

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2010
**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
 FOR THE SIX MONTHS ENDED 30 JUNE 2010
 (The figures have not been audited)**

	Individual Quarter		Cumulative Quarter	
	Current Year 30.6.2010 RM'000	Preceding Year Corresponding Quarter 30.6.2009 RM'000	Current Year To Date 30.6.2010 RM'000	Preceding Year Corresponding Period 30.6.2009 RM'000
Revenue	12,505	11,010	24,838	19,921
Cost of sales	(8,337)	(6,881)	(16,211)	(12,863)
Gross profit	<u>4,168</u>	<u>4,129</u>	<u>8,627</u>	<u>7,058</u>
Operating expenses	(1,546)	(1,916)	(3,190)	(3,614)
Other operating income	281	161	676	213
Profit before taxation	<u>2,903</u>	<u>2,374</u>	<u>6,113</u>	<u>3,657</u>
Taxation	(171)	(223)	(379)	(355)
Profit for the period	<u><u>2,732</u></u>	<u><u>2,151</u></u>	<u><u>5,734</u></u>	<u><u>3,302</u></u>
Profit attributable to:				
Equity holders of the Company	2,732	2,151	5,734	3,308
Minority interest	-	-	-	(6)
Profit for the period	<u><u>2,732</u></u>	<u><u>2,151</u></u>	<u><u>5,734</u></u>	<u><u>3,302</u></u>
Earning per share				
Basic earnings per share (sen)	<u><u>2.28</u></u>	<u><u>1.79</u></u>	<u><u>4.78</u></u>	<u><u>2.76</u></u>
Diluted earnings per share (sen)	<u><u>N/A</u></u>	<u><u>N/A</u></u>	<u><u>N/A</u></u>	<u><u>N/A</u></u>

Notes:

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the Interim Financial Statements.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2010

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2010

	(Unaudited) As At End Of Current Quarter 30.6.2010 RM'000	(Audited) As At Preceding Financial Year End 31.12.2009 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	47,590	47,840
Intangible asset	878	878
Investment properties	516	1,309
Total non-current assets	<u>48,984</u>	<u>50,027</u>
Current Assets		
Receivables, deposits and prepayments	9,220	6,001
Inventories	24,039	23,885
Current tax assets	-	576
Cash and cash equivalents	22,647	19,650
Asset held for sale	787	-
Total current assets	<u>56,693</u>	<u>50,112</u>
Total assets	<u>105,677</u>	<u>100,139</u>
EQUITY		
Share capital	60,250	60,250
Treasury shares	(311)	(311)
Reserves	303	303
Retained earnings	30,813	33,479
Total equity attributable to equity holders	<u>91,055</u>	<u>93,721</u>
LIABILITIES		
Non-Current Liabilities		
Deferred tax liabilities	3,533	3,716
Total non-current liabilities	<u>3,533</u>	<u>3,716</u>
Current Liabilities		
Payables and accruals	2,473	2,702
Dividend payable	8,400	-
Current tax liabilities	216	-
Total current liabilities	<u>11,089</u>	<u>2,702</u>
Total liabilities	<u>14,622</u>	<u>6,418</u>
Total equity and liabilities	<u>105,677</u>	<u>100,139</u>
Net Assets per share (RM)	0.76	0.78

Notes :

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the Interim Financial Statements.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2010

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE CUMULATIVE QUARTER ENDED 30 JUNE 2010
(The figures have not been audited)**

	Share Capital RM'000	Share Premium RM'000	Treasury Share RM'000	Retained Profits RM'000	Minority Interest RM'000	Total Equity RM'000
At 1 January 2010	60,250	303	(311)	33,479	-	93,721
Dividends approved in respect of the previous year	-	-	-	(8,400)	-	(8,400)
Profit for the period	-	-	-	5,734	-	5,734
At 30 June 2010	60,250	303	(311)	30,813	-	91,055
At 1 January 2009	60,250	303	(311)	28,879	6	89,127
Dividends approved in respect of the previous year	-	-	-	(3,600)	-	(3,600)
Profit for the period	-	-	-	3,308	(6)	3,302
At 30 June 2009	60,250	303	(311)	28,587	-	88,829

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 2009 and the accompanying explanatory notes attached to the Interim Financial Statements.

