

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2023
**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
 FOR THE THREE MONTH ENDED 31 MARCH 2023**

(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended 31.03.2023 RM'000	Preceding Year Corresponding Quarter Ended 31.03.2022 RM'000	Current Year To Date Ended 31.03.2023 RM'000	Preceding Year To Date Ended 31.03.2022 RM'000
Revenue	13,779	14,738	13,779	14,738
Cost of sales	(9,831)	(9,056)	(9,831)	(9,056)
Gross profit	<u>3,948</u>	<u>5,682</u>	<u>3,948</u>	<u>5,682</u>
Operating expenses	(1,985)	(2,078)	(1,985)	(2,078)
Other operating income	143	244	143	244
Profit before taxation	<u>2,106</u>	<u>3,848</u>	<u>2,106</u>	<u>3,848</u>
Taxation	(584)	(619)	(584)	(619)
Profit and total comprehensive income for the period	<u><u>1,522</u></u>	<u><u>3,229</u></u>	<u><u>1,522</u></u>	<u><u>3,229</u></u>
Attributable to:				
Owners of the Company	1,522	3,229	1,522	3,229
Non-controlling interest	-	-	-	-
	<u><u>1,522</u></u>	<u><u>3,229</u></u>	<u><u>1,522</u></u>	<u><u>3,229</u></u>
Earning per share				
Basic earnings per share (sen)	<u><u>0.61</u></u>	<u><u>1.34</u></u>	<u><u>0.61</u></u>	<u><u>1.34</u></u>
Diluted earnings per share (sen)	<u><u>0.54</u></u>	<u><u>1.26</u></u>	<u><u>0.54</u></u>	<u><u>1.26</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 2022 and the accompanying explanatory notes attached to the Interim Financial Statements.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2023

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023

	(Unaudited) As at 31.03.2023 RM'000	(Audited) As at 31.12.2022 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	113,258	113,682
Intangible asset	1,177	1,177
Total non-current assets	<u>114,435</u>	<u>114,859</u>
Current Assets		
Inventories	26,837	29,509
Trade and other receivables	5,353	5,624
Prepayments	1,595	758
Derivative financial assets	151	207
Current tax assets	648	492
Cash and cash equivalents	26,849	24,129
Total current assets	<u>61,433</u>	<u>60,719</u>
Total assets	<u>175,868</u>	<u>175,578</u>
EQUITY		
Share capital	65,453	64,630
Revaluation reserve	38,707	38,707
Retained earnings	45,144	57,492
Total equity attributable to owners of the Company	<u>149,304</u>	<u>160,829</u>
Non-controlling interest	-	-
Total equity	<u>149,304</u>	<u>160,829</u>
LIABILITIES		
Non-Current Liabilities		
Deferred tax liabilities	8,379	8,460
Total non-current liabilities	<u>8,379</u>	<u>8,460</u>
Current Liabilities		
Current tax liabilities	108	117
Contract liabilities	265	491
Trade and other payables	17,812	5,681
Total current liabilities	<u>18,185</u>	<u>6,289</u>
Total liabilities	<u>26,564</u>	<u>14,749</u>
Total equity and liabilities	<u>175,868</u>	<u>175,578</u>
Net assets per share (RM)	0.60	0.65

Notes :

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to the Interim Financial Statements.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2023

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 MARCH 2023**

(The figures have not been audited)

	Share Capital RM'000	Revaluation Reserve RM'000	Retained Earnings RM'000	Total Equity RM'000
At 1 January 2023	64,630	38,707	57,492	160,829
Profit and total comprehensive income for the period	-	-	1,522	1,522
Issuance of ordinary shares pursuant to exercise of warrants	823	-	-	823
Dividends to the owners of the Company	-	-	(13,870)	(13,870)
At 31 March 2023	<u>65,453</u>	<u>38,707</u>	<u>45,144</u>	<u>149,304</u>
At 1 January 2022	60,698	38,707	38,498	137,903
Profit and total comprehensive income for the period	-	-	3,229	3,229
Issuance of ordinary shares pursuant to exercise of warrants	2	-	-	2
At 31 March 2022	<u>60,700</u>	<u>38,707</u>	<u>41,727</u>	<u>141,134</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 2022 and the accompanying explanatory notes attached to the Interim Financial Statements.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED 31 MARCH 2023

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 31 MARCH 2023**

(The figures have not been audited)

