

**CRESCENDO CORPORATION BERHAD**

199501030544 (359750-D)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30.4.2023 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.4.2022 RM'000	CURRENT YEAR TO-DATE 30.4.2023 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30.4.2022 RM'000
Revenue	58,336	59,843	58,336	59,843
Cost of sales	(32,386)	(32,165)	(32,386)	(32,165)
<b>Gross profit</b>	<b>25,950</b>	<b>27,678</b>	<b>25,950</b>	<b>27,678</b>
Other income	4,462	3,807	4,462	3,807
Administration expenses	(8,717)	(8,450)	(8,717)	(8,450)
Finance costs	(2,880)	(3,034)	(2,880)	(3,034)
<b>Profit before tax</b>	<b>18,815</b>	<b>20,001</b>	<b>18,815</b>	<b>20,001</b>
Tax expenses	(5,327)	(5,764)	(5,327)	(5,764)
<b>Profit for the period</b>	<b>13,488</b>	<b>14,237</b>	<b>13,488</b>	<b>14,237</b>
<b>Other comprehensive income, net of tax</b>				
Net movement on cash flow hedges	12	158	12	158
Tax relating to cash flow hedges	(3)	(38)	(3)	(38)
<b>Total other comprehensive income for the period, net of tax</b>	<b>9</b>	<b>120</b>	<b>9</b>	<b>120</b>
<b>Total comprehensive income for the period</b>	<b>13,497</b>	<b>14,357</b>	<b>13,497</b>	<b>14,357</b>
<b>Profit attributable to:</b>				
Owners of the Company	13,203	13,201	13,203	13,201
Non-controlling interests	285	1,036	285	1,036
	<b>13,488</b>	<b>14,237</b>	<b>13,488</b>	<b>14,237</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	13,212	13,321	13,212	13,321
Non-controlling interests	285	1,036	285	1,036
	<b>13,497</b>	<b>14,357</b>	<b>13,497</b>	<b>14,357</b>
<b>Earnings per share attributable to owners of the Company:</b>				
Basic (sen)	4.73	4.72	4.73	4.72

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 2023 and the accompanying explanatory notes attached to the interim financial statements.

**CRESCENDO CORPORATION BERHAD**

199501030544 (359750-D)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	<b>AS AT 30.4.2023 RM'000</b>	<b>AS AT 31.1.2023 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	130,198	130,679
Right-of-use assets	4,002	4,081
Bearer plants	4,732	4,802
Investment properties	291,584	289,866
Inventories	658,219	658,248
Deferred tax assets	40,070	39,561
	<u>1,128,805</u>	<u>1,127,237</u>
<b>Current assets</b>		
Inventories	118,506	115,530
Receivables	57,555	43,170
Contract assets	6,892	5,196
Prepaid operating expenditure	12,339	11,738
Tax recoverable	737	3,310
Short term funds	-	504
Cash and bank balances	81,274	86,249
	<u>277,303</u>	<u>265,697</u>
<b>TOTAL ASSETS</b>	<u>1,406,108</u>	<u>1,392,934</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the Company</b>		
Share capital	299,572	299,572
Treasury shares	(3,115)	(3,115)
Other reserves	(31)	(40)
Retained earnings	645,827	632,624
	<u>942,253</u>	<u>929,041</u>
<b>Non-controlling interests</b>	<u>52,775</u>	<u>52,490</u>
<b>Total equity</b>	<u>995,028</u>	<u>981,531</u>
<b>Non-current liabilities</b>		
Loans and borrowings	209,710	215,891
Deferred tax liabilities	31,491	31,598
Derivative financial liabilities	41	52
	<u>241,242</u>	<u>247,541</u>
<b>Current liabilities</b>		
Trade and other payables	68,678	74,319
Contract liabilities	21,407	17,571
Loans and borrowings	76,750	69,181
Tax payable	3,003	2,791
	<u>169,838</u>	<u>163,862</u>
<b>Total liabilities</b>	<u>411,080</u>	<u>411,403</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>1,406,108</u>	<u>1,392,934</u>
Net assets per share (RM)	<u>3.37</u>	<u>3.32</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 2023 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 →
<b>3 months ended 30 April 2023</b>								
Balance as at 1 February 2023	981,531	929,041	299,572	(40)	632,624	(3,115)		52,490
Total comprehensive income	13,497	13,212	-	9	13,203	-		285
Balance as at 30 April 2023	<u>995,028</u>	<u>942,253</u>	<u>299,572</u>	<u>(31)</u>	<u>645,827</u>	<u>(3,115)</u>		<u>52,775</u>
<b>3 months ended 30 April 2022</b>								
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	<u>985,184</u>	<u>931,550</u>	<u>299,572</u>	<u>(178)</u>	<u>635,271</u>	<u>(3,115)</u>		<u>53,634</u>

