

# EVERGREEN FIBREBOARD BERHAD (217120 W)

(Incorporated in Malaysia)

## ***EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2020***

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

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

These condensed consolidated interim financial statements, for the period ended 30 June 2020, 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 2019.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2019, except for the adoption of the Amendments to Standards and Issue Committee (IC) Interpretations effective as of 1 January 2020. The initial application of the accounting standards, interpretations or amendments that are effective from 1 January 2020 do not have any material financial impacts to the current and prior financial period of the Group.

<u>Amendments/Improvements to MFRSs</u>		<u>Effective for financial periods beginning on or after</u>
MFRS 3	Business Combinations	1 January 2020
MFRS 7	Financial Instruments: Disclosures	1 January 2020
MFRS 9	Financial Instruments	1 January 2020
MFRS 101	Presentation of Financial Statements	1 January 2020
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Error	1 January 2020
MFRS 139	Financial Instruments: Recognition and Measurement	1 January 2020

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

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

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

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## ***EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2020***

<u>Amendments/Improvements to MFRSs</u>		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2023 <sup>#</sup>
MFRS 3	Business Combinations	1 January 2023 <sup>#</sup>
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2023 <sup>#</sup>
MFRS 7	Financial Instruments: Disclosures	1 January 2023 <sup>#</sup>
MFRS 9	Financial Instruments	1 January 2023 <sup>#</sup>
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 15	Revenue from Contracts with Customers	1 January 2023 <sup>#</sup>
MFRS 101	Presentation of Financial Statements	1 January 2023 <sup>#</sup> / 1 January 2022
MFRS 107	Statements of Cash Flows	1 January 2023 <sup>#</sup>
MFRS 116	Property, Plant and Equipment	1 January 2023 <sup>#</sup>
MFRS 119	Employee Benefits	1 January 2023 <sup>#</sup>
MFRS 128	Investments in Associates and Joint Ventures	Deferred/ 1 January 2023 <sup>#</sup>
MFRS 132	Financial instruments: Presentation	1 January 2023 <sup>#</sup>
MFRS 136	Impairment of Assets	1 January 2023 <sup>#</sup>
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2023 <sup>#</sup>
MFRS 138	Intangible Assets	1 January 2023 <sup>#</sup>
MFRS 140	Investment Property	1 January 2023 <sup>#</sup>

<sup>#</sup> *Amendments as to the consequence of effective of MFRS 17 Insurance Contracts*

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

# **EVERGREEN FIBREBOARD BERHAD (217120 W)**

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## ***EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2020***

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

The auditors' report on the audited financial statements for the financial year ended 31 December 2019 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 except on period where adverse weather may affect log supply.

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

- (a) There were no shares bought back during the quarter under review and financial year-to-date. The total number of shares bought back as at 30 June 2020 was 622,000 shares and the shares are being held as treasury shares in accordance with the requirement of Section 127 of the Companies Act 2016.

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

No dividend was paid during the 2<sup>nd</sup> quarter ended 30 June 2020.

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## EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2020

### 8. Profit before tax

Included in the profit before tax are the following items:

	3 months ended		6 months ended	
	30 June		30 June	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Interest Income	(342)	(426)	(722)	(844)
Other expense/(income) including investment income	(14)	17	(1,017)	(403)
Interest expense/ Finance cost	1,823	1,946	3,860	3,747
Depreciation and amortisation	19,803	19,098	39,703	37,866
(Gain)/ loss on disposal of property, plant and equipment	348	(344)	355	(345)
Foreign exchange (gain)/loss	(370)	(381)	41	(2,130)

### 9. Segmental Information

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

	3 months ended		3 months ended	
	30 June 2020		30 June 2019	
Segment	Segment	Segment	Segment	
Revenue	Profit/(Loss)	Revenue	Profit/(Loss)	
	before tax		before tax	
	RM'000	RM'000	RM'000	RM'000
Malaysia	87,237	(9,879)	133,698	(3,766)
Thailand	63,673	(1,980)	77,156	(6,296)
Others	22,011	3,158	21,074	587
	<u>172,921</u>	<u>(8,701)</u>	<u>231,928</u>	<u>(9,475)</u>

