

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 SEPTEMBER 2012**

The unaudited results of Grand-Flo Solution Berhad and its subsidiaries for the 9 months period ended 30 September 2012 are as follows:-

	NOTE	FOR THE QUARTER 3 MONTHS ENDED		FOR THE CUMULATIVE PERIOD 9 MONTHS ENDED	
		30/9/2012 RM	30/9/2011 RM	30/9/2012 RM	30/9/2011 RM
REVENUE	A8	22,476,200	19,341,878	64,357,144	54,745,295
COST OF SALES		<u>(16,310,657)</u>	<u>(13,140,647)</u>	<u>(45,787,187)</u>	<u>(36,191,588)</u>
GROSS PROFIT		6,165,543	6,201,231	18,569,957	18,553,707
OTHER OPERATING INCOME		223,183	366,413	416,297	669,269
SELLING AND DISTRIBUTION EXPENSES		(828,767)	(608,273)	(2,092,467)	(1,746,231)
ADMINISTRATIVE EXPENSES		(4,386,084)	(3,162,009)	(11,402,120)	(9,502,699)
OTHER OPERATING EXPENSES		<u>(4,267)</u>	<u>-</u>	<u>(13,583)</u>	<u>(9,074)</u>
RESULTS FROM OPERATING ACTIVITIES		1,169,608	2,797,362	5,478,084	7,964,972
FINANCE COSTS		(152,882)	(167,466)	(496,704)	(447,515)
SHARE OF PROFIT OF ASSOCIATES, NET OF TAX		<u>553,201</u>	<u>402,339</u>	<u>1,424,240</u>	<u>296,947</u>
PROFIT BEFORE TAXATION	A8	1,569,927	3,032,235	6,405,620	7,814,404
INCOME TAX EXPENSES	B4	(151,544)	(176,145)	(520,269)	(703,926)
PROFIT AFTER TAXATION	A8	<u>1,418,383</u>	<u>2,856,090</u>	<u>5,885,351</u>	<u>7,110,478</u>
OTHER COMPREHENSIVE ITEM					
Foreign currency translation differences		<u>(78,222)</u>	<u>291,720</u>	<u>(129,244)</u>	<u>249,073</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>1,340,161</u>	<u>3,147,810</u>	<u>5,756,107</u>	<u>7,359,551</u>
PROFIT AFTER TAXATION ATTRIBUTABLE TO:-					
OWNERS OF THE PARENT		1,412,955	2,853,848	5,876,059	7,105,083
NON-CONTROLLING INTERESTS		<u>5,428</u>	<u>2,242</u>	<u>9,292</u>	<u>5,395</u>
		<u>1,418,383</u>	<u>2,856,090</u>	<u>5,885,351</u>	<u>7,110,478</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-					
OWNERS OF THE PARENT		1,334,733	3,145,568	5,746,815	7,354,156
NON-CONTROLLING INTERESTS		<u>5,428</u>	<u>2,242</u>	<u>9,292</u>	<u>5,395</u>
		<u>1,340,161</u>	<u>3,147,810</u>	<u>5,756,107</u>	<u>7,359,551</u>
EARNINGS PER ORDINARY SHARE (SEN):-					
BASIC	B10	0.48	1.79	2.88	4.72
DILUTED	B10	0.34	1.26	2.02	3.25

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 2011 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2012

