

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

Unaudited condensed consolidated
interim financial statements
for the period ended 30 September 2015

PRIVASIA TECHNOLOGY BHD (825092 - U)

(Incorporated In Malaysia)

Unaudited condensed consolidated interim financial statements**Unaudited condensed consolidated statements of financial position as at 30 September 2015**

	As at 30.09.2015	As at 31.12.2014
	RM	RM
Assets		
Property, plant and equipment	29,524,153	30,760,129
Investment properties	4,273,630	4,309,456
Intangible assets	37,267,000	36,889,131
Available-for-sale financial asset	500,000	500,000
Deferred tax assets	-	116,141
Total non-current assets	<u>71,564,783</u>	<u>72,574,857</u>
Inventories	3,214,913	2,670,296
Work-in-progress	100,000	927,719
Tax recoverable	1,109,576	518,758
Trade and other receivables	41,107,299	27,643,195
Cash and cash equivalents	9,231,106	10,427,488
Total current assets	<u>54,762,894</u>	<u>42,187,456</u>
Total assets	<u><u>126,327,677</u></u>	<u><u>114,762,313</u></u>
Equity		
Share capital	55,820,002	55,820,002
Reserves	24,918,110	23,901,193
Equity attributable to owners of the Company	<u>80,738,112</u>	<u>79,721,195</u>
Non-controlling interests	192,799	318,057
Total equity	<u>80,930,911</u>	<u>80,039,252</u>
Liabilities		
Loans and borrowings	9,829,182	8,743,927
Deferred tax liabilities	1,897,206	2,363,347
Total non-current liabilities	<u>11,726,388</u>	<u>11,107,274</u>
Loans and borrowings	3,028,093	1,682,437
Trade and other payables	30,473,996	21,928,921
Taxation	168,289	4,429
Total current liabilities	<u>33,670,378</u>	<u>23,615,787</u>
Total liabilities	<u>45,396,766</u>	<u>34,723,061</u>
Total equity and liabilities	<u><u>126,327,677</u></u>	<u><u>114,762,313</u></u>
Net assets per share (RM)	<u>0.14</u>	<u>0.14</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 statements of profit or loss and other comprehensive income for the period ended 30 September 2015**

	Three Months ended 30 September		Nine Months ended 30 September	
	2015	2014	2015	2014
	RM	RM	RM	RM
Continuing operations				
Revenue	21,516,695	17,864,109	62,710,957	45,322,214
Cost of Sales	(15,707,480)	(12,007,857)	(42,308,784)	(28,163,838)
Gross profit	<u>5,809,215</u>	<u>5,856,252</u>	<u>20,402,173</u>	<u>17,158,376</u>
Other income	-	84,611	153,456	278,890
Operating expenses	(4,614,808)	(3,977,238)	(15,512,378)	(11,660,611)
Results from operating activities excluding foreign exchange losses	<u>1,194,407</u>	<u>1,963,625</u>	<u>5,043,251</u>	<u>5,776,655</u>
Foreign exchange losses	(1,091,276)	1,099	(1,102,618)	(2,089)
Results from operating activities	<u>103,131</u>	<u>1,964,724</u>	<u>3,940,633</u>	<u>5,774,566</u>
Finance income	10,934	33,195	37,643	126,527
Finance costs	(137,520)	(275,282)	(425,508)	(754,528)
Net finance costs	<u>(126,586)</u>	<u>(242,087)</u>	<u>(387,865)</u>	<u>(628,001)</u>
(Loss)/ Profit before tax	<u>(23,455)</u>	<u>1,722,637</u>	<u>3,552,768</u>	<u>5,146,565</u>
Tax expense	134,391	(699,603)	(1,265,609)	(1,980,150)
Net profit for the period	<u>110,936</u>	<u>1,023,034</u>	<u>2,287,159</u>	<u>3,166,415</u>
Comprehensive income for the period	<u>110,936</u>	<u>1,023,034</u>	<u>2,287,159</u>	<u>3,166,415</u>
Profit/ (Loss) attributable to:				
Owner of the company	245,072	1,033,371	2,412,417	3,299,651
Non-controlling interest	(134,136)	(10,337)	(125,258)	(133,236)
Profit/ (Loss) for the period	<u>110,936</u>	<u>1,023,034</u>	<u>2,287,159</u>	<u>3,166,415</u>
Comprehensive income/ (loss) for the period				
Owner of the company	245,072	1,033,371	2,412,417	3,299,651
Non-controlling interest	(134,136)	(10,337)	(125,258)	(133,236)
Comprehensive (loss)/ income for the period	<u>110,936</u>	<u>1,023,034</u>	<u>2,287,159</u>	<u>3,166,415</u>
Basic earnings per ordinary shares (sen)				
From continuing operations	<u>0.04</u>	<u>0.18</u>	<u>0.43</u>	<u>0.59</u>
Diluted earnings per ordinary shares (sen)				
From continuing operations	<u>0.04</u>	<u>0.18</u>	<u>0.43</u>	<u>0.59</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 30 September 2015**

