

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 SEPTEMBER 2011
(The figures have not been audited)**

	Individual Quarter		Cumulative Quarter	
	Current Year 30.09.2011 RM'000	Preceding Year Corresponding Quarter 30.09.2010 RM'000	Current Year To Date 30.09.2011 RM'000	Preceding Year Corresponding Period 30.09.2010 RM'000
Revenue	12,384	14,291	40,108	39,129
Cost of sales	(8,329)	(10,216)	(26,854)	(26,427)
Gross profit	<u>4,055</u>	<u>4,075</u>	<u>13,254</u>	<u>12,702</u>
Operating expenses	(1,679)	(1,762)	(5,033)	(4,952)
Other operating income	281	848	885	1,524
Profit before taxation	<u>2,657</u>	<u>3,161</u>	<u>9,106</u>	<u>9,274</u>
Taxation	(608)	(215)	(2,019)	(594)
Profit for the period	<u><u>2,049</u></u>	<u><u>2,946</u></u>	<u><u>7,087</u></u>	<u><u>8,680</u></u>
Profit attributable to:				
Owners of the Company	2,049	2,946	7,087	8,680
Non-controlling interest	-	-	-	-
Profit for the period	<u><u>2,049</u></u>	<u><u>2,946</u></u>	<u><u>7,087</u></u>	<u><u>8,680</u></u>
Earning per share				
Basic earnings per share (sen)	<u><u>1.71</u></u>	<u><u>2.45</u></u>	<u><u>5.91</u></u>	<u><u>7.23</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>

Notes:

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the Interim Financial Statements.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2011

	(Unaudited) As At End Of Current Quarter 30.09.2011 RM'000	(Audited) As At Preceding Financial Year End 31.12.2010 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	45,949	46,718
Intangible asset	878	878
Total non-current assets	<u>46,827</u>	<u>47,596</u>
Current Assets		
Trade and other receivables	5,408	6,978
Financial assets at fair value through profit and loss	-	185
Prepayments paid	1,993	1,248
Inventories	25,763	24,036
Cash and cash equivalents	20,516	20,504
Total current assets	<u>53,680</u>	<u>52,951</u>
Total assets	<u><u>100,507</u></u>	<u><u>100,547</u></u>
EQUITY		
Share capital	60,250	60,250
Treasury shares	(311)	(311)
Reserves	303	303
Retained earnings	28,420	32,133
Total equity attributable to owners of the Company	88,662	92,375
Non-controlling interest	-	-
Total equity	<u><u>88,662</u></u>	<u><u>92,375</u></u>
LIABILITIES		
Non-Current Liabilities		
Deferred tax liabilities	3,593	3,684
Total non-current liabilities	<u>3,593</u>	<u>3,684</u>
Current Liabilities		
Trade and other payables	2,372	4,008
Dividend payable	4,800	-
Financial liabilities at fair value through profit and loss	201	-
Prepayments received	396	249
Current tax liabilities	483	231
Total current liabilities	<u>8,252</u>	<u>4,488</u>
Total liabilities	<u>11,845</u>	<u>8,172</u>
Total equity and liabilities	<u><u>100,507</u></u>	<u><u>100,547</u></u>
Net Assets per share (RM)	0.74	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 2010 and the accompanying explanatory notes attached to the Interim Financial Statements.



QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 30 SEPTEMBER 2011**
(The figures have not been audited)

	Share Capital RM'000	Share Premium RM'000	Treasury Share RM'000	Retained Profits RM'000	Total Equity RM'000
At 1 January 2011	60,250	303	(311)	32,133	92,375
Dividends	-	-	-	(10,800)	(10,800)
Profit for the period	-	-	-	7,087	7,087
At 30 September 2011	<u>60,250</u>	<u>303</u>	<u>(311)</u>	<u>28,420</u>	<u>88,662</u>
At 1 January 2010	60,250	303	(311)	33,479	93,721
Dividends	-	-	-	(13,200)	(13,200)
Profit for the period	-	-	-	8,680	8,680
At 30 September 2010	<u>60,250</u>	<u>303</u>	<u>(311)</u>	<u>28,959</u>	<u>89,201</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 2010 and the accompanying explanatory notes attached to the Interim Financial Statements.

