

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

**Unaudited Condensed Consolidated
Interim Financial Statements
for the 1st Quarter Ended 31 March 2023**

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 2023

	<i>Note</i>	Current year Three months ended 31 March 2023	Preceding year Three months ended 31 March 2022	Year-to-date 31 March 2023	Year-to-date 31 March 2022
		RM	RM	RM	RM
Revenue		10,459,927	7,237,130	10,459,927	7,237,130
Cost of sales		(5,894,392)	(5,377,338)	(5,894,392)	(5,377,338)
Gross profit		<u>4,565,535</u>	<u>1,859,792</u>	<u>4,565,535</u>	<u>1,859,792</u>
Other income		47,455	62,266	47,455	62,266
Other expenses		<u>(3,532,509)</u>	<u>(2,991,017)</u>	<u>(3,532,509)</u>	<u>(2,991,017)</u>
Operating income/(loss)		1,080,481	(1,068,959)	1,080,481	(1,068,959)
Net reversal of impairment losses on financial instruments		-	42,039	-	42,039
Results from operation before impairment loss on property		1,080,481	(1,026,920)	1,080,481	(1,026,920)
Impairment of property		-	-	-	-
Results from operation		<u>1,080,481</u>	<u>(1,026,920)</u>	<u>1,080,481</u>	<u>(1,026,920)</u>
Finance costs		(216,564)	(145,581)	(216,564)	(145,581)
Share of result of an associate		-	-	-	-
Profit/(Loss) before taxation	24	<u>863,917</u>	<u>(1,172,501)</u>	<u>863,917</u>	<u>(1,172,501)</u>
Income tax credit/(expense)	18	-	(287,207)	-	(287,207)
Net income/(loss) for the period		<u>863,917</u>	<u>(1,459,708)</u>	<u>863,917</u>	<u>(1,459,708)</u>
Exchange differences on translation of foreign operation		(7,617)	(4,122)	(7,617)	(4,122)
Total comprehensive income/(loss) for the period		<u>856,300</u>	<u>(1,463,830)</u>	<u>856,300</u>	<u>(1,463,830)</u>
Income/(Loss) attributable to:					
Owners of the Company		950,745	(1,209,244)	950,745	(1,209,244)
Non-controlling interests		(86,828)	(250,464)	(86,828)	(250,464)
Net income/(loss) for the period		<u>863,917</u>	<u>(1,459,708)</u>	<u>863,917</u>	<u>(1,459,708)</u>
Total comprehensive income/(loss) for the period					
Owners of the Company		943,128	(1,213,366)	943,128	(1,213,366)
Non-controlling interests		(86,828)	(250,464)	(86,828)	(250,464)
Total comprehensive income/(loss) for the period		<u>856,300</u>	<u>(1,463,830)</u>	<u>856,300</u>	<u>(1,463,830)</u>
Earnings per share attributable to owners of the Company (sen)					
- Basic	25	<u>0.15</u>	<u>(0.20)</u>	<u>0.15</u>	<u>(0.20)</u>
- Diluted	25	<u>0.15</u>	<u>(0.20)</u>	<u>0.15</u>	<u>(0.20)</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 2022 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 Financial Position as at 31 March 2023

