

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

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

| | INDIVIDUAL PERIOD | | CUMULATIVE | |
|-----------------------------------|-----------------------------------|-----------------------------------|----------------------------------|----------------------------------|
| | Quarter ended 31.12.2010 RM | Quarter ended 31.12.2009 RM | Year to date 31.12.2010 RM | Year to date 31.12.2009 RM |
| Revenue | 13,097,039 | 16,399,914 | 46,574,937 | 45,622,303 |
| Operating expenses | (10,200,060) | (11,830,313) | (37,838,065) | (34,425,157) |
| Other income | 334,210 | 60,924 | 2,837,017 | 559,717 |
| Profit from operations | 3,231,189 | 4,630,525 | 11,573,889 | 11,756,863 |
| Finance cost | (44,174) | (25,741) | (165,119) | (26,010) |
| Profit before taxation | 3,187,015 | 4,604,784 | 11,408,770 | 11,730,853 |
| Taxation | (263,963) | (292,649) | (794,038) | (536,045) |
| Profit for the period | 2,923,052 | 4,312,135 | 10,614,732 | 11,194,808 |
| Other comprehensive income | - | - | - | - |
| Total comprehensive income | 2,923,052 | 4,312,135 | 10,614,732 | 11,194,808 |
| Attributable to:- | | | | |
| Equity holders of the parent | 2,927,017 | 4,306,165 | 10,502,153 | 10,983,380 |
| Minority Interest | (3,965) | 5,970 | 112,579 | 211,428 |
| | 2,923,052 | 4,312,135 | 10,614,732 | 11,194,808 |
| Weighted average number of shares | 238,981,085 | 234,903,802 | 237,938,677 | 232,244,871 |
| Earnings per share (sen) | | | | |
| -Basic | 1.22 | 1.83 | 4.41 | 4.73 |
| -Diluted | 1.22 | 1.83 | 4.41 | 4.72 |

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)

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

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

| | Unaudited as at 31.12.2010 | Audited as at 31.12.2009 |
|---|-------------------------------|-----------------------------|
| | RM | RM |
| SHARE CAPITAL | 23,898,109 | 15,665,539 |
| SHARE PREMIUM | 316,407 | 2,061,909 |
| SHARE OPTION RESERVE | - | 131,214 |
| UNAPPROPRIATED PROFIT | 30,210,336 | 25,399,984 |
| | <u>54,424,852</u> | <u>43,258,646</u> |
| MINORITY INTEREST | 328,858 | 216,279 |
| Total Equity | <u>54,753,710</u> | <u>43,474,925</u> |
| NON-CURRENT LIABILITIES | | |
| Finance lease liabilities | 591,922 | 43,982 |
| Deferred taxation | 52,000 | 52,000 |
| | <u>55,397,632</u> | <u>43,570,907</u> |
| REPRESENTED BY : | | |
| NON-CURRENT ASSETS | | |
| Property, plant and equipment | 3,151,024 | 2,481,308 |
| Prepaid land lease payment | - | 7,049,182 |
| Intangible assets | 20,862,160 | 20,862,160 |
| Development cost | 1,274,234 | 857,711 |
| Goodwill on consolidation | 8,344,079 | 8,344,078 |
| Other investment | 55,000 | 55,000 |
| CURRENT ASSETS | | |
| Inventories | 183,834 | 151,899 |
| Trade receivables | 15,707,155 | 13,416,019 |
| Other receivables | 4,716,196 | 4,248,161 |
| Investments | 10,662,938 | 159 |
| Tax recoverable | - | 141,467 |
| Directories in progress | 2,306,303 | 2,614,981 |
| Fixed deposits with licensed banks | 3,138,502 | 2,244,345 |
| Cash and bank balances | 6,489,893 | 3,199,957 |
| | <u>43,204,821</u> | <u>26,016,988</u> |
| CURRENT LIABILITIES | | |
| Trade payables | 3,060,009 | 3,034,888 |
| Other payables | 17,821,642 | 16,988,015 |
| Borrowings | 208,688 | 1,463,785 |
| Tax payable | 403,347 | 608,832 |
| | <u>21,493,686</u> | <u>22,095,520</u> |
| NET CURRENT ASSETS | 21,711,135 | 3,921,468 |
| | <u>55,397,632</u> | <u>43,570,907</u> |
| Net asset per share attributable to ordinary equity holders of the parent (sen) | 22.91 | 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 FOURTH QUARTER ENDED 31 DECEMBER 2010
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

