

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

Interim financial report  
for the period ended 31 December 2009

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**PRIVASIA TECHNOLOGY BHD (825092 - U)**  
(Incorporated In Malaysia)  
**Unaudited interim financial statement**  
**For the three months period ended 31 December 2009**

**Condensed consolidated income statement - unaudited**

	Three months ended 31.12.2009 RM	Three months ended 31.12.2008 RM	Twelve months ended 31.12.2009	Preceding year corresponding period from 14.07.2008 (date of incorporation) to 31.12.2008
<b>Revenue</b>	17,116,449	-	27,162,338	-
Cost of Sales	(14,601,862)	-	(21,629,190)	-
<b>Gross profit</b>	<u>2,514,587</u>	<u>-</u>	<u>5,533,148</u>	<u>-</u>
Other income	157,413	-	303,334	-
Other operating expenses	(1,292,248)	(4,113)	(3,803,764)	(9,277)
<b>Profit/(Loss) from operations</b>	<u>1,379,752</u>	<u>(4,113)</u>	<u>2,032,718</u>	<u>(9,277)</u>
Interest income	38,824	-	238,162	-
Finance costs	(533,143)	-	(1,183,672)	-
<b>Profit/(Loss) before taxation</b>	<u>885,433</u>	<u>(4,113)</u>	<u>1,087,208</u>	<u>(9,277)</u>
Income tax expenses	(60,237)	-	(60,237)	-
<b>Net profit/(loss) for the period</b>	<u><u>825,196</u></u>	<u><u>(4,113)</u></u>	<u><u>1,026,971</u></u>	<u><u>(9,277)</u></u>
<b>Attributable to:</b>				
Equity holders of the parent	851,561	(4,113)	1,053,336	(9,277)
Minority interests	(26,365)	-	(26,365)	-
<b>Net profit/(loss) for the period</b>	<u><u>825,196</u></u>	<u><u>(4,113)</u></u>	<u><u>1,026,971</u></u>	<u><u>(9,277)</u></u>
<b>Earnings per share</b>				
Basic earnings per share (sen)	<u>0.15</u>	<u>*</u>	<u>0.28</u>	<u>*</u>
Diluted earnings per share (sen)	<u>0.15</u>	<u>*</u>	<u>0.28</u>	<u>*</u>

The results for the preceding year corresponding period ended 31 December 2008 consists of the results of Privasia Technology Berhad alone as the acquisition of Privasia Sdn. Bhd. group of companies and Airocom Technology Sdn. Bhd. group of companies only took place in May 2009 (see Note 26). The Company subsequently acquired another subsidiary, IPSAT Sdn. Bhd., in December 2009.

The results for the current period ended 31 December 2009 contains the consolidated results of Privasia Sdn. Bhd., Airocom Technology Sdn. Bhd. and IPSAT Sdn. Bhd.

The condensed consolidated income statement should be read in conjunction with the financial statements for the period ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements.

\* There were only 2 ordinary shares in issue as at 31 December 2008.

**PRIVASIA TECHNOLOGY BHD (825092 - U)**  
(Incorporated In Malaysia)  
**Unaudited interim financial statement**  
**For the three months period ended 31 December 2009**

