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

Interim financial statements
for the period ended 30 September 2010

PRIVASIA TECHNOLOGY BHD (825092 - U)
(Incorporated In Malaysia)
Unaudited interim financial statements
For the nine months period ended 30 September 2010

Condensed consolidated statement of comprehensive income - unaudited

	Three months		Nine months	
	Three months ended 30.9.2010 RM	Three months ended 30.9.2009 RM	Nine months ended 30.9.2010 RM	Nine months ended 30.9.2009 RM
Revenue	13,615,469	6,699,241	26,281,895	10,045,889
Cost of Sales	(9,015,355)	(4,550,558)	(19,030,067)	(7,027,328)
Gross profit	<u>4,600,114</u>	<u>2,148,683</u>	<u>7,251,828</u>	<u>3,018,561</u>
Other income	196,557	88,735	373,909	145,921
Other operating expenses	(1,752,420)	(1,204,905)	(4,353,260)	(2,511,516)
Profit from operations	<u>3,044,251</u>	<u>1,032,513</u>	<u>3,272,477</u>	<u>652,966</u>
Interest income	39,808	196,862	60,322	199,338
Finance costs	(272,695)	(400,888)	(903,561)	(650,529)
Profit before taxation	<u>2,811,364</u>	<u>828,487</u>	<u>2,429,238</u>	<u>201,775</u>
Income tax expenses	-	-	-	-
Net profit for the period	<u>2,811,364</u>	<u>828,487</u>	<u>2,429,238</u>	<u>201,775</u>
Other comprehensive profit, net of tax				
Fair value of available-for-sale financial assets	8,449	-	5,626	-
Other comprehensive profit for the period, net of tax	<u>8,449</u>	<u>-</u>	<u>5,626</u>	<u>-</u>
Total comprehensive profit for the period	<u>2,819,813</u>	<u>828,487</u>	<u>2,434,864</u>	<u>201,775</u>
Profit attributable to:				
Equity holders of the parent	2,754,308	828,487	2,322,839	201,775
Minority interests	57,056	-	106,399	-
Profit for the period	<u>2,811,364</u>	<u>828,487</u>	<u>2,429,238</u>	<u>201,775</u>
Total comprehensive profit attributable to:				
Equity holders of the parent	2,762,757	828,487	2,328,465	201,775
Minority interests	57,056	-	106,399	-
Total comprehensive profit for the period	<u>2,819,813</u>	<u>828,487</u>	<u>2,434,864</u>	<u>201,775</u>
Earnings per share				
Basic earnings per share (sen)	<u>0.50</u>	<u>0.15</u>	<u>0.44</u>	<u>0.07</u>
Diluted earnings per share (sen)	<u>0.50</u>	<u>0.15</u>	<u>0.44</u>	<u>0.07</u>

The results for the preceding year's corresponding nine months period ended 30 September 2009 consists of the five months results of Privasia Technology Berhad group as the acquisition of the Privasia Sdn. Bhd("PSB"). group of companies and the Privanet Sdn. Bhd. ("PNSB")(formerly known as Airocom Technology Sdn. Bhd.) group of companies only took place in May 2009. The Company subsequently acquired another subsidiary, IPSAT Sdn. Bhd., in December 2009.

The results for the current nine months period ended 30 September 2010 contains the nine months consolidated results of the Privasia Sdn. Bhd. group of companies, Privanet Sdn. Bhd. (formerly known as Airocom Technology Sdn. Bhd.) group of companies and IPSAT Sdn. Bhd.

The condensed consolidated statement of comprehensive income should be read in conjunction with the financial statements for the period ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

PRIVASIA TECHNOLOGY BHD (825092 - U)
(Incorporated In Malaysia)
Unaudited interim financial statements
For the nine months period ended 30 September 2010

