

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

|  | INDIVIDUAL QUARTER             |   | CUMULATIVE QUARTER             |  |
|--|--------------------------------|---|--------------------------------|--|
|  | CURRENT YEAR QUARTER 30.4.2018 | PRECEDING YEAR CORRESPONDING QUARTER 30.4.2017 (Restated) | CURRENT YEAR TO-DATE 30.4.2018 | PRECEDING YEAR CORRESPONDING PERIOD 30.4.2017 (Restated) |
|  | RM'000                         | RM'000  | RM'000                         | RM'000   |
| Revenue  | 54,452                         | 47,851  | 54,452                         | 47,851   |
| Cost of sales  | (42,859)                       | (35,853)  | (42,859)                       | (35,853)   |
| <b>Gross profit</b>  | <b>11,593</b>                  | <b>11,998</b>   | <b>11,593</b>                  | <b>11,998</b>  |
| Other income   | 3,027                          | 3,183   | 3,027                          | 3,183  |
| Administration expenses  | (7,790)                        | (6,997)   | (7,790)                        | (6,997)  |
| Finance costs  | (2,389)                        | (2,238)   | (2,389)                        | (2,238)  |
| <b>Profit before tax</b>   | <b>4,441</b>                   | <b>5,946</b>  | <b>4,441</b>                   | <b>5,946</b>   |
| Tax expenses   | 1,579                          | (1,089)   | 1,579                          | (1,089)  |
| <b>Profit for the period</b>                                       | <b>6,020</b>                   | <b>4,857</b>  | <b>6,020</b>                   | <b>4,857</b>   |
| <b>Other comprehensive income, net of tax</b>                      |                                |   |                                |  |
| Net movement on cash flow hedges                                   | (473)                          | (1,450)   | (473)                          | (1,450)  |
| Tax relating to cash flow hedges                                   | 113                            | 348   | 113                            | 348  |
| <b>Total other comprehensive income for the period, net of tax</b> | <b>(360)</b>                   | <b>(1,102)</b>  | <b>(360)</b>                   | <b>(1,102)</b>   |
| <b>Total comprehensive income for the period</b>                   | <b>5,660</b>                   | <b>3,755</b>  | <b>5,660</b>                   | <b>3,755</b>   |
| <b>Profit attributable to:</b>                                     |                                |   |                                |  |
| Owners of the Company  | 3,240                          | 3,772   | 3,240                          | 3,772  |
| Non-controlling interests  | 2,780                          | 1,085   | 2,780                          | 1,085  |
|  | <b>6,020</b>                   | <b>4,857</b>  | <b>6,020</b>                   | <b>4,857</b>   |
| <b>Total comprehensive income attributable to:</b>                 |                                |   |                                |  |
| Owners of the Company  | 2,877                          | 2,666   | 2,877                          | 2,666  |
| Non-controlling interests  | 2,783                          | 1,089   | 2,783                          | 1,089  |
|  | <b>5,660</b>                   | <b>3,755</b>  | <b>5,660</b>                   | <b>3,755</b>   |
| <b>Earnings per share attributable to owners of the Company:</b>   |                                |   |                                |  |
| Basic (sen)  | 1.16                           | 1.35  | 1.16                           | 1.35   |

