



QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE NINE MONTH ENDED 30 SEPTEMBER 2020**

(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended 30.9.2020 RM'000 (Unaudited)	Preceding Year Corresponding Quarter Ended 30.9.2019 RM'000 (Unaudited)	Current Year To Date Ended 30.9.2020 RM'000 (Unaudited)	Preceding Year To Date Ended 30.9.2019 RM'000 (Unaudited)
Revenue	13,404	13,999	31,535	43,909
Cost of sales	(7,803)	(9,977)	(21,915)	(31,244)
Gross profit	<u>5,601</u>	<u>4,022</u>	<u>9,620</u>	<u>12,665</u>
Operating expenses	(1,838)	(1,936)	(5,261)	(5,745)
Other operating income	29	68	124	214
Profit before taxation	<u>3,792</u>	<u>2,154</u>	<u>4,483</u>	<u>7,134</u>
Taxation	(952)	(491)	(1,175)	(1,764)
Profit and total comprehensive income for the period	<u><u>2,840</u></u>	<u><u>1,663</u></u>	<u><u>3,308</u></u>	<u><u>5,370</u></u>
Attributable to:				
Owners of the Company	2,840	1,663	3,308	5,370
Non-controlling interest	-	-	-	-
	<u><u>2,840</u></u>	<u><u>1,663</u></u>	<u><u>3,308</u></u>	<u><u>5,370</u></u>
Earning per share				
Basic earnings per share (sen)	<u><u>2.36</u></u>	<u><u>1.38</u></u>	<u><u>2.75</u></u>	<u><u>4.46</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 2019 and the accompanying explanatory notes attached to the Interim Financial Statements.



QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2020

	(Unaudited) As at 30.9.2020 RM'000	(Audited) As at 31.12.2019 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	48,751	50,082
Intangible asset	878	878
Total non-current assets	<u>49,629</u>	<u>50,960</u>
Current Assets		
Inventories	22,711	25,467
Trade and other receivables	5,762	6,105
Prepayments and other assests	546	937
Derivative financial assets	113	242
Current tax assets	-	232
Cash and cash equivalents	21,147	14,035
Total current assets	<u>50,279</u>	<u>47,018</u>
Total assets	<u><u>99,908</u></u>	<u><u>97,978</u></u>
EQUITY		
Share capital	60,691	60,691
Retained earnings	32,640	31,742
Total equity attributable to owners of the Company	<u>93,331</u>	<u>92,433</u>
Non-controlling interest	-	-
Total equity	<u>93,331</u>	<u>92,433</u>
LIABILITIES		
Non-Current Liabilities		
Deferred tax liabilities	3,026	3,076
Total non-current liabilities	<u>3,026</u>	<u>3,076</u>
Current Liabilities		
Current tax liabilities	387	58
Contract liabilities	141	79
Trade and other payables	3,023	2,332
Total current liabilities	<u>3,551</u>	<u>2,469</u>
Total liabilities	<u>6,577</u>	<u>5,545</u>
Total equity and liabilities	<u><u>99,908</u></u>	<u><u>97,978</u></u>
Net assets per share (RM)	0.77	0.77

Notes :

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the Interim Financial Statements.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 30 SEPTEMBER 2020**

(The figures have not been audited)

	Share Capital RM'000	Retained Earnings RM'000	Total Equity RM'000
At 1 January 2020	60,691	31,742	92,433
Dividends to the owners of the Company	-	(2,410)	(2,410)
Profit and total comprehensive income for the period	-	3,308	3,308
At 30 September 2020	<u>60,691</u>	<u>32,640</u>	<u>93,331</u>
At 1 January 2019	60,691	34,515	95,206
Dividends to the owners of the Company	-	(8,435)	(8,435)
Profit and total comprehensive income for the period		5,370	5,370
At 30 September 2019	<u>60,691</u>	<u>31,450</u>	<u>92,141</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 2019 and the accompanying explanatory notes attached to the Interim Financial Statements.



QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 30 SEPTEMBER 2020**

(The figures have not been audited)

	Current Year-to-date Ended 30.9.2020 RM'000	Preceding Year-to-date Ended 30.9.2019 RM'000
Cash flows from operating activities		
Profit before taxation	4,483	7,134
Adjustments for :		
Depreciation of property, plant and equipment	1,425	1,508
Finance income	(124)	(213)
Loss on disposal of property, plant and equipment	73	24
Unrealised (gain)/loss on foreign exchange	(330)	163
Operating profit before changes in working capital	5,527	8,616
Changes in working capital :		
- Inventories	2,756	(3,809)
- Trade and other payables	752	3,414
- Trade and other receivables	1,193	2,793
Cash generated from operations	10,228	11,014
Net income tax paid	(664)	(1,137)
Interest received	124	213
Net cash generated from operating activities	9,688	10,090
Cash flows from investing activities		
Acquisition of property, plant and equipment	(215)	(1,018)
Proceeds from disposal of property, plant and equipment	49	66
Net cash used in investing activities	(166)	(952)
Cash flows from financing activities		
Dividend	(2,410)	(8,435)
Net cash used in financing activities	(2,410)	(8,435)
Net increase in cash and cash equivalents	7,112	703
Cash and cash equivalents at the beginning of period	14,035	14,907
Cash and cash equivalents at the end of period (Note 1)	21,147	15,610

Note 1

	RM'000	RM'000
Cash and bank balances	15,516	7,003
Highly liquid investment with non-bank financial institution	5,631	8,607
	21,147	15,610

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2019 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 2019 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 2019.

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 2019 except for the adoption of the following Amendments to MFRSs:-

Effective for annual periods beginning on or after 1 January 2020

- Amendment to MFRS 3, *Business Combinations – Definition of a Business*
- Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*
- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement* and MFRS 7, *Financial Instruments: Disclosures – Interest Rate Benchmark Reform*

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:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 1, *First Time Adoption of Malaysia Financial Reporting Standards*
- Amendments to MFRS 116, *Property, Plant and Equipment- Proceeds Before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets-Onerous Contracts- Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 17, *Insurance Contracts*
- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- 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.*

A2. Auditors' Report

The auditors' report on the financial statements for the year ended 31 December 2019 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 other than the impact from the Movement Control Order ("MCO") effective from 18 March 2020 which resulted in the closure of operation as disclosed in Note B1.

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, Repurchases and Repayment of Debt and Equity Securities

There were no issuances, repurchases 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 nine month ended 30 September 2020, a second interim single tier dividend of 2.0 sen per ordinary shares totaling RM2.4 million in respect of the financial year ended 31 December 2019 was paid on 17 April 2020.

A8. Segmental Reporting

The Group is principally engaged in the manufacture and sales of wooden picture frame mouldings and other timber products. The business activities of holding and rental of properties of its subsidiaries are merely inter-segment transactions. The Group's reportable segments result for the financial period ended 30 September 2020 is as follows:-

	Wooden Picture Frame Mouldings 30.9.2020 RM'000	Other Timber Products 30.9.2020 RM'000	Property Holding 30.9.2020 RM'000	Total Current Year To Date 30.9.2020 RM'000	Other Non-reportable Segments 30.9.2020 RM'000	Elimination of Inter-segment Transactions or Balances 30.9.2020 RM'000	Consolidated Total 30.9.2020 RM'000
Segment Profit/ (loss)	2,181	614	811	3,606	(223)	(75)	3,308
<i>Included in the measure of segment profit are:</i>							
Revenue from external customers	26,211	5,324	-	31,535	-	-	31,535
Inter-segment revenue	-	-	1,722	1,722	-	(1,722)	-
Depreciation	912	132	277	1,321	1	103	1,425
Finance Income	6	1	4	11	113	-	124
Tax Expense	713	197	294	1,204	-	(29)	1,175
Segment Assets	44,982	5,411	39,959	90,352	69,138	(59,582)	99,908
<i>Included in the measure of segment assets are:</i>							
Additions to non-current assets other than financial instruments and deferred tax assets	22	3	190	215	-	-	215

A9. Subsequent Events

There were no other 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 2020 and financial year to date including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinued operation.

