EVERGREEN FIBREBOARD BERHAD (217120-W)

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EVERGREEN FIBREBOARD BERHAD (217120-W)

Annual Report 2012

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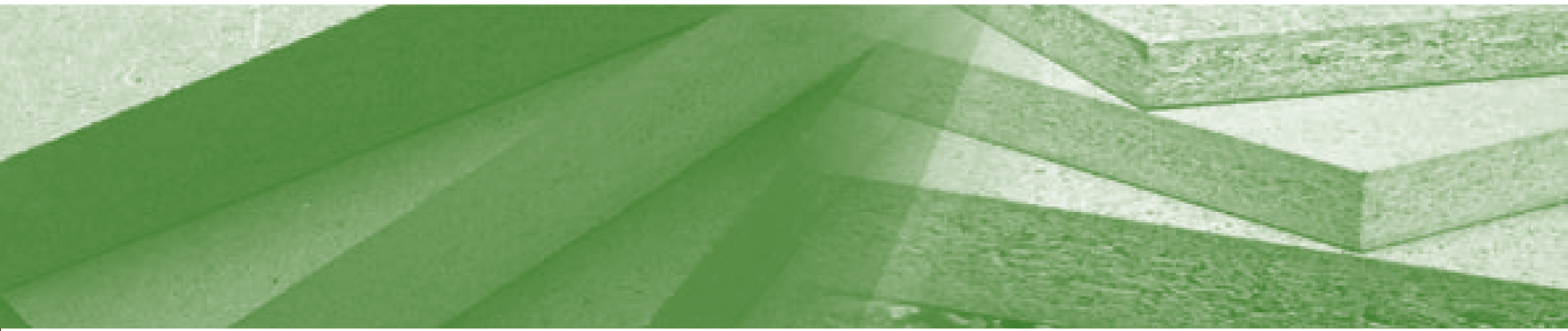
(Incorporated in Malaysia) Company No. 217120-W

ANNUAL REPORT 2012



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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Second Annual General Meeting of Evergreen Fibreboard Berhad will be held at Kayangan Suites, Pulai Springs Resort, 20KM, Jalan Pontian Lama, 81110 Pulai, Johor Darul Takzim, Malaysia on Monday, 20 May 2013 at 9.00 a.m. for the following purposes:

AGENDA

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2012 together with the Directors' and Auditors' Report thereon.

2. To re-appoint Messrs Ernst & Young 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 Law Ngee Song **RESOLUTION 2**

   (II) Mr Kuo Jen Chiu **RESOLUTION 3**

4. To re-elect Datuk Syed Izuan Bin Syed Kamarulbahrin 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 RM180,000 for the financial year ending 31 December 2013. **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 and 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 in force until the conclusion of the next Annual General Meeting of the Company."

8. **ORDINARY RESOLUTION 2**
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") **RESOLUTION 8**

"**THAT** subject to the provisions to the Companies Act, 1965, 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 RM306,153,677 and RM113,129,400 respectively as at 31 December 2012.
(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,

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. **SPECIAL RESOLUTION**
PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION **RESOLUTION 9**

"**THAT** the proposed alterations, modifications, amendments or deletion to the Articles of Association of the Company as contained in Appendix A be hereby approved."

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

10. To transact any other business appropriate to an Annual General Meeting, due notice of which shall 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
26 April 2013

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.

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. 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.

5. 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 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 did not utilise the mandate granted in the preceding year's Annual General Meeting.

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 limiting 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 of 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 in a general meeting, will expire at the conclusion of the next Annual General Meeting.

Please refer to Statement of Share Buy-Back dated 26 April 2013.

(iii) Special Resolution

This Resolution is to amend the Company's Articles of Association in line with the amendments in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Pursuant to Paragraph 8.27(2) of the Listing Requirements of Bursa Malaysia Securities Berhad, appended hereunder are:

DETAILS OF INDIVIDUAL WHO IS STANDING FOR ELECTION AS DIRECTOR

DATUK SYED IZUAN BIN SYED KAMARULBAHRIN, Malaysian citizen, aged 43, an Independent Non-Executive Director of the Company. He was appointed to the Board on 2 January 2013. He is a member of the Audit Committee, Remuneration Committee and Nomination Committee. He does not have to attend any Board Meetings held during the financial year ended 31 December 2012 prior to the date of his appointment.

He completed his Association of Chartered Certified Accountants (ACCA) final examinations in 1992 in London and obtained membership to ACCA in 1996.

