CLASSIC SCENIC BERHAD (633887-M)

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

telephone : 03-6091 7477
facsimile : 03-6091 6766

www.classicscenic.com

CLASSIC SCENIC BERHAD (633887-M) I **ANNUAL REPORT 2010**

CLASSIC SCENIC BERHAD
(633887-M)

Scenic in *Name* *Beauty* in *Frame*™

annual report **2010**

CONTENT

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.

OUR MISSION

To be a 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.

VISION & MISSION

CLASSIC SCENIC BERHAD
(633887-M)

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 (Main Board and Second Board merged and now known as Main Market) 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 certifications for ISO 9001:2008 and Forest Stewardship Council (FSC) Chain-of-Custody (CoC) have been duly obtained.

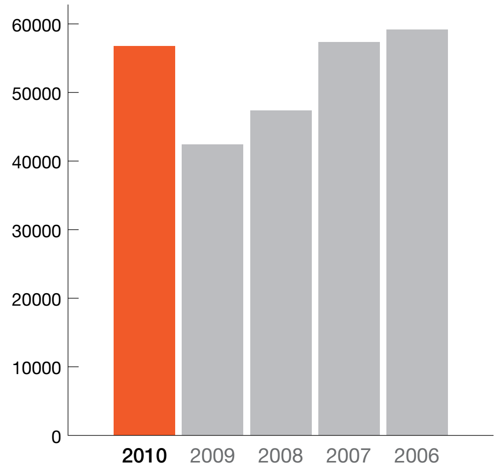
The first mouldings were made in 1994, and in recent years, we have emerged to be the largest wooden picture frame manufacturer and exporter in Malaysia, and one of the biggest operations in the region as well. Current manufacturing facility comprises of 6 factories spread over an area of 500,000 sq. ft., and a 450 strong workforce. There is still a long road ahead, the Group will continuously focus on strengthening its overall management vis-à-vis a continuous improvement strategy in all aspects of the business and move on to greater heights on our road to success.

Financial Highlights

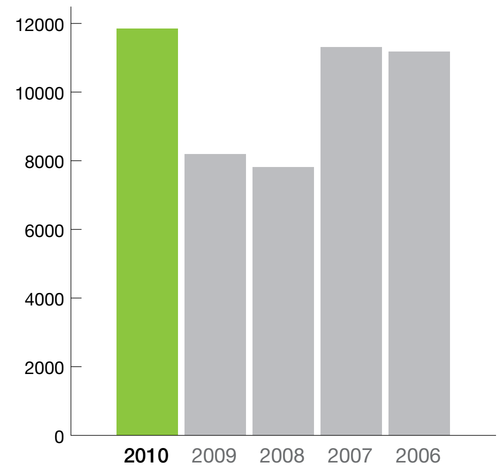
	2010	2009	2008	2007	2006
Revenue (RM'000)	**56,777**	42,452	47,409	57,327	59,171
Profit Before Tax (RM'000)	**13,064**	8,901	8,213	13,167	14,525
Profit After Tax (RM'000)	**11,854**	8,194	7,818	11,309	11,180
Net Earnings Per Ordinary Share (sen)	***9.88**	6.83	6.50	9.39	9.30
Net Dividend Per Ordinary Share (sen)	**9.00**	7.00	3.00	4.50	4.50
Dividend Payout Ratio (%)	**91.1**	102.5	46.1	47.9	48.4
Net Asset Per Ordinary Share (sen)	**77.0**	78.1	74.3	72.2	67.3

* Based on the number of ordinary share in issue of 120,000,740 as at the end of the financial year 2010 after the exclusion of shares repurchased of 499,000

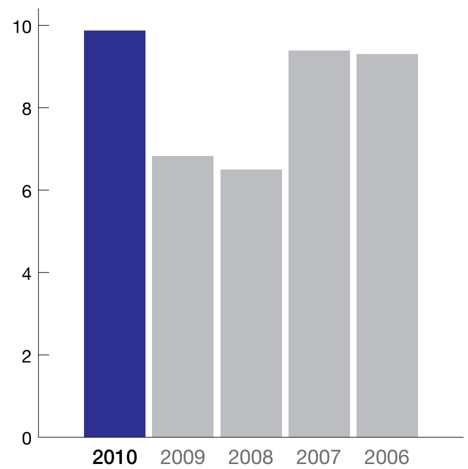
REVENUE (RM'000)



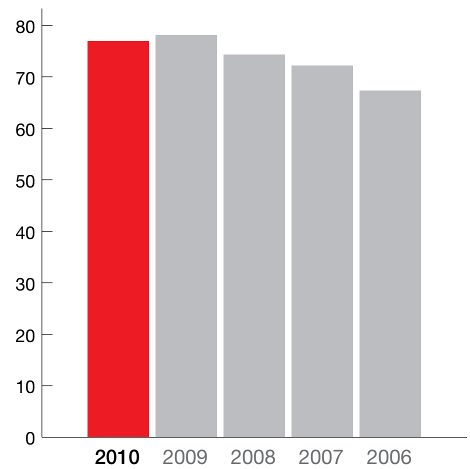
PROFIT AFTER TAX (RM'000)



NET EARNINGS PER ORDINARY SHARE (SEN)



NET ASSETS PER ORDINARY SHARE (SEN)



Corporate Structure

TM

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%
CLASSIC FRAME MOULDING (M) SDN. BHD.
Dormant

100%
LIM KET LENG MARKETING SDN. BHD.
Marketing of timber-related products

76%
CSCENIC AGRO MARKETING SDN. BHD.
Dormant

100%
LIM KET LENG REALTY SDN. BHD.
Property holding and rental of properties

Message from The Chairman

On behalf of the Board of Directors of Classic Scenic Berhad ("CScenic"), I am pleased to present the Annual Report and the Audited Financial Statements of CSCENIC for the financial year ended 31 December 2010.

On dire expectations of a double dip recession in 2010, the world's largest economy, USA, implemented new expansionary monetary and fiscal policy measures, which thankfully seems to have produced positive results to nudge the economy into a self-sustaining recovery. The Group, CScenic, will surely benefit from this broad economic recovery, and is confident of weathering this unprecedented global economic crisis with a resilience borne on a culture of continuous improvement, and total quality management.

The financial troubles have led to a major shakeout not only in the local wooden picture frame moulding industry, but also some major overseas players. The effect is directly, or indirectly, a difficult entry barrier has been created whereby new players are averse to venturing into this field due to negative business perceptions of high risks and start-up costs involved. However, for the Group, these circumstances positively positioned the Group in a favorable situation to further gain more market shares.

The economic recovery in the European Union remains subdued due to the escalating turmoil in the sovereign debt markets. Nevertheless, the contribution from the European market to group's sales is relatively small compared to North America and hence the Group was unaffected by the sovereign debt turmoil.

Asian countries currency, including Ringgit Malaysia, significantly appreciated against the USD due to the commendable recovery in economic growth underpinned by strong domestic demand and exports recovery. The strengthening Ringgit is not showing sign of abating and in anticipation of this challenge, the Group has been continuously hedging most of the export proceeds to mitigate foreign exchange losses in year 2010.

Capitalizing on the increasingly optimistic economic outlook in USA, and the consolidation within the wooden picture frame industry coupled with the Group's effective strategies, the Group achieved higher sales revenue and profit after tax of RM56.8 million, and RM11.9 million respectively, for the financial year ended 31 December 2010.

Message from The Chairman (cont'd)

FINANCIAL PERFORMANCE REVIEW

Even as advanced economies such as North America, the Group's main market, experienced moderate recoveries, the pace of recovery remain limited by a persistently weak labor market. As such, the Group has had to put greater efforts in devising sustainable business models and strategies to address these challenges, in order to continue on its path of sustainable growth.

Gladly, the Group achieved a total revenue of RM56.8 million for the financial year ended 31 December 2010, an increase of RM14.3 million or 33.6%, mainly driven by the sterling growth in export sales of wooden picture frame moulding to North America. Corresponding to the increase in revenue and the gain from disposal of a property and foreign currency exchange, we are pleased to announce a profit after-tax of RM11.9 million, an increase of RM3.7 million or 45.1%, compared to RM8.2 million in the preceding financial year 2009.

The Group will continue to focus on its core business and pursue its proven organic growth strategies which are good antidotes to economic adversities. CScenic will strengthen partnerships with major customers by studying the changes in their needs & understanding their preferences, and also of their customers as well, whilst continuing on its firmly entrenched path of more innovative & highly marketable products, consistent high quality at competitive prices, improving upon overall productivity, procurement optimization, and operational efficiency, to enhance profitability and sustain business growth.

DIVIDEND

Maximization of shareholder value remains a high priority for the Group and with the Group's ability in generating healthy cash flows, the Board proposed a second interim dividend comprising franked dividend of 10% or 5 sen, less 25% tax per ordinary share and tax exempt dividend of 2.5% or 1.25 sen per ordinary share in respect of the financial year ended 31 December 2010 (2009: First and final tax-exempt dividend of 14%). The dividend will be payable on 19 May 2011 to depositors registered in the Record of Depositors on 11 May 2011. The Board does not propose final dividend for the financial year ended 31 December 2010.

On 16 November 2010, an interim tax-exempt dividend of 8% or 4.0 sen per ordinary share totalling RM4.8 million in respect of the financial year ended 31 December 2010 was paid. Therefore, the total net dividend paid or to be paid to shareholders for the financial year ended 31 December 2010 would amount to RM 10.8 million or 9 sen per ordinary share.

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



Message from The Chairman (cont'd)

CORPORATE SOCIAL RESPONSIBILITY

We have been a firm believer 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 CScenic, and its network of both suppliers and buyers.

Product – The Group's technical team diligently carried out various studies and tests in accordance to the standard procedures, to ensure the safety level of raw materials are in compliance with safety & health standards. Here, the finished products are also sent for lab tests to ensure compliance. For instance, finished products are sent to certified labs for Lead and Formaldehyde tests in order to ensure the content of these matters are within permissible safety levels, and in compliance with Code of Federal Regulations, Chapter II – Consumer Products Safety Commission of U.S.A. and USA Environmental Protection Agency Air Resources Board - Airborne Toxic Control Measure (ATCM).

