

**INTERIM FINANCIAL STATEMENTS**

**Condensed Consolidated Statement of Comprehensive Income**  
**For the Second Quarter Ended 30 June 2022**

(The figures have not been audited)

	INDIVIDUAL QUARTER 3 MONTHS ENDED		CUMULATIVE QUARTER 6 MONTHS ENDED	
	CURRENT YEAR	PRECEDING YEAR	CURRENT YEAR	PRECEDING YEAR
	QUARTER	CORRESPONDING	PERIOD	CORRESPONDING
	30 June 2022 RM'000	QUARTER 30 June 2021 RM'000	TO-DATE 30 June 2022 RM'000	PERIOD TO-DATE 30 June 2021 RM'000
<b>Revenue</b>	330,111	213,313	649,436	446,528
Cost of sales	(240,457)	(177,446)	(480,431)	(370,025)
<b>Gross Profit</b>	89,654	35,867	169,005	76,503
Other operating income	3,368	2,438	5,013	5,533
Selling & administrative expenses	(68,681)	(32,125)	(126,385)	(62,624)
Finance costs	(1,214)	(1,605)	(2,429)	(3,418)
<b>Profit Before Tax</b>	23,127	4,575	45,204	15,994
Tax expense	(4,788)	(362)	(9,337)	(2,142)
<b>Net Profit For The Period</b>	18,339	4,213	35,867	13,852
Net profit attributable to: Owners of the Company	18,339	4,213	35,867	13,852
	18,339	4,213	35,867	13,852
Earnings per share (Note B 10 )				
- Basic (Sen)	2.17	0.50	4.24	1.64
- Diluted (Sen)	2.17	0.50	4.24	1.64

**The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements.**

**EVERGREEN FIBREBOARD BERHAD**  
**Registration No.: 199101006810 (217120-W)**  
(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS**

**Condensed Consolidated Statement of Comprehensive Income**  
**For the Second Quarter Ended 30 June 2022**  
(The figures have not been audited)

	INDIVIDUAL QUARTER 3 MONTHS ENDED		CUMULATIVE QUARTER 6 MONTHS ENDED	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR PERIOD TO-DATE	PRECEDING YEAR CORRESPONDING PERIOD TO-DATE
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	RM'000	RM'000	RM'000	RM'000
<b>Net Profit For The Period</b>	18,339	4,213	35,867	13,852
<b>Other comprehensive income</b>				
<i>Item that may be reclassified subsequently to profit or loss</i>				
Exchange differences on translation of foreign operations	(241)	(6,745)	4,237	(7,145)
<b>Other comprehensive income/(loss) net of tax</b>	(241)	(6,745)	4,237	(7,145)
Total comprehensive income for the period	18,098	(2,532)	40,104	6,707
Total comprehensive income attributable to: Owners of the Company	18,098	(2,532)	40,104	6,707
	18,098	(2,532)	40,104	6,707

**The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements.**

**EVERGREEN FIBREBOARD BERHAD**  
**Registration No.: 199101006810 (217120-W)**  
(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS**

**Condensed Consolidated Statement of Financial Position**

**As at 30 June 2022**

**(The figures have not been audited)**

	<b>As at 30 June 2022 RM'000 (Unaudited)</b>	<b>As at 31 December 2021 RM'000 (Audited)</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	840,864	863,195
Right-of-use assets	34,302	35,087
Biological assets	39,100	39,100
Goodwill	9,584	9,584
Other intangible asset	49	48
Deferred tax assets	5,151	5,151
	<u>929,050</u>	<u>952,165</u>
<b>Current assets</b>		
Inventories	242,775	222,318
Trade receivables	113,244	114,398
Other receivables, deposits & prepayments	23,792	27,885
Current tax assets	4,960	3,252
Cash and cash equivalents	152,696	101,823
	<u>537,467</u>	<u>469,676</u>
	<u><b>1,466,517</b></u>	<u><b>1,421,841</b></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the Parent</b>		
Share capital	344,749	344,749
Treasury shares	(1,087)	(483)
Retained earnings	651,199	615,332
Other reserves	82,130	77,893
<b>Total equity</b>	<u>1,076,991</u>	<u>1,037,491</u>
<b>Non-current liabilities</b>		
Deferred tax liabilities	28,622	31,197
Loans and borrowings	35,547	48,660
Lease liabilities	1,067	1,324
Retirement benefit obligations	16,309	15,832
	<u>81,545</u>	<u>97,013</u>
<b>Current liabilities</b>		
Trade payables	64,689	64,137
Other payables and accruals	74,413	87,004
Loans and borrowings	154,701	127,191
Lease liabilities	1,116	1,238
Current tax liabilities	13,062	7,767
	<u>307,981</u>	<u>287,337</u>
<b>Total liabilities</b>	<u>389,526</u>	<u>384,350</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><b>1,466,517</b></u>	<u><b>1,421,841</b></u>

