



**CBSA BERHAD (537337M)**  
(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 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 2011.

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 2011 except for the adoption of the new and revised FRSs which are mandatory for financial periods beginning on or after 1 January 2012.

**A2. Qualification of Financial Statements**

The auditor's report of the preceding financial statements for the financial year ended 31 December 2011 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**

During the quarter ended 31 March 2012, the Company issued 856,600 ordinary shares of RM0.10 each pursuant to the exercise of options granted under the Employees' Share Option Scheme.

Save as disclosed above, 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 is presented based on its operating segments as follows:

Segment revenue	Individual Period		Cumulative	
	Quarter ended	Quarter ended	Year to date	Year to date
	31.3.2012	31.3.2011	31.3.2012	31.3.2011
	RM'000	RM'000	RM'000	RM'000
IT	5,624	7,141	5,624	7,141
Search & Advertising	2,913	3,015	2,913	3,015
Investment holding	1	-	1	-
Consolidated revenue	8,538	10,156	8,538	10,156

Segment result	Individual Period		Cumulative	
	Quarter ended	Quarter ended	Year to date	Year to date
	31.3.2012	31.3.2011	31.3.2012	31.3.2011
	RM'000	RM'000	RM'000	RM'000
IT	2,142	2,731	2,142	2,731
Search & Advertising	(770)	144	(770)	144
Investment holding	(210)	(74)	(210)	(74)
Consolidated profit before tax	1,162	2,801	1,162	2,801



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**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**

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

**A12. Capital Commitments**

The amount of commitments for the purchase of property, plant and equipment not provided for in the interim financial statements as at 31 March 2012 is as follows:

	RM'000
Approved and contracted for:	
Property, plant and equipment	<u>18,000</u>

**A13. Contingent Liabilities**

There were no changes in contingent liabilities or contingent assets since the last annual balance sheet as at 31 December 2011.



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

**B1. Review of Performance**

The Group reported revenue of RM8.54 million for the quarter ended 31 March 2012 compared with RM10.16 million for the corresponding quarter ended 31 March 2011, dropped by approximately 15.9%. The decline was mainly due to lower sales reported by IT division.

Revenue from IT division dropped by 21.2% from RM7.14 million for the quarter ended 31 March 2011 to RM5.62 million for the quarter ended 31 March 2012 due to the business activities slowed down. Revenue from Search and Advertising division also dropped by 3.4% to RM2.91 million for the current quarter.

Correspondingly, the Group's profit before tax ("PBT") dropped by 58.5% from RM2.80 million for the quarter ended 31 March 2011 to RM1.16 million for the current quarter. The decrease is also attributable to lower gross profit margin and higher operating expenses.

Operating expenses, namely selling & distribution expenses and administrative expenses increased by 301.1% and 57.2% respectively to RM0.63 million and RM4.35 million respectively for the quarter ended 31 March 2012. The increase in selling & distribution expenses was contributed by higher incentive payout to sales personnel for a better performance achieved in the previous year. Similarly, the increase in administrative expenses was contributed by higher staff costs due to bonus payment to supporting staff.

By business segment, IT division recorded PBT of RM2.14 million for the quarter ended 31 March 2012 compared to RM2.73 million for the quarter ended 31 March 2011, dropped by 21.5%. Search and Advertising division recorded loss before tax of RM0.77 million for the current quarter compared with PBT of RM0.14 million for the quarter ended 31 March 2011. The decline in profit for both divisions was due to the same reasons as explained above.

The decrease in the Group's PBT was mitigated by other income of RM1.95 million. Other income was contributed by the sum waived by Selex Elsag SPA ("Selex Elsag") following the settlement of the legal suit between Cyber Business Solutions Sdn Bhd ("Cyber"), a wholly owned subsidiary of the Company and Selex Elsag.. Please refer to section B10 (b) of the last quarterly's report for more detailed information.

Corresponding with the lower PBT, the Group's profit after tax decreased by RM1.80 million from RM2.61 million for the quarter ended 31 March 2011 to RM0.81 million.



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**B2. Material Changes in the Quarterly Results**

	<b>Quarter ended 31.3.2012 RM'000</b>	<b>Quarter ended 31.12.2011 RM'000</b>
Revenue	8,538	20,101
Profit Before Tax	1,162	7,307

The Group's revenue decreased by RM11.56 million to RM8.54 million reported in the current quarter.

Revenue from IT division decreased from RM12.06 million in the preceding quarter to RM5.62 million. Higher revenue in the preceding quarter contributed mainly by the revenue recognition of RM7.01 million from the Loan Management System project. Please refer to Section B1 of the last quarterly's report for detailed explanation.

