

AUDITED FINANCIAL STATEMENTS OF CCB FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2002 TOGETHER WITH THE NOTES TO THE FINANCIAL STATEMENTS AND THE AUDITORS' REPORT THEREON (Cont'd)

Company No. **359750-D**

CRESCENDO CORPORATION BERHAD

(Incorporated in Malaysia)

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Properties RM	Plant and machinery RM	Equipment, furniture & fittings and renovation RM	Motor vehicles RM	Total RM
<u>At 31 January 2001</u>					
Cost	57,654,300	1,601,386	1,482,249	3,470,404	64,208,339
Accumulated depreciation	(39,016)	(539,287)	(622,915)	(2,255,790)	(3,457,008)
Net book value	<u>57,615,284</u>	<u>1,062,099</u>	<u>859,334</u>	<u>1,214,614</u>	<u>60,751,331</u>

Information on properties is as follows :

	Freehold land RM	Long leasehold land RM	Buildings RM	Land and buildings RM
<u>At 1 February 2001</u>				
Depreciation :				
charged to income statement	-	-	(8,907)	(8,907)
<u>At 31 January 2002</u>	<u>32,777,621</u>	<u>24,787,613</u>	<u>41,143</u>	<u>57,606,377</u>
<u>At 31 January 2002</u>				
Cost	32,777,621	24,787,613	89,066	57,654,300
Accumulated depreciation	-	-	(47,923)	(47,923)
Net book value	<u>32,777,621</u>	<u>24,787,613</u>	<u>41,143</u>	<u>57,606,377</u>
<u>At 31 January 2001</u>				
Cost	32,777,621	24,787,613	89,066	57,654,300
Accumulated depreciation	-	-	(39,016)	(39,016)
Net book value	<u>32,777,621</u>	<u>24,787,613</u>	<u>50,050</u>	<u>57,615,284</u>

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3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Equipment, furniture & fittings and renovation RM	Motor vehicles RM	Total RM
COMPANY			
<u>Net Book Value</u>			
At 1 February 2001	27,679	34,340	62,019
Additions	3,580	201,649	205,229
Depreciation : charged to income statement	(4,550)	(26,254)	(30,804)
At 31 January 2002	<u>26,709</u>	<u>209,735</u>	<u>236,444</u>
<u>At 31 January 2002</u>			
Cost	45,580	316,115	361,695
Accumulated depreciation	(18,871)	(106,380)	(125,251)
Net book value	<u>26,709</u>	<u>209,735</u>	<u>236,444</u>
<u>At 31 January 2001</u>			
Cost	42,000	114,466	156,466
Accumulated depreciation	(14,321)	(80,126)	(94,447)
Net book value	<u>27,679</u>	<u>34,340</u>	<u>62,019</u>

Certain parcels of freehold land of the subsidiary companies are registered in the name of a related company, Kim Loong Plantations Sdn. Bhd. and the holding company. However, these properties are beneficially held in trust for the respective subsidiary companies.

The freehold land of one of the subsidiary companies is pledged to a financial institution as collateral for the banking facilities granted to the Company and a subsidiary company (Note 14).

Included in the Group's property, plant and equipment are assets acquired under hire purchase financing with net book value of RM138,946 (2001 : RM278,590).

4. INVESTMENT IN SUBSIDIARIES

	COMPANY	
	2002	2001
	RM	RM
Unquoted shares, at cost	<u>125,855,279</u>	<u>125,855,279</u>

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4. INVESTMENT IN SUBSIDIARIES (CONT'D)

The subsidiary companies which are incorporated in Malaysia are as follows :

