

**HOLD
RM0.80**

Target Price: RM0.70

Stock data

Market cap (RMm):	67.0
Issued shares (m):	83.8
52-week range:	RM0.65-RM1.10
3-mth avg daily volume:	195,861 shrs
Bloomberg code:	BINMK
YTD price chg:	-16.7%
YTD KLCI chg:	+1.4%
Est. free float:	46.7%
Major shareholders:	
Jentera Jati S/B:	24.3%
Sen Tan Sri Datuk	18.2%
Tee Hock Seng, JP:	
Dr. Tan Cheng Kiat:	10.8%

KLCI	FBM30	FBM70	Syariah	Hijrah
No	No	No	Yes	No

Consensus

FYE30 Dec	2009E	2010E
Net profit (RMm):	na	na
EPS (sen):	na	na

Forecast revision

FYE30 Dec	2009E	2010E
Prev net profit (RMm)	6.0	-
Revision (%):	-29.6%	-
New net profit (RMm)	5.0	5.3

Share price chart

 Liong Chee How Tel: 603-2713 2292
chliong@kenanga.com.my

Bina Puri Holdings

Disappointing FY08

- **FY08 revenue of RM677.3m was in line but net profit at RM4.3m was only 72.5% of our forecast. Weaker-than-expected result was mainly due to higher construction costs and higher effective tax rate. A 2 sen final dividend was also declared, bringing full year dividend to 4 sen (FY07:6 sen), which is still below our FY08 dividend forecast of 6 sen.**
- **QoQ, both revenue and EBIT fell 26.5% and 30.6% respectively on the back of lower construction turnover. Pre-tax declined 66.2% to RM0.8m on higher associate loss while net profit plunged to only RM0.1m after accounting for higher tax incurred for foreign operation.**
- **YoY, FY08 revenue grew 11.4% while EBIT jumped 43.0% to RM14.2m on the back of higher contributions from construction and property division. Despite that, pre-tax and net profit slump 4.7% and 38.0% respectively given a RM1.5m associate loss and higher effective tax rate of 35.8% (FY07: 7.1%).**
- **Group has proposed a debt capitalisation by issuance of up to 20m new shares (19.3% of paid up share capital) to settle a RM20m loan advanced by Bumimaju Mawar Sdn Bhd in Nov 2008 which has been fully utilised for working capital. Management's rationale for the proposed capitalisation is to expedite the RM20m debt repayment. We estimate that there could be a 19.2% dilution to FY09 EPS should the proposed exercise materialise.**
- **Downgrade FY09 net profit projection by 29.6% to RM5.0m while introducing our FY10 net profit forecast of RM5.3m. HOLD maintained but target price cut to RM0.70 based on 0.75x P/B. We have switched our valuation to P/B from P/E as the gloomy macro-economy outlook has made profit forecast more challenging. Target price however should be adjusted accordingly to RM0.56 to reflect the enlarged share capital if the proposed debt capitalisation materialise.**
- **Outlook. No shortage of projects as group will be occupied at least for the next 2 years with a still sizeable RM1.7b unbilled contract works. Nonetheless, EBIT margin of 1.6%-2.4% for the past 3 years has been razor thin. Key challenge for the group will be to improve margin through higher operational efficiencies and better material costs management.**

Results Highlights

FYE: 31 Dec (RMm)	4Q FY07	1Q FY08	2Q FY08	3Q FY08	4Q FY08	QoQ Chg	YoY Chg	FY07	FY08	YoY YTD Chg
Revenue	190.4	150.6	179.3	200.3	147.1	-26.5%	-22.7%	607.9	677.3	11.4%
EBIT	2.9	2.1	5.0	4.2	2.9	-30.6%	-0.1%	9.9	14.2	43.0%
EBIT margin (%)	1.5	1.4	2.8	2.1	2.0	-5.6%	29.3%	6.9	8.3	19.1%
Investment income	-0.2	0.0	0.1	0.0	0.2	1173.3%	-180.9%	0.7	0.3	-50.8%
Finance costs	-1.2	-1.3	-1.2	-1.3	-1.2	-8.2%	-3.8%	-5.1	-4.9	-2.3%
Associate	0.5	0.9	-0.8	-0.5	-1.1	131.4%	-338.4%	3.0	-1.5	-149.8%
Pre-tax profit	1.9	1.8	3.1	2.5	0.8	-66.2%	-56.6%	8.5	8.1	-4.7%
Taxation	0.1	-0.1	-0.9	-1.2	-0.6	-44.8%	-749.0%	-0.6	-2.9	420.8%
Profit after tax	2.0	1.6	2.1	1.3	0.2	-85.6%	-90.8%	8.0	5.3	-34.1%
Minority interest	0.0	-0.4	-0.3	0.0	-0.1	200.0%	560.0%	-1.0	-0.9	-5.3%
Net Profit	2.0	1.2	1.8	1.2	0.1	-95.7%	-97.3%	7.0	4.3	-38.0%
EPS (sen)	2.4	1.4	2.2	1.5	0.1	-95.7%	-97.3%	8.4	5.2	-38.0%

