PRIVASIA
ANNUAL REPORT **2009**

PRIVASIA TECHNOLOGY BERHAD

SIMPLIFYING BUSINESS

(825092-U) (INCORPORATED IN MALAYSIA)

Corporate Vision

To be the largest premium ICT outsourcing services and solutions provider in South East Asia with the most number of clients.

Corporate Missions

To surpass benchmark levels of Service Level Agreement (SLA) standards in the industry.

To ensure continuous cost savings for customers in their ICT requirements.

To capture more than 40% of the total ICT outsourcing services and solutions market share in South East Asia.

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CORPORATE SECTION

FINANCIAL STATEMENTS

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE SECOND (2ND) ANNUAL GENERAL MEETING OF THE COMPANY WILL BE HELD AT UNIT C-21-04, 4TH FLOOR (TRAINING ROOM), DATARAN 3 DUA (3 TWO SQUARE), NO. 2, JALAN 19/1, 46300 PETALING JAYA, SELANGOR DARUL EHSAN ON FRIDAY, 18 JUNE 2010 AT 10.00 A.M. FOR THE FOLLOWING PURPOSES:

	AGENDA	Resolution No.
1	To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2009 together with the Reports of the Directors and of the Auditors thereon. *Please refer to Explanatory Notes*	
2	To approve the payment of Directors' fees for the financial year ended 31 December 2009.	1
3	To re-elect Mr. Brian Wong Wye Pong retiring under the provision of Article 129 of the Articles of Association of the Company, and who, being eligible, has offered himself for re-election.	2
4	To re-elect Encik Mohd Aqliff Shane Abdullah retiring under the provision of Article 129 of the Articles of Association of the Company, and who, being eligible, has offered himself for re-election.	3
5	To re-appoint Messrs. KPMG as Auditors of the Company for the financial year ending 31 December 2010 and to authorise the Board of Directors to fix the Auditors' remuneration.	4
6	To transact any other ordinary business of which due notice shall have been given.	

As Special Business:
To consider, and if thought fit, to pass with or without modifications the following as ordinary resolution:

7	Authority to Issue Shares	5

NOTICE OF ANNUAL GENERAL MEETING

"That subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the relevant governmental and regulatory authorities, the Directors be and are hereby empowered pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company at such time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

By Order Of The Board,

WONG CHOW LAN (MAICSA 7012088)
FOO LI LING (MAICSA 7019557)
Company Secretaries

Date : 28 APRIL 2010

NOTES

1 A member of the Company entitled to attend and vote at the above meeting may appoint not more than 2 (two) proxies to attend and vote instead of him/her. A proxy need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.

2 For a proxy form be valid, it must be deposited at the Registered Office of the Company at 13A, Jalan SS21/56B, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan not less than 48 (forty eight) hours before time appointed for the Meeting or any adjournments thereof.

3 The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised. An instrument appointing a proxy to vote at a meeting shall be deemed to include the power to demand a poll on behalf of the appointer.

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes

Item 1 of the Agenda – To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2009 together with the Reports of the Directors and of the Auditors thereon.

This item is meant for discussion only as the provision of Section 169 (1) of the Companies Act, 1965 does not require shareholders' approval for the audited financial statements. Therefore, this item will not be put forward for voting.

Ordinary Resolution 5 – Authority to Issue Shares

The proposed Ordinary Resolution 5, if passed, will authorise the Directors to issue shares up to 10% of the total issued capital of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company. The purpose for the renewal of a general mandate is to avoid any delay and costs in convening a general meeting to specifically approve such an issue of shares for any possible fund raising activities (excluding placing of shares) for the purpose of funding further investment projects, additional working capital, acquisitions etc.

This authority unless, revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

The Company did not issue any new shares pursuant to the mandate granted to the Directors as the last Annual General Meeting held on 24 June 2009 and which will lapse at the conclusion of the forthcoming Annual General Meeting.

STATEMENT ACCOMPANYING NOTICE OF THE SECOND ANNUAL GENERAL MEETING

1. The Directors who are standing for re-election at the Second Annual General Meeting ("AGM") are as follows:

a) Mr. Brian Wong Wye Pong
b) Encik Mohd Aqliff Shane Abdullah

The details of the two Directors seeking re-election or re-appointment are set in their respective profiles which appear on page 10 of this Annual Report.

2. The details of attendance of Directors of the Company at Board meetings held during the financial year ended 31 December 2009 are disclosed in the Statement on Corporate Governance set out on page 18 of this Annual Report.

3. The details of the place, date and time of the Second AGM are as follows:

Place	:	Unit C-21-04, 4th Floor (Training Room) Dataran 3 Dua (3 Two Square) No. 2, Jalan 19/1 46300 Petaling Jaya Selangor Darul Ehsan
Date	:	Friday, 18 June 2010
Time	:	10:00 am

CORPORATE INFORMATION

Board Of Directors

PROFESSOR DATUK ALI BIN ABDUL KADIR
(Non-Executive/Chairman)

PUVANESAN A/L SUBENTHIRAN
(Chief Executive Officer/Managing Director)

ANDRE ANTHONY A/L HUBERT RENE
(Deputy Chief Executive Officer/Executive Director)

BRIAN WONG WYE PONG
(Non-Executive Director)

ASGARI BIN MOHD FUAD STEPHENS
(Non-Executive Director)

MOHD AQLIFF SHANE ABDULLAH
(Non-Executive Director)

Audit And Risk Management Committee

PROFESSOR DATUK ALI BIN ABDUL KADIR (Chairman)
BRIAN WONG WYE PONG (Member)
ASGARI BIN MOHD FUAD STEPHENS (Member)

Nomination Committee

PROFESSOR DATUK ALI BIN ABDUL KADIR (Chairman)
BRIAN WONG WYE PONG (Member)
ASGARI BIN MOHD FUAD STEPHENS (Member)

Remuneration Committee

PUVANESAN A/L SUBENTHIRAN (Chairman)
MOHD AQLIFF SHANE ABDULLAH (Member)
BRIAN WONG WYE PONG (Member)

Auditors

KPMG (AF 0758)
Chartered Accountants
Level 10, KPMG Tower, 8, First Avenue, Bandar Utama, 47800
Petaling Jaya, Selangor Darul Ehsan, Malaysia.
Tel: +603 7721 3388
Fax: +603 7721 3399

Principal Bankers

RHB BANK BERHAD
CIMB BANK BERHAD
MALAYAN BANKING BERHAD

Registered Office

FASTRACK CORPORATE SERVICES (KL) SDN BHD (413401-K)
No. 13A, Jalan SS21/56B, Damansara Utama,
47400 Petaling Jaya, Selangor Darul Ehsan
Tel: +603 7729 5912/5921
Fax: +603 7729 5904

Share Registrars

SYMPHONY SHARE REGISTRARS SDN BHD (378993-D)
Level 6, Symphony House, Block D13,
Pusat Dagangan Dana 1, Jalan PJU 1A/46,
47301 Petaling Jaya, Selangor Darul Ehsan
Tel: +603 7841 8000
Fax: +603 7841 8008

Company Secretaries

WONG CHOW LAN (MAICSA 7012088)
FOO LI LING (MAICSA 7019557)

Stock Exchange Listing

BURSA MALAYSIA SECURITIES BERHAD
Stock Name: PRIVA
Stock Code: 0123

Principal Place of Business

Unit C-21-05, Dataran 3 Dua, (3 Two Square)
No. 2, Jalan 19/1, Section 19, 46300
Petaling Jaya, Selangor Darul Ehsan
Tel: +603 7967 9600
Fax: +603 7967 9799

Ipoh Site Office

Level 14, Perak Techno Trade Centre
(PTTC) Bandar Meru Raya, Off Jalan Jelapang,
30020 Ipoh, Perak Darul Ridzuan.
Tel: +605 526 0671

Westports Site Office

Lot 19.1-19.2, 1st Floor,
Westports Business Centre,
42920 Pulau Indah,
Klang, Selangor Darul Ehsan
Tel: +603 3101 1381
Fax: +603 3101 1554

BOARD OF DIRECTORS

(From top left) Brian Wong Wye Pong, Asgari Bin Mohd Fuad Stephens, Mohd Aqliff Shane Abdullah,
(From below left) Puvanesan A/L Subenthiran, Professor Datuk Ali Bin Abdul Kadir and Andre Anthony A/L Hubert Rene

BRIAN WONG WYE PONG
(Non-Executive Director)

ASGARI BIN MOHD FUAD STEPHENS
(Non-Executive Director)

MOHD AQLIFF SHANE ABDULLAH
(Non-Executive Director)

PUVANESAN A/L SUBENTHIRAN
(Chief Executive Officer/ Managing Director)

PROFESSOR DATUK ALI BIN ABDUL KADIR
(Non-Executive/ Chairman)

ANDRE ANTHONY A/L HUBERT RENE
(Deputy Chief Executive Officer/ Executive Director)

PROFILE OF DIRECTORS

PROFESSOR DATUK ALI BIN ABDUL KADIR
60 years of age, Malaysian
(Non-Executive/Chairman)

Datuk Ali bin Abdul Kadir, aged 60, is Fellow of the Institute of Chartered Accountants in England and Wales ("ICAEW"), a member of the Malaysian Institute of Certified Public Accountants ("MICPA") and a member of the Malaysian Institute of Accountants. He is also Honorary Fellow of the Institute of Chartered Secretaries and Administrators (UK) and Honorary Fellow of the Malaysian Institute of Directors.

He is currently Chairman of the Financial Reporting Foundation and Trustee of the Labuan Offshore Financial Services Authority, Yayasan Kadir & Fatimah and Yayasan Amal Bukit Bintang. He is an Adjunct Professor with University Malaya, Honorary Advisor to ICAEW Malaysia, and member of the Advisory Panel of CCM Training Academy.

Previously, he was appointed by the Minister of Finance as the Chairman of the Securities Commission of Malaysia from 1 March 1999 to 28 February 2004. Datuk Ali was a member of a number of national committees, including the Foreign Investment Committee and the Oversight Committee of the National Asset Management Company (Danaharta).

In the international arena, he was a member of the Executive Committee of the International Organisation of Securities Commissions (IOSCO), Chairman of IOSCO's Asia-Pacific Regional Committee, and of the Islamic Capital Market Task Force. In addition, Datuk Ali was also a Trustee of the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI). He was the Consultant to the Sri Lanka Securities and Exchange Commission in 2006 for their Capital Market Strategic Plan.

Datuk Ali was the Executive Chairman and Partner of Ernst & Young and its predecessor firms from 1975 – 1999, and Senior Advisor from March 2004 – 2005. He was also former President of MICPA, and chaired MICPA's Executive Committee and Insolvency Practices Committee. He was also co-chairman of the Company Law Forum.

He is the also Chairman of Microlink Solutions Berhad, Milux Corporation Berhad, Jobstreet Corporation Berhad and Mahkota Technology Sdn Bhd. He also sits on the Board of Glomac Berhad.

PROFILE OF DIRECTORS

PUVANESAN A/L SUBENTHIRAN
34 years of age, Malaysian
(Chief Executive Officer/Managing Director)

Puvanesan, a Malaysian, aged 34, is the Group Chief Executive Officer and Managing Director of the Privasia Group. He was appointed to the Board of Privasia Sdn Bhd on 4 August 2004. He graduated with a BA (Hons.) in Accounting and Finance from London South Bank University and holds a Diploma in Economics from the National Council for Educational Awards, Ireland. He is a Fellow of the Association of Chartered Certified Accountants (ACCA) and a Chartered Accountant with the Malaysian Institute of Accountants. He has completed the Senior Management Development Program and Program for Leadership Development at the Harvard Business School. Prior to this, Puvanesan was a senior in the Business Advisory and Assurance Department of BDO Simpson Xavier in Ireland and upon his return to Malaysia, he was the Chief Financial Officer of the Makmal Jaya Group. Puvanesan is responsible for managing the Privasia Group. Puvanesan is one of the founding members of Privasia Group.

ANDRE ANTHONY A/L HUBERT RENE
34 years of age, Malaysian
(Deputy Chief Executive Officer/Executive Director)

Andre, was appointed as the Deputy Chief Executive Officer of the Group on 4 May 2009. He is a law graduate from the University of Wales, College of Cardiff. He started off his working career while still at university, working as an intern with the New Straits Times press in 1996 followed by a short stint in a legal firm the following year. Upon graduation, Andre moved into the dotcom business with Dreammotor.com as a member of its business development team. He was involved in the company's setting-up and expansion of its operations and business to Singapore and Hong Kong. Andre's passion, however, was very much in the logistics industry and he eventually joined Westport's IT department to harness his skills in this area. The various IT research studies carried out while at Westport led him to believe that there was an information technology gap to be filled in the port and shipping industry, and hence he ventured full-time into IT consultancy. Andre is one of the founding members of the Privasia Group and is a graduate of the Harvard Business School Senior Management Development Program.

