

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2007**
**CONDENSED CONSOLIDATED INCOME STATEMENT  
 FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2007  
 (The figures have not been audited)**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.9.2007 RM'000	Preceding Year Corresponding Quarter 30.9.2006 RM'000	Current Year To Date 30.9.2007 RM'000	Preceding Year Corresponding Period 30.9.2006 RM'000
Revenue	14,430	14,435	42,624	45,078
Cost of sales	(9,006)	(9,130)	(26,260)	(28,689)
Gross profit	<u>5,424</u>	<u>5,305</u>	<u>16,364</u>	<u>16,389</u>
Operating expenses	(1,893)	(1,802)	(5,667)	(5,665)
Other operating income	142	48	202	180
Finance costs	<u>(8)</u>	<u>(3)</u>	<u>(8)</u>	<u>(6)</u>
Profit before taxation	3,665	3,548	10,891	10,898
Taxation	(865)	(817)	(2,229)	(2,608)
Profit for the period	<u><u>2,800</u></u>	<u><u>2,731</u></u>	<u><u>8,662</u></u>	<u><u>8,290</u></u>
<b>Attributable to:</b>				
Shareholders of the Company	2,800	2,731	8,662	8,290
Minority interests	-	-	-	-
Profit for the period	<u><u>2,800</u></u>	<u><u>2,731</u></u>	<u><u>8,662</u></u>	<u><u>8,290</u></u>
<b>Earnings per share</b>				
Basic earnings per share (sen)	<u><u>2.32</u></u>	<u><u>2.27</u></u>	<u><u>7.19</u></u>	<u><u>6.89</u></u>
Diluted earnings per share (sen)	<u><u>2.32</u></u>	<u><u>2.27</u></u>	<u><u>7.19</u></u>	<u><u>6.89</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 THIRD QUARTER ENDED 30 SEPTEMBER 2007

CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2007

	(Unaudited) As At End Of Current Quarter 30.9.2007 RM'000	(Audited) As At Preceding Financial Year End 31.12.2006 RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	50,122	49,417
Intangible asset	878	878
Prepaid lease payments	340	343
Investment properties	1,041	4,196
<b>Total non-current assets</b>	<u>52,381</u>	<u>54,834</u>
<b>Current Assets</b>		
Prepaid lease payments	4	4
Receivables, deposits and prepayments	9,857	8,395
Inventories	24,500	22,038
Current tax assets	270	69
Cash and cash equivalents	5,321	3,025
<b>Total current assets</b>	<u>39,952</u>	<u>33,531</u>
<b>Total assets</b>	<u>92,333</u>	<u>88,365</u>
<b>EQUITY</b>		
Share capital	60,249	60,184
Reserves	303	231
Retained earnings	23,825	20,585
<b>Total equity attributable to shareholders</b>	<u>84,377</u>	<u>81,000</u>
<b>LIABILITIES</b>		
<b>Non-Current Liabilities</b>		
Deferred tax liabilities	4,977	4,352
<b>Total non-current liabilities</b>	<u>4,977</u>	<u>4,352</u>
<b>Current Liabilities</b>		
Payables and accruals	2,331	2,807
Current tax liabilities	648	206
<b>Total current liabilities</b>	<u>2,979</u>	<u>3,013</u>
<b>Total liabilities</b>	<u>7,956</u>	<u>7,365</u>
<b>Total equity and liabilities</b>	<u>92,333</u>	<u>88,365</u>
Net Assets per share (RM)	0.70	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 THIRD QUARTER ENDED 30 SEPTEMBER 2007**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE CUMULATIVE QUARTER ENDED 30 SEPTEMBER 2007  
(The figures have not been audited)**

	Share Capital RM'000	Share Premium RM'000	Retained Profits RM'000	Total Equity RM'000
<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	-	-	8,662	8,662
<b>At 30 September 2007</b>	<b>60,249</b>	<b>303</b>	<b>23,825</b>	<b>84,377</b>
<b>At 1 January 2006 :</b>				
- 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
<b>At 1 January 2006 (as restated)</b>	<b>50,006</b>	<b>3,110</b>	<b>20,508</b>	<b>73,624</b>
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	-	(162)	-	(162)
Dividends approved in respect of the previous year	-	-	(4,008)	(4,008)
Profit for the period	-	-	8,290	8,290
<b>At 30 September 2006</b>	<b>60,184</b>	<b>233</b>	<b>17,696</b>	<b>78,113</b>

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 THIRD QUARTER  
ENDED 30 SEPTEMBER 2007**

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT  
FOR THE CUMULATIVE QUARTER ENDED 30 SEPTEMBER 2007  
(The figures have not been audited)**

	Current Year-to-date 30.9.2007 RM'000	Preceding Year Corresponding Period 30.9.2007 RM'000
<b>Cash flows from operating activities</b>		
Profit before taxation	10,891	10,898
Adjustments for :		
- Non-cash items	1,781	1,604
- Non-operating items	(38)	(44)
Operating profit before working capital changes	<u>12,634</u>	<u>12,458</u>
Changes in working capital :		
- Net changes in current assets	(3,925)	(5,424)
- Net changes in current liabilities	(475)	(1,548)
Cash generated from operations	<u>8,234</u>	<u>5,486</u>
Income taxes paid, net of refund	(1,327)	(2,172)
Net cash from operating activities	<u>6,907</u>	<u>3,314</u>
<b>Cash flows from investing activities</b>		
Acquisition of a subsidiary, net of cash acquired	-	(904)
Interest received	46	50
Purchase of property, plant and equipment	(2,646)	(4,268)
Proceeds from disposal of property, plant and equipment	3,282	104
Net cash from/(used in) investing activities	<u>682</u>	<u>(5,018)</u>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of shares	137	369
Proceeds from bankers' acceptances	-	1,000
Dividend paid	(5,422)	(4,008)
Interest paid	(8)	(6)
Share issue expenses	-	(162)
Net used in financing activities	<u>(5,293)</u>	<u>(2,807)</u>
Net increase/(decrease) in cash and cash equivalents	2,296	(4,511)
Cash and cash equivalents at the beginning of period	<u>3,025</u>	<u>6,233</u>
Cash and cash equivalents at the end of period (Note 1)	<u>5,321</u>	<u>1,722</u>

Note 1

	RM'000
Cash and bank balances	1,975
Short term funds	<u>3,346</u>
	<u>5,321</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.



