

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2015

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 MARCH 2015**
(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.03.2015 RM'000	Preceding Year Corresponding Quarter 31.03.2014 RM'000	Current Year To Date 31.03.2015 RM'000	Preceding Year Corresponding Period 31.03.2014 RM'000
Revenue	13,911	12,505	13,911	12,505
Cost of sales	(8,270)	(8,013)	(8,270)	(8,013)
Gross profit	<u>5,641</u>	<u>4,492</u>	<u>5,641</u>	<u>4,492</u>
Operating expenses	(2,077)	(1,511)	(2,077)	(1,511)
Other operating income	74	62	74	62
Profit before taxation	<u>3,638</u>	<u>3,043</u>	<u>3,638</u>	<u>3,043</u>
Taxation	(925)	(738)	(925)	(738)
Profit and total comprehensive income for the period	<u><u>2,713</u></u>	<u><u>2,305</u></u>	<u><u>2,713</u></u>	<u><u>2,305</u></u>
Attributable to:				
Owners of the Company	2,713	2,305	2,713	2,305
Non-controlling interest	-	-	-	-
	<u><u>2,713</u></u>	<u><u>2,305</u></u>	<u><u>2,713</u></u>	<u><u>2,305</u></u>
Earning per share				
Basic earnings per share (sen)	<u><u>2.25</u></u>	<u><u>1.91</u></u>	<u><u>2.25</u></u>	<u><u>1.91</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 2014 and the accompanying explanatory notes attached to the Interim Financial Statements.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2015

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2015

	Unaudited As At End Current Quarter 31.03.2015 RM'000	Audited As At Preceding Financial Year as at 31.12.2014 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	48,371	48,942
Intangible asset	878	878
Total non-current assets	<u>49,249</u>	<u>49,820</u>
Current Assets		
Trade and other receivables	5,168	6,616
Prepayments paid	1,674	1,379
Inventories	28,425	29,018
Current tax assets	7	90
Cash and cash equivalents	20,712	16,524
Total current assets	<u>55,986</u>	<u>53,627</u>
Total assets	<u>105,235</u>	<u>103,447</u>
EQUITY		
Share capital	60,250	60,250
Share premium	441	441
Retained earnings	32,694	34,801
Total equity attributable to owners of the Company	<u>93,385</u>	<u>95,492</u>
Non-controlling interest	-	-
Total equity	<u>93,385</u>	<u>95,492</u>
LIABILITIES		
Non-Current Liabilities		
Deferred tax liabilities	2,955	2,704
Total non-current liabilities	<u>2,955</u>	<u>2,704</u>
Current Liabilities		
Current tax liabilities	513	710
Trade and other payables	1,615	2,852
Dividend payable	4,820	-
Financial liabilities at fair value through profit or loss	1,687	1,281
Prepayments received	260	408
Total current liabilities	<u>8,895</u>	<u>5,251</u>
Total liabilities	<u>11,850</u>	<u>7,955</u>
Total equity and liabilities	<u>105,235</u>	<u>103,447</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 FIRST QUARTER ENDED 31 MARCH 2015

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 MARCH 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	-	-	-	(4,820)	(4,820)
Profit and total comprehensive income for the period	-	-	-	2,713	2,713
At 31 March 2015	<u>60,250</u>	<u>441</u>	<u>-</u>	<u>32,694</u>	<u>93,385</u>
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>

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 FIRST QUARTER
ENDED 31 MARCH 2015**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 31 MARCH 2015
(The figures have not been audited)**

	Current Year-to-date 31.03.2015 RM'000	Preceding Year Corresponding Period 31.03.2014 RM'000
Cash flows from operating activities		
Profit before taxation	3,638	3,043
Adjustments for :		
Depreciation of property, plant and equipment	493	574
Finance income	(74)	(61)
Loss on disposal of property, plant and equipment	12	-
Reversal on impairment loss on trade receivables	(3)	-
Unrealised foreign exchange (gain)/ loss	(88)	270
Operating profit before working capital changes	<u>3,978</u>	<u>3,826</u>
Changes in working capital :		
- Inventories	593	(598)
- Trade and other payables	(980)	(52)
- Trade and other receivables	1,246	(2,929)
Cash generated from operations	<u>4,837</u>	<u>247</u>
Tax paid	(790)	(776)
Interest received	74	61
Net cash generated/(used in) from operating activities	<u>4,121</u>	<u>(468)</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(41)	(38)
Proceeds from disposal of property, plant and equipment	108	-
Net cash generated/(used in) investing activities	<u>67</u>	<u>(38)</u>
Cash flows from financing activities	<u>-</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	4,188	(506)
Cash and cash equivalents at the beginning of period	16,524	16,206
Cash and cash equivalents at the end of period (Note 1)	<u>20,712</u>	<u>15,700</u>

Note 1

	RM'000	RM'000
Cash and bank balances	9,900	6,771
Highly liquid investment with non-bank financial institution	10,812	8,929
	<u>20,712</u>	<u>15,700</u>

