

CRESCENDO CORPORATION BERHAD

199501030544 (359750-D)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|--|--|--|--|---|
| | CURRENT YEAR QUARTER 31.10.2020 RM'000 | PRECEDING YEAR CORRESPONDING QUARTER 31.10.2019 RM'000 | CURRENT YEAR TO-DATE 31.10.2020 RM'000 | PRECEDING YEAR CORRESPONDING PERIOD 31.10.2019 RM'000 |
| Revenue | 67,808 | 56,746 | 152,398 | 183,307 |
| Cost of sales | (40,200) | (40,205) | (99,570) | (122,190) |
| Gross profit | 27,608 | 16,541 | 52,828 | 61,117 |
| Other income | 3,758 | 4,295 | 11,289 | 12,300 |
| Administration expenses | (8,372) | (8,657) | (24,334) | (25,837) |
| Finance costs | (2,630) | (2,613) | (8,456) | (8,478) |
| Profit before tax | 20,364 | 9,566 | 31,327 | 39,102 |
| Tax expenses | (5,309) | (4,238) | (9,495) | (13,050) |
| Profit for the period | 15,055 | 5,328 | 21,832 | 26,052 |
| Other comprehensive income, net of tax | | | | |
| Net movement on cash flow hedges | (1,084) | (123) | (1,827) | (730) |
| Tax relating to cash flow hedges | 260 | 29 | 438 | 175 |
| Total other comprehensive income for the period, net of tax | (824) | (94) | (1,389) | (555) |
| Total comprehensive income for the period | 14,231 | 5,234 | 20,443 | 25,497 |
| Profit attributable to: | | | | |
| Owners of the Company | 14,407 | 4,968 | 20,089 | 23,951 |
| Non-controlling interests | 648 | 360 | 1,743 | 2,101 |
| | 15,055 | 5,328 | 21,832 | 26,052 |
| Total comprehensive income attributable to: | | | | |
| Owners of the Company | 13,577 | 4,870 | 18,694 | 23,392 |
| Non-controlling interests | 654 | 364 | 1,749 | 2,105 |
| | 14,231 | 5,234 | 20,443 | 25,497 |
| Earnings per share attributable to owners of the Company: | | | | |
| Basic (sen) | 5.16 | 1.78 | 7.19 | 8.57 |

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 2020 and the accompanying explanatory notes attached to the interim financial statements.

