
13 **REPORTING ACCOUNTANTS' LETTERS AND REPORT**

13.1 CONSOLIDATED PROFIT FORECAST TOGETHER WITH THE NOTES AND ASSUMPTIONS AND REPORTING ACCOUNTANTS' LETTER THEREON

Shamsir Jasani Grant Thornton 

Chartered Accountants

REPORTING ACCOUNTANTS' LETTER ON CONSOLIDATED PROFIT FORECAST
(Prepared for inclusion in this Prospectus)

6 May 2004

The Board of Directors
GPRO Technologies Berhad
Level 11-2, Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur

Gentlemen,

We have reviewed the consolidated profit forecast of GPRO Technologies Berhad ("GPRO") and its subsidiary companies ("GPRO Group") for the year ending 31 December 2004 as set out in the accompanying statements in accordance with the standard applicable to the review of forecast. The forecast has been prepared for inclusion in the Prospectus issued in connection with the following:-

(i) **Public Issue**

In conjunction with the listing of and quotation for its entire issued and paid-up share capital on the MESDAQ Market, GPRO will issue 62,500,000 new ordinary shares of RM0.10 each ("GPRO Shares") at an issue price of RM0.40 per Share to individuals, companies, societies, co-operatives and institutions by way of private placement and public offer, subject to the terms and conditions of this Prospectus.

(ii) **Listing and Quotation**

Upon completion of the Public Issue, the entire issued and paid-up share capital of GPRO of RM25,000,000 comprising 250,000,000 GPRO Shares will be listed on the MESDAQ Market.

(iii) **Employees Share Option Scheme ("ESOS")**

In conjunction with the Listing, GPRO proposes to implement an ESOS involving up to 5% of GPRO's issued and paid-up share capital at any time during the existence of the ESOS, to be issued pursuant to the options to be granted under the ESOS to the executive directors and eligible employees of the Group.

Our review has been undertaken to enable us to form an opinion as to whether the forecast, in all material respects, are properly prepared on the basis of the assumptions made by Directors and are presented on a basis consistent with the accounting policies adopted and disclosed by the Group in its audited financial statements for the financial year ended 31 December 2003. The Directors are solely responsible for the preparation and presentation of the forecast and the assumptions on which the forecast are based.

Shamsir Jasani Grant Thornton (AF-737)

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13 REPORTING ACCOUNTANTS' LETTERS AND REPORT (Cont')

Shamsir Jasani Grant Thornton 


Forecast, in this context, means prospective financial information prepared on the basis of assumptions as to future events which management expects to take place and the actions which management expects to take as of the date the information is prepared (best-estimate assumptions). While information may be available to support the assumptions on which forecast is based, such information is generally future oriented and therefore uncertain. Thus, actual results are likely to be different from the forecast since anticipated events frequently do not occur as expected and the variation could be material.

Subject to the matters stated in the preceding paragraphs:-

- (i) nothing has come to our attention which causes us to believe that the assumptions made by the Directors, as set out in the accompanying statement, do not provide a reasonable basis for the preparation of the profit forecast; and
- (ii) in our opinion, the profit forecast, so far as the calculations are concerned, is properly prepared on the basis of the assumptions made by the Directors and is presented on a basis consistent with the accounting policies adopted and disclosed by the Group.

Yours faithfully,


SHAMSIR JASANI GRANT THORNTON
NO: AF-737
CHARTERED ACCOUNTANTS


DATO' N. K. JASANI
PARTNER
NO: 708/03/06(J/PH)

13 REPORTING ACCOUNTANTS' LETTERS AND REPORT (Cont')

GPRO TECHNOLOGIES BERHAD
(Incorporated in Malaysia)
AND ITS GROUP OF COMPANIES

CONSOLIDATED PROFIT FORECAST FOR THE FINANCIAL YEAR ENDING
31 DECEMBER 2004

Barring unforeseen circumstances, the Directors forecast that the Group's results for the financial year ending 31 December 2004 will be as follows:-

