EVERGREEN FIBREBOARD BERHAD

(217120 - W)

Annual Report 2015

CONTENTS

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Fifth Annual General Meeting of Evergreen Fibreboard Berhad will be held at Horizon Hills Golf & Country Club, No. 1, Jalan Eka, Horizon Hills, 79100 Nusajaya, Johor Darul Takzim, Malaysia on Friday, 20th May 2016 at 9.00 a.m. for the following purposes: -

A G E N D A

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2015 together with the Directors' and Auditors' Report thereon. — **REFER TO EXPLANATORY NOTE (a)**

2. To re-appoint Messrs Baker Tilly Monteiro Heng who retire as Auditors of the Company and authorise the Directors to fix their remuneration. — **RESOLUTION 1**

3. To re-elect the following Directors who retire during the year in accordance with Article 101 of the Company's Articles of Association:

   i) Mr. Jonathan Law Ngee Song — **RESOLUTION 2**
   ii) Mr. Kuo Jen Chiu — **RESOLUTION 3**

4. To re-elect Mr. Henry S Kuo who retires during the year in accordance with Article 106 of the Company's Articles of Association. — **RESOLUTION 4**

5. To consider, and if thought fit, to pass the following resolution:-

   "**THAT** pursuant to Section 129(6) of the Companies Act, 1965, Mr. Kuo Wen Chi be and is hereby re-appointed as Director of the Company to hold office until the conclusion of the next Annual General Meeting." — **RESOLUTION 5**

6. To approve the payment of Directors' Fees of RM245,000 for the financial year ended 31 December 2015. — **RESOLUTION 6**

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions: -

7. **ORDINARY RESOLUTION 1**
   AUTHORITY TO ALLOT SHARES - SECTION 132D — **RESOLUTION 7**

   "THAT pursuant to Section 132D of the Companies Act, 1965 and subject to the approval of the relevant authorities, the Directors be and are hereby empowered to issue shares in the Company from time to time, upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and also empowered to obtain approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

8. **ORDINARY RESOLUTION 2** — **RESOLUTION 8**
   PROPOSED RENEWAL OF AUTHORISATION FOR THE COMPANY TO PURCHASE ITS OWN SHARES OF UP TO TEN PERCENT (10%) OF THE ISSUED AND PAID-UP SHARE CAPITAL OF THE COMPANY
   ("Proposed Renewal Of Share Buy-Back Authority")

   "THAT subject to the provisions of the Companies Act, 1965 ("the Act"), the Articles of Association of the Company, Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and other relevant authorities, the Company be and is hereby authorised to purchase such number of ordinary shares of RM0.25 each in the Company ("Proposed Share Buy-Back Authority") as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that: -

(i) the maximum aggregate number of ordinary shares purchased and/or held by the Company as treasury shares shall not exceed ten percent (10%) of the issued and paid-up ordinary share capital of the Company at any point in time;

(ii) the funds allocated by the Company for the purpose of purchasing its shares shall not exceed the total retained profits and/or share premium account of the Company. The audited retained profits and share premium account of the Company stood at RM285,415,516 and RM203,676,712 respectively as at 31 December 2015.

(iii) the authority conferred by this resolution shall continue to be in force until: -

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company following the forthcoming AGM, at which time the said authority will lapse, unless the authority is renewed at that meeting, either unconditionally or subject to conditions; or

(b) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 143(1) of the Act (but must not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or

(c) revoked or varied by resolution passed by the shareholders in a general meeting; or

whichever occurs first.

THAT the Directors of the Company be and are hereby authorised to deal with the shares purchased at their absolute discretion, either partially or fully, in the following manner:

(i) cancel all the shares so purchased;
(ii) retain the shares so purchased as treasury shares;
(iii) distribute the treasury shares as share dividends to shareholders;
(iv) resell the treasury shares on Bursa Securities in accordance to the Main Market Listing Requirements of Bursa Securities; and
(v) any combination of (i), (ii), (iii) and (iv) above.

AND THAT the Directors of the Company be and are hereby authorised to give effect to the Proposed Share Buy-Back Authority with full power to assent for any modifications and/or amendments as may be required by the relevant authorities."

9. **ORDINARY RESOLUTION 3** **RESOLUTION 9**
CONTINUATION OF TERMS OF OFFICE AS INDEPENDENT DIRECTOR

"**THAT** authority be and is hereby given to Mr. Jonathan Law Ngee Song to continue to serve as an Independent Director of the Company in accordance with the Malaysian Code on Corporate Governance 2012".

10. To transact any other business appropriate to an Annual General Meeting, due notice of which have been previously given in accordance with the Companies Act, 1965 and the Company's Articles of Association.

BY ORDER OF THE BOARD

LEONG SIEW FOONG
MAICSA NO. 7007572
Company Secretary

Johor Bahru
28 April 2016

NOTES: -

1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy or proxies to attend and vote in his/her stead. The proxy need not be a member of the Company and Section 149(1)(b) of the Companies Act, 1965 shall not apply. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a meeting of a Company shall have the same rights as the member to speak at the Meeting.

2. A member shall be entitled to appoint more than one proxy (subject always to a maximum of two (2) proxies at each meeting) to attend and vote at the same meeting.

3. Where a member appoints more than one (1) proxy (subject always to a maximum of two (2) proxies at each meeting) the appointment shall be invalid unless he specifies the proportions of his/her holdings to be represented by each proxy.

4. Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus accounts it holds. Where a member is an authorised nominee as defined under SICDA, it may appoint one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.

5. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if such appointer is a corporation under its common seal or the hand of its attorney.

6. The instrument appointing a proxy must be deposited at Level 6, Symphony House, Pusat Dagangan Dana, 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor not less than forty-eight (48) hours before the time appointed for holding the Meeting or any adjournment thereof.

EXPLANATORY NOTE ON ORDINARY BUSINESS

a) This Agenda item is meant for discussion only as the provision of Section 169 (1) of the Companies Act, 1965 does not require a formal approval of the shareholders and hence, is not put forward for voting.

EXPLANATORY NOTES ON SPECIAL BUSINESS: -

(i) Ordinary Resolution 1

The Ordinary Resolution 1, if passed, is primarily to give flexibility to the Board of Directors to issue and allot shares at any time in their absolute discretion without convening a general meeting. This is a renewal of a general mandate. The Company had on 30 November 2015 completed a Private Placement of 51,290,000 new ordinary shares of RM0.25 each in Evergreen Fibreboard Berhad for an issue price of RM2.05 per share, representing approximately 10% of the total and paid-up capital of the Company at the time.

This authority, unless revoked or varied by the Company in a General Meeting, will expire at the next Annual General Meeting.

The authority will provide flexibility to the Company for allotment of shares for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment(s), acquisition(s) and/or working capital.

(ii) Ordinary Resolution 2

The Ordinary Resolution 2, if passed, will empower the Directors to purchase the Company's shares of up to 10% of the issued and paid-up capital of the Company at any point in time, by utilising the funds allocated which shall not exceed the total retained profits and share premium of the Company. This authority, unless revoked or varied by the Company at a General Meeting, will expire at the conclusion of the next Annual General Meeting.

Please refer to the Statement of Share Buy-Back dated 28 April 2016.

(iii) Ordinary Resolution 3

Mr. Jonathan Law Ngee Song is an Independent Director of the Company who has served the Company for more than nine (9) years.

In line with the Malaysian Code on Corporate Governance 2012, the Nomination Committee has assessed Mr. Jonathan Law Ngee Song's independence as defined in Bursa Securities Listing Requirements, and determined that it has not been compromised in any manner. In fact, he has exercised his judgment in an independent and unfettered manner at all times. He has also discharged his duties diligently, with reasonable care and skill including bringing independent legal advice and experience to Board's deliberations and decision making processes, which are of value to the Company and the Group. As such, the Board recommends that Mr. Jonathan Law Ngee Song to continue to serve as an Independent Director according to the resolution put forth in the forthcoming Annual General Meeting.

STATEMENTS ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Pursuant to Paragraph 8.27 (2) of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, appended hereunder are details of individual who is standing for re-election as director :

HENRY S KUO
Age 32, American
Non-Independent Non-Executive Director

Qualification & Memberships
Bachelor of Science in Economics and Mathematics (Wheaton College - IL, USA), Master of Arts in Economics (Illinois – Chicago, USA) and a Master of Philosophy (Princeton – Princeton, USA)

Working Experience & Occupation
Currently a doctoral candidate in philosophy at the University of California in Berkeley, he focuses his research and studies on business ethics, political philosophy and philosophy of economics.

Date Appointed to the Board
He was appointed to the Board on 4 March 2016.

Directorship in other Public Listed Companies
None.

Interest In Securities of the Company and its Subsidiaries
Please refer to page 137 of this Annual Report.

Family Relationship with any Directors / Major Shareholders
He is the grandson of Kuo Wen Chi and Hsu Mei Lan, nephew of Kuo Jen Chiu, Kuo Jen Chang, and Kuo Huei Chen and brother to Justin and Jeffrey Kuo.

Conflict of Interest with the Group
He has no conflict of interest with the Company / Group.

List of Conviction for Offences within the past 10 years other than traffic offences
None.

Number of Board Meeting attended in the Financial year
None.

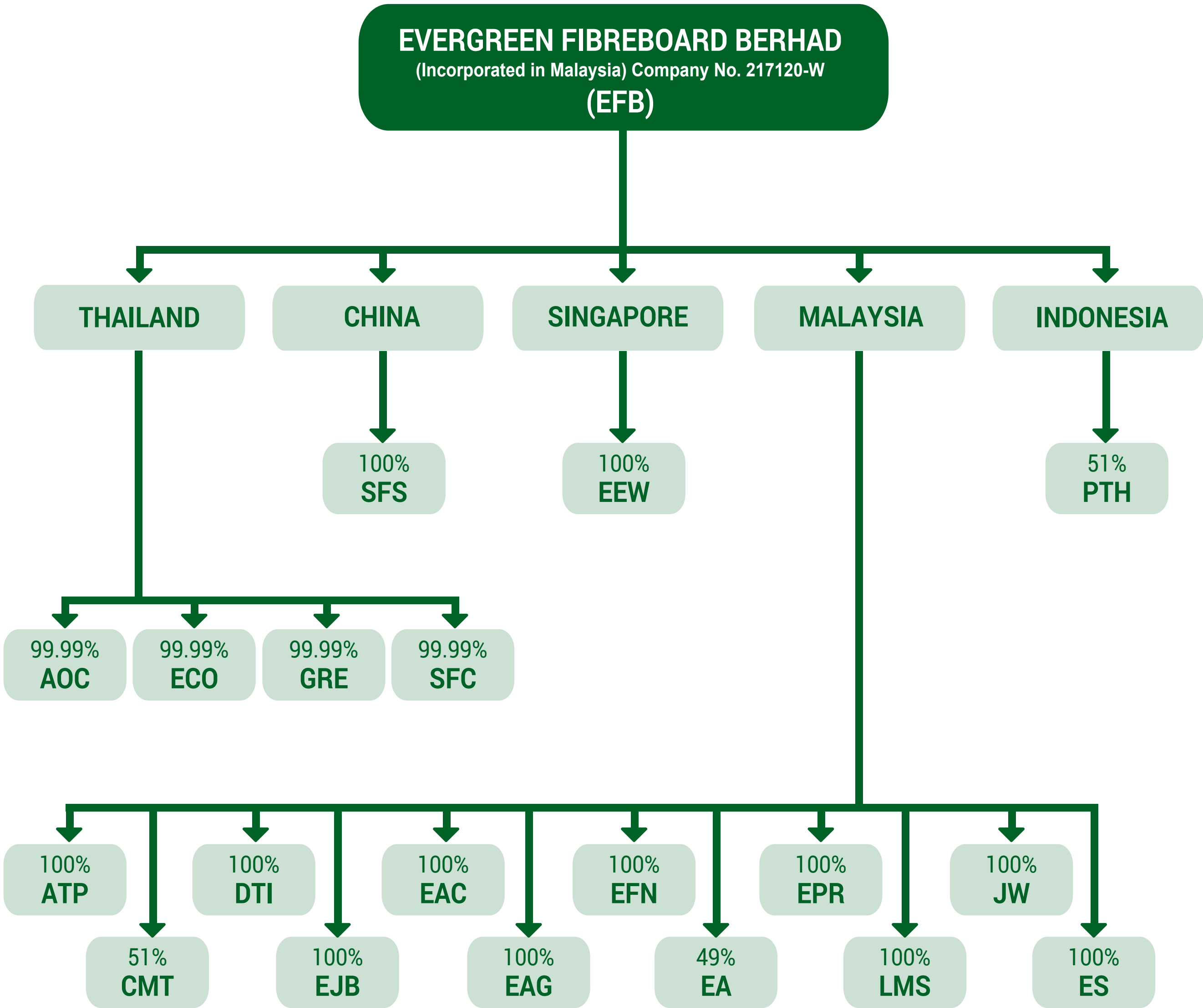
Pursuant to Paragraph 6.03 (3) of the Bursa Malaysia Securities Berhad Listing Requirements, appended hereunder is:

ORDINARY RESOLUTION 1
AUTHORITY TO ALLOT SHARES - SECTION 132D

The Ordinary Resolution 1, if passed, is primarily to give flexibility to the Board of Directors to issue and allot shares for any possible fund raising activities, including but not limited to further placement of shares, for the purpose of funding future investment(s), acquisition(s) and / or working capital at any time in their absolute discretion without convening a General Meeting. This is a renewal of a general mandate. The Company had on 30 November 2015 completed a Private Placement of 51,290,000 new ordinary shares of RM0.25 each in Evergreen Fibreboard Berhad at an issue price of RM2.05 per share, totalling RM105.1 million representing approximately 10% of the total issued and paid-up share capital of the Company. The proceeds raised from previous mandate, the details, status of the utilisation of proceeds raised and the purpose are disclosed on Page 45 of this Annual Report, under subtitle (f) Utilisation of Proceeds.

The authority will, unless revoked or varied by the Company in a General Meeting, will expire at the next Annual General Meeting

CORPORATE STRUCTURE



MALAYSIA ABBREVIATIONS :-

ATP AllGreen Timber Products Sdn. Bhd.
CMT Craft Master Timber Products Sdn. Bhd.
DTI Dawa Timber Industries (M) Sdn. Bhd.
EFB Evergreen Fibreboard Berhad
EJB Evergreen Fibreboard (JB) Sdn. Bhd.
EAC Evergreen Adhesive & Chemicals Sdn. Bhd.
EAG Evergreen Adhesive & Chemicals (Gurun) Sdn. Bhd.
EFN Evergreen Fibreboard (Nilai) Sdn. Bhd.
EA Evergreen Agro Sdn. Bhd.
EPR Evergreen Plantation Resources Sdn. Bhd.
LMS Locomotion Services Sdn. Bhd.
JW Jasa Wibawa Sdn. Bhd.
ES Everlatt Sourcing Sdn. Bhd.

THAILAND ABBREVIATIONS :-

AOC Asian Oak Co., Ltd.
ECO ECO Generation Co., Ltd.
GRE GRE ENergy Co., Ltd.
SFC Siam Fibreboard Co., Ltd.

INDONESIA ABBREVIATIONS :-

PTH PT Hijau Lestari Raya Fibreboard

SINGAPORE ABBREVIATIONS :-

EEW Evergreen Eco Wood Pte. Ltd.

CHINA ABBREVIATIONS :-

SFS – Siam Furniture (Shanghai) Co. Ltd.

CORPORATE INFORMATION

OUR BOARD OF DIRECTORS

Mr. Jonathan Law Ngee Song – Independent Director

Mr. Kuo Wen Chi – Executive Director

Mr. Kuo Jen Chang – Executive Director

Mr. Kuo Jen Chiu – Executive Director

Ms. Mary Henerietta Lim Kim Neo – Executive Director

Mr. Kuan Kai Seng – Independent Director

Mr. Yap Peng Leong – Independent Director

Mr. Henry S Kuo – Non-Independent Non-Executive Director

OUR COMPANY SECRETARY

Ms. Leong Siew Foong
MAICSA NO: 7007572

OUR SHARE REGISTRAR

Symphony Share Registrars Sdn. Bhd.
(Company No: 378993-D)
Level 6, Symphony House,
Pusat Dagangan Dana,
1, Jalan PJU 1A/46,
47301 Petaling Jaya, Selangor.
Tel : 603-7481 8000
Fax : 603-7481 8151

OUR REGISTERED OFFICE

Suite 6.1A, Level 6,
Menara Pelangi,
Jalan Kuning, Taman Pelangi,
80400 Johor Bahru, Johor.
Tel : 607-332 3536
Fax : 607-332 4536

OUR PRINCIPAL BANKERS

Ambank (M) Berhad
Bangkok Bank Berhad
Citibank Berhad
CIMB Bank Berhad
HSBC Bank Malaysia Berhad
RHB Bank Berhad
United Overseas Bank (Thai) Public Co. Ltd.
Malayan Banking Berhad

OUR STOCK EXCHANGE MARKET

Main Market of the Bursa Malaysia
Securities Berhad
Stock Code: 5101

OUR SOLICITORS

Keah & Choo
1st Floor, Bangunan Persatuan Hokkian,
35B, Jalan Rahmat,
83000 Batu Pahat, Johor.
Tel : 607-434 9007
Fax : 607-432 0588

OUR EXTERNAL AUDITORS

Baker Tilly Monteiro Heng
Chartered Accountants
Baker Tilly MH Tower,
Level 10, Tower 1, Avenue 5,
Bangsar South City,
59200 Kuala Lumpur.
Tel : 603-2297 1000
Fax : 603-2282 9980

OUR INTERNAL AUDITORS

BDO Consulting Sdn. Bhd. (269105-W)
12th Floor, Menara Uni.Asia,
1008 Jalan Sultan Ismail,
50250 Kuala Lumpur.
Tel : 603-2616 2888
Fax : 603-2616 3197

JONATHAN LAW NGEE SONG,
Age 50, Malaysian,
Group Non-Executive Chairman, Chairman of Audit Committee, Remuneration Committee and Member of the Nomination Committee.

Qualification & Memberships
Bachelor of Commerce and Bachelor of Laws.

Working Experience & Occupation
Since graduation, he has been practicing as a Legal Assistant in Allen & Gledhill (1991 to 1995) and subsequently promoted as a Partner (1995 to 1996) of the firm. He has been a Partner of Messrs Nik, Saghir & Ismail since then.

Date Appointed to the Board
He became a member of the Board of Directors on 8 January 2007 and was re-designated as Independent Non-Executive Chairman and Group Non-Executive Chairman on 22 February 2010 and 15 June 2015 respectively.

Directorship in other Public Listed Companies
As an Independent Non-Executive Director of Karex Berhad and Anglo Eastern Plantation PLC.

Interest In Securities of the Company and its Subsidiaries
Please refer to page 137 of this Annual Report.

Family Relationship with any Directors / Major Shareholders
He does not have any family relationship with any directors or major shareholders of the Company.

Conflict of Interest with the Group
He has no conflict of interest with the Company / Group.

List of Conviction for Offences within the past 10 years other than traffic offences
None.

Number of Board Meetings attended in the Financial year
Attended 5 out of 5 Board Meetings, 5 out of 5 Audit Committee Meetings, 1 out of 1 Remuneration Committee Meeting and 1 out of 1 Nomination Committee Meeting.

KUO WEN CHI,
Age 82, Singaporean,
Executive Director, Group Executive Director / Vice Chairman.

Working Experience & Occupation
His career started in 1949 as a Production Supervisor at Lin Shan Hao Plywood Co Ltd in Taiwan. He brought a wealth of experience in the wood-based industry when he moved to Singapore in 1972 to establish his own business with the incorporation of Evergreen Timber Products Co. Pte. Ltd (ETP). He was then appointed the Managing Director and was responsible for the overall management of ETP. In 1977, he ventured into Malaysia to establish the Evergreen Group of Companies and was the main driving force behind the growth and development of the Group. His current responsibilities include strategic business planning and developing strategic directions for the Group.

Date Appointed to the Board
He became a member of the Board of Directors on 15 May 1991 and was appointed as Non-Executive Deputy Chairman on 15 April 2004. Subsequently, he was re-designated as Group Executive Director / Vice Chairman on 16 March 2006 and 15 June 2015 respectively.

Directorship in other Public Listed Companies
None.

Interest In Securities of the Company and its Subsidiaries
Please refer to page 137 of this Annual Report.

Family Relationship with any Directors / Major Shareholders
He is the husband of Hsu Mei Lan, father of Kuo Jen Chang, Kuo Jen Chiu and Kuo Huei Chen and grandfather to Justin, Henry and Jeffrey Kuo.

Conflict of Interest with the Group
He has no conflict of interest with the Company / Group.

List of Conviction for Offences within the past 10 years other than traffic offences
None.

Number of Board Meetings attended in the Financial year
Attended 5 out of 5 Board Meetings.

KUO JEN CHANG,
Age 53, Singaporean,
Executive Director, Group Chief Executive Officer / President.

Qualification & Memberships
Bachelor Degree in Electronic Engineering from the University of Wisconsin, United States.

Working Experience & Occupation
His career started in 1987 when he joined ETP in Singapore as Procurement Manager responsible for sourcing and negotiations of machinery for the upgrading and expansion of the company. In 1989, he was appointed Director of Evergreen Décor Products (M) Sdn Bhd (EDP) which was then a subsidiary of the Group. He was overseeing the entire operations of the Company up until 1992. In the capacity of Group Chief Executive Officer / President, he is responsible for the Group's entire direction and operations.

Date Appointed to the Board
He became a member of the Board of Directors on 15 May 1991. Thereon, he was appointed as Managing Director on 15 April 2004. Subsequently, he was re-designated as Group Chief Executive Officer / President on 15 June 2015.

Directorship in other Public Listed Companies
None

Interest In Securities of the Company and its Subsidiaries
Please refer to page 137 of this Annual Report.

Family Relationship with any Directors / Major Shareholders
He is the son of Kuo Wen Chi and Hsu Mei Lan, brother of Kuo Jen Chiu and Kuo Huei Chen and uncle to Justin, Henry and Jeffrey Kuo.

Conflict of Interest with the Group
He has no conflict of interest with the Company / Group.

List of Conviction for Offences within the past 10 years other than traffic offences
None.

Number of Board Meetings attended in the Financial year
Attended 5 out of 5 Board Meetings.

KUO JEN CHIU,
Age 50, Singaporean,
Executive Director, Group Chief Operating Officer / Vice President.

Qualification & Memberships
Degree in Computer Science from the University of Wisconsin, United States.

Working Experience & Occupation
His career started in 1990 as a Marketing Manager with ETP in Singapore. In the capacity of Group Chief Operating Officer / Vice President, he oversees the Finance, Marketing and Operations of the Group and his responsibilities include identifying opportunities, developing new markets and products for the Group.

Date Appointed to the Board
He became a member of the Board of Directors on 15 May 1991. Thereon, he was appointed as Executive Director on 15 April 2004 and was re-designated as Group Chief Operating Officer / Vice President on 15 June 2015.

Directorship in other Public Listed Companies
None

Interest In Securities of the Company and its Subsidiaries
Please refer to page 137 of this Annual Report.

Family Relationship with any Directors / Major Shareholders
He is the son of Kuo Wen Chi and Hsu Mei Lan, brother of Kuo Jen Chang and Kuo Huei Chen and uncle to Justin, Henry and Jeffrey Kuo.

Conflict of Interest with the Group
He has no conflict of interest with the Company / Group.

List of Conviction for Offences within the past 10 years other than traffic offences
None.

Number of Board Meetings attended in the Financial year
Attended 5 out of 5 Board Meetings.

MARY HENERIETTA LIM KIM NEO,
Age 52, Malaysian,
Group Executive Director.

Qualification & Memberships
Master in Business Administration from the University of Preston, United States and a Member of NAM Institute for the Improvement of Women (NIEW).

Working Experience & Occupation
Her career started in 1984 as a Human Resources / Administrative Officer with a Consulting Engineering firm. In 1992, she left for the manufacturing industry and joined the Company as a Human Resources / Administrative Executive to oversee the Human Resource and Administrative Department. Subsequently in 1995 she was promoted to Human Resources and Administrative Manager and was also appointed as a Director in the Company.

Date Appointed to the Board
She became a member of the Board of Directors on 15 December 1995 and was re-designated as Group Executive Director on 15 June 2015.

Directorship in other Public Listed Companies
None.

Interest In Securities of the Company and its Subsidiaries
Please refer to page 137 of this Annual Report.

Family Relationship with any Directors / Major Shareholders
She does not have any family relationship with any directors or major shareholder of the Company.

Conflict of Interest with the Group
She has no conflict of interest with the Company / Group.

List of Conviction for Offences within the past 10 years other than traffic offences
None.

Number of Board Meetings attended in the Financial year
Attended 5 out of 5 Board Meetings.

KUAN KAI SENG,
Age 42, Malaysian,
Independent Non-Executive Director, Member of the Audit Committee, Remuneration Committee and Chairman of the Nomination Committee.

Qualification & Memberships
Bachelor Degree in Accountancy, New Zealand. Member of Institute of Chartered Accountants of New Zealand and a member of the Malaysian Institute of Accountants (MIA) and Chartered Tax Institute of Malaysia.

Working Experience & Occupation
He joined Ernst & Young from March 1999 to September 2002, carrying out statutory audit on private and public listed companies. Subsequently, he became the Group Accountant in a local group of companies. His employment with the group of companies included a three years overseas posting as an Assistant General Manager cum Head of Finance for the group's subsidiary in China. After that, he was in public practice as a Chartered Accountant in a member firm of MIA. On 3 April 2012, he joined Xian Leng Holdings Berhad, a company listed on Bursa Malaysia Securities Berhad as an Executive Director.

Date Appointed to the Board
He was appointed to the Board on 5 June 2014.

Directorship in other Public Listed Companies
Xian Leng Holdings Berhad and Karyon Industries Berhad.

Interest In Securities of the Company and its Subsidiaries
Please refer to page 137 of this Annual Report.

Family Relationship with any Directors / Major Shareholders
He does not have any family relationship with any directors or major shareholder of the Company.

Conflict of Interest with the Group
He has no conflict of interest with the Company / Group.

List of Conviction for Offences within the past 10 years other than traffic offences
None.

Number of Board Meeting attended in the Financial year
Attended 5 out of 5 Board Meetings, 5 out of 5 Audit Committee Meetings, 1 out of 1 Nomination Committee Meeting and 1 out of 1 Remuneration Committee Meeting.

YAP PENG LEONG,
Age 61, Malaysian,
Independent Non-Executive Director, Member of the Audit Committee, Remuneration Committee and Nomination Committee.

Qualification & Memberships
BA (Hons) in Economics and Accounting, University of Newcastle upon Tyne, England. Associate of the Institute of Chartered Accountant in England and Wales. Chartered Accountant of the Malaysia Institute of Accountants.

Working Experience & Occupation

1) December 1974 - September 1976
Supervisor / Assistant Manager in a construction company supervising and managing the implementation of constructions and bidding for projects.

2) August 1979 - August 1987
Worked in 3 major international firms of Public Accountants / Chartered Accountants in the United Kingdom, Singapore and Malaysia from the position of Trainee Accountant to Audit Manager.

3) August 1987 - March 2010
Joined a major Conglomerate in Malaysia with various Public Listed Companies involving in Financial Services, Investment Banking, Stock Broking, manufacturing of building materials, automobile and semi-conductors, hotels and property development.

   Held various senior positions of Senior Accountant, Treasury Manager and Manager for Branch Operations in the financial services sector responsible for financial reporting, treasury management, system development and controls, auditing, branches management and operation from 1987 to 1990.

   Transferred to the manufacturing sector under a major Listed Group of Companies in Malaysia in 1990. Held the positions of Group Financial Controller, General Manager for Privatization Projects, Chief Operating Officer and Managing Director for its operation in Malaysia and Europe from 1990 to 2010.

   Sat in the Board of Directors of the Group's listed Associated Companies as a Non-Independent Non-Executive Director and Member of the Audit Committee.

   Retired from the Group in March 2010 but acted as an Advisor for its European Operation till February 2013.

4) August 2012 to January 2013
In August 2012 joined a Public Listed Company in the manufacture of steel products as its Group Management Adviser, advising on the policy matters involving internal control systems, group personnel policy and financial controls and reporting systems.

5) February 2013 to date
Currently a Private Investor managing personal portfolio of assets.

Date Appointed to the Board
He was appointed to the Board on 4 August 2014.

Directorship in other Public Listed Companies
None.

Interest In Securities of the Company and its Subsidiaries
Please refer to page 137 of this Annual Report.

Family Relationship with any Directors / Major Shareholders
He does not have any family relationship with any directors or major shareholder of the Company.

Conflict of Interest with the Group
He has no conflict of interest with the Company / Group.

List of Conviction for Offences within the past 10 years other than traffic offences
None.

Number of Board Meeting attended in the Financial year
Attended 5 out of 5 Board Meetings, 5 out of 5 Audit Committee Meetings, 1 out of 1 Nomination Committee Meeting and 1 out of 1 Remuneration Committee Meeting.

HENRY S KUO,
Age 32, American,
Non-Independent-Non-Executive Director.

Qualification & Memberships
Bachelor of Science in Economics and Mathematics (Wheaton College - IL, USA) Master of Arts in Economics (Illinois – Chicago, USA) and a Master of Philosophy (Princeton – Princeton, USA)

Working Experience & Occupation
Currently a doctoral candidate in philosophy at the University of California in Berkeley, focusing research and studies on business ethics, political philosophy and philosophy of economics.

Date Appointed to the Board
He was appointed to the Board on 4 March 2016.

Directorship in other Public Listed Companies
None.

Interest In Securities of the Company and its Subsidiaries
Please refer to page 137 of this Annual Report.

Family Relationship with any Directors / Major Shareholders
He is the grandson of Kuo Wen Chi and Hsu Mei Lan, nephew of Kuo Jen Chiu, Kuo Jen Chang, and Kuo Huei Chen and brother to Justin and Jeffrey Kuo.

