

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

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016
(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	3 Months Period Ended		9 Months Cumulative	
	30/09/16	30/09/15	30/09/16	30/09/15
	RM '000	RM '000	RM '000	RM '000
Revenue	91,452	N/A	256,596	N/A
Operating expenses				
-Depreciation, impairment & amortisation	(11,354)	N/A	(15,614)	N/A
-Other operating costs	(90,210)	N/A	(248,169)	N/A
Other income	98,916	N/A	147,416	N/A
Profit from operations	88,804	N/A	140,229	N/A
Share of net loss of associate	(243)	N/A	(56,083)	N/A
Finance costs	(4,148)	N/A	(12,101)	N/A
Profit before tax	84,414	N/A	72,045	N/A
Income tax expense	(882)	N/A	(1,829)	N/A
Profit for the period	83,532	N/A	70,215	N/A
Foreign currency translation differences for foreign operations	984	N/A	(3,779)	N/A
Total other comprehensive expense for the period	984	N/A	(3,779)	N/A
Total comprehensive profit for the period	84,516	N/A	66,435	N/A
Profit attributable to:				
Owners of the Company	83,536	N/A	70,220	N/A
Non-controlling interests	(4)	N/A	(5)	N/A
Profit for the Period	83,532	N/A	70,215	N/A
Total comprehensive Profit attributable to:				
Owners of the Company	84,521	N/A	66,440	N/A
Non-controlling interests	(4)	N/A	(5)	N/A
Total comprehensive profit for the period	84,516	N/A	66,435	-
Basic earning per ordinary share (sen):	12.1	N/A	10.2	N/A

The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the period ended 31 December 2015.

*Note: No comparison is provided due to the previous financial period ended 31 December 2015 comprises result for 18 financial months. Current financial year ending 31 December 2016 comprises 12 financial months result.

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

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2016

	As at 30/09/2016 (Unaudited) RM '000	As at 31/12/2015 (Audited) RM '000
ASSETS		
Investment in associate	18,007	80,232
Property, plant and equipment	3,741	3,454
Other long term investments	209,623	37,592
Goodwill on acquisition	-	5,799
Development costs	-	5,612
Intangible - Intellectual property	-	1,891
Total non-current assets	231,371	134,580
Inventories	1,052	14,700
Trade receivables	104,752	74,142
Other receivables, deposits and prepayments	29,512	22,925
Amount owing by associate	-	26,226
Tax recoverable	3,636	2,084
Fixed deposits with licensed banks	38,745	33,932
Cash and bank balances	24,163	37,705
Total current assets	201,860	211,714
TOTAL ASSETS	433,231	346,294
EQUITY		
Share capital	138,089	138,089
Reserves	(13,469)	(79,910)
Total equity attributable to owners of the Company	124,620	58,179
Non-controlling interests	107	112
Total equity	124,727	58,291
LIABILITIES		
Long term borrowings	212,230	200,316
Hire purchase and finance lease liabilities	394	50
Deferred tax liabilities	1,248	1,588
Total non-current liabilities	213,872	201,954
Trade payables	79,467	61,019
Other payables and accruals	14,458	22,091
Amount owing to related parties	-	772
Amount owing to associate	-	2,147
Provision for taxation	571	-
Hire purchase and finance lease liabilities	136	20
Total current liabilities	94,632	86,049
TOTAL LIABILITIES	308,504	288,003
TOTAL EQUITY AND LIABILITIES	433,231	346,294
Net asset per share attributable to ordinary equity holders of the parent (sen)	18	8

The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the period ended 31 December 2015.

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

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016

(The figures have not been audited)

	-----Attributable to owners of the Company -----								
	Shares capital	Share Premium	Foreign Exchange Translation Reserve	Treasury Shares	Other Reserves	Accumulated Losses	Sub-total	Non-controlling interests	Total Equity
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
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	-	-	(3,779)	-	-	-	(3,779)	-	(3,779)
ESOS Reserves transferred to Capital Reserves	-	-	-	-	(18,577)	-	(18,577)	-	(18,577)
Capital Reserves transferred from ESOS Reserves	-	-	-	-	18,577	-	18,577	-	18,577
Profit for the period	-	-	-	-	-	70,220	70,220	(5)	70,215
	-	-	(3,779)	-	-	70,220	66,441	(5)	66,436
At 30 September 2016	138,089	412,796	2,861	(11,389)	18,577	(436,314)	124,620	107	124,727

The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the period ended 31 December 2015.

