

CRESCENDO CORPORATION BERHAD

(Company No. : 359750-D)

**UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE FINANCIAL PERIOD ENDED 31 JULY 2006**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31.7.2006 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31.7.2005 RM'000	CURRENT YEAR TO DATE 31.7.2006 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31.7.2005 RM'000
Revenue	18,063	19,910	35,643	38,341
Cost of sales	(11,626)	(13,347)	(23,424)	(25,474)
Gross profit	6,437	6,563	12,219	12,867
Other income	727	838	1,298	2,048
Administrative expenses	(2,264)	(2,285)	(4,645)	(4,388)
Other expenses	-	(17)	(30)	(17)
Finance cost	(120)	(1)	(263)	(2)
Gain/(loss) on disposal of investment	300	-	1,177	-
Profit before tax	5,080	5,098	9,756	10,508
Income tax expenses	(1,417)	(1,484)	(2,700)	(2,927)
Profit for the period	3,663	3,614	7,056	7,581
Attributable to:				
Equity holders of the parent	3,464	3,489	6,622	7,221
Minority interests	199	125	434	360
	3,663	3,614	7,056	7,581
Earnings per share attributable to equity holders of parent:				
Basic, for profit for the period (sen)	2.45	2.46	4.68	5.10
Diluted, for profit for the period (sen)	2.34	2.35	4.47	4.86

The Unaudited Condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Statements for the financial year ended 31 January 2006 and the accompanying explanatory notes attached to the interim financial statements.

CRESCENDO CORPORATION BERHAD
(Company No. : 359750-D)

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 31 JULY 2006

	AS AT 31.7.2006 RM'000	AS AT 31.1.2006 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	55,638	54,795
Long term investments	6,391	9,949
Land held for property development	232,459	224,312
Deferred tax assets	857	594
	<u>295,345</u>	<u>289,650</u>
Current assets		
Property development costs	51,603	36,598
Inventories	16,318	18,968
Receivables	32,864	34,747
Cash and cash equivalents	1,120	6,079
	<u>101,905</u>	<u>96,392</u>
TOTAL ASSETS	<u>397,250</u>	<u>386,042</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	143,760	143,752
Share premium	14,533	14,533
Treasury shares	(2,458)	(2,299)
Other reserves	14,345	43,314
Retained profits	140,811	109,287
	<u>310,991</u>	<u>308,587</u>
Minority interests	<u>4,235</u>	<u>3,801</u>
Total equity	<u>315,226</u>	<u>312,388</u>
Non-current liabilities		
Long term borrowings	15,418	19,670
3% ICULS 2002/2007	8,807	8,814
Deferred tax liabilities	3,684	3,675
	<u>27,909</u>	<u>32,159</u>
Current liabilities		
Payables	27,827	18,433
Short term borrowings	19,284	20,782
Provision for tax	2,930	2,280
Dividend payable	4,074	-
	<u>54,115</u>	<u>41,495</u>
Total liabilities	<u>82,024</u>	<u>73,654</u>
TOTAL EQUITY AND LIABILITIES	<u>397,250</u>	<u>386,042</u>
Net assets per share attributable to equity of holders of the parent (RM)	<u>2.16</u>	<u>2.15</u>

The Unaudited Condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Statements for the financial year ended 31 January 2006 and the accompanying explanatory notes attached to the interim financial statements.

CRESCENDO CORPORATION BERHAD
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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 JULY 2006

	← Attributable to Equity Holders of the Parent →					Minority Interest	Total Equity	
	← Non-distributable →			Distributable				
	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Other Reserves RM'000	Retained Profits RM'000			Total RM'000
6 months ended 31 July 2005								
Balance as at 1 February 2005	143,670	14,525	(2,035)	44,677	96,013	296,850	3,119	299,969
Reversal of prior year overprovision in respect of deferred tax	-	-	-	323	-	323	-	323
Net income/(expenses) recognised directly in equity	-	-	-	323	-	323	-	323
Profit for the period	-	-	-	-	7,221	7,221	360	7,581
Total recognised income and expense for the period	-	-	-	-	7,221	7,221	360	7,581
Dividends	-	-	-	-	(4,082)	(4,082)	-	(4,082)
Issue of ordinary shares pursuant to ICULS	3	-	-	-	-	3	-	3
Issue of ordinary shares pursuant to ESOS	79	8	-	-	-	87	-	87
Purchase of treasury shares	-	-	(132)	-	-	(132)	-	(132)
Minority interest's share of loss set off against their advances	-	-	-	-	-	-	148	148
Balance as at 31 July 2005	143,752	14,533	(2,167)	45,000	99,152	300,270	3,627	303,897

