GRAND-FLO BERHAD
(607392-W)
A Main Market listed company
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 SEPTEMBER 2018

		QUARTER ENDED			YEAR-TO-DATE ENDED		
	Note	30/9/2018 RM	30/9/2017 RM	Changes %	30/9/2018 RM	30/9/2017 RM	Changes %
Revenue	A9	21,940,547	28,485,453	(23.0)	54,761,457	73,581,704	(25.6)
Cost of sales		(15,583,419)	(21,052,544)	(26.0)	(38,257,109)	(55,677,342)	(31.3)
Gross profit		6,357,128	7,432,909	(14.5)	16,504,348	17,904,362	(7.8)
Other income	A10	260,205	229,268	13.5	819,417	5,620,554	(85.4)
Administrative expenses		(3,476,348)	(3,127,825)	11.1	(11,060,905)	(9,461,362)	16.9
Selling and distribution expenses		(825,372)	(707,081)	16.7	(2,026,165)	(2,477,134)	(18.2)
Depreciation and amortisation		(113,093)	(242,738)	(53.4)	(340,034)	(1,247,784)	(72.7)
Other operating expenses		-	(535,384)	(100.0)	-	(820,534)	(100.0)
Profit from operations		2,202,520	3,049,149	(27.8)	3,896,661	9,518,102	(59.1)
Finance costs		(65,156)	(106,451)	(38.8)	(234,424)	(631,854)	(62.9)
Share of results of associates, net of tax		198,025	68,247	190.2	394,234	761,834	(48.3)
Profit before tax		2,335,389	3,010,945	(22.4)	4,056,471	9,648,082	(58.0)
Income tax expense	B4	(324,057)	(376,621)	(14.0)	(483,662)	(961,488)	(49.7)
Profit for the period		**2,011,332**	**2,634,324**	**(23.6)**	**3,572,809**	**8,686,594**	**(58.9)**
Other comprehensive income:							
Items that may be subsequently reclassified to profit or loss:							
Exchange translation differences		73,262	63,673	15.1	154,407	(396,117)	139.0
Total comprehensive income		**2,084,594**	**2,697,997**	**(22.7)**	**3,727,216**	**8,290,477**	**(55.0)**
Profit attributable to:							
Owners of the Company		2,038,351	2,078,998	(2.0)	3,365,928	7,591,876	(55.7)
Non-controlling interest		(27,019)	555,326	(104.9)	206,881	1,094,718	(81.1)
Profit for the period		**2,011,332**	**2,634,324**	**(23.6)**	**3,572,809**	**8,686,594**	**(58.9)**
Total comprehensive income attributable to:							
Owners of the Company		2,111,613	2,142,671	(1.4)	3,520,335	7,195,759	(51.1)
Non-controlling interest		(27,019)	555,326	(104.9)	206,881	1,094,718	(81.1)
Total comprehensive income		**2,084,594**	**2,697,997**	**(22.7)**	**3,727,216**	**8,290,477**	**(55.0)**

Earnings per share attributable to owners of the Company:	Note	Sen per share	Sen per share		Sen per share	Sen per share	
Basic	B9	0.43	0.43		0.71	1.57	
Diluted	B9	-	-		-	-	

The above unaudited condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to these interim financial statements.

GRAND-FLO BERHAD
(607392-W)
A Main Market listed company
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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2018

	Note	As at 30/9/2018 RM	As at 31/12/2017 RM (Audited)
Assets			
Property, plant and equipment	A12	8,141,268	8,350,022
Investment in associate, unquoted		1,750,160	1,355,925
Other investment, unquoted		14,487	14,794
Goodwill on consolidation		34,276,363	33,447,524
Non-current assets		**44,182,278**	**43,168,265**
Property development cost		37,035,501	47,854,767
Inventories		42,311,785	28,271,678
Accrued billings		-	3,781,856
Trade receivables		27,614,902	29,503,333
Other receivables		1,650,637	4,590,170
Amount due from related parties		1,227,201	36,227
Tax recoverable		1,847,768	1,441,276
Dividend receivable		1,060,831	1,060,831
Fixed deposit with licensed banks		7,846,127	21,137,792
Cash and bank balances		8,747,646	10,856,409
Current assets		**129,342,398**	**148,534,339**
Total assets		**173,524,676**	**191,702,604**
Equities and liabilities			
Share capital	A6	62,849,846	62,849,846
Treasury shares, at cost	A7	(2,539,161)	(2,006,102)
Other reserves		1,109,451	1,109,451
Foreign exchange fluctuation reserve		959,233	804,826
Revaluation reserve	A12	4,596,522	4,596,522
Retained earnings		56,162,067	55,633,196
Equity attributable to owners of the Company		123,137,958	122,987,739
Non-controlling interest		8,444,197	37,428,476
Total equity		**131,582,155**	**160,416,215**
Long-term borrowings	B6	655,007	1,823,550
Deferred tax liabilities		27,921	27,849
Non-current liabilities		**682,928**	**1,851,399**
Trade payables		17,530,660	15,712,235
Other payables		1,948,629	4,032,550
Amount due to director	A14	18,900,000	4,870,961
Amount due to related parties		5	141,996
Short-term borrowings	B6	2,710,486	4,486,553
Tax payable		169,813	190,695
Current liabilities		**41,259,593**	**29,434,990**
Total liabilities		**41,942,521**	**31,286,389**
Total equity and liabilities		**173,524,676**	**191,702,604**
		Sen	**Sen**
Net assets per share attributable to owners of the Company		25.49	25.46
Net tangible assets per share		18.39	18.53