<i>Net assets per share (RM) **</i>	1.27	1.23
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**\*\* Net assets per share is calculated based on Total assets (including intangibles) minus total liabilities divided by the total number of ordinary shares as at each reporting date.**

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

**EVERGREEN FIBREBOARD BERHAD**  
**Registration No.: 199101006810 (217120-W)**  
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**INTERIM FINANCIAL STATEMENTS**

**Condensed Consolidated Statement of Cash Flows**  
**For the Second Quarter Ended 30 June 2022**  
(The figures have not been audited)

	<b>30 June 2022 RM'000</b>	<b>30 June 2021 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	45,204	15,994
Adjustments for :-		
Depreciation and amortisation	35,738	35,715
Gain on disposal of property, plant and equipment	(1,337)	(595)
Impairment on property, plant and equipment	2,000	-
Interest income	(441)	(525)
Interest expense	2,429	3,418
Other non-cash items	984	(1,196)
Operating profit before changes in working capital	<u>84,577</u>	<u>52,811</u>
<b>Changes in working capital</b>		
Net Change in inventory	(20,458)	(19,031)
Net Change in trade and other receivables	5,247	24,876
Net Change in trade and other payables	(11,562)	(2,926)
Net cash flows used in	<u>57,804</u>	<u>55,730</u>
Interest paid	(2,429)	(3,418)
Income taxes paid	(8,444)	(2,467)
Net cash flows from operating activities	<u>46,931</u>	<u>49,844</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
- Purchase of property, plant and equipment	(11,616)	(10,780)
- Proceeds from disposal of property, plant and equipment	2,222	715
- Interest received	441	525
Net cash flows used in investing activities	<u>(8,953)</u>	<u>(9,540)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
- Purchase of treasury shares	(604)	-
- Draw down of borrowings	47,182	26,458
- Repayment of borrowings	(33,684)	(60,763)
Net cash flows from/(used in) financing activities	<u>12,894</u>	<u>(34,305)</u>
Net increase in Cash & Cash Equivalents	50,873	5,999
Cash and Cash Equivalents at the beginning of the financial period	101,823	122,472
Cash and Cash Equivalents at the end of the financial period	<u>152,696</u>	<u>128,471</u>

**The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements.**

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**INTERIM FINANCIAL STATEMENTS**

**Condensed Consolidated Statements of Changes in Equity**  
**For the Financial Period Ended 30 June 2022**  
(The figures have not been audited)

	-----Attributable to owners of the parent -----						Total RM'000	Total Equity RM'000
	----- Non-distributable -----			Distributable				
	Share Capital RM'000	Treasury Shares RM'000	Equity Transaction Reserve RM'000	Foreign Exchange Reserve RM'000	Retained Profits RM'000			
<b>6 months period ended 30 June 2022</b>								
<b>At 1 January 2022</b>	344,749	(483)	(1,892)	79,785	615,332	1,037,491	1,037,491	
Repurchase of treasury shares	-	(604)	-	-	-	(604)	(604)	
Total comprehensive income for the period	-	-	-	4,237	35,867	40,104	40,104	
<b>At 30 June 2022</b>	<b>344,749</b>	<b>(1,087)</b>	<b>(1,892)</b>	<b>84,022</b>	<b>651,199</b>	<b>1,076,991</b>	<b>1,076,991</b>	
<b>6 months period ended 30 June 2021</b>								
<b>At 1 January 2021</b>	344,749	(483)	(1,892)	97,893	581,253	1,021,520	1,021,520	
Total comprehensive income for the period	-	-	-	(7,145)	13,852	6,707	6,707	
<b>At 30 June 2021</b>	<b>344,749</b>	<b>(483)</b>	<b>(1,892)</b>	<b>90,748</b>	<b>595,105</b>	<b>1,028,227</b>	<b>1,028,227</b>	

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements.

# EVERGREEN FIBREBOARD BERHAD

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## ***EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2022***

### **A INFORMATION REQUIRED BY MFRS 134**

#### **1. *Basis of Preparation***

These condensed consolidated interim financial statements, for the period ended 30 June 2022, have been prepared in accordance with MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the Group's annual audited financial statements for the financial year ended 31 December 2021.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2021, except for the adoption of the Amendments to Standards and Issue Committee (IC) Interpretations effective as of 1 January 2022. The initial application of the accounting standards, interpretations or amendments that are effective from 1 January 2022 do not have any material financial impacts to the current and prior financial period of the Group.

