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 ACE 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 2010.

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 2010. with the adoption of the following new/revised Financial Reporting Standards ("FRS") effective for financial period beginning 1 January 2010:

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 139	Financial Instruments: Recognition and Measurement
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.

(b) FRS 101: Presentation of Financial Statements (Revised)

FRS 101 introduces terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements. In addition, the revised Standard requires the presentation of third statement of financial position in the event that the entity has applied new accounting policies retrospectively. The adoption of this revised standard does not have any impact on the financial position and results of the Group.

(c) FRS 139: Financial Instruments: Recognition and Measurement

FRS 139 requires the recognition, measurement and disclosure of financial assets and financial liabilities. The new accounting standards moves measurement from a cost base for certain categories of financial assets and financial liabilities. The change in accounting policy is to be accounted for prospectively in accordance with the transitional provision of FRS 139. The adoption of this standard does not have significant impact on the financial position and results of the Group.

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 19 December 2006 to 18 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. Geranium Limited is a subsidiary incorporated in Hong Kong during 2011 and its taxable profits sourced in Hong Kong are subject to standard profit tax rate of 16.5%.

A tax provision of RM80,000 has been provided for Geranium Limited in 2011. 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 December 2011 and during the current financial period to date.

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

The Group has on 21st Sept 2010 applied to Accounting and Corporate Regulatory Authority Singapore (ACRA) to strike off a dormant subsidiary (GPRO Technologies Pte Ltd) in Singapore. This process of striking off is expected to take six (6) months. The announcement to this effect was made on 22nd Sept 2010. The Said dormant subsidiary has since been struck off effective March 2011.

On 9 November 2011, the Group had incorporated a wholly-owned subsidiary, Geranium Limited ("GL") in Hong Kong with an authorised share capital of HK$10,000 divided into 10,000 ordinary shares of HK$1.00 each. The total issued and paid-up capital is HK$2.00 consisting of 2 ordinary shares of HK1.00 each. The intended nature of business of GL is investment holding company. The announcement to this effect was made on 21 November 2011.

In addition, the Group had on 1 December 2011 acquired 2 ordinary shares of RM1.00 each in the capital of First Podium Sdn Bhd (Company no. 967670-U) ("FPSB"), being the total issued and paid-up capital of FPSB. With an authorised capital of RM100,000.00 divided into 100,000 ordinary shares of RM1.00 each, FPSB is now a wholly-owned subsidiary company of the Group with an intended principal activity of general trading and investment holding. The announcement to this effect was made on 1 December 2011.

Other than above-mentioned, there being 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

(i) The company has on 14th January 2011, made an announcement that the Company has terminated the Heads of Agreement signed on 26th July 2010 in relation to the acquisition of the entire issued and paid up share capital of AB Technology (M) Sdn Bhd.

(ii) Proposed Share Premium Reduction, Proposed Par Value Reduction, Proposed Increase in Authorised Share Capital, Proposed M&A Amendments, Proposed Rights Issue with Warrants and Proposed Exemption ("the Proposals")

Reference is made to the announcements dated 20 January 2012, 27 January 2012 and 31 January 2012 in relation to the Proposals.

On behalf of the Board of Directors of GPRO, Public Investment Bank Berhad is pleased to announce that GPRO is proposing to undertake the Proposals.

As at the latest practicable date, there is no further development other than as announced to Bursa.

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 Group has no borrowing as at 31 December 2011.

14. Contingent Liabilities and Contingent Assets

There were no contingent liabilities and contingent assets as at 28 February 2012 (being the latest practicable date not earlier than 7 days from date of issue of these financial results).

15. Off Balance Sheet Financial Instruments

The Company does not have any financial instrument with off balance sheet risk as at 28 February 2012 (being the latest practicable date which is not earlier than 7 days from the date of issue of these financial results).

16. Review of Performance

For the current quarter ended 31 December 2011, the Group recorded a revenue and profit after tax and minority interest of RM3.53 million and RM1.48 million respectively. Revenue in the fourth (4th) quarter has increased by RM1.64 million as compared to RM1.89 million in the immediate preceding quarter ended 30 September 2011. Profit after tax and minority interest has increased when compared to the corresponding quarter ended 31 December 2010 where a loss of RM0.037 million was registered.

17. Current Year's Prospects

During the past year, the garment manufacturing sector has been facing higher costs for raw material and a continuous pressure on their margins due to wage increases in manufacturing industry. This creates an opportunity for the Group to work with the manufacturing industry to optimize and improve their costs further.

Furthermore, globalization and the establishment of new factories in new emerging countries provide the Group with growth opportunities to tap into as existing and potential new clients establish new manufacturing facilities requiring the Group's services and solutions.

The Group has turnaround the business in 2011 with a reported profit of RM 525,147 since it's listing on the MESDAQ market in 2004 and is on the right track to capitalize on the need for optimization within the manufacturing industry.

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 December 2011 are as follows:-

Segment Revenue	**Three months ended 31 December 2011 RM**	**Twelve months ended 31 December 2011 RM**
Domestic	1,222,800	2,930,993
Overseas	2,315,420	2,999,755
Total Revenue	3,538,220	5,930,748
Segment Earnings/Profit/(Loss)		
Domestic	391,153	759,574
Overseas	1,178,398	(123,929)
Total Profit/(Loss) from operations	1,569,551	635,645

21. Subsequent Events

There were no material events between 31 December 2011 and 28 February 2012 (being the latest practicable date which is not earlier than 7 days from the date of issue of these 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 28 February 2012 (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 31/12/2011 RM	**Current year to date 31/12/2011 RM**
Profit/(Loss) attributable to equity holders of the parent (RM)	1,480,013	525,147
Weighted average number of ordinary shares	250,000,000	250,000,000
Basic Profit / (Loss) per share (sen)	0.59	0.21

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 2010.

27. Utilisation of Proceeds

The Company raised RM25 million during its Initial Public Offering exercise in June 2004 and the details of the status of the utilisation of proceeds are as follows: -

	Description	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance Amount RM'000	%	Explanations
(i)	R & D expenditure	8,000	8,000	0	0	
(ii)	Expansion of overseas operations	10,000	10,000	0	0	-
(iii)	Working capital	5,300	5,632	(332)	(19)	The balance of unutilised listing expenses of RM332,000 was transferred and utilised as working capital
(iv)	Estimated listing expenses	1,700	1,368	332	19	
	Total	25,000	25,000	0		