	6 months ended		6 months ended	
	30 June 2020		30 June 2019	
Segment	Segment	Segment	Segment	
Revenue	Profit/(Loss)	Revenue	Profit/(Loss)	
	before tax		before tax	
	RM'000	RM'000	RM'000	RM'000
Malaysia	204,023	(16,683)	277,132	(8,804)
Thailand	155,310	(4,669)	161,001	(10,648)
Others	41,000	905	39,514	(172)
	<u>400,333</u>	<u>(20,447)</u>	<u>477,647</u>	<u>(19,624)</u>

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## ***EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2020***

### **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 require disclosure or adjustment to the unaudited condensed interim financial statements.

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

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

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

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

### **14. *Capital commitments***

The amount of commitments for the purchase of property, plant and equipment not provided for in the interim financial statements as at 30 June 2020 are as follows:

	<u>RM'000</u>
Approved and contracted for	252
Approved but not contracted for	<u>248</u>
	<u>500</u>

### **15. *Significant Related Party Transactions***

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

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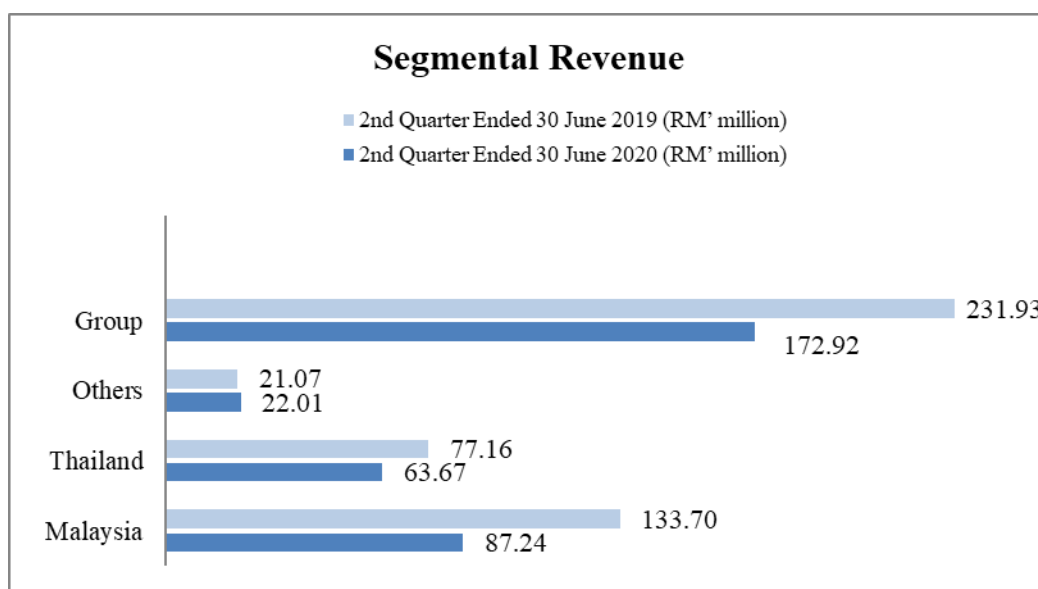
## EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2020

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

#### 1 *Performance Review*

	3 months ended		Changes %	6 months ended		Changes %
	30 June 2020 (RM'000)	30 June 2019 (RM'000)		30 June 2020 (RM'000)	30 June 2019 (RM'000)	
Revenue	172,921	231,928	-25.4%	400,333	477,647	-16.2%
Operating Profit	25,436	32,059	-20.7%	56,967	63,947	-10.9%
Profit/(Loss) Before Interest and Tax	(6,878)	(7,529)	-8.6%	(16,587)	(15,877)	4.5%
Profit/(Loss) Before Tax	(8,701)	(9,475)	-8.2%	(20,447)	(19,624)	4.2%
Profit/(Loss) After Tax	(9,687)	(10,076)	-3.9%	(22,943)	(21,016)	9.2%
Profit/(Loss) Attributable to Owners of the Company	(11,081)	(10,364)	6.9%	(23,233)	(20,931)	11.0%

