

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

**CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE FOURTH QUARTER AND THE FINANCIAL YEAR ENDED 31 DECEMBER 2007 (UNAUDITED)**

	Individual Quarter		Cumulative Quarter	
	3 Months Period Ended		Year Ended	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
	(Unaudited) RM'000	(Unaudited) RM'000	(Unaudited) RM'000	(Audited) RM'000
Revenue	26,459	43,128	122,836	98,931
Operating expenses	(26,756)	(28,367)	(99,630)	(57,883)
Other income	2,640	2,299	9,823	9,064
Profit from operations	2,343	17,060	33,029	50,112
Finance costs	(211)	(61)	(372)	(77)
Gain on dilution in share of net assets of associate	-	-	-	5,192
Share of net (loss) / profit in associates	(1,788)	918	(1,664)	3,331
Profit before taxation	344	17,917	30,993	58,558
Income tax	(113)	(2,031)	(1,977)	(2,446)
Net profit for the period	231	15,886	29,016	56,112
Attributable to:				
Equity holders of the Company	277	15,332	30,159	55,286
Minority interests	(46)	554	(1,143)	826
Earnings per share attributable to ordinary equity holders of the Company:				
- Basic (sen)	0.1	4.9	11.0	18.9
- Diluted (sen)	0.1	4.9	10.9	18.9

The condensed consolidated income statement should be read in conjunction with the audited financial statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements.

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

**CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2007**

	As at 31/12/2007 <u>(Unaudited)</u> RM'000	As at 31/12/2006 <u>(Audited)</u> RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Plant and equipment	26,067	10,648
Intellectual property	14,060	16,340
Development costs	27,287	8,552
Investment in associates	24,835	26,500
Other long term investments	34,434	14,898
Goodwill on acquisition	11,877	19,980
	<u>138,560</u>	<u>96,918</u>
<b>Current assets</b>		
Inventories	13,596	3,369
Work in progress	5,471	4,760
Trade receivables	45,317	53,063
Other receivables, deposits and prepayments	20,326	9,022
Tax recoverable	2,992	-
Deposits with licensed banks	66,040	239,971
Cash and bank balances	176,427	63,861
	<u>330,169</u>	<u>374,046</u>
<b>TOTAL ASSETS</b>	<u><u>468,729</u></u>	<u><u>470,964</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to ordinary equity holders of the parent</b>		
Share capital	66,656	44,437
Reserves	353,550	373,607
	<u>420,206</u>	<u>418,044</u>
<b>Minority interests</b>	20,907	6,413
<b>Total equity</b>	<u>441,113</u>	<u>424,457</u>
<b>Non-current liabilities</b>		
Hire purchase payable	1,085	951
Deferred tax liabilities	770	870
	<u>1,855</u>	<u>1,821</u>
<b>Current liabilities</b>		
Trade payables	4,256	10,376
Other payables and accruals	18,883	21,715
Hire purchase payable	2,577	139
Provisions	-	10,930
Provision for taxation	45	1,526
	<u>25,761</u>	<u>44,686</u>
<b>TOTAL LIABILITIES</b>	<u>27,616</u>	<u>46,507</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>468,729</u></u>	<u><u>470,964</u></u>
<b>Net asset per share attributable to ordinary equity holders of the parent (RM) *</b>	<u>1.26</u>	<u>1.25</u>

\* Computed based on the enlarged number of ordinary shares in issue after the bonus issue and share consolidation, which was completed on 13 July 2007 (refer to Note A6 (a) of this interim financial statements). The basis of computation is applied retrospectively.

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007 (UNAUDITED)

	<-----Attributable to Equity Holders of the Parent ----->						Sub-total	Minority Interests	Total Equity
	Shares capital	Non-Distributable			Distributable				
		Share Premium	Foreign Exchange Translation Reserve	Treasury Shares	Other Reserves	Retained Profits			
Financial year ended 31 December 2007	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Balance at 1 January 2007	44,437	281,833	297	-	1,238	90,239	418,044	6,413	424,457
Issuance of ordinary shares pursuant to: - Bonus issue	22,219	(22,219)	-	-	-	-	-	-	-
Share issue expenses	-	(611)	-	-	-	-	(611)	-	(611)
Purchase of treasury shares	-	-	-	(6,687)	-	-	(6,687)	-	(6,687)
Share-based payment under ESOS	-	-	-	-	2,016	-	2,016	-	2,016
Net profit for the year	-	-	-	-	-	30,159	30,159	(1,143)	29,016
Dividend payable to minority shareholders	-	-	-	-	-	-	-	(898)	(898)
Dividend paid	-	-	-	-	-	(22,219)	(22,219)	-	(22,219)
Issuance of shares to minority shareholder	-	-	-	-	-	-	-	16,535	16,535
Current translation difference	-	-	(496)	-	-	-	(496)	-	(496)
Balance at 31 December 2007	66,656	259,003	(199)	(6,687)	3,254	98,179	420,206	20,907	441,113

