Greenpacket

Annual Report 2007

contents

cover rationale

ALWAYS BEST CONNECTED

The connectedness of the shadow and the feet shows the ever present connection between Green Packet Berhad and our key stakeholders. The success footprint of the Group is deeply imprinted in the Information Technology and Communication world. We are committed to continually surge ahead with clear business goals and objectives anchored on our vision and mission to ensure long term shareholder returns.


leisure
mobility
lifestyle
security

our vision&mission

vision

To be the global leader in next generation network technology with the aim to keep people always best connected regardless of the nature and availability of network infrastructure.

mission

To define and create next generation broadband and networking solutions and services that enable optimal usage of converged multimedia Internet Protocol applications.

To unfailingly deliver high quality products, solutions and services through intensive research and development, strategic alliances and smart partnerships, efficient distribution channels and an inspired and enabled workforce.

exploring
possibilities

about green packet berhad

Green Packet Berhad (Green Packet) is a global information technology and communication company founded in Silicon Valley, California. In year 2000, Green Packet established a regional Research and Development (R&D) and marketing centre in Malaysia to leverage on the country's strategic location and gateway to the next major economies of the 21st century in ASEAN - Greater China, India and Indonesia.

Today, Green Packet is headquartered in Malaysia's robust capital city Kuala Lumpur, and is listed on the Main Board of Bursa Malaysia Securities Berhad. Over the years, the Company has grown from strength to strength to be recognised as a leading player in next generation mobile broadband and networking solutions with a growing force of over 460 employees.

Its exceptional range of revolutionary communication products and services enjoy great success in key regions around the world, namely, Southeast Asia and Oceania, Middle East and North Africa and Greater China.

To further propel the Company to greater heights, Green Packet's subsidiary company and WiMAX (Worldwide Interoperability for Microwave Access) arm, Packet One Networks (Malaysia) Sdn Bhd (P1) will be the first in Malaysia and the Asia Pacific to commercially deploy WiMAX in the 2.3Ghz spectrum; rolling out converged broadband services and products that span the 3Cs - Connectivity, Communication, Content and services.

As a testament to Green Packet's proven track record, its list of business partners and clients comprises several major telecommunication operators and leading technology firms. These include China Telecom Corporation Limited, China United Telecommunication Corporation, Intel and Hewlett Packard in China; Philippines Long Distance Telephone Company; Maxis Communications Berhad and DiGi Telecommunications Sdn Bhd in Malaysia; Kalaam Telecom Bahrain B.S.C.(c) and Etisalcom W.L.L. (Bahrain); Singtel (Singapore); PT Indosat Tbk (Indonesia); Seven Seas Computers (UAE), Nesma Advanced Technology Co Ltd (Saudi); and many more.

Green Packet's regional sales and marketing offices are located in Malaysia, the USA, Singapore, China, Taiwan, Australia and Bahrain. Its R&D centres are in Malaysia, the USA and China.


anytime
anywhere
infra-structureless
access

our core business

Anchored on our vision and mission, Green Packet's products, solutions and services are ultimately geared towards providing a seamless and unified platform for the delivery of user-centric multimedia communication and services regardless of the nature and availability of the backbone infrastructure.

Green Packet believes that it presents a compelling business case to the entire wireless value chain – device manufacturers, service providers and end-consumers, beyond just the early adopters i.e. the enterprise and their mobile workforce, for the implementation of pervasive wireless access. For pervasive wireless access to be meaningful, customer needs and expectations for connectivity, mobility, security and lifestyle requirements had to be addressed with new paradigms created - Green Packet leads the way by enabling:

Anytime, anywhere access including infrastructure-less access

Seamless integration of fixed, mobile, voice, and data networks

Unified security and billing for data usage across multiple networks

Relevant content and personalised location-based services to the user whenever they are available

Freedom and choice of association, with personal filters to form collaborative groups based on their separate interests

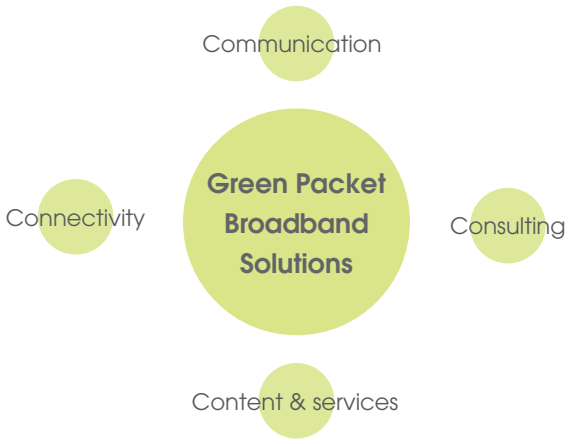
To simplify and enhance connectivity and communication needs of our varied market segments i.e. mobile enterprises and work groups, telecommunication operators and Internet Service Providers, micro Small Medium Enterprises, residential and end-consumers, Green Packet employs two key business pillars.

Pillar 1: Products & Solutions

Green Packet provides end-to-end solutions to fulfil all information technology and communication needs spanning across the 4Cs of Connectivity, Communication, Content and Consulting services. They include the proprietary Self Organising Network (SON) products and solutions, online camera surveillance system, WiMAX Customer Premise Equipment, and project management engineering consulting services.

Pillar 2: Converged Telecommunications Service Provider

Green Packet through our subsidiary and WiMAX telecommunications service provider arm, P1, brings forth advanced wireless connectivity and converged broadband services right to the doorstep.



GREEN PACKET'S 4Cs STRATEGY

Green Packet strives to empower Telcos and Internet Service Providers (ISPs) with an end-to-end platform anchored upon the 4Cs Strategy that offers subscribers more than just broadband connectivity.

Datacard

USB Modems

CONNECTIVITY

The 'Connectivity' pillar focuses on delivering a meaningful connectivity experience to subscribers through anywhere, anytime broadband. Green Packet offers a seamless switch between access networks, for example, from WiFi to GPRS, 3G or WiMAX. Furthermore, Telcos and ISPs can increase Average Revenue Per User (ARPU) by ensuring traffic carry-over from WiFi or WiMAX to cellular and improve Quality of Service (QoS) via an adept utilisation of networks available.

Green Packet's Connectivity Offerings

- WiFi Mesh
- Connection Management
- Mobility Solution
- Access Controller
- Network Management
- Datacards & USB Modems

Network Management

Connection Management

WiMAX Modem

products & solutions

WiMAX Customer Premise Equipment

Additionally, Green Packet has a host of WiMAX Customer Premise Equipment (CPE) that provides cost efficient last mile broadband wireless access for residential users, small office and home office (SOHO) and small to medium sized enterprises (SME). While delivering remarkable performance in capacity, functionality and power consumption, these peripherals are fully compliant with the IEEE 802.16e-2005 standard.

Green Packet's WiMAX CPEs include WiMAX Modems (desktop, USB and telephony use) and Repeaters.

WiMAX Modem

Communication Client

COMMUNICATION

Communications today has evolved, and with this evolution comes increasingly sophisticated communication devices and channels. Enterprise-class communication ensures effective collaboration beyond the physical office perimeter and enables local enterprises to communicate at global standards. Meanwhile, communication devices and channels also pave the way for the forming of social communities, eliminating geographical boundaries and making the world flatter than ever.

Riding on these trends, Green Packet offers Telcos and ISPs communication platforms and communication clients that guarantee subscribers a new and enriched dimension of communication.

CONTENT & SERVICES

Differentiation is of utmost importance for Telcos and ISPs in their competitive playing field. The bundling in of attractive and personalised contents and services enable Telcos and ISPs to stand out amongst their competitors. Green Packet offers customised contents and services to Telcos and ISPs helping them gain customer traction and increase new and recurring revenue opportunities.

Green Packet's Content & Services Offerings

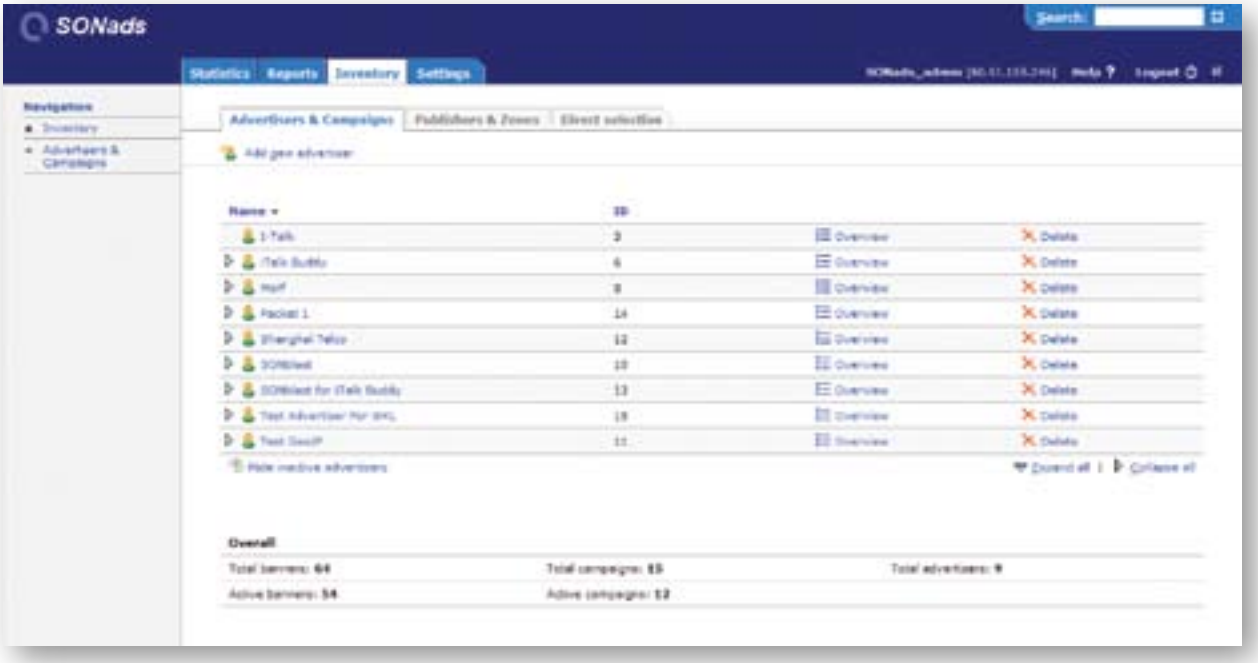
- PacketEyes online camera surveillance system
- Advertisement management
- Mass information dissemination
- Value-added services and accessories

CONSULTING

Green Packet, being a leading player in the mobile broadband and applications space, offers a wide range of consulting services to complement its products and solutions. Main areas of consulting include:

- Mobile Internet Protocol technology consulting
- Enterprise mobility and unified communications best practices
- Content and applications rollout models for Telcos
- Wi-Fi and wireless broadband network design and architecture
- WiMAX network design and architecture

Advertisement Management



products & solutions

Green Packet's team of solution consultants has extensive experience in fields ranging from enterprise communication, telecommunication networks to wireless broadband. Our commitment to customers is in fully understanding their needs and challenges in order to devise a strategic solution that meets both their short and long-term goals; be it increasing revenue, improving worker productivity or enhancing security.

Converged Telecommunications Service Provider

P1, subsidiary and WiMAX operator arm of Green Packet, aims to serve up a beyond broadband experience providing customer-centric converged services that span the 3Cs - Connectivity, Communication, Content and services.

Endless possibilities will be unlocked by WiMAX, a state-of-the-art telecommunications technology aimed at providing wireless data over long distances in a variety of ways for point-to-point to full mobile access. Powered by WiMAX, P1 strives to empower and free its customers through unrestrained high speed wireless connectivity and improve the way they learn, live, work and play.

PacketEyes

FEBRUARY 2007

Green Packet Networks kicked-started operations with promising results

Green Packet Networks W.L.L. (GPN), joint venture company between Saudi Economic & Development Co. Ltd (SEDCO) and Green Packet Berhad, was established on 5 February 2007. In the span of less than one year since the Company kick-started operations in the Middle East and North Africa (MENA) region, GPN contributed to 5% of the Group's revenue leveraging successfully on strategic partnerships. GPN has a total of 24 partners spanning across 15 countries in the MENA region as at 31 December 2007.

JULY 2007

Green Packet transferred to the Main Board

Subsequent to the financial period ended 30 June 2007, the Group implemented a one-for-two bonus issue and the share consolidation of every two ordinary shares of 10 sen each into one ordinary share of 20 sen each after the bonus issue.

The entire enlarged issued and paid-up share capital of RM66,655,875 comprising 333,279,375 shares of 20 sen each in Green Packet Berhad were transferred from the MESDAQ market to the Main Board of Bursa Malaysia Securities Berhad on 18 July 2007.

Green Packet secured a two-year agreement with Shanghai Telecom

Green Packet Berhad via its wholly-owned subsidiary Green Packet (Shanghai) Ltd. entered into a two-year sales agreement with Shanghai Telecom Co. Ltd. to supply, install and commission the SONaccess platform and Personal Handyphone System data cards and software. The synergistic collaboration will help promote the total solution of wireless e-communication to Shanghai Telecom's subscribers.

Shanghai Telecom was to leverage on Green Packet's Unified Mobility Solution, which is hosted by its SONaccess Solution to integrate PHS wireless data and wireless local area network (WLAN) for the deployment of wireless broadband services to its subscribers.

corporate milestones

NOVEMBER 2007

Green Packet penetrated into the world's fourth most populous country

Green Packet teamed up with Indonesia telco operator, PT Infoasia Teknologi Global Tbk to deploy SONmetro in selected residential areas in the capital city of Jakarta for the rollout of mesh wireless broadband services. The target markets are personal home users, small office home office (SOHO), internet cafes, schools, universities, corporations and malls.

Green Packet Partnered with Sinotel Technologies

Green Packet Berhad collaborated with Sinotel Technologies Ltd. (Sinotel), a wireless connectivity innovator that provides a wide range of customised wireless telecommunication applications and solutions to participants across the China telecommunications value chain.

Under the collaboration, each party appointed the other as Marketing Partner. Sinotel was to promote Green Packet's Next Generation Mobile Broadband Networking solutions within China especially to China Mobile and China Unicom. While Green Packet was to promote Sinotel's proprietary wireless telecommunication applications and solutions in South East Asia, the Middle East and North Africa where Green Packet has established a strong presence.

DECEMBER 2007

P1 awarded wireless@KL project

P1, subsidiary and WiMAX operator arm of Green Packet Berhad has been tasked to deploy 1,500 WiFi hotspots in Kuala Lumpur by May 2008 to mark the start of Dewan Bandaraya Kuala Lumpur and Suruhanjaya Komunikasi Multimedia Malaysia's "KL Wireless Metropolitan Project" aimed at making Kuala Lumpur a world class wireless city by 2009.

The project is an initiative under the 'Klang Valley Broadband Push' plan to increase broadband coverage areas within Klang Valley aimed to further progress the nation via Information and Communication Technology.

corporateinformation

BOARD OF DIRECTORS

- Tan Sri Datuk Dr. Haji Omar Bin Abdul Rahman
  Chairman and Independent Non-Executive Director
- Puan Chan Cheong
  Group Managing Director and Chief Executive Officer
- Nik Mat Bin Ismail
  Executive Director and Vice President of Business Development
- Dato' Kok Onn
  Non-Executive Director
- Tan Kin Lee
  Non-Executive Director
- Ong Ju Yan
  Non-Executive Director
- Boey Tak Kong
  Independent Non-Executive Director
- Yousuf Mohamed Yaqub Khayat
  Non-Executive Director
- A. Shukor Bin S.A. Karim
  Independent Non-Executive Director
- Yee Chee Wai
  (Alternate Director to Ong Ju Yan)
- Ng Chee Yuen
  (Alternate Director to Yousuf Mohamed Yaqub Khayat)

AUDIT COMMITTEE

Boey Tak Kong
Chairman

Tan Sri Datuk Dr. Haji Omar Bin Abdul Rahman

Nik Mat Bin Ismail

NOMINATION COMMITTEE

Dato' Kok Onn
Chairman

Tan Sri Datuk Dr. Haji Omar Bin Abdul Rahman

Boey Tak Kong

REMUNERATION COMMITTEE

Tan Sri Datuk Dr. Haji Omar Bin Abdul Rahman
Chairman

Ong Ju Yan

Puan Chan Cheong

COMPANY SECRETARIES

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

REGISTERED OFFICE

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Menara Hap Seng
No. 1 & 3 Jalan P. Ramlee
50250 Kuala Lumpur

Tel No. : 603 2382 4288
Fax No. : 603 2382 4170

HEAD/MANAGEMENT OFFICE

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Technology Park Malaysia
Lebuhraya Puchong-Sg. Besi
Bukit Jalil 57000 Kuala Lumpur

Tel No. : 603 8996 6022
Fax No. : 603 8996 2966
Email : info@greenpacket.com

SHARE REGISTRAR

Symphony Share Registrars Sdn Bhd
Level 26 Menara Multi-Purpose
Capital Square
No. 8 Jalan Munshi Abdullah
50100 Kuala Lumpur

Tel No. : 603 2721 2222
Fax No. : 603 2721 2530

PRINCIPAL BANKERS

HSBC Bank Malaysia Berhad
2 Leboh Ampang
50100 Kuala Lumpur

OCBC Bank (Malaysia) Berhad
22, 24 & 26 Jalan USJ 9/5N
47620 UEP Subang Jaya
Selangor Darul Ehsan

AUDITORS

Messrs Horwath
Chartered Accountants
Level 16 Tower C
Megan Avenue II
12 Jalan Yap Kwan Seng
50450 Kuala Lumpur

Tel No. : 603 2166 0000
Fax No. : 603 2166 1000

STOCK EXCHANGE

Main Board of
Bursa Malaysia Securities Berhad
Stock Name : GPACKET
Stock Code : 0082

WEBSITE

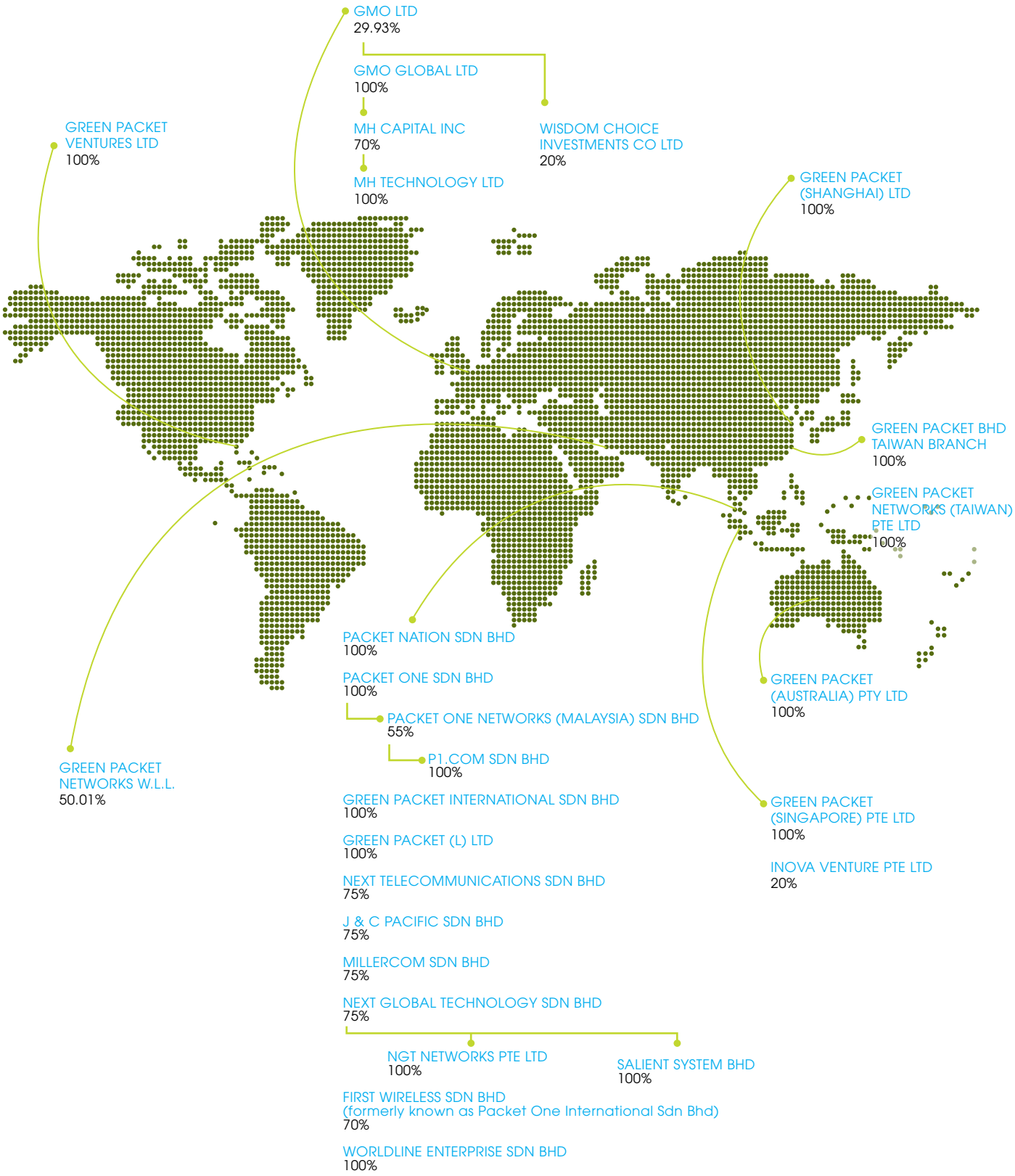
www.greenpacket.com

PLACE OF REGISTER OF OPTIONS IS KEPT

Lot 1-4 Incubator 2
Technology Park Malaysia
Lebuhraya Puchong-Sg. Besi
Bukit Jalil 57000 Kuala Lumpur

Tel No. : 603 8996 6022
Fax No. : 603 8996 2966

corporate**structure**



Puan Chan Cheong
Group Managing Director and
Chief Executive Officer

Dato' Kok Onn
Non-Executive Director

Tan Sri Datuk Dr. Haji Omar
Bin Abdul Rahman
Chairman and Independent
Non-Executive Director

Nik Mat Bin Ismail
Executive Director and
Vice President of
Business Development

Tan Kin Lee
Non-Executive Director

board of directors

Ong Ju Yan
Non-Executive Director

Yousuf Mohamed Yaqub Khayat
Non-Executive Director

Boey Tak Kong
Independent
Non-Executive Director

A. Shukor Bin S.A. Karim
Independent
Non-Executive Director

Ng Chee Yuen
Alternate Director to
Yousuf Mohamed Yaqub Khayat

Yee Chee Wai
Alternate Director to
Ong Ju Yan

TAN SRI DATUK DR. HAJI OMAR ABDUL RAHMAN
Chairman and Independent Non-Executive Director

Tan Sri Datuk Dr. Haji Omar Abdul Rahman, a Malaysian, aged 76, was appointed the Chairman and Independent Non-Executive Director of Green Packet Berhad (the Company) on 25 June 2004. He is also the Chairman of the Remuneration Committee and a member of the Audit Committee and Nomination Committee of the Company.

Tan Sri Omar started his professional career in 1960 in veterinary research after graduating in veterinary science from the University of Sydney and obtaining a Ph.D from the University of Cambridge. In 1972, he was appointed the Founding Dean of the Faculty of Veterinary Medicine and Animal Sciences and the first professor at the newly established Universiti Pertanian Malaysia, now University Putra Malaysia. He played a major role in the establishment phase of the university. His last position was as Deputy Vice Chancellor of Academic Affairs.

In 1984, Tan Sri Omar was appointed to the new position of Science Advisor in the Prime Minister's Department. As Science Advisor, he served on a number of national committees and initiated many programmes for enhancing technology management, increasing funding for R&D and for commercialization of the results of research. He was the founder chairman of Technology Park Malaysia Corporation, the Malaysian Industry-Government Group for High Technology, Composite Technology (Research) Malaysia Sdn Bhd and Malaysian Technology Development Corporation.

Tan Sri Omar is the founding and current chairman of the London-based Commonwealth Partnership for Technology Management Ltd., Founding Fellow of the Islamic World Academy of Sciences, a Fellow of the Academy of Sciences for The Developing World, an Honorary Fellow of the Academy of Science of Kyrgyzstan and the Founding President of the Academy of Sciences Malaysia. He was a member of the United Nations Advisory Committee on Science and Technology for Development, the Executive Committee for OIC Ministerial Standing Committee on Scientific and Technological Cooperation and of the UNESCO's International Scientific Council for Science and Technology Policy Development.

His directorships in other public companies include Kotra Industries Berhad, Encorp Berhad, Great Wall Plastic Industries Berhad, OSK Ventures International Berhad and BCT Technology Berhad.

Tan Sri Omar does not have any family relationship with any other directors or major shareholders of the Company, has no conflict of interest with the Company and has not been convicted of any offences within the past ten (10) years, other than traffic offences, if any.

Tan Sri Omar attended five (5) out of the six (6) Board Meetings of the Company held during the financial year.

profile of directors

PUAN CHAN CHEONG
Group Managing Director/
Chief Executive Officer

Puan Chan Cheong, a Malaysian, aged 40, was appointed as the Chief Executive Officer of the Company on 1 November 2003. He is also a member of the Remuneration Committee of the Company.

