



QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE NINE MONTH ENDED 30 SEPTEMBER 2022**

(The figures have not been audited)

| | Individual Quarter | | Cumulative Quarter | |
|--|---|--|---|--|
| | Current Year Quarter Ended 30.09.2022 RM'000 | Preceding Year Corresponding Quarter Ended 30.09.2021 RM'000 | Current Year To Date Ended 30.09.2022 RM'000 | Preceding Year To Date Ended 30.09.2021 RM'000 |
| Revenue | 23,477 | 4,053 | 61,163 | 30,858 |
| Cost of sales | (13,196) | (3,075) | (36,078) | (20,657) |
| Gross profit | <u>10,281</u> | <u>978</u> | <u>25,085</u> | <u>10,201</u> |
| Operating expenses | (3,103) | (1,989) | (7,763) | (6,040) |
| Other operating income | 49 | 120 | 307 | 187 |
| Profit before taxation | <u>7,227</u> | <u>(891)</u> | <u>17,629</u> | <u>4,348</u> |
| Taxation | (1,107) | 95 | (2,788) | (1,320) |
| Profit and total comprehensive income for the period | <u><u>6,120</u></u> | <u><u>(796)</u></u> | <u><u>14,841</u></u> | <u><u>3,028</u></u> |
| Attributable to: | | | | |
| Owners of the Company | 6,120 | (796) | 14,841 | 3,028 |
| Non-controlling interest | - | - | - | - |
| | <u><u>6,120</u></u> | <u><u>(796)</u></u> | <u><u>14,841</u></u> | <u><u>3,028</u></u> |
| Earning per share | | | | |
| Basic earnings per share (sen) | <u><u>2.54</u></u> | <u><u>(0.33)</u></u> | <u><u>6.15</u></u> | <u><u>1.26</u></u> |
| Diluted earnings per share (sen) | <u><u>2.32</u></u> | <u><u>(0.31)</u></u> | <u><u>5.62</u></u> | <u><u>1.18</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 2021 and the accompanying explanatory notes attached to the Interim Financial Statements.



QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2022

| | (Unaudited) As at 30.09.2022 RM'000 | (Audited) As at 31.12.2021 RM'000 |
|--|--|--|
| ASSETS | | |
| Non-Current Assets | | |
| Property, plant and equipment | 112,365 | 95,214 |
| Intangible asset | 1,177 | 878 |
| Total non-current assets | <u>113,542</u> | <u>96,092</u> |
| Current Assets | | |
| Inventories | 26,284 | 27,176 |
| Trade and other receivables | 9,460 | 9,014 |
| Prepayments | 1,074 | 1,320 |
| Derivative financial assets | - | 39 |
| Current tax assets | - | 184 |
| Cash and cash equivalents | 15,625 | 16,554 |
| Total current assets | <u>52,443</u> | <u>54,287</u> |
| Total assets | <u>165,985</u> | <u>150,379</u> |
| EQUITY | | |
| Share capital | 61,401 | 60,698 |
| Revaluation reserve | 38,707 | 38,707 |
| Retained earnings | 53,339 | 38,498 |
| Total equity attributable to owners of the Company | <u>153,447</u> | <u>137,903</u> |
| Non-controlling interest | - | - |
| Total equity | <u>153,447</u> | <u>137,903</u> |
| LIABILITIES | | |
| Non-Current Liabilities | | |
| Deferred tax liabilities | 8,054 | 7,319 |
| Total non-current liabilities | <u>8,054</u> | <u>7,319</u> |
| Current Liabilities | | |
| Current tax liabilities | 282 | 72 |
| Contract liabilities | 268 | 1,975 |
| Derivative financial liabilities | 441 | - |
| Trade and other payables | 3,493 | 3,110 |
| Total current liabilities | <u>4,484</u> | <u>5,157</u> |
| Total liabilities | <u>12,538</u> | <u>12,476</u> |
| Total equity and liabilities | <u>165,985</u> | <u>150,379</u> |
| Net assets per share (RM) | 0.64 | 0.57 |

Notes :

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2021 and the accompanying explanatory notes attached to the Interim Financial Statements.



QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 30 SEPTEMBER 2022

(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 2022 | 60,698 | 38,707 | 38,498 | 137,903 |
| Profit and total comprehensive income for the period | - | - | 14,841 | 14,841 |
| Issuance of ordinary shares pursuant to exercise of warrants | 703 | - | - | 703 |
| At 30 September 2022 | <u>61,401</u> | <u>38,707</u> | <u>53,339</u> | <u>153,447</u> |
| At 1 January 2021 | 60,691 | - | 32,090 | 92,781 |
| Profit and total comprehensive income for the period | - | - | 3,028 | 3,028 |
| Issuance of ordinary shares pursuant to exercise of warrants | 1 | - | - | 1 |
| At 30 September 2021 | <u>60,692</u> | <u>-</u> | <u>35,118</u> | <u>95,810</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 2021 and the accompanying explanatory notes attached to the Interim Financial Statements.



QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 30 SEPTEMBER 2022**

(The figures have not been audited)

| | Current Year-to-date Ended 30.09.2022 RM'000 | Preceding Year-to-date Ended 30.09.2021 RM'000 |
|--|---|---|
| Cash flows from operating activities | | |
| Profit before taxation | 17,629 | 4,348 |
| Adjustments for : | | |
| Depreciation of property, plant and equipment | 1,909 | 1,253 |
| Loss on disposal of property, plant and equipment | 167 | 30 |
| Finance income | (94) | (181) |
| Impairment loss on other receivables | - | 311 |
| Unrealised loss on foreign exchange | 175 | 30 |
| Operating profit before changes in working capital | <u>19,786</u> | <u>5,791</u> |
| Changes in working capital : | | |
| - Inventories | 892 | (4,709) |
| - Trade and other payables | 75 | (2,684) |
| - Trade and other receivables | (3,483) | (2,774) |
| Cash generated from/(used in) operations | <u>17,270</u> | <u>(4,376)</u> |
| Net income tax paid | (1,653) | (1,381) |
| Interest received | 94 | 181 |
| Net cash generated from/(used in) operating activities | <u>15,711</u> | <u>(5,576)</u> |
| Cash flows from investing activities | | |
| Acquisition of property, plant and equipment | (17,151) | (793) |
| Acquisition of subsidiaries, net of cash acquired | (297) | - |
| Proceeds from disposal of property, plant and equipment | 105 | 384 |
| Net cash used in investing activities | <u>(17,343)</u> | <u>(409)</u> |
| Cash flows from financing activities | | |
| Proceeds from issuance of shares | 703 | 1 |
| Net cash generated from financing activities | <u>703</u> | <u>1</u> |
| Net decrease in cash and cash equivalents | (929) | (5,984) |
| Cash and cash equivalents at the beginning of period | <u>16,554</u> | <u>25,815</u> |
| Cash and cash equivalents at the end of period (Note 1) | <u><u>15,625</u></u> | <u><u>19,831</u></u> |

Note 1

| | RM'000 | RM'000 |
|--|---------------|---------------|
| Cash and bank balances | 6,684 | 5,625 |
| Highly liquid investment with non-bank financial institution | 8,941 | 14,206 |
| | <u>15,625</u> | <u>19,831</u> |

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2021 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

The interim financial statements should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2021 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 2021.

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 2021 except for the adoption of the following Amendments to MFRSs:-

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018–2020)
- Amendments to MFRS 3, Business Combinations – Reference to the Conceptual Framework
- Amendments to MFRS 9, Financial Instruments (Annual Improvements to MFRS Standards 2018–2020)
- Amendments to Illustrative Examples accompanying MFRS 16, Leases (Annual Improvements to MFRS Standards 2018–2020)
- 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 (Annual Improvements to MFRS Standards 2018–2020)

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 2023

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 17, Insurance Contracts – Initial application of MFRS 17 and MFRS 9 – Comparative Information
- Amendments to MFRS 101, Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and 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

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)

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 2021 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 except as follows:-

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

| Month of allotment | No. of warrant exercised | Balance warrants outstanding* |
|--------------------|--------------------------|-------------------------------|
| Balance b/f | - | 120,487,240 |
| January | 2,000 | 120,485,240 |
| September | 1,150,500 | 119,334,740 |

* 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 30 September 2022, the total number of issued shares of the Company was 242,164,480 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 proposed or paid.

