

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

Interim financial statements
for the period ended 31 December 2014

PRIVASIA TECHNOLOGY BHD (825092 - U)

(Incorporated In Malaysia)

Interim financial statements**Unaudited condensed consolidated statements of financial position as at 31 December 2014**

	As at 31.12.2014	As at 31.12.2013
	RM	RM
Assets		
Property, plant and equipment	30,760,129	27,553,072
Investment property	4,309,456	4,357,223
Intangible assets	37,209,131	36,907,700
Investment	500,000	-
Deferred tax assets	-	54,877
Total non-current assets	<u>72,778,716</u>	<u>68,872,872</u>
Inventories	2,670,296	2,482,226
Work-in-progress	927,719	3,703,384
Tax recoverable	324,447	135,033
Trade and other receivables	27,954,762	19,460,738
Cash and cash equivalents	10,427,488	8,327,242
Total current assets	<u>42,304,712</u>	<u>34,108,623</u>
Total assets	<u>115,083,428</u>	<u>102,981,495</u>
Equity		
Share capital	55,820,002	55,820,002
Reserves	24,372,287	19,093,368
Equity attributable to owners of the Company	<u>80,192,289</u>	<u>74,913,370</u>
Non-controlling interests	244,884	281,753
Total equity	<u>80,437,173</u>	<u>75,195,123</u>
Liabilities		
Loans and borrowings	8,821,105	9,963,371
Deferred tax liabilities	2,398,745	1,400,440
Total non-current liabilities	<u>11,219,850</u>	<u>11,363,811</u>
Loans and borrowings	1,605,259	5,734,470
Trade and other payables	21,821,146	10,620,426
Taxation	-	67,665
Total current liabilities	<u>23,426,405</u>	<u>16,422,561</u>
Total liabilities	<u>34,646,255</u>	<u>27,786,372</u>
Total equity and liabilities	<u>115,083,428</u>	<u>102,981,495</u>
Net assets per share (RM)	<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 31 December 2014

	Three Months ended 31 December		Twelve Months ended 31 December	
	2014	2013	2014	2013
	RM	RM	RM	RM
Continuing operations				
Revenue	28,401,143	15,077,977	73,723,357	58,455,869
Cost of Sales	(19,041,903)	(9,296,571)	(47,205,741)	(34,774,689)
Gross profit	<u>9,359,240</u>	<u>5,781,406</u>	<u>26,517,616</u>	<u>23,681,180</u>
Other income	243,270	91,891	272,197	465,805
Other operating expenses	(4,666,682)	(2,830,042)	(16,345,947)	(13,385,675)
Results from operating activities	<u>4,935,828</u>	<u>3,043,255</u>	<u>10,443,866</u>	<u>10,761,310</u>
Finance income	38,370	133,999	164,897	285,541
Finance costs	(132,205)	(280,124)	(620,296)	(1,145,269)
Net finance costs	<u>(93,835)</u>	<u>(146,125)</u>	<u>(455,399)</u>	<u>(859,728)</u>
Share of equity accounted associate	-	(1,292)	-	(30)
Profit before tax	<u>4,841,993</u>	<u>2,895,838</u>	<u>9,988,467</u>	<u>9,901,552</u>
Tax expense	(1,171,667)	(1,033,438)	(3,151,817)	(4,483,731)
Net profit for the period	<u>3,670,325</u>	<u>1,862,400</u>	<u>6,836,650</u>	<u>5,417,821</u>
Comprehensive income for the period	<u>3,670,325</u>	<u>1,862,400</u>	<u>6,836,650</u>	<u>5,417,821</u>
Profit /(loss) attributable to:				
Owner of the company	3,653,957	1,788,410	6,953,519	5,361,259
Non-controlling interest	16,368	73,990	(116,869)	56,562
Profit for the period	<u>3,670,325</u>	<u>1,862,400</u>	<u>6,836,650</u>	<u>5,417,821</u>
Comprehensive income / (loss) for the period				
Owner of the company	3,653,957	1,788,410	6,953,519	5,361,259
Non-controlling interest	16,368	73,990	(116,869)	56,562
Comprehensive income for the period	<u>3,670,325</u>	<u>1,862,400</u>	<u>6,836,650</u>	<u>5,417,821</u>
Basic earnings per ordinary shares (sen)				
From continuing operations	<u>0.66</u>	<u>0.33</u>	<u>1.22</u>	<u>0.96</u>
Diluted earnings per ordinary shares (sen)				
From continuing operations	<u>0.66</u>	<u>0.33</u>	<u>1.22</u>	<u>0.96</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 31 December 2014

