

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

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2011.

(The figures have not been audited)

	Individual Quarter / Cummulative Quarter	
	3 Months Period Ended 31/3/2011	3 Months Period Ended 31/3/2010
	RM'000	RM'000
Revenue	121,709	86,815
Operating expenses	(154,032)	(130,369)
Other income	307	326
Loss from operations	(32,016)	(43,228)
Finance costs	(5,442)	(615)
Share of loss of equity accounted investees, net of tax	-	(265)
Loss before tax	(37,458)	(44,108)
Income tax expense	(435)	(645)
Loss for the period	(37,893)	(44,753)
Foreign currency translation differences for foreign operations	(244)	173
Total comprehensive (expense)/income for the period	(244)	173
Total comprehensive loss for the period	(38,137)	(44,580)
Loss attributable to:		
Owners of the Company	(19,007)	(24,821)
Non-controlling interests	(18,886)	(19,932)
Loss for the Period	(37,893)	(44,753)
Total comprehensive loss attributable to:		
Owners of the Company	(19,251)	(24,648)
Non-controlling interests	(18,886)	(19,932)
Total comprehensive loss for the period	(38,137)	(44,580)
Basic loss per ordinary share (sen):	(2.9)	(3.8)
Diluted loss per ordinary share (sen):	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 2010.

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

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2011

	As at 31/3/2011	As at 31/12/2010
	(Unaudited) RM'000	(Audited) RM'000
ASSETS		
Property, plant and equipment	504,025	504,990
Other long term investments	135	135
Goodwill on acquisition	18,811	18,811
Development costs	45,478	44,907
Intangible/Customer Modem assets	75,377	69,033
Total non-current assets	643,826	637,876
Inventories	29,582	21,779
Trade receivables	45,453	60,513
Other receivables, deposits and prepayments	77,323	60,959
Tax Refundable	162	162
Deposits with licensed banks	22,335	72,368
Cash and bank balances	90,462	98,452
Total current assets	265,317	314,233
TOTAL ASSETS	909,143	952,109
EQUITY		
Share capital	131,551	131,551
Reserves	104,969	123,420
Total equity attributable to owners of the Company	236,520	254,971
Non-controlling interests	25,473	44,359
Total equity	261,993	299,330
LIABILITIES		
Guaranteed redeemable convertible exchangeable bonds	50,000	50,000
Irredeemable Convertible Preference Shares -Class C ("Class C ICPS") - Liabilities components	161,903	158,707
Class C ICPS - Deferred tax components	40,290	40,290
Bank borrowings	90,270	112,900
Hire purchase and finance lease liabilities	1,989	2,217
Other payables and accruals	56,509	46,112
Deferred tax liabilities	3,389	2,954
Total non-current liabilities	404,350	413,180
Trade payables	35,114	39,763
Other payables and accruals	143,960	133,240
Bank borrowings	59,141	60,806
Hire purchase and finance lease liabilities	4,585	5,790
Total current liabilities	242,800	239,599
TOTAL LIABILITIES	647,150	652,779
TOTAL EQUITY AND LIABILITIES	909,143	952,109
Net asset per share attributable to ordinary equity holders of the company (sen)	36	40

The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2010.

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

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2011
(The figures have not been audited)

	<-----Attributable to owners of the Company ----->								
	Shares capital	Non-Distributable				Distributable	Sub-total	Non-controlling interests	Total Equity
		Share Premium	Foreign Exchange Translation Reserve	Treasury Shares	Other Reserves	Retained Profits			
	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	-	-	(244)	-	-	-	(244)	-	(244)
Total other comprehensive expense for the period	-	-	(244)	-	-	-	(244)	-	(244)
Loss for the period	-	-	-	-	-	(19,007)	(19,007)	(18,886)	(37,893)
Total comprehensive loss for the period	-	-	(244)	-	-	(19,007)	(19,251)	(18,886)	(38,137)
Share-based payment transaction under ESOS	-	-	-	-	800	-	800	-	800
At 31 March 2011	131,551	345,372	(197)	(11,389)	73,293	(302,110)	236,520	25,473	261,993

	<-----Attributable to Equity Holders of the Parent ----->								
	Shares capital	Non-Distributable				Distributable	Sub-total	Non-controlling interests	Total Equity
		Share Premium	Foreign Exchange Translation Reserve	Treasury Shares	Other Reserves	Retained Profits			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2010	131,461	345,530	419	(11,389)	69,204	(139,706)	395,519	5,307	400,826
Foreign currency translation differences for foreign operations	-	-	173	-	-	-	173	-	173
Total other comprehensive income for the period	-	-	173	-	-	-	173	-	173
Loss for the period	-	-	-	-	-	(24,821)	(24,821)	(19,932)	(44,753)
Total comprehensive loss for the period	-	-	173	-	-	(24,821)	(24,648)	(19,932)	(44,580)
Share-based payment transaction under ESOS	-	-	-	-	800	-	800	-	800
At 31 March 2010	131,461	345,530	592	(11,389)	70,004	(164,527)	371,671	(14,625)	357,046

The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2010.

