

CREST BUILDER HOLDINGS BERHAD (573382-P)

***UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER ENDED 31 MARCH 2018***

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INTERIM REPORT

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2018

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CREST BUILDER HOLDINGS BERHAD ^(573382-P)
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 31 MARCH 2018

| | <u>INDIVIDUAL PERIOD</u> | | <u>CUMULATIVE PERIOD</u> | |
|--|---|---|---|---|
| | Current Year Quarter 31-03-2018 RM'000 | Preceding Year Quarter 31-03-2017 RM'000 | Current Year To Date 31-03-2018 RM'000 | Preceding Year To Date 31-03-2017 RM'000 |
| Revenue | 124,296 | 95,028 | 124,296 | 95,028 |
| Cost of sales | <u>(96,728)</u> | <u>(66,754)</u> | <u>(96,728)</u> | <u>(66,754)</u> |
| Gross profit | 27,568 | 28,274 | 27,568 | 28,274 |
| Other income | <u>2,362</u> | <u>1,285</u> | <u>2,362</u> | <u>1,285</u> |
| | 29,930 | 29,559 | 29,930 | 29,559 |
| Administrative expenses | <u>(6,932)</u> | <u>(8,510)</u> | <u>(6,932)</u> | <u>(8,510)</u> |
| Operating profit | 22,998 | 21,049 | 22,998 | 21,049 |
| Finance costs | <u>(10,529)</u> | <u>(11,077)</u> | <u>(10,529)</u> | <u>(11,077)</u> |
| Profit before tax | 12,469 | 9,972 | 12,469 | 9,972 |
| Income tax expense | <u>(4,224)</u> | <u>(3,389)</u> | <u>(4,224)</u> | <u>(3,389)</u> |
| Profit for the financial period | 8,245 | 6,583 | 8,245 | 6,583 |
| Other comprehensive income, net of tax | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total comprehensive income for the financial period | <u>8,245</u> | <u>6,583</u> | <u>8,245</u> | <u>6,583</u> |
| Profit for the financial period / Total comprehensive income attributable to: | | | | |
| Owners of the Company | 7,637 | 6,173 | 7,637 | 6,173 |
| Non-controlling interests | <u>608</u> | <u>410</u> | <u>608</u> | <u>410</u> |
| | <u>8,245</u> | <u>6,583</u> | <u>8,245</u> | <u>6,583</u> |
| Earnings per share (sen) | | | | |
| - Basic | <u>4.5</u> | <u>3.6</u> | <u>4.5</u> | <u>3.6</u> |
| - Diluted | <u>4.5</u> | <u>3.6</u> | <u>4.5</u> | <u>3.6</u> |

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to the quarterly report.

CREST BUILDER HOLDINGS BERHAD (573382-P)
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2018

