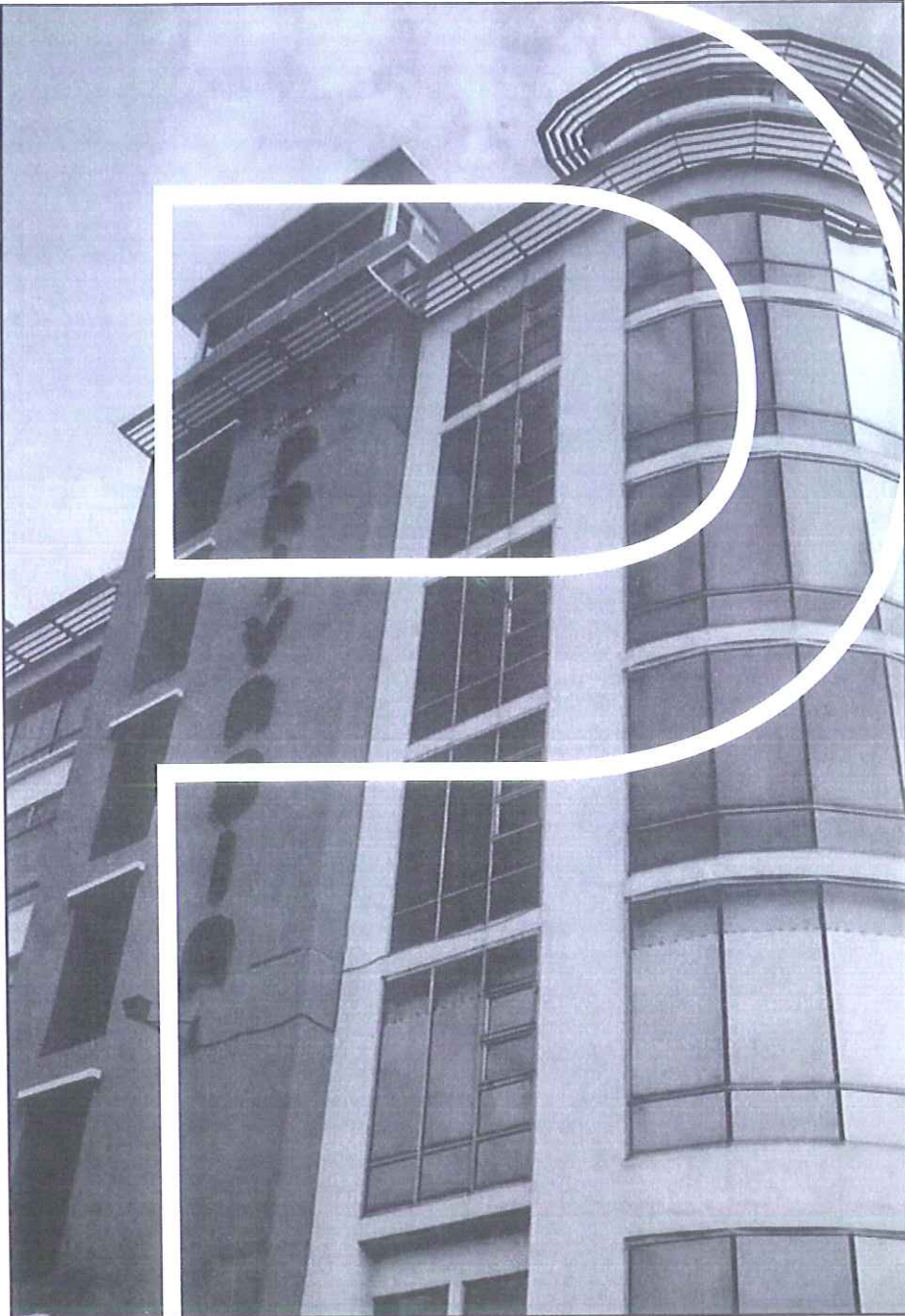


PRIVASIA

ANNUAL REPORT 2011



PRIVASIA TECHNOLOGY BERHAD
SIMPLIFYING BUSINESS

(825092-U) (INCORPORATED IN MALAYSIA)

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE FOURTH (4TH) ANNUAL GENERAL MEETING OF PRIVASIA TECHNOLOGY BERHAD ("PTB" or "THE COMPANY") WILL BE HELD AT UNIT C-21-04, 4TH FLOOR, DATARAN 3 DUA (3 TWO SQUARE), NO. 2, JALAN 19/1, 46300 PETALING JAYA, SELANGOR DARUL EHSAN ON MONDAY, 25 JUNE 2012 AT 10.00 A.M. FOR THE FOLLOWING PURPOSES:

AGENDA		Resolution No.
As Ordinary Business:		
1	To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2011 together with the Reports of the Directors and of the Auditors thereon. <i>Please refer to Explanatory Notes</i>	
2	To approve the payment of a Single Tier Tax Exempt Final Dividend of 0.2 sen per ordinary share for the financial year ended 31 December 2011 on 558,200,020 ordinary shares of RM0.10 each amounting to dividend payable of RM1,116,400.04.	1
3	To approve the payment of Directors' fees for the financial year ended 31 December 2011.	2
4	To re-elect Datuk Ali Bin Abdul Kadir 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-elect Mr. Puvanesan A/L Subenthiran 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.	4
6	To re-appoint Messrs. KPMG as Auditors of the Company for the financial year ending 31 December 2012 and to authorise the Board of Directors to fix the Auditors' remuneration.	5

As Special Business:

To consider and, if thought fit, to pass the following resolutions:-

- | | | |
|---|--|---|
| 7 | Ordinary Resolution:
Authority to allot and issue shares pursuant to Section 132D of the Companies Act, 1965. | 6 |
|---|--|---|

"**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."

NOTICE OF ANNUAL GENERAL MEETING

As Special Business (continued)

	Resolution No.
8 Special Resolution: Proposed Amendments to the Articles of Association of the Company ("PROPOSED AMENDMENTS")	7
"THAT the proposed amendments to the Articles of Association of the Company as set out in Appendix 1 contained in the Annual Report 2011 be and are hereby approved."	
9 To transact any other business of which due notice shall have been given.	

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT, subject to the approval of the shareholders at the Fourth (4th) Annual General Meeting, a Single Tier Tax Exempt Final Dividend of 0.2 sen per ordinary share for the financial year ended 31 December 2011 on 558,200,020 ordinary shares of RM0.10 each amounting to dividend payable of RM1,116,400.04 will be paid to the shareholders on 31 July 2012. The entitlement date of the said dividend shall be 12 July 2012.

A Depositor shall qualify for entitlement to the dividend only in respect of :-

- a. Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 12 July 2012 in respect of transfers.
- b. Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

By Order Of The Board,

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

Date : 1 June 2012

General Meeting Record of Depositors

For purpose of determining who shall be entitled to attend this Meeting, the Company shall request Bursa Malaysia Depository Sdn Bhd to issue a Record of Depositors as at 19th June 2012 pursuant to Article 79 and paragraph 7.16(2) of Bursa Malaysia Securities Berhad ACE Market Listing Requirements. A Depositor whose name appears as such Record of Depositors shall be entitled to attend this Meeting.

NOTICE OF ANNUAL GENERAL MEETING

NOTES

1. A member of the Company entitled to attend and vote at the above Meeting may appoint not more than two (2) 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 to 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, Malaysia not less than forty eight (48) 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.

Explanatory Notes

Item 1 of the Agenda – To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2011 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

Resolution 6 – Authority to allot and issue shares pursuant to Section 132D of the Companies Act, 1965.

The proposed Resolution 6, if passed, will authorize 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 at the last Annual General Meeting held on 3 June 2011 and which will lapse at the conclusion of the forthcoming Annual General Meeting.

Special Resolution

Resolution 7- Proposed Amendments to the Articles of Association of the Company

The Special Resolution 7, the proposed amendments to the Articles of Association of the Company are to comply with the amendments made to Chapter 7 of Bursa Malaysia Securities Berhad ACE Market Listing Requirements in relation to Issue of shares to directors, Appointment of Multiple Proxies by an Exempt Authorised Nominee, Qualification of Proxy and Rights of Proxy to Speak.

Please refer to the Appendix 1 for further information (Page 80).

STATEMENT ACCOMPANYING NOTICE OF THE FOURTH ANNUAL GENERAL MEETING

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

- a) Datuk Ali Bin Abdul Kadir
- b) Mr. Puvanesan A/L Subenthiran

The details of the two Directors seeking re-election or re-appointment are set in their respective profiles which appear on page 8 and page 9 respectively 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 2011 are disclosed in the Statement on Corporate Governance set out on page 14 of this Annual Report.

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

Place : Unit C-21-04, 4th Floor
Dataran 3 Dua (3 Two Square)
No. 2, Jalan 19/1
46300 Petaling Jaya
Selangor Darul Ehsan

Date : Monday, 25 June 2012

Time : 10.00 a.m.

CORPORATE INFORMATION

Board Of Directors

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

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
(Independent Non-Executive Director)

ASGARI BIN MOHD FUAD STEPHENS
(Independent Non-Executive Director)

MOHD AQLIFF SHANE ABDULLAH
(Non-Independent Non-Executive Director)

Audit And Risk Management Committee

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

Nomination Committee

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)

Auditor

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
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

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

Malacca Site Office

Suite 1.19,
Bangunan Inkubator K-Ekonomi,
MITC City, Hang Tuah Jaya,
Ayer Keroh,
76450 Melaka, Malaysia.

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, Datuk Ali Bin Abdul Kadir and Andre Anthony A/L Hubert Rene

**BRIAN WONG
WYE PONG**

(Independent Non-Executive Director)



**ASGARI BIN
MOHD FUAD
STEPHENS**
(Independent
Non-Executive
Director)



**MOHD AQLIFF
SHANE
ABDULLAH**
(Non-Independent
Non-Executive
Director)



**PUVANESAN A/L
SUBENTHIRAN**

(Chief Executive Officer/
Managing Director)



**DATUK ALI BIN
ABDUL KADIR**
(Chairman/
Independent
Non-Executive
Director)



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



PROFILE OF DIRECTORS



DATUK ALI BIN ABDUL KADIR

63 years of age, Malaysian
(Chairman/Independent Non-Executive Director)

Datuk Ali Abdul Kadir is a Fellow of the Institute of Chartered Accountants in England and Wales ("ICAEW"), member of the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants. He is also currently Honorary Advisor to ICAEW Malaysia, Honorary Fellow of the Institute of Chartered Secretaries & Administrators (UK) and the Malaysian Institute of Directors. He was appointed as an independent Non-Executive Director of Privasia Group on 4 May 2009.

Datuk Ali is currently the Chairman of Jobstreet Corporation Berhad, Milux Corporation Berhad, Microlink Solutions Berhad, Privasia Technology Berhad and the Financial Reporting Foundation. He is a Board Member of Glomac Berhad, Labuan Financial Services Authority, Labuan IBFC and member of the Advisory Panel of the Companies Commission of Malaysia.

Datuk Ali was appointed as the Chairman of the Securities Commission of Malaysia on 1 March 1999 and served in that capacity until 29 February 2004. During his tenure, he launched the Capital Market Masterplan and chaired the Capital Market Advisory Council. He was a member of the Foreign Investment Committee, the Oversight Committee of Danaharta and the Finance Committee on Corporate Governance.

On the international front, he was on the Board of IOSCO, chairman of IOSCO's Asia-Pacific Region Committee, trustee of AAOIFI and Force of Nature Aid Foundation, and also Advisor to the Sri Lanka Securities & Exchange Commission.

Prior to his appointment to the Securities Commission, he was the Executive Chairman and Partner of Ernst & Young and its related firms. He was also the former President of the Malaysian Association of Certified Public Accountants, chairing both its Executive Committee and Insolvency Practices Committee and co-chairing the Company Law Forum. He was appointed as an Adjunct Professor in the Accounting and Business Faculty, University of Malaya in 2008 and retired in August 2011. He was then appointed to the Advisory Board of the same Faculty.