He is currently a fellow member of ACCA, a member of Malaysian Institute of Certified Public Accountants (MICPA) and a member of the Malaysian Institute of Accountants (MIA).

Currently, he is attached to a diversified regional corporate group based in Malaysia, with business interest in the Automotive, Aviation, Construction and Defence & Engineering sectors where he provides advisory services to the Group Executive Chairman.

Up until December 2011, he was the Chief Executive Officer of a company, listed on the Main Market of Bursa Securities. He was responsible for the overall management of the group of companies. From November 2007 to September 2010, he was the Head of International Business of an organization, where he was responsible for deal origination and investment management. From March 1998 to October 2007, he was the Chief Financial Officer of a private limited company and subsequently of a public listed company. From July 1996 to February 1998, he was with a public listed company as an Assistant Manager handling business development and corporate affairs. Between February 1993 to June 1996, he was with an accounting firm carrying out statutory audit on private limited and public limited companies.

He does not have any directorship in other public company, family relationship with any directors and/or major shareholder of the Company and has no conflict of interest with the Company.

He has not been convicted of any offences within the past ten years other than traffic offences.

CORPORATE STRUCTURE

EVERGREEN FIBREBOARD BERHAD

(Incorporated in Malaysia) Company No. 217120-W

MALAYSIA

- 100% AllGreen Timber Products Sdn. Bhd.
- 51% Craft Master Timber Products Sdn. Bhd.
- 95% Dawa Timber Industries (M) Sdn. Bhd.
- 100% Evergreen Adhesive & Chemicals Sdn. Bhd.
- 100% Evergreen Adhesive & Chemicals (Gurun) Sdn. Bhd.
- 100% Evergreen Décor Products (M) Sdn. Bhd. *
- 100% Evergreen Fibreboard (JB) Sdn. Bhd.
- 100% Evergreen Fibreboard (Nilai) Sdn. Bhd.
- 100% Evergreen Hevea Resources Sdn. Bhd.
- 100% Evergreen Warehouse & Logistics Sdn. Bhd.
- 100% Evergreen Plantation Resources Sdn. Bhd.
- 49% Evergreen Agro Sdn. Bhd.
- 100% Jasa Wibawa Sdn. Bhd.

THAILAND

- 99.99% ECO Generation Co., Ltd.
- 99.99% GRE ENergy Co., Ltd.
- 99.99% Siam Fibreboard Co., Ltd.
  - 99.99% Asian Oak Co., Ltd.

INDONESIA

- 51% PT Hijau Lestari Raya Fibreboard

SINGAPORE

- 100% Evergreen ECO Wood Pte. Ltd.

* (Under liquidation to be completed by 15/04/2013)

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr Law Ngee Song

Mr Kuo Wen Chi

Mr Kuo Jen Chang

Mr Kuo Jen Chiu

Ms Mary Henerietta Lim Kim Neo

Mr Yong Kok Fong

Datuk Syed Izuan Bin Syed Kamarulbahrin
(Appointed on 02 January 2013)

En Wan Azhar Bin Wan Ahmad
(Resigned on 31 December 2012)

COMPANY SECRETARY

Ms Leong Siew Foong (F)
MAICSA NO: 7007572

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 : 603-7841 8000
Fax : 603-7841 8151

REGISTERED OFFICE

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

STOCK EXCHANGE

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

PRINCIPAL BANKERS

AmInvestment Bank Berhad
Bangkok Bank Public Co., Ltd.
Citibank Berhad
CIMB Bank Berhad
Hong Leong Bank Berhad
HSBC Bank Malaysia Berhad
Malayan Banking Berhad
RHB Bank Berhad
The Nova Of Nova Scotia Berhad
United Overseas Bank (Thai) Public Co., Ltd.

