Annual Report 2018

Crescendo Corporation Berhad
(359750-D)

crescendo

22ND Annual General Meeting

PLACE :
Lido Room, Level 6
Amari Johor Bahru
No. 82C, Jalan Trus
80000 Johor Bahru
Johor Darul Takzim

TIME :
Wednesday, 25 July 2018
at 2.00 p.m.

CONTENTS

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the **Twenty-second Annual General Meeting** of **Crescendo Corporation Berhad** will be held at the Lido Room, Level 6, Amari Johor Bahru, No. 82C, Jalan Trus, 80000 Johor Bahru, Johor Darul Takzim on Wednesday, 25 July 2018 at 2.00 p.m. for the following purposes -

NOTICE OF ANNUAL GENERAL MEETING
(CONT'D)

AGENDA

As Ordinary Business

1.	To receive and adopt the Directors' Report and the Audited Financial Statements for the financial year ended 31 January 2018 together with the Auditors' Report thereon.	**(Ordinary Resolution 1)**
2.	To declare a final single tier dividend of 3 sen per share in respect of the financial year ended 31 January 2018.	**(Ordinary Resolution 2)**
3.	To approve the following payment to Directors –	
	(a) Fees totalling RM347,500 for the financial year ended 31 January 2018.	**(Ordinary Resolution 3)**
	(b) Meeting allowance of RM500 per meeting day for each Director from this Annual General Meeting until the next annual general meeting of the Company.	**(Ordinary Resolution 4)**
4.	To re-elect the following Directors retiring in accordance with Article 77 of the Articles of Association (Constitution) of the Company -	
	(a) Mr. Gooi Seong Lim	**(Ordinary Resolution 5)**
	(b) Mr. Gooi Seong Heen	**(Ordinary Resolution 6)**
	(c) Mr. Gooi Seong Chneh	**(Ordinary Resolution 7)**
5.	To re-appoint M/s. Raki CS Tan & Ramanan as Auditors of the Company and to authorise the Directors to fix their remuneration.	**(Ordinary Resolution 8)**

As Special Business, to consider and if thought fit, to pass the following resolutions -

6.	AUTHORITY TO ALLOT AND ISSUE SHARES	**(Ordinary Resolution 9)**

"THAT subject always to the Companies Act, 2016, the Articles of Association (Constitution) of the Company and the approval of the relevant governmental/ regulatory bodies, the Directors be and are hereby authorised pursuant to Section 76 of the Companies Act, 2016, to allot and issue shares in the Company at any time and upon such terms and conditions and for such purposes as they may deem fit and that the Directors be and are hereby empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad provided always that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares (excluding treasury shares) of the Company for the time being and that such authority shall continue in force until the conclusion of the next annual general meeting of the Company."

NOTICE OF ANNUAL GENERAL MEETING
(CONT'D)

7. PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK **(Ordinary Resolution 10)**

"THAT subject to compliance with all applicable rules, regulations and orders made pursuant to the Companies Act, 2016 ("the Act"), the provisions of the Company's Memorandum and Articles of Association (Constitution) and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant authority, approval be and is hereby given to renew the authority for the Company to purchase its own shares through Bursa Securities, subject to the following -

(a) the maximum number of shares which may be purchased by the Company (which includes the shares already purchased and held as treasury shares) shall be 28,046,249 representing 10% of the total number of issued shares of the Company as at 23 April 2018;

(b) the maximum fund to be allocated by the Company for the purpose of purchasing the shares shall not exceed the audited retained profits of the Company as at 31 January 2018 of RM96,583,353;

(c) the authority conferred by this Ordinary Resolution will be effective immediately upon the passing of this Ordinary Resolution and will expire at the conclusion of the next annual general meeting or the expiry of the period within which the next annual general meeting is required by law to be held, whichever occurs first (unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in a general meeting) but not so as to prejudice the completion of purchase(s) by the Company or any person before the aforesaid expiry date and in any event, in accordance with the provisions of the requirements issued by Bursa Securities or any other relevant authorities;

(d) upon completion of the purchase by the Company of its own shares, the shares shall be dealt with in the following manner -

(i) to cancel the shares so purchased; or

(ii) to retain the shares so purchased in treasury for distribution as dividend to the shareholders of the Company and/or resell through Bursa Securities and/or subsequently cancel the treasury shares and/or transfer the treasury shares for the purposes of or under an employees' share scheme or as purchase consideration; or

(iii) to retain part of the shares so purchased as treasury shares and cancel the remainder;

and in any other manner as prescribed by Section 127 of the Act, rules, regulations and orders made pursuant to the Act and the requirements of Bursa Securities and any other relevant authority for the time being in force;

AND THAT the Directors of the Company be and are hereby authorised to take all steps as are necessary or expedient to implement or to effect the purchase(s) of the shares with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments as may be imposed by the relevant authorities from time to time and to do all such acts and things as the Directors may deem fit and expedient in the best interest of the Company."

8. RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTOR **(Ordinary Resolution 11)**

"THAT Mr. Yeo Jon Tian @ Eeyo Jon Thiam, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than 12 years, be retained as an Independent Non-Executive Director of the Company in accordance with the Malaysian Code on Corporate Governance 2017."

NOTICE OF ANNUAL GENERAL MEETING
(CONT'D)

9. RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTOR **(Ordinary Resolution 12)**

"THAT Mr. Gan Kim Guan, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than 12 years, be retained as an Independent Non-Executive Director of the Company in accordance with the Malaysian Code on Corporate Governance 2017."

10. RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTOR **(Ordinary Resolution 13)**

"THAT Mr. Tan Ah Lai, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than 9 years, be retained as an Independent Non-Executive Director of the Company in accordance with the Malaysian Code on Corporate Governance 2017."

11. To consider any other business for which due notice shall have been given.

NOTICE OF DIVIDEND PAYMENT

NOTICE IS HEREBY GIVEN that subject to the approval of the shareholders at the Twenty-second Annual General Meeting, the final single tier dividend of 3 sen per share in respect of the financial year ended 31 January 2018 will be paid on 29 August 2018 to depositors registered in the Record of Depositors on 10 August 2018.

A depositor shall qualify for entitlement only in respect of:-

(a) shares transferred into the Depositor's Securities Account before 4.00 p.m. on 10 August 2018 in respect of ordinary transfers; and

(b) shares bought on Bursa Malaysia Securities Berhad ("Bursa Securities") on a cum entitlement basis according to the Rules of Bursa Securities.

By Order of the Board

CHONG FOOK SIN (MACS 00681)
KAN CHEE JING (MAICSA 7019764)
CHUA YOKE BEE (MAICSA 7014578)
Company Secretaries

Petaling Jaya
30 May 2018

NOTES:

(1) A member whose name appears in the Record of Depositors as at 18 July 2018 shall be regarded as a member entitled to attend, speak and vote at the meeting.

(2) Proxy -

A member entitled to attend and vote at the meeting is entitled to appoint any person as his proxy to attend, speak and vote instead of him. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy. To be valid, the Form of Proxy duly completed must be deposited at the Registered Office of the Company not less than twenty-four (24) hours before the time set for holding the meeting or any adjournment thereof. If the appointor is a corporation, this Form must be executed under its common seal or under the hand of its attorney. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

NOTICE OF ANNUAL GENERAL MEETING
(CONT'D)

(3) Ordinary Resolution 9 -

This resolution, if approved, will give the Directors authority to issue and allot new ordinary shares up to an amount not exceeding 10% of the total number of issued shares (excluding treasury shares) of the Company for such purposes as the Directors consider would be in the best interest of the Company. This authority will commence from the date of this Annual General Meeting and unless revoked or varied by the Company at a general meeting, expire at the next annual general meeting.

The approval is a renewed general mandate and is sought to provide flexibility and to avoid delay and cost in convening a general meeting for such issuance of shares.

As at the date of this Notice, no new shares in the Company were issued pursuant to the authority granted to the Directors at the last annual general meeting held on 25 July 2017 and which will lapse at the conclusion of the Twenty-second Annual General Meeting.

Should there be a decision to issue new shares after the authority is sought, the Company will make an announcement of the actual purpose and utilization of proceeds arising from such issuance of shares.

(4) Ordinary Resolution 10 -

The detailed text on this resolution on the Proposed Renewal of Authority for Share Buy-Back is included in the Statement to Shareholders dated 30 May 2018 which is enclosed together with this Annual Report.

(5) Ordinary Resolutions 11, 12 & 13 –

Both the Nominating Committee and the Board have assessed the independence of Mr. Yeo Jon Tian @ Eeyo Jon Thiam and Mr. Gan Kim Guan, who have served as Independent Non-Executive Directors of the Company for a cumulative term of more than 12 years, and Mr. Tan Ah Lai, who has served as Independent Non-Executive Director of the Company for a cumulative term of more than 9 years, and recommended them to be retained as Independent Non-Executive Director of the Company based on the following justifications:–

(a) They have fulfilled the criteria under the definition of an Independent Director as stated in the Main Market Listing Requirements of Bursa Securities, and thus, they would be able to provide independent judgement, objectivity and check and balance to the Board.

(b) They perform their duties and responsibilities diligently and in the best interests of the Company without being subject to influence of the management.

(c) Their in-depth knowledge of the Group's businesses and their extensive knowledge, commitment and expertise continue to provide invaluable contributions to the Board.

(d) They, having been with the Company for more than 9 and 12 years respectively, are familiar with the Group's business operations and have devoted sufficient time and attention to their professional obligations and attended the Board and Committee meetings for an informed and balanced decision making.

(e) They are independent as they have shown great integrity and have not entered into any related party transaction with the Group.

(f) They are currently not sitting on the board of any other public and/or private companies having the same nature of business as that of the Group.

Shareholders' approval for Ordinary Resolutions 11 & 12 will be sought on a single tier voting basis.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING PURSUANT TO PARAGRAPH 8.27(2) OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

(1) The following Directors are standing for re-election pursuant to Article 77 of the Articles of Association (Constitution) of the Company at the Twenty-second Annual General Meeting -

(a) Mr. Gooi Seong Lim
(b) Mr. Gooi Seong Heen
(c) Mr. Gooi Seong Chneh

The profiles of the Directors standing for re-election as mentioned in paragraph above at the Twenty-second Annual General Meeting are set out on pages 16 and 17 of this Annual Report.

(2) The statement relating to the general mandate for authority to issue shares is set out in the Notes to the Notice of the Twenty-second Annual General Meeting on page 6 of this Annual Report.

CORPORATE INFORMATION

BOARD OF DIRECTORS

GOOI SEONG LIM / *Chairman and Managing Director*

GOOI SEONG HEEN / *Executive Director*

GOOI SEONG CHNEH / *Executive Director*

GOOI SEONG GUM / *Executive Director*

GAN KIM GUAN / *Senior Independent Non-Executive Director*

YEO JON TIAN @ EEYO JON THIAM / *Independent Non-Executive Director*

TAN AH LAI / *Independent Non-Executive Director*

CHEW CHING CHONG / *Independent Non-Executive Director*

GOOI KHAI SHIN / *Alternate Director to Gooi Seong Lim*

GOOI CHUEN HOWE / *Alternate Director to Gooi Seong Heen*

AUDIT COMMITTEE

Gan Kim Guan (Chairman)

Yeo Jon Tian @ Eeyo Jon Thiam

Tan Ah Lai

Chew Ching Chong

COMPANY SECRETARIES

Chong Fook Sin
(MACS 00681)

Kan Chee Jing
(MAICSA 7019764)

Chua Yoke Bee
(MAICSA 7014578)

REGISTERED OFFICE

Unit No. 203, 2nd Floor,
Block C, Damansara Intan,
No. 1, Jalan SS 20/27,
47400 Petaling Jaya,
Selangor Darul Ehsan.
Tel : 03 7118 2688
Fax : 03 7118 2693

REGISTRAR

Tacs Corporate Services Sdn. Bhd.
(231621-U)
Unit No. 203, 2nd Floor,
Block C, Damansara Intan,
No. 1, Jalan SS 20/27,
47400 Petaling Jaya,
Selangor Darul Ehsan.
Tel : 03 7118 2688
Fax : 03 7118 2693

AUDITORS

Raki CS Tan & Ramanan
Firm No. AF 0190
Chartered Accountants
Suite 23.04, 23rd Floor,
Menara Zurich,
No. 15, Jalan Dato' Abdullah Tahir
80300 Johor Bahru,
Johor Darul Takzim.

PRINCIPAL BANKERS

OCBC Bank (Malaysia) Berhad
(295400-W)
HSBC Bank Malaysia Berhad
(127776-V)

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad
Stock Short Name : CRESNDO
Stock Code : 6718

GROUP STRUCTURE
(AS AT 31 JANUARY 2018)

crescendo
Crescendo Corporation Berhad
(359750-D)

- **crescendo** construction
  - 100% Unibase Construction Sdn. Bhd. (22898-A)
- **crescendo** investment
  - 100% Panoramic Land Sdn. Bhd. (626926-T)
  - 100% Crescendo Commercial Complex Sdn. Bhd. (414716-A)
  - 100% Crescendo Properties Sdn. Bhd. (1137494-A)
- **crescendo** development
  - 100% Crescendo Development Sdn. Bhd. (204079-D)
  - 100% Medini Capital Sdn. Bhd. (1050184-X)
  - 100% Panoramic Industrial Development Sdn. Bhd. (148382-K)
  - 70% Panoramic Jaya Sdn. Bhd. (651964-D)
- **crescendo** services
  - 100% Crescendo Education Sdn. Bhd. (472850-T)

GROUP STRUCTURE
(AS AT 31 JANUARY 2018) (CONT'D)

100% Unibase Corporation Sdn. Bhd. (343826-P)
- 70% Repute Ventures Sdn. Bhd. (392908-V)
  - 86% Repute Construction Sdn. Bhd. (456224-P)

87.36% Unibase Resources Sdn. Bhd. (1102435-V)
- 70% Unibase Quarry Industries Sdn. Bhd. (564792-D)

1.65%

60% Unibase Concrete Industries Sdn. Bhd. (380745-A)
- 100% Unibase Trading Sdn. Bhd. (456217-U)
- 80% Unibase Jaya Sdn. Bhd. (388414-H)
  - 20%
- 48% Unibase Pre-cast Sdn. Bhd. (791633-H)

12%

100% Unibase Sand Industries Sdn. Bhd. (1102633-A)

95% Crescendo Land Sdn. Bhd. (611503-M)
- 100% Crescendo Supreme Sdn. Bhd. (1117973-A)
- 100% Crescendo Vision Sdn. Bhd. (1117974-P)
- 100% Crescendo Horizon Sdn. Bhd. (1117975-M)
- 100% Crescendo Evergreen Sdn. Bhd. (1117976-H)
- 100% Crescendo Landmark Sdn. Bhd. (1117977-T)
- 100% Crescendo Prestige Sdn. Bhd. (1117978-X)
- 100% Crescendo Majestic Sdn. Bhd. (1117980-T)

70% Crescendo Jaya Sdn. Bhd. (603468-X)

100% Ambok Resorts Development Sdn. Bhd. (329538-M)

70% Crescendo International School Sdn. Bhd. (687412-V)

55% Crescendo International College Sdn. Bhd. (362221-T)

GROUP FINANCIAL HIGHLIGHTS

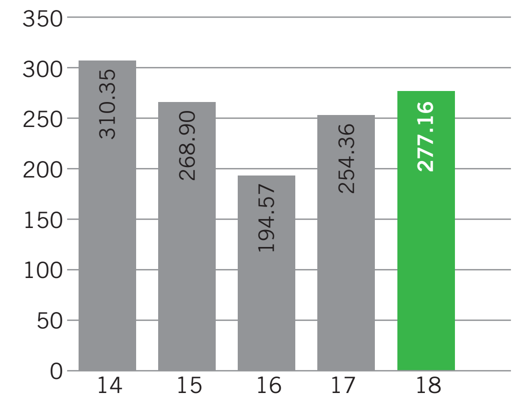
		2014	2015	2016	2017	2018
STATEMENT OF COMPREHENSIVE INCOME (RM'MIL)						
Revenue		310.35	268.90	194.57	254.36	**277.16**
EBITDA		162.65	161.60	45.30	92.85	**65.02**
Profit before tax		159.01	155.70	36.37	81.13	**50.51**
Profit after tax		126.65	124.54	23.96	74.24	**37.14**
Net profit attributable to equity holders		121.05	119.69	17.69	70.29	**35.01**
STATEMENT OF FINANCIAL POSITION (RM'MIL)						
Share capital		228.48	228.49	280.46	280.46	**299.57**
Shareholders' equity		720.75	842.74	850.45	910.56	**922.72**
Total assets		997.72	1,230.43	1,230.02	1,428.19	**1,453.67**
Total borrowings		158.85	247.70	246.21	329.96	**346.22**
FINANCIAL INDICATORS						
Return on shareholders' equity [Pre-tax]	%	22.1	18.5	4.3	8.9	**5.5**
Return on total assets [Pre-tax]	%	15.9	12.7	3.0	5.7	**3.5**
PE ratio	times	4.9	4.6	20.9	6.0	**11.2**
Gearing ratio	times	0.22	0.29	0.29	0.36	**0.38**
Interest cover	times	25.88	16.76	3.35	6.42	**3.49**
Earnings per share	Sen	57	53	8	25	**13**
Net assets per share	RM	3.17	3.70	3.04	3.26	**3.30**
Gross dividend per share	Sen	16	12	5	5	**6**
Gross dividend yield	%	5.7	5.0	3.0	3.3	**4.1**
Share price at financial year end	RM	2.82	2.42	1.67	1.51	**1.45**

GROUP FINANCIAL HIGHLIGHTS
(CONT'D)

REVENUE

RM277.16m

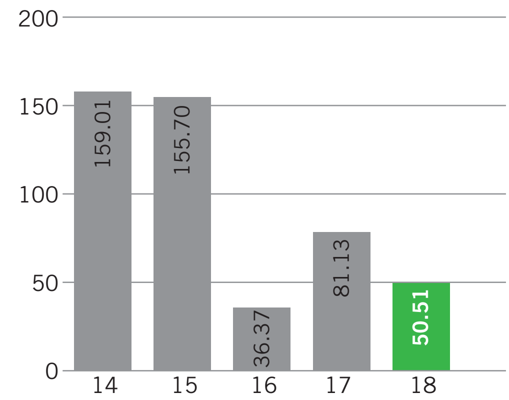
(RM'Million)



PROFIT BEFORE TAXATION

RM50.51m

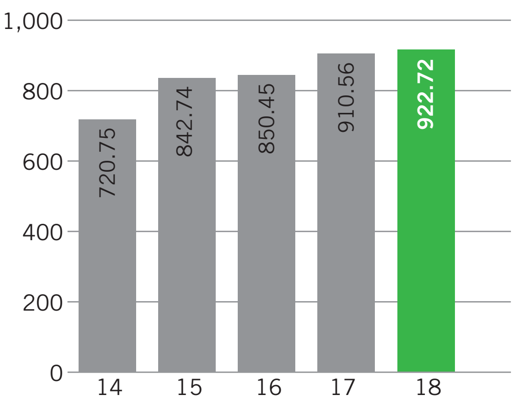
(RM'Million)



SHAREHOLDERS' EQUITY

RM922.72m

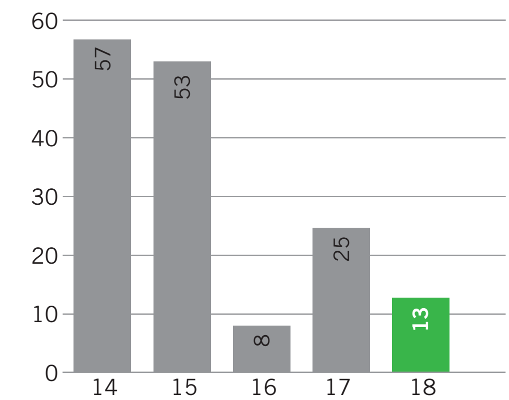
(RM'Million)



EARNINGS PER SHARE (EPS)

13sen

(Sen)




bandar
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Upgrading Life For All

We strive to lift the quality of life for our stakeholders. The key to achieve our aim is to provide superior quality at all times.

By offering superior value over the years, we have made a positive impact while gaining the trust of our customers and the respect of our associates.

BOARD OF DIRECTORS

Gooi Seong Gum
Executive Director

Gooi Seong Lim
Chairman and
Managing Director

Gan Kim Guan
Senior Independent
Non-Executive Director

Gooi Khai Shin
Alternate Director to
Mr. Gooi Seong Lim

Gooi Seong Chneh
Executive Director

Gooi Seong Heen
Executive Director

Gooi Chuen Howe
Alternate Director to
Mr. Gooi Seong Heen

BOARD OF DIRECTORS
(CONT'D)

Chua Yoke Bee
Company Secretary

Tan Ah Lai
Independent
Non-Executive Director

Chong Fook Sin
Company Secretary

Chew Ching Chong
Independent
Non-Executive Director

Yeo Jon Tian @
Eeyo Jon Thiam
Independent
Non-Executive Director

Kan Chee Jing
Company Secretary

PROFILE OF DIRECTORS

Gooi Seong Lim

Chairman and Managing Director

GOOI SEONG LIM, male, aged 69, a Malaysian, was appointed to the Board of Crescendo Corporation Berhad ("CCB") on 15 September 1995. He was also a member of the Remuneration Committee with effect from 27 March 2007 until 30 January 2018. He is currently the Chairman and Managing Director of CCB. He graduated from the University of Toronto, Canada, with a Bachelor of Applied Science degree in Mechanical Engineering in 1972 and a Master's degree in Mechanical Engineering in 1975. From 1975 until to-date, he has been the Managing Director of Sharikat Kim Loong Sendirian Berhad ("SKL"), a company which owns a controlling stake in CCB and Kim Loong Resources Berhad ("KLR"), a public company listed on Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities"). Since 1977, he has been a director of Kim Loong Palm Oil Sdn. Bhd. ("KLPO") which is involved in palm oil milling. The success of the Group owes much to his extensive involvement in construction and property development. He is the Executive Chairman of KLR and also sits on the Board of several other private companies.

Mr Gooi has no personal interest in any business arrangement involving CCB, except that he is deemed interested in the transactions entered into with SKL Group (excluding CCB) which are carried out in the ordinary course of business, by virtue of his directorship and shareholding in SKL. He has not been convicted of any offences within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2018. He attended four (4) of the five (5) Board meetings held during the financial year 2018.

PROFILE OF DIRECTORS
(CONT'D)

Gooi Seong Heen
Executive Director

GOOI SEONG HEEN, male, aged 67, a Malaysian, was appointed to the Board of CCB on 15 September 1995. He is currently an Executive Director of CCB and is also a member of the Audit Committee until 1 November 2007. He graduated with a Bachelor of Applied Science degree in Chemical Engineering from the University of Toronto in 1972 and obtained a Master's degree in Business Administration from the University of Western Ontario, Canada in 1976. He served as an engineer with Esso Singapore Pte Ltd from 1973 to 1974. His experience embraces oil palm and rubber estate management, palm oil mill management and property development. From 1972, he has been a Director of SKL, a holding company which owns a controlling stake in CCB and KLR. Since 1977, he has been a director of KLPO Group which is involved in palm oil milling. He is the Managing Director of KLR and also a director of several other private companies.

Mr Gooi has no personal interest in any business arrangement involving CCB, except that he is deemed interested in the transactions entered into with SKL Group (excluding CCB) which are carried out in the ordinary course of business, by virtue of his directorship and shareholding in SKL. He has not been convicted of any offences within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2018. He attended all the five (5) Board meetings held during the financial year 2018.

Gooi Seong Chneh
Executive Director

GOOI SEONG CHNEH, male, aged 63, a Malaysian, was appointed to the Board of CCB on 15 September 1995. He is currently an Executive Director and Chief Executive Officer (construction operation) of CCB. He graduated with a Bachelor of Science degree from the University of Toronto, Canada in 1975 and obtained a Bachelor's degree in Civil Engineering from the University of Ottawa, Canada in 1980. He is a member of the Professional Engineers Association of Alberta, Canada. He was formerly a consultant with Campbell Engineering and Associates, Calgary, Canada for three (3) years from 1981 to 1983. He has extensive experience in construction site management and property development. His experience also includes oil palm and cocoa estate management. From 1976, he has been a Director of SKL, a company which owns a controlling stake in CCB and KLR. He has been responsible for the development and management of oil palm and cocoa estates in Johor, Sabah & Sarawak since 1985. He is also a director of KLR and several other private companies.

Mr Gooi has no personal interest in any business arrangement involving CCB, except that he is deemed interested in the transactions entered into with SKL Group (excluding CCB) which are carried out in the ordinary course of business, by virtue of his directorship and shareholding in SKL. He has not been convicted of any offences within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2018. He attended all the five (5) Board meetings held during the financial year 2018.

PROFILE OF DIRECTORS
(CONT'D)

Gooi Seong Gum
Executive Director

GOOI SEONG GUM, male, aged 62, a Malaysian, was appointed to the Board of CCB on 15 September 1995. He is currently an Executive Director of CCB. He graduated with a Bachelor's degree in Civil Engineering from the University of Ottawa, Canada in 1980. He was an engineering consultant for Bobrowski & Partners, Calgary, Canada for one (1) year from 1982 to 1983. His experience covers oil palm and rubber estate management, property development and construction site management. From 1980, he has been a Director of SKL, a company which owns a controlling stake in CCB and KLR. Since 1983, he has been a director of KLPO Group which is involved in palm oil milling. He currently sits on the Board of KLR and several other private companies.

Mr Gooi has no personal interest in any business arrangement involving CCB, except that he is deemed interested in the transactions entered into with SKL Group (excluding CCB) which are carried out in the ordinary course of business, by virtue of his directorship and shareholding in SKL. He has not been convicted of any offences within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2018. He attended all the five (5) Board meetings held during the financial year 2018.

Gan Kim Guan
Senior Independent Non-Executive Director

GAN KIM GUAN, male, aged 55, a Malaysian, was appointed to the Board of CCB as an Independent Non-Executive Director on 29 March 2001. He is currently the Senior Independent Non-Executive Director of CCB. He was appointed as a member of the Audit Committee on 29 March 2001 and currently, he serves as the Chairman of the Audit Committee since 5 May 2001. He also sits as a member of both the Nominating and Remuneration Committees with effect from 27 March 2002. He was appointed as the Chairman of the Nominating Committee with effect from 31 December 2012. He has extensive experience in auditing, investigation, financial planning and financing related work. He is also a director of KLR.

Mr Gan is a Chartered Accountants of the Malaysian Institute of Accountants. He has no personal interest in any business arrangement involving CCB. He has not been convicted of any offences within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2018. He attended all the five (5) Board meetings held during the financial year 2018.

PROFILE OF DIRECTORS
(CONT'D)

Yeo Jon Tian @ Eeyo Jon Thiam
Independent Non-Executive Director

YEO JON TIAN @ EEYO JON THIAM, male, aged 77, a Malaysian, was appointed to the Board of CCB on 3 December 1996. He is currently an Independent Non-Executive Director of CCB and is also a member of both Audit and Nominating Committees. He is the Chairman of Remuneration Committee with effect from 27 March 2002. He commenced his planting career in 1960 with the Rubber Research Institute of Malay Smallholders' Advisory Service. He is an associate of the Incorporated Society of Planter since 1968. He has been actively involved in the plantation management of large-scale cultivation of rubber, oil palm and cocoa until 1990 when he became the General Manager of a property development company. He also sits on the board of several private companies.

Mr Yeo has no personal interest in any business arrangement involving CCB. He has not been convicted of any offences within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2018. He attended four (4) of the five (5) Board meetings held during the financial year 2018.

Tan Ah Lai
Independent Non-Executive Director

TAN AH LAI, male, aged 49, a Malaysian, was appointed as an Independent Non-Executive Director of CCB and a member of the Audit Committee on 1 November 2007. He also sits as a member of both the Nominating and Remuneration Committees with effect from 26 February 2009. He is a fellow member of the ACCA, UK and a Chartered Accountant of the Malaysian Institute of Accountants. He started his career as an audit assistant in a public accounting firm in 1994. In 2011, he incorporated his own consulting and accounting firm which provides accounting, tax and consultation services. He has extensive experience in financial and tax related work. Currently, he is also a director of Guan Chong Berhad.

Mr Tan has no personal interest in any business arrangement involving CCB. He has not been convicted of any offences within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2018. He attended all the five (5) Board meetings held during the financial year 2018.

PROFILE OF DIRECTORS
(CONT'D)

Chew Ching Chong
Independent Non-Executive Director

CHEW CHING CHONG, male, aged 63, a Malaysian, was appointed as an Independent Non-Executive Director of CCB and a member of the Audit, Nominating and Remuneration Committees on 26 November 2013. He graduated with a Bachelor of Science (Ist Class Hons) in Civil Engineering from University of Stratchlyde Scotland, United Kingdom, in 1979. He is a fellow member of Institution of Engineer Malaysia, a member of Institution of Civil Engineer United Kingdom & Australia, a member of Chartered & Professional Engineer of Institution of Malaysia, United Kingdom & Australia and a member of Asean Engineer & Association of Consultant Engineer, Malaysia. He started his career in 1980 as a Civil Engineer with an engineering consultancy firm and became a partner of the firm in 1987. Subsequently, he was appointed as the Managing Director in 2002, currently as Chairman of the firm employing 65 staff. He has acquired extensive experience in design practices, planning, management and implementation of many large and prestigious projects.

Mr Chew has no personal interest in any business arrangement involving CCB. He has not been convicted of any offences within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2018. He attended all the five (5) Board meetings held during the financial year 2018.

Gooi Khai Shin
Alternate Director to Mr. Gooi Seong Lim

GOOI KHAI SHIN, male, aged 29, a Malaysian, was appointed as an Alternate Director to Mr. Gooi Seong Lim on 31 March 2016. He graduated with a Master degree in Chemistry from the University of Edinburgh in year 2012. During his studies, he took a gap year and worked as a synthetic chemist in GlaxoSmithKline (UK) from 2010 to 2011. He joined CCB in year 2012 and has been involved in the business operation since then. He is currently the Project Director of CCB.

Mr Gooi has no personal interest in any business arrangement involving CCB, except that he is deemed interested in the transactions entered into with SKL Group (excluding CCB) which are carried out in the ordinary course of business, by virtue of being a person connected to Mr Gooi Seong Lim. He has not been convicted of any offences within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2018.

PROFILE OF DIRECTORS
(CONT'D)

Gooi Chuen Howe
Alternate Director to Mr. Gooi Seong Heen

GOOI CHUEN HOWE, male, aged 34, a Malaysian, was appointed as an Alternate Director to Mr. Gooi Seong Heen on 31 March 2016. He graduated with a Bachelor of Science (Hons) degree from the University of Toronto and a Master of Science degree in Applied Finance from the Singapore Management University. He started his career as an investment analyst in asset management companies from 2008 to 2009. Subsequently, he worked as an investment manager in Primevest Holdings Private Limited from 2010 to 2015. Since then, he has been involved in the business operation of CCB.

Mr Gooi has no personal interest in any business arrangement involving CCB, except that he is deemed interested in the transactions entered into with SKL Group (excluding CCB) which are carried out in the ordinary course of business, by virtue of being a person connected to Mr Gooi Seong Heen. He has not been convicted of any offences within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2018.

Family Relationship

Gooi Seong Lim, Gooi Seong Heen, Gooi Seong Chneh and Gooi Seong Gum, are brothers.

Gooi Seong Lim is Gooi Khai Shin's father and Gooi Seong Heen, Gooi Seong Chneh and Gooi Seong Gum, are Gooi Khai Shin's uncles.

Gooi Seong Heen is Gooi Chuen Howe's father and Gooi Seong Lim, Gooi Seong Chneh and Gooi Seong Gum, are Gooi Chuen Howe's uncles.

Save for the above, none of the other Directors is related.

PROFILE OF KEY SENIOR MANAGEMENT

The executive function in the Group is spearheaded by the Executive Chairman and Managing Director, Mr. Gooi Seong Lim, whose profile is included under the section on Directors' profile on page 16 of this Annual Report. The following Directors assist him with day to day running of the various operations of the Group.

Gooi Seong Heen
Executive Director
(Profile on Page 17 of this Annual Report)

Gooi Seong Chneh
Chief Executive Officer, Construction Operation
(Profile on Page 17 of this Annual Report)

Gooi Seong Gum
Executive Director
(Profile on Page 18 of this Annual Report)

Gooi Khai Shin
Project Director
(Profile on Page 20 of this Annual Report)

The profiles of the other Key Senior Management members are set out below.

IR. PUEN TAK HONG
Contract Director

Ir. Puen Tak Hong, male, aged 67, a Malaysian, joined the Group in 1988 and was appointed as Contract Director of Crescendo Corporation Berhad ("CCB") in 2017. He graduated with a Bachelor of Science (Hons) from University of Strathclyde, United Kingdom. He is a Professional Engineer and fellow member of Institution of Engineers, Malaysia ("IEM"). He is also the Principal Interviewer for candidates sitting IEM profession accreditation and the past Chairman of Institution of Engineers, Southern Branch and Council Member of IEM, Malaysia for 2001/2002 and 2002/2003. He has more than forty six (46) years of constructional and professional working experience. Upon graduating from Singapore Polytechnic, he worked in Singapore for 6 months in the construction industry. He then joined the Selangor Development Corporation as the Site Agent for Wisma PKNS and completed the supervision of a 22-storey building before leaving for UK in 1976 to pursue and complete his degree in 1978. Upon returning to Malaysia, he joined a consultancy firm as their Design Engineer, Project Manager and Residence Engineer for Wisma Sime Darby, KL, worked with the late Professor Ir. Chin Fung Kee as an understudy for a short duration. He worked there for 10 years.

