

CREST BUILDER HOLDINGS BERHAD (573382-P)

***UNAUDITED INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018***

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INTERIM REPORT

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CREST BUILDER HOLDINGS BERHAD ^(573382-P)
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018

| | <u>INDIVIDUAL PERIOD</u> | | <u>CUMULATIVE PERIOD</u> | |
|--|---|---|---|---|
| | Current Year Quarter 30-09-2018 RM'000 | Preceding Year Quarter 30-09-2017 RM'000 | Current Year To Date 30-09-2018 RM'000 | Preceding Year To Date 30-09-2017 RM'000 |
| Revenue | 177,057 | 137,236 | 452,613 | 342,946 |
| Cost of sales | <u>(113,350)</u> | <u>(114,671)</u> | <u>(326,702)</u> | <u>(261,627)</u> |
| Gross profit | 63,707 | 22,565 | 125,911 | 81,319 |
| Other income | <u>6,387</u> | <u>3,655</u> | <u>10,866</u> | <u>6,547</u> |
| | 70,094 | 26,220 | 136,777 | 87,866 |
| Administrative expenses | <u>(14,030)</u> | <u>(5,887)</u> | <u>(29,218)</u> | <u>(23,944)</u> |
| Operating profit | 56,064 | 20,333 | 107,559 | 63,922 |
| Finance costs | <u>(11,079)</u> | <u>(11,342)</u> | <u>(32,173)</u> | <u>(33,418)</u> |
| Profit before tax | 44,985 | 8,991 | 75,386 | 30,504 |
| Income tax expense | <u>(10,685)</u> | <u>(1,439)</u> | <u>(20,251)</u> | <u>(8,715)</u> |
| Profit for the financial period | 34,300 | 7,552 | 55,135 | 21,789 |
| Other comprehensive income, net of tax | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total comprehensive income for the financial period | <u>34,300</u> | <u>7,552</u> | <u>55,135</u> | <u>21,789</u> |
| Profit for the financial period / Total comprehensive income attributable to: | | | | |
| Owners of the Company | 33,826 | 6,899 | 53,590 | 20,277 |
| Non-controlling interests | <u>474</u> | <u>653</u> | <u>1,545</u> | <u>1,512</u> |
| | <u>34,300</u> | <u>7,552</u> | <u>55,135</u> | <u>21,789</u> |
| Earnings per share (sen) | | | | |
| - Basic | <u>19.8</u> | <u>4.0</u> | <u>31.4</u> | <u>11.9</u> |
| - Diluted | <u>19.8</u> | <u>4.0</u> | <u>31.4</u> | <u>11.9</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 30 SEPTEMBER 2018

| | As at 30-09-2018 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 | 20,476 | 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 | 2,679 | 9,426 | 6,747 |
| Operating financial asset | 298,356 | 307,095 | 313,990 |
| Deferred tax assets | 8,330 | 6,343 | 9,445 |
| Trade and other receivables | 48,132 | 42,156 | 11,467 |
| Total non-current assets | 732,435 | 736,103 | 712,871 |
| Current assets | | | |
| Inventories - property development costs | 291,939 | 337,932 | 104,534 |
| Inventories - completed properties and others | 24,741 | 37,818 | 66,357 |
| Operating financial asset | 6,894 | 6,894 | 6,127 |
| Trade and other receivables | 218,929 | 202,415 | 269,902 |
| Contract assets | 105,862 | 85,808 | 53,103 |
| Current tax assets | 2,527 | 5,002 | 8,801 |
| Short term investments | 23,790 | 20,356 | 28,021 |
| Fixed deposits placed with licensed banks | 77,208 | 71,476 | 83,309 |
| Cash and bank balances | 25,230 | 22,166 | 10,807 |
| Total current assets | 777,120 | 789,867 | 630,961 |
| TOTAL ASSETS | 1,509,555 | 1,525,970 | 1,343,832 |
| 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 | 295,808 | 249,046 | 227,816 |
| | 471,204 | 424,442 | 403,212 |
| Non-controlling interests | 17,456 | 15,911 | 13,518 |
| TOTAL EQUITY | 488,660 | 440,353 | 416,730 |
| Non-current liabilities | | | |
| Loans and borrowings | 405,615 | 428,750 | 469,371 |
| Deferred tax liabilities | 23,221 | 16,719 | 13,914 |
| Trade and other payables | 35,024 | 27,551 | 13,145 |
| Total non-current liabilities | 463,860 | 473,020 | 496,430 |
| Current liabilities | | | |
| Loans and borrowings | 177,752 | 229,154 | 206,724 |
| Current tax liabilities | 7,856 | 461 | 804 |
| Trade and other payables | 368,226 | 378,248 | 221,914 |
| Contract liabilities | 3,201 | 4,734 | 1,230 |
| Total current liabilities | 557,035 | 612,597 | 430,672 |
| TOTAL LIABILITIES | 1,020,895 | 1,085,617 | 927,102 |
| TOTAL EQUITY AND LIABILITIES | 1,509,555 | 1,525,970 | 1,343,832 |
| Net assets per share attributable to owners of the Company (RM) | 2.76 | 2.49 | 2.36 |