PROFILE OF DIRECTORS

BRIAN WONG WYE PONG
37 years of age, Malaysian
(Independent/Non-Executive Director)

Brian was appointed as a Non-Executive Director of PTB on 4 May 2009. He is currently a member of the Audit And Risk Management Committee, the Remuneration Committee and the Nomination Committee. He graduated with a Bachelor of Commerce degree majoring in Accounting and Finance from the University of Western Australia and is a Chartered Accountant with the Malaysian Institute of Accountants, a Certified Practicing Accountant with both the Australian Society of Certified Practicing Accountants, a registered auditor with the Kampuchea Institute of Certified Public Accountants and Auditors, and a Certified Financial Planner with the International Certified Financial Planner Council, USA. He was previously with KPMG, Kuala Lumpur and a public company as their head of corporate affairs. He has also served as Audit Committee Chairman and Director of two public companies in the past. Currently, he is a partner in PKF Malaysia and a Director of Covenant Equity Consulting, an investment advisory corporation licensed with the Securities Commission of Malaysia.

ASGARI BIN MOHD FUAD STEPHENS
50 years of age, Malaysian
(Independent/Non-Executive Director)

Asgari was appointed as a Non-Executive Director of PTB and is presently a member of the Audit And Risk Management Committee and the Nomination Committee. He graduated with a BCom. (Hons) from University of Melbourne, Australia and MBA from Cranfield University, United Kingdom. He has extensive experience in both public and private equity investing in Malaysia. He is the owner and co-founder of Kumpulan Sentiasa Cemerlang, a fund management company as well as ISpring Venture Management Intelligent Capital Sdn Bhd, management companies that invest in private companies. Currently, he is a Director of JayCorp Berhad and Maxis Berhad.

MOHD AQLIFF SHANE ABDULLAH
33 years of age, Malaysian
(Independent/Executive Director)

Mohd Aqliff, was appointed as a Non-Executive Director of PTB on 4 May 2009. Presently he is a member of the Remuneration Committee. He graduated with Bachelor of Science in Mechanical Engineering from University Tenaga National, PPP/UiTM Twinning Program/ American University Degree Program, Professional Consultation Certificate from Intergraph Process, Power and Offshore Huntsville, Alabama. He began his career at Technip Sdn Bhd in 1999 as Mechanical Engineer in Rotating Department where he had exposure in the operation of an oil and gas multinational company. From 2000 to 2004 he joined Intergraph Process Power & Offshore (M) Sdn Bhd being a subsidiary company of Intergraph Corporation (listed on NASDAQ) as Senior Application Engineer which further strengthened his exposure in the oil and gas industry dealing with the Asean region. He is currently Managing Director for Petrolife Engineering (M) Sdn Bhd, which is involved in the oil and gas industry.

Notes
1. Save as disclosed above, none of the Directors have any family relationship with any other Directors and/or other major shareholders of the Company.
2. None of the Directors has any conflict of interest with the Company and has not been convicted of any offence within the past ten years.
3. Details of Directors' attendances at the Board Meetings are set out in the Statement on Corporate Governance.

CHAIRMAN 'S STATEMENT

Dear Shareholders,

I am pleased to present to you our inaugural Annual Report and audited accounts for the financial year ended 31 December 2009 ("FY2009") on behalf of the Board of Directors of Privasia Technology Berhad ("Privasia", "the Group").

ECONOMY IN RETROSPECT

FY2009 was largely remembered for one of the most widespread economic crises in history. As Western economies grappled with credit woes, the spiral effects flowed to Asia's mainly manufacturing-driven economies in the form of falling exports and jittery business sentiments.

With the exception of emerging dragons such as China, most emerging Asian economies shrank in the first half of the year. Malaysia was no exception, with its Gross Domestic Product ("GDP") contracting by as much as 6.2 % in the first quarter before recording a strong turnaround in fourth quarter with healthy growth of 4.5%.

Suffice to say, FY2009 was indeed a challenging year for businesses throughout Malaysia.

FINANCIAL REPORT CARD

Amidst the dismal economic backdrop, Privasia managed considerably well, achieving group revenue of RM27.2 million.

Our core business of Information Technology ("IT") outsourcing solutions contributed RM20.4 million, or 75% of group revenue, while the Information & Communication Technology ("ICT") segment made up the balance RM6.8 million or 25% of group revenue.

The Group ended FY2009 with commendable net profits of RM1.0 million, or earnings per share of 0.28 sen per 10 sen share. The Group's positive financial results can be attributable to the low volatility nature of our business, and to the large long-term contracts spanning between five to ten years.

The Group has no previous financial results to generate a year-on-year comparison as Privasia was incorporated as an investment holding company and had only acquired its income generating units Privasia Sdn Bhd Group and Airocom Technology Sdn Bhd Group in May 2009.

Moving on to the balance sheet, shareholders' equity amounted to RM56.9 million while the Group's net gearing ratio was a commendable 0.80 times as at 31 December 2009.

OPERATIONS REVIEW & CORPORATE UPDATES

The year under review has been nothing short of eventful, as the Group commemorated a number of significant milestones.

CHAIRMAN 'S STATEMENT

Listing on Bursa Malaysia Securities Berhad

On 12 May 2009, Privasia assumed the listing status from Airocom Technology Berhad ("Airocom") through a restructuring exercise of the latter. As a listed entity, Privasia would be able to enhance our profile amongst industry players and grant the Group access to capital funding for further business expansion.

Not only that, the restructuring exercise enabled Privasia to combine its inherent strength in IT outsourcing with Airocom's expertise in telecommunications solutions to become a full-fledged Information & Communications Technology ("ICT") outsourcing player.

Acquisition of IPSAT Sdn Bhd ("IPSAT")

In line with our commitment to develop expertise in the communications sector, the Group announced on 01 December 2009 the acquisition of a 70% equity stake in IPSAT, a satellite-based communications solutions provider, for a cash consideration of RM1.0 million.

IPSAT provides a broad spectrum of satellite-based network solutions, ranging from managed network services to high speed internet access. IPSAT also offers a wide range of value-added broadband applications, such as Voice Over Internet Protocol ("VoIP"), online education, video conferencing and satellite Internet Protocol Virtual Private Network ("IP VPN") services.

At present, IPSAT's infrastructure is available to customers throughout East and West Malaysia. IPSAT's clientele includes plantations and agro based businesses, companies with geographically-spread locations as well as end users in under-served rural and sub-urban locations.

Under the terms of the sale and purchase agreement, the vendors of IPSAT would provide a profit after tax guarantee of RM500, 000 for the financial year ending 31 December 2010.

The acquisition was fully funded by Privasia's internally-generated funds.

INDUSTRY OUTLOOK

The ICT infrastructure outsourcing industry sees a bright future ahead.

According to a market survey by Frost & Sullivan, the IT outsourcing market in Malaysia is expected to grow at a Compounded Annual Growth Rate ("CAGR") of 16.8% per annum to be worth RM1.1 billion in 2012.

Not only that, the ICT outsourcing industry in Malaysia would also be a beneficiary of the Government's resolute initiative towards achieving 50% broadband penetration in the country. The recent emergence of various high speed broadband ("HSBB") service providers is proof enough of the vast potential that can be tapped in this sector.

BUSINESS STRATEGIES

In view of the exciting growth prospects in the ICT outsourcing space, Privasia has laid out a two-pronged growth strategy to capitalize on our market position and expertise.

Firstly, we aim to continue expanding in our "traditional" IT market segment by bidding for more infrastructure outsourcing, support and maintenance projects from enterprises. With our strong track record of serving a wide myriad of industries to date, we believe that we stand in good stead to be awarded more of such projects moving forward.

CHAIRMAN 'S STATEMENT

Secondly, we aim to further develop our new revenue stream in the communications infrastructure outsourcing space. Our recent acquisitions would certainly enable us to develop strong synergies and establish a higher degree of expertise to provide higher value-add services. At the same time, we are constantly on the lookout for potential clients amongst next-generation WiMAX and broadband service providers.

To this end, we are pleased to announce that our expansion into the communication sector has begun to bear fruit. On 09 March 2010, Privasia received a letter of award from Jalur Lebar Nasional Sdn Bhd ("Jalenas") to design, supply and install equipment for Phase 1 of the HSBB network to be implemented in Kuantan, Pahang.

Under the agreement, Jalenas also has the option of appointing Privasia for the subsequent maintenance and support services for the active components rolled out under Phase 1.

We're very pleased to be one of the homegrown companies given the opportunity to play a significant role in building the nation's broadband infrastructure. This letter of award is indeed a vote of confidence in our capabilities and experience in the ICT outsourcing industry. We believe that this project will serve as a heavyweight reference in our portfolio.

All said, we at Privasia are truly looking forward to the years ahead as we stamp our mark as a leading provider of ICT outsourcing solutions.

CORPORATE GOVERNANCE

While focusing on continuing our business expansion, the Board is committed to maintaining high levels of corporate governance in our daily business operations and growth plans.

We aim to achieve the best possible results in shareholders' value creation while ensuring long-term sustainability of our business. Our measures are highlighted in the Corporate Governance Statement in this Annual Report.

CORPORATE SOCIAL RESPONSIBILITY ("CSR")

Privasia is constantly exploring ways to uphold CSR as one of the core pillars of the Group. One of the ways to do this is to make a positive impact in the community at large.

To this end, we have sought to encourage participation in sports amongst Malaysians, by sponsoring the local "KL Dragons" basketball team, as well as various sporting activities. With this, we at Privasia are doing our bit to cultivate a healthy lifestyle amongst Malaysians, particularly the younger generation.

APPRECIATION

In conclusion, I would like to express my deepest appreciation to our team of management and staff for their dedication and unwavering enthusiasm in powering the success of the Group.

A word of thanks as well to our valued business associates, customers, and shareholders for their steadfast support to Privasia in our journey thus far, and look forward to an even-more fruitful partnership ahead.

Professor Datuk Ali Bin Abdul Kadir
Chairman
19 April 2010

EVENT HIGHLIGHTS AND SPONSORSHIPS

Privasia staff at a team building session in Sunway Lagoon – 15 November 2009

Annual Dinner

Leapfrogging Connectivity — Broadband Wireless Trends & Perspectives Conference, Sunway Resort Hotel & Spa, Malaysia–4 March 2010

Playing our part to promote sportsmanship through by being one of the sponsors for Putrajaya Night Marathon 2010 – 6 February 2010

Bowling Tournament at 1 Utama Shopping Centre – 7 August 2009

Team Building at Forest Reserve Institute Malaysia (FRIM) – 9 January 2010

EVENT HIGHLIGHTS AND SPONSORSHIPS

Encouraging healthy lifestyles amongst the younger generation through sponsorship of Kuala Lumpur Dragons basketball team in ASEAN Basketball League

Continuing to promote sports by sponsoring the Malaysian Super Sports, Merdeka Millennium Endurance Race – 4 to 6 June 2009


Privasia team at work


Privasia Mini Townhall Meeting

Privasia was awarded the Certificate of Achievement at MSC Malaysia Capability Achievement Event 2009


Engaging the investment community on the 1st half of 2009 results briefing – 24 September 2009

Annual General Meeting


Team gathering in Privasia headquarters

PRIVASIA IN THE NEWS

Privasia gets RM8m

KUALA LUMPUR: Privasia Tech Bhd has been awarded an RM8 million contract from Jalur Lebar Nasional Sdn Bhd for the design, supply and installation of equipment for Phase 1 of the high-speed broadband (HSBB) project in Kuantan, Pahang.

THE EDGE FINANCIAL DAILY 10 March 2010

PRIVASIA
Get RM8M broadband letter of award

Privasia acquires satellite-based services provider

KUALA LUMPUR: Privasia Technology Bhd is broadening its reach in the information and communications technology (ICT) outsourcing and consulting industry via a proposed acquisition of a 70% stake in IPSAT Sdn Bhd, a satellite network services provider, for RM1 million.

The acquisition comes with a net profit guarantee of RM500,000 by the IPSAT vendors and directors, ...

STAR BIZ 10 March 2010

PRIVASIA
Awarded project

BUSINESS TIMES 10 March 2010

PRIVASIA
Awarded broadband contract

Privasia eyeing outsourcing contracts from broadband operators

THE EDGE FINANCIAL DAILY 2 December 2009

PRIVASIA
Acquires satellite-based service provider

THE EDGE FINANCIAL DAILY 7 September 2009

PRIVASIA
Eyeing outsourcing contracts from broadband operators

STAR BIZ 13 March

PRIVASIA
Expects turna... for Airocom i...

