

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

Interim financial statements
for the period ended 30 September 2012

PRIVASIA TECHNOLOGY BHD (825092 - U)

(Incorporated In Malaysia)

Interim financial statements

Unaudited condensed consolidated statements of financial position as at 30 September 2012

	Note	As at 30.09.2012	As at 31.12.2011	As at 01.01.2011
		RM	RM	RM
Assets				
Property, plant and equipment		21,469,556	24,935,059	17,804,043
Investment property		6,380,013	6,431,579	6,500,000
Intangible assets		38,664,631	39,731,685	40,761,873
Trade and other receivables		-	843,750	750,000
Total non-current assets		<u>66,514,200</u>	<u>71,942,073</u>	<u>65,815,916</u>
Inventories		1,639,969	1,604,097	1,987,801
Work-in-progress		5,000,371	2,641,930	1,891,995
Tax recoverable		773,760	258,920	10,490
Available-for-sale financial assets	17	-	1,048,879	1,026,336
Trade and other receivables		19,611,276	17,872,122	15,120,918
Cash and cash equivalents		14,000,603	8,254,276	7,447,662
Total current assets		<u>41,025,979</u>	<u>31,680,224</u>	<u>27,485,202</u>
Total assets		<u>107,540,179</u>	<u>103,622,297</u>	<u>93,301,118</u>
Equity				
Share capital		55,820,002	55,820,002	55,820,002
Reserves		13,328,425	11,753,430	7,475,418
Equity attributable to owners of the Company		<u>69,148,427</u>	<u>67,573,432</u>	<u>63,295,420</u>
Non-controlling interests		-	633,685	355,390
Total equity		<u>69,148,427</u>	<u>68,207,117</u>	<u>63,650,810</u>
Liabilities				
Loans and borrowings		18,115,530	18,912,224	18,378,430
Deferred tax liabilities		244,180	74,289	108,000
Total non-current liabilities		<u>18,359,710</u>	<u>18,986,513</u>	<u>18,486,430</u>
Loans and borrowings		8,010,625	7,881,555	4,906,011
Trade and other payables		9,289,942	8,074,223	6,091,976
Taxation		2,731,475	472,889	165,891
Total current liabilities		<u>20,032,042</u>	<u>16,428,667</u>	<u>11,163,878</u>
Total liabilities		<u>38,391,752</u>	<u>35,415,180</u>	<u>29,650,308</u>
Total equity and liabilities		<u>107,540,179</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.

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 3rd quarter ended 30 September 2012

	Three Months ended 30 September		3rd quarter ended 30 September	
	2012	2011	2012	2011
	RM	RM	RM	RM
Continuing operations				
Revenue	15,142,206	10,720,815	39,934,081	30,318,656
Cost of Sales	(9,189,188)	(6,255,171)	(25,059,087)	(19,030,115)
Gross profit	<u>5,953,018</u>	<u>4,465,644</u>	<u>14,874,994</u>	<u>11,288,541</u>
Other income	90,768	82,386	212,663	307,941
Other operating expenses	(2,695,305)	(2,129,788)	(7,700,402)	(6,678,157)
Results from operating activities	<u>3,348,481</u>	<u>2,418,242</u>	<u>7,387,255</u>	<u>4,918,325</u>
Finance income	53,300	57,965	98,475	114,033
Finance costs	(457,967)	(491,827)	(1,227,571)	(1,155,239)
Net finance costs	<u>(404,667)</u>	<u>(433,862)</u>	<u>(1,129,096)</u>	<u>(1,041,206)</u>
Profit before tax	<u>2,943,814</u>	<u>1,984,380</u>	<u>6,258,159</u>	<u>3,877,119</u>
Tax expense	(811,419)	(159,761)	(3,021,326)	(476,761)
Profit for the period	<u>2,132,395</u>	<u>1,824,619</u>	<u>3,236,833</u>	<u>3,400,358</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	-	4,946	-	(4,860)
Total other comprehensive income / (loss) for the period, net of tax	<u>-</u>	<u>4,946</u>	<u>-</u>	<u>(4,860)</u>
Comprehensive income for the period	<u>2,132,395</u>	<u>1,829,565</u>	<u>3,236,833</u>	<u>3,395,498</u>
Profit attributable to:				
Owners of the Company	2,132,395	1,714,055	3,185,064	3,140,646
Non-controlling interests	-	110,564	51,769	259,712
Profit for the period	<u>2,132,395</u>	<u>1,824,619</u>	<u>3,236,833</u>	<u>3,400,358</u>
Comprehensive income attributable to:				
Owners of the Company	2,132,395	1,719,001	3,185,064	3,135,786
Non-controlling interests	-	110,564	51,769	259,712
Comprehensive income for the period	<u>2,132,395</u>	<u>1,829,565</u>	<u>3,236,833</u>	<u>3,395,498</u>
Basic earnings per ordinary share (sen)				
From continuing operations	<u>0.38</u>	<u>0.33</u>	<u>0.58</u>	<u>0.61</u>
Diluted earnings per ordinary share (sen)				
From continuing operations	<u>0.38</u>	<u>0.33</u>	<u>0.58</u>	<u>0.61</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 statement of changes in equity for the 3rd quarter ended 30 September 2012

