

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

Interim financial statements  
for the period ended 30 June 2014

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

(Incorporated In Malaysia)

**Interim financial statements****Unaudited condensed consolidated statements of financial position as at 30 June 2014**

	<b>As at 30.06.2014</b>	<b>As at 31.12.2013</b>
	<b>RM</b>	<b>RM</b>
<b>Assets</b>		
Property, plant and equipment	30,046,984	27,553,072
Investment property	4,333,339	4,357,223
Intangible assets	36,737,521	36,907,700
Investment	500,000	-
<b>Total non-current assets</b>	<u>71,617,844</u>	<u>68,817,995</u>
Inventories	2,446,893	2,482,226
Work-in-progress	310,209	3,703,384
Tax recoverable	844,147	135,033
Trade and other receivables	17,972,017	19,460,738
Cash and cash equivalents	9,919,417	8,327,242
<b>Total current assets</b>	<u>31,492,683</u>	<u>34,108,623</u>
<b>Total assets</b>	<u><b>103,110,527</b></u>	<u><b>102,926,618</b></u>
<b>Equity</b>		
Share capital	55,820,002	55,820,002
Reserves	19,685,048	19,093,368
Equity attributable to owners of the Company	<u>75,505,050</u>	<u>74,913,370</u>
Non-controlling interests	158,853	281,753
<b>Total equity</b>	<u>75,663,903</u>	<u>75,195,123</u>
<b>Liabilities</b>		
Loans and borrowings	9,348,308	9,963,371
Deferred tax liabilities	1,636,327	1,345,563
<b>Total non-current liabilities</b>	<u>10,984,635</u>	<u>11,308,934</u>
Loans and borrowings	2,091,582	5,734,470
Trade and other payables	14,370,407	10,620,426
Taxation	-	67,665
<b>Total current liabilities</b>	<u>16,461,989</u>	<u>16,422,561</u>
<b>Total liabilities</b>	<u>27,446,624</u>	<u>27,731,495</u>
<b>Total equity and liabilities</b>	<u><b>103,110,527</b></u>	<u><b>102,926,618</b></u>
<b>Net assets per share (RM)</b>	<u>0.14</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 2013.

**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 period ended 30 June 2014**

	Three Months ended 30 June		Six months ended 30 June	
	2014	2013	2014	2013
	RM	RM	RM	RM
<b>Continuing operations</b>				
<b>Revenue</b>	13,717,756	14,965,935	27,458,105	29,385,796
Cost of Sales	(8,131,431)	(9,617,190)	(16,155,981)	(18,649,821)
<b>Gross profit</b>	<u>5,586,325</u>	<u>5,348,745</u>	<u>11,302,124</u>	<u>10,735,975</u>
Other income	76,754	54,023	194,278	130,245
Other operating expenses	(4,234,454)	(2,896,766)	(7,686,561)	(5,415,611)
<b>Results from operating activities</b>	<u>1,428,625</u>	<u>2,506,002</u>	<u>3,809,841</u>	<u>5,450,609</u>
Finance income	79,769	56,601	93,331	110,464
Finance costs	(242,820)	(286,977)	(479,246)	(603,028)
<b>Net finance costs</b>	<u>(163,051)</u>	<u>(230,376)</u>	<u>(385,915)</u>	<u>(492,564)</u>
<b>Profit before tax</b>	1,265,574	2,275,626	3,423,926	4,958,045
Tax expense	(397,944)	(927,647)	(1,280,546)	(1,819,156)
<b>Net profit for the period</b>	<u>867,630</u>	<u>1,347,979</u>	<u>2,143,380</u>	<u>3,138,889</u>
<b>Comprehensive income for the period</b>	<u>867,630</u>	<u>1,347,979</u>	<u>2,143,380</u>	<u>3,138,889</u>
<b>Profit /(loss) attributable to:</b>				
Owner of the company	909,792	1,351,247	2,266,280	3,187,397
Non-controlling interest	(42,162)	(3,268)	(122,900)	(48,508)
<b>Profit for the period</b>	<u>867,630</u>	<u>1,347,979</u>	<u>2,143,380</u>	<u>3,138,889</u>
<b>Comprehensive income / (loss) for the period</b>				
Owner of the company	909,792	1,351,247	2,266,280	3,187,397
Non-controlling interest	(42,162)	(3,268)	(122,900)	(48,508)
<b>Comprehensive income for the period</b>	<u>867,630</u>	<u>1,347,979</u>	<u>2,143,380</u>	<u>3,138,889</u>
<b>Basic earnings per ordinary shares (sen)</b>				
From continuing operations	<u>0.16</u>	<u>0.24</u>	<u>0.38</u>	<u>0.56</u>
<b>Diluted earnings per ordinary shares (sen)</b>				
From continuing operations	<u>0.16</u>	<u>0.24</u>	<u>0.38</u>	<u>0.56</u>

