

**GREEN PACKET BERHAD ( 534942-H )**  
**(Incorporated in Malaysia)**

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD**  
**ENDED 31 MARCH 2017**

	Individual Quarter		Cumulative Quarter	
	3 Months Period Ended		3 Months Cummulative	
	31/03/2017	31/03/2016	31/03/2017	31/03/2016
	RM '000	RM '000	RM '000	RM '000
Revenue	79,325	87,609	79,325	87,609
Operating expenses				
-Depreciation & amortisation	(700)	(2,101)	(700)	(2,101)
-Other operating costs	(79,637)	(85,686)	(79,637)	(85,686)
Other income	189	-	189	-
<b>(Loss)/Profit from operations</b>	<b>(824)</b>	<b>(178)</b>	<b>(824)</b>	<b>(178)</b>
Gain on dilution of interest	-	49,392	-	49,392
Share of Gain/(Losses) in Associate Company	(726)	(25,430)	(726)	(25,430)
Finance costs	(4,008)	(3,955)	(4,008)	(3,955)
<b>(Loss)/Profit before tax</b>	<b>(5,558)</b>	<b>19,829</b>	<b>(5,558)</b>	<b>19,829</b>
Income tax expense	166	(404)	166	(404)
<b>(Loss)/Profit for the period</b>	<b>(5,392)</b>	<b>19,425</b>	<b>(5,392)</b>	<b>19,425</b>
Foreign currency translation differences for foreign operations	(85)	(4,181)	(85)	(4,181)
<b>Total other comprehensive expense for the period</b>	<b>(85)</b>	<b>(4,181)</b>	<b>(85)</b>	<b>(4,181)</b>
<b>Total comprehensive (loss)/profit for the period</b>	<b>(5,476)</b>	<b>15,244</b>	<b>(5,477)</b>	<b>15,244</b>
(Loss)/Profit attributable to:				
Owners of the Company	(5,297)	19,431	(5,297)	19,431
Non-controlling interests	(94)	(6)	(94)	(6)
<b>(Loss)/Profit for the Period</b>	<b>(5,392)</b>	<b>19,425</b>	<b>(5,392)</b>	<b>19,425</b>
Total comprehensive (Loss)/Profit attributable to:				
Owners of the Company	(5,382)	15,250	(5,383)	15,250
Non-controlling interests	(94)	(6)	(94)	(6)
<b>Total comprehensive (loss)/profit for the period</b>	<b>(5,476)</b>	<b>15,244</b>	<b>(5,477)</b>	<b>15,244</b>
Basic earning per ordinary share (sen):	(0.7)	2.8	(0.7)	2.8

The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2016.

**GREEN PACKET BERHAD ( 534942-H )**  
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**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2017**

	<b>As at 31/03/2017 (Unaudited) RM '000</b>	<b>As at 31/12/2016 (Audited) RM '000</b>
<b>ASSETS</b>		
Investment in associate	23,207	17,472
Property, plant and equipment	6,424	4,731
Other long term investments	209,623	209,623
Goodwill on acquisition	4,735	-
Development costs	1,593	652
<b>Total non-current assets</b>	<b>245,582</b>	<b>232,478</b>
Inventories	1,279	800
Trade receivables	57,099	141,076
Other receivables, deposits and prepayments	15,339	23,865
Tax recoverable	952	-
Fixed deposits with licensed banks	45,432	28,149
Cash and bank balances	36,362	34,257
<b>Total current assets</b>	<b>156,464</b>	<b>228,147</b>
<b>TOTAL ASSETS</b>	<b>402,046</b>	<b>460,625</b>
<b>EQUITY</b>		
Share capital	156,182	138,089
Reserves	(13,717)	(8,035)
<b>Total equity attributable to owners of the Company</b>	<b>142,465</b>	<b>130,054</b>
<b>Non-controlling interests</b>	<b>1,060</b>	<b>88</b>
<b>Total equity</b>	<b>143,525</b>	<b>130,142</b>
<b>LIABILITIES</b>		
Long term borrowings	221,170	216,387
Hire purchase and finance lease liabilities	325	364
Deferred tax liabilities	86	86
<b>Total non-current liabilities</b>	<b>221,580</b>	<b>216,837</b>
Trade payables	11,170	89,504
Other payables and accruals	25,634	23,256
Amount owing to related parties	-	456
Provision for taxation	-	294
Hire purchase and finance lease liabilities	136	136
<b>Total current liabilities</b>	<b>36,941</b>	<b>113,646</b>
<b>TOTAL LIABILITIES</b>	<b>258,521</b>	<b>330,483</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>402,046</b>	<b>460,625</b>
<b>Net asset per share attributable to ordinary equity holders of the parent (sen)</b>	<b>19</b>	<b>19</b>

The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2016.