He joined the Group as the Project Manager in 1988 and oversee the planning and implementation for the Group's first development project at Taman Desa Cemerlang, a 750-acre mixed residential and commercial housing development and all the subsequent projects of the Group. He oversees the construction arms of the Group from business planning, contract awarding, project management, compliance with regulations and ISO 9000-2008 Certification to human resource development and training of staff. Being a Contract Director, he plays an active role in the planning and supervision of various development projects and is a member of the tender and evaluation committee of various subsidiaries of CCB.

Ir. Puen does not hold any directorship of public companies and CCB. He does not have any family relationship with any director and/or substantial shareholder of CCB, nor any conflict of interest with CCB. He has no conviction of any offences within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2018.

PROFILE OF KEY SENIOR MANAGEMENT
(CONT'D)

LEE KIM CHAI
General Manager

Lee Kim Chai, male, aged 66, a Malaysian, joined CCB as Senior Manager in 2006 and was promoted to General Manager in 2016. He graduated with a Bachelor of Science (Hons), Civil Engineering from University of Strathclyde, United Kingdom. He is a professional engineer with the Board of Engineers Malaysia and a member of Institution of Engineers Malaysia. He joined Public Works Department in Johor as project engineer from 1977 to 1981. During his tenure in Public Works Department, he was responsible for implementing building and highway project. He then joined Pelangi Berhad, a property development company, from 1981 to 2006, where he gained extensive experience in project planning and project management. He was also the Chairman for Real Estate and Housing Developers' Association (REHDA), Johor from 2008 to 2010. Currently he oversees the Property, Sales and Marketing Department of CCB Group and is responsible for the sales and marketing of the properties within the Group.

Mr Lee does not hold any directorship of public companies and CCB. He does not have any family relationship with any director and/or substantial shareholder of CCB, nor any conflict of interest with CCB. He has no conviction of any offences within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2018.

DR. KHING KIM HOCK
General Manager (Construction)

Dr. Khing Kim Hock, male, aged 53, a Malaysian, joined CCB in 2002 as Senior Project Manager and is currently the General Manager (Construction) of CCB. He holds a Bachelor of Science and Master of Science degree in Civil Engineering and Mechanics and Ph.D in Engineering Science, specialized in Geotechnical Engineering from Southern Illinois University at Carbondale, Illinois, USA. He is a member of American Society of Civil Engineering. He has more than 20 years' experience in the property development, building and construction industries. He has worked in various companies involved in the construction of high-rise building, deep basement structure, geo-technical works, treatment plants, bridges and infra-structure works in Malaysia and Singapore.

Dr. Khing does not hold any directorship of public companies and CCB. He does not have any family relationship with any director and/or substantial shareholder of CCB, nor any conflict of interest with CCB. He has no conviction of any offences within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2018.

YUEN SUH CHIN
Financial Controller

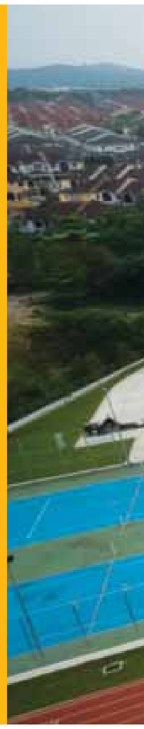
Yuen Suh Chin, female, aged 45, a Malaysian, joined CCB in 2004 and was appointed as the Financial Controller of CCB in 2014. She graduated with a Bachelor of Arts majoring in Accounting & Finance from University of Strathclyde, United Kingdom. She is a fellow member of Association of Chartered Certified Accountants (ACCA) and a Chartered Accountant with Malaysian Institute of Accountants. She started her career as an audit assistant at Ernst & Young and her last position at Ernst & Young was Senior Manager with the Assurance and Advisory Business Services. Her portfolio includes both public listed and private companies involving in various industries. She was also involved in Initial Public Offering (IPO) exercises and due diligence audits for business acquisitions/joint ventures besides auditing. She is currently heading the Accounting & Finance Department of CCB and she is involved in various corporate exercises including group restructuring, funds raising and joint ventures. She has extensive experience in auditing, accounting, tax and financial related work.

Ms Yuen does not hold any directorship of public companies and CCB. She does not have any family relationship with any director and/or substantial shareholder of CCB, nor any conflict of interest with CCB. She has no conviction of any offences within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2018.

CHAIRMAN'S STATEMENTS

DEAR SHAREHOLDERS,

On behalf of the Board of Directors of Crescendo Corporation Berhad, I am pleased to present to you the Annual Report and Audited Financial Statements for the financial year ended 31 January 2018



FINANCIAL RESULTS

The Group has scaled another challenging year in the face of slower global growth, volatile commodities prices and weakening of Ringgit. However, the Group showed resilience and managed to register an increase of approximately 9% in revenue to RM277.2 million for the financial year 2018 as compared to RM254.4 million recorded for the financial year 2017. By excluding the gain from fair value adjustment on investment properties amounting to RM41.4 million for the financial year 2017, the Group's profit before tax for the financial year 2018 increased by 27% as compared to RM39.8 million for the last financial year mainly contributed by higher property sales compounded by change of sales mix with higher proportion of industrial property sales which have a higher margin. This performance is the result of prudent business strategy and our commitment to deliver sustainable value to our shareholders.

DIVIDEND

The Board is pleased to recommend to the shareholders for approval a final single tier dividend of 3.0 sen per share (2017: 3.0 sen per share) for the financial year ended 31 January 2018, making a total single tier dividend of 6.0 sen per share (2017: 5.0 sen per share).

CHAIRMAN'S STATEMENTS
(CONT'D)

OUTLOOK AND PROSPECTS

For financial year 2019, the Group will continue to leverage on its strategic land bank to develop properties that meet current market needs. However, the Group remains cautious in its launches to avoid holding high level of stock.

With committed sales in hand and unbilled revenue of RM221.4 million as at 17 May 2018 for the property development operation, the Board expects the performance of the Group to remain satisfactory for the financial year ending 31 January 2019.

APPRECIATION

On behalf of the Board, I wish to express my appreciation to the Management and Staff for their loyal and dedicated services to the Group, and to various government authorities and agencies, bankers, valued customers, suppliers and business associates for their co-operation and continued support.

Finally, I wish to thank my fellow Board members for their support and the shareholders for their confidence in the Board and Management of the Group.

Gooi Seong Lim
Chairman and Managing Director
Johor Bahru, Johor
Date: 17 May 2018

MANAGEMENT DISCUSSION AND ANALYSIS

GROUP'S BUSINESS AND STRATEGIES

Crescendo Corporation Berhad (CCB) Group is principally involved in Property Development and Construction, Manufacturing & Trading of Building Materials, Education & Management Services and Property Investment.

The Property Development and Construction Division has a landbank of approximately 2800 acres with four (4) active development projects in Johor Bahru, namely Bandar Cemerlang, Desa Cemerlang, Taman Perindustrian Cemerlang and Taman Dato Chellam. CCB Group has developed a wide range of properties ranging from low to medium high cost residential properties, shop office, small terrace factory to large detached factory.

At the Manufacturing and Trading of Building Materials Division, CCB Group owns and operates three (3) ready mix concrete plants with a total capacity of 300 m3/hour. These three (3) plants also manufacture 'U' drain, concrete pipes/culverts, piles and other pre-cast concrete products for local and international markets.

At the Education & Management Services Division, we have Crescendo International College (CIC) and Crescendo-HELP International School (CHIS) both located in Desa Cemerlang. CIC caters for Cambridge A-Levels, tertiary education and professional qualification, while CHIS offers primary and secondary education based on International General Certificate of Secondary Education (IGCSE) syllabus. CCB also provides management services to subsidiaries and related companies for a fee.

CCB Group is vigilant on the current market and will continue its efforts to provide quality product and services to its customers. To achieve this, we value feedbacks from customers and other stakeholders and we have set up framework to manage and monitor our product quality.

Strategic marketing and advertising through various channels are implemented to target potential customers. Apart from that, proactive customer engagement will remain as a key strategy to reach our customers and enhance our brand identity, visibility and awareness.

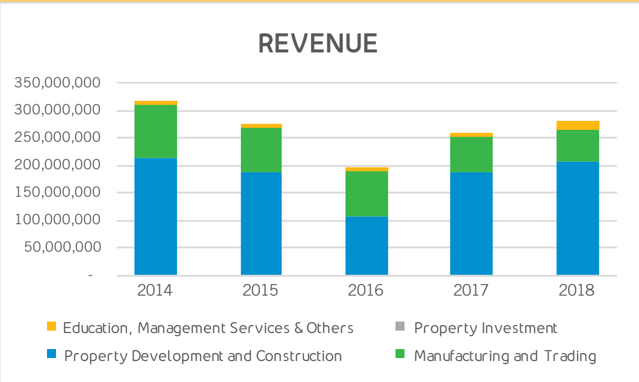
Training and development of staff will continue to be prioritised to remain competitive in the market and be prepared to turn any prevailing market conditions into opportunities for business growth and sustainability.

The Group's profit before tax for the financial year 2018 increased 27% as compared to the last financial year (excluding fair value gain of investment properties recognised in the last financial year).

The increases in both revenue and profit before tax were mainly contributed by higher property sales compounded by change in sales mix with higher proportion of industrial properties that have a higher margin.

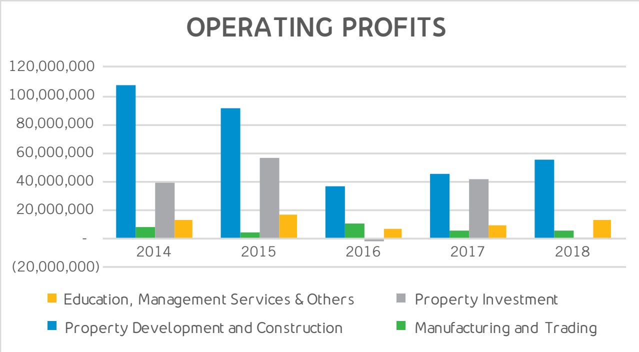
FINANCIAL REVIEW

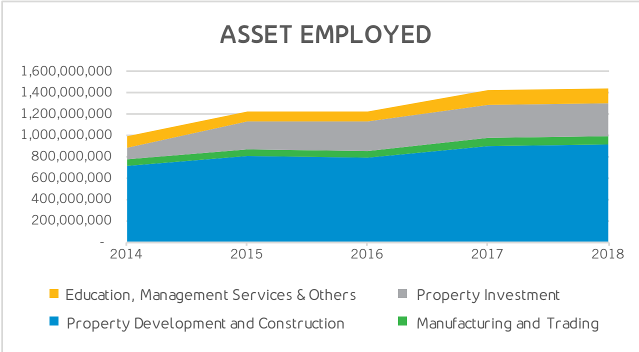
The five years' performance of the Group is as below:



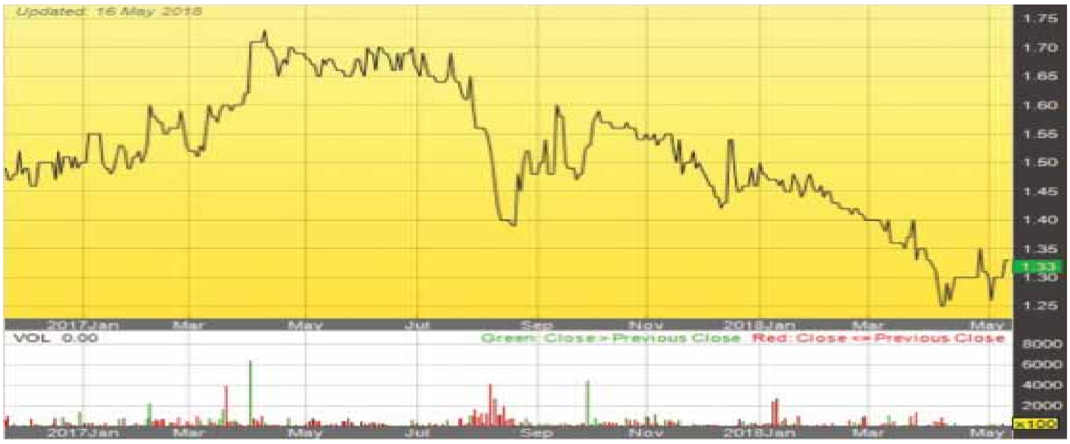
The Property Development and Construction Division remains the major contributor to the Group revenue. The Manufacturing and Trading of Building Materials Division also contributed steady revenues and profits to the Group.

MANAGEMENT DISCUSSION AND ANALYSIS
(CONT'D)





Our stock performance for the period from January 2017 till 16 May 2018



Source: Bursa Securities

DIVISIONAL PERFORMANCE

Property Development and Construction

During the FY 2018, the Property Development and Construction division secured sales of approximately RM206.7 million.

The profit margin recorded for the FY 2018 was 26.8% as compared to 24.1% for the FY 2017. The increase in profit margin was mainly contributed by higher proportion of industrial property sales which have a higher margin.

Our property sales compared to the sales in the state of Johor:

Type of Properties	Group Sales (RM million)		Sales in Johor * (RM million)		Increase / (Decrease) (%)	
	FY 2018	FY 2017	2017	2016	Group	State
Residential	129.7	69.9	8,643	8,578	85.55	0.76
Commercial	39.9	33.3	3,378	2,845	19.82	18.73
Industrial	101.6	57.9	1,896	2,027	75.47	(6.46)

* The period reported for the Sales in Johor is based on calendar year i.e., January to December as compared to the Group Sales from February to January.

Source: Table VII Value of Property Transactions by State and Time Period
Annual Property Market Report 2017, Valuation and Property Services Department, Ministry of Finance Malaysia

The target markets for the three (3) types of property are very diverse with residential properties mainly for owner occupied Malaysians. For commercial units, which comprised shop-office, the buyers will be a mixture of owners and investors from both locals and foreigners. For industrial factories, the main target group is foreign owned companies for larger detached factories and local manufacturers for smaller terrace and semi-detached factories.

Property Development Activities

Property development and construction operations of the Group contributed 74% of the total turnover in the FY 2018.

Development Landbank

Project / Taman	Distance from JB (km)	Type of Development	Development Land (acres)
Bandar Cemerlang	20		
- Tebrau, Johor Bahru		Mixed	826
- Kota Tinggi		Mixed	526
Taman Perindustrian Cemerlang	16	Industrial	85
Taman Desa Cemerlang	16	Residential & Commercial	70
Taman Dato' Chellam	18	Residential & Commercial	12
Nusa Cemerlang Industrial Park	30	Industrial	204
Tanjung Senibong	18	Residential & Commercial	222
Ambok	67	Resorts / Mixed development	794
Others	20	Residential	5
Total development landbank as at 31 Jan 2018			**2,744**

During the FY 2018, CCB Group launched the following projects
- 38 units of various sizes of factories ranging from terrace to cluster factories with total GDV of RM82.6 million at Taman Perindustrian Cemerlang;
- 30 units of shop offices with total GDV of RM45.5 million at Taman Desa Cemerlang;
- 166 units of mid-market landed residential properties with a total GDV of RM115.6 million at Bandar Cemerlang; and
- 455 units of affordable housing with GDV of RM68.3million at Bandar Cemerlang and Taman Dato' Chellam.

In our effort to continue developing landed residential properties, for FY 2019 we plan to launch 426 units of affordable housing at Bandar Cemerlang and Tanjung Senibong, 102 units of mid-market landed residential properties and 24 units of shop offices at Bandar Cemerlang, with total GDV of more than RM170 million.

Construction Activities

The Division undertakes both in-house and external contracts for construction of commercial and industrial buildings. The revenue recognised from external construction projects was approximately RM4.4 million for FY 2018.

Manufacturing and Trading of Building Materials

The ready mix concrete plant and concrete products are to cater for both in house and external needs. 68.9% or RM14.4 million were from external sales in FY 2018.

The export sales make up for approximately 40% of the total sales for pre-cast products for FY 2018 as compared to approximately 70% for FY 2017.

The decrease in revenue for the FY 2018 was due to stiff competition causing lower pricing for ready mix supplies. To better manage our business risk, new customers are vetted carefully before commencement of new supply. In addition, tighter credit control and prudent practices have been implemented to minimise bad debts and ensure this Division continues to be profitable.

MANAGEMENT DISCUSSION AND ANALYSIS
(CONT'D)

Property Investment

This is the property investment arm of the Group holding properties for rental purposes.

The decrease in operating profits in this Division was mainly due to net gain from fair value adjustments of investments properties amounting to RM41.4 million recognised in the previous financial year.

Currently, there are 17 plots of land measuring approximately 48 acres located at Taman Perindustrian Nusa Cemerlang, Gelang Patah, held by this Division, of which 11 units of factories with GDV of RM241 million have been completed for rental.

To-date the occupancy rate is approximately 45.5% and we are actively looking for potential tenants to occupy the vacant factory units.

Education & Management Services

The Division consists of two main business activities i.e., Education and Management Services.

The increase in revenue from this Division was mainly contributed by school fees from the international school that had just commenced its operation in February 2017.

Education

Crescendo International College (CIC)

There was an increase in the enrolment of students registered with CIC to record high of 1058 students. The increase was mainly due to high intake from the Diploma in Airline Services and the increase in students for other programs that are offered by CIC.

Crescendo-HELP International School (CHIS)

The total built-up area of CHIS is over 30,000 square meters and the campus can accommodate up to 2,000 students. CHIS has started the first intake in February 2017. To date, CHIS has enrolment of more than 600 students. As a purpose-built campus, CHIS is equipped with state-of-the-art facilities and staffed with highly qualified and experienced teachers, both local and international.

CHIS offers the British Education Curriculum culminating in the widely-recognized IGCSE qualification, which is accepted by the world's best pre-university programmes. Combining the best of Western and Eastern education, students will develop Higher Order Thinking Skills (HOTS) and will master a minimum of four languages: English, Mandarin, Bahasa Malaysia, and Spanish, which will enable them to work or conduct business in over 70% of the world's countries.

As part of the Group's effort in "Returning to the Society", scholarships are awarded based on merit and on a need basis to keep its promise of offering quality education to Malaysian students.

Management Services

The increase in revenue and operating profit in this Division during the financial year was in line with the increase in business activities in Property Development and Construction Division where the management fees are charged according to the turnover of the respective divisions.

RISK EXPOSURE AND MITIGATIONS

The Group's major business operations are the property development and construction industry that is subject to the following major risks that may have a material effect on the Group's operations, performance, financial condition and liquidity:

a) General economic condition;
b) Changes in law, by-laws and/or government policy which affect property and construction industry;
c) Changes by Bank Negara and commercial banks on their credit policy and fluctuation on bank interest rates; and
d) Shortage of skilled labour and movement in building materials cost leading to increasing cost.

The Management will constantly monitor the development and changes in the conditions of the property markets and plan our property launches accordingly to avoid holding high level of stock. The Group will also take proactive measures to maintain its competitiveness through reasonably priced quality products that meet customers' expectation.

OUTLOOK AND PROSPECTS

The unbilled sales from the total committed property sales as at the date of the report is RM221.4 million (as at 17 May 2018). Even though the property development environment for 2018 is expected to remain challenging industry-wide due to concerns of low affordability, rising living costs and the recent interest rate hikes, the demand for landed properties in strategic growth areas with good accessibility and connectivity is expected to remain resilient. The Group will continue to leverage on its strategic land bank to develop properties that meet current market needs.

The Group with its prudent financial management and proven township development track record, will continue to focus on exceeding its customers' expectations and be the developer of choice, developing sustainable, quality, affordably priced residential and commercial units in our townships.

CONCLUSION

Moving forward, the Group's performance and growth will remain satisfactory because Johor's property market is expected to remain stable especially in Iskandar Malaysia in view of the government's effort in promoting Iskandar Malaysia and the expected growth in demand arising from the enhanced bilateral collaborations between Malaysia and Singapore.

SUSTAINABILITY STATEMENT
FOR THE YEAR ENDED 31 JANUARY 2018

The Group's principal activities, which remained largely unchanged during the financial year ended 31 January 2018, comprise property development and construction; manufacturing and trading of building materials; education and management services; and property investment. As a responsible corporate citizen, the Company, via its Board of Directors ("Board"), is mindful of the need to have, and supports, a growth strategy that incorporates sustainable development and management of economic, environmental and social risks and opportunities, based on a foundation of considering the impact of the Group's business endeavours on the economic conditions of its stakeholders ("Economic"), on living and non-living natural systems ("Environmental") and on the social system ("Social"), taking into consideration the salient concerns of the Group's key stakeholders.

This General Sustainability Statement ("Statement"), which is prepared in accordance with the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), sets out what the Board considers as material sustainability risks and opportunities, collectively known as Material Sustainability Matters ("MSMs"), that impact the way the Group's operations are carried out as well as how such MSMs are managed to achieve the strategic objectives of the Group. This Statement also explains the governance structure of the Group in overseeing sustainability matters and how measures are being deployed to manage these MSMs. In preparing this Statement, the Board has considered the Sustainability Reporting Guide issued by Bursa Securities.

Our Sustainability Governance Structure

The Group has established a Risk Management and Sustainability Committee ("RMSC"), helmed by the Board Chairman and Managing Director with the other Executive Directors of the Company as well as Heads of Business Unit of the Group as Committee members. The RMSC, which assists and reports directly to the Board on risk management and sustainability matters faced by the Group, is supported by a working group comprising the Executive Directors, Heads of Business Unit and key Management staff. The working group is involved in the identification of MSMs, including how MSMs are managed, which are deliberated at the RMSC, monitored and the outcome thereof disseminated to the Board for notification and comments, as the case may be.

Our Stakeholder Engagement and Prioritisation

The Group's stakeholder identification process is based on an exercise of identifying key external and internal groups which have a substantial impact on the Group or upon which the Group has a substantial impact. The Group's businesses affect not only commercial stakeholders but also communities and other entities who have non-financial interest in the impact of the Group's activities. As this is the inaugural Statement by the Group, the stakeholder identification and prioritisation process was carried out by the RMSC and key Management personnel via a workshop facilitated by an external consultant during the financial year. Although it is the Group's aim to enhance stakeholder identification processes going forward, the Board believes that the present list of stakeholders provides a fair and representative assessment of groups that affect or are affected by our business activities. These stakeholders which are prioritised in importance to the Group, i.e. categorised as critical, high and moderate, are set out below, the findings of which were subsequently raised to the Board of Directors who endorsed both the process and the outcome:

Stakeholder group and prioritisation	Stakeholder description	Method of engagement
Employees (Critical)	Our employees are key enablers of all our business activities and are involved in all parts of our value chain	• Annual appraisal • Internal portal • Circular of Internal Policies • Sports and Recreation activities • Meetings • Informal gathering to enhance bonding

Stakeholder group and prioritisation	Stakeholder description	Method of engagement
Suppliers and contractors (Critical)	Our suppliers and contractors are vendors of materials and services which are crucial in the supply chain	• Regular Site Meeting • Progress Report • Performance Review • Site Visit
Customers (High)	Our customers comprise buyers of the Group's products and services, which directly contribute to the Group's revenue	• Road shows • One-to-one meeting • Company web-site • Exhibitions
Shareholders (High)	Shareholders are the owners of the Company	• Meetings with shareholders (Annual General Meetings and Extraordinary General Meetings) • Announcements to Bursa Securities, details of which may be accessed by shareholders • Company's corporate website
Government agencies and regulatory bodies (High)	Governance agencies and regulatory bodies stipulate and enforce the laws and regulations in the markets where the Group operates	• Inspections by the agencies • Attends workshops and trainings • Meeting with the regulators • Correspondences with regulators on requirements
Media & Investor Analyst (Moderate)	Media stakeholders include news editors and reporters who are responsible for the public dissemination of information related to our Company whilst analysts comprise those who write reports on the Group's results, performance and plans moving forward	• Press releases • Analyst briefing

The feedback from engagement with stakeholders is considered in evaluating whether a sustainability risk and opportunity is considered material to enable pertinent responses to be factored in the Group's strategies.

Our Materiality Assessment Process

Materiality, in sustainability terms, is not limited to matters that may have a significant financial impact on our Group but also includes matters that may impinge on our ability to meet present and future needs. Our definition of materiality is drawn from the Sustainability Reporting Guide provided by Bursa Securities, where material issues are defined as such if they:

- reflect an organisation's significant Economic, Environmental and Social impacts; or
- substantively influence the assessment and decisions of stakeholders.

For the purposes of this Statement, the following MSMs of the Group, categorised according to the themes of Economic, Environmental and Social, were identified by the RMSC and key Management personnel via a workshop facilitated by an external consultant during the financial year, including measures deployed to manage such MSMs.

ECONOMIC

Quality products and services

The Group is committed to provide quality products and services, delivered on a timely basis, to our customers through our available resources. It also aims for continuous improvement towards creating value to, and building long term relationships with, all its stakeholders.

The Company is a member of the International Real Estate Federation (FIABCI) and the Malaysian International Chamber of Commerce and Industry (MICCI). Two (2) subsidiaries, namely Panoramic Industrial Development Sdn Bhd and Crescendo Development Sdn Bhd, are members of the Real Estate and Housing Developers' Association Malaysia (REHDA).

Two (2) others subsidiaries, namely Unibase Corporation Sdn Bhd and Unibase Construction Sdn Bhd, have been accredited ISO 9001:2008 (BS EN 9001: 2008) certified companies by TQCS International (Group) Pty Ltd. Unibase Concrete Industries Sdn Bhd has obtained its product certification licence for precast reinforced concrete square pile, small precast reinforced concrete square pile and precast concrete pipes with ogee joints.

As quality of the Group's property development units is crucial, we have adopted industry's best practices, where the procurement of materials and services are controlled to ensure conformance to specified requirements. Stringent quality checks are applied at all stages of construction and finishing, including tested and commissioned utilities, external and internal fittings, and aesthetic appeal that are packaged in the comfort of a secure and well-built home.

Human capital development and retention, including safety and health at workplace

As the Group believes that human capital is vital asset to its operations on a sustainable basis, it focuses on development, motivation and retention of talents as well as emphasises on the health and safety of employees at the workplace. The Group's workforce as at 31 January 2018 stood at 408 (2017: 374) personnel, comprising almost equal proportions in gender diversity.

The Group carried out various activities to improve workforce knowledge, upgrade their skills and improve productivity, quality of life and foster a sense of belonging to the Group, such as:

- Human capital development - equipping and learning culture

  The Group inculcates a learning culture in the organisation so that employees at all levels are equipped with the necessary knowledge, skills and exposure, and that not only could they be fully effective in their current jobs but also prepared for their career progression and future assignments in support of the Group's objectives and business plan. Activities on equipping and learning during the financial year comprise:

  - Engaging experts to share knowledge on a variety of issues that could benefit the employees on a personal and professional level; and
  - Conducting in-house training for the staff on human capital, safety, accounting, technical issues and management skills. Where specialist training is required, the staff are sent for external training.

- Human capital retention

  The Group carried out the following activities to improve the quality of life and foster a sense of belonging in the Group:

  - Various staff activities, including festival celebrations and sporting events through the In-House Sports Club; and
  - Subsidised company trips were organised to bring the staff and their family together to strengthen the bonds of friendship and instil a sense of belonging among the staff and to promote a caring work culture.

- Safety and health at the workplace

  The safety and health of our employees is of utmost important to us. The Group is committed to create a culture of safety and health within the organisation in which employees are trained to be aware of and adopt safe practices and healthy lifestyle.

  During the financial year under review, the following measures were carried out by the Group to address health and safety at the workplace:

  - Providing appropriate Personal Protective Equipment for workers;
  - Conducting safety programmes that included fire prevention, fire-fighting and rescue training;
  - Safety Operations; and
  - Occupational First Aid and Cardio-Pulmonary Resuscitation (CPR).

  There was no serious accident suffered by the Group during the FY2018.

ENVIRONMENTAL

Compliance with rules and regulations governing the business

The Group complies strictly with the rules and directives set by the authorities regarding environmental safety and protection. Besides installing silt traps to minimise site pollution, all unwanted wastes, materials and by-products resulting from construction sites are either recycled or disposed of properly via transportation to designated disposal sites timely and efficiently to avoid daily disruption to the community.

The Group continues its efforts in landscaping the open spaces, parks and roads to beautify and green Bandar Cemerlang, Desa Cemerlang, Taman Perindustrian Cemerlang, Taman Dato' Chellam and Nusa Cemerlang Industrial Park to promote better ambience and connection with nature.

Recycle paper usage at workplace

The Group encourages its employees to play a part in protecting the environment by promoting recycle paper usage in workplace and to promote recycling habits to shape the mindset to go green and make recycling as an integral part of our everyday life.

Electronic publications

To reduce the consumption of paper, the Annual Report of the Company is published in CD-ROM format and posted on the Company's website for access by shareholders and investors.

SOCIAL

Community development and contribution

Community development

The Company strongly believes that in playing its role as a socially responsible corporate citizen, it creates business sustainability and enhances value for all its stakeholders. We strive to make a positive difference to the communities in which we live and operate.

Over the years, the Group has heeded the Government's call to build more affordable and high standard quality of residential houses for the people. This is reflected in the Group's townships which are all mixed development in nature, thus catering to all income groups. The Group has also worked with local authorities, local residents and communities within the housing estates on campaigns against dengue, awareness and eradication of mosquitoes as well as other water-borne and air-borne diseases.

Education plays an important role in community development. Crescendo Education Sdn Bhd, through its subsidiaries, namely Crescendo International College Sdn. Bhd. ("CIC"), the tertiary education arm of the Group, has a permanent campus at Desa Cemerlang, Ulu Tiram, Johor. The college provides GCE A Level, external degree programs and professional courses at affordable rates.

As at 31 January 2018, close to 1,100 (2017: 1,000) students had enrolled in CIC. Bursary and partial scholarships were extended to the needy and deserving students to assist them in their education whilst accommodation was made available within the campus for outstation students as part of the Group's commitment towards training necessary human resource for the community. Another subsidiary, i.e. Crescendo International School Sdn. Bhd., has entered into a joint venture to initiate an international school, namely Crescendo-HELP International School, to provide quality education to the public.

Community contribution

During the financial year under review, the Group made various contributions and donations amounting to approximately RM339,000 to worthy causes and organisations, including governmental and non-governmental organisations, to support their charitable causes in sports, cultural, social and welfare activities.

Performance Indicators to monitor Sustainability Management

As this is the Group's inaugural General Sustainability Statement, relevant performance indicators to monitor the management of material sustainability matters will be collated by Management and, going forward, such indicators will be furnished in the Detailed Sustainability Statement for the next fiscal year to enhance the Group's sustainability reporting.

This Statement has been reviewed and approved by the Board of Directors at a meeting held on 17 May 2018.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

"Corporate Governance is the process and structure used to direct and manage the business and affairs of the Company towards enhancing business prosperity and corporate accountability with the ultimate objective of realising long term shareholder value, whilst taking into account the interest of other stakeholders"

"Corporate Governance as defined in the Malaysian Code of Corporate Governance (2017) and High Level Finance Committee Report (1999)"

This statement is prepared in compliance with Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("MMLR") and it is to be read together with the Corporate Governance Report 2018 of the Company ("CG Report") which is available on the Company's website: www.crescendo.com.my. The explanation for departure is further disclosed in the Corporate Governance ("CG") Report.

The Board of Directors Crescendo Corporation Berhad acknowledges the importance of good corporate governance in protecting and enhancing the interest of shareholders. As such the Board is committed towards adherence to the principles, intended outcome and best practices set out in the Malaysian Code on Corporate Governance ("MCCG" or the "Code") issued by the Securities Commission Malaysia.

The Board recognises the importance of CG and conscientiously strives to attain high business ethics and governance in conducting the day-to-day business affairs of the Company and its Group of Companies ("Group"), so as to safeguard and enhance shareholder's value, which includes protecting the interests of all stakeholders.

The Board believes that good CG adds value to the business of the Group and will ensure that this practice continues. The Board of Directors believes in playing an active role in guiding the Management through its oversight review while at the same time steer the Group's business direction and strategy.

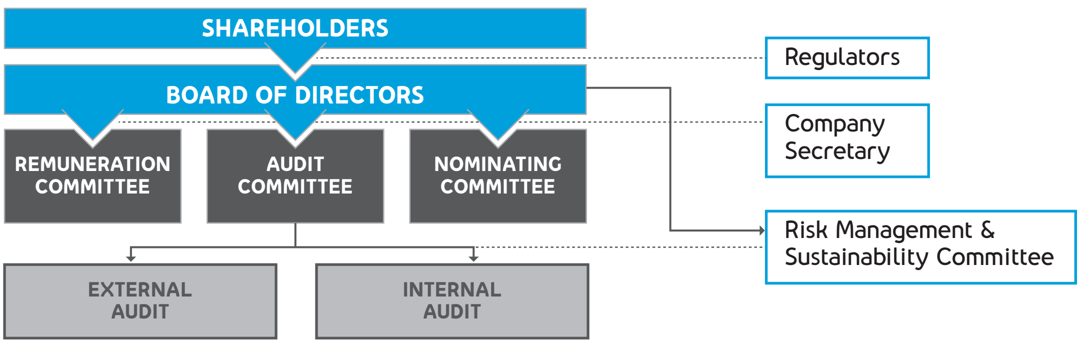
The Board is pleased to disclose the manner and the extent in which the principles and practices set out in the MCCG and governance standards in accordance with the MMLR of Bursa Securities that have been adopted by the Company and the Group for all its business dealings and affairs throughout the financial year 31 January 2018 which are set out in the CG Code.

