

## **GPRO TECHNOLOGIES BERHAD (“GPRO” OR “COMPANY”)**

### **NOTES TO THE FINANCIAL 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 do not include all of the information required for full annual financial statements, and should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 December 2013.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 December 2013.

#### **2. Audit report**

The audit report of the Company’s preceding annual financial statements was not qualified.

#### **3. Seasonal or Cyclical Factors**

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

#### **4. Unusual items**

There were no unusual items during this quarter affecting assets, liabilities, equity, net income or cash flow.

#### **5. Valuation of Plant and Equipment**

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

#### **6. Taxation**

	<b>Current year quarter 31/03/2014 RM</b>	<b>Current year to date 31/03/2014 RM</b>
Provision for current year	-	-

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### **6. Taxation (cont’d)**

The Company is subject to income tax at Malaysian statutory rate of 25%. Geranium Limited and Worldwide Cosmetic Retail (HK) Limited are subsidiaries incorporated in Hong Kong and its taxable profits sourced in Hong Kong is subject to standard profit tax rate of 16.5%. First Podium Sdn Bhd, Cosmetic Retail Sdn Bhd, Temasek Sunview Sdn Bhd and Maxbeauty Cosmetics Sdn Bhd are subsidiaries that subject to income tax at Malaysian statutory rate of 25%. There was no provision for taxation for the Group and the Company as the Group and the Company has no chargeable income arising from the business source income.

### **7. Changes in the Composition of the Group**

There were no changes 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, except for:-

The Company had on 14 June 2013 entered into a Share Purchase Agreement with Welfare Holding Limited (“WHL”) for the proposed acquisition by GPRO of an additional 245,000 ordinary shares of RM1.00 each in Maxbeauty Cosmetics Sdn Bhd [Company no. 967305-M] (“MCSB”), representing 49% of the total issued and paid-up share capital of MCSB for a cash consideration of RM650,000.00 (Ringgit Malaysia : Six Hundred and Fifty Thousand only).

Barring unforeseen circumstances, the Acquisition is expected to be completed upon the payment of the balance purchase consideration sum to be made within one hundred and twenty (120) days from the date of the Share Purchase Agreement dated 14 June 2013.

On 9 October 2013, GPRO and WHL entered into a Supplemental Agreement to extend the completion date of the Proposed Acquisition for an additional six (6) months with effect from the date of the Supplemental Agreement (“Revised Completion Date”). The balance purchase consideration sum of Ringgit Malaysia One Hundred and Fifty Thousand (RM150,000.00) shall be payable on the Revised Completion Date. The extension was mainly due to negotiation between GPRO and WHL.

On 16 May 2014, The Company made an announcement that with mutual consent from the Vendor, the Company has decided to abort the proposed acquisition of MCSB due to non-performance of MCSB.

### **8. Corporate Proposals**

On 18 April 2014, the Company make an announcement that it proposed to change its name from “GPRO Technologies Berhad” to “G NEPTUNE BERHAD” (“Proposed Change of Name”).

The use of the proposed new name “G Neptune Berhad” was approved by the Companies Commission of Malaysia (“CCM”) on 11 April 2014.

The Proposed Change of Name is subject to the approval of the shareholders of the Company at a general meeting to be convened, and if approved, will take effect upon the issuance of the Certificate of Incorporation on Change of Name by the CCM.

There are no other corporate proposals announced but not completed as at the reporting date.

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### **9. Debt and Equity Securities**

There were no issuance and repayment of debt and equity securities during the current quarter under review.

### **10. Company Borrowings and Debt Securities**

There is no bank borrowing as at the end of the quarter.

### **11. Contingent Liabilities and Contingent Assets**

There were no contingent liabilities and contingent assets entered into by the Company during the quarter under review.

### **12. Review of Performance**

Revenue in the first (1st) quarter recorded at RM0.02 million as compared to RM0.2 million in the corresponding first quarter in 2013 mainly due to decrease in sales for both segment. A corresponding lower pre-tax loss of RM 0.7 million was recorded when compared to the first quarter of 2013, where a pre-tax loss of RM1.25 million was registered, this is mainly due to amortisation of R&D expenses and administrative expenses.