Shareholders - Good Corporate Governance, as disclosed in Statement on Corporate Governance, is periodically reviewed & enhanced by the Group to protect the interest of shareholders. Besides the in-placed Code of Ethics, which has been adopted to inculcate ethical values among all at CScenic, CScenic further embarked on a proactive risk based approach to fraud in year 2010. An Anti-Fraud and Whistle blowing policy has been developed in promoting and cultivating an honest environment; to enhance the awareness of the Group's stand on illegal, unethical and dishonest acts and the consequences of such acts to its employees; and to create employees' awareness of their roles, rights and responsibilities pertaining to illegal, unethical and dishonest acts. The strict enforcement of the anti-fraud policy would reduce the risk to the Group's reputation from fraudulent acts and protect the shareholders interest.

Environment - We have been awarded with the Forest Stewardship Council (FSC) Chain-of-Custody (CoC) certification since January 2009, a clear reflection of our commitment to responsible management of the world's forests. This certification is also an affirmation of our long established policy in buying legally verified lumber, FSC CoC lumber, from well managed forested areas which practice responsible forest management. The Company also continue to be committed to ensure all timbers are from legal and traceable sources, and support and promote forest sustainability through practising good forestry practises in its management system which is well aligned to the Group's mission.

Wood waste has been considerably utilized as it is used to produce steam and generate energy. Besides, the saw dust generated during the production processes is also being compressed into wood briquette and used to generate heat energy.

During the year 2010, the Group established an Environmental Green Fund Scheme to encourage all staff to reuse and recycle all kind of wastages, such as product packaging material wastages, plastic & metal drums, papers etc. The wastages collected are either reused internally or returned to the suppliers to be recycled, and all proceeds collected from the recycling activities will be used for social or charitable activities.

Workplace - Code of business conducts and ethics was established & adopted to instill ethical values into employees. The Code of business conducts and ethics clearly defined the Group's stand on the integrity, honesty and ethical behaviour – zero tolerance on unethical business conduct and fraud.

Employees' emoluments & benefits are well taken care of. The remuneration package is reviewed and benchmarked against marketplace periodically to ensure the package is competitive in labour market and the employees are equitable remunerated with their contribution. Various emoluments & benefits are provided to lower income level staff such as Cost of Living Allowance (COLA), transport allowances. Long service award is also awarded to long service employees as a gesture of appreciation from the Group.

Human Capital Development – Training is provided to employees to enhance their skills & competencies and to prepare them for the progression of career path. Team building activities are also organized to further develop and instill team spirit among team members which would facilitate the team achievement in the Group's objectives and goals. All employees have equal opportunities in career advancement based on the performance of the staff and it is free from discrimination.

A safe & healthy environment culture is actively promoted to all employees. In this respect, a Safety and Health Committee was established and meetings conducted periodically to review all safety & health related matters. Policies were also set to ensure all employees are aware of their roles & responsibilities in the aspect of safety & health. Periodic in-house safety and health audit is conducted to ensure the enforcement and compliance of the Group's safety rules & regulation.

CScenic's committment to provide a safe and healthy environment for its employees saw an adoption of an open door concept, whereby staff can easily find and talk to management at all levels on their problems and difficulties faced. Employees are the Groups' valuable assets and their voices and opinions are very critical, and thus their feedback are always given due and serious consideration. A yearly Employee Job Satisfaction Survey is conducted in order for the employee to voice out any grievances and dissatisfaction with the current work conditions, and thereafter the management will look into improving the current situation.

Community - In conjunction with Chinese New Year, the Group supported some of the underprivileged by distributing ang pows to senior citizen during an event hosted by a district association. During the year, CScenic also participated in some associations' charity events by contributing its beautiful wooden picture frames as an 'in-kind' for funds raising.

OUTLOOK AND PROSPECTS

With the introduction & implementation of stimulus packages from government of various countries, such as quantitative easing I & II, the adverse impact of the financial crisis had been abated and the improving market is bringing much relief to us. Nevertheless, the high unemployment rate in developed economies, volatile crude oil price and foreign currency exchange and greater demand of timber due to the natural disaster in Japan, continue to pose great challenges to the Group.

Some major players had left the field during the financial crisis and the market had been consolidated. With this opportunity, the Group will continue to put its effort in securing and gaining more market shares in pursuit of sustainable profitability and growth.

Although the year ahead is expected to be challenging, the Group will continue to strive for greater business innovation, productivity and operational efficiency optimization to deliver better value to all of its stakeholders.

Barring any unforeseen circumstances, the Group's performance for the financial year ending 31 December 2011 is expected to remain favourable.

APPRECIATION TO STAKEHOLDERS

We had a good year and certainly the good achievement is a result of the unfaltering commitment, dedication and loyalty from the management and all staff of CScenic.

On behalf of the Board, I also would like to express my deepest appreciation to our shareholders, customers and suppliers for their support and confidence in us. Lastly, I 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 2011

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

Yeh Sau Tou
Chairman
(Independent Non-Executive Director)

Tang Kam Chee
Member
(Independent Non-Executive Director)

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

NOMINATION COMMITTEE

Tang Kam Chee
Chairman
(Independent Non-Executive Director)

Yeh Sau Tou
Member
(Independent Non-Executive Director)

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

REMUNERATION COMMITTEE

Tang Kam Chee
Chairman
(Independent Non-Executive Director)

Yeh Sau Tou
Member
(Independent Non-Executive Director)

Lim Chee Keong
Member
(Executive Chairman)

COMPANY SECRETARY

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
Tel. : 603 - 7721 3388
Fax : 603 - 7721 3399

PRINCIPAL BANKERS

Citibank Berhad
Hong Leong Bank Berhad

SHARE REGISTRAR

Symphony Share Registrars Sdn. Bhd.
Level 6, Symphony House
Block D13, Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya, Selangor
Tel. : 603 - 7841 8000
Fax : 603 - 7841 8008

STOCK EXCHANGE LISTING

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

Profile of Board of Directors

LIM CHEE KEONG
Malaysian, aged 55
(Executive Chairman)

Lim Chee Keong was appointed as the Chairman of CSCENIC on 3 August 2004. He is also the chairman of the Executive Committee 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 KHOON
Malaysian, aged 54
(Executive Director)

Lim Chee Khoon was appointed to the Board on 3 August 2004. He is a member of the Executive Committee. 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 BENG
Malaysian, aged 47
(Managing Director)

Lim Chee Beng was appointed to the Board on 3 August 2004. He is a member of the Executive Committee. 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 HWA
Malaysian, aged 52
(Executive Director)

Lim Chee Hwa was appointed to the Board on 3 August 2004. He is a member of the Executive Committee. 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 56
(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 Committee. 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 the KHB Group.

YEH SAU TOU
Malaysian, aged 42
(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 a medium-size audit firm 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 67
(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 an Insurance Risk Advisor to several major companies. He is also an Independent Non-Executive Director of Lee Swee Kiat Group Berhad and is the member of its Audit, Remuneration and Nomination Committees.

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") is committed to ensure that the high standards of corporate governance are practiced throughout the Group. In line with this commitment, the Board has taken and is continuously reviewing, where appropriate, the necessary steps to comply with the principles and best practices of corporate governance as set out in the Malaysian Code on Corporate Governance ("the Code") in the business of the Group.

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 Group continues to be led and managed by an effective Board. The Board is primarily responsible for the Group's overall strategic plans for business performance, overseeing the proper conduct of business, succession planning, risk management, investor relations programmes, internal control and management information systems.

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 Main Market 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. Members of the Board comprise professionals from diverse backgrounds, bringing with them depth and diversity of expertise, with a wide range of experience and perspective in discharging their responsibilities and duties and in managing the business of the Group. A description of the background of each director is presented on pages 9 to 10.

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.

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, five (5) Board meetings were held. The number of board meetings held and attendance of the directors for the financial year ended 31 December 2010 are as follows:

Directors	Attendance at the Board Meetings Attended / Held
Lim Chee Keong	5/5
Lim Chee Beng	5/5
Lim Chee Khoon	4/5
Lim Chee Hwa	4/5
Tang Kam Chee	5/5
Yeh Sau Tou	5/5
Au Thin An @ Low Teen Ann	5/5

Statement on Corporate Governance (cont'd)

The Board also maintains specific Board Committees namely the Executive Committee, Audit 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.

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;
iv) Review risks and opportunities associated with business strategies and operating processes;
v) Formulate corporate policies; and
vi) 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 2010.

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)*

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 directors' appraisal in November 2010.

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.

The Directors have attended training during the financial year ended 31 December 2010. A brief description on the type of training the Directors have attended are listed below:

Title of seminar/conference/courses/workshop	Mode of Training	No. of days spent
6th Tricor Tax & Corporate Seminar	Seminar	1 day
Implementing Blue Ocean Strategies For Success	Seminar	1 day
Transforming The Finance Professional – An Asian Perspective	Seminar	1 day
Forum by Public Listed Companies: CG Best Practices	Seminar	2 hours
Views From the Boardroom – Challenges Directors Face	Seminar	2 hours
15 Competitive Business Operation System	Seminar	½ day
The Challenges of implementing FRS 139	Seminar	½ day
Goods and Services Tax	Seminar	1 day
Implementing Quality Control – Incorporating ISQC 1	Seminar	2 days
National tax conference	Seminar	2 days
2011 Budget seminar	Seminar	1 day

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").

Any director appointed during the year is required under the Company's Articles to retire and seek re-election by shareholders at the following AGM immediately after his appointment. 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 Annual Report.

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 2010.

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)*

Statement on Corporate Governance (cont'd)

DIRECTORS' REMUNERATION (CONT'D)

The duties and responsibilities of the RC are as follows:

i) To recommend to the Board the remuneration of the Executive Chairman, Managing Director and Executive Directors;
ii) To ensure a fair remuneration of the Board members and other level of management;
iii) To conduct continued assessment of individual Executive Directors to ensure that their remuneration is directly related to corporate and individual performance;
iv) 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
v) 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* (RM)	Salaries (including bonuses & EPF) (RM)	Benefits-in-kind (RM)	Allowances (RM)	Total (RM)
Executive Directors:	-	1,384,504	67,813	-	1,452,317
Non-Executive Directors:	36,000	-	-	19,500	55,500

** Subject to approval by shareholders at the AGM.*

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 and the Company's websites at http://www.bursamalaysia.com and http://www.classicscenic.com respectively 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.

SHAREHOLDERS (CONT'D)

- **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. Twice a year, the Audit Committee will convene meetings with the external auditors without the presence 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 19.

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.

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 Main Market 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 2010 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 20 April 2011.

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 2010 comprises the following directors:

Chairman : Yeh Sau Tou (Independent Non-Executive Director)
Members : Tang Kam Chee (Independent Non-Executive Director)
Au Thin An @ Low Teen Ann (Independent Non-Executive Director)

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.

