



# **PRESTARIANG BERHAD**

(922260-K)

(Incorporated in Malaysia)

**Unaudited Interim Financial Report  
For The Second Quarter Ended 30 June 2017**

**PRESTARIANG BERHAD (922260-K)**  
**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE SECOND QUARTER ENDED 30 JUNE 2017**

	Note	Individual Quarter		Cumulative Period	
		Current	Preceding	Current	Preceding
		Year Quarter 30/6/2017 RM'000	Year Quarter 30/6/2016 RM'000	Year To Date 30/6/2017 RM'000	Year To Date 30/6/2016 RM'000
Revenue		55,211	48,824	99,105	89,516
Cost of sales		(42,675)	(37,696)	(77,960)	(69,858)
Gross profit		12,536	11,128	21,145	19,658
Other income		493	829	1,165	2,065
		13,029	11,957	22,310	21,723
Administrative expenses		(5,272)	(6,511)	(10,172)	(11,751)
Other expenses		(464)	(417)	(888)	(835)
Finance costs		(29)	(1)	(165)	(58)
Profit before taxation	<b>B5</b>	7,264	5,028	11,085	9,079
Income tax expense	<b>B6</b>	(1,362)	(1,320)	(1,967)	(2,335)
Profit after taxation		5,902	3,708	9,118	6,744
Other comprehensive income		-	-	-	-
<b>Total comprehensive income for the financial period</b>		<b>5,902</b>	<b>3,708</b>	<b>9,118</b>	<b>6,744</b>
<b>Profit after taxation attributable to:-</b>					
- Owners of the Company		5,817	3,708	9,033	6,744
- Non-controlling interest		85	-	85	-
		<b>5,902</b>	<b>3,708</b>	<b>9,118</b>	<b>6,744</b>
<b>Total comprehensive income attributable to:</b>					
- Owners of the Company		5,817	3,708	9,033	6,744
- Non-controlling interest		85	-	85	-
		<b>5,902</b>	<b>3,708</b>	<b>9,118</b>	<b>6,744</b>
<b>Earnings Per Share attributable to owners of the Company (Sen)</b>					
- Basic	<b>B13</b>	1.20	0.77	1.87	1.39
- Diluted		1.20	0.77	1.87	1.39

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

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

	Note	Unaudited As at 30/6/2017 RM'000	Audited As at 31/12/2016 RM'000
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property and equipment		12,392	12,086
Development costs		7,916	7,341
Deferred tax assets		1,154	1,154
		<u>21,462</u>	<u>20,581</u>
<b>CURRENT ASSETS</b>			
Inventories		3,707	2,512
Trade receivables		86,793	31,730
Amount owing by contract customer		31,040	24,515
Other receivables, deposits and prepayments		9,785	8,538
Short-term investments		41,195	51,496
Cash and bank balances		23,203	57,868
Current tax assets		907	1,162
		<u>196,630</u>	<u>177,821</u>
<b>TOTAL ASSETS</b>		<u>218,092</u>	<u>198,402</u>
<b>LIABILITIES AND EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Trade payables		32,442	12,902
Other payables and accruals		21,027	22,445
Borrowings	B8	75	73
		<u>53,544</u>	<u>35,420</u>
<b>NET CURRENT ASSETS</b>		<u>143,086</u>	<u>142,401</u>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	B8	271	309
Deferred tax liabilities		1,173	1,173
		<u>1,444</u>	<u>1,482</u>
<b>TOTAL LIABILITIES</b>		<u>54,988</u>	<u>36,902</u>
<b>NET ASSETS</b>		<u>163,104</u>	<u>161,500</u>
<b>EQUITY</b>			
Share capital		123,112	48,400
Share premium		-	74,712
Treasury Shares		(2,882)	(2,608)
Merger deficit		(14,212)	(14,212)
Non-controlling interest		544	459
Retained profits	B10	56,542	54,749
<b>TOTAL EQUITY</b>		<u>163,104</u>	<u>161,500</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>		<u>218,092</u>	<u>198,402</u>
<b>NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (SEN)</b>		33.70	33.37

