

(Incorporated In Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
 FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022**

	Current year quarter 30/09/2022 RM'000	Preceding year corresponding quarter 30/09/2021 RM'000	Current year to-date 30/09/2022 RM'000	Preceding year corresponding period 30/09/2021 RM'000
Revenue from contracts with customers	52,739	21,998	126,472	78,751
Cost of sales	<u>(37,292)</u>	<u>(20,289)</u>	<u>(86,051)</u>	<u>(73,703)</u>
Gross profit	15,447	1,709	40,421	5,048
Other items of income				
Interest income	152	49	291	143
Other income	2,208	803	5,240	2,211
Other items of expense				
Administrative expenses	(2,179)	(1,494)	(5,525)	(4,946)
Other expenses	<u>(899)</u>	<u>(204)</u>	<u>(2,031)</u>	<u>(433)</u>
Profit before tax	14,729	863	38,396	2,023
Income tax	<u>(3,452)</u>	<u>837</u>	<u>(9,115)</u>	<u>913</u>
Profit net of tax, representing total comprehensive income for the period	<u>11,277</u>	<u>1,700</u>	<u>29,281</u>	<u>2,936</u>
Profit net of tax attributable to:				
Owners of the Company	<u>11,277</u>	<u>1,700</u>	<u>29,281</u>	<u>2,936</u>
Profit per share attributable to owners of the Company:				
Basic (sen)	<u>5.43</u>	<u># 0.83</u>	<u>14.20</u>	<u># 1.44</u>
Diluted (sen)	<u>5.41</u>	<u># 0.83</u>	<u>14.07</u>	<u># 1.44</u>

For comparative purpose, the earnings per share for the quarter and period ended 30 September 2021 had been adjusted to reflect the bonus issue of 1 bonus share for every 1 existing ordinary share which was completed on 2 November 2022.

This Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Group's audited financial statements for the year ended 31 December 2021 and accompanying explanatory notes attached to these interim financial statements.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2022**

	As at 30/09/2022 RM'000	As at 31/12/2021 RM'000
Assets		
Non-current assets		
Property, plant and equipment	23,488	24,322
Investment properties	2,071	2,133
Intangible asset	149	149
Deferred tax assets	-	93
	<u>25,708</u>	<u>26,697</u>
Current assets		
Inventories	34,666	30,852
Trade and other receivables	6,306	37,034
Other current assets	3,190	9,092
Income tax refundable	1	785
Other current financial assets	95,537	49,058
Cash and bank balances	43,071	29,608
	<u>182,771</u>	<u>156,429</u>
Total assets	<u>208,479</u>	<u>183,126</u>
Equity and liabilities		
Current liabilities		
Trade and other payables	3,881	7,139
Contract liabilities	262	4,295
Provision for taxation	7,579	-
	<u>11,722</u>	<u>11,434</u>
Net current assets	<u>171,049</u>	<u>144,995</u>
Non-current liability		
Deferred tax liabilities	2,262	2,578
Total liabilities	<u>13,984</u>	<u>14,012</u>
Net assets	<u>194,495</u>	<u>169,114</u>
Equity attributable to owners of the Company		
Share capital	67,606	57,691
Treasury shares	(9,046)	(9,378)
Employee share option reserve	1,249	3,715
Retained earnings	134,686	117,086
Total equity	<u>194,495</u>	<u>169,114</u>
Total equity and liabilities	<u>208,479</u>	<u>183,126</u>
Net assets per share (RM)	<u>0.92</u>	<u>#0.86</u>

For comparative purpose, the net assets per share as at 31 December 2021 had been adjusted to reflect the bonus issue of 1 bonus share for every 1 existing ordinary share which was completed on 2 November 2022.

This Condensed Consolidated Statement of Financial Position should be read in conjunction with the Group's audited financial statements for the year ended 31 December 2021 and accompanying explanatory notes attached to these interim financial statements.