<u>Amendments/Improvements to MFRSs</u>		Effective for financial periods <u>beginning on or after</u>
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2022 <sup>^</sup>
MFRS 3	Business Combinations	1 January 2022
MFRS 9	Financial Instruments	1 January 2022 <sup>^</sup>
MFRS 16	Leases	1 January 2022 <sup>^</sup>
MFRS 116	Property, Plant and Equipment	1 January 2022
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2022
MFRS 141	Agriculture	1 January 2022 <sup>^</sup>

<sup>^</sup> *The Annual Improvements to MFRS Standards 2018-2020*

#### **Standards issued but not yet effective**

At the date of authorization of these interim financial statements, the followings standards were issued but not yet effective and have not been applied by the Group:

<u>New MFRS</u>		Effective for financial periods <u>beginning on or after</u>
MFRS 17	Insurance Contracts	1 January 2023

# EVERGREEN FIBREBOARD BERHAD

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## ***EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2022***

<u>Amendments/Improvements to MFRSs</u>		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2023 <sup>#</sup>
MFRS 3	Business Combinations	1 January 2023 <sup>#</sup>
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2023 <sup>#</sup>
MFRS 7	Financial Instruments: Disclosures	1 January 2023 <sup>#</sup>
MFRS 9	Financial Instruments	1 January 2023 <sup>#</sup>
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 15	Revenue from Contracts with Customers	1 January 2023 <sup>#</sup>
MFRS 101	Presentation of Financial Statements	1 January 2023/ 1 January 2023 <sup>#</sup>
MFRS 107	Statements of Cash Flows	1 January 2023 <sup>#</sup>
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
MFRS 112	Income Taxes	1 January 2023
MFRS 116	Property, Plant and Equipment	1 January 2023 <sup>#</sup>
MFRS 119	Employee Benefits	1 January 2023 <sup>#</sup>
MFRS 128	Investments in Associates and Joint Ventures	Deferred/ 1 January 2023 <sup>#</sup>
MFRS 132	Financial instruments: Presentation	1 January 2023 <sup>#</sup>
MFRS 136	Impairment of Assets	1 January 2023 <sup>#</sup>
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2023 <sup>#</sup>
MFRS 138	Intangible Assets	1 January 2023 <sup>#</sup>
MFRS 140	Investment Property	1 January 2023 <sup>#</sup>

*# Amendments as to the consequence of effective of MFRS 17 Insurance Contracts*

The Group will adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are not expected to have material effect to the financial statements of the Group upon their initial application.

# **EVERGREEN FIBREBOARD BERHAD**

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## ***EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2022***

### ***2. Audit Report on Preceding Annual Financial Statements***

The auditors' report on the audited financial statements for the financial year ended 31 December 2021 was not subjected to any qualification.

### ***3. Seasonal or Cyclical Factors***

The Group's business operations are not affected by any major seasonal or cyclical factors.

### ***4. Unusual Items Due to their Nature, Size or Incidence***

There were no items affecting the assets, liabilities, equity, net income, or cash flows in the Group that are unusual because of their nature, size or incidence during the interim period.

### ***5. Changes in Estimates***

There are no other changes in estimates that has material effect in the current quarter results.

### ***6. Debt and Equity Securities***

There was no issuance, cancellation, resale of shares bought back and repayment of debt and equity security for the financial year other than the following: -

- (a) During the current year under review, the Company bought back a total of 935,200 of its issued and paid up shares from the open market at an average price of RM0.52 per share. Total consideration paid for the buy backs including transaction costs was RM486,409 and these buy backs were financed by internally generated funds. The total number of shares bought back as at the date of this report was 1,557,200 shares and the shares are being held as treasury shares in accordance with the requirement of Section 127 of the Companies Act 2016.

### ***7. Dividends Paid***

No dividend was paid during the 2<sup>nd</sup> quarter ended 30 June 2022.



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## ***EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2022***

### 8. *Profit before tax*

*Included in the profit before tax are the following items:*

	3 months ended		6 months ended	
	30 June		30 June	
	2022	2021	2022	2021
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Interest Income	(204)	(279)	(441)	(525)
Other income including investment income	(993)	(682)	(1,650)	(1,487)
Interest expense	1,214	1,605	2,429	3,418
Depreciation and amortisation	17,939	17,924	35,738	35,715
Provision for & write off of receivables	60	60	120	158
Gain on disposal of property, plant and equipment	(1,315)	(365)	(1,337)	(595)
Impairment of assets	1,000	-	2,000	-
Foreign exchange gain	(1,916)	(1,173)	(3,706)	(3,085)

### 9. *Segmental Information*

Segmental analysis is prepared based on the geographical location of the plant.