The above unaudited condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to these interim financial statements.

GRAND-FLO BERHAD
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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR-TO-DATE ENDED 30 SEPTEMBER 2018

		Attributable to owners of the Company									
		Non-Distributable					Distributable				
	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 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		-	-	-	-	(586,868)	858,446	13,188,670	13,460,248	1,332,507	14,792,755
Transition to no-par value regime	A6	14,538,275	(14,538,275)	-	-	-	-	-	-	-	-
Transactions with owners:											
Realisation of revaluation reserve on disposal of property, plant and equipment		-	-		-	-	(2,422,776)	2,422,776	-	-	-
Disposal of a subsidiary		-	-	-	-	-	-	-	-	(318,561)	(318,561)
Shares repurchased		-	-	(503,464)	-	-	-	-	(503,464)	-	(503,464)
Transaction costs		-	-	(5,348)	-	-	-	-	(5,348)	-	(5,348)
Redeemed of preference shares		-	-	-	-	-	-	-	-	(5,616,000)	(5,616,000)
Total transactions with owners		-	-	(508,812)	-	-	(2,422,776)	2,422,776	(508,812)	(5,934,561)	(6,443,373)
Balance as at 31 December 2017		62,849,846	-	(2,006,102)	1,109,451	804,826	4,596,522	55,633,196	122,987,739	37,428,476	160,416,215
Balance as at 1 January 2018		62,849,846	-	(2,006,102)	1,109,451	804,826	4,596,522	55,633,196	122,987,739	37,428,476	160,416,215
Total comprehensive income for the year		-	-	-	-	154,407	-	3,365,928	3,520,335	206,881	3,727,216
Transactions with owners:											
Acquisition of NCI		-	-	-	-	-	-	-	-	(21,071,160)	(21,071,160)
Shares repurchased		-	-	(528,659)	-	-	-	-	(528,659)	-	(528,659)
Transaction costs		-	-	(4,400)	-	-	-	-	(4,400)	-	(4,400)
Redeemed of preference shares		-	-	-	-	-	-	-	-	(8,120,000)	(8,120,000)
Dividend paid	A8	-	-	-	-	-	-	(2,837,057)	(2,837,057)	-	(2,837,057)
Total transactions with owners		-	-	(533,059)	-	-	-	(2,837,057)	(3,370,116)	(29,191,160)	(32,561,276)
Balance as at 30 September 2018		62,849,846	-	(2,539,161)	1,109,451	959,233	4,596,522	56,162,067	123,137,958	8,444,197	131,582,155

The above unaudited condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to these interim financial statements.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR-TO-DATE ENDED 30 SEPTEMBER 2018