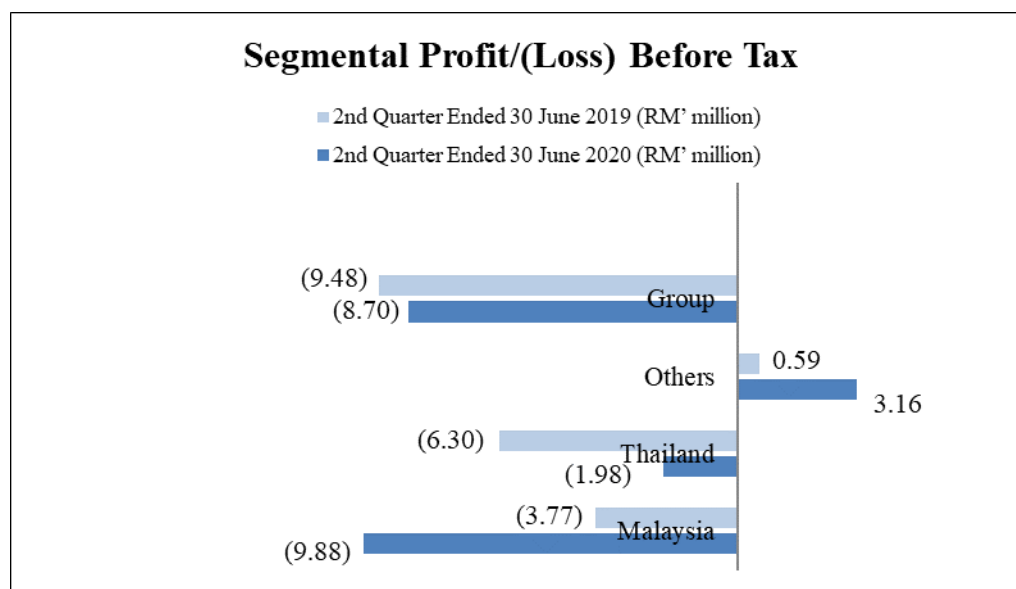
#### Segmental Revenue and Results – for 2<sup>nd</sup> Quarter Ended 30/6/2019 vs 30/6/2020



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## EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2020



### Malaysia segment

The Malaysia segment's revenue for the quarter ended 30 June 2020 decreased by 34.7% or RM46.46 million to RM87.24 million from RM133.70 million recorded in the preceding year corresponding quarter. Despite of higher revenue from downstream products and higher average selling price from panel board, the decrease in revenue was mainly due to lower sales volume from panel board as a result of the adverse impact caused by Covid-19 outbreak globally and particularly the enforcement of Movement Control Order (MCO) in Malaysia. The lower sales volume was also due to stoppage of Batu Pahat MDF production line that caused by fire accident. The accident does not have impact to the Group as all including consequential losses arising are covered by insurance (on reimbursement basis) and sales orders affected are able to fulfil by our overseas plants.

Loss before tax for the quarter ended 30 June 2020 increased by 162.1% to RM9.88 million from RM3.77 million recorded in the corresponding quarter of the preceding year. The increase in loss before tax was mainly due to higher operational cost caused by lower sales volume and higher foreign exchange loss suffered in current quarter.

### Thailand segment

The Thailand segment's revenue for the quarter ended 30 June 2020 decreased by 17.5% or RM13.49 million to RM63.67 million from RM77.16 million recorded in the preceding year corresponding quarter. Despite of higher average selling price, the decrease in revenue was mainly due to the lower sales volume.

Loss before tax for the quarter ended 30 June 2020 decreased by 68.6% to RM1.98 million from RM6.30 million recorded in the corresponding quarter of the preceding year. The decrease in loss before tax was mainly due to higher margin resulted from higher average selling price couple with lower cost of glue.

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## ***EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2020***

### **Others segment**

On Others segment's revenue for the quarter ended 30 June 2020 increased by 4.5% to RM22.01 million from RM21.07 million recorded in the preceding year corresponding quarter. The increase in revenue was mainly due to higher average selling price.

