

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

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD
ENDED 30 JUNE 2017

	Individual Quarter		Cumulative Quarter	
	3 Months Period Ended		6 Months Cummulative	
	30/06/2017	30/06/2016	30/06/2017	30/06/2016
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	RM '000	RM '000	RM '000	RM '000
Revenue	82,694	77,535	162,019	165,144
Operating expenses				
-Depreciation & amortisation	(773)	(2,159)	(1,473)	(4,260)
-Other operating costs	(81,279)	(72,982)	(160,914)	(157,959)
Other income	355	(183)	543	48,500
Profit from operations	997	2,211	175	51,425
Share of Gain/(Losses) in Associate Company	(126)	(30,409)	(852)	(55,887)
Finance costs	(4,058)	(3,998)	(8,067)	(7,953)
Loss before tax	(3,187)	(32,196)	(8,744)	(12,416)
Income tax expense	(392)	(543)	(226)	(946)
Loss for the period	(3,579)	(32,739)	(8,970)	(13,362)
Foreign currency translation differences for foreign operations	(2,033)	984	(2,118)	(3,197)
Total other comprehensive expense for the period	(2,033)	984	(2,118)	(3,197)
Total comprehensive (loss)/profit for the period	(5,612)	(31,755)	(11,088)	(16,559)
(Loss)/Profit attributable to:				
Owners of the Company	(3,502)	(32,744)	(8,799)	(13,362)
Non-controlling interests	(77)	5	(171)	-
(Loss)/Profit for the Period	(3,579)	(32,739)	(8,970)	(13,362)
Total comprehensive (Loss)/Profit attributable to:				
Owners of the Company	(5,535)	(31,760)	(10,917)	(16,559)
Non-controlling interests	(77)	5	(171)	-
Total comprehensive (loss)/profit for the period	(5,612)	(31,755)	(11,088)	(16,559)
Basic earning per ordinary share (sen):	(0.5)	(4.7)	(1.2)	(1.9)

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)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2017

	As at 30/06/2017 (Unaudited) RM '000	As at 31/12/2016 (Audited) RM '000
ASSETS		
Investment in associate	23,080	17,472
Property, plant and equipment	6,623	4,731
Other long term investments	209,623	209,623
Goodwill on acquisition	4,735	-
Development costs	3,998	652
Total non-current assets	248,059	232,478
Inventories	2,852	800
Trade receivables	40,797	141,076
Other receivables, deposits and prepayments	18,328	23,865
Tax recoverable	1,760	-
Fixed deposits with licensed banks	42,320	28,149
Cash and bank balances	40,746	34,257
Total current assets	146,803	228,147
TOTAL ASSETS	394,862	460,625
EQUITY		
Share capital	156,182	138,089
Reserves	(19,254)	(8,035)
Total equity attributable to owners of the Company	136,928	130,054
Non-controlling interests	983	88
Total equity	137,911	130,142
LIABILITIES		
Long term borrowings	225,093	216,387
Hire purchase and finance lease liabilities	304	364
Deferred tax liabilities	86	86
Total non-current liabilities	225,483	216,837
Trade payables	14,477	89,504
Other payables and accruals	16,855	23,256
Amount owing to related parties	-	456
Provision for taxation	-	294
Hire purchase and finance lease liabilities	136	136
Total current liabilities	31,468	113,646
TOTAL LIABILITIES	256,951	330,483
TOTAL EQUITY AND LIABILITIES	394,862	460,625
Net asset per share attributable to ordinary equity holders of the parent (sen)	19	19

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 30 JUNE 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
<u>Unaudited</u>									
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	-	(302)	-	-	-	-	(302)	-	(302)
Foreign currency translation differences for foreign operations	-	-	(2,118)	-	-	-	(2,118)	-	(2,118)
Acquisition of non-controlling interest	-	-	-	-	-	-	-	1,066	1,066
Loss for the period	-	-	-	-	-	(8,799)	(8,799)	(171)	(8,970)
	18,093	(302)	(2,118)	-	-	(8,799)	6,874	895	7,769
At 30 June 2017	156,182	412,494	6,537	(12,217)	-	(426,068)	136,928	983	137,911

The share premium has not been transferred to the share capital pursuant to Section 618 of the Companies Act 2016.