CRESCENDO CORPORATION BERHAD

199501030544 (359750-D)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | AS AT 31.10.2020 RM'000 | AS AT 31.1.2020 RM'000 |
|---|--|---------------------------------------|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 158,890 | 161,294 |
| Right-of-use assets | 4,795 | 5,033 |
| Bearer plants | 4,648 | 3,795 |
| Investment properties | 276,466 | 278,512 |
| Other investment | 12,022 | 13,162 |
| Inventories | 606,220 | 602,677 |
| Deferred tax assets | 32,954 | 32,462 |
| Derivative financial assets | 10,881 | 12,296 |
| | <u>1,106,876</u> | <u>1,109,231</u> |
| Current assets | | |
| Inventories | 181,154 | 198,281 |
| Receivables | 60,687 | 53,982 |
| Contract assets | 2,361 | 1,262 |
| Prepaid operating expenditure | 9,564 | 9,916 |
| Tax recoverable | 266 | 779 |
| Cash and bank balances | 55,602 | 68,246 |
| | <u>309,634</u> | <u>332,466</u> |
| TOTAL ASSETS | <u>1,416,510</u> | <u>1,441,697</u> |
| EQUITY AND LIABILITIES | | |
| Equity attributable to owners of the Company | | |
| Share capital | 299,572 | 299,572 |
| Treasury shares | (3,115) | (3,115) |
| Other reserves | 7,312 | 8,707 |
| Retained earnings | 610,172 | 595,671 |
| | <u>913,941</u> | <u>900,835</u> |
| Non-controlling interests | 50,165 | 52,401 |
| Total equity | <u>964,106</u> | <u>953,236</u> |
| Non-current liabilities | | |
| Loans and borrowings | 172,354 | 249,284 |
| Deferred tax liabilities | 34,813 | 35,443 |
| Derivative financial liabilities | 1,836 | 1,424 |
| | <u>209,003</u> | <u>286,151</u> |
| Current liabilities | | |
| Trade and other payables | 69,072 | 85,557 |
| Contract liabilities | 13,370 | 11,878 |
| Loans and borrowings | 149,948 | 103,619 |
| Tax payable | 5,423 | 1,256 |
| Dividend payable | 5,588 | - |
| | <u>243,401</u> | <u>202,310</u> |
| Total liabilities | <u>452,404</u> | <u>488,461</u> |
| TOTAL EQUITY AND LIABILITIES | <u>1,416,510</u> | <u>1,441,697</u> |
| Net assets per share (RM) | <u>3.27</u> | <u>3.22</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 2020 and the accompanying explanatory notes attached to the interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | ← Attributable to owners of the Company → | | | | | | Non- Controlling Interests RM'000 |
|--|---|-----------------|----------------------------|-----------------------------|--------------------------------|------------------------------|--|
| | Total Equity RM'000 | Total RM'000 | Share Capital RM'000 | Other Reserves RM'000 | Retained Earnings RM'000 | Treasury Shares RM'000 | |
| 9 months ended 31 October 2020 | | | | | | | |
| Balance as at 1 February 2020 | 953,236 | 900,835 | 299,572 | 8,707 | 595,671 | (3,115) | 52,401 |
| Total comprehensive income | 20,443 | 18,694 | - | (1,395) | 20,089 | - | 1,749 |
| Transactions with owners | | | | | | | |
| Dividend paid to non-controlling interests | (3,985) | - | - | - | - | - | (3,985) |
| Dividends | (5,588) | (5,588) | - | - | (5,588) | - | - |
| Total transactions with owners | (9,573) | (5,588) | - | - | (5,588) | - | (3,985) |
| Balance as at 31 October 2020 | 964,106 | 913,941 | 299,572 | 7,312 | 610,172 | (3,115) | 50,165 |
| 9 months ended 31 October 2019 | | | | | | | |
| Balance as at 1 February 2019 | 945,427 | 893,236 | 299,572 | 10,638 | 586,141 | (3,115) | 52,191 |
| Total comprehensive income | 25,497 | 23,392 | - | (559) | 23,951 | - | 2,105 |
| Transactions with owners | | | | | | | |
| Dividend paid to non-controlling interests | (673) | - | - | - | - | - | (673) |
| Dividends | (16,765) | (16,765) | - | - | (16,765) | - | - |
| Total transactions with owners | (17,438) | (16,765) | - | - | (16,765) | - | (673) |
| Balance as at 31 October 2019 | 953,486 | 899,863 | 299,572 | 10,079 | 593,327 | (3,115) | 53,623 |

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 2020 and the accompanying explanatory notes attached to the interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

| | 9 MONTHS ENDED | |
|---|-----------------------|-------------------|
| | 31.10.2020 | 31.10.2019 |
| | RM'000 | RM'000 |
| Cash flows from operating activities | | |
| Cash received from customers | 154,705 | 212,074 |
| Cash paid to suppliers and employees | (115,688) | (167,079) |
| Cash generated from operations | <u>39,017</u> | <u>44,995</u> |
| Deposit interest received | 1,263 | 1,505 |
| Interest paid | (12,023) | (13,692) |
| Tax paid | (5,498) | (13,244) |
| Net cash from operating activities | <u>22,759</u> | <u>19,564</u> |
| Cash flows from investing activities | | |
| Acquisition of bearer plants, land use rights and property, plant and equipment | (1,958) | (4,465) |
| Capital realisation from other investment | 1,140 | 2,052 |
| Pledge of time deposits | (6) | 3,992 |
| Proceeds from disposal of property, plant and equipment | - | 344 |
| Net cash (used in)/from investing activities | <u>(824)</u> | <u>1,923</u> |
| Cash flows from financing activities | | |
| Proceeds from loans and borrowings | 14,778 | 54,030 |
| Repayment of loans and borrowings | (49,135) | (64,419) |
| Dividend paid | - | (8,382) |
| Dividend paid to non-controlling interests | (3,985) | (673) |
| Net cash used in financing activities | <u>(38,342)</u> | <u>(19,444)</u> |
| Net (decrease)/increase in cash and cash equivalents | (16,407) | 2,043 |
| Cash and cash equivalents at the beginning of the financial period | 60,659 | 57,568 |
| Cash and cash equivalents at the end of the financial period | <u>44,252</u> | <u>59,611</u> |
| Cash and cash equivalents at the end of the financial period | | |
| Deposits with licensed banks | 30,122 | 31,413 |
| Cash and bank balances | 25,480 | 39,047 |
| Bank overdrafts | (10,730) | (10,237) |
| | <u>44,872</u> | <u>60,223</u> |
| Time deposits pledged | (620) | (612) |
| | <u>44,252</u> | <u>59,611</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 2020 and the accompanying explanatory notes attached to the interim financial statements.

