

**Privasia Technology Berhad**

200801023769 (825092-U)

*(Incorporated In Malaysia)*

**Unaudited Condensed Consolidated  
Interim Financial Statements  
for the 4th Quarter Ended 31 December 2020**

**PRIVASIA TECHNOLOGY BHD 200801023769 (825092-U)***(Incorporated In Malaysia)***Unaudited Condensed Consolidated Interim Financial Statements****Unaudited Condensed Consolidated Statements of Financial Position as at 31 December 2020**

	<u>Note</u>	<b>As At 31 December 2020</b>	<b>As At 31 December 2019</b>
			<b>RM</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment		19,629,625	26,360,712
Investment property		2,167,554	2,194,149
Goodwill		31,888,234	35,216,234
Other intangible assets		7,380,375	7,207,757
Investment in associates		68,750	-
Deferred tax assets		300,000	300,000
<b>Total non-current assets</b>		<u>61,434,538</u>	<u>71,278,852</u>
<b>Current Assets</b>			
Inventories		469,350	1,076,737
Trade receivables		7,034,034	8,502,828
Unbilled revenue		4,917,067	4,773,888
Other receivables, deposits and prepayments		3,087,559	3,396,036
Current tax assets		175,338	172,188
Deposits, cash and bank balances		16,233,366	6,837,233
<b>Total current assets</b>		<u>31,916,714</u>	<u>24,758,910</u>
<b>TOTAL ASSETS</b>		<u><b>93,351,252</b></u>	<u><b>96,037,762</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		62,630,042	55,820,002
Exchange reserve		(10,351)	(8,221)
Retained earnings		420,849	6,605,060
		<u>63,040,540</u>	<u>62,416,841</u>
Non-controlling interests		(633,955)	(503,262)
<b>TOTAL EQUITY</b>		<u>62,406,585</u>	<u>61,913,579</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Loans and borrowings	8	8,547,245	10,975,658
Deferred tax liabilities		1,103,928	1,042,220
<b>Total non-current liabilities</b>		<u>9,651,173</u>	<u>12,017,878</u>
<b>Current liabilities</b>			
Loans and borrowings	8	8,146,774	10,593,995
Trade payables		4,036,001	5,939,866
Other payables and accruals		8,687,409	5,418,703
Current tax Liabilities		423,310	153,741
<b>Total current liabilities</b>		<u>21,293,494</u>	<u>22,106,305</u>
<b>TOTAL LIABILITIES</b>		<u>30,944,667</u>	<u>34,124,183</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>93,351,252</b></u>	<u><b>96,037,762</b></u>
<b>Net assets per share (RM)</b>		<u>0.10</u>	<u>0.11</u>

*The unaudited condensed consolidated interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2019 and the notes to the unaudited condensed consolidated interim financial statements.*

**PRIVASIA TECHNOLOGY BHD 200801023769 (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 financial year ended 31 December 2020**