Condensed consolidated statement of financial position - unaudited

	Note	As at 30.9.2010 RM	As at 31.12.2009 RM
Assets			
Property, plant and equipment		17,347,792	18,318,780
Investment property		5,670,125	5,714,444
Development costs		11,783,738	14,924,731
Intangible assets		497,356	548,441
Goodwill		36,005,230	36,005,230
		<u>71,304,241</u>	<u>75,511,626</u>
Current assets			
Inventories		1,362,675	-
Work-in-progress		1,764,104	156,416
Receivables, deposits and prepayments		16,744,680	10,832,812
Available-for-sale financial assets	18	1,020,319	2,486,660
Tax recoverable		9,395	45,567
Cash and cash equivalents		2,413,105	3,369,294
		<u>23,314,278</u>	<u>16,890,749</u>
Total assets		<u>94,618,519</u>	<u>92,402,375</u>
Equity			
Share capital		55,820,002	55,820,002
Reserves		3,401,964	1,050,779
		<u>59,221,966</u>	<u>56,870,781</u>
Total equity attributable to shareholders of the Company			
Minority interest		310,487	204,088
		<u>59,532,453</u>	<u>57,074,869</u>
Total equity		<u>59,532,453</u>	<u>57,074,869</u>
Liabilities			
Non-current liabilities			
Loans and borrowings		19,475,881	19,447,871
Deferred tax liabilities		10,450	10,450
		<u>19,486,331</u>	<u>19,458,321</u>
Current liabilities			
Payables and accruals		10,686,685	7,665,128
Loans and borrowings		4,913,050	8,150,189
Taxation		-	53,868
		<u>15,599,735</u>	<u>15,869,185</u>
Total liabilities		<u>35,086,066</u>	<u>35,327,506</u>
Total equity and liabilities		<u>94,618,519</u>	<u>92,402,375</u>
Net assets per share (RM)		<u>0.11</u>	<u>0.10</u>

The condensed consolidated statement of financial position should be read in conjunction with the financial statements for the period ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

PRIVASIA TECHNOLOGY BHD (825092 - U)
(Incorporated In Malaysia)
Unaudited interim financial statements
For the nine months period ended 30 September 2010

Condensed consolidated statement of changes in equity for the period ended 30 September 2009 - Unaudited

<i>(all in RM)</i>	Share capital	Fair value reserve	Accumulated losses	Subtotal	Minority Interest	Total equity
Balance as at 01.01.2009	2	-	(9,277)	(9,275)	-	(9,275)
Issuance of shares	55,820,000	-	-	55,820,000	-	55,820,000
Total comprehensive profit for the period	-	-	201,775	201,775	-	201,775
Balance as at 30.09.2009	<u>55,820,002</u>	<u>-</u>	<u>192,498</u>	<u>56,012,500</u>	<u>-</u>	<u>56,012,500</u>

Condensed consolidated statement of changes in equity for the period ended 30 September 2010 - Unaudited

<i>(all in RM)</i>	Share capital	Fair value reserve	Retained profits	Subtotal	Minority Interest	Total equity
Balance as at 01.01.2010, as previously stated	55,820,002	-	1,050,779	56,870,781	204,088	57,074,869
Effect of adopting FRS 139	-	22,720	-	22,720	-	22,720
Balance as at 01.01.2010, as restated	<u>55,820,002</u>	<u>22,720</u>	<u>1,050,779</u>	<u>56,893,501</u>	<u>204,088</u>	<u>57,097,589</u>
Total comprehensive profit for the period	-	5,626	2,322,839	2,328,465	106,399	2,434,864
Balance as at 30.09.2010	<u>55,820,002</u>	<u>28,346</u>	<u>3,373,618</u>	<u>59,221,966</u>	<u>310,487</u>	<u>59,532,453</u>

The condensed consolidated changes in equity should be read in conjunction with the financial statements for the period ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

PRIVASIA TECHNOLOGY BHD (825092 - U)
(Incorporated In Malaysia)
Unaudited interim financial statements
For the nine months period ended 30 September 2010

Condensed consolidated statement of cash flows for the period ended 30 September 2010 - Unaudited

