

# Tranquillity

## – The Bedrock of Our Strength

The turbulence of the world brought by pandemic diseases, war and conflicts has not eluded us. We continue to witness the impact of the on-going crises of Covid 19 and the Russian Ukraine conflict on the economy, global value chain, world health and social stability. The enduring and devastating effects of closed borders, distressed economies, social disharmony and supply chain disruptions have caused many to fall.

But there is also a turbulence created by ‘hasad’ among men. Instability caused by unappeasable jealousy and envy is even more devastating and destructive.

Even as all these turmoils continue to trouble the world around us, EDARAN has been blessed with a tranquillity and composure that has helped the Group to remain in a stable state of mind. EDARAN recognises this gift of tranquillity with gratitude. Tranquillity or ‘sakinah’ as cited in the Quran translates to peace and stability of mind. In every instance of jeopardy, EDARAN has been blessed with calm. In this state of composure, we have been able to mitigate difficult situations, remain heedful, alert and rational. Through chaos and threat whether caused by global occurrences or by sheer envy, EDARAN has been blessed and protected.

We know that tranquillity gives us strength. It remains our base and our anchor.

## Valued Shareholders and Partners,

I am honoured once again to present to you EDARAN Berhad's Annual Report and Financial Statement for year ended June 30, 2022. In the busyness of mitigating the impact of the on-going global pandemic of Covid 19 on our business operations, the close of another financial year for EDARAN seems to have crept up on us.

### Financial Performance

While some organisations continue to reel from the onslaught of the pandemic, EDARAN is thankful that it has been able to ride the choppy waters, thanks to the on-going demand for IT services and solutions. We are thankful that we can still steer our course and keep our performance on an even keel.

I am happy to report that the Group recorded a Profit Before Taxation of RM1.685 million despite the challenges we faced over the financial year in review. The Group recorded the aforementioned Profit Before Taxation despite a drop in revenue of 4.5% to RM47.930 million from a revenue of RM50.168 million in the previous year and, despite an overall increase in costs of 17%.

Although Profit After Tax reduced to RM517,384 from RM2.512 million in the previous year, our EBITDA (Earnings Before Interest Tax, Depreciation and Amortisation) remains strong at RM4.959 million. A dividend payment of RM1.01 million was paid on 18 February 2022. An earlier dividend of RM1.01 million was also paid in March 2021.

**Despite the return to a semblance of normalcy with the opening of borders and relaxed pandemic regulations, we will continue to practice precautionary measures and stay alert to the changing tempo of the situation.**

### The Vestiges of Covid 19

As we move forward, it behoves us to assess the overall global situation and trends that may influence our plans and directions. It is now two years and more since the Covid 19 pandemic struck the world. As we have all witnessed, the world economy plunged into a historically deep recession. What was an acute health crisis turned into an economic crisis the world over. The entire population went into battle with an insidious enemy, an invisible organism.

Even as this message is being penned, no country is completely out of the woods yet. Many parts of the world are still battling the resurgence of the disease and continuing to impose sporadic lockdowns to minimise its spread. This catastrophe has brought upon humankind a global medical emergency and thrown the world economy into chaos as each country came up with their own necessary policy responses to curb the spread and preserve their welfare. The absence of a global properly coordinated response is not surprising given the 'my country first' global politics in recent times. Never has the world witnessed such untold tragedy on such a mammoth scale.

## Where do we stand today?

We know much more about the enemy and we are better equipped to fight it. We know how the entire world responds to the pandemic and how far it can adjust. The world is in better state of health though not fully recovered. Some of us are in better shape than others. Recovery will be uneven around the globe and long term consequences cannot be avoided. Its long lasting legacies will remain as challenges the human race must accept and try to overcome.

Malaysia transitioned from a pandemic to an endemic state on 1 April 2022 after nearly two years of battling the Covid 19 virus. Our government announced this exit strategy to enable Malaysians to return to near-normal life, albeit with caution. Despite a seeming return to normalcy, despite the opening of borders and relaxed pandemic regulations, Malaysians continue to practice precautionary measures, fearful of a return to crippling lockdowns. It is almost second nature for many of us to don face masks in indoor spaces and keep social distances in crowded areas. Trepidations of a recurrence of the pandemic remain within many of us. Life may never return to pre-Covid 19, as it were, but even so, there are perhaps some valuable lessons, we can glean from the pandemic.

