

**CRESCENDO CORPORATION BERHAD**

199501030544 (359750-D)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31.10.2023 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31.10.2022 RM'000	CURRENT YEAR TO-DATE 31.10.2023 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31.10.2022 RM'000
Revenue	101,789	51,264	221,240	176,444
Cost of sales	(67,833)	(35,850)	(145,507)	(110,776)
<b>Gross profit</b>	<b>33,956</b>	<b>15,414</b>	<b>75,733</b>	<b>65,668</b>
Other income	3,722	3,421	12,058	10,743
Administration expenses	(9,360)	(8,443)	(27,190)	(25,124)
Finance costs	(2,988)	(2,940)	(8,765)	(8,997)
<b>Profit before tax</b>	<b>25,330</b>	<b>7,452</b>	<b>51,836</b>	<b>42,290</b>
Tax expenses	(7,897)	(2,448)	(15,997)	(12,577)
<b>Profit for the period</b>	<b>17,433</b>	<b>5,004</b>	<b>35,839</b>	<b>29,713</b>
<b>Other comprehensive income, net of tax</b>				
Net movement on cash flow hedges	11	106	46	372
Tax relating to cash flow hedges	(3)	(26)	(11)	(89)
<b>Total other comprehensive income for the period, net of tax</b>	<b>8</b>	<b>80</b>	<b>35</b>	<b>283</b>
<b>Total comprehensive income for the period</b>	<b>17,441</b>	<b>5,084</b>	<b>35,874</b>	<b>29,996</b>
<b>Profit attributable to:</b>				
Owners of the Company	17,972	4,856	35,456	28,162
Non-controlling interests	(539)	148	383	1,551
	<b>17,433</b>	<b>5,004</b>	<b>35,839</b>	<b>29,713</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	17,980	4,936	35,491	28,445
Non-controlling interests	(539)	148	383	1,551
	<b>17,441</b>	<b>5,084</b>	<b>35,874</b>	<b>29,996</b>
<b>Earnings per share attributable to owners of the Company:</b>				
Basic (sen)	6.43	1.74	12.69	10.08

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 31.10.2023 RM'000</b>	<b>AS AT 31.1.2023 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	132,614	130,679
Right-of-use assets	3,843	4,081
Bearer plants	4,592	4,802
Investment properties	291,652	289,866
Inventories	581,149	658,248
Deferred tax assets	39,947	39,561
	<u>1,053,797</u>	<u>1,127,237</u>
<b>Current assets</b>		
Inventories	200,077	115,530
Receivables	110,677	43,170
Contract assets	15,740	5,196
Prepaid operating expenditure	11,902	11,738
Tax recoverable	948	3,310
Short term funds	-	504
Cash and bank balances	48,288	86,249
	<u>387,632</u>	<u>265,697</u>
<b>TOTAL ASSETS</b>	<u>1,441,429</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	(5)	(40)
Retained earnings	662,492	632,624
	<u>958,944</u>	<u>929,041</u>
<b>Non-controlling interests</b>	<u>52,873</u>	<u>52,490</u>
<b>Total equity</b>	<u>1,011,817</u>	<u>981,531</u>
<b>Non-current liabilities</b>		
Loans and borrowings	167,809	215,891
Deferred tax liabilities	31,615	31,598
Derivative financial liabilities	-	52
	<u>199,424</u>	<u>247,541</u>
<b>Current liabilities</b>		
Trade and other payables	85,450	74,319
Contract liabilities	21,015	17,571
Loans and borrowings	114,173	69,181
Tax payable	9,544	2,791
Derivative financial liabilities	6	-
	<u>230,188</u>	<u>163,862</u>
<b>Total liabilities</b>	<u>429,612</u>	<u>411,403</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>1,441,429</u>	<u>1,392,934</u>
Net assets per share (RM)	<u>3.43</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 →						
	Total Equity RM'000	Total RM'000	Share Capital RM'000	Other Reserves RM'000	Retained Earnings RM'000	Treasury Shares RM'000	Non- Controlling Interests RM'000
← Non-distributable →							
<b>9 months ended 31 October 2023</b>							
Balance as at 1 February 2023	981,531	929,041	299,572	(40)	632,624	(3,115)	52,490
Total comprehensive income	35,874	35,491	-	35	35,456	-	383
<b>Transactions with owners</b>							
Dividends	(5,588)	(5,588)	-	-	(5,588)	-	-
Total transactions with owners	(5,588)	(5,588)	-	-	(5,588)	-	-
<b>Balance as at 31 October 2023</b>	<b>1,011,817</b>	<b>958,944</b>	<b>299,572</b>	<b>(5)</b>	<b>662,492</b>	<b>(3,115)</b>	<b>52,873</b>
<b>9 months ended 31 October 2022</b>							
Balance as at 1 February 2022	970,827	918,229	299,572	(298)	622,070	(3,115)	52,598
Total comprehensive income	29,996	28,445	-	283	28,162	-	1,551
<b>Transactions with owners</b>							
Dividend paid to non-controlling interests	(1,458)	-	-	-	-	-	(1,458)
Dividends	(13,971)	(13,971)	-	-	(13,971)	-	-
Total transactions with owners	(15,429)	(13,971)	-	-	(13,971)	-	(1,458)
<b>Balance as at 31 October 2022</b>	<b>985,394</b>	<b>932,703</b>	<b>299,572</b>	<b>(15)</b>	<b>636,261</b>	<b>(3,115)</b>	<b>52,691</b>