THE MALAYSIAN RESERVE 13 May 2009

PRIVASIA
Ready to enter Telco industry

BUSINESS TIMES 13 March 2009

Enlarged PRIVASIA **ready to venture into telco industry**

BERNAMA 13 March 2009

PRIVASIA
Ready to enter telco industry

SIN CHEW DAILY 13 March 2009

PRIVASIA
Technology (show) flat performance for the day; Assumes Airocom's listing status"

SENIOR MANAGEMENT TEAM

PUVANESAN A/L SUBENTHIRAN
Group Chief Executive Officer

ANDRE ANTHONY A/L HUBERT RENE
Group Deputy Chief Executive Officer

SULAIHA BINTI SAWADI
Group Human Capital Development

YAP WAI YIN
Chief Financial Officer
Group Corporate Finance

IPSAT SDN BHD

LU PAK LIM
Managing Director

AIROCOM TECHNOLOGY SDN BHD

RUBERN A/L PERINBANAYAKHAM
General Manager

PRIVASIA SDN BHD

DEVI VASANTHA MASLAMANI
Head of Business,
Consulting Business Unit

FEROZ AHMED AHANGER
Head of Technology,
Consulting Business Unit

SIVAKUMAR A/L MUTHU
Head of Business,
E-Bidding Unit

EDDIE WONG YU WENG
Head of Operations,
E-Bidding Unit

UBAID MUSTAFA QADIRI
Head of Technology,
Outsourcing Unit

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors of the Company ("Board") is committed to the principles and best practices of corporate governance as laid out in the Malaysian Code on Corporate Governance ("Code") and ensures that standards of corporate governance are being observed to realise the objective of increasing the shareholders' value.

THE BOARD AND BOARD STRUCTURES

An effective Board leads and controls the Company. The Directors are from diverse professional and business backgrounds with a wide range of academic and professional qualifications and business and financial experience relevant to lead the Group's business activities and as such, are able to effectively discharge their duties and responsibilities on the matters or issues of strategic planning, performance evaluation, resource allocation, setting of standards of conduct, identifying principal risks, reviewing internal control systems etc.

The Board has delegated certain responsibilities to the Board Committees with clearly defined terms of reference to assist in discharging their duties. The Board Committees include the Audit And Risk Management Committee, Nomination Committee and Remuneration Committee. The Chairman of the Committees will report and table to the Board their respective recommendations for consideration and adoption.

The Board meets on a quarterly basis, with additional meetings convened as and when required. There were three (3) meetings held during the financial year and the attendances are as follows:

Name of Directors	Attendance
Professor Datuk Ali bin Abdul Kadir	3 / 3
Puvanesan a/l Subenthiran	3 / 3
Andre Anthony a/l Hubert Rene	3 / 3
Asgari bin Mohd Fuad Stephens	3 / 3
Brian Wong Wye Pong	3 / 3
Mohd Aqliff Shane Abdullah	3 / 3
Hamzah bin Ismail (retired on 24 June 2009)	1 / 1
Ahmad Radzi bin Yahaya (retired on 24 June 2009)	1 / 1
Dato' Mohamed Salleh bin Baijuri (retired on 24 June 2009)	0 / 1

A. DIRECTORS

i) Board Composition and Balance

The Board comprises six (6) members; of whom two (2) are Executive Directors and four (4) are Independent Non-Executive Directors. The Board members, with different backgrounds and specialisations, collectively bring with them a wide range of experience and expertise to lead the Company.

With the different backgrounds and specializations of the Board members, the balance in the Board is achieved and such balance enables the Board to provide effective leadership in all aspects, as well as maintaining a high standard of governance and integrity.

STATEMENT ON CORPORATE GOVERNANCE

ii) Supply of Information

The Board recognises that the decision-making process is highly dependent on the quality of information furnished. As such, in discharging their duties, the Directors need to have full and timely access to all information concerning the Company and the Group. All Board meetings held were preceded by a notice issued by the Company Secretaries. Prior to each Board meeting, the agenda together with relevant reports and Board papers would be circulated to all Directors in sufficient time to enable effective discussions and decision-making during Board meetings. In addition, the Board is also notified of any corporate announcements released to the Bursa Malaysia Securities Berhad ("Bursa Securities").

The Directors have full access to the advice and services of the Company Secretaries, the senior management staff, the external auditors and other independent professionals at all times in discharging their duties and responsibilities.

iii) Appointment to the Board

Having reviewed the assessments in respect of the financial year ended 31 December 2009, the Board is satisfied that the Board and Board Committees have continued to operate effectively in discharging their duties and responsibilities. The Directors have also fulfilled their responsibilities as members of the Board and are suitably qualified to hold their positions.

iv) Re-election of Directors

Pursuant to Section 129 (6) of the Companies Act, 1965, directors who are over the age of seventy (70) years old shall retire at every Annual General Meeting ("AGM") and may offer themselves for re-appointment as directors of the Company to hold office until the conclusion of the next AGM.

The Articles of Association of the Company provides that at least one-third of the Board is subject to retirement by rotation at every AGM. Further, all Directors of the Company shall retire at least once every three (3) years. A retiring director is eligible for re-election. This provides an opportunity for shareholders to renew their mandate. The election of every director is voted on separately.

v) Directors' Training

During the financial year ended 31 December 2009, the Directors of the Company attended various forums, programmes, workshops and seminars which covered the following topics:-

1. 1st Asia-Oceania Standard Setters Group Convention
2. 3rd IFSB Public Lecture on Financial Policy & Stability
3. 3rd International Islamic Capital Market Forum
4. BNM Hi-Level Conference on Financial Stability
5. IASB Round Table on Fair Value Measurements
6. Labuan Lecture Series – Nazrin on Developments in Islamic Financial Markets
7. LOFSA Forum in Labuan & Kuala Lumpur – OECD's Designation of Labuan
8. Ministry of Women, Family and Community Development – The 3rd Age Conference
9. National Accounting Students Convention
10. The National Accountants Conference
11. Undertaking the Regulatory Environment in Singapore organized by the Singapore Institute of Directors and Singapore Stock Exchange
12. University Malaya Lecture – Demutualisation of the Malaysian Bourse
13. University Malaya Lecture – Offshore Centres – Pirates Havens or International Financial Centres
14. University Malaya Lecture – Budget 2010 – An Investors' Perspective
15. University Malaya Lecture – The Art of Going Public
16. World Capital Markets Symposium

B. DIRECTORS' REMUNERATION

The aggregate remuneration of the Directors for the financial year is as follows:-

	Director's Fee and Allowances		Salaries	
	Group	Company	Group	Company
Executive Directors	RM 28,000	RM 28,000	RM 283,800	-
Non-Executive	RM 80,000	RM 80,000	-	-

The number of Directors of the Company whose total remuneration during the year falling into the following bands are as follows:-

Range of remunerations during the year	Number of Directors			
	Director's Fee and Allowance		Salaries	
	Group	Company	Group	Company
RM 1 - RM 50,000	6	6	-	-
RM 50,001 - RM 100,000	-	-	-	-
RM 100,001 - RM 150,000	-	-	1	-
RM 150,001 - RM 200,000	-	-	1	-

C. COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company strictly adheres to the disclosure requirements of Bursa Securities and recognises the importance of timely and equal dissemination of information to shareholders and stakeholders to fulfill transparency and accountability objectives. Another key channel of communication with the shareholders, investors and the investment community at large is the Group's investor relations function. The institutional shareholders, fund managers, research analysts and substantial shareholders have a direct channel and are able to enter into a dialogue with the Company's representatives.

The AGM remains the principal forum for communication and dialogue with the shareholders of the Company. Shareholders are notified of the AGM and provided with a copy of the Company's Annual Report at least twenty-one (21) days before the date of the AGM.

The Board members are prepared to respond to all queries and had undertaken to provide sufficient clarification on issues and concerns raised by the shareholders. The external auditors are also present to provide their professional and independent clarification on queries raised by shareholders. Status of all resolutions proposed at the AGM is announced to Bursa Securities at the end of the meeting day. Proceedings of the AGM are properly minuted. The Company also maintains a website (www.privasia.com) through which shareholders and members of the public in general can gain access to information about the Group.

D. ACCOUNTABILITY AND AUDIT

i) Financial Reporting

The Board is aware of its responsibilities to the shareholders and the requirements to present a balanced and meaningful assessment of the Group's financial position, by means of the annual financial and quarterly report's statements and other published information. In this regard, the Board is primarily responsible to present a fair and balanced report of the financial affairs of the Group, which is prepared in accordance with the Companies Act, 1965 and the approved accounting standards set by the Malaysian Accounting Standards Board.

With assistance from the Audit And Risk Managment Committee, the Board scrutinised the financial aspect of the Audited Financial Statements and reviewed the statutory compliance aspects of the Audited Financial Statements.

ii) Internal Control

The Statement on Internal control is set out in page 25 of this Annual Report.

iii) Relationship with External Auditor

Through the Audit And Risk Management Committee, the Company has always maintained a close and transparent relationship with its external auditors in seeking professional advice and ensuring compliance with the Financial Reporting Standards and Companies Act, 1965 in Malaysia. The interactions between the parties include the discussion of audit plan, audit findings and corrective actions, where appropriate and the conclusion of the financial statements.

E. DIRECTORS' RESPONSIBILITY STATEMENT IN RELATION TO THE FINANCIAL STATEMENTS

The Directors are required to ensure that the financial statements of the Group and the Company are drawn up in accordance with the applicable Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965, so as to give a true and fair view of the state of affairs of the Group and the Company for the financial year ended 31 December 2009.

In preparing the financial statements, the directors have selected and applied consistently appropriate accounting policies and made reasonable and prudent judgments and estimates.

The Directors also have a general responsibility for taking such steps that are reasonable to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

A. MEMBERSHIP

The present members of the Audit And Risk Management Committee comprise:

Professor Datuk Ali Bin Abdul Kadir	Independent Non-Executive Director, the Chairman of the Committee
Brian Wong Wye Pong	Independent Non-Executive Director
Asgari Bin Mohd Fuad Stephens	Independent Non-Executive Director

B. TERM OF REFERENCE

The terms of reference of the Audit And Risk Management Committee are set out as below:

Composition

1. The Audit And Risk Management Committee shall be appointed among the Board, a majority of whom shall be Independent Directors and at least one (1) member must be a member of the Malaysian Institute of Accountants or posseses such qualification and/or experience as approved by Bursa Malaysia Securities Berhad.

2. The Chief Executive Officer shall not be a member of the Audit And Risk Management Committee.

Chairman

The Chairman, who shall be appointed by the Board, shall be an Independent Director.

Secretary

The Company Secretary shall be the Secretary of the Audit And Risk Management Committee. The Secretary shall be responsible for keeping the minutes of the Committee's meetings and circulating them to the Committee members and to the other members of the Board.

Meetings

The Audit And Risk Management Committee shall meet at least four (4) times in each financial year. The quorum for a meeting shall be two (2) members, provided that the majority of members present at the meeting shall be Independent Non-Executive Directors. All decisions at such meeting shall be decided by a show of hands on a majority of votes.

The Audit And Risk Management Committee shall have the authority to convene meetings with external auditors when required, excluding the attendance of other Directors and employees of the Company.

Authority

The Committee is authorized by the Board to investigate any matter within the scope of the Committee's duties. It has full and unrestricted access to any information in the Company and is authorized to call upon any employee to seek information it requires and all employees are required to co-operate with the Committee.

The Committee is empowered to also obtain independent professional or other advice and retain persons having special competence as necessary to assist the Committee in fulfilling its responsibility.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

Duties and Responsibilities

1.1 To recommend the appointment of the external auditors, their audit fee and any questions of their resignation or dismissal to the Board.

1.2 To discuss with the external auditors, their audit plan.

1.3 To review the financial statements of the Company and the Group before submission to the Board, focusing particularly on:-
- public announcements of results and dividend payment;
- any changes in accounting policies and practices;
- major judgmental areas;
- significant adjustments resulting from the audit;
- the going-concern assumption;
- compliance with accounting standards; and
- compliance with the stock exchange and legal requirements.

1.4 To discuss problems and reservations arising from the interim and final audits and any matters the auditors may wish to discuss (in the absence of management where necessary).

1.5 To keep under review the effectiveness of internal control system and, in particular, review external auditors' management letter and management's response.

1.6 To review any related party transactions that may arise within the Company or Group.

1.7 To verify the allocation of share options under the Employees Share Option Scheme of Privasia Technology Berhad.

1.8 To review and approve the statements to be included in the annual report concerning internal controls and risk management.

