

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

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2010.

<i>In thousands of RM</i>	Individual Quarter		Cummulative Quarter	
	3 Months Period Ended 30/9/2010	30/9/2009	9 Months Period Ended 30/9/2010	30/9/2009
	(Unaudited)	(Unaudited)	(Unaudited) restated	(Unaudited)
Revenue	100,892	63,035	277,714	160,994
Operating expenses	(129,703)	(94,137)	(384,130)	(239,794)
Other income	13	656	453	3,549
Loss from operations	(28,798)	(30,446)	(105,963)	(75,251)
Finance costs	(1,183)	(1,747)	(3,038)	(7,818)
Share of profits of equity accounted investees, net of tax	(91)	(184)	(567)	566
Loss before tax	(30,072)	(32,377)	(109,568)	(82,503)
Income tax expense	1,160	(492)	3	(1,083)
Loss from continuing operation	(28,912)	(32,869)	(109,565)	(83,586)
Loss for the period	(28,912)	(32,869)	(109,565)	(83,586)
Total other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	(28,912)	(32,869)	(109,565)	(83,586)
Loss attributable to:				
Owners of the Company	(13,712)	(31,845)	(56,824)	(81,935)
Non-controlling interests	(15,200)	(1,024)	(52,741)	(1,651)
Loss for the Period	(28,912)	(32,869)	(109,565)	(83,586)
Total comprehensive loss attributable to:				
Owners of the Company	(13,712)	(31,845)	(56,824)	(81,935)
Non-controlling interests	(15,200)	(1,024)	(52,741)	(1,651)
Total comprehensive loss for the period	(28,912)	(32,869)	(109,565)	(83,586)
Basic loss per ordinary share (sen):				
from continuing operations	(2.1)	(8.0)	(14.2)	(20.5)
from discontinued operation	N/A	N/A	N/A	N/A
Diluted loss per ordinary share (sen):				
from continuing operations	N/A	N/A	N/A	N/A
from discontinued operation	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 2009.

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

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2010

<i>In thousands of RM</i>	As at 30/9/2010	As at 31/12/2009
	(Unaudited) (Restated)	(Audited) (Restated)
ASSETS		
Property, plant and equipment	523,319	484,250
Intellectual property	8,677	9,500
Development costs	57,177	60,790
Investment in associates	18,218	18,785
Other long term investments	9,263	9,263
Goodwill on acquisition	23,141	23,141
Total non-current assets	639,795	605,729
Inventories	31,719	35,732
Trade receivables	39,186	42,840
Other receivables, deposits and prepayments	113,212	147,882
Current tax assets	2,339	561
Deposits with licensed banks	134,716	2,792
Cash and bank balances	146,040	144,363
Total current assets	467,212	374,170
TOTAL ASSETS	1,107,007	979,899
EQUITY		
Share capital	131,547	131,461
Reserves	208,278	264,058
Company	339,825	395,519
Non-controlling interests	275,476	5,307
Total equity	615,301	400,826
LIABILITIES		
Other payables and accruals	100,672	100,672
Guaranteed redeemable convertible exchangeable bonds	50,000	50,000
Bank borrowings	120,745	162,998
Hire purchase and finance lease liabilities	2,616	8,952
Deferred tax liabilities	2,769	2,499
Total non-current liabilities	276,802	325,121
Trade payables	27,371	67,951
Other payables and accruals	123,419	147,470
Tax payable	465	-
Bank borrowings	57,484	32,519
Hire purchase and finance lease liabilities	6,165	6,012
Total current liabilities	214,904	253,952
TOTAL LIABILITIES	491,706	579,073
TOTAL EQUITY AND LIABILITIES	1,107,007	979,899
Net asset per share attributable to ordinary equity holders of the parent (Sen)	94	61

The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2009.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2010 (UNAUDITED)

	<-----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				
<i>In thousands of RM</i>										
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	-	-	(1,657)	-	-	-	(1,657.00)	-	(1,657)	
Total other comprehensive income for the period	-	-	(1,657)	-	-	-	(1,657.00)	-	(1,657)	
Loss for the period	-	-	-	-	-	(56,824)	(56,824.00)	(52,741)	(109,565)	
Total comprehensive loss for the period	-	-	(1,657)	-	-	(56,824)	(58,481.00)	(52,741)	(111,222)	
Issuance of preference shares - ICPS	-	-	-	-	-	-	-	322,910	322,910	
Share-based payment transaction under ESOS	-	-	-	-	2,444	-	2,444.00	-	2,444	
Exercised ESOS	86	257	-	-	-	-	343.00	-	343	
Total contribution from / distribution to owners	86	257	-	-	2,444	-	2,787.00	322,910	325,697	
At 30 September 2010	131,547	345,787	(1,238)	(11,389)	71,648	(196,530)	339,825	275,476	615,301	

