

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

Unaudited condensed consolidated  
interim financial statements  
for the period ended 31 March 2016

**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 2016**

	<b>As at 31.03.2016</b>	<b>As at 31.12.2015</b>
	<b>RM</b>	<b>RM</b>
<b>Assets</b>		
Property, plant and equipment	29,984,171	29,763,142
Investment properties	4,249,747	4,261,689
Intangible assets	37,348,754	37,313,581
Available-for-sale financial asset	500,000	500,000
Deferred tax assets	1,073,987	1,073,987
<b>Total non-current assets</b>	<u>73,156,659</u>	<u>72,912,399</u>
Inventories	2,737,592	3,218,269
Tax recoverable	1,432,364	1,390,879
Trade and other receivables	40,931,453	35,479,637
Cash and cash equivalents	7,118,088	9,225,227
<b>Total current assets</b>	<u>52,219,497</u>	<u>49,314,012</u>
<b>Total assets</b>	<u><b>125,376,156</b></u>	<u><b>122,226,411</b></u>
<b>Equity</b>		
Share capital	55,820,002	55,820,002
Reserves	26,275,817	25,625,464
Equity attributable to owners of the Company	<u>82,095,819</u>	<u>81,445,466</u>
Non-controlling interests	(564,996)	(609,480)
<b>Total equity</b>	<u>81,530,823</u>	<u>80,835,986</u>
<b>Liabilities</b>		
Loans and borrowings	8,716,694	9,448,752
Deferred tax liabilities	1,666,446	2,102,721
<b>Total non-current liabilities</b>	<u>10,383,140</u>	<u>11,551,473</u>
Loans and borrowings	2,903,489	3,021,053
Trade and other payables	30,525,704	26,784,899
Taxation	33,000	33,000
<b>Total current liabilities</b>	<u>33,462,193</u>	<u>29,838,952</u>
<b>Total liabilities</b>	<u>43,845,333</u>	<u>41,390,425</u>
<b>Total equity and liabilities</b>	<u><b>125,376,156</b></u>	<u><b>122,226,411</b></u>
<b>Net assets per share (RM)</b>	<u>0.15</u>	<u>0.15</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 2015 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 2016**

	Three Months ended		1st Quarter ended	
	31 March		31 March	
	2016	2015	2016	2015
	RM	RM	RM	RM
<b>Continuing operations</b>				
<b>Revenue</b>	18,009,849	21,283,646	18,009,849	21,283,646
Cost of Sales	(12,364,366)	(14,096,492)	(12,364,366)	(14,096,492)
<b>Gross profit</b>	<u>5,645,483</u>	<u>7,187,154</u>	<u>5,645,483</u>	<u>7,187,154</u>
Other income	372,524	103,078	372,524	103,078
Operating expenses	(5,072,226)	(5,242,383)	(5,072,226)	(5,242,383)
<b>Results from operating activities</b>	<u>945,781</u>	<u>2,047,849</u>	<u>945,781</u>	<u>2,047,849</u>
Finance income	15,806	17,313	15,806	17,313
Finance costs	(98,761)	(118,495)	(98,761)	(118,495)
<b>Net finance costs</b>	<u>(82,955)</u>	<u>(101,182)</u>	<u>(82,955)</u>	<u>(101,182)</u>
<b>Profit before tax</b>	<u>862,826</u>	<u>1,946,667</u>	<u>862,826</u>	<u>1,946,667</u>
Tax expense	(167,989)	(700,000)	(167,989)	(700,000)
<b>Net profit for the period</b>	<u>694,837</u>	<u>1,246,667</u>	<u>694,837</u>	<u>1,246,667</u>
<b>Comprehensive income for the period</b>	<u>694,837</u>	<u>1,246,667</u>	<u>694,837</u>	<u>1,246,667</u>
<b>Profit/ (Loss) attributable to:</b>				
Owner of the company	650,353	1,253,868	650,353	1,253,868
Non-controlling interest	44,484	(7,201)	44,484	(7,201)
<b>Profit for the period</b>	<u>694,837</u>	<u>1,246,667</u>	<u>694,837</u>	<u>1,246,667</u>
<b>Comprehensive income/ (loss) for the period</b>				
Owner of the company	650,353	1,253,868	650,353	1,253,868
Non-controlling interest	44,484	(7,201)	44,484	(7,201)
<b>Comprehensive income for the period</b>	<u>694,837</u>	<u>1,246,667</u>	<u>694,837</u>	<u>1,246,667</u>
<b>Basic earnings per ordinary shares (sen)</b>				
From continuing operations	<u>0.12</u>	<u>0.22</u>	<u>0.12</u>	<u>0.22</u>
<b>Diluted earnings per ordinary shares (sen)</b>				
From continuing operations	<u>0.12</u>	<u>0.22</u>	<u>0.12</u>	<u>0.22</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 2015 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 2016**

