

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE QUARTER ENDED 31 DECEMBER 2016**

(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended 31.12.2016 RM'000 (Unaudited)	Preceding Year Corresponding Quarter Ended 31.12.2015 RM'000 (Unaudited)	Current Year To Date Ended 31.12.2016 RM'000 (Unaudited)	Preceding Year To date Ended 31.12.2015 RM'000 (Audited)
Revenue	13,530	15,087	57,367	53,956
Cost of sales	(7,631)	(7,706)	(32,752)	(31,610)
Gross profit	<u>5,899</u>	<u>7,381</u>	<u>24,615</u>	<u>22,346</u>
Operating expenses	(2,993)	(1,296)	(7,702)	(7,360)
Other operating income	164	130	564	358
Profit before taxation	<u>3,070</u>	<u>6,215</u>	<u>17,477</u>	<u>15,344</u>
Taxation	(793)	(1,646)	(4,192)	(3,854)
Profit and total comprehensive income for the period	<u><u>2,277</u></u>	<u><u>4,569</u></u>	<u><u>13,285</u></u>	<u><u>11,490</u></u>
<b>Attributable to:</b>				
Owners of the Company	2,277	4,569	13,285	11,490
Non-controlling interest	-	-	-	-
	<u><u>2,277</u></u>	<u><u>4,569</u></u>	<u><u>13,285</u></u>	<u><u>11,490</u></u>
<b>Earning per share</b>				
Basic earnings per share (sen)	<u><u>1.89</u></u>	<u><u>3.79</u></u>	<u><u>11.02</u></u>	<u><u>9.54</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 FOURTH QUARTER ENDED 31 DECEMBER 2016**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016**

	(Unaudited) As at 31.12.2016 RM'000	(Audited) As at 31.12.2015 RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	47,543	47,550
Intangible asset	878	878
<b>Total non-current assets</b>	<u>48,421</u>	<u>48,428</u>
<b>Current Assets</b>		
Trade and other receivables	6,461	6,643
Prepayments paid	1,074	1,485
Inventories	24,332	26,763
Current tax assets	106	21
Cash and cash equivalents	23,915	21,386
<b>Total current assets</b>	<u>55,888</u>	<u>56,298</u>
<b>Total assets</b>	<u>104,309</u>	<u>104,726</u>
<b>EQUITY</b>		
Share capital	60,250	60,250
Share premium	441	441
Retained earnings	35,476	36,651
Total equity attributable to owners of the Company	<u>96,167</u>	<u>97,342</u>
Non-controlling interest	-	-
<b>Total equity</b>	<u>96,167</u>	<u>97,342</u>
<b>LIABILITIES</b>		
<b>Non-Current Liabilities</b>		
Deferred tax liabilities	2,570	3,152
<b>Total non-current liabilities</b>	<u>2,570</u>	<u>3,152</u>
<b>Current Liabilities</b>		
Current tax liabilities	1,054	876
Trade and other payables	2,619	2,511
Prepayments received	157	136
Financial liabilities at fair value through profit and loss	1,742	709
<b>Total current liabilities</b>	<u>5,572</u>	<u>4,232</u>
<b>Total liabilities</b>	<u>8,142</u>	<u>7,384</u>
<b>Total equity and liabilities</b>	<u>104,309</u>	<u>104,726</u>
Net assets per share (RM)	0.80	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 FOURTH QUARTER ENDED 31 DECEMBER 2016**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE QUARTER ENDED 31 DECEMBER 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
<b>At 1 January 2016</b>	60,250	441	-	36,651	97,342
Dividends to the owners of the Company	-	-	-	(14,460)	(14,460)
Profit and total comprehensive income for the period	-	-	-	13,285	13,285
<b>At 31 December 2016 (Unaudited)</b>	<u>60,250</u>	<u>441</u>	<u>-</u>	<u>35,476</u>	<u>96,167</u>
<b>At 1 January 2015</b>	60,250	441	-	34,801	95,492
Dividends to the owners of the Company	-	-	-	(9,640)	(9,640)
Profit and total comprehensive income for the period	-	-	-	11,490	11,490
<b>At 31 December 2015 (Audited)</b>	<u>60,250</u>	<u>441</u>	<u>-</u>	<u>36,651</u>	<u>97,342</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 FOURTH QUARTER ENDED 31 DECEMBER 2016**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE QUARTER ENDED 31 DECEMBER 2016**