Principle A
Board Leadership and Effectiveness
- Roles of the Board, Board Committees, the Chairman, Managing Director, Separation of Roles between the Chairman and the Managing Director and the role of Company Secretary
- Timely dissemination of information to Directors
- Board Charter
- Code of Conduct and Ethics
- Whistleblowing Policy
- Board Composition
- Board Independence
- Tenure of Independent Directors
- Board Diversity
- Sourcing and nomination of board members
- Chairmanship of Nominating Committee
- Board Evaluation
- Remuneration Policy
- Remuneration Committee

Principle B
Effective Audit and Risk Management
- Audit and Risk Management Committee
- Chairmanship of Audit and Risk Management Committee
- Suitability and Independence of External Auditors
- Independence of Audit and Risk Management Committee
- Financial literacy of members
- Risk Management and Internal Control Framework
- Risk Management Committee
- Internal Audit Function

Principle C
Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders
- Communication and engagement between the Company and Stakeholders
- Integrated Reporting
- Timely dissemination of Notice of Annual General Meeting
- Attendance of Directors at general meetings
- Technology to facilitate greater participation of shareholders at general meetings

Our Corporate Governance Framework, which is set out below, is vital in contributing towards our growth and long term-sustainability



PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

1.1 Roles of the Board

The Board's pivotal role is to lead and establish the Group's vision, strategic direction, key policies and framework, including the management of the succession planning process of the Group and the appointment of key senior management. In view thereof, the Board's roles and responsibilities include but are not limited to the following:

- Reviewing and approving the strategic business plan developed by Management for the Group;
- Overseeing the conduct of the Group's business to evaluate whether the business is being properly managed;
- Identifying and approving policies pertaining to the management of all risk categories including but not limited to, credit, financial, market, liquidity, operational, legal and reputational risks of the Group's business activities and ensure the implementation of appropriate systems to manage these risks;
- Serving as the ultimate approving authority for all significant financial expenditure;
- Developing and implementing a shareholder communications policy for the Company;
- Reviewing the adequacy and the integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;
- Approving the remuneration package of both Executive and Non-Executive Directors; and
- Ensuring that the Group adheres to high standards of conducts, ethics and corporate professional behaviour.

The Board has delegated specific responsibilities to the following committees: -

(i) Audit Committee
(ii) Nominating Committee
(iii) Remuneration Committee

These Board Committees have been constituted with clear terms of reference and they are actively engaged to ensure that the Group is in adherence with good CG.

1.2 Board Corporate Governance Manual

All Board members are expected to show good stewardship and act in a professional manner, as well as uphold the core values of integrity and enterprise with due regard to their fiduciary duties and responsibilities.

The Board has formalised and adopted a Board Corporate Governance Manual ("Board CG Manual) which provides guidance to the Board in fulfilment of its roles, functions duties and responsibilities. The Board will review the Board CG Manual as and when required to ensure relevance and compliance with the regulations. Extracts of the Board CG Manual is now available at the Company's website at www.crescendo.com.my. The Board CG Manual is the primary document that elucidates on the governance of the Board, Board Committees and individual Directors.

The Board CG Manual sets out the role, functions, composition, operation and processes of the Board to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities as Board members. The Board CG Manual also acts as a source of reference and primary induction literature in providing insights to Board members and senior management.

The Board CG Manual, covers amongst others, the following matters:

- Policies on Corporate Social Responsibilities, Gender Equality and Sustainable
- Board Charter
- Role, Responsibilities and Power of the Board, Individual Directors, Chairman & Managing Director
- Role of Board Committees
- Role of Company Secretary
- Board & General Meetings
- Corporate Disclosure Policy
- Whistle-blowing Policy
- Code of Ethics and Conduct
- Corporate Integrity Policy - Anti Fraud Policy
- Risk Management Policy
- Investors Relations Policy

This Board CG Manual will be reviewed and updated in accordance with the needs of the Company and any new regulations. Any amendments to the Board CG Manual shall be approved by the Board. The Board CG Manual was adopted on 17 May 2018. Extracts of the Board CG Manual is available on the Company's website at http://www.crescendo.com.my.

1.3 Roles and Responsibilities of the Executive Chairman and Managing Director, Executive Directors, Senior Independent Non-Executive Director and Independent Non-Executive Director

Office of Executive Chairman and Managing Director

The old Code recommended that if the Chairman of the Board is not an independent director, the Board must comprise a majority of independent directors. The Company's Chairman is an Executive Director and there are four (4) Independent Non-Executive Directors out of eight (8) board members, (excluding the two (2) Alternate Directors). The Independent Directors do not form the majority of the Board.

Office of Executive Chairman and Managing Director (Cont'd)

Mr. Gooi Seong Lim is essentially functioning as Managing Director and Chairman of the Board. The Board is mindful that the convergence of the two roles is not in compliance with best practice, but took into consideration the fact that he has a controlling shareholding and there is an advantage of shareholder leadership with natural alignment. In respect of potential conflict of interest, the Board is comfortable that there is no undue risk involved as all related party transactions are strictly dealt with in accordance with the Listing Requirements of Bursa Securities. This arrangement is a temporary measure until a suitable candidate is found.

The Nominating Committee has assessed, reviewed and determined that the chairmanship of Mr. Gooi Seong Lim remains based on the following justifications / aspects contributed by him, as a member of the Board -

- He has been sanctioned by the shareholders and will act in the best interest of shareholders as a whole. Since the Chairman represents shareholders with a substantial interest in the Company, he is well placed to act on behalf of the shareholders and in their best interests.
- His vast experience in managing the operations of the Group's property development and construction would enable him to provide the Board with a diverse set of experience, expertise and skills to better manage and run the Group;
- He has exercised his due care in the interest of the Company and shareholders during his tenure as an Executive Chairman and Managing Director of the Company;
- He has provided objectivity in decision making and ensured effective check and balance in the proceedings of the Board, and
- He has shown tremendous commitment and played an integral role in stewardship.

Under the new Code, it recommends that at least half of the Board of Directors comprises independent directors. The Board composition is in compliance with Paragraph 15.02(1) of the MMLR which stipulates that at least two Directors or 1/3 of the Board, whichever is higher, must be Independent Directors and also the recommendation by the MCCG to have at least half of the Board comprises. The Board is of the opinion that the current number of independent directors is sufficient to ensure effective check and balance in the Board.

Roles and Responsibilities of Directors

Separation of power between the Board and Management

EXECUTIVE CHAIRMAN AND MANAGING DIRECTOR

- Ensure that the Board functions effectively, cohesively and independently of Management
- Promotes the highest standards of corporate governance
- Leads the Board, including presiding over Board meetings and Company meetings and directs Board discussions to effectively use the time available to address the critical issues facing the Company
- Promotes constructive and respectful relationship among Board members and between Board members and Management
- Ensures that there is effective communication between the Company and/or Group and its shareholders and relevant stakeholders
- Develops the strategic direction of the Group
- Ensures that the Company and/or the Group's business is properly and efficiently managed by ensuring that the executive team implements the policies and strategies adopted by the Board and its Committees
- Ensures that the objectives and standards of performance are understood by the Management and employees
- Ensures that the operational planning and control systems are in place
- Monitors performance results against plans
- Take remedial action, where necessary

EXECUTIVE DIRECTOR

- Under the leadership of the Group Managing Director, makes and implements decisions in all matters affecting the operations, performance and strategy of the Group's business
- Provides specialist knowledge and experience to the Board
- Charts the overall business direction of the Group
- Design, develops and implements strategic plans
- Deals with day-to-day operations of the Group

SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

- Acts as a sounding board for the Chairman and Executive Directors
- Acts as a conduit for the views of other Non-Executive Directors
- Conducts the Chairman's annual performance appraisal
- Helps resolve shareholders' concerns

INDEPENDENT NON-EXECUTIVE DIRECTOR

- Challenge constructively
- Help develop and set the Group strategy
- Actively participate in Board decision making
- Scrutinise management performance
- Satisfy themselves on the integrity of financial information
- Review the Group's risk exposures and controls
- Provide independent judgement, experience and objectivity

COMPANY SECRETARY

- Advises the Board
- Ensure accurate and timely information and required support are provided to Directors
- Organise Directors' induction and training
- Communicates with shareholders as appropriate and ensures due regard is paid to their interests

I.4 Qualified and Competent Company Secretaries

The Board is supported by three (3) qualified Companies Secretaries who are members of professional bodies such as the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) or the Malaysian Association of Company Secretaries (MACS) and are qualified to act as company secretary under Section 235(2)(a) of the Companies Act, 2016.

The Company Secretaries are external Company Secretary from Tacs Corporate Services Sdn. Bhd. with vast knowledge and experience from being in public practice and are supported by a dedicated team of company secretarial personnel.

The Company Secretaries are entrusted to record the Board's and their Committees deliberations, in terms of issues discussed, and the conclusions and the minutes of the previous Board meeting are distributed to the Directors prior to the Board meeting for their perusal before confirmation of the minutes at the commencement of the following Board meeting. The Directors may comment or request clarification before the minutes are tabled for confirmation and signed by the Chairman of the meeting as a correct record of the proceedings of the meeting.

All Directors have direct access to the advice and services of the Company Secretaries whether as a full Board or in their individual capacity, in discharging their duties.

The Board is regularly updated and advised by the Company Secretaries on new changes to the legislations and Listing Requirements and the resultant implications to the Company and the Board in discharging their duties and responsibilities.

The appointment and removal of the Company Secretaries is a matter for the Board as a whole. The Board is satisfied with the performance and support rendered by the Company Secretaries to the Board in the discharge of their functions.

I.5 Access to Information and advice

The Executive Chairman and Managing Director have the primary responsibility for organising information necessary for the Board to deal with the agenda and ensuring all Directors have full and timely access to the information relevant to matters that will be deliberated at Board meetings.

In exercising their duties, all Directors have the same right of access to all information within the Group and they have a duty to make further enquiries which they may require in discharging their duties. The Directors also have access to advice and services of the Company Secretaries, who are available to provide them with appropriate advice and services to ensure that Board meeting procedures are followed and all applicable rules and regulations are complied with. If necessary, the services of other senior management will be arranged to brief and help the Directors to clear any doubt or concern to further facilitate the decision-making process.

All Directors are provided with an agenda and a set of comprehensive Board papers, issued within sufficient time prior to Board meetings to ensure that the Directors can appreciate the issues to be deliberated on, and where necessary, to obtain further explanation. The Board papers include updates on financial, operational and corporate developments of the Group. Board papers are also presented with details on other issues that may require the Board's deliberation or decisions, policies, strategic issues which may affect the Group's businesses and factors imposing potential risks affecting the performance of the Group. Senior management staff and external advisors may be invited to attend Board meetings, to advise and provide the Board with detailed explanations and clarifications whenever necessary on matters that are tabled.

The Board papers prepared for the quarterly scheduled meetings include, among others, the following:

- Minutes of previous Board meeting
- Minutes of the Board Committee's meeting
- Reports on matters arising
- Quarterly financial report
- Report on operations

Other matters highlighted for the Board's decision include the approval of corporate plans, acquisitions and disposals of assets that are material to the Group, major investments, changes to management and control structure of the Group, including key policies, procedures and authority limits.

1.6 Independent Professional Advice

The Directors, whether acting as a full Board member or in their individual capacity, in the furtherance of their duties, may obtain independent professional advice at the Company's expense, in the event that circumstances warrant the same. The Company has placed internal procedures for the application and appointment process for the services.

1.7 Conflict of Interest and Related Party Transactions

The Directors are responsible at all times to determine whether they have a potential or actual conflict of interest in relation to any matter, which comes before the Board. All the directors are required to make declarations on whether they have any interest in transactions tabled at Board meetings. The Directors acknowledged that they have to declare any interest they have in the Company and its subsidiaries and abstained from the deliberation and voting on the related resolutions at the Board or any general meetings convened to consider the matter. In the event that a corporate proposal is required to be approved by shareholders, interested directors will abstain from voting in respect of their shareholdings in Crescendo Corporation Berhad on the resolution related to the corporate proposal, and will further ensure that persons related to them also refrain from voting on the resolution.

II. Board Composition

2.1 The Board composition is in compliance with Paragraph 15.02(1) of the MMLR which stipulates that at least two Directors or 1/3 of the Board, whichever is higher, must be Independent Directors and also the recommendation by the MCCG to have at least half of the Board comprises independent directors.

Details of the current individual director's qualifications and experiences are presented in the Board of Directors' Profile from page 16 to 21 of this Annual Report.

2.2 Independent Non-Executive Directors

The presence of Independent Non-Executive Directors provides a pivotal role in corporate accountability. The role of the Independent Non-Executive Directors is particularly important as they provide independent and objective views, advice and judgement and ensure strategies proposed by the management are thoroughly discussed and evaluated, and that the long-term interests of stakeholders are considered. The Independent Non-Executive Directors do not participate in the operation of the Group in order to uphold their objectivity and fulfil their responsibility to provide check and balance to the Board.

i) Annual Assessment of Independent Directors

The Board recognises the importance of independence and objectivity in its decision-making process. The Independent Directors who are professionals of high calibre and integrity and possess in-depth knowledge of the Group's business, bring their independent and objective views and judgement to Board deliberations.

During the financial year, the Board through the Nominating Committee perform an evaluation of all Directors including the Independent Directors and was satisfied that the Independent Directors continued to exercise independent and objective judgement and acted in the interest of the Company and its stakeholders.

ii) Tenure of Independent Director

The Board noted the recommendation of the Code that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Upon completion of the 9 (nine) years, an independent director may continue to serve on the board as a non-independent director. If the Board intends of retaining an individual as independent director beyond nine years, it should justify and seek annual shareholders' approval. If the board continues to retain the independent director after twelve (12) years, the board should seek annual shareholders' approval through a two-tier voting process.

The Nominating Committee and the Board have deliberated on the recommendation and hold the view that the ability of an Independent Director to exercise independent judgement is not affected by the length of his service as an Independent Director. The suitability and ability of Independent Director to carry out his roles and responsibilities effectively are very much a function of his calibre, experience and personal qualities. Restriction on tenure may cause loss of experience and expertise that are important contributors to the efficient working of the Board.

Both the Nominating Committee and the Board have assessed the independence of Mr Yeo Jon Tian @ Eeyo Jon Thiam and Mr Gan Kim Guan, who have served as Independent Non-Executive Directors of the Company for a cumulative term of more than 12 years, Mr Tan Ah Lai for a cumulative term of more than 9 years, and recommended them to be retained as Independent Non-Executive Directors of the Company based on the following justifications:-

(a) They have fulfilled the criteria under the definition of an Independent Director as stated in the Listing Requirements, and thus, they would be able to provide independent judgement, objectivity and check and balance to the Board;

ii) Tenure of Independent Director (Cont'd)

(b) They perform their duties and responsibilities diligently and in the best interest of the Company without being subject to influence of the management;
(c) Their in-depth knowledge of the Group's businesses and their extensive knowledge, commitment and expertise continue to provide invaluable contributions to the Board;
(d) They, having been with the Company for more than 9 and 12 years respectively, are familiar with the Group's business operations and have devoted sufficient time and attention to their professional obligations and attended the Board and Committee meetings for an informed and balanced decision making;
(e) They are independent as they have shown great integrity and they have not entered into any related party transaction with the Group; and
(f) They are currently not sitting on the board of any other public and/or private companies having the same nature of business as that of the Group.

Both the Nominating Committee and the Board also recognise the benefits of the experience, valuable insights, expertise and stability brought by Mr Gan Kim Guan, Mr Yeo Jon Tian @ Eeyo Jon Thiam and Mr Tan Ah Lai and their continued service will serve the interest of the Company and its shareholders.

The Board is unanimous in its opinion that Mr Gan Kim Guan and Mr Yeo Jon Tian @ Eeyo Jon Thiam, who have served on the Board as Independent Directors, exceeding a cumulative term of twelve (12) years, and Mr Tan Ah Lai, who has served as Independent Director of the Company for a cumulative term of more than nine (9) years, continues to fulfill the criteria and definition of an Independent Director as set out under Paragraph 1.01 of MMLR.

In this respect, the Board has approved the continuation of Mr Gan Kim Guan, Mr Yeo Jon Tian @ Eeyo Jon Thiam and Mr Tan Ah Lai as Independent Directors of the Company. The Board believes that it is in the best position to identify, evaluate and determine whether any Independent Director can continue acting in the best interests of the Company and bringing independent and professional judgement to board deliberations. Accordingly the Board strongly recommends retaining Mr Gan Kim Guan, Mr Yeo Jon Tian @ Eeyo Jon Thiam and Mr Tan Ah Lai as Independent Non-Executive Directors and will be tabling Ordinary Resolutions to shareholders at the 22nd AGM for the said purpose. Shareholders' approval for the Ordinary Resolutions will be sought on a single tier voting process.

iii) Shareholders approval for retention of Independent Director

The Board takes cognizance of the recommendation of the Code regarding tenure of Independent Directors but will seek approval of the shareholders through a single tier voting process for retention of Independent Director who have served for a cumulative term of more than twelve (12) years. This is in line with the general rule on voting as provided in the Companies Act, 2016 which states that every shareholder has one vote for every share he holds and resolutions are to be decided by a simple majority for ordinary resolutions and 75% of votes for special resolutions through a single tier voting process.

iv) Independent Directors and balance of power

The Code recommends that at least half of the Board must comprise Independent Directors. The Board is of the opinion that the current number of independent directors is sufficient to ensure balance of power and authority on the Board.

The Board is also satisfied with the Board's composition in respect of representation of minority shareholders by the Independent Non-Executive Directors.

2.3 Board Diversity

The Board acknowledges the importance of boardroom diversity policy and target by the Code. When appointing a Director, the Nominating Committee and the Board will always evaluate and match the criteria of the candidate to the Board based on individual merits, experience, skill, competency, knowledge and potential contribution, whilst the Code will also be given due consideration for boardroom diversity.

The Company does not set any specific target for boardroom diversity and female representation will be considered when suitable candidates are identified.

2.4 Foster Commitment of the Director

Board Meetings

The Board normally meets at least four (4) times a year with additional meetings convened when urgent and important decisions need to be taken between scheduled meetings. Due notice of issue to be discussed, deliberated and conclusions arrived are recorded in discharging its duties and responsibilities.

During the financial year, the Board met on five (5) occasions where it deliberated upon and considered a variety of matters including approving the Group's financial results, strategic and investment decisions as well as financial and operating performance of its subsidiary companies.

The agenda for each Board meeting and papers relating to the agenda are sent to all Directors at least seven (7) days before the meeting, in order to provide sufficient time for the Directors to review the Board papers and seek clarifications, if any.

All proceedings at the Board meetings are recorded by way of minutes and signed by the Chairman of the respective meeting.

Time Commitment and Protocol for Accepting New Directorships

The Directors are aware of the time commitment expected from them to attend to matters of the Group in general, including attendance at meetings of the Board and Board Committees and other types of meeting. Meetings for each financial year are scheduled in advance for Directors to plan their schedule ahead.

The Board is satisfied with the level of time commitment given by the Directors in the discharge of their roles and responsibilities as the Directors of the Company as evidenced by their attendance at the respective meetings set out below:

Name of Director	Status of Directorship	Number of Meetings Attended	Percentage (%)
Gooi Seong Lim	Executive Chairman and Managing Director	4	80
Gooi Seong Heen	Executive Director	5	100
Gooi Seong Chneh	Executive Director	5	100
Gooi Seong Gum	Executive Director	5	100
Gan Kim Guan	Senior Independent Non-Executive Director	5	100
Yeo Jon Tian @ Eeyo Jon Thiam	Independent Non-Executive Director	4	80
Tan Ah Lai	Independent Non-Executive Director	5	100
Chew Ching Chong	Independent Non-Executive Director	5	100

All Directors have complied with the minimum 50% attendance requirements in respect of board meeting as stipulated by the MMLR.

Under the existing practice, the Directors shall inform the Board before accepting new directorships in other companies and ensure that their number of directorships in public listed companies is in compliance with the MMLR.

2.5 Overall Board Effectiveness

The Board reviews its performance and that of the Board Committees and individual Directors on an annual basis based on a set of predetermined criteria on a process that is facilitated by the Nominating Committee. The Nominating Committee will assess the overall Board and Board Committees' performance and effectiveness as a whole.

The Nominating Committee is satisfied that the Board and Board Committees' composition has fulfilled the criteria required, possess a right blend of knowledge, experience and mix of skill as below:

Board Skills and Experience	Core Business
Accounting & Finance	Investment holding
Agronomist	Provision of Management Services
Business Administration	Property Development
Chemical Engineering	Construction
Civil Engineering	Property investment and management
Construction Site Management	Trading and manufacturing of concrete products
Investment and wealth management	Trading in building material
Management	Education services
Marketing	
Property Development	
Mechanical Engineering	

2.6 Directors Training

All Directors including the alternate directors have completed the "Mandatory Accreditation Programme for Directors of Public Listed Companies" pursuant to Paragraph 15.08 of the MMLR.

During the financial year under review, the Board has discussed training programmes proposed for the Directors' attendance. Directors are also encouraged to participate in seminars and/or conferences organised by relevant regulatory authorities, professional bodies and commercial entities providing training. This is part of their Continuous Education Programme to keep abreast with relevant new developments on a continuous basis on the general regulatory, economic, industry and technical developments to further enhance their skills, knowledge and experience as well as update themselves on new developments in the business environment in order to fulfil their duties as Directors.

Directors also receive briefing from Internal and External Auditors on updates in financial reporting and new accounting standards affecting the Group, bankers on available financial instruments and suppliers/contractors on their products.

During the financial year under review, the Directors have attended the following training programmes/courses and/or conferences listed below:

Name	Topic / Title	Date
Gooi Seong Lim	In House Training Series - The Code of Corporate Governance, Key changes & impact to the Board and Management by Mr Lee Min On	29 September 2017
	In House Training Series - Sustainability Report by Mr Lee Min On	4 January 2018
Gooi Seong Heen	In House Training Series - The Code of Corporate Governance, Key changes & impact to the Board and Management by Mr Lee Min On	29 September 2017
	In House Training Series - Sustainability Report by Mr Lee Min On	4 January 2018
Gooi Seong Chneh	In House Training Series - The Code of Corporate Governance, Key changes & impact to the Board and Management by Mr Lee Min On	29 September 2017
	In House Training Series - Sustainability Report by Mr Lee Min On	4 January 2018
Gooi Seong Gum	In House Training Series - The Code of Corporate Governance, Key changes & impact to the Board and Management by Mr Lee Min On	29 September 2017
	In House Training Series - Sustainability Report by Mr Lee Min On	4 January 2018
Gan Kim Guan	In House Training Series - The Code of Corporate Governance, Key changes & impact to the Board and Management by Mr Lee Min On	29 September 2017
	In House Training Series - Sustainability Report by Mr Lee Min On	4 January 2018

2.6 Directors Training (Cont'd)

Name	Topic / Title	Date
Yeoh Jon Tian @ Eeyo Jon Thiam	In House Training Series - The Code of Corporate Governance, Key changes & impact to the Board and Management by Mr Lee Min On	29 September 2017
	In House Training Series - Sustainability Report by Mr Lee Min On	4 January 2018
Tan Ah Lai	National Tax Conference 2017 by LHDN and Chartered Tax Institute of Malaysia	25-26 July 2017
	2018 Budget Seminar by Chartered Tax Institute of Malaysia	9 November 2017
	In House Training Series - Sustainability Report by Mr Lee Min On	4 January 2018
Chew Ching Chong	In House Training Series - The Code of Corporate Governance, Key changes & impact to the Board and Management by Mr Lee Min On	29 September 2017
	In House Training Series - Sustainability Report by Mr Lee Min On	4 January 2018
Gooi Khai Shin	In House Training Series - The Code of Corporate Governance, Key changes & impact to the Board and Management by Mr Lee Min On	29 September 2017
	Real Estate Finance, Investment Analysis, Valuation & Modelling by Infocus International.	21-23 November 2017

Gooi Chuen Howe did not attend any training as is currently pursuing a full-time course for his Master of Business Administration at London School of Business in United Kingdom.

2.7 Board Committees

In order to assist in the execution of Board's responsibilities for the Group, certain functions have been delegated by the Board to Board Committees. Clearly defined terms of reference have been given to these Committees to enable them to operate effectively. However, these Committees do not have any executive powers. The Chairman of the respective Committees reports to the Board the outcome of the Committee meetings and such reports are incorporated in the Board papers (except the power of the Audit Committee to report to Bursa Securities in circumstances described in the Audit Committee Report).

The Board periodically reviews the Committees' terms of reference.

a. Audit Committee

The Audit Committee serves as a focal point of communication between Directors, External Auditors, Internal Auditors and the Senior Management on matters pertaining to financial accounting, reporting and controls. The Committee also assists the Board in fulfilling its fiduciary responsibilities as to accounting policies and reporting practices of the Company and all subsidiaries and the sufficiency of auditing of the Group. It is also the Board's principal agent in ensuring independence of the Company's External Auditors and the adequacy of disclosures to shareholders.

The Committee has full access to the auditors both internal and external, who in turn, have access at all times to the Chairman of the Audit Committee.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

2.7 Board Committees (Cont'd)

a. Audit Committee (Cont'd)

In line with good corporate governance practices, none of the Executive Directors are members of the Audit Committee. The terms of reference of the Audit Committee is available on the Company's website at www.crescendo.com.my and the Report of the Audit Committee is disclosed on pages 54 to 56 of this Annual Report. The works of the Audit Committee during the financial year ended 31 January 2018 are also set out in the Report of the Audit Committee.

b. Remuneration Committee

The Remuneration Committee is responsible for recommending the remuneration framework and the remuneration packages of the Executive Chairman and Managing Director, Executive Directors and senior management to the Board so as to ensure that rewards are linked to their performance and contributions to the Group's growth and profitability in order to align the interest of the Directors and senior management with those of shareholders. The Committee also ensures that the level of remunerations for Executive Directors and senior management are linked to their level of responsibilities and contribution to the effective functioning of the Company. None of the Executive Directors participated in any way in determining their individual remuneration.

The Board as a whole determines the remuneration packages of Independent Non-Executive Directors with the Directors concerned abstaining from discussions in respect of their individual remuneration. In deciding on an appropriate level of fees for each Independent Non-Executive Director, the Board has considered the responsibility level and time commitment required in attending both the scheduled and special Board meetings, deliberation time required for Board papers, as well as the number of Board Committees involved.

The Terms of Reference of the Remuneration Committee is available on the Company's website at www.crescendo.com.my and at the Report of the Remuneration Committee on page 57 of this Annual Report.

c. Nominating Committee

The Nominating Committee is empowered by the Board through clearly defined terms of reference to ensure that there are appropriate procedures in place for the nomination, selection and evaluation of Directors. The Nominating Committee assesses the effectiveness of the Board as a whole and each of the Board Committees as well as the contribution of each individual Director, including the Independent Non-Executive Directors, Executive Chairman and Managing Director on an annual basis. All assessments and evaluations carried out by the Nominating Committee in discharging its duties are documented in the minutes of meetings.

The objective of the assessment of the effectiveness of the Board as a whole, the Board Committee and the contribution of each Director was to improve the Board and the Committee's effectiveness and to enhance the Director's awareness on the key areas that need to be addressed. The evaluation result was tabled for consideration of the Nominating Committee and its recommendations to the Board.

The Board, through the Nominating Committee's annual appraisal process, believes that it possesses the required mix of skills, experience and other qualities including core competencies brought by Independent Non-Executive Directors which enables it to discharge its duties in an effective manner in light of the challenging economic and operating environment in which the Group operates. Furthermore, the Board continuously reviews its size and composition with particular consideration on its impact on the effective functioning of the Board.

The Board appoints its members through a selection process. All new appointees will be considered and evaluated by the Nominating Committee for the candidates' ability to discharge responsibilities as expected from them. The Committee will then recommend the candidates to be approved and appointed by the Board. The Company Secretaries will ensure that all appointments are properly made and that legal and regulatory obligations are met.

The Terms of Reference of the Nominating Committee is available on the Company's website at www.crescendo.com.my and at the Report of the Nominating Committee on page 58 of this Annual Report.

III. Remuneration

3.1 The remuneration policy of the Company is based on the philosophy to enable the Company to attract and retain Directors and senior management of calibre and relevant experience and expertise to manage the Group successfully. For an Executive Director and senior management, their remuneration will depend on the achievement of goals including targets and personal achievement and is linked to Group and individual performance. In the case of a Non-Executive Director, the level of remuneration reflects the experience, expertise and level of responsibilities undertaken by the particular Non-Executive Director concerned. All Independent Non-Executive Directors are paid Director's fees for serving as Directors on the Board and its Committees. The Company also reimburses reasonable expenses incurred by these Directors in the course of their duties. All Directors are paid a meeting allowance of RM500 per meeting day for attendance at each Board and its Committees' meeting.

a. The level and make up of Remuneration

The remuneration package of the Executive Directors and senior management is reviewed by the Remuneration Committee for consideration of the Board.

The remuneration of all Non-Executive Directors is reviewed by the Board, based on their experience and expertise and the level of responsibilities of the Directors concerned as well as the condition of the industry.

b. Procedure

The Remuneration Committee recommends to the Board the remuneration package of the Executive Directors and senior management. The Executive Directors do not participate in decisions regarding their own remuneration packages. The Board as a whole determines the remunerations of Non-Executive Directors with individual Directors abstaining from making decisions in respect of their individual remunerations. The Directors' fees and meeting allowance are approved at the AGM by shareholders.

c. Disclosure

A summary of the remuneration of the Directors of the Company and the Group for the year ended 31 January 2018, distinguishing between Executive and Non-Executive Directors, with categorisation into appropriate components is set out as below:

Company	Fees RM	Salary RM	Bonus RM	Estimated Monetary Value of Benefit-in kind RM	Defined Contribution Plan and Social Security Cost RM	Meeting Allowance RM	Total RM
Executive Director:							
Gooi Seong Lim	-	540,000	450,000	10,500	129,294	2,000	1,131,794
Gooi Seong Heen	-	432,000	360,000	9,900	103,553	2,500	907,953
Gooi Seong Chneh	-	432,000	360,000	16,584	103,553	2,500	914,637
Gooi Seong Gum	-	432,000	360,000	13,925	103,553	2,500	911,978
Non-Executive Director:							
Gan Kim Guan	91,000	-	-	-	-	2,500	93,500
Yeo Jon Tian @ Eeyo Jon Thiam	85,500	-	-	-	-	2,000	87,500
Tan Ah Lai	85,500	-	-	-	-	2,500	88,000
Chew Ching Chong	85,500	-	-	-	-	2,500	88,000
TOTAL	347,500	1,836,000	1,530,000	50,909	439,953	19,000	4,223,362

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

III. Remuneration (Cont'd)

3.1 c. Disclosure (Cont'd)

Group	Fees RM	Salary RM	Bonus RM	Estimated Monetary Value of Benefit-in kind RM	Defined Contribution Plan and Social Security Cost RM	Meeting Allowance RM	Total RM
Executive Director:							
Gooi Seong Lim	5,000	1,020,000	450,000	10,500	194,658	2,000	1,682,158
Gooi Seong Heen	5,000	912,000	360,000	9,900	168,917	2,500	1,458,317
Gooi Seong Chneh	5,000	912,000	360,000	16,584	168,917	2,500	1,465,001
Gooi Seong Gum	5,000	912,000	360,000	13,925	168,917	2,500	1,462,342
Non-Executive Director:							
Gan Kim Guan	91,000	-	-	-	-	2,500	93,500
Yeo Jon Tian @ Eeyo Jon Thiam	85,500	-	-	-	-	2,000	87,500
Tan Ah Lai	85,500	-	-	-	-	2,500	88,000
Chew Ching Chong	85,500	-	-	-	-	2,500	88,000
TOTAL	367,500	3,756,000	1,530,000	50,909	701,409	19,000	6,424,818

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

4.1 Compliance of Financial Statements with Applicable Financial Reporting Standards

The Audit Committee is tasked with assisting the Board in maintaining a sound system of internal control across the Group. Accurate and reliable financial statements are a key outcome of a sound system of internal control and towards this end, the Audit Committee considers the following on a regular basis:

- Changes in accounting policies, practices and implementation thereof
- Significant adjustment arising from external audit process
- Qualification of the External Auditor's report (if any)
- Going concern assumption
- Adequacy and appropriateness of disclosures

The Audit Committee also meets with the External Auditors without the presence of Management, and this is a forum at which the External Auditors may raise, among other matters, any concern they may have on the compliance aspect of the financial statements.

The Directors consider that in preparing the financial statements, the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgment and estimates. All accounting standards which the Board considers to be applicable have been adopted, subject to any explanation for material departures disclosed in the notes to the financial statements.

The Financial Controller updates the Audit Committee regularly on the Group's financial performance and highlights key issues in connection with the preparation of the results, including the adoption of new accounting standards/policies. The Financial Controller is responsible for ensuring that the Group is aware of impending changes to the accounting standards and also the relevant regulatory requirements, recognises the implication of those changes and complies with the requirements.

The Company's financial statements are prepared in accordance with the requirements of the Companies Act, 2016 and Financial Reporting Standards in Malaysia. The Board is responsible to ensure that the financial statements give a true and fair view and balanced and understandable assessment of the state of affairs of the Company and of the Group. The Audit Committee assists the Board to ensure accuracy and adequacy of all information for disclosure and compliance with accounting standards.

The Board presents a balanced and meaningful assessment of the Group's financial performance and prospects to the shareholders, investors and regulatory authorities, primarily through the quarterly and annual financial statements, Chairman's Statement and Management Discussion & Analysis in the Annual Report.