	<-----Attributable to Equity Holders of the Parent ----->						Sub-total	Minority Interests	Total Equity
	Shares capital	Non-Distributable			Distributable				
		Share Premium	Foreign Exchange Translation Reserve	Treasury Shares	Other reserves	Retained Profits			
Financial year ended 31 December 2006	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Balance at 1 January 2006	36,725	30,988	184	-	-	43,033	110,930	-	110,930
Arising from acquisition of subsidiaries	-	-	-	-	-	-	-	3,982	3,982
Issuance of ordinary shares	7,712	264,788	-	-	-	-	272,500	-	272,500
Share issue expenses	-	(13,943)	-	-	-	-	(13,943)	-	(13,943)
Share-based payment under ESOS	-	-	-	-	1,238	-	1,238	-	1,238
Net profit for the year	-	-	-	-	-	55,286	55,286	826	56,112
Dividend paid	-	-	-	-	-	(8,080)	(8,080)	-	(8,080)
Issuance of shares to minority shareholder	-	-	-	-	-	-	-	1,605	1,605
Current translation difference	-	-	113	-	-	-	113	-	113
Balance at 31 December 2006	44,437	281,833	297	-	1,238	90,239	418,044	6,413	424,457

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements.

**GREEN PACKET BERHAD ( 534942-H )**  
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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2007 (UNAUDITED)**

	Financial year ended	
	31/12/2007	31/12/2006
	(Unaudited)	(Audited)
	RM'000	RM'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	30,993	58,558
Adjustments for non cash items:-		
Allowance for doubtful debts	-	60
Amortisation of development cost	822	485
Amortisation of intellectual property	2,280	2,280
Bad debts written off	-	18
Depreciation of plant and equipment	3,878	1,436
Equipment written off	28	19
Gain on dilution in share of net assets of associate	-	(5,192)
Interest expenses	274	26
Interest income	(8,693)	(2,432)
Loss on disposal of equipment	12	30
Share based payment under ESOS	2,016	1,238
Share of net loss/(profit) in associates	1,664	(3,331)
Tax-exempted distribution from unit trusts	-	(100)
Unrealised losses on foreign exchange	423	2,833
Operating profit before working capital changes	33,697	55,928
Changes in working capital		
Increase in current assets	(14,919)	(24,895)
(Decrease)/Increase in current liabilities	(16,351)	6,107
Cash (used in) / generated from operating activities	2,427	37,140
Interest paid	(274)	(26)
Tax paid	(6,548)	(2,402)
<b>Net cash (used in) / generated from operating activities</b>	<b>(4,395)</b>	<b>34,712</b>
<b>CASH FLOW FOR INVESTING ACTIVITIES</b>		
Acquisition of an associate	-	(4,557)
Acquisition of subsidiaries, net of cash acquired	-	(9,065)
Acquisition of long term investments	(23,150)	(11,368)
Additional investment in an associate	-	(11,269)
Development expenditure incurred	(19,556)	(2,655)
Interest received	8,693	2,432
Proceeds from disposal of plant and equipment	23	117
Purchase of plant and equipment	(16,339)	(4,451)
Shortfall of profit guarantee	8,187	-
Unit trust distribution received	-	100
<b>Net cash used in investing activities</b>	<b>(42,142)</b>	<b>(40,716)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividend paid	(22,219)	(8,080)
Dividend paid to minority shareholders	(898)	-
Expenses incurred on issuance of ordinary shares	(612)	(13,943)
Proceeds from issuance of ordinary shares	-	272,500
Proceeds from issuance of shares to minority shareholder	16,535	1,605
Purchase of treasury shares	(6,687)	-
Repayment to hire purchase obligations	(451)	(189)
<b>Net cash (used in) / generated from financing activities</b>	<b>(14,332)</b>	<b>251,893</b>
Net (decrease) / increase in cash and cash equivalents	(60,869)	245,889
Foreign exchange translation differences	(496)	(1,519)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD</b>	<b>303,832</b>	<b>59,462</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD</b>	<b>242,467</b>	<b>303,832</b>

Cash and cash equivalents at the end of the financial period comprise the following:

Cash and bank balances	176,427	63,861
Fixed deposit with licensed bank	66,040	239,971
	<u>242,467</u>	<u>303,832</u>

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the financial year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements.

