

P R O S P E C T U S

GRAND-FLO SOLUTION BERHAD

presales

order-taking

collection

delivery

billing

RFID Solution

- solution

Enterprise Data Collection

Asset Tracking Systems Solution

Inventory Management Systems Solution

Warehouse Management Systems Solution

Field Service Solution

ERP Intergration Solution



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P R O S P E C T U S



GRAND-FLO SOLUTION BERHAD

(Formerly known as Indigenous Solution Sdn Bhd)
(Company Number: 607392-W)
(Incorporated in Malaysia under the Companies Act, 1965)

SUBSCRIPTION OF 6,840,050 NEW ORDINARY SHARES OF RM0.10 EACH IN GRAND-FLO SOLUTION BERHAD ("GRAND-FLO SHARES") AT PAR BY CERTAIN DIRECTORS AND SUBSTANTIAL SHAREHOLDERS OF GRAND-FLO SOLUTION BERHAD ("INTERESTED SUBSCRIBERS"); AND

PUBLIC ISSUE OF 15,000,000 NEW GRAND-FLO SHARES AT AN ISSUE PRICE OF RM0.50 PER GRAND-FLO SHARE PAYABLE IN FULL ON APPLICATION COMPRISING:-

- 2,000,000 NEW GRAND-FLO SHARES AVAILABLE FOR APPLICATION BY THE PUBLIC;
- 2,500,000 NEW GRAND-FLO SHARES AVAILABLE FOR APPLICATION BY ELIGIBLE DIRECTORS, EMPLOYEES AND BUSINESS ASSOCIATES OF GRAND-FLO SOLUTION BERHAD AND ITS SUBSIDIARIES; AND
- 10,500,000 NEW GRAND-FLO SHARES AVAILABLE FOR PLACEMENT TO SELECTED INVESTORS

IN CONJUNCTION WITH THE LISTING OF GRAND-FLO SOLUTION BERHAD ON THE MESDAQ MARKET OF BURSA MALAYSIA SECURITIES BERHAD (FORMERLY KNOWN AS MALAYSIA SECURITIES EXCHANGE BERHAD)

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" AS SET OUT IN SECTION 3 HEREIN

Adviser, Underwriter, Sponsor and Placement Agent



K & N KENANGA BHD
(Company Number 15678-H)



THIS PROSPECTUS IS DATED 15 OCTOBER 2004



This Prospectus has been seen and approved by the Directors and Promoters of Grand-Flo Solution Berhad ("Grand-Flo" or "the Company") and they collectively and individually accept full responsibility for the accuracy of the information contained herein and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no false or misleading statements or other facts the omission of which would make any statement herein false or misleading.

K & N Kenanga Bhd ("Kenanga"), being the Adviser and Underwriter acknowledges that, based on all available information and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning the Subscription and Public Issue (as defined in this Prospectus).

The Securities Commission ("SC") and Bursa Malaysia Securities Berhad ("Bursa Securities") have approved the Subscription and Public Issue and that the approval shall not be taken to indicate that the SC and Bursa Securities recommend the Subscription and Public Issue.

The SC shall not be liable for any non-disclosure on the part of the Company and takes no responsibility for the contents of this document, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Prospectus. **INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THE INVESTMENT, INVESTORS WHO ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN SHOULD CONSULT THEIR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.**

Bursa Securities shall not be liable for any non-disclosure on the part of the Company and takes no responsibility for the contents of this Prospectus, makes no representation as to its correctness or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Prospectus. Admission to the Official List is not to be taken as an indication of the merits of the Company or of its securities.

A copy of this Prospectus has been registered with the SC. A copy of this Prospectus, together with the form of application, has also been lodged with the Registrar of Companies who takes no responsibility for its contents.

Characteristics of the MESDAQ Market of Bursa Securities:-

Investors should be aware that the MESDAQ Market is a distinct market from the Main and Second Boards in many respects. In particular, companies listed on the MESDAQ Market are subject to different quantitative and qualitative requirements, which have been primarily designed to accommodate high-growth and/or technology companies. Companies that are listed on the MESDAQ Market may not have an operating history or any profit track record prior to listing. As such, whilst potential investment returns may be relatively high, companies listed on the MESDAQ Market may be of higher investment risk. The regulatory philosophy underlying the MESDAQ Market is that the market should be allowed to determine the merits of the securities/instruments in a particular company. Hence, as with all investments, prospective investors should be aware of all potential risks in investing in such companies and should make the decision to invest after due and careful consideration by referring to, amongst others, the prospectus, latest financial statements and corporate announcements. In this respect, advice from a securities professional/adviser is strongly recommended.