| | As at 31-03-2018 RM'000 | As at 31-12-2017 RM'000 (Restated) | As at 01-01-2017 RM'000 (Restated) |
|---|-------------------------------|---|---|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 15,686 | 16,621 | 16,760 |
| Investment properties | 320,800 | 320,800 | 320,800 |
| Golf club membership | 54 | 54 | 54 |
| Goodwill | 33,608 | 33,608 | 33,608 |
| Inventories - land held for property development | 9,426 | 9,426 | 6,747 |
| Operating financial asset | 305,447 | 307,095 | 313,990 |
| Deferred tax assets | 5,892 | 6,343 | 9,445 |
| Trade and other receivables | 48,132 | 42,156 | 11,467 |
| Total non-current assets | <u>739,045</u> | <u>736,103</u> | <u>712,871</u> |
| Current assets | | | |
| Inventories - property development costs | 339,642 | 337,932 | 104,534 |
| Inventories - completed properties and others | 29,670 | 37,818 | 66,357 |
| Operating financial asset | 6,894 | 6,894 | 6,127 |
| Trade and other receivables | 251,811 | 202,415 | 269,902 |
| Contract assets | 67,110 | 85,808 | 53,103 |
| Current tax assets | 4,983 | 5,002 | 8,801 |
| Short term investments | 17,520 | 20,356 | 28,021 |
| Fixed deposits placed with licensed banks | 82,896 | 71,476 | 83,309 |
| Cash and bank balances | 27,671 | 22,166 | 10,807 |
| Total current assets | <u>828,197</u> | <u>789,867</u> | <u>630,961</u> |
| TOTAL ASSETS | <u>1,567,242</u> | <u>1,525,970</u> | <u>1,343,832</u> |
| EQUITY AND LIABILITIES | | | |
| Equity attributable to owners of the Company | | | |
| Share capital | 181,191 | 181,191 | 176,922 |
| Share premium | - | - | 4,269 |
| Treasury shares | (5,795) | (5,795) | (5,795) |
| Reserves | 256,683 | 249,046 | 227,816 |
| | <u>432,079</u> | <u>424,442</u> | <u>403,212</u> |
| Non-controlling interests | 16,519 | 15,911 | 13,518 |
| TOTAL EQUITY | <u>448,598</u> | <u>440,353</u> | <u>416,730</u> |
| Non-current liabilities | | | |
| Loans and borrowings | 424,119 | 428,750 | 469,371 |
| Deferred tax liabilities | 17,652 | 16,719 | 13,914 |
| Trade and other payables | 34,058 | 27,551 | 13,145 |
| Total non-current liabilities | <u>475,829</u> | <u>473,020</u> | <u>496,430</u> |
| Current liabilities | | | |
| Loans and borrowings | 230,452 | 229,154 | 206,724 |
| Current tax liabilities | 975 | 461 | 804 |
| Trade and other payables | 405,433 | 378,248 | 221,914 |
| Contract liabilities | 5,955 | 4,734 | 1,230 |
| Total current liabilities | <u>642,815</u> | <u>612,597</u> | <u>430,672</u> |
| TOTAL LIABILITIES | <u>1,118,644</u> | <u>1,085,617</u> | <u>927,102</u> |
| TOTAL EQUITY AND LIABILITIES | <u>1,567,242</u> | <u>1,525,970</u> | <u>1,343,832</u> |
| Net assets per share attributable to owners of the Company (RM) | <u>2.53</u> | <u>2.49</u> | <u>2.36</u> |

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to the quarterly report.

CREST BUILDER HOLDINGS BERHAD ^(573382-P)
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 31 MARCH 2018

← **ATTRIBUTABLE TO OWNERS OF THE COMPANY** →

| | Share capital RM'000 | Share premium RM'000 | Treasury shares RM'000 | Non-distributable Share option reserves RM'000 | Distributable Retained earnings RM'000 | Total RM'000 | Non-controlling interests RM'000 | Total equity RM'000 |
|--|---------------------------------|---------------------------------|-----------------------------------|---|---|-------------------------|---|--------------------------------|
| At 1 January 2017 | 176,922 | 4,269 | (5,795) | 1,554 | 226,262 | 403,212 | 13,518 | 416,730 |
| Total comprehensive income for the financial period | - | - | - | - | 6,173 | 6,173 | 410 | 6,583 |
| | <u>176,922</u> | <u>4,269</u> | <u>(5,795)</u> | <u>1,554</u> | <u>232,435</u> | <u>409,385</u> | <u>13,928</u> | <u>423,313</u> |
| Arising from increase in share capital in a subsidiary company | - | - | - | - | - | - | 74 | 74 |
| Transition to no-par value regime | 4,269 | (4,269) | - | - | - | - | - | - |
| At 31 March 2017 | <u>181,191</u> | <u>-</u> | <u>(5,795)</u> | <u>1,554</u> | <u>232,435</u> | <u>409,385</u> | <u>14,002</u> | <u>423,387</u> |
| At 1 January 2018 | 181,191 | - | (5,795) | - | 249,046 | 424,442 | 15,911 | 440,353 |
| Total comprehensive income for the financial period | - | - | - | - | 7,637 | 7,637 | 608 | 8,245 |
| At 31 March 2018 | <u>181,191</u> | <u>-</u> | <u>(5,795)</u> | <u>-</u> | <u>256,683</u> | <u>432,079</u> | <u>16,519</u> | <u>448,598</u> |

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to the quarterly report.