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>9 MONTHS ENDED</b>	
	<b>31.10.2023</b>	<b>31.10.2022</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from operating activities</b>		
Cash received from customers	182,020	185,823
Cash paid to suppliers and employees	(180,531)	(114,906)
Cash generated from operations	<u>1,489</u>	<u>70,917</u>
Deposit interest received	1,284	1,356
Interest paid	(9,053)	(9,396)
Tax paid	(7,262)	(10,678)
Net cash (used in)/from operating activities	<u>(13,542)</u>	<u>52,199</u>
<b>Cash flows from investing activities</b>		
Acquisition of bearer plants, right-of-use assets, investment properties and property, plant and equipment	(16,516)	(9,347)
Pledge of time deposits	(50)	(28)
Net withdrawal from short term funds	506	2,500
Proceeds from disposal of property, plant and equipment	270	79
Net cash used in investing activities	<u>(15,790)</u>	<u>(6,796)</u>
<b>Cash flows from financing activities</b>		
Proceeds from loans and borrowings	39,087	-
Repayment of loans and borrowings	(47,141)	(41,841)
Dividend paid	(5,588)	(5,588)
Dividend paid to non-controlling interests	-	(1,458)
Net cash used in financing activities	<u>(13,642)</u>	<u>(48,887)</u>
<b>Net decrease in cash and cash equivalents</b>	(42,974)	(3,484)
<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>35,776</u>	<u>98,530</u>
<b>Cash and cash equivalents at the end of the financial period</b>		
Deposits with licensed banks and other financial institution	20,039	69,817
Cash and bank balances	28,249	36,328
Bank overdrafts	(9,824)	(4,990)
	<u>38,464</u>	<u>101,155</u>
Time deposits pledged	(2,688)	(2,625)
	<u>35,776</u>	<u>98,530</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 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 nine months ended 31 October 2023.

**A7 Dividends paid**

The dividend paid during the nine months ended 31 October 2023 was a final single tier dividend of 2 sen per ordinary share in respect of financial year 2023, paid on 29 August 2023.