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 30 JUNE 2016
(The figures have not been audited)

	-----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
<u>Unaudited</u>									
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	-	-	(3,197)	-	-	-	(3,197)	-	(3,197)
Profit for the period	-	-	-	-	-	(13,362)	(13,362)	-	(13,362)
	-	-	(3,197)	-	-	(13,362)	(16,559)	-	(16,559)
At 30 June 2016	138,089	412,796	3,443	(11,389)	18,577	(519,896)	41,620	112	41,732

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 PERIOD ENDED 30 JUNE 2017

	Financial period ended	
	30/06/2017	30/06/2016
	RM'000 (Unaudited)	RM'000 (Unaudited)
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	(8,745)	(12,424)
Adjustments for non cash items:-		
Amortisation of development cost	47	2,920
Amortisation of intellectual property	-	668
Depreciation of property, plant and equipment	913	672
Interest income	(405)	620
Interest expense	7,935	7,837
Share of loss of associates	852	55,887
Gain on dilution/fair value gains	-	(49,392)
	<hr/>	<hr/>
Operating profit/(loss) before working capital changes	597	6,789
Changes in working capital		
(Increase)/Decrease in inventories	(2,052)	10,855
(Increase)/Decrease in assets	106,999	(23,699)
Increase/(Decrease) in liabilities	(82,683)	393
Increase/(Decrease) in amount owing by associate	-	23,758
	<hr/>	<hr/>
Cash from operating activities	22,861	18,096
Interest received	405	-
Tax paid	(2,301)	(1,479)
	<hr/>	<hr/>
Net cash from operating activities	20,965	16,617
CASH FLOW FOR INVESTING ACTIVITIES		
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	(1,281)	(1,085)
Development costs incurred	(3,393)	(221)
(Advance to)/Repayment from related companies	(456)	(16)
	<hr/>	<hr/>
Net cash for investing activities	(15,685)	(1,321)
CASH FLOW FOR FINANCING ACTIVITIES		
Proceeds from issuance of ordinary shares (net of expenses)	17,790	-
Net drawdown/(repayment) of borrowings	(225)	(12)
Net drawdown of fixed deposit pledged to a licensed bank	3,271	5,523
Repayment of hire purchase obligations	(68)	-
Drawdown from hire purchase	-	502
	<hr/>	<hr/>
Net cash from/(for) financing activities	20,768	6,013
	<hr/>	<hr/>
Net increase/ (decrease) in cash and cash equivalents	26,048	21,309
Foreign exchange translation differences	(2,118)	(3,197)
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	73,005	77,143
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Cash and cash equivalents at the end of the financial period comprise the following:		
Cash and bank balances	40,746	18,320
Fixed deposit with licensed bank	42,320	64,339
	<hr/>	<hr/>
	83,066	82,659
Fixed deposit pledged with licensed bank	(10,060)	(5,516)
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	73,006	77,143

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 30 JUNE 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 30 June 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 30 June 2017	Malaysia RM'000	Overseas RM'000	Group RM'000
Revenue			
Software and Devices	-	52,662	52,662
Communication Services	300	108,494	108,794
E-Services	563	-	563
	<u>863</u>	<u>161,156</u>	<u>162,019</u>
Results			
Software and Devices	-	1,135	1,135
Communication Services	(7)	1,235	1,228
E-Services	(2,773)	-	(2,773)
Investment Holding	180	-	180
	<u>(2,600)</u>	<u>(1)</u>	<u>(230)</u>
Finance costs			(8,067)
Finance income			405
			<u>(7,892)</u>
Share of net loss of associate			(852)
(Loss)/Profit before taxation			(8,744)
Income tax expense			(226)
(Loss)/Profit after taxation			(8,970)
Non-controlling interests			171
(Loss)/Profit after taxation & Non-controlling interests			<u>(8,799)</u>

