

NOTES TO THE QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2008

A Explanatory Notes Pursuant to Financial Reporting Standard ("FRS") 134 Interim Financial Reporting

A1 Basis of preparation

This interim financial statements of the Group are unaudited and have been prepared in accordance with FRS 134 (Interim Financial Reporting Standard) issued by the Malaysian Accounting Standards Board ("MASB") and Chapter 9 Part K paragraph 9.22 of the Listing Requirement of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2007. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2007.

The accounting policies, method of computation and basis of consolidation adopted by the Group in this interim financial report are consistent with those adopted in the most recent annual audited financial statements for the financial year ended 31 December 2007, except for the adoption of the following revised Financial Reporting Standards ("FRS") effective for the financial period beginning 1 January 2008:-

FRS 107	Cash Flow Statements
FRS 112	Income Taxes
FRS 118	Revenue
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
FRS 134	Interim Financial Reporting
FRS 137	Provision, Contingent Liabilities and Contingent Assets
IC Interpretation 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Interpretation 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IC Interpretation 8	Scope of FRS 2

The adoption of the abovementioned FRSs does not have any significant financial impact on the Group.

As at the date of this report, the Group has not adopted FRS 139 Financial Instruments: Recognition and Measurement as its effective date has been deferred.

A2 Auditors' report on preceding annual financial statements

The auditor's report on the financial statements for the financial year ended 31 December 2007 was not subject to any qualification.

A3 Seasonal or cyclical factors of interim operation

The Group's operations were not materially affected by any seasonal and cyclical factors.

A4 Unusual items affecting assets, liabilities, equity, net income or cash flows

During the current financial quarter and period under review, there were no items affecting assets, liabilities, equity, net income or cash flows of the Group that are unusual because of their nature, size or incidence.

A5 Material changes in estimates

There were no changes in estimates of amounts reported in prior financial years, which may have a material effect in the current financial quarter and period under review.

A6 Changes in debts or equity securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities in the current financial period ended 31 March 2007, except for:

- i) The shareholders of GPB had given their approval for GPB to buy-back its own shares at the Extraordinary General Meeting ("EGM") held on 14 November 2007. During the 3 months period ended 31 March 2008, GPB bought back from the open market, 1,061,300 GPB Shares listed and quoted on the Main Board of Malaysia Securities Berhad at an average buy-back price of RM2.28 per share. The total consideration paid for the share buy-back of GPB Shares by GPB during the current financial quarter ended 31 March 2008, including transaction costs, was RM2,418,587.90 and was financed by internally generated funds. The GPB Shares bought back are held as treasury shares in accordance with Section 67A Subsection 3(A)(b) of the Companies Act, 1965. As at 31 March 2008, the total shares bought back, all of which are held as treasury shares, amounted to 3,707,800 GPB Shares. None of the treasury shares held were resold or cancelled during the 3 months ended 31 March 2008.
- ii) On 28 March 2008, the Company issued 8,939,200 new options pursuant to the Company's Employees Shares Option Scheme ("ESOS") whom are exercisable into new ordinary shares of RM0.20 each in Green Packet Berhad at an exercise price of RM 2.09 per ordinary share over the vesting period of the options.

The ESOS was implemented on 28 March 2008 and will expire by 1 September 2011. The movement of the options since commencement of the ESOS is as follow :

	Number of options over ordinary shares of RM0.20 each ('000)
Balance as at 1 Jan 2008	9,962
Granted at 28 March 2008	8,939
Exercised	-
Lapsed	-
Outstanding as at 31 March 2008	<u>18,901</u>
Exercisable as at 31 March 2008 (over the vesting period)	<u>996</u>

A7 Dividends

There were no dividend paid nor proposed during the current financial quarter under review.