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

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

	←----- Non-distributable ----->				Distributable			
	Share Capital RM'000	Share Premium RM'000	Treasury shares RM'000	Merger Deficit RM'000	Retained Profits RM'000	Attributable to owners of the Company RM'000	Non- controlling Interest RM'000	Total Equity RM'000
<b>At 31 December 2015/1 January 2016</b>	48,400	74,712	(1,203)	(14,212)	61,562	169,259	295	169,554
Profit after taxation / Total comprehensive income	-	-	-	-	8,884	8,884	164	9,048
Transaction with owners of the Company:-								
-Purchase of treasury shares	-	-	(1,405)	-	-	(1,405)	-	(1,405)
-Dividends paid	-	-	-	-	(15,697)	(15,697)	-	(15,697)
	-	-	(1,405)	-	(15,697)	(17,102)	-	(17,102)
Changes in ownership interest in subsidiary that do not result in loss of control	-	-	-	-	-	-	-	-
Total transaction with owners of the Company	-	-	(1,405)	-	(15,697)	(17,102)	-	(17,102)
<b>At 31 December 2016 / 1 January 2017</b>	<b>48,400</b>	<b>74,712</b>	<b>(2,608)</b>	<b>(14,212)</b>	<b>54,749</b>	<b>161,041</b>	<b>459</b>	<b>161,500</b>
Adjustment for effects of Companies Act 2016 ( <b>Note a</b> )	74,712	(74,712)	-	-	-	-	-	-
Profit after taxation / Total comprehensive income	-	-	-	-	9,033	9,033	85	9,118
Transaction with owners of the Company:-								
-Purchase of treasury shares	-	-	(274)	-	-	(274)	-	(274)
-Dividend paid	-	-	-	-	(7,240)	(7,240)	-	(7,240)
Total transaction with owners of the Company	-	-	(274)	-	(7,240)	(7,514)	-	(7,514)
<b>At 30 June 2017</b>	<b>123,112</b>	<b>-</b>	<b>(2,882)</b>	<b>(14,212)</b>	<b>56,542</b>	<b>162,560</b>	<b>544</b>	<b>163,104</b>

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

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

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

	<b>Current Year To Date 30/6/2017 RM'000</b>	<b>Preceding Year To Date 30/6/2016 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	11,085	9,079
Adjustments for:		
Depreciation of property and equipment	888	834
Profit income received from deposits with licensed islamic banks	(8)	(11)
Interest expense	9	-
Interest income	(1,107)	(1,536)
Operating profit before working capital changes	<u>10,867</u>	<u>8,366</u>
Operating profit before working capital changes:-		
Changes in inventories	(1,194)	(53)
Changes in trade and other receivables	(56,310)	(36,594)
Changes in amount owing by contract customers	(6,525)	(2,942)
Changes in trade and other payables	21,742	4,564
<b>CASH USED IN OPERATING ACTIVITIES</b>	<u>(31,420)</u>	<u>(26,659)</u>
Interest paid	(9)	-
Income tax paid	(1,713)	(1,844)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<u>(33,142)</u>	<u>(28,503)</u>
<b>CASH FLOWS FOR INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(1,194)	(191)
Profit income received from deposits with licensed islamic banks	8	11
Interest received	1,107	1,536
Development costs paid	(575)	(551)
Net decrease/(increase) in short term investments	10,301	(5,637)
<b>NET CASH GENERATED FROM/(USED IN) INVESTING ACTIVITIES</b>	<u>9,647</u>	<u>(4,832)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of hire purchase obligation	(36)	-
Repayment of term loan	-	(715)
Dividends paid	(10,860)	(8,456)
Acquisition of treasury shares by the Company	(274)	(1,088)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<u>(11,170)</u>	<u>(10,259)</u>
Net decrease in cash and cash equivalents	(34,665)	(43,594)
Cash and cash equivalents at beginning of the financial period	55,170	85,099
<b>CASH AND CASH EQUIVALENT AT END OF THE FINANCIAL PERIOD</b>	<u><u>20,505</u></u>	<u><u>41,505</u></u>
<b>CASH AND CASH EQUIVALENT AT END OF THE FINANCIAL PERIOD COMPRISES THE FOLLOWING:-</b>		
Cash and bank balances	3,796	2,705
Deposits with licensed banks	19,407	41,498
	<u>23,203</u>	<u>44,203</u>
Less: Deposits pledged with licensed banks	(2,698)	(2,698)
	<u><u>20,505</u></u>	<u><u>41,505</u></u>

