

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30.4.15 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.4.14 RM'000	CURRENT YEAR TO DATE 30.4.15 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30.4.14 RM'000
Revenue	55,739	51,159	55,739	51,159
Cost of sales	(36,834)	(38,363)	(36,834)	(38,363)
Gross profit	18,905	12,796	18,905	12,796
Other income	4,292	3,175	4,292	3,175
Administration expenses	(5,817)	(5,390)	(5,817)	(5,390)
Finance costs	(1,369)	(560)	(1,369)	(560)
Profit before tax	16,011	10,021	16,011	10,021
Tax expenses	(4,449)	(2,688)	(4,449)	(2,688)
Profit for the period	11,562	7,333	11,562	7,333
Other comprehensive income, net of tax				
Net movement on cash flow hedges	(1,432)	(1,267)	(1,432)	(1,267)
Tax relating to cash flow hedges	344	317	344	317
Total other comprehensive income for the period, net of tax	(1,088)	(950)	(1,088)	(950)
Total comprehensive income for the period	10,474	6,383	10,474	6,383
Profit attributable to:				
Owners of the Company	9,809	5,543	9,809	5,543
Non-controlling interests	1,753	1,790	1,753	1,790
	11,562	7,333	11,562	7,333
Total comprehensive income attributable to:				
Owners of the Company	8,725	4,593	8,725	4,593
Non-controlling interests	1,749	1,790	1,749	1,790
	10,474	6,383	10,474	6,383
Earnings per share attributable to owners of the Company:				
Basic (sen)	4.31	2.43	4.31	2.43
Diluted (sen)	3.64	2.11	3.64	2.11

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 2015 and the accompanying explanatory notes attached to the interim financial statements.

CRESCENDO CORPORATION BERHAD
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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT 30.4.15 RM'000	AS AT 31.1.15 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	115,418	115,526
Biological assets	1,175	1,140
Investment properties	243,563	240,026
Other investment	6,473	6,833
Land held for property development	537,046	524,228
Deferred tax assets	10,284	9,777
Derivative financial assets	8,487	9,720
	<u>922,446</u>	<u>907,250</u>
Current assets		
Property development costs	36,933	25,811
Inventories	66,859	68,097
Trade and other receivables	49,439	55,000
Other current assets	19,639	40,692
Tax recoverable	117	75
Cash and bank balances	133,216	133,505
	<u>306,203</u>	<u>323,180</u>
TOTAL ASSETS	<u>1,228,649</u>	<u>1,230,430</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	228,487	228,487
Share premium	19,110	19,110
Treasury shares	(3,061)	(3,061)
Other reserves	75,283	76,366
Equity component of ICULS	43,788	43,788
Retained earnings	487,863	478,054
	<u>851,470</u>	<u>842,744</u>
Non-controlling interests	<u>30,886</u>	<u>29,137</u>
Total equity	<u>882,356</u>	<u>871,881</u>
Non-current liabilities		
Loans and borrowings	202,006	210,815
Deferred tax liabilities	12,471	12,598
Derivative financial liabilities	1,981	1,783
	<u>216,458</u>	<u>225,196</u>
Current liabilities		
Trade and other payables	76,515	87,680
Due to customers on contracts	115	113
Loans and borrowings	45,101	35,145
Liability component of ICULS	1,314	1,738
Tax payable	6,790	8,677
	<u>129,835</u>	<u>133,353</u>
Total liabilities	<u>346,293</u>	<u>358,549</u>
TOTAL EQUITY AND LIABILITIES	<u>1,228,649</u>	<u>1,230,430</u>
Net assets per share (RM)	<u>3.74</u>	<u>3.70</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 2015 and the accompanying explanatory notes attached to the interim financial statements.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	←----- Attributable to owners of the Company -----→								
	Total Equity RM'000	←----- Non-distributable -----→					←----- Distributable -----→		
Total RM'000		Share Capital RM'000	Share Premium RM'000	Other Reserves RM'000	ICULS (Equity Component) RM'000	Retained Earnings RM'000	Treasury Shares RM'000		
3 months ended 30 April 2015									
Balance as at 1 February 2015	871,881	842,744	228,487	19,110	76,366	43,788	478,054	(3,061)	29,137
Total comprehensive income	10,475	8,726	-	-	(1,083)	-	9,809	-	1,749
Balance as at 30 April 2015	882,356	851,470	228,487	19,110	75,283	43,788	487,863	(3,061)	30,886
3 months ended 30 April 2014									
Balance as at 1 February 2014	750,014	720,751	228,483	19,110	38,414	43,792	393,322	(2,370)	29,263
Total comprehensive income	6,383	4,593	-	-	(950)	-	5,543	-	1,790
Transactions with owners									
Conversion of ICULS	-	-	1	-	-	(1)	-	-	-
Total transactions with owners	-	-	1	-	-	(1)	-	-	-
Balance as at 30 April 2014	756,397	725,344	228,484	19,110	37,464	43,791	398,865	(2,370)	31,053

