

Privasia Technology Berhad
200801023769 (825092-U)
(Incorporated In Malaysia)

**Unaudited Condensed Consolidated
Interim Financial Statements
for the 1st Quarter Ended 31 March 2022**

PRIVASIA TECHNOLOGY BHD 200801023769 (825092-U)

(Incorporated In Malaysia)

Unaudited Condensed Consolidated Interim Financial Statements

Unaudited Condensed Consolidated Statement of Financial Position as at 31 March 2022

	<u>Note</u>	As at 31 March 2022	As at 31 December 2021
ASSETS			
Non-current assets			
Property, plant and equipment		15,532,067	13,096,687
Investment property		1,819,309	1,825,957
Goodwill		31,888,234	31,888,234
Other intangible assets		7,183,210	7,201,900
Investment in associates		-	-
Deferred tax assets		300,000	300,000
Total non-current assets		<u>56,722,820</u>	<u>54,312,778</u>
Current assets			
Inventories		484,354	477,889
Current tax assets		149,122	190,582
Trade receivables		7,283,241	7,239,933
Other receivables, deposits and prepayments		8,283,764	4,611,077
Contract assets		4,900,737	5,709,039
Deposits, cash and bank balances		10,219,425	10,329,550
Total current assets		<u>31,320,643</u>	<u>28,558,070</u>
TOTAL ASSETS		<u>88,043,463</u>	<u>82,870,848</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		62,630,042	62,630,042
Exchange reserve		(22,142)	(18,020)
Accumulated losses		(2,887,588)	(1,678,344)
		<u>59,720,312</u>	<u>60,933,678</u>
Non-controlling interests		(1,178,899)	(928,435)
TOTAL EQUITY		<u>58,541,413</u>	<u>60,005,243</u>
LIABILITIES			
Non-current liabilities			
Loans and borrowings	8	7,827,432	5,875,550
Deferred tax liabilities		152,535	-
Total non-current liabilities		<u>7,979,967</u>	<u>5,875,550</u>
Current liabilities			
Loans and borrowings	8	7,625,765	6,634,229
Trade payables		6,256,700	2,905,425
Other payables and accruals		5,822,837	5,964,289
Contract liabilities		1,704,063	1,309,378
Current tax liabilities		112,718	176,734
Total current liabilities		<u>21,522,083</u>	<u>16,990,055</u>
TOTAL LIABILITIES		<u>29,502,050</u>	<u>22,865,605</u>
TOTAL EQUITY AND LIABILITIES		<u>88,043,463</u>	<u>82,870,848</u>
Net assets per share (RM)		<u>0.10</u>	<u>0.10</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 2021 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 profit or loss and other comprehensive income for the financial period ended 31 March 2022

	<u>Note</u>	Current year Three months ended 31 March 2022	Preceding year Three months ended 31 March 2021	Year-to-date 31 March 2022	Year-to-date 31 March 2021
		RM	RM	RM	RM
Revenue		7,237,130	8,981,666	7,237,130	8,981,666
Cost of sales		(5,377,338)	(6,670,960)	(5,377,338)	(6,670,960)
Gross profit		<u>1,859,792</u>	<u>2,310,706</u>	<u>1,859,792</u>	<u>2,310,706</u>
Other income		62,266	1,397,888	62,266	1,397,888
Other expenses		(2,991,017)	(3,351,759)	(2,991,017)	(3,351,759)
Net reversal of impairment losses on financial instruments		42,039	47,869	42,039	47,869
Results from operation		<u>(1,026,920)</u>	<u>404,704</u>	<u>(1,026,920)</u>	<u>404,704</u>
Finance costs		(145,581)	(161,854)	(145,581)	(161,854)
(Loss)/Profit before taxation	24	<u>(1,172,501)</u>	<u>242,850</u>	<u>(1,172,501)</u>	<u>242,850</u>
Income tax expense	18	(287,207)	(8,356)	(287,207)	(8,356)
Net (loss)/profit for the period		<u>(1,459,708)</u>	<u>234,494</u>	<u>(1,459,708)</u>	<u>234,494</u>
Exchange differences on translation of foreign operation		(4,122)	(7,177)	(4,122)	(7,177)
Total comprehensive (loss)/profit for the period		<u>(1,463,830)</u>	<u>227,317</u>	<u>(1,463,830)</u>	<u>227,317</u>
(Loss)/Profit attributable to:					
Owners of the Company		(1,209,244)	282,501	(1,209,244)	282,501
Non-controlling interests		(250,464)	(48,007)	(250,464)	(48,007)
Net (loss)/profit for the period		<u>(1,459,708)</u>	<u>234,494</u>	<u>(1,459,708)</u>	<u>234,494</u>
Total comprehensive (loss)/income for the period					
Owners of the Company		(1,213,366)	275,324	(1,213,366)	275,324
Non-controlling interests		(250,464)	(48,007)	(250,464)	(48,007)
Total comprehensive (loss)/income for the period		<u>(1,463,830)</u>	<u>227,317</u>	<u>(1,463,830)</u>	<u>227,317</u>
Loss/(Earnings) per share attributable to owners of the Company (sen)					
- Basic	25	<u>(0.20)</u>	<u>0.05</u>	<u>(0.20)</u>	<u>0.05</u>
- Diluted	25	<u>(0.20)</u>	<u>0.05</u>	<u>(0.20)</u>	<u>0.05</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 2021 and the notes to the unaudited condensed consolidated interim financial statements.

