



**PANPAGES BERHAD (formerly known as CBSA Berhad) (537337M)**  
(Incorporated in Malaysia)  
**QUARTERLY REPORT ON CONSOLIDATED RESULTS**  
Quarterly Report For The 1<sup>st</sup> Quarter Ended 31 March 2015

**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 2014.

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 2014 except for the adoption of the new and revised FRSs which are mandatory for financial periods beginning on or after 1 January 2015.

**A2. Qualification of Financial Statements**

The auditor's report of the preceding financial statements for the financial year ended 31 December 2014 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. Non- Current Assets Held For Sale**

This refer to the Company's wholly owned subsidiary, Cyber Business Solutions Sdn Bhd to dispose a three storey industrial cum office building for a cash consideration of RM20,800,000 subject to terms of the signed Sales and Purchase Agreement dated 22 December 2014 .

In the Extraordinary General Meeting (EGM) dated 25 March 2015, the shareholders voted to approve the disposal.

**A9. Segmental Information**

The Group's segment report is presented based on its operating segments as follows:

Segment revenue	Individual Period		Cumulative	
	Quarter ended 31.3.2015 RM'000	Quarter ended 31.3.2014 RM'000	Year to date 31.3.2015 RM'000	Year to date 31.3.2014 RM'000
IT	909	557	909	557
Search & Advertising	4,821	3,806	4,821	3,806
Investment holding & others	300	300	300	300
Less: Inter-segment revenue	(300)	(300)	(300)	(300)
Consolidated revenue	5,730	4,363	5,730	4,363



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Segment results	Individual Period		Cumulative	
	Quarter ended 30.3.2015 RM'000	Quarter ended 31.3.2014 RM'000	Year to date 31.3.2015 RM'000	Year to date 31.3.2014 RM'000
IT	(499)	(909)	(499)	(909)
Search & Advertising	651	(2,623)	651	(2,623)
Investment holding & Others	(91)	(63)	(91)	(63)
Consolidated profit/ (loss) before tax	61	(3,595)	61	(3,595)

**A10. Valuation of Property, Plant and Equipment**

The Group did not revalue any of its property, plant and equipment during the current quarter under review.

**A11. Significant and Subsequent Events**

There were no material events subsequent to the end of the current quarter

**A12. Changes in Composition of the Group**

There were no changes in the composition of the Group for the current quarter under review.

**A13. Capital Commitments**

There were no material capital commitments not provided for in the interim financial statement as at 31 March 2015.

**A14. Contingent Liabilities**

There were no changes in contingent liabilities or contingent assets since the last annual balance sheet as at 31 December 2014.



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

**B1. Review of Performance**

Group revenue of RM5.7 million for the current quarter was 31% higher as compared to RM4.4 million in the previous corresponding quarter. The major contributor of the increase of revenue is mainly from Search & Advertising division.

Profit before taxation is concluded in current quarter under review compared to the previous corresponding quarter losses which was mainly due to the lower of operating expenditure in Information and Technology (“IT”) and Search and Advertising (“S&A”) segment as a result of efforts to streamline operating overheads.

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

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

	<b>1Q2015</b>	<b>1Q2014</b>	<b>Year to date</b>	<b>Year to date</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>31.3.2015</b>	<b>31.3.2014</b>
			<b>RM'000</b>	<b>RM'000</b>
Revenue	4,821	3,806	4,821	3,806
Cost of sales	(2,734)	(2,521)	(2,734)	(2,521)
Gross profit	2,087	1,285	2,087	1,285
Other income	1,330	186	1,330	186
Operating expenses	(2,728)	(4,086)	(2,728)	(4,086)
Finance costs	(38)	(8)	(38)	(8)
Profit/ (Loss) before taxation	651	(2,623)	651	(2,623)

Profit before taxation of RM0.65 million from S&A segment for the current quarter under review compared to previous corresponding quarter of loss of RM2.62 million was mainly due to the lower sales in preceding year quarter ended 31 March 2014 and the positive result from the streamline of operating overhead taken by the management.

Gross Profit (“GP”) margin reflected higher at 43% of current quarter under review compared to the quarter ended 31 March 2014 of 34%. It is mainly due to the cost control measures taken especially streamline of sales and marketing cost to achieve higher efficiency in the current quarter under review.