The Prospectus can also be viewed or downloaded from Bursa Securities' website at www.bursamalaysia.com.my.

IMPORTANT DATES

The indicative timing of events leading up to the Listing is set out below:-

Event	Tentative Date
Subscription of the Subscription Shares	15 October 2004
Opening of Application for the Issue Shares	15 October 2004
Closing of Application for the Issue Shares*	22 October 2004
Balloting Date	26 October 2004
Despatch of Notices of Allotment of the Subscription Shares and Issue Shares to the Interested Subscribers and successful applicants	2 November 2004
Listing of the Company's entire enlarged issued and paid-up share capital on the MESDAQ Market	3 November 2004

THESE DATES ARE TENTATIVE AND ARE SUBJECT TO CHANGES WHICH MAY BE NECESSARY TO FACILITATE IMPLEMENTATION PROCEDURES. THE APPLICATION FOR THE ISSUE SHARES WILL CLOSE ON THE DATE STATED ABOVE OR SUCH LATER DATE AS THE BOARD OF DIRECTORS OF GRAND-FLO AND KENANGA AT THEIR ABSOLUTE DISCRETION MAY JOINTLY DECIDE.

- * SHOULD THE DATE OF CLOSING OF APPLICATION FOR THE ISSUE SHARES BE EXTENDED, THE DATES FOR DESPATCH OF NOTICES OF ALLOTMENT OF THE SUBSCRIPTION SHARES AND ISSUE SHARES TO THE INTERESTED SUBSCRIBERS AND SUCCESSFUL APPLICANTS AND THE LISTING WILL BE EXTENDED ACCORDINGLY. IN THE EVENT THE DATE OF THE CLOSING OF APPLICATION FOR THE ISSUE SHARES IS EXTENDED, APPLICANTS WILL BE NOTIFIED OF SUCH FURTHER EXTENTION BY WAY OF ADVERTISEMENTS PLACED IN WIDELY CIRCULATED ENGLISH AND BAHASA MALAYSIA NEWSPAPERS.

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DEFINITIONS

In this Prospectus, unless the context otherwise requires, the following abbreviations shall apply throughout:-

Act	:	Companies Act, 1965, as amended from time to time, and any re-enactment thereof
ADA	:	Authorised Depository Agent
ADA Code	:	ADA (Broker) Code
AFTA	:	Asean Free Trade Association
ATM	:	Automated teller machine
Board	:	Board of Directors of Grand-Flo
Bursa Depository	:	Bursa Malaysia Depository Sdn. Bhd (<i>formerly known as Malaysian Central Depository Sdn Bhd</i>)
Bursa Securities	:	Bursa Malaysia Securities Berhad (<i>formerly known as Malaysian Securities Exchange Berhad</i>)
Bursa Securities Member	:	Registered Bursa Securities' member being also an ADA
By-Laws	:	The rules, terms and conditions of the Scheme
CCM	:	Companies Commission of Malaysia
CDS	:	Central Depository System
EBITDA	:	Earnings before interest, tax, depreciation and amortisation
Electronic Share Application	:	Application of the Issue Shares through a Participating Financial Institution's ATMs
EPS	:	Earnings per share
ERM	:	Enterprise Resources Management
ERP	:	Enterprise Resources Planning
ESOS or the Scheme	:	Employee share option scheme for the granting of option to eligible directors and employees of Grand-Flo and its subsidiaries to subscribe for Grand-Flo Shares in accordance with the terms and conditions as set out in the By-Laws
FMCG	:	Fast moving consumer goods
FYE	:	Financial year ended/ending
GFES	:	Grand-Flo Electronic System Sdn Bhd, a wholly-owned subsidiary company of Grand-Flo
GFESS	:	Grand-Flo Engineering Supply & Service Sdn Bhd

DEFINITIONS (Cont'd)