PROFILE OF DIRECTORS

**PUVANESAN A/L SUBENTHIRAN**

36 years of age, Malaysian
(Chief Executive Officer/Managing Director)

Puvanesan is one of the founding members of Privasia, and was appointed as the Group Chief Executive Officer and Managing Director of Privasia Group on 4 May 2009. He was appointed to the Board of Privasia Sdn Bhd on 4th August 2004. He graduated with 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 (MIA). 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 Simpsons Xavier in Ireland and upon his return to Malaysia, was the Chief Financial Officer of the Makmal Jaya Group.

Puvanesan is also a member of the Young Presidents Organization (YPO) and is the President of TiE Malaysia Chapter

ANDRE ANTHONY A/L HUBERT RENE

36 years of age, Malaysian
(Deputy Chief Executive Officer/Executive Director)

Andre, was appointed the Deputy Chief Executive Officer of the Group on 4 May 2009. He is a LLB(hons) 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 setting up of the company and the 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 coupled with his IT experience from his stint at Dreammotor.com, 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
39 years of age, Malaysian
(Independent/Non-Executive
Director)

Brian was appointed as a Non-Executive Director of Privasia Group 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 Fellow with CPA Australia, a Chartered Accountant with the Malaysian Institute of Accountants, a registered auditor with the Kampuchea Institute of Certified Public Accountants and Auditors, and a Certified Financial Planner with the Financial Planning Association of Malaysia. He was previously with KPMG, Kuala Lumpur and a public company as their head of corporate affairs. He is presently also a director of Mann Seng Metal International Limited, a company listed on the Catalyst Board of the Singapore Stock Exchange. Currently, he is a partner in PKF Malaysia.



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

Asgari bin Mohd Fuad Stephens was appointed as a Non- Executive Director of Privasia Group on 4 May 2009 and is presently a member of the Audit And Risk Management Committee and the Nomination Committee. He has extensive experience in both public and private equity investing in Malaysia. He is the co-founder of Kumpulan Sentiasa Cemerlang, an investment advisory and fund management group. He started two venture capital firms, ISpring Venture Management Sdn. Bhd. and Intelligent Capital Sdn Bhd. He was previously the Chairman of the Malaysian Venture Capital Association.

Currently, he is a Director of Jaycorp Berhad, Maxis Berhad and Mudajaya Group Berhad.

He graduated with a BCom. (Hons) from University of Melbourne, Australia and MBA from Cranfield University, United Kingdom.



**MOHD AQLIFF SHANE
ABDULLAH**
35 years of age, Malaysian
(Non-Independent Non-Executive
Director)

Mohd Aqliff, was appointed as a Non-Executive Director of Privasia Group 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.

CHAIRMAN'S STATEMENT

Dear Shareholders,

The natural disasters in Asia, unrest in the Middle East and the intensifying Eurozone crisis dominated the headlines and adversely impacted the outlook of the overall global economy in 2011. Understandably the public and private sectors took a more cautious approach on its capital expenditure in the year under review. In the same vein, Malaysia recorded a slower Gross Domestic Product growth at 5.1% as compared to 7.2% in the previous year. Nevertheless, the International Data Corporation reported that Malaysia's ICT spending grew to USD7.2 billion in 2011 as compared to USD 5.9 billion in 2010.

The favourable condition of the ICT sectors in Malaysia in the year under review created ample opportunities for Privasia as a leading ICT outsourcing services player. Against this backdrop, on behalf of the Directors, it is my privilege to present to you the Group's Annual Report and audited financial statements for the financial year ended 31 December 2011.

FY2011 FINANCIAL PERFORMANCE

Despite the economic headwinds, group revenues increased by a healthy 21.8% to RM44.1 million from RM36.2 million in the previous year, driven primarily by sustained demand for our services and growing acceptance of our value proposition. In terms of the Group's business segments, Privasia's outsourcing segment remained as the largest contributor to the group revenue in FY2011 with sales of RM26.9 million, versus FY2010's RM22.4 million. In addition, the Group's satellite-based network services segment also jumped 125% to RM6.3 million versus RM2.8 million previously.

The e-procurement segment recorded revenue of RM7.5 million in FY2011 as compared to RM7.2 million previously. The customer distribution and customer service segments on the other hand, recorded RM3.7 million and RM0.6 million in FY2011 respectively, as compared with RM3.3 million and RM0.6 million in FY2010. Overall, we are pleased to register all-round expansion in our business segments.

Alongside Privasia's commendable top-line growth, gross profits rose by 23.7% to RM16.2 million from RM13.1 million previously, resulting from our ability to maintain favourable sales mix. However, the Group noted lower profitability, with net profit amounting to RM5.1 million in FY2011 as compared to RM5.3 million previously. This was primarily due to the broader operating expenditure base in line with the larger scale of operations, as well as higher tax provision in the year. On a per share basis, group earnings stood at 0.87 sen in FY2011, compared to 0.93 sen previously.

Privasia maintained a commendable balance sheet as shareholders' equity increased to RM65.2 million from RM60.8 million previously. The Group's net gearing ratio was sustained at 0.28 compared to 0.26 in the previous year-end, which is well within the Group's comfortable range and renders us the flexibility to undertake expansion strategies in the future.

CHAIRMAN'S STATEMENT

DIVIDEND

In tandem with our positive performance, the Board is pleased to propose for shareholders' approval a single-tier tax exempt final dividend of 0.2 sen per ordinary share in respect of FY2011. If approved at the upcoming Annual General Meeting, this would result in dividend payout of about RM1.1 million, representing 20.6% of FY2011 group net profit.

We are deeply appreciative of our shareholders' support and remain committed to continuously growing Privasia's earnings base in the coming years.

CORPORATE UPDATE

Rentwise Sdn Bhd

On 27 December 2011, the Group announced its proposal to acquire 70% of the equity interest in Rentwise Sdn Bhd, a provider of sales and leasing of refurbished computers and peripherals, for a purchase consideration of RM1. Upon completion of due diligence, Privasia announced on 23 April 2012 that both parties have mutually agreed not to pursue the proposed acquisition exercise.

Infinite QL Sdn Bhd

On 20 April 2012, Privasia proposed the acquisition of 51% equity interest in Infinite QL Sdn Bhd (Infinite QL), for a total purchase consideration of RM0.5 million. As announced on 11 May 2012, the proposed acquisition will not proceed as one of the minority shareholders of Infinite QL has exercised his pre-emptive right to purchase the shares instead at the offer price of RM0.5 million and hence, the shareholders are not accepting the Company's offer.

Fibre Optic Network for Melaka

On 25 April 2012, Privasia announced that its wholly-owned subsidiary Privanet Sdn Bhd. had received a letter of tender acceptance from the Malacca state government to install a complete fibre optic network in the state by the third quarter of 2012. Privanet will undertake this RM12.8 million project to supply, deliver, install, test, commission and maintain fibre optic network connections, as well as Internet Protocol networks and Multiprotocol Label Switching throughout Malacca.

The project was awarded by Melaka ICT Holdings Sdn. Bhd. a state-owned enterprise that provides ICT services, solutions and products to assist the state government in empowering Malacca as a key centre of excellence in the ICT sector. We are also optimistic of establishing a long term working relationship with the Malacca state government and MICTH specifically, as we are very encouraged by their far-sighted and innovative initiatives in bridging the digital divide in the state.

INDUSTRY OUTLOOK AND BUSINESS STRATEGIES

The IDC report states that Malaysia's IT spending in FY2012 is estimated to increase by 10.1% year-on-year to USD8.2 billion, as corporations utilize IT as a means to access a wider target market thus enhancing competitiveness and scale up their operations. At the same time, the report also notes that many companies would still strive to adopt cost-conscious spending trends.

These predictions are in fact, advantageous for the niche sector in which Privasia operates. Given that Privasia aims to help companies optimise their IT spending for the long run, we are optimistic of our bright prospects in this industry. In light of this, Privasia intends to implement the following strategies to sustain our growth going forward:

CHAIRMAN'S STATEMENT

(i) Increasing customer base in our core business

Having been in the ICT outsourcing business since 2008, Privasia has established numerous reference sites and a strong track record in serving a diverse clientele in logistics, education, finance, manufacturing, and FMCG sectors. We intend to continue expanding our presence in traditional outsourcing space by leveraging on our experience and expertise to bid for more customers.

To this end, we have set up an office in Kota Kinabalu, Sabah, to further build on our increasing sales growth in the state. The Group has also relocated its Kuala Lumpur Sentral branch to another Multimedia Super Corridor or MSC-compliant site in Malacca, as part of our efforts to expand our nationwide reach. We also aim to establish Privasia as the partner of choice for ICT outsourcing services in the domestic market, which we believe will open up even more doors for the Group in the future.

(ii) Penetrating telecommunications infrastructure outsourcing

The strong growth in our satellite business in FY2011 indicates the segment's tremendous growth potential. Thus far, we have embarked on some pilot projects in East Malaysia, and we are continuously exploring for more business opportunities with telecommunications players, namely WiMAX, broadband and wireless, to support them in their infrastructure rollout initiatives nationwide.

(iii) Pursuing growth via Merger & Acquisition (M&A)

Whilst we recognize the inherent potential via organic growth, we will not cease to continuously seek potential M&A prospects to expand our capabilities. What with our strong balance sheet, the Group has the financial adaptability to undertake such exercises as they come.

All said, we at Privasia are pleased to achieve commendable performance in our second full year of operations as a listed entity and recognise that we stand in good stead to ride the growth wave in the Malaysia's ICT outsourcing sector.

CORPORATE GOVERNANCE

We constantly believe in maintaining our best practices in corporate governance when it comes to sustaining our business efficiently and sustainably. Consequently, the Group has a duty to uphold the highest integrity in our business practices as it plays an important role in ensuring the consistent growth of our core business. The Group's measures towards this objective are highlighted in the Corporate Governance Statement in this Annual Report.

CORPORATE SOCIAL RESPONSIBILITY ("CSR")

Privasia continued to support and sponsor the regional basketball team, "Westports Malaysia Dragons" in the Asian Basketball League for the third consecutive year. This sponsorship is aimed at promoting the sport and enhancing its visibility to the region.

Privasia also undertook a charity program by distributing Chinese New Year Ang Pows, to orphanages and homes such as Tara Foundation, Rumah Nuri and Ti-Ratana.

APPRECIATION

We at Privasia would like to extend our deepest appreciation to all our shareholders, business partners, suppliers and regulatory authorities for their continuous support and confidence in the Group during the past year.

Personally, I would also like to acknowledge the contributions and hard work of my fellow Directors and employees for their steadfast dedication and professionalism that has enabled Privasia steer through the challenging FY2011. May we remain true to the common cause as together we reinforce Privasia's position as a leading ICT outsourcing services provider in the coming years.

Datuk Ali Bin Abdul Kadir

Chairman

24 May 2012

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 five (5) meetings held during the financial year and the attendances are as follows:

Name of Directors	Attendance
Professor Datuk Ali bin Abdul Kadir	5 / 5
Puvanesan a/l Subenthiran	5 / 5
Andre Anthony a/l Hubert Rene	5 / 5
Brian Wong Wye Pong	5 / 5
Asgari bin Mohd Fuad Stephens	5 / 5
Mohd Aqliff Shane Abdullah	5 / 5

A. DIRECTORS

i) Board Composition and Balance

The Board comprises six (6) members; of whom two are Executive Directors, one Non-Independent Non-Executive Director and three 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 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 2011, 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 2011, the Directors of the Company attended various forums, programmes, workshops and seminars which covered the following topics:-

1. Fireside Session With Dato Tan Chim Nam, founder Tan & Tan Bhd, IGB Bhd
2. Monetizing Your Wi-Fi Offerings.
3. Fireside Chat with Tan Sri Tengku Razaleigh Hamzah.
4. The KSC Solutions Presentation
5. Largest ICT exhibition and conference in Asia.
6. Real Estate Investment Roundtable
7. IFRS Regional Policy Forum - Bali
8. Top Team Effectiveness workshop by Hay consultants.
9. MIA-AFA Conference at KL Convention Centre
10. Inaugural ISIS Praxis Seminar
11. Islamic Equity Instruments & Islamic Equity Capital Market
12. Global Economic Prospects, Oil & Capital Flows
13. Options Strategies & Risk Management - Past, Present & Future
14. The Financial Numbers Game: How Companies Use Creative Accounting
15. 2012 Budget Proposals: Tax Changes & Its Impact on Businesses
16. ISIS Praxis Seminar 2012
17. The Mandate of Talent Corporation Malaysia Berhad and partnership with Maxis
18. Improving Corporate Governance in Malaysia Capital Markets - The Role of the Audit Committee
19. Uplifting Maxis' Corporate Responsibility (CR) Practices - CR Framework and Strategy, covering an overview of Corporate Responsibility, Maxis' CR Framework & Strategy, and BOD's role in enabling CR within Maxis
20. PwC Seminar 2011 - Shaping Sustainable Growth
21. Alignment of corporate culture with corporate vision - Where it has worked successfully

STATEMENT ON CORPORATE GOVERNANCE

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 55,000	RM 55,000	RM 595,840	-
Non-Executive Directors	RM 110,000	RM 110,000	-	-

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	
	Executive	Non-Executive
Below RM 50,000	-	3
RM 50,001 - RM 100,000	1	-
RM 100,001 - RM 150,000	-	-
RM 150,001 - RM 200,000	-	-
RM 200,001 - RM 250,000	-	-
RM 250,001 - RM 300,000	1	-
RM 300,001 - RM 350,000	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.