SOLICITORS

Nik Saghir & Ismail
Aras G2, Mezzanine Floor,
Plaza Permata, No: 6 Jalan Kampar,
50400 Kuala Lumpur
Tel : 607-4043 2888
Fax : 607-4043 8800

Keah & Choo
No: 29-13B, Jalan Rahmat,
83000 Batu Pahat, Johor
Tel : 607-434 9007
Fax : 607-432 0588

EXTERNAL AUDITORS

Ernst & Young Chartered Accountants
Suite 11.2, Level 11, Menara Pelangi,
Jalan Kuning, Taman Pelangi,
80400 Johor Bahru
Tel : 607-334 1740
Fax : 607-334 1749

INTERNAL AUDITORS

Deloitte Enterprise Risk Services Sdn. Bhd.
Level 19,Uptown 1, Damansara Uptown,
1, Jln SS 21/58, 47400 Petaling Jaya,
Selangor.
Tel : 603-7726 6500
Fax : 603-7726 3986

EVERGREEN'S VISION AND MISSION

VISION

- To be a world class integrated Wood-Based Panel producer blending advanced technology with innovative thinking.
- To lead the engineered wood-based industry with its products & aggressive plans for growth.
- To continue its pursuit to reach new horizons & never-ending quest to be the best.

MISSION

- To produce environmentally–friendly quality Medium Density Fibreboard, Particleboard and downstream products through a well-managed afforestation program by a committed workforce.
- To achieve long term growth whilst maintaining our reputation as a leading producer delivering satisfaction and confidence to our valued customers.
- To excel in all operations by improving production processes and cost control.

VALUES

- INTEGRITY – Transparency with ethical standards in our business dealings at all times.
- PRODUCTIVITY – Achieve Superior results through high performance culture.
- QUALITY – Pursue for the highest quality standards in our products and services.
- TEAMWORK – Our people's collective work force is our greatest competitive advantage.
- CUSTOMERS – Serving efficiently and competently to exceed expectations.
- COST EFFICIENT – A business mindset that continuously identify cost-effective and value-added initiative that contributes to the profitability of the organization.

QUALITY POLICY

- Meeting Customer Stated Requirements.
- Diligently carry out our job according to our Quality Management System.
- Formulate our Quality Management Systems to achieve continual improvement.

SAFETY AND HEALTH POLICY

- Educating employees through regular Safety & Health Awareness Trainings and Briefings.
- Enforcement to ensure employees carry out their jobs in a safe manner with Personal Protective Equipment provided as there is no work or service assume to be more important than one's safety & health.
- Engineering control through periodic audits and assessments on department to ensure a safe work place.

ENVIRONMENT POLICY

- Prevention of Environmental pollution by continuosly improving our environmental engineering performance.
- Compliance to applicable environmental laws and requirements including Restriction in use of Certain Hazardous Subtances.
- Meet environmental objectives and targets with the aim of reducing environmental impacts.
- Communicate environmental policy throughout the organization and public.
- Embedding environmental awareness in our daily activities.

DIRECTOR'S PROFILE

MR LAW NGEE SONG, Malaysian citizen, aged 47, an Independent Non-Executive Director of the Company. He became a member of the Board of Directors on 8 January 2007. He was re-designated as Independent Non-Executive Chairman on 22 February 2010. Currently, he is the Chairman of Audit Committee and Remuneration Committee; and he is a member of Nomination Committee. He attended all of the seven (7) Board Meetings held during the financial year ended 31 December 2012.

He graduated from Australian National University in 1989 with a Bachelor of Commerce and Bachelor of Laws. He was admitted as Advocate and Solicitor, High Court of Malaya.

Since graduation, he has been practicing as legal assistant in Allen & Gledhill (1991 to 1995) and subsequently promoted as partner (1995 to 1996) of the firm. He has been a partner of Messrs Nik, Saghir & Ismail since then.

He is an Independent Director of Karex Berhad and does not have any family relationship with any directors and/or major shareholder of the Company and has no conflict of interest with the Company.

He has not been convicted of any offences within the past ten years other than traffic offences.

MR KUO WEN CHI, Singaporean citizen, aged 79, the Executive Deputy Chairman of the Group and he became a member of the Board of Directors on 15 May 1991. He is the founder of the Evergreen Group of companies and was appointed as Non-Executive Deputy Chairman on 15 April 2004. Subsequently, he was re-designated as Executive Deputy Chairman on 16 March 2006. He attended six (6) out of seven (7) Board Meetings held during the financial year ended 31 December 2012.

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 Evergreen Group.

He is the husband of Hsu Mei Lan, father of Kuo Jen Chang, Kuo Jen Chiu and Kuo Huei Chen and grandfather of Justin, Henry and Jeffrey Kuo.

He does not have any directorship in other public company and has no conflict of interest with the Company.

He has not been convicted of any offences within the past ten years other than traffic offences.