Name of companies	Principal activities	Paid up capital	Group's effective equity interest	
			2002 %	2001 %
Panoramic Industrial Development Sdn. Bhd.	Property development and investment holding	8,820,002	100	100
Ambok Resorts Development Sdn. Bhd.	Resort development	100,000	100	100
Crescendo Development Sdn. Bhd.	Property development	45,430,000	100	100
Unibase Construction Sdn. Bhd.	Buildings construction and investment holding	750,000	100	100
Unibase Corporation Sdn. Bhd.	Buildings construction	750,000	100	100
Repute Ventures Sdn. Bhd.	Investment holding	100,000	70	70
Repute Construction Sdn. Bhd.	Buildings construction	750,100	60	60
Repute Corporation Sdn. Bhd. #	Buildings construction	2	70	-
Unibase Concrete Industries Sdn. Bhd.	Trading and manufacturing of concrete products	500,000	60	60
Unibase Jaya Sdn. Bhd.	Civil engineering works	750,000	60	60
Unibase Trading Sdn. Bhd.	Trading of building materials	100,000	60	60
Crescendo Education Sdn. Bhd.	Investment holding	2	100	100

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4. INVESTMENT IN SUBSIDIARIES (CONT'D)

Name of companies	Principal activities	Paid up capital	Group's effective equity interest	
			2002 %	2001 %
KTC Academy Sdn. Bhd.	Providing education services	200,000	60	60
Crescendo Commercial Complex Sdn. Bhd.	Property investment	6	100	100

The audited financial statements for Repute Corporation Sdn. Bhd. are not available as at 31 January 2002 as this subsidiary was incorporated on 20 November 2001. Its first set of audited financial statements will be for the financial year ending 31 January 2003. The company has not commenced operations as at 31 January 2002.

5. ASSOCIATED COMPANY

	GROUP	
	2002 RM	2001 RM
Unquoted shares, at cost		
- ordinary shares	588,000	588,000
- 0.5% redeemable cumulative preference shares	980,000	980,000
Share of loss in associated company	(97,340)	(98,540)
	<u>1,470,660</u>	<u>1,469,460</u>
Less : Diminution in value of shares in associated company	(1,568,000)	-
Add : Reversal of share of post acquisition losses due to write down in cost	97,340	-
	<u>(1,470,660)</u>	<u>-</u>
	<u>-</u>	<u>1,469,460</u>

The Group's share of net tangible assets as at 31 January 2002 is Nil (2001 : RM1,469,460).

The investment in the associated company represents the effective net tangible assets of the investee company at the dates of acquisition.

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5. ASSOCIATED COMPANY (CONT'D)

The associated company which is incorporated in Malaysia is as follows :

Name of company	Principal activity	Group's effective equity interest	
		2002 %	2001 %
Spandeck Engineering (Johor) Sdn. Bhd.	Dormant	34	34

The financial statements of this associated company is not audited by C S Tan & Associates.

6. INVESTMENTS

		GROUP	
		2002 RM	2001 RM
Securities quoted in Malaysia, at cost		13,454,547	13,681,660
Less : Diminution in value of investments		(6,196,902)	(6,796,414)
		<u>7,257,645</u>	<u>6,885,246</u>
Securities quoted outside Malaysia, at cost		87,915	87,915
Less : Diminution in value of investments		(41,030)	(41,030)
		<u>46,885</u>	<u>46,885</u>
Total securities quoted, net of diminution in value of investments	(A)	<u>7,304,530</u>	<u>6,932,131</u>
Market value of securities quoted			
In Malaysia		7,778,867	5,960,637
Outside Malaysia		<u>101,550</u>	<u>89,100</u>
		<u>7,880,417</u>	<u>6,049,737</u>
Securities unquoted			
In Malaysia		735	735
Outside Malaysia		<u>907,801</u>	<u>1,430,514</u>
	(B)	<u>908,536</u>	<u>1,431,249</u>
Golf club membership	(C)	<u>60,000</u>	<u>60,000</u>
Total investments, net of diminution in value of investments	(A)+(B)+(C)	<u>8,273,066</u>	<u>8,423,380</u>

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7. LAND AND DEVELOPMENT EXPENDITURE

	GROUP	
	2002	2001
	RM	RM
Freehold land, at cost	28,015,188	29,154,569
Development expenditure	66,349,970	49,597,148
Attributable profits	11,114,641	3,408,446
	105,479,799	82,160,163
Less : Progress billings	(26,819,131)	(8,627,160)
	78,660,668	73,533,003
Less : Non current portion	(54,453,339)	(58,023,754)
Current portion	24,207,329	15,509,249

Certain parcels of the freehold land are registered in the name of the holding company. However, these properties are beneficially held in trust for two of the subsidiary companies, Panoramic Industrial Development Sdn. Bhd. and Crescendo Development Sdn. Bhd.

