

EVERGREEN FIBREBOARD BERHAD

Registration No.: 199101006810

(Incorporated in Malaysia)

EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2022

A INFORMATION REQUIRED BY MFRS 134

1. *Basis of Preparation*

These condensed consolidated interim financial statements, for the period ended 31 December 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 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

EVERGREEN FIBREBOARD BERHAD

Registration No.: 199101006810

(Incorporated in Malaysia)

EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2022

Amendments/Improvements to MFRSs

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 16	Leases	1 January 2024
MFRS 17	Insurance Contracts	1 January 2023
MFRS 101	Presentation of Financial Statements	1 January 2023/ 1 January 2023 [#] / 1 January 2024
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.

EVERGREEN FIBREBOARD BERHAD

Registration No.: 199101006810

(Incorporated in Malaysia)

EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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: -

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 4th quarter ended 31 December 2022.

EVERGREEN FIBREBOARD BERHAD

Registration No.: 199101006810

(Incorporated in Malaysia)

EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2022

8. *Loss/(Profit) before tax*

Included in the loss/(profit) before tax are the following items:

	3 months ended		12 months ended	
	31 December		31 December	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Interest Income	(1,338)	(296)	(2,034)	(1,128)
Other (income)/loss including investment income	(624)	93	(10,503)	(2,009)
Interest expense	1,462	1,329	5,321	6,214
Depreciation and amortisation	17,941	15,093	72,867	68,826
Provision for & write off of receivables	60	(2,025)	240	(1,837)
(Gain)/loss on disposal of property, plant and equipment	33	107	(1,290)	(613)
Property, plant and equipment written off	-	2,726	-	2,726
Impairment of assets	30,767	-	35,887	-
Impairment of inventories	13,978	-	13,978	-
Goodwill written off	4,691	-	4,691	-
Loss on disposal of subsidiary	6,288	-	6,288	-
Foreign exchange (income)/loss	1,714	(2,025)	(5,289)	(7,658)

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	
	31 December 2022		31 December 2021	
Segment	Segment Revenue	Segment Profit/(Loss) before tax	Segment Revenue	Segment Profit/(Loss) before tax
	RM'000	RM'000	RM'000	RM'000
Malaysia	99,803	(63,825)	145,910	(257)
Thailand	65,121	(12,517)	112,513	10,923
Others	27,364	2,189	29,068	4,819
	<u>192,288</u>	<u>(74,153)</u>	<u>287,491</u>	<u>15,485</u>

EVERGREEN FIBREBOARD BERHAD

Registration No.: 199101006810

(Incorporated in Malaysia)

EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2022

	12 months ended 31 December 2022		12 months ended 31 December 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	480,634	(66,221)	426,108	(3,049)
Thailand	501,511	45,973	409,886	27,905
Others	113,111	10,836	99,053	14,922
	<u>1,095,256</u>	<u>(9,412)</u>	<u>935,047</u>	<u>39,778</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.

During the current financial quarter, the Group disposed of its shares in Asian Oak Co. Ltd. ("AOC") which was in negative equity position. The disposal resulted in a loss on disposal at the Group's consolidated result level of RM6.3 million which is one-off and non-cash in nature as it arose from reversals of past consolidation adjustments upon disposal of that subsidiary.

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.

EVERGREEN FIBREBOARD BERHAD

Registration No.: 199101006810

(Incorporated in Malaysia)

EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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 31 December 2022 are as follows:

	<u>RM'000</u>
Approved and contracted for	1,780
Approved but not contracted for	<u>2,299</u>
	<u>4,079</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.