	Forecast
	2004
Notes	RM'000
Revenue	<u>30,383</u>
Consolidated profit before taxation	8,119
Less: Taxation	<u>-</u>
Consolidated profit after taxation	8,119
Minority interest	<u>(167)</u>
	7,952
Less: Pre-acquisition profit	<u>(346)</u>
Consolidated profit attributable to shareholders	<u>7,606</u>
Weighted average number of shares in issue ('000)	(i) 177,083
Gross earnings per share (sen)	(ii) 4.58
Net earnings per share (sen)	(iii) 4.30
Gross price earnings multiple (times)	(iv) 8.73
Net price earnings multiple (times)	(iv) 9.30

Notes:-

- (i) The 177,083,320 weighted average numbers of shares in issue is calculated based on the completion of acquisition of NPT on 5 April 2004 and on the assumption that the public issue was completed in the end of May 2004.
- (ii) Computed based on the forecast consolidated profit before taxation divided by the weighted average number of shares in issue.
- (iii) Computed based on the forecast consolidated profit attributable to shareholders divided by the weighted average number of shares in issue.
- (iv) The gross/net price earnings multiple are based on the IPO price of RM0.40 per Share over the gross/net earnings per Share.

There is no diluted earnings per share as there are no potential dilutive ordinary shares and the assumed exercise price of the Options is the same as the IPO Price.

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06 MAY 2004
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13 REPORTING ACCOUNTANTS' LETTERS AND REPORT (Cont')

**GPRO TECHNOLOGIES BERHAD
(Incorporated in Malaysia)
AND ITS GROUP OF COMPANIES**

**CONSOLIDATED PROFIT FORECAST FOR THE FINANCIAL YEAR ENDING
31 DECEMBER 2004 (CONT'D)**

The specific bases and assumptions made in the preparation of the profit forecast are set out as below:-

1. GPRO

- (a) Approvals from the Securities Commission, BMSB, Ministry of International Trade and Industry ("MITI") and Foreign Investment Committee ("FIC") have been obtained for the below transactions:-

(i) Dividend payment

NPT declared a tax exempt dividend of 59 sen per NPT share amounting to RM985,595 on 26 March 2004 for the FYE 31 December 2003 to the existing shareholders of NPT as at 23 March 2004.

(ii) Acquisition

GPRO acquired the entire issued and fully paid up share capital of NPT for a purchase consideration of RM18,749,998 satisfied by the issuance of 187,499,980 new ordinary shares of RM0.10 each in GPRO at RM0.10 per share. Upon completion of the Acquisition, NPT has become a wholly owned subsidiary company of GPRO.

Finalisation of shareholding structure in New Paradigm Technologies Sdn Bhd ("NPT")

Pursuant to the supplementary agreement between Malaysia Venture Capital Management Bhd ("MAVCAP") and NPT dated 24 September 2003, the existing RCPS Tranche 1 in NPT of RM600,003 held by MAVCAP be converted into 38,023 units of ordinary "A" shares of RM1.00 each and RCPS Tranche 2 of RM2.0 million be converted into 149,712 units of ordinary "A" share of RM1.00 each.

The RCPS was converted into ordinary "A" shares on 23 March 2004 and the Acquisition was completed on 5 April 2004.

- (b) The following are expected to be completed by the end of May 2004: -

(i) Public issue

In conjunction with the listing of and quotation for its entire issued and paid-up share capital on the MESDAQ Market, GPRO will issue 62,500,000 new GPRO Shares at an issue price of RM0.40 per Share to individuals, companies, societies, co-operatives and institutions by way of private placement and public offer raising proceeds of RM25,000,000.

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13 REPORTING ACCOUNTANTS' LETTERS AND REPORT (Cont')

**GPRO TECHNOLOGIES BERHAD
(Incorporated in Malaysia)
AND ITS GROUP OF COMPANIES**

**CONSOLIDATED PROFIT FORECAST FOR THE FINANCIAL YEAR ENDING
31 DECEMBER 2004 (CONT'D)**

1. GPRO (cont'd)

(b) (ii) Listing and quotation

Upon completion of the Public Issue, the entire issued and paid-up share capital of GPRO of RM25,000,000 comprising 250,000,000 GPRO Shares will be listed on the MESDAQ Market.