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Unaudited Condensed Consolidated Interim Financial Statements

Unaudited condensed consolidated statement of changes in equity for the financial period ended 31 March 2022

	<-----Attributable to owners of the Company----->					
	Non-distributable			<-----Distributable----->		
	Share capital	Exchange reserve	Retained earnings /(Accumulated losses)	Sub-total	Non- controlling Interests	Total equity
	RM	RM	RM	RM	RM	RM
At 1 January 2021	62,630,042	(10,352)	293,228	62,912,918	(641,058)	62,271,860
Total comprehensive income for the period	-	(7,177)	282,501	275,324	(48,007)	227,317
At 31 March 2021	62,630,042	(17,529)	575,729	63,188,242	(689,065)	62,499,177
acquisition of a new subsidiary						
At 1 January 2022	62,630,042	(18,020)	(1,678,344)	60,933,678	(928,435)	60,005,243
Total comprehensive loss for the period	-	(4,122)	(1,209,244)	(1,213,366)	(250,464)	(1,463,830)
At 31 March 2022	62,630,042	(22,142)	(2,887,588)	59,720,312	(1,178,899)	58,541,413

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 2021 and the notes to the unaudited condensed consolidated interim financial statements.

PRIVASIA TECHNOLOGY BHD 200801023769 (825092-U)

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Unaudited Condensed Consolidated Interim Financial Statements

Unaudited condensed consolidated statement of cash flows for the financial period ended 31 March 2022

	Three months ended 31 March 2022 RM	Three months ended 31 March 2021 RM
Cash flow from operating activities		
(Loss)/Profit before tax	(1,172,501)	242,850
<i>Adjustments for:</i>		
Amortisation of intangible assets	259,821	235,865
Depreciation of investment property	6,649	6,649
Depreciation of property, plant and equipment	323,672	1,682,971
Loss on disposal of property, plant and equipment	-	12,098
Impairment loss on trade receivables	14,310	33,518
Interest expense	145,581	161,854
Interest income	(31,220)	(42,517)
Reversal of inventories written down	-	(11,848)
Property, plant and equipment written off	-	875
Reversal of impairment loss on trade receivables	(56,349)	(81,387)
Unrealised (gain)/loss on foreign exchange	(883)	14,030
Operating (loss)/profit before changes in working capital	<u>(510,920)</u>	<u>2,254,958</u>
Change in inventories	(6,465)	53,434
Change in trade and other receivables	(3,673,956)	(736,491)
Change in contract assets	808,302	(8,865)
Change in trade and other payables	3,233,409	(3,663,511)
Change in contract liabilities	394,685	340,765
Net cash generated from/(used in) operations	<u>245,055</u>	<u>(1,759,710)</u>
Tax refunded	41,459	-
Tax paid	(198,687)	(237,272)
Interest paid	(36,983)	(12,245)
Interest received	31,220	42,517
Net cash used in operating activities	<u>82,064</u>	<u>(1,966,710)</u>
Cash flows from investing activities		
Proceeds from disposal of property plant and equipment	-	2,486
Addition of intangible assets	(241,132)	(223,221)
Purchase of property, plant and equipment	(95,833)	(89,585)
Net cash used in investing activities	<u>(336,965)</u>	<u>(310,320)</u>
Cash flows from financing activities		
Changes in pledged deposits	(12,886)	(12,639)
Placement of deposits with licensed banks	-	(608)
Proceeds from trade facilities	385,746	814,228
Payment of lease liabilities	(59,794)	(512,008)
Repayment of term loans	(375,900)	(3,217,199)
Interest paid	(108,598)	(149,609)
Net cash used in financing activities	<u>(171,432)</u>	<u>(3,077,835)</u>
Net decrease in cash and cash equivalent	(426,333)	(5,354,865)
Cash and cash equivalents at the beginning of the period	4,179,434	10,964,873
Exchange rate adjustment	(4,122)	(7,177)
Cash and cash equivalents at the end of the period	<u><u>3,748,979</u></u>	<u><u>5,602,831</u></u>

