MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

Consolidated Statement of Profit or Loss	2024 RM'000	2023 RM'000	Change
Revenue	**753,085**	755,137	-0.3%
Profit from operations	**16,229**	9,549	70%
Profit before tax	**14,546**	16,285	-11%
Profit after tax	**10,799**	13,552	-20%
Consolidated Statement of Financial Position			
Total assets	**915,668**	941,438	-3%
Fixed deposits, cash and bank balances	**76,752**	69,385	11%
Total liabilities	**152,917**	179,309	-15%
Bank borrowings	**25,003**	35,280	-29%
Net assets	**762,751**	762,129	0.1%

Segment Results

	Revenue			Segment Profit/(Loss) *		
	2024 RM'000	2023 RM'000	Change	2024 RM'000	2023 RM'000	Change
Building materials and steel products ("Building Materials")	**630,040**	635,434	-1%	**7,929**	4,050	96%
Lubricants, petroleum products and automotive products ("Lubricants")	**120,303**	117,488	2%	**14,146**	12,243	16%
Others	**2,742**	2,215	24%	**(5,846)**	(6,744)	13%
	753,085	755,137	-0.3%	**16,229**	9,549	70%

* *"Segment profit/(loss)" refers to profit from operations.*

The Group is principally engaged in:
- Trading and distribution of building materials and steel products;
- Manufacturing and trading of lubricants, trading and distribution of petroleum-based products and automotive components; and
- Other businesses which include mainly provision of training services, distribution and retailing of consumer products, investment in Cambodia and investment holding.

For the financial year ended 31 December 2024 ("FYE 2024"), the Building Materials Division and the Lubricants Division, the main contributors to the Group, sustained their positive performance.

Despite fluctuations in operating costs, the Group's Building Materials Division achieved a higher profit of RM7.9 million in the FYE 2024, driven by ongoing improvements in operational efficiency. This was achieved even as revenue declined marginally to RM630.0 million.

Meanwhile, the Lubricants Division saw a 2% increase in revenue, reaching RM120.3 million, while profit rose to RM14.1 million from RM12.2 million a year ago. Included in this was RM3.2 million (2023: RM1.4 million) recovered from an insurance claim for losses caused by the floods in December 2021.

Results from other businesses were mainly derived from the provision of training services, distribution and retailing of consumer products, investment in Cambodia and investment holding. These activities collectively contributed slightly higher revenue of RM2.7 million in the FYE 2024.

Associated companies contributed a profit of RM0.9 million, largely due to a one-off gain arising from a business acquisition by an associated company. Consequently, the Group recorded a profit before tax of RM14.5 million for the year under review.

As at 31 December 2024, the Group’s net assets stood at RM762.8 million, or RM3.35 per share.

REVIEW OF OPERATIONS

Building Materials and Steel Products

The construction sector experienced strong growth in 2023, maintaining positive momentum in 2024, fuelled by the government allocation for development projects and steady economic expansion. This growth has driven increased demand for residential, commercial, and industrial structures, coupled with rising private and public investments in energy and infrastructure projects. The construction sector’s contribution to Malaysia’s Gross Domestic Product (GDP) reached 17.3% in 2024, reflecting its resilience and post-pandemic recovery. Additionally, sustained demand for data centres and advanced manufacturing facilities continues to propel industry growth.

Nevertheless, fluctuations in core building material prices continue to present challenges. The Division recorded a revenue of RM630.0 million for FYE 2024, slightly lower than RM635.4 million in the previous year, mainly due to intensified price competition among distributors.

Looking ahead, the construction industry is set for further expansion in 2025, driven by the revival and acceleration of mega infrastructure and renewable energy projects, as well as rising private-sector investments in data centres. The government’s allocation for affordable housing, targeted for completion by year-end, further supports industry growth. The Public-Private Partnership Master Plan 2030, unveiled in September 2024, is expected to boost infrastructure development, data centre expansion, and foreign direct investment (FDI), with key projects such as the Penang Light Rail Transit (LRT), the revived Kuala Lumpur-Singapore High-Speed Rail (KL-SG HSR), and Mass Rapid Transit (MRT 3).

Operating in a highly competitive and evolving environment, the Division remains vigilant and responsive to market changes. It continues to strengthen its operations by fostering strategic relationships with principal suppliers, trading partners, key customers, and developers while expanding its distribution network for in-house brands, including sanitary wares, tap fittings, tiles, and ironmongery, to drive revenue growth and enhance margins. To further expand its market presence in the hardware sector, the Division currently operates warehouses in Selangor, Perak, and Melaka, with plans to establish additional facilities in major cities nationwide. Existing proactive measures remain in place to mitigate potential business disruptions, ensuring long-term resilience and sustainable growth for the Division.

Lubricants, Petroleum Products and Automotive Products

The Division experienced a relatively soft market throughout 2024. This was mainly due to consumers' cautiousness in their spending. Escalating costs of daily necessities had consequently reduced consumers' spending power, thus placing vehicles maintenance expenditure at a lesser priority.

Likewise, our business operations also encountered escalating production and distribution costs. We remain vigilant to these challenges and work closely with suppliers and dealers through collaboration and co-creation to offer an optimal range of products and services that benefit all stakeholders, including end-users.

We are pleased to see encouraging growth in certain regions that had progressively bounced back, exceeding pre-Covid 19 economic levels. As our customers in these markets registered improved business activities, we too benefitted from being their preferred business partners.

Overall, despite ongoing challenges across various areas, the Division maintained stable revenues and income for the year. Moving forward, we will continue to strategise and pursue emerging business opportunities to build a sustainable and resilient base for our business growth.