

MEDIA CLIPPING

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Grand-Flo buys 80% of label maker

PETALING JAYA: Grand-Flo Solution Bhd has signed an agreement to acquire an 80% stake in Penang based-PenKopack Sdn Bhd for RM1.12mil cash.

The deal was signed via its 55%-owned subsidiary Labels Network Sdn Bhd.

Under the agreement, barcode labels manufacturer PenKopack will provide net profit guarantee of at least RM700,000 for two years until 2009.

Grand-Flo managing director Derrick Tan said this translated into an average earnings multiple of four times over the two years, based on PenKopack's total valuation of RM1.4mil.

"The acquisition is expected to be completed within a month," he said after the company AGM yesterday.

Grand-Flo was continuously looking for merger and acquisition opportunities, mainly in China and the



Derrick Tan

Middle East, although nothing had been firmed up, Tan said.

"We have to be prudent in our investments this year as we foresee a

»We have to be prudent in our investments this year as we foresee a very challenging year«

DERRICK TAN

very challenging (year)," he added.

He said the company expected its local business to contribute 70% to sales in this financial year ending Dec 31 (FY08) compared with 50% in FY07, driven by sales to the Government sector.

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Grand-Flo expects bumpy second half

by **Yantoultra Ngui Yichen**
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KUALALUMPUR: Grand-Flo Solution Bhd, a tracking solutions firm, said rising raw material prices make for a challenging second half year.

"The worst is yet to come but we hope that we will be able to maintain the earnings we achieved in the last financial year (net income of RM6.3 million for FY2007) this year, barring unforeseen circumstances," group president Derrick Tan told reporters after its AGM here yesterday.

For its first quarter ended March 31, 2008, the Mesdaq-listed firm's net profit declined 3.3% to RM1.17 million

from RM1.21 million a year earlier after Simat Technologies Pcl became an associate company.

Grand-Flo diluted its stake in Simat to 36.8% from 49% ahead of the latter's listing on Thailand's market for alternative investment (MAI) on Dec 12, 2007.

However, the impact was mitigated by the two months' earnings contribution from its 55%-owned Labels Network Sdn Bhd which it acquired on Jan 31, 2008 for RM3.91 million cash.

"We expect our overseas earnings contribution to decline to 30% (from the current 50%) this year due to the dilution of equity interest in Simat," Tan said.

Simat had in April 2008 proposed to buy a 40% stake each in tracking solutions provider Sino Company Ltd and barcode labels manufacturer High Rich Trading & Service Company Ltd for RM2.4 million cash as part of its strategy to expand into Vietnam.

Tan said both companies, which were expected to provide a combined profit guarantee of about RM2.2 million over two years, would start contributing earnings to the group by the fourth quarter of this year.

Labels Network, a self-adhesive label sticker maker, yesterday proposed to acquire an 80% stake in Penang-based barcode labels maker PenKopack Sdn Bhd for RM1.12 million as

part of Grand-Flo's expansion plan.

Tan said the purchase, which is expected to be completed in two months, would extend Grand-Flo's customer base and shorten its response and delivery time to clients in Penang.

Under the agreement, PenKopack provides a profit guarantee of RM700,000 over two years. Tan said with PenKopack's total valuation of RM1.4 million, it worked out to an earnings multiple of about four times.

He said the purchase would be funded via internal funds. As at March 31, 2008, Grand-Flo's cash and bank balances stood at RM1.5 million and its long-term borrowing at RM3.5 million.

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THURSDAY, JUNE 26, 2008

CORPORATE MALAYSIA

Grand-Flo acquires Penang-based barcode labels manufacturer

Labels projected to contribute at least one-tenth to group revenues in FY08

INTEGRATED tracking solutions provider Grand-Flo Solution Bhd is buying a 80% equity stake in Penang-based barcode labels maker PenKopack Sdn Bhd for RM1.12 million cash.

The purchase is made via its 55%-owned subsidiary Labels Network Sdn Bhd which yesterday signed a share acquisition pact with PenKopack to effect the deal.

Established in Butterworth, Penang, in 2000, PenKopack manufactures and markets barcode labels as well as other types of self-adhesive labels for general food, consumer



Tan says contributions from the group's existing labels segment has showed a healthy growth trend this year

products, pharmaceutical and toiletries industries.

Grand-Flo managing director Derrick Tan said the company is not only establishing a geographical footprint in the northern region as the acquisition will also result in an

extended customer base for the group.

"With PenKopack, we are closer to our multinational corporation (MNC) clients, and are now able to shorten our response and delivery time to our existing customers in the north to achieve cost savings and enhanced customer satisfaction," he said in a statement released in Kuala Lumpur yesterday.

With a manufacturing facility in Penang, Grand-Flo is poised to reinforce its position as a leading provider of tracking solutions and labels in Malaysia and the region, he added.

Tan said contributions from the group's existing labels segment through the Labels Network showed a healthy growth trend this year.

"We are pleased with the progress of our labels segment thus far, which further proves our rationale for entering into this highly-recurrent business.

"Overall, we are optimistic of our target to see this segment revenue contributing at least one-tenth of group net profit in FY08," he added.

Expansion via mergers and acquisitions has been Grand-Flo's growth strategy since going public in 2004, having acquired six related-industry companies in the region.

