

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30.4.16 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.4.15 RM'000	CURRENT YEAR TO DATE 30.4.16 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30.4.15 RM'000
Revenue	48,292	55,739	48,292	55,739
Cost of sales	(32,170)	(36,834)	(32,170)	(36,834)
Gross profit	16,122	18,905	16,122	18,905
Other income	3,235	4,292	3,235	4,292
Administration expenses	(7,151)	(5,817)	(7,151)	(5,817)
Finance costs	(1,932)	(1,369)	(1,932)	(1,369)
Profit before tax	10,274	16,011	10,274	16,011
Tax expenses	(2,300)	(4,449)	(2,300)	(4,449)
Profit for the period	7,974	11,562	7,974	11,562
Other comprehensive income, net of tax				
Net movement on cash flow hedges	(4,454)	(1,432)	(4,454)	(1,432)
Tax relating to cash flow hedges	1,069	344	1,069	344
Total other comprehensive income for the period, net of tax	(3,385)	(1,088)	(3,385)	(1,088)
Total comprehensive income for the period	4,589	10,474	4,589	10,474
Profit attributable to:				
Owners of the Company	6,459	9,809	6,459	9,809
Non-controlling interests	1,515	1,753	1,515	1,753
	7,974	11,562	7,974	11,562
Total comprehensive income attributable to:				
Owners of the Company	3,078	8,725	3,078	8,725
Non-controlling interests	1,511	1,749	1,511	1,749
	4,589	10,474	4,589	10,474
Earnings per share attributable to owners of the Company:				
Basic (sen)	2.31	4.31	2.31	4.31
Diluted (sen)	N/A	3.64	N/A	3.64

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 2016 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 30.4.16 RM'000	AS AT 31.1.16 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	139,571	137,728
Land use rights	5,836	5,912
Biological assets	1,195	1,210
Investment properties	245,233	245,209
Other investment	10,255	7,035
Land held for property development	573,051	569,585
Deferred tax assets	12,730	12,411
Derivative financial assets	13,895	18,192
	<u>1,001,766</u>	<u>997,282</u>
Current assets		
Property development costs	31,598	39,194
Inventories	76,425	69,393
Trade and other receivables	75,274	48,196
Other current assets	15,838	16,074
Tax recoverable	1,549	1,121
Cash and bank balances	26,618	58,760
	<u>227,302</u>	<u>232,738</u>
TOTAL ASSETS	<u>1,229,068</u>	<u>1,230,020</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	(3,094)	(3,094)
Other reserves	78,935	82,316
Equity component of ICULS	-	-
Retained earnings	478,120	471,661
	<u>853,533</u>	<u>850,455</u>
Non-controlling interests	<u>35,700</u>	<u>35,089</u>
Total equity	<u>889,233</u>	<u>885,544</u>
Non-current liabilities		
Loans and borrowings	185,057	188,078
Deferred tax liabilities	13,758	14,849
Derivative financial liabilities	2,606	2,448
	<u>201,421</u>	<u>205,375</u>
Current liabilities		
Trade and other payables	67,190	77,325
Due to customers on contracts	61	119
Loans and borrowings	67,205	58,135
Tax payable	3,958	3,522
	<u>138,414</u>	<u>139,101</u>
Total liabilities	<u>339,835</u>	<u>344,476</u>
TOTAL EQUITY AND LIABILITIES	<u>1,229,068</u>	<u>1,230,020</u>
Net assets per share (RM)	<u>3.05</u>	<u>3.04</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 2016 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 →								
	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 2016									
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									
Dividend paid to non-controlling interest	(900)	-	-	-	-	-	-	-	(900)
Balance as at 30 April 2016	889,233	853,533	280,462	19,110	78,935	-	478,120	(3,094)	35,700
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

