

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 JULY 2011**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31.7.11 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31.7.10 RM'000	CURRENT YEAR TO DATE 31.7.11 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31.7.10 RM'000
Revenue	74,656	54,715	126,738	99,405
Cost of sales	(51,361)	(38,081)	(90,407)	(73,031)
Gross profit	23,295	16,634	36,331	26,374
Other income	1,035	1,358	5,554	2,578
Administration expenses	(3,667)	(3,540)	(7,047)	(6,448)
Finance costs	(158)	(581)	(290)	(1,244)
Profit before tax	20,505	13,871	34,548	21,260
Tax expenses	(5,018)	(3,714)	(8,000)	(5,677)
Profit for the period	15,487	10,157	26,548	15,583
Other comprehensive income, net of tax				
Cash flow hedge	(112)	(285)	(353)	(632)
Total other comprehensive income for the period, net of tax	(112)	(285)	(353)	(632)
Total comprehensive income for the period	15,375	9,872	26,195	14,951
Profit attributable to:				
Owners of the Company	14,635	9,121	25,064	13,933
Non-controlling interest	852	1,036	1,484	1,650
	15,487	10,157	26,548	15,583
Total comprehensive income attributable to:				
Owners of the Company	14,523	8,836	24,711	13,301
Non-controlling interest	852	1,036	1,484	1,650
	15,375	9,872	26,195	14,951
Earnings per share attributable to owners of the Company:				
Basic (sen)	8.40	5.91	14.44	9.03
Diluted (sen)	5.98	4.20	10.40	6.44

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 2011 and the accompanying explanatory notes attached to the interim financial statements.

CRESCENDO CORPORATION BERHAD
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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 JULY 2011**

	AS AT 31.7.11 RM'000	AS AT 31.1.11 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	42,517	42,218
Available-for-sale financial assets	60	60
Land held for property development	445,291	445,783
Deferred tax assets	7,688	7,218
Derivative financial asset	-	33
	<u>495,556</u>	<u>495,312</u>
Current assets		
Property development costs	76,443	48,647
Inventories	51,094	58,074
Trade and other receivables	76,960	58,657
Cash and bank balances	53,744	49,792
	<u>258,241</u>	<u>215,170</u>
TOTAL ASSETS	<u>753,797</u>	<u>710,482</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	174,797	172,566
Share premium	16,220	15,838
Treasury shares	(232)	(14)
Other reserves	35,937	36,305
Equity component of ICULS	50,281	50,281
Retained earnings	238,456	219,958
	<u>515,459</u>	<u>494,934</u>
Non-controlling interest	14,158	12,916
Total equity	<u>529,617</u>	<u>507,850</u>
Non-current liabilities		
Loans and borrowings	131,242	132,253
Liability component of ICULS	8,504	9,336
Deferred tax liabilities	2,362	2,335
Trade payable	8,340	8,064
Derivative financial liability	320	-
	<u>150,768</u>	<u>151,988</u>
Current liabilities		
Trade and other payables	52,250	39,206
Loans and borrowings	7,933	6,948
Tax payable	6,680	1,907
Dividend payable	6,549	2,583
	<u>73,412</u>	<u>50,644</u>
Total liabilities	<u>224,180</u>	<u>202,632</u>
TOTAL EQUITY AND LIABILITIES	<u>753,797</u>	<u>710,482</u>
Net assets per share (RM)	<u>2.95</u>	<u>2.87</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 2011 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 2011**