Results for the financial period ended 30 June 2016	Malaysia RM'000	Overseas RM'000	Group RM'000
Revenue			
Software and Devices	8,602	43,022	51,624
Communication Services	156	113,364	113,520
	<u>8,758</u>	<u>156,386</u>	<u>165,144</u>
Results			
Software and Devices	(456)	(1,218)	(1,674)
Communication Services	2	3,010	3,012
	<u>(454)</u>	<u>1,792</u>	<u>1,338</u>
Finance costs			(7,953)
Finance income			695
			<u>(5,921)</u>
Gain on dilution of interest in subsidiary			49,392
Share of net loss of associate *			(55,887)
Profit before taxation			(12,416)
Income tax expense			(946)
Profit after taxation			(13,362)
Non-controlling interests			-
Profit after taxation & Non-controlling interests			<u>(13,362)</u>

* Note: includes a one-time gain on dilution of associate interest from 31.1% to 18.9% which contributed RM49.4 million to the results.

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. The shareholders of G3 has subsequently approved the Proposals at the EGM held on 8 May 2017. The High Court of Malaya had on 26 July 2017 granted the order confirming the Proposed Share Capital Reduction.

- b) On 17 July 2017, the Company's wholly-owned subsidiary, Packet Interactive Sdn Bhd (“PISB”) had acquired Mobiduu Solutions Sdn Bhd (“Mobiduu”) for a total cash purchase price of RM4.0 million.
- c) Inova Venture Pte Ltd, a 71% subsidiary company of the Group was under voluntarily winding up on 28 July 2017.

A12 Changes in the composition of the Group

There is no change in the composition of the Group during the current financial quarter ended 30 June 2017 .

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

Financial review for current quarter and financial year to date:-

	3 months period ended		% Change	6 months period ended		% Change
	30-Jun-17	30-Jun-16		30-Jun-17	30-Jun-16	
	RM million	RM million		RM million	RM million	
Revenue	82.69	77.53	7%	162.02	165.14	-2%
Operating Profit	1.00	2.21	-55%	0.18	51.43	-100%
EBITDA	1.77	4.36	-59%	1.65	6.29	-74%
Profit/(Loss) Before Tax	(3.19)	(32.20)	-90%	(8.74)	(12.42)	-30%
Profit/(Loss) After Tax	(3.58)	(32.74)	-89%	(8.97)	(13.36)	-33%
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	(3.50)	(31.76)	-89%	(8.80)	(16.56)	-47%

Group's Financial Performance and Segmental Analysis:-

Total revenue, EBITDA and loss after tax ("LAT") of the Group stands at approximately RM82.69 million, RM1.77 million and (RM3.19) million respectively for the current financial quarter ended at 30 June 2017 ("2Q17").

Total revenue, EBITDA and loss after tax ("LAT") of the Group stands at approximately RM162.02 million, RM1.65 million and (RM8.97) million respectively for the current financial period ended at 30 June 2017 ("2P16").

Revenue contribution comprises the following:-

	3 months period ended			6 months period ended		
	30-Jun-17	30-Jun-16	% Change	30-Jun-17	30-Jun-16	% Change
	RM million	RM million		RM million	RM million	
Software and Devices	27.38	19.03	44%	52.66	51.62	2%
Communication Services	55.04	58.50	-6%	108.79	113.52	-4%
E-Services	0.28	-	100%	0.56	-	100%
Total	82.69	77.53	7%	162.02	165.14	-2%

- Software and Devices business registered 44% higher sales in the current quarter compared to year on year basis mainly due to higher devices shipment to major customers in Middle East, which offset the drop in shipment to Malaysia's customers in the current quarter.
- The Communication Services business recorded a slightly lower revenue of 6% in the current quarter as compared to the previous year on year mainly due to slightly lower international voice traffic to Indonesia and Myanmar.