	<-----Attributable to owners of the Company----->			Subtotal	Non-controlling Interests	Total equity
	<-----Non-distributable----->	Distributable				
	Share capital	Fair value reserve	Retained earnings			
<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	-	-	3,185,064	3,185,064	51,769	3,236,833
Total comprehensive income for the period	55,820,002	-	14,917,941	70,737,943	685,454	71,423,397
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 September 2012	55,820,002	-	13,328,425	69,148,427	-	69,148,427

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 cash flows for the 3rd quarter ended 30 September 2012

	Nine months ended 30.09.2012	Nine months ended 30.09.2011
Note	RM	RM
Cash flow from operating activities		
Profit before taxation	6,258,159	3,877,119
<i>Adjustment for :</i>		
Amortisation of development costs	702,986	1,507,397
Amortisation of intangible assets	411,689	467,785
Depreciation of investment property	51,566	44,318
Depreciation of property, plant and equipment	5,544,065	4,593,464
Finance Income	(98,475)	(114,033)
Finance expenses	1,227,571	1,155,239
Gain on disposal of property, plant and equipment	(13,584)	(1,184)
Provision for doubtful debts	324,624	145,519
Operating profit before changes in working capital	<u>14,408,611</u>	<u>11,675,624</u>
Change in work-in progress	(2,358,441)	1,233,043
Change in receivables and prepayments	(1,734,868)	(223,796)
Change in inventories	(35,872)	(45,160)
Change in payables and accruals	607,273	188,718
Cash generated from operations	<u>10,886,703</u>	<u>12,828,429</u>
Tax paid	(1,100,803)	(418,260)
Interest received	98,475	114,033
Net cash generated from operating activities	<u>9,884,375</u>	<u>12,524,202</u>
Cash flow from investing activities		
Increase in development cost	(44,628)	(102,621)
Proceeds from disposal of property, plant and equipment	267,615	19,662
Acquisition of intangible assets	(3,003)	(1,531,363)
Acquisition of property, plant and equipment	(2,332,593)	(12,278,296)
Acquisition of interests in a subsidiary	(1,113,179)	-
Net cash used in investing activities	<u>(3,225,788)</u>	<u>(13,892,618)</u>
Cash flow from financing activities		
Change in fair value of available-for sale financial assets	1,028,326	(27,403)
Interest paid	(1,227,571)	(1,155,239)
Dividend paid	(45,391)	(558,409)
Increase in pledged deposits	(482,551)	(79,535)
(Repayment of)/Proceeds from loans and borrowings	(667,624)	5,372,223
Net cash (used in)/generated from financing activities	<u>(1,394,811)</u>	<u>3,551,637</u>
Net increase in cash and cash equivalents	5,263,776	2,183,221
Cash and cash equivalents at 1 January	7,196,552	6,360,177
Cash and cash equivalent at 30 September	<u>12,460,328</u>	<u>8,543,398</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:

