



PANPAGES BERHAD (537337M)
(Incorporated in Malaysia)
QUARTERLY REPORT ON CONSOLIDATION RESULTS
Quarterly Report For The 4th Quarter Ended 31 December 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
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	RM'000	RM'000	RM'000	RM'000
Search & Advertising	11,889	11,105	26,563	29,199
Investment holding & others	313	793	2,045	3,456
Less: Inter-segment revenue	(179)	(444)	(1,258)	(1,798)
Consolidated revenue	12,023	11,454	27,350	30,857

Segment results	Individual Period		Cumulative	
	Quarter ended	Quarter ended	Year-To Date	Year-To Date
	30.12.2017	30.12.2016	31.12.2017	31.12.2016
	RM'000	RM'000	RM'000	RM'000
Search & Advertising	167	(4,289)	(7,511)	(8,836)
Investment holding & others	(374)	39	(1,721)	135
Profit / (Loss) from Associates	(371)	-	(551)	-
Consolidated (loss) / profit before tax	(578)	(4,250)	(9,783)	(8,701)



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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

On 5th 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 20th June 2017.

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 31st December 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 (4 th Quarter)		Variances Amount %		Cumulative		Variances Amount %	
	This Year Quarter Ended 31.12.2017 RM'000	Last Year Quarter Ended 31.12.2016 RM'000			This Year Year to date 31.12.2017 RM'000	Last Year Year to date 31.12.2016 RM'000		
	Revenue	12,023	11,454	569	5%	27,350	30,857	(3,507)
(Loss) / Profit Before Interest and Tax Before Share of results of an associate	(207)	(4,250)	4,043	95%	(9,232)	(8,701)	(531)	-6%
(Loss) / Profit Before Interest and Tax	(578)	(4,250)	3,672	86%	(9,783)	(8,701)	(1,082)	-12%
(Loss) / Profit Before Tax	(578)	(4,250)	3,672	86%	(9,783)	(8,701)	(1,082)	-12%
(Loss) / Profit After Tax	(578)	(3,213)	2,635	82%	(9,910)	(7,647)	(2,263)	-30%
(Loss) / Profit attributable to Owner of the company	(742)	(3,286)	2,544	77%	(9,685)	(7,693)	(1,992)	-26%

Current Quarter vs. Last Year Same Quarter

Revenue

The Group revenue for the current quarter under review recorded RM 12 million, which increased by 5% as compared to preceding quarter of RM 11 million.

The increase of revenue mainly due to the Digital Free Trade Zone (“DFTZ”) scheme implemented by the Malaysian Government. The scheme involved collaboration between Alibaba, MATRADE and MDEC.

PanPages obtain SMEs’ to participate in the scheme. The SMEs’ buy the Alibaba memberships.

Loss before Interest and Tax (LBIT)

The Group LBIT for current quarter decreased by RM 4.25 million compared to preceding year mainly due to implementation of cost cutting schemes and improving the efficiency usage of existing resources.



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Current Year to Date vs. Previous Year to Date

Revenue

The Group revenue for the current period under review recorded RM 27.3 million decreased by 11% as compared to preceding year of RM 30.8 million.

The overall decrease in revenue is contributed due to demand shrinkage by the Small and Medium Enterprises (“SME”) customers for our “Marketing as Service (“MAAS”) products.

The drop of revenue mainly due to:-

- (i) Lower revenue contributed by MAAS division as explained earlier; and
- (ii) Lower revenue contributed by IT business division which has been sold out in 2016.

Loss before Interest and Tax (LBIT)

The Group LBIT for current year increased by RM 0.5 million as compared to preceding year due to lower contribution generated by MAAS division.

1.2 FINANCIAL REVIEW FOR CURRENT QUARTER WITH IMMEDIATE PRECEDING QUARTER

	Current Quarter 31.12.2017 RM'000	Last Quarter 30.09.2017 RM'000	Variances	
			Amount RM'000	%
Revenue	12,023	5,048	6,975	138%
(Loss) / Profit Before Interest and Tax Before Share of results of an associate	(207)	(3,592)	3,385	94%
(Loss) / Profit Before Interest and Tax	(578)	(3,773)	3,195	85%
(Loss) / Profit Before Tax	(578)	(3,831)	3,253	85%
(Loss) / Profit After Tax	(578)	(3,832)	3,254	85%
(Loss) / Profit attributable to Owner of the company	(742)	(3,620)	2,878	80%

Revenue

The Group revenue for the current quarter increased by RM 7 million or 138% compared to last quarter mainly due to significant deployment of resources to the DFTZ project to onboard SMEs on DFTZ and Alibaba platforms. The Group recognized the revenue in Q4 2017 upon fulfillment of the services.