| | Attributable To Equity Holders Of The Parent | | | | Total | Minority Interest | Total Equity |
|---|--|---------------|----------------------|-----------------------|------------|-------------------|--------------|
| | Non-Distributable | | Distributable | | | | |
| | Share capital | Share premium | Share option reserve | Unappropriated profit | | | |
| RM | RM | RM | RM | RM | RM | 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 | 367,800 | 344,440 | - | - | 712,240 | - | 712,240 |
| Bonus issue | 7,864,770 | (2,172,969) | - | (5,691,801) | - | - | - |
| Bonus issue expenses | - | (35,000) | - | - | (35,000) | - | (35,000) |
| Exercise of share options | - | 118,027 | (131,214) | - | (13,187) | - | (13,187) |
| Total comprehensive income for the period | - | - | - | 10,502,153 | 10,502,153 | 112,579 | 10,614,732 |
| As at 31 December 2010 | 23,898,109 | 316,407 | - | 30,210,336 | 54,424,852 | 328,858 | 54,753,710 |

| | Attributable To Equity Holders Of The Parent | | | | Total | Minority Interest | Total Equity |
|---|--|---------------|----------------------|-----------------------|------------|-------------------|--------------|
| | Non-Distributable | | Distributable | | | | |
| | Share capital | Share premium | Share option reserve | Unappropriated profit | | | |
| RM | RM | RM | RM | RM | RM | RM | |
| As at 1 January 2009 | 15,181,899 | 1,156,463 | 194,260 | 14,416,604 | 30,949,226 | - | 30,949,226 |
| Issuance of share capital | 483,640 | 705,800 | - | - | 1,189,440 | 4,851 | 1,194,291 |
| Share based payment under ESOS | - | - | 136,600 | - | 136,600 | - | 136,600 |
| Exercise of share options | - | 199,646 | (199,646) | - | - | - | - |
| Total comprehensive income for the period | - | - | - | 10,983,380 | 10,983,380 | 211,428 | 11,194,808 |
| As at 31 December 2009 | 15,665,539 | 2,061,909 | 131,214 | 25,399,984 | 43,258,646 | 216,279 | 43,474,925 |

(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 FOURTH QUARTER ENDED 31 DECEMBER 2010**

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

| | Cumulative Quarter | |
|---|-------------------------------------|---------------------------------------|
| | Current year 31.12.2010 RM | Preceding year 31.12.2009 RM |
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 11,408,770 | 11,730,853 |
| Adjustment for: | | |
| Non-cash items | 2,521,385 | 791,920 |
| Non-operating items | (1,824,885) | (402,863) |
| Operating profit before working capital changes | 12,105,270 | 12,119,910 |
| Net changes in current assets | (4,128,377) | 4,560,696 |
| Net changes in current liabilities | 858,747 | (3,559,950) |
| Cash generated from operations | 8,835,640 | 13,120,656 |
| Interest income received | - | 324,351 |
| Interest paid | - | (26,010) |
| Tax refund | - | 13,039 |
| Income tax paid | (858,055) | (557,547) |
| Net cash flow from operating activities | 7,977,585 | 12,874,489 |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Investment in subsidiary | - | (29,139,527) |
| Investment in short term investment | - | - |
| Proceeds from disposal of property, plant and equipment | 218,000 | 450 |
| Proceeds from disposal of prepaid land lease payment | 8,790,467 | - |
| Placement in investments | - | (17,683,575) |
| Proceeds from disposal of investments | - | 32,192,140 |
| Acquisition of property, plant and equipment | (1,505,762) | (145,999) |
| Payment for development costs | (578,451) | (375,556) |
| Net cash flow from investing activities | 6,924,254 | (15,152,067) |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds from finance lease | 860,000 | - |
| Proceeds from issuance of shares | 712,240 | 1,194,291 |
| Repayment of finance lease liabilities | (144,429) | (5,336) |
| Bonus issue expenses paid | (35,000) | - |
| Net cash flow from financing activities | 1,392,811 | 1,188,955 |
| Net change in cash and cash equivalents | 16,294,650 | (1,088,623) |
| Effect on exchange rate differences | - | (3,357) |
| Cash and cash equivalents at beginning of year | 3,996,525 | 5,088,505 |
| Cash and cash equivalents at end of year | Note A 20,291,175 | 3,996,525 |