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 2015 and the accompanying explanatory notes attached to the interim financial statements.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	3 MONTH ENDED	
	30.4.15	30.4.14
	RM' 000	RM' 000
Cash flows from operating activities		
Cash receipts from customers	64,177	75,428
Cash paid to suppliers and employees	(55,865)	(74,191)
Cash generated from operations	<u>8,312</u>	<u>1,237</u>
Deposit interest received	999	857
Interest paid	(2,802)	(1,438)
Tax paid	(6,669)	(4,782)
Net cash used in operating activities	<u>(160)</u>	<u>(4,126)</u>
Cash flows from investing activities		
Acquisition of biological assets and property, plant and equipment	(1,075)	(2,160)
Acquisition of investment properties	(590)	(2,791)
Capital realisation from investment	360	-
Pledge of time deposits	(2)	(4,001)
Proceeds from disposal of plant and equipment	31	6
Net cash used in investing activities	<u>(1,276)</u>	<u>(8,946)</u>
Cash flows from financing activities		
Proceeds from loans and borrowings	1,603	6,583
Repayment of loans and borrowings	(5,741)	(5,135)
Net cash (used in)/from financing activities	<u>(4,138)</u>	<u>1,448</u>
Net decrease in cash and cash equivalents	(5,574)	(11,624)
Cash and cash equivalents at the beginning of the financial period	125,869	110,909
Cash and cash equivalents at the end of the financial period	<u>120,295</u>	<u>99,285</u>
Cash and cash equivalents at the end of the financial period		
Deposits with licensed banks and other financial institution	68,672	83,219
Cash and bank balances	64,544	26,401
Bank overdrafts	(7,696)	(5,117)
	<u>125,520</u>	<u>104,503</u>
Time deposits pledged	(5,225)	(5,218)
	<u>120,295</u>	<u>99,285</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 2015 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 2015. 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 2015.

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 2015 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 2015.

Amendments to FRS119 Defined Benefit Plans: Employee Contributions
Annual Improvements to FRSs 2010-2012 Cycle
Annual Improvements to FRSs 2011-2013 Cycle

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 2016:

		Effective for financial periods beginning on or after
Amendments to FRS 10 and FRS128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 Jan 2016
Amendments to FRS 11	Accounting for Acquisitions of Interests in Joint Operations	1 Jan 2016
Amendments to FRS 101	Disclosure Initiative	1 Jan 2016
Amendments to FRS 116 and FRS138	Clarification of Acceptable Methods of Depreciation and Amortisation	1 Jan 2016
Amendments to FRS 127	Equity Method in Separate Financial Statements	1 Jan 2016
Annual Improvements to FRSs 2012-2014 Cycle		1 Jan 2016
FRS 9	Financial Instruments	1 Jan 2018

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.

FRS 9: Financial Instruments

FRS 9 replaces FRS 139 and applies to classification and measurement of financial assets and financial liabilities as defined in FRS 139. The adoption of FRS 9 will have an effect on the classification and measurement of the Group's financial assets but will potentially have no impact on classification and measurement of financial liabilities. The Group is in the process of making an assessment of the impact of adoption of FRS 9.

Malaysia Financial Reporting Standards (MFRS framework)

The Malaysian Accounting Standards Board ("MASB") has announced on 2 September 2014 that Transitioning Entities ("TEs") shall be required to apply the Malaysian Financial Reporting Standards ("MFRS") Framework for annual periods beginning on or after 1 January 2017. TEs comprise entities that are within the scope of MFRS 141, Agriculture and/or IC Interpretation 15 Agreements for the Construction of Real Estate, including the parent, significant investor and joint venture. Generally, TEs are entities involved in the real estate and agriculture industries that had been given the option to continue applying the FRS Framework.

