

CRESCENDO CORPORATION BERHAD

(Company No. : 359750-D)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30.4.17 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.4.16 RM'000	CURRENT YEAR TO DATE 30.4.17 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30.4.16 RM'000
Revenue	47,851	48,292	47,851	48,292
Cost of sales	<u>(35,171)</u>	<u>(32,170)</u>	<u>(35,171)</u>	<u>(32,170)</u>
Gross profit	12,680	16,122	12,680	16,122
Other income	3,183	3,235	3,183	3,235
Administration expenses	(6,997)	(7,151)	(6,997)	(7,151)
Finance costs	<u>(2,238)</u>	<u>(1,932)</u>	<u>(2,238)</u>	<u>(1,932)</u>
Profit before tax	6,628	10,274	6,628	10,274
Tax expenses	<u>(1,181)</u>	<u>(2,300)</u>	<u>(1,181)</u>	<u>(2,300)</u>
Profit for the period	<u>5,447</u>	<u>7,974</u>	<u>5,447</u>	<u>7,974</u>
Other comprehensive income, net of tax				
Net movement on cash flow hedges	(1,450)	(4,454)	(1,450)	(4,454)
Tax relating to cash flow hedges	<u>348</u>	<u>1,069</u>	<u>348</u>	<u>1,069</u>
Total other comprehensive income for the period, net of tax	<u>(1,102)</u>	<u>(3,385)</u>	<u>(1,102)</u>	<u>(3,385)</u>
Total comprehensive income for the period	<u>4,345</u>	<u>4,589</u>	<u>4,345</u>	<u>4,589</u>
Profit attributable to:				
Owners of the Company	4,362	6,459	4,362	6,459
Non-controlling interests	<u>1,085</u>	<u>1,515</u>	<u>1,085</u>	<u>1,515</u>
	<u>5,447</u>	<u>7,974</u>	<u>5,447</u>	<u>7,974</u>
Total comprehensive income attributable to:				
Owners of the Company	3,256	3,078	3,256	3,078
Non-controlling interests	<u>1,089</u>	<u>1,511</u>	<u>1,089</u>	<u>1,511</u>
	<u>4,345</u>	<u>4,589</u>	<u>4,345</u>	<u>4,589</u>
Earnings per share attributable to owners of the Company:				
Basic (sen)	1.56	2.31	1.56	2.31

The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Statements for the financial year ended 31 January 2017 and the accompanying explanatory notes attached to the interim financial statements.

CRESCENDO CORPORATION BERHAD
(Company No. : 359750-D)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT 30.4.17 RM'000	AS AT 31.1.17 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	173,238	167,587
Land use rights	5,906	5,986
Biological assets	1,133	1,149
Investment properties	286,696	286,696
Other investment	20,212	19,730
Land held for property development	576,873	569,209
Deferred tax assets	24,069	22,162
Derivative financial assets	20,830	22,433
	<u>1,108,957</u>	<u>1,094,952</u>
Current assets		
Property development costs	103,517	92,579
Inventories	79,010	78,473
Trade and other receivables	56,707	81,498
Other current assets	18,451	20,252
Tax recoverable	2,201	1,879
Cash and bank balances	62,532	58,561
	<u>322,418</u>	<u>333,242</u>
TOTAL ASSETS	<u>1,431,375</u>	<u>1,428,194</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	280,462	280,462
Share premium	19,110	19,110
Treasury shares	(3,115)	(3,115)
Other reserves	84,661	85,767
Retained earnings	532,759	528,340
	<u>913,877</u>	<u>910,564</u>
Non-controlling interests	<u>43,538</u>	<u>44,389</u>
Total equity	<u>957,415</u>	<u>954,953</u>
Non-current liabilities		
Loans and borrowings	295,686	282,408
Deferred tax liabilities	17,104	17,563
Derivative financial liabilities	1,987	2,140
	<u>314,777</u>	<u>302,111</u>
Current liabilities		
Trade and other payables	120,526	119,617
Due to customers on contracts	55	55
Loans and borrowings	34,918	47,548
Tax payable	3,684	3,910
	<u>159,183</u>	<u>171,130</u>
Total liabilities	<u>473,960</u>	<u>473,241</u>
TOTAL EQUITY AND LIABILITIES	<u>1,431,375</u>	<u>1,428,194</u>
Net assets per share (RM)	<u>3.27</u>	<u>3.26</u>

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the financial year ended 31 January 2017 and the accompanying explanatory notes attached to the interim financial statements.

