



PANPAGES BERHAD (formerly known as 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 Panpages Berhad (formerly known as CBSA Berhad) ("Panpages" 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.



PANPAGES BERHAD (formerly known as CBSA Berhad) (537337M)
(Incorporated in Malaysia)

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 30.06.2014 RM'000	Quarter ended 30.06.2013 RM'000	Year to date 30.06.2014 RM'000	Year to date 30.06.2013 RM'000
IT	434	668	991	1,528
Search & Advertising	8,305	6,950	12,111	10,630
Investment holding & others	300	318	600	619
Less: Inter-segment revenue	(300)	(300)	(600)	(600)
Consolidated revenue	8,739	7,636	13,102	12,177

Segment results	Individual Period		Cumulative	
	Quarter ended 30.06.2014 RM'000	Quarter ended 30.06.2013 RM'000	Year to date 30.06.2014 RM'000	Year to date 30.06.2013 RM'000
IT	(1,031)	(806)	(1,940)	(405)
Search & Advertising	1,890	2,326	(732)	649
Investment holding & others	(129)	(207)	(193)	(290)
Consolidated profit before tax	730	1,313	(2,865)	(46)



PANPAGES BERHAD (formerly known as CBSA Berhad) (537337M)
(Incorporated in Malaysia)

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 30 June 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.



PANPAGES BERHAD (formerly known as CBSA Berhad) (537337M)
(Incorporated in Malaysia)

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

B1. Review of Performance

For the quarter ended 30 June 2014 ("2Q2014"), the Group's revenue increased 14% to RM8.74 million from RM7.64 million for the quarter ended 30 June 2013 ("2Q2013"). Profit before tax decreased from RM1.31 million for 2Q2013 to RM0.73 million for 2Q2014. The operating expenses increased slightly by 4%, from RM3.77 million for 2Q2013 to RM3.91 million for 2Q2014.

The increase in revenue is due to higher sales achieved in Search and Advertising division. The decrease in profit before tax is mainly due to lower gross profit margin in Search and Advertising division.

For the six (6) months ended 30 June 2014, the Group's revenue increased 7.6% to RM13.1 million from RM12.2 million for the corresponding period ended 30 June 2013. The Group's loss before tax increased from RM0.05 million for the corresponding period ended 30 June 2013 to RM2.86 million for the period ended 30 June 2014.

The increase in revenue is due to higher sales achieved in Search and Advertising division. The increase in loss before tax is due to lower gross profit margin and slightly higher operating expenses in Search and Advertising division mainly due to regional expansion; and lower other income in Information Technology division. The lower other income is due to the gain on disposal of property of RM0.85 million in Information Technology division in year 2013.



PANPAGES BERHAD (formerly known as CBSA Berhad) (537337M)
(Incorporated in Malaysia)

Analysis of the performance of business segments:

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

	2Q2014	2Q2013	Year to date	Year to date
	RM'000	RM'000	30.6.2014	30.6.2013
	RM'000	RM'000	RM'000	RM'000
Revenue	8,305	6,950	12,111	10,630
Cost of sales	(3,750)	(2,128)	(6,271)	(3,944)
Gross profit	4,555	4,822	5,840	6,686
Other income	223	7	409	117
Operating expenses	(2,884)	(2,495)	(6,969)	(6,136)
Finance costs	(4)	(8)	(12)	(18)
Share of results of Associates	-	-	-	-
Profit/(Loss) before taxation	1,890	2,326	(732)	649

The S&A business segment reported an increase in revenue from RM6.95 million for 2Q2013 to RM8.31 million for 2Q2014, However, the gross profit margin declined from 69% for 2Q2013 to 55% for 2Q2014.

The increase in revenue is due to the higher sales achieved from the new sales campaign launched in March 2014 and also due to the partial revenue recognition from its print business directory. The Group has printed its first edition of its print business directory, under the brand name “SuperPages” in April 2014. There was no first edition of “SuperPages” in 2Q2013. The increase in revenue was mitigated by the decrease in revenue from the licensed content. The gross profit margin reduced from 69% for 2Q2013 to 55% for 2Q2014 as a result of the changes in the products mix and loss leader products in new markets in Southeast Asia.

