

CRESCENDO CORPORATION BERHAD

199501030544 (359750-D)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31.7.2023 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31.7.2022 RM'000	CURRENT YEAR TO-DATE 31.7.2023 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31.7.2022 RM'000
Revenue	61,115	65,337	119,451	125,180
Cost of sales	(45,288)	(42,761)	(77,674)	(74,926)
Gross profit	15,827	22,576	41,777	50,254
Other income	3,874	3,515	8,336	7,322
Administration expenses	(9,113)	(8,231)	(17,830)	(16,681)
Finance costs	(2,897)	(3,023)	(5,777)	(6,057)
Profit before tax	7,691	14,837	26,506	34,838
Tax expenses	(2,773)	(4,365)	(8,100)	(10,129)
Profit for the period	4,918	10,472	18,406	24,709
Other comprehensive income, net of tax				
Net movement on cash flow hedges	23	108	35	266
Tax relating to cash flow hedges	(5)	(25)	(8)	(63)
Total other comprehensive income for the period, net of tax	18	83	27	203
Total comprehensive income for the period	4,936	10,555	18,433	24,912
Profit attributable to:				
Owners of the Company	4,281	10,105	17,484	23,306
Non-controlling interests	637	367	922	1,403
	4,918	10,472	18,406	24,709
Total comprehensive income attributable to:				
Owners of the Company	4,014	10,188	17,511	23,509
Non-controlling interests	922	367	922	1,403
	4,936	10,555	18,433	24,912
Earnings per share attributable to owners of the Company:				
Basic (sen)	1.53	3.62	6.26	8.34

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

	AS AT 31.7.2023 RM'000	AS AT 31.1.2023 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	130,651	130,679
Right-of-use assets	3,922	4,081
Bearer plants	4,662	4,802
Investment properties	291,578	289,866
Inventories	649,850	658,248
Deferred tax assets	40,445	39,561
	<u>1,121,108</u>	<u>1,127,237</u>
Current assets		
Inventories	134,194	115,530
Receivables	64,656	43,170
Contract assets	12,576	5,196
Prepaid operating expenditure	14,392	11,738
Tax recoverable	1,382	3,310
Short term funds	-	504
Cash and bank balances	64,898	86,249
	<u>292,098</u>	<u>265,697</u>
TOTAL ASSETS	<u>1,413,206</u>	<u>1,392,934</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	(13)	(40)
Retained earnings	644,520	632,624
	<u>940,964</u>	<u>929,041</u>
Non-controlling interests	<u>53,412</u>	<u>52,490</u>
Total equity	<u>994,376</u>	<u>981,531</u>
Non-current liabilities		
Loans and borrowings	204,195	215,891
Deferred tax liabilities	31,257	31,598
Derivative financial liabilities	17	52
	<u>235,469</u>	<u>247,541</u>
Current liabilities		
Trade and other payables	71,145	74,319
Contract liabilities	24,361	17,571
Loans and borrowings	77,394	69,181
Tax payable	4,873	2,791
Dividend payable	5,588	-
	<u>183,361</u>	<u>163,862</u>
Total liabilities	<u>418,830</u>	<u>411,403</u>
TOTAL EQUITY AND LIABILITIES	<u>1,413,206</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	
6 months ended 31 July 2023							
Balance as at 1 February 2023	981,531	929,041	299,572	(40)	632,624	(3,115)	52,490
Total comprehensive income	18,433	17,511	-	27	17,484	-	922
Transactions with owners							
Dividends	(5,588)	(5,588)	-	-	(5,588)	-	-
Balance as at 31 July 2023	994,376	940,964	299,572	(13)	644,520	(3,115)	53,412
6 months ended 31 July 2022							
Balance as at 1 February 2022	970,827	918,229	299,572	(298)	622,070	(3,115)	52,598
Total comprehensive income	24,912	23,509	-	203	23,306	-	1,403
Transactions with owners							
Dividend paid to non-controlling interests	(990)	-	-	-	-	-	(990)
Dividends	(5,588)	(5,588)	-	-	(5,588)	-	-
Total transactions with owners	(6,578)	(5,588)	-	-	(5,588)	-	(990)
Balance as at 31 July 2022	989,161	936,150	299,572	(95)	639,788	(3,115)	53,011

