

INTERIM FINANCIAL STATEMENTS

Condensed Consolidated Statement of Comprehensive Income
For the Third Quarter Ended 30 September 2022

(The figures have not been audited)

	INDIVIDUAL QUARTER 3 MONTHS ENDED		CUMULATIVE QUARTER 9 MONTHS ENDED	
	CURRENT YEAR QUARTER 30 September 2022 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30 September 2021 RM'000	CURRENT YEAR PERIOD TO-DATE 30 September 2022 RM'000	PRECEDING YEAR CORRESPONDING PERIOD TO-DATE 30 September 2021 RM'000
Revenue	253,532	201,028	902,968	647,556
Cost of sales	(193,014)	(150,137)	(673,445)	(520,162)
Gross Profit	60,518	50,891	229,523	127,394
Other operating income	8,587	3,566	13,600	9,099
Selling & administrative expenses	(48,137)	(44,691)	(174,522)	(107,315)
Finance costs	(1,431)	(1,467)	(3,860)	(4,885)
Profit Before Tax	19,537	8,299	64,741	24,293
Tax expense	(4,334)	(3,011)	(13,671)	(5,153)
Net Profit For The Period	15,203	5,288	51,070	19,140
Net profit attributable to: Owners of the Company	15,203	5,288	51,070	19,140
	15,203	5,288	51,070	19,140
Earnings per share (Note B 10)				
- Basic (Sen)	1.80	0.63	6.04	2.26
- Diluted (Sen)	1.80	0.63	6.04	2.26

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.

INTERIM FINANCIAL STATEMENTS

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

	INDIVIDUAL QUARTER 3 MONTHS ENDED		CUMULATIVE QUARTER 9 MONTHS ENDED	
	CURRENT YEAR QUARTER 30 September 2022 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30 September 2021 RM'000	CURRENT YEAR PERIOD TO-DATE 30 September 2022 RM'000	PRECEDING YEAR CORRESPONDING PERIOD TO-DATE 30 September 2021 RM'000
Net Profit For The Period	15,203	5,288	51,070	19,140
Other comprehensive income				
<i>Item that may be reclassified subsequently to profit or loss</i>				
Exchange differences on translation of foreign operations	28	(12,568)	4,265	(19,713)
Other comprehensive income/(loss) net of tax	28	(12,568)	4,265	(19,713)
Total comprehensive income for the period	15,231	(7,280)	55,335	(573)
Total comprehensive income attributable to: Owners of the Company	15,231	(7,280)	55,335	(573)
	15,231	(7,280)	55,335	(573)

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 September 2022

(The figures have not been audited)

	As at 30 September 2022 RM'000 (Unaudited)	As at 31 December 2021 RM'000 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	826,790	863,195
Right-of-use assets	33,953	35,087
Biological assets	39,103	39,100
Goodwill	9,584	9,584
Other intangible asset	46	48
Deferred tax assets	5,151	5,151
	<u>914,627</u>	<u>952,165</u>
Current assets		
Inventories	263,858	222,318
Trade receivables	120,853	114,398
Other receivables, deposits & prepayments	26,978	27,885
Current tax assets	6,543	3,252
Cash and cash equivalents	116,023	101,823
	<u>534,255</u>	<u>469,676</u>
	<u>1,448,882</u>	<u>1,421,841</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Parent		
Share capital	344,749	344,749
Treasury shares	(1,087)	(483)
Retained earnings	653,732	615,332
Other reserves	82,158	77,893
Total equity	<u>1,079,552</u>	<u>1,037,491</u>
Non-current liabilities		
Deferred tax liabilities	27,622	31,197
Loans and borrowings	70,948	48,660
Lease liabilities	875	1,324
Retirement benefit obligations	16,487	15,832
	<u>115,932</u>	<u>97,013</u>
Current liabilities		
Trade payables	57,505	64,137
Other payables and accruals	61,322	87,004
Loans and borrowings	119,915	127,191
Lease liabilities	1,122	1,238
Current tax liabilities	13,534	7,767
	<u>253,398</u>	<u>287,337</u>
Total liabilities	<u>369,330</u>	<u>384,350</u>
TOTAL EQUITY AND LIABILITIES	<u>1,448,882</u>	<u>1,421,841</u>

<i>Net assets per share (RM) **</i>	1.28	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 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 Third Quarter Ended 30 September 2022
(The figures have not been audited)