**GREEN PACKET BERHAD ( 534942-H )**  
**(Incorporated in Malaysia)**

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2017**

(The figures have not been audited)

	-----Attributable to owners of the Company -----								
	Non-Distributable						Sub-total	Non-controlling interests	Total Equity
Shares capital	Share Premium	Foreign Exchange Translation Reserve	Treasury Shares	Other Reserves	Accumulated Losses	RM '000			
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	
At 1 January 2017	138,089	412,796	8,655	(12,217)	-	(417,269)	130,054	88	130,142
Issue of ordinary shares	18,093	-	-	-	-	-	18,093	-	18,093
Share issues expenses	-	(300)	-	-	-	-	(300)	-	(300)
Foreign currency translation differences for foreign operations	-	-	(85)	-	-	-	(85)	-	(85)
Acquisition of non-controlling interest	-	-	-	-	-	-	-	1,066	1,066
Loss for the period	-	-	-	-	-	(5,297)	(5,297)	(94)	(5,392)
	18,093	(300)	(85)	-	-	(5,297)	12,411	972	13,383
At 31 March 2017	156,182	412,496	8,570	(12,217)	-	(422,567)	142,465	1,060	143,525

The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2016.

**GREEN PACKET BERHAD ( 534942-H )**  
**(Incorporated in Malaysia)**

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016**

	-----Attributable to Equity Holders of the Parent-----						Sub-total	Non-controlling interests	Total Equity
	Non-Distributable								
	Shares capital	Share Premium	Foreign Exchange Translation Reserve	Treasury Shares	Other Reserves	Accumulated Losses			
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
<i><u>Audited</u></i>									
At 1 January 2016	138,089	412,796	6,640	(11,389)	18,577	(506,534)	58,179	112	58,291
Foreign currency translation differences for foreign operations	-	-	(4,181)	-	-	-	(4,181)	-	(4,181)
Profit for the period	-	-	-	-	-	19,431	19,431	(6)	19,425
	-	-	(4,181)	-	-	19,431	15,250	(6)	15,244
At 31 March 2016	138,089	412,796	2,459	(11,389)	18,577	(487,103)	73,429	106	73,535

The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the period ended 31 December 2016.

**GREEN PACKET BERHAD ( 534942-H )**  
**(Incorporated in Malaysia)**

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017**

	Financial period ended	
	31/03/2017	31/03/2016
	RM'000 (Unaudited)	RM'000 (Audited)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	(5,558)	19,829
Adjustments for non cash items:-		
Amortisation of development cost	8	1,458
Amortisation of intellectual property	-	334
Depreciation of property, plant and equipment	456	310
Interest income	(132)	-
Interest expense	3,950	3,881
Share of loss of associates	726	25,430
Gain on dilution/fair value gains	-	(49,392)
	<hr/>	<hr/>
Operating profit/(loss) before working capital changes	(550)	1,850
Changes in working capital		
(Increase)/Decrease in inventories	(479)	12,517
(Increase)/Decrease in assets	93,685	9,097
Increase/(Decrease) in liabilities	(77,211)	(15,095)
Increase/(Decrease) in amount owing by associate	-	12,522
	<hr/>	<hr/>
Cash from operating activities	15,445	20,891
Interest received	132	-
Tax paid	(1,101)	(244)
	<hr/>	<hr/>
<b>Net cash from operating activities</b>	<b>14,476</b>	<b>20,647</b>
<b>CASH FLOW FOR INVESTING ACTIVITIES</b>		
Acquisition of subsidiary	(6,000)	-
Cash from investing subsidiary	1,905	-
Purchase of other investment	(6,460)	-
Purchase of intangible assets	-	-
Purchase of property, plant and equipment	(625)	(102)
Development costs incurred	(949)	(210)
(Advance to)/Repayment from related companies	(456)	(16)
	<hr/>	<hr/>
<b>Net cash for investing activities</b>	<b>(12,586)</b>	<b>(328)</b>
<b>CASH FLOW FOR FINANCING ACTIVITIES</b>		
Proceeds from issuance of ordinary shares (net of expenses)	17,793	-
Net drawdown/(repayment) of borrowings	(166)	-
Repayment of hire purchase obligations	(43)	(5)
	<hr/>	<hr/>
<b>Net cash from/(for) financing activities</b>	<b>17,583</b>	<b>(5)</b>
	<hr/>	<hr/>
Net increase/ (decrease) in cash and cash equivalents	19,472	20,314
Foreign exchange translation differences	(85)	(4,181)
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	49,075	59,031
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	68,463	75,164
	<hr/>	<hr/>
Cash and cash equivalents at the end of the financial period comprise the following:		
Cash and bank balances	36,362	31,549
Fixed deposit with licensed bank	45,432	56,220
	<hr/>	<hr/>
Fixed deposit pledged with licensed bank	81,794	87,769
	<hr/>	<hr/>
	(13,331)	(12,606)
	<hr/>	<hr/>
	68,463	75,164
	<hr/>	<hr/>

