

CRESCENDO CORPORATION BERHAD

199501030544 (359750-D)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30.4.2021 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.4.2020 RM'000	CURRENT YEAR TO-DATE 30.4.2021 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30.4.2020 RM'000
Revenue	62,488	43,186	62,488	43,186
Cost of sales	(41,869)	(31,274)	(41,869)	(31,274)
Gross profit	20,619	11,912	20,619	11,912
Other income	3,427	3,971	3,427	3,971
Administration expenses	(8,268)	(8,069)	(8,268)	(8,069)
Finance costs	(3,666)	(2,975)	(3,666)	(2,975)
Profit before tax	12,112	4,839	12,112	4,839
Tax expenses	(4,026)	(2,023)	(4,026)	(2,023)
Profit for the period	8,086	2,816	8,086	2,816
Other comprehensive income, net of tax				
Net movement on cash flow hedges	1,124	638	1,124	638
Tax relating to cash flow hedges	(270)	(153)	(270)	(153)
Total other comprehensive income for the period, net of tax	854	485	854	485
Total comprehensive income for the period	8,940	3,301	8,940	3,301
Profit attributable to:				
Owners of the Company	7,281	1,919	7,281	1,919
Non-controlling interests	805	897	805	897
	8,086	2,816	8,086	2,816
Total comprehensive income attributable to:				
Owners of the Company	8,132	2,406	8,132	2,406
Non-controlling interests	808	895	808	895
	8,940	3,301	8,940	3,301
Earnings per share attributable to owners of the Company:				
Basic (sen)	2.61	0.69	2.61	0.69

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 2021 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 30.4.2021 RM'000	AS AT 31.1.2021 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	159,627	159,341
Right-of-use assets	4,637	4,716
Bearer plants	4,957	4,972
Investment properties	275,101	275,783
Other investment	11,338	11,794
Inventories	610,953	609,417
Deferred tax assets	32,367	32,752
Derivative financial assets	10,055	9,439
	<u>1,109,035</u>	<u>1,108,214</u>
Current assets		
Inventories	157,440	171,331
Receivables	64,287	59,284
Contract assets	4,170	2,342
Prepaid operating expenditure	10,819	9,148
Tax recoverable	1,203	829
Cash and bank balances	50,944	54,042
	<u>288,863</u>	<u>296,976</u>
TOTAL ASSETS	<u>1,397,898</u>	<u>1,405,190</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	7,377	6,526
Retained earnings	618,577	611,296
	<u>922,411</u>	<u>914,279</u>
Non-controlling interests	51,743	51,678
Total equity	<u>974,154</u>	<u>965,957</u>
Non-current liabilities		
Loans and borrowings	138,353	152,784
Deferred tax liabilities	34,450	34,244
Derivative financial liabilities	757	1,094
	<u>173,560</u>	<u>188,122</u>
Current liabilities		
Trade and other payables	66,705	68,250
Contract liabilities	14,526	13,701
Loans and borrowings	164,636	161,303
Tax payable	4,162	1,943
Dividend payable	-	5,588
Derivative financial liabilities	155	326
	<u>250,184</u>	<u>251,111</u>
Total liabilities	<u>423,744</u>	<u>439,233</u>
TOTAL EQUITY AND LIABILITIES	<u>1,397,898</u>	<u>1,405,190</u>
Net assets per share (RM)	<u>3.30</u>	<u>3.27</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 2021 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		← Non-distributable →
3 months ended 30 April 2021								
Balance as at 1 February 2021	965,957	914,279	299,572	6,526	611,296	(3,115)		51,678
Total comprehensive income	8,940	8,132	-	851	7,281	-		808
Transactions with owners								
Dividend paid to non-controlling interests	(743)	-	-	-	-	-		(743)
Balance as at 30 April 2021	974,154	922,411	299,572	7,377	618,577	(3,115)		51,743
3 months ended 30 April 2020								
Balance as at 1 February 2020	953,236	900,835	299,572	8,707	595,671	(3,115)		52,401
Total comprehensive income	3,301	2,406	-	487	1,919	-		895
Balance as at 30 April 2020	956,537	903,241	299,572	9,194	597,590	(3,115)		53,296

