

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

Interim financial statements
for the period ended 30 June 2012

PRIVASIA TECHNOLOGY BHD (825092 - U)
(Incorporated In Malaysia)
Interim financial statements
Unaudited condensed consolidated statements of financial position as at 30 June 2012

| | Note | As at 30.06.2012 | As at 31.12.2011 | As at 01.01.2011 |
|--|------|---------------------|---------------------|---------------------|
| | | RM | RM | RM |
| Assets | | | | |
| Property, plant and equipment | | 23,149,384 | 24,935,059 | 17,804,043 |
| Investment property | | 6,397,263 | 6,431,579 | 6,500,000 |
| Intangible assets | | 38,982,905 | 39,731,685 | 40,761,873 |
| Trade and other receivable | | - | 843,750 | 750,000 |
| Total non-current assets | | <u>68,529,552</u> | <u>71,942,073</u> | <u>65,815,916</u> |
| Inventories | | 1,583,680 | 1,604,097 | 1,987,801 |
| Work-in-progress | | 3,184,486 | 2,641,930 | 1,891,995 |
| Tax recoverable | | 92,017 | 258,920 | 10,490 |
| Available-for-sale financial assets | 17 | 1,069,474 | 1,048,879 | 1,026,336 |
| Trade and other receivables | | 19,328,409 | 17,872,122 | 15,120,918 |
| Cash and cash equivalents | | 8,055,563 | 8,254,276 | 7,447,662 |
| Total current assets | | <u>33,313,629</u> | <u>31,680,224</u> | <u>27,485,202</u> |
| Total assets | | <u>101,843,181</u> | <u>103,622,297</u> | <u>93,301,118</u> |
| Equity | | | | |
| Share capital | | 55,820,002 | 55,820,002 | 55,820,002 |
| Reserves | | 11,235,001 | 11,753,430 | 7,475,418 |
| Equity attributable to owners of the Company | | <u>67,055,003</u> | <u>67,573,432</u> | <u>63,295,420</u> |
| Non-controlling interests | | - | 633,685 | 355,390 |
| Total equity | | <u>67,055,003</u> | <u>68,207,117</u> | <u>63,650,810</u> |
| Liabilities | | | | |
| Loans and borrowings | | 14,736,542 | 18,912,224 | 18,378,430 |
| Deferred tax liabilities | | 333,374 | 74,289 | 108,000 |
| Total non-current liabilities | | <u>15,069,916</u> | <u>18,986,513</u> | <u>18,486,430</u> |
| Loans and borrowings | | 8,173,285 | 7,881,555 | 4,906,011 |
| Trade and other payables | | 9,530,638 | 8,074,223 | 6,091,976 |
| Taxation | | 2,014,339 | 472,889 | 165,891 |
| Total current liabilities | | <u>19,718,262</u> | <u>16,428,667</u> | <u>11,163,878</u> |
| Total liabilities | | <u>34,788,178</u> | <u>35,415,180</u> | <u>29,650,308</u> |
| Total equity and liabilities | | <u>101,843,181</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 2nd quarter ended 30 June 2012

