

(Incorporated In Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2022**

	Current year quarter 31/12/2022 RM'000	Preceding year corresponding quarter 31/12/2021 RM'000	Current year to-date 31/12/2022 RM'000	Preceding year corresponding period 31/12/2021 RM'000
Revenue from contracts with customers	8,348	55,224	134,820	133,975
Cost of sales	<u>(9,183)</u>	<u>(37,976)</u>	<u>(95,234)</u>	<u>(111,679)</u>
Gross (loss)/ profit	(835)	17,248	39,586	22,296
Other items of income				
Interest income	131	67	422	210
Other income	1,219	2,725	6,125	4,770
Other items of expense				
Administrative expenses	(2,255)	(3,040)	(7,780)	(7,986)
Other expenses	<u>(497)</u>	<u>(671)</u>	<u>(2,194)</u>	<u>(938)</u>
(Loss)/ Profit before tax	(2,237)	16,329	36,159	18,352
Income tax	<u>520</u>	<u>(3,862)</u>	<u>(8,595)</u>	<u>(2,949)</u>
(Loss)/ Profit net of tax, representing total comprehensive income for the period	<u>(1,717)</u>	<u>12,467</u>	<u>27,564</u>	<u>15,403</u>
(Loss)/ Profit net of tax attributable to:				
Owners of the Company	<u>(1,717)</u>	<u>12,467</u>	<u>27,564</u>	<u>15,403</u>
(Loss)/ earnings per share attributable to owners of the Company:				
Basic (sen)	<u>(0.82)</u>	<u># 6.12</u>	<u>13.47</u>	<u># 7.56</u>
Diluted (sen)	<u>(0.81)</u>	<u># 6.12</u>	<u>13.28</u>	<u># 7.56</u>

For comparative purpose, the earnings per share for the quarter and year ended 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 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.

(Incorporated In Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022**

	As at 31/12/2022 RM'000	As at 31/12/2021 RM'000
Assets		
Non-current assets		
Property, plant and equipment	22,994	24,322
Investment properties	2,051	2,133
Intangible asset	149	149
Deferred tax assets	19	93
	<u>25,213</u>	<u>26,697</u>
Current assets		
Inventories	40,981	30,852
Trade and other receivables	4,850	37,034
Other current assets	2,285	9,092
Income tax refundable	1	785
Other current financial assets	96,239	49,058
Cash and bank balances	27,864	29,608
	<u>172,220</u>	<u>156,429</u>
Total assets	<u>197,433</u>	<u>183,126</u>
Equity and liabilities		
Current liabilities		
Trade and other payables	3,885	7,139
Contract liabilities	86	4,295
Provision for taxation	432	-
	<u>4,403</u>	<u>11,434</u>
Net current assets	<u>167,817</u>	<u>144,995</u>
Non-current liability		
Deferred tax liabilities	2,582	2,578
Total liabilities	<u>6,985</u>	<u>14,012</u>
Net assets	<u>190,448</u>	<u>169,114</u>
Equity attributable to owners of the Company		
Share capital	91,854	57,691
Treasury shares	(7,229)	(9,378)
Employee share option reserve	853	3,715
Retained earnings	104,970	117,086
Total equity	<u>190,448</u>	<u>169,114</u>
Total equity and liabilities	<u>197,433</u>	<u>183,126</u>
Net assets per share (RM)	<u>0.88</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.

(Incorporated In Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Current year to-date 31/12/2022 RM'000	Preceding year corresponding period 31/12/2021 RM'000
Operating activities		
Profit before tax	36,159	18,352
Adjustments for:		
Depreciation of investment properties	82	82
Depreciation of property, plant and equipment	3,347	3,404
Reversal of allowance for impairment of logs advances	-	(1,479)
Inventory written off	21	-
Gain on disposal of property, plant and equipment	(39)	(30)
Grant of equity-settled share options	(36)	415
Interest income	(422)	(210)
Net fair value changes on derivatives - unrealised	396	(306)
Unrealised foreign exchange loss	62	600
Operating cash flows before changes in working capital	<u>39,570</u>	<u>20,828</u>
Changes in inventories	(10,150)	7,868
Changes in trade and other receivables	32,184	(35,865)
Changes in other current assets	6,807	(1,459)
Changes in trade and other payables	(3,254)	2,261
Changes in contract liabilities	(4,209)	3,718
Cash flows generated from/ (used in) operations	<u>60,948</u>	<u>(2,649)</u>
Interest received	403	202
Income tax refunded	-	2,266
Income tax paid	(7,301)	(591)
Net cash generated from/ (used in) operating activities	<u>54,050</u>	<u>(772)</u>
Investing activities		
Interest received	19	15
Proceeds from disposal of property, plant and equipment	39	30
Purchase of property, plant and equipment	(2,019)	(1,640)
Net cash used in investing activities	<u>(1,961)</u>	<u>(1,595)</u>
Financing activities		
Dividend paid	(9,212)	(7,909)
Purchase of treasury shares	(5,476)	-
Proceeds from exercise of employee share options	8,494	-
Net cash used in financing activities	<u>(6,194)</u>	<u>(7,909)</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 CASH FLOWS (CONTINUED)
 FOR THE YEAR ENDED 31 DECEMBER 2022**