Conflict of Interest with the Group
He has no conflict of interest with the Company / Group.

List of Conviction for Offences within the past 10 years other than traffic offences
None.

Number of Board Meeting attended in the Financial year
None.

Dear Shareholders,

On behalf of the Board of Directors, I'm pleased to present the Annual Report and Audited Financial Statements of Evergreen Fibreboard Berhad ("EFB") Group of Companies for the financial year ended 31 December 2015.

Performance Review

The Year 2015 marks a phenomenal turnaround of our Group's financial performance. I'm pleased to share with you that our Group recorded Profit After Tax (PAT) of RM94.1 million for the financial year ended 2015 ("FY15"), a strong surge from PAT of RM1.6 million recorded in the preceding financial year, making a strong comeback since the down cycle of the industry in the past few years. The Group's Revenue grew 10.1% from RM918.8 million in FY14 to RM1.0 billion, surpassing the one billion ringgit mark.

The Group's Gross Profit (GP) margin for the year expanded from 20.1% in FY14 to 28.4%, a whopping 41.3% growth while its PAT margin also advanced significantly from 0.2% in the preceding financial year to 9.3% in FY15. Meanwhile, Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA) generation of the Group had been resilient in an upward trend in the past 3 years and for FY15, the Group achieved EBITDA of RM184.0 million, more than doubling that of FY14's EBITDA of RM81.4 million.

The encouraging set of numbers was achieved on the back of the management's internal restructuring efforts which improved the operational efficiency of the Group and resulted in synergistic cost savings. Tailwinds such as higher selling price of MDF, lower cost of glue and log as well as favorable foreign exchange rates also further boosted the Group's performance.

Dividends & Dividend Policy

We declared an interim dividend of 1 cent per share for FY15 and also updated our dividend policy to pay out a minimum of 25% of PAT starting FY16. This decision of the Group was an effort to reward our shareholders for your loyalty and support. It is always the Group's intention to maintain a balance between rewarding shareholders and focusing on the sustainable growth of the Group.

Corporate Development

For the first time since listing on Bursa Malaysia in 2005, the Group put into effect a private placement of 51.3 million shares, representing approximately 10% of the issued and paid-up capital as announced in November 2015. The exercise was completed on 1st December 2015 and successfully raised a total proceeds of RM105.1 million. The funds raised helped to position the Group on a stronger financial footing in terms of cash flow, reduce short term liabilities and also fund the future development and business expansion of the Group. Following the completion of the placement, a bonus issue of 1 bonus share for every 2 existing shares held was completed in January 2016. The bonus issue was part of the management's efforts to reward the existing shareholders.

The private placement and bonus issue had increased the marketability and trading liquidity of the Group substantially by increasing the number of shares outstanding to 846.4 million shares.

Business Development

In FY15, the management embarked on a series of internal restructuring initiatives to improve the Group's performance. One of the initiatives was to acquire new highly-automated chipping line and finish line which had been completed and in operation since 4QFY15, bearing fruits as evidenced in our FY15 financial performance. Other ongoing initiatives include expanding our downstream Ready-To-Assemble (RTA) furniture business, upgrading of our Segamat plant and disposing of non-core assets. These management's efforts are intended to enhance operational efficiency, reduce overhead costs, improve product quality, introduce new premium products with higher margins as well as achieve synergistic cost savings for the Group.

For FY 2016, the Group has budgeted for and allocated approximately RM106.0 million for capital expenditure on the above exercises, primarily for the enhancement of our particleboard production line in Segamat plant as well as the refurbishment and relocation of a MDF production line to the same plant. The investment in these initiatives will be a new catalyst to bring the Group to a new level moving forward as they start to bear fruits.

Prospects of the Group

The Group is aware and mindful of the challenges from weakness in the global economy, weakening USD currency, political turmoil in particular the Middle East, as well as the prolonged low oil prices. However, we have always been focused on our business operation regardless of good times or bad times. In fact, the Group's internal efforts on better products mix, costs control measures, maximizing productivity and equipment enhancement started two years ago in 2014.

Amid the challenges from the current business environment, the Group continues to stay focused and maintain our status quo as the largest producer of MDF in ASEAN with market presence in more than 40 countries worldwide. The initiatives undertaken by the management are expected to contribute positively to the Group in terms of revenue diversification, margins expansion and stronger cash flow from FY 2016 onwards. Moreover, raw material prices and selling price of our products are forecasted to remain stable with recovering demand. The Board believes that the Group is in a better position moving forward and is confident that the Group will have another good year in 2016.

Appreciation

On behalf of the Board, I would like to express my sincere appreciation and gratitude to all shareholders, investment analyst, bankers, fund managers and regulatory authorities for their assistance and our customers, suppliers, business partners and friends who have given us continuous support through thick and thin of the Group all this while.

My appreciation also goes to the Management, employees and my fellow Directors for their dedication and commitment which are instrumental for the Group to achieve such encouraging results in FY2015.

Lastly, I hope all shareholders will continue to place your trust and faith in our Group as we continue to drive the Group for another exciting year.

Jonathan Law Ngee Song
Chairman of the Board

MANAGEMENT'S DISCUSSION AND ANALYSIS

On Our Business Operations

The core business of the Group remained in manufacturing of Medium Density Fibreboard (MDF) which contributed approximately 80% of our revenue, while 15% is contributed from the downstream process which is the Value Added MDF and the remaining 5% is contributed by the Ready to Assemble (RTA) Furniture and other Wood Products. Our Particle Board plant remained idle since 2013 and is currently being upgraded in preparation for startup end of 2016.

Revenue contribution from our Malaysia subsidiaries is approximately 57% of the Group's revenue while Thailand and Indonesia contributes 35% and 8% respectively.

We have a total work force of approximately 2700 employees in the Group and our Malaysia operations have a workforce ratio of 25% foreign and 75% local.

On Our Market Share

We have market presence in more than 40 countries worldwide with over 600 customers base. Our market share in Malaysia is 60% while the remaining is taken by our main competitor and other smaller players. All of our export sales are dominated in US Dollars including export sales from our Indonesia and Thailand subsidiaries.

On Our Business Strategy

In 2015, the Group embarked on a Cost Rationalisation Strategy that encompasses improvement to operational efficiency, automation in order to reduce manpower and disposal of non-core / non-performing assets. Hence the capital expenditure in the Group for 2015 ~2016 is expected to be higher than previous years due to the machineries improvements and refurbishment being carried out in this period. Capital expenditure will normalize in 2017 after the completion of our upgrading, automation and relocation projects.

On a longer term Strategy, the Group will be focusing on increasing its production volume for its Ready To Assemble (RTA) Furniture Products as this will enable us to have a wider range of premium products that is able to fetch a higher profit margin on its designs and quality.

On Our Business Management

Each of our subsidiaries is being managed by Operation Managers and they report to the Executive Directors frequently. Most departments are being handled at subsidiary level except for Human Resource, Marketing and Finance which are being handled at the Group level.

Marketing of Medium Density Fibreboard & its Value Added Products including pricing are being determined at the Group level and thereon individual locations will be allocated with the volume and specification for their plant to produce based on their machine capabilities. All payments will be made directly to the subsidiaries concern by customers even though orders are taken in a Group manner.

As for the RTA Furniture, Marketing is handled by a separate division from our MDF at the Group level where manufacturing is being carried out.

For the Finance, Consolidation of Accounts and Treasury Management are being handled at the Group level. We focus on natural hedge on our sales proceeds against payments for our borrowings and imported raw materials. However if hedging is required, it will be carried out at the Group level for all our Malaysia subsidiaries and for overseas subsidiaries after approval from Management is being obtained.

On Our Financial Performance

Revenues of the Group increased by approximately 10.1% to RM1,012.0 million. The increase in revenue was contributed by the higher average selling price locally and abroad and the appreciation of US dollar against the Malaysia Ringgit.

A reduction in cost of sales is a result of effective cost control by Management, lower cost of logs, glue and improvement in our production efficiency for some of our plants.

Selling and Administrative expenses seen an increase mainly due to the freight cost incurred on further destination for our export sales.

Our Profit Before Tax

The increase of 2463.3% in our Profit Before Tax and 5864.9% in our Profit After Tax was contributed by operations that benefited from strengthening of the US dollar and higher operational efficiency with lower cost of production. With a decision made on disposal of non-performing subsidiary, the Group made a complete turnaround and achieved a profit after tax of RM94.1 million for the financial year.

Major Changes in Financials

Assets:-

Our Group's non-current assets increased by 8.9% or RM77.5 million to RM948.6 million was in line with cost rationalisation strategy that resulted in higher capital expenditure for the MDF and Particle Board plant. The Group's current assets increased by 20.1% or RM83.3 million to RM498.6 million was contributed by the increase in inventories and cash & bank balances.

Liabilities:-

Our Group's liabilities decreased by 17.31% or RM79.0 million to RM377.2 million especially on short term borrowings that repayment was made through positive operational cash flows and proceeds from the private share placement.

Trade and Other receivables increased

Receivables in the Group increased from RM97.4 million to RM123.8 million due to the increase on sales and advances / deposits paid for capital expenditures in the Group.

Increased Cash and Bank Balances

The increase in the Group's cash from RM73.9 million to RM116.6 million was basically from the cash generated within the Group as well as the proceeds from the private placement of shares that was not utilised during the financial year.

Property, Plant & Equipment

The Group's property & plant and equipment increased by RM69.1 million was due to the capital expenditures incurred for modenisation and automation within the Group.

Non-current Liabilities

The Group's non-current liabilities had a minimal decrease of RM8.6 million for the year due to repayment made for long term borrowings. The deferred tax liabilities increased by RM5.2 million majorly caused by changes in the fair value of Biological Assets.

Current Liabilities

Our current liabilities also reduced by RM70.4 million for the year due to repayment of some of our short term borrowings made from our operational cash generated funds and the proceeds from the private share placement.

Dividends Payable

An interim dividend of 1 cent per ordinary share in respect of financial year 2015 was proposed and approved by the Board in Feb 2016. Payment of this dividend was set for the 20th April 2016 with book closure fixed on 22nd March 2016.

Our Key Performance Measurement

Internal targets for 2015 was set as follows:-

	Targets	Achievement
Profit Before Tax	RM59.3 million	RM108.5 million
Profit After Tax	RM47.6 million	RM94.1 million

Majority of our subsidiaries exceeded the internal targets set for the year on profit before tax as well as profit after tax which was achieved by a lower cost of production, higher selling price and additional margin from the weakening of the Malaysia Ringgit against the US Dollar. The lower target set was based on the financial results of 2014 and the market outlook at the beginning of 2015.

Operational Risks

In 2014 ~ 2015, the Group's operational risk was largely seen in the Enterprise Resource Planning and Payroll software which was then on a DOS Operating System. This system was considered obsolete and had limited technical support and therefore it was a risk within the Group. In mitigating this risk, the Group had this system replaced with a Window based Enterprise Resource Planning and Payroll software in 2015. Currently all subsidiaries in Malaysia are operating on this new Window based system and the Group will implement this software in all subsidiaries.

Financial Risk

Financial Risk in the Group was mainly on the fluctuation of the Malaysia Ringgit especially against the US Dollars which could have then reduce the profit margins of the Group or a global economy crisis that could have an impact of a drop in demand for our products.

Hence, to be equipped and prepared for the worst situations, the Group had adopted a strategy of a cost down via automation and modernisation of machineries to reduce manpower and processing time in the production. This will be an on-going strategy for a period of time within the Group for a lower cost of production and higher productivity with better quality of products.

Review of Operating Activities

To be able to be competitive in this challenging environment, the Group will continue to focus on increasing its production efficiency in order to have a lower production cost via modernisation, automation and upgrade of non-performing assets and disposal of non-core assets in the Group.

On our products, the Group will be looking into producing higher premium products which will enable to have a higher profit margins particularly on the Ready to Assemble (RTA) Furniture.

The Group's Capital Expenditure allocation for 2016 is budgeted for approximately RM106.0 million mainly for enhancement of our existing Particle Board production line and the refurbishment / relocation of our MDF production plant from Masai, Johor to Segamat, Johor. This is to improve the production efficiency and enjoy a synergistic operation in one location. The upgrading of the Particle Board Press will enable us to produce premium particle boards for specific markets of higher profit margin.

Effects to our financial results on all these activities will be seen in 2017 once all plants are fully commercially operational.

Forward Looking Statement - Prospect

Global consumption of MDF is expected to boom due to the expanding furniture industry and strong housing growth in Asia, South America, Australasia, Eastern Europe and Russia. Consumption in major producing countries is also forecasted to increase by 15% up till 2017.

On the Particle Board Market, consumption in major producing countries is projected to increase by 17.5% up to 2017. With the expected increase in consumption, selling prices is projected to increase by an average of 3% to 4% annually.

(Above information on industry forecast is by BIS Shrapnel on MDF & Particle Board 2013 - 2017 & the Global Industry Analyst, Inc Wood Panels Market Trends.)

Hence, looking forward to the expectations of shareholders and stakeholders, the following activities will enable the Group in achieving a much more satisfactory performance.

1) Modernisation and Automation of the Chipper & Finishing Line in Batu Pahat Plant which was completed in 4Q 2015. The cost reduction in terms of reduced manpower and cost of production will be realized in the 1Q of 2016.

2) Increase in Production Volume of our Ready to Assemble (RTA) Furniture by installation of a fully automated production line, will enable a reduction of manpower and a lower cost of production will be seen in the 2Q of 2016.

3) Relocation / refurbishment of Medium Density Fibreboard Plant in Masai, Johor which is currently having losses on the depreciation cost of its assets, will be refurbished and relocated to Segamat, Johor and this will contribute to the Group's revenue and profits towards the tail end of 2016.

4) Upgrade of our Particle Board Plant in Segamat is on-going. Currently the plant is in an idle state and incurred losses on the depreciation cost. Once upgrading works are completed, this plant will contribute positively to the Group's revenue and profits in 2017.

Despite the positive global outlook on the wood panel and furniture industry, coupled with our internal strategy on cost reductions, cutting off losses on non-performing assets and increase in productivity, the Group is mindful of the challenges from worldwide economy weakness, the weakening of US Currency, disruptive demand for our products due to political turmoil in particular the Middle East and possible financial disruption due to prolong low oil prices, the Board is nevertheless optimistic of the prospects of the Group for 2016.

AUDIT COMMITTEE'S REPORT

CHAIRMAN	-	**Mr. Jonathan Law Ngee Song** Independent Non-Executive Director
COMMITTEE MEMBERS	-	**Mr. Kuan Kai Seng** Independent Non-Executive Director
		Mr. Yap Peng Leong Independent Non-Executive Director

Attendance of the Audit Committee Members

There were five (5) Audit Committee Meetings carried out in the financial year under review with full attendence by all members.

The Audit Committee have discharged their functions and duties as set out in the Terms of Reference and the activities carried out during the financial year are as follows: -

(a) Deliberated on the need for the change of the External Auditors due to the fact that Ernst & Young was with the Group even before the Company was listed. Hence, the Committee felt that the change was necessary based on good corporate governance practice and upon reaching a consensus for the change including obtaining the approval from the Board, Audit Committee went on to source for potential External Auditor to be engaged;

(b) Evaluated a total of 3 (three) potential audit companies and based on the required criteria of having the relevant experience, the Head of Audit being assigned to the Company, the number of experience and professional staffs being assigned plus the reasonable fee quoted for the Group's audit work, the current External Auditor was selected and recommended to the Board for shareholder's approval in our previous AGM in May 2015;

(c) Reviewed promptly the quarterly financial statements of the Group and obtained clarifications from Management Team and the External Auditors before recommending the same for the Board's approval;

(d) Reviewed the annual audited financial statements of the Group and obtained clarifications from the Management Team together with the External Auditors before recommending the same for the Board's approval;

(e) Reviewed the annual reports together with the Management to ensure adherence to the legal and regulatory reporting requirements including any revisions needed;

(f) Reviewed the External Auditors report and recommendation regarding the financial matters based on observations made in the course of their audits. Made known to the Board on action to be taken as per the External Auditors recommendation;

(g) Deliberated on the emerging financial reporting issues pursuant to the introduction of new accounting standards such as MFRS 7,107,112,116,117,118,126, 136,137,139, & 141 and additional statutory / regulatory disclosure requirements by the authorities;

(h) Carried out one (1) meeting with the External Auditors without the presence of Management or the Executive Directors on 20th November 2015 , in order for the External Auditors to voice out their concerns. There was only one (1) meeting carried out with External Auditor due to the fact that they were only appointed in May 2015. Nevertheless, during this meeting, there were no material issues being highlighted by them except for minor operational and administrative matters concerning the implementation of the new Enterprise Resource Planning system in the Group;

(i) Reviewed the Internal Auditor's Report which was done based on the approved Annual Audit Plans for the Group. The Audit Committee deliberated and resolved the Audit Findings reported and accepted the recommendation for improvement to the significant risk as advised by the Internal Auditors; and

(j) Reviewed with the Management on the improvements that needed to be carried out to resolve the findings by the Internal Auditors and the internal controls that need to be put in place based on the Internal Auditor's recommendations.

Internal Audit Functions

The Group's Internal Audit function for the financial year 2015 was carried out by BDO Consulting Sdn. Bhd., a professional service firm. BDO was engaged by the Company with a principal objective, which is for them to carry out regular reviews on the Group's Internal Control Systems, standard operating procedures and operation processes, so as to provide reasonable assurance to the Directors and Stakeholders that the Group's Internal Control System is adequate and in place.

The evaluation of the Internal Auditors was carried out by the Audit Committee based on their presentation of capabilities, competancy, experience, the Head of Audit that will be assign and the number of experience support staffs that will be provided for each audit being carried out.

Upon being appointed, Internal Auditors will forward their Audit Plans for the term to the Audit Committee for their consideration and approval. Only after this Audit Plans are being approved by the Audit Committee, the Internal Auditors will commence their audit field work.

Internal Auditors reports directly to the Audit Committee on each audit and follow-up audit periods and they provide the Audit Committee with an independent report on the state of the Group's Internal Control System. In 2015, Internal Auditors were tasked to focus on the Group's entire Standard Operating Procedures including making necessary recommendations for improvement on the weaknesses. During the financial year, audits were carried out on all companies within the Group by the Internal Auditors as per the audit plan approved by the Audit Committee. The cost incurred for the Internal Audit Services in the financial year ended 31 December 2015 was RM114,338.00.

Summary of Internal Audit Activities

The Audit Committee had approved an internal audit plan on the Policies and Procedures System of the Group whereby the Internal Auditors tasked to review all department's Policies and Procedures including any related Working Instructions. The review was to establish the gaps and the existence of Standardization on the Policies and Procedures within the Company and the Group. The review commenced in the 2Q and was completed in the 4Q of the financial year 2015.

Findings of the Internal Audit reported that the Policies & Procedures within the Company and the Group needs standardizing especially between companies which was set up by the Group and companies acquired by the Group on a later stage. Reports on these findings together with the recommendations on areas for improvements were presented to the Audit Committee.

The Board of Directors of Evergreen Fibreboard Berhad ("EFB") is committed to uphold and maintain high standards of Corporate Governance via the Group's Code of Conduct & Business Ethics as to safeguard the Group's assets and enhance stakeholders' value.

The Board acknowledges that the support, trust and confidence of shareholders, customers and business associates are significantly relied upon and therefore it has applied the Principles of the Malaysian Code on Corporate Governance 2012 ("the Code") and Best Practices within the Group. The Board further acknowledges that the recommended best practices of the Code and except where specifically identified, the Board has generally complied with the best practices set out in the Code.

1. BOARD OF DIRECTORS

Board Composition and Balance

Our Board is comprised of eight (8) members made up of four (4) Executive Directors including one (1) Female Director, one (1) Non-Independent Non-Executive Director and three (3) Independent Non-Executive Directors. Composition reflects a balance within executive directors and non-executive directors which complies with the Main Market Listing Requirements of Bursa Securities. The Company has also complied with the gender requirements as in Recommendation 2.2 of the Code.

Our Chairman and our Group Chief Executive Officer / President plays a separate role and they are not family members nor related in any manner.

Assessments on the Independence of all Independent Directors are being carried out annually by the Nomination Committee and the results of these assessments have confirmed their independence.

A Senior Independent Non-Executive Director, Mr. Kuan Kai Seng has been identified by the Board as to whom shareholders' concerns may be conveyed to or where it could be inappropriate for such concerns to be dealt with by the Executive Directors.

Profiles of our Directors are set out on pages 8 to 15 of this Annual Report.

2. BOARD MEETINGS

During the financial year, there were five (5) Board meetings carried out, four (4) meetings were to review the Group's quarterly performances and one (1) meeting was held to review the audited financial results and the annual report for the year. This was to ensure that the Audited Financial Report and the Annual Report of the Company are done in compliance to the required Accounting Standards & the Main Market Listing Requirements of Bursa Securities respectively.

During these Board meetings, Executive Directors were at all times present to provide in-depth information, explanation on the performance and measures taken to address the areas of concern within the Group. In between periods of the above meetings, the Non-Executive Directors and the Board as a whole are constantly being kept updated on the performance and significant matters of the Group by the Executive Directors.

Terms of Reference of the Board has been reviewed and updated as follows:

a) Meeting Participation

Board meetings are a fundamental component of governance processes as they are the main opportunity for Directors to:

i) obtain and exchange information with the Senior Management team;
ii) obtain and exchange information with each Directors; and
iii) make informed decisions.

Board members shall attend all Board meetings. However, other Senior Management may be invited to attend meetings for particular items within their responsibility. The Board may also invite external parties such as the auditors, solicitors and consultants as and when the need arises.

b) Meeting Frequency

The Board and the Audit Committee shall meet at least 4 (four) times per year or when necessary, while the other Committees shall meet at least once a year or when necessary.

c) Board Papers

The Company Secretary together with the Chairman is responsible for the preparation and circulation of Board papers with the specific time frame. The Board / Committee meeting agenda, shall be circulated to the respective Directors in advance of each meeting, will shape the information flow and subsequent discussion at meetings.

d) Conduct of Meeting

i) The Chairman will determine the degree of formality required at each meeting while maintaining the decorum of such meetings. In the absence of the chairman of the Board, a Director from amongst the Board members shall be appointed to chair the meeting.

ii) The Chairman will ensure that:

- all members are present or a quorum of Directors is reached;
- decisions are well concluded and recorded; and
- the interested Directors abstain from Board deliberation and making decisions on matters where there is a known conflict of interest with the particular Director.

iii) Decision to questions arising at a meeting of the Directors shall be decided by a majority of votes;

iv) Resolutions of the Directors at a meeting or adjourned meeting of the Directors shall be adopted by all Directors present. In the event issues requiring Board's decision arise between meetings, such issues shall be resolved through circular resolution subsequent to discussions being held amongst the Board members, either via teleconference, videoconference, email, etc; and

v) In order for the Board as a whole to be apprised on such matters and obtain their view points before arriving at a decision. The Directors may participate in a meeting of the Directors by means of telephone and video conference or by other means of communication. The physical presence of Director(s) is not compulsory and participation in the meeting in the aforesaid manner shall be deemed to constitute presence in person at such meeting. The Directors participating in any such meeting shall be counted in the quorum for such meeting. All resolutions agreed upon by the Directors in such a meeting shall be deemed to be as effective as a resolution passed at a meeting in person of the Directors duly convened. All information and documents must be made equally available to all participants prior to, at, or during the meeting.

e) Board Minutes

i) The Company Secretary is responsible for the integrity of the Board documents, including the Minutes of the Board meetings. Minutes are prepared following a Board meeting and are circulated in draft form. The draft minutes will be re-circulated with the Board papers in readiness for signing at the following meeting. The practice is for minutes to record processes and decisions rather than a historical narrative of the discussion or concluding remarks of final decisions made. If one or more Directors request their opinion to be noted, the Company Secretary shall comply with the request;

ii) The Board shall ensure that the Minutes are a concise summary of the matters discussed at the Board meeting and contain a brief reference to relevant Board papers tabled plus any official resolutions adopted by Directors; and

iii) All decisions shall be recorded in the Minutes.

f) Agenda

The Chairman together with the Company Secretary, shall assess the type of informations needed to be supplied to the Board and the contents of the agenda. The agenda shall include, amongst others, matters specifically reserved for the Board's decision. The Board shall record its deliberation, in terms of the issues discussed, and the conclusions thereof, in discharging its duties and responsibilities.

g) Meeting Papers

Except in the case of emergencies and to allow sufficient time for Directors to consider the relevant information, Board papers and agenda items are to be circulated at least seven (7) days, or a shorter period where unavoidable, prior to the meeting. Notice of every Board meeting will be provided in writing sent through the post, facsimile, electronic mail or by any means of telecommunication in permanent written form.

h) Information to the Board

The Board shall be provided with reports on the performance and activities of the Group including explanations by the CEO / COO / ED / CFO at its scheduled Meetings on the following matters:-

i) Group's strategic plans and annual budget (including capital expenditure budget);

ii) Capital expenditure exceeding prescribed thresholds based on the formalized limits of authority;

iii) Investment or disinvestment in EFB or any of its subsidiaries business, property or undertaking;

iv) Investment or disinvestment of a capital project which represents a significant diversification from the EFB's existing business activities;

v) Major changes in the activities of EFB / Group;

vi) Treasury policies and bank mandates;

vii) Review of limits of authority delegated to Executive Directors; and

viii) Key business risks faced by the Group and ensuring the implementation of appropriate internal controls and mitigating measures to manage such risks.

The above Terms of Reference was formalized on 1 June 2013 and was last reviewed and updated on 24 February 2016. It is made available on the Company's website at www.evergreengroup.com.my.

3. Company Secretary

Our Board is being supported by a qualified Company Secretary and she attended all board / committee meetings carried out during the financial year. Amendments and updates on the Listing Requirements and Companies Act, 1965 or any other authorities which may be of concern to the Company or the Directors are highlighted by the Company Secretary in Board meetings accordingly. Conclusion from Board / Committee Meetings are minuted and approved by the Chairman in accordance with the provision of Section 156 of the Companies Act, 1965.

4. Directors' Continuing Education

Non-Executive Directors are regularly updated on the Group's businesses, the competitive and regulatory environment by the Executive Directors. All Directors have been encouraged to visit the Group's operating sites as to have a better insight of the Group's various operations which can assist them to make effective decisions relating to the operations.

All Directors are also encouraged to attend relevant trainings and seminars to further enhance their knowledge and also to keep themselves abreast with developments in the market place, i.e. relevant new regulations, legislation and changing commercial risks whilst discharging their duties.

Directors are assessed on their training needs by the Nomination Committee during their annual assessment carried out. Analysis showing the training needs of individual directors is made known by the Nomination Committee Chairman to the Board and also forwarded to individual director for them to attend required trainings in the current year.

All Directors have completed the Mandatory Accreditation Program prescribed by Bursa Securities.

For the financial year under review, Directors attended various appropriate conferences, seminars, fairs and courses as follows :-

Conference, Seminars and Training Programmes attended by Directors

Director	Programmes
Jonathan Law Ngee Song	Board Reward & Recognition The Business of Inovation How to maximize Internal Audit
Kuo Wen Chi	Malaysian International Furniture Fair 2015
Kuo Jen Chang	Sylva Wood Expo 2015 in China The 17th Domotex Asia/China Floor 2015 The Woodmax China Shanghai 2015 International Forestry and Woodworking Machinery and Suppliers Shanghai Exhibition ESBUILD 2015 Green Architecture & Construction Materials Expo 2015 CIFF 2015 - China International Furniture Fair (Shanghai) 2015 CIFM 2015 - China International Furniture Machinery & Furniture Raw Material Fair (Shanghai) 2015 IFFC International Furniture Fair Chengdu 16th China Shunde Woodworking Machinery Show 20th International kitchen and bath China 2015
Kuo Jen Chiu	GST Implementation in Malaysia Future of Auditor Reporting Malaysia Biomass Industry Networking Seminar
Mary Henerietta Lim Kim Neo	Future of Auditor Reporting Leadership Strategy for Women Board Reward & Recognition
Kuan Kai Seng	National Budget 2015 Future of Auditor Reporting National Tax Conference 2015 Sustainable Symposium on Responsible Business/ Responsible Investing
Yap Peng Leong	Board Reward & Recognition
Henry S Kuo	Mandatory Accreditation Programme

5. BOARD COMMITTEES

The Audit, Nomination and Remuneration Committees have been established by the Board as mandated by the Main Market Listing Requirements of Bursa Securities:-

Audit Committee

The Audit Committee was established on 31 January 2005 and is currently being chaired by Mr. Jonathan Law Ngee Song, who was appointed Chairman of the Audit Committee on 22 February 2010. Members of the Audit Committee are Mr. Kuan Kai Seng and Mr. Yap Peng Leong who work within the terms of reference of the Audit Committee that has been approved by the Board.

All members of the Audit Committee are Independent Non-Executive Directors whom are financially literate whereby Mr. Kuan Kai Seng and Mr. Yap Peng Leong are members of the Malaysian Institute of Accountants. The performance of each Audit Committee Member are being assessed at least once every 3 (three) years and outcome of the assessment is made known by the Nomination Committee Chairman to the Board for improvements.

There were five (5) Audit Committee meetings carried out in the financial year under review.

The Audit Committee in carrying out their duties and responsibilities has been given full, free and unrestricted access to the Company's records, properties and personnel. The Committee or any Committee Member in the course of investigation of any matter is permitted to use the services of any professional firm, seek independent professional advice or request attendance of an outsider with relevant experience at the expense of the Company if needed.

