

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2020

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTH ENDED 30 JUNE 2020**

(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter Ended 30.6.2020 RM'000 (Unaudited)	Preceding Year Corresponding Quarter Ended 30.6.2019 RM'000 (Unaudited)	Current Year To Date Ended 30.6.2020 RM'000 (Unaudited)	Preceding Year To Date Ended 30.6.2019 RM'000 (Unaudited)
Revenue	5,739	14,318	18,131	29,910
Cost of sales	(5,020)	(10,239)	(14,112)	(21,267)
Gross profit	<u>719</u>	<u>4,079</u>	<u>4,019</u>	<u>8,643</u>
Operating expenses	(1,382)	(1,827)	(3,423)	(3,809)
Other operating income	38	62	95	146
(Loss)/profit before taxation	<u>(625)</u>	<u>2,314</u>	<u>691</u>	<u>4,980</u>
Taxation	138	(613)	(223)	(1,273)
(Loss)/profit and total comprehensive income for the period	<u>(487)</u>	<u>1,701</u>	<u>468</u>	<u>3,707</u>
Attributable to:				
Owners of the Company	(487)	1,701	468	3,707
Non-controlling interest	-	-	-	-
	<u>(487)</u>	<u>1,701</u>	<u>468</u>	<u>3,707</u>
Earning per share				
Basic earnings per share (sen)	<u>(0.40)</u>	<u>1.41</u>	<u>0.39</u>	<u>3.08</u>
Diluted earnings per share (sen)	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</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 2019 and the accompanying explanatory notes attached to the Interim Financial Statements.



QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2020

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	(Unaudited) As at 30.6.2020 RM'000	(Audited) As at 31.12.2019 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	49,239	50,082
Intangible asset	878	878
Total non-current assets	<u>50,117</u>	<u>50,960</u>
Current Assets		
Inventories	23,861	25,467
Trade and other receivables	5,096	6,105
Prepayments and other assests	733	937
Derivative financial assets	-	242
Current tax assets	560	232
Cash and cash equivalents	15,159	14,035
Total current assets	<u>45,409</u>	<u>47,018</u>
Total assets	<u><u>95,526</u></u>	<u><u>97,978</u></u>
EQUITY		
Share capital	60,691	60,691
Retained earnings	29,800	31,742
Total equity attributable to owners of the Company	<u>90,491</u>	<u>92,433</u>
Non-controlling interest	-	-
Total equity	<u>90,491</u>	<u>92,433</u>
LIABILITIES		
Non-Current Liabilities		
Deferred tax liabilities	2,992	3,076
Total non-current liabilities	<u>2,992</u>	<u>3,076</u>
Current Liabilities		
Current tax liabilities	30	58
Contract liabilities	103	79
Derivative financial liabilities	217	-
Trade and other payables	1,693	2,332
Total current liabilities	<u>2,043</u>	<u>2,469</u>
Total liabilities	<u>5,035</u>	<u>5,545</u>
Total equity and liabilities	<u><u>95,526</u></u>	<u><u>97,978</u></u>
Net assets per share (RM)	0.75	0.77

Notes :

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the Interim Financial Statements.



QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2020

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 30 JUNE 2020**

(The figures have not been audited)

	Share Capital RM'000	Retained Earnings RM'000	Total Equity RM'000
At 1 January 2020	60,691	31,742	92,433
Dividends to the owners of the Company	-	(2,410)	(2,410)
Profit and total comprehensive income for the period	-	468	468
At 30 June 2020	<u>60,691</u>	<u>29,800</u>	<u>90,491</u>
At 1 January 2019	60,691	34,515	95,206
Dividends to the owners of the Company	-	(4,820)	(4,820)
Profit and total comprehensive income for the period		3,707	3,707
At 30 June 2019	<u>60,691</u>	<u>33,402</u>	<u>94,093</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 2019 and the accompanying explanatory notes attached to the Interim Financial Statements.



QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2020

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 30 JUNE 2020**

(The figures have not been audited)

	Current Year-to-date Ended 30.6.2020 RM'000	Preceding Year-to-date Ended 30.6.2019 RM'000
Cash flows from operating activities		
Profit before taxation	691	4,980
Adjustments for :		
Depreciation of property, plant and equipment	975	1,007
Finance income	(95)	(145)
Loss on disposal of property, plant and equipment	-	48
Unrealised (gain)/loss on foreign exchange	(48)	8
Operating profit before changes in working capital	1,523	5,898
Changes in working capital :		
- Inventories	1,606	(3,553)
- Trade and other payables	(399)	(153)
- Trade and other receivables	1,504	3,106
Cash generated from operations	4,234	5,298
Net income tax paid	(663)	(668)
Interest received	95	145
Net cash generated from operating activities	3,666	4,775
Cash flows from investing activities		
Acquisition of property, plant and equipment	(132)	(850)
Proceeds from disposal of property, plant and equipment	-	40
Net cash used in investing activities	(132)	(810)
Cash flows from financing activities		
Dividend	(2,410)	(4,820)
Net cash used in financing activities	(2,410)	(4,820)
Net increase/(decrease) in cash and cash equivalents	1,124	(855)
Cash and cash equivalents at the beginning of period	14,035	14,907
Cash and cash equivalents at the end of period (Note 1)	15,159	14,052

Note 1

	RM'000	RM'000
Cash and bank balances	9,557	6,411
Highly liquid investment with non-bank financial institution	5,602	7,641
	15,159	14,052

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2019 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 2019 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 2019.