	<-----Attributable to owners of the Company----->				
	<i>Non-distributable</i>	<i>Distributable</i>	<b>Subtotal</b>	<b>Non- controlling Interests</b>	<b>Total equity</b>
	<b>Share capital</b>	<b>Retained earnings</b>			
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>At 1 January 2015</b>	55,820,002	23,901,193	79,721,195	318,057	80,039,252
Total comprehensive income / (loss) for the period	-	1,253,868	1,253,868	(7,201)	1,246,667
<b>At 31 March 2015</b>	<u>55,820,002</u>	<u>25,155,061</u>	<u>80,975,063</u>	<u>310,856</u>	<u>81,285,919</u>
<b>At 1 January 2016</b>	55,820,002	25,625,464	81,445,466	(609,480)	80,835,986
Total comprehensive income / (loss) for the period	-	650,353	650,353	44,484	694,837
<b>At 31 March 2016</b>	<u>55,820,002</u>	<u>26,275,817</u>	<u>82,095,819</u>	<u>(564,996)</u>	<u>81,530,823</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 2015 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 2016**

	Three months ended 31.03.2016	Three months ended 31.03.2015
	RM	RM
<b>Cash flow from operating activities</b>		
Profit before taxation	862,826	1,946,667
<i>Adjustment for :</i>		
Amortisation of intangible assets	83,322	141,878
Depreciation of investment properties	11,942	11,942
Depreciation of property, plant and equipment	1,805,956	2,101,429
Finance income	(15,806)	(17,313)
Finance costs	98,761	118,495
Reversal of impairment loss on trade receivables	-	(4,000)
Property, plant and equipment written off	1,014	22,607
Unrealised gain on foreign exchange	(308,978)	-
Operating profit before changes in working capital	2,539,037	4,321,705
Change in inventories	480,677	(1,342,658)
Change in work-in progress	-	(816,470)
Change in trade and other receivables	(5,373,545)	(9,325,989)
Change in trade and other payables	4,049,782	4,594,995
Cash generated from/(used in) operations	1,695,951	(2,568,417)
Tax refunded	990	-
Tax paid	(725,009)	(672,865)
Interest received	15,806	17,313
<b>Net cash generated from/(used) in operating activities</b>	987,738	(3,223,969)
<b>Cash flow from investing activities</b>		
Acquisition of intangible assets	(118,495)	(246,055)
Acquisition of property, plant and equipment	(2,027,999)	(517,120)
<b>Net cash used in investing activities</b>	(2,146,494)	(763,175)
<b>Cash flow from financing activities</b>		
Interest paid	(98,761)	(118,495)
Increase/(Decrease) in pledged deposits	828,769	(231,309)
(Decrease)/Increase of loans & borrowings	(849,621)	110,001
<b>Net cash used in financing activities</b>	(119,613)	(239,803)
<b>Net decrease in cash and cash equivalent</b>	(1,278,369)	(4,226,947)
<b>Cash and cash equivalents at 1 January</b>	6,059,866	8,079,426
<b>Cash and cash equivalents at 31 December</b>	4,781,497	3,852,479

**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 31.03.2016	Three months ended 31.03.2015
Deposit with licensed banks	4,356,198	4,223,973
Less: Deposits pledged with licensed banks	(2,336,591)	(2,579,371)
	2,019,607	1,644,602
Cash and bank balances	2,761,890	2,207,877
	4,781,497	3,852,479

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 2015 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 have been reviewed by an independent chartered accountant firm in accordance with ISRE 2400.

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 2015 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 31 March 2016.

**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 2015.

**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 final dividend of 0.20 sen per ordinary share totalling RM1,116,400 in respect of the financial year ended 31 December 2015. 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 2016.

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

**8 Loans and Borrowings**

	Group	
	31 March 2015 RM	31 December 2015 RM
<b>Non-current</b>		
Secured term loans from licensed banks	7,520,398	7,826,161
Finance lease liabilities	1,196,296	1,622,591
	8,716,694	9,448,752
<b>Current</b>	<b>RM</b>	<b>RM</b>
Secured term loans from licensed banks	1,203,162	1,190,024
Finance lease liabilities	1,700,327	1,729,886
Bank overdraft	-	101,143
	2,903,489	3,021,053
<b>Total</b>	11,620,183	12,469,805

**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 quarterly basis. The following summary describes the operations in each of the Group's current reportable segments:

- Information Technology ("IT")  
Comprise of 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.

