



CLASSIC SCENIC BERHAD
(633887-M)

Scenic in Name
Beauty in *Frame*TM



annual **Report 08**

Vision & Mission

OUR VISION

We wish to see our wooden picture frame mouldings pleasingly adorn walls and shelves on all corners of the world, invoking smiles and nurturing pride on those who see.

OUR MISSION

To be the world-class designer-manufacturer of wooden picture frame mouldings, encompassing the highest standards in areas of aesthetic and elegance, at competitive costs, and with full cognizance of long term environmental sustainability.

OUR PAST AND PRESENT

Classic Scenic Berhad ("CSCENIC") was incorporated on 10 November 2003, and listed on the Second Board of the Bursa Malaysia Securities Berhad ("Bursa Securities") on 4 November 2004. Subsequently on 6 June 2006, it was transferred to the Main Board of the Bursa Securities. CSCENIC is an investment holding company, with subsidiaries principally engaged in the manufacturing of wooden picture frame mouldings, and wooden pallets. For the former, it is primarily undertaken by wholly-owned subsidiary, Finesse Moulding (M) Sdn. Bhd., of which full certification for ISO 9001:2000 by Lloyd's Register Quality Assurance has been duly obtained.

The first mouldings were made in 1994, and today we are the largest wooden picture frame manufacturer and exporter in Malaysia, and one of the biggest operations in the region as well. Current manufacturing facility comprises of 6 factories spread over an area of 500,000 sq. ft., and a 330 strong workforce. There is still a long road ahead, the Group will continuously focus on strengthening its overall management vis-a-vis a continuous improvement strategy in all aspects of the business and move on to greater heights on our road to success.

Table of Contents

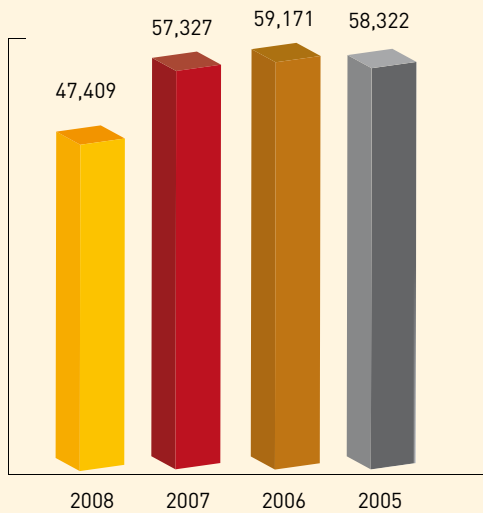
02 | Financial Highlights • 03 | Corporate Structure • 04 | Message from the Chairman
07 | Corporate Information 08 | Profile Of Board Of Directors • 10 | Statement on Corporate Governance
16 | Audit Committee Report • 21 | Statement on Internal Control • 23 | Additional Compliance Information
25 | Financial Statements • 69 | Analysis Of Shareholdings • 72 | List Of Properties
74 | Notice Of Annual General Meeting • 76 | Statement Accompanying Notice Of AGM • Proxy Form

Financial Highlights

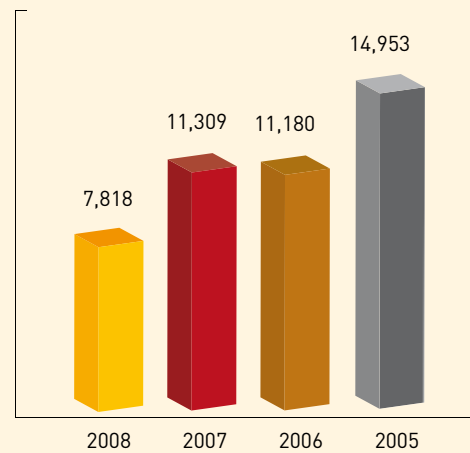
	2008	2007	2006	2005
Revenue (RM'000)	47,409	57,327	59,171	58,322
Profit Before Tax (RM'000)	8,213	13,167	14,525	18,531
Profit After Tax (RM'000)	7,818	11,309	11,180	14,953
Net Earnings Per Ordinary Share (sen)	*6.50	9.39	9.30	12.45
Net Dividend Per Ordinary Share (sen)	#3.00	4.50	4.50	7.50
Dividend Payout Ratio (%)	46.1	47.9	48.4	50.2
Net Asset Per Ordinary Share (sen)	74.3	72.2	67.3	67.4

* Based on the number of ordinary share in issue of 120,000,740 as at the end of the financial year 2008 after the exclusion of shares repurchased of 499,000

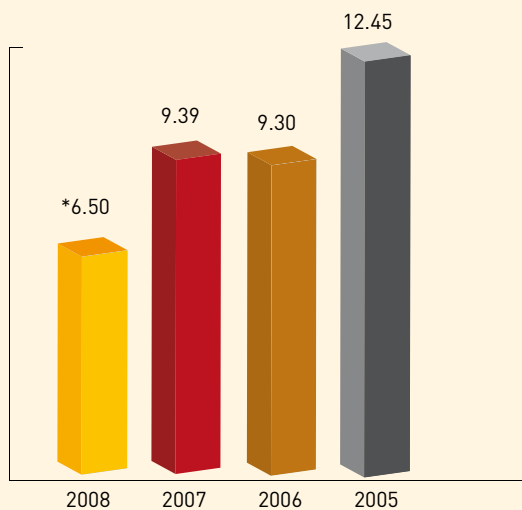
the first and final tax-exempt dividend of 3.0 sen per ordinary share which is subject to the approval of the shareholders at the forthcoming Annual General Meeting



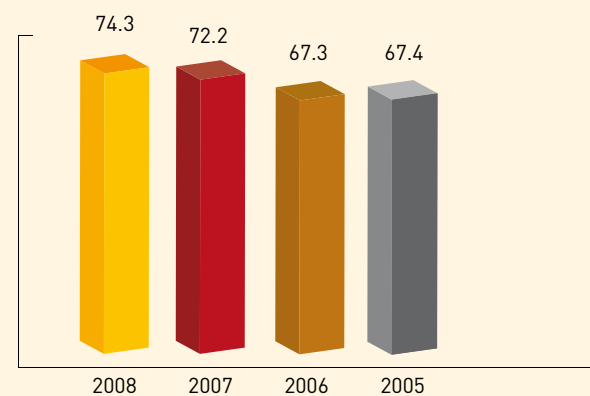
REVENUE (RM'000)



PROFIT AFTER TAX (RM'000)



NET EARNINGS PER ORDINARY SHARE (SEN)



NET ASSET PER ORDINARY SHARE (SEN)

Corporate Structure



CLASSIC SCENIC BERHAD
(633887-M)

■ **100%**

FINESSE MOULDING (M) SDN. BHD.

Manufacture of wooden picture frame moulding

■ **100%**

SCENIC MOULDING (M) SDN. BHD.

Property holding and rental of properties

■ **100%**

LIM KET LENG TIMBER SDN. BHD.

Manufacture of timber products

■ **100%**

LIM KET LENG MARKETING SDN. BHD.

Marketing of timber-related products

■ **100%**

LIM KET LENG REALTY SDN. BHD.

Property holding and rental of properties

■ **76%**

CSCENIC AGRO MARKETING

SDN. BHD. (formerly known as CScenic Marketing Sdn Bhd.)

Trading and marketing of herbs products, spices and food related products

■ **100%**

CLASSIC FRAME MOULDING (M) SDN. BHD.

Dormant

Message from the Chairman

On behalf of the Board of Directors, I am pleased to present the Annual Report of Classic Scenic Berhad (“CSCENIC”), for the financial year ended 31 December 2008.

MARKET ENVIRONMENT, CHALLENGES AND SUSTAINABLE STRATEGIES

Worldwide, the levels of volatility in commodity prices, most notably oil, have been unprecedented, causing economic turmoil when its price hit the stratosphere in 2008, with an overall worldwide dampening of consumer confidence due to rocketing inflation. Just when the oil prices came down to more logical levels, consumer recovery was hit by the sudden financial tsunami afflicting much of the western world! All of which inevitably led to a prolonged downturn in demand and intense price competitiveness in many of our traditional export markets. Additionally, the currency swings also made for a most difficult balancing act in our international trading.

However, I am glad to say here that the strategic directions we have taken have allowed us to achieve a modest turnover of RM47.4 million. Although this represents a 17% drop from previous financial period, when viewed against the backdrop of the truly trying times of 2008, I am proud to say with conviction that we have prevailed, and more importantly, will continue to sustain the momentum we have initiated in managing the challenges .



LIM CHEE KEONG
Executive Chairman

Message from the Chairman (cont'd)

A war on waste was declared whereby we diligently and rationally strove to trim the fat of all aspects of production by optimizing line runs, minimizing power and water usage, and reducing quality incidents among others. Innovation and renovation efforts continue unabated as we explore in detail the needs of our customers, deftly managing the balancing act of giving them what they want, in the most cost-effective way, and with the best value in the market.

Extra efforts were also put in to source raw materials from alternative origins, without compromising on our quality and sustainability specifications, even as we actively engaged long-term suppliers in looking at ways to rationalize their costs, and henceforth share the savings together if successful. Last but not most certainly not least, we continue to invest heavily on our human capital with constant trainings, both industrial and on personal development, and all geared towards alignment with CSCENIC's strategies and goals.

With all the above either in place, or well into implementation, we believe we will be in a very favorable position to take full

DIVIDEND

With the still positive outcome on earnings, we are confident that we will manage to sustain best performance amid the present and future challenging times, and duly deliver shareholder value, the Board proposes to declare a first and final tax-exempt dividend of 6% in respect of the financial year ended 31st December 2008 (31.12.2007: Tax exempt dividend of 9%). This proposal will be as usual, subject to shareholders' approval at the forthcoming AGM.

On 20th August 2008, a first and final tax-exempt dividend of 9%, or 4.5 cents per share, totaling RM5.4 million in respect of previous financial year ended 31st December 2007, was duly paid out.

CORPORATE SOCIAL RESPONSIBILITY

We are firm believers in Corporate Social Responsibility ("CSR") being not only good for business, but more importantly, the principles and practices of CSR make for a long term sustainable creation of shared value among all in CSCENIC, and its network of both suppliers and buyers.



I am glad to say here that the strategic directions we have taken have allowed us to achieve a modest turnover of RM47.4 million.

and fast advantage of the upswing in our export markets in time to come.

FINANCIAL PERFORMANCE REVIEW

As mentioned earlier, CSCENIC achieved a total revenue of RM47.4 million in 2008, a 17% drop from 2007's RM57.3 million, attributed mainly to lesser sales revenue in our major export markets, many of them as we all know are under the throes of recession! The positive side is that we still managed to turn in a reasonably profit after tax of RM7.8million under a shrinking global economy, with nett assets per share increasing slightly to RM0.74 in current financial year, versus RM0.72 in previous year.

On a product basis, CSCENIC on its own accord, carried out Lead content testing on its manufactured products, to ensure CSCENIC products are all within safety levels, and also in strict compliance to Code of Federal Regulations, Chapter 11 - Consumer Products Safety Commission of USA.

We have in place Corporate Governance best practices (as disclosed in the Statement on Corporate Governance), which is maintained as an assurance to protect shareholder's interests. On top of that, a Code of Business Ethics was further established and adopted to inculcate ethical values among all at CSCENIC, and in support of that initiative, a channel of communication was opened between all stratas of CSCENIC management, to enable quick and direct inputs for suggestions, opinions, and grievances.

Message from the Chairman (cont'd)

Remuneratively, we periodically review the total compensation package to ensure our competitiveness in the labor market so as to retain existing talents, as well as recruit new ones. Lower income staffs are accorded Cost of Living Allowances, as well as a small transportation stipend, and for all, a team building was held to foster togetherness as well as a gesture of appreciation to all from CSCENIC for a job well done. But money aside, human capital development is equally important, and CSCENIC provides a wide gamut of training opportunities for its staffs, ranging from Federation of Malaysian Manufacturers (FMM) run technical courses, to personal development seminars, without fear nor favor to any in CSCENIC.

In the area of Safety where apparent trivialities matter, we are slowly but surely ingraining upon our work force, the importance of personal behavior and common sense upon their own safety while at work in CSCENIC, as it is our philosophy that one accident is already one too many.



Environment-wise, our wood waste has been considerably reduced, as much of the wood waste is used to produce steam and generate energy. Additionally, the saw dust from our production processes are now being compressed into wood briquettes, which are used to produce heat energy. Also worthy of mention, we ensure all our timbers are from legal and traceable origins. All in all, we are proud of developments here, especially so in terms of being a good and sustainable corporate citizen.

Ever willing and conscious of the community around us, CSCENIC has made voluntary contributions to schools, charitable bodies and lesser privileged sectors of our society, without much fanfare and with much earnestness to just help.

OUTLOOK AND PROSPECTS

We expect the current year to continue being a most challenging one, and stand prepared for further short-term negative impacts to CSCENIC on a few fronts, but we have a guarded optimism that the global economy, especially among our export markets, will be on the road to recovery by later part of 2009.

The USD has strengthened, which spells out a more competitive pricing for our export-driven products. Stimulus packages introduced by many western countries, including major initiatives in the USA, also garner well that we should be able to see light at the end of the tunnel that is the global recession.

Internally, our continuous improvement initiatives born from the learning curves of the trying times experienced thus far, will surely stand us in good stead to weather the worst 2009 may bring, and more significantly, to quickly and effectively capitalize on the expected upswing to come.

Barring any unforeseen circumstances, the Group will remain profitable in the coming year.

ACKNOWLEDGEMENT AND APPRECIATION

On behalf of the Board, I would like to express my deepest appreciation to the management, staff, and work force of CSCENIC, for their dedication, commitment and untiring contributions. To our shareholders, customers and suppliers, I also thank you for their support and considerations as we undertook the difficult journey of 2008, and look forward to their continued understanding in 2009 such that a win-win situation will always be in place for all. Lastly, I also wish to put on record my sincere gratitude to my fellow directors for their invaluable counsel, and strong support.

