

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 JULY 2010**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31.7.2010 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31.7.2009 RM'000	CURRENT YEAR TO DATE 31.7.2010 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31.7.2009 RM'000
Revenue	54,715	42,777	99,405	79,143
Cost of sales	(38,081)	(31,934)	(73,031)	(59,104)
Gross profit	16,634	10,843	26,374	20,039
Other income	1,358	1,633	2,578	2,767
Administration expenses	(3,540)	(3,180)	(6,448)	(6,198)
Finance costs	(581)	(1,085)	(1,244)	(1,764)
Profit before tax	13,871	8,211	21,260	14,844
Tax expenses	(3,714)	(2,074)	(5,677)	(3,840)
Profit for the period	10,157	6,137	15,583	11,004
Other comprehensive loss, net of tax				
Cash flow hedge	(285)	-	(632)	-
Total other comprehensive loss for the period, net of tax	(285)	-	(632)	-
Total comprehensive income for the period	9,872	6,137	14,951	11,004
Profit attributable to:				
Owners of the Company	9,121	5,731	13,933	10,264
Minority interests	1,036	406	1,650	740
	10,157	6,137	15,583	11,004
Total comprehensive income attributable to:				
Owners of the Company	8,836	5,731	13,301	10,264
Minority interests	1,036	406	1,650	740
	9,872	6,137	14,951	11,004
Earnings per share attributable to owners of the Company:				
Basic, for profit for the period (sen)	5.91	3.71	9.03	6.65
Diluted, for profit for the period (sen)	4.20	N/A	6.44	N/A

The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Statements for the financial year ended 31 January 2010 and the accompanying explanatory notes attached to the interim financial statements.

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 JULY 2010

	AS AT 31.7.2010 RM'000	AS AT 31.1.2010 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	40,890	40,413
Investments	60	60
Land held for property development	446,404	448,133
Deferred tax assets	7,053	7,249
	<u>494,407</u>	<u>495,855</u>
Current assets		
Property development costs	33,683	17,491
Inventories	55,365	76,369
Trade and other receivables	67,854	58,734
Cash and bank balances	56,121	40,247
	<u>213,023</u>	<u>192,841</u>
TOTAL ASSETS	<u>707,430</u>	<u>688,696</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	155,090	155,071
Share premium	14,891	14,890
Treasury shares	(820)	(798)
Other reserves	34,225	34,792
Equity component of ICULS	50,281	50,281
Retained profits	207,343	196,704
	<u>461,010</u>	<u>450,940</u>
Minority interests	11,357	9,707
Total equity	<u>472,367</u>	<u>460,647</u>
Non-current liabilities		
Bank borrowings (secured)	145,076	128,298
Liability component of ICULS	10,134	10,919
Deferred tax liabilities	2,213	2,213
Trade payable	6,009	7,000
Derivative financial liability	632	-
	<u>164,064</u>	<u>148,430</u>
Current liabilities		
Trade and other payables	43,910	59,579
Bank borrowings (secured)	19,896	19,646
Tax payable	2,565	394
Dividend payable	4,628	-
	<u>70,999</u>	<u>79,619</u>
Total liabilities	<u>235,063</u>	<u>228,049</u>
TOTAL EQUITY AND LIABILITIES	<u>707,430</u>	<u>688,696</u>
Net assets per share (RM)	<u>2.97</u>	<u>2.91</u>

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the financial year ended 31 January 2010 and the accompanying explanatory notes attached to the interim financial statements.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 JULY 2010**

	← Attributable to owners of the Company →						Total RM'000	Minority Interests 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	ICULS (Equity Component) RM'000	Retained Profits RM'000			
6 months ended 31 July 2009									
Balance as at 1 February 2009	155,071	14,890	(584)	15,121	50,281	187,180	421,959	8,246	430,205
Total comprehensive income	-	-	-	-	-	10,264	10,264	740	11,004
Transactions with owners									
Dividends	-	-	-	-	-	(5,017)	(5,017)	-	(5,017)
Purchase of treasury shares	-	-	(78)	-	-	-	(78)	-	(78)
Share-based payment expenses under ESOS	-	-	-	65	-	-	65	-	65
Total transactions with owners	-	-	(78)	65	-	(5,017)	(5,030)	-	(5,030)
Balance as at 31 July 2009	155,071	14,890	(662)	15,186	50,281	192,427	427,193	8,986	436,179
6 months ended 31 July 2010									
Balance as at 1 February 2010 - as previously reported	155,071	14,890	(798)	34,792	50,281	196,704	450,940	9,707	460,647
Effects of adopting FRS 139	-	-	-	-	-	1,334	1,334	-	1,334
Balance as at 1 February 2010 - as restated	155,071	14,890	(798)	34,792	50,281	198,038	452,274	9,707	461,981
Total comprehensive income	-	-	-	(632)	-	13,933	13,301	1,650	14,951
Transactions with owners									
Dividends	-	-	-	-	-	(4,628)	(4,628)	-	(4,628)
Issue of shares pursuant to exercise of ESOS	19	-	-	-	-	-	19	-	19
Purchase of treasury shares	-	-	(22)	-	-	-	(22)	-	(22)
Share-based payment expenses under ESOS	-	-	-	66	-	-	66	-	66
Transfer of reserve arising from exercise of ESOS	-	1	-	(1)	-	-	-	-	-
Total transactions with owners	19	1	(22)	65	-	(4,628)	(4,565)	-	(4,565)
Balance as at 31 July 2010	155,090	14,891	(820)	34,225	50,281	207,343	461,010	11,357	472,367

