

**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> RM'000	<b>2019</b> 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	-
	(8,430)	(32,189)
At 30 June	(8,430)	(32,189)
<b>Amount Owing to Subsidiaries</b>		
<u>Current</u>		
Non-trade balances	(20,435)	(29,214)
	(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
	(74,798)	54,363	(20,435)
	124,880	(54,363)	70,517
	(74,798)	54,363	(20,435)
<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
	(86,327)	57,113	(29,214)
	153,578	(57,113)	96,465
	(86,327)	57,113	(29,214)

- (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.

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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
	12,347	7,166	74	4

- (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.

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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)	-
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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.

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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	-	-	-	-
	-	-	-	-

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

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

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

Terms	Details
Dividend	Nil
Security	The RCPS "A" will be unsecured.
Expiry date	1 month after the expiry date of the Conversion Period or such other date as may be mutually agreed between PSV and the holder.
Redemption price	Equivalent to the issue price.
Redemption	<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>

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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>

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

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

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

##### (b) RCPS "B"

In the previous financial period, the entire RCPS "B" was redeemed at a redemption price of RM1.

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

<b>Terms</b>	<b>Details</b>
Dividend	Nil
Security	The RCPS "B" will be unsecured.
Expiry date	1 month after the expiry date of the Conversion Period or such other date as may be mutually agreed between PSV and the holder.
Redemption price	Equivalent to the issue price.
Redemption	<p>(i) Unless the RCPS "B" shall have been converted within the conversion period, the RCPS "B" shall be redeemed:-</p> <ul style="list-style-type: none"><li>• on the expiry date; or</li><li>• by mutual agreement of the RCPS "B" holder and PSV; or</li><li>• upon termination of the concession agreement; whichever is the earlier.</li></ul> <p>(ii) The redemption sum shall be payable on the redemption date.</p> <p>(iii) No RCPS "B" shall be redeemed otherwise than out of profits or a fresh issue of shares of the capital of PSV and subject always to the provisions of the Companies Act 2016.</p> <p>(iv) The receipt of RCPS "B" holder of the redemption sum from PSV shall constitute an absolute discharge of PSV in respect of the RCPS "B" redeemed.</p>



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

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

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

Terms	Details
Conversion period	<p>(i) All (and not some) of the RCPS "B" shall be converted into new ordinary shares:-</p> <ul style="list-style-type: none"><li>at the option of the RCPS "B" holder, at any time after the 5th anniversary of the Effective Date but prior to the expiry of 12 years from the Effective Date; or</li><li>in the event of proposed listing, at such time as may be determined by the Board prior to the date of the proposed Listing approved by the relevant authorities;</li></ul> <p>whichever is the earlier.</p> <p>(ii) Any RCPS "B" which is not converted upon the expiry of the conversion period shall cease to be convertible and shall be redeemable in accordance with the redemption terms.</p>
Rights	<p>(i) <u>Voting rights</u> RCPS B does not carry any right to vote at any general meeting of PSV except for the right to vote in person or by proxy at such meeting in each of the following circumstances:-</p> <ul style="list-style-type: none"><li>Any resolution which varies the rights and privileges attaching to the RCPS B;</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 "B" does not entitle the RCPS "B" holders to be represented on the Board.</p>
Ranking	<p>(i) The RCPS "B" shall rank equally amongst themselves. The RCPS "B" shall rank in priority to the ordinary shares, but shall rank behind RCPS "A" and all secured and unsecured obligations of PSV.</p> <p>(ii) In the event of liquidation, dissolution, winding-up or other repayment of capital of PSV, the holder shall rank after RCPS "A" but shall have priority in repayment of the RCPS "B" over any payment to the holders of ordinary shares of PSV.</p>

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#### 22. LEASE LIABILITIES

	The Group 2020 RM'000
At 1 July 2019:	
- As previously reported	-
- Initial application of MFRS 16	96
- As restated	96
Interest expense recognised in profit or loss (Note 36)	4
Repayment of principal	(96)
Repayment of interest expense	(4)
At 30 June	-

The comparative information is not presented as the Group has applied MFRS 16 using the modified retrospective approach.

#### 23. HIRE PURCHASE PAYABLES

	The Group	
	2020 RM'000	2019 RM'000
Minimum hire purchase payments:		
- not later than 1 year	-	45
- later than 1 year and not later than 5 years	-	56
	-	101
Less: Future finance charges	-	(5)
Present value of hire purchase payables	-	96
Analysed by:-		
Current liabilities	-	42
Non-current liabilities	-	54
	-	96

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#### 23. HIRE PURCHASE PAYABLES

- (a) The hire purchase payables have been represented as 'lease liabilities' as shown in Note 22 to the financial statement following the application of MFRS 16 by the Group using the modified retrospective approach.
- (b) In the previous financial period, the hire purchase payables of the Group were secured by the Group's motor vehicles under finance leases as disclosed in Note 6(a) to the financial statements. The hire purchase arrangements were expiring in 3 years.
- (c) In the previous financial period, the hire purchase payables of the Group at the end of the reporting period bore an effective interest rate of 4.82%. The interest rates were fixed at the inception of the hire purchase arrangements.

#### 24. TERM LOANS

	The Group	
	2020 RM'000	2019 RM'000
Current liabilities	2,773	3,346
Non-current liabilities	24,163	26,240
	<u>26,936</u>	<u>29,586</u>

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

	Effective Interest Rate		The Group	
	2020 %	2019 %	2020 RM'000	2019 RM'000
Floating rate term loans				
I	3.32	4.60	18,710	20,600
II	3.30	4.30	8,226	8,986
			<u>26,936</u>	<u>29,586</u>

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#### 24. TERM LOANS (CONT'D)

- (b) Term loan I was secured by:-
- (i) a general facility agreement;
  - (ii) a deed of assignment over its rights, title and intent as contained in the sale and purchase agreement in respect of the buildings as disclosed in Note 6(b) and Note 7(b) to the financial statements;
  - (iii) a charge over Financing Payment Reserve Account;
  - (iv) letter of support from the Company in form and substance acceptable to the bank; and
  - (v) deed of assignment of takaful/insurance proceeds in relation to the buildings as disclosed in Note 6(b) and Note 7(b) to the financial statements.
- (c) Term loan II was secured by:-
- (i) open all monies facility agreement;
  - (ii) open all monies first party deed of assignment over the rights, benefits, titles and interests as contained in the Sale and Purchase Agreement in respect of the buildings as disclosed in Note 7(a) to the financial statements; and
  - (iii) a corporate guarantee of the Company.
- (d) Term loan I was secured by negative pledge that imposed certain covenants on the subsidiary that received the loan. The significant covenants of the term loan are as follows:-
- (i) the subsidiary shall obtain the bank's prior written consent for changing its shareholding;
  - (ii) the subsidiary shall not declare any dividend in the event of default; and
  - (iii) the Group shall grant the bank the right to bid for any Shariah-compliant cash management, treasury products, debt capital market fund raisings and corporate exercise.
- (e) The significant covenants of the term loan II are as follows:-
- (i) the Group shall maintain a consolidated Total Debt to Equity ratio of not more than 1 time throughout the tenure of the facility, failing which, the bank reserves the absolute right to withdraw, revise, restructure or cancel the facility as it deems fit;
  - (ii) the subsidiary shall not declare any dividend in the event of default has occurred under the term loan or if such declaration would result in an event of default; and
  - (iii) the subsidiary shall obtain the bank's prior written consent for changing its shareholding and its key management personnel.

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#### 25. REDEEMABLE SECURED LOAN STOCKS (“RSLs”)

	The Group	
	2020 RM'000	2019 RM'000
Current liabilities	10,000	-
Non-current liabilities	-	10,000
	<u>10,000</u>	<u>10,000</u>

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

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

Terms	Details
Coupon rate	<p>(a) <u>Preferential Coupon</u></p> <p>(i) a base coupon of 10% per annum from each Issue Date payable annually in arrears; and</p> <p>(ii) an additional “extension premium” coupon (over and above the base coupon) of 2% per annum payable for the Extended Period where applicable;</p> <p>calculated on the subscription price of RM1 per RSLs, payable on the subscription RSLs on each coupon payment date (including the maturity date or the extended maturity date).</p> <p>(b) <u>Special Coupon</u></p> <p>An additional one-off special coupon (over and above Preferential Coupon) which shall be payable within 30 days after occurrence of either one or both of the following events:-</p> <p>(i) 5% of the Aggregate Subscription Price (RM10,000,000) if the Compensation Sum received by PSKIN under the Concession Agreement is between RM150,000,000 and RM174,900,000; or</p> <p>(ii) 10% of the Aggregate Subscription Price (RM10,000,000) if the Compensation Sum received by PSKIN under the Concession Agreement is more than RM150,000,000.</p>

The Coupon shall constitute direct, unconditional and secured obligations of PSSB and PSSB's payment obligation in respect of the Coupon shall rank in priority to all PSSB's present and future unsecured and unsubordinated obligations from time to time (excepts liabilities which preferred solely by the laws of Malaysia) and any payment obligations in respect of all classes of shares of PSSB.

Means the date falling upon the earlier of the following events, or if such date is not a business day, the immediately preceding business day:-

- (a) 24 calendar months from the Issue Date of the subscription RSLs; or
- (b) 60 days following occurrence of any of the Acceleration Events.

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#### 25. REDEEMABLE SECURED LOAN STOCKS (“RSLs”) (CONT’D)

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

Terms	Details
Extended Maturity Date	The date of expiry of extension period.
Extended Period	The extension of maturity date for a period of 6 months as may be mutually agreed by the parties.
Redemption Price	RM1 per RSLs, together with all coupon accrued and due up until the Maturity Date or the Extended Maturity Date, and any liquidated damages payable if a Termination Event shall occur.

- (a) Special Coupon amounting to RM1,000,000 has been disclosed as a contingent liability in Note 49 to the financial statements.
- (b) The RSLs was secured by:-
- (i) an assignment of receivable executed by a subsidiary;
  - (ii) corporate guarantee executed by the Company; and
  - (iii) assignment of all the rights, benefits, title and interest in respect of the buildings as disclosed in Note 6(c) to the financial statements.