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

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2011
(The figures have not been audited)

	Financial period ended	
	31/3/2011	31/3/2010
	RM'000	RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(37,458)	(44,108)
Adjustments for non cash items:-		
Amortisation of development cost	1,174	656
Amortisation of intellectual property	675	645
Amortisation of modem	8,030	8,048
Amortisation of prepaid land lease payments	205	205
Depreciation of plant and equipment	14,607	11,954
Share based payment under ESOS	800	800
Share of net (loss)/profit in associates	-	265
Other non-cash items	5,146	383
Operating loss before working capital changes	(6,821)	(21,152)
Changes in working capital		
Decrease/(Increase) in assets	(24,156)	53,514
(Decrease)/Increase in liabilities	16,468	(27,318)
Cash for operating activities	(14,509)	5,044
Interest paid	(2,247)	(615)
Tax paid	-	(516)
Net cash for operating activities	(16,756)	3,913
CASH FLOW FOR INVESTING ACTIVITIES		
Development expenditure incurred	(1,745)	(2,100)
Interest received	297	232
Purchase of plant and equipments	(13,847)	(34,265)
Net cash for investing activities	(15,295)	(36,133)
CASH FLOW FOR FINANCING ACTIVITIES		
Net repayment of bank borrowings	(24,295)	(2,006)
Repayment to hire purchase/lease obligations	(1,433)	(1,403)
Net cash for financing activities	(25,728)	(3,409)
Net decrease in cash and cash equivalents	(57,779)	(35,629)
Foreign exchange translation differences	(244)	173
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	170,820	147,155
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	112,797	111,699
Cash and cash equivalents at the end of the financial period comprise the following:		
Cash and bank balances	90,462	110,564
Fixed deposit with licensed bank	22,335	1,135
	112,797	111,699

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2010.

NOTES TO THE INTERIM REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2011.

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 Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2010. 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 2010.

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 2010, except for the mandatory adoption of the following new and revised Financial Reporting Standards ("FRSs") and Issues Committee Interpretations ("IC Int.") beginning on or after 1 January 2011 as detailed below:

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 2	Share-based Payment (Amendments relating to scope of FRS 2 and revised FRS 3)
FRS 2	Share-based Payment (Amendments relating to group cash-settled share-based payment transactions)
FRS 5	Non-current Assets Held for Sale and Discontinued Operations (Amendments relating to plan to sell controlling interest in a subsidiary)
FRS 7	Financial Instruments: Disclosures (Amendments relating to improving disclosures about financial instruments)
FRS 8	Operating Segments
FRS 101	Presentation of Financial Statements (revised)
FRS 132	Financial Instruments: Presentation (Amendments relating to classification of rights issue)
FRS 138	Intangible Assets (Amendments relating to additional consequential amendments arising from revised FRS 3)
FRS 139	Financial Instruments: Recognition and Measurement (Amendments relating to additional consequential amendments arising from revised FRS 3 and revised FRS 127)
IC Int.9	Reassessment of Embedded Derivatives
IC Int.10	Interim Financial Reporting and Impairment
IC Int.11	FRS 2 – Group and Treasury Share Transactions
IC Int.13	Customer Loyalty Programmes
IC Int.14	FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction
IC Int.16	Hedges of a Net Investment in a Foreign Operation
IC Int.17	Distributions of Non-cash Assets to Owners

The adoption of the above did not have any significant financial effects on the interim financial report of the Group.

In the last financial year, the Group has adopted in advance the following revised accounting standards and interpretations (including the consequential amendment):

FRS 3 (2010)	Business Combinations
FRS 127 (2010)	Consolidation Separate Financial Statement

A2 Auditors' report on preceding annual financial statements

The auditor's report on the financial statements for the financial year ended 31 December 2010 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 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 the financial period under review.