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 2020. 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 2020.

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 2020 except for the adoption of the following new and amended MFRSs and Issues Committee ("IC") Interpretations relevant to the current operations of the Group:

| | |
|--|--------------------------------|
| Amendments to MFRS 3 | Definition of a Business |
| Amendments to MFRS 101 and MFRS 108 | Definition of Material |
| Amendments to References to the Conceptual Framework in MFRS Standards | |
| Amendments to MFRS 9, MFRS 139 and MFRS 7 | Interest Rate Benchmark Reform |

The Group has not elected for early adoption of the following new and amended MFRSs relevant to the current operations of the Group, which were issued but not yet effective:

| | | Effective for financial periods beginning on or after |
|--|---|---|
| Amendments to MFRS 16 | Covid-19-Related Rent Concessions | 1 Jun 2020 |
| Interpretation to MFRS 123 | Borrowing cost relating to over time transfer of constructed good | 1 July 2020 |
| Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 | Interest Rate Benchmark Reform - Phase 2 | 1 Jan 2021 |
| Annual Improvements to MFRS Standards 2018-2020 | | 1 Jan 2022 |
| Amendments to MFRS 3 | Reference to the Conceptual Framework | 1 Jan 2022 |
| Amendments to MFRS 116 | Property, Plant and Equipment-Proceeds before Intended Use | 1 Jan 2022 |
| Amendments to MFRS 137 | Onerous Contracts-Cost of Fulfilling a Contract | 1 Jan 2022 |
| Amendments to MFRS 101 | Classification of Liabilities as Current or Non-current | 1 Jan 2023 |
| 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 are not expected to have any significant impact on the financial statements of the Group upon their initial application, other than as disclosed below:

Interpretation to MFRS 123: Borrowing Costs relating to over time transfer of constructed good (Agenda Decision 4 ("AD4"))

In March 2019, the International Financial Reporting Standards Interpretations Committee concluded that interest cost should not be capitalised for assets created under the percentage-of-completion method i.e. receivables, contract assets and inventories as these assets do not meet the definition of qualifying assets.

In the current quarter and cumulative period, the Group has assessed the impact to the profit before income tax and the Group has not reflected any adjustments arising from AD4 impact assessment, as it is deemed immaterial. The Group will continue to assess its impact in the current financial year.

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 nine months ended 31 October 2020.

A7 Dividends paid

There was no dividend paid during the nine months ended 31 October 2020.

A8 Segmental information

| | <u>Revenue</u> | | <u>Results</u> | |
|---|----------------|-----------------|----------------|-----------------|
| | 9 months ended | | 9 months ended | |
| Major segments by activity:- | 31.10.2020 | 31.10.2019 | 31.10.2020 | 31.10.2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Property development and construction | 92,069 | 120,611 | 33,713 | 38,899 |
| Manufacturing and trading | 30,140 | 34,175 | 3,386 | 3,982 |
| Property investment | 6,463 | 5,528 | 3,706 | 2,327 |
| Education, management services and others | 31,665 | 35,267 | 9,952 | 15,369 |
| | <u>160,337</u> | <u>195,581</u> | <u>50,757</u> | <u>60,577</u> |
| Inter-segment eliminations | <u>(7,939)</u> | <u>(12,274)</u> | <u>(8,769)</u> | <u>(10,646)</u> |
| | <u>152,398</u> | <u>183,307</u> | <u>41,988</u> | <u>49,931</u> |
| Unallocated expenses | | | (2,205) | (2,351) |
| Finance costs | | | <u>(8,456)</u> | <u>(8,478)</u> |
| | | | <u>31,327</u> | <u>39,102</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 23 December 2020, 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 23 December 2020 which comprise Bankers' guarantees issued by financial institutions in favour of third parties are as follows:-

| | |
|-----------|--------------|
| | RM'000 |
| Secured | 4,860 |
| Unsecured | - |
| | <u>4,860</u> |

