

MEDIA CLIPPING

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Grand-Flo expected to sustain high growth rate

▶ GRAND-FLO SOLUTION BHD				
	2006	2007	2008F	2009F
REVENUE (RM mil)	47.0	64.9	49.7	66.7
NET PROFIT (RM mil)	4.0	6.4	4.5	6.3
EPS (sen)	3.8	5.1	3.6	5.1
ROE (%)	13.0	19.2	12.1	15.0

GRAND-FLO Solution Bhd's revenues and earnings are expected to remain strong while more potential acquisitions are expected to happen in the next two years, especially in Hong Kong and China which have broader market potential, said Netresearch-Asia.

"With promising strong growth prospects in its regional expansion and future Radio Frequency Identification (RFID) market, underpinned by its dominant position in a growing bar code industry and its successful overseas market breakthrough, Grand-Flo has a strong niche that is yet to be reflected in its share price," said the research house.

At current price level, Ne-

tresearch said, Grand-Flo is still trading at an attractive price earnings ratio multiple of just 6.9 times based on its FY09 forecast earnings per share of 5.1 sen, which it believes is reasonable given the company's double-digit prospective earnings growth rate. Moreover, it said, Grand-Flo's growth rate could also potentially surpass its expectations should the company's new RFID projects materialise.

Meanwhile, Netresearch said the company's recent acquisition of Sino Company Ltd and High Rich Trading & Service Company Ltd is expected to strengthen the presence of Grand-Flo in the regional market for its solutions, products and services.

On April 9, 2008, Grand-Flo's associate company, Sino Technology (ST) entered into a share sale and purchase agreement to acquire 40% each of Sino and High Rich for RM2.4 million. The acquisition will be financed by ST's internally generated fund.

Sino is in the business of providing tracking solutions while High Rich specialises in the manufacturing of labels. Both are market leaders in their respective industries and have market presence in Vietnam, Laos and Cambodia.

Sino and High Rich will provide a combined profit guarantee of about RM2.2 million over a two-year period.