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

**NOTES TO THE INTERIM FINANCIAL REPORT**

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

**A1. BASIS OF PREPARATION**

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

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

**Companies Act 2016**

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

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

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

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

**A2. CHANGES IN ACCOUNTING POLICIES**

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

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

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

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

- MFRS 16, Leases

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

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

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

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

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

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

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

**A4. SEASONAL OR CYCLICAL FACTORS**

The business of the Group were not materially affected by any seasonal or cyclical factors other than the Competency Enhancement Program (CEP) is for participating civil servants and the delivery of the programme is based on the pre agreed schedules.

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

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

**A6. CHANGES IN ESTIMATES**

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

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

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

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

Month	No of share purchased (unit)	Purchase price per		Average cost per share RM	Total cost RM'000
		Lowest RM	Highest RM		
Balance b/f	1,322,000			1.84	2,608
June 2017	134,700	2.01	2.04	2.04	274
Balance c/f	1,456,700			1.98	2,882

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

**A8. VALUATION OF PROPERTY AND EQUIPMENT**

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



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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 2017**

**A9. CAPITAL COMMITMENT**

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

	<b>Contracted but not provided for RM'000</b>
Building	<u>25,452</u>

**A10. DIVIDENDS PAID**

	<b>6 months ended</b>	
	<b>30/6/2017</b>	<b>30/6/2016</b>
	<b>RM'000</b>	<b>RM'000</b>
In respect of the financial year ended 31 December 2015:		
- declared as fourth interim tax-exempt dividend of 1.0 sen per ordinary share	-	4,833
In respect of the financial year ended 31 December 2016:		
- declared a first interim tax-exempt dividend of 0.75 sen per ordinary share	-	3,623
- declared as fourth interim tax-exempt dividend of 0.75 sen per ordinary share	3,620	-
In respect of the financial year ended 31 December 2017:		
- declared as first interim tax-exempt dividend of 0.75 sen per ordinary share	3,620	-
Total dividends paid	<u>7,240</u>	<u>8,456</u>

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

**A11. SEGMENTAL INFORMATION**

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

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

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

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

	RESULTS FOR 3 MONTHS ENDED 30 JUNE 2017					RESULTS FOR 3 MONTHS ENDED 30 JUNE 2016				
	ICT Services and Distribution RM'000	Education RM'000	Employment Services RM'000	Other RM'000	Total RM'000	ICT Services and Distribution RM'000	Education RM'000	Employment Services RM'000	Other RM'000	Total RM'000
<b>Revenue</b>						<b>Revenue</b>				
External revenue	52,578	1,513	1,120	-	55,211	46,896	515	1,413	-	48,824
Inter-segment revenue	-	-	-	3,620	3,620	-	-	-	3,623	3,623
Segment revenue	<u>52,578</u>	<u>1,513</u>	<u>1,120</u>	<u>3,620</u>	<u>58,831</u>	<u>46,896</u>	<u>515</u>	<u>1,413</u>	<u>3,623</u>	<u>52,447</u>
Consolidation adjustments					(3,620)					(3,623)
Consolidated revenue					<u>55,211</u>					<u>48,824</u>
<b>Results</b>						<b>Results</b>				
Segment profit/(loss) before interest and taxation	<u>9,081</u>	<u>(948)</u>	<u>13</u>	<u>2,767</u>	<u>10,913</u>	<u>6,826</u>	<u>(1,643)</u>	<u>209</u>	<u>3,260</u>	<u>8,652</u>
Finance costs					(29)					(1)
Consolidation adjustments					(3,620)					(3,623)
Consolidated profit before taxation					<u>7,264</u>					<u>5,028</u>

