

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 DECEMBER 2010**

The unaudited results of Grand-Flo Solution Berhad and its subsidiaries for the 12 months period ended 31 December 2010 are as follows:-

| | NOTE | FOR THE QUARTER 3 MONTHS ENDED | | FOR THE CUMULATIVE PERIOD 12 MONTHS ENDED | |
|--|------|-----------------------------------|--------------|--|--------------|
| | | 31/12/2010 | 31/12/2009 | 31/12/2010 | 31/12/2009 |
| | | RM | RM | RM | RM |
| REVENUE | A8 | 19,506,485 | 15,065,909 | 68,697,138 | 46,533,798 |
| COST OF SALES | | (13,770,322) | (10,001,768) | (47,804,641) | (31,420,441) |
| GROSS PROFIT | | 5,736,163 | 5,064,141 | 20,892,497 | 15,113,357 |
| OTHER OPERATING INCOME | | 670,318 | 109,157 | 1,520,639 | 927,744 |
| SELLING AND DISTRIBUTION EXPENSES | | (451,505) | (413,088) | (2,379,384) | (1,572,342) |
| ADMINISTRATIVE EXPENSES | | (4,169,955) | (3,078,335) | (11,725,996) | (9,544,662) |
| OTHER OPERATING EXPENSES | | (102,699) | (135,999) | (487,404) | (146,989) |
| RESULTS FROM OPERATING ACTIVITIES | A8 | 1,682,322 | 1,545,876 | 7,820,352 | 4,777,108 |
| GAIN ON DEEMED DISPOSAL | A11 | - | 165,680 | 181,499 | 165,680 |
| FINANCE COSTS | | (179,462) | (175,788) | (674,035) | (605,631) |
| SHARE OF PROFIT/(LOSS) OF ASSOCIATES, NET OF TAX | | 101,044 | 955,749 | 1,227,630 | 675,493 |
| PROFIT BEFORE TAXATION | A8 | 1,603,904 | 2,491,517 | 8,555,446 | 5,012,650 |
| INCOME TAX EXPENSES | B4 | (228,559) | (228,821) | (927,794) | (774,789) |
| PROFIT AFTER TAXATION | | 1,375,345 | 2,262,696 | 7,627,652 | 4,237,861 |
| PROFIT AFTER TAXATION IS MADE UP AS FOLLOWS: | | | | | |
| REALISED | B13 | 1,163,540 | 2,097,016 | 7,234,348 | 4,072,181 |
| UNREALISED - Foreign exchange | B13 | 211,805 | - | 211,805 | - |
| UNREALISED - Dilution of equity interest in associates | B13 | - | 165,680 | 181,499 | 165,680 |
| | | 1,375,345 | 2,262,696 | 7,627,652 | 4,237,861 |
| PROFIT ATTRIBUTABLE TO:- | | | | | |
| OWNERS OF THE COMPANY | | 1,342,486 | 1,981,420 | 7,324,169 | 3,185,560 |
| MINORITY INTERESTS | | 32,859 | 281,276 | 303,483 | 1,052,301 |
| | | 1,375,345 | 2,262,696 | 7,627,652 | 4,237,861 |
| EARNINGS PER ORDINARY SHARE (SEN):- | | | | | |
| BASIC | B14a | 0.93 | 1.46 | 5.13 | 2.38 |
| DILUTED | B14b | 0.63 | 1.46 | 3.88 | 2.38 |

The unaudited condensed consolidated statements of comprehensive income should be read in conjunction with the Group's audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010