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On 2 September 2014, MASB has also issued MFRS 15 Revenue from Contracts with Customers. MFRS 15 establishes a new five-step models that will apply to revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFRS 118 Revenue, MFRS 111 Construction Contracts and the related Interpretations when it becomes effective.

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.

MFRS 15 is effective for annual periods beginning on or after 1 January 2017, with earlier application being permitted. An entity may choose to adopt MFRS 15 retrospectively or through a cumulative effect adjustment as of the start of the first period for which it first applies the Standard. The retrospective application would provide investors and analyst trend information about an entity's revenue.

The Group expect to present their first set of MFRS financial statements from the financial year ending 31 January 2018. 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 2015.

A7 Dividends paid

There was no dividend paid during the three months ended 30 April 2015.

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A8 Segmental information

Major segments by activity:-	<u>Revenue</u>		<u>Results</u>	
	3 months ended		3 months ended	
	30.4.15	30.4.14	30.4.15	30.4.14
	RM' 000	RM' 000	RM' 000	RM' 000
Property development and construction	32,316	30,612	14,361	7,688
Manufacturing and trading	27,374	21,983	2,893	2,090
Property investment	-	-	(228)	(87)
Management services and others	3,902	4,214	3,126	3,601
	<u>63,592</u>	<u>56,809</u>	<u>20,152</u>	<u>13,292</u>
Inter-segment eliminations	<u>(7,853)</u>	<u>(5,650)</u>	<u>(1,990)</u>	<u>(2,106)</u>
	<u>55,739</u>	<u>51,159</u>	<u>18,162</u>	<u>11,186</u>
Unallocated expenses			(782)	(605)
Finance costs			(1,369)	(560)
			<u>16,011</u>	<u>10,021</u>

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 24 June 2015, 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-to-date including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring or discontinuing of operations except for the Company had on 27 March 2015 procured the incorporation of a wholly-owned subsidiary company called Crescendo Properties Sdn Bhd.

A12 Contingent liabilities

The contingent liabilities of the Group as at 24 June 2015 which comprise Bankers' guarantees issued by financial institutions in favour of third parties are as follows:-

	RM' 000
Secured	3,531
Unsecured	-
	<u>3,531</u>

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

B1 Performance review

The Group's revenue and profit before tax ("PBT") for the first quarter ended 30 April 2015 increased 9% to RM55.7 million and 60% to RM16 million respectively as compared to RM51.2 million and RM10 million respectively for the corresponding quarter in last year. The increase in profit margin was mainly due to change in sales mix resulting from higher sales in industrial and commercial properties which contribute higher margin as compared to residential properties.

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

	Revenue			
	Quarter ended		Year-to-date ended	
	30.4.15 RM' 000	30.4.14 RM' 000	30.4.15 RM' 000	30.4.14 RM' 000
Property development and construction	32,316	30,612	32,316	30,612
Manufacturing and trading	27,374	21,983	27,374	21,983
Property investment	-	-	-	-
Management services and others	3,902	4,214	3,902	4,214
	63,592	56,809	63,592	56,809

	Operating profit			
	Quarter ended		Year-to-date ended	
	30.4.15 RM' 000	30.4.14 RM' 000	30.4.15 RM' 000	30.4.14 RM' 000
Property development and construction	14,361	7,688	14,361	7,688
Manufacturing and trading	2,893	2,090	2,893	2,090
Property investment	(228)	(87)	(228)	(87)
Management services and others	3,126	3,601	3,126	3,601
	20,152	13,292	20,152	13,292

Property development and construction operation

For the current quarter, the revenue and operating profit increased 6% and 87% respectively as compared to the corresponding quarter in last year. The increase in profit margin was mainly due to change in sales mix resulting from higher sales in industrial and commercial properties which contribute higher margin as compared to residential properties.

Manufacturing and trading operation

The revenue and operating profit for the current quarter increased 25% and 38% respectively mainly contributed by higher export sales of concrete products.

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.

Management services and others

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

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

The PBT for the current quarter decreased by 66% to RM16 million as compared to RM47.2 million for the quarter ended 31 January 2015 mainly due to the fair value gain in investment properties amounting RM31 million recognised in the last quarter.

