

Sabah a vibrant market for property — Bina Puri



THE BORNEO POST  
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## Currency Market Observations

by Dar Wong



# The global oil prices pull up fear of rapid inflation

### Fundamental Outlook

THE US existing home sales climbed in January with rising consumer confidence. Japan suffers lesser dents in deflation after rising energy prices and food cost. The euro economy still advances in economic confidence while being led by Germany. Last week, crude oil prices surpassed US\$100 benchmark due to unrest in Libya spreads.

The US existing home sales unexpectedly escalated in January with purchases increased 2.7 per cent to a 5.36 million annual rate, making highest levels in eight months. Initial jobless claims flattened to 391,000 from 413,000 in the week ended February 19, falling more than expected forecast. Another separate report showed durable goods rose 2.7 per cent in January, showing moderate uptrend in capital spending.

The quarterly growth report showed US economy grew 2.8 per cent annual rate in three months ended December, slower than median forecast due to bigger government deficits. Despite that, consumer confidence increased in February to the highest level in three years when Thomson Reuters/University of Michigan final index of sentiment climbed to 77.5.

Japan's exports increased below expectation in January after overseas shipment rose 1.4 per cent only from a year earlier. Inflation measured by core consumer prices declined 0.2 per cent in January from a year earlier, taking an ease from deeper previous decline due to rising energy prices.

A composite index in euro-area that measures both manufacturing and services in the 17-nations rose to 58.4 from 57 in January, making highest record in four years. Germany's business confidence reported by Munich-based Ifo institute continued to make fresh high record in February by increased to 111.2 from 110.3 in January.

Another separate report on European confidence advanced to 107.8 from 106.8 in January. The sentiment a m o n g e u r o - r e g i o n

manufacturers rose to 6.5 in February from prior 6.1. Services confidence jumped to 11.1 from 9.9 and an index of consumer confidence advanced to minus 10 from minus 11.2. UK's index of sentiment rose to minus 28 from minus 29 January, showing persistent pessimism in consumer confidence.

With gradual increased tension in Libyan unrest and rise of protests in Middle East, crude oil prices have been short-squeezed in the futures markets with fear in cutting supply. Nomura Holdings Inc said oil prices may surge to US\$220 a barrel if political unrest in North Africa halts exports from Libya and Algeria.

### Technical Forecast

US dollar/Japanese yen broke our supports at 82.50 regions last week with small raindrop declines. We reckon the market will possibly test 81.00 regions as major supports before bouncing up again. Abandon your long-view once the market breaks below this benchmark.

Euro/US dollar showed engulf pattern on Friday's closing with corrective sentiment. This week, the market may test 1.3500 — 1.3550 regions again with ultimate resistance identified at 1.3850 levels. Abandon your short-view if the bulls violate above 1.3850 levels.

UK pound sterling/US dollar settled at 1.6113 after taking a dip below 1.6050 levels. This week, we reckon the market will turn bearish once the selling forces penetrate below 1.6050 with an immediate support resting at 1.5950 regions. From technical outlook, we expect bearish sentiment to surface gradually in coming months unless the uptrend turns above 1.6300 benchmarks.

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# 'Another core revenue channel'

Bina Puri hopes to see 50-50 contribution between property, construction in 5 years

By Ghaz Ghazali  
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**KOTA KINABALU:** Bina Puri Holdings Bhd (Bina Puri) believes that property development can be another core segment in its business in the next five years, next to its current core expertise in construction.

Executive director Matthew Tee said this in a recent briefing held with the media on the group's latest development in Sabah's capital city.

He added that given current favourable environment, the property segment was poised to be an area that could provide better margin.

"In 2010, there was almost zero contribution from the segment to Bina Puri's revenue, due to timing as many developments under the group had just finished. As such, no contribution could be accounted," he told reporters.

"As such, we hope the contribution from these

properties will come this year, probably at a rough estimate of RM250 million, or at last 20 per cent to total revenue," he stated further.

On a longer term, the group might see property development as contributing on the same par as construction to become its main revenue generator, probably on a half-and-half basis.

"This is what we are aiming for within the next five years."

Commenting on such ambition, Tee maintained that it was a rather modest target.

