

I-POWER BERHAD (596299-D)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FOURTH QUARTER ENDED 30 JUNE 2012**

	----- Individual Quarter -----		----- Cumulative Quarter -----	
	Current year quarter 30 June 2012 RM'000	Preceding year corresponding quarter 30 June 2011 RM'000	Current year to date 30 June 2012 RM'000	Preceding year corresponding period 30 June 2011 RM'000
Revenue	1,167	419	3,576	3,533
Cost of Sales	<u>(743)</u>	<u>(364)</u>	<u>(1,745)</u>	<u>(711)</u>
Gross Profit	424	55	1,831	2,822
Operating Expenses	(294)	(8,254)	(4,205)	(10,346)
Depreciation and amortization	<u>(102)</u>	<u>(232)</u>	<u>(507)</u>	<u>(931)</u>
Operating Profit	28	(8,431)	(2,881)	(8,455)
Share of associated company's results	-	-	-	(8)
Interest Expenses	-	-	-	-
Interest Income	<u>7</u>	<u>-</u>	<u>8</u>	<u>12</u>
Profit Before Tax	35	(8,431)	(2,873)	(8,451)
Taxation	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3)</u>
Profit After Tax	35	(8,431)	(2,873)	(8,454)
Other comprehensive income	-	-	-	-
Total comprehensive income	<u><u>35</u></u>	<u><u>(8,431)</u></u>	<u><u>(2,873)</u></u>	<u><u>(8,454)</u></u>
Profit attributable to :				
Equity holders of the Company	<u><u>35</u></u>	<u><u>(8,431)</u></u>	<u><u>(2,873)</u></u>	<u><u>(8,454)</u></u>
Total comprehensive income attributable to :				
Equity holders of the Company	<u><u>35</u></u>	<u><u>(8,431)</u></u>	<u><u>(2,873)</u></u>	<u><u>(8,454)</u></u>
Weighted average no. of ordinary shares in issue ('000)	402,623	402,623	402,623	402,623
Earnings per share (sen):-				
a) Basic	0.01	(2.09)	(0.71)	(2.10)

The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements of the Company for the year ended 30 June 2011.

I-POWER BERHAD (596299-D)**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2012**

	As at 30 June 2012 (Unaudited) RM'000	As at Preceding Financial Year End 30 June 2011 (Audited) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	148	420
Intangible Assets		
Intellectual Property Rights (IPR)	518	1,150
Software Licenses	942	1,997
	<u>1,460</u>	<u>3,147</u>
Current assets		
Receivables	2,581	2,662
Assets held for sale	8,416	8,416
Cash And Cash Equivalents	977	1,782
	<u>11,974</u>	<u>12,860</u>
Total Assets	<u><u>13,582</u></u>	<u><u>16,427</u></u>
EQUITY AND LIABILITIES		
Equity Attributable to Equity Holders of the Company		
Share capital	40,263	43,820
Share premium	45,943	51,103
Capital Redemption Reserve	3,557	-
Treasury shares	-	(5,160)
Accumulated losses	(76,351)	(73,478)
Shareholders' equity	<u>13,412</u>	<u>16,285</u>
Current liabilities		
Payables	167	139
Provision for taxation	3	3
	<u>170</u>	<u>142</u>
Total liabilities	170	142
Total equity and liabilities	<u><u>13,582</u></u>	<u><u>16,427</u></u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	<u>0.03</u>	<u>0.04</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements of the Company for the year ended 30 June 2011.

I-POWER BERHAD (596299-D)**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FOURTH QUARTER ENDED 30 JUNE 2012**

	Current year to date 30 June 2012 (Unaudited) RM'000	Preceding year corresponding period 30 June 2011 (Unaudited) RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit Before Taxation	(2,873)	(8,451)
Adjustments for Non-cash items	<u>2,730</u>	<u>6,555</u>
Operating loss before working capital changes	(143)	(1,896)
Changes in working capital		
Net change in trade and other receivables	(662)	1,012
Net change in trade and other payables	<u>28</u>	<u>42</u>
Net cash from operations	<u>(777)</u>	<u>(842)</u>
Tax paid	<u>-</u>	<u>(16)</u>
Net cash used in operating activities	<u>(777)</u>	<u>(858)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of plant and equipment	(36)	(8)
R&D expenditure paid	<u>-</u>	<u>(795)</u>
Net cash used in investing activities	<u>(36)</u>	<u>(803)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Interest received	<u>8</u>	<u>12</u>
Net cash used in financing activities	<u>8</u>	<u>12</u>
Net Change in Cash and Cash Equivalents	(805)	(1,649)
Cash and Cash Equivalents at beginning of the period	1,782	3,431
Cash and Cash Equivalents at end of the period	<u><u>977</u></u>	<u><u>1,782</u></u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with audited financial statements of the Company for the year ended 30 June 2011.