Terms of Reference of the Audit Committee has been reviewed and updated as follows:-

a) Objectives

The primary function of the Audit Committee (the "Committee") is to assist the Board of Directors in fulfilling its fiduciary duties as well as the following oversight objectives on the activities of the Group by :-

i) oversee financial reporting; and

ii) evaluate the internal and external audit processes, including issues pertaining to the system of internal control and risk management within the Group.

b) Composition

The Board shall elect Committee Member(s) from amongst themselves, comprising not less than one third based on the whole board members and entirely to be Non-Executive Directors and the majority of who must be Independent. In respect of the Independent Non-Executive Director, the Board adopts the definition of "independent directors" under Paragraph l.0l of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). All the members shall be financially literate, i.e. the ability to read, analyze and interpret financial statements, and at least one (1) member of the Committee shall be:-

i) a member of the Malaysian Institute of Accountants ("MIA"); or

ii) if the member is not a member of the MIA, member must have at least three (3) years of working experience;

iii) the member must have passed the examinations specified in Part I of the First Schedule of the Accountants Act, 1967; or

iv) the member must be a member of the Association of Accountants specified in Part II of the First Schedule of the Accountants Act.1967; or

v) fulfills such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.

If a member of the Committee resigns, dies or for any reason ceases to be a member and results in the number of members being reduce to below three (3), the Board shall within three (3) calendar months of the event appoint a new member to fill the vacancy.

The Chairman of the Committee shall be an Independent Non-Executive Director. No alternate Director of the Board can be appointed as a member of the Committee.

The term of office and performance of the Committee and each of its members shall be reviewed by the Board at least once in every three (3) years to determine whether the Committee and its members have carried out their duties in accordance with the terms of reference.

c) Meeting Quorum and Procedures

i) Meetings shall be conducted at least four (4) times annually, and more frequently as circumstances dictate. The Chairman may call for a meeting of the Committee if a request is made by any Committee member, the Board Chairman, the Chief Executive Officer, or the internal or external auditors;

ii) In order to form a quorum for the meeting, the majority of members present must be Independent Non-Executive Directors. In the absence of the Chairman, the members present shall elect a Chairman for the meeting from amongst the members present. For the purpose of determining the presence of the requisite quorum, members attending the meeting, by way of telephone or video conferencing or whatever forms for an effective meeting to be considered, shall be considered;

iii) The Company Secretary shall be appointed Secretary of the Committee (the "Secretary") as well. The Secretary, together with the Chairman, shall draw up the agenda, which shall be circulated together with the relevant support papers for each agenda, at least seven (7) days prior to each meeting for each member of the Committee. The draft minutes on all Committee meetings shall be circulated to members of the Board within ten (10) days after conclusion of the respective meetings;

iv) The Audit Committee may, as and when deemed necessary, invite other Board members, Senior Management members or third parties to attend the meetings to address matters that require the input of such persons;

v) The Chairman of the Audit Committee shall brief the Board on the outcome of every Committee meeting following the conclusion of the Audit Committee meeting and shall submit an annual report to the Board, summarizing the Committee's activities during the year and the related significant results and findings thereof;

vi) The Audit Committee shall meet at least twice annually with the external auditors without the presence of any Executive Board Members, Management or Employees of EFB. In addition, Management, the external or internal auditors may request a private session with the Committee to discuss any matters of concern; and

vii) The Audit Committee shall regulate the manner of proceedings of its meetings, having regard to normal conventions on such matter.

d) Authority of the Audit Committee

i) The Audit Committee is authorized by the Board to investigate any activity within its terms of reference. It is also authorized to seek any information it requires from any employee and employees are directed to co-operate with any request made by the Audit Committee.

The Audit Committee may obtain, at the expense of the Company, outside legal or other independent professional advice it considers necessary in the discharge of its responsibilities by informing the Chairman on the need to do so and proceed to obtain the necessary advise;

ii) The Audit Committee shall have full and unlimited access to any information pertaining to Company and any of its subsidiaries. The Audit Committee shall have direct communication channels with the internal and external auditors and with Senior Management of the Group and shall be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Group, whenever deemed necessary. The Audit Committee Members shall be provided with the resources that are required to perform their duties at all times; and

iii) Where the Committee Members is of the view that a matter reported by them to the Board has not been satisfactorily resolved resulting in a breach of the Main Market Listing Requirements of Bursa Securities, the Committee shall promptly report such matter to Bursa Securities.

e) Responsibilities and duties

In fulfilling its primary objectives, the Committee shall undertake the following responsibilities and duties by:-

i) reviewing the Committee's terms of reference as conditions dictate for any relevant updates to be made in tandem with changes to regulatory requirements affecting the Audit Committee;

ii) reviewing with the external auditors, the audit scope and plan, including any changes to the scope of the audit plan;

iii) ensuring the internal audit function is independent of the activities it audits and the head of internal audit reports functionally to the Audit Committee directly, which reviews its performance on an annual basis. The Head of Internal Audit shall be responsible for the regular review and/or appraisal of the effectiveness of the risk management, internal control, and governance processes within the Group. In conducting internal audit covering the companies in the Group, the internal audit function is expected to deploy professional standards recognized by the Institute of Internal Auditors, Malaysia;

iv) taking cognizance of resignations of any internal audit member and providing the resigning internal audit member an opportunity to submit the member's reasons for resigning;

v) reviewing the adequacy of the internal audit scope and plan, including the internal audit program, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;

vi) reviewing the external and internal audit reports to ensure that appropriate and prompt remedial action is taken by Management on major deficiencies in internal controls, risk management or governance processes that are identified;

vii) reviewing major audit observations and Management's response during the year with Management, external and internal auditors, including the status of previous audit recommendations;

viii) reviewing the assistance given by the Group's officers to the auditors, and any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to required information;

ix) reviewing the independence and objectivity of the external auditors and their services, including non-audit services and the professional fees in line with EFB's policy of non-audit services provided by the external auditors, so as to ensure a proper balance between objectivity and value for money;

x) reviewing the appointment and performance of external auditors, the audit fee and any question of resignation or dismissal before making recommendations to the Board;

xi) reviewing the risk profile of the Group (including risk registers) and the Risk Management team's plans to mitigate business risks as identified from time to time;

xii) reviewing the adequacy and integrity, including effectiveness, of risk management and internal control systems, management information system, and the internal auditors' and/or external auditors' evaluation of the said systems;

xiii) directing and, where appropriate, supervise any special projects or investigation considered necessary, and review investigation reports on any major defalcations, frauds and thefts;

xiv) reviewing the quarterly results and the year-end financial statements, prior to approval by the Board, focusing particularly on:

a) changes in, or implementation of, major accounting policy changes;
b) use of the going concern assumption;
c) significant or unusual events; and
d) compliance with The Malaysian Financial Reporting Standards and other legal requirements.

xv) reviewing procedures to ensure that the Group is in compliance with the Companies Act 1965, Main Market Listing Requirements of Bursa Securities and other legislative and reporting requirements;

xvi) reviewing any related party transaction and conflict of interest situation that may arise within the Company or the Group, including any transaction, procedure or course of conduct that raises question on Management's integrity;

xvii) preparing reports, at least once a year, to the Board summarizing the activities/work performed in fulfilling the Audit Committee's primary responsibilities, including details of relevant training attended by each Committee member;

xviii) undergoing relevant training annually on topics which are commensurate with the Committee's specific terms of reference to enable the Audit Committee to effectively discharge its responsibilities; and

xix) any other activities, as authorized by the Board.

In carrying out the above tasks entrusted by the Board, the Audit Committee is required to report back to the Board the outcome of the work carried out, unless specified otherwise, the Committee does not have specific authority or power to approve any of the tasks so entrusted by the Board.

f) Ongoing engagement by Committee Chairman

i) The Chairman of the Audit Committee shall engage on a continuous basis, apart from the scheduled Audit Committee meeting, with Executive Directors and Senior Management, the head of Internal Audit and the External Auditors in order to be kept informed of matters affecting the Group in terms of financial performance, operational performance and legal compliance.

The Terms of Reference of the Audit Committee was first formalized and approved by the Board on 31 January 2005 and it was last reviewed and updated on 24 February 2016. It is made available on the Company's website at *www. evergreengroup.com.my.*

NOMINATION COMMITTEE

The Nomination Committee was set up on 24 May 2005 and exclusively comprises of Independent Non-Executive Directors. The Committee Chairman is Mr. Kuan Kai Seng and other members of the Nomination Committee are Mr. Jonathan Law Ngee Song and Mr. Yap Peng Leong.

There was one (1) Nomination Committee meeting carried out in the financial year to :-

a) Reviewed the yearly evaluation of the Board, Committees and Individual members;

b) Reviewed and recommended the appointment of Mr. Henry S Kuo to the Board;

c) Reviewed the evaluation of the retiring Directors according to Article 101 of the Company's Articles of Association and according to section 129(6) of the Companies Act, 1965;

d) Reviewed the training needs of individual directors;

e) Reviewed the evalution carried out on the independence of the Independent Directors; and

f) Reviewed the Succession Planning for the Board and Key Management Personnels.

Re-election

On re-election and in accordance with the Company's Articles of Association, one third (1/3) of the Board of Directors must retire by rotation at each Annual General Meeting provided every Director shall retire from office at least once in three (3) years. Directors retiring by rotation from office shall be eligible for re-election by the shareholders at Annual General Meetings.

Directors standing for re-election and re-appointment at the forthcoming Annual General Meeting are :-

a) Mr. Jonathan Law Ngee Song and Mr. Kuo Jen Chiu, re-election in accordance with Article 101 of the Company's Articles of Association;
b) Mr. Henry S Kuo, re-election in accordance with Article 106 of the Company's Articles of Association; and
c) Mr. Kuo Wen Chi, re-appointment in accordance with Section 129(6) of the Companies Act, 1965.

During the evaluation process, the Nomination Committee had also evaluated Mr. Jonathan Law on his independency due to the fact that he has reached his ninth (9th) year term. Based on the Committee's evaluation, Mr. Jonathan Law has exercised his judgment in an independent and unfettered manner at all times. He has also seen to have discharged his duty diligently with reasonable care and skill including bringing independent legal advice and experience to the Board's deliberations and decision making process of which is found to be valuable to the Company and the Group.

To that, the Nomination Committee have recommended Mr. Jonathan Law Ngee Song to the Board, to continue office as an Independent Director and seek shareholder's approval in the forthcoming Annual General Meeting, in line with the Malaysian Code on Corporate Governance 2012 and as defined in Bursa Securities Listing Requirements.

These were the agendas discussed during the Nomination Committee meeting held and based on the yearly assessment carried out on these Directors, the Nomination Committee finds that the above Directors have contributed and will be able to continue to contribute to the Group based on their experience & knowledge and therefore are eligible to be put forth for re-election / re-appointment in this forthcoming Annual General Meeting.

Terms of Reference of the Nomination Committee has been reviewed and updated as follows:-

a) Objective

The Nomination Committee (the "Committee or NC") of the Company was formed on the 24 May 2005. Its primary function, in line with the Malaysian Code on Corporate Governance 2012 and the Listing Requirements of Bursa Malaysia Securities Berhad, is to assist the Board in the following areas:-

i) propose new nominees for the Board of EFB;

ii) screening of potential Company Secretary, External Auditors & Internal Auditors. However the actual decision as to who shall be nominated / engaged shall be the responsibility of EFB's full Board after considering the recommendations of the Committee's Chairman; and

ii) assess the performance and effectiveness of EFB's Board as a whole, Board Committees, individual Directors, Company Secretary and certain Key Officers of EFB on an ongoing basis.

b) Membership

The membership of the Committee shall comprise exclusively of Non-Executive Directors and number of not less than two (2) in persons. The Chairman of the Committee shall be the Senior Independent Non-Executive Director appointed by the Board. Alternate Chairman can be nominated at a meeting should the Committee Chairman not be present and he/she shall perform the same role, duty and responsibility as the Chairman appointed by the Board.

c) Meetings

The Committee shall meet at least once in a year. More meetings may be conducted if the need arises.

d) Quorum

There should be at least two or half of the committee members present in person for each meeting.

e) Secretary

The Secretary of the Company or his / her nominee shall be secretary (the "Secretary") of all Board Committees in his / her absence.

f) Authority

The Nomination Committee's authority shall include access to resources and information as deemed appropriate to discharge their responsibilities on behalf of the Board / Company, including obtaining independent professional advice at the company's expense by informing the Chairman of the Committee / Board on the need to do so and thereon proceed to obtain such necessary advise.

g) Minutes of Meetings

The Company Secretary shall minute the proceedings and resolutions, including the names of all attendees. Draft minutes of the Nomination Committee meetings shall be circulated promptly to all members of the committee. Once approved by the Nomination Chairman, minutes shall be circulated to all other members of the Board, unless a conflict of interest exists which should be recorded during the meeting proceedings.

h) Notice of Meetings

Meetings shall be coordinated by the Company Secretary at the request of the Nomination Committee Chairman based on planned calendar dates. Notice of each meeting confirming the venue, time and date, together with an agenda of items and it's supporting papers to be discussed, shall be forwarded to each member of the Committee, no later than seven (7) working days prior to the date of meeting.

i) Annual General Meeting

The Committee Chairman must attend the Annual General Meetings including any Extraordinary General Meetings to answer any questions by shareholders on the Committee's activities, in particular on areas pertaining to proposed resolutions for shareholders to consider for the appointment or re-appointment of Directors, Company Secretary and Auditors.

j) Reporting responsibilities

The Committee Chairman shall report to the Board on its proceedings after each meeting. The Nomination Committee through its Chairman shall make appropriate recommendations to the Board on any area within its responsibility or as delegated by the Board, where action or improvement is needed. The Nomination Committee shall produce a report to be included in the Company's annual report about its activities and the process used to identify and make recommendation for appointing / re-appointing of Directors, yearly evaluation on Board / Committees and individual Directors.

k) Duties and functions of the Nomination Committee

Procedure & Requirements for New Appointments of Directors

i) The Committee as a whole shall first screen the candidate(s) for directorship, which is being proposed by the President / CEO or Vice President / COO or Director or Shareholder, or source by using external advisors to facilitate the search for suitable candidates.

ii) Evaluate candidate(s) strictly based on the following requirements:-

a) expertise / skills;
b) industry / director functions knowledge,
c) experience in the required field needed in the board;
d) sufficient time for Board Meetings and follow up on pertinent issues;
e) gender diversity;
f) character;
g) professionalism;
h) integrity;
i) commitment; and
j) expected responsibility as a Director.

iii) Candidate shall be interviewed by the Nomination Committee as to determine if candidate meets the requirement set above. During this interview, candidate will be required to disclose any business dealings in any manner that may result in a conflict of interest or any relationship with current members of the Board or major shareholders;

iv) Should the candidate meets the requirements set by the Nomination Committee and the Committee as a whole agrees that candidate is qualified to be recommended for appointment, the Committee Chairman shall make such recommendation to the Board;

v) Prior to making recommendation to the Board, Nomination Committee Chairman shall consult Board Committees Chairman on appointment of selected candidate as committee member where required;

vi) Nomination Committee Chairman shall make the necessary recommendation to the Board, on qualified candidates to fill the seats on Board as well as Board Committees as agreed by Chairman of those Committees. Upon the Boards' approval for candidate to be appointed, Company Secretary will prepare required documents on appointment and make necessary announcement within the time frame; and

vii) All Directors appointed to the Board shall receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, board committee involvements and involvement outside board meetings including their fee and allowance.

Procedures & Requirement for Re-election, Re-appointment & Resignation/ Termination

i) Nomination Committee Chairman shall make recommendation to the Board on Director(s) to be re-elected or re-appointed by shareholders under the annual re-election / retirement provisions, only after Director's yearly evaluation has been completed and results of evaluation indicates Director's eligibility of being put forward for re-election / re-appointed;

ii) Details of this evaluation shall be tabulated and distributed to the Board members by the Company Secretary for their consideration as to the extent to which the interplay of the director's expertise, skills, knowledge and experience is needed by the Company. Thereby the Board as a whole shall decide if Director shall be put forth for re-appointment / re-election in the coming Annual General Meeting;

iii) For directors exceeding the 9th year service, the Nomination Committee shall also carry out an assessment on independency of the Independent Director(s) and if Committee as a whole is convinced and satisfied with the results, only then the Chairman of the Nomination Committee shall make recommendation to the Board on whether the Independent Director(s) can and should remain as Independent or should he / she be re-designated;

iv) The decision as to if a director should be put forth for re-election / re-appointment in the Annual General Meeting shall be the sole responsibility of the full Board after considering the recommendations made by the Nomination Committee's Chairman and all other aspect;

v) Suspension or termination of the services of an Executive Director who is an employee of the Company shall at all time subject to the provisions of the employment / industrial relation law and their service contract. Nomination Committee shall be made known on the reasons, consequences and requirements and then state their approval / disapproval before any suspension / termination is being carried out by the Company; and

vi) Necessary announcement to the authorities shall be made by the Company Secretary upon approval from the Board members on any appointments or resignation of any Directors.

l) Procedure & Requirements for Specific Nominations

Board as a whole shall discuss and give their recommendation for a suitable Independent candidate amongst them to assume the role of a Senior Independent Director as and when needed and as required under the Malaysian Code on Corporate Governance 2012 and the Listing Requirements of Bursa Malaysia Securities Berhad.

m) Succession Planning Procedures

i) Nomination Committee shall review the succession planning for the board chairman, directors and key management personnel with particular attention given to the position of the President /Chief Executive Officer & Vice President / Chief Operating Officer prepared by the Management on a yearly basis;

ii) Chairman of the Nomination Committee shall make known to the board for action to be taken by the Board should the Nomination Committee finds that after several attempts, succession plans is still at an alarming situation; and

iii) Thereby, the Board shall address this matter with the Management and Nomination Committee to bring the situation to a comforting level by re-evaluating potential successors in the Company's Talent Pool List or seeking external help in sourcing qualified candidates for its succession plans.

n) Annual Performance Assessment of the Board, Committees & Individual Directors

Procedure & Requirements

i) Nomination Committee shall carry out annual assessment based on the required mix of skills, experience, diversity and other qualities, including core competencies and effectiveness of the board as a whole, the board committees, each individual Director(s), Key Management positions, Company Secretary and the Chairman of the Board;

ii) All evaluations carried out by the Nomination Committee shall be properly documented and reported to the Board / Members by the Chairman of the Nomination Committee at the end of each financial year on areas in which the Board, Board Committees, individual directors, Key Management, Company Secretary and the Chairman could improve including trainings that is needed; and

iii) Company will take necessary steps to ensure needed trainings indicated shall be sourced for directors to attend in the year.

o) Induction Training, Training & Training Needs Analysis

Procedure & Requirements

i) All newly appointed Directors will be given induction training by the Executive Director during his / her first Board Meeting and he / she will be required to attend the Mandatory Accreditation Program training within 3 (three) months from being appointed as Director;

ii) Summary on trainings being sourced based on the director's trainings needs analysis in the yearly evaluation form submitted by the Nomination Committee for the Board, Committee and individual director shall be made known to directors to attend. The summary of available trainings shall be forwarded to directors on a monthly basis and training arrangements shall be made by the training department. As for the Board and Committees, trainings will be organized in a group manner for all members to attend during the year; and

iii) Records and information on trainings attended by Director (s), shall be kept in the Company's Human Resource Training Department.

p) Procedure on Director's Continuing Education Program

List and Schedule of training programs as a Continuing Education Program for directors shall be forwarded to all directors on a monthly basis by the Company. This is to allow directors to choose the appropriate date and time of which training to attend. Director(s) who wishes to attend any of these or other courses shall inform the Company by contacting the Training Department of the Human Resource Department for arrangements to be made on such trainings. Directors are encouraged to attend a least 1 (one) training in each financial year.

The Terms of Reference of the Nomination Committee was first formalized and approved by the board on 24 May 2005 and it was last reviewed and updated on 24 February 2016. It is made available on the Company's website at *www.evergreengroup.com.my.*

REMUNERATION COMMITTEE

The Remuneration Committee was set up on 24 May 2005 and currently has three (3) members, purely Independent Non-Executive Directors. The Chairman of the Remuneration Committee is Mr. Jonathan Law Ngee Song and other members of the Committee are Mr. Kuan Kai Seng and Mr. Yap Peng Leong.

The Remuneration Committee was set up for the purpose of reviewing the remuneration and fees of Directors including Senior Management of the Group and if thought fit, forward it to the Board for approval. The Board as a whole ultimately decides on the remuneration of each Director including the Non-Executive Chairman.

There was one (1) Remuneration Committee Meeting held during the financial year which was to review and assess the appropriate remuneration of each Director including the Senior Management of the Group. Based on the performance of individual subsidiaries, the Board approved a nominal increment and bonus for all based on the recommendation of the Nomination Committee. During this meeting, Individual Directors did not participate in the discussion and decision of their own remuneration.

Currently, there is no formal directors' remuneration framework for Executive Directors in place. Nevertheless, the Remuneration Committee is in the process of finalizing a formal remuneration framework for the Group's Senior Management and Executive Directors which will take effect for FYE 2016 including a framework for the Non-Executive Directors. Nevertheless, the Board is of the opinion that their remuneration is within the reasonable level based on the 2015 financial performance of the Group.

Terms of Reference of the Remuneration Committee have been reviewed and updated as followa:-

a) Objective

The Remuneration Committee was formed by the Board on 24th May 2005. The main objective of the Committee is to establish a framework and recommend to the Board the remuneration of Executive Directors and Non-Executive Directors of the Company.

b) Membership

The membership of the Committee shall comprise wholly or mainly of Non-Executive Directors and number of at least two (2) in total. The Chairman of the Committee shall be Non-Executive Director appointed by the Board. Alternate Chairman can be nominated at a meeting should the Committee Chairman not be present and he/she shall perform the same role, duty and responsibility as the Chairman appointed by the Board.

c) Meetings

The Committee shall meet at least once a year. More meetings may be conducted if the need arises.

d) Quorum

There should be at least two or half of the committee members present in person for each meeting.

e) Secretary

The Company Secretary or his / her nominee shall be secretary for the Committee.

f) Attendance

The Chief Executive Officer/President/, Chief Operating Officer/Vice President or the Group Executive Director may be invited to attend meetings to discuss the performance of other Executive Director and make proposals as necessary. Executive Directors should play no part in decisions of their own remuneration.

g) Authority

The Committee's authority shall include access to resources and information as deemed appropriate to discharge their responsibilities to the Board / Company including obtaining independent professional advice at the company's expense.

h) Advisers

The Committee has been authorized by the Board to seek appropriate professional advice inside or outside the Group as and when it considers this necessary by making known to the Chairman on the need to do so an thereon engage the professional advisor in view of discharging his /her responsibilities.

i) Duties

i) The duties of the Committee shall be to consider and recommend to the Board the remuneration structure for the purposes of determining the compensation and benefits packages of Key Management and Directors;

ii) The Remuneration Framework of the Company Directors is based on the philosophy of giving higher weightage on individual performance together with the financial performance results of the Group. Therefore the performance of all Executive Directors are measured by each Director's contribution and commitment to both the Board as well as in the Group and taking into account the financial performance of the Group;

iii) In the case of Non-Executive Directors, the level of remuneration reflects the contribution and level of responsibilities undertaken by the particular Non-Executive Director;

iv) Remuneration Committee shall review and assess the remuneration of Senior Management (Key Officers) based on proposal forwarded by Management in January. Proposal shall take into consideration the criteria set in the Group's Reward Programme at beginning of each year and the draft financial results for the year. Upon Committee agreeing to the proposal, Remuneration Committee Chairman will then recommend reviewed remuneration to the Board for approval;

v) Remuneration of Executive Directors will be reviewed by the Remuneration Committee in January each year based on the approved Remuneration Framework together with the draft financial results of the Group. Chairman of the Remuneration Committee shall then forward to the Board for their approval;

vi) Director's fees for Non- Executive Directors shall be deliberated and endorsed by the Board for it to be approved by shareholders in the Annual General Meeting of the Company; and

vii) Individual Directors are not permitted to participate in the discussion and decision of their own remuneration.

j) Reporting responsibilities

The Remuneration Committee Chairman shall report to the Board on the proceedings after each Remuneration Committee Meeting. The Remuneration Committee Chairman shall make recommendations to the Board as appropriate on any area within its responsibility or as delegated by the Board, where action or improvement is needed.

k) Notice of Meetings

Meeting shall be coordinated by the Company Secretary at the request of the Remuneration Committee Chairman based on planned calendar dates. Notice of each meeting confirming the venue, time and date, together with an agenda of items and supporting papers to be discussed, shall be forwarded to each member of the committee, no later than seven (7) working days before the date of the meeting.

l) Annual General Meeting

The Remuneration Committee Chairman shall attend all Annual General Meeting including any Extraordinary General Meetings to answer any shareholders' questions on the committee's activities, in particular on areas pertaining to proposed resolutions on Directors' fee for shareholders consideration.

m) Minutes of meetings

The Company Secretary shall minute the proceedings and resolutions, including the names of all attendees. Draft minutes of committee meetings shall be circulated promptly to all members of the committee. Once approved, minutes shall be circulated to all other members of the board, unless a conflict of interest exists.

The Terms of Reference of the Remuneration Committee was first formalized and approved by the Board on 24 May 2005 and it was last reviewed and updated on 24 February 2016. It is made available on the Company's website at *www.evergreengroup.com.my.*

6. DIRECTORS' REMUNERATION

Directors' remuneration during the financial year is broadly categorized into the following bands:-

Range of Remuneration	Number of Directors	
	Executive	Non-Executive
Below RM 50,000	-	-
Below RM 100,000	-	2
Below RM 500,000	1	1
Below RM1,000,000	1	-
Below RM1,500,000	-	-
Below RM2,000,000	2	-

Details of Directors' Remuneration set out above in bands complies with the Main Market Listing Requirements of Bursa Securities whilst the Code has prescribed for individual disclosure of directors' remuneration package. The Board is of the view that transparency and accountability aspects of corporate governance in respect of the Directors' remuneration are appropriately and adequately addressed by the band disclosure method.

7. RELATION WITH SHAREHOLDERS

On Dialogues between company and investors

The Company strictly adheres to the disclosure of the Main Market Listing Requirements of Bursa Securities and therefore recognizes the importance of timely and equal dissemination of information to shareholders and stakeholders.

Information on our website *www.evergreengroup.com.my* are updated periodically which is accessible by shareholders and the general public at all times.

Annual General Meeting ("AGM")

The Company's AGM is the principal forum for dialogue with shareholders. Shareholders are being notified of the meeting and being provided with a softcopy of the Company's Annual Report at least 21 (twenty one) days' prior to the date of meeting, complete with a separate resolutions to be proposed at the Annual General Meeting for each distinct issue.

Board members are also available to respond to all queries and undertake to provide sufficient clarification on issues and concerns raised by any shareholder. The External and Internal Auditors are also made present to provide their professional and independent clarification on queries raised by any shareholder. Status of all resolutions proposed at each AGM is announced to Bursa Securities at the end of the meeting day and proceedings of the AGM are properly minuted by the Company Secretary.

8. ACCOUNTABILITY AND AUDIT

(i) Financial Reporting

The Board takes responsibility in ensuring that the financial statements of the Group gives a true and fair view on the state of affairs of the Group. The Board ensures that the financial statements are drawn up in accordance with the provisions of the Companies Act, 1965, the Main Market Listing Requirements of Bursa Securities, the Financial Reporting Standards approved by the Malaysia Accounting Standards Board and other statutory and regulatory requirements.

The Group's quarterly interim financial reports and the annual financial statements are reviewed by the Audit Committee and approved by the Board prior to it being released to Bursa Securities and the Securities Commission Malaysia within the stipulated timeframe.

(ii) Internal Control

The Board acknowledges their overall responsibilities, which is to ensure that a sound system of internal control is being maintained throughout the Group and the need to review its effectiveness on a regular basis to safeguard the Group's assets. The Board recognizes that risks cannot be totally eliminated and the system of internal control instituted can only help minimize and manage risks. Shareholders must know that the internal control system, by nature, can only provide reasonable but not absolute assurance against any losses.

A Statement of Risk Management & Internal Control System has been separately set out in pages 41 to 43 of this Annual Report.

(iii) Relationship with the External Auditors

The Board and Management has established a transparent relationship with its External Auditors and the Audit Committee acts as an independent channel of communication for the auditors to convey their objective views and professional advice on the Group's financial and operational activities.

The Audit Committee recommends the appointment of the External Auditors and their remuneration to the Board for endorsement. However the appointment of External Auditors is subject to the approval of the shareholders at the Company's AGM. The External Auditors have an obligation to bring up any significant matters relating to the financial audit of the Group to the attention of the Audit Committee and therefore the Audit Committee had one (1) meeting during the year with the External Auditors without the presence of Executive Directors or any Management representative.

9. STATEMENT ON BUSINESS SUSTAINABILITY

We believe that the fundamentals of any business sustainability is much dependent on the management of the business operations including the impact of operations on the Community, Environment, Marketplace and the Workplace.

Therefore, in the Group's effort to ensure the sustainability of the business, we have established and are continuously reviewing our business strategy and business processes as to be committed to operate responsibly and shall continuously be aware of the environment impact from our business operations.

On Operations Processes that affects the Environment

By ensuring Standard Operating Procedures are in place and is being put into practice by:
- Preventing spillage of chemicals or any hazardous materials;
- Preventing and controlling emission of smoke & dust;
- Controlling on wastages of resources;
- Enforcing Energy Management within the group to reduce usage energy consumption;
- Enforcing proper disposal of schedule waste from processes;
- Ensuring proper segregation and collection of waste to be recycle; and
- Enforcing activities for reforestation.

In the Market Place

By ensuring that businesses are conducted by way of :
- Equal opportunities for business dealing to all;
- Equal and fair practice on selection of vendors / suppliers; and
- Enforcement on Compliance to the Code of Conduct & Business Ethics within the Group.

To the Community

In support of our Corporate Social Responsibilities, we will continuously allocate:
- Contributions in Cash or in kinds to Schools and Universities in need;
- Contribution of Furniture to help build up library room for schools in rural area; and
- Cash contribution to societies / associations / organizations for the welfare of cancer patients and the less fortunate.