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 | | |
|--|----------------------|-----------------------|---------|----------------------|----------------------|---------|
| | Preceding | | Changes | Preceding | | Changes |
| | Current Year | Corresponding Quarter | | Current Year | Corresponding Period | |
| | 31.10.2020 RM'000 | 31.10.2019 RM'000 | % | 31.10.2020 RM'000 | 31.10.2019 RM'000 | % |
| Revenue | 67,808 | 56,746 | 19% | 152,398 | 183,307 | -17% |
| Earnings before interest, tax, depreciation and amortisation | 25,746 | 14,522 | 77% | 47,041 | 54,502 | -14% |
| Profit before interest and tax | 22,994 | 12,179 | 89% | 39,783 | 47,580 | -16% |
| Profit before tax | 20,364 | 9,566 | 113% | 31,327 | 39,102 | -20% |
| Profit after tax | 15,055 | 5,328 | 183% | 21,832 | 26,052 | -16% |
| Profit attributable to owners of the Company | 14,407 | 4,968 | 190% | 20,089 | 23,951 | -16% |

The Group's revenue and profit before tax ('PBT') for the current quarter ended 31 October 2020 increased RM11.1 million and RM10.8 million respectively as compared to the corresponding period in last financial year mainly due to more revenue recognition from higher margin industrial properties.

The Group's revenue and profit before tax ('PBT') for the nine months of financial year ending 31 January 2021 decreased RM30.9 million and RM7.8 million respectively as compared to the corresponding period in last financial year. All the business operations of the Group were affected due to the various Movement Control Orders ("MCO") imposed by the Malaysian government since 18 March 2020. This has led to slower demand on properties as people tend to postpone major expansion or relocation decision.

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

| | Revenue | | | |
|---|----------------------|----------------------|----------------------|----------------------|
| | Quarter ended | | Year-to-date ended | |
| | 31.10.2020 RM'000 | 31.10.2019 RM'000 | 31.10.2020 RM'000 | 31.10.2019 RM'000 |
| Property development and construction | 44,886 | 35,746 | 92,069 | 120,611 |
| Manufacturing and trading | 14,104 | 11,626 | 30,140 | 34,175 |
| Property investment | 2,155 | 2,220 | 6,463 | 5,528 |
| Education, management services and others | 10,318 | 10,942 | 31,665 | 35,267 |
| | <u>71,463</u> | <u>60,534</u> | <u>160,337</u> | <u>195,581</u> |

| | Operating profit | | | |
|---|----------------------|----------------------|----------------------|----------------------|
| | Quarter ended | | Year-to-date ended | |
| | 31.10.2020 RM'000 | 31.10.2019 RM'000 | 31.10.2020 RM'000 | 31.10.2019 RM'000 |
| Property development and construction | 20,571 | 10,396 | 33,713 | 38,899 |
| Manufacturing and trading | 2,069 | 1,507 | 3,386 | 3,982 |
| Property investment | 1,270 | 1,094 | 3,706 | 2,327 |
| Education, management services and others | 2,656 | 3,692 | 9,952 | 15,369 |
| | <u>26,566</u> | <u>16,689</u> | <u>50,757</u> | <u>60,577</u> |

Property development and construction operation

For the current quarter ended 31 October 2020, the increases in revenue and operating profit as compared to the corresponding quarter in last financial year were mainly due to more revenue recognition from higher margin industrial properties.

For the nine months of financial year 2021, the decreases in revenue and operating profit were mainly due to lower properties sales caused by the disruption on the property sales transaction process and construction progress during the MCO period including the execution of the closure of border leading to slower demand on properties.

Manufacturing and trading operation

For the current quarter ended 31 October 2020, the increases in revenue and operating profit as compared to the corresponding quarter in last financial year were mainly due to higher concrete products sales.

The decreases in revenue and operating profit in nine months of financial year 2021 were mainly due to drastic drop in sales especially in second quarter on export to Singapore caused by the closure of operation during the MCO period and also slow recovery of construction activities. The export sales to Singapore have gradually improved to pre-COVID level in third quarter.