	<-----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				
<i>In thousands of RM</i>										
At 1 January 2009	79,987	292,274	1,269	(11,388)	7,336	42,939	412,417	11,952	424,369	
Foreign currency translation differences for foreign operations	-	-	(1,712)	-	-	-	(1,712)	-	(1,712)	
Total other comprehensive income for the period	-	-	(1,712)	-	-	-	(1,712)	-	(1,712)	
Loss for the period	-	-	-	-	-	(81,935)	(81,935)	(1,651)	(83,586)	
Total comprehensive loss for the period	-	-	(1,712)	-	-	(81,935)	(83,647)	(1,651)	(85,298)	
Issuance of ordinary shares - Rights Issue	39,523	-	-	-	59,284	-	98,807	-	98,807	
Share-based payment transaction under ESOS	-	-	-	-	2,169	-	2,169	-	2,169	
Total contribution from / distribution to owners	39,523	-	-	-	61,453	-	100,976	-	100,976	
At 30 September 2009	119,510	292,274	(443)	(11,388)	68,789	(38,996)	429,746	10,301	440,047	

The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2009.

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

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2010

	Financial period ended	
	30/9/2010	30/9/2009
	(Unaudited) RM'000	(Unaudited) RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(109,568)	(82,503)
Adjustments for non cash items:-		
Amortisation of development cost	3,613	6,682
Amortisation of intellectual property	1,956	2,145
Amortisation of prepaid land lease payments	614	-
Depreciation of plant and equipment	37,226	6,440
Share based payment under ESOS	2,444	2,169
Share of net (loss)/profit in associates	567	(566)
Other non-cash items	2,951	4,269
Operating loss before working capital changes	(60,197)	(61,364)
Changes in working capital		
Decrease/(Increase) in assets	40,559	(55,167)
(Decrease)/Increase in liabilities	(64,166)	79,368
Cash for operating activities	(83,804)	(37,163)
Interest paid	(3,038)	(7,818)
Tax paid	273	191
Net cash for operating activities	(86,569)	(44,790)
CASH FLOW FOR INVESTING ACTIVITIES		
Issuance of Convertible Preference Share to non-controlling interest	322,910	-
Acquisition of long term investments	-	(226)
Development expenditure incurred	-	(9,226)
Interest received	87	3,549
Purchase of plant and equipment, Intellectual Property	(78,042)	(166,491)
Net cash for investing activities	244,955	(172,394)
CASH FLOW FOR FINANCING ACTIVITIES		
Net drawdown of hire purchase/lease obligations	-	3,275
Right Issue	-	98,807
Net drawdown/(repayment) of bank borrowings	(17,288)	(1,392)
Repayment to hire purchase/lease obligations	(6,183)	11,233
Exercised ESOS	343	-
Net cash for financing activities	(23,128)	111,923
Net decrease in cash and cash equivalents	135,258	(105,261)
Foreign exchange translation differences	(1,657)	(1,712)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	147,155	281,224
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	280,756	174,251
Cash and cash equivalents at the end of the financial period comprise the following:		
Cash and bank balances	146,040	167,193
Fixed deposit with licensed bank	134,716	7,058
	280,756	174,251

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2009.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2010.

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 2009. 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 2009.

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 2009, 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 2010 as detailed below:

FRS 3	Business Combinations
FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 101	Presentation of Financial Statements (revised)
FRS 123	Borrowing Costs
FRS 139	Financial Instruments: Recognition and Measurement
Amendments to FRS 1	First-time Adoption of Financial Reporting Standards
Amendments to FRS 2	Share-based Payment – Vesting Conditions and Cancellations
Amendments to FRS 3	Business Combinations
Amendments to FRS 7	Financial Instruments: Disclosures
Amendments to FRS 127	Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 132	Financial Instruments: Presentation
Amendments to FRS 139	Financial Instruments: Recognition and Measurement
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

The adoption of the above did not have any significant effects on the interim financial report upon their initial application, other than as discussed below:

- a) FRS 101: Presentation of Financial Statements (revised)
The revised FRS 101 separates owner and non-owner changes in equity. Therefore, the consolidated statement of changes in equity only includes details of transactions with owners. All non-owner changes in equity, if any, will be presented as a single line labelled as total comprehensive income. In addition, the consolidated balance sheet was renamed as the consolidated statement of financial position in the interim financial report. This standard did not have any impact on the financial position and results of the Group.
- b) Amendments to FRSs 'Improvements to FRSs (2009)' – FRS 117: Leases
FRS 117 clarifies on the classification of leases of land and buildings. The resulting effect of this Standard taking effect was the reclassification of prepaid leases on land back into property, plant and equipment, rather than being separately classified under prepaid lease payments on the consolidated statement of financial position, as disclosed under Note A15.