I-POWER BERHAD (596299-D)**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FOURTH QUARTER ENDED 30 JUNE 2012**

	Non-distributable		Non-distributable	Non-distributable	Distributable	Total
	Share Capital	Share Premium	Capital Redemption Reserves	Treasury Shares	(Accumulated Losses)	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 30 June 2011 (Audited)	43,820	51,103	-	(5,160)	(73,478)	16,285
Cancellation of treasury shares	(3,557)	(5,160)	3,557	5,160	-	-
Total comprehensive income for the period	-	-	-	-	(2,873)	(2,873)
As at 30 June 2012	<u>40,263</u>	<u>45,943</u>	<u>3,557</u>	<u>-</u>	<u>(76,351)</u>	<u>13,412</u>
As at preceding year corresponding quarter 30 June 2011						
As at 30 June 2010 (Audited)	43,820	51,103	-	(5,160)	(65,024)	24,739
Total comprehensive income for the period	-	-	-	-	(8,454)	(8,454)
As at 30 June 2011	<u>43,820</u>	<u>51,103</u>	<u>-</u>	<u>(5,160)</u>	<u>(73,478)</u>	<u>16,285</u>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements of the Company for the year ended 30 June 2011.

I-POWER BERHAD (596299-D)

NOTES TO THE QUARTERLY REPORT

PART A: EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARDS (“FRS”) 134: INTERIM FINANCIAL REPORTING

A1. Accounting policies and methods of computation

The interim financial statements are unaudited and have been prepared in accordance with Financial Reporting Standards (“FRS”) 134 : Interim Financial Reporting and Appendix 9B of the ACE Market Listing Requirements of Bursa Securities.

The condensed consolidated interim financial report should be read in conjunction with the audited financial statements of the Company for the year ended 30 June 2011. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant for understanding the changes in the financial position and performance of the Company since the year ended 30 June 2011.

The accounting policies and methods of computation adopted by the Company for these interim financial statements are in compliance with the new and revised FRSs issued by the Malaysian Accounting Standards Board.

A2. Adoption of new and revised accounting policies

The accounting policies and methods of computation adopted by the Company in these condensed consolidated financial statements are consistent with those adopted in the audited financial statements for the year ended 30 June 2011, except for the adoption of new and revised Financial Reporting Standards (“FRSs”), Amendments to FRSs, Interpretations and Technical Releases which were effective for the financial periods beginning on or after 1 July 2011.

The new FRSs, Amendments to FRSs, Interpretations and Technical Releases are expected to have no significant impact on the financial statements of the Company upon their initial application.

A3. Qualification on the Auditors’ Report of preceding annual financial statements

There was no audit qualification to the annual audited financial statements of the Company for the financial year ended 30 June 2011.

A4. Seasonal or cyclical factors

The business operations within the industry are not affected by seasonal and cyclical factors.

A5. Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the current financial quarter under review and financial year-to-date.

A6. Changes in estimates of amounts reported

There were no changes in estimates that have had a material effect on the current financial quarter under review and financial year-to-date.

A7. Issuance or repayment of debt and equity securities

Save as disclosed below, there were no issuance or repayment of debt or equity securities, share buy-backs, share cancellations, share held as treasury shares and resale of treasury shares in the reporting quarter and financial year-to-date :-

(i) Treasury shares

During the current quarter, the Company did not repurchase any of its issued ordinary shares. On 20 June 2012, the Company has cancelled all 35,572,600 repurchased shares amounting to RM5,160,145 in accordance with the requirements of Section 67A of the Companies Act, 1965. The issued and paid-up share capital of the Company was reduced by the shares cancelled, the same amount of which was transferred to the Capital Redemption Reserve.