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 2018 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<br>30.4.2018 | AS AT<br>31.1.2018<br>(Restated) | AS AT<br>1.2.2017<br>(Restated) |
|---|--------------------|----------------------------------|---------------------------------|
|   | RM'000             | RM'000                           | RM'000                          |
| <b>ASSETS</b>                                       |                    |                                  |                                 |
| <b>Non-current assets</b>                           |                    |                                  |                                 |
| Property, plant and equipment                       | 150,106            | 150,502                          | 139,267                         |
| Land use rights                                     | 5,589              | 5,668                            | 5,986                           |
| Bearer plants                                       | 1,572              | 1,577                            | 1,149                           |
| Investment properties                               | 283,286            | 283,968                          | 286,696                         |
| Other investment                                    | 17,950             | 18,231                           | 19,730                          |
| Land held for property development                  | 582,329            | 585,346                          | 569,209                         |
| Deferred tax assets                                 | 30,557             | 26,019                           | 21,062                          |
| Derivative financial assets                         | 12,971             | 13,628                           | 22,433                          |
|   | <u>1,084,360</u>   | <u>1,084,939</u>                 | <u>1,065,532</u>                |
| <b>Current assets</b>                               |                    |                                  |                                 |
| Property development costs                          | 120,845            | 114,737                          | 92,579                          |
| Inventories   | 72,428             | 69,480                           | 78,473                          |
| Trade and other receivables                         | 62,197             | 74,766                           | 81,498                          |
| Other current assets                                | 19,616             | 20,075                           | 20,252                          |
| Tax recoverable                                     | 1,848              | 1,407                            | 1,879                           |
| Cash and bank balances                              | 58,735             | 55,569                           | 58,561                          |
|   | <u>335,669</u>     | <u>336,034</u>                   | <u>333,242</u>                  |
| <b>TOTAL ASSETS</b>                                 | <u>1,420,029</u>   | <u>1,420,973</u>                 | <u>1,398,774</u>                |
| <b>EQUITY AND LIABILITIES</b>                       |                    |                                  |                                 |
| <b>Equity attributable to owners of the Company</b> |                    |                                  |                                 |
| Share capital                                       | 299,572            | 299,572                          | 280,462                         |
| Share premium                                       | -                  | -                                | 19,110                          |
| Treasury shares                                     | (3,115)            | (3,115)                          | (3,115)                         |
| Other reserves                                      | 9,395              | 9,758                            | 15,900                          |
| Retained earnings                                   | 571,818            | 568,578                          | 553,158                         |
|   | <u>877,670</u>     | <u>874,793</u>                   | <u>865,515</u>                  |
| <b>Non-controlling interests</b>                    | <u>47,341</u>      | <u>44,558</u>                    | <u>44,389</u>                   |
| <b>Total equity</b>                                 | <u>925,011</u>     | <u>919,351</u>                   | <u>909,904</u>                  |
| <b>Non-current liabilities</b>                      |                    |                                  |                                 |
| Loans and borrowings                                | 293,637            | 290,058                          | 282,408                         |
| Deferred tax liabilities                            | 29,607             | 30,237                           | 33,192                          |
| Derivative financial liabilities                    | 1,207              | 1,391                            | 2,140                           |
|   | <u>324,451</u>     | <u>321,686</u>                   | <u>317,740</u>                  |
| <b>Current liabilities</b>                          |                    |                                  |                                 |
| Trade and other payables                            | 106,569            | 120,279                          | 119,617                         |
| Other current liabilities                           | 115                | 47                               | 55                              |
| Loans and borrowings                                | 61,860             | 56,161                           | 47,548                          |
| Tax payable   | 2,023              | 3,448                            | 3,910                           |
|   | <u>170,567</u>     | <u>179,935</u>                   | <u>171,130</u>                  |
| <b>Total liabilities</b>                            | <u>495,018</u>     | <u>501,621</u>                   | <u>488,870</u>                  |
| <b>TOTAL EQUITY AND LIABILITIES</b>                 | <u>1,420,029</u>   | <u>1,420,973</u>                 | <u>1,398,774</u>                |
| Net assets per share (RM)                           | <u>3.14</u>        | <u>3.13</u>                      | <u>3.10</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 2018 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<br>RM'000 |
|---|---|-----------------|----------------------------|----------------------------|-----------------------------|--------------------------------|------------------------------|-------------------------------------|
|   | ← Non-distributable →                     |                 |                            | ← Distributable →          |                             |                                |                              |                                     |
|   | Total<br>Equity<br>RM'000                 | Total<br>RM'000 | Share<br>Capital<br>RM'000 | Share<br>Premium<br>RM'000 | Other<br>Reserves<br>RM'000 | Retained<br>Earnings<br>RM'000 | Treasury<br>Shares<br>RM'000 |                                     |
| <b><u>3 months ended 30 April 2018</u></b>      |   |                 |                            |                            |                             |                                |                              |                                     |
| <b>Balance as at 1 February 2018</b>            | 967,282                                   | 922,724         | 299,572                    | -                          | 79,625                      | 546,642                        | (3,115)                      | 44,558                              |
| Effect of adoption of the MFRS framework        | (47,931)                                  | (47,931)        | -                          | -                          | (69,867)                    | 21,936                         | -                            | -                                   |
| <b>Balance as at 1 February 2018 (Restated)</b> | 919,351                                   | 874,793         | 299,572                    | -                          | 9,758                       | 568,578                        | (3,115)                      | 44,558                              |
| <b>Total comprehensive income</b>               | 5,660                                     | 2,877           | -                          | -                          | (363)                       | 3,240                          | -                            | 2,783                               |
| <b>Balance as at 30 April 2018</b>              | 925,011                                   | 877,670         | 299,572                    | -                          | 9,395                       | 571,818                        | (3,115)                      | 47,341                              |
| <b><u>3 months ended 30 April 2017</u></b>      |   |                 |                            |                            |                             |                                |                              |                                     |
| <b>Balance as at 1 February 2017</b>            | 954,953                                   | 910,564         | 280,462                    | 19,110                     | 85,767                      | 528,340                        | (3,115)                      | 44,389                              |
| Effect of adoption of the MFRS framework        | (45,049)                                  | (45,049)        | -                          | -                          | (69,867)                    | 24,818                         | -                            | -                                   |
| <b>Balance as at 1 February 2017 (Restated)</b> | 909,904                                   | 865,515         | 280,462                    | 19,110                     | 15,900                      | 553,158                        | (3,115)                      | 44,389                              |
| <b>Total comprehensive income</b>               | 3,755                                     | 2,666           | -                          | -                          | (1,106)                     | 3,772                          | -                            | 1,089                               |
| <b>Transactions with owners</b>                 |   |                 |                            |                            |                             |                                |                              |                                     |
| Acquisition of interest in a subsidiary         | (1,883)                                   | 57              | -                          | -                          | -                           | 57                             | -                            | (1,940)                             |
| <b>Balance as at 30 April 2017 (Restated)</b>   | 911,776                                   | 868,238         | 280,462                    | 19,110                     | 14,794                      | 556,987                        | (3,115)                      | 43,538                              |