Notes

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

| | As at 31.12.2010 RM | As at 31.12.2009 RM |
|---|---------------------------|---------------------------|
| Fixed deposits with licensed banks | 3,138,502 | 2,244,345 |
| Cash and bank balances | 6,489,893 | 3,199,957 |
| Bank overdraft (included within Borrowings under Current Liabilities) | - | (1,447,777) |
| Money market funds (included within Investments under Current Assets) | 10,662,780 | - |
| | <u>20,291,175</u> | <u>3,996,525</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)
(Incorporated in Malaysia)

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 Main 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

There were no issuance and repayment of debt and equity 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 financial year ended 31 December 2010 is as follows:

| | ICT | Media and Content | Total |
|-------------------|--------|----------------------|--------|
| | RM'000 | RM'000 | RM'000 |
| Revenue | 23,388 | 23,187 | 46,575 |
| Profit before tax | 5,595 | 5,814 | 11,409 |
| Taxation | | | (794) |
| Profit after tax | | | 10,615 |

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 under review.

A11. Changes in Composition of the Group

On 28 October 2010, CBS International Sdn Bhd, a wholly owned subsidiary of CBS, acquired 48% of the equity interest in CBS Pan (Thailand) Co. Ltd. ("CBS Pan"), a company incorporated in Thailand, for a total consideration of THB4,800. CBS Pan is engaged in development and provision of content product and operator of Internet community portals.

Save as disclosed above, 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 December 2010, the Group reported revenue of RM13.10 million as compared to RM16.40 million for the corresponding quarter ended 31 December 2009, decreased by approximately 20.1%. The decrease in revenue was mainly due to the deferment of projects implementation which had resulted lower billing for ICT segment in the current quarter.

The Group's profit before tax ("PBT") decreased by 30.79% from RM4.60 million for the quarter ended 31 December 2009 to RM3.19 million for the quarter ended 31 December 2010. Besides the lower revenue recorded, the decrease in the PBT for the current quarter was partly due to the additional expenditure incurred for the following purposes:

- o transfer of listing from the ACE Market to the Main Market of Bursa Malaysia; and
- o regional business expansion.

For the cumulative twelve (12) months ended 31 December 2010, the Group's revenue increased slightly by 2.1% to RM46.57 million from RM45.62 million reported for the year ended 31 December 2009.

However, the Group's PBT decreased slightly from RM11.73 million for the year ended 31 December 2009 to RM11.41 million for the year ended 31 December 2010. The decrease in PBT was mainly due to the additional expenditure incurred during the year under review for the following purposes:

- o transfer of listing from the ACE Market to the Main Market of Bursa Malaysia;
- o regional business expansion; and
- o legal expenses for litigation case as stated in Note B12.

Corresponding with the decrease in the PBT, the Group's PAT decreased from RM11.19 million for the year ended 31 December 2009 to RM10.61 million for the current year under review.

B2. Material Changes in the Quarterly Results

| | Quarter ended 31.12.2010 RM'000 | Quarter ended 30.09.2010 RM'000 |
|-------------------|--|--|
| Revenue | 13,097 | 13,717 |
| Profit Before Tax | 3,187 | 3,526 |

For the current quarter, the Group's revenue and PBT decreased slightly to RM13.10 million and RM3.18 million respectively, compared to RM13.72 million and RM3.53 million respectively recorded for the quarter ended 30 September 2010 due to lower revenue recorded by ICT segment. The decrease in PBT in the current quarter also attributed to the additional expenditure incurred as mentioned in B1.