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 2016 is as follows:-

	IT RM	ICT RM	SAT RM	ELIMINATION RM	Total RM
Total segment revenue - external	9,377,016	5,646,111	3,183,874	(197,152)	18,009,849
Gross profit	4,357,881	819,830	473,040	(5,268)	5,645,483
Other income	35,697	27,849	308,978	-	372,524
Other operating expenses	(2,664,417)	(1,442,272)	(827,778)	(137,759)	(5,072,226)
Results from operating activities	1,729,161	(594,593)	(45,760)	(143,027)	945,781
Finance income					15,806
Finance costs					(98,761)
Tax expense					(167,989)
<b>Net profit for the period</b>					<b>694,837</b>
Segment assets	82,921,738	23,116,717	13,721,704	(59,177,115)	60,583,044
Unallocated assets					64,793,112
<b>Total assets</b>					<b>125,376,156</b>
Segment liabilities	31,003,724	30,796,477	13,785,718	(38,713,556)	36,872,363
Unallocated liabilities					6,972,970
<b>Total liabilities</b>					<b>43,845,333</b>

**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 2015.

**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		
	Level 3 RM	Total Fair Value RM	Carrying Amount RM
<b>As at 31 March 2016</b>			
<b>Financial liabilities</b>			
Secured term loans from licensed banks	(8,723,560)	(8,723,560)	(8,723,560)
Finance lease liabilities	(2,846,259)	(2,846,259)	(2,896,623)
<b>As at 31 December 2015</b>			
<b>Financial liabilities</b>			
Secured term loans from licensed banks	(9,016,185)	(9,016,185)	(9,016,185)
Finance lease liabilities	(3,378,145)	(3,378,145)	(3,352,477)

During the 12 months ended 31 December 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**

Revenue from the Satellite-based network services (SAT) segment grew 15.5% to RM3.2 million in for the first quarter ended 31 March 2016 (1Q16) from RM2.8 million in the corresponding preceding quarter ended 31 March 2015 (1Q15) as a result of our now commissioned satellite hub.

Meanwhile, the reduced billings in the Information Technology (IT) segment of RM9.4 million versus RM11.1 million last year, and lower sales in the Information and Communications Technology (ICT) segment which reduced to RM5.4 million from RM7.4 million previously on fewer project implementations resulted in the decline of revenue for 1Q16 by 15.4% to RM18.0 million as compared to RM21.3 million a year ago.

The dampened topline and less favourable sales mix impacted the bottomline, as the Group's profit before tax (PBT) dipped to RM0.9 million versus RM1.9 million a year ago, while net profit was lower at RM0.7 million as compared to RM1.3 million previously.

**Comparison with preceding quarter**

Revenue in 1Q16 reduced by 3.4% to RM18.0 million as compared to RM18.6 million in the preceding quarter. The marginal reduction was due to improved revenue from the ICT and SAT segments, mitigating lower billings from the IT segment. 1Q16 PBT rose to RM0.9 million from a loss of RM0.2 million in 4Q15, while net profit was sustained at RM0.7 million compared to the immediate preceding quarter.

**16 Future prospects**

The uncertainties in the local economy are expected to pose several challenges to the Group going forward. Nonetheless, we believe that our years of experience, adaptable business and business model to current market requirements, as well as focus on cost-efficiency would help us weather the storm.

We intend to ramp up our efforts to secure more contracts under our IT segment. In 2015 we performed a study on the development of our Procurehere solution and we identified areas of enhancement. In 2016, we commenced development work which will add to our proprietary intellectual property. In light of the dampened sentiment, we are marketing our outsourcing solutions as an alternative to our customers. We have a dedicated team that is working hard to strengthen our order book of RM120.0 million that will last us till 2020.

With our in-house satellite hub up and running, we will continue to secure more customers in various industries and work closely with our local and regional partners to market our expanded range of services within Malaysia and across South East Asia.

**17 Variance on Profit Forecast**

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

**18 Income tax expenses**

	Three months ended 31 March	
	2016 RM	2015 RM
<b>Current tax</b>		
- Current year	666,000	600,000
- Prior year	(61,736)	-
	604,264	600,000
<b>Deferred tax</b>		
Origination and reversal of temporary differences	(436,275)	100,000
	167,989	700,000
	167,989	700,000

**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 2015 was not qualified.

**24 Profit for the period**

	Three months ended 31 March	
	2016 RM	2015 RM
<b>Profit for the period is arrived at after charging/ (crediting):</b>		
Amortisation of intangible assets	83,322	141,878
Depreciation of investment properties	11,942	11,942
Depreciation of property, plant and equipment	1,805,956	2,101,429
Property, plant and equipment written off	1,014	22,607
Reversal of impairment loss on trade receivables	-	(4,000)
Unrealised gain on foreign exchange	(308,978)	-
Realised loss on foreign exchange	138,303	-
Finance costs	98,761	118,495
Finance income	(15,806)	(17,313)
	(15,806)	(17,313)

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

- 1) 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.

	Three months ended	
	2016	2015
Profit attributable to equity holders (RM)	650,353	1,253,868
Weighted average number of ordinary shares in issue (units)	558,200,020	558,200,020
Basic earnings per share (sen)	<u>0.12</u>	<u>0.22</u>

## (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 2016 RM	31 December 2015 RM
Total retained profits of Privasia Technology Berhad and its subsidiaries		
- Realised	14,311,923	14,362,339
- Unrealised	<u>(1,136,574)</u>	<u>(1,881,827)</u>
	13,175,349	12,480,512
Add: Consolidation adjustments	13,100,468	13,144,952
Total group retained profits as per consolidated interim financial statements	<u>26,275,817</u>	<u>25,625,464</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.

**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 23 May 2016.