

CRESCENDO CORPORATION BERHAD
QUARTERLY REPORT

(The figures have not been audited)

Quarterly report on consolidated results for the third quarter ended 31/10/2004

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER 31/10/2004 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/10/2003 RM'000	CURRENT YEAR TO DATE 31/10/2004 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/10/2003 RM'000
SUMMARY OF KEY FINANCIAL INFORMATION				
1 Revenue	29,276	20,720	64,130	48,658
2 Profit / (loss) before tax	7,797	5,403	17,993	12,129
3 Profit / (loss) after tax and minority interest	6,271	3,741	12,847	8,442
4 Net profit / (loss) for the period	6,271	3,741	12,847	8,442
5 Basic earnings / (loss) per share (sen)	4.43	3.25	9.27	7.49
6 Dividend per share (sen)	-	2.50	3.00	2.50
			AS AT END OF CURRENT QUARTER	AS AT PRECEDING FINANCIAL YEAR END
7 Net tangible assets per share (RM)			1.93	2.10

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UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/10/2004 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/10/2003 RM'000	CURRENT YEAR TO DATE 31/10/2004 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/10/2003 RM'000
Revenue	29,276	20,720	64,130	48,658
Gross profit	9,358	6,386	21,835	15,104
Other operating income	539	1,176	2,156	2,235
Operating expenses	(2,028)	(2,141)	(6,161)	(5,417)
Gain / (Loss) on disposal of investment	-	-	316	278
Reversal of diminution in value of quoted securities	-	-	-	-
Profit from operations	7,869	5,421	18,146	12,200
Finance cost	(72)	(18)	(153)	(71)
Profit before tax	7,797	5,403	17,993	12,129
Tax	(1,367)	(1,552)	(4,445)	(3,397)
Profit after tax	6,430	3,851	13,548	8,732
Minority interests	(159)	(110)	(701)	(290)
Net profit for the financial period	6,271	3,741	12,847	8,442
Earnings per share (sen):-				
Basic	4.43	3.25	9.27	7.49
Dilluted	4.20	2.63	8.80	6.12
Dividend per share (sen)	-	2.50	3.00	2.50

(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 31/10/2004 RM'000	AS AT END OF PRECEDING FINANCIAL YEAR 31/01/2004 RM'000
NON CURRENT ASSETS		
Property, plant and equipment	39,961	39,318
Long term investments	10,258	14,330
Other long term assets - Land held for property development	228,335	213,198
Deferred tax assets	1,011	503
	<u>279,565</u>	<u>267,349</u>
CURRENT ASSETS		
Property development costs	14,612	11,777
Inventories	9,020	13,353
Debtors	46,276	32,702
Cash and cash equivalents	23,323	16,525
	<u>93,231</u>	<u>74,357</u>
CURRENT LIABILITIES		
Creditors	21,569	17,431
Short term borrowings	12,643	31
Provision for tax	5,635	760
Dividend payable	3,063	-
	<u>42,910</u>	<u>18,222</u>
Net Current Assets	50,321	56,135
NON CURRENT LIABILITIES		
Long term borrowings	35,069	35,000
3% ICULS 2002/2007	8,817	33,972
Deferred tax liabilities	4,832	4,832
	<u>48,718</u>	<u>73,804</u>
	<u>281,168</u>	<u>249,680</u>
CAPITAL AND RESERVES		
Share capital	143,670	117,985
Treasury shares	(2,022)	(765)
Reserves	136,302	130,033
Shareholders' equity	<u>277,950</u>	<u>247,253</u>
Minority interests	3,218	2,427
	<u>281,168</u>	<u>249,680</u>
Net tangible assets per share (RM)	<u>1.93</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
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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>Nine months ended 31 October 2004</u>					
Balance as at 1 February 2004	117,985	(765)	43,443	86,590	247,253
Movement during the period	25,685	(1,257)	56	6,213	30,697
Balance as at 31 October 2004	<u>143,670</u>	<u>(2,022)</u>	<u>43,499</u>	<u>92,803</u>	<u>277,950</u>
<u>Nine months ended 31 October 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	6,616	(529)	322	6,402	12,811
Balance as at 31 October 2003	<u>117,782</u>	<u>(529)</u>	<u>43,765</u>	<u>84,312</u>	<u>245,330</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

	9 MONTHS ENDED 31/10/2004 RM' 000	9 MONTHS ENDED 31/10/2003 RM' 000
Net cash (used in) / generated from operating activities	(4,350)	335
Net cash (used in) / generated from investing activities	3,731	(10,751)
Net cash (used in) / generated from financing activities	<u>7,417</u>	<u>(2,517)</u>
Net increase / (decrease) in cash and cash equivalents	6,798	(12,933)
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>23,323</u></u>	<u><u>15,068</u></u>
Cash and cash equivalents at the end of the financial period		
Deposits with licensed banks	632	4,637
Cash and bank balances	<u>22,691</u>	<u>10,431</u>
As above	<u><u>23,323</u></u>	<u><u>15,068</u></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 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	1,086
Share cancellations	-
Shares held as treasury shares	1,862
Resale of treasury shares	-
At 31 October 2004	1,862

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	17,985	3,972
Exercise of ESOS	530	-
Conversion of ICULS	5,155	(25,155)
At 31 October 2004	143,670	8,817

A7 Dividends paid

The gross dividend paid during the current financial period to date is 3.5 sen less tax per ordinary share, which is in respect of final dividend of financial year 2004 and was paid on 20 September 2004.

