

**PRESTARIANG BERHAD**  
(Incorporated in Malaysia)

Registration No: 201001038336 (922260 - K)

**FINANCIAL REPORT**  
for the financial year ended 30 June 2020

# PRESTARIANG BERHAD

(Incorporated in Malaysia)

Registration No: 201001038336 (922260 - K)

## TABLE OF CONTENTS

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	Page
Directors' Report .....	1
Statement by Directors .....	8
Statutory Declaration .....	8
Independent Auditors' Report .....	9
Statements of Financial Position .....	15
Statements of Profit or Loss and Other Comprehensive Income .....	19
Statements of Changes in Equity .....	21
Statements of Cash Flows .....	26
Notes to the Financial Statements .....	29

## PRESTARIANG BERHAD

(Incorporated in Malaysia)

Registration No: 201001038336 (922260 - K)

### DIRECTORS' REPORT

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The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2020.

### PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 5 to the financial statements.

### RESULTS

	The Group RM'000	The Company RM'000
Loss after taxation for the financial year	(16,894)	(8,621)
Attributable to:-		
Owners of the Company	(17,171)	(8,621)
Non-controlling interests	277	-
	(16,894)	(8,621)

### DIVIDENDS

No dividend was recommended by the directors for the financial year.

### RESERVES AND PROVISIONS

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

### ISSUES OF SHARES AND DEBENTURES

During the financial year:-

- (a) the Company increased its issued and paid-up share capital from RM119,700,646 to RM133,802,983 by way of issuance of 48,230,100 new ordinary shares at RM0.296 each for a cash consideration of RM14,102,337 (after net of transaction costs of RM173,772) for working capital purposes as disclosed in Note 18 to the financial statements.

The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company; and

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

## **PRESTARIANG BERHAD**

(Incorporated in Malaysia)

Registration No: 201001038336 (922260 - K)

### **DIRECTORS' REPORT**

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#### **TREASURY SHARES**

As at 30 June 2020, the Company held as treasury shares a total of 1,698,500 of its 532,230,100 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 19 to the financial statements.

#### **OPTIONS GRANTED OVER UNISSUED SHARES**

During the financial year, 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 there are no known bad debts 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 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.

## **PRESTARIANG BERHAD**

(Incorporated in Malaysia)

Registration No: 201001038336 (922260 - K)

### **DIRECTORS' REPORT**

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#### **CONTINGENT AND OTHER LIABILITIES**

The contingent liabilities are disclosed in Note 49 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 year 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 year.

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 year 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 year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year 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 year in which the report is made.

## PRESTARIANG BERHAD

(Incorporated in Malaysia)

Registration No: 201001038336 (922260 - K)

### DIRECTORS' REPORT

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#### DIRECTORS

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

Dr. Abu Hasan Bin Ismail  
Chan Wan Siew  
Ramanathan A/L Sathiamutty  
Baldesh Singh A/L Manmohan Singh  
Ginny Yeow Mei Ying  
Professor Emeritus Dato' Dr. Hassan Bin Said (Appointed on 25 February 2020)  
Hafidah Aman Binti Hashim (Appointed on 25 February 2020)  
Dato' Maznah Binti Abdul Jalil (Resigned on 27 November 2019)

The names of directors of the Company's subsidiaries who served during the financial year 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  
Khairuddin Bin Othman  
Sim Kian Guan  
Dato' Dr. Ir. Ts. Mohd Abdul Karim Bin Abdullah (Appointed on 17 July 2020)  
Dr. Ts. Zulkarnain Bin Kedah (Appointed on 17 July 2020)  
Dr. Mohamed Ackiel Mohamed (Appointed on 17 July 2020)  
Muhammad Hafiz Bin Othman (Appointed on 17 July 2020)

#### DIRECTORS' INTERESTS

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

	← Number of Ordinary Shares →			
	At 1.7.2019	Bought	Sold	At 30.6.2020
<b>The Company</b>				
<i>Direct Interest</i>				
Chan Wan Siew	950,000	-	-	950,000
<i>Indirect Interest</i>				
Chan Wan Siew ^	50,000	-	-	50,000

## PRESTARIANG BERHAD

(Incorporated in Malaysia)

Registration No: 201001038336 (922260 - K)

### DIRECTORS' REPORT

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#### DIRECTORS' INTERESTS (CONT'D)

	Number of Ordinary Shares			
	At 1.7.2019	Bought	Sold	At 30.6.2020
<b>Prestariang Services Sdn. Bhd., a 70% owned subsidiary of the Company</b>				
<i>Direct Interest</i>				
Dr. Abu Hasan Bin Ismail	76,356	-	-	76,356
<i>Indirect Interest</i>				
Dr. Abu Hasan Bin Ismail *	122,170	-	-	122,170
	Number of Redeemable Preference Shares "A"			
	At 1.7.2019	Bought	Sold	At 30.6.2020
<b>Prestariang Services Sdn. Bhd., a 70% owned subsidiary of the Company</b>				
<i>Indirect Interest</i>				
Dr. Abu Hasan Bin Ismail *	151,601	-	-	151,601

Notes:-

- <sup>^</sup> - 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 year had no interest in shares of the Company or its related corporations during the financial year.

## **PRESTARIANG BERHAD**

(Incorporated in Malaysia)

Registration No: 201001038336 (922260 - K)

### **DIRECTORS' REPORT**

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#### **DIRECTORS' BENEFITS**

Since the end of the previous financial period, 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 year 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' REMUNERATION**

The details of the directors' remuneration paid or payable to the directors of the Group and of the Company during the financial year are disclosed in Note 40(a) to the financial statements.

#### **INDEMNITY AND INSURANCE COST**

During the financial year, 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 RM16,600 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 5 to the financial statements.

#### **SIGNIFICANT EVENT DURING THE FINANCIAL YEAR**

The significant event during the financial year is disclosed in Note 51 to the financial statements.

#### **SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD**

The significant events occurring after the reporting period are disclosed in Note 52 to the financial statements.



## PRESTARIANG BERHAD

(Incorporated in Malaysia)

Registration No: 201001038336 (922260 - K)

### DIRECTORS' REPORT

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#### AUDITORS


The auditors, Crowe Malaysia PLT, have expressed their willingness to continue in office.

The auditors' remuneration are disclosed in Note 38 to the financial statements.

Signed in accordance with a resolution of the directors dated **12 OCT 2020**



Dr. Abu Hasan Bin Ismail



Chan Wan Siew

**PRESTARIANG BERHAD**

(Incorporated in Malaysia)

Registration No: 201001038336 (922260 - K)

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

We, Dr. Abu Hasan Bin Ismail and Chan Wan Siew, being two of the directors of Prestariang Berhad, state that, in the opinion of the directors, the financial statements set out on pages 15 to 157 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 2020 and of their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the directors dated **12 OCT 2020**

  
Dr. Abu Hasan Bin Ismail

  
Chan Wan Siew

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

I, Abdul Rahim Bin Awang, 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 15 to 157 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 Rahim Bin Awang, NRIC Number: 650228-11-5037 at Kuala Lumpur in the Federal Territory on this **12 OCT 2020**

Before me



B-1-2, Blok B, Tingkat 1, Unit 2  
Megan Avenue II  
No 12, Jalan Yap Kwan Seng,  
50450, Kuala Lumpur

  
Abdul Rahim Bin Awang

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

(Incorporated in Malaysia)  
Registration No: 201001038336 (922260 - K)

### **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 2020 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 year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 15 to 157.

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 2020, and of their financial performance and their cash flows for the financial year 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.

#### **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 year. 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.

We have determined the matters described below to be the key audit matters to be communicated in our report.