DIRECTOR'S PROFILE (CONT'D)

MR KUO JEN CHANG, Singaporean citizen, aged 50, the Chief Executive Officer (CEO) of the Group and he became a member of the Board of Directors on 15 May 1991. He was appointed as Managing Director in the Group on 15 April 2004. Subsequently, he was re-designated as Chief Executive Officer of the Group on 15 May 2007. He attended five (5) out of seven (7) Board Meetings held during the financial year ended 31 December 2012.

He obtained his Bachelor Degree in Electronic Engineering from the University of Wisconsin, United States in 1986.

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), a subsidiary company of the Group. He was overseeing the entire operations of the Company up until 1992. In the capacity of Chief Executive Officer, he is responsible for the Group's entire operations.

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.

He does not have any directorship in other public company and has no conflict of interest with the Company.

He has not been convicted of any offences within the past ten years other than traffic offences.

MR KUO JEN CHIU, Singaporean citizen, aged 47, the Chief Operating Officer (COO) of the Group and he became a member of the Board of Directors on 15 May 1991. He was appointed as Executive Director on 15 April 2004 and was re-designated as Chief Operating Officer on 3 April 2007. He attended six (6) out of seven (7) Board Meetings held during the financial year ended 31 December 2012.

He obtained his Degree in Computer Science from the University of Wisconsin, United States in 1987. His career started in 1990 as a Marketing Manager with ETP in Singapore. In the capacity of Chief Operating Officer, he oversees the Finance and Marketing of the Group and his responsibilities include identifying opportunities and developing new markets.

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.

He does not have any directorship in other public company and has no conflict of interest with the Company.

He has not been convicted of any offences within the past ten years other than traffic offences.

MS MARY HENERIETTA LIM KIM NEO, Malaysian citizen, aged 49, the Executive Director of the Group and she became a member of the Board of Directors on 15 December 1995. She was appointed as Executive Director on 15 April 2004. She attended all of the seven (7) Board Meetings held during the financial year ended 31 December 2012.

She completed her Masters in Business Administration from the University of Preston, United States in 2012.

Her career started in 1984 as a Human Resources/Administrative Officer with KS Liew LT and Partners, a consulting engineering firm to oversee the company's day-to-day matters with the government authorities and human resource issues of the company. In 1992, she left for the manufacturing industry and joined EFB 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 her capacity of Executive Director, she oversees the General Administration of the Group.

She does not have any directorship in other public company, family relationship with any directors and/or major shareholder of the Company and has no conflict of interest with the Company.

She has not been convicted of any offences within the past ten years other than traffic offences.

MR YONG KOK FONG, Malaysian citizen, aged 37, an Independent Non-Executive Director of the Company. He was appointed to the Board on 1 June 2004. He is a member of Audit Committee and Remuneration Committee; and he is the Chairman of Nomination Committee. He attended all of the seven (7) Board Meetings held during the financial year ended 31 December 2012.

He graduated with a Diploma in Accounting from the London Chamber of Commerce and Industry in 1995 and completed his Association of Chartered Certified Accountants (ACCA) examinations in February 1999. He obtained a Master of Science in Accounting and Finance from University of Gloucestershire, United Kingdom in 2009.

He has been a member of ACCA since July 2002. He is also a Chartered Accountant with Malaysian Institute of Accountants since September 2002, a member of the Malaysian Institute of Taxation since May 2003, a member with The Institute of Certified Public Accountants of Singapore since June 2005 and a member with The Malaysian Institute of Certified Public Accountants since December 2007, a fellow member of the Hong Kong Institute of Certified Public Accountants since February 2010, an associate of the Institute of Chartered Accountants in England and Wales since April 2010, a member of the New Zealand Institute of Chartered Accountants since May 2010.

Currently, he is attached with an accounting firm where he is involved in advisory and assurance services.

From May 2004 to December 2006, he was a Chief Financial Officer of a company, listed on SGX-SESDAQ. He was responsible for the overall financial planning and management functions of the group, including the overview of financial reports and ensuring compliance with the Malaysia and Singapore statutory requirements.

From July 2003 to May 2004, he served as the Chief Financial Officer of another company listed on the SGX-SESDAQ, where he was responsible for the company's overall financial planning and management functions. From October 2002 to June 2003, he was the Group Financial Controller of a private limited company. Between March 1999 and October 2002, he was with an international accounting firm, Ernst & Young, carrying out statutory audit on private limited and public limited companies.

He is currently an Independent Non-Executive Director of Xian Leng Holdings Berhad and Karyon Industries Berhad, companies listed on Main Market and Ace Market of Bursa Securities respectively.