#### 26. REDEEMABLE PREFERENCE SHARES “A”

	The Group			
	2020 Number Of Shares '000	2019 '000	2020 Amount RM'000	2019 Amount RM'000
<b>RPS “A”</b>				
At 1 July 2019/ 1 January 2018	152	-	152	-
Reclassified from RCPS “A” (Note 21)	-	152	-	152
At 30 June	<u>152</u>	<u>152</u>	<u>152</u>	<u>152</u>

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

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

<b>Terms</b>	<b>Details</b>
Dividend	<p>Each RPS "A" shall carry the right to receive fixed cumulative dividend at such rate or in such amount to be mutually agreed between PSV and the holder.</p> <p>The Board shall not declare and pay dividends to the holders of the ordinary shares without declaring and paying the cumulative dividend to the holders of RPS "A". For avoidance of doubt, the Board may declare and pay the cumulative dividend to the RPS "A" holder without declaring or paying dividends to holders of the ordinary shares.</p>
Redemption sum	The redemption sum per RPS "A" shall be equivalent to the Issue Price.
Redemption	<p>The RPS "A" shall be redeemed:-</p> <ul style="list-style-type: none"><li>(i) on a date falling on the 13<sup>th</sup> anniversary of the effective date;</li><li>(ii) in the event of the Proposed Listing Exercise, at such time as may be determined by the Board and notified in writing to the holder, prior to the date of Listing approved by the relevant authorities; or</li><li>(iii) on a date as may be mutually agreed between the holder and PSV; whichever is be the earlier ("Redemption Date").</li></ul>
Voting rights	<p>RPS "A" does not carry any right to vote at any general meeting of PSV except for the right to vote in person or by proxy at such meeting in each of the following circumstances:-</p> <ul style="list-style-type: none"><li>(i) in respect of any resolution which varies the rights and privileges attaching to the RPS "A";</li><li>(ii) in respect of any resolution to reduce the share capital of PSV;</li><li>(iii) in respect of any resolution for the winding-up of PSV; and</li><li>(iv) any other circumstances as may be provided under the law.</li></ul>
Conversion	The RPS "A" is not convertible into ordinary shares and the RPS "A" holder shall not have any convertible rights whatsoever in respect of the RPS "A".
Ranking	The RPS "A" shall rank equally amongst themselves and shall rank in priority to RCPS "B" and any other preference shares (if any). The RPS "A" shall rank in priority to the shares, but shall rank behind all secured and unsecured obligations of PSV.

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**NOTES TO THE FINANCIAL STATEMENTS  
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	The Group	
	2020 RM'000	2019 RM'000
At 1 July 2019/1 January 2018	16,922	-
Recognised in profit or loss (Note 41)	(53)	16,922
At 30 June	<u>16,869</u>	<u>16,922</u>

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

	The Group	
	2020 RM'000	2019 RM'000
Deferred tax liabilities:-		
Temporary difference on concession	<u>16,869</u>	<u>16,922</u>

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

	The Group	
	2020 RM'000	2019 RM'000
Unutilised tax losses	27,180	23,801
Unabsorbed capital allowances	5,568	5,294
Advances from customers	16,161	18,728
Provisions	33,426	28,890
Excess of capital allowance over property and equipment	(6,332)	(6,527)
Temporary difference on development costs	(10,983)	(10,983)
	<u>65,020</u>	<u>59,203</u>

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

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

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



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The normal trade credit term granted to the Group is 60 (2019 - 60) days.

**29. CONTRACT LIABILITIES**

	<b>The Group</b>	
	<b>2020</b>	<b>2019</b>
	RM'000	RM'000 (Restated)
Contract liabilities relating to:		
- Software license distribution and management and ICT training and certification	(a) 16,161	19,197
- Advance receipts of tuition, registration, resource and accommodation fees from students	(b) -	1,268
	<u>16,161</u>	<u>20,465</u>

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

- (a) advance considerations received from a few customers for software licence distribution and management and ICT training and certification of which the revenue will be recognised upon delivery of goods or services to the customers.
- (b) advance considerations received from students for registration, tuition, resource and accommodation fees which the revenue will be recognised over the remaining term of the courses it relates to.
- (c) The changes to contract liabilities balances during the financial year/period are summarised below:-

	<b>The Group</b>	
	<b>2020</b>	<b>2019</b>
	RM'000	RM'000 (Restated)
At 1 July 2019/1 January 2018	20,465	11,851
Billings to customer during the financial year/period	9,882	21,333
Revenue recognised in profit or loss during the financial year/period	(11,881)	(12,719)
Reclassified to liabilities of disposal group classified as held for sale (Note 17)	(2,305)	-
At 30 June	<u>16,161</u>	<u>20,465</u>

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#### 30. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Other payables:-				
Third parties	11,779	16,309	775	598
Sales and services tax payable	201	25	-	-
	11,980	16,334	775	598
Deposits received	750	-	750	-
Accruals	1,382	3,475	243	75
	<u>14,112</u>	<u>19,809</u>	<u>1,768</u>	<u>673</u>

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

	The Group	
	2020 RM'000	2019 RM'000
Interest bearing:		
- Principal component	5,000	5,000
- Interest component	392	173
	<u>5,392</u>	<u>5,173</u>

The amount owing represents advances from a former director of the Company and bore interest rate of 1.5% (2019 - 1.5%) per month at the end of the reporting period. The amount owing is unsecured, repayable on demand and will be settled in cash.

- (b) In the previous financial period, included in other payables was an amount of RM327,000, being amount payable in relation to the purchase of building as disclosed in Note 7 to the financial statements.
- (c) In the previous financial period, included in accruals was an accrued cost for the unexpired tenancy term amounting to RM985,000 in relation to the early termination of the tenancy agreement with a landlord.

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#### 31. AMOUNT OWING TO DIRECTORS

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Interest bearing:				
- Principal component	1,500	1,500	-	-
- Interest component	382	113	-	-
	<u>1,882</u>	<u>1,613</u>	<u>-</u>	<u>-</u>
Non-interest bearing	595	520	595	505
	<u>2,477</u>	<u>2,133</u>	<u>595</u>	<u>505</u>

- (a) The amount owing is non-trade in nature.
- (b) The non-interest bearing is unsecured and repayable on demand. The amount owing is to be settled in cash.
- (c) The interest-bearing amount at the end of the reporting period bore interest rate of 1.5% (2019 - 1.5%) per month.

#### 32. REVOLVING CREDITS

- (a) The revolving credits of the Group bore effective interest rates ranging from 4.13% to 5.00% (2019 - 5.31% to 5.63%) per annum.
- (b) The revolving credits of the Group were secured by:
- a general facility agreement;
  - fixed deposits of RM2,333,331 (2019 - RM999,999) of a subsidiary as disclosed in Note 16 to the financial statements; and
  - a corporate guarantee of the Company.

#### 33. BANK OVERDRAFTS

The bank overdrafts of the Group at the end of the reporting period bore effective interest rates ranging from 6.2% to 6.9% (2019 - 7.2%) per annum and are secured in the same manner as the revolving credits disclosed in Note 32 to the financial statements.

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#### 34. REVENUE

	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>Revenue from Contracts with Customers</b>				
<u>Continuing Operations</u>				
ICT training and certification	3,240	3,983	-	-
Software licence distribution and management	146,358	165,068	-	-
Gross dividend income	-	-	-	11,552
Concession	-	182,798	-	-
Employment services	4,440	17,403	-	-
Management fees	-	-	1,000	-
	<u>154,038</u>	<u>369,252</u>	<u>1,000</u>	<u>11,552</u>

The information on the disaggregation of revenue is disclosed in Note 47 to the financial statements.

#### 35. OTHER INCOME

	The Group		The Company	
	1.7.2019 to 30.6.2020 RM'000	1.1.2018 to 30.6.2019 RM'000	1.7.2019 To 30.6.2020 RM'000	1.1.2018 to 30.6.2019 RM'000
<b>Revenue from other sources</b>				
<u>Continuing Operations</u>				
Interest income	-	424	-	128
Fair value gain on investment properties	191	-	-	-
Fair value gain on short-term investments	-	591	-	-
Gain on disposal of property and equipment	20	148	-	65
Gain on redemption of RPS "A"	-	85	-	-
Profit from deposits with licensed Islamic banks	83	68	-	-
Unrealised gain on foreign exchange	238	-	-	-
Others	13	111	-	-
	<u>545</u>	<u>1,427</u>	<u>-</u>	<u>193</u>

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	The Group		The Company	
	1.7.2019 to 30.6.2020 RM'000	1.1.2018 to 30.6.2019 RM'000	1.7.2019 To 30.6.2020 RM'000	1.1.2018 to 30.6.2019 RM'000
<u>Continuing Operations</u>				
Bank charges	95	118	-	1
Commission charges	128	526	-	-
Interest expense:				
- advances from other payables	919	623	-	-
- advances from a director	269	113	-	-
- bank overdrafts	409	349	-	-
- lease liabilities	4	-	-	-
- hire purchase	-	9	-	-
- term loans	1,189	1,992	-	-
- RSLs	1,000	96	-	-
- redeemable preference share	-	777	-	-
- revolving credits	850	759	-	-
	4,640	4,718	-	-
	4,863	5,362	-	1

**37. NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS**

	The Group		The Company	
	1.7.2019 to 30.6.2020 RM'000	1.1.2018 to 30.6.2019 RM'000	1.7.2019 to 30.6.2020 RM'000	1.1.2018 to 30.6.2019 RM'000
<u>Continuing Operations</u>				
Impairment losses during the financial year/period:				
- Additions:				
- trade receivables (Note 12)	795	8,029	-	-
- other receivables (Note 13)	-	2,603	-	2,599
- amount owing by subsidiaries (Note 14)	-	-	842	29,189
Reversal of impairment losses:				
- trade receivables (Note 12)	(265)	(907)	-	-
	530	9,725	842	31,788

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In addition to those disclosed in Notes 35, 36 and 37 to the financial statements, (loss)/profit before taxation is arrived at after charging:-

	The Group		The Company	
	1.7.2019 to 30.6.2020 RM'000	1.1.2018 to 30.6.2019 RM'000	1.7.2019 To 30.6.2020 RM'000	1.1.2018 to 30.6.2019 RM'000
<u>Continuing operations</u>				
Auditors' remuneration:				
- audit fee:				
- for the financial year/period	169	307	44	37
- (over)/underprovision in the previous financial year/period	(10)	12	10	2
- non-audit fee				
- for the financial year/period	49	16	49	16
- (over)/underprovision in the previous financial year/period	(10)	7	(10)	7
Amortisation of development costs (Note 10)	11	-	-	-
Depreciation of property and equipment (Note 6)	2,523	3,271	-	-
Depreciation of right of use Assets (Note 8)	41	-	-	-
Donation	8	2,456	8	2,456
Direct operating expenses on investment properties	46	46	-	-
Fair value loss on short-term Investments	-	326	-	-
Impairment loss:				
- investment in subsidiaries	-	-	-	20,500
- development costs (Note 9)	-	9,144	-	-
Penalty	612	2,365	71	95
Realised loss on foreign exchange	376	871	-	-
Rental expense on:				
- equipment	463	877	-	-
- office	62	275	-	-
- student accommodation	-	-	-	-
Staff costs (including directors' remuneration and other key management personnel as disclosed in Note 39)	17,223	67,759	6,730	8,690
Unrealised loss on foreign exchange	616	-	-	-
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#### 39. STAFF COSTS

	The Group		The Company	
	1.7.2019 to 30.6.2020 RM'000	1.1.2018 to 30.6.2019 RM'000	1.7.2019 to 30.6.2020 RM'000	1.1.2018 to 30.6.2019 RM'000
<u>Continuing operations</u>				
Salaries, bonuses and other Benefits	14,604	56,239	5,192	7,291
Defined contribution plans	1,125	5,214	598	829
Social security costs	77	299	35	46
Other staff related expenses	1,417	6,007	905	524
	<u>17,223</u>	<u>67,759</u>	<u>6,730</u>	<u>8,690</u>

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

- (a) directors' remuneration amounting to RM1,700,000 and RM1,700,000 (2019 - RM3,859,000 and RM2,754,000) respectively, as further disclosed in Note 40(a) to the financial statements.
- (b) termination costs incurred on the Voluntary Separation Scheme paid to staff amounting to RM497,000 (2019 - RM830,000).