1.9 To monitor and review the effectiveness of the Company's internal audit function in the context of the Company's overall risk management system.

1.10 Ensuring that a formalised risk management framework is established that identifies, measures, managers, reports and monitors all of the material business risks across the Group.

1.11 To approve the appointment and removal of the head of the internal audit function.

1.12 To consider and approve the scope of the internal audit function and ensure it has adequate resources and appropriate access to information to enable it to perform its function effectively and in accordance with the relevant professional standards.

1.13 To ensure the function has adequate standing and is free from management or other restrictions.

1.14 To review and assess the annual internal audit plan.

1.15 To review promptly all reports on the Group from the internal auditors and review and monitor management's responsiveness to the findings and recommendations of the internal auditor.

1.16 To monitor the auditor's compliance with relevant ethical and professional guidance on the rotation of audit partners, the level of fees paid by the Company as compared to the overall fee income of the firm, office and partners and other related requirements.

1.17 To review the Group's arrangements for its employees to raise concerns, in confidence, about possible wrongdoings in financial reporting or other matters. The Committee shall ensure that these arrangements allow proportionate and independent investigations of such matters and appropriate follow-up actions.

1.18 Identifying and monitoring the key risks of the Group and evaluating the management.

1.19 Ensuring policies and framework are in place to manage the risks to which the Group is exposed, especially in the areas of risk concentration pertaining to the risk exposures that the subsidiaries are exposed to in their business activities, e.g. market, operational, liquidity, credit, regulatory, reputation, legal and strategic risk.

1.20 Critically assessing the Group's business strategies and plans from a risk-based and enterprise-wide perspective.

1.21 To carry out such other functions and consider other topics, as may be agreed upon by the Board.

C. MEETINGS AND SUMMARY OF ACTIVITIES

During the financial year ended 31 December 2009, a total of two (2) meetings were held and the details of attendances are set out below:-

	Meetings attended
Professor Datuk Ali bin Abdul Kadir	2 / 2
Brian Wong Wye Pong	2 / 2
Asgari bin Mohd Fuad Stephens	2 / 2

The Company Secretary was present at all meetings. The meetings were appropriately structured throughout the use of agendas.

Summary of Activities

The following activities were carried out by the Audit And Risk Management Committee during the financial year under review:-

(i) Reviewed the quarterly results and financial statements for recommendation to the Board;
(ii) Reviewed the external auditors' scope of work for the year;
(iii) Considered the Internal Audit function of the Group, reviewed and received the Internal Audit Plan and Reports;
(iv) Reviewed the changes in major accounting policies;
(v) Reviewed significant or unusual events;
(vi) Reviewed the compliance with accounting standards and other legal requirements;
(vii) Considered and recommended the appointment of external auditors for the Board's approval;
(viii) Ensure management is responsive to internal and external audit recommendations; and
(ix) Ensure outsourced internal audit function has adequate resources, consisting of people who are adequately skilled.

D. INTERNAL AUDIT FUNCTION

The Board has, during the financial year, appointed Proact Corporate Consulting Sdn Bhd as the internal auditors to assist the Board and the Audit And Risk Management Committee to evaluate the internal control system, risk management and corporate governance and to provide their recommendations to the Board and the Management for further improvement. Further details on the internal audit function are reported in the Statement on Internal Control on pages 25 and 26.

The total costs incurred for the internal audit function of the Company for the financial year was RM16,000.

STATEMENT ON INTERNAL CONTROL

The Board understands the importance of the Malaysian Code of Corporate Governance and is pleased to present this Statement on Internal Control of the Company and its subsidiaries ("the Group") for the financial year ended 31 December 2009 with respect to the state, nature and scope of the internal control of the Group during the financial year.

BOARD RESPONSIBILITY

The Board is responsible for the Group's system of internal control which includes identifying principal risks, implementation of appropriate control measures to manage such risks and reviewing the adequacy and integrity of the internal control systems. The Board ensures that the Management maintains a sound system of internal controls and effective risk management policies to safeguard shareholders' investments and the Group's assets.

It should be noted that an internal control system is designed to manage risks rather than eliminate them and can provide only reasonable but not absolute assurance against any material misstatement or loss.

The Board acknowledges that the risk management process is an ongoing process to identify, evaluate, and manage significant risks to effectively mitigate the risks that may impede the achievement of the Group's business and corporate objectives. The Board reviews the process to ensure proper management of risks and measures are taken to mitigate weaknesses in the control environment.

RISK MANAGEMENT FRAMEWORK

The Board recognises that an effective risk management framework will allow the Group to identify, evaluate and manage risks that affect the achievement of the Group's business objectives within defined risk parameters in a timely and effective manner.

The Enterprise Risk Management ("ERM") Framework was formulated and presented to the Board by an outsourced professional firm. The Board, via the Audit And Risk Management Committee, reviewed and approved the ERM in its meeting held in November 2009.

Through the ERM, the Board has clearly defined the key business environment factors affecting the Group and the business objectives for each of the business components. The risks that have significant impact on the business objectives were identified and prioritised. Existing controls were identified and documented.

The Board reviews the risk management process to ascertain proper management of risks and measures are taken to mitigate weaknesses in the control environment. This includes identifying principal business risks in critical areas, assessing the likelihood and impact of material exposures and determining its corresponding risk mitigation and treatment measures.

The ongoing processes are co-ordinated by an outsourced professional firm in conjunction with senior management of the Group and reported to the Audit And Risk Management Committee in November 2009 and February 2010 respectively. In addition, internal audit, using a risk-based approach, reviewed the operational procedures and processes to ascertain the reliability of the control activities for the financial year ended 31 December 2009.

INTERNAL AUDIT FUNCTION

The internal audit function of the Group provides the Audit And Risk Management Committee and the Board with the assurance they require regarding the adequacy and effectiveness of the Group's system of controls, procedures and operations. Internal audits are planned and undertaken to provide assessments of the adequacy, efficiency and effectiveness of the Group's significant internal controls, and reports are made to the Audit And Risk Management Committee. The internal audit function reviews the internal control in the key activities of the Group's businesses based on the internal audit plan presented to the Audit Committee. The internal audit function adopts a risk-based approach and prepares its audit plans based on the significant risks identified and prioritised.

The audit reports are reviewed by the Audit And Risk Management Committee and are then forwarded to the Management so that any recommended corrective actions could be undertaken. The Management is responsible for ensuring that the necessary corrective actions on reported weaknesses are taken within the required time frame.

THE AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit And Risk Management Committee chaired by a Independent Non-Executive Director and its members comprising a majority of Independent Non-Executive Directors, provide an independent review of the Group's process for producing financial data, the adequacy, effectiveness and integrity of the system of internal controls, compliance with laws, regulations and guidelines, independence of external auditors and internal functions. Activities carried out by the Audit And Risk Management Committee during the year is further explained in the Audit And Risk Management Committee Report.

INFORMATION AND COMMUNICATION

The Board receives and reviews regular reports from the management on the key financial data, performance indicators and regulatory matters. The Board approves appropriate responses or amendments to the Group's policies. The results of the Group are reported quarterly and any significant fluctuations are analysed and acted on in a timely manner.

There is a comprehensive budgeting system that requires preparation of annual budgets by all significant business units.

Statement made in accordance with a resolution of the Board of Directors dated 19 April 2010.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement On Internal Control for the inclusion in the annual report of the Group for the year ended 31 December 2009 and reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal controls.

ADDITIONAL COMPLIANCE INFORMATION

The information set out below is disclosed in compliance with the ACE Market Listing Requirements of Bursa Securities.

1. Utilisation of Proceeds

During the financial year, the Group did not raise any funds from the public.

2. Share Buy-Back

The Company does not have a scheme to buy-back its own shares.

3. Options, Warrants or Convertible Securities

The approval of the shareholders for the employees' share option scheme of up to ten (10) percent of the issued and paid-up share capital of the Company ("ESOS") was obtained at the extraordinary general meeting of the Company which was held on 12 March 2009. As at 31 December 2009, the ESOS was not implemented yet as the Company was still in its stages of streamlining the operations for the enlarged Privasia Group after assuming the listing status of Airocom Technology Berhad (currently known as Airocom Technology Sdn Bhd) on 12 May 2009.

4. Depository Receipt Programme

During the financial year, the Company did not sponsor any depository receipt programme.

5. Sanctions and/or Penalties

During the financial year, there were no public sanctions and/or penalties imposed on the Group and the Company, directors or management by the relevant authorities.

6. Non-Audit Fees

During the financial year, the non-audit fees paid to the external auditors amounted to RM43,000.

7. Variation of Results

There were no variances of ten percent (10%) or more for the audited results of the Group from the unaudited results as previously announced on 24 February 2010.

8. Variance from Profit Guarantee

The former shareholders of Privasia Sdn Bhd ("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 PSB up to 31 December 2009 are as follows:-

	RM'000
Profit Guarantee	9,800
Profit for the 12 months period ended 31 December 2008	(5,393)
Profit for the 12 months period ended 31 December 2009	(4,726)
Excess of profit on top of profit guarantee	(319)

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

ADDITIONAL COMPLIANCE INFORMATION

9. Material Contracts

There were no material contracts subsisting at the end of the financial year ended 31 December 2009 entered into by the Company and the Group, involving the interests of the Directors and major shareholders.

10. Revaluation Policy on Landed Properties

The Group does not have a revaluation policy for its landed properties.

11. Related Party Transactions

There are no significant related party transaction other than those disclosed in Note 7, Note 14, Note 15 and Note 16 in the financial statements.

12. Corporate Social Responsibility (CSR)

Privasia is committed to doing our best to enrich and enchance the lives of the larger community, in particular by promoting the spirit of sportsmanship

To this end, the Group has sponsored various events, including the Putrajaya Night Marathon, and the Malaysian Super Sports Merdeka Millenium Endurance Race in 2009. Privasia also sponsored the Kuala Lumpur Dragons basketball team in the ASEAN Basketball League, in a bid to inspire the younger generation to realise their highest potentials.

DIRECTORS' REPORT

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the year ended 31 December 2009.

Principal activities

The Company is principally engaged in investment holding activities whilst the principal activities of the subsidiaries are as stated in Note 6 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

Results

	Group RM	Company RM
Profit/(Loss) attributable to:		
• Shareholders of the Company	1,060,056	(357,155)
• Minority interest	(23,485)	-
	1,036,571	(357,155)

Reserves and provisions

There were no material transfers to or from reserves and provisions during the year under review.

Dividends

No dividend was paid during the year and the Directors do not recommend any dividend to be paid for the year under review.

Directors of the Company

Directors who served since the date of the last report are:-

• Andre Anthony a/l Hubert Rene (appointed on 04.05.2009)
• Asgari bin Mohd Fuad Stephens (appointed on 04.05.2009)
• Brian Wong Wye Pong (appointed on 04.05.2009)
• Datuk Ali bin Abdul Kadir (appointed on 04.05.2009)
• Mohd Aqliff Shane Abdullah (appointed on 04.05.2009)
• Puvanesan a/l Subenthiran (appointed on 04.05.2009)
• Ahmad Radzi bin Yahaya (appointed on 04.05.2009 and retired on 24.06.2009)
• Dato' Mohamed Salleh bin Baijuri (appointed on 04.05.2009 and retired on 24.06.2009)
• Hamzah bin Ismail (appointed on 04.05.2009 and retired on 24.06.2009)
• Aznan Rizal bin Mohd Shafri (resigned on 04.05.2009)
• Wong Chow Lan (resigned on 04.05.2009)

Directors' interests

The interests and deemed interests in the shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares of RM0.10 each			
	At date of appointment as Director	Bought	Sold	At 31.12.2009
In the Company:				
Direct interest				
Andre Anthony a/l Hubert Rene	17,081,400	-	(3,500,000)	13,581,400
Datuk Ali bin Abdul Kadir				
• own	17,276,400	1,084,000	(1,000,000)	17,360,400
• others *	-	1,000,000	-	1,000,000
Mohd Aqliff Shane Abdullah	122,010,000	-	(9,500,000)	112,510,000
Puvanesan a/l Subenthiran	17,081,400	-	(1,100,000)	15,981,400
Indirect interest				
By virtue of shares held by Anyotech Sdn. Bhd.				
• Andre Anthony a/l Hubert Rene	79,713,200	-	-	79,713,200
• Puvanesan a/l Subenthiran	79,713,200	-	-	79,713,200
Pancarthiran Sdn. Bhd.				
• Puvanesan a/l Subenthiran	71,172,500	-	-	71,172,500
Radiant Principles Sdn. Bhd.				
• Andre Anthony a/l Hubert Rene	77,866,300	-	(30,000)	77,836,300

* Deemed interest by virtue of his interest held through his son. In accordance with Section 134(12)(c) of the Companies Act, 1965, the interests and deemed interests of Datuk Ali bin Abdul Kadir's son in the shares of the Company and of its related corporations (other than wholly-owned subsidiaries) shall be treated as the interests of Datuk Ali bin Abdul Kadir also.