A8 Segmental information

Segmental information is provided based on geographical segment by customers' location, as follows:-

Results for the 3 months ended 31 March 2008	Customers' location				Group RM'000
	Malaysia RM'000	APAC* RM'000	MENA** RM'000	Others*** RM'000	
<u>Revenue</u>					
Software and Applications	3,229	3,718	46	-	6,993
Broadband Services and Solutions	62	-	-	-	62
Engineering Services and Solutions	-	-	-	483	483
Discounted Telephony Services	14,806	-	-	-	14,806
	<u>18,097</u>	<u>3,718</u>	<u>46</u>	<u>483</u>	<u>22,344</u>

Results

Software and Applications	141	984	(1,065)	-	60
Broadband Services and Solutions	(4,092)	-	-	-	(4,092)
Engineering Services and Solutions	-	-	-	242	242
Discounted Telephony Services	521	-	-	-	521
	<u>(3,430)</u>	<u>984</u>	<u>(1,065)</u>	<u>242</u>	<u>(3,269)</u>
Finance costs					(119)
Interest Income					<u>1,211</u>
					<u>(2,177)</u>
Share of loss in associates					<u>(668)</u>
Profit before taxation					<u>(2,845)</u>
Income tax					<u>(509)</u>
Profit after taxation					<u><u>(3,354)</u></u>

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

Other information

Segmental assets	-
Unallocated corporate assets	470,241
Segmental liabilities	-
Unallocated corporate liabilities	(34,812)
Capital expenditure	(52,022)
Depreciation	(1,168)
Amortisation	<u>(718)</u>

* Asia-Pacific region excludes Malaysia

** Middle East and North Africa region

*** Others include Europe and America region.

Results for the 3 months ended 31 March 2007

	Customers' location				Group RM'000
	Malaysia RM'000	APAC* RM'000	MENA** RM'000	Others*** RM'000	
Software and Applications	851	15,526	-	-	16,377
Broadband Services and Solutions	-	-	-	-	-
Engineering Services and Solutions	-	-	-	531	531
Discounted Telephony Services	14,499	-	-	-	14,499
	<u>15,350</u>	<u>15,526</u>	<u>-</u>	<u>531</u>	<u>31,407</u>

Revenue

Software and Applications	851	15,526	-	-	16,377
Broadband Services and Solutions	-	-	-	-	-
Engineering Services and Solutions	-	-	-	531	531
Discounted Telephony Services	14,499	-	-	-	14,499
	<u>15,350</u>	<u>15,526</u>	<u>-</u>	<u>531</u>	<u>31,407</u>

Results

Software and Applications	524	6,974	-	-	7,498
Broadband Services and Solutions	(803)	-	-	-	(803)
Engineering Services and Solutions	-	-	-	328	328
Discounted Telephony Services	1,841	-	-	-	1,841
	<u>1,562</u>	<u>6,974</u>	<u>-</u>	<u>328</u>	<u>8,864</u>
Finance costs					(11)
Interest income					<u>1,683</u>
					<u>10,536</u>
Share of profit in associate					<u>79</u>
Profit before taxation					<u>10,615</u>
Income tax					<u>(868)</u>
Profit after taxation					<u><u>9,747</u></u>

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

Other information

Segmental assets	-
Unallocated corporate assets	470,964
Segmental liabilities	-
Unallocated corporate liabilities	(35,133)
Capital expenditure	(3,033)
Depreciation	(1,043)
Amortisation	(710)

* Asia Pacific region exclude Malaysia

** Middle East and North Africa region

*** Others include Europe and America region.

A9 Valuation of plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and impairment loss.

A10 Material events subsequent to the end of the quarter

There were no material events subsequent to the current financial period ended 31 March 2008.

A11 Changes in the composition of the Group

There were no changes in the composition of the Group during the 3 months ended 31 March 2008.

A12 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.

A13 Capital commitments

The capital expenditure not provided for in the financial statements as at 31 March 2008 are as follows:

	RM'000
Authorised and contracted for:	
- Plant and equipment	206,861
- Inventory	5,551

A14 Significant related party transactions

Save as disclosed below, the Directors of GPB are of the opinion that there are no other related party transactions which would have material impact on the financial position and the business of the Group during the current financial quarter.