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

	6 MONTHS ENDED	
	31.7.2023	31.7.2022
	RM'000	RM'000
Cash flows from operating activities		
Cash received from customers	112,815	105,117
Cash paid to suppliers and employees	(109,378)	(73,644)
Cash generated from operations	<u>3,437</u>	<u>31,473</u>
Deposit interest received	950	856
Interest paid	(6,086)	(6,309)
Tax paid	(5,324)	(5,423)
Net cash (used in)/from operating activities	<u>(7,023)</u>	<u>20,597</u>
Cash flows from investing activities		
Acquisition of bearer plants, right-of-use assets, investment properties and property, plant and equipment	(11,620)	(4,591)
Pledge of time deposits	(31)	(16)
Net withdrawal from short term funds	506	2,500
Proceeds from disposal of property, plant and equipment	270	46
Net cash used in investing activities	<u>(10,875)</u>	<u>(2,061)</u>
Cash flows from financing activities		
Proceeds from loans and borrowings	30,500	-
Repayment of loans and borrowings	(39,961)	(27,361)
Dividend paid to non-controlling interests	-	(990)
Net cash used in financing activities	<u>(9,461)</u>	<u>(28,351)</u>
Net decrease in cash and cash equivalents	(27,359)	(9,815)
Cash and cash equivalents at the beginning of the financial period	78,750	102,014
Cash and cash equivalents at the end of the financial period	<u>51,391</u>	<u>92,199</u>
Cash and cash equivalents at the end of the financial period		
Deposits with licensed banks and other financial institution	24,040	71,554
Cash and bank balances	40,858	31,524
Bank overdrafts	(10,837)	(8,266)
	<u>54,061</u>	<u>94,812</u>
Time deposits pledged	(2,670)	(2,613)
	<u>51,391</u>	<u>92,199</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
Amendments to MFRS 112	International Tax Reform - Pillar Two Model Rules

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 107 and MFRS 7	Supplier Finance Arrangements	1 Jan 2024
Amendments to MFRS 121	Lack of Exchangeability	1 Jan 2025
Amendments to MFRS 10 and MFRS 128	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 six months ended 31 July 2023.

A7 Dividends paid

There was no dividend paid during the six months ended 31 July 2023.

A8 Segmental information

Major segments by activity:-	<u>Revenue</u>		<u>Results</u>	
	6 months ended		6 months ended	
	31.7.2023	31.7.2022	31.7.2023	31.7.2022
	RM'000	RM'000	RM'000	RM'000
Property development and construction	74,267	77,402	26,207	34,700
Manufacturing and trading	25,734	29,305	1,683	3,072
Property investment	5,318	5,052	3,512	3,423
Services and others	24,311	22,388	11,486	8,255
	<u>129,630</u>	<u>134,147</u>	<u>42,888</u>	<u>49,450</u>
Inter-segment eliminations	<u>(10,179)</u>	<u>(8,967)</u>	<u>(9,108)</u>	<u>(7,077)</u>
	<u>119,451</u>	<u>125,180</u>	<u>33,780</u>	<u>42,373</u>
Unallocated expenses			(1,497)	(1,478)
Finance costs			<u>(5,777)</u>	<u>(6,057)</u>
			<u>26,506</u>	<u>34,838</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 September 2023, there were no material subsequent events that have not been reflected in the financial statements for the current financial period except for:

- The Company had on 24 August 2023 acquired from Crescendo Land Sdn. Bhd., a 95% owned subsidiary of Crescendo Development Sdn. Bhd., which in turn is a wholly-owned subsidiary of the Company, a total of 2 ordinary shares fully paid representing 100% equity interest in Crescendo Landmark Sdn. Bhd., for a total consideration of RM2.
- Crescendo Landmark Sdn. Bhd., a wholly owned subsidiary of the Company, had on 12 September 2023 entered into a conditional sale and purchase agreement ("SPA") for the acquisition of 2 plots of freehold vacant lands with a total gross land area of approximately 3.272 acres (13,243.19 square meters) for a total consideration of RM72 million.