The operating expenses increased by 16% from RM2.495 million for 2Q2013 to RM2.88 million for 2Q2014 was mainly due to higher expenses in the overseas subsidiaries in 2Q2014. Most of the overseas subsidiaries only commenced selling operation in second half of 2013 and still in gestation period. With the lower gross profit and higher operating expenses, the profit before tax reduced by 19% from RM2.33 million for 2Q2013 to RM1.89 million for 2Q 2014.

For the six (6) months ended 30 June 2014, S&A business segment recorded revenue of RM12.1 million, representing an increase of 14% compared to RM10.63 million for the corresponding period ended 30 June 2013. However, the gross profit margin reduced



PANPAGES BERHAD (formerly known as CBSA Berhad) (537337M)
(Incorporated in Malaysia)

from 63% for six months ended 30 June 2013 to 48% for six months ended 30 June 2014. These were due to the same reason as mentioned above, higher sales achieved from the new sales campaign launched and partial revenue recognition from its print business directory, mitigated by the decrease in revenue from the licensed content.

The operating expenses has increased slightly from RM6.1 million for six months ended 30 June 2013 to RM6.97 million for six months ended 30 June 2014, mainly due to higher expenses in the overseas subsidiaries in 2014. With the lower gross profit and higher operating expenses, the profit before tax reduced from profit before tax of RM0.65 million for six months ended 30 June 2013 to loss before tax of RM0.73 million for current period.

Information Technology (“IT”) business segment

	2Q2014	2Q2013	Year to date	Year to date
	RM'000	RM'000	30.06.2014	30.06.2013
			RM'000	RM'000
Revenue	434	668	991	1,528
Cost of sales	(292)	(364)	(562)	(621)
Gross profit	142	304	429	907
Other income	-	45	5	1,088
Operating expenses	(1,172)	(1,148)	(2,372)	(2,386)
Finance costs	(1)	(7)	(2)	(14)
Loss before taxation	(1,031)	(806)	(1,940)	(405)

For 2Q2014, IT business segment recorded loss before tax of RM1.03 million as compared to RM0.81 million for 2Q2013 due to 35% drop in revenue from RM0.67 million for 2Q2013 to RM0.43 million for the current quarter.

For the six months ended 30 June 2014, IT business segment’s loss before tax increased from RM0.4 million for six months ended 30 June 2013 to RM1.94 million for current period, due to drop in revenue and other income. The revenue reduced to RM0.99 million for current period by 35%, from RM1.5 million for the corresponding period ended 30 June 2013. The lower other income is due to gain on disposal of property amounting to RM0.85 million in year 2013.



PANPAGES BERHAD (formerly known as CBSA Berhad) (537337M)
(Incorporated in Malaysia)

B2. Material Changes in the Quarterly Results

	Quarter ended 30.06.2014 RM'000	Quarter ended 31.03.2014 RM'000
Revenue	8,739	4,363
Profit/(Loss) Before Tax	730	(3,595)

The Group recorded a 100% increase in revenue, contributed from higher sales achieved from the new sales campaign launched in March 2014 and also due to the partial revenue recognition from its print business directory, known as "SuperPages" when the Group printed its first edition in April 2014. In line with the increase in revenue, the Group recorded profit before tax of RM0.73 million as compared to loss before tax of RM3.6 million recorded in the previous quarter.

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.

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.



PANPAGES BERHAD (formerly known as CBSA Berhad) (537337M)
(Incorporated in Malaysia)

B6. Taxation

	Individual Period		Cumulative	
	Quarter ended	Quarter ended	Year to date	Year to date
	30.06.2014	30.06.2013	30.06.2014	30.06.2013
	RM'000	RM'000	RM'000	RM'000
Current year	-	8	-	19
Under/(over) provision in prior years	1	-	-	(124)
	1	8	-	(105)
Deferred taxation	-	-	-	-
	1	8	-	(105)

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.