Note	Nine months ended 30.9.2010 RM	Nine months ended 30.9.2009 RM
Cash flow from operating activities		
Profit before taxation	2,429,238	201,775
<i>Adjustment for:</i>		
Amortisation of development costs	3,456,534	1,694,145
Amortisation of intangible assets	215,152	52,838
Depreciation of investment property	44,319	24,441
Depreciation of property, plant and equipment	3,301,436	1,553,554
Interest Income	(60,322)	(199,338)
Interest expenses	903,561	650,529
Gain on disposal of property, plant and equipment	(2,923)	(69,480)
Gain on disposals of available-for-sale financial assets	(1,050)	-
Write off of development costs	5,917	-
Write off of property, plant and equipment	17,642	-
Operating profit before working capital changes	<u>10,309,504</u>	<u>3,908,464</u>
Work-in progress	(1,607,688)	(3,859,761)
Receivables and prepayments	(5,798,486)	7,098,825
Inventories	(1,362,675)	-
Payables and accruals	2,967,688	(838,844)
Cash generated from operations	<u>4,508,343</u>	<u>6,308,684</u>
Tax paid	(77,210)	(740)
Interest received	26,359	162,046
Net cash generated from operating activities	<u>4,457,492</u>	<u>6,469,990</u>
Cash flow from investing activities		
Increase in development costs	(333,183)	(2,769,600)
Proceeds for disposal of property, plant and equipment	25,364	141,145
Proceeds from available for sale financial assets	1,529,700	-
Purchase of intangible assets	(164,067)	(514,993)
Purchase of property, plant and equipment	(2,358,806)	(868,382)
Purchase of subsidiaries, net of cash and cash equivalent	-	(54,785,572)
Disposal of other investments	-	3,561,991
Net cash used in investing activities	<u>(1,300,992)</u>	<u>(55,235,411)</u>
Cash flow from financing activities		
Interest paid	(903,561)	(650,529)
Decrease in pledged deposits	-	1,030,000
Repayment of loans and borrowings	(3,209,128)	(632,337)
Proceeds from issuance of share capital	-	55,820,000
Net cash (used in)/generated from financing activities	<u>(4,112,689)</u>	<u>55,567,134</u>
Net (decrease)/increase in cash and cash equivalents	(956,189)	6,801,713
Cash and cash equivalents at beginning of the period	3,369,294	2
Cash and cash equivalent at end of the period	<u>2,413,105</u>	<u>6,801,715</u>

Cash and cash equivalent

Cash and cash equivalent included in the condensed consolidated statement of cash flows comprise the following statement of financial position amounts:

	30.9.2010	30.9.2009
Cash and bank balances	672,461	5,248,372
Deposits with licensed banks	1,740,644	1,553,343
	<u>2,413,105</u>	<u>6,801,715</u>

The condensed consolidated statement of cash flows should be read in conjunction with the financial statements for the period ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

(Incorporated in Malaysia)

Unaudited interim financial statements

Notes to the interim financial statements

1 Basic of preparation

The unaudited interim financial statements have been prepared in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad for the ACE Market and Financial Reporting Standard (FRS) 134 and should be read in conjunction with the Group's financial statements for the year ended 31 December 2009.

These notes to interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group for the financial period ended 30 September 2010.

The Group has not applied the following accounting standard, amendments and interpretation that have been issued by the Malaysian Accounting Standards Board (MASB) but not yet effective:

FRSs / Interpretations	Effective date
Amendments to FRS 132, Financial Instruments: Presentation- Classification of Rights Issues	1 March 2010
FRS 1, First-time Adoption of Financial Reporting Standards (revised)	1 July 2010
FRS 3, Business Combinations (revised)	1 July 2010
FRS 127, Consolidated and Separate Financial Statements (revised)	1 July 2010
Amendments to FRS 2, Share-based Payment	1 July 2010
Amendments to FRS 5, Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
Amendments to FRS 138, Intangible Assets	1 July 2010
IC Interpretation 12, Service Concession Agreements	1 July 2010
IC Interpretation 16, Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17, Distribution of Non-cash Assets to Owners	1 July 2010
Amendments to IC Interpretation 9, Reassessment of Embedded Derivatives	1 July 2010
Amendments to FRS 1, First-time Adoption of Financial Reporting Standards	1 January 2011
-Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
-Additional Exemptions for First-time Adopters	1 January 2011
Amendments to FRS 7, Financial Instruments: Disclosures- Improving Disclosures about Financial Instruments	1 January 2011
Amendments to FRS 2, Group Cash-settled Share-based Payment	1 January 2011
IC Interpretation 4, Determining whether an Arrangement contains a Lease	1 January 2011
IC Interpretation 18, Transfers of Assets from Customers	1 January 2011
IC Interpretation 15, Agreements for the Construction of Real Estate	1 January 2012

The Group plans to apply the abovementioned FRSs / Interpretations where applicable from the annual period beginning 1 January 2011 and 1 January 2012 respectively.