- c) FRS 139: Financial Instruments: Recognition and Measurement, and Amendments to FRS 139: Financial Instruments: Recognition and Measurement
- The new Standard on FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. There were no significant changes to the interim financial report other than the:
- i) designation of the short-term investment as an available-for-sale financial asset; and
 - ii) inclusion of off-balance sheet derivatives at their fair values, in the interim financial report, in line with the accounting policy as disclosed under Note B10.

This standard did not have any significant impact on the financial position and results of the Group.

During the current 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

The revised FRS 3 (2010) introduces significant changes to the accounting for business combinations, both at the acquisition date and post acquisition, and requires greater use of fair values. In addition, all transaction costs, other than share and debt issue costs, will be expensed as incurred. This revised standard will be applied prospectively and do not have any financial impact on the financial statements of the Group for the current financial year.

The revised FRS 127 (2010) requires accounting for changes in ownership interests by the group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The revised standard also requires all losses attributable to the minority interest to be absorbed by the minority interest instead of by the parent.

The financial effect of the adoption of FRS 127 (2010) is as follows:-

	2010 RM'000	2009 RM'000
Additional loss absorbed by minority interest	52,741	-

A2 Auditors' report on preceding annual financial statements

The auditor's report on the financial statements for the financial year ended 31 December 2009 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 financial period ended 30 September 2010, except for:

- (a) The shareholders of Green Packet Berhad ("GPB" or "Company") had given their approval for GPB to buy-back its own shares at the Extraordinary General Meeting ("EGM") held on 14 November 2007 and such authority was renewed at the 9th Annual General Meeting of GPB held on 29 June 2010. There were no share buy back during the period ended 30 September 2010. As at 30 September 2010, the total shares bought back, all of which are held as treasury shares, amounted to 4,707,700 GPB Shares. None of the treasury shares held were resold or cancelled during the financial period ended 30 September 2010. The GPB Shares bought back are held as treasury shares in accordance with Section 67A Subsection 3(A)(b) of the Companies Act, 1965.

- (b) On 1 March 2010, the Company had via a fourth allocation of share options under the ESOS, granted 11,611,800 new share options with an exercise price of RM1.10 to eligible employees and directors of the Company and its subsidiaries. The New Options will expire by 8 August 2011.

During the financial period ended 30 September 2010, the issued and paid-up capital of the Company increased from RM 131,460,785.60 to RM 131,546,357.80 as a result of the exercise and allotment of 427,861 options shares of par value of RM 0.20 each at an option price of RM 0.80 per share. 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 2010	7,597	8,673	8,486	-
Granted at 1 March 2010	-	-	-	11,612
Exercise during the period	-	-	(428)	-
Outstanding as at 30 September 2010	<u>7,597</u>	<u>8,673</u>	<u>8,058</u>	<u>11,612</u>

A7 Dividends Payment

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

A8 Segmental information

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

Results for the financial period ended 30 Sept 2010	Malaysia RM'000	APAC* RM'000	MEA** RM'000	Others*** RM'000	Group RM'000
Revenue					
Software and Devices	39,109	17,570	4,098	1,974	62,751
Broadband Services	153,215	-	-	-	153,215
Communication/Voice Services	15,394	46,354	-	-	61,748
	<u>207,718</u>	<u>63,924</u>	<u>4,098</u>	<u>1,974</u>	<u>277,714</u>
Results					
Software and Devices	8,711	188	(524)	604	8,979
Broadband Services	(115,881)	-	-	-	(115,881)
Communication/Voice Services	768	84	-	-	852
	<u>(106,402)</u>	<u>272</u>	<u>(524)</u>	<u>604</u>	<u>(106,050)</u>
Finance costs					(3,038)
Finance income					87
					<u>(109,001)</u>
Share of profits of equity accounted investees, net tax					(567)
Loss before taxation					<u>(109,568)</u>
Income tax expense					3
Loss after taxation					<u>(109,565)</u>
Non-controlling interests					52,741
Loss after taxation & Non-controlling interests					<u>(56,824)</u>