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 2010 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 JULY 2010**

	6 MONTHS ENDED	
	31.7.2010	31.7.2009
	RM' 000	RM' 000
Net cash from / (used in) operating activities	1,725	(11,246)
Net cash used in investing activities	(1,766)	(639)
Net cash from / (used in) financing activities	<u>16,014</u>	<u>(9,348)</u>
Net increase / (decrease) in cash and cash equivalents	15,973	(21,233)
Cash and cash equivalents at the beginning of the financial period	39,068	51,803
Cash and cash equivalents at the end of the financial period	<u>55,041</u>	<u>30,570</u>
Cash and cash equivalents at the end of the financial period		
Deposits with licensed banks	46,515	26,210
Cash and bank balances	9,606	4,718
Bank overdrafts	(865)	(148)
	<u>55,256</u>	<u>30,780</u>
Fixed deposit pledged	(215)	(210)
	<u>55,041</u>	<u>30,570</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 2010 and the accompanying explanatory notes attached to the interim financial statements.

CRESCENDO CORPORATION BERHAD
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PART A - EXPLANATORY NOTES PURSUANT TO FRS 134

A1 Basis of preparation

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 2010. 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 2010.

The accounting policies and methods of computation adopted by the Group in this interim financial statements are consistent with those of the annual financial statements for the year ended 31 January 2010 except for the adoption of the following new and revised FRSs, Amendments to FRSs and Issues Committee ("IC") Interpretations relevant to the current operations of the Group with effect from 1 February 2010.

FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS101	Presentation of Financial Statements
FRS123	Borrowing Costs
FRS139	Financial Instruments: Recognition and Measurement
Amendments to FRS 123	Borrowing Costs
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2 - Group and Treasury Share Transactions

The adoption of the above did not have any significant effects on the interim financial report upon their initial application other than:

a. FRS 101 : Presentation of Financial Statements

FRS 101 requires an entity to present, in a statement of changes in equity, all owner changes in equity. All non owner changes in equity (i.e. comprehensive income) are required to be presented in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). Components of comprehensive income are not permitted to be presented in the statement of changes in equity. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements. FRS 101 does not have any impact on the financial position or results of the Group and the Company.

b. FRS 139 : Financial Instruments: Recognition and Measurement

The new Standard on FRS 139 : Financial Instruments: Recognition and Measurement establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. Financial instruments are recorded initially at fair value. Subsequent measurement of those instruments at the date of statement of financial position reflects the designation of the financial instrument.

Payables

Under FRS139, payables are initially measured at fair value and subsequently at amortised cost using the effective interest rate method. Gains or losses are recognised in the consolidated statement of comprehensive income when the liabilities are derecognised or through amortisation process.

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Derivative Financial Instruments

The Group designates certain derivative as hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge). The Group has entered into an interest rate swap that is a cash flow hedge for the Group's exposure to interest rate risk on a borrowing entered by a subsidiary.

Prior to 1 February 2010, derivatives are not recognised on the financial statement. Under FRS 139, the fair value changes on the effective portion of interest rate swaps designated as cash flow hedges are recognised in the hedging reserve and transferred to the statement of comprehensive income when the interest expenses on the borrowings is recognised in statement of comprehensive income. The fair value change on the ineffective portion of interest rate swaps is recognised immediately in statement of comprehensive income. The carrying amount of a derivative designated as a hedge is presented as a non-current asset or liability if the remaining expected life of the hedged item is more than 12 months, and as current asset or liability if the remaining expected life of the hedged item is less than 12 months.

In accordance with the transitional provisions of FRS139, the above changes are applied prospectively and the comparatives as at 31 January 2010 are not restated. Instead, the changes have been accounted for by restating the opening balances in the statement of financial position as at 1 February 2010.