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 2018 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**

|   | <b>3 MONTHS ENDED</b> |                  |
|---|-----------------------|------------------|
|   | <b>30.4.2018</b>      | <b>30.4.2017</b> |
|   | <b>RM'000</b>         | <b>RM'000</b>    |
| <b>Cash flows from operating activities</b>   |                       |                  |
| Cash receipts from customers  | 65,370                | 75,200           |
| Cash paid to suppliers and employees  | (59,919)              | (52,610)         |
| Cash generated from/(absorbed by) operations  | <u>5,451</u>          | <u>22,590</u>    |
| Deposit interest received   | 454                   | 534              |
| Interest paid   | (4,455)               | (4,071)          |
| Tax paid  | (5,343)               | (3,747)          |
| Net cash (used in)/from operating activities  | <u>(3,893)</u>        | <u>15,306</u>    |
| <b>Cash flows from investing activities</b>   |                       |                  |
| Acquisition of biological assets, land use rights and property, plant and equipment | (2,510)               | (9,668)          |
| Acquisition of additional shares in a subsidiary                                    | -                     | (1,883)          |
| Acquisition of other investment   | (402)                 | (1,923)          |
| Capital realisation from investment   | 684                   | 1,440            |
| Pledge of time deposits   | (2)                   | (2)              |
| Proceeds from disposal of plant and equipment                                       | 8                     | 52               |
| Net cash used in investing activities   | <u>(2,222)</u>        | <u>(11,984)</u>  |
| <b>Cash flows from financing activities</b>   |                       |                  |
| Proceeds from loans and borrowings  | 18,139                | 20,703           |
| Repayment of loans and borrowings   | (9,982)               | (16,764)         |
| Net cash from financing activities  | <u>8,157</u>          | <u>3,939</u>     |
| <b>Net increase in cash and cash equivalents</b>                                    | 2,042                 | 7,261            |
| <b>Cash and cash equivalents at the beginning of the financial period</b>           | 43,075                | 41,190           |
| <b>Cash and cash equivalents at the end of the financial period</b>                 | <u>45,117</u>         | <u>48,451</u>    |
| <b>Cash and cash equivalents at the end of the financial period</b>                 |                       |                  |
| Deposits with licensed banks  | 12,499                | 7,299            |
| Cash and bank balances  | 46,236                | 55,233           |
| Bank overdrafts   | (9,019)               | (9,490)          |
|   | <u>49,716</u>         | <u>53,042</u>    |
| Time deposits pledged   | (4,599)               | (4,591)          |
|   | <u>45,117</u>         | <u>48,451</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 2018 and the accompanying explanatory notes attached to the interim financial statements.

