

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE QUARTER ENDED 31 DECEMBER 2018**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended 31.12.2018 RM'000 (Unaudited)	Preceding Year Corresponding Quarter Ended 31.12.2017 RM'000 (Unaudited)	Current Year To Date Ended 31.12.2018 RM'000 (Unaudited)	Preceding Year To Date Ended 31.12.2017 RM'000 (Audited)
Revenue	15,502	13,995	62,892	57,368
Cost of sales	(11,702)	(9,270)	(46,632)	(35,347)
Gross profit	<u>3,800</u>	<u>4,725</u>	<u>16,260</u>	<u>22,021</u>
Operating expenses	(1,886)	(2,625)	(7,900)	(7,290)
Other operating income	98	1,002	343	1,490
Profit before taxation	<u>2,012</u>	<u>3,102</u>	<u>8,703</u>	<u>16,221</u>
Taxation	(66)	(803)	(1,470)	(3,930)
Profit and total comprehensive income for the period	<u><u>1,946</u></u>	<u><u>2,299</u></u>	<u><u>7,233</u></u>	<u><u>12,291</u></u>
<b>Attributable to:</b>				
Owners of the Company	1,946	2,299	7,233	12,291
Non-controlling interest	-	-	-	-
	<u><u>1,946</u></u>	<u><u>2,299</u></u>	<u><u>7,233</u></u>	<u><u>12,291</u></u>
<b>Earning per share</b>				
Basic earnings per share (sen)	<u><u>1.61</u></u>	<u><u>1.91</u></u>	<u><u>6.00</u></u>	<u><u>10.20</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 FOURTH QUARTER ENDED 31 DECEMBER 2018**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018**

	(Unaudited) As at 31.12.2018 RM'000	(Audited) As at 31.12.2017 RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	51,228	50,321
Intangible asset	878	878
<b>Total non-current assets</b>	<u>52,106</u>	<u>51,199</u>
<b>Current Assets</b>		
Trade and other receivables	7,913	8,002
Derivative financial assets	-	734
Prepayments paid	1,266	1,407
Inventories	24,375	26,781
Current tax assets	1,065	59
Cash and cash equivalents	14,907	14,190
<b>Total current assets</b>	<u>49,526</u>	<u>51,173</u>
<b>Total assets</b>	<u>101,632</u>	<u>102,372</u>
<b>EQUITY</b>		
Share capital	60,691	60,691
Retained earnings	34,515	35,717
Total equity attributable to owners of the Company	<u>95,206</u>	<u>96,408</u>
Non-controlling interest	-	-
<b>Total equity</b>	<u>95,206</u>	<u>96,408</u>
<b>LIABILITIES</b>		
<b>Non-Current Liabilities</b>		
Deferred tax liabilities	3,275	3,155
<b>Total non-current liabilities</b>	<u>3,275</u>	<u>3,155</u>
<b>Current Liabilities</b>		
Current tax liabilities	43	91
Derivative financial liabilities	122	-
Trade and other payables	2,957	2,674
Prepayments received	29	44
<b>Total current liabilities</b>	<u>3,151</u>	<u>2,809</u>
<b>Total liabilities</b>	<u>6,426</u>	<u>5,964</u>
<b>Total equity and liabilities</b>	<u>101,632</u>	<u>102,372</u>
Net assets per share (RM)	0.79	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 FOURTH QUARTER ENDED 31 DECEMBER 2018**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE QUARTER ENDED 31 DECEMBER 2018**

	Share Capital RM'000	Share Premium RM'000	Retained Earnings RM'000	Total Equity RM'000
<b>At 1 January 2018</b>	60,691	-	35,717	96,408
Dividends to the owners of the Company	-	-	(8,435)	(8,435)
Profit and total comprehensive income for the period	-	-	7,233	7,233
<b>At 31 December 2018 (Unaudited)</b>	<b>60,691</b>	<b>-</b>	<b>34,515</b>	<b>95,206</b>
<b>At 1 January 2017</b>	60,250	441	35,476	96,167
Effect of adoption of Companies Act 2016	441	(441)	-	-
Dividends to the owners of the Company	-	-	(12,050)	(12,050)
Profit and total comprehensive income for the period	-	-	12,291	12,291
<b>At 31 December 2017 (Audited)</b>	<b>60,691</b>	<b>-</b>	<b>35,717</b>	<b>96,408</b>

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 FOURTH QUARTER ENDED 31 DECEMBER 2018**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE QUARTER ENDED 31 DECEMBER 2018**

