



CBSA BERHAD (537337M)
(Incorporated in Malaysia)

NOTES

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

A1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standard ("MFRS") 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

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 and financial period to-date, except as disclosed below:-

	Quarter ended 31.12.2012	Year to date 31.12.2012
No. of ordinary shares of RM0.10 each issued pursuant to the exercise of options granted under the Employees' Share Option Scheme	-	1,247,800
	-	1,247,800

A7. Dividends Paid

On 28 June 2012, the Company paid 25% or 2.5 sen per share tax exempt interim dividend in respect of the financial year ended 31 December 2012 totaling 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 31.12.2012 RM'000	Quarter ended 31.12.2011 RM'000	Year to date 31.12.2012 RM'000	Year to date 31.12.2011 RM'000
IT	2,127	12,058	16,734	30,778
Search & Advertising	15,871	8,043	35,697	23,648
Investment holding & others	(5)	-	6	6
Consolidated revenue	17,993	20,101	52,437	54,432



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Segment results	Individual Period		Cumulative	
	Quarter ended	Quarter ended	Year to date	Year to date
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
	RM'000	RM'000	RM'000	RM'000
IT	(1,912)	4,180	1,676	8,351
Search & Advertising	6,714	3,138	11,280	5,369
Investment holding & others	(288)	(11)	(907)	(192)
Consolidated profit before tax	4,514	7,307	12,049	13,528

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 other material events subsequent to the end of the current quarter.

A11. Changes in Composition of the Group

(a) On 4 October 2012, PanPages (Cambodia) Ltd. ("PanPages Cambodia") was incorporated by PanPages Ltd, a wholly-owned subsidiary of CBSA Bizhub Sdn Bhd which in turn a wholly-owned subsidiary of the Company. PanPages Cambodia was incorporated in Cambodia on 1 October 2012 with a share capital of 4,000,000 riels. The principal activity of PanPages Cambodia is investment holding.

(b) 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 was completed on 31 October 2012. Upon completion, Cam YP has become a 51% owned subsidiary of PanPages Cambodia.

Save as disclosed above, there were no major changes in the composition of the Group for the current quarter under review.



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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 December 2012 is as follows:

	RM'000
Approved and contracted for:	
Property, plant and equipment	<u>9,900</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

For the quarter ended 31 December 2012 ("4Q2012"), the Group registered revenue of RM17.99 million, declined 10.5% compared with RM20.10 million for the corresponding quarter ended 31 December 2011 ("4Q2011"). The decrease was mainly due to 82.4% drop in revenue contribution from Information Technology ("IT") division however was partially offset by 97.3% increase in revenue from Search & Advertising ("S&A") division.

The Group's profit before tax ("PBT") dropped 38.2% from RM7.31 million for 4Q2011 to RM4.51 million for 4Q2012. Besides lower revenue by IT division, the drop in the PBT was attributed to the inventories written off amounting to RM7.09 million however was mitigated by the reversal of cost provisions made in respect of maintenance contracts following the termination of a distribution agreement during the year.

For the twelve (12) months ended 31 December 2012 ("FY2012"), the Group's revenue declined 3.7% to RM52.44 million from RM54.43 million for the year ended 31 December 2011 ("FY2011") due to 45.6% drop in revenue contribution from IT division however was mitigated by 51.0% increase in revenue contribution from S&A division

The Group's PBT decreased 10.9% from RM13.53 million for FY2011 to RM12.05 million for FY2012 mainly due to lower revenue and higher operating expenses incurred.

Analysis of the performance of operating segments:

Search and Advertising ("S&A") division

S&A division reported an increase of 97.3% in revenue from RM8.04 million for 4Q2011 to RM15.87 million for 4Q2012, mainly contributed from the sales of licensed content.

In line with the revenue increase, PBT improved by 114.0% to RM6.71 million for 4Q2012 compared with RM3.14 million for 4Q2011.

For FY2012, S&A division's revenue increased 51.0% to RM35.70 million from RM23.65 million for FY2011, contributed mainly from the sales of the licensed content as well as online advertisement solutions.

In tandem with the increase in revenue, PBT for FY2012 improved by 110.1% to RM11.28 million from RM5.37 million for FY2011.

Information Technology ("IT") division

For 4Q2012, IT division recorded revenue of RM2.13 million, decreased approximately 82.4% compared to RM12.06 million for 4Q2011 partly attributed to the cessation of Allen Systems Group, Inc ("ASG") software maintenance contracts with its customers in 3Q2012 as a result of the termination of the distribution agreement with ASG. In



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addition, the revenue for 4Q2011 included a claim from a lawsuit amounting of RM7.11 million which was recognised as revenue in 4Q2011 after Cyber Business Solutions Sdn Bhd (“Cyber”), a wholly owned subsidiary of the Company won the lawsuit to recover the unpaid contract sum and additional work done from its customer.