B3. Prospects

Malaysian economy is expected to grow moderate at 5.2% in 2011. While the year ahead still poses challenges to the country due to internal and external uncertainties, CBS is optimistic with the business of the Group with its recent expansion to the Southeast Asia region. The search and advertising business for the Southeast Asia region will be rolled out progressively and is expected to contribute positively to the future earnings of the Group. Barring any unforeseen circumstances, the Board of Directors of CBS expects the Group to achieve a satisfactory performance for the financial year ending 31 December 2011.

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

| | 3 months ended | | 12 months ended | |
|---------------------------------------|----------------|------------|-----------------|------------|
| | 31.12.2010 | 31.12.2009 | 31.12.2010 | 31.12.2009 |
| | RM | RM | RM | RM |
| Current year | 263,963 | 292,649 | 853,557 | 902,119 |
| Under/(over) provision in prior years | - | - | (59,519) | (366,074) |
| Deferred taxation | 263,963 | 292,649 | 794,038 | 536,045 |
| | - | - | - | - |
| | 263,963 | 292,649 | 794,038 | 536,045 |

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 MSB 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. The application for the extension of the tax exemption period for another

five (5)-year period has been submitted to the relevant authority which is currently pending the approval.

In addition, the Group realized the gain on disposal of leasehold land amounting to RM1.74 million during the first quarter ended 31 March 2010 which was not subject to the real property gains tax ("RPGT"). 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 and financial year-to-date:

| | 3 months ended 31.12.2010 RM | 12 months ended 31.12.2010 RM |
|------------------------------------|------------------------------------|-------------------------------------|
| Gain on disposal of leasehold land | - | <u>1,741,285</u> |

B8. Quoted Securities

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

B9. (a) Status of Corporate Proposal

There were no outstanding corporate proposals announced but not completed as at the date of this report.

(b) Status of utilisation of proceeds

There were no unutilized proceeds raised from any corporate proposals.

B10. Borrowings and Debts Securities

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

| | Current RM'000 | Non-current RM'000 |
|----------------|-------------------|-----------------------|
| Secured | | |
| Hire Purchase | <u>209</u> | <u>592</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 December 2010.

B12. Changes in Material Litigation

In respect of the legal suit between Bank Simpanan Nasional ("BSN") and Cyber Business Solutions Sdn Bhd ("Cyber"), the High Court has fixed the trial for 7 to 10 March 2011.

In respect of the legal suit filed by Cyber against Elsag Datamat SPA ("Elsag") and the interim injunction applied by Cyber to restrain Elsag from proceeding with the ICC's International Court of Arbitration, the Court had allowed Cyber's application for the interim injunction. Elsag had filed an appeal to the Court of Appeal, which has yet been fixed for hearing.

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

| | | 3 months ended | | 12 months ended | |
|--|------------|----------------|----------|-----------------|----------|
| | | 31.12.10 | 31.12.09 | 31.12.10 | 31.12.09 |
| Net profit attributable to equity holders of the parent | (RM'000) | 2,925 | 4,306 | 10,501 | 10,983 |
| Weighted average number of ordinary shares in issue and issuable | (Unit'000) | 238,981 | 237,939 | 234,904 | 232,245 |
| Basic earnings per share | (Sen) | 1.22 | 1.83 | 4.41 | 4.73 |

Diluted

| | 3 months ended | | 12 months ended | |
|--|----------------|----------|-----------------|----------|
| | 31.12.10 | 31.12.09 | 31.12.10 | 31.12.09 |
| Adjusted net profit attributable to equity holders of the parent (RM'000) | 2,925 | 4,306 | 10,501 | 10,983 |
| Adjusted weighted average number of ordinary shares in issue and issuable (Unit'000) | 238,981 | 234,903 | 233,904 | 233,284 |
| Diluted earnings per share (Sen) | 1.22 | 1.83 | 4.41 | 4.72 |

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.