CREST BUILDER HOLDINGS BERHAD ^(573382-P)
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FIRST QUARTER ENDED 31 MARCH 2018

| | 3 Months Ended 31-03-2018 RM'000 | 3 Months Ended 31-03-2017 RM'000 |
|--|---|---|
| Cash flows from operating activities | | |
| Profit before tax | 12,469 | 9,972 |
| Adjustments for: | | |
| Amortisation of discount on Sukuk Murabahah | 812 | 880 |
| Depreciation of property, plant and equipment | 942 | 510 |
| Gain on disposal of property, plant and equipment | (133) | (381) |
| Interest expense | 10,529 | 11,077 |
| Interest income | (915) | (719) |
| Property, plant and equipment written off | 2 | - |
| Reversal of allowance for impairment on trade receivables | (1,200) | (5) |
| Operating profit before changes in working capital | 22,506 | 21,334 |
| Net change in assets | (27,493) | 17,830 |
| Net change in liabilities | 34,913 | (18,484) |
| | 7,420 | (654) |
| Net cash flows generated from operations | 29,926 | 20,680 |
| Income tax paid | (2,307) | (1,306) |
| Income tax refunded | - | 98 |
| Net cash from operating activities | 27,619 | 19,472 |
| Cash flows from investing activities | | |
| Interest received | 751 | 465 |
| Proceeds from disposal of property, plant and equipment | 261 | - |
| Proceeds from disposal of short term investments | 3,000 | - |
| Purchase of property, plant and equipment | (32) | 203 |
| Fixed deposits pledged | (37) | (74) |
| Net (increase)/decrease in bank balances maintained in an escrow account | (34) | 8 |
| Net cash from investing activities | 3,909 | 602 |
| Cash flows from financing activities | | |
| Interest paid | (10,529) | (11,077) |
| Drawdown/(Repayment) of term loans | 3,423 | (6,633) |
| (Payment)/Drawdown of finance lease liabilities | (529) | 4,538 |
| (Repayment)/Drawdown of bankers' acceptances | (3,230) | 16,954 |
| Drawdown/(Repayment) of revolving credits | 313 | (4,130) |
| Net cash used in financing activities | (10,552) | (348) |
| Net increase in cash and cash equivalents | 20,976 | 19,726 |
| Cash and cash equivalents brought forward | 61,817 | 61,371 |
| Cash and cash equivalents carried forward | 82,793 | 81,097 |
| Analysis of cash and cash equivalents | | |
| Cash and bank balances | 27,671 | 12,439 |
| Fixed deposits placed with licensed banks | 82,896 | 94,770 |
| | 110,567 | 107,209 |
| Less: Bank overdrafts | (23,932) | (22,293) |
| Fixed deposits pledged with licensed banks | (3,065) | (3,027) |
| Bank balances maintained in an escrow account | (777) | (792) |
| Cash and cash equivalents | 82,793 | 81,097 |

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to the quarterly report.

CREST BUILDER HOLDINGS BERHAD (573382-P)
INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER ENDED 31 MARCH 2018

**PART A: EXPLANATORY NOTES PURSUANT TO PARAGRAPH 16, MFRS
134 INTERIM FINANCIAL REPORTING**

A1. BASIS OF PREPARATION

The unaudited interim financial report has been prepared in accordance with the reporting requirements as set out in Malaysian Financial Reporting Standards (“MFRS”) 134 *Interim Financial Reporting* and paragraph 9.22 of the Bursa Malaysia Securities Berhad (“Bursa Securities”) Listing Requirements, and should be read in conjunction with the Group’s audited statutory financial statements presented in the Annual Report for the financial year ended 31 December 2017.

The financial statements of the Group for the three months period ended 31 March 2018 are the first set of interim financial statements prepared in accordance with the MFRS Framework, hence MFRS 1 *First-time Adoption of Malaysian Financial Standards* has been applied. The MFRS Framework is effective for the Group from 1 January 2018 and the date of transition to the MFRS Framework for the purpose of preparation of the MFRS compliant interim financial report is 1 January 2017.

Except for the adoption of the MFRS Framework, the accounting policies and presentation adopted for this interim financial report are consistent with those adopted for the audited financial statements for the financial year ended 31 December 2017.

