

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

Interim financial statements  
for the period ended 30 September 2014

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

(Incorporated In Malaysia)

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

	<b>As at 30.09.2014</b>	<b>As at 31.12.2013</b>
	<b>RM</b>	<b>RM</b>
<b>Assets</b>		
Property, plant and equipment	28,997,418	27,553,072
Investment property	4,321,398	4,357,223
Intangible assets	36,697,681	36,907,700
Investment	500,000	-
Deferred tax assets	-	54,877
<b>Total non-current assets</b>	<u>70,516,497</u>	<u>68,872,872</u>
Inventories	2,520,513	2,482,226
Work-in-progress	417,078	3,703,384
Tax recoverable	386,792	135,033
Trade and other receivables	24,037,990	19,460,738
Cash and cash equivalents	6,510,138	8,327,242
<b>Total current assets</b>	<u>33,872,511</u>	<u>34,108,623</u>
<b>Total assets</b>	<u><b>104,389,008</b></u>	<u><b>102,981,495</b></u>
<b>Equity</b>		
Share capital	55,820,002	55,820,002
Reserves	20,718,419	19,093,368
Equity attributable to owners of the Company	<u>76,538,421</u>	<u>74,913,370</u>
Non-controlling interests	148,517	281,753
<b>Total equity</b>	<u>76,686,938</u>	<u>75,195,123</u>
<b>Liabilities</b>		
Loans and borrowings	8,966,366	9,963,371
Deferred tax liabilities	1,383,820	1,400,440
<b>Total non-current liabilities</b>	<u>10,350,186</u>	<u>11,363,811</u>
Loans and borrowings	1,307,666	5,734,470
Trade and other payables	16,044,218	10,620,426
Taxation	-	67,665
<b>Total current liabilities</b>	<u>17,351,884</u>	<u>16,422,561</u>
<b>Total liabilities</b>	<u>27,702,070</u>	<u>27,786,372</u>
<b>Total equity and liabilities</b>	<u><b>104,389,008</b></u>	<u><b>102,981,495</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 September 2014**

	Three Months ended 30 September		Nine Months ended 30 September	
	2014	2013	2014	2013
	RM	RM	RM	RM
<b>Continuing operations</b>				
<b>Revenue</b>	17,864,109	13,954,350	45,322,214	43,340,146
Cost of Sales	(12,007,857)	(7,395,727)	(28,163,838)	(26,045,548)
<b>Gross profit</b>	<u>5,856,252</u>	<u>6,558,623</u>	<u>17,158,376</u>	<u>17,294,598</u>
Other income	84,611	87,620	278,890	217,865
Other operating expenses	(3,976,139)	(4,375,272)	(11,662,700)	(9,790,883)
<b>Results from operating activities</b>	<u>1,964,724</u>	<u>2,270,971</u>	<u>5,774,566</u>	<u>7,721,580</u>
Finance income	33,195	41,081	126,527	151,545
Finance costs	(275,282)	(262,116)	(754,528)	(865,144)
<b>Net finance costs</b>	<u>(242,087)</u>	<u>(221,035)</u>	<u>(628,001)</u>	<u>(713,599)</u>
Share of equity accounted associate	-	(958)	-	(958)
<b>Profit before tax</b>	1,722,637	2,048,978	5,146,565	7,007,023
Tax expense	(699,603)	(1,297,957)	(1,980,150)	(3,117,113)
<b>Net profit for the period</b>	<u>1,023,034</u>	<u>751,021</u>	<u>3,166,415</u>	<u>3,889,910</u>
<b>Comprehensive income for the period</b>	<u>1,023,034</u>	<u>751,021</u>	<u>3,166,415</u>	<u>3,889,910</u>
<b>Profit /(loss) attributable to:</b>				
Owner of the company	1,033,371	769,380	3,299,651	3,911,537
Non-controlling interest	(10,337)	(18,359)	(133,236)	(21,627)
<b>Profit for the period</b>	<u>1,023,034</u>	<u>751,021</u>	<u>3,166,415</u>	<u>3,889,910</u>
<b>Comprehensive income / (loss) for the period</b>				
Owner of the company	1,033,371	769,380	3,299,651	3,911,537
Non-controlling interest	(10,337)	(18,359)	(133,236)	(21,627)
<b>Comprehensive income for the period</b>	<u>1,023,034</u>	<u>751,021</u>	<u>3,166,415</u>	<u>3,889,910</u>
<b>Basic earnings per ordinary shares (sen)</b>				
From continuing operations	<u>0.18</u>	<u>0.13</u>	<u>0.57</u>	<u>0.70</u>
<b>Diluted earnings per ordinary shares (sen)</b>				
From continuing operations	<u>0.18</u>	<u>0.13</u>	<u>0.57</u>	<u>0.70</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 September 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	-	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)
<b>As 30 September 2014</b>	55,820,002	20,718,419	76,538,421	148,517	76,686,938

