

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

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2014.

(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	3 Months Period Ended 30/6/2014	30/6/2013*	18 Months Cumulative 30/6/2014	30/6/2013*
	RM '000 (Unaudited)	RM '000 (Unaudited)	RM '000 (Unaudited)	RM '000 (Unaudited)
Revenue	72,470	N/A	430,171	N/A
Operating expenses				
-Depreciation, Impairment & Amortisation	(592)	N/A	(9,423)	N/A
-Other operating costs	(65,284)	N/A	(411,587)	N/A
Other income	3,451	N/A	18,008	N/A
Profit from operations	10,045	-	27,169	-
Finance costs	(2,078)	N/A	(17,039)	N/A
Profit before tax	7,967	-	10,130	-
Income tax expense	(26,139)	N/A	(24,894)	N/A
Loss from continuing operation	(18,173)	-	(14,764)	-
Discontinued operations				
Loss after taxation from discontinued operations				
-Discontinued operation	(62,366)		(209,729)	-
Loss for the period	(80,539)	-	(224,493)	-
Foreign currency translation differences for foreign operations	(1,159)	N/A	(347)	N/A
Total other comprehensive expense for the period	(1,159)	-	(347)	-
Total comprehensive loss for the period	(81,698)	-	(224,840)	-
Loss attributable to:				
Owners of the Company	(50,320)	N/A	(118,032)	N/A
Non-controlling interests	(30,219)	N/A	(106,461)	N/A
Loss for the Period	(80,539)	-	(224,493)	-
Total comprehensive loss attributable to:				
Owners of the Company	(51,479)	N/A	(118,379)	N/A
Non-controlling interests	(30,219)	N/A	(106,461)	N/A
Total comprehensive loss for the period	(81,698)	-	(224,840)	-
Basic loss per ordinary share (sen):	(7.3)	N/A	(17.1)	N/A
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 2012.

*Note: No comparison is provided due to the change in financial year end to 30 June 2014.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2014

	As at 30/6/2014 (Unaudited) RM '000	As at 31/12/2012 (Audited) RM '000
ASSETS		
Property, plant and equipment	3,715	705,323
Other long term investments	135	135
Goodwill on acquisition	5,799	13,004
Development costs	14,120	24,916
Intangible/Customer Modem assets	3,993	50,518
Total non-current assets	27,762	793,896
Inventories	3,211	46,049
Trade receivables	53,357	82,019
Other receivables, deposits and prepayments	23,577	64,717
Deposits with licensed banks	3,681	4,434
Cash and bank balances	36,305	51,769
Assets of disposal group classified as held for sale	760,700	-
Total current assets	880,831	248,988
TOTAL ASSETS	908,594	1,042,884
EQUITY		
Share capital	138,082	138,081
Reserves	(116,289)	1,715
Total equity attributable to owners of the Company	21,793	139,796
Non-controlling interests	(1,269)	74,814
Total equity	20,524	214,610
LIABILITIES		
Irredeemable Convertible Preference Shares -Class C & B ("Class C & B ICPS") - Liabilities components	-	169,309
Bank Borrowings	-	202,086
Hire purchase and finance lease liabilities	113	452
Other payables and accruals	-	52,506
Deferred tax liabilities	3,254	2,396
Total non-current liabilities	3,367	426,749
Trade payables	22,105	58,338
Other payables and accruals	47,962	284,964
Bank borrowings	655	57,842
Hire purchase and finance lease liabilities	51	381
Provisions	20,819	-
Liabilities of disposal group classified as held for sale	793,111	-
Total current liabilities	884,703	401,525
TOTAL LIABILITIES	888,070	828,274
TOTAL EQUITY AND LIABILITIES	908,594	1,042,884
Net asset per share attributable to ordinary equity holders of the parent (sen)	3	20

The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2012.