The significant transactions with related parties by the Group are as follows:

Name of company	Type of transactions	3 months ended 31/3/2008 RM'000
Green Packet Inc.	Billings for engineering services rendered	483
Inova Venture Pte. Ltd.	Purchase for resale	16

B Explanatory Notes Pursuant to Appendix 9B of the Listing Requirement of Bursa Malaysia Securities Berhad

B1 Review of the performance of the Group

The Group recorded a revenue and loss after tax of approximately RM22.34 million and RM3.35 million respectively for the current financial quarter ended 31 March 2008 ("1Q08"). This represents a decrease of 28.9% compared to the turnover of RM31.41 recorded for the previous year corresponding financial quarter ended 31 March 2007 ("1Q07"). Consequently, the profit after tax declined to a loss of RM3.35 million in 1Q08 from a profit after tax of RM9.75 million achieved in 1Q07.

Turnover contribution comprises the following:-

	1Q08 RM million	1Q07 RM million	% Change
Engineering, services and software application	7.47	16.91	-55.8%
Discounted telephony services	14.81	14.50	2.1%
Broadband business	0.06	-	N/A *
	<u>22.34</u>	<u>31.41</u>	<u>-28.9%</u>

* N/A - Not Applicable

The 1Q08 loss was mainly attributed to the slower implementation of projects by telecommunication companies in the China market, heavy promotional activities for the broadband business and higher share of losses incurred by the associated companies.

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

The 1Q08 financial performance was affected by the various promotional activities and awareness campaigns incurred by the broadband business in preparation of its launch in June 2008. Accordingly the results were weaker than that of the immediate preceding financial quarter ended 31 December 2007 ("4Q07") as tabulated below:-

	1Q08 RM'000	4Q07 RM'000	% Change
Revenue	22,344	26,459	-16%
(Loss)/Profit before tax	(2,845)	344	-927%
(Loss)/Profit after tax	<u>(3,354)</u>	<u>231</u>	<u>-1552%</u>

B3 Business prospects

The Group has further streamlined and consolidated its business pillars with focus on the networking solution business and the converged broadband services. The financial year ending 31 December 2008 will be an investment year with the Group actively rolling out its WiMAX mobile broadband activities, as the first in Malaysia and the Asia Pacific to commercially deploy WiMAX services. The Group is also assessing the long term viability of its investment in associated companies. Accordingly, the Board expects the performance of the Group to be challenging going forward for the financial year ending 31 December 2008.

B4 Variance of actual profit from forecast profit

Not applicable as no forecast was published.

B5 Income tax expense

	3 months ended 31/3/2008 RM'000
Current tax expense - Malaysian	<u>509</u>

The current tax paid/payable is in respect of interest income on bank deposit and non-tax exempted business income generated by Nextel companies. The Company and its Shanghai subsidiary enjoys tax exempt status in their respective countries. 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 Company's Shanghai subsidiary will not be subjected to tax on its profits for the first two years commencing from the year it is first profitable and thereafter at half the applicable tax rate for the following three years.

B6 Purchase or disposal of properties and unquoted investments

There were no disposals of unquoted investments and properties during the current financial quarter under review.

B7 Purchase or disposal of quoted securities

- (a) There were no purchases or disposals of quoted securities during the financial period under review; and
- (b) There were no investments in quoted securities as at the end of the financial period under review.

B8 Status of corporate proposals and utilisation of proceeds

- (a) Status of Corporate Proposals announced but not completed

- (i) On 31 March 2006, GPB had entered into a put and call option agreement with Sung Jong Hwa, Soh Chee Yong and Chong Tze Voon (collectively known as the "Vendors") to grant GPB and/or the Vendors the option to buy and/or to sell the remaining 25% of the equity interest in each of Next Telecommunications Sdn Bhd, J&C Pacific Sdn Bhd, Millercom Sdn Bhd and Next Global Technology Sdn Bhd respectively (collectively known as the "Nextel Companies"); and
- (ii) On 3 September 2007, GPB had entered into the following agreement with IWICS Inc. ("IWICS"), a company incorporated in the United States of America, which is involved in the development, licensing and promulgation of its patented Opportunity Driven Multiple Access technology which is utilised in part for the development of GPB's SONmetro solution for the rollout of internet broadband services. Option Agreement to Purchase Shares of Common Stocks in IWICS for the purchase of 1 fully-paid non-assessable share of common stock for each share of Series D Preferred Stock purchased for a purchase price of 22.4 US cents for each share.

