

**CYBERTOWERS BERHAD (385635-V)**  
**QUARTERLY REPORT FOR THE FIFTH QUARTER ENDED 30 NOVEMBER 2014**

**A NOTES TO THE INTERIM FINANCIAL REPORT**

**A1 Basis of preparation**

The interim financial reports have been prepared in accordance with the Malaysian Financial Reporting Standards (“MFRS”) 134, Interim Financial Reporting and Rule 9.22 of Bursa Malaysia Securities Berhad (“Bursa Securities”) Listing Requirements for the ACE Market. The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended (“FYE”) 31 August 2013.

The explanatory note attached to the interim financial statements provides an explanation of events and transaction that are significant to an understanding of the changes in the financial position and performance of the Group since the FYE 31 August 2013.

The accounting policies and methods of computation adopted in these interim financial statements of the Company and its subsidiaries (“The Group”) are consistent with those adopted for the annual audited financial statements for the FYE 31 August 2013.

**A2 Changes in Accounting Policies**

The significant accounting policies and computation methods are consistent with those adopted for the year ended 31 August 2013 except for the adoption of the following new and revised MFRSs, amendments to MFRSs and IC interpretation by the Group with the effective from 1 January 2013.

MFRS 10 Consolidated Financial Statements

MFRS 11 Joint Arrangements

MFRS 12 Disclosure of Interests in Other Entities

MFRS 13 Fair Value Measurement

MFRS 119 Employee Benefits (2011)

MFRS 127 Separate Financial Statements (2011)

MFRS 128 Investment in Associates and Joint Ventures (2011)

IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine

Amendments to MFRS 7 Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities

Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards – Government Loans

Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2009-2011 Cycle)

Amendments to MFRS 101 Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)

## **A2 Changes in Accounting Policies (Continued)**

Amendments to MFRS 116 Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)

Amendments to MFRS 132 Financial Instruments: Presentation (Annual Improvements 2009-2011 Cycle)

Amendments to MFRS 134 Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)

Amendments to MFRS 10 Consolidated Financial Statements: Transition Guidance

Amendments to MFRS 11 Joint Arrangements: Transition Guidance

Amendments to MFRS 12 Disclosure of Interests in Other Entities: Transition Guidance

The adoption of the abovementioned MFRSs, Amendments to MFRSs and IC Interpretations will have no impact on the financial statements of the Group.

At the date of authorization of these interim financial statements, the Group has not early adopted the following accounting standards that have been issued by the Malaysian Accounting Standards Board:

### **Amendments to MFRSs effective 1 January 2014**

MFRS 10, 12 and 127 Consolidated Financial Statements, Disclosure of Interests in Other Entities and Separate Financial Statements: Investment Entities  
MFRS 132 Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities

MFRS 136 Recoverable Amount Disclosure for Non-Financial Assets

MFRS 139 Novation of Derivatives and Continuation of Hedging

### **IC Interpretation effective 1 January 2014**

IC Interpretation 21 Levies

### **MFRSs issued but the effective date to be confirmed subsequently**

MFRS 9 (IFRS 9 (2009)) Financial Instruments (IFRS 9 issued by IASB in November 2009)

MFRS 9 (IFRS 9 (2010)) Financial Instruments (IFRS 9 issued by IASB in October 2010)

### **Amendment to MFRSs issued but the effective date to be confirmed subsequently**

MFRS 7 Financial Instruments: Disclosures - Mandatory Date of MFRS 9 and Transition Disclosures

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

The auditors' report on the financial statements for the financial year ended 31 August 2013 contains a qualified opinion by the external auditors.

**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 year, 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: provision of internet hosting services to internet content providers.

