

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

Unaudited condensed consolidated
interim financial statements
for the period ended 31 March 2015

PRIVASIA TECHNOLOGY BHD (825092 - U)

(Incorporated In Malaysia)

Unaudited condensed consolidated interim financial statements**Unaudited condensed consolidated statements of financial position as at 31 March 2015**

	As at 31.03.2015	As at 31.12.2014
	RM	RM
Assets		
Property, plant and equipment	29,153,213	30,760,129
Investment properties	4,297,514	4,309,456
Intangible assets	36,993,308	36,889,131
Available-for-sale financial asset	500,000	500,000
Deferred tax assets	116,141	116,141
Total non-current assets	71,060,176	72,574,857
Inventories	4,012,954	2,670,296
Work-in-progress	1,744,189	927,719
Tax recoverable	591,622	518,758
Trade and other receivables	36,973,185	27,643,195
Cash and cash equivalents	6,431,850	10,427,488
Total current assets	49,753,800	42,187,456
Total assets	120,813,976	114,762,313
Equity		
Share capital	55,820,002	55,820,002
Reserves	25,155,061	23,901,193
Equity attributable to owners of the Company	80,975,063	79,721,195
Non-controlling interests	310,856	318,057
Total equity	81,285,919	80,039,252
Liabilities		
Loans and borrowings	8,440,916	8,743,927
Deferred tax liabilities	2,463,347	2,363,347
Total non-current liabilities	10,904,263	11,107,274
Loans and borrowings	2,095,449	1,682,437
Trade and other payables	26,523,916	21,928,921
Taxation	4,429	4,429
Total current liabilities	28,623,794	23,615,787
Total liabilities	39,528,057	34,723,061
Total equity and liabilities	120,813,976	114,762,313
Net assets per share (RM)	0.15	0.14

The unaudited condensed consolidated interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2014 and the notes to the unaudited condensed consolidated interim financial statements.

PRIVASIA TECHNOLOGY BHD (825092 - U)

(Incorporated In Malaysia)

Unaudited condensed consolidated interim financial statements**Unaudited condensed consolidated statements of profit or loss and other comprehensive income for the period ended 31 March 2015**

	Three Months ended		1st Quarter ended	
	31 March		31 March	
	2015	2014	2015	2014
	RM	RM	RM	RM
Continuing operations				
Revenue	21,283,646	13,740,349	21,283,646	13,740,349
Cost of Sales	(14,096,492)	(8,024,550)	(14,096,492)	(8,024,550)
Gross profit	<u>7,187,154</u>	<u>5,715,799</u>	<u>7,187,154</u>	<u>5,715,799</u>
Other income	103,078	117,524	103,078	117,524
Other operating expenses	(5,242,383)	(3,452,108)	(5,242,383)	(3,452,108)
Results from operating activities	<u>2,047,849</u>	<u>2,381,215</u>	<u>2,047,849</u>	<u>2,381,215</u>
Finance income	17,313	13,563	17,313	13,563
Finance costs	(118,495)	(236,426)	(118,495)	(236,426)
Net finance costs	<u>(101,182)</u>	<u>(222,863)</u>	<u>(101,182)</u>	<u>(222,863)</u>
Profit before tax	<u>1,946,667</u>	<u>2,158,352</u>	<u>1,946,667</u>	<u>2,158,352</u>
Tax expense	(700,000)	(882,603)	(700,000)	(882,603)
Net profit for the period	<u>1,246,667</u>	<u>1,275,749</u>	<u>1,246,667</u>	<u>1,275,749</u>
Comprehensive income for the period	<u>1,246,667</u>	<u>1,275,749</u>	<u>1,246,667</u>	<u>1,275,749</u>
Profit/(loss) attributable to:				
Owner of the company	1,253,868	1,356,487	1,253,868	1,356,487
Non-controlling interest	(7,201)	(80,738)	(7,201)	(80,738)
Profit for the period	<u>1,246,667</u>	<u>1,275,749</u>	<u>1,246,667</u>	<u>1,275,749</u>
Comprehensive income / (loss) for the period				
Owner of the company	1,253,868	1,356,487	1,253,868	1,356,487
Non-controlling interest	(7,201)	(80,738)	(7,201)	(80,738)
Comprehensive income for the period	<u>1,246,667</u>	<u>1,275,749</u>	<u>1,246,667</u>	<u>1,275,749</u>
Basic earnings per ordinary shares (sen)				
From continuing operations	<u>0.22</u>	<u>0.24</u>	<u>0.22</u>	<u>0.24</u>
Diluted earnings per ordinary shares (sen)				
From continuing operations	<u>0.22</u>	<u>0.24</u>	<u>0.22</u>	<u>0.24</u>

The unaudited condensed consolidated interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2014 and the notes to the unaudited condensed consolidated interim financial statements.

