

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2007

**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2007**

(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.12.2007 RM'000	Preceding Year Corresponding Quarter 31.12.2006 RM'000	Current Year To Date 31.12.2007 RM'000	Preceding Year Corresponding Period 31.12.2006 RM'000
Revenue	14,703	14,093	57,327	59,171
Cost of sales	(10,520)	(8,482)	(36,780)	(37,171)
Gross profit	<u>4,183</u>	<u>5,611</u>	<u>20,547</u>	<u>22,000</u>
Operating expenses	(2,346)	(1,984)	(8,013)	(7,649)
Other operating income	439	-	641	180
Finance costs	<u>-</u>	<u>-</u>	<u>(8)</u>	<u>(6)</u>
Profit before taxation	2,276	3,627	13,167	14,525
Taxation	371	(737)	(1,858)	(3,345)
Profit for the period	<u><u>2,647</u></u>	<u><u>2,890</u></u>	<u><u>11,309</u></u>	<u><u>11,180</u></u>
Attributable to:				
Shareholders of the Company	2,647	2,890	11,309	11,180
Minority interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Profit for the period	<u><u>2,647</u></u>	<u><u>2,890</u></u>	<u><u>11,309</u></u>	<u><u>11,180</u></u>
Earnings per share				
Basic earnings per share (sen)	<u><u>2.20</u></u>	<u><u>2.40</u></u>	<u><u>9.39</u></u>	<u><u>9.30</u></u>
Diluted earnings per share (sen)	<u><u>2.20</u></u>	<u><u>2.40</u></u>	<u><u>9.39</u></u>	<u><u>9.30</u></u>

Notes:

The Condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to the Interim Financial Statements.



QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2007

CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2007

	(Unaudited) As At End Of Current Quarter 31.12.2007 RM'000	(Audited) As At Preceding Financial Year End 31.12.2006 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	51,199	49,417
Intangible asset	878	878
Prepaid lease payments	340	343
Investment properties	1,039	4,196
Total non-current assets	<u>53,456</u>	<u>54,834</u>
Current Assets		
Prepaid lease payments	4	4
Receivables, deposits and prepayments	10,110	8,395
Inventories	25,886	22,038
Current tax assets	64	69
Cash and cash equivalents	5,744	3,025
Total current assets	<u>41,808</u>	<u>33,531</u>
Total assets	<u>95,264</u>	<u>88,365</u>
EQUITY		
Share capital	60,249	60,184
Reserves	303	231
Retained earnings	26,472	20,585
Total equity attributable to shareholders	<u>87,024</u>	<u>81,000</u>
LIABILITIES		
Non-Current Liabilities		
Deferred tax liabilities	4,124	4,352
Total non-current liabilities	<u>4,124</u>	<u>4,352</u>
Current Liabilities		
Payables and accruals	3,918	2,807
Current tax liabilities	198	206
Total current liabilities	<u>4,116</u>	<u>3,013</u>
Total liabilities	<u>8,240</u>	<u>7,365</u>
Total equity and liabilities	<u>95,264</u>	<u>88,365</u>
Net Assets per share (RM)	0.72	0.67

Notes :

The Condensed Consolidated Balance Sheet should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to the Interim Financial Statements.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2007

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2007**
(The figures have not been audited)

	Share Capital RM'000	Share Premium RM'000	Retained Profits RM'000	Total Equity RM'000
At 1 January 2007	60,184	231	20,585	81,000
Issue of shares:				
- Exercise of share options issue	65	72	-	137
Dividends approved in respect of the previous year	-	-	(5,422)	(5,422)
Profit for the year	-	-	11,309	11,309
At 31 December 2007	60,249	303	26,472	87,024
At 1 January 2006 :				
- as previously reported	50,006	3,110	14,315	67,431
<u>Changes in accounting policy:</u>				
Effect of adopting FRS 3				
Transfer negative goodwill to opening retained profits	-	-	6,193	6,193
At 1 January 2006 (as restated)	50,006	3,110	20,508	73,624
Issue of shares:				
- Bonus issue	10,024	(2,930)	(7,094)	-
- Exercise of share options issue	154	215	-	369
Expenses not recognised in income statement				
- Share issue expenses	-	(165)	-	(165)
Dividends approved in respect of the previous year	-	-	(4,008)	(4,008)
Profit for the year	-	-	11,180	11,180
At 31 December 2006	60,184	230	20,586	81,000

Notes:

The Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to the Interim Financial Statements.