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 JULY 2006**

	← Attributable to Equity Holders of the Parent →					Minority Interest RM'000	Total Equity RM'000	
	← Non-distributable →			Distributable				
	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Other Reserves RM'000	Retained Profits RM'000			Total RM'000
6 months ended 31 July 2006								
Balance as at 1 February 2006	143,752	14,533	(2,299)	43,314	109,287	308,587	3,801	312,388
Effects of adopting FRS 3	-	-	-	(28,974)	28,974	-	-	-
	<u>143,752</u>	<u>14,533</u>	<u>(2,299)</u>	<u>14,340</u>	<u>138,261</u>	<u>308,587</u>	<u>3,801</u>	<u>312,388</u>
Profit for the period	-	-	-	-	6,624	6,624	434	7,058
Total recognised income and expense for the period	-	-	-	-	6,624	6,624	434	7,058
Dividends	-	-	-	-	(4,074)	(4,074)	-	(4,074)
Issue of ordinary shares pursuant to ICULS	7	-	-	-	-	7	-	7
Share-based payment under ESOS	-	-	-	5	-	5	-	5
Purchase of treasury shares	-	-	(159)	-	-	(159)	-	(159)
Balance as at 31 July 2006	<u>143,760</u>	<u>14,533</u>	<u>(2,458)</u>	<u>14,345</u>	<u>140,811</u>	<u>310,991</u>	<u>4,235</u>	<u>315,226</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 2006 and the accompanying explanatory notes attached to the interim financial statements.

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**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE FINANCIAL PERIOD ENDED 31 JULY 2006**

	6 MONTHS ENDED	
	31.7.2006	31.7.2005
	RM' 000	RM' 000
Net cash generated from operating activities	(2,103)	(4,707)
Net cash generated from / (used in) investing activities	3,549	(862)
Net cash (used in) / generated from financing activities	<u>(6,196)</u>	<u>(2,414)</u>
Net (decrease) / increase in cash and cash equivalents	(4,750)	(7,983)
Cash and cash equivalents at the beginning of the financial period	5,815	12,645
Cash and cash equivalents at the end of the financial period	<u>1,065</u>	<u>4,662</u>
Cash and cash equivalents at the end of the financial period		
Deposits with licensed banks	53	327
Cash and bank balances	1,066	6,595
Bank overdraft	-	(2,000)
	<u>1,119</u>	<u>4,922</u>
Fixed deposit pledged	(54)	(260)
As above	<u>1,065</u>	<u>4,662</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 2006 and the accompanying explanatory notes attached to the interim financial statements.

PART A - EXPLANATORY NOTES PURSUANT TO FRS 134

A1 Basis of preparation

The interim financial statements which are unaudited, have been prepared under the historical cost convention except for the revaluation of freehold land included within property, plant and equipment.

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Financial Reporting Standard ("FRS") 134: 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 2006. 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 2006.

A2 Change in accounting policies

The MASB issued a total of 21 new and amended Financial Reporting Standards and other interpretations effective for financial statements commencing 1 January 2006 for 18 FRSs and 1 October 2006 for 2 other FRSs.

The significant accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 January 2006 except for the adoption of the following new/revised FRS effective for financial period beginning 1 February 2006:

FRS 2	Share-based Payment
FRS 3	Business Combinations
FRS 5	Non-Current Assets Held for Sale and Discontinued Operations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings per Share
FRS 136	Impairment of Assets

The adoption of the FRS listed above, other than those stated below, are consistent with current practices and does not have significant impact on the Group. The effects of the changes in accounting policies resulting from the adoption of the new/revised FRSs are stated below:-

(a) FRS 2: Share-based Payment

FRS 2 requires an entity to recognise share-based payment transactions in its financial statements, including transactions with employees or other parties to be settled in cash, other assets, or equity instruments of the entity.

The Company operates an equity-settled, share-based compensation plan for the employees of the Group, Crescendo Corporation Berhad's Employees' Share Option Scheme ("ESOS"). Prior to 1 February 2006, no compensation expense was recognised in profit and loss for share options granted. With the adoption of FRS 2, the compensation expense relating to share options is recognised in profit and loss over the vesting periods of the grants with a corresponding increase in equity. The total amount to be recognised as compensation expense is determined by reference to the fair value of the share options at the date of the grant and the number of share options to be vested by vesting date. The fair value of the share option is computed using Black-Scholes model. At every balance sheet date, the Group revise its estimates of the number of share options that are expected to vest by the vesting date. Any revision of this estimate is included in profit and loss and a corresponding adjustment to equity over the remaining vesting period.