Certain parcels of the freehold land are pledged to a financial institution as collateral for the overdraft facilities granted to the Company and to two of the subsidiary companies, Panoramic Industrial Development Sdn. Bhd. and Crescendo Development Sdn. Bhd. (Note 14).

Land and development expenditure pertaining to those portions of property development project in which development works are expected to complete within the normal operating cycle of one to two years are classified as current assets.

8. INVENTORIES

	GROUP	
	2002	2001
	RM	RM
<u>At cost</u>		
Raw materials for producing concrete products	101,463	32,362
Finished goods for culvert pipe	142,867	152,436
Completed properties for sale	9,088,558	12,604,039
	9,332,888	12,788,837

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9. CONSTRUCTION CONTRACTS

	GROUP	
	2002	2001
	RM	RM
Contract in progress		
- accumulated contract cost	167,120,800	103,950,009
- accumulated attributable profits	17,498,756	10,579,936
	184,619,556	114,529,945
Less : Progress billings	(180,966,889)	(110,450,951)
Amounts due from customers	3,652,667	4,078,994

There is no amount due to customers for the financial years 2002 and 2001.

Contract in progress included the following items capitalised during the financial year :

Depreciation of property, plant and equipment	146,824	89,455
Hire of equipment	354,999	224,156
Staff costs	99,743	93,908

Included in the Group's progress billings is an amount of RM5,324,445 (2001 : RM5,474,993) being retention sums receivable by the Group.

10. DEBTORS

	GROUP		COMPANY	
	2002	2001	2002	2001
	RM	RM	RM	RM
Trade debtors	11,449,726	17,068,631	-	-
Other debtors, deposits and prepayments	14,952,031	1,203,056	394,449	-
Amounts owing by related companies (Note 18)	2,748,383	3,758,064	-	17,414
Amounts owing by subsidiary companies (Note 19)	-	-	943,715	4,247,397
	29,150,140	22,029,751	1,338,164	4,264,811

Included in the Group's other debtors, deposits and prepayments is an amount of RM12,804,338 (2001 : Nil) representing the 10% deposits paid to the vendors for the acquisitions of lands vide Conditional Sales and Purchase Agreements dated 26 June 2001 and 30 August 2001 respectively. These acquisitions were approved by the shareholders of the Company on 8 February 2002.

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11. FIXED DEPOSITS WITH LICENSED BANKS

Included in the Group's fixed deposits with licensed banks is an amount of RM600,000 (2001 : Nil) pledged to a licensed bank as security for the banker's guarantee issued to a government agency.

12. CASH AND BANK BALANCES

	GROUP		COMPANY	
	2002 RM	2001 RM	2002 RM	2001 RM
Cash and bank balances	8,336,117	3,105,840	316,626	498,061
Cash at bank in Housing Development Account	5,443,639	14,014,019	-	-
	13,779,756	17,119,859	316,626	498,061

Cash at bank in Housing Development Account represents monies maintained in accordance with Section 7A of the Housing Developers (Control and Licensing) Act, 1966 and the utilisation is in accordance to the Housing Developers (Housing Development Account) Regulation 1991.

13. CREDITORS

	GROUP		COMPANY	
	2002 RM	2001 RM	2002 RM	2001 RM
Trade creditors	11,656,835	9,779,724	-	-
Other creditors and accruals (Note 20)	5,252,663	7,370,449	464,471	493,520
Amounts owing to related companies (Note 18)	43,492	18,173	11,400	-
Amount owing to a subsidiary company (Note 19)	-	-	1,337,601	2,250
Amount owing to the holding company (Note 21)	81,507	-	20,989	-
	17,034,497	17,168,346	1,834,461	495,770

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14. SHORT TERM BORROWINGS (SECURED)

	GROUP	
	2002 RM	2001 RM
Bank overdraft	1,051,386	508,552
Hire purchase creditor (Note 15)	58,080	75,907
	<u>1,109,466</u>	<u>584,459</u>

The Company has an overdraft facility of RM5 million which is secured by way of a lien-holder's caveat over certain parcels of the subsidiaries' landbanks included in land and development expenditure and freehold land of a subsidiary company.