EBITDA comprises the following:-

	3 months period ended			6 months period ended		
	30-Jun-17	30-Jun-16	% Change	30-Jun-17	30-Jun-16	% Change
	RM million	RM million		RM million	RM million	
Software and Devices	1.38	2.91	-53%	1.81	2.74	-34%
Communication Services	1.36	1.45	-6%	1.81	3.55	-49%
E-Services	(1.08)	-	-100%	(2.11)	-	-100%
Investment Holding	0.11	-	100%	0.14	-	100%
Total	1.77	4.36	-59%	1.65	6.29	-74%

EBITDA of RM1.77 million in the current quarter decreased by 59% compared to year on year mainly due to initial business development costs incurred for the new E-Services business in the current year and the Software and Devices pillar registered a lower EBITDA compared to previous year corresponding quarters mainly due to write back of certain inventories resellable of approximately RM2.0 million in the previous year. Excluding the inventories write back in previous year, the Software and Devices would have registered an improvement of 52.0% over previous year corresponding quarter.

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

	3 months period ended			6 months period ended		
	30-Jun-17 RM million	30-Jun-16 RM million	% Change	30-Jun-17 RM million	30-Jun-16 RM million	% Change
Software and Devices	1.14	0.83	38%	1.54	(1.26)	222%
Communication Services	0.86	0.84	2%	1.18	2.35	-50%
E-Services	(1.43)	-	-100%	(2.73)	-	-100%
Investment Holding	0.04	-	100%	(0.04)	-	100%
	0.61	1.67	-64%	(0.05)	1.09	-105%
Finance costs*	(4.06)	(4.00)	-1%	(8.07)	(7.95)	-1%
Gain on dilution of interest in associate	-	-	-	-	49.39	-100%
Share of loss of associate	(0.13)	(30.41)	100%	(0.85)	(55.89)	98%
Total	(3.58)	(32.74)	89%	(8.97)	(13.36)	33%

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

The loss after tax of RM3.58 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. Significant decreased in share of loss of associate compared to previous year was due to the cessation of equity accounting of the investment in Webe Digital Sdn Bhd in the current quarter.

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

Financial review for current quarter compared with immediate preceding quarter:-

	3 months period ended		% Change
	30-Jun-17 RM million	31-Mar-17 RM million	
Revenue	82.69	79.32	4%
Operating Profit	1.00	(0.82)	221%
EBITDA	1.77	(0.12)	1575%
Profit/(Loss) Before Tax	(3.19)	(5.56)	43%
Profit/(Loss) After Tax	(3.58)	(5.39)	34%
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	(3.50)	(5.30)	34%

Total revenue and loss after tax ("LAT") of the Group for the current financial quarter ended 30 June 2017 ("2Q17") were RM82.69 million and (RM3.58) million respectively as compared to the revenue and LAT of the Group for the previous preceding financial quarter ended at 31 March 2017 ("1Q17") of RM79.32 million and (RM5.39) million respectively.

Group's Segmental Analysis:-

Revenue contribution comprises the following:-

	3 months period ended		
	30-Jun-17 RM million	31-Mar-17 RM million	% Change
Software and Devices	27.38	25.28	8%
Communication Services	55.04	53.76	2%
E-Services	0.28	0.28	0%
Total	82.69	79.32	4%

Overall revenue for current quarter was 4% higher compared quarter on quarter basis mainly due to slightly higher sales from both the Software and Devices and Communication Services.

EBITDA comprises the following:-

	3 months period ended		
	30-Jun-17 RM million	31-Mar-17 RM million	% Change
Software and Devices	1.38	0.43	221%
Communication Services	1.36	0.45	203%
E-Services	(1.08)	(1.03)	-5%
Investment Holding	0.11	0.03	265%
Total	1.77	(0.12)	1575%

EBITDA of RM1.77 million in the current quarter was significantly better than the loss in the last preceding quarter mainly due to improvement in EBITDA in both the Software and Devices and Communication Services. The Software and Devices registered higher sales and also improved gross profit margins compared to the preceding quarter. The Communication Services registered a significant improvement in EBITDA mainly due to recovery in its gross profit margin in the current quarter.