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 2023 and the accompanying explanatory notes attached to the interim financial statements.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>3 MONTHS ENDED</b>	
	<b>30.4.2023</b>	<b>30.4.2022</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from operating activities</b>		
Cash received from customers	53,725	54,314
Cash paid to suppliers and employees	(47,270)	(37,332)
Cash generated from operations	<u>6,455</u>	<u>16,982</u>
Deposit interest received	503	413
Interest paid	(3,035)	(3,172)
Tax paid	(3,161)	(2,502)
Net cash from operating activities	<u>762</u>	<u>11,721</u>
<b>Cash flows from investing activities</b>		
Acquisition of bearer plants, right-of-use assets, investment properties and property, plant and equipment	(7,822)	(1,429)
Pledge of time deposits	(15)	(6)
Net withdrawal from short term funds	506	2,500
Proceeds from disposal of property, plant and equipment	191	39
Net cash (used)/from in investing activities	<u>(7,140)</u>	<u>1,104</u>
<b>Cash flows from financing activities</b>		
Proceeds from loans and borrowings	11,900	-
Repayment of loans and borrowings	(13,230)	(12,930)
Net cash used in financing activities	<u>(1,330)</u>	<u>(12,930)</u>
<b>Net decrease in cash and cash equivalents</b>	(7,708)	(105)
<b>Cash and cash equivalents at the beginning of the financial period</b>	78,750	102,014
<b>Cash and cash equivalents at the end of the financial period</b>	<u>71,042</u>	<u>101,909</u>
<b>Cash and cash equivalents at the end of the financial period</b>		
Deposits with licensed banks and other financial institution	38,807	71,648
Cash and bank balances	42,467	37,616
Bank overdrafts	(7,578)	(4,752)
	<u>73,696</u>	<u>104,512</u>
Time deposits pledged	(2,654)	(2,603)
	<u>71,042</u>	<u>101,909</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 2023 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 2023. 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 2023.

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 2023 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 101	Classification of Liabilities as Current or Non-current
Amendments to MFRS 101	Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

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	Lease Liability in a Sale and Leaseback	1 Jan 2024
Amendments to MFRS 101	Non-current Liabilities with Covenants	1 Jan 2024
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 2023.

**A7 Dividends paid**

There was no dividend paid during the three months ended 30 April 2023.

**A8 Segmental information**

Major segments by activity:-	<u>Revenue</u>		<u>Results</u>	
	3 months ended		3 months ended	
	30.4.2023	30.4.2022	30.4.2023	30.4.2022
	RM'000	RM'000	RM'000	RM'000
Property development and construction	37,499	33,653	18,065	19,411
Manufacturing and trading	11,235	16,054	886	1,999
Property investment	2,626	2,465	1,753	1,646
Services and others	12,455	11,271	6,278	3,942
	<u>63,815</u>	<u>63,443</u>	<u>26,982</u>	<u>26,998</u>
Inter-segment eliminations	<u>(5,479)</u>	<u>(3,600)</u>	<u>(4,569)</u>	<u>(3,262)</u>
	<u>58,336</u>	<u>59,843</u>	<u>22,413</u>	<u>23,736</u>
Unallocated expenses			(718)	(701)
Finance costs			<u>(2,880)</u>	<u>(3,034)</u>
			<u>18,815</u>	<u>20,001</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 2023, there were no material subsequent 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-to-date including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring or discontinuing of operations.

