Inter-segment revenue	-	-	-	-	12,063	12,063	-	-	-	-	12,077	12,077
Segment revenue	109,454	29,995	4,022	4,108	12,063	159,642	102,448	-	1,843	3,065	12,077	119,433
Consolidation adjustments						(12,063)						(12,077)
Consolidated revenue						147,579						107,356
<b>Results</b>							<b>Results</b>					
Segment profit/(loss)							Segment profit/(loss)					
before interest and taxation	17,146	8,399	(4,064)	430	9,927	31,838	16,154	-	(4,778)	296	10,273	21,945
Finance costs						(218)						(58)
Consolidation adjustments						(12,063)						(12,077)
Consolidated profit before taxation						19,557						9,810

**A12. MATERIAL EVENTS SUBSEQUENT TO THE END OF INTERIM PERIOD**

In the opinion of the Board of Directors, there were no items, transactions or events of a material and unusual nature that have arisen since 30 September 2017 to the date of this announcement which would substantially affect the financial results of the Group for the nine months ended that have not been reflected in the condensed financial statements.

**A13. CHANGES IN COMPOSITION OF THE GROUP**

There were no other changes in the composition of the Group during the current financial quarter, except as disclosed below:-

- a) On 27 July 2017, Prestariang Capital Sdn. Bhd. (“PCSB”), was incorporated with the issued share capital of RM100. The principal activity of PCSB is an investment holding company. As a result, PCSB became a wholly-owned subsidiary of the Company.
- b) On 13 July 2017, Prestariang Berhad had acquired 70 ordinary shares in Prestariang Services Sdn Bhd (“PServices”), representing 70% of the total issued share capital of PServices, at a total consideration of RM70.00 from Dr. Abu Hasan Bin Ismail. PServices on 14 July 2017 subsequently increased its Share Capital to RM1.0 million. PServices has two wholly-owned subsidiaries, Prestariang SKIN Sdn Bhd (“PSKIN”) and Prestariang Tech Services Sdn Bhd (“PTech”). Subsequent to the acquisition, PServices, PSKIN and PTech became subsidiaries of the Company.

**A14. CONTINGENT LIABILITIES OR CONTINGENT ASSETS**

There were no material contingent liabilities or contingent assets to be disclosed as at the date of this report.

**A15. SIGNIFICANT RELATED PARTY TRANSACTIONS**

The Group's related party transactions during the financial period were as follow:-

	<b>Current Year To-Date RM'000</b>
Kumpulan Wang Persaraan (Diperbadankan) (“KWAP”) – substantial shareholders	
Sales of software licence under Master Licence Agreement 2.0 (MLA 2.0)	959

**PRESTARIANG BERHAD (922260-K)**  
**UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2017**

**NOTES TO THE INTERIM FINANCIAL REPORT**

**PART B – ADDITIONAL INFORMATION AS REQUIRED BY MAIN MARKET LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD (PART A OF APPENDIX 9B)**

**B1. OPERATING SEGMENTS REVIEW**  
**Q317 vs. Q316**

	INDIVIDUAL QUARTER				CUMULATIVE QUARTER			
	Current Quarter 30.09.2017 RM'000	Preceding Year Quarter 30.09.2016 RM'000	Variance RM'000	(%)	Current Year to Date 30.09.2017 RM'000	Preceding Year to Date 30.09.2016 RM'000	Variance RM'000	(%)
<b><u>Segmental Revenue:</u></b>								
Software & Services and Academy								
- Software & Services	15,291	12,042	3,249	27%	105,002	94,625	10,377	11%
- Academy	-	3,800	(3,800)	-100%	4,452	7,823	(3,371)	-43%
	15,291	15,842	(551)	-3%	109,454	102,448	7,006	7%
Education	1,783	707	1,076	>100%	4,022	1,843	2,179	>100%
Employment services	1,405	1,291	114	9%	4,108	3,065	1,043	34%
Concession	29,995	-	29,995	n/a	29,995	-	29,995	n/a
Others	4,823	3,621			12,063	12,077		
	53,297	21,461	31,836	>100%	159,642	119,433	40,209	34%
Inter-segment Elimination	(4,823)	(3,621)			(12,063)	(12,077)		
<b>Group</b>	<b>48,474</b>	<b>17,840</b>	<b>30,634</b>	<b>&gt;100%</b>	<b>147,579</b>	<b>107,356</b>	<b>40,223</b>	<b>37%</b>
<b><u>Profit Before Taxation</u></b>								
Software & Services and Academy	2,271	3,049	(778)	-26%	17,004	16,096	908	6%
Education	(1,782)	(1,645)	(137)	-8%	(4,139)	(4,778)	639	13%
Employment Services	151	106	45	42%	430	296	134	45%
Concession	8,399	-	8,399	n/a	8,399	-	8,399	n/a
Others	4,256	2,842	1,414	50%	9,926	10,273	(347)	-3%
Inter-segment Elimination	(4,823)	(3,621)			(12,063)	(12,077)		
<b>Group</b>	<b>8,472</b>	<b>731</b>	<b>7,741</b>	<b>&gt;100%</b>	<b>19,557</b>	<b>9,810</b>	<b>9,747</b>	<b>99%</b>

