

CRESCENDO CORPORATION BERHAD

199501030544 (359750-D)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30.4.2020 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.4.2019 RM'000	CURRENT YEAR TO-DATE 30.4.2020 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30.4.2019 RM'000
Revenue	43,186	60,538	43,186	60,538
Cost of sales	(31,274)	(39,024)	(31,274)	(39,024)
Gross profit	11,912	21,514	11,912	21,514
Other income	3,971	4,412	3,971	4,412
Administration expenses	(8,069)	(8,627)	(8,069)	(8,627)
Finance costs	(2,975)	(2,996)	(2,975)	(2,996)
Profit before tax	4,839	14,303	4,839	14,303
Tax expenses	(2,023)	(4,272)	(2,023)	(4,272)
Profit for the period	2,816	10,031	2,816	10,031
Other comprehensive income, net of tax				
Net movement on cash flow hedges	638	156	638	156
Tax relating to cash flow hedges	(153)	(38)	(153)	(38)
Total other comprehensive income for the period, net of tax	485	118	485	118
Total comprehensive income for the period	3,301	10,149	3,301	10,149
Profit attributable to:				
Owners of the Company	1,919	9,170	1,919	9,170
Non-controlling interests	897	861	897	861
	2,816	10,031	2,816	10,031
Total comprehensive income attributable to:				
Owners of the Company	2,406	9,287	2,406	9,287
Non-controlling interests	895	862	895	862
	3,301	10,149	3,301	10,149
Earnings per share attributable to owners of the Company:				
Basic (sen)	0.69	3.28	0.69	3.28

The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Statements for the financial year ended 31 January 2020 and the accompanying explanatory notes attached to the interim financial statements.

CRESCENDO CORPORATION BERHAD

199501030544 (359750-D)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT 30.4.2020 RM'000	AS AT 31.1.2020 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	160,339	161,294
Right-of-use assets	4,954	5,033
Bearer plants	4,059	3,795
Investment properties	277,708	278,512
Other investment	12,934	13,162
Inventories	605,696	602,677
Deferred tax assets	32,276	32,462
Derivative financial assets	13,621	12,296
	<u>1,111,587</u>	<u>1,109,231</u>
Current assets		
Inventories	193,890	198,281
Receivables	62,600	53,982
Contract assets	1,731	1,262
Prepaid operating expenditure	11,562	9,916
Tax recoverable	3,202	779
Cash and bank balances	65,640	68,246
	<u>338,625</u>	<u>332,466</u>
TOTAL ASSETS	<u>1,450,212</u>	<u>1,441,697</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	299,572	299,572
Treasury shares	(3,115)	(3,115)
Other reserves	9,194	8,707
Retained earnings	597,590	595,671
	<u>903,241</u>	<u>900,835</u>
Non-controlling interests	53,296	52,401
Total equity	<u>956,537</u>	<u>953,236</u>
Non-current liabilities		
Loans and borrowings	224,163	249,284
Deferred tax liabilities	35,475	35,443
Derivative financial liabilities	2,111	1,424
	<u>261,749</u>	<u>286,151</u>
Current liabilities		
Trade and other payables	85,697	85,557
Contract liabilities	13,302	11,878
Loans and borrowings	132,244	103,619
Tax payable	683	1,256
	<u>231,926</u>	<u>202,310</u>
Total liabilities	<u>493,675</u>	<u>488,461</u>
TOTAL EQUITY AND LIABILITIES	<u>1,450,212</u>	<u>1,441,697</u>
Net assets per share (RM)	<u>3.23</u>	<u>3.22</u>

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the financial year ended 31 January 2020 and the accompanying explanatory notes attached to the interim financial statements.

CRESCENDO CORPORATION BERHAD
199501030544 (359750-D)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	← Attributable to owners of the Company →						Non-Controlling Interests
	Total Equity RM'000	← Non-distributable →		← Distributable →		Treasury Shares RM'000	
Total RM'000		Share Capital RM'000	Other Reserves RM'000	Retained Earnings RM'000	RM'000		RM'000
<u>3 months ended 30 April 2020</u>							
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	<u>956,537</u>	<u>903,241</u>	<u>299,572</u>	<u>9,194</u>	<u>597,590</u>	<u>(3,115)</u>	<u>53,296</u>
<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 interests	(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>