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Information Technology (“IT”) business segment

	<b>1Q2015</b>	<b>1Q2014</b>	<b>Year to date</b>	<b>Year to date</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>31.3.2015</b>	<b>31.3.2014</b>
			<b>RM'000</b>	<b>RM'000</b>
Revenue	909	557	909	557
Cost of sales	(196)	(270)	(196)	(270)
Gross profit	713	287	713	287
Other income	(2)	10	(2)	10
Operating expenses	(1,069)	(1,204)	(1,069)	(1,204)
Finance costs	(141)	(2)	(141)	(2)
Loss before taxation	(499)	(909)	(499)	(909)

Lower loss before taxation from IT segment for the current quarter under review compared to previous corresponding quarter of RM0.50 million in current quarter under review compared to preceding year quarter ended 31 March 2014 of loss of RM0.90 million. There has a higher sales which increased by 63% in current quarter compared to quarter ended 31 March 2014. It is mainly contributed by the increased of sales of programming service and maintenance. The lower of cost has increased the GP margin at 78% for the current quarter under review which was lower in preceding year same period of 52%. The lower of cost has contributed to the better GP margin which due to the product used for the project is in-house products where the cost is lower.

Overall operating expenses reduced by 11% in current quarter under review comparing to the quarter ended 31 March 2014 mainly due to trimming of operating overhead and restructuring of the division.

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

	<b>Quarter ended</b>	<b>Quarter ended</b>
	<b>31.3.2015</b>	<b>31.12.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Revenue	5,731	14,925
Profit/ (Loss) Before Tax	60	(3,158)



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The Group recorded a lower revenue under the current financial quarter under review as compared to the immediate preceding quarter mainly due to 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

Profit before tax in current financial quarter recorded at RM60,736 compared with the loss before taxation of RM3.2 million in the immediate preceding quarter was mainly due to the allowance of doubtful debts of RM3.40 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**

The Board expects 2015 to be an extremely challenging year in view of the global economy uncertainties and the expected period of adjustment in market demand post-GST. However, the Group has undertaken various cautious measurements to streamline the operations and stay focused to grow businesses through various sales and marketing initiatives.

Under the current circumstances, the Board of Directors of PanPages will remain prudent and cautious in management of our business.

**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, and projection in any public documents.

**B5. Variance on Profit Forecast**

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



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**B6. Taxation**

	Individual Period		Cumulative	
	Quarter ended 31.3.2015 RM'000	Quarter ended 31.3.2014 RM'000	Year to date 31.3.2015 RM'000	Year to date 31.3.2014 RM'000
Current year	-	-	-	-
Under/(over) provision in prior years	-	(1)	-	(1)
	-	(1)	-	(1)
Deferred taxation	-	-	-	-
	-	(1)	-	(1)

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.



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**B8. Borrowings and Debts Securities**

The details of the Group's borrowings and debts securities outstanding as at 31 March 2015 are as follows:

	<b>Current RM'000</b>	<b>Non-current RM'000</b>
<b>Secured</b>		
Term Loan	822	11,451
Finance lease liabilities	330	671
	<u>1,152</u>	<u>12,122</u>
<b>Unsecured</b>		
Revolving credit	<u>1,500</u>	<u>-</u>
Total Borrowings	<u>2,652</u>	<u>12,122</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





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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 litigation case is in the process of ongoing hearing.

**B10. Dividend**

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

**B11. Earnings/ (Loss) Per Share**

The basic earnings/ (loss) 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 31.3.15	Quarter ended 31.3.14	Year to date 31.3.15	Year to date 31.3.14
Profit/ (Loss) attributable to owners of the Company	(RM'000)	43	(3,514)	43	(3,514)
Weighted average number of ordinary shares in issue and issuable	(Unit'000)	241,351	241,351	241,351	241,351
Basic earnings/ (loss) per share	(sen)	0.02	(1.46)	0.02	(1.46)



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Diluted

		Individual Period		Cumulative	
		Quarter ended	Quarter ended	Year to date	Year to date
		31.3.15	31.3.14	31.3.15	31.3.14
Adjusted profit/ (loss) attributable to owners of the Company	(RM'000)	43	(3,514)	43	(3,514)
Adjusted weighted average number of ordinary shares in issue and issuable	(Unit'000)	240,825	241,069	240,825	241,069
Diluted earnings per share	(sen)	0.02	*	0.02	*

\* Anti-dilutive in nature

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

The breakdown of realised and unrealised profits as at 31 March 2015 and 31 December 2014 is as follows:

Total unappropriated profits:-

	As at 31.3.2015 RM'000	As at 31.3.2014 RM'000
- Realised	47,395	48,163
- Unrealised	838	9
	<hr/>	<hr/>
	48,233	48,172
Consolidated adjustments	(8,138)	(2,992)
	<hr/>	<hr/>
	40,095	45,180



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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 31.3.2015 RM'000	Quarter ended 31.3.2014 RM'000	Year to date 31.3.2015 RM'000	Year to date 31.3.2014 RM'000
Interest income	(12)	(13)	(12)	(13)
Other Investment Income	-	(4)	-	(4)
Interest expense	181	11	181	11
Depreciation and amortization	374	749	374	749
Gain on disposal of quoted or Unquoted investments or properties	-	(3)	-	(3)
(Gain)/ Loss on foreign exchange	(1,059)	77	(1,059)	77

**B14. Qualification of Financial Statements**

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