

CBSA BERHAD (537337M)
(formerly known as CBS Technology Berhad)
(Incorporated in Malaysia)
QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2011
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	INDIVIDUAL PERIOD		CUMULATIVE	
	Quarter ended 30.6.2011 RM	Quarter ended 30.6.2010 RM	Year to date 30.6.2011 RM	Year to date 30.6.2010 RM
Revenue	9,860,090	8,086,820	20,016,330	19,760,767
Operating expenses	(8,657,787)	(7,301,476)	(16,204,398)	(17,234,287)
Other income	198,988	251,362	405,345	2,249,932
Profit from Operations	1,401,291	1,036,706	4,217,277	4,776,412
Finance Cost	(22,812)	(67,763)	(37,309)	(80,408)
Profit before taxation	1,378,479	968,943	4,179,968	4,696,004
Taxation	6,439	48,907	(175,561)	(170,440)
Profit for the period	1,384,918	1,017,850	4,004,407	4,525,564
Other comprehensive income	-	-	-	-
Total comprehensive income	1,384,918	1,017,850	4,004,407	4,525,564
Attributable to:-				
Owners of the parent	1,329,345	1,187,574	3,901,751	4,409,015
Non-controlling interest	55,573	(169,724)	102,656	116,549
	1,384,918	1,017,850	4,004,407	4,525,564
Weighted average number of shares	238,981,085	235,948,195	238,981,085	236,878,996
Earnings per share (sen)				
-Basic	0.56	0.50	1.63	1.86
-Diluted	0.56	0.50	1.63	1.86

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 2010 and the accompanying explanatory notes attached to the interim financial statements)

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(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Unaudited as at 30.6.2011 RM	Audited as at 31.12.2010 RM
SHARE CAPITAL	23,898,109	23,898,109
SHARE PREMIUM	316,407	316,407
UNAPPROPRIATED PROFIT	34,125,646	30,223,895
	<u>58,340,162</u>	<u>54,438,411</u>
NON-CONTROLLING INTEREST	284,514	181,858
Total Equity	<u>58,624,676</u>	<u>54,620,269</u>
NON-CURRENT LIABILITIES		
Finance lease liabilities	638,150	608,792
Deferred taxation	52,000	52,000
	<u>59,314,826</u>	<u>55,281,061</u>
REPRESENTED BY :		
NON-CURRENT ASSETS		
Property, plant and equipment	3,115,118	3,151,025
Intangible assets	20,862,160	20,862,160
Investment in associate company	473	473
Development cost	1,480,906	1,273,761
Goodwill on consolidation	8,344,079	8,344,078
Other investment	55,000	55,000
CURRENT ASSETS		
Inventories	135,020	183,834
Trade receivables	10,627,367	15,623,746
Other receivables	5,332,718	5,693,769
Investments	17,014,071	10,678,429
Tax recoverable	-	9,219
Directories in progress	3,969,939	2,306,303
Fixed deposits with licensed banks	3,938,778	3,138,502
Cash and bank balances	6,943,178	6,489,894
	<u>47,961,071</u>	<u>44,123,696</u>
CURRENT LIABILITIES		
Trade payables	2,191,780	4,107,986
Other payables	19,716,572	17,814,793
Finance lease liabilities	252,367	191,818
Tax payable	343,262	414,535
	<u>22,503,981</u>	<u>22,529,132</u>
NET CURRENT ASSETS	25,457,090	21,594,564
	<u>59,314,826</u>	<u>55,281,061</u>
Net asset per share attributable to ordinary equity holders of the parent (sen)	24.53	22.86

(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 2010 and the accompanying explanatory notes attached to the interim financial statements)

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable To Equity Holders Of The Parent				Total	Non Controlling Interest	Total Equity
	Non-Distributable		Share option reserve	Distributable Unappropriated profit			
	Share capital	Share premium					
RM	RM	RM	RM	RM	RM	RM	
As at 1 January 2011	23,898,109	316,407	-	30,223,895	54,438,411	181,858	54,620,269
Total comprehensive income for the period	-	-	-	3,901,751	3,901,751	102,656	4,004,407
As at 30 June 2011	23,898,109	316,407	-	34,125,646	58,340,162	284,514	58,624,676

