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Fajarbaru 2Q profit triples on better timber demand

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KUALA LUMPUR (Feb 22): Fajarbaru Builder Group Bhd's second quarter net profit more than tripled to RM6.89 million from RM2.18 million a year ago supported by higher contribution from its timber segment.

Earnings per share for the second quarter ended Dec 31, 2017 (2QFY18) rose to 1.87 sen from 0.6 sen in 2QFY17, the group said in a bourse filing.

“The increase in revenue and profit before tax [from the timber segment] were mainly due to increase in demand and price during the current quarter,” said Fajarbaru.

Revenue in 2QFY18 nearly doubled to RM120.94 million from RM61.49 million previously. “The increase in revenue was mainly due to higher activities in the construction, property development, and logging and timber trading segments,” it said.

For its six-month period (6MFY18), Fajarbaru’s net profit rose 82.19% to RM11.97 million from RM6.57 million in 6MFY17, as gains under the investment segment and the logging and timber trading segments mitigated higher adjustments and losses in the construction segment due to higher costs.

Moving forward, Fajarbaru said it believes that it is in a “good position” to be awarded rail-related construction jobs, after having completed various rail-related projects previously.

“In addition, our group has invested into the latest trackwork machineries which are capable of constructing and maintaining railway tracks and such services are only provided by a limited number of companies,” it said.

The group also highlighted its RM440 million order book — excluding internal projects — under its construction segments.

However, it conceded the challenging property market is expected to persist, but will continue to promote two of its projects in Kuala Lumpur and Melbourne, Australia, with another development in Puchong, Selangor, in the pipeline.

“The group will continue to focus on developing residential properties for the middle and upper-middle income market in urban and locations with good connectivity,” it added.

The group is also upbeat about the timber industry, amid improving economies in Asia to spur demand. “With the stable average prices of timber products, the logging and timber trading segment will continue to

generate significant revenue to the group,” it said.

Shares of Fajarbaru closed unchanged at 79 sen, giving it a market capitalisation of RM295.13 million.



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