

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

Interim financial statements
for the period ended 31 March 2012

PRIVASIA TECHNOLOGY BHD (825092 - U)
(Incorporated In Malaysia)
Interim financial statements
Unaudited condensed consolidated statements of financial position as at 31 March 2012

	Note	As at 31.03.2012	As at 31.12.2011	As at 01.01.2011
		RM	RM	RM
Assets				
Property, plant and equipment		24,810,492	24,935,059	17,804,043
Investment property		6,414,421	6,431,579	6,500,000
Intangible assets		39,355,107	39,731,685	40,761,873
Trade and other receivable		750,000	843,750	750,000
Total non-current assets		<u>71,330,020</u>	<u>71,942,073</u>	<u>65,815,916</u>
Inventories		1,949,709	1,604,097	1,987,801
Work-in-progress		2,074,867	2,641,930	1,891,995
Tax recoverable		381,215	258,920	10,490
Available-for-sale financial assets	17	1,061,287	1,048,879	1,026,336
Trade and other receivables		17,084,327	17,872,122	15,120,918
Cash and cash equivalents		8,361,240	8,254,276	7,447,662
Total current assets		<u>30,912,645</u>	<u>31,680,224</u>	<u>27,485,202</u>
Total assets		<u>102,242,665</u>	<u>103,622,297</u>	<u>93,301,118</u>
Equity				
Share capital		55,820,002	55,820,002	55,820,002
Reserves		11,434,219	11,753,430	7,475,418
Equity attributable to owners of the Company		67,254,221	67,573,432	63,295,420
Non-controlling interests		596,173	633,685	355,390
Total equity		<u>67,850,394</u>	<u>68,207,117</u>	<u>63,650,810</u>
Liabilities				
Loans and borrowings		16,759,142	18,912,224	18,378,430
Deferred tax liabilities		794,702	74,289	108,000
Total non-current liabilities		<u>17,553,844</u>	<u>18,986,513</u>	<u>18,486,430</u>
Loans and borrowings		8,380,619	7,881,555	4,906,011
Trade and other payables		7,295,356	8,074,223	6,091,976
Taxation		1,162,452	472,889	165,891
Total current liabilities		<u>16,838,427</u>	<u>16,428,667</u>	<u>11,163,878</u>
Total liabilities		<u>34,392,271</u>	<u>35,415,180</u>	<u>29,650,308</u>
Total equity and liabilities		<u>102,242,665</u>	<u>103,622,297</u>	<u>93,301,118</u>
Net assets per share (RM)		<u>0.12</u>	<u>0.12</u>	<u>0.11</u>

The Interim Financial Statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2011.

PRIVASIA TECHNOLOGY BHD (825092 - U)

(Incorporated in Malaysia)

Interim financial statements

Unaudited condensed consolidated statements of comprehensive income for the 1st quarter ended 31 March 2012

	Three Months ended 31 March		1st quarter ended 31 March	
	2012	2011	2012	2011
	RM	RM	RM	RM
Continuing operations				
Revenue	10,562,657	10,002,863	10,562,657	10,002,863
Cost of Sales	(7,080,481)	(6,642,123)	(7,080,481)	(6,642,123)
Gross profit	<u>3,482,176</u>	<u>3,360,740</u>	<u>3,482,176</u>	<u>3,360,740</u>
Other income	71,248	61,050	71,248	61,050
Other operating expenses	(2,059,453)	(2,078,929)	(2,059,453)	(2,078,929)
Results from operating activities	<u>1,493,971</u>	<u>1,342,861</u>	<u>1,493,971</u>	<u>1,342,861</u>
Finance income	22,372	26,932	22,372	26,932
Finance costs	(400,305)	(271,296)	(400,305)	(271,296)
Net finance costs	<u>(377,933)</u>	<u>(244,364)</u>	<u>(377,933)</u>	<u>(244,364)</u>
Profit before tax	<u>1,116,038</u>	<u>1,098,497</u>	<u>1,116,038</u>	<u>1,098,497</u>
Tax expense	(1,437,600)	(181,000)	(1,437,600)	(181,000)
(Loss) / profit for the period	<u>(321,562)</u>	<u>917,497</u>	<u>(321,562)</u>	<u>917,497</u>
Other comprehensive (loss) / income, net of tax Items that may be reclassified subsequently to profit or loss				
Fair value of available-for-sale financial assets	10,230	(3,819)	10,230	(3,819)
Total other comprehensive income / (loss) for the period, net of tax	<u>10,230</u>	<u>(3,819)</u>	<u>10,230</u>	<u>(3,819)</u>
Comprehensive (loss) / income for the period	<u>(311,332)</u>	<u>913,678</u>	<u>(311,332)</u>	<u>913,678</u>
(Loss) / profit attributable to:				
Owners of the Company	(329,441)	850,889	(329,441)	850,889
Non-controlling interests	7,879	66,608	7,879	66,608
(Loss) / profit for the period	<u>(321,562)</u>	<u>917,497</u>	<u>(321,562)</u>	<u>917,497</u>
Comprehensive (loss) / income attributable to:				
Owners of the Company	(319,211)	847,070	(319,211)	847,070
Non-controlling interests	7,879	66,608	7,879	66,608
Comprehensive (loss) / income for the period	<u>(311,332)</u>	<u>913,678</u>	<u>(311,332)</u>	<u>913,678</u>
Basic (loss) / earnings per ordinary share (sen)				
From continuing operations	<u>(0.06)</u>	<u>0.16</u>	<u>(0.06)</u>	<u>0.16</u>
Diluted (loss) / earnings per ordinary share (sen)				
From continuing operations	<u>(0.06)</u>	<u>0.16</u>	<u>(0.06)</u>	<u>0.16</u>

