

CRESCENDO CORPORATION BERHAD

(Company No. : 359750-D)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30.4.2019 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.4.2018 RM'000	CURRENT YEAR TO-DATE 30.4.2019 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30.4.2018 RM'000
Revenue	60,538	54,452	60,538	54,452
Cost of sales	(39,024)	(42,859)	(39,024)	(42,859)
Gross profit	21,514	11,593	21,514	11,593
Other income	4,412	3,027	4,412	3,027
Administration expenses	(8,627)	(7,790)	(8,627)	(7,790)
Finance costs	(2,996)	(2,389)	(2,996)	(2,389)
Profit before tax	14,303	4,441	14,303	4,441
Tax expenses	(4,272)	1,579	(4,272)	1,579
Profit for the period	10,031	6,020	10,031	6,020
Other comprehensive income, net of tax				
Net movement on cash flow hedges	156	(473)	156	(473)
Tax relating to cash flow hedges	(38)	113	(38)	113
Total other comprehensive income for the period, net of tax	118	(360)	118	(360)
Total comprehensive income for the period	10,149	5,660	10,149	5,660
Profit attributable to:				
Owners of the Company	9,170	3,240	9,170	3,240
Non-controlling interests	861	2,780	861	2,780
	10,031	6,020	10,031	6,020
Total comprehensive income attributable to:				
Owners of the Company	9,287	2,877	9,287	2,877
Non-controlling interests	862	2,783	862	2,783
	10,149	5,660	10,149	5,660
Earnings per share attributable to owners of the Company:				
Basic (sen)	3.28	1.16	3.28	1.16

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 2019 and the accompanying explanatory notes attached to the interim financial statements.

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT 30.4.2019 RM'000	AS AT 31.1.2019 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	161,409	162,689
Land use rights	5,272	5,351
Bearer plant	3,121	2,937
Investment properties	280,558	281,240
Other investment	15,214	15,898
Inventories	581,703	580,615
Deferred tax assets	34,160	33,630
Derivative financial assets	14,543	14,409
	<u>1,095,980</u>	<u>1,096,769</u>
Current assets		
Inventories	209,996	205,414
Receivables	48,896	61,413
Contract assets	6,167	5,489
Prepaid operating expenditure	11,514	11,072
Tax recoverable	1,586	1,295
Cash and bank balances	71,663	64,414
	<u>349,822</u>	<u>349,097</u>
TOTAL ASSETS	<u>1,445,802</u>	<u>1,445,866</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	10,755	10,638
Retained earnings	595,311	586,141
	<u>902,523</u>	<u>893,236</u>
Non-controlling interests	<u>52,650</u>	<u>52,191</u>
Total equity	<u>955,173</u>	<u>945,427</u>
Non-current liabilities		
Loans and borrowings	248,161	259,713
Deferred tax liabilities	33,762	33,882
Derivative financial liabilities	980	1,003
	<u>282,903</u>	<u>294,598</u>
Current liabilities		
Trade and other payables	99,506	105,847
Contract liabilities	7,214	5,388
Loans and borrowings	95,320	91,877
Tax payable	5,686	2,729
	<u>207,726</u>	<u>205,841</u>
Total liabilities	<u>490,629</u>	<u>500,439</u>
TOTAL EQUITY AND LIABILITIES	<u>1,445,802</u>	<u>1,445,866</u>
Net assets per share (RM)	<u>3.23</u>	<u>3.20</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 2019 and the accompanying explanatory notes attached to the interim financial statements.

