

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2008

**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2008**
(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.9.2008 RM'000	Preceding Year Corresponding Quarter 30.9.2007 RM'000	Current Year To Date 30.9.2008 RM'000	Preceding Year Corresponding Period 30.9.2007 RM'000
Revenue	15,215	14,430	37,346	42,624
Cost of sales	(9,868)	(9,006)	(24,729)	(26,260)
Gross profit	<u>5,347</u>	<u>5,424</u>	<u>12,617</u>	<u>16,364</u>
Operating expenses	(2,684)	(1,893)	(6,372)	(5,667)
Other operating income	56	142	200	202
Finance costs	<u>-</u>	<u>(8)</u>	<u>-</u>	<u>(8)</u>
Profit before taxation	2,719	3,665	6,445	10,891
Taxation	(50)	(865)	(424)	(2,229)
Profit for the period	<u><u>2,669</u></u>	<u><u>2,800</u></u>	<u><u>6,021</u></u>	<u><u>8,662</u></u>
Attributable to:				
Shareholders of the Company	2,662	2,800	6,014	8,662
Minority interests	<u>7</u>	<u>-</u>	<u>7</u>	<u>-</u>
Profit for the period	<u><u>2,669</u></u>	<u><u>2,800</u></u>	<u><u>6,021</u></u>	<u><u>8,662</u></u>
Earnings per share				
Basic earnings per share (sen)	<u><u>2.22</u></u>	<u><u>2.32</u></u>	<u><u>5.00</u></u>	<u><u>7.19</u></u>
Diluted earnings per share (sen)	<u><u>2.22</u></u>	<u><u>2.32</u></u>	<u><u>5.00</u></u>	<u><u>7.19</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 THIRD QUARTER ENDED 30 SEPTEMBER 2008

CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2008

	(Unaudited) As At End Of Current Quarter 30.9.2008 RM'000	(Audited) As At Preceding Financial Year End 31.12.2007 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	51,022	51,199
Intangible asset	878	878
Prepaid lease payments	341	344
Investment properties	1,035	1,039
Total non-current assets	<u>53,276</u>	<u>53,460</u>
Current Assets		
Receivables, deposits and prepayments	8,274	10,110
Inventories	27,168	25,886
Current tax assets	80	64
Cash and cash equivalents	4,888	5,744
Total current assets	<u>40,410</u>	<u>41,804</u>
Total assets	<u>93,686</u>	<u>95,264</u>
EQUITY		
Share capital	60,249	60,249
Reserves	303	303
Retained earnings	27,082	26,472
Less: Treasury shares, at cost	(311)	-
Total equity attributable to shareholders	<u>87,323</u>	<u>87,024</u>
Minority interest	<u>7</u>	<u>-</u>
Total equity	<u>87,330</u>	<u>87,024</u>
LIABILITIES		
Non-Current Liabilities		
Deferred tax liabilities	3,906	4,124
Total non-current liabilities	<u>3,906</u>	<u>4,124</u>
Current Liabilities		
Payables and accruals	2,367	3,918
Current tax liabilities	83	198
Total current liabilities	<u>2,450</u>	<u>4,116</u>
Total liabilities	<u>6,356</u>	<u>8,240</u>
Total equity and liabilities	<u>93,686</u>	<u>95,264</u>
Net Assets per share (RM)	0.73	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.



CLASSIC SCENIC BERHAD
(Company No. 633887-M)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2008

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE CUMULATIVE QUARTER ENDED 30 SEPTEMBER 2008**

(The figures have not been audited)

	Share Capital RM'000	Share Premium RM'000	Retained Profits RM'000	Treasury Shares RM'000	Minority Interest RM'000	Total Equity RM'000
At 1 January 2008	60,249	303	26,472	-	-	87,024
Treasury shares	-	-	-	(311)	-	(311)
Dividends approved in respect of the previous year	-	-	(5,404)	-	-	(5,404)
Profit for the period	-	-	6,014	-	7	6,021
At 30 September 2008	<u>60,249</u>	<u>303</u>	<u>27,082</u>	<u>(311)</u>	<u>7</u>	<u>87,330</u>
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 period	-	-	8,662	-	-	8,662
At 30 September 2007	<u>60,249</u>	<u>303</u>	<u>23,825</u>	<u>-</u>	<u>-</u>	<u>84,377</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 THIRD QUARTER ENDED 30 SEPTEMBER 2008