EVERGREEN FIBREBOARD BERHAD

Registration No.: 199101006810

(Incorporated in Malaysia)

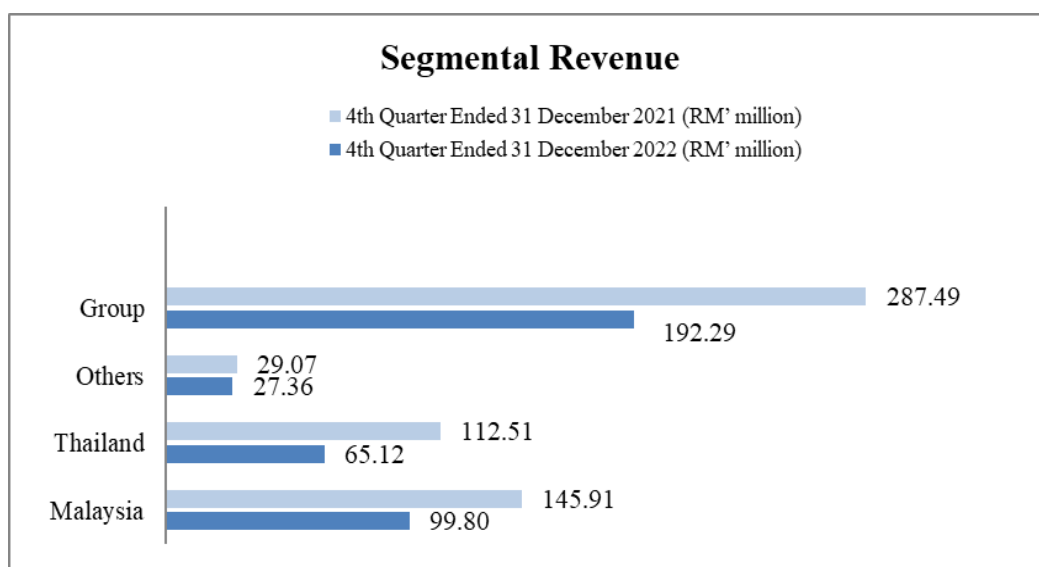
EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2022

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

1 Performance Review

	3 months ended		Changes %	12 months ended		Changes %
	31 December 2022 (RM'000)	31 December 2021 (RM'000)		31 December 2022 (RM'000)	31 December 2021 (RM'000)	
Revenue	192,288	287,491	-33.1%	1,095,256	935,047	17.1%
Operating Profit	11,034	65,938	-83.3%	240,557	193,332	24.4%
Profit/(Loss) Before Interest and Tax	(72,692)	16,814	-532.3%	(4,091)	45,992	-108.9%
Profit/(Loss) Before Tax	(74,153)	15,485	-578.9%	(9,412)	39,778	-123.7%
Profit/(Loss) After Tax	(75,206)	15,228	-593.9%	(24,136)	34,368	-170.2%
Profit/(Loss) Attributable to Owners of the Company	(75,206)	15,228	-593.9%	(24,136)	34,368	-170.2%

Segmental Revenue and Results – for 4th Quarter Ended 31/12/2021 vs 31/12/2022

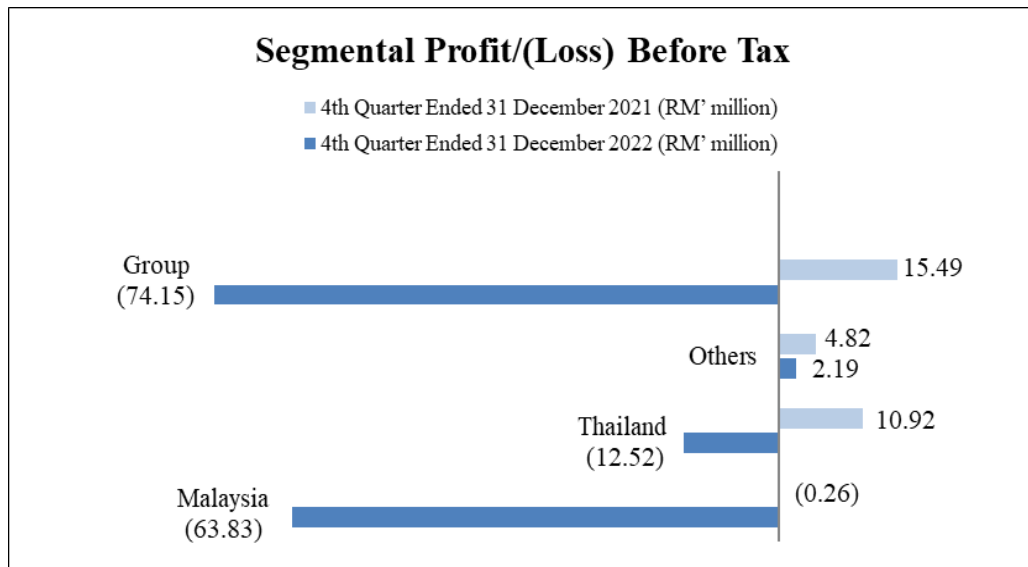


EVERGREEN FIBREBOARD BERHAD

Registration No.: 199101006810

(Incorporated in Malaysia)

EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2022



Malaysia segment

The Malaysia segment's revenue for the quarter ended 31 December 2022 decreased by 31.6% or RM46.11 million to RM99.80 million from RM145.91 million recorded in the preceding year corresponding quarter. The decrease in revenue was mainly due to lower sales volume and average selling price from panel boards as well as downstream products.

Loss before tax was reported at RM63.83 million for the quarter ended 31 December 2022 as compared to RM0.26 million recorded in the corresponding quarter of the preceding year. The increase in loss before tax was due to foreign exchange loss of RM1.70mil (4QFY21: gain RM1.02mil) and impairment of plant and machineries and their related inventories of RM36.89 million and impairment of goodwill of RM4.69mil. The impairment on these plant, machineries, inventories and goodwill are one-off and non-cash in nature. These impairments were made against certain MDF production facilities of the Malaysia segment that remained idle without a clear prospect of restarting operations in view of shrinking orders amid challenging furniture industry environment which was made apparent during the current quarter. In view of the significant increase in electricity costs in Malaysia coupled with more abundance of wood materials in Thailand and Indonesia, it is the intent of management to prioritize the MDF operations of these two country segments over Malaysia's MDF operations in order to optimize cost and production scale for the Group's MDF operations. The Malaysian segment will focus more on non-MDF products which has more competitive advantages in Malaysia as compared to MDF. Nevertheless, the Group still plan to maintain some MDF capacity in Malaysia in order to meet the demand from local MDF Malaysian buyers and to complement its downstream operations which the management plans to further grow.

Thailand segment

The Thailand segment's revenue for the quarter ended 31 December 2022 decreased

EVERGREEN FIBREBOARD BERHAD

Registration No.: 199101006810

(Incorporated in Malaysia)

EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2022

by 42.1% or RM47.39 million to RM65.12 million from RM112.51 million recorded in the preceding year corresponding quarter. The decrease in revenue was due to lower sales volume and average selling price.

Loss before tax was reported at RM12.52 million for the quarter ended 31 December 2022. The loss before tax was mainly due to non-cash losses such as loss on disposal of AOC amounting to RM6.29 million (which is due to the reversal of past consolidation level adjustments) and impairment of AOC-related inventories of RM7.85 million.

Excluding the impact from non-cash losses, the Thailand segment would have reported a profit before tax of RM1.62 million for the quarter ended 31 December 2022 as compared to profit before tax of RM10.92 million recorded in the corresponding quarter of the preceding year. The lower profit is due to lower sales volume and lower average selling price during the current quarter.

Others segment

The Others segment's revenue for the quarter ended 31 December 2022 decreased by 5.9% or RM1.71 million to RM27.36 million from RM29.07 million recorded in the preceding year corresponding quarter. The decrease in revenue was due to both lower average selling price and sales volume.

Profit before tax for the quarter ended 31 December 2022 decreased by RM2.63 million to RM2.19 million from RM4.82 million recorded in the corresponding quarter of the preceding year. The decrease in profit was mainly resulted from lower sales and higher raw material cost.

Consolidated

The Group's revenue for the quarter ended 31 December 2022 decreased by 33.1% or RM95.17 million to RM192.32 million from RM287.49 million recorded in the preceding year corresponding quarter. The decrease in revenue was mainly resulted from lower average selling price and sales volume.

Loss before tax was reported at RM74.15 for the quarter ended 31 December 2022 as compared to profit before tax of RM15.49 million recorded in the corresponding quarter of the preceding year. The loss was mainly due to lower foreign exchange gain and non-cash losses such as impairment of plant, machinery, inventory and goodwill and loss on disposal of AOC as explained in Malaysia segment and Thailand segment above.

