

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2008

**CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2008**

(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.3.2008 RM'000	Preceding Year Corresponding Quarter 31.3.2007 RM'000	Current Year To Date 31.3.2008 RM'000	Preceding Year Corresponding Period 31.3.2007 RM'000
Revenue	10,774	13,291	10,774	13,291
Cost of sales	(7,455)	(7,967)	(7,455)	(7,967)
Gross profit	<u>3,319</u>	<u>5,324</u>	<u>3,319</u>	<u>5,324</u>
Operating expenses	(1,844)	(1,836)	(1,844)	(1,836)
Other operating income	73	12	73	12
Profit before taxation	<u>1,548</u>	<u>3,500</u>	<u>1,548</u>	<u>3,500</u>
Taxation	(166)	(491)	(166)	(491)
Profit for the period	<u><u>1,382</u></u>	<u><u>3,009</u></u>	<u><u>1,382</u></u>	<u><u>3,009</u></u>
Attributable to:				
Shareholders of the Company	1,382	3,009	1,382	3,009
Minority interests	-	-	-	-
Profit for the period	<u><u>1,382</u></u>	<u><u>3,009</u></u>	<u><u>1,382</u></u>	<u><u>3,009</u></u>
Earning per share				
Basic earnings per share (sen)	<u><u>1.15</u></u>	<u><u>2.50</u></u>	<u><u>1.15</u></u>	<u><u>2.50</u></u>
Diluted earnings per share (sen)	<u><u>1.15</u></u>	<u><u>2.48</u></u>	<u><u>1.15</u></u>	<u><u>2.48</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 FIRST QUARTER ENDED 31 MARCH 2008

CONDENSED CONSOLIDATED BALANCE SHEETS AS AT 31 MARCH 2008

	(Unaudited) As At End Of Current Quarter 31.3.2008 RM'000	(Audited) As At Preceding Financial Year End 31.12.2007 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	51,576	51,199
Intangible asset	878	878
Prepaid lease payments	343	344
Investment properties	1,038	1,039
Total non-current assets	53,835	53,460
Current Assets		
Receivables, deposits and prepayments	8,118	10,110
Inventories	29,195	25,886
Current tax assets	259	64
Cash and cash equivalents	3,122	5,744
Total current assets	40,694	41,804
Total assets	94,529	95,264
EQUITY		
Share capital	60,249	60,249
Reserves	303	303
Retained earnings	27,854	26,472
Total equity attributable to shareholders	88,406	87,024
LIABILITIES		
Non-Current Liabilities		
Deferred tax liabilities	4,160	4,124
Total non-current liabilities	4,160	4,124
Current Liabilities		
Payables and accruals	1,880	3,918
Current tax liabilities	83	198
Total current liabilities	1,963	4,116
Total liabilities	6,123	8,240
Total equity and liabilities	94,529	95,264
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.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2008

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE CUMULATIVE QUARTER ENDED 31 MARCH 2008**
(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 2008	60,249	303	26,472	87,024
Profit for the period	-	-	1,382	1,382
At 31 March 2008	<u>60,249</u>	<u>303</u>	<u>27,854</u>	<u>88,406</u>
At 1 January 2007	60,184	231	20,585	81,000
Profit for the period	-	-	3,009	3,009
At 31 March 2007	<u>60,184</u>	<u>231</u>	<u>23,594</u>	<u>84,009</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 FIRST QUARTER
ENDED 31 MARCH 2008**

**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE CUMULATIVE QUARTER ENDED 31 MARCH 2008**
(The figures have not been audited)

	Current Year-to-date 31.3.2008 RM'000	Preceding Year Corresponding Period 31.3.2007 RM'000
Cash flows from operating activities		
Profit before taxation	1,548	3,500
Adjustments for :		
- Non-cash items	695	603
- Non-operating items	(16)	(10)
Operating profit before working capital changes	<u>2,227</u>	<u>4,093</u>
Changes in working capital :		
- Net changes in current assets	(2,244)	517
- Net changes in current liabilities	(1,162)	(705)
Cash (used in)/generated from operations	<u>(1,179)</u>	<u>3,905</u>
Income taxes paid, net of refund	(440)	(671)
Net cash (used in)/generated from operating activities	<u>(1,619)</u>	<u>3,234</u>
Cash flows from investing activities		
Interest received	16	10
Purchase of property, plant and equipment	(1,019)	(375)
Proceeds from disposal of plant and equipment	-	7
Net cash used in investing activities	<u>(1,003)</u>	<u>(358)</u>
Cash flows from financing activities	-	-
Net (decrease)/increase in cash and cash equivalents	(2,622)	2,876
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>3,122</u>	<u>5,901</u>