	Note	(UNAUDITED) AS AT 30/09/2012 RM	(AUDITED) AS AT 31/12/2011 RM
ASSETS			
Non-Current Assets			
Property, plant and equipment	A9	13,568,516	13,581,851
Investment in associate, quoted		15,432,478	14,123,800
Investment in associate, unquoted		1,037,555	451,562
Other investment, unquoted		68,680	70,031
Development costs		1,904,266	1,728,811
Goodwill		22,445,654	22,447,722
Deferred tax assets		800,000	800,000
		<u>55,257,149</u>	<u>53,203,777</u>
Current Assets			
Inventories		10,724,679	11,363,688
Trade receivables		22,974,562	17,009,865
Other receivables & prepayment		2,500,275	615,091
Amount due from associate		253,567	87,597
Amount due from related parties		-	429,250
Tax recoverable		349,534	333,429
Fixed deposit with licensed banks		656,329	625,747
Cash and bank balances		3,574,938	5,512,319
		<u>41,033,884</u>	<u>35,976,986</u>
TOTAL ASSETS		<u>96,291,033</u>	<u>89,180,763</u>
EQUITY AND LIABILITIES			
EQUITY			
Share capital		31,956,585	15,945,282
Share premium		3,638,355	19,586,565
Treasury shares, at cost	A6	(2,514)	(94,079)
Warrant reserves		1,175,105	1,180,873
Other reserves		1,109,451	1,109,451
Foreign exchange fluctuation reserve		(256,281)	(127,037)
Retained earnings		29,689,018	26,015,576
Total equity attributable to owners of the Company		<u>67,309,719</u>	<u>63,616,631</u>
Non controlling interests		300,983	291,691
Total Equity		<u>67,610,702</u>	<u>63,908,322</u>
LIABILITIES			
Non-Current Liabilities			
Long-term borrowings	B6	3,505,542	4,133,126
Deferred tax liabilities		1,061,152	1,061,270
		<u>4,566,694</u>	<u>5,194,396</u>
Current Liabilities			
Short-term borrowings	B6	11,036,302	8,946,383
Trade payables		9,687,188	7,199,564
Other payables & accruals		3,180,251	3,622,496
Amount due to related parties		1,947	113,531
Tax payable		207,949	196,071
		<u>24,113,637</u>	<u>20,078,045</u>
Total Liabilities		<u>28,680,331</u>	<u>25,272,441</u>
TOTAL EQUITY AND LIABILITIES		<u>96,291,033</u>	<u>89,180,763</u>
NET ASSETS PER SHARE ATTRIBUTABLE TO			
ORDINARY OWNERS OF THE PARENT (SEN)		21.06	39.90
NTA per share (sen)		13.44	24.73

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 2011 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2012

	←-----→									
	←-----→					Attributable to owners of the Company				
	Share Capital RM	Share Premium RM	Treasury Shares RM	Warrant Reserves RM	Other Reserves RM	Non-Distributable		Distributable		Non Controlling Interests (NCI) RM
Foreign Exchange Fluctuation Reserve RM						Retained Earnings RM	Total RM			
Balance as at 1 January 2011	14,508,548	15,030,846	(109,203)	1,180,873	1,109,451	(226,990)	18,218,864	49,712,389	282,246	49,994,635
Total Comprehensive income for the year	-	-	-	-	-	99,953	9,391,240	9,491,193	9,445	9,500,638
<i>Transactions with owners:</i>										
Warrant reserves	-	-	-	-	-	-	-	-	-	-
Issuance of treasury shares	-	70,413	494,744	-	-	-	-	565,157	-	565,157
Shares repurchased	-	-	(473,771)	-	-	-	-	(473,771)	-	(473,771)
Transaction costs	-	-	(5,849)	-	-	-	-	(5,849)	-	(5,849)
Issuance of ordinary shares pursuant to allotment of ordinary shares	1,436,734	4,485,306	-	-	-	-	-	5,922,040	-	5,922,040
Dividend paid	-	-	-	-	-	-	(1,594,528)	(1,594,528)	-	(1,594,528)
Total transactions with owners	1,436,734	4,555,719	15,124	-	-	-	(1,594,528)	4,413,049	-	4,413,049
Balance as at 31 December 2011	15,945,282	19,586,565	(94,079)	1,180,873	1,109,451	(127,037)	26,015,576	63,616,631	291,691	63,908,322
Balance as at 1 January 2012	15,945,282	19,586,565	(94,079)	1,180,873	1,109,451	(127,037)	26,015,576	63,616,631	291,691	63,908,322
Total Comprehensive income for the year	-	-	-	-	-	(129,244)	5,876,059	5,746,815	9,292	5,756,107
<i>Transactions with owners:</i>										
Disposal of treasury stock	-	-	183,331	-	-	-	-	183,331	-	183,331
Shares repurchased	-	-	(91,074)	-	-	-	-	(91,074)	-	(91,074)
Transaction costs	-	(46,439)	(692)	-	-	-	-	(47,131)	-	(47,131)
Issuance of ordinary shares pursuant Allotment of ordinary shares	33,010	76,522	-	(5,768)	-	-	-	103,764	-	103,764
Bonus issue	15,978,293	(15,978,293)	-	-	-	-	-	-	-	-
Dividends from subsidiary	-	-	-	-	-	-	(300,000)	(300,000)	-	(300,000)
Dividends to owners of the Company	-	-	-	-	-	-	(1,902,617)	(1,902,617)	-	(1,902,617)
Total transactions with owners	16,011,303	(15,948,210)	91,565	(5,768)	-	-	(2,202,617)	(2,053,727)	-	(2,053,727)
Balance as at 30 September 2012	31,956,585	3,638,355	(2,514)	1,175,105	1,109,451	(256,281)	29,689,018	67,309,719	300,983	67,610,702

