

CYBERTOWERS BERHAD (385635-V)
QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 AUGUST 2012

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 Group's audited financial statements for the financial year ended 31 August 2011.

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 Group since the financial year ended 31 August 2011.

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 2011 except for the adoption of the following amendments to FRSs, and IC interpretations (IC) that are effective for the financial period beginning on or after 1 January 2011 and 1 July 2011:

i) Amendments to FRSs and Interpretations

- Amendments to FRS 1: Limited Exemption from Comparative FRS 7 Disclosures for first-time Adopters
- Amendments to FRS 1: Additional Exemptions for first-time Adopters
- Amendments to FRS 1: First-time Adoption of Financing Reporting Standards [Improvements to FRS (2010)]
- Amendments to FRS 2: Group Cash-settled Share-based Payment Transactions
- Amendments to FRS 3: Business Combinations [Improvements to FRS (2010)]
- Amendments to FRS 7: Improving Disclosures about Financial Instruments
- Amendments to FRS 7: Financial Instruments: Disclosures [Improvements to FRS (2010)]
- Amendments to FRS 101: Presentation of Financial Statements [Improvements to FRS (2010)]
- Amendments to FRS 121: The Effects of Changes in Foreign Exchange Rates [Improvements to FRS (2010)]
- Amendments to FRS 128: Investments in Associates [Improvements to FRS (2010)]
- Amendments to FRS 131: Interests in Joint Ventures [Improvements to FRS (2010)]
- Amendments to FRS 132: Financial Instruments: Presentation [Improvements to FRS (2010)]
- Amendments to FRS 134: Interim Financial Reporting [Improvements to FRS (2010)]
- Amendments to FRS 139: Financial Instruments: Recognition and Measurement [Improvements to FRS (2010)]

A2 Changes in Accounting Policies (continued)

i) Amendments to FRSs and Interpretations (continued)

IC Interpretation 4: Determining whether an Arrangement contains a Lease

Amendments to IC Interpretation 13: Customer Loyalty Programmes

[Improvements to FRS (2010)]

IC Interpretation 18: Transfer of Assets from Customers

Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement

IC Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments

The adoption of the above Amendments to FRSs and IC Interpretations do not have any material impact on the financial statements of the Group.

ii) IC Interpretations and Amendments to FRS issued but not yet effective for the Group

IC Interpretation 15: Agreements for the Construction of Real Estate

Amendments to FRS 124: Related Party Disclosure

The Group plan to adopt the above pronouncements when they become effective in the respective financial period. These pronouncements are expected to have no significant impact to the financial statements of the Group upon their initial application.

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 Group'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 Group 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

Segment information is presented in respect of the Group's business segments, which reflect the Group's internal reporting structure that are regularly reviewed by the Group's chief operating decision maker for the purposes of allocating resources to the segment and assessing its performance.

For management purposes, the Group is organised into the following operating divisions:

Tracking Solution: developing and operating an internet based automatic vehicle locating system using satellite and wireless telecommunication solutions.

Hosting services: operating the hosting services

Segmental Revenue and Results

Segment information for the 12 months ended 31 August 2012 was as follows:

	Tracking RM'000	Hosting RM'000	Total RM'000
Segment revenue			
Sale to external customers	<u>5,763</u>	<u>6,902</u>	<u>12,665</u>
Segment results	1,366	(5)	1,361
Interest income			12
Unallocated gains			579
Finance costs			<u>(1)</u>
			<u>1,951</u>

Geographical Information

The Group's revenue from continuing operations from external customers and information about its non-current assets by geographical location information for the 12 months ended 31 August 2012 are as follows:

	Revenue RM'000	Non-current assets RM'000
Malaysia	725	1,961
Hong Kong	11,940	-
United States	<u>-</u>	<u>7,036</u>
	<u>12,665</u>	<u>8,997</u>

During the year ended 31 August 2011, there was no segment information needed to be disclosed.

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 2012 up to the date of this report, which is likely to substantially affect the results of the operations of the Group.

A12 Changes in the composition of the Group

On 16 July 2012, the Company had acquired a new wholly-owned subsidiary company in Malaysia, namely Pioneer Streams Consolidated Sdn. Bhd. ("Pioneer") at a consideration of RM200,000. Pioneer is a MSC Malaysia status company, incorporated in Malaysia with the paid up capital of RM100,000. The principal activity is to carry on the business of fleet management and GPS tracking system. The Acquisition is not expected to have any material effect on the earnings, net assets or gearing of the Group for the financial year ending 31 August 2012.

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 2012, the Group recorded revenue of RM2.8 million and a loss before tax of RM0.29 million compared to RM1.5 million in revenue and a profit before tax of RM0.142 million for the preceding year corresponding quarter ended 31 August 2011. The significantly increase in revenue was mainly due to increase in sales to new and existing customers in the current quarter.

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

For the quarter ended 31 August 2012, the Group recorded a loss before tax of RM0.29 million compared to a profit before tax of RM0.142 million for the preceding quarter ended 31 August 2011. The loss before tax incurred was mainly due to the written off of the Group's property, plant, equipment of RM381,000 in the current quarter.

B3 **Prospects**

Although the loss before tax incurred in the current quarter, the operating results for the financial year ended 31 August 2012 had been improved significantly. In coming future, the Board would continue to focus on improving processes for efficiencies gains and costs containments, effective deployment of financial resources to optimise returns, increase market share and undertake other measures. The Board hopes that the next financial quarter's prospect would continue to improve further.

B4 **Variance from profit forecast and profit guarantee**

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

B5 **Taxation**

During this quarter, no provision for taxation was needed to be provided as the Group had adequate unabsorbed tax losses brought forward from previous year to offset the profit incurred in current quarter.

B6 Unquoted investments and properties

There were no acquisition or disposal of unquoted investments and properties during the financial quarter ended 31 August 2012.

B7 Quoted securities

There was no acquisition or disposal of quoted securities for the financial quarter ended 31 August 2012.

B8 Status of corporate proposals

In relation to the multiple proposals of CyberTowers Berhad (I) Proposed Share Premium Reduction; (II) Proposed Par Value Reduction; (III) Proposed Increase in Authorised Share Capital; (IV) Proposed M&A Amendments; (V) Proposed Private Placement; (VI) Proposed Rights Issue of ICULS; And (VI) Proposed Diversification, announced on 17 November 2011 and 21 December 2011, the Group had deliberated on the proposals and considered, amongst others, the financial performance of the Group achieved in the current financial year ended 31 August 2012. On 23 August 2012, the Group announced and had resolved not to proceed with the proposals.

B9 Group's borrowings and debt securities

The amount due to a substantial shareholder is interest-free, unsecured and the repayable schedule is as follows:

- RM3,765,000 is repayable on demand
- RM1,500,000 is agreed not to be repaid within one year

Other than the amount due to a substantial shareholder, the Group did not have any borrowings and debt security.

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

There was no material litigation in this quarter.

B12 Dividends

No dividends have been declared or paid in this quarter.

B13 Earnings per share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Qtr 31/08/2012	Preceding Year Qtr 31/08/2011	Current Year to date 31/08/2012	Preceding Year Period 31/08/2011
(a) Basic earnings per share				
Net Profit/(loss) for the period (RM'000)	(290)	142	1,951	130
Weighted average number of ordinary shares issued	100,000,000	100,000,000	100,000,000	100,000,000
Basic earnings per share (sen)	(0.29)	0.14	1.95	0.13
(b) Diluted earnings per share	N/A	N/A	N/A	N/A