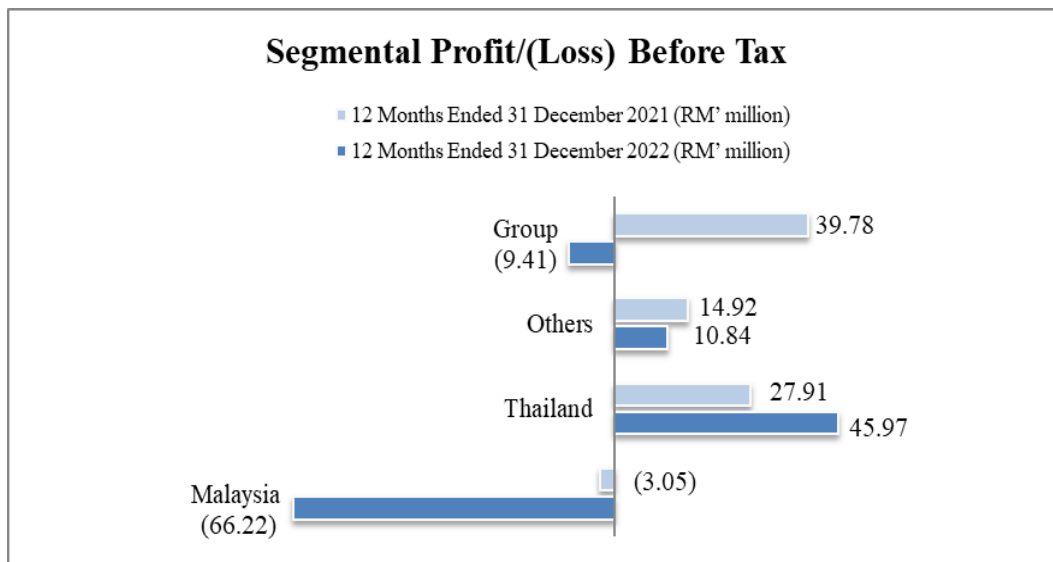
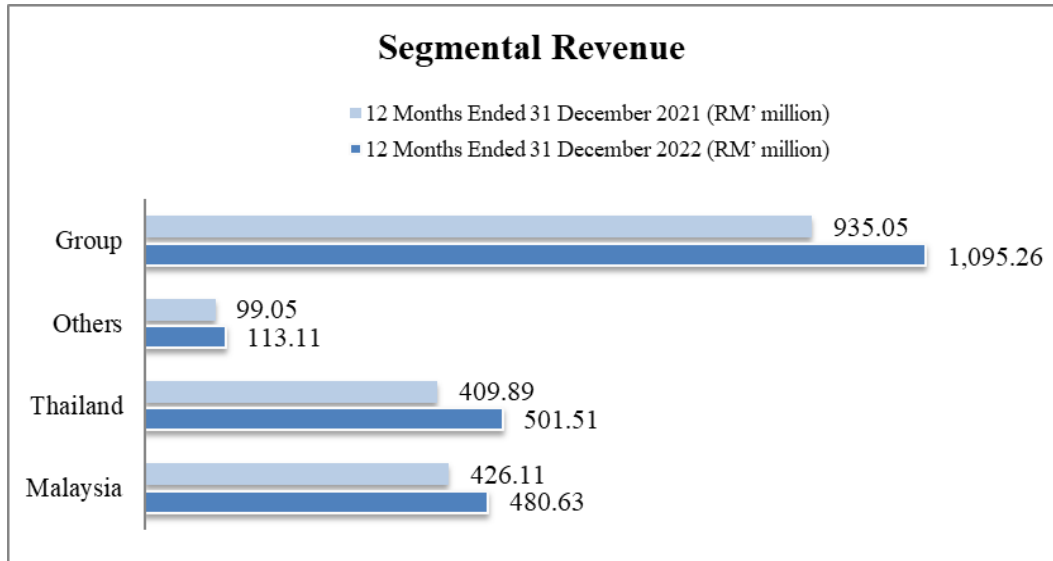
EVERGREEN FIBREBOARD BERHAD

Registration No.: 199101006810

(Incorporated in Malaysia)

EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2022

Segmental Revenue and Results – for 12 Months Ended 31/12/2021 vs 31/12/2022



Malaysia segment

For the current year to date, the Malaysia segment's revenue has increased by 12.8% to RM480.63 million, as compared to the revenue of RM426.11 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 RM66.22 million for the current year to date as compared to RM3.05 million recorded in the corresponding period last year. The increase in loss before tax was mainly due to higher raw material and minimum wage, impairment of plant, machineries and inventories of RM42.01 million and impairment of goodwill of RM4.69mil.