The unaudited condensed consolidated statement of changes in equity should be read in conjunction with the annual audited financial statements as at 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2012

	9 MONTHS ENDED 30/9/2012 RM	9 MONTHS ENDED 30/9/2011 RM
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	6,405,620	7,814,404
Adjustments for:-		
Amortisation of development costs	562,522	446,398
Amortisation of leasehold land	8,680	8,680
Amortisation of other investment	1,351	1,350
Depreciation of plant and equipment	1,246,059	1,146,104
Gain on disposal of property, plant and equipment	(154,342)	(125,053)
Hire Purchase and lease Interest	93,979	100,195
Interest income	(30,564)	(18,243)
Interest expense	218,021	188,761
Overdraft interest	49,693	49,021
Share of associates' (profit)/loss	(1,424,240)	(296,947)
Term loan interest	134,836	104,769
Unrealised loss on foreign exchange	-	(129)
	<u>705,995</u>	<u>1,604,906</u>
Operating profit before working capital changes	7,111,615	9,419,310
Inventories	568,955	(1,131,304)
Trade and other receivables	(15,616,152)	3,255,398
Trade and other payables	10,099,380	(7,604,451)
Subsidiaries	(5,220)	-
	<u>(4,953,037)</u>	<u>(5,480,357)</u>
CASH FROM OPERATIONS	2,158,578	3,938,953
Tax paid	(525,436)	(573,076)
Bank interest paid	(267,714)	(237,782)
	<u>(793,150)</u>	<u>(810,858)</u>
NET CASH FROM OPERATING ACTIVITIES	1,365,428	3,128,095
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of subsidiary companies, net of cash and cash equivalents acquired	(470,430)	-
Additional purchase price of subsidiaries	-	(3,041,415)
Development costs incurred	(737,977)	(732,575)
Dividend received from associate	-	409,097
Interest income	30,564	18,243
Proceeds from disposal of property, plant and equipment	618,373	231,160
Purchase of property, plant and equipment	(1,743,663)	(2,518,122)
NET CASH FOR INVESTING ACTIVITIES	(2,303,133)	(5,633,612)
CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid to company shareholders	(1,902,617)	(1,594,529)
Drawdown on finance lease payables	1,057,000	1,408,419
Disposal of treasury shares	(183,331)	109,203
Gain on disposal of treasury stock	21,239	-
Hire purchase and lease interest	(93,979)	(100,195)
Proceeds from other short term borrowings	14,363,511	15,740,271
Proceeds from issuance of share capital	82,525	6,247,251
Transaction costs - proceeds from issuance of share capital	(57,325)	(246,017)
Purchase of treasury shares	(91,766)	(11,700)
Transaction costs- purchase of treasury shares	-	(102)
Repayment of term loan	(531,376)	(1,297,073)
Repayment of bills payable	(12,088,792)	(16,986,941)
Repayment of hire purchase and lease payables	(715,311)	(766,745)
Term loan interest	(134,836)	(104,769)
	<u>(275,058)</u>	<u>2,397,073</u>
NET CASH FROM/(FOR) FINANCING ACTIVITIES	(275,058)	2,397,073
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,212,763)	(108,444)
Foreign exchange fluctuation reserve	(116,519)	12,936
CASH AND CASH EQUIVALENTS B/F	5,149,564	3,891,633
CASH AND CASH EQUIVALENTS C/F	<u>3,820,282</u>	<u>3,796,125</u>
NOTES TO CASH FLOW STATEMENT		
Cash and cash equivalents comprise:		
Cash and bank balances	3,574,938	4,748,994
Fixed deposit with licensed banks	656,329	37,721
Overdraft	(410,985)	(990,590)
	<u>3,820,282</u>	<u>3,796,125</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 2011.

