

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SECOND QUARTER ENDED 30 JUNE 2017

The unaudited results of Grand-Flo Berhad and its subsidiaries for the 6 months period ended 30 June 2017 are as follows:-

| | NOTE | FOR THE QUARTER | | FOR THE CUMULATIVE PERIOD | |
|------------------------------------------------------------|--------|-----------------|--------------|---------------------------|--------------|
| | | 3 MONTHS ENDED | | 6 MONTHS ENDED | |
| | | 30/06/2017 | 30/6/2016 | 30/6/2017 | 30/6/2016 |
| | | RM | RM | RM | RM |
| REVENUE | A9 | 24,726,195 | 41,378,169 | 45,096,251 | 72,977,974 |
| COST OF SALES | | (19,169,943) | (30,229,430) | (34,624,798) | (53,879,752) |
| GROSS PROFIT | | 5,556,252 | 11,148,739 | 10,471,453 | 19,098,222 |
| OTHER INCOME | A9 (b) | 5,228,483 | 258,074 | 5,391,287 | 521,137 |
| ADMINISTRATIVE EXPENSES | | (4,022,492) | (5,314,161) | (7,338,582) | (9,365,471) |
| SELLING AND DISTRIBUTION EXPENSES | | (1,039,261) | (1,335,239) | (1,770,053) | (2,754,720) |
| OTHER OPERATING EXPENSES | | - | (567,575) | - | (1,065,303) |
| RESULTS FROM OPERATING ACTIVITIES | | 5,722,982 | 4,189,838 | 6,754,105 | 6,433,865 |
| FINANCE COSTS | | (459,982) | (190,648) | (810,552) | (389,717) |
| SHARE OF PROFIT/(LOSS) OF ASSOCIATES, NET OF TAX | | 80,630 | (255,189) | 693,586 | (548,163) |
| PROFIT BEFORE TAXATION | A9 | 5,343,630 | 3,744,001 | 6,637,139 | 5,495,985 |
| INCOME TAX EXPENSES | B4 | (262,985) | (1,468,993) | (584,867) | (2,127,422) |
| PROFIT AFTER TAXATION | A9 | 5,080,645 | 2,275,008 | 6,052,272 | 3,368,563 |
| OTHER COMPREHENSIVE ITEM | | | | | |
| Exchange translation differences | | (332,444) | 7,801 | (319,238) | (1,614,703) |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | | 4,748,201 | 2,282,809 | 5,733,034 | 1,753,860 |
| PROFIT AFTER TAXATION ATTRIBUTABLE TO:- | | | | | |
| OWNERS OF THE PARENT | | 4,860,946 | 31,522 | 5,512,880 | 131,875 |
| NON-CONTROLLING INTEREST | | 219,699 | 2,243,486 | 539,392 | 3,236,688 |
| | | 5,080,645 | 2,275,008 | 6,052,272 | 3,368,563 |
| TOTAL COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO:- | | | | | |
| OWNERS OF THE PARENT | | 4,528,502 | 39,323 | 5,193,642 | (1,482,828) |
| NON-CONTROLLING INTEREST | | 219,699 | 2,243,486 | 539,392 | 3,236,688 |
| | | 4,748,201 | 2,282,809 | 5,733,034 | 1,753,860 |
| EARNINGS PER ORDINARY SHARE (SEN):- | | | | | |
| BASIC | B10 | 1.01 | 0.01 | 1.14 | 0.03 |

The unaudited condensed consolidated statements of profit or loss should be read in conjunction with the Group's audited financial statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM FINANCIAL STATEMENTS
UNAUDITED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2017

