



PRIVASIA TECHNOLOGY BERHAD

200801023769 (825092-U)

(Incorporated In Malaysia)

**Unaudited Condensed Consolidated
Interim Financial Statements
for the 3rd Quarter Ended 30 September 2023**

PRIVASIA TECHNOLOGY BHD 200801023769 (825092-U)

(Incorporated In Malaysia)

Unaudited Condensed Consolidated Interim Financial Statements

Unaudited Condensed Consolidated Statement of Financial Position as at 30 September 2023

	<u>Note</u>	As At 30 September 2023	As at 31 December 2022
		RM	RM
ASSETS			
Non-current assets			
Property, plant and equipment		13,515,419	14,193,775
Investment property		1,970,054	1,990,000
Goodwill		31,888,234	31,888,234
Other intangible assets		7,109,364	7,336,785
Deferred tax assets		300,000	300,000
Total non-current assets		<u>54,783,071</u>	<u>55,708,794</u>
Current assets			
Inventories		147,217	176,223
Current tax assets		544,578	647,224
Trade receivables		25,724,255	9,526,190
Other receivables, deposits and prepayments		33,696,577	8,710,021
Contract assets		15,291,934	7,870,867
Deposits, cash and bank balances		5,195,051	6,108,598
Total current assets		<u>80,599,612</u>	<u>33,039,123</u>
TOTAL ASSETS		<u>135,382,683</u>	<u>88,747,917</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		62,630,042	62,630,042
Exchange reserve		(88,914)	(58,114)
Accumulated losses		(669,865)	(3,026,349)
		<u>61,871,263</u>	<u>59,545,579</u>
Non-controlling interests		(799,298)	(587,128)
TOTAL EQUITY		<u>61,071,965</u>	<u>58,958,451</u>
LIABILITIES			
Non-current liabilities			
Loans and borrowings	8	5,333,491	6,669,094
Deferred tax liabilities		203,506	203,506
Total non-current liabilities		<u>5,536,997</u>	<u>6,872,600</u>
Current liabilities			
Loans and borrowings	8	9,483,567	8,157,598
Trade payables		24,334,622	4,338,240
Other payables and accruals		33,277,367	8,859,748
Contract liabilities		1,677,611	1,560,750
Current tax liabilities		555	530
Total current liabilities		<u>68,773,721</u>	<u>22,916,866</u>
TOTAL LIABILITIES		<u>74,310,718</u>	<u>29,789,466</u>
TOTAL EQUITY AND LIABILITIES		<u>135,382,683</u>	<u>88,747,917</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 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 profit or loss and other comprehensive income for the financial period ended 30 September 2023

	<u>Note</u>	Current Year	Preceding Year	Year-to-date	Year-to-date
		Three months ended 30 September 2023	Three months ended 30 September 2022	30 September 2023	30 September 2022
		RM	RM	RM	RM
Revenue		31,744,984	10,352,999	79,373,592	26,147,441
Cost of sales		(26,458,942)	(7,327,885)	(64,682,330)	(19,407,959)
Gross profit		5,286,042	3,025,114	14,691,262	6,739,482
Other income		51,779	255,486	133,837	372,305
Other expenses		(3,693,429)	(3,057,865)	(11,268,039)	(9,334,589)
Operating income/(loss)		1,644,392	222,735	3,557,060	(2,222,802)
Net reversal of impairment losses on financial instruments		(615,130)	(23,753)	(739,593)	50,345
Results from operation before impairment loss on property		1,029,262	198,982	2,817,467	(2,172,457)
Impairment of property		-	-	-	-
Results from operation		1,029,262	198,982	2,817,467	(2,172,457)
Finance costs		(238,732)	(192,470)	(671,617)	(520,024)
Share of result of an associate		-	(30,000)	-	(30,000)
Profit/(Loss) before taxation	24	790,530	(23,488)	2,145,850	(2,722,481)
Income tax credit/(expense)	18	(1,536)	(376)	(1,536)	(245,180)
Net income/(loss) for the period		788,994	(23,864)	2,144,314	(2,967,661)
Exchange differences on translation of foreign operation		3,984	(15,729)	(30,800)	(30,444)
Total comprehensive income/(loss) for the period		792,979	(39,593)	2,113,514	(2,998,105)
Income/(Loss) attributable to:					
Owners of the Company		843,262	66,033	2,356,484	(2,662,375)
Non-controlling interests		(54,268)	(89,897)	(212,170)	(305,286)
Net income/(loss) for the period		788,994	(23,864)	2,144,314	(2,967,661)
Total comprehensive income/(loss) for the period					
Owners of the Company		847,247	50,304	2,325,684	(2,692,819)
Non-controlling interests		(54,268)	(89,897)	(212,170)	(305,286)
Total comprehensive income/(loss) for the period		792,979	(39,593)	2,113,514	(2,998,105)
Earnings per share attributable to owners of the Company (sen)					
- Basic	25	0.14	0.01	0.38	(0.43)
- Diluted	25	0.14	0.01	0.38	(0.43)

