

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

Interim financial statements
for the year ended 31 December 2011

PRIVASIA TECHNOLOGY BHD (825092 - U)

(Incorporated In Malaysia)

Quarterly report on consolidated financial statements for the fourth quarter ended 31 December 2011

Condensed consolidated statement of comprehensive income - unaudited

	Three Months 31 December		4th quarter ended 31 December	
	2011	2010	2011	2010
	RM	(Restated) RM	RM	(Restated) RM
Revenue	13,777,798	11,152,657	44,096,454	36,173,568
Cost of Sales	(8,649,674)	(5,661,447)	(27,679,789)	(23,063,681)
Gross profit	<u>5,128,124</u>	<u>5,491,210</u>	<u>16,416,665</u>	<u>13,109,887</u>
Other income	144,992	115,755	452,933	489,664
Other operating expenses	(2,572,969)	(2,288,107)	(9,251,132)	(6,641,367)
Profit/(loss) from operations	<u>2,700,147</u>	<u>3,318,858</u>	<u>7,618,466</u>	<u>6,958,184</u>
Interest income	18,182	4,637	132,215	64,959
Finance costs	(399,359)	(453,291)	(1,554,598)	(1,356,852)
Profit / (Loss) before taxation	<u>2,318,970</u>	<u>2,870,204</u>	<u>6,196,083</u>	<u>5,666,291</u>
Income tax expenses	(359,244)	(352,275)	(836,005)	(352,275)
Net profit/(loss) for the period	<u>1,959,726</u>	<u>2,517,929</u>	<u>5,360,078</u>	<u>5,314,016</u>
Other comprehensive loss, net of tax				
Fair value of available-for-sale financial assets	-	8,449	(4,860)	5,626
Other comprehensive loss for the period, net of tax	<u>-</u>	<u>8,449</u>	<u>(4,860)</u>	<u>5,626</u>
Total comprehensive income / (loss) for the period	<u>1,959,726</u>	<u>2,526,378</u>	<u>5,355,218</u>	<u>5,319,642</u>
Profit / (loss) attributable to:				
Equity holders of the parent	1,972,692	2,460,873	5,113,332	5,207,617
Minority interests	(12,966)	57,056	246,746	106,399
Net profit / (loss) for the period	<u>1,959,726</u>	<u>2,517,929</u>	<u>5,360,078</u>	<u>5,314,016</u>
Total comprehensive income/(loss) attributable to:				
Equity holders of the parent	1,972,692	2,469,322	5,108,472	5,213,243
Minority interests	(12,966)	57,056	246,746	106,399
Total comprehensive income / (loss) for the period	<u>1,959,726</u>	<u>2,526,378</u>	<u>5,355,218</u>	<u>5,319,642</u>
Earnings / (loss) per share				
Basic earnings / (loss) per share (sen)	<u>0.35</u>	<u>0.45</u>	<u>0.96</u>	<u>0.95</u>
Diluted earnings / (loss) per share (sen)	<u>0.35</u>	<u>0.45</u>	<u>0.96</u>	<u>0.95</u>

The results for the current year ended 31 December 2011 contains the twelve months consolidated results of the Privasia Sdn. Bhd. group of companies, Privanet 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 2010 and the accompanying explanatory notes attached to the interim financial statements.

PRIVASIA TECHNOLOGY BHD (825092 - U)

(Incorporated In Malaysia)

Quarterly report on consolidated financial statements for the fourth quarter ended 31 December 2011

Condensed consolidated statement of financial position - unaudited

	Note	As at 31.12.2011 RM	As at 31.12.2010 (Restated) RM
Assets			
Property, plant and equipment		23,223,546	16,201,285
Investment property		5,596,262	5,655,353
Intangible assets		39,731,685	40,761,872
Trade and other receivable		843,750	750,000
Total non-current assets		<u>69,395,243</u>	<u>63,368,510</u>
Inventories		1,561,898	1,987,801
Work-in-progress		2,424,172	1,891,995
Tax recoverable		252,030	10,490
Available-for-sale financial assets	18	1,048,879	1,026,336
Trade and other receivable		18,437,731	15,120,918
Cash and cash equivalents		8,219,904	7,447,662
Total current assets		<u>31,944,614</u>	<u>27,485,202</u>
Total assets		<u>101,339,857</u>	<u>90,853,713</u>
Equity			
Share capital		55,820,002	55,820,002
Reserves		9,578,076	5,028,013
Total equity attributable to shareholders of the Company		<u>65,398,078</u>	<u>60,848,015</u>
Minority interest		602,136	355,390
Total equity		<u>66,000,214</u>	<u>61,203,405</u>
Liabilities			
Loans and borrowings		18,745,368	18,378,430
Deferred tax liabilities		108,000	108,000
Total non-current liabilities		<u>18,853,368</u>	<u>18,486,430</u>
Loans and borrowings		7,881,555	4,906,011
Trade and other payables		7,981,397	6,091,976
Taxation		623,323	165,891
Total current liabilities		<u>16,486,275</u>	<u>11,163,878</u>
Total liabilities		<u>35,339,643</u>	<u>29,650,308</u>
Total equity and liabilities		<u>101,339,857</u>	<u>90,853,713</u>
Net assets per share (RM)		<u>0.12</u>	<u>0.11</u>