The interim Financial Statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2011.

PRIVASIA TECHNOLOGY BHD (825092 - U)

(Incorporated In Malaysia)

Interim financial statements

Unaudited condensed consolidated statement of changes in equity for the 1st quarter ended 31 March 2012

	<-----Attributable to owners of the Company----->			Subtotal	Non-controlling Interests	Total equity
	<-----Non-distributable----->	Fair value reserve	Distributable Retained earnings			
(all in RM)	Share capital	Fair value reserve	Retained earnings	Subtotal	Non-controlling Interests	Total equity
At 1 January 2011	55,820,002	25,413	7,450,005	63,295,420	355,390	63,650,810
Change in fair value of available-for-sale financial assets	-	(4,860)	-	(4,860)	-	(4,860)
Total other comprehensive income for the year	55,820,002	20,553	7,450,005	63,290,560	355,390	63,645,950
Net profit for the year	-	-	4,841,072	4,841,072	278,295	5,119,367
Total comprehensive income for the year	55,820,002	20,553	12,291,077	68,131,632	633,685	68,765,317
Dividends paid	-	-	(558,200)	(558,200)	-	(558,200)
As 31 December 2011	55,820,002	20,553	11,732,877	67,573,432	633,685	68,207,117
At 1 January 2012	55,820,002	20,553	11,732,877	67,573,432	633,685	68,207,117
Change in fair value of available-for-sale financial assets	-	10,230	-	10,230	-	10,230
Total other comprehensive income for the period	55,820,002	30,783	11,732,877	67,583,662	633,685	68,217,347
Net (loss) / profit for the period	-	-	(329,441)	(329,441)	7,879	(321,562)
Total comprehensive income for the period	55,820,002	30,783	11,403,436	67,254,221	641,564	67,895,785
Dividends paid	-	-	-	-	(45,391)	(45,391)
As 31 March 2012	55,820,002	30,783	11,403,436	67,254,221	596,173	67,850,394

The Interim Financial Statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2011

PRIVASIA TECHNOLOGY BHD (825092 - U)

(Incorporated In Malaysia)

Interim financial statements

Unaudited condensed consolidated statements of cash flows for the 1st quarter ended 31 March 2012