STATEMENT ON CORPORATE GOVERNANCE

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 Management 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 21 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 2011.

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.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

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 possesses such qualification and/or experience as approved by Bursa Securities.
- 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 authorised 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 authorised 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, manages, 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.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

C. MEETINGS AND SUMMARY OF ACTIVITIES

During the financial year ended 31 December 2011, a total of five (5) meetings were held and the details of attendances are set out below:-

	Meetings attended
Professor Datuk Ali bin Abdul Kadir	5 / 5
Brian Wong Wye Pong	5 / 5
Asgari Bin Mohd Fuad Stephens	5 / 5

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 risk evaluation reports and approve 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 21 and 22.

The total costs incurred for the internal audit function of the Company for the financial year was RM12,000.00.

STATEMENT ON INTERNAL CONTROL

The following Statement on Internal Control has been prepared in compliance with Paragraph 15.26(b) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") which outlines the state, nature and scope of the system internal controls of the Group during the financial year.

BOARD RESPONSIBILITY

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

It should be noted that an internal control system is designed to manage risks rather than eliminate the risk of failure to achieve business objectives. As such, it can only provide 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 including credit risk to mitigate the risks that may impede the achievement of the Group's business and corporate objectives. The Board reviews the process regularly to ensure proper management of risks and measures are taken to mitigate weaknesses in the control environment.

RISK MANAGEMENT FRAMEWORK

The Board has established a process through the Enterprise Risk Management (ERM) framework for identifying and prioritizing the significant risks faced by the Group that have a material effect on the Group's business objectives.

Key management staff and Heads of Department are delegated with the responsibility to manage identified risks within defined parameters. Periodic management meetings, attended by the Heads of Department and key management staff, are held to discuss key operational issues and appropriate mitigating controls.

In addition, the Board will continue to review the on-going risk management process to ensure 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.

STATEMENT ON INTERNAL CONTROL

INTERNAL AUDIT FUNCTION

The Board acknowledges the importance of the internal audit function and has outsourced its internal audit function to a professional service firm, as part of its efforts in ensuring that the Group systems of internal controls are adequate and effective. The internal audit function of the Group is carried out according to an annual audit plan approved by the Audit Committee. The internal audit function adopts a risk-based approach and prepares its audit plans based on significant risks identified. The internal audit provides an assessment of the adequacy, efficiency and effectiveness of the Group's existing internal control policies and procedures and provides recommendations, if any, for the improvement of the control policies and procedures. The results of the audit reviews are reported periodically to the Audit Committee.

The audit reports are reviewed by the Audit Committee and 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.

INDEPENDENCE OF THE AUDIT COMMITTEE

The Audit Committee, chaired by an Independent Non-Executive Director and its members comprising Independent Non-Executive Directors, provides an independent review of the Group's processes for producing financial data, the adequacy, effectiveness and integrity of the system of internal control, compliance with laws, regulations and guidelines, independence of external auditors and internal audit function.

INFORMATION AND COMMUNICATION

The Board receives and reviews regular reports from the Management on key financial data, performance indicators and regulatory matters. This is to ensure that matters that require the Board and Senior Management's attention are highlighted for review, deliberation and decision on a timely basis. The Board approves appropriate responses or amendments to the Group's policy. Besides, 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 the annual budget by all significant business units. The annual budgets which contain financial, operating targets and performance indicators are reviewed and approved by the Executive Directors together with the Senior Management before being presented to the Board for final review and approval.

CONCLUSION

The Board is of the view that there were no significant weaknesses in the Group's system of internal controls that may have a material adverse effect on the results of the Group for the period under review and that would require disclosure in the group's annual report. The Board and management will continue to take necessary measures to enhance the system of internal control.

The Statement on Internal Control is made in accordance with a resolution of the Board of Directors dated 25 April 2012.

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.

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 RM36,300.

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 25 February 2012.

8. Material Contracts

There were no material contracts subsisting at the end of the financial year ended 31 December 2011 entered into by the Company and the Group, involving the interests of the Directors and major shareholders.

9. Revaluation Policy on Landed Properties

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

10. Related Party Transactions

There are no significant related party transaction other than those disclosed in Note 7, Note 16 and Note 18 in the financial statements.

11. Corporate Social Responsibility (CSR)

Privasia is committed to doing our best to enrich and enhance 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 Westports Malaysia Dragons basketball team in the ASEAN Basketball League, in a bid to inspire the younger generation to realise their highest potential. The Group also sponsored other sports activities during the period, including all-Malaysian Nexus Racing team in the Malaysia Merdeka Endurance Race 2011, to promote a healthy lifestyle among Malaysians.

The Group also undertook a charity program by distributing Chinese New Year Ang Pows, to orphanages and homes such as Tara Foundation, Rumah Nuri and Ti-Ratana.

DIRECTORS' REPORT

for the year ended 31 December 2011

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 December 2011.

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 have been no significant changes in the nature of these activities during the financial year.

Results

	Group RM	Company RM
Profit attributable to:		
Owners of the Company	4,867,771	1,839,881
Non-controlling interests	278,295	-
Net profit for the year	<u>5,146,066</u> =====	<u>1,839,881</u> =====

Reserves and provisions

There were no material transfers to or from reserves and provisions during the year under review, other than those disclosed in Note 7 and Note 13.

Dividends

Since the end of the previous financial year, the Company paid a single tier tax exempt final dividend of 0.1 sen per ordinary share totalling RM558,200 in respect of the year ended 31 December 2010 on 30 June 2011.

Subsequent to the financial year end, on 23 April 2012, the Directors proposed a single tier tax exempt final dividend of 0.2 sen per ordinary share totalling RM1,116,400 in respect of the year ended 31 December 2011. The financial statements for the current financial year do not reflect these dividends. Upon approval by the shareholders, the dividend payment will be accounted for in equity as an appropriation of retained earnings during the financial year ending 31 December 2012.

The Directors do not recommend any other dividends to be paid for the year under review.

Subsequent events

The subsequent events are disclosed in Note 27.

Directors of the Company

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

Andre Anthony a/l Hubert Rene
Asgari bin Mohd Fuad Stephens
Brian Wong Wye Pong
Datuk Ali bin Abdul Kadir
Mohd Aqliff Shane Abdullah
Puvanesan a/l Subenthiran

PRIVASIA

DIRECTORS' REPORT

for the year ended 31 December 2011

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 01.01.2011	Bought	Sold	At 31.12.2011
In the Company:				
Direct interest				
Andre Anthony a/l Hubert Rene	12,281,400	-	-	12,281,400
Asgari bin Mohd Fuad Stephens				
- others *	2,000,000	2,000,000	-	4,000,000
Brian Wong Wye Pong	500,000	-	-	500,000
Datuk Ali bin Abdul Kadir				
- own	18,360,400	170,000	-	18,530,400
- others **	-	1,666,000	-	1,666,000
Mohd Aqliff Shane Abdullah	68,713,700	-	10,384,600	58,329,100
Puvanesan a/l Subenthiran	15,981,400	-	-	15,981,400
Indirect interest				
By virtue of shares held by				
Anyotech Sdn. Bhd.				
- Andre Anthony a/l Hubert Rene	79,713,220	-	-	79,713,220
- Puvanesan a/l Subenthiran	79,713,220	-	-	79,713,220
Pancarthuran Sdn. Bhd.				
- Puvanesan a/l Subenthiran	71,172,500	-	-	71,172,500
Radiant Principles Sdn. Bhd.				
- Andre Anthony a/l Hubert Rene	76,836,300	-	-	76,836,300

* Deemed interest under Section 122(A) of the Act by virtue of shares held by his spouse and parent.

** Deemed interest under Section 6A(4) of the Act by virtue of shares held by Rio Capital Sdn. Bhd.

By virtue of their interests in the shares of the Company, all the Directors are also deemed interested in the shares of the subsidiaries during the financial year to the extent that Privasia Technology Berhad has an interest.

DIRECTORS' REPORT

for the year ended 31 December 2011

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

There were no 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.

Other statutory information

Before the statements of comprehensive income and statements of financial position 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 adequate provisions made for doubtful debts, and
- ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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 financial statements of the Company 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.

PRIVASIA
DIRECTORS' REPORT
for the year ended 31 December 2011

Other statutory information (continued)

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, the financial performance of the Group and of the Company for the financial year ended 31 December 2011 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
Director

Puvanesan a/l Subenthiran
Director

Petaling Jaya

Date: 25 April 2012

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2011

	Note	Group			Company	
		31.12.2011 RM	31.12.2010 RM restated	1.1.2010 RM restated	31.12.2011 RM	31.12.2010 RM
Assets						
Property, plant and equipment	3	23,349,670	16,201,285	18,318,780	-	-
Investment property	4	5,596,262	5,655,353	5,714,444	-	-
Intangible assets	5	39,731,685	40,761,873	42,787,048	-	-
Investment in subsidiaries	6	-	-	-	56,820,000	56,820,000
Trade and other receivables	7	843,750	750,000	750,000	-	-
Total non-current assets		69,521,367	63,368,511	67,570,272	56,820,000	56,820,000
Inventories	8	1,604,097	1,987,801	-	-	-
Work-in-progress	9	2,641,930	1,891,995	156,416	-	-
Tax recoverable	10	258,920	10,490	45,567	-	-
Available-for-sale financial assets	11	1,048,879	1,026,336	-	-	-
Other investments		-	-	2,486,660	-	-
Trade and other receivables	7	17,872,122	15,120,918	17,547,741	29,620	3,250
Cash and cash equivalents	12	8,254,276	7,447,662	3,369,294	3,427	3,537
Total current assets		31,680,224	27,485,202	23,605,678	33,047	6,787
Total assets		101,201,591	90,853,713	91,175,950	56,853,047	56,826,787
Equity						
Share capital		55,820,002	55,820,002	55,820,002	55,820,002	55,820,002
Reserves		9,332,724	5,028,013	(175,646)	397,779	(883,902)
Total equity attributable to owners of the Company		65,152,726	60,848,015	55,644,356	56,217,781	54,936,100
Non-controlling interests		633,685	355,390	204,088	-	-
Total equity	13	65,786,411	61,203,405	55,848,444	56,217,781	54,936,100
Liabilities						
Loans and borrowings	14	18,912,224	18,378,430	19,447,871	-	-
Deferred tax liabilities	15	74,289	108,000	10,450	-	-
Total non-current liabilities		18,986,513	18,486,430	19,458,321	-	-
Loans and borrowings	14	7,881,555	4,906,011	8,150,189	-	-
Trade and other payables	16	8,074,223	6,091,976	7,665,128	635,266	1,890,687
Taxation		472,889	165,891	53,868	-	-
Total current liabilities		16,428,667	11,163,878	15,869,185	635,266	1,890,687
Total liabilities		35,415,180	29,650,308	35,327,506	635,266	1,890,687
Total equity and liabilities		101,201,591	90,853,713	91,175,950	56,853,047	56,826,787