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 30 June 2014 are as follows:

	Current RM'000	Non-current RM'000
Secured		
Term Loan	995	10,705
Finance lease liabilities	446	668
	<u>1,441</u>	<u>11,373</u>

All borrowings are denominated in Ringgit Malaysia.



PANPAGES BERHAD (formerly known as CBSA Berhad) (537337M)
(Incorporated in Malaysia)

B9. Changes in Material Litigation

Except as disclosed below, 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.

On 24 June 2014, Panpages Berhad (formerly known as CBSA Berhad) and its subsidiary, Cyber Business Solutions Sdn. Bhd. (collectively known as the "Plaintiffs") had filed a suit against Sun Chee Kong, Tan Chong Chew @ Tan Ying Ying, Kelvin Teoh Chin Erh, Gan Lay Koon, Lo Wing Lam, Lai Soon Onn, Phan Yoong Choo, Ahmad Saufi Bin Azis, Hew Yoon Onn, XMEG Technologies Sdn Bhd, Algo Solutions Sdn Bhd (formerly known as UURG MSC Sdn. Bhd.), Nigel Pope and ASG Software Solutions Inc (collectively known as the "Defendants") at the High Court of Malaya at Shah Alam to seek, among others, damages from the Defendants for misrepresentation; breach of fiduciary duties and fidelity; breach of confidence; and/or interference and conspiracy to injure.

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



PANPAGES BERHAD (formerly known as CBSA Berhad) (537337M)
(Incorporated in Malaysia)

Basic

		Individual Period		Cumulative	
		Quarter ended	Quarter ended	Year to date	Year to date
		30.06.14	30.06.13	30.06.14	30.06.13
Profit attributable to owners of the Company	(RM'000)	790	1,375	(2,724)	320
Weighted average number of ordinary shares in issue and issuable	(Unit'000)	241,351	241,331	241,351	240,904
Basic earnings per share	(sen)	0.33	0.57	(1.13)	0.13

Diluted

		Individual Period		Cumulative	
		Quarter ended	Quarter ended	Year to date	Year to date
		30.06.14	30.06.13	30.06.14	30.06.13
Adjusted profit attributable to owners of the Company	(RM'000)	790	1,391	(2,724)	352
Adjusted weighted average number of ordinary shares in issue and issuable	(Unit'000)	241,372	242,563	241,372	242,136
Diluted earnings per share	(sen)	0.33	0.57	(1.13)	0.15

B12. Disclosure of Realised and Unrealised Profits

The breakdown of realised and unrealised profits as at 30 June 2014 and 30 June 2013 is as follows:

Total unappropriated profits:-

	As at 30.06.2014 RM'000	As at 30.06.2013 RM'000
- Realised	48,889	52,057
- Unrealised	12	(118)
	<hr/> 48,901	<hr/> 51,939
Consolidated adjustments	(2,930)	(2,436)
	<hr/> 45,971	<hr/> 49,503



PANPAGES BERHAD (formerly known as CBSA Berhad) (537337M)
(Incorporated in Malaysia)

B13. Profit before taxation

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

	Individual Period		Cumulative	
	Quarter ended 30.06.2014 RM'000	Quarter ended 30.06.2013 RM'000	Year to date 30.06.2014 RM'000	Year to date 30.06.2013 RM'000
Interest income	(27)	(67)	(40)	(179)
Other Investment Income	2	(17)	(2)	(17)
Interest expense	12	19	23	39
Depreciation and amortization	830	403	1,579	683
Provision for and write off of trade Receivables	-	-	-	-
Gain on disposal of quoted or unquoted investments or properties	3	133	-	(709)
Loss on foreign exchange	(3)	(65)	74	64

B14. Qualification of Financial Statements

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