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 September 2022 is as follows:-

| | Wooden Picture Frame Mouldings 30.09.2022 RM'000 | Other Timber Products 30.09.2022 RM'000 | Property Holding 30.09.2022 RM'000 | Total Current Year To Date 30.09.2022 RM'000 | Other Non-reportable Segments 30.09.2022 RM'000 | Elimination of Inter-segment Transactions or Balances 30.09.2022 RM'000 | Consolidated Total 30.09.2022 RM'000 |
|-------------------------------|--|---|---|--|---|--|---|
| Segment Profit/ (loss) | 13,234 | (136) | 2,374 | 15,472 | 3,992 | 0 (4,623) | 14,841 |

Included in the measure of segment profit are:

| | | | | | | | |
|---------------------------------|--------|-------|-------|--------|----|---------|--------|
| Revenue from external customers | 59,812 | 1,351 | - | 61,163 | - | - | 61,163 |
| Inter-segment revenue | - | - | 3,709 | 3,709 | - | (3,709) | - |
| Depreciation | 1,396 | 132 | 380 | 1,908 | 1 | - | 1,909 |
| Finance Income | 46 | 11 | 3 | 60 | 34 | - | 94 |
| Tax Expense | 2,064 | (41) | 764 | 2,787 | 1 | - | 2,788 |

Segment Assets

| | | | | | | | |
|--|--------|-------|--------|---------|--------|----------|---------|
| | 74,038 | 2,152 | 39,868 | 116,058 | 71,685 | (21,758) | 165,985 |
|--|--------|-------|--------|---------|--------|----------|---------|

Included in the measure of segment assets are:

| | | | | | | | |
|--|--------|---|-----|--------|---|---|--------|
| Additions to non-current assets other than financial instruments and deferred tax assets | 19,203 | - | 124 | 19,327 | 4 | - | 19,331 |
|--|--------|---|-----|--------|---|---|--------|

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 September 2022 and financial year to date including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinued operation, except as follows:-

On 18 November 2021, CSCENIC entered into a Shares Sale Agreement to acquire 496,000 ordinary shares of Hock Hoe Hin Forest Produce Sdn Bhd ('HHH'), representing 100% of the equity interest in HHH, for a total cash consideration of RM300,000. The acquisition was completed on 12 January 2022. HHH is principally engaged as a sawmill contractor. Consequent thereto, HHH became a wholly owned subsidiary of CSCENIC.

The acquired subsidiary has not contributed revenue and profit to the Group for the financial year to date.

The assets and liabilities arising from the acquisition are as follow:-

| | | |
|---------------------------------------|--------|-----|
| Current assets | RM'000 | 9 |
| Current liabilities | | 8 |
| Net assets acquired | | 1 |
| Goodwill on acquisition | | 299 |
| Consideration paid, satisfied by cash | | 300 |

A11. Capital Commitments Outstanding Not Provided in The Interim Financial Report

| | | |
|---------------------------------|------------|-------|
| Capital expenditure commitments | As at | |
| Property, plant and equipment | 30.09.2022 | |
| Approved and contracted for | RM'000 | 2,217 |

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 3rd Quarter | | Changes | | Cumulative Period | | Changes | |
|--|---|--|------------|--------|---|--|------------|--------|
| | Current Year Quarter Ended 30.09.2022 | Preceding Year Corresponding Quarter Ended 30.09.2021 | | | Current Year To Date Ended 30.09.2022 | Preceding Year Corresponding Quarter Ended 30.09.2021 | | |
| | RM'million | RM'million | RM'million | % | RM'million | RM'million | RM'million | % |
| Revenue | 23.5 | 4.1 | 19.4 | 473.2% | 61.2 | 30.9 | 30.3 | 98.1% |
| Gross profit | 10.3 | 1.0 | 9.3 | 930.0% | 25.1 | 10.2 | 14.9 | 146.1% |
| Profit before tax | 7.2 | (0.9) | 8.1 | 900.0% | 17.6 | 4.3 | 13.3 | 309.3% |
| Profit after tax | 6.1 | (0.8) | 6.9 | 862.5% | 14.8 | 3.0 | 11.8 | 393.3% |
| Profit attributable to Owners of the Company | 6.1 | (0.8) | 6.9 | 862.5% | 14.8 | 3.0 | 11.8 | 393.3% |

