



PRESTARIANG BERHAD

(922260-K)

(Incorporated in Malaysia)

**Unaudited Interim Financial Report
For the Quarter and Period Ended 30 June 2019**

PRESTARIANG BERHAD (922260-K)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE QUARTER AND PERIOD ENDED 30 JUNE 2019**

	Note	Individual Quarter		Cumulative Period	
		Current Year Quarter 30/6/2019 RM'000	Preceding Year Quarter 30/6/2018 RM'000	Current Year To Date 18 months 30/6/2019 RM'000	Preceding Year To Date 12 months 31/12/2017 RM'000 (Restated)
Revenue		121,982	55,924	367,317	141,453
Cost of sales		(80,161)	(38,742)	(258,966)	(109,338)
Gross profit		41,821	17,182	108,351	32,115
Other income		875	311	2,721	2,725
Administrative expenses		42,696	17,493	111,072	34,840
Other expenses		(16,670)	(9,162)	(54,435)	(24,136)
Finance costs		(26,058)	(981)	(33,404)	(7,391)
		(1,938)	(438)	(5,366)	(479)
(Loss)/Profit before taxation	B5	(1,970)	6,912	17,867	2,834
Income tax expense	B6	(9,624)	(4,298)	(26,910)	(6,806)
(Loss)/Profit after taxation		(11,594)	2,614	(9,043)	(3,972)
Other comprehensive income		(7,300)	-	(7,300)	-
Total comprehensive income for the financial period		(18,894)	2,614	(16,343)	(3,972)
(Loss)/Profit after taxation attributable to:-					
- Owners of the Company		(17,439)	529	(21,271)	(2,199)
- Non-controlling interest		5,845	2,085	12,228	(1,773)
		(11,594)	2,614	(9,043)	(3,972)
Total comprehensive income attributable to:					
- Owners of the Company		(17,439)	529	(21,271)	(2,199)
- Non-controlling interest		5,845	2,085	12,228	(1,773)
		(11,594)	2,614	(9,043)	(3,972)
Earnings Per Share attributable to owners of the Company (Sen)					
- Basic	B12	(3.60)	0.11	(4.39)	(0.45)

On 3 December 2018, The Company announced to change the financial year from 31 December to 31 March and later on 28 February 2019, an announcement made to change the financial year from 31 March to 30 June. The current reporting financial period will be for a period of 3 months and 18 months, made up from 1 April 2019 to 30 June 2019 and from 1 January 2018 to 30 June 2019, respectively.

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 2017 and the accompanying notes attached to the interim financial statements.

PRESTARIANG BERHAD (922260-K)
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Note	Unaudited As at 30/6/2019 RM'000	Restated As at 31/12/2017 RM'000
ASSETS			
NON-CURRENT ASSETS			
Property and equipment		19,768	37,246
Investment properties		35,089	-
Other investment		8,757	9,885
Development costs		54	6,051
		63,668	53,182
CURRENT ASSETS			
Contract costs		19,216	45,175
Trade and other receivables		205,911	51,431
Short-term investments		40	26,504
Cash and bank balances		6,652	44,782
		231,819	167,892
TOTAL ASSETS		295,487	221,074
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Trade and other payables		94,390	54,423
Borrowings	B8	27,074	878
Current tax liabilities		177	1,036
		121,641	56,337
NON-CURRENT LIABILITIES			
Borrowings	B8	36,294	21,976
Deferred tax liabilities		16,922	-
		53,216	21,976
TOTAL LIABILITIES		174,857	78,313
NET ASSETS		120,630	142,761
EQUITY			
Share capital		119,700	119,700
Other reserve		(14,166)	(14,166)
Fair value reserve		(7,300)	-
Retained profits		11,016	38,075
Total equity attributable to owners of the Company		109,250	143,609
Redeemable convertible preference shares		237	237
Non-controlling interest		11,143	(1,085)
TOTAL EQUITY		120,630	142,761
TOTAL LIABILITIES & EQUITY		295,487	221,074
NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (SEN)		22.57	29.67

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PRESTARIANG BERHAD (922260-K)
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGE IN EQUITY
FOR THE QUARTER AND PERIOD ENDED 30 JUNE 2019