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

	Attributable to owners of the Company		Subtotal	Non-controlling Interests	Total equity
	Non-distributable Share capital	Distributable Retained earnings			
<i>(all in RM)</i>					
At 1 January 2013	55,820,002	15,151,718	70,971,720	(19,818)	70,951,902
Net profit for the year	-	5,361,259	5,361,259	56,562	5,417,821
Total comprehensive income 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
As 31 December 2013	55,820,002	19,093,368	74,913,370	281,753	75,195,123
At 1 January 2014	55,820,002	19,093,368	74,913,370	281,753	75,195,123
Net profit / (loss) for the period	-	6,953,519	6,953,519	(116,869)	6,836,650
Total comprehensive income / (loss) for the period	-	6,953,519	6,953,519	(116,869)	6,836,650
Change in ownership interests in subsidiary	-	-	-	80,000	80,000
Dividends paid	-	(1,674,600)	(1,674,600)	-	(1,674,600)
As 31 December 2014	55,820,002	24,372,287	80,192,289	244,884	80,437,173

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 31 December 2014

	Twelve months ended 31.12.2014	Twelve months ended 31.12.2013
	RM	RM
Cash flow from operating activities		
Profit before taxation	9,988,467	9,901,552
<i>Adjustment for :</i>		
Amortisation of intangible assets	468,510	1,729,534
Depreciation of investment property	47,767	47,767
Depreciation of property, plant and equipment	7,714,871	6,327,134
Development costs written off	-	63,294
Finance income	(164,897)	(285,541)
Finance costs	620,296	1,145,269
Share of loss of equity accounted associate	-	30
Bad Debts written off	61,085	-
Impairment loss on trade receivables	37,916	72,509
Reversal of impairment loss on trade receivables	(87,085)	(45,495)
Property, plant and equipment written off	13,305	1,346
Loss / (gain) on disposal of property, plant and equipment	7,321	(12,297)
Unrealised loss on foreign exchange	19,090	(154,137)
Operating profit before changes in working capital	<u>18,746,646</u>	<u>18,790,964</u>
Change in work-in progress	2,775,665	(1,846,496)
Change in trade and other receivables	(8,567,449)	7,304,566
Change in inventories	(188,069)	(827,906)
Change in trade and other payables	11,200,720	(2,107,722)
Cash generated from operations	<u>23,967,512</u>	<u>21,313,406</u>
Tax paid	(2,416,446)	(4,469,068)
Tax refunded	60,734	-
Interest received	164,897	172,321
Net cash generated from operating activities	<u>21,776,696</u>	<u>17,016,659</u>
Cash flow from investing activities		
Proceeds from disposal of property, plant and equipment	11,648	62,682
Proceeds from disposal of investment in subsidiary	-	500,000
Proceeds from Intangible Asset	-	458
Proceed from Investment in Subsidiary	80,000	-
Acquisition of intangible assets	(747,522)	(411,921)
Acquisition of property, plant and equipment	(10,954,202)	(10,757,444)
Acquisition of interest in associate	-	(30)
Acquisition of investment	(500,000)	-
Net cash used in investing activities	<u>(12,110,076)</u>	<u>(10,606,255)</u>
Cash flow from financing activities		
Finance costs	(620,296)	(1,145,269)
(Increase) / decrease in pledged deposits	(418,049)	142,072
Dividend paid	(1,674,600)	(1,674,600)
Repayment of loans and borrowings	(5,271,477)	(8,414,290)
Net cash used in financing activities	<u>(7,984,421)</u>	<u>(11,092,087)</u>
Net increase / (decrease) in cash and cash equivalent	1,682,199	(4,681,683)
Cash and cash equivalents at 1 January	6,397,224	11,078,907
Cash and cash equivalents at 31 December	<u>8,079,423</u>	<u>6,397,224</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:

	Twelve months ended 31.12.2014	Twelve months ended 31.12.2013
Cash and bank balance	7,156,944	3,690,242
Deposit with licensed bank	3,270,545	4,637,000
	<u>10,427,488</u>	<u>8,327,242</u>
Less: Deposit pledged	(2,348,062)	(1,930,014)
	<u>8,079,426</u>	<u>6,397,228</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.

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 31 December 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 twelve months ended 31 December 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 been approved in the Sixth Annual General Meeting. A total of RM1,674,600.06 was paid on 18 July 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 31 December 2014 is as follows:-

	OSD RM	E-PROC RM	CDIST RM	CSERV RM	SAT RM	ELIMINATION RM	Total RM
Total segment revenue - external	37,304,390	9,086,911	201,235	18,060,152	11,158,857	(2,088,188)	73,723,357
Segment results	10,727,332	8,396,829	43,769	4,498,128	2,871,040	(19,482)	26,517,617
Other income							272,197
Other operating expenses							(16,345,947)
Results from operating activities							10,443,866
Finance income							164,897
Finance costs							(620,296)
Tax expense							(3,151,817)
Net profit for the period							6,836,650
Segment assets	61,390,562	9,061,090	4,356,398	14,059,183	8,213,959	(43,540,990)	53,540,202
Unallocated assets							61,543,225
Total assets							115,083,428
Segment liabilities	24,419,297	-	4,794,626	17,935,146	4,540,976	(21,113,723)	30,576,322
Unallocated liabilities							4,089,933
Total liabilities							34,666,255

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

On 2 December 2014 Privanet Sdn Bhd, wholly-owned subsidiary of the Company acquired 2 ordinary shares of RM1 each in Scantel Sdn Bhd, representing 100% of the paid up capital of Scantel Sdn Bhd for a total consideration of RM2.