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

	Current Year-to-date 30.9.2008 RM'000	Preceding Year Corresponding Period 30.9.2007 RM'000
Cash flows from operating activities		
Profit before taxation	6,445	10,891
Adjustments for :		
- Non-cash items	2,797	1,781
- Non-operating items	(60)	(38)
Operating profit before working capital changes	<u>9,182</u>	<u>12,634</u>
Changes in working capital :		
- Net changes in current assets	(470)	(3,925)
- Net changes in current liabilities	(1,346)	(475)
Cash generated from operations	<u>7,366</u>	<u>8,234</u>
Income taxes paid, net of refund	(771)	(1,327)
Net cash generated from operating activities	<u>6,595</u>	<u>6,907</u>
Cash flows from investing activities		
Interest received	59	46
Purchase of property, plant and equipment	(1,883)	(2,646)
Proceeds from disposal of property, plant and equipment	88	3,282
Net cash (used in)/generated from investing activities	<u>(1,736)</u>	<u>682</u>
Cash flows from financing activities		
Proceeds from issuance of shares	-	137
Dividend paid	(5,404)	(5,422)
Interest paid	-	(8)
Repurchase of shares	(311)	-
Net cash used in financing activities	<u>(5,715)</u>	<u>(5,293)</u>
Net (decrease)/increase in cash and cash equivalents	(856)	2,296
Cash and cash equivalents at the beginning of period	5,744	3,025
Cash and cash equivalents at the end of period (Note 1)	<u>4,888</u>	<u>5,321</u>

Note 1

	RM'000
Cash and bank balances	3,715
Short term funds	1,173
	<u>4,888</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.

NOTES TO THE INTERIM FINANCIAL REPORT

PART A : EXPLANATORY NOTES AS PER FRS 134

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, 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 disclosed below:-

The company purchased 88,000 of its own shares from open market at the average cost of RM0.56 per share, totalling RM49,596 during the quarter under review. 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

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 2007 was paid on 20 August 2008.

A8. Segmental Reporting

The Group is organized into two main business segments as follows:

	Manufacturing of wooden picture frame moulding and timber products As at 30.9.2008 RM'000	Trading products As at 30.9.2008 RM'000	Elimination As at 30.9.2008 RM'000	Consolidated As at 30.9.2008 RM'000
REVENUE				
Revenue from external customers	37,093	253	-	
Inter-segment revenue	1,283	-	(1,283)	
<i>Total revenue</i>	<u>38,376</u>	<u>253</u>	<u>(1,283)</u>	<u>37,346</u>
RESULT				
Segment result	<u>6,495</u>	<u>39</u>	<u>-</u>	6,534
Unallocated expenses				(148)
Interest income				59
<i>Profit from operations</i>				<u>6,445</u>
Finance cost				-
<i>Profit before tax</i>				<u>6,445</u>
Taxation				(424)
<i>Profit for the period</i>				<u>6,021</u>

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.

PART A : EXPLANATORY NOTES AS PER FRS 134

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 2008 including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinued operation save as follows: -

On 25 August 2008, CSCENIC subscribed for 76 ordinary shares of RM1 each of share capital in CSCENIC Marketing Sdn. Bhd. ("CMSB"). CMSB was dormant prior to the CSCENIC's subscription of ordinary shares and its current principal activity is trading and marketing of herbs products, spices and food related products. Consequent thereto, CMSB became a 76% owned subsidiary of CSCENIC.

CMSB had on 22 September 2008 changed its name to CSCENIC Agro Marketing Sdn. Bhd.