<u>Note</u>	As At 31 March 2023	As at 31 December 2022
	RM	RM
ASSETS		
Non-current assets		
Property, plant and equipment	14,057,891	14,193,775
Investment property	1,990,000	1,990,000
Goodwill	31,888,234	31,888,234
Other intangible assets	7,044,933	7,336,785
Deferred tax assets	300,000	300,000
Total non-current assets	55,281,058	55,708,794
Current assets		
Inventories	174,826	176,223
Current tax assets	608,997	647,224
Trade receivables	11,329,042	9,526,190
Other receivables, deposits and prepayments	8,787,566	8,710,021
Contract assets	6,771,230	7,870,867
Deposits, cash and bank balances	5,854,620	6,108,598
Total current assets	33,526,281	33,039,123
TOTAL ASSETS	88,807,339	88,747,917
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	62,630,042	62,630,042
Exchange reserve	(65,731)	(58,114)
Accumulated losses	(2,075,604)	(3,026,349)
	60,488,707	59,545,579
Non-controlling interests	(673,956)	(587,128)
TOTAL EQUITY	59,814,751	58,958,451
LIABILITIES		
Non-current liabilities		
Loans and borrowings	8 5,859,272	6,669,094
Deferred tax liabilities	113,959	203,506
Total non-current liabilities	5,973,231	6,872,600
Current liabilities		
Loans and borrowings	8 9,120,161	8,157,598
Trade payables	3,429,151	4,338,240
Other payables and accruals	9,248,070	8,859,748
Contract liabilities	1,221,445	1,560,750
Current tax liabilities	530	530
Total current liabilities	23,019,357	22,916,866
TOTAL LIABILITIES	28,992,588	29,789,466
TOTAL EQUITY AND LIABILITIES	88,807,339	88,747,917
Net assets per share (RM)	0.10	0.10

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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 period ended 31 March 2023

	<-----Attributable to owners of the Company----->					Total equity
	Non-distributable		<-----Distributable----->			
	Share capital	Exchange reserve	Retained earnings /(Accumulated losses)	Sub-total	Non-controlling interests	
RM	RM	RM	RM	RM	RM	
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)
Changes in ownership interest in a subsidiary					-	-
At 31 March 2022	<u>62,630,042</u>	<u>(22,142)</u>	<u>(2,887,588)</u>	<u>59,720,312</u>	<u>(1,178,899)</u>	<u>58,541,413</u>
At 1 January 2023	62,630,042	(58,114)	(3,026,349)	59,545,579	(587,128)	58,958,451
Total comprehensive loss for the period	-	(7,617)	950,745	943,128	(86,828)	856,300
Changes in ownership interest in a subsidiary	-	-	-	-	-	-
At 31 March 2023	<u>62,630,042</u>	<u>(65,731)</u>	<u>(2,075,604)</u>	<u>60,488,707</u>	<u>(673,956)</u>	<u>59,814,751</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 2022 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 period ended 31 March 2023**

	Year ended 31 March 2023 RM	Year ended 31 March 2022 RM
Cash flow from operating activities		
Profit/(Loss) before tax	863,917	(1,172,501)
<i>Adjustments for:</i>		
Amortisation of intangible assets	235,956	259,821
Depreciation of investment property	6,649	6,649
Depreciation of property, plant and equipment	343,843	323,672
Gain on disposal of property, plant and equipment	-	-
Bad debts written off	-	-
Gain on disposal of intangible assets	-	-
Impairment loss on trade receivables	-	14,310
Interest expense	216,564	145,581
Interest income	(31,287)	(31,220)
Reversal of impairment loss on trade receivables	-	(56,349)
Unrealised loss on foreign exchange	5,927	(883)
Operating profit before changes in working capital	1,641,569	(510,920)
Change in inventories	1,397	(6,465)
Change in trade and other receivables	(1,855,263)	(3,673,956)
Change in contract assets	1,099,637	808,302
Change in trade and other payables	(403,469)	3,233,409
Change in contract liabilities	(339,305)	394,685
Net cash generated from operations	144,566	245,055
Tax refunded	-	41,459
Tax paid	(70,368)	(198,687)
Interest paid	(216,564)	(36,983)
Interest received	31,287	31,220
Net cash (used in)/generated from operating activities	(111,079)	82,064
Cash flows from investing activities		
Addition of intangible assets	97,672	(241,132)
Purchase of property, plant and equipment	(336,518)	(95,833)
Net cash used in investing activities	(238,846)	(336,965)

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 period ended 31 March 2023****Cash flows from financing activities**

Placement of pledged deposits	(19,216)	(12,886)
Withdrawal of deposits with licensed banks	-	-
Proceeds from trade facilities	387,721	385,746
Proceeds from term loan	-	-
Addition/(Repayment) of lease liabilities	(113,206)	(59,794)
Repayment of term loans	(165,511)	(375,900)
Interest paid	(0)	(108,598)
(Repayment To)/Advances From An Associates	-	-
Net cash generated from/(used in) financing activities	<u>89,788</u>	<u>(171,432)</u>
Net decrease in cash and cash equivalent	(260,138)	(426,333)
Cash and cash equivalents at the beginning of the period	(589,944)	4,179,434
Exchange rate adjustment	(7,617)	(4,122)
Cash and cash equivalents at the end of the period	<u>(857,699)</u>	<u>3,748,979</u>