By virtue of their interests in the shares of the Company, Mr. Andre Anthony a/l Hubert Rene, Datuk Ali bin Abdul Kadir, En. Mohd Aqliff Shane Abdullah and Mr. Puvanesan a/l Subenthiran are also deemed interested in the shares of the subsidiaries during the financial year to the extent that Privasia Technology Berhad has an interest.

None of the other Directors holding office at 31 December 2009 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Issue of shares and debentures

During the financial year, the Company:

a) divided the authorised share capital of 100,000 ordinary shares of RM1.00 each into 1,000,000 ordinary shares of RM0.10 each on 20 January 2009;

b) divided each of the existing fully paid RM1.00 shares into ten (10) fully paid up RM0.10 shares on 20 January 2009;

c) increased the authorised share capital from RM100,000 to RM100,000,000 by the creation of an additional 999,000,000 ordinary shares of RM0.10 each on 23 January 2009 and that such ordinary shares upon allotment shall rank pari passu to the existing ordinary shares; and

d) issued 558,200,000 new ordinary shares of RM0.10 each at par in exchange for 100% equity interest in both Privasia Sdn. Bhd. and Airocom Technology Sdn. Bhd. on 4 May 2009.

There were no other changes in the authorised issued and paid-up capital of the Company during the financial year.

There were no debentures issued during the financial year.

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the year.

Significant events

Reverse take over exercise

On 04 May 2009:

(i) the Company, Privasia Technology Berhad ("PTB"), acquired 12,000,000 ordinary shares of RM1.00 each in Privasia Sdn. Bhd. ("PSB"), representing 100% equity interest in PSB for a total purchase consideration of RM40,670,000 satisfied through the issuance of 406,700,000 new ordinary shares of RM0.10 each at par;

(ii) PTB acquired 151,500,000 ordinary shares of RM0.10 each in Airocom Technology Berhad ("ATB"), representing 100% equity interest in ATB for a total purchase consideration of RM15,150,000 satisfied through the issuance of 151,500,000 new ordinary shares of RM0.10 each at par; and

(iii) subsequent to the acquisition of ATB, the listing status of ATB was transferred to PTB.

Other statutory information

Before the balance sheets and income statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

i) all known bad debts have been written off and no provision made for doubtful debts, and

ii) all current assets have been stated at the lower of cost and net realisable value.

At the date of this report, the Directors are not aware of any circumstances:

i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or

ii) that would render the value attributed to the current assets in the Group and in the Company financial statements misleading, or

iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or

iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, except for the effect of the reverse take over exercise on 04 May 2009, the results of the operations of the Group and of the Company for the financial year ended 31 December 2009 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Auditors

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

Datuk Ali bin Abdul Kadir

Puvanesan a/l Subenthiran

Petaling Jaya

Date: 24 February 2010

BALANCE SHEETS
as at 31 December 2009

	Note	Group 2009 RM	Company 2009 RM	Company 2008 RM
Assets				
• Property, plant and equipment	3	18,318,780	-	-
• Investment property	4	5,714,444	-	-
• Intangible assets	5	51,478,402	-	-
• Investment in subsidiaries	6	-	56,820,000	-
Total non-current assets		75,511,626	56,820,000	-
• Receivables, deposits and prepayments	7	10,832,812	3,227,725	-
• Work in progress		156,416	-	-
• Tax recoverable	8	45,567	-	-
• Other investments	9	2,486,660	-	-
• Cash and cash equivalents	10	3,369,294	3,052	2
Total current assets		16,890,749	3,230,777	2
Total assets		92,402,375	60,050,777	2
Equity				
• Share capital		55,820,002	55,820,002	2
• Retained profits/(Accumulated losses)		1,050,779	(366,432)	(9,277)
Total equity attributable to equity holders of the Company		56,870,781	55,453,570	(9,275)
• Minority interest		204,088	-	-
Total equity	11	57,074,869	55,453,570	(9,275)
Liabilities				
• Loans and borrowings	12	19,447,871	-	-
• Deferred tax liabilities	13	10,450	-	-
Total non-current liabilities		19,458,321	-	-
• Payables and accruals	14	7,665,128	4,597,207	9,277
• Taxation		53,868	-	-
• Loans and borrowings	12	8,150,189	-	-
Total current liabilities		15,869,185	4,597,207	9,277
Total liabilities		35,327,506	4,597,207	9,277
Total equity and liabilities		92,402,375	60,050,777	2

The accompanying notes are an integral part of these financial statements.

INCOME STATEMENTS
for the year ended 31 December 2009

	Note	Group 2009 RM	Company 2009 RM	Company 14.7.2008 to 31.12.2008 RM
• Revenue		27,162,338	-	-
• Cost of goods sold		(21,629,190)	-	-
Gross profit		5,533,148	-	-
• Other income		303,334	-	-
• Other operating expenses		(3,803,764)	(357,155)	(9,277)
Profit/(Loss) from operating activities		2,032,718	(357,155)	(9,277)
• Interest income		238,162	-	-
• Finance costs		(1,183,672)	-	-
Profit/(Loss) before tax	15	1,087,208	(357,155)	(9,277)
• Tax expense	17	(50,637)	-	-
Profit/(Loss) for the year/period		1,036,571	(357,155)	(9,277)
Attributable to:				
• Equity holders of the Company		1,060,056	(357,155)	(9,277)
• Minority interest		(23,485)	-	-
Total equity		1,036,571	(357,155)	(9,277)
Basic earnings per ordinary share (sen)	18	0.28		
Diluted earnings per ordinary share (sen)	18	0.28		

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY
for the year ended 31 December 2009

Group	Note	Share Capital	(Accumulated losses)/Retained profits	Total	Minority Interest	Total equity
Group		RM	RM	RM	RM	RM
At 1 January 2009		2	(9,277)	(9,275)	-	(9,275)
• Shares issued		55,820,000	-	55,820,000	-	55,820,000
• Minority interest arising from acquisition	24	-	-	-	227,573	227,573
• Net profit/(loss) for the year		-	1,060,056	1,060,056	(23,485)	1,036,571
At 31 December 2009		55,820,002	1,050,779	56,870,781	204,088	57,074,869
		Note 11				

	Share Capital	Accumulated losses	Total
Company	RM	RM	RM
At 14 July 2008 (date of incorporation)	-	-	-
• Shares issued	2	-	2
• Net loss for the period	-	(9,277)	(9,277)
At 31 December 2008/ 1 January 2009	2	(9,277)	(9,275)
• Shares issued	55,820,000	-	55,820,000
• Net loss for the year	-	(357,155)	(357,155)
At 31 December 2009	55,820,002	(366,432)	55,453,570
	Note 11		

The accompanying notes are an integral part of these financial statements.

CASH FLOW STATEMENTS
for the year ended 31 December 2009

	Note	Group	Company	
		2009	2009	14.7.2008 to 31.12.2008
		RM	RM	RM
Cash flows from operating activities				
• Profit/(Loss) before tax		1,087,208	(357,155)	(9,277)
• Adjustments for:				
- Amortisation of intangible assets		2,951,395	-	-
- Depreciation of investment property		39,212	-	-
- Depreciation of property, plant and equipment		2,514,631	-	-
- Gain on disposal of property, plant and equipment		(107,875)	-	-
- Finance costs		1,183,672	-	-
- Interest income		(238,162)	-	-
- Write off of property, plant and equipment		42,219	-	-
• Operating profit/(loss) before changes in working capital		7,472,300	(357,155)	(9,277)
• Changes in working capital:				
- Work in progress		(2,410,561)	-	-
- Receivables, deposits and prepayments		3,314,061	(3,227,725)	-
- Payables and accruals		1,002,197	4,587,930	9,277
Cash generated from operations		9,377,997	1,003,050	-
• Tax paid		(38,056)	-	-
• Interest received		238,162	-	-
Net cash generated from operations		9,578,103	1,003,050	-

CASH FLOW STATEMENTS
for the year ended 31 December 2009

	Note	Group 2009 RM	Company 2009 RM	Company 14.7.2008 to 31.12.2008 RM
Cash flows from investing activities				
• Disposal of other investments		1,043,099	-	-
• Proceeds from disposal of property, plant and equipment		148,155	-	-
• Purchase of intangible assets		(3,458,046)	-	-
• Purchase of property, plant and equipment		(1,619,132)	-	-
• Purchase of subsidiaries, net of cash and cash equivalents	24	(56,724,932)	(56,820,000)	-
Net cash used in investing activities		(60,610,856)	(56,820,000)	-
Cash flows from financing activities				
• Decrease in pledge deposits		521,586	-	-
• Interest paid		(1,183,672)	-	-
• Proceeds from issuance of shares		55,820,000	55,820,000	2
• Repayment of loan and borrowings		(1,264,283)	-	-
Net cash generated from financing activities		53,893,631	55,820,000	2
Net increase in cash and cash equivalents		2,860,878	3,050	2
Cash and cash equivalents at beginning of year/period		2	2	-
Cash and cash equivalents at end of year/period		2,860,880	3,052	2

(i) Cash and cash equivalents

Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:-

	Group	Company	
	2009	2009	2008
	RM	RM	RM
• Cash and bank balances	1,718,115	3,052	2
• Deposits with licensed banks	1,651,179	-	-
	3,369,294	3,052	2
Less: Deposits pledged (Note 10)	(508,414)	-	-
	2,860,880	3,052	2

The accompanying notes are an integral part of these financial statements.

Privasia Technology Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the ACE Market of Bursa Malaysia Securities Berhad. The addresses of the principal place of business and registered office of the Company are as follows:

Principal place of business
Unit C-21-05,
3 Two Square,
No.2, Jalan 19/1,
46300 Petaling Jaya,
Selangor Darul Ehsan

Registered office
No. 13A, Jalan SS21/56B, Damansara Utama,
47400 Petaling Jaya, Selangor Darul Ehsan

The Company is principally engaged in investment holding activities whilst the principal activities of the subsidiaries are as stated in Note 6 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

The consolidated financial statements of the Company as at and for the year ended 31 December 2009 comprise the Company and its subsidiaries.

The financial statements were approved by the Board of Directors on 24 February 2010.

1. Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with Financial Reporting Standards ("FRS"), accounting principles generally accepted and the Companies Act, 1965 in Malaysia.

The Group and the Company have not applied the following accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the Group and the Company:

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2009
• FRS 8, Operating Segments

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2010
- FRS 4, *Insurance Contracts*
- FRS 7, *Financial Instruments: Disclosures*
- FRS 101, *Presentation of Financial Statements*
- FRS 123, *Borrowing Costs (revised)*
- FRS 139, *Financial Instruments: Recognition and Measurement*
- 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*
- Amendments to FRS 2, *Share-based Payment: Vesting Conditions and Cancellations*
- Amendments to FRS 132, *Financial Instruments: Presentation and FRS 101, Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation*
- Amendments to FRS 139, *Financial Instruments: Recognition and Measurement*, FRS 7, *Financial Instruments: Disclosures and IC Interpretation 9, Reassessment of Embedded Derivatives*
- Amendments to FRS 139, *Financial Instruments: Recognition and Measurement*
- Improvements to FRSs (2009)
- IC Interpretation 9, *Reassessment of Embedded Derivatives*
- IC Interpretation 10, *Interim Financial Reporting and Impairment*
- IC Interpretation 11, FRS 2 – *Group and Treasury Share Transactions*
- IC Interpretation 13, *Customer Loyalty Programmes*
- IC Interpretation 14, FRS 119 – *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2010
- FRS 1, *First-time Adoption of Financial Reporting Standards (revised)*
- FRS 3, *Business Combinations (revised)*
- FRS 127, *Consolidated and Separate Financial Statements (revised)*
- Amendments to FRS 2, *Share-based Payment*
- Amendments to FRS 5, *Non-current Assets Held for Sale and Discontinued Operations*
- Amendments to FRS 138, *Intangible Assets*
- IC Interpretation 12, *Service Concession Agreements*
- IC Interpretation 15, *Agreements for the Construction of Real Estate*
- IC Interpretation 16, *Hedges of a Net Investment in a Foreign Operation*
- IC Interpretation 17, *Distribution of Non-cash Assets to Owners*
- Amendments to IC Interpretation 9, *Reassessment of Embedded Derivatives*

The Group and the Company plan to apply the abovementioned standards, amendments and interpretations:

- from the annual period beginning 1 January 2010 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 July 2009 or 1 January 2010, except for FRS 4, IC Interpretation 11, IC Interpretation 14 and IC Interpretation 16 which are not applicable to the Group and the Company; and
- from the annual period beginning 1 January 2011 for those standards, amendments or interpretations that will be effective for annual periods beginning on 1 July 2010, except for IC Interpretation 12 and IC Interpretation 15 which are not applicable to the Group and the Company.

