

PANPAGES BERHAD (537337M)
(Incorporated in Malaysia)
QUARTERLY REPORT ON CONSOLIDATION RESULTS
Quarterly Report For The 1st Quarter Ended 31 March 2017
(The figure have not been audited)

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Notes	INDIVIDUAL PERIOD		CUMMULATIVE	
		Quarter Ended	Quarter Ended	Year to date	Year to date
		31.03.2017	31.03.2016	31.03.2017	31.03.2016
		RM	RM	RM	RM
Revenue		4,232,444	5,375,544	4,232,444	5,375,544
Cost of sales		(4,041,125)	(4,284,867)	(4,041,125)	(4,284,867)
Gross Profit		191,319	1,090,677	191,319	1,090,677
Other Income		49,613	216,037	49,613	216,037
Selling and Distribution Expenses		(3,705)	(14,244)	(3,705)	(14,244)
Administration Expenses		(3,585,036)	(3,733,177)	(3,585,036)	(3,733,177)
Other Expenses		101,866	(89,137)	101,866	(89,137)
Finance Cost		(50,095)	(34,865)	(50,095)	(34,865)
(Loss) / Profit Before Taxation	B12	(3,296,038)	(2,564,709)	(3,296,038)	(2,564,709)
Taxation		7	(7,989)	7	(7,989)
(Loss) / Profit for the financial period		(3,296,031)	(2,572,698)	(3,296,031)	(2,572,698)
Other Comprehensive Loss		(837,574)	(364,893)	(837,574)	(364,893)
Total Comprehensive loss for the financial period		(4,133,605)	(2,937,591)	(4,133,605)	(2,937,591)
(Loss) / Profit attributable to :-					
Owners of the Company		(3,260,869)	(2,680,558)	(3,260,869)	(2,680,558)
Non-Controlling Interest		(35,162)	107,860	(35,162)	107,860
Total Comprehensive attributable to :-		(3,296,031)	(2,572,698)	(3,296,031)	(2,572,698)
Owners of the Company		(3,944,986)	(3,125,155)	(3,944,986)	(3,125,155)
Non-Controlling Interest		(188,620)	187,564	(188,620)	187,564
Weighted average number of shares		241,350,685	241,350,685	241,350,685	241,350,685
(Loss) / Earning per share attribute to equity holders of the Company (sen)					
-Basic	B10	(1.35)	(1.11)	(1.35)	(1.11)
-Diluted		*	*	*	*

*anti-dilutive in nature

(The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Company's audited financial Statement or the year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements)

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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Unaudited As At 31.03.2017 RM	Audited As At 31.12.2016 RM
ASSETS		
Non-Current Assets		
Property, plant and equipment	1,826,628	2,136,357
Intangible assets	23,568,389	24,009,656
Goodwill on consolidation	16,669,781	16,786,396
Other investments	55,000	55,000
Deferred tax assets	1,880,963	1,216,228
Total non-current assets	<u>44,000,761</u>	<u>44,203,637</u>
Current Assets		
Trade receivables	11,241,090	12,663,507
Other receivables	2,426,019	1,620,686
Deferred expenditures	2,652,620	2,383,160
Tax recoverable	25,890	180,429
Other investments	81,711	80,823
Fixed deposits with licensed banks	54,754	54,756
Cash and bank balances	4,858,409	6,627,818
Total current assets	<u>21,340,493</u>	<u>23,611,179</u>
Total assets	<u>65,341,254</u>	<u>67,814,816</u>
LIABILITIES		
Non-current liabilities		
Finance lease liabilities	310,378	341,817
Total non-current liabilities	<u>310,378</u>	<u>341,817</u>
Current liabilities		
Trade payables	857,869	1,038,966
Other payables	5,201,103	4,953,729
Deferred income	5,817,179	4,786,310
Finance lease liabilities	154,156	170,988
Bank borrowings	2,350,163	2,308,304
Total Current liabilities	<u>14,380,470</u>	<u>13,258,297</u>
Total Liabilities	<u>14,690,848</u>	<u>13,600,114</u>
Net Assets	<u>50,650,406</u>	<u>54,214,702</u>
Equity attributable to owners of the Company		
Share capital	24,135,068	24,135,069
Share premium	1,231,295	1,231,295
Share option reserve	130,921	130,920
Foreign currency translation reserve	1,315,848	1,430,654
Retained earnings	25,561,395	28,822,264
	<u>51,227,236</u>	<u>55,750,202</u>
Non-controlling interests	(1,724,121)	(1,535,500)
Total equity	<u>50,650,406</u>	<u>54,214,702</u>
Total Equity and Liabilities	<u>65,341,254</u>	<u>67,814,816</u>
Net asset per share attributable to ordinary equity holders of the parent (sen)	20.99	22.46