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#### 40. KEY MANAGEMENT PERSONNEL COMPENSATION

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

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

	The Group		The Company	
	1.7.2019 to 30.6.2020 RM'000	1.1.2018 to 30.6.2019 RM'000	1.7.2019 to 30.6.2020 RM'000	1.1.2018 to 30.6.2019 RM'000
(a) Directors				
<u>Continuing Operations</u>				
<u>Directors of the Company</u>				
<i>Executive Directors</i>				
Short-term employee benefits:				
- salaries, bonuses and other benefits	1,087	2,522	1,087	1,719
Defined contribution benefits	130	296	130	206
	1,217	2,818	1,217	1,925
<i>Non-Executive Directors</i>				
Short-term employee benefits:				
- fee	330	534	330	534
- allowances	153	295	153	295
	483	829	483	829
	1,700	3,647	1,700	2,754
<u>Directors of the Subsidiaries</u>				
<i>Executive Directors</i>				
Short-term employee benefits:				
- salaries, bonuses and other benefits	-	190	-	-
Defined contribution benefits	-	22	-	-
	-	212	-	-
Total directors' remuneration for continuing operations (Note 39(a))	1,700	3,859	1,700	2,754



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#### 40. KEY MANAGEMENT PERSONNEL COMPENSATION

	The Group		The Company	
	1.7.2019 to 30.6.2020 RM'000	1.1.2018 to 30.6.2019 RM'000	1.7.2019 to 30.6.2020 RM'000	1.1.2018 to 30.6.2019 RM'000
(a) <b>Directors (Cont'd)</b>				
<b><u>Discontinued Operations</u></b>				
<u>Directors of the Company</u>				
<i>Non-Executive Directors</i>				
Short-term employee benefits:				
- fee	-	12	-	-
<u>Directors of the Subsidiaries</u>				
<i>Executive Directors</i>				
Short-term employee benefits:				
- salaries, bonuses and other benefits	22	15	-	-
Total directors' remuneration for discontinued operations	22	27	-	-

In the previous financial year, the estimated monetary value of benefits-in-kind provided by the Group and the Company to its executive director is RM50,000 and Nil respectively.

#### (b) **Other Key Management Personnel**

##### **Continuing Operations**

Short-term employee benefits	743	9,184	-	1,935
Defined contribution benefits	72	1,058	-	226
Total compensation for other key management personnel for continuing operations	815	10,242	-	2,161

##### **Discontinued Operations**

Short-term employee benefits	446	357	-	-
Defined contribution benefits	30	26	-	-
Total compensation for other key management personnel for discontinued operations	476	383	-	-

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**40. KEY MANAGEMENT PERSONNEL COMPENSATION (CONT'D)****(b) Other Key Management Personnel (Cont'd)**

In the previous financial year, the estimated monetary value of benefits-in-kind provided by the Group and the Company to the other key management personnel were RM12,000 and RM12,000 respectively.

**41. INCOME TAX EXPENSE**

	The Group		The Company	
	1.7.2019 to 30.6.2020 RM'000	1.1.2018 to 30.6.2019 RM'000	1.7.2019 to 30.6.2020 RM'000	1.1.2018 to 30.6.2019 RM'000
Current tax:				
- for the financial year/period	971	4,170	-	-
- underprovision in the previous financial year	297	5,819	-	633
	<u>1,268</u>	<u>9,989</u>	<u>-</u>	<u>633</u>
Deferred tax (Note 27):				
- origination and reversal of temporary differences	-	16,922	-	-
- overprovision in the previous financial year	(53)	-	-	-
	<u>(53)</u>	<u>16,922</u>	<u>-</u>	<u>-</u>
	<u>1,215</u>	<u>26,911</u>	<u>-</u>	<u>633</u>

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#### 41. INCOME TAX EXPENSE (CONT'D)

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

	The Group		The Company	
	1.7.2019 to 30.6.2020 RM'000	1.1.2018 to 30.6.2019 RM'000	1.7.2019 to 30.6.2020 RM'000	1.1.2018 to 30.6.2019 RM'000
Loss after taxation	(16,894)	(6,689)	(8,621)	(53,312)
Total income tax expense	1,215	26,911	-	633
Results from continuing and discontinued operations before income tax expense	(15,679)	20,222	(8,621)	(52,679)
Tax at the statutory rate of 24% (2019 - 24%)	(3,763)	4,853	(2,069)	(12,643)
Tax effects of:-				
Tax-exempt income	-	(1,354)	-	-
Non-taxable income	(46)	(137)	-	(2,819)
Non-deductible expenses	3,384	9,456	2,069	15,462
Deferred tax assets not recognised during the financial year/period	1,883	8,286	-	-
Utilisation of deferred tax assets not recognised in the previous financial years	(487)	(12)	-	-
Under/(Over)provision in the previous financial year:				
- current tax	297	5,819	-	633
- deferred tax	(53)	-	-	-
Income tax expense for the financial year/period	1,215	26,911	-	633

Income tax is calculated at the Malaysian statutory tax rate of 24% (2019 - 24%) of the estimated assessable profit for the financial year/period.

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

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#### 42. LOSS AFTER TAXATION FROM DISCONTINUED OPERATIONS

As disclosed in Note 17 to the financial statements, the Group is in the process of disposing of one of its subsidiaries, which is expected to be completed in the next financial year.

An analysis of the results of the discontinued operations is as follows:-

	The Group	
	1.7.2019 to 30.6.2020 RM'000	1.1.2018 to 30.6.2019 RM'000
Revenue	4,707	9,302
Cost of sales	(2,852)	(6,313)
Gross profit	1,855	2,989
Other income	232	84
Administrative expenses	2,087	3,073
Other expenses	(7,407)	(12,137)
Finance costs	(432)	(5,788)
Impairment losses on financial assets	(2)	(3)
	(3,104)	(6,598)
Loss before taxation	(8,858)	(21,453)
Income tax expense	-	-
Loss after taxation from discontinued operations	(8,858)	(21,453)

(a) Included in the results from operating activities are the following:-

Bad debts written off	-	545
Depreciation of equipment	77	882
Equipment written off	-	1,313
Impairment losses on financial assets:		
- trade receivables (Note 12)	2,976	6,045
- other receivables (Note 13)	20	553
Impairment loss:		
- equipment (Note 6)	288	1,500
- development costs (Note 9)	-	500
Rental expenses on:		
- equipment	169	376
- office	1,865	4,518
- student accommodation	126	733
Staff costs	1,219	6,574

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(b) The cash flows attributable to the discontinued operations are the following:-

	The Group	
	1.7.2019 to 30.6.2020 RM'000	1.1.2018 to 30.6.2019 RM'000
Net cash for operation activities	(4,764)	(9,870)
Net cash for investing activities	(7)	(1,367)
Net cash from financing activities	5,039	10,710
Net cash for discontinued operations	<u>(268)</u>	<u>(527)</u>

**43. (LOSS)/EARNINGS PER SHARE**

	The Group	
	1.7.2019 to 30.6.2020	1.1.2018 to 30.6.2019
<b>Continuing operations</b>		
(Loss)/Profit after taxation attributable to owners of the Company (RM'000)	<u>(8,313)</u>	<u>1,134</u>
Weighted average number of ordinary shares ('000):-		
Ordinary shares at 1 July 2019/1 January 2018	484,000	484,000
Effect of treasury shares held	(1,699)	(1,699)
Effect of new ordinary shares issued	1,186	-
Weighted average number of ordinary shares at 30 June ('000)	<u>483,487</u>	<u>482,301</u>
Basic (loss)/earnings per share (Sen)	<u>(1.72)</u>	<u>0.24</u>
<b>Discontinued operations</b>		
Loss after taxation attributable to owners of the Company (RM'000)	<u>(8,858)</u>	<u>(21,453)</u>
Weighted average number of ordinary shares ('000) (as above)	<u>483,487</u>	<u>482,301</u>
Basic loss per share (Sen)	<u>(1.83)</u>	<u>(4.45)</u>

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#### 43. (LOSS)/EARNINGS PER SHARE (CONT'D)

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

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

#### 44. DIVIDENDS

	The Group/The Company	
	2020	2019
	RM'000	RM'000
Declared:-		
<u>In respect of the financial year ended 31 December 2017</u>		
- fourth interim dividend of 0.50 sen per ordinary share	-	2,412
<u>In respect of the financial period ended 30 June 2019</u>		
- first interim dividend of 0.50 sen per ordinary share	-	2,411
- second interim dividend of 0.20 sen per ordinary share	-	965
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	-	5,788
	<hr/>	<hr/>

#### 45. CASH FLOW INFORMATION

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

	The Group	
	2020	2019
	RM'000	RM'000
Cost of investment properties purchased (Note 7)	-	11,407
Less: Amount financed through term loan (Note (b) below)	-	(9,700)
Less: Deposits paid in the previous financial year	-	(1,380)
Less: Other payables (Note 30(b))	-	(327)
	<hr/>	<hr/>
Cash disbursed for purchase of investment properties	-	-
	<hr/>	<hr/>

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

The Group	Term Loans RM'000	Hire Purchase RM'000	Lease Liabilities RM'000	Revolving Credits RM'000	RSLs RM'000	Amount Owing To Directors RM'000	Other Payables RM'000	Total RM'000
<b>2020</b>								
At 1 July 2019:								
- As previously reported	29,586	96	-	17,661	10,000	2,133	5,173	64,649
- Effects on adoption of MFRS 16	-	(96)	96	-	-	-	-	-
- As restated	29,586	-	96	17,661	10,000	2,133	5,173	64,649
<u>Changes in Financing Cash Flows</u>								
Advances from	-	-	-	-	-	344	-	344
Proceeds from drawdown	-	-	-	1,500	-	-	-	1,500
Repayment of borrowing principal	(2,650)	-	(96)	-	-	-	(700)	(3,446)
Repayment of borrowing interest	(1,189)	-	(4)	(850)	(1,000)	(269)	-	(3,312)
	(3,839)	-	(100)	650	(1,000)	75	(700)	(4,914)
Balance carried forward	25,747	-	(4)	18,311	9,000	2,208	4,473	59,735

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

<b>The Group</b>	<b>Term Loans RM'000</b>	<b>Hire Purchase RM'000</b>	<b>Lease Liabilities RM'000</b>	<b>Revolving Credits RM'000</b>	<b>RSLs RM'000</b>	<b>Amount Owing To Directors RM'000</b>	<b>Other Payables RM'000</b>	<b>Total RM'000</b>
<b>2020</b>								
Balance carried forward	25,747	-	(4)	18,311	9,000	2,208	4,473	59,735
<u>Non-cash Changes</u>								
Finance charges recognised in profit or loss (Note 36)	1,189	-	4	850	1,000	269	919	4,231
At 30 June	26,936	-	-	19,161	10,000	2,477	5,392	63,966



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#### 45. CASH FLOW INFORMATION (CONT'D)