Similarly, the revenue from Search and Advertising division recorded a drop of RM5.13 million from the preceding quarter to RM2.91 million. The 1<sup>st</sup> and 2<sup>nd</sup> quarter of the year for the this division are considered a 'low sale' period as bulk of the revenue from the yearly printed directory can only be recognised after it is published in July.

Corresponding with the lower revenue and higher operating expenses incurred in the current quarter, PBT decreased by RM6.15 million to RM1.16 million.

**B3. Prospects**

Second quarter of 2012 is expected to be challenging as the business of the Group, especially for IT division is slowing down since the beginning of the year.

Recognising the challenges ahead, the management of the Group will maintain prudent management of business operations and continuously be vigilant in the current business environment.

Despite the uncertainty and challenges facing by the Group, barring any unforeseen circumstances, the Board of Directors of CBSA is confident the Group to achieve a satisfactory financial performance for the financial year ending 31 December 2012.

**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.



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**B5. Variance on Profit Forecast**

Not applicable.

**B6. Taxation**

	Individual Period		Cumulative	
	Quarter ended 31.3.2012 RM	Quarter ended 31.3.2011 RM	Year to date 31.3.2012 RM	Year to date 31.3.2011 RM
Current year	352,000	182,000	352,000	182,000
Under/(over) provision in prior years	-	-	-	-
Deferred taxation	352,000	182,000	352,000	182,000
	-	-	-	-
	352,000	182,000	352,000	182,000

The Group's effective tax rate is higher than the statutory tax rate for the quarter ended 31 March 2012 due to the losses incurred by certain subsidiaries. For the quarter ended 31 March 2011, the Group's effective tax rate was 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 ("CBSA MSC") and CBSA Online 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 and the tax exemption period has been extended to 17 January 2016.

**B7. (a) Status of Corporate Proposal**

There were no other 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.



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**B8. Borrowings and Debts Securities**

The details of the Group's borrowings and debts securities outstanding as at 31 March 2012 are as follows:

	<b>Current RM'000</b>	<b>Non-current RM'000</b>
<b>Secured</b>		
Finance lease liabilities	<u>119</u>	<u>412</u>

All borrowings are denominated in Ringgit Malaysia.

**B9. Off Balance Sheet Financial Instruments**

The Group did not have any off balance sheet financial instruments as at 31 March 2012.

**B10. Changes in Material Litigation**

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 as at the date of this report.

**B11. Dividend**

No interim dividend has been declared during the current quarter.

**B12. 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.



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Basic

		Individual Period		Cumulative	
		Quarter ended 31.03.12	Quarter ended 31.03.11	Year to date 31.03.12	Year to date 31.03.11
Net profit attributable to equity holders of the parent	(RM)	810,184	2,572,406	810,184	2,572,406
Weighted average number of ordinary shares in issue and issuable	(Unit)	239,308,374	238,981,085	239,308,374	238,981,085
Basic earnings per share	(sen)	0.34	1.08	0.34	1.08

Diluted

		Individual Period		Cumulative	
		Quarter ended 31.03.12	Quarter ended 31.03.11	Year to date 31.03.12	Year to date 31.03.11
Adjusted net profit attributable to equity holders of the parent	(RM)	828,036	2,572,406	828,036	2,572,406
Adjusted weighted average number of ordinary shares in issue and issuable	(Unit)	241,063,715	238,981,085	241,063,715	238,981,085
Diluted earnings per share	(sen)	0.34	1.08	0.34	1.08

**B13. Disclosure of Realised and Unrealised Profits**

The breakdown of realised and unrealised profits as at 31 March 2012 and 31 December 2011 is as follows:

	Period ended 31.3.2012 RM'000	As at 31.12.2011 RM'000
Total unappropriated profits:-		
- Realised	45,370	45,436
- Unrealised	(62)	(152)
	<u>45,308</u>	<u>45,284</u>
Consolidated adjustments	(1,996)	(2,021)
	<u>43,312</u>	<u>43,263</u>





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**B14. Profit / (loss) before taxation**

Profit/(loss) before taxation is arrived after charging/(crediting) amongst other items the following:

	Individual Period		Cumulative	
	Quarter ended 31.3.2012 RM'000	Quarter ended 31.3.2011 RM'000	Year to date 31.3.2012 RM'000	Year to date 31.3.2011 RM'000
Interest income	(73)	(68)	(73)	(68)
Interest expense	24	15	24	15
Depreciation and amortization	226	237	226	237
Provision for and write off of trade receivables	384	61	384	61
(Gain) on disposal of quoted or unquoted investments or properties	(4)	-	(4)	-
(Gain)/Loss on foreign exchange	70	31	70	31

**B15. Qualification of Financial Statements**

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