- (b) Status of Utilisation of Proceeds

The Company had, on 30 June 2006 completed a private placement of 36,725,000 ordinary shares of RM0.10 each, representing ten percent (10%) of the issued and paid-up share capital of the Company ("First Private Placement") and the First Placement Shares have been listed on the MESDAQ Market of Bursa Malaysia Securities Berhad on 30 June 2006.

The details of the utilisation of the proceeds from the First Private Placement up to 31 March 2008 are as follows:

Description	Proposed Utilisation	Actual Utilisation	Balance Unutilised		Intended timeframe for utilisation
	RM'000	RM'000	RM'000	%	
Future investment	85,211	(85,211)	-	-	#1
Private placement expenses	5,500	(5,500)	-	-	#1
Total	90,711	(90,711)	-		

Note:-

- #1 The proceeds from the First Private Placement have been fully utilised within 24 months from the date of the completion of the First Private Placement on 30 June 2006.

In addition, the Company had, on 1 December 2006 completed another private placement of 40,397,500 ordinary shares of RM0.10 each, representing ten percent (10%) of the issued and paid-up share capital of the Company ("Second Placement Shares") and the Second Placement Shares have been listed on the MESDAQ Market of Bursa Malaysia Securities Berhad on even date.

The details of the utilisation of the proceeds from the Second Private Placement up to 31 March 2008 are as follows:

Description	Proposed Utilisation	Actual Utilisation	Balance Unutilised		Intended timeframe for utilisation
	RM'000	RM'000	RM'000	%	
Future investment	176,289	(92,842)	83,447	47.34	#2
Private placement expenses	5,500	(5,500)	-	-	#2
Total	181,789	(98,342)	83,447		

Note:-

#2 The proceeds from the Second Private Placement are expected to be utilised within 24 months from the date of the completion of the Second Private Placement on 1 December 2006.

B9 Group borrowings and debt securities

As at 31 March 2008, the Group's secured borrowings, which are denominated in Ringgit Malaysia are as follows:

	RM '000
Hire purchases creditors:-	
Repayable within one year	1,567
Repayable after one year	3,168
Total secured borrowings	4,735

B10 Off balance sheet financial instruments

There were no off balance sheet financial instruments as at the date of this announcement.

B11 Material litigations

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

B12 Dividends

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

B13 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	
	31/3/2008	31/3/2007
(Loss)/Profit attributable to ordinary equity holders of the Company (RM'000)	(2,733)	10,013
Weighted average numbers of ordinary shares in issue of RM0.20 par each ('000) *	326,926	330,633
Basic (loss)/earnings per share (sen) *	(0.8)	3.0

b) **Diluted EPS**

For the purpose of calculating diluted EPS, the weighted average number of ordinary shares in issue during the period have been adjusted to assume the conversion of dilutive potential ordinary shares.

	3 months period ended	
	31/3/2008	31/3/2007
(Loss)/Profit attributable to ordinary equity holders of the Company (RM'000)	(2,733)	10,013
Weighted average numbers of ordinary shares in issue of RM0.20 par each ('000) *	326,926	330,633
Effect of dilution:		
- Adjustment for assumed exercise of share options granted on 7 August 2006 *	-	2,809
- Adjustment for assumed exercise of share options granted on 28 March 2008	556	-
Adjusted weighted average number of ordinary shares in issue ('000)	327,482	333,442
Diluted (loss)/earnings per share (sen) *	(0.8)	3.0

* The comparative figures have been restated to take into account the effects of the bonus issue and share consolidation of every two (2) ordinary shares of RM0.10 each into one (1) ordinary share of RM0.20 each.

BY ORDER OF THE BOARD

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Company Secretaries