| | | (UNAUDITED) | (AUDITED) |
|---|------|-------------------|-------------------|
| | | AS AT | AS AT |
| | Note | 31/12/2010 | 31/12/2009 |
| | | RM | RM |
| ASSETS | | | |
| Non-Current Assets | | | |
| Property, plant and equipment | A9 | 11,084,907 | 9,385,846 |
| Prepaid lease payment | | 968,446 | 774,070 |
| Investment in associate | | 10,562,563 | 9,363,508 |
| Other investment, unquoted | | 71,830 | 73,629 |
| Development costs | | 1,197,739 | 594,621 |
| Goodwill | | 21,767,707 | 22,214,574 |
| | | <u>45,653,192</u> | <u>42,406,248</u> |
| Current Assets | | | |
| Inventories | | 8,211,318 | 5,924,719 |
| Trade receivables | | 14,611,675 | 13,704,050 |
| Other receivables & prepayment | | 1,350,555 | 437,446 |
| Amount due from associate | | 116,679 | 218,256 |
| Tax recoverable | | 417,241 | 362,310 |
| Fixed deposit with licensed banks | | 488,376 | 392,750 |
| Cash and bank balances | | 4,470,251 | 4,372,213 |
| | | <u>29,666,095</u> | <u>25,411,744</u> |
| TOTAL ASSETS | | <u>75,319,287</u> | <u>67,817,992</u> |
| EQUITY AND LIABILITIES | | | |
| EQUITY | | | |
| Share capital | | 14,508,548 | 13,585,470 |
| Share premium | | 15,030,846 | 12,353,924 |
| Treasury shares, at cost | A6 | (109,203) | (8,519) |
| Warrant reserves | B9 | 1,180,873 | - |
| Other reserves | | 1,109,451 | 1,109,451 |
| Foreign exchange fluctuation reserve | | (287,391) | 254,828 |
| Retained earnings | | 18,151,104 | 10,826,935 |
| Total equity attributable to owners of the Company | | <u>49,584,228</u> | <u>38,122,089</u> |
| Minority Interests | | (167,754) | 2,894,309 |
| Total Equity | | <u>49,416,474</u> | <u>41,016,398</u> |
| Non-Current Liabilities | | | |
| Long-term borrowings | B8 | 5,524,210 | 4,426,154 |
| Deferred tax | | 321,800 | 321,800 |
| | | <u>5,846,010</u> | <u>4,747,954</u> |
| Current Liabilities | | | |
| Short-term borrowings | B8 | 9,362,818 | 9,520,127 |
| Trade payables | | 6,862,646 | 6,296,929 |
| Other payables & accruals | | 3,022,353 | 4,972,339 |
| Amount owing to directors | | 476,250 | 952,502 |
| Provision for taxation | | 332,736 | 311,743 |
| | | <u>20,056,803</u> | <u>22,053,640</u> |
| Total Liabilities | | <u>25,902,813</u> | <u>26,801,594</u> |
| TOTAL EQUITY AND LIABILITIES | | <u>75,319,287</u> | <u>67,817,992</u> |
| NET ASSETS PER SHARE ATTRIBUTABLE TO | | | |
| ORDINARY EQUITY HOLDERS OF THE PARENT (SEN) | | 34.18 | 28.06 |
| NTA per share (sen) | | 18.35 | 11.27 |

The unaudited condensed consolidated statement of financial position should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE QUARTER ENDED 31 DECEMBER 2010

| | Attributable to owners of the Company | | | | | | | | | |
|---|---------------------------------------|---------------|-----------------|------------------|----------------|--------------------------------------|----------------------|-------------------|------------------------|--------------|
| | Non-Distributable | | | | | Distributable | | | | |
| | Share Capital | Share Premium | Treasury Shares | Warrant Reserves | Other Reserves | Foreign Exchange Fluctuation Reserve | Share Option Reserve | Retained Earnings | Minority Interest (MI) | Total Equity |
| RM | RM | RM | RM | RM | RM | RM | RM | RM | RM | RM |
| Balance as at 1 January 2009 | 12,445,653 | 8,706,508 | (2,043) | - | 1,109,451 | 588,888 | 76,560 | 7,564,815 | 1,842,008 | 32,331,840 |
| Share options granted under ESOS lapsed | - | - | - | - | - | - | (76,560) | - | - | - |
| Shares repurchased | - | - | (6,386) | - | - | - | - | 76,560 | - | (6,386) |
| Transaction costs | - | - | (90) | - | - | - | - | - | (90) | (90) |
| Issuance of ordinary shares pursuant to acquisition of subsidiary companies | 1,139,817 | 3,647,416 | - | - | - | - | - | - | - | 4,787,233 |
| Net profit for the year | - | - | - | - | - | - | - | 3,185,560 | 1,052,301 | 4,237,861 |
| Foreign exchange fluctuation reserve | - | - | - | - | (334,060) | (334,060) | - | - | - | (334,060) |
| Balance as at 31 December 2009 | 13,585,470 | 12,353,924 | (8,519) | - | 1,109,451 | 254,828 | - | 10,826,935 | 2,894,309 | 41,016,398 |
| Balance as at 1 January 2010 | 13,585,470 | 12,353,924 | (8,519) | - | 1,109,451 | 254,828 | - | 10,826,935 | 2,894,309 | 41,016,398 |
| Shares repurchased | - | - | (99,880) | - | - | - | - | - | - | (99,880) |
| Transaction costs | - | - | (804) | (177,674) | - | - | - | - | - | (178,478) |
| Issuance of warrants | - | - | - | 1,358,547 | - | - | - | - | - | 1,358,547 |
| Acquisition of additional shares in an existing s | 923,078 | 2,676,922 | - | - | - | - | - | - | (2,915,546) | 684,454 |
| Dividend received from subsidiary | - | - | - | - | - | - | - | - | (450,000) | (450,000) |
| Foreign exchange fluctuation reserve | - | - | - | - | - | (542,219) | - | - | - | (542,219) |
| Net profit for the year | - | - | - | - | - | - | - | 7,324,169 | 303,483 | 7,627,652 |
| Balance as at 31 December 2010 | 14,508,548 | 15,030,846 | (109,203) | 1,180,873 | 1,109,451 | (287,391) | - | 18,151,104 | (167,754) | 49,416,474 |