	Attributable To Equity Holders Of The Parent				Total	Non Controlling Interest	Total Equity
	Non-Distributable		Share option reserve	Distributable Unappropriated profit			
	Share capital	Share premium					
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	43,474,925.00
Issuance of share capital	367,800	344,440	-	-	712,240	-	712,240
Bonus issue	7,864,770.00	(2,172,969.00)	-	(5,691,801.00)	-	-	-
Bonus issue expenses	-	(35,000.00)	-	-	(35,000.00)	-	(35,000.00)
Exercise of share options	-	118,027	(131,214)	-	(13,187)	-	(13,187)
Total comprehensive income for the period	-	-	-	4,409,015	4,409,015	116,549	4,525,564
As at 30 June 2010	23,898,109	316,407	-	24,117,198	48,331,714	332,828	48,664,542

(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 2010 and the accompanying explanatory notes attached to the interim financial statements)

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Cumulative Quarter	
	Current year 30.6.2011 RM	Preceding year 30.6.2010 RM
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	4,179,967	4,696,004
Adjustment for:		
Non-cash items	218,353	377,818
Non-operating items	(131,155)	(1,830,596)
Operating profit before working capital changes	4,267,165	3,243,226
Net changes in current assets	4,065,690	2,370,483
Net changes in current liabilities	(14,427)	(98,858)
Cash generated from operations	8,318,428	5,514,851
Interest income received	131,155	86,118
Interest paid	(22,857)	(80,408)
Income tax paid	(237,615)	(585,454)
Net cash flow from operating activities	8,189,111	4,935,107
CASH FLOW FROM INVESTING ACTIVITIES		
Investment in trust funds	(502,685)	-
Proceeds from disposal of property, plant and equipment	-	218,000
Proceeds from disposal of prepaid land lease payment	-	8,790,467
Acquisition of property, plant and equipment	(377,085)	(643,679)
Payment for development costs	(312,731)	-
Net cash flow from investing activities	(1,192,501)	8,364,788
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from finance lease	200,000	360,000
Proceeds from issuance of shares	-	712,240
Repayment of finance lease liabilities	(110,093)	(24,834)
Bonus issue expenses paid	-	(35,000)
Net cash flow from financing activities	89,907	1,012,406
Net change in cash and cash equivalents	7,086,517	14,312,301
Effect on exchange rate differences	-	-
Cash and cash equivalents at beginning of period	20,306,825	3,996,525
Cash and cash equivalents at end of period	27,393,342	18,308,826

Note A

Note

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

	As at 30.6.2011 RM	As at 30.6.2010 RM
Fixed deposits with licensed banks	3,938,778	4,664,330
Cash and bank balances	6,943,178	6,353,092
Money market funds (included within Investments under Current Assets)	16,511,386	7,291,404
	<u>27,393,342</u>	<u>18,308,826</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 2010 and the accompanying explanatory notes attached to the interim financial statements)



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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 the requirements of Financial Reporting Standard ("FRS") 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The interim financial statements should be read in conjunction with the audited financial statements of CBSA Berhad ("CBSA" or the "Company") and its subsidiary companies ("Group") for the financial year ended 31 December 2010.

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 2010 except for the adoption of the new and revised FRSs which are mandatory for financial periods beginning on or after 1 January 2011.

A2. Qualification of Financial Statements

The auditor's report of the preceding financial statements for the financial year ended 31 December 2010 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.



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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 6 months period ended 30 June 2011 is as follows:

	IT RM'000	Search & Advertising* RM'000	Total RM'000
Revenue	13,264	6,752	20,016
Profit before tax	3,536	644	4,180
Taxation			(176)
Profit after tax			4,004

** Renamed from Media & Content division to Search & Advertising division to better reflect the business activities.*

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 except as disclosed in Note B9 (a) (ii) and Note B12.



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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 2010.



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B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES

B1. Review of Performance

For the current quarter ended 30 June 2011, the Group reported revenue of RM9.86 million as compared to RM8.09 million for the corresponding quarter ended 30 June 2010, representing an increase by 21.9%. The improvement in revenue was mainly contributed from the sale of licensed content pursuant to the Content Licensed Agreement which was signed with Google in June 2011 as well as higher project revenue recognized by IT division in this quarter.