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**PART A - EXPLANATORY NOTES**

**A1 Basis of preparation**

The interim financial report is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standard ("MFRS") 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") 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 2018 which were prepared under Financial Reporting Standards ("FRS"). 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 2018.

The Group is adopting the MFRS framework for the current financial period beginning 1 February 2018 and MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards has been applied. The Group has consistently applied the same accounting policies in its opening MFRS Statement of Financial Position as at 1 February 2017, being the transition date, and throughout all comparable interim financial statements presented, as if these policies had always been in effect.

A number of new standards and amendments to Standards and Issues Committee ("IC") Interpretations are effective for the current financial period beginning 1 February 2018. None of these is expected to have a significant effect on the consolidated financial statements of the Group except for the following set out below:

- (a) MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards
- (b) MFRS 15: Revenue from Contracts with Customers

Based on the assessment undertaken to date, the Group does not expect any significant change in revenue being recognised arising from the adoption of MFRS 15.

In accordance with the exemption in MFRS 1, the Group has elected to measure freehold land and investment properties at fair value as at 1 February 2011 and 1 February 2017 respectively as their deemed cost as at that date. The impact to the Group's reported Financial Position and Comprehensive Income are as follows:

|   | As<br>previously<br>reported<br>(FRS)<br>RM'000 | Effect of<br>restatement<br>RM'000 | As restated<br>(MFRS)<br>RM'000 |
|---|---|------------------------------------|---------------------------------|
| <b>CONSOLIDATED STATEMENT OF FINANCIAL POSITION</b> |   |                                    |                                 |
| <b>As at 1.2.2017</b>                               |   |                                    |                                 |
| Property, plant and equipment                       | 167,587   | (28,320)                           | 139,267                         |
| Deferred tax assets                                 | 22,162  | (1,100)                            | 21,062                          |
| Revaluation reserve                                 | (69,867)  | 69,867                             | -                               |
| Retained earnings                                   | (528,340)                                       | (24,818)                           | (553,158)                       |
| Deferred tax liabilities                            | (17,563)  | (15,629)                           | (33,192)                        |
| <b>As at 31.1.2018</b>                              |   |                                    |                                 |
| Property, plant and equipment                       | 178,822   | (28,320)                           | 150,502                         |
| Investment properties                               | 287,245   | (3,277)                            | 283,968                         |
| Deferred tax assets                                 | 27,119  | (1,100)                            | 26,019                          |
| Revaluation reserve                                 | (69,867)  | 69,867                             | -                               |
| Retained earnings                                   | (546,642)                                       | (21,936)                           | (568,578)                       |
| Deferred tax liabilities                            | (15,004)  | (15,233)                           | (30,237)                        |

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|  | As<br>previously<br>reported<br>(FRS)<br>RM'000 | Effect of<br>restatement<br>RM'000 | As restated<br>(MFRS)<br>RM'000 |
|--|---|------------------------------------|---------------------------------|
| <b>CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME</b>            |   |                                    |                                 |
| <b>3 months financial period ended 30.4.2017</b>                 |   |                                    |                                 |
| Cost of sales  | (35,171)  | (682)                              | (35,853)                        |
| Gross profit   | 12,680  | (682)                              | 11,998                          |
| Profit before tax  | 6,628   | (682)                              | 5,946                           |
| Tax expenses   | (1,181)   | 92                                 | (1,089)                         |
| Profit for the period  | 5,447   | (590)                              | 4,857                           |
| Total comprehensive income for the period                        | 4,345   | (590)                              | 3,755                           |
| Profit attributable to Owners of the Company                     | 4,362   | (590)                              | 3,772                           |
| Total comprehensive income attributable to Owners of the Company | 3,256   | (590)                              | 2,666                           |
| Basic earnings per share (sen)                                   | 1.56  | (0.21)                             | 1.35                            |