	30 September 2022 RM'000	30 September 2021 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	64,741	24,293
Adjustments for :-		
Depreciation and amortisation	54,926	53,733
Gain on disposal of property, plant and equipment	(1,323)	(720)
Impairment on property, plant and equipment	5,120	-
Interest income	(696)	(832)
Interest expense	3,860	4,885
Other non-cash items	817	(7,126)
Operating profit before changes in working capital	<u>127,445</u>	<u>74,233</u>
Changes in working capital		
Net Change in inventory	(41,541)	(3,523)
Net Change in trade and other receivables	(5,548)	37,686
Net Change in trade and other payables	(31,657)	4
Net cash flows used in	<u>48,699</u>	<u>108,400</u>
Interest paid	(3,860)	(4,885)
Income taxes paid	(14,983)	(4,757)
Net cash flows from operating activities	<u>29,856</u>	<u>98,758</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
- Purchase of property, plant and equipment	(19,166)	(14,919)
- Proceeds from disposal of property, plant and equipment	2,208	1,094
- Interest received	696	832
Net cash flows used in investing activities	<u>(16,262)</u>	<u>(12,993)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
- Purchase of treasury shares	(604)	-
- Dividend Paid	(12,670)	-
- Draw down of borrowings	101,320	28,384
- Repayment of borrowings	(87,440)	(83,432)
Net cash flows from/(used in) financing activities	<u>606</u>	<u>(55,048)</u>
Net increase in Cash & Cash Equivalents	14,200	30,717
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>116,023</u>	<u>153,189</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.

EVERGREEN FIBREBOARD BERHAD
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INTERIM FINANCIAL STATEMENTS

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

	-----Attributable to owners of the parent -----				----- Distributable -----		
	Share Capital RM'000	Treasury Shares RM'000	Equity Transaction Reserve RM'000	Foreign Exchange Reserve RM'000	Retained Profits RM'000	Total RM'000	Total Equity RM'000
9 months period ended 30 September 2022							
At 1 January 2022	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	-	-	-	4,265	51,070	55,335	55,335
Dividends	-	-	-	-	(12,670)	(12,670)	(12,670)
At 30 September 2022	344,749	(1,087)	(1,892)	84,050	653,732	1,079,552	1,079,552
9 months period ended 30 September 2021							
At 1 January 2021	344,749	(483)	(1,892)	97,893	581,253	1,021,520	1,021,520
Total comprehensive income for the period	-	-	-	(19,713)	19,140	(573)	(573)
At 30 September 2021	344,749	(483)	(1,892)	78,180	600,393	1,020,947	1,020,947

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.

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EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022

A INFORMATION REQUIRED BY MFRS 134

1. *Basis of Preparation*

These condensed consolidated interim financial statements, for the period ended 30 September 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.

Amendments/Improvements to MFRSs

MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards
MFRS 3	Business Combinations
MFRS 9	Financial Instruments
MFRS 16	Leases
MFRS 116	Property, Plant and Equipment
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets
MFRS 141	Agriculture

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

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EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022

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

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.

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EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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 1,135,200 of its issued and paid up shares from the open market at an average price of RM0.53 per share. Total consideration paid for the buy backs including transaction costs was RM603,994 and these buy backs were financed by internally generated fund. The total number of shares bought back as at the date of this report was 1,757,200 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 3rd quarter ended 30 September 2022.

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EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022

8. *Profit before tax*

Included in the profit before tax are the following items:

	3 months ended		9 months ended	
	30 September		30 September	
	2022	2021	2022	2021
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Interest Income	(255)	(308)	(696)	(832)
Other income including investment income	(8,230)	(615)	(9,879)	(2,101)
Interest expense	1,432	1,467	3,860	4,885
Depreciation and amortisation	19,188	18,018	54,926	53,733
Provision for & write off of receivables	60	30	180	188
Gain/(loss) on disposal of property, plant and equipment	14	(125)	(1,323)	(720)
Impairment of assets	3,120	-	5,120	-
Foreign exchange gain	(3,296)	(2,549)	(7,002)	(5,634)

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 September 2022		30 September 2021	
	Segment Revenue	Segment Profit/(Loss) 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	111,303	(2,179)	52,553	(12,273)
Thailand	109,328	18,366	120,290	15,735
Others	32,901	3,350	28,185	4,837
	<u>253,532</u>	<u>19,537</u>	<u>201,028</u>	<u>8,299</u>

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EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022

