

EVERGREEN FIBREBOARD BERHAD

Registration No.: 199101006810

(Incorporated in Malaysia)

EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020

A INFORMATION REQUIRED BY MFRS 134

1. *Basis of Preparation*

These condensed consolidated interim financial statements, for the period ended 31 December 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>		Effective for financial periods <u>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>		Effective for financial periods <u>beginning on or after</u>
MFRS 17	Insurance Contracts	1 January 2023

EVERGREEN FIBREBOARD BERHAD

Registration No.: 199101006810

(Incorporated in Malaysia)

EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020

<u>Amendments/Improvements to MFRSs</u>		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2022 [^] / 1 January 2023 [#]
MFRS 3	Business Combinations	1 January 2022/ 1 January 2023 [#]
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2023 [#]
MFRS 7	Financial Instruments: Disclosures	1 January 2023 [#]
MFRS 9	Financial Instruments	1 January 2022 [^] / 1 January 2023 [#]
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 15	Revenue from Contracts with Customers	1 January 2023 [#]
MFRS 16	Leases	1 June 2020 [*] / 1 January 2022
MFRS 101	Presentation of Financial Statements	1 January 2023/ 1 January 2023 [#]
MFRS 107	Statements of Cash Flows	1 January 2023 [#]
MFRS 116	Property, Plant and Equipment	1 January 2022/ 1 January 2023 [#]
MFRS 119	Employee Benefits	1 January 2023 [#]
MFRS 128	Investments in Associates and Joint Ventures	Deferred/ 1 January 2023 [#]
MFRS 132	Financial instruments: Presentation	1 January 2023 [#]
MFRS 136	Impairment of Assets	1 January 2023 [#]
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2022/ 1 January 2023 [#]
MFRS 138	Intangible Assets	1 January 2023 [#]
MFRS 140	Investment Property	1 January 2023 [#]
MFRS 141	Agriculture	1 January 2022 [^]

[^] *The Annual Improvements to MFRS Standards 2018-2020*

^{*} *Earlier application is permitted, including in financial statements not authorised for issue at 28 May 2020*

[#] *Amendments as to the consequence of effective of MFRS 17 Insurance Contracts*

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

EVERGREEN FIBREBOARD BERHAD

Registration No.: 199101006810

(Incorporated in Malaysia)

EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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 was no issuance, cancellation, resale of shares bought back and repayment of debt and equity security for the financial year other than the following: -

- (a) 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 31 December 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 4th quarter ended 31 December 2020.

EVERGREEN FIBREBOARD BERHAD

Registration No.: 199101006810

(Incorporated in Malaysia)

EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020

8. Profit before tax

Included in the profit before tax are the following items:

	3 months ended		12 months ended	
	31 December		31 December	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Interest Income	(311)	(313)	(1,321)	(1,643)
Other (income)/ expense including investment income	(23,088)	(965)	(24,792)	(4,910)
Interest expense/ Finance cost	1,793	1,381	7,856	7,582
Depreciation and amortisation	17,232	17,865	75,472	75,293
Provision for & write off of receivables	6,521	213	6,952	2,819
Provision for & write off of inventories	34,884	199	34,884	208
Loss/ (gain) on disposal of property, plant and equipment	(9)	(18)	337	(389)
Written off of property, plant and equipment	26,869	199	27,084	208
Impairment of assets	26,543	-	26,543	-
Foreign exchange loss/ (gain)	793	113	1,903	(4,585)

9. Segmental Information

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

Segmental Revenue and Results

	3 months ended		3 months ended	
	31 December 2020		31 December 2019	
	Segment Revenue	Segment Profit/(Loss) before tax	Segment Revenue	Segment Profit/(Loss) before tax
	RM'000	RM'000	RM'000	RM'000
Malaysia	134,216	(14,208)	138,312	(2,216)
Thailand	75,696	(66,332)	84,076	(14,928)
Others	23,329	1,852	18,411	(854)
	<u>233,241</u>	<u>(78,688)</u>	<u>240,799</u>	<u>(17,998)</u>

	12 months ended		12 months ended	
	31 December 2020		31 December 2019	
	Segment Revenue	Segment Profit/(Loss) before tax	Segment Revenue	Segment Profit/(Loss) before tax
	RM'000	RM'000	RM'000	RM'000
Malaysia	472,337	(27,162)	557,381	(9,596)
Thailand	299,840	(73,428)	327,777	(32,288)
Others	87,717	4,673	82,762	(327)
	<u>859,894</u>	<u>(95,917)</u>	<u>967,920</u>	<u>(42,211)</u>

EVERGREEN FIBREBOARD BERHAD

Registration No.: 199101006810

(Incorporated in Malaysia)

EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020

10. Valuation of Investment and Property, Plant and Equipment

Except for the fair valuation conducted on the biological assets and the plant and equipment of a subsidiary for impairment assessment purpose, there is no other valuation being conducted during the financial year.