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



## **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<sub>2004</sub>: 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 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 2006 except for the adoption of the new and revised Financial Reporting Standards ("FRSs") issued by MASB that are effective for the financial period beginning 1 January 2007.

The Group has adopted FRS 124 - Related Parties Disclosure which is effective for annual periods beginning on or after 1 October 2006 and the adoption does not have significant financial impact on the Group.

#### **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.

#### **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**

There were no issuance and repayment of debts and equity securities, shares buy-back, share cancellations, shares held as treasury shares or resale of treasury shares during the current quarter and financial period to date under review.



## NOTES TO THE INTERIM FINANCIAL REPORT

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

#### A7. Dividends paid

A first and final tax-exempt dividend of 9% or 4.5 sen per share totalling RM5.4 million in respect of the previous financial year ended 31 December 2006 was paid on 31 July 2007.

#### 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 30 September 2007 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 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 30.9.2007 RM'000
Property, plant and equipment :	
Approved and contracted for	<u>2,619</u>



**NOTES TO THE INTERIM FINANCIAL REPORT**

**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 of RM14.4 million was almost similar to that of the preceding year corresponding quarter. Nevertheless, the Group recorded a higher profit before tax of RM3.7 million, an increase of 5.7% as compared to RM3.5 million in the preceding year corresponding quarter, mainly due to savings from increased usage of less expensive sawn timber and gain from disposal of a piece of freehold land.

For the nine months ended 30 September 2007, the Group's revenue was RM42.6 million as compared to RM45.1 million in the preceding year corresponding period, a decrease of RM2.5 million or 5.5%, mainly attributable to the weakening of the US Dollar against Malaysian Ringgit. Despite a lower revenue, the Group managed to maintain the profit before tax for the nine months ended 30 September 2007 at RM10.9 million as in the preceding year corresponding period, mainly due to savings from increased usage of less expensive sawn timber which mitigated the impact of lower revenue.

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

The Group registered a revenue of RM14.4 million for the current quarter under review, a decrease of 3.4% or RM0.5 million from RM14.9 million in the preceding quarter mainly attributable to the weakening of the US Dollar against Malaysian Ringgit. The Group's profit before tax remained at RM3.7 million as compared to the preceding quarter.

**B3. Current Year Prospects**

By developing and introducing more new innovative and highly marketable products coupled with our ongoing efforts in seeking greater operational efficiency, the Group is believed to be in a better position to partially offset, if not negate the prevailing unfavourable global economic condition resulting from escalating crude oil price and the depreciating US Dollar. Consequently, the Group is expected to perform satisfactorily for the financial year ending 31 December 2007.

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

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

**B5. Taxation**

	Current Year Quarter 30.9.2007 RM'000	Preceding Year Corresponding Quarter 30.9.2006 RM'000	Current Year To Date 30.9.2007 RM'000	Preceding Year Corresponding Period 30.9.2006 RM'000
Current tax expense				
- current	360	755	980	2,352
- prior year	618	(128)	895	(128)
Deferred tax expense				
Origination and reversal of temporary differences				
- current	(113)	190	354	384
	<u>865</u>	<u>817</u>	<u>2,229</u>	<u>2,608</u>

The effective tax rate for the quarter under review and current year to date were 24% and 20% respectively, 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 current quarter under review 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.



**NOTES TO THE INTERIM FINANCIAL REPORT**

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

**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 30 September 2007, 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 November 2007, 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	1,200	4,101	Nov '07 to Jan '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, no adjustment has been made for the above forward contracts to account for the difference between the contracted rate and the prevailing market rate as the amount is immaterial. Exchange gains or losses arising on contracts are recognised at the date of transaction.

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



**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 30.9.2007	Preceding Year Corresponding Quarter 30.9.2006	Current Year To Date 30.9.2007	Preceding Year Corresponding Period 30.9.2006
<b>Basic earnings per share</b>				
Net profit for the period (RM'000)	<u>2,800</u>	<u>2,731</u>	<u>8,662</u>	<u>8,290</u>
Number of ordinary shares of RM0.50 each in issue ('000)	<u>120,500</u>	<u>120,369</u>	<u>120,456</u>	<u>120,244</u>
Basic Earnings Per Share (sen)	<u>2.32</u>	<u>2.27</u>	<u>7.19</u>	<u>6.89</u>
<b>Diluted earnings per share</b>				
Net profit for the period (RM'000)	<u>2,800</u>	<u>2,731</u>	<u>8,662</u>	<u>8,290</u>
Weighted average number of ordinary shares ('000)	120,500	120,369	120,456	120,244
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>120,456</u>	<u>120,244</u>
Diluted Earnings Per Share (sen)	<u>2.32</u>	<u>2.27</u>	<u>7.19</u>	<u>6.89</u>

By order of the Board

CHOW CHOOI YOONG  
Company Secretary  
MAICSA 0772574  
Date 16 November 2007