LIM CHEE KEONG
Executive Chairman

Kuala Lumpur
19 May 2009

Corporate Information

BOARD OF DIRECTORS

Lim Chee Keong
(Executive Chairman)

Lim Chee Beng
(Managing Director)

Lim Chee Khoon
(Executive Director)

Lim Chee Hwa
(Executive Director)

Tang Kam Chee
(Independent Non-Executive Director)

Yeh Sau Tou
(Independent Non-Executive Director)

Au Thin An & Low Teen Ann
(Independent Non-Executive Director)

AUDIT COMMITTEE

Chairman

Yeh Sau Tou
Independent Non-Executive Director

Member

Tang Kam Chee
Independent Non-Executive Director

Au Thin An & Low Teen Ann
Independent Non-Executive Director

NOMINATION COMMITTEE

Chairman

Tang Kam Chee
Independent Non-Executive Director

Member

Yeh Sau Tou
Independent Non-Executive Director

Au Thin An & Low Teen Ann
Independent Non-Executive Director

REMUNERATION COMMITTEE

Chairman

Tang Kam Chee
Independent Non-Executive Director

Member

Yeh Sau Tou
Independent Non-Executive Director

Lim Chee Keong
Executive Chairman

COMPANY SECRETARIES

Sha Thiam Fook
(MIA 1832)

Chow Chooi Yoong
(MAICSA 0772574)

HEAD OFFICE

Lot 12, Jalan RP3
Taman Rawang Perdana
48000 Rawang
Selangor, Malaysia
Tel : 603-6091 7477
Fax : 603-6091 6766
Email : classic@fmm.jaring.my
Website : www.classicscenic.com

REGISTERED OFFICE

Lot 4.100, Tingkat 4, Wisma Central
Jalan Ampang
50450 Kuala Lumpur
Tel : 603-2161 9733
Fax : 603-2162 8157

AUDITORS

KPMG (Firm No: AF 0758)
Chartered Accountants
KPMG Tower
8, First Avenue
Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan

PRINCIPAL BANKERS

Citibank Berhad
Hong Leong Bank Berhad

SHARE REGISTRAR

Symphony Share Registrars Sdn. Bhd.
Level 26, Menara Multi-Purpose
Capital Square
No.8 Jalan Munshi Abdullah
50100 Kuala Lumpur
Tel : 603-2721 2222
Fax : 603-2721 2530

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
Main Board
Stock Code : 7202
Stock Name : CSCENIC

Profile Of Board Of Directors

LIM CHEE KEONG

Malaysian • Aged 53 • Executive Chairman

Lim Chee Keong was appointed as the Chairman of CSCENIC on 3 August 2004. He is also the chairman of the Employees' Share Option Scheme ("Option") and Executive Committees and a member of the Remuneration Committee. He is the Honorary Treasurer for Selangor and Federal Territory Timber Traders' Association. He is the main founder of the Group and has accumulated more than 30 years of experience in the wood-based industry. His career started in 1974, when he took over the family business, which was in the manufacturing of wooden crates and was responsible for the overall operations. The business expanded into manufacturing of wooden pallets in 1988 and in 1994, he was instrumental in diversifying the Group's business operation into manufacturing of wooden picture frame moulding.

LIM CHEE BENG

Malaysian • Aged 45 • Managing Director

Lim Chee Beng was appointed to the Board on 3 August 2004. He is also a member of the Option and Executive Committees. He graduated with a Bachelor of Science Degree, majoring in Mathematics (Honours) from the University of Malaya in 1989. His career started when he joined the Group in 1989 as Planning and Operations Director providing research and technical support to production and marketing departments.

He also sits on the Board of STEMI Bhd, a non-profit organisation limited by liability.

LIM CHEE KHOON

Malaysian • Aged 52 • Executive Director

Lim Chee Khoon was appointed to the Board on 3 August 2004. He is a member of the Option and Executive Committees. He was the co-founder of the Group and has accumulated more than 30 years of experience in the wood-based industry. He has contributed significantly in providing the technical expertise in the Group's manufacturing operations including developing the processes of manufacturing the entire range of wooden picture frame moulding, from moulding and profiling, formulation of coatings to finishing.

LIM CHEE HWA

Malaysian • Aged 50 • Executive Director

Lim Chee Hwa was appointed to the Board on 3 August 2004. He is also a member of the Option and Executive Committees. He graduated with a Bachelor of Arts Degree (Honours), majoring in Economics and Geography from Middlesex Polytechnic in 1982. He started his career as a valuation assistant in a property valuation firm during 1982 before leaving in 1984 to take up the position as an Administrative Officer with Bangkok Bank Berhad in Malaysia. Subsequently in 1997 he joined the Group as the Finance and Marketing Director primarily responsible for developing the Group's marketing plan focusing on new business development and managing the financial performance of the Group.

Profile Of Board Of Directors (cont'd)

TANG KAM CHEE

Malaysian • Aged 54 • Independent Non-Executive Director

Tang Kam Chee was appointed to the Board on 3 August 2004. He is the Chairman of the Remuneration and Nomination Committees. He is also a member of the Audit and Option Committees. He graduated with a Diploma in Business Studies from Kolej Tunku Abdul Rahman in 1977. He is also a member of the Association of Chartered Certified Accountants and the Institute of Chartered Secretaries and Administrators, United Kingdom. He started his audit career with Hanafiah Raslan Mohamad (merged and now known as Ernst & Young) a public accounting firm in 1977. He has various experiences from working in industries such as in the beverage business with Fraser & Neave Berhad, the motor assembly operations with Cycle & Carriage Bintang Berhad, financial services with MBF Capital Berhad and in property development with Metroplex Berhad.

He is currently a Director of Ken Holdings Berhad ("KHB") and also a Director of a number of the subsidiaries under KHB Group.

YEH SAU TOU

Malaysian • Aged 40 • Independent Non-Executive Director

Yeh Sau Tou was appointed to the Board as Independent Non-Executive Director on 2 July 2007. He is the Chairman of the Audit Committee. He is also a member of the Remuneration and Nomination Committees. He is a fellow member of the Association of Chartered Certified Accountants, United Kingdom and also a member of Malaysian Institute of Accountants. He started his audit and business assurance career with PricewaterhouseCoopers in 1995. He joined the audit division of Tan & Co. in 1999 and subsequently he started his own public accounting firm, Messrs Yeh & Co., in year 2000.

AU THIN AN @ LOW TEEN ANN

Malaysian • Aged 65 • Independent Non-Executive Director

Au Thin An @ Low Teen Ann was appointed to the Board as Independent Non-Executive Director on 2 January 2008. He is a member of the Audit and Nomination Committees. He started his career in insurance 40 years ago with then Sime Insurance Services, an inhouse insurance division of Sime Darby Group. He was responsible for the Insurance Broking Companies in the Far East for Sime Darby and his last position before leaving the Group was Regional Division Director. He joined Kris Jardine Insurance Brokers Sdn Bhd as Advisor in 1999 and was responsible for re-structuring the Company, which is now known as Jardine Lloyd Thompson Sdn Bhd, a member of Jardine Matheson Group and the last position held until his retirement was as The Deputy Chairman. He was an Honorary Treasurer of Insurance Brokers Association of Malaysia.

Currently, he operates a Risk Management Consultancy and is the Insurance Risk Advisor to several major companies. He is also an Independent Non-Executive Director of Lee Swee Kiat Group Berhad and is the Chairman of its Audit and Remuneration Committees as well as a member of the Nomination Committee.

Other Information On Directors

Save for Lim Chee Keong, Lim Chee Beng, Lim Chee Khoon and Lim Chee Hwa who are brothers, none of the Directors are related to each other and/or any other substantial shareholders of CSCENIC. In addition, all the above Directors have no conflict of interest with the Group and have had no conviction for any offences other than traffic offences, if any, in the last ten (10) years.

Statement On Corporate Governance

The Board of Directors of Classic Scenic Berhad ("CSCENIC") acknowledges the importance of maintaining good corporate governance in the Group and is committed to ensure that the principles and best practices of corporate governance as set out in the Malaysian Code on Corporate Governance ("the Code") are being observed.

In this annual Corporate Governance Statement, the Board is pleased to report its state of corporate governance in CSCENIC for the current financial year.

The Board of Directors

The Company is led and managed by an effective Board comprising directors with professional and business experience. The Board currently has seven (7) members comprising an Executive Chairman, a Managing Director, two Executive Directors and three Independent Non-Executive Directors. The composition of the Board is well balanced and complies with the Listing Requirements of the Bursa Malaysia Securities Berhad ("Bursa Securities") that requires at least two or one-third, whichever is higher, of the total number of Directors to be independent. The roles and responsibilities of the Executive Chairman and Managing Director are separated to ensure balance of authority. The Chairman is responsible for the orderly conduct and working of the Board. The Managing Director is responsible for the running of the Group's operation and execution of the Board's overall direction and strategy. In addition, Mr. Tang Kam Chee continues to act as the Senior Independent Non-Executive Director to whom shareholders can convey their concerns and seek clarifications from the Board.

A description of the background of each director is presented on pages 8 to 9.

The Board is provided with appropriate and timely information to enable it to discharge its duties effectively. The management and auditors are also invited to be present at the Board and Audit Committee meetings to provide further explanations and reports to the Board as and when necessary.

During the financial year, six (6) Board meetings were held. The number of board meetings held and attendance of the directors for the financial year ended 31 December 2008 are as follows:

Directors	Attendance at the Board Meetings Attended / Held
Lim Chee Keong	6/6
Lim Chee Beng	5/6
Lim Chee Khoon	6/6
Lim Chee Hwa	4/6
Tang Kam Chee	6/6
Yeh Sau Tou	6/6
Au Thin An @ Low Teen Ann (Appointed on 2 January 2008)	6/6

The Board also maintains specific Board Committees namely the Executive Committee, Audit Committee, Option Committee, Nomination Committee and Remuneration Committee to allow greater attention, expertise, experience and objectivity to be provided by the relevant Board members to the specific Board agenda. However, in order to ensure the direction and control of the Group is firmly within the Board, the Board has defined the terms of reference for each Committee. The ultimate decisions on all matters deliberated in these Committees are required to be reported to the Board.

Statement On Corporate Governance (cont'd)

The Executive Committee ("EC") which was established in 2005, comprises all Executive Directors and selected senior management staff. This Committee meets at least once a month, and additional meetings will be held as and when required by the Chairman of the EC.

The EC assists the Board in the following:

- i) Manage overall operations of the Group;
- ii) Implement strategic business plan and policy approved by the Board;
- iii) Establish an adequately resourced risk management framework;
- iiii) Review risks and opportunities associated with business strategies and operating processes;
- iv) Formulate corporate policies; and
- v) Promote awareness of the importance of good corporate practices.

Appointment to the Board

The Nomination Committee ("NC") was established on 19 October 2004. The objective of this NC is to ensure that there is a formal and transparent procedure for the appointment of new directors to the Board. The NC had held one (1) meeting during the financial year ended 31 December 2008.

The members of the NC are as follows:-

Chairman:

Tang Kam Chee

(Independent Non-Executive Director)

Members:

Yeh Sau Tou

(Independent Non-Executive Director)

Au Thin An @ Low Teen Ann

(Independent Non-Executive Director)

(Appointed on 2 January 2008)

The duties and responsibilities of the NC are as follows:-

- (a) To determine the core competencies and skills required of the Board members to best serve the business and operations of the Group as a whole and the optimum size of the Board to reflect the desired skills and competencies.
- (b) To recommend to the Board on the appropriate balance and size of executive and non-executive participation and whether the current Board representation satisfies this requirement.
- (c) To recommend to the Board, candidates for all directorships to be filled by the shareholders or the Board. In making its recommendations, the Nomination Committee should consider the candidates' skills, knowledge expertise and experience, professionalism, integrity and, in the case of candidates for the position of independent non-executive directors, the Nomination Committee should also evaluate the candidates' ability to discharge such responsibilities/functions as expected from independent non-executive directors.
- (d) To consider in making its recommendations, candidates for directorships proposed by the Executive Chairman/Managing Director and, within the bounds of practicability, by any other Director or shareholder.
- (e) To recommend to the Board, Directors to fill the seats on Board Committees.
- (f) To undertake an annual review of the required mix of skills and experience and other qualities of Directors, including core competencies, which Non-Executive Directors should bring to the Board.
- (g) To assist the Board in implementing procedures that would enable the Nomination Committee to conduct an annual assessment on the effectiveness of the board as a whole, on the committees of the Board and on the contributions and performance of each individual director, including independent non-executive director, executive chairman and Board Committee members. All assessments and evaluation should be properly documented.

The NC conducted its annual director's appraisal in November 2008.

Statement On Corporate Governance (cont'd)

Directors' Training

The Board views continuous learning and training as an integral part of directors' development. All Board members have completed the Mandatory Accreditation Programme in accordance with the Listing Requirements. In addition, members of the Board are informed of various directors' development programmes and encouraged to attend these programmes to keep abreast with the development in the industry and relevant regulatory requirements in furtherance of their duties.

All the Directors have attended training during the financial year ended 31 December 2008. A brief description on the type of training the directors have attended is listed below:

Title of seminar/conference/courses	Mode of Training	No. of days spent
Key Performance Indicators Training Workshop	Seminar	2 days
Effective Strategic Planning & Risk Management	Seminar	1 day
Property Developers and Land Owners – Tax Cases	Seminar	1 day
Advanced Corporate Tax Planning	Workshop	1 day
MIT Workshop on Indirect Tax: Sales Tax & Service Tax Refunds	Seminar	1 day
Seminar Percukaian Hasil 2008 e-filing: Module for Tax Agents	Seminar	1 day
Driving a credible profession: enhancing the value chain	Conference	2 days
2009 Budget Seminar	Seminar	1 day
National Tax Conference 2008	Conference	2 days

Re-election of Directors

Director's re-election provides an opportunity for shareholders to renew their mandate conferred to the Directors. In this respect, the Articles of Association of the Company provides that all directors shall retire by rotation once in every three (3) years or at least one-third (1/3) of the Board shall retire from office and be eligible to offer themselves for re-election at the Annual General Meeting ("AGM").

New directors appointed during the year shall be subjected to retirement and being eligible for themselves for re-election at the next AGM.

In addition, directors over seventy years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

Information of each director standing for re-election covering their personal profile, meeting attendance, directorships in other public companies and shareholdings in the Group is furnished in the Statement Accompanying the Notice of AGM.

Statement On Corporate Governance (cont'd)

Directors' Remuneration

The Remuneration Committee ("RC") was established on 19 October 2004. The objective of this RC is to recommend to the Board the remuneration of Executive Directors in all its forms. To this end, the RC adopts the principles recommended by the Code in determining the directors' remuneration, whereby, the Executive Directors' remuneration is designed to link rewards to the Group's performance whilst the remuneration of the Non-Executive Directors is determined in accordance with their experience and the level of responsibilities assumed. The RC had held one (1) meeting during the financial year ended 31 December 2008.

The members of the RC are as follows:

Chairman:	
Tang Kam Chee	(Independent Non-Executive Director)
Members:	
Yeh Sau Tou	(Independent Non-Executive Director)
Lim Chee Keong	(Executive Chairman)

The duties and responsibilities of the RC are as follows:

- To recommend to the Board the remuneration of the Executive Chairman, Managing Director and Executive Directors;
- To ensure a fair remuneration of the Board members and other level of management;
- To conduct continued assessment of individual Executive Directors to ensure that their remuneration is directly related to corporate and individual performance;
- To obtain the advice and information from external source, if necessary, to compare the remuneration currently earned by the Executive Directors and those paid to Executive Directors of other companies of similar size in a comparable industry sector; and
- To ensure that the base salary element is competitive but fair and to provide objective and independent assessment of the benefits granted to Executive Directors.

