

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2018

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTH ENDED 31 MARCH 2018**

(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended 31.3.2018 RM'000 (Unaudited)	Preceding Year Corresponding Quarter Ended 31.3.2017 RM'000 (Unaudited)	Current Year To Date Ended 31.3.2018 RM'000 (Unaudited)	Preceding Year To Date Ended 31.3.2017 RM'000 (Audited)
Revenue	15,952	15,541	15,952	15,541
Cost of sales	(11,949)	(9,266)	(11,949)	(9,266)
Gross profit	<u>4,003</u>	<u>6,275</u>	<u>4,003</u>	<u>6,275</u>
Operating expenses	(1,969)	(1,606)	(1,969)	(1,606)
Other operating income	66	160	66	160
Profit before taxation	<u>2,100</u>	<u>4,829</u>	<u>2,100</u>	<u>4,829</u>
Taxation	(522)	(1,159)	(522)	(1,159)
Profit and total comprehensive income for the period	<u><u>1,578</u></u>	<u><u>3,670</u></u>	<u><u>1,578</u></u>	<u><u>3,670</u></u>
Attributable to:				
Owners of the Company	1,578	3,670	1,578	3,670
Non-controlling interest	-	-	-	-
	<u><u>1,578</u></u>	<u><u>3,670</u></u>	<u><u>1,578</u></u>	<u><u>3,670</u></u>
Earning per share				
Basic earnings per share (sen)	<u><u>1.31</u></u>	<u><u>3.05</u></u>	<u><u>1.31</u></u>	<u><u>3.05</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 2017 and the accompanying explanatory notes attached to the Interim Financial Statements.



QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2018

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

	(Unaudited) As at 31.3.2018 RM'000	(Audited) As at 31.12.2017 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	50,832	50,321
Intangible asset	878	878
Total non-current assets	<u>51,710</u>	<u>51,199</u>
Current Assets		
Trade and other receivables	5,548	8,002
Derivative financial assets	565	734
Prepayments paid	1,295	1,407
Inventories	24,615	26,781
Current tax assets	280	59
Cash and cash equivalents	19,905	14,190
Total current assets	<u>52,208</u>	<u>51,173</u>
Total assets	<u><u>103,918</u></u>	<u><u>102,372</u></u>
EQUITY		
Share capital	60,691	60,691
Retained earnings	31,270	35,717
Total equity attributable to owners of the Company	91,961	96,408
Non-controlling interest	-	-
Total equity	<u>91,961</u>	<u>96,408</u>
LIABILITIES		
Non-Current Liabilities		
Deferred tax liabilities	3,151	3,155
Total non-current liabilities	<u>3,151</u>	<u>3,155</u>
Current Liabilities		
Current tax liabilities	90	91
Dividend payable	6,025	-
Trade and other payables	2,001	2,674
Prepayments received	690	44
Total current liabilities	<u>8,806</u>	<u>2,809</u>
Total liabilities	<u>11,957</u>	<u>5,964</u>
Total equity and liabilities	<u><u>103,918</u></u>	<u><u>102,372</u></u>
Net assets per share (RM)	0.76	0.80

Notes :

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the Interim Financial Statements.



QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2018

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 MARCH 2018
(The figures have not been audited)

	Share Capital RM'000	Share Premium RM'000	Retained Earnings RM'000	Total Equity RM'000
At 1 January 2018	60,691	-	35,717	96,408
Dividends to the owners of the Company	-	-	(6,025)	(6,025)
Profit and total comprehensive income for the period	-	-	1,578	1,578
At 31 March 2018	<u>60,691</u>	<u>-</u>	<u>31,270</u>	<u>91,961</u>
At 1 January 2017	60,250	441	35,476	96,167
Effect of adoption of Companies Act 2016	441	(441)	-	-
Dividends to the owners of the Company	-	-	(6,025)	(6,025)
Profit and total comprehensive income for the period	-	-	3,670	3,670
At 31 March 2017	<u>60,691</u>	<u>-</u>	<u>33,121</u>	<u>93,812</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 2017 and the accompanying explanatory notes attached to the Interim Financial Statements.



QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2018

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 31 MARCH 2018
(The figures have not been audited)

	Current Year-to-date 31.3.2018 RM'000	Preceding Corresponding Period 31.3.2017 RM'000
Cash flows from operating activities		
Profit before taxation	2,100	4,829
Adjustments for :		
Depreciation of property, plant and equipment	500	387
Finance income	(66)	(160)
Unrealised loss/(gain) on foreign exchange	410	(817)
Operating profit before changes in working capital	<u>2,944</u>	<u>4,239</u>
Changes in working capital :		
- Inventories	2,166	1,055
- Trade and other payables	33	(1,925)
- Trade and other receivables	2,265	450
Cash generated from operations	<u>7,408</u>	<u>3,819</u>
Net income tax paid	(747)	(1,433)
Interest received	66	160
Net cash generated from operating activities	<u>6,727</u>	<u>2,546</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	<u>(1,012)</u>	<u>(59)</u>
Net cash used in investing activities	<u>(1,012)</u>	<u>(59)</u>
Cash flows from financing activities	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents	5,715	2,487
Cash and cash equivalents at the beginning of period	14,190	23,915
Cash and cash equivalents at the end of period (Note 1)	<u>19,905</u>	<u>26,402</u>

Note 1

	RM'000	RM'000
Cash and bank balances	10,442	6,722
Highly liquid investment with non-bank financial institution	9,463	19,680
	<u>19,905</u>	<u>26,402</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2017 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 2017 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 2017.

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 2017 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 2018

- MFRS 9, *Financial Instruments* (2014)
- MFRS 15, *Revenue from Contracts with Customers*
- Clarifications to MFRS 15, *Revenue from Contracts with Customers*
- IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*

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 2019

- MFRS 16, *Leases*
- IC Interpretation 23, *Uncertainty over Income Tax Treatments*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 9, *Financial Instruments - Prepayment Features with Negative Compensation*
- Amendments to MFRS 11, *Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 112, *Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 119, *Plan Amendment, Curtailment or Settlement*
- Amendments to MFRS 123, *Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures - Long-term Interests in Associates and Joint Ventures*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- MFRS 17, *Insurance Contracts*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- 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 2017 of the Group was not qualified.

A3. Seasonal and Cyclical factors

The Group's performance is not subject to seasonality or cyclical.

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 business of the Group is based in Malaysia, but the Group sells to overseas. In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers. Segment assets are not disclosed as all assets are located in Malaysia.

	North America	Asia Pacific	Other regions	Total
	Current Year	Current Year	Current Year	Current Year
	To Date	To Date	To Date	To Date
	31.3.2018	31.3.2018	31.3.2018	31.3.2018
	RM'000	RM'000	RM'000	RM'000
Segment revenue	11,668	3,780	504	15,952

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 2018 and financial year to date including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinued operation.

A11. Capital Commitments Outstanding Not Provided in The Interim Financial Report

Capital expenditure commitments	As at
Property, plant and equipment	31.3.2018
Approved and contracted for	RM'000
	<u>725</u>

NOTES TO THE INTERIM FINANCIAL REPORT
PART B : ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS
B1. Review of Performance

Table 1: Financial review for current quarter and financial year to date

	Individual Period 1st Quarter		Changes		Cumulative Period		Changes	
	Current Year To Date 31.3.2018	Preceding Year Corresponding Quarter 31.3.2017			Current Year To Date 31.3.2018	Preceding Year Corresponding Quarter 31.3.2017		
	RM'000	RM'000	RM'million	%	RM'000	RM'000	RM'million	%
Revenue	15,952	15,541	0.5	3.2%	15,952	15,541	0.5	3.2%
Gross profit	4,003	6,275	(2.3)	-36.5%	4,003	6,275	(2.3)	-36.5%
Profit before tax	2,100	4,829	(2.7)	-56.3%	2,100	4,829	(2.7)	-56.3%
Profit after tax	1,578	3,670	(2.1)	-56.8%	1,578	3,670	(2.1)	-56.8%
Profit attributable to Owners of the Company	1,578	3,670	(2.1)	-56.8%	1,578	3,670	(2.1)	-56.8%

The Group registered a revenue of RM16.0 million for the current quarter ended 31 March 2018, an increase of RM0.5 million or 3.2% compared to RM15.5 million in the corresponding quarter ended 31 March 2017 mainly attributable to higher export sales volume from wooden picture frame moulding. The weakening of US Dollar, price hike in raw materials and higher labour cost had resulted in the decline of the Group's gross profit by RM2.3 million or 36.5%. The Group's profit before tax was RM2.1 million, a decrease of RM2.7 million or 56.3% as compared to RM 4.8 million in the preceding year corresponding quarter ended 31 March 2017. The decrease was mainly attributable to the weakening of USD and higher input costs and operating expenses as a result of lower fair value gain from foreign exchange forward contracts.

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

Table 2: Financial review for current quarter compared with immediate preceding quarter.

