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Grand-Flo targets equal revenue contributions from its two divisions

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KUALA LUMPUR: Grand-Flo Bhd, which reported that its first-quarter net profit grew 6.5 times yesterday, hopes to see equal revenue contributions from its tracking solutions and property development segments this year, in light of a healthy order book and unbilled sales.

For the previous financial year ended Dec 31, 2016, the tracking solutions division contributed 56.4% of the group's revenue, while the property division raked in 43.6%.

While it intends to increase its property revenue contributions, it is not discarding its tracking solutions segment (also known as enterprise data collection and collation system [EDCCS]) as it remains a steady revenue stream for the company.

The EDCCS segment has an order book of RM20.4 million. The group is now tendering for RM21 million worth of additional contracts this year.

As for the property division, unbilled sales stood at RM32 million as of Monday, and the amount would be recognised this year, said Grand-Flo group managing director Derrick Tan.

"The unbilled sales are from the group's two completed projects in Penang, namely the industrial development Vortex Business Park, as well as the landed residential property called The Glades," Tan told reporters after Grand-Flo's annual general meeting yesterday.

He said when The Glades was first launched in February 2015, it had a slow pickup rate of about 20%, given the challenging property market, but has since grown to 51%, thanks to a build-then-sell approach which, according Tan, provides more confidence to customers who are able to see the end product before purchasing.

The group is optimistic, that given an improved ringgit, more people will be willing to buy properties. With that, Grand-Flo expects more sales this year, and that both projects would be fully sold by 2018.

The group is currently focused on the development of the second phase of Vortex. Though Tan did not disclose a target launch date, he said the gross development value is RM80 million.

He added that the group is looking to further expand its land bank, both in Penang and the Klang Valley, in the near future.

Yesterday, Grand-Flo reported a net profit of RM652,000 in its first quarter ended March 31, 2017, from RM100,000 a year ago, thanks to a big drop in exchange translation differences, as income tax expenses and cost of sales fell. To this, Tan said it was a good start for the group following a challenging year previously.

Revenue, however, dropped 36% to RM20.37 million from RM31.6 million a year ago. Tan said this was mainly due to lower billings by the property segment and he expects it to increase in the next few quarters following the recognised unbilled sales.

On Bursa Malaysia, Grand-Flo shares closed unchanged at 23 sen yesterday, with a market capitalisation of RM109.72 million.