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

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2014

(The figures have not been audited)

	<-----Attributable to owners of the Company ----->								
	Non-Distributable								
	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 2013									
- As previously stated	138,081	355,067	(1,161)	(11,389)	75,180	(415,982)	139,796	74,814	214,610
Foreign currency translation differences for foreign operations	-	-	(347)	-	-	-	(347)	-	(347)
Total other comprehensive income for the period	-	-	(347)	-	-	-	(347)	-	(347)
Loss for the period	-	-	-	-	-	(118,032)	(118,032)	(106,461)	(224,493)
Total comprehensive loss for the period	-	-	(347)	-	-	(118,032)	(118,379)	(106,461)	(224,840)
Issuance of ordinary shares	1	-	-	-	-	-	1	-	1
Issuance of preference shares by subsidiary	-	-	-	-	-	-	-	47	47
Share-based payment transaction under ESOS	-	-	-	-	375	-	375	-	375
Capital contribution from holder of ICPS ICPS C	-	-	-	-	-	-	-	30,331	30,331
Transfer of non-controlling interest to the Group	-	-	-	-	-	-	-	-	-
Disposal of subsidiary	-	-	-	-	-	-	-	-	-
Total contribution from / distribution to owners	1	-	-	-	375	-	376	30,378	30,754
At 30 June 2014	138,082	355,067	(1,508)	(11,389)	75,555	(534,014)	21,793	(1,269)	20,524

The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2012.

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

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2014

(The figures have not been audited)

	<-----Attributable to Equity Holders of the Parent ----->								
	Non-Distributable								
	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 2012 (As restated)	131,551	345,372	378	(11,389)	75,792	(353,868)	187,836	63,221	251,057
Foreign currency translation differences for foreign operations	-	-	(1,539)	-	-	-	(1,539)	-	(1,539)
Total other comprehensive income for the period	-	-	(1,539)	-	-	-	(1,539)	-	(1,539)
Loss for the period	-	-	-	-	-	(62,114)	(62,114)	(56,251)	(118,365)
Total comprehensive loss for the period	-	-	(1,539)	-	-	(62,114)	(63,653)	(56,251)	(119,904)
Issuance of ordinary shares	6,530	9,796	-	-	-	-	16,326	-	16,326
Issuance of preference share ("ICPS")-Class C & B	-	-	-	-	-	-	-	31,664	31,664
Capital contribution from holder of ICPS C	-	-	-	-	-	-	-	35,971	35,971
Disposal of subsidiary	-	-	-	-	-	-	-	209	209
Expenses incurred on issuance of -ordinary shares	-	(101)	-	-	-	-	(101)	-	(101)
Share Options granted under ESOS	-	-	-	-	(612)	-	(612)	-	(612)
Total contribution from / distribution to owners	6,530	9,695	-	-	(612)	-	15,613	67,844	83,457
At 31 December 2012	138,081	355,067	(1,161)	(11,389)	75,180	(415,982)	139,796	74,814	214,610

The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2012.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2014

	Financial period ended	
	30/6/2014	31/12/2012
	RM'000	RM'000
	(Unaudited)	(Audited)
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(199,693)	(118,012)
Adjustments for non cash items:-		
Amortisation of development cost	4,742	8,335
Amortisation of intellectual property	2,771	2,280
Amortisation of modem	33,496	26,897
Amortisation of prepaid land lease payments	205	819
Depreciation of plant and equipment	133,677	83,038
Development cost written off	-	9,770
Impairment of Goodwill	346	-
Share based payment under ESOS	375	(612)
Loss on disposal of subsidiary	-	(767)
Other non-cash items	117,058	45,942
Operating profit/(loss) before working capital changes	92,977	57,690
Changes in working capital		
Decrease/(Increase) in assets	(44,842)	(54,543)
(Decrease)/Increase in liabilities	102,285	21,622
Cash for operating activities	150,420	24,769
Finance costs	(117,789)	(36,667)
Tax paid	(3,123)	(384)
Net cash from operating activities	29,508	(12,282)
CASH FLOW FOR INVESTING ACTIVITIES		
Development expenditure incurred	2,712	(7,455)
Interest received	731	277
Proceeds from disposal of subsidiary	-	(29)
Proceeds from disposal of plant and equipment	-	153
Purchase of plant and equipment	(552)	(139,966)
Net cash for investing activities	2,891	(147,020)
CASH FLOW FOR FINANCING ACTIVITIES		
Proceeds from issuance of ordinary shares	1	16,326
Proceeds from issuance of preference shares by subsidiary	47	-
Share issue expenses	-	(101)
Net drawdown/(repayment) of bank borrowings	(33,629)	118,050
Repayment to hire purchase/lease obligations	(206)	(2,507)
Net cash for financing activities	(33,787)	131,768
Net increase/ (decrease) in cash and cash equivalents	(1,388)	(27,534)
Foreign exchange translation differences	(347)	(1,539)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	56,203	85,276
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	54,468	56,203
Cash and cash equivalents at the end of the financial period comprise the following:		
Cash and bank balances	40,787	51,769
Fixed deposit with licensed bank	13,681	4,434
	54,468	56,203

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2014

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 2012.