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 2017

- MFRS 15, *Revenue from Contracts with Customers*

Effective for annual periods beginning on or after 1 January 2018

- MFRS 9, *Financial Instruments (IFRS 9 as issued by IASB in July 2014)*

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

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
	31.03.2015	31.03.2015	31.03.2015	31.03.2015
	RM'000	RM'000	RM'000	RM'000
Segment revenue	9,561	3,107	1,243	13,911
Segment trade receivables	3,430	961	171	4,562

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 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 31 March 2015, the contingent liabilities and contingent assets of a material nature are as follow:-

	As at 31.3.2015 RM'000
Corporate guarantees issued to licensed banks in respect of banking facilities granted to a subsidiary	<u>8,674</u>
A12. Capital Commitments Outstanding Not Provided In The Interim Financial Report	
	As at 31.03.2015 RM'000
Property, plant and equipment :	
Approved and contracted for	<u>509</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 RM13.9 million for the current quarter, an increase of RM1.4 million or 11.2% compared to the preceding year corresponding quarter of RM12.5 million mainly due to higher sales revenue from export of wooden picture frame moulding and the strengthening of US Dollar. The Group's profit before tax was RM3.6 million, an increase of RM0.6 million or 20% as compared to RM3.0 million in the preceding year corresponding quarter mainly due to the reason 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 RM13.9 million for the current quarter under review, a decrease of RM1.9 million or 12.0% from RM15.8 million in the preceding quarter mainly due to lower sales revenue from export of wooden picture frame. Despite the Group recorded a lower revenue, the Group's profit before tax increase by RM0.1 million or 2.9% to RM3.6 million as compared to RM3.5 million in the preceding quarter. The increase in profit before tax was mainly attributable to the strengthening of US Dollar.

B3. Current Year Prospects

With the US unemployment rate down to 5.4% and the decline in energy costs, it is believed that consumer spending will continue to be bolstered to drive economic growth in US and our sales. On the flip side, recent economic data appears to give mixed signals on the direction the economy is heading. Retail sales is weak and come in below expectations. Regardless of the less than certain economic scenario, the Group is expected to be resilient and is well prepared to take on economic headwinds. 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 31.03.2015 RM'000	Preceding Year Corresponding Quarter 31.03.2014 RM'000	Current Year To Date 31.03.2015 RM'000	Preceding Year Corresponding Period 31.03.2014 RM'000
Current tax expense				
- current	674	753	674	753
Deferred tax expense				
Origination and reversal of temporary differences				
- current	251	(15)	251	(15)
	<u>925</u>	<u>738</u>	<u>925</u>	<u>738</u>

The effective tax rate for the quarter under review and current year to date was 25% which is same as the statutory income tax rate.

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 2015, the Group does not have any bank borrowings.

B9. Derivative Financial Instruments

As at 31 March 2015, 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>21,321</u>	-	<u>1,687</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 RM1,687,000/- 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 16 February 2015, the Board declared a second interim single tier dividend 8% or 4.0 sen per ordinary share totalling RM4.8 million in respect of the financial year ended 31 December 2014. The dividend was paid on 15 May 2015 to depositors registered in the Record of Depositors on 27 April 2015.

B12. Basis of Calculation of Earnings Per Share

	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter 31.03.2015	Corresponding Quarter 31.03.2014	To Date 31.03.2015	Corresponding Period 31.03.2014
Basic earnings per share				
Net profit attributable to equity holders (RM'000)	<u>2,713</u>	<u>2,305</u>	<u>2,713</u>	<u>2,305</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>2.25</u>	<u>1.91</u>	<u>2.25</u>	<u>1.91</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 31.03.2015 RM'000	As at 31.12.2014 RM'000
Total retained earnings of the Company and its subsidiaries:		
- Realised	44,979	46,854
- Unrealised	<u>7,527</u>	<u>7,735</u>
	52,506	54,589
Less: Consolidation adjustments	<u>(19,812)</u>	<u>(19,788)</u>
Total group retained earnings as per consolidated accounts	<u><u>32,694</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 31.03.2015 RM'000	Preceding Year Corresponding Quarter 31.03.2014 RM'000	Current Year To Date 31.03.2015 RM'000	Preceding Year Corresponding Period 31.03.2014 RM'000
Profit and total comprehensive income for the period is arrived at after crediting/(charging):				
Interest income	74	61	74	61
Depreciation of property, plant and equipment	(493)	(574)	(493)	(574)
Gain on foreign exchange	605	2	605	2
(Loss)/gain on derivatives	(1,107)	173	(1,107)	173
Loss on disposal of property, plant and equipment	(12)	-	(12)	-
Reversal of impairment loss on trade receivable	3	-	3	-
	<u><u>3</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

CHOW CHOOI YOONG
Company Secretary
MAICSA 0772574
Date: 21 May 2015