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 changes in equity for the financial period ended 30 September 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	-	(30,444)	(2,662,375)	(2,692,819)	(305,286)	(2,998,105)
Changes in ownership interest in a subsidiary					367,450	367,450
At 30 September 2022	<u>62,630,042</u>	<u>(48,464)</u>	<u>(4,340,719)</u>	<u>58,240,859</u>	<u>(866,271)</u>	<u>57,374,588</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	-	(30,800)	2,356,484	2,325,684	(212,170)	2,113,514
Changes in ownership interest in a subsidiary	-	-	-	-	-	-
At 30 September 2023	<u>62,630,042</u>	<u>(88,914)</u>	<u>(669,865)</u>	<u>61,871,263</u>	<u>(799,298)</u>	<u>61,071,965</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 30 September 2023**

	Year ended 30 September 2023	Year ended 30 September 2022
	RM	RM
Cash flow from operating activities		
Profit/(Loss) before tax	2,145,850	(2,722,481)
<i>Adjustments for:</i>		
Amortisation of intangible assets	674,544	767,813
Depreciation of investment property	19,947	19,947
Depreciation of property, plant and equipment	725,314	941,585
Gain on disposal of property, plant and equipment	6,749	(140,307)
Bad debts written off	-	192,473
Impairment loss on trade receivables	241,740	14,310
Impairment loss on contract assets	497,853	-
Interest expense	671,617	520,024
Interest income	(84,841)	(78,106)
Property, plant and equipment written off	2,485	13
Reversal of impairment loss on trade receivables	-	(64,655)
Reversal of impairment loss on amount owing by subsidiaries (non-trade)	-	(1,000)
Unrealised loss on foreign exchange	55,183	(11,005)
Operating profit/(loss) before changes in working capital	4,956,441	(561,389)
Change in inventories	29,006	63,722
Change in trade and other receivables	(41,426,361)	(6,366,731)
Change in contract assets	(7,918,920)	(189,914)
Change in trade and other payables	44,298,374	3,699,413
Change in contract liabilities	116,861	631,805
Net cash used in operations	55,401	(2,723,094)
Tax refunded	-	41,459
Tax paid	102,445	(503,924)
Interest paid	(671,592)	(520,024)
Interest received	84,841	78,106
Net cash used in operating activities	(428,905)	(3,627,477)
Cash flows from investing activities		
Acquisition of interest in a subsidiary, net of cash	-	367,450
Addition of intangible assets	(409,559)	(510,095)
Purchase of property, plant and equipment	(85,606)	(2,653,479)
Net cash used in investing activities	(495,165)	(2,796,124)

