



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.



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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 financial year under review, except as disclosed in the table below:

	Quarter ended 31.12.2014 RM'000	Year Ended 31.12.2014 RM'000
Impairment loss on goodwill from IT division	1,514	1,514
Impairment loss on intangible assets in CBSA Pancommerce Sdn Bhd and PT Panpages	743	743
Deferred expenditure written off relating to the pre-commencement expenses in PT Panpages	1,524	1,524

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.

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.



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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
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	RM'000	RM'000	RM'000	RM'000
IT	486	506	1,870	3,111
Search & Advertising	14,440	10,925	34,346	30,811
Investment holding & others	300	5,300	1,200	6,248
Less: Inter-segment revenue	(300)	(5,300)	(1,200)	(6,200)
Consolidated revenue	14,925	11,431	36,217	33,970

Segment results	Individual Period		Cumulative	
	Quarter ended	Quarter ended	Year to date	Year to date
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	RM'000	RM'000	RM'000	RM'000
IT	(2,625)	(865)	(5,228)	(1,748)
Search & Advertising	(340)	3,548	(1,529)	7,839
Investment holding & others	(193)	(104)	(409)	(1,088)
Consolidated profit before tax	(3,158)	2,579	(7,166)	5,003

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.



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A10. Significant and Subsequent Events

On 22 December 2014, the Board of Directors announced that its wholly owned subsidiary namely Cyber Business Solutions Sdn Bhd had entered into a sale and purchase agreement (“SPA”) with Ultrabliss Sdn Bhd for the disposal of a unit of property which consist of a 39,773 square feet detached leasehold industrial land erected upon with a new three-storey industrial-cum-office building providing a gross floor area of 39,840 square feet bearing postal address at 3, Jalan Teknologi, Taman Sains Selangor 1, Kota Damansara, PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan held under leasehold individual title H.S. (D) 293625 Lot P.T. 12630, Pekan Baru Sungai Buloh, Daerah Petaling, Negeri Selangor, for a cash consideration of RM20,800,000 (“Proposed Disposal”).

During the current financial quarter under review, the carrying amount of the property amounting to RM18.9 million was reclassified as non-current assets held for sale and the Proposed Disposal is subjected to shareholders’ approval in the Extraordinary General Meeting.

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 31 December 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 year ended 31 December 2014, the Group recorded a revenue (comprising principally of Search & Advertising and IT Division) and loss before taxation of RM36.2 million and RM7.7 million respectively compared to RM33.97 million and profit before taxation of RM5 million for the preceding financial year ended 31 December 2013.

The loss before taxation of the Group in the current financial year as compared to the preceding year was mainly due to higher losses from IT division and impairment of goodwill from IT division of RM1.5 million, impairment of intangible assets of RM0.74 million, written off of pre-operating loss in Indonesia of RM1.5 million, higher allowance of doubtful debts and higher operating cost from regional expansion.

Analysis of the performance of business segments:

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

	4Q2014 RM'000	4Q2013 RM'000	Year to date 31.12.2014 RM'000	Year to date 31.12.2013 RM'000
Revenue	14,440	10,925	34,346	30,811
Cost of sales	(7,804)	(4,759)	(18,803)	(11,648)
Gross profit	6,635	6,166	15,543	19,163
Other income	1,215	886	1,899	1,485
Operating expenses	(8,158)	(3,497)	(18,911)	(12,776)
Finance costs	(32)	(7)	(60)	(33)
Profit/(Loss) before taxation	(340)	3,548	(1,529)	7,839

The S&A business segment reported an increase in revenue from RM10.93 million for 4Q2013 to RM14.44 million for 4Q2014, However the gross profit margin reduced from 67% for 4Q2013 to 46% for 4Q2014 as a result of the changes in the products mix and loss leader products in new markets within the region of Southeast Asia.



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The operating expenses increased by 117% from RM3.5 million for 4Q2013 to RM7.59 million for 4Q2014 was mainly due to higher allowance of doubtful debts by RM2.2 million compared to 4Q2013, impairment loss on intangible assets of RM0.74 million, recognition of loss from Thailand subsidiary which were consolidated with effect from January 2014 and Indonesia which commenced operations in January 2014 with pre-operating expenses written off of RM1.52 million. With the lower gross profit and higher operating expenses, the profit before taxation reduced by 125% from RM3.55 million for 4Q2013 to loss before taxation of RM0.9 million for 4Q2014.

For the year ended 31 December 2014, S&A business segment recorded revenue of RM34.35 million compared to RM30.81 million for the corresponding period ended 31 December 2013. However, the gross profit margin reduced from 62% for the year ended 31 December 2013 to 45% for year ended 31 December 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 from RM12.8 million for year ended 31 December 2013 to RM18.3 million for year ended 31 December 2014, mainly due to higher allowance of doubtful debts by RM1.2 million compared to financial year of 2013, impairment loss on intangible assets of RM0.74 million, recognition of losses from subsidiary in Thailand which were consolidated with effect from January 2014 and pre-operating expenses written off of RM1.52 million from PT Panpages, Indonesia which commenced operation in January 2014.