CRESCENDO CORPORATION BERHAD

(Company No. : 359750-D)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	← Attributable to owners of the Company →						Non- Controlling Interests RM'000
	← Non-distributable →			← Distributable →			
	Total Equity RM'000	Total RM'000	Share Capital RM'000	Other Reserves RM'000	Retained Earnings RM'000	Treasury Shares RM'000	
<u>3 months ended 30 April 2019</u>							
Balance as at 1 February 2019	945,427	893,236	299,572	10,638	586,141	(3,115)	52,191
Total comprehensive income	10,149	9,287	-	117	9,170	-	862
Transactions with owners							
Dividend paid to non-controlling interest	(403)	-	-	-	-	-	(403)
Balance as at 30 April 2019	<u>955,173</u>	<u>902,523</u>	<u>299,572</u>	<u>10,755</u>	<u>595,311</u>	<u>(3,115)</u>	<u>52,650</u>
<u>3 months ended 30 April 2018</u>							
Balance as at 1 February 2018	967,282	922,724	299,572	79,625	546,642	(3,115)	44,558
Effect of adoption of the MFRS framework	(47,931)	(47,931)	-	(69,867)	21,936	-	-
Balance as at 1 February 2018 (Restated)	<u>919,351</u>	<u>874,793</u>	<u>299,572</u>	<u>9,758</u>	<u>568,578</u>	<u>(3,115)</u>	<u>44,558</u>
Total comprehensive income	5,660	2,877	-	(363)	3,240	-	2,783
Balance as at 30 April 2018	<u>925,011</u>	<u>877,670</u>	<u>299,572</u>	<u>9,395</u>	<u>571,818</u>	<u>(3,115)</u>	<u>47,341</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 2019 and the accompanying explanatory notes attached to the interim financial statements.

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	3 MONTHS ENDED	
	30.4.2019	30.4.2018
	RM'000	RM'000
Cash flows from operating activities		
Cash receipts from customers	78,668	65,370
Cash paid to suppliers and employees	(56,727)	(59,919)
Cash generated from operations	<u>21,941</u>	<u>5,451</u>
Deposit interest received	644	454
Interest paid	(4,606)	(4,455)
Tax paid	(2,294)	(5,343)
Net cash from/(used in) operating activities	<u>15,685</u>	<u>(3,893)</u>
Cash flows from investing activities		
Acquisition of bearer plants, land use rights and property, plant and equipment	(830)	(2,510)
Acquisition of other investment	-	(402)
Capital realisation from investment	684	684
Pledge of time deposits	(2)	(2)
Proceeds from disposal of plant and equipment	225	8
Net cash from/(used in) investing activities	<u>77</u>	<u>(2,222)</u>
Cash flows from financing activities		
Proceeds from loans and borrowings	6,497	18,139
Repayment of loans and borrowings	(16,797)	(9,982)
Dividend paid to non-controlling interest	(403)	-
Net cash (used in)/from financing activities	<u>(10,703)</u>	<u>8,157</u>
Net increase in cash and cash equivalents	5,059	2,042
Cash and cash equivalents at the beginning of the financial period	57,568	43,075
Cash and cash equivalents at the end of the financial period	<u>62,627</u>	<u>45,117</u>
Cash and cash equivalents at the end of the financial period		
Deposits with licensed banks	23,881	12,499
Cash and bank balances	47,782	46,236
Bank overdrafts	(4,430)	(9,019)
	<u>67,233</u>	<u>49,716</u>
Time deposits pledged	(4,606)	(4,599)
	<u>62,627</u>	<u>45,117</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 2019 and the accompanying explanatory notes attached to the interim financial statements.

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

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 2019. 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 2019.

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 2019 except for the adoption of the following new and amended FRSS and Issues Committee ("IC") Interpretations relevant to the current operations of the Group with effect from 1 February 2019.

Annual Improvements to MFRS Standards 2015 - 2017 Cycle

MFRS 16	Leases
IC Interpretation 23	Uncertainty over Income Tax Treatments
Amendments to MFRS 9	Prepayment Features with Negative Compensation
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures
Amendments to MFRS 119	Plan, Amendment, Curtailment or Settlement

The Group has not elected for early adoption of the following new and amended MFRSs and IC Interpretations relevant to the current operations of the Group, which were issued but not yet effective for the financial year ending 31 January 2020:

	Effective for financial periods beginning on or after	
Amendments to MFRS 3	Definition of a Business	1 Jan 2020
Amendments to MFRS 101	Definition of Material	1 Jan 2020
Amendments to MFRS 108	Definition of Material	1 Jan 2020
Amendments to References to the Conceptual Framework in MFRS Standards		1 Jan 2020
Amendments to MFRS 10 and MFRS128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

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

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

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 2019.

A7 Dividends paid

There was no dividend paid during the three months ended 30 April 2019.