#### Segmental Revenue and Results

	3 months ended		3 months ended	
	30 June 2022		30 June 2021	
	Segment Revenue	Segment Profit before tax	Segment Revenue	Segment Profit/(Loss) before tax
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Malaysia	140,241	873	91,068	(1,925)
Thailand	159,738	19,866	103,003	4,215
Others	30,132	2,388	19,242	2,285
	<u>330,111</u>	<u>23,127</u>	<u>213,313</u>	<u>4,575</u>

# EVERGREEN FIBREBOARD BERHAD

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## ***EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2022***

	6 months ended 30 June 2022		6 months ended 30 June 2021	
	Segment Revenue	Segment Profit/(Loss) before tax	Segment Revenue	Segment Profit before tax
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Malaysia	269,528	(217)	227,645	9,481
Thailand	327,062	40,124	177,083	1,247
Others	52,846	5,297	41,800	5,266
	<u>649,436</u>	<u>45,204</u>	<u>446,528</u>	<u>15,994</u>

### 10. ***Valuation of Investment and Property, Plant and Equipment***

No valuation was conducted during the period on the Group's property, plant and equipment.

### 11. ***Subsequent Events***

No material events have arisen subsequent to the Balance Sheet date that requires disclosure or adjustment to the unaudited condensed interim financial statements.

### 12. ***Changes in Composition of the Group***

There were no material changes in the composition of the Group during the current financial quarter.

### 13. ***Contingent Liabilities***

As at the date of this announcement, there were no material contingent liabilities incurred by the Group which, upon becoming enforceable, may have a material impact on the financial position of the Group.

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## ***EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2022***

### 14. *Capital commitments*

The amount of commitments for the purchase of property, plant and equipment not provided for in the interim financial statements as at 30 June 2022 are as follows:

	<u>RM'000</u>
Approved and contracted for	7,957
Approved but not contracted for	<u>11,964</u>
	<u>19,921</u>

### 15. *Significant Related Party Transactions*

Transactions that have been entered into are in the normal course of business and have been established under mutually agreed terms that are not materially different from those obtainable in transactions with unrelated parties. However, no such transactions arise.

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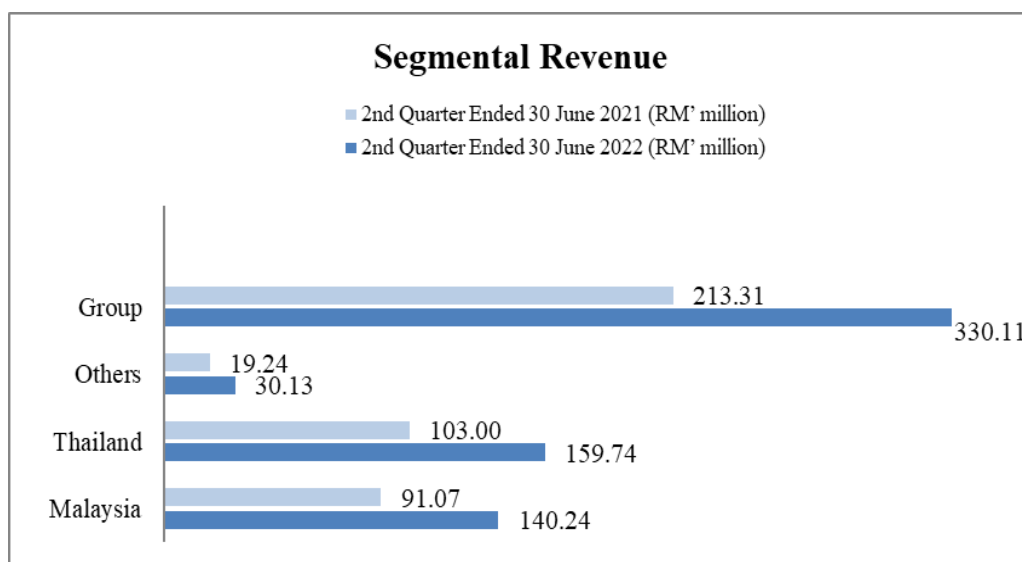
## ***EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2022***