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 THIRD QUARTER ENDED 30 SEPTEMBER 2018

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

| | Share capital RM'000 | Share premium RM'000 | Treasury shares RM'000 | Share option reserves RM'000 | 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 | - | - | - | - | 20,277 | 20,277 | 1,512 | 21,789 |
| | <u>176,922</u> | <u>4,269</u> | <u>(5,795)</u> | <u>1,554</u> | <u>246,539</u> | <u>423,489</u> | <u>15,030</u> | <u>438,519</u> |
| Arising from increase in share capital in a subsidiary company | - | - | - | - | - | - | 74 | 74 |
| Transition to no-par value regime | 4,269 | (4,269) | - | - | - | - | - | - |
| ESOS lapsed | - | - | - | (1,554) | 1,554 | - | - | - |
| Dividends on ordinary shares | - | - | - | - | (6,828) | (6,828) | - | (6,828) |
| At 30 September 2017 | <u>181,191</u> | <u>-</u> | <u>(5,795)</u> | <u>-</u> | <u>241,265</u> | <u>416,661</u> | <u>15,104</u> | <u>431,765</u> |
| At 1 January 2018 | 181,191 | - | (5,795) | - | 249,046 | 424,442 | 15,911 | 440,353 |
| Total comprehensive income for the financial period | - | - | - | - | 53,590 | 53,590 | 1,545 | 55,135 |
| | <u>181,191</u> | <u>-</u> | <u>(5,795)</u> | <u>-</u> | <u>302,636</u> | <u>478,032</u> | <u>17,456</u> | <u>495,488</u> |
| Dividends on ordinary shares | - | - | - | - | (6,828) | (6,828) | - | (6,828) |
| At 30 September 2018 | <u>181,191</u> | <u>-</u> | <u>(5,795)</u> | <u>-</u> | <u>295,808</u> | <u>471,204</u> | <u>17,456</u> | <u>488,660</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 THIRD QUARTER ENDED 30 SEPTEMBER 2018