The effects on the comparative figures of the interim report arising from the adoption of MFRS Framework are as follows:

| | As previously stated 31.12.2017 RM'000 | Adjustments RM'000 | As restated 31.12.2017 RM'000 |
|---|---|-------------------------------|--|
| Consolidated statement of financial position | | | |
| Non-current assets | | | |
| Land held for property development | 9,426 | (9,426) | - |
| Inventories - land held for property development | - | 9,426 | 9,426 |
| <hr/> | | | |
| Current assets | | | |
| Property development costs | 337,932 | (337,932) | - |
| Inventories - property development costs | - | 337,932 | 337,932 |
| Trade and other receivables | 206,540 | (4,125) | 202,415 |
| Amount due from contract customers | 81,683 | (81,683) | - |
| Contract assets | - | 85,808 | 85,808 |
| <hr/> | | | |

CREST BUILDER HOLDINGS BERHAD (573382-P)
INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER ENDED 31 MARCH 2018

A1. BASIS OF PREPARATION (CONTINUED)

The effects on the comparative figures of the interim report arising from the adoption of MFRS Framework are as follows (Continued):

| | As previously stated 31.12.2017 RM'000 | Adjustments RM'000 | As restated 31.12.2017 RM'000 |
|---|---|-------------------------------|--|
| Current liabilities | | | |
| Amount due to contract customers | 4,734 | (4,734) | - |
| Contract liabilities | - | 4,734 | 4,734 |
| <hr/> | | | |
| | As previously stated 01.01.2017 RM'000 | Adjustments RM'000 | As restated 01.01.2017 RM'000 |
| Consolidated statement of financial position | | | |
| Non-current assets | | | |
| Land held for property development | 6,747 | (6,747) | - |
| Inventories - land held for property development | - | 6,747 | 6,747 |
| <hr/> | | | |
| Current assets | | | |
| Property development costs | 104,534 | (104,534) | - |
| Inventories - property development costs | - | 104,534 | 104,534 |
| Trade and other receivables | 281,078 | (11,176) | 269,902 |
| Amount due from contract customers | 41,927 | (41,927) | - |
| Contract assets | - | 53,103 | 53,103 |
| <hr/> | | | |
| Current liabilities | | | |
| Amount due to contract customers | 1,230 | (1,230) | - |
| Contract liabilities | - | 1,230 | 1,230 |
| <hr/> | | | |

CREST BUILDER HOLDINGS BERHAD (573382-P)
INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER ENDED 31 MARCH 2018

A1. BASIS OF PREPARATION (CONTINUED)

The following new MFRSs, amendments/improvements to MFRSs and new IC Int were issued but not yet effective and have not been applied by the Group:

| New MFRSs and amendments/improvements to MFRSs | Effective for financial periods beginning on or after |
|--|--|
| <u>New MFRSs</u> | |
| MFRS 16 Leases | 1 January 2019 |
| MFRS 17 Insurance Contracts | 1 January 2021 |
| <u>Amendments/Improvements to MFRSs</u> | |
| MFRS 3 Business Combinations | 1 January 2019 |
| MFRS 9 Financial Instruments | 1 January 2019 |
| MFRS 10 Consolidated Financial Statements | Deferred |
| MFRS 11 Joint Arrangements | 1 January 2019 |
| MFRS 112 Income Taxes | 1 January 2019 |
| MFRS 119 Employee Benefits | 1 January 2019 |
| MFRS 123 Borrowing Costs | 1 January 2019 |
| MFRS 128 Investments in Associates and Joint Ventures | 1 January 2019/ Deferred |
| <u>New IC Int</u> | |
| IC Int 23 Uncertainty over Income Tax Treatments | 1 January 2019 |

The Group plans to adopt the above applicable new MFRSs, amendments/improvements to MFRSs and new IC Int when they become effective.

A2. AUDIT QUALIFICATION OF PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the annual audited financial statements for the financial year ended 31 December 2017 was not qualified.

A3. SEASONALITY AND CYCLICALITY FACTORS

The operations of the Group were not materially affected by any seasonal or cyclical factors.

A4. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows for the current quarter ended 31 March 2018.

CREST BUILDER HOLDINGS BERHAD (573382-P)
INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER ENDED 31 MARCH 2018

A5. CHANGES IN ESTIMATES

Except for reversal of allowance for impairment on trade receivables of RM1.2 million, there were no changes in estimates of amounts reported in prior financial years that have a material effect on the current quarter ended 31 March 2018.