The subsidiary companies have banking facilities of RM26 million which are secured by way of a lien-holder's caveat and fixed charges over certain parcels of the subsidiaries' landbanks included in land and development expenditure. These are also secured by corporate guarantees of the Company.

The bank overdraft bears interest ranging from 7.9% to 8.3% per annum and revolving credit bears interest at the average cost of funds of 3.4% per annum.

15. HIRE PURCHASE CREDITOR

	GROUP	
	2002 RM	2001 RM
Payable within one year	60,500	95,020
Payable between one and two years	-	148,375
	<u>60,500</u>	<u>243,395</u>
Less : Finance charges	(2,420)	(39,156)
	<u>58,080</u>	<u>204,239</u>
Representing hire purchase creditor :		
Due within 12 months (Note 14)	58,080	75,907
Due after 12 months	-	128,332
	<u>58,080</u>	<u>204,239</u>

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16. DEFERRED TAX

	GROUP	
	2002	2001
	RM	RM
Balance brought forward	5,062,203	5,077,903
Transfer from / (to) income statement (Note 26)	1,592	(15,700)
Balance carried forward	<u>5,063,795</u>	<u>5,062,203</u>
Representing the tax effect of :-		
Revaluation surplus of freehold and long leasehold lands in two of the subsidiary companies	4,838,203	4,838,203
Excess of capital allowances over depreciation	225,592	224,000
	<u>5,063,795</u>	<u>5,062,203</u>

Except as stated above, there are no material timing differences on which deferred tax has not been provided.

The tax effect on the revaluation surplus of freehold and long leasehold lands arising from the acquisition of subsidiary companies, Panoramic Industrial Development Sdn. Bhd. and Ambok Resorts Development Sdn. Bhd. has been provided pursuant to the requirement of the Securities Commission in their letter dated 28 October 1996.

17. SHARE CAPITAL

	GROUP / COMPANY	
	2002	2001
	RM	RM
Authorised :		
500,000,000 ordinary shares of RM1 each	<u>500,000,000</u>	<u>500,000,000</u>
Issued and fully paid :		
108,495,930 ordinary shares of RM1 each	<u>108,495,930</u>	<u>108,495,930</u>

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18. AMOUNTS OWING BY / (TO) RELATED COMPANIES

	GROUP		COMPANY	
	2002	2001	2002	2001
	RM	RM	RM	RM
Amounts owing by related companies :				
Panoramic Housing				
Development Sdn. Bhd.	2,680,370	3,744,965	-	17,414
Crescendo Technologies Sdn. Bhd.	16,000	8,000	-	-
Unigolf Sdn. Bhd.	12,000	4,000	-	-
Kim Loong Plantations Sdn. Bhd.	-	1,099	-	-
Kim Loong Palm Oil Mills Sdn. Bhd.	8,687	-	-	-
Desa Kim Loong Plantations Sdn. Bhd.	31,326	-	-	-
	<u>2,748,383</u>	<u>3,758,064</u>	<u>-</u>	<u>17,414</u>
Amounts owing to related companies :				
Panoramic Housing				
Development Sdn. Bhd.	35,043	-	11,400	-
Kim Loong Palm Oil Mills Sdn. Bhd.	8,449	18,173	-	-
	<u>43,492</u>	<u>18,173</u>	<u>11,400</u>	<u>-</u>

The amounts owing by / (to) related companies are non-interest bearing, unsecured and have no fixed terms of repayment. The amount owing by Panoramic Housing Development Sdn. Bhd. is trade in nature.

Related companies refer to fellow subsidiary companies of Sharikat Kim Loong Sendirian Berhad, the holding company of the Company.

19. AMOUNTS OWING BY / (TO) SUBSIDIARY COMPANIES

The amounts owing by / (to) subsidiary companies are non-interest bearing, unsecured and have no fixed terms of repayment.