	<-----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 2014	55,820,002	19,093,368	74,913,370	281,753	75,195,123
Net profit / (loss) for the period	-	3,299,651	3,299,651	(133,236)	3,166,415
Total comprehensive income / (loss) for the period	-	3,299,651	3,299,651	(133,236)	3,166,415
Dividends paid for the period	-	(1,674,600)	(1,674,600)	-	(1,674,600)
As 30 September 2014	55,820,002	20,718,419	76,538,421	148,517	76,686,938
At 1 January 2015	55,820,002	23,901,193	79,721,195	318,057	80,039,252
Net profit / (loss) for the period	-	2,412,417	2,412,417	(125,258)	2,287,159
Total comprehensive income / (loss) for the period	-	2,412,417	2,412,417	(125,258)	2,287,159
Dividends paid for the period	-	(1,395,500)	(1,395,500)	-	(1,395,500)
As 30 September 2015	55,820,002	24,918,110	80,738,112	192,799	80,930,911

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 30 September 2015

	Nine months ended 30.09.2015	Nine months ended 30.09.2014
	RM	RM
Cash flow from operating activities		
Profit before taxation	3,552,768	5,146,565
<i>Adjustment for :</i>		
Amortisation of intangible assets	402,758	345,690
Depreciation of investment properties	35,826	35,825
Depreciation of property, plant and equipment	6,347,611	5,633,941
Finance income	(37,643)	(126,527)
Finance costs	425,508	754,528
Bad Debts written off	-	61,085
Reversal of impairment loss on trade receivables	(4,000)	(67,085)
Impairment on trade receivables	382,895	37,916
Property, plant and equipment written off	22,607	12,435
Loss on disposal of property, plant and equipment	-	572
Unrealised loss on foreign exchange	892,106	19,090
Operating profit before changes in working capital	<u>12,020,436</u>	<u>11,854,035</u>
Change in work-in progress	827,719	3,286,306
Change in trade and other receivables	(13,842,999)	(4,650,678)
Change in inventories	(544,617)	(37,957)
Change in trade and other payables	7,652,969	5,423,792
Cash generated from operations	<u>6,113,508</u>	<u>15,875,498</u>
Tax paid	(2,042,567)	(2,261,316)
Interest received	37,643	126,527
Net cash generated from operating activities	<u>4,108,584</u>	<u>13,740,709</u>
Cash flow from investing activities		
Proceeds from disposal of property, plant and equipment	-	6,900
Acquisition of intangible assets	(193,360)	(113,252)
Acquisition of property, plant and equipment	(5,134,242)	(7,098,524)
Acquisition of investment	-	(500,000)
Development costs	(587,267)	-
Net cash used in investing activities	<u>(5,914,869)</u>	<u>(7,704,876)</u>
Cash flow from financing activities		
Finance costs	(425,508)	(754,528)
Increase in pledged deposits	(839,500)	(138,972)
Dividend paid	(1,395,500)	(1,674,600)
Proceeds from / (Repayment of) loans and borrowings	2,430,911	(5,423,809)
Net cash used in financing activities	<u>(229,597)</u>	<u>(7,991,909)</u>
Net decrease in cash and cash equivalent	(2,035,882)	(1,956,076)
Cash and cash equivalents at 1 January	8,079,426	6,397,228
Cash and cash equivalents at 30 September	<u>6,043,544</u>	<u>4,441,152</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:

	Nine months ended 30.09.2015	Nine months ended 30.09.2014
Cash and bank balance	3,797,120	1,470,031
Deposit with licensed bank	5,433,986	5,040,107
	9,231,106	6,510,138
Less: Deposit pledged	(3,187,562)	(2,068,986)
	<u>6,043,544</u>	<u>4,441,152</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)

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 Company's 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 30 September 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

On 18 June 2015, a payment of 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 was approved in the Seventh Annual General Meeting by the shareholders and was paid on 15 July 2015.