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Company's audited financial statement for the year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements)

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	<----- Attributable To Owners of the Company ----->							Non-Controlling Interest	Total Equity
	<----- Non-Distributable ----->			<----- Distributable ----->					
	Share capital	Share premium	Share option reserve	Foreign Currency Translation Reserve	Retained profits/ (Accumulated loss)	Total	Total	RM	RM
	RM	RM	RM	RM	RM	RM	RM	RM	RM
Balance at 1 January 2017	24,135,068	1,231,295	130,921	1,430,654	28,822,264	55,750,202	(1,535,500)	54,214,702	
Reversal of ESOS in relation to option forfeited									
(Loss) / profit for the financial period	-	-	-	-	(3,260,869)	(3,260,869)	(35,162)	(3,296,031)	
Other comprehensive income for the period	-	-	-	(114,806)	-	(114,806)	(153,459)	(268,265)	
Total comprehensive (loss)/ income for the period	-	-	-	(114,806)	(3,260,869)	(3,375,675)	(188,621)	(3,564,296)	
Balance at 31 March 2017	24,135,068	1,231,295	130,921	1,315,848	25,561,395	52,374,527	(1,724,121)	50,650,406	

	<----- Attributable To Owners of the Company ----->							Non-Controlling Interest	Total Equity
	<----- Non-Distributable ----->			<----- Distributable ----->					
	Share capital	Share premium	Share option reserve	Foreign Currency Translation Reserve	Retained profits/ (Accumulated loss)	Total	Total	RM	RM
	RM	RM	RM	RM	RM	RM	RM	RM	RM
Balance at 1 January 2016	24,135,069	1,231,295	205,247	852,677	36,572,868	62,997,156	(1,582,006)	61,415,150	
Reversal of ESOS in relation to option forfeited			(47,670)		-	(47,670)	-	(47,670)	
(Loss) / profit for the financial period	-	-	-	-	(2,680,558)	(2,680,558)	107,861	(2,572,697)	
Other comprehensive income for the period	-	-	-	(444,596)	-	(444,596)	79,703	(364,893)	
Total comprehensive (loss)/ income for the period	-	-	-	(444,596)	(2,680,558)	(3,125,154)	187,564	(2,937,590)	
Balance at 31 March 2016	24,135,069	1,231,295	157,577	408,081	33,892,310	59,824,332	(1,394,442)	58,429,890	

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Company's audited financial statement for the year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements)

