

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2017

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 MARCH 2017**
(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.03.2017 RM'000	Preceding Year Corresponding Quarter 31.03.2016 RM'000	Current Year To Date 31.03.2017 RM'000	Preceding Year Corresponding Period 31.03.2016 RM'000
Revenue	15,541	15,440	15,541	15,440
Cost of sales	(9,266)	(8,848)	(9,266)	(8,848)
Gross profit	<u>6,275</u>	<u>6,592</u>	<u>6,275</u>	<u>6,592</u>
Operating expenses	(1,606)	(1,200)	(1,606)	(1,200)
Other operating income	160	131	160	131
Profit before taxation	<u>4,829</u>	<u>5,523</u>	<u>4,829</u>	<u>5,523</u>
Taxation	(1,159)	(1,344)	(1,159)	(1,344)
Profit and total comprehensive income for the period	<u><u>3,670</u></u>	<u><u>4,179</u></u>	<u><u>3,670</u></u>	<u><u>4,179</u></u>
Attributable to:				
Owners of the Company	3,670	4,179	3,670	4,179
Non-controlling interest	-	-	-	-
	<u><u>3,670</u></u>	<u><u>4,179</u></u>	<u><u>3,670</u></u>	<u><u>4,179</u></u>
Earning per share				
Basic earnings per share (sen)	<u><u>3.05</u></u>	<u><u>3.47</u></u>	<u><u>3.05</u></u>	<u><u>3.47</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 2016 and the accompanying explanatory notes attached to the Interim Financial Statements.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2017

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2017

	(Unaudited) As at 31.03.2017 RM'000	(Audited) As at 31.12.2016 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	47,216	47,543
Intangible asset	878	878
Total non-current assets	<u>48,094</u>	<u>48,421</u>
Current Assets		
Trade and other receivables	6,495	6,461
Prepayments paid	1,407	1,074
Inventories	23,277	24,332
Current tax assets	116	106
Cash and cash equivalents	26,402	23,915
Total current assets	<u>57,697</u>	<u>55,888</u>
Total assets	<u>105,791</u>	<u>104,309</u>
EQUITY		
Share capital	60,691	60,250
Share premium	-	441
Retained earnings	33,121	35,476
Total equity attributable to owners of the Company	<u>93,812</u>	<u>96,167</u>
Non-controlling interest	-	-
Total equity	<u>93,812</u>	<u>96,167</u>
LIABILITIES		
Non-Current Liabilities		
Deferred tax liabilities	2,948	2,570
Total non-current liabilities	<u>2,948</u>	<u>2,570</u>
Current Liabilities		
Current tax liabilities	412	1,054
Trade and other payables	1,682	2,619
Dividend payable	6,025	-
Prepayments received	128	157
Derivative financial liabilities	784	1,742
Total current liabilities	<u>9,031</u>	<u>5,572</u>
Total liabilities	<u>11,979</u>	<u>8,142</u>
Total equity and liabilities	<u>105,791</u>	<u>104,309</u>
Net assets per share (RM)	0.78	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 2016 and the accompanying explanatory notes attached to the Interim Financial Statements.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2017

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 MARCH 2017**
(The figures have not been audited)

	Share Capital RM'000	Non- distributable Share Premium RM'000	Distributable Retained Earnings RM'000	Total Equity RM'000
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	60,691	-	33,121	93,812
At 1 January 2016	60,250	441	36,651	97,342
Dividends to the owners of the Company	-	-	(7,230)	(7,230)
Profit and total comprehensive income for the period	-	-	4,179	4,179
At 31 March 2016	60,250	441	33,600	94,291

*With the implementation of the Companies Act 2016 (“CA 2016”) on 26 January 2017, all shares shall have no par or nominal value. In view thereof, the amount standing in share premium as at 31 January 2017 will be part of the Company’s share capital. Nevertheless, the Company may within 24 months upon the commencement of the CA 2016, utilised the amount standing in share premium account for such purposes allowed under CA 2016.