A8. Dividend paid

There was no dividend paid nor declared for the current financial quarter under review.

A9. Segmental information

No segmental analysis is presented as the Company is primarily engaged in implementation and development of software for commercial application.

A10. Valuation of property, plant and equipment

The Company has not carried out valuation on its property, plant and equipment in the current financial quarter under review and financial year-to-date.

A11. Capital commitments

There are no material capital commitments in respect of property, plant and equipment as at 30 June 2012.

A12. Capital Expenditure

There was no major addition or disposal of the property, plant and equipment during the current financial quarter and financial year-to-date.

A13. Changes in the composition of the Group

There were no changes in the composition of the Company for the current financial quarter under review.

A14. Contingent liabilities and contingent assets

There were no contingent liabilities for the Company since the last audited financial statements for the financial year ended 30 June 2011.

A15. Subsequent material events

Save as disclosed in Note B8 below, there are no material events subsequent to the financial period ended 30 June 2012 that has not been reflected in this interim financial report.

A16. Significant related party transactions

There were no related party transactions during the current financial quarter under review.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE ACE MARKET LISTING REQUIREMENTS OF BURSA SECURITIES

B1. Review of the performance of the Group

For the current financial quarter ended 30 June 2012, the Company recorded revenues of RM1.167 million and profit before tax of RM0.035 million. The revenue recorded for the current quarter comprised a mixture of software solutions and hardware installation services, which have better margins. This has enabled the Company to record a marginal profit before tax after incurring losses for the preceding two financial quarters.

B2. Comparison to the results of the preceding quarter

	Current Quarter 30 June 2012 RM'000	Preceding Quarter 31 March 2012 RM'000
Revenue	1,167	860
Profit / (Loss) before tax	35	(2,939)

Revenue for the current quarter increased by RM0.307 million as compared to the preceding quarter. The revenue recorded for the current quarter comprised a mixture of software solutions and hardware installation services, which have better margins. This has enabled the Company to record a marginal profit before tax after incurring losses for the preceding two financial quarters.

B3. Prospects for the next financial year

The proposed restructuring exercise comprising amongst others, capital reduction, consolidation of shares, reduction of capital redemption reserve and share premium account, and culminating with the proposed acquisition of Instacom Engineering Sdn Bhd (“Instacom”) for a consideration of RM102 million, to be satisfied entirely by the issuance of 510,000,000 new consolidated shares at an issue price of RM0.20 each, was approved by the shareholders in the Extraordinary General Meeting held on 20 June 2012. In addition, the Securities Commission has approved the Proposed Exemption vide its letter dated 25 July 2012.

Once the exercise is completed, the Company will have a strong presence in the growing telecommunication industry via Instacom. The outlook for the telecommunications network services market in Malaysia remains positive and

steady growth is projected throughout the forecast period of 2011 to 2015. The positive outlook for the telecommunications network services market in Malaysia stems mainly from the growing prominence of the broadband market in Malaysia, advancement in technology for ICT products, inherent needs for capital expenditure by telecommunications carriers or operators to sustain or grow their businesses, increasing population and young demographic profile in Malaysia, an improving local economic condition, increasing importance of ICT in business activities, replacement of physical functions with virtual possibilities as well as development and improvement in the interconnection of telecommunications networks between countries.

Further details of the proposals are disclosed in Note B8 below.

Barring any unforeseen circumstances, the Company estimates that the exercise should be completed by early October 2012.

B4. Profit forecast and profit estimate

The Company has not issued any profit forecast or profit estimate for the current financial quarter under review or in any public documents.

B5. Taxation

	Current Quarter Ended 30 June 2012 RM'000	Cumulative Year-to-Date 30 June 2012 RM'000
Current tax	-	-
	<hr/>	<hr/>
	-	-

The Company was granted pioneer status by Multimedia Super Corridor under the provisions of the Promotion of Investments (Amendment) Act, 1997. By virtue of this pioneer status, the Company's statutory income from pioneer activities during the pioneer period from 16 December 2002 to 15 December 2007 are exempted from income tax. Dividends declared out of such profits are also exempted from income tax in the hands of the shareholders. The Company's tax exemption status was extended for another 5 years from 16 December 2007 to 15 December 2012.