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

Other information

Segmental assets	-
Unallocated corporate assets	1,107,007
Segmental liabilities	-
Unallocated corporate liabilities	(491,706)
Capital expenditure	(78,042)
Depreciation	(37,226)
Amortisation	<u>(6,183)</u>

* Asia-Pacific region excludes Malaysia

** Middle East and Africa region

*** Others include Europe and America region.

Results for the financial period ended 30 September 2009	Malaysia RM'000	APAC* RM'000	MEA** RM'000	Others*** RM'000	Group RM'000
Revenue					
Software and Devices	19,283	2,269	1,650	574	23,776
Broadband Services and Solutions	101,695	-	-	-	101,695
Communication/Voice Services	2,843	32,680	-	-	35,523
Engineering Services and Solutions	-	-	-	-	-
	<u>123,821</u>	<u>34,949</u>	<u>1,650</u>	<u>574</u>	<u>160,994</u>
Results					
Software and Devices	13,198	(3,563)	(3,303)	-	6,332
Broadband Services and Solutions	(82,599)	-	-	-	(82,599)
Communication/Voice Services	(24)	167	-	-	143
Engineering Services and Solutions	-	-	-	-	-
	<u>(69,425)</u>	<u>(3,396)</u>	<u>(3,303)</u>	<u>-</u>	<u>(76,124)</u>
Finance costs					(7,818)
Other income					873
					<u>(83,069)</u>
Share of profit in associate					566
Loss before taxation					(82,503)
Taxation					(1,083)
Loss after taxation					<u>(83,586)</u>
Minority interests					1,651
Loss after taxation & minority interests					<u>(81,935)</u>
<i>Segmental results are determined after allocation of operating expenses to each geographical segment.</i>					
Other information					
Segmental assets					-
Unallocated corporate assets					916,988
Segmental liabilities					-
Unallocated corporate liabilities					(476,941)
Capital expenditure					(175,717)
Depreciation					(6,440)
Amortisation					<u>(8,827)</u>

* Asia Pacific region exclude Malaysia

** Middle East and Africa region

*** Others include Europe and America region.

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

There were no material events subsequent to the financial period ended 30 September 2010, except for the following:-

- (a) The Company's indirect dormant subsidiary, Brillante Novastella Sdn. Bhd. had been struck off from the register of the Companies Commission of Malaysia pursuant to Section 308(4) of the Companies Act, 1965.

A11 Changes in the composition of the Group

There were no changes in the composition of the Group during the current financial period ended 30 September 2010 except for the following :

- (a) On 29 June 2010, GPB had entered into a conditional Share Subscription Agreement (“SSA”) with its subsidiary, Packet One Networks (Malaysia) Sdn Bhd (“P1”) and SK Telecom Co., Ltd. (“SKT” or the “Subscriber”) to issue 979,474 Class C Islamic Irredeemable Convertible Preference Shares of RM0.10 each (“Class C ICPS-i”) to SKT or a wholly-owned subsidiary nominated by SKT for a total cash consideration of RM322.91 million (equivalent of USD100 million) (“Proposed Issuance”). The Class C ICPS-i if converted into P1's ordinary shares will represent up to 25.77% of the enlarged share capital of P1 assuming all Class C ICPS-i have been issued in full and all preference shares and any other convertible or exchangeable instruments have been fully converted or exchanged into P1 ordinary shares (regardless of whether the conversion or exchange rights have come into effect at that point in time) based on the conversion or exchange formula applicable at such time.

The Proposed Issuance was subsequently completed on 30 July 2010.

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 30 September 2010 are as follows:

	RM'000
Authorised and contracted for:	
- Plant and equipment	128,252
- Inventory	31,006
	<u>159,258</u>

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.

A15 Comparatives

The following comparatives have been reclassified to conform with the current financial period's presentation:

	Restated	Previously stated
	RM'000	RM'000
Statement of Financial Position - Non current assets		
Plant and equipment	484,250	467,079
Prepaid land lease payments	-	17,171

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 RM100.89 million and RM28.91 million respectively for the current financial quarter ended 30 September 2010 ("3Q10"). This represents an increase of 60.04% compared to the turnover of RM63.04 million recorded for the previous year corresponding financial quarter ended 30 September 2009 ("3Q09"). Consequently, the loss after tax reduced to RM 28.91 million in 3Q10 from a loss after tax of RM32.87 million registered in 3Q09.