A6. ISSUANCE OR REPAYMENT OF DEBT AND EQUITY SECURITIES

There were no issuance and repayment of debt securities, share cancellations, and/or resale of treasury shares for the current quarter under review.

A7. DIVIDEND PAID

There was no dividend paid during the current quarter.

A8. SEGMENTAL REPORTING

The segmental reporting by industry of the Group is set out as below:

- (i) For the three (3) months period ended 31 March 2018

Segment Revenue and Segment Results

| Business segment | Construction RM'000 | Concession arrangement RM'000 | Investment holding RM'000 | Property development RM'000 | Eliminations RM'000 | Consolidated RM'000 |
|---------------------------------|--------------------------------|--|--|--|--------------------------------|--------------------------------|
| Revenue | | | | | | |
| - External customer | 66,250 | 11,591 | 4,030 | 42,425 | - | 124,296 |
| - Inter-segment | 38,955 | - | 1,881 | - | (40,836) | - |
| Total revenue | 105,205 | 11,591 | 5,911 | 42,425 | (40,836) | 124,296 |
| Results | | | | | | |
| - Segment results | 6,861 | 10,020 | 4,199 | 2,796 | (878) | 22,998 |
| Finance costs | | | | | | (10,529) |
| Income tax expense | | | | | | (4,224) |
| Profit for the financial period | | | | | | 8,245 |

CREST BUILDER HOLDINGS BERHAD (573382-P)
INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER ENDED 31 MARCH 2018

A8. SEGMENTAL REPORTING (CONTINUED)

- (i) For the three (3) months period ended 31 March 2018 (Continued)

No geographical segment is presented as the Group operates principally in Malaysia.

- (ii) For the three (3) months period ended 31 March 2017

Segment Revenue and Segment Results

| Business segment | Construction RM'000 | Concession arrangement RM'000 | Investment holding RM'000 | Property development RM'000 | Eliminations RM'000 | Consolidated RM'000 |
|---------------------------------|------------------------|-------------------------------------|---------------------------------|-----------------------------------|------------------------|------------------------|
| Revenue | | | | | | |
| - External customer | 59,103 | 11,772 | 4,097 | 20,056 | - | 95,028 |
| - Inter-segment | 18,724 | - | 1,616 | - | (20,340) | - |
| Total revenue | 77,827 | 11,772 | 5,713 | 20,056 | (20,340) | 95,028 |
| Results | | | | | | |
| - Segment results | 7,476 | 9,800 | 3,181 | 2,027 | (1,435) | 21,049 |
| Finance costs | | | | | | (11,077) |
| Income tax expense | | | | | | (3,389) |
| Profit for the financial period | | | | | | 6,583 |

No geographical segment is presented as the Group operates principally in Malaysia.

A9. VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT

The valuations of property, plant and equipment have been brought forward without amendment from the financial statements for the financial year ended 31 December 2017.

CREST BUILDER HOLDINGS BERHAD (573382-P)
INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER ENDED 31 MARCH 2018

A10. SUBSEQUENT MATERIAL EVENTS

There were no material events subsequent to the reporting period up to 24 May 2018, being the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report, that have not been reflected in the financial statements for the current quarter ended 31 March 2018.

A11. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group for the current quarter ended 31 March 2018.

A12. CAPITAL COMMITMENTS

There were no capital commitments that have a material effect in the current quarter ended 31 March 2018.

A13. SIGNIFICANT RELATED PARTY DISCLOSURES

The Group has no significant related party transactions during the current quarter ended 31 March 2018.

CREST BUILDER HOLDINGS BERHAD (573382-P)
INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER ENDED 31 MARCH 2018

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. REVIEW OF PERFORMANCE

For the first quarter under review, the Group's revenue increased from RM95.0 million to RM124.3 million while the profit before tax increased from RM10.0 million to RM12.5 million respectively as compared to the corresponding first quarter of the preceding year.

The construction division recorded revenue of RM66.3 million and profit before tax of RM1.5 million as compared to the corresponding first quarter of the preceding year of RM59.1 million and RM3.7 million respectively. The increase in revenue was mainly due to higher progressive construction progress recognised from certain projects during the financial period under review. The decrease in profit before tax was mainly due to higher material prices.