The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2016.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2017**

**A Explanatory Notes Pursuant to Malaysian Financial Reporting Standard ("MFRS") 134 Interim Financial Reporting**

**A1 Basis of preparation**

The interim financial report has been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") 134 "Interim Financial Reporting" issued by the Malaysian Accounting Standards Board ("MASB") and Paragraph 9.22 and Appendix 9B of Chapter 9 Part K of the Main Listing Requirement of Bursa Malaysia Securities Berhad ("BMSB"). The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2016.

**A2 Changes in accounting policies**

The significant accounting policies and methods of computation adopted for the interim financial statements are consistent with those of the audited financial statements for the financial period ended 31 December 2016 except for the new standards, amendments to publish standards and interpretations that are mandatory for the Group's financial year beginning on or after 1 January 2017 as set out below:

- a) Amendments to MFRS 107 : Statements of Cash Flows - Disclosure Initiative
- b) Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses
- c) Amendments to MFRS 12: Disclosure of Interests in Other Entities

The adoption of the above standards and interpretations does not have significant financial impact to the Group's consolidated financial statements for the current quarter.

The following MFRS have been issued by the MASB and are effective for annual period commencing on or after 1 January 2018, and have yet to be adopted by the Group:

- a) MFRS 1: Amendments to MFRS 1 (Annual Improvement to MFRS Standards 2014-2016 Cycle) (effective from 1 January 2018)
- b) MFRS 2: Classification and Measurement of Share-based Payment Transactions (Amendments to MFRS 2) (effective from 1 January 2018)
- c) MFRS 9: Financial Instrument- Classification and measurement of financial assets and financial liabilities (effective from 1 January 2018)
- d) MFRS 15: Revenue from Contracts with Customers (effective from 1 January 2018)
- e) MFRS 16: Leases (effective from 1 January 2019)
- f) MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128) (Deferred)

**A3 Auditors' report on preceding annual financial statements**

The auditors issued an unqualified audit opinion on the financial statements for the year ended 31 December 2016.

**A4 Seasonal or cyclical of operations**

The Group's operations were not materially affected by any seasonal and cyclical factors.

**A5 Unusual items**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the current financial quarter under review.

**A6 Material changes in estimates**

There were no material changes in estimates of amounts reported in prior financial years, which may have a material effect in the current financial period under review.

**A7 Changes in debts or equity securities**

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the period ended 31 March 2017 except as follow:

- i) On 20 March 2017, the Company increased its issued shares from 690,446,719 to 758,720,619 by way of an issuance and allotment of 68,273,900 new ordinary shares at an issue price of RM 0.265 each.

**A8 Dividends Payment**

There were no dividends paid or proposed during the current financial period under review.