During the period, the group's net profit grew at an average compounded growth rate of 53.6% per year, from RM1.73 million in 2004 to RM6.26 million last year.

"Our M&A expansion plan

has always been focused on enhancing shareholders' value by looking out for good valuation companies that can give the group the synergistic impact.

"A case in point is PenKopack, which comes with only four times earnings multiple and will certainly complement our other labels manufacturing facilities in Selangor, as well as in Thailand and Vietnam," Tan said.

Grand-Flo, listed on the Mesdaq Market of Bursa Malaysia, is a leading player in the tracking solutions industry in the region.

The group has established direct presence in Malaysia, Singapore, Thailand and Vietnam. It has also extended its distribution network to Indonesia.

MEDIA CLIPPING

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“Invests RM1.12 million” “Grand-Flo’s buys 80% of PenKopack”

耗资 112 万令吉

宏流方案收购 PenKopack 80%



(吉隆坡 25 日讯) 宏流方案 (GranFlo, 0056, 自动报价股) 今日宣布, 该公司通过其持有 55% 股权的子公司 Labels Network 私人有限公司, 再次展开并购扩展计划, 以总值 112 万令吉现金, 收购位于檳城的 PenKopack 私人有限公司 80% 股权。

根据该公司文告, PenKopack 私人有限公司于 2000 年在北海成立, 是代码标签制造商及销售商, 为食品、消费产品、药品等制造标签。

该公司董事经理陈木丰说: “我们成功进军北部市场同时也进一步扩大公司的顾客群。通过 PenKopack 私人有限公司, 我们更接近跨国企业, 因此, 缩短服务客户时间达到节省成本, 提升

客户满意度。”

他通过文告指出: “通过檳城的生产设备, 我们可以更强化公司在马来西亚的地位。”

根据该文告, PenKopack 私人有限公司将至 2009 年的未来 2 年内, 为宏流方案带来固定的净利, 达 70 万令吉。截至 2007 年 12 月 31 日, PenKopack 私人有限公司的净利达 18 万零 946 令吉, 净资产达 44 万 6200 令吉。

陈木丰披露, 目前宏流方案现有的标签业务稳健增长, 而且对于该业务感到乐观, 预计该业务将为其 2008 年财政年带来十分之一的净利贡献。

宏流方案 2004 年上市以来, 以并购方式作为该公司的增长策略, 截至目前, 其在区域里收购了 6 间业务相关的公司。这段期间, 该公司复合年成长率达 53.6%, 净利由 2004 年的 173 万令吉涨至 2007 年的 626 万令吉。

● 森那美委任拿督阿都华合以及童宝娇为总营运长和总财务长, 受到市场普遍欢迎。

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“Grand-Flo in talks for overseas acquisition, eyeing China, Indonesia and Middle East”

宏流方案洽談海外併購
放眼中印中東

(吉隆坡25日訊)宏流方案(GRANFLO, 0056, MESDAQ科技組)正與中國、印尼及中東單位進行併購洽談,並計劃繼續透過相關策略進軍海外市場,惟在環球經濟放緩下暫緩部分計劃。

該集團董事經理陳木丰在股東大會後表示,公司有意擴大海外市場份額,理想中的海外市場包括中國、印尼及中東,但一切還在初步接洽當中,預期明年會陸續帶來好消息。

他指出,該公司傾向以併購方式擴大海外市場,但在環球經濟放緩影響下,公司選擇謹慎行事,並會暫緩部分計劃,同時認為下半年的營運環境將會更為競爭。

他說,該公司將透過發行新股或貸款籌措擴展或收購資金,但沒有設定任何確定的併購基金,公司也設下每年收購至少1家公司的目標,並多元化旗下業務。

目前該公司已進軍泰國、越南及新加坡。海外與本地業務截至2007年12月31日止財政年的營業額貢獻分別為51.8%及48.2%,2008年財政年則預期為30%對70%。

他披露,公司今年的研發基金為70萬令吉,資本開銷則預期達100萬令吉,主要用于添購機械設施。同時期望控股公司能在2008年財政年維持去年表現。

詢及轉板計劃時,陳木丰表示,該公司正等待大馬股票交易所針對主板與第二交易板合併的進一步指南,並預期轉板計劃能在明年成事。

子公司112萬購檳城公司

另外,宏流方案今日宣布旗下55%子公司Labels Network私人有限公司,以112萬令吉收購檳城條形碼標籤製造商PenKopack私人有限公司80%股權,並預期於兩個月內完成。相關公司截至2009年提供70萬令吉的兩年稅後盈利保障。

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“Grand-Flo buys labels maker”

格蘭飛軟體購標籤製造商

(吉隆坡25日訊) 格蘭飛軟體 (GRANFLO, 0056, 自動報價股) 与旗下子公司Labels网络有限公司, 以112万令吉共同收购檳城一家名为PenKopack的标签制造商。

PenKopack主要为食品、消费产品及医药产品工业进行标签制造。

这是格蘭飛軟體踏足北马的第一步, 并可进一步扩大顾客群; 接近顾客的同时又可达到节约成本的目的。

这项收购也可让该公司进一步推广其标签业务。预料这项收购可在09年带来70万令吉的盈利。