	Three months ended 31.3.2012	Three months ended 31.03.2011
Note	RM	RM
Cash flow from operating activities		
Profit before taxation	1,116,038	1,105,172
<i>Adjustment for :</i>		
Amortisation of development costs	265,059	1,026,358
Amortisation of intangible assets	156,360	56,153
Depreciation of investment property	17,158	14,773
Depreciation of property, plant and equipment	1,901,897	948,200
Finance Income	(22,372)	(26,932)
Finance expenses	400,305	271,296
Gain on disposal of property, plant and equipment	-	(1,184)
Provision for doubtful debts	-	112,700
Operating profit before changes in working capital	<u>3,834,445</u>	<u>3,506,536</u>
Change in work-in progress	567,063	(576,693)
Change in receivables and prepayments	881,545	370,548
Change in inventories	(345,612)	541,343
Change in payables and accruals	(806,491)	488,566
Cash generated from operations	<u>4,130,950</u>	<u>4,330,300</u>
Tax paid	(122,295)	(81,643)
Interest received	22,372	26,932
Net cash generated from operating activities	<u>4,031,027</u>	<u>4,275,589</u>
Cash flow from investing activities		
Development costs	(44,628)	(34,821)
Proceeds for disposal of property, plant and equipment	-	19,662
Acquisition of intangible assets	(213)	-
Acquisition of property, plant and equipment	(1,777,330)	(806,873)
Net cash used in investing activities	<u>(1,822,171)</u>	<u>(822,032)</u>
Cash flow from financing activities		
Changes in fair value of available-for sale financial assets	(2,178)	(9,850)
Interest paid	(400,305)	(271,296)
Dividend paid	(45,391)	-
Increase in pledged deposits	(29,761)	(401,981)
Repayment of loans and borrowings	(1,654,018)	(1,282,900)
Net cash used in financing activities	<u>(2,131,653)</u>	<u>(1,966,027)</u>
Net increase in cash and cash equivalents	77,203	1,487,530
Cash and cash equivalents at 1 January	7,196,552	6,360,177
Cash and cash equivalent at 31 March	<u>7,273,755</u>	<u>7,847,707</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:

	Three month ended 31.03.2012	Three month ended 31.03.2011
Cash and bank balances	3,657,296	4,203,673
Deposits with licensed banks	4,703,944	5,133,500
	<u>8,361,240</u>	<u>9,337,173</u>
Less: Deposits pledged	(1,087,485)	(1,489,466)
	<u>7,273,755</u>	<u>7,847,707</u>

The Interim Financial Statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2011.

PRIVASIA TECHNOLOGY BHD (825092 - U)

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Notes to the condensed consolidated 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 with Malaysian Financial Reporting Standard (MFRS) 134 *Interim Financial Reporting* and with International Accounting Standard (IAS) 34, *Interim Financial Reporting* and should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2011.

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 2012.

Since the previous annual audited financial statements as at 31 December 2011 were issued, the Group has adopted the Malaysian Financial Reporting Standards ("MFRS") framework issued by the Malaysian Accounting Standards Board ("MASB") with effect from 1 January 2012. This MFRS framework was introduced by the MASB in order to fully coverage Malaysia's existing Financial Reporting Standards ("FRS") framework with the International Financial Reporting Standards ("IFRS") framework issued by the International Accounting Standards Board. Whilst all FRSs issued under the previous FRS framework were equivalent to the MFRSs issued under the MFRS framework, there are some differences in relation to the transitional provisions and effective dates contained in certain of the FRSs. The financial effects of convergence to the MFRS framework and any consequential changes in accounting policies as a result of the convergence are discussed in Note 20.

The Group has early adopted the amendments to MFRS 101, *Presentation of Financial Statements* which is originally effective for annual periods beginning on or after 1 July 2012. The early adoption of the amendments to MFRS 101 has no impact on the financial statements other than the presentation format of the statement of comprehensive income.

2 Significant 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 annual financial statements as at and for the year ended 31 December 2011.

(a) Property, plant and equipment

Upon transition to MFRS, the Group elected to apply the optional exemption to use the fair value as at 1 January 2012 as deemed cost under MFRSs.

The impact arising from the change is summarised as follows:

	1 January 2011	31 March 2011	31 December 2011
Consolidated statement of comprehensive income			
Other operating expenses	-	4,342	17,369
Adjustment before tax	-	4,342	17,369
Consolidated statement of financial position			
Increase/(decrease) in property, plant and equipment	1,602,758	(4,342)	(17,369)
Adjustment to retained earnings	1,602,758	(4,342)	(17,369)

(b) Investment properties

Upon transition to MFRS, the Group elected to apply the optional exemption to use the fair value as at 1 January 2012 as deemed cost under MFRSs.