**A12 Contingent liabilities**

The contingent liabilities of the Group as at 22 June 2023 which comprise Bankers' guarantees issued by financial institutions in favour of third parties are as follows:-

Secured	RM'000
	5,678
Unsecured	-
	<u>5,678</u>

**A13 Capital Commitments**

The capital commitments of the Group are as follows:

Contracted but not accounted for	RM'000
- Land for property development	70,400
- Property, plant and equipment	1,500
- Investment properties	1,800
	<u>73,700</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 Quarter 30.4.2023 RM'000	Preceding Year Corresponding Quarter 30.4.2022 RM'000	Changes %	Current Year To-date 30.4.2023 RM'000	Preceding Year Corresponding Period 30.4.2022 RM'000	Changes %
Revenue	58,336	59,843	-3%	58,336	59,843	-3%
Earnings before interest, tax, depreciation and amortisation	23,939	25,241	-5%	23,939	25,241	-5%
Profit before interest and tax	21,695	23,035	-6%	21,695	23,035	-6%
Profit before tax	18,815	20,001	-6%	18,815	20,001	-6%
Profit after tax	13,488	14,237	-5%	13,488	14,237	-5%
Profit attributable to owners of the Company	13,203	13,201	0%	13,203	13,201	0%

The Group recorded revenue of RM58.3 million and profit before tax of RM18.8 million for the current financial quarter ended 30 April 2023, which represents a marginal decrease as compared to the corresponding quarter in last financial year.

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

	Revenue			
	Quarter ended		Year-to-date ended	
	30.4.2023 RM'000	30.4.2022 RM'000	30.4.2023 RM'000	30.4.2022 RM'000
Property development and construction	37,499	33,653	37,499	33,653
Manufacturing and trading	11,235	16,054	11,235	16,054
Property investment	2,626	2,465	2,626	2,465
Services and others	12,455	11,271	12,455	11,271
	<b>63,815</b>	<b>63,443</b>	<b>63,815</b>	<b>63,443</b>

  

	Operating profit			
	Quarter ended		Year-to-date ended	
	30.4.2023 RM'000	30.4.2022 RM'000	30.4.2023 RM'000	30.4.2022 RM'000
Property development and construction	18,065	19,411	18,065	19,411
Manufacturing and trading	886	1,999	886	1,999
Property investment	1,753	1,646	1,753	1,646
Services and others	6,278	3,942	6,278	3,942
	<b>26,982</b>	<b>26,998</b>	<b>26,982</b>	<b>26,998</b>

Property development and construction operation

The revenue for the current quarter increased by 11% as compared to the corresponding quarter in last year mainly contributed by higher properties sales. Nevertheless, the operating profit decreased slightly by 7% due to change of properties sales mix with a higher proportion of residential property which has a lower profit margin compared to other property products.

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

Manufacturing and trading operation

The decreases in revenue and operating profit for the current quarter as compared to the corresponding quarter in last financial year were mainly due to lower sales demand in concrete products.

Property investment operation

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

Services and others

The increases in revenue and operating profit for the current quarter were mainly due to higher 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 30.4.2023 RM'000	Immediate Preceding Quarter 31.1.2023 RM'000	Changes %
Revenue	58,336	39,274	49%
Earnings before interest, tax, depreciation and amortisation	23,939	1,442	1560%
Profit before interest and tax	21,695	(731)	3068%
Profit before tax	18,815	(3,881)	585%
Profit after tax	13,488	(3,838)	451%
Profit attributable to owners of the Company	13,203	(3,637)	463%

The Group's revenue and profit before tax for the current quarter ended 30 April 2023 increased significantly by RM19 million and RM22.7 million respectively as compared to the immediate preceding quarter mainly due to higher properties sales and sales of high margin industrial properties.