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 31 July 2023 are as follows:-

- (a) Banker guarantees issued by licensed banks in favour of third parties

	RM'000
Secured	5,676
Unsecured	-
	<u>5,676</u>

- (b) An unsecured corporate guarantee was issued by the Company to a third party to guarantee the due performance of a subsidiary under a construction contract amounting to RM17.6 million and to indemnify the third party against all losses and damages suffered by the third party by reason of any default or breach on the part of the said subsidiary in performing and observing its obligations pursuant to the said contract ("the Losses"). The liability under this corporate guarantee is limited to 60.20% of the Losses.

A13 Capital Commitments

The capital commitments of the Group as at 31 July 2023 are as follows:

	RM'000
Contracted but not accounted for	
- Land for property development	70,400
- Property, plant and equipment	9,300
- Investment properties	1,400
	<u>81,100</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 Quarter	Year Corresponding Quarter		Current Year To-date	Year Corresponding Period	
	31.7.2023 RM'000	31.7.2022 RM'000	%	31.7.2023 RM'000	31.7.2022 RM'000	%
Revenue	61,115	65,337	-6%	119,451	125,180	-5%
Earnings before interest, tax, depreciation and amortisation	12,821	20,071	-36%	36,760	45,312	-19%
Profit before interest and tax	10,588	17,860	-41%	32,283	40,895	-21%
Profit before tax	7,691	14,837	-48%	26,506	34,838	-24%
Profit after tax	4,918	10,472	-53%	18,406	24,709	-26%
Profit attributable to owners of the Company	4,281	10,105	-58%	17,484	23,306	-25%

The decreases in the Group's revenue and profit before tax for the current quarter ended 31 July 2023 and the first half of financial year ending 31 January 2024 as compared to the corresponding periods in last financial year were mainly due to lower sales in properties. The profit margin decreased due to change of properties sales mix with a higher proportion of affordable housing property.

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

	Revenue			
	Quarter ended		Year-to-date ended	
	31.7.2023 RM'000	31.7.2022 RM'000	31.7.2023 RM'000	31.7.2022 RM'000
Property development and construction	36,768	43,749	74,267	77,402
Manufacturing and trading	14,499	13,251	25,734	29,305
Property investment	2,692	2,587	5,318	5,052
Services and others	11,855	11,117	24,311	22,388
	<u>65,814</u>	<u>70,704</u>	<u>129,630</u>	<u>134,147</u>
	Operating profit			
	Quarter ended		Year-to-date ended	
	31.7.2023 RM'000	31.7.2022 RM'000	31.7.2023 RM'000	31.7.2022 RM'000
Property development and construction	8,142	15,289	26,207	34,700
Manufacturing and trading	797	1,073	1,683	3,072
Property investment	1,759	1,777	3,512	3,423
Services and others	5,208	4,313	11,486	8,255
	<u>15,906</u>	<u>22,452</u>	<u>42,888</u>	<u>49,450</u>

Property development and construction operation

The operating profit for the current quarter and year-to-date ended 31 July 2023 decreased by RM8.5 million and RM7.1 million respectively as compared to the corresponding periods in last year mainly due to change of properties sales mix with a higher proportion of affordable housing property and lower sales of high margin commercial and industrial properties.

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 six month ended 31 July 2023 as compared to the corresponding period 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 and the financial year-to-date as compared to the corresponding quarters in last financial year.

Services and others

The increase in revenue for the financial year-to-date as compared to the corresponding period in last year was mainly contribution by higher revenue from the international school.