The condensed consolidated statement of financial position should be read in conjunction with the financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

PRIVASIA TECHNOLOGY BHD (825092 - U)

(Incorporated in Malaysia)

Quarterly report on consolidated financial statements for the fourth quarter ended 31 December 2011

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

<i>(all in RM)</i>	Share capital	Fair value reserve	Retained profits	Subtotal	Minority Interest	Total equity
Balance as at 01.01.2010, as restated	55,820,002	-	(175,646)	55,644,356	204,088	55,848,444
Impact of adopting FRS 139	-	22,720	-	22,720	-	22,720
Balance as at 01.01.2010, as restated	55,820,002	22,720	(175,646)	55,667,076	204,088	55,871,164
Total comprehensive income for the year	-	2,693	5,178,246	5,180,939	151,302	5,332,241
Balance as at 31.12.2010, as restated	55,820,002	25,413	5,002,600	60,848,015	355,390	61,203,405

Condensed consolidated statement of changes in equity for the year ended 31 December 2011 - Unaudited

<i>(all in RM)</i>	Share capital	Fair value reserve	Retained profits	Subtotal	Minority Interest	Total equity
Balance as at 01.01.2011, as restated	55,820,002	25,413	5,002,600	60,848,015	355,390	61,203,405
Total comprehensive income for the period	-	(4,860)	5,113,332	5,108,472	246,746	5,355,218
Dividend paid	-	-	(558,409)	(558,409)	-	(558,409)
Balance as at 31.12.2011	55,820,002	20,553	9,557,523	65,398,078	602,136	66,000,214

The condensed consolidated changes in equity should be read in conjunction with the financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

PRIVASIA TECHNOLOGY BHD (825092 - U)
(Incorporated in Malaysia)
Quarterly report on consolidated financial statements for the fourth quarter ended 31 December 2011

Condensed consolidated statement of cash flows for the year ended 31 December 2011 - Unaudited

	Twelve months ended 31.12.2011	Twelve months ended 31.12.2010 (Restated)
Note	RM	RM
Cash flow from operating activities		
Profit before taxation	6,196,083	5,666,291
<i>Adjustment for :</i>		
Amortisation of development costs	2,148,254	4,498,193
Amortisation of intangible assets	623,945	276,827
Depreciation of investment property	59,091	59,091
Depreciation of property, plant and equipment	6,057,174	3,835,802
Interest Income	(132,215)	(64,959)
Interest expenses	1,554,598	1,356,852
Gain on disposal of property, plant and equipment	(3,184)	2,281
Provision for doubtful debts	273,954	-
Operating profit before working capital changes	<u>16,777,700</u>	<u>15,630,178</u>
Work-in progress	(532,177)	(1,735,579)
Receivables and prepayments	(3,684,515)	271,910
Inventories	425,903	(1,987,801)
Payables and accruals	1,889,421	(1,573,152)
Cash generated from operations	<u>14,876,332</u>	<u>10,605,556</u>
Tax paid	(620,113)	(107,625)
Interest received	132,215	64,959
Net cash generated from operating activities	<u>14,388,434</u>	<u>10,562,890</u>
Cash flow from investing activities		
Increase in development costs	(114,786)	(372,021)
Proceeds for disposal of property, plant and equipment	20,062	68,189
Proceeds for disposal of available-for-sale financial assets	-	1,485,737
Purchase of intangible assets	(1,540,993)	(207,379)
Purchase of property, plant and equipment	(13,182,546)	(1,788,577)
Net cash used in investing activities	<u>(14,818,263)</u>	<u>(814,051)</u>
Cash flow from financing activities		
Changes in fair value of available-for sale financial assets	(27,403)	-
Interest paid	(1,554,598)	(1,356,852)
Dividend paid	(558,409)	-
(Increase)/Decrease in pledged deposits	55,465	(579,071)
(Repayment of)/Proceeds from loans and borrowings	3,342,482	(4,313,619)
Net cash used in financing activities	<u>1,257,537</u>	<u>(6,249,542)</u>
Net increase in cash and cash equivalents	827,708	3,499,297
Cash and cash equivalents at beginning of the period	6,360,177	2,860,880
Cash and cash equivalent at end of the period	<u>7,187,885</u>	<u>6,360,177</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:

	31.12.2011	31.12.2010
Cash and bank balances	3,590,789	3,444,566
Deposits with licensed banks	4,629,116	4,003,096
	<u>8,219,905</u>	<u>7,447,662</u>
Less: Deposits pledged	(1,032,020)	(1,087,485)
	<u>7,187,885</u>	<u>6,360,177</u>

The condensed consolidated statement of cash flows should be read in conjunction with the financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

PRIVASIA TECHNOLOGY BHD (825092 - U)

(Incorporated In Malaysia)

Quarterly report on consolidated financial statements for the fourth quarter ended 31 December 2011

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 2010.

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 2011.

During the financial period, the Group adopted IC Interpretation 4 – Determining whether an arrangement contains a lease ("IC 4"), which became effective for the financial year beginning 1 January 2011. Following the adoption of IC 4, management has reassessed all its business arrangements and have identified arrangements that contain leases which were not previously treated as leases. IC 4 involves a change in accounting policy and has been accounted for retrospectively in which comparatives have been restated.

The following comparative figures as at 31 December 2010 have been adjusted to conform with the requirements of IC 4 as follows:

	31 December 2010	
	As restated RM	As previously stated RM
In consolidated statement of comprehensive income :-		
Revenue	36,173,568	37,854,880
Profit before tax	5,666,291	5,177,159
In consolidated statement of financial position :-		
Intangible assets	40,761,872	47,282,783
Trade and other receivable	15,120,918	9,321,769
Reserves	5,028,013	5,754,434

The Group has not applied the Malaysian Financial Reporting Standards ("MFRS") framework that has been issued by the Malaysian Accounting Standards Board (MASB) on 19 November 2011 but not yet effective. The Group plans to apply the MFRS framework from the annual period beginning 1 January 2012.

Management is still in the process of assessing the impact of the initial application of the MFRS framework on the Group's financial statements.

2 Significant accounting policies

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 2010.

3 Auditors' reports

The auditors report on the latest financial statements for the financial year ended 31 December 2010 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

The following dividend was paid by the Company.

	Sen per share	Total amount (RM)
Final ordinary - 31 December 2010	0.1	<u>558,409</u>

8 Segmental reporting

The Board is of the opinion that the revised business segmentation based on services would more accurately reflect the Group's scope of business, as well as enable the Board formulate the strategies and allocate the necessary resources for the growth of the business units.

The Group comprises the following main business segments:

- Outsourcing and Consulting ("OSD")
- E-Procurement ("E-PROC")
- Information and Communication Technologies Distribution ("CDIST")
- Information and Communication Technologies Services ("CSERV")
- Satellite based network services ("SAT")

The analysis of the Group's operations for the financial year ended 31 December 2011 is as follows:-

	OSD RM	E-PROC RM	CDIST RM	CSERV RM	SAT RM	ELIMINATION RM	Total RM
Total segment revenue - external	19,918,234	14,503,517	3,674,010	438,258	6,256,777	(694,342)	44,096,454
Segment results	5,989,881	6,537,640	1,382,045	292,574	2,535,829	(321,304)	16,416,665
Other income							452,933
Other operating expenses							(9,251,132)
Results from operating activities							7,618,466
Interest income							132,215
Finance costs							(1,554,598)
Tax expense							(836,005)
Net profit for the period							5,360,078
Segment assets	57,129,180	7,262,865	3,413,464	2,605,068	3,907,373	26,988,860	101,306,810
Unallocated assets							33,047
Total assets							101,339,857
Segment liabilities	32,081,201	-	2,243,658	7,015,376	1,900,252	(8,536,109)	34,704,378
Unallocated liabilities							635,265
Total liabilities							35,339,643

9 Valuation of property, plant and equipment

There were no revaluation of property, plant and equipment for the period ended 31 December 2011.

10 Material events subsequent to the end of the interim period

On 27 December 2011, PTB entered into a Share Sale Agreement with Sir Robert John Madejski ("Vendor") for the proposed acquisition of approximately 70% of the equity interest in RENTWISE SDN BHD ("RENTWISE") comprising 676,666 existing ordinary shares of RM1.00 each from the Vendor in RENTWISE ("Sale Shares") for a total cash consideration of RM1.00 ("Purchase Consideration"). The Share Sale Agreement ("Share Sale Agreement") is conditional upon the following conditions precedent being met within one hundred and twenty (120) days from the date of the Share Sale Agreement ("Cut-off Date") or such extended date as the parties may mutually agree to in writing.