PRIVASIA TECHNOLOGY BHD (825092 - U)

(Incorporated In Malaysia)

Unaudited condensed consolidated interim financial statements**Unaudited condensed consolidated statement of changes in equity for the period ended 31 March 2015**

<-----Attributable to owners of the Company----->

	<i>Non-distributable</i>	<i>Distributable</i>			
	Share capital	Retained earnings	Subtotal	Non- controlling Interests	Total equity
	RM	RM	RM	RM	RM
At 1 January 2014	55,820,002	19,093,368	74,913,370	281,753	75,195,123
Net profit / (loss) for the period	-	1,356,487	1,356,487	(80,738)	1,275,749
Total comprehensive income / (loss) for the period	-	1,356,487	1,356,487	(80,738)	1,275,749
As 31 March 2014	55,820,002	20,449,855	76,269,857	201,015	76,470,872

At 1 January 2015	55,820,002	23,901,193	79,721,195	318,057	80,039,252
Net profit / (loss) for the period	-	1,253,868	1,253,868	(7,201)	1,246,667
Total comprehensive income / (loss) for the period	-	1,253,868	1,253,868	(7,201)	1,246,667
As 31 March 2015	55,820,002	25,155,061	80,975,063	310,856	81,285,919

The unaudited condensed consolidated interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2014 and the notes to the unaudited condensed consolidated interim financial statements.

PRIVASIA TECHNOLOGY BHD (825092 - U)

(Incorporated In Malaysia)

Unaudited condensed consolidated interim financial statements**Unaudited condensed consolidated statement of cash flows for the period ended 31 March 2015**

	Three months ended 31.03.2015	Three months ended 31.03.2014
	RM	RM
Cash flow from operating activities		
Profit before taxation	1,946,667	2,158,352
<i>Adjustment for :</i>		
Amortisation of intangible assets	141,878	124,015
Depreciation of investment properties	11,942	11,942
Depreciation of property, plant and equipment	2,101,429	1,783,242
Finance income	(17,313)	(13,563)
Finance costs	118,495	236,426
Reversal of impairment loss on trade receivables	(4,000)	(4,000)
Property, plant and equipment written off	22,607	8,388
Unrealised loss on foreign exchange	-	7,236
Operating profit before changes in working capital	<u>4,321,705</u>	<u>4,312,038</u>
Change in work-in progress	(816,470)	2,362,595
Change in trade and other receivables	(9,325,989)	2,072,708
Change in inventories	(1,342,658)	1,459
Change in trade and other payables	4,594,995	(855,803)
Cash (used in)/ generated from operations	<u>(2,568,417)</u>	<u>7,892,997</u>
Tax paid	(672,865)	(1,002,908)
Interest received	17,313	13,563
Net cash (used in)/ generated from operating activities	<u>(3,223,969)</u>	<u>6,903,652</u>
Cash flow from investing activities		
Acquisition of intangible assets	(246,055)	(75,080)
Acquisition of property, plant and equipment	(517,120)	(3,561,133)
Net cash used in investing activities	<u>(763,175)</u>	<u>(3,636,213)</u>
Cash flow from financing activities		
Finance costs	(118,495)	(236,426)
(Increase) / decrease in pledged deposits	(231,309)	492,850
Proceeds from / (Repayment of) loans and borrowings	110,001	(2,132,087)
Net cash used in financing activities	<u>(239,803)</u>	<u>(1,875,663)</u>
Net (decrease)/ increase in cash and cash equivalent	(4,226,947)	1,391,776
Cash and cash equivalents at 1 January	8,079,426	6,397,228
Cash and cash equivalents at 31 March	<u>3,852,479</u>	<u>7,789,004</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 months ended 31.03.2015	Three months ended 31.03.2014
Cash and bank balance	2,207,877	4,396,862
Deposit with licensed bank	<u>4,223,973</u>	<u>4,829,306</u>
	6,431,850	9,226,168
Less: Deposit pledged	<u>(2,579,371)</u>	<u>(1,437,164)</u>
	<u>3,852,479</u>	<u>7,789,004</u>

The unaudited condensed consolidated interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2014 and the notes to the unaudited condensed consolidated interim financial statements.

