



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 30 June 2012, the Company has issued 391,200 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

During the quarter under review, the Group had paid 25% or 2.5 sen per share tax exempt interim dividend. The amounts of dividend paid by the Company on 28 June 2012, in respect of the financial year ending 31 December 2012 was RM6,005,721.

A8. Segmental Information

The Group's segment report is presented based on its operating segments as follows:

Segment revenue	Individual Period		Cumulative	
	Quarter ended 30.6.2012 RM'000	Quarter ended 30.6.2011 RM'000	Year to date 30.6.2012 RM'000	Year to date 30.6.2011 RM'000
IT	4,843	6,124	10,467	13,264
Search & Advertising	6,796	3,736	9,709	6,752
Investment holding	10	-	11	-
Consolidated revenue	11,649	9,860	20,187	20,016

Segment result	Individual Period		Cumulative	
	Quarter ended 30.6.2012 RM'000	Quarter ended 30.6.2011 RM'000	Year to date 30.6.2012 RM'000	Year to date 30.6.2011 RM'000
IT	20	1,030	2,126	3,761
Search & Advertising	2,946	499	2,140	644
Investment holding	(59)	(151)	(197)	(225)
Consolidated profit before tax	2,907	1,378	4,069	4,180



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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

- (a) On 11 July 2012, the Company announced that its wholly-owned subsidiary had entered into a conditional sale and purchase of shares agreement with Kim Gjemmestad for the acquisition of 510 ordinary shares of 4,400,000 riels (approximately USD1,100) each representing 51% equity interest in Cam YP Co., Ltd ("Cam YP") for a total cash consideration of USD2.04 million. Cam YP is a private limited liability company incorporated in Cambodia and the principal activity of Cam YP is the publishing of business directories journals under the brand name Cambodia Yellow Pages. The acquisition is pending completion.
- (b) On 15 August 2012, the Company announced the incorporation of PanPages Ltd. ("PanPages") by its wholly-owned subsidiary, CBSA Bizhub Sdn. Bhd. ("CBSA Bizhub"). PanPages was incorporated in the British Virgin Islands as BVI Business Company with an initial authorised and issued share capital of USD50,000 and USD1.00 respectively. CBSA Bizhub holds 100% equity interest in PanPages. The principal activity of PanPages is investment holding.

Save as disclosed above, there were no other material events subsequent to the end of the current quarter.

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 30 June 2012 is as follows:

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



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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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(Incorporated in Malaysia)

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 RM11.65 million for the quarter ended 30 June 2012 compared with RM9.86 million for the corresponding quarter ended 30 June 2011, representing an increase of approximately 18.1%. The increase was mainly contributed by Search & Advertising division due to better performance achieved in the current quarter.

Search and Advertising division reported a 81.9% increase in revenue from RM3.74 million for the quarter ended 30 June 2011 to RM6.80 million for the current quarter. The jump in revenue mainly due to the increase in content development activities. Revenue from IT division dropped by 20.9% from RM6.12 million for the quarter ended 30 June 2011 to RM4.84 million for the quarter ended 30 June 2012 due to the business activities slowed down.

The Group's profit before tax ("PBT") increased by 110.9% from RM1.38 million for the quarter ended 30 June 2011 to RM2.91 million for the current quarter. The jump in PBT is attributable mainly to higher revenue recorded by Search & Advertising division and the improvement in gross profit margin from 44.5% for the quarter ended 30 June 2011 to 61.2% for the current quarter. The increase in PBT was partially offset by higher administrative expenses due to the cost incurred on expanding the content development activities.

By business segment, Search and Advertising division recorded PBT of RM2.95 million for the current quarter compared with RM0.50 million for the quarter ended 30 June 2011, increased by 490.4% mainly due to higher revenue and the improved gross profit margin. IT division recorded PBT of RM0.02 million for the quarter ended 30 June 2012 compared with RM1.03 million for the quarter ended 30 June 2011, dropped by 98.1%. The decline in profit for IT division was due to lower revenue recorded.

For the six (6) months ended 30 June 2012, the Group's revenue of RM20.19 million improved slightly from RM20.02 million for the corresponding period ended 30 June 2011.

Revenue from Search and Advertising division improved by 43.8% from RM6.75 million for the quarter ended 30 June 2011 to RM9.71 million for the current quarter. However, the improvement was offset by the drop in revenue from IT division from RM13.26 million for the quarter ended 30 June 2011 to RM10.47 million for the quarter ended 30 June 2012.

The Group's PBT decreased slightly by 2.7% from RM4.18 million for the period ended 30 June 2011 to RM4.07 million for the period ended 30 June 2012 due to lower PBT recorded in the previous quarter.



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(Incorporated in Malaysia)

The Group's profit after tax decreased from RM4.00 million for the period ended 30 June 2011 to RM3.71 million for the current period under review.