	Non-distributable					Distributable				
	Share Capital RM'000	Share Premium RM'000	Treasury shares RM'000	Fair Value Reserve RM'000	Merger Deficit RM'000	Retained Profits RM'000	Attributable to owners of the Company RM'000	Redeemable Convertible Preference Shares RM'000	Non-controlling Interest RM'000	Total Equity RM'000
At 31 December 2016/1 January 2017	48,400	74,712	(2,608)	-	(14,212)	54,749	161,041	-	459	161,500
Loss after taxation / Total comprehensive income	-	-	-	-	-	(2,199)	(2,199)	-	(1,773)	(3,972)
Transaction with owners of the Company:-										
- Purchase of treasury shares	-	-	(758)	-	-	-	(758)	-	-	(758)
- Incorporation of subsidiaries	-	-	-	-	-	-	-	-	229	229
- Transfer to share capital upon implementation of the Company Act 2016	71,300	(74,712)	-	-	3,412	-	-	-	-	-
-Dividends paid	-	-	-	-	-	(14,475)	(14,475)	-	-	(14,475)
Total transaction with owners of the Company	71,300	(74,712)	(758)	-	3,412	(14,475)	(15,233)	-	229	(15,004)
Subscription of shares in a subsidiary company by non-controlling interest	-	-	-	-	-	-	-	237	-	237
Restated balance at 31 December 2017 / 1 January 2018	119,700	-	(3,366)	-	(10,800)	38,075	143,609	237	(1,085)	142,761
Loss after taxation / Total comprehensive income	-	-	-	-	-	(21,271)	(21,271)	-	12,228	(9,043)
Transaction with owners of the Company:-										
- Fair value changes of financial assets	-	-	-	(7,300)	-	-	(7,300)	-	-	(7,300)
-Dividends paid	-	-	-	-	-	(5,788)	(5,788)	-	-	(5,788)
Total transaction with owners of the Company	-	-	-	(7,300)	-	(5,788)	(13,088)	-	-	(13,088)
At 30 June 2019	119,700	-	(3,366)	(7,300)	(10,800)	11,016	109,250	237	11,143	120,630

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.

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PRESTARIANG BERHAD (922260-K)
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE QUARTER AND PERIOD ENDED 30 JUNE 2019

	Current Year To Date 30/6/2019 RM'000	Preceding Year To Date 31/12/2017 RM'000 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	17,867	2,834
Adjustments for:		
Depreciation of property and equipment	4,152	1,811
Fair value on short term investment	326	-
Profit income received from deposits with licensed islamic banks	(72)	(20)
Gain on disposal of property and equipment	(140)	(13)
Interest expense	4,445	263
Impairment of property and equipment	2,097	-
Property and equipment written off	1,208	-
Impairment losses of development costs	9,144	-
Impairment of trade and other receivables	14,269	-
Interest income	(862)	(1,940)
Operating profit before working capital changes	<u>52,434</u>	<u>2,935</u>
Operating profit before working capital changes:-		
Changes in contract costs	25,959	1,672
Changes in trade and other receivables	(168,749)	(11,162)
Changes in amount owing by contract customers	-	(19,820)
Changes in trade and other payables	36,327	20,284
CASH USED IN OPERATING ACTIVITIES	<u>(54,029)</u>	<u>(6,091)</u>
Interest paid	(4,445)	(263)
Income tax paid	(12,838)	(4,628)
NET CASH USED IN OPERATING ACTIVITIES	<u>(71,312)</u>	<u>(10,982)</u>
CASH FLOWS FOR INVESTING ACTIVITIES		
Acquisition of equity interest in other investment	(6,172)	(9,885)
Purchase of property and equipment	(20,068)	(27,158)
Profit income received from deposits with licensed islamic banks	72	20
Interest received	862	1,940
Proceed from disposal of property, plant and equipment	148	200
Development costs paid	(3,147)	1,290
Increased in pledged fixed deposits with licensed bank	(1,022)	-
Net decrease in short term investments	26,464	24,992
NET CASH USED IN INVESTING ACTIVITIES	<u>(2,863)</u>	<u>(8,601)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of hire purchase obligation	(58)	(228)
Repayment of term loan	(2,814)	-
Dividends paid	(5,788)	(15,683)
Proceeds from issuance of RCPS	-	237
Proceeds from issuance of RSLs	10,000	-
Proceeds from issuance of shares to NCI	-	229
Proceeds from bank borrowing	33,387	22,700
Acquisition of treasury shares by the Company	-	(758)
NET CASH GENERATED FROM FINANCING ACTIVITIES	<u>34,727</u>	<u>6,497</u>
Net decrease in cash and cash equivalents	(39,448)	(13,086)
Cash and cash equivalents at beginning of the financial period	41,884	55,170
CASH AND CASH EQUIVALENT AT END OF THE FINANCIAL PERIOD	<u>2,436</u>	<u>42,084</u>
CASH AND CASH EQUIVALENT AT END OF THE FINANCIAL PERIOD COMPRISES THE FOLLOWING:-		
Cash and bank balances	2,436	13,191
Deposits with licensed banks	4,216	31,591
	<u>6,652</u>	<u>44,782</u>
Less: Deposits pledged with licensed banks	(4,216)	(2,698)
	<u>2,436</u>	<u>42,084</u>