| | Three Months ended 30 June | | 2nd quarter ended 30 June | |
|---|-------------------------------|------------------|------------------------------|------------------|
| | 2012 | 2011 | 2012 | 2011 |
| | RM | RM | RM | RM |
| Continuing operations | | | | |
| Revenue | 14,229,218 | 10,044,729 | 24,791,875 | 19,597,841 |
| Cost of Sales | (8,789,417) | (6,676,230) | (15,869,898) | (12,774,944) |
| Gross profit | <u>5,439,801</u> | <u>3,368,499</u> | <u>8,921,977</u> | <u>6,822,897</u> |
| Other income | 84,703 | 164,505 | 155,951 | 225,555 |
| Other operating expenses | (2,979,700) | (2,483,306) | (5,039,153) | (4,562,229) |
| Results from operating activities | <u>2,544,804</u> | <u>1,049,698</u> | <u>4,038,775</u> | <u>2,486,223</u> |
| Finance income | 22,802 | 29,135 | 45,174 | 56,068 |
| Finance costs | (369,298) | (392,117) | (769,603) | (663,412) |
| Net finance costs | <u>(346,496)</u> | <u>(362,982)</u> | <u>(724,429)</u> | <u>(607,344)</u> |
| Profit before tax | <u>2,198,308</u> | <u>686,716</u> | <u>3,314,346</u> | <u>1,878,879</u> |
| Tax expense | (772,307) | (136,000) | (2,209,907) | (317,000) |
| Profit for the period | <u>1,426,001</u> | <u>550,716</u> | <u>1,104,439</u> | <u>1,561,879</u> |
| 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 | 8,187 | (5,987) | 18,417 | (9,806) |
| Total other comprehensive income / (loss) for the period, net of tax | <u>8,187</u> | <u>(5,987)</u> | <u>18,417</u> | <u>(9,806)</u> |
| Comprehensive income for the period | <u>1,434,188</u> | <u>544,729</u> | <u>1,122,856</u> | <u>1,552,073</u> |
| Profit attributable to: | | | | |
| Owners of the Company | 1,374,232 | 468,176 | 1,052,670 | 1,412,731 |
| Non-controlling interests | 51,769 | 82,540 | 51,769 | 149,148 |
| Profit for the period | <u>1,426,001</u> | <u>550,716</u> | <u>1,104,439</u> | <u>1,561,879</u> |
| Comprehensive income attributable to: | | | | |
| Owners of the Company | 1,382,419 | 462,189 | 1,071,087 | 1,402,925 |
| Non-controlling interests | 51,769 | 82,540 | 51,769 | 149,148 |
| Comprehensive income for the period | <u>1,434,188</u> | <u>544,729</u> | <u>1,122,856</u> | <u>1,552,073</u> |
| Basic earnings per ordinary share (sen) | | | | |
| From continuing operations | <u>0.26</u> | <u>0.10</u> | <u>0.20</u> | <u>0.28</u> |
| Diluted earnings per ordinary share (sen) | | | | |
| From continuing operations | <u>0.26</u> | <u>0.10</u> | <u>0.20</u> | <u>0.28</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 2nd quarter ended 30 June 2012

| | <-----Attributable to owners of the Company-----> | | | | Non-controlling interests | Total equity |
|---|---|--------------------|-------------------|-------------------|---------------------------|-------------------|
| | Share capital | Fair value reserve | Retained earnings | Subtotal | | |
| | <-----Non-distributable-----> | | Distributable | | | |
| <i>(all in RM)</i> | | | | | | |
| 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 | <u>55,820,002</u> | <u>20,553</u> | <u>11,732,877</u> | <u>67,573,432</u> | <u>633,685</u> | <u>68,207,117</u> |
| 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 | - | 18,417 | - | 18,417 | - | 18,417 |
| Total other comprehensive income for the period | 55,820,002 | 38,970 | 11,732,877 | 67,591,849 | 633,685 | 68,225,534 |
| Net profit for the period | - | - | 1,052,670 | 1,052,670 | 51,769 | 1,104,439 |
| Total comprehensive income for the period | 55,820,002 | 38,970 | 12,785,547 | 68,644,519 | 685,454 | 69,329,973 |
| Dividends paid | - | - | (1,116,400) | (1,116,400) | (45,391) | (1,161,791) |
| Changes in ownership interests in a subsidiary | - | - | (473,116) | (473,116) | (640,063) | (1,113,179) |
| As 30 June 2012 | <u>55,820,002</u> | <u>38,970</u> | <u>11,196,031</u> | <u>67,055,003</u> | <u>-</u> | <u>67,055,003</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 cash flows for the 2nd quarter ended 30 June 2012