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 2016 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	
	30.4.16	30.4.15
	RM' 000	RM' 000
Cash flows from operating activities		
Cash receipts from customers	24,165	64,177
Cash paid to suppliers and employees	(52,275)	(55,865)
Cash (used in)/generated from operations	<u>(28,110)</u>	<u>8,312</u>
Deposit interest received	214	999
Interest paid	(3,024)	(2,802)
Tax paid	(2,633)	(6,669)
Net cash used in operating activities	<u>(33,553)</u>	<u>(160)</u>
Cash flows from investing activities		
Acquisition of biological assets, land use rights and property, plant and equipment	(2,976)	(1,075)
Acquisition of investment properties	(24)	(590)
Acquisition of other investment	(2,178)	-
Capital realisation from investment	1,440	360
Pledge of time deposits	648	(2)
Proceeds from disposal of plant and equipment	1	31
Net cash used in investing activities	<u>(3,089)</u>	<u>(1,276)</u>
Cash flows from financing activities		
Proceeds from loans and borrowings	13,300	1,603
Repayment of loans and borrowings	(15,110)	(5,741)
Dividend paid to non-controlling interest	(900)	-
Net cash used in financing activities	<u>(2,710)</u>	<u>(4,138)</u>
Net decrease in cash and cash equivalents	(39,352)	(5,574)
Cash and cash equivalents at the beginning of the financial period	47,132	125,869
Cash and cash equivalents at the end of the financial period	<u>7,780</u>	<u>120,295</u>
Cash and cash equivalents at the end of the financial period		
Deposits with licensed banks and other financial institution	6,540	68,672
Cash and bank balances	20,078	64,544
Bank overdrafts	(14,255)	(7,696)
	<u>12,363</u>	<u>125,520</u>
Time deposits pledged	(4,583)	(5,225)
	<u>7,780</u>	<u>120,295</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 2016 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 2016. 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 2016.

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 2016 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 2016.

Amendments to FRS 10, FRS 12 and FRS128	Investment Entities: Applying the Consolidation Exception
Amendments to FRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to FRS 101	Disclosure Initiative
Amendments to FRS 116 and FRS138	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to FRS 127	Equity Method in Separate Financial Statements
Annual Improvements to FRSs 2012-2014 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 2017:

		Effective for financial periods beginning on or after
Amendments to FRS 107	Disclosure Initiative	1 Jan 2017
Amendments to FRS 112	Recognition of Deferred Tax Assets for Unrealised Losses	1 Jan 2017
FRS 9	Financial Instruments	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:

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 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.

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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.

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 2016.

A7 Dividends paid

There was no dividend paid during the three months ended 30 April 2016.

A8 Segmental information

Major segments by activity:-	<u>Revenue</u>		<u>Results</u>	
	3 months ended		3 months ended	
	30.4.16	30.4.15	30.4.16	30.4.15
	RM' 000	RM' 000	RM' 000	RM' 000
Property development and construction	29,830	32,316	10,419	14,361
Manufacturing and trading	17,721	27,374	2,002	2,893
Property investment	232	-	355	(228)
Management services and others	3,867	3,902	2,342	3,126
	<u>51,650</u>	<u>63,592</u>	<u>15,118</u>	<u>20,152</u>
Inter-segment eliminations	<u>(3,358)</u>	<u>(7,853)</u>	<u>(2,180)</u>	<u>(1,990)</u>
	<u>48,292</u>	<u>55,739</u>	<u>12,938</u>	<u>18,162</u>
Unallocated expenses			(732)	(782)
Finance costs			<u>(1,932)</u>	<u>(1,369)</u>
			<u>10,274</u>	<u>16,011</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 24 June 2016, 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.

A12 Contingent liabilities

The contingent liabilities of the Group as at 24 June 2016 which comprise Bankers' guarantees issued by financial institutions in favour of third parties are as follows:-

	RM' 000
Secured	31,774
Unsecured	-
	<u>31,774</u>

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

B1 Performance review

The Group's revenue for the current quarter ended 30 April 2016 decreased 13% to RM48.3 million as compared to RM55.7 million for the corresponding quarter in last year. The decrease was mainly due to lower concrete products sales.

By excluding the gain realised from transfer of property development to investment properties amounting to RM0.9 million recognised in the first quarter of last financial year, the Group's profit before tax ("PBT") for the current quarter ended 30 April 2016 decreased 32% to RM10.3 million as compared to RM15.1 million for the corresponding quarter in last year mainly due to lower industrial properties sales.