For the People in the Workplace

Create a harmonious working environment by preventing any form of discrimination / biasness:
- Against any gender, race or religion;
- Against Union members or their rights;
- Against talent attraction, retention and human development;
- Against remuneration scale or rate of bonus on performance;
- Against foregoing good Safety & Health practice for productivity; and
- Against any form of training being conducted or provided to upgrade employee's skills.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

The Board recognises the importance of a sound Risk Management System and is committed to maintain and make continuous improvements towards having an effective system of Internal Control on Financial and Operational Risk within the Group as to safeguard our shareholders' and stakeholders interest in the Group.

Board's Responsibility

The Board hereby acknowledges its overall responsibility on the Group's Risk Management & Internal Control System which must be established and maintained by an appropriate framework including reviewing its adequacy and integrity. It is also aware of its responsibilities to determine the nature, level and the risk appetite that the Group is able to take by maintaining a sound risk management and internal control system.

Enterprise Risk Management System

Risks faced by the Group are being identified and assessed periodically and thereon appropriate internal controls to mitigate these risks are implemented. The on-going process for identifying and managing significant risks faced within the Group are reviewed in consideration on changes in the regulatory, business and external environment.

However, there are certain limitations to any system of internal control, therefore the system has been designed to manage and minimize the impact but not completely eliminate risks. Hence, the system in place can only provide reasonable but not absolute assurance against material misstatement, fraud or losses.

The Group firmly believes that an Enterprise Risk Management Framework coupled with a sound system of Internal Controls are crucial for the Group's sustainability as well as to ensure its assets and reputation are protected at all times. The Board also believes that the ability to manage its risks is a paramount to achieving sustained profitability and the ability to enhance shareholders' value and therefore the Enterprise Risk Management (ERM) framework which has been put in place was developed within its risk appetite which has been reviewed and approved by the Board.

The Board in identifying the Risks within the Group is assisted by a Risk Management Committee (RMC), comprising a Risk Manager, Head of Departments from all location and is led by the Executive Directors.

The Group's Risk Register together with its Internal Controls are reviewed at least once a year and when found needed by the Risk Management Committee. Risk findings together with the internal controls in place are reviewed for necessary changes needed during management meetings by the Company and all operating subsidiaries.

Responsibilities of the Risk Management Committee

The responsibilities of the Risk Management Committee includes :

a) Identifying potential risk within the Group's processes and compile / update into the Risk Register;
b) Evaluating and determining the likelihood of the risk occurring and the impact of such risk to the Group;
c) Monitoring ongoing risk by assessing whether any conditions associated with a particular risk has changed; and
d) Reviewing the Group's Enterprise Risk Management Framework periodically together with Management to ensure that the policy is in line with the Group's objectives.

Risk Management Activities

During the financial year 2015, Risk Management Committee had identified weaknesses in certain areas of the Policies & Procedures within the Group. Therefore the Audit Committee had tasked the Internal Auditor to carry out a full scale gap analysis on the Policies and Procedures of the Group. Results of this had confirmed weaknesses on standardising of the Policies and Procedures within the Company and its subsidiaries. The weaknesses identified had been updated in the Risk Register for 2015 for recommendations on controls to be put in place.

Internal Control System

In maintaining a sound system of internal control, the Group has in place a series of policies, practices and controls in relation to the financial and operation processes. The system has been designed to address key risks by taking into consideration risks arising from changes in the business regulations by authorities and the accounting standards.

Following are some significant internal control in place:

i) Policy on Limit of Authority which limits the signing of contracts / agreement, payments and loans for all levels of employees including Management;

ii) Policy on matters that requires Board's deliberation and approvals such as Financial Performance together with management report on variance, Financial Commitments, Corporate Management Plan on Financial & Operational Monitoring, Recurrent Related Party Transactions including any expansion / reduction of business plans in the Group;

iii) Policy on monitoring of individual subsidiaries performance which is carried out monthly by Management visits to subsidiaries and meetings being conducted between Management and operations. Any operational issues faced by individual location are being raised and decisions / approvals are being sought at these meeting;

iv) Policies comprising of the Code of Conduct, Fraud and Whistle Blowing are implemented, reviewed and made known in awareness trainings throughout the Group; and

v) Organizational structure with formally defined lines of reporting and delegation of authority are established and reviewed for changes needed.

Internal Audit

The Group's Internal Audit function is being undertaken by an external professional advisor, BDO Consulting Sdn. Bhd. The Internal Audit function is to provide an independent analysis on the Group's Internal Control policies and practices designed to improve the controls where necessary.

The responsibilities of the Internal Auditors are to assist the Audit Committee in discharging their responsibilities by reviewing the adequacy and the integrity of the Group's internal control systems, management information systems and the system on compliance with applicable laws, regulations, rules, directives and guidelines.

The Audit Committee had approved an internal audit plan for the Policies and Procedures system of the Group. The Internal Auditors were tasked to review all department's Policies and Procedures including any related Working Instructions. The review to establish the existence of Standardization on the Policies and Procedures within the Company / Group was completed in the 4Q 2015.

Internal Audit reports on the findings, recommendations together with management actions were submitted to the Audit Committee for them to make known to the Board.

Review by the Board

The Board had reviewed the Audit Committee's report on the findings by the Internal Auditors and the Management has assured of necessary action that will be carried. With that the Board had received verbal assurance from the Group Chief Executive Officer / President and the Group Finance Controller that the Group's Risk Management and Internal Control Systems are in line with the Group's policies and practices in all material aspects.

The Board having reviewed the adequacy and the effectiveness of the Group's Risk Management and Internal Control systems is of the view that even though there is no incidence of material losses in the Group, further enhancement to the Group's Risk Management Framework in terms of its Policies and Procedures will strengthen its system on the Internal Controls.

Weaknesses in the Internal Controls that resulted in Material Losses

There was no internal control failure that had resulted in any material losses or omission within the Group. Nevertheless the Board will take necessary measures to further enhance the Group's System of Internal Control.

Review By External Auditors

The External Auditor has reviewed this statement on Risk Management & Internal Control. The review was performed in accordance with Recommended Practice Guide (RPG) 5 issued by the Malaysian Institute of Accountants. RPG 5 does not require the external auditor to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS FOR 2015

As required, Directors are to ensure to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the Group including the income statement and cash flows of the Company and the Group.

The Directors of EFB are of the view that, in preparing the financial statements of the Company and the Group for the year ended 31 December 2015, the Company and the Group have adopted recommended accounting policies that are consistently applied and supported by reasonable, prudent judgments and estimates. The Directors have also ensured that all applicable accounting standards have been followed during the preparation of the audited financial statements.

The Directors are also aware of their responsibility and they are confident that the Group keeps adequate accounting records which discloses reasonable accuracy of the financial position of the Company and the Group. Hence, this has enable them to ensure that the financial statements complies with the requirements of the Companies Act, 1965 and the Malaysian Financial Reporting Standards.

The Directors have also ensured timely release of the quarterly and annual financial results of the group for the year 2015 to Bursa Securities and the Securities Commission which enables the public and investors to be well informed of the Group's constant development.

The Directors are also fully aware of their general responsibilities in taking steps which are reasonably open to them to safeguard the assets and to detect and prevent fraud and other irregularities within the group.

(a) Conflict of interest

None of the Directors or Major Shareholders of the Company have had any personal interest in any business dealings / arrangement involving the Company and the Group during the financial year.

(b) Material Contracts

None of the Directors and Major Shareholders has any material contract with the Company and /or its subsidiaries during the financial year.

(c) Sanctions and / or penalties imposed

There were no sanctions imposed on the Company, its subsidiaries or Directors by any authorities or relevant bodies during the financial year. The Group paid penalties / fines amounting to RM92,700.00 for minor offences on violation of the Environment and Factory & Machinery Acts.

(d) Share buybacks

There was no share buyback carried out by the Company during the financial year.

(e) Exercise of options, Warrants or Convertible Securities

There were no options, warrants or convertible securities issued during the financial year.

(f) Utilisation of proceeds

The utilisation of proceeds based on the RM105.1 million raised from the Corporate Exercise of Private Shares Placement during the financial year is as follows:
Repayment of loans - RM30.0 million
Capital Expenditure - RM14.8 million
Working Capital - RM2.9 million
Expenses in relation to the Private Share Placement - RM1.9 million

(g) Depository receipts programmes

The Company did not sponsor any Depository Receipts Programmes during the financial year.

(h) Non-audit fees

The amount of non-audit fees for services provided by the external auditors to the Group and the Company for the financial year amounted to RM 51,000.00.

(i) Profit estimate, forecast or projection

During the financial year, there was no profit estimates, forecast or projection given by the Company. There was no major variance between the audited results for the financial year and the unaudited results previously announced by the Company.

(j) Profit Guarantee

There was no profit guarantee given by the Company during the financial year.

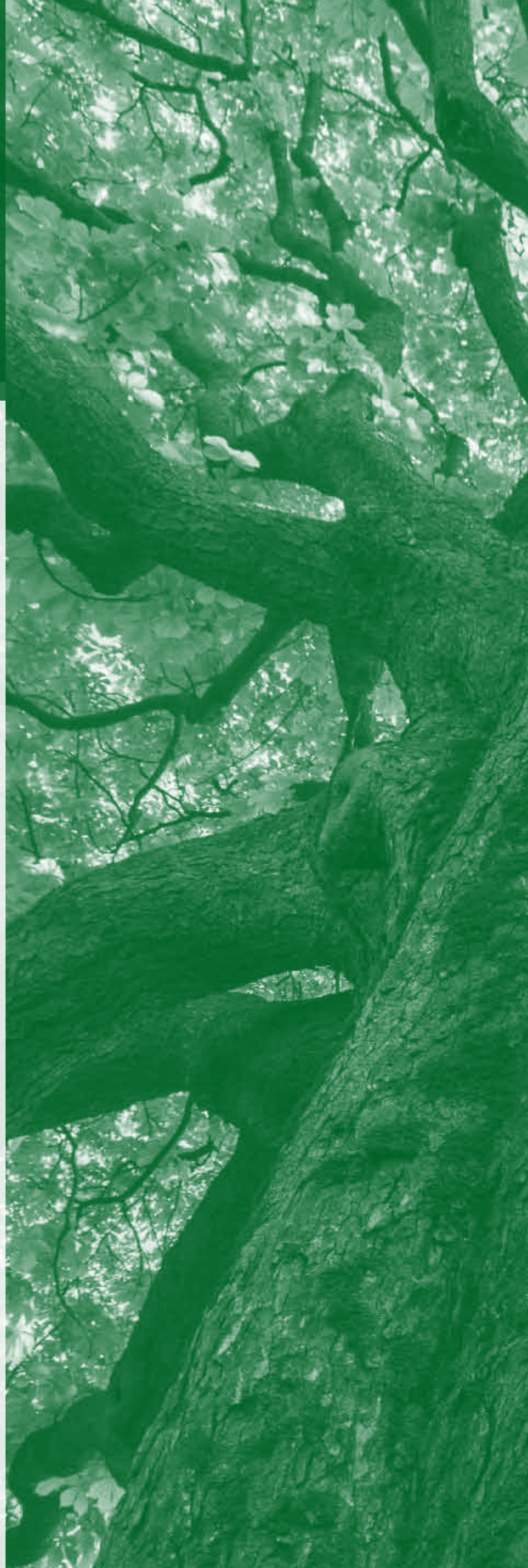
(k) Contracts relating to loan

There were no contracts relating to loan by the Company and its subsidiaries during the financial year.

(l) Recurrent related party transactions

There were no recurrent related party transactions in the Group during the financial year.

FINANCIAL STATEMENTS



DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2015.

PRINCIPAL ACTIVITIES

The principal activity of the Company is manufacture of medium density fibreboard and wooden furniture (knock-down). The principal activities of the subsidiaries are set out in Note 10 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM	Company RM
Profit for the financial year, net of tax		
- Continuing operations	94,052,895	15,827,145
- Discontinued operation	38,112	-
	94,091,007	15,827,145
Attributable to:		
Owners of the Company	90,903,792	15,827,145
Non-controlling interests	3,187,215	-
	94,091,007	15,827,145

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year.

The directors declared a single tier interim dividend of RM0.01 per ordinary share, amounting to RM8,464,020 in respect of the current financial year and payable to the shareholders on 20 April 2016, whose names appear on the Record of Depositors as at 22 March 2016. The financial statements of the current financial year do not reflect this dividend. Such dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2016.

The directors do not recommend the payment of any final dividends in respect of the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

BAD AND DOUBTFUL DEBTS

Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render it necessary to write off any bad debts or render the amount of provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the statements of comprehensive income and the statements of financial position of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:

(i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liabilities in respect of the Group or of the Company which has arisen since the end of the financial year.

In the opinion of the directors, no contingent or other liability of the Group or of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

In the opinion of the directors,

(i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and paid-up ordinary share capital of the Company increased from 513,000,000 to 564,290,000 by way of issuance of 51,290,000 new ordinary shares of RM0.25 each at a price of RM2.05 per ordinary share each under private placement amounting to RM105,144,500.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company. There were no other issues of shares or debentures during the financial year.

TREASURY SHARES

Treasury shares relate to ordinary shares of the Company that are repurchased and held by the Company in accordance with the requirement of Section 67A of the Companies Act, 1965 in Malaysia.

There were no repurchase of the Company's issued ordinary shares, nor any resale, cancellation or distribution of treasury shares during the financial year.

As at 31 December 2015, the Company held 22,000 treasury shares out of its 564,290,000 issued and paid-up ordinary shares. Such treasury shares are held at a carrying amount of RM15,173. Further details are disclosed in Note 19 to the financial statements.

DIRECTORS OF THE COMPANY

The directors in office since the date of the last report are:

Kuan Kai Seng
Kuo Jen Chang
Kuo Jen Chiu
Kuo Wen Chi
Law Ngee Song
Mary Henerietta Lim Kim Neo
Yap Peng Leong
Henry S Kuo (Appointed on 4 March 2016)

DIRECTORS' INTERESTS

According to the register of directors' shareholding required to be kept by the Company under Section 134 of the Companies Act, 1965 in Malaysia, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

		Number of Ordinary Shares of RM0.25 each				
		At 1.1.2015	Additions		Transferred	At 31.12.2015
Direct Interest						
Kuo Jen Chang		94,903,910	-		-	94,903,910
Kuo Jen Chiu		10,000,000	72,746,761		-	82,746,761
Mary Henerietta Lim Kim Neo		4	-		-	4
Indirect Interest						
Kuo Jen Chang	*	131,252,814	9,035,396	^	-	140,288,210
Kuo Jen Chiu	**	216,156,724	9,035,396	^	(72,746,761)	152,445,359
Kuo Wen Chi	**	226,156,724	9,035,396	^	-	235,192,120

* Deemed interested pursuant to Section 6A of the Companies Act, 1965.
** Deemed interested by virtue of the shareholdings in a corporation and pursuant to Section 6A of the Companies Act, 1965.
^ Deemed interested subsequent to declaration of interest by a connected person pursuant to Section 6A of the Companies Act, 1965.

By virtue of their interests in the ordinary shares of the Company and pursuant to Section 6A of the Companies Act, 1965 in Malaysia, Kuo Jen Chang, Kuo Jen Chiu and Kuo Wen Chi are deemed to have an interest in the ordinary shares of the subsidiaries to the extent that the Company has an interest.

DIRECTORS' INTERESTS (cont'd)

Other than as stated above, none of the other directors in office at the end of the financial year had any interest in the ordinary shares of the Company and its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as disclosed in Note 29 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Neither during nor at the end of the financial year, was the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Details of significant events during the financial year are disclosed in Note 39 to the financial statements.

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Details of significant events subsequent to the end of the financial year are disclosed in Note 40 to the financial statements.

AUDITORS

The auditors, Messrs. Baker Tilly Monteiro Heng, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors:

....

KUO JEN CHIU
Director

....

MARY HENERIETTA LIM KIM NEO
Director

Date: 12 April 2016

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

		Group		Company	
		2015	2014	2015	2014
	Note	RM	RM	RM	RM
ASSETS					
Non-current assets					
Property, plant and equipment	5	846,071,854	776,992,023	115,908,948	81,391,589
Land use rights	6	37,065,840	42,793,953	8,460,812	8,667,614
Biological assets	7	26,900,000	14,400,000	-	-
Goodwill	8	19,509,938	19,564,447	-	-
Other intangible asset	9	127,249	138,283	-	-
Investment in subsidiaries	10	-	-	331,212,782	351,202,787
Deferred tax assets	11	18,759,449	17,119,286	-	-
Other investments	12	145,400	109,000	-	-
		948,579,730	871,116,992	455,582,542	441,261,990
Current assets					
Inventories	13	218,275,940	215,367,128	46,390,156	71,995,017
Trade and other receivables	14	123,843,887	97,392,685	164,778,168	103,045,101
Other current assets	15	39,848,780	27,618,898	9,689,258	14,052,919
Current tax assets		89,441	1,059,709	-	21,011
Cash and bank balances	16	116,570,744	73,908,516	67,493,031	27,166,204
		498,628,792	415,346,936	288,350,613	216,280,252
TOTAL ASSETS		1,447,208,522	1,286,463,928	743,933,155	657,542,242
EQUITY AND LIABILITIES					
Equity					
Share capital	17	141,072,500	128,250,000	141,072,500	128,250,000
Share premium	18	203,676,712	113,129,400	203,676,712	113,129,400
Treasury shares	19	(15,173)	(15,173)	(15,173)	(15,173)
Other reserves	20	58,856,988	16,501,331	-	-
Retained earnings		634,693,436	543,789,644	285,415,516	269,588,371
Total Equity		1,038,284,463	801,655,202	630,149,555	510,952,598
Non-controlling interests		31,752,202	28,613,127	-	-
Total Equity		1,070,036,665	830,268,329	630,149,555	510,952,598

		Group		Company	
		2015	2014	2015	2014
	Note	RM	RM	RM	RM
Liabilities					
Non-current liabilities					
Loans and borrowings	21	37,229,004	51,277,884	17,150,000	22,159,978
Deferred tax liabilities	11	29,468,898	24,315,680	2,104,061	5,955,624
Retirement benefits	22	8,814,784	8,476,061	4,223,630	3,947,115
		75,512,686	84,069,625	23,477,691	32,062,717
Current liabilities					
Loans and borrowings	21	161,479,118	236,715,627	56,536,314	77,916,264
Trade and other payables	23	131,894,933	135,018,783	33,670,742	36,610,663
Current tax liabilities		7,409,233	-	98,853	-
Derivative financial liabilities	24	875,887	391,564	-	-
		301,659,171	372,125,974	90,305,909	114,526,927
Total Liabilities		377,171,857	456,195,599	113,783,600	146,589,644
TOTAL EQUITY AND LIABILITIES		1,447,208,522	1,286,463,928	743,933,155	657,542,242

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

		Group		Company	
		2015	2014	2015	2014
	Note	RM	RM	RM	RM
Continuing operations					
Revenue	25	1,012,016,776	918,788,663	290,370,800	259,527,566
Cost of sales	26	(724,212,125)	(733,779,373)	(235,960,558)	(222,852,426)
Gross profit		287,804,651	185,009,290	54,410,242	36,675,140
Other income	27	25,022,805	13,573,427	21,686,907	4,025,377
Selling and administrative expenses		(184,658,667)	(160,263,813)	(37,061,144)	(33,210,108)
Other expenses		(9,228,535)	(418,604)	(22,582,728)	(51,237,799)
		(193,887,202)	(160,682,417)	(59,643,872)	(84,447,907)
Profit/(Loss) from operations		118,940,234	37,900,300	16,453,277	(43,747,390)
Finance costs		(10,446,625)	(13,031,493)	(4,209,855)	(3,608,562)
Profit/(Loss) before tax	28	108,493,629	24,868,807	12,243,422	(47,355,952)
Tax (expense)/credit	30	(14,440,734)	(2,656,612)	3,583,723	3,383,086
Profit/(Loss) for the financial year from continuing operations		94,052,895	22,212,195	15,827,145	(43,972,866)
Profit/(Loss) for the financial year from discontinued operation, net of tax	31	38,112	(20,634,788)	-	-
Profit/(Loss) for the financial year		94,091,007	1,577,407	15,827,145	(43,972,866)
Other comprehensive income, net of tax					
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations		42,161,849	17,211,969	-	-
Fair value gain of available-for-sale financial assets		36,400	-	-	-
Cash flow hedges		157,408	1,342,391	-	836,647
Other comprehensive income for the financial year		42,355,657	18,554,360	-	836,647
Total comprehensive income/(loss) for the financial year		136,446,664	20,131,767	15,827,145	(43,136,219)

	Note	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Profit/(Loss) attributable to:					
Owners of the Company		90,903,792	170,154	15,827,145	(43,972,866)
- From continuing operations		90,865,680	20,804,942	-	-
- From discontinued operation		38,112	(20,634,788)	-	-
Non-controlling interests		3,187,215	1,407,253	-	-
		94,091,007	1,577,407	15,827,145	(43,972,866)
Total comprehensive income/(loss) attributable to:					
Owners of the Company		133,259,449	18,724,514	15,827,145	(43,136,219)
- From continuing operations		133,221,337	39,359,302	-	-
- From discontinued operation		38,112	(20,634,788)	-	-
Non-controlling interests		3,187,215	1,407,253	-	-
		136,446,664	20,131,767	15,827,145	(43,136,219)
Basic and diluted earnings/(loss) per share sen	32				
- From continuing operations		17.56	4.05	-	-
- From discontinued operation		0.01	(4.02)	-	-
		17.57	0.03	-	-

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

Group	Note	Share Capital RM	Share Premium RM	Equity Transaction Reserve RM	Foreign Exchange Reserve RM	Fair Value Reserve RM	Treasury Shares RM	Retained Earnings RM	Total RM	Non-controlling Interests RM	Total Equity RM
		Attributable to owners of the parent									
		Non-distributable						Distributable			
At 31 December 2014		128,250,000	113,129,400	383,083	16,267,456	(149,208)	(15,173)	543,789,644	801,655,202	28,613,127	830,268,329
Total comprehensive income for the financial year											
Profit for the financial year		-	-	-	-	-	-	90,903,792	90,903,792	3,187,215	94,091,007
Other comprehensive income for the financial year		-	-	-	42,161,849	193,808	-	-	42,355,657	-	42,355,657
Total comprehensive income		-	-	-	42,161,849	193,808	-	90,903,792	133,259,449	3,187,215	136,446,664
Transactions with owners											
Issue of ordinary shares		12,822,500	92,322,000	-	-	-	-	-	105,144,500	-	105,144,500
Transaction costs of shares issued		-	(1,774,688)	-	-	-	-	-	(1,774,688)	-	(1,774,688)
Dividend paid on shares		-	-	-	-	-	-	-	-	(48,140)	(48,140)
Total transactions with owners		12,822,500	90,547,312	-	-	-	-	-	103,369,812	(48,140)	103,321,672
At 31 December 2015		141,072,500	203,676,712	383,083	58,429,305	44,600	(15,173)	634,693,436	1,038,284,463	31,752,202	1,070,036,665

Group	Note	Share Capital RM	Share Premium RM	Equity Transaction Reserve RM	Foreign Exchange Reserve RM	Fair Value Reserve RM	Treasury Shares RM	Retained Earnings RM	Total RM	Non-controlling Interests RM	Total Equity RM
		Attributable to owners of the parent									
		Non-distributable						Distributable			
At 31 December 2013		128,250,000	113,129,400	383,083	(944,513)	(1,491,599)	(15,173)	543,619,490	782,930,688	22,403,874	805,334,562
Total comprehensive income for the financial year											
Profit for the financial year		-	-	-	-	-	-	170,154	170,154	1,407,253	1,577,407
Other comprehensive income for the financial year		-	-	-	17,211,969	1,342,391	-	-	18,554,360	-	18,554,360
Total transactions with owners		-	-	-	17,211,969	1,342,391	-	170,154	18,724,514	1,407,253	20,131,767
Transactions with owners											
Issue of ordinary shares to a non-controlling interests of a subsidiary		-	-	-	-	-	-	-	-	4,802,000	4,802,000
Total transactions with owners		-	-	-	-	-	-	-	-	4,802,000	4,802,000
At 31 December 2014		128,250,000	113,129,400	383,083	16,267,456	(149,208)	(15,173)	543,789,644	801,655,202	28,613,127	830,268,329

Company	Note	Non-distributable Share Capital RM	Non-distributable Share Premium RM	Non-distributable Fair Value Reserve RM	Non-distributable Treasury Shares RM	Distributable Retained Earnings RM	Total Equity RM
At 31 December 2014		128,250,000	113,129,400	-	(15,173)	269,588,371	510,952,598
Total comprehensive income for the financial year							
Profit for the financial year		-	-	-	-	15,827,145	15,827,145
Other comprehensive income for the financial year		-	-	-	-	-	-
Total comprehensive income		-	-	-	-	15,827,145	15,827,145
Transactions with owners							
Issue of ordinary share		12,822,500	92,322,000	-	-	-	105,144,500
Transaction costs of shares issued		-	(1,774,688)	-	-	-	(1,774,688)
Total transactions with owners		12,822,500	90,547,312	-	-	-	103,369,812
At 31 December 2015		141,072,500	203,676,712	-	(15,173)	285,415,516	630,149,555

		Non-distributable				Distributable	
Company	**Note**	**Share Capital RM**	**Share Premium RM**	**Fair Value Reserve RM**	**Treasury Shares RM**	**Retained Earnings RM**	**Total Equity RM**
At 31 December 2013		128,250,000	113,129,400	(836,647)	(15,173)	313,561,237	554,088,817
Total comprehensive income for the financial year							
Profit for the financial year		-	-	-	-	(43,972,866)	(43,972,866)
Other comprehensive income for the financial year		-	-	836,647	-	-	836,647
Total comprehensive income		-	-	836,647	-	(43,972,866)	(43,136,219)
At 31 December 2014		128,250,000	113,129,400	-	(15,173)	269,588,371	510,952,598

The accompanying notes form an integral part of these financial statements.

	Note	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Cash flows from operating activities					
Profit/(Loss) before tax:					
- Continuing operations		108,493,629	24,868,807	12,243,422	(47,355,952)
- Discontinued operation		38,112	(20,634,788)	-	-
		108,531,741	4,234,019	12,243,422	(47,355,952)
Adjustments for :					
Amortisation of land use rights		849,268	1,069,004	206,802	206,802
Amortisation of other intangible asset		27,060	30,339	-	-
Depreciation		64,113,619	63,058,937	8,489,365	8,866,842
Interest expense		10,446,625	13,031,493	4,209,855	3,608,562
Interest income		(1,057,986)	(897,027)	(1,860,968)	(1,534,782)
Dividend income from subsidiaries		-	-	(11,049,669)	-
Fair value loss on derivatives		709,190	160,404	-	-
Gain arising from fair value adjustment on biological assets		(8,253,422)	(2,847,228)	-	-
Inventories written down		8,174,444	-	-	-
Loss/(Gain) on disposal of property, plant and equipment		1,607,375	(274,069)	(171,169)	(116,959)
Property, plant and equipment written off		14,914	258,200	-	41,473
Provision for retirement benefits obligations		1,611,529	434,272	370,136	488,969
Unrealised loss/(gain) on foreign exchange		1,601,505	(2,791,698)	(3,731,241)	(1,883,271)
Impairment loss on:					
- goodwill		54,509	25,803	-	-
- property, plant and equipment		2,843,446	-	-	-
- trade receivables		81,435	-	-	-
Impairment loss on:					
- amount due from a subsidiary		-	-	2,582,723	35,596,326
- cost of investment in subsidiaries		-	-	20,000,005	15,600,000
		82,823,511	71,258,430	19,045,839	60,873,962
Operating cash flows before changes in working capital, carried forward		191,355,252	75,492,449	31,289,261	13,518,010

	Note	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Cash flows from operating activities (Cont'd)					
Operating cash flows before changes in working capital, brought forward		191,355,252	75,492,449	31,289,261	13,518,010
Changes in working capital					
Inventories		(11,083,256)	(3,842,103)	25,604,861	2,306,079
Biological assets		758,465	4,447,228	-	-
Trade and other receivables		(40,364,024)	23,758,171	(8,397,121)	(5,278,304)
Trade and other payables		(3,123,850)	6,103,853	(2,874,691)	784,129
		(53,812,665)	30,467,149	14,333,049	(2,188,096)
Net cash flows generated from operations		137,542,587	105,959,598	45,622,310	11,329,914
Payment of retirement benefit obligations		(1,523,849)	(232,325)	(93,621)	(34,053)
Interest paid		(10,446,625)	(13,031,493)	(4,209,855)	(3,608,562)
Income taxes (paid)/refunded		(2,042,304)	2,917,654	(147,976)	4,209,074
Net cash flows from operating activities		123,529,809	95,613,434	41,170,858	11,896,373
Cash flows from investing activities					
Additional investment in subsidiary		-	-	(10,000)	(4,998,000)
Advances to subsidiaries		-	-	(47,823,767)	-
Dividend income received from subsidiaries		-	-	11,049,669	-
Interest received		1,057,986	897,027	1,860,968	1,534,782
Purchase of property, plant and equipment		(89,794,218)	(29,404,482)	(45,442,751)	(8,842,296)
Purchase of land use rights		-	(1,291,960)	-	-
Proceeds from disposal of property, plant and equipment		2,257,296	480,558	2,607,196	226,214
Issuance of ordinary shares to a non-controlling shareholder of a subsidiary		-	4,802,000	-	-
Net cash flows used in investing activities		(86,478,936)	(24,516,857)	(77,758,685)	(12,079,300)
Cash flows from financing activities					
Drawdown of term loan and trade facilities		251,873,032	128,754,292	67,173,611	38,427,500
Dividends paid to non-controlling interests		(48,140)	-	-	-
Proceed from issuance of ordinary shares		103,369,812	-	103,369,812	-
Repayment to subsidiaries		-	-	(65,230)	-
Repayment of obligations under finance leases		(1,447,554)	(661,158)	(58,207)	(121,595)
Repayment of term loans and trade facilities		(357,285,620)	(187,331,929)	(93,505,332)	(37,326,674)
Net cash flows (used in)/ from financing activities		(3,538,470)	(59,238,795)	76,914,654	979,231
Net increase in cash and cash equivalents		33,512,403	11,857,782	40,326,827	796,304
Effects of foreign exchange rate changes		9,149,825	6,505,687	-	-
Cash and cash equivalents at the beginning of the financial year		73,908,516	55,545,047	27,166,204	26,369,900
Cash and cash equivalents at the end of the financial year		116,570,744	73,908,516	67,493,031	27,166,204

The accompanying notes form an integral part of these financial statements.