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

	3 months period ended		% Change
	30-Jun-17 RM million	31-Mar-17 RM million	
Software and Devices	1.14	0.39	-193%
Communication Services	0.86	0.33	159%
E-Services	(1.43)	(1.29)	-100%
Investment Holding	0.04	(0.08)	-100%
	0.61	(0.65)	193%
Finance costs*	(4.06)	(4.01)	-1%
Share of loss of associate	(0.13)	(0.73)	83%
Total	(3.58)	(5.39)	-34%

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

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 Group including :-

- Secure greater geographical reach in markets for new LTE products.
- Expand the wholesale voice traffic and grow the wholesale data services.
- Invest in new growth areas such as Internet of Things ("IOT") and e-Services platform which are complementary to and synergistic with the existing 2 business pillars and having the potential to contribute positively to the Group.
- Upselling new media devices and platform developed by its associate company, Shenzhen Memo Technology Co. Ltd. ("Memohi") to its customers in Asean.

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 30-Jun-17 RM'000
Under-provision of prior year tax expense	-
Current year tax expense	226
Total	226

B7 Status of corporate proposals and utilisation of proceeds

The status of Corporate Proposals announced but not completed:

- 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.
- Utilisation of Private Placement proceeds completed on 20 March 2017

Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Intended Timeframe for Utilisation
(i) Product and business development	9,000	6,166	24 months
(ii) Future investments	5,000	-	12 months
(iii) General working capital	4,013	4,013	6 months
(iv) Estimated expenses in relation to the private placement*	80	80	3 months
Total	18,093	10,259	

The total share issue expenses was RM 303,000 of which RM 80,000 will be utilised from the private placement proceeds.

B8 Group borrowings and debt securities

Total borrowings of the Group are as follows:

	As at 30 June 2017		
	Non-current RM '000	Current RM '000	Total RM '000
Secured:			
- Exchangeable Medium Term Notes	224,291	-	224,291
- Term Loan	605	196	801
- Hire purchases creditors, which are denominated in Ringgit Malaysia.	304	136	440
Total	225,200	332	225,533

	As at 30 June 2016		
	Non-current RM '000	Current RM '000	Total RM '000
Secured:			
- Exchangeable Medium Term Notes	208,153	-	208,153
- Hire purchases creditors, which are denominated in Ringgit Malaysia.	424	136	560
Total	208,577	136	208,713

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 30-Jun-17 RM'000	As at 30-Jun-16 RM'000
Total accumulated losses of the Company and subsidiaries:		
- Realised accumulated losses	(876,946)	(605,161)
- Unrealised retained losses	(347)	(1,642)
Total share of accumulated losses from associates:		
- Realised	-	(171,628)
Consolidation adjustments	451,224	258,534
Total Group accumulated losses	(426,068)	(519,896)

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		6 months period ended	
	30-Jun-17	30-Jun-16	30-Jun-17	30-Jun-16
(Loss)/Profit attributable to ordinary equity holders of the Company (RM'000)	(3,502)	(32,744)	(8,799)	(13,362)
Weighted average numbers of ordinary shares in issue of RM0.20 par each ('000)	720,837	690,409	720,837	690,409
Basic earning per share (sen)	(0.5)	(4.7)	(1.2)	(1.9)

B13 Profit for the Period

	3 months period ended		6 months period ended	
	30-Jun-17	30-Jun-16	30-Jun-17	30-Jun-16
	RM'000	RM'000	RM'000	RM'000
(Loss)/Profit for the period is arrived at after charging :				
Amortisation of :				
- development cost	39	1,462	47	2,920
- intellectual property	-	334	-	668
Depreciation of plant and equipment	457	363	913	672
Impairment loss on trade receivables	-	139	-	180.0
Rental of premises	370	225	733	448
Loss/(Gain) on foreign exchange				
- realised	(181)	(208)	(62)	37
- unrealised	424	846	540	1,642
Staff costs:				
- defined contribution plan	357	250	671	346
- salaries and other benefits	6,212	4,000	10,579	8,570
Interest expense:				
- hire purchase	4	1	8	2
- Exchangeable Medium Term Notes	4,054	3,956	8,059	7,837
and after crediting :				
Gain on dilution of subsidiaries	-	-	-	49,392
Interest income	273	408	405	695

B14 Authorisation for issue

The interim financial statements were authorised on 30 August 2017 for issue by the Board of Directors.