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 30 SEPTEMBER 2012**

PART A – EXPLANATORY NOTES

A1. BASIS OF PREPARATION

The interim financial report is unaudited and is prepared in accordance with the requirements of the Malaysian Financial Reporting Standards (“MFRS”) 134: Interim Financial issued by Malaysian Accounting Standards Board (“MASB”) and paragraph 9.22 (Appendix 9B part A) of the Main Market listing requirement of the Bursa Malaysia Securities Berhad (“Bursa Securities”).

The interim financial statements should be read in conjunction with Grand-Flo Solution Berhad’s (“Grand-Flo” or the “Company”) audited consolidated financial statements for the financial year ended (“FYE”) 31 December 2011.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2011, except for the adoption of the following:

The Group has adopted all the new and revised MFRSs and IC Interpretations which are relevant and effective for accounting periods beginning on or after 1 January 2012. The adoption of these new and revised MFRSs and IC Interpretations did not result in any changes to significant accounting policies of the Group.

A2. AUDITORS’ REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The audit report of the preceding annual financial statements for the FYE 31 December 2011 was not subject to any qualification.

A3. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE

There were no unusual items during this quarter.

A4. SEASONAL OR CYCLICAL FACTORS

The business of the Group was not affected by any significant seasonal or cyclical factors.

A5. CHANGES IN ESTIMATES

There were no changes in estimates that have had a material effect in the current quarter results.

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
 FOR THE QUARTER ENDED 30 SEPTEMBER 2012**

A6. DEBT AND EQUITY SECURITIES

There were no issuance or repayment of debt and equity securities, share buy-back, share cancellations, shares held as treasury shares and resale of treasury shares for the financial period ended 30 September 2012 save for the following:-

- (i) Details of treasury shares held are as follows:

	Number of Treasury shares
Balance as at 30 June 2012	-
Repurchased during the quarter ended 30 September 2012	10,000
Re-issued treasury shares	-
Balance as at 30 September 2012	10,000

The average price received for the shares reissued in aggregate was RM0.25 per share.

- (ii) Issuance of 330,100 new ordinary shares of RM0.25 each on 18 June 2012 pursuant to the conversion of Warrants 2010/2015 into ordinary shares. The proceeds therefrom were utilised as working capital.
- (iii) On 17 July 2012, a total of 159,782,925 new ordinary shares of RM0.10 each and 67,582,355 Warrants 2010/2015 were issued pursuant to the Company's bonus issue exercise.

A7. DIVIDEND PAID

Final dividend of 1.2 sen per share comprising a gross dividend of 0.037 sen per share (less income tax at 25%) and a tax exempt dividend of 1.163 sen per share in respect of financial year ended 31 December 2011 was paid on 31 July 2012.