	(Unaudited) Current Year-to-date Ended 31.12.2018 RM'000	(Audited) Preceding Year-to-date Ended 31.12.2017 RM'000
<b>Cash flows from operating activities</b>		
Profit before taxation	8,703	16,221
Adjustments for :		
Depreciation of property, plant and equipment	2,062	1,684
Finance income	(335)	(542)
Impairment loss on trade receivable	16	-
Loss/(gain) on disposal of property, plant and equipment	55	(50)
Unrealised loss/(gain) on foreign exchange	235	(1,922)
<b>Operating profit before changes in working capital</b>	<u>10,736</u>	<u>15,391</u>
Changes in working capital :		
- Inventories	2,406	(2,449)
- Trade and other payables	469	(308)
- Trade and other receivables	633	(2,177)
<b>Cash generated from operations</b>	<u>14,244</u>	<u>10,457</u>
Net income tax paid	(2,403)	(4,261)
Interest received	335	542
<b>Net cash generated from operating activities</b>	<u>12,176</u>	<u>6,738</u>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(3,054)	(4,495)
Proceeds from disposal of property, plant and equipment	30	82
<b>Net cash used in investing activities</b>	<u>(3,024)</u>	<u>(4,413)</u>
<b>Cash flows from financing activities</b>		
Dividend	(8,435)	(12,050)
<b>Net cash used in financing activities</b>	<u>(8,435)</u>	<u>(12,050)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	717	(9,725)
<b>Cash and cash equivalents at the beginning of period</b>	<u>14,190</u>	<u>23,915</u>
<b>Cash and cash equivalents at the end of period (Note 1)</b>	<u><u>14,907</u></u>	<u><u>14,190</u></u>
<u>Note 1</u>		
	RM'000	RM'000
Cash and bank balances	6,244	5,220
Highly liquid investment with non-bank financial institution	8,663	8,970
	<u>14,907</u>	<u>14,190</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*

#### Effective for annual periods beginning on or after 1 January 2020

- Amendments to MFRS 2, *Share-Based Payment*
- Amendment to MFRS 3, *Business Combinations*
- Amendments to MFRS 6, *Exploration for and Evaluation of Mineral Resources*
- Amendment to MFRS 14, *Regulatory Deferral Accounts*
- Amendments to MFRS 101, *Presentation of Financial Statements*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors*
- Amendments to MFRS 134, *Interim Financial Reporting*
- Amendment to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets*
- Amendment to MFRS 138, *Intangible Assets*
- Amendment to IC Interpretation 12, *Service Concession Arrangements*
- Amendment to IC Interpretation 19, *Extinguishing Financial Liabilities with Equity Instruments*
- Amendment to IC Interpretation 20, *Stripping Costs in the Production Phase of a Surface Mine*
- Amendment to IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*
- Amendments to IC Interpretation 132, *Intangible Assets—Web Site Costs*

#### 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 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, Repurchases and Repayment of Debt and Equity Securities**

There were no issuances, repurchases 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**

During the financial year ended 31 December 2018, the Company paid:-

- (i) 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 on 21 May 2018; and
- (ii) A first interim single tier dividend of 2.0 sen per ordinary share totalling RM2.4 million in respect of the financial year ended 31 December 2018 on 29 October 2018.

**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
	31.12.2018	31.12.2018	31.12.2018	31.12.2018
	RM'000	RM'000	RM'000	RM'000
Segment revenue	44,800	15,984	2,108	62,892

**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 December 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**

	As at
	31.12.2018
	RM'000
Capital expenditure commitments	
Property, plant and equipment	
Approved and contracted for	421

**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 4th Quarter		Changes		Cumulative Period		Changes	
	Current Year Quarter Ended 31.12.2018	Preceding Year Corresponding Quarter Ended 31.12.2017			Current Year To Date Ended 31.12.2018	Preceding Year Corresponding Quarter Ended 31.12.2017		
	RM'000	RM'000	RM'million	%	RM'000	RM'000	RM'million	%
Revenue	15,502	13,995	1.5	10.7%	62,892	57,368	5.5	9.6%
Gross profit	3,800	4,725	(0.9)	-19.1%	16,260	22,021	(5.7)	-25.9%
Profit before tax	2,012	3,102	(1.1)	-35.5%	8,703	16,221	(7.5)	-46.3%
Profit after tax	1,946	2,299	(0.4)	-17.4%	7,233	12,291	(5.1)	-41.5%
Profit attributable to Owners of the Company	1,946	2,299	(0.4)	-17.4%	7,233	12,291	(5.1)	-41.5%

The Group registered a revenue of RM15.5 million for the current quarter ended 31 December 2018, an increase of RM1.5 million or 10.7% compared to RM14.0 million in the preceding year corresponding quarter ended 31 December 2017 mainly attributable to higher export sales volume from wooden picture frame moulding. Nevertheless, the higher input costs had resulted in the decline of the Group's gross profit by RM0.9 million or 19.1%. The Group's profit before tax was RM2.0 million, a decrease of RM1.1 million or 35.5% as compared to RM 3.1 million in the preceding year corresponding quarter ended 31 December 2017 mainly attributable to the higher input costs.