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER
ENDED 31 DECEMBER 2007**

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2007
(The figures have not been audited)**

	Current Year-to-date 31.12.2007 RM'000	Preceding Year Corresponding Period 31.12.2006 RM'000
Cash flows from operating activities		
Profit before taxation	13,167	14,525
Adjustments for :		
- Non-cash items	2,598	2,383
- Non-operating items	(69)	(58)
Operating profit before working capital changes	<u>15,696</u>	<u>16,850</u>
Changes in working capital :		
- Net changes in current assets	(5,760)	(4,932)
- Net changes in current liabilities	1,117	(2,645)
Cash generated from operations	<u>11,053</u>	<u>9,273</u>
Income taxes paid, net of refund	(2,089)	(3,382)
Net cash from operating activities	<u>8,964</u>	<u>5,891</u>
Cash flows from investing activities		
Acquisition of a subsidiary, net of cash acquired	-	(904)
Interest received	78	64
Purchase of property, plant and equipment	(4,385)	(4,615)
Proceeds from disposal of property, plant and equipment	3,355	166
Net cash used in investing activities	<u>(952)</u>	<u>(5,289)</u>
Cash flows from financing activities		
Proceeds from issuance of shares	137	369
Dividend paid	(5,422)	(4,008)
Interest paid	(8)	(6)
Bonus share issue expenses	-	(165)
Net cash used in financing activities	<u>(5,293)</u>	<u>(3,810)</u>
Net increase/(decrease) in cash and cash equivalents	2,719	(3,208)
Cash and cash equivalents at the beginning of year	<u>3,025</u>	<u>6,233</u>
Cash and cash equivalents at the end of year (Note 1)	<u>5,744</u>	<u>3,025</u>

Note 1

	RM'000
Cash and bank balances	2,108
Short term funds	3,636
	<u>5,744</u>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to the Interim Financial Statements.



NOTES TO THE INTERIM FINANCIAL REPORT

PART A : EXPLANATORY NOTES AS PER FRS 134

A1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in compliance with Financial Reporting Standards ("FRS") 134₂₀₀₄: Interim Financial Reporting, issued by the Malaysian Accounting Standards Board (MASB) and Chapter 9 Part K of the Listing Requirements of the Bursa Malaysia Securities Berhad ("Bursa Securities").

The interim financial statements should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2006 of Classic Scenic Berhad ("CSCENIC" or "the Company"). The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2006.

The MASB has issued FRS 119, Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures and FRS 6, Exploration for and Evaluation of Mineral Resources for accounting periods beginning 1 January 2007. The adoption of FRS 119, Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures does not have any significant financial impact on the Group and on the Company. The FRS 6, Exploration for and Evaluation of Mineral Resources is not applicable to the Group and to the Company.

The MASB has also issued the following Financial Reporting Standards ("FRS") amendment to FRS and IC Interpretations. These are effective for financial years beginning 1 July 2007 and are available for early adoption. The Group and the Company have not applied these FRSs and Interpretations in preparing the financial statements for financial year ended 31 December 2007.

FRSs / Interpretations

- FRS 107, Cash Flow Statements
- FRS 111, Construction Contracts
- FRS 112, Income Taxes
- FRS 118, Revenue
- FRS 120, Accounting for Government Grants and Disclosure of Government Assistance
- Amendment to FRS 121, The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation
- FRS 134, Interim Financial Reporting
- FRS 137, Provisions, Contingent Liabilities and Contingent Assets
- IC Interpretation 1, Changes in Existing Decommissioning, Restoration and Similar Liabilities
- IC Interpretation 2, Members' Shares in Co-operative Entities and Similar Instruments
- IC Interpretation 5, Right to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
- IC Interpretation 6, Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment
- IC Interpretation 7, Applying the Restatement Approach under FRS 129, Financial Reporting in Hyperinflationary Economies
- IC Interpretation 8, Scope of FRS 2

The Group and the Company plans to apply the abovementioned FRSs and Interpretations for the annual period beginning 1 January 2008.

The initial application of the other FRSs and Interpretations are not expected to have any material impact on the financial Statements of the Group and the Company.

A2. Auditors' Report

The auditors' report on the financial statements for the year ended 31 December 2006 of the Group was not qualified.

A3. Seasonal and Cyclical factors

The Group's performance is not subject to seasonality or cyclicity.



NOTES TO THE INTERIM FINANCIAL REPORT

PART A : EXPLANATORY NOTES AS PER FRS 134

A4. Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no unusual items and amounts of items affecting assets, liabilities, equity, net income or cash flows during the current quarter under review.

A5. Material Changes in Estimates

There were no changes in accounting estimates that have had material effect in the current quarter under review.

