

Privasia Technology Berhad  
Company No.825092 - U  
(Incorporated In Malaysia)

Interim financial statements  
for the period ended 31 March 2013

**PRIVASIA TECHNOLOGY BHD (825092 - U)**

(Incorporated In Malaysia)

**Interim financial statements****Unaudited condensed consolidated statements of financial position as at 31 March 2013**

	<b>As at 31.03.2013</b>	<b>As at 31.12.2012</b>
	<b>RM</b>	<b>RM</b>
<b>Assets</b>		
Property, plant and equipment	25,457,039	21,225,541
Investment property	4,391,280	6,362,764
Intangible assets	38,072,133	38,280,246
Deferred tax asset	119,031	82,033
<b>Total non-current assets</b>	<u>68,039,483</u>	<u>65,950,584</u>
Inventories	1,629,831	1,654,320
Work-in-progress	2,483,289	1,856,888
Tax recoverable	14,170	9,248
Trade and other receivables	22,415,551	26,524,958
Cash and cash equivalents	14,245,644	13,150,993
<b>Total current assets</b>	<u>40,788,485</u>	<u>43,196,407</u>
<b>Total assets</b>	<u>108,827,968</u>	<u>109,146,991</u>
<b>Equity</b>		
Share capital	55,820,002	55,820,002
Reserves	16,987,868	15,151,718
Equity attributable to owners of the Company	<u>72,807,870</u>	<u>70,971,720</u>
Non-controlling interests	(65,058)	(19,818)
<b>Total equity</b>	<u>72,742,812</u>	<u>70,951,902</u>
<b>Liabilities</b>		
Loans and borrowings	13,840,097	16,021,221
Deferred tax liabilities	98,820	126,925
<b>Total non-current liabilities</b>	<u>13,938,917</u>	<u>16,148,146</u>
Loans and borrowings	8,219,591	8,090,910
Trade and other payables	12,299,486	12,728,148
Taxation	1,627,162	1,227,885
<b>Total current liabilities</b>	<u>22,146,239</u>	<u>22,046,943</u>
<b>Total liabilities</b>	<u>36,085,156</u>	<u>38,195,089</u>
<b>Total equity and liabilities</b>	<u>108,827,968</u>	<u>109,146,991</u>
<b>Net assets per share (RM)</b>	<u>0.13</u>	<u>0.13</u>

The Interim Financial Statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2012.

**PRIVASIA TECHNOLOGY BHD (825092 - U)**

(Incorporated In Malaysia)

**Interim financial statements**

**Unaudited condensed consolidated statements of profit or loss and other comprehensive income for the 1st quarter ended 31 March 2013**