11. Subsequent Events

No material events have risen 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

During November 2020, the Group acquired the remaining 49% equity interest in PT Hijau Lestari Raya Fibreboard (PTH). Subsequent to this, PTH became a wholly-owned subsidiary of the Group. Other than this, there were no material changes in the composition of the Group.

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 31 December 2020 are as follows:

	<u>RM'000</u>
Approved and contracted for	3,239
Approved but not contracted for	860
	<u>4,099</u>

15. Significant Related Party Transactions

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

EVERGREEN FIBREBOARD BERHAD

Registration No.: 199101006810

(Incorporated in Malaysia)

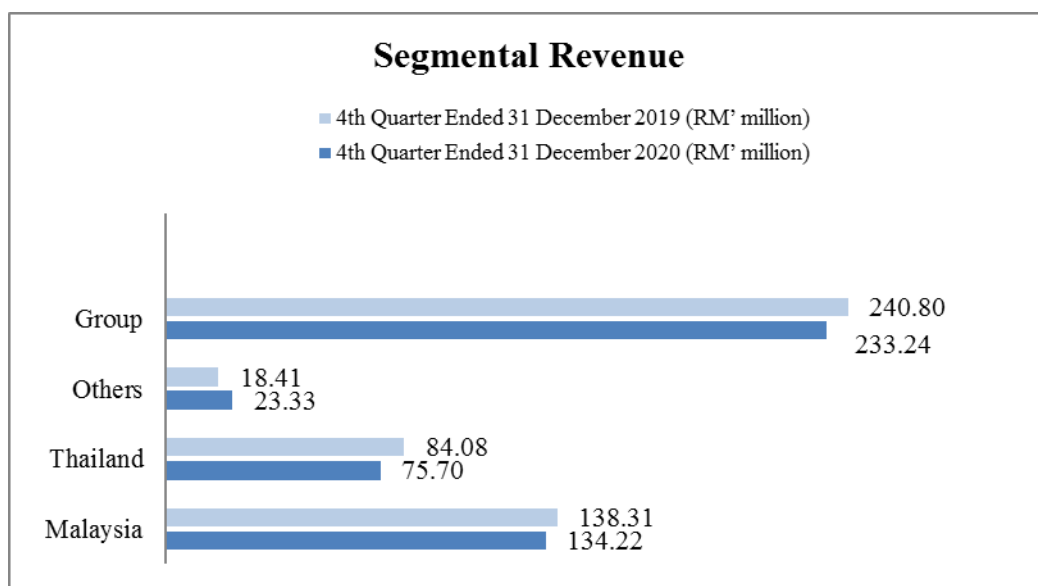
EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020

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

1 *Performance Review*

	3 months ended		Changes %	12 months ended		Changes %
	31 December 2020	31 December 2019		31 December 2020	31 December 2019	
	(RM'000)	(RM'000)		(RM'000)	(RM'000)	
Revenue	233,241	240,799	-3.1%	859,894	967,920	-11.2%
Operating Profit	31,315	23,393	33.9%	126,807	120,383	5.3%
Profit/(Loss) Before Interest and Tax	(76,895)	(16,616)	362.8%	(88,061)	(34,629)	154.3%
Profit/(Loss) Before Tax	(78,688)	(17,998)	337.2%	(95,917)	(42,211)	127.2%
Profit/(Loss) After Tax	(77,817)	(14,897)	422.4%	(98,662)	(42,439)	132.5%
Profit/(Loss) Attributable to Owners of the Company	(78,490)	(14,359)	446.6%	(100,262)	(41,957)	139.0%