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
 FOR THE QUARTER ENDED 30 SEPTEMBER 2012**

A8. OPERATING SEGMENT

(a) Analysis of revenue by geographical area

	Quarter Ended 30/9/2012				Quarter Ended 30/9/2011			
	<u>Malaysia</u>	<u>Others</u>	<u>Eliminations</u>	<u>Group</u>	<u>Malaysia</u>	<u>Others</u>	<u>Eliminations</u>	<u>Group</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
EDCCS*	17,417	1,738	(2,162)	16,993	15,764	1,249	(3,503)	13,510
Labels	6,140	406	(1,063)	5,483	6,675	359	(1,202)	5,832
Total Revenue	23,557	2,144	(3,225)	22,476	22,439	1,608	(4,705)	19,342
	Period Ended 30/9/2012				Period Ended 30/9/2011			
	<u>Malaysia</u>	<u>Others</u>	<u>Eliminations</u>	<u>Group</u>	<u>Malaysia</u>	<u>Others</u>	<u>Eliminations</u>	<u>Group</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
EDCCS*	48,929	6,866	(9,121)	46,674	42,528	4,546	(10,546)	36,528
Labels	20,081	1,116	(3,514)	17,683	20,563	1,163	(3,509)	18,217
Total Revenue	69,010	7,982	(12,635)	64,357	63,091	5,709	(14,055)	54,745

* Enterprise Data Collection and Collation System ("EDCCS")

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A main board listed company

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 30 SEPTEMBER 2012

A8. OPERATING SEGMENT (CONT'D)**(b) Analysis of revenue by product categories**

Quarter Ended 30.9.2012	<u>EDCCS*</u> RM '000	<u>Labels</u> RM '000	<u>Eliminations</u> RM '000	<u>Total</u> RM '000
Revenue				
Sales to external customers	16,993	5,483	-	22,476
Inter-segment sales	2,162	1,063	(3,225)	-
Total revenue	19,155	6,546	(3,225)	22,476
Results				
Interest income	12	-	-	12
Finance cost	118	35	-	153
Depreciation and amortisation	321	259	-	580
Foreign exchange gain or loss	(45)	-	-	(45)
Share of results of associates	478	75	-	553
Income tax expense	33	119	-	152
Segment profit	800	618	-	1,418

Period Ended 30.9.2012	<u>EDCCS*</u> RM '000	<u>Labels</u> RM '000	<u>Eliminations</u> RM '000	<u>Total</u> RM '000
Revenue				
Sales to external customers	46,674	17,683	-	64,357
Inter-segment sales	9,121	3,514	(12,635)	-
Total revenue	55,795	21,197	(12,635)	64,357
Results				
Interest income	31	-	-	31
Finance cost	311	186	-	497
Depreciation and amortisation	984	835	-	1,819
Foreign exchange gain or loss	(35)	5	-	(30)
Share of results of associates	1,348	76	-	1,424
Income tax expense	127	393	-	520
Segment profit	4,140	1,745	-	5,885

* Enterprise Data Collection and Collation System ("EDCCS")

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 30 SEPTEMBER 2012**

A8. OPERATING SEGMENT (CONT'D)

(b) Analysis of revenue by product categories (cont'd)

Quarter Ended 30.9.2011	<u>EDCCS*</u> RM '000	<u>Labels</u> RM '000	<u>Eliminations</u> RM '000	<u>Total</u> RM '000
Revenue				
Sales to external customers	13,510	5,832	-	19,342
Inter-segment sales	3,503	1,202	(4,705)	-
Total revenue	17,013	7,034	(4,705)	19,342
Results				
Interest income	11	-	-	11
Finance cost	99	68	-	167
Depreciation and amortisation	111	71	-	182
Foreign exchange gain or loss	286	3	-	289
Share of results of associates	412	(10)	-	402
Income tax expense	46	130	-	176
Segment profit	1,999	857	-	2,856