The notes on pages 33 to 71 are an integral part of these financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 31 December 2011

	Note	Group		Company	
		2011 RM	2010 RM restated	2011 RM	2010 RM
Revenue		44,070,540	36,189,100	2,500,000	-
Cost of goods sold		(27,830,265)	(23,063,681)	-	-
Gross profit		16,240,275	13,125,419	2,500,000	-
Other income		452,933	489,664	-	-
Other operating expenses		(9,347,006)	(6,641,367)	(660,119)	(517,470)
Profit/(Loss) from operating activities		7,346,202	6,973,716	1,839,881	(517,470)
Investment income		166,587	64,959	-	-
Finance cost		(1,721,453)	(1,356,852)	-	-
Profit/(Loss) before tax	17	5,791,336	5,681,823	1,839,881	(517,470)
Tax expense	19	(645,270)	(352,275)	-	-
Net profit/(loss) for the year		5,146,066	5,329,548	1,839,881	(517,470)
Other comprehensive income, net of tax					
Change in fair value of available-for-sale financial assets		(4,860)	2,693	-	-
Total comprehensive income/(loss) for the year		5,141,206	5,332,241	1,839,881	(517,470)
Profit attributable to:					
Owners of the Company		4,867,771	5,178,246	1,839,881	(517,470)
Non-controlling interests		278,295	151,302	-	-
Net profit/(loss) for the year		5,146,066	5,329,548	1,839,881	(517,470)
Total comprehensive income attributable to:					
Owners of the Company		4,862,911	5,180,939	1,839,881	(517,470)
Non-controlling interests		278,295	151,302	-	-
Total comprehensive income/(loss) for the year		5,141,206	5,332,241	1,839,881	(517,470)

The notes on pages 33 to 71 are an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 December 2011

Group	Non-distributable	Distributable	Total	Non-controlling interests	Total equity	
	Share capital	Fair value reserve				(Accumulated losses)/Retained earnings
	RM	RM	RM	RM	RM	
At 1 January 2010, as previously stated						
- As previously stated	55,820,002	-	1,050,779	56,870,781	204,088	57,074,869
- Effect of adopting IC 4, (Note 30)	-	-	(1,226,425)	(1,226,425)	-	(1,226,425)
At 1 January 2010, as restated	55,820,002	-	(175,646)	55,644,356	204,088	55,848,444
Effect of adopting FRS 139 in prior year	-	22,720	-	22,720	-	22,720
Change in fair value of available-for-sale financial assets	-	2,693	-	2,693	-	2,693
Total other comprehensive income for the year	-	25,413	-	25,413	-	25,413
Net profit for the year, as restated	-	-	5,178,246	5,178,246	151,302	5,329,548
Total comprehensive income for the year, as restated	-	25,413	5,178,246	5,203,659	151,302	5,354,961
At 31 December 2010/1 January 2011, as restated	55,820,002	25,413	5,002,600	60,848,015	355,390	61,203,405
Changes in fair value of available-for-sale financial assets	-	(4,860)	-	(4,860)	-	(4,860)
Total other comprehensive income for the year	-	(4,860)	-	(4,860)	-	(4,860)
Net profit for the year	-	-	4,867,771	4,867,771	278,295	5,146,066
Total comprehensive income for the year	-	(4,860)	4,867,771	4,862,911	278,295	5,141,206
Dividend paid	-	-	(558,200)	(558,200)	-	(558,200)
At 31 December 2011	55,820,002	20,553	9,312,171	65,152,726	633,685	65,786,411

Note 13

Company	Share capital	(Accumulated losses)/Retained profits	Total
	RM	RM	RM
At 1 January 2010	55,820,002	(366,432)	55,453,570
Total comprehensive loss for the year	-	(517,470)	(517,470)
At 31 December 2010/1 January 2011	55,820,002	(883,902)	54,936,100
Total comprehensive income for the year	-	1,839,881	1,839,881
Dividend paid	-	(558,200)	(558,200)
At 31 December 2011	55,820,002	397,779	56,217,781

Note 13

The notes on pages 33 to 71 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

for the year ended 31 December 2011

	Group		Company	
	2011 RM	2010 RM restated	2011 RM	2010 RM
Cash flows from operating activities				
Profit/(Loss) before tax	5,791,336	5,681,823	1,839,881	(517,470)
Adjustments for:				
Amortisation of intangible assets	2,464,848	2,604,576	-	-
Depreciation of investment property	59,091	59,091	-	-
Depreciation of property, plant and equipment	5,982,209	3,835,602	-	-
(Gain)/Loss on disposal of property, plant and equipment	(3,584)	2,281	-	-
Finance costs	1,721,453	1,356,852	-	-
Interest income	(166,587)	(64,959)	-	-
Write off of development cost	307,351	-	-	-
Operating profit/(loss) before changes in working capital	16,156,117	13,475,266	1,839,881	(517,470)
Changes in working capital:				
Work-in-progress	(749,935)	(1,735,579)	-	-
Trade and other receivables	(2,872,357)	2,426,823	(26,370)	3,224,475
Inventories	383,704	(1,987,801)	-	-
Trade and other payables	1,982,247	(1,573,152)	(1,255,421)	(2,706,520)
Cash generated from operations	14,899,776	10,605,557	558,090	485
Tax paid	(620,413)	(107,625)	-	-
Interest received	166,587	64,959	-	-
Net cash generated from operating activities	14,445,950	10,562,891	558,090	485

STATEMENTS OF CASH FLOWS

for the year ended 31 December 2011 (continued)

	Group		Company	
	2011 RM	2010 RM restated	2011 RM	2010 RM
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment	19,780	68,189	-	-
Proceed from disposal of available-for-sale financial assets	-	1,485,737	-	-
Purchase of intangible assets	(1,742,011)	(579,401)	-	-
Purchase of property, plant and equipment	(13,146,790)	(1,788,577)	-	-
Net cash used in investing activities	(14,869,021)	(814,052)	-	-
Cash flows from financing activities				
Dividend paid	(558,200)	-	(558,200)	-
Decrease/(Increase) in pledged deposits	29,761	(579,071)	-	-
Interest paid	(1,721,453)	(1,356,852)	-	-
Proceed from/(Repayment of) loan and borrowings	3,509,338	(4,313,619)	-	-
Net cash generated from/ (used in) financing activities	1,259,446	(6,249,542)	(558,200)	-
Net increase/(decrease) in cash and cash equivalents	836,375	3,499,297	(110)	485
Cash and cash equivalents at beginning of year	6,360,177	2,860,880	3,537	3,052
Cash and cash equivalents at end of year	(i) 7,196,552	6,360,177	3,427	3,537

(i) *Cash and cash equivalents*

Cash and cash equivalents included in the cash flow statements comprise the following statement of financial position amounts:

	Note	Group		Company	
		2011 RM	2010 RM	2011 RM	2010 RM
Cash and bank balances		3,710,790	3,444,566	3,427	3,537
Deposits placed with licensed banks		4,543,486	4,003,096	-	-
		8,254,276	7,447,662	3,427	3,537
Less: Deposits pledged	12	(1,057,724)	(1,087,485)	-	-
		7,196,552	6,360,177	3,427	3,537

The notes on pages 33 to 71 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011

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 its principal place of business and registered office 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

13A, Jalan SS21/56B
Damansara Utama
47400 Petaling Jaya
Selangor Darul Ehsan

The consolidated financial statements as at and for the year ended 31 December 2011 comprises the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities"). The financial statements of the Company as at and for the year ended 31 December 2011 do not include other entities.

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 financial statements were approved by the Board of Directors on 25 April 2012.

1. Basis of preparation**(a) Statement of compliance**

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

The Company has 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 Company:

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2011

- IC Interpretation 19, *Extinguishing Financial Liabilities with Equity Instruments*
- Amendments to IC Interpretation 14, *Prepayments of a Minimum Funding Requirement*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2012

- FRS 124, *Related Party Disclosures* (revised)
- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*
- Amendments to FRS 7, *Financial Instruments: Disclosures – Transfers of Financial Assets*
- Amendments to FRS 112, *Income Taxes – Deferred Tax: Recovery of Underlying Assets*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2012

- Amendments to FRS 101, *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2013

- FRS 10, *Consolidated Financial Statements*
- FRS 11, *Joint Arrangements*
- FRS 12, *Disclosure of Interests in Other Entities*
- FRS 13, *Fair Value Measurement*
- FRS 119, *Employee Benefits* (2011)
- FRS 127, *Separate Financial Statements* (2011)
- FRS 128, *Investments in Associates and Joint Ventures* (2011)
- IC Interpretation 20, *Stripping Costs in the Production Phase of a Surface Mine*
- Amendments to FRS 7, *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*
- Amendments to FRS 7, *Financial Instruments: Disclosures – Mandatory Date of FRS 9 and Transition Disclosures*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2014

- Amendments to FRS 132, *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2015

- FRS 9, *Financial Instruments* (2009)
- FRS 9, *Financial Instruments* (2010)

The Company's next set of financial statements for annual period beginning on 1 January 2012 will be prepared in accordance with the Malaysian Financial Reporting Standards (MFRSs) issued by the MASB and International Financial Reporting Standards (IFRSs). As a result, the Company will not be adopting the above FRSs, Interpretations and amendments.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011

1. Basis of preparation (continued)

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except as disclosed in the financial statements.

(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 Note 5 – Intangible assets.

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 the Company, unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are 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 statement of financial position at cost less impairment losses, unless the investment is classified as held for sale.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(ii) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and the owners of the Company.

Since the beginning of the reporting period, the Group has applied FRS 127, *Consolidated and Separate Financial Statements* (revised) where losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance. This change in accounting policy is applied prospectively in accordance with the transitional provisions of the standard and does not have any impact on earnings per share.

In previous financial years, where losses applicable to the non-controlling interests exceed their interests in the equity of a subsidiary, the excess, and any further losses applicable to the non-controlling interests, were charged against the Group's interest except to the extent that the non-controlling interests had a binding obligation to, and was able to, make additional investment to cover the losses. If the subsidiary subsequently reported profits, the Group's interest was allocated with all such profits until the non-controlling interests' share of losses previously absorbed by the Group had 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.

Unrealised gains arising from transactions with equity accounted associates are eliminated against the investment to the extent of the Group's interest in the associates. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

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

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period 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 profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a cash flow hedge of currency risk, which are recognised in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011

2. Significant accounting policies (continued)

(c) Financial instruments

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorises and measures financial instruments as follows:

Financial assets

(a) *Financial assets at fair value through profit or loss*

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(b) *Loans and receivables*

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011

2. Significant accounting policies (continued)

(c) Financial Instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

(c) Available-for-sale financial assets

Available-for-sale category comprises investments in equity and debt securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment (see Note 2(j)).

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are held for trading, derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss is subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(iii) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011

2. Significant accounting policies (continued)

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are stated at cost less 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 expenses" respectively in profit or loss. When revalued assets are sold, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

(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 those parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in profit or loss 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 - 5 years
• Office equipment	3 - 5 years
• Telecommunication equipment	5 years
• Renovation	3 - 5 years
• Motor vehicles	5 years
• Small value assets	1 year

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011

2. Significant accounting policies (continued)

(e) Intangible assets

(i) Goodwill

Goodwill arises on business combinations and is measured at cost less 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 the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

(ii) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss 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 profit and loss 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 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

Amortisation is based on the cost of an asset less its residual value.

Goodwill with indefinite useful lives are not amortised but 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011

2. Significant accounting policies (continued)

(e) Intangible assets (continued)

(v) Amortisation (continued)

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

The estimated useful lives are as follows:

- Software costs 3 - 5 years
- Development costs 3 - 5 years

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

(f) 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(d).

Depreciation is charged to profit or loss 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.

(g) Other investments

Other investments are categorised and measured as available-for-sale financial assets in accordance with Note 2(c).

(h) Trade and other receivables

Trade and other receivables are categorised and measured as loans and receivables in accordance with Note 2(c).