PRIVASIA TECHNOLOGY BHD (825092 - U)

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

The unaudited condensed consolidated 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, which is in compliance with International Accounting Standard (IAS) 34, Interim Financial Reporting.

The unaudited condensed consolidated interim financial statements should be read in conjunction with the latest audited financial statements of Privasia Technology Berhad ("the Company") and its subsidiaries ("Group") for the financial year ended ("FYE") 31 December 2014 and are available upon request from the Companies registered office at No. 13A, Jalan SS21/56B, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan.

The notes to these unaudited condensed consolidated 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 2015.

2 Significant accounting policies

The accounting policies applied by the Group in these unaudited 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 2014.

3 Estimates

There were no material changes in estimates of amount reported in prior financial periods which may have a material effect in the financial period under review.

4 Seasonal and cyclical factors

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

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 financial period under review.

7 Dividend

Subsequent to the financial period under review, the Directors proposed a single tier tax exempt final dividend of 0.25 sen per ordinary share totalling RM1,395,500 in respect of the financial year ended 31 December 2014. Upon approval by the shareholders, the dividend payment will be accounted for in equity as an appropriation of retained earnings during the financial year ending 31 December 2015.

There were no other dividends declared/ recommended and paid for the financial period under review.

8 Loans and Borrowings

	Group	
	31 March 2015	31 December 2014
	RM	RM
Non-current		
Secured term loans from licensed banks	8,427,806	8,698,907
Finance lease liabilities	13,110	45,020
	<u>8,440,916</u>	<u>8,743,927</u>
Current	RM	RM
Secured term loans from licensed banks	1,296,342	1,296,342
Finance lease liabilities	166,469	77,178
Bank overdraft	632,638	308,917
	<u>2,095,449</u>	<u>1,682,437</u>
Total	<u>10,536,365</u>	<u>10,426,364</u>

9 Segmental reporting

The Group has five reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group's Chief Executive Officer (the chief operating decision maker) reviews internal management reports at least on a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

- Outsourcing and Consulting ("OSD")
The OSD segment covers two main areas: IT infrastructure outsourcing and consultancy and systems integration.
- E-Procurement ("E-Proc")
The E-Proc segment provides procurement management.
- Information and Communication Technologies Distribution ("CDIST")
The CDIST segment provides wireless broadband infrastructure, comprehensive mobile and wireless communications consultancy, and systems development for CDIST and mobile solutions providers and enterprises.
- Information and Communication Technologies Services ("CSERV")
The CSERV segment provides Information and Communication Technologies.
- Satellite-based network services ("SAT")
The SAT segment provides a broad spectrum of satellite-based network solutions, such as managed network, high speed internet, value-added broadband applications and satellite IP Virtual Private Network for the commercial sector and general public.

Performance is measured based on segment results, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer. Segment results are used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

The analysis of the Group's operations for the financial period ended 31 March 2015 is as follows:-

	OSD RM	E-PROC RM	CDIST RM	CSERV RM	SAT RM	ELIMINATION RM	Total RM
Total segment revenue - external	10,117,107	1,016,587	441,562	7,183,834	2,757,620	(233,064)	21,283,646
Segment results	3,953,843	861,737	186,401	1,557,738	627,435	-	7,187,154
Other income							103,078
Other operating expenses							(5,242,383)
Results from operating activities							2,047,849
Finance income							17,313
Finance costs							(118,495)
Tax expense							(700,000)
Net profit for the period							1,246,667
Segment assets	74,563,292	1,027,736	4,663,113	13,496,962	9,634,189	(42,959,096)	60,426,196
Unallocated assets							60,387,780
Total assets							120,813,976
Segment liabilities	28,240,099	-	5,004,077	18,769,930	6,026,433	(20,228,169)	37,812,370
Unallocated liabilities							1,715,687
Total liabilities							39,528,057

10 Material events subsequent to the end of the interim period

There were no material subsequent events up to the date of this report that will affect the financial statements of the financial period under review.

11 Change in composition of the Group

There were no changes in the composition of the Group for the financial period under review.

12 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.

13 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 financial period under review.

14 Review of performance

The Group's first quarter ended 31 March 2015 (1Q15) recorded a 54.9% jump in group revenue to RM21.3 million versus RM13.7 million of the preceding year's corresponding quarter. The topline growth was on the back of an encouraging sales mix, mainly attributable to growth in the Outsourcing and Consulting (OSD) segment, ICT Services (CSERV) and ICT Distribution (CDIST) segments.