He does not have any directorship in other public company, family relationship with any directors and/or major shareholder of the Company and has no conflict of interest with the Company.

He has not been convicted of any offences within the past ten years other than traffic offences.

DIRECTOR'S PROFILE (CONT'D)

DATUK SYED IZUAN BIN SYED KAMARULBAHRIN, Malaysian citizen, aged 43, an Independent Non-Executive Director of the Company. He was appointed to the Board on 2 January 2013. He is a member of the Audit Committee, Remuneration Committee and Nomination Committee. He does not have to attend any Board Meetings held during the financial year ended 31 December 2012 prior to the date of his appointment.

He completed his Association of Chartered Certified Accountants (ACCA) final examinations in 1992 in London and obtained membership to ACCA in 1996.

He is currently a fellow member of ACCA, a member of Malaysian Institute of Certified Public Accountants (MICPA) and a member of the Malaysian Institute of Accountants (MIA).

Currently, he is attached to a diversified regional corporate group based in Malaysia, with business interest in the Automotive, Aviation, Construction and Defence & Engineering sectors where he provides advisory services to the Group Executive Chairman.

Up until December 2011, he was the Chief Executive Officer of a company, listed on the Main Market of Bursa Securities. He was responsible for the overall management of the group of companies. From November 2007 to September 2010, he was the Head of International Business of an organization, where he was responsible for deal origination and investment management. From March 1998 to October 2007, he was the Chief Financial Officer of a private limited company and subsequently of a public listed company. From July 1996 to February 1998, he was with a public listed company as an Assistant Manager handling business development and corporate affairs. Between February 1993 to June 1996, he was with an accounting firm carrying out statutory audit on private limited and public limited companies.

He does not have any directorship in other public company, family relationship with any directors and/or major shareholder of the Company and has no conflict of interest with the Company.

He has not been convicted of any offences within the past ten years other than traffic offences.

CHAIRMAN'S STATEMENT

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 2012.

PERFORMANCE REVIEW

Year 2012 was unexpectedly an even tougher and more challenging year for the Medium Density Fibreboard Industry as a whole and our Group was therefore affected by poor performance in particular the second half of 2012.

The prolonged European debt crisis and the civil unrest in the middle east countries have affected demand for our products. Additional capacities from new plants and/or additional lines from competitors in Indonesia, Thailand and Vietnam had further impacted the prices and demand for the products. The increase in cost of our raw materials and the currency fluctuation had all seriously affected profit margins of the Group.

For the financial year 2012, the Group achieved a profit after tax of RM25,563,575 based on a turnover of RM1,031,661,620.

CORPORATE & BUSINESS DEVELOPMENT

The Group focused on cost control measures as well as product enhancement during the difficult challenges in the year. Therefore there was no corporate development for the Group other than the disposal of the investments in our then associate Dynea Krabi Co. Limited.

PROSPECTS OF THE GROUP

The Group is mindful of the difficult conditions and foresee that those challenges will not be resolved in an immediate time frame. Nevertheless the Group will continue to focus on costs controls and product enhancement with the aim to minimize the impact of the uncertainties and challenges ahead. The Group will strive to achieve a satisfactory performance for the next financial year.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my sincere appreciation and gratitude to all our 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.

Last but not least, my appreciation to the Management, employees and my fellow Directors for their dedication and commitment during this tough and challenging year.

Law Ngee Song
Chairman

MANAGEMENT'S DISCUSSION & ANALYSIS

OVERVIEW

This is an overview of our discussion and analysis on the Group's financial statement which was made on a prudent and reasonable basis so that the financial statements reflects in a true and fair manner. It is to be read in conjunction with the Group's financial statements for the year ended 31 December 2012.

BUSINESS PROSPECTS

The rising cost of production and the fast changing business economic conditions has created an ever competitive market environment. Coupled with the slow-down in demand, consumers of products and services are increasing their demands for just in time deliveries with lower pricing wherever available and therefore creating a price war within the same industry worldwide. The Group had analysed these factors faced and the Directors has approved the Management's business approach strategy to reduce the cost of production with a tight cost control throughout the Group.

With the global uncertainties and challenges ahead, the Group will strive to achieve a satisfactory performance for the coming financial year.