A11. Capital Commitments Outstanding Not Provided in The Interim Financial Report

Capital expenditure commitments	As at
Property, plant and equipment	30.9.2020
Approved and contracted for	RM'000
	<u>158</u>

NOTES TO THE INTERIM FINANCIAL REPORT
PART B : ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS
B1. Review of Performance

Table 1: Financial review for current quarter and financial year to date

	Individual Period 3rd Quarter		Changes		Cumulative Period		Changes	
	Current Year Quarter Ended 30.9.2020	Preceding Year Corresponding Quarter Ended 30.9.2019			Current Year To Date Ended 30.9.2020	Preceding Year Corresponding Quarter Ended 30.9.2019		
	RM'million	RM'million	RM'million	%	RM'million	RM'million	RM'million	%
Revenue	13.4	14.0	(0.6)	-4.3%	31.5	43.9	(12.4)	-28.2%
Gross profit	5.6	4.0	1.6	40.0%	9.6	12.7	(3.1)	-24.4%
Profit before tax	3.8	2.2	1.6	72.7%	4.5	7.1	(2.6)	-36.6%
Profit after tax	2.8	1.7	1.1	64.7%	3.3	5.4	(2.1)	-38.9%
Profit attributable to Owners of the Company	2.8	1.7	1.1	64.7%	3.3	5.4	(2.1)	-38.9%

The Group registered a revenue of RM13.4 million for the current quarter ended 30 September 2020, a decrease of RM0.6 million or 4.3% compared to RM14.0 million in the preceding year corresponding quarter ended 30 September 2019 mainly attributable to lower export sales revenue from wooden picture frame moulding. Despite the lower revenue, the Group's profit before tax surged to RM3.8 million, an increase of RM1.6 million or 72.7% as compared to RM2.2 million in the preceding year corresponding quarter ended 30 September 2019 mainly attributable to higher product selling price as a result of the changes in the mixes of customer and product and higher cost efficiencies in production.

For the nine months ended 30 September 2020, the Group's revenue recorded at RM31.5 million, a decrease of RM12.4 million or 28.2% compared to the preceding year corresponding period of RM43.9 million mainly attributable to lower export sales revenue from wooden picture frame moulding. The Group's profit before tax was RM4.5 million, a decrease of RM2.6 million or 36.6% as compared to RM7.1 million in the preceding year corresponding period ended 30 September 2019 attributed mainly to lower export sales revenue and lower cost efficiencies in production as a result of low production volume amid the Covid-19 pandemic strict containment measures imposed in Malaysia and other countries in second quarter ended 30 June 2020.

The Group is primarily involved in the manufacturing and sale of wooden picture frame moulding and other 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

Table 2: Financial review for current quarter compared with immediate preceding quarter.

	Current Year Quarter Ended 30.9.2020	Immediate Preceding Quarter 30.06.2020	Changes	
	RM'million	RM'million	RM'million	%
Revenue	13.4	5.7	7.7	135.1%
Gross profit	5.6	0.7	4.9	700.0%
Profit/ (loss) before tax	3.8	(0.6)	4.4	733.3%
Profit/ (loss) after tax	2.8	(0.5)	3.3	660.0%
Profit/ (loss) attributable to Owners of the Company	2.8	(0.5)	3.3	660.0%

The Group's revenue improved significantly to RM13.4 million for the current quarter under review, an increase of RM7.7 million or 135.1% compared to RM5.7 million in the preceding quarter ended 30 June 2020 mainly due to higher export sales revenue from wooden picture frame moulding. The Group registered a profit before tax of RM3.8 million for the current quarter under review, an increase of RM4.4 million or 733.3% compared to loss before tax of RM0.6 million in the preceding quarter ended 30 June 2020 mainly attributable to higher export sales revenue from wooden picture frame moulding and higher cost efficiencies in production.