**B1. OPERATING SEGMENTS REVIEW (CONT'D)**

**Q317 vs. Q316 (cont'd)**

The Group registered a higher revenue of RM48.5 million for the current quarter compared to RM17.8 million recorded in previous year corresponding quarter. The higher revenue of RM30.7 million or >100% increase was mainly contributed by recognition of revenue from Sistem Keselamatan Imigresen Nasional ("SKIN") project. The recognition of the revenue is in accordance of IC12 – Service Concession Arrangements and based on the percentage of work completion.

The Group's PBT for the current quarter was RM8.4 million, >100% higher than the corresponding quarter of last year, due to flow through of higher revenue generated during the quarter, mainly contributed by the SKIN Project.

**YTD17 vs. YTD16**

The Group's revenue for YTD17 was RM147.6 million, higher by RM40.2 million or 37% compared to RM107.4 million in YTD16. The YTD revenue was higher than last year due to recognition of revenue to SKIN Project and better contribution from existing segments i.e. Software & Services and Academy.

The Group's PBT increased by RM9.7 million or 99% higher compared to previous year mainly due to better performance by the Education and Employment Services segments and recognition of profit by SKIN project. The Group's current and previous year's PBT was RM19.5 million and RM9.8 million, respectively.

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**B2. COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S RESULTS**

**Q317 vs. Q217**

	<b>Current Quarter 30.09.2017 RM'000</b>	<b>Immediate Preceding Quarter 30.06.2017 RM'000</b>	<b>Variance RM'000 (%)</b>	
<b><u>Segmental Revenue:</u></b>				
Software & Services and Academy				
- Software & Services	15,291	50,582	(35,291)	-70%
- Academy	-	1,996	(1,996)	-100%
	15,291	52,578	(37,287)	-71%
Education	1,783	1,513	270	18%
Employment services	1,405	1,120	285	25%
Concession	29,995	-	29,995	n/a
Others	4,823	3,620	1,203	33%
	53,297	58,831	(5,534)	-9%
Inter-segment Elimination	(4,823)	(3,620)		
<b>Group</b>	48,474	55,211	(6,737)	-12%
<b><u>Profit Before Taxation</u></b>				
Software & Services and Academy	2,271	9,054	(6,783)	-75%
Education	(1,782)	(950)	(832)	-88%
Employment services	151	13	138	>100%
Concession	8,399	-	8,399	n/a
Others	4,256	2,767	1,489	54%
Inter-segment Elimination	(4,823)	(3,620)		
<b>Group</b>	8,472	7,264	1,208	17%

The Group's revenue for the current quarter of RM48.5 million, RM6.7 million or 12% lower than the preceding quarter of RM55.2 million. The lower revenue recorded in the current quarter was due to lower contribution Software & Services.

The Group recorded higher PBT for the current quarter of RM8.4 million an increase of RM1.2 million or 17% higher than the preceding quarter of RM7.2 million. The higher PBT was mainly contributed by contribution from Concession segment.



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**B3. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2017**

With the commencement of the implementation of the project SKIN and continuous improvement of the operational efficiencies of existing businesses, the Group is projected to perform better for the financial year ending 2017.

In line with Prestariang Berhad's strategic direction, the Group has embarked into new transformational business namely EduCloud to drive sustainable growth and profitability.

**B4. VARIANCE ON PROFIT FORECAST/PROFIT GUARANTEE**

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

**B5. PROFIT BEFORE TAXATION**

Profit before taxation is derived after taking into consideration of the following:

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>Current Year Quarter</u>	<u>Preceding Year Quarter</u>	<u>Current Year To Date</u>	<u>Preceding Year To Date</u>
	<u>30/9/2017</u>	<u>30/9/2016</u>	<u>30/9/2017</u>	<u>30/9/2016</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Interest income	(427)	(480)	(1,534)	(2,016)
Interest expense	48	-	57	-
Depreciation and amortisation	453	326	1,341	1,161
Net Foreign exchange (gain)/loss	(21)	112	(33)	(390)

**B6. INCOME TAX EXPENSE**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30/9/2017 RM'000	Preceding Year Quarter 30/9/2016 RM'000	Current Year To Date 30/9/2017 RM'000	Preceding Year To Date 30/9/2016 RM'000
Malaysia tax:				
- for the current year	1,372	-	3,339	2,335
	<u>1,372</u>	<u>-</u>	<u>3,339</u>	<u>2,335</u>

Prestariang Systems Sdn. Bhd. ("PSSB"), the main subsidiary of the Group has been granted the Customised Incentive for its New MSC Malaysia activities pursuant to the Income Tax (Exemption) (No.11) Order 2006 [PU(A)112/2006]. PSSB will enjoy 30% exemption from income tax on its statutory income from the approved businesses for five years, effective from January 2017 to December 2021.