**Condensed consolidated balance sheet - unaudited**

	<b>As at 31.12.2009 RM</b>	<b>As at 31.12.2008 RM</b>
<b>Assets</b>		
Property, plant and equipment	18,318,780	-
Investment property	5,714,444	-
Development costs	14,924,731	-
Intangible assets	548,441	-
Goodwill	35,973,846	-
	<u>75,480,242</u>	<u>-</u>
<b>Current assets</b>		
Work-in progress	440,129	-
Receivables, deposits and prepayments	10,643,334	-
Other investments	2,486,660	-
Cash and cash equivalents	3,366,058	2
	<u>16,936,181</u>	<u>2</u>
<b>Total assets</b>	<u><u>92,416,423</u></u>	<u><u>2</u></u>
<b>Equity</b>		
Share capital	55,820,002	2
Reserves	1,044,059	(9,277)
Total equity attributable to shareholders of the Company	<u>56,864,061</u>	<u>(9,275)</u>
Minority interest	214,658	-
<b>Total equity</b>	<u><u>57,078,719</u></u>	<u><u>(9,275)</u></u>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Loans and borrowings	19,447,871	-
Deferred tax liabilities	20,050	-
	<u>19,467,921</u>	<u>-</u>
<b>Current liabilities</b>		
Payables and accruals	7,719,594	9,277
Loans and borrowings	8,150,189	-
	<u>15,869,783</u>	<u>9,277</u>
<b>Total liabilities</b>	<u><u>35,337,704</u></u>	<u><u>9,277</u></u>
<b>Total equity and liabilities</b>	<u><u>92,416,423</u></u>	<u><u>2</u></u>
<b>Net assets per share (RM)</b>	<u><u>0.10</u></u>	<u><u>*</u></u>

The condensed consolidated balance sheet should be read in conjunction with the financial statements for the period ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements.

\* There were only 2 ordinary shares in issue as at 31 December 2008.

**PRIVASIA TECHNOLOGY BHD (825092 - U)**  
(Incorporated In Malaysia)  
**Unaudited interim financial statement**

**Condensed consolidated statement of changes in equity for the period ended 31 December 2008 - Unaudited**

<i>(all in RM)</i>	Share capital	Retained losses	Subtotal	Minority Interest	Total equity
As at 14 July 2008 (date of incorporation)	-	-	-	-	-
Issuance of shares	2	-	2	-	2
Net loss for the period	-	(9,277)	(9,277)		(9,277)
Balance as at 31.12.2008	<u>2</u>	<u>(9,277)</u>	<u>(9,275)</u>	<u>-</u>	<u>(9,275)</u>

**Condensed consolidated statement of changes in equity for the year ended 31 December 2009 - Unaudited**

<i>(all in RM)</i>	Share capital	Retained losses	Subtotal	Minority Interest	Total equity
Balance as at 01.01.2009	2	(9,277)	(9,275)	-	(9,275)
Issuance of shares	55,820,000	-	55,820,000	-	55,820,000
Minority interest arising from acquisition	-	-	-	241,023	241,023
Net profit/(loss) for the period	-	1,053,336	1,053,336	(26,365)	1,026,971
Balance as at 30.9.2009	<u>55,820,002</u>	<u>1,044,059</u>	<u>56,864,061</u>	<u>214,658</u>	<u>57,078,719</u>

The condensed consolidated changes in equity should be read in conjunction with the financial statements for the period ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements.