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at Suite 6.1A, Level 6, Menara Pelangi, Jalan Kuning, Taman Pelangi, 80400 Johor Bahru, Johor Darul Ta'zim.

The principal place of business is located at PLO 22, Parit Raja Industrial Estate, 86400 Batu Pahat, Johor Darul Ta'zim.

The principal activity of the Company is the manufacture of medium density fibreboard and wooden furniture (knock-down). The principal activities of the subsidiaries are as disclosed in Note 10. There have been no significant changes in the nature of the principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 12 April 2016.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

2.2 Adoption of amendments/improvements to MFRSs

The Group and the Company have adopted the following amendments/improvements to MFRSs that are mandatory for the current financial year:

Amendments / Improvements to MFRSs	
MFRS 2	Share-based Payment
MFRS 3	Business Combinations
MFRS 8	Operating Segments
MFRS 13	Fair Value Measurement
MFRS 116	Property, Plant and Equipment
MFRS 119	Employee Benefits
MFRS 124	Related Party Disclosures
MFRS 138	Intangible Assets
MFRS 140	Investment Property

The adoption of the above amendments/improvements to MFRSs did not have any significant effect on the financial statements of the Group and of the Company, and did not result in significant changes to the Group's and the Company's existing accounting policies, except for those as discussed below.

Amendments to MFRS 3 Business Combinations

Amendments to MFRS 3 clarify that when contingent consideration meets the definition of financial instrument, its classification as a liability or equity is determined by reference to MFRS 132. They also clarify that contingent consideration that is classified as an asset or a liability shall be subsequently measured at fair value at each reporting date and changes in fair value shall be recognised in profit or loss.

In addition, Amendments to MFRS 3 clarify that MFRS 3 excludes from its scope the accounting for the formation of all types of joint arrangements (as defined in MFRS 11) in the financial statements of the joint arrangement itself.

2. BASIS OF PREPARATION (cont'd)

2.2 Adoption of amendments/improvements to MFRSs (cont'd)

Amendments to MFRS 8 Operating Segments

Amendments to MFRS 8 require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments. This includes a brief description of the operating segments that have been aggregated and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics.

The amendments also clarify that an entity shall provide reconciliations of the total of the reportable segments' assets to the entity's assets if the segment assets are reported regularly to the chief operating decision maker.

Amendments to MFRS 13 Fair Value Measurement

Amendments to MFRS 13 relate to the IASB's Basis for Conclusions which is not an integral part of the Standard. The Basis for Conclusions clarifies that when IASB issued IFRS 13, it did not remove the practical ability to measure short-term receivables and payables with no stated interest rate at invoice amounts without discounting, if the effect of discounting is immaterial.

The amendments also clarify that the scope of the portfolio exception of MFRS 13 includes all contracts accounted for within the scope of MFRS 139 or MFRS 9, regardless of whether they meet the definition of financial assets or financial liabilities as defined in MFRS 132.

Amendments to MFRS 116 Property, Plant and Equipment

Amendments to MFRS 116 clarify the accounting treatment for the accumulated depreciation when an asset is revalued. They clarify that:

- the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset; and

- the accumulated depreciation is calculated as the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses.

Amendments to MFRS 119 Employee Benefits

Amendments to MFRS 119 provide a practical expedient in accounting for contributions from employees or third parties to defined benefit plans.

If the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the related service is rendered, instead of attributing the contributions to the periods of service.

However, if the amount of the contributions is dependent on the number of years of service, an entity is required to attribute those contributions to periods of service using the same attribution method required by MFRS 119 for the gross benefit (i.e. either based on the plan's contribution formula or on a straight-line basis).

Amendments to MFRS 124 Related Party Disclosures

Amendments to MFRS 124 clarify that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity.

2. BASIS OF PREPARATION (cont'd)

2.2 Adoption of amendments/improvements to MFRSs (cont'd)

Amendments to MFRS 138 Intangible Assets

Amendments to MFRS 138 clarify the accounting treatment for the accumulated amortisation when an asset is revalued. They clarify that:

- the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset; and
- the accumulated amortisation is calculated as the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses.

Amendments to MFRS 140 Investment Property

Amendments to MFRS 140 clarify that the determination of whether an acquisition of investment property meets the definition of both a business combination as defined in MFRS 3 and investment property as defined in MFRS 140 requires the separate application of both Standards independently of each other.

2.3 New MFRSs and amendments/improvements to MFRSs that have been issued, but yet to be effective

The Group and the Company have not adopted the following new MFRSs and amendments/improvements to MFRSs that have been issued, but yet to be effective:

		Effective for financial periods beginning on or after
New MFRSs		
MFRS 9	Financial Instruments	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
Amendments/Improvements to MFRSs		
MFRS 5	Non-current Asset Held for Sale and Discontinued Operations	1 January 2016
MFRS 7	Financial Instruments: Disclosures	1 January 2016
MFRS 10	Consolidated Financial Statements	Deferred/ 1 January 2016
MFRS 11	Joint Arrangements	1 January 2016
MFRS 12	Disclosure of Interest in Other Entities	1 January 2016
MFRS 101	Presentation of Financial Statements	1 January 2016
MFRS 116	Property, Plant and Equipment	1 January 2016
MFRS 119	Employee Benefits	1 January 2016
MFRS 127	Separate Financial Statements	1 January 2016
MFRS 128	Investments in Associates and Joint Ventures	Deferred/ 1 January 2016
MFRS 138	Intangible Assets	1 January 2016
MFRS 141	Agriculture	1 January 2016

A brief discussion on the above significant new MFRSs and amendments/improvements to MFRSs are summarised below. Due to the complexity of these new MFRSs and amendments/improvements to MFRSs, the financial effects of their adoption are currently still being assessed by the Group and the Company.

2. BASIS OF PREPARATION (cont'd)

2.3 New MFRSs and amendments/improvements to MFRSs that have been issued, but yet to be effective (cont'd)

MFRS 9 Financial Instruments

Key requirements of MFRS 9:-

- MFRS 9 introduces an approach for classification of financial assets which is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments.

  In essence, if a financial asset is a simple debt instrument and the objective of the entity's business model within which it is held is to collect its contractual cash flows, the financial asset is measured at amortised cost. In contrast, if that asset is held in a business model the objective of which is achieved by both collecting contractual cash flows and selling financial assets, then the financial asset is measured at fair value in the statements of financial position, and amortised cost information is provided through profit or loss. If the business model is neither of these, then fair value information is increasingly important, so it is provided both in the profit or loss and in the statements of financial position.

- MFRS 9 introduces a new, expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, this Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The model requires an entity to recognise expected credit losses at all times and to update the amount of expected credit losses recognised at each reporting date to reflect changes in the credit risk of financial instruments. This model eliminates the threshold for the recognition of expected credit losses, so that it is no longer necessary for a trigger event to have occurred before credit losses are recognised.

- MFRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities, enabling entities to better reflect these activities in their financial statements. In addition, as a result of these changes, users of the financial statements will be provided with better information about risk management and the effect of hedge accounting on the financial statements.

MFRS 15 Revenue from Contracts with Customers

The core principle of MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with the core principle by applying the following steps:

(i) identify the contracts with a customer;
(ii) identify the performance obligation in the contract;
(iii) determine the transaction price;
(iv) allocate the transaction price to the performance obligations in the contract;
(v) recognise revenue when (or as) the entity satisfies a performance obligation.

MFRS 15 also includes new disclosures that would result in an entity providing users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

2. BASIS OF PREPARATION (cont'd)

2.3 New MFRSs and amendments/improvements to MFRSs that have been issued, but yet to be effective (cont'd)

MFRS 15 Revenue from Contracts with Customers (cont'd)

The following MFRSs and IC Interpretations will be withdrawn on the application of MFRS 15:

MFRS 111	Construction Contracts
MFRS 118	Revenue
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 15	Agreements for the Construction of Real Estate
IC Interpretation 18	Transfers of Assets from Customers
IC Interpretation 131	Revenue – Barter Transactions Involving Advertising Services

Amendments to MFRS 7 Financial Instruments: Disclosures

Amendments to MFRS 7 provide additional guidance to clarify whether servicing contracts constitute continuing involvement for the purposes of applying the disclosure requirements of MFRS 7.

The amendments also clarify the applicability of Disclosure – Offsetting Financial Assets and Financial Liabilities (Amendments to MFRS 7) to condensed interim financial statements.

Amendments to MFRS 101 Presentation of Financial Statements

Amendments to MFRS 101 improve the effectiveness of disclosures. The amendments clarify guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

Amendments to MFRS 116 Property, Plant and Equipment

Amendments to MFRS 116 prohibit revenue-based depreciation because revenue does not reflect the way in which an item of property, plant and equipment is used or consumed.

Amendments to MFRS 119 Employee Benefits

Amendments to MFRS 119 clarify that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability and the depth of the market for high quality corporate bonds should be assessed at a currency level.

Amendments to MFRS 127 Separate Financial Statements

Amendments to MFRS 127 allow a parent and investors to use the equity method in its separate financial statements to account for investments in subsidiaries, joint ventures and associates, in addition to the existing options.

Amendments to MFRS 138 Intangible Assets

Amendments to MFRS 138 introduce a rebuttable presumption that the revenue-based amortisation method is inappropriate. This presumption can be overcome only in the following limited circumstances:

- when the intangible asset is expressed as a measure of revenue, i.e. in the circumstance in which the predominant limiting factor that is inherent in an intangible asset is the achievement of a revenue threshold; or
- when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

2. BASIS OF PREPARATION (cont'd)

2.3 New MFRSs and amendments/improvements to MFRSs that have been issued, but yet to be effective (cont'd)

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures

These amendments address an acknowledged inconsistency between the requirements in MFRS 10 and those in MFRS 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business, as defined in MFRS 3. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business.

Amendments to MFRS 10 Consolidated Financial Statements, MFRS 12 Disclosures of Interests in Other Entities and MFRS 128 Investments in Associates and Joint Ventures

These amendments address the following issues that have arisen in the application of the consolidation exception for investment entities:

- Exemption from presenting consolidated financial statements: the amendments clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.
- Consolidation of intermediate investment entities: the amendments clarify that only a subsidiary is not an investment entity itself and provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value.
- Policy choice for equity accounting for investments in associates and joint ventures: the amendments allow a non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interest in subsidiaries, or to unwind the fair value measurement and instead perform a consolidation at the level of the investment entity associate or joint venture.

Amendments to MFRS 116 Property, Plant and Equipment and Amendments to MFRS 141 Agriculture

With the amendments, bearer plants would come under the scope of MFRS 116 and would be accounted for in the same way as property, plant and equipment. A bearer plant is defined as a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.

Nevertheless, the produce growing on the bearer plant would remain within the scope of MFRS 141. This is because the growth of the produce directly increases the expected revenue from the sale of the produce. Moreover, fair value measurement of the growing produce provides useful information to users of financial statements about future cash flows that an entity will actually realise as the produce will ultimately be detached from the bearer plants and sold separately.

2.4 Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the Group operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

2. BASIS OF PREPARATION (cont'd)

2.5 Basis of measurement

The financial statements of the Group and of the Company have been prepared on the historical cost basis, except as otherwise disclosed in Note 3.

2.6 Use of estimates and judgement

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reporting period. It also requires directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates that are significant to the financial statements are disclosed in Note 4.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently to all the financial years presented in the financial statements of the Group and of the Company.

3.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries, associates, and joint ventures used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

(a) Subsidiaries and business combination

Subsidiaries are entities (including structured entities) over which the Group is exposed, or has rights, to variable returns from its involvement with the acquirees and has the ability to affect those returns through its power over the acquirees.

The financial statements of subsidiaries are included in the consolidated financial statements from the date the Group obtains control of the acquirees until the date the Group loses control of the acquirees.

The Group applies the acquisition method to account for business combinations from the acquisition date.

For a new acquisition, goodwill is initially measured at cost, being the excess of the following:

- the fair value of the consideration transferred, calculated as the sum of the acquisition-date fair value of assets transferred (including contingent consideration), the liabilities incurred to former owners of the acquiree and the equity instruments issued by the Group. Any amounts that relate to pre-existing relationships or other arrangements before or during the negotiations for the business combination, that are not part of the exchange for the acquiree, will be excluded from the business combination accounting and be accounted for separately; plus
- the recognised amount of any non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date (the choice of measurement basis is made on an acquisition-by-acquisition basis); plus

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.1 Basis of consolidation (cont'd)

(a) Subsidiaries and business combination (cont'd)

For a new acquisition, goodwill is initially measured at cost, being the excess of the following: (cont'd)

- if the business combination is achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree; less
- the net fair value of the identifiable assets acquired and the liabilities (including contingent liabilities) assumed at the acquisition date.

The accounting policy for goodwill is set out in Note 3.7(a).

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

If the business combination is achieved in stages, the Group remeasures the previously held equity interest in the acquiree to its acquisition-date fair value, and recognises the resulting gain or loss, if any, in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss or transferred directly to retained earnings on the same basis as would be required if the acquirer had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the Group uses provisional fair value amounts for the items for which the accounting is incomplete. The provisional amounts are adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date, including additional assets or liabilities identified in the measurement period. The measurement period for completion of the initial accounting ends as soon as the Group receives the information it was seeking about facts and circumstances or learns that more information is not obtainable, subject to the measurement period not exceeding one year from the acquisition date.

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any gain or loss arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an associate, a joint venture, an available-for-sale financial asset or a held for trading financial asset.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between the Group's share of net assets before and after the change, and the fair value of the consideration received or paid, is recognised directly in equity.

(b) Non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company and are presented separately in the consolidated statement of financial position within equity.

Losses attributable to the non-controlling interests are allocated to the non-controlling interests even if the losses exceed the non-controlling interests.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.1 Basis of consolidation (cont'd)

(c) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.2 Separate financial statements

In the Company's statement of financial position, investment in subsidiaries, joint ventures and associates are measured at cost less any accumulated impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs. The policy for the recognition and measurement of impairment losses shall be applied on the same basis as would be required for impairment of non-financial assets as disclosed in Note 3.12(b).

3.3 Foreign currency transactions and operations

(a) Translation of foreign currency transactions

Foreign currency transactions are translated to the respective functional currencies of the Group entities at the exchange rates prevailing at the dates of the transactions.

At the end of each reporting date, monetary items denominated in foreign currencies are retranslated at the exchange rates prevailing at the reporting date.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the dates the fair values were determined. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated at the historical rates as at the dates of the initial transactions.

Foreign exchange differences arising on settlement or retranslation of monetary items are recognised in profit or loss except for monetary items that are designated as hedging instruments in either a cash flow hedge or a hedge of the Group's net investment of a foreign operation. When settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences are recognised in profit or loss in the separate financial statements of the parent company or the individual financial statements of the foreign operation. In the consolidated financial statements, the exchange differences are considered to form part of a net investment in a foreign operation and are recognised initially in other comprehensive income until its disposal, at which time, the cumulative amount is reclassified to profit or loss.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

(b) Translation of foreign operations

The assets and liabilities of foreign operations denominated in the functional currency different from the presentation currency, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated at exchange rates at the dates of the transactions.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.3 Foreign currency transactions and operations (cont'd)

(b) Translation of foreign operations (cont'd)

Exchange differences arising on the translation are recognised in other comprehensive income. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in foreign exchange translation reserves related to that foreign operation is reclassified to profit or loss. For a partial disposal not involving loss of control of a subsidiary that includes a foreign operation, the proportionate share of cumulative amount in foreign exchange translation reserve is reattributed to non-controlling interests. For partial disposals of associates or joint ventures that do not result in the Group losing significant influence or joint control, the proportionate share of the cumulative amount in foreign exchange translation reserve is reclassified to profit or loss.

3.4 Financial instruments

Financial instruments are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contract provisions of the financial instrument.

Financial instruments are recognised initially at fair value, except for financial instruments not measured at fair value through profit or loss, they are measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial instruments.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised as fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with the policy applicable to the nature of the host contract.

(a) Subsequent measurement

The Group and the Company categorise the financial instruments as follows:

(i) Financial assets

Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss when the financial assets are either held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or are designated into this category upon initial recognition.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at costs.

Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(a). Gains and losses are recognised in profit or loss through the amortisation process.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.4 Financial instruments

(a) Subsequent measurement (cont'd)

(i) Financial assets (cont'd)

Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Group has the positive intention and ability to hold them to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(a). Gains and losses are recognised in profit or loss through the amortisation process.

Available-for-sale financial assets

Available-for-sale financial assets comprise investment in equity and debt securities that are designated as available for sale or are not classified in any of the three preceding categories.

Subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair values hedges which are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

(ii) Financial liabilities

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities designated into this category upon initial recognition.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss.

Derivatives that are linked to and must be settled by delivery of equity instruments that do not have a quoted price in an active market for identical instruments whose fair values otherwise cannot be reliably measured are measured at cost.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.4 Financial instruments (cont'd)

(a) Subsequent measurement (cont'd)

(ii) Financial liabilities (cont'd)

Other financial liabilities

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss through the amortisation process.

(b) Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

The Group designates financial guarantee contracts given to banks for credit facilities granted to subsidiaries and jointly control entities in MFRS 4 Insurance Contracts. The Group recognises these as liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

(c) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting (i.e. the date the Group and the Company themselves purchase or sell an asset). Trade date accounting refers to:

(i) the recognition of an asset to be received and the liability to pay for it on the trade date; and

(ii) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

(d) Derecognition

A financial asset or a part of it is derecognised when, and only when, the contractual rights to receive the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.4 Financial instruments (cont'd)

(e) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(f) Hedge accounting

Cash flow hedge

In a cash flow hedge, the effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income and the ineffective portion is recognised in profit or loss.

Subsequently, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss in the same period or periods during which the hedged forecast cash flows affect profit or loss. If the forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income are transferred from equity and included in the initial amount of the asset or liability.

Cash flow hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated or exercised, the hedge is no longer highly effective, the forecast transaction is no longer expected to occur or the hedge designation is revoked. If the hedge is for a forecast transaction, the cumulative gain or loss on the hedging instrument remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, any related cumulative gain or loss recognised in other comprehensive income on the hedging instrument is reclassified from equity into profit or loss.

3.5 Property, plant and equipment

(a) Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(b).

Cost of assets includes expenditures that are directly attributable to the acquisition of the asset and any other costs that are directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes cost of materials, direct labour, and any other direct attributable costs but excludes internal profits. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs in Note 3.17.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as a separate items of property, plant and equipment.

(b) Subsequent costs

The cost of replacing a part of an item of property, plant and equipment, is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the part will flow to the Group or the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss as incurred.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.5 Property, plant and equipment (cont'd)

(c) Depreciation

Freehold land has an unlimited useful life and therefore is not depreciated. Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

All other property, plant and equipment are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives.

	Useful lives (years)
Leasehold land	59
Buildings	20-60
Plant and machineries	5-20
Other assets	5-20

The residual values, useful lives and depreciation methods are reviewed at the end of each reporting period and adjusted as appropriate.

(d) Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognised in profit or loss.

3.6 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases that do not meet this criterion are classified as operating leases.

(a) Lessee accounting

If an entity in the Group is a lessee in a finance lease, it capitalises the leased asset and recognises the related liability. The amount recognised at the inception date is the fair value of the underlying leased asset or, if lower, the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that assets.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are charged as expenses in the periods in which they are incurred.

The capitalised leased asset is classified by nature as property, plant and equipment or investment property.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.6 Leases (cont'd)

(a) Lessee accounting (cont'd)

For operating leases, the Group does not capitalise the leased asset or recognise the related liability. Instead lease payments under an operating lease are recognised as an expense on the straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

Any upfront lease payments are classified as land use rights.

(b) Lessor accounting

If an entity in the Group is a lessor in a finance lease, it derecognises the underlying asset and recognises a lease receivable at an amount equal to the net investment in the lease. Finance income is recognised in profit or loss based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

If an entity in the Group is a lessor in an operating lease, the underlying asset is not derecognised but is presented in the statement of financial position according to the nature of the asset. Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

3.7 Goodwill and other intangible assets

(a) Goodwill

Goodwill arising from business combinations is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After initially recognition, goodwill is measured at cost less any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(b).

In respect of equity-accounted associates and joint venture, goodwill is included in the carrying amount of the investment and is not tested for impairment individually. Instead, the entire carrying amount of the investment is tested for impairment as a single asset when there is objective evidence of impairment.

(b) Computer software

Computer software that are acquired by the Group and the Company, which have finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(b).

3.8 Land use rights

Any upfront lease payments under operating lease that are classified as land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. The land use rights are amortised over their lease terms.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.9 Biological assets

Biological assets include mature plantations, immature plantations and nurseries that are established or acquired by the Group.

Plantations are stated on initial recognition and at the end of each reporting period, at fair value less estimated point-of-sale costs. Any resultant gains or losses arising from changes in fair value are recognised in profit or loss.

Nurseries are recognised at fair value which is normally the costs incurred in the preparation of the nursery, purchase of seedlings and their maintenance. The accumulated costs will be transferred to immature plantations at the time of planting.

3.10 Inventories

Inventories are measured at the lower of cost and net realisable value.

Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- raw materials: purchase costs on a first-in first-out basis.
- finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a weighted average cost basis.
- consumables and spare parts: purchase costs on a first-in first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

3.11 Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash on hand, bank balances and deposits and other short-term, highly liquid investments with a maturity of three months or less, that are readily convertible to cash and are subject to an insignificant risk of changes in value.

3.12 Impairment of assets

(a) Impairment and uncollectibility of financial assets

At each reporting date, all financial assets (except for financial assets categorised as fair value through profit or loss and investment in subsidiaries) are assessed whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Losses expected as a result of future events, no matter how likely, are not recognised.

Evidence of impairment may include indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.12 Impairment of assets

(a) Impairment and uncollectibility of financial assets

Loans and receivables

The Group and the Company first assess whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If no objective evidence for impairment exists for an individually assessed financial asset, whether significant or not, the Group and the Company may include the financial asset in a group of financial assets with similar credit risk characteristics and collectively assess them for impairment. Financial assets that are individually assessed for impairment for which an impairment loss is or continues to be recognised are not included in the collective assessment of impairment.

The amount of impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the financial asset is reduced through the use of an allowance account and the loss is recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases due to an event occurring after the impairment that was recognised, the previously recognised impairment loss is then reversed by adjusting an allowance account to the extent that the carrying amount of the financial asset does not exceed what the amortised cost would have been had the impairment not been recognised.

Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group and the Company. If a write-off is later recovered, the recovery is credited to the profit or loss.

Available-for-sale financial assets

In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment. The Group and the Company use their judgement to determine what is considered as significant or prolonged decline, evaluating past volatility experiences and current market conditions.

Where a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised in other comprehensive income shall be reclassified from equity to profit or loss as a reclassification adjustment even though the financial asset has not been derecognised. The amount of cumulative loss that is reclassified from equity to profit or loss shall be the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss.

Impairment losses on available-for-sale equity investments are not reversed through profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss, is recognised in other comprehensive income.

For available-for-sale debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to a loss event occurring after the recognition of the impairment loss in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.12 Impairment of assets (cont'd)

(b) Impairment of non-financial assets

The carrying amounts of non-financial assets (except for inventories, deferred tax assets, and biological) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the Group and the Company make an estimate of the asset's recoverable amount. For goodwill and intangible assets that have indefinite useful life and are not yet available for use, the recoverable amount is estimated at each reporting date.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of non-financial assets or cash-generating units ("CGUs"). Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a CGU or a group of CGUs that are expected to benefit from the synergies of business combination.

The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal and its value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining the fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Where the carrying amount of an asset exceed its recoverable amount, the carrying amount of asset is reduced to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss, except for assets that were previously revalued with the revaluation surplus recognised in other comprehensive income. In the latter case, the impairment is recognised in other comprehensive income up to the amount of any previous revaluation.

Impairment losses in respect of goodwill are not reversed. For other assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. An impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

3.13 Share capital

(a) Ordinary shares

Ordinary shares are equity instruments. An equity instrument is a contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.13 Share capital (cont'd)

(b) Treasury shares

When share capital recognised as equity is repurchased, the amount of consideration paid is recognised directly in equity. Repurchased shares that have not been cancelled including any attributable transaction costs are classified as treasury shares and presented as a deduction from total equity.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration and the carrying amount is presented as a movement in equity.

3.14 Employee benefits

(a) Short-term employee benefits

Short-term employee benefit obligations in respect of wages, salaries, social security contributions, annual bonuses, paid annual leave, sick leave and non-monetary benefits are recognised as an expense in the financial year where the employees have rendered their services to the Group.

(b) Defined contribution plans

As required by law, the Group and the Company contribute to the Employees Provident Fund ("EPF"), the national defined contribution plan. Such contributions are recognised as an expense in the profit or loss in the period in which the employees render their services.

(c) Defined benefit plans

The Group and the Company operate an unfunded post-employment benefit plan to employees as provided in the employment agreements between the companies in the Group and the Company and their employees.

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related defined benefit obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses are recognised immediately in other comprehensive income. Remeasurements are not reclassified to profit or loss in subsequent periods.

The net interest is calculated by applying the discount to the net balance of the defined benefit obligation.

The Group recognises the following costs in profit or loss:

- service costs comprising current service costs, past service costs, gains and losses on curtailments and non-routine settlements; and
- net interest expense or income.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.15 Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

If the effect of the time value of money is material, provisions that are determined based on the expected future cash flows to settle the obligation are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provisions due to passage of time is recognised as finance costs.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

3.16 Revenue and other income

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the Company and revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, net of discounts, rebates, returns and taxes.

(a) Sale of goods

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) Interest income

Interest income is recognised using the effective interest method.

(c) Dividend income

Dividend income is recognised when the right to receive payment is established.

(d) Rental income

Rental income from investment property is recognised on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

3.17 Borrowing costs

Borrowing costs are interests and other costs that the Group and the Company incur in connection with borrowing of funds.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

The Group and the Company begin capitalising borrowing costs when the Group and the Company have incurred the expenditures for the asset, incurred related borrowing costs and undertaken activities that are necessary to prepare the asset for its intended use or sale.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.17 Borrowing costs

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

3.18 Income tax

Income tax expense in profit or loss comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

(a) Current tax

Current tax is the expected taxes payable or receivable on the taxable income or loss for the financial year, using the tax rates that have been enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

(b) Deferred tax

Deferred tax is recognised using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the statements of financial position. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unutilised tax losses and unused tax credits, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is not recognised if the temporary differences arise from the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, branches, associates and interests in joint ventures, except where the Group is able to control the reversal timing of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

3.19 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Chief Executive Officer of the Group, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief operating decision maker that makes strategic decisions.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.20 Fair value measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For a non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Company can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

The Group and the Company recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3.21 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group and of the Company.

Contingent liability is also referred as a present obligation that arises from past events but is not recognised because:

(a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
(b) the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities and assets are not recognised in the statements of financial position.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect in determining the amount recognised in the financial year include the following:

(a) Determining the functional currency

Some subsidiaries of the Group operate in overseas jurisdictions but conduct sales, purchases and other transactions in multiple currencies. Judgement is applied in determining the functional currency wherever the indications are mixed. The Group uses, in a hierarchy, sale indicators as the primary basis, followed by purchase and operating expense indicators, and in the event that those indicators are not conclusive, the currency in which borrowings and other funds are raised for financing the operations.

(b) Control over an investee

As disclosed in Note 10 to the financial statements, the Company holds a 49% equity interest in Evergreen Agro Sdn. Bhd. ("EASB"). In applying judgement, the Company assesses and concludes that it has the power to direct the relevant activities of EASB. The Company is able to appoint, remove and set compensation of the key management personnel of Evergreen Agro Sdn. Bhd. and actively dominates the decision-making process of EASB through its board representations. Accordingly, EASB has been treated as a subsidiary of the Company since the financial year ended 31 December 2013 upon application of the new control model in MFRS 10 *Consolidated Financial Statements.*

(c) Depreciation and useful lives of property, plant and equipment

As disclosed in Note 3.5 to the financial statements, the Group and the Company review the residual values, useful lives and depreciation methods at the end of each reporting period. Estimates are applied in the selection of the depreciation method, the useful lives and the residual values. The actual consumption of the economic benefits of the property, plant and equipment may differ from the estimates applied and therefore, future depreciation charges could be revised.

The carrying amounts of the Group's and the Company's property, plant and equipment are disclosed in Note 5 to the financial statements.

(d) Useful lives of other intangible assets

The Group and the Company estimate the useful lives to amortise other intangible assets based on the future performance of the assets acquired and management's judgement of the period over which economic benefits will be derived from the assets. The estimated useful lives of other intangible assets are reviewed periodically, taking into consideration factors such as changes in technology. The amount and timing of recorded expenses for any period would be affected by changes in the estimates. A reduction in the estimated useful lives of the other intangible assets would increase the recorded expenses and decrease the non-current assets. The carrying amounts of the other intangible assets are disclosed Note 9 to the financial statements.