| | Note | (UNAUDITED) AS AT 30/06/2017 RM | (AUDITED) AS AT 31/12/2016 RM |
|-----------------------------------------------------------------------------|------|------------------------------------------|----------------------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | A10 | 8,233,520 | 13,306,846 |
| Investment in associate, quoted | A12 | 8,045,636 | 11,629,247 |
| Investment in associate, unquoted | | 1,000,024 | 718,172 |
| Other investment, unquoted | | 14,999 | 15,204 |
| Development costs | | 1,723,770 | 1,813,059 |
| Goodwill on consolidation | | 34,126,122 | 34,126,122 |
| Deferred tax assets | | 339,000 | 339,000 |
| | | <hr/> | <hr/> |
| Total non-current assets | | 53,483,071 | 61,947,650 |
| Current assets | | | |
| Property development cost | | 83,571,280 | 81,272,845 |
| Inventories | | 5,910,876 | 6,010,694 |
| Accrued billings | | 4,035,623 | 11,216,282 |
| Trade receivables | | 34,829,179 | 22,341,257 |
| Other receivables | | 6,919,755 | 2,880,249 |
| Amount due from directors | | - | 3,563,019 |
| Amount due from associates | | 1,319,466 | - |
| Amount due from related parties | | 78,000 | 78,000 |
| Tax recoverable | | 1,625,801 | 777,654 |
| Dividend receivable | | 1,060,831 | 1,060,831 |
| Fixed deposit with licensed banks | | 2,024,586 | 1,693,174 |
| Cash and bank balances | | 10,346,673 | 12,956,623 |
| | | <hr/> | <hr/> |
| Total current assets | | 151,722,070 | 143,850,628 |
| | | <hr/> | <hr/> |
| Total assets | | 205,205,141 | 205,798,278 |
| EQUITY AND LIABILITIES | | | |
| EQUITY | | | |
| Equity attributable to owners of the parent: | | | |
| Share capital | A6 | 62,849,846 | 48,311,571 |
| Share premium | A6 | - | 14,538,275 |
| Treasury shares, at cost | A7 | (1,610,531) | (1,497,290) |
| Other reserves | | 1,109,451 | 1,109,451 |
| Foreign exchange fluctuation reserve | | 1,072,456 | 1,391,694 |
| Revaluation reserve | A10 | 3,738,076 | 6,160,852 |
| Retained earnings | | 47,957,406 | 40,021,750 |
| | | <hr/> | <hr/> |
| | | 115,116,704 | 110,036,303 |
| Non controlling interest | | 42,569,922 | 42,030,530 |
| | | <hr/> | <hr/> |
| Total Equity | | 157,686,626 | 152,066,833 |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Long-term borrowings | B6 | 2,167,306 | 8,309,693 |
| Deferred tax liabilities | | 1,053,192 | 1,091,691 |
| | | <hr/> | <hr/> |
| Total non-current liabilities | | 3,220,498 | 9,401,384 |
| Current liabilities | | | |
| Trade payables | | 21,690,609 | 26,587,772 |
| Other payables | | 5,028,484 | 4,444,048 |
| Progress billings | | 396,881 | - |
| Amount due to directors | | 757,994 | 8,000 |
| Amount due to related parties | | - | 2,002,632 |
| Short-term borrowings | B6 | 15,926,925 | 10,900,094 |
| Tax payable | | 497,124 | 387,515 |
| | | <hr/> | <hr/> |
| Total current liabilities | | 44,298,017 | 44,330,061 |
| | | <hr/> | <hr/> |
| Total liabilities | | 47,518,515 | 53,731,445 |
| | | <hr/> | <hr/> |
| TOTAL EQUITY AND LIABILITIES | | 205,205,141 | 205,798,278 |
| | | <hr/> | <hr/> |
| NET ASSETS PER SHARE ATTRIBUTABLE TO ORDINARY OWNERS OF THE PARENT (SEN) | | 18.32 | 22.78 |
| NTA per share (sen) | | 12.61 | 15.34 |

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 2016 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM FINANCIAL STATEMENTS

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2017

| NOTE | Share Capital RM | Share Premium RM | Treasury Shares RM | Other Reserves RM | Foreign Exchange Fluctuation Reserve RM | Revaluation Reserve RM | Retained Earnings RM | Total RM | Non Controlling Interest (NCI) RM | Total Equity RM |
|---------------------------------------------------------------------------------|---------------------|---------------------|-----------------------|----------------------|--------------------------------------------|---------------------------|-------------------------|--------------|--------------------------------------|--------------------|
| | | | | | | | | | | |
| Balance as at 1 January 2016 | 48,311,571 | 14,538,275 | (1,098,173) | 1,109,451 | 2,366,478 | 6,160,852 | 52,138,989 | 123,527,443 | 22,751,871 | 146,279,314 |
| Total Comprehensive income for the year | - | - | - | - | (974,784) | - | (9,723,921) | (10,698,705) | 4,238,699 | (6,460,006) |
| <i>Transactions with owners:</i> | | | | | | | | | | |
| Shares repurchased | - | - | (394,070) | - | - | - | - | (394,070) | - | (394,070) |
| Transaction costs | - | - | (5,047) | - | - | - | - | (5,047) | - | (5,047) |
| Issuance of preference shares | - | - | - | - | - | - | - | - | 15,079,960 | 15,079,960 |
| Dividend paid | - | - | - | - | - | - | (2,393,318) | (2,393,318) | (40,000) | (2,433,318) |
| Total transactions with owners | - | - | (399,117) | - | - | - | (2,393,318) | (2,792,435) | 15,039,960 | 12,247,525 |
| Balance as at 31 December 2016 | 48,311,571 | 14,538,275 | (1,497,290) | 1,109,451 | 1,391,694 | 6,160,852 | 40,021,750 | 110,036,303 | 42,030,530 | 152,066,833 |
| Balance as at 1 January 2017 | 48,311,571 | 14,538,275 | (1,497,290) | 1,109,451 | 1,391,694 | 6,160,852 | 40,021,750 | 110,036,303 | 42,030,530 | 152,066,833 |
| Total Comprehensive income for the year | - | - | - | - | (319,238) | - | 5,512,880 | 5,193,642 | 539,392 | 5,733,034 |
| <i>Transactions with owners:</i> | | | | | | | | | | |
| Realisation of revaluation reserve on disposal of property, plant and equipment | - | - | - | - | - | (2,422,776) | 2,422,776 | - | - | - |
| Shares repurchased | - | - | (111,722) | - | - | - | - | (111,722) | - | (111,722) |
| Transaction costs | - | - | (1,519) | - | - | - | - | (1,519) | - | (1,519) |
| Transfer in accordance with Section 618(2) of the Companies Act 2016 | A6 | 14,538,275 | (14,538,275) | - | - | - | - | - | - | - |
| Total transactions with owners | | 14,538,275 | (14,538,275) | (113,241) | - | (2,422,776) | 2,422,776 | (113,241) | - | (113,241) |
| Balance as at 30 June 2017 | | 62,849,846 | - | (1,610,531) | 1,109,451 | 1,072,456 | 47,957,406 | 115,116,704 | 42,569,922 | 157,686,626 |