	Current Year-to-date Ended 31.03.2023 RM'000	Preceding Year-to-date Ended 31.03.2022 RM'000
Cash flows from operating activities		
Profit before taxation	2,106	3,848
Adjustments for :		
Depreciation of property, plant and equipment	690	547
Loss/(Gain) on disposal of property, plant and equipment	13	(20)
Finance income	(141)	(31)
Unrealised loss on foreign exchange	55	63
Operating profit before changes in working capital	<u>2,723</u>	<u>4,407</u>
Changes in working capital :		
- Inventories	2,672	179
- Trade and other payables	(1,957)	1,461
- Trade and other receivables	(574)	139
Cash generated from operations	<u>2,864</u>	<u>6,186</u>
Net income tax paid	(829)	(545)
Interest received	141	31
Net cash generated from operating activities	<u>2,176</u>	<u>5,672</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(312)	(14,621)
Acquisition of subsidiaries, net of cash acquired	-	(297)
Proceeds from disposal of property, plant and equipment	33	20
Net cash used in investing activities	<u>(279)</u>	<u>(14,898)</u>
Cash flows from financing activities		
Proceeds from issuance of shares	823	2
Net cash generated from financing activities	<u>823</u>	<u>2</u>
Net increase/(decrease) in cash and cash equivalents	2,720	(9,224)
Cash and cash equivalents at the beginning of period	<u>24,129</u>	<u>16,554</u>
Cash and cash equivalents at the end of period (Note 1)	<u><u>26,849</u></u>	<u><u>7,330</u></u>

Note 1

	RM'000	RM'000
Cash and bank balances	8,616	6,589
Highly liquid investment with non-bank financial institution	18,233	741
	<u>26,849</u>	<u>7,330</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2022 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 2022 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 2022.

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 2022 except for the adoption of the following Amendments to MFRSs, which are applicable to its financial statements and are relevant to its operation:-

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2023

- Amendments to MFRS 101, *Presentation of Financial Statements - Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates*
- Amendments to MFRS 112, *Income taxes-Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

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:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2024

- Amendments to MFRS 16, *Leases (Lease Liability in a Sale and Leaseback)*
- Amendments to MFRS 101, *Non-current Liabilities with Covenants*

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*

A2. Auditors' Report

The auditors' report on the financial statements for the year ended 31 December 2022 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.

A5. Material Changes in Estimates

There were no changes in accounting estimates that have had material effect in the current quarter under review.

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 except as follows:-

The warrants exercised by registered warrant holders to new ordinary shares for the financial period to date are as follows:

Month of allotment	No. of warrant exercised	Balance warrants outstanding*
Balance b/f	-	114,042,540
January	206,700	113,835,840
February	77,000	113,758,840
March	1,066,000	112,692,840

* A total of 120,499,740 free warrants in the Company on the basis of one (1) warrant for every one (1) existing CSCENIC share was approved by the Company's shareholders on 15 July 2021. The bonus issue of warrants were issued and allotted on 9 August 2021. The exercise price of the warrants was fixed at RM0.61 per warrant. The expiry date of the warrants is 8 August 2026.

As at 31 March 2023, the total number of issued shares of the Company was 248,806,380 ordinary shares.



NOTES TO THE INTERIM FINANCIAL REPORT

PART A : EXPLANATORY NOTES AS PER MFRS 134

A7. Dividends Paid

During the current quarter under review, there were no dividends paid by the Company.

A8. Segmental Reporting

The Group is principally engaged in the manufacture and sales of wooden picture frame and mouldings and other timber products. The business activities of holding and rental of properties of its subsidiaries are merely inter-segment transactions. The Group's reportable segments result for the financial period ended 31 March 2023 is as follows:-

	Wooden Picture Frame and Mouldings 31.03.2023 RM'000	Other Timber Products 31.03.2023 RM'000	Property Holding 31.03.2023 RM'000	Total Current Period To Date 31.03.2023 RM'000	Other Non-reportable Segments 31.03.2023 RM'000	Elimination of Inter-segment Transactions or Balances 31.03.2023 RM'000	Consolidated Total 31.03.2023 RM'000
Segment Profit/ (Loss)	1,092	(140)	788	1,740	(231)	13	1,522
<i>Included in the measure of segment profit are:</i>							
Revenue from external customers	13,593	186	-	13,779	-	-	13,779
Inter-segment revenue	-	6	1,236	1,242	-	(1,242)	-
Depreciation	519	44	127	690	-	-	690
Finance Income	82	3	9	94	47	-	141
Tax Expense	334	38	254	626	6	(48)	584
Segment Assets	79,325	2,135	41,484	122,944	75,264	(22,340)	175,868
<i>Included in the measure of segment assets are:</i>							
Additions to non-current assets other than financial instruments and deferred tax assets	312	-	-	312	-	-	312