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER
ENDED 30 JUNE 2010**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE CUMULATIVE QUARTER ENDED 30 JUNE 2010
(The figures have not been audited)**

	Current Year-to-date 30.6.2010 RM'000	Preceding Year Corresponding Period 30.6.2009 RM'000
Cash flows from operating activities		
Profit before taxation	6,113	3,657
Adjustments for :		
- Non-cash items	1,494	973
- Non-operating items	(214)	(86)
Operating profit before working capital changes	<u>7,393</u>	<u>4,544</u>
Changes in working capital :		
- Net changes in current assets	(3,719)	2,253
- Net changes in current liabilities	(95)	(846)
Cash generated from operations	<u>3,579</u>	<u>5,951</u>
Income taxes refund/(paid)	231	(320)
Interest received	214	86
Net cash generated from operating activities	<u>4,024</u>	<u>5,717</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,549)	(130)
Proceeds from disposal of plant and equipment	522	16
Net cash used in investing activities	<u>(1,027)</u>	<u>(114)</u>
Net increase in cash and cash equivalents	2,997	5,603
Cash and cash equivalents at the beginning of period	19,650	8,715
Cash and cash equivalents at the end of period (Note 1)	<u>22,647</u>	<u>14,318</u>

Note 1

	RM'000
Cash and bank balances	2,652
Short term funds	19,995
	<u>22,647</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2009 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 2009 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 2009.

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 2009 except for the adoption of the following new and revised Financial Reporting Standards ("FRSs") and Amendments issued by MASB:-

- FRS 7, *Financial Instruments: Disclosures*
- FRS 8, *Operating Segments*
- FRS 101, *Presentation of Financial Statements (revised)*
- FRS 139, *Financial Instruments: Recognition and Measurement*
- Amendments to FRS 139, *Financial Instruments: Recognition and Measurement*, FRS 7, *Financial Instruments: Disclosures*

The adoption of the above FRSs and amendments did not have any material financial impacts on the Group's financial results.

The following revised FRSs, new IC Interpretations and Amendments to FRSs have been issued by the MASB and are effective for annual periods commencing on or after 1 July 2010 and 1 January 2011, and have yet to be adopted by the Group:

- FRS 1, *First-time Adoption of Financial Reporting Standards (revised)*
- FRS 3, *Business Combinations (revised)*
- FRS 127, *Consolidated and Separate Financial Statements (revised)*
- Amendments to FRS 1, *Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters*
- Amendments to FRS 2, *Share-based Payment*
- Amendments to FRS 5, *Non-current Assets Held for Sale and Discontinued Operations*
- Amendments to FRS 7, *Improving Disclosures about Financial Instruments*
- Amendments to FRS 138, *Intangible Assets*
- IC Interpretation 12, *Service Concession Agreements*
- IC Interpretation 15, *Agreements for the Construction of Real Estate*
- IC Interpretation 16, *Hedges of a Net Investment in a Foreign Operation*
- IC Interpretation 17, *Distribution of Non-cash Assets to Owners*
- Amendments to IC Interpretation 9, *Reassessment of Embedded Derivatives*

A2. Auditors' Report

The auditors' report on the financial statements for the year ended 31 December 2009 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, shares cancellation, shares held as treasury shares or resale of treasury shares during the current quarter under review and financial year to date.



NOTES TO THE INTERIM FINANCIAL REPORT

PART A : EXPLANATORY NOTES AS PER FRS 134

A7. Dividends Paid

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

On 8 July 2010, a first and final tax-exempt dividend of 14% or 7.0 sen per ordinary share totalling RM8.4 million in respect of the previous financial year ended 31 December 2009 was paid.

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 2009.

A10. Subsequent 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 2010 including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinued operation.

A12. Contingent Liabilities and Contingent Assets

As at 30 June 2010, the contingent liabilities and contingent assets of a material nature are as follow:-

	RM'000
Corporate guarantee granted by the Company in favour of licensed banks for credit facilities granted to a subsidiary	<u>9,251</u>

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

	As at 30.6.2010 RM'000
Property, plant and equipment : Approved and contracted for	<u>174</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 registered revenue of RM12.5 million for the current quarter, an increase of RM1.5 million or 13.6% compared to the preceding year corresponding quarter of RM11.0 million which was mainly due to higher sales revenue from export of wooden picture frame moulding. The Group's profit before tax was RM2.9 million, an increase of RM0.5 million or 20.8% compared to RM2.4 million in the preceding year corresponding quarter which was chiefly attributed to higher sales revenue from export of wooden picture frame moulding and lower operating expenses.