For the financial year ended 31 December 2018, the Group's revenue recorded at RM62.9 million, an increase of RM5.5 million or 9.6% compared to RM57.4 million in the preceding financial year mainly attributable to higher export sales volume from export of wooden picture frame moulding. The Group's profit before tax was RM8.7 million, a decrease of RM7.5 million or 46.3% as compared to RM 16.2 million in the preceding financial year mainly attributable to the weakening of US Dollar, price hike in raw materials, higher labour cost and higher operating expenses.

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 31.12.2018	Immediate Preceding Quarter 30.09.2018	Changes	
	RM'000	RM'000	RM'million	%
Revenue	15,502	16,246	(0.7)	-4.3%
Gross profit	3,800	4,538	(0.7)	-15.6%
Profit before tax	2,012	2,632	(0.6)	-23.1%
Profit after tax	1,946	2,147	(0.2)	-9.5%
Profit attributable to Owners of the Company	1,946	2,147	(0.2)	-9.5%

The Group recorded revenue of RM15.5 million, decrease of RM0.7 million or 4.3% compared to RM16.2 million in the preceding quarter ended 30 September 2018 mainly due to lower export sales volume from wooden picture frame moulding. The Group's profit before tax for the current quarter under review declined by RM0.6 million or 23.1% as compared to RM2.6 million in the preceding quarter ended 30 September 2018 mainly due to lower export sales revenue and higher input costs.

**NOTES TO THE INTERIM FINANCIAL REPORT**
**PART B : ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS**
**B3. Current Year Prospects**

The persistently strong job market together with tax cuts are expected to bode well for the consumption-driven economy of USA. However, uncertainties arising from the ongoing trade war between the two world largest economies coupled with constant cost pressure arising from higher material prices and upward revision in the mandatory minimum wages pose immense challenges to the Group. To be better equipped to weather the uncertainties and challenges, the Group shall remain steadfast in developing and introducing new sellable products that could drive steady earnings growth. Besides, the Group shall also actively seek and invest in financially viable production automation to improve operational efficiency. Barring any unforeseen circumstances, we expect to perform satisfactorily for the financial year ending 31 December 2019.

**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 December 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 31.12.2018 RM'000	Preceding Year Corresponding Quarter 31.12.2017 RM'000	Current Year To Date 31.12.2018 RM'000	Preceding Year Corresponding Period 31.12.2017 RM'000
Current tax expense				
- current	58	618	1,312	3,403
- prior year	-	-	38	(58)
Deferred tax expense				
Origination and reversal of temporary differences				
- current	260	185	372	600
- prior year	(252)	-	(252)	(15)
	<u>66</u>	<u>803</u>	<u>1,470</u>	<u>3,930</u>

The effective tax rate for the quarter under review and current year to date was 3% and 17%. The effective rate for the current quarter under review and year to date was lower than the statutory rate of 24% mainly due to the Automation Capital Allowance Incentive granted to its subsidiaries under the Income Tax Automation Equipment Rules 2017 and the reversal of prior year overprovision of deferred tax 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 December 2018, the Group does not have any bank borrowings.

**B9. Derivative Financial Instruments**

As at 31 December 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>16,858</u>	<u>-</u>	<u>122</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 RM122,000 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**

The Board had declared a first interim single tier dividend 2.0 sen per ordinary share totalling RM2.4 million in respect of the financial year ended 31 December 2018 which was paid on 29 October 2018.

The Board is declaring a second interim single tier dividend 4.0 sen per ordinary share totalling RM4.8 million in respect of the financial year ended 31 December 2018. The dividend will be payable on 18 April 2019 to depositors registered in the Record of Depositors on 3 April 2019.

The total net dividend declared for the financial year ended 31 December 2018 was 6.0 sen (2017: 10.0 sen) per ordinary share and the dividend payout ratio was 100% (2017: 98%).

**B12. Basis of Calculation of Earnings Per Share**

	Current Year Quarter 31.12.2018	Preceding Year Corresponding Quarter 31.12.2017	Current Year To Date 31.12.2018	Preceding Year Corresponding Period 31.12.2017
<b>Basic earnings per share</b>				
Net profit attributable to equity holders (RM'000)	1,946	2,299	7,233	12,291
Weighted average number of ordinary shares of RM0.50 each in issue ('000)	120,500	120,500	120,500	120,500
Basic Earnings Per Share (sen)	1.61	1.91	6.00	10.20

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 31.12.2018 RM'000	Preceding Year Corresponding Quarter 31.12.2017 RM'000	Current Year To Date 31.12.2018 RM'000	Preceding Year Corresponding Period 31.12.2017 RM'000
<b>Profit and total comprehensive income for the period is arrived at after crediting/(charging):</b>				
Interest income	91	104	335	542
Depreciation of property, plant and equipment	(500)	(452)	(2,062)	(1,684)
Loss on foreign exchange	(11)	(459)	(28)	(848)
(Loss)/gain on derivatives	(20)	678	(157)	1,725
(Loss)/gain on disposal of property, plant and equipment	-	-	(55)	50
Impairment loss on trade receivable	(16)	-	(16)	-

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