**A9 Segmental information**

Segmental information is provided based on geographical segment by customers' location as follows:-

**Results for the financial period ended 31 March 2017**

	Malaysia RM'000	Overseas RM'000	Group RM'000
<b>Revenue</b>			
Software and Devices	-	25,282	25,282
Communication Services	300	53,457	53,757
E-Services	285	-	285
	<u>585</u>	<u>78,740</u>	<u>79,325</u>
<b>Results</b>			
Software and Devices	-	392	392
Communication Services	(8)	151	143
E-Services	(1,312)	0	(1,312)
Investment Holding	(179)	-	(179)
	<u>(1,499)</u>	<u>(1)</u>	<u>(955)</u>
Finance costs			(4,008)
Finance income			132
			<u>(4,832)</u>
Share of net loss of associate			(726)
(Loss)/Profit before taxation			(5,558)
Income tax expense			166
(Loss)/Profit after taxation			(5,392)
Non-controlling interests			94
(Loss)/Profit after taxation & Non-controlling interests			<u>(5,297)</u>

**Results for the financial period ended 31 March 2016**

	Malaysia RM'000	Overseas RM'000	Group RM'000
<b>Revenue</b>			
Software and Devices	2,431	30,163	32,594
Communication Services	53	54,962	55,015
	<u>2,484</u>	<u>85,125</u>	<u>87,609</u>
<b>Results</b>			
Software and Devices	(380)	(1,912)	(2,292)
Communication Services	2	1,825	1,827
	<u>(378)</u>	<u>(87)</u>	<u>(465)</u>
Finance costs			(3,955)
Finance income			287
			<u>(4,133)</u>
Gain on dilution of interest in subsidiary			49,392
Share of net loss of associate			(25,430)
Profit before taxation			19,829
Income tax expense			(404)
Profit after taxation			19,425
Non-controlling interests			6
Profit after taxation & Non-controlling interests			<u>19,431</u>

**A10 Valuation of property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment loss.

#### **A11 Material events subsequent to the end of the quarter**

- a) On 18 January 2017, on behalf of the Board of Directors of Green Packet ("Board"), RHB Investment Bank Berhad ("RHB Investment Bank") has announced that the Company, being a major shareholder of G3 Global Berhad (formerly known as Yen Global Berhad)("G3"), intends to provide an irrevocable undertaking to G3 to subscribe in full for its rights entitlement under the Proposed Rights Issue of G3. ("Undertaking"). The Proposed Subscription will entail the subscription of 60,500,000 Rights Shares, together with 45,375,000 Warrants for a total consideration of RM12,100,000 ("Subscription Consideration").

The Proposals of G3 entail the followings:

- (i) Proposed share capital reduction of RM55,000,000 pursuant to section 116 of the Companies Act, 2016 ("Proposed Share Capital Reduction");
- (ii) Proposed renounceable rights issue of up to 275,000,000 new ordinary shares in G3 ("G3 Share(s)") ("Rights Shares") on the basis of two (2) Rights Shares for every one (1) existing G3 Share held after the Proposed Share Capital Reduction on an entitlement date to be determined later, together with up to 206,250,000 free detachable warrants ("Warrants") on the basis of three (3) Warrants for every four (4) Rights Shares subscribed by the entitled shareholders ("Proposed Rights Issue"); and,
- (iii) proposed diversification of the business of G3 to include information and communications technology.

On 7 February 2017, on behalf of the Board, RHB Investment Bank announced that the percentage ratios computation as set out in Paragraph 10.02 of the Listing Requirements shall not apply to the Proposed Subscription and consequently, the rule of aggregation under Paragraph 10.12 of the Listing Requirements shall also not apply. In this regard, the Proposed Subscription will not be subject to the approval of the shareholders of the Company.

On 12 April 2017, the Company has issued an undertaking to G3 to subscribe in full for its rights entitlement under the Proposed Rights Issue.

#### **A12 Changes in the composition of the Group**

Change in the composition of the Group during the current financial quarter ended 31 March 2017 is as follow:

- i) On 6 January 2017, Packet Interactive Sdn Bhd (PISB), a wholly owned subsidiary of the Company has completed to the investment of Webonline Dot Com Sdn Bhd ("WOL") in accordance with the terms and conditions of the SSA:-
  - Purchase of 1,150,000 ordinary shares of RM1.00 each ("Sale Shares") for RM6.0 million on the basis of RM5.22 per share ("Purchase Price"); and
  - Share subscription of 450,000 new ordinary shares of RM1.00 each in WOL ("Subscription Shares") to be completed simultaneously with the purchase of the Sale Shares for RM3.0 million on the basis of RM6.66 per share ("Subscription Price")The completion of the Subscription Shares together with the Sale Shares represent 80% of the issued and paid-up share capital of WOL.
- ii) On 17 February 2017, Worldline Enterprise Sdn Bhd ("WESB"), a wholly owned subsidiary of the Company had acquired Shenzhen Memo Technology Co. Ltd ("Memohi") for 250,000 new shares in Memohi representing a 20% equity interest of the registered capital of Memohi for an investment consideration of RMB6.0 million.