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

8 Loans and Borrowings

	Group	
	30 September 2015 RM	31 December 2014 RM
Non-current		
Secured term loans from licensed banks	8,002,869	8,698,907
Finance lease liabilities	1,826,313	45,020
	9,829,182	8,743,927
Current		
Secured term loans from licensed banks	1,296,342	1,296,342
Finance lease liabilities	1,731,751	77,178
Bank overdraft	-	308,917
	3,028,093	1,682,437
Total	12,857,275	10,426,364

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 30 September 2015 is as follows:-

	OSD RM	E-PROC RM	CDIST RM	CSERV RM	SAT RM	ELIMINATION RM	Total RM
Total segment revenue - external	28,987,911	3,824,176	667,132	23,289,238	7,562,435	(1,619,935)	62,710,957
Segment results	4,652,280	1,507,027	(361,311)	1,000,271	(1,403,534)	(351,482)	5,043,251
Foreign exchange losses							(1,102,618)
Finance income							37,643
Finance costs							(425,508)
Tax expense							(1,265,609)
Net profit for the period							2,287,159
Segment assets	77,245,131	1,765,118	4,928,370	16,918,124	12,501,528	(51,847,457)	61,510,814
Unallocated assets							64,816,863
Total assets							126,327,677
Segment liabilities	27,958,540	-	5,817,790	21,479,025	11,587,670	(29,111,200)	37,731,825
Unallocated liabilities							7,664,941
Total liabilities							45,396,766

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 2014.

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.

It was not practicable to estimate the fair value of the Company's investment in unquoted shares due to the lack of comparable quoted prices in an active market and the fair value cannot be reliably measured.

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			Total Fair Value RM	Carrying Amount RM
	Level 1 RM	Level 2 RM	Level 3 RM		
As at 30 September 2015					
Financial liabilities					
Secured term loans from licensed banks	-	(9,325,797)	-	(9,325,797)	(9,299,211)
Finance lease liabilities	-	(3,464,929)	-	(3,464,929)	(3,558,064)
As at 31 December 2014					
Financial liabilities					
Secured term loans from licensed banks	-	(10,176,804)	-	(10,176,804)	(9,995,249)
Finance lease liabilities	-	(129,644)	-	(129,644)	(122,198)

During the 9 months ended 30 September 2015, 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 third quarter ended 30 September 2015 (3Q15), group revenue was up 20.5% to RM21.5 million from RM17.9 million previously, contributed by higher sales in the ICT Distribution (CDIST) and ICT Services (CSERV) segments.

The Group's core business – Outsourcing and Consulting (OSD) – remained the main revenue contributor with RM9.1 million in 3Q15. Meanwhile the E-Procurement (EPROC) and satellite-based network services (SAT) segments recorded revenue of RM1.3 million and RM2.3 million respectively in the quarter under review.

In the quarter under review, the Group incurred foreign exchange losses of RM1.1m due to the strengthening of the US Dollar (USD) against the Malaysian Ringgit, mainly from leases in the SAT division that are denominated in USD.

The forex losses, coupled with the increased headcount and skillsets in line with the Group's business expansion, resulted in higher operating expenditure in 3Q15 leading to a loss before tax of RM23 thousand and net profit of RM0.2 million in 3Q15.

For the cumulative nine months ended 30 September 2015 (9m15), revenue jumped 38.4% to RM62.7 million from RM45.3 million a year ago, boosted by the OSD, CDIST and CSERV segments.

However due to similar factors above, the Group's profit before tax dipped to RM3.5 million in 9m15 from RM5.1 million previously. 9m15 net profit was RM2.3 million against RM3.3 million a year ago.