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 30 September 2023**

	Year ended 30 September 2023	Year ended 30 September 2022
	RM	RM
Cash flows from financing activities		
Placement of pledged deposits	(59,467)	(40,831)
Proceeds from trade facilities	690,660	861,815
Addition/(Repayment) of lease liabilities	(208,166)	2,074,722
Repayment of term loans	(497,386)	(1,033,412)
Interest paid	(25)	-
Net cash (used in)/generated from financing activities	<u>(74,384)</u>	<u>1,862,294</u>
Net decrease in cash and cash equivalent	(998,454)	(4,561,307)
Cash and cash equivalents at the beginning of the period	(589,944)	4,179,434
Exchange rate adjustment	(30,800)	(30,444)
Cash and cash equivalents at the end of the period	<u><u>(1,619,198)</u></u>	<u><u>(412,317)</u></u>
Cash and cash equivalents at the end of the financial period comprised the following:		
Fixed deposits	4,375,161	5,545,166
Cash and bank balances	<u>819,890</u>	<u>1,098,228</u>
	5,195,051	6,643,394
Less: Pledged deposits with licensed banks	(3,486,772)	(3,408,215)
Bank overdrafts	<u>(3,327,477)</u>	<u>(3,647,496)</u>
Cash and cash equivalent as presented in the condensed consolidated statement of cash flows	<u><u>(1,619,198)</u></u>	<u><u>(412,317)</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 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 30 September 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	
	30 September 2023	31 December 2022
	RM	RM
Non-current		
Term loans	4,103,548	5,145,293
Lease liabilities	1,229,943	1,523,801
	5,333,491	6,669,094
Current		
Term loans	1,231,017	686,656
Lease liabilities	498,280	463,572
Trade facilities	4,426,793	3,736,133
Bank overdrafts	3,327,477	3,271,237
	9,483,567	8,157,598
Total	14,817,058	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 30 September 2023 is as follows:

	Investment Holdings RM	IT RM	ICT RM	SAT RM	Elimination RM	Total RM
Total segment revenue	-	19,813,249	3,632,079	56,055,806	(127,543)	79,373,592
Gross profit	-	4,961,786	890,727	9,526,868	(688,120)	14,691,262
Other income	-	272,544	2,571	6,764	(148,042)	133,837
Other expenses	1,168,966	(8,182,863)	(644,228)	(1,280,162)	(2,329,752)	(11,268,039)
Net reversal of impairment losses on financial instruments	-	-	(739,593)	-	-	(739,593)
Results from operations	1,168,966	(2,948,532)	(490,523)	8,253,470	(3,165,914)	2,817,467
Finance costs						(671,617)
Income tax expense						(1,536)
Share of result of an associate						-
Net profit for the period						2,144,314
Segment assets	50,479,152	77,269,986	12,446,027	54,919,535	(59,732,018)	135,382,683
Segment liabilities	32,434,727	32,156,428	12,886,331	44,336,845	(47,503,613)	74,310,718

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

Third Quarter Review

The Group reported a revenue of RM31.74 million in the third quarter ended 30 September 2023 (3Q23) as compared to RM10.35 million in the corresponding quarter in 2022 (3Q22). This was mainly due to the increase in revenue from SAT segment in line with the Group's expectation for the year.

The Information Technology ("IT") segment reported a revenue of RM6.39 million compared to revenue of RM6.21 million in 3Q22 and a marginally higher operating loss of RM1.28 million as compared to an operating loss of RM1.11 million in 3Q22. The higher revenue were mainly contributed by one-off billing for a project during the quarter. Whereas the higher loss in current quarter as compared to the corresponding quarter is mainly attributed to increase in operational expenses.

Information Communication Technology ("ICT") segment revenue dropped from RM2.25 million to RM0.94 million. The decrease in revenue in 3Q23 resulted in drop in operating profit to RM0.14 million from an operating profit of RM0.59 million in 3Q22. The lower revenue is attributed to reduction in contract value for In-Building Coverage (IBC) projects contracted at the end of 2022 and a one-off billing for a project in 3Q22.

The Satellite-Based Services ("SAT") segment revenue increased significantly to RM24.44 million in the current quarter, as compared to RM2.21 million in 3Q22. Additionally, the segment recorded an operating profit of RM3.91 million, a substantial increase from the RM1.39 million operating profit in 3Q22. The consecutive growth in revenue is attributed to progress billings related to 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 RM0.79 million representing a notable improvement as compared to loss before tax ("LBT") and loss after tax ("LAT") of RM0.02 million in 3Q22. 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.

Nine Months Review

For the nine months ended 30 September 2023, the Group recorded a higher revenue of RM79.37 million, as compared to RM26.15 million in the previous year's nine months ended 30 September 2022.

