

CRESCENDO CORPORATION BERHAD

199501030544 (359750-D)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30.4.2022 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.4.2021 RM'000	CURRENT YEAR TO-DATE 30.4.2022 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30.4.2021 RM'000
Revenue	59,843	62,488	59,843	62,488
Cost of sales	(32,165)	(41,869)	(32,165)	(41,869)
Gross profit	27,678	20,619	27,678	20,619
Other income	3,807	3,427	3,807	3,427
Administration expenses	(8,450)	(8,268)	(8,450)	(8,268)
Finance costs	(3,034)	(3,666)	(3,034)	(3,666)
Profit before tax	20,001	12,112	20,001	12,112
Tax expenses	(5,764)	(4,026)	(5,764)	(4,026)
Profit for the period	14,237	8,086	14,237	8,086
Other comprehensive income, net of tax				
Net movement on cash flow hedges	158	1,124	158	1,124
Tax relating to cash flow hedges	(38)	(270)	(38)	(270)
Total other comprehensive income for the period, net of tax	120	854	120	854
Total comprehensive income for the period	14,357	8,940	14,357	8,940
Profit attributable to:				
Owners of the Company	13,201	7,281	13,201	7,281
Non-controlling interests	1,036	805	1,036	805
	14,237	8,086	14,237	8,086
Total comprehensive income attributable to:				
Owners of the Company	13,321	8,132	13,321	8,132
Non-controlling interests	1,036	808	1,036	808
	14,357	8,940	14,357	8,940
Earnings per share attributable to owners of the Company:				
Basic (sen)	4.72	2.61	4.72	2.61

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 2022 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 30.4.2022 RM'000	AS AT 31.1.2022 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	156,533	156,799
Right-of-use assets	4,319	4,398
Bearer plants	5,012	5,082
Investment properties	275,268	275,485
Inventories	605,543	606,386
Deferred tax assets	36,611	36,689
	<u>1,083,286</u>	<u>1,084,839</u>
Current assets		
Inventories	140,049	141,895
Receivables	65,361	56,733
Contract assets	6,407	5,843
Prepaid operating expenditure	11,521	11,821
Tax recoverable	4,348	3,760
Short term funds	981	3,472
Cash and bank balances	109,264	107,555
	<u>337,931</u>	<u>331,079</u>
TOTAL ASSETS	<u>1,421,217</u>	<u>1,415,918</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	(178)	(298)
Retained earnings	635,271	622,070
	<u>931,550</u>	<u>918,229</u>
Non-controlling interests	<u>53,634</u>	<u>52,598</u>
Total equity	<u>985,184</u>	<u>970,827</u>
Non-current liabilities		
Loans and borrowings	255,982	269,212
Deferred tax liabilities	32,201	32,267
Derivative financial liabilities	234	392
	<u>288,417</u>	<u>301,871</u>
Current liabilities		
Trade and other payables	61,910	65,091
Contract liabilities	14,859	13,267
Loans and borrowings	64,624	62,516
Tax payable	6,223	2,346
	<u>147,616</u>	<u>143,220</u>
Total liabilities	<u>436,033</u>	<u>445,091</u>
TOTAL EQUITY AND LIABILITIES	<u>1,421,217</u>	<u>1,415,918</u>
Net assets per share (RM)	<u>3.33</u>	<u>3.29</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 2022 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 → ← Distributable →
3 months ended 30 April 2022								
Balance as at 1 February 2022	970,827	918,229	299,572	(298)	622,070	(3,115)		52,598
Total comprehensive income	14,357	13,321	-	120	13,201	-		1,036
Balance as at 30 April 2022	985,184	931,550	299,572	(178)	635,271	(3,115)		53,634
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