The number of Directors whose income falls within the following bands is set out as follows:

Remuneration Bands	Executive Directors	Non-Executive Directors
RM50,000 and below	-	3
RM350,001-RM400,000	4	-

The aggregate remuneration paid or payable to all Directors by the Group are further categorised into the following components:

	Fees*	Salaries (including bonuses & EPF)	Benefits-in-kind	Allowances	Total
Executive Directors	-	1,394,996	102,250	-	1,497,246
Non-Executive Directors	36,000	-	-	19,500	55,500

* subject to approval by shareholders at the AGM.

Statement On Corporate Governance (cont'd)

Shareholders

- **Communication and Investor Relations**

The Board endeavours to provide timely and accurate disclosure of all material information of the Group to the shareholders and investors. Information is disseminated through various disclosures and announcements made to the Bursa Securities which includes the quarterly financial results, audited financial statements and Annual Reports. This information is also electronically published at the Bursa Securities website at <http://www.bursamalaysia.com> and it is accessible by public.

Mr. Tang Kam Chee has been designated as the Senior Independent Director and investors are welcome to direct their concerns and queries to him. Where practicable, the Board is prepared to enter into a dialogue with shareholders and analysts. Nevertheless, in conducting this dialogue, the Board and the management are mindful of the share price sensitive information and the fair opportunity of information to shareholders and investors.

During the financial year, the Managing Director and/or key management personnel also hold briefings with the press and analysts, when necessary, to provide information on the Group's strategy and performance.

- **AGM**

The Board regards the AGM as an opportunity to communicate directly with shareholders and encourages attendance and participation in dialogue. Notice of the AGM and Annual Report are sent to shareholders 21 days prior to the meeting. At each AGM, the Board presents the performance and progress of the Company and provides shareholders with the opportunity to raise questions pertaining to the Company. The Executive Chairman and the Board will respond to the questions raised by the shareholders during the Annual General Meeting. The Board has ensured that an explanatory statement will accompany each item of special business included in the notice of meeting on the effects of the proposed resolution.

Accountability and Audit

The Board is committed to present a balanced and understandable assessment of the Group's financial position and prospects in the public release of financial results. These results are contained in the quarterly financial results, audited financial statements and Annual Reports.

The Board also affirms its responsibility for maintaining a sound system of internal control for the Group. The internal audit function was established in June 2005 and is outsourced to an Independent Consultant. The Audit Committee reviews and approves the internal audit plan, which is developed based on the key risk areas and major operating units of the Group. Audit reviews were carried out on quarterly basis and audit findings were reported to the Audit Committee.

To maintain a transparent and formal relationship with the Company's external auditors, the Audit Committee reviews the appointment, performance, independence and remuneration of the external auditors. If deemed necessary, the Audit Committee will convene meetings with the external auditors without the present of executive members of the Committee. The Audit Committee Report covering its terms of reference, composition, activities and attendance of the members are reported separately on pages 16 to 20.

Compliance with Best Practices

Other than the disclosure of detailed remuneration of each director, the Board of Directors believes that CSCENIC has complied with the best practices of corporate governance as set out in Part 2 of the Code throughout the current financial year.

The Board views that the transparency in respect of the Directors' remuneration has been appropriately dealt with by the 'band disclosure' presented on the previous page.

Statement On Corporate Governance (cont'd)

Directors' Responsibility for Preparing the Financial Statements

The Directors are responsible for ensuring that the annual audited financial statements of the Group and of the Company are drawn up in accordance the applicable approved accounting standards in Malaysia, the provisions of the Companies Act, 1965 and the Listing Requirements of the Bursa Securities so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2008 and of the results of their operations and cash flows for the year ended on that date.

In preparing the annual audited financial statements, the Directors have:

- applied appropriate and relevant accounting policies consistently;
- complied with all applicable approved accounting standards;
- made judgments and estimates that are reasonable and prudent; and
- prepared the financial statements on a going concern basis.

The Directors are also responsible for ensuring that proper accounting and other records are kept which enable the preparation of the financial statements with reasonable accuracy and taking reasonable steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

This statement was made in accordance with a resolution of the Board dated 17 April 2009.

Audit Committee Report

Composition

The Audit Committee of Classic Scenic Berhad ("CSCENIC") was established on 4 August 2004. The members of the Committee for the financial year ended 31 December 2008 comprises the following directors:

Chairman Yeh Sau Tou	(Independent Non-Executive Director)
Members Tang Kam Chee Au Thin An @ Low Teen Ann (Appointed on 2 January 2008)	(Independent Non-Executive Director) (Independent Non-Executive Director)
Lim Chee Keong (Resigned on 2 January 2008)	(Executive Chairman)

Terms Of Reference

1) Policy

The policy of the Audit Committee is to ensure that internal and external audit functions are properly conducted and that audit recommendations are being carried out effectively by the CLASSIC SCENIC BERHAD group of companies.

2) Objectives

The objectives of this policy are:-

- (a) to assure the shareholders of the Company that the Directors of the Company have complied with Malaysian financial standards and required disclosure policies developed and administered by Bursa Malaysia Securities Berhad ("Bursa Securities");
- (b) to ensure consistency with Bursa Securities' commitment to encourage high standards of corporate disclosure and to adopt best practices aimed at maintaining appropriate standards of corporate responsibility, integrity and accountability to all the Company's shareholders; and
- (c) to relieve the full Board of Directors from detailed involvement in the review of the results of internal and external audit activities and yet ensure that audit findings are brought to the highest level for consideration.

3) Membership

- 3.1) The Committee shall be appointed by the Board from amongst the Directors and shall be composed exclusively of Non-Executive Directors of no fewer than three (3) members, of whom the majority shall be independent.
- 3.2) The Committee shall include at least one (1) person who is a member of the Malaysian Institute of Accountants or alternatively a person who must have at least 3 years' working experience and have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act 1967 or is a member of one of the associations of accountants specified in Part II of the said Schedule or alternatively a person who has fulfilled such other requirements as prescribed or approved by Bursa Securities.

Audit Committee Report (cont'd)

Terms Of Reference (cont'd)

3) Membership (cont'd)

- 3.3) No alternate director shall be appointed as a member of the Committee.
- 3.4) The members of the Committee shall elect from among their number a chairman who is non-executive and independent, as defined above.
- 3.5) If one or more members of the Committee resign, die or for any other reason cease to be a member with the result that the Listing Requirements of Bursa Securities are breached, the Board shall, within three (3) months of the event, appoint such number of new members as may be required to correct the breach.
- 3.6) The Board shall review the term of office of Committee members no less than once every three (3) years.

4) Authority

The Committee is authorised by the Board, in accordance with the procedures to be determined by the Board (if any) and at the cost of the Company, to:

- (a) investigate any activity within the Committee's terms of reference;
- (b) have resources which are reasonably required to enable it to perform its duties;
- (c) have full and unrestricted access to any information pertaining to the Company or the Group;
- (d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any);
- (e) obtain outside legal or other independent professional advice and secure the attendance of outsiders with relevant experience and expertise if it considers this necessary; and
- (f) convene meetings with the external auditors, internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

5) Functions

The functions of the Committee shall be, amongst others, to review the following and report the same to the Board:-

- (a) with the external auditors, the scope of the audit and the audit plan;
- (b) with the external auditors, their evaluation of the system of internal controls;
- (c) with the external auditors, their management letter and the management's response;
- (d) with the external auditors, their audit report;
- (e) the assistance given by the employees to the external auditors;
- (f) the nomination or re-appointment of the external auditors and their audit fees as well as matters pertaining to resignation or change of the external auditors;
- (g) the adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work;
- (h) the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
- (i) the quarterly results and year end financial statements, prior to the approval by the Board of Directors, focusing particularly on:-
 - (i) any changes in or implementation of major accounting policy changes;
 - (ii) significant adjustments arising from the audit;
 - (iii) significant and unusual events;
 - (iv) the going concern assumption; and
 - (v) compliance with accounting standards and other legal requirements;

Audit Committee Report (cont'd)

Terms Of Reference (cont'd)

5) Functions (cont'd)

- (j) any related party transaction and conflict of interest situation that may arise within the Company or the group including any transaction, procedure or course of conduct that raises questions of management integrity; and
- (k) any other matters as directed by the Board.

6) Overseeing The Internal Audit Function

- 6.1) The Committee shall establish an internal audit function which is independent of the activities it audits.
- 6.2) The Committee shall oversee all internal audit functions and is authorized to commission investigations to be conducted by Internal Auditor as it deems fit.
- 6.3) The Internal Auditor shall report directly to the Committee and shall have direct access to the Chairman of the Committee.
- 6.4) All proposals by management regarding the appointment, transfer or dismissal of the Internal Auditor shall require the prior approval of the Committee.

7) Quorum For Meetings

The quorum shall be formed only if there is a majority of members present at the meeting who are independent directors.

8) Attendance At Meetings

The Finance Manager, the Internal Auditor, and a representative of the External Auditors shall normally attend meetings. Other Board members and employees may attend any particular meeting only at the Audit Committee's invitation, specific to the relevant meeting. However, at least twice a year the Committee shall meet with the External Auditors without executive Board members present.

9) Frequency Of Meetings

The Chairman shall call for meetings, to be held not less than four (4) times a year. The External Auditors may request a meeting if they consider one necessary.

10) Proceedings Of Meetings

- 10.1) A member may at any time and the Secretary shall on the requisition of a member summon a meeting of the Audit Committee by giving the members not less than seven (7) days notice thereof unless such requirement is waived.
- 10.2) In the absence of the Chairman, the Committee shall appoint one of its members present to chair that meeting.
- 10.3) A resolution put to vote shall be decided by a majority of votes of the members present, each member having one vote.

11) Reporting Procedures

- 11.1) The Company Secretary shall be the Secretary of the Committee. He shall record attendance of all members and invitees and take minutes to record the proceedings of every meeting of the Committee. All minutes of meetings shall be circulated to every member of the Board.

Audit Committee Report (cont'd)

Terms Of Reference (cont'd)

11) Reporting Procedures (cont'd)

- 11.2) The Committee shall prepare an annual report to the Board that provides a summary of the activities of the Committee for inclusion in the Company's annual report.
- 11.3) The Committee shall assist the Board in preparing the following for publication in the Company's annual report:
- Statement on the Company's application of the principles set out in Part 1 of the Malaysian Code on Corporate Governance;
 - Statement on the extent of compliance with the Best Practices in Corporate Governance set out in Part 2 of the Malaysian Code on Corporate Governance, specifying reasons for any areas of non-compliance (if any) and the alternatives adopted in such areas;
 - Statement on the Board's responsibility for preparing the annual audited financial statements; and
 - Statement about the state of internal control of the Group.
- 11.4) The Committee may report any breaches of the Listing Requirements, which have not been satisfactorily resolved, to Bursa Securities.

Audit Committee Meetings

The Audit Committee met five (5) times during the financial year ended 31 December 2008. The details of Audit Committee's meetings held and attended by the Committee during the financial year are as follows:-

Audit Committee Member	No. of Audit Committee Meetings	
	Attended	Held
Chairman Yeh Sau Tou (Independent Non-Executive Director)	5	5
Members Tang Kam Chee (Independent Non-Executive Director)	5	5
Au Thin An @ Low Teen Ann (Independent Non-Executive Director) <i>(appointed on 2 January 2008)</i>	5	5

Audit Committee Report (cont'd)

Summary Of Activities Of The Audit Committee During The Financial Year Ended 31 December 2008

During the financial year ended 31 December 2008, the activities of the Audit Committee included the following:-

- (a) reviewed the quarterly financial results and announcements for the financial quarters ended 31 December 2007, 31 March 2008, 30 June 2008 and 30 September 2008 prior to submission to the Board of Directors for consideration and approval;
- (b) reviewed the audited financial statements for the financial year ended 31 December 2007;
- (c) reviewed the external auditors' reports for the financial year ended 31 December 2007 in relation to audit and accounting issues arising from the audit;
- (d) reviewed the assistance given by the employees to the external auditors in respect of the audit for the financial year ended 31 December 2007;
- (e) considered the nomination of external auditors for recommendation to the Board for re-appointment and reviewed the audit fees;
- (f) reviewed the external auditors' audit plan and scope of audit for the financial year ended 31 December 2008;
- (g) reviewed the internal audit and risk management reports of the Group;
- (h) reviewed the revised Terms of Reference of the Audit Committee pursuant to the amended Listing Requirements of Bursa Securities in relation to Corporate Governance and recommended to the Board of Directors for approval;
- (i) reviewed the disclosure statements on compliance of the Malaysian Code of Corporate Governance, Audit Committee Report and the Statement of Internal Control for the financial year ended 31 December 2007 and recommended their adoption to the Board; and
- (j) met with the External Auditors in the absence of the Executive Board members.

Internal Audit Function

The Group outsourced its internal audit function to an external consultant and the selected team is independent of the activities audited by the External Auditors. The internal audit function is performed impartially, proficiently and with due professional care. The Internal Auditor reports to the Audit Committee, and regularly reviews and appraises the Group's internal control systems. The fees incurred for the internal audit function in respect of the financial year ended 31 December 2008 was RM38,000.

During the financial year ended 31 December 2008, the activities of the internal audit function included the following:-

- (a) reviewing and appraising the adequacy, effectiveness and integrity of internal control systems, policies, procedures and information technology functions of the significant entities of the Group;
- (b) reviewing and reporting on the extent of the Group's compliance with the provision set out under the Malaysian Code on Corporate Governance;
- (c) reviewing the risk management report on the risk profile of the Group and the adequacy and integrity of internal control system to manage these risks; and
- (d) ensuring the risk profiles are continually updated in line with the changes in the business environment and the controls are continuously monitored.

Statement By Audit Committee On The Group's Employees' Share Option Scheme ("ESOS")

(Pursuant to Paragraph 8.21A of the Listing Requirements of Bursa Securities)

During the financial year, there was no option offered to non-executive directors pursuant to the Group's ESOS.

Statement On Internal Control

Introduction

The Board of Directors (“the Board”) of Classic Scenic Berhad (“the Group”) recognises that it is the Board’s responsibility to review the adequacy and integrity of the Group’s system of internal control. The Board is committed to maintain and ensure that a system of internal control exists and operating effectively across the Group. The Board is pleased to provide this statement outlining the nature and scope of the internal control of the Group during the financial year pursuant to Paragraph 15.27(b) of the Listing Requirements of Bursa Malaysia Securities Bhd and compliance with Section 167A of the Companies Act, 1965.

Board Responsibilities

The Board acknowledges its responsibilities and reaffirms its commitment to recognise the importance of an effective system of internal control and risk management practices to enhance good corporate governance. In this respect, the Board is responsible for identifying principal risks, ensuring the implementation of appropriate systems to manage these risks and reviewing the adequacy and integrity of the Group’s systems of internal control. The system of internal control covers inter alia, governance, risk management, financial organisation, operational and compliance control. However the Board recognises that this system is designed to manage and control risk appropriately rather than eliminate the risks of failure to achieve the Group’s business objectives. Accordingly, these systems can only provide reasonable, but not absolute assurance against material misstatement of management and financial information and records or against financial losses or fraud.

