



**PANPAGES BERHAD (537337M)**  
(Incorporated in Malaysia)  
**QUARTERLY REPORT ON CONSOLIDATION RESULTS**  
Quarterly Report For The 2<sup>nd</sup> Quarter Ended 30 June 2017

**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.

**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 under review.

**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	Quarter ended	Year-To Date	Year-To Date
	30.06.2017	30.06.2016	30.06.2017	30.06.2016
	RM'000	RM'000	RM'000	RM'000
Search & Advertising	5,704	7,400	9,774	11,538
Investment holding & others	792	749	1,403	1,646
Less: Inter-segment revenue	(450)	(449)	(899)	(904)
Consolidated revenue	6,046	7,700	10,278	12,280

Segment results	Individual Period		Cumulative	
	Quarter ended	Quarter ended	Year-To Date	Year-To Date
	30.06.2017	30.06.2016	30.06.2017	30.06.2016
	RM'000	RM'000	RM'000	RM'000
Search & Advertising	(1,330)	225	(4,636)	(1,994)
Investment holding & others	(749)	(125)	(739)	(471)
Consolidated (loss) / profit before tax	(2,079)	100	(5,375)	(2,465)

**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 5<sup>th</sup> May 2017, 24,135,000 ordinary shares in the Company were issued through a private placement of RM 0.311 per share.

PanPages has acquired 11,400,000 ordinary shares or representing 30% of the equity interest in G-Mart Borneo Retails Sdn. Bhd. for a cash consideration of RM 10.75 million on 20<sup>th</sup> June 2017.

We have not equity accounted for G-Mart Borneo Retails Sdn Bhd as an associate company for this period as the impact is not significant.

**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 30<sup>th</sup> June 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**

**1.1 FINANCIAL REVIEW FOR CURRENT QUARTER AND FINANCIAL YEAR-TO-DATE**

	Individual Period (2nd Quarter)		Variances		Cumulative		Variances	
	This Year Quarter Ended	Last Year Quarter Ended			This Year Year to date	Last Year Year to date		
	30.06.2017 RM'000	30.06.2016 RM'000	Amount RM'000	%	30.06.2017 RM'000	30.06.2016 RM'000	Amount RM'000	%
Revenue	6,046	7,700	(1,654)	-21%	10,279	12,279	(2,000)	-16%
(Loss) / Profit Before Interest and Tax	(2,057)	135	(2,192)	-1624%	(5,303)	(2,395)	(2,908)	-121%
(Loss) / Profit Before Tax	(2,079)	100	(2,179)	-2179%	(5,375)	(2,465)	(2,910)	-118%
(Loss) / Profit After Tax	(2,204)	117	(2,321)	-1984%	(5,500)	(2,456)	(3,044)	-124%
(Loss) / Profit attributable to Owner of the company	(2,288)	158	(2,446)	-1548%	(5,548)	(2,523)	(3,025)	-120%

**Current Quarter vs. Last Year Same Quarter**

**Revenue**

The Group revenue for the current quarter under review of RM 6 million decreased by 21% as compared to preceding quarter of RM 7.7 million.

The drop of revenue mainly due to:-

- (i) Lower revenue contributed by its print directories as the distribution of the directories was delayed to July 2017; and
- (ii) Lower revenue contributed by online directories of about RM 800,000.

**Profit before Interest and Tax (PBIT)**

The Group PBIT for current quarter decreased by RM 2.192 million mainly due to:-

- (i) In Q2'2016, there was non-recurring RM 1.272 million un-realized foreign exchange gain in the overseas subsidiaries.
- (ii) Lower revenue contributed by the print and online directories which have a direct impact to the profit.



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**Current Year to Date vs. Previous Year to Date**

Revenue

The Group revenue for the current period under review of RM 10.2 million decreased by 16% as compared to preceding year of RM 12.2 million.

The drop of revenue mainly due to:-

- (i) Lower revenue contributed by its print and online business directories as explained earlier; and
- (ii) Lower revenue contributed by its “Data as a Service” division of about RM 500,000.

Loss before Interest and Tax (LBIT)

The Group LBIT for current year increased by RM 2.908 million due to:-

- (i) A non-recurring unrealized gain in Q2’2016 of RM 1.272 million and lower revenue contributed as explained earlier; and
- (ii) Staff compensation due to staff restructuring in early 2017 of RM 127,000.

**1.2 FINANCIAL REVIEW FOR CURRENT QUARTER WITH IMMEDIATE PRECEDING QUARTER**

	Current Quarter	Last Quarter	Variances	
	30.06.2017	31.03.2017	Amount	%
	RM'000	RM'000	RM'000	
Revenue	6,046	4,233	1,813	43%
(Loss) / Profit Before Interest and Tax	(2,057)	(3,246)	1,189	37%
(Loss) / Profit Before Tax	(2,079)	(3,296)	1,217	37%
(Loss) / Profit After Tax	(2,204)	(3,296)	1,092	33%
(Loss) / Profit attributable to Owner of the company	(2,288)	(3,260)	972	30%

Revenue

The Group revenue for the current quarter increased by RM 1.8 million or 43% compared to last quarter mainly due to more selling time in the current quarter compared to the short selling time in first quarter due to holidays.

Loss before Interest and Tax (LBIT)

The LBIT have reduced by RM 1.19 million due to higher revenue generated as explained above and cost saving initiatives.