**Segmental Revenue and Results**

Segment information for the fifth quarter ended 30 November 2014 was as follows:

	Three months ended 30-Nov-14			fifteen months ended 30-Nov-14		
	Tracking RM'000	Hosting RM'000	Total RM'000	Tracking RM'000	Hosting RM'000	Total RM'000
<b>Segment Revenue</b>						
Sale to external customers	8	0	8	97	96	193
<b>Segment Results</b>	<b>(3,366)</b>	<b>(157)</b>	<b>(3,522)</b>	<b>(126)</b>	<b>(7,014)</b>	<b>(7,141)</b>
Interest income			-			1
Unallocated gains			3			36
Gain on disposal of subsidiary			456			456
			<u>(3,063)</u>			<u>(6,648)</u>

**A9 Segment information (Cont'd)**

**Segmental Revenue and Results (Cont'd)**

No segment information for the fifth quarter ended 30 November 2013 as the financial year end has been changed from 31 August to 31 December.

**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 30 November 2014 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**

There were no changes in the composition of the Group during the current 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 fifth quarter ended 30 November 2014, the Group recorded revenue of RM0.039 million and a pre-tax loss of RM3.063 million. There is no preceding year corresponding period comparison due to the change in the financial year end from 31 August to 31 December, as announced on 31 July 2014.

The cumulative revenue and pre-tax loss for the fifth quarter ended 30 November 2014 read as RM0.193 million and RM6.648 million respectively.

For the current fifth quarter ended 30 November 2014, the Group reported a loss before tax of RM3,063 million compared to the immediate preceding quarter ended 31 August 2014 loss before tax of RM0.57 million. The higher loss was mainly due to impairment of tangible assets of RM2.862 million.

**B2** **Prospects**

During the current quarter, there is no improvement in operating results for the financial period ended 30 November 2014. Immediate emphasis is on the need for the Group to seek new revenue streams whilst improving the existing businesses.

The Board is mindful of the challenges facing by the Group and is working diligently to improve its performance.

**B3** **Variance from profit forecast and profit guarantee**

The Group did not provide any profit forecast and profit guarantee and thus this is not applicable to the Group.

**B4** **Taxation**

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

**B5** **Unquoted investments and properties**

There was no acquisition or disposal of unquoted investments and properties during the financial quarter ended 30 November 2014.

**B6** **Quoted securities**

There was no acquisition or disposal of quoted securities for the financial quarter ended 30 November 2014.

**B7** **Status of corporate proposals**

On 5 December 2014, the Company announced the proposed regularisation plan to regulate the financial position of the Company ("Regularisation Plan").

On 30 January 2014, the Company announced the following

- (i) the entry into a supplemental share sale agreement between Cybertowers, Teang Soo Thong and Bsmart Communications Sdn Bhd ("Bcomm");
- (ii) in conjunction with (i), Cybertowers, Bcomm and Teang Soo Thong have entered into a profit guarantee agreement on 30 January 2015; and

(iii) the application for the Regularisation Plan has been submitted to Bursa Securities.

**B8 Group's borrowings and debt securities**

Amount owing to a former shareholder amounting to RM4,605,114. The amount owing is unsecured, interest free and repayable on demand.

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

**B9 Off balance sheet financial instruments**

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

**B10 Material litigation**

There was no material litigation in this quarter.

**B11 Dividends**

No dividends have been declared or paid in this quarter.

**B12 Earnings per share**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Qtr	Preceding Year Qtr	Current Year to date	Preceding Year Period
	30-11-14	30-11-13	30-11-14	30-11-13
<b>(a) Basic earnings per share</b>				
Net loss for the period (RM'000)	(3,063)	(1,870)	(6,648)	N/A
Weighted average number of ordinary shares issued	100,000,000	100,000,000	100,000,000	N/A
Basic loss per share (sen)	(3.06)	(1.87)	(6.65)	N/A
<b>(b) Diluted earnings per share</b>	N/A	N/A	N/A	N/A

As announced on 31 July 2014, the financial year end has been changed from 31 August to 31 December. Hence, there is no comparative figure for the preceding period to date ended 30 November 2013.