(iii) Employees Share Option Scheme

In conjunction with the Listing, GPRO proposes to implement an ESOS involving up to 5% of GPRO's issued and paid-up share capital at any time during the existence of the ESOS, to be issued pursuant to the options to be granted under the ESOS to the executive directors and eligible employees of the Group.

Assume no exercise of the ESOS.

(c) The acquisition of NPT will be accounted for using the acquisition method of accounting.

The acquisition of NPT by GPRO was completed on 5 April 2004. As such, post acquisition profit of NPT from 6 April 2004 to 31 December 2004 will be recognised in the Group's forecasted consolidated profit.

All significant inter-company transactions are eliminated on consolidation and consolidated financial statements reflect external transactions only.

Goodwill arising from acquisition of NPT will be amortised over 20 years commencing from the year ending 31 December 2004.

(d) All new products to be introduced into the market will commence according to schedule.

(e) The targeted revenue and profits of GPRO will be achieved.

(f) An estimated listing expense of RM1.7 million incurred in relation to the public issuance of shares to be paid out from the proceeds of the public issue and will be written off against the share premium account.

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13 REPORTING ACCOUNTANTS' LETTERS AND REPORT (Cont')

GPRO TECHNOLOGIES BERHAD
(Incorporated in Malaysia)
AND ITS GROUP OF COMPANIES

CONSOLIDATED PROFIT FORECAST FOR THE FINANCIAL YEAR ENDING
31 DECEMBER 2004 (CONT'D)

1. GPRO (CONT'D)

- (g) Research and development expenditure comprises of direct cost and overhead costs incurred in the development of new products for the apparel/garment industries which will be incurred as planned.

Research and development expenditure is charged to income statements in the year in which it is incurred, except in so far as it relates to a clearly defined project where the benefits therefrom can reasonably be regarded as assured. Expenditure so deferred is limited to the value of future benefit and is stated at cost. The deferred expenditure is amortised by reference to the number of units sales of the product over the estimated unit sale for a period not exceeding 5 years. For a clearly defined project where the value of future benefits therefrom cannot be reasonably estimated, the deferred expenditure is amortised evenly over a period of 5 years.

- (h) No provision for taxation made as GPRO has been awarded Multimedia Super Corridor ("MSC") status to enjoy income tax exemption on statutory income under pioneer status.
- (i) Utilisation of the proceeds from the Initial Public Offerings of shares will be as follow:-

	RM'000
- Research and development	8,000
- Business expansion and marketing development overseas	10,000
- Working capital	5,300
- Defraying listing expenses	1,700
	25,000

- (j) The Directors will recommend the payment of final 10% tax exempt dividend for the financial year ending 31 December 2004. The consolidated forecast for year 2004 does not reflect this proposed dividend. Such dividend will be accounted for in 2005 after approved by the shareholders.

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13 REPORTING ACCOUNTANTS' LETTERS AND REPORT (Cont')

**GPRO TECHNOLOGIES BERHAD
(Incorporated in Malaysia)
AND ITS GROUP OF COMPANIES**

**CONSOLIDATED PROFIT FORECAST FOR THE FINANCIAL YEAR ENDING
31 DECEMBER 2004 (CONT'D)**

2. NPT

- (a) The targeted revenue and gross profit margin of NPT will be achieved.
- (b) All revenue and costs are earned and incurred evenly throughout the year under review.
- (c) All new products to be introduced into the market will commence according to schedule.
- (d) There will be no material changes in the costs and prices of NPT's products.
- (e) NPT plans to set up regional business centre in various countries in order to capture the overseas market will commence according to schedule and achieved as planned.
- (f) Research and development expenditure comprises of direct cost and overhead costs incurred in the development of new products for the apparel/garment industries which will be incurred as planned.

Research and development expenditure is charged to income statements in the year in which it is incurred, except in so far as it relates to a clearly defined project where the benefits therefrom can reasonably be regarded as assured. Expenditure so deferred is limited to the value of future benefit and is stated at cost. The deferred expenditure is amortised by reference to the number of units sales of the product over the estimated unit sale for a period not exceeding 5 years. For a clearly defined project where the value of future benefits therefrom cannot be reasonably estimated, the deferred expenditure is amortised evenly over a period of 5 years.

