

CBS TECHNOLOGY BERHAD (537337M)
(Incorporated in Malaysia)
QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2010
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	INDIVIDUAL PERIOD		CUMULATIVE	
	Quarter ended 31.03.2010 RM	Quarter ended 31.03.2009 RM	Year to date 31.03.2010 RM	Year to date 31.03.2009 RM
Revenue	11,673,947	8,878,923	11,673,947	8,878,923
Operating expenses	(9,945,456)	(7,581,966)	(9,945,456)	(7,581,966)
Other income	1,998,569	51,876	1,998,569	51,876
Profit before taxation	3,727,060	1,348,833	3,727,060	1,348,833
Taxation	(219,346)	126,000	(219,346)	126,000
Profit for the period	3,507,714	1,474,833	3,507,714	1,474,833
Other comprehensive income	-	-	-	-
Total comprehensive income	3,507,714	1,474,833	3,507,714	1,474,833
Attributable to:-				
Equity holders of the parent	3,221,441	1,326,045	3,221,441	1,326,045
Minority Interest	286,273	148,788	286,273	148,788
	3,507,714	1,474,833	3,507,714	1,474,833
Weighted average number of shares	235,948,195	231,663,307	235,948,195	231,663,307
Earnings per share (sen)				
-Basic	1.37	0.58	1.37	0.58
-Diluted	1.36	0.58	1.36	0.58

Note :

The calculations of the basic and diluted earnings per share are shown in Note B14.

(The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Company's audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements)

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QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2010
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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Unaudited as at 31.03.2010	Audited as at 31.12.2009
	RM	RM
SHARE CAPITAL	23,648,309	15,665,539
SHARE PREMIUM	37,277	2,061,909
SHARE OPTION RESERVE	95,037	131,214
UNAPPROPRIATED PROFIT	22,929,624	25,399,984
	<u>46,710,247</u>	<u>43,258,646</u>
MINORITY INTEREST	502,552	216,279
Total Equity	<u>47,212,799</u>	<u>43,474,925</u>
NON-CURRENT LIABILITIES		
Finance lease liabilities	138,482	43,982
Deferred taxation	52,000	52,000
	<u>47,403,281</u>	<u>43,570,907</u>
REPRESENTED BY :		
NON-CURRENT ASSETS		
Property, plant and equipment	2,376,934	2,481,308
Prepaid land lease payment	-	7,049,182
Intangible assets	20,862,160	20,862,160
Development cost	820,013	857,711
Goodwill on consolidation	8,344,079	8,344,078
Other investment	55,000	55,000
CURRENT ASSETS		
Inventories	67,286	151,899
Trade receivables	14,930,197	13,416,019
Other receivables	3,065,362	4,248,161
Investments	3,700,159	159
Tax recoverable	-	141,467
Directories in progress	2,856,292	2,614,981
Fixed deposits with licensed banks	4,704,830	2,244,345
Cash and bank balances	7,047,832	3,199,957
	<u>36,371,958</u>	<u>26,016,988</u>
CURRENT LIABILITIES		
Trade payables	3,993,645	3,034,888
Other payables	16,170,309	16,988,015
Borrowings	883,500	1,463,785
Tax payable	379,409	608,832
	<u>21,426,863</u>	<u>22,095,520</u>
NET CURRENT ASSETS	14,945,095	3,921,468
	<u>47,403,281</u>	<u>43,570,907</u>
Net asset per share attributable to ordinary equity holders of the parent (sen)	19.96	27.75

(The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Company's audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements)

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QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2010
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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable To Equity Holders Of The Parent				Total RM	Minority Interest RM	Total Equity RM
	Non-Distributable		Distributable				
	Share capital RM	Share premium RM	Share option reserve RM	Unappropriated profit RM			
As at 1 January 2010	15,665,539	2,061,909	131,214	25,399,984	43,258,646	216,279	43,474,925
Issuance of share capital	118,000	147,160	-	-	265,160	-	265,160
Bonus issue	7,864,770	(2,172,969)	-	(5,691,801)	-	-	-
Bonus issue expenses	-	(35,000)	-	-	(35,000)	-	(35,000)
Exercise of share options	-	36,177	(36,177)	-	-	-	-
Total comprehensive income for the period	-	-	-	3,221,441	3,221,441	286,273	3,507,714
As at 31 March 2010	23,648,309	37,277	95,037	22,929,624	46,710,247	502,552	47,212,799

