

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

Unaudited condensed consolidated
interim financial statements
for the period ended 31 March 2018

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 2018**

	As at 31.03.2018	As at 31.12.2017
	RM	RM
Assets		
Property, plant and equipment	37,292,563	38,184,326
Investment properties	2,240,692	2,247,341
Intangible assets	39,914,505	39,441,481
Other investment	-	-
Deferred tax assets	829,000	829,000
Total non-current assets	<u>80,276,760</u>	<u>80,702,148</u>
Inventories	1,796,054	1,872,966
Trade receivables	9,185,688	17,478,350
Unbilled revenue	3,676,036	5,704,719
Current tax assets	2,455,605	2,942,907
Prepaid project expenses	4,619,821	6,579,768
Other receivables, deposits and prepayments	2,235,614	2,780,987
Deposits, cash and bank balances	12,957,492	12,212,854
Total current assets	<u>36,926,310</u>	<u>49,572,551</u>
Total assets	<u><u>117,203,070</u></u>	<u><u>130,274,699</u></u>
Equity		
Share capital	55,820,002	55,820,002
Retained earnings	15,156,367	17,437,951
Equity attributable to owners of the Company	<u>70,976,369</u>	<u>73,257,953</u>
Non-controlling interests	(353,010)	(61,427)
Total equity	<u>70,623,359</u>	<u>73,196,526</u>
Liabilities		
Loans and borrowings	18,674,918	19,533,665
Deferred tax liabilities	3,379,000	3,672,000
Total non-current liabilities	<u>22,053,918</u>	<u>23,205,665</u>
Loans and borrowings	12,150,403	17,121,617
Trade payables	5,919,552	9,759,098
Other payables and accruals	6,455,838	6,991,793
Total current liabilities	<u>24,525,793</u>	<u>33,872,508</u>
Total liabilities	<u>46,579,711</u>	<u>57,078,173</u>
Total equity and liabilities	<u><u>117,203,070</u></u>	<u><u>130,274,699</u></u>
Net assets per share (RM)	<u>0.13</u>	<u>0.13</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 2017 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 2018**

	Three Months ended 31 March		Year-to-date 31 March	
	2018	2017	2018	2017
	RM	RM	RM	RM
Continuing operations				
Revenue	11,783,705	15,423,799	11,783,705	15,423,799
Cost of Sales	(6,987,438)	(10,797,621)	(6,987,438)	(10,797,621)
Gross profit	<u>4,796,267</u>	<u>4,626,178</u>	<u>4,796,267</u>	<u>4,626,178</u>
Other income	80,461	143,941	80,461	143,941
Operating expenses	(6,008,306)	(6,141,840)	(6,008,306)	(6,141,840)
Results from operating activities	<u>(1,131,578)</u>	<u>(1,371,721)</u>	<u>(1,131,578)</u>	<u>(1,371,721)</u>
Finance costs	(414,175)	(338,283)	(414,175)	(338,283)
(Loss) / Profit before tax	<u>(1,545,753)</u>	<u>(1,710,004)</u>	<u>(1,545,753)</u>	<u>(1,710,004)</u>
Tax expense	(195,000)	(327,000)	(195,000)	(327,000)
Net (loss) / profit for the period	<u>(1,740,753)</u>	<u>(2,037,004)</u>	<u>(1,740,753)</u>	<u>(2,037,004)</u>
Comprehensive income for the period	<u>(1,740,753)</u>	<u>(2,037,004)</u>	<u>(1,740,753)</u>	<u>(2,037,004)</u>
(Loss) / Profit attributable to:				
Owners of the company	(1,636,670)	(2,136,015)	(1,636,670)	(2,136,015)
Non-controlling interests	(104,083)	99,011	(104,083)	99,011
(Loss) / Profit for the period	<u>(1,740,753)</u>	<u>(2,037,004)</u>	<u>(1,740,753)</u>	<u>(2,037,004)</u>
Comprehensive (loss) / income for the period				
Owners of the company	(1,636,670)	(2,136,015)	(1,636,670)	(2,136,015)
Non-controlling interests	(104,083)	99,011	(104,083)	99,011
Comprehensive (loss) / income for the period	<u>(1,740,753)</u>	<u>(2,037,004)</u>	<u>(1,740,753)</u>	<u>(2,037,004)</u>
Basic (loss) / earnings per ordinary shares (sen)				
From continuing operations	<u>(0.29)</u>	<u>(0.38)</u>	<u>(0.29)</u>	<u>(0.38)</u>
Diluted (loss) / earnings per ordinary shares (sen)				
From continuing operations	<u>(0.29)</u>	<u>(0.38)</u>	<u>(0.29)</u>	<u>(0.38)</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 2017 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 2018**