The impacts 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* are not disclosed by virtue of the exemptions given in the respective FRSs. Other than the implications as discussed below, the initial application of the above standards (and its consequential amendments) and interpretations is not expected to have any material impact on the financial statements of the Group and the Company.

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

FRS 8, *Operating Segment*

FRS 8 replaces FRS 114 2004, *Segment Reporting* and requires the identification and reporting of operating segments based on internal reports that are regularly reviewed by the chief operating decision maker of the Group in order to allocate resources to the segment and to assess its performance. Currently, the Group presents segment information in respect of its business segments (see Note 19). The application of FRS 8 is not expected to change the current presentation of business segments of the Group.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (RM), which is the Company's functional currency. All financial information is presented in RM unless otherwise stated.

(d) Use of estimates and judgements

The preparation of 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.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

• Note 5 - intangible assets
• Note 24 - business combinations

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, and have been applied consistently by Group entities, unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Group. Control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. Subsidiaries are consolidated using the purchase method of accounting.

Under the purchase method of accounting, the financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are stated in the Company's balance sheet at cost less any impairment losses, unless the investment is held for sale.

(ii) Minority interest

Minority interest at the balance sheet date, being the portion of the net identifiable assets of subsidiaries attributable to equity interests that are not owned by the Company, whether directly or indirectly through subsidiaries, are presented in the consolidated balance sheet and statement of changes in equity within equity, separately from equity attributable to the equity holders of the Company. Minority interest in the results of the Group are presented on the face of the consolidated income statement as an allocation of the total profit or loss for the year between minority interest and the equity holders of the Company.

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated with all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

(iii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are translated at exchange rates at the dates of the transactions except for those that are measured at fair value, which are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in the income statements.

2. Significant accounting policies (continued)

(c) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" or "other operating expenses" respectively in the income statements.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statements as incurred.

(iii) Depreciation

Depreciation is recognised in the income statements on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

The estimated useful lives for the current and comparative periods are as follows:

• buildings	50 years
• computer equipment	4 years
• plant and equipment	5 years
• office equipment	5 years
• renovation	5 years
• motor vehicles	5 years
• small value assets	1 year

Depreciation methods, useful lives and residual values are reassessed at the balance sheet date.

(iv) Change in estimates

Estimates in respect of certain items of property, plant and equipment were revised in 2009 (see Note 3).

2. Significant accounting policies (continued)

(d) Intangible assets

(i) Goodwill

Goodwill arises on business combinations and is measured at cost less any accumulated impairment losses.

Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Any excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in income statement.

(ii) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the income statements as an expense as incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources to complete development.

The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the income statements as an expense as incurred. Capitalised development expenditure is stated at cost less any accumulated amortisation and any accumulated impairment losses.

(iii) Other intangible assets

Intangible assets, other than goodwill, that are acquired by the Group are stated at cost less any accumulated amortisation and any accumulated impairment losses.

(iv) Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

(v) Amortisation

Goodwill and intangible assets with indefinite useful lives are tested for impairment annually and whenever there is an indication that they may be impaired.

Other intangible assets are amortised from the date that they are available for use. Amortisation of intangible assets is charged to the income statements on a straight-line basis over the estimated useful lives of intangible assets.

The estimated useful lives are as follows:

• software costs	5 years
• development costs	3 - 5 years

Amortisation methods and useful lives are reassessed at the balance sheet date.

2. Significant accounting policies (continued)

(e) Investment property

(i) Investment property carried at cost

Investment properties are properties which are owned to earn rental income or for capital appreciation or for both. These include land (other than leasehold land) held for a currently undetermined future use. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment properties.

Investment properties are stated at cost less any accumulated depreciation and any accumulated impairment losses, consistent with the accounting policy for property, plant and equipment as stated in accounting policy Note 2(c).

Depreciation is charged to the income statements on a straight-line basis over the estimated useful lives of 50 years for buildings.

(ii) Determination of fair value

The Directors estimate the fair values of the Group's investment properties without involvement of independent valuers.

The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

(f) Other investments

Other investments are recognised initially at cost. Subsequent to initial recognition, other investments are carried at the lower of cost and market value.

(g) Receivables

Receivables are initially recognised at their cost when the contractual right to receive cash or another financial asset from another entity is established.

Subsequent to initial recognition, receivables are stated at cost less allowance for doubtful debts.

Receivables are not held for the purpose of trading.

(h) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks which have an insignificant risk of changes in value. For the purpose of the cash flow statement, cash and cash equivalents are presented net of bank overdrafts.

(i) Impairment of assets

The carrying amounts of assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that are not yet available for use, the recoverable amount is estimated usually at each reporting date.

2. Significant accounting policies (continued)

(i) Impairment of assets (continued)

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the “cash-generating unit”). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statements. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (groups of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to the income statements in the year in which the reversals are recognised.

(j) Work-in-progress

Work-in-progress is measured at the lower of cost and net realisable value. The cost of work-in-progress includes expenditure incurred in developing the work-in-progress and incidental costs incurred.

(k) Share capital

Share capital is stated at cost on initial recognition and is not re-measured subsequently.

(l) Loans and borrowings

Loans and borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statements over the period of the loans and borrowings using the effective interest method.

(m) Employee benefits

Short term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Group’s contributions to statutory pension funds are charged to the income statements in the year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

2. Significant accounting policies (continued)

(n) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(o) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(p) Payables

Payables are measured initially and subsequently at cost. Payables are recognised when there is a contractual obligation to deliver cash or another financial asset to another entity.

(q) Revenue

(i) Services

Revenue from services rendered is recognised in proportion to the stage of completion, unless they are incidental to the sale of product in which case they are recognised when the goods are sold. The stage of completion is assessed by reference to services performed to date as percentage of total services to be performed. Where the outcome of the transaction cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

(ii) Goods sold

Revenue from the sale of goods is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

(iii) Dividend income

Dividend income is recognised when the right to receive payment is established.

(r) Other income

Rental income

Rental income from investment property is recognised in the income statements on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

2. Significant accounting policies (continued)

(s) Interest income and borrowing costs

Interest income is recognised as it accrues, using the effective interest method.

All borrowing costs are recognised in the income statements using the effective interest method, in the period in which they are incurred.

(t) Tax expense

Tax expense comprises current and deferred tax. Tax expense is recognised in the income statements except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit (tax loss). Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax liability is recognised for all taxable temporary differences.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(u) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

(v) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

3. Property, plant and equipment

Group	Buildings RM	Computer equipment RM	Plant and equipment RM	Office equipment RM	Renovation RM	Motor vehicles RM	Small values assets RM	Total RM
Cost								
At 1 January 2009	-	-	-	-	-	-	-	-
Acquisitions through business combinations	6,508,827	7,562,848	466,438	4,156,653	536,656	65,356	-	19,296,778
Additions	-	1,422,177	-	145,943	29,325	-	21,687	1,619,132
Disposals	-	(4,143)	-	-	-	(62,111)	-	(66,254)
Written off	-	(58,467)	-	(15,239)	(20,101)	-	-	(93,807)
At 31 December 2009	6,508,827	8,922,415	466,438	4,287,357	545,880	3,245	21,687	20,755,849
Accumulated depreciation								
At 1 January 2009	-	-	-	-	-	-	-	-
Charge for the year	44,743	1,527,060	12,277	714,996	168,762	25,373	21,420	2,514,631
Disposals	-	(1,132)	-	-	-	(24,842)	-	(25,974)
Written off	-	(35,939)	-	(2,655)	(12,994)	-	-	(51,588)
At 31 December 2009	44,743	1,489,989	12,277	712,341	155,768	531	21,420	2,437,069
Carrying amounts								
At 1 January 2009	-	-	-	-	-	-	-	-
At 31 December 2009	6,464,084	7,432,426	454,161	3,575,016	390,112	2,714	267	18,318,780

3.1 Security

At 31 December 2009, properties with a carrying amount of RM6,464,084 (2008 – Nil) have been pledged as security for loan from a licensed bank (see Note 12).

3.2 Change in estimates

Estimates in respect of certain items of property, plant and equipment were revised in the current year. During the current year, one of the Company's subsidiaries, Privasia Sdn. Bhd., extended the estimated useful life of its computer equipment from 3 years to 4 years as a result of a change in computer refreshment cycle in the outsourcing contract with its customer.

This amendment made to the outsourcing contract is effective from 1 April 2009 onwards. The subsidiary had adjusted the depreciation charges of computer equipment prospectively from 1 April 2009 onwards. The effect of these changes on depreciation expense in the current and future periods are as follows:

	2009 RM	2010 RM	2011 RM	2012 RM	Later RM
(Decrease)/Increase in depreciation expense	(708,833)	(875,653)	720,424	672,076	191,986

4. Investment property

Group	RM
Cost	
At 1 January 2009	-
Acquisitions through business combinations	5,753,656
At 31 December 2009	5,753,656
Accumulated depreciation	
At 1 January 2009	-
Charge for the year	39,212
At 31 December 2009	39,212
Carrying amounts	
At 1 January 2009	-
At 31 December 2009	5,714,444

Investment property comprises a number of commercial properties that are leased or available for lease to third parties. Each of the leases contain an initial non-cancellable period of one to six months (see Note 21). Subsequent renewals are negotiated with the lessee. No contingent rents are charged.

The following are recognised in the income statement in respect of investment property:

	Group 2009 RM
Rental income	234,600

As at 31 December 2009, investment property of the Group with carrying amount of RM5,714,444 have been pledged as security for loan from a licensed bank (see Note 12).

As at 31 December 2009, the Group's investment property had a total market value of RM5,800,000.

5. Intangible assets

	Goodwill RM	Development costs RM	Software costs RM	Total RM
Group				
Cost				
At 1 January 2009	-	-	-	-
Acquisitions through business combinations	36,005,230	14,830,257	136,264	50,971,751
Additions	-	2,925,771	532,275	3,458,046
At 31 December 2009	36,005,230	17,756,028	668,539	54,429,797
Accumulated amortisation				
At 1 January 2009	-	-	-	-
Amortisation for the year	-	2,831,297	120,098	2,951,395
At 31 December 2009	-	2,831,297	120,098	2,951,395
Carrying amounts				
At 1 January 2009	-	-	-	-
At 31 December 2009	36,005,230	14,924,731	548,441	51,478,402

5.1 Amortisation

The amortisation of development costs and software costs are recognised in cost of sales.

5.2 Impairment testing for cash-generating units ("CGU") containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's operating divisions which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

The aggregate carrying amounts of goodwill allocated to each unit are as follows:

	Group 2009 RM
Information Technology ("IT")	17,851,494
Information and Communication Technology ("ICT")	17,684,740
Satellite-based network services ("SAT")	468,996
	36,005,230

The recoverable amount of the CGU was based on value in use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management.

5. Intangible assets (continued)

Value in use was determined by discounting the future cash flows generated from the continuing use of the unit and was based on the following key assumptions:

- The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budgeted year increased for expected efficiency improvements;
- The growth rate used is based on the expected level of activity in the information technology industry which is consistent with the average growth rate for the respective industries of CGUs above; and
- Discount rates used are pre-tax and reflect the specific risks relating to the relevant CGUs, which approximates the CGU's cost of capital.

The values assigned to the key assumptions represent management's assessment of future trends in the respective industry and are based on both external sources and internal sources (historical data).

The management believes that any reasonably possible changes in the above key assumptions applied will not caused the carrying values of the CGUs to materially exceed their recoverable amounts.

The CGUs, having built strong technical expertise and reputation in the IT and telecommunications industry, would also be able to expand into more strategic business models serving their potential clientele by leveraging on each other's experience and resources.