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER
ENDED 30 SEPTEMBER 2011**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 30 SEPTEMBER 2011
(The figures have not been audited)**

	Current Year-to-date 30.09.2011 RM'000	Preceding Year Corresponding Period 30.09.2010 RM'000
Cash flows from operating activities		
Profit before taxation	9,106	9,274
Adjustments for :		
- Non-cash items	2,160	1,456
- Non-operating items	(305)	(300)
Operating profit before working capital changes	<u>10,961</u>	<u>10,430</u>
Changes in working capital :		
- Net changes in current assets	(920)	(2,923)
- Net changes in current liabilities	3,634	683
Cash generated from operations	<u>13,675</u>	<u>8,190</u>
Income taxes paid	(1,858)	(152)
Interest received	305	300
Net cash generated from operating activities	<u>12,122</u>	<u>8,338</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,324)	(2,095)
Proceeds from disposal of property, plant and equipment	14	2,119
Net cash (used in)/generated from investing activities	<u>(1,310)</u>	<u>24</u>
Cash flows from financing activities		
Dividend paid	(10,800)	(8,400)
Net cash used in financing activities	<u>(10,800)</u>	<u>(8,400)</u>
Net increase/(decrease) in cash and cash equivalents	12	(38)
Cash and cash equivalents at the beginning of period	20,504	19,650
Cash and cash equivalents at the end of period (Note 1)	<u>20,516</u>	<u>19,612</u>

Note 1

	RM'000
Cash and bank balances	2,349
Deposits with licensed bank	<u>18,167</u>
	<u>20,516</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the Interim Financial Statements.

NOTES TO THE INTERIM FINANCIAL REPORT

PART A : EXPLANATORY NOTES AS PER FRS 134

A1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in compliance with Financial Reporting Standards ("FRS") 134: Interim Financial Reporting, issued by the Malaysian Accounting Standards Board (MASB) and Chapter 9 Part K of the 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 2010 of Classic Scenic Berhad ("CSCENIC" or "the Company"). 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 2010.

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 2010 except for the adoption of the following Financial Reporting Standards ("FRSs") and Amendments issued by MASB, which are applicable to its financial statements and are relevant to its operations:-

- FRS 127, *Consolidated and Separate Financial Reporting Standards (revised)*
- Amendments to FRS 7, *Financial Instruments: Disclosures - Improving Disclosures about Financial Instruments*
- Amendments to FRS 138, *Intangible Assets*
- Improvements to FRSs (2010)

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

The following FRSs, IC Interpretations and Amendments to FRSs 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 July 2011

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

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*

A2. Auditors' Report

The auditors' report on the financial statements for the year ended 31 December 2010 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 2011, 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 totalling RM6.0 million in respect of the financial year ended 31 December 2010 was paid on 19 May 2011.

NOTES TO THE INTERIM FINANCIAL REPORT

PART A : EXPLANATORY NOTES AS PER FRS 134

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 30.09.2011 RM'000	Asia Pacific Current Year To Date 30.09.2011 RM'000	Total Current Year To Date 30.09.2011 RM'000
Segment revenue	30,335	7,238	37,573
Segment trade receivables	3,312	1,333	4,645

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. Valuation of Property, Plant and Equipment

There was no revaluation of property, plant and equipment since the last Audited Financial Statements for the year ended 31 December 2010.

A10. 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.

A11. Change in The Composition of The Group

There were no changes in the composition of the Group for the quarter ended 30 September 2011 including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinued operation.

A12. Contingent Liabilities and Contingent Assets

As at 30 September 2011, 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	<u>8,536</u>

A13. Capital Commitments Outstanding Not Provided In The Interim Financial Report

	As at 30.09.2011 RM'000
Property, plant and equipment : Approved and contracted for	<u>45</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 revenue of RM12.4 million for the current quarter, a decrease of RM1.9 million or 13.3% compared to the preceding year corresponding quarter of RM14.3 million mainly due to lower sales revenue from export of wooden picture frame moulding. The Group's profit before tax was RM2.7 million, a decrease of RM0.5 million or 15.6% compared to RM3.2 million in the preceding year corresponding quarter. The decrease in profit before tax was chiefly due to decline in other operating income.

For the nine months ended 30 September 2011, the Group's revenue was RM40.1 million, an increase of RM1.0 million or 2.6% compared to the preceding year corresponding period of RM39.1 million mainly due to higher sales revenue from export of wooden picture frame moulding. Nevertheless, the Group's profit before tax was RM9.1 million, a slight decrease of RM0.2 million or 2.2% compared to RM9.3 million in the preceding year corresponding quarter primarily due to decline in other operating income.