Profit before tax for the quarter ended 30 June 2020 increased by RM2.57 million to RM3.16 million from RM0.59 million recorded in the corresponding quarter of the preceding year. The increase in profit before tax was mainly due to higher margin resulted from higher average selling price, lower of log cost and foreign exchange gain recorded in the current quarter.

### **Consolidated**

The Group's revenue for the quarter ended 30 June 2020 decreased by 25.4% or RM59.01 million to RM172.92 million from RM231.93 million recorded in the preceding year corresponding quarter. Despite of higher revenue from downstream products and higher average selling price from panel board, the decrease in revenue was mainly due to lower sales volume from panel board as a result of the adverse impact caused by Covid-19 outbreak globally and particularly the enforcement of Movement Control Order (MCO) in Malaysia.

Loss before tax for the quarter ended 30 June 2020 decreased by RM0.78 million to RM8.70 million from RM9.48 million recorded in the corresponding quarter of the preceding year. The decrease in loss before tax was attributable to higher profit before tax from the downstream products couple with lower cost of glue.

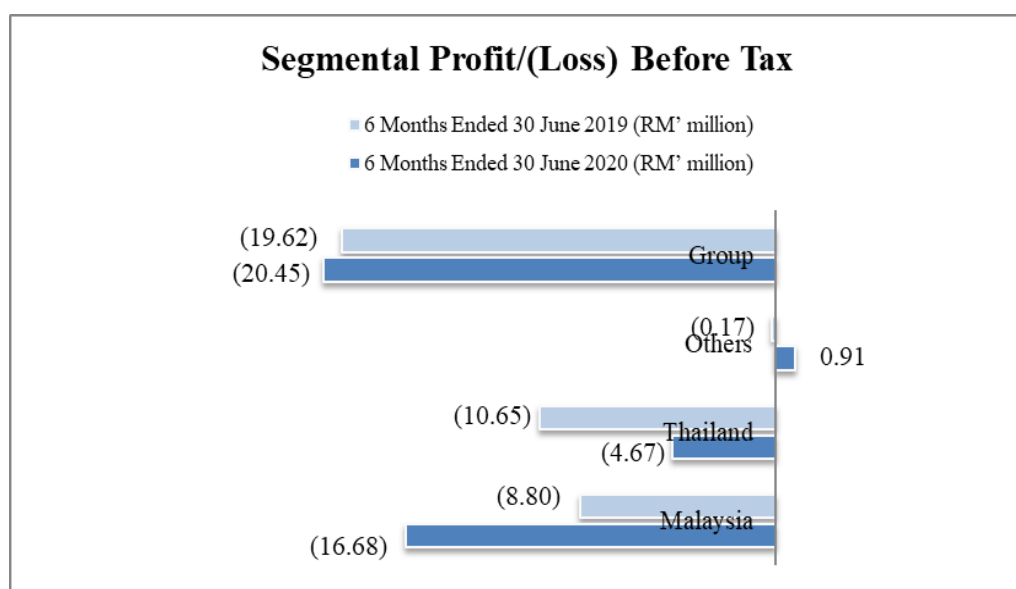
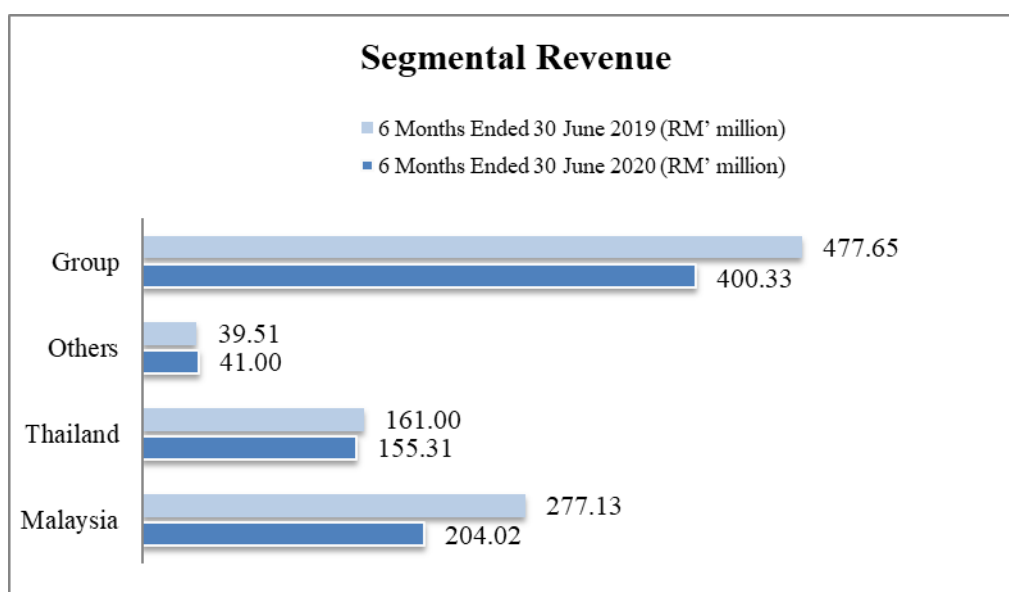