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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 2017.

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 2017 excepts for those standards, amendments and interpretations which are effective from the annual period beginning on or after 1 January 2018.

At the beginning of the current financial year, the Group adopted new MFRSs, Amendments to MFRSs and an IC Interpretation (collectively referred to as “pronouncements”) that have been issued by the MASB and are applicable as listed below:-

- 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

A1. BASIS OF PREPARATION (Cont'd)

The Group expect that the adoption of the above standards and interpretations will have no material impact on the financial statements in the period of initial application except as discussed below:

MFRS 15 Revenue from Contracts with Customers

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.

Reinstatement of the comparative figures

(i) Reconciliation of consolidated Profit and Loss

	Cumulative 12- months ended 31 December 2017			
	Previously	Effect of adoption MFRS 15	Effect of adoption MFRS 9	Restated
Revenue	219,506	(78,053)	-	141,453
Cost of sales	(153,673)	44,335	-	(109,338)
Gross profit	65,833	(33,718)	-	32,115
Other expenses	(5,965)	-	(1,426)	(7,391)
Profit before tax	37,978	(33,718)	(1,426)	2,834
Tax expense	(13,408)	6,602	-	(6,806)
Profit/(Loss) after tax	24,570	(27,116)	(1,426)	(3,972)

(ii) Reconciliation of consolidated Statement of Financial Position as at 31 December 2017

	Previously	Effect of adoption MFRS 15	Effect of adoption MFRS 9	Restated
Long term receivables	78,053	(78,053)	-	-
Inventories	840	(840)	-	-
Contract costs	-	45,175	-	45,175
Trade receivables	42,136	-	(1,426)	40,710
Retained profits	58,482	(18,981)	(1,426)	38,075
Non-controlling interest	7,050	(8,135)	-	(1,085)
Deferred tax liabilities	1,138	(1,138)	-	-
Current tax liabilities	6,499	(5,463)	-	1,036

A1. BASIS OF PREPARATION (Cont'd)

MFRS 9 Financial Instruments

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.

Classification and measurement of financial instrument

	MFRS 139 Carrying amount as at <u>31 December 2017</u> RM'000	Remeasurement RM'000	MFRS 9 Carrying amount as at <u>1 January 2018</u> RM'000
Trade receivables			
Opening balance	42,136		42,136
Increase in loss allowance		(1,426)	(1,426)
Total trade receivables	<u>42,136</u>	<u>(1,426)</u>	<u>40,710</u>

	MFRS 139 Carrying amount as at <u>31 December 2017</u> RM'000	Remeasurement RM'000	MFRS 9 Carrying amount as at <u>1 January 2018</u> RM'000
Retained profits			
Opening balance	58,482		58,482
Increase in loss allowance for trade receivables		(1,426)	(1,426)
Total retained profits	<u>58,482</u>	<u>(1,426)</u>	<u>57,056</u>

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 2019 :-

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 standards and amendments are not expected to have any material financial impact to the Group upon their first adoption other than MFRS 16, Leases which the Group is currently assessing the financial impact.

MFRS 16: Leases

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 Company is currently assessing the financial impact that may arise from the adoption of this standard.

A3. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the audited annual financial statements for the financial year ended 31 December 2017 was not qualified.

A4. SEASONAL OR CYCLICAL FACTORS

The business operations of the Group for the period ended 30 June 2019 have not been affected by any seasonal or cyclical factors.