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PRESTARIANG BERHAD (CONT'D)

(Incorporated in Malaysia)

Registration No: 201001038336 (922260 - K)

### Key Audit Matters (Cont'd)

Going concern Refer to Note 3.2 to the financial statements	
Key Audit Matter	How our audit addressed the key audit matter
<p>The Group and the Company have prepared their financial statements on a going concern basis, notwithstanding that during the financial year ended 30 June 2020, the Group and the Company recorded:-</p> <p>(i) negative operating cash flows of RM16.994 million and RM6.692 million respectively; and</p> <p>(ii) loss after taxation of RM16.894 million and RM8.621 million respectively.</p> <p>The above conditions give rise to concerns about whether the Group and the Company have sufficient cash flows to meet their obligations as and when they fall due.</p> <p>In the preparation of the Group and the Company financial statements, the management has made an assessment on its working capital sufficiency and with the support of a cash flow projection, taking into consideration the cash proceeds from proposed corporate exercises and other conditions as disclosed in Note 3.2 to the financial statements. The management has concluded that the Group and the Company will have sufficient working capital to finance their operations and to meet their financial obligations as and when they fall due. Accordingly, the directors believe that there is no material uncertainty that exists and the preparation of the financial statements of the Group and the Company on the going concern basis is appropriate.</p> <p>This is a key audit matter due to the degree of judgement involved in our evaluation of the appropriateness of the going concern basis for the preparation of the financial statements of the Group and the Company.</p>	<p>Our procedures included, amongst others:-</p> <ul style="list-style-type: none"> <li>• Reviewed and obtained an understanding of the key assumptions used in the preparation of the cash flow projection;</li> <li>• Evaluated the reasonableness of the assumptions used in the preparation of the cash flow projection;</li> <li>• Performed a sensitivity analysis of the key assumptions used;</li> <li>• Made inquiries of management and reviewed the event subsequent to year end to evaluate any possible event which may affect the Group and the Company ability to continue as a going concern; and</li> <li>• Considered the ability of the Group and of the Company to continue as a going concern and meet their obligations for the next twelve months from the date of financial statements based on the utilisation plan for cash proceeds from proposed corporate exercises.</li> </ul>

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PRESTARIANG BERHAD (CONT'D)

(Incorporated in Malaysia)

Registration No: 201001038336 (922260 - K)

### Key Audit Matters (Cont'd)

<b>Impairment assessment of trade receivables</b>	
Refer to Notes 12 and 50.1(b)(iii) to the financial statements	
<b>Key Audit Matter</b>	<b>How our audit addressed the key audit matter</b>
<p>As at 30 June 2020, trade receivables amounted to approximately RM225.56 million (included an amount of RM182.798 million owing by the Government of Malaysia ("GOM") in relation to the development of SKIN Solution). The details of trade receivables and its credit risks are disclosed in Note 50.1(b)(iii) to the financial statements.</p> <p>The management applied assumptions in assessing the level of allowance for impairment losses on trade receivables based on the following:-</p> <ul style="list-style-type: none"> <li>• updates from the material litigation with GOM;</li> <li>• customers' payment profiles of past sales and corresponding historical credit losses;</li> <li>• specific known facts or circumstances on customers' ability to pay; or</li> <li>• by reference to past default experience.</li> </ul> <p>The impairment assessment involves significant judgements and there is inherent uncertainty in the assumptions applied by the management to determine the level of allowance.</p> <p>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.</p>	<p>Our procedures included, amongst others:-</p> <ul style="list-style-type: none"> <li>• Obtained the confirmation from legal advisors for the updates of the material litigation with GOM;</li> <li>• Obtained an understanding of:- <ul style="list-style-type: none"> <li>• the Group's control over the receivable collection process;</li> <li>• how the Group identifies and assesses the impairment of receivables; and</li> <li>• how the Group makes the accounting estimates for impairment;</li> </ul> </li> <li>• Reviewed the ageing analysis of receivables and testing the reliability thereof;</li> <li>• Reviewed subsequent cash collections for major receivables and overdue amounts;</li> <li>• Made inquiries of management regarding the action plans to recover overdue amounts;</li> <li>• Examined other evidence including customers' correspondences, proposed or existing settlement plans, repayment schedules, etc; and</li> <li>• Evaluating the reasonableness and adequacy of the allowance for impairment loss recognised.</li> </ul>

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PRESTARIANG BERHAD (CONT'D)**

(Incorporated in Malaysia)

Registration No: 201001038336 (922260 - K)

### **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.

### **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.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PRESTARIANG BERHAD (CONT'D)**

(Incorporated in Malaysia)

Registration No: 201001038336 (922260 - K)

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

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.
- 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.

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PRESTARIANG BERHAD (CONT'D)

(Incorporated in Malaysia)

Registration No: 201001038336 (922260 - K)

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

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 year 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 Malaysia PLT**  
201906000005 (LLP0018817-LCA) & AF 1018  
Chartered Accountants

Kuala Lumpur

**12 OCT 2020**



**Onn Kien Hoe**  
01772/11/2020 J  
Chartered Accountant



**PRESTARIANG BERHAD**

(Incorporated in Malaysia)

Registration No: 201001038336 (922260 - K)

**STATEMENTS OF FINANCIAL POSITION AT 30 JUNE 2020**

	Note	30.6.2020 RM'000	The Group 30.6.2019 RM'000 (Restated)	1.1.2018 RM'000 (Restated)	The Company 30.6.2020 RM'000	30.6.2019 RM'000
<b>ASSETS</b>						
<b>NON-CURRENT ASSETS</b>						
Investments in subsidiaries	5	-	-	-	20,847	20,847
Property and equipment	6	23,194	17,924	37,246	-	-
Investment properties	7	27,510	35,089	-	-	-
Right-of-use assets	8	-	-	-	-	-
Other investment	9	-	8,427	3,944	-	-
Development costs	10	43	54	6,051	-	-
		<u>50,747</u>	<u>61,494</u>	<u>47,241</u>	<u>20,847</u>	<u>20,847</u>

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

**PRESTARIANG BERHAD**

(Incorporated in Malaysia)

Registration No: 201001038336 (922260 - K)

**STATEMENTS OF FINANCIAL POSITION AT 30 JUNE 2020**

		<b>The Group</b>		<b>The Company</b>	
	Note	<b>30.6.2020</b>	<b>30.6.2019</b>	<b>30.6.2020</b>	<b>30.6.2019</b>
		RM'000	RM'000	RM'000	RM'000
			(Restated)		
					(Restated)
<b>CURRENT ASSETS</b>					
Inventories		-	-	-	-
Contract costs	11	4,297	19,217	-	-
Trade receivables	12	225,558	212,028	-	-
Other receivables, deposits and prepayments	13	3,715	5,752	-	-
Amount owing by subsidiaries	14	-	-	28	21
Short-term investments	15	40	40	62,087	64,276
Current tax assets		69	23	40	40
Cash and bank balances	16	12,347	7,166	12	12
				74	4
		<hr/>	<hr/>	<hr/>	<hr/>
Assets of disposal group classified as held for sale	17	246,026	244,226	62,241	64,353
		5,695	-	-	-
		<hr/>	<hr/>	<hr/>	<hr/>
		251,721	244,226	62,241	64,353
		<hr/>	<hr/>	<hr/>	<hr/>
<b>TOTAL ASSETS</b>		<b>302,468</b>	<b>305,720</b>	<b>83,088</b>	<b>85,200</b>
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

**PRESTARIANG BERHAD**

(Incorporated in Malaysia)

Registration No: 201001038336 (922260 - K)

**STATEMENTS OF FINANCIAL POSITION AT 30 JUNE 2020 (CONT'D)**

	Note	30.6.2020 RM'000	The Group 30.6.2019 RM'000 (Restated)	1.1.2018 RM'000 (Restated)	The Company 30.6.2020 RM'000	30.6.2019 RM'000
<b>EQUITY AND LIABILITIES</b>						
<b>EQUITY</b>						
Share capital	18	133,803	119,700	119,700	133,803	119,700
Treasury shares	19	(3,366)	(3,366)	(3,366)	(3,366)	(3,366)
Fair value reserve	20	-	(7,630)	(5,941)	-	-
(Accumulated losses)/Retained profits		(24,327)	1,168	27,275	(70,147)	(61,526)
Equity attributable to owners of the Company		106,110	109,872	137,668	60,290	54,808
Redeemable convertible preference shares	21	-	-	237	-	-
Non-controlling interests	5	12,822	12,545	(1,085)	-	-
<b>TOTAL EQUITY</b>		<b>118,932</b>	<b>122,417</b>	<b>136,820</b>	<b>60,290</b>	<b>54,808</b>
<b>NON-CURRENT LIABILITIES</b>						
Lease liabilities	22	-	-	-	-	-
Hire purchase payables	23	-	54	116	-	-
Term loans	24	24,163	26,240	21,860	-	-
Redeemable secured loan stocks	25	-	10,000	-	-	-
Redeemable preference shares "A"	26	152	152	-	-	-
Deferred tax liabilities	27	16,869	16,922	-	-	-
		41,184	53,368	21,976	-	-

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

**PRESTARIANG BERHAD**

(Incorporated in Malaysia)

Registration No: 201001038336 (922260 - K)