Mr Puan is currently the Group Managing Director/ Chief Executive Officer (CEO) of the Group as well as the founder, CEO and President of Green Packet Inc (GPI), a company incorporated in the United States of America (USA). He is a successful entrepreneur with more than 15 years in diversified and international business experience achieving a success track-record in consulting, developing and managing large-scale telecommunications, infrastructure and property projects. His personal accolades include the coveted PIKOM's Technopreneur of the year award. He is a co-founder and sits on the Boards of the Company, GPI in the USA, Green Packet International Inc and Green Packet Holdings Limited in the British Virgin Islands, as well as the IBI Group of companies in Malaysia, which business activities include system integration, networking solutions, electronic manufacturing, retail and distribution and international trading. He is also a director of GMO Limited, a company incorporated in Jersey, Channel Islands and listed on the AIM market of the London Stock Exchange.

Mr Puan holds a Bachelor of Science in Business Administration and a Bachelor Degree in Management Information Systems & Finance from University of Nebraska-Lincoln, USA.

Mr Puan is an indirect substantial shareholder of the Company. He has no conflict of interest other than disclosed under Additional Compliance Information (Recurrent Related Party Transactions) which appears on page 46 in this Annual Report. He has not been convicted of any offences within the past ten (10) years other than traffic offences, if any.

Mr Puan attended all six (6) Board Meetings of the Company held during the financial year.

NIK MAT BIN ISMAIL
Executive Director/
Vice President of
Business Development

Nik Mat Bin Ismail, a Malaysian, aged 44, was appointed as the Executive Director of the Company on 3 September 2001. He is also a member of the Audit Committee of the Company.

Encik Nik is currently the Executive Director/Vice President of Business Development of the Company. He has more than 15 years of experience in international business development, sales and marketing. He enjoys an extensive network of contacts within the Government, local businesses and public listed companies. Prior to joining the Company, he was the Group CEO and co-founder of the IBI Group of companies in Malaysia. He had first worked in the insurance industry as a senior executive with a global insurer before setting up the IBI Group. He also sits on the Board of Green Packet Networks W.L.L., Bahrain, a joint venture company between the Company and Saudi Economic & Development Co Ltd. of Saudi Arabia. He does not hold any directorship in any other public company.

Encik Nik graduated with a Bachelor of Science in Accounting from Utah State University, United States of America.

Encik Nik does not have any family relationship with any other directors or major shareholders of the Company, has no conflict of interest with the Company and has not been convicted of any offences within the past ten (10) years, other than traffic offences, if any.

Encik Nik attended all six (6) Board Meetings of the Company held during the financial year.

DATO' KOK ONN
Non-Independent
Non-Executive Director

Dato' Kok Onn, a Malaysian, aged 57, was appointed as the Non-Independent Non-Executive Director of the Company on 15 December 2000. He is also the Chairman of the Nomination Committee of the Company.

Dato' Kok Onn is the Managing Director cum Chief Executive Officer of Gadang Holdings Berhad a company listed on the Second Board of Bursa Malaysia Securities Berhad (Bursa Securities) which was subsequently transferred to the Main Board of Bursa Securities on 24 December 2007. He is the Chairman of Gadang's Risk Management Committee, and a member of the Remuneration and ESOS Committees. He has extensive experience and knowledge of the construction industry, having been involved with the industry for over 35 years in civil and engineering projects in Malaysia, China, Indonesia and Middle East.

Prior to joining Gadang Holdings Berhad, he was the Group Chief Executive Officer of Bridgecon Holding Berhad. Dato' Kok Onn was the person who transformed Bridgecon from a construction company to a group with activities involving property and resort development, toll expressway operations, manufacturing of ready-mixed concrete and quarrying.

Dato' Kok Onn is an indirect substantial shareholder of the Company. He has no conflict of interest other than disclosed under Additional Compliance Information (Recurrent Related Party Transactions) which appears on page 46 in this Annual Report. He has not been convicted of any offences within the past ten (10) years, other than traffic offences, if any.

Dato' Kok Onn attended all the six (6) Board Meetings of the Company held during the financial year.

TAN KIN LEE
Non-Independent
Non-Executive Director

Tan Kin Lee, a Malaysian, aged 49, was appointed as the Non-Independent Non-Executive Director of the Company since 15 December 2000.

He is a successful entrepreneur with more than 25 years working experience covering engineering consultancy, construction, project management and software development business in Malaysia and China. He started his career as a Civil Engineer with Minconsult Sdn Bhd in 1983, he joined Bridgecon Berhad as a senior manager in 1993 until 1996.

From 1997 to 2001, Mr Tan served as an Executive Director of Gadang Holdings Berhad, a company listed on the Second Board of Bursa Malaysia Securities Berhad.

From 2000 to 2007, he served as the Managing Director/ Chief Executive Officer of CMS I-Systems Berhad, an MSC status company involved in the development of enterprise software applications for the insurance and healthcare industries. He is currently still a director of CMS I-Systems Berhad.

Mr Tan has been involved in Green Packet's business since 2000 and has served as director of Green Packet Inc, Green Packet Holdings Ltd., Green Packet international Inc, and Green Packet (Shanghai) Ltd. since the dates of their respective incorporation.

Mr Tan is currently also serving as Chairman of Sym World Ventures Sdn Bhd.

Mr Tan graduated with a Bachelor of Civil Engineering degree from the University of Auckland, New Zealand. He is a member of the institute of Engineer Malaysia.

Mr Tan has no family relationship with any other directors or major shareholders of the Company. He has no conflict of interest other than disclosed under Additional Compliance Information (Recurrent Related Party Transactions) which appears on page 46 in this Annual Report. He has not been convicted of any offences within the past ten (10) years, other than traffic offences, if any.

Mr Tan attended all the six (6) Board Meetings of the Company held during the financial year.

profile of directors

ONG JU YAN
Non-Independent
Non-Executive Director

Ong Ju Yan, a Malaysian, aged 29, was appointed as the Non-Independent Non-Executive Director of the Company on 3 April 2008. He is also a member of the Remuneration Committee of the Company.

Mr Ong was appointed as an Executive Director of OSK Ventures International Berhad on 28 August 2006.

He has been the Special Assistant to OSK Securities Berhad's (now known as OSK Investment Bank Berhad) Group Managing Director/CEO since May 2004. In January 2007, he has been redesignated as Director, Investment Banking & Special Assistant to Group Managing Director/CEO of OSK Investment Bank Berhad. His responsibilities cover various aspects of corporate strategy and he is actively involved in the Group's operating activities, with a focus on investment banking, institutional equities and research.

He started his career in 2001 with Morgan Stanley & Co's Fixed Income Department in New York. In September 2002, he relocated to Morgan Stanleys's Singapore office, where he was responsible for covering the firm's Asia-Pacific clients for foreign exchange and interest rate products.

Mr Ong holds a B.A. in Economics from Yale University, where he graduated Magna Cum Laude with Distinction in the Major, and is currently the Country Director of the Association of Yale Alumni for Malaysia.

Mr Ong is the son of Ong Leong Huat @ Wong Joo Hwa, an indirect substantial shareholder of Green Packet Berhad and also a nominee director of OSK Technology Ventures Sdn Bhd.

Mr Ong does not have any conflict of interest with the Company and he has not been convicted of any offences within the past ten (10) years, other than traffic offences, if any.

BOEY TAK KONG
Independent
Non-Executive Director

Boey Tak Kong, a Malaysian, aged 54, was appointed as an Independent Non-Executive Director of the Company on 11 March 2005. He is also the Chairman of the Audit Committee and a member of the Nomination Committee of the Company.

He is currently the Managing Director of Terus Mesra Sdn Bhd, a strategic management and leadership training company.

His directorships in other public companies include Dutch Lady Milk Industries Berhad, Sanbumi Holdings Berhad, RB Land Holdings Berhad and Gadang Holdings Berhad.

He is a Fellow member of the Chartered Association of Certified Accountants, United Kingdom, Associate member of the Institute of Chartered Secretaries & Administrators, United Kingdom, Chartered Accountant of the Malaysian Institute of Accountants, Member of the Malaysian Institute of Management and Associate member of the Institute of Marketing Malaysia.

Mr Boey does not have any family relationship with any other directors or major shareholders of the Company, has no conflict of interest with the Company and has not been convicted of any offences within the past ten (10) years, other than traffic offences, if any.

He attended all the six (6) Board Meetings of the Company that were held during the financial year.

YOUSUF MOHAMED YAQUB KHAYAT
Non-Independent
Non-Executive Director

Yousuf Mohamed Yaqub Khayat, a Saudi, aged 51, was appointed as the Non-Independent Non-Executive Director of the Company on 11 October 2006.

Mr Khayat has over 26 years diversified experience in the fields of banking and investment sectors. He currently holds the position of Managing Director in the Direct Investment Group of Saudi Economic & Development Co Ltd. (SEDCO), looking after the development and management of strategic equity investments in private companies in the Middle East and Africa (MENA), India, Pakistan and South East Asia. He is also a member of SEDCO's Executive Committee.

Prior to joining SEDCO, Mr Khayat worked in various executive positions at Saudi American Bank (now SAMBA Financial Group) in Jeddah, and London. His last position was Division Head, Corporate Banking Group.

Mr Khayat also worked as an Executive Vice President at a private investment company, Jeddah, Saudi Arabia, focusing on private equity investments in the United States and Europe. He was a member of the Economic & Social Advisory Committee, Makkah Region Governorate and is a member of the American Management Association International. He is a member of Board of Directors of Gulf Finance House, Bahrain, and PSJI, a Mexico-based real estate development company. His directorship in other public company includes Gefung Holdings Berhad.

Mr Khayat holds a Bachelor and Master's degrees in Business Economics from the University of California, Santa Barbara, California. He has attended various high level seminars and training programs, including the Columbia University Executive Education program.

Mr Khayat is a nominee director of PacificQuest, a substantial shareholder of the Company. He does not have any conflict of interest with the Company and has not been convicted of any offences within the past ten (10) years, other than traffic offences, if any.

He attended five (5) of the six (6) Board Meetings of the Company that were held during the financial year.

A. SHUKOR BIN S.A. KARIM
Independent
Non-Executive Director

A. Shukor Bin S.A. Karim, a Malaysian, aged 52, was appointed as the Independent Non-Executive Director of the Company on 21 May 2008.

A. Shukor began his career with the Government of Malaysia, Statistics Department in 1979. He left to join Sapura Group in 1982 where he was one of the founder member of Sapura Information Technology (IT) and developed Sapura's IT business to be one of Malaysia's biggest IT company with more than 1,000 employees and revenues exceeding RM600 million per annum in the late nineties with more than 20 subsidiaries involved in various aspects of the IT industry, from sales and distribution, systems integration to software development and IT education.

He was also directly involved in the setting up of the Asia Pacific Institute of Information Technology (APIT) which is today one of Malaysia's biggest IT institute of education.

A. Shukor also was deeply involved in the development of the IT Industry in Malaysia and served as Chairman of Persatuan Industri Komputer Dan Multimedia, Malaysia (PIKOM) from 1993 to 1995.

A. Shukor graduated with a BSc (Hons) in Computation from the University of Manchaster, Institute of Science and Technology.

A. Shukor does not have any family relationship with any other directors or major shareholders of the Company, has no conflict of interest with the Company and has not been convicted of any offences within the past ten (10) years, other than traffic offences, if any.

profile of directors

NG CHEE YUEN
Alternate Director to Yousuf Mohamed Yaqub Khayat

Ng Chee Yuen, a Singaporean, aged 44, was appointed as the Alternate Director to Mr Yousuf Mohamed Yaqub Khayat on 11 October 2006.

Mr Ng has over 24 years of experience in the government service, business start ups, strategy and private equity investments. He is currently the Vice President in the Direct Investment Group of Saudi Economic & Development Co Ltd. (SEDCO) leading SEDCO's direct investments in Asia.

Prior to joining SEDCO, he was a member of the leadership team in the global consulting firm Bain & Company (SEA) where he led consulting engagements in key sectors like technology/telecoms, consumer products, industrial products, logistics and government. His expertise included corporate and portfolio strategy, merger integration, process reengineering, private equity, organization restructuring and change management. He has extensive experience working in Korea, China, India, Japan, South East Asia and the Middle East.

Mr Ng has also served more than 10 years in the public sector in senior leadership positions, with extensive networks in the private and public sectors. Outside of work, he is actively involved in voluntary organizations.

Mr Ng graduated with a Master of Business Administration from the Harvard Business School, where he was awarded the Dubilier Prize. He was on a prestigious Singapore Government Scholarship to Imperial College of Science and Technology at London for his undergraduate degree.

Mr Ng does not have any conflict of interest with the Company and has not been convicted of any offences within the past ten (10) years, other than traffic offences, if any.

YEE CHEE WAI, PATRICK
Alternate Director to Ong Ju Yan

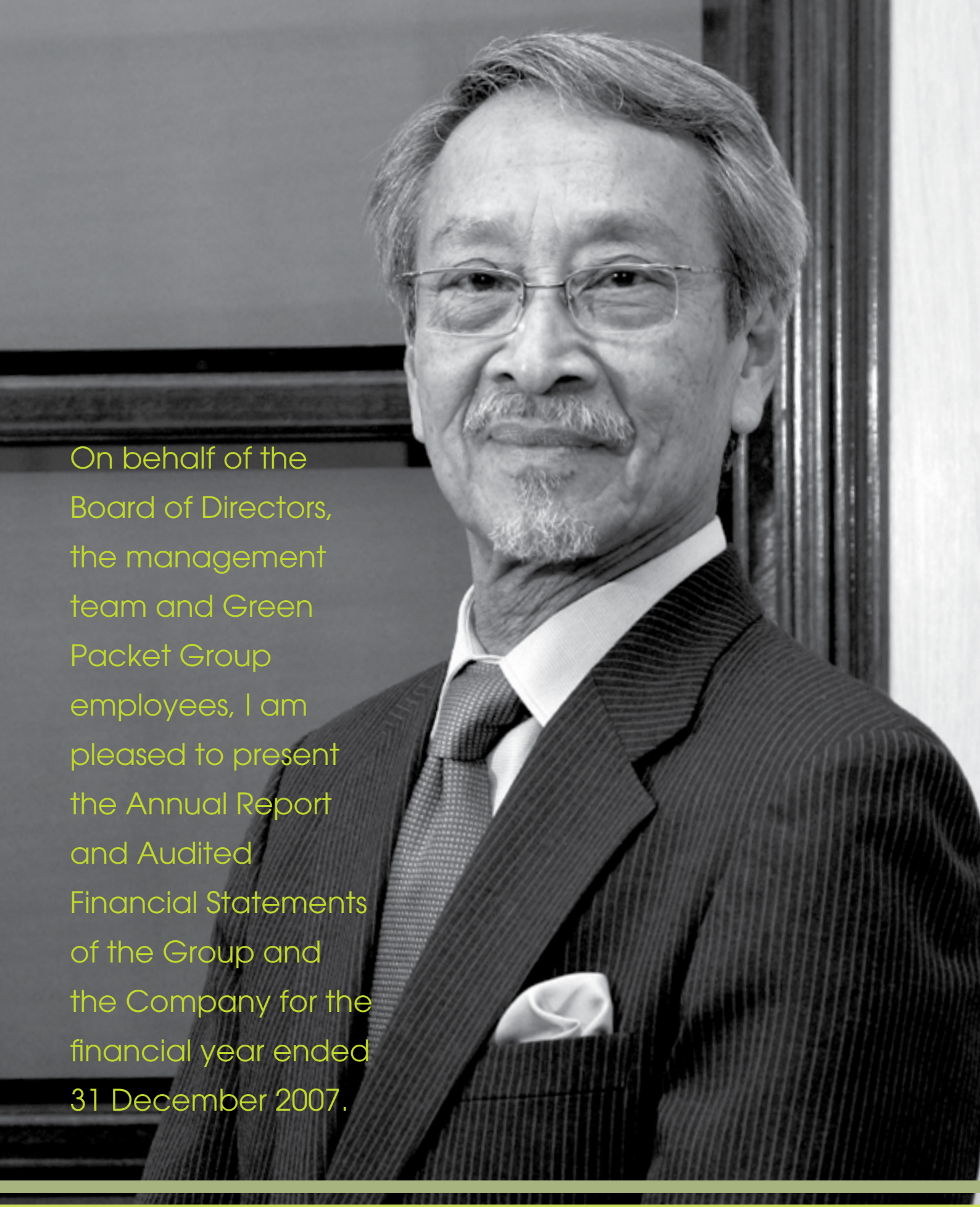
Yee Chee Wai, Patrick, a Malaysian, aged 43, was appointed as the Alternate Director to Ong Ju Yan on 3 April 2008.

Mr Yee is currently the Executive Director/Chief Operating Officer of OSK Ventures International Berhad and has been an investment banker with various investment banks in Malaysia from June 1991 to year 2007. He began his career in the investment banking industry with Affin Investment Bank Berhad and his last posting in the industry before joining OSK Venture Equities Sdn Bhd in August 2007 was with Public Investment Bank Berhad, where he worked for more than six years as General Manager. He began his career as an auditor with an international accounting firm based in Malaysia in 1984. He is also a Chartered Accountant and a Certified Public Accountant.

His directorships in other public companies include OSK Ventures International Berhad, eBworx Berhad, and mTouche Technology Berhad, all of which are listed on MESDAQ Market of the Bursa Malaysia Securities Berhad and GMO Limited, a company incorporated in Jersey, Channel Islands and listed on the AIM market of the London Stock Exchange.

Mr Yee is a member of the Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants.

Mr Yee does not have any conflict of interest with the Company and has not been convicted of any offences within the past ten (10) years, other than traffic offences, if any.



On behalf of the Board of Directors, the management team and Green Packet Group employees, I am pleased to present the Annual Report and Audited Financial Statements of the Group and the Company for the financial year ended 31 December 2007.

message from thechairman

INDUSTRY OVERVIEW

Inspite of the slowing down of the global economy and the rippling effects of the sub-prime mortgage crisis in the USA, the growth of the Information Communications Technology (ICT) sector in Malaysia will remain at 12 - 13% according to PIKOM (Association of the Computer and Multimedia Industry of Malaysia).

The nation's broadband penetration rate is still low at 12.8 for every 100 households, which is at odds with the country's healthy Gross Domestic Product and income per capita levels, mainly because broadband is deemed to be expensive with inconsistent service and coverage.

On the global front, growth for the software and services sector has been consistent and positive, and we believe that this trend will continue through 2008 and 2009, especially in high growth regions such as the Asia Pacific and the Middle East and North Africa (MENA).

As an Asian-centered global technology organisation with innovative products, solutions and services operating in emerging markets and high growth economies as well as our entry into the exciting WiMAX world, we are optimistic about the Group's future outlook.

FINANCIAL PERFORMANCE

The Group has consistently registered healthy earnings growth since its listing recording a Compound Annual Growth Rate of 46.1% in the last three years from 2005 to 2007. For the financial year ended 31 December 2007, the Group's revenue increased 24% from the previous year to RM122.84 million.

The Group however, posted a lower profit after tax (PAT) of RM30.16 million as compared with the previous corresponding period at RM55.29 million mainly attributable to heavy investments into growing the Converged Telecommunications Service Provider pillar of our business.

The lower PAT in 2007 was also due to slower wireless solution sales to China in Quarter Four due to regulatory delay in the award of the 3G spectrum. However, the Group's wireless Products and Solutions business pillar remains profitable and gaining in market share due to increased contribution from software sales and business growth in South East Asia and the Middle East markets, as indicated by the higher top-line revenue for the year.

The share of losses from non-core businesses via associated companies and higher provision for costs made in the discounted telephony subsidiaries also affected the Group's profit.

While heavy investments were made to strengthen the Converged Telecommunications Service Provider pillar, the Group maintains a healthy cash balance of RM242.5 million as at 31 December 2007.

CORPORATE DEVELOPMENTS

Transformation year to pave the way for long-term sustainable growth

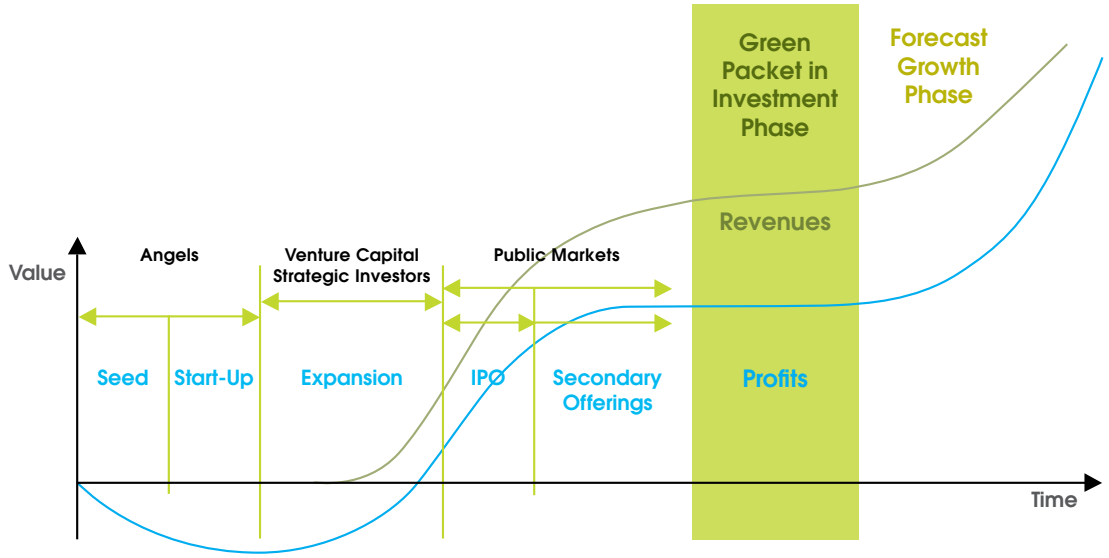
As stated earlier, the Green Packet Group had managed to register healthy growth and financial performance from the time of our start-up to our listing on the MESDAQ market and the Main Board of Bursa Malaysia Securities Berhad. However, we realized that in order for the Group to ensure sustainable and long-term shareholder returns, we must redefine ourselves and take on a longer-term strategy. Change was imperative for the Group to break into our next phase of sustainable growth.

Strengthening our two key business pillars

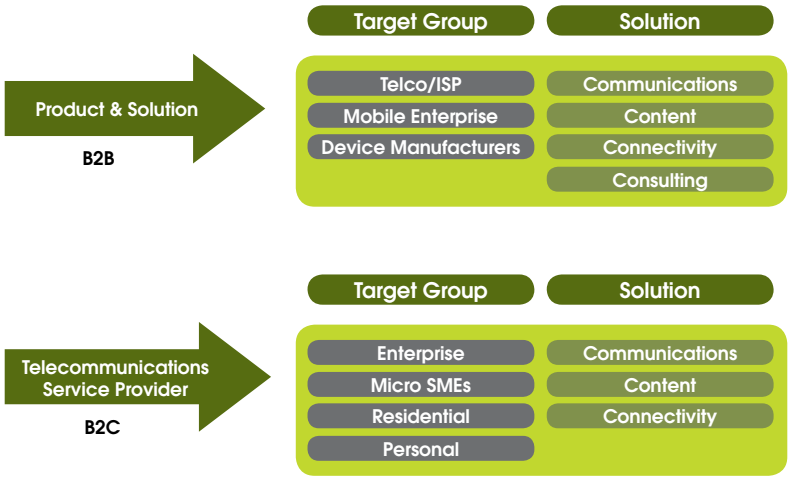
The Group saw an opportunity to fill a gaping void in the end-consumer space in Malaysia - the need for high speed advanced wireless connectivity. Thus, the Group's second key business pillar of Converged Telecommunications Service Provider was formed. Via our subsidiary and WiMAX operator arm, Packet One Networks (Malaysia) Sdn Bhd or P1, the Group now has a service pillar for recurring revenue generation in the business to consumer (B2C) segment.

Concurrently, we will continue to build on our Products and Solutions pillar with the aim to gain further traction as a credible player in the next generation network solution market in the business to business (B2B) segment.

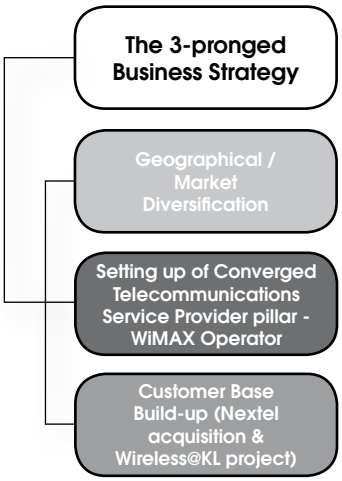
Typical company life cycle and Green Packet's stage of development



Implementing the key business pillars



Implementing forward looking strategies



message from thechairman

Ongoing geographical diversification

The Group put in place a geographical diversification strategy in early 2006 to diversify revenue streams and mitigate the risks associated with over-dependency on any single market. As a result, we have a more balanced regional focus today. We are also realising the returns of previously untapped markets such as the MENA and Asia Pacific regions. Sales from the MENA contributed to 5% of the Group's revenue in 2007 from zero just a year before.

More balanced regional focus in 2007

By Revenue	2006	2007
China	60%	41%
Middle East	0%	5%
South East Asia	1%	5%
Malaysia	35%	47%
Others	4%	2%

The Group will further rationalise its business operations to pursue opportunities in markets with high growth potential in ICT. With sales and marketing offices in Malaysia, the USA, Singapore, China, Taiwan, Australia and Bahrain, the Group believes that it is in a good position to regionally deploy and demonstrate the value proposition of its networking solutions.