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

	Current year to-date 30/09/2022 RM'000	Preceding year corresponding period 30/09/2021 RM'000
Operating activities		
Profit before tax	38,396	2,023
Adjustments for:		
Depreciation of investment properties	62	62
Depreciation of property, plant and equipment	2,495	2,556
Allowance for impairment of logs advances	-	50
Inventory written off	8	-
Gain on disposal of property, plant and equipment	(19)	(30)
Grant of equity-settled share options	16	337
Interest income	(291)	(143)
Net fair value loss on derivatives - unrealised	396	88
Unrealised foreign exchange gain	(334)	(28)
Operating cash flows before changes in working capital	40,729	4,915
Changes in inventories	(3,822)	5,563
Changes in trade and other receivables	30,551	(91)
Changes in other current assets	5,902	(1,131)
Changes in trade and other payables	(3,258)	(764)
Changes in contract liabilities	(3,858)	(250)
Cash flows generated from operations	66,244	8,242
Interest received	279	137
Income tax refunded	-	2,266
Income tax paid	(975)	(182)
Net cash generated from operating activities	65,548	10,463
Investing activities		
Interest received	14	15
Proceeds from disposal of property, plant and equipment	19	30
Purchase of property, plant and equipment	(1,661)	(1,531)
Net cash used in investing activities	(1,628)	(1,486)
Financing activities		
Dividend paid	(9,212)	(2,966)
Purchase of treasury shares	(2,137)	-
Proceeds from exercise of employee share options	7,433	-
Net cash used in financing activities	(3,916)	(2,966)

This Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Group's audited financial statements for the year ended 31 December 2021 and accompanying explanatory notes attached to these interim financial statements.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
 FOR THE PERIOD ENDED 30 SEPTEMBER 2022**

	Current year to-date 30/09/2022 RM'000	Preceding year corresponding period 30/09/2021 RM'000
Net increase in cash and cash equivalents	60,004	6,011
Effect of exchange rate changes on cash and cash equivalents	334	28
Cash and cash equivalents at 1 January	<u>77,884</u>	<u>88,268</u>
Cash and cash equivalents at 30 September	<u>138,222</u>	<u>94,307</u>
Analysis of cash and cash equivalents		
Cash and bank balances	43,071	43,975
Investments in money market funds	95,537	50,718
Less: Deposits with maturity of more than three months	<u>(386)</u>	<u>(386)</u>
Cash and cash equivalents	<u>138,222</u>	<u>94,307</u>

This Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Group's audited financial statements for the year ended 31 December 2021 and accompanying explanatory notes attached to these interim financial statements.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE PERIOD ENDED 30 SEPTEMBER 2022**

	Equity, total RM'000	Equity attributable to owners of the Company, total RM'000	Share capital RM'000	Treasury shares RM'000	Employee share option reserve RM'000	Retained earnings RM'000
Opening balance at 1 January 2021	158,239	158,239	57,691	(9,378)	3,300	106,626
Total comprehensive income	2,936	2,936	-	-	-	2,936
Grant of equity-settled share options	337	337	-	-	337	-
Closing balance at 30 September 2021	161,512	161,512	57,691	(9,378)	3,637	109,562
Opening balance at 1 January 2022	169,114	169,114	57,691	(9,378)	3,715	117,086
Total comprehensive income	29,281	29,281	-	-	-	29,281
Dividends on ordinary shares	(11,681)	(11,681)	-	-	-	(11,681)
Exercise of employee share options	7,433	7,433	9,915	-	(2,482)	-
Purchase of treasury shares	(2,137)	(2,137)	-	(2,137)	-	-
Distribution of share dividend	2,469	2,469	-	2,469	-	-
Grant of equity-settled share options	16	16	-	-	16	-
Closing balance at 30 September 2022	194,495	194,495	67,606	(9,046)	1,249	134,686

This Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Group's audited financial statements for the year ended 31 December 2021 and accompanying explanatory notes attached to these interim financial statements.

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

**PART A -
EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134: INTERIM
FINANCIAL REPORTING**

A1. Basis of preparation

These condensed consolidated interim financial statements, for the period ended 30 September 2022, have been prepared in accordance with MFRS134: Interim Financial Reporting and paragraph 9.22 and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”). These condensed consolidated interim financial statements also comply with IAS34: Interim Financial Reporting issued by the International Accounting Standards Board.

The explanatory notes attached to the unaudited interim financial report provide an explanation of the event and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the year ended 31 December 2021. They do not include all the information required for full annual financial statements and should be read in conjunction with the Group’s financial statements for the financial year ended 31 December 2021.

