

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

Interim financial statements
for the year ended 31 December 2012

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

	Note	As at 31.12.2012	As at 31.12.2011	As at 01.01.2011
		RM	RM	RM
Assets				
Property, plant and equipment		21,232,625	24,935,059	17,804,043
Investment property		6,362,764	6,431,579	6,500,000
Intangible assets		38,273,162	39,731,685	40,761,873
Trade and other receivables		-	843,750	750,000
Total non-current assets		<u>65,868,551</u>	<u>71,942,073</u>	<u>65,815,916</u>
Inventories		1,654,320	1,604,097	1,987,801
Work-in-progress		1,856,888	2,641,930	1,891,995
Tax recoverable		9,248	258,920	10,490
Available-for-sale financial assets	16	-	1,048,879	1,026,336
Trade and other receivables		26,524,958	17,872,122	15,120,918
Cash and cash equivalents		13,137,611	8,254,276	7,447,662
Total current assets		<u>43,183,025</u>	<u>31,680,224</u>	<u>27,485,202</u>
Total assets		<u>109,051,576</u>	<u>103,622,297</u>	<u>93,301,118</u>
Equity				
Share capital		55,820,002	55,820,002	55,820,002
Reserves		15,138,336	11,753,430	7,475,418
Equity attributable to owners of the Company		<u>70,958,338</u>	<u>67,573,432</u>	<u>63,295,420</u>
Non-controlling interests		(19,818)	633,685	355,390
Total equity		<u>70,938,520</u>	<u>68,207,117</u>	<u>63,650,810</u>
Liabilities				
Loans and borrowings		16,025,037	18,912,224	18,378,430
Deferred tax liabilities		41,076	74,289	108,000
Total non-current liabilities		<u>16,066,113</u>	<u>18,986,513</u>	<u>18,486,430</u>
Loans and borrowings		8,090,910	7,881,555	4,906,011
Trade and other payables		12,728,148	8,074,223	6,091,976
Taxation		1,227,885	472,889	165,891
Total current liabilities		<u>22,046,943</u>	<u>16,428,667</u>	<u>11,163,878</u>
Total liabilities		<u>38,113,056</u>	<u>35,415,180</u>	<u>29,650,308</u>
Total equity and liabilities		<u>109,051,576</u>	<u>103,622,297</u>	<u>93,301,118</u>
Net assets per share (RM)		<u>0.13</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.

The Group has adjusted amounts reported previously in the financial statements for the year ended 31 December 2011 prepared in accordance with the previous FRSS as disclosed in Note 19.

PRIVASIA TECHNOLOGY BHD (825092 - U)

(Incorporated in Malaysia)

Interim financial statements

Unaudited condensed consolidated statements of comprehensive income for the fourth quarter ended 31 December 2012

	Three Months ended 31 December		4th quarter ended 31 December	
	2012	2011	2012	2011
	RM	RM	RM	RM
Continuing operations				
Revenue	20,712,609	13,777,798	60,646,690	44,070,540
Cost of Sales	(15,121,364)	(8,649,674)	(40,180,450)	(27,830,265)
Gross profit	<u>5,591,245</u>	<u>5,128,124</u>	<u>20,466,240</u>	<u>16,240,275</u>
Other income	115,429	144,992	328,091	452,933
Other operating expenses	(2,786,556)	(2,572,969)	(10,486,953)	(9,373,705)
Results from operating activities	<u>2,920,118</u>	<u>2,700,147</u>	<u>10,307,378</u>	<u>7,319,503</u>
Finance income	57,600	18,182	156,075	166,587
Finance costs	(354,469)	(399,359)	(1,582,040)	(1,721,453)
Net finance costs	<u>(296,869)</u>	<u>(381,177)</u>	<u>(1,425,965)</u>	<u>(1,554,866)</u>
Profit before tax	<u>2,623,249</u>	<u>2,318,970</u>	<u>8,881,413</u>	<u>5,764,637</u>
Tax expense	(883,161)	(359,244)	(3,904,487)	(645,270)
Profit for the period	<u>1,740,088</u>	<u>1,959,726</u>	<u>4,976,926</u>	<u>5,119,367</u>
Other comprehensive (loss), net of tax				
Items that may be reclassified subsequently to profit or loss				
Fair value of available-for-sale financial assets	-	-	-	(4,860)
Total other comprehensive (loss) for the period, net of tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,860)</u>
Comprehensive income for the period	<u>1,740,088</u>	<u>1,959,726</u>	<u>4,976,926</u>	<u>5,114,507</u>
Profit attributable to:				
Owners of the Company	1,740,617	1,972,692	4,925,686	4,841,072
Non-controlling interests	(529)	(12,966)	51,240	278,295
Profit for the period	<u>1,740,088</u>	<u>1,959,726</u>	<u>4,976,926</u>	<u>5,119,367</u>
Comprehensive income attributable to:				
Owners of the Company	1,740,617	1,972,692	4,925,686	4,836,212
Non-controlling interests	(529)	(12,966)	51,240	278,295
Comprehensive income for the period	<u>1,740,088</u>	<u>1,959,726</u>	<u>4,976,926</u>	<u>5,114,507</u>
Basic earnings per ordinary share (sen)				
From continuing operations	<u>0.31</u>	<u>0.35</u>	<u>0.89</u>	<u>0.92</u>
Diluted earnings per ordinary share (sen)				
From continuing operations	<u>0.31</u>	<u>0.35</u>	<u>0.89</u>	<u>0.92</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.

