

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2011**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE QUARTER ENDED 31 MARCH 2011**  
(The figures have not been audited)

|                                  | Individual Quarter                              |  | Cumulative Quarter                              |   |
|----------------------------------|---|--|---|---|
|                                  | Current Year<br>Quarter<br>31.03.2011<br>RM'000 | Preceding Year<br>Corresponding<br>Quarter<br>31.03.2010<br>RM'000 | Current Year<br>To Date<br>31.03.2011<br>RM'000 | Preceding Year<br>Corresponding<br>Period<br>31.03.2010<br>RM'000 |
| Revenue                          | 14,765  | 12,333   | 14,765  | 12,333  |
| Cost of sales                    | (9,551)   | (7,874)  | (9,551)   | (7,874)   |
| Gross profit                     | <u>5,214</u>                                    | <u>4,459</u>   | <u>5,214</u>                                    | <u>4,459</u>  |
| Operating expenses               | (1,786)   | (1,644)  | (1,786)   | (1,644)   |
| Other operating income           | 290   | 395  | 290   | 395   |
| Profit before taxation           | <u>3,718</u>                                    | <u>3,210</u>   | <u>3,718</u>                                    | <u>3,210</u>  |
| Taxation                         | (682)   | (208)  | (682)   | (208)   |
| Profit for the period            | <u><u>3,036</u></u>                             | <u><u>3,002</u></u>  | <u><u>3,036</u></u>                             | <u><u>3,002</u></u>   |
| <b>Profit attributable to:</b>   |   |  |   |   |
| Owners of the Company            | 3,036   | 3,002  | 3,036   | 3,002   |
| Non-controlling interest         | -   | -  | -   | -   |
| Profit for the period            | <u><u>3,036</u></u>                             | <u><u>3,002</u></u>  | <u><u>3,036</u></u>                             | <u><u>3,002</u></u>   |
| <b>Earning per share</b>         |   |  |   |   |
| Basic earnings per share (sen)   | <u><u>2.53</u></u>                              | <u><u>2.50</u></u>   | <u><u>2.53</u></u>                              | <u><u>2.50</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 FIRST QUARTER ENDED 31 MARCH 2011**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2011**

|  | (Unaudited)<br>As At End<br>Of Current<br>Quarter<br>31.03.2011<br>RM'000 | (Audited)<br>As At<br>Preceding<br>Financial<br>Year End<br>31.12.2010<br>RM'000 |
|--|---|--|
| <b>ASSETS</b>  |   |  |
| <b>Non-Current Assets</b>                              |   |  |
| Property, plant and equipment                          | 46,161  | 46,718   |
| Intangible asset                                       | 878   | 878  |
| <b>Total non-current assets</b>                        | <u>47,039</u>   | <u>47,596</u>  |
| <b>Current Assets</b>                                  |   |  |
| Trade and other receivables                            | 6,417   | 6,978  |
| Financial assets at fair value through profit and loss | 269   | 185  |
| Prepayments paid                                       | 1,652   | 1,248  |
| Inventories  | 22,904  | 24,036   |
| Cash and cash equivalents                              | 23,658  | 20,504   |
| <b>Total current assets</b>                            | <u>54,900</u>   | <u>52,951</u>  |
| <b>Total assets</b>                                    | <u>101,939</u>  | <u>100,547</u>   |
| <b>EQUITY</b>  |   |  |
| Share capital  | 60,250  | 60,250   |
| Treasury shares  | (311)   | (311)  |
| Reserves   | 303   | 303  |
| Retained earnings                                      | 29,169  | 32,133   |
| Total equity attributable to owners of the Company     | <u>89,411</u>   | <u>92,375</u>  |
| Non-controlling interest                               | -   | -  |
| <b>Total equity</b>                                    | <u>89,411</u>   | <u>92,375</u>  |
| <b>LIABILITIES</b>                                     |   |  |
| <b>Non-Current Liabilities</b>                         |   |  |
| Deferred tax liabilities                               | 3,687   | 3,684  |
| <b>Total non-current liabilities</b>                   | <u>3,687</u>  | <u>3,684</u>   |
| <b>Current Liabilities</b>                             |   |  |
| Trade and other payables                               | 2,011   | 4,008  |
| Dividend payable                                       | 6,000   | -  |
| Prepayments received                                   | 263   | 249  |
| Current tax liabilities                                | 567   | 231  |
| <b>Total current liabilities</b>                       | <u>8,841</u>  | <u>4,488</u>   |
| <b>Total liabilities</b>                               | <u>12,528</u>   | <u>8,172</u>   |
| <b>Total equity and liabilities</b>                    | <u>101,939</u>  | <u>100,547</u>   |
| Net Assets per share (RM)                              | 0.75  | 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 FIRST QUARTER ENDED 31 MARCH 2011**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE QUARTER ENDED 31 MARCH 2011**  
(The figures have not been audited)