The Group has not elected for early adoption of the following new and amended MFRSs 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 2019:

|   | Effective for<br>financial periods<br>beginning on or after |
|---|---|
| Annual Improvements to MFRS Standards 2015 - 2017 Cycle   | 1 Jan 2019  |
| MFRS 16 Leases  | 1 Jan 2019  |
| IC Interpretation 23 Uncertainty over Income Tax Treatments   | 1 Jan 2019  |
| Amendments to MFRS 9 Prepayment Features with Negative Compensation   | 1 Jan 2019  |
| Amendments to MFRS 119 Employee Benefits (Plan Amendment, Curtailment or Settlement)                                    | 1 Jan 2019  |
| Amendments to MFRS 128 Long-term Interests in Associates and Joint Ventures   | 1 Jan 2019  |
| Amendments to MFRS 3 Business Combinations  | 1 Jan 2020  |
| Amendments to MFRS 101 Presentation of Financial Statements   | 1 Jan 2020  |
| Amendments to MFRS 10 and MFRS128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | Deferred  |

These new and amended MFRSs and IC Interpretations are not expected to have any significant impact on the financial statements of the Group and the Company upon their initial application.

**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 2018.

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**A7 Dividends paid**

There was no dividend paid during the three months ended 30 April 2018.

**A8 Segmental information**

| Major segments by activity:-              | Revenue       |               | Results       |                    |
|---|---------------|---------------|---------------|--------------------|
|   | 30.4.2018     | 30.4.2017     | 30.4.2018     | 30.4.2017          |
|   | RM'000        | RM'000        | RM'000        | Restated<br>RM'000 |
| Property development and construction     | 33,978        | 32,222        | 4,195         | 6,792              |
| Manufacturing and trading                 | 16,167        | 13,667        | 2,765         | 2,008              |
| Property investment                       | 475           | 420           | (705)         | (473)              |
| Education, management services and others | 8,828         | 6,341         | 4,096         | 3,130              |
|   | <u>59,448</u> | <u>52,650</u> | <u>10,351</u> | <u>11,457</u>      |
| Inter-segment eliminations                | (4,996)       | (4,799)       | (2,830)       | (2,586)            |
|   | <u>54,452</u> | <u>47,851</u> | <u>7,521</u>  | <u>8,871</u>       |
| Unallocated expenses                      |               |               | (691)         | (687)              |
| Finance costs                             |               |               | (2,389)       | (2,238)            |
|   |               |               | <u>4,441</u>  | <u>5,946</u>       |

**A9 Valuation of non-current assets**

In accordance with the exemption in MFRS 1, the Group has elected to measure freehold land and investment properties at fair value as at 1 February 2011 and 1 February 2017 respectively as their deemed cost as at that date. The aggregate fair value and adjustments to the carrying amounts reported under FRS at transition date of 1 February 2017 and 31 January 2018 are as follows:

|                               | As<br>previously<br>reported<br>(FRS)<br>RM'000 | Effect of<br>restatement<br>RM'000 | As restated<br>(MFRS)<br>RM'000 |
|-------------------------------|---|------------------------------------|---------------------------------|
| <b>As at 1.2.2017</b>         |   |                                    |                                 |
| Property, plant and equipment | 167,587   | (28,320)                           | 139,267                         |
| <b>As at 31.1.2018</b>        |   |                                    |                                 |
| Property, plant and equipment | 178,822   | (28,320)                           | 150,502                         |
| Investment properties         | 287,245   | (3,277)                            | 283,968                         |

**A10 Material subsequent events**

As at 22 June 2018, 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 financial period 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 22 June 2018 which comprise Bankers' guarantees issued by financial institutions in favour of third parties are as follows:-

|           |               |
|-----------|---------------|
| Secured   | 33,896        |
| Unsecured | -             |
|           | <u>33,896</u> |

