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

Interim financial statements
for the year ended 31 December 2010

PRIVASIA TECHNOLOGY BHD (825092 - U)
(Incorporated In Malaysia)
Quarterly report on consolidated financial statements for the fourth quarter ended 31 December 2010
These figures have not been audited

Condensed consolidated statement of comprehensive income - unaudited

	4th quarter ended 31 December		12 months ended 31 December	
	2010 RM	2009 RM	2010 RM	2009 RM
Revenue	11,572,985	17,116,449	37,854,880	27,162,338
Cost of Sales	(6,204,058)	(14,601,862)	(25,234,125)	(21,629,190)
Gross profit	5,368,927	2,514,587	12,620,755	5,533,148
Other income	115,755	157,413	489,664	303,334
Other operating expenses	(2,288,107)	(1,292,248)	(6,641,367)	(3,803,764)
Profit from operations	3,196,575	1,379,752	6,469,052	2,032,718
Interest income	4,637	38,824	64,959	238,162
Finance costs	(453,291)	(533,143)	(1,356,852)	(1,183,672)
Profit before taxation	2,747,921	885,433	5,177,159	1,087,208
Income tax expenses	(352,275)	(60,237)	(352,275)	(50,637.00)
Net profit for the period	2,395,646	825,196	4,824,884	1,036,571
Other comprehensive income, net of tax				
Fair value of available-for-sale financial assets	(2,933)	-	2,693	-
Other comprehensive profit for the period, net of tax	(2,933)	-	2,693	-
Total comprehensive income for the period	2,392,713	825,196	4,827,577	1,036,571
Profit attributable to:				
Equity holders of the parent	2,341,675	851,561	4,678,242	1,060,056
Minority interests	53,971	(26,365)	146,642	(23,485)
Profit for the period	2,395,646	825,196	4,824,884	1,036,571
Total comprehensive income attributable to:				
Equity holders of the parent	2,338,742	851,561	4,678,242	1,060,056
Minority interests	53,971	(26,365)	146,642	(23,485)
Total comprehensive income for the period	2,392,713	825,196	4,827,577	1,036,571
Earnings per share				
Basic earnings per share (sen)	0.43	0.15	0.86	0.28
Diluted earnings per share (sen)	0.43	0.15	0.86	0.28

The results for the preceding year's corresponding period ended 31 December 2009 consists of the eight 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 year ended 31 December 2010 contains the twelve 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 year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

PRIVASIA TECHNOLOGY BHD (825092 - U)
(Incorporated In Malaysia)

Condensed consolidated statement of financial position - unaudited

	Note	As at 31.12.2010 RM	As at 31.12.2009 RM
Assets			
Property, plant and equipment		16,201,285	18,318,780
Investment property		5,655,353	5,714,444
Development costs		10,798,560	14,924,731
Intangible assets		478,993	548,441
Goodwill		36,005,230	36,005,230
		69,139,421	75,511,626
Current assets			
Inventories		1,987,801	-
Work-in-progress		1,891,995	156,416
Receivables, deposits and prepayments		10,071,769	10,832,812
Available-for-sale financial assets	18	1,026,336	2,486,660
Tax recoverable		10,490	45,567
Cash and cash equivalents		7,447,662	3,369,294
		22,436,053	16,890,749
Total assets		91,575,474	92,402,375
Equity			
Share capital		55,820,002	55,820,002
Reserves		5,754,434	1,050,779
Total equity attributable to shareholders of the Company		61,574,436	56,870,781
Minority interest		350,730	204,088
Total equity		61,925,166	57,074,869
Liabilities			
Non-current liabilities			
Loans and borrowings		18,378,430	19,447,871
Deferred tax liabilities		108,000	10,450
		18,486,430	19,458,321
Current liabilities			
Payables and accruals		6,091,976	7,665,128
Loans and borrowings		4,906,011	8,150,189
Taxation		165,891	53,868
		11,163,878	15,869,185
Total liabilities		29,650,308	35,327,506
Total equity and libilities		91,575,474	92,402,375
Net assets per share (RM)		0.11	0.10

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

PRIVASIA TECHNOLOGY BHD (825092 - U)
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Condensed consolidated statement of changes in equity for the year ended 31 December 2009 - Unaudited

(all in RM)	Share capital	Fair value reserve	Retained profits	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
Minority interest arising from acquisition	-	-	-	-	227,573	227,573
Total comprehensive income for the period	-	-	1,060,056	1,060,056	(23,485)	1,036,571
Balance as at 31.12.2009	55,820,002	-	1,050,779	56,870,781	204,088	57,074,869

Condensed consolidated statement of changes in equity for the year ended 31 December 2010 - Unaudited

(all in RM)	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	55,820,002	22,720	1,050,779	56,893,501	204,088	57,097,589
Total comprehensive income for the period	-	2,693	4,678,242	4,680,935	146,642	4,827,577
Balance as at 31.12.2010	55,820,002	25,413	5,729,021	61,574,436	350,730	61,925,166

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

PRIVASIA TECHNOLOGY BHD (825092 - U)
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Condensed consolidated statement of cash flows for the year ended 31 December 2010 - Unaudited