The unaudited condensed consolidated statement of changes in equity should be read in conjunction with the annual audited financial statements as at 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM FINANCIAL STATEMENTS
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2017

| | 6 MONTHS ENDED 30/06/2017 RM | 6 MONTHS ENDED 30/06/2016 RM |
|------------------------------------------------------------------|---------------------------------------------------------|---------------------------------------------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 6,637,139 | 5,495,985 |
| Adjustments for:- | | |
| Amortisation of development costs | 576,177 | 549,996 |
| Amortisation of other investment | 410 | 205 |
| Bad debts written off | - | 841 |
| Depreciation of plant and equipment | 428,459 | 1,108,556 |
| Loss on disposal of property, plant and equipment | 199,228 | 64,331 |
| Gain on disposal of associate | (5,155,431) | - |
| Interest income | (61,399) | (86,554) |
| Dividend income | - | (1,348) |
| Interest expense | 810,552 | 345,384 |
| Share of associates' profits/loss | (693,586) | 548,163 |
| Unrealised gain/loss on foreign exchange | - | (35,432) |
| | <u>(3,895,590)</u> | <u>2,494,142</u> |
| Operating profit before working capital changes | 2,741,549 | 7,990,127 |
| Inventories | 99,818 | 1,739,293 |
| Trade and other receivables | (16,527,428) | 838,991 |
| Trade and other payables | (4,312,727) | (3,223,626) |
| Directors | 3,563,019 | 843,291 |
| Related parties | (2,002,632) | 557,844 |
| Progress billing / Accrued billing | 7,577,540 | (3,152,373) |
| | <u>(11,602,410)</u> | <u>(2,396,580)</u> |
| CASH FROM OPERATIONS | (8,860,861) | 5,593,547 |
| Tax paid | (1,361,904) | (1,575,947) |
| NET CASH FROM OPERATING ACTIVITIES | (10,222,765) | 4,017,600 |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Advances from associates | (1,319,466) | (113,651) |
| Repayment from directors | 749,994 | 3,299,980 |
| Development costs incurred | (487,093) | (417,179) |
| Property development cost incurred | (2,298,435) | (5,207,328) |
| Interest received | 61,399 | 86,554 |
| Proceeds from disposal of property, plant and equipment | 4,500,000 | 9,346 |
| Proceeds from disposal of associate | 9,150,776 | 1,125,000 |
| Purchase of property, plant and equipment | (54,361) | (482,322) |
| NET CASH FOR INVESTING ACTIVITIES | 10,302,814 | (1,699,600) |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Interest paid | (810,552) | (345,384) |
| Purchase of treasury shares | (111,722) | (129,124) |
| Share issuance expenses | (1,519) | (1,827) |
| Net (repayment)/drawdown of term loans and short term borrowings | (6,387,099) | (486,245) |
| Repayment of hire purchase and lease payables | (82,092) | (4,531,031) |
| NET CASH FROM/(FOR) FINANCING ACTIVITIES | (7,392,984) | (5,493,611) |
| NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS | (7,312,935) | (3,175,611) |
| Foreign exchange fluctuation reserve | (319,238) | (1,614,559) |
| CASH AND CASH EQUIVALENTS B/F | 14,649,797 | 12,746,507 |
| CASH AND CASH EQUIVALENTS C/F | <u><u>7,017,624</u></u> | <u><u>7,956,337</u></u> |
| NOTES TO CASH FLOW STATEMENT | | |
| Cash and cash equivalents comprise: | | |
| Cash and bank balances | 10,346,673 | 9,294,172 |
| Fixed deposit with licensed banks | 2,024,586 | 901,314 |
| Less: Fixed deposit pledged with licensed banks | - | (940,930) |
| Less: Overdraft | (5,353,635) | (1,298,219) |
| | <u><u>7,017,624</u></u> | <u><u>7,956,337</u></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 2016.