

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2014

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 MARCH 2014**
(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.03.2014 RM'000	Preceding Year Corresponding Quarter 31.03.2013 RM'000	Current Year To Date 31.03.2014 RM'000	Preceding Year Corresponding Period 31.03.2013 RM'000
Revenue	12,505	13,651	12,505	13,651
Cost of sales	(8,013)	(8,903)	(8,013)	(8,903)
Gross profit	<u>4,492</u>	<u>4,748</u>	<u>4,492</u>	<u>4,748</u>
Operating expenses	(1,511)	(1,553)	(1,511)	(1,553)
Other operating income	62	75	62	75
Profit before taxation	<u>3,043</u>	<u>3,270</u>	<u>3,043</u>	<u>3,270</u>
Taxation	(738)	(801)	(738)	(801)
Profit and total comprehensive income for the period	<u><u>2,305</u></u>	<u><u>2,469</u></u>	<u><u>2,305</u></u>	<u><u>2,469</u></u>
Attributable to:				
Owners of the Company	2,305	2,469	2,305	2,469
Non-controlling interest	-	-	-	-
	<u><u>2,305</u></u>	<u><u>2,469</u></u>	<u><u>2,305</u></u>	<u><u>2,469</u></u>
Earning per share				
Basic earnings per share (sen)	<u><u>1.91</u></u>	<u><u>2.05</u></u>	<u><u>1.91</u></u>	<u><u>2.05</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 2013 and the accompanying explanatory notes attached to the Interim Financial Statements.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2014

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2014

	(Unaudited) As At End Current Quarter 31.03.2014 RM'000	(Audited) As At Preceding Financial Year as at 31.12.2013 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	50,233	50,769
Intangible asset	878	878
Total non-current assets	<u>51,111</u>	<u>51,647</u>
Current Assets		
Trade and other receivables	6,698	4,800
Financial assets at fair value through profit or loss	320	10
Prepayments paid	1,402	949
Inventories	28,649	28,052
Current tax assets	261	247
Cash and cash equivalents	15,700	16,206
Total current assets	<u>53,030</u>	<u>50,264</u>
Total assets	<u>104,141</u>	<u>101,911</u>
EQUITY		
Share capital	60,250	60,250
Share premium	441	441
Retained earnings	31,810	34,325
Total equity attributable to owners of the Company	<u>92,501</u>	<u>95,016</u>
Non-controlling interest	-	-
Total equity	<u>92,501</u>	<u>95,016</u>
LIABILITIES		
Non-Current Liabilities		
Deferred tax liabilities	3,176	3,191
Total non-current liabilities	<u>3,176</u>	<u>3,191</u>
Current Liabilities		
Current tax liabilities	64	72
Trade and other payables	3,090	3,364
Dividend payable	4,820	-
Prepayments received	490	268
Total current liabilities	<u>8,464</u>	<u>3,704</u>
Total liabilities	<u>11,640</u>	<u>6,895</u>
Total equity and liabilities	<u>104,141</u>	<u>101,911</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 2013 and the accompanying explanatory notes attached to the Interim Financial Statements.



QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2014

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 MARCH 2014**

(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 2014	60,250	441	-	34,325	95,016
Dividends to the owners of the Company	-	-	-	(4,820)	(4,820)
Profit and total comprehensive income for the period	-	-	-	2,305	2,305
At 31 March 2014	<u>60,250</u>	<u>441</u>	<u>-</u>	<u>31,810</u>	<u>92,501</u>
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	-	-	-	2,469	2,469
At 31 March 2013	<u>60,250</u>	<u>441</u>	<u>-</u>	<u>32,480</u>	<u>93,171</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 2013 and the accompanying explanatory notes attached to the Interim Financial Statements.

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER
ENDED 31 MARCH 2014**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 31 MARCH 2014**
(The figures have not been audited)

	Current Year-to-date 31.03.2014 RM'000	Preceding Year Corresponding Period 31.03.2013 RM'000
Cash flows from operating activities		
Profit before taxation	3,043	3,270
Adjustments for :		
Depreciation of property, plant and equipment	574	598
Interest income	(61)	(74)
Unrealised foreign exchange loss/(gain)	270	(80)
Operating profit before working capital changes	<u>3,826</u>	<u>3,714</u>
Changes in working capital :		
- Inventories	(598)	778
- Trade and other payables	(52)	(1,524)
- Trade and other receivables	(2,929)	(1,488)
Cash generated from operations	<u>247</u>	<u>1,480</u>
Income taxes paid	(776)	(1,085)
Interest received	61	74
Net cash (used in)/generated from operating activities	<u>(468)</u>	<u>469</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(38)	(66)
Net cash used in investing activities	<u>(38)</u>	<u>(66)</u>
Cash flows from financing activities		
	-	-
Net decrease in cash and cash equivalents	(506)	403
Cash and cash equivalents at the beginning of period	16,206	21,724
Cash and cash equivalents at the end of period (Note 1)	<u>15,700</u>	<u>22,127</u>

Note 1

	RM'000	RM'000
Cash and bank balances	6,771	5,959
Highly liquid investment with non-bank financial institution	8,929	16,168
	<u>15,700</u>	<u>22,127</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2013 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 2013 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 2013.