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 2012 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 January 2013 as set out below:

- a) Amendment to MFRS 7 "Disclosures- Offsetting Financial Assets and Financial Liabilities" (effective from 1 January 2013)
- b) Amendment to MFRS 10, MFRS 11 and MFRS 12 "Transition Guidance" (effective from 1 January 2013)
- c) MFRS 13 "Fair Value Measurement" (effective from 1 January 2013)
- d) MFRS 119 (2011) "Revised Employee Benefits" (effective from 1 January 2013)
- e) MFRS 127 (2011) "Separate Financial Statements" (effective from 1 January 2013)
- f) MFRS 128 (2011) "Investments in Associates and Joint Ventures" (effective from 1 January 2013)
- g) IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine (effective from 1 January 2013)
- h) Annual Improvements to MFRSs 2009-2011 Cycle (effective from 1 January 2013)
- i) Amendment to MFRS 101 "Presentation of Items of Other Comprehensive Income" (effective from 1 July 2012)

A3 Auditors' report on preceding annual financial statements

The auditor's report on the financial statements for the financial year ended 31 December 2012 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 other than a settlement of a one-off tax dispute between the Company and the Shanghai State Administration of Taxation of the People's Republic of China amounting to approximately RM16.81 million in relation to sales to customers in China in respect of the financial years 2006 and 2007.

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 2014, except the following:

On 13 May 2013, the Company had granted 8.0 million new share options under the Employees' Share Option Scheme at the option price of RM0.30 per new ordinary share to eligible employees of the Company and its subsidiaries and eligible directors of the Company. The said Scheme is expiring 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 (000)	RM 0.80 (000)	RM 1.10 (000)	RM 0.60 each (000)	RM 0.56 (000)	RM 0.30 each (000)
Balance as at 1 Jan 2013	6,138	5,265	5,405	6,993	7,393	8,428	-
Granted during the year	-	-	-	-	-	-	8,000
Cancellation during the year	(1,960)	(2,162)	(1,397)	(2,457)	(2,528)	(2,611)	(1,051)
Exercise during the year	-	-	-	-	-	-	(3)
Outstanding as at 30 June 2014	4,178	3,103	4,008	4,536	4,865	5,817	6,946

A8 Dividends payment

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

A9 Disposal Group classified as held for sale

On 27 March 2014, the Group announced the dilution of its Broadband Services business by entering into an Investment Agreement to establish a partnership framework and collaboration between the shareholders to drive the business of Packet One Networks (Malaysia) Sdn. Bhd.

At the end of the current reporting period, the assets and liabilities of the Broadband Services business have been presented in the consolidated statement of financial position as "Assets of disposal group classified as held for sale" and "Liabilities of disposal group classified as held for sale". The disposal is expected to be completed by September 2014.

The assets and liabilities of the disposal group, measured at the lower of their carrying amount and fair value less cost to sell, are as follows:-

Results for the financial year (period ended 30 June 2014)

	The Group RM'000
Assets	
Property, plant and equipment	553,374
Goodwill on acquisition	6,859
Development costs	3,341
Intangible/Customer Modem assets	25,161
Inventories	38,197
Trade receivables	39,458
Other receivables, deposits and prepayments	79,827
Deposits with licensed banks	10,000
Cash and bank balances	4,482
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Assets of disposal group classified as held for sale	760,700
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Liabilities	
Trade payables	47,772
Other payables and accruals	380,254
Bank borrowings	364,622
Hire purchase and finance lease liabilities	463
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Liabilities of disposal group classified as held for sale	793,111
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A10 Loss after taxation from discontinued operations

The Group is in the process of disposing of its Broadband Services business which is expected to be completed in September 2014.

An analysis of the results of the discontinued operations is as follows:-

	The Group	
	2Q14	18 months
	RM'000	RM'000
Revenue	67,109	444,060
Cost of Goods Sold	(9,933)	(82,109)
	<hr/>	<hr/>
Gross Profit	57,176	361,950
Other Income	59	276
	<hr/>	<hr/>
Operating Expenses	57,236	362,226
Finance cost	(67,078)	(471,298)
	<hr/>	<hr/>
Loss before taxation	(62,460)	(209,823)
Income tax expense	93	93
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Loss after taxation from discontinued operations	(62,366)	(209,729)
	<hr/>	<hr/>

A11 Segmental information

Segmental information is provided based on geographical segment by customers' location and no comparison is provided due to the change in financial year end to 30 June 2014, as follows:-