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 September 2014**

	Nine months ended 30.09.2014	Nine months ended 30.09.2013
	RM	RM
<b>Cash flow from operating activities</b>		
Profit before taxation	5,146,565	7,007,023
<i>Adjustment for :</i>		
Amortisation of intangible assets	345,690	1,099,257
Depreciation of investment property	35,825	51,747
Depreciation of property, plant and equipment	5,633,941	5,136,110
Finance income	(126,527)	(151,545)
Finance costs	754,528	865,144
Share of loss of equity accounted associate	-	958
Bad Debts written off	61,085	-
Impairment loss on trade receivables	37,916	-
(Reversal) / provision of impairment loss on trade receivables	(67,085)	72,400
Property, plant and equipment written off	12,435	-
Loss / (gain) on disposal of property, plant and equipment	572	(8,760)
Unrealised loss on foreign exchange	19,090	-
Operating profit before changes in working capital	<u>11,854,035</u>	<u>14,072,334</u>
Change in work-in progress	3,286,306	(2,643,753)
Change in trade and other receivables	(4,650,678)	6,111,965
Change in inventories	(37,957)	(378,078)
Change in trade and other payables	5,423,792	1,349,864
Cash generated from operations	<u>15,875,498</u>	<u>18,512,332</u>
Tax paid	(2,261,316)	(3,952,693)
Interest received	126,527	151,545
<b>Net cash generated from operating activities</b>	<u>13,740,709</u>	<u>14,711,184</u>
<b>Cash flow from investing activities</b>		
Proceeds from disposal of property, plant and equipment	6,900	5,545
Acquisition of intangible assets	(113,252)	(382,175)
Acquisition of property, plant and equipment	(7,098,524)	(9,214,511)
Acquisition of interest in associate	-	(30)
Acquisition of investment	(500,000)	-
<b>Net cash used in investing activities</b>	<u>(7,704,876)</u>	<u>(9,591,171)</u>
<b>Cash flow from financing activities</b>		
Finance costs	(754,528)	(865,144)
(Increase) / decrease in pledged deposits	(138,972)	619,630
Dividend paid	(1,674,600)	(1,674,600)
Repayment of loans and borrowings	(5,423,809)	(6,240,338)
<b>Net cash used in financing activities</b>	<u>(7,991,909)</u>	<u>(8,160,452)</u>
<b>Net (decrease) in cash and cash equivalent</b>	(1,956,076)	(3,040,439)
<b>Cash and cash equivalents at 1 January</b>	6,397,228	11,078,907
<b>Cash and cash equivalents at 30 September</b>	<u>4,441,152</u>	<u>8,038,468</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 30.09.2014	Nine months ended 30.09.2013
Cash and bank balance	1,470,031	5,307,088
Deposit with licensed bank	5,040,107	4,183,836
	<u>6,510,138</u>	<u>9,490,924</u>
Less: Deposit pledged	(2,068,986)	(1,452,456)
	<u>4,441,152</u>	<u>8,038,468</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 30 September 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 nine months ended 30 September 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 September 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 September 2014 is as follows:-

	OSD RM	E-PROC RM	CDIST RM	CSERV RM	SAT RM	ELIMINATION RM	Total RM
Total segment revenue - external	24,308,660	7,083,672	68,002	7,278,924	8,258,503	(1,675,547)	45,322,214
Segment results	6,577,781	6,379,508	16,271	2,020,680	2,164,296	(160)	17,158,376
Other income							278,890
Other operating expenses							(11,662,700)
Results from operating activities							5,774,566
Finance income							126,527
Finance costs							(754,528)
Tax expense							(1,980,150)
Net profit for the period							3,166,415
Segment assets	57,456,649	7,042,657	4,686,450	6,732,796	7,184,815	(39,828,496)	43,274,871
Unallocated assets							61,114,137
Total assets							104,389,008
Segment liabilities	21,702,811	-	4,685,654	12,007,947	3,408,287	(17,498,812)	24,305,887
Unallocated liabilities							3,396,183
Total liabilities							27,702,070

**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**

The Company had on 18 September 2014 acquired 100% of the share capital of Privagen Sdn. Bhd. (PRIVAGEN) (Formerly known as Liberty Mining Sdn. Bhd.) comprising of 2 (Two) Ordinary Shares of RM1.00 each fully paid up for cash consideration of RM2.00.