The interim Financial Statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2013.

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

(Incorporated In Malaysia)

**Interim financial statements****Unaudited condensed consolidated statement of changes in equity for the period ended 30 June 2014**

	<-----Attributable to owners of the Company----->			Non- controlling Interests	Total equity
	Non-distributable Share capital	Distributable Retained earnings	Subtotal		
<i>(all in RM)</i>					
<b>At 1 January 2013</b>	55,820,002	15,151,718	70,971,720	(19,818)	70,951,902
Net profit / (loss) for the year	-	5,361,259	5,361,259	56,562	5,417,821
Total comprehensive income / (loss) for the year	-	5,361,259	5,361,259	56,562	5,417,821
Dividends paid	-	(1,674,600)	(1,674,600)	-	(1,674,600)
Change in ownership interests in subsidiary	-	254,991	254,991	245,009	500,000
<b>As 31 December 2013</b>	55,820,002	19,093,368	74,913,370	281,753	75,195,123
<b>At 1 January 2014</b>	55,820,002	19,093,368	74,913,370	281,753	75,195,123
Net profit / (loss) for the period	-	2,266,280	2,266,280	(122,900)	2,143,380
Total comprehensive income / (loss) for the period	-	2,266,280	2,266,280	(122,900)	2,143,380
Dividends for the period	-	(1,674,600)	(1,674,600)	-	(1,674,600)
<b>As 30 June 2014</b>	55,820,002	19,685,048	75,505,050	158,853	75,663,903

The Interim Financial Statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2013.

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

(Incorporated In Malaysia)

**Interim financial statements****Unaudited condensed consolidated statement of cash flows for the period ended 30 June 2014**

	<b>Six months ended 30.06.2014</b>	<b>Six months ended 30.06.2013</b>
<b>Cash flow from operating activities</b>		
Profit before taxation	3,423,926	4,958,045
<i>Adjustment for :</i>		
Amortisation of intangible assets	247,243	650,469
Depreciation of investment property	23,884	34,498
Depreciation of property, plant and equipment	3,690,213	3,081,698
Finance income	(93,331)	(110,464)
Finance costs	479,246	603,028
(Reversal) / provision of impairment loss on trade receivables	(4,000)	42,542
Property, plant and equipment written off	12,434	-
Loss on disposal of property, plant and equipment	650	-
Unrealised loss/ (gain) on foreign exchange	22,626	(78,084)
	<hr/>	<hr/>
Operating profit before changes in working capital	7,802,891	9,181,732
Change in work-in progress	3,393,176	(4,667,712)
Change in trade and other receivables	1,470,095	5,931,492
Change in inventories	35,664	138,275
Change in trade and other payables	2,075,380	1,072,454
	<hr/>	<hr/>
Cash generated from operations	14,777,206	11,656,241
Tax refunded	-	5,936
Tax paid	(1,766,561)	(1,136,203)
Interest received	93,331	110,464
<b>Net cash generated from operating activities</b>	<hr/> <b>13,103,976</b>	<hr/> <b>10,636,438</b>
<b>Cash flow from investing activities</b>		
Proceeds from disposal of property, plant and equipment	5,100	-
Acquisition of intangible assets	(77,065)	(294,692)
Acquisition of property, plant and equipment	(6,202,639)	(6,190,691)
Acquisition of investment	(500,000)	-
	<hr/>	<hr/>
<b>Net cash used in investing activities</b>	<b>(6,774,604)</b>	<b>(6,485,383)</b>
<b>Cash flow from financing activities</b>		
Change in fair value of available-for-sale financial assets		
Finance costs	(479,246)	(603,028)
(Increase) / decrease in pledged deposits	(195,356)	354,837
Repayment of loans and borrowings	(4,257,951)	(4,133,960)
	<hr/>	<hr/>
<b>Net cash used in financing activities</b>	<b>(4,932,553)</b>	<b>(4,382,151)</b>
<b>Net increase / (decrease) in cash and cash equivalent</b>	<b>1,396,819</b>	<b>(231,096)</b>
<b>Cash and cash equivalents at 1 January</b>	<b>6,397,228</b>	<b>11,078,907</b>
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<b>Cash and cash equivalents at 30 June</b>	<b>7,794,047</b>	<b>10,847,811</b>