A2. Significant accounting policies

The significant accounting policies adopted by the Group in these condensed consolidated interim financial statements are consistent with those of the audited financial statements for the financial year ended 31 December 2021 of the Group, except for the adoption of the following new MFRSs, Amendments to MFRSs and Interpretations effective for financial period beginning on or after 1 January 2022:

Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 116	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements to MFRS Standards 2018-2020	

The adoption of the above MFRSs, Amendments to MFRSs and Interpretations did not have any material financial impact on these condensed consolidated financial statements.

The following MFRSs, Amendments to MFRSs and IC Interpretation were issued but not yet effective and have not been applied by the Group:

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

MFRS 17	Insurance Contracts
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9 – Comparative Information
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

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 FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022

A2. Significant accounting policies (continued)

MFRSs, Interpretations and Amendments effective for annual periods beginning on or after 1 January 2024

Amendments to MFRS 16 Lease Liability in a Sale and Leaseback

MFRSs, Interpretations and Amendments which effective for a date yet to be confirmed

Amendments to MFRS 10 and Sale or Contribution of Assets between Investors and its Associate or Joint
 MFRS 128 Venture

The directors anticipate that the abovementioned MFRSs, Interpretations and Amendments will be adopted in the annual financial statements of the Group when they become effective and that the adoption of these MFRSs, Interpretations and Amendments will have no material impact on the financial statements of the Group in the period of initial application.

A3. Seasonal or cyclical factors

The Group's business operation and performance are not affected materially by any seasonal or cyclical factors for the financial quarter under review.

A4. Items of unusual nature

There were no significant unusual items affecting the assets, liabilities, equity, net income or cash flow in the quarterly financial statements.

A5. Material changes in estimates

There were no changes in estimates of amounts reported in either the prior interim period of the current financial period or prior financial years that have had a material effect on the results during the current quarter and financial period-to-date.

A6. Changes in debt and equity securities

During the financial period ended 30 September 2022, the Company issued 6,634,000 units of ordinary shares for cash pursuant to the Company's Employee Share Option Scheme ("ESOS") at exercise prices ranged from RM1.01 to RM1.19 per ordinary share. Details of the issued and paid-up capital of the Company as at 30 September 2022 are as follows:

	No. of shares	RM'000
As at 1 January 2022	106,884,000	57,691
Ordinary shares issued pursuant to ESOS	6,634,000	9,915
As at 30 September 2022	<u>113,518,000</u>	<u>67,606</u>

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A6. Changes in debt and equity securities (continued)

Purchase of shares pursuant to Section 127 of the Companies Act 2016

During the period ended 30 September 2022, the Company had acquired 1,674,000 units of ordinary shares from the open market for a cash consideration of RM2.14 million. The repurchased shares are held as treasury shares in accordance with the requirements of Section 127(4) of the Companies Act 2016.

On 30 September 2022, the Company distributed 2,077,330 treasury shares as dividend to shareholders on the basis of 1 treasury share for every 50 existing ordinary shares held. As at 30 September 2022, the Company held a balance total of 7,611,370 treasury shares.

Other than the above, there were no other issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the quarter under review.

A7. Dividend paid

The following dividend payments were made during the financial year ending 31 December 2022:

	RM'000
In respect of financial year ended 31 December 2021:	
- single-tier dividend of 3.0 sen per ordinary share, paid on 20 April 2022	3,020
In respect of financial year ending 31 December 2022:	
- single-tier dividend of 3.0 sen per ordinary share, paid on 15 July 2022	3,076
- single-tier dividend of 3.0 sen per ordinary share, paid on 30 September 2022	3,116
- share dividend of 2.38 sen # per ordinary share on the basis of 1 treasury share for every 50 existing shares, credited on 30 September 2022	<u>2,469</u>
	<u><u>11,681</u></u>

The shares distributed as dividend in respect of financial year ending 31 December 2022 were treasury shares valued at the Company's average purchase cost of approximately RM1.19 per share.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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A8. Segment reporting

The Group is organised into business units based on their products and services, and has two reportable operating segments as follows:-

- i. Manufacturing segment - manufacturing and sale of plywood, veneer and laminated veneer lumber (LVL).
- ii. Electricity segment - generation and sale of electricity.