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011

2. Significant accounting policies (continued)

(i) Cash and cash equivalents

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

Cash and cash equivalents (other than bank overdrafts) are categorised and measured as loans and receivables in accordance with Note 2(c).

(j) Impairment

(i) Financial assets

All financial assets (except for investment in subsidiaries) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised.

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

If, in a subsequent period, the recoverable value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

(ii) Other assets

The carrying amounts of other assets (except for inventories) are reviewed at the end of each reporting period to determine whether there is any indication of impairment.

If any such indication exists, then the asset's recoverable amount is estimated. 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.

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.

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 profit or loss.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011

2. Significant accounting policies (continued)

(j) Impairment (continued)

(ii) Other assets (continued)

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period 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 since the last impairment loss was recognised. 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 profit or loss in the year in which the reversals are recognised.

(k) Work-in-progress

Work-in-progress is measured at the lower of cost and net realisable value. The cost of work-in-progress includes expenditures, license fees and other incidental costs incurred in developing the work-in-progress.

(l) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is based on the expenditure incurred in acquiring the inventories and bringing them to their existing location and condition and is determined on first in first out basis.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(m) Loans and borrowings

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

(n) Employee benefits

(i) 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.

Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when absences occur.

A provision is recognised for the amount expected to be paid under short term cash bonus or profit-sharing plans 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011

2. Significant accounting policies (continued)

(n) Employee benefits (continued)

(ii) Statutory pension funds

The Group's contributions to statutory pension funds are charged to profit or loss in the year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(o) 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. The unwinding of the discount is recognised as finance cost.

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) 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 the 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.

(iv) Rental income

Rental income is recognised in profit or loss 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. Rental income from subleased property is recognised as other income.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011

2. Significant accounting policies (continued)

(p) Revenue (continued)

(v) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

(q) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

(r) Tax expense

Tax expense comprises current and deferred tax. Tax expense is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to apply to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

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

A tax incentive that is not a tax base of an asset is recognised as a reduction of tax expense in profit or loss as and when it is granted and claimed. Any unutilised portion of the tax incentive is recognised as a deferred tax asset to the extent that it is probable that future taxable profits will be available against which the unutilised tax incentive can be utilised.

Unutilised reinvestment allowance and investment tax allowance are treated as tax base of assets and are recognised as a reduction of tax expense as and when they are utilised.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011

2. Significant accounting policies (continued)

(s) Earnings per ordinary share

The Group presents basic and diluted earnings per share data for its ordinary shares (EPS).

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, adjusted for own shares held.

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, which comprise convertible notes and share options granted to employees.

(t) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses that relates to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Chief Executive Officer of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011

3. Property, plant and equipment

Group	Buildings RM	Computer equipment RM	Office equipment RM	Tele- communi- cation equipment RM	Renovation RM	Motor vehicles RM	Small value assets RM	Total RM
Cost								
At 1 January 2010	6,508,827	8,922,415	1,985,947	2,767,848	545,880	3,245	21,687	20,755,849
Additions	-	1,531,283	50,652	186,215	3,778	-	16,649	1,788,577
Disposals	-	(24,104)	(10,050)	(44,325)	(13,307)	-	-	(91,786)
At 31 December 2010/ 1 January 2011	6,508,827	10,429,594	2,026,549	2,909,738	536,351	3,245	38,336	22,452,640
Additions	-	5,392,961	25,570	7,683,904	24,922	-	19,433	13,146,790
Disposals	-	(47,978)	(3,194)	-	-	-	-	(51,172)
At 31 December 2011	6,508,827	15,774,577	2,048,925	10,593,642	561,273	3,245	57,769	35,548,258
Accumulated depreciation								
At 1 January 2010	44,743	1,489,989	136,635	587,983	155,768	531	21,420	2,437,069
Charge for the year	66,842	2,343,401	624,447	547,141	236,407	794	16,570	3,835,602
Disposals	-	(6,695)	(5,671)	(1,560)	(7,390)	-	-	(21,316)
At 31 December 2010/ 1 January 2011	111,585	3,826,695	755,411	1,133,564	384,785	1,325	37,990	6,251,355
Charge for the year	66,842	3,085,313	698,954	1,965,972	149,455	794	14,879	5,982,209
Disposals	-	(33,486)	(1,490)	-	-	-	-	(34,976)
At 31 December 2011	178,427	6,878,522	1,452,875	3,099,536	534,240	2,119	52,869	12,198,588
Carrying amounts								
At 1 January 2010	6,464,084	7,432,426	1,849,312	2,179,865	390,112	2,714	267	18,318,780
At 31 December 2010/ 1 January 2011	6,397,242	6,602,899	1,271,138	1,776,174	151,566	1,920	346	16,201,285
At 31 December 2011	6,330,400	8,896,055	596,050	7,494,106	27,033	1,126	4,900	23,349,670

At 31 December 2011, buildings of the Company with carrying amount of RM6,330,400 (2010 - RM6,397,242) have been pledged as security for loan from a licensed bank (see Note 14).

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011

4. Investment property

	Group RM
<i>Cost</i>	
At 1 January 2010/31 December 2010/31 December 2011	5,753,656 =====
<i>Accumulated depreciation</i>	
At 1 January 2010	39,212
Charge for the year	59,091
At 31 December 2010/1 January 2011	98,303
Charge for the year	59,091
At 31 December 2011	157,394 =====
<i>Carrying amount</i>	
At 1 January 2010	5,714,444 =====
At 31 December 2010/1 January 2011	5,655,353 =====
At 31 December 2011	5,596,262 =====

Investment property comprises a number of commercial properties that are leased or available for lease to third parties. Each of the leases contains an initial non-cancellable period of one to six months (see Note 25). Subsequent renewals are negotiated with the lessee. No contingent rents are charged.

The following are recognised in profit or loss in respect of investment property:

	Group	
	2011 RM	2010 RM
Rental income	291,126 =====	358,390 =====

As at 31 December 2011, investment property of the Group with carrying amount of RM5,596,262 (2010 - RM5,655,353) have been pledged as security for loans from a licensed bank (see Note 14).

As at 31 December 2011, the Directors are of the opinion that the Group's investment property had a total market value of RM6,500,000 (2010 - RM5,800,000).

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011

5. Intangible assets

	Goodwill RM	Development costs RM	Software costs RM	Total RM
Group				
Cost				
At 1 January 2010, as originally stated	36,005,230	17,756,028	668,539	54,429,797
Effect of adopting IC 4 (Note 30)	-	(10,568,254)	-	(10,568,254)
At 1 January 2010, as restated	36,005,230	7,187,774	668,539	43,861,543
Additions	-	372,023	207,378	579,401
At 31 December 2010/ 1 January 2011, as restated	36,005,230	7,559,797	875,917	44,440,944
Additions	-	114,786	1,627,225	1,742,011
Written off	-	(307,351)	-	(307,351)
At 31 December 2011	36,005,230	7,367,232	2,503,142	45,875,604
Accumulated amortisation				
At 1 January 2010, as originally stated	-	2,831,297	120,098	2,951,395
Effect of adopting IC 4 (Note 30)	-	(1,876,900)	-	(1,876,900)
At 1 January 2010, as restated	-	954,397	120,098	1,074,495
Amortisation for the year	-	2,327,750	276,826	2,604,576
At 31 December 2010/ 1 January 2011, as restated	-	3,282,147	396,924	3,679,071
Amortisation for the year	-	1,840,904	623,944	2,464,848
At 31 December 2011	-	5,123,051	1,020,868	6,143,919
Carrying amounts				
At 1 January 2010, as restated	36,005,230	6,233,377	548,441	42,787,048
At 31 December 2010/ 1 January 2011, as restated	36,005,230	4,277,650	478,993	40,761,873
At 31 December 2011	36,005,230	2,244,181	1,482,274	39,731,685

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, management performed a restructuring of the business segments of the Group (see Note 22) to be more in line with the system of internal financial reporting to senior management. Consequently, the CGUs of goodwill have been restructured as follows:

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011

5. Intangible assets (continued)

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

	Group 31.12.2011	
	Goodwill RM	Discount rate %
<i>Cash generating unit</i>		
Outsourcing and consulting ("OSD")	24,043,836	11.00
E-procurement ("E-proc")	7,145,220	11.00
Information and Communication Technologies Distribution ("CDIST")	3,251,323	11.00
Information and Communication Technologies Services ("CSERV")	1,095,855	11.00
Satellite-based network services ("SAT")	468,996	11.00
	36,005,230	
	=====	

The CGUs, having built 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.

In the previous year, goodwill was allocated as follows:

	Group 31.12.2010	
	Goodwill RM	Discount rate %
<i>Cash generating unit</i>		
Information Technology ("IT")	17,851,494	11.00
Information and Communication Technology ("ICT")	17,684,740	11.00
Satellite-based network services ("SAT")	468,996	11.00
	36,005,230	
	=====	

The recoverable amounts of the CGU are based on their value-in-use. The value-in-use calculations apply a discounted cash flow model using cash flow projections based on financial forecasts approved by management. The key assumptions for the computation of value-in-use include the discount rates and growth rates applied. Discount rates used are based on the pre-tax weighted average cost of capital plus an appropriate risk premium at the date of assessment of the Group. The growth rate of revenue is expected to be equivalent to the historical industry growth rate of 5% per annum.

The cash flow projections are based on eight (8) years financial budgets approved by management. These represent management's assessment of future trends in the information technology industry and are based on both external sources and internal sources (historical data).

Management believes that any reasonable possible changes in the above key assumptions applied will not cause the carrying values of the CGUs to materially exceed their recoverable amounts.

PRIVASIA

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011

6. Investment in subsidiaries

	Company	
	31.12.2011	31.12.2010
	RM	RM
At cost:		
Unquoted shares	56,820,000	56,820,000
	=====	=====

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Principal activities	Effective ownership interest	
			31.12.2011	31.12.2010
Privasia Sdn. Bhd.	Malaysia	Outsourcing, consultation, e-procurement and related functions	100%	100%
Privanet Sdn. Bhd.	Malaysia	Provision of total wireless and communication solutions	100%	100%
IPSAT Sdn. Bhd.	Malaysia	Providing high speed internet broadband access (satellite services)	70%	70%
Subsidiaries of Privasia Sdn. Bhd.:				
Privasia (Sabah) Sdn. Bhd. (Formerly known as Privasia Bioinformatics Sdn. Bhd.)	Malaysia	Dormant	100%	100%
Privacom Sdn. Bhd.	Malaysia	Dealer in data processing equipments, computer systems and provision of telecommunication and computer network consultancy services	100%	100%
Subsidiaries of Privanet Sdn. Bhd.:				
Airoport.com Sdn. Bhd.	Malaysia	Dormant	100%	100%
Privanet Distribution Sdn. Bhd.	Malaysia	Trading of electronic and telecommunication equipment	100%	100%

All the subsidiaries are audited by KPMG.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011

7. Trade and other receivables

	Note	Group			Company	
		31.12.2011 RM	31.12.2010 RM restated	1.1.2010 RM restated	31.12.2011 RM	31.12.2010 RM
Non-current						
Trade						
Retention sums	7.1	843,750	750,000	750,000	-	-
Total non-current		843,750	750,000	750,000	-	-
Current						
Trade						
Trade receivables		16,462,635	14,007,910	16,627,351	-	3,250
Allowance for impairment loss		(299,584)	(120,173)	-	-	-
		16,163,051	13,887,737	16,627,351	-	3,250
Non-trade						
Amount due from related companies	7.2	-	26,036	-	-	-
Other receivables		206,259	308,199	90,762	-	-
Deposits		350,889	336,297	150,512	-	-
Prepayments		1,151,923	562,649	679,116	29,620	-
		1,709,071	1,233,181	920,390	29,620	-
Total current		17,872,122	15,120,918	17,547,741	29,620	3,250
		18,715,872	15,870,918	18,297,741	29,620	3,250

7.1 Retention sums

The trade-related non-current retention sums relate to amounts retained by customers for ongoing projects pending completion. These amounts are unsecured and interest free.

