

Ireka bags RM36m job in Iskandar M'sia

KUALA LUMPUR: Ireka Corp Bhd's unit has secured a RM36.23 million contract to build an interchange for the proposed Bandar Indahpura, Kulai-Second Link Expressway in Iskandar Malaysia. The news lifted Ireka's share price to 84.5 sen, up 6.3% or five sen yesterday.

The company announced to Bursa Malaysia yesterday that its unit Ireka Engineering & Construction Sdn Bhd was awarded the contract by Iskandar Regional Development Authority (IRDA).

"The contract period shall be 18 months from the date of handover of site, and completion is expected to be in October 2011," it said.

The contract will add some RM36.2 million to the construction outfit's existing unbilled order book of about RM496 million as at December 2009.

According to *InsiderAsia*, Ireka's revenues are largely assured over the next 1.5 years, supported by a large order book which will underpin construction earnings. Its outstanding order book of RM496 million is about 1.5 times annual turnover, which is far larger than its RM96 million market capitalisation.

For the nine months ended Dec 31, 2009, Ireka posted a net profit of RM7.8 million or 6.89 sen per share, compared with RM2.06 million or 1.81 sen in the previous corresponding period. Revenue came in at RM288.4 million versus RM247.4 million previously.

Standard & Poor's commented that although Ireka was not a major beneficiary of government projects, it believed the worst was over (in the construction industry) and the recovery in the property market sentiment would help sustain a flow of new building contracts.