A6 Changes in debts or equity securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the period ended 31 March 2011, except for:

- (a) On 17 February 2011, GPB had extended the duration of the existing ESOS which is expiring on 8 August 2011 for a further five (5) years to 8 August 2016. The extension is in accordance with the By-Laws of the ESOS and is not subject to any approvals from Bursa Malaysia Securities Berhad, the Securities Commission and the shareholders of the Company.
- (b) On 5 May 2011, the Company had via a fifth allocation of share options under the ESOS, granted 10,500,000 new share options with an exercise price of RM0.60 to eligible employees and directors of the Company and its subsidiaries. The New Options will expire by 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 each ('000)	RM 1.97 each ('000)	RM 0.80 each ('000)	RM 1.10 each ('000)
Balance as at 1 Jan 2011	7,140	7,452	7,201	10,083
Granted during the period	-	-	-	-
Cancellation during the period	(111)	(460)	(284)	(577)
Exercise during the period	-	-	-	-
Outstanding as at 31 March 2011	<u>7,029</u>	<u>6,992</u>	<u>6,917</u>	<u>9,506</u>

A7 Dividends Payment

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

A8 Segmental information

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

Results for the financial year ended 31 March 2011	Malaysia RM'000	Overseas RM'000	Group RM'000
<u>Revenue</u>			
Software and Devices	20,544	26,795	47,339
Broadband Services	56,166	-	56,166
Communication/Voice Services	4,408	13,796	18,204
	<u>81,118</u>	<u>40,591</u>	<u>121,709</u>
<u>Results</u>			
Software and Devices	3,492	3,564	7,056
Broadband Services	(39,754)	-	(39,754)
Communication/Voice Services	208	177	385
	<u>(36,054)</u>	<u>3,741</u>	<u>(32,313)</u>
Finance costs			(5,442)
Finance income			297
			<u>(37,458)</u>
Income tax expense			(435)
Loss after taxation			<u>(37,893)</u>
Non-controlling interests			18,886
Loss after taxation & Non-controlling interests			<u>(19,007)</u>

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

Other information

Segmental assets	-
Total assets	909,143
Segmental liabilities	-
Total liabilities	(647,150)
Capital expenditure	(13,847)
Depreciation	(14,607)
Amortisation	(10,084)

Results for the financial period ended 31 March 2010

Revenue

	Malaysia RM'000	Overseas RM'000	Group RM'000
Software and Devices	12,062	10,205	22,267
Broadband Services and Solutions	45,729	-	45,729
Communication/Voice Services	4,727	14,092	18,819
	<u>62,518</u>	<u>24,297</u>	<u>86,815</u>

Results

Software and Devices	2,260	(624)	1,636
Broadband Services and Solutions	(45,745)	-	(45,745)
Communication/Voice Services	486	163	649
	<u>(42,999)</u>	<u>(461)</u>	<u>(43,460)</u>
Finance costs			(615)
Finance income			232
			<u>(43,843)</u>
Share of profit in associate			(265)
Loss before taxation			<u>(44,108)</u>
Taxation			(645)
Loss after taxation			<u>(44,753)</u>
Non-controlling interests			19,932
Loss after taxation & minority interests			<u>(24,821)</u>

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

Other information

Segmental assets	-
Total assets	905,256
Segmental liabilities	-
Total liabilities	(548,210)
Capital expenditure	(34,265)
Depreciation	(11,954)
Amortisation	(1,506)

A9 Valuation of property, plant and equipment

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

A10 Material events subsequent to the end of the quarter

The material event subsequent to the end of the quarter is as follow :

On 16 May 2011, GPB has announced :

- a) The proposed issuance of 153,276 Class C Islamic Irredeemable Convertible Preference Shares of RM0.10 each in Packet One Networks (Malaysia) Sdn Bhd, a 55% owned subsidiary of the Company ("P1") ("Class C ICPS-I") to SK Telecom Co., Ltd. ("SKT") for a total cash consideration of approximately RM50.53 million or RM329.68 per Class C ICPS-I (Proposed Issuance") and;
- b) The proposed subscription for up to 458,397 Class A Islamic Irredeemable Convertible Preference Shares of RM0.10 each in P1 ("Class A ICPS-I"), by the Company for a total subscription price of up to approximately RM151.12 million or RM329.68 per Class A ICPS-I ("Proposed Subscription").

A11 Changes in the composition of the Group

There were no changes in the composition of the Group during the current financial quarter ended 31 March 2011.

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 2011 are as follows:

	RM'000
Authorised and contracted for:	
- Plant and equipment	198,448
- Inventory	98,025
	<hr/> <hr/>

A14 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 RM121.71 million and RM37.89 million respectively for the current financial quarter ended 31 March 2011 ("1Q11"). This represents a significant increase of 40.2% compared to the turnover of RM86.82 million recorded for the previous year corresponding financial quarter ended 31 March 2010 ("1Q10"). Consequently, the loss after tax reduce to RM 37.89 million in 1Q11 from a loss after tax of RM44.75 million registered in 1Q10.

Revenue contribution comprises the following:-

	1Q11 RM million	1Q10 RM million	% Change
Software and Devices	47.34	22.27	112.6%
Broadband Services	56.17	45.73	22.8%
Communication/Voice Services	18.20	18.82	-3.3%
	<u>121.71</u>	<u>86.82</u>	<u>40.2%</u>

The 1Q11 loss after tax was lower than 1Q10 mainly attributed by significantly higher revenue from software and broadband business even with higher depreciation of plant and equipment in accordance with the planned rollout of the broadband infrastructure.