The following table provides an analysis of the Group's revenue, results, assets and liabilities by business segment:

	Manufacturing RM'000	Electricity RM'000	Adjustment/ Elimination RM'000	Total RM'000
<i>Period ended 30 September 2022</i>				
Revenue				
External sales	126,472	-	-	126,472
Inter-segment sales	-	1,800	(1,800)	-
	<u>126,472</u>	<u>1,800</u>	<u>(1,800)</u>	<u>126,472</u>
Results				
Segment profit	<u>37,142</u>	<u>335</u>	<u>919</u>	<u>38,396</u>
Segment assets as at 30 September 2022	<u>107,879</u>	<u>2,991</u>	<u>97,609</u>	<u>208,479</u>
Segment liabilities as at 30 September 2022	<u>4,045</u>	<u>98</u>	<u>9,841</u>	<u>13,984</u>
<i>Period ended 30 September 2021</i>				
Revenue				
External sales	78,673	78	-	78,751
Inter-segment sales	-	1,256	(1,256)	-
	<u>78,673</u>	<u>1,334</u>	<u>(1,256)</u>	<u>78,751</u>
Results				
Segment profit	<u>1,330</u>	<u>10</u>	<u>683</u>	<u>2,023</u>
Segment assets as at 31 December 2021	<u>128,402</u>	<u>3,051</u>	<u>51,673</u>	<u>183,126</u>
Segment liabilities as at 31 December 2021	<u>11,377</u>	<u>57</u>	<u>2,578</u>	<u>14,012</u>

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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A8. Segment reporting (continued)

The following items are added to segment profit or loss to arrive at total loss before tax reported in the unaudited condensed consolidated statement of comprehensive income:

	Current year to-date 30/09/2022	Preceding year corresponding period 30/09/2021
	RM'000	RM'000
Interest income from fixed deposit and money market funds	8	6
Distribution income from money market funds	111	526
Net gain on money market funds	758	105
Rental income from investment properties	198	198
Depreciation of investment properties	(62)	(62)
Direct operating expenses arising from investment properties	(94)	(90)
	<u>919</u>	<u>683</u>

The following items are added to segment assets to arrive at total assets reported in the unaudited condensed consolidated statement of financial position:

	As at 30/09/2022	As at 31/12/2021
	RM'000	RM'000
Money market funds	95,537	48,662
Investment properties	2,071	2,133
Deferred tax assets	-	93
Tax refundable	1	785
	<u>97,609</u>	<u>51,673</u>

The following item is added to segment liabilities to arrive at total liabilities reported in the unaudited condensed consolidated statement of financial position:

	As at 30/09/2022	As at 31/12/2021
	RM'000	RM'000
Provision for taxation	7,579	-
Deferred tax liabilities	2,262	2,578
	<u>9,841</u>	<u>2,578</u>

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

A9. Valuation of property, plant and equipment

There was no valuation of the property, plant and equipment in the current financial quarter.

A10. Change in contingent liabilities or contingent assets

There were no material contingent liabilities or contingent assets to be disclosed as at the date of this report.

A11. Capital commitments

The following table provides information on the capital commitments subsequent to the end of the current financial quarter:

	As at 30/09/2022	As at 31/12/2021
	RM'000	RM'000
Approved and contracted for property, plant and equipment	592	344

A12. Material events subsequent to the reporting period

On 13 October 2022, the Company issued 700,000 units of ordinary shares for cash pursuant to the Company's Employee Share Option Scheme at exercise price of RM1.01 per ordinary share.

On 2 November 2022, 114,218,000 bonus shares were listed on the Main Market of Bursa Securities.

On 16 November 2022, the Company issued 460,000 units of ordinary shares for cash pursuant to the Company's Employee Share Option Scheme at an adjusted exercise price of RM0.505 per ordinary share. Following the above, the issued share capital of the Group is RM91,692,971 comprising 228,896,000 of ordinary shares.

Other than the above, there were no other material events subsequent to the end of the current financial quarter that have not been reflected in the interim financial statements under review.