The property development division's revenue and profit before tax amounted to RM42.4 million and RM8.0 million as compared to the corresponding first quarter of the preceding year of RM20.0 million and RM3.9 million respectively. The increase in revenue and profit before tax were mainly due to higher sales generated from two completed projects, i.e. Batu Tiga Phase 4 (Alam Sanjung) and Batu Tiga Phase 5 (Avenue Crest) and a development project, i.e. Batu Tiga Phase 2 (Residensi Hijauan).

The concession arrangement division recorded revenue of RM11.6 million and profit before tax of RM2.8 million as compared to the corresponding first quarter of the preceding year of RM11.8 million and RM2.5 million respectively. The decrease in revenue was mainly due to lower finance income recognised. The increase in profit before tax was mainly due to saving in finance costs with repayment of Sukuk Murabahah.

The investment division recorded revenue of RM4.0 million and profit before tax of RM0.2 million as compared to the corresponding first quarter of the preceding year of RM4.1 million and loss before tax of RM0.1 million respectively. The increase in profit before tax was mainly due to saving in finance costs with repayment of term loans.

CREST BUILDER HOLDINGS BERHAD (573382-P)
INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER ENDED 31 MARCH 2018

B2. COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S RESULTS

| | Current 1st Quarter RM'000 | Preceding 4th Quarter RM'000 | Increase/(Decrease) | |
|-------------------|---|---|----------------------------|----------|
| | | | RM'000 | % |
| Revenue | 124,296 | 155,349 | (31,053) | (20%) |
| Profit before tax | 12,469 | 14,097 | (1,628) | (12%) |
| Profit after tax | 8,245 | 8,591 | (346) | (4%) |

For the current quarter under review, the Group recorded profit before tax and profit after tax of RM12.5 million and RM8.2 million respectively as compared to profit before tax and profit after tax of RM14.1 million and RM8.6 million respectively in the immediate preceding quarter.

B3. CURRENT YEAR PROSPECT

The Group will continue to bid actively for construction projects in order to replenish the Group's order book. The current projects are all progressing within expectation.

With the completion of UiTM Tapah concession project and its refinancing exercise, the Group expects better margins moving forward for concession arrangement division.

The property development division will continue to contribute positively to the Group in year 2018. Our existing developments in Shah Alam cater to the first time buyer market segment. We expect the responses to our developments to be encouraging.

The volatility of global raw material prices will continue to impact the Group's performance. Despite the global economic uncertainty, the Board is optimistic that the Group will continue to remain profitable for the year 2018.

B4. VARIANCES ON PROFIT FORECAST AND PROFIT GUARANTEE

Not applicable to the Group.

CREST BUILDER HOLDINGS BERHAD (573382-P)
INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER ENDED 31 MARCH 2018

B5. INCOME TAX EXPENSE

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|---|---|---|--|--|
| | Quarter Ended <u>31-03-2018</u> (RM'000) | Quarter Ended <u>31-03-2017</u> (RM'000) | Year Ended <u>31-03-2018</u> (RM'000) | Year Ended <u>31-03-2017</u> (RM'000) |
| Income tax | | | | |
| - Current provision | 2,840 | 1,395 | 2,840 | 1,395 |
| Deferred tax | | | | |
| - Relating to origination and reversal of temporary differences | 1,384 | 1,994 | 1,384 | 1,994 |
| | 4,224 | 3,389 | 4,224 | 3,389 |
| Profit before tax | 12,469 | 9,972 | 12,469 | 9,972 |
| Tax at Malaysian statutory tax rate of 24% | 2,993 | 2,393 | 2,993 | 2,393 |
| Income not subject to tax | (32) | (91) | (32) | (91) |
| Expenses not deductible for tax purposes | 1,263 | 1,087 | 1,263 | 1,087 |
| | 4,224 | 3,389 | 4,224 | 3,389 |

The Group's effective tax rate for the current quarter ended 31 March 2018 was higher than the statutory tax rate prevailing in Malaysia principally due to certain expenses not deductible for tax purposes in the current period under review.

B6. PROFIT ON SALE OF UNQUOTED INVESTMENTS AND/OR PROPERTIES

There was no disposal of unquoted investments and/or properties for the current quarter ended 31 March 2018.

B7. DEALINGS IN QUOTED SECURITIES

The Group did not transact or hold any quoted securities for the current quarter ended 31 March 2018.