	← Attributable to owners of the Company →								
	Total Equity RM'000	← Equity	Non-distributable				→ Distributable	Non- Controlling Interest RM'000	
attributable to the owners of the Company RM'000		Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Other Reserves RM'000	ICULS (Equity Component) RM'000	Retained Earnings RM'000		
6 months ended 31 July 2011									
Balance as at 1 February 2011	507,850	494,934	172,566	15,838	(14)	36,305	50,281	219,958	12,916
Total comprehensive income	26,195	24,711	-	-	-	(353)	-	25,064	1,484
Transactions with owners									
Dividends	(6,549)	(6,549)	-	-	-	-	-	(6,549)	-
Purchase of treasury shares	(218)	(218)	-	-	(218)	-	-	-	-
Dividend paid to non-controlling interest	(284)	-	-	-	-	-	-	-	(284)
Dilution of interest in subsidiary	25	(17)	-	-	-	-	-	(17)	42
Issue of shares pursuant to exercise of ESOS	2,473	2,473	2,202	271	-	-	-	-	-
Issue of shares pursuant to exercise of Warrants	29	29	29	-	-	-	-	-	-
Transfer of reserve arising from exercise of ESOS	-	-	-	110	-	(110)	-	-	-
Transfer of reserve arising from exercise of Warrants	-	-	-	1	-	(1)	-	-	-
Share-based payment expenses under ESOS	96	96	-	-	-	96	-	-	-
Total transactions with owners	(4,428)	(4,186)	2,231	382	(218)	(15)	-	(6,566)	(242)
Balance as at 31 July 2011	529,617	515,459	174,797	16,220	(232)	35,937	50,281	238,456	14,158
6 months ended 31 July 2010									
Balance as at 1 February 2010 - as previously reported	460,647	450,940	155,071	14,890	(798)	34,792	50,281	196,704	9,707
Effects of adopting FRS 139	1,846	1,292	-	-	-	2,089	-	(797)	554
Balance as at 1 February 2010 - as restated	462,493	452,232	155,071	14,890	(798)	36,881	50,281	195,907	10,261
Total comprehensive income	14,951	13,301	-	-	-	(632)	-	13,933	1,650
Transactions with owners									
Dividends	(4,628)	(4,628)	-	-	-	-	-	(4,628)	-
Purchase of treasury shares	(22)	(22)	-	-	(22)	-	-	-	-
Issue of shares pursuant to exercise of ESOS	19	19	19	-	-	-	-	-	-
Transfer of reserve arising from exercise of ESOS	-	-	-	1	-	(1)	-	-	-
Share-based payment expenses under ESOS	66	66	-	-	-	66	-	-	-
Total transactions with owners	(4,565)	(4,565)	19	1	(22)	65	-	(4,628)	-
Balance as at 31 July 2010	472,879	460,968	155,090	14,891	(820)	36,314	50,281	205,212	11,911

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 2011 and the accompanying explanatory notes attached to the interim financial statements.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 JULY 2011**

	6 MONTHS ENDED	
	31.7.11	31.7.10
	RM' 000	RM' 000
Net cash from operating activities	3,680	1,725
Net cash from / (used in) investing activities	877	(1,766)
Net cash (used in) / from financing activities	<u>(1,237)</u>	<u>16,014</u>
Net increase in cash and cash equivalents	3,320	15,973
Cash and cash equivalents at the beginning of the financial period	49,266	39,068
Cash and cash equivalents at the end of the financial period	<u>52,586</u>	<u>55,041</u>
Cash and cash equivalents at the end of the financial period		
Deposits with licensed banks	40,067	46,515
Cash and bank balances	13,677	9,606
Bank overdrafts	(937)	(865)
	<u>52,807</u>	<u>55,256</u>
Fixed deposit pledged	(221)	(215)
	<u>52,586</u>	<u>55,041</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 2011 and the accompanying explanatory notes attached to the interim financial statements.

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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 2011. 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 2011.

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 2011 except for the adoption of the following new and amended FRSs and Issues Committee ("IC") Interpretations relevant to the current operations of the Group with effect from 1 February 2011.

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 3	Business Combinations (Revised)
Amendments to FRS 2	Share-base Payment
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 127	Consolidated and Separate Financial Statements
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives
Amendments to FRS 132	Classification of Right Issues
Amendments to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
Amendments to FRS 1	Additional Exemptions for First-Time Adopters
Amendments to FRS 2	Group Cash-settled Share-based Payment Transactions
Amendments to FRS 7	Improving Disclosures about Financial Instruments
Improvements of FRSs (2010)	

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

FRS 3 : Business Combinations (Revised)
Amendments to FRS 127 : Consolidated and Separate Financial Statements

The revised FRS 3 introduces a number of changes in the accounting for business combinations occurring after 1 July 2010. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. The Amendments to FRS 127 requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes from revised FRS 3 and Amendments to FRS 127 will affect future acquisitions or loss of control and transactions with non-controlling interest.