Information Technology (“IT”) business segment

	4Q2014 RM'000	4Q2013 RM'000	Year to date 31.12.2014 RM'000	Year to date 31.12.2013 RM'000
Revenue	486	506	1,870	3,111
Cost of sales	(156)	(84)	(776)	(1,210)
Gross profit	329	422	1,095	1,901
Other income	41	(53)	46	1,052
Operating expenses	(2,994)	(1,232)	(6,354)	(4,678)
Finance costs	(2)	(2)	(15)	(23)
Profit/(Loss) before taxation	(2,625)	(865)	(5,228)	(1,748)



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For 4Q2014, IT business segment recorded loss before taxation of RM2.63 million as compared to RM0.87 million for 4Q2013 mainly due to impairment of goodwill of RM1.5 million.

For the financial year ended 31 December 2014, IT business segment's loss before taxation increased from RM1.75 million in the preceding year to RM5.23 million for current financial year mainly due to decrease in revenue, other income of RM0.85 million on gain on disposal of property during the preceding corresponding financial year and impairment of goodwill of RM1.5 million in the current financial year.

B2. Material Changes in the Quarterly Results

	Quarter ended 31.12.2014 RM'000	Quarter ended 30.09.2014 RM'000
Revenue	14,925	8,189
Loss Before Taxation	(3,158)	(1,143)

The Group recorded a 82% increase in revenue as compared to the previous quarter mainly due to higher revenue from licensed content and recognition of revenue from a subsidiary Cam YP Co. Ltd. Cam YP Co. Ltd publishes its print business directory under the brand name "Yellow Pages" once a year in October 2014. 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. As a result of the accounting policies adopted, Cam YP Co., Ltd will incur losses from the beginning of nine months until the print directory is published and distributed in October 2014 and its revenue will be recognised in the fourth quarter of the financial year of 2014.

Loss before tax ("LBT") increased from RM1.14 million in the previous quarter to RM3.16 million in current quarter mainly due to allowance of doubtful debts of RM3.4 million, impairment loss on intangible assets of RM0.74 million, impairment of goodwill in ICT division of RM1.5 million and written off of pre-operating loss in Indonesia of RM1.52 million.

B3. Prospects

Barring any unforeseen circumstances, the Board of Directors deem the business environment for the coming financial year of 2015 to be highly challenging due to various macro-economic factors.

Hence, the Group will be undertaking various measures to streamline operations costs and adopts cautious approach to its strategy for the year of 2015.

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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 31.12.2014 RM'000	Quarter ended 31.12.2013 RM'000	Year to date 31.12.2014 RM'000	Year to date 31.12.2013 RM'000
Current year	348	288	348	313
Under/(Over) provision in prior years	29	43	29	(81)
	<u>377</u>	<u>331</u>	<u>377</u>	<u>232</u>
Deferred taxation	10	(152)	10	(152)
	<u>387</u>	<u>179</u>	<u>387</u>	<u>80</u>

The Group's effective tax rate is higher than the statutory tax rate mainly due to the losses suffered by certain subsidiaries for which no group relief is available and due to inclusion of certain non-deductible expenses.

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 31 December 2014 are as follows:

	Current RM'000	Non-current RM'000
Secured		
Term Loan	1,029	11,343
Finance lease liabilities	324	705
	<u>1,353</u>	<u>12,048</u>
Unsecured		
Revolving credit	<u>1,500</u>	<u>-</u>
Total Borrowings	<u>2,853</u>	<u>12,048</u>

All borrowings are denominated in Ringgit 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.

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.



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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.

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
		31.12.14	31.12.13	31.12.14	31.12.13
Profit/(Loss) attributable to owners of the Company	(RM'000)	(4,363)	1,465	(8,164)	4,336
Weighted average number of ordinary shares in issue and issuable	(Unit'000)	241,351	241,351	241,351	241,126
Basic earnings/(loss) per share	(sen)	(1.81)	0.61	(3.38)	1.80

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B11. Earnings Per Share (cont'd)

Diluted

		Individual Period		Cumulative	
		Quarter ended 31.12.14	Quarter ended 31.12.13	Year to date 31.12.14	Year to date 31.12.13
Adjusted profit/(loss) attributable to owners of the Company	(RM'000)	(4,363)	1,465	(8,164)	4,336
Adjusted weighted average number of ordinary shares in issue and issuable	(Unit'000)	241,523	242,276	241,523	242,051
Diluted earnings/(loss) per share	(sen)	(1.81)	0.60	(3.38)	1.79

B12. Disclosure of Realised and Unrealised Profits

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

Total unappropriated profits:-

	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
- Realised	43,515	51,225
- Unrealised	698	541
	44,213	51,766
Consolidated adjustments	(3,683)	(3,072)
	40,530	48,694



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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	Quarter ended	Year to date	Year to date
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	RM'000	RM'000	RM'000	RM'000
Interest income	(48)	8	(90)	(192)
Other Investment Income	-	(11)	(2)	(28)
Interest expense	37	12	85	69
Depreciation and amortization	1,237	693	3,664	2,026
Provision for and write off of trade receivables	3,359	1,208	3,359	1,804
Gain on disposal of quoted or unquoted investments or properties	-	(16)	-	(304)
Impairment loss on goodwill	1,514	-	1,514	-
Impairment loss on intangible assets	743	-	743	-
Deferred expenditure written off	1,524	-	1,524	-
Loss/(Gain) on foreign exchange	(657)	(4)	(637)	(620)

B14. Qualification of Financial Statements

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