(e) Classification of finance and operating leases

The Group and the Company classify a lease as a finance lease or an operating lease based on the criterion of the extent to which significant risks and rewards incident to ownership of the underlying asset lie. As a lessee, the Group and the Company recognise a lease as a finance lease if it is exposed to significant risks and rewards incident to ownership of the underlying asset. In applying judgements, the Group and the Company consider whether there is significant economic incentive to exercise a purchase option and any optional renewal periods. A lease is classified as a finance lease if the lease term is for the major part of the economic life of the underlying asset, the present value of lease payments is at least substantially all of the fair value of the underlying asset, or the identified asset in the lease is a specialised asset which can only be used by the leasee without major modifications. All other leases that do not result in a significant transfer of risks and rewards are classified as operating leases.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (cont'd)

(f) Fair value of biological assets

Significant judgement is required in determining the estimated remaining acres of forest land with an estimated hoppus tons of tropical wood trees to be harvested as at each reporting period end. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

The fair value of the rubber trees has been determined based on valuations by an independent professional valuer using discounted cash flows of the trees.

The carrying amount of the Group's biological assets and the key assumptions used to determine the fair value less costs to sell are disclosed in Note 7 to the financial statements.

(g) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statements of financial position cannot be measured based on quoted prices in active markets, their fair value are measured using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

The information on the fair value measurements of financial assets and liabilities are disclosed in Note 35(b) to the financial statements.

(h) Impairment of goodwill

The Group assesses at each reporting date whether there is any indication that goodwill may be impaired. For the purpose of assessing impairment, assets (including goodwill) are grouped at the lowest level where there are separately identifiable cash flows (cash-generating units). In determining the value-in-use of a cash-generating unit, management estimates the discounted cash flows using reasonable and supportable inputs about sales, costs of sales and other expenses based on past experience, current events and reasonably possible future developments. Cash flows that are projected based on those inputs or assumptions and the discount rate applied in the measurement of value-in-use may have a significant effect on the Group's financial position and results if the actual cash flows are less than the expected.

The carrying amount of the Group's goodwill and key assumptions used to determine the recoverable amount for different cash-generating units, including sensitivity analysis, are disclosed in Note 8 to the financial statements.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (cont'd)

(i) Impairment of financial assets

The Group and the Company recognise impairment losses for loans and receivables using the incurred loss model. At the end of each reporting period, the Group and the Company assess whether there is any objective evidence that loans and receivables is impaired. Individually significant loans and receivables are tested for impairment separately by estimating the cash flows expected to be recoverable. All others are grouped into credit risk classes and tested for impairment collectively, using the Group's and the Company's past experience of loss statistics, ageing of past due amounts and current economic trends. The actual eventual losses may be different from the impairment made and this may affect the Group's and the Company's financial position and results.

For available-for-sale unquoted equity investments, the Group uses estimates of future cash flows of the unquoted equity investments and discounts the future cash flows using a current market rate of return of similar risk-class instrument. For quoted available-for-sale equity investments, the Group and the Company recognise an impairment loss when there has been a significant or prolonged decline in the market price of a quoted equity investment. The Group and the Company use its judgement to decide when an impairment loss shall be recognised using past experience of similar investments, historical volatility of the share prices and current market conditions. The actual eventual losses may be different from the impairment made and this may affect the Group's and the Company's financial position and results.

The carrying amounts of the Group's and the Company's financial assets are disclosed in Note 35(a) to the financial statements.

(j) Measurement of income taxes

The Group and the Company operate in various jurisdictions and are subject to income taxes in each jurisdiction. Significant judgement is required in determining the Group's and the Company's estimation for current and deferred taxes because the ultimate tax liability for the Group as a whole is uncertain. When the final outcome of the tax payable is determined with the tax authorities in each jurisdiction, the amounts might be different from the initial estimates of the taxes payables. Such differences may impact the current and deferred taxes in the period when such determination is made. The Group and the Company will make adjustments for current or deferred taxes in respect of prior years in the current period on those differences arise. The income tax expense of the Group and the Company are disclosed in Note 30.

(k) Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences, unused tax losses and unabsorbed capital allowances based on the projected future profits of the subsidiaries to the extent that is probable that taxable profit will be available against which the temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the future performance of the subsidiaries. The carrying amount of the Group's recognised deferred tax assets is disclosed in Note 11.

(l) Defined benefit liabilities

The Group has defined benefit plans for their employees. The measurement of the present value of defined benefit obligations is based on a number of assumptions and factors that are determined on an actuarial basis. The assumptions used in the measurement of the defined benefit costs and the related liabilities or assets include discount rates, expected rates of return of assets, future salary increases, mortality rates and future pension increases in each jurisdiction. Any changes in these assumptions will have an impact on the carrying amount of the defined benefit obligations. The carrying amount of the Group's employee benefits and the details of these actuarial assumptions and the sensitivity of the changes in key assumptions are disclosed Note 22.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (cont'd)

(m) Write-down of obsolete or slow moving inventories

The Group and the Company write down their obsolete or slow moving inventories based on the assessment of their estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses sales trend and current economic trends when making a judgement to evaluate the adequacy of the write-down of obsolete or slow moving inventories. Where expectations differ from the original estimates, the differences will impact the carrying amount of inventories. The carrying amounts of the Group's and the Company's inventories are disclosed in Note 13.

(n) Impairment of investments

The directors review the investments for impairment when there is an indication of impairment. This involves measuring the recoverable amount by reference to the underlying assets at the end of the financial period. The determination of fair value of underlying assets includes fair value less costs to sell and valuation techniques. Valuation techniques include discounted cash flows analysis and in some cases, based on current market indicators and estimates that provide reasonable approximations to the detailed computation.

For quoted investment, the directors make impairment loss based on assessment whether the decline in the market value is of permanent in nature together with the assessment on the prospect of the business. Where expectations differ from the original estimate, the differences will impact the carrying amount of these investments.

(o) Impairment of non-financial assets

The Group and the Company assess impairment of non-financial assets whenever the events or changes in circumstances indicate that the carrying amount of an asset may be recoverable i.e. the carrying amount of the asset is more than the recoverable amount.

Recoverable amount is measured at the higher of the fair value less cost of disposal for that asset and its value-in-use. The value-in-use is the net present value of the projected future cash flows derived from that asset discounted at an appropriate discount rate. Projected future cash flows are based on the Group's and the Company's estimates, taking into consideration factors such as historical and industry trends, general market and economic conditions and other available information. Cash flows that are projected based on those inputs or assumptions and the discount rate applied in the measurement of value-in-use may have a significant effect on the Group's financial position and results if the actual cash flows are less than the expected.

5. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold land RM	Freehold land and buildings RM	Plant and machineries RM	Other assets* RM	Construction in progress RM	Total RM
2015						
Cost						
At 1 January 2015	875,911	238,244,856	1,073,550,652	51,458,411	15,536,458	1,379,666,288
Additions	-	104,076	49,774,269	3,622,446	36,445,927	89,946,718
Disposals	-	(181,769)	(18,496,187)	(2,951,715)	-	(21,629,671)
Written off	-	-	-	(4,088)	(14,504)	(18,592)
Reclassification	-	708,956	21,999,429	161,578	(22,869,963)	-
Exchange differences	-	11,575,581	70,438,490	3,712,690	1,793,511	87,520,272
At 31 December 2015	875,911	250,451,700	1,197,266,653	55,999,322	30,891,429	1,535,485,015
Accumulated depreciation						
At 1 January 2015	44,538	49,432,776	512,234,644	40,962,307	-	602,674,265
Charge for the year (Note 28)	14,846	6,418,206	54,807,274	2,873,293	-	64,113,619
Disposals	-	-	(14,349,154)	(3,415,846)	-	(17,765,000)
Written off	-	-	-	(3,678)	-	(3,678)
Reclassification	-	-	-	-	-	-
Impairment loss	-	-	2,843,446	-	-	2,843,446
Exchange differences	-	3,533,158	30,916,981	3,100,370	-	37,550,509
At 31 December 2015	59,384	59,384,140	586,453,191	43,516,446	-	689,413,161
Carrying amount						
At 31 December 2015	816,527	191,067,560	610,813,462	12,482,876	30,891,429	846,071,854

5. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Group	Leasehold land RM	Freehold land and buildings RM	Plant and machineries RM	Other assets* RM	Construction in progress RM	Total RM
2014						
Cost						
At 1 January 2014	875,911	232,163,461	1,020,738,023	50,046,582	23,337,827	1,327,161,804
Additions	-	282,952	10,948,452	422,936	17,801,474	29,455,814
Disposals	-	-	(4,188,758)	(669,524)	(140,000)	(4,998,282)
Written off	-	-	(256,404)	(72,927)	(212,721)	(542,052)
Reclassification	-	552,512	20,989,102	145,759	(21,687,373)	-
Reclassified to inventories	-	-	-	-	(392,617)	(392,617)
Assets damaged and compensated by insurance claim **	-	-	(2,342,180)	-	(4,422,892)	(6,765,072)
Exchange differences	-	5,245,931	27,662,417	1,585,585	1,252,760	35,746,693
At 31 December 2014	875,911	238,244,856	1,073,550,652	51,458,411	15,536,458	1,379,666,288
Accumulated depreciation						
At 1 January 2014	29,692	41,894,615	450,614,250	37,302,900	-	529,841,457
Charge for the year (Note 28)	14,846	6,036,071	53,919,185	3,088,835	-	63,058,937
Disposals	-	-	(4,122,333)	(669,460)	-	(4,791,793)
Written off	-	-	(213,702)	(70,150)	-	(283,852)
Assets damaged and compensated by insurance claim **	-	-	(351,024)	-	-	(351,024)
Exchange differences	-	1,502,090	12,388,268	1,310,182	-	15,200,540
At 31 December 2014	44,538	49,432,776	512,234,644	40,962,307	-	602,674,265
Carrying amount						
At 31 December 2014	831,373	188,812,080	561,316,008	10,496,104	15,536,458	776,992,023

5. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Company	Freehold land and buildings RM	Plant and machineries RM	Other assets* RM	Total RM
2015				
Cost				
At 1.1.2015	38,550,872	203,941,428	8,787,324	251,279,624
Additions	-	43,938,874	1,503,877	45,442,751
Disposals	-	(13,867,418)	(731,223)	(14,598,641)
At 31.12.2015	38,550,872	234,012,884	9,559,978	282,123,734
Accumulated depreciation				
At 1.1.2015	8,766,735	152,631,081	8,490,219	169,888,035
Charge for the financial year (Note 28)	633,892	7,690,529	164,944	8,489,365
Disposals	-	(11,052,860)	(1,109,754)	(12,162,614)
At 31.12.2015	9,400,627	149,268,750	7,545,409	166,214,786
Net Carrying Amount				
At 31.12.2015	29,150,245	84,744,134	2,014,569	115,908,948
2014				
Cost				
At 1.1.2014	38,550,872	195,670,525	9,487,348	243,708,745
Additions	-	8,820,334	21,962	8,842,296
Disposals	-	(296,114)	(657,986)	(954,100)
Written off	-	(253,317)	(64,000)	(317,317)
At 31.12.2014	38,550,872	203,941,428	8,787,324	251,279,624
Accumulated depreciation				
At 1.1.2014	8,132,980	145,176,748	8,832,154	162,141,882
Charge for the financial year (Note 28)	633,755	7,853,036	380,051	8,866,842
Disposals	-	(186,859)	(657,986)	(844,845)
Written off	-	(211,844)	(64,000)	(275,844)
At 31.12.2014	8,766,735	152,631,081	8,490,219	169,888,035
Net Carrying Amount				
At 31.12.2014	29,784,137	51,310,347	297,105	81,391,589

* Other assets comprise motor vehicles, signboard, furniture and fittings, office equipment, air conditioners, computers and telecommunication systems.

** In the previous financial year, a subsidiary of the Company submitted insurance claim for fire damage. The insurance claim was adjusted and approved at USD2.62 million (equivalent to RM9.18 million) for property, plant and equipment damaged by fire and consequential loss.

5. PROPERTY, PLANT AND EQUIPMENT (cont'd)

(a) During the financial year, the Group and the Company acquired property, plant and equipment with an aggregate cost of RM89,946,718 (2014: RM29,455,814) and RM45,442,751 (2014: RM8,842,296) which are satisfied by the following:

	Group		Company	
	2015 RM	**2014 RM**	**2015 RM**	**2014 RM**
Financed by finance lease arrangements	152,500	81,500	-	-
Cash payments	89,794,218	29,374,314	45,442,751	8,842,296
	89,946,718	29,455,814	45,442,751	8,842,296

(b) The carrying amount of property, plant and equipment acquired under finance lease arrangements as at end of the financial year are as follows:

	Group	
	2015 RM	**2014 RM**
Motor vehicles	1,001,787	1,638,724

(c) The carrying amount of property, plant and equipment pledged as security for banking facilities as disclosed in Note 21 to the financial statements are as follows:

	Group	
	2015 RM	**2014 RM**
Freehold land and buildings	50,565,212	47,187,363
Plant and machineries and other assets	189,646,557	163,527,567
	240,211,869	210,714,930

(d) Certain freehold land of the Group with a carrying amount of RM5,573,735 (2014: RM5,573,735) is still in the process of transfer of land title and pending the approval of the relevant authority.

(e) Leasehold land consist of land with unexpired lease period of more than 50 years.

6. LAND USE RIGHTS

	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Cost				
At 1 January	48,581,122	47,254,773	11,402,541	11,402,541
Additions	-	1,291,960	-	-
Reclassifed to biological assets (Note 7)	(5,005,043)	-	-	-
Exchange differences	126,198	34,389	-	-
At 31 December	43,702,277	48,581,122	11,402,541	11,402,541
Accumulated amortisation				
At 1 January	5,787,169	4,718,165	2,734,927	2,528,125
Amortisation charge for the financial year (Note 28)	849,268	1,069,004	206,802	206,802
At 31 December	6,636,437	5,787,169	2,941,729	2,734,927
Carrying amount				
At 31 December	37,065,840	42,793,953	8,460,812	8,667,614

The land use rights of the Group and of the Company consist of land with lease term of not more than 50 years.

7. BIOLOGICAL ASSETS

The Group has two categories of biological assets, namely immature rubber trees and tropical wood trees of various species. The tropical wood trees will be felled as and when the Group clears the land for planting of rubber trees. The matured rubber trees will subsequently be used for the manufacturing of medium density fibreboard.

	Group 2015 RM	Group 2014 RM
At fair value:		
Immature rubber trees	18,500,000	8,400,000
Tropical wood trees	8,400,000	6,000,000
At 31 December	26,900,000	14,400,000

Fair value information

The fair value measurements for the produce growing on bearer plants have been categorised as Level 3 fair value based on the inputs to the valuation techniques used.

7. BIOLOGICAL ASSETS (cont'd)

Level 3 fair value

The following table shows a reconciliation of Level 3 fair value:

	Group 2015 RM	Group 2014 RM
Immature rubber trees		
At 1 January	8,400,000	3,000,000
Reclassified from land use rights (Note 6)		
- land clearing for rubber planting	5,005,043	405,754
Changes in fair value of biological assets	5,094,957	4,994,246
At 31 December	18,500,000	8,400,000
Tropical wood trees		
At 1 January	6,000,000	13,000,000
Decreases due to land clearing for rubber planting	(758,465)	(4,852,982)
Changes in fair value of biological assets	3,158,465	(2,147,018)
At 31 December	8,400,000	6,000,000

(a) The biological assets of the Group consist of immature rubber trees and tropical wood trees of various species. Immature rubber trees and tropical wood trees are measured using the discounted cash flow of the trees.

(b) During the financial year, the Group harvested 2,250 (2014: 9,760) hoppus tons of tropical wood trees. It is estimated that there remains 1,400 (2014: 1,600) acres of forest land with an estimated 27,000 (2014: 24,000) hoppus tons of trees to be harvested.

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models.

Description	Valuation technique	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Tropical wood trees	Discounted cash flows	Estimate of future cash flows (15 hoppus tons of tropical wood of various species with an average sale value of RM600 (2014: RM490) per hoppus ton)	The higher the average sale value, the higher the fair value

7. BIOLOGICAL ASSETS (cont'd)

Level 3 fair value (cont'd)

(c) All of the Group's rubber trees are planted during the year and in previous financial years and are thus immature. They will attain maturity upon the 6th-7th year of planting. The Group planted 2,052 (2014: 1,500) acres of land with rubber trees during the financial year.

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models.

Description	Valuation technique	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Rubber plantations and rubber seedlings	Discounted cash flows	Estimated yield of rubber latex per acre (2015: 800 - 1,300kg; 2014: 800 - 1,300kg);	The higher the estimated yield of rubber latex per acre, the higher the fair value
		Estimated latex selling price (2015: RM5.92/kg; 2014: RM6.35/kg); and	The higher the latex selling price, the higher the fair value
		Estimated harvesting and collection cost (2015: RM1.35/kg; 2014: RM1.35/kg)	The lower the harvesting and collection cost, the higher the fair value

Valuation processes applied by the Group

The Group's finance department includes a team that performs valuation analysis for the biological assets required for financial reporting purposes, including Level 3 fair values. This team reports directly to the chief financial officer.

The fair value of biological assets is determined by external independent valuers, Messrs Raine & Horne International Zaki + Partners Sdn. Bhd., a member of the Board of Valuers, Appraisers and Estate Agents Malaysia with appropriate recognised professional qualifications. The valuation company provides the fair value of the Group's biological assets on a yearly basis. Changes in Level 3 fair values are analysed by the team every year after obtaining the valuation report from the valuation company. There has been no change to the valuation technique during the financial year.

Highest and best use

In estimating the fair value of the biological assets, the highest and best use of the biological assets is their current use.

8. GOODWILL

	Group 2015 RM	Group 2014 RM
Cost		
At 1 January/31 December	19,590,250	19,590,250
Accumulated impairment loss		
At 1 January	(25,803)	-
Charge for the financial year (Note 28)	(54,509)	(25,803)
At 31 December	(80,312)	(25,803)
Carrying amount		
At 31 December	19,509,938	19,564,447

Impairment of goodwill

Goodwill arising from business combination has been allocated to the Group's CGUs identified according to the country of operation for impairment testing as follows:

	Group 2015 RM	Group 2014 RM
Indonesia operations	295,328	295,328
Thailand operations	5,391,242	5,425,476
Malaysia operations	13,823,368	13,843,643
	19,509,938	19,564,447

Key assumptions used in value-in-use calculations

The recoverable amount of CGU of Indonesia and Thailand operations as at 31 December 2015 and 2014 are determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are based on the cash flows forecasted in the preceding years. The key assumptions used for value-in-use calculations are as follows:

Group	Malaysia operations	Indonesia operations	Thailand operations
31.12.2015			
Key assumptions used in value-in-use calculations			
Gross margin	20%	26%	22%
Discount rate	12.21%	12.21%	12.21%
31.12.2014			
Key assumptions used in value-in-use calculations			
Gross margin	15%	32%	21%
Discount rate	10.0%	10.0%	10.0%

.

8. GOODWILL (cont'd)

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

(a) Budgeted gross margin

The basis used to determine the value assigned to the budgeted gross margin is the gross margin achieved in three years preceding the start of the budget period, adjusted for projected market conditions and machine capability. These are increased over the budget period for anticipated efficiency improvements.

(b) Discount rate

The discount rate used is based on the pre-tax weighted average cost of capital and an appropriate risk premium.

(c) Growth rate

No growth rate is projected in the value-in-use calculations.

Sensitivity to change in assumptions

With regard to the assessment of value-in-use calculation, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value to materially exceed its recoverable amount.

Impairment loss recognised

In the previous financial year, the Group recognised an impairment loss of RM25,803 in respect of the goodwill arising on consolidation. The goodwill relates to a subsidiary which was loss-making as a result of poor performance, hence the related goodwill had been impaired accordingly.

9. OTHER INTANGIBLE ASSET

	Group	
	2015 RM	**2014 RM**
Cost		
At 1 January	251,844	237,155
Exchange differences	31,509	14,689
At 31 December	283,353	251,844
Accumulated amortisation		
At 1 January	113,561	83,222
Amortisation charge for the financial year	27,060	30,339
Exchange differences	15,483	-
At 31 December	156,104	113,561
Carrying amount		
At 31 December	127,249	138,283

10. INVESTMENT IN SUBSIDIARIES

	Company 2015 RM	Company 2014 RM
At cost		
Unquoted shares, at cost		
At 1 January	366,802,787	361,804,787
Add: Additions during the financial year	10,000	4,998,000
Less: Disposal during the financial year	(3,000,000)	-
At 31 December 2015	363,812,787	366,802,787
Less: Accumulated impairment losses		
At 1 January	(15,600,000)	-
Less: Additions during the financial year (Note 28)	(20,000,005)	(15,600,000)
Add: Reversal during the financial year	3,000,000	-
At 31 December 2015	(32,600,005)	(15,600,000)
	331,212,782	351,202,787

Details of the subsidiaries are as follows:

Name of company	Country of incorporation	Principal activities	Effective equity interest 2015	Effective equity interest 2014
Allgreen Timber Products Sdn. Bhd.	Malaysia	Manufacture of particleboard	100%	100%
Siam Fibreboard Co., Ltd.*	Thailand	Manufacture of medium density fibreboard	99.99%	99.99%
GRE Energy Co., Ltd.*	Thailand	Cogeneration of electricity	99.99%	99.99%
ECO Generation Co., Ltd.*	Thailand	Cogeneration of electricity	99.99%	99.99%
PT Hijau Lestari Raya Fibreboard*	Indonesia	Manufacture of medium density fibreboard, glue and resin	51%	51%
Evergreen Eco Wood Pte. Ltd.*	Singapore	Manufacturing, trading and sales of wood products	100%	100%
Evergreen Fibreboard (JB) Sdn. Bhd.	Malaysia	Manufacture of medium density fibreboard	100%	100%
Evergreen Hevea Resources Sdn. Bhd.	Malaysia	Trading and managing of plantation	-	100%
Evergreen Adhesive & Chemicals Sdn. Bhd.	Malaysia	Manufacture of urea formaldehyde concentrate and adhesive products	100%	100%
Evergreen Fibreboard (Nilai) Sdn. Bhd.	Malaysia	Manufacture of medium density fibreboard	100%	100%
Evergreen Adhesive & Chemicals (Gurun) Sdn. Bhd.	Malaysia	Manufacture of urea formaldehyde concentrate and adhesive products	100%	100%
Dawa Timber Industries Sdn. Bhd.	Malaysia	Manufacturing of fancy plywood	99.99%	99.99%

10. INVESTMENT IN SUBSIDIARIES (cont'd)

The details of the subsidiaries are as follows: (cont'd)

Name of company	Country of incorporation	Principal activities	Effective equity interest 2015	Effective equity interest 2014
Evergreen Agro Sdn. Bhd.	Malaysia	Planters, cultivators and buyers of rubber and every kind of produce of the soil	49%	49%
Locomotion Services Sdn. Bhd.	Malaysia	Provide warehouse and logistics services	100%	100%
Evergreen Plantation Resources Sdn. Bhd.	Malaysia	Managing of plantation	100%	100%
Craft Master Timber Products Sdn. Bhd.	Malaysia	Manufacture of solid wooden furniture parts and fingers	51%	51%
Everlatt Sourcing Sdn. Bhd.	Malaysia	Wholesale and trading of furniture	100%	-
Subsidiary of Siam Fibreboard Co., Ltd.				
Asian Oak Co., Ltd.*	Thailand	Producing and distributing wood products	99.99%	99.99%
Siam Furniture (Shanghai) Co., Ltd.*@	The People's Republic of China	Distributing the household products made of rubber wood	100%	-
Subsidiary of Evergreen Plantation Resources Sdn. Bhd.				
Jasa Wibawa Sdn. Bhd.	Malaysia	Dealing in sawn-logs and cultivation of rubber trees	100%	100%

* Audited by auditors other than Baker Tilly Monteiro Heng.

@ The financial statements of this subsidiary has not been audited as it is not required to be audited in its country of incorporation due to the fact that it is dormant and was newly incorporated during the financial year. However, it has been reviewed for consolidation purpose.

(a) On 26 December 2014, the Company acquired additional ordinary shares in Craft Master Timber Products Sdn. Bhd. for a cash consideration of RM4,998,000 and the non-controlling shareholder acquired additional ordinary shares for a cash consideration of RM4,802,000. The acquisition does not change the effective equity interest held by the Company. The acquisition has also no impact on the Group's revenue and profit for the financial year ended 31 December 2014.

(b) On 7 July 2015, the Company through its wholly-owned subsidiary, Siam Fibreboard Co., Ltd. obtained an operating license for the incorporation of its wholly-owned subsidiary, Siam Furniture (Shanghai) Co. Ltd. in Shanghai, Republic of China.

(c) **Acquisition of a subsidiary**

On 17 February 2015, the Company acquired 2 ordinary shares of RM1 each in Everlatt Sourcing Sdn. Bhd. ("Everlatt"), representing 100% of the issued and paid-up share capital of Everlatt for a total cash consideration of RM2.

The fair value of identifiable net assets and effect of the acquisition on cash flows is as follows:

	RM
Cash and cash equivalents acquired	2
Consideration paid in cash	(2)
Net cash inflow on acquisition	-

On 12 June 2015, the Company subscribed for the allotment of additional 9,998 newly issued and paid-up ordinary shares of RM1 of Everlatt for a total cash consideration of RM9,998.

10. INVESTMENT IN SUBSIDIARIES (cont'd)

(d) **Disposal of Evergreen Hevea Resources Sdn. Bhd.**

On 29 January 2015, the Company disposed of 100% equity interest in Evergreen Hevea Resources Sdn. Bhd. ("EHR") for a cash consideration of RM10 and EHR is no longer a subsidiary of the Company subsequent to the completion of the disposal.

(i) Summary of the effects of disposal of EHR

	2015 RM
Recognised:	
Cash consideration received	10
Derecognised:	
Fair value of identifiable net liabilities at disposal date:	
Payables	(44,104)
Gain on disposal of EHR	44,114

(ii) Effects of disposal on cash flows

	2015 RM
Cash consideration received	10
Cash and cash equivalents of EHR	-
Net cash inflows on disposal	10

(e) **Non-controlling interests in subsidiaries**

The financial information of the subsidiaries of the Group that have non-controlling interests are as follows:

Equity interest held by non-controlling interests are as follows:

Name of company	**Country of incorporation**	**Ownership interest 2015 %**	**Ownership interest 2014 %**
PT Hijau Lestari Raya Fibreboard	Indonesia	49	49
Craft Master Timber Products Sdn. Bhd.	Malaysia	51	51

Carrying amount of material non-controlling interests:

Name of company	**2015 RM**	**2014 RM**
PT Hijau Lestari Raya Fibreboard	28,356,017	22,773,579
Craft Master Timber Products Sdn. Bhd.	3,414,955	5,856,366

10. INVESTMENT IN SUBSIDIARIES (cont'd)

(e) **Non-controlling interests in subsidiaries (cont'd)**

Profit or loss allocated to material non-controlling interests:

Name of company	2015 RM	2014 RM
PT Hijau Lestari Raya Fibreboard	5,582,554	3,118,391
Craft Master Timber Products Sdn. Bhd.	(2,441,411)	(1,704,902)

(f) The summarised financial information before intra-group elimination of the subsidiaries that have non-controlling interests that have material non-controlling interests are as follows:

	Craft Master Timber Products Sdn. Bhd. RM	PT Hijau Lestari Raya Fibreboard RM
Summarised statements of financial position		
As at 31 December 2015		
Non-current assets	11,601,883	90,613,902
Current assets	7,216,036	52,478,442
Non-current liabilities	-	(66,970,789)
Current liabilities	(11,848,623)	(1,363,045)
Net assets	6,969,296	74,758,510
Summarised statements of comprehensive income Financial year ended 31 December 2015		
Revenue	18,044,111	83,886,140
(Loss)/Profit for the financial year	(4,982,472)	11,392,967
Total comprehensive (loss)/income	(4,982,472)	11,392,967
Summarised statements of comprehensive income Financial year ended 31 December 2015		
Net cash flows from operating activities	758,897	10,617,863
Net cash flows from/(used in) investing activities	2,415,928	(4,672,102)
Net cash flows used in financing activities	(3,909,418)	(1,609,550)
Net (decrease)/increase in cash and cash equivalents	(734,593)	4,336,211
Dividends paid to non-controlling interests	-	48,140

10. INVESTMENT IN SUBSIDIARIES (cont'd)

(f) The summarised financial information before intra-group elimination of the subsidiaries that have non-controlling interests that have material non-controlling interests are as follows: (cont'd)

	Craft Master Timber Products Sdn. Bhd. RM	PT Hijau Lestari Raya Fibreboard RM
Summarised statements of financial position		
As at 31 December 2014		
Non-current assets	12,887,005	75,393,928
Current assets	18,922,910	35,818,488
Non-current liabilities	(19,858,147)	(59,852,522)
Current liabilities	-	(889,164)
Net assets	11,951,768	50,470,730
Summarised statements of comprehensive income Financial year ended 31 December 2014		
Revenue	48,620,241	79,633,788
(Loss)/Profit for the financial year	(3,479,391)	6,364,064
Total comprehensive (loss)/income	(3,479,391)	6,364,064
Summarised statements of comprehensive income Financial year ended 31 December 2014		
Cash flows (used in)/from operating activities	(8,103,112)	6,797,649
Cash flows used in investing activities	(340,863)	(5,932,685)
Cash flows from/(used in) financing activities	8,300,000	(1,383,195)
Net decrease in cash and cash equivalents	(143,975)	(518,231)
Dividends paid to non-controlling interests	-	-

11. DEFERRED TAX

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Deferred tax (assets)/ liabilities				
At 1 January	7,196,394	4,452,146	5,955,624	9,252,935
Recognised in:				
- profit or loss (Note 30)	3,951,469	2,353,004	(3,851,563)	(3,576,194)
- other comprehensive income (Note 30)	-	492,114	-	278,883
Exchange differences	(438,414)	(100,870)	-	-
At 31 December	10,709,449	7,196,394	2,104,061	5,955,624

11. DEFERRED TAX (cont'd)

(a) Presented after appropriate off-setting as follows:

	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Deferred tax assets	(18,759,449)	(17,119,286)	(11,275,944)	(2,008,460)
Deferred tax liabilities	29,468,898	24,315,680	13,380,005	7,964,084
	10,709,449	7,196,394	2,104,061	5,955,624

(b) The components of deferred tax (assets)/liabilities prior to offsetting are as follows:

	Group 2015 RM	Group 2014 RM
Deferred tax assets		
Derivatives	(100,712)	(67,477)
Unabsorbed capital allowance	(29,703,636)	(35,904,206)
Unutilised tax losses	(7,379,943)	(5,145,322)
Unutilised tax allowances	(24,161,097)	(20,607,654)
Unrealised loss foreign exchange	(111,095)	-
Provision for retirement benefits	(1,187,283)	(1,299,861)
	(62,643,766)	(63,024,520)
Deferred tax liabilities		
Development expenditure included in land use rights	-	1,016,215
Differences between the carrying amounts of property, plant and equipment and their tax base	66,001,540	65,748,522
Changes in fair value of biological assets	6,456,000	3,456,000
Unrealised gain on foreign exchange	895,675	177
	73,353,215	70,220,914

	Company 2015 RM	Company 2014 RM
Deferred tax assets		
Provision for retirement benefits	-	(947,306)
Unabsorbed capital allowance	(6,003,111)	-
Unabsorbed reinvestment allowance	(5,272,833)	(1,061,154)
	(11,275,944)	(2,008,460)

11. DEFERRED TAX (cont'd)

(b) The components of deferred tax (assets)/liabilities prior to offsetting are as follows: (cont'd)

	Company	
	2015 RM	**2014 RM**
Deferred tax liabilities		
Differences between the carrying amounts of property, plant and equipment and its tax base	12,484,507	7,964,084
Unrealised gain on foreign exchange	895,498	-
	13,380,005	7,964,084

The deferred tax assets and liabilities are not available for set-off as they arise from different taxable entities within the Group.