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

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016

(The figures have not been audited)

	-----Attributable to Equity Holders of the Parent -----								
	Non-Distributable					Accumulated Losses	Sub-total	Non- controlling interests	Total Equity
	Shares capital	Share Premium	Foreign Exchange Translation Reserve	Treasury Shares	Other Reserves				
RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	
<i>Unaudited</i>									
At 1 July 2014	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Foreign currency translation differences for foreign operations	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Loss for the period	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total comprehensive profit/(loss) for the period	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Issuance of ordinary shares pursuant to ESOS exercised	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Issuance of ordinary shares pursuant to warrant exercised	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Share Options granted under ESOS	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Arising from increase in equity interest in subsidiaries and conversion of ICPS	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Arising from deemed disposal of subsidiaries	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Crystallisation of warrant reserves	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
At 30 September 2015	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the period ended 31 December 2015.

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

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016

	Financial period ended	
	30/09/2016	30/09/15
	RM'000	RM'000
	(Unaudited)	(Unaudited)
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation		
-continuing operations	72,045	N/A
Amortisation of development cost	1,012	N/A
Amortisation of intellectual property	1,001	N/A
Depreciation of property, plant and equipment	1,022	N/A
Development costs written off	4,601	N/A
Goodwill written off	5,799	N/A
Impairment loss on trade receivables	325	N/A
Interest income	(956)	N/A
Interest expense	11,914	N/A
Intangible - Intellectual property written off	890	N/A
Share of loss of associates	56,083	N/A
Gain on dilution/fair value gains	(147,639)	N/A
Operating profit/(loss) before working capital changes	6,097	N/A
Changes in working capital		
(Increase)/Decrease in inventories	13,648	N/A
(Increase)/Decrease in assets	(37,522)	N/A
Increase/(Decrease) in liabilities	10,815	N/A
Increase/(Decrease) in amount owing by associate	24,079	N/A
Cash from operating activities	17,117	N/A
Interest received	956	N/A
Tax paid	(3,150)	N/A
Net cash from operating activities	14,923	N/A
CASH FLOW FOR INVESTING ACTIVITIES		
Purchase of other investment	(18,250)	N/A
Purchase of property, plant and equipment	(1,309)	N/A
(Advance to)/Repayment from related companies	(772)	N/A
Net cash for investing activities	(20,331)	N/A
CASH FLOW FOR FINANCING ACTIVITIES		
Net drawdown of fixed deposit pledged to a licensed bank	7,090	N/A
Repayment of hire purchase obligations	(12)	N/A
Drawdown from hire purchase	472	-
Net cash from/(for) financing activities	7,550	N/A
Net increase/ (decrease) in cash and cash equivalents	2,141	N/A
Foreign exchange translation differences	(3,779)	N/A
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	59,031	N/A
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	57,393	N/A
Cash and cash equivalents at the end of the financial period comprise the following:		
<u>Continuing Operations</u>		
Cash and bank balances	24,163	N/A
Fixed deposit with licensed bank	38,745	N/A
	62,908	N/A
Fixed deposit pledged with licensed bank	(5,515)	N/A
	57,393	N/A

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial period ended 31 December 2015.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016

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 period ended 31 December 2015.

The Company has adopted and complied with MFRS 1 - First time adoption of Malaysian Financial Reporting Standards.

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 2015 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 2016 as set out below:

- a) MFRS 14 : Regulatory Deferral Accounts (effective from 1 January 2016)
- b) Amendments to MFRS 11: Accounting for Acquisitions of interests in Joint Operations (effective from 1 January 2016)
- c) Amendments to MFRS 10, MFRS12 and MFRS 128 (2011): Investment Entities - Applying the Consolidation Exception (effective from 1 January 2016)
- d) Amendments to MFRS 101 : Presentation of Financial Statements - Disclosure Initiative (effective from 1 January 2016)
- e) Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation (effective from 1 January 2016)
- f) Amendments to MFRS 116 and MFRS 141: Agriculture - Bearer Plants (effective from 1 January 2016)
- g) Amendments to MFRS 127 (2011): Equity Method in Separate Financial Statements (effective from 1 January 2016)
- h) Annual Improvements to MFRSs 2012 – 2014 Cycle (effective from 1 January 2016)