The Group registered a revenue of RM23.5 million for the current quarter ended 30 September 2022, an increase of RM19.4 million or 473.2% compared to RM4.1 million in the preceding year corresponding quarter ended 30 September 2021 mainly attributable to higher export volume of wooden picture frames and mouldings and also low base effect in third quarter of 2021 as a result of the implementation of the Full Movement Control Order ("FMCO"). The higher export sales revenue, higher production cost efficiencies and the strengthening of the US Dollars were the main contributors to the Group's improved gross profit margin of 43.8% as compared to 24.4% in the third quarter ended 30 September 2021. The Group's profit before tax climbed to RM7.2 million, an increase of RM8.1 million or 900.0% compared to the loss before tax of RM0.8 million in the preceding year corresponding quarter ended 30 September 2021 mainly attributable to higher export sales revenue, higher production cost efficiencies and the strengthening of the US Dollars.

For the nine months ended 30 September 2022, the Group's revenue recorded at RM61.2 million, a surge by RM30.3 million or 98.1% compared to the preceding year corresponding period of RM30.9 million mainly attributable to higher export revenue from wooden picture frames and mouldings. The Group's profit before tax was RM17.6 million, up by RM13.3 million or 309.3% as compared to the preceding year corresponding period ended 30 September 2021 mainly due to the higher export sales revenue amid export volume surged and the strengthening of US Dollars.

The Group is primarily involved in the manufacturing and sale of wooden picture frames and mouldings 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 30.09.2022 | Immediate Preceding Quarter 30.06.2022 | Changes | |
|--|---|---|------------|-------|
| | RM'million | RM'million | RM'million | % |
| Revenue | 23.5 | 22.9 | 0.6 | 2.6% |
| Gross profit | 10.3 | 9.1 | 1.2 | 13.2% |
| Profit before tax | 7.2 | 6.6 | 0.6 | 9.1% |
| Profit after tax | 6.1 | 5.5 | 0.6 | 10.9% |
| Profit attributable to Owners of the Company | 6.1 | 5.5 | 0.6 | 10.9% |

The Group's current quarter revenue registered at RM23.5 million, an increase of RM0.6 million or 2.6% compared to RM22.9 million in the immediate preceding quarter ended 30 June 2022 mainly due to higher export sales revenue from wooden picture frames and mouldings and the strengthening of US Dollars. The Group's profit before tax for the current quarter was RM7.2 million, an increase of RM0.6 million or 9.1% compared to RM6.6 million in the preceding quarter ended 30 June 2022 mainly attributable to the reasons as explained above.

B3. Current Year Prospects

With the easing of the USA's CPI rate in October 2022, it raises hopes that the USA inflation has peaked and sheds some light on the Federal Reserve ("Fed") to slow its pace of interest rate hikes. Coupled with the resilient USA labour market with low unemployment rate would likely drive consumer spending on non-interest-rate-sensitive items which would bode well for the Group. Nevertheless, the Russia-Ukraine war and geopolitical fragility would weigh on the global economy and pose immense challenges to the Group. Despite the headwinds that lie before us, the Group would actively seek all possible avenues and resources to weather the challenges. Barring any unforeseen circumstances, we expect to perform satisfactorily for the financial year ending 31 December 2022.

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 year ending 31 December 2022.

B5. Variance of Actual and Forecast Profit

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

B6. Taxation

| | Preceding Year | | Preceding Year | |
|---|----------------|---------------|----------------|---------------|
| | Current Year | Corresponding | Current Year | Corresponding |
| | Quarter | Quarter | To Date | Period |
| | 30.09.2022 | 30.09.2021 | 30.09.2022 | 30.09.2021 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Current tax expense | | | | |
| - current | 1,630 | (74) | 2,641 | 1,411 |
| - prior year | (588) | - | (588) | - |
| Deferred tax expense | | | | |
| Origination and reversal of temporary differences | | | | |
| - current | (120) | (21) | 550 | (91) |
| - prior year | 185 | - | 185 | - |
| | <u>1,107</u> | <u>(95)</u> | <u>2,788</u> | <u>1,320</u> |

The effective tax rate for the quarter under review and financial year to date was 15% and 16% respectively. The effective tax rates were lower than the statutory rate of 24% mainly due to the claims of reinvestment allowances on the property, plant and machineries.