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;
(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.

Audit Committee Report (cont'd)

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.

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:

(a) Statement on the Company's application of the principles set out in Part 1 of the Malaysian Code on Corporate Governance;

(b) 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;

(c) Statement on the Board's responsibility for preparing the annual audited financial statements; and

(d) 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 2010. 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)*	5	5

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

During the financial year ended 31 December 2010, the activities of the Audit Committee included the following:

(a) reviewed the unaudited quarterly financial results and announcements of the Company and the Group 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 2009;
(c) reviewed the external auditors' reports for the financial year ended 31 December 2009 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 2009;
(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 2010;
(g) reviewed the internal audit and risk management reports of the Group;
(h) 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 2009 and recommended their adoption to the Board;
(i) met with the External Auditors twice during the financial year ended 31 December 2010 in the absence of the executive Board members;
(j) reviewed the internal audit fees;
(k) reviewed Internal Audit Plan for year 2011 to 2012, the scope and focus of the internal audit programmes; and
(l) reviewed the anti-fraud and whistleblowing policy and fraud response plan.

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 them and the External Auditors. The internal audit function is performed impartially, proficiently and with due professional care. The Internal Auditor reports to the Audit Committee based on the audit plan that has been reviewed and approved by the Audit Committee.

During the financial year ended 31 December 2010, the internal audit activities that were covered included the review of the following areas; Information Technology and Process Development, Quality Assurance and maintenance and utilities. The consultant also looked into the Group's policies and procedures to assess its readiness against fraud. These reviews include reviewing and appraising the adequacy, effectiveness and integrity of the internal control systems, policies, procedures and information technology functions of the Group's significant entities. The cost incurred for the internal audit function in respect of the financial year ended 31 December 2010 was RM38,000.

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 sound system of internal control exists and operates effectively across the Group and 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 and appropriate 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 with the assistance of the outsourced internal audit function have established processes 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;
- Board Committees, namely the Audit Committee, Executive 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;

Statement on Internal Control (cont'd)

- 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 9001:2008 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 9001:2008 Quality Management System has been implemented for the Group's core business. Internal quality audits and annual surveillance audit are carried out by the management and a certification body respectively. These audits are conducted semi-annually to provide assurance of compliance with the ISO 9001:2008 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.

ANTI-FRAUD AND WHISTLE BLOWING POLICY

The management further embarked on a proactive risk based approach to fraud; the Anti-Fraud and Whistle blowing policy is the main component that drives the anti-fraud work to be undertaken. This policy is intended to provide direction and guidance to deal with fraud and related matters including theft and corruption and further defines the rights of the informants and the protection accorded to them. The policy will take the Group to a higher level of transparency and corporate responsibility

The Group also formalised its anti-fraud policy, which included the following objectives:

- The Group's business is conducted in compliance with the law
- Promotion and cultivation of an honest environment including one full of integrity
- Enhance the awareness of the Group's stand on illegal, unethical and dishonest acts and the consequences of such acts to its employees
- Create employees' awareness of their roles, rights and responsibilities pertaining to illegal, unethical and dishonest acts

The anti-fraud policy sets out the responsibility of employees of the Group for preventing and detecting defalcations, misappropriations and other irregularities, the specific roles of employees in prevention and detection of fraud and fraud discovery reporting as well as the steps the Group will take in respect of employees involved in fraudulent acts. The strict enforcement of the anti-fraud policy reduces the risk to the Group's reputation from fraudulent acts.

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 20 April 2011.

Additional Compliance Information

UTILISATION OF PROCEEDS

The Company did not make any corporate proposal to raise proceed during the financial year ended 31 December 2010.

SHARE BUY-BACKS

The Company did not buy back its Company's shares during the financial year ended 31 December 2010.

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

During the financial year ended 31 December 2010, 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 2010, the Company did not sponsor any ADR or GDR programmes.

IMPOSITION OF SANCTIONS/PENALTIES

There were no sanctions/penalties imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies during the financial year ended 31 December 2010.

NON-AUDIT FEES

Non-audit fees payable to external auditors for the financial year ended 31 December 2010 amounted to RM15,000.

VARIATION IN RESULTS

There were no material variance between the audited results for the financial year ended 31 December 2010 and the unaudited results previously announced.

PROFIT GUARANTEE

The Company did not issue any profit guarantee during the financial year ended 31 December 2010.

MATERIAL CONTRACTS

There were no material contracts entered into by the Company and its subsidiary companies which involved directors' and major shareholders' interests either still subsisting at the end of the financial year ended 31 December 2010 or entered into since the end of the previous financial year.

REVALUATION POLICY

The Group has no revaluation policy on landed properties.

FINANCIAL STATEMENTS

Directors' Report

for the year ended 31 December 2010

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 2010.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding, whilst the principal activities of its subsidiaries are as stated in note 6 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

RESULTS

	Group RM	Company RM
Profit for the year attributable to:		
Owners of the Company	11,854,281	8,222,829

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:

i) a first and final tax exempt dividend of 14% (7 sen) per ordinary share totalling RM8,400,052 in respect of the financial year ended 31 December 2009 on 8 July 2010.

ii) an interim tax exempt dividend of 8% (4 sen) per ordinary share totalling RM4,800,029 in respect of the financial year ended 31 December 2010 was declared on 19 August 2010 and paid on 16 November 2010.

On 26 February 2011, the Directors declared a second interim ordinary dividend in respect of the year ended 31 December 2010 of 5 sen per ordinary share less 25% tax totalling RM4,500,028 and tax exempt dividend of 1.25 sen per ordinary share totalling RM1,500,009 and will be payable on 19 May 2011.

The Directors do not recommend any final dividend to be paid for the year under review.

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' 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 1.1.2010	Bought	Sold	At 31.12.2010
Direct interest in the holding company				
Lim Ket Leng Holding Sdn. Bhd.				
Lim Chee Keong	24	-	-	24
Lim Chee Khoon	22	-	-	22
Lim Chee Beng	11	-	-	11
Lim Chee Hwa	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 *	36,000	-	-	36,000
Lim Chee Beng				
- own	-	2,098,360	-	2,098,360
- other *	-	1,600,000	-	1,600,000
Lim Chee Keong				
- others *	1,962,491	-	-	1,962,491
Lim Chee Khoon				
- other *	64,800	-	-	64,800
Deemed interest in the Company				
Lim Chee Keong				
- own	75,701,929	-	-	75,701,929
Lim Chee Khoon				
- own	75,701,929	-	-	75,701,929

* Pah Khai Keow @ Peh Swee Chan and Georgia Low Ye Wee is the spouse and daughter of Au Thin An @ Low Teen Ann. Chong Man Kiyau and Lim Jeng Dong is the spouse and son of Lim Chee Keong. Lim Boon Bing is the son of Lim Chee Khoon while Chung Sook Cheng is the spouse of Lim Chee Beng. In accordance with Section 134 (12)(c) of the Companies Act, 1965, the interests of Pah Khai Keow @ Peh Swee Chan, Georgia Low Ye Wee, Chong Man Kiyau, Lim Jeng Dong, Lim Boon Bing and Chung Sook Cheng 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, Lim Chee Khoon and Lim Chee Beng.

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.

Directors' Report (cont'd)

DIRECTORS' BENEFITS

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, except as disclosed in note 27 to the financial statements.

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.

ISSUE OF SHARES AND DEBENTURES

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.

OTHER STATUTORY INFORMATION

Before the statements of financial position and statements of comprehensive income 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) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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.

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 2010 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: 20 April 2011

Statements of Financial Position

at 31 December 2010

	Note	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Assets					
Property, plant and equipment	3	46,717,619	47,840,337	11,790	13,014
Intangible asset	4	878,181	878,181	-	-
Investment properties	5	-	1,308,997	-	-
Investment in subsidiaries	6	-	-	38,329,486	40,110,550
Amount due from subsidiaries	7	-	-	24,135,227	31,999,676
Total non-current assets		47,595,800	50,027,515	62,476,503	72,123,240
Trade and other receivables	8	7,162,450	4,697,941	4,000	29,325
Prepayments paid	9	1,248,030	1,302,801	-	-
Inventories	10	24,036,269	23,884,781	-	-
Current tax assets		-	576,340	-	-
Cash and cash equivalents	11	20,503,690	19,649,677	6,923,830	2,215,520
Total current assets		52,950,439	50,111,540	6,927,830	2,244,845
Total assets		100,546,239	100,139,055	69,404,333	74,368,085
Equity					
Share capital	12	60,249,870	60,249,870	60,249,870	60,249,870
Share premium	12	302,594	302,594	302,594	302,594
Treasury shares	12	(311,438)	(311,438)	(311,438)	(311,438)
Retained earnings	12	32,133,372	33,479,172	9,073,007	14,050,259
Total equity attributable to owners of the Company		92,374,398	93,720,198	69,314,033	74,291,285
Non-controlling interest		-	-	-	-
Total equity		92,374,398	93,720,198	69,314,033	74,291,285
Liabilities					
Deferred tax liabilities	13	3,684,364	3,716,400	-	-
Total non-current liabilities		3,684,364	3,716,400	-	-
Current tax liabilities		230,882	-	-	-
Trade and other payables	14	4,007,362	2,136,985	90,300	76,800
Prepayments received	15	249,233	565,472	-	-
Total current liabilities		4,487,477	2,702,457	90,300	76,800
Total liabilities		8,171,841	6,418,857	90,300	76,800
Total equity and liabilities		100,546,239	100,139,055	69,404,333	74,368,085

The notes on pages 33 to 67 are an integral part of these financial statements.

