



**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.



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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 30.09.2014 RM'000	Quarter ended 30.09.2013 RM'000	Year to date 30.09.2014 RM'000	Year to date 30.09.2013 RM'000
IT	394	1,076	1,385	2,605
Search & Advertising	7,795	9,255	19,907	19,885
Investment holding & others	300	330	900	948
Less: Inter-segment revenue	(300)	(300)	(900)	(900)
Consolidated revenue	8,189	10,361	21,292	22,538

Segment results	Individual Period		Cumulative	
	Quarter ended 30.09.2014 RM'000	Quarter ended 30.09.2013 RM'000	Year to date 30.09.2014 RM'000	Year to date 30.09.2013 RM'000
IT	(662)	(478)	(2,603)	(883)
Search & Advertising	(457)	3,643	(1,190)	4,291
Investment holding & others	(24)	(695)	(215)	(984)
Consolidated profit/(loss) before taxation	(1,143)	2,470	(4,008)	2,424



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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 that have not been reflected in the Financial Statements for the interim financial period under review.

**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**

There were no material capital commitments not provided for in the interim financial statement as at 30 September 2014.

**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 nine (9) months financial period under review, the Group recorded a revenue (comprising principally of Search & Advertising and ICT Division) and loss before taxation of RM21.3 million and RM4 million respectively compared to RM22.5 million and profit before taxation of RM2.4 million for the preceding corresponding interim financial period.

The loss before taxation of the Group in the current financial period as compared to the preceding year corresponding period was mainly due to higher operating cost from regional expansion and RM0.85 million gain on disposal of property from ICT Division during the preceding year of 2013.

**Analysis of the performance of business segments:**

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

	<b>3Q2014</b>	<b>3Q2013</b>	<b>Year to date</b>	<b>Year to date</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>30.9.2014</b>	<b>30.9.2013</b>
			<b>RM'000</b>	<b>RM'000</b>
Revenue	7,795	9,255	19,907	19,885
Cost of sales	(4,727)	(2,945)	(10,999)	(6,889)
Gross profit	3,068	6,310	8,908	12,996
Other income	274	483	684	599
Operating expenses	(3,783)	(3,142)	(10,754)	(9,278)
Finance costs	(16)	(8)	(28)	(26)
Share of results of Associates	-	-	-	-
Profit/(Loss) before taxation	(457)	3,643	(1,190)	4,291

The S&A business segment reported a decrease in revenue from RM9.26 million for 3Q2013 to RM7.80 million for 3Q2014, In addition, the gross profit margin declined from 68% for 3Q2013 to 39% for 3Q2014.



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The decrease in revenue is mainly due to lower sales recognized from its print business directory. The decrease in revenue from its print business directory was mitigated by the increase in revenue from online products. The gross profit margin reduced from 68% for 3Q2013 to 39% for 3Q2014 as a result of the changes in the products mix and loss leader products in new markets within the region of Southeast Asia.

The operating expenses increased by 20% from RM3.14 million for 3Q2013 to RM3.78 million for 3Q2014 was mainly due to overseas subsidiaries in Thailand which were consolidated with effect from January 2014 and Indonesia which commenced operations in January 2014. With the lower gross profit and higher operating expenses, the profit before taxation reduced by 113% from RM3.64 million for 3Q2013 to loss before taxation of RM0.46 million for 3Q2014.

For the nine (9) months ended 30 September 2014, S&A business segment recorded revenue of RM19.91 million compared to RM19.89 million for the corresponding period ended 30 September 2013. However, the gross profit margin reduced from 65% for nine months ended 30 September 2013 to 45% for nine months ended 30 September 2014. These were due to higher sales achieved from the new sales campaign launched mitigated by the decrease in revenue from the licensed content.

The operating expenses has increased slightly from RM9.28 million for nine months ended 30 September 2013 to RM10.75 million for nine months ended 30 September 2014, mainly due to higher expenses in the overseas subsidiaries. With the lower gross profit and higher operating expenses, the profit before taxation reduced from RM4.29 million for nine months financial period ended 30 September 2013 to a loss before taxation of RM1.19 million in the current financial period.



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Information Technology (“IT”) business segment

	<b>3Q2014</b> <b>RM'000</b>	<b>3Q2013</b> <b>RM'000</b>	<b>Year to date</b> <b>30.09.2014</b> <b>RM'000</b>	<b>Year to date</b> <b>30.09.2013</b> <b>RM'000</b>
Revenue	394	1,076	1,385	2,605
Cost of sales	(58)	(505)	(620)	(1,126)
Gross profit	336	571	765	1,479
Other income	-	16	5	1,105
Operating expenses	(987)	(1,058)	(3,360)	(3,446)
Finance costs	(11)	(7)	(13)	(21)
(Loss) before taxation	(662)	(478)	(2,603)	(883)

For 3Q2014, IT business segment recorded loss before taxation of RM0.66 million as compared to RM0.48 million for 3Q2013 due to 63% drop in revenue from RM1.08 million for 3Q2013 to RM0.39 million for the current quarter.

