

## 7. FINANCIAL INFORMATION

### 7.1 Proforma Consolidated Income Statements

The following is a summary of the audited proforma of the CBS Group's financial performance for the three (3) financial years/period ended 31 December 2001 to 2003 prepared based on the assumption that the current structure of the CBS Group has been existence throughout the period under review.

	<--- Year/Period ended 31 December--->		
	2001*	2002	2003
	RM	RM	RM
Revenue	4,742,740	4,381,420	8,313,476
Gross profit	1,064,785	1,810,485	4,552,660
Profit before depreciation and taxation	385,407	1,077,667	3,836,845
Depreciation	(69,437)	(66,181)	(110,375)
Profit before taxation but after depreciation	315,970	1,011,486	3,726,470
Taxation	(101,915)	(303,000)	(868,243)
Profit after taxation	214,055	708,486	2,858,227
Weighted average number of shares assumed to be issued	67,232,260	67,232,260	67,232,260
Gross EPS (sen)**	0.47	1.50	5.54
Net EPS (sen)***	0.32	1.05	4.25
Dividend rate (%)	-	-	-

*Notes:*

\* For the financial period 19 January 2001 to 31 December 2001.

\*\* The gross EPS has been calculated based on the profit before taxation and on the assumption that the issued and paid-up share capital of CBS of 67,232,260 CBS Shares in issue after the Acquisitions and Share Split but before the Public Issue.

\*\*\* The net EPS has been calculated based on the profit after taxation and on the assumption that the issued and paid-up share capital of CBS of 67,232,260 CBS Shares in issue after the Acquisitions and Share Split but before the Public Issue.

1. There were no extraordinary or exceptional items during the period under review.
2. Revenue for financial year ended 31 December 2001 improved mainly due to projects secured from new clients. Despite the increase in revenue, the profit after taxation has decline mainly due to lower margin strategy adopted to secure more project and to expand client base.

## 7. FINANCIAL INFORMATION (Cont'd)

3. Revenue for financial year ended 31 December 2002 decreased mainly due to the Group's strategy to reduce the rate of maintenance charges in order to maintain good relationship with the customers. Despite the decrease in revenue, the Group has recorded a significant increase in profit after taxation as a result of higher demand for enhancement and upgrading of software solutions projects, which provides for a higher profit margin.
4. Revenue for the financial year ended 31 December 2003 showed a further increase due to continuing growth in the demand for maintenance and enhancement services and the Group's in-house developed software (i.e. Paymate™ Secure Suite). The profit after taxation further improved mainly due to the increase in higher margin projects being secured during the year.

### 7.2 Segmental Analysis of Proforma Turnover and Profit

#### 7.2.1 Turnover

The following tables illustrate the breakdown of the Group's turnover by company and by geographical location:

(i) *Analysis of proforma turnover by company*

	<---Year/Period ended 31 December--->		
	2001 RM	2002 RM	2003 RM
CBS	230,275	-	-
Cyber	4,844,500	5,061,420	7,522,621
Netgen	85,279	796,854	1,117,435
	5,160,054	5,858,274	8,640,056
Less: Consolidated adjustments	(417,314)	(1,476,854)	(326,580)
<b>Total</b>	4,742,740	4,381,420	8,313,476

(ii) *Analysis of proforma turnover by geographical location*

	<---Year/Period ended 31 December--->		
	2001 RM	2002 RM	2003 RM
Malaysia	5,143,884	5,801,068	8,556,965
Singapore	16,170	57,206	83,091
	5,160,054	5,858,274	8,640,056
Less: Consolidated adjustments	(417,314)	(1,476,854)	(326,580)
<b>Total</b>	4,742,740	4,381,420	8,313,476

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**7. FINANCIAL INFORMATION (Cont'd)**


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**7.2.2 Profit after taxation**

The following tables illustrates the breakdown of the Group's profit by company:

	<---Year/Period ended 31 December--->		
	2001	2002	2003
	RM	RM	RM
CBS	(1,649)	(4,112)	(24,323)
Cyber	209,558	714,970	2,115,880
Netgen	6,146	(2,372)	766,670
<b>Total</b>	<b>214,055</b>	<b>708,486</b>	<b>2,858,227</b>

**7.3 Working Capital, Borrowings, Material Commitments, Contingent Liabilities and Material Litigation*****Working Capital***

The Directors of CBS are of the opinion that, barring any unforeseen circumstances and after taking into consideration the cashflow forecast, the banking facilities available and the net proceeds from the Public Issue, the Group will have adequate working capital for its present foreseeable requirements.

***Borrowings***

As at 15 March 2004, being the latest practicable date at which such amounts could be calculated prior to the printing of this Prospectus, the Group does not have any interest bearing borrowings.