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

**B1 Financial review for current quarter and financial year to date**

|   | Individual Quarter                             |   |              | Cumulative Quarter                             |  |              |
|---|--|---|--------------|--|--|--------------|
|   | Current Year<br>Quarter<br>30.4.2018<br>RM'000 | Preceding Year<br>Corresponding<br>Quarter<br>30.4.2017<br>Restated<br>RM'000 | Changes<br>% | Current Year<br>To-date<br>30.4.2018<br>RM'000 | Preceding Year<br>Corresponding<br>Period<br>30.4.2017<br>Restated<br>RM'000 | Changes<br>% |
| Revenue   | 54,452   | 47,851  | 14%          | 54,452   | 47,851   | 14%          |
| Earnings before interest, tax,<br>depreciation and amortisation | 8,917  | 10,072  | -11%         | 8,917  | 10,072   | -11%         |
| Profit before interest and tax                                  | 6,830  | 8,184   | -17%         | 6,830  | 8,184  | -17%         |
| Profit before tax   | 4,441  | 5,946   | -25%         | 4,441  | 5,946  | -25%         |
| Profit after tax  | 6,020  | 4,857   | 24%          | 6,020  | 4,857  | 24%          |
| Profit attributable to<br>owners of the Company                 | 3,240  | 3,772   | -14%         | 3,240  | 3,772  | -14%         |

Despite the Group's revenue for the current quarter ended 30 April 2018 increased RM7.2 million as compared to the corresponding quarter in last financial year, the Group's profit before tax ("PBT") for the current quarter declined RM1.2 million as compared to the corresponding quarter of last year mainly due to higher sales of affordable housing which has a lower profit margin.

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

|   | Revenue       |                       |               |                       |
|---|---------------|-----------------------|---------------|-----------------------|
|   | Quarter ended |                       | Year ended    |                       |
|   | 30.4.2018     | 30.4.2017<br>Restated | 30.4.2018     | 30.4.2017<br>Restated |
|   | RM'000        | RM'000                | RM'000        | RM'000                |
| Property development and construction     | 33,978        | 32,222                | 33,978        | 32,222                |
| Manufacturing and trading                 | 16,167        | 13,667                | 16,167        | 13,667                |
| Property investment                       | 475           | 420                   | 475           | 420                   |
| Education, management services and others | 8,828         | 6,341                 | 8,828         | 6,341                 |
|   | <b>59,448</b> | <b>52,650</b>         | <b>59,448</b> | <b>52,650</b>         |

  

|   | Operating profit |                       |               |                       |
|---|------------------|-----------------------|---------------|-----------------------|
|   | Quarter ended    |                       | Year ended    |                       |
|   | 30.4.2018        | 30.4.2017<br>Restated | 30.4.2018     | 30.4.2017<br>Restated |
|   | RM'000           | RM'000                | RM'000        | RM'000                |
| Property development and construction     | 4,195            | 6,792                 | 4,195         | 6,792                 |
| Manufacturing and trading                 | 2,765            | 2,008                 | 2,765         | 2,008                 |
| Property investment                       | (705)            | (473)                 | (705)         | (473)                 |
| Education, management services and others | 4,096            | 3,130                 | 4,096         | 3,130                 |
|   | <b>10,351</b>    | <b>11,457</b>         | <b>10,351</b> | <b>11,457</b>         |

Property development and construction operation

For the current quarter, despite the increase in revenue of 5.4%, the operating profit decreased 38% mainly due to higher sales of affordable housing which has a lower profit margin.

Manufacturing and trading operation

For the current quarter, the increases in revenue and operating profit were mainly contributed by better market demand in building materials.

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.



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Education, management services and others

For the current quarter, the increases in revenue and operating profit were mainly contributed by increase in students number of the international school.