For the nine (9) months financial period ended 30 September 2014, IT business segment's loss before taxation increased from RM0.9 million in the preceding corresponding financial period to RM2.6 million for current financial period are mainly due to decrease in revenue and other income of RM0.85 million on gain on disposal of property during the preceding corresponding interim financial period.

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

	<b>Quarter ended</b> <b>30.09.2014</b> <b>RM'000</b>	<b>Quarter ended</b> <b>30.06.2014</b> <b>RM'000</b>
Revenue	8,189	8,739
Profit/(Loss) Before Taxation	(1,143)	730

The Group recorded a 6% decrease in revenue. As a result, the Group recorded a loss before taxation of RM1.14 million as compared to profit before taxation of RM0.73 million recorded in the immediate preceding quarter.



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**B3. Prospects**

The Group will be prudently managing its resources while adopting growth strategies to cover bigger geographical footprint in 2014. The Group will continue to face cultural, 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 PanPages is cautious 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**

The Group has not issued any profit forecast in a public document.

**B6. Taxation**

	Individual Period		Cumulative	
	Quarter ended 30.09.2014 RM'000	Quarter ended 30.09.2013 RM'000	Year to date 30.09.2014 RM'000	Year to date 30.09.2013 RM'000
Current year	-	6	-	25
Under/(over) provision in prior years	-	-	-	(124)
	-	6	-	(99)
Deferred taxation	-	-	-	-
	-	6	-	(99)

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). PanPages Online Sdn Bhd was granted pioneer status on 18 January 2006 and the tax exemption period has been extended to 17 January 2016.

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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 30 September 2014 are as follows:

	<b>Current RM'000</b>	<b>Non-current RM'000</b>
<b>Secured</b>		
Term Loan	1,017	11,583
Finance lease liabilities	335	769
	<u>1,352</u>	<u>12,352</u>
<b>Unsecured</b>		
Revolving credit	500	-
Total Borrowings	<u>1,852</u>	<u>12,352</u>

All borrowings are denominated in Ringgit Malaysia.





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**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.

As the result of the termination of the ASG Distribution Agreement by ASG Software Solutions Inc. on 28 May 2012, Cyber Business Solutions Sdn. Bhd. had suffered damages and losses which in turn adversely affected PanPages Berhad's revenues and profits.

Inter alia, the Plaintiffs contend that the termination of the ASG Software Agreement and Cyber Business Solutions Sdn. Bhd.'s venture into a new business venture of selling biometric devices and purchasing a huge inventory of biometric devices had caused damages to Cyber Business Solutions Sdn. Bhd.

The Plaintiffs are claiming for damages for loss of profits to be assessed in respect of the termination of the ASG Distribution Agreement against all the Defendants and an aggregate sum of RM7,216,791 in respect of the venture of selling biometric devices against Sun Chee Kong and Tan Chong Chew @ Tan Ying Ying.

The trial date has been fixed on 9 March 2015, 16 April 2015 and 17 April 2015.

**B10. Dividend**

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



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**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.

Basic

		Individual Period		Cumulative	
		Quarter ended	Quarter ended	Year to date	Year to date
		30.09.14	30.09.13	30.09.14	30.09.13
Profit/(Loss) attributable to owners of the Company	(RM'000)	(1,077)	2,551	(3,801)	2,871
Weighted average number of ordinary shares in issue and issuable	(Unit'000)	241,351	241,351	241,351	241,055
Basic earnings/(loss) per share	(sen)	(0.45)	1.06	(1.57)	1.19

Diluted

		Individual Period		Cumulative	
		Quarter ended	Quarter ended	Year to date	Year to date
		30.09.14	30.09.13	30.09.14	30.09.13
Adjusted profit attributable to owners of the Company	(RM'000)	(1,077)	2,551	(3,801)	2,871
Adjusted weighted average number of ordinary shares in issue and issuable	(Unit'000)	241,517	242,402	241,517	242,106
Diluted earnings/(loss) per share	(sen)	(0.45)	1.05	(1.57)	1.19



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**B12. Disclosure of Realised and Unrealised Profits**

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

Total unappropriated profits:-

	<b>As at 30.09.2014 RM'000</b>	<b>As at 30.09.2013 RM'000</b>
- Realised	47,721	49,054
- Unrealised	37	523
	<hr/> 47,758	<hr/> 49,577
Consolidated adjustments	(2,864)	(2,312)
	<hr/> <b>44,894</b>	<hr/> <b>47,265</b>

**B13. Profit before taxation**

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

	<b>Individual Period</b>		<b>Cumulative</b>	
	<b>Quarter ended 30.09.2014 RM'000</b>	<b>Quarter ended 30.09.2013 RM'000</b>	<b>Year to date 30.09.2014 RM'000</b>	<b>Year to date 30.09.2013 RM'000</b>
Interest income	(2)	(21)	(42)	(200)
Other Investment Income	-	-	(2)	(17)
Interest expense	25	18	48	57
Depreciation and amortization	848	650	2,427	1,333
Provision for and write off of trade Receivables	-	596	-	596
Gain on disposal of quoted or unquoted investments or properties	-	421	-	(288)
(Gain)/Loss on foreign exchange	(53)	(680)	20	(616)

**B14. Qualification of Financial Statements**

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