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B3 Prospects

The market condition is expected to remain uncertain in the near term in view of the various cooling measures implemented by the government, including tight credit control by banks, the effect of implementation of the Goods and Service Tax ("GST") in April 2015 and weak Ringgit.

The Group has well positioned itself to face these challenges as our ongoing projects are located strategically in the Economic Zone within Iskandar Malaysia offering a wide spectrum of products to our purchasers ranging from affordable homes to semi detached houses, terrace and semi-detached factories to large detached factories and also shop offices. The Group will be cautious in its launches to avoid holding high level of stock.

With the unrecognised revenue from the total committed property sales as at 30 April 2015 and new sales committed after 30 April 2015 of RM58 million, the Board expects the performance of the Group to remain satisfactory for the financial year ending 31 January 2016.

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

Not applicable.

B5 Tax

	CURRENT QUARTER 30.4.15 RM' 000	CURRENT YEAR TO DATE 30.4.15 RM' 000
Current tax		
Current year	4,740	4,740
Deferred tax:		
Relating to origination and reversal of temporary difference	(291)	(291)
	<u>4,449</u>	<u>4,449</u>

The effective income tax rates for the current quarter and financial year-to-date were higher than the statutory tax rate mainly due to certain expenses which are not deductible for tax purposes.

B6 Status of corporate proposals

There were no corporate proposals announced but not completed as at 24 June 2015.

B7 Group borrowings and debt securities

Group loans and borrowings as at 30 April 2015 were as follows:

	RM' 000
(a) Secured loans and borrowings	247,107
Unsecured loans and borrowings	1,314
	<u>248,421</u>
(b) Current	
- Overdrafts	7,696
- Revolving credit	3,500
- Banker acceptance	3,692
- Term Loans	30,213
- Liability component of ICULS	1,314
	<u>46,415</u>
Non-current	
- Term loans	202,006
	<u>202,006</u>
	<u>248,421</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 2015 is RM1.41 million.

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B8 Material litigation

As at 24 June 2015, there is no material litigation against the Group.

B9 Dividend

No dividend has been declared or proposed for the current financial period ended 30 April 2015.

B10 Earnings per share ("EPS")

(a) Basic earnings per share

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 30.4.15	CURRENT YEAR TO DATE 30.4.15
Profit net of tax attributable to owners of the Company (RM'000)	9,809	9,809
Weighted average number of ordinary shares in issue ('000)	227,472	227,472
Basic earnings per share (Sen)	4.31	4.31

(b) Diluted earnings per share

For the purpose of calculating diluted earnings per share, the profit for the period, net of tax, attributable to owners of the Company and the weighted average number of ordinary shares in issue during the period have been adjusted for the effect of dilutive potential ordinary shares from ICULS.

	CURRENT QUARTER 30.4.15	CURRENT YEAR TO DATE 30.4.15
Profit net of tax attributable to owners of the Company (RM'000)	9,809	9,809
After tax effect of interest on ICULS (RM'000)	361	361
Profit net of tax attributable to owners of the Company including assumed conversion (RM'000)	10,170	10,170
Weighted average number of ordinary shares in issue ('000)	227,472	227,472
Effect of dilution:		
ICULS ('000)	51,976	51,976
Adjusted weighted average number of shares in issue and issuable ('000)	279,448	279,448
Diluted earnings per share (Sen)	3.64	3.64

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B11 Notes to the statement of comprehensive income

	CURRENT QUARTER 30.4.15 RM' 000	CURRENT YEAR TO DATE 30.4.15 RM' 000
(a) Interest income	957	957
(b) Other income including investment income	3,294	3,294
(c) Interest expenses	(1,369)	(1,369)
(d) Depreciation and amortisation	(733)	(733)
(e) Provision for and (write off) / write back of receivables	(4)	(4)
(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	42	42
(j) Gain or loss on derivatives	(1,432)	(1,432)
(k) Exceptional items	-	-

Other income is inclusive of fair value gains of investment properties amounting to RM0.9 million for current quarter and current financial year-to-date.

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 30.4.15 RM' 000	AS AT 31.1.15 RM' 000
Total retained earnings of the Company and its subsidiaries		
Realised	540,813	523,366
Unrealised	88,654	89,187
	<u>629,467</u>	<u>612,553</u>
Less: Consolidated adjustments	(141,604)	(134,499)
Total Group retained earnings	<u>487,863</u>	<u>478,054</u>