

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2013

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 JUNE 2013
(The figures have not been audited)**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.06.2013 RM'000	Preceding Year Corresponding Quarter 30.06.2012 RM'000	Current Year To Date 30.06.2013 RM'000	Preceding Year Corresponding Period 30.06.2012 RM'000
Revenue	14,019	17,316	27,670	30,677
Cost of sales	(9,223)	(10,562)	(18,126)	(18,756)
Gross profit	<u>4,796</u>	<u>6,754</u>	<u>9,544</u>	<u>11,921</u>
Operating expenses	(1,700)	(1,881)	(3,253)	(3,588)
Other operating income	101	126	176	209
Profit before taxation	<u>3,197</u>	<u>4,999</u>	<u>6,467</u>	<u>8,542</u>
Taxation	(749)	(1,186)	(1,550)	(2,041)
Profit and total comprehensive income for the period	<u><u>2,448</u></u>	<u><u>3,813</u></u>	<u><u>4,917</u></u>	<u><u>6,501</u></u>
Attributable to:				
Owners of the Company	2,448	3,813	4,917	6,501
Non-controlling interest	-	-	-	-
	<u><u>2,448</u></u>	<u><u>3,813</u></u>	<u><u>4,917</u></u>	<u><u>6,501</u></u>
Earning per share				
Basic earnings per share (sen)	<u><u>2.03</u></u>	<u><u>3.18</u></u>	<u><u>4.08</u></u>	<u><u>5.42</u></u>
Diluted earnings per share (sen)	<u><u>N/A</u></u>	<u><u>N/A</u></u>	<u><u>N/A</u></u>	<u><u>N/A</u></u>

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 2012 and the accompanying explanatory notes attached to the Interim Financial Statements.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2013

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2013

	(Unaudited) As At End Current Quarter 30.06.2013 RM'000	As At Preceding Financial Year as at 31.12.2012 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	51,647	52,635
Intangible asset	878	878
Total non-current assets	<u>52,525</u>	<u>53,513</u>
Current Assets		
Trade and other receivables	5,524	4,933
Prepayments paid	2,379	941
Inventories	24,668	25,156
Current tax assets	33	40
Cash and cash equivalents	16,739	21,724
Total current assets	<u>49,343</u>	<u>52,794</u>
Total assets	<u>101,868</u>	<u>106,307</u>
EQUITY		
Share capital	60,250	60,250
Share premium	441	441
Retained earnings	34,928	37,241
Total equity attributable to owners of the Company	<u>95,619</u>	<u>97,932</u>
Non-controlling interest	-	-
Total equity	<u>95,619</u>	<u>97,932</u>
LIABILITIES		
Non-Current Liabilities		
Deferred tax liabilities	3,217	3,277
Total non-current liabilities	<u>3,217</u>	<u>3,277</u>
Current Liabilities		
Current tax liabilities	442	782
Trade and other payables	2,193	4,002
Financial liabilities at fair value through profit or loss	151	314
Prepayments received	246	-
Total current liabilities	<u>3,032</u>	<u>5,098</u>
Total liabilities	<u>6,249</u>	<u>8,375</u>
Total equity and liabilities	<u>101,868</u>	<u>106,307</u>
Net assets per share (RM)	0.79	0.81

Notes :

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the Interim Financial Statements.



QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2013

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 30 JUNE 2013
(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 2013	60,250	441	-	37,241	97,932
Dividends to the owners of the Company	-	-	-	(7,230)	(7,230)
Profit and total comprehensive income for the period	-	-	-	4,917	4,917
At 30 June 2013	<u>60,250</u>	<u>441</u>	<u>-</u>	<u>34,928</u>	<u>95,619</u>
At 1 January 2012	60,250	303	(311)	30,640	90,882
- as previously stated	60,250	303	(311)	30,640	90,882
- effect of transition to MFRSs	-	-	-	3,851	3,851
At 1 January 2012, as restated	<u>60,250</u>	<u>303</u>	<u>(311)</u>	<u>34,491</u>	<u>94,733</u>
Treasury shares	-	49	124	-	173
Dividends to the owners of the Company	-	-	-	(5,100)	(5,100)
Profit and total comprehensive income for the period	-	-	-	6,501	6,501
At 30 June 2012	<u>60,250</u>	<u>352</u>	<u>(187)</u>	<u>35,892</u>	<u>96,307</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 2012 and the accompanying explanatory notes attached to the Interim Financial Statements.