	Nine month ended 30.09.2012	Nine month ended 30.09.2011
Cash and bank balances	4,772,450	4,947,152
Deposits with licensed banks	9,228,153	4,763,266
	<u>14,000,603</u>	<u>9,710,418</u>
Less: Deposits pledged	(1,540,275)	(1,167,020)
	<u>12,460,328</u>	<u>8,543,398</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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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 30 September 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	30 September 2011	31 December 2011
Consolidated statement of comprehensive income			
Other operating expenses	-	13,027	17,369
Adjustment before tax	-	13,027	17,369
Consolidated statement of financial position			
Increase/(decrease) in property, plant and equipment	1,602,758	(13,027)	(17,369)
Adjustment to retained earnings	1,602,758	(13,027)	(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 September 2011	31 December 2011
Consolidated statement of comprehensive income			
Other operating expenses	-	6,998	9,330
Adjustment before tax	-	6,998	9,330
Consolidated statement of financial position			
Increase/(decrease) in investment properties	844,647	(6,998)	(9,330)
Adjustment to retained earnings	844,647	(6,998)	(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 nine months ended 30 September 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 nine months ended 30 September 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 September 2012 is as follows:-

	OSD RM	E-PROC RM	CDIST RM	CSERV RM	SAT RM	ELIMINATION RM	Total RM
Total segment revenue - external	20,648,468	6,525,101	3,460,112	1,174,870	8,493,646	(368,116)	39,934,081
Segment results	6,252,831	5,707,890	961,564	582,892	2,652,156	(1,282,339)	14,874,994
Other income							212,663
Other operating expenses							<u>(7,700,402)</u>
Results from operating activities							7,387,255
Interest income							98,475
Finance costs							(1,227,571)
Tax expense							<u>(3,021,326)</u>
Net profit for the period							<u>3,236,833</u>
Segment assets	62,854,089	2,731,016	4,978,027	5,778,508	6,346,002	(33,585,123)	49,102,519
Unallocated assets							58,437,660
Total assets							<u>107,540,179</u>
Segment liabilities	31,729,343	-	3,533,548	10,668,221	3,529,217	(11,447,408)	38,012,921
Unallocated liabilities							378,831
Total liabilities							<u>38,391,752</u>

9 Changes in composition of the Group

There were no changes in composition of the Group during the current quarter ended 30 September 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 third quarter ended 30 September 2012 (3Q12), Privasia group revenue increased 41.2% to RM15.14 million from RM10.72 million in the corresponding quarter in the previous year. This was attributed to better performance mainly from the Outsourcing division (OSD) and the Satellite-based network services (SAT) division.

The higher revenue and reduced net finance costs led to 48.3% increase in group profit before tax (PBT) to RM2.94 million for the quarter under review, compared with RM1.98 million in the previous corresponding quarter. Group net profit grew 16.9% to RM2.13 million in 3Q12 as compared with RM1.82 million in the same quarter of the previous year.

For the nine-months period ended 30 September 2012 (9m12), Privasia recorded a 31.7% rise in group revenue to RM39.93 million compared with RM30.32 million in the previous corresponding period as a result of better performances from most of the Group's business segments.

9m12 group PBT rose 61.4% to RM6.26 million, versus RM3.88 million in the previous corresponding period. Due to the higher tax expenses incurred in 9m12, group net profit declined to RM3.24 million compared with RM3.40 million previously.

Comparison with preceding quarter

In comparison with the preceding quarter ended 30 June 2012 (2Q12), revenue in 3Q12 was higher at RM15.14 million, from RM14.23 million in 2Q12, primarily due to higher revenues from OSD, e-Procurement, ICT Distribution and SAT segments. 3Q12 PBT and net profit were RM2.94 million and RM2.13 million respectively, comparing favourably with 2Q12 PBT of RM2.20 million and net profit of RM1.43 million.