Revenue and Operating Profit Breakdown

	4Q07	3Q08	4Q08	QoQ Chg	YoY Chg	FY07	FY08	YTD YoY Chg	Comments
Revenue (RM m)									
Construction	149.4	173.3	115.7	-33.2%	-22.5%	456.4	539.5	18.2%	FY08 polyol revenue down on lower export affected by slower demand. Quarry & premix turnover fell on lower road paving contracts.
Property development	12.0	2.4	8.1	239.4%	-32.9%	35.6	43.6	22.3%	
Polyol	6.9	5.7	3.4	-39.7%	-50.3%	23.3	18.7	-19.9%	
Quarry & pre-mix	22.2	19.0	19.9	5.2%	-10.1%	92.6	75.6	-18.3%	
Total	190.4	200.3	147.1	-26.5%	-22.7%	607.9	677.3	11.4%	
Operating profit (RM m)									
Construction	-0.9	2.1	0.5	-75.9%	-157%	2.6	6.5	147.4%	Higher property EBIT on recognition from Jesselton Condo and Tmn Malawa Apartment Phase 2. Polyol affected by slower overseas demand.
Property Developments	1.7	1.4	2.6	92.4%	52.3%	2.6	5.2	96.5%	
Polyol	0.5	0.0	-0.3	488.6%	-155%	1.1	0.2	-82.7%	
Quarry & pre-mix	1.4	0.8	0.7	-14.0%	-51.8%	3.4	3.1	-9.2%	
Others	0.1	0.0	-0.7	-22166%	-938%	0.2	-0.7	-429.7%	
Total	2.9	4.2	2.9	-30.6%	2.0%	9.9	14.2	43.0%	

Earnings Estimates

FYE 31 Dec (RMm)	2006	2007	2008	2009E	2010E
Revenue	491.6	607.9	677.3	695.0	715.0
Pretax profit	6.4	8.5	8.1	7.7	8.6
Net profit	5.1	7.0	4.3	5.0	5.3
EPS (sen)	6.1	8.4	5.2	6.0	6.3
EPS growth (%)	26.3	37.1	-38.0	15.3	4.7
Gross DPS (sen)	5.0	6.0	4.0	4.0	4.0
NTA/share (RM)	0.8	0.9	0.9	0.9	1.0
Net gearing (%)	4.1	1.9	1.4	1.5	1.5
PER (x)	13.0	9.5	15.3	13.3	12.7
P/NTA (x)	1.0	0.9	0.9	0.9	0.8
Div. Yield (%)	6.3	7.5	5.0	5.0	5.0
ROE (%)	7.8	11.3	7.0	8.5	8.9

CMDF-Bursa Research Scheme ("CBRS")

This report has been prepared by Kenanga Investment Bank Berhad (KIBB) for purposes of CBRS administered by Bursa Malaysia Berhad, independent from any influence from CBRS or the subject company. KIBB will receive total compensation of RM15,000 each year for each company covered by it under CBRS. For more information about CBRS, please visit Bursa Malaysia's website at: <http://www.bursamalaysia.com/website/bm/>

This document has been prepared for general circulation based on information obtained from sources believed to be reliable but we do not make any representations as to its accuracy or completeness. Any recommendation contained in this document does not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may read this document. This document is for the information of addressees only and is not to be taken in substitution for the exercise of judgement by addressees. Kenanga Investment Bank Berhad accepts no liability whatsoever for any direct or consequential loss arising from any use of this document or any solicitations of an offer to buy or sell any securities. Kenanga Investment Bank Berhad and its associates, their directors, and/or employees may have positions in, and may effect transactions in securities mentioned herein from time to time in the open market or otherwise, and may receive brokerage fees or act as principal or agent in dealings with respect to these companies.

Published and printed by:

KENANGA INVESTMENT BANK BERHAD (15678-H)

8th Floor, Kenanga International, Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia

Telephone: (603) 2166 6822 Facsimile: (603) 2166 6823 Website: www.kenangaresearch.com


Yeonzon Yeow
Head of Research