Cash and cash equivalents at the end of the financial period comprised the following:

Fixed deposits	4,972,280	8,559,061
Cash and bank balances	<u>882,340</u>	<u>1,660,364</u>
	5,854,620	10,219,425
Less: Pledged deposits with licensed banks	(3,446,521)	(3,380,267)
Bank overdrafts	<u>(3,265,798)</u>	<u>(3,090,179)</u>
Cash and cash equivalent as presented in the condensed consolidated statement of cash flows	<u>(857,699)</u>	<u>3,748,979</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 2022 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 2022 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 2023.

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 2022.

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 2023	31 December 2022
	RM	RM
Non-current		
Term loans	4,435,421	5,145,293
Lease liabilities	1,423,851	1,523,801
	5,859,272	6,669,094
Current		
Term loans	1,231,017	686,656
Lease liabilities	499,492	463,572
Trade facilities	4,123,854	3,736,133
Bank overdrafts	3,265,798	3,271,237
	9,120,161	8,157,598
Total	14,979,433	14,826,692

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 2023 is as follows:

	Investment Holdings	IT	ICT	SAT	Elimination	Total
	RM	RM	RM	RM	RM	RM
Total segment revenue	-	6,307,651	1,451,977	2,740,498	(40,199)	10,459,927
Gross profit	-	2,049,817	285,788	2,229,914	16	4,565,535
Other income	-	85,667	1,023	141	(39,376)	47,455
Other expenses	(372,564)	(2,710,420)	(201,516)	(287,386)	39,377	(3,532,509)
Net reversal of impairment losses on financial instruments	-	-	-	-	-	-
Results from operations	(372,564)	(574,936)	85,295	1,942,669	17	1,080,481
Finance costs						(216,564)
Income tax expense						-
Share of result of an associate						-
Net profit for the period						863,917
Segment assets	49,957,028	76,647,350	13,492,308	8,383,885	(59,673,232)	88,807,339
Segment liabilities	33,454,105	28,731,998	12,663,291	2,235,964	(48,092,770)	28,992,588

10 Material events subsequent to the end of the interim period

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

11 Change in composition of the Group

There were no changes in the composition of the Group for the financial period under review.

12 Changes in contingent liabilities or contingent assets

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 2022.

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 RM10.46 million in the first quarter ended 31 March 2023 (1Q23) as compared to RM7.24 million in the corresponding quarter in 2022 (1Q22). This was mainly due to the increase in revenue from ICT and SAT segment in line with the Group's expectation for the year.

The Information Technology ("IT") segment reported a revenue of RM6.31 million compared to revenue of RM5.85 million in 1Q22 and a higher operating loss of RM0.57 million as compared to an operating loss of RM0.44 million in 1Q22. The higher revenue were mainly contributed by the renewal of the network contract in the current quarter, whereas the higher loss in current quarter as compared to the corresponding quarter is mainly due to the one-off cost incurred in renewal of the network contract and consultancy fees incurred in current quarter for the process improvement and productivity efficiency to support our client.

Information Communication Technology ("ICT") segment revenue grew from RM0.89 million to RM1.45 million. The increase in revenue in 1Q23, resulted in an operating profit of RM0.08 million, marking a positive shift from an operating loss of RM0.40 million in 1Q22. The higher revenue is attributed to the new In-Building Coverage (IBC) projects contracted in end of 2022.

The Satellite-Based Services ("SAT") segment revenue increased significantly to RM2.74 million in the current quarter, as compared to RM0.65 million in 1Q22. Additionally, the segment recorded an operating profit of RM1.94 million, a substantial improvement from the RM0.12 million operating loss in 1Q22. The upturn in revenue is attributed to progress billings related to the initial delivery of a long term project secured in the second half of 2022.

