

CRESCENDO CORPORATION BERHAD
QUARTERLY REPORT

(The figures have not been audited)

Quarterly report on consolidated results for the second quarter ended 31/07/2004

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 31/07/2004 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/07/2003 RM'000	CURRENT YEAR TO DATE 31/07/2004 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/07/2003 RM'000
SUMMARY OF KEY FINANCIAL INFORMATION				
1 Revenue	22,349	16,426	34,854	27,938
2 Profit / (loss) before tax	6,989	4,185	10,196	6,726
3 Profit / (loss) after tax and minority interest	4,579	2,795	6,576	4,701
4 Net profit / (loss) for the period	4,579	2,795	6,576	4,701
5 Basic earnings / (loss) per share (sen)	3.23	2.50	4.79	4.21
6 Dividend per share (sen)	3.00	-	3.00	-
			AS AT END OF CURRENT QUARTER	AS AT PRECEDING FINANCIAL YEAR END
7 Net tangible assets per share (RM)			1.91	2.10

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UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/07/2004 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/07/2003 RM'000	CURRENT YEAR TO DATE 31/07/2004 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/07/2003 RM'000
Revenue	22,349	16,426	34,854	27,938
Gross profit	8,124	4,946	12,477	8,718
Other operating income	717	667	1,617	1,059
Operating expenses	(2,091)	(1,673)	(4,133)	(3,276)
Gain / (Loss) on disposal of investment	303	278	316	278
Reversal of diminution in value of quoted securities	-	-	-	-
Profit from operations	7,053	4,218	10,277	6,779
Finance cost	(64)	(33)	(81)	(53)
Profit before tax	6,989	4,185	10,196	6,726
Tax	(2,171)	(1,188)	(3,078)	(1,845)
Profit after tax	4,818	2,997	7,118	4,881
Minority interests	(239)	(202)	(542)	(180)
Net profit for the financial period	4,579	2,795	6,576	4,701
Earnings per share (sen):-				
Basic	3.23	2.50	4.79	4.21
Dilluted	3.07	1.99	4.56	3.39
Dividend per share (sen)	-	-	-	-

(The Unaudited Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Statements for the financial year ended 31 January 2004)

CRESCENDO CORPORATION BERHAD
QUARTERLY REPORT

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

	AS AT END OF CURRENT QUARTER 31/07/2004 RM'000	AS AT END OF PRECEDING FINANCIAL YEAR 31/01/2004 RM'000
NON CURRENT ASSETS		
Property, plant and equipment	39,976	39,318
Long term investments	10,289	14,330
Other long term assets - Land held for property development	220,897	213,198
Deferred tax assets	203	503
	<u>271,365</u>	<u>267,349</u>
CURRENT ASSETS		
Property development costs	17,925	11,777
Inventories	10,558	13,353
Debtors	33,530	32,702
Cash and cash equivalents	23,136	16,525
	<u>85,149</u>	<u>74,357</u>
CURRENT LIABILITIES		
Creditors	18,773	17,431
Short term borrowings	4,038	31
Provision for tax	3,453	760
Dividend payable	3,571	-
	<u>29,835</u>	<u>18,222</u>
Net Current Assets	55,314	56,135
NON CURRENT LIABILITIES		
Long term borrowings	35,069	35,000
3% ICULS 2002/2007	9,026	33,972
Deferred tax liabilities	4,832	4,832
	<u>48,927</u>	<u>73,804</u>
	<u>277,752</u>	<u>249,680</u>
CAPITAL AND RESERVES		
Share capital	143,462	117,985
Treasury shares	(1,863)	(765)
Reserves	133,094	130,033
Shareholders' equity	<u>274,693</u>	<u>247,253</u>
Minority interests	3,059	2,427
	<u>277,752</u>	<u>249,680</u>
Net tangible assets per share (RM)	<u>1.91</u>	<u>2.10</u>

(The Unaudited Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Statements for the financial year ended 31 January 2004)