Segmental Revenue and Results – for 4th Quarter Ended 31/12/2019 vs 31/12/2020

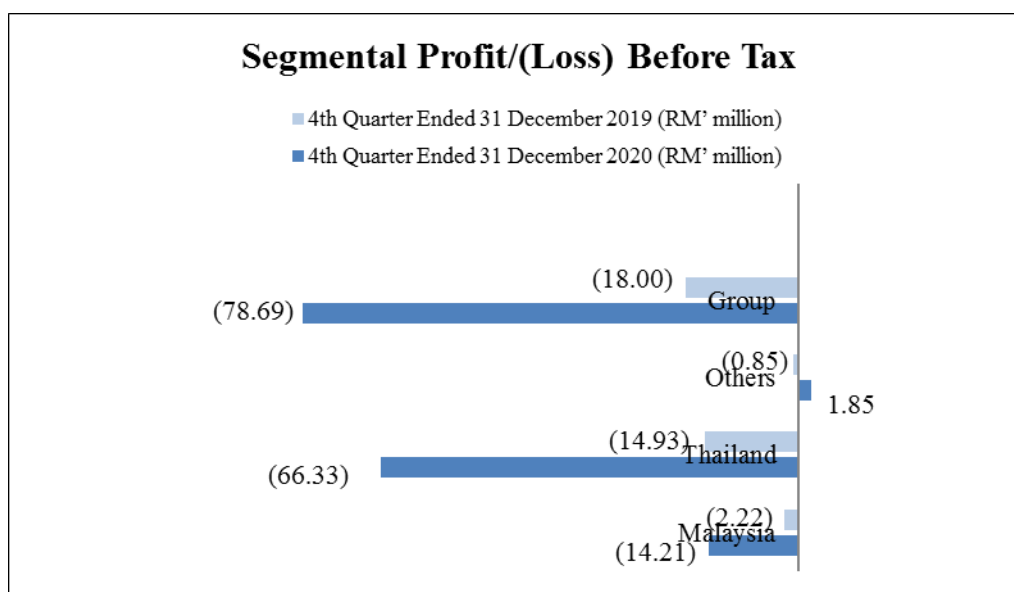


EVERGREEN FIBREBOARD BERHAD

Registration No.: 199101006810

(Incorporated in Malaysia)

EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020



Malaysia segment

The Malaysia segment's revenue for the quarter ended 31 December 2020 decreased by 3.0% or RM4.09 million from RM138.31 million recorded in the preceding year's corresponding quarter to RM134.22 million due to reduction in sales volume as one of our MDF line that underwent refurbishment after a fire incident had only resumed operations in December 2020. The reduction in volume of MDF output was partially recovered by higher revenue from our added value downstream products.

Losses before tax for the quarter ended 31 December 2020 increased to RM14.21 million from RM2.22 million recorded in the preceding year's corresponding quarter. The increase in losses before tax was mainly due to the impairments and write-offs on certain plant, machinery and inventories. The impairments and write-offs are one-off event and non-cash in nature of which was partially set off by fire insurance compensation recognized in this quarter.

Thailand segment

The Thailand segment's revenue for the quarter ended 31 December 2020 decreased by 10.0% or RM8.38 million to RM75.70 million from RM84.08 million recorded in the preceding year corresponding quarter. The decrease in revenue was mainly due to elimination of intercompany sales to Malaysia which was higher in order to meet the requirements of our value added downstream operations that was normally supplied by the MDF line that underwent refurbishment after the fire incident.

Losses before tax for the quarter ended 31 December 2020 increased to RM66.33 million from RM14.93 million recorded in the corresponding quarter of the

EVERGREEN FIBREBOARD BERHAD

Registration No.: 199101006810

(Incorporated in Malaysia)

EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020

preceding year. The increase in losses before tax was mainly due to the impairments, write-offs and provisions of certain plant, machinery, inventories and receivables of the solid wood furniture operations. The impairments and write-offs are one-off event and non-cash in nature. The impairments and write-offs were made in view of a change in the Group's business directions for the solid wood furniture operation where its original market was solely focused on China. However, due to the severe economic shutdown in China as a result of Covid-19 and the slow recovery in orders subsequent to that, management has decided to focus on solid wood furniture market in Thailand for the time being instead. Due to this switch of target market and the continued pandemic situation in the overall market, it was deemed more prudent by our external auditor for impairments, write-offs and provisions be carried out until the entire market situation improves.