	9 MONTHS ENDED 30/9/2018 RM	9 MONTHS ENDED 30/9/2017 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	4,056,471	9,648,082
Adjustments for:		
Amortisation of development costs	-	760,762
Amortisation of other investment	307	307
Depreciation of Property, Plant and Equipment ("PPE")	339,727	486,715
Gain on disposal of associate	-	(5,155,431)
(Gain)/loss on disposal of a PPE	(2,518)	201,944
Interest income	(542,901)	(142,756)
Interest expense	234,424	631,854
Reversal of impairment loss on trade receivables	(53,333)	-
Share of results of associates, net of tax	(394,234)	(761,834)
Operating profit before working capital changes	3,637,943	5,669,643
Property development activities	10,819,266	3,555,422
Inventories	(14,040,107)	667,047
Trade and other receivables	4,881,297	(1,179,668)
Trade and other payables	(265,496)	(10,701,912)
Directors	-	3,563,019
Related parties	(1,332,965)	-
Progress billing / Accrued billing	3,781,856	9,779,942
Associates	-	(1,924,632)
CASH GENERATED FROM OPERATIONS	7,481,794	9,428,861
Tax refund	148,826	-
Tax paid	(1,059,755)	(1,668,750)
NET CASH FROM OPERATING ACTIVITIES	6,570,865	7,760,111
CASH FLOWS FROM INVESTING ACTIVITIES		
Advances from associates	-	(1,322,997)
Repayment to director	(4,870,961)	(8,000)
Development costs incurred	-	(622,526)
Interest received	542,901	142,756
Proceeds from disposal of associate	-	9,150,776
Proceeds from disposal of PPE	-	4,500,000
Purchase of PPE	(127,997)	(65,970)
Redemption of the redeemable non-convertible preference shares in subsidairies by non-controlling interest	(8,120,000)	(3,936,000)
NET CASH (USED IN)/FROM INVESTING ACTIVITIES	(12,576,057)	7,838,039
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(234,424)	(631,854)
Net repayment of term loan and short term borrowing	(2,856,254)	(9,577,988)
Acquisition of NCI	(3,000,000)	-
Purchase of treasury shares	(528,659)	(335,388)
Repayment of hire purchase and finance lease payables	(88,356)	(126,584)
Dividend paid to shareholders	(2,837,057)	-
Share issuance expenses	(4,400)	(3,888)
NET CASH USED IN FINANCING ACTIVITIES	(9,549,150)	(10,675,702)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(15,554,342)	4,922,448
Foreign exchange fluctuation reserve	153,914	(307,463)
CASH AND CASH EQUIVALENTS B/F	31,994,201	14,649,797
CASH AND CASH EQUIVALENTS C/F	**16,593,773**	**19,264,782**
NOTES TO CASH FLOW STATEMENT		
Cash and cash equivalents comprise:		
Cash and bank balances	8,747,646	12,715,838
Fixed deposit with licensed banks	7,846,127	6,548,944
	16,593,773	**19,264,782**

The above unaudited condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to these interim financial statements.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2018

PART A – NOTES TO THE INTERIM FINANCIAL REPORT

A1. ACCOUNTING POLICIES AND BASIS OF PREPARATION

This condensed consolidated interim financial statements (“Condensed Report”) have been prepared in accordance with MFRS 134: Interim Financial Reporting, IAS 34: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The financial statements of Grand-Flo Berhad (“Grand-Flo”) for the three months period ended 31 March 2018 was the first set of interim financial statements prepared in accordance with the MFRS Framework, hence MFRS 1 First-time Adoption of Malaysian Financial Standards has been applied. The MFRS Framework is effective for the Group from 1 January 2018 and the date of transition to the MFRS Framework for the purpose of preparation of the MFRS compliant interim financial report is 1 January 2017.

As provided in MFRS 1, first-time adopter of MFRS Framework can elect optional exemptions from full retrospective application of MFRSs. The Group has elected not to apply MFRS 3 Business Combinations and MFRS 10 Consolidated Financial Statements retrospectively, that is not to restate any of its business combinations that occurred before the date of transition to MFRSs.

The interim financial statements should be read in conjunction with the Group’s annual audited financial statements for the year ended 31 December 2017. The explanatory notes attached to these condensed consolidated interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2017.

The significant accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted for the annual financial statements for the year ended 31 December 2017 except for the adoption of the following which are applicable to its financial statements and are relevant to its operations:

Descriptions	**Effective for annual periods beginning on or after**
MFRS 9 Financial Instruments	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018

The adoption of the above standards do not have significant financial impact to the Group’s consolidated financial statements for the current quarter other than the following:

A1. ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONT'D)

(a) MFRS 9 Financial Instruments

MFRS 9 Financial Instruments replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous versions of MFRS 9. MFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The Group adopted MFRS 9 and will not restate comparative information. Overall, the Group expects no significant impact on its statements of financial position and equity.

(i) Classification and measurement of financial assets

The Group does not expect a significant impact on its statement of financial position or equity on applying the classification and measurement requirements of MFRS 9. It expects to continue measuring at fair value all financial assets currently held at fair value. Quoted equity shares currently held as available-for-sale (ñAFSò) with gains and losses recorded in OCI will, instead, be measured at fair value through profit or loss, which will increase volatility in recorded profit or loss.

The equity shares in non-listed companies are intended to be held for the foreseeable future. No impairment losses were recognised in profit or loss during prior periods for these investments. The Group will apply the option to present fair value changes in OCI, and, therefore, believes the application of MFRS 9 would not have a significant impact.

Loans as well as trade receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Group analysed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortised cost measurement under MFRS 9. Therefore, reclassification for these instruments is not required.

(ii) Impairment

MFRS 9 requires the Group to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Group applied the simplified approach and record lifetime expected losses on all trade receivables. The Group has determined there is no significant impact on its financial statements.