**CRESCENDO CORPORATION BERHAD
QUARTERLY REPORT**

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital RM'000	Treasury Shares RM'000	Non distributable Reserves RM'000	Distributable Reserves RM'000	Total RM'000
<u>Six months ended 31 July 2004</u>					
Balance as at 1 February 2004	117,985	(765)	43,443	86,590	247,253
Movement during the period	25,477	(1,098)	56	3,005	27,440
Balance as at 31 July 2004	<u>143,462</u>	<u>(1,863)</u>	<u>43,499</u>	<u>89,595</u>	<u>274,693</u>
<u>Six months ended 31 July 2003</u>					
Balance as at 1 February 2003					
As previously stated	111,166	-	43,443	77,161	231,770
Prior year adjustments	-	-	-	749	749
As restated	<u>111,166</u>	<u>-</u>	<u>43,443</u>	<u>77,910</u>	<u>232,519</u>
Movement during the period	1,475	(510)	323	4,701	5,989
Balance as at 31 July 2003	<u>112,641</u>	<u>(510)</u>	<u>43,766</u>	<u>82,611</u>	<u>238,508</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 2004)

**CRESCENDO CORPORATION BERHAD
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UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	6 MONTHS ENDED 31/07/2004 RM' 000	6 MONTHS ENDED 31/07/2003 RM' 000
Net cash (used in) / generated from operating activities	(1,279)	(2,527)
Net cash (used in) / generated from investing activities	3,924	(1,691)
Net cash (used in) / generated from financing activities	<u>(34)</u>	<u>(456)</u>
Net increase / (decrease) in cash and cash equivalents	2,611	(4,674)
Cash and cash equivalents at the beginning of the financial period	16,525	28,001
Cash and cash equivalents at the end of the financial period	<u><u>19,136</u></u>	<u><u>23,327</u></u>
Cash and cash equivalents at the end of the financial period		
Deposits with licensed banks	1,830	13,189
Cash and bank balances	21,306	10,138
Revolving credit	(4,000)	-
	<u><u>19,136</u></u>	<u><u>23,327</u></u>
As above		

(The Unaudited Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Statements for the financial year ended 31 January 2004)

EXPLANATORY NOTES

A1 Basis of preparation

These interim financial statements which are unaudited, have been prepared in accordance with the requirements of MASB 26 - Interim Financial Reporting 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 2004. 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 2004.

The same accounting policies and methods of computation are followed in the interim financial statements as compared with the financial statements for the financial year ended 31 January 2004, except for the adoption of MASB 32. The adoption of MASB 32 has not given rise to any adjustments to the opening balances of condensed balance sheet, retained profits of the prior year and the current period or to changes in comparatives.

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/construction sectors.

A4 Unusual items

There were no unusual items that have material effects on the assets, liabilities, equity, net income or cash flows for the financial year.

A5 Material changes in estimates

There were no changes in estimates that have had a material effect in the current quarter.

A6 Debt and equity securities

The share buy-back, share cancellations, shares held as treasury shares and resale of treasury shares for the current financial period to date are as follows:-

	No. of shares (' 000)
At 1 February 2004	776
Share buy-back	949
Share cancellations	-
Shares held as treasury shares	1,725
Resale of treasury shares	-
At 31 July 2004	1,725

The issuance and repayment of debt and equity securities for the current financial period to date are as follows:-

	No. of shares (' 000)	No. of ICULS (RM' 000)
At 1 February 2004	117,985	33,972
Exercise of ESOS	531	-
Conversion of ICULS	24,946	(24,946)
At 31 July 2004	143,462	9,026

A7 Dividends paid

No dividend was paid during the current financial period to date.