	Current year to-date 31/12/2022 RM'000	Preceding year corresponding period 31/12/2021 RM'000
Net increase/ (decrease) in cash and cash equivalents	45,895	(10,276)
Effect of exchange rate changes on cash and cash equivalents	(62)	(108)
Cash and cash equivalents at 1 January	<u>77,884</u>	<u>88,268</u>
Cash and cash equivalents at 31 December	<u>123,717</u>	<u>77,884</u>
Analysis of cash and cash equivalents		
Cash and bank balances	27,864	29,608
Investments in money market funds	96,239	48,662
Less: Deposits with maturity of more than three months	<u>(386)</u>	<u>(386)</u>
Cash and cash equivalents	<u>123,717</u>	<u>77,884</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.

(Incorporated In Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED 31 DECEMBER 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	15,403	15,403	-	-	-	15,403
Grant of equity-settled share options	415	415	-	-	415	-
Dividends on ordinary shares	(4,943)	(4,943)	-	-	-	(4,943)
Closing balance at 31 December 2021	169,114	169,114	57,691	(9,378)	3,715	117,086
Opening balance at 1 January 2022	169,114	169,114	57,691	(9,378)	3,715	117,086
Total comprehensive income	27,564	27,564	-	-	-	27,564
Bonus issue	-	-	22,843	-	-	(22,843)
Dividends on ordinary shares	(16,837)	(16,837)	-	-	-	(16,837)
Distribution of share dividend	7,625	7,625	-	7,625	-	-
Grant of equity-settled share options	(36)	(36)	-	-	(36)	-
Exercise of employee share options	8,494	8,494	11,320	-	(2,826)	-
Purchase of treasury shares	(5,476)	(5,476)	-	(5,476)	-	-
Closing balance at 31 December 2022	190,448	190,448	91,854	(7,229)	853	104,970

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 FOURTH QUARTER ENDED 31 DECEMBER 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 year ended 31 December 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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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
Amendments to MFRS 101	Non-current Liabilities with Covenants

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

Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between Investors and its Associate or Joint Venture
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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 year ended 31 December 2022, a total of 114,218,000 and 8,034,000 new ordinary shares were issued pursuant to the Company's Bonus Issue Exercise and exercise of the Employee Share Option Scheme ("ESOS"). Details of the issued and paid-up capital of the Company as at 30 September 2022 are as follows:

	No. of shares ('000)	RM'000
As at 1 January 2022	106,884	57,691
Ordinary shares issued pursuant to Bonus Issues	114,218	22,843
Ordinary shares issued pursuant to ESOS	8,034	11,320
	<hr/>	<hr/>
As at 31 December 2022	229,136	91,854

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

A6. Changes in debt and equity securities (continued)

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

During the year ended 31 December 2022, the Company had acquired 4,859,300 units of ordinary shares from the open market for a cash consideration of RM5.48 million. The repurchased shares are held as treasury shares in accordance with the requirements of Section 127(4) of the Companies Act 2016.