A8 Segmental information

Major segments by activity:-	Revenue		Results	
	3 months ended		3 months ended	
	30.4.2019	30.4.2018	30.4.2019	30.4.2018
	RM'000	RM'000	RM'000	RM'000
Property development and construction	40,629	33,978	14,135	4,195
Manufacturing and trading	10,204	16,167	1,001	2,765
Property investment	1,429	475	408	(705)
Education, management services and others	12,531	8,828	5,967	4,096
	<u>64,793</u>	<u>59,448</u>	<u>21,511</u>	<u>10,351</u>
Inter-segment eliminations	(4,255)	(4,996)	(3,471)	(2,830)
	<u>60,538</u>	<u>54,452</u>	<u>18,040</u>	<u>7,521</u>
Unallocated expenses			(741)	(691)
Finance costs			(2,996)	(2,389)
			<u>14,303</u>	<u>4,441</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 21 June 2019, 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 21 June 2019 which comprise Bankers' guarantees issued by financial institutions in favour of third parties are as follows:-

Secured	RM'000
	28,234
Unsecured	-
	<u>28,234</u>

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

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	%	To-date	Corresponding	%
	30.4.2019	30.4.2018		30.4.2019	30.4.2018	
	RM'000	RM'000		RM'000	RM'000	
Revenue	60,538	54,452	11%	60,538	54,452	11%
Earnings before interest, tax, depreciation and amortisation	19,586	8,917	120%	19,586	8,917	120%
Profit before interest and tax	17,299	6,830	153%	17,299	6,830	153%
Profit before tax	14,303	4,441	222%	14,303	4,441	222%
Profit after tax	10,031	6,020	67%	10,031	6,020	67%
Profit attributable to owners of the Company	9,170	3,240	183%	9,170	3,240	183%

The Group's revenue and profit before tax ("PBT") for the current quarter ended 30 April 2019 increased RM6.1 million and RM9.9 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	
	30.4.2019	30.4.2018	30.4.2019	30.4.2018
	RM'000	RM'000	RM'000	RM'000
Property development and construction	40,629	33,978	40,629	33,978
Manufacturing and trading	10,204	16,167	10,204	16,167
Property investment	1,429	475	1,429	475
Education, management services and others	12,531	8,828	12,531	8,828
	64,793	59,448	64,793	59,448

	Operating profit			
	Quarter ended		Year ended	
	30.4.2019	30.4.2018	30.4.2019	30.4.2018
	RM'000	RM'000	RM'000	RM'000
Property development and construction	14,135	4,195	14,135	4,195
Manufacturing and trading	1,001	2,765	1,001	2,765
Property investment	408	(705)	408	(705)
Education, management services and others	5,967	4,096	5,967	4,096
	21,511	10,351	21,511	10,351

Property development and construction operation

For the current quarter, the operating profit increased 237% 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

For the current quarter, the decrease in revenue and operating profit were mainly due to slowdown on demand, which lead to stiff competition causing lower pricing for ready mix supplies.

Property investment operation

For the current quarter, the increase in revenue and operating profit were mainly contributed by the additional properties rented.

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

Education, management services and others

For the current quarter, the increase in revenue and operating profit were mainly contributed by higher students number in the international school and higher management fees which was 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 30.4.2019 RM'000	Immediate Preceding Quarter 31.1.2019 RM'000	Changes %
Revenue	60,538	76,814	-21%
Earnings before interest, tax, depreciation and amortisation	19,586	20,861	-6%
Profit before interest and tax	17,299	18,587	-7%
Profit before tax	14,303	15,557	-8%
Profit after tax	10,031	7,582	32%
Profit attributable to owners of the Company	9,170	8,122	13%

The revenue and PBT of the Group for the current quarter decreased RM16.3 million and RM1.3 million mainly due to lower properties sales.

B3 Group's Prospect

The Group's major business operation is the property development and construction division. Even though the property development environment for financial year 2020 is expected to remain challenging industry-wide, the demand for landed properties in strategic growth areas with good accessibility and connectivity is expected to remain resilient.

	3 months ended 30.4.2019				
	New launches		Units	Sales	Unbilled
	Units	GDV RM'mil	sold ¹	value ¹ RM'mil	sales ² RM'mil
Industrial	-	-	16	29.3	92.5
Commercial	33	41.5	1	1.1	22.2
Residential	-	-	28	10.6	85.6
	<u>33</u>	<u>41.5</u>	<u>45</u>	<u>41.0</u>	<u>200.3</u>

¹ Includes sales of units from prior years launches

² Unbilled sales from total committed sales up to 21 June 2019

During the three months ended 30 April 2019, the Group has launched 33 units of shop offices at Bandar Cemerlang.