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20. OTHER CREDITORS AND ACCRUALS

	GROUP		COMPANY	
	2002	2001	2002	2001
	RM	RM	RM	RM
Other creditors	365,928	302,346	-	-
Deposits and other prepayments from property buyers	2,561,499	2,730,435	-	-
Accruals				
- Accrued for development or contract costs for work done but not billed by contractors	1,619,378	3,626,899	-	-
- Accrued operating expenditure	705,858	710,769	464,471	493,520
	<u>5,252,663</u>	<u>7,370,449</u>	<u>464,471</u>	<u>493,520</u>

21. AMOUNT OWING TO HOLDING COMPANY

The amount owing to holding company is non-interest bearing, unsecured and has no fixed terms of repayment.

22. REVENUE AND COST OF SALES

	GROUP		COMPANY	
	2002	2001	2002	2001
	RM	RM	RM	RM
<u>Revenue</u>				
Sales of industrial properties	25,326,008	31,789,000	-	-
Sales of residential / commercial properties	23,347,016	7,567,560	-	-
Construction revenue	9,832,688	16,736,619	-	-
Sale of concrete products	2,891,504	3,178,700	-	-
Management services and others	711,396	591,615	1,987,592	1,869,306
Gross dividend from subsidiary companies	-	-	5,293,000	9,086,000
	<u>62,108,612</u>	<u>59,863,494</u>	<u>7,280,592</u>	<u>10,955,306</u>

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22. REVENUE AND COST OF SALES (CONT'D)

	GROUP		COMPANY	
	2002	2001	2002	2001
	RM	RM	RM	RM
Cost of sales				
Cost of industrial properties	17,146,335	19,898,995	-	-
Cost of residential / commercial properties	15,274,957	6,504,396	-	-
Construction cost	5,438,736	12,049,468	-	-
Cost of concrete products	2,537,489	2,864,285	-	-
Management services and others	201,275	-	-	-
	40,598,792	41,317,144	-	-

23. PROFIT FROM OPERATIONS

	GROUP		COMPANY	
	2002	2001	2002	2001
	RM	RM	RM	RM
The following items have been charged / (credited) in arriving at profit from operations :				
Auditors' remuneration				
- current year	72,300	70,100	18,000	15,000
- prior year underprovision	5,000	1,500	3,000	-
Bad debts written off	-	13,596	-	-
Depreciation of property, plant and equipment	896,817	832,745	30,804	27,444
Directors' remuneration				
- fees	243,000	74,000	243,000	74,000
- other emoluments	594,000	648,480	594,000	648,480
Hire of equipment	338,999	224,156	-	-
Hire of motor vehicles	-	13,500	-	-
Deferred expenditure written off	-	78,451	-	-
Plant and equipment written off	4,542	15,797	-	-
Rental of premises	402,796	391,033	49,400	-
Staff cost	3,691,321	2,993,076	1,598,521	1,512,986
Gain on disposal of plant and equipment	(179,598)	(45,108)	-	-
Gross dividends from quoted investments	(310,421)	(176,157)	-	-
Interest from fixed deposits	(1,124,099)	(838,857)	(76,033)	(15,644)
Other interest received	(981,958)	(1,623,769)	-	-
Rental income	(469,800)	(440,000)	-	-

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24. FINANCE COST

	GROUP		COMPANY	
	2002	2001	2002	2001
	RM	RM	RM	RM
Bank overdraft interest	40,602	84,297	7,110	7,581
Hire purchase interest	18,094	7,215	-	-
	<u>58,696</u>	<u>91,512</u>	<u>7,110</u>	<u>7,581</u>

25. DIRECTORS' REMUNERATION

	GROUP / COMPANY	
	2002	2001
	RM	RM
Executive directors		
fees	23,000	14,000
other emoluments	581,000	648,480
Non-executive directors		
fees	220,000	60,000
other emoluments	13,000	-
	<u>837,000</u>	<u>722,480</u>
Representing directors' remuneration :		
fees	243,000	74,000
other emoluments	594,000	648,480
	<u>837,000</u>	<u>722,480</u>

26. TAX

	GROUP		COMPANY	
	2002	2001	2002	2001
	RM	RM	RM	RM
Current year	5,903,860	4,713,970	1,243,800	2,277,800
Prior year overprovision	(2,390)	(1,557)	(9,765)	(1,290)
Deferred tax (Note 16)	1,592	(15,700)	-	-
	<u>5,903,062</u>	<u>4,696,713</u>	<u>1,234,035</u>	<u>2,276,510</u>

The effective rate of tax of the Group and of the Company is higher than the statutory tax rate due to certain expenses disallowed for tax purposes.