| | 9 Months Ended 30-09-2018 RM'000 | 9 Months Ended 30-09-2017 RM'000 |
|---|---|---|
| Cash flows from operating activities | | |
| Profit before tax | 75,386 | 30,504 |
| Adjustments for: | | |
| Amortisation of discount on Sukuk Murabahah | 2,436 | 2,639 |
| Depreciation of property, plant and equipment | 3,172 | 2,582 |
| Gain on disposal of property, plant and equipment | (181) | (429) |
| Interest expense | 32,173 | 33,418 |
| Interest income | (2,267) | (2,057) |
| Property, plant and equipment written off | 2 | - |
| Reversal of allowance for impairment on trade receivables | (7,772) | (3,397) |
| Operating profit before changes in working capital | 102,949 | 63,260 |
| Net change in assets | 39,445 | (252,093) |
| Net change in liabilities | (4,082) | 240,896 |
| | 35,363 | (11,197) |
| Net cash flows generated from operations | 138,312 | 52,063 |
| Income tax paid | (5,866) | (3,689) |
| Income tax refunded | - | 270 |
| Net cash from operating activities | 132,446 | 48,644 |
| Cash flows from investing activities | | |
| Interest received | 1,923 | 1,401 |
| Placement of short term investments | (21,500) | - |
| Proceeds from disposal of property, plant and equipment | 459 | 429 |
| Proceeds from disposal of short term investments | 18,410 | 8,500 |
| Purchase of property, plant and equipment | (4,044) | (1,726) |
| Fixed deposits pledged | (37) | (74) |
| Net decrease in bank balances maintained in an escrow account | 22 | 52 |
| Net cash from investing activities | (4,767) | 8,582 |
| Cash flows from financing activities | | |
| Dividends paid | (6,828) | (6,828) |
| Interest paid | (32,173) | (33,418) |
| Repayment of term loans | (20,217) | (13,956) |
| Drawdown of finance lease liabilities | - | 4,688 |
| Repayment of Sukuk Murabahah | (15,000) | (15,000) |
| (Repayment)/Drawdown of bankers' acceptances | (21,712) | 40,454 |
| Repayment of revolving credits | (9,679) | (15,903) |
| Net cash used in financing activities | (105,609) | (39,963) |
| Net (decrease)/increase in cash and cash equivalents | 22,070 | 17,263 |
| Cash and cash equivalents brought forward | 61,817 | 61,371 |
| Cash and cash equivalents carried forward | 83,887 | 78,634 |
| Analysis of cash and cash equivalents | | |
| Cash and bank balances | 25,230 | 19,479 |
| Fixed deposits placed with licensed banks | 77,208 | 80,940 |
| | 102,438 | 100,419 |
| Less: Bank overdrafts | (14,765) | (18,010) |
| Fixed deposits pledged with licensed banks | (3,065) | (3,027) |
| Bank balances maintained in an escrow account | (721) | (748) |
| Cash and cash equivalents | 83,887 | 78,634 |

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 THIRD QUARTER ENDED 30 SEPTEMBER 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 nine months period ended 30 September 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 THIRD QUARTER ENDED 30 SEPTEMBER 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 THIRD QUARTER ENDED 30 SEPTEMBER 2018

A1. BASIS OF PREPARATION (CONTINUED)

New MFRSs, amendments/improvements to MFRSs, new IC Interpretation (“IC Int”) and amendments to IC Int that have been issued, but yet to be effective

The Group has not adopted the following new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int that have been issued, but yet to be effective:

| 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 2 Share-based Payment | 1 January 2020* |
| MFRS 3 Business Combinations | 1 January 2019/ 1 January 2020* |
| MFRS 6 Exploration for and Evaluation of Mineral Resources | 1 January 2020* |
| MFRS 9 Financial Instruments | 1 January 2019 |
| MFRS 10 Consolidated Financial Statements | Deferred |
| MFRS 11 Joint Arrangements | 1 January 2019 |
| MFRS 14 Regulatory Deferral Accounts | 1 January 2020* |
| MFRS 101 Presentation of Financial Statements | 1 January 2020* |
| MFRS 108 Accounting Policies, Changes in Accounting Estimates and Error | 1 January 2020* |
| 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 |
| MFRS 134 Interim Financial Reporting | 1 January 2020* |
| MFRS 137 Provisions, Contingent Liabilities and Contingent Assets | 1 January 2020* |
| MFRS 138 Intangible Assets | 1 January 2020* |
| <u>New IC Int</u> | |
| IC Int 23 Uncertainty over Income Tax Treatments | 1 January 2019 |

CREST BUILDER HOLDINGS BERHAD (573382-P)
INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018