NPT will cease to carry out the research and development activity from forecast year 2004 onwards.

- (g) No provision for taxation made as NPT will be awarded pioneer status to enjoy income tax exemption on statutory income.

The tax exemption period will be assumed to commence from 2004 to 2007.

- (h) Dividend of RM985,595 in respect of financial year ended 31 December 2003 declared and will be paid to the existing shareholders.
- (i) General provision for doubtful debt is 2.45% of the trade receivables.
- (j) Two Directors of the Company have jointly and severally undertaken that they shall bear and pay to the Company all sums owing to NPT by its trade receivables outstanding more than 180 days for which provision for doubtful debts of RM1.66 million has been provided for. The effect of this undertaking is not reflected in 2004.

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13 REPORTING ACCOUNTANTS' LETTERS AND REPORT (Cont')

**GPRO TECHNOLOGIES BERHAD
(Incorporated in Malaysia)
AND ITS GROUP OF COMPANIES**

**CONSOLIDATED PROFIT FORECAST FOR THE FINANCIAL YEAR ENDING
31 DECEMBER 2004 (CONT'D)**

3. GPRO (Hang Zhou)

- (a) The targeted revenue and gross profit margin of GPRO (Hang Zhou) will be achieved.
- (b) All revenue and costs are earned and incurred evenly throughout the year under review.
- (c) There will be no material changes in the costs and prices of the GPRO (Hang Zhou)'s products.
- (d) No provision for taxation made in forecast year as GPRO (Hang Zhou) will be tax exempted under the tax structure of The People Republic's of China.
- (e) No ordinary shares dividend will be declared or paid.
- (f) General provision for doubtful debt is 2.45% of the trade receivables.

4. GPRO (Vietnam)

- (a) The targeted revenue and gross profit margin of GPRO (Vietnam) will be achieved.
- (b) All revenue and costs are earned and incurred evenly throughout the year under review.
- (c) There will be no material changes in the costs and prices of GPRO (Vietnam)'s products.
- (d) No provision for taxation made in forecast year as GPRO (Vietnam) will be tax exempted under the tax structure of Vietnam.
- (e) No ordinary shares dividend will be declared or paid.
- (f) General provision for doubtful debt is 2.45% of the trade receivables.

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13 REPORTING ACCOUNTANTS' LETTERS AND REPORT (Cont')

**GPRO TECHNOLOGIES BERHAD
(Incorporated in Malaysia)
AND ITS GROUP OF COMPANIES**

**PRINCIPAL BASES AND ASSUMPTIONS TO PROFIT FORECAST FOR THE FINANCIAL
YEAR ENDING 31 DECEMBER 2004**

The principal bases and assumptions upon which the consolidated profit forecast have been prepared are set out below: -

1. There will be no material changes in the Group structure or principal activities or composition of the Group other than those mentioned in the forecast.
2. There will be no significant changes in the prevailing economic and political climate in Malaysia and elsewhere which will adversely affect the activities and the demand, saleability and pricing of its products and services or the markets in which it operates which will adversely affect the Group performance and the business of its major customers.
3. There will be no material changes in present legislation, Government policies or regulations, the regulations of the MESDAQ Market of the Bursa Malaysia Securities Berhad and guidelines of the regulatory authority affecting the Group's activities or the markets in which it operates.
4. There will be no significant changes in the rates, basis of duties, levies and taxes affecting the Group's activities or the market in which it operates.
5. There will be no major industrial disputes or any other abnormal circumstances including exceptional bad debts that will adversely affect the operations of the Group or the market in which it operates.
6. There will not be any material fluctuation in inflation rates and exchange rates of foreign currencies against Ringgit Malaysia. The major foreign exchange rates assumed are US\$1 =RM3.80.
7. The existing financing required for the operations of the Group will be available. The level of interest rates will not change materially from those assumed in the forecast.
8. There will be no material deviation in accounting, management and trading policies adopted by the Group that will adversely affect the performance of the Group.
9. There will be no significant changes in the price of raw materials, cost of goods purchased, labour costs and other incidental cost which will adversely affect the Group's profitability. There will also be no significant shortage in skilled and unskilled labour required.