	<i>Note</i>	INDIVIDUAL QUARTER			
		Current Year	Preceding Year	Year-to-date	Year-to-date
		Three months ended 31 December 2020	Three months ended 31 December 2019 <i>Restated</i>	31 December 2020	31 December 2019 <i>Restated</i>
		RM	RM	RM	RM
<b>Revenue</b>		10,848,931	10,821,621	41,555,553	38,728,615
Cost of sales		(8,276,786)	(6,577,118)	(29,512,699)	(27,515,560)
<b>Gross profit</b>		<u>2,572,145</u>	<u>4,244,503</u>	<u>12,042,854</u>	<u>11,213,055</u>
Other income		75,603	211,726	427,756	582,574
Other expenses		(3,006,975)	(3,547,783)	(13,595,706)	(15,432,256)
Impairment losses					
- Trade receivables		-	(35,525)	(58,017)	(272,193)
- Amount owing from associate (non-trade)		(49,802)	-	(49,802)	-
Reversal of impairment losses on trade receivables		36,791	140,755	631,667	1,319,242
<b>Operating profit / (loss) before impairment of goodwill</b>		<u>(372,238)</u>	<u>1,013,676</u>	<u>(601,248)</u>	<u>(2,589,578)</u>
Impairment loss on goodwill		(3,328,000)	(468,996)	(3,328,000)	(468,996)
<b>Operating profit / (loss) after impairment of goodwill</b>		<u>(3,700,238)</u>	<u>544,680</u>	<u>(3,929,248)</u>	<u>(3,058,574)</u>
Finance costs		(195,432)	(64,339)	(950,779)	(1,398,388)
<b>(Loss) / Profit before taxation</b>	24	<u>(3,895,670)</u>	<u>480,341</u>	<u>(4,880,027)</u>	<u>(4,456,962)</u>
Income tax expense	18	19,089	(783,233)	(1,434,877)	(784,726)
<b>Net loss for the period / year</b>		<u>(3,876,581)</u>	<u>(302,892)</u>	<u>(6,314,904)</u>	<u>(5,241,688)</u>
Exchange differences on translation of foreign operation		(1,808)	5,422	(2,130)	(3,373)
<b>Total Comprehensive loss for the period / year</b>		<u>(3,878,389)</u>	<u>(297,470)</u>	<u>(6,317,034)</u>	<u>(5,245,061)</u>
<b>Loss attributable to:</b>					
Owners of the company		(3,816,992)	(102,294)	(6,184,211)	(4,661,184)
Non-controlling interests		(59,589)	(200,598)	(130,693)	(580,504)
<b>Net loss for the period / year</b>		<u>(3,876,581)</u>	<u>(302,892)</u>	<u>(6,314,904)</u>	<u>(5,241,688)</u>
<b>Total Comprehensive loss for the period / year</b>					
Owners of the company		(3,818,800)	(96,872)	(6,186,341)	(4,664,557)
Non-controlling interests		(59,589)	(200,598)	(130,693)	(580,504)
<b>Total Comprehensive loss for the period / year</b>		<u>(3,878,389)</u>	<u>(297,470)</u>	<u>(6,317,034)</u>	<u>(5,245,061)</u>
<b>Loss per share attributable to owners of the Company (sen)</b>					
- Basic & Diluted	25	<u>(0.62)</u>	<u>(0.02)</u>	<u>(1.01)</u>	<u>(0.84)</u>

The unaudited condensed consolidated interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2019 and the notes to the unaudited condensed consolidated interim financial statements.

**PRIVASIA TECHNOLOGY BHD 200801023769 (825092-U)**

(Incorporated In Malaysia)

**Unaudited Condensed Consolidated Interim Financial Statements****Unaudited condensed consolidated statement of changes in equity for the financial year ended 31 December 2020**

	<-----Attributable to owners of the Company----->					Total equity
	Non-distributable	<-----Distributable----->			Non-controlling Interests	
	Share capital	Exchange reserve	Retained earnings	Sub Total		
<b>At 1 January 2019</b>	55,820,002	(4,848)	12,410,380	68,225,534	(1,106,873)	67,118,661
Total comprehensive loss for the period	-	(3,373)	(4,661,184)	(4,664,557)	(580,504)	(5,245,061)
Change in ownership interests in a subsidiary	-	-	(1,144,136)	(1,144,136)	1,184,115	39,979
<b>At 31 December 2019</b>	<u>55,820,002</u>	<u>(8,221)</u>	<u>6,605,060</u>	<u>62,416,841</u>	<u>(503,262)</u>	<u>61,913,579</u>
<b>At 1 January 2020</b>	55,820,002	(8,221)	6,605,060	62,416,841	(503,262)	61,913,579
Issue of ordinary shares	6,810,040	-	-	6,810,040	-	6,810,040
Total comprehensive loss for the period	-	(2,130)	(6,184,211)	(6,186,341)	(130,693)	(6,317,034)
<b>At 31 December 2020</b>	<u>62,630,042</u>	<u>(10,351)</u>	<u>420,849</u>	<u>63,040,540</u>	<u>(633,955)</u>	<u>62,406,585</u>

The unaudited condensed consolidated interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2019 and the notes to the unaudited condensed consolidated interim financial statements.