	Three months ended 31 March 2022 RM	Three months ended 31 March 2021 RM
Cash and cash equivalents at the end of the financial period comprised the following:		
Fixed deposits	8,559,061	9,787,334
Cash and bank balances	<u>1,660,364</u>	<u>1,788,400</u>
	10,219,425	11,575,734
Less: Pledged deposits with licensed banks	(3,380,268)	(3,310,642)
Deposits with maturity more than 3 months	-	(146,629)
Bank overdrafts	<u>(3,090,178)</u>	<u>(2,515,632)</u>
Cash and cash equivalent as presented in the condensed consolidated statement of cash flows	<u><u>3,748,979</u></u>	<u><u>5,602,831</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 2021 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 the Malaysian Financial Reporting Standard (MFRS) 134 Interim Financial Reporting, which is in compliance with the 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 2021 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 period ended 31 March 2022.

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 2021.

3 Estimates

There were no material changes in the estimates of amount reported in prior financial periods which would 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 was no issuance, cancellation, repurchase, resale or repayment of debt securities and equity securities during the financial period under review.

7 Dividend

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

8 Loans and borrowings

	Group	
	31 March 2022	31 December 2021
	RM	RM
Non-current		
Term loans	5,679,207	5,863,961
Lease liabilities	2,148,225	11,589
	7,827,432	5,875,550
Current		
Term loans	920,650	1,111,797
Lease liabilities	551,073	62,201
Trade facilities	3,063,864	2,677,498
Bank overdrafts	3,090,178	2,782,733
	7,625,765	6,634,229
Total	15,453,197	12,509,779

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 the other entities that operate within these industries.

The analysis of the Group's operations for the financial period ended 31 March 2022 is as follows:

	Investment Holdings RM	IT RM	ICT RM	SAT RM	Elimination RM	Total RM
Total segment revenue	-	5,848,565	878,099	654,928	(144,462)	7,237,130
Gross profit/(loss)	-	1,720,811	18,546	120,419	15	1,859,792
Other income	-	111,197	973	512	(50,416)	62,266
Other expenses	(280,975)	(2,268,262)	(238,066)	(243,669)	39,955	(2,991,017)
Net reversal of impairment losses on financial instruments	84,313	14,404	36,754	881	(94,313)	42,039
Results from operations	(196,662)	(421,850)	(181,793)	(121,857)	(104,759)	(1,026,920)
Finance costs						(145,581)
Income tax expense						(287,207)
Net loss for the period						(1,459,708)
Segment assets	52,321,240	82,793,027	12,791,438	1,622,591	(61,484,833)	88,043,463
Segment liabilities	33,345,236	34,356,066	11,136,964	1,667,490	(51,003,706)	29,502,050

10 Material events subsequent to the end of the interim period

There were no material events subsequent to the end of quarter under review that have not been reflected in this interim financial report.

11 Change in composition of the Group

On 20 October 2021, the Company applied to the Companies Commission of Malaysia ("CCM") to strike off its indirect subsidiary, Privasia (Sabah) Sdn. Bhd. ("PSSB"), from the register of CCM pursuant to Section 550 of the Companies Act 2016. On 7 February 2022, PSSB had been struck off from the register and dissolved following the publication of the notice of striking off pursuant to Section 551(3) of the Companies Act 2016 in the Gazette. Accordingly, PSSB has ceased to be an indirect subsidiary of the Company.

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 2021.

Fair value information

The carrying amounts of cash and cash equivalents, short-term receivables, payables and short-term borrowings are 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 period under review.

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

15 Review of performance

First Quarter Review

The Group reported a revenue of RM6.5 million in the first quarter ended 31 March 2022 (1Q22) as compared to RM9.0 million in the corresponding quarter in 2021 (1Q21). This was mainly due to the decrease in revenue from IT segment which has been the main contributor to the Group's revenue.

The Information Technology ("IT") segment reported a revenue of RM5.8 million compared to revenue of RM7.3 million in 1Q21 and an operating loss of RM0.4 million as compared to RM0.04 million in 1Q21. The lower revenue was mainly attributed to the renewal of a 5-year outsourcing contract where the revenue is expected to grow based on the usage. The margin were also effected as it entailed unavoidable transition cost typical for a long term outsourcing project. A large portion of the related cost is front loaded, revenue and margins are expected to increase over the tenure of the project. During that corresponding quarter there was also contribution from the IOT division, where project milestones were completed.

Information Communication Technology ("ICT") segment reported a revenue of RM0.9 million as compared to RM1.2 million in 1Q21, the slight reduction was due to the delay in obtaining project delivery sign off documents from the client. The segment recorded an operating loss of RM0.2 million as compared to RM0.3 million in 1Q21.