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

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

	<b>RESULTS FOR 6 MONTHS ENDED 30 JUNE 2017</b>					<b>RESULTS FOR 6 MONTHS ENDED 30 JUNE 2016</b>				
	<b>ICT Services and Distribution RM'000</b>	<b>Education RM'000</b>	<b>Employment Services RM'000</b>	<b>Other RM'000</b>	<b>Total RM'000</b>	<b>ICT Services and Distribution RM'000</b>	<b>Education RM'000</b>	<b>Employment Services RM'000</b>	<b>Other RM'000</b>	<b>Total RM'000</b>
<b>Revenue</b>						<b>Revenue</b>				
External revenue	94,163	2,239	2,703	-	99,105	86,606	1,136	1,774	-	89,516
Inter-segment revenue	-	-	-	7,240	7,240	-	-	-	8,456	8,456
Segment revenue	<u>94,163</u>	<u>2,239</u>	<u>2,703</u>	<u>7,240</u>	<u>106,345</u>	<u>86,606</u>	<u>1,136</u>	<u>1,774</u>	<u>8,456</u>	<u>97,972</u>
Consolidation adjustments					(7,240)					(8,456)
Consolidated revenue					<u>99,105</u>					<u>89,516</u>
<b>Results</b>						<b>Results</b>				
Segment profit/(loss) before interest and taxation	<u>14,822</u>	<u>(2,282)</u>	<u>279</u>	<u>5,671</u>	<u>18,490</u>	<u>13,104</u>	<u>(3,133)</u>	<u>190</u>	<u>7,432</u>	<u>17,593</u>
Finance costs					(165)					(58)
Consolidation adjustments					(7,240)					(8,456)
Consolidated profit before taxation					<u>11,085</u>					<u>9,079</u>

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

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

- a) On 2 August 2017, Prestariang Systems Sdn. Bhd., a wholly-owned subsidiary of Prestariang Berhad (“the Company”), has received a letter of award dated 17 July 2017 from Ministry of Higher Education for the extension of contract for the distribution and management of Microsoft software licenses to public higher education institutions in Malaysia under the “Managing University Software as an Enterprise” (“MUSE”) programme. The contract period is for one (1) year commencing from 3 July 2017 until 2 July 2018 at a total value of RM10.0 million.
- b) On 27 July 2017, Prestariang Capital Sdn. Bhd. (“PCSB”), was incorporated with the issued share capital of RM100. The principal activity of PCSB is an investment holding company. As a result, PCSB became a wholly-owned subsidiary of the Company.
- c) On 18 July 2017, Prestariang SKIN Sdn Bhd (“PSKIN”), a wholly-owned subsidiary of Prestariang Services Sdn Bhd (“PServices”), which in turn is a subsidiary of the Company, entered into a concession agreement (“CA”) with the Government of Malaysia in relation to the implementation of an integrated and comprehensive core immigration system known as ‘Sistem Kawalan Imigresen Nasional’ (“SKIN”). PSKIN is granted the right and authority by the Government to:-
  - (i) undertake the planning, design, financing, development, customization, supply, delivery, installation, configuration, integration, interfacing, testing and commissioning of SKIN; and
  - (ii) carry out maintenance services

The CA shall be conditional upon PSKIN having obtained a written notice from the Government confirming that PSKIN has fulfilled the conditions precedent (as stated in the CA) within 6 months from the date of execution of the CA or such extended period not exceeding 3 months as may be granted by the Government (“Effective Date”).

The Concession shall be for a period of 15 years commencing from the Effective Date or the date of commencement of the development works (“Development Commencement Date”), whichever is later and expires on the 15th anniversary of that date, as may be extended or earlier determined in accordance with the terms of the CA (“Concession Period”).

- d) On 13 July 2017, Prestariang Berhad had acquired 70 ordinary shares in Prestariang Services Sdn Bhd (“PServices”), representing 70% of the total issued share capital of PServices, at a total consideration of RM70.00 from Dr. Abu Hasan Bin Ismail. PServices on 14 July 2017 subsequently increased its Share Capital to RM1.0 million. PServices has two wholly-owned subsidiaries, Prestariang SKIN Sdn Bhd (“PSKIN”) and Prestariang Tech Services Sdn Bhd (“PTech”). Subsequent to the acquisition, PServices, PSKIN and PTech became subsidiaries of the Company.

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- e) In the month of July 2017 to the date of this report, the Company purchased 442,800 units of its own issued ordinary shares of RM0.10 each from the open market at the prices ranging from RM1.91 to RM2.08 per share for the total consideration (including transaction costs) of RM882,892.

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

There were no other changes in the composition of the Group during the current financial quarter.

**A14. CONTINGENT LIABILITIES OR CONTINGENT ASSETS**

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

**A15. SIGNIFICANT RELATED PARTY TRANSACTIONS**

The Group has no significant transactions with the related parties during the periods under review.