**PRIVASIA TECHNOLOGY BHD 200801023769 (825092-U)**

(Incorporated In Malaysia)

**Unaudited Condensed Consolidated Interim Financial Statements****Unaudited condensed consolidated statement of cash flows for the financial year ended 31 December 2020**

	Year ended 31 December 2020 RM	Year ended 31 December 2019 RM
<b>Cash flow from operating activities</b>		
Loss before tax	(4,880,027)	(4,456,962)
<i>Adjustments for:</i>		
Amortisation of intangible assets	661,674	874,825
Depreciation of investment property	26,596	26,596
Depreciation of property, plant and equipment	7,210,643	7,298,574
Finance income	(181,447)	(219,485)
Finance costs	950,779	1,398,388
Written off of inventories	622	216
Written down of inventories	-	84,396
Reversal of inventories written down	(1,350)	-
Reversal of impairment loss on trade receivables	(631,667)	(1,319,242)
Impairment loss on trade receivables	58,017	272,193
Impairment loss on amount owing from associate (non-trade)	49,802	-
Impairment loss on goodwill	3,328,000	468,996
Bad debts written off	376,043	546,915
Deposit written off	-	82,900
Property, plant and equipment written off	33,881	72,340
Gain on disposal of property, plant and equipment	(1,814)	(49,938)
Intangible assets written off	3,573	-
Unrealised loss/(gain) on foreign exchange	(11,589)	43,998
Operating profit before working capital changes	6,991,736	5,124,710
Change in inventories	608,115	159,553
Change in trade and other receivables	1,781,897	10,022,719
Change in trade and other payables	1,724,944	(2,468,016)
Net cash generated from operations	11,106,692	12,838,966
Tax refunded	-	1,124,035
Tax paid	(1,106,750)	(1,099,965)
Interest paid	(950,779)	(1,398,388)
Interest received	181,447	219,485
Net cash from operating activities	9,230,610	11,684,133
<b>Cash flows from investing activities</b>		
Proceeds from disposal of property plant and equipment	2,521	644,936
Acquisition of interest in subsidiaries, net of cash	-	39,979
Acquisition of intangible assets	(1,257,124)	(2,048,476)
Purchase of property, plant and equipment	(512,152)	(4,087,881)
Net cash used in investing activities	(1,766,755)	(5,451,442)
<b>Cash flow from financing activities</b>		
Withdrawal / (Placement) of deposits	2,077,993	(1,084,857)
Net repayment of loans & borrowings	(3,149,589)	(7,078,633)
Proceeds from issue of share capital	6,810,040	-
Net cash used in financing activities	5,738,444	(8,163,490)
<b>Net increase/(decrease) in cash and cash equivalent</b>	13,202,299	(1,930,799)
<b>Cash and cash equivalents at the beginning of the year</b>	(2,068,823)	(134,648)
<b>Exchange rate adjustment</b>	(2,130)	(3,376)
<b>Cash and cash equivalents at the end of the year</b>	11,131,346	(2,068,823)

	Year ended 31 December 2020 RM	Year ended 31 December 2019 RM
<b>Cash and cash equivalents at the end of the financial year comprised the following:</b>		
Fixed deposits	12,456,040	5,620,796
Cash and bank balances	<u>3,777,326</u>	<u>1,216,437</u>
	16,233,366	6,837,233
Less: Pledged deposits with licensed banks	(3,277,552)	(5,355,545)
Bank overdrafts	<u>(1,824,468)</u>	<u>(3,550,511)</u>
Cash and cash equivalent as presented in the condensed consolidated statement of cash flows	<u><u>11,131,346</u></u>	<u><u>(2,068,823)</u></u>

*The unaudited condensed consolidated interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2019 and the notes to the unaudited condensed consolidated interim financial statements.*

**A. 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 the auditors in accordance with ISRE 2410.

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 2019 and are available upon request from the Company's registered office at No. 62C, Jalan SS21/62, 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 year ended 31 December 2020.

**2 Significant accounting policies**

Unless otherwise stated, 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 2019.

**3 Estimates**

There were no material changes in estimates of amount reported in prior financial periods which 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 except for an impairment of goodwill amounting to RM3,328,000.