The year 2007 was underpinned by continued heavy investments to aggressively build up the P1 organisation and the necessary infrastructure to commercially deploy WiMAX broadband services by the first half of 2008. P1 is progressing on track with significant milestone achievements giving us the first-mover advantage.

Progressing on track

- A talent pool is in place derived from the telecommunications and a wide range of other industries with diverse skill sets and experience to ensure P1 wins in the marketplace.
- P1 appointed Alcatel-Lucent, a leading WiMAX network infrastructure technology provider, as turn-key WiMAX contractor early this year.
- P1 completed 97% of its interconnect access agreements with major Telco operators such as Telekom Malaysia Bhd, TM Net Sdn Bhd, Time dotCom, Fiberail Sdn Bhd, Celcom (M) Bhd and Maxis Communications Berhad.
- P1 is set to meet coverage target of 25% of the Malaysian population by end 2008, and will continue to work closely with the government to help achieve the nation's target of 50 per cent internet penetration by 2010.

For WiMAX to be successful, the DNA or Device, Network and Applications must be in place. The setting up of network infrastructure is well underway. And leveraging on the Research & Development strength of its parent company, Green Packet, initial WiMAX peripherals and innovative and exciting applications will be ready at the time of P1's commercial launch slated to be by the first half of 2008.

The 80% of the six million households in Malaysia without broadband penetration, we believe, provide a sizeable market for P1 to meet its realistic subscriber and revenue targets drawn up to 2012.

Customer base diversification

The Group's acquisition of Next Telecommunications Companies or Nextel in March of 2006 plays a key strategic role in P1's provision of converged telecommunications services. With the acquisition, Nextel's active corporate customers will provide P1 with up-sell opportunities of value-added services in due course.

The signing of the Memorandum of Understanding between P1, *Dewan Bandaraya Kuala Lumpur (DBKL)* and *Suruhanjaya Komunikasi Multimedia Malaysia* to collaborate on the "KL Wireless Metropolitan Project" to deploy 1,500 WiFi hotspots offering free 512Kbps broadband connectivity for two years will provide an additional opportunity for P1 to tap into users within the coverage areas.

FUTURE GROWTH

The Group will focus on building our two key revenue pillars with continuous investments for future sustainable growth.

The Products and Solution business pillar will be guided by our continued research and development for new product offerings together with our geographical diversification strategy. The Group strives to steadfastly build a strong international portfolio for us to surge into new markets with high ICT potential and strengthen our footing in promising markets in the Asia Pacific and the MENA regions.

This is also an exciting time for the Green Packet Group as we seize the opportunity presented by the WiMAX technology. There will be heavy investment of resources into the Converged Telecommunications Service Provider pillar for recurring revenue generation. The WiMAX Forum* estimates that there will be 133 million WiMAX users globally by the end of 2012, and 70% of these users will utilise portable WiMAX devices to access broadband internet. Green Packet together with P1 intend to fully capitalise on this imminent development and growth potential for the Group.

With the robust global ICT environment coupled with the continuous support and efforts by the Malaysian Government to develop and grow this sector, and the opportunities brought about by new telecommunications technologies; the Group believes that while our strategic investments and business plans in the short and mid-term will be resource heavy, it will enable us to deliver strong and sustainable shareholder returns in the long-term.

* *WiMAX Forum is an industry-led, non-profit organisation formed to certify and promote the compatibility and interoperability of WiMAX product.*

APPRECIATION

I would like to offer my heartfelt thanks to Green Packet Group employees for their hard work and commitment to deliver on our business objectives during a challenging year. I look forward to enhanced synergies amongst team members, divisions and the two key business pillars of the Group to fast-track our next generation network and service provider vision.

message from thechairman

To the Malaysian government, thank you for continually making the Green Packet Group and our peers in the industry feel that we are doing the right thing, in the right place and at the right time through your strong commitment to develop and promote the country's ICT industry. We strive to continually support the government in its efforts to make Malaysia a progressive knowledge-based economy.

To our shareholders, thank you for your confidence and trust in the Green Packet Group; for recognising not just the current, but future potential of the Group and our business plans. We seek for your ongoing support of the Group while we invest to build a stronger company moving forward. Anchored on our two key business pillars, we will continually strive to ensure long-term and sustainable shareholder returns, which is the principal driver of all of our strategic efforts.

This Chairman's Message includes "forward-looking statements" within the meaning of the securities laws. The statements in this message regarding plans for the commercial deployment of a broadband network based on WiMAX technology and business strategy to grow the business regionally; and other statements that are not historical facts are forward-looking statements. The words "estimate," "forecast," "intend," "expect," "believe," "target," and similar expressions are intended to identify forward-looking statements. Forward-looking statements are projections reflecting management's judgment and assumptions based on currently available information and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements.

Future performance cannot be assured. Actual results may differ materially from those in the forward-looking statements due to a variety of factors, including, but not limited to:

- *the changes in regulatory environment in Malaysia and in countries which Green Packet does business;*
- *uncertainties related to the implementation of the company's WiMAX business strategy;*
- *the costs and business risks associated with deploying a WiMAX network and offering products and services utilising WiMAX technology;*
- *the inability of third party suppliers, software developers and other vendors to perform requirements and satisfy obligations, under agreements with the Green Packet Group;*
- *the impact of adverse network performance; and*
- *other risks referenced from time to time in the company's filings with Bursa Malaysia Securities Berhad.*

Green Packet believes the forward-looking statements in the Chairman's Message are reasonable; however, you should not place undue reliance on forward-looking statements, which are based on current expectations and speak only as of the date of this annual report. Green Packet is not obligated to publicly release any revisions to forward-looking statements to reflect events after the date of this Annual Report.

statement on**corporate governance**

The Board of Directors ("the Board") of Green Packet Berhad ("GPB") recognises and subscribes to the importance of the principles and best practices set out in the Malaysian Code on Corporate Governance ("the Code") as a key factor towards achieving an optimal governance framework and process in managing the business and operational activities of the Company.

The Board believes that good corporate governance practices are pivotal to enhancing shareholders' value. Hence, the Board is fully dedicated to continuously evaluate the Group's corporate governance practices and procedures to ensure that the principles and best practices in corporate governance are applied and adhered to in the best interests of the stakeholders.

The Statement below sets out the manner in which the Group has applied the principles of the Code and the extent of compliance with best practices advocated therein.

DIRECTORS

1. The Board

The Group is driven by an effective Board consisting of competent individuals with appropriate specialized skills and knowledge to ensure capable management of the Group. The Board is responsible for overseeing the conduct and performance of the Group's business and oversees the Group's internal controls. The compositions of the independent and non-independent directors are carefully considered to ensure that the Board is well balanced.

The Board acknowledges its key responsibilities in directing the strategic plans, development and control of the Group and has taken steps to adopt the specific responsibilities listed by the Code, which facilitate the discharge of the Board's stewardship responsibilities.

The Board has formed and delegated certain specific responsibilities to four (4) committees, namely Audit, Nomination, Remuneration and Board Tender Committees, all of which have their own terms of reference to govern their responsibilities. The Board Committees will deliberate on and examine issues within their terms and reference and report to the Board.

2. Composition and Balance

The Board currently has nine (9) members, comprising three (3) Independent Non-Executive Directors, four (4) Non-Executive Directors and two (2) Executive Directors. The profile of each Board member is detailed on pages 18 to 23 of this Annual Report. It is a well-balanced Board and comprises professionals from various backgrounds with the relevant experience and expertise that would add value to the Group. The mix of experience is vital for the strategic success of the Group.

The presence of the Independent Non-Executive Directors fulfills a pivotal role in corporate accountability as they provide unbiased and independent views, advice and judgement.

There is a clear division of responsibilities between the Chairman and Group Managing Director to ensure that there is balance of power and authority. In ensuring this balance, the positions of the Chairman and Group Managing Director are held by separate members of the Board.

The Board has appointed Mr Boey Tak Kong as Senior Independent Non-Executive Director to whom concerns may be conveyed.

Board Meetings

The Board meets at least four (4) times a year on a quarterly basis, with additional meetings convened when necessary. Agenda and Board papers are circulated to the Board prior to the Board meetings so as to give the Directors time to consider and deliberate on the issues to be raised at the meetings in relation to the Group's financial performance, corporate development, strategic issues and business plan.

There were six (6) Board Meetings held during the financial year ended 31 December 2007. Details of each Director's attendance of the Board meetings held are as follows:

Name of Director	Designation	Meeting attended
Tan Sri Datuk Dr. Haji Omar Bin Abdul Rahman	Independent Non-Executive Director	5/6
Dato' Kok Onn	Non-Executive Director	6/6
Puan Chan Cheong	Managing Director / Chief Executive Officer	6/6
Nik Mat Bin Ismail	Executive Director / Vice President of Business Development	6/6
Tan Kin Lee	Non-Executive Director	6/6
Yap Yuh Foh, Eddie #	Non-Executive Director	6/6
Boey Tak Kong	Independent Non-Executive Director	6/6
Yousuf Mohamed Yaqub Khayat	Non-Executive Director	5/6
Siew Wing Keong ^	Non-Executive Director	2/3
Lim Ee-Jin #	(Alternate Director to Yap Yuh Foh, Eddie)	-
Ng Chee Yuen	(Alternate Director to Yousuf Mohamed Yaqub Khayat)	-
Ong Ju Yan *	Non-Executive Director	-
Yee Chee Wai *	(Alternate Director to Ong Ju Yan)	-
A. Shukor Bin S. A. Karim +	Independent Non-Executive Director	-

Yap Yuh Foh, Eddie resigned as a Director on 31 March 2008 and Lim Ee-Jin ceased as an Alternate Director on 31 March 2008.

^ Siew Wing Keong was appointed as a Director on 24 May 2007 and subsequently resigned on 21 May 2008.

* Ong Ju Yan and Yee Chee Wai were appointed as Director and Alternate Director, respectively, on 3 April 2008.

+ A. Shukor Bin S. A. Karim was appointed as a Director on 21 May 2008.

Directors' Training

The Group acknowledges that continuous education is vital for the Board to discharge its responsibilities effectively.

All the Directors have attended the Mandatory Accreditation Programme as prescribed by the Listing Requirements of Bursa Malaysia Securities Berhad. During the financial year, the Directors attended following seminars:

1. Updates on the Companies (Amendment) Act 2007.
2. 2007 National Conference on Internal Auditing - a defining moment from good to great.
3. Blue Ocean Leadership Program.

The Directors will continue to attend various training programmes to ensure that they are kept abreast on various issues and facing the changing business environment within which the Group operates.

3. Supply of Information

The Directors have full unrestricted and timely access to all information necessary for the discharge of their responsibilities. The Board is provided with the meeting agenda and Board papers to enable them to consider the matters arising and facilitate informed decision making. The Board papers, amongst others include matters pertaining to operational, financial, corporate, performance, business development, audit as well as updates on market information, statutory regulations and requirements affecting the Group.

In addition, there is a formal schedule of matters reserved specifically for the Board's decisions. These are generally significant matters relating to the business operations of the Group.

All Directors, whether as a full Board or in their individual capacity, have access to the advice and services of Company Secretaries. The Directors may obtain independent professional advice in furtherance of their duties.

4. Appointments to the Board

The Nomination Committee ("NC") is responsible for proposing candidates for directorship and assessing the directors on an on-going basis. The NC currently comprise exclusively of Non-Executive Directors, a majority of whom are independent. The current members of the NC are as follows:

Dato' Kok Onn	- Chairman/Non-Executive Director
Tan Sri Datuk Dr. Haji Omar Bin Abdul Rahman	- Independent Non-Executive Director
Boey Tak Kong	- Independent Non-Executive Director

The Board is of the view that the current mix of skills and core competencies of its members are sufficient for the discharge of its responsibilities in an effective manner. However, the Board shall, with the assistance of the NC, look into the required mix of skills from time to time in order to identify candidates with the requisite qualification and experience who will complement the Board and be of contribution to the Group.

The NC met twice during the financial year to review the Board composition and to assess the recommendation received for appointment to the Board.

5. Re-election

The Company's Articles of Association provides that all Directors who are appointed by the Board shall retire from office and be subject to re-election by shareholders at the annual general meeting after their appointment. Furthermore, at least one-third (1/3) of the Board are subject to retirement and re-election by rotation at least once in every three (3) years.

DIRECTORS' REMUNERATION

1. Level and Make-Up

The Company has adopted the objective as recommended by the Code to determine the remuneration of the Directors so as to ensure that the Company attracts, retains and motivates the Directors of the quality needed to manage the business of the Group effectively. The remuneration scheme is reflective of the individual Director's experience and level of responsibilities. In addition, the remuneration for Executive Directors is structured to link rewards to corporate and individual performance.

2. Remuneration Committee

The Remuneration Committee ("RC") is responsible for recommending the remuneration scheme for Directors. The remuneration packages of all Directors shall be devised to attract, retain and motivate them, and is reflective of the individual Director's experience and responsibilities. None of the Executive Directors participate in any way in determining their individual remuneration packages. The remuneration of Non-Executive Directors are determined by the Board as a whole with the individual Directors concerned abstaining from deliberation and voting on their own remuneration.

The current members of the RC are:

Tan Sri Datuk Dr. Haji Omar Bin Abdul Rahman	- Chairman/Independent Non-Executive Director
Ong Ju Yan	- Non-Executive Director
Puan Chan Cheong	- Group Managing Director/Chief Executive Officer

The RC met once during the financial year to review the remuneration of the Non-Executive Directors.

3. Director's Remuneration

The aggregate Directors' remuneration paid or payable to all Directors of the Company categorized into appropriate components for the financial year ended 31 December 2007 are as follows:

Total Remuneration	Executive RM'000	Non-Executive RM'000	Total RM'000
Fees	-	225	225
Salaries	840	-	840
Other emoluments (including bonus, allowances)	729	34	763
Total	1,569	259	1,828

The number of Directors whose total remuneration during the financial year fall within the following bands is as follows:

Range of Remuneration	Executive	Non-Executive	Total
Below RM50,000	-	5	5
RM50,000 - RM100,000	-	1	1
RM250,000 - RM300,000	1	-	1
RM550,000 - RM600,000	1	-	1
Total	2	6	8

For security and confidential reasons, the details of individual Directors' remuneration are not shown. The Board is of the opinion that the transparency and accountability aspect of corporate governance as applicable to Directors' remuneration are appropriately served by the disclosures made above.

SHAREHOLDERS

1. Investors Relations and Shareholders' Communication

The Board recognises the need for shareholders to be informed of all material business matters affecting the Group. In addition to various announcements made during the year, the timely release of financial results on a quarterly basis, press releases and annual report provide shareholders with an overview of the Group's performance and operations.

2. Annual General Meeting ("AGM")

The AGM is the principal forum for dialogue and communication with shareholders and investors. Shareholders are encouraged to attend and participate during the AGM in the question and answer session on the prospects, performance of the Group and other matters of concern. Members of the Board, Heads of Department and the auditors are present to answer questions raised at the meeting. Suggestions and comments raised by shareholders are also noted for consideration. Shareholders who are unable to attend are allowed to appoint proxy/proxies to attend and vote on their behalf.

ACCOUNTABILITY AND AUDIT

1. Financial Reporting

The Board endeavours to provide and present a balanced and meaningful assessment of the Group's financial performance and prospects to shareholders, primarily through the annual reports, quarterly announcements of the Group's results and other price-sensitive public reports. The Board is assisted by the Audit Committee in overseeing the Group's financial reporting processes and the accuracy, consistency and appropriateness of the use and application of accounting policies and standards, as well as the reasonableness and prudence in making estimates, statements and explanations.

2. Internal Control

The Statement on Internal Control of the Group is set out on pages 40 to 42. The Statement provides an overview of the Group's approach in maintaining a sound system of internal control to safeguard shareholders' investment and the Group's assets.

3. Relationship with Auditors

The Board via the Audit Committee maintains a formal and transparent professional relationship with the Group's auditors, both internal and external. The role of the Audit Committee in relation to the auditors is described in the Audit Committee Report set out on pages 36 to 39 of this Annual Report.

CORPORATE SOCIAL RESPONSIBILITY

In year 2007, Green Packet has made charity contributions in a quiet manner particularly to Information Technology higher learning institutions to support their programs. We also contributed to numerous charities under both the health and arts banner. Green Packet was also able to provide some financial relief to victims devastated by the Johor flood, many of whom, lost their homes and possessions to the flood.

In line with our business expansion plan, the Green Packet Group grew its staff strength to 398 as at December 2007 from 118 in 2005. We are proud to say that we now have a strong talent pool with diverse skill sets and experience to deliver on our business goals. To ensure that our employees have line-of-sight and are constantly informed and engaged, we provide regular business updates and avenues for two-way communication. Staple communication channels that we employ include the intranet, email announcements, corporate e-newsletter, and CEO meets.

We also believe in facilitating continuous learning of our talent pool, and in 2007, arranged for employees to participate in more than 30 training programs to improve both their technical and non-technical competencies. These include team building activities to strengthen synergistic collaboration between team members and across divisions.

Reward and recognition is also a big part of our organisation, and we have numerous award programs to recognise noteworthy contributions and extra-mile efforts from our employees to further business goals or reinforce our employee core values of Service excellence, Teamwork, Responsibility, Innovativeness, and Passion (STRIP). These include Green Packet's 'Apple Award,' 'Star Award' and 'CEO Award'.

Moving forward, we endeavour to work towards developing a CSR framework that aligns with the Malaysian Government's, which is built on the four pillars of Environment, Community, Workplace and Marketplace. More importantly, we aim to undertake CSR initiatives which are relevant and meaningful to our business and key stakeholders.

audit committee**report**

The Audit Committee ("the Committee") was established on 11 March 2005. During the financial year under review, the Committee met five (5) times and the details of the attendance of the Committee members are set out as follows:

COMPOSITION OF THE AUDIT COMMITTEE

Name	Attendance
Boey Tak Kong *(Chairman)* Independent Non-Executive Director	5/5
Tan Sri Datuk Dr. Haji Omar Bin Abdul Rahman Independent Non-Executive Director	5/5
Nik Mat Bin Ismail Executive Director and Vice President of Business Development	5/5

Details of the members of the Committee are contained in the "Directors' Profile" as set out on pages 18 to 23 of this Annual Report.

TERMS OF REFERENCE

The Committee is governed by the following revised terms of reference which was adopted on 27 February 2008:

1. **Composition**

   The Committee shall be appointed from amongst the Board and shall comprise no fewer than three (3) members. All the Committee members must be non-executive directors, a majority of whom shall be independent directors and at least one (1) member must be a member of the Malaysian Institute of Accountants or possess such other qualifications and/or experience as approved by the Bursa Malaysia Securities Berhad.

   In the event of any vacancy with the result that the number of members is reduced to below three (3), the vacancy shall be filled within two (2) months but in any case not later than three (3) months. Therefore a member of the Committee who wishes to retire or resign should provide sufficient written notice to the Company so that a replacement may be appointed before he leaves.

   The Committee will comply with its terms of reference in respect of its composition by 31 January 2009.

2. **Chairman**

   The Chairman, who shall be elected by the Committee, shall be an independent director.

3. **Secretary**

   The Company Secretary shall be the Secretary of the Committee and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it prior to each meeting.

   The Secretary shall also be responsible for keeping the minutes of meetings of the Committee and circulating them to the Committee Members. The Committee Members may inspect the minutes of the Committee meetings at the Registered Office or such other place as may be determined by the Committee.

4. **Meetings**

   The Committee shall meet at least four (4) times in each financial year. The quorum for a meeting shall be two (2) members, provided that the majority of members present at the meeting shall be independent.

The Committee may call for a meeting as and when required with reasonable notice as the Committee Members deem fit. The Committee Members may participate in a meeting by means of conference telephone, conference videophone or any similar or other communications equipment by means of which all persons participating in the meeting can hear each other. Such participation in a meeting shall constitute presence in person at such meeting.

All decisions at such meeting shall be decided on a show of hands on a majority of votes.

The internal auditors and external auditors may appear at any meeting at the invitation of the Committee and shall appear before the Committee when required to do so by the Committee. The internal auditors and external auditors may also request a meeting if they consider it necessary.

5. Rights

The Audit Committee shall:

(a) have authority to investigate any matter within its terms of reference;

(b) have the resources which are required to perform its duties;

(c) have full and unrestricted access to any information pertaining to the Group;

(d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;

(e) have the right to obtain independent professional or other advice at the Company's expense;

(f) have the right to convene meetings with the internal auditors and external auditors, excluding the attendance of other directors or employees of the Group, whenever deemed necessary;

(g) promptly report to the Bursa Malaysia Securities Berhad ("Bursa Securities"), or such other name(s) as may be adopted by Bursa Securities, matters which have not been satisfactorily resolved by the Board of Directors resulting in a breach of the listing requirements;

(h) have the right to pass resolutions by a simple majority vote from the Committee and that the Chairman shall have the casting vote should a tie arise;

(i) meet as and when required on a reasonable notice;

(j) the Chairman shall call for a meeting upon the request of the internal auditors and external auditors.

6. Duties

(a) To review with the external auditors on:

- the audit plan, its scope and nature;
- the audit report;
- the results of their evaluation of the accounting policies and systems of internal accounting controls within the Group; and
- the assistance given by the officers of the Company to external auditors, including any difficulties or disputes with Management encountered during the audit.

(b) To review the adequacy of the scope, functions, competency, resources and set the standards of the internal audit function.

(c) To provide assurance to the Board of Directors on the effectiveness of the system of internal control and risk management practices of the Group.

(d) To review the internal audit programme, processes the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function.

(e) To review with management:

- audit reports and management letter issued by the external auditors and the implementation of audit recommendations;
- interim financial information; and
- the assistance given by the officers of the Company to external auditors.

(f) To monitor related party transactions entered into by the Company or the Group and to determine if such transactions are undertaken on an arm's length basis and normal commercial terms and on terms not more favourable to the related parties than those generally available to the public, and to ensure that the Directors report such transactions annually to shareholders via the annual report, and to review conflicts of interest that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity.

(g) To review the quarterly reports on consolidated results and annual financial statements prior to submission to the Board of Directors, focusing particularly on:

- changes in or implementation of major accounting policy and practices;
- significant and/or unusual matters arising from the audit;
- the going concern assumption;
- compliance with accounting standards and other legal requirements; and
- major areas.

(h) To consider the appointment and/or re-appointment of internal auditors and external auditors, the audit fee and any questions of resignation or dismissal including recommending the nomination of person or persons as auditors.

(i) To verify any allocation of options in accordance with the employees share scheme of the Company, at the end of the financial year.

SUMMARY OF ACTIVITIES OF THE COMMITTEE

During the financial year under review, the activities undertaken by the Committee include:

(a) Reviewed the unaudited quarterly report of the Company including the announcements pertaining thereto, before recommending to the Board of Directors for their approval and release of the Group's results to Bursa Securities;

(b) Reviewed with external auditors on their audit planning memorandum of the Group for the financial year ended 31 December 2007;

(c) Reviewed with external auditors on the results and issues arising from their audit of the previous financial year end statements and their resolutions of such issues highlighted in their report to the Committee;

(d) Reviewed related party transactions and considered conflict of interest situations that may arise within the Group;

(e) Reviewed with internal auditors on the results and issues arising from their internal audit review and their recommendations; and

(f) Met with the external auditors without the presence of the executive director and management.

STATEMENT ON EMPLOYEES' SHARE OPTION SCHEME ("ESOS") BY THE COMMITTEE

No options under the ESOS were allocated to non-executive directors as well as employees during the financial year ended 31 December 2007.

However, there was adjustment to the existing number of options and option price offered to the non-executive directors in 2006 as a result of a bonus issue and share consolidation on 17 July 2007.

The adjusted number of options offered to and exercised (if any) by non-executive directors pursuant to the ESOS in respect of the financial year are as follows:

Name of Directors	Amount of Adjusted Options Offered as at 31 December 2007	Amount of Options Exercised
Tan Sri Datuk Dr. Haji Omar Bin Abdul Rahman	90,000	-
Dato' Kok Onn	112,500	-
Tan Kin Lee	112,500	-
Boey Tak Kong	67,500	-
Yap Yuh Foh, Eddie *(resigned on 31 March 2008)*	90,000	-

INTERNAL AUDIT FUNCTION

The Group's internal audit functions are outsourced to an independent professional firm, CGRM Infocomm Sdn Bhd, which reports to the Committee and assists the Board of Directors in monitoring and managing risks and internal controls. The Committee approved the internal audit plan tabled during the Committee meeting during the financial year.

The scope of internal audit covers the audit on risk management, internal control, governance and compliance activities of the Group. This scope is in accordance with the International Professional Practices Framework of The Institute of Internal Auditors.

The approach adopted by the Group is of a risk based approach to assess and review the implementation and monitoring of controls of its subsidiary companies.