**PRIVASIA TECHNOLOGY BHD (825092 - U)**  
(Incorporated In Malaysia)  
**Unaudited Interim financial statement**

**Condensed consolidated cash flow statement for the the year ended 31 December 2009 - Unaudited**

	Note	Twelve months ended 31.12.09 RM	14.7.08 (date of incorporation) to 31.12.2009 RM
<b>Cash flow from operating activities</b>			
Profit/(Loss) before taxation		1,087,208	(9,277)
<i>Adjustment for :</i>			
Amortisation of development costs		2,831,297	-
Amortisation of intangible assets		120,098	-
Depreciation of investment property		39,212	-
Depreciation of property, plant and equipment		2,514,631	-
Interest Income		(238,162)	-
Interest expenses		1,183,672	-
Gain on disposal of property, plant and equipment		(107,875)	-
Write off of property, plant and equipment		42,219	-
Operating profit/(loss) before working capital changes		<u>7,472,300</u>	<u>(9,277)</u>
Work-in progress		(2,410,561)	-
Receivables, deposits and prepayments		3,313,463	-
Payables and accruals		1,002,795	9,277
Cash generated from operations		<u>9,377,997</u>	<u>-</u>
Tax paid		(38,056)	-
Interest received		238,162	-
<b>Net cash generated from operating activities</b>		<u><u>9,578,103</u></u>	<u><u>-</u></u>
<b>Cash flow from investing activities</b>			
Increase in development costs		(2,925,771)	-
Proceeds for disposal of property, plant and equipment		148,155	-
Purchase of intangible assets		(532,275)	-
Purchase of property, plant and equipment		(1,619,132)	-
Purchase of subsidiaries, net of cash and cash equivalent	12	(56,728,168)	-
Disposal of other investments		1,043,099	-
<b>Net cash used in investing activities</b>		<u><u>(60,614,092)</u></u>	<u><u>-</u></u>
<b>Cash flow from financing activities</b>			
Interest paid		(1,183,672)	-
Decrease in pledged deposits		524,822	-
Repayment of loans and borrowings		(1,264,283)	-
Proceeds from issuance of share capital		55,820,000	2
<b>Net cash generated from financing activities</b>		<u><u>53,896,867</u></u>	<u><u>2</u></u>
<b>Net increase in cash and cash equivalents</b>		2,860,878	2
<b>Cash and cash equivalents at beginning of the period</b>		2	-
<b>Cash and cash equivalent at end of the period</b>		<u><u>2,860,880</u></u>	<u><u>2</u></u>
<u><i>Cash and cash equivalent</i></u>			
Cash and cash equivalent included in the cash flow statements comprise the following balance sheet amount:			
		<b>31.12.2009</b>	<b>31.12.2008</b>
Cash and bank balances		1,718,115	2
Deposits with licensed banks		1,647,943	-
		<u>3,366,058</u>	<u>2</u>
Less: Deposits pledged		(505,178)	-
		<u><u>2,860,880</u></u>	<u><u>2</u></u>

The condensed consolidated cash flow statements should be read in conjunction with the financial statements for the period ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements.

**PRIVASIA TECHNOLOGY BHD (825092 - U)**

(Incorporated In Malaysia)

**Unaudited interim financial statement**

**Notes to the interim financial report**

**1 Basic of preparation**

This interim unaudited financial report has 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 Company's financial statements for the period ended 31 December 2008.

These notes to interim financial report 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 2009.

The Company 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:

<b>FRSs / Interpretations</b>	<b>Effective date</b>
FRS 1, First-time Adoption of Financial Reporting Standards (revised)	1 July 2010
FRS 3, Business Combinations (revised)	1 July 2010
FRS 4, Insurance Contracts	1 January 2010
FRS 7, Financial Instruments: Disclosures	1 January 2010
FRS 8, Operating Segments	1 July 2009
Amendments to FRS 1, First-time Adoption of Financial Reporting Standards and FRS 127, Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
Amendments to FRS 2, Share-based Payment: Vesting Conditions and Cancellations	1 January 2010
Amendments to FRS 2, Share-based Payment	1 July 2010
Amendments to FRS 5, Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
FRS 101, Presentation of Finance Statements	1 January 2010
FRS 123, Borrowing Costs	1 January 2010
FRS 127, Consolidated and Separate Financial Statements (revised)	1 July 2010
FRS 139, Financial Instruments: Recognition and Measurement	1 January 2010
Amendments to FRS 132, Financial Instruments: Presentation and FRS 101, Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2010
Amendments to FRS 138, Intangible Assets	1 July 2010
Amendments to FRS 139, Financial Instruments: Recognition and Measurement, FRS 7, Financial Instruments: Disclosures and IC Interpretation 9, Reassessment of Embedded Derivatives	1 January 2010
Improvements to FRSs (2009)	1 January 2010
IC Interpretation 9, Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10, Interim Financial Reporting and Impairment	1 January 2010
IC Interpretation 11, FRS 2 - Group and Treasury Share Transactions	1 January 2010
IC Interpretation 12, Service Concession Agreements	1 July 2010
IC Interpretation 13, Customer Loyalty Programmes	1 January 2010
IC Interpretation 14, FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction	1 January 2010
IC Interpretation 15, Agreements for the Construction of Real Estate	1 July 2010
IC Interpretation 16, Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17, Distribution of Non-cash Assets to Owners	1 July 2010
Amendments to IC Interpretation 9, Reassessment of Embedded Derivatives	1 July 2010

The Company plans to apply the abovementioned FRSs / Interpretations where applicable from the annual period beginning 1 January 2010.