The following MFRS have been issued by the MASB and are effective for annual period commencing on or after 1 April 2016, and have yet to be adopted by the Group:

- a) MFRS 9: Financial Instrument- Classification and measurement of financial assets and financial liabilities (effective from 1 January 2018)
- b) Amendments to MFRS 10 and MFRS 128 (2011): Sale or Contribution of Assets between an investor and its Associate or Joint Venture (deferred until further notice)
- c) MFRS 15: Revenue from Contracts with Customers (effective from 1 January 2018)
- d) MFRS 16: Leases (effective from 1 January 2019)
- e) MFRS 107: Statement of cashflows - disclosure initiatives (effective from 1 January 2017)
- f) MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses (effective from 1 January 2017)

A3 Auditors' report on preceding annual financial statements

The auditor's report on the financial statements for the financial period ended 31 December 2015 was not subject to any qualification.

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 September 2016, except the following:

The movement of the Employees' Share Option Scheme ("the Scheme") for the period under review is as follows :

	RM 4.22 each (‘000)	RM 1.97 each (‘000)	RM 0.80 each (‘000)	RM 1.10 each (‘000)	RM 0.60 each (‘000)	RM 0.56 each (‘000)	RM 0.30 each (‘000)	RM 0.26 each (‘000)
Balance as at 1 January 2016	3,278	2,355	3,415	3,916	4,320	4,914	5,915	1,884
Granted during the year	-	-	-	-	-	-	-	-
Cancellation during the year	-	(3)	(3)	(9)	(24)	(19)	(86)	(54)
Exercise during the year	-	-	-	-	-	-	-	-
Outstanding as at 8 August 2016	3,278	2,352	3,412	3,907	4,296	4,895	5,829	1,830

The aforesaid Scheme was expired on 8 August 2016. All the unexercised options of 29,799,500 have lapsed and were cancelled on the same day.

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 and no comparison is provided due to the change in financial period ended to 30 September 2016, as follows:-

Results for the financial period ended 30 September 2016

	Malaysia RM'000	Overseas RM'000	Group RM'000
Revenue			
Software and Devices	16,898	66,219	83,118
Communication Services	141	173,337	173,478
	<u>17,039</u>	<u>239,556</u>	<u>256,596</u>
Results			
Software and Devices	(1,863)	922	(940)
Communication Services	19	5,133	5,153
	<u>(1,843)</u>	<u>6,056</u>	<u>4,212</u>
Finance costs			(12,101)
Finance income			<u>956</u>
			<u>(6,933)</u>
Gain on dilution of interest in associate *			49,392
Gain on fair value of long term investment on reclassification from interest in associate *			98,247
Share of net loss of associate			(56,083)
Impairment of goodwill on acquisition			(5,799)
Impairment of development costs and intangible-intellectual property			<u>(6,779)</u>
Profit before taxation			72,045
Income tax expense			<u>(1,829)</u>
Profit after taxation			70,215
Non-controlling interests			<u>5</u>
Profit after taxation & Non-controlling interests			<u>70,220</u>

* Note: includes gain on dilution of associate interest from 31.1% to 18.9% of RM49.4 million and fair value gains on reclassification from interest in associate to long term investment of RM98.2 million. The fair value of the long term investment was derived after taking into consideration that the long term investment which are charged to the Exchangable Medium Term Notes ("E-MTN") holder may be transferred to the E-MTN holder as settlement of the Accreted Value of the E-MTN on maturity date at the option of the Company ("the Issuer"). In addition to that, the fair value of the long term investment has also taken into account the latest issuance price of the convertible medium term notes of Webe Digital Sdn Bhd ("Webe") and the long term business plan of Webe.