Corresponding with the increase in revenue, the Group reported higher profit before tax ("PBT") of RM1.38 million as compared to RM0.97 million for the corresponding quarter ended 30 June 2010 which represents an increase of approximately 42.3%

For the six (6) months ended 30 June 2011, the Group reported revenue of RM20.02 million as compared to RM19.76 million for the corresponding period ended 30 June 2010, increased by approximately 1.3%.

The Group's profit before tax ("PBT") decreased by 11.0% from RM4.70 million for the period ended 30 June 2010 to RM4.18 million for the period ended 30 June 2011. The PBT for the period ended 30 June 2010 was higher mainly due to one-off gain from the disposal of leasehold land amounted to RM1.74 million.

Corresponding with the decrease in the PBT, the Group's PAT decreased from RM4.53 million for the period ended 30 June 2010 to RM4.0 million for the current period under review.

B2. Material Changes in the Quarterly Results

	Quarter ended 30.6.2011 RM'000	Quarter ended 31.3.2011 RM'000
Revenue	9,860	10,156
Profit Before Tax	1,378	2,801

For the current quarter, the Group's revenue and PBT decreased to RM9.86 million and RM1.38 million respectively, compared to RM10.16 million and RM2.80 million respectively recorded for the quarter ended 31 March 2011 due to lower revenue contributed by IT division.



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B3. Prospects

The Malaysian Economy grew by 4.0% in the second quarter of 2011 as compared to 4.9% in the first quarter of the year following a weaker external environment.

While the moderation in the global growth in the second quarter was mainly due to temporary factors arising from global supply chain disruptions and high commodity prices, fiscal and debt conditions in several of the advanced economies had also contributed to increased uncertainties and heightened financial market volatilities which affected overall confidence. Going forward, global growth is expected to remain positive supported by economic activity in most of the emerging economies and the improvement in the global supply chain.

In Malaysia, while the global supply disruptions affected production and trade in the second quarter, the underlying strength of the domestic economy remained intact as domestic demand continued to support growth. Going forward, the downside risks to external demand have increased following heightened uncertainties in the external environment. Nevertheless, domestic demand is expected to remain resilient and support growth amidst sustained private consumption, strong private investment and faster pace of implementation of public sector projects in the second half of the year.

(Source: Bank Negara Malaysia, 17 August 2011)

Despite a weaker and uncertainty economic environment in the year ahead, barring any unforeseen circumstances, the Board of Directors of CBSA expects the Group to maintain its performance in 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.



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B6. Taxation

	Individual quarter		Individual quarter	
	Current quarter	Preceding year corresponding quarter	Current year to date	Preceding year corresponding period
	30.6.2011	30.06.2010	30.6.2011	30.06.2010
	RM	RM	RM	RM
Current year	(6,439)	10,612	175,561	229,959
Under/(over) provision in prior years	-	(59,519)	-	(59,519)
Deferred taxation	(6,439)	(48,907)	175,561	170,440
	(6,439)	(48,907)	175,561	170,440

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, CBSA MSC Sdn Bhd (formerly known as CBS MSC Sdn Bhd) ("CBSA MSC") and CBSA Online Sdn Bhd (formerly known as Infodata Media Sdn Bhd) ("CBSA Online"). CBSA MSC was granted pioneer status on 26 September 2003 and the tax exemption period of CBSA MSC has been extended for another five (5)-year period to 25 September 2013. CBSA Online 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.

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

There was no sale of unquoted investments and / or properties by the Group during the current quarter.

B8. Quoted Securities

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



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B9. (a) Status of Corporate Proposal

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

(i) Proposed Establishment of Employees Share Option Scheme ("ESOS")

On 3 May 2011, the Company announced that it proposes to undertake an employees' share option scheme of up to fifteen percent (15%) of the issued and paid-up share capital of the Company (excluding treasury shares) for the benefit of the eligible employees and Directors (including Non-Executive Directors) of the Company and its subsidiaries ("Proposed ESOS").

The Company has obtained its shareholders' approval for the Proposed ESOS on 16 June 2011 and has implemented the ESOS in July 2011.

(ii) Proposed Acquisition of Property

On 3 August 2011, the Company announced that its wholly-owned subsidiary, Cyber Business Solutions Sdn Bhd had proposed to acquire a piece of land measuring approximately 37,400 square feet which forms part of the parent lot no. H.S.(D) 241033, P.T. 9922, Pekan Baru Sungai Buloh, Daerah Petaling, Selangor ("Land"), together with a 3-storey detached light industrial building with roof top area to be erected on the Land with an approximate gross floor area of 39,000 square feet (excluding roof top area), for a cash consideration of RM18 million ("Proposed Acquisition").