A13. Changes in composition of the Group

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

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

A14. Related party transactions

The following table provides information on the transactions which have been entered into with related parties during the period ended 30 September 2022 and 30 September 2021 as well as the balances with the related parties as at 30 September 2022 and 31 December 2021:

Nature of transactions	Transaction value for period ended		Balance outstanding as at	
	30/09/2022	30/09/2021	30/09/2022	31/12/2021
	RM'000	RM'000	RM'000	RM'000
Sales of electricity to a related party ^	-	78	-	5
Purchase of motor vehicle from a related party ^	-	85	-	-
Rental paid to a director	144	144	-	-

^ Related party is a company in which a director, Lin Hao Yu has interest.

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

**PART B -
ADDITIONAL INFORMATION AS REQUIRED BY LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD
(PART A OF APPENDIX 9B)**
B1. Review of performance of the Group
(a) Comparison of the current quarter against the corresponding quarter

	Current year quarter 30/09/2022	Preceding year corresponding quarter 30/09/2021	Changes
	RM'000	RM'000	%
Revenue	52,739	21,998	139.7
Operating profit	14,286	639	2135.7
Non-operating income	443	224	97.8
Profit before tax	14,729	863	1606.7
Profit after tax	11,277	1,700	563.4
Profit attributable to owners of the parent	11,277	1,700	563.4

For the third quarter ended 30 September 2022, revenue was RM52.74 million, an increase of RM30.74 million, or 140% year-over-year. Gross profit margin on sale of goods expanded to 33.2% from 9.4% a year earlier. Sales growth and improved profit margin was primarily attributable to higher average selling price from orders secured in the first half of current financial year, which was driven by the strong demand for plywood during that period. Strengthening of US dollar in current quarter also contributed to the sales growth and improvement in gross profit margin.

Average cost of goods sold per m3 in the third quarter this year was lower year-over-year, mainly due to lower production volume in preceding year corresponding quarter as a result of imposition of EMCO at our factory from 14 July to 10 August 2021.

Non-operating income was RM0.44 million, improved by approximately 98% from prior year period. The year-over-year increase was due primarily to higher net gain from money market funds as a result of continuing rate hike from the Central Bank of Malaysia. The rate hike also reflected through higher interest income reported in the third quarter.

Administrative expenses were RM2.18 million in the third quarter, increased by RM0.69 million, or 46% year-over-year due to the revision made for provision for bonus in the third quarter.

In line with the sales growth and improved profit margin, the Group's operating profit soared to RM14.29 million, an increase of RM13.65 million over the prior year period. Profit before tax of the Group was RM14.73 million, versus RM0.86 million recorded in the prior year period while profit after tax of the Group increased RM9.58 million, up from RM1.70 million in the prior year period.

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

B1. Review of performance of the Group (continued)

(b) Comparison of current year to-date against the corresponding period

	Current year to-date 30/09/2022	Preceding year corresponding period 30/09/2021	Changes
	RM'000	RM'000	%
Revenue	126,472	78,751	60.6
Operating profit	37,477	1,340	2696.8
Non-operating income	919	683	34.6
Profit before tax	38,396	2,023	1798.0
Profit after tax	29,281	2,936	897.3
Profit attributable to owners of the parent	29,281	2,936	897.3

For the nine months ended 30 September 2022, revenue was RM126.47 million, an increase of RM47.72 million, or 61%, over the prior year corresponding period. Gross profit margin on sale of goods expanded to 37.0%, up from 7.8% reported in prior year corresponding period. Strong demand and tight supply of plywood since last financial year contributed to the increase in the average selling price of plywood, the revenue and profit margin in current year to-date likewise.

Average cost of goods sold per m3 for current year-to-date increased by 3.2%, due primarily to the higher price of logs, adhesive, diesel as well as revision of minimum wages in May 2022. The increase was offset through improvement of production volume in current year to-date.

Non-operating income was RM0.92 million, increased by RM0.24 million from prior year corresponding period. This was mainly attributable to higher net gain from money market funds as a result of continuing rate hike from the Central Bank of Malaysia.

Administrative expenses were RM5.53 million in the current year to-date, increased by RM0.58 million year-over-year due to higher provision for bonus in the first nine months of the year.