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 2021 and the accompanying explanatory notes attached to the interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	3 MONTHS ENDED	
	30.4.2021	30.4.2020
	RM'000	RM'000
Cash flows from operating activities		
Cash received from customers	60,075	35,822
Cash paid to suppliers and employees	(39,996)	(32,431)
Cash generated from operations	<u>20,079</u>	<u>3,391</u>
Deposit interest received	185	276
Interest paid	(3,201)	(4,415)
Tax paid	(1,860)	(4,952)
Net cash from/(used in) operating activities	<u>15,203</u>	<u>(5,700)</u>
Cash flows from investing activities		
Acquisition of bearer plants, land use rights and property, plant and equipment	(1,622)	(638)
Capital realisation from other investment	456	228
(Pledge)/Withdrawal of time deposits	(1)	(2)
Proceeds from disposal of property, plant and equipment	294	-
Net cash used in investing activities	<u>(873)</u>	<u>(412)</u>
Cash flows from financing activities		
Proceeds from loans and borrowings	14,000	12,000
Repayment of loans and borrowings	(25,732)	(15,230)
Dividend paid	(5,588)	-
Dividend paid to non-controlling interests	(743)	-
Net cash used in financing activities	<u>(18,063)</u>	<u>(3,230)</u>
Net decrease in cash and cash equivalents	(3,733)	(9,342)
Cash and cash equivalents at the beginning of the financial period	44,396	60,659
Cash and cash equivalents at the end of the financial period	<u>40,663</u>	<u>51,317</u>
Cash and cash equivalents at the end of the financial period		
Deposits with licensed banks and other financial institution	20,721	30,533
Cash and bank balances	30,223	35,107
Bank overdrafts	(9,659)	(13,707)
	<u>41,285</u>	<u>51,933</u>
Time deposits pledged	(622)	(616)
	<u>40,663</u>	<u>51,317</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 2021 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 2021. 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 2021.

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 2021 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 16	Covid-19-Related Rent Concessions
Interpretation to MFRS 123	Borrowing cost relating to over time transfer of constructed good
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform - Phase 2
Amendment to MFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021

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
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 101 Disclosure of Accounting Policies	1 Jan 2023
Amendments to MFRS 108 Definition of Accounting Estimates	1 Jan 2023
Amendments to MFRS 112 Deferred Tax related to Assets and Liabilities arising from a Single Transaction	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.

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 2021.

A7 Dividends paid

The dividend paid during the three months ended 30 April 2021 was a special single tier dividend of 2 sen per ordinary share in respect of financial year 2021, paid on 22 February 2021.

A8 Segmental information

	<u>Revenue</u>		<u>Results</u>	
	3 months ended		3 months ended	
Major segments by activity:-	30.4.2021	30.4.2020	30.4.2021	30.4.2020
	RM'000	RM'000	RM'000	RM'000
Property development and construction	37,914	21,665	12,066	4,754
Manufacturing and trading	13,161	9,685	1,206	1,269
Property investment	2,306	2,227	1,366	1,254
Services and others	12,371	11,276	5,244	4,157
	<u>65,752</u>	<u>44,853</u>	<u>19,882</u>	<u>11,434</u>
Inter-segment eliminations	<u>(3,264)</u>	<u>(1,667)</u>	<u>(3,399)</u>	<u>(2,833)</u>
	<u>62,488</u>	<u>43,186</u>	<u>16,483</u>	<u>8,601</u>
Unallocated expenses			(705)	(787)
Finance costs			<u>(3,666)</u>	<u>(2,975)</u>
			<u>12,112</u>	<u>4,839</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 9 July 2021, 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 except for Unibase Pre-cast Sdn. Bhd. ("UPCSB"), a subsidiary with an effective ownership interest of 50.4% under Unibase Construction Sdn. Bhd., a wholly-owned subsidiary of the Company, had on 6 April 2021 procured the incorporation of a wholly-owned subsidiary company called UPC Concrete Sdn. Bhd..