As a result, the following adjustments were made to the opening balances as at 1 February 2010:

	Previously stated RM'000	Effect of FRS 139 RM'000	As restated RM'000
Non-current liabilities : Trade Payables	7,000	(1,164)	5,836
Current liabilities : Trade and other payables	59,579	(170)	59,409
Retained Profits	196,704	1,334	198,038

The Group has not elected for early adoption of the following new and revised FRSs and IC Interpretations relevant to the current operations of the Group, which were issued but not yet effective for the financial year ending 31 January 2011:

		Effective for financial periods beginning on or after
FRS 1	First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 3	Business Combinations	1 July 2010
FRS127	Consolidated and Separate Financial Statements	1 July 2010
IC Interpretation 15	Agreements for the Construction of Real Estate	1 Jan 2012

The above new and revised FRSs and IC Interpretations are not expected to have any significant impact on the financial statements of the Group upon their initial application other than:

- Changes in the timing of recognition of property development revenue and costs that will arise from the adoption of IC15. The management is still in the midst of assessing the impact of IC15 on the Group's financial statements.

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.

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A4 Unusual items

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

A5 Material changes in estimates

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

A6 Debt and equity securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the six months ended 31 July 2010 except for the following:

(a) Employees' Share Option Scheme ("ESOS")

The Company issued 19,000 new ordinary shares of RM1 each by virtue of the exercise of ESOS.

(b) Treasury Shares

The Company had repurchased a total of 18,400 ordinary shares of RM 1 each of its issued share capital from the open market for a total consideration of RM21,852 at an average price of RM1.19 per share.

A7 Dividends paid

There was no dividend paid during the six months ended 31 July 2010.

A8 Segmental information

Major segments by activity:-	Revenue		Results	
	6 months ended		6 months ended	
	31.7.2010	31.7.2009	31.7.2010	31.7.2009
	RM' 000	RM' 000	RM' 000	RM' 000
Property development and construction	69,420	55,890	20,159	13,320
Manufacturing and trading	34,301	24,349	1,474	583
Management services and others	5,366	5,647	3,732	3,518
	<u>109,087</u>	<u>85,886</u>	<u>25,365</u>	<u>17,421</u>
Inter-segment eliminations	<u>(9,682)</u>	<u>(6,743)</u>	<u>(1,919)</u>	<u>(54)</u>
	<u>99,405</u>	<u>79,143</u>	<u>23,446</u>	<u>17,367</u>
Other investment income / (loss)			-	146
Unallocated expenses			(942)	(905)
Finance costs			<u>(1,244)</u>	<u>(1,764)</u>
			<u>21,260</u>	<u>14,844</u>

A9 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.

A10 Material subsequent events

There were no subsequent material events that have not been reflected in the current financial statements for the current financial period up to 23 September 2010.

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A11 Changes in the composition of the Group

There were no changes in the composition of the Group for the current financial year-to-date including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring or discontinuing of operations except for Crescendo Development Sdn Bhd ("CDSB"), a wholly owned subsidiary of the Company, previously held 84 ordinary shares of RM1 each representing 70% of the issued and paid up capital of Crescendo Land Sdn Bhd ("CLSB"), had on 29 July 2010 acquired another 24 ordinary shares of RM1 each fully paid in CLSB for a total consideration of RM250,000. As a result of the acquisition, CLSB is now a 90% owned subsidiary of CDSB.

A12 Contingent liabilities

The contingent liabilities of the Group as at 23 September 2010 which comprise Bankers' guarantees issued by a financial institution in favour of third parties are as follows:-

	RM' 000
Secured	411
Unsecured	2
	<u>413</u>

A13 Significant Related Party Transactions

The significant related party transactions of the Group carried out during the six months ended 31 July 2010 are as follows:

	RM' 000
With Wilgain Resources Sdn. Bhd.	
- Sale of property	<u>13,000</u>

Wilgain Resources Sdn. Bhd. is a company in which Mr Gooi Seong Lim is a director and major shareholder. Mr Gooi Seong Lim is Chairman and Managing Director of Crescendo Corporation Berhad.

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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 and profit before tax ("PBT") of the Group for the first half of the financial year ending 31 January 2011 are RM99.405 million and RM21.260 million respectively as compared to RM79.143 million and RM14.844 million respectively for the previous corresponding period in the last financial year.

The 26% increase in revenue is mainly due to higher sales in construction services and concrete products. The 43% increase in PBT is mainly contributed by the higher margin from industrial properties as well as construction operation.

B2 Comparison of profit before tax for the quarter reported on with the immediate preceding quarter

The PBT for the current quarter is RM13.871 million, which represent an increase of RM6.482 million or 88% as compared to the preceding financial quarter ended 30 April 2010 of RM7.389 million. The significant increase in PBT is mainly due to the higher sales and margin improvement in the property development and construction operation.