	9 months ended 30 September 2022		9 months ended 30 September 2021	
	Segment Revenue	Segment Profit/(Loss) 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	380,831	(2,396)	280,198	(2,792)
Thailand	436,390	58,490	297,373	16,982
Others	85,747	8,647	69,985	10,103
	<u>902,968</u>	<u>64,741</u>	<u>647,556</u>	<u>24,293</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 THIRD QUARTER ENDED 30 SEPTEMBER 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 September 2022 are as follows:

	<u>RM'000</u>
Approved and contracted for	3,059
Approved but not contracted for	<u>3,377</u>
	<u>6,436</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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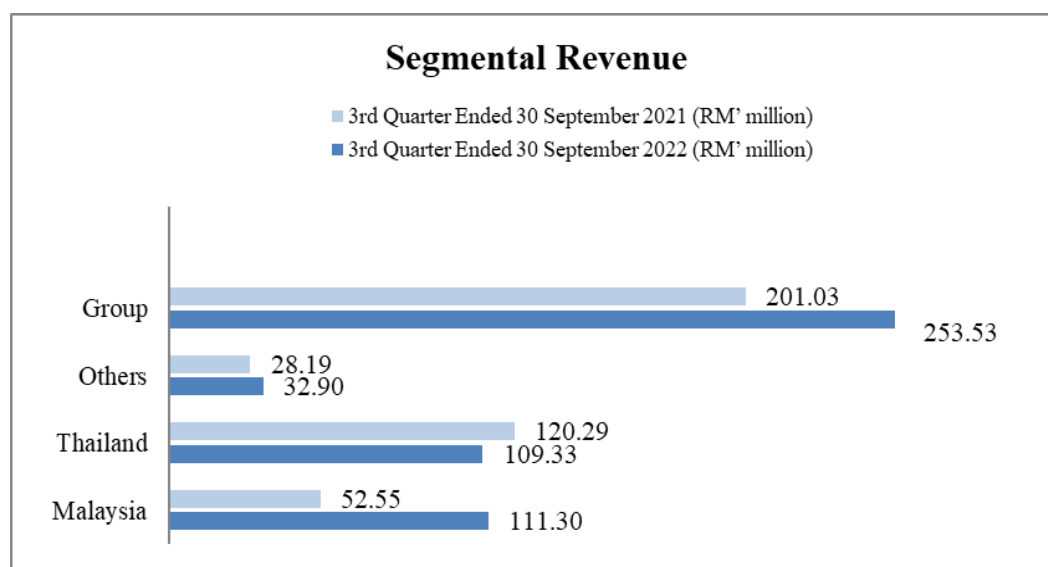
EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022

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

1 *Performance Review*

	3 months ended		Changes %	9 months ended		Changes %
	30 September 2022 (RM'000)	30 September 2021 (RM'000)		30 September 2022 (RM'000)	30 September 2021 (RM'000)	
Revenue	253,532	201,028	26.1%	902,968	647,556	39.4%
Operating Profit	60,518	50,891	18.9%	229,523	127,394	80.2%
Profit/(Loss) Before Interest and Tax	20,968	9,766	114.7%	68,601	29,178	135.1%
Profit/(Loss) Before Tax	19,537	8,299	135.4%	64,741	24,293	166.5%
Profit/(Loss) After Tax	15,203	5,288	187.5%	51,070	19,140	166.8%
Profit/(Loss) Attributable to Owners of the Company	15,203	5,288	187.5%	51,070	19,140	166.8%