A1. ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONT'D)

(a) MFRS 9 Financial Instruments (cont'd)

(iii) Other adjustments

In addition to the adjustments described above, on adoption of MFRS 9, other items of the primary financial statements such as deferred taxes, assets held for sale and liabilities associated with them, investments in the associate and joint venture, are adjusted as necessary. The exchange differences on translation of foreign operations are adjusted.

(b) MFRS 15 Revenue from Contracts with Customers

MFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. Under MFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under MFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018, with early adoption permitted. The Group adopted MFRS 15 using the full retrospective method.

The Group is in the business of provision of information technology solutions, investment holding and property development. The equipment and services are sold both on their own in separate identified contracts with customers and non-contract customers whereas revenue for property development is recognised on the development units sold, for which sales agreements have been concluded, using percentage of completion of a physical proportion of the development work.

(i) Sale of goods

MFRS 15 requires the estimated variable consideration to be constrained to prevent over-recognition of revenue. The Group continues to assess individual contracts to determine the estimated variable consideration and related constraint. The Group expects that application of the constraint will result in more revenue being deferred than under current MFRS. The Group has determined that there is no significant impact on its financial statements.

The Group provides warranties for information technology products for general repairs and does not provide extended warranties or maintenance services in its contract with customers. As such, the Group expects that such warranties will be assurance-type warranties which will continue to be accounted for under MFRS 137 Provisions, Contingent Liabilities and Contingent Assets consistent with its current practice.

A1. ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONT'D)

(b) MFRS 15 Revenue from Contracts with Customers (cont'd)

(ii) Rendering of services

The Group involves in repair and services within the information technology division. These services are sold either on their own in contracts with the customers or non-contract customer with the provision of information technology solutions to a customer. The Company recognises service revenue when it is probable that the economic benefits will flow to the seller and the amount of revenue and cost incurred in respect of transaction can be measured reliably.

The Group did not identify any material impact to revenue, cost of sales and profit for the current financial period upon the adoption of MFRS 15.

(iii) Property development

The revenue arising from property development is assessed as fulfilled the criteria of sales over the time under the MFRS 15. The revenue currently includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably. When a claim or variation is recognised, the measured of contract progress or contract price is revised and the cumulative percentage of completion is reassessed at each reporting date.

Under MFRS 15, claims and variations will be included in the contract accounting when they are approved. The Group has performed an assessment on contracts of property development and does not expect that there will be significant impact on its financial statements.

(iv) Presentation and disclosure requirements

The presentation and disclosure requirements in MFRS 15 are more detailed than under current MFRS. The presentation requirements represent a significant change from current practice and significantly increases the volume of disclosures required in the Group's financial statements. Many of the disclosure requirements in MFRS 15 are new.

A1. ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONT'D)

(b) MFRS 15 Revenue from Contracts with Customers (cont'd)

(v) Other adjustments

In addition to the major adjustments described above, on adoption of MFRS 15, other items of the primary financial statements such as deferred taxes, assets held for sale and liabilities associated with them as well as profit or loss after tax for the year from discontinued operations will be affected and adjusted as necessary. Furthermore, exchange differences on translation of foreign operations would also be adjusted.

The recognition and measurement requirements in MFRS 15 are also applicable for recognition and measurement of any gains or losses on disposal of non-financial assets (such as items of property and equipment and intangible assets), when that disposal is not in the ordinary course of business. However, on transition, the effect of these changes is not expected to be material for the Group.

A2. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The audit report of the preceding annual financial statements for the FYE 31 December 2017 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. SIGNIFICANT ESTIMATES AND CHANGES IN ESTIMATES

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

A6. SHARE CAPITAL AND SHARE PREMIUM

Included in share capital is share premium amounting to RM14,538,275 that is available to be utilised in accordance with Section 618(3) of Companies Act 2016 on or before 30 January 2019 (24 months from commencement of Section 74 of Companies Act 2016).

A7. 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 2018 save for the following:

Details of treasury shares held

	Number of Treasury Shares
Balance as at 30 June 2018	10,082,000
Repurchased during the quarter ended 30 September 2018	375,200
Balance as at 30 September 2018	10,457,200

A8. DIVIDEND PAID

During the financial period-to-date, the Company paid a final single-tier dividend of 0.6 sen per share for the financial year ended 31 December 2017 amounting to RM2.8 million on 25 July 2018.