Others segment

On Others segment's revenue for the quarter ended 31 December 2020 increased by 26.7% to RM23.33 million from RM18.41 million recorded in the preceding year corresponding quarter. The increase in revenue was mainly contributed by higher sales volume.

Profit before tax for the quarter ended 31 December 2020 increased by RM2.7 million to RM1.85 million from losses before tax of RM0.85 million recorded in the corresponding quarter of the preceding year. The increase in profit before tax was mainly due to lower operation cost as a result of higher production efficiency and foreign exchange gain recorded in the current quarter.

Consolidated

The Group's revenue for the quarter ended 31 December 2020 decreased by 3.1% or RM7.56 million to RM233.24 million from RM240.80 million recorded in the preceding year corresponding quarter.

The decrease in revenue was mainly due to the reduction in sales volume caused by one of our MDF line that underwent refurbishment after a fire incident and had only resumed its operations in December 2020. The reduction in sales volume from this MDF line was partially recovered by higher revenue from our added value downstream products.

Losses before tax for the quarter ended 31 December 2020 increased to RM78.69 million from RM18.00 million recorded in the corresponding quarter of the preceding year. The increase in losses before tax was mainly due to the impairments and write-offs which have been mentioned in the Malaysia and Thailand segments above.

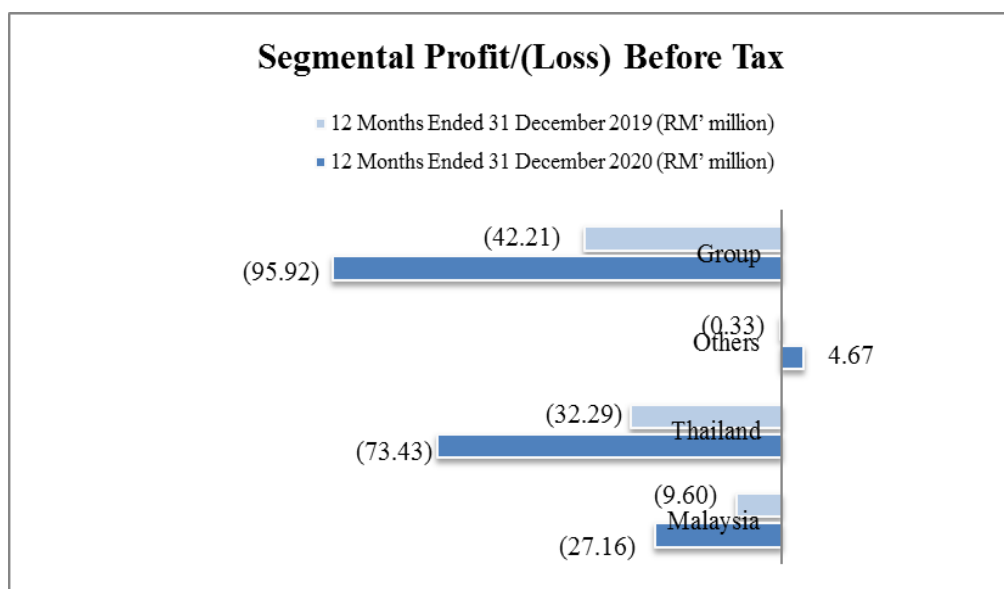
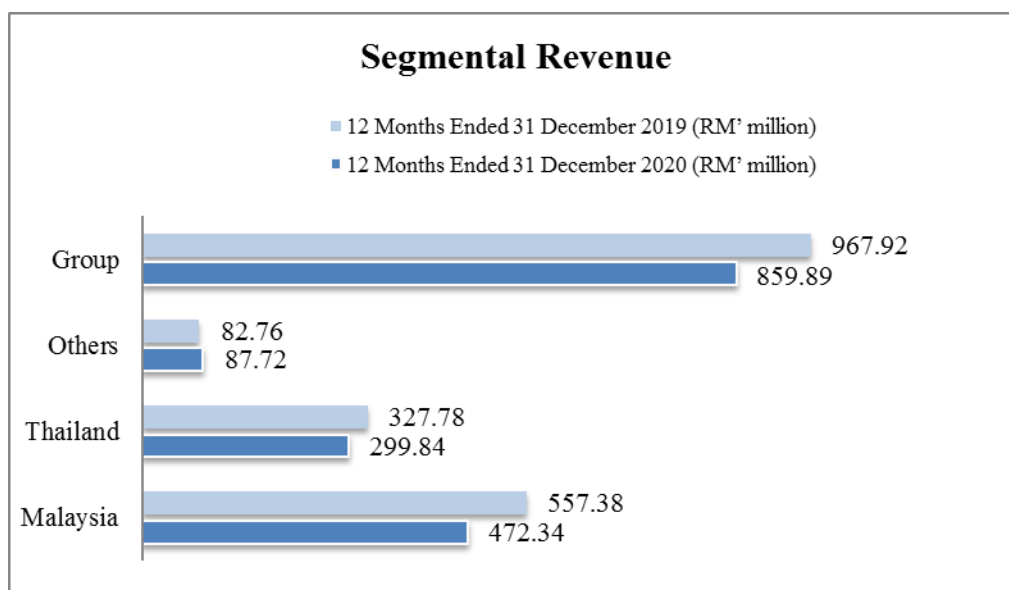
EVERGREEN FIBREBOARD BERHAD

