

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

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2012.

(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	3 Months Period Ended		6 Months Cumulative To date	
	30/6/2012	30/6/2011	30/6/2012	30/6/2011
	RM '000	RM '000	RM '000	RM '000
Revenue	138,288	127,807	266,453	249,516
Operating expenses	(164,651)	(159,820)	(318,481)	(313,852)
Other income	179	187	287	494
Loss from operations	(26,184)	(31,826)	(51,741)	(63,842)
Finance costs	(6,265)	(4,821)	(10,238)	(10,263)
Loss before tax	(32,449)	(36,647)	(61,979)	(74,105)
Income tax expense	(205)	(422)	(409)	(857)
Loss for the period	(32,654)	(37,069)	(62,388)	(74,962)
Foreign currency translation differences for foreign operations	1,246	(1,067)	1,002	(1,311)
Total other comprehensive expense for the period	1,246	(1,067)	1,002	(1,311)
Total comprehensive loss for the period	(31,408)	(38,136)	(61,386)	(76,273)
Loss attributable to:				
Owners of the Company	(17,900)	(15,239)	(32,616)	(34,246)
Non-controlling interests	(14,754)	(21,830)	(29,772)	(40,716)
Loss for the Period	(32,654)	(37,069)	(62,388)	(74,962)
Total comprehensive loss attributable to:				
Owners of the Company	(16,654)	(16,306)	(31,614)	(35,557)
Non-controlling interests	(14,754)	(21,830)	(29,772)	(40,716)
Total comprehensive loss for the period	(31,408)	(38,136)	(61,386)	(76,273)
Basic loss per ordinary share (sen):	(2.7)	(2.3)	(5.0)	(5.2)
Diluted loss per ordinary share (sen):	N/A	N/A	N/A	N/A

The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2011.

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

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2012

	As at 30/6/2012 (Unaudited) RM '000	As at 31/12/2011 (Audited) RM '000
ASSETS		
Property, plant and equipment	690,682	622,557
Other long term investments	135	135
Goodwill on acquisition	13,004	13,004
Development costs	36,049	35,201
Intangible/Customer Modem assets	55,145	65,008
Total non-current assets	795,015	735,905
Inventories	35,190	31,532
Trade receivables	86,367	71,295
Other receivables, deposits and prepayments	63,252	61,282
Deposits with licensed banks	5,005	1,191
Cash and bank balances	63,820	84,085
Total current assets	253,634	249,385
TOTAL ASSETS	1,048,649	985,290
EQUITY		
Share capital	131,551	131,551
Reserves	11,364	41,325
Company	142,915	172,876
Non-controlling interests	(34,041)	(4,269)
Total equity	108,874	168,607
LIABILITIES		
Irredeemable Convertible Preference Shares -Class C ("Class C ICPS") - Liabilities components	156,972	150,276
Class C ICPS - Deferred tax components	55,250	55,250
Bank Borrowings	56,628	49,839
Hire purchase and finance lease liabilities	439	452
Other payables and accruals	184,980	89,082
Deferred tax liabilities	2,566	2,426
Total non-current liabilities	456,835	347,325
Trade payables	86,911	98,503
Other payables and accruals	263,024	225,653
Guaranteed redeemable convertible exchangeable bonds	50,000	50,000
Bank borrowings	80,953	92,314
Hire purchase and finance lease liabilities	2,052	2,888
Total current liabilities	482,940	469,358
TOTAL LIABILITIES	939,775	816,683
TOTAL EQUITY AND LIABILITIES	1,048,649	985,290
Net asset per share attributable to ordinary equity holders of the parent (sen)	17	26

The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2011.