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 2016 and the accompanying explanatory notes attached to the Interim Financial Statements.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2017

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE QUARTER ENDED 31 MARCH 2017

(The figures have not been audited)

	Current Year-to-date 31.03.2017 RM'000	Preceding Year Corresponding Period 31.03.2016 RM'000
Cash flows from operating activities		
Profit before taxation	4,829	5,523
Adjustments for :		
Depreciation of property, plant and equipment	387	509
Finance income	(160)	(131)
Loss on disposal of property, plant and equipment	-	24
Unrealised foreign exchange gain	(817)	(1,423)
Operating profit before changes in working capital	<u>4,239</u>	<u>4,502</u>
Changes in working capital :		
- Inventories	1,055	1,917
- Trade and other payables	(1,925)	(1,067)
- Trade and other receivables	450	(52)
Cash generated from operations	<u>3,819</u>	<u>5,300</u>
Net income tax paid	(1,433)	(541)
Interest received	160	131
Net cash generated from operating activities	<u>2,546</u>	<u>4,890</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(59)	(488)
Proceeds from disposal of property, plant and equipment	-	76
Net cash used in investing activities	<u>(59)</u>	<u>(412)</u>
Cash flows from financing activities	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents	2,487	4,478
Cash and cash equivalents at the beginning of period	23,915	21,386
Cash and cash equivalents at the end of period (Note 1)	<u>26,402</u>	<u>25,864</u>

Note 1

	RM'000	RM'000
Cash and bank balances	6,722	9,513
Highly liquid investment with non-bank financial institution	19,680	16,351
	<u>26,402</u>	<u>25,864</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2016 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 2016 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 2016.

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 2016 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 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

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 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*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- 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 (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendment to MFRS 140, *Investment Property - Transfers of Investment Property*

Effective for annual periods beginning on or after 1 January 2019

- MFRS 16, *Leases*

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 2016 of the Group was not qualified.

A3. Seasonal and Cyclical factors

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

A4. Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no unusual items and amounts of items affecting assets, liabilities, equity, net income or cash flows during the current quarter under review and financial year to date.

A5. Material Changes in Estimates

There were no changes in accounting estimates that have had material effect in the current quarter under review and financial year to date.

A6. Issuances and Repayment of Debt and Equity Securities

There were no issuance and repayment of debts and equity securities, shares buy-back, shares cancellation, shares held as treasury shares or resale of treasury shares during the current quarter under review and financial year to date.

A7. Dividends Paid

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

A8. Segmental Reporting

The Group's Executive Directors ("ED") review the operation in three reportable geographical segments as follow:-

	North America Current Year To Date 31.03.2017 RM'000	Asia Pacific Current Year To Date 31.03.2017 RM'000	Other regions Current Year To Date 31.03.2017 RM'000	Total Current Year To Date 31.03.2017 RM'000
Segment revenue	11,714	3,334	493	15,541
Segment trade receivables	3,999	1,182	161	5,342

Since the reportable segment of the Group is primarily confined within one business, which is the manufacturing and sale of wooden picture frame moulding and timber products and its operation are carried out solely in Malaysia, it is not practicable for the Group to incur excessive cost to develop the necessary information, which is not available, for the disclosure of segment profit and segment asset (other than trade receivables) and it is not included in the internal management reports that are reviewed by the ED.

A9. Subsequent Events

There were no material events subsequent to the end of the reporting quarter that have not been reflected in the interim financial statements.

A10. Change in The Composition of The Group

There were no changes in the composition of the Group for the quarter ended 31 March 2017 including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinued operation.



CLASSIC SCENIC BERHAD
(Company No. 633887-M)

NOTES TO THE INTERIM FINANCIAL REPORT

PART A : EXPLANATORY NOTES AS PER MFRS 134

A11. Contingent Liabilities and Contingent Assets

As at 31 March 2017, the corporate guarantees of the Company are as follow:

Corporate guarantees issued to licensed banks in
respect of banking facilities granted to a subsidiary

As at
31.03.2017
RM'000

1,288

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

Capital expenditure commitments
Property, plant and equipment
Approved and contracted for

As at
31.03.2017
RM'000

535

NOTES TO THE INTERIM FINANCIAL REPORT

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

B1. Review of Performance

The Group registered a revenue of RM15.5 million for the current quarter ended 31 March 2017, a slight increase of RM0.1 million or 0.6% compared to RM15.4 million in the corresponding quarter ended 31 March 2016 as the higher export sales revenue from wooden picture frame moulding was negated by lower local sales of other timber products. The Group's profit before tax was RM4.8 million, a decrease of RM0.7 million or 12.7% as compared to RM5.5 million in the preceding year corresponding quarter ended 31 March 2016. The decrease was mainly attributed to varying product mix and higher cost of labour and higher operating expenses as a result of lower fair value gain from foreign currency forward contracts.

As disclosed in Note A8, the Group is primarily involved in the manufacturing and sale of wooden picture frame moulding and timber products, and its operation are carried out solely in Malaysia. Hence, there is no detailed analysis on revenue and earnings of other business operating segments.