The Group generated solid financial results with the operating profit for current year to-date increased significantly by RM36.14 million, up from RM1.34 million in preceding year corresponding quarter. For the nine months ended 30 September 2022, profit before tax of the Group was RM38.40 million, versus RM2.02 million reported in the prior year corresponding period. Profit after tax of the Group increased RM26.34 million, or 897% over the previous year corresponding period.

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B2. Comparison with immediate preceding quarter's results

	Current year quarter 30/09/2022	Immediate preceding quarter 30/06/2022	Changes
	RM'000	RM'000	%
Revenue	52,739	40,810	29.2
Operating profit	14,286	13,773	3.7
Non-operating income	443	238	86.1
Profit before tax	14,729	14,011	5.1
Profit after tax	11,277	10,605	6.3
Profit attributable to owners of the parent	11,277	10,605	6.3

Revenue in current quarter amounted to RM52.74 million, an increase of RM11.93 million, or 29%, as compared to RM40.81 million reported in immediate preceding quarter. Sales volume up by 26% due to considerable improvement in the shipping challenges which had affected our plywood shipment earlier this year. Gross profit margin of sale of goods was 33.2%, compared to 40.3% in immediate preceding quarter. Decline in gross profit margin reflects the effect of reduced production volume in the third quarter.

Non-operating income was RM0.44 million, improved by RM0.20 million, or 86% quarter-over-quarter due mainly to rate hike from the Central Bank of Malaysia. Higher administrative expenses were mainly attributable to higher provision for bonus.

With higher revenue reported in the third quarter, operating profit was RM14.29 million, up approximately 4% quarter-over-quarter. Profit before tax increased slightly to RM14.73 million compared to RM14.01 million in the second quarter. Profit after tax of the Group was RM11.28 million, versus RM10.61 million recorded in immediate preceding quarter.

B3. Prospects for the remaining period of current financial year

The on-going slowing demand of plywood, especially from the United States region will impact our financial result in the remaining period of current financial year. One of our customers from US hold on the delivery of remaining orders temporarily due to the strong field inventory at US. To that end, our team continues taking more orders of thick plywood and core veneer from Taiwan and Korea, which only command a very slim profit margin under normal production level. Hence, we expect that our sales and profit margin in the final quarter of this year will down moderately during this challenging period.

On the back of the strong appreciation of US dollar, we will continue to evaluate market pricing for plywood and adjust accordingly in order to secure more orders. We hope the uncertainty in respect to the near-term economic growth and plywood demand will subside soonest possible.

B4. Profit forecast or profit guarantee

The Group did not issue any profit forecast or profit guarantee in the current quarter or in the prior financial year.

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

B5. Income tax

	Current year quarter 30/09/2022	Preceding year corresponding quarter 30/09/2021	Current year to-date 30/09/2022	Preceding year corresponding period 30/09/2021
	RM'000	RM'000	RM'000	RM'000
Current income tax:				
- Malaysian income tax	3,470	22	9,338	60
Deferred income tax:				
- Origination and reversal of temporary differences	(18)	(858)	(226)	(972)
- (Over)/ Under provision in prior years	-	(1)	3	(1)
	(18)	(859)	(223)	(973)
	3,452	(837)	9,115	(913)

The effective tax rates for current quarter and current year to-date were lower than the statutory tax rate, principally due to certain income not subjected to income tax purposes.

B6. Status of corporate proposals

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

B7. Borrowings

The Group has no borrowings as at 30 September 2022.

B8. Material litigations

There were no material litigations since the financial year ended 31 December 2021 and up to the date of this report.

B9. Dividends

The Board of Directors is pleased to declare an interim dividend via a share dividend distribution on the basis of 1 treasury share for every 25 existing shares which equivalent to approximately 2.45 sen (2021: 2.5 sen) per ordinary share based on the book cost of treasury share held. The entitlement date and crediting date are on 14 December 2022 and 30 December 2022 respectively.

The total dividends declared to-date for the current financial year ending 31 December 2022 is 6.64 sen (2021: 2.5 sen) per ordinary share. Net dividend per share in current and prior year had been adjusted to reflect the 1 for 1 bonus issue completed on 2 November 2022.

(Incorporated in Malaysia)

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FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022

B10. Auditors' report

There was no qualification to the audited financial statements of the Company and its subsidiary for the financial year ended 31 December 2021.