|  | Share<br>Capital<br>RM'000 | Share<br>Premium<br>RM'000 | Treasury<br>Share<br>RM'000 | Retained<br>Profits<br>RM'000 | Total<br>Equity<br>RM'000 |
|--|----------------------------|----------------------------|-----------------------------|-------------------------------|---------------------------|
| <b>At 1 January 2011</b>               | 60,250                     | 303                        | (311)                       | 32,133                        | 92,375                    |
| Dividends to the owners of the Company | -                          | -                          | -                           | (6,000)                       | (6,000)                   |
| Profit for the period                  | -                          | -                          | -                           | 3,036                         | 3,036                     |
| <b>At 31 March 2011</b>                | <u>60,250</u>              | <u>303</u>                 | <u>(311)</u>                | <u>29,169</u>                 | <u>89,411</u>             |
| <br>                                   |                            |                            |                             |                               |                           |
| <b>At 1 January 2010</b>               | 60,250                     | 303                        | (311)                       | 33,479                        | 93,721                    |
| Profit for the period                  | -                          | -                          | -                           | 3,002                         | 3,002                     |
| <b>At 31 March 2010</b>                | <u>60,250</u>              | <u>303</u>                 | <u>(311)</u>                | <u>36,481</u>                 | <u>96,723</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 FIRST QUARTER  
ENDED 31 MARCH 2011**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE QUARTER ENDED 31 MARCH 2011  
(The figures have not been audited)**

|   | Current<br>Year-to-date<br>31.03.2011<br>RM'000 | Preceding Year<br>Corresponding<br>Period<br>31.03.2010<br>RM'000 |
|---|---|---|
| <b>Cash flows from operating activities</b>             |   |   |
| Profit before taxation                                  | 3,718   | 3,210   |
| Adjustments for :                                       |   |   |
| - Non-cash items  | 669   | 516   |
| - Non-operating items                                   | (97)  | (92)  |
| Operating profit before working capital changes         | <u>4,290</u>                                    | <u>3,634</u>  |
| Changes in working capital :                            |   |   |
| - Net changes in current assets                         | 1,087   | (45)  |
| - Net changes in current liabilities                    | (1,849)   | (612)   |
| Cash generated from operations                          | <u>3,528</u>                                    | <u>2,977</u>  |
| Income taxes paid                                       | (341)   | (176)   |
| Interest received                                       | 97  | 92  |
| Net cash generated from operating activities            | <u>3,284</u>                                    | <u>2,893</u>  |
| <b>Cash flows from investing activities</b>             |   |   |
| Purchase of property, plant and equipment               | (130)   | (408)   |
| Proceeds from disposal of property, plant and equipment | -   | 165   |
| Net cash used in investing activities                   | <u>(130)</u>                                    | <u>(243)</u>  |
| <b>Cash flows from financing activities</b>             | -   | -   |
| Net increase in cash and cash equivalents               | 3,154   | 2,650   |
| Cash and cash equivalents at the beginning of period    | <u>20,504</u>                                   | <u>19,650</u>   |
| Cash and cash equivalents at the end of period (Note 1) | <u><u>23,658</u></u>                            | <u><u>22,300</u></u>  |

Note 1

|                             | RM'000               |
|-----------------------------|----------------------|
| Cash and bank balances      | 5,096                |
| Deposits with licensed bank | 18,562               |
|                             | <u><u>23,658</u></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:-

- 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

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

**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<br>Current Year<br>To Date<br>31.03.2011<br>RM'000 | Asia Pacific<br>Current Year<br>To Date<br>31.03.2011<br>RM'000 | Total<br>Current Year<br>To Date<br>31.03.2011<br>RM'000 |
|---------------------------|--|---|--|
| Segment revenue           | 11,222   | 2,316   | 13,538   |
| Segment trade receivables | 4,815  | 974   | 5,789  |

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 31 March 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 31 March 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<br>31.03.2011<br>RM'000 |
| Property, plant and equipment :<br>Approved and contracted for | <u>603</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 recorded revenue for the current quarter at RM14.8 million, an increase of RM2.5 million or 20.3% compared to the preceding year corresponding quarter of RM12.3 million mainly due to higher sales revenue from export of wooden picture frame moulding. The Group's profit before tax was RM3.7 million, an increase of RM0.5 million or 15.6% as compared to RM3.2 million in the preceding year corresponding quarter. The increase in profit before tax was in tandem with the increase in revenue.

