



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 2013.

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 2013 except for the adoption of the new and revised FRSs which are mandatory for financial periods beginning on or after 1 January 2014.

A2. Qualification of Financial Statements

The auditor's report of the preceding financial statements for the financial year ended 31 December 2013 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.

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
	31.3.2014 RM'000	31.3.2013 RM'000	31.3.2014 RM'000	31.3.2013 RM'000
IT	557	861	557	861
Search & Advertising	3,806	3,679	3,806	3,679
Investment holding & others	300	301	300	301
Less: Inter-segment revenue	(300)	(300)	(300)	(300)
Consolidated revenue	4,363	4,541	4,363	4,541

Segment results	Individual Period		Cumulative	
	Quarter ended	Quarter ended	Year to date	Year to date
	30.3.2014 RM'000	31.3.2013 RM'000	31.3.2014 RM'000	31.3.2013 RM'000
IT	(909)	401	(909)	401
Search & Advertising	(2,623)	(1,678)	(2,623)	(1,678)
Investment holding & others	(63)	(82)	(63)	(82)
Consolidated profit before tax	(3,595)	(1,359)	(3,595)	(1,359)



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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.

A11. Changes in Composition of the Group

The Company take over the management control of CBSA (Thailand) Co. Ltd, a 48% owned associated company with effect from 1 January 2014 without changes in the shareholdings. The principal activity of CBSA (Thailand) Co. Ltd is development of online local business platform and provision of search and advertisement services.

There were no other 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 2014 is as follows:

	RM'000
Approved and contracted for:	
Property, plant and equipment	<u>1,000</u>

A13. Contingent Liabilities

There were no changes in contingent liabilities or contingent assets since the last annual balance sheet as at 31 December 2013.



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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 March 2014 (“1Q2014”), the Group’s revenue declined 4% to RM4.36 million from RM4.54 million for the quarter ended 31 March 2013 (“1Q2013”). Loss before tax increased from RM1.36 million for 1Q2013 to RM3.59 million for 1Q2014. The drop in revenue and increase in loss before tax was mainly due to lower productivity in first two months of the year due to preparation and training of sales staff for new strategic sales campaigns for the year.

Analysis of the performance of business segments:

Search and Advertising (“S&A”) business segment

	1Q2014	1Q2013	Year to date	Year to date
	RM'000	RM'000	31.3.2014	31.3.2013
			RM'000	RM'000
Revenue	3,806	3,679	3,806	3,679
Cost of sales	(2,521)	(1,815)	(2,521)	(1,815)
Gross profit	1,285	1,864	1,285	1,864
Other income	186	109	186	109
Operating expenses	(4,086)	(3,642)	(4,086)	(3,642)
Finance costs	(8)	(9)	(8)	(9)
Share of results of Associates	-	-	-	-
(Loss) before taxation	(2,623)	(1,678)	(2,623)	(1,678)

The S&A business segment reported slight increase in revenue from RM3.68 million for 1Q2013 to RM3.81 million for 1Q2014. The gross profit margin reduced from 51% for 1Q2013 to 34% for 1Q2014 and the operating expenses increased by 12% from RM3.64 million for 1Q2013 to RM4.1 million for 1Q2014 was mainly due to expenses incurred for the first two months for the preparation of new sales campaign and also due to higher expenses in the overseas subsidiaries in 1Q2014. Most of the overseas subsidiaries only commenced selling operation in second half of 2013 and still in gestation period. These resulted in loss before tax increased by 56% from RM1.68 million in 1Q2013 to RM2.62 million in 1Q2014.



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Information Technology (“IT”) business segment

	1Q2014	1Q2013	Year to date	Year to date
	RM'000	RM'000	31.3.2014	31.3.2013
			RM'000	RM'000
Revenue	557	861	557	861
Cost of sales	(270)	(258)	(270)	(258)
Gross profit	287	603	287	603
Other income	10	1,043	10	1,043
Operating expenses	(1,204)	(1,238)	(1,204)	(1,238)
Finance costs	(2)	(7)	(2)	(7)
(Loss)/profit before taxation	(909)	401	(909)	401

The IT business segment results declined from profit before tax of RM0.4 million for 1Q2013 to loss before tax of RM0.91 million for 1Q2014 due to the reduction in other income. The other income for 1Q2013 mainly consists of gain on disposal of property amounting to RM0.85 million.