Statements of Comprehensive Income

for the year ended 31 December 2010

	Note	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Revenue	16	56,777,096	42,451,730	12,300,000	7,700,000
Cost of sales		(38,413,490)	(27,118,161)	-	-
Gross profit		18,363,606	15,333,569	12,300,000	7,700,000
Other income		2,634,628	489,895	-	-
Distribution expenses		(1,222,039)	(1,268,564)	-	-
Administrative expenses		(3,303,297)	(3,098,770)	(170,997)	(153,554)
Other expenses		(3,801,133)	(2,803,848)	(2,114,684)	(1,130,010)
Results from operating activities		12,671,765	8,652,282	10,014,319	6,416,436
Finance income		391,858	248,788	37,420	16,367
Profit before tax		13,063,623	8,901,070	10,051,739	6,432,803
Income tax expense	17	(1,209,342)	(707,355)	(1,828,910)	46,282
Profit and total comprehensive income for the year	19	11,854,281	8,193,715	8,222,829	6,479,085
Attributable to:					
Owners of the Company		11,854,281	8,199,925	8,222,829	6,479,085
Non-controlling interest		-	(6,210)	-	-
		11,854,281	8,193,715	8,222,829	6,479,085
Basic earnings per ordinary share (sen)	20	9.88	6.83		

The notes on pages 33 to 67 are an integral part of these financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2010

Group	Note	Share capital RM	Share premium RM	Treasury shares RM	Retained earnings RM	Total RM	Non-controlling interest RM	Total equity RM
		Attributable to owners of the Company						
		Non-distributable			Distributable			
At 1 January 2009		60,249,870	302,594	(311,438)	28,879,269	89,120,295	6,210	89,126,505
Dividends to the owners of the Company	21	-	-	-	(3,600,022)	(3,600,022)	-	(3,600,022)
Profit and total comprehensive income/(loss) for the year		-	-	-	8,199,925	8,199,925	(6,210)	8,193,715
At 31 December 2009/1 January 2010		60,249,870	302,594	(311,438)	33,479,172	93,720,198	-	93,720,198
Dividends to the owners of the Company	21	-	-	-	(13,200,081)	(13,200,081)	-	(13,200,081)
Profit and total comprehensive income for the year		-	-	-	11,854,281	11,854,281	-	11,854,281
At 31 December 2010		60,249,870	302,594	(311,438)	32,133,372	92,374,398	-	92,374,398
		Note 12	Note 12	Note 12				

Company	Note	Share capital RM	Share premium RM	Treasury shares RM	Retained earnings RM	Total equity RM
		Attributable to owners of the Company				
		Non-distributable			Distributable	
At 1 January 2009		60,249,870	302,594	(311,438)	11,171,196	71,412,222
Dividends to the owners of the Company	21	-	-	-	(3,600,022)	(3,600,022)
Profit and total comprehensive income for the year		-	-	-	6,479,085	6,479,085
At 31 December 2009/1 January 2010		60,249,870	302,594	(311,438)	14,050,259	74,291,285
Dividends to the owners of the Company	21	-	-	-	(13,200,081)	(13,200,081)
Profit and total comprehensive income for the year		-	-	-	8,222,829	8,222,829
At 31 December 2010		60,249,870	302,594	(311,438)	9,073,007	69,314,033
		Note 12	Note 12	Note 12	Note 12	

The notes on pages 33 to 67 are an integral part of these financial statements.

Statements of Cash Flows
for the year ended 31 December 2010

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Cash flows from operating activities				
Profit before tax	13,063,623	8,901,070	10,051,739	6,432,803
Adjustments for:				
Amortisation of prepaid lease payments	-	3,027	-	-
Depreciation of:				
- property, plant and equipment	2,738,347	2,732,904	2,237	2,612
- investment properties	11,056	15,756	-	-
Dividend income	-	-	(12,300,000)	(7,700,000)
Finance income	(391,858)	(248,788)	(37,420)	(16,367)
(Gain)/Loss on disposal of:				
- investment property	(669,449)	(88,282)	-	-
- prepaid lease payments	-	(124,223)	-	-
- property, plant and equipment	(7,945)	(38,489)	-	14,787
Impairment loss on:				
- amount due from subsidiaries	-	-	-	563,358
- doubtful debts	-	623,956	-	-
- investment in subsidiaries	-	-	2,081,060	514,008
- investment properties	509,942	-	-	-
- property, plant and equipment	17,987	-	17,987	-
Inventories written off	-	24,500	-	-
Reversal of impairment loss:				
- doubtful debts	(43,845)	-	-	-
- amount due from subsidiaries	-	-	(40,000)	-
Unrealised foreign exchange loss/(gain)	528,072	(334,929)	-	-
Operating profit/(loss) before changes in working capital	15,755,930	11,466,502	(224,397)	(188,799)
Changes in working capital:				
Inventories	(151,488)	3,029,213	-	-
Trade and other payables	1,870,377	(389,282)	13,500	(2,318)
Trade and other receivables	(2,948,736)	607,298	25,325	7,801
Prepayments paid/received	(261,468)	(166,989)	-	-
Cash generated from/(used in) operations	14,264,615	14,546,742	(185,572)	(183,316)
Income tax (paid)/refund	(434,156)	(674,896)	(1,828,910)	30,096
Dividend received	-	-	12,300,000	7,700,000
Interest received	391,858	248,788	37,420	478
Net cash from operating activities	14,222,317	14,120,634	10,322,938	7,547,258

Statements of Cash Flows (cont'd)

	Note	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Cash flows from investing activities					
Acquisition of:					
- property, plant and equipment		(2,340,472)	(519,883)	(19,000)	-
- investment property		-	(9,959)	-	-
- investment in subsidiaries		-	-	(299,996)	-
Repayment from/(Advances to) subsidiaries		-	-	7,904,449	(1,775,820)
Proceeds from disposal of:					
- plant and equipment		714,801	153,652	-	-
- investment property		1,457,448	329,648	-	-
- prepaid lease payments		-	461,100	-	-
Net cash (used in)/generated from investing activities		(168,223)	414,558	7,585,453	(1,775,820)
Cash flows from financing activity					
Dividends paid to owners of the Company		(13,200,081)	(3,600,022)	(13,200,081)	(3,600,022)
Net cash used in financing activity		(13,200,081)	(3,600,022)	(13,200,081)	(3,600,022)
Net increase in cash and cash equivalents		854,013	10,935,170	4,708,310	2,171,416
Cash and cash equivalents at 1 January		19,649,677	8,714,507	2,215,520	44,104
Cash and cash equivalents at 31 December	(i)	20,503,690	19,649,677	6,923,830	2,215,520

NOTES TO STATEMENTS OF CASH FLOWS

(i) Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following statement of financial position amounts:

	Note	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Cash and bank balances		4,147,459	10,229,712	654	805,091
Deposits with licensed bank		16,356,231	9,419,965	6,923,176	1,410,429
	11	20,503,690	19,649,677	6,923,830	2,215,520

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 Market of the Bursa Malaysia Securities Berhad. The addresses of its registered office and principal place of business of the Company 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 2010 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities"). The financial statements of the Company as at and for the year ended 31 December 2010 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 6.

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 authorised for issue by the Board of Directors on 20 April 2011.

1. BASIS OF PREPARATION

(a) Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standards ("FRS"), generally accepted accounting principles and the Companies Act, 1965 in Malaysia.

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

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 March 2010
- Amendments to FRS 132, *Financial Instruments: Presentation – Classification of Rights Issues*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2010
- FRS 1, *First-time Adoption of Financial Reporting Standards (revised)*
- FRS 3, *Business Combinations (revised)*
- FRS 127, *Consolidated and Separate Financial Statements (revised)*
- Amendments to FRS 2, *Share-based Payment*
- Amendments to FRS 5, *Non-current Assets Held for Sale and Discontinued Operations*
- Amendments to FRS 138, *Intangible Assets*
- IC Interpretation 12, *Service Concession Agreements*
- IC Interpretation 16, *Hedges of a Net Investment in a Foreign Operation*
- IC Interpretation 17, *Distributions of Non-cash Assets to Owners*
- Amendments to IC Interpretation 9, *Reassessment of Embedded Derivatives*

Notes to the Financial Statements (cont'd)

1. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (cont'd)

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2011

- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards*
    - *Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters*
    - *Additional Exemptions for First-time Adopters*
- Amendments to FRS 2, *Group Cash-settled Share Based Payment Transactions*
- Amendments to FRS 7, Financial Instruments: Disclosures – *Improving Disclosures about Financial Instruments*
- IC Interpretation 4, *Determining whether an Arrangement contains a Lease*
- IC Interpretation 18, *Transfers of Assets from Customers*
- Improvements to FRSs (2010)

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2011

- IC Interpretation 19, *Extinguishing Financial Liabilities with Equity Instruments*
- Amendments to IC Interpretation 14, *Prepayments of a Minimum Funding Requirement*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2012

- FRS 124, *Related Party Disclosures (revised)*
- IC Interpretation 15, *Agreements for the Construction of Real Estate*

The Company plans to apply the abovementioned standards, amendments and interpretations from the annual period beginning 1 January 2011 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 March 2010, 1 July 2010 and 1 January 2011, except for FRS 1, FRS 3, amendments to FRS 2, amendments to FRS 5, amendments to IC Interpretation 9, amendments to FRS 1, and all IC Interpretations, which are not applicable to the Company.

The initial application of a standard, an amendment or an interpretation, which will be applied prospectively or which requires extended disclosures, is not expected to have any financial impacts to the current and prior periods financial statements upon their first adoption.

The impacts and disclosures as required by FRS 108.30(b), *Accounting Policies, Changes in Accounting Estimates and Errors*, in respect of applying IC Interpretation 12 are not disclosed by virtue of the exemptions given in the Interpretation.

Following the announcement made by the MASB on 1 August 2008, the Group and the Company's financial statements from the annual period beginning 1 January 2012 will be prepared in accordance with International Financial Reporting Standards framework. The change of the financial reporting framework is not expected to have any significant impact on the financial position and performance of the Group and the Company.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in the note 2.

(c) Functional and presentation currency

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

1. BASIS OF PREPARATION (CONT'D)

(d) Use of estimates and judgements

The preparation of financial statements in conformity with FRSs 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 estimates are revised and in any future periods affected.

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

- Note 4 - measurement of the recoverable amounts of cash-generating units

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, other than as disclosed in note 2(c) and note 2(s) in respect of financial instruments and operating segment.

(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.

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 statements of financial position at cost less any impairment losses.

(ii) Non-controlling interest

Non-controlling interest at the end of the reporting period, 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 statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interest in the results of the Group is presented on the face of the consolidated statement of comprehensive income as an allocation of the total comprehensive income for the year between non-controlling interest and the owners of the Company.

Where losses applicable to the non-controlling interest exceed their interest in the equity of a subsidiary, the excess, and any further losses applicable to the non-controlling interest, are charged against the Group's interest except to the extent that the non-controlling interest 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 non-controlling interest's share of losses previously absorbed by the Group has been recovered.

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 date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at reporting period are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in foreign currency translated at the exchange rate at the end of the reporting period. 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 profit or loss.

(c) Financial instruments

Arising from the adoption of FRS 139, Financial Instruments: Recognition and Measurement, with effect from 1 January 2010, financial instruments are categorised and measured using accounting policies as mentioned below. Before 1 January 2010, different accounting policies were applied. Significant changes to the accounting policies are discussed in note 28.