A6. Issuances and repayment of debt and equity securities

Other than the issuance of 130,800 new ordinary shares of RM0.50 each that were subscribed and issued at the price of RM1.05 per share for the financial year ended 31 December 2007 pursuant to CSCENIC's Employees Share Option Scheme (ESOS), there were no issuance and repayment of debts and equity securities, shares buy-back, shares cancellation, shares held as treasury shares or resale of treasury shares during the current quarter under review and financial year to date.

A7. Dividends paid

No dividends were paid by the Company in the current quarter under review.

A8. Segmental Reporting

Segmental reporting is not provided as the Group's primary business segment is principally engaged in the manufacturing and sale of wooden picture frame moulding and timber products and its operation are carried out solely in Malaysia.

A9. Valuation of Property, Plant and Equipment

There was no revaluation of property, plant and equipment since the last Audited Financial Statements for the year ended 31 December 2006.

A10. Post Balance Sheet Events

There were no material events subsequent to the end of the reporting quarter that have not been reflected in the interim financial statements.

A11. Change in The Composition of The Group

There were no changes in the composition of the Group for the quarter ended 31 December 2007 including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinued operation.

**NOTES TO THE INTERIM FINANCIAL REPORT****PART A : EXPLANATORY NOTES AS PER FRS 134****A12. Changes in Contingent Liabilities and Contingent Assets**

Since the last Audited Financial Statements for the year ended 31 December 2006 until the date of this report, there were no changes in contingent liabilities and contingent assets of a material nature save as follows:-

	RM'000
Corporate guarantee granted by the Company in favour of a licensed bank for credit facilities granted to a subsidiary	13,642
Cancellation of corporate guarantee granted by the Company in favour of a licensed bank for credit facilities granted to a subsidiary	(7,200)
	<u>6,442</u>

A13. Capital Commitments Outstanding Not Provided In The Interim Financial Report

	As at 31.12.2007 RM'000
Property, plant and equipment :	
Approved and contracted for	<u>942</u>

PART B : ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS**B1. Review Of Performance**

The Group's revenue for the current quarter increased by RM0.6 million or 4.3% to RM14.7 million as compared to the preceding year correspondence quarter of RM14.1 million mainly attributable to the higher production of wooden picture frame moulding to meet demand from overseas customers. The Group recorded a lower profit before tax of RM2.3 million, a decrease of 36.1% as compared to RM3.6 million in the preceding year corresponding quarter, mainly due to higher raw material costs and the weakening of the US Dollar against Malaysian Ringgit.

For the financial year ended 31 December 2007, the Group's revenue was RM57.3 million as compared to RM59.2 million in the preceding year, a decrease of RM1.9 million or 3.2%, mainly attributable to the weakening of the US Dollar against Malaysian Ringgit after mitigated by increase in selling price. The Group's profit before tax decreased by RM1.3 million or 9.0% to RM13.2 million as compared to RM14.5 million in the preceding year mainly due to the weakening of the US Dollar against Malaysian Ringgit.

B2. Variation of Results Against Preceding Quarter

The Group's revenue of RM14.7 million for the current quarter under review registered a marginal increase of 2% or RM0.3 million from RM14.4 million in the preceding quarter. The Group's profit before tax of RM2.3 million for the current quarter under review representing a decrease of RM1.4 million or 37.8% from RM3.7 million in the preceding quarter, mainly attributable to higher raw material costs and the weakening of the US Dollar against Malaysian Ringgit.

B3. Current Year Prospects

The prevailing uncertainties in the global economic conditions resulting from the fear of a recession in United States and the depreciating US Dollar remain as challenges to the Group. Besides adjusting our prices to help to counter rising costs, the Group will also continue with its efforts in developing and introducing more new innovative and highly marketable products and seeking greater operational efficiency, to partially offset, if not negate the financial impact of these challenges. Barring any unforeseen circumstances,



CLASSIC SCENIC BERHAD

(Company No. 633887-M)

NOTES TO THE INTERIM FINANCIAL REPORT

the Group's performance for the financial year ending 31 December 2008 is expected to be satisfactory.

NOTES TO THE INTERIM FINANCIAL REPORT

PART B : ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS

B4. Variance of Actual and Forecast Profit

Not applicable as there were no profit forecast and profit guarantee published.

