

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

Interim financial statements
for the period ended 31 March 2011

PRIVASIA TECHNOLOGY BHD (825092 - U)

(Incorporated In Malaysia)

Quarterly report on consolidated financial statements for the first quarter ended 31 March 2011**Condensed consolidated statement of comprehensive income - unaudited**

	1st quarter ended 31 March	
	2011 RM	2010 RM
Revenue	10,002,863	6,498,733
Cost of Sales	(6,642,123)	(4,917,841)
Gross profit	<u>3,360,740</u>	<u>1,580,892</u>
Other income	61,050	87,800
Other operating expenses	(2,072,254)	(1,246,086)
Profit from operations	<u>1,349,536</u>	<u>422,606</u>
Interest income	26,932	11,574
Finance costs	(271,296)	(358,960)
Profit before taxation	<u>1,105,172</u>	<u>75,220</u>
Income tax expenses	(181,000)	-
Net profit for the period	<u>924,172</u>	<u>75,220</u>
Other comprehensive loss, net of tax		
Fair value of available-for-sale financial assets	(3,819)	-
Other comprehensive loss for the period, net of tax	<u>(3,819)</u>	<u>-</u>
Total comprehensive income for the period	<u>920,353</u>	<u>75,220</u>
Profit attributable to:		
Equity holders of the parent	857,564	40,066
Minority interests	66,608	35,154
Net profit for the period	<u>924,172</u>	<u>75,220</u>
Total comprehensive income attributable to:		
Equity holders of the parent	853,745	40,066
Minority interests	66,608	35,154
Total comprehensive income for the period	<u>920,353</u>	<u>75,220</u>
Earnings per share		
Basic earnings per share (sen)	<u>0.17</u>	<u>0.01</u>
Diluted earnings per share (sen)	<u>0.17</u>	<u>0.01</u>

The results for the current period ended 31 March 2011 contains the three 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 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 first quarter ended 31 March 2011

Condensed consolidated statement of financial position - unaudited

	Note	As at 31.03.2011 RM	As at 31.12.2010 RM
Assets			
Property, plant and equipment		16,041,480	16,201,285
Investment property		5,640,580	5,655,353
Intangible assets		46,235,093	47,282,783
Retention Sums		750,000	750,000
Total non-current assets		<u>68,667,153</u>	<u>69,889,421</u>
Inventories		1,446,458	1,987,801
Work-in-progress		2,468,688	1,891,995
Tax recoverable		10,490	10,490
Available-for-sale financial assets	18	1,032,367	1,026,336
Trade and other receivable		8,854,053	9,337,301
Cash and cash equivalents		9,337,173	7,447,662
Total current assets		<u>23,149,229</u>	<u>21,701,585</u>
Total assets		<u>91,816,382</u>	<u>91,591,006</u>
Equity			
Share capital		55,820,002	55,820,002
Reserves		6,619,051	5,765,306
Total equity attributable to shareholders of the Company		<u>62,439,053</u>	<u>61,585,308</u>
Minority interest		421,998	355,390
Total equity		<u>62,861,051</u>	<u>61,940,698</u>
Liabilities			
Loans and borrowings		17,142,198	18,378,430
Deferred tax liabilities		108,000	108,000
Total non-current liabilities		<u>17,250,198</u>	<u>18,486,430</u>
Loans and borrowings		4,859,343	4,906,011
Trade and other payables		6,580,542	6,091,976
Taxation		265,248	165,891
Total current liabilities		<u>11,705,133</u>	<u>11,163,878</u>
Total liabilities		<u>28,955,331</u>	<u>29,650,308</u>
Total equity and liabilities		<u>91,816,382</u>	<u>91,591,006</u>
Net assets per share (RM)		<u>0.11</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 first quarter ended 31 March 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 previously stated	55,820,002	-	1,050,779	56,870,781	204,088	57,074,869
Impact 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 year	-	2,693	4,689,114	4,691,807	151,302	4,843,109
Balance as at 31.12.2010	<u>55,820,002</u>	<u>25,413</u>	<u>5,739,893</u>	<u>61,585,308</u>	<u>355,390</u>	<u>61,940,698</u>

Condensed consolidated statement of changes in equity for the period ended 31 March 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	55,820,002	25,413	5,739,893	61,585,308	355,390	61,940,698
Total comprehensive income for the period	-	(3,819)	857,564	853,745	66,608	920,353
Balance as at 31.03.2011	<u>55,820,002</u>	<u>21,594</u>	<u>6,597,457</u>	<u>62,439,053</u>	<u>421,998</u>	<u>62,861,051</u>

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 first quarter ended 31 March 2011

Condensed consolidated statement of cash flows for the period ended 31 March 2011 - Unaudited