**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**

Saved as disclosed below, there was no issuance, cancellation, repurchase, resale or repayment of debt securities and equity securities during the financial quarter ended 31 December 2020.

	Amount RM	No of Shares
<b>Issued and paid up ordinary shares</b>		
At 01 October 2020	55,820,002	558,200,020
Private Placement	6,810,040	55,820,000
At 31 December 2020	<u>62,630,042</u>	<u>614,020,020</u>

**7 Dividend**

There were no dividends declared/recommended and paid to the shareholders by the Company during the financial year under review.

**8 Loans and borrowings**

	Group	
	31 December 2020 RM	31 December 2019 RM
<b>Non-current</b>		
Term loans	8,473,455	9,844,425
Lease liabilities	73,790	1,131,233
	<u>8,547,245</u>	<u>10,975,658</u>
<b>Current</b>	<b>RM</b>	<b>RM</b>
Term loans	3,842,341	4,150,081
Lease liabilities	1,072,042	2,005,461
Bankers' acceptances	1,407,924	887,942
Bank overdrafts	1,824,467	3,550,511
	<u>8,146,774</u>	<u>10,593,995</u>
<b>Total</b>	<u>16,694,019</u>	<u>21,569,653</u>

**9 Segmental reporting**

The Group has four 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 monthly basis. The following summary describes the operations in each of the Group's current reportable segments:

**(i) Information Technology ("IT")**

IT infrastructure outsourcing, consultancy and systems integration and procurement management.

**(ii) 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.

**(iii) Satellite-based network services ("SAT")**

Provision of 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.

**(iv) Investment Holding**

Investment holding and provision of management services.

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.

## 9 Segmental reporting (continue)

The analysis of the Group's operations for the financial period ended 31 December 2020 is as follows:-

	Investment Holdings RM	IT RM	ICT RM	SAT RM	Elimination RM	Total RM
Total segment revenue	6,056,827	34,717,858	6,489,874	2,390,699	(8,099,705)	41,555,553
Gross profit	6,056,827	12,984,682	516,425	(1,338,076)	(6,177,004)	12,042,854
Other income	4,827	4,331,303	116,867	26,027	(4,051,268)	427,756
Other expenses	(12,037,035)	(13,157,920)	(2,021,429)	(1,448,916)	15,593,442	(13,071,858)
<b>Results from operations</b>	<b>(5,975,381)</b>	<b>4,158,065</b>	<b>(1,388,137)</b>	<b>(2,760,965)</b>	<b>5,365,170</b>	<b>(601,248)</b>
Impairment loss on goodwill						(3,328,000)
Finance costs						(950,779)
Income tax expense						(1,434,877)
<b>Net loss for the period</b>						<b>(6,314,904)</b>
<b>Segment assets</b>	<b>76,373,509</b>	<b>84,233,717</b>	<b>14,589,676</b>	<b>2,824,822</b>	<b>(84,670,472)</b>	<b>93,351,252</b>
<b>Segment liabilities</b>	<b>33,688,408</b>	<b>34,919,678</b>	<b>11,558,459</b>	<b>3,813,142</b>	<b>(53,035,020)</b>	<b>30,944,667</b>

## 10 Material events subsequent to the end of the interim period

On 16 February 2021, Privanet Sdn Bhd, a wholly-owned subsidiary had entered into a Shareholders' Agreement with Ng Sau Foong and Mr Mohamad Firhan Bin Mohd Basheer for the purpose of regulating the relationship between the shareholders in Strategos Advisory Sdn Bhd ("SASB") upon the acquisition of 600 ordinary shares, representing 60% of the total issued share capital of SASB, for a total consideration of RM1.

## 11 Change in composition of the Group

Saved as disclosed below, there were no changes in the composition of the Group during the financial period ended 31 December 2020.

(i) On 2 November 2020, Privasat Sdn Bhd, a wholly-owned direct subsidiary of the Company entered into a Subscription and Shareholders Agreement with Uzma Teras Sdn Bhd and Mr Tan Keng Ooi to acquire 25% of equity interest in MAPRI Sdn Bhd for a total consideration of RM68,750.