B2. Variation of Results Against Preceding Quarter

The Group recorded a revenue of RM12.4 million for the current quarter under review, a decrease of RM0.6 million or 4.6% from RM13.0 million in the preceding quarter mainly due to lower sales revenue from export of wooden picture frame moulding. Despite a lower sales revenue, the Group's profit before tax for the current quarter under review was maintained at RM2.7 million which was chiefly attributable to savings derived from sourcing less expensive alternative raw materials and better efficiency in the use of materials.

B3. Current Year Prospects

The tepid global economic recovery coupled with the sovereign debt crisis in Europe have the potential to cause an erosion of business and consumer confidence in USA. With the USA economy being primarily consumer-driven and confidence having been partially dented, sustaining the Group's performance is expected to remain a challenge though the currently stronger US Dollar does offer a slight relief. Nevertheless and barring any unforeseen circumstances, the Group shall perform favourably for the financial year ending 31 December 2011 as reflected in the Group's resilience to past equally or more challenging economic adversities.

B4. Variance of Actual and Forecast Profit

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

B5. Taxation

	Current Year Quarter 30.09.2011 RM'000	Preceding Year Corresponding Quarter 30.09.2010 RM'000	Current Year To Date 30.09.2011 RM'000	Preceding Year Corresponding Period 30.09.2010 RM'000
Current tax expense				
- current	694	337	2,110	899
Deferred tax expense				
Origination and reversal of temporary differences				
- current	(86)	(122)	(91)	(305)
	<u>608</u>	<u>215</u>	<u>2,019</u>	<u>594</u>

The effective tax rate for the quarter under review and current year to date were 23% and 22% respectively. The effective tax rate for current year to date was lower than the statutory income tax rate of 25% mainly due to the pioneer status granted to one of its subsidiaries under the Promotion Investment Act 1986 which expired on 31 January 2011.

B6. Sale of Unquoted Investments and/or Properties

There were no sale of unquoted investments and/or properties for the current quarter and financial year to date.

B7. Purchase or Disposal of Quoted Securities

There was no purchase or disposal of quoted securities for the current quarter under review and financial year to date.

NOTES TO THE INTERIM FINANCIAL REPORT

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

B8. Status of Corporate Proposal

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

B9. Group Borrowings and Debt Securities

As at 30 September 2011, the Group does not have any bank borrowings.

B10. Derivative Financial Instruments

As at 18 November 2011, 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	8,100	-	97

The purpose of entering currency forward contracts is to minimise the impact of unfavourable movement in exchange rate. 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.

B11. Material Litigation

Since the last Audited Financial Statements for the year ended 31 December 2010, the Group does not have any material litigation until the date of this report.

B12. Dividends

On 18 August 2011, the Board declared an interim tax-exempt dividend of 8% or 4.0 sen per ordinary share totalling RM4.8 million in respect of the financial year ending 31 December 2011 (2010: First & second net dividend of 18%) and it was paid on 15 November 2011.

B13. Basis of Calculation of Earnings Per Share

	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter 30.09.2011	Corresponding Quarter 30.09.2010	To Date 30.09.2011	Corresponding Period 30.09.2010
Basic earnings per share				
Net profit attributable to equity holders (RM'000)	2,049	2,946	7,087	8,680
Weighted average number of ordinary shares of RM0.50 each in issue ('000)	120,001	120,001	120,001	120,001
Basic Earnings Per Share (sen)	1.71	2.45	5.91	7.23

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

B14. Realised and unrealised retained profits

The breakdown of the Group's retained profits 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 30.09.2011 RM'000	As at 31.12.2010 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	55,220	59,439
- Unrealised	(985)	(1,432)
	54,235	58,007
Less: Consolidation adjustments	(25,815)	(25,874)
Total group retained profits as per consolidated accounts	28,420	32,133

The determination of realised and unrealised profits is in accordance to 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 Requirement*, issued by the Malaysian Institute of Accountants on 20 December 2010, and presented based on the format prescribed by Bursa Securities.

By order of the Board

CHOW CHOOI YOONG
Company Secretary
MAICSA 0772574
Date: 25 November 2011