

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 SEPTEMBER 2015**
(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.09.2015 RM'000	Preceding Year Corresponding Quarter 30.09.2014 RM'000	Current Year To Date 30.09.2015 RM'000	Preceding Year Corresponding Period 30.09.2014 RM'000
Revenue	11,428	12,686	38,869	42,605
Cost of sales	(7,057)	(8,354)	(23,904)	(27,756)
Gross profit	<u>4,371</u>	<u>4,332</u>	<u>14,965</u>	<u>14,849</u>
Operating expenses	(2,339)	(1,770)	(6,064)	(5,119)
Other operating income	87	29	228	137
Profit before taxation	<u>2,119</u>	<u>2,591</u>	<u>9,129</u>	<u>9,867</u>
Taxation	(402)	(538)	(2,208)	(2,308)
Profit and total comprehensive income for the period	<u><u>1,717</u></u>	<u><u>2,053</u></u>	<u><u>6,921</u></u>	<u><u>7,559</u></u>
Attributable to:				
Owners of the Company	1,717	2,053	6,921	7,559
Non-controlling interest	-	-	-	-
	<u><u>1,717</u></u>	<u><u>2,053</u></u>	<u><u>6,921</u></u>	<u><u>7,559</u></u>
Earning per share				
Basic earnings per share (sen)	<u>1.42</u>	<u>1.70</u>	<u>5.74</u>	<u>6.27</u>
Diluted earnings per share (sen)	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

N/A - Not applicable

Notes:

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the Interim Financial Statements.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2015

	Unaudited As At End Current Quarter 30.09.2015 RM'000	Audited As At Preceding Financial Year as at 31.12.2014 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	47,887	48,942
Intangible asset	878	878
Total non-current assets	<u>48,765</u>	<u>49,820</u>
Current Assets		
Trade and other receivables	5,310	6,616
Prepayments paid	1,369	1,379
Inventories	25,839	29,018
Current tax assets	338	90
Cash and cash equivalents	22,752	16,524
Total current assets	<u>55,608</u>	<u>53,627</u>
Total assets	<u><u>104,373</u></u>	<u><u>103,447</u></u>
EQUITY		
Share capital	60,250	60,250
Share premium	441	441
Retained earnings	32,082	34,801
Total equity attributable to owners of the Company	<u>92,773</u>	<u>95,492</u>
Non-controlling interest	-	-
Total equity	<u>92,773</u>	<u>95,492</u>
LIABILITIES		
Non-Current Liabilities		
Deferred tax liabilities	3,134	2,704
Total non-current liabilities	<u>3,134</u>	<u>2,704</u>
Current Liabilities		
Current tax liabilities	164	710
Trade and other payables	1,385	2,852
Dividend payable	4,820	-
Financial liabilities at fair value through profit or loss	2,040	1,281
Prepayments received	57	408
Total current liabilities	<u>8,466</u>	<u>5,251</u>
Total liabilities	<u>11,600</u>	<u>7,955</u>
Total equity and liabilities	<u><u>104,373</u></u>	<u><u>103,447</u></u>
Net assets per share (RM)	0.77	0.79

Notes :

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the Interim Financial Statements.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 30 SEPTEMBER 2015
(The figures have not been audited)**

	Share Capital RM'000	Non- distributable Share Premium RM'000	Treasury Share RM'000	Distributable Retained Earnings RM'000	Total Equity RM'000
At 1 January 2015	60,250	441	-	34,801	95,492
Dividends to the owners of the Company	-	-	-	(9,640)	(9,640)
Profit and total comprehensive income for the period	-	-	-	6,921	6,921
At 30 September 2015	<u>60,250</u>	<u>441</u>	<u>-</u>	<u>32,082</u>	<u>92,773</u>
At 1 January 2014	60,250	441	-	34,325	95,016
Dividends to the owners of the Company	-	-	-	(9,640)	(9,640)
Profit and total comprehensive income for the period	-	-	-	7,559	7,559
At 30 September 2014	<u>60,250</u>	<u>441</u>	<u>-</u>	<u>32,244</u>	<u>92,935</u>

Notes:

The Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the Interim Financial Statements.



QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 30 SEPTEMBER 2015**
(The figures have not been audited)

	Current Year-to-date 30.09.2015 RM'000	Preceding Year Corresponding Period 30.09.2014 RM'000
Cash flows from operating activities		
Profit before taxation	9,129	9,867
Adjustments for :		
Depreciation of property, plant and equipment	1,432	1,672
Finance income	(228)	(137)
Loss on disposal of property, plant and equipment	12	-
Impairment loss on receivables	-	147
Reversal on impairment loss on trade receivables	(3)	-
Unrealised (gain)/ loss on foreign exchange	(814)	329
Operating profit before working capital changes	9,528	11,878
Changes in working capital :		
- Inventories	3,179	(743)
- Trade and other payables	(1,020)	(643)
- Trade and other receivables	2,093	(917)
Cash generated from operations	13,780	9,575
Net income tax paid	(2,572)	(2,290)
Interest received	228	137
Net cash generated from operating activities	11,436	7,422
Cash flows from investing activities		
Acquisition of property, plant and equipment	(496)	(423)
Proceeds from disposal of property, plant and equipment	108	-
Net cash used in investing activities	(388)	(423)
Cash flows from financing activities		
Dividend paid	(4,820)	(4,820)
Net cash used in financing activities	(4,820)	(4,820)
Net increase in cash and cash equivalents	6,228	2,179
Cash and cash equivalents at the beginning of period	16,524	16,206
Cash and cash equivalents at the end of period (Note 1)	22,752	18,385

Note 1 _____

	RM'000	RM'000
Cash and bank balances	8,888	11,178
Highly liquid investment with non-bank financial institution	13,864	7,207
	22,752	18,385

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the Interim Financial Statements.

NOTES TO THE INTERIM FINANCIAL REPORT

PART A : EXPLANATORY NOTES AS PER MFRS 134

A1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in compliance with Malaysian Financial Reporting Standards ("MFRS") 134: Interim Financial Reporting, issued by the Malaysian Accounting Standards Board (MASB), International Accounting Standard ("IAS") 34: Interim Financial Reporting, issued by the International Accounting Standard Board ("IASB") and Chapter 9 Part K of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad ("Bursa Securities").

The interim financial statements should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2014 of Classic Scenic Berhad ("CSCENIC" or "the Company"), which were prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"). The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2014.

The significant accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted in the most recent annual financial statements for the year ended 31 December 2014 except for the adoption of the following MFRSs and Amendments to MFRSs, which are applicable to its financial statements and are relevant to its operations:-

Effective for annual periods beginning on or after 1 July 2014

- Amendments to MFRS 1, *First-time Adoption of Malaysia Financial Reporting Standards (Annual Improvements 2011-2013 Cycle)*
- Amendments to MFRS 2, *Share-based Payment (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to MFRS 8, *Operating Segments (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 13, *Fair Value Measurement (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)*
- Amendments to MFRS 116, *Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 119, *Employee Benefits - Defined Benefit Plans: Employee Contribution*
- Amendments to MFRS 124, *Related Party Disclosures (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 138, *Intangible Assets (Annual Improvements 2010-2012 Cycle)*
- Amendments to MFRS 140, *Investment Properties (Annual Improvements 2010-2012 Cycle)*

The adoption of the above Amendments to MFRSs did not have any significant financial impacts on the Group's financial results.

The following are MFRSs and amendments that have been issued by the Malaysian Accounting Standard Board ("MASB") but have not been adopted by the Group:

Effective for annual periods beginning on or after 1 January 2016

- Amendments to MFRS 5, *Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 7, *Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 10, *Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.*
- Amendments to MFRS 10, *Consolidated Financial Statements, MFRS 12, Disclosure of Interests in Other Entities and MFRS 128, Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception.*
- Amendments to MFRS 11, *Accounting for Acquisitions of Interests in Joint Operations*
- MFRS 14, *Regulatory Deferral Accounts*
- Amendments to MFRS 101, *Presentation of Financial Statements – Disclosure Initiative*
- Amendments to MFRS 116 and MFRS 141, *Agriculture: Bearer Plants*
- Amendments to MFRS 116 and MFRS 138, *Clarification of Acceptable Methods of Depreciation Amortisation*
- Amendments to MFRS 119, *Employee Benefits (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 127, *Separate Financial Statements - Equity Method in Separate Financial Statements*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)*

Effective for annual periods beginning on or after 1 January 2018

- MFRS 9, *Financial Instruments (IFRS 9 as issued by IASB in 2014)*
- MFRS 15, *Revenue from Contracts with Customers*

NOTES TO THE INTERIM FINANCIAL REPORT

PART A : EXPLANATORY NOTES AS PER MFRS 134

A2. Auditors' Report

The auditors' report on the financial statements for the year ended 31 December 2014 of the Group was not qualified.

A3. Seasonal and Cyclical factors

The Group's performance is not subject to seasonality or cyclicity.

A4. Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no unusual items and amounts of items affecting assets, liabilities, equity, net income or cash flows during the current quarter under review and financial year to date.

A5. Material Changes in Estimates

There were no changes in accounting estimates that have had material effect in the current quarter under review and financial year to date.

A6. Issuances and Repayment of Debt and Equity Securities

There were no issuance and repayment of debts and equity securities, shares buy-back, shares cancellation, shares held as treasury shares or resale of treasury shares during the current quarter under review and financial year to date.