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 17 October 2016, Green Packet Berhad ("GPB" or "the Company") announced that proposed placement of new ordinary shares of RM0.20 each in GPB representing up to 10% of the issued and paid-up share capital of the company ("Proposed Placement"). On 19 October 2016, GPB submitted an application for the listing of and quotation for the Placement Shares to be issued pursuant to the Proposed Placement to Bursa Malaysia Securities Berhad. Bursa Malaysia Securities Berhad had in its letter dated 17 November 2016 approved the listing and quotation of up to 69,044,600 Placement Shares to be issued pursuant to the Proposed Placement.
- b) On 14 November 2016, Packet Interactive Sdn Bhd ("PISB"), a wholly owned subsidiary of the Company had completed the acquisition of the entire issued and paid-up capital of Kiple Sdn Bhd ("Kiple") comprising 2 ordinary shares of RM1.00 each for RM2.00 ("Acquisition"). Following the acquisition, Kiple becomes a wholly-owned sub-subsiary of Green Packet Berhad. The intended business activity of Kiple is to engage in internet-related businesses.
- c) On 16 November 2016, Inova Venture Pte Ltd, a 71% subsidiary of the Company and was incorporated in the Republic of Singapore has been placed under members' voluntary winding-up pursuant to Section 290(1)(b) of the Companies Act, Cap, 50.
- d) On 22 November 2016, the associated company of Green Packet Berhad of which the Company has 22% equity interest, Yen Global Berhad ("YGB") has announce that it proposes to undertake the following:
 - (i) proposed reduction of the issued and paid-up share capital of YGB via the cancellation of RM0.40 of the par value of every existing ordinary share of RM0.50 each in YGB to RM0.10 each in YGB ("YGB Shares" or "Shares") pursuant to Section 64 of the Companies Act, 1965 ("Act") ("Proposed Par Value Reduction");
 - (ii) proposed renounceable rights issue of up to 275,000,000 new YGB Shares ("Rights Shares") on the basis of two (2) Rights Shares for every one (1) existing YGB Share (held after the Proposed Par Value 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 of Shares with Warrants");
 - (iii) proposed diversification of the business of YGB to include information and communications technology ("Proposed Diversification"); and
 - (iv) proposed amendments to the Memorandum and Articles of Association of YGB to facilitate the Proposed Par Value Reduction ("Proposed M&A Amendments").

On 23 November 2016, the Board of Directors of Green Packet Berhad have approved that the Company to provide a written irrevocable and unconditional undertaking to YGB to fully subscribe for its entitlements of 60,500,000 Rights Shares ("Undertakings") in YGB, subject to the approval of Green Packet Berhad's shareholders at an Extraordinary General Meeting to be held at a date to be determined later.

A12 Changes in the composition of the Group

Other than as mentioned below, there were no changes in the composition of the Group during the current financial period ended 30 September 2016.

- i) On 1 May 2016, Green Packet Ventures Ltd, a wholly-owned dormant subsidiary was voluntary struck off the Register by the Registrar of Corporate Affairs, British Virgin Islands.
- ii) On 18 May 2016, Green Packet (L) Ltd, a wholly-owned dormant subsidiary was voluntary struck off the Register by Labuan Financial Services Authority.
- iii) On 18 May 2016, the Company's dormant wholly-owned subsidiary, Green Packet (US) LLC was voluntary dissolved by the California Secretary of USA.
- iv) On 23 September 2016, the Company had acquired Enrich Bonus Sdn Bhd, a shelf-company with a paid-up of RM2.00 comprised of two (2) ordinary shares of RM1.00 each.
- iv) 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"). Following to this, Webe Digital Sdn Bhd ceased to be an associate company of the Group on 31 July 2016.
- iv) On 3 August 2016, the Company has acquired 30,250,000 ordinary shares of RM0.50 each in Yen Global Berhad ("YGB"), representing approximately 22% of the total issued and paid-up capital of YGB, for a total purchase consideration of RM18.15 million via an off-market Direct Business Transaction. Following to this, YGB became of an associate company of the Group on 31 July 2016.

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

Plant & equipment	RM'000
Approved and contracted for:	260
Approved and not contracted for:	-
	-

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 profit after tax ("PAT") of the Group stands at approximately RM91.45 million, RM3.06 million and RM83.53 million respectively for the current financial quarter ended at 30 September 2016 ("3Q16").