### **B ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

#### **1 Performance Review**

	3 months ended		Changes %	6 months ended		Changes %
	30 June 2022 (RM'000)	30 June 2021 (RM'000)		30 June 2022 (RM'000)	30 June 2021 (RM'000)	
Revenue	330,111	213,313	54.8%	649,436	466,528	39.2%
Operating Profit	89,654	35,867	150.0%	169,005	76,503	120.9%
Profit/(Loss) Before Interest and Tax	24,341	6,180	293.9%	47,633	19,412	145.4%
Profit/(Loss) Before Tax	23,127	4,575	405.5%	45,204	15,994	182.6%
Profit/(Loss) After Tax	18,339	4,213	335.3%	35,867	13,852	158.9%
Profit/(Loss) Attributable to Owners of the Company	18,339	4,213	335.3%	35,867	13,852	158.9%

#### **Segmental Revenue and Results – for 2<sup>nd</sup> Quarter Ended 30/6/2021 vs 30/6/2022**

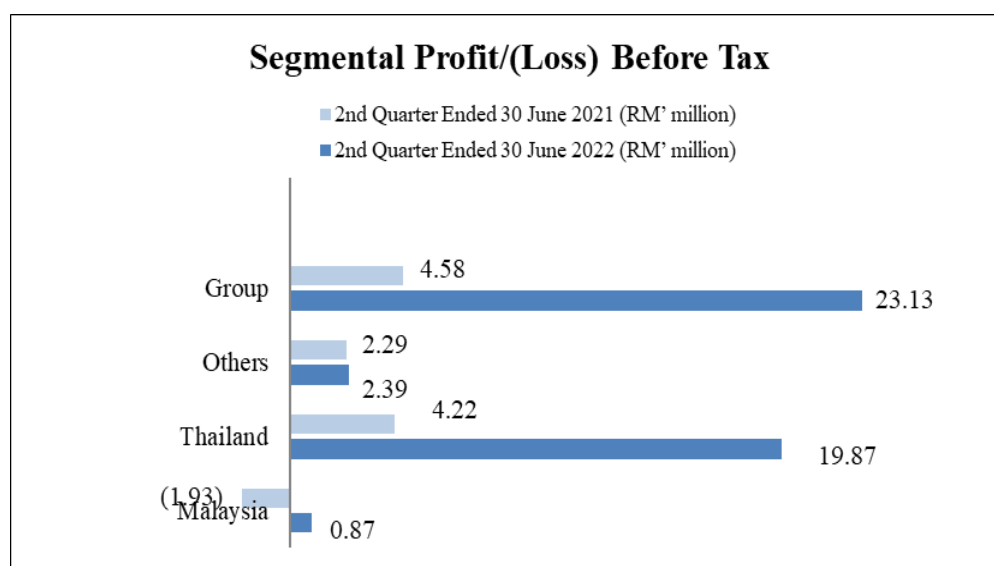


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## ***EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2022***



### **Malaysia segment**

The Malaysia segment's revenue for the quarter ended 30 June 2022 increased by 54.0% or RM49.17 million to RM140.24 million from RM91.07 million recorded in the preceding year corresponding quarter. The increase in revenue was mainly contributed from higher sales volume and average selling price from panel boards as well as downstream products.

Profit before tax was reported at RM0.87 million for the quarter ended 30 June 2022 as compared to loss before tax of RM1.93 million recorded in the corresponding quarter of the preceding year. Despite the increase in raw material cost, the increase in profit before tax was mainly resulted from higher average selling price and foreign exchange gain being recorded in the current quarter.

### **Thailand segment**

The Thailand segment's revenue for the quarter ended 30 June 2022 increased by 55.1% or RM56.74 million to RM159.74 million from RM103.00 million recorded in the preceding year corresponding quarter. The increase in revenue was due to both higher average selling price and sales volume.

Profit before tax for the quarter ended 30 June 2022 increased by RM15.65 million to RM19.87 million from RM4.22 million recorded in the corresponding quarter of the preceding year. Despite the increase in raw material cost, the increase in profit before tax was mainly contributed from higher margin resulted from higher average selling prices and higher foreign exchange gain.

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## ***EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2022***

### **Others segment**

The Others segment's revenue for the quarter ended 30 June 2022 increased by 56.6% or RM10.89 million to RM30.13 million from RM19.24 million recorded in the preceding year corresponding quarter. The increase in revenue was due to both higher average selling price and sales volume.

Profit before tax for the quarter ended 30 June 2022 is comparable to the profit before tax recorded in the corresponding quarter of the preceding year despite recording a lower foreign exchange gain.

### **Consolidated**

The Group's revenue for the quarter ended 30 June 2022 increased by 54.8% or RM116.80 million to RM330.11 million from RM213.31 million recorded in the preceding year corresponding quarter. The increase in revenue was mainly contributed from higher average selling price and sales volume from all major category of products.