A1. BASIS OF PREPARATION (CONTINUED)

| New MFRSs and amendments/improvements to MFRSs | | Effective for financial periods beginning on or after |
|---|---|--|
| <u>Amendments to IC Int</u> | | |
| IC Int 12 | Service Concession Arrangements | 1 January 2020* |
| IC Int 19 | Extinguishing Financial Liabilities with Equity Instruments | 1 January 2020* |
| IC Int 20 | Stripping Costs in the Production Phase of a Surface Mine | 1 January 2020* |
| IC Int 22 | Foreign Currency Transactions and Advance Consideration | 1 January 2020* |
| IC Int 132 | Intangible Assets – Web Site Costs | 1 January 2020* |

* *Amendments to References to the Conceptual Framework in MFRS Standards*

The Group plans to adopt the above applicable new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to 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 30 September 2018.

A5. CHANGES IN ESTIMATES

Except for reversal of allowance for impairment on trade receivables of RM5.4 million, there were no changes in estimates of amounts reported in prior financial years that have a material effect on the current quarter ended 30 September 2018.

CREST BUILDER HOLDINGS BERHAD (573382-P)
INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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

A first and final single-tier dividend of 4.00 sen per ordinary share amounting to RM6,827,662 for the financial year ended 31 December 2017 had been paid on 3 August 2018.

A8. SEGMENTAL REPORTING

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

- (i) For the nine (9) months period ended 30 September 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 | 211,332 | 34,595 | 11,859 | 194,827 | - | 452,613 |
| - Inter-segment | 119,413 | - | 5,938 | - | (125,351) | - |
| Total revenue | 330,745 | 34,595 | 17,797 | 194,827 | (125,351) | 452,613 |
| Results | | | | | | |
| - Segment results | 6,204 | 29,517 | 13,898 | 39,889 | 18,051 | 107,559 |
| Finance costs | | | | | | (32,173) |
| Income tax expense | | | | | | (20,251) |
| Profit for the financial period | | | | | | 55,135 |

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

CREST BUILDER HOLDINGS BERHAD (573382-P)
INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018

A8. SEGMENTAL REPORTING (CONTINUED)

(ii) For the nine (9) months period ended 30 September 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 | 230,557 | 35,229 | 12,299 | 64,861 | - | 342,946 |
| - Inter-segment | 68,947 | - | 5,167 | - | (74,114) | - |
| Total revenue | 299,504 | 35,229 | 17,466 | 64,861 | (74,114) | 342,946 |
| Results | | | | | | |
| - Segment results | 21,336 | 30,059 | 10,208 | 5,363 | (3,044) | 63,922 |
| Finance costs | | | | | | (33,418) |
| Income tax expense | | | | | | (8,715) |
| Profit for the financial period | | | | | | 21,789 |

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.

A10. SUBSEQUENT MATERIAL EVENTS

There were no material events subsequent to the reporting period up to 15 November 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 30 September 2018.

CREST BUILDER HOLDINGS BERHAD (573382-P)
INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018

A11. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group for the current quarter ended 30 September 2018.

A12. CAPITAL COMMITMENTS

There were no capital commitments that have a material effect in the current quarter ended 30 September 2018.

A13. SIGNIFICANT RELATED PARTY DISCLOSURES

The Group has no significant related party transactions during the current quarter ended 30 September 2018.

CREST BUILDER HOLDINGS BERHAD (573382-P)
INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018

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

B1. REVIEW OF PERFORMANCE

For the third quarter under review, the Group's revenue increased from RM137.2 million to RM177.1 million while the profit before tax increased from RM9.0 million to RM45.0 million respectively as compared to the corresponding third quarter of the preceding year.

The construction division recorded revenue of RM66.5 million and profit before tax of RM0.2 million as compared to the corresponding third quarter of the preceding year of RM95.9 million and RM3.8 million respectively. The decrease in revenue was mainly due to recognition of liquidated and ascertained damages ("LAD") arising from a court case as stated in Note B10 to the interim financial report and lower progressive construction progress recognised from certain projects during the financial period under review. The decrease in profit before tax was mainly due to recognition of LAD and defects rectification arising from a court case as stated in Note B10 to the interim financial report and higher material prices.