GFS	:	Grand-Flo Systems (S) Pte Ltd, a 51.0% owned subsidiary company of Grand-Flo in Singapore
Grand-Flo Corp	:	Grand-Flo Corporation Sdn Bhd
Grand-Flo or Company	:	Grand-Flo Solution Berhad (<i>formerly known as Indigenous Solution Sdn Bhd</i>)
Grand-Flo Group or Group	:	Grand-Flo and its subsidiary companies
Grand-Flo Share or Share	:	Ordinary share of RM0.10 each in Grand-Flo
IDC	:	International Data Corporation, an IT and media research firm
Interested Subscribers	:	Persons who subscribe for the Subscription Shares, namely Moi Ming Huei, Lim Soon Seong, Tan Chuan Hock and Grand-Flo Corp
IPO	:	Initial Public Offering
Issue Price	:	RM0.50 per Issue Share
Issue Shares	:	15,000,000 new Grand-Flo Shares credited as fully paid-up to be issued pursuant to the Public Issue, subject to the terms and conditions of this Prospectus
IT	:	Information Technology
Kenanga	:	K & N Kenanga Bhd
Listing	:	Listing of and quotation for Grand-Flo's entire enlarged issued and paid-up share capital of RM5,000,000 comprising 50,000,000 Grand-Flo Shares, and any new Grand-Flo Shares to be issued arising from the exercise of options under the ESOS
Listing Requirements	:	The Listing Requirements of Bursa Securities for the MESDAQ Market
Market Day	:	Any day between Monday and Friday (inclusive of both days) which is not a public holiday and on which Bursa Securities is open for the trading of securities
MDC	:	Multimedia Development Corporation Sdn Bhd
MESDAQ Market	:	MESDAQ Market of Bursa Securities
MIDA	:	Malaysian Industrial Development Authority
MIH	:	Malaysian Issuing House Sdn. Bhd.
MNCs	:	Multinational corporations
MSC	:	Multimedia Super Corridor

DEFINITIONS (Cont'd)

NTA	:	Net tangible assets
Participating Financial Institutions	:	Participating Financial Institutions for Electronic Share Application as listed in Section 17 of this Prospectus
PAT	:	Profit after taxation
PBT	:	Profit before taxation
PIKOM	:	Association of the Computer and Multimedia Industry Malaysia
Promoter(s)	:	A person who has an interest directly or indirectly in one or more voting shares in the Company, and who can exercise control or influence over the management of the Company at the time of the Company's admission to the MESDAQ Market. The Promoters of the Company are Grand-Flo Corp, Tan Bak Hong, Tan Bak Leng, Moi Ming Huei and Lim Soon Seong
Public Issue	:	The issuance of the Issue Shares at the Issue Price payable in full upon application and subject to the terms and conditions of this Prospectus
R & D	:	Research and development
RM and sen	:	Ringgit Malaysia and sen respectively
SC	:	Securities Commission
SEA	:	South East Asia
SGD	:	Singapore Dollar
SPA	:	Share Purchase Agreement
Subscription	:	Subscription of 6,840,050 new Grand-Flo Shares at par by Interested Subscribers to be satisfied by cash
Subscription Shares	:	6,840,050 new Grand-Flo Shares credited as fully paid-up to be issued pursuant to the Subscription, subject to the terms and conditions of this Prospectus
USA	:	United States of America
USD	:	United States Dollar

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DEFINITIONS (Cont'd)

Technical Definitions

Auto-ID	:	Automated identification
ASP	:	Active Server Pages
DOS	:	Disk Operating System
EDCCS	:	Enterprise Data Collection and Collation System
GPRS	:	General Packet Radio Service
GUI	:	Graphic User Interface
IR	:	InfraRed
MMS	:	Multimedia Message Service
ODBC	:	Open Database Connectivity
OS	:	Operating System
RF	:	Radio frequency
RFID	:	Radio frequency identification
RS232	:	Recommended Standard 232
SML	:	Extensible Markup Language
SMS	:	Short Message Service
SQL	:	Structured Query Language
TCP/IP	:	Transmission Control Protocol/Internet Protocol
UDP	:	User Datagram Protocol
WiFi 802.11b	:	Wireless Fidelity 802.11b
2D	:	2-Dimension