The unaudited condensed consolidated statement of changes in equity should be read in conjunction with the annual audited financial statements as at 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 31 DECEMBER 2010

| | 12 MONTHS ENDED 31/12/2010 RM | 12 MONTHS ENDED 31/12/2009 RM |
|---|-------------------------------------|-------------------------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 8,555,446 | 5,012,650 |
| Adjustments for:- | | |
| Amortisation of development costs | 335,474 | 148,655 |
| Amortisation of leasehold land | 9,550 | 9,146 |
| Amortisation of other investment | 1,800 | 1,800 |
| Bad debts written off | - | 129,217 |
| Depreciation of plant and equipment | 1,314,579 | 1,076,243 |
| Gain on disposal of property, plant and equipment | (109,342) | (153,785) |
| Hire Purchase and lease Interest | 120,284 | - |
| Net gain on deemed disposal | (181,499) | (165,680) |
| Interest expense | 199,823 | 605,631 |
| Interest income | (12,896) | (13,493) |
| Inventories written off | 108,001 | 46,069 |
| Overdraft interest | 60,505 | - |
| Share of associates' (profit)/loss | (1,227,630) | (675,493) |
| Property, plant and equipment written off | - | 7,521 |
| Allowance for slow moving inventories | - | 3,275 |
| Provision for doubtful debts | - | (185,581) |
| Term loan interest | 293,423 | - |
| Unrealised loss on foreign exchange | (211,805) | - |
| | <u>700,267</u> | <u>833,525</u> |
| Operating profit before working capital changes | 9,255,713 | 5,846,175 |
| Inventories | (2,437,763) | (1,071,137) |
| Trade and other receivables | (11,992,573) | (2,343,593) |
| Trade and other payables | 8,369,201 | 1,171,886 |
| | <u>(6,061,135)</u> | <u>(2,242,844)</u> |
| CASH FROM OPERATIONS | 3,194,578 | 3,603,331 |
| Tax paid | (956,895) | (488,709) |
| Bank interest paid | (260,328) | (605,631) |
| | <u>(1,217,223)</u> | <u>(1,094,340)</u> |
| NET CASH FROM OPERATING ACTIVITIES | 1,977,355 | 2,508,991 |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Acquisition of subsidiaries | 1,496,159 | (1,148,955) |
| Additional purchase price of subsidiaries | (297,609) | - |
| Development costs incurred | (938,592) | (743,276) |
| Dividend received from associated company | 138,108 | 248,465 |
| Dividend received from subsidiary company | (450,000) | - |
| Interest income | 12,896 | 13,493 |
| Proceeds from disposal of property, plant and equipment | 182,648 | 351,648 |
| Purchase of plant and equipment | (3,342,280) | (421,422) |
| NET CASH FOR INVESTING ACTIVITIES | (3,198,670) | (1,700,047) |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Drawdown on finance lease payables | 2,751,316 | 1,045,875 |
| Hire purchase and lease interest | (120,284) | - |
| Proceeds from issuance of share capital | - | - |
| Proceeds from issuance of warrants | 1,358,547 | - |
| Transaction costs - Issuance of warrants | (177,674) | - |
| Proceeds from other short term borrowings | 20,432,941 | 1,642,089 |
| Repayment of term loan | (2,171,558) | - |
| Repayment of bills payable | (19,600,656) | - |
| Repayment of hire purchase and lease payables | (1,021,272) | (1,084,526) |
| Term loan interest | (293,423) | - |
| Purchase of treasury shares | (99,923) | (6,476) |
| Transaction costs - Purchase of treasury shares | (762) | - |
| NET CASH FROM/(FOR) FINANCING ACTIVITIES | 1,057,252 | 1,596,962 |
| NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS | (164,063) | 2,405,906 |
| Foreign exchange fluctuation reserve | (257,945) | (260,313) |
| CASH AND CASH EQUIVALENTS B/F | 4,313,640 | 2,168,047 |
| CASH AND CASH EQUIVALENTS C/F | <u>3,891,632</u> | <u>4,313,640</u> |
| NOTES TO CASH FLOW STATEMENT | | |
| Cash and cash equivalents comprise: | | |
| Cash and bank balances | 4,470,251 | 4,372,213 |
| Fixed deposit with licensed banks | 488,376 | 392,750 |
| Overdraft | (1,066,995) | (451,323) |
| | <u>3,891,632</u> | <u>4,313,640</u> |

The unaudited condensed consolidated statement of cash flows should be read in conjunction with the annual audited financial statements for the financial year ended 31 December 2009.