7.2 Amount due from related companies

The amount due from related companies is unsecured, interest free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011

8. Inventories

	Group	
	31.12.2011 RM	31.12.2010 RM
At cost:		
Finished goods	1,604,097 =====	1,987,801 =====

9. Work-in-progress

	Group	
	31.12.2011 RM	31.12.2010 RM
At cost:		
Work-in-progress	2,641,930 =====	1,891,995 =====

10. Tax recoverable

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

11. Available-for-sale financial assets

	Group	
	31.12.2011 RM	31.12.2010 RM
At fair value:		
Unit trust funds	1,048,879 =====	1,026,336 =====

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

12. Cash and cash equivalents

	Note	Group		Company	
		31.12.2011 RM	31.12.2010 RM	31.12.2011 RM	31.12.2010 RM
Deposits placed with licensed banks	12.1	4,543,486	4,003,096	-	-
Cash and bank balances		3,710,790	3,444,566	3,427	3,537
		<u>8,254,276</u> =====	<u>7,447,662</u> =====	<u>3,427</u> =====	<u>3,537</u> =====

12.1 Deposits placed with licensed banks pledged for a bank facility

Included in the deposits placed with licensed banks is RM1,057,724 (2010 - RM1,087,485) pledged for a bank facility granted to the Group's subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011

13. Capital and reserves

Share capital

	Group and Company			
	Amount 31.12.2011 RM	Number of shares 31.12.2011	Amount 31.12.2010 RM	Number of shares 31.12.2010
Ordinary shares of RM0.10 each				
Authorised:				
At 1 January/31 December	100,000,000	1,000,000,000	100,000,000	1,000,000,000
	=====	=====	=====	=====
Issued and fully paid:				
At 1 January/31 December	55,820,002	558,200,020	55,820,002	558,200,020
	=====	=====	=====	=====

Ordinary shares

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.

Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the investments are derecognised or impaired.

Retained profits

The Finance Act 2007 introduced a single tier company income tax system with effect from 1 January 2008. As the Company was incorporated in the year of assessment 2008, it will be placed on the single tier dividend system.

14. Loans and borrowings

	Group	
	31.12.2011 RM	31.12.2010 RM
Non-current		
Secured loans from licensed banks	18,912,224	18,378,430
Current		
Secured loans from licensed banks	7,881,555	4,906,011
Total	<u>26,793,779</u>	<u>23,284,441</u>
	=====	=====

14.1 Security

The bank loans are secured over buildings with a carrying amount of RM6,330,400 (2010 - RM6,397,242) (see Note 3) and investment property with a carrying amount of RM5,596,262 (2010 - RM5,655,353) (see Note 4).

In addition, the bank loans are also secured on all contract proceeds from the major customer of the Group and debenture by way of a fixed and floating charge on all present and future assets of the Group.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011

14. Loans and borrowings (continued)

14.2 Terms and debt repayment schedule

Group	Year of maturity	Carrying amount RM'000	Under 1 year RM'000	1 - 5 years RM'000	Over 5 years RM'000
31.12.2011					
Secured bank loans - licensed banks	2015	26,794	7,882	18,912	-
31.12.2010					
Secured bank loans - licensed banks	2015	23,284	4,906	18,378	-

15. Deferred tax liabilities

Recognised deferred tax liabilities

Deferred tax liabilities are attributable to the following:

	Group	
	31.12.2011 RM	31.12.2010 RM
Property, plant and equipment	74,289	108,000

16. Trade and other payables

	Note	Group		Company	
		31.12.2011 RM	31.12.2010 RM	31.12.2011 RM	31.12.2010 RM
Trade					
Trade payables		5,909,783	3,923,651	-	-
Non-trade					
Amount due to related companies	16.1	-	-	442,156	1,824,375
Other payables and accruals		2,164,440	2,168,325	193,110	66,312
		<u>2,164,440</u>	<u>2,168,325</u>	<u>635,266</u>	<u>1,890,687</u>
		<u>8,074,223</u>	<u>6,091,976</u>	<u>635,266</u>	<u>1,890,687</u>

16.1 Amount due to related companies

The amount due to related companies is unsecured, interest free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011

17. Profit/(Loss) before tax

	Group		Company	
	2011 RM	2010 RM restated	2011 RM	2010 RM
Profit/(Loss) before tax is arrived at after charging:				
Allowance for impairment losses on receivables	179,411	120,173	-	-
Amortisation of intangible assets	2,464,848	2,604,576	-	-
Auditors' remuneration				
- Statutory audit services	88,000	80,000	38,000	36,000
- Other services	36,300	22,400	5,000	5,000
Bad debts written off	50,405	69,468	-	-
Depreciation of investment property	59,091	59,091	-	-
Depreciation of property, plant and equipment	5,982,209	3,835,602	-	-
Directors' allowance	21,000	14,000	21,000	14,000
Directors' fees	144,000	144,000	144,000	144,000
Directors' remuneration	519,840	393,948	-	-
Finance costs	1,721,453	1,356,852	-	-
Loss on disposal of property, plant and equipment	-	2,281	-	-
Personnel expenses				
- Contributions to Employees' Provident Fund	763,524	666,392	-	-
- Wages, salaries and others	7,223,787	6,319,953	-	-
Rental expenses	138,042	112,939	-	-
Realised loss on foreign exchange	-	3,221	-	-
Write off of development cost	307,351	-	-	-
	=====	=====	=====	=====
and after crediting:				
Gain on disposal of property, plant and equipment	3,584	-	-	-
Realised gain on foreign exchange	7,944	-	-	-
Interest income	166,587	64,959	-	-
Rental income	291,126	428,612	-	-
	=====	=====	=====	=====

18. Key management personnel compensation

The key management personnel compensations are as follows:

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Directors:				
Allowance	21,000	14,000	21,000	14,000
Fees	144,000	144,000	144,000	144,000
Salaries	456,000	340,560	-	-
Employees' Provident Fund	63,840	53,388	-	-
Benefits in kind	76,000	104,060	-	-
	=====	=====	=====	=====
	760,840	656,008	165,000	158,000

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011

19. Tax expense

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Current tax expense				
- current year	621,905	225,718	-	-
- prior year	57,076	29,007	-	-
	<u>678,981</u>	<u>254,725</u>	-	-
Deferred tax expense				
Origination and reversal of temporary differences	(33,711)	97,550	-	-
Total tax expense	<u>645,270</u>	<u>352,275</u>	-	-
<i>Reconciliation of tax expense</i>				
Profit/(Loss) before tax	5,791,336	5,681,823	1,839,881	(517,470)
Tax at Malaysian tax rate of 25%	1,447,834	1,420,456	459,970	(129,368)
Non-deductible expenses	253,104	148,292	-	129,368
Current year losses for which no deferred tax asset was recognised	1,654,255	724,645	-	-
Utilisation of previously unrecognised tax losses and unabsorbed capital allowance	-	(44,842)	-	-
Taxation exempted	(2,753,835)	(1,898,774)	(459,970)	-
Others	(13,164)	(26,509)	-	-
Under provision in prior years	57,076	29,007	-	-
	<u>645,270</u>	<u>352,275</u>	-	-

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011

20. Earnings per ordinary share

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 December 2011 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding calculated as follows:

	Group	
	2011 RM	2010 RM restated
Profit attributable to ordinary shareholders	4,867,771	5,178,246
	=====	=====
<i>Weighted average number of ordinary shares</i>		
	Group	
	2011 RM	2010 RM restated
At 1 January/31 December	558,200,020	558,200,020
	=====	=====
Basic earnings per ordinary share (sen)	0.87	0.93
	=====	=====
Diluted earnings per ordinary share		
Diluted earnings per ordinary share (sen)	0.87	0.93
	=====	=====

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.

21. Dividends

The following dividend was paid by the Company:

	Group and Company	
	31.12.2011 RM	31.12.2010 RM
Final ordinary - 31 December 2010 (0.1 sen per share)	558,200	-
	=====	=====

A single tier tax exempt final dividend of 0.2 sen per ordinary share totalling RM1,116,400 has been proposed by the Directors for the financial year ended 31 December 2011, for shareholders' approval at the forthcoming Annual General Meeting. The financial statements for the current financial year do not reflect this proposed dividend. Upon approval by the shareholders, the dividend payment will be accounted for as an appropriation of retained earnings during the financial year ending 31 December 2012.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011

22. Operating segments

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:

- Outsourcing and Consulting ("OSD")
The OSD segment covers two main areas: IT infrastructure outsourcing and consultancy and systems integration.
- E-Procurement ("E-Proc")
The E-Proc segment provides procurement management.
- Information and Communication Technologies Distribution ("CDIST")
The CDIST segment provides wireless broadband infrastructure, comprehensive mobile and wireless communications consultancy, and systems development for CDIST and mobile solutions providers and enterprises.
- Information and Communication Technologies Services ("CSERV")
The CSERV segment provides Information and Communication Technologies.
- Satellite-based network services ("SAT")
The SAT segment provides a broad spectrum of satellite-based network solutions, such as managed network, high speed internet, value-added broadband applications and satellite IP Virtual Private Network for the commercial sector and general public.

In the previous year, the Group had segmented based on the following main business segments:

- Information Technology ("IT")
The IT segment covers three main areas: IT infrastructure outsourcing, consultancy and systems integration, and procurement management.
- Information and Communications Technologies ("ICT")
The ICT segment provides wireless broadband infrastructure, comprehensive mobile and wireless communications consultancy, and systems development for ICT and mobile solutions providers and enterprises.
- Satellite-based network services ("SAT")
The SAT segment provides a broad spectrum of satellite-based network solutions, such as managed network, high speed internet, value-added broadband applications and satellite IP Virtual Private Network for the commercial sector and general public.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011

22. Operating segments (continued)

Geographical segments

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

2011	OSD RM	E-PROC RM	CDIST RM	CSERV RM	SAT RM	ELIMINATION RM	Total RM
Total segment revenue	26,959,357	7,462,394	3,674,010	588,849	6,256,777	(870,847)	44,070,540
Segment results	5,989,883	6,537,640	1,317,189	(79,955)	2,475,518	-	16,240,275
Other income							452,933
Other operating expenses							(9,347,006)
Results from operating activities							7,346,202
Investment income							166,587
Finance cost							(1,721,453)
Tax expense							(645,270)
Net profit for the year							5,146,066
							=====
Segment assets	61,341,893	2,989,069	3,348,609	1,285,818	3,922,383	28,280,772	101,168,544
Unallocated assets							33,047
Total assets							101,201,591
							=====
Segment liabilities	32,248,056	-	2,209,331	6,122,620	1,810,100	(7,610,193)	34,779,914
Unallocated liabilities							635,266
Total liabilities							35,415,180
							=====

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011

22. Operating segments (continued)

2010	IT RM	ICT RM	SAT RM	Total RM
<i>Business segments</i>				
Total segment revenue	29,582,240	3,767,387	2,839,473	36,189,100
Segment results	10,707,133	1,022,078	1,396,208	13,125,419
Other income				489,664
Other operating expenses				(6,641,367)
Results from operating activities				6,973,716
Interest income				64,959
Finance cost				(1,356,852)
Tax expense				(352,275)
Net profit for the year				5,329,548
				=====
Segment assets	65,571,458	22,002,553	3,272,915	90,846,926
Unallocated assets				6,787
Total assets				90,853,713
				=====
Segment liabilities	26,948,495	1,327,599	1,307,902	29,583,996
Unallocated liabilities				66,312
Total liabilities				29,650,308
				=====

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011

23. Financial instruments

23.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

- (a) Loans and receivables (L&R);
- (b) Available-for-sale financial assets (AFS); and
- (c) Other financial liabilities measured at amortised cost (OL).