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:-

NOTES TO THE INTERIM FINANCIAL REPORT

	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>

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

	As at 30.9.2008 RM'000
Property, plant and equipment :	
Approved and contracted for	<u>491</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 registered at RM15.2 million, an increase of RM0.8 million or 5.6% as compared to the preceding year corresponding quarter of RM14.4 million mainly due to the increase in selling price of wooden picture frame moulding. The Group's profit before tax recorded at RM2.7 million, a decrease of RM1 million or 27% as compared to RM3.7 million in the preceding year corresponding quarter mainly attributable to the weakening of the US Dollar against Malaysian Ringgit and the recognition of unrealised foreign exchange losses.

For the nine months ended 30 September 2008, the Group's revenue was RM37.3 million as compared to RM42.6 million in the preceding year corresponding period, a decrease of RM5.3 million or 12.4%. The profit before tax recorded at RM6.4 million, a decrease of RM4.5 million or 41.3% as compared to RM10.9 million in the preceding year corresponding period. The decrease in revenue and profit before tax is mainly attributable to lower sales revenue from export of wooden picture frame moulding, the weakening of the US Dollar against Malaysian Ringgit and the recognition of unrealised foreign exchange losses.

B2. Variation of Results Against Preceding Quarter

The Group registered a revenue of RM15.2 million for the current quarter under review, an increase of 33.3% or RM3.8 million from RM11.4 million in the preceding quarter mainly attributable to higher sales revenue from export of wooden picture frame moulding. The Group's profit before tax recorded at RM2.7 million, an increase of RM0.5 million or 22.7% as compared to RM2.2 million in the preceding quarter mainly due to the reason as explained above.

B3. Current Year Prospects

The challenging and tumultuous global financial crisis is expected to have a negative impact on the Group's performance. 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 crisis. 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.

B5. Taxation

	Current Year Quarter 30.9.2008 RM'000	Preceding Year Corresponding Quarter 30.9.2007 RM'000	Current Year To Date 30.9.2008 RM'000	Preceding Year Corresponding Period 30.9.2007 RM'000
Current tax expense				
- current	310	360	642	980
- prior year	-	618	-	895
Deferred tax expense				
Origination and reversal of temporary differences				
- current	(260)	(113)	(218)	354
	<u>50</u>	<u>865</u>	<u>424</u>	<u>2,229</u>

The effective tax rate for the quarter under review and current year to date were 2% and 7% respectively, 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 and the reversal of temporary differences in deferred tax expense arising from the plant and equipment.

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.

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 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 20 November 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	2,200	7,320	Nov '08 to May '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 difference 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 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.

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

B13. Basis of Calculation of Earnings Per Share

	Current Year Quarter 30.9.2008	Preceding Year Corresponding Quarter 30.9.2007	Current Year To Date 30.9.2008	Preceding Year Corresponding Period 30.9.2007
Basic earnings per share				
Net profit attributable to shareholders (RM'000)	<u>2,662</u>	<u>2,800</u>	<u>6,014</u>	<u>8,662</u>
Weighted average number of ordinary shares of RM0.50 each in issue ('000)	<u>120,001</u>	<u>120,500</u>	<u>120,242</u>	<u>120,456</u>
Basic Earnings Per Share (sen)	<u>2.22</u>	<u>2.32</u>	<u>5.00</u>	<u>7.19</u>
Diluted earnings per share				
Net profit attributable to shareholders (RM'000)	<u>2,662</u>	<u>2,800</u>	<u>6,014</u>	<u>8,662</u>
Weighted average number of ordinary shares ('000)	<u>120,001</u>	<u>120,500</u>	<u>120,242</u>	<u>120,456</u>
Adjustment for ESOS ('000)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Weighted average number of ordinary shares for diluted earnings per share ('000)	<u>120,001</u>	<u>120,500</u>	<u>120,242</u>	<u>120,456</u>
Diluted Earnings Per Share (sen)	<u>2.22</u>	<u>2.32</u>	<u>5.00</u>	<u>7.19</u>

NOTES TO THE INTERIM FINANCIAL REPORT

By order of the Board

CHOW CHOOI YOONG
Company Secretary
MAICSA 0772574
Date 27 November 2008