**A8 Segmental information**

	<u>Revenue</u>		<u>Results</u>	
	9 months ended		9 months ended	
Major segments by activity:-	31.10.2023	31.10.2022	31.10.2023	31.10.2022
	RM'000	RM'000	RM'000	RM'000
Property development and construction	148,726	109,989	52,236	44,041
Manufacturing and trading	44,293	41,408	2,931	3,427
Property investment	8,023	7,642	4,977	5,190
Services and others	36,852	33,063	16,940	12,189
	<u>237,894</u>	<u>192,102</u>	<u>77,084</u>	<u>64,847</u>
Inter-segment eliminations	<u>(16,654)</u>	<u>(15,658)</u>	<u>(14,273)</u>	<u>(11,365)</u>
	<u>221,240</u>	<u>176,444</u>	<u>62,811</u>	<u>53,482</u>
Unallocated expenses			(2,210)	(2,195)
Finance costs			<u>(8,765)</u>	<u>(8,997)</u>
			<u>51,836</u>	<u>42,290</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 27 December 2023, there were no material subsequent events that have not been reflected in the financial statements for the current financial period except for:

- Panoramic Industrial Development Sdn Bhd ("PID"), the wholly-owned subsidiary of the Company, had on 7 November 2023 entered into two separate conditional sale and purchase agreements for the disposal of freehold vacant lands for a total cash consideration of RM117,020,709.
- PID had on 15 November 2023 entered into a conditional sale and purchase agreement for the disposal of freehold vacant lands for a total cash consideration of RM110,997,982.50.
- PID had on 17 November 2023 entered into a conditional sale and purchase agreement for the disposal of freehold vacant lands for a total cash consideration of RM315,165,648.67.

**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 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.

**A12 Contingent liabilities**

The contingent liabilities of the Group as at 31 October 2023 are as follows:-

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

	RM'000
Secured	6,799
Unsecured	-
	<u>6,799</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 October 2023 are as follows:

	RM'000
Contracted but not accounted for	
- Land for property development	135,200
- Property, plant and equipment	10,500
	<u>145,700</u>

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

**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	
	31.10.2023 RM'000	31.10.2022 RM'000	%	31.10.2023 RM'000	31.10.2022 RM'000	%
Revenue	101,789	51,264	99%	221,240	176,444	25%
Earnings before interest, tax, depreciation and amortisation	30,603	12,537	144%	67,363	57,849	16%
Profit before interest and tax	28,318	10,392	172%	60,601	51,287	18%
Profit before tax	25,330	7,452	240%	51,836	42,290	23%
Profit after tax	17,433	5,004	248%	35,839	29,713	21%
Profit attributable to owners of the Company	17,972	4,856	270%	35,456	28,162	26%

The Group's revenue and profit before tax for the current financial quarter and the financial year-to-date increased as compared to previous corresponding periods mainly due to contribution from higher properties sales compounded with the high margin industrial land sale.

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

	Revenue			
	Quarter ended		Year-to-date ended	
	31.10.2023 RM'000	31.10.2022 RM'000	31.10.2023 RM'000	31.10.2022 RM'000
Property development and construction	74,459	32,587	148,726	109,989
Manufacturing and trading	18,559	12,103	44,293	41,408
Property investment	2,705	2,590	8,023	7,642
Services and others	12,541	10,675	36,852	33,063
	<u>108,264</u>	<u>57,955</u>	<u>237,894</u>	<u>192,102</u>
	Operating profit			
	Quarter ended		Year-to-date ended	
	31.10.2023 RM'000	31.10.2022 RM'000	31.10.2023 RM'000	31.10.2022 RM'000
Property development and construction	26,029	9,341	52,236	44,041
Manufacturing and trading	1,248	355	2,931	3,427
Property investment	1,465	1,767	4,977	5,190
Services and others	5,454	3,934	16,940	12,189
	<u>34,196</u>	<u>15,397</u>	<u>77,084</u>	<u>64,847</u>

Property development and construction operation

The revenue and operating profit for the current quarter and year-to-date ended 31 October 2023 increased as compared to the corresponding periods in last year mainly due to contribution from higher properties sales compounded with the high margin industrial land sale.

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

Manufacturing and trading operation

For the current quarter, the increases in revenue and operating profit were mainly contributed by higher trading sales of building materials.