Registration No.: 199101006810

(Incorporated in Malaysia)

EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020

Segmental Revenue and Results – for 12 Months Ended 31/12/2019 vs 31/12/2020



Malaysia segment

For the current year to date, the Malaysia segment's revenue has decreased by 15.3% to RM472.34 million, as compared to the revenue of RM557.38 million for the corresponding period last year. Despite of higher revenue from downstream products and higher average selling price from panel boards, the decrease in revenue was mainly due to lower sales volume from panel boards as a result of the adverse impact caused by Covid-19 outbreak, enforcement of first Movement

EVERGREEN FIBREBOARD BERHAD

Registration No.: 199101006810

(Incorporated in Malaysia)

EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020

Control Order (MCO) which disrupted all operations in Malaysia and one of our MDF line that underwent refurbishment after a fire incident and resumed operations in December 2020.

Losses before tax was reported at RM27.16 million for the current year to date, as compared to a losses before tax of RM9.60 million recorded in the corresponding period last year. The increase in losses before tax was mainly due to losses arising from interruptions to the Group's Malaysian operations as a result of the first MCO, the non-cash one-off event on impairments and write-offs of plant, machineries and inventories carried out during the year end audit. The impairments and write-offs was partially offset by insurance income recognized during the year.

Thailand segment

For the current year to date, the Thailand segment's revenue was RM299.84 million, with a decrease of 8.5% or RM27.94 million, as compared to the revenue of RM327.78 million for the corresponding period last year. The decrease in revenue was mainly due to lower sales volume and the elimination of sales to our Malaysia subsidiaries for the current quarter and the lower revenue was partially mitigated by a higher average selling price of panel boards.

For the current year to date, losses before tax was reported at RM73.43 million, as compared to a losses before tax of RM32.29 million recorded in the corresponding period last year. The increase in losses before tax was mainly due to the impairments, write-offs and provisions of certain plant, machinery, inventories and receivables of solid wood furniture operations. The impairments and write-offs are one-off event and non-cash in nature. These impairments and write-offs were made in view of a change in the Group's business direction for the solid wood furniture operation. The solid wood furniture's original market was solely focused on China. However, due to the severe economic shutdown in China as a result of Covid-19 and the slow recovery in orders subsequent to that, management has decided to focus on solid wood furniture market in Thailand for the time being instead. Due to this switch of target market and the continued pandemic situation of the overall market, it was deemed more prudent by our external auditors for impairments, write-offs and provisions be carried out until the entire market situation improves.

Nevertheless, in terms of MDF operations in Thailand, losses from MDF operations have reduced with higher MDF average selling price.

Others Segment

For the current year to date, on Other segment's revenue, has increased by 6.0% to RM87.72 million, as compared to the revenue of RM82.76 million for the corresponding period last year. The increase in revenue was mainly attributable to higher sales volume and average selling price.

Profit before tax was reported at RM4.67 million for the current year to date, as

EVERGREEN FIBREBOARD BERHAD

Registration No.: 199101006810

(Incorporated in Malaysia)

EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020

compared to a losses before tax of RM0.33 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 raw material.