Property investment operation

The increases in revenue and operating profit were mainly contributed by the additional properties rented.

Education, management services and others

The decreases in revenue and operating profit during the nine months of financial year 2021 were mainly from drop in management fee and this is in line with the decrease in business activities in property development and construction division where the management fees are charged according to the turnover of the respective divisions.

B2 Financial review for current quarter compared with immediate preceding quarter

| | Current Quarter 31.10.2020 RM'000 | Immediate Preceding Quarter 31.7.2020 RM'000 | Changes % |
|--|--|--|--------------|
| Revenue | 67,808 | 41,404 | 64% |
| Earnings before interest, tax, depreciation and amortisation | 25,746 | 11,220 | 129% |
| Profit before interest and tax | 22,994 | 8,975 | 156% |
| Profit before tax | 20,364 | 6,124 | 233% |
| Profit after tax | 15,055 | 3,961 | 280% |
| Profit attributable to owners of the Company | 14,407 | 3,763 | 283% |

The Group's revenue and profit before tax for the current quarter ended 31 October 2020 increased RM26.4 million and RM14.2 million as compared to the immediate preceding quarter mainly due to more revenue recognition from industrial properties and higher sales of concrete products as the restrictions on economic activities were relaxed during Recovery Movement Control Order period.

B3 Group's Prospect

The COVID-19 pandemic and the recent spike in the new cases continue to affect all economic sectors and the business environment is becoming increasingly challenging and uncertain. The Group continues to enforce the Standard Operating Procedures (SOPs) to ensure that the well-being of the Group's staff is prioritised and authorities guidelines are complied with.

As part of the Government's effort to stimulate the soft property market, Home Ownership Campaign 2020 was reintroduced under PENJANA and additional incentives such as uplifting of the loan margin and exemption of Real Property Gains Tax (RPGT) for disposal of up to 3 units of residential properties per person were given. The Overnight Policy Rate ("OPR") has been reduced by four times from 3.00% to 1.75% in 2020 as an effort by Bank Negara Malaysia to cushion the negative impact on the economy arising from COVID-19 pandemic. The recent Budget 2021 has also provided the exemption of stamp duty on instruments of transfer and loan agreements for first residential properties up to RM500,000 for sale and purchase agreement executed between 1 January 2021 to 31 December 2025. This will help to encourage sales to first-time home buyers as it lessens the cost of owning a house.

Even though the property development business remains challenging in the short term, we believe the demand for residential landed properties in strategic growth areas with good accessibility and connectivity remains resilient. The Group will continue to leverage on its strategic land bank to develop properties that meet market needs as COVID-19 will affect the people's lifestyle leading to transformation of how they work, shop and live, thereby changing the associated real estate requirements.

As at 31 October 2020, 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 | 801 |
| - Kota Tinggi | Mixed development | 526 |
| Taman Perindustrian Cemerlang | Industrial | 49 |
| Taman Desa Cemerlang | Residential & commercial | 69 |
| Taman Dato' Chellam | Residential & commercial | 9 |
| Nusa Cemerlang Industrial Park | Industrial | 204 |
| Tanjung Senibong | Residential & commercial | 222 |
| Ambok | Resort / Mixed development | 794 |
| Others | Residential | 5 |
| | | 2,679 |

The Group has launched 106 units of mid to high-end market landed residential properties at Bandar Cemerlang with GDV of RM86 million during the current quarter and plan to launch 258 units of affordable housing at Taman Dato' Chellam and 36 units of shop offices at Bandar Cemerlang with total GDV of RM80 million for the next one year.

As the outbreak continues to evolve, it is challenging to predict the full extent and duration of its impact to the Group at this juncture but there may be impairment on the investment properties due to the weaker sentiment in property market and we do experience a significant drop in new property sales as compared to pre-COVID-19 period. However, the outbreak is not expected to impact the Group's ability to meet its financial obligations in the next 12 months. The Group is also expected to remain profitable in this financial year in view of the unbilled revenue from the total committed property sales of RM96.4 million as at 23 December 2020.

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

This is not applicable.