Period Ended 30.9.2011	<u>EDCCS*</u> RM '000	<u>Labels</u> RM '000	<u>Eliminations</u> RM '000	<u>Total</u> RM '000
Revenue				
Sales to external customers	36,528	18,217	-	54,745
Inter-segment sales	10,545	3,509	(14,054)	-
Total revenue	47,073	21,726	(14,054)	54,745
Results				
Interest income	18	-	-	18
Finance cost	295	153	-	448
Depreciation and amortisation	849	754	-	1,603
Foreign exchange gain or loss	326	3	-	329
Share of results of associates	(333)	36	-	(297)
Income tax expense	129	575	-	704
Segment profit	5,362	1,748	-	7,110

* Enterprise Data Collection and Collation System ("EDCCS")

Other than the items mentioned above which have been included in the statement of comprehensive income, there were no other income including investment income, provision for and write off of receivables and inventories, gain or loss on disposal of quoted or unquoted investments or properties, impairment of assets, gain or loss on derivatives and exceptional items for the current quarter and financial year ended 30 September 2012.

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 30 SEPTEMBER 2012**

A9. CARRYING AMOUNT OF REVALUED ASSETS

The Company did not revalue any of its property, plant and equipment during the quarter. As at 30 September 2012, all property, plant and equipment were stated at cost less accumulated depreciation.

A10. SUBSEQUENT EVENTS

There were no other material events subsequent to the end of the current quarter under review, save as disclosed in the notes herein.

A11. CHANGES IN COMPOSITION OF THE GROUP

There were no material changes in the composition of the Group for the financial period ended 30 September 2012 save for the following:-

- (i) On 30 June 2012, Labels Network Sdn. Bhd. (“LNSB”), a wholly owned subsidiary of Grand-Flo, entered into a Shares Sale Agreement with Simat Label Co., Ltd (“Simat Label”) for the acquisition of Simat Label’s 40% equity interest in High Rich Trading & Service Corporation (“High Rich”) for a total purchase consideration of USD149,800 (“Acquisition”). The Acquisition is in line with its strategic objective and was deemed completed on 1 July 2012. As a result, High Rich became a 40% owned associate of LNSB.

The Acquisition has no significant impact to the Group for the financial year to date.

A12. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no contingent liabilities or contingent assets of the Group during the quarter under review.

A13. CAPITAL COMMITMENTS

There were no material commitments as at the end of the current quarter under review.



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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 30 SEPTEMBER 2012**

A14. RELATED PARTY TRANSACTIONS

There were no related party transactions which would have a material impact on the financial position and the business of the Group during the current quarter under review except for the following:-

	Quarter ended 30/9/2012 RM'000	Period ended 30/9/2012 RM'000
Sales to a major shareholder	<u>387</u>	<u>1,435</u>

The above related party transactions are recurrent transactions of a revenue or trading nature and are at arm's length entered in the ordinary course of business on terms not more favourable to the related party than those generally available to the public.

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 30 SEPTEMBER 2012**

PART B – EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA SECURITIES FOR THE MAIN MARKET

B1. REVIEW OF OVERALL PERFORMANCE

Grand-Flo's revenue for the quarter under review recorded an increase of RM3.1 million representing 16.2% increase to RM22.5 million against previous year corresponding quarter. The increase in revenue was mainly due to the contribution from the domestic demand for the EDCCS.

The Group's revenue recorded a 17.6% increase for 9 months ended 30 September 2012 from RM54.7 million to RM64.4 million as compared to the preceding year. The increase was mainly driven by higher sales in Malaysia EDCCS.

The Group's profit before taxation ("PBT") of RM1.6 million would have been RM2.3 million ("Operating PBT") if not for the one-off expenses of RM0.8 million incurred on the transfer of listing of quotation for the entire issued and paid-up capital of the Company from the ACE Market to the Main Market of Bursa Securities. The Operating PBT of RM2.3 million were also impacted by lower margin sales of EDCCS devices during the quarter by 23.7% as compared to the PBT of RM3.0 million in the previous year's corresponding quarter.