CRESCENDO CORPORATION BERHAD

(Company No. : 359750-D)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	←——— Attributable to owners of the Company ———→							Non- Controlling Interests RM'000
	←——— Non-distributable ———→			←——— Distributable ———→				
	Total Equity RM'000	Total RM'000	Share Capital RM'000	Share Premium RM'000	Other Reserves RM'000	Retained Earnings RM'000	Treasury Shares RM'000	
<u>3 months ended 30 April 2017</u>								
Balance as at 1 February 2017	954,953	910,564	280,462	19,110	85,767	528,340	(3,115)	44,389
Total comprehensive income	4,345	3,256	-	-	(1,106)	4,362	-	1,089
Transactions with owners								
Acquisition of interest in a subsidiary	(1,883)	57	-	-	-	57	-	(1,940)
Balance as at 30 April 2017	<u>957,415</u>	<u>913,877</u>	<u>280,462</u>	<u>19,110</u>	<u>84,661</u>	<u>532,759</u>	<u>(3,115)</u>	<u>43,538</u>
<u>3 months ended 30 April 2016</u>								
Balance as at 1 February 2016	885,544	850,455	280,462	19,110	82,316	471,661	(3,094)	35,089
Total comprehensive income	4,589	3,078	-	-	(3,381)	6,459	-	1,511
Transactions with owners								
Issuance of shares to non-controlling interests	(900)	-	-	-	-	-	-	(900)
Balance as at 30 April 2016	<u>889,233</u>	<u>853,533</u>	<u>280,462</u>	<u>19,110</u>	<u>78,935</u>	<u>478,120</u>	<u>(3,094)</u>	<u>35,700</u>

The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Statements for the financial year ended 31 January 2017 and the accompanying explanatory notes attached to the interim financial statements.

CRESCENDO CORPORATION BERHAD
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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	3 MONTHS ENDED	
	30.4.17	30.4.16
	RM' 000	RM' 000
Cash flows from operating activities		
Cash receipts from customers	75,200	24,165
Cash paid to suppliers and employees	(52,610)	(52,275)
Cash generated from/(used in) operations	<u>22,590</u>	<u>(28,110)</u>
Deposit interest received	534	214
Interest paid	(4,071)	(3,024)
Tax paid	(3,747)	(2,633)
Net cash from/(used in) operating activities	<u>15,306</u>	<u>(33,553)</u>
Cash flows from investing activities		
Acquisition of biological assets, land use rights and property, plant and equipment	(9,668)	(2,976)
Acquisition of investment properties	-	(24)
Acquisition of additional shares in a subsidiary	(1,883)	-
Acquisition of other investment	(1,923)	(2,178)
Capital realisation from investment	1,440	1,440
(Pledge)/Withdrawal of time deposits	(2)	648
Proceeds from disposal of plant and equipment	52	1
Net cash used in investing activities	<u>(11,984)</u>	<u>(3,089)</u>
Cash flows from financing activities		
Proceeds from loans and borrowings	20,703	13,300
Repayment of loans and borrowings	(16,764)	(15,110)
Dividend paid to non-controlling interest	-	(900)
Net cash from/(used in) financing activities	<u>3,939</u>	<u>(2,710)</u>
Net increase/(decrease) in cash and cash equivalents	7,261	(39,352)
Cash and cash equivalents at the beginning of the financial year	41,190	47,132
Cash and cash equivalents at the end of the financial year	<u>48,451</u>	<u>7,780</u>
Cash and cash equivalents at the end of the financial year		
Deposits with licensed banks and other financial institution	7,299	6,540
Cash and bank balances	55,233	20,078
Bank overdrafts	(9,490)	(14,255)
	<u>53,042</u>	<u>12,363</u>
Time deposits pledged	(4,591)	(4,583)
	<u>48,451</u>	<u>7,780</u>

The Unaudited Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Statements for the financial year ended 31 January 2017 and the accompanying explanatory notes attached to the interim financial statements.

