



PANPAGES BERHAD (537337M)
(Incorporated in Malaysia)
QUARTERLY REPORT ON CONSOLIDATED RESULTS
Quarterly Report For The 4th Quarter Ended 31 December 2016

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 2015.

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 2015 except for the adoption of the new and revised FRSs which are mandatory for financial periods beginning on or after 1 January 2016.

A2. Qualification of Financial Statements

The auditor's report of the preceding financial statements for the financial year ended 31 December 2015 was not subject to any audit qualification.

A3. Seasonal or Cyclical Factors

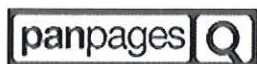
The business of the Group was not materially affected by any significant seasonal or cyclical factors during the current quarter under review.

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 31.12.2016 RM'000	Quarter ended 31.12.2015 RM'000	Year to date 31.12.2016 RM'000	Year to date 31.12.2015 RM'000
IT	252	994	1,345	4,442
Search & Advertising	11,196	17,277	29,506	37,967
Investment holding & others	449	294	1,797	13,982
Less: Inter-segment revenue	(449)	(294)	(1,797)	(13,982)
Consolidated revenue	11,448	18,272	30,851	42,410

Segment results	Individual Period		Cumulative	
	Quarter ended 31.12.2016 RM'000	Quarter ended 31.12.2015 RM'000	Year to date 31.12.2016 RM'000	Year to date 31.12.2015 RM'000
IT	(226)	656	(1,022)	210
Search & Advertising	(4,572)	662	(8,398)	4,996
Investment holding & Others	434	1	604	(464)
Consolidated (loss)/ profit before tax	(4,364)	1,318	(8,816)	4,741



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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

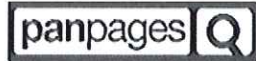
There was no changes in the composition of the Group during the quarter under review.

A12. Capital Commitments

There were no material capital commitments not provided for in the interim financial statement as at 31 December 2016.

A13. Contingent Liabilities

There were no changes in contingent liabilities or contingent assets since the last annual balance sheet as at 31 December 2015.



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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

Group's revenue decreased by 37% which stated at RM11.45 million for the current quarter under review as compared to preceding year quarter ended 31 December 2016 ("4Q 2015") of RM18.27 million which resulting in a loss before taxation of RM4.36 million for the current quarter under review and profit before taxation of RM1.32 million in 4Q 2015. Loss before taxation is registered for the current quarter mainly due to the low revenue as the business activities are low due to the weak economic sentiment.

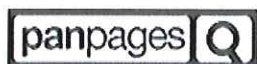
Current Year To Date vs. Previous Year To Date

Group's revenue for the current year to date decreased by 27% at RM30.85 million as compared to RM42.41 million of preceding year to date ended 31 December 2015 resulting in the loss before taxation of RM8.82 million from profit before taxation of RM4.74 million for the preceding year to date ended 31 December 2015. The decrease in revenue is mainly due to the decrease in content licensing income and IT revenue as the IT division was disposed of.

Analysis of the performance of business segments:

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

	4Q2016	4Q2015	Year to date	Year to date
	RM'000	RM'000	31.12.2016	31.12.2015
			RM'000	RM'000
Revenue	11,196	17,277	29,506	37,967
Cost of sales	(8,791)	(8,616)	(23,012)	(21,556)
Gross profit	2,405	8,661	6,494	16,411
Other income	830	(35)	1,111	3,550
Operating expenses	(7,720)	(7,943)	(15,839)	(14,788)
Finance costs	(87)	(21)	(164)	(177)
(Loss)/ Profit before taxation	(4,572)	662	(8,398)	4,996



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S&A's Revenue recorded a decrease by 35% from RM17.28 million of 4Q 2015 to RM11.20 million of 4Q 2016 mainly due to the lower of content licensing revenue. The gross profit margin reduced from 50% in current quarter to 22% as compared to preceding quarter as the S&A division has lower content licensing revenue and the product for digital marketing contributed lower margin. Despite lower operating expenses for the current quarter under review reduced by 3% to RM7.72 million from RM7.94 million of 4th quarter 2015, the S&A business segment recorded a loss of RM4.57 million in the current quarter under review.

Revenue of the current year to date ended 31 December 2016 decreased by 22% to RM29.51 million from RM37.97 million of 4Q 2015 as a result of lower content licensing revenue and it resulting a drop in gross profit margin from 43% to 22%. The shortfall of revenue and increase in operating expenses by 7% resulting a loss before tax of RM8.40 million for the current year.