The decrease in profit margin for the financial year-to-date 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 increases in revenue and operating profit for the current quarter and the financial year-to-date were mainly due to higher management fees. 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. The international school has also contributed higher revenue and stable operating profit.

**B2 Financial review for current quarter compared with immediate preceding quarter**

	Current Quarter 31.10.2023 RM'000	Immediate Preceding Quarter 30.7.2023 RM'000	Changes %
Revenue	101,789	61,115	67%
Earnings before interest, tax, depreciation and amortisation	30,603	12,821	139%
Profit before interest and tax	28,318	10,588	167%
Profit before tax	25,330	7,691	229%
Profit after tax	17,433	4,918	254%
Profit attributable to owners of the Company	17,972	4,281	320%

The revenue and profit before tax for the current quarter ended 31 October 2023 increased RM40.7 million and RM14.8 million respectively as compared to the immediate preceding quarter mainly due to higher sales of properties compounded with high margin industrial land sale.

**B3 Group's Prospect**

The property market will remain challenging in the short and medium-term due to rising cost of construction resulting from fluctuations in building materials cost as a result of currency depreciation and inflationary pressure. Nevertheless the Budget 2024 is expected to have a positive impact on the property sector due to the government efforts to boost homeownership. With the strong pipeline of incoming foreign direct investments to Johor, demands for industrial properties remain strong and are expected to grow in the coming years. The ongoing Johor Bahru-Singapore Rapid Transport System ("RTS") link project will serve as a catalyst to revitalise Johor Bahru City Centre development and property development within close vicinity to the terminal at Bukit Chagar will benefit.

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 October 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	738
- Kota Tinggi	Industrial	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	215
Ambok	Resort / Mixed development	794
Others	Residential	5
		2,581

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 and 34 units of shop offices at Desa Cemerlang with a total GDV of RM212 million within the next one year.

The Group also plans to launch 1,200 units of serviced apartments which are located within the vicinity of the RTS terminal at Bukit Chagar with a total GDV of approximately RM900 million in FY2025.

In the second quarter of this financial year, the Group launched about 100 acres of industrial land for sales in Nusa Cemerlang Industrial Park ("NCIP") and it was fully sold through several conditional sale and purchase agreement ("SPA") with a total lock-in sales of RM543 million as disclosed in Note A10. The Group has further launched the balance landbank at NCIP of approximately 100 acres for sales with a GDV of around RM500 million. The Group also intends to commence the main infrastructure work of the industrial park at Bandar Cemerlang in FY2025 as we plan to launch the first phase for sales within the next three years.

Based on the total committed sales in hand and unbilled revenue of RM115 million as at 27 December 2023 for the property development operation, the Group is expected to perform satisfactorily for the financial year ending 31 January 2024.

Barring major geopolitical issues, the Board is positive and confident on the prospects of the Group's upcoming new property development. The Board also expects the Group to perform well in FY2025 as the conditional SPAs for the land sales in NCIP mentioned above will result in an estimated gain after taxation of approximately RM310 million upon their completion in FY2025.

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

This is not applicable.

**B5 Tax**

	Current Quarter Ended 31.10.2023 RM'000	Financial Year-to-date Ended 31.10.2023 RM'000
Current tax:		
Current year	7,022	16,356
Prior years	22	22
Deferred tax:		
Relating to origination and reversal of temporary difference	893	(346)
Prior years	(30)	(35)
	<u>7,907</u>	<u>15,997</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**

UOB Kay Hian Securities (M) Sdn. Bhd. ("UOBKH"), on behalf of the Board, announced that Panoramic Industrial Development Sdn. Bhd. ("PID"), a wholly-owned subsidiary of Crescendo Corporation Berhad ("CCB"), had on 17 November 2023 entered into a conditional sale and purchase agreement with Microsoft Payments (Malaysia) Sdn Bhd (the "Purchaser") for the disposal of vacant land measuring an aggregate of approximately 2,626,380.4056 square feet ("sq ft"), all located in the Mukim of Pulai, District of Johor Bahru, State of Johor for a total cash consideration of RM315,165,648.67 ("Proposed Disposal") which comprise of the following:-