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

The Group	Term Loans RM'000	Hire Purchase RM'000	Revolving Credits RM'000	RSLs RM'000	Amount Owing To Directors RM'000	Other Payables RM'000	Total RM'000
<b>2019</b>							
At 1 January 2018	22,700	154	-	-	-	-	22,854
<u>Changes in Financing Cash Flows</u>							
Proceeds from drawdown	9,700	-	17,661	-	-	-	27,361
Proceeds from new issuance	-	-	-	10,000	-	-	10,000
Repayment of borrowing principal	(2,814)	(58)	-	-	-	-	(2,872)
Repayment of borrowing interest	(1,992)	(9)	(759)	(96)	(113)	(623)	(3,592)
Advances from	-	-	-	-	2,133	5,173	7,306
	4,894	(67)	16,902	9,904	2,020	4,550	38,203
<u>Non-cash Changes</u>							
Finance charges recognised in profit or loss (Note 36)	1,992	9	759	96	113	623	3,592
At 30 June	29,586	96	17,661	10,000	2,133	5,173	64,649

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

	Amount Owing To Subsidiaries RM'000	Amount Owing To Directors RM'000	Total RM'000
<b>The Company</b>			
<b>2020</b>			
At 1 July 2019	29,214	505	29,719
<u>Changes in Financing Cash Flows</u>			
Advances from	(8,779)	90	(8,689)
At 30 June	20,435	595	21,030
<b>2019</b>			
At 1 January 2018	-	-	-
<u>Changes in Financing Cash Flows</u>			
Advances from	40,766	505	41,271
<u>Non-cash Changes</u>			
Dividend	(11,552)	-	(11,552)
At 30 June	29,214	505	29,719

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#### 45. CASH FLOW INFORMATION (CONT'D)

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

	The Group		The Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cash and bank balances (Note 16)	6,403	2,950	74	4
Fixed deposits with licensed banks (Note 16)	5,944	4,216	-	-
Short-term investments (Note 15)	40	40	40	40
Bank overdrafts (Note 33)	(7,950)	(6,026)	-	-
	<u>4,437</u>	<u>1,180</u>	<u>114</u>	<u>44</u>
Less: Fixed deposits pledged with licensed banks (Note 16)	(5,944)	(4,216)	-	-
Cash and cash equivalents from continuing operations	(1,507)	(3,036)	114	44
Cash and cash equivalents from discontinued operations (Note 17)	358	-	-	-
	<u>(1,149)</u>	<u>(3,036)</u>	<u>114</u>	<u>44</u>

#### 46. RELATED PARTY DISCLOSURES

##### (a) Identities of Related Parties

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

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

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#### 46. RELATED PARTY DISCLOSURES (CONT'D)

##### (b) Significant Related Party Transactions and Balances

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

	The Group		The Company	
	1.7.2019 to 30.6.2020 RM'000	1.1.2018 to 30.6.2019 RM'000	1.7.2019 to 30.6.2020 RM'000	1.1.2018 to 30.6.2019 RM'000
<b>Subsidiaries</b>				
Advances to	-	-	7,065	48,295
Advances from	-	-	12,922	68,055
Payment on behalf for	-	-	686	6,452
Payment on behalf from	-	-	517	2,452
Dividend income	-	-	-	11,552
<b>A director</b>				
Advances from	-	1,500	-	-
Interest expense	270	113	-	-
<b>A former director</b>				
Advances from	-	5,000	-	-
Interest expense	919	248	-	-

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

#### 47. OPERATING SEGMENTS

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

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#### 47. OPERATING SEGMENTS (CONT'D)

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

- Information and Communications Technology (“ICT”) training and certification and software licence distribution and management (collectively referred to as the “ICT services and distribution”) - provision of both basic and professional ICT training and certification encompassing instructor-led courses and certification examination at the end of the course, at the same time distributing and managing the software licences.
  - Concession - delivery of total solution for the integrated and comprehensive core immigration system includes design, customise, install, configure, test, commission and maintain throughout the concession period.
  - Education - University Malaysia of Computer Science and Engineering (“UniMy”) is designed to develop talented market-ready computing professionals to meet the challenge of advancing Malaysia’s economic success in the next decade. To enhance human knowledge in computer science and engineering and explore the challenge of integrating it with emerging technology in an interdisciplinary environment, while educating outstanding students to become creative, innovative and responsible members of society.
  - Employment Services - Human resource management services is to provide facilities for foreign workers’ recruitment and document services.
  - Others - The holding company involved in the activity of investment holding.
- (a) Management assesses the performance of the reportable segments based on their profit before interest expense and taxation. The accounting policies of the reportable segments are the same as the Group’s accounting policies.

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

- (b) Each reportable segment assets is measured based on all assets (including goodwill) of the segment other than investments in associates and tax-related assets.
- (c) Each reportable segment liabilities is measured based on all liabilities of the segment other than borrowings and tax-related liabilities.
- (d) Assets, liabilities and expenses which are common and cannot be meaningfully allocated to the reportable segments are presented under unallocated items. Unallocated items comprise mainly corporate assets (primarily the Company’s headquarters) and head office expenses.

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

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## 47.1 BUSINESS SEGMENTS

<b>The Group</b>	<b>ICT Services and Distribution RM'000</b>	<b>Education (Discontinued) RM'000</b>	<b>Employment Services RM'000</b>	<b>Concession RM'000</b>	<b>Other RM'000</b>	<b>Consolidation Adjustments and Eliminations RM'000</b>	<b>Total RM'000</b>
<b>2020</b>							
<b>Revenue</b>							
External revenue	149,598	4,707	4,440	-	-	-	158,745
Inter-segment revenue	-	-	-	-	1,000	(1,000)	-
Consolidated revenue	149,598	4,707	4,440	-	1,000	(1,000)	158,745

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#### 47. OPERATING SEGMENTS (CONT'D)

##### 47.1 BUSINESS SEGMENTS (CONT'D)

	ICT Services and Distribution RM'000	Education (Discontinued) RM'000	Employment Services RM'000	Concession RM'000	Other RM'000	Consolidation Adjustments and Eliminations RM'000	Total RM'000
<b>The Group</b>							
<b>2020</b>							
Represented by:-							
<u>Revenue recognised at a point of time</u>							
- Sales of software distribution and ICT Training	149,598	-	-	-	-	-	149,598
- Management fees	-	-	-	-	1,000	(1,000)	-
<u>Revenue recognised over time</u>							
- Education services	-	4,707	-	-	-	-	4,707
- Employment services	-	-	4,440	-	-	-	4,440
	149,598	4,707	4,440	-	1,000	(1,000)	158,745

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## 47.1 BUSINESS SEGMENTS (CONT'D)

The Group	ICT Services and Distribution RM'000	Education (Discontinued) RM'000	Employment Services RM'000	Concession RM'000	Other RM'000	Consolidation Adjustments and Eliminations RM'000	Total RM'000
<b>2020</b>							
Segment (loss)/profit before interest and taxation	9,064	(8,856)	(143)	(2,177)	(8,700)	(2)	(10,814)
Finance costs	(4,860)	(2)	(3)	-	-	-	(4,865)
Profit before taxation	4,204	(8,858)	(146)	(2,177)	(8,700)	(2)	(15,679)
Segment (loss)/profit includes the followings:-							
Interest expense	4,729	-	-	-	-	-	4,729
Amortisation of development Costs	-	-	11	-	-	-	11
Depreciation of property and equipment	2,342	77	78	103	-	-	2,600
Depreciation of right-of-use assets	41	-	-	-	-	-	-
Gain on disposal of right-of-use assets	(20)	-	-	-	-	-	(20)



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## 47.1 BUSINESS SEGMENTS (CONT'D)

The Group	ICT Services and Distribution RM'000	Education (Discontinued) RM'000	Employment Services RM'000	Concession RM'000	Other RM'000	Consolidation Adjustments and Eliminations RM'000	Total RM'000
<b>2020</b>							
Segment (loss)/profit includes the followings (Cont'd):-							
Impairment loss:							
- trade receivables	707	2,976	88	-	-	-	3,771
- other receivables	-	20	-	-	-	-	20
- amount owing by subsidiaries	-	-	-	-	842	(842)	-
- property and equipment	-	288	-	-	-	-	288
Penalty	518	-	-	23	71	-	612
Profit from deposits with licensed Islamic banks	(83)	(1)	-	-	-	-	(84)
Reversal of impairment loss:							
- trade receivables	(265)	-	-	-	-	-	(265)

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## 47.1 BUSINESS SEGMENTS (CONT'D)

	ICT Services and Distribution RM'000	Education (Discontinued) RM'000	Employment Services RM'000	Concession RM'000	Other RM'000	Consolidation Adjustments and Eliminations RM'000	Total RM'000
<b>The Group</b>							
<b>2020</b>							
<b>Assets</b>							
Segment assets	173,979	5,695	1,477	183,807	83,238	(145,728)	302,468
Unallocated asset:							-
Consolidated total assets							<u>302,468</u>
 Additions to non-current assets other than financial instruments are:							
- property and equipment	239	365	28	-	-	-	632

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## 47.1 BUSINESS SEGMENTS (CONT'D)

	ICT Services and Distribution RM'000	Education (Discontinued) RM'000	Employment Services RM'000	Concession RM'000	Other RM'000	Consolidation Adjustments and Eliminations RM'000	Total RM'000
<b>The Group</b>							
<b>2020</b>							
<b>Liabilities</b>							
Segment liabilities	64,565	13,422	94	129,269	33,774	(129,925)	111,199
Unallocated liabilities:							
- term loans							26,936
- revolving credits							19,161
- bank overdrafts							7,950
- deferred tax liabilities							16,869
- current tax liabilities							1,421
Consolidated total liabilities							<u>183,536</u>

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## 47.1 BUSINESS SEGMENTS (CONT'D)

	ICT Services and Distribution RM'000	Education (Discontinued) RM'000	Employment Services RM'000	Concession RM'000	Other RM'000	Consolidation Adjustments and Eliminations RM'000	Total RM'000
<b>The Group</b>							
<b>2019</b>							
<b>Revenue</b>							
External revenue (restated)	169,051	9,302	17,403	182,798	-	-	378,554
Inter-segment revenue	-	-	-	-	11,552	(11,552)	-
Consolidated revenue (restated)	169,051	9,302	17,403	182,798	11,552	(11,552)	378,554

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#### 47. OPERATING SEGMENTS (CONT'D)

##### 47.1 BUSINESS SEGMENTS (CONT'D)

	ICT Services and Distribution RM'000	Education (Discontinued) RM'000	Employment Services RM'000	Concession RM'000	Other RM'000	Consolidation Adjustments and Eliminations RM'000	Total RM'000
<b>The Group</b>							
<b>2019</b>							
Represented by:-							
<u>Revenue recognised at a point of time</u>							
- Sales of software distribution and ICT Training	169,051	-	-	-	-	-	169,051
- Dividend income	-	-	-	-	11,552	(11,552)	-
<u>Revenue recognised over time</u>							
- Education services	-	9,302	-	-	-	-	9,302
- Employment services	-	-	17,403	-	-	-	17,403
- Concession	-	-	-	182,798	-	-	182,798
	169,051	9,302	17,403	182,798	11,552	(11,552)	378,554

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#### 47. OPERATING SEGMENTS (CONT'D)