	Three Months ended 31 March		1st quarter ended 31 March	
	2013	2012	2013	2012
	RM	RM	RM	RM
<b>Continuing operations</b>				
<b>Revenue</b>	14,419,861	10,562,657	14,419,861	10,562,657
Cost of Sales	(9,032,631)	(7,080,481)	(9,032,631)	(7,080,481)
<b>Gross profit</b>	<u>5,387,230</u>	<u>3,482,176</u>	<u>5,387,230</u>	<u>3,482,176</u>
Other income	76,222	71,248	76,222	71,248
Other operating expenses	(2,518,845)	(2,059,453)	(2,518,845)	(2,059,453)
<b>Results from operating activities</b>	<u>2,944,607</u>	<u>1,493,971</u>	<u>2,944,607</u>	<u>1,493,971</u>
Finance income	53,863	22,372	53,863	22,372
Finance costs	(316,051)	(400,305)	(316,051)	(400,305)
<b>Net finance costs</b>	<u>(262,188)</u>	<u>(377,933)</u>	<u>(262,188)</u>	<u>(377,933)</u>
<b>Profit before tax</b>	<u>2,682,419</u>	<u>1,116,038</u>	<u>2,682,419</u>	<u>1,116,038</u>
Tax expense	(891,509)	(1,437,600)	(891,509)	(1,437,600)
<b>Profit / (Loss) for the period</b>	<u>1,790,910</u>	<u>(321,562)</u>	<u>1,790,910</u>	<u>(321,562)</u>
<b>Other comprehensive income, net of tax</b>				
<b>Items that may be reclassified subsequently to profit or loss</b>				
Fair value of available-for-sale financial assets	-	10,230	-	10,230
<b>Total other comprehensive income for the period, net of tax</b>	<u>-</u>	<u>10,230</u>	<u>-</u>	<u>10,230</u>
<b>Comprehensive income / (loss) for the period</b>	<u>1,790,910</u>	<u>(311,332)</u>	<u>1,790,910</u>	<u>(311,332)</u>
<b>Profit / (Loss) attributable to:</b>				
Owner of the company	1,836,150	(329,441)	1,836,150	(329,441)
Non-controlling interest	(45,240)	7,879	(45,240)	7,879
<b>Profit / (Loss) for the period</b>	<u>1,790,910</u>	<u>(321,562)</u>	<u>1,790,910</u>	<u>(321,562)</u>
<b>Comprehensive income / (loss) for the period</b>				
Owner of the company	1,836,150	(319,211)	1,836,150	(319,211)
Non-controlling interest	(45,240)	7,879	(45,240)	7,879
<b>Comprehensive income / (loss) for the period</b>	<u>1,790,910</u>	<u>(311,332)</u>	<u>1,790,910</u>	<u>(311,332)</u>
<b>Basic earnings / (loss) per ordinary shares (sen)</b>				
From continuing operations	<u>0.32</u>	<u>(0.06)</u>	<u>0.32</u>	<u>(0.06)</u>
<b>Diluted earnings / (loss) per ordinary shares (sen)</b>				
From continuing operations	<u>0.32</u>	<u>(0.06)</u>	<u>0.32</u>	<u>(0.06)</u>

The interim Financial Statement should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2012.

**PRIVASIA TECHNOLOGY BHD (825092 - U)**

(Incorporated In Malaysia)

**Interim financial statements**

**Unaudited condensed consolidated statement of changes in equity for the 1st quarter ended 31 March 2013**

	<-----Attributable to owners of the Company----->					Total equity
	<-----Non-distributable----->		Distributable		Non-controlling Interests	
(all in RM)	Share capital	Fair value reserve	Retained earnings	Subtotal		
<b>At 1 January 2012</b>	55,820,002	20,553	11,732,877	67,573,432	633,685	68,207,117
Change in fair value of available-for-sale financial assets	-	(20,553)	-	(20,553)	-	(20,553)
Total other comprehensive income for the year	-	(20,553)	-	(20,553)	-	(20,553)
Net profit for the year	-	-	4,939,068	4,939,068	51,240	4,990,308
Total comprehensive income for the year	-	(20,553)	4,939,068	4,918,515	51,240	4,969,755
Dividends paid	-	-	(1,116,400)	(1,116,400)	(45,391)	(1,161,791)
Change in ownership interests in subsidiary	-	-	(403,827)	(403,827)	(659,352)	(1,063,179)
<b>As 31 December 2012</b>	<b>55,820,002</b>	<b>-</b>	<b>15,151,718</b>	<b>70,971,720</b>	<b>(19,818)</b>	<b>70,951,902</b>
<b>At 1 January 2013</b>	55,820,002	-	15,151,718	70,971,720	(19,818)	70,951,902
Net profit / (loss) profit for the period	-	-	1,836,150	1,836,150	(45,240)	1,790,910
Total comprehensive income for the period	-	-	1,836,150	1,836,150	(45,240)	1,790,910
<b>As 31 March 2013</b>	<b>55,820,002</b>	<b>-</b>	<b>16,987,868</b>	<b>72,807,870</b>	<b>(65,058)</b>	<b>72,742,812</b>

The Interim Financial Statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2012.