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PART A - EXPLANATORY NOTES PURSUANT TO FRS 134

A1 Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Financial Reporting Standard ("FRS") 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 January 2017. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 31 January 2017.

The accounting policies and methods of computation adopted by the Group in this interim financial statements are consistent with those of the annual financial statements for the year ended 31 January 2017 except for the adoption of the following new and amended FRSs and Issues Committee ("IC") Interpretations relevant to the current operations of the Group with effect from 1 February 2017.

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 adoption of the above did not have any significant effects on the interim financial report upon their initial application.

The Group has not elected for early adoption of the following new and amended FRSs and IC Interpretations relevant to the current operations of the Group, which were issued but not yet effective for the financial year ending 31 January 2018:

		Effective for financial periods beginning on or after
Annual Improvements to FRSs 2014-2016 Cycle :		
(i) Amendments to FRS 1	First-time Adoption of Financial Reporting Standards	1 Jan 2018
(ii) Amendments to FRS 128	Investments in Associates and Joint Ventures	1 Jan 2018
Amendments to FRS 2	Classification and Measurement of Share-based Payment Transactions	1 Jan 2018
FRS 9	Financial Instruments	1 Jan 2018
Amendments to FRS 140	Transfers of Investment Property	1 Jan 2018
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration	1 Jan 2018
Amendments to FRS 10 and FRS128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

These new and amended FRSs are not expected to have any significant impact on the financial statements of the Group and the Company upon their initial application other than:

Malaysia Financial Reporting Standards (MFRS framework)

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141, Agriculture and/or IC Interpretation 15 Agreements for the Construction of Real Estate, including its parent, significant investor and joint venture (herein called "Transitioning Entities"). Generally, Transitioning Entities are entities involved in the real estate and agriculture industries that had been given the option to continue applying the FRS Framework.

On 8 September 2015, MASB confirmed that the effective date of MFRS 15 will be deferred to annual periods beginning on or after 1 January 2018. As a result, the effective date for Transitioning Entities to apply the MFRS framework will also be deferred to annual periods beginning on or after 1 January 2018.

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The core principle of MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. For the real estate industry, MFRS 15 is expected to enable property developers to recognise revenue progressively. MFRS 15 includes new disclosures (quantitative and/or qualitative information) to help investors better understand the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers. The new comprehensive disclosures are in response to investors' comments that companies present revenue in isolation which make it difficult for them to relate to the entity's financial position.

The Group expect to present their first set of MFRS financial statements from the financial year ending 31 January 2019. In presenting its first MFRS financial statements, the Group 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.

A2 Audit qualification

The auditor's report of the preceding annual financial statements of the Group did not contain any qualification.

A3 Seasonal or cyclical factors

There were no significant seasonal factors affecting the operations of the Group. However, the economic cyclical factors will have an impact on property development and construction sector.

A4 Unusual items

There were no unusual items that have material effects on the assets, liabilities, equity, net income or cash flows for the current financial year-to-date.

A5 Material changes in estimates

There were no changes in estimates that have had a material effect in the current quarter results.

A6 Debt and equity securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the three months ended 30 April 2017.

A7 Dividends paid

There was no dividend paid during the three months ended 30 April 2017.