	(Unaudited)	(Audited)
	Current Year	Preceding Year
	To Date Ended	To date
	31.12.2016	31.12.2015
	RM'000	RM'000
<b>Cash flows from operating activities</b>		
Profit before taxation	17,477	15,344
Adjustments for :		
Depreciation of property, plant and equipment	1,678	1,846
Finance income	(557)	(346)
Loss on disposal of property, plant and equipment	67	12
Impairment loss /(reversal of impairment) on trade receivables	55	(3)
Unrealised foreign exchange loss/(gain)	869	(1,675)
Operating profit before changes in working capital	<u>19,589</u>	<u>15,178</u>
Changes in working capital :		
- Inventories	2,431	2,256
- Trade and other payables	1,117	1,030
- Trade and other receivables	(287)	(671)
Cash generated from operations	<u>22,850</u>	<u>17,793</u>
Net income tax paid	(4,681)	(3,171)
Interest received	557	346
Net cash generated from operating activities	<u>18,726</u>	<u>14,968</u>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(1,875)	(574)
Proceeds from disposal of property, plant and equipment	138	108
Net cash used in investing activities	<u>(1,737)</u>	<u>(466)</u>
<b>Cash flows from financing activities</b>		
Dividend paid	(14,460)	(9,640)
Net cash used in financing activities	<u>(14,460)</u>	<u>(9,640)</u>
Net increase in cash and cash equivalents	2,529	4,862
Cash and cash equivalents at the beginning of period	21,386	16,524
Cash and cash equivalents at the end of period (Note 1)	<u>23,915</u>	<u>21,386</u>

Note 1

	RM'000	RM'000
Cash and bank balances	6,080	8,761
Highly liquid investment with non-bank financial institution	17,835	12,625
	<u>23,915</u>	<u>21,386</u>

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

- MFRS 14, *Regulatory Deferral Accounts*
- 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*
- 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 12, Disclosure of Interests in Other Entities
- 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
- Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards
- Amendments to MFRS 2, Classification and Measurement of Share-based Payment Transactions
- Amendments to MFRS 4, Insurance Contracts: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts
- Amendment to MFRS 128, Investments in Associates and Joint Ventures
- Amendment to MFRS 140, Transfer of Investment Property
- IC Interpretation 22, Foreign Currency Transactions and Advance Consideration

#### 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**

During the financial year ended 31 December 2016, the Company paid:-

- (i) A second interim single tier dividend of 12% or 6.0 sen per ordinary share totalling RM7.2 million in respect of the financial year ended 31 December 2015 on 18 May 2016; and
- (ii) A first interim single tier dividend of 12% or 6.0 sen per ordinary share totalling RM7.2 million in respect of the financial year ended 31 December 2016 on 16 November 2016.

**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
	31.12.2016	31.12.2016	31.12.2016	31.12.2016
	RM000	RM000	RM000	RM000
Segment revenue	42,809	12,523	2,035	57,367
Segment trade receivables	4,412	624	146	5,182

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

	As at 31.12.2016 RM'000
Corporate guarantees issued to licensed banks in respect of banking facilities granted to a subsidiary	<u>10,192</u>

**A12. Capital Commitments Outstanding Not Provided in The Interim Financial Report**

	As at 31.12.2016 RM'000
Capital expenditure commitments Property, plant and equipment Approved and contracted for	<u>517</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 RM13.5 million for the current quarter ended 31 December 2016, a decrease of RM1.6 million or 10.6% compared to RM15.1 million in the corresponding quarter ended 31 December 2015 mainly due to lower local sales revenue from other timber products and export revenue from wooden picture frame moulding. The Group's profit before tax was RM3.1 million, a decrease of RM3.1 million or 50.0% as compared to RM6.2 million in the preceding year corresponding quarter ended 31 December 2015. The decrease in profit before tax mainly attributable to lower sales revenue and higher operating expenses as a result of higher fair value loss from foreign currency forward contracts.