**PRIVASIA TECHNOLOGY BHD (825092 - U)**

(Incorporated In Malaysia)

**Interim financial statements****Unaudited condensed consolidated statements of cash flows for the 1st quarter ended 31 March 2013**

	Three months ended 31.03.2013 RM	Three months ended 31.03.2012 RM
<b>Cash flow from operating activities</b>		
Profit before taxation	2,682,419	1,116,038
<i>Adjustment for :</i>		
Amortisation of development costs	218,964	265,059
Amortisation of intangible assets	166,912	156,360
Depreciation of investment property	11,941	17,158
Depreciation of property, plant and equipment	1,574,102	1,901,897
Finance income	(53,863)	(22,372)
Finance expenses	316,051	400,305
Operating profit before changes in working capital	<u>4,916,526</u>	<u>3,834,445</u>
Change in work-in progress	(626,401)	567,063
Change in receivables and prepayments	4,109,407	881,545
Change in inventories	24,489	(345,612)
Change in payables and accruals	(428,662)	(806,491)
Cash generated from operations	<u>7,995,359</u>	<u>4,130,950</u>
Tax refund	5,931	-
Tax paid	(568,188)	(122,295)
Interest received	53,863	22,372
<b>Net cash generated from operating activities</b>	<u>7,486,965</u>	<u>4,031,027</u>
<b>Cash flow from investing activities</b>		
Development costs	-	(44,628)
Proceeds for disposal of property, plant and equipment	42,944	-
Acquisition of intangible assets	(177,762)	(213)
Acquisition of property, plant and equipment	(3,889,001)	(1,777,330)
<b>Net cash used in investing activities</b>	<u>(4,023,819)</u>	<u>(1,822,171)</u>
<b>Cash flow from financing activities</b>		
Interest paid	(316,051)	(400,305)
Dividends paid	-	(45,391)
Increase / (decrease) in pledged deposits	215,945	(29,761)
Change in fair value of available-for-sale financial assets	-	(2,178)
Repayment of loans and borrowings	(2,052,443)	(1,654,018)
<b>Net cash used in financing activities</b>	<u>(2,152,549)</u>	<u>(2,131,653)</u>
<b>Net increase in cash and cash equivalent</b>	1,310,597	77,203
<b>Cash and cash at 1 January</b>	11,078,907	7,196,552
<b>Cash and cash equivalent at 31 March</b>	<u>12,389,504</u>	<u>7,273,755</u>

**Cash and cash equivalent**

Cash and cash equivalent included in the condensed consolidated statement of cash flows comprised the following statement on financial position amounts:

	Three month ended 31.03.2013 RM	Three month ended 31.03.2013 RM
Cash and bank balance	5,451,267	3,657,296
Deposit with licensed bank	<u>8,794,377</u>	<u>4,703,944</u>
	14,245,644	8,361,240
Less: Deposit pledged	<u>(1,856,140)</u>	<u>(1,087,485)</u>
	<u>12,389,504</u>	<u>7,273,755</u>

The Interim Financial Statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2012.

**PRIVASIA TECHNOLOGY BHD (825092 - U)**

(Incorporated In Malaysia)

**Notes to the condensed consolidated interim financial statements****1 Basis of preparation**

The unaudited interim financial statements have been prepared in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad for the ACE Market and with Malaysian Financial Reporting Standard (MFRS) 134 Interim Financial Reporting and with International Accounting Standard (IAS) 34, Interim Financial Reporting and should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2012.

These notes to interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group for the financial period ended 31 March 2013.

**2 Significant accounting policies**

Except as described below, the accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated annual financial statements as at and for the year ended 31 December 2012.

**3 Estimates**

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Except as described below, in preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended 31 December 2012.

During the three months ended 31 March 2013 management reassessed its estimates in respect of :-

- i) Impairment of goodwill and intangible asset
- ii) Impairment losses on trade receivables
- iii) Deferred tax assets
- iv) Income taxes

**4 Seasonal and cyclical factors**

The results of the Group were not materially affected by any significant seasonal and cyclical factors during the period under review.

**5 Unusual items due to their nature, size or incidence**

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the financial period-to-date.

**6 Issuances, cancellations, repurchases, resale and repayment of debt and equity securities**

There were no issuances, cancellations, repurchases, resale and repayment of debt and equity securities in the Company during the period under review.