**B2. Variation of Results Against Preceding Quarter**

The Group recorded a revenue of RM14.8 million for the current quarter under review, a decrease of RM2.8 million or 15.9% from RM17.6 million in the preceding quarter mainly due to lower sales revenue from export of wooden picture frame moulding. Nevertheless, the Group's profit before tax for the current quarter under review stood at RM3.7 million, a slight decrease of RM0.1 million or 2.6% compared to RM3.8 million in the preceding quarter mainly attributable to savings derived from sourcing less expensive alternative raw materials and more efficient use of the materials.

**B3. Current Year Prospects**

The overall economic outlook of USA, the largest economy, continue to have a significant impact on the Group's performance. The depreciating US Dollar remains a major concern. Nevertheless and barring any unforeseen circumstances, the Group shall perform satisfactorily for the financial year ending 31 December 2011 as reflected in the Group's resilience to previous comparatively 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<br>Quarter<br>31.03.2011<br>RM'000 | Preceding Year<br>Corresponding<br>Quarter<br>31.03.2010<br>RM'000 | Current Year<br>To Date<br>31.03.2011<br>RM'000 | Preceding Year<br>Corresponding<br>Period<br>31.03.2010<br>RM'000 |
|---|---|--|---|---|
| Current tax expense                               |   |  |   |   |
| - current   | 679   | 336  | 679   | 336   |
| Deferred tax expense                              |   |  |   |   |
| Origination and reversal of temporary differences |   |  |   |   |
| - current   | 3   | (128)  | 3   | (128)   |
|   | <u>682</u>                                      | <u>208</u>   | <u>682</u>                                      | <u>208</u>  |

The effective tax rate for the quarter under review and current year to date were 18%, which 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 31 March 2011, the Group does not have any bank borrowings.

**B10. Derivative Financial Instruments**

As at 20 May 2011, the Group has the following outstanding derivatives financial instruments:-

| Currency Forward Contracts | Principal or<br>Notional<br>Amount<br>RM'000 | Fair value       |                       |
|----------------------------|--|------------------|-----------------------|
|                            |  | Assets<br>RM'000 | Liabilities<br>RM'000 |
| - Less than 1 year         | 10,836                                       | 239              | -                     |

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 25 February 2011, the Board declared 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 in respect of the financial year ended 31 December 2010 (2009: First and final tax-exempt dividend of 14%) and it was paid on 19 May 2011.

**B13. Basis of Calculation of Earnings Per Share**

|   | Current Year<br>Quarter<br>31.03.2011 | Preceding Year<br>Corresponding<br>Quarter<br>31.03.2010 | Current Year<br>To Date<br>31.03.2011 | Preceding Year<br>Corresponding<br>Period<br>31.03.2010 |
|---|---------------------------------------|--|---------------------------------------|---|
| <b>Basic earnings per share</b>   |                                       |  |                                       |   |
| Net profit attributable to equity holders (RM'000)                        | <u>3,036</u>                          | <u>3,002</u>   | <u>3,036</u>                          | <u>3,002</u>  |
| Weighted average number of ordinary shares of RM0.50 each in issue ('000) | <u>120,001</u>                        | <u>120,001</u>   | <u>120,001</u>                        | <u>120,001</u>  |
| Basic Earnings Per Share (sen)  | <u>2.53</u>                           | <u>2.50</u>  | <u>2.53</u>                           | <u>2.50</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**

**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<br>31.03.2011<br>RM'000 | As at<br>31.12.2010<br>RM'000 |
|---|-------------------------------|-------------------------------|
| Total retained profits of the Company and its subsidiaries: |                               |                               |
| - Realised  | 55,897                        | 59,439                        |
| - Unrealised  | (874)                         | (1,432)                       |
|   | <u>55,023</u>                 | <u>58,007</u>                 |
| Less: Consolidation adjustments                             | (25,854)                      | (25,874)                      |
| Total group retained profits as per consolidated accounts   | <u><u>29,169</u></u>          | <u><u>32,133</u></u>          |

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: 27 May 2011