Despite the lower net finance costs compared to the preceding year's corresponding quarter, the Group's expansion in the satellite business necessitated higher operating expenditure consisting of increased headcount and specific skill sets, which led to group profit before tax (PBT) in 1Q15 declining to RM1.9 million from RM2.2 million previously. Correspondingly, group net profit in 1Q15 was at RM1.2 million, versus RM1.3 million last year.

Comparison with preceding quarter

1Q15 revenue was recorded at RM21.3 million, dipping 25.5% from RM28.6 million in 4Q14. Group PBT and net profit was at RM1.9 million and RM1.2 million respectively versus RM4.2 million and RM3.1 million respectively in the preceding quarter.

15 Future prospects

The Group intends to continue growing our business in FY2015.

We remain buoyant of the prospects in the Malaysian ICT industry and will strive to strengthen our portfolio with new clientele. The Group believes that with corporations' cautious outlook post-GST, outsourcing service providers would be sought after to provide an affordable alternative in rightsizing IT spend.

Furthermore, the Group intends to set up a new hub to increase sales in our Satellite-based network services segment.

With these potential drivers in mind, coupled with our orderbook of RM141 million lasting till 2020, we are optimistic of our prospects in FY2015.

16 Income tax expenses

	Three months ended 31 March	
	2015 RM	2014 RM
Current tax		
-Current year	600,000	590,174
	600,000	590,174
Deferred tax		
Origination and reversal of temporary differences	100,000	292,429
Tax expenses from continuing operations	700,000	882,603

17 Unquoted investments and properties

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

18 Status of corporate proposals announced

There were no corporate proposals announced.

19 Off balance sheet financial instruments

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

20 Material litigation

On 15 March 2013, Privasia Sdn Bhd 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 had been referred to the Kuala Lumpur Industrial Court for adjudication. The first Early Evaluation session took place on 27 March 2014 but was not successful. Thereafter the matter has been fixed for trial on 18 and 19 November 2014, but was subsequently postponed to 22 and 23 June 2015, following the Claimant's counsel application for the same due to ill health.

The Directors are of the opinion that the Group has a reasonable defense to the claim and provisions are not required in respect of this matter as it is not probable that any future compensation payments will be required to be paid to the former employee.

21 Auditor's report on preceding annual financial statements

The auditor's report on the latest audited annual financial statements for the year ended 31 December 2014 was not qualified.

22 Profit for the period

	Three months ended 31 March	
	2015 RM	2014 RM
Profit for the period is arrived at after charging/ (charging):		
Amortisation of intangible assets	141,878	124,015
Depreciation of investment properties	11,942	11,942
Depreciation of property, plant and equipment	2,101,429	1,783,242
Property, plant and equipment written off	22,607	8,388
Reversal provision of impairment loss on trade receivables	(4,000)	(4,000)
Unrealised loss on foreign exchange	-	7,236
Finance costs	118,495	236,426
Finance income	(17,313)	(13,563)

The following items are not applicable for the current financial period under review:

- 1) Provision for and write off of inventories;
- 2) Provision for and write off of receivables;
- 3) (Gain)/ loss on disposal of quoted or unquoted investments or property, plant and equipment;
- 4) Impairment of assets; and
- 5) (Gain)/ loss on derivatives.

23 Derivative financial instruments

The Group does not have any derivative financial instruments for the current financial period under review.

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

24 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 financial period under review.

25 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.

	Three months ended	
	31 March 2015	31 March 2014
Profit attributable to equity holders (RM)	1,253,868	1,356,487
Weighted average number of ordinary shares in issue (units)	558,200,020	558,200,020
Basic earnings per share (sen)	0.22	0.24

(b) Diluted earnings per share

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

26 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 March 2015 RM	31 December 2014 RM
Total retained profits of Privasia Technology Berhad and its subsidiaries		
- Realised	14,801,418	14,086,142
- Unrealised	(2,502,364)	(2,402,334)
	12,299,054	11,683,808
Total share of loss from associated company:		
- Realised	-	(30)
Add: Consolidation adjustments	12,856,007	12,217,415
Total group retained profits as per consolidated interim financial statements	25,155,061	23,901,193

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 the Malaysian Institute of Accountants on 20 December 2010.

27 Authorisation for issue

The unaudited condensed consolidated interim financial statement were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 27 May 2015.