GPRO TECHNOLOGIES BERHAD ("GPRO" OR "COMPANY")

NOTES TO THE FINANCAL STATEMENTS

1. Basis of Preparation

The interim financial report is unaudited and is prepared in accordance with the requirements of the Financial Reporting Standard ("FRS") 134: Interim Financial Reporting and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") for the MESDAQ Market.

The interim financial report should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 December 2007.

2. Changes in Accounting policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the financial year ended 31 December 2007 with the adoption of the following new/revised Financial Reporting Standards ("FRS") effective for financial period beginning 1 January 2007:

FRS 2	Share-based Payment
FRS 3	Business Combinations
FRS 5	Non-Current Assets Held for Sale and Discontinued Operations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investments in Associates
FRS 131	Interests in Joint Ventures
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 140	Investment Property

The adoption of FRS 2, 5, 102, 108, 110, 116, 121, 127, 128,131, 132, 133,138 and 140 does not have significant financial impact on the Group. The principal effects of the changes in accounting policies resulting from the adoption of the other new/revised FRSs are discussed below:

(a) FRS 3: Business Combinations and FRS 136: Impairment of Assets

The adoption of these new FRSs has resulted in the Group ceasing annual goodwill amortisation. Goodwill is carried at cost less accumulated impairment losses and is now tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired. Any impairment loss is recognised in profit or loss and subsequent reversal is not allowed. Prior to 1 January 2006, goodwill was amortised on a straight-line basis over its estimated useful life of 20 years. This change in accounting policy has been accounted for prospectively for business combinations where the agreement date is on or after 1 January 2006. The transitional provisions of FRS 3, however, have required the Group to eliminate at 1 January 2006 the carrying amount of the accumulated amortisation of RM405,090 with a corresponding decrease in goodwill. The carrying amount of goodwill as at 1 January 2006 of RM4,226,949 has been fully amortized in 4th quarter of 2007.

2. Changes in Accounting Policies (Cont'd)

(b) FRS 101: Presentation of Financial Statements

The adoption of the revised FRS 101 has affected the presentation of minority interest. In the consolidated balance sheets, minority interests are now presented within total equity. In the consolidated income statement, minority interests are presented as an allocation of the total profit or loss for the period. A similar requirement is also applicable to the statement of changes in equity. FRS 101 also requires disclosure, on the face of the statement of changes in equity, total recognised income and expenses for the period, showing separately the amounts attributable to equity holders of the parent and to minority interest.

The current period's presentation of the Group's financial statements is based on the revised requirements of FRS 101, with the comparatives restated to conform with the current period's presentation.

3. Qualification of Financial Statements

The audit report on the preceding annual financial statements was not subject to any qualification.

4. Nature and Amount of Exceptional and Extraordinary Items

There were no unusual items in the financial statements under review.

5. Valuation of Plant and Equipment

The Company did not revalue any of its plant and equipment during the quarter.

6. Taxation

The Company has been accorded Multimedia Super Corridor ("MSC") Status on 15 August 2003. The financial incentive awarded together with the MSC status is Pioneer Status which exempts 100% of the statutory business income from taxation for a period of 5 years. The Pioneer Status period of the Company is effective from 19th December 2006 to 18th December 2011. New Paradigm Technologies Sdn Bhd ("NPT"), a wholly-owned subsidiary of GPRO, was granted the pioneer status on 1 January 2003 which entitled NPT to enjoy tax exemption in respect of its profit until 31 December 2007. In addition, GPRO Technologies (Hang Zhou) Co. Ltd. (a wholly-owned subsidiary of NPT) and G.PRO Technologies (Vietnam) Co. Ltd. (a 60% owned subsidiary of NPT) are also enjoying the relevant tax incentives in the respective countries in which they operate.

There was no provision for taxation as the Company has no chargeable income and the taxes of its subsidiaries were exempted under the tax structure of the respective jurisdictions.

7. Profit on sale of Unquoted Investments and/or Properties

There was no disposal of unquoted investment and properties in the quarter ended 31 March 2008 and during the current financial period to date.

GPRO TECHNOLOGIES BERHAD ("GPRO" OR "COMPANY")

8. Purchase or Disposal of Quoted Securities

There was no acquisition or disposal of quoted securities for the current quarter and financial period to date.

9. Changes in the Composition of the Group

There is no change in the composition of the Group including business combinations, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing operations for the current financial period to date.

10. Corporate Proposals

There were no corporate proposals announced but not completed as at the date of this announcement.

11. Seasonal or Cyclical Factors

The business of the Company is not affected by any significant seasonal or cyclical factors.

12. Issuance and Repayment of Debt and Equity Securities

There were no issuance and repayment of debt and equity securities, share buy-back, share cancellation, shares held as treasury shares and resale of treasury shares during the current financial period to date.

13. Company Borrowings and Debt Securities

The borrowing of the Company as at 31 March 2008 represents secured hire-purchase loans for the Company's motor vehicles, banker acceptance and project financing.

	As at 31 March 2008 RM
Secured short-term (due within 12 months):	
Finance creditors	34,787
Banker Acceptance	915,843
Project Financing (MDV Loan)	521,849
LC discounting	412,193
Secured short-term (due after 12 months):	
Finance creditors	34,283
Total Borrowings	1,918,955

14. Contingent Liabilities and Contingent Assets

There were no contingent liabilities and contingent assets as at 26 May 2008 (being the latest practicable date not earlier than 7 days from date of issue of this financial results).