The impact arising from the change is summarised as follows:-

	1 January 2011	31 March 2011	31 December 2011
Consolidated statement of comprehensive income			
Other operating expenses	-	2,333	9,330
Adjustment before tax	-	2,333	9,330
Consolidated statement of financial position			
Increase/(decrease) in investment properties	844,647	(2,333)	(9,330)
Adjustment to retained earnings	844,647	(2,333)	(9,330)

3 Estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Except as described below, in preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended 31 December 2011.

During the three months ended 31 March 2012 management reassessed its estimates in respect of :-

- the recoverable amount of property, plant and equipment
- the recoverable amount of goodwill
- provisions

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.

The transition of FRSs to MFRSs has not had any material impact in the reported revenue and profit before tax for the three months ended 31 March 2012.

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

During the financial period, the following dividends were proposed by the Directors. These dividends will be recognised in subsequent financial statements once approved by the shareholders at the forth coming Annual General Meeting:

	Sen per share	Total amount (RM)
Final ordinary - 31 December 2011	0.2	<u>1,116,400</u>

8 Segmental reporting

The Board is of the opinion that the following business segmentation based on services reflects the Group's scope of business which enables the Board to formulate its 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 period ended 31 March 2012 is as follows:-

	OSD RM	E-PROC RM	CDIST RM	CSERV RM	SAT RM	ELIMINATION RM	Total RM
Total segment revenue - external	6,856,959	2,558,569	41,422	119,498	1,082,983	(96,774)	10,562,657
Segment results	<u>755,391</u>	<u>2,273,179</u>	<u>17,342</u>	<u>81,856</u>	<u>354,408</u>	<u>-</u>	<u>3,482,176</u>
Other income							71,248
Other operating expenses							<u>(2,059,453)</u>
Results from operating activities							1,493,971
Interest income							22,372
Finance costs							(400,305)
Tax expense							<u>(1,437,600)</u>
Net loss for the period							<u>(321,562)</u>
Segment assets	60,990,053	4,171,876	3,521,121	3,052,883	4,256,554	(30,632,304)	45,360,183
Unallocated assets							<u>56,882,482</u>
Total assets							<u>102,242,665</u>
Segment liabilities	29,284,008	-	2,449,180	7,990,105	2,269,310	(8,259,521)	33,733,082
Unallocated liabilities							<u>659,189</u>
Total liabilities							<u>34,392,271</u>

9 Material events subsequent to the end of the interim period

On 23 April 2012, with regards to the proposed acquisition of 51% of Infinite QL Sdn. Bhd., the Company announced that the proposed acquisition will not be proceeding as one of the minority shareholders of Infinite QL Sdn. Bhd. has exercised his pre-emptive right to purchase the shares and hence, the shareholders of Infinite QL Sdn Bhd are not accepting the Company's offer.

On 8 May 2012, the Company received a notification from Mr. Lu Pak Lim (a 30% shareholder of IPSAT Sdn. Bhd.) of his intention to exercise the Put Option on the balance of IPSAT shares not already acquired by the Company as per clause 9.3 sub (1) of the Shareholders Agreement dated 1 December 2009 signed between Mr. Lu Pak Lim and the Company. On 15 May 2012, the Company has agreed to acquire the remaining 300,000 IPSAT Shares held by Mr. Lu Pak Lim, representing 30% of the issued and paid-up capital of IPSAT, at the purchase consideration of RM1,113,178.80 ("Purchase Consideration"). As at todate, the Company is in the process of completing the said purchase.

10 Changes in composition of the Group

There were no changes in composition of the Group during the three months ended 31 March 2012.

11 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.

12 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.

13 Review of performance

For the first quarter ended 31 March 2012 (1Q12), Privasia group revenue rose by 5.6% to RM10.6 million from RM10.0 million in the same corresponding quarter in the previous year. This was attributed to increased sales in the E-Procurement (E-PROC), Information and Communication Technologies Services (CSERV) and Satellite based network services (SAT).

The Group's PBT was maintained at RM1.1 million for the quarter under review. However, the Group incurred a net loss of RM0.33 million as compared to the net profit RM0.85 million in the same quarter of the previous year, due to current year's income tax expenses as well as deferred tax liabilities.

The current and deferred taxes are due to the expiry of tax exemption benefits for Privasia Sdn Bhd as an MSC-status company on 22 January 2012, as the Group is now required to provide current tax expenses for all its business income which amounted to RM0.72 million for the quarter under review. In addition, the Group has provided for deferred tax liabilities amounting to RM0.72 million, which arose due to the Group's temporary timing difference between the accounting net book value and tax written down value of its qualifying assets, with effect from the expiry date.