| | Six months ended 30.06.2012 | Six months ended 30.06.2011 |
|---|-----------------------------------|-----------------------------------|
| Note | RM | RM |
| Cash flow from operating activities | | |
| Profit before taxation | 3,314,346 | 1,892,229 |
| <i>Adjustment for :</i> | | |
| Amortisation of development costs | 484,023 | 1,057,160 |
| Amortisation of intangible assets | 312,388 | 276,286 |
| Depreciation of investment property | 34,316 | 29,546 |
| Depreciation of property, plant and equipment | 3,413,406 | 2,317,134 |
| Finance Income | (45,174) | (56,068) |
| Finance expenses | 769,603 | 663,412 |
| Gain on disposal of property, plant and equipment | (13,584) | (1,184) |
| Provision for doubtful debts | 164,669 | 145,519 |
| Operating profit before changes in working capital | <u>8,433,993</u> | <u>6,324,034</u> |
| Change in work-in progress | (542,556) | (1,759,023) |
| Change in receivables and prepayments | (774,261) | (620,410) |
| Change in inventories | 20,417 | 421,750 |
| Change in payables and accruals | 340,015 | 1,304,883 |
| Cash generated from operations | <u>7,477,608</u> | <u>5,671,234</u> |
| Tax paid | (245,414) | (170,474) |
| Interest received | 45,174 | 56,068 |
| Net cash generated from operating activities | <u>7,277,368</u> | <u>5,556,828</u> |
| Cash flow from investing activities | | |
| Increase in development cost | (44,628) | (66,814) |
| Proceeds from disposal of property, plant and equipment | 267,615 | 19,662 |
| Acquisition of intangible assets | (3,003) | (1,174,572) |
| Acquisition of property, plant and equipment | (1,881,762) | (4,951,133) |
| Acquisition of interests in a subsidiary | (1,113,179) | - |
| Net cash used in investing activities | <u>(2,774,957)</u> | <u>(6,172,857)</u> |
| Cash flow from financing activities | | |
| Change in fair value of available-for sale financial assets | (2,178) | (9,850) |
| Interest paid | (769,603) | (663,412) |
| Dividend paid | (45,391) | - |
| Decrease/(Increase) in pledged deposits | 231 | (474,914) |
| (Repayment of)/Proceeds from loans and borrowings | (3,883,952) | 2,464,390 |
| Net cash (used in)/generated from financing activities | <u>(4,700,893)</u> | <u>1,316,214</u> |
| Net (decrease)/increase in cash and cash equivalents | (198,482) | 700,185 |
| Cash and cash equivalents at 1 January | 7,196,552 | 6,360,177 |
| Cash and cash equivalent at 30 June | <u>6,998,070</u> | <u>7,060,362</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:

| | Six month ended 30.06.2012 | Six month ended 30.06.2011 |
|------------------------------|----------------------------------|----------------------------------|
| Cash and bank balances | 3,703,664 | 3,476,741 |
| Deposits with licensed banks | 4,351,899 | 5,146,019 |
| | <u>8,055,563</u> | <u>8,622,760</u> |
| Less: Deposits pledged | (1,057,493) | (1,562,398) |
| | <u>6,998,070</u> | <u>7,060,362</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.

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 30 June 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 19.

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 | 30 June 2011 | 31 December 2011 |
|---|-------------------|-----------------|---------------------|
| Consolidated statement of comprehensive income | | | |
| Other operating expenses | - | 8,685 | 17,369 |
| Adjustment before tax | - | 8,685 | 17,369 |
| Consolidated statement of financial position | | | |
| Increase/(decrease) in property, plant and equipment | 1,602,758 | (8,685) | (17,369) |
| Adjustment to retained earnings | 1,602,758 | (8,685) | (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 | 30 June 2011 | 31 December 2011 |
|---|-------------------|-----------------|---------------------|
| Consolidated statement of comprehensive income | | | |
| Other operating expenses | - | 4,665 | 9,330 |
| Adjustment before tax | - | 4,665 | 9,330 |
| Consolidated statement of financial position | | | |
| Increase/(decrease) in investment properties | 844,647 | (4,665) | (9,330) |
| Adjustment to retained earnings | 844,647 | (4,665) | (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 six months ended 30 June 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 six months ended 30 June 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 recognised

The following dividends was proposed and approved by the Directors on 31 May 2012. The dividends were paid by the Company on 31 July 2012.