B2. Material Changes in the Quarterly Results

	Quarter ended 30.6.2012 RM'000	Quarter ended 31.3.2012 RM'000
Revenue	11,649	8,538
Profit Before Tax	2,907	1,162

The Group's revenue increased by RM3.11 million or 36.4% to RM11.65 million in the current quarter contributed by the improvement in revenue from Search & Advertising division from RM2.91 million in the preceding quarter to RM6.80 million due to higher billing for licensed content.

Corresponding with the higher revenue, PBT increased by RM1.75 million or 150.2% to RM2.91 million.

B3. Prospects

In May 2012, the Company announced the termination of the distribution agreement between its wholly owned subsidiary, Cyber Business Solutions Sdn Bhd ("CBS") and Allen Systems Group, Inc ("ASG"). ASG had been a major software principal of CBS and the revenue contributed from ASG software products and maintenance support had been substantial to the Group's IT division. The termination will have a material impact to the future earnings of IT division.

Recognising the challenges ahead without the distributorship of ASG products, the management of the Group reforms its business strategies and going forward, IT division will focus on its in-house products such as Radio Frequency Identification ("RFID") solutions and e-security solutions.

Despite the uncertainty and challenges facing the Group's IT division, the Group's Search and Advertising division, especially content development and e-commerce businesses had outperformed in the second quarter of 2012 and is expected to achieve higher growth in the coming quarters.

Barring any unforeseen circumstances, the Board of Directors of CBSA expects the Group to achieve a satisfactory financial performance for the financial year ending 31 December 2012.



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(Incorporated in Malaysia)

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 Period		Cumulative	
	Quarter ended 30.6.2012 RM	Quarter ended 30.6.2011 RM	Year to date 30.6.2012 RM	Year to date 30.6.2011 RM
Current year	5,086	(6,439)	358,086	175,561
Under/(over) provision in prior years	-	-	-	-
	5,086	(6,439)	358,086	175,561
Deferred taxation	-	-	-	-
	5,086	(6,439)	358,086	175,561

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 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 30 June 2012 are as follows:

	Current RM'000	Non-current RM'000
Secured		
Finance lease liabilities	130	370

All borrowings are denominated in Ringgit Malaysia.

B9. 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.

B10. Dividend

(a) During the current quarter, the Company declared a first interim tax exempt dividend of 25% in respect of the financial year ending 31 December 2012:

- (i) Amount per share : 2.5 sen
- (ii) Entitlement date : 12 June 2012
- (iii) Payment date : 28 June 2012

(b) Total dividend for the financial year ending 31 December 2012 : 2.5 sen per share.
Total dividend for the previous financial period ended 30 June 2011: Nil.

B11. 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 30.06.12	Quarter ended 30.06.11	Year to date 30.06.12	Year to date 30.06.11
Net profit attributable to equity holders of the parent	(RM)	2,810,172	1,329,345	3,787,543	3,901,751
Weighted average number of ordinary shares in issue and issuable	(Unit)	239,976,920	238,981,085	239,573,029	238,981,085
Basic earnings per share	(sen)	1.17	0.56	1.58	1.63

Diluted

		Individual Period		Cumulative	
		Quarter ended 30.06.12	Quarter ended 30.06.11	Year to date 30.06.12	Year to date 30.06.11
Adjusted net profit attributable to equity holders of the parent	(RM)	2,824,248	1,329,345	3,815,695	3,901,751
Adjusted weighted average number of ordinary shares in issue and issuable	(Unit)	241,360,924	238,981,085	240,957,033	238,981,085
Diluted earnings per share	(sen)	1.17	0.56	1.58	1.63

B12. Disclosure of Realised and Unrealised Profits

The breakdown of realised and unrealised profits as at 30 June 2012 and 31 December 2011 is as follows:

	Period ended 30.06.2012 RM'000	As at 31.12.2011 RM'000
Total unappropriated profits:-		
- Realised	43,020	45,436
- Unrealised	(48)	(152)
	<u>42,972</u>	<u>45,284</u>
Consolidated adjustments	(1,927)	(2,021)
	<u>41,045</u>	<u>43,263</u>



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B13. Profit / (loss) before taxation

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

	Individual Period		Cumulative	
	Quarter ended 30.6.2012 RM'000	Quarter ended 30.6.2011 RM'000	Year to date 30.6.2012 RM'000	Year to date 30.6.2011 RM'000
Interest income	(36)	(63)	(109)	(131)
Other investment income	(61)	-	(61)	-
Interest expense	26	23	51	37
Depreciation and amortization	190	282	417	519
Provision for and write off of trade receivables	384	(176)	767	(115)
(Gain) on disposal of quoted or unquoted investments or properties	-	-	(4)	-
(Gain)/Loss on foreign exchange	(290)	10	(220)	41

B14. Qualification of Financial Statements

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