B5. Taxation

	Current Year Quarter 31.12.2007 RM'000	Preceding Year Corresponding Quarter 31.12.2006 RM'000	Current Year To Date 31.12.2007 RM'000	Preceding Year Corresponding Period 31.12.2006 RM'000
Current tax expense				
- current	211	796	1,191	3,148
- prior year	-	-	895	(128)
Deferred tax expense				
Origination and reversal of temporary differences				
- current	(582)	(59)	(228)	325
	<u>(371)</u>	<u>737</u>	<u>1,858</u>	<u>3,345</u>

The effective tax rate for the quarter under review was -16% mainly due to reversal of temporary differences on revaluation arising from real property gain tax exemption granted under the Real Property Gain Tax Act 1976. The effective tax rate for the current year to date was 14%, which was lower than the statutory income tax rate of 27% mainly due to the pioneer status granted to one of its subsidiaries under the Promotion Investment Act 1986 for 5 years from 1 February 2006 to 31 January 2011.

The prior year under provision of tax expenses for the financial year to date was mainly attributable to the clawback of reinvestment allowance in one of the subsidiaries resulted from disposal of its plant and machinery within two years from the date of acquisition.

B6. Sale of Unquoted Investments and/or Properties

There were no sale of unquoted investments and/or properties for the current quarter and financial year to date save as follows:

Classic Frame Moulding (M) Sdn. Bhd., a wholly-owned subsidiary of CSCENIC, entered into a Sale and Purchase Agreement ("SPA") on 29 May 2007 to dispose a piece of freehold land for a total cash consideration of RM3.2 million and the transaction was completed on 24 August 2007.

B7. Purchase or Disposal of Quoted Securities

There was no purchase or disposal of quoted securities for the current quarter under review and financial year to date.

B8. Status of Corporate Proposal

There were no announced corporate proposals not completed as at the date of this report.

B9. Group Borrowings and Debt Securities

As at 31 December 2007, the Group does not have any bank borrowings.



NOTES TO THE INTERIM FINANCIAL REPORT

PART B : ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS

B10. Off Balance Sheet Financial Instruments

The Group enters into forward foreign exchange contracts to hedge part of its confirmed sales orders in foreign currencies. The purpose of hedging is to minimise the impact of unfavourable movement in exchange rate.

As at 19 February 2008, the Group has the following outstanding forward foreign currency contracts:-

Currency	Outstanding Contract	Equivalent	Expiry Month
	Amount US\$'000	Amount in RM'000	
US Dollars	1,550	5,120	Feb '08 to May '08

There are no cash requirements for these contracts. As the exchange rate is pre-determined under such contracts, the Group is not exposed to any market risk. These transactions are not exposed to any credit risk.

As at balance sheet date, the differences between the contracted rate of forward contracts and prevailing market rate were recognised in the income statement.

B11. Material Litigation

Since the last Audited Financial Statements for the year ended 31 December 2006, the Group does not have any material litigation until the date of this report.

B12. Dividends

The Board proposed to declare a first and final tax-exempt dividend of 9% in respect of the financial year ended 31 December 2007 (31.12.2006: Tax exempt dividend of 9%). The proposed dividend will be subject to shareholders' approval at the forthcoming Annual General Meeting to be held on a date to be announced later. The date for book closure of the Record of Depositors for determining dividend entitlement and the date of payment will be announced at a later date.

**CLASSIC SCENIC BERHAD**

(Company No. 633887-M)

NOTES TO THE INTERIM FINANCIAL REPORT**PART B : ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS****B13. Basis of Calculation of Earnings Per Share**

	Current Year Quarter 31.12.2007	Preceding Year Corresponding Quarter 31.12.2006	Current Year To Date 31.12.2007	Preceding Year Corresponding Period 31.12.2006
Basic earnings per share				
Net profit for the period (RM'000)	<u>2,647</u>	<u>2,890</u>	<u>11,309</u>	<u>11,180</u>
Number of ordinary shares of RM0.50 each in issue ('000)	<u>120,500</u>	<u>120,369</u>	<u>120,467</u>	<u>120,275</u>
Basic Earnings Per Share (sen)	<u>2.20</u>	<u>2.40</u>	<u>9.39</u>	<u>9.30</u>
Diluted earnings per share				
Net profit for the period (RM'000)	<u>2,647</u>	<u>2,890</u>	<u>11,309</u>	<u>11,180</u>
Weighted average number of ordinary shares ('000)	120,500	120,369	120,467	120,275
Adjustment for ESOS ('000)	-	-	-	-
Weighted average number of ordinary shares for diluted earnings per share ('000)	<u>120,500</u>	<u>120,369</u>	<u>120,467</u>	<u>120,275</u>
Diluted Earnings Per Share (sen)	<u>2.20</u>	<u>2.40</u>	<u>9.39</u>	<u>9.30</u>

By order of the Board

CHOW CHOOI YOONG

Company Secretary

MAICSA 0772574

Date 25 February 2008