**B2 Financial review for current quarter compared with immediate preceding quarter**

|  | Current<br>Quarter<br>30.4.2018 | Immediate<br>Preceding<br>Quarter<br>31.1.2018<br>Restated | Changes |
|--|---------------------------------|--|---------|
|  | RM'000                          | RM'000   | %       |
| Revenue  | 54,452                          | 71,198   | -24%    |
| Earnings before interest, tax, depreciation and amortisation | 8,917                           | 8,517  | 5%      |
| Profit before interest and tax                               | 6,830                           | 6,204  | 10%     |
| Profit before tax  | 4,441                           | 3,876  | 15%     |
| Profit after tax   | 6,020                           | 1,793  | 236%    |
| Profit attributable to owners of the Company                 | 3,240                           | 1,838  | 76%     |

The revenue of the Group for the current quarter decreased RM16.7 million as compared to the preceding quarter mainly due to lower sales of industries property.

**B3 Group's Prospect**

The Group's major business operation is the property development and construction division. Even though the property development environment for financial year 2019 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.

|             | 3 months ended 30.4.2018 |               |                   |                              |                              |
|-------------|--------------------------|---------------|-------------------|------------------------------|------------------------------|
|             | New launches             |               | Units             | Sales                        | Unbilled                     |
|             | Units                    | GDV<br>RM'mil | sold <sup>1</sup> | value <sup>1</sup><br>RM'mil | sales <sup>2</sup><br>RM'mil |
| Industrial  | -                        | -             | 4                 | 7.5                          | 66.6                         |
| Commercial  | 24                       | 27.5          | 4                 | 4.5                          | 24.9                         |
| Residential | -                        | -             | 218               | 45.4                         | 129.5                        |
|             | <u>24</u>                | <u>27.5</u>   | <u>226</u>        | <u>57.4</u>                  | <u>221.0</u>                 |

<sup>1</sup> Includes sales of units from prior years launches

<sup>2</sup> Unbilled sales from total committed sales up to 22 Jun 2018

During the three months ended 30 April 2018, the Group has launched 24 units of shop offices at Bandar Cemerlang.

As at 30 April 2018, the Group's land bank is as follows:

| <u>Location</u>                | <u>Type of development</u> | <u>Acres</u> |
|--------------------------------|----------------------------|--------------|
| Bandar Cemerlang               |                            |              |
| - Tebrau, Johor Bahru          | Mixed development          | 825          |
| - Kota Tinggi                  | Mixed development          | 526          |
| Taman Perindustrian Cemerlang  | Industrial                 | 78           |
| Taman Desa Cemerlang           | Residential & commercial   | 70           |
| Taman Dato' Chellam            | Residential & commercial   | 12           |
| Nusa Cemerlang Industrial Park | Industrial                 | 204          |
| Tanjung Senibong               | Residential & commercial   | 222          |
| Ambok                          | Resort / Mixed development | 794          |
| Others                         | Residential                | 5            |
|                                |                            | <u>2,736</u> |

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The Group will continue to leverage on its strategic land bank to develop properties that meet current market needs. The Group is planning to launch 40 units of detached, semi-detached, cluster and terrace factories at Taman Perindustrian Cemerlang, 102 units of mid market landed residential properties and 204 units of affordable housing at Bandar Cemerlang as well as 222 units of affordable housing at Tanjung Senibong. However, the Group remains cautious in its launches to avoid holding high level of stock.

With the unbilled sales of RM221 million as at 22 June 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.

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

This is not applicable.

**B5 Tax**

|  | Current<br>Quarter<br>Ended<br>30.4.2018<br>RM'000 | Financial<br>Year-to-date<br>Ended<br>30.4.2018<br>RM'000 |
|--|--|---|
| Current tax  |  |   |
| Current year   | 3,141  | 3,141   |
| Prior years under provision                                  | 336  | 336   |
| Deferred tax:  |  |   |
| Relating to origination and reversal of temporary difference | (5,056)  | (5,056)   |
|  | <u>(1,579)</u>                                     | <u>(1,579)</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 22 June 2018.