EVERGREEN FIBREBOARD BERHAD

Registration No.: 199101006810

(Incorporated in Malaysia)

EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2022

The impairment on these plant, machineries, inventories and goodwill are one-off and non-cash in nature. These impairments were made against certain MDF production facilities of the Malaysia segment that remained idle without a clear prospect of restarting operations in view of shrinking orders amid challenging furniture industry environment which was made apparent during the current quarter. In view of the significant increase in electricity costs in Malaysia coupled with more abundance of wood materials in Thailand and Indonesia, it is the intent of management to prioritize the MDF operations of these two country segments over Malaysia's MDF operations in order to optimize cost and production scale for the Group's MDF operations. The Malaysian segment will focus more on non-MDF products which has more competitive advantages in Malaysia as compared to MDF. Nevertheless, the Group still plan to maintain some MDF capacity in Malaysia in order to meet the demand from local MDF Malaysian buyers and to complement its downstream operations which the management plans to further grow.

Thailand segment

For the current year to date, the Thailand segment's revenue was RM501.51 million, with an increase of 22.4% or RM91.62 million, as compared to the revenue of RM409.89 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 RM45.97 million, as compared to a profit before tax of RM27.91 million recorded in the corresponding period last year. Despite the increase in raw material cost and non-cash losses, the increase in profit before tax was mainly contributed from higher margin resulted from higher average selling prices and higher foreign exchange gain.

Non-cash losses refer to loss on disposal of AOC amounting to RM6.29 million (which is due to the reversal of past consolidation level adjustments) and impairment of AOC-related inventories of RM7.85 million.

Excluding the impact from non-cash losses, the Thailand segment would have reported a profit before tax of RM60.11 million for the year ended 31 December 2022 as compared to profit before tax of RM27.91 million recorded in the corresponding period last year. The higher profit is due to 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 14.2% to RM113.11 million, as compared to the revenue of RM99.05 million for the corresponding period last year. The increase in revenue was mainly attributable to higher average selling price despite of lower sales volume.

EVERGREEN FIBREBOARD BERHAD

Registration No.: 199101006810

(Incorporated in Malaysia)

EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2022

Profit before tax for the current year to date decreased by RM4.08 million to RM10.84 million from RM14.92 million recorded in the corresponding period last year. The decrease in profit was mainly due to higher raw material cost and foreign exchange loss of RM1.04 million compared to a foreign exchange gain of RM0.26 million in the corresponding period last year.

Consolidated profit before tax

For the current year to date, the Group's revenue has increased by 17.1% or RM160.21 million to RM1,095.26 million, as compared to RM935.05 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.

Loss before tax was reported at RM9.41 million for the current year to date, as compared to a profit before tax of RM39.78 million recorded in the corresponding period last year. The loss before tax was mainly due to non-cash losses such as impairment of plant, machineries, inventories and goodwill of RM54.55 million and loss on disposal of AOC of RM6.29 million.

One-off, non-cash impairments were made against certain MDF production facilities and its related inventories (totalling RM42.01 million) and goodwill (RM4.69 million) in the Malaysia segment that remained idle without a clear prospect of restarting operations in view of shrinking orders amid challenging furniture industry environment which was made apparent during the current quarter. In view of the significant increase in electricity costs in Malaysia coupled with more abundance of wood materials in Thailand and Indonesia, it is the intent of management to prioritize these two country segments over Malaysia in order to optimize cost and production scale for the Group's MDF operations. The Malaysian segment will focus more on non-MDF products which has more competitive advantages in Malaysia as compared to MDF. Nevertheless, the Group still plan to maintain some MDF operation in Malaysia in order to meet the demand from local MDF Malaysian buyers and to complement its downstream operations which the management plans to further grow. There is also a one-off, non-cash loss on disposal of AOC amounting to RM6.29 million (which is due to the reversal of past consolidation level adjustments) and impairment of AOC-related inventories of RM7.85 million.