| | 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 30 June 2012 is as follows:-

| | OSD RM | E-PROC RM | CDIST RM | CSERV RM | SAT RM | ELIMINATION RM | Total RM |
|-----------------------------------|------------------|------------------|----------------|----------------|------------------|--------------------|--------------------|
| Total segment revenue - external | 13,270,255 | 4,541,372 | 2,920,829 | 686,642 | 3,603,033 | (230,256) | 24,791,875 |
| Segment results | <u>4,005,027</u> | <u>3,991,247</u> | <u>803,031</u> | <u>280,488</u> | <u>1,124,522</u> | <u>(1,282,338)</u> | 8,921,977 |
| Other income | | | | | | | 155,951 |
| Other operating expenses | | | | | | | <u>(5,039,153)</u> |
| Results from operating activities | | | | | | | 4,038,775 |
| Interest income | | | | | | | 45,174 |
| Finance costs | | | | | | | <u>(769,603)</u> |
| Tax expense | | | | | | | <u>(2,209,907)</u> |
| Net profit for the period | | | | | | | <u>1,104,439</u> |
| Segment assets | 60,617,858 | 2,509,276 | 4,628,101 | 5,985,070 | 4,527,317 | (34,379,280) | 43,888,342 |
| Unallocated assets | | | | | | | <u>57,954,839</u> |
| Total assets | | | | | | | <u>101,843,181</u> |
| Segment liabilities | 27,230,628 | - | 3,215,460 | 11,031,471 | 2,489,422 | (11,151,098) | 32,815,883 |
| Unallocated liabilities | | | | | | | <u>1,972,295</u> |
| Total liabilities | | | | | | | <u>34,788,178</u> |

9 Changes in composition of the Group

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 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"). The Company completed the said purchase on 22 May 2012.

10 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.

11 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.

12 Review of performance

For the second quarter ended 30 June 2012 (2Q12), Privasia group revenue increased 41.7% to RM14.23 million from RM10.04 million in the corresponding quarter in the previous year. This was attributed to better performance from all the Group's business segments, with the main revenue contributors being the Outsourcing division, ICT Distribution (CDIST) segment and the Satellite-based network services (SAT) division.

The higher revenue as well as maintained cost of sales and lower net finance costs led to group profit before tax (PBT) rising 220.1% to RM2.20 million for the quarter under review, compared to RM0.69 million in the previous corresponding quarter. Group net profit stood at RM1.43 million in 2Q12 as compared to RM0.55 million in the same quarter of the previous year.

For the six-month period ended 30 June 2012 (1H12), Privasia recorded 26.5% rise in group revenue to RM24.79 million compared to RM19.60 million in the previous corresponding period as a result of better performance from all the Group's business segments.

1H12 group PBT rose 76.4% to RM3.31 million, versus RM1.88 million in the previous corresponding period. However, due to higher tax expenses incurred in 1H12, group net profit declined to RM1.11 million compared to RM1.56 million previously.

Comparison with preceding quarter

In comparison with the preceding quarter ended 31 March 2012 (1Q12), revenue in 2Q12 was higher at RM14.23 million compared to RM10.56 million in 1Q12 primarily due to higher revenues from CDIST and SAT segments. 2Q12 PBT and net profit were RM2.20 million and RM1.43 million respectively, comparing favourably with 1Q12 PBT of RM1.12 million and net loss of RM0.33 million.

13 Future prospects

The Group is optimistic about the prospects of the ICT outsourcing industry, in view of the secured order book of RM 161 million which will last till 2020. 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.

14 Income tax expenses

| | Current quarter Three months ended 30 June | | 2nd quarter Six month ended 30 June | |
|---|--|----------------|---|----------------|
| | 2012 | 2011 | 2012 | 2011 |
| | RM | RM | RM | RM |
| Current tax | | | | |
| -Current year | 1,233,635 | 136,000 | 1,950,822 | 317,000 |
| Deferred tax | | | | |
| Originating of temporary differences | (461,328) | - | 259,085 | - |
| Tax expenses from continuing operations | <u>772,307</u> | <u>136,000</u> | <u>2,209,907</u> | <u>317,000</u> |

15 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.