***Material Commitments***

As at 15 March 2004, being the latest practicable date at which such amounts could be calculated prior to the printing of this Prospectus, the Group does not have any material commitments for capital expenditure.

***Contingent liabilities***

As at 15 March 2004, being the latest practicable date at which such amounts could be calculated prior to the printing of this Prospectus, the Group does not have any material contingent liabilities.

***Material litigation***

Neither CBS nor its subsidiaries are engaged in any litigation/arbitration, either as plaintiff or defendant, which has a material effect on the financial performance and position of CBS or its subsidiaries and the Directors of CBS are not aware of any proceedings pending or threatened or of any fact likely to give rise to any proceedings which might materially and adversely affect the position or business of CBS or its subsidiaries.

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**7. FINANCIAL INFORMATION (Cont'd)**

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**7.4 Directors' Declaration on Financial Performance**

Save as disclosed in this Prospectus, the financial performance, position and operations of CBS and its subsidiary companies are not affected by any of the following:

- (a) known trends demands, commitments, events or uncertainties that have had or that the CBS Group reasonably expects to have, a material favourable or unfavourable impact on the financial performance, position and operations of the Group;
- (b) other material commitments for capital expenditure;
- (c) unusual or infrequent events or transaction or any significant economic changes that have materially affected the financial performance, position and operations of the Group; and
- (d) known events, circumstances, trends, uncertainties and commitments that are reasonable likely to make the historical financial statements not indicative of future financial performance and position.

**7.5 Profit Forecast**

The market for the Group's products and services is characterised by rapid technological advancements, changes in customer requirements, frequent new product launches and the continued development of software and hardware enhancements.

The Group is subjected to many risk factors, some of which are highlighted in Section 4 of this Prospectus. The Group's revenue and operating results are therefore difficult to forecast and project. As such, the Group's profit forecast and projections are not disclosed in this Prospectus.

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## 8. SUMMARY OF THE FIVE YEAR BUSINESS DEVELOPMENT PLAN

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The following is a summary of the business development plan prepared by the CBS Group for the purpose of inclusion in this Prospectus:

### 8.1 Background

The CBS Group is one of the pioneer company in Malaysia that offers e-security system, Enterprise Productivity Solutions and TCM software solutions to large corporations such as financial institutions, insurance companies, manufacturing companies, semi-government and government agencies.

Apart from the services offered by the Group as stated above, the Group is also involved in various IT related services that range from consulting to software solution selection, customisation and system integration.

As evidenced in the detailed descriptions of the Group's benchmark software products such as Paymate™ Secure Suite and Solmate™, these software solutions appear to be relevant and applicable to the current needs and expectations of the consumers in the market, especially for those who depend on ICT services extensively.

The Group offers software solutions to corporate customers such as financial institutions and government bodies whose paramount concern is data integrity and security. In this regard, the Group's software solutions have the unique selling proposition to these enterprises as these software solutions have both data management as well as security capabilities (which involve data encryption and compression) thereby enhancing the Group's clients' security system wherein once and for all the risks in which they are exposed to could be greatly reduced and almost totally avoided.

The strengths of the Group are in terms of the unique features of its software products, flexibility of the products that can be tailor-made to suit different clients' needs and requirements, superb technical support from its current professional workforce and the attractive pricing of the products have much more to offer than its competitors.

### 8.2 The Mission

The Group's initial target markets for its software applications have been the financial institutions, electronic and government / semi-government sectors. Over the past seven years, the Group has managed to build a strong and proven record of accomplishment by implementing its products in these sectors. Similarly, the Group has a strong legacy in supplying and developing software products for the financial institutions, electronic and government/semi-government sectors. As such, the Group expects to gain further inroads into these industries as they continue on their growth path. The Group will not limit its scope to these industries as there is scope to expand its presence in other multi-national companies, service-based industries and other high end market.

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**8. SUMMARY OF THE FIVE YEAR BUSINESS DEVELOPMENT PLAN (Cont'd)**

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**8.3 Human Resource Policy**

The Group currently employs a work force of eleven (11) people and plans to increase its staffing resource requirement to approximately eighteen (18) people by 2004 and thereafter a critical mass of approximately twenty-two (22) staffs between 2005 to 2007. The expected increase will be in the following departments within the Group.

- Managerial & Administrative
- Commercialisation & Marketing
- Software and Services Development
- Research & Development
- Hardware Technical Services

In the near future, the Group will see the setting up of marketing and representative offices in ASEAN region and China if the response is encouraging.

**8.4 Conclusion**

With these strategies in place, it will be more promising for the Group to achieve its goals to be a market leader in the provision of e-security system, Enterprise Productivity Software and TCM software solutions.

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