Segmental Revenue and Results – for 3rd Quarter Ended 30/9/2021 vs 30/9/2022

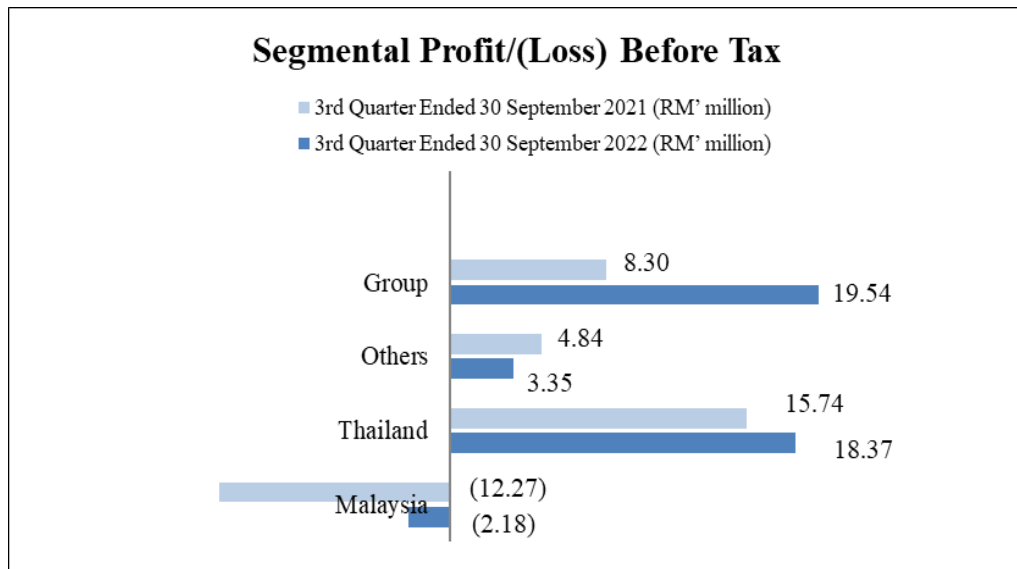


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EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022



Malaysia segment

The Malaysia segment's revenue for the quarter ended 30 September 2022 increased by 111.8% or RM58.75 million to RM111.30 million from RM52.55 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.

Loss before tax was reported at RM2.18 million for the quarter ended 30 September 2022 as compared to RM12.27 million recorded in the corresponding quarter of the preceding year. Despite the increase in raw material cost, the decrease in loss before tax was mainly resulted from higher average selling price and lower operation cost as the result of higher production efficiency.

Thailand segment

The Thailand segment's revenue for the quarter ended 30 September 2022 decreased by 9.1% or RM10.96 million to RM109.33 million from RM120.29 million recorded in the preceding year corresponding quarter. The decrease in revenue was due to lower sales volume despite higher average selling price.

Profit before tax for the quarter ended 30 September 2022 increased by RM2.63 million to RM18.37 million from RM15.74 million recorded in the corresponding quarter of the preceding year. The increase in profit before tax was mainly contributed from higher foreign exchange gain and lower cost of log.

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EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022

Others segment

The Others segment's revenue for the quarter ended 30 September 2022 increased by 16.7% or RM4.71 million to RM32.90 million from RM28.19 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 September 2022 decreased by RM1.49 million to RM3.35 million from RM4.84 million recorded in the corresponding quarter of the preceding year. The decrease in profit was mainly caused by higher raw material cost and foreign exchange loss being recorded.

Consolidated

The Group's revenue for the quarter ended 30 September 2022 increased by 26.1% or RM52.50 million to RM253.53 million from RM201.03 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 September 2022 increased by RM11.24 million to RM19.54 million from RM8.3 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.