The Board is of the view that the system of internal controls in place for the year under review and up to the date of issuance of the financial statements is sound and sufficient to safeguard the shareholders’ investment, the interests of customers, regulators and employees, and the Group’s assets.

The management assists the Board in the implementation of the Board’s policies and procedures on risk and control by identifying and assessing the risks faced, and in the design, operation and monitoring of suitable internal controls to mitigate and control these risks.

Risk Management

Risk management is embedded in the Group’s management systems. The Board together with the outsourced independent consultant has an established process for identifying, evaluating and managing the significant risks faced by the core business of the Group i.e. manufacturing of wooden picture frame mouldings and this process includes updating of the operational risk register and the system of internal controls when there are changes to business environment or regulatory guidelines. The outcome of the process is reviewed by the Board and accords with the guidelines for directors on internal control, the Statement on Internal Control: Guidance for Directors of Public Listed Companies.

The Board also relies largely on the close involvement of the Executive Directors of the Group in its daily operations. There are periodic reviews of operational and financial performance at Management, Audit Committee and Board Meetings. The Board and Management ensure that appropriate measures are taken to address any significant risks.

Key Internal Control Processes

The Board has considered the system of internal control in operation during the financial year and some of the key elements include the following:

- Business plan including annual budget is prepared for the Group. The Executive Committee and the Board of Directors review and approve the annual budget;
- Management accounts/reports are prepared and the actual performance compared with the budget is reviewed on a monthly basis with explanation of any major variances;
- The Executive Committee, comprising Executive Directors, meets monthly to review the financial performance of the Group to ensure that they are in line with the corporate objectives, strategies and annual budget. This Committee also formulates strategies, policies and code of practices to address changes in the business environment and risks ;

Statement On Internal Control (cont'd)

Key Internal Control Processes (cont'd)

- Board Committees, namely the Audit Committee, Executive Committee, ESOS Committee, Nomination Committee and Remuneration Committee have been established with defined terms of reference;
- Management organisation structure with reporting lines of accountability and authority have been defined and documented;
- Operational review meetings were held and attended by the Executive Directors and the departmental heads to identify, discuss and resolve key operational issues, to further improve its effectiveness;
- Code of Conduct and Standard Operating Procedures which include the ISO 9001:2000 Quality Management System for the core business of the Group are documented;
- There are proper procedures within the Group for hiring and termination of staff, formal training programmes for staff, annual performance appraisals and other relevant procedures in place to ensure that staff are competent and adequately trained in carrying out their responsibilities;
- ISO 9001:2000 Quality Management System has been implemented for the Group's core business. Internal quality audits are carried out by the management and a certification body. These audits are conducted semi-annually to provide assurance of compliance with the ISO 9001:2000 Quality Management System;
- The Audit Committee reviews the quarterly financial results, annual report, audited financial statements, Group's risk profile and internal control issues identified by the External Auditors, Internal Auditors and the management. The Audit Committee also monitors the implementation of the recommendations proposed by the External Auditors and Internal Auditors; and
- The outsourced internal audit function reviews the adequacy and integrity of the system of internal control and reports its findings to the Audit Committee on a quarterly basis. During the financial year, some areas of improvement to internal control were identified and addressed accordingly. Nevertheless, the identified weaknesses in the internal control have not resulted in any losses and/or require further disclosure in this Statement.

The Board recognises that the systems of internal control must continuously improve in line with the growth of the Group and evolving business environment. Therefore, the Board is committed to put in place adequate plans, where necessary, to continuously improve the Group's system of internal control.

This statement was made in accordance with a resolution of the Board dated 17 April 2009.

Additional Compliance Information

Utilisation Of Proceeds

The Company did not make any corporate proposal to raise proceed during the financial year ended 31 December 2008.

Share Buy-backs

During the financial year ended 31 December 2008, the Company bought back a total of 499,000 of its ordinary shares of RM0.50 each ("Cscenic Shares") which are listed on the Main Board of Bursa Malaysia Securities Berhad ("Bursa Securities") in the open market. The details of the Cscenic Shares bought back during the financial year were as follows:-

Monthly Breakdown	No. of Cscenic Shares Bought Back & Retained as Treasury	Buy Back Price Per Share (RM)			Average Cost Per Share (RM)	Total Cost (RM)
		Lowest	Highest	Average		
May	411,000	0.62	0.66	0.64	0.64	261,841.38
July	88,000	0.55	0.57	0.56	0.56	49,596.20

All the Cscenic Shares bought back during the financial year were held as treasury shares in accordance with Section 67A(3A)(b) of the Companies Act, 1965. As at 31 December 2008, a total of 499,000 Cscenic Shares were held as treasury shares. None of the treasury shares held were resold or cancelled during the financial year.

Options, Warrants Or Convertible Securities

During the financial year ended 31 December 2008, there were no options, warrants or convertibles securities issued.

American Depository Receipt ("ADR") Global Depository Receipt ("GDR") Programme

During the financial year ended 31 December 2008, the Company did not sponsor any ADR or GDR programmes.

Imposition Of Sanctions/Penalties

There was no sanctions/penalties imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies.

Non-audit Fees

The amount of non-audit fees payable to external auditors for the financial year ended 31 December 2008 amounted was RM7,000/-

Variation In Results

There were no material variance between the audited results for the financial year ended 31 December 2008 and the unaudited results previously announced.

Profit Guarantee

The Company did not issue any profit guarantee during the financial year ended 31 December 2008.

Material Contracts

There are no material contracts entered into by the Company and its subsidiary companies which involve directors' and major shareholders' interests either still subsisting at the end of the financial year ended 31 December 2008 or entered into since the end of previous financial year.

Revaluation Policy

The Group has no revaluation policy on landed properties.

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Financial statements annual report 2008

26 | Directors' Report • 31 | Balance Sheets • 32 | Income Statements • 33 | Statement Of Changes in Equity
34 | Cash Flow Statements • 36 | Notes To The Financial Statements • 66 | Statement By Directors
66 | Statutory Declaration • 67 | Independent Auditor's Report

Directors' Report

for the year ended 31 December 2008

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 December 2008.

Principal activities

The Company is principally engaged in investment holding, whilst the principal activities of its subsidiaries are as stated in Note 7 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

Results

	Group RM	Company RM
Profit attributable to:		
Equity holders of the Company	7,811,371	3,166,544
Minority interest	6,186	-
	7,817,557	3,166,544

Reserves and provisions

There were no material transfers to or from reserves and provisions during the year under review.

Dividends

Since the end of the previous financial year, the Company paid a first and final tax exempt dividend of 9% (4.5 sen) per ordinary share totalling RM5,403,993 in respect of the financial year ended 31 December 2007 on 20 August 2008.

The first and final tax exempt dividend recommended by the Directors in respect of the financial year ended 31 December 2008 is 6% (3 sen) per ordinary share totalling RM3,600,022.

Directors of the Company

Directors who served since the date of the last report are:

Lim Chee Keong
 Lim Chee Khoon
 Lim Chee Beng
 Lim Chee Hwa
 Tang Kam Chee
 Yeh Sau Tou
 Au Thin An @ Low Teen Ann

Directors' Report (cont'd)

Directors' interests

The interests and deemed interests in the ordinary shares of the Company and of its related corporations (other than wholly owned subsidiaries) of those who were Directors at year end (including the interests of the spouse or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares of RM0.50 each			At 31.12.2008
	At 1.1.2008	Bought	Sold	
Direct interest in the holding company				
Lim Ket Leng Holding Sdn. Bhd.				
Lim Chee Keong	24	-	-	24
Lim Chee Khoon	22	-	-	22
Lim Chee Hwa	11	-	-	11
Lim Chee Beng	11	-	-	11
Direct interest in the Company				
Tang Kam Chee	12,000	-	-	12,000
Yeh Sau Tou	74,400	-	-	74,400
Au Thin An @ Low Teen Ann				
- own	48,000	-	-	48,000
- others *	16,000	-	-	16,000
Deemed interest in the Company through				
Lim Ket Leng Holding Sdn. Bhd.				
Lim Chee Keong				
- own	75,701,929	-	-	75,701,929
- others *	606,400	28,000	-	634,400
Lim Chee Khoon				
- own	75,701,929	-	-	75,701,929
- others *	150,000	-	85,200	64,800

* Pah Khai Keow @ Peh Swee Chan is the spouse of Au Thin An @ Low Teen Ann. Chong Man Kiyau and Lim Jeng Dong is the spouse and son of Lim Chee Keong while Lim Boon Bing and Lim Sei Wei is the son and daughter of Lim Chee Khoon. In accordance with Section 134 (12)(c) of the Companies Act, 1965, the interests of Pah Khai Keow @ Peh Swee Chan, Chong Man Kiyau, Lim Jeng Dong, Lim Boon Bing and Lim Sei Wei in the shares of the Company and of its related corporations shall be treated as the interests of Au Thin An @ Low Teen Ann, Lim Chee Keong and Lim Chee Khoon.

By virtue of their interests in the shares of the Company, the above Directors are also deemed interested in the shares of the subsidiaries during the financial year to the extent that Classic Scenic Berhad has an interest.

None of the other Directors holding office at 31 December 2008 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

Directors' Report (cont'd)

Directors' interests (cont'd)

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by certain Directors as shown in the financial statements or the fixed salaries of full time employees of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a corporation in which the Director has a substantial financial interest.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate apart from the issue of the Employees' Share Option Scheme ("ESOS").

Issue of shares and debentures

During the financial year, no employees' share options were exercised.

There were no changes in the authorised, issued and paid-up capital of the Company during the financial year.

There were no debentures issued during the financial year.

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

Employees' Share Option Scheme

At an extraordinary general meeting held on 30 September 2004, the Company's shareholders approved the establishment of an ESOS for the eligible employees and Executive Directors of the Group to subscribe for new ordinary shares up to a maximum of 15% of the issued and paid-up share capital of the Company at any point in time during the tenure of the ESOS.

The options offered to take up unissued ordinary shares of RM0.50 each and the option price is as follow:

Date of offer	Number of options over ordinary shares of RM0.50 each				
	Option price RM	At 1.1.2008	Exercised	Lapsed	At 31.12.2008
28.10.2004	1.05	12,586,500	-	(476,100)	12,110,400

The salient features of the ESOS scheme are, inter alia, as follows:

- i) Eligible employees are those who must be at least eighteen (18) years of age and must be in the employment of the Group, work full time and must have been confirmed in service for at least one (1) year prior to the date of offer.
- ii) The option is personal to the grantee and is non-assignable and non-transferable.
- iii) The option price shall be determined based on the weighted average market price of the ordinary shares for the five (5) Market Days immediately preceding the Date of Offer subject to a discount of not more than ten per cent (10%), or at par value of the ordinary shares, whichever is higher.
- iv) The ESOS scheme shall be in force for a period of five (5) years from the date of commencement on 28 October 2004. However, an extension to the scheme may be affected by the Company upon recommendation of the Option Committee, subject to an aggregate duration of ten (10) years from the date of commencement.

Directors' Report (cont'd)

Options granted over unissued shares (cont'd)

Employees' Share Option Scheme (cont'd)

- v) No option shall be granted for less than one hundred (100) ordinary shares nor more than the maximum allowable allotment and shall be in multiples of one hundred (100) ordinary shares.

The persons to whom the options have been granted have no right to participate by virtue of the options in any share issue of any other company.

In respect of the offer of ESOS on 28 October 2004, the Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the name of option holders who have been granted options less than 250,000 shares. The name of option holders and the number of options granted which are 250,000 shares and above are set out below:

Name of employee	Option price RM	Date Of expiry	Number of options over ordinary shares of RM 0.50 each			
			At 1.1.2008	Granted	Exercised	At 31.12.2008
Lim Chee Keong	1.05	27.10.2009	1,800,000	-	-	1,800,000
Lim Chee Khoon	1.05	27.10.2009	1,800,000	-	-	1,800,000
Lim Chee Beng	1.05	27.10.2009	1,800,000	-	-	1,800,000
Lim Chee Hwa	1.05	27.10.2009	1,800,000	-	-	1,800,000
Lim Kwee Huay	1.05	27.10.2009	360,000	-	-	360,000

Other statutory information

Before the balance sheets and income statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) all current assets have been stated at the lower of cost and net realisable value.

At the date of this report, the Directors are not aware of any circumstances:

- i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the Group and in the Company financial statements misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

- i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

Directors' Report (cont'd)

Other statutory information (cont'd)

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the results of the operations of the Group and of the Company for the financial year ended 31 December 2008 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Auditors

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

.....
Lim Chee Keong

.....
Lim Chee Hwa

Petaling Jaya,

Date: 17 April 2009

Balance Sheets

as at 31 December 2008

	Note	Group		Company	
		2008 RM	2007 RM	2008 RM	2007 RM
Assets					
Property, plant and equipment	3	50,168,521	51,199,048	30,413	26,390
Intangible asset	4	878,181	878,181	-	-
Prepaid lease payments	5	339,904	343,536	-	-
Investment properties	6	1,556,160	1,039,333	-	-
Investment in subsidiaries	7	-	-	40,624,558	41,257,898
Amount due from subsidiaries	8	-	-	30,771,325	32,684,908
Total non-current assets		52,942,766	53,460,098	71,426,296	73,969,196
Receivables, deposits and prepayments	9	6,704,746	10,109,779	11,800	4,000
Inventories	10	26,938,494	25,885,923	-	-
Current tax assets		731,417	64,485	9,139	8,434
Cash and cash equivalents	11	8,714,507	5,743,782	44,104	46,379
Total current assets		43,089,164	41,803,969	65,043	58,813
Total assets		96,031,930	95,264,067	71,491,339	74,028,009
Equity					
Share capital	12	60,249,870	60,249,870	60,249,870	60,249,870
Treasury shares	12	(311,438)	-	(311,438)	-
Reserves		302,594	302,594	302,594	302,594
Retained earnings	12	28,879,269	26,471,891	11,171,196	13,408,645
Total equity attributable to equity holders of the Company		89,120,295	87,024,355	71,412,222	73,961,109
Minority interest		6,210	-	-	-
Total equity		89,126,505	87,024,355	71,412,222	73,961,109
Liabilities					
Deferred tax liabilities	13	3,805,689	4,123,920	-	-
Total non-current liabilities		3,805,689	4,123,920	-	-
Payables and accruals	14	3,091,739	3,918,270	79,117	66,900
Current tax liabilities		7,997	197,522	-	-
Total current liabilities		3,099,736	4,115,792	79,117	66,900
Total liabilities		6,905,425	8,239,712	79,117	66,900
Total equity and liabilities		96,031,930	95,264,067	71,491,339	74,028,009

The notes on pages 36 to 65 are an integral part of these financial statements.