# EVERGREEN FIBREBOARD BERHAD (217120 W)

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## EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2020

### Segmental Revenue and Results – for 6 Months Ended 30/06/2019 vs 30/06/2020



#### Malaysia segment

For the current year to date, the Malaysia segment's revenue has decreased by 26.4% to RM204.02 million, as compared to the revenue of RM277.13 million for the corresponding period last year. Despite of higher revenue from downstream products and higher average selling price from panel board, the decrease in revenue was mainly due to lower sales volume from panel board as a result of the adverse impact caused by Covid-19 outbreak globally and particularly the enforcement of Movement Control Order (MCO) in Malaysia. The lower sales volume was also due to stoppage of Batu Pahat MDF production line that caused by fire accident. The accident does not have impact to the Group as all including consequential losses arising are covered by insurance (on reimbursement basis) and sales orders

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## ***EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2020***

affected are able to fulfil by our overseas plants.

Loss before tax was reported at RM16.68 million for the current year to date, as compared to a loss before tax of RM8.80 million recorded in the corresponding period last year. The increase in loss before tax was mainly due to higher operational cost which is due to lower sales volume and foreign exchange loss being recorded in the current year to date.

### **Thailand segment**

For the current year to date, the Thailand segment's revenue was RM155.31 million, with a decrease of 3.5% or RM5.69 million, as compared to the revenue of RM161.00 million for the corresponding period last year. Despite of higher average selling price, the decrease in revenue was mainly due to the lower sales volume.

For the current year to date, loss before tax was reported at RM4.67 million, as compared to a loss before tax of RM10.65 million recorded in the corresponding period last year. The decrease in loss before tax was mainly due to higher margin resulted from higher average selling prices and lower cost of glue.

### **Others Segment**

For the current year to date, on Other segment's revenue, has increased by 3.8% to RM41.00 million, as compared to the revenue of RM39.51 million for the corresponding period last year. The increase in revenue was mainly attributable to higher average selling price.

Profit before tax was reported at RM0.91 million for the current year to date, as compared to a loss before tax of RM0.17 million recorded in the corresponding period last year. The increase in profit before tax was mainly due to higher margin resulted from higher average selling price and lower cost of log.

### **Consolidated profit before tax**

For the current year to date, the Group's revenue has decreased by 16.2% or RM77.32 million to RM400.33 million, as compared to RM477.65 million for the corresponding period last year. Despite of higher revenue from downstream products and higher average selling price from panel board, the decrease in revenue was mainly due to lower sales volume from panel board as a result of the adverse impact caused by Covid-19 outbreak globally and particularly the enforcement of Movement Control Order (MCO) in Malaysia.

Loss before tax was reported at RM20.45 million for the current year to date, as compared to a loss before tax of RM19.62 million recorded in the corresponding period last year. The increase in loss before tax was attributable to higher operational cost which is due to lower sales volume and foreign exchange loss being recorded in the current year to date.