B11. Earnings per share

Basic earnings per share is calculated by dividing the profit for the period, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares in issue during the period. For diluted earnings per share calculation, the weighted average number of ordinary shares in issue was adjusted to assume that the maximum number of new ordinary shares have been issued pursuant to the share options granted under the Employees' Share Option Scheme ("ESOS"). The dilutive portion of the ordinary shares deemed issued pursuant to the ESOS are accounted for in the diluted earnings per share calculation. The ESOS will have a dilutive effect only when the average market price of ordinary shares of the Company during the period exceeds the exercise price of options granted.

	Current year quarter 30/09/2022	Preceding year corresponding quarter 30/09/2021	Current year to-date 30/09/2022	Preceding year corresponding period 30/09/2021
Profit net of tax, attributable to owners of the parent used in the computation of loss per share (RM'000)	11,277	1,700	29,281	2,936
Basic				
Weighted average number of ordinary shares in issue ('000)	102,821	98,869	101,294	98,869
Bonus issue in subsequent period, excluding treasury shares ('000)	104,870	104,870	104,870	104,870
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	207,691	203,739	206,164	203,739
Basic earnings per share (sen per share)				
- Before issuance of bonus shares	10.97	1.72	28.91	2.97
- After issuance of bonus shares	5.43	0.83	14.20	1.44

(Incorporated in Malaysia)

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

B11. Earnings per share (Continued)

	Current year quarter 30/09/2022	Preceding year corresponding quarter 30/09/2021	Current year to-date 30/09/2022	Preceding year corresponding period 30/09/2021
<u>Diluted</u>				
Weighted average number of ordinary shares in issue ('000)	102,821	98,869	101,294	98,869
Effects of dilution:				
- Employee share options ('000)	907	* -	1,906	* -
	103,728	98,869	103,200	98,869
Bonus issue in subsequent period, excluding treasury shares ('000)	104,870	104,870	104,870	104,870
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	208,598	203,739	208,070	203,739
Diluted earnings per share (sen per share)				
- Before issuance of bonus shares	10.87	1.72	28.37	2.97
- After issuance of bonus shares	5.41	0.83	14.07	1.44

* nil due to anti-dilutive effect

B12. Derivative financial instruments

As at 30 September 2022 and 31 December 2021, the Group has the following outstanding derivatives financial instruments:

	Principal or Notional Amount	Fair value	
	RM'000	Assets RM'000	Liabilities RM'000
<u>30 September 2022</u>			
Foreign currency forward contract:			
- Less than 1 year	-	-	-
<u>31 December 2021</u>			
Foreign currency forward contract:			
- Less than 1 year	29,155	396	-

The Group uses forward currency contracts to manage some of the transaction exposure. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency transaction exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting.

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

B12. Derivative financial instruments (Continued)

The fair value changes are attributable to changes in foreign exchange spot and forward rate. Forward currency contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates and forward rate curves.

B13. Profit before tax

The following amounts have been included in arriving at profit before tax:

	Current year quarter 30/09/2022	Preceding year corresponding quarter 30/09/2021	Current year to- date 30/09/2022	Preceding year corresponding period 30/09/2021
	RM'000	RM'000	RM'000	RM'000
Interest income	(152)	(49)	(291)	(143)
Distribution income from money market funds	(38)	(170)	(111)	(526)
Net gain on money market funds	(380)	(32)	(758)	(105)
Gain on disposal of property, plant and equipment	-	-	(19)	(30)
Bad debts recovered	(80)	-	(320)	-
Rental income	(68)	(71)	(207)	(209)
Inventory written off	8	-	8	-
Rental of office premises	48	48	144	144
(Reversal of) allowance for impairment of logs advances	-	(150)	-	50
Depreciation of property, plant and equipment	851	852	2,495	2,556
Depreciation of investment properties	21	21	62	62
Direct operating expenses arising from investment properties:				
- rental generating properties	25	25	94	90
Net fair value loss/ (gain) on derivatives:				
- realised	899	85	1,635	295
- unrealised	(283)	(130)	396	88
Net (gain)/ loss on foreign exchange:				
- realised	(1,105)	(229)	(3,157)	(831)
- unrealised	(190)	119	(334)	(28)