PRIVAGEN was incorporated on 19 September 2012 with an authorised share capital of RM100,000.00 and an issued and fully paid up capital of RM2.00 divided into 2 ordinary shares of RM1.00 each.

There were no other 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 third quarter results ended 30 September 2014 (3Q14) saw group revenue strengthened by 28.0% to RM17.9 million from RM14.0 million previously, mainly on the back of healthy double-digit growth in the Outsourcing and Consulting (OSD) and Satellite based network services (SAT) segments.

Lower gross profit margins from certain projects in the quarter saw 3Q14 profit before tax (PBT) dropped to RM1.7 million from RM2.0 million previously. However net profit for 3Q14 jumped 34.3% to RM1.0 million from RM0.8 million previously, as previously the Group incurred additional tax expenses for YA2012 in 3Q13.

Meanwhile, for the Group's cumulative nine months ended 30 September 2014 (9m14), group revenue grew 4.6% to RM45.3 million from RM43.3 million previously. 9m14 PBT and net profit was recorded at RM5.1 million and RM3.2 million respectively, as compared to RM7.0 million and RM3.9 million in the cumulative nine months of the previous year.

**Comparison with preceding quarter**

Group revenue in 3Q14 jumped 30.2% to RM17.9 million from RM13.7 million on 2Q14. Group PBT and net profit also improved favourably quarter-on-quarter to RM1.7 million and RM1.0 million respectively in 3Q14, as compared to RM1.3 million and RM0.9 million respectively in 2Q14.

**14 Future prospects**

The Group will actively grow its current business segments, and has been awarded various long term contracts to this end, including JUPEM and Kuantan Port.

Together with the ongoing OSD orderbook, the Group's total orderbook amounts to RM159.3 million which will last us till 2020.

The Group has also witnessed a turnaround for Privanet by focusing on niche sectors such as telecommunications and broadcasting sectors in Malaysia and the region, including Indonesia.

We are optimistic of our prospects going forward.

**15 Income tax expenses**

	Current quarter Three months ended 30 September		3rd quarter Nine months ended 30 September	
	2014	2013	2014	2013
	RM	RM	RM	RM
<b>Current tax</b>				
-Current year	952,109	810,498	2,211,822	2,453,259
-Prior year	-	306,083	(269,930)	306,083
	<u>952,109</u>	<u>1,116,581</u>	<u>1,941,892</u>	<u>2,759,342</u>
<b>Deferred tax</b>				
Origination and reversal of temporary differences	(252,506)	181,376	38,258	357,771
Tax expenses from continuing operations	<u>699,603</u>	<u>1,297,957</u>	<u>1,980,150</u>	<u>3,117,113</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 March 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

	Nine months ended 30 September	
	2014	2013
<b>Profit for the period is arrived at after charging:</b>		
Amortisation of intangible assets	270,814	442,366
Amortisation of development cost	74,876	656,891
Depreciation of investment properties	35,825	51,747
Depreciation of property, plant and equipment	5,633,941	5,136,110
Property, plant and equipment written off	12,435	-
Bad Debts written off	61,085	-
Impairment loss on trade receivables	37,916	-
(Reversal) / provision of impairment loss on trade receivables	(67,085)	72,400
Unrealised loss on foreign exchange	19,090	-
Loss / (gain) on disposal of property, plant and equipment	572	(8,760)
Finance costs	754,528	865,144
Finance income	(126,527)	(151,545)

## 22 Derivative financial instruments

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

There is no change to the Group's financial risk management policies and objectives in managing these 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 September 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.

	Nine months ended 30.09.2014
Profit attributable to equity holders (RM)	3,299,651
Profit attributable to non-controlling interests (RM)	(133,236)
Profit for the period (RM)	3,166,415
Weighted average number of ordinary shares in issue (units)	558,200,020
Basic earnings per share (sen)	0.57

### (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	
	30.09.2014	31.12.2013
	RM	RM
Total retained profits of Privasia Technology Berhad and its subsidiaries		
- Realised	9,720,461	8,364,004
- Unrealised	(1,368,545)	(1,503,903)
	8,351,916	6,860,101
Total share of loss from associated company:		
- Realised	-	(30)
Add: Consolidation adjustments	12,366,503	12,233,297
Total group retained profits as per consolidated interim financial statements	20,718,419	19,093,368

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 25 November 2014.