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## ***EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2020***

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

	Current Quarter 30-Jun-20 <u>RM'000</u>	Immediate Preceding Quarter 31-Mar-20 <u>RM'000</u>	Changes %
Revenue	172,921	227,412	-24.0%
Operating Profit	25,436	31,531	-19.3%
Profit/(Loss) Before Interest and Tax	(6,878)	(9,709)	-29.2%
Profit/(Loss) Before Tax	(8,701)	(11,746)	-25.9%
Profit/(Loss) After Tax	(9,687)	(13,256)	-26.9%
Profit/(Loss) Attributable to Owners of the Company	(11,081)	(12,152)	-8.8%

The current quarter revenue decreased by 24.0% or RM54.49 million to RM172.92 million, as compared to RM227.41 million recorded in the preceding quarter. The decrease in revenue was mainly due to lower sales volume as a result of the adverse impact caused by Covid-19 outbreak globally and particularly the enforcement of Movement Control Order (MCO) in Malaysia.

The Group's loss before tax was reported at RM8.70 million for the current quarter, compared to loss before tax of RM11.75 million recorded in the preceding quarter. The decrease in loss before tax was mainly contributed by lower cost of log couple with higher profit before tax from downstream products.

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

Not applicable as no Profit Forecast or Profit Guarantee has been issued by the Group.

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

Due to the emergence of Covid-19 outbreak, it has brought significant economic impact globally including Malaysia and markets in which the Group's products are exported to. Moving towards the recovery with uncertainty from another wave of Covid-19, this may take a while to resume everything back to normal and the Board foresee that the market condition will also slowly pick-up in demand.

Hence, the Group will continue to focus on local market (Malaysia), increase its downstream production output with higher premium products, explore new avenues to improve cost and operational competitiveness, whilst continue to diversify and broaden our customer base to mitigate the impact of global slowdown. The Board will continuously monitor the impact of Covid-19 on the Group's operations and financial performance and will take appropriate and timely measures to minimize the impact to the Group.

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## *EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2020*

### 5 *Tax Expense*

Major Components of tax expense

	3 months ended		6 months ended	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Current tax expense	1,554	1,665	3,645	3,424
Deferred tax expense	(568)	(1,064)	(1,149)	(2,032)
	<u>986</u>	<u>601</u>	<u>2,496</u>	<u>1,392</u>

The effective tax rate of the Group for the current year to date is higher than the statutory rate due to current tax expenses incurred on profit-making companies.

### 6 *Status of Corporate Proposal Announced*

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

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## EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2020

### 7 Borrowings and Debt Securities

The Group's borrowings are as follows: -

Denominated	As at 30 June 2020				
	In RM	In Baht	In USD	In Euro and Others	Total
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<b>Short Term Borrowings:</b>					
<u>Secured</u>					
Trade facilities	-	58,820	-	-	58,820
Term loans	7,808	-	9,480	-	17,288
Hire purchase and finance lease payables	24	113	-	61	198
<u>Unsecured</u>					
Trade facilities	85,419	-	8,668	-	94,087
Term Loans	4,817	-	-	6,752	11,569
Hire purchase and finance lease payables	2,502	23	-	-	2,525
	<u>100,570</u>	<u>58,956</u>	<u>18,148</u>	<u>6,813</u>	<u>184,487</u>
<b>Long Term Borrowings:</b>					
<u>Secured</u>					
Term loans	14,979	-	22,026	-	37,005
Hire purchase and finance lease payables	31	-	-	254	285
<u>Unsecured</u>					
Term Loans	2,497	-	-	30,385	32,882
Hire purchase and finance lease payables	1,702	9	-	-	1,711
	<u>19,209</u>	<u>9</u>	<u>22,026</u>	<u>30,639</u>	<u>71,883</u>
Total	<u>119,779</u>	<u>58,965</u>	<u>40,174</u>	<u>37,452</u>	<u>256,370</u>
Exchange rate RM to USD1.00		<u>4.2850</u>			
Exchange rate RM to THB1.00		<u>0.1384</u>			
Exchange rate RM to EUR1.00		<u>4.8133</u>			
Exchange rate RM to SGD1.00		<u>3.0743</u>			

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## EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2020