4.2 External Auditors

The Board through the establishment of the Audit Committee, has established a good working relationship with its External Auditors i.e., Messrs Raki CS Tan & Ramanan. The Group also maintains a transparent and professional relationship with its External Auditors in seeking professional advice and ensuring compliance with the applicable Financial Reporting Standards in Malaysia. Messrs Raki CS Tan & Ramanan report to the shareholders of the Company on their opinion which are included as part of the Group's Annual Report with respect to their audit on each year's statutory financial statements. The Company's External Auditors are appointed every year during the AGM.

The External Auditors are invited to attend the Audit Committee meetings and AGM and are available to answer shareholders' questions on the conduct of the statutory audit and the preparation and content of their audit report.

The Board has adopted a procedure in relation to the provision of non-audit services by the Company's External Auditors to ensure that it is not in conflict with the role of the External Auditors or their independence. The External Auditors are required to declare their independence annually.

The Audit Committee is responsible to review all the non-audit services provided by the External Auditors and the aggregate amount of fees paid to them. Details of the amounts paid to the External Auditors for non-audit services performed during the year are set out in the Additional Compliance Information of this Annual Report.

The Audit Committee is also aware of the recommendation of the Code to have policies and procedures in place to assess the suitability and independence of External Auditors. Considering the expertise and existing business knowledge of the current External Auditors and the location of the Company and its subsidiaries, the Audit Committee is of the opinion that the current External Auditors are still suitable for re-appointment. While assessing the independence of the External Auditors, the Audit Committee is satisfied and agreed with the representation by the External Auditors in their Audit Planning Memorandum for the audit of the financial year ended 31 January 2018, that they are independent in accordance with the By-laws (on Professional Ethics, Conduct and Practise) of the Malaysian Institute of Accountants. Furthermore, during the financial year ended 31 January 2018, the External Auditors were not engaged for any significant services other than the statutory audit.

The Board is satisfied based on advice from the Audit Committee that the provision of the non-audit services does not in any way compromise on their independence. In addition, the Audit Committee has obtained a written assurance from the External Auditors confirming that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

4.3 Internal Audit Function

The Group's internal audit function is performed jointly by the Company's Internal Audit Department and the Group's holding company, Sharikat Kim Loong Sendirian Berhad ("Internal Auditors"). The Internal Audit Department acts independently from the activities and operations of the Group. The internal audit team reports to the Group Head of Internal Audit and the Audit Committee.

The main purpose of the Internal Auditors are:

- To review effectiveness of the Group's systems of internal controls;
- Assist in reviewing the adequacy, integrity and effectiveness of the Company's internal control system for the Board as well as to assist in drafting the Statement of Risk Management and Internal Control in the Annual Report;
- Support the Audit Committee in evaluating the effectiveness of the existing internal control system, identify future requirements and co-develop a prioritized action plan to further enhance the internal control system;
- Identify the key business processes within the Group and Company that Internal Audit should focus on;
- Allocate necessary resources to selected areas of audit in order to provide management and the Audit Committee an effective and efficient level of internal audit coverage; and
- Coordinate risk identification and risk management processes and activities.

The Internal Auditors adopts a risk based auditing approach by focusing on identified high risk areas for compliance with control policies and procedures, identifying business risk which have not been appropriately addressed and evaluating the adequacy and integrity of controls and statutory requirements based on an internal audit plan agreed annually with the Audit Committee and report on the systems of financials and operations control to the Audit Committee. Submission of the audit results to the Management and the Audit Committee would ensure that the Management is compliant with the internal control systems and implementing continuous improvement.

4.4 Related Party Transactions

Directors recognise that they have to declare their respective interests in transactions with the Company and with the Group, and abstain from deliberation and voting on the relevant resolution in respect of such transactions at the Board or at any general meetings convened to consider the matter. The Company has an internal framework to ensure it complies with the related party transactions as prescribed in the Listing Requirements. The related party transactions are recorded and presented to the Audit Committee on a quarterly basis for review and discussion should any concern arise. All related party transactions are reviewed as part of the annual internal audit plan, and the Audit Committee reviews any related party transactions and conflict of interest situation that may arise within the Group including any transactions, procedure or course of conduct that causes questions of management integrity to arise.

4.5 Risk Management Framework

The Board recognises that risk management is an integral part of the Group's business operations and is important for the achievement of its business objectives. The Group has established a Risk Management and Sustainability Committee ("RMSC") that is chaired by the Chairman and Managing Director and its members comprise the Executive Directors, Heads of Divisions & Departments ("HODS") and staff from key operations. They have also been trained to identify the risks relating to their areas; the likelihood of these risks occurring; the consequences if they do occur; and the actions being and/or to be taken to manage these risks to the desired level. The risk profiles and risk treatment measures determined from this process are documented in risk registers with each business or operations area having its respective risk register.

The risk registers are eventually compiled to form the Group Risk Profile for reporting to the RMSC and the Audit Committee.

Ongoing risk management education and training is provided at Management and staff level by members of the RMSC.

4.6 Internal Control

The Board acknowledges that it is responsible for the Group's system of internal controls which is to maintain a sound system of internal control to safeguard shareholders' investment and the Group's assets. It involves key management of each business unit to meet the Group's particular needs, manage risks to which it is exposed, the effective and efficient conduct of operations, financial controls and compliance with laws and regulations as well as with internal procedures and guidelines to provide reasonable but not absolute assurance against misstatement or loss.

The review on the systems of internal control is set out under the Statement on Risk Management & Internal Control as set out on pages 50 to 53 of this Annual Report.

The Statement on Risk Management & Internal Control provides an overview of the risk management framework and state of internal control within the Group.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDER

5.1 Corporate Disclosure Policy

The Company's Corporate Disclosure Policy provides a framework for the Board, management and relevant staff to communicate effectively with shareholders, investors, other stakeholders and the public generally. The policy encompasses the following objectives:

- to raise awareness and provide guidance to the Board and employees of the Group on the Company's disclosure obligations and practices;
- to provide policies and guidelines in disseminating information to, and in dealing with shareholders, financial analysts, media, regulators, the investing community and other stakeholders;
- to ensure compliance with applicable legal and regulatory requirements on disclosure of material information; and
- to build good relations with the investing community to foster trust and confidence.

The Corporate Disclosure policy regulates the review and release of information to the stock exchange as well as through the Company's website, facilitating timely and accurate disclosure of the Company's affairs.

5.2 Leveraging on Information Technology for Effective Dissemination of Information

The Board recognises the importance of information technology for effective dissemination of information.

The Company's website has become a key communication channel for the Company to reach its shareholders and general public. The website has a number of section which provide up-to-date information on Group activities, Board Charter, financial results, announcements released to Bursa Securities, annual reports and company profile, corporate presentations and other information on the Company and can be found on the Company's website at www.crescendo.com.my to further enhance investors and shareholders communication.

5.3 Insider Trading

Directors and senior management are prohibited from dealing in securities if they have knowledge of any price-sensitive information which has not been publicly disclosed in accordance with the MMLR and the relevant regulatory provisions.

5.4 Dialogue between the Group and Investors

The Board adheres to the disclosure requirements of Bursa Securities and ensures timely release of the financial results on a quarterly basis in order to provide its shareholders with an overview of the Group's financial and operational performance. In addition, it communicates with its shareholders, institutional and potential investors through various announcements made during the year.

This Annual Report is also an important channel of communication to reach shareholders and investors as it provides comprehensive information pertaining to the Group.

A press conference is normally held after the AGM and/or Extraordinary General Meeting ('EGM') of the Company to provide the media the opportunity of receiving an update from the Board and to address any queries or areas of interest by the media.

In addition, the Group recognises the need for independent third party assessment of itself. In this regard, the Executive Chairman and Managing Director and key senior management of the Group also conduct dialogue sessions or briefings with Investment/Financial Analysts and the Press on the results, performance and the potential of new developments of the Group. These briefings enable a direct and frank dialogue on the affairs of the Group.

Other avenues whereby shareholders and interested stakeholders have access to company data are through quarterly filing of financial data at Bursa Securities and via the Company's website at www.crescendo.com.my which they can access for information about the Group.

5.5 AGM

The AGM is the principal forum of dialogue with shareholders. In accordance with the Company's Articles of Association (Constitution), Notice of AGM together with a copy of the Company's Annual Report is sent to shareholders at least twenty one (21) days prior to the meeting.

Each item of special business included in the notice of meeting is accompanied by an explanation for the proposed resolution.

All Directors had attended the AGM held during the financial year. At the AGM, the Board presents the progress and performance of the Group as contained in the Annual Report and shareholders are encouraged to participate and are given every opportunity to raise questions or seek more information during the meeting. The Executive Chairman and Managing Director and Board members are available to respond to all shareholders' queries.

Shareholders who are unable to attend are allowed to appoint proxies to attend and vote on their behalf. Shareholders can also leave written questions for the Board to respond. The Shares Registrar is available to attend to matters relating to shareholders' interests.

Shareholders are welcome to raise queries by contacting the Company at any time throughout the year and need not wait for the AGM for such an opportunity.

5.6 Poll Voting

The Company has always made the necessary preparation for poll voting for all resolutions tabled at the AGM and EGM. The Company will explore the suitability and feasibility of employing electronic means for poll voting.

The Company conducted poll voting in respect of all resolutions put before the shareholders at the last AGM and EGM as required by the MMLR. The poll results of each resolution were announced to Bursa Securities after the AGM via Bursa Link on the same day.

5.7 Annual Report

The Directors believe that an important channel to reach shareholders and investors is through the Annual Report. Besides including comprehensive financial performance and information on the business activities, the Group strives to improve the contents of the Annual Report in line with the developments in corporate governance practices.

The Company's Annual Report can be accessed at the Company's website at www.crescendo.com.my. Bursa Securities also provides facilities for the Company to electronically publish all its announcements, including full version of its quarterly results announcements and Annual Report at its website at www.bursamalaysia.com.

Compliance Statement

The Company has committed to achieving high standard of corporate governance throughout the Group and to the highest level of integrity and ethical standards in all its business dealings.

This Statement has been reviewed and approved by the Board of Directors at a meeting held on 17 May 2018.

STATEMENT ON DIRECTORS' RESPONSIBILITIES

The Board is required under paragraph 15.26(a) Listing Requirements to issue a statement explaining its responsibility for preparing the annual audited financial statements.

The Directors are required by the Companies Act. 2016 (the Act) to prepare financial statements for each financial year which give a true and fair view of the financial position of the Group and of the Company as at the financial year end and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

In preparing the financial statements, the Directors have:

- applied the appropriate and relevant accounting policies on a consistent basis;
- made judgements and estimates that are reasonable and prudent; and
- prepared the annual financial statements in accordance with applicable Financial Reporting Standards in Malaysia, the requirements of the Act and the MMLR.

The Directors are responsible for ensuring that the Company and its subsidiaries keep accounting records which disclose with reasonable accuracy at any time the financial position of each company and which enable them to ensure that the financial statements comply with the requirements of the Act.

The Directors consider that, in preparing the financial statements of CRESCENDO CORPORATION BERHAD for the financial year ended 31 January 2018, the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgment and estimates.

The Directors also consider that all applicable Financial Reporting Standards in Malaysia have been complied with and confirm that the financial statements have been prepared on a going concern basis.

The Directors are also responsible for taking such steps that are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

This Statement is made in accordance with a resolution of the Board dated 17 May 2018.

ADDITIONAL COMPLIANCE INFORMATION

To comply with the MMLR, the following information is provided:

Audit and Non-audit fees

The audit fees paid or payable to the External Auditors, Messrs Raki CS Tan & Ramanan, by the Company and the Group during the financial year 2018 were as follows:

Group (RM'000)	Company (RM'000)
190	28

The non-audit fees paid or payable to the External Auditors, Messrs Raki CS Tan & Ramanan, by the Company and the Group during the financial year 2018 were as follows:

Group (RM'000)	Company (RM'000)
3	3

Material Contracts Involving Directors and Major Shareholders' Interest

There were no material contracts for the Company and its subsidiaries involving Directors and major shareholders' interest either subsisting at the end of the financial year or entered into since the end of the previous year.

Recurrent Related Party Transactions

Details of transactions with related parties undertaken by the Group during the financial year are disclosed in Note 32 to the Financial Statements. The Group did not seek for shareholders' mandate for recurrent related party transactions at the last AGM as the aggregate value of transactions was not expected to exceed the threshold prescribed under the MMLR of Bursa Securities.

This Statement is made in accordance with a resolution of the Board dated 17 May 2018.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

This Statement on Risk Management & Internal Control is made pursuant to the Malaysian Code on Corporate Governance 2012 ("the Code") and Paragraph 15.26 (b) of the Listing Requirements with regards to the Group's state of internal control.

The Board of Directors ("the Board") of CRESCENDO CORPORATION BERHAD ("CCB" or "the Company") is pleased to present below its Statement on Risk Management & Internal Control as a Group for the financial year under review, prepared in accordance with the Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Companies' ("the Guidelines") issued by the Institute of Internal Auditors Malaysia and adopted by Bursa Securities and taking into consideration the recommendations underling Principle 6 of the Code.

BOARD RESPONSIBILITIES

The Board affirms its overall responsibilities for the Group's system of risk management and internal control, and for reviewing the adequacy and integrity of the Group's risk management and internal control system. The Board's responsibility in relation to the system of risk management & internal control embedded in all aspects of the Group's activities which encompasses all subsidiaries of the Company.

The Board has received assurance from the Executive Chairman and Managing Director and the Financial Controller that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects.

However, as there are inherent limitations in any system of risk management and internal control, such system put into effect by Management can only manage but not eliminate all risk that may impede the achievement of the Group's business objectives. Therefore, the risk management and internal control system can only provide reasonable assurance and not absolute assurance against material misstatement or loss. The process to identify, evaluate and manage the significant risks is a concerted and continuing effort throughout the financial year under review.

The Board sets the policy on internal controls after conducting a proper assessment of operational and financial risks by considering the overall control environment of the organisation and an effective monitoring mechanism. The Executive Chairman and Managing Director and his management carried out the process of implementation and maintenance of the control systems. Except for insurable risks where insurance covers are purchased, other risks are reported on a general reporting basis and managed by the respective Committees within the Group.

KEY FEATURE OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

The responsibility for reviewing the adequacy and integrity of the risk management and internal control system has been delegated by the Board to the Audit Committee. On a periodic basis, the Audit Committee assesses the adequacy and integrity of the risk management and internal control system through independent reviews conducted and reports it received from the Internal Auditors, the External Auditors and Management. Significant risk management and internal control matters were brought to the attention of the Audit Committee.

The Audit Committee then in turn reports such matters to the Board, if the Audit Committee deems such matters warrant the Board's attention.

Key elements of the Group's risk management and internal control system that have been established to facilitate the proper conduct of the Group's businesses are described below:

i. Control Environment

- **Policies & Procedures**

  Clearly defined policies and procedures are in place and are undergoing constant improvements to ensure that they continue to support the Group's business activities as the Group continues to grow.

- **Operations Review and Monitoring**

  Operations of the Group are constantly monitored with up-to-date reports being presented by the Management. Variances are carefully analysed and corrective actions are taken where necessary. Detailed reports on performance review with steps to be taken are presented to Executive Directors periodically.

  The Executive Directors, General Managers and Deputy General Manager regularly visit the Group's business units. During the visits, the head of business unit report on the progress and performance, discuss and resolve the business unit's operational and key management issues.

- **Organisation Structure and Authorisation**

  Procedures

  The Group maintains a formal organisational structure with clear lines of reporting to the Board, Committees and Senior Management with defined roles and responsibilities, authority limits, review and approval procedures and proper segregation of duties which supports the maintenance of a strong control environment.

  Specific responsibilities have been delegated to relevant Committees authorised to examine all matters within their scope and report to the Executive Chairman & Managing Director and Executive Directors with their recommendations.

i. Control Environment (Cont'd)

- **Human Capital Policy**

  Comprehensive and rigorous guidelines on the employment, performance appraisal and training program and retention of employees are in place, to ensure that the Group has a team of employees who are well trained and equipped with all the necessary knowledge, skills and abilities to carry out their responsibility effectively.

  Emphasis is being placed on enhancing the quality and ability of employees through training and development. Employees' competencies are assessed annually through the annual appraisal system and subsequently, further development and training requirements are highlighted to Heads of Departments and business units for follow up.

- **Management Style**

  The Board relies on the experience of the Executive Chairman and Managing Director, Executive Directors and the respective business units' management teams to run and manage the operations and businesses of the Group in an effective and efficient manner.

  The Executive Chairman and Managing Director and management adopt a "hands on" approach in managing the businesses of the Group. This enables timely identification and resolution of any significant issues arising.

- **Quality Control**

  Strong emphasis is placed on ensuring that the Group adheres to health, safety and environmental regulations as required by the various authorities.

- **Other Key Elements of Internal Control**

  Other key elements of procedures established by the Board which provide effective internal control include:

  - The Finance Department monitors the activities and performance of the subsidiaries through the monthly management accounts and ensures control accounts are reconciled with the subsidiaries records.
  - Adequate insurance and physical safeguarding of major assets are in place to ensure these assets are sufficiently covered against any mishap that may result in material losses to the Group.
  - Proposals for major capital expenditures of the Group are reviewed and approved by the Executive Directors.
  - Regular Board and management meetings to assess performance of business units.
  - All recurrent related party transactions are dealt with in accordance with the MMLR. The Audit Committee and the Board review the recurrent related party transactions at the respective meetings of the Audit Committee and the Board.
  - Budgetary controls for its projects.
  - Reporting mechanism whereby Executive Directors receive monthly performance and production statistics with explanations and justification.

- **Code of Business Conduct and other related Policies**

  In addition, the following Internal Control component have been embedded and defined in the CG Manual to assist the Board in maintaining sound internal control system:

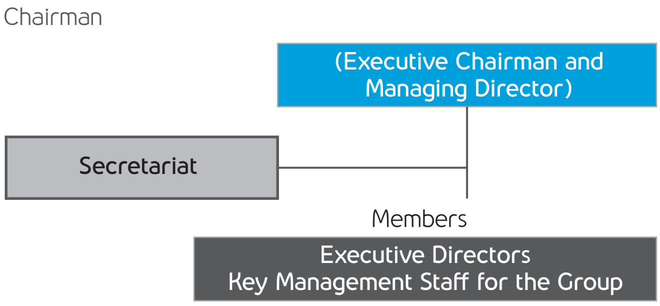
  - The Code of Ethics and Conduct defines acceptable behaviour for staff in dealing with key stakeholders. The Code of Business Conduct is made available to all staff through their respective Head of Department.
  - Corporate Integrity Policy – Anti Fraud Policy have been developed to define consistent and clear process focussed on the prevention, detection and management of fraud and applies to any irregularity, or suspected irregularity, involving employees as well as shareholders, consultants, vendors, contractors, external parties doing business with employees with the Group.
  - Whistle Blowing Policy had been formulated to encourage, and provide a channel to employees to report in good faith and in confidence, without fear of reprisals, of concerns about possible improprieties. Allegations of improprieties which had been reported via the whistle blowing channel are appropriately followed up upon and the outcome(s) reported at the Audit Committee meetings.

ii. Risk Management Framework

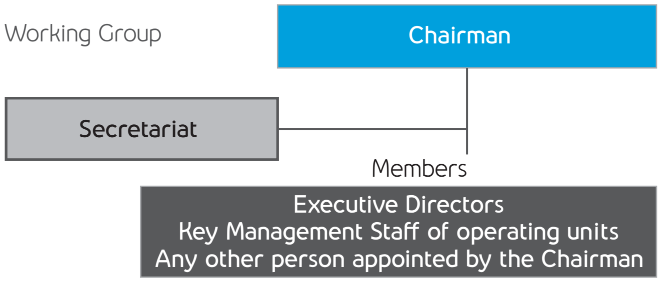
The Board recognises that risk management is an integral part of the Group's business operations and is important for the achievement of its business objectives. The Group has established a Risk Management and Sustainability Committee ("RMSC") that is chaired by the Chairman and Managing Director and its members comprising the Executive Directors, Heads of Divisions & Departments ("HODS") and staff from key operations. They have also been trained to identify the risks relating to their areas; the likelihood of these risks occurring; the consequences if they do occur; and the actions being and/or to be taken to manage these risks to the desired level. The risk profiles and risk treatment measures determined from this process are documented in risk registers with each business or operations area having its respective risk register. The risk registers are eventually compiled to form the Group Risk Profile for reporting to the RMSC and the Audit Committee.

Ongoing risk management education and training is provided at Management and staff level by members of the RMSC.

Risk Management & Sustainability Committee



Key Roles:
- Develop Group strategies and policies
- Monitoring sustainable performance



Roles:
- To monitor the implementation of sustainability practices and standards
- Raising sustainability practices awareness amongst employees
- Continues stakeholders engagement efforts

Note: The Chairman of the Working Group can be a member of the Risk Management & Sustainability Committee or appointed by the Risk Management & Sustainability Committee

Tabulated below are the key risk faced by the Group and the mitigation strategies.

Key Risk	Effect on us	Mitigation strategies
Softening Market Demand	The risk arising from the weak macroeconomics that may have an adverse impact on the Group's revenue.	This is an Inherent Risk. To mitigate the risk, the Management conducts market studies to identify and to understand the needs of customers and ensure our products and services are competitive.
Project Delivery Risk	The risk is associated with potential weak services to customers as well as late deliverables of product and services.	Putting in place an actively managed operational risk to ensure the products and services meets expectation, quality checks and controls are performed and the delivery timelines are closely monitored.
Changes in Regulatory requirements and government policies	Risk that some of the changes could have a negative impact to the Group's operations, environment and possible financial performance.	Management actively monitor changes in the legal and regulatory requirements to adapt and adopt to ensure compliance. Maintaining and regular communication with the Authorities to ensure updates on the changes that have an impact to the Group.
Reputation Risk	Potential risk arising from negative news or events that may have an adverse effect on the Group's reputation.	The Group has establish policies, procedures and operations guidelines to ensure consistencies in deliverable and corporate communication.

iii. Internal Audit Function

The roles, responsibilities and activities of the Internal Audit functions are described and detailed on page 46 under Corporate Governance Overview Statement of this Annual Report.

There were neither major weaknesses in the system identified during the year, nor any of the reported weaknesses resulted in material losses or contingencies requiring disclosure in the Group's Annual Report. Those areas of non-compliance with the procedures and policies and those which require improvements as highlighted by the Internal Auditors during the period have been, or are being addressed.

iv. Information and Communication

Information critical to meeting Group's business objectives are communicated through established reporting lines across the Group. This is to ensure that matters that require the Board and Senior Management's attention are highlighted for review, deliberation and resolution on a timely basis.

v. Review and Monitoring Process

The Group's management teams carry out monthly monitoring and review of the Group's operations and performance, including financial results and forecasts for all business operations within the Group.

In addition to the above, scheduled and ad-hoc meetings are held at operational and management levels to identify, discuss and resolve business and operational issues as and when necessary. The Board monitors the Group's performance by reviewing its quarterly results and operations and examines the announcement to Bursa Securities. These are usually reviewed by the Audit Committee before they are tabled to the Board for approval.

CONFIDENTIAL REPORTING

The Group's whistleblowing policy enables staff, in confidence, to raise concerns about possible improprieties in financial and other matters and to do so without fear of reprisal. Details of the policy are set out in the Company's Code of Ethics. The Audit Committee receives reports on whistleblowing incidents and remains satisfied that the procedures in place are satisfactory to enable independent investigation and follow up action of all matters reported. No major issues have been reported in financial year 2018 (major issues being defined for this purpose as matters having a financial impact greater than RM10,000).

ASSURANCE PROVIDED BY THE EXECUTIVE CHAIRMAN & MANAGING DIRECTOR AND FINANCIAL CONTROLLER

In line with the Guidelines, the Executive Chairman & Managing Director and the Financial Controller have provided assurance to the Board that the Group's risk management and internal control systems have been operated adequately and effectively, in all material aspects, to meet the Group's business objectives during the financial year under review.

The Executive Chairman & Managing Director and the Financial Controller have in turn obtained relevant assurance from the business heads in the Group.

REVIEW OF STATEMENT BY EXTERNAL AUDITORS

Pursuant to paragraph 15.23 of the MMLR of Bursa Securities, the External Auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the Annual Report for the financial year ended 31 January 2018. Their review was performed in accordance with Recommended Practice Guide 5 (RPG 5) issued by the Malaysian Institute of Accountants.

The External Auditors have opined to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and effectiveness of the risk management and internal control system of the Group.

RPG 5 does not require the External Auditors to and they did not consider whether this statement covers all risks and controls or to form an opinion on the effectiveness of the Group's risk management and internal control system.

CONCLUSION

The Board is of the view that the system of internal control in place throughout the year under review is sound and sufficient to safeguard the shareholders' investment, the interests of customers, regulators, employees and the Group and to facilitate the expansion of its operations. Additionally, the Board regards the risks faced by the Group are within acceptable levels to the business environment within which the Group operates.

There were no material losses or fraud during the current financial year as a result of internal control failures and the Board and Management are continuously taking measures to improve and strengthen the internal control framework and environment of the Group.

This Statement is made in accordance with a resolution of the Board of Directors dated 17 May 2018.

REPORT OF THE AUDIT COMMITTEE

The Board of Directors of CRESCENDO CORPORATION BERHAD is pleased to present the Report of the Audit Committee which lays out the activities held throughout the financial year ended 31 January 2018 and in compliance with Paragraph 15.15 (1) of the MMLR of Bursa Securities.

MEMBERS OF THE AUDIT COMMITTEE

The Audit Committee presently comprises four (4) Directors of the Board, all of whom are Independent Non-Executive Directors.

The members are:

Chairman	:	Gan Kim Guan
Members	:	Yeo Jon Tian @ Eeyo Jon Thiam
		Tan Ah Lai
		Chew Ching Chong
Secretaries	:	Chong Fook Sin, Kan Chee Jing, Chua Yoke Bee

MEMBERSHIP

Membership

The Audit Committee is appointed by the Board of Directors from amongst the Non-Executive Directors and consists of four (4) members, all of whom are Independent Non-Executive Directors.

Mr. Gan Kim Guan, the Chairman of the Audit Committee is a member of MIA and Mr. Tan Ah Lai, another member of the Audit Committee is a Fellow of the Association of Chartered Certified Accountants and a member of MIA. The Company has therefore complied with Paragraph 15.09(1)(c)(i) of the Listing Requirements of Bursa Securities.

Meeting

During the financial year 2018, the Audit Committee held a total of five (5) meetings with the attendance of the Financial Controller, Senior Finance Manager, Head of Internal Audit, senior representative of the External Auditors and the Company Secretaries.

A quorum consists of two (2) members present and both of whom must be Independent Directors. Other Board members and Senior Management may attend meetings upon the invitation of the Audit Committee. Both the Internal and External Auditors, too, may request a meeting if they consider that one is necessary.

During the financial year, the Chairman of the Audit Committee had engaged on a continuous basis with Senior Management, Head of Internal Audit and the External Auditors, in order to keep abreast of matters and issues affecting the Group.

The Company Secretary acts as the secretary to the Audit Committee. Minutes of each meeting are distributed electronically to each Board member, and the Chairman of the Audit Committee reports on key issues discussed at each meeting to the Board.

Details of the Audit Committee members' attendance are tabled below:

Member	Total number of meetings held in the financial year during Member's tenure in Office	Meeting attended by member
Gan Kim Guan	5	5
Yeo Jon Tian @ Eeyo Jon Thiam	5	4
Tan Ah Lai	5	5
Chew Ching Chong	5	5

TERMS OF REFERENCE

The details of the terms of reference of the Audit Committee are available on the Company's website at www.crescendo.com.my

SUMMARY OF WORK OF THE AUDIT COMMITTEE

The Audit Committee met at scheduled times with due notices of meetings issued, and with agenda planned and itemised so that issues raised were deliberated and discussed in a focussed and detailed manner.

During the financial year 2018, the Audit Committee discharged its duties and responsibilities in accordance with its terms of reference.

The Chairman of the Committee reported on each meeting to the Board. Detailed audit reports by the External Auditors, Internal Auditors and the respective Management response were circulated to members of the Committee before each Meeting.

REPORT OF THE AUDIT COMMITTEE
(CONT'D)

The activities undertaken by the Audit Committee were as follows:

Financial and Operations Review

- Reviewed and recommended for the Board's approval the quarterly reports for announcement to Bursa Securities in compliance with the Financial Reporting Standards and adhered to other legal and regulatory requirements;
- Reviewed the annual audited financial statements of the Group and the Company. The Audit Committee discussed with the management and the External Auditors the accounting principles and standards that were applied and their judgement of the items that may affect the financial statements;
- Reviewed the impact of new or proposed changes in accounting standards and regulatory requirements of the Company; and
- Reviewed the application of the corporate governance principles and the extent of the Group's compliance with Best Practices set under the Code in conjunction with the preparation of the Corporate Governance Statement and Statement of Risk Management and Internal Control.

External Audit

- Reviewed the External Auditor's annual audit plan and audit strategy for the financial year ended 31 January 2018 to ensure their scope of work adequately covered the activities of the Group and the Company;
- Discussed with the management and the External Auditors the Financial Reporting Standards applicable to the financial statements of the Group and the Company that were applied and their judgement of the items that may affect the financial statements;
- Reviewed with the External Auditors, the result of the audit, the audit report and internal control recommendations in respect of control weaknesses noted in the course of the audit that required appropriate actions and the Management's responses thereon;
- Inquire of the External Auditors whether they have become aware of any items relating to the detection of material illegal acts or material related party transactions during the course of their procedures;
- Reviewed and evaluated the External Auditors and their performance, objectivity and independence during the year before recommending to the Board for reappointment and remuneration;
- Review the assistance given by the Internal Audit Department's ("IAD") to the external auditors;
- Held independent meeting (without the presence of Management) with the External Auditors; and
- Reviewed and approved the provision of non-audit services by the external auditors that were agreed to prior to their commencement of such work and confirmed as permissible for them to undertake, as provided under the By-Laws of the Malaysian Institute of Accountants.

The amount of audit and non-audit fee incurred for the financial year ended 31 January 2018 were as follows:

Fee Incurred	Audit Fees RM'000	Non-Audit Fees RM'000
The Company	28	3
The Group	190	3

Internal Audit

- Reviewed and approved the IAD's plans for the financial year to ensure adequate coverage over the activities of the respective subsidiaries;
- Reviewed the internal audit reports presented by the IAD on findings, recommendations and management responses thereto and ensured that material findings were adequately addressed by Management and reported relevant issues to the Board;
- Held independent meeting (without the presence of Management) with the Internal Auditors;
- Reviewed whistleblowing activities to monitor the actions taken by the Group in respect of whistleblowing reports received; and
- Monitored the implementation of the audit recommendation to ensure all the key risks and controls have been addressed.

Risk Management

- Reviewed the outcome of the risk management programme, including key risks identified, the potential impacts and the likelihood of the risks occurring, existing controls which can mitigate the risks and action plans; and
- Reviewed the Risk Management and Sustainability Committee's reports and assessment.

Related Party Transactions

- The Audit Committee reviewed all significant related party transactions and recurrent related party transaction entered by the Group and the Company to ensure that such transactions are undertaken at arm's length basis on normal commercial terms which are not detrimental to the interests of the minority shareholders of the Company and the internal control procedures employed are both sufficient and effective before recommending to the Board for approval.

Reporting Responsibilities

- Regularly reports to the Board of Directors about the Committee's activities, issues and related recommendations.
- Provides an open avenue of communication between Internal Auditors, the External Auditors and the Board of Directors.
- Reports annually to the shareholders, describing the Committee's composition, responsibilities and how they were discharged and any other information required by Listing Requirements, including approval of non-audit services.
- Reviewed any other reports the Company issues that relate to the Committee's responsibilities.

Site Visit

The Audit Committee members visited certain on-going development projects at Bandar Cemerlang and Desa Cemerlang and Crescendo-HELP International School to have a better understanding of the Group's business activities.

Trainings

During the year, all the Audit Committee members attended various seminars, training programmes and conferences. Kindly refer to the CG Overview Statement on page 42 for the training.

Internal Audit Function

During the financial year under review, the Internal Auditors carried out periodic internal audit reviews in accordance with the approved internal audit plan to monitor compliance with the Group's procedures and to review the adequacy and effectiveness of the Group's system of risk management and internal control. The results of these reviews have been presented to the Audit Committee at their scheduled meetings. Follow up reviews were also conducted to ensure that the recommendations for improvement have been implemented by Management on a timely basis.

The Internal Auditors communicate and report directly to the Audit Committee on their activities based on the approved Annual Internal Audit Plan to ensure their independent status within the Group. The total cost incurred in respect of the internal audit function during the financial year was approximately RM312,130.

The Internal Auditors assisted the Audit Committee in discharging its duties and responsibilities with respect to adequacy and integrity of internal control within the Group and undertook the following works in accordance with the approved Audit Plan:

- Carrying out the internal auditing of the Group subsidiaries.
- Facilitating the improvement of business processes within the Group.
- Establishing a follow up process in monitoring the implementation of audit recommendation by Management.
- Monitoring the effectiveness of the Group's risk management systems by reviewing the implementation of the risk assessment action plans by Management.
- Conducting investigation audits or special assignment from time to time as requested by Management.

CONCLUSION

During the financial year, the Audit Committee carried out its duties and responsibilities in accordance with its terms of reference and held discussions with the Internal Auditors, External Auditors and relevant members of Management. The Audit Committee is of the view that no material misstatements or losses, contingencies or uncertainties have arisen, based on the reviews made and discussions held.

This Report is made in accordance with a resolution of the Board of Directors dated 17 May 2018.