As at 30 April 2019, 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	807
- Kota Tinggi	Mixed development	526
Taman Perindustrian Cemerlang	Industrial	67
Taman Desa Cemerlang	Residential & commercial	69
Taman Dato' Chellam	Residential & commercial	12
Nusa Cemerlang Industrial Park	Industrial	204
Tanjung Senibong	Residential & commercial	222
Ambok	Resort / Mixed development	794
Others	Residential	5
		<u>2,706</u>

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

The Group will continue to leverage on its strategic land bank to develop properties to meet the current market needs. For FY2020, the Group is planning to launch 222 units of affordable housing at Tanjung Senibong and 230 units of mid to high-end market landed residential properties at Bandar Cemerlang. However, the Group remains cautious in its launches and will adapt, re-strategize and seize opportunities from whatever the future property market environment may bring.

With committed sales in hand and unbilled revenue of RM200 million as at 21 June 2019 for the property development operation, the Board expects the performance of the Group to remain satisfactory for the financial year ending 31 January 2020.

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

This is not applicable.

B5 Tax

	Current Quarter Ended 30.4.2019 RM'000	Financial Year-to-date Ended 30.4.2019 RM'000
Current tax		
Current year	4,960	4,960
Deferred tax:		
Relating to origination and reversal of temporary difference	(612)	(612)
Prior years	(76)	(76)
	<u>4,272</u>	<u>4,272</u>

The effective tax rate 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 21 June 2019.

B7 Group borrowings and debt securities

(a) The Group loans and borrowings as at 30 April 2019 and 30 April 2018 were as follows:

	<u>As at 30 April 2019</u>		
	Long term RM'000	Short term RM'000	Total RM'000
Secured:			
Bank overdrafts	-	4,430	4,430
Revolving credit	-	36,900	36,900
Term Loans	248,161	53,989	302,150
	<u>248,161</u>	<u>95,320</u>	<u>343,480</u>
	<u>As at 30 April 2018</u>		
	Long term RM'000	Short term RM'000	Total RM'000
Secured:			
Bank overdrafts	-	9,019	9,019
Revolving credit	-	15,300	15,300
Term Loans	293,637	37,541	331,178
	<u>293,637</u>	<u>61,860</u>	<u>355,497</u>

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

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

- (c) As at 30 April 2019, the weighted average interest rate of loan and borrowings were ranging from 5.3% to 8.0% (30.4.2018: 5.2% to 8.1%) and after taking into account the effect of an interest rate swap, approximately 32% (30.4.2018: 36%) of the loans and borrowings are at fixed rate of interest.
- (d) Included in term loans is a term loan of RM42.2 million (30.4.2018: RM45.6 million) denominated in USD. The Group had a cross currency interest rate swap ("CCIRS") agreement in place with a notional principal of USD13.5 million (30.4.2018: USD14.6 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 RM42.2 million (30.4.2018: RM45.6 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 2019 is RM1.57 million.

B8 Derivatives

The Group outstanding derivatives as at 30 April 2019 are as follows:

Type of Derivatives	Notional value RM'000	Fair value RM'000
(i) Interest rate swap ("IRS")	65,067	(980)
(ii) Cross currency interest rate swap ("CCIRS")	42,200	14,543

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 21 June 2019, there is no material litigation against the Group.

B10 Dividend

No dividend has been declared or proposed for the current financial period ended 30 April 2019.

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 30.4.2019	Financial Year-to-date Ended 30.4.2019
Profit net of tax attributable to owners of the Company (RM'000)	9,170	9,170
Weighted average number of ordinary shares in issue ('000)	279,419	279,419
Basic earnings per share (Sen)	3.28	3.28

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

B12 Notes to the statement of comprehensive income

	Current Quarter Ended 30.4.2019 RM'000	Financial Year-to-date Ended 30.4.2019 RM'000
(a) Interest income	538	538
(b) Other income including investment income	3,906	3,906
(c) Interest expenses	(2,996)	(2,996)
(d) Depreciation and amortisation	(2,287)	(2,287)
(e) Provision for and (write off) / write back of receivables	-	-
(f) Provision for and write off of inventories	-	-
(g) Gain or loss on disposal of quoted or unquoted investments or properties	-	-
(h) Impairment of assets	-	-
(i) Foreign exchange gain or (loss)	(32)	(32)
(j) Gain or (loss) on derivatives	156	156
(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.