(i) Initial recognition and measurement

A financial instrument is recognised in the financial statement when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial instruments (cont'd)

(ii) Financial instrument categories and subsequent measurement

The Group or the Company categorises financial instruments as follows:

Financial assets

(a) Financial assets at fair value through profit or loss

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(b) Held-to-maturity investments

Held-to-maturity investments category comprises debt instruments that are quoted in an active market and the Group or the Company has the positive intention and ability to hold them to maturity.

Financial assets categorised as held-to-maturity investments are subsequently measured at amortised cost using the effective interest method.

(c) Loans and receivables

Loans and receivables category comprises trade and other receivables and cash and cash equivalents.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest rate.

(d) Available-for-sale financial assets

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment in accordance with note 2(k)(i).

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial instruments (cont'd)

(ii) Financial instrument categories and subsequent measurement (cont'd)

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are held for trading, derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(iii) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the profit or loss.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated 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. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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 knowledgeable willing parties 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 available and replacement cost when appropriate.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(i) Recognition and measurement (cont'd)

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 profit or loss.

(ii) 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 to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in profit or loss 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
• cabin, 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 reviewed and adjusted as appropriate at end of the reporting period.

(e) Intangible asset

Goodwill

Goodwill arises on business combination 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 profit or loss.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Investment properties

(i) Investment properties carried at cost

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in production or supply of goods or services or for administrative purposes.

Investment properties are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is charged to the profit or loss 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 informal enquiries 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.

(g) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is measured based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In 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.

(h) Receivables

Prior to 1 January 2010, receivables were initially recognised at their costs and subsequently stated at cost less allowance for doubtful debts.

Following the adoption of FRS 139, receivables are categorised and measured as loans and receivables in accordance with note 2(c)(ii)(c).

(i) Prepayments paid/received

Prepayments paid and received are stated at cost.

Notes to the Financial Statements (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Cash and cash equivalents

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

Cash and cash equivalents are categorised and measured as loans and receivables in accordance with note 2(c)(ii)(c).

(k) Impairment

(i) Financial assets

All financial assets (except for financial assets categorised as fair value through profit or loss and investment in subsidiaries) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment.

An impairment loss in respect of loans and receivables and held-to-maturity investments is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in the other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity and recognised to profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

(ii) Other assets

The carrying amounts of other assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment.

If any such indication exists, then the asset's recoverable amount is estimated. 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 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.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

Notes to the Financial Statements (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Impairment (cont'd)

(ii) Other assets (cont'd)

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the unit (groups of units) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at the end of each reporting period 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 since the last impairment loss was recognised. 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 profit or loss in the year in which the reversals are recognised.

(l) Equity instruments

Instruments classified as equity are stated at cost on initial recognition and are not remeasured subsequently.

Repurchase 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. Repurchased shares that are not subsequently cancelled 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

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 liability 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 profit or loss in the year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(n) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Payables

Prior to 1 January 2010, payables were measured initially and subsequently at cost.

Following the adoption of FRS 139, payables are categorised and measured as other financial liabilities in accordance with note 2(c)(ii).

(p) Revenue and other income

(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 profit or loss 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 in profit or loss on the date that the Group's or the Company's right to receive payment is established.

(iv) Interest income

Interest income is recognised as it accrues, using the effective interest method in profit or loss.

(q) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. 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 or loss. Deferred tax is measured at the tax rates that are expected to apply to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

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 end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) Earnings per ordinary share

The Group presents basic earnings per ordinary share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

(s) Operating segments

In the previous years, a segment was a distinguishable component of the Group that was 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.

Following the adoption of FRS 8, Operating Segments, an operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Board of Directors of the Group, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

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	Cabin, office equipment, furniture and fittings and renovation RM	Motor vehicles RM	Computer equipment RM	Total RM
Cost							
At 1 January 2009	16,210,622	24,986,359	18,352,118	1,532,809	3,068,591	555,110	64,705,609
Additions	-	51,633	26,353	353,529	-	88,368	519,883
Disposals	-	-	(51,340)	(25,315)	(223,542)	-	(300,197)
At 31 December 2009/ 1 January 2010	16,210,622	25,037,992	18,327,131	1,861,023	2,845,049	643,478	64,925,295
Additions	-	90,500	530,112	223,917	1,436,510	59,433	2,340,472
Disposals	-	-	-	(270)	(2,081,815)	-	(2,082,085)
At 31 December 2010	16,210,622	25,128,492	18,857,243	2,084,670	2,199,744	702,911	65,183,682
Depreciation and impairment loss							
At 1 January 2009	-	3,025,276	8,444,648	837,619	1,822,923	406,622	14,537,088
Depreciation for the year	-	520,714	1,806,632	144,291	174,548	86,719	2,732,904
Disposals	-	-	(28,907)	(6,279)	(149,848)	-	(185,034)
At 31 December 2009/ 1 January 2010	-	3,545,990	10,222,373	975,631	1,847,623	493,341	17,084,958
Depreciation for the year	-	521,105	1,768,469	198,448	153,349	96,976	2,738,347
Disposals	-	-	-	(22)	(1,375,207)	-	(1,375,229)
Impairment	-	-	-	17,987	-	-	17,987
Accumulated depreciation	-	4,067,095	11,990,842	1,174,057	625,765	590,317	18,448,076
Accumulated impairment loss	-	-	-	17,987	-	-	17,987
At 31 December 2010	-	4,067,095	11,990,842	1,192,044	625,765	590,317	18,466,063
Carrying amounts							
At 1 January 2009	16,210,622	21,961,083	9,907,470	695,190	1,245,668	148,488	50,168,521
At 31 December 2009/ 1 January 2010	16,210,622	21,492,002	8,104,758	885,392	997,426	150,137	47,840,337
At 31 December 2010	16,210,622	21,061,397	6,866,401	892,626	1,573,979	112,594	46,717,619

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Office equipment RM
Cost	
At 1 January 2009	34,240
Disposal	(18,940)
At 31 December 2009/1 January 2010	15,300
Addition	19,000
At 31 December 2010	34,300
Depreciation and impairment loss	
At 1 January 2009	3,827
Depreciation for the year	2,612
Disposal	(4,153)
At 31 December 2009/1 January 2010	2,286
Depreciation for the year	2,237
Impairment	17,987
Accumulated depreciation	4,523
Accumulated impairment loss	17,987
At 31 December	22,510
Carrying amount	
At 1 January 2009	30,413
At 31 December 2009/1 January 2010	13,014
At 31 December 2010	11,790

3.1 Factory building

Included in factory building of the Group is a warehouse building costing RM1,066,020 (2009 - RM975,520) situated on Temporary Occupation Land ("TOL") and the licence for the TOL is renewable yearly.

4. INTANGIBLE ASSET

Goodwill	Group 2010 RM	Group 2009 RM
Cost		
At 1 January/31December	878,181	878,181
Carrying amount		
At 31 December	878,181	878,181

4. INTANGIBLE ASSET (CONT'D)

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 7-year projection.
- Revenue was projected at anticipated annual revenue growth of 15% per annum for the first year, 10% per annum for the second year and 5% per annum for the remaining 5 years.
- Effective tax rates were projected to be 24% for the first year and 25% for the remaining 6 years after taking into consideration the pioneer status granted to a subsidiary company, Finesse Moulding (M) Sdn. Bhd. which expired in January 2011.
- A discount rate of 7.6% (2009: 7.0%) 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 Group will not suffer any impairment loss even if the above estimates experienced the following changes:

- An increase in 1% in the discount rate;
- A 10% decrease in future projected revenue.

5. INVESTMENT PROPERTIES

		Group	
	Note	2010	2009
		RM	RM
Cost			
At 1 January		1,630,795	1,880,836
Addition		-	9,959
Disposal		(1,077,999)	(260,000)
At 31 December		552,796	1,630,795
Depreciation and impairment loss			
Accumulated depreciation		31,798	34,676
Accumulated impairment loss		290,000	290,000
At 1 January		321,798	324,676
Depreciation for the year		11,056	15,756
Disposal		(290,000)	(18,634)
Impairment		509,942	-
Accumulated depreciation		42,854	31,798
Accumulated impairment loss	5.2	509,942	290,000
At 31 December		552,796	321,798

5. INVESTMENT PROPERTIES (CONT'D)

	Note	Group 2010	2009
Carrying amount			
At 31 December		-	1,308,997
Included above are:			
Freehold land		-	788,000
Building		-	520,997
		-	1,308,997
Fair value			
At 31 December	5.1	-	1,851,309

The following are recognised in the profit or loss in respect of investment properties:

	Group 2010 RM	2009 RM
Rental income	96,000	78,772
Direct operating expenses		
- income generating investment properties	(5,516)	(5,043)
- non-income generating investment properties	(6,749)	(2,480)

5.1 In 2009, the fair value was based on informal enquiries obtained by Directors from an external independent valuation company, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued.

5.2 The licence for the Temporary Occupation Land ("TOL") where a building is situated has been recalled by the Government during the year and the Group has returned the TOL to the Government in February 2011. The building costing RM552,796 has been fully impaired during the year and was subsequently written off in February 2011.

The Group was in the process of applying for separate document of title for the building before the TOL was recalled by the Government. The Group has yield an aggregate rental income of RM160,000 from this investment property in the current and prior year.

6. INVESTMENT IN SUBSIDIARIES

	Note	Company 2010 RM	2009 RM
Unquoted shares, at cost	6.1	41,557,970	41,257,974
Less: Impairment loss	6.2	(3,228,484)	(1,147,424)
		38,329,486	40,110,550

6.1 Details of the subsidiaries are as follows:

Name of company	Principal activities	Country of incorporation	Effective ownership interest 2010	2009
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.	Dormant	Malaysia	76%	76%

6.2 The impairment loss for the year is mainly recognised in respect of the investment in Classic Frame Moulding (M) Sdn. Bhd. due to dividend declared to the Company during the year.

7. AMOUNT DUE FROM SUBSIDIARIES

	Company 2010 RM	2009 RM
Non-trade	24,658,585	32,563,034
Less: Allowance for impairment loss	(523,358)	(563,358)
	24,135,227	31,999,676

The amount due from subsidiaries is non-trade in nature, unsecured and interest free. The settlement of the amount is neither planned nor likely to occur in the foreseeable future. As this amount is, in substance, a part of the entity's net investment in the subsidiary, it is stated at cost less accumulated impairment.