	Note	Three months ended 31.03.2011 RM	Three months ended 31.03.2010 RM
Cash flow from operating activities			
Profit before taxation		1,105,172	75,220
<i>Adjustment for :</i>			
Amortisation of development costs		1,026,358	1,232,892
Amortisation of intangible assets		56,153	69,355
Depreciation of investment property		14,773	14,774
Depreciation of property, plant and equipment		948,200	958,138
Interest Income		(26,932)	(11,574)
Interest expenses		271,296	358,960
Gain on disposal of property, plant and equipment		(1,184)	(9,373)
Provision for doubtful debts		112,700	-
Operating profit before working capital changes		<u>3,506,536</u>	<u>2,688,392</u>
Work-in progress		(576,693)	(401,390)
Receivables and prepayments		370,548	621,848
Inventories		541,343	-
Payables and accruals		488,566	(740,594)
Cash generated from operations		<u>4,330,300</u>	<u>2,168,256</u>
Tax paid		(81,643)	18,156
Interest received		26,932	11,574
Net cash generated from operating activities		<u>4,275,589</u>	<u>2,197,986</u>
Cash flow from investing activities			
Increase in development costs		(34,821)	(262,421)
Proceeds for disposal of property, plant and equipment		19,662	26,782
Purchase of intangible assets		-	(125,631)
Purchase of property, plant and equipment		(806,873)	(715,963)
Net cash used in investing activities		<u>(822,032)</u>	<u>(1,077,233)</u>
Cash flow from financing activities			
Changes in fair value of available-for sale financial assets		(9,850)	-
Interest paid		(271,296)	(358,960)
Increase in pledged deposits		(401,981)	-
Repayment of loans and borrowings		(1,282,900)	(611,058)
Net cash used in financing activities		<u>(1,966,027)</u>	<u>(970,018)</u>
Net increase in cash and cash equivalents		1,487,530	150,735
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>7,847,707</u>	<u>3,011,615</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:

	31.03.2011	31.03.2010
Cash and bank balances	4,203,673	1,653,911
Deposits with licensed banks	5,133,500	1,866,118
	<u>9,337,173</u>	<u>3,520,029</u>
Less: Deposits pledged	(1,489,466)	(508,414)
	<u>7,847,707</u>	<u>3,011,615</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 first quarter ended 31 March 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 period ended 31 March 2011.

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
IC Interpretation 19, Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Amendments to IC Interpretation 14, Prepayments of a Minimum Funding Requirement	1 July 2011
FRS 124, Related Party Disclosures (revised)	1 January 2012
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 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.

Following the announcement by the MASB on 1 August 2008, the Group's financial statements will be prepared in accordance with the International Financial Reporting Standards (IFRS) framework for annual periods beginning on 1 January 2012.

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 proposed

During the financial period, the following dividends were proposed by the Directors. These dividends will be recognised in subsequent financial reports upon approval by the shareholders at the forthcoming Annual General Meeting.

	Sen per share	Total amount (RM)
Final ordinary - 31 December 2010	0.1	<u>558,200</u>

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 March 2011 is as follows:-

	IT RM	ICT RM	SAT RM	Total RM
Total segment revenue - external	7,764,859	1,667,734	570,270	10,002,863
Segment results	2,311,298	618,219	431,223	3,360,740
Other income				61,050
Other operating expenses				(2,072,254)
Results from operating activities				1,349,536
Interest income				26,932
Finance costs				(271,296)
Tax expense				(181,000)
Net profit for the period				924,172
Segment assets	66,526,812	21,838,979	3,420,183	91,785,974
Unallocated assets				30,408
Total assets				91,816,382
Segment liabilities	26,479,318	1,080,062	1,280,951	28,840,331
Unallocated liabilities				115,000
Total liabilities				28,955,331

9 Valuation of property, plant and equipment

There were no revaluation of property, plant and equipment for the three months ended 31 March 2011.

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 three months ended 31 March 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 first quarter ended 31 March 2011 ("1Q11"), Privasia recorded 53.9% year-on-year increase in group revenues to RM10.003 million on the back of improved sales from all three segments of IT, ICT and satellite-based network services. Group profits before tax rose 1,369.25% year-on-year to RM1,105 million, with the improved profitability due to growth in customer and product offering in the communication and e-bidding segments.

Comparison with preceding quarter

RM	First quarter ended 31 March 2011 (1Q11)	Fourth quarter ended 31 December 2010 (4Q10)	Change
Revenue	10,002,863	11,572,985	-13.60%
Profits before tax	1,105,172	2,747,921	-59.80%

Compared to the preceding quarter ended 31 December 2010, 1Q11 group revenues reduced to RM10 million from the seasonally-strong 4Q10 of RM11.6 million, while 1Q11 profits before tax was lower at RM1.1 million versus RM2.7 million in 4Q10 due to the sales mix.

15 Future prospects

The Group is optimistic of its prospects in the future, in view of the improving business sentiment due to the ongoing economic recovery. ICT spending amongst corporations is anticipated to be on the rise as a result of product replacements, improving technology as well as higher business requirements. Moreover, the Government's initiative to promote more widespread internet usage also augurs well for the industry.

To date, Privasia has secured a strong order book of RM193 million comprising maintenance and system implementation projects that will last until 2020.

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 March 2011

	31.03.2011
	RM
At market value	<u>1,032,367</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 31 March 2011, 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.

	Period ended 31.03.2011
Profit attributable to equity holders of the parent	857,564
Profit attributable to minority interest	66,608
Profit for the period (RM)	<u>924,172</u>
Weighted average number of ordinary shares in issue	558,200,020
Basic earnings per share (sen)	<u>0.17</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 March 2011, into realised and unrealised profits, pursuant to the directive, is as follows:

	31.03.2011	31.12.2010
	RM'000	RM'000
Total retained profits of Privasia Technology Berhad and its subsidiaries		
- Realised	(6,143,346)	(7,500,909)
- Unrealised	110,963	110,963
	<u>(6,032,383)</u>	<u>(7,389,946)</u>
Less: Consolidation adjustments	12,629,840	13,129,839
Total retained profits as per statement of financial position	<u><u>6,597,457</u></u>	<u><u>5,739,893</u></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 26 May 2011.