

CYBERTOWERS BERHAD (385635-V)
QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31TH AUGUST
2010

A **NOTES TO THE INTERIM FINANCIAL REPORT**

A1 **Basis of preparation**

The interim financial report is unaudited and has been prepared in accordance with the requirements of Financial Reporting Standards ("FRS") 134 "Interim Financial Reporting" and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") for the ACE Market ("**ACE**"), and should be read in conjunction with the Company's audited financial statements for the financial year ended 31 August 2009.

These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Company since the financial year ended 31 August 2009.

A2 **Changes in Accounting Policies**

The significant accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted in the financial statements for the financial year ended 31 August 2009, except for the adoption of FRS 8, Operating Segments. The adoption of FRS 8 does not have any significant financial impact on the results.

A3 **Audit report of preceding annual financial statements**

The preceding year annual audited financial statements were not subject to any qualification.

A4 **Seasonal or cyclical factors**

The Company's operations were not subject to any seasonal or cyclical changes.

A5 **Unusual items affecting assets, liabilities, equity, net income or cash flows**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Company since the last annual audited financial statements.

A6 **Material changes in estimates**

There were no changes in estimates of amounts reported in prior financial years, which have a material effect in the current financial quarter.

A7 **Debt and equity securities**

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial quarter.

A8 **Dividend paid**

No dividends have been declared or paid in this quarter.

A9 Segment information

There is no segment information to be disclosed as the principal activity of the Company is in a single industry and located solely in Malaysia.

A10 Valuation of property, plant and equipment

There were no changes in the valuation of the property, plant and equipment reported in the previous audited financial statements that will have effect in the current financial quarter under review.

A11 Material events subsequent to the end of the quarter

There were no material events subsequent to the current financial quarter ended 31 August 2010 up to the date of this report, which is likely to substantially affect the results of the operations of the Company.

A12 Changes in the composition of the Company

There were no changes in the composition of the Company for the current financial quarter.

A13 Contingent liabilities and Capital commitments

There were no material contingent liabilities and capital commitments as at the date of this announcement.

A14 Significant Related Party Transaction

There were no significant related party transactions as at the date of this announcement.

B ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LISTING REQUIREMENTS

B1 Review of performance

For the current quarter ended 31 August 2010, the Company recorded revenue of RM0.903 million and a loss before tax of RM0.266 million compared to RM2.404 million in revenue and RM0.635 million in profit before tax for the preceding year corresponding quarter ended 31 August 2009. The decrease in revenue was due to less project sales in the current quarter.

B2 Material variation of results against preceding quarter

Loss before tax for the current quarter was RM0.266 million compared to preceding quarter ended 31 August 2009 profit before tax is RM0.635 million. This is mainly attributable to decrease in sales of device and lower profit margins.

B3 Prospects

The Board expects that the intense competition in the automatic vehicle locating system market may continually affect the Company's operating

performance in the year 2010. Barring unforeseen circumstances, the Board hopes that the next financial quarter's prospect would improve further compared to the current year.

B4 Variance from profit forecast and profit guarantee

The Company did not announce any profit forecast and profit guarantee during the financial quarter.

B5 Taxation

There is no taxation on the principal activities as the Company was granted pioneer status, which exempts its income from its tracking business. The exemption period is 5 years commencing from 5 January 2001. The Company has submitted an application for an extension of the pioneer status on 10 December 2005 and approval has been obtained in May 2006. As such the exemption period is extended for a further 5 years. Provision of taxation is provided for interest income and it is subject to agreement with the Inland Revenue Board.

B6 Unquoted investments and properties

There were no acquisition or disposal of unquoted investments and properties during the financial quarter ended 31 August 2010.

B7 Quoted securities

There was no acquisition or disposal of quoted securities for the financial quarter ended 31 August 2010.

B8 Status of corporate proposals

There were no corporate proposals announced but not completed as at the date of this announcement.

B9 Group's borrowings and debt securities

The company's secured borrowings as at end of the reporting quarter are as follows:-

	Short-Term <u>RM '000</u>	Long Term <u>RM'000</u>
Hire Purchase	17	5

B10 Off balance sheet financial instruments

There was no financial instrument with off-balance sheet risk as at the date of this announcement.

B11 Material litigationHigh Court Civil Suit : D5(IP)-22-42-2009

The Plaintiff has on 24 September 2010 withdrawn the above matter against the Defendant without order as to costs. The full trial dates fixed on 24 Jan 2011, 25 Jan 2011 and 26 Jan 2011 has been vacated.

Session Court Criminal Case :- MS1-63-9-2009

The Court has fixed a mention date on 22 November 2010 pending issuance of non objection letter from BSA's solicitors to the Enforcement officer.

B12 Dividends

No dividends have been declared or paid in this quarter.

B13 Earnings per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTERS	
	Current Year Qtr	Preceding Year Qtr	Current Year To Date	Preceding Year To Date
	31/08/2010 (Unaudited)	31/08/2009 (Audited)	31/08/2010 (Unaudited)	31/08/2009 (Audited)
(a) Basic earnings per share				
Net Profit/(loss) for the period (RM'000)	(266)	635	(198)	(797)
Weighted average number of ordinary shares issued	100,000,000	100,000,000	100,000,000	100,000,000
Basic earnings per share (sen)	(0.27)	0.64	(0.20)	(0.80)
(b) Diluted earnings per share	N/A	N/A	N/A	N/A