**STATEMENTS OF FINANCIAL POSITION AT 30 JUNE 2020 (CONT'D)**

	Note	30.6.2020 RM'000	The Group 30.6.2019 RM'000 (Restated)	1.1.2018 RM'000 (Restated)	The Company	
					30.6.2020 RM'000	30.6.2019 RM'000
<b>CURRENT LIABILITIES</b>						
Trade payables	28	54,875	59,253	33,871	-	-
Contract liabilities	29	16,161	20,465	11,851	-	-
Other payables and accruals	30	14,112	19,809	8,702	1,768	673
Amount owing to directors	31	2,477	2,133	-	595	505
Amount owing to subsidiaries	14	-	-	-	20,435	29,214
Hire purchase payables	23	-	42	38	-	-
Term loans	24	2,773	3,346	840	-	-
Redeemable secured loan stocks	25	10,000	-	-	-	-
Revolving credits	32	19,161	17,661	-	-	-
Bank overdrafts	33	7,950	6,026	-	-	-
Current tax liabilities		1,421	1,200	1,035	-	-
		<u>128,930</u>	<u>129,935</u>	<u>56,337</u>	<u>22,798</u>	<u>30,392</u>
Liabilities of disposal group classified as held for sale	17	13,422	-	-	-	-
		<u>142,352</u>	<u>129,935</u>	<u>56,337</u>	<u>22,798</u>	<u>30,392</u>
<b>TOTAL LIABILITIES</b>		<u>183,536</u>	<u>183,303</u>	<u>78,313</u>	<u>22,798</u>	<u>30,392</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>302,468</u>	<u>305,720</u>	<u>215,133</u>	<u>83,088</u>	<u>85,200</u>

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

**PRESTARIANG BERHAD**

(Incorporated in Malaysia)

Registration No: 201001038336 (922260 - K)

**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

	Note	The Group		The Company	
		1.7.2019 to 30.6.2020 RM'000	1.1.2018 to 30.6.2019 RM'000 (Restated)	1.7.2019 to 30.6.2020 RM'000	1.1.2018 to 30.6.2019 RM'000
REVENUE	34	154,038	369,252	1,000	11,552
COST OF SALES		(131,139)	(260,257)	-	-
GROSS PROFIT		22,899	108,995	1,000	11,552
OTHER INCOME	35	545	1,427	-	193
		23,444	110,422	1,000	11,745
ADMINISTRATIVE EXPENSES		(21,690)	(38,553)	(8,708)	(12,040)
OTHER EXPENSES		(3,182)	(15,107)	(71)	(20,595)
FINANCE COSTS	36	(4,863)	(5,362)	-	(1)
NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS	37	(530)	(9,725)	(842)	(31,788)
(LOSS)/PROFIT BEFORE TAXATION	38	(6,821)	41,675	(8,621)	(52,679)
INCOME TAX EXPENSE	41	(1,215)	(26,911)	-	(633)
(LOSS)/PROFIT AFTER TAXATION FROM CONTINUING OPERATIONS		(8,036)	14,764	(8,621)	(53,312)
LOSS FROM DISCONTINUED OPERATIONS	42	(8,858)	(21,453)	-	-
LOSS AFTER TAXATION		(16,894)	(6,689)	(8,621)	(53,312)
OTHER COMPREHENSIVE EXPENSES					
<u>Item that Will Not be Reclassified Subsequently to Profit or Loss</u>					
Fair value changes of equity instrument		(694)	(1,689)	-	-
TOTAL COMPREHENSIVE EXPENSES FOR THE FINANCIAL YEAR/PERIOD		(17,588)	(8,378)	(8,621)	(53,312)

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

Page 19

**PRESTARIANG BERHAD**

(Incorporated in Malaysia)

Registration No: 201001038336 (922260 - K)

**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 (CONT'D)**

	The Group		The Company	
	1.7.2019 To 30.6.2020 RM'000	1.1.2018 To 30.6.2019 RM'000 (Restated)	1.7.2019 To 30.6.2020 RM'000	1.1.2018 to 30.6.2019 RM'000
<b>LOSS AFTER TAXATION ATTRIBUTABLE TO:-</b>				
Owners of the Company:				
- continuing operations	(8,313)	1,134	(8,621)	(53,312)
- discontinued operations	(8,858)	(21,453)	-	-
	<u>(17,171)</u>	<u>(20,319)</u>	<u>(8,621)</u>	<u>(53,312)</u>
Non-controlling interests	277	13,630	-	-
	<u>(16,894)</u>	<u>(6,689)</u>	<u>(8,621)</u>	<u>(53,312)</u>
<b>TOTAL COMPREHENSIVE EXPENSES ATTRIBUTABLE TO:-</b>				
Owners of the Company:				
- continuing operations	(9,007)	(555)	(8,621)	(53,312)
- discontinued operations	(8,858)	(21,453)	-	-
	<u>(17,865)</u>	<u>(22,008)</u>	<u>(8,621)</u>	<u>(53,312)</u>
Non-controlling interests	277	13,630	-	-
	<u>(17,588)</u>	<u>(8,378)</u>	<u>(8,621)</u>	<u>(53,312)</u>
<b>(LOSS)/EARNINGS PER SHARE (SEN)</b>				
Basic:				
- continuing operations	(1.72)	0.24		
- discontinued operations	(1.83)	(4.45)		
	<u>(1.72)</u>	<u>(4.45)</u>		
Diluted:				
- continuing operations	(1.72)	0.24		
- discontinued operations	(1.83)	(4.45)		
	<u>(1.72)</u>	<u>(4.45)</u>		

43

# PRESTARIANG BERHAD

(Incorporated in Malaysia)

Registration No: 201001038336 (922260 - K)

## STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	Note	← Non-Distributable →					Distributable		Redeemable Convertible Preference Shares ("RCPS") RM'000	Non- controlling Interests RM'000	Total Equity RM'000
		Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	Merger Deficit RM'000	Fair Value Reserve RM'000	Retained Profits/ (Accumulated Losses) RM'000	Attributable to Owners of the Company RM'000			
<b>The Group</b>											
Balance at 1.1.2018:											
- as previously reported		119,700	(3,366)	-	(10,800)	(5,941)	38,075	137,668	237	(1,085)	136,820
- prior year adjustments	55	-	-	-	10,800	-	(10,800)	-	-	-	-
- as restated		119,700	(3,366)	-	-	(5,941)	27,275	137,668	237	(1,085)	136,820
(Loss)/Profit after taxation for the financial period:											
- as previously reported		-	-	-	-	-	(21,753)	(21,753)	-	12,796	(8,957)
- prior year adjustments	55	-	-	-	-	-	1,434	1,434	-	834	2,268
- as restated		-	-	-	-	-	(20,319)	(20,319)	-	13,630	(6,689)
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)	(20,319)	(22,008)	-	13,630	(8,378)
Balance carried forward		119,700	(3,366)	-	-	(7,630)	6,956	115,660	237	12,545	128,442

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

**PRESTARIANG BERHAD**

(Incorporated in Malaysia)

Registration No: 201001038336 (922260 - K)

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 (CONT'D)**

	Note	← Non-Distributable →					Distributable		Redeemable Convertible Preference Shares ("RCPS") RM'000	Non- controlling Interests RM'000	Total Equity RM'000
		Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	Merger Deficit RM'000	Fair Value Reserve RM'000	Retained Profits/ (Accumulated Losses) RM'000	Attributable to Owners of the Company RM'000			
<b>The Group</b>											
Balance brought forward		119,700	(3,366)	-	-	(7,630)	6,956	115,660	237	12,545	128,442
Distributions to the owners of the Company:											
- Dividends	44	-	-	-	-	-	(5,788)	(5,788)	-	-	(5,788)
Redemption of RCPS	21	-	-	-	-	-	-	-	(85)	-	(85)
Reclassification of RCPS	21	-	-	-	-	-	-	-	(152)	-	(152)
Balance at 30.6.2019 (restated)		119,700	(3,366)	-	-	(7,630)	1,168	109,872	-	12,545	122,417

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



## PRESTARIANG BERHAD

(Incorporated in Malaysia)

Registration No: 201001038336 (922260 - K)

### STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 (CONT'D)

	Note	← Non-Distributable →					Distributable		Redeemable Convertible Preference Shares ("RCPS") RM'000	Non- controlling Interests RM'000	Total Equity RM'000
		Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	Merger Deficit RM'000	Fair Value Reserve RM'000	Retained Profits/ (Accumulated Losses) RM'000	Attributable to Owners of the Company RM'000			
<b>The Group</b>											
Balance at 1.7.2019											
- As previously reported		119,700	(3,366)	-	(10,800)	(7,630)	10,534	108,438	-	11,711	120,149
- Prior year adjustments	55	-	-	-	10,800	-	(9,366)	1,434	-	834	2,268
- As restated		119,700	(3,366)	-	-	(7,630)	1,168	109,872	-	12,545	122,417
Loss after taxation for the financial year		-	-	-	-	-	(17,171)	(17,171)	-	277	(16,894)
Other comprehensive expenses for the financial year:											
- Fair value changes of equity instruments		-	-	-	-	(694)	-	(694)	-	-	(694)
Total comprehensive expenses for the financial year		-	-	-	-	(694)	(17,171)	(17,865)	-	277	(17,588)
Balance carried forward		119,700	(3,366)	-	-	(8,324)	(16,003)	92,007	-	12,822	104,829