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

The revenue for 1Q11 has increased from the previous quarter mainly due to higher subscribers base for the wireless broadband business and securing of new customers for the solution business. The 1Q11 loss after tax was also significantly lower than 4Q10 mainly attributed to improved revenue and lower marketing costs in 1Q11 coupled with higher provision for impairment of investments and assets of RM32.5 million and higher share of losses of associated company of RM17.9 million, which is also mainly due to impairment of investments and assets at associated company books provided in 4Q10.

	1Q11 RM million	4Q10 RM million	% Change
Revenue	121.71	116.25	4.7%
Loss before tax	(37.46)	(116.30)	67.8%
Loss after tax	<u>(37.89)</u>	<u>(116.00)</u>	<u>67.3%</u>

B3 Business prospects

With the Government's announcement to award new spectrum capacity to existing and new operators, market competition is anticipated to intensify and margin erosion can be expected. However, net subscribers for our broadband services business segment continue to increase and the software and devices business segment is expected to generate strong growth for the year. Accordingly, the Board of Directors expects better performance for the Group in tandem with this improved market landscape.

B4 Variance of actual profit from forecast profit

Not applicable as no forecast was published.

B5 Income tax expense

	Financial year ended 31 March 2011 RM'000
Current tax expense - Malaysian	<u>435</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 enjoy 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 exemption has been renewed for another five years period from 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 purchases or disposals of unquoted investments and properties during the current financial period ended 31 March 2011.

B7 Purchase or disposal of quoted securities

There were no purchases or disposals of quoted securities during the current financial period ended 31 March 2011.

B8 Status of corporate proposals and utilisation of proceeds

(a) Status of Corporate Proposals announced but not completed

On 3 September 2007, GPB 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 GPB's SONmetro solution for the rollout of internet broadband services.

B9 Group borrowings and debt securities

As at 31 March 2011, total borrowings of the Group are as follows:

	RM '000
<u>Total borrowings:</u>	
Unsecured:	
- Structured Commodity Financing-i Term Facility ("i Term Facility")	23,870
- Guaranteed redeemable convertible exchangeable bonds	50,000
- Syndicated Murabaha Facility ("Murabaha Facility")	53,044
- Revolving Credits	3,500
- Amanah Trade Bills	13,848
- Murabahah Project Facility ("Project Facility")	43,078
- Irredeemable Convertible Preference Shares ("ICPS") - liability component	161,903
Secured:	
- Amanah Term Financing	12,071
- Hire purchase and finance lease liabilities	6,574
	18,645
	<u>367,888</u>
Non-current portion:	
- Hire purchase and finance lease liabilities, repayment more than 1 year	
- later than one year not later than five years	1,989
- Borrowings:	
- repayable between one and two years	56,192
- repayable between two and five years	84,078
- repayable after five years	161,903
	<u>304,162</u>
Current portion:	
- Hire purchase and finance lease liabilities, repayment less than 1 year	4,585
- Borrowings, repayable within one year	59,141
	63,726
	<u>367,888</u>

B10 Financial Instruments

The Group enter into forward foreign exchange contracts to manage the exposure to foreign exchange risk when the Company and its subsidiaries enter into transactions that are not denominated in their functional currencies.

Forward foreign exchange contracts are recognised on the contract dates and are measured at fair value with changes in fair value recognised in profit or loss.

There is not outstanding forward foreign exchange contracts as at 24 May 2011.

There have been no significant changes to the Group's exposure to credit risk, market risk and liquidity risk from the previous financial year. Also, there have been no changes to the Group's risk management objectives and policies since the previous financial year end.

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 Realized and unrealized losses disclosure

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

	As at 31.3.2011 RM'000	As at 31.12.2010 RM'000
Total accumulated losses of the Company and subsidiaries:		
- Realised	(413,657)	(353,629)
- Unrealised	18,938	17,438
Total share of accumulated losses from associates:		
- Realised	-	(29,733)
- Unrealised	-	-
Consolidation adjustments	92,609	82,821
Total Group accumulated losses	<u>(302,110)</u>	<u>(283,103)</u>

B14 Earnings per share

a) 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	
	31/3/2011	31/3/2010
Loss attributable to ordinary equity holders of the Company (RM'000)	(19,007)	(24,821)
Weighted average numbers of ordinary shares in issue of RM0.20 par each ('000) *	657,753	657,304
Basic loss per share (sen) *	<u>(2.9)</u>	<u>(3.8)</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.

BY ORDER OF THE BOARD

Lim Ming Toong (MAICSA 7000281)
Ng Lai Yee (MAICSA 7031768)
Company Secretaries
Kuala Lumpur
24-May-2011