	<-----Attributable to owners of the Company----->				
	<i>Non-distributable</i>	<i>Distributable</i>	Subtotal	Non- controlling Interests	Total equity
	Share capital	Retained earnings			
	RM	RM	RM	RM	RM
At 1 January 2017	55,820,002	24,621,611	80,441,613	(185,011)	80,256,602
Total comprehensive income for the period	-	(2,136,015)	(2,136,015)	99,011	(2,037,004)
At 31 March 2017	<u>55,820,002</u>	<u>22,485,596</u>	<u>78,305,598</u>	<u>(86,000)</u>	<u>78,219,598</u>
At 31 December 2017	55,820,002	17,437,951	73,257,953	(61,427)	73,196,526
Effects of transition to MFRS	-	(644,914)	(644,914)	-	(644,914)
Restated balance at 1 January 2018	<u>55,820,002</u>	<u>16,793,037</u>	<u>72,613,039</u>	<u>(61,427)</u>	<u>72,551,612</u>
Total comprehensive loss for the period	-	(1,636,670)	(1,636,670)	(104,083)	(1,740,753)
Dividends paid on shares	-	-	-	(187,500)	(187,500)
At 31 March 2018	<u>55,820,002</u>	<u>15,156,367</u>	<u>70,976,369</u>	<u>(353,010)</u>	<u>70,623,359</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 2017 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 2018**

	Three months ended 31.03.2018	Three months ended 31.03.2017
	RM	RM
Cash flow from operating activities		
(Loss) / Profit before tax	(1,545,753)	(1,710,004)
<i>Adjustments for :</i>		
Amortisation of intangible assets	179,379	116,666
Depreciation of investment properties	6,649	6,649
Depreciation of property, plant and equipment	2,629,995	2,580,572
Finance income	(15,269)	(42,602)
Finance costs	414,175	338,283
Reversal of impairment loss on trade receivables	(18,020)	-
Property, plant and equipment written off	1,070	-
Gain on disposal of property, plant and equipment	(1,152)	(198)
Unrealised loss / (gain) on foreign exchange	144,852	(39,791)
Operating profit before changes in working capital	<u>1,795,926</u>	<u>1,249,575</u>
Change in inventories	58,147	96,189
Change in trade and other receivables	12,199,780	812,792
Change in trade and other payables	(4,520,359)	(782,954)
Net cash flows generated from operations	<u>9,533,494</u>	<u>1,375,602</u>
Tax refunded	223,701	-
Tax paid	(224,400)	(570,664)
Interest received	15,269	42,602
Net cash flows generated from operating activities	<u>9,548,064</u>	<u>847,540</u>
Cash flows from investing activities		
Proceeds from disposal of property plant and equipment	2,643	-
Acquisition of intangible assets	(652,403)	(338,173)
Purchase of property, plant and equipment	(1,722,028)	(695,776)
Net cash used in investing activities	<u>(2,371,788)</u>	<u>(1,033,949)</u>
Cash flow from financing activities		
Interest paid	(414,175)	(338,283)
Increase in pledged deposits	(22,952)	(37,762)
Dividend paid to non-controlling interest	(187,500)	-
(Decrease) / Increase of loans & borrowings	(5,581,779)	2,456,559
Net cash flows (used in) / generated from financing activities	<u>(6,206,406)</u>	<u>2,080,514</u>
Net increase in cash and cash equivalent	969,870	1,894,105
Cash and cash equivalents at 1 January	3,246,242	2,756,175
Cash and cash equivalents at 31 March	<u>4,216,112</u>	<u>4,650,280</u>

Cash and cash equivalent

The reconciliation of cash and cash equivalent as presented in the condensed consolidated statement of cash flows to the deposits, cash and bank balances as presented in the condensed consolidated statement of financial position is as follows:

	Three months ended 31.03.2018	Three months ended 31.03.2017
Fixed deposits	6,055,934	6,460,044
Cash and bank balances	<u>6,901,558</u>	<u>4,315,105</u>
Deposits, cash and bank balances as presented in the condensed consolidated statement of financial position	12,957,492	10,775,149
Less: Pledged deposits with licensed banks	(4,796,006)	(3,040,702)
Bank overdrafts	<u>(3,945,374)</u>	<u>(3,084,167)</u>
Cash and cash equivalent as presented in the condensed consolidated statement of cash flows	<u>4,216,112</u>	<u>4,650,280</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 2017 and the notes to the unaudited condensed consolidated interim financial statements.