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 June 2019.

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.

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

A8. VALUATION OF PROPERTY AND EQUIPMENT

The Group had carried out a valuation on its investment properties which has no significant financial impact on the current quarter.

A9. CAPITAL COMMITMENT

There was no material capital commitment for the quarter ended 30 June 2019.

PRESTARIANG BERHAD (922260-K)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND PERIOD ENDED 30 JUNE 2019

A10. DIVIDENDS PAID

	18 months ended 30/6/2019 RM'000	12 months ended 31/12/2017 RM'000
In respect of the financial year ended 31 December 2016:		
- declared as fourth interim 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
- declared as third interim tax-exempt dividend of 0.5 sen per ordinary share	-	2,412
- declared as fourth interim tax-exempt dividend of 0.5 sen per ordinary share	2,412	-
In respect of the financial year ended 30 June 2019:		
- declared as first interim tax-exempt dividend of 0.5 sen per ordinary share	2,411	-
- declared as second interim tax-exempt dividend of 0.2 sen per ordinary share	965	-
Total dividends paid	<u>5,788</u>	<u>14,475</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) **Education** - provide specialised computer science and engineering education. It offers computer studies ranges from foundation, diploma, degree, post graduate masters and PhD.
- c) **Employment services** - Human resource management services for foreign workers' recruitment and documentation services.
- d) **Others** - Comprise the holding company which involved in activity of investment holding and its subsidiary companies.
- e) **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.

PRESTARIANG BERHAD (922260-K)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND PERIOD ENDED 30 JUNE 2019

A11. SEGMENTAL INFORMATION (CONT'D)

	RESULTS FOR 3 MONTHS ENDED 30 JUNE 2019 (UNAUDITED)						RESULTS FOR 3 MONTHS ENDED 30 JUNE 2018 (UNAUDITED)					
	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
Revenue							Revenue					
External revenue	21,076	97,133	1,805	1,968	-	121,982	20,084	29,932	1,792	4,116	-	55,924
Inter-segment revenue	-	-	-	-	-	-	-	-	-	-	10,552	10,552
Segment revenue	<u>21,076</u>	<u>97,133</u>	<u>1,805</u>	<u>1,968</u>	<u>-</u>	<u>121,982</u>	<u>20,084</u>	<u>29,932</u>	<u>1,792</u>	<u>4,116</u>	<u>10,552</u>	<u>66,476</u>
Consolidation adjustments						-						(10,552)
Consolidated revenue						<u>121,982</u>						<u>55,924</u>
Results							Results					
Segment (loss)/profit before interest and taxation	<u>(16,526)</u>	<u>28,591</u>	<u>(10,780)</u>	<u>500</u>	<u>(1,817)</u>	<u>(32)</u>	<u>179</u>	<u>11,201</u>	<u>(1,772)</u>	<u>4</u>	<u>8,290</u>	<u>17,902</u>
Finance costs						(1,938)						(438)
Consolidation adjustments						-						(10,552)
Consolidated (loss)/profit before taxation						<u>(1,970)</u>						<u>6,912</u>

PRESTARIANG BERHAD (922260-K)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER AND PERIOD ENDED 30 JUNE 2019

A11. SEGMENTAL INFORMATION (CONT'D)

	RESULTS FOR 18 MONTHS ENDED 30 JUNE 2019 (UNAUDITED)						RESULTS FOR 12 MONTHS ENDED 31 DECEMBER 2017 (RESTATED)					
	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
Revenue							Revenue					
External revenue	165,153	175,460	9,301	17,403	-	367,317	129,867	-	6,182	5,404	-	141,453
Inter-segment revenue					10,552	10,552					17,775	17,775
Segment revenue	<u>165,153</u>	<u>175,460</u>	<u>9,301</u>	<u>17,403</u>	<u>10,552</u>	<u>377,869</u>	<u>129,867</u>	<u>-</u>	<u>6,182</u>	<u>5,404</u>	<u>17,775</u>	<u>159,228</u>
Consolidation adjustments						(10,552)						(17,775)
Consolidated revenue						<u>367,317</u>						<u>141,453</u>
Results							Results					
Segment (loss)/profit							Segment profit/(loss)					
before interest and taxation	(4,666)	58,021	(21,386)	914	902	33,785	17,450	(6,239)	(4,599)	321	14,155	21,088
Finance costs						(5,366)						(479)
Consolidation adjustments						(10,552)						(17,775)
Consolidated profit before taxation						<u>17,867</u>						<u>2,834</u>

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 June 2019 to the date of this announcement which would substantially affect the financial results of the Group for the period 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.