FINANCIAL HIGHLIGHTS

- During the year, the Group's revenues generated from sales and other revenues were RM1,032 million which was lesser by RM30 million from the previous year revenue.
- The cost of production in the Group has also increased by more than 10% on raw materials and overheads which has grossly impacted the Group's profit margins. Management's prompt action in having cost control and a hiring freeze had barely manage to mitigate these increased cost.
- On the bright side, the current cash flow in the Group stayed healthy based on the current year cash in bank surplus and also taking consideration that the Group has repaid its outstanding loan amounting to RM93 million in cash.

FINANCIAL ANALYSIS OF THE GROUP AS A WHOLE

Revenues

Income Statement

Year Ended	2012 RM million	2011 RM million	RM million	%
Revenue	1,032	1,062	(30)	-3
Cost of sales (COS)	(842)	(833)	9	1
PBT	26	65	(39)	-60
Taxation	0	(6)	(6)	-103
PAT	26	59	(33)	-56
EPS (sen)	6.27	12.39	(6.12)	-49

Revenues of the Group decreased by approximately 3% to RM1,032 million and cost of sales increased by approximately 1% or RM9 million. Factors contributing to these results were:

- The decrease in revenue was a result of the drop in sales volume caused by over supply due to the number of new manufacturers in Southeast Asia such as Thailand, Indonesia and Vietnam. Political problems in large importing countries such as Middle East has also affected the demand in our products.
- Main reason for the increase in cost of sales was caused by the hike in log and glue cost, higher rates on electricity and normal increase in salaries and wages.

Net Position

The Group's combined net position increased as follows:

Statement of Financial Position

Year Ended	2012 RM million	2011 RM million	RM million	%
Non-current assets	898	907	(9)	-1
Current assets	459	394	65	16
TOTAL ASSETS	**1,357**	**1302**	55	4
Non-current liabilities	157	215	(58)	-27
Current liabilities	349	266	83	31
Total liabilities	505	481	24	5
Total Equity	852	821	31	4
TOTAL EQUITY AND LIABILITIES	**1,357**	**1,302**	55	4
Total liabilities consist of:				
Long-term borrowings	143	200	(57)	-29
Short-term borrowings	228	117	111	95
	371	317	54	17
*Net assets per share (RM)***	1.66	1.60	0.06	4

Changes in Net Position

The Group's Total Assets increased by 4% or RM55 million to RM1,357 million which was in line with the increased in the total borrowings of RM54 million. Major part of the short term borrowings were utilized to finance plantation concession projects in order to secure future log supply.

GROUP'S FUNDS

The significant change in the Group cash fund balance for the year which decrease by RM35 million to RM84 million was mainly utilized for loan repayments and advances made for plantation concession. The remaining cash resources will be spent according to the discretion of the Board as and when needed during the year.

CAPITAL ASSETS

As at the end of 2012, the Group had invested RM34 million in a broad range of capital assets, which includes, land, buildings, various machinery and equipment. This amount represents a decrease of RM38 million compared to previous year.

During the financial, the Group invested RM38 million to acquire Jasa Wibawa Sdn. Bhd. which holds the rights to a leasehold land for the purpose of rubber trees replanting.

MANAGEMENT'S DISCUSSION & ANALYSIS (CONT'D)

LIABILITIES

As at financial year-end, the Group's total liabilities were RM505 million which consist of total borrowings of RM371 million and other Liabilities of RM134 million. The significant increase of 95% in short term borrowings was mainly advances for concession areas for the Group which can be seen reducing as the areas are being loged.

Other liabilities in the Group consist of retirement benefits for its employees which amounts to RM7.6 million and this is being accrued and spread over the years.

ECONOMIC FACTORS AND COMING YEAR'S BUDGET

The industry's current economic position seems very flat and shows little change. The main source of revenue to the Group is derived from the operations and sales of MDF and therefore the Management is being very cautious on its budgets allocation in the whole group.

The Group's fiscal year 2013 capital expenditure is budgeted at RM10 million and the Group has no plans to have any major investment for the year.