Total revenue, EBITDA and profit after tax ("PAT") of the Group stands at approximately RM256.60 million, RM9.35 million and RM70.22 million respectively for the current financial period ended at 30 September 2016 ("3P16"). The PAT was mainly due to gain in dilution on investment in associate of RM49.49 million and fair value gain of long term investment on reclassification from interest in associate of RM98.25 million

Revenue contribution comprises the following:-

	3 months period ended			9 months period ended		
	30-Sep-16	30-Sep-15	% Change	30-Sep-16	30-Sep-15	% Change
	RM million	RM million		RM million	RM million	
Software and Devices	31.49	N/A	N/A	83.12	N/A	N/A
Communication Services	59.96	N/A	N/A	173.48	N/A	N/A
	91.45	N/A	N/A	256.60	N/A	N/A

- Software and Devices business registered 20.2% higher sales in the current quarter compared to year on year basis mainly due to improvement of sales in ASEAN and Middle East regions in the current quarter
- The Communication Services business recorded a higher revenue of 14.1% in the current quarter as compared to the previous year on year mainly due to improved sales from most of the countries, which offset the drop in sales from Myanmar.

EBITDA comprises the following:-

	3 months period ended			9 months period ended		
	30-Sep-16	30-Sep-15	% Change	30-Sep-16	30-Sep-15	% Change
	RM million	RM million		RM million	RM million	
Software and Devices	0.64	N/A	N/A	3.38	N/A	N/A
Communication Services	2.41	N/A	N/A	5.96	N/A	N/A
	3.06	N/A	N/A	9.35	N/A	N/A

EBITDA of RM3.06 million in the current quarter was 15.3% higher on year on year basis mainly due to higher revenue from both the Software and Devices and Communication business pillar.

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

	3 months period ended			9 months period ended		
	30-Sep-16	30-Sep-15	% Change	30-Sep-16	30-Sep-15	% Change
	RM million	RM million		RM million	RM million	
Software and Devices	0.51	N/A	N/A	(0.75)	N/A	N/A
Communication Services	1.74	N/A	N/A	4.09	N/A	N/A
Finance costs*	(4.15)	N/A	N/A	(12.10)	N/A	N/A
Gain on dilution of interest in associate	-	N/A	N/A	49.39	N/A	N/A
Gain on fair value of long term investment on reclassification from interest in associate	98.25	N/A	N/A	98.25	N/A	N/A
Impairment of goodwill on acquisition	(5.80)	N/A	N/A	(5.80)	N/A	N/A
Impairment of development costs and intangible-intellectual property	(6.78)	N/A	N/A	(6.78)	N/A	N/A
Share of loss of associate	(0.24)	N/A	N/A	(56.08)	N/A	N/A
	83.53	N/A	N/A	70.22	N/A	N/A

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

The profit after tax of RM83.53 million in the current quarter was a significant improvement on year on year basis compared to previous year quarter which registered a loss after tax of RM29.10 million mainly due to improvement in performance of the 2 business pillar and a one-time gain on fair value of long term investment on reclassification from interest in associate of RM98.2 million coupled with the cessation of equity accounting of the loss of associate in the current quarter.

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

Overall revenue for current quarter was 17.9% higher compared quarter on quarter basis mainly from Solutions segment due to higher shipment in the current quarter. The Group registered a net profit in the current quarter as compared to the previous quarter from a one-time gain on fair value of long term investment on reclassification from interest in associate of RM98.2 million coupled with the cessation of equity accounting of the loss of associate in the current quarter.

	Current Year	Immediate	% Change
	Quarter	Preceding	
	30-Sep-16	Quarter	
	RM million	30-Jun-16	
	RM million	RM million	
Revenue	91.45	77.53	17.9%
Profit/(Loss) before tax	82.65	(32.20)	356.7%
Profit/(Loss) after tax	83.53	(32.74)	355.1%

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

The Board is mindful of the soft sentiment in the global telecommunication market affecting the Group's performance moving forward. It has continuously instituted multiple efforts to improve the performance of the company as follows :-

- 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.

The Group has also looked into investment in areas such as; Internet of Things ("IOT") and e-Services platform which are complementary and synergistic to the existing 2 business pillars.

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 30-Sep-16 RM'000
Current tax expense	<u>1,829</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	<u>40,000</u>
	<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.