##### 47.1 BUSINESS SEGMENTS (CONT'D)

The Group	ICT Services and Distribution RM'000	Education (Discontinued) RM'000	Employment Services RM'000	Concession RM'000	Other RM'000	Consolidation Adjustments and Eliminations RM'000	Total RM'000
<b>2019</b>							
Segment (loss)/profit before interest and taxation (restated)	(5,296)	(21,450)	914	63,019	(52,841)	41,241	25,587
Finance costs	(4,525)	(3)	(7)	(829)	(1)	-	(5,365)
Profit before taxation (restated)	(9,821)	(21,453)	907	62,190	(52,842)	41,241	20,222
Segment (loss)/profit includes the followings:-							
Interest expense	3,941	-	-	777	-	-	4,718
Interest income	(296)	-	-	-	(128)	-	(424)
Depreciation of property and equipment	3,089	883	112	69	-	-	4,153
Fair value gain on short-term investments	(265)	-	-	-	-	-	(265)
Gain on disposal of property and equipment	(83)	-	-	-	(65)	-	(148)

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## 47.1 BUSINESS SEGMENTS (CONT'D)

The Group	ICT Services and Distribution RM'000	Education (Discontinued) RM'000	Employment Services RM'000	Concession RM'000	Other RM'000	Consolidation Adjustments and Eliminations RM'000	Total RM'000
<b>2019</b>							
Segment (loss)/profit includes the followings (Cont'd):-							
Impairment loss:							
- trade receivables	8,029	6,045	-	-	-	-	14,074
- other receivables	-	553	-	-	2,603	-	3,156
- amount owing by related companies	3,409	-	-	335	-	(3,744)	-
- amount owing by subsidiaries	-	-	-	-	29,189	(29,189)	-
- investment in subsidiaries	-	-	-	-	20,500	(20,500)	-
- development costs	9,144	500	-	-	-	-	9,644
- property and equipment	-	1,500	-	-	-	-	1,500
Penalty	2,270	-	-	-	95	-	2,365
Property and equipment written off	-	1,313	-	-	-	-	1,313
Profit from deposits with licensed Islamic banks	(36)	(4)	-	(25)	(7)	-	(72)
Reversal of impairment loss:							
- trade receivables	(907)	-	-	-	-	-	(907)
- amount owing by a subsidiary	(360)	-	-	-	-	360	-

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## 47.1 BUSINESS SEGMENTS (CONT'D)

	ICT Services and Distribution RM'000	Education (Discontinued) RM'000	Employment Services RM'000	Concession RM'000	Other RM'000	Consolidation Adjustments and Eliminations RM'000	Total RM'000
<b>The Group</b>							
<b>2019</b>							
<b>Assets</b>							
Segment assets	177,140	3,666	3,497	184,039	85,600	(156,649)	297,293
Unallocated asset: - other investment							8,427
Consolidated total assets							<u>305,720</u>
Additions to non-current assets other than financial instruments are:							
- property and equipment	11,328	616	11	618	-	-	12,573
- investment properties	11,407	-	-	-	-	-	11,407
- development costs	3,147	-	500	-	-	-	3,647



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## 47.1 BUSINESS SEGMENTS (CONT'D)

	ICT Services and Distribution RM'000	Education (Discontinued) RM'000	Employment Services RM'000	Concession RM'000	Other RM'000	Consolidation Adjustments and Eliminations RM'000	Total RM'000
<b>The Group</b>							
<b>2019</b>							
<b>Liabilities</b>							
Segment liabilities	71,607	35,947	1,923	127,324	48,933	(173,922)	111,812
Unallocated liabilities:							
- hire purchase payables							96
- term loans							29,586
- revolving credits							17,661
- bank overdrafts							6,026
- deferred tax liabilities							16,922
- current tax liabilities							1,200
Consolidated total liabilities							<u>183,303</u>

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#### 47. OPERATING SEGMENTS (CONT'D)

##### 47.2 GEOGRAPHICAL INFORMATION

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

##### 47.3 MAJOR CUSTOMERS

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

	Revenue		Business Segment
	1.7.2019 to 30.6.2020 RM'000	1.1.2018 to 30.6.2019 RM'000 (Restated)	
Customer A	-	182,798	Concession
Customer B	40,457	*	ICT services and distribution

\* - In the previous financial year, the revenue for this customer was less than 10% of the Group's revenue.

#### 48. OPERATING LEASE COMMITMENTS

The Group has applied MFRS 16 using the modified retrospective approach. As a result, the following information are disclosures required by MFRS 117 'Leases':-

In the previous financial period, the Group leases a number of office buildings for campus under non-cancellable operating leases.

The future minimum lease payments under the non-cancellable operating leases as at the end of the last reporting period are as follows:-

	The Group 2019 RM'000
Not more than 1 year	4,016
Later than 1 year and not later than 5 years	6,837
	<hr/> 10,853

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**49. CONTINGENT LIABILITIES**

No provisions are recognised on the following matters as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement:-

	<b>The Group</b>		<b>The Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	RM'000	RM'000	RM'000	RM'000
Performance guarantee extended by a subsidiary to third parties	15,099	14,928	-	-
Compensation to a vendor due to project termination	7,440	7,291	-	-
Dividend payable on RPS "A"	28,800	28,800	-	-
Special coupon on RSLs	1,000	1,000	-	-
Corporate guarantee given to licensed banks for credit facilities granted to a subsidiary	-	-	68,360	67,390
	<u>52,339</u>	<u>52,019</u>	<u>68,360</u>	<u>67,390</u>

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#### **50. FINANCIAL INSTRUMENTS**

The Group's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

##### **50.1 FINANCIAL RISK MANAGEMENT POLICIES**

The Group's policies in respect of the major areas of treasury activity are as follows:-

###### **(a) Market Risk**

###### **(i) Foreign Currency Risk**

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currency other than the respective functional currency of entities within the Group. The currencies giving rise to the risk are primarily United States Dollar ("USD"), Australian Dollar ("AUD") and Euro ("EUR"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. On occasion, the Group enters into forward foreign currency contracts to hedge against its foreign currency risk.

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) that based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:-

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#### 50. FINANCIAL INSTRUMENTS (CONT'D)

##### 50.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

###### (a) Market Risk (Cont'd)

###### (i) Foreign Currency Risk (Cont'd)

###### *Foreign Currency Exposure*

	←	2020	→	←	2019	→
	United States Dollar RM'000	Australian Dollar RM'000	Euro RM'000	United States Dollar RM'000	Australian Dollar RM'000	Euro RM'000
<b>The Group</b>						
<u>Financial Assets</u>						
Other investment	-	-	-	-	8,427	-
Cash and bank balances	1	-	-	-	-	-
	1	-	-	-	8,427	-

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## 50.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

**(a) Market Risk (Cont'd)**

## (i) Foreign Currency Risk (Cont'd)

*Foreign Currency Exposure (Cont'd)*

	←	2020	→	←	2019	→
	United States Dollar RM'000	Australian Dollar RM'000	Euro RM'000	United States Dollar RM'000	Australian Dollar RM'000	Euro RM'000
<b>The Group</b>						
<u>Financial Liability</u>						
Trade payables	(16,829)	-	(23,562)	(20,929)	-	(22,946)
Net financial (liabilities)/assets	(16,828)	-	(23,562)	(20,929)	8,427	(22,946)
Less: Forward foreign currency contracts (contracted notional principal)	-	-	-	-	-	-
Currency Exposure	(16,828)	-	(23,562)	(20,929)	8,427	(22,946)

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#### 50. FINANCIAL INSTRUMENTS (CONT'D)

##### 50.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

###### (a) Market Risk (Cont'd)

###### (i) Foreign Currency Risk (Cont'd)

###### *Foreign Currency Exposure (Cont'd)*

The Company does not have any foreign currency exposure and hence, is not exposed to foreign currency risk.

###### *Foreign Currency Risk Sensitivity Analysis*

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies at the end of the reporting period, with all other variables held constant:-

	<b>The Group</b>	
	<b>1.7.2019 to 30.6.2020 RM'000</b>	<b>1.1.2018 to 30.6.2019 RM'000</b>
<b>Effects on Loss After Taxation</b>		
USD/RM - strengthened by 5%	(639)	(795)
- weakened by 5%	639	795
AUD/RM - strengthened by 5%	-	320
- weakened by 5%	-	(320)
EUR/RM - strengthened by 5%	(895)	(872)
- weakened by 5%	895	872
	<hr/>	<hr/>

###### (ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from long-term borrowings with variable rates. The Group's policy is to obtain the most favourable interest rates available and by maintaining a balanced portfolio mix of fixed and floating rate borrowings.

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#### 50. FINANCIAL INSTRUMENTS (CONT'D)

##### 50.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

###### (a) Market Risk (Cont'd)

###### (ii) Interest Rate Risk (Cont'd)

The Group's fixed deposits with licensed banks are carried at amortised cost. Therefore, they are not subject to interest rate risk as defined in MFRS 7 since neither the carrying amounts nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is summarised as follows:-

	The Group	
	2020 RM'000	2019 RM'000
<u>Floating Rate Instruments</u>		
Term loans	26,936	29,586
Bank overdrafts	7,950	6,026
	<u>34,886</u>	<u>35,612</u>

###### *Interest Rate Risk Sensitivity Analysis*

The following table details the sensitivity analysis to a reasonably possible change in the interest rates at the end of the reporting period, with all other variables held constant:-

	The Group	
	1.7.2019 to 30.6.2020 RM'000	1.1.2018 to 30.6.2019 RM'000
<b>Effects on Loss After Taxation</b>		
Increase of 100 basis points	(265)	(271)
Decrease of 100 basis points	265	271
	<u>          </u>	<u>          </u>



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#### 50. FINANCIAL INSTRUMENTS (CONT'D)

##### 50.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

###### (a) Market Risk (Cont'd)

###### (iii) Equity Price Risk

The Group and the Company's principal exposure to equity price risk arises mainly from changes in quoted investment prices. The Group and the Company manage their exposure equity price risks by maintaining a portfolio of equities with different risk profiles.

The Group and the Company's equity price profile as monitored by management is set out below:-

	<b>The Group/The Company 2020 RM'000</b>	<b>2019 RM'000</b>
<u>Short-term investments</u>		
Investments placed with fund managers	40	40
	<u>40</u>	<u>40</u>

###### *Equity Price Risk Sensitivity Analysis*

The following table details the sensitivity analysis to a reasonably possible change in the prices of the quoted investments at the end of the reporting period, with all other variables held constant:-

	<b>The Group/The Company 1.7.2019 to 30.6.2020 RM'000</b>	<b>1.1.2018 to 30.6.2019 RM'000</b>
<b>Effects on Loss After Taxation</b>		
Increase of 5%	2	2
Decrease of 5%	(2)	(2)
	<u>2</u>	<u>(2)</u>

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#### 50. FINANCIAL INSTRUMENTS (CONT'D)

##### 50.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

###### (b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including quoted investments, cash and bank balances and derivatives), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Company's exposure to credit risk arises principally from loans and advances to subsidiaries, and corporate guarantee given to financial institutions for credit facilities granted to certain subsidiaries. The Company monitors the results of these subsidiaries regularly and repayments made by the subsidiaries.

###### (i) Credit Risk Concentration Profile

The Group's major concentration of credit risk relates to the amounts owing by 1 (2019 - 1) customer which constituted approximately 81% (2019 - 88%) of its total trade receivables at the end of the reporting period.