The Proposed Acquisition is still pending the approval of the Company's shareholders.

(b) Status of utilisation of proceeds

There were no unutilized proceeds raised from any corporate proposals.



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B10. Borrowings and Debts Securities

The details of the Group's borrowings and debts securities outstanding as at 30 June 2011 are as follows:

	Current RM'000	Non-current RM'000
Secured		
Hire Purchase	<u>252</u>	<u>638</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 30 June 2011.

B12. Changes in Material Litigation

In respect of the legal suit between Bank Simpanan Nasional ("BSN") and a wholly owned subsidiary of the Company, Cyber Business Solutions Sdn Bhd ("Cyber") [Civil Suit No.D-22NCC-279-2009], the High Court delivered its decision on 14 June 2011, which dismissed BSN's claim with costs and allowed Cyber's counter claim with costs, and BSN was ordered to pay Cyber:

- (1) RM3,902,220.00;
- (2) USD168,000.00;
- (3) RM466,706.60;
- (4) interest on the above sums at the rate of 4% per annum from 26.8.2009 until date of judgment (ie 14.6.2011);
- (5) interest on the above sums at the rate of 8% per annum from date of judgment until realisation; and
- (6) cost of RM150,000.00.

On 11 July 2011, BSN filed an appeal against the High Court's decision, and the same is fixed for case management in the Court of Appeal on 13 September 2011. Meanwhile, BSN has applied for a stay of execution of the High Court judgment pending its appeal to the Court of Appeal. The application is fixed for hearing on 23 September 2011.



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Meanwhile, the appeals by Elsag Datamat SPA ("Elsag") to the Court of Appeal against (i) the interim injunction granted by the High Court in Civil Suit No.S-22-588-2010 ("the Suit") to restrain Elsag from proceeding with the arbitration in the International Court of Arbitration ("ICA"), International Chamber of Commerce, pending disposal of the Suit and (ii) the dismissal of Elsag's application to strike out the Suit, came up for hearing on 6 July 2011 and the Court of Appeal dismissed both the appeals with costs. The Suit was filed by Cyber seeking, inter alia, a declaration that the contractual forum to determine the disputes between Cyber and Elsag arising from the BSN's LMS Project is the Kuala Lumpur Regional Centre for Arbitration and not the ICA.

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 30.06.11	Preceding Year Corresponding Quarter 30.06.10	Current Year To Date 30.06.11	Preceding Year Corresponding Period 30.06.10
Net profit attributable to equity holders of the parent (RM)	<u>1,329,345</u>	<u>1,187,574</u>	<u>3,901,751</u>	<u>4,409,015</u>
Weighted average number of ordinary shares in issue and issuable (Unit)	<u>238,981,085</u>	<u>235,948,195</u>	<u>238,981,085</u>	<u>236,878,996</u>
Basic earnings per share (sen)	<u>0.56</u>	<u>0.50</u>	<u>1.63</u>	<u>1.86</u>



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Diluted

		Current Quarter 30.06.11	Preceding Year Corresponding Quarter 30.06.10	Current Year To Date 30.06.11	Preceding Year Corresponding Period 30.06.10
Adjusted net profit attributable to equity holders of the parent	(RM)	1,329,345	1,187,574	3,901,751	4,409,015
Adjusted weighted average number of ordinary shares in issue and issuable	(Unit)	238,981,085	235,948,195	238,981,085	236,878,996
Diluted earnings per share	(sen)	0.56	0.50	1.63	1.86

B15. Disclosure of Realised and Unrealised Profits

The breakdown of realised and unrealised profits as at 30 June 2011 and 31 December 2010 is as follows:

	Period ended 30.06.2011 RM	As at 31.12.2010 RM
Total unappropriated profits:-		
-- Realised	36,019,134	31,976,712
- Unrealised	34,929	185,523
	<u>34,054,063</u>	<u>32,162,235</u>
Consolidated adjustments	<u>(1,928,417)</u>	<u>(1,938,340)</u>
	<u>34,125,646</u>	<u>30,223,895</u>

B16. Qualification of Financial Statements

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