



PANPAGES BERHAD (537337M)
(Incorporated in Malaysia)
QUARTERLY REPORT ON CONSOLIDATED RESULTS
Quarterly Report For The 4th Quarter Ended 31 December 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 ("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. Segmental Information

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

Segment revenue	Individual Period		Cumulative	
	Quarter ended 31.12.2015 RM'000	Quarter ended 31.12.2014 RM'000	Year to date 31.12.2015 RM'000	Year to date 31.12.2014 RM'000
Search & Advertising	17,388	14,631	38,078	34,539
IT	884	486	4,332	1,870
Investment holding & others	294	300	13,982	1,200
Less: Inter-segment revenue	(294)	(300)	(13,982)	(1,200)
Consolidated revenue	18,272	15,117	42,410	36,409

Segment results	Individual Period		Cumulative	
	Quarter ended 31.12.2015 RM'000	Quarter ended 31.12.2014 RM'000	Year to date 31.12.2015 RM'000	Year to date 31.12.2014 RM'000
Search & Advertising	725	(813)	5,059	(2,001)
IT	655	(2,625)	209	(5,228)
Investment holding & Others	2	(193)	(463)	(410)
Consolidated profit/ (loss) before tax	1,382	(3,631)	4,805	(7,638)



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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. Significant and Subsequent Events

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

A11. Changes in Composition of the Group

There was no changes in the composition of the Group during the quarter ended 31 December 2015.

A12. Capital Commitments

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

A13. 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

Current Quarter vs. Preceding Quarter

There was a 21% increase in the Group's revenue for the current quarter under review stood at RM18 million as compared to preceding quarter of RM15 million resulting in the profit before taxation of RM1.38 million from a loss before taxation of RM3.63 million for the preceding year quarter ended 31 December 2014 ("4Q 2014").

The increase of revenue mainly contributed by higher sales in both Search & Advertising division and IT division. The improvement of profit before taxation was the positive result derived from cost control measurements in all divisions.

Current Year To Date vs. Previous Year To Date

For the year ended 31 December 2015, the Group recorded a revenue of RM42 million, an increase of 16% compared to preceding year ended 31 December 2014 of RM36 million. The increase of revenue was mainly attributed from the content and database licensing.

The Group recorded profit before tax of RM4.81 million for the current year to date compared to a loss before taxation of RM7.64 million for the preceding corresponding financial year.

Analysis of the performance of business segments:

Search and Advertising ("S&A") business segment

	4Q2015	4Q2014	Year to date	Year to date
	RM'000	RM'000	31.12.2015	31.12.2014
			RM'000	RM'000
Revenue	17,388	14,632	38,078	34,539
Cost of sales	(7,808)	(8,424)	(20,748)	(19,423)
Gross profit	9,580	6,208	17,330	15,116
Other income	7	1,215	3,550	1,257
Operating expenses	(8,839)	(8,204)	(15,638)	(18,314)
Finance costs	(23)	(32)	(183)	(60)
Profit/ (Loss) before taxation	725	(813)	5,059	(2,001)



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Revenue derived from S&A division increased by 17%, which from RM14.63 million of 4Q 2014 to RM17.39 million of 4Q 2015 mainly due to higher billings from content licensing in respect of higher productivity achieved and recognition of revenue of RM3.92 million derived from CAM YP Co. Ltd. (a subsidiary in Cambodia) from its publication of business directories.

Search & Advertising division recorded revenue of RM38.08 million for the current financial year ended 31 December 2015, representing an increase of 10% compared to RM34.53 million for the corresponding financial year ended 31 December 2014 and gross profit margin increased from 44% to 45% compared to corresponding year ended 31 December 2014 mainly due to the efforts taken to streamline direct sales staff cost in the financial year under review.

Information Technology (“IT”) business segment

	4Q2015 RM'000	4Q2014 RM'000	Year to date 31.12.2015 RM'000	Year to date 31.12.2014 RM'000
Revenue	884	485	4,332	1,870
Cost of sales	(488)	(156)	(2,222)	(776)
Gross profit	396	329	2,110	1,094
Other income	467	41	581	46
Operating expenses	(149)	(2,993)	(2,005)	(6,353)
Finance costs	(59)	(2)	(477)	(15)
Profit/ (Loss) before taxation	655	(2,625)	209	(5,228)

IT division recorded profit before tax of RM0.66 million compared to a loss before taxation of RM2.63 million in corresponding preceding quarter under review. The improved result was mainly due to the cost efficiency measurements taken in the current financial year which has reduced the operating expenses by 68%.

IT division has recorded an increase of revenue from RM1.87 million to RM4.33 million for the current financial year under review was mainly due to the increase of sales derived from third party products with lower profit margin which has resulted a decrease of gross profit margin from 59% to 49% as compared to preceding financial year.