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13 REPORTING ACCOUNTANTS' LETTERS AND REPORT (Cont')

**GPRO TECHNOLOGIES BERHAD
(Incorporated in Malaysia)
AND ITS GROUP OF COMPANIES**

**PRINCIPAL BASES AND ASSUMPTIONS TO PROFIT FORECAST FOR THE FINANCIAL
YEAR ENDING 31 DECEMBER 2004 (CONT'D)**

10. There will be no material changes in the existing key personnel and management of the Group that will adversely affect the performance of the Group.
11. There will be no major breakdown or disruption in the operational and manufacturing facilities, industrial disputes, disruption from supplies of materials or other abnormal factor both domestic and overseas that will adversely affect the Group's operations.
12. There will be no material acquisition or disposal of property, plant and equipment and capital expenditure other than those taken into consideration in the forecast and there will be no major delays or variations in the implementation of approved capital expenditure program of the Group.
13. The Group will not engage in any material litigation and there will be no legal proceedings against the Group that will adversely affect the activities and performance of the Group or give rise to any contingent liabilities that will materially affect the position and business of the Group.
14. The Group will achieve the selling prices as per forecast and the targeted sales mix of the Group's products and its customer's segmentation will be achieved as planned.
15. Selling prices of the Group's products or services for the forecast year will be based on the management expectation and will be stable and constant over the forecast year.
16. The timing and quantum of forecasted income and costs will be generated and incurred as planned.
17. GPRO will continue to retain its Multimedia Super Corridor ("MSC") status and GPRO will continue to enjoy the MSC incentives.

MSC incentives will not be changed or modified in anyway in the future.
18. All existing licences and permit granted to the Group will not be withdrawn and will be renewed by the relevant authorities. All licences and permits required by the Group in respect of future operations will be obtained.

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13 REPORTING ACCOUNTANTS' LETTERS AND REPORT (Cont')

**13.2 PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2003
AND REPORTING ACCOUNTANTS' LETTER THEREON**

Shamsir Jasani Grant Thornton 

Chartered Accountants

**REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED BALANCE
SHEETS AS AT 31 DECEMBER 2003**

(Prepared for inclusion in this Prospectus)

6 May 2004

The Board of Directors
GPRO Technologies Berhad
Level 11-2, Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur

Gentlemen,

We have reviewed the presentation of the Proforma Consolidated Balance Sheets of GPRO Technologies Berhad ("GPRO") and its subsidiary companies ("GPRO Group"), together with the notes hereto as at 31 December 2003 for which the Directors are solely responsible, as set out in the accompanying appendix of the Prospectus in connection with the following:-

(i) Public Issue

In conjunction with the listing of and quotation for its entire issued and paid-up share capital on the MESDAQ Market, GPRO will issue 62,500,000 new ordinary share of RM0.10 each ("GPRO Shares") at an issue price of RM0.40 per Share to individuals, companies, societies, co-operatives and institutions by way of private placement and public offer, subject to the terms and conditions of this Prospectus.

(ii) Listing and Quotation

Upon completion of the Public Issue, the entire issued and paid-up share capital of GPRO of RM25,000,000 comprising 250,000,000 GPRO Shares will be listed on the MESDAQ Market.

(iii) Employees Share Option Scheme ("ESOS")

In conjunction with the Listing, GPRO proposes to implement an ESOS involving up to 5% of GPRO's issued and paid-up share capital at any time during the existence of the ESOS, to be issued pursuant to the options to be granted under the ESOS to the executive directors and eligible employees of the Group.

Shamsir Jasani Grant Thornton (AF-737)

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13 REPORTING ACCOUNTANTS' LETTERS AND REPORT (Cont')

Shamsir Jasani Grant Thornton 

In our opinion, the abovementioned Proforma Consolidated Balance Sheets together with the notes thereon, which are provided for illustrative purpose only, have been properly prepared on the accounting principals and bases consistent with those normally adopted by the GPRO Group and that the adjustments are appropriate for the purposes of Proforma Consolidated Balance Sheets.