The Group has adjusted amounts reported previously in the financial statements for the year ended 31 December 2011 prepared in accordance with the previous FRSs as disclosed in Note 19.

PRIVASIA TECHNOLOGY BHD (825092 - U)
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Interim financial statements
Unaudited condensed consolidated statement of changes in equity for the fourth quarter ended 31 December 2012

	<-----Attributable to owners of the Company----->					Total equity
	<-----Non-distributable-----> Share capital	Fair value reserve	Distributable Retained earnings	Subtotal	Non- controlling Interests	
<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	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	-	(20,553)	-	(20,553)	-	(20,553)
Total other comprehensive income for the period	55,820,002	-	11,732,877	67,552,879	633,685	68,186,564
Net profit for the period	-	-	4,925,686	4,925,686	51,240	4,976,926
Total comprehensive income for the period	55,820,002	-	16,658,563	72,478,565	684,925	73,163,490
Dividends paid	-	-	(1,116,400)	(1,116,400)	(45,391)	(1,161,791)
Changes in ownership interests in a subsidiary	-	-	(403,827)	(403,827)	(659,352)	(1,063,179)
As 31 December 2012	55,820,002	-	15,138,336	70,958,338	(19,818)	70,938,520

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

The Group has adjusted amounts reported previously in the financial statements for the year ended 31 December 2011 prepared in accordance with the previous FRSs as disclosed in Note 19.

PRIVASIA TECHNOLOGY BHD (825092 - U)
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Interim financial statements
Unaudited condensed consolidated statements of cash flows for the fourth quarter ended 31 December 2012

	Twelve months ended 31.12.2012	Twelve months ended 31.12.2011
Note	RM	RM
Cash flow from operating activities		
Profit before taxation	8,881,413	5,791,336
<i>Adjustment for :</i>		
Amortisation of development costs	979,143	1,840,904
Amortisation of intangible assets	573,775	623,944
Depreciation of investment property	68,815	59,091
Depreciation of property, plant and equipment	7,126,998	5,982,209
Finance Income	(156,075)	(166,587)
Finance expenses	1,582,040	1,721,453
Gain on disposal of property, plant and equipment	(13,576)	(3,584)
Provision for doubtful debts	306,622	307,351
Operating profit before changes in working capital	<u>19,349,155</u>	<u>16,156,117</u>
Change in work-in progress	785,042	(749,935)
Change in receivables and prepayments	(8,115,708)	(2,872,357)
Change in inventories	(50,223)	383,704
Change in payables and accruals	4,591,315	1,982,247
Cash generated from operations	<u>16,559,581</u>	<u>14,899,776</u>
Tax paid	(2,870,423)	(620,413)
Interest received	156,075	166,587
Net cash generated from operating activities	<u>13,845,233</u>	<u>14,445,950</u>
Cash flow from investing activities		
Increase in development cost	(44,628)	(114,786)
Proceeds from disposal of property, plant and equipment	275,383	19,780
Acquisition of intangible assets	(49,786)	(1,627,225)
Acquisition of property, plant and equipment	(3,686,371)	(13,146,790)
Acquisition of interests in a subsidiary	(1,013,180)	-
Loss on disposal of subsidiary	(49,999)	-
Net cash used in investing activities	<u>(4,568,561)</u>	<u>(14,869,021)</u>
Cash flow from financing activities		
Change in fair value of available-for sale financial assets	1,028,326	-
Interest paid	(1,582,040)	(1,721,453)
Dividend paid	(1,161,791)	(558,200)
Increase in pledged deposits	(1,000,977)	29,761
(Repayment of)/Proceeds from loans and borrowings	(2,677,832)	3,509,338
Net cash (used in)/generated from financing activities	<u>(5,394,314)</u>	<u>1,259,446</u>
Net Increase in cash and cash equivalents	3,882,358	836,375
Cash and cash equivalents at 1 January	7,196,552	6,360,177
Cash and cash equivalent at 31 December	<u>11,078,910</u>	<u>7,196,552</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:

	Twelve months ended 31.12.2012	Twelve months ended 31.12.2011
Cash and bank balances	4,081,138	3,710,790
Deposits with licensed banks	<u>9,056,473</u>	<u>4,543,486</u>
	13,137,611	8,254,276
Less: Deposits pledged	<u>(2,058,701)</u>	<u>(1,057,724)</u>
	<u>11,078,910</u>	<u>7,196,552</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.