- a. part of the land held under H.S.(D) 585174 PTD 209486 measuring approximately 881,098.6262 sq ft ("Land 1");

- b. part of the lands held under H.S.(D) 624546 PTD 224339, H.S. (D) 624547 PTD 224340, H.S. (D) 624548 PTD 224341, H.S. (D) 624549 PTD 224342, H.S. (D) 624550 PTD 224343 and H.S. (D) 624551 PTD 224344 measuring approximately 1,419,811.5023 sq ft in aggregate (“Land 2”); and
- c. other lands being the open space identified as PTD 224345 and reserved road measuring approximately 325,470.2771 sq ft in aggregate (“Land 3”)\*,

(collectively referred to as “Subject Properties”)

Note:-

\* PID has commenced negotiation with Johor State Authority (“JSA”) to acquire Land 3 as part of the surrender and re-alienation process.

The Proposed Disposal is subject to the following approvals being obtained –

- (i) from the shareholders of CCB, for the Proposed Disposal at an extraordinary general meeting of the Company to be convened;
- (ii) from the JSA in respect of the surrender and re-alienation exercise of the Subject Properties in order to obtain the Title Deed;
- (iii) from the JSA in respect of the Purchaser's acquisition of the Subject Properties (in the Title Deed) pursuant to Section 433B of the National Land Code (Revised 2020); and
- (iv) from Iskandar Puteri City Council on the amended master layout plan in respect of the Nusa Cemerlang Industrial Park in order for the Purchaser to carry out data centre development.

UOBKH has on 21 December 2023 submitted the draft circular in relation to the Proposed Disposal to Bursa Malaysia Securities Berhad for their perusal.

**B7 Group borrowings and debt securities**

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

	<u>As at 31 October 2023</u>		
	Long term RM'000	Short term RM'000	Total RM'000
Secured:			
Bank overdrafts	-	9,824	9,824
Revolving credit	-	47,500	47,500
Trade facilities	-	2,587	2,587
Term Loans	2,809	19,262	22,071
Medium Term Notes	165,000	35,000	200,000
	<u>167,809</u>	<u>114,173</u>	<u>281,982</u>
	<u>As at 31 October 2022</u>		
	Long term RM'000	Short term RM'000	Total RM'000
Secured:			
Bank overdrafts	-	4,990	4,990
Revolving credit	-	4,000	4,000
Term Loans	22,071	60,871	82,942
Medium Term Notes	200,000	-	200,000
	<u>222,071</u>	<u>69,861</u>	<u>291,932</u>

- (b) The decrease in loans and borrowings is mainly due to repayment.
- (c) As at 31 October 2023, the weighted average interest rate of loan and borrowings ranged from 3.6% to 7.6% (31.10.2022: 3.6% to 7.3%) and after taking into account the effect of interest rate swap, approximately 59% (31.10.2022: 61%) 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 October 2023 is RM110,000.

**B8 Derivatives**

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

Type of Derivatives	Notional value RM'000	Fair value RM'000
Interest rate swap ("IRS")	7,482	(6)

- (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 31.10.2023 RM'000	Financial Year-to-date Ended 31.10.2023 RM'000
Fair value gain / (loss) Interest rate swap ("IRS")	11	46

- (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 27 December 2023, there was no material litigation since the date of the last annual statement of financial position except for the following:

(A) JOHOR BAHRU HIGH COURT ORIGINATING SUMMONS NO. JA-24NCvC-1031-09/2023 FILED BY KTC HUMAN RESOURCE CONSULTANTS SDN. BHD. AND CHONG CHAI PIN AGAINST CRESCENDO EDUCATION SDN. BHD. ("CESB"), CRESCENDO INTERNATIONAL COLLEGE SDN. BHD. ("CICSB") AND 7 OTHERS ("the Originating Summons")