A8 Segmental Information

Major segments by activity:-	<u>Revenue</u>		<u>Results</u>	
	6 months ended		6 months ended	
	31.07.2004	31.07.2003	31.07.2004	31.07.2003
	RM'000	RM'000	RM'000	RM'000
Property development				
- Industrial properties	14,189	10,546	3,762	4,185
- Residential / commercial properties	10,156	3,587	1,974	377
Construction activities	19,235	17,577	1,757	1,170
Manufacture of concrete products	4,316	3,122	872	477
Management services and others	4,571	2,381	2,713	822
	<u>52,467</u>	<u>37,213</u>	<u>11,078</u>	<u>7,031</u>
Less: Inter-segment elimination	(17,613)	(9,275)	254	280
	<u>34,854</u>	<u>27,938</u>	<u>11,332</u>	<u>7,311</u>
Less: Unallocated expenses	-	-	(1,055)	(532)
Profit from operations	<u>34,854</u>	<u>27,938</u>	<u>10,277</u>	<u>6,779</u>

A9 Valuation of property, plant and equipment

Not applicable.

A10 Material subsequent event

Subsequent material events that have not been reflected in the financial statements for the current financial period up to 21 September 2004 are as follows:-

- (i) Increase in issued paid up capital and conversion of ICULS

	No. of shares (' 000)	No. of ICULS (RM' 000)
Conversion of ICULS	5	(5)
Exercised of ESOS	-	-
	<u>5</u>	<u>(5)</u>

- (ii) Shares buy-back

	No. of shares (' 000)	Weighted average price (RM)	Purchase price (RM' 000)
Number of shares bought	<u>30</u>	<u>1.1793</u>	<u>35</u>

A11 Changes in the composition of the Group

There were no changes in the composition of the Group for the current quarter and financial period to date including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring or discontinuing of operations except for the following:-

The Group has procured the incorporation of a new company called Panoramic Jaya Sdn Bhd ("PJSB") on 11 May 2004. Currently, the issued and paid up capital of PJSB is RM300,000 divided into 300,000 shares of RM1.00 each. PJSB is 70% owned by the Group and the principal activity is property development. PJSB has acquired a piece of development land located at Mukim of Plentong, District of Johor Bahru for RM9.28 million.

A12 Contingent Liabilities

The contingent liabilities of the Group as at 21 September 2004 which comprise Bankers' guarantees issued by a financial institution in favour of third parties are as follows:-

Secured	RM' 000
	4,263
Unsecured	-
	<u>4,263</u>

ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES

B1 The revenue for the first half of the financial year ending 31 January 2005 is RM34.9 million which represents an increase of RM7.0 million or 25.1% as compared to the corresponding period in the prior financial year. The increase in revenue is mainly due to higher revenue from residential and industrial property operations.

The profit before tax ("PBT") increased by RM3.5 million or 52.2% to RM10.2 million as compared to the corresponding period in the prior financial year. The increase in PBT is mainly contributed by the residential and construction operations as a result of higher revenue as well as profit margin due to change in product mix.

B2 Comparison of Profit Before Tax for the quarter reported on with the immediate preceding quarter

The PBT of the Group increased by RM3.8 million or 118.8% in the second quarter as compared to the first quarter of the financial year 2005 mainly due to the higher profit from residential properties operation and higher revenue from industrial properties operation.

B3 Current year financial prospects

The industrial property operations are expected to be the main profit contributor for the second half of the financial year 2005.

Barring unforeseen circumstances, the Board expects the performance of the Group to be better for the financial year ending 31 January 2005.

B4 Variance of Actual Profit from Forecast Profit and Shortfall in Profit Guarantee

Not applicable.

B5 Tax

	CURRENT QUARTER 31/07/2004 RM' 000	CURRENT YEAR TO DATE 31/07/2004 RM' 000
Income tax:		
Current tax	1,872	2,766
Prior year under / (over) provision	12	12
Deferred tax:		
Deferred tax assets	119	(7)
Reversal of deferred tax assets overprovided	168	307
	<u>2,171</u>	<u>3,078</u>

The effective rate of tax for the current quarter is lower than the statutory tax rate as certain income is not chargeable to income tax.

B6 Profits/(losses) on sale of unquoted investments and/or properties

Gain/(loss) on disposal of unquoted investments for the current quarter and financial period to date is as follows:-

	CURRENT QUARTER 31/07/2004 RM' 000	CURRENT YEAR TO DATE 31/07/2004 RM' 000
Gain/(loss) on disposal of unquoted investments	<u>304</u>	<u>304</u>

There were no profits/(losses) on any sale of properties outside the ordinary course of the Group's business for the financial period under review.