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 2019 except for the adoption of the following Amendments to MFRSs:-

Effective for annual periods beginning on or after 1 January 2020

- Amendment to MFRS 3, *Business Combinations – Definition of a Business*
- Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*
- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement* and MFRS 7, *Financial Instruments: Disclosures – Interest Rate Benchmark Reform*

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 2022

- Amendments to MFRS 1, *First Time Adoption of Malaysia Financial Reporting Standards*
- Amendments to MFRS 116, *Property, Plant and Equipment- Proceeds Before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets-Onerous Contracts- Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture*

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

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 17, *Insurance Contracts*
- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*

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 2019 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 other than the impact from the Movement Control Order ("MCO") effective from 18 March 2020 which resulted in the closure of operation as disclosed in Note B1.

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.



NOTES TO THE INTERIM FINANCIAL REPORT

PART A : EXPLANATORY NOTES AS PER MFRS 134

A7. Dividends Paid

During the current quarter under review, a second interim single tier dividend of 2.0 sen per ordinary shares totaling RM2.4 million in respect of the financial year ended 31 December 2019 was paid on 17 April 2020.

A8. Segmental Reporting

The Group is principally engaged in the manufacture and sales of wooden picture frame 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 30 June 2020 is as follows:-

	Wooden Picture Frame Mouldings 30.6.2020 RM'000	Other Timber Products 30.6.2020 RM'000	Property Holding 30.6.2020 RM'000	Total Current Year To Date 30.6.2020 RM'000	Other Non-reportable Segments 30.6.2020 RM'000	Elimination of Inter-segment Transactions or Balances 30.6.2020 RM'000	Consolidated Total 30.6.2020 RM'000
Segment (Loss)/Profit	(84)	236	487	639	(121)	(50)	468
<i>Included in the measure of segment profit are:</i>							
Revenue from external customers	14,639	3,492	-	18,131	-	-	18,131
Inter-segment revenue	-	-	1,033	1,033	-	(1,033)	-
Depreciation	633	88	184	905	70	-	975
Finance Income	5	1	3	9	86	-	95
Tax Expense	(2)	76	168	242	-	(19)	223
Segment Assets	41,063	5,278	39,847	86,188	69,276	(59,938)	95,526
<i>Included in the measure of segment assets are:</i>							
Additions to non-current assets other than financial instruments and deferred tax assets	22	3	107	132	-	-	132

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 30 June 2020 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 30.6.2020 RM'000
Capital expenditure commitments	
Property, plant and equipment	
Approved and contracted for	196



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 2nd Quarter		Changes		Cumulative Period		Changes	
	Current Year Quarter Ended 30.6.2020	Preceding Year Corresponding Quarter Ended 30.6.2019			Current Year To Date Ended 30.6.2020	Preceding Year Corresponding Quarter Ended 30.6.2019		
	RM'million	RM'million	RM'million	%	RM'million	RM'million	RM'million	%
Revenue	5.7	14.3	(8.6)	-60.1%	18.1	29.9	(11.8)	-39.5%
Gross profit	0.7	4.1	(3.4)	-82.9%	4.0	8.6	(4.6)	-53.5%
(Loss)/profit before tax	(0.6)	2.3	(2.9)	-126.1%	0.7	5.0	(4.3)	-86.0%
(Loss)/profit after tax	(0.5)	1.7	(2.2)	-129.4%	0.5	3.7	(3.2)	-86.5%
(Loss)/profit attributable to Owners of the Company	(0.5)	1.7	(2.2)	-129.4%	0.5	3.7	(3.2)	-86.5%

The Group registered a revenue of RM5.7 million for the current quarter ended 30 June 2020, a decrease of RM8.6 million or 60.1% compared to RM14.3 million in the preceding year corresponding quarter ended 30 June 2019 mainly attributable to lower export sales revenue from wooden picture frame moulding as a result of the implementation of Movement Control Order by the Malaysian government effective from 18 March 2020 and also the imposition of travel restrictions, lockdowns and other containment measures in various countries, including USA, the Group's largest market. The Group has recorded a loss before tax of RM0.6 million, represented a reduction of RM2.9 million or 126.1% as compared to profit before tax of RM2.3 million in the preceding year corresponding quarter ended 30 June 2019 mainly attributable to lower export sales revenue and lower cost efficiencies in production as a result of low production volume amid the Covid-19 pandemic containment measures imposed in Malaysia and other countries.