	Attributable To Equity Holders Of The Parent				Total RM	Minority Interest RM	Total Equity RM
	Non-Distributable		Distributable				
	Share capital RM	Share premium RM	Share option reserve RM	Unappropriated profit RM			
As at 1 January 2009	15,181,899	1,156,463	194,260	14,416,604	30,949,226	-	30,949,226
Total comprehensive income for the period	-	-	-	1,326,045	1,326,045	148,788	1,474,833
As at 31 March 2009	15,181,899	1,156,463	194,260	15,742,649	32,275,271	148,788	32,424,059

(The Condensed Consolidated Statements of Change in Equity should be read in conjunction with the Company's audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements)

CBS TECHNOLOGY BERHAD

(Incorporated in Malaysia)

QUARTERLY REPORT ON CONSOLIDATED RESULTS**FOR THE FIRST QUARTER ENDED 31 MARCH 2010**

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Cumulative Quarter	
	Current year 31.03.2010 RM	Preceding year 31.03.2009 RM
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	3,727,060	1,348,834
Adjustment for:		
Non-cash items	190,978	167,823
Non-operating items	(1,824,886)	-
Operating profit before working capital changes	2,093,152	1,516,657
Net changes in current assets	(488,076)	3,314,642
Net changes in current liabilities	141,051	4,921,608
Cash generated from operations	1,746,127	9,752,907
Income tax paid	(307,303)	-
Net cash flow from operating activities	1,438,824	9,752,907
CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	218,000	-
Proceeds from disposal of prepaid land lease payment	8,790,467	-
Proceeds from disposal of investments	-	2,683,702
Acquisition of property, plant and equipment	(183,306)	(18,492)
Payment for development costs	-	(27,000)
Net cash flow from investing activities	8,825,161	2,638,210
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from finance lease	120,000	-
Proceeds from issuance of shares	265,160	-
Repayment of finance lease liabilities	(4,002)	-
Bonus issue expenses paid	(35,000)	-
Net cash flow from financing activities	346,158	-
Net change in cash and cash equivalents	10,610,143	12,391,117
Cash and cash equivalents at beginning of period	3,996,525	15,748,344
Cash and cash equivalents at end of period	14,606,668	28,139,461

Note A

Notes

A. Cash and cash equivalents included in the Statements of Cash Flows comprise the following balance sheets items:

	As at 31.03.2010 RM	As at 31.03.2009 RM
Fixed deposits with licensed banks	4,704,830	649,859
Cash and bank balances	7,047,832	8,505,849
Bank overdraft (included within Borrowings under Current Liabilities)	(845,994)	-
Money market funds (included within Investments under Current Assets)	3,700,000	18,983,753
	<u>14,606,668</u>	<u>28,139,461</u>

(The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Company's audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements)

CBS TECHNOLOGY BERHAD (537337-M)
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NOTES

A EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD ("FRS") 134, INTERIM FINANCIAL REPORTING

A1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with Financial Reporting Standard ("FRS") 134, Interim Financial Reporting and Rule 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") for the ACE Market.

The interim financial statements should be read in conjunction with the audited financial statements of CBS Technology Berhad ("CBS" or the "Company") and its subsidiary companies ("Group") for the financial year ended 31 December 2009.

The accounting policies adopted by the Group in the interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2009 except for the adoption of the new and revised FRSs which are mandatory for financial periods beginning on or after 1 January 2010.

A2. Qualification of Financial Statements

The auditor's report of the preceding financial statements for the financial year ended 31 December 2009 was not subject to any audit qualification.

A3. Seasonal or Cyclical Factors

The business of the Group was not materially affected by any significant seasonal or cyclical factors during the current quarter under review.

A4. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flow of the Group during the current quarter under review.

A5. Material Changes in Estimates

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

A6. Debts and Equity Securities

On 27 January 2010, the Company allotted 78,647,695 new ordinary shares of RM0.10 each to the shareholders of the Company pursuant to the bonus issue.