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26. TAX (CONT'D)

The estimated tax credit available under Section 108(6) of the Income Tax Act, 1967, which is subject to agreement by the Inland Revenue Board, is sufficient to frank in full the Company's retained profits as at 31 January 2002 if paid out as dividends.

27. EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share of the Group is calculated by dividing the net profit for the financial year by the weighted average number of ordinary shares in issue during the financial year.

	GROUP		COMPANY	
	2002	2001	2002	2001
Net profit for the financial year (RM)	11,759,582	9,497,156	2,803,212	5,672,574
Weighted average number of ordinary shares in issue	108,495,930	108,495,930	108,495,930	108,495,930
Basic earnings per share (sen)	10.8	8.8	2.6	5.2

(b) Diluted earnings per share

There are no diluted earnings per share for the financial years 2002 and 2001.

28. DIVIDENDS

Dividends declared or proposed in respect of the financial year ended 31 January 2001 and 2002 are as follows :

	Year ended 31 January 2002		Year ended 31 January 2001	
	Gross dividend per share	Amount of dividend, less tax	Gross dividend per share	Amount of dividend, less tax
	Sen	RM	Sen	RM
Interim dividend paid	2.5	1,952,927	2.5	1,952,927
Proposed final dividend	2.5	1,952,927	2.5	1,952,927
	5.0	3,905,854	5.0	3,905,854

At the forthcoming Annual General Meeting, a final gross dividend of 2.5 sen per share (2001 : 2.5 sen per share) on 108,495,930 ordinary shares, less tax, amounting to RM1,952,927 (2001 : RM1,952,927) will be proposed for shareholders' approval. These financial statements do not reflect this final dividend which will be accrued as a liability in the financial year ending 31 January 2003 when approved by shareholders. This represents a change in accounting treatment from that of prior years as explained in Note 29.

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29. PRIOR YEAR ADJUSTMENT

During the financial year, the Group changed its accounting policy with respect to the recognition of liabilities in compliance with the new MASB Standard 19 "Events After the Balance Sheet Date". This change in policy has effect on the accounting treatment for provisions as follows :

Dividends (Note 28)

In previous years, dividends were accrued as a liability when proposed by Directors. The Group has now changed this accounting policy to recognise dividends in shareholders' equity in the period in which the obligation to pay it is established in accordance with MASB Standard 19. Therefore, final dividends are now accrued as a liability after approval by shareholders at the Annual General Meeting.

This change in accounting policy has been accounted for retrospectively and the effect is as follows :

	As previously stated RM	Effect of change of presentation RM	As restated RM
<u>GROUP</u>			
Balance as at 1 February 2000			
Proposed dividend	2,343,512	(2,343,512)	-
Retained profit	51,811,163	2,343,512	54,154,675
Balance as at 31 January 2001			
Proposed dividend	1,952,927	(1,952,927)	-
Retained profit	57,402,465	1,952,927	59,355,392
<u>COMPANY</u>			
Balance as at 1 February 2000			
Proposed dividend	2,343,512	(2,343,512)	-
Retained profit	3,258,350	2,343,512	5,601,862
Balance as at 31 January 2001			
Proposed dividend	1,952,927	(1,952,927)	-
Retained profit	5,025,070	1,952,927	6,977,997