PRIVASIA TECHNOLOGY BHD (825092 - U)

(Incorporated In Malaysia)

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 Group had adopted the amendments/improvements to MFRS 9 - Financial Instruments and MFRS 15 - Revenue from Contracts with Customers which are effective from 1 January 2018.

The unaudited condensed consolidated interim financial statements have been reviewed by the auditors in accordance with ISRE 2410.

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 2017 and are available upon request from the Company's registered office at No. 62C, Jalan SS21/62, 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 2018.

2 Significant accounting policies

Unless otherwise stated, 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 2017.

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

There were no dividends declared/ recommended and paid to the shareholders at the company for the financial period under review.

8 Loans and Borrowings

	Group	
	31 March 2018 RM	31 December 2017 RM
Non-current		
Secured term loans from licensed banks	14,637,862	15,054,412
Unsecured finance lease liabilities	4,037,056	4,479,253
	18,674,918	19,533,665
Current	RM	RM
Secured term loans from licensed banks	2,780,892	3,134,336
Unsecured finance lease liabilities	1,877,465	1,928,114
Secured trade financing facilities	3,546,672	7,865,610
Secured bank overdrafts	3,945,374	4,193,557
	12,150,403	17,121,617
Total	30,825,321	36,655,282

9 Segmental reporting

The Group has three 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 monthly basis. The following summary describes the operations in each of the Group's current reportable segments:

- Information Technology ("IT")
Comprise IT infrastructure outsourcing, consultancy and systems integration and procurement management.
- Information and Communications Technology ("ICT")
Provision of wireless broadband infrastructure, comprehensive mobile and wireless communications consultancy, and systems development for ICT and mobile solutions providers and enterprises.
- 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.
- Investment Holding
Investment holding and provision of management services.

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 2018 is as follows:-

	Investment Holdings RM	IT RM	ICT RM	SAT RM	ELIMINATION RM	Total RM
Total segment revenue	6,960,505	8,590,184	2,464,897	874,079	(7,105,960)	11,783,705
Gross profit	6,960,505	5,106,295	498,160	(808,188)	(6,960,505)	4,796,267
Other income	-	73,717	57,660	5,502	(56,418)	80,461
Other operating expenses	(85,523)	(4,302,962)	(1,029,247)	(646,992)	56,418	(6,008,306)
Results from operating activities	6,874,982	877,050	(473,427)	(1,449,678)	(6,960,505)	(1,131,578)
Finance costs						(414,175)
Tax expense						(195,000)
Net loss for the period						(1,740,753)
Segment assets	76,847,942	91,837,441	20,766,894	14,036,204	(86,285,411)	117,203,070
Segment liabilities	7,008,383	48,795,713	29,252,294	25,773,419	(64,250,098)	46,579,711

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 Financial instruments

The Group's financial risk management objectives and policies and risk profile are consistent with those disclosed in the consolidated annual financial statements as at and for the year ended 31 December 2017.

Fair value information

The carrying amounts of cash and cash equivalents, trade and others receivables, trade and other payables and short term borrowings approximate fair values due to the relatively short term nature of these financial instruments.

Fair value hierarchy

The table below analyses financial instruments not carried at fair value for which fair value is disclosed and carrying amounts shown in the statement of financial position.

	Fair value of financial instruments not carried at fair value		
	Level 2 RM	Total Fair Value RM	Carrying Amount RM
As at 31 March 2018			
Financial liabilities			
Unsecured finance lease liabilities	(5,713,741)	(5,713,741)	(5,914,521)
As at 31 December 2017			
Financial liabilities			
Unsecured finance lease liabilities	(6,829,530)	(6,829,530)	(6,407,367)

During the 12 months ended 31 December 2017, there were no transfers between fair value hierarchy of financial assets and financial liabilities.

Other notes pursuant to Bursa Malaysia Listing Requirements: Chapter 9, Appendix 9B**15 Review of performance**

For the first quarter ended 31 March 2018 (1Q18), Privasia recorded decrease in revenue to RM11.8 million, from RM15.4 million in the previous corresponding quarter.

The IT segment revenue grew slightly in 1Q18 compared to the previous year due to higher sales from delivery of outsourcing projects. Margins were largely maintained for the segment.