The impact of applying FRS 7 and FRS 139 on the financial statements upon first adoption as required by paragraph 30(b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed by virtue of the exemptions given in the respective FRSs. The initial application of the other standards (and its consequential amendments) and interpretations is not expected to have any material impact on the Company's financial statements.

**2 Changes in accounting policies**

There were no changes made to accounting policies during the period.

**3 Auditors' reports**

The auditors report on the latest financial statements for the financial period ended 2008 was not subject to any audit qualifications.

**4 Seasonal and cyclical factors**

The results of the Group were not materially affected by any significant seasonal and cyclical factors during the period under review.

**5 Unusual items due to their nature, size or incidence**

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the financial period-to-date.

**6 Issuances, cancellations, repurchases, resale and repayment of debt and equity securities**

There were no issuances, cancellations, repurchases, resale and repayment of debt and equity securities in the Company during the period under review.

**7 Dividend paid**

No dividend has been declared or paid during the period under review.

**8 Segmental reporting**

The Group operates in a single business segment. Hence, no segmental reporting is required.

**9 Valuation of property, plant and equipment**

There was no revaluation of property, plant and equipment for the quarter ended 31 December 2009

**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**

The Company acquired 100% shareholding in both Privasia Sdn Bhd ("PSB") and Airocom Technology Sdn Bhd ("ATSB") on 3 May 2009. The purchase consideration of equity interest in these companies were satisfied via issuance of new shares in Privasia Technology Berhad.

Subsequent to the acquisitions, the listing status of Airocom Technology Berhad was transferred to Privasia Technology Berhad.

The Company further acquired 70% shareholding in IPSAP Sdn. Bhd. ("IPSAT") on 15 December 2009. The purchase consideration of equity interest in this company was satisfied fully in cash.

The subsidiaries of the Company as at 31 December 2009 are:

<b>Details</b>	<b>Ownership</b>
Subsidiaries of Privasia Techonology Bhd	
Privasia Sdn Bhd	100%
Airocom Technology Sdn Bhd	100%
IPSAT Sdn. Bhd.	70%
Subsidiaries of Privasia Sdn Bhd	
Privacom Sdn Bhd	100%
Privasia Bioinformatics Sdn Bhd	100%
Subsidiaries of Airocom Technology Sdn Bhd	
Airoport.com Sdn Bhd	100%
Airocom Mobile Communication Sdn Bhd	100%

**11 Changes in composition of the Group (continued)**

The fair values of assets and liabilities acquired in the acquisition and the cash flow effects of acquisition of the subsidiaries were as follows:

	RM
Non-current assets	40,016,955
Current assets	16,592,389
Non-current liabilities	(28,843,796)
Current liabilities	(6,678,371)
Net assets	<u>21,087,177</u>
Minority interest	241,023
	<u>20,846,154</u>
Goodwill on acquisition	35,973,846
	<u>56,820,000</u>
Purchase consideration	(91,832)
Cash and cash equivalents acquired	<u>56,728,168</u>
Net cash outflow	<u>56,728,168</u>

**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 quarter ended 31 December 2009, the Group recorded a revenue of RM17.1 million and net profit of RM0.83 million. The relatively higher revenue, compared to that of the preceding third quarter, was due to increased completion of projects by the Group.

On a cumulative basis, the financial year 2009 recorded a group revenue of RM27.2 million and a net profit of RM1.1 million, after providing for losses related to the restructuring of Airocom Technology Sdn Bhd.