On 13 October 2023, the Company announced that CESB, a wholly-owned subsidiary of the Company and CICSB, a 55%-owned subsidiary of CESB were on 6.10.2023 notified of an Originating Summons no. JA-24NCvC-1031-09/2023 filed in the Johor Bahru High Court by KTC Human Resource Consultants Sdn. Bhd. ("KTC") ("First Plaintiff") and Chong Chai Pin ("CCP") ("Second Plaintiff") against the following defendants -

Crescendo Education Sdn. Bhd. – 1st Defendant  
 Gooi Seong Lim – 2nd Defendant  
 Gooi Seong Heen – 3rd Defendant  
 Gooi Seong Chneh – 4th Defendant  
 Gooi Seong Gum – 5th Defendant  
 Chow Kok Hiang – 6th Defendant  
 Gooi Khai Shin – 7th Defendant  
 Gooi Tsih Ern – 8th Defendant  
 Crescendo International College Sdn. Bhd. – 9th Defendant  
 (hereinafter collectively called "the Defendants")

The Originating Summons was filed pursuant to Section 346 of the Companies Act, 2016 and the Rules of Court, 2012 for the following reliefs -

- (i) Interim injunction order to restrain the Defendants, whether through their representatives, agents, employees, officers or otherwise, from continuing the construction works of the second wing of the college building of Crescendo International College ("CIC") owned by CICSB ("the Second Wing") which is being carried out on PTD 240100, No. 3, Jalan Lebuah Cemerlang, Taman Desa Cemerlang, Mukim Plentong, Daerah Johor Bahru, Johor Darul Ta'zim which includes part of HS(D) 204446 PTD 114031 Mukim Plentong, Daerah Johor Bahru located at Desa Cemerlang, Johor Bahru, until the disposal of the proceedings of this action;
- (ii) Interim injunction order to restrain the Defendants, whether through their representatives, agents, employees, officers or otherwise, from continuing with and/or issuing any payment of money from any bank accounts of the Defendants' for building construction works in relation to the Second Wing which is being carried out on PTD 240100, No. 3, Jalan Lebuah Cemerlang, Taman Desa Cemerlang, Mukim Plentong, Daerah Johor Bahru, Johor Darul Ta'zim which includes part of HS(D) 204446 PTD 114031 Mukim Plentong, Daerah Johor Bahru located at Desa Cemerlang, Johor Bahru, until the disposal of the proceedings of this action;
- (iii) Order for a special audit process held through the appointment of an independent auditor proposed by the Plaintiffs in relation to the issue of building costs, the amount of rent charged by CESB to CICSB and bank loan payment interest for construction works of the Second Wing;
- (iv) That the 2nd to 8th Defendants jointly and/or severally purchase all the shares held by CCP through KTC in CICSB;
- (v) That the purchase of KTC's shares in CICSB by any or all of the Defendants shall be subject to the following:
  - 1. the valuation of shares shall be by a valuer appointed by the court within seven (7) days from the date of this order;
  - 2. the share valuation is made on the basis that: - (a) CICSB is a company that is still in business; (b) by referring to the assets and profits of CICSB as of 25.5.2021 or any date deemed fit and just by the court; (c) no discount for a minority shareholder; (d) interest on the purchase price ordered to be paid for the First Plaintiff's shares at the rate of 5% per annum from the date of filing of this Originating Summons until the full settlement of the purchase price; and (e) that an independent valuer is given full access to information related to CICSB which has an effect on the value of shares.
- (vi) That all costs and expenses in relation to items (i) and (ii) above shall be borne by the Defendants;
- (vii) General damages assessed by the court and paid jointly and/or severally by the Defendants to the First Plaintiff and/or the Second Plaintiff;
- (viii) Exemplary and/or compensatory damages assessed by the court and paid jointly and/or severally by the Defendants to the Plaintiff;
- (ix) Interest at the rate of 5% per annum on the sums in items (iv) and (v) above from the date of the order of the court until the date of full settlement;
- (x) Further or alternatively, any order deemed fit by the court under Section 346(1)&(2) of the Companies Act, 2016 to resolve and remedy the issues complained of;
- (xi) That the costs of this action be borne and paid jointly and/or severally by the Defendants to the First Plaintiff and the Second Plaintiff; and
- (xii) Such further and/or other relief deemed fair and just by the court.