The property development division's revenue and profit before tax amounted to RM95.2 million and RM41.1 million as compared to the corresponding third quarter of the preceding year of RM25.5 million and RM2.8 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); and disposal of land held for property development with revenue and gain amounted to RM34.0 million and RM25.1 million respectively recognised during the quarter under review.

The concession arrangement division recorded revenue of RM11.5 million and profit before tax of RM2.5 million as compared to the corresponding third quarter of the preceding year of RM11.7 million and RM2.3 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 RM3.9 million and profit before tax of RM1.2 million as compared to the corresponding third quarter of the preceding year of RM4.1 million and profit before tax of RM0.1 million respectively. The decrease in revenue was mainly due to marginal decrease in occupancy rate for certain investment properties. 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 THIRD QUARTER ENDED 30 SEPTEMBER 2018

B2. COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S RESULTS

| | Current 3rd Quarter RM'000 | Preceding 2nd Quarter RM'000 | Increase/(Decrease) | |
|-------------------|---|---|----------------------------|----------|
| | | | RM'000 | % |
| Revenue | 177,057 | 151,260 | 25,797 | 17% |
| Profit before tax | 44,985 | 17,932 | 27,053 | 151% |
| Profit after tax | 34,300 | 12,590 | 21,710 | 172% |

For the current quarter under review, the Group recorded profit before tax and profit after tax of RM45.0 million and RM34.3 million respectively as compared to profit before tax and profit after tax of RM17.9 million and RM12.6 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 construction of the 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.

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B5. INCOME TAX EXPENSE

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|---|---|---|--|--|
| | Quarter Ended <u>30-09-2018</u> (RM'000) | Quarter Ended <u>30-09-2017</u> (RM'000) | Year Ended <u>30-09-2018</u> (RM'000) | Year Ended <u>30-09-2017</u> (RM'000) |
| Income tax | | | | |
| - Current provision | 7,477 | 1,296 | 14,858 | 5,616 |
| - Under/(Over) provision in prior years | 878 | (281) | 878 | (281) |
| Deferred tax | | | | |
| - Relating to origination and reversal of temporary differences | 2,330 | 424 | 4,515 | 3,380 |
| | 10,685 | 1,439 | 20,251 | 8,715 |
| Profit before tax | 44,985 | 8,991 | 75,386 | 30,504 |
| Tax at Malaysian statutory tax rate of 24% | 10,796 | 2,158 | 18,093 | 7,321 |
| Income not subject to tax | (1,877) | - | (1,909) | (103) |
| Utilisation of previously unrecognised capital allowances | - | (648) | - | (648) |
| Expenses not deductible for tax purposes | 888 | 210 | 3,189 | 2,426 |
| Under/(Over) provision in prior years | 878 | (281) | 878 | (281) |
| | 10,685 | 1,439 | 20,251 | 8,715 |

The Group's effective tax rate for the current quarter ended 30 September 2018 was lower than the statutory tax rate prevailing in Malaysia principally due to certain income not subject to tax in the current period under review.

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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 30 September 2018.

B7. DEALINGS IN QUOTED SECURITIES

The Group did not transact or hold any quoted securities for the current quarter ended 30 September 2018.