(c) The estimated amount of temporary differences for which no deferred tax assets are recognised in the financial statements are as follows:

	Group	
	2015 RM	**2014 RM**
Unabsorbed capital allowances	91,538,073	84,294,726
Unutilised tax losses	69,747,172	70,257,324
Unabsorbed reinvestment allowance	81,719,200	80,536,865
	243,004,445	235,088,915

The unutilised tax losses and unabsorbed reinvestment allowance of the Group are available indefinitely for offsetting against future taxable profits of the respective entities within the Group, subject to guidelines issued by the tax authority.

12. OTHER INVESTMENTS

	Group	
	2015 RM	**2014 RM**
Non-current		
Available-for-sale financial assets:		
- equity instruments (quoted in Malaysia)	145,400	109,000
Market value of quoted investments	145,400	109,000

13. INVENTORIES

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
At lower of cost and net realiseble value:				
Raw materials	47,484,608	52,596,704	7,132,585	27,958,517
Work-in-progress	24,663,970	17,333,793	1,298,370	-
Finished goods	60,606,888	62,173,769	14,133,717	21,799,819
Factory supplies	3,350,296	2,668,016	1,434,615	-
Felled timber logs	151,824	528,377	-	-
Fertilizer, chemicals and consumables	105,743	193,362	-	-
Packing materials	1,159,072	2,012,945	502,859	398,980
Spare parts	80,753,539	77,860,162	21,888,010	21,837,701
	218,275,940	215,367,128	46,390,156	71,995,017

The cost of inventories of the Group and of the Company recognised as an expense in cost of sales during the financial year in respect of continuing operations was RM718,996,348 (2014: RM733,779,373) and RM235,960,558 (2014: RM222,852,426) respectively. In addition, the expense recognised in the cost of sales include the following:

	Group	
	2015 RM	2014 RM
Inventories written down	8,174,444	-

14. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Trade receivables				
External parties	97,275,758	73,754,063	12,069,306	17,407,849
Subsidiaries	-	-	13,898,380	4,710,643
	97,275,758	73,754,063	25,967,686	22,118,492
Less: Impairment for trade receivables	(81,435)	-	-	-
	97,194,323	73,754,063	25,967,686	22,118,492

14. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Other receivables				
Amounts owing by subsidiaries	-	-	107,633,954	95,406,513
Other receivables	6,981,037	10,887,394	31,978,073	20,814,790
Deposits	6,343,796	3,319,791	390,056	301,632
Refundable value added tax	6,600,671	1,760,641	1,391,122	-
Insurance compensation receivable	6,724,060	7,670,796	-	-
	26,649,564	23,638,622	141,393,205	116,522,935
Less: Impairment for other receivables	-	-	(2,582,723)	(35,596,326)
	26,649,564	23,638,622	138,810,482	80,926,609
Total trade and other receivables	123,843,887	97,392,685	164,778,168	103,045,101

(a) Trade receivables

The Group's and the Company's trading terms with their customers are mainly on credit for local customers and payment in advance for overseas customers. The normal credit term granted ranging from 15 to 90 days (2014: 15 to 90 days) from date of invoices. Other credit terms are assessed and approved on a case-by-case basis.

The Group and the Company maintain an ageing analysis in respect of trade receivables only. The ageing analysis of the Group's and the Company's trade receivables are as follows:

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Neither past due nor impaired	79,209,633	60,119,100	18,524,171	13,715,446
Past due but not impaired				
1 to 30 days past due not impaired	11,169,860	11,389,714	5,478,981	7,902,501
31 to 60 days past due not impaired	4,967,590	1,066,680	1,033,801	216,084
61 to 90 days past due not impaired	1,638,317	867,979	659,994	284,461
91 to 120 days past due not impaired	11,081	5,700	-	-
More than 120 days past due not impaired	279,277	304,890	270,739	-
	18,066,125	13,634,963	14,732,573	8,403,046
	97,275,758	73,754,063	25,967,686	22,118,492

14. TRADE AND OTHER RECEIVABLES (cont'd)

(a) Trade receivables (cont'd)

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the reconciliation of movement in the impairment of trade receivables is as follows:

	Group	
	2015 RM	2014 RM
At 1 January	-	-
Charge for the financial year		
- individually impaired	81,435	-
	81,435	-

(b) Other receivables

Amounts owing by subsidiaries represent advances which are unsecured, non-interest bearing, repayable on demand in cash and cash equivalents.

In the previous financial year, the Company had provided allowance for impairment loss on net amount due from Evergreen Hevea Resources Sdn. Bhd. amounting to RM35,596,326.

15. OTHER CURRENT ASSETS

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Current				
Prepayments	4,705,730	3,466,846	565,796	962,138
Advance payments to suppliers	35,143,050	24,152,052	9,123,462	13,090,781
	39,848,780	27,618,898	9,689,258	14,052,919

16. CASH AND BANK BALANCES

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Cash and bank balances	82,711,816	52,453,625	36,084,724	12,600,713
Deposits with placed with licensed bank	33,858,928	21,454,891	31,408,307	14,565,491
	116,570,744	73,908,516	67,493,031	27,166,204

Deposits with licensed bank are placements which bear interest rates ranging from 1.50% to 4.10% (2014: 1.50% to 4.10%) per annum.

17. SHARE CAPITAL

	Group/Company			
	Number of ordinary shares of RM0.25 each		Amount	
	2015 UNIT	2014 UNIT	2015 RM	2014 RM
Authorised				
At 1 January/1 December	1,200,000,000	1,200,000,000	300,000,000	300,000,000
Issued and fully paid				
At 1 January	513,000,000	513,000,000	128,250,000	128,250,000
Issued during the financial year	51,290,000	-	12,822,500	-
At 31 December	564,290,000	513,000,000	141,072,500	128,250,000

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

During the financial year, the Company issued 51,290,000 new ordinary share of RM0.25 each at a price of RM2.05 per ordinary share each under private placement.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

18. SHARE PREMIUM

Share premium comprises the premium paid on subscription of shares in the Company over and above the par value of the shares. The share premium is not distributable by way of dividends and may be utilised in the manner set out in Section 60(3) of the Companies Act, 1965 in Malaysia.

19. TREASURY SHARES

Treasury shares relate to ordinary shares of the Company that are repurchased and held by the Company. The amount consists of the acquisition costs of treasury shares net of the proceeds received on their subsequent sale or issuance.

The shareholders of the Company, by an ordinary resolution passed in a general meeting held on 22 May 2015, renewed their approval for the Company's plan to repurchase its own ordinary shares. The directors of the Company believe that the repurchase plan are applied in the best interests of the Company and its shareholders. The share repurchases made to date were financed by internally generated funds and are being held as treasury shares in accordance with the requirement of Section 67A of the Companies Act, 1965 in Malaysia.

There was no repurchase of the Company's issued ordinary shares, nor any resale, cancellation or distribution of treasury shares during the financial year.

As at 31 December 2015, the Company held 22,000 treasury shares out of its 564,290,000 issued and paid-up ordinary shares. Such treasury shares are held at a carrying amount of RM15,173.

20. OTHER RESERVES

(a) Equity transaction reserve

The equity transaction reserve comprises the differences between the share of non-controlling interests in subsidiaries acquired/disposed and the consideration paid/received.

(b) Currency Translation Reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

(c) Fair value reserve

Fair value adjustment reserve represents the cumulative fair value changes, net of tax, of available-for-sale financial assets until they are disposed of or impaired.

21. LOANS AND BORROWINGS

	Group		Company	
	2015 RM	**2014 RM**	**2015 RM**	**2014 RM**
Non-current				
Secured:				
Term loans	14,788,453	18,528,928	-	-
Finance lease liabilities (Note 21(c))	178,090	1,258,709	-	45,055
Unsecured:				
Term loans	22,262,461	31,490,247	17,150,000	22,114,923
	37,229,004	51,277,884	17,150,000	22,159,978
Current				
Secured:				
Trade facilities	44,969,600	74,950,500	-	-
Term loans	11,412,232	9,264,464	-	-
Finance lease liabilities (Note 21(c))	243,722	458,157	45,055	58,207
Unsecured:				
Trade facilities	93,438,337	113,981,000	51,526,337	72,868,000
Term loans	11,415,227	38,061,506	4,964,922	4,990,057
	161,479,118	236,715,627	56,536,314	77,916,264
Total loans and borrowings				
Trade facilities	138,407,937	188,931,500	51,526,337	72,868,000
Term loans	59,878,373	97,345,145	22,114,922	27,104,980
Finance lease liabilities (Note 21(c))	421,812	1,716,866	45,055	103,262
	198,708,122	287,993,511	73,686,314	100,076,242

21. LOANS AND BORROWINGS (cont'd)

(a) The loans and borrowings of the Group are secured by the following :

(i) Debentures over fixed and floating charges over the present and future assets of certain subsidiaries;

(ii) Legal charge over the freehold land, buildings and plant and machineries of certain subsidiaries as disclosed in Note 5;

(iii) Priority and Security Sharing Agreement; and

(iv) Corporate guarantee by the Company.

(b) The interest rates of the loans and borrowings at the reporting date are as follows:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	%	**%**	**%**	**%**
Trade facilities	1.2 - 5.4	1.2 - 5.4	1.2 - 5.4	1.2 - 5.4
Term loans	0.9 - 4.6	1.9 - 5.3	4.0 - 4.6	4.4
Finance lease liabilities	2.2 - 9.8	2.2 - 8.7	2.2 - 3.5	2.2 - 3.5

(c) Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	RM	**RM**	**RM**	**RM**
Minimum lease payaments				
Not later than 1 year	260,101	531,894	51,994	65,929
Later than 1 year and not later than 2 years	46,912	472,259	-	51,994
Later than 2 years and not later than 5 years	152,362	588,379	-	-
Later than 5 years	-	179,545	-	-
	459,375	1,772,077	51,994	117,923
Less: Future finance charges	(37,563)	(55,211)	(6,939)	(14,661)
Present value of minimum lease payments	421,812	1,716,866	45,055	103,262
Present value of minimum lease payments				
Not later than 1 year	243,722	458,157	45,055	58,207
Later than 1 year and not later than 2 years	39,371	311,966	-	45,055
Later than 2 years and not later than 5 years	138,719	253,999	-	-
Later than 5 years	-	692,744	-	-
	421,812	1,716,866	45,055	103,262
Less: Amount due within12 months	(243,722)	(458,157)	(45,055)	(58,207)
Amount due after 12 months	178,090	1,258,709	-	45,055

22. RETIREMENT BENEFITS OBLIGATION

The movements in the defined benefit obligation in the statements of financial position are as follows:

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
At 1 January	8,476,061	8,205,683	3,947,115	3,492,199
Current service costs and interest expense (Note 29)	1,611,529	434,272	370,136	488,969
Benefits paid	(1,523,849)	(232,325)	(93,621)	(34,053)
Exchange differences	251,043	68,431	-	-
At 31 December	8,814,784	8,476,061	4,223,630	3,947,115

<u>Significant actuarial assumptions</u>

The significant actuarial assumptions applied in the measurement of defined benefit pension plan are as follows:

	Group/Company	
	2015 %	2014 %
Discount rate	5.00 - 8.70	5.25 - 8.30
Salary increase rate	3.00 - 10.00	3.00 - 10.00

<u>Sensitivity analysis</u>

The sensitivity of the defined benefit obligation to the significant actuarial assumptions at the end of reporting period are shown below:

	Reasonably possible change in assumption	Group		Company	
		Effect on defined benefit obligation			
		Increase RM	Decrease RM	Increase RM	Decrease RM
2015					
Discount rate	1%	(880,632)	1,145,768	(484,932)	658,446
Salary increase rate	1%	1,109,915	(865,665)	762,579	(600,699)
2014					
Discount rate	1%	(383,518)	932,042	-	579,581
Salary increase rate	1%	982,299	(95,195)	665,307	-

23. TRADE AND OTHER PAYABLES

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Trade payables				
Third parties	55,575,743	58,407,396	4,731,109	9,526,049
Amounts owing to subsidiaries	-	-	1,958,535	4,132,219
	55,575,743	58,407,396	6,689,644	13,658,268
Other payables				
Amounts owing to subsidiaries	-	-	-	65,230
Other payables	31,305,853	29,874,841	21,759,959	16,500,251
Amounts owing to non-controlling interests	5,364,853	4,467,674	-	-
Accruals and advances	39,648,484	42,268,872	5,221,139	6,386,914
	76,319,190	76,611,387	26,981,098	22,952,395
Total trade and other payables	131,894,933	135,018,783	33,670,742	36,610,663

(a) Trade payables are non-interest bearing and the normal credit terms granted to the Group range from 7 to 90 days (2014: 7 to 90 days).

(b) The amounts owing to subsidiaries represents advances and transfer of assets and liabilities pursuant to a restructuring exercise in previous financial years which are unsecured, non-interest bearing, repayable on demand in cash and cash equivalents.

(c) The amount due to non-controlling interests represents amounts arising from acquisition of assets and advances which are unsecured, non-interest bearing, repayable on demand in cash and cash equivalents.

24. DERIVATIVE FINANCIAL LIABILITIES

	Group			
	2015		2014	
	Nominal amount RM	Liabilities RM	Nominal amount RM	Liabilities RM
Forward currency contracts	8,729,565	875,887	25,842,359	391,564

The forward foreign currency contracts are entered into for the purposes of hedging the Group's foreign currency exposures arising from expected export sales and import purchases. In accordance with the requirements of MFRS 139, the Group has designated certain forward contracts as cash flow hedges or accounted as fair value through profit and loss. Changes in the fair values of the forward contracts designated as cash flow hedges are included in other comprehensive income, to the extent that the hedges are effective. Upon maturity of the instruments, the amounts retained in other comprehensive income will be reclassified to the profit or loss. Those derivatives that have not been designated as cash flow hedges are accounted for at fair value through profit and loss.

Due to the above, and the fact that these contracts have been entered into with credit-worthy financial institutions, the Group does not foresee any significant credit or market risks associated with the above foreign exchange contracts.

25. REVENUE

Revenue of the Group and of the Company represents principally invoiced value of goods sold less returns and discounts.

26. COST OF SALES

Cost of sales represents cost of inventories sold.

27. OTHER INCOME

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Dividend income from subsidiaries	-	-	11,049,669	-
Dividend income from quoted investment	3,200	4,000	-	-
Insurance compensation	2,399,146	4,599,315	-	-
Interest income	1,057,986	897,027	1,860,968	1,534,782
Gain on foreign exchange				
- realised	11,064,757	617,210	3,966,743	173,793
- unrealised	-	2,791,678	3,731,241	1,883,271
Gain on disposal of property, plant and equipment	-	274,069	171,169	116,959
Gain arising from fair value adjustment of biological assets	8,253,422	2,847,228	-	-
Others	2,244,294	1,514,150	17,017	-
Rental income	-	28,750	890,100	316,572
	25,022,805	13,573,427	21,686,907	4,025,377

28. PROFIT/(LOSS) BEFORE TAX

Profit/(Loss) before tax is arrived at after charging/(crediting):

		Group		Company	
	Note	2015 RM	2014 RM	2015 RM	2014 RM
Amortisation of:					
- land use rights	6	849,268	1,069,004	206,802	206,802
- intangible asset	9	27,060	30,339	-	-
Auditors' remuneration					
- statutory audit		465,434	435,712	68,000	78,000
- prior year		39,415	-	-	-
- other services		51,000	67,280	51,000	59,280
Depreciation of poperty, plant and equipment	5	64,113,619	63,058,937	8,489,365	8,866,842
Dividend income from subsidiaries		-	-	(11,049,669)	-
Dividend income from quoted investment		(3,200)	(4,000)	-	-
Employee benefits expenses (Note 29)		108,913,777	95,169,925	29,889,464	32,719,217
Expenses on damage of fire		258,492	-	-	-
Fair value loss on derivatives		709,190	160,404	-	-

28. PROFIT/(LOSS) BEFORE TAX (cont'd)

Profit/(Loss) before tax is arrived at after charging/(crediting): (cont'd)

		Group		Company	
	Note	2015 RM	2014 RM	2015 RM	2014 RM
(Gain)/loss on foreign exchange:					
- realised		(11,064,757)	(617,210)	(3,966,743)	(173,793)
- unrealised		1,601,505	(2,791,678)	(3,731,241)	(1,883,271)
Loss/(Gain) on disposal of property, plant and equipment		1,607,375	(274,069)	(171,169)	(116,959)
Gain arising from fair value adjustment of biological assets		(8,253,422)	(2,847,228)	-	-
Impairment loss on:					
- amount owing by a subsidiary	14	-	-	2,582,723	35,596,326
- cost of investment in subsidiaries	10	-	-	20,000,005	15,600,000
- goodwill	8	54,509	25,803	-	-
- property, plant and equipment	5	2,843,446	-	-	-
- trade receivables	14	81,435	-	-	-
Interest income		(1,057,986)	(897,027)	(1,860,968)	(1,534,782)
Interest expense:					
- financial lease liabilities		43,932	153,360	7,722	9,754
- trade facilities		6,787,742	6,341,048	3,079,462	2,318,415
- term loan		3,614,951	6,483,031	1,122,671	1,280,393
- others		-	54,054	-	-
Insurance compensation		(2,399,146)	(4,599,315)	-	-
Inventories written down	13	8,174,444	-	-	-
Property, plant and equipment written off		14,914	258,200	-	41,473
Rental expense					
- equipment		2,633,635	3,117,779	948,388	661,222
- hostel		454,863	424,166	104,300	47,870
- land		209,064	776,462	484,000	241,000
Rental income		-	(28,750)	(890,100)	(316,572)

29. EMPLOYEE BENEFITS EXPENSE

		Group		Company	
	Note	2015 RM	2014 RM	2015 RM	2014 RM
Wages and salaries		95,856,950	86,036,896	26,176,357	29,325,160
Defined contribution plan		4,717,465	4,842,877	2,437,414	2,461,546
Social security contribution		986,167	1,220,032	251,972	276,895
Other staff related expenses		5,741,666	2,635,848	653,585	166,647
Retirement benefit	22	1,611,529	434,272	370,136	488,969
		108,913,777	95,169,925	29,889,464	32,719,217

29. EMPLOYEE BENEFITS EXPENSE (cont'd)

Included in employee benefits expenses are:

	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Directors of the Company				
Executive:				
Salaries and emoluments	4,689,069	4,801,794	3,963,069	4,134,566
Bonus	-	10,347	-	10,347
Benefits-in-kind	44,700	35,900	44,700	35,900
	4,733,769	4,848,041	4,007,769	4,180,813
Non-executive:				
Fee	110,474	142,009	110,474	142,009
Allowances and emoluments	6,500	8,500	6,500	8,500
	116,974	150,509	116,974	150,509
	4,850,743	4,998,550	4,124,743	4,331,322

30. TAX EXPENSE/(CREDIT)

	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Statements of comprehensive income				
Current income tax:				
Malaysia income tax	10,398,328	254,575	298,506	212,741
Real property gain tax	120,809	-	-	-
(Over)/Under provision in prior financial years	(29,872)	49,033	(30,666)	(19,633)
	10,489,265	303,608	267,840	193,108
Deferred tax (Note 11):				
Origination and reversal of temporary differences	6,801,376	3,209,556	(750,277)	(3,065,539)
Relating to changes in tax rate	-	37,411	-	(375,882)
Over provision in prior financial years	(2,849,907)	(893,963)	(3,101,286)	(134,773)
	3,951,469	2,353,004	(3,851,563)	(3,576,194)
Income tax expense/(credit) recognised in profit or loss	14,440,734	2,656,612	(3,583,723)	(3,383,086)

30. TAX EXPENSE/(CREDIT) (cont'd)

The reconciliations from the tax amount at statutory income tax rate to the Group's and the Company's tax expense/(credit) are as follows:

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Profit/(Loss) before tax from				
- continuing operations	108,493,629	24,868,807	12,243,422	(47,355,952)
- discontinued operation	38,112	(20,634,788)	-	-
Accounting profit/(loss) before tax	108,531,741	4,234,019	12,243,422	(47,355,952)
Tax at Malaysian statutory income tax rate of 25% (2014 : 25%)	27,132,935	1,058,505	3,060,856	(11,838,988)
Effect of different tax rates in other countries	(8,269,664)	(219,893)	-	-
Effect of changes in tax rate	(202,421)	197,271	31,261	482,499
Effect on opening deferred tax of reduction in Malaysian income tax rate	-	37,411	-	(375,882)
Income not subject to tax	(2,221,938)	(1,291,976)	(2,750,499)	(233,796)
Expenses not deductible for tax purposes	5,227,245	2,079,591	5,926,402	12,348,419
Deferred tax assets not recognised during the financial year	4,307,845	14,100,277	-	-
Deferred tax assets recognised on reinvestment allowances	(4,319,005)	(1,299,861)	(4,319,005)	(1,061,154)
Effect on real property gain tax	120,809	-	-	-
Utilisation of previous year unrecognised business losses and unabsorbed capital allowances	-	(7,113,594)	-	-
Expenses eligible for double deduction	(4,455,293)	(4,025,084)	(2,400,786)	(2,549,778)
Effect of differences between net book value and tax base related to assets under controlled transfer	-	(21,105)	-	-
(Over)/Underprovision in prior financial years				
- income tax	(29,872)	49,033	(30,666)	(19,633)
- deferred tax	(2,849,907)	(893,963)	(3,101,286)	(134,773)
Income tax expense/(credit)	14,440,734	2,656,612	(3,583,723)	(3,383,086)

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2014: 25%) of the estimated assessable profit for the financial year. In the Budget Speech 2014, the Government of Malaysia announced that the domestic corporate tax rate will be reduced to 24% from the current year's rate of 25% with effect from the year of assessment 2016.

31. DISCONTINUED OPERATION

As disclosed in Note 10(b), the Company dispose of 100% equity interest in Evergreen Hevea Resources Sdn. Bhd. ("EHR") for a cash consideration of RM10 and EHR is no longer a subsidiary of the Company subsequent to the completion of the disposal. EHR is a discontinued operation as at 31 December 2014 and the comparative consolidated statement of comprehensive income has been re-presented to show the discontinued operation separately from continuing operations.

(a) Analysis of the result of discontinued operation is as follows:

	2015 RM	2014 RM
Revenue	325,586	23,205,907
Expenses	(287,474)	(43,840,695)
Profit/(Loss) before tax of discontinued operation	38,112	(20,634,788)
Tax expense	-	-
Profit/(Loss) for the financial year from discontinued operation	38,112	(20,634,788)

(b) The following items have been charged/(credited) in arriving at profit/(loss) before tax:

	2015 RM	2014 RM
Auditor's remuneration	-	12,000
Depreciation of property, plant and equipment	-	239,820
Employee benefits	20,393	628,680
Interest income	-	(1,094)
(Gain)/Loss on foreign exchange		
- realised	(28,112)	8,770
- unrealised	-	(28,033)
Rental of equipment	-	74,125
Rental of hostel	-	17,670
Rental of land	-	12,660

(c) Cash flows generated (used in)/from discontinued operation:

	2015 RM	2014 RM
Net cash flows from/(used in) operating activities	(1,559,407)	26,690,554
Net cash flows from/(used in) investing activities	1,905,578	(29,903)
Net cash flows used in financing activities	(875,007)	(26,653,835)
	(528,836)	6,816

32. EARNINGS PER SHARE

(a) Basic earnings per share amounts are based on profit for the financial year attributable to owners of the Company and the weighted average number of ordinary shares in issue during the financial year, calculated as follows:

	Group	
	2015 RM	**2014 RM**
Profit/(Loss) attributable to the owners of the Company:		
- continuing operations	90,865,680	20,804,942
- discontinued operation	38,112	(20,634,788)
	90,903,792	170,154
Weighted average number of ordinary shares for basic earnings/(loss) per share	517,356,137	513,000,000
Basic earning/(loss) per share (sen)		
- continuing operations	17.56	4.05
- discontinued operation	0.01	(4.02)
	17.57	0.03

(b) The diluted earnings per ordinary share of the Group for the financial years ended 31 December 2015 and 31 December 2014 are the same as the basic earnings per ordinary share of the Group as the Group has no dilutive potential ordinary shares.

33. CAPITAL COMMITMENTS

The Group and the Company have made commitments for the following capital expenditures:

	Group		Company	
	2015 RM	**2014 RM**	**2015 RM**	**2014 RM**
In respect of capital expenditure approved and contracted for:	106,460,000	32,190,000	19,806,000	20,229,000

34. RELATED PARTIES

(a) Identity of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operational decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

34. RELATED PARTIES (Cont'd)

(a) Identity of related parties (cont'd)

Related parties of the Group include:

(i) Subsidiaries; and

(ii) Key management personnel of the Group's and the Company's holding company, comprise persons (including directors) having the authority and responsibility for planning, directing and controlling the activities directly or indirectly.

(b) Significant related party transactions

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows:

	Company	
	2015 RM	**2014 RM**
Transactions with subsidiaries are as follows:		
- Sale of products and rendering of service	(58,018,736)	(3,535,824)
- Rental income	(890,100)	(316,572)
- Interest income	(331,768)	-
- Sale of spare parts	-	(76,867)
- Sales of property, plant and equipment	(2,244,498)	(109,255)
- Purchase of products	41,698,779	56,102,701
- Purchase of property, plant and equipment	675,895	141,896
- Purchase of spare parts	810,895	-

(c) Compensation of key management personnel

Key management personnel includes personnel having authority and responsibility for planning, directing and controlling the activities of the entities, directly or indirectly, including any director of the Group and of the Company.

The remuneration of the key management personnel is as follows:

	Group		Company	
	2015 RM	**2014 RM**	**2015 RM**	**2014 RM**
Short term employees benefits	4,806,043	4,952,303	4,080,043	4,295,422
Benefits-in-kind	44,700	35,900	44,700	35,900
	4,850,743	4,988,203	4,124,743	4,331,322

35. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	Group		Company	
	2015 RM	**2014 RM**	**2015 RM**	**2014 RM**
Financial Assets				
Loans and receivables				
- Trade and other receivables	123,843,887	97,392,685	164,778,168	103,045,101
- Other current assets, net of prepayments	35,143,050	24,152,052	9,123,462	13,090,781
- Cash and cash equivalents	116,570,744	73,908,516	67,493,031	27,166,204
	275,557,681	195,453,253	241,394,661	143,302,086
Available-for-sale				
- Other investments	145,400	109,000	-	-
Financial Liabilities				
Other financial liabilities				
- Trade and other payables	131,894,933	135,018,783	33,670,742	36,610,663
- Loans and borrowings	198,708,122	287,993,511	73,686,314	100,076,242
	330,603,055	423,012,294	107,357,056	136,686,905
Fair value through profit or loss				
- Derivative financial liabilities	875,887	391,564		

(b) Fair value measurement

The carrying amounts of cash and cash equivalents, short-term receivables and payables and short-term borrowings reasonably approximate their fair values due to the relatively short-term nature of these financial instruments.

There have been no transfers between Level 1 and Level 2 during the financial year (31.12.2014: no transfer in either directions).