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER
ENDED 30 JUNE 2013**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 30 JUNE 2013
(The figures have not been audited)**

	Current Year-to-date 30.06.2013 RM'000	Preceding Year Corresponding Period 30.06.2012 RM'000
Cash flows from operating activities		
Profit before taxation	6,467	8,542
Adjustments for :		
Depreciation of property, plant and equipment	1,169	1,383
Interest income	(175)	(207)
Unrealised foreign exchange (gain)/loss	(41)	276
Operating profit before working capital changes	<u>7,420</u>	<u>9,994</u>
Changes in working capital :		
- Inventories	488	851
- Trade and other payables	(1,522)	803
- Trade and other receivables	(2,193)	(1,664)
Cash generated from operations	<u>4,193</u>	<u>9,984</u>
Income taxes paid	(1,942)	(1,374)
Interest received	175	207
Net cash generated from operating activities	<u>2,426</u>	<u>8,817</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(181)	(326)
Proceeds from disposal of treasury shares	-	173
Net cash used in investing activities	<u>(181)</u>	<u>(153)</u>
Cash flows from financing activities		
Dividend paid	(7,230)	(5,100)
Net cash used in financing activities	<u>(7,230)</u>	<u>(5,100)</u>
Net (decrease)/ increase in cash and cash equivalents	(4,985)	3,564
Cash and cash equivalents at the beginning of period	<u>21,724</u>	<u>19,127</u>
Cash and cash equivalents at the end of period (Note 1)	<u>16,739</u>	<u>22,691</u>

Note 1

	RM'000	RM'000
Cash and bank balances	6,385	4,305
Highly liquid investment with non-bank financial institution	10,354	18,386
	<u>16,739</u>	<u>22,691</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2012 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") 134: 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 2012 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 2012.

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 2012 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 January 2013

- MFRS 10, *Consolidated Financial Statements*
- MFRS 12, *Disclosure of Interests in Other Entities*
- MFRS 13, *Fair Value Measurement*
- MFRS 119, *Employee Benefits* (as amended in June 2011)
- MFRS 127, *Separate Financial Statements* (as amended by IASB in May 2011)
- Amendments to MFRS 7, *Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities*
- Amendments to MFRS 10, *Consolidated Financial Statements*
- Amendments to MFRS 12, *Disclosure of Interest in Other Entities: Transition Guidance*
- Amendments to MFRSs and IC Interpretations contained in the documents entitled "*Annual Improvements 2009-2011 Cycle*"

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

The following MFRSs, IC Interpretations and Amendments to MFRSs have been issued by the MASB but are not yet effective, and have yet to be adopted by the Group:

Effective for annual periods beginning on or after 1 January 2014

- Amendments to MFRS 10, MFRS 12 and MFRS 127, *Investment Entities*
- Amendments to MFRS 132, *Offsetting Financial Assets and Financial Liabilities*

Effective for annual periods beginning on or after 1 January 2015

- MFRS 9, *Financial Instruments* (IFRS 9 issued by IASB in November 2009)
- MFRS 9, *Financial Instruments* (IFRS 9 issued by IASB in October 2010)
- Amendments to MFRS 7, *Financial Instruments: Disclosures - Mandatory Date of MFRS 9 and Transition Disclosures*

A2. Auditors' Report

The auditors' report on the financial statements for the year ended 31 December 2012 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.

NOTES TO THE INTERIM FINANCIAL REPORT

PART A : EXPLANATORY NOTES AS PER MFRS 134

A7. Dividends Paid

During the current quarter review, a second interim dividend comprising franked dividend of 14.4% or 7.2 sen, less 25% tax per ordinary share and tax-exempt dividend of 1.2% or 0.6 sen per ordinary share totalling RM7.2 million in respect of the financial year ended 31 December 2012 was paid on 22 May 2013.

A8. Segmental Reporting

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

	North America Current Year To Date 30.06.2013 RM'000	Asia Pacific Current Year To Date 30.06.2013 RM'000	Other regions Current Year To Date 30.06.2013 RM'000	Total Current Year To Date 30.06.2013 RM'000
Segment revenue	20,305	5,862	1,503	27,670
Segment trade receivables	2,664	1,831	355	4,850

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 June 2013 including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinued operation.

A11. Contingent Liabilities and Contingent Assets

As at 30 June 2013, the contingent liabilities and contingent assets of a material nature are as follow:-

	RM'000
Corporate guarantee granted by the Company in favour of licensed banks for credit facilities granted to its subsidiaries	8,527

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

	As at 30.06.2013 RM'000
Property, plant and equipment :	
Approved and contracted for	47

NOTES TO THE INTERIM FINANCIAL REPORT

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

B1. Review of Performance

The Group registered revenue of RM14.0 million for the current quarter, a decrease of RM3.3 million or 19.1% compared to the preceding year corresponding quarter of RM17.3 million mainly due to lower sales revenue from export of wooden picture frame moulding. The Group's profit before tax was RM3.2 million, a decrease of RM1.8 million or 36% as compared to RM5.0 million in the preceding year corresponding quarter. The decrease in profit before tax was mainly attributable to lower sales revenue and higher raw material costs and labour costs as a result of the implementation of the minimum wage policy in January 2013.