(ii) On 10 December 2020, the Company incorporated Finanshere Sdn Bhd ("FSB") by way of issuance of 100 ordinary shares of RM1 each, and acquired 60% of equity interest in FSB for a total consideration of RM60.

## 12 Changes in contingent liabilities or contingent assets

There were no material contingent liabilities or contingent assets as at the date of this report.

## 13 Capital commitments

There were no material capital commitments for the purchase of property, plant and equipment incurred or known to be incurred for the 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 2019.

### Fair value information

The carrying amounts of cash and cash equivalents, short term receivables, payables and short term borrowings reasonably approximate to their fair values due to the relatively short term nature of these financial instruments.

There have been no transfers between Level 1 and Level 2 during the financial year under review.

## B. ADDITIONAL INFORMATION REQUIRED PURSUANT TO APPENDIX 9B OF THE ACE MARKET LISTING REQUIREMENTS OF BURSA SECURITIES

## 15 Review of performance

### Fourth Quarter Review

The Group recorded a marginal increase of revenue to RM10.85 million for the current financial quarter ended 31 December 2020 (4Q20), as compared to RM10.82 million in the previous corresponding quarter ended 31 December 2019 (4Q19).

The Information Technology (IT) division's revenue dropped 2.6% from RM9.1 million to RM8.8 million compared to 4Q19. Lower margin has resulted in lower operating profit to RM1.0 million compared to RM2.6 million in 4Q19.

The Information Communication Technology (ICT) division's revenue declined to RM1.7 million from RM2.0 million compared to 4Q19. Despite lower revenue and profit margin, this division reported a lower operating loss of RM0.4 million in 4Q20 compared to RM0.6 million in 4Q19 due to cost savings.

The revenue of satellite-based services (SAT) division remained at RM0.5 million as compared to 4Q19. Operating loss improved slightly to 0.8 million compared to 0.9 million in 4Q19.

The Group reported a pre-tax loss and net loss of RM3.9 million, compared to a pre-tax profit and net loss of RM0.5 million and RM0.3 million in 4Q19, mainly attributable to impairment loss on goodwill.

### 12 Months Review

For the twelve months ended 31 December 2020, Privasia recorded an increase of 7% revenue to RM41.6 million, as compared to RM38.7 million in the previous year's twelve months ended 31 December 2019.

Revenue for the IT division stood at RM34.7 million, compared to RM29.5 million in year 2019. Higher revenue had resulted in improved operating profit from RM3.8 million in year 2019 to RM4.2 million in year 2020.

The revenue of ICT division in year 2020 declined to RM6.5 million from RM7.7 million mainly due to discontinuation of high risk and low margin Radio Frequency Planning and Optimisation jobs. As a result, year 2020 recorded a lower operating loss of RM1.4 million as compared to RM2.2 million in year 2019.

The SAT division revenue recorded a marginal increase from RM2.3 million to RM2.4 million compared to year 2019. On-going cost saving measures has resulted the operating loss narrowed to RM2.8 million, as compared to RM3.7 million in year 2019.

The Group recorded pre-tax loss of RM4.9 million and RM4.5 million for year 2020 and 2019 respectively. Despite the higher revenue and overall cost saving measures in 2020, the higher pre-tax loss was due to the impairment loss on goodwill of the subsidiaries in the ICT division of RM3.3 million, as a result of a prudent measure taken by the management to reflect the economic value of certain existing assets. This effectively resulted in a marginal core operating loss of RM1.6 million which is lower than the previous year of RM4.0 million. The higher tax of RM1.4 million incurred by a profit-making subsidiary compared to RM0.8 million in the previous year contributed to the loss after tax of RM6.3 million in 2020.