The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Statements for the financial year ended 31 January 2020 and the accompanying explanatory notes attached to the interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	3 MONTHS ENDED	
	30.4.2020	30.4.2019
	RM'000	RM'000
Cash flows from operating activities		
Cash received from customers	35,822	78,668
Cash paid to suppliers and employees	(32,431)	(56,727)
Cash generated from operations	<u>3,391</u>	<u>21,941</u>
Deposit interest received	276	644
Interest paid	(4,415)	(4,606)
Tax paid	(4,952)	(2,294)
Net cash (used in)/from operating activities	<u>(5,700)</u>	<u>15,685</u>
Cash flows from investing activities		
Acquisition of bearer plants, land use rights and property, plant and equipment	(638)	(830)
Capital realisation from other investment	228	684
Pledge of time deposits	(2)	(2)
Proceeds from disposal of property, plant and equipment	-	225
Net cash (used in)/from investing activities	<u>(412)</u>	<u>77</u>
Cash flows from financing activities		
Proceeds from loans and borrowings	12,000	6,497
Repayment of loans and borrowings	(15,230)	(16,797)
Dividend paid to non-controlling interests	-	(403)
Net cash used in financing activities	<u>(3,230)</u>	<u>(10,703)</u>
Net (decrease)/increase in cash and cash equivalents	(9,342)	5,059
Cash and cash equivalents at the beginning of the financial period	60,659	57,568
Cash and cash equivalents at the end of the financial period	<u>51,317</u>	<u>62,627</u>
Cash and cash equivalents at the end of the financial period		
Deposits with licensed banks	30,533	23,881
Cash and bank balances	35,107	47,782
Bank overdrafts	(13,707)	(4,430)
	<u>51,933</u>	<u>67,233</u>
Time deposits pledged	(616)	(4,606)
	<u>51,317</u>	<u>62,627</u>

The Unaudited Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Statements for the financial year ended 31 January 2020 and the accompanying explanatory notes attached to the interim financial statements.

PART A - EXPLANATORY NOTES

A1 Basis of preparation

The interim financial report is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standard ("MFRS") 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 January 2020. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 31 January 2020.

The accounting policies and methods of computation adopted by the Group in this interim financial statements are consistent with those of the annual financial statements for the year ended 31 January 2020 except for the adoption of the following new and amended MFRSs and Issues Committee ("IC") Interpretations relevant to the current operations of the Group:

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

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

		Effective for financial periods beginning on or after
Amendments to MFRS 16	Covid-19-Related Rent Concessions	1 Jun 2020
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 Jan 2022
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 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 2020.

A7 Dividends paid

There was no dividend paid during the three months ended 30 April 2020.

A8 Segmental information

Major segments by activity:-	<u>Revenue</u>		<u>Results</u>	
	3 months ended		3 months ended	
	30.4.2020	30.4.2019	30.4.2020	30.4.2019
	RM'000	RM'000	RM'000	RM'000
Property development and construction	21,665	40,629	4,754	14,135
Manufacturing and trading	9,685	10,204	1,269	1,001
Property investment	2,227	1,429	1,254	408
Education, management services and others	11,276	12,531	4,157	5,967
	<u>44,853</u>	<u>64,793</u>	<u>11,434</u>	<u>21,511</u>
Inter-segment eliminations	<u>(1,667)</u>	<u>(4,255)</u>	<u>(2,833)</u>	<u>(3,471)</u>
	<u>43,186</u>	<u>60,538</u>	<u>8,601</u>	<u>18,040</u>
Unallocated expenses			(787)	(741)
Finance costs			<u>(2,975)</u>	<u>(2,996)</u>
			<u>4,839</u>	<u>14,303</u>

A9 Valuation of non-current assets

The valuations of property, plant and equipment and investment properties stated in the previous annual financial statements have been brought forward without amendment.

A10 Material subsequent events

As at 23 June 2020, there were no subsequent material events that have not been reflected in the financial statements for the current financial period.

A11 Changes in the composition of the Group

There were no changes in the composition of the Group for the current financial period including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring or discontinuing of operations.