The audit encompassed the following activities:

- Reviewed and assessed the risk management and governance structure of the Group.
- Reviewed and appraised the soundness, adequacy and application of accounting, financial and other key controls promoting effective control in the Group.
- Ascertained the extent to which the Group's assets are safeguarded.
- Ascertained the level of compliance to the Group policy and procedures.
- Recommended improvements to the existing system of risk management, internal control and governance.

statement of**internal control**

1. INTRODUCTION

The Malaysian Code on Corporate Governance requires listed companies to maintain a sound system of internal controls to safeguard shareholders' investment and Group's assets. The Bursa Malaysia Securities Berhad ("Bursa Securities") Listing Requirements require directors of listed companies to include a statement in annual reports on the state of their internal controls. The Bursa Securities' statement on internal control: Guidance for Directors of Public Listed Companies ("Guidance") provides guidance for compliance with these requirements.

The Board of Directors of Green Packet Berhad ("the Board") is pleased to present the Statement of Internal Control, which was prepared in accordance with the Guidance. The Board believes that the practice of good corporate governance is an important continuous process and not just a matter of compliance to be covered in its Annual Report. Hence, the Board endeavours to maintain an adequate system of internal controls that is designed to manage, rather than eliminate risk, and to improve the governance process of the Group.

2. BOARD RESPONSIBILITY

The Board acknowledges its overall responsibility for the internal control system to cover the financial, compliance and operational controls of the Group. The Board also recognizes its responsibility for reviewing the adequacy and integrity of the system of internal controls to safeguard shareholders' investment and the Group's assets. However, it should be noted that such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

3. RISK MANAGEMENT FRAMEWORK

At present, the Group is still maintaining its risk management framework to continually update and identify the various risk factors that could have a potentially significant impact on the Group's mid to long term business objectives. As a result of this, the 3-year risk-based audit plan developed and approved by the Audit Committee is periodically reviewed to accurately reflect the risk areas for the Group.

4. INTERNAL AUDIT FUNCTION

The Group's internal audit function is outsourced to CGRM Infocomm Sdn Bhd ("CGRM"), an independent professional firm, which supports the Audit Committee, and by extension, the Board, by providing independent assurance on the effectiveness of the Group's system of internal controls.

In particular, CGRM appraises and contributes towards improving the Group's risk management and control systems and reports to the Audit Committee on a quarterly basis. In assessing the adequacy and effectiveness of the system of internal control and financial control procedures of the Group, the Audit Committee reports to the Board on its activities, significant audit results or findings and the necessary recommendations or actions needed to be taken by management to rectify those issues.

The internal audit work plan, which reflects the risk profile of the Group's major business sectors is routinely reviewed and approved by the Audit Committee. The scope of CGRM's function covered the audit and review of governance, risk assessment, compliance, operational and financial control across all business units.

CGRM conforms to the requirements of the Guidelines on the Internal Audit Function issued by The Institute of Internal Auditors Malaysia in July 2002 as well as the Standards for the Professional Practice of Internal Auditing (SPPIA) and the Code of Ethics issued by The Institute of Internal Auditors Inc.

The costs incurred for the internal audit function in respect of the financial year ended 31 December 2007 was RM46,220.90.

5. KEY PROCESS

The Group's key internal control processes based on the Committee of Sponsoring Organisations (COSO) OF the Tradeway Commission principles benchmarking are as follows:

Control Environment

- An organisation structure with clearly defined lines of responsibility and accountability of the Board and management has been established and is aligned to business and operations requirements.
- Clear definition of delegation and limits of authority are approved by the Board and formally documented to facilitate effective control over various processes and are subject to reviews and enhancements when necessary.
- The Group has introduced "S.T.R.I.P." which stands for Service, Teamwork, Reliable, Innovative and Passion to promote work qualities that it would like to embrace and uphold as a Group.
- Annual budgets are prepared by each operating unit and consolidated by the Group Finance function. These are thoroughly reviewed before they are tabled to the Executive Committee, Audit Committee and the Board for approval.
- Formal appraisals with measurable Key Performance Indicators (KPI) for all employees at all levels have been established.
- Employees' training and development is emphasised to enhance their work quality, ability and competencies in the achievement of the Group's objectives.

Risk Assessment

- The Board acknowledges the importance of managing business risks and implementation of risk assessment via Risk Management Committee which was established in 2006.
- This will involve the updating of the risk profiles of all the Group's business operating units on a periodic basis in collaboration with management and timely reporting of key risks to the attention of the Risk Management Committee, Audit Committee and ultimately, the Board.
- The Group is also in the process of setting up a Process Improvement Team that will be responsible to assess business and operations associated risks and controls relating to the Group's core activities.

Control Activities

- The Group constantly improvises its existing and formalizes new standard operating procedures to ensure consistency, clarity and accountability in the Group's day-to-day operations.
- Management regards safeguarding of assets as essential and had implemented relevant control activities for requisition, approval, receiving and record keeping of assets.
- Ongoing trend and research activities are conducted in order to enhance the current products as well as the design and development of new products.
- All marketing activities were appropriately approved and post mortem reviews were carried out upon completion of each activity to assess and determine its effectiveness within the Group.

Information & Communication

- Executive Committee comprising all heads of business units within the Group meets formally either in person or via tele-conferencing on a monthly basis. During this meeting, information is exchanged and shared to keep track of the current market needs and to plan for future opportunities as well as to identify, discuss and resolve strategic, financial and operational matters.
- Employees within the Group have access to the Enterprise Knowledge Portal ("EKP") that provides direct information on the Group's development, structure and news updates.
- Group-wide standard operating policies and procedures are also communicated to all levels of the organization for implementation through the EKP.

Monitoring

- The Board monitors the Group's performance by reviewing its quarterly results and operations as well as examines the quarterly reports prepared by the Group Finance Department.
- Management constantly monitors the progress of implementation/corrective actions for highlighted issues and has shown its commitment and leadership in rectifying them.

6. CONCLUSION

The management continues to take measures and maintains an ongoing commitment to strengthen the Group's control environment and processes. During the year, there were no material losses caused by breakdown in internal controls.

It should be appreciated that the system of internal control only provide reasonable assurance in managing business risks rather than eliminating them and there is no absolute assurance towards material misstatement or loss.

This statement was made in accordance with a resolution of the Board dated 21 May 2008.

statement on**directors' responsibility**

The directors are responsible for ensuring that the financial statements of the Group and the Company are drawn up in accordance with applicable approved accounting standards in Malaysia, the provisions of the Companies Act, 1965 and the Listing Requirements of Bursa Malaysia Securities Berhad so as to give a true and fair view of the state of affairs of the Group and the Company as at 31 December 2007.

In preparing the financial statements for the year ended 31 December 2007, the Directors have:

- Adopted suitable accounting policies and applied them consistently;
- Made judgments and estimates that are reasonable and prudent;
- Ensured adoption of applicable accounting standards; and
- Prepared the financial statements on a going concern basis.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at all times the financial position of the Group and the Company and to enable them to ensure that the financial statements comply with the Companies Act, 1965.

The Directors are also responsible for safeguarding the assets of the Group and the Company and, hence, for taking reasonable steps in the prevention and detection of fraud and other irregularities.

1. UTILISATION OF PROCEEDS

The details of the proceeds raised from Initial Public Offering, First Private Placement and Second Private Placement are as follows:

	Gross Proceeds (RM'000)	Utilised Amount (RM'000)	Balance as at 31 December 2007 (RM'000)
Initial Public Offering	39,325	39,325	-
First Private Placement	90,711	66,921	23,700
Second Private Placement	181,789	50,284	131,505

2. SHARE BUY-BACKS

During the year, the Company bought back a total of 2,646,500 of its ordinary shares of RM0.20 each ("GPB Shares") which were listed and quoted on the Main Board of Bursa Malaysia Securities Berhad in the open market. The details of GPB Shares bought back during the financial year are as follows:

Monthly Breakdown 2007	Number of GPB Shares Bought Back	Buy Back Price Per GPB Share (RM)		Average Cost Per GPB Share (RM)	Total Cost (RM)
		Lowest	Highest		
November	1,240,600	2.39	2.52	2.49	3,090,462.75
December	1,405,900	2.38	2.93	2.56	3,596,464.24
Total	2,646,500			2.90	6,686,926.99

As at 31 December 2007, a total of 2,646,500 GPB Shares bought back were held as treasury shares. None of the treasury shares held were resold or cancelled during the financial year.

3. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

The Company had on 8 August 2006 established and implemented the Employees' Share Option Scheme ("ESOS") for a period of 5 years expiring on 8 August 2011.

During the financial year ended 31 December 2007, there was no new allocation of options. However, there was an adjustment made to the grantees' entitlements pursuant to the bonus issue and share consolidation exercise which were completed on 18 July 2007. The outstanding options and offer price of 13,286,000 and RM3.36, respectively, were revised to 9,960,000 and RM4.48 accordingly.

4. AMERICAN DEPOSITORY RECEIPT (ADR) OR GLOBAL DEPOSITORY RECEIPT (GDR) PROGRAMME

During the financial year, the Company did not sponsor any ADR or GDR.

5. IMPOSITION OF SANCTIONS/PENALTIES

During the financial year, there were no sanctions and/or penalties imposed on the Company and its subsidiaries, directors or management by any regulatory bodies.

6. NON-AUDIT FEES

During the financial year, the non-audit fees paid to the external auditors, or a firm or company affiliated to the external auditors amounted to RM148,000.

7. VARIATION IN RESULTS

There were no significant variance in the Company's audited financial results for the financial year from the unaudited results as previously announced.

8. PROFIT GUARANTEE

The Company did not give any profit guarantee during the financial year.

9. REVALUATION POLICY ON LANDED PROPERTIES

The Company does not have a policy on revaluation of landed properties.

10. MATERIAL CONTRACTS

There were no material contracts other those in the ordinary course of business entered into by the Company or its subsidiary companies involving Directors' and substantial shareholders' interests during the financial year other than disclosed below:

(i) GPB had, on 22 January 2007 entered into a Murabahah Loan Notes ("MLN") Subscription Agreement with GMO Limited ("GMOL") to subscribe for USD5,414,795 nominal value of MLN comprising:

(a) USD4,500,000 nominal value primary MLN issued by GMOL; and

(b) USD914,795 nominal value secondary MLN issued by GMOL

for a total subscription consideration of USD4,500,000.

11. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

At the Sixth Annual General Meeting held on 9 May 2007, the Company had obtained a mandate from its shareholders to allow Green Packet Group to enter into recurrent related party transactions of a revenue or trading nature. The aggregate value of the recurrent transactions of a revenue or trading nature conducted for the year under review between the Company and/or its subsidiary companies with the related parties are set out below:

Name of Related Party	Nature of Transaction	Relationship	Aggregate Value RM'000
Green Packet Inc ("GPI")	Development, marketing and commercialization works in respect of the base software within the respective Territories as stipulated in the PDMA dated 31 March 2004	Green Packet Holdings Limited ("GPH") is a major shareholder and promoter of GPB. GPI is 94.5% owned subsidiary of GPH. Dato' Kok Onn and Puan Chan Cheong, the Directors of GPB, are deemed interested in GPI by virtue of their major shareholdings in GPH. Tan Kin Lee is a director of GPI and a director and shareholder of GPH and GPB.	2,075
Inova Venture Pte Ltd ("Inova")	Distribution of Inova's products and solutions.	OSK Ventures International Berhad has indirect major shareholdings in GPB and mTouche Technology Berhad ("mTouche"). mTouche and GPB are substantial shareholders in Inova with 51% and 20% shareholdings respectively.	1,224

The Company will be seeking renewal of the mandate from the shareholders to enter into proposed recurrent related party transactions of a revenue or trading nature at the forthcoming Annual General Meeting of the Company. Details of the recurring related party transactions of a revenue or trading nature are set out in note 41 of page 102 of this Annual Report and Circular to Shareholders dated 6 June 2008.

financial statements

FINANCIAL STATEMENTS

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2007.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of research, development, manufacturing, marketing and distribution of wireless networking and telecommunication products, networking solutions and other high technology products and services. The principal activities of the subsidiaries are set out in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year except for activities undertaken by the subsidiaries acquired during the financial year.

RESULTS

	The Group RM'000	The Company RM'000
Profit after taxation	29,016	44,042

DIVIDENDS

A first and final tax-exempt dividend of 50% per ordinary share proposed in the previous financial year amounting to RM22,218,625 was paid by the Company during the current financial year.

The directors do not recommend the payment of any dividend for the current financial year.

RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year are disclosed in the financial statements.

ISSUES OF SHARES AND DEBENTURES

During the current financial year,

(a) the Company consolidated its authorised share capital of RM100,000,000 divided into 1,000,000,000 ordinary shares of RM0.10 each into RM100,000,000 divided into 500,000,000 ordinary shares of RM0.20 each.

(b) the Company increased its issued and paid-up share capital from RM44,437,250 to RM66,655,875 by way of:

(i) a bonus issue of 222,186,250 new ordinary shares of RM0.10 each in the Company credited as fully paid-up on the basis of one new ordinary share of RM0.10 each ("Bonus Shares") for every two existing ordinary shares of RM0.10 each held in the Company ("Bonus Issue"); and

(ii) a share consolidation of every two ordinary shares of the Company into one ordinary share of RM0.20 each held in the Company after the Bonus Issue ("Share Consolidation").

All the new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

ISSUES OF SHARES AND DEBENTURES (cont'd)

(c) there were no issues of debentures by the Company during the financial year.

TREASURY SHARES

During the financial year, the Company purchased 2,646,500 of its issued ordinary shares from the open market at an average price of RM2.52 per share. The total consideration paid for the purchase was RM6,686,927 including transaction costs. The shares purchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965 and presented as a deduction from shareholders' equity.

As at 31 December 2007, the Company held as treasury shares a total of 2,646,500 of its 66,655,875 issued and fully paid-up ordinary shares. The treasury shares are held at a carrying amount of RM6,686,927. Relevant details on the treasury shares are disclosed in Note 23 to the financial statements.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company except for the options granted pursuant to the Employees' Share Option Scheme.

EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

The ESOS is governed by the by-laws approved by the shareholders on 30 March 2006. The ESOS was implemented on 1 August 2006 and is to be in force for a period of 5 years from the date of implementation.

The number of the options and the exercise price for the options under the ESOS had been revised after incorporating the effects of the Bonus Issue and Share Consolidation. The movement in the options to subscribe for the new ordinary shares of RM0.20 each at the revised exercise price of RM4.48 per share is as follows:

	Number of Options Over Ordinary Shares '000
Ordinary Shares of RM0.10 each:	
As at 1 January 2007	13,286
Bonus issue	6,637
As at 17 July 2007	19,923
Share consolidation	(9,961)
Ordinary Shares of RM0.20 each:	
As at 31 December 2007	9,962

EMPLOYEES' SHARE OPTION SCHEME ("ESOS") (cont'd)

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the list of option holders who were granted less than 300,000 options during the financial year in the annual report. Eligible employees who were granted options under the ESOS for and in excess of 300,000 ordinary shares each are as follows:

	Number of Options Over Ordinary Shares^			
	At 1.1.2007	Bonus Issue	Share Consolidation	At 31.12.2007
Chen Liang Shen	499,000	249,500	(374,250)	374,250
Lee Tsuan Chin	361,000	180,500	(270,750)	270,750
Tan Taik Guan	361,000	180,500	(270,750)	270,750
Huang Dan Dan	361,000	180,500	(270,750)	270,750

^ The number of the options had been revised after incorporating the effects of the Bonus Issue and Share Consolidation.

Interest of directors in ESOS is disclosed under Directors' Interest.

The salient terms and conditions of the ESOS are as follows:

(i) the ESOS shall be in force for a period of 5 years commencing from the effective date of the implementation of the ESOS;

(ii) any employee of the Group or director of the Company who is at least 18 years old, and has been confirmed in service for regular full time employment of any company within the Group shall be eligible to participate in the Scheme;

(iii) the total number of new ordinary shares of the Company, which may be made available under the ESOS, shall not exceed 15% of the total issued and paid-up share capital of the Company at any time during the existence of the ESOS;

(iv) not more than 50% of the new ordinary shares of the Company available under the ESOS should be allocated, in aggregate, to the directors and senior management of the Group;

(v) not more than 10% of the new ordinary shares of the Company available under the ESOS should be allocated to any individual eligible employee who holds 20% or more of the issued and paid-up share capital of the Company;

(vi) the price at which the option holder is entitled to subscribe for each new ordinary share of the Company may be at a discount of not more than 10% from the 5 day weighted average market price of ordinary shares as at the offer date provided that the subscription price shall in no event be less than the par value of the ordinary shares;

(vii) the options shall be vested annually on each anniversary date commencing 12 months from the date of offer. Options that are vested and therefore exercisable may be carried forward to subsequent years within the duration of the ESOS. Any vested options that remain unexercised at the expiry of the duration of the ESOS shall be automatically terminated without any claims against the Company; and

(viii) the shares to be allotted upon any exercise of an option will rank pari passu in all respects with the existing issued and paid-up share capital of the Company.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances that would further require the writing off of bad debts, or the additional allowance for doubtful debts in the financial statements of the Group and of the Company.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that any current assets other than debts, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

The contingent liabilities of the Group and of the Company are disclosed in Note 44 to the financial statements. At the date of this report, there does not exist:

(i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year.

DIRECTORS

The directors who served since the date of the last report are as follows:

Tan Sri Datuk Dr. Haji Omar Bin Abdul Rahman	
Puan Chan Cheong	
Nik Mat Bin Ismail	
Dato' Kok Onn	
Tan Kin Lee	
Boey Tak Kong	
Yousuf Mohamed Yaqub Khayat	
Ng Chee Yuen	(as Alternate Director to Yousuf Mohamed Yaqub Khayat)
Siew Wing Keong	(appointed on 24.5.2007)
Ong Ju Yan	(appointed on 3.4.2008)
Yee Chee Wai	(appointed as Alternate Director to Ong Ju Yan on 3.4.2008)
Yap Yuh Foh	(resigned on 31.3.2008)
Lim Ee-Jin	(Alternate Director to Yap Yuh Foh, ceased on 31.3.2008)

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares and options in the Company and its related corporations during the financial year are as follows:

	Number of Ordinary Shares of RM0.10 Each			
	At 1.1.2007	Allotment/ Bought	Sold	At 17.7.2007
THE COMPANY				
Direct Interests				
Puan Chan Cheong	3,186,040	1,593,020	-	4,779,060
Nik Mat Ismail	1,237,100	597,050	43,000	1,791,150
Dato' Kok Onn	294,070	125,000	44,070	375,000
Tan Kin Lee	8,416,420	3,708,210	1,000,000	11,124,630
Indirect Interests #				
Puan Chan Cheong	150,111,000	75,055,500	-	225,166,500
Dato' Kok Onn	150,111,000	75,055,500	-	225,166,500

DIRECTORS' INTERESTS (cont'd)

	Number of Ordinary Shares of RM0.20 Each*			
	At 18.7.2007	Bought	Sold	At 31.12.2007
THE COMPANY				
Direct Interests				
Puan Chan Cheong	2,389,530	94,000	-	2,483,530
Nik Mat Ismail	895,575	-	(62,000)	833,575
Dato' Kok Onn	187,500	-	(187,500)	-
Tan Kin Lee	5,562,315	15,000	-	5,577,315
Indirect Interests #				
Puan Chan Cheong	112,583,250	-	-	112,583,250
Dato' Kok Onn	112,583,250	-	-	112,583,250

Deemed interests by virtue of their direct substantial shareholdings in Green Packet Holdings Limited.

* Arising from Share Consolidation.

	Number of Options Over Ordinary Shares^			
	At 1.1.2007	Bonus Issue	Share Consolidation	At 31.12.2007
The Company				
Puan Chan Cheong	1,150,000	575,000	(862,500)	862,500
Nik Mat Bin Ismail	522,000	261,000	(391,500)	391,500
Dato' Kok Onn	150,000	75,000	(112,500)	112,500
Tan Kin Lee	150,000	75,000	(112,500)	112,500
Yap Yuh Foh	120,000	60,000	(90,000)	90,000
Tan Sri Datuk Omar	120,000	60,000	(90,000)	90,000
Boey Tak Kong	90,000	45,000	(67,500)	67,500

^ The number of the options had been revised after incorporating the effects of the Bonus Issue and Share Consolidation.

By virtue of their interests in shares in the Company, Dato' Kok Onn and Puan Chan Cheong are deemed to have interests in the shares in the subsidiaries to the extent of the Company's interest, in accordance with Section 6A of the Companies Act, 1965.

The other directors holding office at the end of the financial year had no interest in shares in the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors as shown in the financial statements, or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 41 to the financial statements.

Neither during nor at the end of the financial year was the Company or its subsidiaries a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate except for the options granted to the directors pursuant to the ESOS.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 46 to the financial statements.

SIGNIFICANT EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

The significant events subsequent to the balance sheet date are disclosed in Note 47 to the financial statements.

AUDITORS

The auditors, Messrs. Horwath, have expressed their willingness to continue in office.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS DATED 16 APRIL 2008

Puan Chan Cheong

Nik Mat Bin Ismail

statement**by directors**

We, Puan Chan Cheong and Nik Mat Bin Ismail, being two of the directors of Green Packet Berhad, state that, in the opinion of the directors, the financial statements set out on pages 57 to 109 are drawn up in accordance with applicable approved Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 December 2007 and of their results and cash flows for the financial year ended on that date.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS DATED 16 APRIL 2008

Puan Chan Cheong

Nik Mat Bin Ismail

statutory**declaration**

I, Liew Kok Seong, I/C No. 680730-10-6985, being the officer primarily responsible for the financial management of Green Packet Berhad, do solemnly and sincerely declare that the financial statements set out on pages 57 to 109 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
Liew Kok Seong, I/C No. 680730-10-6985,
at Kuala Lumpur in the Federal Territory
on this 16 April 2008

Liew Kok Seong

Before me
Mohd Radzi Bin Yasin (No: W 327)

report of**the auditors**

to the Members of Green Packet Berhad

We have audited the financial statements set out on pages 57 to 109. The preparation of the financial statements is the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with approved standards on auditing in Malaysia. These standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. Our audit included examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. Our audit also included an assessment of the accounting principles used and significant estimates made by the directors as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion,

(a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved Financial Reporting Standards in Malaysia so as to give a true and fair view of:

   (i) the state of affairs of the Group and of the Company at 31 December 2007 and their results and cash flows for the financial year ended on that date; and

   (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and

(b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and by subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

We have considered the financial statements and the auditors' report of the subsidiaries of which we have not acted as auditors, as indicated in Note 6 to the financial statements.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purpose of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The audit reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under Sub-section (3) of Section 174 of the Companies Act, 1965.