**B3 Group's Prospect**

The property market is expected to remain challenging in the short and medium-term due to rising cost of construction resulting from fluctuations in building materials cost, inflationary pressures and the uptrend in interest rate. However, the normalisation after re-opening of all economic sectors and international border and the improvement in the labour market are beneficial to the property market. The full stamp duty exemption for first time home buyers buying a residential house worth RM500,000 and below and 75% exemptions for houses worth more than RM500,000 and up to RM1 million together with the reduction of Real Property Gains Tax rate for disposal made by individuals in the 6th year onwards are expected to support a recovery in the property sector.

The Group will continue to monitor the market situation and adopt a prudent and cautious approach for its new property launches to remain resilient and agile in the current fast changing environment.

As at 30 April 2023, 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	749
- 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	202
Tanjung Senibong	Residential & commercial	216
Ambok	Resort / Mixed development	794
Others	Residential	5
		2,597



In our effort to continue developing landed properties and to align the evolving property buyers' demand, we plan to launch 215 units of mid to high-end market landed residential properties at Bandar Cemerlang, 39 units of shop offices at Desa Cemerlang and 258 units of affordable housing at Taman Dato' Chellam with a total GDV of RM258 million within the next one year.

Based on the total committed sales in hand and unbilled revenue of RM120 million as at 22 June 2023 for the property development operation, the Group is expected to perform satisfactorily in the financial year ending 31 January 2024.

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

This is not applicable.

**B5 Tax**

	Current Quarter Ended 30.4.2023 RM'000	Financial Year-to-date Ended 30.4.2023 RM'000
Current tax		
Current year	5,946	5,946
Deferred tax:		
Relating to origination and reversal of temporary difference	(608)	(608)
Prior years	(11)	(11)
	<u>5,327</u>	<u>5,327</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 2023.

**B7 Group borrowings and debt securities**

(a) The Group's loans and borrowings as at 30 April 2023 and 30 April 2022 were as follows:

	<u>As at 30 April 2023</u>		
	Long term RM'000	Short term RM'000	Total RM'000
Secured:			
Bank overdrafts	-	7,578	7,578
Revolving credit	-	22,900	22,900
Medium Term Notes	200,000	-	200,000
Term Loans	9,710	46,272	55,982
	<u>209,710</u>	<u>76,750</u>	<u>286,460</u>
	<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>

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

- (c) As at 30 April 2023, the weighted average interest rate of loan and borrowings ranged from 3.6% to 7.6% (30.4.2022: 3.6% to 6.8%) and after taking into account the effect of interest rate swap, approximately 60% (30.4.2022: 57%) 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 2023 is RM58,000.

**B8 Derivatives**

- (a) The Group outstanding derivatives as at 30 April 2023 are as follows:

Type of Derivatives	Notional value RM'000	Fair value RM'000
Interest rate swap ("IRS")	12,486	(41)

- (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

	Current Quarter Ended 30.4.2023 RM'000	Financial Year-to-date Ended 30.4.2023 RM'000
Fair value gain / (loss) Interest rate swap ("IRS")	12	12

- (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 2023, 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 2023.

**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 30.4.2023	Financial Year-to-date Ended 30.4.2023
Profit net of tax attributable to owners of the Company (RM'000)	13,203	13,203
Weighted average number of ordinary shares in issue ('000)	279,419	279,419
Basic earnings per share (Sen)	4.73	4.73

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

	Current Quarter Ended 30.4.2023 RM'000	Financial Year-to-date Ended 30.4.2023 RM'000
(a) Interest income	479	479
(b) Other income including investment income	4,003	4,003
(c) Interest expenses	(2,880)	(2,880)
(d) Depreciation and amortisation	(2,244)	(2,244)
(e) (Provision for and write off) / write back of receivables	(5)	(5)
(f) (Provision for and write off) / write back of inventories	(46)	(46)
(g) Gain or (loss) on disposal of quoted or unquoted investments or properties	4	4
(h) Impairment of assets	-	-
(i) Foreign exchange gain or (loss)	(31)	(31)
(j) Gain or (loss) on derivatives	12	12
(k) Exceptional items	-	-