For the financial year ended 31 December 2016, the Group's revenue was RM57.4 million, an increase of RM3.4 million or 6.3% compared to RM54.0 million in the preceding year ended 31 December 2015 mainly due to higher sales revenue as a result of higher export volume of wooden picture frame moulding and the strengthening of US Dollar. The profit before tax improved by RM2.2 million or 14.4% to RM17.5 million as compared to RM15.3 million in the preceding year corresponding period attributed mainly to higher sales revenue.

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 recorded revenue of RM13.5 million which is RM0.5 million or 3.6% lower than the preceding quarter of RM14.0 million. The Group's profit before taxation of RM3.1 million for the current quarter has declined by RM1.1 million or 26.2% as compared to RM4.2 million in the preceding quarter ended 30 September 2016. The decline was mainly attributed to higher operating expenses as a result of higher fair value loss from foreign currency forward contracts.

**B3. Current Year Prospects**

The improving job market, rising wage rate together with better business sentiment in USA are expected to boost consumption or spending in generating more economic activities that is vital in this predominantly consumption-driven economy. Because of the reportedly stronger USA economy, the group performance shall very much fall in line with the growing economy. Barring any unforeseen circumstances, we expect to perform satisfactorily for the remaining period of the financial year ending 31 December 2017.

**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 ended 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 31.12.2016 RM'000	Preceding Year Corresponding Quarter 31.12.2015 RM'000	Current Year To Date 31.12.2016 RM'000	Preceding Year Corresponding Period 31.12.2015 RM'000
Current tax expense				
- current	1,084	1,628	4,847	3,442
- prior	-	-	(73)	(36)
Deferred tax expense				
Origination and reversal of temporary differences				
- current	(291)	69	(587)	573
- prior	-	(51)	5	(125)
	<u>793</u>	<u>1,646</u>	<u>4,192</u>	<u>3,854</u>

The effective tax rate for the quarter under review and current year to date was 26% and 24% respectively. The effective rate for current quarter was slightly higher than the statutory rate of 24% mainly due to the non-tax allowable expenses.



**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 December 2016, the Group does not have any bank borrowings.

**B9. Derivative Financial Instruments**

As at 31 December 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>22,535</u>	-	<u>1,742</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 RM1,742,000/- 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**

The Board had declared a first interim single tier dividend of 6.0 sen per ordinary share totalling RM7.2 million in respect of the financial year ended 31 December 2016, which was paid on 16 November 2016.

The Board is declaring 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 2016. The dividend will be payable on 16 May 2017 to depositors registered in the Record of Depositors on 27 April 2017.

The total net dividend declared for the financial year ended 31 December 2016 was 11.0 sen (2015: 10.0 sen) per ordinary share and the dividend payout ratio was 100% (2015: 104%).

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

	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter 31.12.2016	Corresponding Quarter 31.12.2015	To Date 31.12.2016	Corresponding Period 31.12.2015
<b>Basic earnings per share</b>				
Net profit attributable to equity holders (RM'000)	<u>2,277</u>	<u>4,569</u>	<u>13,285</u>	<u>11,490</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>1.89</u>	<u>3.79</u>	<u>11.02</u>	<u>9.54</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 31.12.2016 RM'000	As at 31.12.2015 RM'000
Total retained earnings of the Company and its subsidiaries:		
- Realised	48,002	47,650
- Unrealised	7,460	8,888
	<u>55,462</u>	<u>56,538</u>
Less: Consolidation adjustments	(19,986)	(19,887)
Total group retained earnings as per consolidated accounts	<u><u>35,476</u></u>	<u><u>36,651</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 31.12.2016 RM'000	Preceding Year Corresponding Quarter 31.12.2015 RM'000	Current Year To Date 31.12.2016 RM'000	Preceding Year Corresponding Period 31.12.2015 RM'000
<b>Profit and total comprehensive income for the period is arrived at after crediting/(charging):</b>				
Interest income	157	118	557	346
Depreciation of property, plant and equipment	(387)	(414)	(1,678)	(1,846)
Gain on foreign exchange	440	(265)	176	1,951
Loss on derivatives	(1,774)	534	(585)	(3,064)
Loss on disposal of property, plant and equipment	(47)	-	(67)	(12)
(Impairment loss) /reversal of impairment on trade receivables	(55)	-	(55)	3
	<u><u>          </u></u>	<u><u>          </u></u>	<u><u>          </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

WONG YOUN KIM  
Company Secretary  
MAICSA 7018778