For the six months ended 30 June 2013, the Group's revenue was RM27.7 million, a decrease of RM3.0 million or 9.8% compared to the preceding year corresponding period of RM30.7 million mainly due to lower sales revenue from export of wooden picture frame moulding. The Group's profit before tax was RM6.5 million, a decrease of RM2.0 million or 23.5% compared to RM8.5 million in the preceding year corresponding quarter mainly attributable to the reasons as explained above.

As disclosed in Note A9, 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 RM14.0 million for the current quarter under review, an increase of RM0.3 million or 2.2% from RM13.7 million in the preceding quarter mainly due to higher sales revenue from export of wooden picture frame. The Group' profit before tax for the current quarter under review was RM3.2 million, a decrease of RM0.1 million or 3.0% compared to RM3.3 million in the preceding quarter mainly attributable to the unrealised loss in foreign exchange forward contracts.

B3. Current Year Prospects

The outlook of the US economy appears to be improving as recent reports on consumer spending, manufacturing and exports showed growth heading into the 3rd quarter of year 2013. In the meantime, the Euro Zone is set to return to modest growth and this would boost Euro Zone's appetite for imports including consumer goods. In light of the better economic outlook in over major markets and to a certain extent Japan as well, we expect to perform satisfactorily for the financial year ending 31 December 2013.

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 ended 31 December 2012.

B5. Variance of Actual and Forecast Profit

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

B6. Taxation

	Current Year Quarter 30.06.2013 RM'000	Preceding Year Corresponding Quarter 30.06.2012 RM'000	Current Year To Date 30.06.2013 RM'000	Preceding Year Corresponding Period 30.06.2012 RM'000
Current tax expense				
- current	823	1,350	1,609	2,211
Deferred tax expense				
Origination and reversal of temporary differences				
- current	(74)	(164)	(59)	(170)
	<u>749</u>	<u>1,186</u>	<u>1,550</u>	<u>2,041</u>

The effective tax rate for the quarter under review and current year to date was 23% and 24% respectively, which was lower than the statutory income tax rate of 25% mainly due to the tax incentives claimed by one of its subsidiaries under Promotion of Export, Promotion of Investment Act 1986.

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 June 2013, the Group does not have any bank borrowings.

B9. Derivative Financial Instruments

As at 30 June 2013, 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>21,481</u>	-	<u>151</u>

The purpose of entering currency forward contracts is to minimise the impact of unfavourable movement in exchange rate on the trade receivables 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 RM151,000 has been recognised in the financial statements.

B10. Material Litigation

Since the last Audited Financial Statements for the year ended 31 December 2012, the Group does not have any material litigation until the date of this report.

B11. Dividends

On 21 August 2013, 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 2013. The dividend will be payable on 11 November 2013 to depositors registered in the Record of Depositors on 28 October 2013.

The first interim dividend paid for the financial year ended 31 December 2012 was 9% or 4.5 sen per ordinary share.

B12. Basis of Calculation of Earnings Per Share

	Current Year Quarter 30.06.2013	Preceding Year Corresponding Quarter 30.06.2012	Current Year To Date 30.06.2013	Preceding Year Corresponding Period 30.06.2012
Basic earnings per share				
Net profit attributable to equity holders (RM'000)	<u>2,448</u>	<u>3,813</u>	<u>4,917</u>	<u>6,501</u>
Weighted average number of ordinary shares of RM0.50 each in issue ('000)	<u>120,500</u>	<u>120,067</u>	<u>120,500</u>	<u>120,034</u>
Basic Earnings Per Share (sen)	<u>2.03</u>	<u>3.18</u>	<u>4.08</u>	<u>5.42</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 30.06.2013 RM'000	As at 31.12.2012 RM'000
Total retained earnings of the Company and its subsidiaries:		
- Realised	50,865	53,492
- Unrealised	9,015	8,773
	<u>59,880</u>	<u>62,265</u>
Less: Consolidation adjustments	(24,952)	(25,024)
Total group retained earnings as per consolidated accounts	<u>34,928</u>	<u>37,241</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 30.06.2013 RM'000	Preceding Year Corresponding Quarter 30.06.2012 RM'000	Current Year To Date 30.06.2013 RM'000	Preceding Year Corresponding Period 30.06.2012 RM'000
Profit and total comprehensive income for the period is arrived at after crediting/(charging):				
Interest income	101	126	175	207
Depreciation of property, plant and equipment	(571)	(665)	(1,169)	(1,383)
Gain/(Loss) on foreign exchange	97	194	132	(147)
Loss on derivatives	<u>(135)</u>	<u>(333)</u>	<u>(52)</u>	<u>(4)</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

CHOW CHOOI YOONG
Company Secretary
MAICSA 0772574
Date: 21 August 2013