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Fajarbaru profit up seven-fold

Top line boosted by strong property development showing

PETALING JAYA: Strong revenue contribution by its property development segment led Fajarbaru Builder Group Bhd's net profit to surge by more than seven-fold year-on-year (yoy) to RM22.2mil in the third quarter of financial year 2017 ended June 30 from RM2.863mil in the preceding quarter.

In a filing with Bursa Malaysia, the construction firm announced that its top line for the third quarter ended March 31 increased by 110.8% yoy to RM198.9mil as a result of strong performance by its property development segment.

"In the property development segment, the group has completed its maiden project, the GardenHill in Melbourne, Australia and has recognised revenue of RM138mil. This represents about 57.7% of the gross development value (GDV) of the project in the current quarter. The remaining GDV will be recog-

nised upon settlement by the purchasers," said Fajarbaru in its filing with the stock exchange.

The firm did not announce any dividend for the quarter in review. Earnings per share were 6.14 sen.

As for the first nine-month period of the financial year 2017, the construction firm doubled its net profit to RM28.77mil, in contrast to the RM13.94mil recorded a year earlier.

Fajarbaru's revenue in the same period increased marginally by 1.1% yoy to RM323.45mil.

Moving forward, Fajarbaru said it would continue to explore more business opportunities amid expectation of the construction business remaining challenging.

"The group believes that the project pipeline and sentiments will be more positive in the coming quarters, and the group is poised to participate in any of these con-

struction projects. The group will continue to bid for jobs that have promising and exciting growth potential in order to replenish its order book and to enhance its future earnings.

"Meanwhile, the property development division is expected to bring more contribution to the group in 2017 as the group's GardenHill project in Melbourne has been handed over to purchasers. The group believes there will still be demand for properties in prime locations with accessibility to good amenities at attractive pricing," said Fajarbaru.

The firm added that its logging and timber trading segment will continue to generate significant contribution to its revenue on the back of stable average prices of timber products.

Fajarbaru has been on a roll over the last three weeks. Just last

week, the company won a RM29.5mil contract from Pos Aviation Sdn Bhd for the proposed renovation and refurbishment at the KLIA Air Cargo Terminal 1.

The week before it also became China Railway Engineering Corp's (CREC) local joint venture partner for the construction of the US\$400mil (RM1.8bil) oil terminal of the just-revived Asia Petroleum Hub.

Fajarbaru will be the local joint venture partner in-charge of civil works.

Then in early May, it announced that its contract with Malaysia Airports (Sepang) Sdn Bhd (MASSB) has been extended, with a contract value of RM5.5mil.

The contract extension is based on the scope of services as per the original contract dated April 18, 2014 from MASSB for a period of one year effective from May 1, 2017 until April 30, 2018.