B8. CORPORATE PROPOSALS

There were no corporate proposals previously announced but not completed as of 30 September 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 30 September 2018 are as follows:

| | RM'000 | RM'000 |
|-----------------------------|---------|----------------|
| Short term borrowings: | | |
| Secured | | |
| - Finance lease liabilities | 3,124 | |
| - Term loans | 18,521 | |
| - Sukuk Murabahah | 21,972 | |
| Unsecured | | |
| - Bank overdrafts | 14,765 | |
| - Bankers' acceptances | 41,320 | |
| - Revolving credits | 78,050 | |
| | | 177,752 |
| Long term borrowings: | | |
| Secured | | |
| - Finance lease liabilities | 7,464 | |
| - Term loans | 10,293 | |
| - Sukuk Murabahah | 387,858 | |
| | | 405,615 |
| Total | | 583,367 |

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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 15 November 2018, being the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report, except for:

- (i) A subsidiary company of the Company, Crest Builder Sdn. Bhd. (“CBSB”) is a claimant in an arbitration case against an employer in respect of a construction project. CBSB is claiming RM51,398,443 for workdone, variation work, retentions money and prolongation costs. The employer filed a defence counterclaim which includes claims of RM65,109,486 for damages for delay and cost of rectification of defective works.

During the quarter, the Tribunal has awarded an amount of RM31,343,846 in favour of CBSB for balance payment of work done, nominated subcontractor’s claims and variation orders. On the other hand, the employer was awarded with LAD and defects rectification of RM21,850,000 and RM8,514,912 respectively. Subsequent to the final award, CBSB has filed an application under Section 42 of the Arbitration Act 2005 to determine whether the respondent is required by law to prove actual loss in respect of its claim of LAD. The LAD and defects rectification have been recognised in revenue and cost of sales during the quarter under review.

B11. DIVIDEND

No dividend was proposed in the third quarter ended 30 September 2018.

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 30 September 2018.

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|---|---------------------------|-------------------|---------------------------|-------------------|
| | 30-09-2018 | 30-09-2017 | 30-09-2018 | 30-09-2017 |
| Profit after tax attributable to owners of the Company (RM’000) | 33,826 | 6,899 | 53,590 | 20,277 |
| Weighted average number of ordinary shares in issue (‘000) | 170,692 | 170,692 | 170,692 | 170,692 |
| Basic earnings per share (sen) | 19.8 | 4.0 | 31.4 | 11.9 |

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B12. EARNINGS PER SHARE (CONTINUED)

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 | |
|---|---------------------------|-------------------|---------------------------|-------------------|
| | 30-09-2018 | 30-09-2017 | 30-09-2018 | 30-09-2017 |
| Profit after tax attributable to owners of the Company (RM'000) | 33,826 | 6,899 | 53,590 | 20,277 |
| Weighted average number of ordinary shares ('000) | 170,692 | 170,692 | 170,692 | 170,692 |
| Diluted earnings per share (sen) | 19.8 | 4.0 | 31.4 | 11.9 |

B13. PROFIT FOR THE FINANCIAL PERIOD

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|--|---------------------------|-------------------|---------------------------|-------------------|
| | 30-09-2018 | 30-09-2017 | 30-09-2018 | 30-09-2017 |
| | (RM'000) | (RM'000) | (RM'000) | (RM'000) |
| Profit for the financial period is arrived at after charging: | | | | |
| Amortisation of discount on Sukuk Murabahah | 812 | 1,013 | 2,436 | 2,639 |
| Depreciation of property, plant and equipment | 1,263 | 884 | 3,172 | 2,582 |
| Interest expense | 11,079 | 11,342 | 32,173 | 33,418 |
| Property, plant and equipment written off | - | - | 2 | - |

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B13. PROFIT FOR THE FINANCIAL PERIOD (CONTINUED)

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | <u>30-09-2018</u> (RM'000) | <u>30-09-2017</u> (RM'000) | <u>30-09-2018</u> (RM'000) | <u>30-09-2017</u> (RM'000) |
| and after crediting: | | | | |
| Gain on disposal of property, plant and equipment | 48 | - | 181 | 429 |
| Interest income | 599 | 622 | 2,267 | 2,057 |
| Reversal of allowance for impairment on trade receivables | 5,372 | 2,663 | 7,772 | 3,397 |

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 21 November 2018.

By Order of the Board

Company Secretary
Heng Chiang Pooh FCIS (MAICSA 7009923)
Date: 21 November 2018