Income Statements

for the year ended 31 December 2008

	Note	Group		Company	
		2008 RM	2007 RM	2008 RM	2007 RM
Revenue	15	47,409,068	57,326,902	4,000,000	16,800,000
Cost of sales		(31,432,753)	(36,779,789)	-	-
Gross profit		15,976,315	20,547,113	4,000,000	16,800,000
Other income		49,085	59,940	-	-
Distribution expenses		(1,413,540)	(1,741,270)	-	-
Administrative expenses		(3,209,512)	(3,193,474)	(146,028)	(137,510)
Other expenses		(3,280,009)	(2,579,294)	(688,916)	(81,439)
Operating profit	16	8,122,339	13,093,015	3,165,056	16,581,051
Interest income		90,953	81,619	1,488	1,934
Finance costs	17	-	(7,899)	-	-
Profit before tax		8,213,292	13,166,735	3,166,544	16,582,985
Tax expense	19	(395,735)	(1,857,604)	-	(4,536,000)
Profit for the year		7,817,557	11,309,131	3,166,544	12,046,985
Attributable to:					
Equity holders of the Company		7,811,371	11,309,131	3,166,544	12,046,985
Minority interest		6,186	-	-	-
		7,817,557	11,309,131	3,166,544	12,046,985
Basic earnings per ordinary share (sen)	20	6.50	9.39		
Diluted earnings per ordinary share (sen)	20	N/A	8.80		

The notes on pages 36 to 65 are an integral part of these financial statements.

Statements Of Changes In Equity

for the year ended 31 December 2008

Group	Note	←----- Non-distributable -----→		Distributable		Total equity RM	
		Share capital RM	Share premium RM	Treasury shares RM	Retained earnings RM		Minority interest RM
At 1 January 2007		60,184,470	230,654	-	20,585,248	-	81,000,372
ESOS exercised		65,400	71,940	-	-	-	137,340
Dividends to shareholders	21	-	-	-	(5,422,488)	-	(5,422,488)
Profit for the year		-	-	-	11,309,131	-	11,309,131
At 31 December 2007 / 1 January 2008		60,249,870	302,594	-	26,471,891	-	87,024,355
Treasury shares		-	-	(311,438)	-	-	(311,438)
Acquisition of a subsidiary		-	-	-	-	24	24
Dividends to shareholders	21	-	-	-	(5,403,993)	-	(5,403,993)
Profit for the year		-	-	-	7,811,371	6,186	7,817,557
At 31 December 2008		60,249,870	302,594	(311,438)	28,879,269	6,210	89,126,505
	Note 12			Note 12	Note 12		
Company							
At 1 January 2007		60,184,470	230,654	-	6,784,148	-	67,199,272
ESOS exercised		65,400	71,940	-	-	-	137,340
Dividends to shareholders	21	-	-	-	(5,422,488)	-	(5,422,488)
Profit for the year		-	-	-	12,046,985	-	12,046,985
At 31 December 2007 / 1 January 2008		60,249,870	302,594	-	13,408,645	-	73,961,109
Treasury shares		-	-	(311,438)	-	-	(311,438)
Dividends to shareholders	21	-	-	-	(5,403,993)	-	(5,403,993)
Profit for the year		-	-	-	3,166,544	-	3,166,544
At 31 December 2008		60,249,870	302,594	(311,438)	11,171,196	-	71,412,222
	Note 12			Note 12	Note 12		

The notes on pages 36 to 65 are an integral part of these financial statements.

Cash Flow Statements

for the year ended 31 December 2008

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Cash flows from operating activities				
Profit before tax	8,213,292	13,166,735	3,166,544	16,582,985
Adjustments for:				
Amortisation of prepaid lease payments	3,632	3,632	-	-
Depreciation of property, plant and equipment	2,677,633	2,458,825	2,277	1,550
Depreciation of investment property	7,009	5,200	-	-
Interest expenses	-	7,899	-	-
Gain on disposal of plant and equipment	(24,084)	(26,562)	-	-
Interest income	(90,953)	(81,619)	(1,488)	(1,934)
Unrealised foreign exchange losses	335,816	117,398	-	-
Gain on disposal of investment property	-	(33,378)	-	-
Impairment loss on investment in subsidiaries	-	-	633,416	-
Allowance for doubtful debts	11,218	-	-	-
Operating profit before changes in working capital	11,133,563	15,618,130	3,800,749	16,582,601
Changes in working capital:				
Inventories	(1,052,571)	(3,848,266)	-	-
Payables and accruals	(808,410)	1,111,579	12,217	2,800
Receivables, deposits and prepayments	3,039,878	(1,832,273)	(7,800)	7,000
Cash generated from operations	12,312,460	11,049,170	3,805,166	16,592,401
Tax paid	(1,570,423)	(2,089,844)	(705)	(4,536,000)
Interest received	90,953	81,619	1,488	1,934
Net cash generated from operating activities	10,832,990	9,040,945	3,805,949	12,058,335

Cash Flow Statements for the year ended 31 December 2008 (cont'd)

Notes	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Cash flows from investing activities				
Acquisition of property, plant and equipment	(2,235,108)	(4,384,908)	(6,300)	(27,940)
Proceeds from disposal of plant and equipment	88,250	171,100	-	-
Proceeds from disposal of investment property	-	3,184,378	-	-
Acquisition of a subsidiary, net of cash acquired	24	-	(76)	-
Repayment from / (Advances to) subsidiaries	-	-	1,913,583	(6,932,568)
Net cash (used in) / generated from investing activities	(2,146,834)	(1,029,430)	1,907,207	(6,960,508)
Cash flows from financing activities				
Proceeds from issuance of shares	-	137,340	-	137,340
Interest paid	-	(7,899)	-	-
Repurchase of shares	(311,438)	-	(311,438)	-
Dividends paid to shareholders	(5,403,993)	(5,422,488)	(5,403,993)	(5,422,488)
Net cash used in financing activities	(5,715,431)	(5,293,047)	(5,715,431)	(5,285,148)
Net increase / (decrease) in cash and cash equivalents	2,970,725	2,718,468	(2,275)	(187,321)
Cash and cash equivalents at 1 January	5,743,782	3,025,314	46,379	233,700
Cash and cash equivalents at 31 December	(i) 8,714,507	5,743,782	44,104	46,379

Note to cash flow statements

(i) Cash and cash equivalents

Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:

Cash and bank balances	2,392,551	2,108,210	21,153	24,915
Short term funds	6,321,956	3,635,572	22,951	21,464
	8,714,507	5,743,782	44,104	46,379

The notes on pages 36 to 65 are an integral part of these financial statements.

Notes To The Financial Statements

Classic Scenic Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Board of Bursa Malaysia Securities Berhad. The addresses of its registered office and principal place of business are as follows:

Registered office

Lot 4.100 4th Floor
Wisma Central
Jalan Ampang
50450 Kuala Lumpur

Principal place of business

Lot 9,10,11,12 & 13, Jalan RP3
Rawang Industrial Estate
Taman Rawang Perdana
48000 Rawang
Selangor Darul Ehsan

The consolidated financial statements of the Company as at and for the year ended 31 December 2008 comprise the Company and its subsidiaries (together referred to as the Group). The financial statements of the Company as at and for the year ended 31 December 2008 do not include other entities.

The Company is principally engaged in investment holding whilst the principal activities of the subsidiaries are as stated in Note 7.

The immediate holding and ultimate holding company during the financial year is Lim Ket Leng Holding Sdn. Bhd., a company incorporated in Malaysia.

The financial statements were approved by the Board of Directors on 17 April 2009.

Notes To The Financial Statements (cont'd)

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards (FRSs), accounting principles generally accepted and the Companies Act, 1965 in Malaysia. These financial statements also comply with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad.

The Group and the Company have not applied the following accounting standards (including their consequential amendments) and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective:

FRSs / Interpretations	Effective date
FRS 4, Insurance Contracts	1 January 2010
FRS 7, Financial Instruments: Disclosures	1 January 2010
FRS 8, Operating Segment	1 July 2009
FRS 139, Financial Instruments: Recognition and Measurement	1 January 2010
IC Interpretation 9, Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10, Interim Financial Reporting and Impairment	1 January 2010

The Group and the Company plan to apply the abovementioned FRSs / Interpretations from the annual period beginning 1 January 2010.

The impact of applying FRS 4, FRS 7 and FRS 139 on the financial statements upon first adoption as required by paragraph 30(b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed by virtue of the exemptions given in the respective FRSs.

The initial application of the other standards (and their consequential amendments) and interpretations is not expected to have any material impact on the financial statements of the Group.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except as disclosed in the notes to the financial statements.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (RM), which is the Company's functional currency.

Notes To The Financial Statements (cont'd)

1. Basis of preparation (cont'd)

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgments in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than as disclosed in the following notes:

- Note 4 - measurement of the recoverable amounts of cash-generating units
- Note 6 - investment properties

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, and have been applied consistently by Group entities, unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Group. Control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. Subsidiaries are consolidated using the purchase method of accounting.

Under the purchase method of accounting, the financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investment in subsidiaries is stated in the Company's balance sheet at cost less impairment losses.

(ii) Minority interest

Minority interest at the balance sheet date, being the portion of the net identifiable assets of subsidiaries attributable to equity interests that are not owned by the Company, whether directly or indirectly through subsidiaries, are presented in the consolidated balance sheet and statement of changes in equity within equity, separately from equity attributable to the equity holders of the Company. Minority interest in the results of the Group are presented on the face of the consolidated income statement as an allocation of the total profit or loss for the year between minority interest and the equity holders of the Company.

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated with all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

Notes To The Financial Statements (cont'd)

2. Significant accounting policies (cont'd)

(a) Basis of consolidation (cont'd)

(iii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with subsidiaries are eliminated. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies are translated at exchange rates at the dates of the transactions except for those that are measured at fair value, which are retranslated to the functional currency at the exchange rate at the date that fair value was determined. Foreign currency differences arising on retranslation are recognised in the income statements.

(c) Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency risk exposures.

Forward foreign exchange contracts are accounted for on an equivalent basis as the underlying assets, liabilities or net positions. Any profit or loss arising is recognised on the same basis as that arising from the related assets, liabilities or net positions.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour and, for qualifying assets, borrowing costs are capitalised in accordance with the Group's accounting policy. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Notes To The Financial Statements (cont'd)

2. Significant accounting policies (cont'd)

(d) Property, plant and equipment (cont'd)

(i) Recognition and measurement (cont'd)

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the market prices for similar items.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" or "other expenses" respectively in the income statements.

(ii) Reclassification to investment property

Property that is being constructed for future use as investment property is accounted for as property, plant and equipment until construction or development is complete, at which time it is measured at cost and reclassified as investment property.

When the use of a property changes from owner-occupied to investment property, the property is measured at cost and reclassified as investment property.

(iii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statements as incurred.

(iv) Depreciation

Depreciation is recognised in the income statements on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

• factory buildings	50 years
• machineries, forklifts, plant and equipment	5 - 10 years
• office equipment, furniture and fittings and renovation	5 - 12 years
• motor vehicles	10 years
• computer equipment	3 years

Depreciation methods, useful lives and residual values are reassessed at the balance sheet date.

Notes To The Financial Statements (cont'd)

2. Significant accounting policies (cont'd)

(e) Prepaid lease payments

Leasehold land that normally has an indefinite economic life and title is not expected to pass to the lessee by the end of the lease term is treated as an operating lease. The payment made on entering into or acquiring a leasehold land is accounted as prepaid lease payments that are amortised over the lease term in accordance with the pattern of benefits provided except for leasehold land classified as investment property.

Payments made under operating leases are recognised in the income statements on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

(f) Intangible asset

Goodwill

Goodwill arises on business combination and is measured at cost less any accumulated impairment losses.

Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Any excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over the costs of acquisition is recognised immediately in the income statement.

Goodwill is tested for impairment annually and whenever there is an indication that it may be impaired.

(g) Investment properties

(i) Investment properties carried at cost

Investment properties are properties which are owned to earn rental income or for capital appreciation or for both. These include land (other than leasehold land) held for a currently undetermined future use. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than investment properties.

Investment properties are stated at cost less any accumulated depreciation and any accumulated impairment losses, consistent with the accounting policy for property, plant and equipment as stated in accounting policy note 2(d).

Depreciation is charged to the income statements on a straight-line basis over the estimated useful lives of 50 years for buildings. Freehold land is not depreciated.

(ii) Determination of fair value

The fair value is based on information on the latest transactions obtained from an external, independent valuation company, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued.

The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Significant assumptions in arriving at the fair value of investment properties are disclosed in Note 6.

Notes To The Financial Statements (cont'd)

2. Significant accounting policies (cont'd)

(h) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of work-in-progress and finished goods, cost includes an appropriate share of production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

The fair value of inventory acquired in a business combination is determined based on its estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventory.

(i) Receivables

Receivables are initially recognised at their cost when the contractual right to receive cash or another financial asset from another entity is established.

Subsequent to initial recognition, receivables are stated at cost less allowance for doubtful debts.

Receivables are not held for the purpose of trading.

(j) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances with banks and highly liquid investments which have an insignificant risk of changes in value.

(k) Impairment of assets

The carrying amounts of assets except for inventories, deferred tax assets and financial assets (other than investment in subsidiaries) are reviewed usually at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill that have indefinite useful lives, the recoverable amount is estimated usually at each reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statements. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (groups of units) on a pro rata basis.

Notes To The Financial Statements (cont'd)

2. Significant accounting policies (cont'd)

(k) Impairment of assets (cont'd)

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to the income statements in the year in which the reversals are recognised.

(l) Share capital

Shares issue expenses

Incremental costs directly attributable to the issue of shares and share options classified as equity are recognised as a deduction from equity.

Purchase of share capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity and is not re-valued for subsequent changes in the fair value or market price of shares. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity.

Where treasury shares are distributed as share dividends, the cost of the treasury shares is applied in the reduction of the share premium account or distributable reserves, or both.

Where treasury shares are reissued by re-sale in the open market, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

(m) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related services is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Group's contribution to the statutory pension fund is charged to the income statements in the year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(ii) Share-based payment transactions

The share option programme allows Group employees to acquire shares of the Company. The grant date fair value of share options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the options.

Notes To The Financial Statements (cont'd)

2. Significant accounting policies (cont'd)

(n) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be insurance arrangements, and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

(o) Payables

Payables are measured initially and subsequently at cost. Payables are recognised when there is a contractual obligation to deliver cash or another financial asset to another entity.

(p) Revenue recognition

(i) Goods sold

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances and trade discounts. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

(ii) Rental income

Rental income from investment property is recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income over the term of the lease.

(iii) Dividend income

Dividend income is recognised when the right to receive payment is established.

(q) Interest income and borrowing costs

Interest income is recognised as it accrues, using the effective interest method.