Consolidated

For the current year to date, the Group's revenue has decreased by 11.2% or RM108.03 million to RM859.89 million, as compared to RM967.92 million for the corresponding period last year. The decrease in revenue was mainly due to lower sales volume of panel boards as a result of lower production output from our lines caused by Covid-19 outbreak, enforcement of first Movement Control Order (MCO) that disrupted all operations in Malaysia and the MDF line that underwent refurbishment after a fire incident. However, the decrease in revenue due to lower volume was partially recouped by higher revenue on our added value products from our downstream operations coupled with higher average selling prices of our panel board products.

Losses before tax was reported at RM95.92 million for the current year to date, as compared to a losses before tax of RM42.21 million recorded in the corresponding period last year. The increase in losses before tax was mainly due to the non-cash one-off event on impairments, write-offs of plant, machineries and inventories during the year end audit being carried out, losses arising from interruptions to the Group's Malaysian operations as a result of the first MCO, reduction in production output due to one MDF line being refurbished. As mentioned in the Malaysia and Thailand segments, the impairments and write-offs were partially offset by insurance income recognized during the year.

In terms of operational performance, the current year to date of 2020 showed better operational results compared to financial year 2019 due to higher average selling prices on panel boards and higher contributions from our value added downstream operations.

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

	Current Quarter 31-Dec-20 <u>RM'000</u>	Immediate Preceding Quarter 30-Sep-20 <u>RM'000</u>	Changes %
Revenue	233,241	226,320	3.1%
Operating Profit	31,315	38,525	-18.7%
Profit/(Loss) Before Interest and Tax	(76,895)	5,421	-1518.5%
Profit/(Loss) Before Tax	(78,688)	3,218	-2545.2%
Profit/(Loss) After Tax	(77,817)	2,098	-3809.1%
Profit/(Loss) Attributable to Owners of the Company	(78,490)	1,461	-5472.3%

The current quarter revenue increased by 3.1% or RM6.92 million to RM233.24

EVERGREEN FIBREBOARD BERHAD

Registration No.: 199101006810

(Incorporated in Malaysia)

EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020

million, as compared to RM226.32 million recorded in the preceding quarter. The increase in revenue was mainly due to higher revenue from downstream products and higher average selling price.

The Group's losses before tax was reported at RM78.69 million for the current quarter, compared to profit before tax of RM3.22 million recorded in the preceding quarter. The increase in losses before tax was due to the non-cash one-off event on impairments, write-offs and provisions initiated by our external auditors in view of the Group's changes in business direction as mentioned in note B1 above of which was partially mitigated by insurance income recognized during the current quarter.

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*

The Covid-19 outbreak began towards the end of 2019 but its impact on the world economy was only fully felt in the year 2020. With travel bans, movement controls and economic lockdowns, the world's economy experience negative GDP growth in 2020. With the progressive roll-out of vaccines and the uncertainty of the US 2020 elections behind us, there is optimism that the world's largest economy can lead the rest of the world on a sustained path of recovery with various countries beginning to experiment opening up various sectors of their economies.

2020 has been the most challenging year so far for the Group as it is for most other companies. Nonetheless, the Group has taken the multitude of challenges head-on and consolidated our strengths whilst improving on our vulnerabilities. Our continued focus on expanding our downstream segment has shown positive results and the panel board segment especially the particleboard product continues to show improvement with better product mix and improved average selling prices. With our continuing cost restructuring, management foresee the Thailand segment to have better performance in the coming year.

Whilst the effects of the pandemic are still being felt plus hiccups on the path of world economic recovery such as container shortage and surge in oil price, these are expected to be resolved through vaccine roll-outs and market forces. Therefore, the Board is cautiously optimistic that the Group is well on its path of recovery in 2021.

EVERGREEN FIBREBOARD BERHAD

Registration No.: 199101006810

(Incorporated in Malaysia)

EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020

5 Tax Expense

Major Components of tax expense

	3 months ended		12 months ended	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Current tax expense	(118)	(1,010)	5,211	4,952
Deferred tax expense	(753)	(2,091)	(2,466)	(4,724)
	<u>(871)</u>	<u>(3,101)</u>	<u>2,745</u>	<u>228</u>

The effective tax rate of the Group for the current year to date is higher than the statutory rate mainly due to non-tax-deductible expenses and 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.