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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 year ended 31 December 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.

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 December 2011
Consolidated statement of comprehensive income		
Other operating expenses	-	17,369
Adjustment before tax	-	17,369
Consolidated statement of financial position		
Increase/(decrease) in property, plant and equipment	1,602,758	(17,369)
Adjustment to retained earnings	1,602,758	(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 December 2011
Consolidated statement of comprehensive income		
Other operating expenses	-	9,330
Adjustment before tax	-	9,330
Consolidated statement of financial position		
Increase/(decrease) in investment properties	844,647	(9,330)
Adjustment to retained earnings	844,647	(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 year ended 31 December 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 year ended 31 December 2012.

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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 were 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 year ended 31 December 2012 is as follows:-

	OSD RM	E-PROC RM	CDIST RM	CSERV RM	SAT RM	ELIMINATION RM	Total RM
Total segment revenue - external	32,229,073	8,402,577	6,351,480	2,097,236	12,293,971	(727,647)	60,646,690
Segment results	<u>8,534,081</u>	<u>7,261,980</u>	<u>1,337,915</u>	<u>743,743</u>	<u>4,076,729</u>	<u>(1,488,208)</u>	20,466,240
Other income							328,091
Other operating expenses							<u>(10,486,953)</u>
Results from operating activities							10,307,378
Interest income							156,075
Finance costs							(1,582,040)
Tax expense							<u>(3,904,487)</u>
Net profit for the period							<u>4,976,926</u>
Segment assets	64,891,821	2,266,064	6,840,721	6,779,568	7,049,177	(37,632,098)	50,195,253
Unallocated assets							<u>58,856,323</u>
Total assets							<u>109,051,576</u>
Segment liabilities	31,927,738	-	4,791,234	14,497,127	3,893,137	(17,615,466)	37,493,770
Unallocated liabilities							<u>619,286</u>
Total liabilities							<u>38,113,056</u>

9 Changes in composition of the Group

As at 12 December 2012, the Company entered into a conditional share sale agreement with Thiagarajan A/L Tinakarun for the disposal by Privanet of 50,000 ordinary shares of RM 1.00 each in Privatel Sdn.Bhd. ("Privatel", formerly known as Airopost.Com Sdn.Bhd.), representing 25% of the issued and paid-up capital of Privatel for a total disposal consideration of RM 1.00. Privatel recorded a negative net book value of RM 76,000 based on its latest unaudited financial statement as at 31 Oct 2012.

This is in line with the Group's intention in making headway in the telecommunications segment under the CSERV division. The achievement is a significant milestone for the Group and a good reference site for the Group to penetrate the telecommunications industry.

There were no other changes in composition of the Group for the current quarter ended 31 December 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 fourth quarter ended 31 December 2012 (4Q12), Privasia posted a 50.3% increase in group revenue to RM20.71 million from RM13.78 million a year ago, on the back of strong contributions from the Group's outsourcing and consulting, ICT distribution and satellite-based network services.

Despite higher cost of sales, profit before tax (PBT) grew 12.9% to RM2.62 million, aided by lower net finance costs but net profit stood at RM1.74 million as a result of higher tax expenses.

For the financial year ended 31 December 2012 (FY12), group revenue rose 37.6% to RM60.65 million from RM44.07 million a year ago with the largest contribution to topline coming from the Group's outsourcing and consulting, e-procurement and satellite-based network.

FY12 PBT saw a 54.7% increase to RM8.88 million from RM5.76 million previously, riding on sustained sales mix, positive operating leverage and lower finance costs but net profit dropped to RM 4.98 million from RM 5.12 million compared to FY11 due to higher tax expenses.

Comparison with preceding quarter

In comparison with the preceding quarter ended 30 September 2012 (3Q12), 4Q12 revenue rose to RM20.71 million from RM15.14 million previously, due mainly to steady growth in all the business segments that the Group operates in.

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4Q12 PBT and net profit were RM2.62 million and RM1.74 million respectively, lower compared to 3Q12 PBT and net profit of RM2.94 million and RM2.13 million respectively, due mainly to higher cost of sales.