Note 1

	RM'000
Cash and bank balances	1,454
Short term funds	1,668
	<u>3,122</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 period beginning 1 January 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 follows:-

The Company had purchased 411,000 of its own shares from open market at the average cost of RM0.64 per share, totalling RM261,841. All the purchased transactions were financed by internally generated funds. As at the date of this report, a total of 411,000 shares purchased back were held as treasury shares with total cost of RM261,841. 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 31 March 2008 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 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>

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

	As at 31.3.2008 RM'000
Property, plant and equipment :	
Approved and contracted for	<u>693</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 RM10.8 million, a decrease of RM2.5 million or 18.8% as compared to the preceding year corresponding quarter of RM13.3 million mainly due to lower sales revenue from export of wooden picture frame moulding resulting from the adverse economic conditions in United States and the weakening of the US Dollar against Malaysian Ringgit. The Group recorded a lower profit before tax of RM1.5 million, a decrease of RM2 million or 57.1% as compared to RM3.5 million in the preceding year corresponding quarter. The decrease in profit before tax was mainly attributable to lower sales revenue and higher raw material costs.

B2. Variation of Results Against Preceding Quarter

The Group registered a revenue of RM10.8 million for the current quarter under review, representing a decrease of RM3.9 million or 26.5% from RM14.7 million in the preceding quarter mainly due to lower sales revenue from export of wooden picture frame moulding resulting from the adverse economic conditions in United States and the weakening of the US Dollar against Malaysian Ringgit. The Group's profit before tax was RM1.5 million as compared to RM2.3 million in the preceding quarter, a decrease of RM0.8 million or 34.8% mainly due to reasons as explained above.

NOTES TO THE INTERIM FINANCIAL REPORT

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

B3. Current Year Prospects

The sub-prime mortgage crisis and the spiraling fuel and food costs have collectively generated slowdown in United States economy and the depreciating US Dollar remain the main challenges to the Group. Besides adjusting our prices to help to counter the depreciating US Dollar, the Group will also 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 these challenges. 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 31.3.2008 RM'000	Preceding Year Corresponding Quarter 31.3.2007 RM'000	Current Year To Date 31.3.2008 RM'000	Preceding Year Corresponding Period 31.3.2007 RM'000
Current tax expense				
- current	130	334	130	334
Deferred tax expense				
Origination and reversal of temporary differences				
- current	36	157	36	157
	<u>166</u>	<u>491</u>	<u>166</u>	<u>491</u>

The effective tax rate for the quarter under review and current year to date was 11%, 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 31 March 2008, 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 14 May 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	7,021	May '08 to Oct '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 2007, the Group does not have any material litigation until the date of this report.

B12. Dividends

Subject to the shareholders' approval at the forthcoming Fifth Annual General Meeting to be convened on 10 June 2008, the first and final tax exempt dividend of 9% per ordinary share in respect of the financial year ended 31 December 2007 will be payable on 20 August 2008 to depositors registered in the Record of Depositors on 1 August 2008.

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 31.3.2008	Preceding Year Corresponding Quarter 31.3.2007	Current Year To Date 31.3.2008	Preceding Year Corresponding Period 31.3.2007
Basic earnings per share				
Net profit for the period (RM'000)	1,382	3,009	1,382	3,009
Number of ordinary shares of RM0.50 each in issue ('000)	120,500	120,369	120,500	120,369
Basic Earnings Per Share (sen)	1.15	2.50	1.15	2.50



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 (cont'd)

	Current Year Quarter 31.3.2008	Preceding Year Corresponding Quarter 31.3.2007	Current Year To Date 31.3.2008	Preceding Year Corresponding Period 31.3.2007
Diluted earnings per share				
Net profit for the period (RM'000)	<u>1,382</u>	<u>3,009</u>	<u>1,382</u>	<u>3,009</u>
Weighted average number of ordinary shares ('000)	120,500	120,369	120,500	120,369
Adjustment for ESOS ('000)	<u>-</u>	<u>1,016</u>	<u>-</u>	<u>1,016</u>
Weighted average number of ordinary shares for diluted earnings per share ('000)	<u>120,500</u>	<u>121,385</u>	<u>120,500</u>	<u>121,385</u>
Diluted Earnings Per Share (sen)	<u>1.15</u>	<u>2.48</u>	<u>1.15</u>	<u>2.48</u>

By order of the Board

CHOW CHOOI YOONG
Company Secretary
MAICSA 0772574
Date: 21 May 2008