B6. Sale of unquoted investment and/ or property

There was no sale of unquoted investment and/ or property in the current financial quarter under review and financial year-to-date.

B7. Purchase and disposal of quoted security

The Company does not hold any quoted securities nor was there any purchase or disposal of quoted securities in the reporting quarter and financial year-to-date except as disclosed in Note A7 above.

B8. Status of corporate proposals

Save as disclosed below, there were no corporate proposals announced but not completed as at the date of issuance of this announcement :-

On 11 August 2011, OSK had, on behalf of the Board, announced that the Company had on even date entered into a conditional Share Sale Agreement ("SSA") with Chan Chuck Yan, Anne Kung Soo Ching, Ngu Sing Hieng and Wong Say Khim (collectively referred to as "Vendors") for the proposed acquisition by I-Power of the entire issued and paid-up share capital of Instacom Engineering Sdn Bhd ("Instacom") comprising 4,500,000 ordinary shares of RM1.00 each ("Instacom Share(s)") for a total purchase consideration of RM102,000,000 ("Purchase Consideration") to be satisfied entirely by the issuance of 1,020,000,000 new Consolidated Shares (as defined hereinafter) ("Consideration Shares") at an issue price of RM0.10 per Consolidated Share ("Proposed Acquisition").

In conjunction with the Proposed Acquisition, the Board has also resolved to undertake the following:-

- I. Proposed share capital reduction by the cancellation of RM0.09 of the par value of every existing ordinary share of RM0.10 each in I-Power ("I-Power Share(s)") and the credit arising therefrom to be offset against the accumulated losses at I-Power ("Proposed Capital Reduction");
- II. Proposed reduction of the capital redemption reserve of I-Power arising from the Proposed Treasury Shares Cancellation (as defined hereinafter) ("Proposed CRR Reduction");
- III. Proposed reduction of the share premium account ("Proposed Share Premium Reduction");
- IV. Proposed share consolidation of ten (10) ordinary shares of RM0.01 each into one (1) ordinary share of RM0.10 each in I-Power ("Consolidated Share(s)") after the Proposed Capital Reduction ("Proposed Share Consolidation");

- V. Proposed exemption to Chan Chuck Yan, Anne Kung Soo Ching, Ngu Sing Hieng and Wong Say Khim (collectively referred to as the "Vendors") and the parties acting in concert with them, if any, from the obligation to undertake a mandatory general offer for all the remaining Consolidated Shares not already held by them and all Consolidated Shares that may be allotted and issued arising from the exercise of I-Power's warrants ("Proposed Exemption");
- VI. Proposed offer for sale of up to 153,000,000 Consideration Shares held by the Vendors ("Offer Shares") to eligible investors to be identified later ("Proposed Offer for Sale");
- VII. Proposed private placement of up to 15% of the enlarged issued and paid-up share capital of I-Power upon completion of the Proposed Acquisition ("Proposed Private Placement");
- VIII. Proposed increase in the authorised share capital of I-Power from RM10,000,000 comprising 100,000,000 Consolidated Shares after the completion of the Proposed Share Consolidation to RM200,000,000 comprising 2,000,000,000 Consolidated Shares ("Proposed Increase in Authorised Share Capital");
- IX. Proposed change of name of the Company from I-Power Berhad to Instacom Holdings Berhad ("Proposed Change of Name"); and
- X. Proposed amendments to the Memorandum and Articles of Association of I-Power ("Proposed Amendments")

On 6 January 2012, the Company has entered into a supplemental agreement with the Vendors amending the SSA ("Supplemental Agreement") to revise the terms of the Proposed Acquisition and Proposed Offer for Sale as follows:-

- I. Proposed acquisition by I-Power of the entire issued and paid-up share capital of Instacom Engineering Sdn Bhd ("Instacom") comprising 4,500,000 ordinary shares of RM1.00 each for a total purchase consideration of RM102,000,000 to be satisfied entirely by the issuance of 510,000,000 new Consolidated Shares at an issue price of RM0.20 per Consolidated Share after the Proposed Share Consolidation ("Proposed Acquisition"); and
- II. Proposed offer for sale of up to 51,000,000 Consideration Shares held by the Vendors to eligible investors to be identified pursuant to the Proposed Acquisition ("Proposed Offer for Sale")