B2. DETAILED ANALYSIS OF THE GROUP'S OPERATING SEGMENTS

i) EDCCS Segment

The EDCCS division recorded an increase of RM3.5 million over the previous year's corresponding quarter in revenue representing 25.8% growth for the current quarter ended 30 September 2012. The current quarter PBT of RM1.6 million (with the exclusion of the one-off transfer listing expenses), were reduced by 35.8% and 6.8% as compared to the previous quarter and the previous year's corresponding quarter respectively, due to lower margin sales of EDCCS devices during the quarter.

ii) Labels Business Segment

For the current quarter under review, Labels division recorded a decrease in revenue of RM0.3 million or 6.0% as compared to previous year's corresponding quarter. The PBT of the segment for the current quarter of RM0.7 million (with the exclusion of the one-off transfer listing expenses) improved 28.3% as compared to the previous year's corresponding quarter included a gain of RM0.2 million from disposal of machinery during the quarter. As a result, PBT maintained at RM0.7 million as compared to the previous quarter ended 30 June 2012 despite the decrease in revenue.

B3. COMMENTARY ON PROSPECTS

Based on the 9 months ended 30 September 2012 results, the Board of Directors is confident that the Group is on track to achieve satisfactory results across most sectors this year.

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B4. TAXATION

	Quarter ended 30/9/2012 RM'000	Period ended 30/9/2012 RM'000
Estimated income tax :		
Malaysia income tax	121	398
Foreign income tax	31	122
	152	520

- (i) The effective tax rate of the Malaysian taxation which is lower than the statutory tax rate due mainly to the reason that there is no taxation charge on the business income of the Company and a subsidiary of the Group as they are accorded the Multimedia Super Corridor (“MSC”) Status and was granted Pioneer Status which exempts 100% of their statutory business income for a period of five (5) years, with an option to extend the said status for a further period of five (5) years.
- (ii) Foreign taxation is in respect of corporate tax charged on the profit made by the Company’s subsidiary operating in Hong Kong. The applicable corporate tax rate is 16.50% while the effective tax rate for current quarter is 17%.

B5. STATUS OF CORPORATE PROPOSALS AS AT 19 NOVEMBER 2012

There were no corporate proposals announced but not completed as at 19 November 2012, being the latest practicable date, not earlier than seven (7) days from the date of issuance of this report except for the following:

- (i) The Company had on 22 February 2012 announced its intents to transfer of the listing and the quotation for its entire issued and paid-up share capital from the ACE Market to the Main Market of Bursa Securities (“Proposed Transfer Listing”). The Company had also appointed OSK Investment Bank Berhad (“OSK”) and other advisers to advise the Company on the Proposed Transfer Listing.

OSK had on 30 May 2012 submitted the application for the Proposed Transfer Listing to the Securities Commission Malaysia (“SC”) and SC had vide its letter dated 10 August 2012 approved the Proposed Transfer Listing.

On 26 September 2012, on behalf of the Company, OSK had announced the listing of and quotation for the entire issued and paid up share capital and the outstanding five year Warrants 2010/2015 of Grand-Flo have been transferred from the ACE Market to the Main Market of Bursa Securities, marking the completion of the Proposed Transfer Listing.

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B5. STATUS OF CORPORATE PROPOSALS AS AT 19 SEPTEMBER 2012 (CONT'D)

- (ii) On 3 May 2012, the Company announced a proposed bonus issue of 227,365,280 new ordinary shares of RM0.10 each (“Bonus Shares”) in Grand-Flo (“Grand-Flo shares”) to be issued and credited as fully paid-up to the shareholders of Grand-Flo on the basis of one (1) bonus share for every one (1) existing share held. (“Bonus Issue”)

The Bonus Issue may give rise to adjustments to the exercise price and number of Warrants 2010/2015 so far as unexercised pursuant to the Company’s deed poll dated 12 March 2010 (“Deed Poll”).