Profit before tax for the quarter ended 30 June 2022 increased by RM18.55 million to RM23.13 million from RM4.58 million recorded in the corresponding quarter of the preceding year. Despite higher raw material cost, the higher profit was mainly contributed from higher margin resulted from higher average selling prices and higher foreign exchange gain.

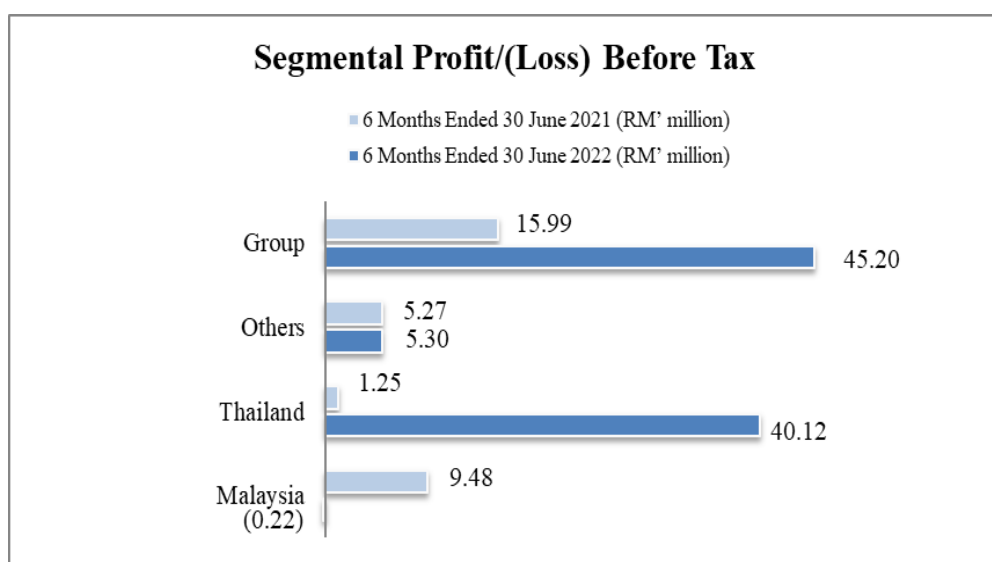
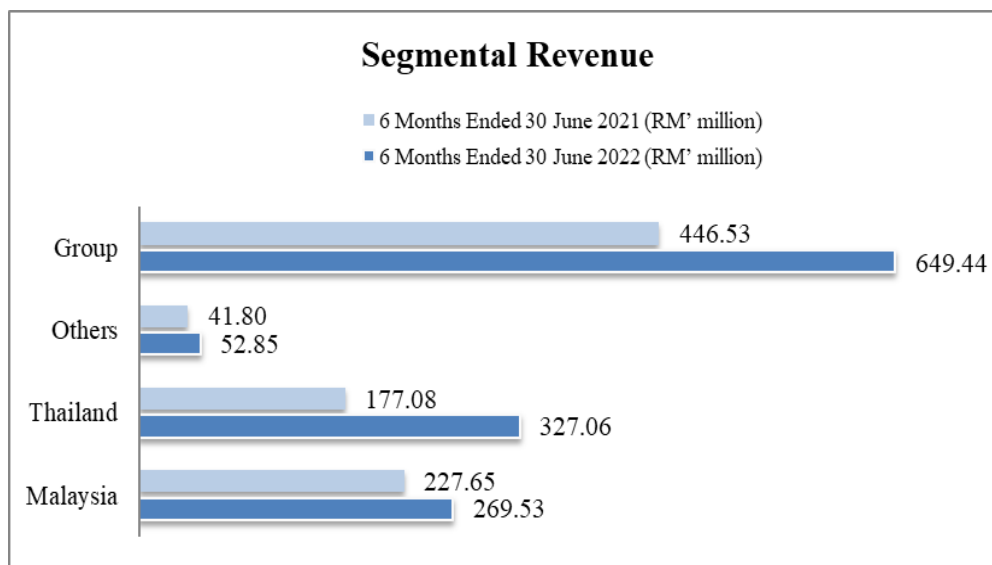
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## ***EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2022***

### **Segmental Revenue and Results – for 6 Months Ended 30/06/2021 vs 30/06/2022**



#### **Malaysia segment**

For the current year to date, the Malaysia segment's revenue has increased by 18.4% to RM269.53 million, as compared to the revenue of RM227.65 million for the corresponding period last year. The increase in revenue was mainly contributed from higher average selling price from panel boards and downstream products.