A9. OPERATING REVENUE

OPERATING REVENUE BY GEOGRAPHICAL AREA FOR THE QUARTER ENDED

	Malaysia			Others#			Total		
	30/9/2018 RM'000	30/9/2017 RM'000	Changes %	30/9/2018 RM'000	30/9/2017 RM'000	Changes %	30/9/2018 RM'000	30/9/2017 RM'000	Changes %
Major segments:									
EDCCS*	18,958	17,187	10.3	2,133	2,710	(21.3)	21,091	19,897	6.0
Properties	850	8,589	(90.1)	-	-	-	850	8,589	(90.1)
Total revenue	**19,808**	**25,776**	**(23.2)**	**2,133**	**2,710**	**(21.3)**	**21,941**	**28,486**	**(23.0)**

OPERATING REVENUE BY GEOGRAPHICAL AREA FOR PERIOD ENDED

	Malaysia			Others#			Total		
	30/9/2018 RM'000	30/9/2017 RM'000	Changes %	30/9/2018 RM'000	30/9/2017 RM'000	Changes %	30/9/2018 RM'000	30/9/2017 RM'000	Changes %
Major segments:									
EDCCS*	40,340	41,866	(3.6)	7,733	8,490	(8.9)	48,073	50,356	(4.5)
Properties	6,688	23,226	(71.2)	-	-	-	6,688	23,226	(71.2)
Total revenue	**47,028**	**65,092**	**(27.8)**	**7,733**	**8,490**	**(8.9)**	**54,761**	**73,582**	**(25.6)**

** Enterprise Data Collection and Collation System ("EDCCS")*
 # Based on an exchange rate of HKD100 : RM52.87, being the closing rate quoted by the Bank Negara Malaysia ("BNM") as at 30 September 2018.

**NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT
FOR THE QUARTER ENDED 30 SEPTEMBER 2018**

A10. OTHER INCOME

	Quarter Ended			Period Ended		
	30/9/2018 RM'000	30/9/2017 RM'000	Changes %	30/9/2018 RM'000	30/9/2017 RM'000	Changes %
Interest income	166	81	104.9	543	143	279.7
Gain on foreign exchange	26	47	(44.7)	89	111	(19.8)
Gain on disposal of property plant & equipment ("PPE")	-	-	-	3	-	-
Net gain on disposal of an associate	-	-	-	-	5,155	-
Reversal of impairment loss on trade receivables	27	-	-	53	-	-
Rental income	34	41	(17.1)	104	101	3.0
Miscellaneous income	7	60	(88.3)	27	111	(75.7)
Total other income	**260**	**229**	**13.5**	**819**	**5,621**	**(85.4)**

A11. OTHER SEGMENTAL INFORMATION

OPERATING SEGMENT BY PRODUCT FOR THE QUARTER ENDED

	EDCCS			Properties			Total		
	30/9/2018 RM'000	30/9/2017 RM'000	Changes %	30/9/2018 RM'000	30/9/2017 RM'000	Changes %	30/9/2018 RM'000	30/9/2017 RM'000	Changes %
Revenue (note A9)	21,091	19,897	6.0	850	8,589	(90.1)	21,941	28,486	(23.0)
Other income (note A10)	240	188	27.7	20	41	(51.2)	260	229	13.5
Direct costs	(18,597)	(17,710)	5.0	(1,289)	(7,315)	(82.4)	(19,886)	(25,025)	(20.5)
Segmental profit before	**2,734**	**2,375**	**15.1**	**(419)**	**1,315**	**(131.9)**	**2,315**	**3,690**	**(37.3)**
Finance cost	(34)	(107)	(68.2)	(31)	-	-	(65)	(107)	(39.3)
Depreciation and amortisation	(113)	(243)	(53.5)	-	-	-	(113)	(243)	(53.5)
Inventories written off/down	-	(394)	(100.0)	-	-	-	-	(394)	(100.0)
Disposal on PPE	-	(3)	(100.0)	-	-	-	-	(3)	(100.0)
Share of results of associates	198	68	191.2	-	-	-	198	68	191.2
Income tax expenses	(404)	(208)	94.2	80	(169)	147.3	(324)	(377)	(14.1)
Segmental net profit	**2,381**	**1,488**	**60.0**	**(370)**	**1,146**	**(132.3)**	**2,011**	**2,634**	**(23.7)**

A11. OTHER SEGMENTAL INFORMATION (CONT'D)