A14. CONTINGENT LIABILITIES OR CONTINGENT ASSETS

There were no contingent assets. Contingent liabilities during the financial period were as follow:-

	<u>RM'000</u>
- Performance guarantee extended by a subsidiary to third party	14,928
- Compensation to a vendor due to project termination	7,092
- Dividend payable on Redeemable Preference Shares ("RPS")	28,800
- Special coupon on Redeemable Secured Loan Stock ("RSLs")	1,000
	<u>51,820</u>

A15. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

	Current Year To-Date RM'000
Kumpulan Wang Persaraan (Diperbadankan) ("KWAP")	
- substantial shareholders	
Sales of software licence under Master Licence Agreement 3.0 (MLA 3.0)	894
OpenLearning Global (M) Sdn Bhd	
- common director	
Sales of software	516
Felcra Berhad	
- common director	
Sales of software	934

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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

Q219 vs. Q218 and Q219 YTD vs. Q417 YTD

	INDIVIDUAL QUARTER				CUMULATIVE QUARTER			
	Current Quarter 30/6/2019 RM'000	Preceding Year Quarter 30/6/2018 RM'000	Variance RM'000	(%)	18 MONTHS Current Year to Date 30/6/2019 RM'000	12 MONTHS Preceding Year to Date 12/31/2017 RM'000 (Restated)	Variance RM'000	(%)
<u>Segmental Revenue:</u>								
Software & Services and Academy								
- Software & Services	21,476	19,772	1,704	9%	161,170	125,282	35,888	29%
- Academy	(400)	312	(712)	>-100%	3,983	4,585	(602)	-13%
	21,076	20,084	992	5%	165,153	129,867	35,286	27%
Education	1,805	1,792	13	1%	9,301	6,182	3,119	50%
Employment services	1,968	4,116	(2,148)	-52%	17,403	5,404	11,999	>100%
Concession	97,133	29,932	67,201	>100%	175,460	-	175,460	n/a
Others	-	10,552	(10,552)	-100%	10,552	17,775	(7,223)	-41%
	121,982	66,476	55,506	83%	377,869	159,228	218,641	>100%
Inter-segment Elimination	-	(10,552)	-		(10,552)	(17,775)		
Group	121,982	55,924	66,058	>100%	367,317	141,453	225,864	>100%
<u>(Loss)/Profit Before Taxation</u>								
Software & Services and Academy	(16,487)	(206)	(16,281)	>-100%	(6,370)	17,048	(23,418)	>-100%
Education	(10,780)	(1,773)	(9,007)	>-100%	(21,388)	(4,674)	(16,714)	>-100%
Employment Services	496	4	492	>100%	907	321	586	>100%
Concession	26,619	11,149	15,470	>100%	54,369	(6,240)	60,609	>100%
Others	(1,818)	8,290	(10,108)	>-100%	901	14,154	(13,253)	-94%
	(1,970)	17,464	(19,434)	>-100%	28,419	20,609	7,810	38%
Inter-segment Elimination	-	(10,552)			(10,552)	(17,775)		
Group	(1,970)	6,912	(8,882)	>-100%	17,867	2,834	15,033	>100%

B1. OPERATING SEGMENTS REVIEW

Q219 vs. Q218

The Group recorded a higher revenue of RM122.0 million, RM66.0 million or >100% higher for the current quarter compared to RM56.0 million recorded in previous year corresponding quarter. The significant increase in revenue was due to reinstatement of SKIN's revenue of RM78.1 million as a result of the adoption of MFRS15 as item A1 (i) and (ii). The reinstatement of SKIN's revenue has resulted to reinstatement of SKIN's PAT of RM27.1 million in the current quarter.