**NOTES TO THE QUARTERLY REPORT FOR THE FOURTH QUARTER AND THE FINANCIAL YEAR ENDED 31 DECEMBER 2007**

**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 2006. 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 2006.

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 year ended 31 December 2006, except for the adoption of the following revised Financial Reporting Standards ("FRS") effective for the financial period beginning 1 January 2007:-

		Effective for the financial period beginning on or after
FRS 117	Leases	1 October 2006
FRS 124	Related Party Disclosures	1 October 2006

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 2006 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 year ended 31 December 2007, except for the following:

- a) The Company completed the following share exercises:-
- (i) Bonus issue of 222,186,250 new ordinary shares of RM0.10 each in GPB ("Bonus Share") on the basis of one (1) bonus share for every two (2) existing ordinary shares of RM0.10 each in GPB ("Bonus Issue"); and
  - (ii) Share consolidation of every two (2) ordinary shares of RM0.10 each in GPB into one (1) ordinary share of RM0.20 each ("Consolidated Share") in GPB after the Bonus Issue.

The entire enlarged issued and paid-up share capital of GPB of RM66,655,875 comprising 333,279,375 ordinary shares of RM0.20 each in GPB ("GPB Shares") were transferred from the MESDAQ Market to the Main Board of Bursa Malaysia Securities Berhad under the "Technology" sector with effect from 9.00 a.m., Wednesday, 18 July 2007, on a "Ready" basis pursuant to the Rules of Bursa Securities.

- b) 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 financial year ended 31 December 2007, GPB bought back from the open market, 2,646,500 GPB Shares listed and quoted on the Main Board of Malaysia Securities Berhad at an average buy-back price of RM2.52 per share. The total consideration paid for the share buy-back of GPB Shares by GPB during the financial year ended 31 December 2007, including transaction costs, was RM6,686,926.99 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 December 2007, the total shares bought back, all of which are held as treasury shares, amounted to 2,646,500 GPB Shares. None of the treasury shares held were resold or cancelled during the financial year ended 31 December 2007.

#### A7 Dividends

On 15 June 2007, the Company paid a final tax-exempt dividend of 5 sen per ordinary share in respect of the financial year ended 31 December 2006, amounted to RM22,218,625.

#### A8 Segmental information

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

Results for the financial year ended 31 December 2007	Customers' location				Group RM'000
	Malaysia RM'000	APAC* RM'000	MENA** RM'000	Others*** RM'000	
<b>Revenue</b>					
Software and Applications	1,854	55,877	6,121	-	63,852
Broadband Services and Solutions #	-	-	-	-	-
Engineering Services and Solutions	-	-	-	2,088	2,088
Discounted Telephony Services	56,896	-	-	-	56,896
	<u>58,750</u>	<u>55,877</u>	<u>6,121</u>	<u>2,088</u>	<u>122,836</u>

#### Results

Software and Applications	962	29,006	(319)	-	29,649
Broadband Services and Solutions	(5,473)	-	-	-	(5,473)
Engineering Services and Solutions	-	-	-	1,084	1,084
Discounted Telephony Services	(924)	-	-	-	(924)
	<u>(5,435)</u>	<u>29,006</u>	<u>(319)</u>	<u>1,084</u>	<u>24,336</u>
Finance costs					(372)
Interest Income					8,693
					<u>32,657</u>
Share of loss in associates					(1,664)
Profit before taxation					<u>30,993</u>
Income tax					(1,977)
Profit after taxation					<u><u>29,016</u></u>

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

#### Other information

Segmental assets					-
Unallocated corporate assets					468,729
Segmental liabilities					-
Unallocated corporate liabilities					(27,616)
Capital expenditure					(38,918)
Depreciation					(3,878)
Amortisation					(3,102)

\* Asia-Pacific region excludes Malaysia

\*\* Middle East and North Africa region

\*\*\* Others include Europe and America region.