**B7 Group borrowings and debt securities**

(a) The Group loans and borrowings as at 30 April 2018 and 30 April 2017 were as follows:

|                  | <u>As at 30 April 2018</u> |                      |                 |
|------------------|----------------------------|----------------------|-----------------|
|                  | Long term<br>RM'000        | Short term<br>RM'000 | Total<br>RM'000 |
| Secured:         |                            |                      |                 |
| Bank overdrafts  | -                          | 9,019                | 9,019           |
| Revolving credit | -                          | 15,300               | 15,300          |
| Term Loans       | 293,637                    | 37,541               | 331,178         |
|                  | <u>293,637</u>             | <u>61,860</u>        | <u>355,497</u>  |
|                  |                            |                      |                 |
|                  | <u>As at 30 April 2017</u> |                      |                 |
|                  | Long term<br>RM'000        | Short term<br>RM'000 | Total<br>RM'000 |
| Secured:         |                            |                      |                 |
| Bank overdrafts  | -                          | 9,490                | 9,490           |
| Revolving credit | -                          | 5,500                | 5,500           |
| Term Loans       | 295,686                    | 19,928               | 315,614         |
|                  | <u>295,686</u>             | <u>34,918</u>        | <u>330,604</u>  |

(b) The increase in loans and borrowings is mainly to finance project expenditure.

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- (c) As at 30 April 2018, the weighted average interest rate of loan and borrowings were ranging from 5.2% to 8.1% (30.4.2017: 4.9% to 7.6%) and after taking into account the effect of an interest rate swap, approximately 36% (30.4.2017: 41%) of the loans and borrowings are at fixed rate of interest.
- (d) Included in term loans is a term loan of RM45.6 million (30.4.2017: RM48.4 million) denominated in USD. The Group had a cross currency interest rate swap ("CCIRS") agreement in place with a notional principal of USD14,559,387 (30.4.2017: USD15,444,240) 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 RM45.6 million (30.4.2017: RM48.4 million) [calculated at USD/RM 3.132]. The CCIRS effectively converts the USD liability into RM liability.
- (e) The interest capitalised in the land held for property development and property development costs for the current financial period ended 30 April 2018 is RM2.13 million.

**B8 Derivatives**

The Group outstanding derivatives as at 30 April 2018 are as follows:

| Type of Derivatives                              | Notional value<br>RM'000 | Fair value<br>RM'000 |
|--|--------------------------|----------------------|
| (i) Interest rate swap ("IRS")                   | 75,583                   | (1,207)              |
| (ii) Cross currency interest rate swap ("CCIRS") | 45,600                   | 12,971               |

The Group entered into IRS and CCIRS agreements that are designated as a cash flow hedge to reduce the Group's exposure to adverse fluctuations in interest and exchange rates on underlying debt instruments.

There is no changes on the information disclosed in related to risk, cash requirements, financial risk management and related accounting policy associated with the derivatives since the end of the previous financial year.

**B9 Material litigation**

As at 22 June 2018, there is no material litigation against the Group.

**B10 Dividend**

No dividend has been declared or proposed for the current financial period ended 30 April 2018.

**B11 Earnings per share ("EPS")**

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

|  | Current<br>Quarter<br>Ended<br>30.4.2018 | Financial<br>Year-to-date<br>Ended<br>30.4.2018 |
|--|--|---|
| Profit net of tax attributable to owners of the Company (RM'000) | 3,240                                    | 3,240   |
| Weighted average number of ordinary shares in issue ('000)       | 279,419                                  | 279,419   |
| Basic earnings per share (Sen)                                   | 1.16                                     | 1.16  |

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**B12 Notes to the statement of comprehensive income**

|  | Current<br>Quarter<br>Ended<br>30.4.2018<br>RM'000 | Financial<br>Year-to-date<br>Ended<br>30.4.2018<br>RM'000 |
|--|--|---|
| (a) Interest income  | 265  | 265   |
| (b) Other income including investment income                                 | 3,144  | 3,144   |
| (c) Interest expenses  | (2,389)  | (2,389)   |
| (d) Depreciation and amortisation  | (2,087)  | (2,087)   |
| (e) Provision for and (write off) / write back of receivables                | -  | -   |
| (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)  | (383)  | (383)   |
| (j) Gain or (loss) on derivatives  | (473)  | (473)   |
| (k) Exceptional items  | -  | -   |

**B13 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.