Revenue for the IT segment stood at RM19.81 million compared to RM18.63 million in the previous year's nine months ended 30 September 2022. However, rising operational cost has resulted in increase in operating losses to RM2.95 million as compared to RM2.57 million in the previous year.

The revenue of ICT segment drop from RM4.64 million to RM3.63 million. Correspondingly the ICT segment recorded a drop in operating profit from RM0.42 million to RM0.25 million in current year.

The SAT division revenue saw an increase from RM3.52 million to RM56.06 million for the period ended 30 September 2023, with an operating profit of RM8.26 million as compared to an operating profit of RM1.14 million in the previous year.

The Group recorded a profit before tax ("PBT") and profit after tax ("PAT") of RM2.14 million as compared to LBT and LAT of RM2.72 million and RM2.97 million respectively against the same period last year. The upturn is attributable to the Group-wide cost saving initiatives and the progress billings of SAT segment's new projects.

Comparison with Immediate preceding quarter

	Current Quarter 30 September 2023 RM	Immediate Preceding Quarter 30 June 2023 RM
Group Result		
Revenue	31,744,984	37,168,681
Gross profit	5,286,042	4,839,685
Profit before interest and taxation	1,029,262	707,724
Profit before taxation	790,530	491,404
Profit after taxation	788,994	491,404
Profit attributable to owners of the company	843,262	580,253

In the current quarter under review, the Group reported a revenue of RM31.74 million, a drop from the immediate preceding quarter's revenue of RM37.17 million. However, the Group's profit before tax ("PBT") increased to RM0.79 million in the current quarter, up from RM0.49 million in the immediate preceding quarter. The higher revenue in previous quarter is primarily attributed to progress billings of a long term project secured. Also, the higher cost of sales in the immediate preceding quarter was due to initial investment cost for projects secured.

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 enhancing our present expertise and developing new competencies to remain competitive and relevant.

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 remains aggressive in its venture and will continue to participate in tender for new projects in the future. The Group is also committed to strengthening our collaborative ties with strategic partners in coming up with solutions to clients.

Despite various challenges, we will continue to deliver on our order book, with the current balance standing approximately at RM300.46 million. 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 the future.

17 Variance on profit forecast

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

18 Income tax expense

	Current quarter ended 30 September		Cumulative quarter ended 30 September	
	2023	2022	2023	2022
	RM	RM	RM	RM
Current tax				
- Current year	-	-	-	130,845
- Prior year	1,536	376	1,536	376
	1,536	376	1,536	131,221
Deferred tax				
Origination and reversal of temporary differences	-	-	-	113,959
	1,536	376	1,536	245,180

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 30 September		Cumulative quarter ended 30 September	
	2023	2022	2023	2022
	RM	RM	RM	RM
Profit/(loss) for the period is arrived at after charging/ (crediting):				
Amortisation of intangible assets	209,774	250,191	674,544	767,813
Depreciation of investment properties	6,649	6,649	19,947	19,947
Depreciation of property, plant and equipment	83,954	362,038	725,314	941,585
Property, plant and equipment written off	-	-	2,485	13
Reversal of impairment loss on trade receivables	-	23,754	-	(64,655)
Impairment loss on trade receivables	241,740	-	241,740	14,310
Impairment loss on contract assets	373,390	-	497,853	-
Unrealised loss on foreign exchange	5,167	(5,287)	55,183	(11,005)
Realised loss on foreign exchange	3,424	-	27,651	14,350
Gain on disposal of property, plant and equipment	750	(133,096)	6,749	(140,307)
Reversal of inventories written down	-	-	-	-
Impairment of inventories	-	-	-	-
Finance costs	238,732	192,470	671,617	520,024
Finance income	(29,379)	(23,857)	(84,841)	(78,106)

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 30 September		Cumulative quarter ended 30 September	
	2023	2022	2023	2022
Profit/(Loss) attributable to equity holders (RM)	843,262	66,033	2,356,484	(2,662,375)
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)	0.14	0.01	0.38	(0.43)

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 21 November 2023.