###### (ii) Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Group after deducting any allowance for impairment losses (where applicable).

In addition, the Company's maximum exposure to credit risk also includes corporate guarantees provided to its subsidiaries as disclosed under the 'Maturity Analysis' of item (c) below, representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period. These corporate guarantees have not been recognised in the Company's financial statements since their fair value on initial recognition were not material.

###### (iii) Assessment of Impairment Losses

At each reporting date, the Group assesses whether any of the financial assets at amortised cost is credit impaired.

The gross carrying amounts of financial assets are written off when there is no reasonable expectation of recovery (i.e. the debtor does not have assets or sources of income to generate sufficient cash flows to repay the debt) despite the fact that they are still subject to enforcement activities.

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#### 50. FINANCIAL INSTRUMENTS (CONT'D)

##### 50.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

###### (b) Credit Risk (Cont'd)

###### (iii) Assessment of Impairment Losses (Cont'd)

###### *Trade Receivables*

The Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables has been grouped based on shared credit risk characteristics and the days past due.

The Group considers any receivables having financial difficulty or with significant balances outstanding for more than a year, are deemed credit impaired.

The expected loss rates are based on the payment profiles of sales over a period of 120 days from the measurement date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle their debts.

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for the trade receivables is summarised below:-

	Gross Amount RM'000	Individual Impairment RM'000	Collective Impairment RM'000	Carrying Amount RM'000
<b>The Group</b>				
<b>2020</b>				
Current (not past due)	218,098	-	(257)	217,841
1 to 30 days past due	1,353	-	(66)	1,287
31 to 60 days past due	64	-	(32)	32
61 to 90 days past due	2,895	-	(38)	2,857
Past due more than 90 days	3,667	-	(126)	3,541
Credit impaired	9,303	(9,303)	-	-
	<b>235,380</b>	<b>(9,303)</b>	<b>(519)</b>	<b>225,558</b>

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#### 50. FINANCIAL INSTRUMENTS (CONT'D)

##### 50.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

##### (b) Credit Risk (Cont'd)

##### (iii) Assessment of Impairment Losses (Cont'd)

##### *Trade Receivables (Cont'd)*

	Gross Amount RM'000 (Restated)	Individual Impairment RM'000	Collective Impairment RM'000	Carrying Amount RM'000 (Restated)
<b>The Group</b>				
<b>2019</b>				
Current (not past due)	200,395	-	(257)	200,138
1 to 30 days past due	4,922	-	(66)	4,856
31 to 60 days past due	1,078	-	(32)	1,046
61 to 90 days past due	1,288	-	(38)	1,250
Past due more than 90 days	4,863	-	(125)	4,738
Credit impaired	14,818	(14,818)	-	-
	<u>227,364</u>	<u>(14,818)</u>	<u>(518)</u>	<u>212,028</u>

The movements in the loss allowances in respect of trade receivables is disclosed in Note 12 to the financial statements.

##### *Other Receivables*

The Group applies the 3-stage general approach to measuring expected credit losses for the other receivables. Generally, the Group considers amount owing by other receivables have low credit risks. The Group considers other receivables to be credit impaired when the other receivable is unlikely to repay its loan or advance in full.

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#### 50. FINANCIAL INSTRUMENTS (CONT'D)

##### 50.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

##### (b) Credit Risk (Cont'd)

##### (iii) Assessment of Impairment Losses (Cont'd)

##### *Other Receivables (Cont'd)*

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for other receivables are summarised below:-

	Gross Amount RM'000	Lifetime Loss Allowance RM'000	Carrying Amount RM'000
<b>The Group</b>			
<b>2020</b>			
Low credit risk	1,345	-	1,345
Credit impaired	2,607	(2,607)	-
	<u>3,952</u>	<u>(2,607)</u>	<u>1,345</u>
<b>2019</b>			
Low credit risk	3,381	-	3,381
Credit impaired	3,156	(3,156)	-
	<u>6,537</u>	<u>(3,156)</u>	<u>3,381</u>

##### *Fixed Deposits with Licensed Banks, Cash and Bank Balances*

The Group considers these banks and financial institutions have low credit risks. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

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#### 50. FINANCIAL INSTRUMENTS (CONT'D)

##### 50.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

###### (b) Credit Risk (Cont'd)

###### (iii) Assessment of Impairment Losses (Cont'd)

###### *Amount Owing By Subsidiaries (Non-trade Balances)*

The Company applies the 3-stage general approach to measuring expected credit losses for all inter-company balances. Generally, the Company considers loans and advances to subsidiaries have low credit risks. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's loan or advance to be credit impaired when the subsidiary is unlikely to repay its loan or advance in full or the subsidiary is continuously loss making or the subsidiary is having a deficit in its total equity.

The Company determines the probability of default for these loans and advances individually using internal information available.

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for amount owing by subsidiaries are summarised below:-

	Gross Amount RM'000	Lifetime Loss Allowance RM'000	Carrying Amount RM'000
<b>The Company</b>			
<b>2020</b>			
Low credit risk	62,087	-	62,087
Credit impaired	33,031	(33,031)	-
	<u>95,118</u>	<u>(33,031)</u>	<u>62,087</u>
<b>2019</b>			
Low credit risk	64,276	-	64,276
Credit impaired	32,189	(32,189)	-
	<u>96,465</u>	<u>(32,189)</u>	<u>64,276</u>

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#### 50. FINANCIAL INSTRUMENTS (CONT'D)

##### 50.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

###### (b) Credit Risk (Cont'd)

###### (iii) Assessment of Impairment Losses (Cont'd)

###### *Financial Guarantee Contracts*

All of the financial guarantee contracts are considered to be performing, have low risks of default and historically there were no instances where these financial guarantee contracts were called upon by the parties of which the financial guarantee contracts were issued to. Accordingly, no loss allowances were identified based on 12-month expected credit losses.

###### (c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

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#### 50. FINANCIAL INSTRUMENTS (CONT'D)

##### 50.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

###### (c) Liquidity Risk (Cont'd)

###### *Maturity Analysis*

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

	Effective Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 - 5 Years RM'000	Over 5 Years RM'000
<b>The Group</b>						
<b>2020</b>						
<u>Non-derivative Financial Liabilities</u>						
RPS "A"	4.60	152	152	-	152	-
RSLs	10.00	10,000	10,000	10,000	-	-
Term loans	3.30 - 3.32	26,936	34,262	3,636	20,903	9,723
Revolving credits	4.13 - 5.00	19,161	19,161	19,161	-	-
Trade payables	-	54,875	54,875	54,875	-	-
Other payables and accruals	18.00	13,362	14,272	14,272	-	-
Amount owing to directors	18.00	2,477	2,751	2,751	-	-
Bank overdrafts	6.20 - 6.90	7,950	7,950	7,950	-	-
		134,913	143,423	112,645	21,055	9,723

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## 50.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

**(c) Liquidity Risk (Cont'd)***Maturity Analysis (Cont'd)*

<b>The Group</b>	Effective Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 - 5 Years RM'000	Over 5 Years RM'000
<b>2019</b>						
<u>Non-derivative Financial Liabilities</u>						
RPS "A"	4.60	152	152	-	152	-
RSLs	10.00	10,000	10,000	-	10,000	-
Hire purchase payables	4.82	96	101	45	56	-
Term loans	4.30 - 4.60	29,586	40,275	4,614	22,174	13,487
Revolving credits	5.31 - 5.63	17,661	17,661	17,661	-	-
Trade payables	-	59,253	59,253	59,253	-	-
Other payables and accruals	18.00	19,809	20,722	20,722	-	-
Amount owing to directors	18.00	2,133	2,406	2,406	-	-
Bank overdrafts	7.20	6,026	6,026	6,026	-	-
		144,716	156,596	110,727	32,382	13,487

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## 50.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

**(c) Liquidity Risk (Cont'd)***Maturity Analysis (Cont'd)*

<b>The Company</b>	Effective Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 - 5 Years RM'000	Over 5 Years RM'000
<b>2020</b>						
<u>Non-derivatives Financial Liabilities</u>						
Other payables and accruals	-	1,018	1,018	1,018	-	-
Amount owing to directors	-	595	595	595	-	-
Amount owing to a subsidiary	-	20,435	20,435	20,435	-	-
Financial guarantee contracts in relation to corporate guarantee given to certain subsidiaries #	-	-	68,360	68,360	-	-
		<b>22,048</b>	<b>90,408</b>	<b>90,408</b>	<b>-</b>	<b>-</b>

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#### 50. FINANCIAL INSTRUMENTS (CONT'D)

##### 50.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

##### (c) Liquidity Risk (Cont'd)

##### *Maturity Analysis (Cont'd)*

	Effective Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 - 5 Years RM'000	Over 5 Years RM'000
<b>The Company</b>						
<b>2019</b>						
<u>Non-derivatives Financial Liabilities</u>						
Other payables and accruals	-	673	673	673	-	-
Amount owing to directors	-	505	505	505	-	-
Amount owing to a subsidiary	-	29,214	29,214	29,214	-	-
Financial guarantee contracts in relation to corporate guarantee given to certain subsidiaries #	-	-	67,390	67,390	-	-
		<b>30,392</b>	<b>97,782</b>	<b>97,782</b>	<b>-</b>	<b>-</b>

# - The contractual undiscounted cash flows represent the outstanding credit facilities of the subsidiaries at the end of the reporting period. The financial guarantees have not been recognised in the financial statements since their fair value on initial recognition were not material.

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#### 50. FINANCIAL INSTRUMENTS (CONT'D)

##### 50.2 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholders value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as net debt divided by total equity. The Group includes within net debt, loans and borrowings from financial institutions less cash and cash equivalents. The debt-to-equity ratio of the Group at the end of the reporting period was as follows:-

	The Group	
	2020 RM'000	2019 RM'000
RSLs (Note 25)	10,000	10,000
RPS "A" (Note 26)	152	152
Hire purchase payables (Note 23)	-	96
Term loans (Note 24)	26,936	29,586
Revolving credits (Note 32)	19,161	17,661
Bank overdrafts (Note 33)	7,950	6,026
	<hr/>	<hr/>
	64,199	63,521
Less: Short-term investments (Note 15)	(40)	(40)
Less: Fixed deposits with licensed banks (Note 16)	(5,944)	(4,216)
Less: Cash and bank balances (Note 16)	(6,403)	(2,950)
	<hr/>	<hr/>
Net debt	51,812	56,315
	<hr/>	<hr/>
Total equity	118,932	122,417
	<hr/>	<hr/>
Debt-to-equity ratio	0.44	0.46
	<hr/>	<hr/>

There was no change in the Group's approach to capital management during the financial year.

The Group is also required to comply with certain loan covenants as disclosed in Note 24 to the financial statements, failing which, the bank may call an event of default. The Group has complied with this requirement.