The initial application of the standards (and its consequential amendments) and interpretations is not expected to have any material impact on the Group's financial statements.

2 Changes in accounting policies

Except as described below, the accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2009.

(i) FRS 139, Financial Instruments: Recognition and Measurement

The adoption of FRS 139 has resulted in changes to accounting policies relating to recognition and measurement of financial instruments and the new accounting policies are as follows:

I) Initial recognition and measurement

A financial instrument is recognised in the financial statements when, and only when, the Group becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

II) Financial instrument categories and subsequent measurement

The Group categorises financial instruments into loans and receivables and available-for-sale only as it does not have any financial assets at fair value through profit or loss and held-to-maturity investments.

Financial assets

(a) Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market, trade and other receivables and cash and cash equivalents.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

(b) Available-for-sale financial assets

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment.

2 Changes in accounting policies (continued)

(i) FRS 139, Financial Instruments: Recognition and Measurement (continued)

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are held for trading, derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at the fair values with the gain or loss recognised in profit or loss.

Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the profit or loss.

Staff loans

Prior to the adoption of FRS 139, staff loans were recorded at cost. With the adoption of FRS 139, staff loans are now recognised initially at their fair values, which are estimated by discounting the expected cash flows using the current market interest rate of a loan with similar risk and tenure. Interest income is recognised in the profit or loss using the effective interest method. The impact to the Group is not material.

Impairment of trade and other receivables

Prior to the adoption of FRS 139, an allowance for doubtful debts was made when a receivable is considered irrecoverable by the management. With the adoption of FRS 139, an impairment loss is recognised for trade and other receivables and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate.

These changes in accounting policies have been made in accordance with the transitional provisions of FRS 139. In accordance with the transitional provisions of FRS 139 for first-time adoption, adjustments arising from remeasuring the financial instruments at the beginning of the financial period were recognised as adjustments of the opening balance of retained earnings or another appropriate reserve. Comparatives are not adjusted.

2 Changes in accounting policies (continued)

(i) FRS 139, Financial Instruments: Recognition and Measurement (continued)

Consequently, the adoption of FRS 139 does not affect the basic and diluted earnings per ordinary share for prior periods. It is not practicable to estimate the impact arising from the adoption FRS 139 to the current period's basic and diluted earnings per ordinary share.

The application of the above new policies has the following effects:

	Fair value reserve	
	2010 RM	2009 RM
At 1 January, as previously stated	-	-
Adjustment arising from adoption of FRS 139:		
- Fair value of securities classified as available-for-sale	22,720	-
At 1 January, as restated	<u>22,720</u>	<u>-</u>

Investments in securities

Prior to the adoption of FRS 139, current investments were carried at the lower of cost and market value, determined on an aggregate portfolio basis by category of investments. With the adoption of FRS 139, current investments are now categorised and measured as available-for-sale as detailed above.

3 Auditors' reports

The auditors report on the latest financial statements for the financial year ended 31 December 2009 was not subject to any audit qualifications.

4 Seasonal and cyclical factors

The results of the Group were not materially affected by any significant seasonal and cyclical factors during the period under review.

5 Unusual items due to their nature, size or incidence

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the financial period-to-date.

6 Issuances, cancellations, repurchases, resale and repayment of debt and equity securities

There were no issuances, cancellations, repurchases, resale and repayment of debt and equity securities in the Company during the period under review.

7 Dividend paid

No dividend has been declared or paid during the period under review.