NOTES TO THE INTERIM FINANCIAL REPORT

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

B3. Current Year Prospects

The low USA mortgage interest rate that fueled a housing boom coupled with the trend of working from home have driven up the consumer spending on home furnishing products, which bode well for the Group. In conjunction with the trade restriction imposed by the USA against China for alleged unfair trade practices, this has resulted in a more permanent diversion of trade from China to other competing nations. To ride on these market opportunities, the Group shall remain steadfast in developing and introducing new salable products that could drive steady business recovery. Barring any unforeseen circumstances, we expect the Group's performance for the remaining quarter of the financial year ending 31 December 2020 to recover to a satisfactory level.

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 period ended 30 September 2020.

B5. Variance of Actual and Forecast Profit

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

B6. Taxation

	Current Year Quarter 30.9.2020 RM'000	Preceding Year Corresponding Quarter 30.9.2019 RM'000	Current Year To Date 30.9.2020 RM'000	Preceding Year Corresponding Period 30.9.2019 RM'000
Current tax expense				
- current	915	503	1,222	1,772
- prior year	3	39	3	39
Deferred tax expense				
Origination and reversal of temporary differences				
- current	42	(59)	(42)	(55)
- prior year	(8)	8	(8)	8
	<u>952</u>	<u>491</u>	<u>1,175</u>	<u>1,764</u>

The effective tax rate for the quarter under review and current year to date was 26 % and 25 % respectively. The effective tax rate was slightly higher than the statutory rate of 24% mainly due to the non-allowable expenses.

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 2020, the Group does not have any bank borrowings.

B9. Derivative Financial Instruments

As at 30 September 2020, the Group has the following outstanding derivatives financial instruments:-

Currency Forward Contracts	Principal or Notional Amount RM'000	Fair value	
		Assets	Liabilities
		RM'000	RM'000
- Less than 1 year	<u>13,856</u>	<u>113</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 assets amounting to RM113,000 has been recognised in the financial statements.

NOTES TO THE INTERIM FINANCIAL REPORT

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

B10. Material Litigation

Since the last Audited Financial Statements for the year ended 31 December 2019, the Group does not have any material litigation until the date of this report.

B11. Dividends

On 26 November 2020, the Board declared a first interim single tier dividend of 3.0 sen per ordinary share totaling RM3.6 million in respect of the financial year ending 31 December 2020. The dividend will be payable on 4 January 2021 to depositors registered in the Record of Depositors on 14 December 2020.

B12. Basis of Calculation of Earnings Per Share

	Current Year Quarter 30.9.2020	Preceding Year Corresponding Quarter 30.9.2019	Current Year To Date 30.9.2020	Preceding Year Corresponding Period 30.9.2019
Basic earnings per share				
Net profit attributable to equity holders (RM'000)	2,840	1,663	3,308	5,370
Weighted average number of ordinary shares of RM0.50 each in issue ('000)	120,500	120,500	120,500	120,500
Basic Earnings Per Share (sen)	2.36	1.38	2.75	4.46

The diluted earnings per share is not presented as there is no dilutive potential outstanding share in issue.

B13. Profit for the Period

	Current Year Quarter 30.9.2020 RM'000	Preceding Year Corresponding Quarter 30.9.2019 RM'000	Current Year To Date 30.9.2020 RM'000	Preceding Year Corresponding Period 30.9.2019 RM'000
Profit and total comprehensive income for the period is arrived at after crediting/(charging):				
Interest income	29	68	124	213
Depreciation of property, plant and equipment	(450)	(501)	(1,425)	(1,508)
(Loss)/gain on foreign exchange	(151)	15	245	(10)
Gain/ (loss) on derivatives	194	(175)	(312)	(95)
Loss/ (gain) on disposal of property, plant and equipment	(73)	24	(73)	(24)

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

WONG YOUN KIM
Company Secretary
MAICSA 7018778