A8 Segmental Information

Major segments by activity:-	<u>Revenue</u>		<u>Results</u>	
	9 months ended		9 months ended	
	31.10.2004	31.10.2003	31.10.2004	31.10.2003
	RM'000	RM'000	RM'000	RM'000
Property development				
- Industrial properties	31,009	19,161	9,124	7,345
- Residential / commercial properties	10,665	8,179	1,908	1,335
Construction activities	26,609	27,190	1,847	1,689
Manufacture of concrete products	13,502	5,070	1,852	862
Management services and others	7,024	4,041	4,111	1,210
	<u>88,809</u>	<u>63,641</u>	<u>18,842</u>	<u>12,441</u>
Less: Inter-segment elimination	<u>(24,679)</u>	<u>(14,983)</u>	<u>785</u>	<u>721</u>
	64,130	48,658	19,627	13,162
Less: Unallocated expenses	-	-	(1,481)	(962)
Profit from operations	<u>64,130</u>	<u>48,658</u>	<u>18,146</u>	<u>12,200</u>

A9 Valuation of property, plant and equipment

Not applicable.

A10 Material subsequent event

Subsequent material event that has not been reflected in the financial statements for the current financial period up to 23 December 2004 is as follows:-

(i) Shares buy-back

	No. of shares (' 000)	Weighted average price (RM)	Purchase price (RM' 000)
Number of shares bought	<u>7</u>	<u>1.1266</u>	<u>8</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 23 December 2004 which comprise Bankers' guarantees issued by a financial institution in favour of third parties are as follows:-

	RM' 000
Secured	4,270
Unsecured	-
	<u>4,270</u>

ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES

B1 Review of the performance of the company and its principal subsidiaries

The revenue for the 9 months of the financial year 2005 is RM64.1 million which represents an increase of RM15.4 million or 31.6% as compared to the corresponding period in the prior financial year. The increase in revenue is mainly due to higher revenue from industrial properties arising from sales of detached factories and higher sales of concrete products.

The profit before tax ("PBT") increased by RM5.9 million or 48.8% to RM18.0 million as compared to the corresponding period in the prior financial year. The increase in PBT is mainly contributed by the industrial properties and manufacture of concrete products 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 RM0.8 million or 11.4% in the third quarter as compared to the second quarter of the financial year 2005 mainly due to the higher profit from industrial properties and manufacture of concrete products operations.

B3 Current year financial prospects

The industrial property operations are expected to be the main profit contributor for the fourth quarter 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 31/10/2004 RM' 000	CURRENT YEAR TO DATE 31/10/2004 RM' 000
Income tax:		
Current tax	2,184	4,950
Prior year under / (over) provision	(9)	3
Deferred tax:		
Deferred tax assets	(21)	(28)
Prior year under provision of deferred tax assets	(787)	(480)
	<u>1,367</u>	<u>4,445</u>

The effective rates of tax for the current quarter and current year to date are 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 31/10/2004 RM' 000	CURRENT YEAR TO DATE 31/10/2004 RM' 000
Gain/(loss) on disposal of unquoted investments	<u>-</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 31/10/2004 RM' 000	CURRENT YEAR TO DATE 31/10/2004 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 October 2004:-

	RM' 000
(i) At cost	13,139
(ii) At carrying value/book value	8,767
(iii) At market value	9,684

B8 Status of corporate proposals

The corporate proposals announced but not completed as at 23 December 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 Foreign Investment Committee vide its letter dated 25 September 2004 stated that it had no objections to the proposed acquisitions. The above arrangement is subject to the approval of the shareholders at the Extraordinary General Meeting to be convened on 6 January 2005.

B9 Group borrowings and debt securities

Group borrowings as at 31 October 2004 were as follows:

	RM' 000
(a) Secured borrowings	47,712
Unsecured borrowings	-
	47,712
ICULS - Unsecured	8,817
	56,529
(b) Short term borrowings	
- Revolving credit	12,627
- Hire purchase	16
	12,643
Long term borrowings	
- Term loan	35,000
- Hire purchase	69
- ICULS	8,817
	56,529

(c) All borrowings are denominated in Ringgit Malaysia.

Total interest capitalised in the land held for property development for the financial period ended 31 October 2004 is RM1,906,383

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) No dividend has been declared or proposed for the current quarter ended 31 October 2004.
- (i) Amount per share : Nil
- (ii) Previous corresponding period : 2.5 sen less 28% tax;
- (iii) Date payable : Not Applicable; and
- (iv) In respect of deposited securities, entitlement to dividends will be determined on the basis of the record of depositors : Not Applicable.
- (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 31/10/2004 RM' 000	CURRENT YEAR TO DATE 31/10/2004 RM' 000
Net profit	6,271	12,847
Adjustment for after-tax effect on interest on ICULS	48	143
Adjusted earnings	<u>6,319</u>	<u>12,990</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 31/10/2004 (' 000)	CURRENT YEAR TO DATE 31/10/2004 (' 000)
<u>Weighted average number of ordinary shares in issue</u>		
At beginning of year	117,985	117,985
Treasury shares	(1,862)	(1,862)
Effect of shares issued during the period	25,507	22,435
Weighted average number of shares for Basic EPS	141,630	138,558
Adjustment for assumed conversion of ESOS	5,095	5,095
Adjustment for assumed conversion of ICULS	8,817	8,817
Number of ESOS shares that would have been issued at fair value	(4,990)	(4,901)
Adjusted weighted average number of shares for Diluted EPS	<u>150,552</u>	<u>147,569</u>