16 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 30 June 2012

| | 30.06.2012 |
|-----------------|------------------|
| | RM |
| At market value | <u>1,069,474</u> |
| At cost | <u>1,069,474</u> |

17 Status of corporate proposals announced

There were no corporate proposals announced.

18 Off balance sheet financial instruments

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

19 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 FRSS. An explanation of how the transition from the previous FRSS 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 Six months ended 30 June 2011 | MFRSs |
|--|------------------|--|------------------|
| Continuing operations | | | |
| Revenue | 19,597,841 | | 19,597,841 |
| Cost of Sales | (12,774,944) | | (12,774,944) |
| Gross profit | 6,822,897 | | 6,822,897 |
| Other income | 225,555 | | 225,555 |
| Other operating expenses | (4,548,880) | (13,350) | (4,562,230) |
| Results from operating activities | 2,499,572 | | 2,486,222 |
| Finance income | 56,068 | | 56,068 |
| Finance costs | (663,412) | | (663,412) |
| Net finance costs | (607,344) | | (607,344) |
| Profit before tax | 1,892,228 | | 1,878,878 |
| Tax expense | (317,000) | | (317,000) |
| Profit for the period | 1,575,228 | | 1,561,878 |

FRSs Effect of MFRSs
 transition to
 MFRSs
 Six months ended 30 June 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 | (9,806) | (9,806) |
| Total other comprehensive loss for the period, net of tax | (9,806) | (9,806) |
| | | |
| Comprehensive income for the period | 1,565,422 | 1,552,072 |

20 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. On 1 August 2012, Claimant's had withdrawn the IR proceeding against Airocom without liberty to file afresh during the said Mention.

On 5 March 2012, the Company had filed a Civil Suit against the said former employer of (then) Airocom Sdn Bhd, (Kuala Lumpur High Court Civil Suit No. 22NCVC-226-03/2012). The cause of action for the Civil Suit is for breach of trust and breach of duty, wherein the Company intends to seek a declaration for breach and damages in the sum of RM353,230.00, interest on the sum of RM353,230.00 at the rate of 4% per annum calculated from the date of judgement until full settlement thereof, an account of profit made by the said former employee and costs of the action. The Case Management for the matter is fixed on 4 September 2012.

21 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.

22 Profit for the period

| | Six months ended | |
|--|------------------|-----------|
| | 30 June | |
| | 2012 | 2011 |
| Profit for the period is arrived at after charging: | | |
| Amortisation of development costs | 484,023 | 1,057,160 |
| Amortisation of intangible assets | 312,388 | 276,286 |
| Depreciation of investment properties | 34,316 | 29,546 |
| Depreciation of property, plant and equipment | 3,413,406 | 2,317,134 |
| Provision for doubtful debts | 164,669 | 145,519 |
| | <hr/> | <hr/> |
| and after crediting: | | |
| Gain on disposal of property, plant and equipment | 13,584 | 1,184 |
| | <hr/> | <hr/> |

23 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.

24 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 30 June 2012.

25 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 |
|---|--------------|
| | 30.06.2012 |
| Profit attributable to equity holders | 1,052,670 |
| Profit attributable to non-controlling interests | 51,769 |
| | <hr/> |
| Profit for the period (RM) | 1,104,439 |
| | |
| Weighted average number of ordinary shares in issue | 558,200,020 |
| | |
| Basic profit per share (sen) | <u>0.20</u> |

(b) Diluted earnings per share

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

26 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:-

| | 30.06.2012 | Group | 31.12.2011 |
|---|--------------------|-------|--------------------|
| | RM | | RM |
| Total retained profits of Privasia Technology Berhad and its subsidiaries | | | |
| - Realised | (2,621,485) | | (1,813,996) |
| - Unrealised | 536,374 | | 277,289 |
| | <u>(2,085,111)</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>11,196,031</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.

27 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 28 Aug 2012.