On 16 October 2023, the Company announced that pursuant to the Case Management on 16 October 2023 by e-review, the Court has fixed the hearing of the Originating Summons on 29 January 2024.

On 10 November 2023, the Company announced that the Defendants have on 10 November 2023 filed an application to the Court for the following orders –

- (a) That pursuant to Order 28 rule 8(1) Rules of Court 2012, the Originating Summons dated 14.09.2023 be continued as if the action had been begun by a Writ of Summons and further directions be given as to the conduct of the action thereto;
- (b) Further or in the alternative, that pursuant to Order 28 rule 4(4) Rules of Court 2012, the Originating Summons dated 14.09.2023 be heard on oral evidence and further directions be given as to the conduct of the action thereto;
- (c) Further or in the alternative, that the Originating Summons dated 14.09.2023 be converted to a Writ of Summons and directions to the following be given:
  - (i) That the Plaintiffs be given 14 days from the date of this Order to file and serve their Statement of Claim;
  - (ii) That the Defendants be given 14 days to file and serve their Defence(s) 14 days after the Statement of Claim is served on the Defendants; and
  - (iii) That the Plaintiffs be given 14 days to file and serve their Reply 14 days after the Defendants' Defence(s) are served on the Plaintiffs;
- (d) That the Originating Summons action is stayed pending the determination of this application;
- (e) Costs; and
- (f) Any further and/or other orders deems fit and proper by the Court.

On 27 December 2023, the Company announced that at the hearing on 20 December 2023, the application for conversion of the Originating Summons to a Writ action was allowed, with no order as to costs. Directions were given for the filing of pleadings, as follows –

1. Statement of Claim to be filed and served on or before 4 January 2024;
2. Defence to be filed and served on or before 18 January 2024; and
3. Reply to Defence to be filed and served on or before 1 February 2024.

A Case Management is fixed on 15 February 2024 to update the Court on the filing of pleadings and whether there are any further interlocutory applications.

- (B) JOHOR BAHRU HIGH COURT CIVIL SUIT NO. JA-22NCvC-52-04/2023 FILED BY CRESCENDO INTERNATIONAL COLLEGE SDN. BHD. (“CICSB”), CRESCENDO EDUCATION SDN. BHD. (“CESB”) AND 5 OTHERS AGAINST KTC HUMAN RESOURCE CONSULTANTS SDN. BHD., CHONG CHAI PIN AND ALLAN GAN CHEE HAUR

On 19 October 2023, the Company announced that prior to the Case No. JA-24NCvC-1031-09/2023 announced on 13 October 2023, CESB, a wholly-owned subsidiary of CCB, and CICSB, a 55%-owned subsidiary of CESB, and Gooi Seong Lim, Gooi Seong Heen, Gooi Seong Chneh, Gooi Seong Gum and Chow Kok Hiang, who are all the directors of CICSB and CESB, (hereinafter collectively called “the Plaintiffs”) had on 5 May 2023 and 11 May 2023 served a Writ of Summons and Statement of Claim both dated 27 April 2023 filed with the Johor Bahru High Court on the following defendants -

KTC Human Resource Consultants Sdn. Bhd. (“KTC”) – 1st Defendant  
Chong Chai Pin (“CCP”) – 2nd Defendant  
Allan Gan Chee Haur (“AGCH”) – 3rd Defendant  
(hereinafter collectively called “the Defendants”)

The Writ of Summons and Statement of Claim were filed for the following reliefs -