Comparison with preceding quarter

Group revenue in 3Q15 was RM21.5 million, 8.1% higher than RM19.9 million recorded in 2Q15. The Group incurred a loss before tax and net profit of RM23 thousand and RM0.2 million respectively versus profit before tax and net profit of RM1.6 million and RM0.9 million in preceding quarter.

16 Future prospects

In our OSD segment, we would continue to promote our services to prospective customers as a cost-saving measure in line with economic uncertainties. We will target new clientele to beef up our order book which currently stands at RM122.0 million, lasting us till 2020.

We will continue to drive our CSERV segment, which has grown by more than 200% during the 9 months period, focusing on the provision of engineering services to mobile operators in the domestic telecommunications sector.

As for our SAT division, we commissioned phase 1 of the new satellite hub in Cyberjaya in June 2015 to extend our range of services for our existing and future customers, particularly in the oil and gas sector as well as maritime, tourism and hospitality, and security sectors. In view of the widely fluctuating forex, the Group is looking to accelerate the commencement of Phase 2 in 2016 which, once completed, will allow the Group to increase our capacity and migrate all our existing clients to our new satellite hub. The completed satellite hub also allows the Group to improve our cost efficiencies which we are optimistic will have a positive impact going forward.

The Group remains mindful of the current economic conditions and would maintain cost optimisation across the board.

17 Variance on Profit Forecast

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

18 Income tax expenses

	Current quarter ended 30 Sept		Cumulative quarter ended 30 Sept	
	2015 RM	2014 RM	2015 RM	2014 RM
Current tax				
-Current year	401,630	952,109	2,301,630	2,211,822
-Prior year	(686,021)	-	(686,021)	(269,930)
	<u>(284,391)</u>	<u>952,109</u>	<u>1,615,609</u>	<u>1,941,892</u>
Deferred tax				
Origination and reversal of temporary differences	150,000	(252,506)	(350,000)	38,258
Tax expenses from continuing operations	<u>(134,391)</u>	<u>699,603</u>	<u>1,265,609</u>	<u>1,980,150</u>

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

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 matter has been fixed for trial on 10 March 2016 and 11 March 2016.

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.

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 2014 was not qualified.

24 Profit for the period

	Current quarter ended 30 Sept		Cumulative quarter ended 30 Sept	
	2015 RM	2014 RM	2015 RM	2014 RM
Profit for the period is arrived at after charging/ (crediting):				
Amortisation of intangible assets	139,153	98,447	402,758	345,690
Depreciation of investment properties	11,943	11,941	35,826	35,825
Depreciation of property, plant and equipment	2,327,893	1,943,728	6,347,611	5,633,941
Property, plant and equipment written off	-	-	22,607	12,435
Reversal provision of impairment loss on trade receivables	-	(63,085)	(4,000)	(67,085)
Impairment loss on trade receivables	74,645	37,916	382,895	37,916
Bad debts written off	-	61,085	-	61,085
Unrealised loss/ (gain) on foreign exchange	959,515	(10,341)	892,106	19,090
Realised loss on foreign exchange	131,761	9,242	210,512	(16,991)
(Gain)/ Loss on disposal of property, plant and equipment	-	(78)	-	572
Finance costs	137,521	275,282	425,508	754,528
Finance income	<u>(10,934)</u>	<u>(33,196)</u>	<u>(37,643)</u>	<u>(126,527)</u>

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

- 1) Provision for and write off of inventories;
- 2) (Gain)/ loss on derivatives.

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.

	Current quarter ended		Cumulative quarter ended	
	30 September 2015	30 September 2014	30 September 2015	30 September 2014
Profit attributable to equity holders (RM)	245,072	1,033,371	2,412,417	3,299,651
Weighted average number of ordinary shares in issue (units)	558,200,020	558,200,020	558,200,020	558,200,020
Basic earnings per share (sen)	0.04	0.18	0.43	0.59

(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	
	30 September 2015 RM	31 December 2014 RM
Total retained profits of Privasia Technology Berhad and its subsidiaries		
- Realised	15,581,967	14,086,142
- Unrealised	(3,644,470)	(2,402,334)
	11,937,497	11,683,808
Total share of loss from associated company:		
- Realised	-	(30)
Add: Consolidation adjustments	12,980,613	12,217,415
Total group retained profits as per consolidated interim financial statements	24,918,110	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 30 November 2015.