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CORPORATE DIRECTORY

DIRECTORS

Name	Address	Occupation	Nationality
Tan Bak Hong <i>(Chairman / Managing Director)</i>	No 61 Jalan TR2/1 Tropicana Golf and Country Resort 47410 Petaling Jaya Selangor Darul Ehsan	Company Director	Malaysian
Tan Bak Leng <i>(Executive Director)</i>	No 31 Persiaran Pantai Jerjak 5 11900 Sungai Nibong Penang	Company Director	Malaysian
Moi Ming Huei <i>(Executive Director)</i>	697-3-4 Desa Kiara Condo Taman Tun Dr Ismail 60000 Kuala Lumpur	Company Director	Malaysian
Lim Soon Seong <i>(Executive Director)</i>	No 5 Jalan BK5B/4A Bandar Kinrara 47100 Puchong Selangor Darul Ehsan	Company Director	Malaysian
Tan Chuan Hock <i>(Non-Independent Non-Executive Director)</i>	No 2 Jalan 12/15 46200 Petaling Jaya Selangor Darul Ehsan	Company Director	Malaysian
Tan Weng Chuan <i>(Independent Non-Executive Director)</i>	Blk 12-9-13 Taman Petaling Indah Jalan 1C/149 Off Jalan Sungai Besi 57000 Kuala Lumpur	Company Director / Accountant	Malaysian
Yu Chee Sing <i>(Independent Non-Executive Director)</i>	Blk 12-7-13 Taman Petaling Indah Jalan 1C/149 Off Jalan Sungai Besi 57000 Kuala Lumpur	Company Director	Malaysian

AUDIT COMMITTEE

Name	Designation	Directorship
Tan Weng Chuan	Chairman of the Committee	Independent Non-Executive Director
Yu Chee Sing	Member of the Committee	Independent Non-Executive Director
Moi Ming Huei	Member of the Committee	Executive Director

CORPORATE DIRECTORY (Cont'd)

- COMPANY SECRETARIES** : Tea Sor Hua (LS 005985)
No.34 Jalan 20/12
Paramount Garden
46300 Petaling Jaya
Selangor Darul Ehsan
- Chan Bee Fang (MAICSA 7032385)
W3-01-09 Goodyear Court 9
Jalan Persiaran Mulia
47620 Subang Jaya
Selangor Darul Ehsan
- REGISTERED OFFICE** : Third Floor No. 79 (Room A)
Jalan SS21/60
Damansara Utama
47400 Petaling Jaya
Selangor Darul Ehsan
Tel: 03-7728 4778
- MANAGEMENT OFFICE** : Lot 4 Jalan SS13/4
47500 Subang Jaya
Selangor Darul Ehsan
Tel: 03 – 5636 6199
E-mail: sales@grand-flo.com
- REPORTING ACCOUNTANTS** : RK & Associates (AF 0943)
69B Jalan SS21/60
Damansara Utama
47400 Petaling Jaya
Selangor Darul Ehsan
Tel: 03 – 7729 3248
- AUDITORS** : Horwath (AF 1018)
Level 16 Tower C
Megan Phileo Avenue
12 Jalan Yap Kwan Seng
50450 Kuala Lumpur
Tel: 03 – 2166 0000
- CORPORATE AND DUE DILIGENCE SOLICITORS** : Enolil Loo
Advocates & Solicitors
1627 Block A
Damansara Intan
No. 1 Jalan SS20/27
47400 Petaling Jaya
Selangor Darul Ehsan
Tel: 03 – 7726 7807
- REGISTRAR** : PFA Registration Services Sdn Bhd
Level 13 Uptown 1
No. 1 Jalan SS21/58
Damansara Uptown
47400 Petaling Jaya
Selangor Darul Ehsan
Tel: 03 – 7725 4888

CORPORATE DIRECTORY (Cont'd)

<i>ADVISER, UNDERWRITER, SPONSOR AND PLACEMENT AGENT</i>	:	K & N Kenanga Bhd 801 8th Floor Kenanga International Jalan Sultan Ismail 50250 Kuala Lumpur Tel : 03 – 2164 6689
<i>ISSUING HOUSE</i>	:	Malaysian Issuing House Sdn Bhd 27 th Floor Menara Multi-Purpose Capital Square 8 Jalan Munshi Abdullah 50100 Kuala Lumpur Tel: 03 – 2693 2075
<i>PRINCIPAL BANKERS</i>	:	Malayan Banking Berhad Shah Alam Trade Finance Centre Level 2 No 10 Persiaran Perbandaran Section 14 40000 Shah Alam Selangor Darul Ehsan Tel.: 03 – 5511 6949 Alliance Bank Malaysia Berhad Ground Floor 3 Jalan Imbi 55100 Kuala Lumpur Tel: 03 – 2168 6625
<i>LISTING SOUGHT</i>	:	MESDAQ Market
<i>WEBSITE</i>	:	www.grand-flo.com

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PRELIMINARY

This Prospectus is dated 15 October 2004.

