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Bina Puri to bag Pakistan highway deal?

Poised to get **28-year** privatisation concession for superhighway

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PETALING JAYA: Bina Puri Holdings Bhd is close to securing the privatisation concession for the Motorway 9 (M-9) highway in Pakistan sources told *The Edge Financial Daily*. The M-9 links Hyderabad to Karachi, the country's largest city and seaport.

It is understood that Bina Puri has already received the letter of intent (LoI) from the National Highway Authority of Pakistan but is still negotiating the finer points of the contract.

According to the source, the construction firm will have a 28-year concession to operate the highway, three years of which will entail Bina Puri upgrading the M-9 from four lanes to six lanes, at a cost of some RM600 million.

"The LoI was given sometime late last year. Since then there have been negotiations between the Pakistani officials and Bina Puri. It should be concluded soon," the source, who is familiar with the matter, said.

The M-9 is known as a super-highway, and is among the most vibrant highways in Pakistan.

It is learnt that the national Highway Authority of Pakistan had called for expressions of interest in

May last year, in an international tender. It is not known who the other bidders were.

Bina Puri has a 99.9%-owned unit, Bina Puri Pakistan (Private) Ltd, but whether this is the company that has bagged the job is unclear.

Pakistan is not unfamiliar terrain for Bina Puri. In September last year, the company completed the construction of 174 villas called Phase 6, Defence Raya Golf Resort, Defence Housing Authority, in Lahore, the country's second largest city. The contract was valued at RM194 million.

In 2010, it completed construction of the Nippon Paint Factory at Lillani Kasor, Lahore, for a contract sum of RM340 million.

Indeed, Bina Puri has been fairly active in the Indian sub-continent, having completed three major highways in India, including the Vijayawada-Eluru Expressway and Tada-Nellore Expressway in Andhra Pradesh and Chittorgarh-Mangalwar Highway in Rajasthan.

The low-profile company has a small market capitalisation of just RM110 million, but a large order book of RM2.7 billion as at end-November 2011. More noteworthy is the fact that Bina Puri is quietly

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REUTERS

EU treaty draft spells out escape clause

BRUSSELS: A new EU fiscal treaty will only allow eurozone countries to incur budget deficits during severe economic downturns in the eurozone or other exceptional events, according to a draft of the document obtained by Reuters yesterday.

The document is the latest draft of a treaty to tighten fiscal controls in the eurozone, a move Germany has insisted upon in order to prevent a repeat of the runaway spending that led to a debt crisis in the 17-country eurozone.

In the latest draft, officials spell out more clearly when the eurozone would tolerate a deviation from a budget in balance or in surplus — called the medium-term objective.

"Temporary deviation from the medium-term objective will only be allowed in cases of (an) unusual event outside the control of the contracting party with a major impact on the financial position of the general government or in periods of severe economic downturn for the euro area, the EU or the concerned contracting party."

The balanced-budget rule, which demands governments balance their budgets over the economic cycle, is central to the new treaty.

The draft sets a provisional timeline for the entry into force of the new regime by the start of next year.

The draft also removes a controversial reference to deeper integration in the single market among those who sign up to the pact.

This was problematic for Britain, which has opted out of the new agreement, and will not want to be left on the sidelines as a large group of EU countries deepen their ties. Up to 26 EU countries are expected to back the agreement. — Reuters

LATEX LIFT...

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Pakistan's M-9 could be Bina Puri's second highway concession

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shaping up as an infrastructure player with an international presence.

Established some 35 years ago as a local construction outfit, Bina Puri has since branched overseas and diversified into concessions to boost its income. Other than Pakistan and India, Bina Puri also has a presence in China, Brunei, the United Arab Emirates, Nepal and Thailand among others.

In 2010, the company secured RM2.59 billion worth of projects, compared with RM1.56 billion in 2009. Of that amount, 93% were overseas contracts.

If Bina Puri bags the Pakistan contract, it will be its second highway concession after the KL-Kuala Selangor Expressway (Latar), in which the company has a 50% stake in the concessionaire, in

this case KL-Kuala Selangor Expressway Bhd.

Opened mid last year, the 33km toll expressway, valued at RM958 million, spans from the north of Templer's Park, Rawang, to Assam Jawa in Kuala Selangor.

In 2010, Bina Puri also diversified into the power business in Indonesia when it procured three power plants of 2 MW capacity each, in Tobali, Mentok and Bengkalis.

Nevertheless, despite its growing presence in many countries and its large order book, Bina Puri's margins have been thin. For the financial year ended Dec 31, 2010, the company registered record revenue of RM1.23 billion and net profit of RM10.6 million, its highest since 1995. Earnings per share (EPS) came in at 10.09 sen.

For its nine months ended

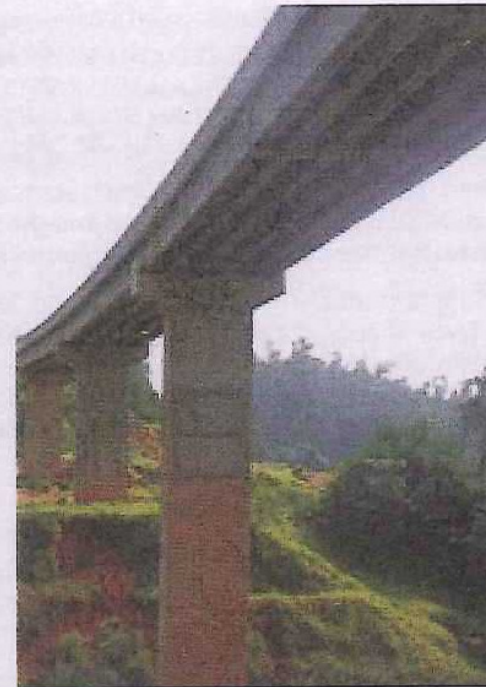
September 2011 though, Bina Puri posted lower net profit of RM7.57 million on the back of RM888.34 million in revenue. EPS for the nine-month period stood at 6.95 sen.

In contrast, for the corresponding period a year ago, net profit was higher at RM8.13 million, from RM860.9 million sales while EPS stood at 7.76 sen.

Bina Puri's shares closed 0.5 sen lower at 90 sen yesterday, with 315,300 shares traded. Over the past year, the stock has traded between a low of 85 sen and a high of RM1.65.

The stock is also trading below its net assets per share of RM1.07 as at Sept 30, 2011.

In November 2011, the company undertook the placement of 9.6 million new shares at RM1 per share.



Bina Puri's first highway concession is the KL-Kuala Selangor Expressway.