Horwath
Firm No: AF 1018
Chartered Accountants

Lee Kok Wai
Approval No: 2760/06/08 (J)
Partner

Kuala Lumpur
16 April 2008

balance**sheets**

at 31 December 2007

	Note	The Group 2007 RM'000	The Group 2006 RM'000	The Company 2007 RM'000	The Company 2006 RM'000
ASSETS					
Non-current Assets					
Investment in subsidiaries	6	-	-	75,952	45,038
Investment in associates	7	24,835	26,500	11,269	11,269
Plant and equipment	8	25,203	10,648	3,120	2,212
Development costs	9	27,912	8,552	7,956	3,562
Intellectual property	10	14,060	16,340	14,060	16,340
Other investments	11	34,434	14,898	34,434	14,898
Goodwill on consolidation	12	11,877	19,980	-	-
		138,321	96,918	146,791	93,319
Current Assets					
Inventories held for resale	13	19,305	8,129	173	621
Trade receivables	14	46,574	53,063	30,954	38,089
Other receivables, deposits and prepayments	15	20,932	9,022	7,045	1,805
Amount owing by subsidiaries	16	-	-	44,018	15,557
Tax refundable		2,947	-	70	-
Deposits with licensed banks	17	77,364	239,971	62,234	229,245
Cash and bank balances	18	165,103	63,861	148,908	59,829
		332,225	374,046	293,402	345,146
Total Assets		470,546	470,964	440,193	438,465
EQUITY AND LIABILITIES					
Equity					
Share capital	19	66,656	44,437	66,656	44,437
Share premium	20	259,002	281,833	259,002	281,833
Foreign exchange translation reserve	21	(199)	297	173	-
Retained profits	22	98,181	90,239	103,642	81,818
Treasury shares	23	(6,687)	-	(6,687)	-
Other reserve	24	3,254	1,238	3,254	1,238
Shareholders' Equity		420,207	418,044	426,040	409,326
Minority Interests		20,906	6,413	-	-
Total Equity		441,113	424,457	426,040	409,326

	Note	The Group 2007 RM'000	The Group 2006 RM'000	The Company 2007 RM'000	The Company 2006 RM'000
EQUITY AND LIABILITIES (cont'd)					
Non-current Liabilities					
Hire purchase payables	25	2,624	951	832	829
Deferred tax liabilities	26	770	870	-	-
		3,394	1,821	832	829
Current Liabilities					
Trade payables	27	5,294	10,376	-	611
Other payables and accruals	28	19,706	21,715	9,070	16,540
Hire purchase payables	25	1,039	139	179	122
Provisions	29	-	10,930	-	10,930
Provision for taxation		-	1,526	-	107
Amount owing to a subsidiary	16	-	-	3,871	-
Amount owing to a related company	30	-	-	201	-
		26,039	44,686	13,321	28,310
Total Liabilities		29,433	46,507	14,153	29,139
Total Equity and Liabilities		470,546	470,964	440,193	438,465
Net Assets Per Share (Sen)	31	126	94		

The annexed notes form an integral part of these financial statements.

income**statements**

for the financial year ended 31 December 2007

	Note	The Group 2007 RM'000	The Group 2006 RM'000	The Company 2007 RM'000	The Company 2006 RM'000
Revenue	32	122,836	98,931	58,685	66,682
Cost of sales		(50,996)	(27,312)	(8,053)	(6,152)
Gross profit		71,840	71,619	50,632	60,530
Other income		9,822	9,064	11,609	2,359
		81,662	80,683	62,241	62,889
Administrative expenses		(39,471)	(19,066)	(12,820)	(9,903)
Other expenses		(9,163)	(6,313)	(2,954)	(5,280)
Finance costs		(372)	(77)	(170)	(17)
Share of (loss)/profit in associates		(1,664)	3,331	-	-
Profit before taxation	33	30,992	58,558	46,297	47,689
Income tax expense	34	(1,976)	(2,446)	(2,255)	(610)
Profit after taxation		29,016	56,112	44,042	47,079
Attributable to:					
Equity holders of the company		30,160	55,286	44,042	47,079
Minority interests		(1,144)	826	-	-
		29,016	56,112	44,042	47,079
Earnings per share (sen)					
- Basic	35	9	19		
- Diluted	35	9	19		

The annexed notes form an integral part of these financial statements.

statements of**changes in equity**

for the financial year ended 31 December 2007

	Attributable to Equity Holders of Company							
	Share Capital	---------- Non-distributable				---------- Distributable		
The Group	Ordinary Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Foreign Exchange Translation Reserve RM'000	Other Reserve RM'000	Retained Profits RM'000	Minority Interests RM'000	Total Equity RM'000
Balance at 1.1.2006	36,725	30,988	-	184	-	43,033	-	110,930
Issuance of ordinary shares pursuant to private placements	7,712	264,788	-	-	-	-	-	272,500
Expenses incurred on issuance of ordinary shares	-	(13,943)	-	-	-	-	-	(13,943)
Share options granted under ESOS	-	-	-	-	1,238	-	-	1,238
Acquisition of subsidiaries	-	-	-	-	-	-	3,982	3,982
Issuance of subsidiary's ordinary shares	-	-	-	-	-	-	1,605	1,605
Dividend	-	-	-	-	-	(8,080)	-	(8,080)
Profit after taxation	-	-	-	-	-	55,286	826	56,112
Currency translation difference not recognised in the income statement	-	-	-	113	-	-	-	113
Balance at 31.12.2006/1.1.2007	44,437	281,833	-	297	1,238	90,239	6,413	424,457
Issuance of ordinary shares pursuant to bonus issue	22,219	(22,219)	-	-	-	-	-	-
Expenses incurred on issuance of ordinary shares	-	(612)	-	-	-	-	-	(612)
Share options granted under ESOS	-	-	-	-	2,016	-	-	2,016
Additional investments in subsidiaries	-	-	-	-	-	-	16,535	16,535
Treasury shares acquired	-	-	(6,687)	-	-	-	-	(6,687)
Dividend paid	-	-	-	-	-	(22,218)	-	(22,218)
Dividend paid to minority interests	-	-	-	-	-	-	(898)	(898)
Profit after taxation	-	-	-	-	-	30,160	(1,144)	29,016
Currency translation difference not recognised in the income statement	-	-	-	(496)	-	-	-	(496)
Balance at 31.12.2007	66,656	259,002	(6,687)	(199)	3,254	98,181	20,906	441,113

statements of**changes in equity**

for the financial year ended 31 December 2007 (cont'd)

		Attributable to Equity Holders of Company						
		Share Capital	---------- Non-distributable				----------Distributable	
The Company	Note	Ordinary Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Foreign Exchange Translation Reserve RM'000	Other Reserve RM'000	Retained Profits RM'000	Total Equity RM'000
Balance at 1.1.2006		36,725	30,988	-	-	-	42,819	110,532
Issuance of ordinary shares pursuant to private placements		7,712	264,788	-	-	-	-	272,500
Expenses incurred on issuance of ordinary shares		-	(13,943)	-	-	-	-	(13,943)
Share options granted under ESOS		-	-	-	-	1,238	-	1,238
Dividend paid		-	-	-	-	-	(8,080)	(8,080)
Profit after taxation		-	-	-	-	-	47,079	47,079
Balance at 31.12.2006/1.1.2007		44,437	281,833	-	-	1,238	81,818	409,326
Issuance of ordinary shares pursuant to bonus issue		22,219	(22,219)	-	-	-	-	-
Expenses incurred on issuance of ordinary shares		-	(612)	-	-	-	-	(612)
Share options granted under ESOS		-	-	-	-	2,016	-	2,016
Treasury shares acquired		-	-	(6,687)	-	-	-	(6,687)
Dividend paid	36	-	-	-	-	-	(22,218)	(22,218)
Profit after taxation		-	-	-	-	-	44,042	44,042
Currency translation difference not recognised in the income statement		-	-	-	173	-	-	173
Balance at 31.12.2007		66,656	259,002	(6,687)	173	3,254	103,642	426,040

The annexed notes form an integral part of these financial statements.

cash flow**statements**

for the financial year ended 31 December 2007

	Note	The Group 2007 RM'000	The Group 2006 RM'000	The Company 2007 RM'000	The Company 2006 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation		30,992	58,558	46,297	47,689
Adjustments for:					
Allowance for doubtful debts		264	60	-	-
Amortisation of development costs		607	485	367	331
Amortisation of intellectual property		2,280	2,280	2,280	2,280
Bad debts written off		-	18	-	18
Depreciation of plant and equipment		3,832	1,436	865	503
Equipment written off		11	19	-	*
Interest expense		68	26	170	17
Share options granted under ESOS		2,016	1,238	2,016	1,238
Loss/(Gain) on disposal of equipment		151	30	34	(3)
Unrealised loss on foreign exchange		390	2,833	426	2,833
Interest income		(8,514)	(2,432)	(7,695)	(2,207)
Dividend income		-	-	(3,625)	-
Tax-exempted distribution from unit trusts		(179)	(100)	(162)	(100)
Gain on dilution of investment in an associate		-	(5,192)	-	-
Share of profit/(loss) in an associate		1,664	(3,331)	-	-
Operating profit before working capital changes		33,582	55,928	40,973	52,599
(Increase)/Decrease in inventories held for resale		(10,939)	(6,028)	448	(126)
(Increase)/Decrease in trade and other receivables		(6,075)	(18,867)	1,468	(16,855)
(Decrease)/Increase in other payables and accruals		(18,021)	6,107	(19,011)	7,255
(Increase)/Decrease in amount owing by subsidiaries		-	-	(115)	12
Cash (for)/from operations		(1,453)	37,140	23,763	42,885
Interest paid		(68)	(26)	(170)	(17)
Tax paid		(6,548)	(2,402)	(2,433)	(503)
Net Cash (for)/from operating activities		(8,069)	34,712	21,160	42,365
CASH FLOWS FOR INVESTING ACTIVITIES					
Acquisition of subsidiaries	37	-	(9,065)	-	(14,774)
Acquisition of an associate		-	(4,557)	-	-
Additional investment in subsidiaries		-	-	(30,914)	(9,112)
Additional investment in an associate		-	(11,269)	-	(11,269)
Purchase of plant and equipment	38	(20,837)	(4,451)	(1,702)	(883)
Proceeds from disposal of equipment		1,596	117	70	15
Development costs incurred		(16,518)	(2,655)	(4,697)	(1,035)
Advances to subsidiaries		-	-	(28,346)	(15,216)
Interest received		8,514	2,432	7,695	2,207
Other investments		(19,536)	(11,368)	(19,536)	(11,368)
Unit trust distribution received		179	100	162	100
Dividend received		-	-	3,625	-
Payment by vendor for shortfall of profit guarantee		8,103	-	-	-
Net cash for investing activities		(38,499)	(40,716)	(73,643)	(61,335)
Balance carried forward		(46,568)	(6,004)	(52,483)	(18,970)

cash flow**statements**

for the financial year ended 31 December 2007 (cont'd)

	Note	The Group 2007 RM'000	The Group 2006 RM'000	The Company 2007 RM'000	The Company 2006 RM'000
Balance brought forward		(46,568)	(6,004)	(52,483)	(18,970)
CASH FLOWS FROM FINANCING ACTIVITIES					
Advances from a related company		-	-	201	-
Advances from a subsidiary		-	-	3,871	-
Proceeds from issuance of ordinary shares		-	272,500	-	272,500
Expenses incurred on issuance of ordinary shares		(612)	(13,943)	(612)	(13,943)
Dividend paid					
- to shareholders of the Company		(22,218)	(8,080)	(22,218)	(8,080)
- to minority shareholders		(898)	-	-	-
Proceeds from issuance of subsidiary's shares to minority		16,535	1,605	-	-
Repayment of hire purchase obligations		(450)	(189)	(200)	(93)
Treasury shares acquired		(6,687)	-	(6,687)	-
Net cash (for)/from financing activities		(14,330)	251,893	(25,645)	250,384
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(60,898)	245,889	(78,128)	231,414
Foreign exchange translation differences		(467)	(1,519)	196	(1,651)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		303,832	59,462	289,074	59,311
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	39	242,467	303,832	211,142	289,074

* - less than RM1,000

The annexed notes form an integral part of these financial statements.

1. GENERAL INFORMATION

The Company is a public company limited by shares and is incorporated under the Malaysian Companies Act, 1965. The domicile of the Company is Malaysia. The registered office and principal place of business are as follows:

Registered office	: C15-1, Level 15, Tower C, Megan Avenue II, 12, Jalan Yap Kwan Seng, 50450 Kuala Lumpur.
Principal place of business	: Lot 1-5, Incubator 2, Technology Park Malaysia, Lebuhraya Puchong-Sungai Besi, Bukit Jalil, 57000 Kuala Lumpur.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 16 April 2008.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of research, development, manufacturing, marketing and distribution of wireless networking and telecommunication products, networking solutions and other high technology products and services. The principal activities of the subsidiaries are set out in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. FINANCIAL RISK MANAGEMENT POLICIES

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing market, credit, liquidity and cash flow risks. The policies in respect of the major areas of treasury activity are as follows:

(a) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign exchange risk on investments, sales and purchases that are denominated in foreign currencies. It manages its foreign exchange exposure by a policy of matching as far as possible receipts and payments in each individual currency.

Surpluses of convertible currencies are either retained in foreign currency or sold for Ringgit Malaysia. The Group's foreign currency transactions and balances are substantially denominated in United States ("US") Dollar, Chinese Renminbi, Bahrain Dinars and New Taiwan Dollar.

(ii) Interest Rate Risk

The Group obtains financing through hire purchase facilities. Its policy is to obtain the most favourable interest rates available.

Surplus funds are placed with licensed financial institutions at the most favourable interest rates.

(iii) Price Risk

The Group's principal exposure to price risks arises mainly from changes in quoted equity shares. Price risk is monitored closely and managed to an acceptable level.

3. FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

(b) Credit Risk

The Group's exposure to credit risks, or the risk of counterparties defaulting, arises mainly from receivables. The maximum exposure to credit risks is represented by the total carrying amount of these financial assets in the balance sheet reduced by the effects of any netting arrangements with counterparties.

The Group's concentration of credit risks relates to the amounts owing by four major customers which made up approximately 67% of its total receivables at the balance sheet date.

The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis.

(c) Liquidity and Cash Flow Risks

The Group's exposure to liquidity and cash flow risks arises mainly from general funding and business activities.

It practises prudent liquidity risk management by maintaining sufficient cash balances and adequate working capital to meet its obligations as and when they fall due.

4. BASIS OF PREPARATION

The financial statements of the Group and of the Company are prepared under the historical cost convention, and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with applicable approved Financial Reporting Standards in Malaysia and the provisions of the Companies Act, 1965.

During the current financial year, the Group and the Company have adopted all the new and revised Financial Reporting Standards ("FRSs") issued by the Malaysian Accounting Standards Board ("MASB") which are relevant to its operations.

(a) FRSs issued and effective for financial periods beginning on or after 1 October 2006:

FRS 117	Leases
FRS 124	Related Party Disclosures

(b) FRSs issued and effective for financial periods beginning on or after 1 January 2007:

FRS 6	Exploration for and Evaluation of Mineral Resources
FRS 119_{2004}	Amendment to FRS 119_{2004} Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures

The effects of adopting FRS 124 are disclosed in Note 41 to the financial statements.

The adoption of FRS 117 and FRS 119_{2004} does not have any material financial effects on the financial statements of the Group and the Company. FRS 6 is not relevant to the Group and the Company's operations.

4. BASIS OF PREPARATION (cont'd)

Framework for the Preparation and Presentation of Financial Statements has been issued and is effective immediately. This Framework sets out the concepts that underlie the preparation and presentation of financial statements for external users. It is not an MASB approved accounting standard and hence, does not define standards for any particular measurement or disclosure issue. The Group and the Company have applied this Framework for the financial year ended 31 December 2007 onwards.

The Group and the Company has not adopted FRS 139 - Financial Instruments: Recognition and Measurement and the consequential amendments resulting from FRS 139 as the effective date is deferred to a date to be announced by the MASB. FRS 139 establishes the principles for the recognition and measurement of financial assets and financial liabilities including circumstances under which hedge accounting is permitted. By virtue of the exemption provided under paragraph 103AB of FRS 139, the impact of applying FRS 139 on its financial statements upon first adoption of the standard as required by paragraph 30(b) of FRS 108 is not disclosed.

The following FRSs have been issued and are effective for financial periods beginning on or after 1 July 2007 and will be effective for the Group's financial statements for the financial year ending 31 December 2008.

FRS 107 Cash Flow Statements
FRS 111 Construction Contracts
FRS 112 Income Taxes
FRS 118 Revenue
FRS 120 Accounting for Government Grants and Disclosure of Government Assistance
FRS 137 Provisions, Contingent Liabilities and Contingent Assets

The above FRSs align the MASB's FRSs with the equivalent International Accounting Standards ("IASs"), both in terms of form and content. The adoption of these standards will only impact the form and content of disclosures presented in the financial statements. The Group and the Company will apply these FRSs from the financial year ending 31 December 2008 onwards except for FRS 111 which is not relevant to the Group and the Company's operations.

FRS 134 - Interim Financial Reporting has been issued and is effective for the financial periods beginning on or after 1 July 2007. This amendment aligns the MASB's FRSs with the equivalent IAS, both in terms of form and content. The adoption of this standard will only impact the form and content of disclosures presented in the quarterly financial statements. The Group and the Company will apply this standard from the financial year ending 31 December 2008 onwards.

Amendment to FRS 121 - The Effects of Changes in Foreign Exchange Rates *Net Investment in a Foreign Operation* has been issued and is effective for financial periods beginning on or after 1 July 2007. This amendment results in exchange differences arising from a monetary item that forms part of the Group's and the Company's net investment in a foreign operation to be recognised in equity irrespective of the currency in which the monetary item is denominated and whether the monetary item results from a transaction with the Company or any of its subsidiaries. Previously, exchange differences arising from such transactions between the Company and its subsidiaries would be accounted for in the income statement or in equity depending on the currency of the monetary item. The Group and the Company will apply this amendment from the financial year ending 31 December 2008 onwards.

4. BASIS OF PREPARATION (cont'd)

IC Interpretation 1 - Changes in Existing Decommissioning, Restoration and Similar Liabilities has been issued and is effective for financial periods beginning on or after 1 July 2007. This interpretation addresses the effects of events that changes the measurement of an existing decommissioning, restoration or similar liability, namely a change in the estimated outflow of resources embodying economic benefits required to settle the obligation, a change in the current market-based discount rate as defined in paragraph 48 of FRS 137_{2004} and an increase that reflects the passage of time. This interpretation is not relevant to the Group's and the Company's operations.

IC Interpretation 2 - Member's Shares in Co-operative Entities and Similar Instruments has been issued and is effective for financial periods beginning on or after 1 July 2007. This interpretation is not relevant to the Group's and the Company's operations.

IC Interpretation 5 - Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds has been issued and is effective for financial periods beginning on or after 1 July 2007. This interpretation is not relevant to the Group's and the Company's operations.

IC Interpretation 6 - Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment has been issued and is effective for financial periods beginning on or after 1 July 2007. This interpretation is not relevant to the Group's and the Company's operations.

IC Interpretation 7 - Applying the Restatement Approach under FRS 129_{2004} Financial Reporting in Hyperinflationary Economies has been issued and is effective for financial periods beginning on or after 1 July 2007. This interpretation is not relevant to the Group's and the Company's operations.

IC Interpretation 8 - Scope of FRS 2 has been issued and is effective for financial periods beginning on or after 1 July 2007. This interpretation applies to transactions in which goods or services are received, including transactions in which the entity cannot identify specially some or all of the goods or services received. Where the fair value of the share-based payment is excess of the identifiable goods or services received, it is presumed that additional goods or services have been or will be received. The whole fair value of the share-based payment will be charged to the income statement. The Group and the Company will apply this interpretation for the financial year ending 31 December 2008 onwards.

5. SIGNIFICANT ACCOUNTING POLICIES

(a) Critical Accounting Estimates And Judgements

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below.

(i) Depreciation of Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the plant and equipment are based on commercial and production factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Critical Accounting Estimates And Judgements (cont'd)

(i) Depreciation of Plant and Equipment (cont'd)

The Group anticipates that the residual values of its plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(ii) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

(iii) Impairment of Assets

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

(iv) Amortisation of Development Costs

Changes in the expected level of usage and technological development could impact the economic useful lives and therefore, future amortisation charges could be revised.

(v) Allowance for Doubtful Debts of Receivables

The Group makes allowance for doubtful debts based on an assessment of the recoverability of receivables. Allowances are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyses historical bad debt, customer concentrations, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the allowance for doubtful debts of receivables. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables.

(vi) Allowance for Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Critical Accounting Estimates And Judgements (cont'd)

(vii) Share-based Payments

The Group measures the cost of equity settled transactions with employees by reference to the fair value of the equity investments at the date at which they are granted. The estimating of the fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. This also requires determining the most appropriate inputs to the valuation model including the expected life of the option volatility and dividend yield and making assumptions about them.

(viii) Fair Value Estimates for Certain Financial Assets and Liabilities

The Group carries certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and equity.

(b) Financial Instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

Financial instruments recognised in the balance sheet are disclosed in the individual policy statement associated with each item.

(c) Functional and Foreign Currency

(i) Functional and Presentation Currency

The functional currency of each of the Group's entity is measured using the currency of the primary economic environment in which that entity operates.

The consolidated financial statements are presented in Ringgit Malaysia ("RM") which is the Group's functional and presentation currency.

(ii) Transactions and Balances

Transactions in foreign currency are converted into RM at the approximate rates of exchange ruling at the transaction dates. Transactions in foreign currency are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the balance sheet date are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are taken to the income statement.

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Functional and Foreign Currency (cont'd)

(iii) Foreign Operations

Assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on the acquisition of foreign operations, are translated to RM for consolidation at the rates of exchange ruling at the balance sheet date. Revenues and expenses of foreign operations are translated into RM at the average rates for the financial year. All resulting exchange differences arising on translation are recognised as a separate component of equity. On disposal, accumulated translation differences are recognised in the consolidated income statement as part of the gain or loss on sale.

The principal closing foreign exchange rates used (expressed on the basis of one unit of foreign currency to Ringgit Malaysia equivalent) for the translation of foreign currency balances at the balance sheet date are as follows:

	2007 RM	2006 RM
Bahrain Dinars	8.80	9.38
Pound Sterling	6.62	6.92
United States Dollar	3.33	3.53
Chinese Renminbi	0.46	0.45
New Taiwan Dollar	0.10	0.11
Singapore Dollar	2.32	2.30
Australian Dollar	2.92	2.78

(d) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December 2007.

A subsidiary is defined as a company in which the Group has the power, directly or indirectly, to exercise control over the financial and operating policies so as to obtain benefits from its activities.

All subsidiaries are consolidated using the purchase method of accounting. Under the purchase method of accounting, the results of the subsidiaries acquired or disposed of are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiary's net assets are determined and these values are reflected in the consolidated financial statements. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination.

Intragroup transactions, balances and unrealised gains on transactions are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, adjustments are made to the financial statements of the subsidiary to ensure consistency of accounting policies with those of the Group.

Minority interests in the consolidated balance sheet consist of the minorities' share of fair values of the identifiable, assets and liabilities of the acquiree as at the date of acquisition and the minorities' share of movements in the acquiree's equity.

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Basis of Consolidation (cont'd)

Minority interests are presented in the consolidated balance sheet of the Group within equity, separately from the Company's equity holders, and are separately disclosed in the consolidated income statement of the Group.

(e) Goodwill on Consolidation

Goodwill on consolidation represents the excess of the fair value of the purchase consideration over the Group's share of the fair values of the identifiable net assets of the subsidiaries at the date of acquisition.

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually. The impairment value of goodwill is recognised immediately in the consolidated income statement. An impairment loss recognised for goodwill is not reversed in a subsequent period.

If, after reassessment, the Group's interest in the fair values of the identifiable net assets of the subsidiaries exceeds the cost of the business combinations, the excess is recognised immediately in the consolidated income statement.

(f) Research and Development Expenditure

Research expenditure is recognised as an expense when it is incurred.

Development expenditure is recognised as an expense except that expenditure incurred on development projects are capitalised as long-term assets to the extent that such expenditure is expected to generate future economic benefits. Development expenditure is capitalised if, and only if an entity can demonstrate all of the following:

(i) its ability to measure reliably the expenditure attributable to the asset under development;

(ii) the product or process is technically and commercially feasible;

(iii) its future economic benefits are probable;

(iv) its ability to use or sell the developed asset; and

(v) the availability of adequate technical, financial and other resources to complete the asset under development.

Capitalised development expenditure is measured at cost less accumulated amortisation and impairment losses, if any. Development expenditure initially recognised as an expense are not recognised as assets in the subsequent period.

The development expenditure is amortised on a straight-line method over a period of 10 years when the products are ready for sale or use. In the event that the expected future economic benefits are no longer probable of being recovered, the development expenditure is written down to its recoverable amount.

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Intangible Assets

An intangible asset shall be recognised if, and only if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and that the cost of the asset can be measured reliably. An entity shall assess the probability of the expected future economic benefits using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset. An intangible asset shall be measured initially at cost.

The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

(h) Investments

(i) Investments in Subsidiaries and Associates

Investments in subsidiaries and associates are stated at cost in the balance sheet of the Company, and are reviewed for impairment at the end of the financial year if events or changes in circumstances indicate that their carrying values may not be recoverable.

On the disposal of the investments in subsidiaries and associates, the difference between the net disposal proceeds and the carrying amount of the investments is taken to the income statement.

(ii) Other Investments

Other investments held on a long-term basis are stated at cost less allowance for permanent diminution in value.

On the disposal of these investments, the difference between the net disposal proceeds and the carrying amount of the investments is taken to the income statement.

(i) Associates

An associate is an entity in which the Group has a long-term equity interest and where it exercises significant influence over the financial and operating policies.

The investments in associates in the consolidated financial statements are accounted for under the equity method, based on the financial statements of the associates made up to 31 December 2007. The Group's share of the post acquisition profits of the associates is included in the consolidated income statement and the Group's interest in associates is stated at cost plus the Group's share of the post-acquisition retained profits and reserves.

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(i) Associates (cont'd)

Unrealised gains on transactions between the Group and the associates are eliminated to the extent of the Group's interest in the associate. Unrealised losses are eliminated unless cost cannot be recovered.

(j) Plant and Equipment

Plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is calculated under the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:

Motor vehicles	20%
Plant and machinery	10% - 33%
Office equipment	10% - 20%
Furniture and fittings	10% - 20%
Computer equipment	25% - 33%
Renovation	10% - 20%
Computer software	20%

The depreciation method, useful life and residual values are reviewed, and adjusted if appropriate, at each balance sheet date to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the plant and equipment.

Capital work-in-progress represents construction of broadband infrastructure, and which are not ready for commercial use at the balance sheet date. Capital work-in-progress is stated at cost, and is transferred to the relevant category of assets and depreciated accordingly when the assets are completed and ready for commercial use.

Cost of capital work-in-progress includes direct cost, related expenditure and interest cost on borrowings taken to finance the acquisition of the assets to the date that the assets are completed and put into use.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset is included in the income statement in the year the asset is derecognised.

(k) Impairment of Assets

The carrying values of assets, other than those to which FRS 136 - Impairment of Assets does not apply, are reviewed at each balance sheet date for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' net selling price and its value-in-use, which is measured by reference to discounted future cash flow.

An impairment loss is charged to the income statement immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(k) Impairment of Assets (cont'd)

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately, unless the asset is carried at its revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to the revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the income statement, a reversal of that impairment loss is recognised as income in the income statement.

(l) Assets under Hire Purchase and Lease

Leases of plant and equipment where substantially all the benefits and risk of ownership are transferred to the Group are classified as finance leases.

Plant and equipment acquired under finance lease and hire purchase are capitalised in the financial statements.

Each lease or hire purchase payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding outstanding obligations due under the finance lease and hire purchase after deducting finance charges are included as liabilities in the financial statements.

Finance charges are allocated to the income statement over the period of the respective lease and hire purchase agreements.

Plant and equipment acquired under finance leases and hire purchase are depreciated over the useful lives of the assets. If there is no reasonable certainty that the ownership will be transferred to the Group, the assets are depreciated over the shorter of the lease terms and their useful lives.