Yours faithfully,



SHAMSIR JASANI GRANT THORNTON
NO: AF-737
CHARTERED ACCOUNTANTS



DATO' N. K. JASANI
PARTNER
NO: 708/03/06(J/PH)

13 REPORTING ACCOUNTANTS' LETTERS AND REPORT (Cont')

GPRO TECHNOLOGIES BERHAD
(Incorporated in Malaysia)
AND ITS GROUP OF COMPANIES

PROFORMA CONSOLIDATED BALANCE SHEETS
AS AT 31 DECEMBER 2003

The Proforma Consolidated Balance Sheets set out below are provided for illustrative purposes only and incorporates the transactions referred to in the notes to the proforma consolidated balance sheets, had these transactions been effected on 31 December 2003:-

	As at 31.12.03 RM	Proforma I RM	Proforma II RM	Proforma III RM
SHARE CAPITAL	2	18,750,000	25,000,000	26,250,000
RESERVES	(9,841)	(9,841)	17,040,159	20,790,159
TOTAL SHAREHOLDERS' FUNDS	(9,839)	18,740,159	42,040,159	47,040,159
MINORITY INTEREST	-	42,814	42,814	42,814
FINANCE CREDITORS	-	179,830	179,830	179,830
	<u>(9,839)</u>	<u>18,962,803</u>	<u>42,262,803</u>	<u>47,262,803</u>
REPRESENTED BY: -				
PROPERTY, PLANT AND EQUIPMENT	-	931,164	931,164	931,164
RESEARCH AND DEVELOPMENT EXPENDITURE	-	4,533,175	4,533,175	4,533,175
GOODWILL ON CONSOLIDATION	-	6,356,561	6,356,561	6,356,561
CURRENT ASSETS				
Inventories	-	643,834	643,834	643,834
Deferred expenditure	219,048	219,048	-	-
Receivables	-	7,551,604	7,551,604	7,551,604
Cash and cash equivalents	2	766,116	24,285,164	29,285,164
	<u>219,050</u>	<u>9,180,602</u>	<u>32,480,602</u>	<u>37,480,602</u>
CURRENT LIABILITIES				
Payables	228,889	1,939,402	1,939,402	1,939,402
Finance creditors	-	99,297	99,297	99,297
	<u>228,889</u>	<u>2,038,699</u>	<u>2,038,699</u>	<u>2,038,699</u>
NET CURRENT (LIABILITIES)/ASSETS	(9,839)	7,141,903	30,441,903	35,441,903
	<u>(9,839)</u>	<u>18,962,803</u>	<u>42,262,803</u>	<u>47,262,803</u>
NET TANGIBLE ASSETS PER ORDINARY SHARES OF RM0.10 EACH (SEN)				
	<u>-</u>	<u>4.07</u>	<u>12.46</u>	<u>13.77</u>

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13 REPORTING ACCOUNTANTS' LETTERS AND REPORT (Cont')

**GPRO TECHNOLOGIES BERHAD
(Incorporated in Malaysia)
AND ITS GROUP OF COMPANIES**

**PROFORMA CONSOLIDATED BALANCE SHEETS
AS AT 31 DECEMBER 2003 (CONT'D)**

NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS

1. The Proforma Consolidated Balance Sheets are based on the audited financial statements of GPRO, NPT, GPRO(Hang Zhou) and GPRO(Vietnam) as at 31 December 2003.
2. The Proforma Consolidated Balance Sheets have been prepared using the acquisition method of accounting.
3. The Proforma Consolidated Balance Sheets have been prepared based on accounting principles and bases consistent with those normally adopted in the preparation of audited financial statements to illustrate the Consolidated Balance Sheets of the Group assuming that all the transactions mentioned below had taken place on 31 December 2003 :-

Proforma I

After finalisation of shareholding structure in New Paradigm Technologies Sdn Bhd ("NPT") pursuant to the supplementary agreement between Malaysia Venture Capital Management Bhd ("MAVCAP") and NPT dated 24 September 2003, the existing RCPS Tranche 1 in NPT of RM600,003 held by MAVCAP be converted into 38,023 units of ordinary "A" shares of RM1.00 each and RCPS Tranche 2 of RM2.0 million be converted into 149,712 units of ordinary "A" share of RM1.00 each.

For illustration purpose, NPT pays out dividend of RM 985,595 out of its earnings for the period between 1 August 2003 to 31 December 2003.