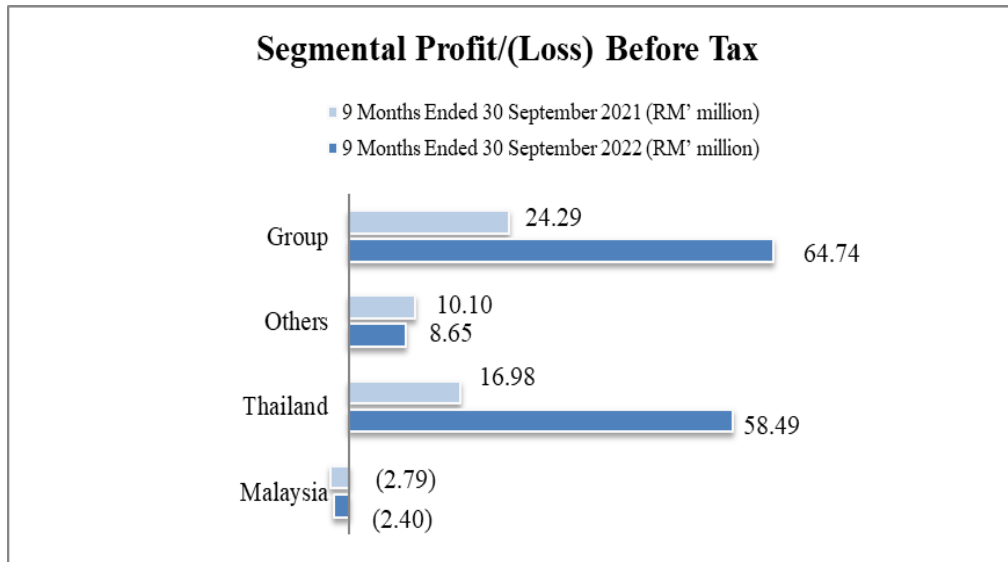
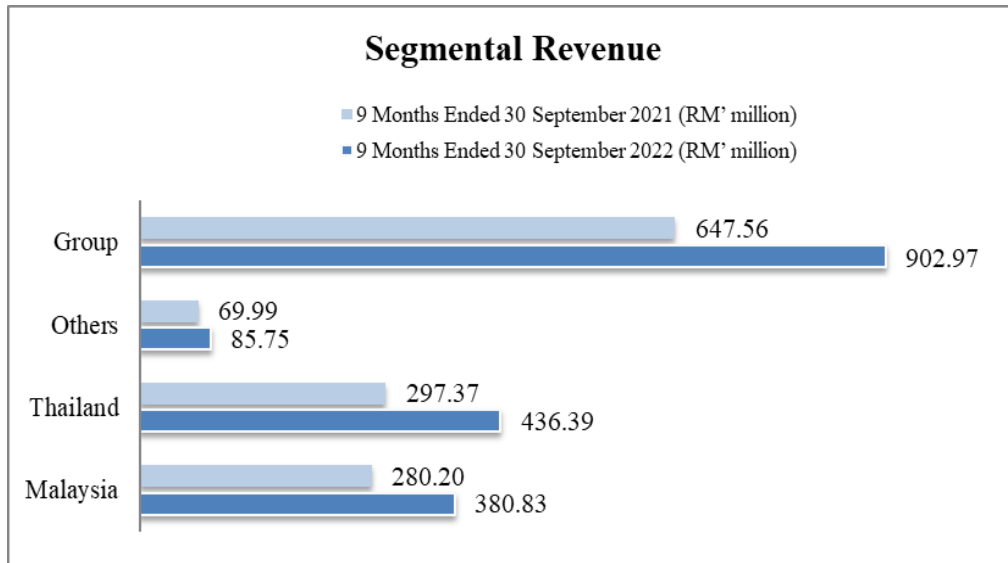
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EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022

Segmental Revenue and Results – for 9 Months Ended 30/09/2021 vs 30/09/2022



Malaysia segment

For the current year to date, the Malaysia segment's revenue has increased by 35.9% to RM380.83 million, as compared to the revenue of RM280.2 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 for the current year to date is comparable to the loss before tax recorded in the corresponding period last year despite as impact from higher raw material cost was mostly mitigated by higher average selling prices.

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EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022

Thailand segment

For the current year to date, the Thailand segment's revenue was RM436.39 million, with an increase of 46.7% or RM139.02 million, as compared to the revenue of RM297.37 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 RM58.49 million, as compared to a profit before tax of RM16.98 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 22.5% to RM85.75 million, as compared to the revenue of RM69.99 million for the corresponding period last year. The increase in revenue was mainly attributable to higher average selling price despite of lower sales volume.

Profit before tax for the current year to date decreased by RM1.49 million to RM8.65 million from RM10.10 million recorded in the corresponding period last year. The decrease in profit was mainly caused by higher raw material cost and foreign exchange loss being recorded.

Consolidated profit before tax

For the current year to date, the Group's revenue has increased by 39.4% or RM255.41 million to RM902.97 million, as compared to RM647.56 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 RM64.74 million for the current year to date, as compared to a profit before tax of RM24.29 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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EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022

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

	Current Quarter 30-Sep-22 <u>RM'000</u>	Immediate Preceding Quarter 30-Jun-22 <u>RM'000</u>	Changes <u>%</u>
Revenue	253,532	330,111	-23.2%
Operating Profit	60,518	89,654	-32.5%
Profit/(Loss) Before Interest and Tax	20,968	24,341	-13.9%
Profit/(Loss) Before Tax	19,537	23,127	-15.5%
Profit/(Loss) After Tax	15,203	18,339	-17.1%
Profit/(Loss) Attributable to Owners of the Company	15,203	18,339	-17.1%

The current quarter revenue decreased by 23.2% to RM253.53 million, as compared to RM330.11 million recorded in the preceding quarter. The decrease in revenue was mainly resulted from lower average selling price and sales volume from panel boards.

The Group's profit before tax was reported at RM19.54 million for the current quarter, compared to RM23.13 million recorded in the preceding quarter. The decrease in profit before tax was mainly due to lower sales.