OPERATING SEGMENT BY PRODUCT FOR PERIOD ENDED	EDCCS			Properties			Total		
	30/9/2018 RM'000	30/9/2017 RM'000	Changes %	30/9/2018 RM'000	30/9/2017 RM'000	Changes %	30/9/2018 RM'000	30/9/2017 RM'000	Changes %
Revenue (note A9)	48,073	50,356	(4.5)	6,688	23,226	(71.2)	54,761	73,582	(25.6)
Other income (note A10)	758	5,545	(86.3)	61	76	(19.7)	819	5,621	(85.4)
Direct cost	(44,623)	(47,530)	(6.1)	(6,719)	(20,311)	(66.9)	(51,342)	(67,841)	(24.3)
Segmental profit before	**4,208**	**8,371**	**(49.7)**	**30**	**2,991**	**(99.0)**	**4,238**	**11,362**	**(62.7)**
Finance cost	(198)	(632)	(68.7)	(37)	-	-	(235)	(632)	(62.8)
Depreciation and amortisation	(340)	(1,248)	(72.8)	-	-	-	(340)	(1,248)	(72.8)
Inventories written off/down	-	(394)	(100.0)	-	-	-	-	(394)	(100.0)
Disposal on PPE	-	(202)	(100.0)	-	-	-	-	(202)	(100.0)
Share of results of associates	394	762	(48.3)	-	-	-	394	762	(48.3)
Income tax expenses	(406)	(289)	40.5	(78)	(672)	(88.4)	(484)	(961)	(49.6)
Segmental net profit	**3,658**	**6,368**	**(42.6)**	**(85)**	**2,319**	**(103.7)**	**3,573**	**8,687**	**(58.9)**

Other than the items mentioned above which have been included in the statement of profit or loss and other 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 unquoted investments or properties, impairment of assets, gain or loss on derivatives and exceptional items for the current quarter ended 30 September 2018.

A12. CARRYING AMOUNT OF REVALUED ASSETS

The valuations of property, plant and equipment ("PPE") have been brought forward without amendment from the financial statement for the year ended 31 December 2017. All PPE, except for land and building, are stated at cost less accumulated depreciation and less any impairment losses. Land and building are shown at fair values, based on valuations by external independent valuers, less subsequent accumulated depreciation on buildings and any accumulated impairment losses.

A13. SUBSEQUENT EVENTS

There were no significant subsequent events from 30 September 2018 to the date of this report, which will have a material effect on the financial results of the Group for the quarter under review.

A14. CHANGES IN COMPOSITION OF THE GROUP

The Company had on 10 April 2018 entered into a conditional share acquisition agreement with Chuah Chew Hai ("the Vendor") for the acquisition of the remaining 49.9996% equity interest in Innoceria Sdn. Bhd. (“ISB”) consisting of 124,999 ordinary shares held by the Vendor, for a total cash consideration of RM21,900,000 ("Proposed Acquisition"). The first payment of RM3.0 million had been made to the Vendor with the balance of purchase price of RM18.9 million to be paid in multiple tranches. The Company further announced that the Proposed Acquisition has been duly completed on 6 July 2018 and ISB is now a wholly-owned subsidiary of Grand-Flo.

Other than the above, there were no material changes in the composition of the Group during the quarter under review.

A15. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

A16. CAPITAL COMMITMENTS

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

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A17. 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 30/9/2018 RM'000	Period ended 30/9/2018 RM'000
Management fees to a related party	66	222
Sales to a related party	9	167
Purchases from a related party	-	342

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

A18. STATUS OF UTILISATION OF PROCEEDS

Grand-Flo had on 19 October 2017, 3 November 2017 and 7 November 2017 disposed of entire shareholding comprising 48,899,373 Simat Shares, representing approximately 12.31% equity interest in Simat, at a disposal price of THB2.70 per shares for a total cash consideration of RM15,002,313 (THB132,028,307). The status of utilisation of the sale proceeds is as follows:

Utilisation up to 30.9.2018	Proceeds Received RM'000	Proceeds Utilised RM'000	Balance RM'000
Working Capital	15,002	7,776	7,226
Total	15,002	7,776	7,226

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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

	Quarter Ended			Period Ended		
	30/9/2018 RM'000	30/9/2017 RM'000	Changes %	30/9/2018 RM'000	30/9/2017 RM'000	Changes %
Revenue	21,941	28,486	(23.0)	54,761	73,582	(25.6)
Cost of sales	(15,583)	(21,053)	(26.0)	(38,257)	(55,678)	(31.3)
Gross profit	6,358	7,433	(14.5)	16,504	17,904	(7.8)
Profit before taxation ("PBT")	2,335	3,011	(22.5)	4,057	9,648	(57.9)
Profit after taxation ("PAT")	2,011	2,634	(23.7)	3,573	8,687	(58.9)

<u>For the quarter</u>

Revenue for the third quarter of 2018 dropped 23.0% from RM28.5 million in the preceding year's corresponding quarter to RM21.9 million for the current quarter under review mainly contributed by the continuing soft market condition faced by the Property Development division. EDCCS, on the other hand, achieved higher sales by 6% as compared with preceding year's quarter.

As a result of the Group's lower sales for the quarter under review, PBT for the current quarter was lower by 22.5% from RM3.0 million to RM2.3 million.

<u>For the 9 months period</u>

For the first 9 months of 2018, the revenue of RM54.8 million was down by 25.6% from RM73.6 million for same period last year. The reduction was mainly due to the lower sales in Property Development division. The Group PBT of RM4.1 million was down 57.9% from profit of RM9.6 million (which included a gain on disposal of shares in an associate of RM5.2 million and a loss on disposal of PPE of RM0.2 million) for same period last year.