IT division recorded a loss before tax of RM1.91 million as compared to RM4.18 million for 4Q2011. Besides lower revenue, RM7.09 million of inventories were written off during the current quarter due to obsolescence of the inventories. However, the write off of the inventories was offset by the reversal of some of the cost provision made in respect of maintenance contracts following the termination of a distribution agreement during the quarter under review.

For FY2012, IT division recorded revenue of RM16.73 million, dropped 45.6% compared to RM30.78 million for FY2011 mainly due to the same reason as explained above.

PBT dropped by RM6.67 million from RM8.35 million for FY2011 to RM1.68 million for FY2012 mainly due to the write off of the inventories. The decrease was however mitigated by other income of RM2.14 million contributed mainly from the unpaid contract sum waived by Cyber’s vendor.

B2. Material Changes in the Quarterly Results

	Quarter ended 31.12.2012 RM'000	Quarter ended 30.9.2012 RM'000
Revenue	17,993	14,256
Profit Before Tax	4,514	3,418

The Group's revenue increased by RM3.73 million or 26.2% to RM17.99 million for the current quarter mainly contributed by the improvement in revenue from S&A division due to higher sales of licensed content.

In line with the increased revenue, PBT improved by 32.1% to RM4.51 million for 4Q2012.

B3. Prospects

For the financial year ended 31 December 2012, S&A division had continued its expansion in the Southeast Asia region. In line with the expansion, both revenue and earnings of S&A division registered favorable growth.

For 2013, the Group will focus on customer base growth by expanding its geographical footprint in the Southeast Asian countries and building a wide network of sales force to market its digital search offerings. As for IT division, the Group is cautiously optimistic based on its current sales activities and pipeline.



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Barring any unforeseen circumstances, the Board of Directors of CBSA expects the Group to achieve a higher growth in the financial year ending 31 December 2013.

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 31.12.2012 RM'000	Quarter ended 31.12.2011 RM'000	Year to date 31.12.2012 RM'000	Year to date 31.12.2011 RM'000
Current year	149	535	525	821
Under/(over) provision in prior years	2	-	(123)	(503)
	151	535	402	318
Deferred taxation	-	-	-	-
	151	535	402	318

The Group's effective tax rate is lower than the statutory tax rate for the year ended 31 December 2012 due to 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.



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(b) Status of utilisation of proceeds

There were no unutilized proceeds raised from any corporate proposals.

B8. Borrowings and Debts Securities

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

	Current RM'000	Non-current RM'000
Secured		
Finance lease liabilities	<u>264</u>	<u>910</u>

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) The Company declared a first interim tax exempt dividend of 25% in respect of the financial year ended 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 ended 31 December 2012 : 2.5 sen per share.

Total dividend for the previous financial period ended 31 December 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



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potential ordinary shares from the share options granted to employees under the Company's Employees' Share Option Scheme.

Basic

		Individual Period		Cumulative	
		Quarter ended 31.12.12	Quarter ended 31.12.11	Year to date 31.12.12	Year to date 31.12.11
Net profit attributable to equity holders of the parent	(RM'000)	4,774	6,747	11,919	13,039
Weighted average number of ordinary shares in issue and issuable	(Unit'000)	240,229	238,981	239,937	238,981
Basic earnings per share	(sen)	1.99	2.82	4.97	5.46

Diluted

		Individual Period		Cumulative	
		Quarter ended 31.12.12	Quarter ended 31.12.11	Year to date 31.12.12	Year to date 31.12.11
Adjusted net profit attributable to equity holders of the parent	(RM'000)	4,786	6,747	11,969	13,039
Adjusted weighted average number of ordinary shares in issue and issuable	(Unit'000)	241,209	238,981	240,917	238,981
Diluted earnings per share	(sen)	1.98	2.82	4.97	5.46

B12. Disclosure of Realised and Unrealised Profits

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

Total unappropriated profits:-

	As at 31.12.2012 RM'000	As at 31.12.2011 RM'000
- Realised	53,255	45,436
- Unrealised	(417)	(152)
	<u>52,838</u>	<u>45,284</u>
Consolidated adjustments	<u>(3,661)</u>	<u>(2,021)</u>
	<u>49,177</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 31.12.2012 RM'000	Quarter ended 31.12.2011 RM'000	Year to date 31.12.2012 RM'000	Year to date 31.12.2011 RM'000
Interest income	(8)	(752)	(201)	(951)
Other investment income	-	-	(88)	-
Interest expense	9	23	77	74
Depreciation and amortization	283	257	930	1,050
Provision for and write off of trade Receivables	234	104	1,095	405
Provision for and write off of inventories	7,089	-	7,089	-
Loss/(Gain) on disposal of quoted or unquoted investments or properties	123	(2)	99	(2)
Loss/(Gain) on foreign exchange	175	(33)	171	89

B14. Qualification of Financial Statements

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