

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2016

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 MARCH 2016**
(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.03.2016 RM'000	Preceding Year Corresponding Quarter 31.03.2015 RM'000	Current Year To Date 31.03.2016 RM'000	Preceding Year Corresponding Period 31.03.2015 RM'000
Revenue	15,440	13,911	15,440	13,911
Cost of sales	(8,848)	(8,270)	(8,848)	(8,270)
Gross profit	<u>6,592</u>	<u>5,641</u>	<u>6,592</u>	<u>5,641</u>
Operating expenses	(1,200)	(2,077)	(1,200)	(2,077)
Other operating income	131	74	131	74
Profit before taxation	<u>5,523</u>	<u>3,638</u>	<u>5,523</u>	<u>3,638</u>
Taxation	(1,344)	(925)	(1,344)	(925)
Profit and total comprehensive income for the period	<u><u>4,179</u></u>	<u><u>2,713</u></u>	<u><u>4,179</u></u>	<u><u>2,713</u></u>
Attributable to:				
Owners of the Company	4,179	2,713	4,179	2,713
Non-controlling interest	-	-	-	-
	<u><u>4,179</u></u>	<u><u>2,713</u></u>	<u><u>4,179</u></u>	<u><u>2,713</u></u>
Earning per share				
Basic earnings per share (sen)	<u><u>3.47</u></u>	<u><u>2.25</u></u>	<u><u>3.47</u></u>	<u><u>2.25</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 2015 and the accompanying explanatory notes attached to the Interim Financial Statements.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2016

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2016

	Unaudited As at 31.03.2016 RM'000	Audited As at 31.12.2015 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	47,430	47,550
Intangible asset	878	878
Total non-current assets	<u>48,308</u>	<u>48,428</u>
Current Assets		
Trade and other receivables	6,375	6,643
Prepayments paid	1,663	1,485
Inventories	24,846	26,763
Current tax assets	23	21
Derivative financial assets	1,549	-
Cash and cash equivalents	25,864	21,386
Total current assets	<u>60,320</u>	<u>56,298</u>
Total assets	<u><u>108,628</u></u>	<u><u>104,726</u></u>
EQUITY		
Share capital	60,250	60,250
Share premium	441	441
Retained earnings	33,600	36,651
Total equity attributable to owners of the Company	<u>94,291</u>	<u>97,342</u>
Non-controlling interest	-	-
Total equity	<u>94,291</u>	<u>97,342</u>
LIABILITIES		
Non-Current Liabilities		
Deferred tax liabilities	2,832	3,152
Total non-current liabilities	<u>2,832</u>	<u>3,152</u>
Current Liabilities		
Current tax liabilities	2,000	876
Trade and other payables	2,126	2,511
Dividend payable	7,230	-
Prepayments received	149	136
Derivative financial liabilities	-	709
Total current liabilities	<u>11,505</u>	<u>4,232</u>
Total liabilities	<u>14,337</u>	<u>7,384</u>
Total equity and liabilities	<u><u>108,628</u></u>	<u><u>104,726</u></u>
Net assets per share (RM)	0.78	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 2015 and the accompanying explanatory notes attached to the Interim Financial Statements.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2016

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 MARCH 2016**
(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 2016	60,250	441	-	36,651	97,342
Dividends to the owners of the Company	-	-	-	(7,230)	(7,230)
Profit and total comprehensive income for the period	-	-	-	4,179	4,179
At 31 March 2016	<u>60,250</u>	<u>441</u>	<u>-</u>	<u>33,600</u>	<u>94,291</u>
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>

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 2015 and the accompanying explanatory notes attached to the Interim Financial Statements.



QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2016

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE QUARTER ENDED 31 MARCH 2016
(The figures have not been audited)

	Current Year-to-date 31.03.2016 RM'000	Preceding Year Corresponding Period 31.03.2015 RM'000
Cash flows from operating activities		
Profit before taxation	5,523	3,638
Adjustments for :		
Depreciation of property, plant and equipment	509	493
Finance income	(131)	(74)
Loss on disposal of property, plant and equipment	24	12
Reversal of impairment loss on trade receivables	-	(3)
Unrealised foreign exchange gain	(1,423)	(88)
Operating profit before changes in working capital	4,502	3,978
Changes in working capital :		
- Inventories	1,917	593
- Trade and other payables	(1,067)	(980)
- Trade and other receivables	(52)	1,246
Cash generated from operations	5,300	4,837
Net income tax paid	(541)	(790)
Interest received	131	74
Net cash generated from operating activities	4,890	4,121
Cash flows from investing activities		
Acquisition of property, plant and equipment	(488)	(41)
Proceeds from disposal of property, plant and equipment	76	108
Net cash (used in)/generated from investing activities	(412)	67
Cash flows from financing activities		
	-	-
Net increase in cash and cash equivalents	4,478	4,188
Cash and cash equivalents at the beginning of period	21,386	16,524
Cash and cash equivalents at the end of period (Note 1)	25,864	20,712

Note 1

	RM'000	RM'000
Cash and bank balances	9,513	9,900
Highly liquid investment with non-bank financial institution	16,351	10,812
	25,864	20,712

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2015 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 2015 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 2015.

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 2015 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 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)

The adoption of the above MFRS and 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 2017

- Amendments to MFRS 107, Statement of Cash Flows – Disclosure Initiative
- Amendments to MFRS 112, Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses

Effective for annual periods beginning on or after 1 January 2018

- MFRS 9, Financial Instruments (IFRS 9 as issued by IASB in 2014)
- MFRS 15, Revenue from Contracts with Customers

Effective for annual periods beginning on or after 1 January 2019

- MFRS 16, Leases

Effective date to be determined by the MASB at a later date

- 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.