#### **A13 Contingent assets and changes in contingent liabilities**

The Group does not have any contingent assets at the date of this announcement and there were no changes in contingent liabilities since the last annual balance sheet date.

#### **A14 Capital commitments**

The Group does not have any capital commitments at the date of the announcement.

#### **A15 Significant related party transactions**

The Directors of GPB are of the opinion that there are no related party transactions which would have material impact on the financial position and the business of the Group during the current financial period under review.



## Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Securities

### B1 Review of the performance of the Group

Total revenue, EBITDA and loss after tax ("LAT") of the Group stands at approximately RM79.32 million, (RM0.12) million and RM5.39 million respectively for the current financial quarter ended at 31 March 2017 ("1Q17").

Revenue contribution comprises the following:-

	3 months period ended			3 months period ended		
	31-Mar-17	31-Mar-16	% Change	31-Mar-17	31-Mar-16	% Change
	RM million	RM million		RM million	RM million	
Software and Devices	25.28	32.59	-22%	25.28	32.59	-22%
Communication Services	53.76	55.02	-2%	53.76	55.02	-2%
E-Services	0.28	-	100%	0.28	-	100%
	79.32	87.61	-9%	79.32	87.61	-9%

- Software and Devices business registered 22% lower sales in the current quarter compared to year on year basis mainly due to certain large devices order from a major customer in ASEAN in Q4 FY 2015 whose delivery spillover to Q1 FY 2016.
- The Communication Services business recorded a slightly lower revenue of 2% in the current quarter as compared to the previous year on year.

EBITDA comprises the following:-

	3 months period ended			3 months period ended		
	31-Mar-17	31-Mar-16	% Change	31-Mar-17	31-Mar-16	% Change
	RM million	RM million		RM million	RM million	
Software and Devices	0.43	(0.17)	351%	0.43	(0.17)	351%
Communication Services	0.45	2.10	-79%	0.45	2.10	-79%
E-Services	(1.03)	-	-100%	(1.03)	-	-100%
Investment Holding	0.03	-	-100%	0.03	-	-100%
	(0.12)	1.93	-106%	(0.12)	1.93	-106%

EBITDA losses of RM0.12 million in the current quarter was mainly due to initial business development costs incurred for the new E-Services business which was offset by the positive EBITDA from the Software and Devices and Communication Services business. The Software and Devices business registered an improved results compared to a loss in the previous year corresponding quarter due to improve margin and lower costs incurred. However, the Communication Services pillar registered a lower EBITDA compared to previous year corresponding quarters due to lower gross profit margin in the current quarter.

Profit/ (Loss) after tax comprises the following:-

	3 months period ended			3 months period ended		
	31-Mar-17	31-Mar-16	% Change	31-Mar-17	31-Mar-16	% Change
	RM million	RM million		RM million	RM million	
Software and Devices	0.39	(2.16)	118%	0.39	(2.16)	118%
Communication Services	0.33	1.51	-78%	0.33	1.51	-78%
E-Services	(1.29)	-	-100%	(0.08)	-	-100%
Investment Holding	(0.08)	-	-100%	(1.29)	-	-100%
	(0.66)	(0.65)	-1%	(0.66)	(0.65)	-1%
Finance costs*	(4.01)	(3.88)	-3%	(4.01)	(3.88)	-3%
Gain on dilution of interest in associate	-	49.39	-100%	-	49.39	-100%
Share of loss of associate	(0.73)	(25.43)	97%	(0.73)	(25.43)	97%
	(5.39)	19.43	-128%	(5.39)	19.43	-128%

\*Finance cost is mainly in relation to the Exchangeable Medium Term Notes.

The loss after tax of RM5.39 million in the current quarter was mainly due to initial business development costs incurred for the new E-Services business and finance costs accrued from the Exchangeable Medium Term Notes which was offset by the positive earnings from the Software and Devices and Communication Services business. Furthermore, the previous year quarter registered a profit after tax of RM19.43 million mainly due to gain in dilution of associate interest of RM49.39 million realised in the previous year.