The Group reported a profit before tax ("PBT") and profit after tax ("PAT") of RM0.86 million representing a notable improvement as compared to loss before tax ("LBT") of RM1.17 million and loss after tax ("LAT") of RM1.46 million in 1Q22. The improved financial performance is attributed to the growth in revenue as well as the Group's effort in focusing on enhancing operational efficiency through technology and better resource management.

Comparison with Immediate preceding quarter

	Current Quarter	Immediate
	31 March 2023	Preceding Quarter
	RM	31 December 2022
		RM
Group Result		
Revenue	10,459,927	14,139,545
Gross profit	4,565,535	7,107,153
Profit before interest and taxation	1,080,481	1,792,437
Profit before taxation	863,917	1,561,804
Profit after taxation	863,917	1,711,695
Profit attributable to owners of the company	950,745	1,899,003

In the current quarter under review, the Group reported a revenue of RM10.46 million, a decline from the immediate preceding quarter's revenue of RM14.14 million. Additionally, the Group's profit before tax ("PBT") decreased to RM0.86 million in the current quarter, down from RM1.56 million in the immediate preceding quarter. The higher revenue in the immediate preceding quarter was primarily attributed to the recognition of year-end billings and the completion of projects.

16 Future prospects

Many prudent measures have been set out to ensure the Group's business continues sustainably, one of which is to strengthen its 3 core businesses which are IT, ICT and SAT.

The Group is looking to continue leveraging on our expertise in carrying out technological solutions. The Group, having sustained its profitability this quarter, remains committed to its growth objectives and will continue to explore opportunities in the future. It is mindful of the challenges and will continue to monitor and take proactive measures to increase the efficiency of digitalisation. The Group also remains cautiously optimistic on our business prospects and will continue to prioritise and maximise the delivery of our value proposition to customers.

While the immediate near-term industry challenges are expected to persist, the Group will continue to work towards developing a business model that provide new opportunities and revenue streams while enhancing system-wide efficiency. The Group will continue to tender for new projects moving forward.

Despite various challenges, we will continue to deliver on our order book, with the current balance standing approximately at RM50.14million. We will continue to persevere and meet the demands in the industry for any opportunities in the technology space to boost our future performance. We firmly believe that the market sentiment for the digitalisation has not dwindled. Being well positioned, the Group is cautiously optimistic to work on more initiatives in 2023.

17 Variance on profit forecast

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

18 Income tax expense

	Current quarter ended 31 March		Cumulative quarter ended 31 March	
	2023 RM	2022 RM	2023 RM	2022 RM
Current tax				
- Current year	-	134,671	-	134,671
- Prior year	-	-	-	-
	-	134,671	-	134,671
Deferred tax				
Origination and reversal of temporary differences	-	152,536	-	152,536
	-	287,207	-	287,207

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 2022 was not qualified.

24 Profit/(Loss) before taxation

	Current quarter ended 31 March		Cumulative quarter ended 31 March	
	2023 RM	2022 RM	2023 RM	2022 RM
Profit/(loss) for the period is arrived at after charging/ (crediting):				
Amortisation of intangible assets	235,956	259,821	235,956	259,821
Depreciation of investment properties	6,649	6,649	6,649	6,649
Depreciation of property, plant and equipment	343,843	323,671	343,843	323,671
Reversal of impairment loss on trade receivables	-	(56,349)	-	(56,349)
Impairment loss on trade receivables	-	14,310	-	14,310
Unrealised loss on foreign exchange	5,927	(883)	5,927	(883)
Realised loss on foreign exchange	18,159	2,171	18,159	2,171
Finance costs	216,564	145,581	216,564	145,581
Finance income	(31,287)	(31,220)	(31,287)	(31,220)

25 Earnings/(Loss) 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 31 March		Cumulative quarter ended 31 March	
	2023	2022	2023	2022
Profit/(Loss) attributable to equity holders (RM)	950,745	(1,209,244)	950,745	(1,209,244)
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)	0.15	(0.20)	0.15	(0.20)

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 23 May 2023.