13 Future prospects

The Group is optimistic of the prospects of the ICT outsourcing industry, in view of the secured orderbook of RM165 million which will last till 2020.

Furthermore, the Group is making headway in the telecommunications segment under our CSERV division, as we recently secured our first 'radio frequency optimisation' project for a client in the telecommunications sector. The achievement is a significant milestone for the Group and a good reference site for us to penetrate the telecommunications industry. The Board opines that our CSERV division will be the next earning catalyst for the Group.

Going forward, the Group will continue to look for more opportunities to continue the Group's growth.

14 Income tax expenses

	Current quarter		3rd quarter	
	Three months ended		Nine month ended	
	30 September		30 September	
	2012	2011	2012	2011
	RM	RM	RM	RM
Current tax				
-Current year	900,613	136,000	2,851,435	317,000
Deferred tax				
Originating of temporary differences	(89,194)	-	169,891	-
Tax expenses from continuing operations	<u>811,419</u>	<u>136,000</u>	<u>3,021,326</u>	<u>317,000</u>

The government of Malaysia awarded Multimedia Super Corridor ("MSC") status to the Company's subsidiary, Privasia Sdn.Bhd., on 23 January 2002. With the granting of MSC status, this subsidiary are exempted from tax on 100% of statutory income from qualifying activities for an initial period of five (5) years. The extension of MSC status along with Pioneer Status for the subsidiary was approved by the authorities concerned for another five (5) years. On 24 January 2012, the MSC status along with Pioneer Status for the subsidiary, had expired.

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

The Group has disposed its entire available-for sale financial assets during the current quarter ended 30 September 2012.

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 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 Nine months ended 30 September 2011	MFRSs
Continuing operations			
Revenue	30,318,656		30,318,656
Cost of Sales	(19,030,115)		(19,030,115)
Gross profit	11,288,541		11,288,541
Other income	307,941		307,941
Other operating expenses	(4,548,880)	(20,024)	(4,568,904)
Results from operating activities	7,047,602		7,027,578
Finance income	114,033		114,033
Finance costs	(1,155,239)		(1,155,239)
Net finance costs	(1,041,206)		(1,041,206)
Profit before tax	6,006,396		5,986,372
Tax expense	(476,761)		(476,761)
Profit for the period	5,529,635		5,509,611

FRSs Effect of MFRSs
 transition to
 MFRSs
 Nine months ended 30 September 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	(4,860)	(4,860)
Total other comprehensive loss for the period, net of tax	(4,860)	(4,860)
Comprehensive income for the period	5,524,775	5,504,751

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. On 21 September 2012, the Group has withdrawn the case with liberty to file afresh in the event of any third party proceedings.

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

	Nine months ended 30 September	
	2012	2011
Profit for the period is arrived at after charging:		
Amortisation of development costs	702,986	1,507,397
Amortisation of intangible assets	411,699	467,785
Depreciation of investment properties	51,566	44,318
Depreciation of property, plant and equipment	5,544,065	4,593,464
Provision for doubtful debts	324,624	145,519
	<hr/>	<hr/>
and after crediting:		
Gain on disposal of available-for sale financial assets	45,401	-
Gain on disposal of property, plant and equipment	13,584	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 September 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 30.09.2012
Profit attributable to equity holders	3,185,064
Profit attributable to non-controlling interests	51,769
Profit for the period (RM)	<hr/> 3,236,833
Weighted average number of ordinary shares in issue	558,200,020
Basic profit per share (sen)	<hr/> <hr/> 0.58

(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:-

	30.09.2012	Group	31.12.2011
	RM		RM
Total retained profits of Privasia Technology Berhad and its subsidiaries			
- Realised	712,194		(1,793,443)
- Unrealised	244,180		277,289
	956,374		(1,516,154)
Less: Consolidation adjustments	12,372,051		13,269,584
Total group retained profits as per consolidated interim financial statements	13,328,425		11,753,430

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 30 November 2012.