A7. Dividends Paid

During the nine months ended 30 September 2015, a second interim single tier dividend of 8% or 4.0 sen per ordinary shares totalling RM4.8 million in respect of the financial year ended 31 December 2014 was paid on 15 May 2015.

No dividends were paid by the Company in the current quarter under review.

A8. Segmental Reporting

The Group's Executive Directors ("ED") review the operation in three reportable geographical segments as follow:-

	North America	Asia Pacific	Other regions	Total
	Current Year	Current Year	Current Year	Current Year
	To Date	To Date	To Date	To Date
	30.09.2015	30.09.2015	30.09.2015	30.09.2015
	RM'000	RM'000	RM'000	RM'000
Segment revenue	27,252	9,770	1,847	38,869
Segment trade receivables	3,482	1,075	9	4,566

Since the reportable segment of the Group is primarily confined within one business, which is the manufacturing and sale of wooden picture frame moulding and timber products and its operation are carried out solely in Malaysia, it is not practicable for the Group to incur excessive cost to develop the necessary information, which is not available, for the disclosure of segment profit and segment asset (other than trade receivables) and it is not included in the internal management reports that are reviewed by the ED.

A9. Subsequent Events

There were no material events subsequent to the end of the reporting quarter that have not been reflected in the interim financial statements.

A10. Change in The Composition of The Group

There were no changes in the composition of the Group for the quarter ended 30 September 2015 including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinued operation.



NOTES TO THE INTERIM FINANCIAL REPORT
PART A : EXPLANATORY NOTES AS PER MFRS 134

A11. Contingent Liabilities and Contingent Assets

As at 30 September 2015, the contingent liabilities and contingent assets of a material nature are as follow:-

	As at 30.09.2015 RM'000
Corporate guarantees issued to licensed banks in respect of banking facilities granted to a subsidiary	<u>9,443</u>

A12. Capital Commitments Outstanding Not Provided In The Interim Financial Report

	As at 30.09.2015 RM'000
Property, plant and equipment :	
Approved and contracted for	<u>482</u>



NOTES TO THE INTERIM FINANCIAL REPORT

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

B1. Review of Performance

The Group registered a revenue of RM11.4 million for the current quarter, a decrease of RM1.3 million or 10.2% compared to the preceding year corresponding quarter of RM12.7 million mainly due to lower sales revenue as a result of lower export volume of wooden picture frame moulding. The Group's profit before tax was RM2.1 million, a decrease of RM0.5 million or 19.2% as compared to RM2.6 million in the preceding year corresponding quarter. The decrease in profit before tax mainly attributable to lower sales revenue and higher operating expenses as a result of higher realised foreign exchange losses in currency forward contracts.

For the nine months ended 30 September 2015, the Group's revenue was RM38.9 million, a decrease of RM3.7 million or 8.7% compared to the preceding year corresponding period of RM42.6 million mainly due to lower sales revenue as a result of lower export volume of wooden picture frame moulding. The Group's profit before tax was RM9.1 million, a decrease of RM0.8 million or 8.1% compared to RM9.9 million in the preceding year corresponding quarter, mainly attributable to the reason as explained above.

As disclosed in Note A8, the Group is primarily involved in the manufacturing and sale of wooden picture frame moulding and timber products, and its operation are carried out solely in Malaysia. Hence, there is no detailed analysis on revenue and earnings of other business operating segments.

B2. Variation of Results Against Preceding Quarter

The Group recorded a revenue of RM11.4 million for the current quarter under review, a decrease of RM2.1 million or 15.6% from RM13.5 million in the preceding quarter mainly due to lower sales revenue as a result of lower export volume of wooden picture frame. The Group's profit before tax was RM2.1 million, a decrease of RM1.3 million or 38.2% as compared to RM3.4 million in the preceding quarter mainly attributable to lower sales revenue and higher expenses as a result of unrealised foreign exchange losses in currency forward contracts.

B3. Current Year Prospects

In an attempt to boost growth and inflation expectation, the European Central Bank has continued to pursue its current economic stimulus programme to weaken the Euro to provide a competitive edge to their exporters. This has enabled our European competitors to be more aggressive in their bid to gain market share. Besides, the US economy does not appear to be on a steady growth path partly attributed to the global slowdown and this does not bode well for us eventhough there is some respite from a lower jobless rate of 5% that helps to drive consumption. However, the Group is expected to remain resilient in taking on those challenges and barring any unforeseen circumstances, we expect to perform satisfactorily for the remaining period of the financial year ending 31 December 2015.

B4. Profit Forecast and Estimates Announced or Disclosed

Not applicable as there were no profit forecast or estimates that have been announced or disclosed for the financial year ending 31 December 2015.