B2 Financial review for current quarter compared with immediate preceding quarter

	Current Quarter 31.7.2023 RM'000	Immediate Preceding Quarter 30.4.2023 RM'000	Changes %
Revenue	61,115	58,336	5%
Earnings before interest, tax, depreciation and amortisation	12,821	23,939	-46%
Profit before interest and tax	10,588	21,695	-51%
Profit before tax	7,691	18,815	-59%
Profit after tax	4,918	13,488	-64%
Profit attributable to owners of the Company	4,281	13,203	-68%

Despite the 5% higher revenue for the current quarter ended 31 July 2023 contributed from sales of concrete products, the Group's profit before tax decreased by RM11 million as compared to the immediate preceding quarter mainly due to change of sales mix with a higher proportion of affordable housing property and lower 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 31 July 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	743
- Kota Tinggi	Mixed development	526
Taman Perindustrian Cemerlang	Industrial	32
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
		2,587

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.

In the second quarter of this financial year, the Group has also launched about 100 acres of industrial land for sales in Nusa Cemerlang Industrial Park with a GDV of more than RM500 million.

Based on the total committed sales in hand and unbilled revenue of RM113 million as at 22 September 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 31.7.2023 RM'000	Financial Year-to-date Ended 31.7.2023 RM'000
Current tax		
Current year	3,388	9,334
Deferred tax:		
Relating to origination and reversal of temporary difference	(631)	(1,239)
Prior years	16	5
	<u>2,773</u>	<u>8,100</u>

The effective tax rates for the current quarter and financial year-to-date were 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 September 2023.

B7 Group borrowings and debt securities

(a) The Group loans and borrowings as at 31 July 2023 and 31 July 2022 were as follows:

	<u>As at 31 July 2023</u>		
	Long term RM'000	Short term RM'000	Total RM'000
Secured:			
Bank overdrafts	-	10,837	10,837
Revolving credit	-	41,500	41,500
Medium Term Notes	200,000	-	200,000
Term Loans	4,195	25,057	29,252
	<u>204,195</u>	<u>77,394</u>	<u>281,589</u>
	<u>As at 31 July 2022</u>		
	Long term RM'000	Short term RM'000	Total RM'000
Secured:			
Bank overdrafts	-	8,266	8,266
Revolving credit	-	4,500	4,500
Medium Term Notes	200,000	-	200,000
Term Loans	29,251	67,672	96,923
	<u>229,251</u>	<u>80,438</u>	<u>309,689</u>

- (b) The decrease in loans and borrowings is mainly due to repayment.
- (c) As at 31 July 2023, the weighted average interest rate of loan and borrowings ranged from 3.6% to 7.6% (31.7.2022: 3.6% to 7.1%) and after taking into account the effect of interest rate swap, approximately 60% (31.7.2022: 58%) 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 31 July 2023 is RM91,000.

B8 Derivatives

- (a) The Group outstanding derivatives as at 31 July 2023 are as follows:

Type of Derivatives	Notional value RM'000	Fair value RM'000
Interest rate swap ("IRS")	9,984	(17)

- (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 31.7.2023 RM'000	Financial Year-to-date Ended 31.7.2023 RM'000
Interest rate swap ("IRS")	23	35

- (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 September 2023, there is no material litigation against the Group.

B10 Dividend

No dividend has been declared or proposed for the current financial quarter ended 31 July 2023 (previous corresponding period: 3 Sen single tier).

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 31.7.2023	Financial Year-to-date Ended 31.7.2023
Profit net of tax attributable to owners of the Company (RM'000)	<u>4,281</u>	<u>17,484</u>
Weighted average number of ordinary shares in issue ('000)	<u>279,419</u>	<u>279,419</u>
Basic earnings per share (Sen)	<u>1.53</u>	<u>6.26</u>

B12 Notes to the statement of comprehensive income

	Current Quarter Ended 31.7.2023 RM'000	Financial Year-to-date Ended 31.7.2023 RM'000
(a) Interest income	463	942
(b) Other income including investment income	3,425	7,428
(c) Interest expenses	(2,897)	(5,777)
(d) Depreciation and amortisation	(2,233)	(4,477)
(e) (Provision for and write off) / write back of receivables	1	(4)
(f) (Provision for and write off) / write back of inventories	222	176
(g) Gain or (loss) on disposal of quoted or unquoted investments or properties	-	4
(h) Impairment of assets	-	-
(i) Foreign exchange gain or (loss)	(16)	(47)
(j) Gain or (loss) on derivatives	23	35
(k) Exceptional items	-	-