### **13. Current Year’s Prospects**

The Board expects the performance of the Group for the current financial year ending 31 December 2014 to be challenging in view of the current global economic conditions. The performance of the Group will depend substantially on the market demand, operating efficiencies and cost control measures of its various divisions.

### **14. Profit Forecast and Profit Guarantee**

Not applicable.

### **15. Changes in Estimates**

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

### **16. Segmental Information**

#### **Segment Results**

The segmental revenue and results for the current quarter and the cumulative ended 30 March 2014 are as follows:-

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	Revenue		Results	
	Current year quarter	Current year to-date	Current year quarter	Current year to- date
	31 Mac 2014	31 Mac 2014	31Mac 2014	31 Mac 2014
	RM	RM	RM	RM
Investment holding and information technology	0	0	(494,641)	(494,641)
Skincare and cosmetic products	23,505	23,505	(231,624)	(231,624)
Others	-	-	23,859	23,859
	<u>23,505</u>	<u>23,505</u>		
Operating (loss) / profit			(702,406)	(702,406)
Finance cost			(163)	(163)
(Loss)/ Profit before taxation			<u>(702,569)</u>	<u>(702,569)</u>

**Segment Assets**

The total of segment assets is measured based on all assets excluding deferred tax assets and cash and cash equivalents.

	Assets	
	31 Mac 2014	31 Dec 2013
	RM	RM
Investment holding and information technology	3,276,377	3,703,284
Skincare and cosmetic products	1,291,848	1,331,927
Others	1,519,103	0
	<u>6,087,328</u>	<u>5,035,211</u>

**17. Subsequent Events**

There were no materials events subsequent to the end of the quarter reported and as at the date of issuance of this report.

**18. Capital Commitments**

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

**19. 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 the date of this report.

## GPRO TECHNOLOGIES BERHAD (“GPRO” OR “COMPANY”)

### 20. 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.

	<b>INDIVIDUAL AND CUMULATIVE PERIOD TO DATE</b>	
	<b>Current year quarter 31/03/2014 RM</b>	<b>Current year to date 31/03/2014 RM</b>
Profit/(Loss) attributable to equity holders of the parent (RM)	(621,125)	(621,125)
Weighted average number of ordinary shares	279,430,556	279,430,556
Basic Profit / (Loss) per share (sen)	(0.22)	(0.22)

#### 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.

### 21. Dividends paid

There were no dividends paid during the quarter under review.

### 22. Dividend payable

No dividend has been declared for the current quarter.

### 23. Private Placement

The status of the utilisation of the proceeds raised from the private placement of 25,000,000 shares at an issue price of RM 0.058 per share amounting to RM 1,450,000 as at 31 December 2013 is as follows:

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	<b>Proposed Utilisation RM'000</b>	<b>Actual Utilisation RM'000</b>	<b>Balance of proceeds RM'000</b>	<b>Time frame for the utilisation of proceeds RM'000</b>
Working capital	1,326,209	1,319,520	6,689	21.11.2014
Defraying expenses	123,791	111,521	12,270	21.11.2014
	<u>1,450,000</u>	<u>1,431,041</u>	<u>18,959</u>	

**24. Notes to the statement of comprehensive income**

Profit/(Loss) of the period/year is arrived at after charging/(crediting):

	<b>Current year quarter 31/03/2014 RM</b>	<b>Current year to date 31/03/2014 RM</b>
Interest income	(5)	(5)
Interest expense	163	163
Depreciation and amortization	410,294	410,294
Property, plant and equipment written off	82,514	82,514
Foreign exchange gain or loss	38,110	38,110

**25. Disclosure of realised and unrealised profits/losses**

With the purpose of improving transparency, Bursa Malaysia Securities Berhad had on 25 March 2010 and 20 December 2010 issued directives requiring all listed corporations to disclose the breakdown of unappropriated profit or accumulated losses into realised and unrealised on group and company basis, as the case may be, in quarter reports and annual audited financial statements.

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The accumulated losses of the Group as at the reporting date may be analysed as follows:-

	<b>Group 31/03/2014 RM</b>	<b>Group 31/12/2013 RM</b>
- Realised	(10,263,158)	(9,947,714)
Consolidation adjustments	4,998,009	5,303,689
	<u>(5,265,149)</u>	<u>(4,644,025)</u>