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## 50.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	2020	
	The Group RM'000	The Company RM'000
<b>Financial Assets</b>		
<u>Mandatorily at Fair Value Through Profit or Loss</u>		
Short-term investments (Note 15)	40	40
<u>Amortised Cost</u>		
Trade receivables (Note 12)	225,558	-
Other receivables (Note 13)	1,345	-
Amount owing by subsidiaries (Note 14)	-	62,087
Cash and bank balances (Note 16)	12,347	74
	<b>239,250</b>	<b>62,161</b>
<b>Financial Liability</b>		
<u>Amortised Cost</u>		
RPS "A" (Note 26)	152	-
RSLs (Note 25)	10,000	-
Term loans (Note 24)	26,936	-
Revolving credits (Note 32)	19,161	-
Trade payables (Note 28)	54,875	-
Other payables and accruals (Note 30)	13,362	1,018
Amount owing to a subsidiary (Note 14)	-	20,435
Amount owing to directors (Note 31)	2,477	595
Bank overdrafts (Note 33)	7,950	-
	<b>134,913</b>	<b>22,048</b>

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## 50.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONT'D)

	2019	
	The Group RM'000	The Company RM'000
<b>Financial Assets</b>		
<u>Mandatorily at Fair Value Through Profit or Loss</u>		
Short-term investments (Note 15)	40	40
<u>Designated at Fair Value Through Other Comprehensive Income Upon Initial Recognition</u>		
Other investment (Note 9)	8,427	-
<u>Amortised Cost</u>		
Trade receivables (Note 12)	212,028	-
Other receivables (Note 13)	3,381	-
Amount owing by subsidiaries (Note 14)	-	64,276
Cash and bank balances (Note 16)	7,166	4
	222,575	64,280
<b>Financial Liability</b>		
<u>Amortised Cost</u>		
RPS "A" (Note 26)	152	-
RSLs (Note 25)	10,000	-
Hire purchase payables (Note 23)	96	-
Term loans (Note 24)	29,586	-
Revolving credits (Note 32)	17,661	-
Trade payables (Note 28)	59,253	-
Other payables and accruals (Note 30)	19,809	673
Amount owing to a subsidiary (Note 14)	-	29,214
Amount owing to directors (Note 31)	2,133	505
Bank overdrafts (Note 33)	6,026	-
	144,716	30,392

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## 50.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS

	2020	
	The Group RM'000	The Company RM'000
<b>Financial Assets</b>		
<u>Fair Value Through Profit or Loss</u> Net gains recognised in profit or loss	-	-
<u>Equity Investments at Fair Value Through Other Comprehensive Income</u> Net losses recognised in other comprehensive income	(694)	-
<u>Amortised Cost</u> Net losses recognised in profit or loss	(447)	(842)
<b>Financial Liability</b>		
<u>Amortised Cost</u> Net losses recognised in profit or loss	(5,479)	-
	2019	
	The Group RM'000	The Company RM'000
<b>Financial Assets</b>		
<u>Fair Value Through Profit or Loss</u> Net gains recognised in profit or loss	393	128
<u>Equity Investments at Fair Value Through Other Comprehensive Income</u> Net losses recognised in other comprehensive income	(1,689)	-
<u>Amortised Cost</u> Net losses recognised in profit or loss	(16,500)	(31,788)
<b>Financial Liability</b>		
<u>Amortised Cost</u> Net losses recognised in profit or loss	(5,504)	-

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

#### 50. FINANCIAL INSTRUMENTS (CONT'D)

##### 50.5 FAIR VALUE INFORMATION

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:-

	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments not Carried at Fair Value			Total Fair Value RM'000	Carrying Amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
<b>The Group</b>								
<b>2020</b>								
<u>Financial Asset</u>								
Short-term investments	40	-	-	-	-	-	40	40
<u>Financial Liabilities</u>								
RPS "A"	-	-	-	-	152	-	152	152
RSLs	-	-	-	-	10,000	-	10,000	10,000
Term loans	-	-	-	-	26,937	-	26,937	26,937



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## 50.5 FAIR VALUE INFORMATION (CONT'D)

	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments not Carried at Fair Value			Total Fair Value RM'000	Carrying Amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
<b>The Group</b>								
<b>2019</b>								
<u>Financial Assets</u>								
Other investment	-	-	8,427	-	-	-	8,427	8,427
Short-term investments	40	-	-	-	-	-	40	40
<u>Financial Liabilities</u>								
RPS "A"	-	-	-	-	152	-	152	152
RSLs	-	-	-	-	10,000	-	10,000	10,000
Hire purchase payables	-	-	-	-	96	-	96	96
Term loans	-	-	-	-	29,586	-	29,586	29,586

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## 50.5 FAIR VALUE INFORMATION (CONT'D)

	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments not Carried at Fair Value			Total Fair Value RM'000	Carrying Amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		
<b>The Company</b>								
<b>2020</b>								
<u>Financial Asset</u>								
Short-term investments	40	-	-	-	-	-	40	40
	<hr/>			<hr/>			<hr/>	<hr/>
<b>2019</b>								
<u>Financial Asset</u>								
Short-term investments	40	-	-	-	-	-	40	40
	<hr/>			<hr/>			<hr/>	<hr/>

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#### 50. FINANCIAL INSTRUMENTS (CONT'D)

##### 50.5 FAIR VALUE INFORMATION (CONT'D)

###### (a) Fair Value of Financial Instruments Carried at Fair Value

The fair values of above have been determined using the following basis:-

- (i) The fair value of short-term investment is determined at their quoted closing prices at the end of the reporting period.
- (ii) The fair value of unquoted equity investments is determined based on input and the information applicable to level 3 fair value measurement. The fair value of unquoted investments have been estimated using Discounted Cash Flows ("DCF") techniques. The DCF model incorporates unobservable inputs, amongst others, the forecast cash flows, long-term growth rates, cost of capital and long-term operating margins.

There were no transfer between level 1 and level 2 during the financial year.

###### (b) Fair Value of Financial Instruments not Carried at Fair Value

The fair value, which are for disclosure purposes, and have been determined using the following basis:-

- (i) The fair values of the Group's term loan that carry floating interest rates approximated their carrying amounts as they are repriced to market interest rates on or near the reporting date.
- (ii) The fair values of RPS "A", RSLs, hire purchase payables that carry fixed interest rate are determined by discounting the relevant future contractual cash flow using current market interest rates for similar instruments at the end of the reporting period. The interest rates used to discount the estimated cash flows are as follows:-

	The Group	
	30.6.2020	30.6.2019
	%	%
RPS "A"	4.60	4.60
RSLs	10.00	10.00
Hire purchase payables	-	4.82
Term loans	3.30 to 3.32	4.30 to 4.60

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

On 25 February 2020, the Company announced the disposal of 100% equity interest held in Prestariang Education Sdn. Bhd. ("PESB"), one of its subsidiaries which has been underperforming for the past few financial years.

The Company has entered into a conditional Share Sale Agreement ("SSA") in relation to the disposal of PESB shares for a total cash consideration of RM2,500,000.

The SSA is conditional upon the approval of the Ministry of Education ("MOE"), in respect of the change in ownership of PESB, being obtained within 90 days of the date of the SSA. The period to obtain the approval of the MOE is extendable for a further period of 90 days and from thereon, maybe further extended by mutual agreement of the parties.

As at the report date, the SSA remained conditional upon the approval of the MOE.

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

##### **(a) Proposed corporate exercises**

On 23 July 2020, the Company made an announcement proposing to undertake the following:-

- (i) a private placement of 79,579,740 new ordinary shares in the Company ("Prestariang Share(s)" or "Share(s)") ("Placement Share(s)") at an issue price of RM0.350 per Placement Share together with 79,579,740 free detachable warrants ("Warrant(s)") on the basis of 1 Warrant for every 1 Placement Share issued ("Proposed Private Placement with Warrants");
- (ii) a renounceable rights issue of up to 176,843,866 new Shares ("Rights Share(s)") at an issue price of RM 0.200 per Rights Share, on the basis of 1 Rights Share for every 3 existing Shares held, together with up to 176,843,866 Warrants on the basis of 1 Warrant for every 1 Rights Share subscribed for, on an entitlement date to be determined and announced later ("Entitlement Date") ("Proposed Rights Issue with Warrants"); and
- (iii) the establishment of a long term incentive plan, which comprises the proposed employee share option scheme ("Proposed ESOS") and the proposed share grant plan ("Proposed SGP"), of up to 15% of the issued share capital of the Company (excluding treasury shares, if any) at any point in time during the duration of the long term incentive plan, for the eligible employees and Directors of the Company and its subsidiaries ("Prestariang Group" or the "Group"), which are not dormant, who fulfil the eligibility criteria as set out in the by-laws of the long term incentive plan ("Proposed LTIP").

The Proposed Private Placement with Warrants, the Proposed Rights Issue with Warrants and the Proposed LTIP are collectively referred to as the "Proposals".

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#### **52. SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD (CONT'D)**

##### **(a) Proposed corporate exercises (Cont'd)**

The listing application pursuant to the Proposals has been submitted to Bursa Malaysia Securities Berhad ("Bursa Securities") on 14 August 2020.

Bursa Securities had, vide its letter dated 19 August 2020, resolved to approve the following:-

- (i) admission to the Official List and the initial listing and quotation of up to 256,423,606 Warrants to be issued pursuant to the Proposed Private Placement with Warrants and Proposed Rights Issue with Warrants; and
- (ii) listing of:-
  - (aa) up to 79,579,740 Placement Shares to be issued pursuant to the Proposed Private Placement;
  - (bb) up to 176,843,866 Rights Shares to be issued pursuant to the Proposed Rights Issue with Warrants;
  - (cc) up to 256,423,606 new Prestariang Shares to be issued pursuant to the exercise of the Warrants; and
  - (dd) such number of additional new ordinary shares in the Company representing up to 15% of the total number of issued shares (excluding treasury shares, if any) of the Company to be issued pursuant to the exercise of options under the Proposed LTIP.

At the Extraordinary General Meeting held on 15 September 2020, the shareholders of the Company have approved and passed the resolutions in relation to the Proposals.

##### **(b) Proposed private placement**

On 21 July 2020, the Company entered into a Heads of Agreement with Dr. Abu Hasan Bin Ismail ("Dr. Abu"), for the subscription by Dr. Abu of 79,579,740 new Prestariang Shares at an agreed subscription price of RM0.350 per Share ("HOA").

Further to the HOA, the Company had on 23 July 2020, entered into a subscription agreement with Dr. Abu ("Subscription Agreement"), for the proposed private placement of:-

- (i) 79,579,740 Placement Shares, representing approximately 15% of the total issued share capital of 530,531,600 Shares (excluding 1,698,500 treasury shares) as at 20 July 2020, at an issue price of RM0.350 per Placement Share; with
- (ii) 79,579,740 Warrants on the basis of 1 Warrant for every 1 Placement Share issued.

The subscription of the Placement Shares are to be satisfied in full by way of cash, in accordance with the terms and conditions of the Subscription Agreement. The Warrants will be issued at no cost to Dr. Abu. For the avoidance of doubt, the Placement Shares are not entitled to the Proposed Rights Issue with Warrants. The allotment, listing of and the quotation for the new Placement Shares and Warrants will be implemented concurrently with the Rights Shares with Warrants.

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#### **52. SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD (CONT'D)**

##### **(b) Proposed private placement (Cont'd)**

On 8 September 2020, the Company executed a Novation Letter with Dr. Abu and ECO Cloud Assets Sdn Bhd ("ECO Cloud Assets") pursuant to which Dr. Abu novated and transferred the benefit of all and any of its obligations under the Subscription Agreement to ECO Cloud Assets. For information purposes, the ultimate shareholder of ECO Cloud Assets is Dr. Abu.