**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:

	<b>Six months ended 30.06.2014</b>	<b>Six months ended 30.06.2013</b>
Cash and bank balance	3,430,762	5,753,824
Deposit with licensed bank	6,488,655	6,811,236
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	9,919,417	12,565,060
Less: Deposit pledged	(2,125,370)	(1,717,249)
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	<b>7,794,047</b>	<b>10,847,811</b>

The Interim Financial Statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2013.

**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 2013.

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 30 June 2014.

**2 Significant accounting policies**

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 2013.

**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.

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 2013.

During the six months ended 30 June 2014 management reassessed its estimates in respect of :-

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

**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**

On 19 June 2014, a payment of a Single Tier Tax Exempt Final Dividend of 0.3 sen per ordinary share in respect of the financial year ended 31 December 2013 has been approved in the Sixth Annual General Meeting. A total of RM1,674,600.06 was paid on 18 July 2014.

No other dividend has been recommended by the directors or paid for the financial period ended 30 June 2014.

**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 30 June 2014 is as follows:-

	OSD RM	E-PROC RM	CDIST RM	CSERV RM	SAT RM	ELIMINATION RM	Total RM
Total segment revenue - external	13,723,270	4,573,449	46,266	4,726,768	5,579,033	(1,190,681)	27,458,105
Segment results	4,416,185	4,279,452	10,366	1,164,617	1,431,504	-	11,302,124
Other income							194,278
Other operating expenses							(7,686,561)
Results from operating activities							3,809,841
Finance income							93,331
Finance costs							(479,246)
Tax expense							(1,280,546)
Net profit for the period							2,143,380
Segment assets	58,589,205	4,542,214	4,991,688	6,249,444	7,146,436	(41,069,894)	40,449,093
Unallocated assets							62,661,434
Total assets							103,110,527
Segment liabilities	21,764,313	-	4,704,897	11,512,448	3,384,022	(18,740,210)	22,625,470
Unallocated liabilities							4,821,154
Total liabilities							27,446,624

**9 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.

**10 Change in composition of the Group**

There was no changes in composition of the Group for the period under review and financial period to date.

**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

The Group's revenue for the second quarter ended 30 June 2014 (2Q14) weakened 8.3% to RM13.7 million from RM15.0 million in the same quarter of the previous year. This was largely on the back of slower billings and project completion from the Outsourcing and Consulting (OSD) segment, coupled with lower sales from the ICT Distribution (CDIST) segment.

Nevertheless, the Group noted favourable growth in the E-Procurement (E-PROC), ICT Services (CSERV) and Satellite based network services (SAT) segments.

The lower overall revenue, and higher operating expenditure (OPEX) in line with the workforce expansion and in anticipation of growth in the CSERV segment, led to 2Q14 profit before tax (PBT) reducing to RM1.3 million from RM2.3 million in 2Q13. Net profit for the quarter under review was posted at RM0.9 million, compared with RM1.3 million recorded previously.

For the cumulative six months ended 30 June 2014 (1H14), group revenue was 6.6% lower at RM27.5 million as compared to RM29.4 million previously. 1H14 PBT and net profit stood at RM3.4 million and RM2.1 million respectively, versus RM5.5 million and RM3.1 million recorded in 1H13 respectively.