For the sixth month ended 30 June 2010, the Group's revenue was RM24.8 million, an increase of RM4.9 million or 24.6% compared to RM19.9 million in the preceding year corresponding period. The increase in revenue was primarily due to higher sales revenue from export of wooden picture frame moulding. The Group's profit before tax for the sixth month ended 30 June 2010 was RM6.1 million, an increase of RM2.4 million or 64.9% compared to RM3.7 million in the preceding year corresponding period, mainly due to higher sales revenue from export of wooden picture frame moulding, lower operating expenses and gain arising from foreign currency forward contracts.

B2. Variation of Results Against Preceding Quarter

The Group registered a revenue of RM12.5 million for the current quarter under review, representing a slight increase of RM0.2 million or 1.6% from RM12.3 million in the preceding quarter mainly due to higher sales revenue from timber products. However, the Group's profit before tax for the current quarter under review was RM2.9 million, a decrease of RM0.3 million or 10.0% compared to RM3.2 million in the preceding quarter mainly attributable to the weakening of the US Dollar against Malaysian Ringgit.

B3. Current Year Prospects

With the global economy showing signs of slowing growth particularly the consumer-driven economy of USA, the outlook going forward is expected to be less than encouraging in most circumstances. However, because of the consolidation within the wooden picture frame moulding manufacturing industry coupled with unfavourable perception of newer and less-established manufacturers being less reliable and financially less resilient to economic downturn, these circumstances have collectively and positively positioned the Group in a favourable situation. This has been made possible because of the management efforts in constantly investing our resources for the past years to enhance the company's image and the general trust of customers in us.

B4. Variance of Actual and Forecast Profit

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

B5. Taxation

	Current Year Quarter 30.6.2010 RM'000	Preceding Year Corresponding Quarter 30.6.2009 RM'000	Current Year To Date 30.6.2010 RM'000	Preceding Year Corresponding Period 30.6.2009 RM'000
Current tax expense				
- current	226	239	562	341
Deferred tax expense				
Origination and reversal of temporary differences				
- current	(55)	(16)	(183)	14
	<u>171</u>	<u>223</u>	<u>379</u>	<u>355</u>

The effective tax rate for the quarter under review and current year to date were 6%, which was lower than the statutory income tax rate of 25% 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.



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 follow:

Lim Ket Leng Realty Sdn. Bhd., a wholly-owned subsidiary of CSCENIC, entered into Sale and Purchase Agreement ("SPA") on 10 June 2010 to dispose a piece of freehold land for a total consideration of RM1,457,448.50. The completion of the transaction shall be three months after the date of SPA.

As at 30 June 2010, the freehold land is presented as an asset held for sale.

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 2010, the Group does not have any bank borrowings.

B10. Derivative Financial Instruments

As at 13 August 2010, the Group has the following outstanding derivatives financial instruments:-

Currency Forward Contracts	Principal or Notional Amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000
- Less than 1 year	10,844	565	11

The purpose of entering currency forward contracts is to minimise the impact of unfavourable movement in exchange rate. There are no cash requirements for these contracts.

The market risk posed by the Group's currency forward contracts depends on the economic changes that may impact market prices. As the exchange rate is pre-determined under such contracts, the market risk in these instruments is not significant. The currency forward contracts are transacted with the Group's banker and the credit risk for non-performance by the counterparty in these instruments is minimal.

B11. Material Litigation

Since the last Audited Financial Statements for the year ended 31 December 2009, the Group does not have any material litigation until the date of this report.

B12. Dividends

The Board has declared an interim tax-exempt dividend of 8% in respect of the financial year ending 31 December 2010 will be payable on 16 November 2010 to depositors registered in the Record of Depositors on 8 November 2010 (2009: Nil).



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 30.6.2010	Preceding Year Corresponding Quarter 30.6.2009	Current Year To Date 30.6.2010	Preceding Year Corresponding Period 30.6.2009
Basic earnings per share				
Net profit attributable to equity holders (RM'000)	<u>2,732</u>	<u>2,151</u>	<u>5,734</u>	<u>3,308</u>
Weighted average number of ordinary shares of RM0.50 each in issue ('000)	<u>120,001</u>	<u>120,001</u>	<u>120,001</u>	<u>120,001</u>
Basic Earnings Per Share (sen)	<u>2.28</u>	<u>1.79</u>	<u>4.78</u>	<u>2.76</u>

There was no dilution in the earnings per share.

By order of the Board

CHOW CHOOI YOONG
Company Secretary
MAICSA 0772574
Date: 19 August 2010