Information Technology ("IT") business segment

	4Q2016 RM'000	4Q2015 RM'000	Year to date 31.12.2016 RM'000	Year to date 31.12.2015 RM'000
Revenue	252	994	1,345	4,442
Cost of sales	(61)	(598)	(901)	(2,332)
Gross profit	191	396	444	2,110
Other income	19	519	31	591
Operating expenses	(436)	(200)	(1,497)	(2,015)
Finance costs	-	(59)	-	(476)
Profit/ (Loss) before taxation	(226)	656	(1,022)	210

IT business segment recorded Loss before taxation of RM0.23 million for the quarter under review compared to profit before taxation of RM0.66 million of 4Q 2015, which decreased by 134%. Nevertheless, the gross profit margin reflected lower in current period under review which resulting from outsource of software maintenance work to third party during the quarter under review.

A loss before tax of RM1.02 million is recorded compared to the preceding year to date ended 31 December 2015 of profit of RM0.21 million as a result of higher cost of software maintenance work which was outsourced to third party during the period under review. This is the residual of the IT business after the main business has been disposed of.



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B2. Material Changes in the Quarterly Results

	Quarter ended 31.12.2016 RM'000	Quarter ended 31.12.2015 RM'000
Revenue	11,448	18,272
(Loss)/ Profit Before Taxation	(4,364)	1,318

The Group's revenue reflected lower for the quarter under review of RM11.45 million compared to immediate preceding quarter of RM18.27 million which mainly due to the lower content licensing revenue.

A loss before taxation of RM4.36 million is recorded compared to the immediate preceding quarter of profit before taxation of RM1.32 million which mainly due to the reduction in revenue

B3. Prospects

The Board anticipates the outlook of regional economy will remain weak and overall macro economic conditions is challenging.

The Group will continue to undertake various cautious measures to streamline the operations and stay defensive and prudence in business strategies.

Under the current circumstances, the Board of Directors will be cautious on our business performance.

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 31.12.2016 RM'000	Quarter ended 31.12.2015 RM'000	Year to date 31.12.2016 RM'000	Year to date 31.12.2015 RM'000
Current year	725	503	732	503
(Over)/ Under provision in prior years	41	-	16	-
	766	503	748	503
Deferred taxation	(1,566)	(144)	(1,566)	(144)
	(800)	359	(818)	359

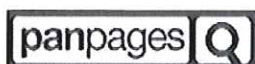
The corporate income tax provision mainly provided for both Cam YP Co., Ltd and Panpages Vietnam Co. Ltd.

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 utilization 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 2016 are as follows:

	Current RM'000	Non-current RM'000
Secured		
Finance lease liabilities	171	342
Unsecured		
Revolving credit	1,500	-
Overdraft	808	-
	<hr/>	<hr/>
Total Borrowings	2,479	342

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.

- (1) 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 enter 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.



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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 into selling biometric devices against Sun Chee Kong and Tan Chong Chew @ Tan Ying Ying.

The plaintiffs have won the appeals for hearings on 15 November 2016. Further case management is fixed on 23 February 2017.

B10. Dividend

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

B11. (Loss)/ Earnings Per Share

The basic (loss)/ earnings per share is calculated by dividing the net (loss)/ 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 (loss)/ 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
		31.12.16	31.12.15	31.12.16	31.12.15
(Loss)/ Profit attributable to owners of the Company	(RM'000)	(3,638)	1,012	(8,102)	4,284
Weighted average number of ordinary shares in issue and issuable	(Unit'000)	241,351	241,351	241,351	241,351
Basic (loss)/ earnings per share	(sen)	(1.51)	0.42	(3.36)	1.77



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Diluted

		Individual Period		Cumulative	
		Quarter ended 31.12.16	Quarter ended 31.12.15	Year to date 31.12.16	Year to date 31.12.15
Adjusted (loss)/ profit attributable to owners of the Company	(RM'000)	(3,638)	1,012	(8,102)	4,284
Adjusted weighted average number of ordinary shares in issue and issuable	(Unit'000)	241,078	241,113	241,078	241,113
Diluted (loss)/ earnings per share	(sen)	*	*	*	*

* Anti-dilutive in nature

B12. Disclosure of Realised and Unrealised Profits

The breakdown of realised and unrealised profits as at 31 December 2016 and 31 December 2015 is as follows:

Total unappropriated profits:-

	As at 31.12.2016 RM'000	As at 31.12.2015 RM'000
- Realised	32,759	46,689
- Unrealised	897	628
	<u>33,656</u>	<u>47,318</u>
Consolidated adjustments	(5,185)	(10,745)
	<u>28,471</u>	<u>36,573</u>



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B13. (Loss)/ Profit before taxation

(Loss)/ Profit 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
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	RM'000	RM'000	RM'000	RM'000
Interest income	178	(18)	(37)	(43)
Interest expense	263	144	339	697
Depreciation and amortization	2,365	(2,001)	4,198	1,659
Gain on disposal of quoted or Unquoted investments or properties	(25)	(572)	(58)	(572)
Provision for and write off of trade receivables	2,847	2,632	2,847	2,632
Loss/ (Gain) on foreign exchange	(649)	(1,182)	(17)	(4,304)

B14. Qualification of Financial Statements

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