5 YEARS PERFORMANCE HISTORY

FINANCIAL RESULTS

Year Ended (RM million)	2008	2009	2010	2011	2012
Revenue	731	772	951	1,062	1,032
EBIDTA	117	158	180	142	109
PBT	64	81	105	65	26
PAT	69	81	94	59	26

FINANCIAL POSITION

Year Ended (RM million)	2008	2009	2010	2011	2012
Total Assets	1,246	1,251	1,264	1,302	1,357
Total Borrowings	470	413	363	317	371
Shareholders Equity	616	705	760	821	852

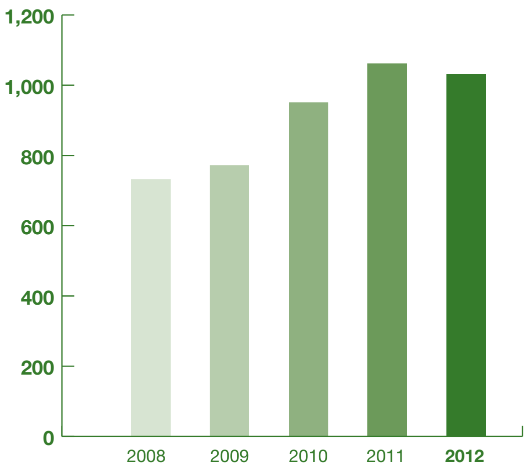
FINANCIAL POSITION

Year Ended	2008	2009	2010	2011	2012
ROE (%)	12.45	12.04	12.84	7.75	3.78
Gearing Ratio (%)	77	59	48	39	45
Net Assets per Share (RM)	1.20	1.37	1.48	1.60	1.66
EPS (sen)	15.69	16.56	19.02	12.39	6.27
Net Dividend (%)	-	16.00	22.00	6.00	4.00

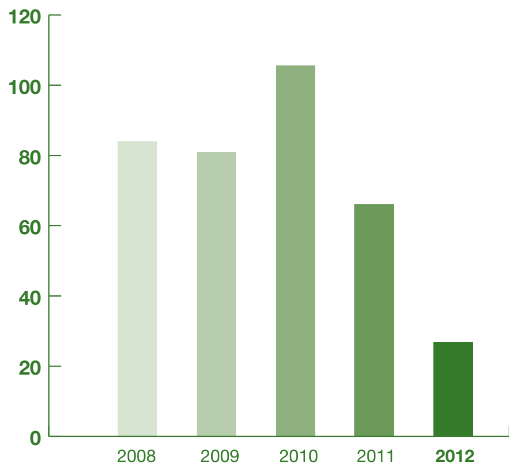
CONTACTING THE GROUP'S FINANCIAL MANAGEMENT

This financial analysis is designed to provide our shareholders, business partners, customers, investors, bankers and creditors with a general overview of the Group's finances and prospect for the coming year and to demonstrate the Group's accountability for its financial status. If there are any questions about this analysis or additional information is needed, please feel free to contact the Management.

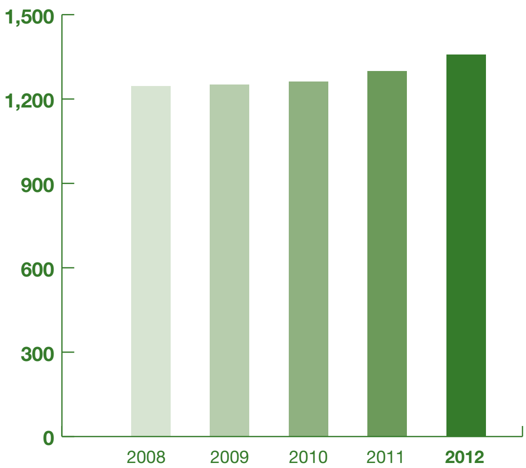
Revenue (RM million)



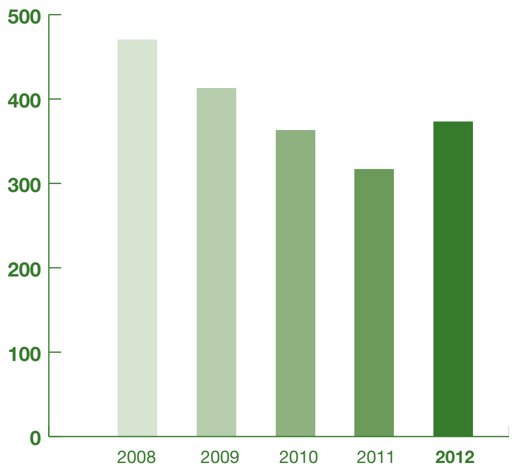
PBT (RM million)