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

**PRESTARIANG BERHAD**

(Incorporated in Malaysia)

Registration No: 201001038336 (922260 - K)

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 (CONT'D)**

	Note	← Non-Distributable →					Distributable				
		Share Capital RM'000	Treasury Shares RM'000	Share Premium RM'000	Merger Deficit RM'000	Fair Value Reserve RM'000	Retained Profits/ (Accumulated Losses) 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
<b>The Group</b>											
Balance brought forward		119,700	(3,366)	-	-	(8,324)	(16,003)	92,007	-	12,822	104,829
Distributions to the owners of the Company:											
- Issuance of ordinary shares	18	14,103	-	-	-	-	-	14,103	-	-	14,103
Disposal of other investment	20	-	-	-	-	8,324	(8,324)	-	-	-	-
Balance at 30.6.2020		133,803	(3,366)	-	-	-	(24,327)	106,110	-	12,822	118,932

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

**PRESTARIANG BERHAD**

(Incorporated in Malaysia)

Registration No: 201001038336 (922260 - K)

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 (CONT'D)**

			Distributable		
	Note	Share Capital RM'000	Treasury Shares RM'000	Accumulated Losses RM'000	Total Equity RM'000
<b>The Company</b>					
Balance at 1.1.2018		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	44	-	-	(5,788)	(5,788)
Balance at 30.6.2019/1.7.2019		119,700	(3,366)	(61,526)	54,808
Contributions by owners of the Company: - Issuance of shares	18	14,103	-	-	14,103
Loss after taxation/Total comprehensive expenses for the financial year		-	-	(8,621)	(8,621)
Balance at 30.6.2020		133,803	(3,366)	(70,147)	60,290

# PRESTARIANG BERHAD

(Incorporated in Malaysia)

Registration No: 201001038336 (922260 - K)

## STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	Note	The Group		The Company	
		1.7.2019 to 30.6.2020 RM'000	1.1.2018 to 30.6.2019 RM'000 (Restated)	1.7.2019 to 30.6.2020 RM'000	1.1.2018 To 30.6.2019 RM'000
CASH FLOWS FOR OPERATING ACTIVITIES					
(Loss)/Profit before taxation:					
- continuing operations		(6,821)	41,675	(8,621)	(52,679)
- discontinued operations	42	(8,858)	(21,453)	-	-
		<u>(15,679)</u>	<u>20,222</u>	<u>(8,621)</u>	<u>(52,679)</u>
Adjustments for:-					
Amortisation of development costs		11	-	-	-
Bad debts written off		-	545	-	-
Depreciation of property and equipment		2,600	4,153	-	-
Depreciation of right-of-use assets		41	-	-	-
Dividend income		-	-	-	(11,552)
Impairment loss:					
- investment in subsidiaries		-	-	-	20,500
- property and equipment		288	1,500	-	-
- development costs		-	9,644	-	-
- trade receivables		3,771	14,074	-	-
- other receivables		20	3,156	-	2,599
- amount owing by subsidiaries		-	-	842	29,189
Property and equipment written off		-	1,313	-	-
Interest expense		4,640	4,718	-	-
Unrealised loss on foreign exchange		616	-	-	-
Fair value gain on investment properties		(191)	-	-	-
Gain on disposal of property and equipment		(20)	(148)	-	(65)
Gain on redemption of redeemable preference shares "A"		-	(85)	-	-
Interest income		-	(424)	-	(128)
Profit from deposits with licensed Islamic banks		(84)	(72)	-	-
Reversal of impairment loss on trade receivables		(265)	(907)	-	-
Unrealised gain on foreign exchange		(238)	-	-	-
		<u>(4,490)</u>	<u>57,689</u>	<u>(7,779)</u>	<u>(12,136)</u>
Operating (loss)/profit before working capital changes brought forward		(4,490)	57,689	(7,779)	(12,136)

**PRESTARIANG BERHAD**

(Incorporated in Malaysia)

Registration No: 201001038336 (922260 - K)

**STATEMENTS OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 (CONT'D)**

	The Group		The Company		
	Note	1.7.2019 to 30.6.2020 RM'000	1.1.2018 to 30.6.2019 RM'000 (Restated)	1.7.2019 to 30.6.2020 RM'000	1.1.2018 To 30.6.2019 RM'000
Operating (loss)/profit before working capital changes carried forward		(4,490)	57,689	(7,779)	(12,136)
Decrease in contract costs		14,902	25,118	-	-
Decrease in inventories		-	840	-	-
(Increase)/Decrease in trade and other receivables		(20,338)	(184,597)	(7)	11
(Decrease)/Increase in contract liabilities		(1,999)	8,614	-	-
Increase in trade and other payables		664	33,401	1,094	393
<b>CASH FLOW FOR OPERATIONS</b>		<b>(11,261)</b>	<b>(58,935)</b>	<b>(6,692)</b>	<b>(11,732)</b>
Interest paid		(4,640)	(4,718)	-	-
Income tax paid		(1,093)	(9,847)	-	(633)
<b>NET CASH FOR OPERATING ACTIVITIES</b>		<b>(16,994)</b>	<b>(73,500)</b>	<b>(6,692)</b>	<b>(12,365)</b>
<b>CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES</b>					
Development costs paid		-	(3,647)	-	-
Interest income received		84	424	-	128
Placement of deposit pledged with a licensed bank		(1,728)	(1,318)	-	-
Profit received from deposits with licensed Islamic banks		-	72	-	-
Proceeds from disposal of other investment		7,733	-	-	-
Proceeds from disposal of property and equipment		90	148	-	65
Purchase of:					
- other investment		-	(6,172)	-	-
- property and equipment		(499)	(11,326)	-	-
Repayment from/(Advances to) subsidiaries		-	-	1,348	(25,368)
<b>NET CASH FLOW FROM/(FOR) INVESTING ACTIVITIES</b>		<b>5,680</b>	<b>(21,819)</b>	<b>1,348</b>	<b>(25,175)</b>

**PRESTARIANG BERHAD**

(Incorporated in Malaysia)

Registration No: 201001038336 (922260 - K)

**STATEMENTS OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 (CONT'D)**

	Note	The Group		The Company	
		1.7.2019 to 30.6.2020 RM'000	1.1.2018 to 30.6.2019 RM'000 (Restated)	1.7.2019 to 30.6.2020 RM'000	1.1.2018 To 30.6.2019 RM'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Advances from directors	45(b)	344	2,133	90	505
Advances from other payables	45(b)	-	5,173	-	-
Dividend paid		-	(8,200)	-	(8,200)
Drawdown of revolving credits	45(b)	1,500	17,661	-	-
Proceeds from issuance of:					
- ordinary shares		14,103	-	14,103	-
- redeemable secured loan stocks	45(b)	-	10,000	-	-
Repayment of hire purchase obligations	45(b)	-	(58)	-	-
Repayment of lease obligations	45(b)	(96)	-	-	-
Repayment of term loans	45(b)	(2,650)	(2,814)	-	-
(Repayment to)/Advances from subsidiaries	45(b)	-	-	(8,779)	40,766
<b>NET CASH FROM FINANCING ACTIVITIES</b>		<b>13,201</b>	<b>23,895</b>	<b>5,414</b>	<b>33,071</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>1,887</b>	<b>(71,424)</b>	<b>70</b>	<b>(4,469)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR/PERIOD</b>		<b>(3,036)</b>	<b>68,388</b>	<b>44</b>	<b>4,513</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR/PERIOD</b>	45(c)	<b>(1,149)</b>	<b>(3,036)</b>	<b>114</b>	<b>44</b>

## **PRESTARIANG BERHAD**

(Incorporated in Malaysia)

Registration No: 201001038336 (922260 - K)

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

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#### **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 12 October 2020.

#### **2. PRINCIPAL ACTIVITIES**

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 5 to the financial statements.