The Satellite-Based Services ("SAT") segment registered a revenue of RM0.7 million as compared to RM0.6 million in 1Q21. Despite better margin in 1Q22, SAT segment posted an operating loss of RM0.1 million compared to an operating profit of RM1.0 million in 1Q21 which was mainly derived from the one-off sales of a portfolio of customer contracts.

The Group reported loss before tax ("LBT") and loss after tax ("LAT") of RM1.2 million and RM1.5 million respectively as compared to profit before tax ("PBT")

Comparison with Immediate preceding quarter

	Current Quarter	Immediate
	31 March 2022	Preceding Quarter 31 December 2021
	RM	RM
Group Result		
Revenue	7,237,130	9,083,467
Gross profit	1,859,792	2,633,533
Loss before interest and taxation	(1,026,920)	(510,126)
Loss before taxation	(1,172,501)	(727,988)
Loss after taxation	(1,459,708)	(586,755)
Loss attributable to owners of the company	(1,209,244)	(526,113)

The Group reported a revenue of RM6.5 million for the current quarter under review as compared to RM9.1 million in the immediate preceding quarter under review. The Group registered a LBT of RM1.2 million in the current quarter under review as compared to a LBT of RM0.7 million in the preceding quarter mainly attributed to the decline in revenue and incurrance of unavoidable transition cost. The main factor that contributed to a higher revenue in the immediate preceding quarter was due to recognition of year-end billings and completion of projects.

16 Future prospects

2021 was a relatively subdued year disrupted with lockdowns across various months. Hence, with the re-opening of the economic sectors and economic recovery in full swing in 2022, we are excited to be back on track and are hoping to showcase better numbers this year.

Given our Group's diverse range of products, we believe we should be able to capitalise on a wide customer base and seek out more customers in 2022. With that, we intend to focus on our R&D to ensure our product solutions are able to meet our clients' needs. Delivery lead times has lagged in 2021 and we are looking for it to normalise in 2022.

The Group aims to tender for more projects while on the lookout for inorganic growth via investment opportunities or strategic alliances to boost its supply chain and future performance.

The Group has a healthy order book, with the current balance standing at approximately RM53 million. Moving forward, the Group remains positive towards long-term potential of its products and believes we are providing a wide array of solutions which will benefit suppliers and consumers.

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 March		31 March	
	2022	2021	2022	2021
	RM	RM	RM	RM
Current tax				
- Current year	134,672	290,583	134,671	290,583
	134,672	290,583	134,671	290,583
Deferred tax				
Origination and reversal of temporary differences	152,535	(282,227)	152,536	(282,227)
	287,207	8,356	287,207	8,356

19 Unquoted investments and properties

There were no purchases or disposals of unquoted investments and properties during the 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 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 2021 was not qualified.

24 (Loss)/Profit before taxation

	Current quarter ended		Cumulative quarter ended	
	31 March		31 March	
	2022	2021	2022	2021
	RM	RM	RM	RM
(Loss)/Profit for the period is arrived at after charging/ (crediting):				
Amortisation of intangible assets	259,821	235,865	259,821	235,865
Depreciation of investment properties	6,649	6,649	6,649	6,649
Depreciation of property, plant and equipment	323,671	1,682,971	323,671	1,682,971
Property, plant and equipment written off	-	875	-	875
Reversal of impairment loss on trade receivables	(56,349)	(81,387)	(56,349)	(81,387)
Impairment loss on trade receivables	14,310	33,518	14,310	33,518
Unrealised (gain)/loss on foreign exchange	(883)	14,030	(883)	14,030
Realised loss/(gain) on foreign exchange	2,171	(12,536)	2,171	(12,536)
Loss on disposal of property, plant and equipment	-	12,098	-	12,098
Reversal of inventories written down	-	(11,848)	-	(11,848)
Finance costs	145,581	161,854	145,581	161,854
Finance income	(31,220)	(42,517)	(31,220)	(42,517)

25 (Loss)/Earnings per share

(a) Basic and diluted (loss)/earnings per share

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

	Current quarter ended		Cumulative quarter ended	
	31 March		31 March	
	2022	2021	2022	2021
(Loss)/Profit attributable to equity holders (RM)	(1,209,244)	282,501	(1,209,244)	282,501
Weighted average number of ordinary shares in issue (units)	614,020,020	614,020,020	614,020,020	614,020,020
Basic (loss)/earnings per share (sen)	(0.20)	0.05	(0.20)	0.05

26 Authorisation for issue

The unaudited condensed consolidated interim financial statement was authorised for issue by the Board of Directors in accordance with a resolution of the directors on 26 May 2022.