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 2022 and the accompanying explanatory notes attached to the interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	3 MONTHS ENDED	
	30.4.2022	30.4.2021
	RM'000	RM'000
Cash flows from operating activities		
Cash received from customers	54,314	60,075
Cash paid to suppliers and employees	(37,332)	(39,996)
Cash generated from operations	<u>16,982</u>	<u>20,079</u>
Deposit interest received	413	185
Interest paid	(3,172)	(3,201)
Tax paid	(2,502)	(1,860)
Net cash from operating activities	<u>11,721</u>	<u>15,203</u>
Cash flows from investing activities		
Acquisition of bearer plants, right-of-use assets, investment properties and property, plant and equipment	(1,429)	(1,622)
Capital realisation from other investment	-	456
Withdrawal/(Pledge) of time deposits	(6)	(1)
Net withdrawal from short term funds	2,500	-
Proceeds from disposal of property, plant and equipment	39	294
Net cash from/(used in) investing activities	<u>1,104</u>	<u>(873)</u>
Cash flows from financing activities		
Proceeds from loans and borrowings	-	14,000
Repayment of loans and borrowings	(12,930)	(25,732)
Dividend paid	-	(5,588)
Dividend paid to non-controlling interests	-	(743)
Net cash used in financing activities	<u>(12,930)</u>	<u>(18,063)</u>
Net decrease in cash and cash equivalents	(105)	(3,733)
Cash and cash equivalents at the beginning of the financial period	102,014	44,396
Cash and cash equivalents at the end of the financial year	<u>101,909</u>	<u>40,663</u>
Cash and cash equivalents at the end of the financial period		
Deposits with licensed banks and other financial institution	71,648	20,721
Cash and bank balances	37,616	30,223
Bank overdrafts	(4,752)	(9,659)
	<u>104,512</u>	<u>41,285</u>
Time deposits pledged	(2,603)	(622)
	<u>101,909</u>	<u>40,663</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 2022 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 2022. 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 2022.

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 2022 except for the adoption of the following new and amended MFRSs and Issues Committee ("IC") Interpretations relevant to the current operations of the Group:

Annual Improvements to MFRS Standards 2018-2020

Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 116	Property, Plant and Equipment-Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts-Cost of Fulfilling a Contract

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 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 2022.

A7 Dividends paid

There was no dividend paid during the three months ended 30 April 2022.

A8 Segmental information

	<u>Revenue</u>		<u>Results</u>	
	3 months ended		3 months ended	
Major segments by activity:-	30.4.2022	30.4.2021	30.4.2022	30.4.2021
	RM'000	RM'000	RM'000	RM'000
Property development and construction	33,653	37,914	19,411	12,066
Manufacturing and trading	16,054	13,161	1,999	1,206
Property investment	2,465	2,306	1,646	1,366
Services and others	11,271	12,371	3,942	5,244
	<u>63,443</u>	<u>65,752</u>	<u>26,998</u>	<u>19,882</u>
Inter-segment eliminations	<u>(3,600)</u>	<u>(3,264)</u>	<u>(3,262)</u>	<u>(3,399)</u>
	<u>59,843</u>	<u>62,488</u>	<u>23,736</u>	<u>16,483</u>
Unallocated expenses			(701)	(705)
Finance costs			<u>(3,034)</u>	<u>(3,666)</u>
			<u>20,001</u>	<u>12,112</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 22 June 2022, 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 year 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 2022 which comprise Bankers' guarantees issued by financial institutions in favour of third parties are as follows:-

	RM'000
Secured	3,821
Unsecured	-
	<u>3,821</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 Year	Preceding Year	Changes	Current Year	Preceding Year	Changes
	Quarter	Corresponding Quarter		To-date	Corresponding Period	
	30.4.2022	30.4.2021	%	30.4.2022	30.4.2021	%
Revenue	59,843	62,488	-4%	59,843	62,488	-4%
Earnings before interest, tax, depreciation and amortisation	25,241	17,988	40%	25,241	17,988	40%
Profit before interest and tax	23,035	15,778	46%	23,035	15,778	46%
Profit before tax	20,001	12,112	65%	20,001	12,112	65%
Profit after tax	14,237	8,086	76%	14,237	8,086	76%
Profit attributable to owners of the Company	13,201	7,281	81%	13,201	7,281	81%

The Group's revenue for the current quarter ended 30 April 2022 decreased marginally by RM2.6 million as compared to the corresponding period in last financial year mainly due to lower sales in properties. Despite the decrease in revenue, the increase of RM7.9 million in Group's profit before tax as compared to the corresponding period in last financial year was mainly contributed by the higher profit margin arising from commercial properties sales of RM20 million.