Financial assets	Carrying amount RM	AFS RM	L&R/ (OL) RM
Group			
2011			
Trade and other receivables	18,715,872	-	18,715,872
Available-for-sale financial assets	1,048,879	1,048,879	-
Cash and cash equivalents	8,254,276	-	8,254,276
	<u>28,019,027</u>	<u>1,048,879</u>	<u>26,970,148</u>
=====			
2010			
Trade and other receivables	15,870,918	-	15,870,918
Available-for-sale financial assets	1,026,336	1,026,336	-
Cash and cash equivalents	7,447,662	-	7,447,662
	<u>24,344,916</u>	<u>1,026,336</u>	<u>23,318,580</u>
=====			
Company			
2011			
Trade and other receivables	29,620	-	29,620
Cash and cash equivalents	3,427	-	3,427
	<u>33,047</u>	<u>-</u>	<u>33,047</u>
=====			
2010			
Trade and other receivables	3,250	-	3,250
Cash and cash equivalents	3,537	-	3,537
	<u>6,787</u>	<u>-</u>	<u>6,787</u>
=====			
Financial liabilities			
Group			
2011			
Loans and borrowings	(26,793,779)	-	(26,793,779)
Trade and other payables	(8,074,223)	-	(8,074,223)
	<u>(34,868,002)</u>	<u>-</u>	<u>(34,868,002)</u>
=====			
2010			
Loans and borrowings	(23,284,441)	-	(23,284,441)
Trade and other payables	(6,091,976)	-	(6,091,976)
	<u>(29,376,417)</u>	<u>-</u>	<u>(29,376,417)</u>
=====			
Company			
2011			
Trade and other payables	(635,266)	-	(635,266)
=====			
2010			
Trade and other payables	(1,890,687)	-	(1,890,687)
=====			

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011

23. Financial instruments (continued)

23.2 Financial risk management

The Group and the Company have exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

23.3 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers.

Receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on new customers requiring credit over a certain amount.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position.

As at the end of the reporting period, the Group has significant concentrations of credit risk in the form of outstanding balances due from three customers representing approximately 46%, 13% and 8% of total trade and other receivables respectively.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are measured at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables.

The table below provides information regarding credit risk exposure of the Group:

	Neither past due nor impaired RM	Past due but not impaired RM	Past due and impaired RM	Total RM
31.12.2011				
Trade receivables	11,908,117	5,098,684	299,584	17,306,385
Other receivables	1,709,071	-	-	1,709,071
	13,617,188	5,098,684	299,584	19,015,456
Less: Allowance for impairment loss	-	-	(299,584)	(299,584)
	13,617,188	5,098,684	-	18,715,872

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011

23. Financial instruments (continued)

23.3 Credit risk (continued)

Receivables (continued)

Exposure to credit risk, credit quality and collateral (continued)

	Neither past due nor impaired RM	Past due but not impaired RM	Past due and impaired RM	Total RM
31.12.2010				
Trade receivables	11,551,564	3,086,173	120,173	14,757,910
Other receivables	1,233,181	-	-	1,233,181
	<u>12,784,745</u>	<u>3,086,173</u>	<u>120,173</u>	<u>15,991,091</u>
Less: Impairment loss	-	-	(120,173)	(120,173)
	<u>12,784,745</u>	<u>3,086,173</u>	<u>-</u>	<u>15,870,918</u>

Age analysis of financial assets past due but not impaired

A financial asset is deemed past due when the counterparty has failed to make payments when the outstanding amount is contractually due:

	days past due			Total RM
	< 30 days RM	31 - 120 days RM	> 120 days RM	
31.12.2011				
Trade receivables	678,663	1,272,100	3,147,921	5,098,684
	<u>678,663</u>	<u>1,272,100</u>	<u>3,147,921</u>	<u>5,098,684</u>
31.12.2010				
Trade receivables	873,926	100,839	2,111,408	3,086,173
	<u>873,926</u>	<u>100,839</u>	<u>2,111,408</u>	<u>3,086,173</u>

During the current financial year, the Group had written off RM50,405 (2010 - RM69,468) of trade receivables.

The Group's average credit terms for trade receivables are 90 days. Included in trade receivables past due more than 30 days are amounts due from 7 customers amounting to approximately RM2.4 million. The Directors are of the opinion that these amounts are recoverable based on the following:

- Significant payments have subsequently been received from 5 customers after the reporting date;
- The Directors have made assessments that these customers have the ability to repay the balances outstanding; and,
- The Directors have received correspondence and confirmation that these customers will repay the balances outstanding within agreed timelines.

The Group is involved in the contracting business where the nature is such that the timing of receipts are uncertain for various reasons, including timing of certification of work done and timing of repayment from the main contractor. The Group has entered into a small number of contracts, all of which are monitored individually for completion and payment by the Directors and management. The Directors are confident that, based on their knowledge of payment patterns and subsequent payments received, the Group is able to fully recover the amounts due from its customers.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011

23. Financial instruments (continued)

23.3 Credit risk (continued)

Receivables (continued)

Impairment losses

The movements in the allowance for impairment losses of trade receivables during the financial year were:

	Group	
	2011 RM	2010 RM
At 1 January	120,173	-
Impairment loss recognised	179,411	120,173
At 31 December	<u>299,584</u> =====	<u>120,173</u> =====

The allowance account in respect of trade receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

Intercompany balances

Risk management objectives, policies and processes for managing the risk

The Group provides unsecured loans and advances to related companies. The Company monitors the results of the related companies regularly.

Exposure to credit risk and credit quality

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Impairment losses

As at the end of the reporting period, there was no indication that the loans and advances to the related companies are not recoverable. The Group does not specifically monitor the ageing of the advances to the subsidiaries.

Cash and cash equivalents

Risk management objectives, policies and processes for managing the risk

The Group's short term deposits are placed as fixed rates investments and upon which management endeavours to obtain the best rate available in the market.

Cash and cash equivalents are placed with reputable financial institutions.

Exposure to credit risk and credit quality

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Impairment losses

As at the end of the reporting period, there was no indication that cash and cash equivalents are not recoverable.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011

23. Financial instruments (continued)

23.4 Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet its financial obligations as and when they fall due. The Group's and the Company's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group and the Company maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

Maturity analysis

The table below summarises the maturity profile of the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments.

Group	Carrying amount RM	Effective interest rate %	Contractual cash flows RM	Under 1 year RM	1 - 5 years RM	More than 5 years RM
31.12.2011						
Secured bank loans	26,793,779	6.87%	32,495,852	9,522,876	22,972,976	-
Trade and other payables	8,074,223	-	8,074,223	8,074,223	-	-
	<u>34,868,002</u>		<u>40,570,075</u>	<u>17,597,099</u>	<u>22,972,976</u>	<u>-</u>
	=====		=====	=====	=====	=====
31.12.2010						
Secured bank loans	23,284,441	6.10%	29,279,159	6,216,816	23,062,343	-
Trade and other payables	6,091,976	-	6,091,976	6,091,976	-	-
	<u>29,376,417</u>		<u>35,371,135</u>	<u>12,308,792</u>	<u>23,062,343</u>	<u>-</u>
	=====		=====	=====	=====	=====

23.5 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's financial position or cash flows.

23.5.1 Currency risk

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the functional currency of the Group. The currency giving rise to this risk is primarily U.S. Dollars ("USD").

Risk management objectives, policies and processes for managing the risk

The Group did not hedge any foreign trade receivables or payables denominated in foreign currencies during the year. In respect of other monetary assets and liabilities held in currencies other than Ringgit Malaysia, the Group ensures that the net exposure is kept to an acceptable level.

Currency risk sensitivity analysis

The exposure to currency risk of Group entities is not material and hence, sensitivity analysis is not presented.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011

23. Financial instruments (continued)

23.5 Market risk (continued)

23.5.2 Interest rate risk

The Group's borrowings are not exposed to a risk of change in their fair value due to changes in interest rates. The Group's borrowings are exposed to a risk of change in cash flows due to changes in interest rate. Receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Group does not engage in any hedging activities to manage interest risk fluctuations.

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period were:

	Group		Company	
	2011 RM	2010 RM	2011 RM	2010 RM
Fixed rate instruments				
Deposits placed with licensed banks	4,543,486 =====	4,003,096 =====	- =====	- =====
Floating rate instruments				
Loans and borrowings	26,793,779 =====	23,284,441 =====	- =====	- =====

Interest rate risk sensitivity analysis

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss. The exposure to interest rate risk arising from floating rate instruments is not material. As such, sensitivity analysis is not presented.

23.6 Fair value of financial instruments

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

23.7 Fair value hierarchy

Comparative figures have not been presented for 31 December 2010 by virtue of paragraph 44G of FRS 7.

FRS 7 *Financial Instruments: Disclosures* requires the classification of financial instruments held at fair value according to a hierarchy that reflects the significance of inputs used in making the measurements, in particular, whether the inputs used are observable or unobservable. The following hierarchy is used for determining and disclosing the fair value of financial instruments:

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011

23. Financial instruments (continued)

23.7 Fair value hierarchy (continued)

- Level 1 - quoted market prices: quoted prices (unadjusted) in active markets for identical instruments;
- Level 2 - valuation techniques based on observable inputs: inputs other than quoted prices included within Level 1 that are observable for the instrument, whereby directly (ie. Prices) or indirectly (ie. Derived from prices), are used; and,
- Level 3 - valuation techniques using significant unobservable inputs: inputs used are not based on observable market data and the unobservable inputs have a significant impact on the instrument's valuation.

The following table shows the Group's financial instruments which are measured at fair value at the reporting date analysed by level within the fair value hierarchy:

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2011				
Financial assets				
Available-for-sale financial assets	-	-	1,048,879	1,048,879
	=====	=====	=====	=====

The following table shows a reconciliation from the beginning balance to the ending balance for fair value measurements in Level 3 of the fair value hierarchy:

	2011 RM
At 1 January	1,026,336
Additions	27,403
Change in fair value	(4,860)
At 31 December	1,048,879
	=====

The change in fair value has been recognised in other comprehensive income.

24. Capital management

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and determine to maintain an optimal debt-to-equity ratio that complies with regulatory requirements.

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NOTES TO THE FINANCIAL STATEMENTS

31 December 2011

24. Capital management (continued)

The debt-to-equity ratios at 31 December 2011 and at 31 December 2010 were as follows:

	Group	
	2011 RM	2010 RM
Total loans and borrowings (Note 14)	26,793,779	23,284,441
Less: Cash and cash equivalents (Note 12)	(8,254,276)	(7,447,662)
Net debt	18,539,503	15,836,779
	=====	=====
Total equity	65,786,411	61,203,405
	=====	=====
Debt-to-equity ratio	0.28	0.26
	=====	=====

Under the requirement of Bursa Malaysia Guidance Note No. 3, the Company is required to maintain a consolidated shareholders' equity equal to or not less than the 25 percent of the issued and paid-up capital (excluding treasury shares). The Company has complied with this requirement.

25. Operating leases

Leases as lessor

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

	Group	
	31.12.2011 RM	31.12.2010 RM
Less than one year	291,126	358,390
	=====	=====

26. Related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group 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 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 include all the Directors of the Group.

27. Subsequent events

- 27.1 On 27 December 2011, the Company entered into a Share Sale Agreement with Sir Robert John Madejski (the "Vendor") for the proposed acquisition of approximately 70% of the equity interest in Rentwise Sdn. Bhd. ("Rentwise") comprising 676,666 existing ordinary shares of RM1.00 each from the Vendor in Rentwise ("Sale Shares") for a total cash consideration of RM1.00. The Share Sale Agreement ("Share Sale Agreement") is conditional upon certain conditions precedent being met within one hundred and twenty (120) days from the date of the Share Sale Agreement ("Cut-off Date") or such extended date as the parties may mutually agree to in writing. As at the date of this report, the Company has decided not to pursue the Share Sale Agreement.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011

27. Subsequent events (continued)

27.2 On 20 April 2012, the Company issued a letter of offer to purchase from AWC Berhad and the two minority shareholders of Infinite QL Sdn. Bhd. (collectively the "Vendors") 51% equity interest in Infinite QL Sdn. Bhd. ("Infinite QL") comprising 2,448,000 ordinary shares of RM1.00 each at the total purchase consideration of RM500,000. The offer will remain open for acceptance by the shareholders of Infinite QL for a period of seven (7) calendar days from 20 April 2012 ("Acceptance Period") and will lapse if the offer is not taken up within the stipulated period. The offer to purchase is conditional upon inter alia, the successful completion of a due diligence exercise on Infinite QL and approval of the board of Directors and shareholders of the Company, if required. As at the date of this report, the offer is still under the Acceptance Period and the shareholders of Infinite QL have yet to accept the offer.

