

**CYBERTOWERS BERHAD (385635-V)**  
**QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 31 MAY 2011**

**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 2010.

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 2010.

**A2**      **Changes in Accounting Policies**

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 August 2010 except for the adoption of new FRSs, amendments to FRSs and IC interpretations (IC) which are relevant to its operations and effective for the financial period beginning on or after 1 September 2010. The adoption of these FRSs do not have significant impact on the results and the financial position of the Group except for the adoption of the following FRSs:

(a) FRS 101 - Presentation of Financial Statements

The revised standard prohibits the presentation of items of income and expenses (that is "non-owner changes in equity") in the statement of changes in equity, requiring "non-owner changes equity" to be presented separately from owner changes in equity. All non-owner changes in equity are required to be shown in the statement of comprehensive income which can be shown as a single statement or two statements (comprising the income statement and statement of comprehensive income). The Group has elected to present the statement of comprehensive income in a single statement. Comparatives have been restated to conform with current period presentation.

**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 May 2011 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 May 2011, the Company recorded revenue of RM1.016 million and a profit before tax of RM0.118 million compared to RM1.012 million in revenue and a profit before tax of RM0.113 million for the preceding year corresponding quarter ended 31 May 2011. There was no material change in revenue and profit before tax between these two periods.

**B2**      **Material variation of results against preceding quarter**

For the quarter ended 31 May 2011, the company recorded a profit before tax of RM0.118 million compared to a loss before tax of RM0.012 million for the immediate preceding quarter ended 28 February 2011. This is mainly attributable to increase in sales of devices.

**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 ending 31 August 2011.

**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 May 2011.

**B7**      **Quoted securities**

There was no acquisition or disposal of quoted securities for the financial quarter ended 31 May 2011.

**B8 Status of corporate proposals**

PM Securities Sdn Bhd had on behalf of the Company, on 31 May 2011, announced on the proposed exemption from a mandatory offer obligation for Sierra Broadway Sdn Bhd and person acting in concert with it as a result of an acquisition of ordinary shares of RM0.10 each in the Company. There were no other corporate proposals.

**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	9	0

**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 litigation**

DPP Vs Cybertowers - Summon No. :- MS1-63-9-09

DPP has withdrawn all the charges against Cybertowers and no legal action pending for this case.

**B12 Dividends**

No dividends have been declared or paid in this quarter.

**B13 Earnings per share**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Qtr 31/05/2011	Preceding Year Qtr 31/05/2010	Current Year to date 31/05/2011	Preceding Year Period 31/05/2010
<b>(a) Basic earnings per share</b>				
Net Profit/(loss) for the period (RM'000)	(118)	113	(11)	78
Weighted average number of ordinary shares issued	100,000,000	100,000,000	100,000,000	100,000,000
Basic earnings per share (sen)	(0.12)	0.11	(0.01)	0.08
<b>(b) Diluted earnings per share</b>	N/A	N/A	N/A	N/A