

CRESCENDO CORPORATION BERHAD

(Company No. : 359750-D)

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31.10.2006 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31.10.2005 RM'000	CURRENT YEAR TO DATE 31.10.2006 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31.10.2005 RM'000
Revenue	22,032	22,421	57,675	60,762
Cost of sales	(12,104)	(13,999)	(35,528)	(39,473)
Gross profit	9,928	8,422	22,147	21,289
Other income	814	935	2,112	2,983
Administrative expenses	(2,611)	(2,257)	(7,256)	(6,645)
Other expenses	(176)	-	(206)	(17)
Finance cost	(321)	(52)	(584)	(54)
Gain/(loss) on disposal of investment	3,061	-	4,238	-
Profit before tax	10,695	7,048	20,451	17,556
Income tax expenses	(2,753)	(1,886)	(5,453)	(4,813)
Profit for the period	7,942	5,162	14,998	12,743
Attributable to:				
Equity holders of the parent	7,887	5,091	14,509	12,312
Minority interests	55	71	489	431
	7,942	5,162	14,998	12,743
Earnings per share attributable to equity holders of parent:				
Basic, for profit for the period (sen)	5.58	3.59	10.26	8.69
Diluted, for profit for the period (sen)	5.29	3.41	9.76	8.27

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
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UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 31 OCTOBER 2006

	AS AT 31.10.2006 RM'000	AS AT 31.1.2006 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	55,876	54,795
Long term investments	2,303	9,949
Land held for property development	243,429	224,312
Deferred tax assets	1,142	594
	<u>302,750</u>	<u>289,650</u>
Current assets		
Property development costs	40,179	36,598
Inventories	33,954	18,968
Receivables	33,904	34,747
Cash and cash equivalents	2,623	6,079
	<u>110,660</u>	<u>96,392</u>
TOTAL ASSETS	<u>413,410</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	(2,553)	(2,299)
Other reserves	14,345	43,314
Retained profits	145,643	109,287
	<u>315,728</u>	<u>308,587</u>
Minority interests	<u>4,290</u>	<u>3,801</u>
Total equity	<u>320,018</u>	<u>312,388</u>
Non-current liabilities		
Long term borrowings	13,222	19,670
3% ICULS 2002/2007	8,807	8,814
Deferred tax liabilities	3,591	3,675
	<u>25,620</u>	<u>32,159</u>
Current liabilities		
Payables	26,029	18,433
Short term borrowings	33,605	20,782
Provision for tax	5,085	2,280
Dividend payable	3,053	-
	<u>67,772</u>	<u>41,495</u>
Total liabilities	<u>93,392</u>	<u>73,654</u>
TOTAL EQUITY AND LIABILITIES	<u>413,410</u>	<u>386,042</u>
Net assets per share attributable to equity holders of the parent (RM)	<u>2.20</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 OCTOBER 2006**

	← Attributable to Equity Holders of the Parent →					Minority Interest	Total Equity	
	Share Capital RM'000	← Non-distributable →		Distributable				RM'000
Share Premium RM'000		Treasury Shares RM'000	Other Reserves RM'000	Retained Profits RM'000	Total RM'000			
9 months ended 31 October 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	-	-	-	-	12,312	12,312	431	12,743
Total recognised income and expense for the period	-	-	-	-	12,312	12,312	431	12,743
Dividends	-	-	-	-	(7,144)	(7,144)	-	(7,144)
Issue of ordinary shares from conversion of 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 October 2005	143,752	14,533	(2,167)	45,000	101,181	302,299	3,698	305,997

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

	← Attributable to Equity Holders of the Parent →					Minority Interest RM'000	Total Equity RM'000
	Share Capital RM'000	← Non-distributable →		Retained Profits RM'000	Total RM'000		
		Share Premium RM'000	Treasury Shares RM'000				
9 months ended 31 October 2006							
Balance as at 1 February 2006	143,752	14,533	(2,299)	43,314	109,287	3,801	312,388
Effects of adopting FRS 3	-	-	-	(28,974)	28,974	-	-
	143,752	14,533	(2,299)	14,340	138,261	3,801	312,388
Profit for the period	-	-	-	-	14,509	489	14,998
Total recognised income and expense for the period	-	-	-	-	14,509	489	14,998
Dividends	-	-	-	-	(7,127)	-	(7,127)
Issue of ordinary shares from conversion of ICULS	7	-	-	-	-	-	7
Share-based payment under ESOS	-	-	-	5	-	-	5
Purchase of treasury shares	-	-	(254)	-	-	-	(254)
Balance as at 31 October 2006	143,760	14,533	(2,553)	14,345	145,643	4,290	320,018

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.

CRESCENDO CORPORATION BERHAD
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**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE FINANCIAL PERIOD ENDED 31 OCTOBER 2006**

	9 MONTHS ENDED	
	31.10.2006	31.10.2005
	RM' 000	RM' 000
Net cash used in operating activities	(14,930)	(413)
Net cash generated from / (used in) investing activities	10,000	(1,135)
Net cash used in financing activities	(6,089)	(3,684)
Net decrease in cash and cash equivalents	(11,019)	(5,232)
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	(5,204)	7,413
Cash and cash equivalents at the end of the financial period		
Deposits with licensed banks	-	330
Cash and bank balances	2,623	7,345
Bank overdraft	(7,827)	-
	(5,204)	7,675
Fixed deposit pledged	-	(262)
As above	(5,204)	7,413

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 out of which 18 FRSs have become effective for financial period commencing 1 January 2006.