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

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2012

(The figures have not been audited)

	<-----Attributable to owners of the Company ----->								
	Shares capital	Non-Distributable					Sub-total	Non-controlling interests	Total Equity
		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	
At 1 January 2012	131,551	345,372	378	(11,389)	75,792	(368,828)	172,876	(4,269)	168,607
Foreign currency translation differences for foreign operations	-	-	1,002	-	-	-	1,002	-	1,002
Total other comprehensive income for the period	-	-	1,002	-	-	-	1,002	-	1,002
Loss for the period	-	-	-	-	-	(32,616)	(32,616)	(29,772)	(62,388)
Total comprehensive loss for the period	-	-	1,002	-	-	(32,616)	(31,614)	(29,772)	(61,386)
Share-based payment transaction under ESOS	-	-	-	-	1,653	-	1,653	-	1,653
Total contribution from / distribution to owners	-	-	-	-	1,653	-	1,653	-	1,653
At 30 June 2012	131,551	345,372	1,380	(11,389)	77,445	(401,444)	142,915	(34,041)	108,874

The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2011.

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

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2012

(The figures have not been audited)

	<-----Attributable to Equity Holders of the Parent ----->							Non- controlling interests	Total Equity
	Non-Distributable					Accumulated Losses	Sub-total		
	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	
At 1 January 2011	131,551	345,372	47	(11,389)	72,493	(283,103)	254,971	44,359	299,330
Foreign currency translation differences for foreign operations	-	-	(1,311)	-	-	-	(1,311)	-	(1,311)
Total other comprehensive income for the period	-	-	(1,311)	-	-	-	(1,311)	-	(1,311)
Loss for the period	-	-	-	-	-	(34,246)	(34,246)	(40,716)	(74,962)
Total comprehensive loss for the period	-	-	(1,311)	-	-	(34,246)	(35,557)	(40,716)	(76,273)
Share-based payment transaction under ESOS	-	-	-	-	1,600	-	1,600	-	1,600
Total contribution from / distribution to owners	-	-	-	-	1,600	-	1,600	-	1,600
At 30 June 2011	131,551	345,372	(1,264)	(11,389)	74,093	(317,349)	221,014	3,643	224,657

The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2011.

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

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2012
(The figures have not been audited)

	Financial period ended	
	30/6/2012	30/6/2011
	RM'000	RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(61,979)	(74,105)
Adjustments for non cash items:-		
Amortisation of development cost	2,154	3,184
Amortisation of intellectual property	1,220	1,355
Amortisation of modem	17,927	16,887
Amortisation of prepaid land lease payments	410	410
Depreciation of plant and equipment	37,751	29,878
Share based payment under ESOS	1,653	1,600
Other non-cash items	9,265	9,789
Operating loss before working capital changes	8,401	(11,002)
Changes in working capital		
Decrease/(Increase) in assets	(20,700)	(16,084)
(Decrease)/Increase in liabilities	128,373	71,868
Cash for operating activities	116,074	44,782
Interest paid	(10,238)	(10,262)
Tax paid	549	(602)
Net cash for operating activities	106,385	33,918
CASH FLOW FOR INVESTING ACTIVITIES		
Development expenditure incurred	(3,002)	(4,089)
Interest received	155	473
Purchase of plant and equipment	(115,570)	(90,045)
Net cash for investing activities	(118,417)	(93,661)
CASH FLOW FOR FINANCING ACTIVITIES		
Net drawdown/(repayment) of bank borrowings	(4,572)	(12,688)
Repayment to hire purchase/lease obligations	(849)	(4,451)
Net cash for financing activities	(5,421)	(17,139)
Net decrease in cash and cash equivalents	(17,453)	(76,882)
Foreign exchange translation differences	1,002	(1,311)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	85,276	170,820
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	68,825	92,627
Cash and cash equivalents at the end of the financial period comprise the following:		
Cash and bank balances	63,820	90,278
Fixed deposit with licensed bank	5,005	2,349
	68,825	92,627

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2011.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2012

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 Financial Reporting Standards ("FRS") 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 2011.