With the exclusion of the gain on disposal of associate's shares and loss on disposal of PPE, the Group's PBT for the previous year's corresponding period would have been RM4.7 million. Hence, the reduction for the 9 months period ended 30 September 2018 would have been 13.5% or RM0.6 million as compared to previous year's corresponding period.

B1. REVIEW OF OVERALL PERFORMANCE (CONT'D)

i) EDCCS

	Quarter Ended			Period Ended		
	30/9/2018 RM'000	30/9/2017 RM'000	Changes %	30/9/2018 RM'000	30/9/2017 RM'000	Changes %
Revenue	21,091	19,897	6.0	48,073	50,356	(4.5)
Cost of sales	(14,916)	(14,365)	3.8	(33,376)	(37,332)	(10.6)
Gross profit	6,175	5,532	11.6	14,697	13,024	12.8
Profit before taxation ("PBT")	2,785	1,696	64.2	4,064	6,657	(39.0)
Profit after taxation ("PAT")	2,381	1,488	60.0	3,658	6,368	(42.6)

<u>For the quarter</u>

The EDCCS division recorded revenue of RM21.1 million with a PBT of RM2.8 million in the current quarter as compared to revenue of RM19.9 million and PBT of RM1.7 million in the previous year's corresponding quarter, representing an increase in revenue of 6.0% and PBT of 64.2%, contributed by the increase in sales to the utilities sector.

<u>For the 9 months period</u>

The EDCCS division recorded revenue of RM48.1 million and PBT of RM4.1 million for the current 9 months period ended 30 September 2018 compared to revenue of RM50.4 million and PBT of RM6.7 million in the corresponding 9 months period ended 30 September 2017, representing a decrease in revenue of 4.5% and PBT of 39.0% respectively. Included in the PBT of RM6.7 million in the previous year's corresponding period were a gain on disposal of shares in an associate of RM5.2 million and a loss on disposal of PPE of RM0.2 million.

ii) Property Development

	Quarter Ended			Period Ended		
	30/9/2018 RM'000	30/9/2017 RM'000	Changes %	30/9/2018 RM'000	30/9/2017 RM'000	Changes %
Revenue	850	8,589	(90.1)	6,688	23,226	(71.2)
Cost of sales	(667)	(6,688)	(90.0)	(4,881)	(18,346)	(73.4)
Gross profit	183	1,901	(90.4)	1,807	4,880	(63.0)
Profit before taxation ("PBT")	(450)	1,315	(134.2)	(7)	2,991	(100.2)
Profit after taxation ("PAT")	(370)	1,146	(132.3)	(85)	2,319	(103.7)

B1. REVIEW OF OVERALL PERFORMANCE (CONT'D)

ii) Property Development (Cont'd)

For the quarter & 9 months period

Property Development division's revenue for the quarter and the 9 months period under review was mainly derived from units of The Glades and Vortex Business Park sold. The soft market condition for the property sector had impaired both the top-line as well as the bottom-line of the Group's results.

B2. MATERIAL CHANGES IN QUARTERLY RESULTS

Group	Quarter Ended		
	30/9/2018 RM'000	30/6/2018 RM'000	Changes %
Revenue	21,941	19,195	14.3
Cost of sales	(15,583)	(13,337)	16.8
Gross profit	6,358	5,858	8.5
Profit before taxation ("PBT")	2,335	1,357	72.1
Profit after taxation ("PAT")	2,011	1,251	60.8

The Group recorded revenue of RM21.9 million and PBT of RM2.3 million for the current quarter compared to revenue of RM19.2 million and PBT of RM1.4 million in the preceding quarter, representing an increase in revenue of 14.3% and increase in PBT of 72.1%. Revenue was higher in the current quarter mainly due to higher contribution from the EDCCS division, while PBT was higher due to higher sales for the current quarter under review.

EDCCS	Quarter Ended		
	30/9/2018 RM'000	30/6/2018 RM'000	Changes %
Revenue	21,091	16,279	29.6
Cost of sales	(14,916)	(11,231)	32.8
Gross profit	6,175	5,048	22.3
Profit before taxation ("PBT")	2,785	1,039	168.0
Profit after taxation ("PAT")	2,381	1,020	133.4

The EDCCS division posted a PBT of RM2.8 million as compared to the PBT of RM1.0 million in preceding quarter, mainly contributed by its higher sales for the current quarter under review.