EDARAN accepts the challenges and takes heed of the changing economy and social landscape. We take heed of the lessons therein and will continue to adjust our plans and adapt to arising new conditions. Regardless of the changes, the Company will hold onto its promise of bringing the benefits of IT and smart technology to the communities we serve, sharing with them our expertise and know-how so that the lives of these communities are continually enhanced.

## **In the worst crisis, our strength can be found in remaining calm and seeking tranquillity within us.**

### Strength In 'Tranquillity'

Through these uncertain times of the global as well as our domestic environment, the Group has been keenly following its own strategy of preservation and survival.

In the thick of the Covid pandemic, unemployment, loneliness, economic shutdowns, climbing death rates, mask-wearing, and social distancing were the order of the day.

The pandemic has left the world more fragmented and fragile in terms of economic growth, social securities and environmental protections. The World Economic Forum predicts a recession much worse than that of the 1930's. The future will continue to be threatened by all kinds of disasters and the endurance of individuals, organisations, businesses and even whole nations will be increasingly tested. Industries and businesses will experience incessant volatility as the economic and social landscape changes with the slightest changes in the global socio-economic and political situation. How do we mitigate these constant changes?

At EDARAN, we have come to realise that it is not so much in continually adjusting our business model or launching aggressive marketing strategies but more in seeking recourse to our inherent source of strength. We have always known that in crisis, our strength lies in remaining calm and seeking a tranquillity that gives us control of our situation. From this position of composure, we recharge, renew and react with more prudence and better judgement. The pandemic, the ensuing crisis of global conflicts and the socio-economic challenges within our own country have prompted us to stay anchored in a state of inner calm and quietness so as to remain stable and collected in a challenging situation.

**Crises have awakened in us a greater will to contribute towards building a better society. ‘Welfare for all’ has to be our aim. A better society for all ages, from the very young to the very old, from cradle to the grave.**

#### Welfare For All

The restricting lockdowns of the Covid pandemic have awakened in all of humankind, a deeper appreciation for freedom of movement, for friends, for the support of communities, for our social circles, for cleanliness and health, for our jobs and indeed, for life itself.

The pandemic has in truth, shown us how quickly human beings can adapt and make radical changes to our lifestyles. The crisis forced individuals, organisations and countries to rethink and even abandon practices we once thought were essential. The crisis taught us to economise, to save and make sacrifices, put others first, for the sake of the community’s wellbeing. Encouragingly, society appears to have adopted a more caring mind-set. We have learnt through the crisis, to prioritise the elderly, the vulnerable and the disadvantaged. What is perhaps a most positive outcome of Covid 19 is a heightened sense of control, calm and responsibility. It has awakened in us a greater will to contribute towards building a better society. ‘Welfare for all’ has to be our aim. A better society for all ages, from the very young to the very old, from cradle to the grave. Today, sustainability has taken on greater depth. It is not enough to merely preserve the resources at our disposal, we need to act to replenish and regenerate, to increase. Indeed, we must aim for sustainability in a much broader and more comprehensive sense of the word. The bigger equation of sustainability must include environmental, economic and social sustainability.

**IT and digital technology will play an indispensable role in ensuring sustainable supply of resources and sustainable food supply as global climate change brings forth new unprecedented challenges.**

#### Anticipating Rougher Weather

The exceptional buoyancy of the IT industry provided us some grace and consolation. Nevertheless, EDARAN, like all other business organisations, did feel the enduring impact of the last two years of the crisis. We had our share of concerns, most especially about the health and general welfare of our employees and partners. Not unlike many organisations, we did not disregard the possible slowdowns in supply and halts in the global logistics chain.

But we are thankful that the uninterrupted demand and in fact, due to the increased reliance of our customers on IT services and support, EDARAN has sustained well through the two year crisis despite the many lockdowns. We are mindful that even as the country cranks up its engines to revive industries immobilised by the pandemic, new challenges have beset the economy, not in the least, challenges brought about by the recent Russian – Ukraine war. The increased geopolitical risks induced by the Russian invasion of Ukraine will weigh adversely on global economic conditions throughout 2022. The world is anticipating weaker growth, stronger inflation and long lasting damage to supply chains, not in the least, food supply. With the growing geopolitical unrests, food insecurity is not the challenge of only certain countries, but of the whole world.