The Company also issued 1,180,000 new ordinary shares of RM0.10 each pursuant to the exercise of options granted under the Employees' Shares Option Scheme of the Company during the quarter ended 31 March 2010.

Save as disclosed above, there were no issuance and repayment of debt securities, share buy-back, share cancellation, shares held as treasury shares and resale of treasury shares during the current quarter under review.

A7. Dividends Paid

There was no dividend paid during the current quarter under review.

A8. Segmental Information

The Group's segment report for the quarter ended 31 March 2010 is as follows:

	ICT	Media and Content	Total
	RM'000	RM'000	RM'000
Revenue	7,838	3,836	11,674
Profit before tax	3,272*	455	3,727
Taxation			(219)
Profit after tax			3,508

* Included gain from disposal of leasehold land of RM1.74 million.

A9. Valuation of Property, Plant and Equipment

The Group did not revalue any of its property, plant and equipment during the current quarter under review.

A10. Subsequent Events

There were no material events subsequent to the end of the current quarter reported on that have not been reflected in the quarterly financial statements:

A11. Changes in Composition of the Group

There were no major changes in the composition of the Group for the current quarter under review.

A12. Contingent Liabilities

There were no changes in contingent liabilities or contingent assets since the last annual balance sheet as at 31 December 2009.

B. ADDITIONAL INFORMATION REQUIRED BY CHAPTER 9 OF LISTING REQUIREMENTS OF BURSA SECURITIES FOR THE ACE MARKET

B1. Review of Performance

For the current quarter ended 31 March 2010, the Group reported revenue of RM11.67 million as compared to RM8.88 million for the corresponding quarter ended 31 March 2009, representing an increase of approximately 31.5%. The significant improvement in revenue was contributed from Media and Content segment which recorded revenue of RM3.84 million. Media and Content segment which comprises Infodata Media Sdn Bhd ("IMSB") and its wholly-owned subsidiary, Super Pages Media Sdn Bhd ("SPMSB") was acquired by the Group in September 2009.

The Group also reported higher profit before tax ("PBT") of RM3.73 million as compared to RM1.35 million for the corresponding quarter ended 31 March 2009 which represents an increase of approximately 176.3%. The increase was substantially attributable to the gain from disposal of a piece of leasehold land amounting RM1.74 million and contribution from Media and Content segment amounting to RM0.46 million. In addition, the Group's gross profit margin has also improved due to higher sales of software recorded during the current quarter.

Corresponding with the increase in PBT, profit after tax for the quarter ended 31 March 2010 increased by 137.8% to RM3.51 million from RM1.47 million in the corresponding quarter ended 31 March 2009.

B2. Material Changes in the Quarterly Results

	Quarter Ended 31.03.2010 RM'000	Quarter Ended 31.12.2009 RM'000
Revenue	11,674	16,400
Profit Before Tax	3,727	4,605

As compared to the preceding quarter ended 31 December 2009, the Group's PBT decreased by 19.1% from RM4.61 million to RM3.73 million in the current quarter mainly due to lower revenue contributed from Media and Content Segment. For Media and Content segment, revenue from the sale of advertising space in the yearly printed directory is recognized upon distribution to users. Correspondingly, all direct costs such as printing and paper costs in the production of the printed directory are deferred and recognized as expenses in the income statement upon distribution. The distribution of the 2009/2010 business directory was mostly done in the 2nd half of 2009 after the publication in July 2009 and substantial revenue and profit contributed from this publication were recognized in the 2nd half of 2009. Hence, the contribution of revenue and profit from Media and Content segment is expected to be lower in the first and second quarter of year 2010.

B3. Prospects

The Malaysian economy recorded a robust growth of 10.1% in the first quarter of 2010 as announced by the Prime Minister of Malaysia recently. However, the global economy recovery remains fragile. Barring any unforeseen circumstances, the Board of Directors expects that the Group will achieve satisfactory performance for the financial year ending 31 December 2010.

B4. Statement of the Board of Directors' Opinion on Profit Estimate, Forecast, Projection or Internal Targets

The Group has not provided any profit estimate, forecast, projection in any public documents.

B5. Variance on Profit Forecast

Not applicable.