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**1.3 ANALYSIS OF THE PERFORMANCE OF BUSINESS SEGMENTS**

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

	<b>2Q2017</b>	<b>2Q2016</b>	<b>Year to date</b>	<b>Year to date</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>30.06.2017</b>	<b>30.06.2016</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue	5,704	7,400	9,774	11,538
Cost of sales	(3,726)	(4,858)	(7,492)	(8,102)
Gross profit	1,978	2,542	2,282	3,436
Other income	292	76	172	284
Operating expenses	(3,579)	(2,358)	(7,019)	(5,646)
Finance costs	(21)	(35)	(71)	(68)
(Loss) / Profit before taxation	(1,330)	225	(4,636)	(1,994)

Revenue

Revenue from S&A business segment decreased by 23% or RM 1.7 million comparing to Q2'2016. The drop is mainly due to lower revenue contributed by its print business directories as the distribution of the directories was delayed to July 2017 and lower revenue contributed by online business directories.

In Q2'2016, there was a non-recurring RM 1.272 million un-realized foreign exchange gain in overseas subsidiaries.



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Business Segment by Countries

The details of the Group's business segments by countries and exchange ratio used as below :-

	Year to date 30.06.2017						Year to date 30.06.2016					
	Malaysia RM'000	Thailand RM'000	Cambodia RM'000	Vietnam RM'000	Indonesia RM'000	Total RM'000	Malaysia RM'000	Thailand RM'000	Cambodia RM'000	Vietnam RM'000	Indonesia RM'000	Total RM'000
Revenue	9,268	358	-	653	-	10,279	10,422	506	-	1,307	44	12,279
(Loss) / Profit Before Interest and Tax	(4,498)	95	(324)	(512)	(64)	(5,303)	(1,806)	53	(490)	19	(171)	(2,395)
(Loss) / Profit Before Tax	(4,561)	93	(327)	(515)	(65)	(5,375)	(1,892)	42	(492)	15	(138)	(2,465)
(Loss) / Profit After Tax	(4,686)	93	(327)	(515)	(65)	(5,500)	(1,919)	37	(466)	14	(122)	(2,456)
(Loss) / Profit attributable to Owner of the company	(4,769)	128	(327)	(515)	(65)	(5,548)	(1,981)	15	(466)	11	(102)	(2,523)

**Exchange Rate Ratio Used (2017)**

1 USD Dollar : 4.2940 Malaysia Ringgit  
100 Indonesia Rupiah : 0.0333 Malaysia Ringgit  
100 Thailand Baht : 12.6348 Malaysia Ringgit  
100 Vietnam Dong : 0.0189 Malaysia Ringgit

**Exchange Rate Ratio Used (2016)**

1 USD Dollar : 4.1021 Malaysia Ringgit  
100 Indonesia Rupiah : 0.0306 Malaysia Ringgit  
100 Thailand Baht : 11.5662 Malaysia Ringgit  
100 Vietnam Dong : 0.0184 Malaysia Ringgit

The exchange rate ratio used are based on Bank Negara exchange rate as per balance sheet date.

**B2. Group's Prospects**

The Group expects 2017 to be a challenging year. The Search and Advertising ("S&A) business in Malaysia continues to face challenges such as weak economic conditions and confidence. The Group is also experiencing a squeeze on gross profit margin due to increase in sales of third party products and stiffer competition. The S&A business in the region is not expected to see significant growth as investment has been reduced.

The Group will continue to explore new business and product development to compliment the S&A business in Malaysia.



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**B3. 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.

**B4. Variance on Profit Forecast**

The Group has not issued any profit forecast in any public comment.

**B5. (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.

**B6. Group's Borrowings and Debts Securities**

The details of the Group's borrowings and debts securities outstanding as at 30 June 2017 are as follows:-

	Current Year 30.06.2017			Last Year 30.06.2016		
	Long Term RM'000	Short Term RM'000	Total RM'000	Long Term RM'000	Short Term RM'000	Total RM'000
<b>Secured</b> Hire Purchase	278	137	415	467	214	681
<b>Unsecured</b> Revolving Credit	-	-	-	-	1,500	1,500
<b>Total Borrowings</b>	<b>278</b>	<b>137</b>	<b>415</b>	<b>467</b>	<b>1,714</b>	<b>2,181</b>

All borrowings are denominated in Ringgit Malaysia and The Group does not have foreign currency borrowings.

The bank borrowings obtained from local banks bears interest of 2.75% to 3.2% (2016: 5.36% to 8.35%).





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**B7. 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.

Plaintiffs' discovery application against the 1st to 11th Defendants and case management are fixed for hearing at High Court on 25<sup>th</sup> August 2017. The 1st and 2nd Defendants' application for leave to appeal to Federal Court is fixed for hearing at Federal Court on 15<sup>th</sup> September 2017.



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**B8. Earnings / (Loss) Per Share**

The basis of earnings / (loss) 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
		30.06.2017	30.06.2016	30.06.2017	30.06.2016
(Loss) / Profit Attribute to Owners of the Company	(RM '000)	(2,288)	158	(5,548)	(2,523)
Weighted Average Number of Ordinary Shares in issue and issuable	(Unit '000)	265,486	241,351	265,486	241,351
Basic earning / (loss) per share	(sen)	(0.86)	0.07	(2.09)	(1.05)

**B9. (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
	30.06.2017	30.06.2016	30.06.2017	30.06.2016
	RM'000	RM'000	RM'000	RM'000
Interest income	(10)	(210)	(14)	(225)
Other Investment Income				
Interest expense	53	31	101	238
Depreciation and amortization	574	392	1,674	824
Loss/(Gain) on foreign exchange	195	(1,948)	279	(1,335)

**B10. Qualification of Financial Statements**

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