



QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2008

CONDENSED CONSOLIDATED INCOME STATEMENT  
FOR THE SIX MONTHS ENDED 30 JUNE 2008  
(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.6.2008 RM'000	Preceding Year Corresponding Quarter 30.6.2007 RM'000	Current Year To Date 30.6.2008 RM'000	Preceding Year Corresponding Period 30.6.2007 RM'000
Revenue	11,357	14,903	22,131	28,194
Cost of sales	(7,406)	(9,287)	(14,861)	(17,254)
Gross profit	<u>3,951</u>	<u>5,616</u>	<u>7,270</u>	<u>10,940</u>
Operating expenses	(1,844)	(1,938)	(3,688)	(3,774)
Other operating income	71	48	144	60
Finance costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Profit before taxation	2,178	3,726	3,726	7,226
Taxation	(208)	(873)	(374)	(1,364)
Profit for the period	<u><u>1,970</u></u>	<u><u>2,853</u></u>	<u><u>3,352</u></u>	<u><u>5,862</u></u>
<b>Attributable to:</b>				
Shareholders of the Company	1,970	2,853	3,352	5,862
Minority interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Profit for the period	<u><u>1,970</u></u>	<u><u>2,853</u></u>	<u><u>3,352</u></u>	<u><u>5,862</u></u>
<b>Earnings per share</b>				
Basic earnings per share (sen)	<u><u>1.64</u></u>	<u><u>2.37</u></u>	<u><u>2.78</u></u>	<u><u>4.87</u></u>
Diluted earnings per share (sen)	<u><u>1.64</u></u>	<u><u>2.37</u></u>	<u><u>2.78</u></u>	<u><u>4.87</u></u>

Notes:

The Condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to the Interim Financial Statements.



QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2008

CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2008

	(Unaudited) As At End Of Current Quarter 30.6.2008 RM'000	(Audited) As At Preceding Financial Year End 31.12.2007 RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	51,572	51,199
Intangible asset	878	878
Prepaid lease payments	342	344
Investment properties	1,037	1,039
<b>Total non-current assets</b>	<b>53,829</b>	<b>53,460</b>
<b>Current Assets</b>		
Receivables, deposits and prepayments	7,113	10,110
Inventories	28,895	25,886
Current tax assets	321	64
Cash and cash equivalents	6,100	5,744
<b>Total current assets</b>	<b>42,429</b>	<b>41,804</b>
<b>Total assets</b>	<b>96,258</b>	<b>95,264</b>
<b>EQUITY</b>		
Share capital	60,249	60,249
Reserves	303	303
Retained earnings	24,420	26,472
Less: Treasury shares, at cost	(262)	-
<b>Total equity attributable to shareholders</b>	<b>84,710</b>	<b>87,024</b>
<b>LIABILITIES</b>		
<b>Non-Current Liabilities</b>		
Deferred tax liabilities	4,166	4,124
<b>Total non-current liabilities</b>	<b>4,166</b>	<b>4,124</b>
<b>Current Liabilities</b>		
Payables and accruals	1,910	3,918
Dividend payable	5,404	-
Current tax liabilities	68	198
<b>Total current liabilities</b>	<b>7,382</b>	<b>4,116</b>
<b>Total liabilities</b>	<b>11,548</b>	<b>8,240</b>
<b>Total equity and liabilities</b>	<b>96,258</b>	<b>95,264</b>
Net Assets per share (RM)	0.71	0.72

Notes :

The Condensed Consolidated Balance Sheet should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to the Interim Financial Statements.



**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2008**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE CUMULATIVE QUARTER ENDED 30 JUNE 2008**  
(The figures have not been audited)

	Share Capital RM'000	Share Premium RM'000	Retained Profits RM'000	Treasury Shares RM'000	Total Equity RM'000
<b>At 1 January 2008</b>	60,249	303	26,472	-	87,024
Treasury shares	-	-	-	(262)	(262)
Dividends approved in respect of the previous year	-	-	(5,404)	-	(5,404)
Profit for the period	-	-	3,352	-	3,352
<b>At 30 June 2008</b>	<u>60,249</u>	<u>303</u>	<u>24,420</u>	<u>(262)</u>	<u>84,710</u>
<b>At 1 January 2007</b>	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 period	-	-	5,862	-	5,862
<b>At 30 June 2007</b>	<u>60,249</u>	<u>303</u>	<u>21,025</u>	<u>-</u>	<u>81,577</u>

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 2007 and the accompanying explanatory notes attached to the Interim Financial Statements.