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

	Revenue			
	Quarter ended		Year ended	
	30.4.16 RM' 000	30.4.15 RM' 000	30.4.16 RM' 000	30.4.15 RM' 000
Property development and construction	29,830	32,316	29,830	32,316
Manufacturing and trading	17,721	27,374	17,721	27,374
Property investment	232	-	232	-
Management services and others	3,867	3,902	3,867	3,902
	51,650	63,592	51,650	63,592

	Operating profit			
	Quarter ended		Year ended	
	30.4.16 RM' 000	30.4.15 RM' 000	30.4.16 RM' 000	30.4.15 RM' 000
Property development and construction	10,419	14,361	10,419	14,361
Manufacturing and trading	2,002	2,893	2,002	2,893
Property investment	355	(228)	355	(228)
Management services and others	2,342	3,126	2,342	3,126
	15,118	20,152	15,118	20,152

Property development and construction operation

For the current quarter, the revenue and operating profit decreased 8% and 27% respectively were mainly due to lower industrial properties sales caused by slower demand in industrial properties.

Manufacturing and trading operation

For the current quarter, the increase of profit margin mainly contributed by export sales with higher 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.

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 current quarter increased by 36% from RM7.6 million to RM10.3 million mainly contributed by higher margin properties and concrete products sales.

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B3 Prospects

Financial year 2017 will be a challenging year with uncertain global economic scenario, tightening credit control by banks and increase in cost of doing business. The Group will be cautious in its launches to avoid holding high level of stock. Despite the above uncertainties, there is still a demand for affordable housing, landed medium cost residential, industrial and commercial property market for strategically located project with the right pricing.

With a committed sales in hand and unbilled revenue of RM134 million as at 24 June 2016 for the property development operation, the Board expects the performance of the Group to remain satisfactory for the financial year ending 31 January 2017.

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

Not applicable.

B5 Tax

	CURRENT QUARTER 30.4.16 RM' 000	CURRENT YEAR TO DATE 30.4.16 RM' 000
Current tax		
Current year	2,641	2,641
Deferred tax:		
Relating to origination and reversal of temporary difference	(341)	(341)
	<u>2,300</u>	<u>2,300</u>

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

B6 Status of corporate proposals

There were no corporate proposals announced but not completed as at 24 June 2016.

B7 Group borrowings and debt securities

Group loans and borrowings as at 30 April 2016 were as follows:

	RM' 000
(a) Secured loans and borrowings	<u>252,262</u>
(b) Current	
- Overdrafts	14,255
- Revolving credit	23,300
- Term Loans	29,650
	<u>67,205</u>
Non-current	
- Term loans	185,057
	<u>185,057</u>
	<u>252,262</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 2016 is RM1.1 million.

B8 Material litigation

As at 24 June 2016, 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 2016.

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 30.4.16	CURRENT YEAR TO DATE 30.4.16
Profit net of tax attributable to owners of the Company (RM'000)	6,459	6,459
Weighted average number of ordinary shares in issue ('000)	279,432	279,432
Basic earnings per share (Sen)	2.31	2.31

B11 Notes to the statement of comprehensive income

	CURRENT QUARTER 30.4.16 RM' 000	CURRENT YEAR TO DATE 30.4.16 RM' 000
(a) Interest income	110	110
(b) Other income including investment income	3,076	3,076
(c) Interest expenses	(1,932)	(1,932)
(d) Depreciation and amortisation	(884)	(884)
(e) Provision for and (write off) / write back of receivables	42	42
(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)	49	49
(j) Gain or (loss) on derivatives	(4,454)	(4,454)
(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 30.4.16 RM' 000	AS AT 31.1.16 RM' 000
Total retained earnings of the Company and its subsidiaries		
Realised	539,170	529,968
Unrealised	88,269	88,493
	627,439	618,461
Less: Consolidated adjustments	(149,319)	(146,800)
Total Group retained earnings	478,120	471,661