B2. Variation of Results Against Preceding Quarter

The Group's revenue recorded at RM15.5 million, an increase of RM2.0 million or 14.8% compared to RM13.5 million in the preceding quarter ended 31 December 2016 mainly due to higher sales volume from export of wooden picture frame moulding and the strengthening of US Dollar. The Group's profit before taxation for the current quarter was RM4.8 million, an increase of RM1.7 million or 54.8% compared to RM3.1 million in the preceding quarter ended 31 December 2016. The increase was mainly attributed to higher sales revenue and lower operating expenses as a result of the reversal of fair value loss from foreign currency forward contracts, which was recognized in the preceding quarter ended 31 December 2016.

B3. Current Year Prospects

Unemployment in USA continue to decline despite the recently reported soft inflation and output data. This soft economic data is generally viewed to be likely caused by transitory factors since the prevailing global economic picture is brightening and that bodes well for the USA's economy and that of the Group's outlook. 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 ending 31 December 2017.

B5. Variance of Actual and Forecast Profit

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

B6. Taxation

	Current Year Quarter 31.03.2017 RM'000	Preceding Year Corresponding Quarter 31.03.2016 RM'000	Current Year To Date 31.03.2017 RM'000	Preceding Year Corresponding Period 31.03.2016 RM'000
Current tax expense				
- current	781	1,663	781	1,663
Deferred tax expense				
Origination and reversal of temporary differences				
- current	378	(319)	378	(319)
	<u>1,159</u>	<u>1,344</u>	<u>1,159</u>	<u>1,344</u>

The effective tax rate for the quarter under review and current year to date was 24% which approximate the statutory income tax rate.

NOTES TO THE INTERIM FINANCIAL REPORT

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

B7. Status of Corporate Proposal

There were no announced corporate proposals not completed as at the date of this report.

B8. Group Borrowings and Debt Securities

As at 31 March 2017, the Group does not have any bank borrowings.

B9. Derivative Financial Instruments

As at 31 March 2017, 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>13,835</u>	-	<u>784</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 RM784,000 has been recognised in the financial statements.

B10. Material Litigation

Since the last Audited Financial Statements for the year ended 31 December 2016, the Group does not have any material litigation until the date of this report.

B11. Dividends

On 24 February 2017, 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 2016. The dividend was paid on 16 May 2017 to depositors registered in the Record of Depositors on 27 April 2017.

B12. Basis of Calculation of Earnings Per Share

	Current Year Quarter 31.03.2017	Preceding Year Corresponding Quarter 31.03.2016	Current Year To Date 31.03.2017	Preceding Year Corresponding Period 31.03.2016
Basic earnings per share				
Net profit attributable to equity holders (RM'000)	<u>3,670</u>	<u>4,179</u>	<u>3,670</u>	<u>4,179</u>
Weighted average number of ordinary shares of RM0.50 each in issue ('000)	<u>120,500</u>	<u>120,500</u>	<u>120,500</u>	<u>120,500</u>
Basic Earnings Per Share (sen)	<u>3.05</u>	<u>3.47</u>	<u>3.05</u>	<u>3.47</u>

There was no dilution in the earnings per share.

NOTES TO THE INTERIM FINANCIAL REPORT

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

B13. Realised and unrealised retained earnings

The breakdown of the Group's retained earnings as at the reporting date, into realised and unrealised, pursuant to the directive issued by Bursa Malaysia Securities Berhad ("Bursa Securities") on 25 March 2010 is as follows:-

	As at 31.03.2017 RM'000	As at 31.12.2016 RM'000
Total retained earnings of the Company and its subsidiaries:		
- Realised	45,300	48,002
- Unrealised	7,832	7,460
	<u>53,132</u>	<u>55,462</u>
Less: Consolidation adjustments	(20,011)	(19,986)
Total group retained earnings as per consolidated accounts	<u><u>33,121</u></u>	<u><u>35,476</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 31.03.2017 RM'000	Preceding Year Corresponding Quarter 31.03.2016 RM'000	Current Year To Date 31.03.2017 RM'000	Preceding Year Corresponding Period 31.03.2016 RM'000
Profit and total comprehensive income for the period is arrived at after crediting/(charging):				
Interest income	160	131	160	131
Depreciation of property, plant and equipment	(387)	(509)	(387)	(509)
Gain/(loss) on foreign exchange	5	(995)	5	(995)
Gain on derivatives	189	1,871	189	1,871
Loss on disposal of property, plant and equipment	-	(24)	-	(24)
	<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