##### **(c) Proposed scheme of arrangement**

On 24 August 2020, Prestariang SKIN Sdn. Bhd. ("PSKIN"), a subsidiary of the Company, made an application pursuant to Section 366 of the Companies Act 2016 (the "Act"), for a proposed scheme of arrangement between PSKIN and its scheme creditors pursuant to Section 366 of the Act, to be put forward to the creditors at court convened meetings.

The purpose of the application is to preserve the going concern of PSKIN while it carries on with negotiations and legal action to seek compensation from the Government of Malaysia for the termination of the SKIN contract. The application, if granted, is not expected to have any material impact on the financial and operational matters of the Company and its subsidiaries.

On 30 September 2020, the High Court of Malaya has granted, among others, leave to PSKIN ("Court Order") to summon meetings of creditors of PSKIN or any class of them to be held within three (3) months of the date of the Court Order for the purpose of considering and, if thought fit, approving with or without modification the proposed scheme of arrangement, pursuant to Section 366 of the Act. The details of the abovementioned proposed scheme of arrangement are in the process of being finalised by the Company.

##### **(d) Status of Prestariang Systems Sdn. Bhd. ("PSSB") as Channel Partner of Microsoft Regional Sales Pte. Ltd. ("Microsoft")**

On 14 September 2020, PSSB, a wholly-owned subsidiary of the Company, had been informed by Microsoft that it will discontinue PSSB's role as its Channel Partner effective 31 January 2021. PSSB was renewed as Microsoft's Channel Partner pursuant to a Channel Partner Agreement made between PSSB and Microsoft effective on 1 October 2019. The Company is in the midst of evaluating the impact of Microsoft's decision and intends to engage with Microsoft for further clarification on the matter.

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

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#### **53. MATERIAL LITIGATION**

On 15 April 2019, PSKIN, a wholly-owned subsidiary of PSV, which in turn is a subsidiary of the Company, filed an Originating Summons (No. WA-21NCvC-20-04/2019) at the Kuala Lumpur High Court ("OS") as "Plaintiff" against the Government of Malaysia ("GOM") as "Defendant", in relation to the termination of the Concession Agreement dated 9 August 2017 ("CA") by GOM, by way of expropriation pursuant to Clause 31.1 of the CA.

#### **Details of Circumstances leading to the Filing of the OS against GOM**

Following the letter from GOM dated 11 December 2018, confirming the decision of the Cabinet to terminate the SKIN project, PSKIN and GOM had met several times to discuss among others, the payment obligation of GOM and the quantum to be paid by GOM, but both parties were unable to reach an agreement. Hence, PSKIN has filed the OS seeking the following orders:-

- (a) A declaration that GOM is under an obligation to pay to PSKIN a sum representing the present value of the Availability Charges for the remaining unexpired Concession Period discounted at Weighted Average Cost of Capital of PSKIN as at the effective date of termination of the CA i.e. 22 January 2019, in accordance with Clause 28.3.1(b)(iii) read together with Appendix 14 of the CA and Schedule 1 of the Supplemental Agreement dated 11 April 2019 ("Supplemental Agreement");
- (b) A declaration that the sum payable by GOM to PSKIN pursuant to Clauses 28.3.1(b)(iii), 31 and Appendix 14 of the CA and Schedule 1 of the Supplemental Agreement is RM732,860,194.00, or any such amount as ordered by the Court;
- (c) An order that GOM makes payment to PSKIN of the sums declared and ordered in respect of paragraph (b) above, not later than six (6) months after the termination date i.e. on or before 22 July 2019, in compliance with Clause 28.3.1(b)(iii) of the CA;
- (d) Interest on the sum of RM732,860,194.00 or any such sum as ordered by the Court, at any such rate as the Court deems fit, calculated from 22 July 2019, or any such date as the Court deems fit, to the date of judgement;

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#### **53. MATERIAL LITIGATION (CONT'D)**

##### **Details of Circumstances leading to the Filing of the OS against GOM (Cont'd)**

- (e) Interest on the judgement sum in respect of paragraph (c) above at the rate of 5% per annum calculated from the date of judgement to the date of full satisfaction of the judgement sum;
- (f) Costs; and/or
- (g) Such further and/or other relief as the Court deems fit.

PSKIN filed the OS on 15 April 2019 and the sealed copy of the OS was served on GOM on 25 April 2019. Following this, PSKIN filed an application for a Protective Order, which was granted on 19 June 2019. Upon obtaining the Protective Order, PSKIN filed its Affidavit in Support in respect of the OS on 19 June 2019 and served the said Affidavit in Support on GOM on 24 June 2019. GOM was to file its Affidavit in Reply in respect of the OS by 12 July 2019.

On 23 August 2019, GOM served its Affidavit in Reply in respect of the OS on PSKIN. On 6 September 2019, PSKIN filed and served its Affidavit in Reply on GOM.

GOM has filed an application for conversion of the OS to a writ action, but the application has been dismissed by the High Court on 30 October 2019.

GOM appealed to the Court of Appeal. On 10 June 2020, the Court of Appeal found that there was no merit to GOM's appeal and dismissed the appeal with costs to PSKIN. In dismissing GOM's appeal, the Court of Appeal held that GOM would not suffer prejudice with PSKIN's action continuing by way of OS in light of the directions given by the High Court Judge to allow for the cross-examination of the various deponents as well as for expert evidence to be tendered.

The hearing of the OS and cross-examination of the deponents of affidavits has been fixed for 21 January 2021, 22 January 2021, 29 January 2021 and 26 February 2021. A case management has also been fixed for 30 November 2020. In the meantime, both parties are in the process of exchanging affidavits.



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#### 54. INITIAL APPLICATION OF MFRS 16

The Group has adopted MFRS 16 using modified retrospective simplified approach to contracts that were previously identified as leases under MFRS 117 'Leases' and IC Interpretation 4 'Determining Whether an Arrangement Contains a Lease', without restating any comparative information. There were no financial impact to the retained earnings of the Group and of the Company upon transition to MFRS 16 at the date of initial application i.e. 1 July 2019.

MFRS 16 has been applied in full to lease contracts entered into or changed on or after 1 July 2019.

(a) Lessee Accounting

For leases that were classified as finance leases, the Group has recognised the carrying amount of the leased asset and lease liability immediately before 1 July 2019 as the carrying amount of the right-of-use asset and the lease liability as at the date of initial application.

For leases that were classified as operating leases under MFRS 117, the Group measured the lease liabilities at the present value of the remaining lease payments, discounted using the incremental borrowing rate applicable to the lessee companies at that date. The right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease.

The Group has applied for the exemption not to recognise operating leases with a remaining lease term of less than 12 months as at 1 July 2019, in accordance with practical expedients in applying MFRS 16 for the first time.

The impacts of reclassification resulting from the adoption of MFRS 16 at 1 July 2019 are summarised below:-

	As Previously Reported RM'000	MFRS 16 Adjustments RM'000	Note	As Restated RM'000
<b>The Group</b>				
Property and equipment (Note 6)	17,924	(111)	(i)	17,813
Right-of-use assets (Note 8)	-	111	(i)	111
Lease liabilities	-	96	(ii)	96
Hire purchase payables	96	(96)	(ii)	-

#### Notes

- (i) Motor vehicles of the Group with carrying amount of RM111,000 acquired under hire purchase term has been represented as "right-of-use assets";
- (ii) The Group's hire purchase payables of RM96,000 has been represented as "lease liabilities" as they were classified as leases applying MFRS 117.

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#### 54. INITIAL APPLICATION OF MFRS 16 (CONT'D)

(b) Lessor Accounting

The Group did not make any adjustments to the accounting for assets held as lessor under operating leases as a result of the adoption of MFRS 16.

#### 55. PRIOR YEAR ADJUSTMENTS AND COMPARATIVE FIGURES

(a) Prior year adjustments

During the current financial year, prior year adjustments were made in accordance with MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors.

Accordingly, certain comparatives have been restated as set out below.

**Statements of Financial Position (Extract):-**

	As Previously Reported RM'000	Prior Year Adjustments RM'000	As Restated RM'000
<b>The Group</b>			
<u>Non-current assets</u>			
Property and equipment	19,171	(1,247)	17,924
<u>Current assets</u>			
Trade receivables	200,324	11,704	212,028
Other receivables, deposits and prepayments	8,010	(2,258)	5,752
<u>Current liabilities</u>			
Trade payables	53,791	5,462	59,253
Contract liabilities	19,996	469	20,465
<u>Equity</u>			
Merger deficit	(10,800)	10,800	-
Retained profits	10,534	(9,366)	1,168
Non-controlling interests	11,711	834	12,545

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020****55. PRIOR YEAR ADJUSTMENTS AND COMPARATIVE FIGURES (CONT'D)****(a) Prior year adjustments (Cont'd)****Statements of Profit Or Loss and Other Comprehensive Income (Extract):-**

	As Previously Reported RM'000	Prior Year Adjustments RM'000	Reclassification* RM'000	As Restated RM'000
<b>The Group</b>				
Revenue	367,318	11,236	(9,302)	369,252
Cost of sales	(258,967)	(7,603)	6,313	(260,257)
Gross profit	108,351	3,633	(2,989)	108,995
Other income	1,511	-	(84)	1,427
Administrative expenses	(49,325)	(1,365)	12,137	(38,553)
Other expenses	(20,895)	-	5,788	(15,107)
Finance costs	(5,365)	-	3	(5,362)
Net impairment losses on financial assets	(16,323)	-	6,598	(9,725)
Profit before taxation	17,954	2,268	21,453	41,675
Loss from discontinued operations	-	-	(21,453)	(21,453)
Loss after taxation attributable to:-				
Owners of the Company	(21,753)	1,434	-	(20,319)
Non-controlling interest	12,796	834	-	13,630

\* Follow disclosure requirements in MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*

**Statements of Cash Flows (Extract):-**

	As Previously Reported RM'000	Prior Year Adjustments RM'000	As Restated RM'000
<b>The Group</b>			
Profit before taxation	17,954	2,268	20,222
Purchase of property and equipment	(12,573)	1,247	(11,326)
Increase in trade and other receivables	(175,151)	(9,446)	(184,597)
Increase in contract liabilities	8,145	469	8,614
Increase in trade and other payables	27,939	5,462	33,401

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#### **55. PRIOR YEAR ADJUSTMENTS AND COMPARATIVE FIGURES (CONT'D)**

##### **(a) Prior year adjustments (Cont'd)**

The prior year adjustments relates to:-

- (i) revenue and cost for the concession operations undertaken up by the Group;
- (ii) adjustments on cost of property and equipment by the Group;
- (iii) revenue and cost for software license distribution and management undertaken up by the Group;
- (iv) reclassification of merger deficit to retained profits; and
- (v) additional sharing of non-controlling interests by the Group subsequent to item (i) above.

##### **(b) Comparative figures**

The Company and its subsidiaries had changed its financial year end from 31 December to 30 June effective from the previous reporting period. Consequently, the comparative figures are for the 18 month period from 1 January 2018 to 30 June 2019. The current financial statements are for a period of 12 months from 1 July 2019. Due to the change in the financial year end, the amounts presented in the financial statements are not entirely comparable.