The Company had on 17 December 2014 invested additional 120,000 ordinary shares of RM1.00 each in Privagen Sdn Bhd (PRIVAGEN) (Formerly known as Liberty Mining Sdn Bhd). The acquisition represents 59.9995% of the entire issued and paid up capital of PRIVAGEN at a consideration of RM120,000.00

Consequently, the Company had diluted its equity interest in PRIVAGEN from 100% to 60% of the fully paid up share capital in PRIVAGEN and PRIVAGEN

become subsidiary company of the Company.

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 final quarter results ended 31 December 2014 (4Q14) saw group revenue leaped 88.1% to RM28.4 million from RM 15.1 million previously, due to robust growth in the Outsourcing and Consulting (OSD) and Satellite based network services (SAT) segments.

Due to increased sales, the Group's 4Q14 profit before tax (PBT) strengthened to RM4.8 million from RM 2.9 million previously. While net profit grew to RM 3.7million in 4Q14 from RM 1.8 million in 4Q13.

For the full year ended 31 December 2014 (FY2014), group revenue jumped 26.0% to RM73.7 million from RM58.5 million previously, PBT and net profit for FY2014 increased to RM 10.0 million and RM 6.8 million respectively as compared to RM 9.9 million and RM 5.4 million in FY 2013.

Comparison with preceding quarter

4Q14 revenue was recorded at RM 28.4 million, up 58.7% from RM 17.9 million in 3Q14. Group PBT and net profit in 4Q14 also rose significantly to RM4.8 million and RM3.7 million respectively, versus RM1.7 million and RM1.0 million in the preceding quarter.

14 Future prospects

The Group is pleased to end FY2014 on a high note, as we achieved a record high top and bottomline.

Moving ahead into FY2015, we will continue to focus on growing our existing business segments and seek out new clientele, particularly in the telecommunications sector, to expand our portfolio. Currently, our total OSD orderbook stands at RM151 million which will last us till 2020.

We are confident of achieving positive year.

15 Income tax expenses

	Current quarter Three months ended 31 December		4th quarter Twelve months ended 31 December	
	2014	2013	2014	2013
	RM	RM	RM	RM
Current tax				
-Current year	156,740	86,722	2,368,562	2,929,039
-Prior year	-	-	(269,929)	254,021
	<hr/>	<hr/>	<hr/>	<hr/>
	156,740	86,722	2,098,633	3,183,060
Deferred tax				
Origination and reversal of temporary differences	1,014,927	946,716	1,053,184	1,300,671
	<hr/>	<hr/>	<hr/>	<hr/>
Tax expenses from continuing operations	<u>1,171,667</u>	<u>1,033,438</u>	<u>3,151,817</u>	<u>4,483,731</u>

16 Unquoted investments and properties

There was no purchase or disposal of unquoted investments and properties for the current quarter under review.

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

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

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

	Twelve months ended 31 December	
	2014	2013
Profit for the period is arrived at after charging:		
Amortisation of intangible assets	376,995	1,072,643
Amortisation of development cost	91,514	656,891
Depreciation of investment properties	47,767	47,767
Depreciation of property, plant and equipment	7,714,871	6,327,134
Property, plant and equipment written off	13,305	1,346
Bad Debts written off	61,085	-
Impairment loss on trade receivables	37,916	72,509
Reversal of impairment loss on trade receivables	(67,085)	(45,495)
Unrealised loss on foreign exchange	19,090	(154,137)
Loss / (gain) on disposal of property, plant and equipment	7,321	(12,297)
Finance costs	870,259	1,145,269
Finance income	(164,897)	(285,541)

22 Derivative financial instruments

The Group does not have any derivative financial instruments for the current quarter ended 31 December 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 31 December 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.

	Twelve months ended 31.12.2014
Profit attributable to equity holders (RM)	6,953,519
Profit attributable to non-controlling interests (RM)	(116,869)
Profit for the period (RM)	<u>6,836,650</u>
Weighted average number of ordinary shares in issue (units)	558,200,020
Basic earnings per share (sen)	<u><u>1.22</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:-

	Group	
	31.12.2014	31.12.2013
	RM	RM
Total retained profits of Privasia Technology Berhad and its subsidiaries		
- Realised	14,557,236	8,364,004
- Unrealised	(2,402,334)	(1,503,903)
	<u>12,154,902</u>	<u>6,860,101</u>
Total share of loss from associated company:		
- Realised	-	(30)
Add: Consolidation adjustments	12,217,385	12,233,297
Total group retained profits as per consolidated interim financial statements	<u><u>24,372,287</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 February 2015.