(m) Government Grants

Government grants which relate to the development of products are recognised on a receivable basis, and are set off against the related development costs.

(n) Intellectual Property

The intellectual property consists of the acquisition cost of the exclusive rights of a suite of software modules, including the trademarks, copyright, source codes and associated documentation. The acquisition cost is capitalised as an intangible asset as it is able to generate future economic benefits to the Group.

The intellectual property is amortised on a straight-line basis over the period of 10 years during which its economic benefits are expected to be consumed.

(o) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis, and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition. Cost of finished goods and work-in-progress includes the cost of materials, labour and an appropriate proportion of production overheads.

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(o) Inventories (cont'd)

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

Where necessary, due allowance is made for all damaged, obsolete and slow-moving items.

(p) Receivables

Receivables are carried at anticipated realisable value. Bad debts are written off in the period in which they are identified. An estimate is made for doubtful debts based on a review of all outstanding amounts at the balance sheet date.

(q) Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(r) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the Company has a present obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation.

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

A contingent asset is a probable asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

(s) Interest-bearing Borrowings

The interest-bearing borrowings are recorded at the amount of proceeds received, net of transaction costs.

All borrowing costs are charged to the income statement as expenses in the period in which they are incurred.

(t) Income Taxes

Income taxes for the year comprise current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantially enacted at the balance sheet date.

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(t) Income Taxes (cont'd)

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantially enacted at the balance sheet date.

Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly to equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs. The carrying amounts of deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

(u) Equity Instruments

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options as shown in equity as a deduction, net of tax, from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(v) Treasury Shares

When the Company's own shares recognised as equity are bought-back, the amount of the consideration paid, including all costs directly attributable, are recognised as a deduction from equity. Own shares purchased that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity.

Where such shares are subsequently sold or reissued, any consideration received, net of any direct costs, is included in shareholders' equity.

(w) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, deposits pledged with financial institutions, bank overdrafts and short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

5. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(x) Employee Benefits

(i) Short-term Benefits

Wages, salaries, paid annual leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group.

(ii) Defined Contribution Plans

The Group's contributions to defined contribution plans are charged to the income statement in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

(iii) Share-based Payment Transactions

At grant date, the fair value of options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the actual number of share options that are expected to vest.

(y) Related Parties

Parties are considered to be related if one party has the ability to control the other party or exercise influence over the other party, to the extent that it prevents the other party from pursuing its own separate interests in making financial and operating decisions.

(z) Revenue Recognition

(i) Sale of Goods

Revenue is recognised upon delivery of goods and customers' acceptance and where applicable, net of returns and trade discounts.

(ii) Services

Revenue is recognised upon rendering of services and when the outcome of the transaction can be estimated reliably. In the event the outcome of the transaction could not be estimated reliably, revenue is recognised to the extent of the expenses incurred that are recoverable.

(iii) Interest Income

Interest income is recognised on an accrual basis based on the effective yield on the investment.

(aa) Segmental Information

Segment revenue and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of plant and equipment (net of accumulated depreciation, where applicable), other investments, inventories, receivables and cash and bank balances.

Most segment assets can be directly attributed to the segments on a reasonable basis. Segment assets do not include income tax assets, whilst segment liabilities do not include income tax liabilities and borrowings from financial institutions.

Segment revenue, expenses and results include transfers between segments. The prices charged on intersegment transactions are based on normal commercial terms. These transfers are eliminated on consolidation.

6. INVESTMENT IN SUBSIDIARIES

	The Company	
	2007 RM'000	2006 RM'000
Unquoted shares, at cost	75,952	45,038

Details of the subsidiaries are as follows:

Name of Company	Country of Incorporation	Effective Equity Interest 2007	Effective Equity Interest 2006	Principal Activities
Green Packet (Shanghai) Ltd. ("GPSL") *	The People's Republic of China	100%	100%	Research, development, manufacturing, marketing and distribution of wireless networking and telecommunication products, networking solutions and other high technology products and services.
Green Packet Ventures Ltd. ("GPVL")	The British Virgin Islands	100%	100%	Investment holding.
Green Packet Networks (Singapore) Pte. Ltd. (formerly known as Green Packet (Singapore) Pte. Ltd.) ("GPSPL") *	The Republic of Singapore	100%	100%	Dormant.
Green Packet (Australia) Pty. Ltd. ("GPAPL") *	Australia	100%	100%	Marketing of wireless broadband equipment, systems and solutions.
Green Packet International Sdn. Bhd. ("GPISB")	Malaysia	100%	100%	Dormant.
Packet One Sdn. Bhd. ("POSB")	Malaysia	100%	100%	Investment holding.
First Wireless Sdn. Bhd. (formerly known as Packet One International Sdn. Bhd.) ("FWSB")	Malaysia	70%	70%	Development and marketing of wireless broadband equipment, systems and solutions.
Next Telecommunications Sdn. Bhd. ("NTSB")	Malaysia	75%	75%	Providing total communication services, solutions and products.
J & C Pacific Sdn. Bhd. ("J&CPSB")	Malaysia	75%	75%	Providing total communication services, solutions and products.
Millercom Sdn. Bhd. ("MSB")	Malaysia	75%	75%	Selling prepaid cards and call shop sales.
Next Global Technology Sdn. Bhd. ("NGTSB")	Malaysia	75%	75%	Research and development of total value added data network and communication services.

6. INVESTMENT IN SUBSIDIARIES (cont'd)

Name of Company	Country of Incorporation	Effective Equity Interest 2007	Effective Equity Interest 2006	Principal Activities
Packet One Networks (Malaysia) Sdn. Bhd. (formerly known as MIB Comm Sdn. Bhd.) ("PONSB") ^	Malaysia	55%	55%	Provision of last mile broadband network infrastructure facilities and services.
Packet Nation Sdn. Bhd. ("PNSB")	Malaysia	100%	-	Providing total communication services, solutions and products.
P1. Com Sdn. Bhd. ("P1CSB")	Malaysia	100%	-	To carry on marketing and distribution of telecommunication products and services.
Green Packet Networks W.L.L. ("GPNWLL") *	Kingdom of Bahrain	50.01%	-	Marketing, distribution and provision of wireless networking and telecommunication products and services.
Green Packet Networks (Taiwan) Pte. Ltd. ("GPNTPL") *	Taiwan	100%	-	Marketing and distribution of wireless networking and telecommunication products, networking solutions and other high technology products and services.
Green Packet (L) Ltd. ("GPLL") *	Malaysia	100%	-	Investment holding and special purpose vehicle for procurement of funds.
NGT Networks Pte. Ltd *#	The Republic of Singapore	100%	-	Provision of international voice traffic.

* Not audited by Horwath.

^ Held through Packet One Sdn. Bhd.

\# Held through Next Global Technology Sdn. Bhd.

7. INVESTMENT IN ASSOCIATES

	The Group		The Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Quoted shares, at cost	11,269	11,269	11,269	11,269
Unquoted shares, at cost	4,557	4,557	-	-
Share of post acquisition profit	3,817	5,482	-	-
Gain on dilution of investment	5,192	5,192	-	-
At 31 December	24,835	26,500	11,269	11,269
Market value of quoted shares	6,804	88,438	6,804	88,438

7. INVESTMENT IN ASSOCIATES (cont'd)

Details of the associates are as follows:

Name of Company	Country of Incorporation	Effective Equity Interest 2007	Effective Equity Interest 2006	Principal Activities
GMO Limited #	Jersey, Channel Islands	29.9%	29.9%	Investment holding.
GMO Global Limited *	The British Virgin Islands	29.9%	29.9%	Investment holding.
MH Capital Inc. *	The British Virgin Islands	20.9%	20.9%	Research and development of wireless networking and telecommunication products, networking solutions and other high technology products and services.
MH Technology Limited *	The People's Republic of China	20.9%	20.9%	Research, development and commercialisation of internet application, telecommunication and multimedia technology, design and production of webpage and other related technical training and services.
Inova Venture Pte. Ltd. ("IVPL") ^	The Republic of Singapore	20.0%	20.0%	Providing support services to telecommunication, general importers and exporters.
Brillante Novastella Sdn. Bhd. ("BNSB") **	Malaysia	20.0%	20.0%	Software development.

\# Listed on the Alternative Investment Market, London.

* Held through GMO Limited.

^ Held through Green Packet Ventures Ltd.

** Held through Inova Venture Pte. Ltd.

The summarised financial information of the associates are as follows:

	2007 RM'000	2006 RM'000
Assets and Liabilities		
Total assets	126,334	111,722
Total liabilities	(63,014)	(34,684)
Results		
Revenue	26,123	30,507
(Loss)/Profit for the year	(1,523)	11,873

Included in the investment in associates is an amount of approximately RM4.2 million which represents goodwill arising from investment in an associate. This amount is reviewed for impairment annually.

8. PLANT AND EQUIPMENT

The Group	At 1.1.2007 RM'000	Additions RM'000	Written Off RM'000	Disposals RM'000	Reclassified to Development Costs RM'000	Exchange Translation Reserve RM'000	Depreciation Charge RM'000	At 31.12.2007 RM'000
Net Book Value								
Motor vehicles	1,425	730	-	(152)	-	#	(495)	1,508
Plant and machinery	3,674	1,389	-	(137)	-	#	(2,373)	2,553
Office equipment	859	571	-	(312)	54	(44)	(210)	918
Furniture and fittings	426	605	-	(91)	-	1	(168)	773
Computer equipment	1,797	2,278	(11)	(639)	(54)	17	(1,036)	2,352
Renovation	642	418	-	(305)	-	(3)	(157)	595
Computer software	1,825	2,310	-	(111)	(3,142)	#	(159)	723
Capital-work-in-progress	-	15,781	-	-	-	-	-	15,781
	10,648	24,082	(11)	(1,747)	(3,142)	(29)	(4,598)	25,203

- Less than RM1,000.

	Cost RM'000	Accumulated Depreciation RM'000	Net Book Value RM'000
AT 31.12.2007			
Motor vehicles	3,386	(1,878)	1,508
Plant and machinery	11,920	(9,367)	2,553
Office equipment	1,394	(476)	918
Furniture and fittings	1,125	(352)	773
Computer equipment	5,065	(2,713)	2,352
Renovation	878	(283)	595
Computer software	1,008	(285)	723
Capital work-in-progress	15,781	-	15,781
	40,557	(15,354)	25,203
AT 31.12.2006			
Motor vehicles	2,808	(1,383)	1,425
Plant and machinery	10,732	(7,058)	3,674
Office equipment	1,181	(322)	859
Furniture and fittings	567	(141)	426
Computer equipment	3,727	(1,930)	1,797
Renovation	823	(181)	642
Computer software	2,027	(202)	1,825
	21,865	(11,217)	10,648

8. PLANT AND EQUIPMENT (cont'd)

The Company	At 1.1.2007 RM'000	Additions RM'000	Disposals RM'000	Exchange Translation Reserve RM'000	Depreciation Charge RM'000	At 31.12.2007 RM'000
Net Book Value						
Motor vehicles	1,049	290	-	-	(315)	1,024
Plant and machinery	222	706	(40)	-	(203)	685
Office equipment	175	125	(38)	(7)	(70)	185
Furniture and fittings	141	3	-	-	(40)	104
Computer equipment	268	634	(24)	(15)	(162)	701
Renovation	149	52	-	-	(49)	152
Computer software	208	152	(1)	#	(90)	269
	2,212	1,962	(103)	(22)	(929)	3,120

- Less than RM1,000.

	Cost RM'000	Accumulated Depreciation RM'000	Net Book Value RM'000
AT 31.12.2007			
Motor vehicles	1,578	(554)	1,024
Plant and machinery	1,224	(539)	685
Office equipment	323	(138)	185
Furniture and fittings	204	(100)	104
Computer equipment	1,178	(477)	701
Renovation	276	(124)	152
Computer software	496	(227)	269
	5,279	(2,159)	3,120
AT 31.12.2006			
Motor vehicles	1,288	(239)	1,049
Plant and machinery	559	(337)	222
Office equipment	241	(66)	175
Furniture and fittings	201	(60)	141
Computer equipment	602	(334)	268
Renovation	224	(75)	149
Computer software	347	(139)	208
	3,462	(1,250)	2,212

Included in the net book value of the plant and equipment of the Group and of the Company at the balance sheet date were motor vehicles with a total net book value of RM3,975,748 (2006 - RM1,210,708) acquired under hire purchase terms.

8. PLANT AND EQUIPMENT (cont'd)

The depreciation charge of the Group and of the Company is allocated as follows:

	The Group		The Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Income statement	3,832	1,436	865	503
Research and development expenditure (Note 9)	307	510	64	57
Inventories	237	-	-	-
Capital work-in-progress	222	-	-	-
	4,598	1,946	929	560

9. DEVELOPMENT COSTS

	The Group		The Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
At 1 January	10,120	5,754	4,791	3,699
Development costs capitalised during the financial year	19,967	3,165	4,761	1,092
Acquisition of subsidiaries	-	1,201	-	-
	30,087	10,120	9,552	4,791
Government grants	(489)	(489)	(489)	(489)
	29,598	9,631	9,063	4,302
Amortisation of development costs:				
At 1 January	(1,079)	(587)	(740)	(409)
Amortisation charge	(607)	(485)	(367)	(331)
Acquisition of subsidiaries	-	(7)	-	-
	(1,686)	(1,079)	(1,107)	(740)
At 31 December	27,912	8,552	7,956	3,562

Included in the development costs capitalised during the financial year of the Group is an amount of RM3,142,000 (2006 - Nil) reclassified from plant and equipment.

9. DEVELOPMENT COSTS (cont'd)

Development costs for the financial year included the following expenses, net of government grants:

	The Group		The Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Software	7,130	752	3,935	752
Depreciation of plant and equipment	307	510	64	57
Rental of premises	105	137	35	41
Staff costs	6,169	2,371	625	655

10. INTELLECTUAL PROPERTY

	The Group/The Company	
	2007 RM'000	2006 RM'000
Intellectual property, at cost	22,800	22,800
Amortisation of intellectual property:		
At 1 January	(6,460)	(4,180)
Amortisation charge	(2,280)	(2,280)
	(8,740)	(6,460)
At 31 December	14,060	16,340

The intellectual property comprises the purchase price of the GP Base Software.

11. OTHER INVESTMENTS

	The Group/The Company	
	2007 RM'000	2006 RM'000
Unquoted shares, at cost	18,549	14,898
Loan notes	15,839	-
Club membership	46	-
	34,434	14,898

The unquoted shares represent an investment of 3.0 million Series B preferred stock of USD0.67 each and 2.0 million Series C preferred stock of USD1.00 each in IWICS Inc., a company incorporated in the United States of America. During the current financial year, the Company increased its investment in IWCS Inc. by the additional investment of 200,000 Series D preferred stock of USD1.00 each and 1,815,736 Series E preferred stock of USD1.00 each respectively.

11. OTHER INVESTMENTS (cont'd)

The loan notes relate to a subscription of Murabahah Loan Notes of USD5,414,795 nominal value from GMO Limited, an associate of the Company comprising USD4,500,000 nominal value primary Murabahah loan notes and USD914,795 nominal value secondary Murabahah loan notes. The primary Murabahah loan notes will mature at the end of the 2nd year from the issue date of the primary Murabahah loan notes whereas the secondary Murabahah loan notes will mature on an annual basis at the end of the year from the issue date of the secondary Murabahah loan notes. The total issue price of the Murabahah loan notes is USD4,500,000 and the total redemption price is USD5,414,795 respectively.

The club membership relates to a membership in Glenmarie Golf & Country Club.

12. GOODWILL ON CONSOLIDATION

	The Group/The Company	
	2007	2006
	RM'000	RM'000
At 1 January	19,980	-
Acquisition of subsidiaries	-	19,980
Reversal of goodwill attributed to shortfall in profit guarantee	(8,103)	-
At 31 December	11,877	19,980

During the financial year, the Group assessed the recoverable amount of purchased goodwill, and determined that goodwill is not impaired.

The recoverable amount of a cash-generating unit is determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a period of five years. The key assumptions used for value-in-use calculations are:

	Gross Margin		Growth Rate		Discount Rate	
	2007	2006	2007	2006	2007	2006
Wireless products	65%	65%	24%	24%	12%	12%
Discounted telephony services	13%	13%	5%	5%	12%	12%

(a) Budgeted gross margin — The basis used to determine the value assigned to the budgeted gross margin is the average gross margins achieved in the year immediately before the budgeted year increased for expected efficiency improvements and cost saving measures.

(b) Growth rate — The growth rates used are based on the expected projection of the wireless related products and discounted telephony services.

(c) Discount rate — The discount rates used are pre-tax and reflect specific risks relating to the relevant segments.

13. INVENTORIES HELD FOR RESALE

	The Group		The Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
At cost:				
Inventories held for resale	13,834	3,369	173	621
Work-in-progress	5,471	4,760	-	-
	19,305	8,129	173	621

None of the inventories is carried at net realisable value.

14. TRADE RECEIVABLES

	The Group		The Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Trade receivables	47,546	54,151	30,954	38,089
Allowance for doubtful debts	(972)	(1,088)	-	-
	46,574	53,063	30,954	38,089
Allowance for doubtful debts				
At 1 January	1,088	42	-	42
Addition for the financial year	264	60	-	-
Writeback during the financial year	(300)	-	-	-
Written off during the financial year	(80)	(49)	-	(42)
Acquisition of subsidiaries	-	1,035	-	-
At 31 December	972	1,088	-	-

Included in trade receivables of the Group and of the Company are the following:

		The Group/The Company	
	Note	2007 RM'000	2006 RM'000
Green Packet, Inc.	(a)	1,913	3,809
MH Capital Inc.	(b)	-	496

(a) A related party in which Dato' Kok Onn and Puan Chan Cheong have substantial financial interests.

(b) An associate held through GMO Limited.

The Group's normal trade credit terms range from 30 to 90 days (2006 - 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

14. TRADE RECEIVABLES (cont'd)

The foreign currency exposure profile of the trade receivables at the balance sheet date are as follows:

	The Group		The Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
United States Dollar	27,838	538	27,822	538
New Taiwan Dollar	49	476	49	-
Australian Dollar	9	-	9	-
Bahrain Dinars	5,613	89	-	89

15. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

The foreign currency exposure profile of other receivables, deposits and prepayments at the balance sheet date are as follows:

	The Group		The Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
United States Dollar	-	538	-	538
Chinese Renminbi	159	476	-	-
New Taiwan Dollar	-	89	-	89
Singapore Dollar	143	-	-	-
Bahrain Dinars	173	-	-	-

16. AMOUNTS OWING BY/(TO) SUBSIDIARIES

The amounts owing by/(to) subsidiaries consist of the following:

	The Company	
	2007	2006
	RM'000	RM'000
Amount owing by:		
Trade		
- GPSL	159	169
- GPNWLL	20	-
- PONSB	105	-
	284	169
Non-trade		
- GPSL	166	154
- GPVL	4,584	3,607
- GPSPL	131	21
- GPAPL	580	25
- GPISB	7	4
- GPLL	86	-
- GPNWLL	150	-
- FWSB	1,869	8,557
- NTSB	3,037	3,020
- POSB	6,057	-
- PONSB	27,056	-
- PNSB	4	-
- P1CSB	7	-
	43,734	15,388
	44,018	15,557
Amount owing to:		
Non-trade		
- GPNTPL	3,871	-

The non-trade amounts owing by subsidiaries are unsecured, interest-free and receivable on demand.

The non-trade amount owing to a subsidiary is unsecured, repayable on demand and subject to interest at a rate of 6.825% per annum.

16. AMOUNTS OWING BY/(TO) SUBSIDIARIES (cont'd)

The foreign currency exposure profile of the amount owing by/(to) subsidiaries at the balance sheet date are as follows:

	The Company	
	2007	2006
	RM'000	RM'000
Chinese Renminbi	325	6,078
United States Dollar	4,670	324
Australian Dollar	585	25
Singapore Dollar	-	21
New Taiwan Dollar	(3,773)	-

17. DEPOSITS WITH LICENSED BANKS

	The Group		The Company	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Short-term deposit with a licensed bank	-	6,700	-	-
Fixed deposits with licensed banks	77,364	233,271	62,234	229,245
Total (Note 39)	77,364	239,971	62,234	229,245

The effective interest rate of the deposits at the balance sheet date range from 2.6% to 5.4% (2006 - 2.6% to 3.7%) per annum. The deposits have maturity periods ranging from 1 month to 6 months (2006 - 1 month to 12 months).

Included in the fixed deposits with licensed banks is an amount of RM2,779,985 (2006 - RM10,709,741) pledged to a licensed bank for banking facilities granted to the Group.

18. CASH AND BANK BALANCES

Included in the cash at bank of the Company at the balance sheet date is an amount of approximately RM81,439,000 (2006 - RM46,188,000) held in the account of a foreign subsidiary.

The foreign currency exposure profile of the cash and bank balances at the balance sheet date is as follows:

	The Group		The Company	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Chinese Renminbi	82,004	46,702	81,439	46,188
Bahrain Dinars	549	8,900	-	8,900
United States Dollar	322	1,723	-	1,723
New Taiwan Dollar	963	707	139	485
Singapore Dollar	278	-	-	-

19. SHARE CAPITAL

The movements in the authorised share capital of the Company are as follows:

	2007			2006		
	Par Value RM	Number of Shares '000	Share Capital RM '000	Par Value RM	Number of Shares '000	Share Capital RM '000
Ordinary Shares						
At 1 January	0.10	1,000,000	100,000	1.00	500,000	50,000
Increase during the financial year	0.10	-	-	0.10	500,000	50,000
Share consolidation of every 2 shares of RM0.10 each into 1 share of RM0.20 each	0.20	(500,000)	-		-	-
At 31 December	0.20	500,000	100,000	0.10	1,000,000	100,000

The movements in the issued and paid-up share capital of the Company are as follows:

	2007			2006		
	Par Value RM	Number of Shares '000	Share Capital RM '000	Par Value RM	Number of Shares '000	Share Capital RM '000
Ordinary Shares						
At 1 January	0.10	444,373	44,437	0.10	367,250	36,725
Issuance of ordinary shares pursuant to:						
Private placements	0.10	-	-	0.10	77,123	7,712
Bonus issue	0.10	222,186	22,219	0.10	-	-
Share consolidation of every 2 shares of RM0.10 each into 1 share of RM0.20 each	0.20	(333,280)	-		-	-
At 31 December	0.20	333,279	66,656	0.10	444,373	44,437

During the current financial year,

(a) the Company consolidated its authorised share capital of RM100,000,000 divided into 1,000,000,000 ordinary shares of RM0.10 each into RM100,000,000 divided into 500,000,000 ordinary shares of RM0.20 each.

19. SHARE CAPITAL (cont'd)

(b) the Company increased its issued and paid-up share capital from RM44,437,250 to RM66,655,875 by way of:

(i) a bonus issue of 222,186,250 new ordinary shares of RM0.10 each in the Company credited as fully paid-up on the basis of one new ordinary share of RM0.10 each ("Bonus Shares") for every two existing ordinary shares of RM0.10 each held in the Company ("Bonus Issue"); and

(ii) a share consolidation of every two ordinary shares of the Company into one ordinary share of RM0.20 each held in the Company after the Bonus Issue.

All the new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

20. SHARE PREMIUM

	The Group/The Company	
	2007	2006
	RM'000	RM'000
At 1 January	281,833	30,988
Premium arising from private placements	-	264,788
Bonus issue	(22,219)	-
Expenses incurred for:		
- private placements	-	(13,943)
- transfer listing exercise	(612)	-
At 31 December	259,002	281,833

The share premium is not distributable by way of dividends and may be utilised in the manner set out in Section 60(3) of the Companies Act, 1965.

21. FOREIGN EXCHANGE TRANSLATION RESERVE

The exchange fluctuation reserve arose from the translation of the financial statements of foreign subsidiaries and is not distributable by way of dividends.

22. RETAINED PROFITS

Subject to the agreement of the tax authorities, at the balance sheet date, the Company has:

(a) tax-exempt income of approximately RM90,662,000 (2006 - RM71,352,000) available for the purpose of paying tax-exempt dividends; and

(b) tax credits under Section 108 of the Income Tax Act, 1967 to frank the payment of dividends of approximately RM7,156,000 (2006 – RM1,121,000) out of its retained profits.

If the balance of its retained profits of RM5,824,000 (2006 - RM12,059,000) were to be distributed as dividends without sufficient tax credit, the Company would have to incur additional tax liability of approximately RM1,572,000 (2006 - RM3,377,000).

23. TREASURY SHARES

The shareholders of the Company, by way of a special resolution passed in the Extraordinary General Meeting held on 14 November 2007, approved the Company's plan to purchase its own ordinary shares.

During the financial year, the Company purchased 2,646,500 of its issued ordinary shares from the open market at an average price of RM2.52 per share. The total consideration paid for the purchase was RM6,686,927 including transaction costs. The purchase transactions were financed by internally generated funds. The shares purchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

Of the total 66,655,875 (2006 - 44,437,250) issued and fully paid-up ordinary shares as at 31 December 2007, 2,646,500 ordinary shares (2006 - Nil) are held as treasury shares by the Company. None of the treasury shares were resold or cancelled during the financial year ended 31 December 2007.

24. OTHER RESERVE

This relates to the equity-settled share option granted to employees. This reserve consists of the cumulative value of services received from employees recorded on the grant of share options.