15. Off Balance Sheet Financial Instruments

The Company does not have any financial instrument with off balance sheet risk as at 26 May 2008 (being the latest practicable date which is not earlier than 7 days from the date of issue of this financial results), save for the 5,077,500 employees' share option scheme ("ESOS") options granted to the directors and eligible employees of the Company.

16. Review of Performance

For the current quarter ended 31 March 2008, the Group recorded a revenue and loss after tax and minority interest of RM1.53 million and RM1.09million respectively. Revenue in the first (1st) quarter has increased by RM0.74 million as compared to RM0.79 million in the immediate preceding quarter ended 31 December 2007. Loss after tax and minority interest has decreased by RM9.29 million from a loss of RM10.38million in the immediate preceding quarter ended 31 December 2007 to loss of RM1.09 million in the current quarter. The changes in the amortization method of the R&D expenditure from the number of units' sales of the related product over the total estimated unit sales for a period of 5 years to amortize on the straight-line basis over period of 7 year has resulted in significant increased in the R&D amortization cost by RM0.33 million from RM0.16 million in the corresponding quarter ended 31 March 2007 to RM0.49 million in the current quarter.

The overall expenditures for the Group have decreased. This is due to some cost cutting measures.

17. Current Year's Prospects

The target market (textile and apparel manufacturing) of the Group is still experiencing growth. This industry has been growing at a rate of more than 6% annually over the last 10 years. . Post quota regime has seen the industry moving towards greater efficiency. Shorter delivery lead time, narrow profit margin, more complex product mix and higher quantity demand are adding pressure on the manufacturers to improve on production and management effectiveness. The Group sees this as an opportunity. In respond to the situation, the Group has reviewed its sales and marketing strategies. New approaches for each product are in place and are being implemented.

For GPRO SDT (RFID) "Technology Leasing + Value Plan" strategy is being rolled out. The "Technology Leasing" scheme is to shorten sales cycle and making technology more affordable to potential clients. The "Value Plan" programme is to bring greater benefits to the clients and making the Technology Leasing Programme more sustainable.

For GPRO IEES, a two prong approach involving "Education/Training + Software Subscription" is being implemented. This new approach is expected to proliferate the knowledge of industrial engineering in apparel manufacturing and create a mass of IEES practitioners which in turn leads to greater demand for the IEES software. The low cost software subscription scheme will then ensure quick adoption of the scheme. The Group aims to make GPRO IEES the industry de facto standard and is confident that the recurrent income in the form of renewable subscription fees will build up in the next few years.

The GPRO Hanger System (GPRO UPS) is being introduced to the market with a "Lowest Price" strategy. The Group expects this product to improve the revenue significantly due to its high value per unit basis compared to other products of the Group.

The Group is putting the above new strategies to work. Successful implementation of the strategies should lead to improvement in revenue and also turn the Group to path of profit again.

18. Profit Forecast and Profit Guarantee

Not applicable.

19. Changes In Estimates

There were no changes in estimates of amounts reported during this quarter.

20. Segmental Information

The segmental revenue and results for the current quarter and the cumulative ended 31 March 2008 are as follows:-

Segment Revenue	**Three months ended 31 March 2008**	**Twelve months ended 31 December 2007**
Domestic	24,102	1,071,687
Overseas	1,507,974	5,969,953
Total Revenue	1,532,076	7,041,640
Segment Earnings/(Loss)		
Domestic	(120,022)	(5,548,727)
Overseas	(944,377)	(7,487,437)
Total (loss)/profit from operations	(1,064,399)	(13,036,164)

21. Subsequent Events

There were no material event between 31 March 2008 and 26 May 2008 (being the latest practicable date which is not earlier than 7 days from the date of issue of this financial results).

22. Capital Commitments

There are no material commitments which require disclosure during the quarter.

23. Material Litigation

The Company is not engaged in any material litigation either as plaintiff or defendant and the directors do not have any knowledge of any proceedings pending or threatened against the Company as at 26 May 2008 (being the latest practicable date which is not earlier than 7 days from the date of issue of these financial results).

24. Earnings per Share

a) Basic

The earnings per share was calculated by dividing the profit for the period attributable to equity holders of the parent by the weighted average number of ordinary shares in issue during the period.

	INDIVIDUAL AND CUMULATIVE PERIOD TO DATE	
	Current year quarter 31/03/2008	**Current year to date 31/03/2008**
Loss attributable to equity holders of the parent (RM)	1,088,788	1,088,788
Weighted average number of ordinary shares	250,000,000	250,000,000
Basic Loss per share (sen)	0.44	0.44

b) Diluted

Since the diluted earnings per share increased when taking the ESOS into account as the market price is lower than the exercise price, the ESOS is anti-dilutive and is ignored in the calculation of diluted earnings per share.

25. Dividends paid

There were no dividends paid during the quarter under review.

26. Dividend payable

No dividend has been declared for the financial year ended 31 December 2007.

27. Utilisation of Proceeds

Save for the proceeds raised by the Company from the initial public offering which was fully utilized, the Company has not undertaken any other corporate proposal to raise any proceeds during the current quarter under review and financial year-to-date.