All borrowing costs are recognised in the income statement, using the effective interest method, in the period in which they are incurred except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use.

Notes To The Financial Statements (cont'd)

2. Significant accounting policies (cont'd)

(r) Tax expense

Tax expense comprises current and deferred tax. Tax expense is recognised in the income statements except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit (tax loss). Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax liability is recognised for all taxable temporary differences.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(s) Earnings per ordinary share

The Group presents basic and diluted earnings per ordinary share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary equity holders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprises share options granted to employees.

(t) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environmental (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Notes To The Financial Statements (cont'd)

3. Property, plant and equipment

Group	Freehold land RM	Factory buildings RM	Machineries, forklifts, plant and equipment RM	Office equipment, furniture and fittings and renovation RM	Motor vehicles RM	Computer equipment RM	Construction in-progress RM	Total RM
Cost								
At 1 January 2007	16,210,622	21,318,182	16,187,890	1,275,897	3,250,798	359,567	493,636	59,096,592
Additions	-	60,000	1,337,997	157,229	104,828	48,977	2,675,877	4,384,908
Disposals	-	-	(89,600)	(3,200)	(212,813)	-	-	(305,613)
Transfer	-	542,836	-	-	-	-	(542,836)	-
At 31 December 2007 / 1 January 2008	16,210,622	21,921,018	17,436,287	1,429,926	3,142,813	408,544	2,626,677	63,175,887
Additions	-	319,272	933,881	102,883	70,278	146,566	662,228	2,235,108
Disposals	-	-	(18,050)	-	(144,500)	-	-	(162,550)
Transfer	-	3,288,905	-	-	-	-	(3,288,905)	-
Transfer to investment properties	-	(542,836)	-	-	-	-	-	(542,836)
At 31 December 2008	16,210,622	24,986,359	18,352,118	1,532,809	3,068,591	555,110	-	64,705,609
Depreciation								
At 1 January 2007	-	2,088,728	5,067,396	584,719	1,658,947	279,299	-	9,679,089
Depreciation for the year	-	455,577	1,640,148	121,489	184,106	57,505	-	2,458,825
Disposals	-	-	(45,638)	(3,200)	(112,237)	-	-	(161,075)
At 31 December 2007 / 1 January 2008	-	2,544,305	6,661,906	703,008	1,730,816	336,804	-	11,976,839
Depreciation for the year	-	499,971	1,793,262	134,611	179,971	69,818	-	2,677,633
Disposals	-	-	(10,520)	-	(87,864)	-	-	(98,384)
Transfer to investment properties	-	(19,000)	-	-	-	-	-	(19,000)
At 31 December 2008	-	3,025,276	8,444,648	837,619	1,822,923	406,622	-	14,537,088
Carrying amounts								
At 1 January 2007	16,210,622	19,229,454	11,120,494	691,178	1,591,851	80,268	493,636	49,417,503
At 31 December 2007 / 1 January 2008	16,210,622	19,376,713	10,774,381	726,918	1,411,997	71,740	2,626,677	51,199,048
At 31 December 2008	16,210,622	21,961,083	9,907,470	695,190	1,245,668	148,488	-	50,168,521

Notes To The Financial Statements (cont'd)

3. Property, plant and equipment (cont'd)

Company	Office equipment RM
Cost	
At 1 January 2007 / 31 December 2007 / 1 January 2008	27,940
Additions	6,300
At 31 December 2008	<u>34,240</u>
Depreciation	
At 1 January 2007 / 31 December 2007 / 1 January 2008	1,550
Depreciation for the year	2,277
At 31 December 2008	<u>3,827</u>
Carrying amount	
At 1 January 2007 / 31 December 2007 / 1 January 2008	26,390
At 31 December 2008	<u>30,413</u>

3.1 Construction in-progress

	2008 RM	Group 2007 RM
Factory building	-	<u>2,626,677</u>

3.2 Factory buildings

Included in factory buildings of the Group are warehouse buildings costing RM975,520 (2007 - RM1,518,356) situated on Temporary Occupation Land (TOL) and the licenses for the TOL is renewable yearly. The subsidiaries are in the process of applying for separate document of titles for the warehouse buildings costing RM975,520. One of the warehouse buildings costing RM542,836 was transferred to investment property during the year.

4. Intangible asset

	2008 RM	Group 2007 RM
Goodwill		
Cost		
At 1 January / 31 December	878,181	878,181
Carrying amount		
At 31 December	<u>878,181</u>	<u>878,181</u>

Notes To The Financial Statements (cont'd)

4. Intangible asset (cont'd)

4.1 Impairment testing for cash-generating units containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's manufacturing division which represents the lowest level within the Group at which the goodwill is monitored for internal management purposes.

The recoverable amount for the above was based on its value in use and was determined by discounting the future cash flows generated from the continuing use of those units and was based on the following key assumptions:

- Cash flows were projected based on actual operating results and a 5-year projection.
- Revenue was projected flat for the first 2 years and at an anticipated annual revenue growth of 5% per annum for the remaining 3 years.
- Effective tax rates were projected to be 8% for the first 2 years and 25% for the remaining 3 years after taking into consideration the pioneer status granted to a subsidiary company, Finesse Moulding (M) Sdn. Bhd. which will expire in January 2011.
- A discount rate of 7.2% (2007: 8%) was applied in determining the recoverable amount of the unit. The discount rate was estimated based on the Group's existing rate of borrowings.

The values assigned to the key assumptions represent management's assessment of future trends in the industry and based on both external sources and internal sources (historical data).

The above estimates are not particularly sensitive in any area.

5. Prepaid lease payments

	Group Unexpired lease period of more than 50 years	
Leasehold land	2008	2007
	RM	RM
Cost		
At 1 January / 31 December	350,800	350,800
Amortisation		
At 1 January	7,264	3,632
Amortisation for the year	3,632	3,632
At 31 December	10,896	7,264
Carrying amount		
At 31 December	339,904	343,536

Notes To The Financial Statements (cont'd)

6. Investment properties

	Note	Group	
		2008 RM	2007 RM
Cost			
At 1 January		1,338,000	4,489,000
Transfer from property, plant and equipment	3	542,836	-
Disposal		-	(3,151,000)
At 31 December		1,880,836	1,338,000
Depreciation and impairment loss			
Accumulated depreciation		8,667	3,467
Accumulated impairment loss		290,000	290,000
At 1 January		298,667	293,467
Depreciation for the year		7,009	5,200
Transfer from property, plant and equipment	3	19,000	-
Accumulated depreciation		34,676	8,667
Accumulated impairment loss		290,000	290,000
At 31 December		324,676	298,667
Carrying amount			
At 31 December		1,556,160	1,039,333
Included above are:			
Freehold land		788,000	788,000
Building		768,160	251,333
		1,556,160	1,039,333
Fair value			
At 31 December	6.1	2,338,493	1,284,218

The following are recognised in the income statement in respect of investment properties:

	Group	
	2008 RM	2007 RM
Rental income	-	69,968
Direct operating expenses		
- income generating investment properties	-	(9,713)
- non-income generating investment properties	(7,701)	(4,385)

Notes To The Financial Statements (cont'd)

6. Investment properties (cont'd)

6.1 The fair value is based on information on the latest transactions obtained from an external independent valuation company, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued except for a piece of freehold land and a leasehold building amounting to RM1,103,004 and RM630,000 respectively were obtained based on Directors' informal enquiries made with a registered valuer.

6.2 Included in the investment properties of the Group is a warehouse building costing RM542,836 (2007 – Nil) situated on Temporary Occupation Land (TOL) and the license for the TOL is renewable yearly. The subsidiary is in the process of applying for separate document of title for the warehouse building.

7. Investment in subsidiaries

	Group	
	2008 RM	2007 RM
Unquoted shares, at cost	41,257,974	41,257,898
Less: Impairment loss	(633,416)	-
	40,624,558	41,257,898

Details of the subsidiaries are as follows:

Name of company	Principal activities	Country of incorporation	Effective interest ownership	
			2008	2007
Finesse Moulding (M) Sdn. Bhd.	Manufacture of wooden picture frame moulding	Malaysia	100%	100%
Scenic Moulding (M) Sdn. Bhd.*	Property holding and rental of properties	Malaysia	100%	100%
Classic Frame Moulding (M) Sdn. Bhd	Dormant	Malaysia	100%	100%
Lim Ket Leng Realty Sdn. Bhd.	Property holding and rental of properties	Malaysia	100%	100%
Lim Ket Leng Timber Sdn. Bhd.	Manufacture of timber products	Malaysia	100%	100%
Lim Ket Leng Marketing Sdn. Bhd.	Marketing of timber-related products	Malaysia	100%	100%
CScenic Agro Marketing Sdn. Bhd. (formerly known as CScenic Marketing Sdn. Bhd.)	Trading and marketing of herbs products, spices and food related products	Malaysia	76%	-

* In 2007, this subsidiary ceased operation and changed its principal activity from manufacture of wooden picture frame to property holding and rental of properties.

Notes To The Financial Statements (cont'd)

8. Amount due from subsidiaries

	Group	
	2008 RM	2007 RM
Non-trade	30,771,325	32,684,908

The amount due from subsidiaries is unsecured, interest free and is not expected to be repaid within the next 12 months.

9. Receivables, deposits and prepayments

	Note	Group		Company	
		2008 RM	2007 RM	2008 RM	2007 RM
Current Trade					
Trade receivables	9.1	4,691,070	6,067,002	-	-
Less: Allowance for doubtful debts		(11,218)	-	-	-
		4,679,852	6,067,002	-	-
Non-trade					
Other receivables, deposits and prepayments	9.2	2,024,894	4,042,777	11,800	4,000
		6,704,746	10,109,779	11,800	4,000

9.1 The currency exposure profile of trade receivables denominated in Ringgit Malaysia equivalent is as follow:

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Ringgit Malaysia	979,724	501,148	-	-
U.S. Dollar	3,195,465	4,932,337	-	-
Euro Dollar	461,588	552,303	-	-
Singapore Dollar	43,075	47,365	-	-
Japanese Yen	-	33,849	-	-
	4,679,852	6,067,002	-	-

9.2 Included in other receivables, deposits and prepayments of the Group is advance payment of invoices to suppliers amounting to RM1,135,812 (2007 - RM2,740,060).

Notes To The Financial Statements (cont'd)

10. Inventories

	Group	
	2008 RM	2007 RM
At cost:		
Raw materials	19,850,959	18,978,161
Work-in-progress	5,174,847	5,002,075
Finished goods	1,912,688	1,905,687
	26,938,494	25,885,923

11. Cash and cash equivalents

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Cash and bank balances	2,392,551	2,108,210	21,153	24,915
Short term funds				
- redeemable at call	1,430,699	1,846,743	22,951	21,464
- redeemable upon 7 days notice	4,891,257	1,788,829	-	-
	8,714,507	5,743,782	44,104	46,379

12. Capital and reserves

Share Capital	Group and Company			
	Amount 2008 RM	Number of shares 2008 RM	Amount 2007 RM	Number of shares 2007 RM
Authorised:				
Ordinary shares of RM0.50 each	100,000,000	200,000,000	100,000,000	200,000,000
Issued and fully paid:				
Ordinary shares of RM0.50 each				
On issue at 1 January	60,249,870	120,499,740	60,184,470	120,368,940
Issue of shares under the Employees' Share Option Scheme	-	-	65,400	130,800
At 31 December	60,249,870	120,499,740	60,249,870	120,499,740

Notes To The Financial Statements (cont'd)

12. Capital and reserves (cont'd)

Treasury shares

The shareholders of the Company, by a special resolution passed in a general meeting held on 10 June 2008, approved the Company's plan to repurchase its own shares. The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interest of the Company and its shareholders.

For the financial year ended 31 December 2008, the Company repurchased 499,000 ordinary shares of its issued share capital from the open market at an average price of RM0.62 per ordinary share. The total consideration paid was RM311,438. The repurchase transactions were financed by internally generated funds. The shares repurchased are retained as treasury shares.

Retained earnings (Distributable)

Subject to agreement by the Inland Revenue Board, the Company has sufficient Section 108 tax credit and tax exempt income to frank all of its distributable retained earnings at 31 December 2008 if paid out as dividends.

The Financial Act 2007 introduced a single tier company income tax system with effect from year of assessment 2008. As such, the Section 108 tax credit as at 31 December 2008 will be available to the Company until such time the credit is fully utilised or upon expiry of the six-year transitional period on 31 December 2013, whichever is earlier.

Share-based payments

On 30 September 2004, the shareholders approved the Employees' Share Option Scheme (ESOS) that entitles all qualified personnel to purchase shares in the Company. On 28 October 2004, a grant of option was offered to the employees. In accordance with the ESOS Scheme, options are exercisable at the option price of RM1.05 per ordinary share.

The recognition and measurement principles in FRS 2 have not been applied to these grants as they were granted prior to the specific date of FRS 2.