The Group has not elected for early adoption of the following new and amended FRSs and IC Interpretations relevant to the current operations of the Group, which were issued but not yet effective for the financial year ended 31 January 2012:

		Effective for financial periods beginning on or after
FRS124	Related Party Disclosures	1 Jan 2012
IC Interpretation 15	Agreements for the Construction of Real Estate	1 Jan 2012

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The above new and amended 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:

IC Interpretation 15 : Agreements for the Construction of Real Estate

This Interpretation clarifies when and how revenue and related expenses from the sale of a real estate unit should be recognised if an agreement between a developer and a buyer is reached before the construction of the real estate is completed. Furthermore, the Interpretation provides guidance on how to determine whether an agreement is within the scope of FRS 111 Construction Contracts or FRS 118 Revenue.

The Group currently recognises revenue arising from property development projects using the stage of completion method. Upon the adoption of IC Interpretation 15, the Group may be required to change its accounting policy to recognise such revenues at completion, or upon or after delivery. The Group is in the process of making an assessment of the impact of this Interpretation.

A2 Audit qualification

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

A3 Seasonal or cyclical factors

There were no significant seasonal factors affecting the operations of the Group. However, the economic cyclical factors will have an impact on property/construction sectors.

A4 Unusual items

There were no unusual items that have material effects on the assets, liabilities, equity, net income or cash flows for the 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 2011 except for the following:

- (a) issuance of 2,202,400 new ordinary shares of RM1 each by virtue of the exercise of the Company's Employees' Share Option Scheme ("ESOS").
- (b) issuance of 29,100 new ordinary shares of RM1 each pursuant to the exercise of 29,100 Warrants.
- (c) repurchase of 131,000 ordinary shares of RM1 each of its issued share capital from the open market for a total consideration of RM217,949 at an average price of RM1.66 per share.

A7 Dividends paid

The dividend paid during the six months ended 31 July 2011 was a second interim dividend of 2 sen less tax per ordinary share in respect of financial year 2011, paid on 17 February 2011.

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A8 Segmental information

Major segments by activity:-	Revenue		Results	
	6 months ended		6 months ended	
	31.7.11	31.7.10	31.7.11	31.7.10
	RM' 000	RM' 000	RM' 000	RM' 000
Property development and construction	86,486	69,420	28,825	20,159
Manufacturing and trading	44,792	34,301	2,322	1,474
Management services and others	8,493	5,366	7,216	3,732
	<u>139,771</u>	<u>109,087</u>	<u>38,363</u>	<u>25,365</u>
Inter-segment eliminations	<u>(13,033)</u>	<u>(9,682)</u>	<u>(2,374)</u>	<u>(1,919)</u>
	<u>126,738</u>	<u>99,405</u>	<u>35,989</u>	<u>23,446</u>
Other investment income / (loss)			1	-
Unallocated expenses			(1,152)	(942)
Finance costs			<u>(290)</u>	<u>(1,244)</u>
			<u>34,548</u>	<u>21,260</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

As at 21 September 2011, there were no subsequent material events that have not been reflected in the financial statements for the current financial period.

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 Education Sdn Bhd ("CESB"), a wholly owned subsidiary of the Company, previously held 300,000 ordinary shares of RM1 each representing 60% of the issued and paid up capital of Crescendo International College Sdn Bhd ("CICSB"), had on 1st April 2011 disposed of 25,000 of those shares for a cash consideration of RM24,298. As a result of the disposal, CICSB is now a 55% owned subsidiary of CESB.

A12 Contingent liabilities

The contingent liabilities of the Group as at 21 September 2011 which comprise Bankers' guarantees issued by a financial institution in favour of third parties are as follows:-

	RM' 000
Secured	1,856
Unsecured	<u>2</u>
	<u>1,858</u>

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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 Group recorded a significant increase in revenue and profit before tax ("PBT") to RM126.7 million and RM34.5 million respectively for the first half of the financial year ending 31 January 2012 as compared to RM99.4 million and RM21.3 million respectively recorded for the previous corresponding financial period in the last financial year.

The 27% increase in revenue is mainly contributed from higher sales in industrial properties. The 62% increase in PBT is mainly contributed by higher sales and improved margin from industrial properties.

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

The PBT for the current financial quarter is RM20.5 million, which represent an increase of RM6.5 million or 46% as compared to the preceding financial quarter ended 30 April 2011. The significant increase in PBT is mainly contributed by higher sales in industrial properties.