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 2013 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 2014

- Admendments to MFRS 10, *Consolidated Financial Statement - Investment Entities*
- Admendments to MFRS 12, *Disclosure of Interest in Other Entities - Investment Entities*
- Admendments to MFRS 127, *Separate Financial Statement (2011) - Investment Entities*
- Amendments to MFRS 132, *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities*
- Amendments to MFRS 136, *Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets*
- Amendments to MFRS 139, *Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting*
- IC Interpretation 21, *Levies*

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

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

Effective for annual periods beginning on or after 1 July 2014

- Amendments to MFRS 1, *First-time Adoption of Malaysain 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)*

Effective for annual periods yet to be confirmed

- MFRS 9, *Financial Instruments (2009)*
- MFRS 9, *Financial Instruments (2010)*
- MFRS 9, *Financial Instruments - Hedge Accounting and Amendments to MFRS 9, MFRS 7, and MFRS 139*
- Amendments to MFRS 7, *Financial Instruments: Disclosures - Mandatory Effective Date of MFRS 9 and Transition Disclosures*

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 2013 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

No dividend were paid by the Company in the current quarter under review and financial year to date.

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
	31.03.2014	31.03.2014	31.03.2014	31.03.2014
	RM'000	RM'000	RM'000	RM'000
Segment revenue	9,650	2,407	448	12,505
Segment trade receivables	4,817	1,084	377	6,278

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 31 March 2014 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 31 March 2014, the contingent liabilities and contingent assets of a material nature are as follow:-

Corporate guarantee granted by the Company in favour of
licensed banks for credit facilities granted to its subsidiaries

RM'000

8,600

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

Property, plant and equipment :
Approved and contracted for

As at
31.03.2014
RM'000

603



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 RM12.5 million for the current quarter, a decrease of RM1.2 million or 8.8% compared to the preceding year corresponding quarter of RM13.7 million mainly due to lower sales revenue from export of wooden picture frame moulding. The Group's profit before tax was RM3.0 million, a decrease of RM0.3 million or 9.1% as compared to RM3.3 million in the preceding year corresponding quarter. The decrease in profit before tax was mainly attributable to lower sales revenue from export of wooden picture frame moulding and higher raw material costs and overhead as a result of the government's subsidy rationalisation programme. The impact of lower revenue and higher input costs on profit before tax for the current quarter has been mitigated by the strengthening of US Dollar.

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 RM12.5 million for the current quarter under review, a slight increase of RM0.1 million or 0.8% from RM12.4 million in the preceding quarter mainly due to due higher sales revenue from export of wooden picture frame. The Group's profit before tax was RM3.0 million, a slight decrease of RM0.1 million or 3.2% compared to RM3.1 million in the preceding quarter mainly attributable to higher raw material costs and overhead as a result of the government's subsidy rationalisation programme.

B3. Current Year Prospects

Economic activities in USA appear to be showing sign of picking up after having experienced an unusually harsh winter that had a dampening impact on the economy. The more upbeat US economic data as reflected in the current unemployment rate having fallen to 6.3%, is expected to drive overall consumption which is crucial in the primarily consumption-driven economy of USA. The outlook for the Group is expected to mirror the improving US economy. Barring any unforeseen circumstances, we expect to perform satisfactorily for the remaining period of the financial year ending 31 December 2014.

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 2014.

B5. Variance of Actual and Forecast Profit

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

B6. Taxation

	Current Year Quarter 31.03.2014 RM'000	Preceding Year Corresponding Quarter 31.03.2013 RM'000	Current Year To Date 31.03.2014 RM'000	Preceding Year Corresponding Period 31.03.2013 RM'000
Current tax expense				
- current	753	787	753	787
Deferred tax expense				
Origination and reversal of temporary differences				
- current	(15)	14	(15)	14
	<u>738</u>	<u>801</u>	<u>738</u>	<u>801</u>

The effective tax rate for the quarter under review and current year to date was 24%. The effective tax rate for the current year to date was slightly 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 31 March 2014, the Group does not have any bank borrowings.

B9. Derivative Financial Instruments

As at 31 March 2014, 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>15,032</u>	<u>320</u>	<u>-</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 RM320,000 has been recognised in the financial statements.

B10. Material Litigation

Since the last Audited Financial Statements for the year ended 31 December 2013, the Group does not have any material litigation until the date of this report.

B11. Dividends

On 27 February 2014, the Board declared a second interim single tier dividend 8% or 4.0 sen per ordinary share totalling RM4.8million in respect of the financial year ended 31 December 2013. The dividend will be payable on 23 May 2014 to depositors registered in the Record of Depositors on 9 May 2014.

B12. Basis of Calculation of Earnings Per Share

	Current Year Quarter 31.03.2014	Preceding Year Corresponding Quarter 31.03.2013	Current Year To Date 31.03.2014	Preceding Year Corresponding Period 31.03.2013
Basic earnings per share				
Net profit attributable to equity holders (RM'000)	<u>2,305</u>	<u>2,469</u>	<u>2,305</u>	<u>2,469</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>1.91</u>	<u>2.05</u>	<u>1.91</u>	<u>2.05</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 31.03.2014 RM'000	As at 31.12.2013 RM'000
Total retained earnings of the Company and its subsidiaries:		
- Realised	42,705	45,320
- Unrealised	9,001	8,937
	<u>51,706</u>	<u>54,257</u>
Less: Consolidation adjustments	(19,896)	(19,932)
Total group retained earnings as per consolidated accounts	<u><u>31,810</u></u>	<u><u>34,325</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 31.03.2014 RM'000	Preceding Year Corresponding Quarter 31.03.2013 RM'000	Current Year To Date 31.03.2014 RM'000	Preceding Year Corresponding Period 31.03.2013 RM'000
Profit and total comprehensive income for the period is arrived at after crediting/(charging):				
Interest income	61	74	61	74
Depreciation of property, plant and equipment	(574)	(598)	(574)	(598)
Gain on foreign exchange	2	35	2	35
Gain on derivatives	173	83	173	83
	<u><u>173</u></u>	<u><u>83</u></u>	<u><u>173</u></u>	<u><u>83</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

CHOW CHOOI YOONG
Company Secretary
MAICSA 0772574
Date: 09 May 2014