### B2 Material changes in the quarterly results compared to the results of the preceding quarter

Overall revenue for current quarter was 31% lower compared quarter on quarter basis mainly from Solutions segment due to lesser shipment in the current quarter.

	Current Year	Immediate	% Change
	Quarter	Preceding	
	31-Mar-17	Quarter	
Revenue	79.32	115.24	-31%
Profit/(Loss) before tax	(5.56)	4.00	-239%
Profit/(Loss) after tax	(5.39)	1.24	-535%

Total revenue and loss after tax ("LAT") of the Group for the current financial quarter ended 31 March 2017 ("1Q17") were RM79.32 million and RM5.39 million respectively as compared to the revenue and PAT of the Group for the previous preceding financial quarter ended at 31 December 2016 ("4Q16") of RM115.24 million and RM1.24 million respectively. The revenue in the last quarter of the year has historically been higher from past trends compared to the first quarter of the year; consequently, the results in 4Q16 are stronger compared to 1Q17.

**B3 Current prospects and progress on previously announced financial estimates****a) Current prospects**

The Board is mindful of the changing market and technology landscape affecting the Group's business in the years ahead and is therefore continuously instituting efforts to improve the performance of the company including :-

- a. Sell through of new LTE products via greater geographical reach in markets that have migrated to the new technology platform
- b. Expand on the wholesale voice traffic and grow the wholesale data services.
- c. Invest in new growth areas such as Internet of Things ("IOT") and e-Services platform which are complementary and synergistic to the existing 2 business pillars and expect the new business to contribute positively to the Group in the future.

**b) Progress and steps to achieve financial estimate, forecast, projection and internal targets previously announced**

There was no financial forecast previously announced by the Group.

**B4 Statement of the Board of Directors' opinion on achievability of financial estimate, forecast, projection and internal targets previously announced**

Not applicable

**B5 Financial estimate, forecast or projection/profit guarantee**

There was no financial estimate, forecast or projection and profit guarantee issued by the Group.

**B6 Income tax expense**

	Financial period ended 31-Mar-17 RM'000
Under-provision of prior year tax expense	-
Current year tax expense	(166)
	<u>(166)</u>

**B7 Status of corporate proposals and utilisation of proceeds**

The status of Corporate Proposals announced but not completed:

- a) On 3 September 2007, the Company had entered into an Option Agreement for the purchase of 1 fully-paid non-assessable share of common stock in IWICS Inc. ("IWICS") for each share of Series D Preferred Stock purchased for a purchase price of 22.4 US cents for each share. IWICS is a company incorporated in the United States of America, which is involved in the development and licensing of its patented Opportunity Driven Multiple Access technology which is utilised in part for the development of the Company's SONmetro solution for the rollout of internet broadband services.
- b) On 27 March 2014, the Company has entered into a conditional investment agreement ("Investment Agreement") with Mobikom Sdn Bhd ("Mobikom"), a wholly-owned subsidiary of Telekom Malaysia Berhad ("TMB"), SK Telecom Co. Ltd. ("SKT"), Packet One Sdn Bhd ("POSB"), a wholly-owned subsidiary of the Company, TMB and Packet One Networks (Malaysia) Sdn Bhd ("PON"), a 55%-owned subsidiary of POSB, for the subscription by Mobikom of new ordinary shares of RM1.00 each in PON ("PON Share(s)") ("Subscription Share(s)") for a total subscription consideration of RM350.0 million ("Subscription Consideration"). The subscription price per PON Share and the actual number of PON Shares to be subscribed by Mobikom will be determined in accordance with the terms of the Investment Agreement ("Mobikom Subscription"). The multiple proposals that are not completed are as stated below:-
  - (i) Proposed issuance by the Company of up to RM210.0 million of nominal value of eight (8)-year Redeemable Exchangeable Bonds (also known as Exchangeable Medium Term Notes) to TMB (or if TMB elects to Mobikom) in tranches; and
  - (ii) Proposed subscription by POSB and/or its affiliates of up to RM247.5 million of nominal value of eight (8)-year Convertible Unsecured Bonds to be issued by PON in tranches, after the completion of the proposed dilution.