The Employees' Share Option Scheme ("ESOS") is governed by the by-laws approved by the shareholders on 30 March 2006. The ESOS was implemented on 1 August 2006 and is to be in force for a period of 5 years from the date of implementation.

The number of the options and the exercise price for the options under the ESOS had been revised after incorporating the effects of the bonus issue and share consolidation. The movement in the options to subscribe for the new ordinary shares of RM0.20 each at the revised exercise price of RM4.48 per share is as follows:

	Number of Options Over Ordinary Shares '000
Ordinary Shares of RM0.10 each:	
As at 1 January 2007	13,286
Bonus issue	6,637
As at 17 July 2007	19,923
Share consolidation	(9,961)
Ordinary Shares of RM0.20 each:	
As at 31 December 2007	9,962

24. OTHER RESERVE (cont'd)

The fair value of the share options granted during the financial year was estimated by using a binomial model, taking into account the terms and conditions upon which the options were granted. The fair value of the share options measured at grant date and the assumptions are as follows:

Fair value of share options at the grant date (RM)	0.91
Share price (RM)	3.18
Exercise price (RM)	4.48
Expected volatility (%)	31.43
Expected life (years)	5
Risk free rate (%)	3.81
Dividend yield (%)	1.32

The salient terms and conditions of the ESOS are as follows:

(i) the ESOS shall be in force for a period of 5 years commencing from the effective date of the implementation of the ESOS;

(ii) any employee of the Group or director of the Company who is at least 18 years old, and has been confirmed in service for regular full time employment of any company within the Group shall be eligible to participate in the Scheme;

(iii) the total number of new ordinary shares of the Company, which may be made available under the ESOS, shall not exceed 15% of the total issued and paid-up share capital of the Company at any time during the existence of the ESOS;

(iv) not more than 50% of the new ordinary shares of the Company available under the ESOS should be allocated, in aggregate, to the directors and senior management of the Group;

(v) not more than 10% of the new ordinary shares of the Company available under the ESOS should be allocated to any individual eligible employee who holds 20% or more of the issued and paid-up share capital of the Company;

(vi) the price at which the option holder is entitled to subscribe for each new ordinary share of the Company may be at a discount of not more than 10% from the 5 day weighted average market price of ordinary shares as at the offer date provided that the subscription price shall in no event be less than the par value of the ordinary shares;

(vii) the options shall be vested annually on each anniversary date commencing 12 months from the date of offer. Options that are vested and therefore exercisable may be carried forward to subsequent years within the duration of the ESOS. Any vested options that remain unexercised at the expiry of the duration of the ESOS shall be automatically terminated without any claims against the Company; and

(viii) the shares to be allotted upon any exercise of an option will rank pari passu in all respects with the existing issued and paid-up share capital of the Company.

25. HIRE PURCHASE PAYABLES

	The Group		The Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Minimum hire purchase payments:				
- not later than one year	1,104	207	226	182
- later than one year and not later than five years	2,902	818	866	720
- later than five years	127	261	109	219
	4,133	1,286	1,201	1,121
Less: Future finance charge	(470)	(196)	(190)	(170)
Present value of hire purchase payables	3,663	1,090	1,011	951
The net hire purchase payables are repayable as follows:				
Current:				
- not later than one year	1,039	139	179	122
Non-current:				
- later than one year and not later than five years	2,552	700	774	619
- later than five years	72	251	58	210
	2,624	951	832	829
	3,663	1,090	1,011	951

The hire purchase payables of the Group and of the Company bore effective interest rates ranging from 2.6% to 5.0% (2006 - 2.6 to 5.0%) per annum at the balance sheet date.

26. DEFERRED TAXATION

	The Group	
	2007 RM'000	2006 RM'000
At January	870	-
Acquisition of subsidiaries	-	1,070
Transfer to income statements (Note 34)	(100)	(200)
At 31 December	770	870

The deferred tax liabilities relate mainly to temporary differences from accelerated capital allowances.

27. TRADE PAYABLES

The normal credit terms granted to the Group range from 30 to 90 days.

The foreign currency exposure profile of the trade payables at the balance sheet date is as follows:

	The Group		The Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
United States Dollar	694	2,736	-	640
Bahrain Dinars	1,808	-	-	-

28. OTHER PAYABLES AND ACCRUALS

The foreign currency exposure profile of other payables and accruals at the balance sheet date is as follows:

	The Group		The Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Australian Dollar	88	-	-	-
Singapore Dollar	5	2,120	-	2,120
New Taiwan Dollar	204	590	53	312
Chinese Renminbi	202	325	-	-
United States Dollar	-	29	-	29
Bahrain Dinars	88	-	-	-

29. PROVISIONS

	The Group/The Company	
	2007 RM'000	2006 RM'000
At 1 January	10,930	-
Addition during the financial year	-	16,930
Utilisation during the financial year	(10,930)	(6,000)
At 31 December	-	10,930

The provision was in respect of the balance of the purchase consideration payable for the acquisition of the subsidiaries, Next Telecommunications Sdn. Bhd., J & C Pacific Sdn. Bhd., Millercom Sdn. Bhd. and Next Global Technology Sdn. Bhd. (hereinafter referred to as "the Nextel Companies") in the previous financial year.

30. AMOUNT OWING TO A RELATED COMPANY

The amount owing to a related company consists of the following:

	The Company	
	2007	2006
	RM'000	RM'000
Amount owing to:		
IVPL	201	-

The non-trade amount is unsecured, interest-fee and repayable on demand.

The foreign currency exposure profile of the amount owing to a related company at the balance sheet date is as follows:

	The Company	
	2007	2006
	RM'000	RM'000
United States Dollar	201	-

31. NET ASSETS PER SHARE

The net assets per share is calculated based on the net assets value at the balance sheet date of RM420,207,000 (2006 - RM418,044,000) divided by the number of ordinary shares in issue at the balance sheet date of 330,632,850 (2006 - 444,372,500).

32. REVENUE

Revenue of the Group and of the Company represents the invoiced value of goods sold and services rendered less discounts and returns.

Details of the revenue are as follows:

	The Group		The Company	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Sale of software products	63,711	64,477	56,610	63,913
Engineering income	2,229	2,769	2,075	2,769
Discounted telephony services	56,896	31,685	-	-
	122,836	98,931	58,685	66,682

33. PROFIT BEFORE TAXATION

	The Group		The Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Profit before taxation is arrived at after charging/(crediting):				
Allowance for doubtful debts	264	60	-	-
Amortisation of development costs	607	485	367	331
Amortisation of intellectual property	2,280	2,280	2,280	2,280
Audit fee:				
- for the current financial year	138	80	30	25
- underprovision in the previous financial year	4	*	-	-
Bad debts written off	-	18	-	18
Depreciation of plant and equipment	3,832	1,436	865	503
Directors' remuneration	1,347	842	1,347	842
Directors' fee	225	131	225	131
Equipment written off	11	19	-	*
Interest expense:				
- bank overdraft	6	4	-	-
- hire purchase	62	22	36	17
- loan	-	-	134	-
(Gain)/Loss on disposal of equipment	151	30	34	(3)
Rental of office	1,419	914	485	398
Share options granted under ESOS	2,016	1,238	2,016	1,238
Staff costs	19,515	9,690	7,279	4,230
(Gain)/Loss on foreign exchange:				
- realised	1,757	1,871	1,715	1,965
- unrealised	390	2,833	426	2,833
Interest income	(8,514)	(2,432)	(7,695)	(2,207)
Gain on dilution of investment in an associate	-	(5,192)	-	-
Tax-exempted distribution from unit trusts	(179)	(100)	(162)	(100)
Dividend income	-	-	(3,625)	-
Rental income	-	-	(125)	-

* - less than RM1,000

34. INCOME TAX EXPENSE

	The Group		The Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Income tax				
- for the financial year	2,076	2,621	2,255	610
- share of taxation in an associate	-	25	-	-
	2,076	2,646	2,255	610
Deferred taxation (Note 26)	(100)	(200)	-	-
	1,976	2,446	2,255	610

34. INCOME TAX EXPENSE (cont'd)

The current taxation of the Company is in respect of interest income. The Company is not subject to tax as it has been granted the Multimedia Super Corridor status, which qualifies the Company for the Pioneer Status incentive under the Promotion of Investments Act, 1986. The Company will enjoy full exemption from income tax on its statutory income from pioneer activities for five years, from 10 June 2003 to 9 June 2008.

During the financial year, the statutory tax rate was reduced from 28% to 27%, as announced in the Malaysian Budget 2007.

A reconciliation of income tax expense applicable to the profit before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group and of the Company is as follows:

	The Group		The Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Profit before taxation	30,992	58,558	46,297	47,689
Tax at the statutory tax rate of 27% (2006 - 28%)	8,368	16,396	12,500	13,353
Tax effects of:				
Non-taxable income	(11,401)	(15,595)	(11,227)	(13,210)
Non-deductible expenses	2,660	584	982	261
Deferred tax assets not recognised in the current financial year	2,225	1,253	-	206
Differential in tax rates	(70)	(200)	-	-
Underprovision of deferred tax in the previous financial year	194	-	-	-
Others	-	8	-	-
	1,976	2,446	2,255	610

35. EARNINGS PER SHARE

The basic earnings per share is arrived at by dividing the Group's profit attributable to shareholders of RM30,160,000 (2006 - RM55,286,000) by the following weighted average number of ordinary shares in issue during the financial year.

	The Group	
	2007 '000	2006 '000
Issued ordinary shares at 1 January	444,372	275,437
Effect of private placements	-	16,458
Effect of bonus issue	222,186	-
Effect of share consolidation	(333,279)	-
Effect of share buy-back	(2,646)	-
	330,633	291,895

35. EARNINGS PER SHARE (cont'd)

The fully diluted earnings per share was arrived at by dividing the Group's profit attributable to shareholders of RM30,160,000 (2006 - RM55,286,000) by the following weighted average number of ordinary shares in issue and issuable during the financial year.

	The Group	
	2007	2006
	'000	'000
Weighted average number of ordinary shares	330,633	291,895
Employees' share options	2,345	1,517
	332,978	293,412

The basis and diluted earnings per share in the previous financial year had been restated to conform with the current year's presentation as a result of the bonus issue and share consolidation during the current financial year.

36. DIVIDENDS

	The Group	
	2007	2006
	RM'000	RM'000
Dividend paid:		
A first and final tax-exempt dividend of 50% per ordinary share amounting to RM22,218,615 in respect of the previous financial year	22,218	8,080
Proposed dividend:		
A first and final tax-exempt dividend of 50% per ordinary share, amounting to RM22,218,615 in respect of the current financial year	-	22,218

37. ACQUISITION OF SUBSIDIARIES

During the previous financial year, the Company acquired the following subsidiaries:

(a) Next Telecommunications Sdn. Bhd.;

(b) J & C Pacific Sdn. Bhd.;

(c) Millercom Sdn. Bhd.;

(d) Next Global Technology Sdn. Bhd.; and

(e) Packet One Networks (Malaysia) Sdn. Bhd. (Formerly known as MIB Comm Sdn. Bhd.)

37. ACQUISITION OF SUBSIDIARIES (cont'd)

The Company also incorporated the following subsidiaries in the previous financial year:

(a) Green Packet Networks (Singapore) Pte. Ltd. (formerly known as Green Packet (Singapore) Pte. Ltd.);
(b) Green Packet (Australia) Pty. Ltd.;
(c) Green Packet International Sdn. Bhd.; and
(d) First Wireless Sdn. Bhd. (formerly known as Packet One International Sdn. Bhd.)

During the current financial year, the Company incorporated the following subsidiaries:

(a) Green Packet Networks W.L.L.;
(b) Green Packet Networks (Taiwan) Pte. Ltd.;
(c) Green Packet (L) Ltd.;
(d) Packet Nation Sdn. Bhd.; and
(e) P1.Com Sdn. Bhd.

The date of acquisition and equity interest held by the Company in these subsidiaries are disclosed in Note 6 to the financial statements. The details of net assets acquired and cash flow arising from the acquisition of the subsidiaries in the previous financial year were as follows:

	The Group	
	2007	2006
	RM'000	RM'000
Plant and equipment	-	5,806
Development costs	-	1,194
Current assets	-	26,790
Current liabilities	-	(18,614)
Minority interests	-	(3,982)
Fair value of net assets acquired	-	11,194
Goodwill on acquisition	-	19,980
Total purchase consideration	-	31,174
Less: Deferred payment upon achieving certain conditions	-	(16,400)
Cash outflow from acquisition	-	14,774
Cash and cash equivalents of subsidiaries	-	(5,709)
Net cash outflow from acquisition	-	9,065

37. ACQUISITION OF SUBSIDIARIES (cont'd)

The effects of the acquisition of the subsidiaries on the financial results of the Group at the end of the previous financial year were as follows:

	The Group	
	2007 RM'000	2006 RM'000
Revenue	-	31,685
Profit after taxation	-	3,417
Net cash outflow from acquisition	-	9,065

38. PURCHASE OF PLANT AND EQUIPMENT

	The Group		The Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Cost of plant and equipment purchased	24,082	5,329	1,962	1,617
Amount financed through hire purchase	(3,023)	(878)	(260)	(734)
Depreciation capitalised	(222)	-	-	-
Cash disbursed for purchase of plant and equipment	20,837	4,451	1,702	883

39. CASH AND CASH EQUIVALENTS

For the purpose of the cash flow statements, cash and cash equivalents comprise the following:

	The Group		The Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Deposits with licensed banks (Note 17)	77,364	239,971	62,234	229,245
Cash and bank balances	165,103	63,861	148,908	59,829
	242,467	303,832	211,142	289,074

40. DIRECTORS' REMUNERATION

The aggregate amount of emoluments received and receivable by Directors of the Group and of the Company during the financial year are as follows:

	The Group/the Company	
	2007	2006
	RM'000	RM'000
Executive directors:		
- basic salaries, Employees Provident Fund and bonus	1,313	809
Non-executive directors:		
- allowance	34	33
- fee	225	131
	1,572	973

Details of emoluments for the directors of the Group and of the Company received/receivable for the financial year in bands of RM50,000 are as follows:

	The Group/the Company	
	2007	2006
	RM'000	RM'000
Executive directors:		
RM250,001 - RM300,000	1	1
RM550,001 - RM600,000	1	1
Non-executive directors:		
Below RM50,000	8	6
	10	8

No emoluments were paid to the other directors holding office during the financial year.

41. SIGNIFICANT RELATED PARTY DISCLOSURES

(a) Identities of related parties

The Company has a controlling related party relationship with its subsidiaries as disclosed in Note 6 to the financial statements.

41. SIGNIFICANT RELATED PARTY DISCLOSURES (cont'd)

(b) In addition to the balances detailed elsewhere in the financial statements, the Group and the Company carried out the following significant transactions with related parties during the financial year:

		The Group		The Company	
	Note	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Sales to related parties:					
- GPNWLL		-	-	210	-
- PONSB		-	-	25	-
Loans from/(to) related parties:					
- GPNTPL		-	-	3,871	-
- NTSB		-	-	(3,000)	(3,000)
Engineering income received/ receivable from related parties:					
- Green Packet, Inc.	(a)	2,075	2,241	2,075	2,241
- MH Capital Inc.	(b)	-	528	-	528
Purchases from:					
- Inova Venture Pte. Ltd.	(c)	2,825	591	1,224	591
Key management personnel compensation:					
- short-term employee benefits		2,556	1,179	2,556	1,179
- share-based payment		353	216	353	216

(a) A related party in which Dato' Kok Onn and Puan Chan Cheong have substantial financial interests.

(b) An associate held through GMO Limited.

(c) An associate held through Green Packet Ventures Ltd.

All the abovementioned transactions are based on terms and conditions not materially different from those obtainable from transactions with unrelated parties.

42. CAPITAL COMMITMENTS

	The Group		The Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Approved and contracted for:				
Plant and equipment	41,147	27,476	39,000	201

43. OPERATING LEASE COMMITMENTS

The future minimum lease payments under the non-cancellable operating leases are as follows:

	The Group		The Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Not later than one year	1,189	1,207	265	461
Later than one year and not later than five years	363	297	3	-
	1,552	1,504	268	461

44. CONTINGENT LIABILITIES

(a) The Company entered into a put and call option agreement with the vendors of Nextel Companies, which granted the Company and/or vendors of Nextel Companies the option to buy and/or to sell the remaining 25% equity interest in the Nextel Companies at an agreed purchase price. The agreed purchase price is computed based on the higher of the following:

(i) net assets; and

(ii) 5 times of the unqualified audited net profit after tax of the Nextel Companies for the financial year ending 31 December 2007.

The put and call option is exercisable within 30 days from the date of the audited accounts of the Nextel Companies for the financial year ending 31 December 2007; and

(b) Packet One Networks (Malaysia) Sdn. Bhd. (formerly known as MIB Comm. Sdn. Bhd.) ("PONSB"), a 55% owned subsidiary of the Company has given guarantees amounting to RM7,700,000 to the Malaysian Communications and Multimedia Commission ("MCMC") for the due performance of a "2.3GHz Broadband Wireless Access Spectrum Tender" by PONSB for all the terms and conditions of the apparatus assignment issued by MCMC.

45. SEGMENTAL REPORTING

Geographical Segments 2007	Malaysia RM'000	APAC** RM'000	MENA*** RM'000	Others**** RM'000	Group RM'000
Revenue					
External sales	58,750	55,877	6,121	2,088	122,836
Inter-segment sales	-	-	-	-	-
	58,750	55,877	6,121	2,088	122,836

45. SEGMENTAL REPORTING (cont'd)

Geographical Segments 2007	Malaysia RM'000	APAC** RM'000	MENA*** RM'000	Others**** RM'000	Group RM'000
Results					
Segment results	(5,435)	29,006	(319)	1,083	24,335
Finance costs					(372)
Other operating income					8,693
					32,656
Share of loss in associates					(1,664)
Profit before taxation					30,992
Income tax					(1,976)
Profit after taxation					29,016
Other Information					
Segment assets #	108,417	283,158	19,686		411,261
Unallocated corporate assets					59,285
Total assets					470,546
Segment liabilities *	(15,659)	(10,635)	(3,139)		(29,433)
Capital expenditure	(40,080)	(2,566)	(1,403)		(44,049)
Depreciation	(4,317)	(172)	(109)		(4,598)
Amortisation	(2,682)	(205)	-		(2,887)

\# - Segment assets comprise total current and non-current assets.

* - Segment liabilities comprise total current and long term liabilities.

** - Asia Pacific region excludes Malaysia.

*** - Middle East and North African region.

**** - Others include Europe and American region.

Business Segments 2007	Sale of Software Products	Discounted Telephony Services	Group
Revenue			
External Sales	65,940	56,896	122,836
Inter-segment Sales	-	-	-
	65,940	56,896	122,836
Segment assets	437,591	32,955	470,546
Capital expenditure	38,670	248	38,918

45. SEGMENTAL REPORTING (cont'd)

Geographical Segments 2006	Malaysia RM'000	APAC** RM'000	MENA*** RM'000	Others**** RM'000	Group RM'000
Revenue					
External sales	35,375	61,315	-	2,241	98,931
Inter-segment sales	-	-	-	-	-
	35,375	61,315	-	2,241	98,931
Results					
Segment results	7,928	36,954	-	1,358	46,240
Finance costs					(77)
Other operating income					3,872
					50,035
Share of profit in associates					3,331
Gain on dilution in investment in an associate					5,192
Profit before taxation					58,558
Income tax					(2,446)
Profit after taxation					56,112
Other Information					
Segment assets #	72,330	360,177	-		432,507
Unallocated corporate assets					38,457
Total assets					470,964
Segment liabilities *	(19,380)	(22,624)	-		(42,004)
Unallocated corporate liabilities					(4,502)
Total liabilities					(46,506)
Capital expenditure	(6,155)	(2,339)	-		(8,494)
Depreciation	(1,827)	(119)	-		(1,946)
Amortisation	(2,613)	(152)	-		(2,765)

- Segment assets comprise total current and non-current assets.

* - Segment liabilities comprise total current and long term liabilities.

** - Asia Pacific region excludes Malaysia.

*** - Middle East and North African region.

**** - Others include Europe and American region.

45. SEGMENTAL REPORTING (CONT'D)

Business Segments 2006	Sale of Software Products	Discounted Telephony Services	Group
Revenue			
External Sales	67,246	31,685	98,931
Inter-segment Sales	-	-	-
	67,246	31,685	98,931
Segment assets	442,762	28,202	470,964
Capital expenditure	(4,719)	(3,775)	(8,494)

Business Segments

An analysis by business segment has not been presented as the revenue of the Group is derived mainly from the sale of software products.

46. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Significant events during the financial year are as follows:

(a) On 5 January 2007, the Company acquired 2 ordinary shares of RM1.00 each in Packet One Sdn. Bhd. ("POSB"), representing the entire issued and paid-up capital of POSB, for a cash consideration of RM2.00.

(b) On 22 January 2007, the Company entered into a Murabahah Loan Notes Subscription Agreement with GMO Limited to subscribe for USD5,414,795 norminal value of MLN for a consideration of USD4,500,000.

(c) On 5 February 2007, the Company incorporated a 50.01% owned subsidiary, Green Packet Networks W.L.L. ("GPNWLL"), a company incorporated in the Kingdom of Bahrain, 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% equity interest in GPNWLL is owned by Idara Investment Ltd.

(d) On 16 March 2007, PONSB, a subsidiary of the Company successfully participated in the Tender Exercise for the 2.3GHz Broadband Wireless Access Spectrum from MCMC.

(e) On 20 March 2007, the Company acquired 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 cash consideration of RM2.00.

(f) On 25 April 2007, the Company acquired 2 ordinary shares of RM1.00 each in P1.Com Sdn. Bhd. ("P1CSB"), representing the entire issued and paid-up share capital of P1CSB, for a cash consideration of RM2.00.

(g) On 7 June 2007, the Company incorporated a wholly-owned subsidiary, Green Packet Networks (Taiwan) Pte. Ltd. ("GPTPL"), a company incorporated in Taiwan of which 5,000,000 ordinary shares of TWD10.00 each has been issued and fully paid-up.

46. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (cont'd)

(h) On 18 July 2007, the Company completed the following share exercises:

(i) Bonus issue of 222,186,250 new ordinary shares of RM0.10 each in the Company credited as fully paid-up on the basis of 1 new ordinary share of RM0.10 each ("Bonus Shares") for every 2 existing ordinary shares of RM0.10 each held in the Company ("Bonus Issue"); and

(ii) Share consolidation of every 2 ordinary shares of the Company into 1 ordinary share of RM0.20 each held in the Company after the Bonus Issue.

(i) On 18 July 2007, the Company completed its transfer of the listing from the MESDAQ Market of Bursa Malaysia Securities Berhad ("Bursa Securities") to the Main Board of Bursa Securities.

(j) On 26 July 2007, J&CPSB entered into a Memorandum of Understanding ("MOU") with Public Bank Berhad to co-operate to promote the credit facility (revolving and financing commitment) of RM46 million to Malaysians to fund their membership fee for the Malaysian Independent Business Ownership Programme ("MIBO") upon the terms and conditions as stated in the MOU and the Bank's Letter of Offer.

(k) On 7 August 2007, the Company incorporated a wholly-owned subsidiary, Green Packet (L) Ltd ("GPLL"), a company incorporated in Labuan Federal Territory of which 2 ordinary shares of USD1.00 each have been issued and fully paid-up.

(l) On 3 September 2007, the Company entered into the following agreements:

(i) Series D Preferred Stock Purchase Agreement for the purchase of 200,000 Series D Preferred Stocks at USD1 each in IWICS for a total purchase price of USD200,000 to be satisfied wholly in cash or approved promissory note;

(ii) Option to purchase Shares of Common stock 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;

(iii) Series D Preferred Shareholders Agreement with IWICS and the Founding Shareholder of IWICS;

(iv) Series E Preferred Stock Purchase Agreement for the purchase of 1,815,736 Series E Preferred Stocks at USD1 each in IWICS for a total purchase price of USD1,815,736 to be satisfied wholly in cash; and

(v) Series E Preferred Shareholders Agreement with IWICS and the Founding Shareholder of IWICS.

(m) On 11 October 2007, Next Global Technology Sdn. Bhd., a 75% owned subsidiary of the Company acquired 1 ordinary share of SGD1.00 each, representing the entire issued and paid-up share capital of NGT Networks Pte. Ltd, a company incorporated on 20 April 2007 in Singapore for a cash consideration of SGD1.00.

(n) On 14 November 2007, the Company announced that it had made inroads into Indonesia by teaming up with the local telco operator PT Infoasia Teknologi Global Tbk. ("Infoasia"). Infoasia will be deploying Green Packet's SONmetro solution in certain residential areas in the capital city of Jakarta for the rollout of mesh wireless broadband services.

(o) The shareholders of the Company, by way of a special resolution passed in the Extraordinary General Meeting held on 14 November 2007, approved the Company's plan to purchase its own ordinary shares.

46. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (cont'd)

During the financial year, the Company purchased 2,646,500 of its issued ordinary shares from the open market at an average price of RM2.52 per share. The total consideration paid for the purchase was RM6,686,927 including transaction costs. The purchase transactions were financed by internally generated funds. The shares purchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

47. SIGNIFICANT EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

(a) On 2 January 2008, the Company entered into a Share Sale Agreement with Dato' Michael Ong Leng Chun and Dato' Low Moi Ing for the acquisition of a 100% equity interest in Worldline Enterprise Sdn. Bhd. ("WESB") for a total purchase consideration of RM39 million. WESB is the legal and benefical owner of a piece of land and 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.