A8 Segmental information

Major segments by activity:-	Revenue		Results	
	3 months ended		3 months ended	
	30.4.17	30.4.16	30.4.17	30.4.16
	RM' 000	RM' 000	RM' 000	RM' 000
Property development and construction	32,222	29,830	6,792	10,419
Manufacturing and trading	13,667	17,721	2,008	2,002
Property investment	420	232	209	355
Education, management services and others	6,341	3,867	3,130	2,342
	<u>52,650</u>	<u>51,650</u>	<u>12,139</u>	<u>15,118</u>
Inter-segment eliminations	<u>(4,799)</u>	<u>(3,358)</u>	<u>(2,586)</u>	<u>(2,180)</u>
	<u>47,851</u>	<u>48,292</u>	<u>9,553</u>	<u>12,938</u>
Unallocated expenses			(687)	(732)
Finance costs			<u>(2,238)</u>	<u>(1,932)</u>
			<u>6,628</u>	<u>10,274</u>

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A9 Valuation of non-current assets

The valuations of property, plant and equipment, and investment properties stated in the previous annual financial statements have been brought forward without amendment.

A10 Material subsequent events

As at 23 June 2017, there were no subsequent material events that have not been reflected in the financial statements for the current financial period.

A11 Changes in the composition of the Group

There were no changes in the composition of the Group for the current year including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring or discontinuing of operations except for 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.

A12 Contingent liabilities

The contingent liabilities of the Group as at 23 June 2017 which comprise Bankers' guarantees issued by financial institutions in favour of third parties are as follows:-

	RM' 000
Secured	30,942
Unsecured	-
	<u>30,942</u>

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PART B - ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES

B1 Performance review

There is no material fluctuations for the Group's revenue for the current quarter ended 30 April 2017 as compared to the corresponding quarter in last year which amounting to RM47.9 million and RM48.3 million respectively.

The Group's profit before tax ("PBT") for the current quarter decreased 35% to RM6.6 million as compared to RM10.3 million for the corresponding quarter in last year mainly due to change of sales mix with higher proportion of residential properties sales which have a lower margin compared to commercial and industrial properties.

Performance analysis of the Group's operating segments are as follows:

	Revenue			
	Quarter ended		Year-to-date ended	
	30.4.17	30.4.16	30.4.17	30.4.16
	RM' 000	RM' 000	RM' 000	RM' 000
Property development and construction	32,222	29,830	32,222	29,830
Manufacturing and trading	13,667	17,721	13,667	17,721
Property investment	420	232	420	232
Education, management services and others	6,341	3,867	6,341	3,867
	<u>52,650</u>	<u>51,650</u>	<u>52,650</u>	<u>51,650</u>

	Operating profit			
	Quarter ended		Year-to-date ended	
	30.4.17	30.4.16	30.4.17	30.4.16
	RM' 000	RM' 000	RM' 000	RM' 000
Property development and construction	6,792	10,419	6,792	10,419
Manufacturing and trading	2,008	2,002	2,008	2,002
Property investment	209	355	209	355
Education, management services and others	3,130	2,342	3,130	2,342
	<u>12,139</u>	<u>15,118</u>	<u>12,139</u>	<u>15,118</u>

Property development and construction operation

For the current quarter, despite the slight increase in revenue of 8%, the operating profit decreased 35% mainly due to lower profit margin caused by change of sales mix with higher proportion of residential properties sales which have a lower margin compared to commercial and industrial properties.

Manufacturing and trading operation

For the current quarter, the decrease in revenue was mainly due to slower local market demand in concrete products. However, the operating profit remains unchanged due to better demand for export pre-cast products which have a better margin.

Property investment operation

For the current quarter, there is no material fluctuation in revenue and operating profit as compared to the corresponding quarter in last year.

Education, management services and others

For the current quarter, the increase in revenue and operating profit were mainly contributed by higher management fees which are charged according to the sales turnover of property development and construction segment.

The increase in revenue was also partly contributed by school fees from the international school which had just commenced its operation in the current quarter.