B2. Material Changes in the Quarterly Results

	Quarter ended	Quarter ended
	31.3.2014	31.12.2013
	RM'000	RM'000
Revenue	4,363	11,431
Profit Before Tax	(3,595)	2,579

The Group's revenue decreased from RM11.43 million in the previous quarter to RM4.36 million for the current quarter due to lower revenue contribution from S&A business segment. Typically, S&A business segment registers lower revenue in the first half of the year as most of the revenue from its print business directories is recognized only after the main publication from July to December of each year. Based on the accounting policies adopted by the Group, the sales revenue/direct costs relating to a yearly publication will not be recognized/charged out until the directory is published and distributed to users. However, the operating expenses of the company will be charged out as and when incurred.



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B3. Prospects

The Group will continue its plan to establish itself as a leading local business platform in Southeast Asia. The Group will be prudently managing its resources and adopting growth strategies to cover bigger geographical footprint in 2014. The Group will continue to face political, social and economic challenges from the diverse geographical coverage. However, the Group will strive to take advantage of opportunities presented by the new market despite the challenges.

Barring any unforeseen circumstances, the Board of Directors of CBSA is cautiously optimistic on its performance for the financial year ending 31 December 2014.

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 31.3.2014 RM'000	Quarter ended 31.3.2013 RM'000	Year to date 31.3.2014 RM'000	Year to date 31.3.2013 RM'000
Current year	-	11	-	11
Under/(over) provision in prior years	(1)	(124)	(1)	(124)
	(1)	(113)	(1)	(113)
Deferred taxation	-	-	-	-
	(1)	(113)	(91)	251

The Group's effective tax rate is lower than the statutory tax rate due to no taxation charge on the business income derived from its wholly-owned subsidiaries, Panpages Online Sdn Bhd (formerly known as CBSA Online Sdn Bhd) and CBSA Inotrac Sdn Bhd. Panpages Online Sdn Bhd was granted pioneer status on 18 January 2006 and the tax exemption period has been extended to 17 January 2016. CBSA Inotrac Sdn Bhd was granted MSC Status on 4 April 2014.



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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.

B8. Borrowings and Debts Securities

The details of the Group's borrowings and debts securities outstanding as at 31 March 2014 are as follows:

	Current RM'000	Non-current RM'000
Secured		
Term Loan	745	10,055
Finance lease liabilities	228	666
	<u>973</u>	<u>10,721</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

No interim dividend has been declared during the quarter under review.

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 31.3.14	Quarter ended 31.3.13	Year to date 31.3.14	Year to date 31.3.13
Profit attributable to owners of the Company	(RM'000)	(3,514)	(1,054)	(3,514)	(1,054)
Weighted average number of ordinary shares in issue and issuable	(Unit'000)	241,351	240,459	241,351	240,459
Basic earnings per share	(sen)	(1.46)	(0.44)	(1.46)	(0.44)

Diluted

		Individual Period		Cumulative	
		Quarter ended 31.12.13	Quarter ended 31.3.13	Year to date 31.12.13	Year to date 31.12.12
Adjusted profit attributable to owners of the Company	(RM'000)	(3,514)	(1,054)	(3,514)	(1,054)
Adjusted weighted average number of ordinary shares in issue and issuable	(Unit'000)	241,069	241,792	241,069	241,792
Diluted earnings per share	(sen)	(1.46)	(0.44)	(1.46)	(0.44)

B12. Disclosure of Realised and Unrealised Profits

The breakdown of realised and unrealised profits as at 31 March 2014 and 31 December 2013 is as follows:

Total unappropriated profits:-

	As at 31.3.2014 RM'000	As at 31.3.2013 RM'000
- Realised	48,163	51,225
- Unrealised	9	541
	<u>48,172</u>	<u>51,766</u>
Consolidated adjustments	(2,992)	(3,071)
	<u>45,180</u>	<u>48,695</u>



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B13. Profit before taxation

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

	Individual Period		Cumulative	
	Quarter ended 31.3.2014 RM'000	Quarter ended 31.3.2013 RM'000	Year to date 31.3.2014 RM'000	Year to date 31.3.2013 RM'000
Interest income	(13)	(112)	(13)	(112)
Other Investment Income	(4)	-	(4)	-
Interest expense	11	20	11	20
Depreciation and amortization	749	280	749	280
Provision for and write off of trade Receivables	-	-	-	-
Gain on disposal of quoted or unquoted investments or properties	(3)	(842)	(3)	(842)
Loss on foreign exchange	77	129	77	129

B14. Qualification of Financial Statements

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