Denominated	As at 30 June 2019				
	In RM	In Baht	In USD	In Euro and Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Short Term Borrowings:</b>					
<u>Secured</u>					
Trade facilities	-	52,422	-	-	52,422
Term loans	10,609	-	3,600	-	14,209
Hire purchase and finance lease payables	31	229	-	56	316
<u>Unsecured</u>					
Trade facilities	43,954	-	14,043	-	57,997
Term Loans	5,004	-	455	6,427	11,886
	<u>59,598</u>	<u>52,651</u>	<u>18,098</u>	<u>6,483</u>	<u>136,830</u>
<b>Long Term Borrowings:</b>					
<u>Secured</u>					
Term loans	23,671	-	9,529	-	33,200
Hire purchase and finance lease payables	46	257	-	344	647
<u>Unsecured</u>					
Term Loans	8,061	-	-	38,565	46,626
	<u>31,778</u>	<u>257</u>	<u>9,529</u>	<u>38,909</u>	<u>80,473</u>
Total	<u>91,376</u>	<u>52,908</u>	<u>27,627</u>	<u>45,392</u>	<u>217,303</u>
Exchange rate RM to USD1.00		4.1280			
Exchange rate RM to THB1.00		0.1347			
Exchange rate RM to EUR1.00		4.6878			
Exchange rate RM to SGD1.00		3.0519			

# **EVERGREEN FIBREBOARD BERHAD (217120 W)**

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## ***EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2020***

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

- a) As announced on 7 May 2019, the Board of Directors of Evergreen Fibreboard Berhad (“EFB” OR “THE COMPANY”) wishes to announce that its Indonesian Subsidiary, PT Hijau Lestari Raya Fibreboard (“ PT Hijau” or “The Subsidiary”) had on 16 April 2019 been served with a Writ of Summons and Statement of Claim filed by Pt. Hutrindo Jaya Fibreboard Manufacturing, Indonesian Legal Entity, based on Deed of Amendment No. 127 (referred to as “Plaintiff I”) and Pt. Uforin Pranjén Adhesiv Industry, Indonesian Legal Entity based on Deed of Amendment No.128 ( referred as “ Plaintiff II”) against the Subsidiary and the Company.

The Plaintiffs disputes that the Extraordinary General Meeting of Shareholders (EGMS) and the Annual General Meeting of Shareholders (AGMS) of PT. Hijau Lestari Raya Fibreboard, the Deeds to the Minutes of AGM No.6 dated November 24, 2017 and EGMS No.7 dated November 24, 2017 registered with the Ministry of Law and Human Rights of the Republic of Indonesia with No.AHU-AH.01.030203428, dated December 20, 2017, has allegedly been made against the law and is alleged to have contradicted the Articles of Association and Law No.40 of 2007 of Limited Liability Companies of which have been allegedly carried out before obtaining approval from the Board of Commissioners and shareholders (GMS) and concerning with the appointment of a director for the management composition without regard to the principle of good corporate governance. Plaintiffs is disputing:

- I. That the appointment of Mr. Zuhairi Bin Ozir in this EGMS of by PT. Hijau Lestari Raya Fibreboard citing incompetency and alleging that his appointment as Director is in conflict with the principles of Good corporate governance which may potentially cause a major loss to the Subsidiary and therefore the appointment of Mr. Zuhairi Bin Ozir in his position as Director of by PT. Hijau Lestari Raya Fibreboard for the management composition to be cancelled; and
- II. That the construction of the New Port (Jetty) owned by PT. Hijau Lestari Raya Fibreboard approved by the Shareholders in the AGMS of PT. Hijau Lestari Raya Fibreboard is allegedly to have violated the provisions contained in the Articles of Association of the Company and the statutory provisions that apply in the Republic of Indonesia.

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

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

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## **EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2020**

### 10 *Earnings Per Share*

#### a. **Basic**

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

	3 months ended		6 months ended	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
Net profit/(loss) for the period attributable to owners of the Parent (RM'000)	(11,081)	(10,364)	(23,233)	(20,931)
Weighted average number of ordinary shares in issue ('000)	845,802	845,802	845,802	845,802
Basic EPS (sen)	(1.31)	(1.23)	(2.75)	(2.47)

#### b. **Diluted**

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