A2 Changes in accounting policies

The significant accounting policies and methods of computations adopted for the interim financial statements are consistent with those of the audited financial statements for the financial year ended 31 December 2011 except for the new standards, amendments to published standards and interpretations that are mandatory for the Group's financial year beginning on or after 1 March 2012 as set out below:

- a) The revised FRS 124 "Related party disclosures" (effective from 1 January 2012)
- b) IC Interpretation 19 "Extinguishing financial liabilities with equity instruments" (effective from 1 July 2011)
- c) Amendment to FRS 7 "Financial instruments: Disclosures on transfers of financial assets" (effective from 1 January 2012)

The adoption of these new FRSs, amendments and IC Interpretations do not have a material impact on the interim financial information of the Group.

A3 Auditors' report on preceding annual financial statements

The auditor's report on the financial statements for the financial year ended 31 December 2011 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 June 2012, except the following:

On 27 March 2012, the Company had granted 10,000,000 new share options pursuant to the Employees' Share Option Scheme ("ESOS") at the exercise price of RM0.56 per new ordinary shares to eligible employees and directors of the Company and the Group. The ESOS will expire on 8 August 2016.

The movement of the options for the period under review is as follows :

	Number of options over ordinary shares of RM0.20 each at exercise price of					
	RM 4.22 ('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)
Balance as at 1 Jan 2012	6,531	6,335	6,160	8,539	9,039	-
Granted during the year	-	-	-	-	-	10,000
Cancellation during the year	(293)	(264)	(198)	(510)	(533)	(13)
Exercise during the year	-	-	-	-	-	-
Outstanding as at 30 June 2012	6,238	6,071	5,962	8,029	8,506	9,987

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 2012	Malaysia RM'000	Overseas RM'000	Group RM'000
Revenue			
Software and Devices	11,958	31,770	43,728
Broadband Services	173,020	-	173,020
Communication Services	-	49,705	49,705
	<u>184,978</u>	<u>81,475</u>	<u>266,453</u>

Results			
Software and Devices	(30,688)	23,786	(6,902)
Broadband Services	(46,012)	-	(46,012)
Communication Services	-	1,018	1,018
	<u>(76,700)</u>	<u>24,804</u>	<u>(51,896)</u>
Finance costs			(10,238)
Finance income			155
			<u>(61,979)</u>
Income tax expense			(409)
Loss after taxation			<u>(62,388)</u>
Non-controlling interests			29,772
Loss after taxation & Non-controlling interests			<u>(32,616)</u>

Segmental results are determined after allocation of operating expenses to each geographical segment.

Other information	Group RM'000
Segmental assets	-
Total assets	1,048,649
Segmental liabilities	-
Total liabilities	(939,775)
Capital expenditure	(115,570)
Depreciation	(37,751)
Amortisation	<u>(21,711)</u>

Results for the financial period ended 30 June 2011	Malaysia RM'000	Overseas RM'000	Group RM'000
Revenue			
Software and Devices	20,544	67,280	87,824
Broadband Services	124,735	-	124,735
Communication Services	8,453	28,504	36,957
	<u>153,732</u>	<u>95,784</u>	<u>249,516</u>

Results			
Software and Devices	3,492	5,171	8,663
Broadband Services	(73,594)	-	(73,594)
Communication Services	360	256	616
	<u>(69,742)</u>	<u>5,427</u>	<u>(64,315)</u>
Finance costs			(10,263)
Finance income			473
			<u>(74,105)</u>
Income tax expense			(857)
Loss after taxation			<u>(74,962)</u>
Non-controlling interests			40,716
Loss after taxation & minority interests			<u>(34,246)</u>

Segmental results are determined after allocation of operating expenses to each geographical segment.