B6. Taxation

	Individual Quarter		Cumulative Quarter	
	Current quarter	Preceding year corresponding quarter	Current year to date	Preceding year corresponding period
	31.03.2010	31.03.2009	31.03.2010	31.03.2009
	RM	RM	RM	RM
Current year	219,346	224,000	219,346	224,000
Under/(over) provision in prior years	-	(350,000)	-	(350,000)
	219,346	(126,000)	219,346	(126,000)
Deferred taxation	-	-	-	-
	219,346	(126,000)	219,346	(120,000)

The Group's effective tax rate is lower than the statutory tax rate as there is no taxation charge on the business income derived from its wholly-owned subsidiaries, CBS MSC Sdn Bhd ("CBS MSC") and Infodata Media Sdn Bhd ("IMSB"). CBS MSC was granted pioneer status on 26 September 2003 and the tax exemption period of CBS MSC has been extended for another five (5)-year period to 25 September 2013. IMSB was granted pioneer status on 18 January 2006 with a tax exemption period expiring on 17 January 2011.

In addition, the Group realized a gain from disposal of a leasehold land amounting to RM1.74 million during the current quarter ended 31 March 2010 which was not subject to the real property gains tax ("RPGT") as the transaction was entered in 2009 where the gain made from disposal of property is exempted pursuant to Real Property Gains Tax Exemption Order (No.2) 2007.

B7. Profit on Sale of Unquoted Investment and/or Properties

Save as disclose below, there were no sale of unquoted investments and / or properties by the Group during the current quarter:

	Current quarter 31.03.2010 RM	Current year to date 31.03.2010 RM
Gain on disposal of leasehold land	<u>1,741,285</u>	<u>1,741,285</u>

B8. Quoted Securities

There were no purchases or sales of quoted securities by the Group in the current quarter.

B8. (a) Status of Corporate Proposals

(i) Proposed Special Issue

CBS has proposed to undertake a special issue of up to 67,798,000 new ordinary shares of RM0.10 each in CBS ("Special Issue Shares") to Bumiputera investors to be identified and approved by the Ministry of International Trade and Industry ("MITI") to comply with 30% Bumiputera equity shareholding condition ("Bumiputere Equity Condition") ("Proposed Special Issue"). The Proposed Special Issue and the revision on the maximum number of the Special Issue Shares to be issued were approved by the Securities Commission ("SC") on 1 November 2007 and 5 February 2008, respectively.

On 17 June 2009, CBS had announced that the SC (Equity Compliance Unit) had approved CBS' application for an extension of time of up to twelve (12) months from the date of CBS's application to MITI for the purpose of allocating the Special Issue Shares to meet the Bumiputera Equity Condition ("Extension Period"). The SC had also vide its letter dated 24 June 2009 approved CBS' application for the Extension Period, to complete the implementation of the Proposed Special Issue.

CBS had on 30 June 2009 made an application to MITI to seek the assistance of MITI to nominate and/or invite suitable Bumiputera investors to subscribe for the Special Issue Shares.

As at 20 May 2010, MITI had not received any applications from Bumiputra investors.

- (ii) On 25 March 2010, the Company announced that it had proposed to undertake the transfer of the listing of and quotation for its entire issued and paid-up share capital from the ACE Market to the Main Market of Bursa Malaysia Securities Berhad ("Proposed Transfer").

An application to the SC in respect of the Proposed Transfer had been made on 28 April 2010 and is currently pending the SC's approval.

Save as disclosed above, there are no other corporate proposals announced but not completed as at the date of this report.

(b) Status of utilisation of proceeds

There was no unutilized proceeds raised from any corporate proposal.

B10. Borrowings and Debts Securities

The details of the Group's borrowings and debts securities outstanding as at 31 March 2010 are as follows:

	Current RM'000	Non-current RM'000
Secured		
Bank Overdraft	846	-
Hire Purchase	38	138
	<u>884</u>	<u>138</u>

All borrowings are denominated in Ringgit Malaysia.

B11. Off Balance Sheet Financial Instruments

The Group did not have any off balance sheet financial instruments as at 31 March 2010.