A copy of this Prospectus has been registered with the SC. A copy of this Prospectus, together with the form of application, has also been lodged with the Registrar of Companies who takes no responsibility for its contents.

The approvals from Bursa Securities and SC have been obtained for admission to the Official List of the MESDAQ Market and for permission to deal in and quotation for the entire enlarged issued and paid-up Grand-Flo Shares including the Subscription Shares and the Issue Shares, which are the subjects of this Prospectus. These Grand-Flo Shares will be admitted to the Official List of the MESDAQ Market and official quotation will commence after receipt of confirmation from Bursa Depository that all CDS Accounts of the successful applicants have been duly credited and notices of allotment have been despatched to all successful applicants.

Under Bursa Securities' trading rules, effective from the date of listing, trading in all Bursa Securities listed securities can only be executed through an ADA who is also a Bursa Securities member.

Persons submitting applications by way of Application Forms or Electronic Share Application must have a CDS account. Where an applicant does not presently have a CDS account, he/she should open a CDS account at an ADA prior to making an application for the Issue Shares. An applicant must state his/her CDS Account number in the space provided in the Application Form if he/she presently has such an account registered in his own name. In the case of Electronic Share Application, only an applicant who is an individual and who is a Malaysian citizen residing in Malaysia and has a CDS Account can make an Electronic Share Application.

Pursuant to Section 14(1) of the Securities Industry (Central Depositories) Act, 1991, Bursa Securities has prescribed Grand-Flo Shares as prescribed securities. In consequence thereof, all the Grand-Flo Shares including the Grand-Flo Shares to be issued and offered through this Prospectus will be deposited directly with Bursa Depository and any dealings in these shares will be carried out in accordance with the aforesaid Securities Industry (Central Depositories) Act, 1991 and the Rules of Bursa Depository. No share certificates will be issued to successful applicants.

Pursuant to the Listing Requirements, the Company needs to have at least 25% but not more than 49% of the issued and paid-up share capital in the hands of public shareholders and a minimum number of 200 shareholders. The Company is expected to achieve this at the point of Listing. However, in the event that the above requirement is not met pursuant to this Public Issue, the Company may not be allowed to proceed with its Listing. In the event thereof, monies paid in respect of all applications will be returned without interest.

No person is authorised to give any information or to make any representation not contained herein in connection with the Public Issue and if given or made, such information or representation must not be relied upon as having been authorised by Grand-Flo. Neither the delivery of this Prospectus nor any issue made in connection with this Prospectus shall, under any circumstances, constitute a representation or create an implication that there has been no change in the affairs of Grand-Flo since the date thereof.

The distribution of this Prospectus and the sale of the Issue Shares will not be registered under any possible securities legislation of any jurisdiction except Malaysia and the Issue Shares will not be placed out in any country other than Malaysia. Persons into whose possession this Prospectus may come are required to inform themselves of and to observe such restrictions. This Prospectus does not constitute and may not be used for the purpose of an offer to sell or an invitation of an offer to buy any Issue Shares in any jurisdiction in which such offer or invitation is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation.

PRELIMINARY (Cont'd)

The written consents of the Corporate and Due Diligence Solicitors, Registrar, Adviser, Underwriter, Sponsor and Placement Agent, Principal Bankers, Auditors of Grand-Flo and GFS respectively, Issuing House and Company Secretaries to the inclusion in this Prospectus of their names in the manner and form in which such names appear, have been given before the issue of this Prospectus and have not subsequently been withdrawn.

The written consent of IDC to the inclusion in this Prospectus of their name and extraction of information from its report in the manner and form in which such name and information appear, has been given before the issue of this Prospectus and have not subsequently been withdrawn.

The written consent of PIKOM to the inclusion in this Prospectus of their name and quotation from its website in the manner and form in which such name and quotation appear, has been given before the issue of this Prospectus and have not subsequently been withdrawn.

The written consent of the Reporting Accountants to the inclusion in this Prospectus of their name, Accountants' Report and their letters relating to the Proforma Consolidated Balance Sheets as at 30 June 2004 in the manner and form in which they are contained in this Prospectus has been given before the issue of this Prospectus and has not subsequently been withdrawn.

The Prospectus can also be viewed or downloaded from Bursa Securities' website at www.bursamalaysia.com.my.

If you are in doubt about this Prospectus, you should consult Kenanga, your stockbroker, bank manager, solicitor, accountant or other professional advisers.