Results for the financial year (period ended 30 June 2014)	Malaysia RM'000	Overseas RM'000	Group RM'000
Revenue			
Software and Devices	-	173,190	173,190
Broadband Services	444,060	-	444,060
Communication Services	1,559	255,423	256,982
	<u>445,619</u>	<u>428,613</u>	<u>874,232</u>
Results			
Software and Devices	-	18,380	18,380
Broadband Services	(109,348)	-	(109,254)
Communication Services	328	8,005	8,333
	<u>(109,020)</u>	<u>26,385</u>	<u>(82,541)</u>
Finance costs			(117,789)
Finance income			731
			<u>(199,599)</u>
Income tax expense			(24,894)
Loss after taxation			<u>(224,493)</u>
Non-controlling interests			106,461
Loss after taxation & Non-controlling interests			<u>(118,032)</u>

A12 Valuation of property, plant and equipment

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

A13 Material events subsequent to the end of the quarter

- The Company's warrant 2009/2014 is expiring on 29 September 2014 and notice to the warrant holders is dispatched today.
- The Exchangeable Medium Term Notes and Convertible Medium Term Notes were approved by Securities Commission on 25 June 2014 and 15 August 2014 respectively. (For information purposes, the Exchangeable and Convertible Bonds shall hereinafter be referred to as the Exchangeable Medium Term Notes and Convertible Medium Term Notes)

A14 Changes in the composition of the Group

There were no changes in the composition of the Group during the current financial period ended 30 June 2014.

A15 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, except for the following development:-

In July 2010, Green Packet Berhad ("GPB") had agreed with Intel Capital Corporation ("Intel") via a Put Option Agreement to acquire all of the Class B Irredeemable Convertible Preference Shares of RM0.10 each ("Class B ICPS") in the share capital of Packet One Networks (Malaysia) Sdn Bhd ("P1") held by Intel for a total cash consideration of RM60 million based on the terms and conditions mutually agreed by both parties ("Purchase Consideration").

In accordance with the terms and conditions of the RM50 million nominal value 4-year 4.5% Guaranteed Redeemable Convertible Exchangeable Bonds ("GCEB") entered into amongst parties namely GPB, P1 and Intel, Intel completed the the exchange of its GCEB into 200,000 of Class B ICPS in P1 and thereafter exercised its right under the Put Option Agreement to put the Class B ICPS to GPB which payment was due on 26 November 2012.

The Company entered into an Agreement signed with Intel Capital Corporation on 5 August 2014, and Intel has agreed to extend the time for the Company to fulfil the judgment 31 October 2014 (Please refer to Note B8 for details of the Suit).

A16 Capital commitments

The capital expenditure not provided for in the financial statements as at 30 June 2014 are as follows:

	RM'000
Authorised and contracted for:	
- Plant and equipment	19,271
- Inventory	<u>13,191</u>

A17 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 year under review.

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

B1 Review of the performance of the Group

- a) Total revenue, EBITDA and loss after tax of the Group stands at approximately RM139.58 million, RM26.57 million and RM80.54 million respectively for the current financial quarter ended at 30 June 2014 ("2Q14"). The Group registered 7.5% decline in revenue on quarter-on-quarter comparison between 2Q14 and 2Q13. This is attributable to the lower contribution from both the Software and Devices business and the Broadband Services business. The Broadband Services business recorded lower subscribers of 490,000 registered in 2Q14 against 553,000 subscribers in 2Q13. The Communication Services business is consistent, with a marginal 0.5% decrease in revenue as compared to the same period last year.

On the positive note, EBITDA for 2Q14 increased to RM26.57 million from RM9.39million for the same financial quarter in 2013; which was mainly attributed to stringent cost management activities. A significant increase in loss after tax for the financial quarter from RM33.40 million in 2Q13 to RM80.54 million in 2Q14 was mainly attributed to the tax dispute settlement (Note A5) for the Software and Devices business, and higher finance cost from the Broadband Service business.