- c) On 19 August 2016, the Board of Directors of the Company announced that its wholly-owned subsidiary, Packet Interactive Sdn Bhd (“PISB”) has on 19 August 2016 entered in a share sale and purchase and subscription agreement with Mr. Manirajah A/L Kulanthavelu, Mdm T. Umadevi A/P S. Thiagarajan (collectively the “Vendors”) and Webonline Dot Com Sdn Bhd (“WOL”) to purchase and subscribe for shares representing in total 80% of the enlarged share capital of WOL for a total consideration of RM9.0 million (“SSA”) which is subject to the terms and conditions stipulated therein

On the same day, PISB has entered into an Option Agreement with the Vendors to acquire the remaining 400,000 ordinary shares of RM1.00 each representing the remaining 20% stake of the enlarged share capital of WOL (“Option Shares”) for an option price based on the pre-determined key performance indicators which are measured against the financial and operational performance of WOL for the financial year ending 31 December 2017, which ranges from the base option price of RM1.0 million and capped at up to RM5.0 million which is subject to the terms and conditions stipulated therein. The option period is commencing from 31 December 2017 and expiring on 30 April 2018 or such other date mutually agreed by PISB and the Vendors.

B8 Group borrowings and debt securities

As at 30 September 2016, total borrowings of the Group are as follows:

	RM '000
<u>Total borrowings:</u>	
Secured:	
- Exchangeable Medium Term Notes	212,230
- Hire purchases creditors, which are denominated in Ringgit Malaysia.	530
	<u>212,760</u>
	RM '000
Non-current portion:	
- Hire purchase and finance lease liabilities, repayment more than 1 year	394
- Borrowings repayable after five years	212,230
Current portion:	
- Hire purchase and finance lease liabilities, repayment within one year	136
	<u>212,760</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 30.09.2016 RM'000	As at 30.09.2015 RM'000
Total accumulated losses of the Company and subsidiaries:		
- Realised accumulated losses	(693,206)	N/A
- Unrealised retained profits	(1,830)	N/A
Consolidation adjustments	258,723	N/A
Total Group accumulated losses	<u>(436,314)</u>	<u>N/A</u>

B12 Earnings per share

a) 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		9 months period ended	
	30.09.2016	30.09.2015	30.09.2016	30.09.2015
Profit attributable to ordinary equity holders of the Company	83,536	N/A	70,220	N/A
Weighted average numbers of ordinary shares in issue of RM0.20	690,409	N/A	690,409	N/A
Basic earning per share (sen)	<u>12.1</u>	<u>N/A</u>	<u>10.2</u>	<u>N/A</u>

B13 Profit for the Period

	3 months period ended		9 months period ended	
	30.09.2016	30.09.2015*	30.09.2016	30.09.2015*
	RM'000	RM'000	RM'000	RM'000
Profit for the period is arrived at after charging :				
Amortisation of :				
- development cost	-	N/A	2,920	N/A
- intellectual property	334	N/A	1,001	N/A
Depreciation of plant and equipment	350	N/A	1,022	N/A
Impairment loss on trade receivables	145	N/A	325	N/A
Impairment of goodwill on acquisition	5,799	N/A	5,799	N/A
Impairment of development costs and intangible-intellectual property	6,779	N/A	6,779	N/A
Rental of premises	353	N/A	801	N/A
Loss/(Gain) on foreign exchange				
- realised	220	N/A	257	N/A
- unrealised	189	N/A	1,830	N/A
Staff costs:				
- defined contribution plan	278	N/A	624	N/A
- salaries and other benefits	5,154	N/A	13,724	N/A
Interest expense:				
- hire purchase	4	N/A	6	N/A
- Exchangeable Medium Term Notes	4,077	N/A	11,914	N/A
and after crediting :				
Gain on dilution of interest in associate	-	N/A	49,392	N/A
Gain on fair value of long term investment on reclassification from interest in associate	98,247	N/A	98,247	N/A
Interest income	261	N/A	956	N/A

*Note: No comparison is provided due to the previous financial period ended 31 December 2015 comprises result for 18 financial months.

B14 Comparative Figure

There were no comparative figures for this quarter ended 30 September 2016 following the Company's change of previous financial year end from 30 September to 31 December. Enclosed herewith the quarterly financial results for the period ended 30 September 2015 marked as "Appendix A" for your reference.

B15 Authorisation for issue

The interim financial statements were authorised on 23 November 2016 for issue by the Board of Directors.