On 30 March 2012, the Company has entered into a second supplemental agreement with the Vendors amending the SSA and the First Supplemental Agreement ("Second Supplemental Agreement") to undertake a proposed bonus

issue in conjunction with the Proposed Acquisition to the existing shareholders of I-Power other than to the Vendors on the basis of three (3) new Consolidated Shares ("Bonus Share(s)") for every two (2) existing Consolidated Shares held on an entitlement date to be determined by the Board later and which shall be a date after the completion of the Proposed Acquisition but prior to the Proposed Offer for Sale and the Proposed Private Placement ("Entitlement Date") ("Proposed Bonus Issue"). In addition to the Proposed Bonus Issue to be undertaken, the Vendors have also agreed to grant an additional profit guarantee for financial year ending 31 December 2013.

On 9 April 2012, the Company had announced that Bursa Malaysia Securities Berhad ("Bursa Securities") has resolved to approve the Proposals and the listing of and quotation for up to 675,685,513 new ordinary shares of RM0.10 each in I-Power to be issued pursuant to the Proposed Acquisition, Proposed Bonus Issue and the Proposed Private Placement on the ACE Market of Bursa Securities.

On 2 May 2012, the Company had announced that the Board had, after due deliberations, decided to revise the term of the Proposed Change of Name whereby the name of the Company is proposed to be changed to Instacom Group Berhad upon completion of the Proposed Acquisition. The Proposed Change of Name will be effective from the date of issuance of the Certificate of Incorporation on change of name of company by the Companies Commission of Malaysia.

On 20 June 2012, all the Special Resolutions and Ordinary Resolutions in relation to the various proposals abovementioned were approved by the shareholders of the Company on an Extraordinary General Meeting held on the same date.

On 26 July 2012, OSK had on behalf of the Board, announced that the Securities Commission Malaysia has approved the Exemption vide its letter dated 25 July 2012.

Barring any unforeseen circumstances, the Company estimates that the corporate exercise should be completed by early October 2012.

B9. Status of utilisation of proceeds

As at the date of this report, the Company has fully utilized the proceeds raised from all its fund raising activities.

B10. Realised and Unrealised Profits

The breakdown of accumulated loss of the Company for the financial quarter ended 30 June 2012 and the preceding year corresponding period 30 June 2011, is as follows :-

	Quarter Ended 30 June 2012 RM'000	Quarter Ended 30 June 2011 RM'000
Total accumulated loss of the Company :		
- Realised	(76,351)	(73,478)
- Unrealised	-	-
Total Company's accumulated loss as per accounts	<u>(76,351)</u>	<u>(73,478)</u>

B11. Group borrowings and debt securities

The Company does not have any borrowings and debt securities in the reporting quarter and financial year-to-date.

B12. Material Litigation

There was no material litigation as at the date of issuance of this announcement.

B13. Dividends

No interim dividends have been declared during the current financial quarter under review.

B14. Profit/Loss for the period

	Current Quarter Ended 30 June 2012 RM'000	Cumulative Year-to-Date 30 June 2012 RM'000
This is arrived at after charging :-		
Depreciation and amortization	102	507
Provision for and write off of receivables	(75)	742
Impairment of assets	2	1,488

Other disclosure items pursuant to Note 16 of Appendix 9B of the Listing Requirement of Bursa Malaysia Securities Berhad for ACE Market are not applicable.

B15. Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the equity holders of the Company by the weighted average number of shares in issue for the period.

	Individual Quarter		Cumulative Quarter	
	Current Quarter	Preceding Year Corresponding Quarter	Current Year-To-Date	Preceding Year Corresponding Period
Basic Earnings Per Share	30 June 2012	30 June 2011	30 June 2012	30 June 2011
Loss attributable to the equity holders of the Company (RM'000)	35	(8,431)	(2,873)	(8,454)
Weighted average number of shares in issue ('000)	402,623	402,623	402,623	402,623
Basic loss per share (sen)	0.01	(2.09)	(0.71)	(2.10)

(b) Diluted earnings per share – Not Applicable

By Order of the Board

Laang Jhe How (MIA 25193)
(Company Secretary)

Date: 29 August 2012