B5. Variance of Actual and Forecast Profit

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

B6. Taxation

	Current Year Quarter 30.09.2015 RM'000	Preceding Year Corresponding Quarter 30.09.2014 RM'000	Current Year To Date 30.09.2015 RM'000	Preceding Year Corresponding Period 30.09.2014 RM'000
Current tax expense				
- current	491	754	1,814	2,635
- prior	(36)	(29)	(36)	(29)
Deferred tax expense				
Origination and reversal of temporary differences				
- current	21	(188)	504	(299)
- prior	(74)	1	(74)	1
	<u>402</u>	<u>538</u>	<u>2,208</u>	<u>2,308</u>

The effective tax rate for the quarter under review and current year to date was 19% and 24% respectively. The effective rate was lower than the statutory rate of 25% mainly due to the reversal of prior year over provision of tax expenses.



NOTES TO THE INTERIM FINANCIAL REPORT

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

B7. Status of Corporate Proposal

There were no announced corporate proposals not completed as at the date of this report.

B8. Group Borrowings and Debt Securities

As at 30 September 2015, the Group does not have any bank borrowings.

B9. Derivative Financial Instruments

As at 30 September 2015, the Group has the following outstanding derivatives financial instruments:-

Currency Forward Contracts	Principal or Notional Amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000
- Less than 1 year	<u>18,300</u>	<u>-</u>	<u>2,040</u>

The purpose of entering currency forward contracts is to minimise the impact of unfavourable movement in exchange rate on the trade receivables and expected sales denominated in United States Dollar. There are no cash requirements for these contracts.

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

The fair value derivative liabilities amounting to RM2,040,000/- has been recognised in the financial statements.

B10. Material Litigation

Since the last Audited Financial Statements for the year ended 31 December 2014, the Group does not have any material litigation until the date of this report.

B11. Dividends

On 19 August 2015, the Board declared a first interim single tier dividend 8% or 4.0 sen per ordinary share totalling RM4.8 million in respect of the financial year ending 31 December 2015. The dividend was paid on 18 November 2015 to depositors registered in the Record of Depositors on 2 November 2015.

B12. Basis of Calculation of Earnings Per Share

	Current Year Quarter 30.09.2015	Preceding Year Corresponding Quarter 30.09.2014	Current Year To Date 30.09.2015	Preceding Year Corresponding Period 30.09.2014
Basic earnings per share				
Net profit attributable to equity holders (RM'000)	<u>1,717</u>	<u>2,053</u>	<u>6,921</u>	<u>7,559</u>
Weighted average number of ordinary shares of RM0.50 each in issue ('000)	<u>120,500</u>	<u>120,500</u>	<u>120,500</u>	<u>120,500</u>
Basic Earnings Per Share (sen)	<u>1.42</u>	<u>1.70</u>	<u>5.74</u>	<u>6.27</u>

There was no dilution in the earnings per share.



NOTES TO THE INTERIM FINANCIAL REPORT

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

B13. Realised and unrealised retained earnings

The breakdown of the Group's retained earnings as at the reporting date, into realised and unrealised, pursuant to the directive issued by Bursa Malaysia Securities Berhad ("Bursa Securities") on 25 March 2010 is as follows:-

	As at 30.09.2015 RM'000	As at 31.12.2014 RM'000
Total retained earnings of the Company and its subsidiaries:		
- Realised	43,920	46,854
- Unrealised	8,055	7,735
	<u>51,975</u>	<u>54,589</u>
Less: Consolidation adjustments	(19,893)	(19,788)
Total group retained earnings as per consolidated accounts	<u><u>32,082</u></u>	<u><u>34,801</u></u>

The determination of realised and unrealised profits is based on the Guidance of Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirement, issued by the Malaysian Institute of Accountants on 20 December 2010, and presented based on the format prescribed by Bursa Securities.

B14. Profit for the Period

	Current Year Quarter 30.09.2015 RM'000	Preceding Year Corresponding Quarter 30.09.2014 RM'000	Current Year To Date 30.09.2015 RM'000	Preceding Year Corresponding Period 30.09.2014 RM'000
Profit and total comprehensive income for the period is arrived at after crediting/(charging):				
Interest income	87	29	228	137
Depreciation of property, plant and equipment	(439)	(539)	(1,432)	(1,672)
Gain/(loss) on foreign exchange	1,561	(125)	2,216	(333)
(Loss)/gain on derivatives	(2,438)	(20)	(3,598)	321
Loss on disposal of property, plant and equipment	-	-	(12)	-
Reversal of impairment loss on trade receivable	-	-	3	-
	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>3</u></u>	<u><u>-</u></u>

Save as disclosed above, the other items as required under Appendix 9B Part A (16) of the Main Market Listing Requirements of Bursa Securities are not applicable.

By order of the Board

ANDREA HUONG JIA MEI
Company Secretary
MIA 36347
Date: 24 November 2015