	Current Year Quarter Ended 31.3.2018	Immediate Preceding Quarter 31.12.2017	Changes	
	RM'000	RM'000	RM'million	%
Revenue	15,952	13,995	2.0	14.3%
Gross profit	4,003	4,725	(0.7)	-14.9%
Profit before tax	2,100	3,102	(1.0)	-32.3%
Profit after tax	1,578	2,299	(0.7)	-30.4%
Profit attributable to Owners of the Company	1,578	2,299	(0.7)	-30.4%

The Group recorded revenue of RM16.0 million, an increase of RM2.0 million or 14.3% compared to RM14.0 million in the preceding quarter ended 31 December 2017 mainly due to higher export sales volume from wooden picture frame moulding. The Group's profit before tax for the current quarter was RM2.1 million, a decrease of RM1.0 million or 32.3% as compared to RM3.1 million in the preceding quarter ended 31 December 2017. The decrease in profit before tax was mainly due to the weakening of US Dollar and higher input costs and operating expenses as a result of lower foreign currency exchange gain.

NOTES TO THE INTERIM FINANCIAL REPORT

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

B3. Current Year Prospects

The consumption-driven economy of USA is expected to remain strong as overall consumptions shall continue to grow with jobless rate improving and stimulus measures being implemented. However, uncertainties resulting from the prevailing trade disputes between USA and other major economies could have a dampening effect on the global trade. In addition, the strengthening of Ringgit Malaysia and rising input costs, such as raw materials and labor costs, could potentially pose great challenges to the Group's performance. To cushion the impact of these external forces, the Group shall continue to focus on devising strategic measures that could improve operational efficiency and productivity, increase automation and optimise procurement. Barring any unforeseen circumstances, we expect to perform satisfactorily for the remaining period of the financial year ending 31 December 2018.

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 period ended 31 March 2018.

B5. Variance of Actual and Forecast Profit

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

B6. Taxation

	Current Year Quarter 31.3.2018 RM'000	Preceding Year Corresponding Quarter 31.3.2017 RM'000	Current Year To Date 31.3.2018 RM'000	Preceding Year Corresponding Period 31.3.2017 RM'000
Current tax expense				
- current	525	781	525	781
Deferred tax expense				
Origination and reversal of temporary differences				
- current	(3)	378	(3)	378
	<u>522</u>	<u>1,159</u>	<u>522</u>	<u>1,159</u>

The effective tax rate for the quarter under review was 25%. The effective rate for the current quarter under review was slightly higher than the statutory rate of 24% mainly due to non-tax allowable expenses.

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 2018, the Group does not have any bank borrowings.

B9. Derivative Financial Instruments

As at 31 March 2018, 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>5,987</u>	<u>565</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 RM565,000 has been recognised in the financial statements.

NOTES TO THE INTERIM FINANCIAL REPORT

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

B10. Material Litigation

Since the last Audited Financial Statements for the year ended 31 December 2017, the Group does not have any material litigation until the date of this report.

B11. Dividends

On 23 February 2018, the Board declared a second interim single tier dividend of 5.0 sen per ordinary share totalling RM6.0 million in respect of the financial year ended 31 December 2017. The dividend was paid on 21 May 2018 to depositors registered in the Record of Depositors on 8 May 2018.

B12. Basis of Calculation of Earnings Per Share

	Current Year Quarter 31.3.2018	Preceding Year Corresponding Quarter 31.3.2017	Current Year To Date 31.3.2018	Preceding Year Corresponding Period 31.3.2017
Basic earnings per share				
Net profit attributable to equity holders (RM'000)	<u>1,578</u>	<u>3,670</u>	<u>1,578</u>	<u>3,670</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>1.31</u>	<u>3.05</u>	<u>1.31</u>	<u>3.05</u>

The diluted earnings per share is not presented as there is no dilutive potential outstanding share in issue.

B13. Profit for the Period

	Current Year Quarter 31.3.2018 RM'000	Preceding Year Corresponding Quarter 31.3.2017 RM'000	Current Year To Date 31.3.2018 RM'000	Preceding Year Corresponding Period 31.3.2017 RM'000
Profit and total comprehensive income for the period is arrived at after crediting/(charging):				
Interest income	66	160	66	160
Depreciation of property, plant and equipment	(500)	(387)	(500)	(387)
(Loss)/gain on foreign exchange	(441)	5	(441)	5
Gain on derivatives	<u>432</u>	<u>189</u>	<u>432</u>	<u>189</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

WONG YOUN KIM
Company Secretary
MAICSA 7018778