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CONDENSED CONSOLIDATED STATEMENTS OF CASHFLOWS

	Current Quarter 31.03.2017 RM	Cumulative Quarter Preceding Year 31.03.2016 RM
CASHFLOW FROM OPERATING ACTIVITIES		
(Loss) / Profit before taxation	(3,296,038)	(2,564,709)
Adjustment for :-		
Non-Cash Items	1,100,274	343,540
Non-Operating Items	198,042	546,334
Operating Loss before working capital changes	(1,997,722)	(1,674,835)
Net changes in current assets	1,648,956	5,406,600
Net changes in current liabilities	(917,028)	(2,147,006)
Cash generated from operations	(1,265,794)	1,584,759
Interest Income Generated	4,216	15,266
Interest Paid	(48,273)	(32,737)
Income Tax Paid	-	(503,894)
Net cashflow from operating activities	(1,309,851)	1,063,394
CASHFLOW FROM INVESTING ACTIVITIES		
Acquisition of subsidiaries, net of cash acquired	121,468	121,486
Acquisition of property, plant and equipment	(12,780)	(7,820)
Payment for development cost	(361,259)	(353,737)
Proceeds from disposal of intangible	-	80,000
Net cashflow used in investing activities	(252,571)	(160,071)
CASHFLOW FROM FINANCING ACTIVITIES		
Repayment of borrowings	(1,500,000)	-
Repayment of finance lease liabilities	(48,271)	147,159
Upliftment of fixed deposit	250,862	54,648
Fixed Deposit with alicensed bank unpledged	(54,648)	(54,648)
Net cashflow from financing activities	(1,352,057)	147,159
Net Changes in cash and cash equivalents	(2,914,479)	1,050,482
Effect on exchange rate differences	(422,858)	(250,157)
Cash and Cash Equivalents at beginning of period	5,900,337	8,278,068
Cash and Cash Equivalents at end of period	2,563,000	9,078,393

Note :-

A. Cash and Cash Equivalents included in the Statement of Cash Flows comprise the following :-

	As at 31.03.2017	As at 31.03.2016
Fixed deposits with licensed banks	54,754	-
Bank Overdraft	(2,350,163)	-
Money Market Funds (included within investment under Current Assets)	-	79,621
Cash and bank balances	4,858,409	8,482,586
	2,563,000	8,562,207

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Company's audited financial statement for the year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements)



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NOTES

A EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD ("FRS") 134, INTERIM FINANCIAL REPORTING

A1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Financial Reporting Standard ("FRS") 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 2016.

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 2016 except for the adoption of the new and revised FRSs which are mandatory for financial periods beginning on or after 1 January 2017.

A2. Qualification of Financial Statements

The auditor's report of the preceding financial statements for the financial year ended 31 December 2016 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.



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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 under review.

A7. Dividends Paid

There was no dividend paid during the current quarter under review.

A8. Segmental Information

The Group's segment report for the three (3) months period ended 31st March 2017 is as follows:

Segment revenue	Individual Period		Cumulative	
	Quarter ended 31.03.2017 RM'000	Quarter ended 31.03.2016 RM'000	Year to date 31.03.2017 RM'000	Year to date 31.03.2016 RM'000
Search & Advertising	4,070	4,934	4,070	4,934
Investment holding & others	611	896	611	896
Less: Inter-segment revenue	(449)	(454)	(449)	(454)
Consolidated revenue	4,232	5,376	4,232	5,376

Segment results	Individual Period		Cumulative	
	Quarter ended 31.03.2017 RM'000	Quarter ended 31.03.2016 RM'000	Year to date 31.03.2017 RM'000	Year to date 31.03.2016 RM'000
Search & Advertising	(3,306)	(1,767)	(3,306)	(1,767)
Investment holding & others	10	(798)	10	(798)
Consolidated profit before tax	(3,296)	(2,565)	(3,296)	(2,565)



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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

Other than below, there were no material events subsequent to the end of the current quarter.

On 5th May 2017, 24,135,000 ordinary shares in the Company were issued through a private placement at the same price of RM 0.311 per share.

A11. Changes in Composition of the Group

There were no 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 March 2017.

A13. Contingent Liabilities

There were no changes in contingent liabilities or contingent assets since the last annual balance sheet as at 31 December 2016.



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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

The Group revenue for the current quarter under review decreased by 21% at RM 4.2 million as compared to preceding quarter of RM 4.9 million resulting in the loss before taxation of RM 3.3 million for the current quarter ended 31 March 2017 ("1Q2017).