GPRO acquires the entire issued and paid-up share capital of NPT comprising 1,318,000 ordinary shares of RM1.00 each and 352,500 ordinary "A" shares of RM1.00 each for a total consideration of RM18,749,998 satisfied by the issuance of 187,499,980 new GPRO ordinary shares of RM0.10 each at par value.

The Finalisation of Shareholding Structure in NPT was completed on 23 March 2004 and the Acquisition was completed on 5 April 2004.

Goodwill arising from the acquisition amounted to RM6,356,561 and amortised over a period of 20 years.

Proforma II

After Proforma I and Public Issue

Public Issue of 62,500,000 new ordinary shares of RM0.10 each at an issue price of RM0.40 per ordinary share by way of public offer payable in full on application.

The estimated listing expenses of RM1,700,000 has been written off against the share premium account.

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06 MAY 2004
Shamsir Jasani Grant Thornton

13 REPORTING ACCOUNTANTS' LETTERS AND REPORT (Cont')

GPRO TECHNOLOGIES BERHAD
(Incorporated in Malaysia)
AND ITS GROUP OF COMPANIES

PROFORMA CONSOLIDATED BALANCE SHEETS
AS AT 31 DECEMBER 2003 (CONT'D)

NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS (CONT'D)**3. Proforma II (cont'd)****After Proforma I and Public Issue (cont'd)**

Utilisation of the proceeds from the Initial Public Offerings of shares will be as follows:-

	RM'000
- Research and development	8,000
- Business expansion and marketing development overseas	10,000
- Working capital	5,300
- Defraying listing expenses	1,700
	25,000

For illustration purpose, the above proceeds from Initial Public Offerings have been utilised to defray the listing expenses and the remaining were retained in cash and cash equivalents to be utilised for those purposes in future.

Proforma III**After Proforma II and ESOS**

Full exercise of ESOS scheme by issuance of 12,500,000 new GPRO shares of RM0.10 each by virtue of the exercise of share option under the ESOS at an exercise price of RM0.40 per share.

4. Movements in Share Capital

	RM
Audited as at 31 December 2003	2
Acquisition of NPT	18,749,998
As per Proforma (I)	18,750,000
Public issue	6,250,000
As per Proforma (II)	25,000,000
ESOS	1,250,000
As per Proforma (III)	26,250,000

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13 REPORTING ACCOUNTANTS' LETTERS AND REPORT (Cont')

GPRO TECHNOLOGIES BERHAD
(Incorporated in Malaysia)
AND ITS GROUP OF COMPANIES

PROFORMA CONSOLIDATED BALANCE SHEETS
AS AT 31 DECEMBER 2003 (CONT'D)

NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS (CONT'D)**5. Movements in Reserves**

	Accumulated Loss RM	Share Premium RM	Total RM
Audited as at 31 December 2003 and Proforma (I)	(9,841)	-	(9,841)
Share premium arising from shares issued pursuant to the public offerings	-	18,750,000	18,750,000
Listing expenses	-	(1,700,000)	(1,700,000)
As per Proforma (II)	(9,841)	17,050,000	17,040,159
Share premium arising from shares issued pursuant to ESOS	-	3,750,000	3,750,000
As per Proforma (III)	(9,841)	20,800,000	20,790,159

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06 MAY 2004
 Shamsir Jasani Grant Thornton

13 REPORTING ACCOUNTANTS' LETTERS AND REPORT (Cont')

13.3 ACCOUNTANTS' REPORT

Shamsir Jasani Grant Thornton 

Chartered Accountants

(PREPARED FOR INCLUSION IN THIS PROSPECTUS)

Date: 6 May 2004

The Board of Directors
GPRO Technologies Berhad
Level 11-2, Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur

Dear Sirs,

**GPRO TECHNOLOGIES BERHAD AND ITS SUBSIDIARY COMPANIES
ACCOUNTANTS' REPORT**

1. INTRODUCTION

This report has been prepared by Shamsir Jasani Grant Thornton, a firm of approved company auditors, for inclusion in the Prospectus issued in connection with the floatation of the share capital of GPRO Technologies Berhad ("GPRO") on the MESDAQ market of the Bursa Malaysia Securities Berhad ("BMSB") which include the following:

(i) Public Issue

In conjunction with the listing of and quotation for its entire issued and paid-up share capital on the MESDAQ Market, GPRO will issue 62,500,000 new ordinary share of RM0.10 each ("GPRO Shares") at an issue price of RM0.40 per Share to individuals, companies, societies, co-operatives and institutions by way of private placement and public offer, subject to the terms and conditions of this Prospectus.