(b) On 29 January 2008, PONSB 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 USD71 million.

(c) On 28 March 2008, GPLL secured a globally Shariah compliant financing facility for USD35 million with a group of local and international banks/financial institutions for the purpose of financing the broadband business and general corporate funding of the Company and its subsidiaries.

48. FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is defined as the amount at which the financial instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced sale or liquidation.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

(a) Quoted Investments

The fair value of the quoted investments is estimated based on the quoted market prices.

(b) Unquoted Investments

It is not practicable to determine the fair value of the unquoted investments because of the lack of quoted market prices and the assumptions used in valuation models to value these investments cannot be reasonably estimated.

(c) Amounts Owing By/(To) Subsidiaries/Related Company

The carrying amounts approximated their fair values at the balance sheet date.

(d) Bank Balances and Other Liquid Funds and Short-term Receivables

The carrying amounts approximated the fair values due to the relatively short term maturity of these instruments.

(e) Payables and Other Current Liabilities

The carrying amounts approximated the fair values due to the short period to maturity of these instruments.

(f) Hire Purchase Payables

The fair value of hire purchase payables is determined by discounting the relevant cash flows using current interest rates for similar instruments at the balance sheet date.

list of**property**

as at 14 May 2008

Title/Location	Description/ Existing Use	Tenure	Acquisition Date	Approximate Built Up Area in sq. ft.	Estimated Age of Building	Net Book Value RM
HS(D) 171402, PT No 159, Seksyen 8, Bandar Petaling Jaya, Daerah Petaling Jaya, Negeri Selangor	12 ½ storey purpose built office building	Leasehold expiring on 28 May 2068	2 January 2008	126,676	5 years	34,194,497

analysis of**shareholdings**

as at 14 May 2008

Authorised Share Capital	: RM100,000,000 of 500,000,000 ordinary shares of RM0.20 each
Issued and Paid-Up Share Capital	: RM66,655,875 comprising of 333,279,375 ordinary shares of RM0.20 each (including treasury shares)
Class of Shares	: Ordinary shares of RM0.20 each
Voting Rights	: Every member of the Company, present in person or by proxy or attorney or authorised representative, shall have on a show of hands, one (1) vote or on a poll, one (1) vote for each share held
Number of shareholders	: 3,693

ANALYSIS OF SHAREHOLDINGS

Holdings	No. of holders	Total holdings	Percentage (%)
1 – 99	128	6,502	0.00+
100 – 1,000	1,012	814,948	0.24
1,001 – 10,000	1,917	7,769,241	2.33
10,001 – 100,000	533	16,476,049	4.94
100,001 – 16,663,967	99	95,785,238	28.74
16,663,968* and above	4	212,427,397	63.74
Total	**3,693**	**333,279,375**	**100.00**

Notes:

+ Negligible
* 5% of issued Share Capital

SUBSTANTIAL SHAREHOLDINGS (Holding 5% or More of the Share Capital)

based on the Register of Substantial Shareholders as at 14 May 2008

Shareholders	Direct		Indirect	
	No. of shares	Percentage (%)*	No. of shares	Percentage (%)*
Green Packet Holdings Ltd	112,583,250	34.22	-	-
OSK Technology Ventures Sdn Bhd	53,321,122	16.21	-	-
PacificQuest	27,543,750	8.37	-	-
Goldman Sachs International	18,879,275	5.74	-	-
Puan Chan Cheong	2,483,530	0.75	112,583,250	34.22 (1)
Dato' Kok Onn	-	-	112,583,250	34.22 (1)
OSK Ventures International Berhad	-	-	53,321,122	16.21 (2)
OSK Holdings Berhad	-	-	53,321,122	16.21 (3)
Ong Leong Huat @ Wong Joo Hwa	-	-	53,321,122	16.21 (4)
Atwill Holding Ltd	-	-	27,543,750	8.37 (5)
AHL Holding Company Limited	-	-	27,543,750	8.37 (6)(7)
The Goldman Sachs Group Inc.	-	-	18,879,275	5.74 (8)

Notes:

(1) Deemed interested by virtue of his direct substantial shareholdings in Green Packet Holdings Ltd.

(2) Deemed interested through its wholly-owned subsidiary, OSK Technology Ventures Sdn Bhd.

(3) Deemed interested through its subsidiary, OSK Ventures International Berhad.

(4) Deemed interested by virtue of his substantial shareholdings in OSK Holdings Berhad, the holding company of OSK Ventures International Berhad.

(5) Deemed interested by virtue of its interest in PacificQuest.

(6) Deemed interested by virtue of its interest in Atwill Holding Limited.

(7) PacificQuest is a wholly-owned subsidiary of Atwill Holding Limited, which in turn is a wholly-owned subsidiary of AHL Holding Company Ltd. AHL Holding Company Ltd is in turn collectively owned by companies ("Related Companies") by family members. As such, the Related Companies and the respective shareholders of the Related Companies are deemed substantial shareholders of the Company.

(8) Goldman Sachs International is a subsidiary of Goldman Sachs Holdings (U.K.), which is a subsidiary of Goldman Sachs Group Holdings (U.K.) which is in turn a subsidiary of Goldman Sachs (UK) L.L.C. The Goldman Sachs Group, Inc. is the direct holding company of Goldman Sachs (UK) L.L.C. and the ultimate holding company of the other aforementioned entities.

* Calculated based on the issued and paid-up share capital of RM66,655,875 comprising 333,279,375 ordinary shares of RM0.20 each (excluding 4,307,700 shares which are held as treasury shares).

DIRECTORS' INTEREST

based on the Register of Directors' Shareholdings as at 14 May 2008

Directors	Direct		Indirect	
	No. of shares	Percentage (%)*	No. of shares	Percentage (%)*
Tan Sri Datuk Dr. Omar Haji Bin Abdul Rahman	-	-	-	-
Dato' Kok Onn	-	-	112,583,250	34.22 (1)
Puan Chan Cheong	2,483,530	0.75	112,583,250	34.22 (1)
Nik Mat Ismail	823,575	0.25	-	-
Tan Kin Lee	5,117,315	1.56	-	-
Ong Ju Yan	-	-	-	-
Boey Tak Kong	-	-	-	-
Yousuf Mohamed Yaqub Khayat	-	-	-	-
Siew Wing Keong	-	-	-	-
Ng Chee Yuen (Alternate Director to Yousuf Mohamed Yaqub Khayat)	-	-	-	-
Yee Chee Wai (Alternate Director to Ong Ju Yan)	-	-	-	-

Notes:

(1) Deemed interested by virtue of his direct substantial shareholdings in Green Packet Holdings Ltd.

* Calculated based on the issued and paid-up share capital of RM66,655,875 comprising 333,279,375 ordinary shares of RM0.20 each (excluding 4,307,700 shares which are held as treasury shares).

LIST OF THIRTY (30) LARGEST REGISTERED SHAREHOLDERS

	Name	No. of shares	Percentage (%)*
1.	Green Packet Holdings Ltd	113,821,875	34.15
2.	OSK Technology Ventures Sdn Bhd	52,082,497	15.63
3.	Mayban Securities Nominees (Asing) Sdn Bhd Khaleeji Commercial Bank B.S.C. (c) for PacificQuest	27,543,750	8.26
4.	Citigroup Nominees (Asing) Sdn Bhd Goldman Sachs International	18,979,275	5.69
5.	Lembaga Tabung Haji	12,708,050	3.81
6.	Amanah Raya Nominees (Tempatan) Sdn Bhd Kumpulan Wang Bersama	9,977,475	2.99
7.	Citigroup Nominees (Asing) Sdn Bhd Exempt AN for Citibank NA, Singapore (Julius Baer)	5,161,750	1.55
8.	Tan Kin Lee	5,061,500	1.52
9.	Green Packet Berhad	4,221,500	1.27
10.	Permodalan Nasional Berhad	3,375,075	1.01
11.	Cartaban Nominees (Asing) Sdn Bhd State Street Australia Fund UAJB for Unifund (HTSG as Trustee)	3,369,025	1.01
12.	Citigroup Nominees (Asing) Sdn Bhd UBS AG	3,097,500	0.93
13.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pheim Asset Management Sdn Bhd for Employees Provident Fund	2,960,000	0.89
14.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for OSK-UOB Thematic Growth Fund (6210-401)	2,316,000	0.69
15.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for OSK-UOB Global New Stars Fund (5717-401)	2,153,050	0.65
16.	Citigroup Nominees (Asing) Sdn Bhd CIPLC for Asia Pacific Performance Fund	2,146,200	0.64
17.	TCL Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Puan Chan Cheong	1,950,000	0.59

LIST OF THIRTY (30) LARGEST REGISTERED SHAREHOLDERS (cont'd)

	Name	No. of shares	Percentage (%)*
18.	Citigroup Nominees (Asing) Sdn Bhd Exempt AN for Merrill Lynch International (Prime Broker)	1,819,875	0.55
19.	Nora Ee Siong Chee	1,624,200	0.49
20.	Ong Chiow Hock	1,569,000	0.47
21.	HSBC Nominees (Asing) Sdn Bhd Exempt AN for Credit Suisse (SG BR TST Asing)	1,532,000	0.46
22.	Khaw Swee Lean	1,406,150	0.42
23.	Loh Teck Yen	1,290,000	0.39
24.	HDM Nominees (Asing) Sdn Bhd Exempt AN for UOB Kay Hian (Hong Kong) Limited (Clients)	1,217,750	0.37
25.	Citigroup Nominees (Asing) Sdn Bhd GSI for Ajia Partners Asian Equity Special Opportunities Portfolio Master Fund Limited	1,164,750	0.35
26.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for OSK-UOB Small Cap Opportunity Unit Trust (3548)	1,088,225	0.33
27.	Lee Choon Hooi	1,069,400	0.32
28.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for OSK-UOB Equity Trust (3175)	1,067,400	0.32
29.	Daywide Enterprise Sdn Bhd	1,000,000	0.30
30.	Nik Mat Bin Ismail	801,075	0.24
	Total	**287,574,347**	**86.27**

* Calculated based on the issued and paid-up share capital of RM66,655,875 comprising 333,279,375 ordinary shares of RM0.20 each (including 4,307,700 shares which are held as treasury shares).

notice of**annual general meeting**

NOTICE IS HEREBY GIVEN that the Seventh Annual General Meeting of GREEN PACKET BERHAD ("GPB" or "Company") will be held at Bukit Jalil Golf and Country Resort, Jalan 3/155B, Bukit Jalil, 57000 Kuala Lumpur on Monday, 30 June 2008 at 10.00 a.m. for the purpose of considering the following businesses:

AGENDA

Ordinary Business

1. To lay the Audited Financial Statements for the financial year ended 31 December 2007 together with the Reports of the Directors and the Auditors thereon.

2. To approve the proposed increment and payment of the Directors' fees amounting to RM94,000 for the financial year ended 31 December 2007. **Ordinary Resolution 1**

3. To approve the payment of Directors' fees of RM131,000 for the financial year ended 31 December 2007. **Ordinary Resolution 2**

4. To re-elect the following Directors who are retiring pursuant to the Company's Articles of Association, and being eligible, offering themselves for re-election:

   - Puan Chan Cheong, retiring pursuant to Article 86 of the Articles of Association **Ordinary Resolution 3**

   - Nik Mat Bin Ismail, retiring pursuant to Article 86 of the Articles of Association **Ordinary Resolution 4**

   - Ong Ju Yan, retiring pursuant to Article 92 of the Articles of Association **Ordinary Resolution 5**

   - A. Shukor Bin S. A. Karim, retiring pursuant to Article 92 of the Articles of Association **Ordinary Resolution 6**

5. To consider and if thought fit, pass the following resolution pursuant to Section 129(6) of the Companies Act, 1965 as an ordinary resolution:

   "THAT Tan Sri Datuk Dr. Haji Omar Bin Abdul Rahman who retires pursuant to Section 129(2) of the Companies Act, 1965 be and is hereby re-appointed Director of the Company to hold office until the next Annual General Meeting." **Ordinary Resolution 7**

6. To re-appoint Messrs Horwath as Auditors of the Company and to authorise the Directors to fix their remuneration. **Ordinary Resolution 8**

Special Business

To consider and if thought fit, pass the following ordinary resolutions:

7. **Authority to Issue and Allot Shares Pursuant to Section 132D of the Companies Act, 1965** — **Ordinary Resolution 9**

"THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorised to issue and allot shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the issued and paid-up share capital of the Company at the time of issue and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued, subject to the Companies Act, 1965, the Articles of Association of the Company and approval from the Bursa Malaysia Securities Berhad and other relevant regulatory authorities where such approval is necessary."

8. **Proposed Renewal of Authority to Directors on Purchase of the Company's own Shares** — **Ordinary Resolution 10**

"THAT subject to Section 67A of the Companies Act, 1965 ("Act") and Part IIIA of the Companies Regulations, 1966, provisions of the Company's Articles of Association and the requirements of Bursa Malaysia Securities Berhad and any other relevant authority, the Directors of the Company be and are hereby authorised to make purchases of ordinary shares of RM0.20 each ("Shares") in the Company's issued and paid-up share capital through the Bursa Malaysia Securities Berhad subject further to the following:

(i) the maximum number of Shares which may be purchased and/or held by the Company shall be equivalent to ten per centum (10%) of the issued and paid-up share capital of the Company for the time being;

(ii) the maximum fund to be allocated by the Company for the purpose of purchasing the Shares shall not exceed the aggregate of the retained profits and share premium account of the Company. As of 31 December 2007, the audited retained profits and share premium account of the Company were RM103,642,000 and RM259,002,000 respectively;

(iii) the authority conferred by this resolution will commence immediately upon passing of this resolution and will expire at the conclusion of the next Annual General Meeting ("AGM") of the Company, unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in a general meeting or the expiration of the period within which the next AGM after that date is required by the law to be held, whichever occurs first, but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the guidelines issued by the Bursa Malaysia Securities Berhad or any other relevant authority; and

(iv) upon completion of the purchase(s) of the Shares by the Company, the Directors of the Company be and are hereby authorised to deal with the Shares in the following manner:

(a) cancel the Shares so purchased; or

(b) retain the Shares so purchased as treasury shares; or

(c) retain part of the Shares so purchased as treasury shares and cancel the remainder; or

(d) distribute the treasury shares as dividends to shareholders and/or resell on the Bursa Malaysia Securities Berhad and/or cancel all or part of them; or

in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of the Bursa Malaysia Securities Berhad and any other relevant authority for the time being in force;

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement or to effect the purchase(s) of the Shares with full power to assent to any condition, modification, variation and/or amendment as may be imposed by the relevant authorities and to take all such steps as they may deem necessary or expedient in order to implement, finalise and give full effect in relation thereto."

9. **Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature** — **Ordinary Resolution 11**

"THAT subject to the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), approval be and is hereby given to the Company and/or its subsidiaries to enter into recurrent related party transactions ("RRPTs") of a revenue or trading nature with Green Packet Inc. and Inova Venture Pte Ltd as stated in Section 2.4.2 of the Circular to Shareholders dated 6 June 2008, provided that such arrangements and/or transactions are:

(i) recurrent transactions of a revenue or trading nature;

(ii) necessary for the day-to-day operations;

(iii) in the ordinary course of business and are at arm's length basis and on terms not more favourable to the related parties than those generally available to the public; and

(iv) not to the detriment of the minority shareholders of the Company.

AND THAT the authority conferred by this resolution shall commence immediately upon the passing of this resolution and shall continue to be in force until:

(i) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time it will lapse, unless renewed by a resolution passed by the shareholders of the Company in a general meeting;

(ii) the expiry of the period within which the next AGM of the Company is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("the Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or

(iii) revoked or varied by a resolution passed by the shareholders of the Company in a general meeting;

whichever is the earlier;

AND THAT the aggregate value of the transactions conducted pursuant to the Renewal of Shareholders' Mandate during a financial year will be disclosed in accordance with the Listing Requirements of Bursa Securities in the Annual Report of the Company for the said financial year;

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary (including executing such documents as may be required) to give effect to the RRPTs contemplated and/or authorised by this Ordinary Resolution.

10. **Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

Ordinary Resolution 12

"THAT subject to the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), approval be and is hereby given to the Company and/or its subsidiaries to enter into recurrent related party transactions ("RRPTs") of a revenue or trading nature with Inova Venture Pte Ltd as stated in Section 2.4.2 of the Circular to Shareholders dated 6 June 2008, provided that such arrangements and/or transactions are:

(i) recurrent transactions of a revenue or trading nature;

(ii) necessary for the day-to-day operations;

(iii) in the ordinary course of business and are at arm's length basis and on terms not more favourable to the related parties than those generally available to the public; and

(iv) not to the detriment of the minority shareholders of the Company.

AND THAT the authority conferred by this resolution shall commence immediately upon the passing of this resolution and shall continue to be in force until:

(i) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time it will lapse, unless renewed by a resolution passed by the shareholders of the Company in a general meeting;

(ii) the expiry of the period within which the next AGM of the Company is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("the Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or

(iii) revoked or varied by a resolution passed by the shareholders of the Company in a general meeting;

whichever is the earlier;

AND THAT the aggregate value of the transactions conducted pursuant to the New Shareholders' Mandate during a financial year will be disclosed in accordance with the Listing Requirements of Bursa Securities in the Annual Report of the Company for the said financial year;

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary (including executing such documents as may be required) to give effect to the RRPTs contemplated and/or authorised by this Ordinary Resolution.

11. **Proposed Authority to Grant Options to Directors of the Company**

"THAT the Directors of the Company be and are hereby authorised at any time, and from time to time, to offer and grant to the following Directors of the Company, options to subscribe for new ordinary shares of RM0.20 each in the Company ("GPB Shares") under the Employees' Share Option Scheme ("ESOS" or "the Scheme"):

(a) Yousuf Mohamed Yaqub Khayat, Non-Executive Director — **Ordinary Resolution 13**

(b) Ong Ju Yan, Non-Executive Director — **Ordinary Resolution 14**

(c) A. Shukor Bin S. A. Karim, Independent Non-Executive Director — **Ordinary Resolution 15**

PROVIDED THAT:

(i) the number of new GPB Shares allocated, in aggregate, to the Directors of the Company and senior management of the GPB Group shall not exceed fifty percent (50%) of the total new GPB Shares available under the Scheme; and

(ii) the number of new GPB Shares allocated to any eligible person who, either singly or collectively, through persons connected to him (as defined in Paragraph 1.01 of the Listing Requirements of Bursa Malaysia Securities Berhad), holds 20% or more of the issued and paid-up share capital of the Company, shall not exceed 10% of the total new GPB Shares available under the Scheme;

and subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provisions of the By-Laws of the ESOS."

BY ORDER OF THE BOARD

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

Company Secretaries

Kuala Lumpur
6 June 2008

Notes:

1. A member entitled to attend and vote at this meeting is entitled to appoint proxy/proxies to attend and vote in his stead. A proxy may but need not be a member of the Company. If the proxy is not a member of the Company, he need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies.

2. A member shall be entitled to appoint up to three (3) proxies to vote at the same meeting. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.

3. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing and if the appointor is a corporation/company, either under its common seal or the hands of its attorney.

4. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 10th Floor, Menara Hap Seng, No. 1 & 3, Jalan P. Ramlee, 50250 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.

Explanatory Notes on Special Business:

1. The proposed Ordinary Resolution 9 if passed, will give the Directors of the Company authority to issue and allot shares for such purposes as the Directors in their absolute discretion consider to be in the interest of the Company, without having to convene a general meeting. This authority, unless revoked or varied by the Company in general meeting, will expire at the next Annual General Meeting of the Company.

2. The proposed Ordinary Resolution 10, if passed, will empower the Company to purchase and/or hold up to ten per centum (10%) of the issued and paid-up share capital of the Company. This authority unless revoked or varied by the Company at a General Meeting will expire at the next Annual General Meeting.

3. The proposed Ordinary Resolutions 11 and 12 if passed, will empower the Company and its subsidiaries ("GPB Group") to enter into recurrent related party transactions of a revenue or trading nature which are necessary for GPB Group's day-to-day operations, subject to the transactions being in the ordinary course of business and on terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

   Detailed information on the Proposed Renewal of and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature is set out in the Circular to Shareholder dated 6 June 2008 which is dispatched together with this Annual Report.

   Please refer to the Share Buy-Back Statement dated 6 June 2008 which is dispatched together with this Annual Report for further information.

4. The proposed Ordinary Resolutions 13, 14 and 15 if passed, will enable the aforementioned non-executive directors to participate in the Company's ESOS in accordance with the ESOS By-Laws. This is the recognition of the contribution of non-executive directors, who are involved in the formulation of the Group's strategy through, amongst others, their participation in board deliberations and independent views in the decision making process, as well as ensuring that the Group maintains good corporate practices at all times.

statement**accompanying**

Notice of Annual General Meeting

1. Further details of the Directors standing for re-election or re-appointment are set out in the Profile of Directors appearing on pages 18 to 23 of the Annual Report.

Greenpacket

GREEN PACKET BERHAD (534942-H)
(Incorporated in Malaysia under the Companies Act, 1965)

form of **proxy**

I/We .....

of .....

being a Shareholder of **GREEN PACKET BERHAD (534942-H)** hereby appoint *THE CHAIRMAN OF THE MEETING or failing him/her

Name	Address	NRIC/Passport No.	Proportion of Shareholdings (%)
1.			
* And/or (delete as appropriate)			
2.			
* And/or (delete as appropriate)			
3.			

as my/our proxy/proxies, to vote for me/us on my/our behalf at the Seventh Annual General Meeting of the Company to be held at Bukit Jalil Golf and Country Resort, Jalan 3/155B, Bukit Jalil, 57000 Kuala Lumpur on Monday, 30 June 2008 at 10.00 a.m or at any adjournment thereof.

** If you wish to appoint other person/persons to be your proxy/proxies, kindly delete the words "The Chairman of the Meeting or failing him" and insert the name/names of the person/persons desired.*

My/our proxy/proxies is/are to vote as indicated below:

No.	Ordinary Resolutions	For	Against
1.	Approval of increment and payment of Directors' fees		
2.	Approval of payment of Directors' fees		
3.	Re-election of Puan Chan Cheong as Director		
4.	Re-election of Nik Mat Bin Ismail as Director		
5.	Re-election of Ong Ju Yan as Director		
6.	Re-election of A. Shukor Bin S. A. Karim as Director		
7.	Re-appointment of Tan Sri Datuk Dr. Haji Omar Bin Abdul Rahman as Director		
8.	Re-appointment of Messrs Horwath as Auditors and to authorise the Directors to fix their remuneration		
9.	Authority under Section 132D of the Companies Act, 1965 for the Directors to issue shares		
10.	Proposed Renewal of Authority to Purchase its Own Shares by the Company		
11.	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		
12.	Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		
13.	Approval on granting of options to Yousuf Mohamed Yaqub Khayat		
14.	Approval on granting of options to Ong Ju Yan		
15.	Approval on granting of options to A. Shukor Bin S. A. Karim		

(Please indicate with a cross (X) in the space provided, how you wish your vote to be cast in respect of the above resolutions. If you do not do so, the proxy may vote or abstain at his/her discretion.)

Dated this ……..... day of ……..... 2008

Number of shares held	

.....
Signature/Common Seal of Shareholder

fold here

Notes:

1. A member entitled to attend and vote at this meeting is entitled to appoint proxy/proxies to attend and vote in his stead. A proxy may but need not be a member of the company. If the proxy is not a member of the company, he need not be an advocate, an approved company auditor or a person approved by the registrar of companies.
2. A member shall be entitled to appoint up to three (3) proxies to vote at the same meeting. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing and if the appointor is a corporation/company, either under its common seal or the hands of its attorney.
4. The instrument appointing a proxy must be deposited at the registered office of the company at 10th Floor, Menara Hap Seng, No. 1 & 3, Jalan P. Ramlee, 50250 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.

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Stamp

The Company Secretary

GREEN PACKET BERHAD

(534942-H)

10th Floor
Menara Hap Seng
No. 1 & 3, Jalan P. Ramlee
50250 Kuala Lumpur

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our awards & accolades

- Ranked top 100 in Deloitte Technology Fast 500 Asia Pacific 2007
- Amongst 14 of Asia's Brightest Technology Companies, Network World Asia 2007
- Winner of MSC-APICTA Merit Award 2005 - Communications Application Category
- Winner of 2004 PIKOM Technopreneur of the Year Award (Puan Chan Cheong, Group MD & CEO)
- Winner of Intel's Outstanding Solution Provider Award for Education in the Asia-Pacific 2004
- Winner of MSC-APICTA Award 2005 - Communications Application Category
- Amongst 10 Mobile Technology Companies to Watch - San Jose Mercury News 2003


www.greenpacket.com


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Fax : 603 8996 4996

First Wireless Sdn Bhd
Packet One Sdn Bhd
Packet One Networks (Malaysia) Sdn Bhd
P1.Com Sdn Bhd
Lot 1-1 & 1-2, Incubator 2
Technology Park Malaysia
Lebuhraya Puchong-Sungai Besi
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Millercom Sdn Bhd
J & C Pacific Sdn Bhd
Next Global Technology Sdn Bhd
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Malaysia
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Fax : 603 7665 0161

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Green Packet Networks (Taiwan) Pte Ltd
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