28. Contingencies

On 21 July 2011, the Group was served with a notice to attend a mention on 15 September 2011 at the Kuala Lumpur Industrial Court for an industrial court case. The case involves a claim of wrongful dismissal by a former employee, and the seeking of reinstatement to his former position/employment with the Group.

The Directors are of the opinion that the Group has reasonable defence against the claim and provisions are not required in respect of this matter, as it is not probable that any future sacrifice of economic benefits will be required.

29. Capital commitment

	Group	
	31.12.2011	31.12.2010
	RM	RM
Plant and equipment		
Authorised but not contracted for	870,102	12,623,380
	=====	=====

30. Significant change in accounting policy

30.1 IC Interpretation 4 - Determining whether an Arrangement contains a Lease

The Group applied IC Interpretation 4 - *Determining whether an Arrangement contains a Lease* ("IC 4") which became effective on 1 January 2011. According to IC 4, an entity may enter into an arrangement that does not take the legal form of a lease but conveys a right to use an asset in return for a payment or series of payments. The Group has identified certain contracts that fall under IC 4 and have accounted for these contracts as leases in accordance with FRS 117 - *Leases*. The application of IC 4 is considered a change in accounting policy and has been applied retrospectively. The comparatives have been restated as disclosed in Note 30.2.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011

30. Significant change in accounting policy (continued)

30.2 Comparative figures

Following the adoption of IC 4, the following comparatives have been restated:

	31.12.2010		1.1.2010	
	As restated RM	As previously stated RM	As restated RM	As previously stated RM
Statements of financial position				
Intangible assets	40,761,873	47,282,783	42,787,048	51,478,402
Trade and other receivables	15,120,918	9,337,301	17,547,741	10,082,812
Reserves	5,028,013	5,765,306	(175,646)	1,050,779
	=====	=====	=====	=====

	Group	
	As restated RM	As previously stated RM
Statement of comprehensive income for the year ended 31 December 2010		
Revenue	36,189,100	37,870,412
Cost of sales	(23,063,681)	(25,234,125)
Gross profit	13,125,419	12,636,287
	=====	=====

NOTES TO THE FINANCIAL STATEMENTS

31 December 2011

31. Supplementary information on the breakdown of realised and unrealised profits or losses

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits or losses.

On 20 December 2010, Bursa Malaysia further issued another directive on the disclosure and the prescribed format of presentation.

The breakdown of the retained earnings of the Group and of the Company as at 31 December 2011, into realised and unrealised profits, pursuant to the directive, is as follows:

	Group		Company	
	31.12.2011 RM	31.12.2010 RM restated	31.12.2011 RM	31.12.2010 RM
Total retained earnings/ (accumulated losses) of the Company and its subsidiaries:				
- realised	(4,234,702)	(8,238,202)	397,779	(917,072)
- unrealised	277,289	110,963	-	33,170
	<u>(3,957,413)</u>	<u>(8,127,239)</u>	<u>397,779</u>	<u>(883,902)</u>
Add: Consolidation adjustments	13,269,584	13,129,839	-	-
Total retained earnings/ (accumulated losses)	<u>9,312,171</u>	<u>5,002,600</u>	<u>397,779</u>	<u>(883,902)</u>
	=====	=====	=====	=====

The determination of realised and unrealised profits is based on the Guidance of Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by Malaysian Institute of Accountants on 20 December 2010.

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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 28 to 71 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 2011 and of their financial performance and cash flows for the year then ended.

In the opinion of the Directors, the information set out in Note 31 to the financial statements has been compiled in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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

Datuk Ali bin Abdul Kadir
Director

Puvanesan a/l Subenthiran
Director

Petaling Jaya,

Date: 25 April 2012

STATUTORY DECLARATION

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

I, Yap Wai Yin, the officer primarily responsible for the financial management of Privasia Technology Berhad, do solemnly and sincerely declare that the financial statements set out on pages 28 to 72 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 Kuala Lumpur on 25 April 2012.

Yap Wai Yin

Before me:

Commissioner for Oaths

Kuala Lumpur

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 statements of financial position as at 31 December 2011 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 28 to 71.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 about 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 judgement, 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 entity's preparation of financial statements that give a true and fair view 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 entity'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 2011 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 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.
- (c) 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.

INDEPENDENT AUDITORS' REPORT

to the members of Privasia Technology Berhad

Other Reporting Responsibilities

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 31 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not required by the Financial Reporting Standards. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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

Peter Ho Kok Wai

Approval number: 1745/12/13(J)
Chartered Accountant

Petaling Jaya

Date: 25 April 2012

ANALYSIS OF SHAREHOLDINGS

as at 26 April 2012

Analysis by Size of Shareholdings as at 26 April 2012

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shareholdings
Less than 100	8	0.43	400	0.00
100 - 1,000	82	4.34	58,400	0.01
1,001 - 10,000	621	32.89	3,773,000	0.67
10,001 - 100,000	859	45.50	40,283,500	7.22
100,001 - 27,910,000 *	314	16.63	257,144,600	46.07
27,910,001 and above **	4	0.21	256,940,120	46.03
Total	1,888	100.00	558,200,020	100.00

Note: * Less than 5% of issued holdings

** 5% and above of issued holdings

List of Substantial Shareholders (5% and above) as at 26 April 2012

Nos.	Names of Substantial Shareholders	No. of Shares	%
1	Anyotech Sdn Bhd	79,713,220	14.28
2	Radiant Principles Sdn Bhd	76,836,300	13.77
3	Pancarhithran Sdn Bhd	71,172,500	12.75
4	Mohd Aqliff Shane Abdullah <i>Share held through:-</i> <i>Individual Account : 29,218,100</i> <i>Individual Account : 15,611,000</i> <i>Alliancegroup Nominees (Tempatan) Sdn. Bhd. : 10,500,000</i>	55,329,100	9.91

List of Directors' Shareholding as at 26 April 2012

Nos.	Names of Directors	Direct	%	Indirect	%
1	Datuk Ali Bin Abdul Kadir <i>Share held through:-</i> <i>Individual Account : 1,525,000</i> <i>Aminvestment Bank Berhad : 12,521,400</i> <i>CLMSEC Nominees (Tempatan) Sdn. Bhd. : 4,484,000</i>	18,530,400	3.32	1,666,666	0.30
2	Puvanesan A/L Subenthiran	15,981,400	2.86	150,885,720	27.03
3	Andre Anthony A/L Hubert Rene	12,281,400	2.20	156,549,520	28.05
4	Brian Wong Wye Pong	500,000	0.09	-	-
5	Asgari Bin Mohd Fuad Stephens	-	-	4,000,000	0.72
6	Mohd Aqliff Shane Abdullah <i>Share held through:-</i> <i>Individual Account : 29,218,100</i> <i>Individual Account : 15,611,000</i> <i>Alliancegroup Nominees (Tempatan) Sdn. Bhd. : 10,500,000</i>	55,329,100	9.91	-	-

ANALYSIS OF SHAREHOLDINGS

as at 26 April 2012

List of Thirty (30) Largest Securities Account Holders as at 26 April 2012

No	Names	Shareholdings	%
1.	Anyotech Sdn. Bhd.	79,713,220	14.28
2.	Radiant Principles Sdn. Bhd.	76,836,300	13.77
3.	Pancarhitan Sdn. Bhd.	71,172,500	12.75
4.	Mohd Aqliff Shane Abdullah	29,218,100	5.23
5.	Ulaganathan A/L Muthu Pandithan	21,000,000	3.76
6.	Puvanesan A/L Subenthiran	15,981,400	2.86
7.	Mohd Aqliff Shane Abdullah	15,611,000	2.80
8.	Eminent Access Sdn. Bhd.	13,604,700	2.44
9.	AmBank (M) Berhad Pledged Securities Account for Ali Bin Abdul Kadir (SMART)	12,521,400	2.24
10.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Mohd Aqliff Shane Abdullah (8080710)	10,500,000	1.88
11.	Andre Anthony A/L Hubert Rene	10,223,400	1.83
12.	Kee Ku Huak	5,531,700	0.99
13.	Chan Fook Ling	5,500,000	0.99
14.	Ashok A/L Panchalingam	5,000,000	0.90
15.	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB for Ali Bin Abdul Kadir (PB)	4,484,000	0.80
16.	ECML Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lim Yeow Kim (MG0000137)	3,736,400	0.67
17.	Suntharam A/L Subramaniam	3,600,000	0.64
18.	Tee Leok Twan	2,850,000	0.51
19.	Shaiful Zahrin Bin Subhan	2,846,900	0.51
20.	Firmansyah Aang Bin Muhamad	2,846,900	0.51
21.	Lim Moi Moi	2,700,000	0.48
22.	Choo Poi Kee	2,523,000	0.45
23.	Lee Hor Yin	2,220,000	0.40
24.	Gan Ah Ee @ Gan Chong Ho	2,200,000	0.39
25.	Andre Anthony A/L Hubert Rene	2,058,000	0.37
26.	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB Bank for Salbiah Binti Shuib (MM0641)	2,000,000	0.36
27.	TA Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Wan Heng Chee	2,000,000	0.36
28.	Lim Kian @ Lim Chow Yang	2,000,000	0.36
29.	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB Bank for Rahimah Stephens (MM11078)	2,000,000	0.36
30.	Chua Choo Pee	1,690,100	0.30

PROPERTY OF THE GROUP

Location	Description/ Existing use	Built up area of building (sq.m.)	Age of building (years)	Tenure	Net book value as 31.12.11	Date of Acquisition
Privasia Sdn. Bhd.						
Unit C-21-01 to 07, 3 Two Square, No.2, Jalan 19/1, 46300 Petaling Jaya, Selangor Darul Ehsan.	1st Floor :		4	99 years	11,926,662	28.03.2008
	Retail Lot - Tenanted	167		lease		
	2nd floor :			expiring in		
	Office Building - Tenanted	364		06.09.2106		
Master title held under : PN50495, Lot 103, Seksyen 36, Bandar Petaling Jaya, Unit C-21-02, 3 Two Square, No.2, Jalan 19/1, 46300 Petaling Jaya, Selangor Darul Ehsan.	3rd Floor :					
	Office Building - Vacant	364				
	3A - 7th Floor :					
	Office Building - occupied by Owner	364				

APPENDIX 1

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY TO COMPLY WITH THE RECENT AMENDMENTS MADE TO CHAPTER 7 OF THE ACE MARKET LISTING REQUIREMENTS EFFECTIVE 3 JANUARY 2012

Existing Article No.	Existing Article	Proposed Article No.	Proposed New Article
2	NIL	Insertion of New Article 2(1)(zf)	"An exempt authorised nominee" means an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
16(2)	No Director shall participate in an issue of shares to employees unless Members in general meeting have approved the specific allotment to such Director	Amendment of Article 16(2)	No Director shall participate in a Share Issuance Scheme unless Members in general meeting have approved the specific allotment to such Director
103	A Member may appoint not more than 2 (two) proxies to attend on the same occasion. A proxy need not be a Member and the provisions of Section 149(1)(b) of the Act shall not apply to the Company. If a Member appoints 2 proxies, the appointments shall be invalid unless he specifies the proportions of his holding to be represented by each proxy. Where a Member is an authorised nominee as defined under the Central Depositories Act, it may appoint at least 1 proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.	Amendment of Article 103	A Member may appoint not more than 2 (two) proxies to attend on the same occasion. If a Member appoints 2 proxies, the appointments shall be invalid unless he specifies the proportions of his holding to be represented by each proxy. A member of a Company entitled to attend and vote at a meeting of a Company, or at a meeting of any class of members of the Company, shall be entitled to appoint any person as his proxy to attend and vote instead of the member at the meeting. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a meeting of a Company shall have the same rights as the member to speak at the meeting.
		Insertion of New Article 103(1)	Where a Member is an authorised nominee as defined under the Central Depositories Act, it may appoint at least 1 proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
		Insertion of New Article 103(2)	Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.

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AFFIX
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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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