Analysis of the performance of business segments:-

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

	1Q2017 RM'000	1Q2016 RM'000	Year to date 31.03.2017 RM'000	Year to date 31.03.2016 RM'000
Revenue	4,070	4,934	4,070	4,934
Cost of sales	(3,766)	(4,044)	(3,766)	(4,044)
Gross profit	304	890	304	890
Other income	(120)	208	(120)	208
Operating expenses	(3,440)	(2,831)	(3,440)	(2,831)
Finance costs	(50)	(34)	(50)	(34)
Profit/(Loss) before taxation	(3,306)	(1,767)	(3,306)	(1,767)

Revenue from S&A business segment decreased by 17.5% or RM 0.86 million in 1Q 2017. The drop is mainly due to lower revenue contributed by its print business directories as the distribution of the directories was delayed to next quarter. There is a drop in gross profit margin in the current quarter compared to same period last year was mainly due to the decrease in gross margin from third party products.



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B2. Material Changes in the Quarterly Results

	Quarter ended 31.03.2017 RM'000	Quarter ended 31.03.2016 RM'000
Revenue	4,232	5,376
Loss Before Tax	(3,296)	(2,565)

The Group's recorded a lower revenue of RM 4.232 million under current quarter compared to same period last year of RM 5.376 million mainly due to lower revenue as reason explained in Notes B1.

B3. Prospects

The group expects 2017 to be a challenging year due to uncertainties in regional economic outlook.

The Group will continue to undertake various measures to streamline the operations to reduce operation cost and adopt defensive approach in business strategies.

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 comment.



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B6. Taxation

	Individual Period		Cumulative	
	Quarter ended 31.03.2017	Quarter ended 31.03.2016	Year to date 31.03.2017	Year to date 31.03.2016
	RM'000	RM'000	RM'000	RM'000
Current year	0	8	0	8
Under/(Over) provision in prior years	-	-	-	-
	0	8	0	8
Deferred taxation	-	-	-	-
	0	8	0	8

There is no tax expenses in current quarter due to loss position in Q1 2017.

B7. (a) Status of Corporate Proposal

There were no corporate proposals announced but not completed as the date of this report.

(b) Status of Utilization of Proceeds

There were no unutilized proceeds raised from any corporate proposals.

B8. Borrowings and Debts Securities

The group does not have any borrowings and debts securities outstanding as at 31st March 2017 other than bank overdraft of RM 2.34 million.



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B9. Changes in Material Litigation

Except as disclosures 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 Solution Sdn. Bhd. (collectively known as the "Plaintiff") had filled 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 Software Solutions Inc (formerly known as UURG MSC Sdn. Bhd.), Nigel Pope and ASG Software Solutions Inc (collectively known as the "Defendant") 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 Solution Inc. on 28 May 2012, Cyber Business Solutions Sdn. Bhd. had suffered damages and losses which in turn adversely affected PanPages Berhad's revenue and profits.

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

The Plaintiffs are claiming 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 RM 7,216,719 in respect of the venture up 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. The Plaintiff's' applications for discovery of documents has been fixed for hearing and case management on 20 June 2017.



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B10. (Loss) / Earnings Per Share

The basis (loss) / earnings per share is calculated by dividing the net profit / (loss) 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.

There is no computation for diluted earnings per share as it is anti-dilutive in nature.

		Individual Period		Cumulative	
		Quarter ended	Quarter ended	Year to Date	Year to Date
		31.03.2017	31.03.2016	31.03.2017	31.03.2016
(Loss) / Profit Attribute to Owners of the Company	(RM '000)	(3,261)	(2,680)	(3,261)	(2,680)
Weighted Average Number of Ordinary Shares in issue and issuable	(Unit '000)	241,351	241,351	241,351	241,351
Basic (loss) / earning per share	(sen)	(1.35)	(1.11)	(1.35)	(1.11)

B11. (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
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
	RM'000	RM'000	RM'000	RM'000
Interest income	(4)	(15)	(4)	(15)
Interest expense	48	207	48	207
Depreciation and amortization	1,100	432	1,100	432
Loss/(Gain) on foreign exchange	84	613	84	613

B12. Qualification of Financial Statements

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