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Under the transitional provision of FRS 2, this FRS must be applied to share options that were granted after 31 December 2004 and had not yet vested on 1 January 2006. The financial impact to the Group arising from this change in accounting policy is as follows:

	6 months ended	
	31.7.2006	31.7.2005
	RM'000	RM'000
Decrease in profit for the period	5	-

(b) **FRS 3: Business Combinations**

Under FRS 3, any excess of the Group's interest in the net fair value of acquirees' identifiable assets, liabilities and contingent liabilities over cost of acquisitions (previously referred to as "negative goodwill"), after reassessment, is now recognised immediately in profit and loss. In accordance with the transitional provision of FRS 3, the negative goodwill as at 1 February 2006 of RM28,973,700 was derecognised with a corresponding increase in retained profits.

(c) **FRS 101: Presentation of Financial Statements**

The adoption of the revised FRS 101 has affected the presentation of minority interest, and other disclosures. In the consolidated balance sheet, minority interests are now presented within total equity. In the consolidated income statement, minority interests are presented as an allocation of the net profit or loss for the period. A similar requirement is also applicable to the statement of changes in equity. FRS 101 also requires disclosure, on the face of the statement of changes in equity, total recognized income and expenses for the period, showing separately the amounts attributable to equity holders of the parent and to minority interest.

The current period's presentation of the Group's financial statements is based on the revised requirements of FRS 101, with the comparatives restated to conform with the current period's presentation.

A3 Audit qualification

The auditor's report of the preceding annual financial statements of the Group did not contain any qualification.

A4 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.

A5 Unusual items

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

A6 Material changes in estimates

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

A7 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 2006	2,158
Share buy-back	157
Share cancellations	-
Shares held as treasury shares	<u>2,315</u>
Resale of treasury shares	-
At 31 July 2006	<u>2,315</u>

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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 2006	143,752	8,814
Exercise of ESOS	-	-
Conversion of ICULS	7	(7)
At 31 July 2006	<u>143,759</u>	<u>8,807</u>

A8 Dividends paid

There was no dividend paid during the current financial period to date.

A9 Segmental Information

Major segments by activity:-	Revenue		Results	
	6 months ended		6 months ended	
	31.7.2006	31.7.2005	31.7.2006	31.7.2005
	RM'000	RM'000	RM'000	RM'000
Property development				
- Industrial properties	6,795	11,770	3,211	4,319
- Residential / commercial properties	13,459	11,225	3,428	3,352
Construction activities	32,461	20,416	1,332	746
Manufacture of concrete products	13,230	10,837	587	1,379
Management services and others	4,826	4,287	3,657	2,124
	<u>70,771</u>	<u>58,535</u>	<u>12,215</u>	<u>11,920</u>
Less: Inter-segment elimination	<u>(35,128)</u>	<u>(20,194)</u>	<u>(1,220)</u>	<u>(482)</u>
	<u>35,643</u>	<u>38,341</u>	<u>10,995</u>	<u>11,438</u>
Less: Unallocated expenses			(976)	(929)
Less: Finance cost			<u>(263)</u>	<u>(1)</u>
			<u>9,756</u>	<u>10,508</u>

A10 Valuation of property, plant and equipment

The valuations of property, plant and equipment stated in the previous annual financial statements have been brought forward without amendment.

A11 Material subsequent event

Subsequent material event that has not been reflected in the financial statements for the current financial period up to 21 September 2006 is as follows:-

(i) Shares buy-back

	No. of shares (' 000)	Weighted average price (RM)	Total (RM' 000)
Number of shares bought	<u>38</u>	<u>1.03</u>	<u>39</u>

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A12 Changes in the composition of the Group

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

A13 Contingent Liabilities

The contingent liabilities of the Group as at 21 September 2006 which comprise Bankers' guarantees issued by a financial institution in favour of third parties are as follows:-

	RM' 000
Secured	3,542
Unsecured	5
	<u>3,547</u>

PART B - 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 first half of the financial year ending 31 January 2007 is RM35.6 million which represents a decrease of RM2.7 million or 7.1% as compared to corresponding period in the prior financial year of RM38.3 million. The decrease in revenue is mainly due to the decrease in sales of industrial properties.

The profit before tax ("PBT") decreased slightly by approximately RM0.7 million or 6.7% to RM9.8 million as compared to the corresponding period in the prior financial year of RM10.5 million. The marginal decrease in PBT is mainly due to decrease in sales activity of industrial properties. Included in the segment results of management services and others is the gain on disposal of quoted securities of RM1.2 million.