Excluding the impact from non-cash losses, the Group would have reported a profit before tax of RM51.43 million for the year ended 31 December 2022 as compared to profit before tax of RM39.78 million recorded in the corresponding period last year. The higher profit is due to higher average selling prices and higher sales volume.

EVERGREEN FIBREBOARD BERHAD

Registration No.: 199101006810

(Incorporated in Malaysia)

EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2022

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

	Current Quarter 31-Dec-22 <u>RM'000</u>	Immediate Preceding Quarter 30-Sep-22 <u>RM'000</u>	Changes %
Revenue	192,288	253,532	-24.2%
Operating Profit	11,034	60,518	-81.8%
Profit/(Loss) Before Interest and Tax	(72,692)	20,968	-446.7%
Profit/(Loss) Before Tax	(74,153)	19,537	-479.6%
Profit/(Loss) After Tax	(75,206)	15,203	-594.7%
Profit/(Loss) Attributable to Owners of the Company	(75,206)	15,203	-594.7%

The current quarter revenue decreased by 24.2% to RM192.29 million, as compared to RM253.53 million recorded in the preceding quarter. The decrease in revenue was mainly resulted from lower average selling price and sales volume.

The Group's loss before tax was reported at RM74.15 million for the current quarter, compared to profit before tax of RM19.54 million recorded in the preceding quarter. The loss before tax was mainly due to non-cash losses such as impairment of plant, machinery, inventory and goodwill of RM49.43 million and loss on disposal of AOC of RM6.29 million.

One-off, non-cash impairments were made against certain MDF production facilities and its related inventories (totalling RM36.89 million) and goodwill (RM4.69 million) in the Malaysia segment that remained idle without a clear prospect of restarting operations in view of shrinking orders amid challenging furniture industry environment which was made apparent during the current quarter. In view of the significant increase in electricity costs in Malaysia coupled with more abundance of wood materials in Thailand and Indonesia, it is the intent of the Group to prioritize these two country segments over Malaysia in order to optimize cost and production scale for the Group's MDF operations. The Malaysian segment will focus more on non-MDF products which has more competitive advantages in Malaysia as compared to MDF. Nevertheless, the Group still plan to maintain some MDF operation in Malaysia in order to meet the demand from local MDF Malaysian buyers and to complement its downstream operations which the management plans to further grow. There is also a one-off, non-cash loss on disposal of AOC amounting to RM6.29 million (which is due to the reversal of past consolidation level adjustments) and impairment of AOC-related inventories of RM7.85 million.

Excluding the impact from non-cash losses, the Group would have reported a loss before tax of RM18.43 million for the current quarter, compared to profit before tax of RM19.54 million recorded in the preceding quarter. The loss before tax is due to lower revenue.

3 *Profit Forecast or Profit Guarantee*

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

EVERGREEN FIBREBOARD BERHAD

Registration No.: 199101006810

(Incorporated in Malaysia)

EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2022

4 *Commentary of Prospects*

The Group ended FY2022 with a negative fourth quarter after having three positive earlier quarters. The fourth quarter loss was mostly due to one-off, non-cash impairments made against certain MDF production facilities and its related inventories and goodwill in the Malaysia segment that remained idle without a clear prospect of restarting operations in view of shrinking orders amid challenging furniture industry environment which was made apparent during the current quarter. The reduction in furniture orders is linked to the aggressive interest rate hikes by the US Federal Reserves with the cumulative effects from successive hikes being felt towards the end of 2022. US is the largest furniture importer in the world and the hike in interest rates there has reduced discretionary consumer spending.

The Group continues to restructure to take advantage of our diversified operations in Malaysia, Thailand and Indonesia by shifting some of our Malaysian MDF production capacity to Indonesia which possesses lower input costs and abundant wood materials. The Group plans to maintain some MDF capacities in Malaysia in order to meet the demand from local MDF Malaysian buyers and to complement its downstream operations which the management plans to further grow. This is part of the Group's strategy to develop multiple income sources.