B5 Tax

| | Current Quarter Ended 31.10.2020 RM'000 | Financial Year-to-date Ended 31.10.2020 RM'000 |
|--|---|--|
| Current tax | | |
| Current year | 6,013 | 10,178 |
| Deferred tax: | | |
| Relating to origination and reversal of temporary difference | (722) | (706) |
| Prior years | 18 | 23 |
| | 5,309 | 9,495 |

The effective tax rates for the current quarter and the current 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 23 December 2020.

B7 Group borrowings and debt securities

(a) The Group loans and borrowings as at 31 October 2020 and 31 October 2019 were as follows:

| | <u>As at 31 October 2020</u> | | |
|------------------|------------------------------|----------------------|-----------------|
| | Long term RM'000 | Short term RM'000 | Total RM'000 |
| Secured: | | | |
| Bank overdrafts | - | 10,730 | 10,730 |
| Revolving credit | - | 36,500 | 36,500 |
| Term Loans | 172,354 | 102,718 | 275,072 |
| | <u>172,354</u> | <u>149,948</u> | <u>322,302</u> |
| | | | |
| | <u>As at 31 October 2019</u> | | |
| | Long term RM'000 | Short term RM'000 | Total RM'000 |
| Secured: | | | |
| Bank overdrafts | - | 10,237 | 10,237 |
| Revolving credit | - | 11,600 | 11,600 |
| Term Loans | 264,520 | 62,840 | 327,360 |
| | <u>264,520</u> | <u>84,677</u> | <u>349,197</u> |

(b) The decrease in loans and borrowings is mainly due to repayment.

(c) As at 31 October 2020, the weighted average interest rate of loan and borrowings ranged from 4.2% to 6.6% (31.10.2019: 5.2% to 8.0%) and after taking into account the effect of interest rate swap, approximately 32% (31.10.2019: 37%) of the loans and borrowings are at fixed rate of interest.

(d) Included in term loans is a term loan of RM36 million (31.10.2019: RM40.3 million) denominated in USD. The Group had a cross currency interest rate swap ("CCIRS") agreement in place with a notional principal of USD11.5 million (31.10.2019: USD12.9 million) 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 RM36 million (31.10.2019: RM40.3 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 31 October 2020 is RM3.21 million.

B8 Derivatives

The Group outstanding derivatives as at 31 October 2020 are as follows:

| Type of Derivatives | Notional value RM'000 | Fair value RM'000 |
|--|-----------------------------|----------------------|
| (i) Interest rate swap ("IRS") | <u>67,317</u> | <u>(1,836)</u> |
| (ii) Cross currency interest rate swap ("CCIRS") | <u>36,000</u> | <u>10,881</u> |

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 23 December 2020, there is no material litigation against the Group.

B10 Dividend

(a) The Board is pleased to declare a special dividend for the financial year ending 31 January 2021 as follows:-

- (i) amount per share : 2 sen single tier;
- (ii) previous corresponding period : Nil
- (iii) date of payment is 22 February 2021; and
- (iv) in respect of deposited securities, entitlement to dividends will be determined on the basis of the record of depositors as at 25 January 2021.

(b) Total dividend for the current financial year : 4 sen single tier per share.

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 Quarter Ended 31.10.2020 | Financial Year-to-date Ended 31.10.2020 |
|--|---|--|
| Profit net of tax attributable to owners of the Company (RM'000) | <u>14,407</u> | <u>20,089</u> |
| Weighted average number of ordinary shares in issue ('000) | <u>279,419</u> | <u>279,419</u> |
| Basic earnings per share (Sen) | <u>5.16</u> | <u>7.19</u> |

B12 Notes to the statement of comprehensive income

| | Current Quarter Ended 31.10.2020 RM'000 | Financial Year-to-date Ended 31.10.2020 RM'000 |
|--|---|--|
| (a) Interest income | 247 | 1,205 |
| (b) Other income including investment income | 3,549 | 10,141 |
| (c) Interest expenses | (2,630) | (8,456) |
| (d) Depreciation and amortisation | (2,752) | (7,258) |
| (e) Provision for and (write off) / write back of receivables | (64) | (50) |
| (f) Provision for and write off of inventories | 63 | (152) |
| (g) Gain or loss on disposal of quoted or unquoted investments or properties | - | - |
| (h) Impairment of assets | - | - |
| (i) Foreign exchange gain or (loss) | 26 | (7) |
| (j) Gain or (loss) on derivatives | (1,084) | (1,827) |
| (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.