B11. Changes in Material Litigation

Bank Simpanan Nasional ("Plaintiff") filed a legal suit in October 2009 against Cyber Business Solutions Sdn Bhd ("Cyber" or Defendant"), a wholly owned subsidiary of the Company. The Plaintiff claim against Cyber: (a) a sum of RM6.42 million; (b) general damages (not quantified); (c) interest; and (d) costs; for alleged breach of contract whereby Cyber was to develop, install and integrate a new loan management system for the Plaintiff under its project referred to as "the LMS Project".

Cyber denies Plaintiff's claim. Cyber has filed a defence and further counterclaimed against the Plaintiff for: (a) the sum of RM3.902 million; (b) damages for additional work done by Cyber and not paid for; (c) RM0.467 million for the refund of the value of the performance bond which Cyber contends, the Plaintiff has wrongfully demanded and received; (d) interest; and (e) cost.

On 15 March 2010, Cyber issued a Third Party Notice against Elsag Datamat SPA ("Elsag"), Cyber's sub-contractor in the LMS Project, claiming an indemnity from Elsag in the event Cyber is found liable to the Plaintiff. On 7 May 2010, the High Court granted a stay of the Third Party Proceeding upon Elsag's application on the ground that the dispute between Cyber and Elsag should be referred to arbitration.

Following the stay order, Elsag has issued an Arbitration Notice to the ICC's International Court of Arbitration against Cyber ("the ICC Arbitration") claiming for alleged unpaid contract sum of USD761,962 and general damages for alleged breach by Cyber of contract between Elsag and Cyber.

Cyber has instructed its solicitors to file an appeal against the 7 May 2010 decision. Cyber will also commence an action in the Malayan High Court seeking an order to stop the ICC Arbitration on the ground that there is no agreement between Cyber and Elsag to arbitrate their disputes under ICC.

Meanwhile, Cyber has filed an application in the High Court under Section 24A Courts of Judicature Act 1964 for an order that the disputes between the Plaintiff and Cyber be tried by an arbitrator on the ground that the issues involved in the proceedings are highly technical and cannot conveniently be conducted by the Court through its ordinary officers. The said application is fixed for decision before the Judge on 1 June 2010.

The Board has been advised by the Group's solicitors that Cyber has fair chance in its defense and counterclaim.

Save as disclosed above, the Group is not engaged in any material litigation either, as plaintiff or defendant, and the Directors do not have any knowledge of any proceedings pending or threatened against the Group.

B13. Dividend

No interim dividend has been declared during the current quarter.

B14. Earnings Per Share

The basic earnings per share is calculated by dividing the net profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares in issue during the financial period.

For the purpose of calculating diluted earnings per share, the net profit for the period attributable to equity holders of the parent and weighted average number of ordinary shares in issue during the period have been adjusted for the dilutive effects of all potential ordinary shares from the share options granted to employees under the Company's Employees' Share Option Scheme.

Basic

		Current Quarter 31.03.10	Preceding Year Corresponding Quarter 31.03.09	Current Year To Date 31.03.10	Preceding Year Corresponding Period 31.03.09
Net profit attributable to equity holders of the parent	(RM)	3,221,441	1,326,045	3,221,441	1,326,045
Weighted average number of ordinary shares in issue and issuable	(Unit)	235,948,195	230,466,685	235,948,195	230,466,685
Basic earnings per share	(sen)	1.37	0.58	1.37	0.58

Diluted

		Current Quarter 31.03.10	Preceding Year Corresponding Quarter 31.03.09	Current Year To Date 31.03.10	Preceding Year Corresponding Period 31.03.09
Adjusted net profit attributable to equity holders of the parent	(RM)	3,224,860	1,332,196	3,224,860	1,332,196
Adjusted weighted average number of ordinary shares in issue and issuable	(Unit)	237,291,681	231,663,307	237,291,681	231,663,307
Diluted earnings per share	(sen)	1.36	0.58	1.36	0.58

Note:

The calculation of the earnings per share for the preceding year has been restated with the allotment of 78,647,695 new ordinary shares issued on 27 January 2010 pursuant to the bonus issue to conform with the current presentation.

B15. Qualification of Financial Statements

The Company's preceding annual financial statements was not subject to any audit qualification.