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

There is no significant difference between the PBT for the second quarter of this financial year as compared to the preceding quarter which amounting to RM5.1 million and RM4.7 million respectively.

B3 Current financial year prospects

The residential/commercial and industrial properties operations are expected to be the main profit contributor for the third quarter of the financial year 2007.

Barring unforeseen circumstances, the Board expects the performance of the Group to remain satisfactory for the financial year ending 31 January 2007.

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

Not applicable.

B5 Tax

	CURRENT CURRENT QUARTER 31.7.2006 RM' 000	CURRENT YEAR TO DATE 31.7.2006 RM' 000
Income tax:		
Current year	1,426	2,954
Prior year under / (over) provision	-	-
Deferred tax:		
Current year	(9)	(254)
Prior year under / (over) provision	-	-
	<u>1,417</u>	<u>2,700</u>

The effective rate of tax for the current financial period is higher than the statutory tax rate mainly due to certain expenses not deductible for tax purposes.

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

There were no gain/(loss) on disposal of unquoted investments for the current financial period to date and 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.

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B7 Quoted securities

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

	CURRENT QUARTER 31.7.2006 RM' 000	CURRENT YEAR TO DATE 31.7.2006 RM' 000
Total purchase consideration	-	-
Total sale proceeds	1,020	4,714
Total profit / (loss) on disposal	300	1,177

(b) Total investments in quoted securities as at 31 July 2006:-

	RM' 000
(i) At cost	8,368
(ii) At carrying value/book value	5,426
(iii) At market value	8,107

B8 Status of corporate proposals

There were no corporate proposals announced but not completed as at 21 September 2006.

B9 Group borrowings and debt securities

Group borrowings as at 31 July 2006 were as follows:

	RM' 000
(a) Secured borrowings	34,702
Unsecured borrowings	-
	<u>34,702</u>
ICULS - Unsecured	8,807
	<u>43,509</u>
(b) Short term borrowings	
- Revolving credit	10,500
- Term Loan	8,760
- Hire purchase	24
	<u>19,284</u>
Long term borrowings	
- Term loan	15,290
- Hire purchase	128
- ICULS	8,807
	<u>43,509</u>

(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 2006 is RM1,346,240.

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.

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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 2007 as follows:-
- (i) Amount per share : 3.0 sen less 28% tax;
 - (ii) Previous corresponding period : 3.0 sen less 28% tax;
 - (iii) Date payable will be announced at a later date; and
 - (iv) In respect of deposited securities, entitlement to dividends will be determined on the basis of the record of depositors as at a date to be announced at a later date.
- (b) Total dividend for the current financial year : 3.0 sen per share less 28% tax.

B13 Earnings Per Share ("EPS")

(a) Basic earnings per share

Basic earnings per share amounts are calculated by dividing the profit for the current period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares in issue during the period, excluding treasury shares held by the Company.

	CURRENT QUARTER 31.7.2006	CURRENT YEAR TO DATE 31.7.2006
Profit attributable to ordinary equity holders of the parent (RM'000)	3,464	6,622
Weighted average number of ordinary shares in issue ('000)	141,442	141,441
Basic earnings per share (Sen)	2.45	4.68

(b) Diluted earnings per share

For the purpose of calculating diluted earnings per share, the profit for the period attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares in issue during the period have been adjusted for the effects of dilutive potential ordinary shares from conversion of ICULS. The amount of the profit attributable to ordinary equity holders of the parent for the current financial period is adjusted by the after-tax effect on interest expense recognised during the current financial period which would have been saved on conversion of the outstanding ICULS into ordinary shares. The adjusted weighted average number of ordinary shares is the weighted average number of ordinary shares which would be issued on the conversion of the outstanding ICULS into ordinary shares. The ICULS are deemed to have been converted into ordinary shares at the date of the issue of ICULS (26 August 2002).

	CURRENT QUARTER 31.7.2006	CURRENT YEAR TO DATE 31.7.2006
Profit attributable to ordinary equity holders of the parent (RM'000)	3,464	6,622
After-tax effect on interest on ICULS (RM'000)	48	94
Profit attributable to ordinary equity holders of the parent including assumed conversion (RM'000)	3,512	6,716
Weighted average number of ordinary shares in issue ('000)	141,442	141,441
Effect of dilution:		
ICULS ('000)	8,807	8,807
Adjusted weighted average number of shares in issue and issuable ('000)	150,249	150,248
Diluted earnings per share (Sen)	2.34	4.47

The share option are anti-dilutive and are ignored in the calculation of diluted earnings per share.