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B8. CORPORATE PROPOSALS

There were no corporate proposals previously announced but not completed as of 31 March 2018.

B9. BORROWINGS AND DEBT SECURITIES

The details of the Group's borrowings and debt securities, all of which are denominated in Ringgit Malaysia, as at 31 March 2018 are as follows:

| | RM'000 | RM'000 |
|-----------------------------|---------|---------|
| Short term borrowings: | | |
| Secured | | |
| - Finance lease liabilities | 2,100 | |
| - Term loans | 34,011 | |
| - Sukuk Murabahah | 22,565 | |
| Unsecured | | |
| - Bank overdrafts | 23,932 | |
| - Bankers' acceptances | 59,802 | |
| - Revolving credits | 88,042 | |
| | 230,452 | |
| Long term borrowings: | | |
| Secured | | |
| - Finance lease liabilities | 5,035 | |
| - Term loans | 18,443 | |
| - Sukuk Murabahah | 400,641 | |
| | 424,119 | |
| Total | | 654,571 |

B10. MATERIAL LITIGATION

Same as previously disclosed in the Annual Report for the financial year ended 31 December 2017, there were no changes in material litigation, including the status of pending material litigation since the previous quarter to 24 May 2018, being the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report.

B11. DIVIDEND

No dividend was proposed or paid in respect of the first quarter ended 31 March 2018.

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B12. EARNINGS PER SHARE

a. Basic earnings per share

The basic earnings per share has been calculated based on the Group's profit after tax attributable to owners of the Company and divided by the weighted average number of ordinary shares in issue during the current quarter ended 31 March 2018.

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|---|---------------------------|-------------------|---------------------------|-------------------|
| | 31-03-2018 | 31-03-2017 | 31-03-2018 | 31-03-2017 |
| Profit after tax attributable to owners of the Company (RM'000) | 7,637 | 6,173 | 7,637 | 6,173 |
| Weighted average number of ordinary shares in issue ('000) | 170,692 | 170,520 | 170,692 | 170,520 |
| Basic earnings per share (sen) | 4.5 | 3.6 | 4.5 | 3.6 |

b. Diluted earnings per share

The diluted earnings per share has been calculated based on the Group's profit after tax attributable to owners of the Company and divided by the weighted average number of ordinary shares which would be issued on conversion of all dilutive potential ordinary shares into ordinary shares as follows:

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|---|---------------------------|-------------------|---------------------------|-------------------|
| | 31-03-2018 | 31-03-2017 | 31-03-2018 | 31-03-2017 |
| Profit after tax attributable to owners of the Company (RM'000) | 7,637 | 6,173 | 7,637 | 6,173 |
| Weighted average number of ordinary shares ('000) | 170,692 | 170,520 | 170,692 | 170,520 |
| Effects of ESOS ('000) | - | * | - | * |
| Weighted average number of ordinary shares ('000) | 170,692 | 170,520 | 170,692 | 170,520 |
| Diluted earnings per share (sen) | 4.5 | 3.6 | 4.5 | 3.6 |

* Not taken into account in the computation of diluted earnings per share because the effect is anti-dilutive.

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B13. PROFIT FOR THE FINANCIAL PERIOD

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | <u>31-03-2018</u> (RM'000) | <u>31-03-2017</u> (RM'000) | <u>31-03-2018</u> (RM'000) | <u>31-03-2017</u> (RM'000) |
| Profit for the financial period is arrived at after charging: | | | | |
| Amortisation of discount on Sukuk Murabahah | 812 | 880 | 812 | 880 |
| Depreciation of property, plant and equipment | 942 | 510 | 942 | 510 |
| Interest expense | 10,529 | 11,077 | 10,529 | 11,077 |
| Property, plant and equipment written off | 2 | - | 2 | - |
| and after crediting: | | | | |
| Gain on disposal of property, plant and equipment | 133 | 381 | 133 | 381 |
| Interest income | 915 | 719 | 915 | 719 |
| Reversal of allowance for impairment on trade receivables | 1,200 | 5 | 1,200 | 5 |

B14. AUTHORISED FOR ISSUE

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 30 May 2018.

By Order of the Board

Company Secretary
Heng Chiang Pooh FCIS (MAICSA 7009923)
Date: 30 May 2018