Other information	Group
Segmental assets	-
Total assets	932,420
Segmental liabilities	-
Total liabilities	(707,763)
Capital expenditure	(90,045)
Depreciation	(29,878)
Amortisation	<u>(21,836)</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 financial quarter

The material events subsequent to the financial quarter is as follow:

- a) On 9 July 2012, the Company had completed the first tranche of the Private Placement, comprising 32,652,280 new ordinary shares of RM0.20 each in GPB ("GPB Share(s)") ("Placement Share(s)") at RM0.50 per Placement Share. The issue price of RM0.50 per Placement Share represents a premium of approximately 2.04% to the five (5)-day weighted average market price of GPB Shares up to and including 27 June 2012 of RM0.49 per GPB Share.
- b) On 30 August 2012, Packet One Networks (Malaysia) Sdn Bhd ("P1") via its 100% subsidiary, Packet One (L) Ltd, had completed the first tranche Facility of US\$51 million announced on 18 June 2012 and 21 June 2012. The sum of US\$35.7 million has been drawn down with 714 warrants (5 year) issued, exercisable into 100,674 ordinary shares of P1 on basis of 141 new ordinary shares for every 1 warrant exercised (in the event P1 undertakes an initial public offering).

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 June 2012:

- a) On 19 April 2012, the Company had entered into a Share Sale Agreement with Dr. Tang Pen San, to dispose 700,000 ordinary shares free from all encumbrances at the par value of S\$1.00 representing 70% of the entire issued and paid-up share capital in Mobiliti One International Pte Ltd (formerly known as Packet One International Pte Ltd) for a total cash consideration of S\$1.00 or its equivalent in RM2.45. Subsequent to the disposal, Mobiliti One ceased to be a subsidiary of the Company.
- b) On 11 May 2012, The Company's 55% subsidiary company, Packet One Networks (Malaysia) Sdn Bhd had incorporated a wholly owned subsidiary company limited by shares in Federal Territory of Labuan, Malaysia namely Packet One (L) Ltd under an issued and paid-up share capital of USD1.00 only. The nature business of Packet One (L) Ltd is investment holdings.

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 capital expenditure not provided for in the financial statements as at 30 June 2012 are as follows:

	RM'000
Authorised and contracted for:	
- Plant and equipment	160,900
- Inventory	10,479
	<u>171,379</u>

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.

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

B1 Review of the performance of the Group

The Group recorded a revenue and loss after tax of approximately RM138.29 million and RM32.65 million respectively for the current financial quarter ended 30 June 2012 ("2Q12"). This represents an increase of 8.2% compared to the turnover of RM127.81 million recorded for the previous year corresponding financial quarter ended 30 June 2011 ("2Q11"). Consequently, the loss after tax decreased to RM 32.65 million in 2Q12 from a loss after tax of RM 37.07 million registered in 2Q11.

Revenue contribution comprises the following:-

	2Q12 RM million	2Q11 RM million	% Change
Software and Devices	21.46	40.48	-47.0%
Broadband Services	87.59	68.57	27.7%
Communication Services	29.23	18.76	55.8%
	<u>138.29</u>	<u>127.81</u>	8.2%

The Software and Devices business registered lower revenue in 2Q12 compared with 2Q11, mainly due to the lower quantity of devices shipped. 2Q11 benefited from a higher quantity of devices from large order backlog in 4Q10 which was shipped during that period. Broadband Services business continue to post strong growth in subscriber numbers with 410,000 compared with 338,000, a 21.3% growth on the back of a 27.7% revenue growth. With the securing of new routes and customer accounts, the Communications Services business also registered significant growth in revenue.

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

The revenue for 2Q12 was higher than the preceding quarter mainly due to higher subscribers base for the wireless broadband business and communication services.

	2Q12 RM million	1Q12 RM million	% Change
Revenue	138.29	128.17	7.9%
Loss before tax	(32.45)	(29.53)	-9.9%
Loss after tax	<u>(32.65)</u>	<u>(29.74)</u>	-9.8%

B3 Business prospects

The prospects for the Broadband Services business continue to remain robust with good market demand and positive growth in net subscribers numbers. Competition will remain aggressive as the telecommunication industry in Malaysia continues to await the award of the new 2.6 Ghz spectrum. The Software & Devices business has continued to innovate with the launch of its LTE enabled devices. Moving forward, this will be an attractive and cost effective option for most of our service provider customers to progressively migrate from the WiMAX network to LTE network. Accordingly, the Board of Directors are cautiously optimistic of better performance for the Group for the current financial year ending 31 December 2012.