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 ended 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 ended 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	2,469
- share dividend of 2.45 sen * per ordinary share on the basis of 1 treasury share for every 25 existing shares, credited on 30 December 2022	5,156
	<u>16,837</u>

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

* The shares distributed as dividend in respect of financial year ended 31 December 2022 were treasury shares valued at the Company's average purchase cost of approximately RM0.61 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
<u>Year ended 31 December 2022</u>				
Revenue				
External sales	134,820	-	-	134,820
Inter-segment sales	-	2,200	(2,200)	-
	<u>134,820</u>	<u>2,200</u>	<u>(2,200)</u>	<u>134,820</u>
Results				
Segment profit	<u>34,305</u>	<u>213</u>	<u>1,641</u>	<u>36,159</u>
Segment assets as at 31 December 2022	<u>96,024</u>	<u>3,099</u>	<u>98,310</u>	<u>197,433</u>
Segment liabilities as at 31 December 2022	<u>3,904</u>	<u>67</u>	<u>3,014</u>	<u>6,985</u>
<u>Year ended 31 December 2021</u>				
Revenue				
External sales	133,892	83	-	133,975
Inter-segment sales	-	1,956	(1,956)	-
	<u>133,892</u>	<u>2,039</u>	<u>(1,956)</u>	<u>133,975</u>
Results				
Segment profit	<u>17,045</u>	<u>360</u>	<u>947</u>	<u>18,352</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
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2022

A8. Segment reporting (continued)

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

	Current year to-date 31/12/2022	Preceding year corresponding period 31/12/2021
	RM'000	RM'000
Interest income from fixed deposit and money market funds	19	8
Distribution income from money market funds	166	722
Net gain on money market funds	1,399	153
Rental income from investment properties	264	264
Depreciation of investment properties	(82)	(82)
Direct operating expenses arising from investment properties	(125)	(118)
	<u>1,641</u>	<u>947</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 31/12/2022	As at 31/12/2021
	RM'000	RM'000
Money market funds	96,239	48,662
Investment properties	2,051	2,133
Deferred tax assets	19	93
Tax refundable	1	785
	<u>98,310</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 31/12/2022	As at 31/12/2021
	RM'000	RM'000
Provision for taxation	432	-
Deferred tax liabilities	2,582	2,578
	<u>3,014</u>	<u>2,578</u>

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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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 31/12/2022	As at 31/12/2021
	RM'000	RM'000
Approved and contracted for property, plant and equipment	807	344

A12. Material events subsequent to the reporting period

Subsequent to the end of current financial quarter, the Company issued 1,020,000 units of ordinary shares for cash pursuant to the Company's Employee Share Option Scheme at exercise price of RM0.505 per ordinary share.

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.

(Incorporated in Malaysia)

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

A14. Related party transactions

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

Nature of transactions	Transaction value for period ended		Balance outstanding as at	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
	RM'000	RM'000	RM'000	RM'000
Sales of electricity to a related party ^	-	83	-	5
Purchase of motor vehicle from a related party ^	-	85	-	-
Rental paid to a director	192	192	-	-

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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 31/12/2022	Preceding year corresponding quarter 31/12/2021	Changes
	RM'000	RM'000	%
Revenue	8,348	55,224	-84.9
Operating (loss)/ profit	(2,959)	16,064	-118.4
Non-operating income	722	265	172.5
(Loss)/ Profit before tax	(2,237)	16,329	-113.7
(Loss)/ Profit after tax	(1,717)	12,467	-113.8
(Loss)/ Profit attributable to owners of the parent	(1,717)	12,467	-113.8

For the fourth quarter ended 31 December 2022, revenue was RM8.35 million, decreased by RM46.87 million, or 85% year-over-year. Decrease in sales was a primary result of softening demand for plywood, particularly the demand from the United States due to the public sentiment on concern of a looming recession. There was no shipment to United States in the fourth quarter of current financial year as compared to approximately 12,000m³ loaded on the bulk carriers in prior year period. Sales in the fourth quarter of current year was mainly thick plywood, core veneer and laminated veneer lumber ("LVL") for Asian countries which prices were generally lower.

Average cost of goods sold per m³ was higher year-over-year due to revision of minimum wages in May 2022 and adjustment for allocated fixed overhead costs based on the normalised production volume. The Group had lesser production in the fourth quarter in accordance to the planned production curtailment and the closure of production plant for three weeks during the repair of steam turbine in November 2022. Accordingly, the Group reported gross loss in current quarter.

Non-operating income was RM0.72 million, improved by approximately 173% 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. This also reflected through higher interest income in current quarter.

Administrative expenses were RM2.26 million in the fourth quarter, decreased by RM0.78 million, or 26% year-over-year. Prior year quarter's administrative expenses were higher due to the recognition of catch-up adjustment on the provision for bonus.