Revenue contribution comprises the following:-

	3 months period ended		% Change
	30/6/2014	30/6/2013	
	RM million	RM million	
Software and Devices	30.79	35.23	-12.6%
Broadband Services	67.11	73.80	-9.1%
Communication Services	41.68	41.89	-0.5%
	<u>139.58</u>	<u>150.92</u>	<u>-7.5%</u>

EBITDA comprises the following:-

	3 months period ended		% Change
	30/6/2014	30/6/2013	
	RM million	RM million	
Software and Devices	7.73	(0.26)	3084.4%
Broadband Services	15.93	8.47	88.0%
Communication Services	2.91	1.17	147.8%
	<u>26.57</u>	<u>9.39</u>	<u>182.9%</u>

Profit/ (Loss) after comprises the following:-

	3 months period ended		% Change
	30/6/2014	30/6/2013	
	RM million	RM million	
Software and Devices	(19.90)	(8.99)	-121.3%
Broadband Services	(62.37)	(25.43)	-145.3%
Communication Services	1.73	1.02	69.1%
	<u>(80.54)</u>	<u>(33.40)</u>	<u>-141.2%</u>

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

Overall revenue for 2Q14 was higher as compared to 1Q14 mainly due to better performance from the Software and Devices business. The Communication Services business maintains its consistent performance and the Broadband Services business registered a slight downtrend due to lower subscriber numbers.

	2Q14	1Q14	% Change
	RM million	RM million	
Revenue	139.58	131.22	6.4%
Loss before tax	(54.49)	(19.48)	-179.7%
Loss after tax	<u>(80.54)</u>	<u>(17.51)</u>	<u>-360.0%</u>

B3 Business prospects

Following the rationalisation of the Company's business pillars, with the dilution of the Broadband Service business, the Company will focus on its' other businesses namely;

- The Company's Software and Devices business is gaining traction on its' efforts in the sales of its' LTE ready solutions. These solutions are expected to contribute positively to the Company in the coming financial years with approximately US\$20 million value of secured orders in hand.
- The Communication Services business continues to focus efforts to improve margins and maintenance of route quality to remain competitive. The Company is expected to maintain business volume with existing customers and acquire new ones in order to sustain revenue growth.

Accordingly, the Board is confident of the Group's ability to sustain on its' EBITDA performance for the next financial year ending 30 June 2015.

B4 Variance of actual profit from forecast profit

Not applicable as no forecast was published.

B5 Income tax expense

	Financial period ended 30 June 2014 RM000
Current tax expense	<u>24,800</u>

B6 Status of corporate proposals and utilisation of proceeds

- a) 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.

- b) Utilisation of proceeds

On 28 January 2014, the Company has completed the disposal of its leasehold land together with a twelve and a half (12 ½) storey office building in accordance with the terms of the SPA announced on 31 May 2013 and 5 June 2013.

The details of the utilisation of the disposal consideration are as follows:-

	Proposed Utilisation	Actual Utilisation	Balance Unutilised	Intended timeframe for utilisation**
	RM'000	RM'000	RM'000	
-Working capital	27,620	26,629	991	within 12 months
-Repayment of bank borrowings *	20,000	19,437	563	within 12 months
-Development expenditure	1,000	274	726	within 12 months
-Estimated expenses	380	282	98	within 6 months
	<u>49,000</u>	<u>46,622</u>	<u>2,378</u>	

Note:-

* Any excess or shortfall will be adjusted from the proceeds allocated to working capital.

** From the date of completion of the above disposal.

- c (i) On 27 March 2014, Green Packet Berhad ("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 are as stated below:-

(I) Proposed dilution of Green Packet Berhad's ("GPB" or "Company") equity interest in Packet One Networks (Malaysia) Sdn Bhd ("PON"), a 55%-owned subsidiary of Packet One Sdn Bhd ("POSB"), which in turn is the Company's wholly-owned subsidiary, pursuant to the investment agreement dated 27 March 2014 and arising from the following:-

(a) Proposed subscription by Mobikom Sdn Bhd ("Mobikom"), a wholly-owned subsidiary of TMB of new ordinary shares of RM1.00 each in PON ("PON Shares") for a total subscription consideration of RM350.0 million; and

(b) Proposed internal restructuring of PON involving the following:-

(1) Conversion of PON's Class A Islamic Irredeemable Convertible Preference Shares of RM0.10 each ("ICPS"), Class B ICPS and Class C Islamic ICPS into new PON shares;

(2) Capitalisation of PON's capital reserve account for new PON shares to be credited as issued and fully paid-up to GPB and SKT; and

(3) Capitalisation of a portion of PON's share premium account for new PON shares to be credited as issued and fully paid-up to POSB and Mobikom;

(II) Proposed acquisition by POSB of an aggregate of 450,000 PON shares from the minority shareholders of PON, namely Dutamas Equity Sdn Bhd, Dutamas Regal Sdn Bhd, Akar Amanjaya Sdn Bhd and Megan Sinar Sdn Bhd, for a total cash consideration of RM30.0 million;

(III) Proposed issuance by the Company of up to RM210.0 million of nominal value of eight (8)-year Redeemable Exchangeable Bonds to TMB in tranches; and

(IV) 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")

Upon completion of the proposals, the equity interest of GPB, via POSB, in PON will be diluted from 55.0% to approximately 30.0%.