B7. Status of Corporate Proposal

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

On 8 October 2021, the Company announced the proposal to undertake a private placement of up to 48,200,100 new ordinary shares, representing not more than 20% of the issued ordinary shares of the Company ("proposed private placement"), at an issue price to be determined and fixed at a later date. Bursa Securities had approved the listing of and quotation for up to 48,200,100 Placement Shares on the Main Market of Bursa Securities on 3 November 2021. Bursa Securities had vide its letter dated 29 April 2022 resolved to grant the Company an extension of time of 6 months until 1 November 2022 to complete the implementation of the Private Placement. The Private Placement had lapsed on 1 November 2022. Please refer to the Company's announcements to Bursa Securities dated 8 October 2021, 18 October 2021, 1 November 2021, 3 November 2021, 29 April 2022 and 1 November 2022 for further details of the Proposed Private Placement.

B8. Group Borrowings and Debt Securities

As at 30 September 2022, the Group does not have any bank borrowings.

B9. Derivative Financial Instruments

As at 30 September 2022, the Group has the following outstanding derivatives financial instruments:-

| Currency Forward Contracts | Principal or Notional Amount | Fair value | |
|----------------------------|------------------------------|------------|--------------|
| | | Assets | Liabilities |
| | | RM'000 | RM'000 |
| - Less than 1 year | <u>7,414</u> | <u>-</u> | <u>(441)</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 RM441,000 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 2021, 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 and financial year to date.

B12. Basis of Calculation of Earnings Per Share

| | Preceding Year | | Preceding Year | |
|---|---------------------------------------|--|---------------------------------------|---------------------------------------|
| | Current Year Quarter 30.09.2022 | Corresponding Quarter 30.09.2021 | Current Year To Date 30.09.2022 | Corresponding Period 30.09.2021 |
| Basic earnings per share | | | | |
| Net profit attributable to equity holders (RM'000) | 6,120 | (796) | 14,841 | 3,028 |
| Weighted average number of ordinary shares of RM0.50 each in issue ('000) | 241,389 | 241,000 | 241,140 | 241,000 |
| Basic Earnings/(Loss) Per Share (sen) | 2.54 | (0.33) | 6.15 | 1.26 |
| Diluted earnings per share | | | | |
| Net profit attributable to equity holders (RM'000) | 6,120 | (796) | 14,841 | 3,028 |
| Weighted average number of ordinary shares (basic) | 241,389 | 241,000 | 241,140 | 241,000 |
| Effect of warrant issue | 22,797 | 16,236 | 22,797 | 16,236 |
| Weighted average number of ordinary shares (diluted) | 264,186 | 257,236 | 263,937 | 257,236 |
| Diluted Basic Earnings/(Loss) Per Share (sen) | 2.32 | (0.31) | 5.62 | 1.18 |

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.

B13. Profit for the Period

| | Preceding Year | | Preceding Year | |
|---|---|--|---|---|
| | Current Year Quarter 30.09.2022 RM'000 | Corresponding Quarter 30.09.2021 RM'000 | Current Year To Date 30.09.2022 RM'000 | Corresponding Period 30.09.2021 RM'000 |
| Profit and total comprehensive income for the period is arrived at after crediting/(charging): | | | | |
| Interest income | 59 | 114 | 94 | 181 |
| Depreciation of property, plant and equipment | (701) | (410) | (1,909) | (1,253) |
| (Loss)/gain on foreign exchange | (1,300) | (56) | (981) | 115 |
| Gain/(loss) on derivatives | 1,227 | (77) | 649 | (232) |
| (Loss)/gain on disposal of property, plant and equipment | (156) | 30 | (167) | 30 |
| Impairment loss on other receivable | - | - | - | (311) |

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