#### **3. BASIS OF ACCOUNTING**

##### **3.1 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.

## **PRESTARIANG BERHAD**

(Incorporated in Malaysia)

Registration No: 201001038336 (922260 - K)

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

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#### **3. BASIS OF ACCOUNTING (CONT'D)**

##### **3.1 BASIS OF PREPARATION (CONT'D)**

- 3.1.1 During the current financial year, 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 16 Leases

IC Interpretation 23 Uncertainty Over Income Tax Treatments

Amendments to MFRS 9: Prepayment Features with Negative Compensation

Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement

Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures

Annual Improvements to MFRS Standards 2015 - 2017 Cycles

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

MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and replaced the previous guidance on lease accounting. 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 lease assets and the related lease obligations in the statement of financial position (with limited exceptions) as right-of-use assets and lease liabilities respectively. The right-of-use assets are subject to depreciation and the interest on lease liabilities are calculated using the effective interest method. The impacts on the financial statements of the Group upon its initial application of MFRS 16 are disclosed in Note 54 to the financial statements.



## PRESTARIANG BERHAD

(Incorporated in Malaysia)

Registration No: 201001038336 (922260 - K)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

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#### 3. BASIS OF ACCOUNTING (CONT'D)

##### 3.1 BASIS OF PREPARATION (CONT'D)

- 3.1.2 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 year:-

<b>MFRSs and/or IC Interpretations (Including The Consequential Amendments)</b>	<b>Effective Date</b>
MFRS 17 Insurance Contracts	1 January 2023*
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 4: Extension of the Temporary Exemption from Applying MFRS 9	At issue date of 17 August 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform	1 January 2020
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 101 and MFRS 108: Definition of Material	1 January 2020
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023**
Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022

\* The effective date has been deferred from annual reporting periods beginning on or after 1 January 2021 to 1 January 2023 pursuant to the amendments to MFRS 17 issued by the MASB, namely 'Amendments to MFRS 17 Insurance Contracts'.

\*\* The effective date has been deferred from annual reporting periods beginning on or after 1 January 2022 to 1 January 2023 pursuant to the amendments to MFRS 101 issued by the MASB, namely 'Classification of Liabilities as Current or Non-current - Deferral of Effective Date'.

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.

## PRESTARIANG BERHAD

(Incorporated in Malaysia)

Registration No: 201001038336 (922260 - K)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

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#### 3. BASIS OF ACCOUNTING (CONT'D)

##### 3.2 GOING CONCERN

The Group and the Company have prepared their financial statements on a going concern basis, notwithstanding that during the financial year ended 30 June 2020, the Group and the Company recorded:-

- (i) negative operating cash flows of RM16.994 million and RM6.692 million respectively; and
- (ii) loss after taxation of RM16.894 million and RM8.621 million respectively.

The above conditions give rise to concerns about whether the Group and the Company have sufficient cash flows to meet their obligations as and when they fall due.

The Group and the Company have implemented certain business turnaround plans which are currently in progress, amongst others:-

- (i) disposal of one of its subsidiaries which has been underperforming for the past few years as disclosed in Notes 17 and 51 to the financial statements;
- (ii) proposed corporate exercises as disclosed in Note 52(a) to the financial statements to raise funds via private placement and right issues for working capital purposes and to repay the amount owing to directors, advances from a former director of the Company and redemption of the redeemable secured loan stocks; and
- (iii) proposed scheme of arrangement between Prestariang SKIN Sdn. Bhd. ("PSKIN"), a subsidiary of the Company and its scheme creditors as disclosed in Note 52(c) to the financial statements. A scheme of arrangement is a court-sanctioned debt restructuring scheme between PSKIN and its creditors. The commercial aim of the proposed scheme of arrangement is to shield PSKIN from creditor actions.

In view of the above, the management has concluded that the Group and the Company will have sufficient working capital to finance their operations and to meet their financial obligations as and when they fall due. Accordingly, the directors believe that there is no material uncertainty that exists and the preparation of the financial statements of the Group and the Company on the going concern basis is appropriate.

## PRESTARIANG BERHAD

(Incorporated in Malaysia)

Registration No: 201001038336 (922260 - K)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

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#### 4. SIGNIFICANT ACCOUNTING POLICIES

##### 4.1 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.

## PRESTARIANG BERHAD

(Incorporated in Malaysia)

Registration No: 201001038336 (922260 - K)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

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#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### 4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

###### *Key Sources of Estimation Uncertainty (Cont'd)*

###### **(c) 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.

###### **(d) 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.

###### **(e) 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 to date 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.

###### **(f) 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.

## PRESTARIANG BERHAD

(Incorporated in Malaysia)

Registration No: 201001038336 (922260 - K)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

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#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### 4.1 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.

##### 4.2 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.

## **PRESTARIANG BERHAD**

(Incorporated in Malaysia)

Registration No: 201001038336 (922260 - K)

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

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#### **4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

##### **4.2 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 year.

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.

## PRESTARIANG BERHAD

(Incorporated in Malaysia)

Registration No: 201001038336 (922260 - K)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

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#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### 4.2 BASIS OF CONSOLIDATION (CONT'D)

###### (a) Business Combinations (Cont'd)

###### (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.

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.

## **PRESTARIANG BERHAD**

(Incorporated in Malaysia)

Registration No: 201001038336 (922260 - K)

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

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#### **4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

##### **4.2 BASIS OF CONSOLIDATION (CONT'D)**

###### **(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 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

##### **4.3 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.



# PRESTARIANG BERHAD

(Incorporated in Malaysia)

Registration No: 201001038336 (922260 - K)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

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### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.4 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.

#### (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.

## PRESTARIANG BERHAD

(Incorporated in Malaysia)

Registration No: 201001038336 (922260 - K)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

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#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### 4.4 FINANCIAL INSTRUMENTS (CONT'D)

###### (a) Financial Assets (Cont'd)

###### *Debt Instruments (Cont'd)*

###### (i) Amortised Cost (Cont'd)

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.

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.

## PRESTARIANG BERHAD

(Incorporated in Malaysia)

Registration No: 201001038336 (922260 - K)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

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#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### 4.4 FINANCIAL INSTRUMENTS (CONT'D)

###### (a) Financial Assets (Cont'd)

###### *Equity Instruments (Cont'd)*

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 derecognition 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).

## PRESTARIANG BERHAD

(Incorporated in Malaysia)

Registration No: 201001038336 (922260 - K)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

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#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### 4.4 FINANCIAL INSTRUMENTS (CONT'D)

##### (b) Financial Liabilities (Cont'd)

##### (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.

##### (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.

## **PRESTARIANG BERHAD**

(Incorporated in Malaysia)

Registration No: 201001038336 (922260 - K)

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

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#### **4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

##### **4.4 FINANCIAL INSTRUMENTS (CONT'D)**

##### **(c) Equity Instruments (Cont'd)**

##### **(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.

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.

## **PRESTARIANG BERHAD**

(Incorporated in Malaysia)

Registration No: 201001038336 (922260 - K)

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

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#### **4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

##### **4.4 FINANCIAL INSTRUMENTS (CONT'D)**

###### **(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.

##### **4.5 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.

##### **4.6 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.

# PRESTARIANG BERHAD

(Incorporated in Malaysia)

Registration No: 201001038336 (922260 - K)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

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### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.6 PROPERTY AND EQUIPMENT (CONT'D)

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.

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.

#### 4.7 INVESTMENT PROPERTIES

Investment properties are properties which are owned or right-to-use asset held 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 which are owned are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The right-of-use asset held under a lease contract that meets the definition of investment property is measured initially similarly as other right-of-use assets.

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

## **PRESTARIANG BERHAD**

(Incorporated in Malaysia)

Registration No: 201001038336 (922260 - K)

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

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#### **4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

##### **4.7 INVESTMENT PROPERTIES (CONT'D)**

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.

##### **4.8 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.

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.



## **PRESTARIANG BERHAD**

(Incorporated in Malaysia)

Registration No: 201001038336 (922260 - K)

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

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#### **4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

##### **4.9 LEASES**

The Group assesses whether a contract is or contains a lease, at the inception of the contract. The Group recognises a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for low-value assets and short-term leases with 12 months or less. For these leases, the Group recognises the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use assets and the associated lease liabilities are presented as a separate line item in the statements of financial position.

The right-of-use asset is initially measured at cost. Cost includes the initial amount of the corresponding lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of the lease liability. The depreciation starts from the commencement date of the lease. If the lease transfers ownership of the underlying asset to the Group or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those property and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments (other than lease modification that is not accounted for as a separate lease) with the corresponding adjustment is made to the carrying amount of the right-of-use asset or is recognised in profit or loss if the carrying amount has been reduced to zero.