# Broadband services and solutions has not commenced commercial rollout.

Results for the financial year ended 31 December 2006	Customers' location				Group RM'000
	Malaysia RM'000	APAC* RM'000	MENA** RM'000	Others*** RM'000	
<b>Revenue</b>					
Software and Applications	3,162	61,315	-	-	64,477
Engineering Services and Solutions	528	-	-	2,241	2,769
Discounted Telephony Services	31,685	-	-	-	31,685
	<u>35,375</u>	<u>61,315</u>	<u>-</u>	<u>2,241</u>	<u>98,931</u>

#### Results

Software and Applications	1,916	36,954	-	-	38,870
Engineering Services and Solutions	320	-	-	1,358	1,678
Discounted Telephony Services	5,692	-	-	-	5,692
	<u>7,928</u>	<u>36,954</u>	<u>-</u>	<u>1,358</u>	<u>46,240</u>
Finance costs					(77)
Interest income					<u>3,872</u>
					<u>50,035</u>
Gain on dilution in share of net assets of associate					5,192
Share of profit in associate					<u>3,331</u>
Profit before taxation					<u>58,558</u>
Income tax					<u>(2,446)</u>
Profit after taxation					<u><u>56,112</u></u>
<i>Segmental results are determined after allocation of operating expenses to each geographical segment.</i>					
<u>Other information</u>					
Segmental assets					-
Unallocated corporate assets					470,964
Segmental liabilities					-
Unallocated corporate liabilities					(44,111)
Capital expenditure					(8,494)
Depreciation					(1,946)
Amortisation					<u>(2,765)</u>

\* 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**

Save for the following, there were no other material events subsequent to the current financial year ended 31 December 2007:

- (i) GPB, has on 2 January 2008 entered into a Share Sale Agreement with Dato' Michael Ong Leng Chun and Dato' Low Moi Ing for the acquisition of 100% of the equity interest of Worldline Enterprise Sdn Bhd ("WESB") for a total purchase consideration of RM39,000,000.00. WESB is the legal and beneficial owner of a piece of land held under HS(D) 171402, PT No 159, Seksyen 8, Bandar Petaling Jaya, Daerah Petaling Jaya, Negeri Selangor ("Land") together with a 12 ½ storey purpose built office building with 2 levels of basement car park with approximately 126,676 sq. ft. gross floor area and 100,000 sq. ft. lettable area constructed thereon; and
- (ii) The Board of Directors of GPB has on 29 January 2008 announced that its subsidiary, Packet One Networks (Malaysia) Sdn Bhd ("P1") has on the same day awarded a full turnkey contract for the design, supply, construction, installation, testing, commissioning, integrating, optimizing and maintaining the P1 WiMAX Network to Alcatel-Lucent Malaysia Sdn Bhd for a contract sum of USD 71 million (United States Dollar Seventy One Million).



#### A11 Changes in the composition of the Group

There were no changes in the composition of the Group during the financial year ended 31 December 2007, save for the following events:-