A12 Contingent liabilities

The contingent liabilities of the Group as at 9 July 2021 which comprise Bankers' guarantees issued by financial institutions in favour of third parties are as follows:-

Secured	RM'000
	3,033
Unsecured	-
	<u>3,033</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		
	Current	Preceding	Changes	Current	Preceding	Changes
	Year	Year		Year	Year	
	Quarter	Corresponding	Quarter	To-date	Corresponding	
30.4.2021	30.4.2020	%	30.4.2021	30.4.2020	%	
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	62,488	43,186	45%	62,488	43,186	45%
Earnings before interest, tax, depreciation and amortisation	17,988	10,075	79%	17,988	10,075	79%
Profit before interest and tax	15,778	7,814	102%	15,778	7,814	102%
Profit before tax	12,112	4,839	150%	12,112	4,839	150%
Profit after tax	8,086	2,816	187%	8,086	2,816	187%
Profit attributable to owners of the Company	7,281	1,919	279%	7,281	1,919	279%

The Group's revenue and profit before tax ('PBT') for the current quarter ended 30 April 2021 increased RM19.3 million and RM7.3 million respectively as compared to the corresponding quarter in last financial year mainly contributed by higher industrial properties sales. The increase in PBT was also contributed by change of sales mix with mid-market landed residential properties which have a higher margin.

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

	Revenue			
	Quarter ended		Year ended	
	30.4.2021	30.4.2020	30.4.2021	30.4.2020
	RM'000	RM'000	RM'000	RM'000
Property development and construction	37,914	21,665	37,914	21,665
Manufacturing and trading	13,161	9,685	13,161	9,685
Property investment	2,306	2,227	2,306	2,227
Services and others	12,371	11,276	12,371	11,276
	<u>65,752</u>	<u>44,853</u>	<u>65,752</u>	<u>44,853</u>
	Operating profit			
	Quarter ended		Year ended	
	30.4.2021	30.4.2020	30.4.2021	30.4.2020
	RM'000	RM'000	RM'000	RM'000
Property development and construction	12,066	4,754	12,066	4,754
Manufacturing and trading	1,206	1,269	1,206	1,269
Property investment	1,366	1,254	1,366	1,254
Services and others	5,244	4,157	5,244	4,157
	<u>19,882</u>	<u>11,434</u>	<u>19,882</u>	<u>11,434</u>

Property development and construction operation

For the current quarter, the operating profit increased 153% mainly due to higher industrial properties sales compounded by changes of sales mix with mid-market landed residential property sales which have a higher margin.

Manufacturing and trading operation

Despite the increase in revenue of 36%, the operating profit decreased slightly by 5% due to additional expenses incurred pursuant to cessation of operation by a subsidiary.

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

Services and others

The increases in revenue and operating profit during the current quarter were contributed by increase in management fee and this is in line with the increase 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 30.4.2021 RM'000	Immediate Preceding Quarter 31.1.2021 RM'000	Changes %
Revenue	62,488	70,500	-11%
Earnings before interest, tax, depreciation and amortisation	17,988	15,460	16%
Profit before interest and tax	15,778	13,794	14%
Profit before tax	12,112	11,074	9%
Profit after tax	8,086	7,948	2%
Profit attributable to owners of the Company	7,281	6,713	8%

Despite the slight decrease in revenue, the Group's profit before tax for the current quarter ended 30 April 2021 increased RM1 million as compared to the immediate preceding quarter mainly due to change of sales mix with more sales of higher margin industrial properties.

B3 Group's Prospect

The property market will continue to remain challenging in the short term due to the re-imposition of the various Movement Control Orders. The Group will continue to monitor the developments closely and remain proactive and vigilant in mitigating any potential impacts from the outbreak of COVID-19 to the businesses of the Group.

The roll-out of the nationwide vaccination programme would help in controlling the COVID-19 pandemic and contribute towards the recovery of the Malaysian economy. Foreign investors and buyers will also return to Malaysia once the international borders are re-opened.

Looking ahead, the Group will continue to leverage on its strategic land bank to develop properties that meet market needs as we believe the demand for residential landed properties in strategic growth areas with good accessibility and connectivity will improve gradually. The Group will also adapt its product designs and timing of new launches as part of its strategic response.

As at 30 April 2021, 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	794
- Kota Tinggi	Mixed development	526
Taman Perindustrian Cemerlang	Industrial	45
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
		2,668

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The Group has launched 36 units of shop offices at Bandar Cemerlang with GDV of RM45 million during the three months ended 30 April 2021. We plan to launch 8 units of detached and semi-detached factories at Taman Perindustrian Cemerlang, 124 units of mid to high-end market landed residential properties at Bandar Cemerlang and 258 units of affordable housing at Taman Dato' Chellam with total GDV of RM220 million for the next one year.