## Digital Technologies To The Fore

Beyond diseases and wars, several other global challenges are emerging. The world is battling climate change, resource depletion, rising food and energy prices and supply chain disruptions, to name a few. Today food insecurity is a growing concern. Food is the most fundamental matter that concerns every individual and requiring the attention of all sectors of a country. Essentially, food security means that all people at all times have physical and economic access to sufficient, safe and nutritious food to meet their dietary needs for an active healthy life.

As Mahatma Gandhi once said, "The world has enough for everyone's needs, but not for everyone's greed." And so it is with food. There is surely enough food resources in the world for every nation if it were not for the man-made barricades that prevent access to those resources. Today, food security has become a foremost concern for many countries.

As a corporate citizen, EDARAN is not removed from these worries. EDARAN believes that IT and significantly, digital technology can and should begin to play an even more crucial role to help mitigate modern day challenges including basic issues such as food insecurity and supply security brought upon first by the Covid 19 crisis and worsened by the prevailing Russian-Ukraine conflict has prompted us to think hard about our role and the role of technology in improving the future of food supply within our own shores.

We must admit that IT and digital technologies such as AI, Analytics, Big Data and Robotics have a central role in ensuring that communities get access to food and various necessary resources. While efforts are made to boost food production, they are futile unless the produce reach the markets efficiently. IT and digital technology hold the key in this matter. Indeed, digital technology is the answer to critical issues such as minimisation of wastage, optimal production, storage, conservation and rapid transportation and distribution. Food is but one example of the world's fundamental needs. There are several other needs and there is therefore, an urgency for IT and digital technology to come to the fore, step up its role in every industry and deliver benefits of efficiency to the entire world community.

## The Case Of Sustainable Lifestyles

The issue of sustainability has never been more significant than in present times of shortage and scarce resources. The world community needs to revert to sustainable lifestyles and sustainable lifestyles mean understanding how our lifestyle choices impact our individual selves and the communities around us and making the effort to find ways for everyone to live better and lighter. In my last message, I spoke about life, from the cradle to the grave. I spoke about the Group's belief that life at every stage of its existence needs to be lived as best one can. That 'best' is predicated upon a caring mindset of the community within which one lives. It holds that at every stage of life, human beings need to live in consideration of the sustainability of the next stage. EDARAN has always maintained this mindset of sustainability for as long as it has been operating.

Simply put, a sustainability mindset is one that continually considers the effects of one's actions on the surroundings and on our neighbours. For EDARAN, it has consistently been an attempt to understand the manifestations of our environment, to understand the ways of our ecosystem that preserve life and then an introspective examination and focus on personal values and practices in relation to our environment. This mindset is in fact the observation of the Group's principle philosophy. The Group believes in the principle of 'habbliminALLAH wa habbliminannas', that is, respect for GOD and respect for man, as its overarching principle. All of creation demands man's due respect because it is the only way co-existence of man and other forms of creation can continue.

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#### The Environmental, Social and Governance Agendas

The concern of our world today for impact on the Environment, the Society and Governance is a concern that has always been weaved into EDARAN’s philosophy of operations. Our response to the ESG agenda is almost summed up in the principles laid out in our Group Charter. Concern for the environment, impact of our actions or in-actions on society and community as well as legal compliance to governance remain central to our sense of corporate responsibility. We share the belief in the need to keep these agendas if we are to sustain this world for the future of our children and our children’s children. Indeed EDARAN’s journey as a company, has always been a journey towards improving all sectors of the community by first bringing the enabling benefits of information technology and smart solutions. Beyond building our company’s own sustenance, we also aim to improve quality of life by being mindful of the changing needs of human beings at various stages of their lives. We seek to practice sustainable initiatives in IT so that we continue to preserve and enrich our environment, our society and our economy.

#### Appreciation

In closing, I once again thank the EDARAN Team, every single member of our team, for continuing to have faith and hope in this Company, for continuing to give your best to ensure we ride the storms and come out better. I thank all our Directors for similarly keeping faith in the Company.

And to all our customers and our partners, we extend our most grateful appreciation for your support and continued confidence.

We look forward to a good future, a sustainable future for all.

Yours sincerely,

**Dato’ Abdul Halim Abdullah**  
Chairman