B2. MATERIAL CHANGES IN QUARTERLY RESULTS (CONT'D)

Property Development	Quarter Ended 30/9/2018 RM'000	30/6/2018 RM'000	Changes %
Revenue	850	2,916	(70.9)
Cost of sales	(667)	(2,106)	(68.3)
Gross profit	183	810	(77.4)
(Loss)/Profit before taxation ("LBT"/"PBT")	(450)	318	(241.5)
(Loss)/Profit after taxation ("LAT"/"PAT")	(370)	231	(260.2)

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The Property Development division posted LBT of RM0.5 million as compared with PBT of RM0.3 million in the preceding quarter. The lower PBT was attributable to lower sales in the quarter under review.

B3. COMMENTARY ON PROSPECTS

The business outlook remains positive for the EDCCS division and the Board foresees that the property business will remain soft.

B4. TAXATION

	Quarter ended 30/9/2018 RM'000	Period ended 30/9/2018 RM'000
Estimated income tax :		
Malaysia income tax	324	483
Foreign income tax	-	1
	324	484

The taxation is computed after taking into consideration the utilisation of unutilised tax losses by a subsidiary company. Hence, the effective tax rate for the current financial year-to-date is lower than the statutory tax rate.

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2017: 24%) of the estimated assessable profit for the quarter and the year.

B5. STATUS OF CORPORATE PROPOSALS AS AT 22 NOVEMBER 2018

There were no corporate proposals announced but not completed as at 22 November 2018, being the latest practicable date, not earlier than seven (7) days from the date of issuance of this report.

B6. BORROWINGS

The borrowings of the Company as at 30 September 2018 were as follows:

	As at 30/9/2018 RM'000	**As at 30/9/2017 RM'000**
Secured Short-term (due within 12 months):		
Bankers' acceptance / factoring	2,533	6,533
Overdraft	-	-
Term loan	126	943
Hire purchase & lease payables	51	151
	2,710	7,627
Secured Long-term (due after 12 months):		
Term loan	655	1,805
Hire purchase & lease payables	-	73
	655	1,878
Total Borrowings	3,365	9,505

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

The effective annual interest rates at the reporting date for borrowings are as follows:

	2018 %	**2017 %**
Bankers' Acceptance	3.83 ï 5.49	3.83 ï 5.49
Overdraft	7.00 ï 7.25	7.00 ï 7.25
Term loan	3.75 ï 8.10	3.75 ï 8.10
Hire purchase & lease payables	2.40 ï 3.61	2.40 ï 3.61

B7. MATERIAL LITIGATION

Save as disclosed below, the Directors are not aware of any material litigations or claims against the Group and Company as 22 November 2018, being the latest practicable date, not earlier than seven (7) days from the date of issuance of this report:

Labels Network Sdn Bhd (“LNSB”), a wholly-owned subsidiary of Grand-Flo, had entered into a share sale agreement dated 29 August 2016 with QLM Label Makers Sdn Bhd (“QLM”) in respect of the disposal of 100% shares in Kopacklabels Press Sdn Bhd (“Kopack”) by LNSB to QLM (“Kopack SSA”).

LNSB has commenced legal action against QLM and Kopack by filing a writ and statement of claim on 7 May 2018 and an amended statement of claim on 24 May 2018 for several breaches by QLM of the express and/or implied terms of the Kopack SSA including the failure to procure and/or cause Kopack to procure the release of securities and/or corporate guarantees given to Hap Seng Credit Sdn Bhd and Hong Leong Bank Berhad given by LNSB.

The claims made by LNSB include the sum of RM650,078.45 owing to LNSB and specific performance of clause 6, clause 8.2(a) and clause 8.2(b) of the Kopack SSA against QLM.

On 15 October 2018, LNSB, QLM and Kopack had entered the Consent Judgment to settle a sum of RM300,000.00 and shall, within 30 to 60 days from the date of this order, carry out its obligations in clause 6, clause 8.2(a) and clause 8.2(b) of the Kopack SSA. A banker’s cheque of RM300,000.00 was handed to LNSB on 15 October 2018, marking the completion of the case.

B8. DIVIDEND

The Board does not recommend any interim dividend for the quarter ended 30 September 2018 of the financial year ending 31 December 2018 (3^{rd} quarter 2017: Nil).

B9. EARNINGS PER SHARE

(a) Basic earnings per share

The basic earnings per share is calculated based on Group's net profit attributable to the owners of the Company divided by the weighted average number of ordinary shares in issue during the period as follows:-

	Quarter ended 30/9/2018	Period ended 30/9/2018
Net profit attributable to ordinary equity holders of the parent (RM'000)	2,038	3,366
Weighted average number of ordinary shares in issue ('000)	474,697	473,617
Basic earnings per share (sen)	0.43	0.71

(b) Diluted earnings per share

Diluted earnings per share is not applicable as there were no potential ordinary shares in issue for the current quarter and cumulative quarter.

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