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Fajarbaru makes strong leap back to profitability

Higher contribution from the company's property segment

CORPORATE

PETALING JAYA: Fajarbaru Builder Group Bhd reported its strongest earnings in seven years as it staged a turnaround on the back of increasing contribution from its high-rise residential project in Kinrara, Kuala Lumpur.

Full-year net profit for the financial year ended June 30, 2024 (FY24) surged to RM54.01mil from a net loss of RM14.45mil a year earlier.

Meanwhile, revenue more than doubled to RM497.41mil in FY24 from RM224.06mil in FY23, partly boosted by newly awarded construction projects.

At RM497.41mil, this is the highest revenue recorded by the group since its initial public offering in 1998.

For the fourth quarter of FY24 (4Q24), Fajarbaru recorded a net profit of RM4.83mil as compared to a net loss of RM19.38mil on a year-on-year comparison.

Revenue for the final quarter more than doubled to RM154.99mil, driven mainly by the property development and construction segments.

The property development business of Fajarbaru delivered a revenue of RM93.77mil and profit before tax of RM26.89mil in 4Q24, making it the main engine of growth in the quarter.

For comparison, in 4Q23, the segment only recorded a revenue of RM34.17mil and a profit before tax of RM7.99mil.

"The surge in revenue and profit before tax in the current quarter were mainly contributed from Viera Residence @ Kinrara development project where it showed continuous incremental growth in the development work progress as compared to preceding year corresponding quarter," Fajarbaru said in a filing with Bursa Malaysia yesterday.

Meanwhile, the group's second largest revenue contributor in 4Q24 - construction - reported a higher revenue of RM56.92mil and



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loss before tax of RM6.3mil.

"Higher revenue registered in the current quarter was mainly due to the newly awarded projects having started to progressively contribute revenue to the segment.

"The loss before tax in the current quarter mainly due to the accounting elimination of intercompany profits from internal projects and also due to high operating expenses.

"In comparison, the loss before tax in the preceding year corresponding quarter mainly arises from a one-off impairment loss on a long outstanding contract asset for a completed project," the group noted.

Executive chairman Tan Sri Chan Kong Choy said in a statement that Fajarbaru is proactively pursuing new opportunities by participating in tenders across both the private and public sectors.

"By capitalising on our expertise in high-rise buildings, infrastructure, and railway projects, we are strategically positioned to expand our construction order book.

"Our aim is to secure and execute major projects throughout Malaysia, reinforcing our commitment to delivering excellence across the nation."

Fajarbaru's construction order book totalled RM1.01bil, with RM68mil allocated to internal development projects.

The group's tender book stands at RM4.41bil as of June 30, 2024.

"In line with our long-term growth plan for the property development segment, the group will work towards strengthening our brand reputation as a premier property developer.

"We will also explore opportunities to increase the size of our land bank through strategic acquisitions, supporting future development projects," he said.

Looking into FY25, Chan expects another strong year of growth.

"We will focus on sustaining our revenue growth by capitalising on new opportunities throughout our diverse segments, namely construction, property development and plantation."