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

	Revenue			
	Quarter ended		Year ended	
	30.4.2022	30.4.2021	30.4.2022	30.4.2021
	RM'000	RM'000	RM'000	RM'000
Property development and construction	33,653	37,914	33,653	37,914
Manufacturing and trading	16,054	13,161	16,054	13,161
Property investment	2,465	2,306	2,465	2,306
Services and others	11,271	12,371	11,271	12,371
	63,443	65,752	63,443	65,752

	Operating profit			
	Quarter ended		Year ended	
	30.4.2022	30.4.2021	30.4.2022	30.4.2021
	RM'000	RM'000	RM'000	RM'000
Property development and construction	19,411	12,066	19,411	12,066
Manufacturing and trading	1,999	1,206	1,999	1,206
Property investment	1,646	1,366	1,646	1,366
Services and others	3,942	5,244	3,942	5,244
	26,998	19,882	26,998	19,882

Property development and construction operation

For the current quarter, despite the decrease in revenue of 11% caused by the lower properties sales, the operating profit increased 61% mainly due to change in sales mix with higher sales from commercial properties with better profit margin.

The property development and construction division remains as the major contributor to the Group's revenue and profit.

Manufacturing and trading operation

For the current quarter, the revenue and operating profit increased 22% and 66% respectively due to higher sales demand in concrete products. The lower operating profit in the corresponding quarter in last financial year was due to the additional expenses incurred pursuant to cessation of operation by a subsidiary in last financial year.

Property investment operation

There is no material fluctuation in revenue and operating profit for the current quarter as compared to the corresponding period in last financial year.

Services and others

The decline in revenue and operating profit by 43% and 66% respectively for the current quarter were mainly due to 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 30.4.2022 RM'000	Immediate Preceding Quarter 31.1.2022 RM'000	Changes %
Revenue	59,843	54,566	10%
Earnings before interest, tax, depreciation and amortisation	25,241	10,233	147%
Profit before interest and tax	23,035	8,018	187%
Profit before tax	20,001	4,841	313%
Profit after tax	14,237	5,482	160%
Profit attributable to owners of the Company	13,201	4,546	190%

The Group's revenue and profit before tax for the current quarter ended 30 April 2022 increased RM5.3 million and RM15.2 million as compared to the immediate preceding quarter mainly due to higher concrete products sales as well as profit contributed by the sales of high margin commercial properties.

B3 Group's Prospect

The property market will continue to remain challenging in the short and medium-term due to the rising cost of building materials and shortage of workers caused by the prolonged pandemic/endemic and uncertainties created by the conflict between Russia and Ukraine. The Group will continue to monitor both global and local developments closely so as to manage their impacts on the businesses of the Group. The Group will maintain a prudent approach and will adapt its plans, strategies, product designs, and timing of new launches as part of its strategic response.

With the successful roll-out of the National COVID-19 Immunisation Programme, Malaysia has entered the transition to endemic phase since March 2022 followed by the re-opening of all economic sectors and international border. These moves will have a positive effect on the local economy and improve business sentiments. The reduction of Real Property Gains Tax rate for disposal made by individuals in the 6th year onwards from 5% to 0% are also expected to support a recovery in the property sector.

As at 30 April 2022, 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	787
- Kota Tinggi	Mixed development	526
Taman Perindustrian Cemerlang	Industrial	36
Taman Desa Cemerlang	Residential & commercial	60
Taman Dato' Chellam	Residential & commercial	9
Nusa Cemerlang Industrial Park	Industrial	204
Tanjung Senibong	Residential & commercial	218
Ambok	Resort / Mixed development	794
Others	Residential	5
		2,639

In our effort to continue developing landed properties and to align the evolving market trends and demand, we planned to launch 8 units of detached and semi-detached factories at Taman Perindustrian Cemerlang and 258 units of affordable housing at Taman Dato' Chellam with a total GDV of RM86 million for the next one year.