(To be collectively referred to as the "Proposals")

As of 30 September 2016, the Company has issued the tranche A, B and C of the Exchangeable Medium Term Notes issuance comprising RM186,782,377 of nominal value of the Exchangeable Medium Term Notes to Mobikom. The proceeds raised were utilised in the following manner:-

	RM '000
- Settlement of the judgment obtained by Intel Capital Corporation under Kuala Lumpur High Court suit 22NCC-506-07/2013	79,327
- Settlement of the proposed acquisition by POSB of an aggregate of 450,000 PON shares from the minority shareholders of PON	30,000
- Subscription of Tranche 1B of Convertible Unsecured Medium Term Note of PON	37,455
- Working capital and general corporate purposes	40,000
	<u>186,782</u>

On 15 September 2015, POSB has subscribed for RM37,455,000.00 of nominal value of eight (8) year Convertible Unsecured Medium Term Notes which were allotted on the same day. The subscription was financed using the proceeds raised by the Company from issuance of Tranche B of the Exchangeable Medium Term Notes.

On 29 July 2016, POSB had declined Webe Digital Sdn Bhd's (formerly known as Packet One Networks (Malaysia) Sdn Bhd) offer of the Second Tranche of the Convertible Exchangeable Medium Term Notes ("CMTNs"). The Company did not drawdown the remaining RM23,217,622.81 of nominal value of the Exchangeable Medium Term Notes which was earmarked for the financing and subscription of the CMTNs.

**B8 Group borrowings and debt securities**

As at 31 March 2017, total borrowings of the Group are as follows:

	RM '000
<b>Total borrowings:</b>	
Secured:	
- Exchangeable Medium Term Notes	220,323
- Hire purchases creditors, which are denominated in Ringgit Malaysia.	461
	<u>220,784</u>
	RM '000
Non-current portion:	
- Borrowings repayable after five years	220,323
Current portion:	
- Hire purchase and finance lease liabilities, repayment within one year	136
	<u>220,784</u>

**B9 Material litigations**

There were no material litigations involving the Group as at the date of this announcement.

**B10 Dividends**

No dividend has been declared or recommended in respect of the current financial period under review.

**B11 Realised and unrealised losses disclosure**

The Group's realised and unrealised accumulated losses disclosure are as follows:

	As at 31-Mar-17 RM'000	As at 31-Mar-16 RM'000
Total accumulated losses of the Company and subsidiaries:		
- Realised accumulated losses	(871,525)	(772,211)
- Unrealised retained losses	(116)	(795)
Consolidation adjustments	449,074	285,903
Total Group accumulated losses	<u>(422,567)</u>	<u>(487,103)</u>

**B12 Earnings per share****Basic EPS**

Basic EPS is calculated by dividing the net profit for the period by the weighted average number of ordinary shares in issue during the period.

	3 months period ended		3 months period ended	
	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
(Loss)/Profit attributable to ordinary equity holders of the Company (RM'000)	(5,297)	19,431	(5,297)	19,431
Weighted average numbers of ordinary shares in issue of RM0.20 par each ('000)	751,013	690,409	751,013	690,409
Basic earning per share (sen)	<u>(0.7)</u>	<u>2.8</u>	<u>(0.7)</u>	<u>2.8</u>

**B13 Profit for the Period**

	3 months period ended		3 months period ended	
	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
	RM'000	RM'000	RM'000	RM'000
<b>(Loss)/Profit for the period is arrived at after charging :</b>				
Amortisation of :				
- development cost	8	1,458	8	1,458
- intellectual property	-	334	-	334
Depreciation of plant and equipment	456	310	456	310
Impairment loss on trade receivables	-	41	-	41.0
Rental of premises	363	224	363	224
Loss/(Gain) on foreign exchange				
- realised	119	245	119	245
- unrealised	116	795	116	795
Staff costs:				
- defined contribution plan	314	95	314	95
- salaries and other benefits	4,366	4,570	4,366	4,570
Interest expense:				
- hire purchase	4	1	4	1
- Exchangeable Medium Term Notes	4,004	3,881	4,004	3,881
<b>and after crediting :</b>				
Gain on dilution of subsidiaries	-	49,392	-	49,392
Interest income	132	287	132	287

**B14 Authorisation for issue**

The interim financial statements were authorised on 23 May 2017 for issue by the Board of Directors.