EVERGREEN FIBREBOARD BERHAD

Registration No.: 199101006810

(Incorporated in Malaysia)

EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020

7 Borrowings and Debt Securities

The Group's borrowings are as follows: -

Denominated	As at 31 December 2020				
	In RM	In Baht	In USD	In Euro and Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Short Term Borrowings:					
Secured					
Trade facilities	-	49,543	-	-	49,543
Term loans	6,809	-	8,839	-	15,648
Lease liabilities	87	21	-	63	171
Unsecured					
Trade facilities	118,104	-	5,219	-	123,323
Term Loans	3,815	-	-	6,895	10,710
Lease liabilities	1,174	-	-	-	1,174
	<u>129,989</u>	<u>49,564</u>	<u>14,058</u>	<u>6,958</u>	<u>200,569</u>
Long Term Borrowings:					
Secured					
Term loans	13,701	-	17,929	-	31,630
Lease liabilities	20	-	-	221	241
Unsecured					
Term Loans	1,998	-	-	27,581	29,579
Lease liabilities	2,661	-	-	-	2,661
	<u>18,380</u>	<u>-</u>	<u>17,929</u>	<u>27,802</u>	<u>64,111</u>
Total	148,369	49,564	31,987	34,760	264,680
Exchange rate RM to USD1.00		4.0150			
Exchange rate RM to THB1.00		0.1339			
Exchange rate RM to EUR1.00		4.9152			
Exchange rate RM to SGD1.00		3.0412			

EVERGREEN FIBREBOARD BERHAD

Registration No.: 199101006810

(Incorporated in Malaysia)

EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020

As at 31 December 2019

Denominated	In RM	In Baht	In USD	In Euro and Others	Total
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Short Term Borrowings:					
<u>Secured</u>					
Trade facilities	-	42,129	-	-	42,129
Term loans	9,553	-	9,803	-	19,356
Lease liabilities	23	275	-	60	358
<u>Unsecured</u>					
Trade facilities	77,888	-	7,057	-	84,945
Term loans	5,004	-	-	6,442	11,446
Lease liabilities	1,458	34	-	-	1,492
	<u>93,926</u>	<u>42,438</u>	<u>16,860</u>	<u>6,502</u>	<u>159,726</u>
Long Term Borrowings:					
<u>Secured</u>					
Term loans	16,771	-	24,294	-	41,065
Lease liabilities	43	-	-	284	327
<u>Unsecured</u>					
Term loans	4,311	-	-	32,208	36,519
Lease liabilities	3,329	20	-	-	3,349
	<u>24,454</u>	<u>20</u>	<u>24,294</u>	<u>32,492</u>	<u>81,260</u>
Total	<u>118,380</u>	<u>42,458</u>	<u>41,154</u>	<u>38,994</u>	<u>240,986</u>

Exchange rate RM to USD1.00	4.0930
Exchange rate RM to THB1.00	0.1359
Exchange rate RM to EUR1.00	4.5919
Exchange rate RM to SGD1.00	3.0433

EVERGREEN FIBREBOARD BERHAD

Registration No.: 199101006810

(Incorporated in Malaysia)

EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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 Pranjen Adhesiv Industry, Indonesian Legal Entity based on Deed of Amendment No.128 (referred as “ Plaintiff II”) against the Subsidiary and the Company.

As announced on 10 November 2020, the Board of Directors of Evergreen Fibreboard Berhad wishes to announce that the Writ of Summons and Statement of Claim on PT Hijau Lestari Raya Fibreboard & Evergreen Fibreboard Berhad, has been struck off from Palembang District Court registry as the case have been settled amicably at no cost imposed by the Court to all parties of which the Palembang Special District Court in Palembang, Indonesia have also acknowledged.

9 *Dividend Payable*

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

EVERGREEN FIBREBOARD BERHAD

Registration No.: 199101006810

(Incorporated in Malaysia)

EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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		12 months ended	
	31 December 2020	31 December 2019	31 December 2020	31 December 2020
Net profit/(loss) for the period attributable to owners of the Parent (RM'000)	(78,490)	(14,359)	(100,262)	(41,957)
Weighted average number of ordinary shares in issue ('000)	845,802	845,802	845,802	845,802
Basic EPS (sen)	(9.28)	(1.70)	(11.85)	(4.96)

b. **Diluted**

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