REPORT OF THE REMUNERATION COMMITTEE

COMPOSITION OF MEMBERS

Members

The Committee comprises the following members:

Chairman : Yeo Jon Tian @ Eeyo Jon Thiam
Members : Gan Kim Guan
Gooi Seong Lim (resigned on 30.1.2018)
Tan Ah Lai
Chew Ching Chong
Secretaries : Chong Fook Sin, Kan Chee Jing, Chua Yoke Bee

TERMS OF REFERENCE

(1) Membership

The Committee shall be appointed by the Board from amongst the Directors of the Company and shall consist exclusively of Non-Executive Directors, minimum three (3), a majority of whom are Independent Directors.

The members of the Committee shall elect the Chairman from amongst their members who shall be an Independent Director.

The quorum shall be two (2) members, a majority of whom shall be Independent Directors.

The Company Secretaries shall be the Secretaries of the Committee.

(2) Frequency of Meetings

Meetings shall be held not less than once a year.

(3) Authority

The Committee is authorised to draw advice from outside as and when necessary in forming its recommendation to the Board on the remuneration of the Executive Directors and Senior Management in all its forms. Executive Directors should play no part in deciding their own remuneration and should abstain from discussion of their own remuneration.

(4) Duty

The duty of the Committee is to recommend to the Board the structure and level of remuneration of Executive Directors and Senior Management.

(5) Reporting Procedures

The Company Secretaries shall circulate the minutes of meetings of the Committee to all members of the Board.

SUMMARY OF ACTIVITIES OF THE COMMITTEE

The Committee met once during the financial year 2018.

The attendance of the members of the Committee of the meeting is as follows:

Member	Total number of meetings held in the financial year during Member's tenure in Office	Meeting attended by member
Yeo Jon Tian @ Eeyo Jon Thiam	1	1
Gan Kim Guan	1	1
Gooi Seong Lim	1	1
Tan Ah Lai	1	1
Chew Ching Chong	1	1

The main activities undertaken by the Committee during the year under review were as follows:

- Reviewed the structure of the remuneration package for each of the Executive Directors; and
- Reviewed the performance bonuses for each of the Executive Directors.

This Report is made in accordance with a resolution of the Board of Directors dated 17 May 2018.

REPORT OF THE NOMINATING COMMITTEE

COMPOSITION OF MEMBERS

Members

The Committee comprises the following members:

Chairman	:	Gan Kim Guan
Members	:	Tan Ah Lai
		Yeo Jon Tian @ Eeyo Jon Thiam
		Chew Ching Chong
Secretaries	:	Chong Fook Sin, Kan Chee Jing, Chua Yoke Bee

TERMS OF REFERENCE

The details of the Terms of Reference of the Nominating Committee are available on the Company's website at www.crescendo.com.my

SUMMARY OF ACTIVITIES OF THE COMMITTEE

The Committee met once during the financial year 2018.

The attendance of the members of the Committee of the meetings is as follows:

Member	Total number of meetings held in the financial year during Member's tenure in Office	Meeting attended by member
Gan Kim Guan	1	1
Yeo Jon Tian @ Eeyo Jon Thiam	1	1
Tan Ah Lai	1	1
Chew Ching Chong	1	1

The main activities undertaken by the Committee during the year under review were as follows:

a) Reviewed the re-election of Directors retiring at the AGM under Article 77 of the Article of Association (Constitution) of the Company and re-appointment of Director;
b) Assessed the independence of Independent Directors;
c) Reviewed the composition and the required mix of skills, experience and other qualities of the Board and gender diversity;
d) Reviewed the effectiveness of the Board as a whole and the Board Committees and performance of each of the Board Members and the Audit Committee members; and
e) Reviewed and recommended retention of Independent Directors.

This Report is made in accordance with a resolution of the Board of Directors dated 17 May 2018.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 January 2018.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding and in the provision of management services to companies in the Group and other related companies.

The subsidiaries are principally engaged in property development, investment holding, construction, property investment and management, trading and manufacturing of concrete products, trading in building materials and providing educational services, as detailed in Note 7 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

FINANCIAL RESULTS

	GROUP RM	COMPANY RM
Profit attributable to:		
Owners of the Company	**35,009,162**	**45,682,305**
Non-controlling interests	**2,129,401**	**-**
Profit net of tax	**37,138,563**	**45,682,305**

DIVIDENDS

The dividends paid by the Company since the end of the previous financial year were as follows:

	RM
In respect of the financial year ended 31 January 2017:	
Final single tier dividend of 3 sen per share on 279,418,698 ordinary shares, paid on 29 August 2017	8,382,561
In respect of the financial year ended 31 January 2018:	
Interim single tier dividend of 3 sen per share on 279,418,698 ordinary shares, paid on 21 November 2017	8,382,561
	16,765,122

The Directors recommend the payment of a final single tier dividend of 3 sen per share in respect of the financial year ended 31 January 2018, subject to the approval of members at the forthcoming Annual General Meeting. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 January 2019.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

DIRECTORS' REPORT
(CONT'D)

ISSUE OF SHARES, SHARE OPTIONS AND DEBENTURES

The Company did not issue any new shares, debentures or grant any share options during the financial year and there were no unissued shares under option at the end of the year.

TREASURY SHARES

The shareholders of the Company, by an ordinary resolution passed at the Twenty-first Annual General Meeting held on 25 July 2017, approved the Company's plan to repurchase its own shares up to a maximum of 28,046,249 ordinary shares representing approximately 10% of the total number of issued shares on the Bursa Malaysia Securities Berhad ("Bursa Securities").

The Directors of the Company are committed to enhancing the shareholders' value and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

During the financial year, there was no repurchase of ordinary shares from the open market on the Bursa Securities.

DIRECTORS

The Directors who have held office since the beginning of the financial year to the date of this report are as follows:

Gooi Seong Lim *	
Gooi Seong Heen *	
Gooi Seong Chneh *	
Gooi Seong Gum *	
Gan Kim Guan	
Yeo Jon Tian @ Eeyo Jon Thiam	
Tan Ah Lai	
Chew Ching Chong	
Gooi Khai Shin **	(Alternate Director to Gooi Seong Lim)
Gooi Chuen Howe	(Alternate Director to Gooi Seong Heen)

* These Directors are also Directors of the Company's subsidiaries.
** Gooi Khai Shin is also an Alternate Director to Gooi Seong Lim in one of the Company's subsidiaries.

The name of the Directors of the Company's subsidiaries in office since the beginning of the financial year to the date of this report (not including those Directors listed above) are:

Chow Kok Hiang	
Venkata Chellam A/L Subramanian	
Sacher Ezra Bin Rizal Shah	
Dato' Tan Sui Hou	
Hahasrin Bin Hashim	(Resigned on 27.4.2018)
Lim Thai San	
Lim Bok Hek	
Chan Eu-Khin	
Goh Chee Leong	
Soh Choong Boon	
Cheah Kee Nguan	
Fang Kiam Hui	
Chong Chin Wee	
Chong Chin Yee	

DIRECTORS' REPORT
(CONT'D)

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than those disclosed in Note 27 and Note 32 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, being arrangement with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

None of the Directors who held office at the end of the financial year had, according to the Register of Directors' Shareholdings pursuant to Section 59 of the Companies Act 2016, any interest in the shares, debentures and options over the shares in the Company and its related corporations except as stated below:

	Number of ordinary shares in the Company			
	At 1.2.2017	Bought	Sold	At 31.1.2018
Gooi Seong Lim				
- direct interest	1,130,452	-	-	1,130,452
- indirect interest	196,063,786	-	-	196,063,786
Gooi Seong Heen				
- direct interest	4,559,121	-	-	4,559,121
- indirect interest	192,216,114	-	-	192,216,114
Gooi Seong Chneh				
- direct interest	4,144,124	-	-	4,144,124
- indirect interest	192,148,114	-	-	192,148,114
Gooi Seong Gum				
- indirect interest	192,148,114	-	-	192,148,114
Yeo Jon Tian @ Eeyo Jon Thiam				
- direct interest	60,000	-	-	60,000
- indirect interest	19,000	-	-	19,000
Chew Ching Chong				
- direct interest	10,000	-	-	10,000
Gooi Khai Shin				
- indirect interest	3,775,672	-	-	3,775,672

DIRECTORS' REPORT
(CONT'D)

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (Cont'd)

	Number of ordinary shares in the related corporations			
	At 1.2.2017	Bought	Sold	At 31.1.2018
Kim Loong Resources Berhad				
Gooi Seong Lim				
- direct interest	683,552	-	-	683,552
- indirect interest	199,442,101	-	-	199,442,101
Gooi Seong Heen				
- direct interest	1,767,912	-	-	1,767,912
- indirect interest	198,106,102	-	-	198,106,102
Gooi Seong Chneh				
- direct interest	1,627,912	-	-	1,627,912
- indirect interest	198,106,102	-	-	198,106,102
Gooi Seong Gum				
- direct interest	132,600	-	-	132,600
- indirect interest	198,162,102	-	-	198,162,102
Gooi Khai Shin				
- indirect interest	999,999	-	-	999,999
Crescendo Overseas Corporation Sdn. Bhd.				
Gooi Seong Lim				
- direct interest	12,250	-	-	12,250
- indirect interest	51,000	-	-	51,000
Gooi Seong Heen				
- direct interest	12,250	-	-	12,250
- indirect interest	51,000	-	-	51,000
Gooi Seong Chneh				
- direct interest	12,250	-	-	12,250
- indirect interest	51,000	-	-	51,000
Gooi Seong Gum				
- direct interest	12,250	-	-	12,250
- indirect interest	51,000	-	-	51,000
Panoramic Housing Development Sdn. Bhd.				
Gooi Seong Lim				
- direct interest	5,700	-	-	5,700
- indirect interest	1,444,200	-	-	1,444,200
Gooi Seong Heen				
- direct interest	5,700	-	-	5,700
- indirect interest	1,444,200	-	-	1,444,200
Gooi Seong Chneh				
- direct interest	5,700	-	-	5,700
- indirect interest	1,444,200	-	-	1,444,200
Gooi Seong Gum				
- direct interest	5,700	-	-	5,700
- indirect interest	1,444,200	-	-	1,444,200

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (Cont'd)

	Number of ordinary shares in the holding company – Sharikat Kim Loong Sendirian Berhad			
	At 1.2.2017	Bought	Sold	At 31.1.2018
Gooi Seong Lim				
- direct interest	22,125	-	-	22,125
- indirect interest	11,250	-	-	11,250
Gooi Seong Heen				
- direct interest	22,125	-	-	22,125
- indirect interest	11,250	-	-	11,250
Gooi Seong Chneh				
- direct interest	22,125	-	-	22,125
- indirect interest	11,250	-	-	11,250
Gooi Seong Gum				
- direct interest	22,125	-	-	22,125
- indirect interest	11,250	-	-	11,250

By virtue of their interests in the shares in the holding company, Sharikat Kim Loong Sendirian Berhad, Gooi Seong Lim, Gooi Seong Heen, Gooi Seong Chneh and Gooi Seong Gum, are also deemed to have interests in the shares in the Company and its related corporations to the extent that the holding company has interests in accordance with Section 8 of the Companies Act, 2016.

INDEMNIFYING DIRECTORS, OFFICERS OR AUDITORS

No indemnities have been given or insurance premiums paid, during or since the end of the year, for any person who is or has been the Director, officer or auditor of the Company.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the statements of financial position and statements of comprehensive income of the Group and of the Company were made out, the Directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that all known bad debts had been written off and adequate allowance had been made for doubtful debts; and

(ii) to ensure that any current assets, which were unlikely to realise their book values in the ordinary course of business had been written down to their expected realisable values.

At the date of this report, the Directors are not aware of any circumstances:

(i) which would render the amount written off for bad debts or the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(ii) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading; or

(iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

DIRECTORS' REPORT
(CONT'D)

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (Cont'd)

No contingent or other liability has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group or of the Company to meet its obligations as and when they fall due.

At the date of this report, there does not exist:

(i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

In the opinion of the Directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

HOLDING AND ULTIMATE HOLDING COMPANY

The Directors regard Sharikat Kim Loong Sendirian Berhad, a company incorporated in Malaysia, as the Company's holding and ultimate holding company.

SIGNIFICANT EVENT

Significant event during the financial year is disclosed in Note 39 to the financial statements.

SUBSIDIARY COMPANIES

The details of the Company's subsidiaries are disclosed in Note 7 to the financial statements.

There were no qualifications in the auditors' report of the subsidiary companies.

None of the subsidiaries had any interest in shares in the Company during the financial year.

DIRECTORS' REPORT
(CONT'D)

AUDITORS

The total amount receivables by the auditors as remuneration are disclosed in Note 25 to the financial statements.

The auditors, Messrs. Raki CS Tan & Ramanan, Chartered Accountants, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors

GOOI SEONG LIM
Director

GOOI SEONG GUM
Director

Dated: 17 May 2018

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT, 2016

We, GOOI SEONG LIM and GOOI SEONG GUM, being two of the Directors of CRESCENDO CORPORATION BERHAD, do hereby state that in the opinion of the Directors, the financial statements set out on pages 72 to 138 are drawn up in accordance with applicable Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 January 2018 and of their financial performance and cash flows of the Group and of the Company for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors

GOOI SEONG LIM
Director

GOOI SEONG GUM
Director

Dated: 17 May 2018

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT, 2016

I, YUEN SUH CHIN, being the Officer primarily responsible for the financial management of CRESCENDO CORPORATION BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 72 to 138 are, in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the)
abovenamed YUEN SUH CHIN)
at Johor Bahru in the State of Johor Darul)
Takzim on 17 May 2018.)

YUEN SUH CHIN
Officer

Before me,

Commissioner of Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CRESCENDO CORPORATION BERHAD (359750 - D)
(INCORPORATED IN MALAYSIA)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Crescendo Corporation Berhad, which comprise the statements of financial position as at 31 January 2018 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 72 to 138.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 January 2018, and of their financial performance and their cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How our audit addressed the Key Audit Matters
Fair Value of Investment Properties	
Investment properties as stated in Note 6 to the financial statements are carried at fair values amounting to RM241 million. Fair value gains amounting to RM549,000 was recognized during the financial year.	We checked the independent valuers' qualifications and their registration with the Board of Valuers, Appraisers and Estate Agents Malaysia. In addition, we reviewed their terms of engagement to determine that there were no matters that affected their independence, objectivity, influence, or imposed scope limitations and evidence of management bias upon them.
Management uses independent professional valuers to determine the fair values of investment properties on an annual basis.	We have reviewed the valuation reports on a sample basis and evaluated their valuation approach. We also engaged another independent external valuer to review selected valuation reports to ascertain as to whether the values are fairly stated.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CRESCENDO CORPORATION BERHAD (359750 - D)
(INCORPORATED IN MALAYSIA) (CONT'D)

Report on the Audit of the Financial Statements (Cont'd)

Key Audit Matters (Cont'd)

Key Audit Matters	How our audit addressed the Key Audit Matters
Property Development Activities and Construction Contracts The Group's revenue from the Property Development Activities and construction contracts as stated in Note 23 to the financial statements amounts to RM204.5 million. As stated in Note 2.4, significant judgement is required in determining the stage of completion and the estimation of revenue and costs.	Our audit approach includes, inter alia, the following: Review of material on-going projects. Review of management's policy on recognition of revenue and gross margins and management's judgement and estimations used in determining cost and provision of foreseeable losses relating to property development and construction activities. Ascertaining the percentage of completion and significant accrued billings at the end of the reporting period. Reviewing the estimation of work completed but not certified. Verification of contracts, letter of awards, variation orders, subcontractors claims, architect and other specialist certificates, subsequent invoicing and estimation workings.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF CRESCENDO CORPORATION BERHAD (359750 - D)
(INCORPORATED IN MALAYSIA) (CONT'D)

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF CRESCENDO CORPORATION BERHAD (359750 - D)
(INCORPORATED IN MALAYSIA) (CONT'D)

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

RAKI CS TAN & RAMANAN
Firm Number: AF 0190
Chartered Accountants

HARICHANDRAN A/L A. RUBASUNDRAM
Chartered Accountant
Approval Number: 02931/07/2019 J
Partner

Johor Bahru,
Dated: 17 May 2018

STATEMENTS OF FINANCIAL POSITION
AS AT 31 JANUARY 2018

	Note	GROUP 2018 RM	GROUP 2017 RM	COMPANY 2018 RM	COMPANY 2017 RM
ASSETS					
Non-current assets					
Property, plant and equipment	3	**178,822,048**	167,587,411	**3,241,170**	3,639,347
Land use rights	4	**5,668,385**	5,985,845	**-**	-
Biological assets	5	**1,576,477**	1,148,445	**-**	-
Investment properties	6	**287,245,401**	286,696,401	**-**	-
Investment in subsidiaries	7	**-**	-	**196,565,279**	196,565,279
Other investment	8	**18,231,416**	19,729,477	**-**	-
Land held for property development	9	**585,346,045**	569,209,162	**-**	-
Deferred tax assets	10	**27,118,450**	22,162,316	**116,000**	12,000
Amounts owing by subsidiaries	11	**-**	-	**202,461,085**	173,524,049
Derivative financial assets	12	**13,627,931**	22,433,108	**-**	-
		1,117,636,153	1,094,952,165	**402,383,534**	373,740,675
Current assets					
Property development costs	9	**114,737,091**	92,578,309	**-**	-
Inventories	13	**69,479,558**	78,473,063	**-**	-
Receivables	11	**74,766,289**	81,498,213	**4,390,754**	3,756,333
Other current assets	14	**20,074,576**	20,251,630	**2,087,262**	155,605
Tax recoverable		**1,407,006**	1,879,267	**-**	-
Cash and bank balances	15	**55,569,451**	58,561,300	**55,606**	46,681
		336,033,971	333,241,782	**6,533,622**	3,958,619
TOTAL ASSETS		**1,453,670,124**	1,428,193,947	**408,917,156**	377,699,294

The annexed notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION
AS AT 31 JANUARY 2018 (CONT'D)

	Note	GROUP 2018 RM	GROUP 2017 RM	COMPANY 2018 RM	COMPANY 2017 RM
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	17	**299,572,064**	280,462,498	**299,572,064**	280,462,498
Share premium	17	**-**	19,109,566	**-**	19,109,566
Treasury shares	17	**(3,114,728)**	(3,114,728)	**(3,114,728)**	(3,114,728)
Revaluation reserve	18	**69,867,089**	69,867,089	**-**	-
Hedging reserve	19	**9,331,294**	15,473,680	**-**	-
Other capital reserve		**426,200**	426,200	**-**	-
Retained earnings	20	**546,641,967**	528,340,005	**96,583,353**	67,666,170
		922,723,886	910,564,310	**393,040,689**	364,123,506
Non-controlling interests		**44,558,077**	44,389,169	**-**	-
Total equity		**967,281,963**	954,953,479	**393,040,689**	364,123,506
Non-current liabilities					
Loans and borrowings	21	**290,057,656**	282,408,217	**-**	-
Deferred tax liabilities	10	**15,004,381**	17,563,032	**-**	-
Derivative financial liabilities	12	**1,390,839**	2,140,151	**-**	-
		306,452,876	302,111,400	**-**	-
Current liabilities					
Payables	22	**120,279,373**	119,616,712	**12,068,813**	9,695,249
Due to customers on contracts	16	**47,478**	55,173	**-**	-
Loans and borrowings	21	**56,160,560**	47,547,460	**3,350,049**	2,782,855
Tax payable		**3,447,874**	3,909,723	**457,605**	1,097,684
		179,935,285	171,129,068	**15,876,467**	13,575,788
Total liabilities		**486,388,161**	473,240,468	**15,876,467**	13,575,788
TOTAL EQUITY AND LIABILITIES		**1,453,670,124**	1,428,193,947	**408,917,156**	377,699,294

The annexed notes form an integral part of these financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2018

	Note	GROUP 2018 RM	GROUP 2017 RM	COMPANY 2018 RM	COMPANY 2017 RM
Revenue	23	**277,160,512**	254,358,771	**57,715,518**	43,813,945
Cost of sales		**(192,992,631)**	(183,605,098)	**-**	-
Gross profit		**84,167,881**	70,753,673	**57,715,518**	43,813,945
Other items of income					
Rental income		**8,564,940**	8,039,739	**-**	-
Interest income		**1,757,981**	1,228,614	**10,649,442**	9,954,102
Net gain from fair value adjustment of investment properties	6	**549,000**	41,357,881	**-**	-
Other income		**2,256,829**	2,646,237	**53,844**	260,957
Other items of expense					
Administrative expenses		**(37,497,215)**	(34,505,318)	**(20,106,330)**	(18,099,192)
Finance costs	24	**(9,290,340)**	(8,389,718)	**(547,059)**	(362,799)
Profit before tax	25	**50,509,076**	81,131,108	**47,765,415**	35,567,013
Tax	28	**(13,370,513)**	(6,886,699)	**(2,083,110)**	(1,940,424)
Profit net of tax		**37,138,563**	74,244,409	**45,682,305**	33,626,589
Other Comprehensive Income, net of tax					
Net movements on cash flow hedges	19	**(8,055,865)**	4,549,194	**-**	-
Tax relating to cash flow hedges	10	**1,933,408**	(1,091,807)	**-**	-
		(6,122,457)	3,457,387	**-**	-
Total comprehensive income for the year		**31,016,106**	77,701,796	**45,682,305**	33,626,589
Profit attributable to:					
Owners of the Company		**35,009,162**	70,289,552	**45,682,305**	33,626,589
Non-controlling interests		**2,129,401**	3,954,857	**-**	-
		37,138,563	74,244,409	**45,682,305**	33,626,589
Total comprehensive income attributable to:					
Owners of the Company		**28,866,776**	73,740,751	**45,682,305**	33,626,589
Non-controlling interests		**2,149,330**	3,961,045	**-**	-
		31,016,106	77,701,796	**45,682,305**	33,626,589
Earnings per share attributable to owners of the Company (sen)					
Basic	29	**12.5**	25.2		

The annexed notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2018

			Attributable to owners of the Company								
				Non-distributable					Distributable		
2018	Note	Total Equity RM	Total RM	Share Capital RM	Share Premium RM	Revaluation Reserve RM	Hedging Reserve RM	Other Capital Reserve RM	Retained Earnings RM	Treasury Shares RM	Non-controlling Interests RM
At 1.2.2017		954,953,479	910,564,310	280,462,498	19,109,566	69,867,089	15,473,680	426,200	528,340,005	(3,114,728)	44,389,169
Total comprehensive income		31,016,106	28,866,776	-	-	-	(6,142,386)	-	35,009,162	-	2,149,330
Transactions with owners											
Acquisition of interest in a subsidiary		(1,882,500)	57,922	-	-	-	-	-	57,922	-	(1,940,422)
Dividend paid to non-controlling interests		(40,000)	-	-	-	-	-	-	-	-	(40,000)
Dividends	30	(16,765,122)	(16,765,122)	-	-	-	-	-	(16,765,122)	-	-
Transition to no-par value regime	17	-	-	19,109,566	(19,109,566)	-	-	-	-	-	-
Total transactions with owners		(18,687,622)	(16,707,200)	19,109,566	(19,109,566)	-	-	-	(16,707,200)	-	(1,980,422)
At 31.1.2018		967,281,963	922,723,886	299,572,064	-	69,867,089	9,331,294	426,200	546,641,967	(3,114,728)	44,558,077

The annexed notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2018 (CONT'D)

			Attributable to owners of the Company								
			Non-distributable					Distributable			
2017	**Note**	**Total Equity RM**	**Total RM**	**Share Capital RM**	**Share Premium RM**	**Revaluation Reserve RM**	**Hedging Reserve RM**	**Other Capital Reserve RM**	**Retained Earnings RM**	**Treasury Shares RM**	**Non-controlling Interests RM**
At 1.2.2016		885,543,908	850,454,846	280,462,498	19,109,566	69,867,089	12,022,481	426,200	471,660,951	(3,093,939)	35,089,062
Total comprehensive income		77,701,796	73,740,751	-	-	-	3,451,199	-	70,289,552	-	3,961,045
Transactions with owners											
Purchase of treasury shares	17	(20,789)	(20,789)	-	-	-	-	-	-	(20,789)	-
Issuance of shares to non-controlling interests		7,500,000	-	-	-	-	-	-	-	-	7,500,000
Dilution of interest in subsidiaries		-	360,938	-	-	-	-	-	360,938	-	(360,938)
Dividend paid to non-controlling interests		(1,800,000)	-	-	-	-	-	-	-	-	(1,800,000)
Dividends	30	(13,971,436)	(13,971,436)	-	-	-	-	-	(13,971,436)	-	-
Total transactions with owners		(8,292,225)	(13,631,287)	-	-	-	-	-	(13,610,498)	(20,789)	5,339,062
At 31.1.2017		954,953,479	910,564,310	280,462,498	19,109,566	69,867,089	15,473,680	426,200	528,340,005	(3,114,728)	44,389,169

The annexed notes form an integral part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2018

			Non-distributable		Distributable	
2018	**Note**	**Total Equity RM**	**Share Capital RM**	**Share Premium RM**	**Retained Earnings RM**	**Treasury Shares RM**
At 1.2.2017		**364,123,506**	**280,462,498**	**19,109,566**	**67,666,170**	**(3,114,728)**
Total comprehensive income		**45,682,305**	**-**	**-**	**45,682,305**	**-**
Transactions with owners						
Dividends	30	**(16,765,122)**	**-**	**-**	**(16,765,122)**	**-**
Transition to no-par value regime	17	**-**	**19,109,566**	**(19,109,566)**	**-**	**-**
Total transactions with owners		**(16,765,122)**	**19,109,566**	**(19,109,566)**	**(16,765,122)**	**-**
At 31.1.2018		**393,040,689**	**299,572,064**	**-**	**96,583,353**	**(3,114,728)**
2017						
At 1.2.2016		344,489,142	280,462,498	19,109,566	48,011,017	(3,093,939)
Total comprehensive income		33,626,589	-	-	33,626,589	-
Transactions with owners						
Purchase of treasury shares	17	(20,789)	-	-	-	(20,789)
Dividends	30	(13,971,436)	-	-	(13,971,436)	-
Total transactions with owners		(13,992,225)	-	-	(13,971,436)	(20,789)
At 31.1.2017		364,123,506	280,462,498	19,109,566	67,666,170	(3,114,728)

The annexed notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2018

	Note	2018 RM	2017 RM
Operating activities			
Cash receipts from customers		**295,767,032**	259,256,282
Cash paid to suppliers and employees		**(241,792,099)**	(260,809,555)
Cash generated from/(absorbed by) operations		**53,974,933**	(1,553,273)
Deposit interest received		**1,640,114**	1,096,283
Interest paid		**(17,027,599)**	(13,775,802)
Tax paid		**(18,941,478)**	(15,385,640)
Net cash from/(used in) operating activities		**19,645,970**	(29,618,432)
Investing activities			
Acquisition of property, plant and equipment	A	**(21,836,939)**	(31,530,489)
Acquisition of land use rights		**-**	(263,474)
Acquisition of investment property	C	**-**	(1,610,051)
Acquisition of subsidiary company		**(1,882,500)**	-
Acquisition of other investment		**(197,939)**	(14,034,929)
Capital realisation from other investment		**1,696,000**	1,340,000
(Pledge)/withdrawal of time deposits		**(7,570)**	641,524
Proceeds from disposal of property, plant and equipment		**126,142**	68,602
Net cash used in investing activities		**(22,102,806)**	(45,388,817)
Financing activities			
Proceeds from issuance of shares to non-controlling interest		**-**	7,500,000
Acquisition of treasury shares		**-**	(20,789)
Proceeds from loans and borrowings		**45,541,000**	122,620,000
Repayment of loans and borrowings		**(24,394,038)**	(45,262,533)
Dividends paid		**(16,765,122)**	(13,971,436)
Dividends paid to non-controlling interests		**(40,000)**	(1,800,000)
Net cash from financing activities		**4,341,840**	69,065,242

The annexed notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2018 (CONT'D)

	Note	2018 RM	2017 RM
Net increase/(decrease) in cash and cash equivalents		**1,885,004**	(5,942,007)
Cash and cash equivalents at the beginning of the financial year		**41,189,994**	47,132,001
Cash and cash equivalents at the end of the financial year	31	**43,074,998**	41,189,994

Notes to Consolidated Statement of Cash Flows

A Acquisition of property, plant and equipment

	2018 RM	2017 RM
Property, plant and equipment acquired	**16,499,402**	33,318,838
Unpaid balance included under payables	**(661,209)**	(8,048,407)
Cash paid in respect of prior year acquisition	**6,143,188**	6,115,616
Deposits paid in current/prior year	**(144,442)**	144,442
Cash paid	**21,836,939**	31,530,489

B Acquisition of biological assets

	2018 RM	2017 RM
Biological assets acquired	**490,110**	-
Unpaid balance include under payables	**(490,110)**	-
Cash paid	**-**	-

C Acquisition of investment property

	2018 RM	2017 RM
Investment property acquired	**-**	129,440
Cash paid in respect of prior year acquisition	**-**	1,480,611
Cash paid	**-**	1,610,051

The annexed notes form an integral part of these financial statements.

COMPANY STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2018

	Note	2018 RM	2017 RM
Operating activities			
Cash receipts from customers		**17,432,695**	15,460,257
Dividends received from subsidiaries		**40,443,500**	28,078,001
Cash paid to suppliers and employees		**(19,545,068)**	(16,840,506)
Cash generated from operations		**38,331,127**	26,697,752
Interest received		**10,649,442**	9,954,102
Interest paid		**(547,059)**	(362,799)
Tax paid		**(2,827,189)**	(975,160)
Net cash from operating activities		**45,606,321**	35,313,895
Investing activities			
Acquisition of plant and equipment	3	**(154,102)**	(482,714)
Advance to subsidiaries		**(31,309,094)**	(29,366,379)
Repayment from subsidiaries		**49,793**	1,031,375
Net cash used in investing activities		**(31,413,403)**	(28,817,718)
Financing activities			
Acquisition of treasury shares		**-**	(20,789)
Advance from related companies		**954**	4,323
Advance from subsidiaries		**2,020,372**	6,061,144
Repayment to a related company		**(7,391)**	-
Dividends paid		**(16,765,122)**	(13,971,436)
Net cash used in financing activities		**(14,751,187)**	(7,926,758)
Net decrease in cash and cash equivalents		**(558,269)**	(1,430,581)
Cash and cash equivalents at the beginning of the financial year		**(2,736,174)**	(1,305,593)
Cash and cash equivalents at the end of the financial year	31	**(3,294,443)**	(2,736,174)

The annexed notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2018

1. GENERAL INFORMATION

(a) The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of the Bursa Malaysia Securities Berhad.

(b) The Company is principally engaged in investment holding and in the provision of management services to companies in the Group and other related companies.

The subsidiaries are principally engaged in property development, investment holding, construction, property investment and management, trading and manufacturing of concrete products, trading in building materials and providing educational services, as detailed in Note 7 to the financial statements.

There has been no significant changes in the nature of these activities during the financial year.

(c) The address of the registered office of the Company is as follows:

Unit No. 203, 2nd Floor
Block C, Damansara Intan
No. 1, Jalan SS 20/27
47400 Petaling Jaya
Selangor Darul Ehsan

(d) The address of the principal place of business of the Company is as follows:

18th Floor, Public Bank Tower
No. 19, Jalan Wong Ah Fook
80000 Johor Bahru
Johor Darul Takzim

(e) The Directors regard Sharikat Kim Loong Sendirian Berhad, a company incorporated in Malaysia, as the Company's holding and ultimate holding company.

(f) Authorisation for issue of financial statements

These financial statements were authorised for issue by the Board of Directors on 17 May 2018.

2. BASIS OF PREPARATION, SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared under the historical cost convention (except for those disclosed in the summary of significant accounting policies) and comply with applicable Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

The financial statements of the Group and of the Company are presented in Ringgit Malaysia (RM) which is also the Group's and the Company's functional currency.

The statements of cash flows of the Group and of the Company are prepared by using the direct method.

2.2 Adoption of new and amended Financial Reporting Standards ("FRS")

The Group and the Company adopted the following new and amended FRSs relevant to the current operations of the Group and the Company for the financial year ended 31 January 2018:

FRS and Interpretations

Amendments to FRS 107	Disclosure Initiative
Amendments to FRS 112	Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvements to FRSs 2014-2016 Cycle:	
Amendments to FRS 12	Disclosure of Interests in Other Entities

The above new and amended FRSs did not have any significant impact on the financial statements of the Group and of the Company.

Malaysian Financial Reporting Standards ("MFRS")

The Group and the Company will be required to prepare financial statements using MFRS Framework in its first MFRS financial statements for the year ending 31 January 2019. In presenting its first MFRS financial statements, the Group and the Company will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

The Group and the Company has formed a project team to plan and manage the adoption of the MFRS Framework. This project consists of the following phases:

(a) Assessment and planning phase

This phase involves the following:

(i) High level identification of the key differences between Financial Reporting Standards and accounting standards under the MFRS Framework and disclosures that are expected to arise from the adoption of MFRS Framework;
(ii) Evaluation of any training requirements; and
(iii) Preparation of a conversion plan.

2. BASIS OF PREPARATION, SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (Cont'd)

2.2 Adoption of new and amended Financial Reporting Standards ("FRS") (Cont'd)

Malaysian Financial Reporting Standards ("MFRS") (Cont'd)

(b) Implementation and review phase

This phase aims to:

(i) Develop training programs for the staff;
(ii) Formulate new and/or revised accounting policies and procedures for compliance with the MFRS Framework;
(iii) Identify potential effects as at the date of transition, arising from the adoption of the MFRS Framework; and
(iv) Develop disclosures required by the MFRS Framework.