As a result of lower sales, the Group reported operating loss in current quarter as compared to operating profit a year earlier. For the fourth quarter ended 31 December 2022, loss before and after tax were RM2.24 million and RM1.72 million respectively.

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

B1. Review of performance of the Group (continued)

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

	Current year to-date 31/12/2022	Preceding year corresponding period 31/12/2021	Changes
	RM'000	RM'000	%
Revenue	134,820	133,975	0.6
Operating profit	34,518	17,405	98.3
Non-operating income	1,641	947	73.3
Profit before tax	36,159	18,352	97.0
Profit after tax	27,564	15,403	79.0
Profit attributable to owners of the parent	27,564	15,403	79.0

For current year ended 31 December 2022, revenue was RM134.82 million, a slight increase of RM0.84 million, or 0.6%, over the prior year. The slightly higher turnover was driven by increased average selling price, which was contributed by the strong demand and supply constraints of plywood since the final quarter of previous financial year. Besides, strong US dollar during the current financial year also contributed to the growth of revenue. However, the growth was limited due to lower sales volume as a result of logistic challenges faced globally especially during the first half of current financial year as well as the effect of the recession concern at US market in the second half of the year.

Average cost of goods sold per m3 for current financial year increased by 4.9%, due primarily to the higher price of logs, adhesive, diesel as well as revision of minimum wages from May 2022 onwards. Despite a higher cost of sales per m3, gross profit margin on sale of goods expanded to 33.8%, up from 18.2% reported in previous financial year.

Non-operating income was RM1.64 million, increased by RM0.69 million from previous year. 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.

Despite of weaker performance in the fourth quarter, the Group reported an improved result for the year ended 31 December 2022 and returned more than RM16 million of capital to shareholders through shares repurchases and dividends. Profit after tax for financial year 2022 was RM27.56 million, an increase of RM12.16 million, or 79% over the previous financial year.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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B2. Comparison with immediate preceding quarter's results

	Current year quarter 31/12/2022 RM'000	Immediate preceding quarter 30/09/2022 RM'000	Changes %
Revenue	8,348	52,739	-84.2
Operating (loss)/ profit	(2,959)	14,286	-120.7
Non-operating income	722	443	63.0
(Loss)/ Profit before tax	(2,237)	14,729	-115.2
(Loss)/ Profit after tax	(1,717)	11,277	-115.2
(Loss)/ Profit attributable to owners of the parent	(1,717)	11,277	-115.2

Revenue in current quarter amounted to RM8.35 million, fell by RM44.39 million, or 84%, as compared to RM52.74 million reported in immediate preceding quarter. Softening demand on plywood particularly at United States due to recession concern was the main factor contributed to the decrease in revenue. Sales volume reduced by 69% when only low-price products such as thick plywood, veneer and LVL sold to Asian countries in current quarter.

Average cost of goods sold per m3 was lower as compared to immediate preceding quarter due to the sales mix ratio as there was no thin plywood delivered to United States in current quarter. However, the Group reported a negative gross margin in current quarter, down from 33.2% gross profit margin recorded in immediate preceding quarter. Gross loss position reflected the effect of lower production volume and decrease of selling price in current quarter.

Non-operating income was RM0.72 million, improved by RM0.28 million, or 63% quarter-over-quarter due mainly to rate hike from the Central Bank of Malaysia. The Group reported loss after tax of RM1.72 million as compared to profit of RM11.28 million recorded in immediate preceding quarter.

B3. Prospects for the next financial year

In December 2022, US Federal Reserve raised short-term interest rates to the highest level since 2007 and suggested in their statement that they will continue to take action to bring down inflation over time. Consumers concerned about the impact of recession would have on their finances. Apart from disappointed statistic from the housing sector at US, RVIA's forecast for 2023 is not promising too as the current projection points to 391,400 units being sold which would mark the first year under 400,000 units sold since 2015.

We anticipate that the demand of our plywood will remain soft in the first quarter of the next financial year amid the housing market at US shows sign of a rebound for the first time in a year from the most recently published statistic. As we struggle to secure new orders from US and Europe, we will continue taking more orders from Asia in order to maintain our production at certain level. The Board remains cautiously optimistic on the outlook of plywood market in the next financial year and hopeful that the demand from US will improve after the RV Expo in April 2023.

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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.