Movements in the number of share options held are as follows:

	Group	
	2008	2007
	RM	RM
At 1 January	12,586,500	13,172,100
Exercised	-	(130,800)
Lapsed	(476,100)	(454,800)
At 31 December	12,110,400	12,586,500

Details of share options granted:

Expiry date	27 October 2009
Exercise price per ordinary share	RM1.05

Notes To The Financial Statements (cont'd)

13. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities (before offsetting) are attributable to the following:

Group	Assets		Liabilities		Net	
	2008 RM	2007 RM	2008 RM	2007 RM	2008 RM	2007 RM
Property, plant and equipment	-	-	3,320,791	4,169,537	3,320,791	4,169,537
Other temporary differences	(235,533)	(45,617)	720,431	-	484,898	(45,617)
Tax (assets) / liabilities	(235,533)	(45,617)	4,041,222	4,169,537	3,805,689	4,123,920
Set off of tax	235,533	45,617	(235,533)	(45,617)	-	-
Net tax (assets) / liabilities	-	-	3,805,689	4,123,920	3,805,689	4,123,920

Movement in taxable / (deductible) temporary differences during the year is as follow:

Group	Property, plant and equipment RM	Other temporary difference RM	Total RM
At 1 January 2007	4,386,037	(34,131)	4,351,906
Recognised in income statement	(216,500)	(11,486)	(227,986)
At 31 December 2007 / 1 January 2008	4,169,537	(45,617)	4,123,920
Recognised in income statement	(848,746)	530,515	(318,231)
At 31 December 2008	3,320,791	484,898	3,805,689

Notes To The Financial Statements (cont'd)

14. Payables and accruals

	Note	Group		Company	
		2008 RM	2007 RM	2008 RM	2007 RM
Trade					
Trade payables		1,094,213	1,622,623	-	-
Non-trade					
Other payables and accruals	14.1	1,997,526	2,295,647	79,117	66,900
		3,091,739	3,918,270	79,117	66,900

14.1 Included in other payables and accruals of the Group is advance for sales order received from customers of RM362,654 (2007 - RM174,396)

15. Revenue

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Sales	47,409,068	57,256,934	-	-
Dividend income	-	-	4,000,000	16,800,000
Rental income from investment property	-	69,968	-	-
	47,409,068	57,326,902	4,000,000	16,800,000

Notes To The Financial Statements (cont'd)

16. Operating profit

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Operating profit is arrived at after charging:				
Amortisation of prepaid lease payments	3,632	3,632	-	-
Allowance for doubtful debts	11,218	-	-	-
Auditors' remuneration:				
Audit services				
- current year	69,000	63,000	12,000	12,000
- under provision in prior year	-	8,000	-	2,000
Other auditor:				
- under provision in prior year	-	4,600	-	-
Depreciation of property, plant and equipment	2,677,633	2,458,825	2,277	1,550
Depreciation of investment properties	7,009	5,200	-	-
Loss on foreign exchange				
- realised	389,376	224,378	-	-
- unrealised	335,816	117,398	-	-
Personnel expenses (including key management personnel):				
- contribution to Employee's Provident Fund	618,827	635,300	-	-
- wages, salaries and others	9,488,578	10,444,349	-	-
Rental expenses on property leases	-	65,000	-	-
Impairment loss on investment in subsidiaries	-	-	633,416	-
and after crediting:				
Gain on disposal of investment property	-	33,378	-	-
Dividend income from subsidiaries (unquoted)	-	-	4,000,000	16,800,000
Gain on disposal of plant and equipment	24,084	26,562	-	-
Rental income from investment property	-	69,968	-	-

Notes To The Financial Statements (cont'd)

17. Finance costs

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Bankers' acceptances	-	7,899	-	-

18. Key management personnel compensation

The key management personnel compensations are as follows:

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Directors emoluments:				
Fees				
- Company Directors	36,000	24,000	36,000	24,000
Remuneration				
- Company Directors	1,394,996	1,447,600	-	-
- Subsidiary's director	26,880	-	-	-
Other short term employee benefits (including estimated monetary value of benefits-in-kind)	121,750	120,750	19,500	18,500
	1,579,626	1,592,350	55,500	42,500
Other key management personnel:				
- Remuneration	422,258	608,891	-	-
Other short term employee benefits (including estimated monetary value of benefits-in-kind)	23,725	23,850	-	-
	445,983	632,741	-	-
	2,025,609	2,225,091	55,500	42,500

Other key management personnel comprises persons other than the Directors of Group entities, having authority and responsibility for planning, directing and controlling the activities of the entity either directly or indirectly.

Notes To The Financial Statements (cont'd)

19. Tax expense

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Current tax expense				
Malaysian - current year	730,455	1,189,768	-	4,536,000
- prior year	(16,489)	895,822	-	-
	713,966	2,085,590	-	4,536,000
Deferred tax (reversal) / expense				
- Origination and reversal of temporary differences	(214,429)	-	-	-
- Prior year	(103,802)	(227,986)	-	-
	395,735	1,857,604	-	4,536,000
Reconciliation of effective tax expense				
Profit before tax	8,213,292	13,166,735	3,166,544	16,582,985
Income tax using Malaysian tax rate at 26% (2007 - 27%)	2,135,456	3,555,018	823,301	4,477,406
Effect of lower tax rate for subsidiaries *	(68,093)	(157,955)	-	-
Effect of change in tax rate **	1,325	(79,585)	941	-
Non-deductible expenses	48,740	273,410	216,145	58,594
Tax exempt income	(1,426,852)	(2,589,435)	(1,040,387)	-
Double deduction	(174,548)	(39,671)	-	-
	516,028	961,782	-	4,536,000
Prior year	(120,293)	895,822	-	-
	395,735	1,857,604	-	4,536,000

* With effect from year of assessment 2004, companies with paid-up capital of RM2.5 million and below at the beginning of the basis period for a year of assessment are subject to corporate tax at 20% on chargeable income up to RM500,000. Chargeable income in excess of RM500,000 will be taxed at corporate tax rate.

** The corporate tax rates are 27% for year of assessment 2007, 26% for year of assessment 2008 and 25% for the subsequent years of assessment. Consequently, deferred tax assets and liabilities are measured using these tax rates.

Notes To The Financial Statements (cont'd)

20. Earnings per ordinary share

The calculation of basic earnings per ordinary share is based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding calculated as follows:

	2008 RM	Group 2007 RM
Profit for the year attributable to shareholders	7,811,371	11,309,131

Weighted average number of ordinary shares

	2008 RM	Group 2007 RM
Issued ordinary shares at beginning of the year	120,499,740	120,368,940
Effect of treasury shares held	(318,000)	-
Shares issued	-	98,100
Weighted average number of ordinary shares	120,181,740	120,467,040

	2008 RM	Group 2007 RM
Basic earnings per ordinary share	6.50	9.39

Diluted earnings per ordinary share

In 2008, the effect on the basic earnings per ordinary share arising from the assumed exercise of ESOS is anti-dilutive. Accordingly, diluted earnings per ordinary share have not been presented.

The calculation of diluted earnings per ordinary share at 31 December 2007 was based on profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows:

	Group 2007 RM
Profit for the year attributable to shareholders	11,309,131
Interest income resulting from conversion of ESOS	396,475
Weighted average number of ordinary shares	11,705,606

Notes To The Financial Statements (cont'd)

20. Earnings per ordinary share (cont'd)

Diluted earnings per ordinary share (cont'd)

Weighted average number of ordinary shares diluted

	Group 2007 RM
Weighted average number of ordinary shares at 31 December	120,467,040
Effect of share options on issue	12,586,500
	<hr/>
Weighted average number of ordinary shares (diluted) at 31 December	133,053,540

Diluted earnings per ordinary share

	Group 2007 Sen
Diluted earnings per ordinary share	8.80

21. Dividends

Dividends recognised in the current year by the Company are:

	Sen Per ordinary share RM	Total amount RM	Date of Payment RM
2008			
First and final 2007 ordinary	4.5	5,403,993	20 August 2008
2007			
First and final 2006 ordinary	4.5	5,422,488	31 July 2007

After the balance sheet date, the following dividend was proposed by the Directors. The dividend will be recognised in subsequent financial reports upon approval by the shareholders.

	Sen Per ordinary share RM	Total amount RM
First and final ordinary	3.0	3,600,022

Notes To The Financial Statements (cont'd)

22. Segment reporting

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly interest-earning assets and revenue, interest-bearing loans, borrowings and expenses, and corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

Business segments

The business segments of the Group mainly comprise manufacturing and sales of wooden picture frame moulding, wooden pallet and other timber products, investment holding and trading of foods related products.

Business segmental information has not been prepared as the Group's revenue operating profit, assets employed, liabilities, depreciation and amortisation, and non-cash expenses are mainly confined to one business segment.

Geographical segments

The manufacturing and investment holding segments are operated solely in Malaysia. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers while segment assets are based on the geographical location of assets.

Notes To The Financial Statement (cont'd)

22. Segment reporting (cont'd)

	North America RM	Australia RM	Asia (Ex- Malaysia) RM	Malaysia RM	Europe RM	Consolidated RM
Geographical segments						
2008						
Revenue from external customers by location of customers	34,575,538	4,780,682	2,425,040	3,023,063	2,604,745	47,409,068
Segment assets by location of assets	-	-	-	95,300,513	-	95,300,513
Capital expenditure by location of assets	-	-	-	2,235,108	-	2,235,108
2007						
Revenue from external customers by location of customers	43,940,611	4,893,187	2,204,236	2,791,967	3,496,901	57,326,902
Segment assets by location of assets	-	-	-	95,199,582	-	95,199,58
Capital expenditure by location of assets	-	-	-	4,384,908	-	4,384,908

24. Financial instruments

Exposure to credit, interest rate and currency risks arises in the normal course of the Group's business. Derivative financial instruments are partially used to hedge exposure to fluctuations in foreign exchange rates.

Credit risk

In mitigating this risk, the management carries a continuing review over the Group's exposure to credit risk, which is monitored on an ongoing basis via credit management procedures. In addition, advances from sales order are collected from new and existing customers on a selective basis upon management consideration in order to reduce the credit risk arising there from.

As at 31 December 2008, approximately 49% (2007 - 54%) of the Group's trade receivables were due from five (2007 - five) major customers. Trade receivables balance from those major customers amounted to RM2,311,654 (2007 - RM3,248,190).

At balance sheet date, the maximum exposure to credit risk was represented by the carrying amount of each financial asset.

Notes To The Financial Statements (cont'd)

24. Financial instruments (cont'd)

Interest rate risk

The Group's exposure to interest rate risk mainly arises through its short-term funds. The Group does not hedge its interest rate risk.

Effective interest rates and repricing analysis

In respect of interest-earning financial assets, the following table indicates their average effective interest rates at the balance sheet date and the period in which they mature, or if earlier, reprice.

Group	Average effective interest rate per annum %	Total amount RM	Less than 1 year
2008			
Short term funds	2.7	6,321,956	6,321,956
2007			
Short term funds	2.8	3,635,572	3,635,572
Company			
2008			
Short term funds	2.7	22,951	22,951
2007			
Short term funds	2.8	21,464	21,464

Liquidity risk

In the management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in the cash flows.

Foreign currency risk

Foreign currency risk arises on sales and purchases that are denominated in a currency other than Ringgit Malaysia. The currencies giving rise to this risk are U.S. Dollar, Euro Dollar, Singapore Dollar and Japanese Yen.

During the financial year, U.S. Dollar transactions exposures are partially hedged with derivative financial instrument such as forward foreign exchange contracts. The Directors monitor the Group's exposure to foreign currency risk on an ongoing basis.

Fair values

The carrying amounts of cash and cash equivalents, receivables, deposits and prepayments, and other payables and accruals, approximate fair values due to the relatively short term nature of these financial instruments.

The Company provides financial guarantees to banks for credit facilities extended to certain subsidiaries. The fair value of such financial guarantees is not expected to be material as the probability of the subsidiaries defaulting on the credit lines is remote.

Notes To The Financial Statement (cont'd)

25. Capital commitments

	Group	
	2008 RM	2007 RM
Capital expenditure commitments		
Property, plant and equipment contracted but not provided for in the financial statements	299,726	941,844

26. Contingencies (unsecured)

	Company	
	2008 RM	2007 RM
Corporate guarantee issued to licensed banks in respect of credit facilities granted to its subsidiaries	17,664,240	17,310,984

27. Related parties

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel includes all the Directors of the Group, and certain members of senior management of the Group.

The significant related party transactions of the Group and Company, other than key management personnel compensation, are as follows:

	Transaction amount for the year ended 31 December			
	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Subsidiaries				
Management fees paid to a subsidiary	-	-	25,000	25,000
Dividend income received from a subsidiary	-	-	4,000,000	16,800,000
A company in which the sister of a director of a subsidiary has interest *				
Sales	(622,600)	-	-	-

Notes To The Financial Statements (cont'd)

27. Related parties (cont'd)

The significant related party balances of the Company are as follows:

	Balance outstanding 31 December Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Amount due from subsidiaries	-	-	30,771,325	32,684,908
Amount due from a company in which the sister of a director of a subsidiary has interest*	549,483	-	-	-

All the amount outstanding balances are unsecured and expected to be settled in cash.

- * All transactions and outstanding balances with a company in which the sister of a director of a subsidiary has interest are priced on an arm's length basis.

Statement By Directors Pursuant to Section 169(15) of the Companies Act, 1965

In the opinion of the Directors, the financial statements set out on pages 31 to 65 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company at 31 December 2008 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

.....
Lim Chee Keong

.....
Lim Chee Hwa

Petaling Jaya,

Date: 17 April 2009

Statutory Declaration Pursuant to Section 169(16) of the Companies Act, 1965

I, Lim Chee Hwa, the Director primarily responsible for the financial management of Classic Scenic Berhad, do solemnly and sincerely declare that the financial statements set out on pages 31 to 65 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named in Petaling Jaya on 17 April 2009.

.....
Lim Chee Hwa

Before me:

Independent Auditors' Report to the members of Classic Scenic Berhad

Report on the Financial Statements

We have audited the financial statements of Classic Scenic Berhad, which comprise the balance sheets as at 31 December 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 31 to 65.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2008 and of their financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.
- b) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- c) Our audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Independent Auditors' Report to the members of Classic Scenic Berhad (cont'd)

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG

Firm Number: AF 0758
Chartered Accountants

Chan Kam Chiew

Approval Number: 2055/06/10(J)
Chartered Accountant

Petaling Jaya,

Date: 17 April 2009

Analysis Of Shareholdings

as at 28 April 2009

Share Capital

Authorised Share Capital	: RM100,000,000/-
Issued and fully paid-up capital	: RM60,249,870/-
Class of Shares	: Ordinary shares of RM0.50 each
No. of Shareholders	: 1,273
Voting rights	: 1 vote per ordinary share
No. of Treasury shares held	: 499,000 ordinary shares of RM0.50 each

Analysis By Size Of Shareholdings

Size of Shareholdings	No. of Shareholders	%	No. of Share Held	%
Less than 100 shares	11	0.86	600	0.00
100 - 1,000 shares	238	18.70	59,080	0.06
1,001 - 10,000	632	49.64	2,354,211	1.96
10,001 - 100,000	306	24.04	9,434,380	7.86
100,001 to less than 5% of issued shares	84	6.60	37,250,540	31.04
5% and above of issued shares	2	0.16	70,901,929	59.08
Total	1,273	100.00	120,000,740	100.00

List Of Thirty Largest Shareholders

Name	No. of Shares Held	%
1. Lim Ket Leng Holding Sdn. Bhd.	59,399,929	49.50
2. Lim Ket Leng Holding Sdn. Bhd.	11,502,000	9.58
3. Amanah Raya Nominees (Tempatan) Sdn. Bhd. Public Islamic Balanced Fund	5,443,300	4.54
4. Lim Ket Leng Holding Sdn. Bhd.	4,800,000	4.00
5. Ang Toon Chew & Sons (Malaysia) Sendirian Berhad	2,400,000	2.00
6. Chung Sook Lai	1,570,200	1.31
7. Mayban Nominees (Tempatan) Sdn. Bhd. Mayban General Assurance Berhad (Insurance Fund)	979,000	0.82
8. Yap Teong Peng	872,000	0.73
9. Lim Soong Hwatt	810,000	0.67
10. Teo Kwee Hock	736,000	0.61
11. Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (LGF)	730,300	0.61
12. Ong Ken Sim	704,000	0.59
13. Teo Seng Poh	700,000	0.58

Analysis Of Shareholdings as at 28 April 2009 (cont'd)

List Of Thirty Largest Shareholders (cont'd)

Name	No. of Shares Held	%
14. Heng Gek Imm	567,200	0.47
15. Chai Yit	508,400	0.42
16. Ah Hong Wing	475,600	0.40
17. Ng Chin Peng	464,740	0.39
18. Lim Chee Tak	420,000	0.35
19. Tan Lai Geok	416,000	0.35
20. Koh Kah Huat	384,000	0.32
21. Chin Sim Yee	381,000	0.32
22. JF Apex Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Teo Siew Lai (Margin)	377,300	0.31
23. Chu Poh Yin	368,300	0.31
24. Lim Siong Wee	355,740	0.30
25. Lim Kwee Huay	341,040	0.28
26. Chong Yih Woh	324,600	0.27
27. Ila Nadia Binti Ali Badaruddin	323,300	0.27
28. Citigroup Nominees (Asing) Sdn. Bhd. Exempt An for Merrill Lynch Pierce Fenner & Smith Incorporated (Foreign)	320,000	0.27
29. Lim Siong Wee	319,000	0.27
30. Liza binti Harith	315,600	0.26
	97,308,549	81.09

Analysis Of Shareholdings as at 28 April 2009 (cont'd)

Substantial Shareholders

(As shown in the Register of Substantial Shareholders)

Name of Substantial Shareholders	No. of Ordinary Shares of RM0.50 Each			
	Direct	%	Indirect	%
Lim Ket Leng Holding Sdn. Bhd.	75,701,929	63.08	-	-
Lim Chee Keong	-	-	*76,336,329	63.61
Lim Chee Khoon	-	-	*75,766,729	63.14

* Deemed interested by virtue of his shareholdings in Lim Ket Leng Holding Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965 and his spouse's and/or children's interest by virtue of Section 134(12)(c) of the Companies Act, 1965.