## 15 Review of performance (continued)

### Comparison with Immediate preceding quarter

	Current Quarter	Immediate
	31 December 2020	Preceding Quarter
	RM	30 September 2020
		RM
<b>Group Result</b>		
Revenue	10,848,931	11,068,567
Gross profit	2,572,145	3,697,764
(Loss)/ Profit before interest and taxation	(372,238)	553,350
(Loss)/ Profit before taxation	(3,895,670)	297,166
Loss after taxation	(3,876,581)	(506,191)
Loss attributable to owners of the company	(3,816,992)	(485,481)

The Group recorded a loss before tax RM3.9 million for the current quarter, as compared to profit before tax RM0.3 million in the immediate preceding quarter. This was mainly due to impairment loss on goodwill of RM3.3 million.

## 16 Future prospects

The market outlook remains challenging as the COVID-19 pandemic continues to linger. Measures taken to curb the spread of the pandemic have caused the world to experience adverse impacts namely disruption of supply chain, slowdown in business activities and travel restrictions.

Amidst the various challenges and uncertainties, there may be a silver lining on the horizon as the COVID-19 vaccine is being deployed. We therefore prefer to maintain an optimistic outlook. Also, despite the unfavourable market conditions, the pandemic has in fact accelerated the pace for digitalisation. This has transformed many businesses to be more supportive and embrace usage of cloud-based IT and Fintech solutions. Privasia is seizing this opportunity to cater for the increasing demand for such adoption and digitisation of business services. Apart from that, the Group will benefit from technology advancement which will be driven by the new applications for 5G, cloud computing, Industry 4.0 and artificial intelligence.

In February 2021, the Government launched the MyDIGITAL initiative that includes a RM15 billion investment over the next 10 years on 5G rollout across Malaysia. In addition, there will be investments of RM12 billion to RM15 billion from cloud service providers (CSP) namely Microsoft, Google, Amazon and Telekom over the next 5 years to build hyperscale data centres and cloud services.

We believe in the value of our offerings to fulfil corporations' requirements for cost and operations efficiencies. Thus, we will leverage on our expertise and continue to persevere to meet the demands of the industry.

The IT division will remain the main revenue contributor as the awareness and adoption of our Intellectual Property (IP) products, namely ProcureHere and Port Management Solutions (iTAP) continue to rise. We will also continue to deliver our outsourcing projects to our clients. Moving forward, we will be actively looking to enhance our IP portfolio, particularly with next generation technologies.

Our outsourcing solutions have expanded to include automation and IOT solutions. We are using a foundation of artificial intelligence and data analytics to provide these services.

For ProcureHere, our eProcurement product attracted much interest which has translated into new customers. We believe this product will contribute more to our revenue as we continue to introduce and implement enhanced value added features such as spend analytics, contract management and vendor management in Q3 2020.

Due to the rapidly growing adoption of Fintech, we have started the development of FinansHere which we plan to launch in Q2 2021. FinansHere is an evolution of ProcureHere from a business tool to a Fintech solution to provide Shariah compliant supply chain financing to facilitate working capital financing for SMEs. Aside from optimising businesses' supply chain, this platform will also strengthen relationship between buyers and sellers as well as provide optimum risk return investments to funders.

We have spent the better part of this year focusing on the redevelopment of our iTAP solution, to include a cloud-based version with more automation and data analysis features. As a result, we have managed to secure new contracts from existing clients to enhance their iTAP experience including in areas of gate automation and paperless document processing. The newly enhanced solution also allows us to target additional ports of different sizes offering better 'features and price flexibility'.

For our ICT division, we have expanded our service scope besides In-building Coverage (IBC) and Outside Plant (OSP) to the last mile enterprise services (on-net services).

We will continue to deliver on our order book, with the current balance standing at approximately RM45 million. The Group will also be keeping a keen eye for any opportunities in the technology space to boost future performance.

## 17 Variance on profit forecast

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

## 18 Income tax expense

	Current quarter ended		Cumulative quarter ended	
	31 December		31 December	
	2020	2019	2020	2019
	RM	RM	RM	RM
<b>Current tax</b>				
- Current year	409,668	184,871	1,304,086	910,871
- Prior year	69,083	(20,658)	69,083	342,835
	<hr/>	<hr/>	<hr/>	<hr/>
	478,751	164,213	1,373,169	1,253,706
<b>Deferred tax</b>				
Origination and reversal of temporary differences	(1,210,795)	420,029	(651,247)	(667,971)
Under provision in prior financial years	712,955	198,991	712,955	198,991
	<hr/>	<hr/>	<hr/>	<hr/>
	(19,089)	783,233	1,434,877	784,726

## 19 Unquoted investments and properties

There were no purchase or disposal of unquoted investments and properties during the financial period under review.