The deferred tax liability is expected to reduce over the immediate future as the timing difference between the book value and tax written down value. The liability is a non-cash expense in the income statement.

Comparison with preceding quarter

In comparison with the preceding quarter ended 31 December 2011 (4Q11), revenue in 4Q11 was higher with RM13.8 million versus RM10.6 million in 1Q12 due to higher sales from the Group's E-Procurement services (E-PROC), Information and Communication Technologies Distribution (CDIST) and Satellite based network services (SAT). 1Q12 recorded profit before tax was at RM1.11 million and net loss of RM0.33 million, versus 4Q11's PBT of RM2.32 million and net profit of RM1.97 million.

14 Future prospects

The Group is optimistic about the prospects of the ICT outsourcing industry, in view of the secured order book of RM 167 million which will last till 2020. The Group also recently received a letter of tender acceptance from Melaka ICT Holdings Berhad to install a complete fibre optic network throughout the state. In view of the challenging economic scenario in Malaysia in the near term, the Group will continue to look for more opportunities to continue the Group's growth in the current financial year.

15 Income tax expenses

	Current quarter Three months ended 31 March	
	2012 RM	2011 RM
Current tax		
-Current year	717,187	181,000
Deferred tax		
Originating of temporary differences	720,413	-
Tax expenses from continuing operations	<u>1,437,600</u>	<u>181,000</u>

16 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.

17 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 2012

	31.03.2012 RM
At market value	<u>1,061,287</u>
At cost	<u>1,061,287</u>

18 Status of corporate proposals announced

There were no corporate proposals announced.

19 Off balance sheet financial instruments

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

20 Explanation of transition to MFRSs

As stated in note 1, these are the Group's first consolidated interim financial statements prepared in accordance with MFRSs.

In preparing its opening MFRS statement of financial position, the Group has adjusted amounts reported previously in financial statements prepared in accordance with the previous FRSSs. An explanation of how the transition from the previous FRSSs to the new MFRSs has affected the Group's financial position and financial performance is set out in the following tables and the notes that accompany these tables.

a) Reconciliation of financial position

	FRSs	Effect of transition to MFRSs 1 January 2011	MFRSs	FRSs	Effect of transition to MFRSs 31 December 2011	MFRSs
Assets						
Property, plant and equipment	16,201,285	1,602,758	17,804,043	23,349,670	1,585,389	24,935,059
Investment property	5,655,353	844,647	6,500,000	5,596,262	835,317	6,431,579
Intangible assets	40,761,873		40,761,873	39,731,685		39,731,685
Trade and other receivable	750,000		750,000	843,750		843,750
Total non-current assets	63,368,511	2,447,405	65,815,916	69,521,367	2,420,706	71,942,073
Inventories	1,987,801		1,987,801	1,604,097		1,604,097
Work-in-progress	1,891,995		1,891,995	2,641,930		2,641,930
Tax recoverable	10,490		10,490	258,920		258,920
Available-for-sale financial assets	1,026,336		1,026,336	1,048,879		1,048,879
Trade and other receivable	15,120,918		15,120,918	17,872,122		17,872,122
Cash and cash equivalents	7,447,662		7,447,662	8,254,276		8,254,276
Total current assets	27,485,202		27,485,202	31,680,224		31,680,224
Total assets	90,853,713		93,301,118	101,201,591		103,622,297
Equity						
Share capital	55,820,002		55,820,002	55,820,002		55,820,002
Reserves	5,028,013	2,447,405	7,475,418	9,332,724	2,420,706	11,753,430
Equity attributable to owners of the Company	60,848,015	2,447,405	63,295,420	65,152,726	2,420,706	67,573,432
Non-controlling interests	355,390		355,390	633,685		633,685
Total equity	61,203,405		63,650,810	65,786,411		68,207,117
Liabilities						
Loans and borrowings	18,378,430		18,378,430	18,912,224		18,912,224
Deferred tax liabilities	108,000		108,000	74,289		74,289
Total non-current liabilities	18,486,430		18,486,430	18,986,513		18,986,513
Loans and borrowings	4,906,011		4,906,011	7,881,555		7,881,555
Trade and other payables	6,091,976		6,091,976	8,074,223		8,074,223
Taxation	165,891		165,891	472,889		472,889
Total current liabilities	11,163,878		11,163,878	16,428,667		16,428,667
Total liabilities	29,650,308		29,650,308	35,415,180		35,415,180
Total equity and liabilities	90,853,713		93,301,118	101,201,591		103,622,297