Revenue from the ICT segment decreased as the Group completed telecommunication engineering project for a telco. Profit for the segment also reduced in line with revenue.

The SAT segment recorded lower billings due to realignment of strategy in streamlining customer portfolio. Despite the lower revenue, better cost management led to narrower losses for the segment.

Overall, Privasia posted a reduced loss of RM1.7 million, compared to RM2.0 million last year, mainly due to the Group's strategic view towards higher-quality revenue and improved cost control in the Group's segments.

Comparison with preceding quarter

Revenue posted in 1Q18 of RM11.8 million decreased from RM13.4 million in the fourth quarter ended 31 December 2017 (4Q17), caused by lower billings from the ICT and SAT divisions. The Group correspondingly recorded a higher pre-tax loss of RM1.5 million, versus RM1.3 million in the preceding quarter. However, net loss for the Group decreased to RM1.6 million, compared to RM2.3 million as a result of lower taxes payable.

	Current Quarter 31 March 2018 RM	Immediate Preceding Quarter 31 December 2017 RM	Changes %
Revenue	11,783,705	13,414,323	-12%
Gross profit	4,796,267	7,259,280	-34%
Loss before interest and tax	(1,131,578)	(597,129)	-90%
Loss before tax	(1,545,753)	(1,267,904)	-22%
Loss after tax	(1,740,753)	(2,406,891)	28%
Loss attributable to owners of the company	(1,636,670)	(2,297,207)	29%

16 Future prospects

The Group is optimistic on the prospects of the IT division, with the ongoing outsourcing projects complementing sales efforts for our Intellectual Property (IP) products. We are encouraged by the ongoing sales leads from potential suppliers and customers for the latest version of ProcureHere and are optimistic of its growth prospects. We continue to focus on increasing our client base for our in-house products such as ProcureHere and the Port Management Solution in an effort to boost margins, and bolster our reputation as a technically-competent technology developer.

For the ICT segment, Privasia aims to keep working with telcos and key principals in providing our services, in order to keep growing our brand name within the industry.

We will also keep enhancing our SAT division in order to achieve better efficiency in cost management. We are also targeting to expand our customer base as well as acquire new sites in order to increase revenue contribution.

Additionally, we continue to deliver on our order book, with the unbilled balance now at RM74 million. The Group would explore potential avenues to diversify the revenue base within the technology space.

17 Variance on Profit Forecast

Not applicable as the Group has not issued any profit forecast.

18 Income tax expenses

	Cummulative quarter ended 31 March	
	2018 RM	2017 RM
Current tax		
- Current year	488,000	606,000
- Prior year	-	-
	<hr/> 488,000	<hr/> 606,000
Deferred tax		
Origination and reversal of temporary differences	(293,000)	(279,000)
	<hr/> 195,000	<hr/> 327,000

19 Unquoted investments and properties

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

20 Status of corporate proposals announced

There were no corporate proposals announced.

21 Off balance sheet financial instruments

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

22 Material litigation

There was no material litigation for the current financial period under review.

23 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 2017 was not modified.

24 Profit for the period

	Cummulative quarter ended	
	31 March	
	2018	2017
	RM	RM
Profit for the period is arrived at after charging/ (crediting):		
Amortisation of intangible assets	179,379	116,666
Depreciation of investment properties	6,649	6,649
Depreciation of property, plant and equipment	2,629,995	2,580,572
Property, plant and equipment written off	1,070	-
Reversal of impairment loss on trade receivables	(18,020)	-
Unrealised loss/(gain) on foreign exchange	144,852	(39,791)
Realised (gain)/loss on foreign exchange	(213,954)	22,365
Gain on disposal of property, plant and equipment	(1,152)	(198)
Finance costs	414,175	338,283
Finance income	(15,269)	(42,602)

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

- 1) (Gain)/loss on derivatives;
- 2) Write off of inventories.

25 (Loss)/Earnings per share

(a) Basic (loss)/earnings per share

Basic (loss)/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.

	Cummulative quarter ended	
	31 March	
	2018	2017
Profit attributable to equity holders (RM)	(1,636,670)	(2,136,015)
Weighted average number of ordinary shares in issue (units)	558,200,020	558,200,020
Basic (loss)/earnings per share (sen)	<u>(0.29)</u>	<u>(0.38)</u>

(b) Diluted (loss)/earnings per share

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

26 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 25 May 2018.