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 2015 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
	31.03.2016	31.03.2016	31.03.2016	31.03.2016
	RM'000	RM'000	RM'000	RM'000
Segment revenue	11,526	3,078	836	15,440
Segment trade receivables	3,491	1,293	304	5,088

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 2016 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 2016, the corporate guarantees of the Company are as follow:

	As at 31.3.2016 RM'000
Corporate guarantees issued to licensed banks in respect of banking facilities granted to a subsidiary	<u>9,887</u>
A12. Capital Commitments Outstanding Not Provided in The Interim Financial Report	
	As at 31.3.2016 RM'000
Capital expenditure commitments	
Property, plant and equipment	
Approved and contracted for	<u>576</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 RM15.4 million for the current quarter ended 31 March 2016, an increase of RM1.5 million or 10.8% compared to RM13.9 million in the corresponding quarter ended 31 March 2015 mainly due to higher sales revenue from export of wooden picture frame moulding resulting from the strengthening of US Dollar. The Group's profit before tax was RM5.5 million, an increase of RM1.9 million or 52.8% as compared to RM3.6 million in the preceding year corresponding quarter ended 31 March 2015. The increase was mainly attributed to higher sales revenue and lower operating expenses as a result of the fair value gain from foreign currency forward contracts.

As disclosed in Note A8, 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's revenue recorded at RM15.4 million, a slight increase of RM0.3 million or 2.0% compared to RM15.1 million in the preceding quarter ended 31 December 2015 mainly due to higher sales revenue from export of wooden picture frame. The Group's profit before taxation for the current quarter was RM5.5 million, a decrease of RM0.7 million or 11.3% compared to RM6.2 million in the preceding quarter ended 31 December 2015 mainly due to higher input costs of timber and other raw materials.

B3. Current Year Prospects

With the falling US unemployment rate and the strengthening housing sector, it is believed that consumer spending will continue to be bolstered to drive economic growth in US and our sales. The recent economic data, firming inflation and the possible interest rate hike in June 2016 indicate the positive direction the US economy is heading and the Group is expected to be resilient by riding on these opportunities. Barring any unforeseen circumstances, we expect to perform satisfactorily for the remaining period of the financial year ending 31 December 2016.

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 2016.

B5. Variance of Actual and Forecast Profit

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

B6. Taxation

	Current Year Quarter 31.03.2016 RM'000	Preceding Year Corresponding Quarter 31.03.2015 RM'000	Current Year To Date 31.03.2016 RM'000	Preceding Year Corresponding Period 31.03.2015 RM'000
Current tax expense				
- current	1,663	674	1,663	674
Deferred tax expense				
Origination and reversal of temporary differences				
- current	(319)	251	(319)	251
	<u>1,344</u>	<u>925</u>	<u>1,344</u>	<u>925</u>

The effective tax rate for the quarter under review and current year to date was 24% which approximate 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 2016, the Group does not have any bank borrowings.

B9. Derivative Financial Instruments

As at 31 March 2016, 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>18,879</u>	<u>1,549</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 RM1,549,000/- has been recognised in the financial statements.

B10. Material Litigation

Since the last Audited Financial Statements for the year ended 31 December 2015, the Group does not have any material litigation until the date of this report.

B11. Dividends

On 26 February 2016, the Board declared a second interim single tier dividend 12% or 6.0 sen per ordinary share totalling RM7.2 million in respect of the financial year ended 31 December 2015. The dividend was paid on 18 May 2016 to depositors registered in the Record of Depositors on 3 May 2016.

B12. Basis of Calculation of Earnings Per Share

	Current Year Quarter 31.03.2016	Preceding Year Corresponding Quarter 31.03.2015	Current Year To Date 31.03.2016	Preceding Year Corresponding Period 31.03.2015
Basic earnings per share				
Net profit attributable to equity holders (RM'000)	<u>4,179</u>	<u>2,713</u>	<u>4,179</u>	<u>2,713</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>3.47</u>	<u>2.25</u>	<u>3.47</u>	<u>2.25</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 31.03.2016 RM'000	As at 31.12.2015 RM'000
Total retained earnings of the Company and its subsidiaries:		
- Realised	43,994	47,650
- Unrealised	9,518	8,888
	53,512	56,538
Less: Consolidation adjustments	(19,912)	(19,887)
Total group retained earnings as per consolidated accounts	33,600	36,651

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 31.03.2016 RM'000	Preceding Year Corresponding Quarter 31.03.2015 RM'000	Current Year To Date 31.03.2016 RM'000	Preceding Year Corresponding Period 31.03.2015 RM'000
Profit and total comprehensive income for the period is arrived at after crediting/(charging):				
Interest income	131	74	131	74
Depreciation of property, plant and equipment	(509)	(493)	(509)	(493)
(Loss)/gain on foreign exchange	(995)	605	(995)	605
Gain/(loss) on derivatives	1,871	(1,107)	1,871	(1,107)
Loss on disposal of property, plant and equipment	(24)	(12)	(24)	(12)
Reversal of impairment loss on trade receivables	-	3	-	3
	-	3	-	3

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

ANDREA HUONG JIA MEI
Company Secretary
MIA 36347
Date: 25 May 2016