#### Comparison with preceding quarter

Group revenue in 2Q14 was sustained at RM13.7 million as compared to 1Q14, while PBT declined to RM1.3 million from RM2.3 million in 1Q14, due to higher OPEX on account of larger headcount. 2Q14 net profit stood at RM0.9 million, versus RM1.3 million in the previous preceding quarter.

### 14 Future prospects

The Group remains optimistic going into the second half of 2014, given that ICT spending is expected to pick up the pace.

With new Government projects expected to be announced, we believe that there will be ample opportunities for the Group.

The Group is also targeting to expand the recurring revenue base by seeking new customers in the OSD business segment. This will complement our existing OSD order book of RM130.9 million which will last us until 2020.

### 15 Income tax expenses

	Current quarter Three months ended 30 June		2nd quarter Six months ended 30 June	
	2014 RM	2013 RM	2014 RM	2013 RM
<b>Current tax</b>				
-Current year	669,494	445,169	1,259,667	1,578,177
-Prior year	(269,885)	306,083	(269,885)	306,083
	<hr/>	<hr/>	<hr/>	<hr/>
	399,609	751,252	989,782	1,884,260
<b>Deferred tax</b>				
Origination and reversal of temporary differences	(1,665)	176,395	290,764	(65,104)
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Tax expenses from continuing operations	<u>397,944</u>	<u>927,647</u>	<u>1,280,546</u>	<u>1,819,156</u>

### 16 Unquoted investments and properties

The Company had on 02 April 2014 entered into an Investment Agreement with Hubwire Sdn. Bhd. (HSB) for the subscription of 2,500 ordinary shares of RM 1.00 each for a purchase consideration of RM500,000 which was satisfied fully in cash from internally-generated funds.

The investment into HSB is well within PTB's strategy of venturing into the e-commerce industry in Malaysia. The e-commerce services provided by HSB are complementary to our existing ICT services, and effectively expands our range of services to help our clients grow their businesses by creating and managing an impactful e-commerce presence.

### 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, 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 be referred to the Kuala Lumpur Industrial Court. The first Early Evaluation session took place on 27 March 2014 and the matter is fixed for trial on 18 and 19 November 2014. Witness statements are due one week before the said trial dates.

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.

### 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 2013 was not qualified.

### 21 Profit for the period

	Six months ended 30 June	
	2014	2013
<b>Profit for the period is arrived at after charging:</b>		
Amortisation of intangible assets	184,813	212,542
Amortisation of development cost	62,430	437,297
Depreciation of investment properties	23,884	34,498
Depreciation of property, plant and equipment	3,690,213	3,081,698
Property, plant and equipment written off	12,434	-
(Reversal) / provision of impairment loss on trade receivables	(4,000)	42,542
Unrealised loss / (gain) on foreign exchange	22,626	(78,084)
Loss on disposal of property, plant and equipment	650	-
Finance costs	479,246	603,028
Finance income	(93,331)	(110,464)
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## 22 Derivative financial instruments

The Group does not have any derivative financial instruments for the current quarter ended 30 June 2014.

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.

## 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 30 June 2014.

## 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.

	<b>Six months ended 30.06.2014</b>
Profit attributable to equity holders (RM)	2,266,280
Profit attributable to non-controlling interests (RM)	(122,900)
Profit for the period (RM)	<u>2,143,380</u>
Weighted average number of ordinary shares in issue (units)	558,200,020
Basic earnings per share (sen)	<u><u>0.38</u></u>

### (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:-

	<b>Group</b>	
	<b>30.06.2014</b>	<b>31.12.2013</b>
	<b>RM</b>	<b>RM</b>
Total retained profits of Privasia Technology Berhad and its subsidiaries		
- Realised	8,946,398	8,364,004
- Unrealised	<u>(1,617,517)</u>	<u>(1,503,903)</u>
	7,328,881	6,860,101
Total share of loss from associated company:		
- Realised	-	(30)
Add: Consolidation adjustments	12,356,167	12,233,297
Total group retained profits as per consolidated interim financial statements	<u><u>19,685,048</u></u>	<u><u>19,093,368</u></u>

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.

## 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 27 August 2014.