The Group recorded LBT of RM2.0 million as compared to PBT of RM6.9 million in the previous year corresponding quarter despite the reinstatement of SKIN's revenue and PAT in the current quarter mainly due to the provision for impairment on trade receivables, development costs, fixed assets in Education segment in compliance with respective MFRS as per **Table 1** below;

Table 1

	RM' Mil
Development costs for new IPs	9.1
Trade receivables	13.7
Fixed Assets	2.0
Expense off Capitalized Asset	5.5

PTD19 vs. PTD17

The Group changed its financial year end from 31 December to 30 June. Accordingly, in the current quarter ended 30 June 2019 cover an 18- month period from 1 Jan 2018 to 30 June 2019 ("PTD 2019") as compared to the 12-month period from 1 January 2017 to 31 December 2017 ("PTD 2017").

The Group's revenue for PTD 2019 was RM367.3 million, higher by RM225.9 million or >100% compared to RM141.4 million in PTD17.

The reinstatement of SKIN's revenue had significantly contributed to higher PBT recorded in PTD2019 as per item A1(i). The PBT was RM15.0 million or >100% higher than PTD17 of RM2.8 million. In compliance with MFRS, the PBT for PTD19 have taken into account provision made for impairment as per **Table 1** above and one-off Tax penalty of RM2.0 million due to Tax Audit.

B2. COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S RESULTS

Q219 vs. Q119

	Current Quarter 30/6/2019 RM'000	Immediate Preceding Quarter 31/3/2019 RM'000	Variance	
			RM'000	(%)
<u>Segmental Revenue:</u>				
Software & Services and Academy				
- Software & Services	21,476	37,887	(16,411)	-43%
- Academy	(400)	-	(400)	n/a
	<u>21,076</u>	<u>37,887</u>	<u>(16,811)</u>	<u>-44%</u>
Education	1,805	1,220	585	48%
Employment services	1,968	2,671	(703)	-26%
Concession	97,133	-	97,133	n/a
Others	-	-	-	n/a
	<u>121,982</u>	<u>41,778</u>	<u>80,204</u>	<u>>100%</u>
Inter-segment Elimination	-	-		
Group	<u>121,982</u>	<u>41,778</u>	<u>80,204</u>	<u>>100%</u>
<u>Loss Before Taxation</u>				
Software & Services and Academy	(16,487)	2,129	(18,616)	>-100%
Education	(10,780)	(4,009)	(6,771)	>-100%
Employment services	496	98	398	>100%
Concession	26,619	-	26,619	n/a
Others	(1,818)	(1,798)	(20)	-1%
	<u>(1,970)</u>	<u>(3,580)</u>	<u>1,610</u>	<u>45%</u>
Inter-segment Elimination	-	-		
Group	<u>(1,970)</u>	<u>(3,580)</u>	<u>1,610</u>	<u>45%</u>

Following the adoption of MFRS 15 that result to restatement of SKIN's revenue, the Group's revenue for the current quarter is RM122.0 million, RM80.2 million or >100% higher than the preceding quarter of RM41.8 million.

Despite higher revenue recorded in the current quarter, the Group recorded LBT of RM2.0 million, RM1.6 million lower than the preceding quarter LBT of RM3.6 million. The Group LBT of RM2.0 million have taken into account the provision made for impairment as per **Table 1** above

The software & Services and Academy recorded 43% lower revenue in the current quarter mainly due to license annual renewal from the Ministries and Agencies are lower in the current quarter as compared to preceding quarter.

The software & Services and Academy recorded LBT of RM16.5 million, lower by RM18.6 million, or > 100% mainly due to provision of impairment on trade receivables and development costs in compliance with MFRS 9 and MFRS 136 respectively as per **Table 2**;

B2. COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S RESULTS (CONT'D)

Q219 vs. Q119

Higher operating costs namely interest on working capital and forex loss also contribute to LBT in the current quarter for this segment.

Table 2

	RM' Mil
Development costs for new IPs	9.1
Trade receivable	7.1

The Education segment remained weak due to lower student's enrollment and higher operating expenditures compounded by provision for impairment of fixed assets of UNIMY's old campus and trade receivables in compliance with MFRS 116 and MFRS 9.

B3. PROSPECTS FOR THE FINANCIAL YEAR ENDING 30 JUNE 2020

The Software & Services and Academy business continue to grow and is operationally profitable to the Group with on-going sustainable key projects at hand including MLA 3.0, Autodesk and Adobe.