(ii) Listing and Quotation

Upon completion of the Public Issue, the entire issued and paid-up share capital of GPRO of RM25,000,000 comprising 250,000,000 GPRO Shares will be listed on the MESDAQ Market.

(iii) Employees Share Option Scheme ("ESOS")

In conjunction with the Listing, GPRO proposes to implement an ESOS involving up to 5% of GPRO's issued and paid-up share capital at any time during the existence of the ESOS, to be issued pursuant to the options to be granted under the ESOS to the executive directors and eligible employees of the Group.

2. GENERAL INFORMATION

2.1 Background

GPRO was incorporated and domiciled in Malaysia under the Companies Acts, 1965 on 18 July 2003 as a private limited company under the name of GPRO Technologies Sdn Bhd. Subsequently, it was converted to public limited company on 22 October 2003 and changed its name to GPRO Technologies Berhad and was awarded Multimedia Super Corridor ("MSC") status on 15 August 2003.

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2. GENERAL INFORMATION (CONT'D)
2.2 Share capital

The changes in the GPRO's authorised share capital since its incorporation are as follow:-

Date of creation	No. of shares	Par value (RM)	Share type	Cumulative total (RM)
18.07.2003	1,000,000	1	Ordinary	1,000,000
29.09.2003	10,000,000	0.10	Subdivision of par value from RM1.00 to RM0.10 per share	1,000,000
30.03.2004	490,000,000	0.10	Ordinary	50,000,000

The changes in the GPRO's issued and fully paid-up share capital since its incorporation are as follows:-

Date of allotment	No. of shares	Par value (RM)	Consideration	Cumulative Total (RM)
18.07.2003	2	1	Subscribers' shares	2
29.09.2003	20	0.10	Subdivision of par value from RM1.00 to RM0.10 per share	2
05.04.2004	187,499,980	0.10	Acquisition of New Paradigm Technologies Sdn Bhd	18,750,000

2.3 Principal activities

The principal activities of the Company are investment holding and to undertake research and development activities and corporate affairs of the Group.

The principal activities of the subsidiary companies are as follow:-

Name of Company	Effective ownership	Principal activities	Date and place of incorporation
(a) New Paradigm Technologies Sdn Bhd ("NPT")	100%	Development and marketing of computerised data collection and feedback systems for apparel/garment industries and sale of related computer hardware and software	12.12.1995 Malaysia

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Shamsir Jasani Grant Thornton **2. GENERAL INFORMATION (CONT'D)****2.3 Principal activities (cont'd)**

Name of Company	Effective ownership	Principal activities	Date and place of incorporation
(b) GPRO Technologies (Hang Zhou) Co. Ltd. ("GPRO (Hang Zhou)")	100%	Research, development, production, consultation, services and the technical transfer of the computer software, hardware, automatic control and other related products	21.8.2003 The People's Republic of China
(c) G.PRO Technologies (Vietnam) Co. Ltd. ("GPRO (Vietnam)")	60%	Provision of software, hardware, consultancy, training and support for management in textile, garment and shoe industry	25.8.2003 Vietnam

2.4 Share capital history of the subsidiary companies**(a) NPT**

The changes in the Company's authorised share capital since its incorporation are as follows:-

Date of creation	No. of shares	Par value (RM)	Cumulative total (RM)
i) Ordinary Shares 12.12.1995	1,000,000	1	1,000,000
31.01.2003	4,000,000	1	5,000,000
18.04.2003	3,990,000	1	8,990,000
ii) Ordinary "A" Shares 18.04.2003	1,000,000	1	1,000,000
iii) Redeemable Convertible Preference Shares 18.04.2003	1,000,000	0.01	10,000