B7 Quoted securities

(a) Total purchase consideration and sale proceeds of quoted securities for the current quarter and financial period to date and profit/loss arising therefrom are as follows:-

	CURRENT QUARTER 31/07/2004 RM' 000	CURRENT YEAR TO DATE 31/07/2004 RM' 000
Total purchase consideration	-	35
Total sale proceeds	-	125
Total profit / (loss) on disposal	-	13

(b) Total investments in quoted securities as at 31 July 2004:-

(i) At cost	RM' 000 13,080
(ii) At carrying value/book value	8,707
(iii) At market value	9,533

B8 Status of corporate proposals

The corporate proposals announced but not completed as at 21 September 2004 are as follows:-

(a) On 31 May 2004, Panoramic Industrial Development Sdn Bhd, a 100% owned subsidiary of the Group entered into a conditional agreement with Bandar Nusajaya Development Sdn Bhd (formerly known as Prolink Development Sdn Bhd), a subsidiary of UEM World Bhd, for the rights at a consideration of RM2 million to develop approximately 341.88 acres of land into an industrial park and an option agreement to purchase the aforesaid land over an eight-year period. The above arrangement is subject to the approval of the Foreign Investment Committee and the shareholders at the Extraordinary General Meeting to be convened.

B9 Group borrowings and debt securities

Group borrowings as at 31 July 2004 were as follows:

(a) Secured borrowings	RM' 000 39,107
Unsecured borrowings	-
	39,107
ICULS - Unsecured	9,026
	48,133
(b) Short term borrowings	
- Revolving credit	4,000
- Hire purchase	38
	4,038
Long term borrowings	
- Term loan	35,000
- Hire purchase	69
- ICULS	9,026
	48,133

(c) All borrowings are denominated in Ringgit Malaysia.

Total interest capitalised in the land held for property development for the financial period ended 31 July 2004 is RM1,269,398.

B10 Financial Instruments with Off Balance Sheet risk

There were no financial instruments with off balance sheet risk for the current financial period to date.

B11 Material Litigation

The Group is not engaged in any material litigation for the current financial period to date.

B12 Dividend

(a) The Board is pleased to declare an interim dividend of 3.0% less 28% tax for the financial year ending 31 January 2005 as follows:-

(i) Amount per share : 3.0 sen less 28% tax;

(ii) Previous corresponding period : Nil;

(iii) Date payable : 15 December 2004; and

(iv) In respect of deposited securities, entitlement to dividends will be determined on the basis of the record of depositors as at 24 November 2004.

(b) Total dividend for the current financial year : 3.0 sen per share less 28% tax.

B13 Earnings Per Share

(a) Numerator used to calculate basic and diluted earnings per share and reconciliation to net profit or loss for the financial period are as follows:-

	CURRENT QUARTER 31/07/2004 RM' 000	CURRENT YEAR TO DATE 31/07/2004 RM' 000
Net profit	4,579	6,576
Adjustment for after-tax effect on interest on ICULS	49	97
Adjusted earnings	<u>4,628</u>	<u>6,673</u>

(b) Weighted average number of ordinary shares used as denominator to calculate basic and diluted earnings per share and reconciliation to each other are as follows:-

	CURRENT QUARTER 31/07/2004 (' 000)	CURRENT YEAR TO DATE 31/07/2004 (' 000)
<u>Weighted average number of ordinary shares in issue</u>		
At beginning of year	117,985	117,985
Treasury shares	(1,725)	(1,725)
Effect of shares issued during the period	<u>25,467</u>	<u>20,883</u>
Weighted average number of shares for Basic EPS	141,727	137,143
Adjustment for assumed conversion of ESOS	5,095	5,095
Adjustment for assumed conversion of ICULS	9,026	9,026
Number of ESOS shares that would have been issued at fair value	<u>(5,074)</u>	<u>(4,857)</u>
Adjusted weighted average number of shares for Diluted EPS	<u>150,774</u>	<u>146,407</u>