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

**NOTES TO THE INTERIM FINANCIAL REPORT**

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

**B1. OPERATING SEGMENTS REVIEW**

**2Q17 vs. 2Q16**

	INDIVIDUAL QUARTER				CUMULATIVE QUARTER			
	Current Quarter 6/30/2017 RM'000	Preceding Year Quarter 6/30/2016 RM'000	Variance RM'000	(%)	Current Year to Date 6/30/2017 RM'000	Preceding Year to Date 6/30/2016 RM'000	Variance RM'000	(%)
<b><u>Segmental Revenue:</u></b>								
Software & Services and Academy								
- Software & Services	50,582	45,878	4,704	10%	89,711	82,583	7,128	9%
- Academy	1,996	1,018	978	96%	4,452	4,023	429	11%
	52,578	46,896	5,682	12%	94,163	86,606	7,557	9%
Education	1,513	515	998	>100%	2,239	1,136	1,103	97%
Employment services	1,120	1,413	(293)	-21%	2,703	1,774	929	52%
Others	3,620	3,623			7,240	8,456		
	58,831	52,447	6,384	12%	106,345	97,972	8,373	9%
Inter-segment Elimination	(3,620)	(3,623)			(7,240)	(8,456)		
<b>Group</b>	55,211	48,824	6,387	13%	99,105	89,516	9,589	11%
<b><u>Profit Before Taxation</u></b>								
Software & Services and Academy	9,054	6,826	2,228	33%	14,733	13,047	1,686	13%
Education	(950)	(1,643)	693	42%	(2,357)	(3,133)	776	25%
Employment Services	13	209	(196)	-94%	279	190	89	47%
Others	2,767	3,259	(492)	-15%	5,670	7,431	(1,761)	-24%
Inter-segment Elimination	(3,620)	(3,623)			(7,240)	(8,456)		
<b>Group</b>	7,264	5,028	2,236	44%	11,085	9,079	2,006	22%

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

**2Q17 vs. 2Q16 (cont'd)**

The Group registered a higher revenue to RM55.2 million for the current quarter compared to RM48.8 million recorded in previous year corresponding quarter. The higher revenue of RM6.4 million or 13% increase was mainly contributed by Software & Services, Academy and Education segments.

The Group's PBT for the current quarter was RM7.2 million, RM2.2 or 44% higher than the corresponding quarter of last year, due to flow through of higher revenue generated during the quarter.

**YTD17 vs. YTD16**

The Group's revenue for YTD17 was RM99.1 million, higher by RM9.6 million or 11% compared to RM89.5 million in YTD16. The YTD revenue was higher than last year due to upward trend recorded by Software & Services, Academy and Education segments.

The Group's PBT recorded for YTD17 was RM2.0 million or 22% higher than last year mainly due to the flow through of higher revenue contributed by Software & Services and Education segments. The Group's current and last year's PBT was RM11.1 million and RM9.1 million, respectively.



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

**2Q17 vs. 1Q17**

	<b>Current Quarter 6/30/2017 RM'000</b>	<b>Immediate Preceding Quarter 3/31/2017 RM'000</b>	<b>Variance</b>	
			<b>RM'000</b>	<b>(%)</b>
<b><u>Segmental Revenue:</u></b>				
Software & Services and Academy				
- Software & Services	50,582	39,129	11,453	29%
- Academy	1,996	2,456	(460)	-19%
	52,578	41,585	10,993	26%
Education	1,513	726	787	108%
Employment services	1,120	1,583	(463)	-29%
Others	3,620	3,620	-	0%
	58,831	47,514	11,317	24%
Inter-segment Elimination	(3,620)	(3,620)		
<b>Group</b>	55,211	43,894	11,317	26%
<b><u>Profit Before Taxation</u></b>				
Software & Services and Academy	9,054	5,679	3,375	59%
Education	(950)	(1,407)	457	32%
Employment services	13	266	(253)	-95%
Others	2,767	2,903	(136)	-5%
Inter-segment Elimination	(3,620)	(3,620)		
<b>Group</b>	7,264	3,821	3,443	90%

The Group's revenue for the current quarter of RM55.2 million, RM11.3 or 26% higher than the preceding quarter of RM43.9 million. Higher revenue recorded in current quarter was mainly due to higher revenue in Software & Services and Education segment.