With the continuous evolving of the COVID-19 pandemic, it is challenging to predict the full extent and duration of its impact to the Group at this juncture but 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. Based on the unbilled revenue from the total committed property sales of RM92 million as at 9 July 2021, the Group is expected to perform satisfactorily in FY2022.

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

This is not applicable.

B5 Tax

	Current Quarter Ended 30.4.2021 RM'000	Financial Year-to-date Ended 30.4.2021 RM'000
Current tax		
Current year	3,705	3,705
Deferred tax:		
Relating to origination and reversal of temporary difference	321	321
	<u>4,026</u>	<u>4,026</u>

The effective tax rates for the current quarter was higher than the statutory tax rate mainly due to certain expenses which are not deductible for tax purposes.

B6 Status of corporate proposals

The Company had on 15 June 2021 completed the lodgement of the Medium Term Notes ("MTN") Programme with the Securities Commission Malaysia ("SC") pursuant to the SC's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework issued by the SC on 9 March 2015 and revised on 26 April 2021 (as amended from time to time).

The proceeds of the MTN Programme shall be utilised by the Company for the following:-

- (i) to refinance existing loans of the Group;
- (ii) for the working capital, capital expenditure and general corporate funding requirements of the Group;
- (iii) to refinance any outstanding MTN issued under the MTN Programme.

OCBC Bank (Malaysia) Berhad is the Principal Adviser, Lead Arranger, Lead Manager, Facility Agent and Security Agent for the MTN Programme.

B7 Group borrowings and debt securities

(a) The Group loans and borrowings as at 30 April 2021 and 30 April 2020 were as follows:

	<u>As at 30 April 2021</u>		
	Long term RM'000	Short term RM'000	Total RM'000
Secured:			
Bank overdrafts	-	9,659	9,659
Revolving credit	-	66,000	66,000
Term Loans	138,353	88,977	227,330
	<u>138,353</u>	<u>164,636</u>	<u>302,989</u>
	<u>As at 30 April 2020</u>		
	Long term RM'000	Short term RM'000	Total RM'000
Secured:			
Bank overdrafts	-	13,707	13,707
Revolving credit	-	37,000	37,000
Term Loans	224,163	81,536	305,699
	<u>224,163</u>	<u>132,243</u>	<u>356,406</u>

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

(c) As at 30 April 2021, the weighted average interest rate of loan and borrowings ranged from 3.7% to 6.6% (30.4.2020: 4.6% to 7.4%) and after taking into account the effect of interest rate swap, approximately 28% (30.4.2020: 33%) of the loans and borrowings are at fixed rate of interest.

(d) Included in term loans is a term loan of RM33.6 million (30.4.2020: RM38.2 million) denominated in USD. The Group had a cross currency interest rate swap ("CCIRS") agreement in place with a notional principal of USD10.7 million (30.4.2020: USD12.2 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 RM33.6 million (30.4.2020: RM38.2 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 2021 is RM330,000.

B8 Derivatives

The Group outstanding derivatives as at 30 April 2021 are as follows:

Type of Derivatives	Notional value RM'000	Fair value RM'000
(i) Interest rate swap ("IRS")	<u>50,017</u>	<u>(912)</u>
(ii) Cross currency interest rate swap ("CCIRS")	<u>33,600</u>	<u>10,055</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 9 July 2021, there is no material litigation against the Group.

B10 Dividend

No dividend has been declared or proposed for the current financial quarter ended 30 April 2021.

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 30.4.2021	Financial Year-to-date Ended 30.4.2021
Profit net of tax attributable to owners of the Company (RM'000)	7,281	7,281
Weighted average number of ordinary shares in issue ('000)	279,419	279,419
Basic earnings per share (Sen)	2.61	2.61

B12 Notes to the statement of comprehensive income

	Current Quarter Ended 30.4.2021 RM'000	Financial Year-to-date Ended 30.4.2021 RM'000
(a) Interest income	118	118
(b) Other income including investment income	3,340	3,340
(c) Interest expenses	(3,666)	(3,666)
(d) Depreciation and amortisation	(2,210)	(2,210)
(e) Provision for and (write off) / write back of receivables	(8)	(8)
(f) Provision for and write off of inventories	(145)	(145)
(g) Gain or loss on disposal of quoted or unquoted investments or properties	-	-
(h) Impairment of assets	-	-
(i) Foreign exchange gain or (loss)	(37)	(37)
(j) Gain or (loss) on derivatives	1,124	1,124
(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.