B5. Income tax

	Current year quarter 31/12/2022	Preceding year corresponding quarter 31/12/2021	Current year to-date 31/12/2022	Preceding year corresponding period 31/12/2021
	RM'000	RM'000	RM'000	RM'000
Current income tax:				
- Malaysian income tax	(821)	389	8,517	449
Deferred income tax:				
- Origination and reversal of temporary differences	301	3,478	75	2,506
- (Over)/ Under provision in prior years	-	(5)	3	(6)
	301	3,473	78	2,500
	(520)	3,862	8,595	2,949

The effective tax rate for current quarter was higher than the statutory tax rate due to certain expenses disallowed for income tax purposes. The effective rates for current year to-date was 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 31 December 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.

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B9. Dividends

The Board of Directors is pleased to declare an interim tax-exempt dividend of 2 sen per ordinary share in respect of the financial year ended 31 December 2022. The entitlement date and payment date are on 8 March 2023 and 22 March 2023 respectively. The total dividends declared to-date for the current financial year ended 31 December 2022 is 8.64 sen (2021: 4 sen) per ordinary share. Net dividend per share in current and previous financial year had been adjusted to reflect the 1 for 1 bonus issue completed on 2 November 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. (Loss)/ Earnings per share

Basic (loss)/ earnings per share is calculated by dividing the (loss)/ 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 (loss)/ 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 (loss)/ 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 31/12/2022	Preceding year corresponding quarter 31/12/2021	Current year to-date 31/12/2022	Preceding year corresponding period 31/12/2021
(Loss)/ Profit net of tax, attributable to owners of the parent used in the computation of loss per share (RM'000)	(1,717)	12,467	27,564	15,403
Basic				
Weighted average number of ordinary shares in issue ('000)	210,534	98,869	204,591	98,869
Bonus issue in subsequent period, excluding treasury shares ('000)	-	104,870	-	104,870
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	210,534	203,739	204,591	203,739
Basic (loss)/ earnings per share (sen per share)	(0.82)	6.12	13.47	7.56

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B11. (Loss)/ Earning per share (continued)

	Current year quarter 31/12/2022	Preceding year corresponding quarter 31/12/2021	Current year to-date 31/12/2022	Preceding year corresponding period 31/12/2021
<u>Diluted</u>				
Weighted average number of ordinary shares in issue ('000)	210,534	98,869	204,591	98,869
Effects of dilution:				
- Employee share options ('000)	1,122	* -	2,922	* -
	211,656	98,869	207,513	98,869
Bonus issue in subsequent period, excluding treasury shares ('000)	-	104,870	-	104,870
	211,656	203,739	207,513	203,739
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	211,656	203,739	207,513	203,739
Diluted (loss)/ earnings per share (sen per share)	(0.81)	6.12	13.28	7.56

* nil due to anti-dilutive effect

B12. Derivative financial instruments

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

	Principal or Notional Amount RM'000	Fair value	
		Assets RM'000	Liabilities RM'000
<u>31 December 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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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. (Loss)/ Profit before tax

The following amounts have been included in arriving at (loss)/ profit before tax:

	Current year quarter 31/12/2022	Preceding year corresponding quarter 31/12/2021	Current year to- date 31/12/2022	Preceding year corresponding period 31/12/2021
	RM'000	RM'000	RM'000	RM'000
Interest income	(131)	(67)	(422)	(210)
Distribution income from money market funds	(55)	(196)	(166)	(722)
Net gain on money market funds	(641)	(48)	(1,399)	(153)
Gain on disposal of property, plant and equipment	(20)	-	(39)	(30)
Rental income	(66)	(69)	(273)	(278)
Rental of office premises	48	48	192	192
Inventory written off	13	-	21	-
Reversal of allowance for impairment of logs advances	-	(1,529)	-	(1,479)
Bad debts recovered	(120)	(200)	(440)	(200)
Depreciation of property, plant and equipment	852	848	3,347	3,404
Depreciation of investment properties	20	20	82	82
Direct operating expenses arising from investment properties:				
- rental generating properties	31	28	125	118
Net fair value loss/ (gain) on derivatives:				
- realised	101	43	1,736	338
- unrealised	-	(394)	396	(306)
Net (gain)/ loss on foreign exchange:				
- realised	(282)	(57)	(3,439)	(888)
- unrealised	396	628	62	600