## PRESTARIANG BERHAD

(Incorporated in Malaysia)

Registration No: 201001038336 (922260 - K)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

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#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### 4.9 LEASES (CONT'D)

###### Accounting Policies Applied Until 30 June 2019

###### (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.

##### 4.10 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.

## PRESTARIANG BERHAD

(Incorporated in Malaysia)

Registration No: 201001038336 (922260 - K)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

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#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### 4.11 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.

##### 4.12 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.

##### 4.13 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.

## **PRESTARIANG BERHAD**

(Incorporated in Malaysia)

Registration No: 201001038336 (922260 - K)

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

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#### **4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

##### **4.14 NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS**

Non-current assets (or disposal group comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the non-current assets (or the disposal group) are remeasured in accordance with the Group's accounting policies. Upon classification as held for sale, the non-current assets (or non-current assets of the disposal group) are not depreciated and are measured at the lower of their previous carrying amount and fair value less cost to sell. Any differences are recognised in profit or loss.

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is restated as if the operation had been discontinued from the start of the comparative period.

##### **4.15 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.

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.

## PRESTARIANG BERHAD

(Incorporated in Malaysia)

Registration No: 201001038336 (922260 - K)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

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#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### 4.15 IMPAIRMENT (CONT'D)

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

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.

###### (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.

## **PRESTARIANG BERHAD**

(Incorporated in Malaysia)

Registration No: 201001038336 (922260 - K)

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

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#### **4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

##### **4.16 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.

##### **4.17 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.

###### **(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.

##### **4.18 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).

## PRESTARIANG BERHAD

(Incorporated in Malaysia)

Registration No: 201001038336 (922260 - K)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

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#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### 4.18 INCOME TAXES (CONT'D)

###### (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 embodied in the property over time, rather than through sale.

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.

## PRESTARIANG BERHAD

(Incorporated in Malaysia)

Registration No: 201001038336 (922260 - K)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

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#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### 4.18 INCOME TAXES (CONT'D)

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

Révenues, 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.

##### 4.19 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.

##### 4.20 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.

##### 4.21 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.



## **PRESTARIANG BERHAD**

(Incorporated in Malaysia)

Registration No: 201001038336 (922260 - K)

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

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#### **4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

##### **4.22 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.

##### **4.23 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.

## **PRESTARIANG BERHAD**

(Incorporated in Malaysia)

Registration No: 201001038336 (922260 - K)

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

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#### **4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

##### **4.24 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 Licences**

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.

## **PRESTARIANG BERHAD**

(Incorporated in Malaysia)

Registration No: 201001038336 (922260 - K)

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

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#### **4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

##### **4.24 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONT'D)**

###### **(c) Educational Services**

Tuition, registration fees 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.

###### **(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 to date 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.

## PRESTARIANG BERHAD

(Incorporated in Malaysia)

Registration No: 201001038336 (922260 - K)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

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#### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### 4.25 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.

#### 5. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2020	2019
	RM'000	RM'000
Unquoted shares, at cost:-		
At 1 July 2019/1 January 2018	41,347	41,347
Reclassified to assets of disposal group classified as held for sales (Note 17)	(20,000)	-
	<hr/>	<hr/>
	21,347	41,347
Less: Accumulated impairment losses	(500)	(20,500)
	<hr/>	<hr/>
At 30 June	20,847	20,847
	<hr/>	<hr/>
Accumulated impairment losses:-		
At 1 July 2019/1 January 2018	(20,500)	(20,500)
Reclassified to assets of disposal group classified as held for sales (Note 17)	20,000	-
	<hr/>	<hr/>
At 30 June	(500)	(20,500)
	<hr/>	<hr/>

## PRESTARIANG BERHAD

(Incorporated in Malaysia)

Registration No: 201001038336 (922260 - K)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

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#### 5. 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:-

Name of Subsidiary	Percentage of Issued Share Capital Held by Parent		Principal Activities
	2020 %	2019 %	
<i>Subsidiaries of the Company</i>			
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 year.
Prestariang Digital Sdn. Bhd. ("PDSB")	100	100	Dormant.
Prestariang Capital Sdn. Bhd. ("PCSB")	100	100	Investment holding.
Prestariang Services Sdn. Bhd. ("PSV")	70	70	Investment holding.

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## PRESTARIANG BERHAD

(Incorporated in Malaysia)

Registration No: 201001038336 (922260 - K)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

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#### 5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of Subsidiary	Percentage of Issued Share Capital Held by Parent		Principal Activities
	2020 %	2019 %	
<i>Subsidiary of PTSB</i>			
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 year.
<i>Subsidiaries of PSSB</i>			
Logisys Sdn. Bhd. ("LSB")	100	100	Other information technology service activities. The company has not commenced its business operations during the financial year.
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 year.
<i>Subsidiaries of PSV</i>			
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 data/system analytics.

## PRESTARIANG BERHAD

(Incorporated in Malaysia)

Registration No: 201001038336 (922260 - K)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

#### 5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

- (a) In the previous 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 loss of RM20,500,000 was recognised in "Other Expenses" line item of the statements of profit or loss and other comprehensive income.

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

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

	Effective Equity Interest		The Group	
	2020 %	2019 %	2020 RM'000	2019 RM'000 (Restated)
PSV	30	30	12,145	11,781
Other individually immaterial subsidiary	49	49	677	764
			<u>12,822</u>	<u>12,545</u>

- (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	
	2020 RM'000	2019 RM'000 (Restated)
<u>At 30 June</u>		
Non-current assets	561	665
Current assets	183,246	183,374
Non-current liabilities	(17,020)	(17,073)
Current liabilities	(129,227)	(127,826)
Net assets	<u>37,560</u>	<u>39,140</u>
<u>Financial Year/Period Ended 30 June</u>		
Revenue	-	182,798
(Loss)/Profit for the financial year/period	(1,581)	44,616
Total comprehensive (expenses)/income	<u>(1,581)</u>	<u>44,616</u>
Net cash flows for operating activities	(2,196)	(53,142)
Net cash flows for investing activities	-	(394)
Net cash flows from financing activities	<u>2,079</u>	<u>40,829</u>

**PRESTARIANG BERHAD**

(Incorporated in Malaysia)

Registration No: 201001038336 (922260 - K)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020****6. PROPERTY AND EQUIPMENT**

The Group	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
<b>2020</b>								
<b>Cost</b>								
At 1 July 2019:								
- as previously reported	5,254	8,435	4,914	5,351	5,943	669	1,323	31,889
- initial application of MFRS 16 (Note 54)	-	-	-	-	-	(234)	-	(234)
- prior year adjustments (Note 55)	-	-	-	-	-	-	(1,247)	(1,247)
- as restated	5,254	8,435	4,914	5,351	5,943	435	76	30,408
Additions	-	360	5	133	-	-	1	499
Transfer from investment properties (Note 7)	7,770	-	-	-	-	-	-	7,770
Reclassified to assets of disposal group classified as held for sales (Note 17)	-	(1,571)	(805)	(1,325)	(58)	(105)	-	(3,864)
At 30 June	13,024	7,224	4,114	4,159	5,885	330	77	34,813



**PRESTARIANG BERHAD**

(Incorporated in Malaysia)

Registration No: 201001038336 (922260 - K)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020****6. PROPERTY AND EQUIPMENT (CONT'D)**

	Freehold buildings RM'000	Computer systems 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
<b>The Group</b>								
<b>2020</b>								
<b>Accumulated Depreciation</b>								
At 1 July 2019:								
- as previously reported	954	3,886	1,486	1,722	2,677	493	-	11,218
- initial application of MFRS 16 (Note 54)	-	-	-	-	-	(123)	-	(123)
- as restated	954	3,886	1,486	1,722	2,677	370	-	11,095
Charge for the financial year (Note 38, 42)	173	1,132	366	375	522	32	-	2,600
Reclassified to assets of disposal group classified as held for sales (Note 17)	-	(1,061)	(380)	(473)	(57)	(105)	-	(2,076)
At 30 June	1,127	3,957	1,472	1,624	3,142	297	-	11,619

**PRESTARIANG BERHAD**

(Incorporated in Malaysia)

Registration No: 201001038336 (922260 - K)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020****6. PROPERTY AND EQUIPMENT (CONT'D)**