The Group and the Company have not completed its assessment of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework. Accordingly, the consolidated financial performance and financial position as disclosed in these financial statements for the year ended 31 January 2018 could be different if prepared under the MFRS Framework.

The Group and the Company expect to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 January 2019.

2.3 Summary of significant accounting policies

(a) Subsidiaries and basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

The Company controls an investee if and only if the Company has all the following:

(i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
(ii) Exposure, or rights, to variable returns from its investment with the investee; and
(iii) The ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

(i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
(ii) Potential voting rights held by the Company, other vote holders or other parties;
(iii) Rights arising from other contractual arrangements; and
(iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activates at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

2. BASIS OF PREPARATION, SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (Cont'd)

2.3 Summary of significant accounting policies (Cont'd)

(a) Subsidiaries and basis of consolidation (Cont'd)

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of an investment.

A subsidiary is an entity over which the Company has all the following:

(i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
(ii) Exposure, or rights, to variable returns from its investment with the investee; and
(iii) The ability to use its power over the investee to affect its returns.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

(b) Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised to profit or loss during the financial period in which they are incurred.

2. BASIS OF PREPARATION, SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (Cont'd)

2.3 Summary of significant accounting policies (Cont'd)

(b) Property, plant and equipment (Cont'd)

Subsequent to recognition, property, plant and equipment except for freehold land are stated at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.3(s).

Freehold land is stated at valuation less impairment losses, if any. The Group had adopted the policy of revaluing their freehold land on a regular basis at least once in every five years by an independent valuer on an open market value basis. Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation decrease is first offset against previously recognised revaluation surplus in respect of the same asset and the balance is thereafter recognised in profit or loss. Upon the disposal of revalued assets, the attributable revaluation surplus remaining in the revaluation reserve is transferred directly to retained earnings.

Freehold land has unlimited useful life and therefore is not depreciated. Depreciation of other property, plant and equipment is calculated to write off the cost of the assets to their residual values on a straight line basis over the estimated useful life of the assets as follows:

	No. of years
Buildings	10 – 50
Plant and machinery	5 – 10
Equipment, furniture & fittings and renovation	5 – 10
Motor vehicles	10

Assets under construction are stated at cost incurred to reporting date and no depreciation is provided on these assets until they are completed and available for use.

The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of assets is included in the profit or loss in the year the asset is derecognised.

(c) Biological assets

New planting and replanting expenditure incurred on land clearing, development and upkeep of immature oil palms (including interest incurred) during the pre-maturity period (pre-cropping costs) is capitalised under biological assets and is not amortised. Upon maturity, all subsequent maintenance expenditure is charged to profit or loss and the capitalised pre-cropping cost is amortised on a straight line basis over 20 years.

(d) Investment property

Investment property which is held to earn rentals or for capital appreciation or both, including property that is being constructed or developed for future use as investment property, is measured initially at its cost. Transaction costs are included in the initial measurement.

2. BASIS OF PREPARATION, SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (Cont'd)

2.3 Summary of significant accounting policies (Cont'd)

(d) Investment property (Cont'd)

Subsequent to initial recognition as investment property, investment property is carried at fair value which reflects market condition at the reporting date. Any gain or loss arising from change in the fair value of investment property is recognised in profit or loss during the period in which it arises, including corresponding tax effect.

Investment properties under construction are carried at cost as management believes that due to the nature and the amount of remaining project risks, their fair value cannot be reliably determined.

An investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising from derecognition, determined as the difference between any net disposal proceeds and the carrying amounts of the investment property, is recognised in profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

(e) Other investment

The Group has under a collaboration agreement with a third party agreed to contribute an agreed sum to the project costs of a restaurant project. The sum contributed is to be returned to the Group through a scheduled capital realisation scheme over an estimated period of 10 years. The Group is also entitled to receive a share of profits before depreciation and tax of the project annually until full capital realisation and another seven consecutive year after full capital realisation. The Group does not have any participative or management rights in the investee.

The Group classifies this as an investment which is initially recognised at cost and capital realisations received are deducted therefrom.

Subsequent to initial recognition, other investment is stated at cost less impairment losses.

(f) Property development activities

i. Land held for property development

Land held for property development consists of land on which no significant development activities have been undertaken or where development activities are not expected to be completed within the normal operating cycle. Such land is classified as non-current asset and is stated at cost (except for certain parcels of the freehold land which were revalued in 2005 before the land was classified to land held for property development) less impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.3(s).

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

Land held for property development is reclassified as property development costs (under current assets) when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle of one to two years.

2. BASIS OF PREPARATION, SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (Cont'd)

2.3 Summary of significant accounting policies (Cont'd)

(f) Property development activities (Cont'd)

ii. Property development cost

Property development cost comprises cost associated with the acquisition of land and all costs directly attributable to development activities or that can be allocated on a reasonable basis to these activities.

Where the financial outcome of the development activity can be reliably estimated, property development revenue and expenses are recognised in profit or loss by using the stage of completion method. The stage of completion is measured by reference to the proportion that property development costs incurred for work performed and surveyed to date bear to the estimated total property development cost.

Where the financial outcome of the development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable; property development costs on properties sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

Property development costs not recognised as an expense are recognised as an asset and is stated at the lower of cost and net realisable value.

The excess of revenue recognised in profit or loss over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognised in profit or loss is classified as advance billings within trade payables.

(g) Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost of raw materials include all expenses which relate to bringing the inventories to their present location and condition and their costs are determined on a first-in, first-out basis.

Cost of work-in-progress includes the cost of direct materials and labour and a proportion of project overheads based on normal operating capacity. The costs are assigned on a first-in first-out basis.

Cost of finished goods constitute the average cost of production which includes materials, labour and manufacturing overheads.

Cost of completed properties for sale is determined on specific identification basis and includes land cost, construction cost and appropriate proportionate development overheads.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs to be incurred in marketing, selling and distribution.

2. BASIS OF PREPARATION, SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (Cont'd)

2.3 Summary of significant accounting policies (Cont'd)

(h) Construction contracts

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised over the period of the contract as revenue and expenses respectively. The Group uses the percentage of completion method to determine the appropriate amount of revenue and costs to recognise in a given period; the stage of completion is measured by reference to the proportion of contract costs incurred for work performed and surveyed to date to the estimated total contract costs.

When the outcome of the construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable; contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

The aggregate of the costs incurred and the profit or loss recognised on each contract is compared against the progress billings up to the period end. Where costs incurred and recognised profits (less recognised losses) exceed progress billings, the balance is shown as amounts due from customers on construction contracts under current assets. Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as amounts due to customers on construction contracts under current liabilities.

(i) Income taxes

i. Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

ii. Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2. BASIS OF PREPARATION, SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (Cont'd)

2.3 Summary of significant accounting policies (Cont'd)

(i) Income taxes (Cont'd)

ii. Deferred tax (Cont'd)

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(j) Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition.

2. BASIS OF PREPARATION, SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (Cont'd)

2.3 Summary of significant accounting policies (Cont'd)

(j) Financial assets (Cont'd)

i. Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

ii. Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified in any of the above preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

(k) Impairment of financial assets

The Group and the Company assess at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

i. Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

2. BASIS OF PREPARATION, SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (Cont'd)

2.3 Summary of significant accounting policies (Cont'd)

(k) Impairment of financial assets (Cont'd)

i. Trade and other receivables and other financial assets carried at amortised cost (Cont'd)

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

ii. Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

(l) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at the fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

2. BASIS OF PREPARATION, SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (Cont'd)

2.3 Summary of significant accounting policies (Cont'd)

(l) Financial liabilities (Cont'd)

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(m) Employee benefits

i. Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

ii. Defined contribution plans

The Group and the Company make contributions to the Employees Provident Fund ("EPF"), the national defined contribution plan. Contributions to the defined contribution plan are charged to profit or loss in the period in which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(n) Revenue recognition

Sales are recognised net of sales taxes and discounts and upon transfer of significant risks and rewards of ownership to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Sale of development properties is recognised on the percentage of completion method (based on work performed and surveyed). Allowance is made for any foreseeable losses.

Income from long term contracts is recognised on the percentage of completion method (based on work performed and surveyed) where the outcome of the contracts can be reasonably estimated. Allowance is made for anticipated losses on individual contracts where costs incurred to date plus estimated costs to completion exceed contract sums.

Rental income is recognised on an accrual basis in accordance with the substance of the relevant agreement.

Interest income is recognised on a time proportion basis and takes into the account the effective yield on the assets.

Dividend income is recognised when the right to receive payment is established.

Revenue from services rendered is recognised net of tax and discounts as and when service is performed.

The share of profit from the other investment is recognised on an accrual basis.

2. BASIS OF PREPARATION, SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (Cont'd)

2.3 Summary of significant accounting policies (Cont'd)

(o) Equity instruments

i. Ordinary shares

Ordinary shares are classified as equity. Dividends on ordinary shares are accounted for in shareholders' equity as an appropriation of retained earnings in the period in which the obligation to pay is established.

ii. Repurchase of share capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity.

Where treasury shares are distributed as share dividends, the cost of the treasury shares is applied in the reduction of the share premium account or distributable reserves, or both.

Where treasury shares are reissued by re-sale in the open market, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

(p) Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

(q) Cash and cash equivalents

For the purposes of the statements of cash flows, cash and cash equivalents include cash in hand, cash at bank and unpledged deposits which have an insignificant risk of changes in value, net of outstanding bank overdrafts that form an integral part of the Group's and the Company's cash management.

(r) Foreign currencies

Transactions in foreign currencies are measured in the functional currency of the Company and its subsidiaries and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

2. BASIS OF PREPARATION, SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (Cont'd)

2.3 Summary of significant accounting policies (Cont'd)

(r) Foreign currencies (Cont'd)

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(s) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less cost to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units or CGU).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

(t) Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 36, including the factors used to identify the reportable segments and the measurement basis of segment information.

2. BASIS OF PREPARATION, SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (Cont'd)

2.3 Summary of significant accounting policies (Cont'd)

(u) Hedge accounting

The Group uses derivatives to manage its exposure to interest rate risk. The Group applies hedge accounting for certain hedging relationships that qualify for hedge accounting.

For the purpose of hedge accounting, hedging relationships are classified as cash flow hedge when the Group is hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair values or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Under the cash flow hedge, the effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income into hedging reserve, while any ineffective portion is recognised immediately in profit or loss as other operating expenses.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognised in other comprehensive income remain in equity until the forecast transaction or firm commitment affects profit or loss.

(v) Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

(w) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

2. BASIS OF PREPARATION, SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (Cont'd)

2.3 Summary of significant accounting policies (Cont'd)

(w) Fair value measurement (Cont'd)

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best value.

Valuation techniques that are appropriate in the circumstances and for which sufficient data are available, are used to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole.

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

For assets and liabilities that are recognised in the financial statements on the recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Policies and procedures are determined by senior management for both recurring fair value measurement and for non-recurring measurement.

External valuers are involved for valuation of significant assets and significant liabilities. Involvement of external valuers is decided by senior management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The senior management decides, after discussions with the external valuers, which valuation techniques and inputs to use for each case.

For the purpose of fair value disclosures, classes of assets and liabilities are determined based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

(x) Current versus non-current classification

Assets and liabilities in the statements of the financial position are presented based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

2. BASIS OF PREPARATION, SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (Cont'd)

2.3 Summary of significant accounting policies (Cont'd)

(x) Current versus non-current classification (Cont'd)

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(y) Land use rights

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. The land use rights are amortised over their lease terms or rights to use period range from 20 to 30 years.

2.4 Significant accounting judgements and estimates

(a) Judgements

In the process of preparing these financial statements, there were no significant judgements made by the management in applying the accounting policies which may have significant effects of the amounts recognised in the financial statements.

(b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

i. Useful lives of plant and equipment

FRS116: Property, plant and equipment requires the review of the residual value and remaining useful life of an item of property, plant and equipment at least once at each financial year end. The Group and the Company reviewed the residual values and remaining useful lives of its property, plant and equipment and found that no revisions to the residual values and remaining useful lives of these assets were necessary.

ii. Property development

The Group recognises property development revenue and expenses in profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed and surveyed to date bear to the estimated total property development costs.

Significant judgement is required in determining the stage of completion, the extent of the property development costs incurred, the estimated total property development revenue and costs, as well as the recoverability of the development projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

2. BASIS OF PREPARATION, SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (Cont'd)

2.4 Significant accounting judgements and estimates (Cont'd)

(b) Key sources of estimation uncertainty (Cont'd)

iii. Construction contracts

The Group recognises contract revenue based on percentage of completion method. The stage of completion is measured by reference to the contract costs incurred for work performed and surveyed to date to the estimated total costs for the contract. Significant judgement is required in determining the stage of completion, the extent of the contract costs incurred, the estimated total contract revenue (for contracts other than fixed price contracts) and contract costs, as well as the recoverability of the contracts. Total contract revenue also includes an estimation of the recoverable variation works that are recoverable from the customers. In making the judgement, the Group relied on past experience and work of specialists.

iv. Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and unabsorbed investment tax allowance to the extent that it is probable that taxable profit will be available against which the tax losses, capital allowances and investment tax allowance can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The total carrying amount of recognised deferred tax assets arising from unused tax losses, unabsorbed capital allowances and unabsorbed investment tax allowance of the Group was RM11,703,000 (2017: RM8,784,000). The amount of temporary differences not recognised as deferred tax assets arising from unused tax losses of the Group was RM10,741,000 (2017: RM9,500,000).

v. Allowance for trade and other receivables

The allowance policy for doubtful debts of the Group is based on the ongoing evaluation of collectability and ageing analysis of the outstanding receivables and on the management's judgement. A considerable amount of judgement is required in assigning the ultimate realisation of these receivables, including creditworthiness and the past collection history of each customer. If the financial conditions of customer of the group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

The carrying amount of the trade receivables at the end of the reporting date are disclosed in Note 11 to the financial statements.

3. PROPERTY, PLANT AND EQUIPMENT

GROUP	Properties RM	Plant and machinery RM	Equipment, furniture & fittings and renovation RM	Motor vehicles RM	Assets under construction RM	Total RM
At 31 January 2018						
Cost or Valuation						
At 1.2.2017						
At cost	77,056,533	14,952,834	12,113,904	15,281,443	11,155,073	130,559,787
At valuation	65,846,000	-	-	-	-	65,846,000
	142,902,533	14,952,834	12,113,904	15,281,443	11,155,073	196,405,787
Additions	238,451	780,290	4,518,266	506,832	10,455,563	16,499,402
Disposal/Write off	-	(248,283)	(203,158)	(250,755)	-	(702,196)
Reclassification	(1,801,201)	-	6,151,072	-	(4,349,871)	-
At 31.1.2018	141,339,783	15,484,841	22,580,084	15,537,520	17,260,765	212,202,993
Representing:						
At cost	75,493,783	15,484,841	22,580,084	15,537,520	17,260,765	146,356,993
At valuation	65,846,000	-	-	-	-	65,846,000
At 31.1.2018	141,339,783	15,484,841	22,580,084	15,537,520	17,260,765	212,202,993
Accumulated depreciation						
At 1.2.2017	2,723,966	11,508,944	5,517,821	9,067,645	-	28,818,376
Depreciation charge for the year:	1,080,620	824,946	2,316,122	870,778	-	5,092,466
Recognised in profit or loss (Note 25)	1,080,620	674,626	2,316,122	768,815	-	4,840,183
Capitalised in construction costs (Note 16)	-	150,320	-	101,963	-	252,283
Disposal/Write off	-	(190,728)	(196,940)	(142,229)	-	(529,897)
At 31.1.2018	3,804,586	12,143,162	7,637,003	9,796,194	-	33,380,945
Net carrying amount						
At cost	71,689,197	3,341,679	14,943,081	5,741,326	17,260,765	112,976,048
At valuation	65,846,000	-	-	-	-	65,846,000
At 31.1.2018	137,535,197	3,341,679	14,943,081	5,741,326	17,260,765	178,822,048
Net carrying amount of assets under restriction of title due to loans and borrowings	80,191,104	69,783	9,877	328,654	-	80,599,418

3. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

GROUP	Properties RM	Plant and machinery RM	Equipment, furniture & fittings and renovation RM	Motor vehicles RM	Assets under construction RM	Total RM
At 31 January 2017						
Cost or Valuation						
At 1.2.2016						
At cost	46,396,504	14,376,029	11,184,901	14,717,727	11,320,425	97,995,586
At valuation	65,846,000	-	-	-	-	65,846,000
	112,242,504	14,376,029	11,184,901	14,717,727	11,320,425	163,841,586
Additions	43,808	651,216	1,471,488	668,716	30,483,610	33,318,838
Disposal/Write off	-	(74,411)	(575,226)	(105,000)	-	(754,637)
Reclassification	30,616,221	-	32,741	-	(30,648,962)	-
At 31.1.2017	142,902,533	14,952,834	12,113,904	15,281,443	11,155,073	196,405,787
Representing:						
At cost	77,056,533	14,952,834	12,113,904	15,281,443	11,155,073	130,559,787
At valuation	65,846,000	-	-	-	-	65,846,000
At 31.1.2017	142,902,533	14,952,834	12,113,904	15,281,443	11,155,073	196,405,787
Accumulated depreciation						
At 1.2.2016	2,285,077	10,719,851	4,857,170	8,251,203	-	26,113,301
Depreciation charge for the year:	438,889	835,360	1,116,395	859,010	-	3,249,654
Recognised in profit or loss (Note 25)	438,889	734,442	1,116,395	787,789	-	3,077,515
Capitalised in construction costs (Note 16)	-	100,918	-	71,221	-	172,139
Disposal/Write off	-	(46,267)	(455,744)	(42,568)	-	(544,579)
At 31.1.2017	2,723,966	11,508,944	5,517,821	9,067,645	-	28,818,376
Net carrying amount						
At cost	74,332,567	3,443,890	6,596,083	6,213,798	11,155,073	101,741,411
At valuation	65,846,000	-	-	-	-	65,846,000
At 31.1.2017	140,178,567	3,443,890	6,596,083	6,213,798	11,155,073	167,587,411
Net carrying amount of assets under restriction of title due to loans and borrowings	69,672,347	213,118	35,792	447,236	-	70,368,493

3. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Properties of the Group:

GROUP	Freehold land RM	Buildings RM	Total RM
At 31 January 2018			
Cost or Valuation			
At 1.2.2017			
At cost	**30,513,362**	**46,543,171**	**77,056,533**
At valuation	**65,846,000**	**-**	**65,846,000**
	96,359,362	**46,543,171**	**142,902,533**
Additions	**-**	**238,451**	**238,451**
Reclassification	**-**	**(1,801,201)**	**(1,801,201)**
At 31.1.2018	**96,359,362**	**44,980,421**	**141,339,783**
Representing:			
At cost	**30,513,362**	**44,980,421**	**75,493,783**
At valuation	**65,846,000**	**-**	**65,846,000**
At 31.1.2018	**96,359,362**	**44,980,421**	**141,339,783**
Accumulated depreciation			
At 1.2.2017	**-**	**2,723,966**	**2,723,966**
Depreciation charge for the year:			
Recognised in profit or loss	**-**	**1,080,620**	**1,080,620**
At 31.1.2018	**-**	**3,804,586**	**3,804,586**
Net carrying amount			
At cost	**30,513,362**	**41,175,835**	**71,689,197**
At valuation	**65,846,000**	**-**	**65,846,000**
At 31.1.2018	**96,359,362**	**41,175,835**	**137,535,197**
At 31 January 2017			
Cost or Valuation			
At 1.2.2016			
At cost	30,504,411	15,892,093	46,396,504
At valuation	65,846,000	-	65,846,000
	96,350,411	15,892,093	112,242,504
Additions	8,951	34,857	43,808
Reclassification	-	30,616,221	30,616,221
At 31.1.2017	96,359,362	46,543,171	142,902,533
Representing:			
At cost	30,513,362	46,543,171	77,056,533
At valuation	65,846,000	-	65,846,000
At 31.1.2017	96,359,362	46,543,171	142,902,533

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2018 (CONT'D)

3. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Properties of the Group (Cont'd):

GROUP	Freehold land RM	Buildings RM	Total RM
At 31 January 2017 (Cont'd)			
Accumulated depreciation			
At 1.2.2016	-	2,285,077	2,285,077
Depreciation charge for the year:			
Recognised in profit or loss	-	438,889	438,889
At 31.1.2017	-	2,723,966	2,723,966
Net carrying amount			
At cost	30,513,362	43,819,205	74,332,567
At valuation	65,846,000	-	65,846,000
At 31.1.2017	96,359,362	43,819,205	140,178,567

COMPANY	Equipment, furniture & fittings and renovation RM	Motor vehicles RM	Total RM
At 31 January 2018			
Cost			
At 1.2.2017	**3,398,878**	**2,165,348**	**5,564,226**
Additions	**35,725**	**118,377**	**154,102**
Disposal/Write off	**(95,759)**	**-**	**(95,759)**
At 31.1.2018	**3,338,844**	**2,283,725**	**5,622,569**
Accumulated depreciation			
At 1.2.2017	**1,277,857**	**647,022**	**1,924,879**
Depreciation charge for the year:			
Recognised in profit or loss (Note 25)	**364,282**	**186,343**	**550,625**
Disposal/Write off	**(94,105)**	**-**	**(94,105)**
At 31.1.2018	**1,548,034**	**833,365**	**2,381,399**
Net carrying amount	**1,790,810**	**1,450,360**	**3,241,170**

3. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

COMPANY	Equipment, furniture & fittings and renovation RM	Motor vehicles RM	Total RM
At 31 January 2017			
Cost			
At 1.2.2016	3,253,379	1,965,348	5,218,727
Additions	282,714	200,000	482,714
Disposal/Write off	(137,215)	-	(137,215)
At 31.1.2017	3,398,878	2,165,348	5,564,226
Accumulated depreciation			
At 1.2.2016	966,811	484,063	1,450,874
Depreciation charge for the year:			
Recognised in profit or loss (Note 25)	368,852	162,959	531,811
Disposal/Write off	(57,806)	-	(57,806)
At 31.1.2017	1,277,857	647,022	1,924,879
Net carrying amount	2,121,021	1,518,326	3,639,347

Valuation of freehold land was carried out on 31 January 2015 by Chan An Nee (MRISM, MRICS), a registered valuer with CCO & Associates, Chartered Valuation Surveyors, using the comparison method to reflect its fair value. Certain parcels of freehold land of the subsidiaries with net carrying amount of RM30,513,362 (2017: RM30,513,362) are carried at cost as their carrying amounts approximate fair value.

All acquisition/transfers to freehold land since the date of last revaluation are stated at cost and in the opinion of the Directors, the carrying amounts approximate their fair value.

	GROUP 2018 RM	GROUP 2017 RM
Net carrying amount of revalued freehold land, had these assets been carried at cost	**6,507,524**	6,507,524

Certain parcels of freehold land of the subsidiaries with net carrying amount of RM65,846,000 (2017: RM65,846,000) are registered in the name of vendors. The said subsidiaries are the beneficial owners of the freehold land.

Included in property, plant and equipment was interest capitalised during the financial year 2017 amounting to RM132,299.

4. LAND USE RIGHTS

	GROUP 2018 RM	GROUP 2017 RM
Cost		
At 1 February 2017/2016	**6,401,996**	6,138,522
Addition	**-**	263,474
At 31 January 2018/2017	**6,401,996**	6,401,996
Accumulated amortisation		
At 1 February 2017/2016	**416,151**	226,510
Amortisation for the year:		
Recognised in profit or loss (Note 25)	**317,460**	189,641
At 31 January 2018/2017	**733,611**	416,151
Net carrying amount	**5,668,385**	5,985,845
Amount to be amortised		
Not later than one year	**317,478**	317,478
Later than one year but not later than five years	**1,269,912**	1,269,912
Later than five years	**4,080,995**	4,398,455

The land use rights leased from the State Government have a tenure ranging from 20 to 30 years.

5. BIOLOGICAL ASSETS

	GROUP 2018 RM	GROUP 2017 RM
Cost		
At 1 February 2017/2016	**1,241,562**	1,241,562
Additions	**490,110**	-
At 31 January 2018/2017	**1,731,672**	1,241,562
Accumulated amortisation		
At 1 February 2017/2016	**93,117**	31,039
Amortisation for the year:		
Recognised in profit or loss (Note 25)	**62,078**	62,078
At 31 January 2018/2017	**155,195**	93,117
Net carrying amount	**1,576,477**	1,148,445

6. INVESTMENT PROPERTIES

	GROUP 2018 RM	GROUP 2017 RM
At 1 February 2017/2016	**286,696,401**	245,209,080
Additions		
- subsequent expenditure recognised	**-**	129,440
Net gains from fair value adjustments recognised in profit or loss	**549,000**	41,357,881
At 31 January 2018/2017	**287,245,401**	286,696,401
Representing:		
At cost	**46,204,401**	46,204,401
At valuation	**241,041,000**	240,492,000
At 31 January 2018/2017	**287,245,401**	286,696,401

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to either purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

Completed investment properties are stated at fair value, which has been determined based on valuations performed by Chan An Nee (MRISM,MRICS), a registered valuer with CCO & Associates, Chartered Valuation Surveyors, using the comparison method and cost methods to reflect the fair value. The fair value of the investment properties as at 31 January 2018 was RM241,041,000 (2017: RM240,492,000).

The fair value of investment properties of the Group is categorised as follows:

GROUP	31 January RM	Level 1 RM	Level 2 RM	Level 3 RM
2018				
Investment properties	**241,041,000**	**-**	**241,041,000**	**-**
2017				
Investment properties	240,492,000	-	240,492,000	-

There were no transfers between the various categories in the hierarchy of the fair value measurement during the reporting periods ended 31 January 2018 and 31 January 2017.

Certain investment properties amounting to RM166,147,000 (2017: RM165,588,000) are pledged to a licensed bank as security for the loans and borrowings (Note 21).

Direct operating expenses (including repairs and maintenance) recognised in profit or loss during the year for:

	GROUP 2018 RM	GROUP 2017 RM
Income generating investment properties	**150,627**	156,559
Non-income generating investment properties	**761,042**	708,142

7. INVESTMENT IN SUBSIDIARIES

	COMPANY 2018 RM	COMPANY 2017 RM
Unquoted shares, at cost	**196,565,279**	196,565,279

All these subsidiaries have their principal place of business and are incorporated in Malaysia as follows:

Name	Principal activities	Proportion of effective ownership interest 2018	Proportion of effective ownership interest 2017
Held by the Company:			
Panoramic Industrial Development Sdn. Bhd.	Property development and investment holding	**100%**	100%
Panoramic Jaya Sdn. Bhd.	Property development	**70%**	70%
Crescendo Development Sdn. Bhd.	Property development and cultivation of oil palm	**100%**	100%
Unibase Construction Sdn. Bhd.	Building and general contractors, civil engineering work and investment holding	**100%**	100%
Crescendo Education Sdn. Bhd.	Investment holding	**100%**	100%
Crescendo Commercial Complex Sdn. Bhd.	Property investment	**100%**	100%
Panoramic Land Sdn. Bhd.	Property investment	**100%**	100%
Medini Capital Sdn. Bhd.	Dormant	**100%**	100%
Crescendo Properties Sdn. Bhd.	Intended for investment holding	**100%**	100%
Held by Panoramic Industrial Development Sdn. Bhd.			
Ambok Resorts Development Sdn. Bhd.	Property development and cultivation of oil palm	**100%**	100%
Held by Crescendo Development Sdn. Bhd.			
Crescendo Jaya Sdn. Bhd.	Property development	**70%**	70%
Crescendo Land Sdn. Bhd.	Property development	**95%**	95%
Held by Crescendo Education Sdn. Bhd.			
Crescendo International College Sdn. Bhd.	Providing educational services	**55%**	55%
Crescendo International School Sdn. Bhd.	Providing educational services	**70%**	70%

7. INVESTMENT IN SUBSIDIARIES (Cont'd)

Name	Principal activities	Proportion of effective ownership interest 2018	2017
Held by Unibase Construction Sdn. Bhd.			
Unibase Concrete Industries Sdn. Bhd.	Trading and manufacturing of concrete products	**60%**	60%
Unibase Corporation Sdn. Bhd.	Building and general contractors, civil engineering work and investment holding	**100%**	100%
Unibase Resources Sdn. Bhd.	Investment holding	**88.35%**	79.12%
Unibase Sand Industries Sdn. Bhd.	Dormant	**100%**	100%
Held by Unibase Concrete Industries Sdn. Bhd.			
Unibase Pre-cast Sdn. Bhd.	Fabrication, trading and marketing of concrete products	**50.4%**	50.4%
Unibase Trading Sdn. Bhd.	Trading of building materials	**60%**	60%
Unibase Jaya Sdn. Bhd.	Investment holding	**48%**	48%
Held by Unibase Corporation Sdn. Bhd.			
Repute Ventures Sdn. Bhd.	Investment holding	**70%**	70%
Held by Repute Ventures Sdn. Bhd.			
Repute Construction Sdn. Bhd.	Buildings construction	**60.2%**	60.2%
Held by Crescendo Land Sdn. Bhd.			
Cresendo Supreme Sdn. Bhd.	Dormant	**95%**	95%
Crescendo Vision Sdn. Bhd.	Dormant	**95%**	95%
Crescendo Horizon Sdn. Bhd.	Dormant	**95%**	95%
Crescendo Evergreen Sdn. Bhd.	Dormant	**95%**	95%
Crescendo Landmark Sdn. Bhd.	Dormant	**95%**	95%
Crescendo Prestige Sdn. Bhd.	Dormant	**95%**	95%
Crescendo Majestic Sdn. Bhd.	Dormant	**95%**	95%
Held by Unibase Resources Sdn. Bhd.			
Unibase Quarry Industries Sdn. Bhd.	Trading and manufacturing of building materials	**61.85%**	55.38%

The financial statements of all subsidiaries are audited by Raki CS Tan & Ramanan.

Summarised financial information of Unibase Construction Sdn. Bhd. and its subsidiaries which has non-controlling interests that is material to the Group is set out below. The summarised financial information presented below is the amount before inter-company elimination.

7. INVESTMENT IN SUBSIDIARIES (Cont'd)

(i) Summarised statement of financial position

	2018 RM	2017 RM
Non-current assets	**47,831,899**	47,915,761
Current assets	**114,730,609**	93,760,934
Total assets	**162,562,508**	141,676,695
Current liabilities	**71,806,126**	63,523,501
Non-current liabilities	**10,622,906**	6,817,232
Total liabilities	**82,429,032**	70,340,733
Net assets	**80,133,476**	71,335,962
Equity attributable to owners of the Company	**51,371,267**	42,535,245
Non-controlling interests	**28,762,209**	28,800,717
	80,133,476	71,335,962

(ii) Summarised statement of comprehensive income

	2018 RM	2017 RM
Revenue	**208,646,747**	251,986,889
Profit before tax	**15,231,328**	12,831,539
Profit net of tax	**10,720,014**	9,624,302
Total comprehensive income attributable to:		
- owners of the Company	**8,778,100**	7,675,152
- non-controlling interests	**1,941,914**	1,949,150
	10,720,014	9,624,302

(iii) Summarised statement of cash flows

	2018 RM	2017 RM
Net cash flows from operating activities	**7,789,691**	11,306,529
Net cash flows used in investing activities	**(3,732,819)**	(1,494,594)
Net cash flows from/(used in) financing activities	**4,358,354**	(14,523,406)
Net increase/(decrease) in cash and cash equivalents	**8,415,226**	(4,711,471)
Cash and cash equivalents at beginning of year	**11,311,333**	16,022,804
Cash and cash equivalents at end of the year	**19,726,559**	11,311,333

(iv) Dividends paid to non-controlling interests

	2018 RM	2017 RM
Dividends paid to non-controlling interests	**40,000**	-

8. OTHER INVESTMENT

	GROUP 2018 RM	GROUP 2017 RM
At cost		
At 1 February 2017/2016	**22,869,477**	8,834,548
Additional contribution	**197,939**	14,034,929
At 31 January 2018/2017	**23,067,416**	22,869,477
Capital realisation		
At 1 February 2017/2016	**(3,140,000)**	(1,800,000)
Realisation during the year	**(1,696,000)**	(1,340,000)
At 31 January 2018/2017	**(4,836,000)**	(3,140,000)
Net Investment		
At 31 January 2018/2017	**18,231,416**	19,729,477

This represents the agreed sum contributed to the project costs of a restaurant project pursuant to a collaboration agreement with a third party.

The sum contributed will be returned through a scheduled capital realisation scheme over an estimated period of 10 years.

9. PROPERTY DEVELOPMENT ACTIVITIES

(a) Land held for property development

GROUP	Land RM	Development costs RM	Total RM
At 31 January 2018			
Cost			
At 1 February 2017	**321,102,268**	**248,106,894**	**569,209,162**
Cost incurred during the year	**49,286**	**33,627,144**	**33,676,430**
Transfer to property development costs {Note 9(b)}	**(3,860,045)**	**(13,679,502)**	**(17,539,547)**
At 31 January 2018	**317,291,509**	**268,054,536**	**585,346,045**
At 31 January 2017			
Cost			
At 1 February 2016	337,095,014	232,489,532	569,584,546
Cost incurred during the year	380,426	41,032,353	41,412,779
Transfer to property development costs {Note 9(b)}	(16,373,172)	(25,414,991)	(41,788,163)
At 31 January 2017	321,102,268	248,106,894	569,209,162

9. PROPERTY DEVELOPMENT ACTIVITIES (Cont'd)

(a) Land held for property development (Cont'd)

	GROUP	
	2018 RM	2017 RM
Carrying amount of assets under restriction of title due to loans and borrowings	**123,034,426**	118,600,049

Included in land held for property development costs incurred during the financial year is interest expenses amounting to RM4,208,561 (2017: RM4,084,453) (Note 24).