Any adjustment which is required will be made in accordance with the provisions of the Deed Poll to mitigate any potential equity dilution resulting from the Proposed Bonus Issue and to ensure that the status of the Warrants holders are not prejudiced after the Proposed Bonus Issue. The rights and obligations of the Warrants holders will remain unchanged, save for the adjustments to the exercise price and number of Warrants 2010/2015 so far as unexercised.

On 17 July 2012, the Group had completed the Bonus Issue of additional 159,782,925 Bonus Shares and 67,582,355 Warrants 2010/2015 consequential to the Bonus Issue have been quoted and listed in Bursa Securities. As a result of the Bonus Issue, the exercise price of Warrants 2010/2015 has been adjusted to RM0.12.

B6. BORROWINGS

The borrowings of the Company as at 30 September 2012 were as follows:-

	As at 30/9/2012 RM'000	As at 30/9/2011 RM'000
Secured Short-term (due within 12 months):		
Bankers' Acceptance / Factoring	8,629	5,770
Overdraft	411	991
Term loan	1,121	156
Hire purchase & Lease payables	875	126
	<u>11,036</u>	<u>7,043</u>
Secured Long-term (due after 12 months):		
Term loan	1,910	3,653
Hire purchase & Lease payables	1,595	2,258
	<u>3,505</u>	<u>5,911</u>
Total Borrowings	<u>14,541</u>	<u>12,954</u>

There was no unsecured borrowing for the current quarter. All borrowings were denominated in Ringgit Malaysia.

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B7. MATERIAL LITIGATION

As at 19 November 2012, being the date of this report, the Directors are not aware of any material litigations or claims against the Group and Company.

B8. PROPOSED DIVIDEND PAYABLE

No dividend was proposed or declared for the current financial period ended 30 September 2012.

B9. REALISED AND UNREALISED PROFIT DISCLOSURE

The breakdown of retained profits of the Group as at the reporting date, into realised and unrealised profits is as follows:-

	Period ended 30/9/2012 RM'000	Period ended 30/9/2011 RM'000
	<u> </u>	<u> </u>
Total retained profits of the Group:		
-Realised	33,577	-
-Unrealised	261	-
	<u>33,838</u>	<u> </u>
Total share of retained profits from the associates		
-Realised	6,595	-
	<u> </u>	<u> </u>
Less: Consolidation adjustments	(17,595)	-
	<u> </u>	<u> </u>
Total Group retained profits as per consolidated accounts	<u>22,838</u>	<u> </u>

Note: Comparative figures are not required in the first financial year of complying the "Realised and Unrealised Profits/Losses Disclosure".

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B10. EARNINGS PER SHARE

(a) **Basic earnings per share**

The basic earnings per share is calculated based on the Group's net profit attributable to owners of the Company of approximately RM1.413 million and RM5.876 million for the current quarter and cumulative year to date respectively, and divided by the weighted average number of ordinary shares of RM0.10 each in issue for the current quarter and cumulative year to date of 291,777,518 and 204,102,278 respectively as follows:-

	Quarter Ended 30/9/2012	Period Ended 30/9/2012
Net profit attributable to ordinary equity holders of the parent (RM'000)	1,413	5,876
Weighted average number of ordinary shares in issue ('000)	291,778	204,102
Basic earnings per share (sen)	0.48	2.88

(b) **Diluted earnings per share**

The Group diluted earnings per share is calculated by dividing the Group's net profit attributable to ordinary equity holders of the parent over the weighted average number of ordinary shares in issue and issuable during the financial period.

	Quarter Ended 30/9/2012	Period Ended 30/9/2012
Net profit attributable to ordinary equity holders of the parent (RM'000)	1,413	5,876
Weighted average number of ordinary shares in issue ('000)	291,778	204,102
Effect of conversion of warrants ('000)	123,411	86,328
Diluted earnings per share (sen)	0.34	2.02