	Freehold buildings RM'000	Computer systems 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
<b>The Group</b>								
<b>2020</b>								
<b>Accumulated Impairment Losses</b>								
At 1 July 2019	-	331	425	744	-	-	-	1,500
Impairment losses for the year (Note 42)	-	180	-	108	-	-	-	288
Reclassified to assets of disposal group classified as held for sales (Note 17)	-	(511)	(425)	(852)	-	-	-	(1,788)
At 30 June	-	-	-	-	-	-	-	-
<b>Net Carrying Amount</b>								
At 30 June	11,897	3,267	2,642	2,535	2,743	33	77	23,194

**PRESTARIANG BERHAD**

(Incorporated in Malaysia)

Registration No: 201001038336 (922260 - K)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020****6. PROPERTY AND EQUIPMENT (CONT'D)**

The Group	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
<b>2019</b>								
<b>Cost</b>								
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	-	4,103	13,376
Adjustments on cost	(1,590)	-	-	-	-	-	(460)	(2,050)
Reclassification	-	3,969	-	122	-	-	(4,091)	-
Transfer to investment properties (Note 7)	(23,921)	-	-	-	-	-	-	(23,921)
Disposals	-	(1)	-	-	-	(670)	-	(671)
Written Off	-	(16)	(159)	(78)	(2,280)	-	(9)	(2,542)
At 30 June (restated)	5,254	8,435	4,914	5,351	5,943	669	76	30,642
<b>Accumulated Depreciation</b>								
At 1 January 2018	796	2,491	1,010	1,145	2,777	985	-	9,204
Charge for the financial year (Note 38, 42)	397	1,404	543	621	1,010	178	-	4,153
Transfer to investment properties (Note 7)	(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

**PRESTARIANG BERHAD**

(Incorporated in Malaysia)

Registration No: 201001038336 (922260 - K)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020****6. PROPERTY AND EQUIPMENT (CONT'D)**

The Group	Freehold buildings RM'000	Computer systems 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
<b>2019</b>								
<b>Accumulated Impairment Losses</b>								
At 1 January 2018	-	-	-	-	-	-	-	-
Impairment losses for the period (Note 42)	-	331	425	744	-	-	-	1,500
At 30 June	-	331	425	744	-	-	-	1,500
<b>Net Carrying Amount</b>								
At 30 June (restated)	4,300	4,218	3,003	2,885	3,266	176	76	17,924

**PRESTARIANG BERHAD**

(Incorporated in Malaysia)

Registration No: 201001038336 (922260 - K)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020****6. PROPERTY AND EQUIPMENT (CONT'D)**

	2020 RM'000	2019 RM'000
<b>The Company</b>		
Motor vehicles		
<b>Cost</b>		
At 1 July 2019/1 January 2018	-	180
Disposal	-	(180)
At 30 June	-	-
<b>Accumulated Depreciation</b>		
At 1 July 2019/1 January 2018	-	180
Disposal	-	(180)
At 30 June	-	-
<b>Net Carrying Amount</b>		
At 30 June	-	-

- (a) In the previous financial period, included in property and equipment of the Group were motor vehicles with a total carrying amount of RM111,192 which were acquired under hire purchase terms. These leased assets had been pledged as security for the hire purchase payables of the Group as disclosed in Note 23 to the financial statements.
- (b) The freehold buildings of the Group amounting to RM7,692,000 (2019 - 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.
- (c) The freehold buildings of the Group amounting to RM4,205,000 (2019 - RM4,300,000) have been pledged to a licensed bank as security for redeemable secured loan stocks as disclosed in Note 25 to the financial statements.
- (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 year, 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 RM288,000 (2019 - RM1,500,000), representing the write-down of the equipment to the recoverable amount was recognised in profit or loss under the "Loss After Taxation From Discontinued Operations" line item of the statements of profit or loss and other comprehensive income as disclosed in Note 42 to the financial statements.

## PRESTARIANG BERHAD

(Incorporated in Malaysia)

Registration No: 201001038336 (922260 - K)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

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#### 7. INVESTMENT PROPERTIES

	The Group	
	2020 RM'000	2019 RM'000
<i>Carrying Amount</i>		
Freehold commercial buildings, at fair value		
At 1 July 2019/1 January 2018	35,089	-
Addition	-	11,407
Gain on changes in fair value	191	
Transfer (to)/from property and equipment (Note 6)	(7,770)	23,682
At 30 June	<u>27,510</u>	<u>35,089</u>

- (a) The freehold buildings amounting to RM11,430,000 (2019 - RM11,407,000) 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 RM16,080,000 (2019 - RM23,682,000) 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.
- (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 year.

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 year.

The fair value measurements of the investment properties are based on the highest and best use which does 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.

## PRESTARIANG BERHAD

(Incorporated in Malaysia)

Registration No: 201001038336 (922260 - K)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

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#### 8. RIGHT-OF-USE ASSETS

	The Group 2020 RM'000
<i>Motor Vehicles</i>	
<b>Cost</b>	
At 1 July 2019:	
- as previously reported	-
- initial application of MFRS 16 (Note 54)	234
- as restated	234
Disposal	(234)
At 30 June	-
<b>Accumulated Depreciation</b>	
At 1 July 2019:	
- as previously reported	-
- initial application of MFRS 16 (Note 54)	123
- as restated	123
Depreciation charges	41
Disposal	(164)
At 30 June	-
<b>Net Carrying Amount</b>	
At 30 June	-

#### 9. OTHER INVESTMENT

	The Group	
	2020 RM'000	2019 RM'000
At 1 July 2019/1 January 2018	8,427	3,944
Addition during the financial year/period	-	6,172
Disposal during the financial year/period	(7,733)	-
Changes in fair value	(694)	(1,689)
At 30 June	-	8,427

## PRESTARIANG BERHAD

(Incorporated in Malaysia)

Registration No: 201001038336 (922260 - K)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

---

#### 9. OTHER INVESTMENT (CONT'D)

- (a) In the previous financial period, the Group has designated the following equity investments at fair value through other comprehensive income because the Group intends to hold for long-term strategic purposes.

The fair value of the investment is summarised below:-

	The Group	
	2020 RM'000	2019 RM'000
Unquoted shares of Entity A	-	8,427

- (b) During the financial year, the Group has disposed of its investments in Entity A as this investment no longer suited the Group's investment strategy. The shares sold had a fair value of RM7,733,000 (2019 - Nil) at the time of sale and the Group realised a cumulative loss of RM8,324,000 (2019 - Nil) by transferring the associated fair value reserve to accumulated losses.

#### 10. DEVELOPMENT COSTS

	The Group	
	2020 RM'000	2019 RM'000
<b>Cost</b>		
At 1 July 2019/1 January 2018	14,591	10,944
Additions during the financial year/period	-	3,647
At 30 June	14,591	14,591
<b>Accumulated Amortisation</b>		
At 1 July 2019/1 January 2018	(1,390)	(1,390)
Additional during the financial year/period (Note 38)	(11)	-
At 30 June	(1,401)	(1,390)
<b>Accumulated Impairment Losses</b>		
At 1 July 2019/1 January 2018	(13,147)	(3,503)
Impairment losses during the financial year/period (Note 38, 42)	-	(9,644)
At 30 June	(13,147)	(13,147)
<b>Net Carrying Amount</b>	43	54



## PRESTARIANG BERHAD

(Incorporated in Malaysia)

Registration No: 201001038336 (922260 - K)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

---

#### 10. DEVELOPMENT COSTS (CONT'D)

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

	The Group	
	2020 RM'000	2019 RM'000
Salaries, allowances and bonuses	-	1,754
Defined contribution benefits	-	203
Other benefits	-	145
	<hr/>	<hr/>
	-	2,102

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

	The Group	
	2020 RM'000	2019 RM'000
Development of Accredited Prestariang Skill Training Institute, a development in accredited training centre at Pengerang Johor for Technical and Vocational Education and Training (TVET) program	43	54
	<hr/>	<hr/>

- (c) The Group has assessed the recoverable amounts of development costs and determined that no impairment losses is required. 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. In the previous financial period, a total impairment losses of RM9,644,000 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 Notes 38 and 42 to the financial statements.

## PRESTARIANG BERHAD

(Incorporated in Malaysia)

Registration No: 201001038336 (922260 - K)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

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#### 11. CONTRACT COSTS

	The Group	
	2020 RM'000	2019 RM'000
Costs to fulfil a contract: - customer's order in future	4,297	19,217

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.