6. Investment in subsidiaries

	Company	
	2009 RM	2008 RM
At cost:		
Unquoted shares	56,820,000	-

6. Investment in subsidiaries (continued)

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership interest	
			2009	2008
Privasia Sdn. Bhd.	Malaysia	Outsourcing, consultation, e-procurement and related functions	100%	-
Airocom Technology Sdn. Bhd.	Malaysia	Provision of total wireless and communication solutions	100%	-
IPSAT Sdn. Bhd.*	Malaysia	Providing high speed internet broadband access (satellite services)	70%	-
Subsidiaries of Privasia Sdn. Bhd.:				
Privasia Bioinformatics Sdn. Bhd.	Malaysia	Carry on business of bioinformatics and biotechnology related products	100%	-
Privacom Sdn. Bhd.	Malaysia	Dealer in data processing equipment, computer systems and provision of telecommunication and computer network consultancy services	100%	-
Subsidiaries of Airocom Technology Sdn. Bhd.:				
Airoport.com Sdn. Bhd.	Malaysia	Malaysia Mobile multimedia content development and services	100%	-
Airocom Mobile Communications Sdn. Bhd.	Malaysia	Dormant	100%	-

* - Not audited by KPMG Malaysia

7. Receivables, deposits and prepayments

	Group	Company	
	2009 RM	2009 RM	2008 RM
Current			
Trade			
Trade receivables	9,912,422	-	-
Non-trade			
Amount due from a subsidiary	-	3,225,725	-
Other receivables	90,762	2,000	-
Deposits	150,512	-	-
Prepayments	679,116	-	-
	920,390	3,227,725	-
	10,832,812	3,227,725	-

The non-trade receivable due from a subsidiary is unsecured, interest free and repayable on demand.

8. Tax recoverable

Tax recoverable is subject to approval by the Inland Revenue Board of Malaysia.

9. Other investments

	Group 2009 RM
At cost:	
Quoted unit trusts	2,486,660

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

The market value of investments in quoted unit trusts as at 31 December 2009 is RM2,509,380.

10. Cash and cash equivalents

	Group	Company	
	2009 RM	2009 RM	2008 RM
Deposits placed with licensed banks	1,651,179	-	-
Cash and bank balances	1,718,115	3,052	2
	3,369,294	3,052	2

Included in the deposits placed with licensed banks of the Group is RM508,414 (2008 - Nil) pledged for a bank facility granted to subsidiaries.

11. Capital and reserves

	Group and Company			
	Amount 2009 RM	Number of shares 2009	Amount 2008 RM	Number of shares 2008
Ordinary shares				
Authorised:				
At 1 January / 14 July	100,000	100,000	-	-
Effect of share split	-	900,000	-	-
Increase during the year / period	99,900,000	999,000,000	100,000	100,000
At 31 December	100,000,000	1,000,000,000	100,000	100,000
Issued and fully paid:				
At 1 January / 14 July	2	2	-	-
Effect of share split	-	18	-	-
Shares issued	55,820,000	558,200,000	2	2
On issue at 31 December	55,820,002	558,200,020	2	2

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

The Finance Act 2007 introduced a single tier company income tax system with effect from year of assessment 2008. As the Company was incorporated in the year of assessment 2008, it will be placed on the single tier dividend system.

12. Loans and borrowings

	Group 2009 RM
Non-current	
Secured loans	
- licensed banks	7,322,148
- government-linked financing body	12,125,723
	19,447,871
Current	
Secured loans	
- licensed banks	1,310,189
- government-linked financing body	6,840,000
	8,150,189

12.1 Security

The bank loans are secured over buildings with a carrying amount of RM6,464,084 (2008 – Nil) (see Note 3) and investment property with a carrying amount of RM5,714,444 (2008 – Nil) (see Note 4).

The loan from the government-linked financing body is secured on all contract proceeds from the major customer of the subsidiary and debenture by way of a fixed and second fixed and floating charge on all present and future assets of the subsidiary. The Company also provided a Corporate Guarantee amounting to RM35,000,000 in favour of the government-linked financing body in respect of the loan taken out by one of its subsidiaries.

12.2 Terms and debt repayment schedule

	Year of maturity	Carrying amount RM	Under 1 year RM	1 - 5 years RM	Over 5 years RM
Group					
2009					
Secured bank loans					
- licensed banks	2015	8,632,337	1,310,189	5,780,194	1,541,954
- government-linked financing body	2013	18,965,723	6,840,000	12,125,723	-
		27,598,060	8,150,189	17,905,917	1,541,954

13. Deferred tax liabilities

Recognised deferred tax liabilities

Deferred tax liabilities are attributable to the following:

	Group 2009 RM
Property, plant and equipment	10,450

14. Payables and accruals

	Group	Company	
	2009 RM	2009 RM	2008 RM
Trade			
Trade payables	4,015,048	-	-
Non-trade			
Amount due to a subsidiary	-	4,597,207	-
Other payables and accruals	3,650,080	-	9,277
	3,650,080	4,597,207	9,277
	7,665,128	4,597,207	9,277

The non-trade payable due to a subsidiary is unsecured, interest free and repayable on demand.

15. Profit/(Loss) before tax

	Group	Company	
	2009 RM	2009 RM	14.7.2008 to 31.12.2008 RM
Profit/(Loss) before tax is arrived at after charging:			
Amortisation of intangible assets	2,951,395	-	-
Auditors' remuneration:			
- Statutory audit services			
- KPMG			
- current year	45,000	8,000	-
- Other auditors	5,000	-	1,000
- Other services			
- KPMG	43,000	25,800	-
Bad debts written off	78,135	-	-
Depreciation of investment property	39,212	-	-
Depreciation of property, plant and equipment	2,514,631	-	-
Directors' allowance	12,000	12,000	-
Directors' fees	96,000	96,000	-
Directors' remuneration	283,800	-	-
Finance costs	1,183,672	-	-
Personnel expenses			
- Contributions to Employees' Provident Fund	363,982	-	-
- Wages, salaries and others	3,318,075	-	-
Rental expenses	136,915	-	-
Write off of property, plant and equipment	42,219	-	-
and after crediting:			
Gain on disposal of property, plant and equipment	107,875	-	-
Realised gain on foreign exchange	8,121	-	-
Interest income	238,162	-	-
Rental income	234,600	-	-

16. Key management personnel compensation

The key management personnel compensations are as follows:

	Group	Company	
	2009 RM	2009 RM	14.7.2008 to 31.12.2008 RM
Directors:			
Allowance	12,000	12,000	
Fees	96,000	96,000	-
Remuneration	283,800	-	-
Total short-term employee benefits	391,800	108,000	-

17. Tax expense

Recognised in the income statements

	Group	Company	
	2009 RM	2009 RM	14.7.2008 to 31.12.2008 RM
Current tax expense			
- current year	64,692	-	-
- prior year	(24,505)	-	-
Deferred tax expense			
Origination and reversal of temporary differences	10,450	-	-
Total tax expense	50,637	-	-

17. Tax expense (continued)

Reconciliation of tax expense

	Group	Company	
	2009 RM	2009 RM	14.7.2008 to 31.12.2008 RM
Profit/(Loss) before tax	1,087,208	(357,155)	(9,277)
Tax at Malaysian tax rate of 25% (2008 - 26%) *	271,802	(89,289)	(2,412)
Non-deductible expenses	347,386	89,289	2,412
Effect of deferred tax not recognised	(74,744)	-	-
Utilisation of previously unrecognised tax losses and unabsorbed capital allowance	(22,902)	-	-
Taxation exempted	(494,141)	-	-
Others	47,741	-	-
Overprovided in prior years	(24,505)	-	-
	50,637	-	-

* The corporate tax rates are 26% for year of assessment 2008 and 25% for subsequent years of assessment.

The government of Malaysia awarded Multimedia Super Corridor ("MSC") status to the Company's subsidiaries, Airocom Technology Sdn. Bhd. and Privasia Sdn. Bhd., on 29 December 2000 and 23 January 2002, respectively. With the granting of MSC status, these subsidiaries 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 both subsidiaries had been approved by the authorities concerned for another five (5) years.

18. Earnings per ordinary share

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 December 2009 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding calculated as follows:

	2009 RM
Profit attributable to ordinary shareholders	1,060,056

18. Earnings per ordinary share (continued)

Basic earnings per ordinary share (continued)

Weighted average number of ordinary shares

	Group 2009
Issued ordinary shares at 1 January 2009	2
Effect of ordinary shares issued on 4 May 2009	372,133,345
Weighted average number of ordinary shares at 31 December 2009	372,133,347
Basic earnings per ordinary share (sen)	0.28
Diluted earnings per ordinary share	
Diluted earnings per ordinary share (sen)	0.28

The Group has no dilution in its earnings per ordinary share in the current financial year as there are no dilutive potential ordinary shares. Therefore, no consideration for adjustment in the form of increase in the number of shares was used in calculating the potential dilution of its earnings per share.

19. Segment reporting

Segment information is presented in respect of the Group's business segment which is based on the Group's management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Business segments

The Group comprises the following main business segments:

- Information Technology ("IT")
- Information and Communication Technologies ("ICT")
- Satellite-based network services ("SAT")

19. Segment reporting (continued)

Geographical segments

The Group operates in a single geographical location, and hence, no geographical segment reporting is presented.

2009	IT RM	ICT RM	SAT RM	Total RM
Business segments				
Total segment revenue	20,359,035	6,803,303	-	27,162,338
Segment results	3,996,662	(1,539,013)	(67,776)	2,389,873
Unallocated expenses				(357,155)
Results from operating activities				2,032,718
Interest income				238,162
Finance costs				(1,183,672)
Tax expense				(50,637)
Net profit for the year				1,036,571
Segment assets	71,035,782	19,290,803	2,025,171	92,351,756
Unallocated assets				50,619
Total assets				92,402,375
Segment liabilities	32,022,200	2,375,557	865,431	35,263,188
Unallocated liabilities				64,318
Total liabilities				35,327,506
Capital expenditure				
- Property, plant and equipment	20,221,980	205,473	488,457	20,915,910
- Investment property	5,753,656	-	-	5,753,656
- Intangible assets	36,276,061	17,684,740	468,996	54,429,797
Depreciation				
- Property, plant and equipment	2,394,480	106,536	13,615	2,514,631
- Investment property	39,212	-	-	39,212
Amortisation of intangible assets	2,951,395	-	-	2,951,395

20. Financial instruments

Exposure to credit, interest rate and currency risks arises in the normal course of the Group's business. Derivative financial instruments are not used to hedge exposure to fluctuations in foreign exchange rates and interest rates.

Credit risk

The Group and the Company has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

At balance sheet date, the Group has significant concentrations of credit risk in the form of outstanding balances due from two customers representing approximately 36% and 32% of total receivables, prepayments and deposits respectively.

At balance sheet date, the Company has significant concentrations of credit risk in the form of outstanding balances due from its subsidiary representing 100% of total receivables prepayments and deposits of the Company.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

Interest rate risk

The Group's and the Company's fixed-rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates.

The Group's and the Company's variable-rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

Short-term receivables and payables are not exposed to interest rate risk.

20. Financial instruments (continued)

Effective interest rates and repricing analysis

In respect of interest-earning financial assets and interest-bearing financial liabilities, the following table indicates their average effective interest rates at the balance sheet date and the periods in which they mature, or if earlier, reprice.

Group	Average effective interest rate %	Total RM	Less than 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	4 - 5 years RM	More than 5 years RM
Fixed rate instruments								
Deposits	1.90	1,651,179	-	-	-	-	-	-
Secured loan with a government-linked financing body	7.00	18,965,723	6,840,000	6,840,000	5,285,723	-	-	-
Floating rate instruments								
Secured loan with licensed banks	3.85	8,632,337	1,310,189	1,366,129	1,417,407	1,470,669	1,525,989	1,541,954

Currency risk

The Group and the Company are exposed to currency risk on sales and purchases that are denominated in a currency other than the respective functional currency of the Group entities. The currency giving rise to this risk is primarily US Dollars ("USD"). At present, the Group and the Company does not have a policy to hedge these exposures.

Fair values

The carrying amounts of cash and cash equivalents, receivables, deposits and prepayments, payables and accruals and short term loans and borrowings, approximate fair values due to the relatively short term nature of these financial instruments.

It was not practicable to estimate the fair value of the Group's investment in unquoted shares due to the lack of comparable quoted market prices and the inability to estimate fair value without incurring excessive costs.

The fair values of other financial assets and liabilities, together with the carrying amounts shown in the balance sheets, are as follows.

20. Financial instruments (continued)

	2009	
	Carrying amount RM	Fair value RM
Group		
Secured loans		
- government-linked financing body	18,965,723	18,785,755
- licensed banks	8,632,338	8,632,338

21. Operating leases

Leases as lessee
Non-cancellable operating lease rentals are payable as follows:

	Group 2009 RM
Less than one year	25,742

Leases as lessor
The Group and the Company leases out its investment property under operating leases (see Note 4). The future minimum lease payments under non-cancellable leases are as follows:

	Group 2009 RM
Less than one year	117,017

22. Contingencies

The Directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

Unsecured

Liquidated and ascertained damages
The Group is currently in talks with one of its major customers with regards to liquidated and ascertained damages claims due to delay in a certain project during the year. This project was acquired as part of the reverse take over exercise which was duly completed during the year. While liability is not admitted, if the outcome of the negotiations is unfavourable to the Group, then liquidated and ascertained damages could amount to RM192,500. The Directors are of the opinion that the success of the claim is remote and no provision is required to be made in the financial statements.