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Loss before Interest and Tax (LBIT)

The LBIT have decreased by RM 3.0 million compared to last year quarter mainly due to implementation of cost cutting schemes as explained earlier.

1.3 ANALYSIS OF THE PERFORMANCE OF BUSINESS SEGMENTS

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

	4Q2017	4Q2016	Year to date	Year to date
	RM'000	RM'000	31.12.2017	31.12.2016
	RM'000	RM'000	RM'000	RM'000
Revenue	12,647	12,091	26,563	29,513
Cost of sales	(7,263)	(8,930)	(20,250)	(20,632)
Gross profit	5,386	3,161	6,313	8,881
Other income	(122)	919	(48)	1,217
Operating expenses	(3,080)	(4,917)	(14,346)	(15,519)
Finance costs	(103)	(85)	(223)	(162)
Profit / (Loss) before taxation	2,080	(922)	(8,304)	(5,583)

Revenue

Revenue from S&A business segment decreased by 10.0% or RM 2.95 million comparing to Q4 2016. The drop is mainly due to lower revenue contributed by its “MAAS” division.



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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						Year to date					
	31.12.2017						31.12.2016					
	Malaysia	Thailand	Cambodia	Vietnam	Indonesia	Total	Malaysia	Thailand	Cambodia	Vietnam	Indonesia	Total
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	27,345	592	2,522	2,185	-	27,350	23,587	727	3,810	2,690	43	30,857
(Loss) / Profit Before Interest and Tax Before Share of results of an associate	(8,202)	(433)	200	(445)	(352)	(9,232)	(11,172)	207	2,605	(42)	(300)	(8,702)
(Loss) / Profit Before Interest and Tax	(8,753)	(433)	200	(445)	(352)	(9,783)	(11,172)	207	2,605	(42)	(300)	(8,702)
(Loss) / Profit Before Tax	(8,753)	(433)	200	(445)	(352)	(9,783)	(11,170)	205	2,605	(42)	(300)	(8,702)
(Loss) / Profit After Tax	(8,880)	(433)	200	(445)	(352)	(9,910)	(9,534)	205	2,263	(280)	(300)	(7,646)
(Loss) / Profit attributable to Owner of the company	(8,880)	(208)	200	(445)	(352)	(9,685)	(9,428)	99	2,263	(280)	(300)	(7,646)

Exchange Rate Ratio Used (2017)	Exchange Rate Ratio Used (2016)
1 USD Dollar : 4.062 Malaysia Ringgit	1 USD Dollar : 4.0853 Malaysia Ringgit
100 Indonesia Rupiah : 0.0314 Malaysia Ringgit	100 Indonesia Rupiah : 0.0307 Malaysia Ringgit
100 Thailand Baht : 12.669 Malaysia Ringgit	100 Thailand Baht : 11.589 Malaysia Ringgit
100 Vietnam Dong : 0.019 Malaysia Ringgit	100 Vietnam Dong : 0.0183 Malaysia Ringgit

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

B2. Group's Prospects

The Group expects remaining of financial period ending 31st March 2018 to be challenging. 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.

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.



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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 31 December 2017 are as follows:-

	Current Year 31.12.2017			Last Year 31.12.2016		
	Long Term RM'000	Short Term RM'000	Total RM'000	Long Term RM'000	Short Term RM'000	Total RM'000
Secured						
Hire Purchase	216	128	344	342	171	513
Unsecured						
Revolving Credit	-	-	-	-	1,500	1,500
Bank Overdraft	-	2,923	2,923	-	808	808
Total Borrowings	216	3,051	3,267	342	2,479	2,821

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 8.35% (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.

Plaintiff’s discovery application against the 1st to 11th Defendant’s and the case management are fixed for hearing at High Court on 27th March 2018. The trial has been fixed for 26th and 27th June 2018.



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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
		31.12.2017	31.12.2016	31.12.2017	31.12.2016
(Loss) / Profit Attribute to Owners of the Company	(RM '000)	(742)	(3,286)	(9,685)	(7,693)
Weighted Average Number of Ordinary Shares in issue and issuable	(Unit '000)	265,486	241,351	265,486	241,351
Basic (loss) / earning per share	(sen)	(0.28)	(1.36)	(3.64)	(3.18)

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
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	RM'000	RM'000	RM'000	RM'000
Interest income	79	252	(40)	37
Interest expense	93	262	223	338
Depreciation and amortization	(1,349)	(448)	2,509	1,385
Loss/(Gain) on foreign exchange	(171)	(78)	(430)	(778)

B10. Qualification of Financial Statements

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