The Group recorded higher PBT for the current quarter of RM7.2 million, RM3.4 million or 90% higher than the preceding quarter of RM3.8 million. The higher PBT was due to flow through of higher PBT at Software & Services and Academy segments and lower loss for Education segment.

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

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

In line with Prestariang Berhad's strategic direction, the Group will continue to embark into new transformational businesses to drive sustainable growth and profitability.

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

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

**B5. PROFIT BEFORE TAXATION**

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

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<b>Current Year Quarter</b>	<b>Preceding Year Quarter</b>	<b>Current Year To Date</b>	<b>Preceding Year To Date</b>
	<b>30/6/2017 RM'000</b>	<b>30/6/2016 RM'000</b>	<b>30/6/2017 RM'000</b>	<b>30/6/2016 RM'000</b>
Interest income	(472)	(674)	(1,107)	(1,536)
Interest expense	4	-	9	-
Depreciation and amortisation	464	418	888	836
Foreign exchange (gain)/loss	(54)	(353)	13	(706)

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**B6. INCOME TAX EXPENSE**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current</b>	<b>Preceding</b>	<b>Current Year</b>	<b>Preceding</b>
	<b>Year Quarter</b>	<b>Year Quarter</b>	<b>To Date</b>	<b>Year To Date</b>
	<b>30/6/2017</b>	<b>30/6/2016</b>	<b>30/6/2017</b>	<b>30/6/2016</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Malaysia tax:				
- for the current year	1,362	1,320	1,862	2,335
- under/(over) provision in the previous financial year	-	-	105	-
	<u>1,362</u>	<u>1,320</u>	<u>1,967</u>	<u>2,335</u>

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

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

**B7. STATUS OF CORPORATE PROPOSALS**

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

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

**B8. BORROWINGS**

The Group's borrowing and debts securities as at 30 June 2017 are as follows:

	<b>Long term borrowing</b>			<b>Short term borrowing</b>		
	<b>Secured</b>	<b>Unsecured</b>	<b>Total</b>	<b>Secured</b>	<b>Unsecured</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>Borrowings</u></b>						
Hire Purchase Payables	271	-	<b>271</b>	75	-	<b>75</b>

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**B9. MATERIAL LITIGATION**

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

**B10. FAIR VALUE HIERARCHY**

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

**B11. PROPOSED DIVIDEND**

On 24 August 2017, The Board of Directors declared a second interim single-tier exempt dividend of 1.0 sen per ordinary share amounting to RM4.825 million in respect of the financial year ending 31 December 2017.

**B12. REALISED AND UNREALISED PROFITS**

The determination of realised and unrealised profits is based on the Guidance of Special Matter No.1, Determination of Realised and Unrealised Profits and Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits below is solely for complying with the disclosure requirements stipulated in the directive of Bursa Securities.

	<b>As at 30/6/2017 RM'000</b>	<b>As at 30/6/2016 RM'000</b>
Total retained profits		
- Realised	54,264	56,899
- Unrealised	-	-
	<u>54,264</u>	<u>56,899</u>
Add: Consolidated adjustments	2,278	2,951
	<u>2,278</u>	<u>2,951</u>
Total Group retained earnings as per consolidated accounts	<u><u>56,542</u></u>	<u><u>59,850</u></u>

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**B13. EARNINGS PER SHARE**

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<b>Current Year Quarter 30/6/2017</b>	<b>Preceding Year Quarter 30/6/2016</b>	<b>Current Year To Date 30/6/2017</b>	<b>Preceding Year To Date 30/6/2016</b>
Total comprehensive income attributable to owners of the Company (RM'000)	5,817	3,708	9,033	6,744
Weighted average number of ordinary shares in issue ('000)	484,000	484,000	484,000	484,000
Basic and diluted earning per share (sen)	1.20	0.77	1.87	1.39

**B14. AUTHORISED FOR ISSUE**

The interim financial report was authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 24 August 2017.

**BY ORDER OF THE BOARD**

**CHUA SIEW CHUAN (MAICSA 0777689)**

**LIM LIH CHAU (MAICSA 0010105)**

Secretaries

**Kuala Lumpur**

**24 August 2017**