

Bina Puri to hold 60% in OMedia

Reverse takeover exercise to be completed in late August

by **Yantoultra Ngui Yichen**
FD@bizedge.com

KOTA KINABALU: Construction and property player Bina Puri Holdings Bhd is set to emerge as the largest shareholder in beleaguered Oriented Media Group Bhd (OMedia) with equity interest of at least 60% in exchange for its polyol manufacturing business and power assets in Indonesia, said its executive director Matthew Tee.

The reverse takeover (RTO) exercise, which is expected to be completed by late August, will enable Bina Puri to focus on its core business of construction and expand its property arm while maintaining the listing status of its non-core assets, he said.

"We are going in clean," Tee told reporters during a media visit to Bina Puri's construction and property development projects here last Saturday. "Oriented Media's IT business will not be part of the deal. That's part of the condition, and the name (Oriented Media) will also change."

In filings with Bursa Malaysia last Wednesday, ACE Market-listed OMedia said it intends to acquire Bina Puri's Maskimi Polyol Sdn Bhd, which manufactures polyol, and Bina Puri Mining Ventures Sdn Bhd, which holds an 80% stake in Indonesia-based PT Megapower Makmur.

Megapower operates two concessionary diesel-based power plants with a total output capacity of 2MW each. However, both parties did not provide details on the purchase consideration and mode of payment for the proposed acquisition.

Based on OMedia's market capitalisation of RM16.5 million as of last Friday, Bina Puri's injection of its polyol manufacturing business and power division in exchange for a stake in OMedia in excess of 60%, translate into a value of some RM9.92 million for the two businesses.

According to notes accompanying Bina Puri's announcement to Bursa, the polyol manufacturing segment posted a loss before tax of RM216,000 for the third quarter ended Sept 30 versus profit before tax of RM192,000 a year ago.

In August last year, Bina Puri acquired an 80% stake in Indonesia-based power plant owner and operator PT Megapower Makmur for RM807,581 to expand its exposure in electricity-generation projects overseas to establish a larger recurring income base.

Meanwhile, Tee said Bina Puri would breach the RM1 billion revenue mark for its financial year ended Dec 31, 2010 (FY10) mainly on the back of more construction jobs secured during the year. Today is the final day for Malaysian public listed companies to submit their financial results for the quarter ended Dec 31.

"Our current unbilled work totalled RM2.6 billion, which will last



An artist's impression of One Jesselton @ Kepayan.

us for the next three years," Tee said. "In terms of this year (FY11), it will be more on execution (of the group's secured project) as all eyes will be on us on whether we can deliver."

According to Tee, Bina Puri's ongoing jobs include the new Kuala Lumpur International Airport 2

construction works (RM997.2 million), LRT Ampang Line extension package five (RM702.4 million) and Eastern Dispersal Link Johor Bahru (RM293 million).

In addition, Tee said Bina Puri aims to expand its property arm in view of the higher profit margin it

could fetch compared with its construction counterpart.

"We hope to see the property division making up at least 20% or RM250 million of our revenue for this year (FY11) and hopefully 50% in the next five years," he said.

In the coming year, Tee said Bina Puri will be launching two property projects in Sabah namely Jesselton View and One Jesselton @ Kepayan with a total gross development value of RM141 million. In terms of its construction activities in the state, Bina Puri currently has RM686.83 million worth of ongoing jobs.

Notable projects the company has secured in Kota Kinabalu include the construction of Universiti Malaysia Sabah's postgraduate centre (RM162 million) and shop offices in Alamesra (RM85 million).

Nonetheless, the company's net gearing is relatively high. As at Sept 30, Bina Puri had long-term debts of RM229.26 million, short-term debt of RM1.43 million and RM49.30 million cash. Based on shareholders' funds of RM105.65 million and net debt of RM181.39 million, Bina Puri's net gearing stood at 171.69%.

Tee said Bina Puri intends to raise funds for working capital purposes going forward.

"We hope to get some mandate from the upcoming AGM," he said. "We are currently talking to our merchant bankers."

Bina Puri ended three sen or 2.31% lower to RM1.27 last Friday, which is 27 sen or 27% higher than its net asset value of RM1 as at Sept 30.