By reducing the Group's excess MDF capacity during this period and preparing to relocate to a more cost competitive base of operations, management is cautiously building up a more competitive cost structure to face the future. The Group has pared down its borrowings whilst maintaining a healthy cash balance, to ensure sufficient liquidity.

5 *Tax Expense*

Major Components of tax expense

	3 months ended		12 months ended	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Current tax expense	(117)	4,815	17,400	12,176
Deferred tax expense	1,170	(4,558)	(2,676)	(6,766)
	<u>1,053</u>	<u>257</u>	<u>14,724</u>	<u>5,410</u>

The effective tax rate for the current quarter and current year to date were higher than the statutory tax rate mainly due to the tax expense is mainly on the profitable companies and certain expenses are not deductible for tax purpose.

6 *Status of Corporate Proposal Announced*

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

EVERGREEN FIBREBOARD BERHAD

Registration No.: 199101006810

(Incorporated in Malaysia)

EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2022

7 Borrowings and Debt Securities

The Group's borrowings are as follows: -

Denominated	As at 31 December 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	5,302	-	7,750	-	13,052
Lease liabilities	-	-	-	70	70
<u>Unsecured</u>					
Trade facilities	96,425	-	3,124	-	99,549
Term Loans	-	-	-	6,587	6,587
Lease liabilities	871	-	-	-	871
	<u>102,598</u>	<u>-</u>	<u>10,874</u>	<u>6,657</u>	<u>120,129</u>
Long Term Borrowings:					
<u>Secured</u>					
Term loans	6,697	-	8,103	-	14,800
Lease liabilities	-	-	-	85	85
<u>Unsecured</u>					
Term Loans	-	-	-	13,127	13,127
Lease liabilities	791	-	-	-	791
	<u>7,488</u>	<u>-</u>	<u>8,103</u>	<u>13,212</u>	<u>28,803</u>
Total	<u>110,086</u>	<u>-</u>	<u>18,977</u>	<u>19,869</u>	<u>148,932</u>

Exchange rate RM to USD1.00	4.4000
Exchange rate RM to THB1.00	0.1277
Exchange rate RM to EUR1.00	4.6952
Exchange rate RM to SGD1.00	3.2808

EVERGREEN FIBREBOARD BERHAD

Registration No.: 199101006810

(Incorporated in Malaysia)

EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2022

As at 31 December 2021

Denominated	In RM	In Baht	In USD	In Euro and Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Short Term Borrowings:					
<u>Secured</u>					
Trade facilities	-	37,440	-	-	37,440
Term loans	2,250	-	9,522	-	11,772
Lease liabilities	19	-	-	105	124
<u>Unsecured</u>					
Trade facilities	68,413	-	2,919	-	71,332
Term Loans	-	-	-	6,647	6,647
Lease liabilities	1,114	-	-	-	1,114
	<u>71,796</u>	<u>37,440</u>	<u>12,441</u>	<u>6,752</u>	<u>128,429</u>
Long Term Borrowings:					
<u>Secured</u>					
Term loans	14,916	-	13,802	-	28,718
Lease liabilities	-	-	-	155	155
<u>Unsecured</u>					
Term Loans	-	-	-	19,942	19,942
Lease liabilities	1,169	-	-	-	1,169
	<u>16,085</u>	<u>-</u>	<u>13,802</u>	<u>20,097</u>	<u>49,984</u>
Total	<u>87,881</u>	<u>37,440</u>	<u>26,243</u>	<u>26,849</u>	<u>178,413</u>

Exchange rate RM to USD1.00	4.1705
Exchange rate RM to THB1.00	0.1248
Exchange rate RM to EUR1.00	4.7385
Exchange rate RM to SGD1.00	3.0935

EVERGREEN FIBREBOARD BERHAD

Registration No.: 199101006810

(Incorporated in Malaysia)

EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2022

8 ***Changes in Material Litigation***

There was no material litigation pending as at 20 February 2023.

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		12 months ended	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Net profit/(loss) for the period attributable to owners of the Parent (RM'000)	(8.90)	1.80	(2.86)	4.06
Weighted average number of ordinary shares in issue ('000)	844,848	845,802	844,848	845,802
Basic EPS (sen)				

b. **Diluted**

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