	Note	Twelve months ended 31.12.2010 RM	Twelve months ended 31.12.2009 RM
Cash flow from operating activities			
Profit before taxation		5,177,159	1,087,208
Adjustment for :			
Amortisation of development costs		4,498,193	2,831,297
Amortisation of intangible assets		276,827	120,098
Depreciation of investment property		59,091	39,212
Depreciation of property, plant and equipment		3,769,741	2,514,631
Interest Income		(64,959)	(238,162)
Interest expenses		1,356,852	1,183,672
Gain on disposal of property, plant and equipment		(12,202)	(107,875)
Gain on disposals of available-for-sale financial assets		(1,950)	-
Change in fair value of available-for-sale financial asset		25,413	-
Write off of development costs		-	-
Write off of property, plant and equipment		5,917	42,219
Operating profit before working capital changes		15,090,082	7,472,300
Work-in progress		(1,735,579)	(2,410,561)
Receivables and prepayments		761,043	3,314,061
Inventories		(1,987,801)	-
Payables and accruals		(1,573,152)	1,002,197
Cash generated from operations		10,554,593	9,377,997
Tax paid		(107,625)	(38,056)
Interest received		64,959	238,162
Net cash generated from operating activities		10,511,927	9,578,103
Cash flow from investing activities			
Increase in development costs		(372,021)	(2,925,771)
Proceeds for disposal of property, plant and equipment		68,189	148,155
Proceeds from available for sale financial assets		1,462,274	1,043,099
Purchase of intangible assets		(207,379)	(532,275)
Purchase of property, plant and equipment		(1,714,150)	(1,619,132)
Purchase of subsidiaries, net of cash and cash equivalent		-	(56,724,932)
Disposal of other investments		-	
Net cash used in investing activities		(763,088)	(60,610,856)
Cash flow from financing activities			
Interest paid		(1,356,852)	(1,183,672)
Decrease in pledged deposits		-	1,030,000
Repayment of loans and borrowings		(4,313,619)	(1,264,283)
Proceeds from issuance of share capital		-	55,820,000
Net cash (used in)/generated from financing acivities		(5,670,471)	54,402,045
Net increase in cash and cash equivalents		4,078,368	3,369,292
Cash and cash equivalents at beginning of the period		3,369,294	2
Cash and cash equivalent at end of the period		7,447,662	3,369,294

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:

	31.12.2010	31.12.2009
Cash and bank balances	3,444,566	1,718,115
Deposits with licensed banks	4,003,096	1,651,179
	7,447,662	3,369,294

The condensed consolidated statement of cash flows should be read in conjunction with the financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the 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 year ended 31 December 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	**2009**
	RM	**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	22,720	-

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 31 December 2010 is as follows:-

	IT RM	ICT RM	SAT RM	Total RM
Total segment revenue - external	31,263,552	3,767,387	2,823,941	37,854,880
Segment results	10,218,001	1,022,078	1,380,676	12,620,755
Other income				489,664
Other operating expenses				(6,641,367)
Results from operating activities				6,469,052
Interest income				64,959
Finance costs				(1,356,852)
Tax expense				(352,275)
Net profit for the period				4,824,884
Segment assets	66,308,751	22,002,553	3,257,383	91,568,687
Unallocated assets				6,787
Total assets				91,575,474
Segment liabilities	26,948,495	1,327,599	1,307,902	29,583,996
Unallocated liabilities				66,312
Total liabilities				29,650,308

9 Valuation of property, plant and equipment

There were no revaluation of property, plant and equipment for the twelve months ended 31 December 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 twelve months ended 31 December 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 fourth quarter ended 31 December 2010 ("4Q10"), Privasia recorded 32.4% drop in revenue to RM11.6 million and 210.3% increase in profit before tax to RM2.7 million, compared to 4Q09. The better profit was due to favorable sales mix that has higher margin component.

For full year ended 31 December 2010 ("FY10"), Privasia recorded profit before tax of RM5.2 million, compared to RM1.1 million previously, on the back of 39.4% increase in revenue to RM37.9 million. The higher revenue and profit was due to shorter period in FY2009 as Privasia Group was only formed on 12 May 2009. The IT outsourcing segment remains the major contributor to the group revenue of RM31.3 million.

15 Current year's prospects

The Group is confident of the positive prospects ahead alongside the economic recovery.

Moreover, the Government's initiative to promote a wider internet usage among Malaysians in the recent years has also encouraged ICT spending by enterprises.

To date, we have a secured order book of RM216 million comprising maintenance and system implementation projects which will last until 2020.

16 Income tax expenses

The government of Malaysia awarded Multimedia Super Corridor ("MSC") status to the Company's subsidiaries, Airocom Technology Sdn.Bhd.and Privasia Sdn.Bhd., on 29 December 2000 and 23 January 2002, respectively. With the granting of MSC status, these subsidiaries are exempted from tax on 100% of statutory income from qualifying activities for an initial period of five (5) years. The extension of MSC status along with Pioneer Status for both subsidiaries had been approved by the authorities concerned for another five (5) years.

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:

	31.12.2010 RM
(i) Disposal of available-for-sale financial assets	1,529,700

(b) Particulars of investments in quoted securities as at 31 December 2010

	RM
At market value	1,026,336

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 31 December 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.

	Year ended 31.12.2010
Profit attributable to equity holders of the parent	4,678,242
Profit attributable to minority interest	146,642
Profit for the period (RM)	4,824,884
Weighted average number of ordinary shares in issue	558,200,020
Basic earnings per share (sen)	0.86

(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 31 December 2010.

24 Disclosure of Realised And Unrealised Profits

On 25 March 2010, Bursa Malaysia Securities Berhad (Bursa Malaysia) issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of the Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as at the end of the reporting period into realised and unrealised profits or losses.

On 20 December 2010, Bursa Malaysia further issued guidance on the disclosure and the format required.

The breakdown of the retained profits of the Group as at 31 December 2010, into realised and unrealised profits, pursuant to the directive, is as follows:

	Group 31 December 2010 RM'000	Group 30 September 2010 RM'000
Total retained profits of Privasia Technology Berhad and its subsidiaries		
-Realised	5,621,021	3,391,514
-Unrealised	108,000	10,450
	5,729,021	3,401,964
Less: Consolidation adjustments	-	-
Total retained profits as per statement of financial position	5,729,021	3,401,964

25 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