Corporate Guarantee
The Company provided a Corporate Guarantee amounting to RM35,000,000 in favour of a government-linked financing body in respect of a loan taken out by one of its subsidiaries.

23. Related parties

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel includes all the Directors of the Group, and certain members of senior management of the Group.

There are no significant related party transactions other than those disclosed in Note 7, Note 14, Note 15 and Note 16 in the financial statements.

24. Acquisitions of subsidiaries and minority interest

Business combination

(i) On 04 May 2009, the Group acquired all of the shares in Privasia Sdn. Bhd. ("PSB") for RM40,670,000 satisfied via issuance of 406,700,000 ordinary shares of RM0.10 each. The principal activities of the subsidiary are outsourcing, consultation, e-procurement and related functions. From the date of acquisition to 31 December 2009, the subsidiary contributed net profit after tax of RM2,961,736. If the acquisition had occurred on 1 January 2009, management estimates that consolidated revenue would have been RM38,348,280 and consolidated profit for the year would have been RM2,746,407.

(ii) On 04 May 2009, the Group acquired all of the shares in Airocom Technology Bhd. ("ATB") for RM15,150,000 satisfied via issuance of 151,500,000 ordinary shares of RM0.10 each. The principal activity of the subsidiary is the provision of total wireless and communication solutions. From the date of acquisition to 31 December 2009, the subsidiary made a loss after tax of RM1,489,727. If the acquisition had occurred on 1 January 2009, management estimates that consolidated revenue would have been RM28,136,168 and consolidated loss for the year would have been RM4,999,471. Subsequent to the acquisition of ATB, the listing status of ATB was transferred to Privasia Technology Berhad.

(iii) On 15 December 2009, the Group acquired 70% of the ordinary shares in IPSAT Sdn. Bhd. for a consideration of RM1,000,000 satisfied in cash. The principal activity of the subsidiary is the business of providing high speed internet broadband access. The subsidiary made a loss after tax of RM78,283 between the acquisition date and 31 December 2009. If the acquisition had occurred on 1 January 2009, management estimates that consolidated revenue would have been RM28,066,335 and consolidated profit for the year would have been RM1,227,536.

24. Acquisitions of subsidiaries and minority interest (continued)

The acquisition had the following effect on the Group's assets and liabilities on acquisition date:

	Pre-acquisition carrying amounts RM	Fair value adjustments RM	Recognised values on acquisition RM
Property, plant and equipment	19,296,778	-	19,296,778
Investment property	5,753,656	-	5,753,656
Intangible assets	14,966,521	-	14,966,521
Work in progress	73,503	-	73,503
Receivables, deposits and prepayments	11,819,225	-	11,819,225
Other investments	3,529,759	-	3,529,759
Pledged deposits	1,030,000	-	1,030,000
Cash and cash equivalents	95,068	-	95,068
Loans and borrowings	(28,862,343)	-	(28,862,343)
Payables and accruals	(6,659,824)	-	(6,659,824)
Net identifiable assets and liabilities			21,042,343
Minority interest arising on acquisition			(227,573)
			20,814,770
Goodwill on acquisition			36,005,230
Consideration paid			56,820,000
Cash acquired			(95,068)
Net cash outflow			56,724,932

Pre-acquisition carrying amounts were determined based on applicable FRSs immediately before the acquisition. The values of assets, liabilities, and contingent liabilities recognised on acquisition are their estimated fair values.

The goodwill on acquisition is mainly attributable to the acquisitions of PSB and ATB. The synergistic benefits of PSB and ATB have not only elevated the enlarged group to become a complete Information Technology and Communication ("ICT") services provider, but have also allowed the sharing of technology to offer a complete ICT infrastructure solutions (see Note 5).

25. Comparative figures

There are no comparative figures for the Group as this is the first year a consolidation is required pursuant to the acquisition of the subsidiaries during the year.

The comparative figures of the Company are for the financial period from 14 July 2008 to 31 December 2008 and are not comparable to the current financial year ended 31 December 2009.

STATEMENT BY DIRECTORS

Pursuant to Section 169(15) of the Companies Act, 1965

In the opinion of the Directors, the financial statements set out on pages 34 to 68 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company at 31 December 2009 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

Datuk Ali bin Abdul Kadir

Puvanesan a/l Subenthiran

Petaling Jaya,

Date: 24 February 2010

STATUTORY DECLARATION
Pursuant to Section 169(16) of the Companies Act, 1965

I, Puvanesan a/l Subenthiran, the Director primarily responsible for the financial management of Privasia Technology Berhad, do solemnly and sincerely declare that the financial statements set out on pages 34 to 68 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named in Petaling Jaya on 24 February 2010.

Puvanesan a/l Subenthiran

Before me:
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT
to the members of Privasia Technology Berhad

Report on the Financial Statements

We have audited the financial statements of Privasia Technology Berhad, which comprise the balance sheets as at 31 December 2009 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 34 to 68.

The financial statements for the preceding financial period were audited by another firm of chartered accountants whose report dated 30 March 2009 expressed an unqualified opinion.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2009 and of their financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

b) We have considered the accounts and the auditors' report of the subsidiary of which we have not acted as auditors, which is indicated in Note 6 to the financial statements.

c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG
Firm Number: AF 0758
Chartered Accountants

Lim Hun Soon @ David Lim
Partner
Approval number: 1514/05/10(J)
Chartered Accountant

Petaling Jaya,

Date: 24 February 2010

ANALYSIS OF SHAREHOLDINGS
as at 05 April 2010

Analysis by Size of Shareholdings as at 05 April 2010

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shareholdings
Less than 100	8	0.44	400	0.00
100 – 1,000	86	4.69	68,500	0.01
1,001 – 10,000	700	38.15	4,211,400	0.76
10,001 – 100,000	788	42.94	34,058,400	6.10
100,001 – 27,910,000	248	13.51	217,547,800	38.97
27,910,001 and above	5	0.27	302,313,520	54.16
Total	1,835	100	558,200,020	100

List of Substantial Shareholders (5% and above) as at 05 April 2010

No	Names	Shareholdings	%
1	Mohd Aqliff Shane Abdullah	82,510,000	14.78
2	Anyotech Sdn Bhd	79,713,220	14.28
3	Radiant Principles Sdn Bhd	76,836,300	13.77
4	Pancarthiran Sdn Bhd	71,172,500	12.75
5	Novapro Corporation Sdn Bhd	34,221,500	6.13

List of Directors' Shareholdings as at 05 April 2010

No	Names	Direct	%	Indirect	%
1	Professor Datuk Ali Bin Abdul Kadir	17,360,400	3.11	2,666,000	0.48
2	Puvanesan A/L Subenthiran	15,981,400	2.86	150,885,720	27.03
3	Andre Anthony A/L Hubert Rene	13,181,400	2.36	156,549,520	28.05
4	Brian Wong Wye Pong	500,000	0.09	-	-
5	Asgari Bin Mohd Fuad Stephens	-	-	2,000,000	0.36
6	Mohd Aqliff Shane Abdullah	82,510,000	14.78	-	-

ANALYSIS OF SHAREHOLDINGS
as at 05 April 2010

List of Thirty (30) Largest Account Holders as at 05 April 2010

(Without aggregating the securities from different securities accounts belonging to the same depositors)

No	Names	Shareholdings	%
1	Anyotech Sdn Bhd	70,109,220	12.56
2	Mohd Aqliff Shane Abdullah	67,810,000	12.15
3	Radiant Principles Sdn Bhd	67,575,300	12.11
4	Pancarthiran Sdn Bhd	62,597,500	11.21
5	Novapro Corporation Sdn Bhd	34,221,500	6.13
6	Eminent Access Sdn Bhd	17,404,700	3.12
7	OSK Nominees (Tempatan) Sdn Berhad Pledged Securities Account For Mohd Aqliff Shane Abdullah	14,700,000	2.63
8	Ambank (M) Berhad Pledged Securities Account For Ali Bin Abdul Kadir (SMART)	11,351,400	2.03
9	Ulaganathan A/L Muthu Pandithan	11,000,000	1.97
10	OSK Nominees (Tempatan) Sdn Berhad Pledged Securities Account For Anyotech Sdn Bhd	9,604,000	1.72
11	OSK Nominees (Tempatan) Sdn Berhad Pledged Securities Account For Radiant Principles Sdn Bhd	9,261,000	1.66
12	OSK Nominees (Tempatan) Sdn Berhad Pledged Securities Account For Pancarthiran Sdn Bhd	8,575,000	1.54
13	M.I.T Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Puvanesan A/L Subenthiran (MI1288-328)	7,440,700	1.33
14	Ashok A/L Panchalingam	6,801,700	1.22
15	Ikra Technology Sdn Bhd	6,611,400	1.18
16	Puvanesan A/L Subenthiran	6,482,700	1.16
17	Andre Anthony A/L Hubert Rene	6,482,700	1.16
18	M.I.T Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Andre Anthony A/L Hubert Rene (MI1309-328)	4,640,700	0.83
19	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB For Ali Bin Abdul Kadir (PB)	4,484,000	0.80
20	Lim Moi Moi	2,700,000	0.48
21	Shaiful Zahrin Bin Subhan	2,503,900	0.45
22	Firmansyah Aang Bin Muhamad	2,503,900	0.45
23	OSK Nominees (Tempatan) Sdn Berhad Pledged Securities Account For Andre Anthony A/L Hubert Rene	2,058,000	0.37
24	OSK Nominees (Tempatan) Sdn Berhad Pledged Securities Account For Puvanesan A/L Subenthiran	2,058,000	0.37
25	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank For Salbiah Binti Shuib (MM0641)	2,000,000	0.36
26	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank For Rahimah Stephens (MM1078)	2,000,000	0.36
27	Suntharam A/L Subramaniam	2,000,000	0.36
28	Thed Swee Lan	1,750,000	0.31
29	Araveintan A/L Baskaran	1,730,000	0.31
30	Abd Wahab Bin Taib	1,700,000	0.30

PRIVASIA

PRIVASIA TECHNOLOGY BERHAD
(Company No. 825092-U)
Incorporated in Malaysia

PROXY FORM

I/We (name) ____

of (address) ____

being a Member/Members of **PRIVASIA TECHNOLOGY BERHAD**, hereby appoint * the Chairman of the Meeting or (name)

____

of (address) ____

or failing him (name) ____

of (address) ____

as *my/our proxy/proxies to attend and vote for * me/us and on * my /our behalf at the Second (2nd) Annual General Meeting of the Company to be held at Unit C-21-04, 4th Floor (Training Room), Dataran 3 Dua (3 Two Square), No. 2 Jalan 19/1, 46300 Petaling Jaya, Selangor Darul Ehsan on Friday, 18 June 2010 at 10:00 a.m. and, at every adjournment thereof to vote as indicated below:

	RESOLUTION	For		Against
Resolution 1	Payment of Directors' Fees			
Resolution 2	Re-election of Director: Brian Wong Wye Pong			
Resolution 3	Re-election of Director: Mohd Aqliff Shane Abdullah			
Resolution 4	Re-appoint Messrs KPMG as auditors			
Resolution 5	Authority under Section 132D of the Companies Act, 1965			

(Please indicate with an "X" in the spaces provided above on how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at this discretion.)

The Proportions of my holdings to be represented by my *proxy/proxies are as follows:-

	No. of Shares	Percentage
Proxy 1		
Proxy 2		
Total		100%

Number of Shares Held	

In the case of a vote taken by a show of hands, the First Proxy shall vote on *my/our behalf.

No. of shares held ____________

As witness my hand this..day of,...................................... 2010

*Strike out whichever is not desired.

____
Signature of Member(s)/Common Seal

NOTES TO FORM PROXY:

1. A member of the Company entitled to attend and vote at the above Meeting may appoint not more than 2 (two) proxies to attend and vote instead of him/her. A proxy need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.

2. For a proxy form be valid, it must be deposited at the Registered Office of the Company at 13A, Jalan SS 21/56B, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan not less than 48 (forty eight) hours before time appointed for the Meeting or any adjournments thereof.

3. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised. An instrument appointing a proxy to vote at a meeting shall be deemed to include the power to demand a poll on behalf of the appointer.

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AFFIX
STAMP
HERE

The Company Secretary
PRIVASIA TECHNOLOGY BERHAD
(Company No. 825092-U)

No.13A Jalan SS21/56B
Damansara Utama,
47400 Petaling Jaya,
Selangor Darul Ehsan, Malaysia.

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