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 options 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:

	9 months ended	
	31.10.2006	31.10.2005
	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	250
Share cancellations	-
Shares held as treasury shares	2,408
Resale of treasury shares	-
At 31 October 2006	2,408

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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
Conversion of ICULS	7	(7)
At 31 October 2006	<u>143,760</u>	<u>8,807</u>

A8 Dividends paid

The gross dividend paid during the current financial period to date is 4 sen less tax per ordinary share, which is in respect of final dividend of financial year 2006 and was paid on 18 August 2006.

A9 Segmental Information

Major segments by activity:-	Revenue		Results	
	9 months ended		9 months ended	
	31.10.2006	31.10.2005	31.10.2006	31.10.2005
	RM'000	RM'000	RM'000	RM'000
Property development				
- Industrial properties	7,864	21,657	3,041	8,319
- Residential / commercial properties	29,616	15,188	9,051	4,732
Construction activities	54,089	30,663	3,093	2,191
Manufacture of concrete products	18,602	16,064	834	1,806
Management services and others	7,815	6,617	8,834	3,228
	<u>117,986</u>	<u>90,189</u>	<u>24,853</u>	<u>20,276</u>
Less: Inter-segment elimination	<u>(60,311)</u>	<u>(29,427)</u>	<u>(2,434)</u>	<u>(1,355)</u>
	<u>57,675</u>	<u>60,762</u>	<u>22,419</u>	<u>18,921</u>
Less: Unallocated expenses			(1,384)	(1,311)
Less: Finance cost			(584)	(54)
			<u>20,451</u>	<u>17,556</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 22 December 2006 is as follows:-

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

	No. of shares (' 000)	No. of ICULS (RM' 000)
Conversion of ICULS	<u>33,000</u>	<u>(33,000)</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 22 December 2006 which comprise Bankers' guarantees issued by a financial institution in favour of third parties are as follows:-

	RM' 000
Secured	4,258
Unsecured	<u>5</u>
	<u>4,263</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 nine months of the financial year ending 31 January 2007 is RM57.7 million which represents a decrease of RM3.1 million or 5.1% as compared to corresponding period in the prior financial year of RM60.8 million. The decrease in revenue is mainly due to the decrease in sales of industrial properties.

The profit before tax ("PBT") increased by approximately RM2.9 million or 16.5% to RM20.5 million as compared to the corresponding period in the prior financial year of RM17.6 million. The increase in PBT is mainly due to the gain on disposal of quoted securities of RM4.2 million.

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

The PBT of the Group increased by RM5.6 million or 110.5% in the third quarter as compared to the second quarter of the financial year 2007 mainly due to the increase of sales in residential properties and the gain on disposal of quoted securities.

B3 Current financial year prospects

The residential/commercial and industrial properties operations are expected to be the main profit contributor for the forth 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 QUARTER 31.10.2006 RM' 000	CURRENT YEAR TO DATE 31.10.2006 RM' 000
Income tax:		
Current year	2,155	5,109
Prior year under / (over) provision	976	976
Deferred tax:		
Current year	(299)	(553)
Prior year under / (over) provision	(79)	(79)
	<u>2,753</u>	<u>5,453</u>

The effective tax rates for the current quarter and financial period to date are lower than the statutory rate principally due to certain income which is not taxable.

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 31.10.2006 RM' 000	CURRENT YEAR TO DATE 31.10.2006 RM' 000
Total purchase consideration	-	-
Total sale proceeds	6,988	11,702
Total profit / (loss) on disposal	3,061	4,238

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

	RM' 000
(i) At cost	3,962
(ii) At carrying value/book value	1,368
(iii) At market value	1,825

B8 Status of corporate proposals

There were no corporate proposals announced but not completed as at 22 December 2006.

B9 Group borrowings and debt securities

Group borrowings as at 31 October 2006 were as follows:

	RM' 000
(a) Secured borrowings	46,827
Unsecured borrowings	-
	<u>46,827</u>
ICULS - Unsecured	8,807
	<u>55,634</u>
(b) Short term borrowings	
- Overdraft	7,827
- Revolving credit	17,000
- Term Loan	8,760
- Hire purchase	18
	<u>33,605</u>
Long term borrowings	
- Term loan	13,100
- Hire purchase	122
- ICULS	8,807
	<u>55,634</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 October 2006 is RM1,436,392.

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) No dividend has been declared or proposed for the current quarter ended 31 October 2006.
- (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 31.10.2006	CURRENT YEAR TO DATE 31.10.2006
Profit attributable to ordinary equity holders of the parent (RM'000)	<u>7,887</u>	<u>14,509</u>
Weighted average number of ordinary shares in issue ('000)	<u>141,352</u>	<u>141,349</u>
Basic earnings per share (Sen)	<u>5.58</u>	<u>10.26</u>

(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 31.10.2006	CURRENT YEAR TO DATE 31.10.2006
Profit attributable to ordinary equity holders of the parent (RM'000)	7,887	14,509
After-tax effect on interest on ICULS (RM'000)	<u>49</u>	<u>144</u>
Profit attributable to ordinary equity holders of the parent including assumed conversion (RM'000)	<u>7,936</u>	<u>14,653</u>
Weighted average number of ordinary shares in issue ('000)	141,352	141,349
Effect of dilution:		
ICULS ('000)	<u>8,807</u>	<u>8,807</u>
Adjusted weighted average number of shares in issue and issuable ('000)	<u>150,159</u>	<u>150,156</u>
Diluted earnings per share (Sen)	<u>5.29</u>	<u>9.76</u>

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