Loss before tax was reported at RM0.22 million for the current year to date, as compared to a profit before tax of RM9.48 million recorded in the corresponding period last year. The loss before tax was mainly due to higher glue and wood cost as a result of labor force shortage in the wood extraction industry. This was partially mitigated by the higher average selling prices.

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## ***EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2022***

### **Thailand segment**

For the current year to date, the Thailand segment's revenue was RM327.06 million, with an increase of 84.7% or RM149.98 million, as compared to the revenue of RM177.08 million for the corresponding period last year. The increase in revenue was due to both higher average selling price and sales volume.

For the current year to date, profit before tax was reported at RM40.12 million, as compared to a profit before tax of RM1.25 million recorded in the corresponding period last year. Despite the increase in raw material cost, the increase in profit before tax was mainly contributed from higher margin resulted from higher average selling prices and higher foreign exchange gain.

### **Others Segment**

For the current year to date, on Other segment's revenue, has increased by 26.4% to RM52.85 million, as compared to the revenue of RM41.80 million for the corresponding period last year. The increase in revenue was mainly attributable to higher average selling price despite lower sales volume.

Profit before tax for the current year to date is similarly comparable to the profit before tax recorded in the corresponding period last year despite recording a lower foreign exchange gain.

### **Consolidated profit before tax**

For the current year to date, the Group's revenue has increased by 45.4% or RM202.91 million to RM649.44 million, as compared to RM446.53 million for the corresponding period last year. The increase in revenue was mainly contributed from higher average selling price and sales volume from panel boards and downstream products.

Profit before tax was reported at RM45.20 million for the current year to date, as compared to a profit before tax of RM15.99 million recorded in the corresponding period last year. The increase in profit before tax was mainly contributed from higher average of selling price from panel boards and downstream products and higher foreign exchange gain recorded in the current year to date.



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### **2 *Comment on Material Change in Profit Before Taxation Against Preceding Quarter***

	Current Quarter 30-Jun-22 <u>RM'000</u>	Immediate Preceding Quarter 31-Mar-22 <u>RM'000</u>	Changes <u>%</u>
Revenue	330,111	319,325	3.4%
Operating Profit	89,654	79,351	13.0%
Profit/(Loss) Before Interest and Tax	24,341	23,292	4.5%
Profit/(Loss) Before Tax	23,127	22,077	4.8%
Profit/(Loss) After Tax	18,339	17,528	4.6%
Profit/(Loss) Attributable to Owners of the Company	18,339	17,528	4.6%

The current quarter revenue increased by 3.4% or RM10.79 million to RM330.11 million, as compared to RM319.33 million recorded in the preceding quarter. The increase in revenue was mainly contributed by higher average selling price.

The Group's profit before tax was reported at RM23.13 million for the current quarter, compared to RM22.08 million recorded in the preceding quarter. The increase in profit before tax was mainly due to higher margin from higher average selling prices and higher foreign exchange gain being recorded in the current quarter.

### **3 *Profit Forecast or Profit Guarantee***

Not applicable as the Group did not issue any Profit Forecast or Profit Guarantee.

### **4 *Commentary of Prospects***

The first half of 2022 has been challenging for most economies. Just as the world economy was enjoying resurgence after the Covid19 lockdowns, the Russia Ukraine war caused major disruptions in the energy, food and logistics segment. US China tensions also escalated, causing further uncertainties. Central banks in major economies have aggressively raised interest rate to combat surging inflation.

Closer to home, Malaysia's industries faced severe labor supply shortage as foreign workers slowly trickled in. A series of floods which together with labor shortage further disrupted local supply chains especially in terms of wood supply. Industries in Malaysia were also saddled with higher business costs with the drastic increases in minimum wages and electricity surcharges. Such local challenges are the reason why the Malaysian sector has under-performed relative to the other countries that the Group also operates in. The Group is finalizing plans to mitigate such challenges in Malaysia.

Nonetheless, the Group has achieved positive and improved results in the first half of 2022, compared to the same period in 2021. With our diversified base of operations in Malaysia, Thailand and Indonesia as well as having multiple income

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streams from raw boards to downstream, the Group manages to draw on the strengths of each country and market segment to mitigate the shortcomings. The Group is also seeing the benefits from expanding its downstream activities and from past investment in automation and cost restructuring which has resulted in more contributions from downstream as well as a leaner cost structure. The improvement in market demand for furniture has also been capitalized by the Group with improvement in average selling prices.

The second half of 2022 looks to be challenging as well with economists forecasting recessions in various countries such as the USA. Most of the issues faced by the Group are external and industry-wide, nonetheless, with a stronger foundation, the Group is in a better position than last year to weather through and to emerge stronger when the supply chain issues and inflationary pressures subside and the world economy resumes its upward growth.