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER  
ENDED 30 JUNE 2008**

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT  
FOR THE CUMULATIVE QUARTER ENDED 30 JUNE 2008  
(The figures have not been audited)**

	Current Year-to-date 30.6.2008 RM'000	Preceding Year Corresponding Period 30.6.2007 RM'000
<b>Cash flows from operating activities</b>		
Profit before taxation	3,726	7,226
Adjustments for :		
- Non-cash items	1,442	1,236
- Non-operating items	(34)	(31)
Operating profit before working capital changes	<u>5,134</u>	<u>8,431</u>
Changes in working capital :		
- Net changes in current assets	(1,076)	(3,582)
- Net changes in current liabilities	(1,070)	(382)
Cash generated from operations	<u>2,988</u>	<u>4,467</u>
Income taxes paid, net of refund	(717)	(980)
Net cash generated from operating activities	<u>2,271</u>	<u>3,487</u>
<b>Cash flows from investing activities</b>		
Interest received	34	31
Purchase of property, plant and equipment	(1,695)	(1,734)
Proceeds from disposal of plant and equipment	8	98
Net cash used in investing activities	<u>(1,653)</u>	<u>(1,605)</u>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of shares	-	137
Repurchase of shares	(262)	-
Net cash (used in)/ generated from financing activities	<u>(262)</u>	<u>137</u>
Net increase in cash and cash equivalents	356	2,019
Cash and cash equivalents at the beginning of period	<u>5,744</u>	<u>3,025</u>
Cash and cash equivalents at the end of period (Note 1)	<u>6,100</u>	<u>5,044</u>

Note 1

	RM'000
Cash and bank balances	2,616
Short term funds	<u>3,484</u>
	<u>6,100</u>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2007 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") 134: 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 2007 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 2007.

The significant accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted in the most recent annual financial statements for the year ended 31 December 2007 except for the adoption of the following Financial Reporting Standards ("FRSs") and Interpretations issued by MASB that are effective for the financial years beginning 1 July 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 has adopted the above FRSs and Interpretations, where applicable and the adoption does not have significant impact on the financial statements of the Group.

#### **A2. Auditors' Report**

The auditors' report on the financial statements for the year ended 31 December 2007 of the Group was not qualified.

#### **A3. Seasonal and Cyclical factors**

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

#### **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.

**NOTES TO THE INTERIM FINANCIAL REPORT**

**PART A : EXPLANATORY NOTES AS PER FRS 134**

**A6. Issuances and repayment of debt and equity securities**

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 save as follows:-

The Company purchased 411,000 of its own shares from open market at the average cost of RM0.64 per share, totalling RM261,841 during the quarter under review. Subsequent to the quarter under review, the company had purchased 88,000 of its own shares. All the purchased transactions were financed by internally generated funds. As at the date of this report, a total of 499,000 shares purchased back were held as treasury shares with total cost of RM311,438. None of the shares purchased back were resold or cancelled during the quarter under review and financial year to date.

**A7. Dividends paid**

No dividends were paid by the Company in the current quarter under review and financial year to date.

**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 2007.

**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 30 June 2008 including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinued operation.

**A12. Changes in Contingent Liabilities and Contingent Assets**

Since the last Audited Financial Statements for the year ended 31 December 2007 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	3,000
Cancellation of corporate guarantee granted by the Company in favour of a licensed bank for credit facilities granted to a subsidiary	(2,700)
	<u>300</u>



**CLASSIC SCENIC BERHAD**  
(Company No. 633887-M)

**NOTES TO THE INTERIM FINANCIAL REPORT**

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**PART A : EXPLANATORY NOTES AS PER FRS 134**

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

	As at
	30.6.2008
	RM'000
Property, plant and equipment :	
Approved and contracted for	<u>524</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 registered at RM11.4 million, a decrease of RM3.5 million or 23.5% as compared to the preceding year corresponding quarter of RM14.9 million. The Group's profit before tax recorded at RM2.2 million, a decrease of RM1.5 million or 40.5% as compared to RM3.7 million in the preceding year corresponding quarter. The decrease in revenue and profit before tax is mainly attributable to lower sales revenue from export of wooden picture frame and the weakening of the US Dollar against Malaysian Ringgit.