**7 Dividend paid**

On 24 April 2013, the following dividends were proposed by the Directors. These dividends will be recognised in subsequent financial statements once approved by the shareholders at the forth coming Annual General Meeting:

	Sen per share	Total amount (RM)
Final ordinary - 31 December 2012	0.3	<u>1,674,600</u>

**8 Segmental reporting**

The Board is of the opinion that the following business segmentation based on services reflects the Group's scope of business which enables the Board to formulate its strategies and allocate the necessary resources for the growth of the business units.

The Group comprises the following main business segments:

- Outsourcing and Consulting ("OSD")
- E-Procurement ("E-PROC")
- Information and Communication Technologies Distribution ("CDIST")
- Information and Communication Technologies Services ("CSERV")
- Satellite based network services ("SAT")

The analysis of the Group's operations for the financial period ended 31 March 2013 is as follows:-

	OSD RM	E-PROC RM	CDIST RM	CSERV RM	SAT RM	ELIMINATION RM	Total RM
Total segment revenue - external	9,199,400	2,443,054	259,119	675,253	1,966,927	(123,892)	14,419,861
Segment results	<u>2,146,480</u>	<u>2,169,503</u>	<u>99,203</u>	<u>235,561</u>	<u>738,559</u>	<u>(2,076)</u>	5,387,230
Other income							76,222
Other operating expenses							<u>(2,518,845)</u>
Results from operating activities							2,944,607
Interest income							53,863
Finance costs							(316,051)
Tax expense							<u>(891,509)</u>
Net profit for the period							<u>1,790,910</u>
Segment assets	64,346,274	2,595,305	6,205,277	6,895,465	6,576,392	(36,793,113)	49,825,600
Unallocated assets							<u>59,002,368</u>
Total assets							<u>108,827,968</u>
Segment liabilities	29,502,317	-	4,778,257	14,360,085	3,241,253	(16,752,336)	35,129,576
Unallocated liabilities							955,580
Total liabilities							<u>36,085,156</u>

**PRIVASIA TECHNOLOGY BHD (825092 - U)**

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**Notes to the condensed consolidated interim financial statements****9 Material events subsequent to the end of the interim period**

On 23 April 2013, Privanet Sdn. Bhd. entered into a sale agreement with Low Peng Yew and Chan Yue Mun, who are non-related parties, for the disposal of 300,000 ordinary shares of RM1.00 each in its subsidiary, Privanet Distribution Sdn. Bhd., representing 30% of the entire issued and paid-up capital of Privanet Distribution Sdn. Bhd., for a total cash consideration of RM500,000.

In addition, Privanet Sdn. Bhd., also disposed the remaining 700,000 ordinary shares of RM1.00 each in Privanet Distribution Sdn. Bhd., representing the remaining 70% of the entire issued and paid up capital of Privanet Distribution Sdn. Bhd. to the Company.

**10 Changes in composition of the Group**

There were no changes in composition of the Group during the three months ended 31 March 2013.

**11 Changes in contingent liabilities or contingent assets**

As at the date of this report, the Group does not have any contingent liabilities or contingent assets.

**12 Capital commitments**

There were no material commitments for the purchase of property, plant and equipment incurred or known to be incurred for in the current quarter under review.

**13 Review of performance**

For the first quarter ended 31 March 2013 (1Q13), Privasia posted a 36.5% increase in revenue to RM14.4 million from RM10.6 million a year ago.

This was mainly due to higher sales contribution from the Group's Outsourcing and Consulting (OSD), Satellite-based Network Services (SAT) and, Information and Communication Technologies Services (CSERV) segments during the quarter under review.

In line with the growth in sales in most of the business segments, Privasia posted a 140.4% increase in 1Q13 profit before tax (PBT) to RM2.7 million versus RM1.1 million previously while net profit moved back into the black to RM1.8 million from a net loss of RM319,211 in 1Q12.

**Comparison with preceding quarter**

1Q13's revenue was unable to match the preceding quarter ended 31 December 2012's (4Q12's) topline of RM20.7 million, which was boosted by stronger sales in all business segments of the Group. 1Q13's PBT and net profit results were, however, higher than 4Q12's PBT and net profit of RM2.6 million and RM1.7 million respectively, which were impacted by higher tax expenses.