For the six months ended 30 June 2020, the Group's revenue recorded at RM18.1 million, a decrease of RM11.8 million or 39.5% compared to the preceding year corresponding period of RM29.9 million mainly attributable to lower export sales revenue from wooden picture frame moulding. The Group's profit before tax was RM0.7 million, a decrease of RM4.3 million or 86% as compared to RM5.0 million in the preceding year corresponding period ended 30 June 2019 attributed mainly to lower export sales revenue and lower cost efficiencies in production as a result of low production volume amid the Covid-19 pandemic containment measures imposed in Malaysia and other countries.

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 30.6.2020	Immediate Preceding Quarter 31.03.2020	Changes	
	RM'million	RM'million	RM'million	%
Revenue	5.7	12.4	(6.7)	-54.0%
Gross profit	0.7	3.3	(2.6)	-78.8%
(Loss)/profit before tax	(0.6)	1.3	(1.9)	-146.2%
(Loss)/profit after tax	(0.5)	1.0	(1.5)	-150.0%
(Loss)/profit attributable to Owners of the Company	(0.5)	1.0	(1.5)	-150.0%

The Group recorded revenue of RM5.7 million for the current quarter under review, a decrease of RM6.7 million or 54% compared to RM12.4 million in the preceding quarter ended 31 March 2020 mainly due to lower export sales revenue from wooden picture frame moulding. The Group registered a loss before tax of 0.6 million for the current quarter under review, a decrease of RM1.9 million or 146.2% compared to profit before tax of RM1.3 million in the preceding quarter ended 31 March 2020 mainly attributable to lower export sales revenue from wooden picture frame moulding and lower cost efficiencies in production as a result of low production volume amid the Covid-19 pandemic containment measures imposed in Malaysia and other countries.



NOTES TO THE INTERIM FINANCIAL REPORT

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

B3. Current Year Prospects

With the US labor market having added more jobs recently together with the federal stimulus that boosted personal incomes, consumer spending is likely to post a healthy gain which would bode well for the Group. In addition, the constant threat of further trade restriction or sanction by USA against China for alleged unfair trade practices has resulted in a more permanent diversion of trade from China to other competing nations. We expect the Group's performance for the remaining quarters of the financial year ending 31 December 2020 to recover to a satisfactory level. However, due to the prevailing COVID-19 pandemic, the Group's outlook is to a great extent determined by how soon the pandemic is brought under control.

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 30 June 2020.

B5. Variance of Actual and Forecast Profit

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

B6. Taxation

	Current Year Quarter 30.6.2020 RM'000	Preceding Year Corresponding Quarter 30.6.2019 RM'000	Current Year To Date 30.6.2020 RM'000	Preceding Year Corresponding Period 30.6.2019 RM'000
Current tax expense				
- current	(108)	671	307	1,269
Deferred tax expense				
Origination and reversal of temporary differences				
- current	(30)	(58)	(84)	4
	<u>(138)</u>	<u>613</u>	<u>223</u>	<u>1,273</u>

The effective tax rate for the quarter under review and current year to date was -22% and 32% respectively. The negative effective tax rate for the current quarter under review attributed mainly to the reversal of current tax expense as a result of business losses incurred. The current year to date higher effective tax rate was mainly due to the non allowable expenses.

B7. Status of Corporate Proposal

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

B8. Group Borrowings and Debt Securities

As at 30 June 2020, the Group does not have any bank borrowings.

B9. Derivative Financial Instruments

As at 30 June 2020, 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	9,663	-	217

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 RM217,000 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 2019, the Group does not have any material litigation until the date of this report.

B11. Dividends

No dividend has been proposed or declared by the Board for the current quarter under review.

B12. Basis of Calculation of Earnings Per Share

	Current Year Quarter 30.6.2020	Preceding Year Corresponding Quarter 30.6.2019	Current Year To Date 30.6.2020	Preceding Year Corresponding Period 30.6.2019
Basic earnings per share				
Net (loss)/profit attributable to equity holders (RM'000)	<u>(487)</u>	<u>1,701</u>	<u>468</u>	<u>3,707</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>(0.40)</u>	<u>1.41</u>	<u>0.39</u>	<u>3.08</u>

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

B13. (Loss)/profit for the Period

	Current Year Quarter 30.6.2020 RM'000	Preceding Year Corresponding Quarter 30.6.2019 RM'000	Current Year To Date 30.6.2020 RM'000	Preceding Year Corresponding Period 30.6.2019 RM'000
(Loss)/profit and total comprehensive income for the period is arrived at after crediting/(charging):				
Interest income	38	61	95	145
Depreciation of property, plant and equipment	(481)	(505)	(975)	(1,007)
Gain/ (loss) on foreign exchange	21	166	396	(25)
Gain/ (loss) on derivatives	36	(135)	(506)	80
Loss on disposal of property, plant and equipment	-	(48)	-	(48)

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