b) Reconciliation of comprehensive income

	FRSs	Effect of transition to MFRSs Three months ended 31 March 2011	MFRSs
Continuing operations			
Revenue	10,002,863		10,002,863
Cost of Sales	(6,642,123)		(6,642,123)
Gross profit	3,360,740		3,360,740
Other income	61,050		61,050
Other operating expenses	(2,072,254)	(6,675)	(2,078,929)
Results from operating activities	1,349,536		1,342,861
Finance income	26,932		26,932
Finance costs	(271,296)		(271,296)
Net finance costs	(244,364)		(244,364)
Profit before tax	1,105,172		1,098,497
Tax expense	(181,000)		(181,000)
Profit for the period	924,172		917,497

FRSs Effect of MFRSs
 transition to
 MFRSs
 Three months ended 31 March 2011

Other comprehensive income / (loss), net of tax		
Items that may be reclassified subsequently to profit or loss		
Fair value of available-for-sale financial assets	(3,819)	(3,819)
Total other comprehensive (loss) for the period, net of tax	(3,819)	(3,819)
Comprehensive income for the period	920,353	913,678

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 15 September 2011 at the Kuala Lumpur Industrial Court for Industrial Court Case No. 14(21)(14)/4-1388/10. The case involves a claim of wrongful dismissal by of a former employee of (then) Airocom Sdn Bhd, and the seeking of 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.

The Board is of the view that the Company has reasonable defence against the claim. On 16 November 2011, the Company filed its Statement in Reply to the court and the trial of the matter is fixed on 5 July 2012 and 3 - 4 September 2012, respectively, wherein parties are to file their Witness Statements and any further documents by 5 June 2012.

22 Auditor's report on preceding annual financial statements

The auditor's report on the audited annual financial statements for the year ended 31 December 2011 was not qualified.

23 Profit for the period

	Three months ended	
	31 March	
	2012	2011
Profit for the period is arrived at after charging:		
Amortisation of development costs	265,059	1,026,358
Amortisation of intangible assets	156,360	56,153
Depreciation of investment properties	17,158	14,773
Depreciation of property, plant and equipment	1,901,897	948,200
Provision for doubtful debts	-	112,700
	<hr/>	<hr/>
and after crediting:		
Gain on disposal of property, plant and equipment	-	1,184
	<hr/>	<hr/>

24 Derivative financial instruments

Derivative financial instruments entered into by the Group are similar to those disclosed in the the consolidated annual financial statements as at and for the year ended 31 December 2011.

There is no change to the Group's financial risk management policies and objectives in managing there derivative financial instruments and its related accounting policies.

25 Fair value changes of financial liabilities

The Group does not have any financial liabilities that are measured at fair value through profit or loss for the current quarter ended 31 March 2012.

26 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
	31.03.2012
Loss attributable to equity holders	(329,441)
Profit attributable to non-controlling interests	7,879
	<hr/>
Loss for the period (RM)	(321,562)
Weighted average number of ordinary shares in issue	558,200,020
Basic loss per share (sen)	<u>(0.06)</u>

(b) Diluted earnings per share

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

27 Breakdown of realised and unrealised profits

The breakdown of retained profits of the Group as at reporting date, into realised and unrealised profits, as disclosed to the directive issued by Bursa Malaysia Securities Berhad ("Bursa Malaysia") on 25 March 2010, is as follows:-

	31.03.2012	Group	31.12.2011
	RM		RM
Total retained profits of Privasia Technology Berhad and its subsidiaries			
- Realised	(2,875,408)		(1,813,996)
- Unrealised	997,702		277,289
	<u>(1,877,706)</u>		<u>(1,536,707)</u>
Less: Consolidation adjustments	13,281,142		13,269,584
Total group retained profits as per consolidated interim financial statements	<u>11,403,436</u>		<u>11,732,877</u>

The determination of realised and unrealised profits is based on Guidance of Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by Malaysian Institute of Accountants on 20 December 2010.

28 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 25 May 2012.