#### 12. TRADE RECEIVABLES

	The Group	
	2020 RM'000	2019 RM'000 (Restated)
Trade receivables	235,380	227,364
Allowance for impairment losses	(9,822)	(15,336)
	<u>225,558</u>	<u>212,028</u>
Allowance for impairment losses:-		
At 1 July 2019/1 January 2018	(15,336)	(2,375)
Addition during the financial year/period (Note 37, 42)	(3,771)	(14,074)
Reclassified to assets of disposal group classified as held for sales	9,020	-
Reversal during the financial year/period (Note 37)	265	907
Written off during the financial year/period	-	206
At 30 June	<u>(9,822)</u>	<u>(15,336)</u>

(a) Trade receivables are non-interest bearing and are generally on 30 to 60 (2019 - 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 RM182,798,000 (2019 - RM182,798,000) owing by the Government of Malaysia ("GOM") in relation to the development of SKIN Solution.

As disclosed in Note 53 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.

**PRESTARIANG BERHAD**

(Incorporated in Malaysia)

Registration No: 201001038336 (922260 - K)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020****13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS**

	The Group		The Company	
	2020 RM'000	2019 RM'000 (Restated)	2020 RM'000	2019 RM'000
Other receivables:-				
Third parties	3,801	3,876	2,599	2,599
Advances	16	86	-	-
Goods and services tax receivables	135	2,575	-	-
	3,952	6,537	2,599	2,599
Allowance for impairment losses	(2,607)	(3,156)	(2,599)	(2,599)
	1,345	3,381	-	-
Other deposits	977	1,863	-	-
Prepayments	1,393	508	28	21
	3,715	5,752	28	21
Allowance for impairment losses:-				
At 1 July 2019/1 January 2018	(3,156)	-	(2,599)	-
Addition during the financial year/period (Note 37, 42)	(20)	(3,156)	-	(2,599)
Reclassified to assets of disposal group classified as held for sales	569	-	-	-
At 30 June	(2,607)	(3,156)	(2,599)	(2,599)

**PRESTARIANG BERHAD**

(Incorporated in Malaysia)

Registration No: 201001038336 (922260 - K)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020****14. AMOUNTS OWING BY/(TO) SUBSIDIARIES**

	<b>The Company</b>	
	<b>2020</b>	<b>2019</b>
	RM'000	RM'000
<b>Amount Owing by Subsidiaries</b>		
<u>Current</u>		
Non-trade balances	70,517	96,465
Allowance for impairment losses	(8,430)	(32,189)
	62,087	64,276
Allowance for impairment losses:-		
At 1 July 2019/1 January 2018	(32,189)	(3,000)
Addition during the financial year/period (Note 37)	(842)	(29,189)
Written off	24,601	-
At 30 June	(8,430)	(32,189)
<b>Amount Owing to Subsidiaries</b>		
<u>Current</u>		
Non-trade balances	(20,435)	(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
<b>The Company</b>			
<b>2020</b>			
Amount owing by	124,880	(54,363)	70,517
Amount owing to	(74,798)	54,363	(20,435)
	124,880	(54,363)	70,517
<b>2019</b>			
Amount owing by	153,578	(57,113)	96,465
Amount owing to	(86,327)	57,113	(29,214)
	153,578	(57,113)	96,465

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

**PRESTARIANG BERHAD**

(Incorporated in Malaysia)

Registration No: 201001038336 (922260 - K)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020****15. SHORT-TERM INVESTMENTS**

	The Group/The Company			
	2020			2019
	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	40	40

**16. CASH AND BANK BALANCES**

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Fixed deposits with licensed banks	5,944	4,216	-	-
Cash and bank balances	6,403	2,950	74	4
	<u>12,347</u>	<u>7,166</u>	<u>74</u>	<u>4</u>

- (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% (2019 - 1.50% to 3.05%) per annum. The fixed deposits have maturity periods ranging from 30 to 365 (2019 - 60 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 RM5,944,000 (2019 - RM4,216,000) which have been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Notes 32, 33 and 49 to the financial statements.

## PRESTARIANG BERHAD

(Incorporated in Malaysia)

Registration No: 201001038336 (922260 - K)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

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#### 17. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

On 25 February 2020, the Company announced the disposal of one of its subsidiaries which has been underperforming for the past few financial years. This decision is consistent with the Group's strategy to focus on its core business - software license distribution and ICT training and certification. The details of the disposal are disclosed in Note 51 to the financial statements.

At the end of the current reporting period, the assets and liabilities of the subsidiary have been presented in the consolidated statement of financial position as "Assets of disposal group classified as held for sale" and "Liabilities of disposal group classified as held for sale", and its results have also been presented separately on the consolidated statement of profit or loss and other comprehensive income as "Loss after taxation from discontinued operations". The disposal is expected to be completed in the next financial year.

The assets and liabilities of the disposal group are as follows:-

	The Group 2020 RM'000	The Company 2020 RM'000
<b>Assets</b>		
Investments in subsidiaries (Note 5)	-	-
Property and equipment (Note 6)	-	-
Contract costs	18	-
Trade receivables	3,670	-
Other receivables	1,649	-
Cash and bank balances	358	-
	<hr/>	<hr/>
Assets of disposal group classified as held for sale	5,695	-
	<hr/>	<hr/>
<b>Liabilities</b>		
Trade payables	(1,166)	-
Other payables and accruals	(9,951)	-
Contract liabilities (Note 29(c))	(2,305)	-
	<hr/>	<hr/>
Liabilities of disposal group classified as held for sale	(13,422)	-
	<hr/>	<hr/>

## PRESTARIANG BERHAD

(Incorporated in Malaysia)

Registration No: 201001038336 (922260 - K)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

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#### 18. SHARE CAPITAL

	The Group/The Company			
	2020 '000 Number Of Shares	2019 '000	2020 RM'000	2019 RM'000 Amount
<b>Issued and Fully Paid-Up</b>				
Ordinary Shares				
At 1 July 2019/ 1 January 2018	484,000	484,000	119,700	119,700
Addition during the year	48,230	-	14,103	-
At 30 June	<u>532,230</u>	<u>484,000</u>	<u>133,803</u>	<u>119,700</u>

- (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) During the financial year, the Company increased its issued and paid-up share capital from RM119,700,646 to RM133,802,983 by way of issuance of 48,230,100 new ordinary shares at RM0.296 each for a cash consideration of RM14,102,337 (after net of transaction costs of RM173,772).

The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company.

#### 19. TREASURY SHARES

During the financial year, the Company has not purchased any ordinary shares from the open market. Of the total 532,230,100 issued ordinary shares at the end of the reporting period, 1,698,500 (2019 - 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 year.

## PRESTARIANG BERHAD

(Incorporated in Malaysia)

Registration No: 201001038336 (922260 - K)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

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#### 20. 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.

During the financial year, the Group has disposed of its investments designated at fair value through other comprehensive income and realised a cumulative loss of RM8,324,000 by transferring the associated fair value reserve to accumulated losses.

#### 21. REDEEMABLE CONVERTIBLE PREFERENCE SHARES ("RCPS")

	The Group			
	2020 Number Of Shares '000	2019 '000	2020 Amount RM'000	2019 Amount RM'000
<b>RCPS "A"</b>				
At 1 July 2019/ 1 January 2018	-	152	-	152
Reclassified to redeemable preference shares "A" ("RPS A") (Note 26)	-	(152)	-	(152)
At 30 June	-	-	-	-
<b>RCPS "B"</b>				
At 1 July 2019/ 1 January 2018	-	85	-	85
Redemption during the financial year/period	-	(85)	-	(85)
At 30 June	-	-	-	-
	-	-	-	-



## PRESTARIANG BERHAD

(Incorporated in Malaysia)

Registration No: 201001038336 (922260 - K)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

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

##### (a) RCPS "A"

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

<b>Terms</b>	<b>Details</b>
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	<p>(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.</p> <p>(ii) The redemption sum shall be payable on the redemption date.</p> <p>(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.</p> <p>(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.</p>
Conversion rights	<p>(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.</p> <p>(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.</p>

## PRESTARIANG BERHAD

(Incorporated in Malaysia)

Registration No: 201001038336 (922260 - K)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

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#### 21. 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	<p>(i) All (and not some) of the RCPS "A" shall be converted into new ordinary shares:-</p> <ul style="list-style-type: none"><li>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</li><li>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;</li></ul> <p>whichever is the earlier.</p> <p>(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.</p>
Rights	<p>(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:-</p> <ul style="list-style-type: none"><li>Any resolution which varies the rights and privileges attaching to the RCPS "A";</li><li>Any resolution to reduce the share capital of PSV;</li><li>Any resolution for the winding-up of the Company; and</li><li>Any other circumstances as may be provided under the law and applicable to preference shares.</li></ul> <p>(ii) <u>No board representation</u> The RCPS "A" does not entitle the RCPS "A" holders to be represented on the Board.</p>
Ranking	<p>(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.</p> <p>(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.</p>