Notes to the Financial Statements (cont'd)

8. TRADE AND OTHER RECEIVABLES

Current	Note	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Trade					
Trade receivables	8.1	6,964,123	4,680,198	-	-
Less: Allowance for impairment loss		(591,329)	(635,174)	-	-
		6,372,794	4,045,024	-	-
Non-trade					
Other receivables and deposits		605,154	604,450	4,000	29,325
Fair value through profit or loss financial assets	8.2	184,502	48,467	-	-
		7,162,450	4,697,941	4,000	29,325

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

	Group 2010 RM	Group 2009 RM
Ringgit Malaysia	1,414,687	1,141,050
U.S. Dollar	4,850,175	3,200,943
Euro Dollar	267,999	304,601
Singapore Dollar	9,668	33,604
Japanese Yen	421,594	-
	6,964,123	4,680,198

8.2 Fair value through profit or loss financial assets comprise mark-to-market gains on forward foreign exchange contracts.

9. PREPAYMENTS PAID

Prepayments paid mainly relate to advance payments made to suppliers.

10. INVENTORIES

	Group 2010 RM	Group 2009 RM
At cost:		
Raw materials	16,606,790	16,576,667
Work-in-progress	5,437,950	5,310,185
Finished goods	1,991,529	1,997,929
	24,036,269	23,884,781

11. CASH AND CASH EQUIVALENTS

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Cash and bank balances	4,147,459	10,229,712	654	805,091
Deposits with licensed bank				
- redeemable at call	3,027,656	2,155,063	43,861	1,410,429
- redeemable upon 7 days notice	13,328,575	7,264,902	6,879,315	-
	20,503,690	19,649,677	6,923,830	2,215,520

The currency exposure of cash and cash equivalents denominated in Ringgit Malaysia equivalent is as follow:

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Ringgit Malaysia	17,140,650	17,919,972	6,923,830	2,215,520
U.S. Dollar	2,874,145	1,253,911	-	-
Euro Dollar	460,909	464,208	-	-
Others	27,986	11,586	-	-
	20,503,690	19,649,677	6,923,830	2,215,520

12. CAPITAL AND RESERVES

	Group and Company			
	Amount	Number	Amount	Number
Share capital	2010	of shares	2009	of shares
	RM	2010	RM	2009
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	60,249,870	120,499,740	60,249,870	120,499,740

Share premium

The reserve comprises the premium paid on subscription of shares in the Company over and above par value of the shares.

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.

12. CAPITAL AND RESERVES (CONT'D)

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 2010 if paid out as dividends.

The Finance 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 2007 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.

13. DEFERRED TAX ASSETS AND LIABILITIES

Recognised deferred tax assets and liabilities

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

	Assets		Liabilities		Net	
Group	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**
	RM	**RM**	**RM**	**RM**	**RM**	**RM**
Property, plant and equipment	-	-	3,114,924	3,016,642	3,114,924	3,016,642
Other temporary differences	(230,687)	(101,520)	800,127	801,278	569,440	699,758
Tax (assets)/liabilities	(230,687)	(101,520)	3,915,051	3,817,920	3,684,364	3,716,400
Set off of tax	230,687	101,520	(230,687)	(101,520)	-	-
Net tax liabilities	-	-	3,684,364	3,716,400	3,684,364	3,716,400

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

Group	Property, plant and equipment RM	Other temporary differences RM	Total RM
At 1 January 2009	3,320,791	484,898	3,805,689
Recognised in profit or loss	(304,149)	214,860	(89,289)
At 31 December 2009/1 January 2010	3,016,642	699,758	3,716,400
Recognised in profit or loss	98,282	(130,318)	(32,036)
At 31 December 2010	3,114,924	569,440	3,684,364

14. TRADE AND OTHER PAYABLES

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Trade				
Trade payables	2,109,207	964,137	-	-
Non-trade				
Other payables and accruals	1,898,155	1,172,848	90,300	76,800
	4,007,362	2,136,985	90,300	76,800

15. PREPAYMENTS RECEIVED

Prepayments received relate to advance payments from customers.

16. REVENUE

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Sales	56,777,096	42,436,958	-	-
Dividend income	-	-	12,300,000	7,700,000
Rental income	-	14,772	-	-
	56,777,096	42,451,730	12,300,000	7,700,000

17. INCOME TAX EXPENSE

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Current tax expense				
Malaysian				
- current year	1,237,516	854,047	1,825,000	-
- prior year	3,862	(57,403)	3,910	(46,282)
	1,241,378	796,644	1,828,910	(46,282)
Deferred tax (reversal)/expense				
Origination and reversal of temporary differences	(406,050)	(88,181)	-	-
Prior year	374,014	(1,108)	-	-
	(32,036)	(89,289)	-	-
	1,209,342	707,355	1,828,910	(46,282)

Notes to the Financial Statements (cont'd)

17. INCOME TAX EXPENSE (CONT'D)

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Reconciliation of effective tax expense				
Profit before tax	13,063,623	8,901,070	10,051,739	6,432,803
Tax at 25%	3,265,905	2,225,269	2,512,935	1,608,201
Effect of change in tax rate	-	(6,002)	-	-
Non-deductible expenses	152,064	42,525	571,420	316,919
Tax exempt income	(2,417,016)	(1,362,978)	(1,259,355)	(1,925,120)
Double deduction	(169,487)	(132,948)	-	-
	831,466	765,866	1,825,000	-
Prior year	377,876	(58,511)	3,910	(46,282)
	1,209,342	707,355	1,828,910	(46,282)

18. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensations are as follows:

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Directors emoluments:				
Fees				
- Company Directors	36,000	36,000	36,000	36,000
Remuneration				
- Company Directors	1,384,504	1,384,444	-	-
- Subsidiary's director	-	40,800	-	-
Other short-term employee benefits (including estimated monetary value of benefits-in-kind)	87,313	79,459	19,500	19,500
	1,507,817	1,540,703	55,500	55,500
Other key management personnel:				
Remuneration	834,909	589,938	-	-
Other short term employee benefits (including estimated monetary value of benefits-in-kind)	14,175	19,067	-	-
	849,084	609,005	-	-
	2,356,901	2,149,708	55,500	55,500

Other key management personnel comprise 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.

19. PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Profit and total comprehensive income for the year is arrived at after charging:				
Amortisation of prepaid lease payments	-	3,027	-	-
Audit fees	82,000	69,000	20,000	12,000
Non-audit fees	15,000	-	15,000	-
Depreciation of:				
- property, plant and equipment	2,738,347	2,732,904	2,237	2,612
- investment properties	11,506	15,756	-	-
Impairment loss on:				
- doubtful debts	-	623,956	-	563,358
- investment in subsidiaries	-	-	2,081,060	514,008
- investment properties	509,942	-	-	-
- property, plant and equipment	17,987	-	17,987	-
Inventories written off	-	24,500	-	-
Loss on foreign exchange:				
- realised	398,337	183,167	-	-
- unrealised	712,574	-	-	-
Loss on disposal of property, plant and equipment	-	-	-	14,787
Personnel expenses (including key management personnel):				
- contribution to Employees' Provident Fund	663,715	626,640	-	-
- wages, salaries and others	11,805,713	9,460,923	-	-
and after crediting:				
Dividend income from subsidiaries	-	-	12,300,000	7,700,000
Finance income				
- Deposits from licensed bank	391,858	248,788	37,420	16,367
Gain on disposal of:				
- investment property	669,449	88,282	-	-
- prepaid lease payments	-	124,223	-	-
- property, plant and equipment	7,945	38,489	-	-
Gain on foreign exchange:				
- realised	1,619,242	-	-	-
- unrealised	184,502	334,929	-	-
Rental income from investment properties	96,000	78,772	-	-
Reversal of impairment loss on:				
- doubtful debts	43,845	-	-	-
- amount due from subsidiaries	-	-	40,000	-

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:

	Group	
	2010 RM	2009 RM
Profit for the year attributable to owners	11,854,281	8,199,925

Weighted average number of ordinary shares

	Group	
	2010 RM	2009 RM
Issued ordinary shares at beginning of the year	120,499,740	120,499,740
Effect of treasury shares held	(499,000)	(499,000)
Weighted average number of ordinary shares	120,000,740	120,000,740

	Group	
	2010 sen	2009 sen
Basic earnings per ordinary share	9.88	6.83

21. DIVIDENDS

Dividends recognised in the current year by the Company are:

	Sen per ordinary share (net of tax)	Total amount RM	Date of payment
2010			
First and final 2009 ordinary	7.0	8,400,052	8 July 2010
First Interim 2010 ordinary	4.0	4,800,029	16 November 2010
		13,200,081	
2009			
First and final 2008 ordinary	3.0	3,600,022	20 July 2009

21. DIVIDENDS (CONT'D)

On 26 February 2011, the following dividends were declared by the Directors. These dividends have been recognised in the subsequent financial period.

	Sen per ordinary share (net of tax)	Total amount RM
Second interim 2010 ordinary		
- tax exempt	1.25	1,500,009
- non-tax exempt	3.75	4,500,028
		6,000,037

22. OPERATING SEGMENTS

The Group has three reportable segments, which represents the business activities of the Group in different geographical locations. The Group carries out different business activities and adopts different business strategies in carrying out its business in different geographical locations. For each of the geographical locations, the Group's Executive Directors ("ED") review internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segment:

Reportable segment	Principal business activities
North America	Sales of wooden picture frame
Australia	Sales of wooden picture frame
Malaysia	Sales and manufacturing of wooden picture frame and other timber products and purchasing of timber

The above reportable segment of the Group is primarily confined within one business, which is the manufacturing and sales of wooden picture frame.

Non-reportable segments comprise operations relating to the sales of wooden picture frame in the region of Europe, Japan and Singapore.

Segment revenue

Performance is measured based on segment revenue as included in the internal management reports that are reviewed by the Group's ED, who are collectively the Group's chief operating decision maker. Segment revenue is used to measure performance as management believes that such information is the most relevant in evaluating the results of the respective segments relative to other entities that operate within the same geographical location.

Segment profit is not used to measure the performance of the respective segment and not included in the internal management reports that are reviewed by the ED. The necessary information to disclose segment profit is also not available and it is not practicable to incur excessive cost to develop the information.

Segment trade receivables

The total of segment asset is measured based on trade receivables of the respective segment. The trade receivables relating to the respective segment is included in the internal management report to the Group's ED. Segment trade receivables are used to evaluate the credit risk and foreign currency fluctuation risk exposure arising from trade receivables by different geographical locations.

22. OPERATING SEGMENTS (CONT'D)

Segment trade receivables (cont'd)

Segment asset is not used to measure the financial position of the respective segment and not included in the internal management reports that are reviewed by the ED, as all assets within the Group, other than trade receivables, are attributed to the business activities in Malaysia.