A12 Contingent liabilities

The contingent liabilities of the Group as at 23 June 2020 which comprise Bankers' guarantees issued by financial institutions in favour of third parties are as follows:-

Secured	RM'000
	5,235
Unsecured	-
	<u>5,235</u>

PART B - ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES

B1 Financial review for current quarter and financial year to date

	Individual Quarter			Cumulative Quarter		
	Preceding		Changes	Preceding		Changes
	Current	Year		Current	Year	
	Year	Corresponding	Year	Corresponding		
Quarter	Quarter	%	To-date	Period	%	
	30.4.2020	30.4.2019		30.4.2020	30.4.2019	
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	43,186	60,538	-29%	43,186	60,538	-29%
Earnings before interest, tax, depreciation and amortisation	10,075	19,586	-49%	10,075	19,586	-49%
Profit before interest and tax	7,814	17,299	-55%	7,814	17,299	-55%
Profit before tax	4,839	14,303	-66%	4,839	14,303	-66%
Profit after tax	2,816	10,031	-72%	2,816	10,031	-72%
Profit attributable to owners of the Company	1,919	9,170	-79%	1,919	9,170	-79%

The Group's revenue and profit before tax ("PBT") for the current quarter ended 30 April 2020 decreased RM17.4 million and RM9.5 million respectively as compared to the corresponding quarter in last financial year. All the business operations of the Group were affected due to the various Movement Control Orders ("MCO") imposed by the Malaysian government since 18 March 2020. This has led to slower demand on properties as people tend to postpone major expansion or relocation decision. The MCO has also disrupted the property transaction process including difficulties in conducting property viewing, title search and closure of showroom and sales galleries during the MCO period. Potential buyers are likely to adopt a wait and see approach leading to decrease in sales in the first quarter of the financial year 2021.

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

	Revenue			
	Quarter ended		Year-to-date ended	
	30.4.2020	30.4.2019	30.4.2020	30.4.2019
	RM'000	RM'000	RM'000	RM'000
Property development and construction	21,665	40,629	21,665	40,629
Manufacturing and trading	9,685	10,204	9,685	10,204
Property investment	2,227	1,429	2,227	1,429
Education, management services and others	11,276	12,531	11,276	12,531
	<u>44,853</u>	<u>64,793</u>	<u>44,853</u>	<u>64,793</u>

	Operating profit			
	Quarter ended		Year-to-date ended	
	30.4.2020	30.4.2019	30.4.2020	30.4.2019
	RM'000	RM'000	RM'000	RM'000
Property development and construction	4,754	14,135	4,754	14,135
Manufacturing and trading	1,269	1,001	1,269	1,001
Property investment	1,254	408	1,254	408
Education, management services and others	4,157	5,967	4,157	5,967
	<u>11,434</u>	<u>21,511</u>	<u>11,434</u>	<u>21,511</u>

Property development and construction operation

For the current quarter, the decreases in revenue and operating profit were mainly due to lower properties sales caused by the disruption on the property sales transaction process and construction progress during the MCO period.

Manufacturing and trading operation

The revenue for the current quarter has dropped slightly however the operating profit has increased 27% contributed by sales of higher margin products prior to MCO period.

Property investment operation

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

Education, management services and others

The decreases in revenue and operating profit during the current quarter were 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 30.4.2020 RM'000	Immediate Preceding Quarter 31.1.2020 RM'000	Changes %
Revenue	43,186	74,942	-42%
Earnings before interest, tax, depreciation and amortisation	10,075	16,303	-38%
Profit before interest and tax	7,814	13,999	-44%
Profit before tax	4,839	11,024	-56%
Profit after tax	2,816	1,915	47%
Profit attributable to owners of the Company	1,919	2,345	-18%

The Group's revenue and profit before tax ("PBT") for the current quarter ended 30 April 2020 decreased RM31.8 million and RM6.2 million respectively as compared to the immediate preceding quarter mainly due to lower properties sales caused by the disruption on the property sales transaction process and construction progress during the MCO period.

B3 Group's Prospect

The outbreak of COVID-19 pandemic has brought about uncertainties in both the national and global economies due to the unprecedented preventive measures of lockdown across the world resulting in suspension of businesses. A management team has been set up since March 2020 to monitor and carry out measures to minimise the impact of the pandemic to the Group. Amongst the measures are implementation of Standard Operating Procedures (SOPs) to ensure that the well-being of the Group's staff is prioritised as well as to ensure compliance with the authorities guidelines and adapt to the "New Normal". As Malaysia has slowly eased into a recovery mode, the Group is back to normal operation since mid of May 2020.