B4 Variance of actual profit from forecast profit

Not applicable as no forecast was published.

B5 Income tax expense

	Financial period ended 30 June 2012 RM'000
Current tax expense - Malaysian	409

The Company has been granted Multimedia Super Corridor status, which qualifies the Company for the Pioneer Status incentive under the Promotion of Investment Act, 1986. The exemption is for five years, from 10 June 2003 to 9 June 2008. The exemption has been renewed for another five years period from 10 June 2008.

B6 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.

B7 Group borrowings and debt securities

As at 30 June 2012, total borrowings of the Group are as follows:

	RM '000
<u>Total borrowings:</u>	
Unsecured:	
- Structured Commodity Financing-i Term Facility ("i Term Facility")	12,597
- Guaranteed redeemable convertible exchangeable bonds	50,000
- Syndicated Murabaha Facility ("Murabaha Facility")	31,493
- Revolving Credits	4,500
- Amanah Trade Bills	10,298
- Murabahah Project Facility ("Project Facility")	70,055
- Irredeemable Convertible Preference Shares ("ICPS") - liability component	156,972
Secured:	
- Amanah Term Financing, which is denominated in Ringgit Malaysia.	8,589
- Hire purchases creditors, which are denominated in Ringgit Malaysia.	2,540
	11,129
	<u>347,044</u>
	RM '000
Non-current portion:	
- Hire purchase and finance lease liabilities, repayment more than 1 year - later than one year not later than five years	439
- Borrowings:	
- repayable between one and two years	27,692
- repayable between two and five years	28,936
- repayable after five years	156,972
	<u>214,039</u>
	RM '000
Current portion:	
- Hire purchase and finance lease liabilities, repayment less than 1 year	2,052
- Borrowings, repayable within one year	80,953
- Guaranteed redeemable convertible exchangeable bonds	50,000
	133,005
	<u>347,044</u>

B8 Material litigations

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

B9 Dividends

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

B10 Realized and unrealized losses disclosure

The Group's realized and unrealized accumulated losses disclosure are as follows:

	Accumulated quarter ended 30.06.2012 RM'000	Accumulated year ended 31.03.2012 RM'000
Total accumulated losses of the Company and subsidiaries:		
- Realised	(658,456)	(612,264)
- Unrealised	2,000	2,800
Consolidation adjustments	255,012	225,919
Total Group accumulated losses	<u>(401,444)</u>	<u>(383,545)</u>

B11 Earnings per sharea) **Basic EPS**

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

	3 months period ended		6 months period ended	
	30/06/2012	30/06/2011	30/06/2012	30/6/2011
Loss attributable to ordinary equity holders of the Company (RM'000)	(17,900)	(15,239)	(32,616)	(34,246)
Weighted average numbers of ordinary shares in issue of RM0.20 par each ('000) *	657,753	657,753	657,753	657,753
Basic loss per share (sen) *	<u>(2.7)</u>	<u>(2.3)</u>	<u>(5.0)</u>	<u>(5.2)</u>

b) **Diluted EPS**

The diluted loss per share for the current and previous financial period was not presented as there is an anti-dilutive effect arising from the assumed conversion of employees' share option scheme.

B12 Loss for the Period

	3 months period ended	
	30/06/2012	30/06/2011
	RM'000	RM'000
Loss for the period/year is arrived at after charging:		
Amortisation of :		
- development cost	2,154	3,184
- intellectual property	1,220	1,355
- modem	17,927	16,887
- prepaid land lease payments	410	410
Depreciation of plant and equipment	37,751	29,878
Interest paid	10,238	10,262
Share based payment under ESOS	1,653	1,600
Other non-cash items	-	(473)
and after crediting :		
Other non-cash items	(974)	-

B13 Authorisation for issue

The interim financial statements were authorised on 30 August 2012 for issue by the Board of Directors.