## 20 Status of corporate proposals announced

Saved as disclosed below, there were no other corporate proposals announced as at the date of this report:

On 9 September 2020, the Company proposed to undertake the private placement of new ordinary shares representing approximately 10% of the total number of issued shares of the Company to third party investor(s). Bursa had, vide its letter dated 30 September 2020, approved the listing and quotation of up to 55,820,000 Placement shares.

The private placement was completed on 2 December 2020 following the listing of and the quotation of:

(i) On 27 November 2020, first tranche of the Private Placement had been completed following the listing of and quotation for the 27,910,000 placement shares at an issue price RM0.123 each and raised RM3,432,930 in the ACE Market of Bursa Malaysia Securities Berhad.

(ii) On 2 December 2020, second tranche of the Private Placement had been completed following the listing of and quotation for the 27,910,000 placement shares at an issue price RM0.121 each and raised RM3,377,110 in the ACE Market of Bursa Malaysia Securities Berhad

The details of utilisation of the proceeds to-date were as follows:

Details of Utilisation	Proposed utilisation	Actual utilisation	Remaining amount	Expected utilisation time frame
	(RM'000)	(RM'000)	(RM'000)	
Bank borrowings	3,123	3,123	-	Fully utilised
Working capital	3,577	2,440	1,137	Within 12 months
Estimated expenses	110	110	-	Fully utilised
<b>Total</b>	<b>6,810</b>	<b>5,673</b>	<b>1,137</b>	

## 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 were no material litigations as at the date of this report.

## 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 2019 was not qualified.

## 24 (Loss) / Profit before taxation

	Current quarter ended 31 December		Cumulative quarter ended 31 December	
	2020 RM	2019 RM	2020 RM	2019 RM
<b>Loss for the period is arrived at after charging/ (crediting):</b>				
Amortisation of intangible assets	189,871	362,791	661,674	874,825
Depreciation of investment properties	6,649	6,649	26,596	26,596
Depreciation of property, plant and equipment	1,829,668	1,609,352	7,210,643	7,298,574
Property, plant and equipment written off	381	(3)	33,881	72,340
Reversal of impairment loss on trade receivables	(36,791)	(140,755)	(631,667)	(1,319,242)
Impairment loss on trade receivables	-	35,525	58,017	272,193
Impairment loss on amount owing from associate (non-trade)	49,802	-	49,802	-
Impairment loss on goodwill	3,328,000	468,996	3,328,000	468,996
Bad debts written off	-	9,779	376,043	546,915
Unrealised (gain)/loss on foreign exchange	(16,577)	69,220	(11,589)	43,998
Realised loss on foreign exchange	(18,752)	(1,361)	45,210	37,433
Gain on disposal of property, plant and equipment	(265)	(108)	(1,814)	(49,938)
Written off of inventories	-	-	622	216
Written down of inventories	-	14,799	-	84,396
Reversal of inventories written down	-	-	(1,350)	-
Finance costs	195,432	64,339	950,779	1,398,388
Finance income	(40,683)	(95,349)	(181,447)	(219,485)

## 25 Loss per share

(a) Basic & diluted loss per share

Basic loss per share is calculated by dividing the loss after taxation for the period by the weighted average number of ordinary shares in issue during the period.

	Current quarter ended 31 December		Cumulative quarter ended 31 December	
	2020	2019	2020	2019
Loss attributable to equity holders (RM)	(3,816,992)	(102,294)	(6,184,211)	(4,661,184)
Weighted average number of ordinary shares in issue (units)	614,020,020	558,200,020	614,020,020	558,200,020
Basic loss per share (sen)	<u>(0.62)</u>	<u>(0.02)</u>	<u>(1.01)</u>	<u>(0.84)</u>

## 26 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 31 March 2021.