	North America		Australia		Malaysia		Total	
	2010	2009	2010	2009	2010	2009	2010	2009
	RM	RM	RM	RM	RM	RM	RM	RM
Segment revenue *	42,395,086	28,348,479	5,384,630	5,603,295	3,365,768	3,315,625	51,145,484	37,267,399
Included in measurement of segment revenue are:								
Revenue from external customers	42,395,086	28,348,479	5,384,630	5,603,295	3,365,768	3,315,625	51,145,484	37,267,399
Segment trade receivables #	4,356,900	2,286,277	493,275	914,666	1,414,687	1,141,050	6,264,862	4,341,993

* Segment profit is not disclosed as it is not used to measure the performance of the respective segment and not included in the internal management reports that are reviewed by the ED. The necessary information to disclose segment profit is also not available and it is not practicable to incur excessive cost to develop the information.

\# Segment asset is not disclosed as it is not used to measure the financial position of the respective segment and not included in the internal management reports that are reviewed by the ED as all assets within the Group, other than trade receivables, are attributed to the business activities in Malaysia.

22. OPERATING SEGMENTS (CONT'D)

Reconciliation of reportable segment revenue, assets and other material items

	External revenue RM	Depreciation and amortisation RM	Finance income RM	Gain on disposal of non-current assets other than financial instruments RM	Impairment losses RM	Segment trade receivables RM
2010						
Total reportable segment	51,145,484	(2,749,853)	391,858	677,394	(527,929)	6,264,862
Other non-reportable segment	5,631,612	-	-	-	-	699,261
Consolidated total	56,777,096	(2,749,853)	391,858	677,394	(527,929)	6,964,123
2009						
Total reportable segment	37,267,399	(2,748,660)	248,788	250,994	(623,956)	4,341,993
Other non-reportable segment	5,184,331	-	-	-	-	338,205
Consolidated total	42,451,730	(2,748,660)	248,788	250,994	(623,956)	4,680,198

Major customers

The following are major customers with revenue equal or more than 10% of Group revenue:

	Revenue		
	2010 RM	2009 RM	Segment
Customer A	10,168,298	5,854,358	North America
Customer B	9,348,276	6,682,387	North America
Customer C	8,716,183	6,001,233	North America

23. FINANCIAL INSTRUMENTS

Certain comparative figures have not been presented for 31 December 2009 by virtue of the exemption given in paragraph 44AA of FRS 7.

23.1 Categories of financial instruments

As at the end of the reporting period, the Group has the following financial instruments:

2010	Carrying amounts RM
Financial assets	
Trade and other receivables	7,162,450
Cash and cash equivalents	20,503,690
	27,666,140
Financial liabilities	
Trade and other payables	4,007,362

All financial assets are categorised as loans and receivables. All financial liabilities are categorised as other financial liabilities measured at amortised cost.

23. FINANCIAL INSTRUMENTS (CONT'D)

23.2 Net gains and losses arising from financial instruments

	2010 RM
Net gains arising on loans and receivables	1,130,388

23.3 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

23.4 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers and deposits with licensed banks.

Receivables

Risk management objectives, policies and processes for managing the risk

In mitigating this risk, the management has established credit management procedures and had carried out a review over the Group's exposure to credit risk.

Exposure to credit risk, credit quality and collaterals

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable value. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis and past payment trend analysis to monitor the credit quality of the receivables. Any receivables having significant balances due more than 30 days and have exceeded their usual payment trend will be monitored individually.

The receivables of the Group are unsecured.

The exposure of credit risk for trade receivables as at the end of the reporting period by geographical region was:

	2010 RM	2009 RM
North America	4,356,900	2,286,277
Australia	493,275	914,666
Japan	421,594	-
Europe	267,999	304,601
Singapore	9,668	33,604
Malaysia	1,414,687	1,141,050
	6,964,123	4,680,198

23. FINANCIAL INSTRUMENTS (CONT'D)

23.4 Credit risk (cont'd)

Receivables (cont'd)

Impairment losses

The ageing of trade receivables as at the end of the reporting period was:

	Note	Gross RM	Individual impairment RM	Net RM
2010				
Not past due		3,383,609	-	3,383,609
Past due less than 30 days		2,247,273	-	2,247,273
Past due 31-120 days		701,044	-	701,044
Past due more than 120 days		632,197	(591,329)	40,868
	8	6,964,123	(591,329)	6,372,794
2009				
Not past due		2,238,976	-	2,238,976
Past due less than 30 days		1,486,205	-	1,486,205
Past due 31-120 days		359,120	(39,277)	319,843
Past due more than 120 days		595,897	(595,897)	-
	8	4,680,198	(635,174)	4,045,024

The movements in the allowance for impairment losses of trade receivables during the year were:

	2010 RM	2009 RM
At 1 January	635,174	11,218
Impairment loss recognised	-	623,956
Impairment losses reversed	(43,845)	-
At 31 December	591,329	635,174

During the year, no impairment loss was recognised for trade receivables past due equal or more than 30 days as subsequent payments have been fully received as of the date of this report.

The allowance account in respect of trade receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

23. FINANCIAL INSTRUMENTS (CONT'D)

23.4 Credit risk (cont'd)

Deposits with licensed bank

Risk management objectives, policies and processes for managing the risk

Investments of the Group are restricted to deposits with licensed banks.

Exposure to credit risk, credit quality and collaterals

As at the end of the reporting period, the Group has only placed deposits domestically. The maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position.

In view of that deposits are only placed with licensed bank, management does not expect the bank to fail to meet its obligation.

The deposits with licensed bank of the Group are not pledged as security.

As at the end of the reporting period, there is no indication that the deposits with licensed bank are not recoverable.

23.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its payables and accruals.

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance its operations and mitigate the effects of fluctuations in the cash flows.

Maturity analysis

The contractual cash flows of the Group's financial liabilities as at the end of the reporting period approximates the respective carrying amount, do not bear any contractual interest rate and are expected to be settled within 1 year.

23.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates will affect the Group's financial position or cash flows.

Currency risk

The Group is exposed to foreign currency risk on sales that are denominated in a currency other than the respective functional currencies of Group. The currencies giving rise to this risk are primarily U.S. Dollar ("USD"), Singapore Dollar ("SGD"), Euro Dollar ("EUR") and Japanese Yen ("YEN").

Risk management objectives, policies and processes for managing the risk

The Group performs ongoing review over its exposure to foreign currency risk and manage the risk by hedging its foreign currency denominated trade receivables, trade payables and estimated foreign currency exposure in respect of forecast sales and forecast purchases over the following three to six months. The hedge percentage for the foreign currency is reviewed and determined by the management periodically. The Group uses forward exchange contracts to hedge its foreign currency risk. Most of the forward exchange contracts have maturities of less than one year after the end of the reporting period. Where necessary, the forward exchange contracts are rolled over at maturity.

23. FINANCIAL INSTRUMENTS (CONT'D)

23.6 Market risk (cont'd)

Exposure to foreign currency risk

The Group's significant exposure to foreign currency (a currency which is other than the functional currency of the Group) risk, based on carrying amounts as at the end of the reporting period was:

	2010				2009			
	Denominated in				Denominated in			
	USD	SGD	EUR	YEN	USD	SGD	EUR	YEN
In RM								
Trade receivables	4,850,175	9,668	267,999	421,594	3,200,943	33,604	304,601	-
Cash and cash equivalents	2,874,145	-	460,909	19,338	1,253,911	-	464,208	-
Trade payables	(208,074)	(11,798)	(39,159)	-	(16,272)	(3,078)	(4,530)	-
Forward exchange contracts	192,759	-	(11,612)	3,355	48,467	-	-	-
Exposure in the statement of financial position	7,709,005	(2,130)	678,137	444,287	4,487,049	30,526	764,279	-
Estimated forecast sales	10,162,116	7,760	938,532	615,644	7,977,905	9,405	848,280	674,413
Estimated forecast purchases	(1,023,248)	-	-	-	-	-	(217,883)	-
Estimated capital expenditure	-	-	(470,200)	-	-	-	-	-
Net exposure	16,847,874	5,630	1,146,468	1,059,931	12,464,954	39,931	1,394,676	674,413

23. FINANCIAL INSTRUMENTS (CONT'D)

23.6 Market risk (cont'd)

Currency risk sensitivity analysis

A 5 percent strengthening of the Ringgit Malaysia against the following currencies at the end of the reporting period would have decreased post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	2010 Profit or loss RM
USD	242,509
YEN	21,080
EUR	13,400
SGD	483

A 5 percent weakening of Ringgit Malaysia against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

23.7 Fair values of financial instruments

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

There are no financial instruments measured at fair value as at the end of the reporting period.

24. CAPITAL COMMITMENTS

	Group	
	2010 RM	2009 RM
Capital expenditure commitments		
Property, plant and equipment contracted but not provided for in the financial statements	562,038	164,364

25. CONTINGENCIES (UNSECURED)

	Company	
	2010 RM	2009 RM
Corporate guarantee issued to licensed banks in respect of credit facilities granted to its subsidiaries	8,535,888	15,750,800

26. CAPITAL MANAGEMENT

The Group's objective when managing capital is to maintain an optimal capital structure and safeguard the Group's ability to continue as a going concern, so as to safeguard shareholder's interest within the Group.

The Group's strategy for capital management is to mitigate unnecessary debts obligation and funding cost. There were no changes to the Group's capital management strategy during the year.

The Group did not have any debt obligation as at the end of the reporting period.

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity equal to or not less than 25 percent of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

27. RELATED PARTIES

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group 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 of the Group either directly or indirectly. The key management personnel include 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	
	2010	2009	2010	2009
	RM	RM	RM	RM
Subsidiaries				
Management fees paid to a subsidiary	-	-	25,000	25,000
Dividend income received from a subsidiary	-	-	(12,300,000)	(7,700,000)
A Director				
Disposal of a motor vehicle	53,000	-	-	-
A company in which the sister of a director (of a subsidiary who resigned in prior year) has interest				
Sales	-	(117,500)	-	-
Interest income	-	-	-	(15,889)

27. RELATED PARTIES (CONT'D)

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

	Balance outstanding at 31 December			
	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Amount due from subsidiaries	-	-	24,135,227	31,999,676
Amount due from a company in which the sister of director (of a subsidiary who resigned in prior year) has interest				
Gross balance outstanding	-	480,361	-	-
Less: Allowance for impairment loss	-	(480,361)	-	-
	-	-	-	-

All transactions and outstanding balances are expected to be settled in cash by the related parties.

28. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES

28.1 FRS 139, Financial Instruments: Recognition and Measurement

The adoption of FRS 139 has resulted in several changes to accounting policies relating to recognition and measurement of financial instruments. Significant changes in accounting policies are as follows:

(i) Impairment of receivables

Prior to the adoption of FRS 139, an allowance for doubtful debts was made when a receivable is considered irrecoverable by the management. With the adoption of FRS 139, an impairment loss is recognised for receivables and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate.

(ii) Transitional provisions

These changes in accounting policies have been made in accordance with the transitional provisions of FRS 139. In accordance to the transitional provisions of FRS 139 for first-time adoption, adjustments arising from remeasuring the financial instruments at the beginning of the financial year were recognised as adjustments of the opening balance of retained earnings or another appropriate reserve. Comparatives are not adjusted.

The adoption of FRS 139 only impacts presentation and disclosure aspects and has no impact on the profits and total comprehensive income for the year.

28.2 FRS 8, Operating Segments

As of 1 January 2010, the Group determines and presents operating segments based on the information that internally is provided to the Board of Directors, who are collectively the Group's chief operating decision maker. This change in accounting policy is due to the adoption of FRS 8. Previously operating segments were determined and presented in accordance with FRS 1142004, Segment Reporting.

Comparative segment information has been re-presented. Since the change in accounting policy only impacts presentation and disclosure aspects, there is no impact on earnings per share.

29. SUPPLEMENTARY INFORMATION ON THE BREAKDOWN OF REALISED AND UNREALISED PROFITS OR LOSSES

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits or losses.

On 20 December 2010, Bursa Malaysia further issued another directive on the disclosure and the prescribed format of presentation.

The breakdown of the retained earnings of the Group and of the Company as at 31 December 2010, into realised and unrealised profits, pursuant to the directive, is as follows:

	2010	
	Group	Company
	RM	RM
The retained profits of the Company and its subsidiaries		
- Realised	59,439,365	9,073,007
- Unrealised	(1,432,405)	-
	58,006,960	9,073,007
Less: Consolidation adjustments	(25,873,588)	-
Total group retained profits as per consolidated accounts	32,133,372	9,073,007

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 28 to 66 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 as of 31 December 2010 and of their financial performance and cash flows for the year then ended.

In the opinion of the Directors, the information set out in Note 29 to the financial statements has been compiled in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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: 20 April 2011

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 28 to 67 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 20 April 2011.

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 statement of financial position as at 31 December 2010, and the statement of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 28 to 66.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 about 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 judgement, 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 entity's preparation of financial statements that give a true and fair view 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 entity'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 Company as of 31 December 2010 and of its 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 (cont'd)

Other Reporting Responsibilities

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 29 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not required by the Financial Reporting Standards. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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: 2055/06/12(J)
Chartered Accountant

Petaling Jaya,

Date: 20 April 2011

Analysis of Shareholdings
as at 26 April 2011

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	: 1,656
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	14	0.85	760	0.00
100 - 1,000 shares	270	16.30	83,440	0.07
1,001 - 10,000	854	51.57	4,090,660	3.41
10,001 - 100,000	463	27.96	13,675,580	11.40
100,001 to less than 5% of issued shares	53	3.20	31,248,371	26.04
5% and above of issued shares	2	0.12	70,901,929	59.08
Total	1,656	100.00	120,000,740	100.00

LIST OF THIRTY LARGEST SHAREHOLDERS

No.	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.	Lim Ket Leng Holding Sdn. Bhd.	4,800,000	4.00
4.	Ang Toon Chew & Sons (Malaysia) Sendirian Berhad	2,400,000	2.00
5.	Lim Chee Beng	2,098,360	1.75
6.	Chin Sim Yee	1,955,000	1.63
7.	Chung Sook Cheng	1,600,000	1.33
8.	Lim Jeng Dong	1,374,091	1.15
9.	Ong Ken Sim	1,130,000	0.94
10.	Chung Sook Lai	1,119,400	0.93
11.	Chin Yoon Seong A/C Hanafi bin Abd. Rahman @ Ahmad	1,065,000	0.89
12.	Moh Woon Chiow	958,000	0.80
13.	Yap Teong Peng	872,000	0.73
14.	Ng Chin Peng	837,740	0.70
15.	Lim Soong Hwatt	750,000	0.62
16.	Ah Hong Wing	719,000	0.60
17.	Heng Gek Imm	567,200	0.47
18.	Yu Weng Keong	500,040	0.42
19.	Cheng Sow @ Cheng Lai Chee	500,000	0.42

Analysis of Shareholdings (cont'd)

LIST OF THIRTY LARGEST SHAREHOLDERS (CONT'D)

No.	Name	No. of Shares Held	%
20.	Shoptra Jaya (M) Sdn. Bhd.	500,000	0.42
21.	Chong Yih Woh	433,600	0.36
22.	Ng Chin @ Ng Chee Len	400,000	0.33
23.	Lim Kwee Huay	341,040	0.28
24.	Citigroup Nominees (Asing) Sdn. Bhd. Exempt An for Merrill Lynch Pierce Fenner & Smith Incorporated (Foreign)	320,000	0.27
25.	Lee Chee Kok	310,000	0.26
26.	Ming Yau Chuan	310,000	0.26
27.	Ng Chin Peng	300,000	0.25
28.	Ong Hab Tong @ Ong Hup Thong	300,000	0.25
29.	Chong Man Kiyau	298,400	0.25
30.	Chong Man Kiyau	290,000	0.24
		97,950,800	81.63

SUBSTANTIAL SHAREHOLDERS

(As shown in the Register of Substantial Shareholders)

	No. of ordinary Shares of RM0.50 Each			
Name of Substantial Shareholders	Direct	%	Indirect	%
Lim Ket Leng Holding Sdn. Bhd.	75,701,929	63.08	-	-
Lim Chee Keong	-	-	*77,664,420	64.72
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

	No. of ordinary Shares of RM0.50 Each			
Directors' Name	Direct	%	Indirect	%
Lim Chee Keong	-	-	*77,664,420	64.72
Lim Chee Khoon	-	-	*75,766,729	63.14
Lim Chee Hwa	-	-	-	-
Lim Chee Beng	2,098,360	1.75	#1,600,000	1.33
Tang Kam Chee	12,000	0.01	-	-
Yeh Sau Tou	74,400	0.06	-	-
Au Thin An @ Low Teen Ann	48,000	0.04	#36,000	0.03

* 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 and/or children's interest by virtue of Section 134(12)(c) of the Companies Act, 1965.

List of Properties

No.	Title and Location	Description and Existing Use	Tenure / Approx. Age of Buildings	Land Area / Built-up Area (Square feet)	Net Book Value as at 31 December 2010 (RM)	Date of acquisition / approval
1	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 frame moulding	Freehold / 16 years	76,209 / 69,369	5,247,368	25.03.1991 (acquisition)
2	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 frame moulding	Freehold / 13 years	76,058 / 65,383	5,511,043	03.01.1992 24.08.1994 (acquisition)
3	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 frame moulding	Freehold / 6 years	94,422 / 70,347	6,254,017	19.07.2002 (acquisition)
4	Lot 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 frame moulding	Freehold / 9 years	98,631 / 106,692	8,763,328	21.04.1999 (acquisition)
5	Lot 13, Jalan RP3, Taman Rawang Perdana, 48000 Rawang, Selangor Darul Ehsan held under GRN 86309, Lot 191 Seksyen 19 (formerly under HSD 28283 PT 10355, Mukim of Rawang), Bandar Rawang, District of Gombak, Selangor Darul Ehsan	Factory complex and office premises for the manufacturing of wooden picture frame moulding, pallets and stillages.	Freehold / 10 years	76,478 / 60,500	5,452,165	08.01.1999 (acquisition)
6	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 / 3 years	79,739 / 74,261	5,088,868	25.01.2006 (acquisition)
7	Lot 2375, Jalan RP3, Taman Rawang Perdana, 48000 Rawang, Selangor Darul Ehsan	Warehouse for storing of wooden picture frame moulding	Temporary Occupation License Yearly renewal / 7 years	23,400 / 22,435	941,612	24.9.2002 (approval)

Notice of
Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Eighth 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 Friday, 10 June 2011, 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 2010 together with the Reports of the Directors and the Auditors thereon. **(Resolution 1)**

2. To approve the Directors' fees of RM36,000 (2009: RM36,000/-) in respect of the year ended 31 December 2010. **(Resolution 2)**

3. 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 Keong **(Resolution 3)**
   (b) Mr. Lim Chee Khoon **(Resolution 4)**
   (c) Mr. Yeh Sau Tou **(Resolution 5)**

4. To re-appoint Messrs. KPMG as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**

5. As Special Business:-
   To consider and, if thought fit, to pass the following resolution as Ordinary Resolution:-

   Authority to issue shares pursuant to Section 132D of the Companies Act, 1965 **(Resolution 7)**

   "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."

6. To transact any other business for which due notice shall have been given.

BY ORDER OF THE BOARD,

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

Kuala Lumpur
19 May 2011

Notice of Annual General Meeting (cont'd)

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 5 is to seek a renewal of the general mandate for the issue of new ordinary shares pursuant to Section 132D of the Companies Act, 1965 which was approved by shareholders at the last year's AGM. There was no issuance of new shares during the year.

   The proposed Resolution No. 7, if passed, will empower the Directors of the Company to issue and allot new shares in the Company at any time and for such purposes as the Directors considered would be in the interests of the Company up to an aggregate not exceeding 10% of the issued share capital of the Company without convening a general meeting. This authority unless revoked or varied at a general meeting will expire at the next AGM.

   The renewal mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding investment project(s), working capital and/or acquisition.

This page has been intentionally left blank

Proxy Form

CLASSIC SCENIC BERHAD
(633887-M)
(Incorporated in Malaysia)

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 EIGHTH 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 Friday, 10 June 2011, 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.	Approval of Directors' fees		
3.	Re-election of Mr. Lim Chee Keong as director		
4.	Re-election of Mr. Lim Chee Khoon as director		
5.	Re-election of Mr. Yeh Sau Tou as director		
6.	Re-appointment of Messrs. KPMG as Auditors		
7.	Ordinary Resolution Authority to issue shares pursuant to Section 132D of the Companies Act, 1965		

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 ______________ 2011

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

____
Signature

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

Fold here

AFFIX
STAMP

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

Fold here