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30. SIGNIFICANT INTER-COMPANY AND RELATED PARTY TRANSACTIONS

	GROUP		COMPANY	
	2002	2001	2002	2001
	RM	RM	RM	RM
<u>With holding company :</u>				
Sharikat Kim Loong Sendirian Berhad				
Internal audit fees	79,000	-	20,000	-
Rental payment	93,000	98,800	-	-
<u>With subsidiary companies :</u>				
Panoramic Industrial Development Sdn. Bhd.				
Management fee	-	-	(357,800)	(39,124)
Crescendo Development Sdn. Bhd.				
Management fee	-	-	(787,326)	(739,740)
Gross dividend income	-	-	(4,543,000)	(9,086,000)
Unibase Construction Sdn. Bhd.				
Management fee	-	-	(81,101)	(224,436)
Gross dividend income	-	-	(750,000)	-
Unibase Corporation Sdn. Bhd.				
Management fee	-	-	(696,556)	(551,123)
Repute Construction Sdn. Bhd.				
Management fee	-	-	(40,925)	-
Unibase Trading Sdn. Bhd.				
Management fee	-	-	(19,078)	-
<u>With fellow subsidiaries of the holding company :</u>				
Panoramic Housing Development Sdn. Bhd.				
Rental payment	90,200	40,800	49,400	-
Progress billings	(1,467,185)	(4,451,132)	-	-
Management fee	-	(314,883)	-	(314,883)
Kim Loong Palm Oil Mills Sdn. Bhd.				
Sales of goods	(87,657)	-	-	-
Rental income	(6,000)	-	-	-
Unigolf Sdn. Bhd.				
Rental income	(48,000)	(48,000)	-	-
Crescendo Technologies Sdn. Bhd.				
Rental income	(12,000)	(32,000)	-	-
Kim Loong Plantations Sdn. Bhd.				
Disposal of assets	(9,467)	-	-	-
Desa Kim Loong Plantations Sdn. Bhd.				
Sales of goods	(31,326)	-	-	-

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30. SIGNIFICANT INTER-COMPANY AND RELATED PARTY TRANSACTIONS (CONT'D)

The directors are of the opinion that the transactions have been entered into in the normal course of business which are negotiated at arm's length and subject to normal commercial terms.

31. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statements comprise the following Balance Sheet amounts :

	GROUP		COMPANY	
	2002	2001	2002	2001
	RM	RM	RM	RM
Fixed deposits with licensed banks	38,700,000	35,840,000	3,000,000	-
Cash and bank balances	13,779,756	17,119,859	316,626	498,061
Bank overdraft	(1,051,386)	(508,552)	-	-
	<u>51,428,370</u>	<u>52,451,307</u>	<u>3,316,626</u>	<u>498,061</u>

32. CONTINGENT LIABILITIES

	GROUP		COMPANY	
	2002	2001	2002	2001
	RM	RM	RM	RM
(i) Corporate guarantees				
- Unsecured				
Issued to bank for facilities granted to subsidiary companies	-	-	26,000,000	26,250,000
Issued to third parties for supplies of goods and services to a subsidiary company	-	-	1,300,000	1,000,000
Amounts utilised :-				
- Unsecured				
Issued to bank for facilities granted to subsidiary companies	-	-	1,301,386	508,600
Issued to third parties for supplies of goods and services to a subsidiary company	-	-	1,300,000	1,000,000

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32. CONTINGENT LIABILITIES (CONT'D)

	GROUP		COMPANY	
	2002 RM	2001 RM	2002 RM	2001 RM
(ii) Bank guarantees				
Issued by a licensed bank in favour of third parties				
- secured	804,665	450,000	-	-
- unsecured	975,000	550,000	-	-
Amounts utilised are as follows :				
- Secured	804,665	450,000	-	-
- Unsecured	975,000	550,000	-	-

The bank guarantees are secured by the fixed deposit of RM600,000 which is registered under the name of a subsidiary company, Repute Construction Sdn. Bhd. (Note 11); a fixed and floating charge over the present and future assets of a subsidiary company, Unibase Trading Sdn. Bhd, and a corporate guarantee of the Company.

33. MATERIAL CAPITAL COMMITMENT

	GROUP	
	2002 RM	2001 RM
Amount approved and contracted for	115,539,043	-
Amount approved but not contracted for	-	-
Total amount approved	115,539,043	-

During the financial year, the subsidiary company, Crescendo Development Sdn. Bhd, acquired approximately 1,390.22 acres of lands with a total purchase consideration of RM128,343,381 of which RM115,539,043 was still outstanding as at the end of the financial year.