- (a) On 10 January 2007, 22 March 2007, 28 May 2007 and 14 August 2007 respectively, the Company had made additional investment in Green Packet (Shanghai) Ltd, a wholly owned subsidiary for a total cash consideration of RM4,528,600;
- (b) The Company had, on 5 January 2007, acquired two (2) ordinary shares of RM1.00 each in Packet One Sdn Bhd ("POSB"), representing the entire issued and paid-up share capital of POSB for a total cash consideration of RM2.00 only. POSB is presently dormant and its proposed business is to carry on the business of investment holdings related to wireless networking, broadband, networking solutions, telecommunication products and services and investment holding;
- (c) The Company had, on 5 February 2007 incorporated a 50.01% owned subsidiary company, namely Green Packet Networks W.L.L. ("GPN"), with an issued and fully paid-up share capital of USD4,999,950 divided into 33,333 shares of USD150.00 each. The remaining 49.99% is owned by Idara Investments Ltd ("IDARA");
- (d) The Company had, on 20 March 2007 acquired two (2) ordinary shares of RM1.00 each in Packet Nation Sdn Bhd ("PNSB"), representing the entire issued and paid-up share capital of PNSB for a total cash consideration of RM2.00 only. PNSB is presently dormant and its proposed business is marketing and general trading of all kinds of telecommunication products, which include wireless broadband services, equipment, systems and solutions, and other systems for communications;
- (e) The Company had, on 25 April 2007 acquired two (2) ordinary shares of RM1.00 each in P1.Com Sdn Bhd ("P1.Com"), representing the entire issued and paid-up share capital of P1.Com for a total cash consideration of RM2.00 only. P1.Com is presently dormant and its proposed business is marketing and general trading of all kinds of telecommunication products, which include wireless broadband services, equipment, systems and solutions, any other systems for communications;
- (f) The Company had, on 7 June 2007 incorporated a wholly-owned subsidiary known as Green Packet Networks (Taiwan) Pte Ltd. ("GPN Taiwan"), with an issued and paid-up share capital of TWD50,000,000 comprising 5,000,000 ordinary shares of TWD10.00 each. GPN Taiwan is presently dormant and its proposed business activities are the marketing of wireless broadband equipment, systems and solutions and providing communication services;
- (g) The Company had, on 7 August 2007 incorporated a wholly-owned subsidiary known as Green Packet (L) Ltd ("Green Packet Labuan") in Labuan, Federal Territory with an issued and paid-up share capital of USD2.00 comprising two (2) ordinary shares of USD1.00 each. Green Packet Labuan is presently dormant and its intended principal activity is investment holding; and
- (h) Next Global Technology Sdn Bhd ("NGTSB"), a 75% owned subsidiary of GPB had, on 11 October 2007 acquired one (1) ordinary share of SGD1.00 each in the capital of NGT Networks Pte Ltd. ("NGT Networks"), representing the entire issued and paid-up share capital of NGT Networks for a total cash consideration of SGD1.00 only. With this acquisition, NGT Networks has become a wholly-owned subsidiary of NGTSB. NGT Networks is presently dormant and its proposed business is the provision of international voice traffic services.

#### A12 Contingent assets and changes in contingent liabilities

The Group does not have any contingent assets at the date of this announcement. The changes in contingent liabilities since the last annual balance sheet date are as follows:-

- i) GPB and IWICS had on 3 September 2007 mutually agreed to terminate the Put and Call Option Agreement with IWICS for 2,000,000 Series B Preferred Stocks in IWICS at a put price and call price of USD0.67 each and USD1.00 each respectively. Under the mutual termination, no provision in the Put and Call Option Agreement, or in any subsequent documentation relating thereto, is of any force and effect, and no residual rights, obligations or liabilities or liabilities exist between both parties in relation thereto; and
- ii) Packet One Networks (Malaysia) Sdn Bhd (formerly known as MIB Comm Sdn Bhd) ("PON"), a 55% owned subsidiary of GPB has given guarantees amounting to RM7,700,000 to The Malaysian Communications And Multimedia Commission ("MCMC") for the due performance of "2.3GHz Broadband Wireless Access Spectrum Tender" by PON of all the terms and conditions of the apparatus assignment issued by MCMC.

#### A13 Capital commitments

The capital expenditure not provided for in the financial statements as at 31 December 2007 are as follows:

	RM'000
Authorised and contracted for:	
- Plant and equipment	18,127
Authorised but not contracted for:	
- Building property	39,000
- Plant and equipment	236,430
	<u>236,430</u>

**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	Financial year
		31/12/2007	ended 31/12/2007
		RM'000	RM'000
Green Packet Inc.	Billings for engineering services rendered	506	2,075
Inova Venture Pte. Ltd.	Purchase for resale	643	2,825

## **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 profit after tax ("PAT") of approximately RM26.46 million and RM0.23 million respectively for the current financial quarter ended 31 December 2007 ("4Q07"). Engineering services, software and application sales collectively contributed RM11.97 million of turnover whilst discounted telephony services contributed RM14.49 million of turnover. This represents a decrease of 38.7% compared to turnover of RM43.13 million for the previous year corresponding financial quarter ended 31 December 2006 ("4Q06"). Consequently, the profit after tax declined to RM0.23 million in 4Q07 from RM15.89 million in 4Q06. This is mainly attributable to higher operating costs incurred for broadband business and share of higher associated companies losses in 4Q07.

For the financial year ended 31 December 2007 ("FY07"), the Group recorded a revenue and PAT of approximately RM 122.84 million and RM29.02 million respectively. Whilst the revenue increased by 24.2% over the previous financial year with increased contribution from MENA region as the Group diversified its revenue spread further, the PAT declined by 48.3% to RM29.02 million from RM56.11 million registered in the previous financial year. This is mainly attributable to significant start-up costs incurred for broadband business to rollout the WiMAX broadband services, higher losses incurred by the discounted telephony business and associated companies in FY07 and the absent of one-off gain on dilution in share of net assets of associate achieved in 3Q06 of RM5.2million.