8 Segmental reporting

The Group comprises the following main business segments:

- Information Technology ("IT")
- Information and Communication Technologies ("ICT")
- Satellite based network services ("SAT")

The analysis of the Group's operations for the financial period ended 30 September 2010 is as follows:-

	IT RM	ICT RM	SAT RM	Total RM
Total segment revenue - external	22,951,946	1,767,184	1,562,765	26,281,895
Segment results	5,670,340	655,706	925,782	7,251,828
Other income				373,909
Other operating expenses				(4,353,260)
Results from operating activities				3,272,477
Interest income				60,322
Finance costs				(903,561)
Tax expense				-
Net profit for the period				2,429,238
Segment assets	69,790,316	21,856,691	2,961,500	94,608,507
Unallocated assets				10,012
Total assets				94,618,519
Segment liabilities	32,997,426	927,639	1,141,001	35,066,066
Unallocated liabilities				20,000
Total liabilities				35,086,066

9 Valuation of property, plant and equipment

There were no revaluation of property, plant and equipment for the nine months ended 30 September 2010.

10 Material events subsequent to the end of the interim period

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

11 Changes in composition of the Group

There were no changes in composition of the Group during the nine months ended 30 September 2010.

12 Changes in contingent liabilities or contingent assets

As at the date of this report, the Group does not have any contingent liabilities or contingent assets.

13 Capital commitments

There were no material commitments for the purchase of property, plant and equipment incurred or known to be incurred for in the current quarter under review.

14 Review of performance

For the third quarter ended 30 September 2010 ("3Q10"), Privasia recorded revenue of RM13.615 million and a net profit of RM2.811 million. On a cumulative basis, revenue for the period ended 30 September 2010 (9 months) was RM26.282 million while the net profit after tax was RM2.429 million.

As the Privasia Group was only formed on 12 May 2009, meaningful comparisons could not be made with 3Q09 result.

Compared to the second quarter ended 30 June 2010 ("2Q10"), the Group recorded quarterly higher sales from increased IT outsourcing projects implemented in the quarter under review. Group net profits grew in tandem.

15 Current year's prospects

The Group is optimistic of the prospects moving forward.

The improving economic sentiment will likely result in greater ICT investment by enterprises.

Not only that, the Group will also benefit from growth in broadband infrastructure investment by government and private sector to bring Malaysia's broadband coverage to a higher level.

To date, we have secured a strong order book of RM83 million comprising maintenance and system implementation projects which will last until 2014.

16 Income tax expenses

~~There was no taxation for the period due to the Multimedia Super Corridor ("MSC") status and Pioneer Status granted to both PSB and PNSB under the Promotion of Investments (Amendment) Act, 1997. As such, PSB and PNSB enjoys the tax incentive of 100% exemption of its taxable statutory income from pioneer activities for a period of five (5) years, commencing from 23 January 2002 and 4 January 2001 respectively. The MSC status along with the Pioneer Status have been renewed and approved by relevant authorities for another five (5) years to 22 January 2012 and 28 December 2010 respectively.~~

17 Unquoted investments and properties

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

18 Available-for-sale financial assets

As part of its treasury management activities, the Group invests its cash surplus in short term money market instruments and money market unit trusts.

(a) The details of purchases and disposal of available-for-sale financial assets for the period under review are:

	30.9.2010
	RM
(i) Disposal of available-for-sale financial assets	<u>1,529,700</u>

(b) Particulars of investments in quoted securities as at 30 September 2010

	RM
At market value	<u>1,020,319</u>

19 Status of corporate proposals announced

There were no corporate proposals announced.

20 Off balance sheet financial instruments

As at the reporting date, the Group does not have any off balance sheet financial instruments.

21 Material litigation

As at 30 September 2010, there was no material litigation against the Group.

22 Earnings per share

(a) Basic earnings per share

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

	Nine months ended 30.9.2010
Profit attributable to equity holders of the parent	2,322,839
Profit attributable to minority interest	106,399
Profit for the period (RM)	<u>2,429,238</u>
Weighted average number of ordinary shares in issue	<u>558,200,020</u>
Basic earnings per share (sen)	<u><u>0.44</u></u>

(b) Diluted earnings per share

There are no dilutive effects to the shares during the period under review.

23 Comparatives

As the acquisition of the Group's subsidiaries were completed in May 2009 and December 2009 respectively, the comparatives for the condensed consolidated statement of comprehensive income and consolidated statement of cash flows for the preceding year's corresponding period are not comparable to the current period ended 30 September 2010.

24 Authorisation for issue

The interim financial information were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 22 November 2010.