**15 Current year's prospects**

The Group has in FY2009 strategically expanded its operations to provide solutions to the communications infrastructure market segment after the acquisition of IPSAT Sdn Bhd that specializes in satellite-based solutions. This complements well Airocom Technology Sdn Bhd's ground-based solutions.

The strategic move allows the Group to offer a complete range of outsourcing solutions for Information Technology and Communications infrastructure. This augurs well for the Group's future prospects in enlarging its customer base.

The Group's current book spread over the next 5 years until year 2014 is approximately RM75 million mainly deriving from its maintenance and system implementation projects.

**16 Variance from profit guarantee**

The former shareholders of PSB had provided a cumulative profit guarantee of RM9.8 million for the years ended 31 December 2008 and 31 December 2009.

Profit summary of Privasia Sdn Bhd up to 31 December 2009 are as follows:-

	RM'000
Profit Guarantee	9,800
Profit for the 12 months period ended 31 December 2008	(5,347)
Profit for the 12 months period ended 31 December 2009	(4,755)
Excess of profit on top of profit guarantee	<u>(302)</u>

The profit guarantee has been met as at 31 December 2009.



**17 Income tax expenses**

There were no taxation for the period due to the Multimedia Super Corridor ("MSC") status and Pioneer Status granted to both PSB and ATSB under the Promotion of Investments (Amendment) Act, 1997. As such, PSB and ATSB enjoys the tax incentive of 100% exemption of its taxable statutory income from pioneer activities for a period of five (5) years, commencing from 23 January 2002 and 4 January 2001 respectively. The MSC status along with the Pioneer Status have been renewed and approved by relevant authorities for another five (5) years to 22 January 2012 and 28 December 2010 respectively.

**18 Unquoted investments and properties**

There was no sale of unquoted investments and properties for the period under review and financial period to date.

**19 Quoted securities**

As part of its treasury management activities, the Group invests its cash surplus in short term money market instruments and money market unit trusts.

(a) The details of purchases and disposal of other investments for the period under review are:

	<b>31.12.2009</b>
	<b>RM</b>
(i) Disposal of other investments	<u>1,043,099</u>

(b) Particulars of investments in quoted securities as at 31 December 2009

	<b>RM</b>
At carrying value	<u>2,486,660</u>
At market value	<u>2,509,380</u>

**20 Status of corporate proposals announced**

There were no corporate proposals announced.

**21 Off balance sheet financial instruments**

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

**22 Dividend**

No dividend has been declared for the current quarter.

**23 Material litigation**

As at 31 December 2009, there was no material litigation against the Group.

**24 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.

	<b>Three months ended 31.12.2009</b>
Profit for the period (RM)	825,196
Less: Loss attributable to minority interests (RM)	26,365
Profit for the period attributable to shareholders of the Company (RM)	<u>851,561</u>
Weighted average number of ordinary shares in issue *	<u>558,200,020</u>
Basic earnings per share (sen)	<u>0.15</u>

**24 Earnings per share (continued)**

(a) Basic earnings per share (continued)

	<b>Year ended 31.12.2009</b>
Profit for the period (RM)	1,026,971
Less: Loss attributable to minority interests (RM)	26,365
Profit for the period attributable to shareholders of the Company (RM)	<u>1,053,336</u>
Weighted average number of ordinary shares in issue *	<u>372,133,347</u>
Basic earnings per share (sen)	<u><u>0.28</u></u>

\* The weighted average number of ordinary shares outstanding during the period is the number of ordinary shares outstanding at the beginning of the period, adjusted by the number of ordinary shares issued during the period multiplied by a time-weighting factor. The time-weighting factor is the number of days that the shares are outstanding as a proportion of the total number of days in the period.

(b) Diluted earnings per share

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

**25 Comparatives**

As PTB was incorporated on 14 July 2008 and the acquisition of subsidiaries were completed in May 2009 and December 2009 respectively, the comparatives for the income statement and cash flow statement for the preceding year's corresponding period are not comparable to the current period ended 31 December 2009.

**26 Authorisation for issue**

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 10 February 2010.