For the sixth month ended 30 June 2008, the Group's revenue was RM22.1 million as compared to RM28.2 million in the preceding year corresponding period, a decrease of RM6.1 million or 21.6%. Profit before tax for the sixth month ended 30 June 2008 registered at RM3.7 million, a decrease of RM3.5 million or 48.6% as compared to RM7.2 million in the preceding year corresponding period. The decrease in revenue and profit before tax is mainly due to the reasons as explained above.

**B2. Variation of Results Against Preceding Quarter**

The Group registered a revenue of RM11.4 million for the current quarter under review, representing an increase of 5.6% or RM0.6 million from RM10.8 million in the preceding quarter mainly attributable to the increase in selling price of wooden picture frame. The Group's profit before tax was RM2.2 million as compared to RM1.5 million in the preceding quarter, an increase of RM0.7 million or 46.7% mainly attributable to the increase in selling price of wooden picture frame.

**B3. Current Year Prospects**

The slowdown in the global economy remains the main challenge to the Group. The Group will continue to invest more of its resources 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 the economic slowdown. Barring any unforeseen circumstances, the Group's performance for the financial year ending 31 December 2008 is expected to be profitable.

**B4. Variance of Actual and Forecast Profit**

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

**NOTES TO THE INTERIM FINANCIAL REPORT**

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

**B5. Taxation**

	Current Year Quarter 30.6.2008 RM'000	Preceding Year Corresponding Quarter 30.6.2007 RM'000	Current Year To Date 30.6.2008 RM'000	Preceding Year Corresponding Period 30.6.2007 RM'000
Current tax expense				
- current	202	286	332	620
- prior year	-	277	-	277
Deferred tax expense				
Origination and reversal of temporary differences				
- current	6	310	42	467
	<u>208</u>	<u>873</u>	<u>374</u>	<u>1,364</u>

The effective tax rate for the quarter under review and current year to date was 10%, which was lower than the statutory income tax rate of 26% 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.

**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.

**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 30 June 2008, the Group does not have any bank borrowings.

**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 12 August 2008, the Group has the following outstanding forward foreign currency contracts:-

Currency	Outstanding Contract Amount US\$'000	Equivalent Amount in RM'000	Expiry Month
US Dollars	4,100	13,215	Aug '08 to Jan '09

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.

**NOTES TO THE INTERIM FINANCIAL REPORT**

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

**B11. Material Litigation**

Since the last Audited Financial Statements for the year ended 31 December 2007, the Group does not have any material litigation until the date of this report.

**B12. Dividends**

The Board does not recommend any interim dividend for the current quarter under review.

**B13. Basis of Calculation of Earnings Per Share**

	Current Year Quarter 30.6.2008	Preceding Year Corresponding Quarter 30.6.2007	Current Year To Date 30.6.2008	Preceding Year Corresponding Period 30.6.2007
<b>Basic earnings per share</b>				
Net profit for the period (RM'000)	1,970	2,853	3,352	5,862
Weighted average number of ordinary shares of RM0.50 each in issue ('000)	120,226	120,500	120,363	120,434
Basic Earnings Per Share (sen)	1.64	2.37	2.78	4.87
<b>Diluted earnings per share</b>				
Net profit for the period (RM'000)	1,970	2,853	3,352	5,862
Weighted average number of ordinary shares ('000)	120,226	120,500	120,363	120,434
Adjustment for ESOS ('000)	-	-	-	-
Weighted average number of ordinary shares for diluted earnings per share ('000)	120,226	120,500	120,363	120,434
Diluted Earnings Per Share (sen)	1.64	2.37	2.78	4.87

By order of the Board

CHOW CHOOI YOONG  
Company Secretary  
MAICSA 0772574  
Date 19 August 2008