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 Group has delivered 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 streams from raw boards to ready-to-assemble furniture, the Group manages to draw on the strengths of each country and market segment to mitigate the shortcomings. The Group benefited from expanding its downstream activities and from past investment in automation and cost restructuring which resulted in higher contributions from downstream as well as a leaner cost structure.

The second half of 2022 is more challenging with the US Federal Reserve and most central banks focusing on taming inflation at the expense of economic growth. The continuation of the war in Ukraine and worsening Covid19 outbreak in China added further pressures on the world economy. As furniture consumers world-wide turn more cautious, the furniture industry will be impacted. The Group has taken steps to diversify its customer base and control its cost to weather through this period of uncertainty. With a stronger foundation, the Group is in a stronger position than last year to later emerge stronger as the supply chain issues and inflationary pressures subsides and the world economy resumes its upward growth.

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5 Tax Expense

Major Components of tax expense

	3 months ended		9 months ended	
	30 September 2022	30 September 2021	30 September 2022	30 September 2021
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Current tax expense	5,475	3,939	17,517	7,361
Deferred tax expense	(1,141)	(928)	(3,846)	(2,208)
	<u>4,334</u>	<u>3,011</u>	<u>13,671</u>	<u>5,153</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 September 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>
Short Term Borrowings:					
<u>Secured</u>					
Trade facilities	-	-	-	-	-
Term loans	4,802	-	9,211	-	14,013
Lease liabilities	-	-	-	76	76
<u>Unsecured</u>					
Trade facilities	93,484	-	4,828	-	98,312
Term Loans	1,250	-	-	6,340	7,590
Lease liabilities	1,119	-	-	-	1,119
	<u>100,655</u>	<u>-</u>	<u>14,039</u>	<u>6,416</u>	<u>121,110</u>
Long Term Borrowings:					
<u>Secured</u>					
Term loans	8,023	-	10,179	-	18,202
Lease liabilities	-	-	-	103	103
<u>Unsecured</u>					
Term Loans	-	36,780	-	15,966	52,746
Lease liabilities	791	-	-	-	791
	<u>8,814</u>	<u>36,780</u>	<u>10,179</u>	<u>16,069</u>	<u>71,842</u>
Total	<u>109,469</u>	<u>36,780</u>	<u>24,218</u>	<u>22,485</u>	<u>192,952</u>

Exchange rate RM to USD1.00	4.6440
Exchange rate RM to THB1.00	0.1226
Exchange rate RM to EUR1.00	4.5525
Exchange rate RM to SGD1.00	3.2343

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Denominated	As at 30 September 2021				
	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>
Short Term Borrowings:					
<u>Secured</u>					
Trade facilities	-	37,260	-	-	37,260
Term loans	7,358	-	8,576	-	15,934
Lease liabilities	25	-	-	127	152
<u>Unsecured</u>					
Trade facilities	86,766	-	5,919	-	92,685
Term Loans	-	-	-	6,789	6,789
Lease liabilities	1,084	4	-	-	1,088
	<u>95,233</u>	<u>37,264</u>	<u>14,495</u>	<u>6,916</u>	<u>153,908</u>
Long Term Borrowings:					
<u>Secured</u>					
Term loans	10,294	-	15,622	-	25,916
Lease liabilities	-	-	-	172	172
<u>Unsecured</u>					
Term Loans	-	-	-	23,761	23,761
Lease liabilities	1,779	-	-	-	1,779
	<u>12,073</u>	<u>-</u>	<u>15,622</u>	<u>23,933</u>	<u>51,628</u>
Total	<u>107,306</u>	<u>37,264</u>	<u>30,117</u>	<u>30,849</u>	<u>205,536</u>

Exchange rate RM to USD1.00	4.1845
Exchange rate RM to THB1.00	0.1242
Exchange rate RM to EUR1.00	4.8394
Exchange rate RM to SGD1.00	3.0783

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EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022

8 ***Changes in Material Litigation***

There was no material litigation pending as at 18 November 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		9 months ended	
	30 September 2022	30 September 2021	30 September 2022	30 September 2021
Net profit for the period attributable to owners of the Parent (RM'000)	15,203	5,288	51,070	19,140
Weighted average number of ordinary shares in issue ('000)	845,193	845,802	845,193	845,802
Basic EPS (sen)	1.80	0.63	6.04	2.26

b. **Diluted**

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