### **5 *Tax Expense***

Major Components of tax expense

	3 months ended		6 months ended	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Current tax expense	6,698	1,006	12,042	3,422
Deferred tax expense	(1,910)	(644)	(2,705)	(1,280)
	<u>4,788</u>	<u>362</u>	<u>9,337</u>	<u>2,142</u>

The effective tax rate of the Group for the current quarter is lower than the statutory rate mainly due to tax benefits carried forward from some companies in the Group.

### **6 *Status of Corporate Proposal Announced***

There was no outstanding corporate proposal as at the date of this report.

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### **7 Borrowings and Debt Securities**

The Group's borrowings are as follows: -

Denominated	As at 30 June 2022				
	In RM	In Baht	In USD	In Euro and Others	Total
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<b>Short Term Borrowings:</b>					
<u>Secured</u>					
Trade facilities	-	37,380	-	-	37,380
Term loans	4,609	-	9,713	-	14,322
Lease liabilities	20	-	-	81	101
<u>Unsecured</u>					
Trade facilities	88,845	-	5,728	-	94,573
Term Loans	2,000	-	-	6,427	8,427
Lease liabilities	1,014	-	-	-	1,014
	<u>96,488</u>	<u>37,380</u>	<u>15,441</u>	<u>6,508</u>	<u>155,817</u>
<b>Long Term Borrowings:</b>					
<u>Secured</u>					
Term loans	8,165	-	11,200	-	19,365
Lease liabilities	-	-	-	108	108
<u>Unsecured</u>					
Term Loans	-	-	-	16,182	16,182
Lease liabilities	959	-	-	-	959
	<u>9,124</u>	<u>-</u>	<u>11,200</u>	<u>16,290</u>	<u>36,614</u>
Total	<u>105,612</u>	<u>37,380</u>	<u>26,641</u>	<u>22,798</u>	<u>192,431</u>

Exchange rate RM to USD1.00	4.4060
Exchange rate RM to THB1.00	0.1246
Exchange rate RM to EUR1.00	4.6140
Exchange rate RM to SGD1.00	3.1684

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As at 30 June 2021

Denominated	In RM	In Baht	In USD	In Euro and Others	Total
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<b>Short Term Borrowings:</b>					
<u>Secured</u>					
Trade facilities	-	45,395	-	-	45,395
Term loans	7,609	-	8,453	-	16,062
Lease liabilities	25	-	-	151	176
<u>Unsecured</u>					
Trade facilities	96,570	-	8,117	-	104,687
Term Loans	-	-	-	6,907	6,907
Lease liabilities	1,097	10	-	-	1,107
	<u>105,301</u>	<u>45,405</u>	<u>16,570</u>	<u>7,058</u>	<u>174,334</u>
<b>Long Term Borrowings:</b>					
<u>Secured</u>					
Term loans	11,645	-	17,464	-	29,109
Lease liabilities	6	-	-	189	195
<u>Unsecured</u>					
Term Loans	-	-	-	24,176	24,176
Lease liabilities	1,902	-	-	-	1,902
	<u>13,553</u>	<u>-</u>	<u>17,464</u>	<u>24,365</u>	<u>55,382</u>
Total	<u>118,854</u>	<u>45,405</u>	<u>34,034</u>	<u>31,423</u>	<u>229,716</u>

Exchange rate RM to USD1.00	4.1555
Exchange rate RM to THB1.00	0.1297
Exchange rate RM to EUR1.00	4.9239
Exchange rate RM to SGD1.00	3.0876

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### 8 ***Changes in Material Litigation***

There was no material litigation pending as at 15 August 2022.

### 9 ***Dividend Payable***

The Board of Directors does not recommend any interim dividend for the current quarter under review.

Record of dividends declared and approved in respect of financial year ended 31 December 2021 is as follows:

Financial Year Ended	Date Declared and Approved	Type of Dividend	Dividend Rate	Amount to be Paid (RM)	Payment Date
2021	30 May 2022	Final single tier dividend	1.5 sen /share	RM12.67 million	18 August 2022

### 10 ***Earnings Per Share***

#### a. **Basic**

Basic earnings per share is calculated by dividing the net profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares in issue during the period.

	3 months ended		6 months ended	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
Net profit/(loss) for the period attributable to owners of the Parent (RM'000)	18,339	4,213	35,867	13,852
Weighted average number of ordinary shares in issue ('000)	845,439	845,802	845,439	845,802
Basic EPS (sen)	2.17	0.50	4.24	1.64

#### b. **Diluted**

No diluted earnings per share is calculated as there is no potential dilution of ordinary share.