- (i) An interim injunction that the Defendants, whether through their representatives, agents, employees, officers, or otherwise, are restrained from repeating The Impugned Words (as defined in the Statement of Claim) or any other words to the same effect or any similar effect, in any manner whatsoever, until this judgment;
- (ii) A permanent injunction that the Defendants, whether through their representatives, agents, employees, officers, or otherwise, are restrained from repeating The Impugned Words or any other words to the same effect or any similar effect, in any manner whatsoever, from the date of this judgment;
- (iii) An order that the Defendants shall write and send a statement to the Plaintiffs' solicitors, within 24 hours of the date of this judgment, containing an unconditional apology and declaring that The Impugned Words are baseless and/or false and have defamed the Plaintiffs, and retract The Impugned Words;
- (iv) An order that an apology by the Defendants, in the format, manner, wording and style approved by the Plaintiffs, shall be published in a newspaper and/or media of the Plaintiffs' choice at the Defendants' own expense within 24 hours from the date of this judgment;
- (v) An order that the Defendants shall write to the University of London, United Kingdom, within 24 hours from the date of this judgment to retract the Email dated 15-11-2022 (including its attachments), and apologise to the University of London, United Kingdom;
- (vi) General damages;
- (vii) Special damages of RM31,550,000;
- (viii) Aggravated damages of RM10,000,000 or as assessed by the Honourable Court;
- (ix) Exemplary damages of RM10,000,000, or as assessed by the Honourable Court;
- (x) An order for assessment of any damages required to be assessed by the Honourable Court;
- (xi) Interest on the total amount of damages awarded at a rate of 5% per annum from the date of the filing of this action until its full settlement;
- (xii) Costs on a solicitor-client basis; and
- (xiii) Such further and/or other relief deemed just by the Honourable Court.

On 22 June 2023, the Defendants filed their Statement of Defence.

On 26 July 2023, the Plaintiffs filed their Reply to the Statement of Defence.

On 11 September 2023, AGCH filed an application to cease to be a party to the Civil Suit No. JA-22NCvC-52-04/2023.

On 21 September 2023, the Defendants filed an application to amend their defence.

On 11 October 2023, the Plaintiffs filed an application to reject the application filed by AGCH.

The hearing pertaining to the following has been fixed on 11 December 2023 –

1. the application filed by AGCH to cease to be a party to Civil Suit No. JA-22NCvC-52-04/2023;
2. the application filed by CCP and KTC for amendment of their defence; and
3. pre-trial directions for Civil Suit No. JA-22NCvC-52-04/2023.

On 27 December 2023, the Company announced that at the hearing on 11 December 2023, the application filed by AGCH to cease to be a party to the suit was dismissed with costs of RM3,000 awarded to the Plaintiffs and the application filed by CCP and KTC for amendment of their defence was allowed with directions that the Defendants are to file their amended Defence by 26 December 2023 and the Plaintiffs are to file their amended Reply by 9 January 2024. The next case management is fixed on 9 January 2024.

**B10 Dividend**

No dividend has been declared or proposed for the current financial quarter ended 31 October 2023 (previous corresponding period: Nil) and financial year-to-date (previous financial year-to-date: 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 31.10.2023	Financial Year-to-date Ended 31.10.2023
Profit net of tax attributable to owners of the Company (RM'000)	<u>17,972</u>	<u>35,456</u>
Weighted average number of ordinary shares in issue ('000)	<u>279,419</u>	<u>279,419</u>
Basic earnings per share (Sen)	<u>6.43</u>	<u>12.69</u>

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

	Current Quarter Ended 31.10.2023 RM'000	Financial Year-to-date Ended 31.10.2023 RM'000
(a) Interest income	324	1,266
(b) Other income including investment income	3,497	10,925
(c) Interest expenses	(2,988)	(8,765)
(d) Depreciation and amortisation	(2,285)	(6,762)
(e) (Provision for and write off) / write back of receivables	4	-
(f) (Provision for and write off) / write back of inventories	(551)	(375)
(g) Gain or (loss) on disposal of quoted or unquoted investments or properties	-	4
(h) Impairment of assets	-	-
(i) Foreign exchange gain or (loss)	(102)	(149)
(j) Gain or (loss) on derivatives	11	46
(k) Exceptional items	-	-