With regards to the Originating Summons ("OS") against the Government of Malaysia ("GOM") as Defendant claiming the amount of RM733 million in relation to the termination of the Sistem Kawalan Imigresen Nasional (SKIN) by expropriation, the Group remains positive on the compensation amount based on the formula stipulated under the Concession Agreement. The management is confident that there will be no impairment to the period under review.

The Company foresees the Group's performance for financial year ending 30 June 2020 to remain challenging. However, the management is confident that we will be able to achieve financial stability and accelerate business growth.

B4. VARIANCE ON PROFIT FORECAST/PROFIT GUARANTEE

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

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B5. (LOSS)/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>18 months Current Year To Date</u>	<u>12 months Preceding Year To Date</u>
	<u>30/6/2019</u>	<u>30/6/2018</u>	<u>30/6/2019</u>	<u>31/12/2017</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u> <u>(Restated)</u>
Interest income	(416)	(45)	(862)	(1,940)
Interest expense	569	271	2,737	263
Depreciation and amortisation	1,099	556	4,151	1,811
Impairment loss of receivables	13,766	425	14,269	650
Fair value loss on investment	326	-	326	-
Provision for write off assets	597	-	2,097	-
Impairment loss of development cost	9,144	-	9,144	3,504
Foreign exchange loss/(gain)	298	485	871	(341)
Impairment loss of property and equipment	1,208	97	1,208	-
Gain on disposal of property and equipment	(83)	(65)	(148)	-

B6. INCOME TAX EXPENSE

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>Current Year Quarter</u>	<u>Preceding Year Quarter</u>	<u>18 months Current Year To Date</u>	<u>12 months Preceding Year To Date</u>
	<u>30/6/2019</u>	<u>30/6/2018</u>	<u>30/6/2019</u>	<u>31/12/2017</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u> <u>(Restated)</u>
Malaysia tax:				
- for the current year	(6,002)	2,999	4,170	4,764
- Under provision in prior year	(1,295)	1,299	5,819	2,061
Deferred tax:				
- Deferred tax liabilities	16,921	-	16,921	(19)
	<u>9,624</u>	<u>4,298</u>	<u>26,910</u>	<u>6,806</u>

The effective tax rate higher than the statutory income tax rate due to profit of certain companies and under recognised tax in prior years.

B7. STATUS OF CORPORATE PROPOSALS

There is no corporate proposal undertaken by the Group for the current quarter.

B8. BORROWINGS

The Group's borrowing and debts securities as at 30 June 2019 are as follows:

	Long term borrowing			Short term borrowing			Total (RM'000)
	Secured	Unsecured	Total	Secured	Unsecured	Total	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<u>Borrowings</u>							
- Hire purchase payables	54	-	54	41	-	41	95
- Term Loan	26,240	-	26,240	3,346	-	3,346	29,586
- Revolving Credit	-	-	-	23,687	-	23,687	23,687
<u>Preference Shares</u>							
-RSLs	10,000	-	10,000	-	-	-	10,000
Total	36,294	-	36,294	27,074	-	27,074	63,368

B9. MATERIAL LITIGATION

The Group has filed and served its Originating Summons ("OS") dated 15 April 2019 against the Government of Malaysia ("GOM") as Defendant claiming the amount of RM733 million in relation to the termination of the Sistem Kawalan Imigresen Nasional (SKIN) by expropriation. The Group remains positive on the compensation amount based on the formula stipulated under the Concession Agreement. The management is confident that there will be no impairment to the period under review.

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

No interim dividend has been declared for the current quarter ended 30 June 2019.

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B12. EARNINGS PER SHARE

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Current Year To Date 30/6/2019	Preceding Year To Date 30/6/2018	18 months Current Year To Date 30/6/2019	12 months Preceding Year To Date 31/12/2017 (Restated)
Total comprehensive income attributable to owners of the Company (RM'000)	(17,439)	529	(21,271)	(2,199)
Weighted average number of ordinary shares in issue ('000)	484,000	484,000	484,000	484,000
Basic earning per share (sen)	(3.60)	0.11	(4.39)	(0.45)

B13. AUTHORISED FOR ISSUE

The interim financial report was authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 29 August 2019.

BY ORDER OF THE BOARD

CHUA SIEW CHUAN (MAICSA 0777689)

LIM LIH CHAU (LS 0010105)

Secretaries

Kuala Lumpur

29 August 2019