Details of the acquisitions are as follows :

- (i) 1,199.65 acres of land situated at Mukim and District of Kota Tinggi, Johor and Mukim of Tebrau, District of Johor Baharu, Johor for a total consideration of RM106,768,850 and an additional sum of RM300,000 for three units of bungalow houses situated on and forming part of the land. At the date of this report, the outstanding amount is RM50,000,000.

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33. MATERIAL CAPITAL COMMITMENT (CONT'D)

- (ii) 71.4375 acres of land situated at Mukim and District of Kota Tinggi, Johor and Mukim of Tebrau, District of Johor Baharu, Johor for a total consideration of RM4,000,500. At the date of this report, the outstanding amount is RM3,600,450.
- (iii) 119.13125 acres of land situated at Mukim of Tebrau, District of Johor Baharu, Johor for a total consideration of RM17,274,031.25. At the date of this report, there is no outstanding amount.

Approvals for the above acquisitions were obtained from the Foreign Investment Committee, the Securities Commission, and shareholders on 20 November 2001, 27 November 2001 and 8 February 2002 respectively.

34. SEGMENTAL INFORMATION

	Revenue RM	Profit / (Loss) before tax RM	Gross Assets Employed RM
Major segments by activity :- 2002			
Property development			
- Industrial properties	25,326,008	9,124,049	148,609,219
- Residential / commercial properties	23,347,016	8,191,635	60,244,824
Construction activities	9,832,688	1,517,585	29,502,938
Manufacture of concrete products	2,891,504	262,632	1,929,318
Management services and others	711,396	(1,348,728)	5,656,603
Total	<u>62,108,612</u>	<u>17,747,173</u>	<u>245,942,902</u>
Major segments by activity :- 2001			
Property development			
- Industrial properties	31,789,000	11,537,713	141,448,001
- Residential / commercial properties	7,567,560	1,131,506	65,019,644
Construction activities	16,736,619	3,147,192	27,334,169
Manufacture of concrete products	3,178,700	159,000	2,514,311
Management services and others	591,615	(1,283,748)	2,048,155
Total	<u>59,863,494</u>	<u>14,691,663</u>	<u>238,364,280</u>

The inter-segments transactions have been entered into in the normal course of business and on an arms length negotiated terms.

No segmental reporting by geographical segment is provided as the Group only operates in Malaysia.

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35. SIGNIFICANT POST BALANCE SHEET EVENT

Employee Share Option Scheme ("ESOS")

The proposed establishment of an ESOS granting every eligible employee and executive director an option to subscribe for new shares in the Company, subject to the By-Laws of the ESOS, were approved by the Securities Commission and shareholders on 27 November 2001 and 8 February 2002 respectively. The ESOS Committee was set up on 27 March 2002 to address outstanding issues, if any, prior to the implementation of the proposed ESOS and to issue the options to all eligible employees.

The main features of the ESOS are :

- (i) The total number of new ordinary shares to be issued by the Company under the ESOS shall not exceed 10% of the total issued and paid up ordinary shares of the Company.
- (ii) The option price under the ESOS is the five (5) days weighted average market price of the shares of the Company at the time the option is granted, subject to a discount of not more than ten percent (10%) which the Company may at its discretion decide to give, or the par value of the shares of the Company of RM1, whichever is the higher.
- (iii) The options granted may be exercised at any time before the expiry of the ESOS as notified by the ESOS Committee.
- (iv) The basis on which the options may be exercised by virtue of By-Law 7.4 of the ESOS is as follows :

Number of options granted (shares)	Percentage of options exercisable				
	Year 1	Year 2	Year 3	Year 4	Year 5
Below 10,000	100%				
10,000 to less than 50,000	30% ⁽¹⁾	30%	40% ⁽²⁾		
50,000 to less than 100,000	20%	20%	30%	30%	
100,000 and above	20%	20%	20%	20%	20%

Notes :

- (1) 30% or 10,000 options, whichever is the higher
- (2) 40% or the remaining number of options unexercised

- (v) The persons to whom the options are granted have no right to participate by virtue of the options in any shares issue of any other company within the Group.