The announcement by Bank Negara Malaysia on automatic moratorium on loan repayment for SMEs and individuals to relieve the burden on businesses and households affected by COVID-19 outbreak and lower interest rates has helped to cushion the impact in the short term. The recent short-term Economic Recovery Stimulus Package such as the exemption of Real Property Gains Tax (RPGT) for individuals, limited to disposal of three units of residential homes per person and the uplifting of 70% margin financing limit for third residential property valued at RM600,000 and above will further mitigate some of the adverse impact of the pandemic.

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

As at 30 April 2020, the Group's land bank is as follows:

<u>Location</u>	<u>Type of development</u>	<u>Acres</u>
Bandar Cemerlang		
- Tebrau, Johor Bahru	Mixed development	803
- Kota Tinggi	Mixed development	526
Taman Perindustrian Cemerlang	Industrial	55
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
		2,687

In our effort to continue developing landed properties, we plan to launch 258 units of affordable housing at Taman Dato' Chellam, 106 units of mid to high-end market landed residential properties and 36 units of shop offices at Bandar Cemerlang with total GDV of RM163.4 million for the next one year.

As the outbreak continues to evolve, it is challenging to predict the full extent and duration of its impact to the Group at this juncture but there may be impairment on the investment properties due to the weaker sentiment in property market. However, the outbreak is not expected to impact the Group's ability to meet its financial obligations in the next 12 months. The Group is also expected to remain profitable in this financial year in view of the unbilled revenue from the total committed property sales of RM115.3 million as at 23 June 2020.

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

This is not applicable.

B5 Tax

	Current Quarter Ended 30.4.2020 RM'000	Financial Year-to-date Ended 30.4.2020 RM'000
Current tax		
Current year	1,957	1,957
Deferred tax:		
Relating to origination and reversal of temporary difference	66	66
	2,023	2,023

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 23 June 2020.

B7 Group borrowings and debt securities

(a) The Group loans and borrowings as at 30 April 2020 and 30 April 2019 were as follows:

	<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>
	<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>

(b) The increase in loans and borrowings is mainly to finance project expenditure.

(c) As at 30 April 2020, the weighted average interest rate of loan and borrowings ranged from 4.6% to 7.4% (30.4.2019: 5.3% to 8.0%) and after taking into account the effect of interest rate swap, approximately 33% (30.4.2019: 32%) of the loans and borrowings are at fixed rate of interest.

(d) Included in term loans is a term loan of RM38.2 million (30.4.2019: RM42.2 million) denominated in USD. The Group had a cross currency interest rate swap ("CCIRS") agreement in place with a notional principal of USD12.2 million (30.4.2019: USD13.5 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 RM38.2 million (30.4.2019: RM42.2 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 2020 is RM1.46 million.

B8 Derivatives

The Group outstanding derivatives as at 30 April 2020 are as follows:

Type of Derivatives	Notional value RM'000	Fair value RM'000
(i) Interest rate swap ("IRS")	<u>78,417</u>	<u>(2,111)</u>
(ii) Cross currency interest rate swap ("CCIRS")	<u>38,200</u>	<u>13,621</u>

The Group entered into IRS and CCIRS agreements that are designated as a cash flow hedge to reduce the Group's exposure to adverse fluctuations in interest and exchange rates on underlying debt instruments.

There is no changes on the information disclosed in related to risk, cash requirements, financial risk management and related accounting policy associated with the derivatives since the end of the previous financial year.

B9 Material litigation

As at 23 June 2020, 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 2020.

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 30.4.2020	Financial Year-to-date Ended 30.4.2020
Profit net of tax attributable to owners of the Company (RM'000)	<u>1,919</u>	<u>1,919</u>
Weighted average number of ordinary shares in issue ('000)	<u>279,419</u>	<u>279,419</u>
Basic earnings per share (Sen)	<u>0.69</u>	<u>0.69</u>

B12 Notes to the statement of comprehensive income

	Current Quarter Ended 30.4.2020 RM'000	Financial Year-to-date Ended 30.4.2020 RM'000
(a) Interest income	396	396
(b) Other income including investment income	3,518	3,518
(c) Interest expenses	(2,975)	(2,975)
(d) Depreciation and amortisation	(2,261)	(2,261)
(e) Provision for and (write off) / write back of receivables	1	1
(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)	55	55
(j) Gain or (loss) on derivatives	638	638
(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.