B3 Prospects

For the financial year 2011, the property market is making a strong comeback with renewed buying interest due to low interest rate and better economic outlook. The Group will continue to focus on the development of industrial properties at Nusa Cemerlang Industrial Park ("NCIP") located in Nusajaya in the financial year 2011.

Barring unforeseen circumstances, the Board expects the performance of the Group to be better due to the expected higher sales of industrial properties and better contributions from the manufacturing and construction operations for the financial year ending 31 January 2011.

B4 Variance of actual profit from forecast profit and shortfall in profit guarantee

Not applicable.

B5 Tax

	CURRENT QUARTER 31.7.2010 RM' 000	CURRENT YEAR TO DATE 31.7.2010 RM' 000
Current tax:		
Current year	3,627	5,481
Deferred tax:		
Current year	87	196
	<u>3,714</u>	<u>5,677</u>

The effective tax rates for the current quarter and financial year-to-date are higher than the statutory rate principally due to certain expenses which are not deductible for tax purposes.

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

There were no profit/(loss) on sale of unquoted investments and/or properties outside the ordinary course of the Group's business for the current quarter and financial year-to-date.

B7 Quoted securities

There is no investments in quoted securities as at 31 July 2010.

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B8 Status of corporate proposals

There were no corporate proposals announced but not completed as at 23 September 2010.

B9 Group borrowings and debt securities

Group borrowings as at 31 July 2010 were as follows:

	RM' 000
(a) Secured borrowings	164,972
Unsecured borrowings	10,134
	<u>175,106</u>
(b) Short term borrowings	
- Overdraft	865
- Revolving credit	2,000
- Banker acceptance	1,000
- Term Loan	16,014
- Hire purchase	17
	<u>19,896</u>
Long term borrowings	
- Term loan	145,070
- Hire purchase	6
- ICULS - liability component	10,134
	<u>155,210</u>
	<u>175,106</u>

(c) All borrowings are denominated in Ringgit Malaysia.

Total interest capitalised in the land held for property development for the current financial period ended 31 July 2010 is RM3,150,033.

B10 Financial instruments

Interest rate swap contracts

The Group has entered into interest rate swap contract to convert floating rate liabilities to fixed rate liabilities to reduce the Group's exposure from adverse fluctuations in interest rate on underlying debts instruments. The differences between the rates calculated by reference to the agreed notional principal amounts were exchanged at periodic intervals. The interest rate swap contract as at 23 September 2010 is as follows:

	Notional Amount (RM'000)	Effective Period	Interest Rate	Fair Value Liability (RM'000)
Interest Rate Swap	50,000	29 March 2010 to 28 December 2016	The Group will pay the Bank based on fixed rate 3.97% per annum while the Bank will pay the Group based on MYR KILBOR 1M rate, every month based upon amortised notional amount.	632

Credit risk

There is minimal credit risk as the swap was entered into with a reputable bank.

Cash requirements

The Group is exposed to minimal cash flow risk in view of its healthy cash positions.

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B11 Material litigation

As at 23 September 2010, there is no material litigation against the Group.

B12 Dividend

(a) The Board is pleased to declare an interim dividend for the financial year ending 31 January 2011 as follows:-

- (i) amount per share : 4 sen less tax 25%;
- (ii) previous corresponding period : 3 sen less tax 25%;
- (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 : 4 sen less tax 25% per share.

B13 Earnings per share ("EPS")

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit for the current quarter and financial year-to-date attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period, excluding treasury shares held by the Company.

	CURRENT QUARTER 31.7.2010	CURRENT YEAR TO DATE 31.7.2010
Profit attributable to owners of the Company (RM'000)	9,121	13,933
Weighted average number of ordinary shares in issue ('000)	154,256	154,250
Basic earnings per share (Sen)	5.91	9.03

(b) Diluted earnings per share

For the purpose of calculating diluted earnings per share, the profit for the period attributable to owners of the Company 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 ICULS, warrants and share options granted to employees.

	CURRENT QUARTER 31.7.2010	CURRENT YEAR TO DATE 31.7.2010
Profit attributable to owners of the Company (RM'000)	9,121	13,933
After tax effect of interest on ICULS (RM)	165	325
Profit attributable to owners of the Company including assumed conversion (RM)	9,286	14,258
Weighted average number of ordinary shares in issue ('000)	154,256	154,250
Effect of dilution:		
Share options ('000)	262	264
ICULS ('000)	59,683	59,683
Warrants ('000)	7,052	7,117
Adjusted weighted average number of shares in issue and issuable ('000)	221,253	221,314
Diluted earnings per share (Sen)	4.20	6.44