35. **FINANCIAL INSTRUMENTS (cont'd)**

(b) Fair value measurement (cont'd)

The following table provides the fair value measurement hierarchy of the Group's and the Company's financial instruments:

	Carrying amount	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value			
		Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM
Group									
2015									
Financial assets									
Available-for-sale									
- other investments	145,400	145,400	-	-	145,400	-	-	-	-
Financial liabilities									
Other financial liabilities									
- trade facilities	138,407,937	-	-	-	-	-	-	138,407,937	138,407,937
- term loan	59,878,373	-	-	-	-	-	-	59,878,373	59,878,373
- finance lease liabilities	421,812	-	-	-	-	-	-	421,812	421,812
	198,708,122	-	-	-	-	-	-	198,708,122	198,708,122
Fair value through profit or loss									
- derivative	875,887	-	875,887	-	875,887	-	-	-	-

35. FINANCIAL INSTRUMENTS (cont'd)

(b) Fair value measurement (cont'd)

The following table provides the fair value measurement hierarchy of the Group's and the Company's financial instruments: (cont'd)

	Carrying amount RM	Fair value of financial instruments carried at fair value Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Fair value of financial instruments not carried at fair value Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Group									
2014									
Financial assets									
Available-for-sale									
- other investments	109,000	109,000	-	-	109,000	-	-	-	-
Financial liabilities									
Other financial liabilities									
- trade facilities	188,931,500	-	-	-	-	-	-	188,931,500	188,931,500
- term loan	97,345,145	-	-	-	-	-	-	97,345,145	97,345,145
- finance lease liabilities	1,716,866	-	-	-	-	-	-	1,716,866	1,716,866
	287,993,511	-	-	-	-	-	-	287,993,511	287,993,511
Fair value through profit or loss									
- derivative	391,564	-	391,564	-	391,564	-	-	-	-

35. FINANCIAL INSTRUMENTS (cont'd)

(b) Fair value measurement (cont'd)

The following table provides the fair value measurement hierarchy of the Group's and the Company's financial instruments: (cont'd)

	Carrying amount RM	Fair value of financial instruments carried at fair value Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Fair value of financial instruments not carried at fair value Level 1 RM	Level 2 RM	Level 3 RM	Total
Company									
2015									
Financial liabilities									
Other financial liabilities									
- trade facilities	51,526,337	-	-	-	-	-	-	51,526,337	51,526,337
- term loan	22,114,922	-	-	-	-	-	-	22,114,922	22,114,922
- finance lease liabilities	45,055	-	-	-	-	-	-	45,055	45,055
	73,686,314	-	-	-	-	-	-	73,686,314	73,686,314
2014									
Financial liabilities									
Other financial liabilities									
- trade facilities	72,868,000	-	-	-	-	-	-	72,868,000	72,868,000
- term loan	27,104,980	-	-	-	-	-	-	27,104,980	27,104,980
- finance lease liabilities	103,262	-	-	-	-	-	-	103,262	103,262
	100,076,242	-	-	-	-	-	-	100,076,242	100,076,242

35. FINANCIAL INSTRUMENTS (cont'd)

(b) Fair value measurement (cont'd)

Level 2 fair value

Fair value of financial instruments carried at fair value
The fair value of forward foreign exchange contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract.

Level 3 fair value

Fair value of financial instruments carried at fair value
The fair value of the trade facilities, term loan and finance lease liabilities are determined using the discounted cash flows method based on discount rates that reflects the issuer's borrowing rate as at the end of the reporting period.

The fair value of the biological assets has been determined based on valuations by an independent professional valuer using discounted cash flows method as disclosed in Note 7.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's and the Company's financial risk management policies seek to ensure that adequate financial resources are available for the development of the Group's and of the Company's businesses whilst managing their interest rate risk, foreign exchange risk, liquidity risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

(a) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest-bearing financial assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest-bearing financial assets are mainly short term in nature and have been mostly placed in deposits with licensed banks.

The Group's interest rate risk arises primarily from interest-bearing borrowings. Borrowings at floating rates expose the Group to cash flow interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. The Group manages its interest rate exposure by maintaining a mix of fixed and floating rate borrowings.

Sensitivity analysis

As at the reporting date, if interest rates had been 100 basis points lower/higher, with all other variables held constant, the Group's and the Company's profit net of tax would have been RM1,487,147 (2014: RM2,147,075) and RM552,309 (2014: RM749,797) higher/lower respectively, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the current observable market environment.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(b) Foreign exchange risk

The Group and the Company are exposed to transactional currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily United States Dollar and Euro. Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level. Material foreign currency transaction exposures are hedged, mainly with derivative financial instruments such as forward foreign exchange contracts.

The Group and the Company maintain a natural hedge, whenever possible, by borrowing in the currency of the country in which the property or investment is located or by borrowing in currencies that match the future revenue stream to be generated from its investments.

The net unhedged financial assets and financial liabilities of the Group that are not denominated in their functional currencies are as follows:

	United States Dollar RM	Euro RM	*Other Currencies RM	Total RM
Functional Currency of Group				
At 31 December 2015				
Ringgit Malaysia	47,592,592	2,185,431	807,382	50,585,405
Thai Baht	4,720,353	(1,256,939)	(11,797)	3,271,169
Indonesian Rupiah	8,348,029	(1,073,450)	(14,920)	(7,259,659)
	60,660,974	919,736	(464,477)	61,116,233
At 31 December 2014				
Ringgit Malaysia	41,039,834	6,891,318	3,151,128	51,082,280
Thai Baht	24,614,724	(132,109)	38,903	24,521,518
Indonesian Rupiah	(30,407,579)	(758,085)	(5,195)	(31,170,859)
	35,246,979	6,001,124	3,184,836	44,432,939

Sensitivity analysis

As the reporting date, the Group has net USD denominated accounts receivable with a carrying amount of RM60,660,974 (2014: net USD denominated accounts receivables RM35,246,979), translated at the closing spot exchange rate of 4.3160 (2014 : 3.4995). The Group judges that a reasonably possible change in the RM/USD exchange rates at year end is +/-3%. A +/-3% change in RM/USD exchange rates will cause profit net of tax to decrease and increase by RM1,365,000 (2014 : profit net of tax RM793,000) respectively (being the translation of the receivables at the reporting date).

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(c) Liquidity risk

The Group and the Company manage their debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group and the Company maintain sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group and the Company strive to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group and the Company are committed funding from both capital markets and financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

Analysis of financial instruments by remaining contractual maturities
The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

Group	**Carrying amount RM**	**On demand within 1 year RM**	**Between 1 and 5 years RM**	**More than 5 years RM**	**Total RM**
2015					
Financial liabilities:					
Trade and other payables	131,894,933	131,894,933	-	-	131,894,933
Loans and borrowings	198,708,122	161,495,497	33,750,188	3,500,000	198,745,685
Derivatives	875,887	875,887	-	-	875,887
	331,478,942	294,266,317	33,750,188	3,500,000	331,516,505
2014					
Financial liabilities:					
Trade and other payables	135,018,783	135,018,783	-	-	135,018,783
Loans and borrowings	287,993,511	236,754,964	44,104,876	7,188,882	288,048,722
Derivatives	391,564	391,564	-	-	391,564
	423,403,858	372,165,311	44,104,876	7,188,882	423,459,069

Company	**Carrying amount RM**	**On demand within 1 year RM**	**Between 1 and 5 years RM**	**More than 5 years RM**	**Total RM**
2015					
Financial liabilities:					
Trade and other payables	33,670,742	33,670,742	-	-	33,670,742
Loans and borrowings	73,686,314	56,543,253	13,650,000	3,500,000	73,693,253
	107,357,056	90,213,995	13,650,000	3,500,000	107,363,995
2014					
Financial liabilities:					
Trade and other payables	36,610,663	36,610,663	-	-	36,610,663
Loans and borrowings	100,076,242	77,923,986	15,670,779	6,496,138	100,090,903
	136,686,905	114,534,649	15,670,779	6,496,138	136,701,566

36. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)**

(d) Credit risk

The Group's and the Company's credit risk is primarily attributable to trade receivables. The Group and the Company trade only with recognised and creditworthy third parties. It is the Group's and the Company's policies that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's and the Company's exposure to bad debts is not significant.

The credit risk of the Group's and of the Company's other financial assets, which comprise cash and cash equivalents arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these financial assets.

The Group and the Company do not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial assets.

Exposure to credit risk
At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by:
- The carrying amount of each class of financial assets recognised in the statement of financial position; and
- An amount of RM118,612,943 (2014: RM178,854,000) relating to a corporate guarantee provided by the Company to bank for subsidiaries' bank borrowings.

The Group and the Company determine concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the reporting date are as follows:

	Group			
	2015		2014	
	RM	%	RM	%
By country:				
Malaysia	43,090,392	44%	37,238,010	51%
Thailand	39,146,950	40%	26,844,968	36%
Other countries	14,956,981	15%	9,671,085	13%
	97,194,323	100%	73,754,063	100%

Financial assets that are neither past due nor impaired
Information on trade and other receivables that are neither past due nor impaired is disclosed in Note14. Deposits with banks and other financial institutions and derivatives are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

(e) Market Price Risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group is exposed to equity price risk arising from its investment in quoted shares. These instruments are classified as available-for-sale. The Group does not have exposure to commodity price risk.

Sensitivity analysis

Quoted investments of the Group is exposed to changes in market quoted prices. However, the volatility of these investments' prices is considered low, and hence, sensitivity analysis for equity price risk is not presented.

37. SEGMENT INFORMATION

The Group prepared the following segment information in accordance with MFRS 8 Operating Segments based on the internal reports of the Group's strategic business units which are regularly reviewed by the Group's Chief Executive Officer ("CEO") for the purpose of making decisions about resource allocation and performance assessment.

The primary segment reporting format is determined to be geographical segments as the Group's risks and rates of return are affected predominantly by the local economic environment in which it operates. Segmental reporting by business has not been presented as the Group's operations are within similar activities.

The Group is organised into three major geographical segments:

Malaysia	manufacture of medium density fibreboard, wooden furniture part and furniture, particleboard, glue, resin, as well as trading and managing of plantation.
Thailand	production and distribution of medium density fibreboard and wood products.
Indonesia	manufacture of medium density fibreboard, glue and resin.
Others	manufacturing, trading and sales of wood products.

The directors are of the opinion that all inter-segment transactions have been entered in the normal course of business and have been established on terms and conditions that are mutually agreed upon.

<u>Segment profit</u>
Segment performance is used to measure performance as Group's Chief Executive Officer believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Performance is evaluated based on operating profit or loss which is measured differently from operating profit or loss in the consolidated financial statements.

<u>Segment assets</u>
The total of segment asset is measured based on all assets (excluding investment in associates and joint ventures) of a segment, as included in the internal reports that are reviewed by the Group's Chief Executive Officer.

<u>Segment liabilities</u>
Segment liabilities are not included in the internal reports that are reviewed by the Group's Chief Executive Officer, hence no disclosures are made on segment liabilities.

37. SEGMENT INFORMATION (cont'd)

2015	Note	Malaysia RM	Thailand RM	Indonesia RM	Others RM	Discontinued Operation RM	Adjustments and Elimination RM	Total RM
Revenue								
Revenue from external customers		540,592,118	387,803,372	83,886,140	-	60,732	-	1,012,342,362
Inter-segment revenue	A	220,914,461	53,598,742	-	-	264,854	(274,778,057)	-
Total revenue		761,506,579	441,402,114	83,886,140	-	325,586	(274,778,057)	1,012,342,362
Results								
Segment profit		52,582,242	24,948,549	11,542,484	(92,840)	38,112	30,669,009	119,687,556
Finance costs		(6,426,030)	(3,869,475)	(1,307,017)	-	-	1,155,897	(10,446,625)
Fair value adjustment on derivative		(373,484)	(335,706)	-	-	-	-	(709,190)
Profit/(Loss) before tax		45,782,728	20,743,368	10,235,467	(92,840)	38,112	31,824,906	108,531,741
Tax expense		(8,859,740)	(6,937,456)	1,255,750	-	-	100,712	(14,440,734)
		36,922,988	13,805,912	11,491,217	(92,840)	38,112	31,925,618	94,091,007
Assets:								
Segment assets		1,459,798,075	467,071,074	143,092,344	539,815	-	(623,292,786)	1,447,208,522
Liabilities:								
Segment liabilities		403,530,788	175,503,738	68,333,834	2,769,182	-	(272,965,685)	377,171,857
Other Information:								
Amortisation of intangible assets		-	27,060	-	-	-	-	27,060
Amortisation of land use rights		849,268	-	-	-	-	-	849,268
Capital expenditures		74,346,306	16,157,322	4,667,777	-	-	(5,224,687)	89,946,718
Depreciation of property,plant and equipment		33,025,379	25,070,412	6,017,828	-	-	-	64,113,619

37. SEGMENT INFORMATION (cont'd)

2014	Note	Malaysia RM	Thailand RM	Indonesia RM	Others RM	Discontinued Operation RM	Adjustments and Elimination RM	Total RM
Revenue								
Revenue from external customers		537,023,460	322,207,505	79,511,260	-	3,252,345	-	941,994,570
Inter-segment revenue	A	193,891,279	48,584,999	122,568	-	19,953,562	(262,552,408)	-
Total revenue		730,914,739	370,792,504	79,633,828	-	23,205,907	(262,552,408)	941,994,570
Results								
Segment profit		13,620,601	19,460,253	5,959,580	(9,979)	(20,634,788)	(969,751)	17,425,916
Finance costs		(8,182,238)	(4,694,715)	(1,134,163)	-	-	979,623	(13,031,493)
Fair value adjustment on derivative		(160,404)	-	-	-	-	-	(160,404)
Profit/(Loss) before tax		5,277,959	14,765,538	4,825,417	(9,979)	(20,634,788)	9,872	4,234,019
Tax expense		(4,195,262)	-	1,538,650	-	-	-	(2,656,612)
		1,082,697	14,765,538	6,364,067	(9,979)	(20,634,788)	9,872	1,577,407
Assets:								
Segment assets		1,360,379,188	433,138,768	109,572,892	25,863	5,827,091	(622,479,874)	1,286,463,928
Liabilities:								
Segment liabilities		439,395,375	191,390,012	5,910,216	2,072,394	41,505,633	(224,078,031)	456,195,599
Other Information:								
Amortisation of intangible assets		-	30,339	-	-	-	-	30,339
Amortisation of land use rights		1,069,004	-	-	-	-	-	1,069,004
Additions to non-current assets	B	15,665,925	5,165,558	10,343,374	-	30,997	(1,750,040)	29,455,814
Depreciation of property, plant and equipment		33,006,037	24,868,949	4,944,130	-	239,821	-	63,058,937

37. SEGMENT INFORMATION (cont'd)

(a) Inter-segment revenue are eliminated on consolidation.

(b) Additions to non-current assets consist of:

	2015 RM	2014 RM
Property, plant and equipment	89,946,718	29,455,814

(c) Geographical Information

(i) The following table provides an analysis of the Group's revenue by geographical segment:

	2015 RM	2014 RM
Revenue from sales to external customers by location of the customers		
United States	48,932,440	37,917,307
Africa	23,591,276	25,793,338
Europe	23,657,713	21,267,016
Far East Asia	36,814,009	35,165,097
Middle East	457,245,946	372,161,678
South Asia	35,104,710	27,937,741
South East Asia	386,996,268	421,752,393
	1,012,342,362	941,994,570

(ii) The following is the analysis of non-current assets other than financial instruments, deferred tax assets and goodwill, which is analysed by the Group's geographical location:

	Malaysia RM	Thailand RM	Indonesia RM	Others RM	Total RM
2015					
Property, plant and equipment	457,731,446	301,794,729	86,545,679		846,071,854
Land use rights	36,398,763	-	667,077	-	37,065,840
Biological assets	26,900,000	-	-	-	26,900,000
Intangible assets	-	127,249	-	-	127,249
Total non-current assets	521,030,209	301,921,978	87,212,756	-	910,164,943
2014					
Property, plant and equipment	425,487,827	279,757,303	71,746,893	-	776,992,023
Land use rights	42,253,074	-	540,879	-	42,793,953
Biological assets	14,400,000	-	-	-	14,400,000
Intangible assets	-	138,283	-	-	138,283
Total non-current assets	482,140,901	279,895,586	72,287,772	-	834,324,259

38. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payments to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2015 and 31 December 2014.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt comprises borrowings and trade and other payables, less cash and bank balances whereas total capital comprises the equity attributable to equity holders of the Group.

	Group		Company	
	2015 RM	**2014 RM**	**2015 RM**	**2014 RM**
Loans and borrowings	198,708,122	287,993,511	73,686,314	100,076,242
Trade and other payables	131,894,933	135,018,783	33,670,742	36,610,663
Less:				
Cash and bank balances	(116,570,744)	(73,908,516)	(67,493,031)	(27,166,204)
Net debt	214,074,767	349,103,778	39,864,025	109,520,701
Equity attributable to the owners of the parent/ Total capital	1,038,284,463	801,655,202	630,149,555	510,952,598
Capital and net debt	1,252,316,774	1,150,758,980	670,013,580	620,473,299
Gearing ratio	17%	30%	6%	18%

The Company is also required to comply with the disclosure and necessary capital requirements as prescribed in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

39. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) On 29 January 2015, the Company entered into a Share Sale Agreement with third parties to dispose of 100% equity interest in Evergreen Hevea Resources Sdn. Bhd. ("EHR") for a cash consideration of RM10. Upon completion of this agreement, EHR is no longer a subsidiary of the Company.

(b) On 17 February 2015, the Company acquired the shares in Everlatt Sourcing Sdn. Bhd. ("Everlatt"), which is incorporated in Malaysia, for a cash consideration of RM2 and Everlatt became the wholly owned subsidiary of the Company.

(c) On 7 July 2015, the Company through its wholly-owned subsidiary, Siam Fibreboard Co., Ltd. obtained an operating license for the incorporation of its wholly-owned subsidiary, Siam Furniture (Shanghai) Co., Ltd. in Shanghai, Republic of China.

40. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

At the Extraordinary General Meeting of the Company held on 7 January 2016, the shareholders had approved the bonus issue of 282,133,985 new ordinary bonus shares of RM0.25 each on the basis of one ordinary bonus share for every two (2) existing ordinary share of RM0.25 each ("Bonus Issue").

The Bonus Issue has been completed following the listing and quotation for 282,133,985 bonus shares on the Main Market of Bursa Malaysia Securities Berhad on 26 January 2016.

SUPPLEMENTARY INFORMATION ON THE DISCLOSURE OF REALISED AND UNREALISED PROFITS OR LOSSES

On 25 March 2010, Bursa Malaysia Securities Berhad issued a directive pursuant to paragraphs 2.06 and 2.23 of Bursa Malaysia Securities Berhad Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the retained earnings or accumulated losses as at the end of the reporting period, into realised and unrealised profits and losses.

The following analysis of realised and unrealised profits or losses included in the retained earnings of the Group and the Company as at 31 December 2015 and 31 December 2014 is presented in accordance with the directive of Bursa Malaysia Securities Berhad and prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2015 RM	**2014 RM**	**2015 RM**	**2014 RM**
Total retained earnings of the Company and its subsidiaries:				
- realised	623,283,629	522,893,215	283,788,336	273,660,724
- unrealised	(13,020,144)	(1,557,488)	1,627,180	(4,072,353)
	610,263,485	521,335,727	285,415,516	269,588,371
Consolidation adjustments	24,429,951	22,453,917	-	-
Total retained earnings	634,693,436	543,789,644	285,415,516	269,588,371

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, **KUO JEN CHIU** and **MARY HENERIETTA LIM KIM NEO**, being two of the directors of Evergreen Fibreboard Berhad, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 59 to 130 are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out on page 131 has been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and presented based on the format as prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution of directors:

KUO JEN CHIU
Director

MARY HENERIETTA LIM KIM NEO
Director

Kuala Lumpur
12 April 2016

STATUTORY DECLARATION

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, **TEE KIM FOOM**, being the officer primarily responsible for the financial management of Evergreen Fibreboard Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 59 to 130 and the supplementary information set out on page 131 are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

………………………………
TEE KIM FOOM

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 12 April 2016.

Before me,

………………………………
TAN KIM CHOOI (W661)
16th Floor, Wisma Sime Darby,
Jalan Raja Laut, 50350 Kuala Lumpur

Commissioner of Oaths

Report on the Financial Statements

We have audited the financial statements of Evergreen Fibreboard Berhad, which comprise the statements of financial position as at 31 December 2015 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 59 to 130.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal controls as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of their financial performance and cash flows for the financial year then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

a) In our opinion, the accounting and other records and the registers required by the Companies Act, 1965 in Malaysia to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Companies Act, 1965 in Malaysia.

b) Other than the subsidiary without the financial statements and the auditors' report as disclosed in Note 10 to the financial statements, we have considered the financial statements and the auditors' reports of the remaining subsidiaries of which we have not acted as auditors, which are indicated in Note 10 to the financial statements.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS (Cont'd)

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following: (cont'd)

c) We are satisfied that the financial statements of the remaining subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

d) The audit reports on the financial statements of the remaining subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Companies Act, 1965 in Malaysia.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out on page 131 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad ("Bursa Securities") and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Securities. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Securities.

Other Matters

1. The financial statements of the Group and of the Company for the financial year ended 31 December 2014 was audited by another firm of chartered accountants whose report dated 10 April 2015 expressed an unmodified opinion on those financial statements.

2. This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the contents of this report.

Baker Tilly Monteiro Heng
AF 0117
Chartered Accountants

Heng Fu Joe
2966/11/16(J)
Chartered Accountant

Kuala Lumpur
12 April 2016

The accompanying notes form an integral part of these financial statements.

STATEMENT OF SHAREHOLDINGS
AS AT 28 MARCH 2016

Authorised capital	:	RM300,000,000 divided into 1,200,000,000 ordinary shares of RM0.25 each
Issued and fully paid-up capital	:	RM211,605,996.30 divided into 846,423,985 ordinary shares of RM0.25 each
Class of shares	:	Ordinary shares of RM0.25 each
Voting rights	:	One vote per share

ANALYSIS OF SHAREHOLDINGS

Holdings	Number of Holders	Number of Shares	Percentage of Shares
Less than 100	57	2,246	0.00
100 - 1,000	253	160,389	0.02
1,001 - 10,000	2,839	14,236,952	1.68
10,001- 100,000	1,422	43,478,163	5.14
100,001 to less than 5% of issued shares	415	522,048,229	61.68
5% and above of issued shares	2	266,476,006	31.48
	4,988	846,401,985*	100.00

* *excluding a total of 22,000 ordinary shares bought back and retained as treasury shares.*

THIRTY LARGEST SHAREHOLDERS

Shareholders		Number of Shares	Percentage of Shares
1.	KUO JEN CHANG	142,355,865	16.82
2.	KUO JEN CHIU	124,120,141	14.66
3.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR CREDIT SUISSE	37,705,500	4.45
4.	KUO HUEI CHEN	32,526,790	3.84
5.	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR CIMB ISLAMIC DALI EQUITY THEME FUND	18,193,300	2.15
6.	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK	15,907,150	1.88
7.	AMSEC NOMINEES (TEMPATAN) SDN BHD AMTRUSTEE BERHAD FOR CIMB ISLAMIC DALI EQUITY GROWTH FUND	15,787,950	1.87
8.	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC OPPORTUNITIES FUND	15,098,600	1.78
9.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	14,011,600	1.66
10.	KUO-TING YER PING	13,553,094	1.60
11.	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK	12,615,100	1.49
12.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR THE BANK OF NEW YORK MELLON	12,452,450	1.47

THIRTY LARGEST SHAREHOLDERS (cont'd)

	Shareholders	Number of Shares	Percentage of Shares
13.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD UNIVERSAL TRUSTEE (MALAYSIA) BERHAD FOR CIMB ISLAMIC SMALL CAP FUND	9,330,200	1.10
14.	MAYBANK SECURITIES NOMINEES (ASING) SDN BHD MAYBANK KIM ENG SECURITIES PTE LTD FOR MGF CAPITAL LIMITED	7,500,000	0.89
15.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR NG PAIK PHENG	7,264,200	0.86
16.	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR PERTUBUHAN KESELAMATAN SOSIAL	7,220,200	0.85
17.	EVAWORLD SDN. BHD.	7,079,290	0.84
18.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	6,931,050	0.82
19.	RHB NOMINEES (ASING) SDN BHD MAYBANK KIM ENG SECURITIES PTE. LTD. FOR EXQUISITE HOLDINGS LIMITED	6,777,500	0.80
20.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD EXEMPT AN FOR KUMPULAN SENTIASA CEMERLANG SDN BHD	5,808,180	0.69
21.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SUSY DING	4,623,350	0.55
22.	AMANAHRAYA TRUSTEES BERHAD AFFIN HWANG GROWTH FUND	4,129,850	0.49
23.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR SIEW MUN WAI	4,127,250	0.49
24.	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR MANULIFE INVESTMENT – HW FLEXI FUND	4,099,300	0.48
25.	CARTABAN NOMINEES (TEMPATAN) SDN BHD RHB TRUSTEES BERHAD FOR MANULIFE INVESTMENT SHARIAH PROGRESS FUND	4,068,000	0.48
26.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR MORGAN STANLEY & CO. LLC	4,064,550	0.48
27.	LIM CHIAN PENG	3,900,000	0.46
28.	CESFIELD DEVELOPMENT SDN. BHD.	3,890,040	0.46
29.	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC TREASURES GROWTH FUND	3,775,000	0.45
30.	MAYBANK SECURITIES NOMINEES (ASING) SDN BHD MAYBANK KIM ENG SECURITIES PTE LTD FOR LOH YIH	3,750,000	0.44

SUBSTANTIAL SHAREHOLDERS

According to the Register required to be kept under Section 69L of the Companies Act, 1965, the following are the substantial shareholders of the Company: -

Substantial Shareholders		Direct Interest Number of Shares	Direct Interest % of Shares	Deemed Interest Number of Shares	Deemed Interest % of Shares
1.	KUO WEN CHI	0	0.00	352,788,179[1]	41.68
2.	KUO JEN CHANG	142,355,865	16.82	210,432,314[2]	24.86
3.	KUO JEN CHIU	124,120,141	14.66	228,668,038[2]	27.02
4.	KUO HUEI CHEN	35,053,579	4.14	317,734,600[2]	37.54
5.	HSU MEI LAN	0	0.00	352,788,179[2]	41.68
6.	KUO-TING YER PING	13,553,094	1.60	339,235,085[2]	40.08

***Notes**:*

(1) Deemed interested by virtue of his indirect shareholdings in HSBC Bank Malaysia Berhad and pursuant to Section 6 of the Companies Act, 1965.

(2) Deemed interested pursuant to Section 6(A) of the Companies Act, 1965.

LIST OF DIRECTORS' SHAREHOLDINGS

	Directors	Direct Interest Number of Shares	Direct Interest % of Shares	Deemed Interest Number of Shares	Deemed Interest % of Shares
1.	KUO WEN CHI	0	0.00	352,788,179[1]	41.68
2.	KUO JEN CHANG	142,355,865	16.82	210,432,314[2]	24.86
3.	KUO JEN CHIU	124,120,141	14.66	228,668,038[2]	27.02
4.	MARY HENERIETTA LIM KIM NEO	6	0.00	0	0.00
5.	JONATHAN LAW NGEE SONG	0	0.00	0	0.00
6.	KUAN KAI SENG	0	0.00	0	0.00
7.	YAP PENG LEONG	0	0.00	0	0.00
8.	HENRY S KUO	0	0.00	13,553,094[2]	1.60

Notes:

 # Negligible

(1) Deemed interested by virtue of his indirect shareholdings in HSBC Bank Malaysia Berhad and pursuant to Section 6 and 134 (12) (c) of the Companies Act, 1965.

(2) Deemed interested pursuant to Section 6(A) of the Companies Act, 1965.

This Page is intentionally left blank

FORM OF PROXY

CDS ACCOUNT NO.	NO. OF SHARES HELD

I / We ____

being a member / members of **Evergreen Fibreboard Berhad**, hereby appoint (1) Mr / Ms ____________________

______________________________ (NRIC No. ____________________) of

____ or

failing whom, ______________________________ (NRIC No. ____________________) of

____

*(2) Mr / Ms ______________________________ (NRIC No. ____________________) of

____ or

failing whom, ______________________________ (NRIC No. ____________________) of

____

as my/our proxy to vote for *me / us and on *my / our behalf at the **Twenty-Fifth Annual General Meeting** of the Company to be held at **Horizon Hills Golf & Country Club, No. 1, Jalan Eka, Horizon Hills, 79100 Nusajaya, Johor Darul Takzim, Malaysia** on **Friday, 20th May 2016** at **9.00 a.m.** and, at every adjournment thereof *for / against the resolutions to be proposed thereat.

*My / Our proxy is to vote as indicated below: -

Agenda	Resolution	For*	Against*
Re-appointment of Messrs Baker Tilly Monteiro Heng as External Auditors	1		
Re-election of Mr. Jonathan Law Ngee Song	2		
Re-election of Mr. Kuo Jen Chiu	3		
Re-election of Mr. Henry S Kuo	4		
Re-appointment Mr. Kuo Wen Chi	5		
Approval of Director's fees for financial year 2015	6		
Approval of Authority to issue shares pursuant to Section 132D	7		
Approval of Proposed Authority for the Company to Purchase its own Shares	8		
Approval the continuing terms of office of Mr. Jonathan Law Ngee Song as an Independent Director	9		

Please indicate with a cross (X) in the space whether you wish your votes to be cast for or against the resolution. In the absence of such specific directions, your proxy will vote or abstain as he/she thinks fit

As witness my hand this ____________ day of ____________ 2016

____
Signature of Member(s)

NOTES :-

1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. The proxy need not be a Member of the Company and Section 149(1)(b) of the Companies Act, 1965 shall not apply. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a meeting of a company shall have the same rights as the member to speak at the meeting.
2. A member shall be entitled to appoint more than one proxy (subject always to a maximum of two (2) proxies at each meeting) to attend and vote at the same meeting.
3. Where a member appoints more than one (1) proxy (subject always to a maximum of two (2) proxies at each meeting) the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
4. Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus accounts it holds. Where a member is an authorised nominee as defined under SICDA, it may appoint one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
5. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if such appointer is a corporation under its common seal or the hand of its attorney.
6. The instrument appointing a proxy must be deposited at Level 6, Symphony House, Pusat Dagangan Dana, 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor not less than forty-eight (48) hours before the time appointed for holding the Meeting or any adjournment thereof.

Please fold here

Affix Stamp

The Secretary
Evergreen Fibreboard Berhad (217120-W)
Level 6, Symphony House,
Pusat Dagangan Dana,
1, Jalan PJU 1A/46,
47301 Petaling Jaya, Selangor

Please fold here

EVERGREEN FIBREBOARD BERHAD
(217120-W)
Plo 22, Parit Raja Industrial Estate,
86400 Parit Raja, Batu Pahat, Johor, Malaysia.
Tel : 6(07) 454 1933 Fax : 6(07) 454 2933 Email : enquiry@efb.com.my

www.evergreengroup.com.my