



BINA PURI HOLDINGS BHD

PRESS RELEASE

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Bina Puri close to bagging RM700m Brunei job

| BY JOSE BARROCK |

Local construction outfit Bina Puri Holdings Bhd is close to securing a contract valued at some RM700 million for the development of a housing project in Kuala Belait, Brunei, sources familiar with the company say.

The Malaysian company, via its wholly-owned unit registered in Brunei — Bina Puri (B) Sdn Bhd — is said to be about to conclude negotiations with the Brunei Economic Development Board to build 2,000 houses under the oil-rich nation's National Housing Scheme.

Bina Puri is understood to have been short-listed as the front runner after an international tender exercise was called, with the Malaysian company making the most attractive bid in terms of price.

It is learnt that the time line given to Bina Puri to build the houses is relatively short, at 24 months, which could indicate that the margins may be higher than usual.

According to the Brunei Economic Development Board, the housing project will come up on a 180ha site in a location known as Kampung Pandan in Kuala Belait, where 1,200 terraced and 800 semi-detached houses will be constructed.

It is believed that an announcement pertaining to the award of the project will be made as early as next week, after a few loose ends have been tied up.

"It's as good as in the bag for Bina Puri... only a few minor issues to be firmed up before

the actual award of the job," a source says.

The new contract also puts Bina Puri in a good position to secure more jobs in the sultanate. It is also noteworthy that this is not Bina Puri's maiden project in Brunei. In October 2007, it secured two contracts for advanced works at the Sungai Liang Industrial Park, Belait District, valued at RM33.6 million. Those two jobs were completed in August last year.

Other than Brunei, Bina Puri has undertaken jobs in Abu Dhabi, Thailand, Pakistan and Libya, among others.

According to its 2007 annual report, about 59% of the company's jobs were abroad, which

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could work as a buffer in the current slow construction and property development market in Malaysia.

However, these forays abroad also could work as a double-edged sword, with several companies getting burnt, especially in the Middle East.

Sentiment in the construction and property development sector is poor at present, with con-

cerns that projects, especially in the Middle East, may be cancelled. Difficulty in obtaining funding has also led to many jobs not taking off.

On the local front, some mega projects in the various growth corridors are being reviewed and could face delay. Large-scale jobs such as the double-tracking project's northern portion could potentially be reduced from RM12.5 billion to RM10 billion.

Where projects have already been awarded and where construction works have commenced, there could be a risk of the jobs being scaled down, if not scrapped entirely.

With such a glum outlook, it is not surpris-

small, unlisted players, analysts say.

However, a new stimulus package is to be announced soon by the federal government and it remains to be seen if the construction industry will benefit.

With the scarcity of jobs in the current environment, the Brunei project will help keep Bina Puri busy over the next two years.

Its construction business has been facing tighter margins brought about by higher construction material costs and a slower market for its polyol (insulation foam) business, no thanks to the global economic slowdown. The new job, if secured, would nudge the company's order book up to about RM2.5 billion from the current RM1.8 billion worth of secured jobs.

For the year ended December 2008, Bina Puri posted a net profit of RM4.3 million on the back of RM677.3 million in revenue. In contrast to a year ago, net profit fell some 38.6% despite revenue gaining 11.4%.

Net profit for 4Q2008 was especially paltry, at only about RM54,000, while revenue stood at RM147.1 million. A year ago, net profit for the same period stood at RM2 million while revenue was at RM190.4 million.

In its notes, Bina Puri says its financial performance was adversely affected by higher building material costs and losses incurred by an associate company.

Since early this year, Bina Puri's share price has been trading in the 75 to 86 sen band. It closed last Friday at 95 sen. ■

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