B2 Comparison of profit before tax for the quarter reported on with the immediate preceding quarter

The PBT for current quarter decreased 18% to RM6.6 million as compared to RM8 million for the preceding quarter mainly due to lower properties sales.

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B3 Prospects

Even though the property development environment for financial year 2018 is expected to remain challenging industry-wide, the demand for landed properties in strategic growth areas with good accessibility and connectivity is expected to remain resilient. For financial year 2018, the Group will continue with its strategy to develop landed shops, factories as well as affordable and medium cost houses. However, the Group remains cautious in its launches to avoid holding high level of stock.

With the committed sales in hand and unbilled revenue of RM180 million as at 23 June 2017 for the property development operation, the Board expects the performance of the Group to remain satisfactory for the financial year ending 31 January 2018.

B4 Variance of actual profit from forecast profit and shortfall in profit guarantee

Not applicable.

B5 Tax

	CURRENT QUARTER 30.4.17 RM' 000	CURRENT YEAR TO DATE 30.4.17 RM' 000
Current tax		
Current year	3,199	3,199
Deferred tax:		
Relating to origination and reversal of temporary difference	(2,018)	(2,018)
	<u>1,181</u>	<u>1,181</u>

The effective income tax rates for the current quarter was lower than the statutory tax rate mainly due to tax incentive enjoyed by a subsidiary.

B6 Status of corporate proposals

There were no corporate proposals announced but not completed as at 23 June 2017.

B7 Group borrowings and debt securities

Group loans and borrowings as at 30 April 2017 were as follows:

	RM' 000
(a) Secured loans and borrowings	<u>330,604</u>
(b) Current	
- Overdrafts	9,490
- Revolving credit	5,500
- Term Loans	19,928
	<u>34,918</u>
Non-current	
- Term loans	295,686
	<u>295,686</u>
	<u>330,604</u>

(c) All borrowings are denominated in Ringgit Malaysia.

Total interest capitalised in the land held for property development and property development costs for the current financial period ended 30 April 2017 is RM1.85 million.

B8 Material litigation

As at 23 June 2017, there is no material litigation against the Group.

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B9 Dividend

No dividend has been declared or proposed for the current financial period ended 30 April 2017.

B10 Earnings per share ("EPS")

Basic earnings per share amounts are calculated by dividing profit for the period, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period, excluding treasury shares held by the Company.

	CURRENT QUARTER 30.4.17	CURRENT YEAR TO DATE 30.4.17
Profit net of tax attributable to owners of the Company (RM'000)	4,362	4,362
Weighted average number of ordinary shares in issue ('000)	279,419	279,419
Basic earnings per share (Sen)	1.56	1.56

B11 Notes to the statement of comprehensive income

	CURRENT QUARTER 30.4.17 RM' 000	CURRENT YEAR TO DATE 30.4.17 RM' 000
(a) Interest income	412	412
(b) Other income including investment income	2,804	2,804
(c) Interest expenses	(2,238)	(2,238)
(d) Depreciation and amortisation	(1,206)	(1,206)
(e) Provision for and (write off) / write back of receivables	464	464
(f) Provision for and write off of inventories	-	-
(g) Gain or loss on disposal of quoted or unquoted investments or properties	-	-
(h) Impairment of assets	-	-
(i) Foreign exchange gain or (loss)	(32)	(32)
(j) Gain or (loss) on derivatives	(1,450)	(1,450)
(k) Exceptional items	-	-

B12 Gains / Losses arising from fair value changes of financial liabilities

The Group has no financial liabilities measured at fair value through profit or loss for the current quarter and current year-to-date.

B13 Realised and unrealised retained earnings

The breakdown of the retained earnings of the Group into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	AS AT 30.4.17 RM' 000	AS AT 31.1.17 RM' 000
Total retained earnings of the Company and its subsidiaries		
Realised	555,988	547,796
Unrealised	136,517	135,454
	692,505	683,250
Less: Consolidated adjustments	(159,746)	(154,910)
Total Group retained earnings	532,759	528,340