The effective tax rate for the current quarter is lower than the statutory income tax rate mainly due to above exemption.

**B7. STATUS OF CORPORATE PROPOSALS**

- a) Prestariang Capital Sdn Bhd ("PCapital"), a wholly-owned subsidiary of the Company had on 5 September 2017 entered into a Subscription agreement ("Agreement") with OpenLearning Global Pte Ltd ("OGPL") and Adam Maurice Brimo, for the subscription of up to 5,000,000 new "A" Ordinary Shares ("A Shares") of OGPL and 3,069,578 convertible preference shares ("CPS") ("Subscription"), for the purpose of venturing into the higher education cloud-based markets both domestically and regionally.

On 3 November 2017, PCapital completed the first tranche subscription shares of 3,000,000 A Shares and the 3,069,578 CPS at the subscription price of AUD\$ 3,000,000 and AUD\$1.00 in respect of the 3,069,578 CPS. Upon completion of the subscription, PCapital hold 10.714% interest in OGPL.

The second tranche subscription shares of 2,000,000 A Shares shall be subscribed by PCapital on the second tranche completion date which shall be the business day falling fourteen (14) days following the PCapital receipt of the management accounts of OGPL and its subsidiaries for the financial year ending 2017, at the subscription price of AUD\$ 2,000,000. After this subscription, PCapital shall have 16.67% interest in OGPL assuming there are no follow on Series B investors.

The final equity interest of the PCapital shall be determined based on a performance band that is if OGPL group achieving a consolidated profit after tax of AUD\$ 9,000,000 for the twelve months ending 31 December 2020, the Subscriber 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%.

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- b) On 19 November 2014, Prestariang had accepted the terms of Letter of Intent (“LOI”) from Majlis Amanah Rakyat (“MARA”) expressing MARA’s intention to acquire thirty percent (30%) interest in Prestariang Education Sdn Bhd (PESB), a wholly-owned subsidiary of the Company, the entity that established University Malaysia of Computer Science & Engineering (“UniMy”).

During the period under review, the Company is in the midst of finalizing the terms and conditions of the agreement.

**B8. BORROWINGS**

The Group’s borrowing and debts securities as at 30 September 2017 are as follows:

	Long term borrowing			Short term borrowing			Total (RM'000)
	Secured	Unsecured	Total	Secured	Unsecured	Total	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b><u>Borrowings</u></b>							
- Hire purchase payables	100	-	100	30	-	30	130
- Term Loan	19,872	-	19,872	-	-	-	19,872
<b>Total</b>	<b>19,972</b>	<b>-</b>	<b>19,972</b>	<b>30</b>	<b>-</b>	<b>30</b>	<b>20,002</b>

**B9. MATERIAL LITIGATION**

There was no material litigation as at the date of issuance of this quarterly report.

**B10. FAIR VALUE HIERARCHY**

There were no transfers between any levels of the fair value hierarchy took place during the current quarter and the comparative period. There was also no change in the purpose of any financial asset that subsequently resulted in a different classification of that asset.

**B11. PROPOSED DIVIDEND**

On 23 November 2017, The Board of Directors declared a third interim single-tier exempt dividend of 0.5 sen per ordinary share amounting to RM2.4 million in respect of the financial year ending 31 December 2017.

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**B12. REALISED AND UNREALISED PROFITS**

	<b>As at 30.09.2017 RM'000</b>	<b>As at 30.09.2016 RM'000</b>
Total retained profits		
- Realised	53,917	54,518
- Unrealised	<u>-</u>	<u>-</u>
	53,917	54,518
Add: Consolidated adjustments	<u>2,373</u>	<u>2,442</u>
Total Group retained earnings as per consolidated accounts	<u>56,290</u>	<u>56,960</u>

**B13. EARNINGS PER SHARE**

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<b>Current Year Quarter 30/9/2017</b>	<b>Preceding Year Quarter 30/9/2016</b>	<b>Current Year To Date 30/9/2017</b>	<b>Preceding Year To Date 30/9/2016</b>
Total comprehensive income attributable to owners of the Company (RM'000)	4,571	731	13,604	7,475
Weighted average number of ordinary shares in issue ('000)	484,000	484,000	484,000	484,000
Basic earning per share (sen)	0.94	0.15	2.81	1.54

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**B14. AUTHORISED FOR ISSUE**

The interim financial report was authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 23 November 2017.

**BY ORDER OF THE BOARD**

**CHUA SIEW CHUAN (MAICSA 0777689)**

**LIM LIH CHAU (LS 0010105)**

Secretaries

**Kuala Lumpur**

**23 November 2017**