Statement Of Directors' Shareholdings

Directors' Name	No. of Ordinary Shares of RM0.50 Each			
	Direct	%	Indirect	%
Lim Chee Keong	-	-	*76,336,329	63.61
Lim Chee Khoon	-	-	*75,766,729	63.14
Lim Chee Hwa	-	-	-	-
Lim Chee Beng	-	-	-	-
Tang Kam Chee	12,000	0.01	-	-
Yeh Sau Tou	74,400	0.06	-	-
Au Thin An @ Low Teen Ann	48,000	0.04	#16,000	0.01

* Deemed interested by virtue of his shareholdings in Lim Ket Leng Holding Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965 and his spouse's and/or children's interest by virtue of Section 134(12)(c) of the Companies Act, 1965.

Deemed interested by virtue of his spouse's direct shareholdings.

List Of Properties

No.	Title and Location	Description Existing Use	Tenure / Approx. Age of Buildings	Land Area / Built-up Area (Square feet)	Net Book Value as at 31 December 2008 (RM)	Date of acquisition/ approval
1	No.13, Jalan, Kemunting 2A, Section BB 6, Bandar Bukit Beruntung, 48300 Rawang, Selangor Darul Ehsan held under title HSD, 9361 PT 8515, Mukim of Serendah, District of Ulu Selangor, Selangor Darul Ehsan	Vacant industrial land	Freehold / N/A	78,786 / N/A	788,000	23.08.1995 (acquisition)
2	Lot 9, Jalan RP3, Taman Rawang Perdana, 48000 Rawang, Selangor Darul Ehsan held under title GRN 86305 Lot 186 Seksyen 19 (formerly under HSD 28279 PT 10351, Mukim of Rawang), Bandar Rawang, District of Gombak, Selangor Darul Ehsan	Factory complex and office premises for the manufacturing of wooden picture moulding	Freehold / 14 years	76,209 / 69,369	5,401,515	25.03.1991 (acquisition)
3	Lot 10, Jalan RP3, Taman Rawang Perdana, 48000 Rawang, Selangor Darul Ehsan held under title GRN 86306, Lot 187 Seksyen 19 (formerly under HSD 28280 PT 10352, Mukim of Rawang, Bandar Rawang, District of Gombak, Selangor Darul Ehsan	Factory complex and office premises for the manufacturing of wooden picture moulding	Freehold / 11 years	76,058 / 65,383	5,668,935	03.01.1992 24.08.1994 (acquisition)
4	Lot 11, Jalan RP3, Taman Rawang Perdana, 48000 Rawang, Selangor Darul Ehsan held under GRN 86307, Lot 188 Seksyen 19 (formerly under HSD 28281 PT 10353, Mukim of Rawang) Bandar Rawang, District of Gombak, Selangor Darul Ehsan	Factory complex and office premises for the manufacturing of wooden picture moulding	Freehold / 4 years	94,422 / 70,347	6,396,075	19.07.2002 (acquisition)
5	No.12, Jalan RP3, Taman Rawang Perdana, 48000 Rawang, Selangor Darul Ehsan, held under title GRN, 86308, Lot 189 Seksyen 19 (formerly under HSD 28282 PT 10354, Mukim of Rawang), Bandar Rawang, District of Gombak, Selangor Darul Ehsan.	Factory complex and office premises for the manufacturing of wooden picture moulding	Freehold / 7 years	98,631 / 106,692	9,021,784	21.04.1999 (acquisition)

List Of Properties (cont'd)

No.	Title and Location	Description Existing Use	Tenure / Approx. Age of Buildings	Land Area / Built-up Area (Square feet)	Net Book Value as at 31 December 2008 (RM)	Date of acquisition/ approval
6	Lot 13, Jalan RP3, Taman Rawang Perdana, 48000 Rawang, Selangor Darul Ehsan held under GRN 86309, Lot 190 Seksyen 19 (formerly under HSD 28283 PT 10355, Mukim of Rawang) Bandar of Rawang, District of Gombak Selangor Darul Ehsan	Factory complex and office premises for the manufacturing of wooden picture frame moulding, pallets and stillages	Freehold / 8 years	76,478 / 60,500	5,592,840	08.01.1999 (acquisition)
7	Lot 41, Jalan RP, Taman Rawang Perdana, 48000 Rawang, Selangor Darul Ehsan held under title GRN 86350, Lot 204 Seksyen 19 (formerly under HSD 28293 PT 10365, Mukim of Rawang), Bandar Rawang, District of Gombak, Selangor Darul Ehsan	Factory complex and warehouse premises for the manufacturing of wooden picture frame moulding	Freehold / 1 year	79,739 / 74,261	5,200,000	25.01.2006 (acquisition)
8	Lot 2375, Jalan RP3, Taman Rawang Perdana, 48000 Rawang, Selangor Darul Ehsan	Warehouse for the storing of wooden picture frame moulding	Temporary Occupation License Yearly renewal / 5 years	23,400 / 22,435	890,556	24.9.2002 (approval)
9	Lot PT L.M.S. No. A6797, Jalan Batu Arang, Batang Berjuntai, Mukim of Rawang, District of Gombak, Selangor Darul Ehsan	Warehouse for the storing of goods	Temporary Occupation License Yearly renewal 2 years	40,000 / 11,104	522,027	17.03.2006 (approval)
10	No. 1, Jalan SJ 1, Taman Setia Jaya, 48000 Rawang, Selangor Darul Ehsan held under title HSM 11510 PT 27163, Batu 16 Jalan Rawang, Mukim of Rawang, District of Gombak, Selangor Darul Ehsan	3 storey shop office / vacant	Leasehold / 3 years	1,453 / 4,200	586,037	06.08.2006 (acquisition)

Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Sixth Annual General Meeting of the Company will be held at the Kiara Room, Sri Damansara Club Berhad, Lot 23304, Persiaran Perdana, Bandar Sri Damansara, 52200 Kuala Lumpur on Wednesday, 10 June 2009, at 10.00 a.m. for the transaction of the following businesses :

- | | |
|--|----------------------------------|
| 1. To receive the Audited Financial Statements for the year ended 31 December 2008 together with the Reports of the Directors and the Auditors thereon. | (Resolution 1) |
| 2. To declare a first and final tax-exempt dividend of 6% per ordinary share in respect of the year ended 31 December 2008. | (Resolution 2) |
| 3. To approve the Directors' fees of RM36,000/- (2007: RM24,000/-) in respect of the year ended 31 December 2008. | (Resolution 3) |
| 4. To re-elect the following Directors who retire pursuant to Article 92 of the Company's Articles of Association and, being eligible, offer themselves for re-election:-
(a) Mr. Lim Chee Beng
(b) Mr. Lim Chee Hwa | (Resolution 4)
(Resolution 5) |
| 5. To re-appoint Messrs. KPMG as Auditors of the Company and to authorise the Directors to fix their remuneration. | (Resolution 6) |
| 6. As Special Business:-
To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions: | |
| <p>(a) Ordinary Resolution 1</p> <p>Authority to issue shares pursuant to Section 132D of the Companies Act, 1965</p> <p>"THAT subject always to the Companies Act, 1965, Articles of Association of the Company and approvals of the relevant governmental/regulatory bodies where such approvals shall be necessary, the Directors be and are hereby authorised and empowered pursuant to Section 132D of the Companies Act, 1965 to allot and issue shares in the Company at any time until the conclusion of the next annual general meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued capital for the time being of the Company and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad."</p> | (Resolution 7) |
| <p>(b) Ordinary Resolution 2</p> <p>Authority to issue shares pursuant to the Employees' Share Option Scheme</p> <p>"THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorised to issue shares in the Company from time to time under the Employees' Share Option Scheme as approved by an ordinary resolution passed by the shareholders on 30 September 2004 provided that the aggregate number of shares to be issued does not exceed fifteen percent (15%) of the issued share capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."</p> | (Resolution 8) |
| 7. To transact any other business for which due notice shall have been given. | |

Notice of Dividend Entitlement

NOTICE IS HEREBY GIVEN that, subject to the approval of the shareholders at the Sixth Annual General Meeting, the first and final tax-exempt dividend of 6% per ordinary share in respect of the year ended 31 December 2008 will be payable on 20 July 2009 to depositors registered in the Record of Depositors on 2 July 2009.

A depositor shall qualify for entitlement only in respect of:-

- (a) Shares transferred to the Depositor's Securities Account before 4.00 p.m. on 2 July 2009 in respect of transfers; and
- (b) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD,

SHA THIAM FOOK (MIA 1832)
CHOW CHOOI YOONG (MAICSA 0772574)
 Company Secretaries

Kuala Lumpur
 19 May 2009

Notes

1. A member of the Company entitled to attend and vote at this meeting is entitled to appoint up to two proxies to attend and vote instead of him/her. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. Where a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy.
3. In the case of a corporate body, the proxy appointed must be in accordance with the Memorandum and Articles of Association, and the instrument appointing a proxy shall be given under the Company's Common Seal or under the hand of an officer or attorney duly authorised.
4. The Form of Proxy must be deposited at the Company's Registered Office at Lot 4.100, Tingkat 4, Wisma Central, Jalan Ampang, 50450 Kuala Lumpur not less than 48 hours before the time set for the meeting or any adjournment thereof.

5. Explanatory Notes on Special Business

Resolution pursuant to Section 132D of the Companies Act, 1965

Resolution No. 7 proposed under item 6(a), if passed, will give the Directors of the Company from the date of the above General Meeting, authority to allot and issue ordinary shares from the unissued capital of the Company being for such purposes as the Directors consider would be in the interest of the Company. This would avoid any delay and costs in convening a general meeting to specifically approve such an issue of shares. This authority will, unless revoked or varied by the Company in General Meeting, expire at the next Annual General Meeting

Resolution pursuant to Employees' Share Option Scheme

Resolution No. 8 proposed under item 6(b), if passed, will empower the Directors of the Company to allot and issue shares to those employees who have exercised their options under the Employees' Share Option Scheme.

Statement Accompanying Notice Of Annual General Meeting

(Pursuant to Paragraph 8.28(2) of the Listing Requirements of Bursa Malaysia Securities Berhad)

1. Directors who are standing for re-election at the 6th Annual General Meeting of the Company

Pursuant to Article 92 of the Company's Articles of Association

- (a) Mr. Lim Chee Beng
- (b) Mr. Lim Chee Hwa

2. Further details of Directors who are standing for re-election

Further details of Directors who are standing for re-election are set out on pages 8 to 9 of the Annual Report and their securities holdings in the Company and its subsidiaries are set out on page 71 of the Annual Report.



I/We _____
(FULL NAME IN BLOCK LETTERS)

of _____
(ADDRESS)

being a member(s) of CLASSIC SCENIC BERHAD hereby appoint _____

_____ (FULL NAME)

of _____ (ADDRESS)

or failing him/her, _____ (FULL NAME)

of _____ (ADDRESS)

or failing him/her, the Chairman of the Meeting as *my/our proxy to vote for *me/us and on *my/our behalf at the SIXTH ANNUAL GENERAL MEETING of the Company to be held at the Kiara Room, Sri Damansara Club Berhad, Lot 23304, Persiaran Perdana, Bandar Sri Damansara, 52200 Kuala Lumpur on Wednesday, 10 June 2009, at 10.00 a.m. and at any adjournment thereof. **(* strike out whichever is not desired)**

My/Our proxy is to vote as indicated below:

NO. RESOLUTIONS		FOR	AGAINST
1.	To receive the Audited Financial Statements and Reports		
2.	Declaration of First and Final Tax-exempt Dividend		
3.	Approval of Directors' fees		
4.	Re-election of Mr. Lim Chee Beng as director		
5.	Re-election of Mr. Lim Chee Hwa as director		
5.	Re-appointment of Messrs. KPMG as Auditors		
6.	Ordinary Resolution 1 Authority to issue shares pursuant to Section 132D of the Companies Act, 1965		
7.	Ordinary Resolution 2 Authority to issue shares pursuant to the Employees' Share Option Scheme		

Please indicate with an "X" in the spaces provided how you wish your vote to be cast. If no instruction as to voting is given, the Proxy will vote or abstain from voting at his discretion.

Dated this _____ day of _____ 2009

Signature

No. of Shares Held	
CDS Account No.:	
Tel No. (during office hours)	

Notes:

1. A member of the Company entitled to attend and vote at this meeting is entitled to appoint up to two proxies to attend and vote instead of him/her. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. Where a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy.
3. In the case of a corporate body, the proxy appointed must be in accordance with the Memorandum and Articles of Association, and the instrument appointing a proxy shall be given under the Company's Common Seal or under the hand of an officer or attorney duly authorised.
4. The Form of Proxy must be deposited at the Company's Registered Office at Lot 4.100, Tingkat 4, Wisma Central, Jalan Ampang, 50450 Kuala Lumpur not less than 48 hours before the time set for the meeting or any adjournment thereof.

Fold this flap for sealing

Then fold here

STAMP

The Company Secretary
CLASSIC SCENIC BERHAD (633887-M)
Lot 4.100, Tingkat 4
Wisma Central, Jalan Ampang
50450 Kuala Lumpur

1st fold here

CLASSIC SCENIC BERHAD

[633887-M]

Lot 12, Jalan RP3
Taman Rawang Perdana
48000 Rawang
Selangor Darul Ehsan

telephone : 03-6091 7477 | facsimile : 03-6091 6766 | www.classicscenic.com