(b) Property development costs

GROUP	Land RM	Development costs RM	Total RM
At 31 January 2018			
Cumulative property development costs			
At 1 February 2017	**21,862,695**	**158,062,555**	**179,925,250**
Cost incurred during the year	**-**	**129,449,233**	**129,449,233**
Transfer from land held for property development {Note 9(a)}	**3,860,045**	**13,679,502**	**17,539,547**
Reversal of completed projects	**(6,487,185)**	**(42,249,968)**	**(48,737,153)**
At 31 January 2018	**19,235,555**	**258,941,322**	**278,176,877**
Cumulative costs recognised in profit or loss			
At 1 February 2017	**(3,275,735)**	**(84,071,206)**	**(87,346,941)**
Recognised during the year	**(8,431,705)**	**(116,398,293)**	**(124,829,998)**
Reversal of completed projects	**6,487,185**	**42,249,968**	**48,737,153**
At 31 January 2018	**(5,220,255)**	**(158,219,531)**	**(163,439,786)**
Property development costs as at 31 January 2018	**14,015,300**	**100,721,791**	**114,737,091**

9. PROPERTY DEVELOPMENT ACTIVITIES (Cont'd)

(b) Property development costs (Cont'd)

GROUP	Land RM	Development costs RM	Total RM
At 31 January 2017			
Cumulative property development costs			
At 1 February 2016	7,264,968	60,379,755	67,644,723
Cost incurred during the year	-	123,375,326	123,375,326
Transfer from land held for property development {Note 9(a)}	16,373,172	25,414,991	41,788,163
Reversal of completed projects	(844,992)	(14,203,963)	(15,048,955)
Unsold units transferred to inventories	(930,453)	(36,903,554)	(37,834,007)
At 31 January 2017	21,862,695	158,062,555	179,925,250
Cumulative costs recognised in profit or loss			
At 1 February 2016	(317,996)	(28,132,257)	(28,450,253)
Recognised during the year	(3,802,731)	(70,142,912)	(73,945,643)
Reversal of completed projects	844,992	14,203,963	15,048,955
At 31 January 2017	(3,275,735)	(84,071,206)	(87,346,941)
Property development costs as at 31 January 2017	18,586,960	73,991,349	92,578,309

Included in property development costs incurred during the financial year is interest expenses amounting to RM3,650,152 (2017: RM1,344,095) (Note 24).

Certain parcels of the land included in land held for property development and property development costs with carrying amount of RM46,563,249 (2017: RM47,356,909) are registered in the name of the vendors. The subsidiaries are the beneficial owners of the said land.

Land and development expenditure pertaining to those portions of property development project in which development works are expected to be completed within the normal operating cycle of one to two years are classified as current assets.

10. DEFERRED TAX

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the statements of financial position:

	GROUP		COMPANY	
	2018 RM	2017 RM	2018 RM	2017 RM
Disclosed as:				
Deferred tax assets	**27,118,450**	22,162,316	**116,000**	12,000
Deferred tax liabilities	**(15,004,381)**	(17,563,032)	**-**	-
	12,114,069	4,599,284	**116,000**	12,000
At 1 February 2017/2016	**4,599,284**	(2,437,909)	**12,000**	(280,000)
Recognised in profit or loss (Note 28)				
- property, plant and equipment	**(877,000)**	(928,000)	**54,000**	(18,000)
- biological assets	**16,000**	15,000	**-**	-
- investment properties	**(28,000)**	(2,068,000)	**-**	-
- land held for development	**685,377**	-	**-**	-
- allowance for doubtful debts	**(125,000)**	-	**-**	-
- accrued expenses	**121,000**	-	**-**	-
- unrealised foreign exchange	**(7,000)**	59,000	**-**	-
- unrealised profits	**2,379,000**	2,611,000	**-**	-
- unused tax losses and unabsorbed capital allowances	**1,005,000**	1,281,000	**50,000**	310,000
- unabsorbed investment tax allowance	**1,914,000**	6,737,000	**-**	-
- advanced service income	**498,000**	422,000	**-**	-
	5,581,377	8,129,000	**104,000**	292,000
Recognised in equity				
- derivatives financial assets/liabilities	**1,933,408**	(1,091,807)	**-**	-
	1,933,408	(1,091,807)	**-**	-
At 31 January 2018/2017	**12,114,069**	4,599,284	**116,000**	12,000

10. DEFERRED TAX (Cont'd)

	GROUP		COMPANY	
	2018 RM	2017 RM	2018 RM	2017 RM
Deferred Tax Assets				
Subject to income tax				
Deferred tax assets (before offsetting)				
Allowance for doubtful debts	**-**	125,000	**-**	-
Accrued expenses	**121,000**	-	**-**	-
Derivative financial liabilities	**333,801**	513,635	**-**	-
Unrealised foreign exchange	**1,000**	8,000	**-**	-
Unrealised profits	**16,899,000**	14,520,000	**-**	-
Unused tax losses and unabsorbed capital allowances	**3,052,000**	2,047,000	**360,000**	310,000
Unabsorbed investment tax allowance	**8,651,000**	6,737,000	**-**	-
Advanced service income	**1,254,000**	756,000	**-**	-
	30,311,801	24,706,635	**360,000**	310,000
Offsetting	**(3,193,351)**	(2,544,319)	**(244,000)**	(298,000)
Deferred tax assets (after offsetting)	**27,118,450**	22,162,316	**116,000**	12,000
Deferred Tax Liabilities				
Subject to income tax				
Deferred tax liabilities (before offsetting)				
Property, plant and equipment	**(4,436,000)**	(3,559,000)	**(244,000)**	(298,000)
Biological assets	**(260,000)**	(276,000)	**-**	-
Land held for property development	**(1,256,346)**	(1,941,723)	**-**	-
Derivative financial assets	**(3,270,704)**	(5,383,946)	**-**	-
	(9,223,050)	(11,160,669)	**(244,000)**	(298,000)
Offsetting	**3,193,351**	2,544,319	**244,000**	298,000
Deferred tax liabilities (after offsetting)	**(6,029,699)**	(8,616,350)	**-**	-
Subject to real property gains tax:				
Property, plant and equipment	**(2,038,682)**	(2,038,682)	**-**	-
Investment properties	**(6,936,000)**	(6,908,000)	**-**	-
	(8,974,682)	(8,946,682)	**-**	-
	(15,004,381)	(17,563,032)	**-**	-

Deferred tax assets are recognised for unused tax losses, unabsorbed capital allowance and unabsorbed investment tax allowance carried forward to the extent that realisation of the related tax benefits through the future available profits is probable. The Directors are of the opinion that the particular companies will be able to generate sufficient profit in the foreseeable future to fully utilise the deferred tax assets.

Deferred tax assets and liabilities arising from temporary differences subject to income tax are calculated based on income tax rate of 24%.

Deferred tax arising from temporary differences subject to real property gains tax are calculated based on tax rate of 5%.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2018 (CONT'D)

10. DEFERRED TAX (Cont'd)

Deferred tax assets have not been recognised in respect of the following temporary differences:

	GROUP	
	2018 RM	2017 RM
Unused tax losses	**10,741,000**	9,500,000

11. RECEIVABLES

	GROUP		COMPANY	
	2018 RM	2017 RM	2018 RM	2017 RM
Current				
Trade receivables				
Third parties	**66,455,237**	79,437,793	-	-
Amounts owing by subsidiaries	**-**	-	**227,370**	417,197
Amounts owing by related companies	**220,464**	175,027	**147,340**	118,190
	66,675,701	79,612,820	**374,710**	535,387
Less: Allowance for impairment	**(655,259)**	(2,492,714)	**-**	-
Trade receivables, net	**66,020,442**	77,120,106	**374,710**	535,387
Other receivables and deposits	**8,745,847**	4,407,179	**138,888**	1,666,055
Amounts owing by subsidiaries, non-trade				
- interest bearing	**-**	-	**2,720,000**	-
- non-interest bearing	**-**	-	**1,157,156**	1,554,891
Amount owing by related companies, non-trade	**-**	1,689	**-**	-
	74,766,289	81,528,974	**4,390,754**	3,756,333
Less: Allowance for impairment	**-**	(30,761)	**-**	-
	74,766,289	81,498,213	**4,390,754**	3,756,333
Non-current				
Amount owing by subsidiaries, non-trade				
- interest bearing	**-**	-	**201,661,085**	172,724,049
- non-interest bearing	**-**	-	**800,000**	800,000
	-	-	**202,461,085**	173,524,049
Total trade and other receivables	**74,766,289**	81,498,213	**206,851,839**	177,280,382
Add: Cash and bank balances (Note 15)	**55,569,451**	58,561,300	**55,606**	46,681
Total loans and receivables	**130,335,740**	140,059,513	**206,907,445**	177,327,063

11. RECEIVABLES (Cont'd)

(a) Trade receivables

The Group's and the Company's trade receivables are non-interest bearing and its normal credit terms are less than 60 days (2017: 60 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

The ageing analysis of the Group's and the Company's trade receivables are as follows:

	GROUP		COMPANY	
	2018 RM	2017 RM	2018 RM	2017 RM
Neither past due nor impaired	**37,967,395**	52,012,532	**374,710**	535,387
1 to 30 days past due not impaired	**14,387,472**	11,123,781	**-**	-
31 to 120 days past due not impaired	**6,141,107**	4,302,452	**-**	-
More than 121 days past due not impaired	**4,869,609**	2,478,438	**-**	-
	25,398,188	17,904,671	**-**	-
Impaired	**655,259**	2,492,714	**-**	-
	64,020,842	72,409,917	**374,710**	535,387
Retention sum	**2,654,859**	7,202,903	**-**	-
	66,675,701	79,612,820	**374,710**	535,387

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM25,398,188 (2017: RM17,904,671) that are past due at the reporting date but not impaired. The management is confident that these receivables are recoverable as these accounts are still active.

11. RECEIVABLES (Cont'd)

(a) Trade receivables (Cont'd)

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	GROUP 2018 RM	GROUP 2017 RM
Trade receivables - nominal amounts	**655,259**	2,492,714
Less: Allowance for impairment	**(655,259)**	(2,492,714)
	-	-
Movement in allowance accounts:		
At 1 February 2017/2016	**2,492,714**	4,557,466
Charge for the year	**65,097**	29,100
Recovered	**(464,000)**	(606,708)
Written off	**(1,438,552)**	(1,487,144)
At 31 January 2018/2017	**655,259**	2,492,714

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

(b) Amounts owing by related companies

Related companies refer to fellow subsidiaries of the ultimate holding company of the Company.

(c) Amounts owing by subsidiaries, non-trade

These amounts are unsecured. The interest bearing portion has an effective interest of 5.67% (2017: 5.93%) per annum. The non-current portion has no fixed term of repayment.

An amount of RM53,000,000 (2017: RM53,000,000) is subordinated to bank borrowings obtained by the subsidiaries.

(d) Other receivables that are impaired

The Group's other receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	GROUP 2018 RM	GROUP 2017 RM
Other receivables - nominal amounts	**-**	30,761
Less: Allowance for impairment	**-**	(30,761)
	-	-
Movement in allowance accounts:		
At 1 February 2017/2016	**30,761**	30,761
Written off	**(30,761)**	-
At 31 January 2018/2017	**-**	30,761

12. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

	GROUP			
	2018		2017	
	Notional amount RM	Carrying amount Assets/ (Liabilities) RM	Notional amount RM	Carrying amount Assets/ (Liabilities) RM
Derivatives that are designated as effective hedging instruments carried at fair value				
Interest rate swap	**77,733,333**	**(1,390,839)**	80,000,000	(2,140,151)
Cross currency interest rate swap	**46,350,000**	**13,627,931**	49,000,000	22,433,108
Presented as:				
Non-current assets		**13,627,931**		22,433,108
Non-current liabilities		**(1,390,839)**		(2,140,151)

(a) Interest rate swap ("IRS")

The Group has entered into IRS agreements that are designated as a cash flow hedge to convert floating rate liabilities to fixed rate liabilities to reduce the Group's exposure to adverse fluctuations in interest rate on underlying debts instruments.

At the reporting date, the Group had IRS agreements in place with notional principals totalling of RM77,733,333 (2017: RM80,000,000) whereby the Group pays a fixed rate of interest at 4.3% per annum and receive variable rates based on one month KLIBOR on the amortised notional amounts. The Management considers the IRS as an effective hedging instrument as the secured loan and the swap have identical critical terms. The swaps will mature on 9 September 2021 and 31 December 2021 respectively.

The payments made arising from the IRS of RM892,896 (2017: RM879,867) have been recognised in finance costs.

(b) Cross currency interest rate swap ("CCIRS")

The Group has entered into a CCIRS agreement that is designated as a cash flow hedge to reduce the Group's exposure to adverse fluctuation in interest and exchange rate on underlying debts instruments.

At the reporting date, the Group had a CCIRS agreement in place with a notional principal of USD14,798,851 (2017: USD15,639,240) that entitles the Group to receive interest at a floating rate of one month USD LIBOR plus 2% per annum on the USD notional amount and obliges the Group to pay interest at a fixed rate of 4.95% per annum on the RM notional amount of RM46,350,000 (2017: RM49,000,000) (calculated at USD/RM3.132). The swap will mature on 31 August 2023.

The CCIRS effectively converts the USD liability into RM liability.

The payments made arising from the CCIRS of RM305,046 (2017: RM765,999) have been recognised in finance costs.

(c) There are no forecast transactions for which hedge accounting had previously been used.

13. INVENTORIES

	GROUP 2018 RM	GROUP 2017 RM
At cost		
Raw materials	**1,693,084**	1,985,695
Work in progress	**4,687,919**	1,830,103
Finished goods	**7,304,052**	5,366,859
Completed properties for sale	**54,918,687**	68,317,993
	68,603,742	77,500,650
At net realisable value		
Raw materials	**875,816**	972,413
Total inventories	**69,479,558**	78,473,063
Recognised in profit or loss:		
Inventories recognised as cost of sales	**52,109,646**	71,849,246

A completed property amounting to RM4,946,900 (2017: RM4,946,900) is pledged to a licensed bank as security for the loans and borrowings (Note 21).

14. OTHER CURRENT ASSETS

	GROUP 2018 RM	GROUP 2017 RM	COMPANY 2018 RM	COMPANY 2017 RM
Prepaid operating expenditure	**9,956,961**	10,169,317	**150,251**	155,605
Due from customers on contracts (Note 16)	**8,776,148**	7,604,763	**-**	-
Accrued billings	**1,341,467**	2,477,550	**1,937,011**	-
	20,074,576	20,251,630	**2,087,262**	155,605

15. CASH AND BANK BALANCES

	GROUP 2018 RM	GROUP 2017 RM	COMPANY 2018 RM	COMPANY 2017 RM
Cash on hand and at banks	**36,427,428**	33,353,825	**55,606**	46,681
Cash at bank in Housing Development Account	**5,061,589**	17,710,448	**-**	-
Time deposits with licensed banks	**14,080,434**	7,497,027	**-**	-
	55,569,451	58,561,300	**55,606**	46,681

15. CASH AND BANK BALANCES (Cont'd)

An arrangement has been made with a licensed bank whereby certain bank balances can earn interest of 2.45% (2017: 2.45%) per annum on a daily rest basis. As at reporting date, bank balances under this arrangement amounted to RM32,964,091 (2017: RM31,490,860) for the Group and RM52,295 (2017: RM43,336) for the Company.

Cash at bank in Housing Development Accounts represent monies maintained in accordance with Section 7A of the Housing Development (Control and Licensing) Act, 1966 and the utilisation is in accordance with the Housing Developers (Housing Development Account) Regulations 1991.

The Group's time deposits amounting to RM4,597,256 (2017: RM4,589,686) are pledged to licensed banks as security for the loans and borrowings (Note 21) and the banker's guarantees issued to suppliers (Note 35).

Deposits are made for varying periods of between one day and twelve months depending on the immediate cash requirements of the Group, and earn interests at the respective deposit rates.

The weighted average interest rate for time deposits with licensed banks was 3.4% (2017: 3.3%).

16. DUE FROM/(TO) CUSTOMERS ON CONTRACTS

	GROUP	
	2018 RM	2017 RM
Contract in progress		
- accumulated contract cost	**419,042,474**	431,832,892
- recognised profits less recognised losses	**31,471,430**	28,714,666
	450,513,904	460,547,558
Less: Progress billings	**(441,785,234)**	(452,997,968)
	8,728,670	7,549,590
Presented as:		
Due from customers on contracts (Note 14)	**8,776,148**	7,604,763
Due to customers on contracts	**(47,478)**	(55,173)
	8,728,670	7,549,590
Contract in progress included the following items incurred during the financial year:		
Depreciation of property, plant and equipment (Note 3)	**252,283**	172,139
Employee benefits expenses (Note 26)	**1,412,161**	1,263,910
Hire of equipment	**327,845**	952,882

17. SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES

	GROUP and COMPANY					
	Number of ordinary shares		Amount			
	Share capital (Issued and fully paid)	Treasury shares	Share capital (Issued and fully paid) RM	Share premium RM	Total share capital and share premium RM	Treasury shares RM
At 1.2.2017	**280,462,498**	**1,043,800**	**280,462,498**	**19,109,566**	**299,572,064**	**(3,114,728)**
Transition to no-par value regime	**-**	**-**	**19,109,566**	**(19,109,566)**	**-**	**-**
At 31.1.2018	**280,462,498**	**1,043,800**	**299,572,064**	**-**	**299,572,064**	**(3,114,728)**
At 1.2.2016	280,462,498	1,030,000	280,462,498	19,109,566	299,572,064	(3,093,939)
Purchase of treasury shares	-	13,800	-	-	-	(20,789)
At 31.1.2017	280,462,498	1,043,800	280,462,498	19,109,566	299,572,064	(3,114,728)

(a) Share capital

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

The new Companies Act 2016 (the "Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account of RM19,109,566 become part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transaction.

(b) Treasury shares

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount consists of the acquisition costs of treasury shares net of the proceeds received on their subsequent sale or issuance. This is presented as a component within shareholders' equity.

During the financial year, there were no repurchase of its issued share capital from the open market on the Bursa Malaysia Securities Berhad. During the financial year 2017, 13,800 shares were purchased at RM20,789 with an average price of RM1.51 per share.

The Directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase can be applied in the best interests of the Company and its shareholders. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act, 2016. The Company has the right to reissue these shares at a later date. As treasury shares, the rights attached as to voting, dividends and participation in other distributions are suspended.

17. SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES (Cont'd)

(b) Treasury shares (Cont'd)

Of the total 280,462,498 (2017: 280,462,498) issued and fully paid ordinary shares as at 31 January 2018, 1,043,800 (2017: 1,043,800) treasury shares are held by the Company. As at 31 January 2018, the number of outstanding ordinary shares in issue after setting off treasury shares is 279,418,698 (2017: 279,418,698).

18. REVALUATION RESERVE

	GROUP	
	2018 RM	2017 RM
Surplus arising from revaluation of freehold land	**73,847,495**	73,847,495
Less: Deferred tax on revaluation surplus	**(3,980,406)**	(3,980,406)
Revaluation reserve net of deferred tax	**69,867,089**	69,867,089

This reserve represents the cumulative surplus, net of deferred tax effects, arising from the revaluation of freehold land above its cost.

19. HEDGING RESERVE

	GROUP	
	2018 RM	2017 RM
At 1 February 2017/2016	**15,473,680**	12,022,481
Recognised in other comprehensive income:		
Net movements on cash flow hedges	**(8,055,865)**	4,549,194
Tax relating to cash flow hedges	**1,933,408**	(1,091,807)
Non-controlling interest	**(19,929)**	(6,188)
At 31 January 2018/2017	**9,331,294**	15,473,680

The hedging reserve which represents the cash flow hedge reserve contains the effective portion of the cash flow hedge relationships incurred as at the reporting date.

20. RETAINED EARNINGS

The entire retained earnings of the Company as at 31 January 2018 may be distributed as dividends under single tier system.

21. LOANS AND BORROWINGS

	GROUP		COMPANY	
	2018 RM	2017 RM	2018 RM	2017 RM
Current				
Secured:				
Bank overdrafts	**7,897,197**	12,781,620	**3,350,049**	2,782,855
Revolving credit	**14,800,000**	18,800,000	**-**	-
Term loans	**33,463,363**	15,965,840	**-**	-
	56,160,560	47,547,460	**3,350,049**	2,782,855
Non-current				
Secured:				
Term loans	**290,057,656**	282,408,217	**-**	-
Total loans and borrowings				
Bank overdrafts	**7,897,197**	12,781,620	**3,350,049**	2,782,855
Revolving credit	**14,800,000**	18,800,000	**-**	-
Term loans	**323,521,019**	298,374,057	**-**	-
	346,218,216	329,955,677	**3,350,049**	2,782,855
Repayment of loans and borrowings:				
On demand or within one year	**56,160,560**	47,547,460	**3,350,049**	2,782,855
More than one year and up to two years	**50,149,648**	32,921,678	**-**	-
More than two years and up to five years	**194,409,988**	173,786,649	**-**	-
More than five years	**45,498,020**	75,699,890	**-**	-
	346,218,216	329,955,677	**3,350,049**	2,782,855

The principal amounts of term loans are repayable over the repayment tenures ranging from 36 months to 144 months.

The weighted average effective interest rates for borrowings are as follows:

	GROUP		COMPANY	
	2018 % per annum	2017 % per annum	2018 % per annum	2017 % per annum
Bank overdrafts	**7.73**	7.77	**7.96**	8.15
Revolving credit	**4.80**	4.61	**-**	-
Trade facilities	**3.93**	4.60	**-**	-
Term loans	**5.26**	5.27	**-**	-

21. LOANS AND BORROWINGS (Cont'd)

The unutilised banking facilities are as follows:

	GROUP		COMPANY	
	2018 RM	2017 RM	2018 RM	2017 RM
Bank overdrafts	**21,501,000**	17,617,000	**1,649,000**	2,217,000
Revolving credit	**21,450,000**	15,400,000	**-**	-
Trade facilities	**12,000,000**	14,100,000	**-**	-
Term loans	**4,639,000**	39,680,000	**-**	-
	59,590,000	86,797,000	**1,649,000**	2,217,000

The movements in the loans and borrowings were as follow:

	GROUP RM	COMPANY RM
At 1 February 2017	**329,955,677**	**2,782,855**
Proceeds	**45,541,000**	**-**
Repayment	**(24,394,038)**	**-**
Movement in bank overdrafts	**(4,884,423)**	**567,194**
At 31 January 2018	**346,218,216**	**3,350,049**

The Company's overdraft facility is secured by way of a lien-holder's caveat over the freehold land of a subsidiary.

The subsidiaries' banking facilities are secured by:

(i) a lien-holder's caveat, fixed charges and debentures over certain parcels of the subsidiaries' landbanks and completed properties included in property, plant and equipment, inventories and land held for property development;

(ii) fixed charge over specific investment properties of a subsidiary;

(iii) debenture over specific property, plant and equipment of a subsidiary;

(iv) time deposit of subsidiaries;

(v) corporate guarantee from the Company;

(vi) subordination of advances from the Company to subsidiaries; and

(vii) corporate guarantee from a shareholder of a subsidiary.

22. PAYABLES

	GROUP		COMPANY	
	2018 RM	2017 RM	2018 RM	2017 RM
Current				
Trade payables	**75,386,941**	71,532,840	**-**	-
Other payables and accruals	**44,305,446**	47,880,492	**3,884,645**	3,513,194
Amounts owing to related companies	**468,949**	72,521	**9,652**	16,089
Amount owing to a subsidiary	**-**	-	**8,081,516**	6,061,144
Amount owing to holding company	**118,037**	130,859	**93,000**	104,822
Total trade and other payables	**120,279,373**	119,616,712	**12,068,813**	9,695,249
Add: Loans and borrowings (Note 21)	**346,218,216**	329,955,677	**3,350,049**	2,782,855
Total financial liabilities carried at amortised cost	**466,497,589**	449,572,389	**15,418,862**	12,478,104

(a) Trade payables

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 90 days (2017: 30 to 90 days) terms.

(b) Amounts owing to related companies

	GROUP		COMPANY	
	2018 RM	2017 RM	2018 RM	2017 RM
Trade in nature	**443,610**	18,276	**-**	-
Non trade in nature	**25,339**	54,245	**9,652**	16,089
	468,949	72,521	**9,652**	16,089

The amounts owing to related companies arose from advances are unsecured, non-interest bearing and repayable on demand.

Related companies refer to fellow subsidiaries of Sharikat Kim Loong Sendirian Berhad, the holding company of the Company.

(c) Amount owing to a subsidiary

The amount owing to a subsidiary arose from advances is unsecured, repayable on demand and bears an effective interest of 4.65% (2017: NIL) per annum.

(d) Amount owing to holding company

The amount owing to holding company is trade in nature.

23. REVENUE

	GROUP		COMPANY	
	2018 RM	2017 RM	2018 RM	2017 RM
Sale of properties	**200,124,946**	161,167,704	**-**	-
Construction revenue	**4,394,716**	25,431,134	**-**	-
Sale of goods	**52,928,020**	58,433,261	**-**	-
Rendering of services	**19,712,830**	9,326,672	**17,272,018**	15,735,944
Dividend income from subsidiaries	**-**	-	**40,443,500**	28,078,001
	277,160,512	254,358,771	**57,715,518**	43,813,945

24. FINANCE COSTS

	GROUP		COMPANY	
	2018 RM	2017 RM	2018 RM	2017 RM
Interest expenses on:				
Bank borrowings	**17,149,053**	13,950,565	**42,092**	215,655
Advances from a subsidiary	**-**	-	**504,967**	147,144
	17,149,053	13,950,565	**547,059**	362,799
Less: Interest expenses capitalised in assets:				
- Property, plant and equipment (Note 3)	**-**	(132,299)	**-**	-
- Land held for property development {Note 9(a)}	**(4,208,561)**	(4,084,453)	**-**	-
- Property development costs {Note 9(b)}	**(3,650,152)**	(1,344,095)	**-**	-
	9,290,340	8,389,718	**547,059**	362,799

25. PROFIT BEFORE TAX

	GROUP		COMPANY	
	2018 RM	2017 RM	2018 RM	2017 RM
The following items have been charged/ (credited) in arriving at profit before tax:				
Allowance for impairment – trade receivables	**65,097**	29,100	**-**	-
Auditors' remuneration:				
- Statutory audit				
- current year	**190,100**	175,500	**28,000**	28,000
- under provision in prior year	**14,256**	14,100	**-**	-
- Other services	**3,000**	3,000	**3,000**	3,000
Depreciation and amortisation				
- property, plant and equipment (Note 3)	**4,840,183**	3,077,515	**550,625**	531,811
- land use rights (Note 4)	**317,460**	189,641	**-**	-
- biological assets (Note 5)	**62,078**	62,078	**-**	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2018 (CONT'D)

25. PROFIT BEFORE TAX (Cont'd)

	GROUP		COMPANY	
	2018 RM	2017 RM	2018 RM	2017 RM
The following items have been charged/ (credited) in arriving at profit before tax (Cont'd):				
Employee benefits expenses (Note 26)	**32,394,098**	26,714,428	**16,281,430**	14,563,948
Hiring of equipment	**61,668**	30,773	**-**	-
Loss on disposal of plant and equipment	**613**	17,550	**-**	-
Non-executive Directors' remuneration (Note 27)	**357,000**	337,500	**357,000**	337,500
Plant and equipment written off	**63,773**	126,593	**1,654**	79,409
Rental expenses	**567,616**	641,494	**475,562**	480,562
Foreign exchange (gain)/loss:				
- realised	**(198,597)**	(77,224)	**-**	-
- unrealised	**301,516**	(76,879)	**-**	-
Doubtful debts recovered	**(464,000)**	(606,708)	**-**	-
Gain on disposal of plant and equipment	**(18,229)**	(2,688)	**-**	-
Interest income from:				
- deposits	**(1,426,782)**	(1,150,474)	**-**	-
- subsidiaries	**-**	-	**(10,649,442)**	(9,954,102)
- others	**(331,199)**	(78,140)	**-**	-
Rental income	**(11,908,420)**	(11,043,814)	**-**	-
Net gains from fair value adjustment of investment properties	**(549,000)**	(41,357,881)	**-**	-

26. EMPLOYEE BENEFITS EXPENSES

	GROUP		COMPANY	
	2018 RM	2017 RM	2018 RM	2017 RM
Salaries, wages and bonuses	**30,100,843**	24,844,388	**14,366,130**	12,853,643
Defined contribution plan - EPF	**3,483,242**	2,951,021	**1,829,790**	1,636,704
Social security cost	**222,174**	182,929	**85,510**	73,601
Less: Amount capitalised in cost of construction contracts (Note 16)	**(1,412,161)**	(1,263,910)	**-**	-
	32,394,098	26,714,428	**16,281,430**	14,563,948

Included in employee benefits expense of the Group and of the Company are Executive Directors' remuneration amounting to RM6,016,909 (2017: RM5,433,999) and RM3,815,453 (2017: RM3,233,542) respectively as further disclosed in Note 27.

27. DIRECTORS' REMUNERATION

	GROUP		COMPANY	
	2018 RM	2017 RM	2018 RM	2017 RM
Executive:				
Fees	**20,000**	20,000	**-**	-
Salaries and other emoluments	**5,295,500**	4,780,700	**3,375,500**	2,860,700
Defined contribution plan - EPF	**687,182**	620,271	**437,582**	370,671
Social security cost	**14,227**	13,028	**2,371**	2,171
	6,016,909	5,433,999	**3,815,453**	3,233,542
Estimated money value of benefits in-kinds	**50,909**	50,678	**50,909**	50,678
Total Executive Directors' remuneration (including benefits-in kinds)	**6,067,818**	5,484,677	**3,866,362**	3,284,220
Non-executive:				
Fees	**347,500**	327,500	**347,500**	327,500
Other emoluments	**9,500**	10,000	**9,500**	10,000
Total Non-Executive Directors' remuneration	**357,000**	337,500	**357,000**	337,500
Total Directors' remuneration	**6,424,818**	5,822,177	**4,223,362**	3,621,720

28. TAX

	GROUP		COMPANY	
	2018 RM	2017 RM	2018 RM	2017 RM
Current tax				
Current year	**18,073,800**	14,701,000	**2,055,000**	2,014,000
Deferred tax				
Relating to origination and reversal of temporary differences	**(5,705,377)**	(7,936,000)	**(101,000)**	(100,000)
	12,368,423	6,765,000	**1,954,000**	1,914,000
Under provision of income tax in prior years	**878,090**	314,699	**132,110**	218,424
Under/(Over) provision of deferred tax in prior years	**124,000**	(193,000)	**(3,000)**	(192,000)
	13,370,513	6,886,699	**2,083,110**	1,940,424

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable profit for the year. The corporate statutory tax rate reduced to the range of 20% to 24% from the current year's tax rate of 24% effective Year of Assessment 2017. The reduction in the income tax rate is based on the percentage of increase in chargeable income as compared to the immediate preceding year of assessment.

28. TAX (Cont'd)

A reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	GROUP		COMPANY	
	2018 RM	2017 RM	2018 RM	2017 RM
Profit before tax	**50,509,076**	81,131,108	**47,765,415**	35,567,013
Taxed at Malaysian statutory tax rate of 24%	**12,122,178**	19,471,466	**11,463,700**	8,536,083
Effect of income subject to real property gains tax	**(104,310)**	(7,857,997)	**-**	-
Effect on change in tax rate	**(141,524)**	(765,748)	**-**	-
Expenses not deductible for tax purposes	**2,830,525**	2,894,421	**196,740**	116,637
Income not subject to tax	**(37,185)**	(2,728)	**(9,706,440)**	(6,738,720)
Utilisation of previously unrecognised tax losses	**(38,520)**	(248,803)	**-**	-
Unabsorbed investment tax allowance	**(1,914,000)**	(6,737,000)	**-**	-
Deferred tax asset not recognised on current year's tax losses	**336,636**	11,389	**-**	-
Realisation of revaluation surplus	**(685,377)**	-	**-**	-
Effective tax	**12,368,423**	6,765,000	**1,954,000**	1,914,000
Effective taxation rate	**24.49%**	8.34%	**4.09%**	5.38%

29. EARNING PER SHARE

Basic earnings per share amounts are calculated by dividing profit for the year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year, excluding treasury shares held by the Company.

	GROUP	
	2018	2017
Profit net of tax, attributable to owners of the Company (RM)	**35,009,162**	70,289,552
Weighted average number of ordinary shares in issue	**279,418,698**	279,429,559
Basic earnings per share (sen)	**12.5**	25.2

The earnings per share is anti-dilutive.

30. DIVIDENDS

	GROUP and COMPANY			
	Dividends in respect of Year		Dividends recognised in Year	
	2018 RM	2017 RM	2018 RM	2017 RM
Financial year 2016:				
Final single tier dividend of 3 sen per share on 279,428,698 ordinary shares	-	-	-	8,382,861
Financial year 2017:				
Interim single tier dividend of 2 sen per share on 279,428,698 ordinary shares	-	5,588,575	-	5,588,575
Financial year 2017:				
Final single tier dividend of 3 sen per share on 279,418,698 ordinary shares	-	8,382,561	**8,382,561**	-
Financial year 2018:				
Interim single tier dividend of 3 sen per share on 279,418,698 ordinary shares	**8,382,561**	-	**8,382,561**	-
Financial year 2018:				
Recommended for approval at AGM (not recognised as at 31 January 2018)				
Final single tier dividend of 3 sen per share on 279,418,698 ordinary shares	**8,382,561**	-	-	-
	16,765,122	13,971,136	**16,765,122**	13,971,436

The Directors recommend the payment of a final single tier dividend of 3 sen per share in respect of the financial year ended 31 January 2018, subject to the approval of members at the forthcoming Annual General Meeting. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 January 2019. The proposed final dividend of RM8,382,561 is subject to change in proportion to changes in the Company's paid up capital, if any.

31. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statements of cash flows comprise the following amounts:

	GROUP		COMPANY	
	2018 RM	2017 RM	2018 RM	2017 RM
Time deposits with licensed banks	**14,080,434**	7,497,027	**-**	-
Cash and bank balances	**41,489,017**	51,064,273	**55,606**	46,681
Bank overdrafts (Note 21)	**(7,897,197)**	(12,781,620)	**(3,350,049)**	(2,782,855)
	47,672,254	45,779,680	**(3,294,443)**	(2,736,174)
Less: Time deposits pledged	**(4,597,256)**	(4,589,686)	**-**	-
	43,074,998	41,189,994	**(3,294,443)**	(2,736,174)

32. RELATED PARTY DISCLOSURES

(a) Significant related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the Group and the Company have the following significant related party transactions during the financial year:

	GROUP		COMPANY	
	2018 RM	2017 RM	2018 RM	2017 RM
With holding company				
Professional services - expenses	**93,000**	145,000	**93,000**	104,000
Purchase of property, plant and equipment	**-**	200,000	**-**	200,000
With subsidiaries				
Interest expenses	**-**	-	**504,967**	147,144
Interest income	**-**	-	**(10,649,442)**	(9,954,102)
Management fees	**-**	-	**(16,912,027)**	(15,436,953)
Professional services	**-**	-	**(214,500)**	(181,000)
With fellow subsidiaries of the holding company				
Estate management fees	**50,341**	50,341	**-**	-
Management fees	**(6,491)**	(6,491)	**(6,491)**	(6,491)
Professional services	**(139,000)**	(111,500)	**(139,000)**	(111,500)
Purchase of property, plant and equipment	**20,000**	-	**-**	-
Rental expenses	**45,600**	45,600	**45,600**	45,600
Rental income	**-**	(5,000)	**-**	-
Replanting contract	**465,000**	-	**-**	-
Sales of goods	**(841,188)**	(603,780)	**-**	-
Sales of property, plant and equipment	**(13,500)**	-	**-**	-

The Directors are of the opinion that the transactions have been entered into in the normal course of business which are at negotiated terms.

32. RELATED PARTY DISCLOSURES (Cont'd)

(b) Compensation of key management personnel

The remuneration of Directors and other members of key management during the financial year was as follows:

	GROUP		COMPANY	
	2018 RM	2017 RM	2018 RM	2017 RM
Short-term employee benefits	**7,368,946**	6,674,815	**5,417,090**	4,703,959
Post employment benefits:				
Defined contribution plan – EPF	**939,921**	849,203	**690,321**	599,603
	8,308,867	7,524,018	**6,107,411**	5,303,562
Included in the total key management personnel are:				
Directors' remuneration (Note 27)	**6,067,818**	5,484,677	**3,866,362**	3,284,220

33. CAPITAL COMMITMENT

	GROUP	
	2018 RM	2017 RM
Approved and contracted for		
- Property, plant and equipment	**-**	9,813,000
- Biological assets	**1,035,000**	-
- Other investment	**402,000**	4,324,000

34. UNPAID CUMULATIVE PREFERENCE DIVIDEND INCOME

At the reporting date, an amount of RM11,640,000 (2017: RM8,580,000) is due to the Company in respect of unpaid cumulative preference dividends which are subject to availability of sufficient distributable profits and liquidity of respective subsidiaries and have not been recognised in Company's financial statements.

35. CONTINGENT LIABILITIES

	GROUP		COMPANY	
	2018 RM	2017 RM	2018 RM	2017 RM
(a) Bank guarantees				
Issued by licensed banks in favour of third parties				
- Secured	**33,462,876**	31,332,060	**18,000**	18,000

35. CONTINGENT LIABILITIES (Cont'd)

(a) Bank guarantees (Cont'd)

The bank guarantees are secured by:

(i) A subsidiary's time deposits as stated in Note 15;

(ii) Earmarking to overdraft facilities of the subsidiaries and the Company as stated in Note 21; and

(iii) Corporate guarantees from the Company.

	COMPANY	
	2018 RM	2017 RM
(b) Corporate guarantees - unsecured		
Issued to bank for facilities granted to subsidiaries	**411,730,434**	423,691,598
Issued to third parties for supplies of goods and services to a subsidiary	**3,250,000**	4,150,000
Amounts utilised:		
Issued to bank for facilities granted to subsidiaries	**364,483,458**	353,010,623
Issued to third parties for supplies of goods and services to a subsidiary	**863,892**	399,460

36. SEGMENTAL INFORMATION

(a) Business Segments

The Group comprises the following main business segments:

(i) Property development and construction - the development of industrial, residential and commercial properties and letting of undeveloped and unsold properties; and building construction.

(ii) Manufacturing and trading - manufacturing and trading of building materials.

(iii) Property investment – investment in industrial properties.

(iv) Education, management services and others - providing management services, investment holding, providing educational services and cultivation of oil palm.

(b) Geographical segments

No segmental reporting by geographical segment is provided as the Group operates only in Malaysia.

(c) Allocation basis and transfer pricing

Segments results, assets and liabilities include item directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, liabilities and expenses.

Transfer pricing between business segments are measured on the basis that similar to transactions with third parties. Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

36. SEGMENTAL INFORMATION (Cont'd)

	Property development and construction		Manufacturing and trading		Property Investment		Education, management services and others		Consolidated	
	2018 RM	2017 RM	2018 RM	2017 RM	2018 RM	2017 RM	2018 RM	2017 RM	2018 RM	2017 RM
Revenue										
Total revenue	**206,727,623**	188,511,704	**59,080,416**	64,508,894	**1,754,016**	1,419,728	**33,495,876**	21,940,550	**301,057,931**	276,380,876
Inter-segment sales	**-**	-	**(6,770,892)**	(6,404,152)	**-**	-	**(17,126,527)**	(15,617,953)	**(23,897,419)**	(22,022,105)
External sales	**206,727,623**	188,511,704	**52,309,524**	58,104,742	**1,754,016**	1,419,728	**16,369,349**	6,322,597	**277,160,512**	254,358,771
Results										
Segment results	**55,016,413**	45,380,797	**6,146,572**	6,107,803	**1,339,707**	42,183,506	**13,473,139**	10,260,733	**75,975,831**	103,932,839
Inter-segment eliminations									**(11,048,911)**	(9,921,290)
Segment results (external)									**64,926,920**	94,011,549
Unallocated expenses									**(5,127,504)**	(4,490,723)
Finance cost									**(9,290,340)**	(8,389,718)
Profit before tax									**50,509,076**	81,131,108
Tax									**(13,370,513)**	(6,886,699)
Profit after tax									**37,138,563**	74,244,409
Other Information										
Segment assets	**917,034,359**	904,825,664	**80,909,718**	73,201,362	**300,995,025**	309,222,536	**153,324,016**	139,065,118	**1,452,263,118**	1,426,314,680
Unallocated assets									**1,407,006**	1,879,267
Total assets									**1,453,670,124**	1,428,193,947
Segment liabilities	**307,691,863**	313,036,521	**30,007,130**	21,399,302	**98,721,837**	104,281,607	**46,519,457**	30,613,315	**482,940,287**	469,330,745
Unallocated liabilities									**3,447,874**	3,909,723
Total liabilities									**486,388,161**	473,240,468
Capital expenditure	**1,020,215**	1,055,042	**1,539,154**	623,768	**-**	-	**13,940,033**	31,640,028	**16,499,402**	33,318,838
Depreciation and amortisation	**866,760**	781,869	**1,517,525**	1,507,384	**-**	-	**3,087,719**	1,212,120	**5,472,004**	3,501,373

37. FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Determination of fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of their fair value are:

	Note
Receivables (current and non-current)	11
Payables (current)	22
Loans and borrowings (current and non-current)	21

The carrying amounts of current portion of receivables, payables, loans and borrowings are reasonable approximation of fair values due to their short-term nature.

The carrying amounts of non-current portion of receivables, loans and borrowings are reasonable approximation of fair values due to the insignificant impact of discounting.

The fair values of derivatives are calculated by reference to forward rates or prices quoted at the reporting date for contracts with similar maturity profiles.

(b) Fair value hierarchy

As at reporting date, the Group held the following financial instruments measured at fair value:

	31 January RM	Level 1 RM	Level 2 RM	Level 3 RM
Assets/(Liabilities) measured at fair value				
2018				
Derivatives:				
- Interest rate swap	**(1,390,839)**	**-**	**(1,390,839)**	**-**
- Cross currency interest rate swap	**13,627,931**	**-**	**13,627,931**	**-**
2017				
Derivatives:				
- Interest rate swap	(2,140,151)	-	(2,140,151)	-
- Cross currency interest rate swap	22,433,108	-	22,433,108	-

There were no transfers between the various categories in the hierarchy of fair value measurement during the reporting periods ended 31 January 2018 and 31 January 2017.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, foreign currency risk and interest rate risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Managing Director. The Audit Committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial year, the Group's policy that derivatives may be undertaken for the use as hedging instruments where appropriate and cost efficient.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The credit risk in the property development activity is negligible as sales are to purchasers who obtain financing from financial institutions. As such, the credit risk has been effectively transferred to the financial institutions as provided for in the sale and purchase agreements. For those sales on cash basis which only forms an insignificant portion of sales amount, credit risk is also negligible as titles will only be surrendered after full payments are made.

The Group's and the Company's exposure to credit risk in other businesses arises primarily from receivables. For other financial assets (cash and bank balances), the Group and the Company minimises credit risk by dealing exclusively with high credit rating counterparties.

The Company is contingently liable to the extent of the amount of banking facilities utilised by the subsidiaries and amount of supplies of goods and services by third parties to a subsidiary as disclosed in Note 35.

The value of corporate guarantees provided by the Company to its subsidiaries is determined by reference to the difference in the interest rates, by comparing the actual rates charged by the bank if these guarantees have not been available. The Directors have assessed the fair value of these corporate guarantees to have no material financial impact on the results and the retained earnings of the Company.

The Group's concentration of credit risk arose from exposure to 6 (2017: 7) customers who comprise 32% (2017: 33%) of trade receivables.

Financial assets that are neither past due nor impaired

Information regarding trade receivables that are neither past due nor impaired is disclosed in Note 11. Deposits with banks and other financial institutions and derivatives that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit rating and no history of default.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

(a) Credit risk (Cont'd)

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 11.

Deposits with licensed banks

Deposits with licensed banks are placed with reputable financial institutions with high credit ratings.

(b) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds.

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from the financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness. At the reporting date, assets held by the Group and Company for managing liquidity risk included cash and short term deposits as disclosed in Note 15.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

2018	On demand or within one year RM	One to five years RM	More than five years RM	Total RM
GROUP				
Financial liabilities:				
Payables	**120,279,373**	**-**	**-**	**120,279,373**
Loans and borrowings	**71,745,870**	**278,882,156**	**46,704,689**	**397,332,715**
Derivative financial liabilities	**-**	**1,390,839**	**-**	**1,390,839**
Total undiscounted financial liabilities	**192,025,243**	**280,272,995**	**46,704,689**	**519,002,927**
COMPANY				
Financial liabilities:				
Payables	**12,068,813**	**-**	**-**	**12,068,813**
Loans and borrowings	**3,350,049**	**-**	**-**	**3,350,049**
Total undiscounted financial liabilities	**15,418,862**	**-**	**-**	**15,418,862**

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

(b) Liquidity risk (Cont'd)

Analysis of financial instruments by remaining contractual maturities (Cont'd)

2017	On demand or within one year RM	One to five years RM	More than five years RM	Total RM
GROUP				
Financial liabilities:				
Payables	119,616,712	-	-	119,616,712
Loans and borrowings	59,084,364	244,827,833	79,405,735	383,317,932
Derivative financial liabilities	-	-	2,140,151	2,140,151
Total undiscounted financial liabilities	178,701,076	244,827,833	81,545,886	505,074,795
COMPANY				
Financial liabilities:				
Payables	9,695,249	-	-	9,695,249
Loans and borrowings	2,782,855	-	-	2,782,855
Total undiscounted financial liabilities	12,478,104	-	-	12,478,104

(c) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures arising from sales, purchases and borrowings that are denominated in a currency other than the functional currency of the Group which is RM. The foreign currency in which these transactions is denominated are mainly Singapore Dollar ("SGD") and US Dollars ("USD").

The Group has entered into Cross Currency Interest Rate Swap ("CCIRS") to mitigate financial risks arising from adverse fluctuations in interest and exchange rates.

No sensitivity analysis is prepared as the Group does not expect any material effect on the Group's profit or loss arising from the effects of reasonably possible changes to these foreign currencies at the end of the reporting period.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

(d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings. The Group's policy is to manage interest cost using a mix of fixed and floating rate debts. To manage this mix in a cost-efficient manner, the Group enters into interest rate swaps. At the reporting date, after taking into account the effect of an interest rate swap, approximately 38% (2017: 42%) of the Group's loans and borrowings are at fixed rates of interest.

The Group's and the Company's other interest rate risk relates to its placement of deposits with financial institutions. The Group's policy is to obtain the most favourable interest rates available.

At the reporting date, if interest rates had been 25 (2017: 25) basis points lower/higher, with all other variables held constant, the Group's profit net of tax would have been RM321,000 higher/lower (2017: RM292,000 higher/lower), arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings, offset by lower/higher interest income from bank balances and deposits with financial institutions. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

39. SIGNIFICANT EVENT

During the financial year, Unibase Construction Sdn. Bhd. (UCSB), a wholly-owned subsidiary of the Company and Unibase Concrete Industries Sdn. Bhd. (UCISB), a 60% owned subsidiary of UCSB, had on 1 March 2017 acquired from Dato' Tan Sui Hou 7,500 and 1,500 ordinary shares fully paid in Unibase Resources Sdn. Bhd. ("URSB"), previously a 79.12% owned subsidiary of UCSB, at the price of RM251 per share for a total cash consideration of RM1,882,500 and RM376,500 respectively.

As a result of the acquisition, UCSB and UCISB own 87.36% and 1.65% equity interest in URSB respectively.

40. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares. No changes were made in objectives, policies or processes during the years ended 31 January 2018 and 31 January 2017.

ANALYSIS OF SHAREHOLDINGS
AS AT 23 APRIL 2018

Issued and Fully Paid Up Capital	:	RM299,572,064 consisting of 280,462,498 ordinary shares
Class of Shares	:	Ordinary shares
Voting Rights	:	1 vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS
(As per Record of Depositors)

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Total Number of Issued Shares
Less than 100 shares	28	0.56	702	0.00
100 to 1,000 shares	2,372	47.53	2,270,641	0.81
1,001 to 10,000 shares	1,847	37.01	7,903,380	2.83
10,001 to 100,000 shares	631	12.64	19,057,800	6.82
100,001 to less than 5% of shares	112	2.24	58,451,513	20.92
5% and above of shares	1	0.02	191,734,662	68.62
Total	**4,991**	**100.00**	**279,418,698**Ω	**100.00**

Ω is equivalent to 280,462,498 less 1,043,800 shares bought back and retained as treasury shares

THIRTY LARGEST SHAREHOLDERS
(As per Record of Depositors)

Name of Shareholders		No of Shares Held	% of Total Number of Issued Shares
1.	Sharikat Kim Loong Sendirian Berhad	191,734,662	68.62
2.	Citigroup Nominees (Tempatan) Sdn. Bhd. – Exempt an for AIA Bhd.	6,507,800	2.33
3.	Amanahraya Trustees Berhad – Public Smallcap Fund	4,531,200	1.62
4.	Public Nominees (Tempatan) Sdn. Bhd. – Pledged Securities Account for Gooi Seong Heen (E-JBU)	3,847,669	1.38
5.	Citigroup Nominees (Tempatan) Sdn. Bhd. – Exempt an for OCBC Securities Private Limited (Client A/C-RES)	3,775,672	1.35
6.	Gooi Seong Chneh	3,593,124	1.29
7.	Gooi Seow Mee	2,675,492	0.96
8.	Heng Peng Heng	1,459,000	0.52
9.	UOB Kay Hian Nominees (Asing) Sdn. Bhd. – Exempt an for UOB Kay Hian Pte Ltd (A/C Clients)	1,331,000	0.48
10.	CIMSEC Nominees (Tempatan) Sdn. Bhd. – CIMB Bank for Siow Wong Yen @ Siow Kwang Hwa (PBCL-0G0320)	1,239,800	0.44
11.	UOB Kay Hian Nominees (Tempatan) Sdn. Bhd. – Exempt an for UOB Kay Hian Pte Ltd (A/C Clients)	1,146,452	0.41
12.	Gan Teng Siew Realty Sdn. Berhad	1,000,000	0.36

ANALYSIS OF SHAREHOLDINGS
AS AT 23 APRIL 2018 (CONT'D)

THIRTY LARGEST SHAREHOLDERS
(As per Record of Depositors) (Cont'd)

Name of Shareholders	No of Shares Held	% of Total Number of Issued Shares
13. Lim Khuan Eng	855,000	0.31
14. HSBC Nominees (Asing) Sdn. Bhd. – Exempt an for Credit Suisse (SG BR-TST-ASING)	826,300	0.30
15. DB (Malaysia) Nominee (Tempatan) Sendirian Berhad – Exempt an for Bank of Singapore Limited	769,000	0.27
16. Cheah Kek Ding @ Chea Kek Ding	732,000	0.26
17. CIMB Group Nominees (Tempatan) Sdn. Bhd. – Exempt an for DBS Bank Ltd (SFS-PB)	711,452	0.25
18. Teoh Guan Kok & Co. Sdn. Berhad	659,400	0.24
19. Affin Hwang Nominees (Asing) Sdn. Bhd. – Exempt an for DBS Vickers Securities (Singapore) Pte Ltd (Clients)	639,000	0.23
20. Tan Liew Cheun	620,000	0.22
21. Gooi Seong Chneh	551,000	0.20
22. Lye Kam Hoong	550,000	0.20
23. Ng Teng Song	543,900	0.19
24. Maybank Nominees (Tempatan) Sdn. Bhd. – Jincan Sdn. Bhd.	538,000	0.19
25. Maybank Nominees (Tempatan) Sdn. Bhd. – Heng Peng Heng	537,000	0.19
26. Loh Boon Hong	519,000	0.19
27. LTK (Melaka) Sdn. Bhd.	493,200	0.18
28. Chong Thuah Realty Sdn. Bhd.	484,500	0.17
29. Shoptra Jaya (M) Sdn. Bhd.	462,700	0.16
30. Chee Ah Ngoh	420,700	0.15
TOTAL	**233,754,023**	**83.66**

The thirty largest shareholders refer to the thirty securities account holders having the largest number of securities according to the Record of Depositors (without aggregating the shares from different securities accounts belonging to the same depositor).

ANALYSIS OF SHAREHOLDINGS
AS AT 23 APRIL 2018 (CONT'D)

SUBSTANTIAL SHAREHOLDERS (excluding bare trustees)
(As per Register of Substantial Shareholders)

Name of Substantial Shareholders	No. of Shares Held or Beneficially Interested in Direct	Indirect	% of Total Number of Issued Shares Direct	Indirect
Sharikat Kim Loong Sendirian Berhad	192,148,114	–	68.77	–
Gooi Seong Lim	1,130,452 [a]	196,063,786 [b]	0.40	70.17
Gooi Seong Heen	4,559,121 [c]	192,216,114 [d]	1.63	68.79
Gooi Seong Chneh	4,144,124	192,148,114 [e]	1.48	68.77
Gooi Seong Gum	–	192,148,114 [e]	–	68.77

DIRECTORS' SHAREHOLDINGS
(As per Register of Directors' Shareholdings)

Name of Directors	Direct Interest Shareholdings	%	Indirect Interest Shareholdings	%
Gooi Seong Lim	1,130,452 [a]	0.40	196,063,786 [b]	70.17
Gooi Seong Heen	4,559,121 [c]	1.63	192,216,114 [d]	68.79
Gooi Seong Chneh	4,144,124	1.48	192,148,114 [e]	68.77
Gooi Seong Gum	–	–	192,148,114 [e]	68.77
Yeo Jon Tian @ Eeyo Jon Thiam	60,000	0.02	19,000 [f]	0.01
Gan Kim Guan	–	–	–	–
Tan Ah Lai	–	–	–	–
Chew Ching Chong	10,000	0.00	–	–
Gooi Khai Shin	–	–	3,775,672 [g]	1.35
Gooi Chuen Howe	–	–	–	–

Notes:-

[a] 1,130,452 shares held in bare trust by UOB Kay Hian Nominees (Tempatan) Sdn. Bhd.

[b] Deemed interest by virtue of his interest in Sharikat Kim Loong Sendirian Berhad ("SKL") which holds 192,148,114 shares, and 3,775,672 shares held in bare trust by Citigroup Nominees (Tempatan) Sdn. Bhd. for Wilgain Holdings Pte. Ltd. of which Gooi Seong Lim is a director and major shareholder, and his spouse, Lim Phaik Ean, who holds 140,000 shares.

[c] 711,452 and 3,847,669 shares held in bare trust by CIMB Group Nominees (Tempatan) Sdn. Bhd. and Public Nominees (Tempatan) Sdn. Bhd. respectively.

[d] Deemed interest by virtue of his interest in SKL which holds 192,148,114 shares and his spouse, Looi Kok Yean, who holds 68,000 shares.

[e] Deemed interest by virtue of their interest in SKL which holds 192,148,114 shares.

[f] Deemed interest by virtue of his spouse, Ng Yit How, who holds 19,000 shares.

[g] Deemed interest by virtue of his interest in 3,775,672 shares held in bare trust by Citigroup Nominees (Tempatan) Sdn. Bhd. for Wilgain Holdings Pte. Ltd. of which Gooi Khai Shin is a director and major shareholder.

PARTICULARS OF PROPERTIES

Description & Location	Existing Use / (Status of Development)	Tenure / (Age of Building)	Date of Acquisition / (Last (Revaluation Date)	Land Area [Acres]	Net Carrying Amount As At 31 Jan 2018 RM'000
Properties Held by Panoramic Industrial Development Sdn. Bhd.					
1. Taman Perindustrian Cemerlang Mukim of Plentong, Johor Bahru, Johor.	Industrial land (development-in-progress)	Freehold	18 Nov 1996	24.21[a]	10,194
	Industrial land (development-in-progress)	Leasehold - 999 years commencing from 28.10.1912	18 Nov 1996	39.31[a]	27,448
2. Nusa Cemerlang Industrial Park Mukim of Pulai, Johor Bahru, Johor.	Approved industrial land (development-in-progress)	Freehold	22 Jul 2005 to 30 Dec 2009	196.34[a]	133,537
	Industrial plots (completed)	Freehold (5 to 7 years)	22 Jul 2005 to 30 Dec 2009	7.90[a]	18,948
Properties Held by Crescendo Development Sdn. Bhd.					
3. Taman Perindustrian Cemerlang Mukim of Plentong, Johor Bahru, Johor.	Industrial land (development-in-progress)	Freehold	18 Nov 1996	9.17[a]	3,621
	Industrial plots (completed)	Freehold (11 to 19 years)	18 Nov 1996	12.07[a]	12,761
4. Desa Cemerlang Mukim of Plentong, Johor Bahru, Johor.	Residential and commercial land (development-in-progress)	Freehold	18 Nov 1996	48.10[a]	9,179
	Residential and commercial plots (completed)	Freehold (5 to 11 years)	18 Nov 1996	13.29[a]	23,210
5. Bandar Cemerlang Mukim of Tebrau, Johor Bahru, Johor.	Mixed residential and commercial development (development-in-progress)	Freehold	26 Jun 2001	230.55[a]	188,780
	Oil palm estate (approved for residential and commercial development)	Freehold	26 Jun 2001	594.01[a]	68,982
- Lot Nos. PTD 31034 to 31035 and 31037, Mukim and District of Kota Tinggi, Johor.	Oil palm estate (approved for residential and commercial development)	Freehold	26 Jun 2001	526.21	58,769

PARTICULARS OF PROPERTIES
(CONT'D)

	Description & Location	Existing Use / (Status of Development)	Tenure / (Age of Building)	Date of Acquisition / (Last (Revaluation Date)	Land Area [Acres]	Net Carrying Amount As At 31 Jan 2018 RM'000
	Properties Held by Panoramic Jaya Sdn. Bhd.					
6.	Taman Dato' Chellam Mukim of Tebrau, Johor Bahru, Johor.	Mix residential and Commercial land (development-in-progress)	Freehold	12 May 2004	11.81[a]	13,149
	Properties Held by Crescendo Land Sdn. Bhd.					
7.	Tanjung Senibong Mukim of Plentong, Johor Bahru, Johor.	Approved residential and commercial land (development-in-progress)	Freehold	30 Aug 2006	221.58[a]	145,169
	Properties Held by Ambok Resorts Development Sdn. Bhd.					
8.	Lot Nos. 2, 58, 60, 116, 325, 349, 607, 608, 609, 716, 717, 747, 748, 749, 750, 960 and 1331, Mukim of Tanjung Surat, Kota Tinggi, Johor.	Oil palm estate (zoned for mixed development)[b]	Freehold	(24 Jan 2005)	794.43	40,909
	Properties Held by Crescendo Jaya Sdn. Bhd.					
9.	Lot Nos. PTD 190809, 190814 to 190825, Mukim of Plentong, Johor Bahru, Johor.	Vacant land for mixed residential and commercial development	Freehold	30 Dec 2002	5.24	1,431
	Properties Held by Crescendo Education Sdn. Bhd.					
10.	Lot No. PTD 204446, Desa Cemerlang.	Private college building	Freehold (6 years)	(31 Jan 2015)	2.74	15,202
		Land for private education institutions	Freehold	(31 Jan 2015)	11.65	20,305
	Properties Held by Crescendo International School Sdn. Bhd.					
11.	PTD 204446, Desa Cemerlang.	International school building[c]	Freehold (2 years)	25 Jan 2017	Not applicable	28,272
	Properties Held by Crescendo Commercial Complex Sdn. Bhd.					
12.	Lot No. 111187, Desa Cemerlang.	Vacant land for commercial buildings	Freehold	(31 Jan 2015)	8.50	40,766

PARTICULARS OF PROPERTIES
(CONT'D)

	Description & Location	Existing Use / (Status of Development)	Tenure / (Age of Building)	Date of Acquisition / (Last (Revaluation Date)	Land Area [Acres]	Net Carrying Amount As At 31 Jan 2018 RM'000
	Properties Held by Panoramic Land Sdn. Bhd.					
13.	Lot Nos. PTD 154331, 154332, 154333 and 154334, Nusa Cemerlang Industrial Park.	Factory buildings (completed)	Freehold (5 years)	(31 Jan 2018)	8.44	78,624
14.	Lot Nos. PTD 154326, 154327, 154328 and 154329, Nusa Cemerlang Industrial Park.	Factory buildings (completed)	Freehold (4 years)	(31 Jan 2018)	9.14	87,523
15.	Lot Nos. PTD 154148, 154147 and 154146 Nusa Cemerlang Industrial Park.	Factory buildings (completed)	Freehold (2 years)	(31 Jan 2018)	7.52	74,894
16.	Lot Nos. PTD 154364, 154362, 154358, 154359, 182005 and 154353, Nusa Cemerlang Industrial Park.	Vacant land for factory buildings	Freehold	17 Dec 2014	22.66	43,160
	Properties Held by Crescendo Properties Sdn. Bhd.					
17.	Lot No. PTD 210920 Mukim of Plentong, Johor Bahru, Johor.	Vacant residential land	Freehold	27 Mar 2015	2.71	3,043
	Properties Held by Unibase Concrete Industries Sdn. Bhd.					
18.	GM 2038 Lot 1338 and GM 2040 Lot 1339, Mukim Jeram Batu, Pontian, Johor.	Vacant agricultural land	Freehold	24 Jul 2013	15.74	6,818
19.	GM 2584 Lot 10789 Mukim Jeram Batu, Pontian, Johor.	Vacant agricultural land	Freehold	13 Oct 2015	9.83	9,871
	Properties Held by Unibase Pre-cast Sdn. Bhd.					
20.	GM 2010 Lot 1350, GM 1969 Lot 1351 and GM 1968 Lot 1352, Mukim Jeram Batu, Pontian, Johor.	Vacant agricultural land	Freehold	24 Jul 2013	31.43	13,608

PARTICULARS OF PROPERTIES
(CONT'D)

	Description & Location	Existing Use / (Status of Development)	Tenure / (Age of Building)	Date of Acquisition / (Last (Revaluation Date)	Land Area [Acres]	Net Carrying Amount As At 31 Jan 2018 RM'000
	Properties Held by Unibase Quarry Industries Sdn. Bhd.					
21.	PTD 4222 and PTD 4223, Mukim Ulu Sungai Sedili Besar, District of Kota Tinggi, Johor.	Quarry land	Leasehold - 20 years commencing from 20.10.2015	20 Oct 2015	81.00	5,514
22.	Compartment 63 and Lot 64, Hutan Simpan Panti, Mukim Ulu Sungai Sedili, District of Kota Tinggi, Johor.	Quarry land	Rights to use - 30 years commencing from 10.11.2016	10 Nov 2016	60.00	154

Notes:

[a] Gross land are based upon land titles held by Panoramic Industrial Development Sdn. Bhd., Crescendo Development Sdn. Bhd., Panoramic Jaya Sdn. Bhd. and Crescendo Land Sdn. Bhd. as at 31 January 2018. The conversion factors from gross to net saleable freehold and leasehold land area are as follows:

Property No.	Conversion Factor
1	0.7032 for freehold land and 0.5724 for leasehold land
2	0.9286
3	0.6996
4	0.5353
5	0.4381
6	0.6609
7	0.4883

The conversion factor is derived based on pre-computation areas of all sub-divided lots as stated in qualifying titles (as per approval letters from Pengarah Tanah dan Galian Johor) over the total land areas acquired (as per sale and purchase agreement).

[b] The oil palm estate which is an unconverted development land zoned for mixed development is currently in the midst of replanting.

[c] The building is being constructed on land owned by Crescendo Education Sdn. Bhd.

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Crescendo Corporation Berhad
(359750-D)

FORM OF PROXY

CDS Account No.	
Contact No.	

I/We, ____

Company No./NRIC No. (new) ____________________ (old) ____________________

of ____

being (a) member(s) of Crescendo Corporation Berhad do hereby appoint: ____________________

____________________ NRIC No. (new) ____________________ (old) ____________________

of ____

and/or failing whom ____________________ NRIC No. (new) ____________________

(old) ____________________ of ____________________

or failing whom the Chairman of the Meeting as my/our proxy to attend and vote for me/us and on my/our behalf at the Twenty-second Annual General Meeting of the Company to be held at the Lido Room, Level 6, Amari Johor Bahru, No. 82C, Jalan Trus, 80000 Johor Bahru, Johor Darul Takzim on Wednesday, 25 July 2018 at 2.00 p.m. and at any adjournment thereof in the manner as indicated below –

No.	Ordinary Resolution	For	Against
1.	Adoption of Reports and Audited Financial Statements		
2.	Declaration of final dividend		
3.	Payment of Directors' fees		
4.	Payment of Directors' meeting allowance		
5.	Re-election of Director : Mr. Gooi Seong Lim		
6.	Re-election of Director : Mr. Gooi Seong Heen		
7.	Re-election of Director : Mr. Gooi Seong Chneh		
8.	Re-appointment of Auditors		
9.	Authority to allot and issue shares		
10.	Proposed Renewal of Authority for Share Buy-Back		
11.	Retention of Independent Non-Executive Director: Mr. Yeo Jon Tian @ Eeyo Jon Thiam		
12.	Retention of Independent Non-Executive Director: Mr. Gan Kim Guan		
13.	Retention of Independent Non-Executive Director: Mr. Tan Ah Lai		

(Please indicate with an 'X' in the appropriate box against each resolution how you wish your proxy to vote. If no instruction is given, this form will be taken to authorise the proxy to vote at his/her discretion.)

Dated this ________ day of ____________ 2018

No. of Shares Held	

For appointment of two proxies, percentage of shareholdings to be represented by proxies:		
	No. of shares	**Percentage**
Proxy 1		
Proxy 2		
Total		**100%**

____

Signature(s)/Common Seal of Member(s)

NOTES:

A member whose name appear in the Record of Depositors as at 18 July 2018 shall be regarded as a member entitled to attend, speak and vote at the meeting.

A member entitled to attend and vote at the meeting is entitled to appoint any person as his proxy to attend, speak and vote instead of him. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

To be valid, the Form of Proxy duly completed must be deposited at the Registered Office of the Company not less than twenty-four (24) hours before the time set for holding the meeting or any adjournment thereof. If the appointor is a corporation, this Form must be executed under its common seal or under the hand of its attorney.

Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

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STAMP

The Secretary
CRESCENDO CORPORATION BERHAD
Unit No. 203, 2nd Floor, Block C,
Damansara Intan,
No. 1, Jalan SS 20/27,
47400 Petaling Jaya,
Selangor Darul Ehsan.

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www.crescendo.com.my

CRESCENDO CORPORATION BERHAD (359750-D)

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