- c (ii) The parties to the Investment Agreement have mutually agreed to extend the Longstop Date from 31 July 2014 to 30 September 2014.

The Exchangeable Medium Term Notes and Convertible Medium Term Notes were approved by Securities Commission on 25 June 2014 and 15 August 2014 respectively. (For information purposes, the Exchangeable and Convertible Bonds shall hereinafter be referred to as the Exchangeable Medium Term Notes and Convertible Medium Term Notes).

B7 Group borrowings and debt securities

As at 30 June 2014, total borrowings of the Group are as follows:

	RM '000
<u>Total borrowings:</u>	
Unsecured:	
- Revolving Credits	-
- Amanah Trade Bills	653
- Murabahah Project Facility ("Project Facility")	3,500
- Irredeemable Convertible Preference Shares ("ICPS") - liability component	161,413
Secured:	
- Hire purchases creditors, which are denominated in Ringgit Malaysia.	628
- Murabahah Project Facility ("Project Facility")	36,000
- Syndicated Facility	163,710
	200,338
	<u>365,904</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	372
- Borrowings:	
- repayable between one and two years	118,010
- repayable between two and five years	64,200
- repayable after five years	161,413
	343,995
	RM '000
Current portion:	
- Hire purchase and finance lease liabilities, repayment within one year	256
- Borrowings, repayable within one year	21,653
	21,909
	<u>365,904</u>

B8 Material litigations

Save as below there were no other material litigations or pending material litigations involving the Group as at the date of this announcement:

Reference is made to the previous announcements dated 4 March 2014, 7 March 2014, 1 April 2014 and 24 April 2014. On 6 August 2014, the Company has filed a notice of discontinuance of the appeal against the judgment of the High Court dated 1 April 2014 pursuant to an Agreement signed with Intel Capital Corporation on 5 August 2014, and Intel has agreed to extend the time for the Company to fulfil the judgment by 31 October 2014.

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:

	As at 30.6.2014 RM'000	As at 30.6.2013 RM'000
Total accumulated losses of the Company and subsidiaries:		
- Realised accumulated losses	(927,209)	(736,766)
- Unrealised retained profits	3,014	2,736
Consolidation adjustments	390,181	278,429
Total Group accumulated losses	<u>(534,014)</u>	<u>(455,601)</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		18 months period ended	
	30/6/2014	30/6/2013	30/6/2014	30/6/2013*
Loss attributable to ordinary equity holders of the Company (RM'000)	(50,320)	(19,814)	(118,031)	N/A
Weighted average numbers of ordinary shares in issue of RM0.20 par each ('000)	690,406	690,406	690,406	N/A
Basic loss per share (sen)	(7.3)	(2.9)	(17.1)	N/A

*Note: No comparison is provided due to the change in financial year end to 30 June 2014.

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

	18 months period ended	
	30/6/2014	30/6/2013*
	RM'000	RM'000
Loss for the period/year is arrived at after charging:		
Amortisation of :		
- development cost	4,742	N/A
- intellectual property	2,771	N/A
- modem	33,496	N/A
- prepaid land lease payments	205	N/A
Depreciation of plant and equipment	133,677	N/A
Finance Cost	117,789	N/A
Share based payment under ESOS	375	N/A
Foreign exchange loss	3,392	N/A
and after crediting :		
Other non-cash items	(731)	N/A
Foreign exchange gain	-	N/A

*Note: No comparison is provided due to the change in financial year end to 30 June 2014.

B13 Change of financial year end

On 25 November 2013, the Board approved the change of the financial year end from 31 December to 30 June. The current financial statements commences for a period of 18 months, from 1 January 2013 to 30 June 2014.

B14 Comparative Figure

There were no comparative figures for this quarter ended 30 June 2014 and the financial period to date, in view of the Company's change of financial year end, we enclose the quarterly financial results for the period ended 30 June 2013 marked as appendix A for your reference.

B15 Authorisation for issue

The interim financial statements were authorised on 29 August 2014 for issue by the Board of Directors.