As the property market is foreseen to regain its momentum with the opening up of all economic sectors, we believe the demand for landed properties in strategic growth area with good accessibility and connectivity will improve gradually. Based on the unbilled revenue from the total committed property sales of RM74 million as at 22 June 2022, the Group is expected to perform satisfactorily in the financial year ending 31 January 2023.

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

This is not applicable.

B5 Tax

	Current Quarter Ended 30.4.2022 RM'000	Financial Year-to-date Ended 30.4.2022 RM'000
Current tax		
Current year	5,790	5,790
Deferred tax:		
Relating to origination and reversal of temporary difference	<u>(26)</u>	<u>(26)</u>
	<u>5,764</u>	<u>5,764</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

There were no corporate proposals announced but not completed as at 22 June 2022.

B7 Group borrowings and debt securities

(a) The Group loans and borrowings as at 30 April 2022 and 30 April 2021 were as follows:

	<u>As at 30 April 2022</u>		
	Long term RM'000	Short term RM'000	Total RM'000
Secured:			
Bank overdrafts	-	4,752	4,752
Revolving credit	-	5,500	5,500
Medium Term Notes	200,000	-	200,000
Term Loans	55,982	54,372	110,354
	<u>255,982</u>	<u>64,624</u>	<u>320,606</u>
	<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>

- (b) The increase in loans and borrowings is mainly due to issuance of MTN.
- (c) As at 30 April 2022, the weighted average interest rate of loan and borrowings ranged from 3.6% to 6.8% (30.4.2021: 3.7% to 6.6%) and after taking into account the effect of interest rate swap, approximately 57% (30.4.2021: 28%) of the loans and borrowings are at fixed rate of interest.
- (d) The interest capitalised in the land held for property development and property development costs for the current financial period ended 30 April 2022 is RM85,000.

B8 Derivatives

- (a) The Group outstanding derivatives as at 30 April 2022 are as follows:

Type of Derivatives	Notional value RM'000	Fair value RM'000
Interest rate swap ("IRS")	22,494	(234)

- (i) The Group entered into IRS agreement that is designated as a cash flow hedge to reduce the Group's exposure to adverse fluctuations in interest rates on underlying debt instrument.
- (ii) 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.

- (b) Fair value changes of financial liabilities

Fair value gain / (loss)	Current Quarter Ended 30.4.2022 RM'000	Financial Year-to-date Ended 30.4.2022 RM'000
Interest rate swap ("IRS")	158	158

- (i) The fair value is calculated by reference to the difference between fixed and floating interest rates.
- (ii) The gain was due to the floating interest rate has moved favourably for the Group from the last measurement date.

B9 Material litigation

As at 22 June 2022, 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 2022.

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 30.4.2022	Financial Year-to-date Ended 30.4.2022
Profit net of tax attributable to owners of the Company (RM'000)	<u>13,201</u>	<u>13,201</u>
Weighted average number of ordinary shares in issue ('000)	<u>279,419</u>	<u>279,419</u>
Basic earnings per share (Sen)	<u>4.72</u>	<u>4.72</u>

B12 Notes to the statement of comprehensive income

	Current Quarter Ended 30.4.2022 RM'000	Financial Year-to-date Ended 30.4.2022 RM'000
(a) Interest income	403	403
(b) Other income including investment income	3,373	3,373
(c) Interest expenses	(3,034)	(3,034)
(d) Depreciation and amortisation	(2,206)	(2,206)
(e) Provision for and (write off) / write back of receivables	(1)	(1)
(f) Provision for and write off of inventories	(35)	(35)
(g) Gain or loss on disposal of quoted or unquoted investments or properties	8	8
(h) Impairment of assets	-	-
(i) Foreign exchange gain or (loss)	17	17
(j) Gain or (loss) on derivatives	158	158
(k) Exceptional items	-	-