"Remember that the segment had zero-contribution last year. Plus, we hit two very high-profile construction projects last year, namely the LRT Ampang and the KLIA-2 contracts. As all eyes will be on us with regards to delivery, we will not be



**REVENUE 'PILLAR':** Tee says Bina Puri may see property development as contributing on the same par as construction to become its main revenue generator, probably on a half-and-half basis.

overlooking our core expertise in building construction just as yet. "Still, with building construction being a segment that is highly competitive and has the potential to become

saturated, it will be good for us to diversify our revenue channels," he pointed out.

Meanwhile, Tee remained highly optimistic on Bina Puri's prospects of exceeding the RM1 billion revenue mark for the financial period ended December 31 last year.

"We are confident that the group will surpass its RM1-billion revenue target, not only for the fourth quarter and full-year financial of 2010, but also for this year," he told reporters ahead of the group's financial results report for the fourth quarter and full-year periods last year, to be announced today.

Tee was also confident that this year would prove to be a record year for Bina Puri.

"Based on ongoing projects secured from 2008 up to 2010, we are looking at getting some RM300 million in turnover from each project annually."

To date, Bina Puri's unbilled book order stands at about RM2.6 billion.

# Malaysia set for Asia's first Legoland next year

**JOHOR BAHRU:** Asia's first Legoland theme park is on track to open next year in southern Malaysia, its builder said, as the region goes all out to lure tourists with a series of big ticket attractions.

Earthmovers have flattened a vast expanse of oil palm-covered hills to make way for the 31-hectare Legoland Malaysia, one of the main attractions of a new city and economic zone called Iskandar Malaysia.

The park, which will offer 40 rides, shows and displays of the famous Lego toy bricks of Denmark, is just across a waterway from Singapore, which opened Southeast Asia's first Universal Studios entertainment complex last year.

Zainal Ashikin Muhammad, chief executive of IDR Resorts, the builder of Legoland Malaysia, said the new park will complement Universal Studios Singapore rather than compete with it for custom.

"Is there a saturation of theme parks? In this region, no. There's still a lot of growth for theme park development," he said during a recent media tour organised by Iskandar Malaysia.

He also added that the regional market is big enough for more theme parks, despite the presence of Universal Studios in Singapore, Disneyland in Hong Kong and smaller attractions by local players.

European visitor attractions operator Merlin Entertainments, whose stable includes Madame

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Zainal Ashikin Muhammad, chief executive of IDR Resorts, the builder of Legoland Malaysia

Tussauds, the London Eye and Sea Life, has been roped in to operate Legoland Malaysia.

When completed, Legoland Malaysia will be the sixth of its kind in the world after those in Denmark, Britain, California, Florida and Germany.

Zainal said the Malaysian version will be one of three internationally branded theme parks that will operate by 2025 in the Iskandar region, in an ambitious project covering an area three times the size of Singapore.

With these theme parks, a 50-kilometre radius spanning Singapore and Iskandar will become like Orlando, Florida, which hosts Disneyland, Universal Studios and SeaWorld, Zainal said.

Moreover, Zainal said the project has been progressing well since they broke ground in December 2009, building over an area of bushes and plant life.

Primary infrastructure, including roads, power substations and drainage systems, is about 50 to 60 per cent complete, he said.

Construction of the main



**MINI VERSION:** Zainal displays a photo of a famous Malaysian mosque in front of a replica of its dome using Lego bricks. — AFP photo

theme park will start in March, he said, adding that of the RM720 million-cost, RM200 million in contracts have already been awarded.

The fabrication of the rides has begun overseas while the construction of the 15,000 Legoland model structures to be displayed at the park has started in Malaysia and abroad.

About 30 million Lego bricks will be used to build the model structures.

"Everything is in place,"

Zainal said. "Some rides are already here but majority will start to be shipped in July or August this year."

Siegfried Borst from Legoland Germany, who was recruited to help run the Malaysian version, told reporters it will offer the same rides and attractions available in Europe, but with an Asian touch.

The 'miniland' displays will consist of Lego replicas of iconic buildings and structures in Asia, including the nation's Petronas Twin Towers, formerly the tallest building in the world, he said.

Because of the tropical weather, queueing areas in Legoland Malaysia will be covered, and the developer has ordered thousands of trees to be planted within the park grounds.

Borst said they are targeting at least a million visitors in the first year of operation. — AFP

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