13 Future prospects

The ICT market in FY13 is expected to be a promising one, given Malaysian Government initiatives to improve the ICT infrastructure, continued investments in enterprise ICT by both the public and private sectors, and the increasing trend for enterprises that require ICT business process outsourcing (BPO), systems integration and IT consulting services.

The Group's strong order book of RM154 million and core strengths in ICT outsourcing, BPO, and the proprietary e-Bidding and e-Procurement platforms – together with the experience and expertise garnered from providing ICT solutions to a diversified mix of clients – makes the Group well positioned to tap into the opportunities within the market.

14 Income tax expenses

	Current quarter		4th quarter	
	Three months ended		Twelve months ended	
	31 December		31 December	
	2012	2011	2012	2011
	RM	RM	RM	RM
Current tax				
-Current year	619,892	392,955	3,875,091	678,981
Deferred tax				
Originating of temporary differences	263,269	(33,711)	29,396	(33,711)
Tax expenses from continuing operations	883,161	359,244	3,904,487	645,270

The effective tax rate of the Group for the year ended 31 Dec 2012 is higher than the statutory tax rate due to :-

- 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 is 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. On 23 January 2012, the MSC status along with Pioneer Status for the subsidiary, had expired.
- The current and deferred taxes are due to the expiry of tax exemption benefits for Privasia Sdn Bhd as an MSC-status company on 23 January 2012 ("expiry date"), as the Group is now required to provide current tax expenses for all its business income which amounted to RM3.90 million for the current year ended 31 December 2012 under review. Deferred tax liabilities 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 liability is a non-cash expense in the income statement.

15 Unquoted investments and properties

There were no purchases or disposals of unquoted investments and properties for the period under review and financial period to date.

16 Available-for-sale financial assets

As at the reporting date, the Group does not have any available-for-sale financial assets.

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.

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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 Year ended 31 December 2011	MFRSs
Continuing operations			
Revenue	44,070,540		44,070,540
Cost of Sales	(27,830,265)		(27,830,265)
Gross profit	16,240,275		16,240,275
Other income	452,933		452,933
Other operating expenses	(9,347,006)	(26,699)	(9,373,705)
Results from operating activities	7,346,202		7,319,503
Finance income	166,587		166,587
Finance costs	(1,721,453)		(1,721,453)
Net finance costs	(1,554,866)		(1,554,866)
Profit before tax	5,791,336		5,764,637
Tax expense	(645,270)		(645,270)
Profit for the period	5,146,066		5,119,367

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FRSs Effect of MFRSs
 transition to
 MFRSs
 Year ended 31 December 2011

Other comprehensive (loss), net of tax		
Items that may be reclassified subsequently to profit or loss		
Fair value of available-for-sale financial assets	(4,860)	(4,860)
Total other comprehensive loss for the period, net of tax	(4,860)	(4,860)
Comprehensive income for the period	5,141,206	5,114,507

20 Material litigation

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.

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

	Year ended	
	2012	2011
Profit for the period is arrived at after charging:		
Amortisation of development costs	979,143	1,840,904
Amortisation of intangible assets	573,775	623,944
Depreciation of investment properties	68,815	59,091
Depreciation of property, plant and equipment	7,126,998	5,982,209
Provision for doubtful debts	306,622	307,351
	<hr/>	<hr/>
and after crediting:		
Gain on disposal of available-for sale financial assets	45,401	-
Gain on disposal of property, plant and equipment	13,576	3,584
Loss on disposal of subsidiary company	49,999	-
	<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 year ended 31 December 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.

	Year ended
	31.12.2012
Profit attributable to equity holders	4,925,686
Profit attributable to non-controlling interests	51,240
	<hr/>
Profit for the period (RM)	4,976,926
Weighted average number of ordinary shares in issue	558,200,020
Basic profit per share (sen)	<hr/> <u>0.89</u> <hr/>

(b) Diluted earnings per share

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

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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:-

	31.12.2012	Group	31.12.2011
	RM		RM
Total retained profits of Privasia Technology Berhad and its subsidiaries			
- Realised	2,681,517		(1,813,996)
- Unrealised	41,076		277,289
	<u>2,722,593</u>		<u>(1,536,707)</u>
Add : Consolidation adjustments	12,415,743		13,269,584
Total group retained profits as per consolidated interim financial statements	<u>15,138,336</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 Subsequent events

Subsequent to the year ended 31 December 2012, Privasia Sdn Bhd has redesignated the investment properties carrying amount of RM 1,957,774 to property, plant and equipment.

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 February 2013.