The management has taken drastic streamlining of operating overheads for the current financial year which has resulted the operating expenses reduced from RM6.35 million to RM2.01 million. Consequently, IT division achieved profit before taxation of RM0.21 million as compared to the preceding financial year ended 31 December 2014 of a loss before taxation of RM5.23 million mainly due to cost efficiency measurements together with a gain of disposal derived from a three storey office building of RM0.57 million.



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B2. Material Changes in the Quarterly Results

	Quarter ended 31.12.2015 RM'000	Quarter ended 30.09.2015 RM'000
Revenue	18,272	8,911
Profit Before Tax	1,382	2,545

The Group recorded a 103% increase in revenue as compared to the immediate preceding quarter mainly due to higher revenue derived from content licensing and recognition of revenue from a subsidiary, CAM YP Co. Ltd. which publishes its print business directory under the brand name of “YellowPages” once a year in October 2015. Based on the accounting policies adopted by the Group, the sales revenue/ direct cost relating to a yearly publication will not be recognized/ charged out until the directory is published and distributed to user. 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 printed directory is published and distributed in October 2015 and its revenue will be recognized in the fourth quarter of the financial year 2015.

The lower profit before tax of RM1.38 million in the current quarter under review compared to RM2.54 million for the immediate preceding quarter mainly due to the impairment of trade receivables of RM2.6 million.

B3. Prospects

The Board anticipates the outlook of regional economies to remain weak, the extended effect of GST in Malaysia, the significant weakening of regional currencies and the overall macro-economic conditions.

The Group will continue to undertake various measures to streamline the operations and stay defensive and prudence in its business strategies for the year of 2016.

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.



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B5. Variance on Profit Forecast

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

B6. Taxation

	Individual Period		Cumulative	
	Quarter ended	Quarter ended	Year to date	Year to date
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	RM'000	RM'000	RM'000	RM'000
Current year	546	443	546	443
Under/ (Over) provision in prior years	-	99	-	99
	546	542	546	542
Deferred taxation	(187)	(22)	(187)	(22)
	359	520	359	520

The Group's effective tax rate is lower than the statutory tax rate due to no taxation charge on the tax exempt business income derived from its wholly-owned subsidiaries, PanPages Online Sdn Bhd and PanPages Lab Sdn. Bhd. (formerly known as 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. PanPages Lab 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 December 2015 are as follows:

	Current RM'000	Non-current RM'000
Secured		
Finance lease liabilities	342	415
Unsecured		
Revolving credit	1,500	-
Total Borrowings	1,842	415

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 huge inventory of biometric devices had caused financial losses 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 into selling biometric devices against Sun Chee Kong and Tan Chong Chew @ Tan Ying Ying.

The next case management is fixed on 8th March 2016.



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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 31.12.15	Quarter ended 31.12.14	Year to date 31.12.15	Year to date 31.12.14
Profit/ (Loss) attributable to owners of the Company	(RM'000)	1,076	(4,842)	4,348	(8,642)
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)	0.45	(2.01)	1.80	(3.58)

Diluted

		Individual Period		Cumulative	
		Quarter ended 31.12.15	Quarter ended 31.12.14	Year to date 31.12.15	Year to date 31.12.14
Adjusted profit/ (loss) attributable to owners of the Company	(RM'000)	1,076	(4,842)	4,348	(8,642)
Adjusted weighted average number of ordinary shares in issue and issuable	(Unit'000)	241,113	241,523	241,113	241,523
Diluted earnings/(loss) per share	(sen)	0.45	*	1.80	*

* Anti-dilutive in nature



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B12. Disclosure of Realised and Unrealised Profits

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

Total unappropriated profits:-

	As at 31.12.2015 RM'000	As at 31.12.2014 RM'000
- Realised	44,569	41,425
- Unrealised	4,090	90
	<u>48,659</u>	<u>41,515</u>
Consolidated adjustments	<u>(12,022)</u>	<u>(1,463)</u>
	<u>36,637</u>	<u>40,052</u>

B13. Profit/ (Loss) before taxation

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

	Individual Period		Cumulative	
	Quarter ended 31.12.2015 RM'000	Quarter ended 31.12.2014 RM'000	Year to date 31.12.2015 RM'000	Year to date 31.12.2014 RM'000
Interest income	(18)	(6)	(43)	(48)
Other Investment Income	-	-	-	(2)
Interest expense	144	37	697	85
Depreciation and amortization	(2,001)	1,178	1,659	3,605
Provision for and write off of trade receivables	2,632	3,528	2,632	3,528
Gain on disposal of quoted or unquoted investments or properties	(572)	(70)	(572)	(70)
Impairment loss on goodwill	-	1,514	-	1,514
Impairment loss on intangible assets	-	743	-	743
Deferred expenditure written off	-	1,524	-	1,524
(Gain)/ Loss on foreign exchange	(1,182)	(85)	(4,304)	(65)

B14. Qualification of Financial Statements

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