A9. Subsequent Events

There were no other 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 2023 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	31.03.2023
Approved and contracted for	RM'000
	<u>913</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 Quarter Ended 31.03.2023	Preceding Year Corresponding Quarter Ended 31.03.2022			Current Year To Date Ended 31.03.2023	Preceding Year Corresponding Quarter Ended 31.03.2022		
	RM'million	RM'million	RM'million	%	RM'million	RM'million	RM'million	%
Revenue	13.8	14.7	(0.9)	-6.1%	13.8	14.7	(0.9)	-6.1%
Gross profit	3.9	5.7	(1.8)	-31.6%	3.9	5.7	(1.8)	-31.6%
Profit before tax	2.1	3.8	(1.7)	-44.7%	2.1	3.8	(1.7)	-44.7%
Profit after tax	1.5	3.2	(1.7)	-53.1%	1.5	3.2	(1.7)	-53.1%
Profit attributable to Owners of the Company	1.5	3.2	(1.7)	-53.1%	1.5	3.2	(1.7)	-53.1%

The Group registered a revenue of RM13.8 million for the current quarter ended 31 March 2023, a decrease of RM0.9 million or 6.1% compared to RM14.7 million in the preceding year corresponding quarter ended 31 March 2022 mainly attributable to lower export volume. The Group's profit before tax declined to RM2.1 million, a decrease of RM1.7 million or 44.7% compared to RM3.8 million in the preceding year corresponding quarter ended 31 March 2022 mainly due to lower export sales revenue and higher input cost as a result of the raw materials price hike.

The Group is primarily involved in the manufacturing and sale of wooden picture frame moulding and other 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 31.03.2023	Immediate Preceding Quarter 31.12.2022	Changes	
	RM'million	RM'million	RM'million	%
Revenue	13.8	17.7	(3.9)	-22.0%
Gross profit	3.9	7.0	(3.1)	-44.3%
Profit before tax	2.1	5.1	(3.0)	-58.8%
Profit after tax	1.5	4.2	(2.7)	-64.3%
Profit attributable to Owners of the Company	1.5	4.2	(2.7)	-64.3%

The Group's recorded revenue of RM13.8 million for the current quarter ended 31 March 2023, a decrease of RM3.9 million or 22.0% compared to RM17.7 million in the immediate preceding quarter mainly due to lower export sales volume and the weakening of USD dollar. The weakening of USD dollar and higher input cost had adversely impacted the Group's gross profit margin which shrunk to 28.3% from 39.5%. The Group's profit before tax for the current quarter was RM2.1 million, a decrease of RM3.0 million or 58.8% compared to RM5.1 million in the immediate preceding quarter mainly attributable to the reasons as explained above.

B3. Current Year Prospects

The multiple interest rate hikes, monetary policy tightening by the US Federal Reserve and the on-going debt ceiling negotiations have dampened the economic growth of the USA, which is primarily driven by consumer spending. Coupled with the shift in consumer demand from goods to services, manufacturers and retailers are struggling with overfilled warehouses, signalling a further slowdown in manufacturing activities. To navigate these uncertainties and immense challenges, our Group will actively pursue various cost control measures and strive to improve production efficiency and continue to explore new market opportunities. Barring any unforeseen circumstances, we are cautiously optimistic about the Group's outlook for the financial year ending 31 December 2023.

NOTES TO THE INTERIM FINANCIAL REPORT

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

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 ending 31 March 2023.

B5. Variance of Actual and Forecast Profit

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

B6. Taxation

	Current Year Quarter 31.03.2023 RM'000	Preceding Year Corresponding Quarter 31.03.2022 RM'000	Current Year To Date 31.03.2023 RM'000	Preceding Year Corresponding Period 31.03.2022 RM'000
Current tax expense				
- current	664	237	664	237
Deferred tax expense				
Origination and reversal of temporary differences				
- current	(80)	382	(80)	382
	<u>584</u>	<u>619</u>	<u>584</u>	<u>619</u>

The effective tax rate for the quarter under review was 28% . The effective tax rate is higher than the statutory rate of 24% mainly due to the non-deductible expenses.

B7. Status of Corporate Proposal

There were no announced corporate proposals not completed as at the date of this report, except as follows:-

The Company had on 17 February 2023 announced that the Company proposed to undertake the following :-

- proposed bonus issue of up to 361,499,220 new ordinary shares in CScenic on the basis of 1 Bonus Share for every 1 existing CScenic Share held by the shareholders whose names appear in the Record of Depositors of the Company on an entitlement date to be determined and announced later ("Proposed Bonus Issue of Shares"); and
- proposed share buy-back of up to 10% of the issued CScenic Shares through Bursa Malaysia Securities Berhad ("Bursa Securities") in accordance with Section 127(1) of the Companies Act 2016 ("Proposed Share Buy-Back").