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TABLE OF CONTENTS (Cont'd)

	PAGE
1. SUMMARY INFORMATION	
1.1 History and Nature of Business	1
1.2 EDCCS and R&D	3
1.3 Technology	3
1.4 Growth and Prospects	4
1.5 Risk Factors	6
1.6 Financial Highlights	7
1.7 Proforma Consolidated Balance Sheets as at 30 June 2004	8
1.8 Principal Statistics Relating to the Subscription and Public Issue	9
1.9 Proceeds From the Subscription and Public Issue and Proposed Utilisation	10
1.10 Direct and Indirect Shareholdings of Promoters, Substantial Shareholders, Directors and Key Personnel	10
1.11 Working Capital, Borrowings, Material Litigation, Contingent Liabilities and Material Capital Commitment	13
1.12 Future Financial Information	13
2. PARTICULARS OF THE SUBSCRIPTION AND PUBLIC ISSUE	
2.1 Opening and Closing of Application	14
2.2 Important Dates	14
2.3 Share Capital	14
2.4 Particulars of the Subscription and Public Issue	15
2.5 Purpose of the Public Issue	17
2.6 Pricing of the Public Issue	17
2.7 Proceeds from the Subscription and Public Issue and Proposed Utilisation	18
2.8 Brokerage, Underwriting and Placement Commissions	20
3. RISK FACTORS	26
4. BUSINESS OVERVIEW	
4.1 History	32
4.2 Share Capital	36
4.3 Business Overview	37
4.4 Subsidiary Companies	55
5. INDUSTRY OVERVIEW	
5.1 Overview on Malaysian and World Economies	57
5.2 The Malaysian IT Industry	58
5.3 The EDCCS and ERP Industries	58
5.4 Relevant Laws and Regulations Governing the Industry and Peculiarities of the Industry	60
5.5 Competition	60
5.6 Demand and Supply Conditions and Dependence on Other Industries	62
5.7 Substitute Products and Services	62
5.8 Reliance on and Vulnerability of Imports	62

TABLE OF CONTENTS (Cont'd)

	PAGE
6. FINANCIAL INFORMATION	
6.1 Financial Highlights	63
6.2 Analysis and Commentary on Financial Information	64
6.3 Directors' Declaration on Financial Performance	66
6.4 Working Capital, Borrowings, Material Litigation, Contingent Liabilities and Material Capital Commitment	66
6.5 Future Financial Information	67
7. SUMMARY OF THE BUSINESS DEVELOPMENT PLAN	68
8. PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT	
8.1 Information on Promoters / Substantial Shareholders and Directors	70
8.2 Promoters, Directors and Substantial Shareholders	72
8.3 Audit Committee	77
8.4 Key Personnel	78
8.5 Relationship and Associates	81
8.6 Changes in Major Shareholders and Their Respective Shareholdings in Grand-Flo Since Incorporation	82
9. APPROVALS AND CONDITIONS	
9.1 Conditions to the Approvals and Compliance Thereof	83
9.2 Moratorium on Promoters' Shares	84
10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTERESTS	85
11. OTHER INFORMATION CONCERNING THE GROUP	
11.1 Real Property	87
11.2 Licences and Permits	88
11.3 MSC-Status	89
12. DIRECTORS' REPORT	90
13. ACCOUNTANTS' REPORT	91
14. PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 30 JUNE 2004 AND REPORTING ACCOUNTANTS' LETTER THEREON	119
15. BY-LAWS FOR ESOS	123

TABLE OF CONTENTS (Cont'd)

	PAGE
16. OTHER GENERAL INFORMATION	
16.1 Share Capital	140
16.2 Articles of Association	140
16.3 Directors and Substantial Shareholders	150
16.4 General	152
16.5 Expenses and Commissions	153
16.6 Public Take-Overs	153
16.7 Material Litigation	153
16.8 Material Contracts	154
16.9 Material Agreements	155
16.10 Letters of Consent	156
16.11 Responsibility Statements	156
16.12 Documents Available for Inspection	157
17. PROCEDURES FOR APPLICATION AND ACCEPTANCE FOR THE ISSUE SHARES	
17.1 Opening and Closing of Application	158
17.2 Methods of Application	158
17.3 Private Placement and Public Offer Procedures	158
17.4 Procedure for Application and Acceptance (using Electronic Share Applications)	164
17.5 Procedures for Application and Acceptance (using Applications Forms)	170
17.6 CDS Accounts	171
17.7 Notice of Allotment	171
17.8 List of ADAs	172

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