As at todate, PTB is carrying out a legal, operational, financial and tax due diligence review on RENTWISE.

11 Changes in composition of the Group

There were no changes in composition of the Group during the year ended 31 December 2011.

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 fourth quarter ended 31 December 2011 ("4Q11"), Privasia recorded an encouraging increase of 23.5% in revenue to RM13.8 million from RM11.2 million in the previous corresponding quarter, due mainly to higher revenue contributions from its outsourcing and consulting services, and satellite-based network services.

However, net profit in 4Q11 was lower at RM2.0 million compared to RM2.5 million previously due to higher cost of sales and operating expenses in line with the increased turnover, as well as income tax expenses.

For the financial year ended 31 December 2011 ("FY2011"), group revenues rose by 21.9% to RM44.1 million from RM36.2 million previously largely due to higher contributions from the outsourcing and consultancy services, as well as satellite-based network services. Profit before tax was at RM6.2 million compared to RM5.7 million previously. Even after the higher income tax, FY2011 net profit increased to RM 5.4 million compared to RM5.3 million previously.

Comparison with preceding quarter

In comparison with the preceding quarter ended 30 September 2011 ("3Q11"), revenue in 4Q11 was higher at RM13.8 million versus RM10.7 million in 3Q11 due to higher sales from the Group's E-procurement services, and satellite-based network services. Profit before tax in 4Q11 was slightly higher at RM2.3 million compared to RM 2.0 million in 3Q11.

15 Future prospects

The Group is positive on the prospects of the ICT outsourcing industry as a means to assist companies enhance their competitiveness in the challenging economic situation. In addition to the order book of RM174 million which will last until 2020, the Group will continue to actively participate in tendering for new projects to sustain the Group going forward. At the same time, the Group will also sustain efforts to integrate the operations of its potential acquiree Rentwise Sdn Bhd into the Group to harness synergies of the acquisition.

16 Income tax expenses

The government of Malaysia awarded Multimedia Super Corridor ("MSC") status to the Company's subsidiary, Privasia Sdn.Bhd., on 23 January 2002. With the granting of MSC status, this subsidiary 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 the subsidiary was 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) Particulars of investments in quoted securities as at 31 December 2011

	31.12.2011
	RM
At market value	<u>1,048,879</u>
At cost	<u>1,028,326</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

Save as disclosed below, the Group is not engaged in any litigation, either as plaintiff or defendant, which may effect the income from, title to, or possession of, any of its assets and/or business of the Group and the Directors of the Group do not know of any proceedings pending or threatened, or of any fact likely to give rise to any proceedings, which may effect the income from, title to, or possession of, any of its assets and/or business of the Group:-

On 21 July 2011, the Group was served with a notice to attend a mention on September 15, 2011 at the Kuala Lumpur Industrial Court for Industrial Court Case No. 14(21)(14)/4-1388/10. The case involves a former employee's (of Airocom Sdn Bhd) claim that he has been wrongfully dismissed and as such seeks reinstatement to his former position / employment with the Company. The matter was referred by the Hon. Minister of Human Resources to the Industrial Court under s.20(3) of the Industrial Relations Act 1967. On 16 November 2011, the Company filed its Statement in Reply to the court. The Company is presently awaiting for the matter to be set down for trial.

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
	31.12.2011
Profit attributable to equity holders of the parent	5,113,332
Profit attributable to minority interest	246,746
Profit for the period (RM)	<u>5,360,078</u>
Weighted average number of ordinary shares in issue	558,200,020
Basic earnings per share (sen)	<u>0.96</u>

(b) Diluted earnings per share

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

23 Disclosure of realised and unrealised profits

The breakdown of the retained profits of the Group and of the Company as at 31 December 2011, into realised and unrealised profits, pursuant to the directive, is as follows:

	31.12.2011	31.12.2010
	RM'000	Restated RM'000
Total retained profits of Privasia Technology Berhad and its subsidiaries		
- Realised	(3,498,405)	(8,238,202)
- Unrealised	110,963	110,963
	<u>(3,387,442)</u>	<u>(8,127,239)</u>
Less: Consolidation adjustments	12,944,965	13,129,839
Total retained profits as per statement of financial position	<u>9,557,523</u>	<u>5,002,600</u>

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 17 February 2012.