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

For the financial quarter ended 31 December 2007 ("4Q07") under review, revenue, profit before tax and profit after tax were lower by 10%, 95% and 96% respectively, as compared to the immediate preceding financial quarter ended 30 September 2007 ("3Q07"). Even though revenue only dropped slightly, the major drop in profit after tax was mainly due to substantially higher operating cost incurred for broadband business and foreign currency losses incurred in 4Q07.

	4Q07 RM'000	3Q07 RM'000	% Change
Revenue	26,459	29,413	-10%
Profit before tax	344	6,877	-95%
Profit after tax	231	6,446	-96%

### **B3 Business prospects**

The Group has further rationalised and streamlined its business focus to pursue telecommunication business opportunities by regrouping the business operation to two major growth region, i.e Asia Pacific region and MENA region. The Group has commenced the deployment of the WiMAX wireless broadband infrastructure in Malaysia. Despite the more challenging business environment, the Board expect the performance of the Group to improve in the 2nd half of 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**

	Financial year ended 31/12/2007 RM'000
Current tax expense - Malaysian	1,938
Underprovision in prior financial year	107
Deferred tax income	(68)
	<u>1,977</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");
  - (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; and
  - (iii) GPB, has on 2 January 2008 entered into a Share Sale Agreement with Dato' Michael Ong Leng Chun and Dato' Low Moi Ing for the acquisition of 100% of the equity interest of WESB for a total purchase consideration of RM39,000,000.00. WESB is the legal and beneficial owner of a piece of land held under HS(D) 171402, PT No 159, Seksyen 8, Bandar Petaling Jaya, Daerah Petaling Jaya, Negeri Selangor together with a 12 ½ storey purpose built office building with 2 levels of basement car park with approximately 126,676 sq. ft. gross floor area and 100,000 sq. ft. lettable area constructed thereon.
- (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 December 2007 are as follows:

Description	Proposed Utilisation	Actual Utilisation	Balance Unutilised		Intended timeframe for utilisation
	RM'000	RM'000	RM'000	%	
Future investment	85,211	(61,421)	23,790	27.92	#1
Private placement expenses	5,500	(5,500)	-	-	#1
<b>Total</b>	<b>90,711</b>	<b>(66,921)</b>	<b>23,790</b>		

Note:-

- #1 The proceeds from the First Private Placement are expected to be 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 December 2007 are as follows:

Description	Proposed Utilisation	Actual Utilisation	Balance Unutilised		Intended timeframe for utilisation
	RM'000	RM'000	RM'000	%	
Future investment	176,289	(44,784)	131,505	74.60	#2
Private placement expenses	5,500	(5,500)	-	-	#2
<b>Total</b>	<b>181,789</b>	<b>(50,284)</b>	<b>131,505</b>		

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 December 2007, the Group's secured borrowings, which are denominated in Ringgit Malaysia are as follows:

	RM '000
Hire purchases creditors:-	
Repayable within one year	2,577
Repayable after one year	1,085
<b>Total secured borrowings</b>	<b>3,662</b>

#### 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		Financial year ended	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
Profit attributable to ordinary equity holders of the Company (RM'000)	277	15,332	30,159	55,286
Weighted average numbers of ordinary shares in issue of RM0.20 par each ('000) *	333,279	313,190	274,233	291,896
Basic earnings per share (sen) *	0.1	4.9	11.0	18.9

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		Financial year ended	
	31/12/2007	31/12/2006	31/12/2007	31/12/2006
Profit attributable to ordinary equity holders of the Company (RM'000)	277	15,332	30,159	55,286
Weighted average numbers of ordinary shares in issue of RM0.20 par each ('000) *	333,279	313,190	274,233	291,896
Effect of dilution:				
- Adjustment for assumed exercise of share options granted on 7 August 2006	-	2,503	2,531	1,008
Adjusted weighted average number of ordinary shares in issue ('000)	333,279	315,693	276,764	292,904
Diluted earnings per share (sen) *	0.1	4.9	10.9	18.9

\* 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

Mah Li Chen (MAICSA 7022751)  
Lee Wai Kim (MAICSA 7036446)  
Company Secretaries