**14 Future prospects**

These are promising times for the Malaysian ICT and ICT Outsourcing sectors. According to ICT research house International Data Corporation, ICT spending in Malaysia is forecasted to hit RM32.0 billion in 2013, up almost 4% from RM30.8 billion last year, and could well be worth approximately RM36.9 billion by 2016.

Similarly, ICT Outsourcing business revenue, according to a projection by the Persatuan Industri Komputer and Multimedia Malaysia (PIKOM), could be worth more than RM7.1 billion by 2015 from an average of around RM5.0 billion currently, given moves by the Malaysian Government to promote the country as a world class ICT Outsourcing and data centre hub.

In view of Privasia's experience, expertise, and products and services offerings, the Group is well positioned to take advantage of the opportunities in the market, which can only add to the secured order book of RM146 million that will currently last until 2020.

**15 Income tax expenses**

	<b>Current quarter Three months ended 31 March</b>	
	<b>2013</b>	<b>2012</b>
	<b>RM</b>	<b>RM</b>
<b>Current tax</b>		
-Current year	960,963	717,187
-Prior year	(4,352)	-
<b>Deferred tax</b>		
Originating of temporary differences	(65,102)	720,413
Tax expenses from continuing operations	891,509	1,437,600

**16 Unquoted investments and properties**

There were no purchase or disposal of unquoted investments and properties for the period under review and financial period to date.

**17 Status of corporate proposals announced**

There were no corporate proposals announced.

**18 Off balance sheet financial instruments**

As at the reporting date, the Group does not have any off balance sheet financial instruments.

**19 Material litigation**

On 15 March 2013, the Group was served with a letter from the Industrial Relations Department of Malaysia, informing that the case involving a claim of wrongful dismissal by a former employee be referred to the Kuala Lumpur Industrial Court. The Directors are of the opinion that provision is not required in respect of this matter as the case is yet to be allocated for Court mention as it is still at the preliminary stage.

**PRIVASIA TECHNOLOGY BHD (825092 - U)**

(Incorporated In Malaysia)

**Notes to the condensed consolidated interim financial statements****20 Auditor's report on preceding annual financial statements**

The auditor's report on the audited annual financial statements for the year ended 31 December 2012 was not qualified.

**21 Profit for the period**

	Three months ended	
	31 March	
	2013	2012
<b>Profit for the period is arrived at after charging:</b>		
Amortisation of development costs	218,964	265,059
Amortisation of intangible assets	166,912	156,360
Depreciation of investment properties	11,941	17,158
Depreciation of property, plant and equipment	1,574,102	1,901,897

**22 Derivative financial instruments**

The Group does not have any derivative financial instruments for the current quarter ended 31 March 2013.

There is no change to the Group's financial risk management policies and objectives in managing their derivative financial instruments and its related accounting policies.

**23 Fair value changes of financial liabilities**

The Group does not have any financial liabilities that are measured at fair value through profit or loss for the current quarter ended 31 March 2013.

**24 Earnings per share****(a) Basic earnings per share**

Basic earnings per share is calculated by dividing the earnings after taxation for the period by the weighted average number of ordinary shares in issue during the period.

	Period ended
	31.03.2013
Profit attributable to equity holders	1,836,150
Loss attributable to non-controlling interests	(45,240)
Profit for the period (RM)	1,790,910
Weighted average number of ordinary shares in issue	558,200,020
Basic earnings per share (sen)	0.32

**(b) Diluted earnings per share**

There are no dilutive effects to the shares during the period under review.

**25 Breakdown of realised and unrealised profits**

The breakdown of retained profits of the Group as at reporting date, into realised and unrealised profits, as disclosed to the directive issued by Bursa Malaysia Securities Berhad ("Bursa Malaysia") on 25 March 2010, is as follows:-

	Group	
	31.03.2013	31.12.2012
	RM	RM
Total retained profits of Privasia Technology Berhad and its subsidiaries		
- Realised	2,043,151	360,157
- Unrealised	2,485,808	2,375,818
	4,528,959	2,735,975
Add: Consolidation adjustments	12,458,909	12,415,743
Total group retained profits as per consolidated interim financial statements	16,987,868	15,151,718

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

**26 Authorisation for issue**

The interim financial information were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 24th of May 2013.