Revenue contribution comprises the following:-

	3Q10	3Q09	% Change
	RM million	RM million	
Software, devices and engineering services	25.56	9.49	169.4%
Broadband Services and Solutions	55.16	40.07	37.7%
Communication/Voice Services	20.17	13.48	49.6%
	<u>100.89</u>	<u>63.04</u>	<u>60.0%</u>

The 3Q10 loss after tax was lower than 3Q09 mainly attributed to the higher revenue growth in all business segments which mitigate the 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 3Q10 has increased substantially from the previous quarter mainly due to higher subscribers base for the wireless broadband business, securing of new customers for the solution business and increase in revenue from the international wholesales voice business. Consequently, the 3Q10 loss after tax was significantly lower than 2Q10 due to improved revenue in 3Q10.

	3Q10	2Q10	% Change
	RM million	RM million	
Revenue	100.89	90.01	12.1%
Loss before tax	(30.07)	(35.39)	15.0%
Loss after tax	<u>(28.91)</u>	<u>(35.90)</u>	<u>19.5%</u>

B3 Business prospects

In line with the government initiative to allocate new spectrum, the broadband and voice business segments are projected to be increasingly competitive with expected margin erosion. Nevertheless, the Board of Directors expect the performance of the Group to improve in tandem with the changing market landscape and planned increase in the subscribers base.

B4 Variance of actual profit from forecast profit

Not applicable as no forecast was published.

B5 Income tax expense

Financial period
ended
30 September 2010
RM'000

Current tax expense - Malaysian (3)

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 year ended 30 September 2010.

B7 Purchase or disposal of quoted securities

There were no purchases or disposals of quoted securities during the current financial year ended 30 September 2010.

B8 Status of corporate proposals and utilisation of proceeds**(a) Status of Corporate Proposals announced but not completed**

- (i) 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.

(b) Status of Utilisation of Proceeds

- i) On 7 January 2010, the Company had completed its private placement of 59,754,903 GPB Shares ("placement shares"), which had been listed and quoted on the Main Market of Bursa Securities on even date.

The details of the utilisation of the proceeds from the Private Placement up to 30 September 2010 are as follows:-

Description	Proposed Utilisation	Actual Utilisation	Balance Unutilised
	RM'000	RM'000	RM'000
Capital Expenditure	55,018	55,018	-
Working capital	12,434	12,434	-
Private placement expenses	1,265	1,265	-
Total	68,717	68,717	-

B9 Group borrowings and debt securities

As at 30 September 2010, total borrowings of the Group are as follows:

	RM '000
<u>Total borrowings:</u>	
Unsecured:	
- Syndicated Murabaha facilities, which are denominated in United States Dollar.	105,663
- 4 year 4.5% guaranteed redeemable convertible exchangeable bonds, which is denominated in Ringgit Malaysia.	50,000
- Amanah Trade Bills	9,852
- Revolving credits	4,500
- 4 Year Term Loan, which are denominated in Ringgit Malaysia.	44,514
Secured:	
- Amanah Term Financing, which is denominated in Ringgit Malaysia.	13,464
- Hire purchases creditors, which are denominated in Ringgit Malaysia.	9,017
	22,481
	<u>237,010</u>

Long term borrowings:	
- Hire purchase and finance lease liabilities, repayment more than 1 year	2,616
- Amanah Term Financing	10,678
- Syndicated Murabaha facilities	73,797
- 4 Year Term Loan, which are denominated in Ringgit Malaysia.	36,270
- Guaranteed redeemable convertible exchangeable bonds	50,000
	<u>173,361</u>
Short term borrowings:	
- Amanah Term Financing	2,786
- Amanah Trade Bills	9,852
- Syndicated Murabaha facilities	31,866
- Revolving credits	4,500
- 4 Year Term Loan, which are denominated in Ringgit Malaysia.	8,244
- Hire purchase and finance lease liabilities, repayment less than 1 year	6,401
	<u>63,649</u>
	<u><u>237,010</u></u>

B10 Financial Instruments

The Group has entered 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.

The outstanding forward foreign exchange contracts as at 15 November 2010, being the latest practicable date prior to the issue of this report, are as follows:

Type of Derivatives	Currency	Maturity less than 1 year RM'000	Notional Value RM'000
Forward Foreign Exchange Contract			
- Buy contracts	USD	13,078	13,078

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 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		9 months period ended	
	30/9/2010	30/9/2009	30/9/2010	30/9/2009
Loss attributable to ordinary equity holders of the Company (RM'000)	(13,712)	(31,845)	(93,708)	(81,935)
Weighted average numbers of ordinary shares in issue of RM0.20 par each ('000) *	657,654	399,935	657,654	399,935
Basic loss per share (sen) *	(2.1)	(8.0)	(14.2)	(20.5)

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
15 November 2010