B3 Prospects

For the financial year 2012, the market conditions are volatile in view of the European sovereign debt concern and a recurrence of the global recession. The Group will continue to focus, with the encouraging locked-in sales, on the development of industrial properties at Nusa Cemerlang Industrial Park ("NCIP") located in Nusajaya in the financial year 2012.

Barring unforeseen circumstances, the Board expects the Group's performance to remain good for the financial year ending 31 January 2012.

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

Not applicable.

B5 Tax

	CURRENT QUARTER 31.7.11 RM' 000	CURRENT YEAR TO DATE 31.7.11 RM' 000
Current tax:		
Current year	5,321	8,480
Prior years over provision	(44)	(37)
Deferred tax:		
Current year	(250)	(434)
Prior years over provision	(9)	(9)
	<u>5,018</u>	<u>8,000</u>

The effective tax rates for the current quarter and financial year-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 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 2011.

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B8 Status of corporate proposals

There were no corporate proposals announced but not completed as at 21 September 2011.

B9 Group borrowings and debt securities

Group loans and borrowings as at 31 July 2011 were as follows:

	RM' 000
(a) Secured loans and borrowings	139,175
Unsecured loans and borrowings	8,504
	147,679
(b) Current	
- Overdrafts	937
- Revolving credit	3,030
- Banker acceptance	1,573
- Term Loans	2,333
- Hire purchase liabilities	60
	7,933
Non-current	
- Term loans	131,228
- Hire purchase liabilities	14
- Liability component of ICULS	8,504
	139,746
	147,679

(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 2011 is RM3,452,351.

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 31 July 2011 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 KLIBOR 1M rate, every month based upon amortised notional amount.	(320)

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 Breakdown of retained earnings into realised and unrealised

The breakdown of the retained earnings of the Group into realised and unrealised earnings is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profit or Losses in the Context of Disclosure pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysia Institute of Accountants.

	AS AT 31.7.11 RM' 000	AS AT 31.1.11 RM' 000
Total retained earnings of the Company and its subsidiaries		
Realised	337,310	307,588
Unrealised	96	381
	<u>337,406</u>	<u>307,969</u>
Less: Consolidated adjustments	(98,950)	(88,011)
Total Group retained earnings	<u>238,456</u>	<u>219,958</u>

B12 Material litigation

As at 21 September 2011, there is no material litigation against the Group.

B13 Dividend

(a) The Board is pleased to declare an interim dividend for the financial year ending 31 January 2012 as follows:-

- (i) amount per share : 5 sen less tax of 25%;
- (ii) previous corresponding period : 4 sen less tax of 25%;
- (iii) date of payment is 18 November 2011; and
- (iv) in respect of deposited securities, entitlement to dividends will be determined on the basis of the record of depositors as at 1 November 2011.

(b) Total dividend for the current financial year : 5 sen less tax of 25% per share.

B14 Earnings per share ("EPS")

(a) Basic earnings per share

Basic earnings per share amounts are calculated by dividing profit for the period, net of tax, 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 31.7.11	CURRENT YEAR TO DATE 31.7.11
Profit net of tax attributable to owners of the Company (RM'000)	<u>14,635</u>	<u>25,064</u>
Weighted average number of ordinary shares in issue ('000)	<u>174,215</u>	<u>173,584</u>
Basic earnings per share (Sen)	<u>8.40</u>	<u>14.44</u>

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(b) Diluted earnings per share

For the purpose of calculating diluted earnings per share, the profit for the period, net of tax, 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 31.7.11	CURRENT YEAR TO DATE 31.7.11
Profit net of tax attributable to owners of the Company (RM'000)	14,635	25,064
After tax effect of interest on ICULS (RM)	423	832
Profit net of tax attributable to owners of the Company including assumed conversion (RM)	<u>15,058</u>	<u>25,896</u>
Weighted average number of ordinary shares in issue ('000)	174,215	173,584
Effect of dilution:		
Share options ('000)	740	563
ICULS ('000)	59,683	59,683
Warrants ('000)	17,080	15,222
Adjusted weighted average number of shares in issue and issuable ('000)	<u>251,718</u>	<u>249,052</u>
Diluted earnings per share (Sen)	<u>5.98</u>	<u>10.40</u>