On 17 March 2023, the Company announced that the Company aborted the Proposed Bonus Issue of Shares which was announced on 17 February 2023. The Company was not able to submit the listing application for the Proposed Bonus Issue of Shares to Bursa Securities as the Company would not comply with paragraph 6.30(1A) of the Main Market Listing Requirements of Bursa Securities ("Listing Requirements") as a result of the decline in the Company's share price. Nevertheless, the Company still intended to proceed with the Proposed Share Buy-Back.

The Company also announced its revised proposals on 17 March 2023 as follows :-

- proposed bonus issue of up to 180,749,610 new ordinary shares in CScenic on the basis of 1 Bonus Share for every 2 existing CScenic Shares held by the shareholders whose names appear in the Record of Depositors of the Company on an entitlement date to be determined and announced later; and
- proposed share buy-back of up to 10% of the issued CScenic Shares through Bursa Securities in accordance with Section 127(1) of the Companies Act 2016.

Bursa Securities had vide its letter dated 30 March 2023, resolved to approve the following :-

- listing and quotation of up to 180,749,610 Bonus Shares to be issued pursuant to the Proposed Bonus Issue of Shares;
- listing and quotation of up to 56,866,670 additional Warrants A ("Additional Warrants-A") to be issued pursuant to the adjustment arising from the Proposed Bonus Issue of Shares; and
- listing and quotation of up to 56,866,670 new shares to be issued arising from the exercise of Additional Warrants-A.

The above approval granted by Bursa Securities is subject to the conditions which were stated in the Company's announcement dated 30 March 2023.

The Bonus Issue of Shares has been completed on 12 May 2023 following the listing and quotation of 126,430,188 Bonus Shares and 54,319,410 additional Warrants on the Main Market of Bursa Securities. Please refer to our announcements to Bursa Securities for further details.

B8. Group Borrowings and Debt Securities

As at 31 March 2023, the Group does not have any bank borrowings.

NOTES TO THE INTERIM FINANCIAL REPORT

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

B9. Derivative Financial Instruments

As at 31 March 2023, the Group has the following outstanding derivatives financial instruments: -

Currency Forward Contracts	Principal or Notional Amount RM'000	Fair value	
		Assets	Liabilities
		RM'000	RM'000
- Less than 1 year	15,493	151	-

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 RM151,000 has been recognised in the financial statements.

B10. Material Litigation

Since the last Audited Financial Statements for the year ended 31 December 2022, the Group does not have any material litigation until the date of this report.

B11. Dividends

On 29 March 2023, the Board declared an interim single tier dividend of 5.5 sen per ordinary share totalling approximately RM13.9 million in respect of the financial year ending 31 December 2023. The dividend was paid on 28 April 2023 to depositors registered in the Record of Depositors on 13 April 2023.

B12. Basis of Calculation of Earnings Per Share

	Preceding Year		Preceding Year	
	Current Year Quarter 31.03.2023	Corresponding Quarter 31.03.2022	Current Year To Date 31.03.2023	Corresponding Period 31.03.2022
Basic earnings per share				
Net profit attributable to equity holders (RM'000)	1,522	3,229	1,522	3,229
Weighted average number of ordinary shares of RM0.50 each in issue ('000)	248,081	241,014	248,081	241,014
Basic Earnings Per Share (sen)	0.61	1.34	0.61	1.34
Diluted earnings per share				
Net profit attributable to equity holders (RM'000)	1,522	3,229	1,522	3,229
Weighted average number of ordinary shares (basic)	248,081	241,014	248,081	241,014
Effect of warrant issue	33,756	14,835	33,756	14,835
Weighted average number of ordinary shares (diluted)	281,837	255,849	281,837	255,849
Diluted Basic Earnings Per Share (sen)	0.54	1.26	0.54	1.26

The average market value of the Company's shares for purpose of calculating the dilutive effect of warrants was based on quoted market prices for the period during which the warrants were outstanding.

NOTES TO THE INTERIM FINANCIAL REPORT

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

B13. Profit for the Period

	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter	Corresponding	To Date	Corresponding
	31.03.2023	31.03.2022	31.03.2023	31.03.2022
	RM'000	RM'000	RM'000	RM'000
Profit and total comprehensive income for the period is arrived at after crediting/(charging):				
Interest income	141	31	141	31
Depreciation of property, plant and equipment	(690)	(547)	(690)	(547)
Gain/(Loss) on foreign exchange	20	(40)	20	(40)
(Loss)/Gain on derivatives	(229)	29	(229)	29
(Loss)/Gain on disposal of property, plant and equipment	(13)	20	(13)	20
	<u>141</u>	<u>31</u>	<u>141</u>	<u>31</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