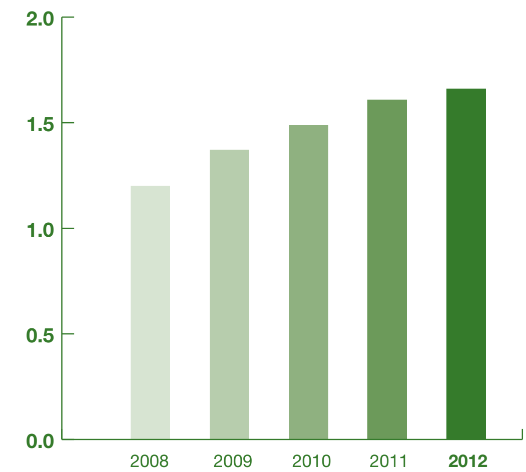
Total Assets (RM million)



Total Borrowings (RM million)



Net Assets Per Share (RM)



Gearing Ratio (%)

AUDIT COMMITTEE REPORT

Chairman

Mr Law Ngee Song - Independent Non-Executive Director

Committee Members

Mr Yong Kok Fong	- Independent Non-Executive Director
Datuk Syed Izuan Bin Syed Kamarulbahrin	- Independent Non-Executive Director (Appointed on 02 January 2013)
En Wan Azhar Bin Wan Ahmad	- Independent Non-Executive Director (Resigned on 31 December 2012)

TERMS OF REFERENCE OF AUDIT COMMITTEE

Constitution

The Board of Directors resolved to establish a Committee of the Board to be known as the Audit Committee on 31 January 2005. The terms of reference of the Audit Committee shall be as follows:

Membership

The Committee Members shall be appointed by the Board from amongst its Directors excluding alternate directors which fulfils the following requirements:

(1) the audit committee must be composed of no fewer than three (3) members of whom a majority of the audit committee must be independent directors;

(2) all members of the audit committee should be non-executive directors and finance literate; and

(3) at least one member of the audit committee:

  (a) must be a member of the Malaysian Institute of Accountants; or

  (b) if he/she is not a member of the Malaysian Institute of Accountants, he/she must have at least 3 years' working experience and:

    (aa) he/she must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act, 1967; or

    (bb) he/she must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967.

  (c) fulfils such other requirements as prescribed or approved by the Bursa Malaysia Securities Berhad ("Bursa Securities").

The members of the Committee shall elect a chairman from among their number who shall be an independent director.

The Board shall, within three (3) months of a vacancy occurring in the Committee which result in the number of members reduced to below three (3), appoint such number of new members as may be required to make up the minimum number of three (3) members.

The Board shall review the term of office and performance of the Committee and each of its members at least once every three (3) years.

The details of the terms of references of the Audit Committee will be made available for reference on the Company's website at www.evergreengroup.com.my.

Attendance of Audit Committee Meetings

Details of attendance at Audit Committee Meetings held in the financial year ended 31 December 2012 as follows:

No.	Name of Audit Committee Members	Number of Meetings Attended
1	Mr Law Ngee Song	5/5
2	Mr Yong Kok Fong	5/5
3	Datuk Syed Izuan bin Syed Kamarulbahrin (Appointed on 02 January 2013)	-
4	En Wan Azhar Bin Wan Ahmad (Resigned on 31 December 2012)	5/5

A total of five (5) Audit Committee Meetings were held during the financial year ended 31 December 2012.

Activities of Audit Committee

The Audit Committee has discharged its duties as set out in the Terms of Reference and the areas reviewed are as follows:

(a) Review all quarterly financial statement and annual financial statements of the Company before recommending the same for the Board's approval;
(b) Review the annual reports to ensure adherence to legal and regulatory reporting requirements;
(c) Review and deliberate on the external auditors report and recommendation regarding internal control and financial matters based on observations made in the course of audit;
(d) Deliberate on the emerging financial reporting issues pursuant to the introduction of new accounting standards and additional statutory/ regulatory disclosure requirements;
(e) Approve Internal Auditor's Annual Audit Plan for the year and review and deliberate on the Internal Audit Report and recommendation for improvement to the significant risk areas based on presentation by the Internal Audit Manager.
(f) Review the related party transactions that are required to be transacted at arm's length basis and that they are not detrimental to the minority shareholder's interest;
(g) Review the measures taken to fortify the existing risk assessment and management processes; and
(h) Deliberate the best practice for meeting the market expectations and protecting shareholders' interest.

Internal Audit Functions

The Company's Internal Audit function is supported by a professional service firm with a principal objective to undertake regular reviews of the systems of controls, procedures and operations so as to provide reasonable assurance that the internal control system is sound, adequate and satisfactory. The Internal Audit Unit reports directly to the Audit Committee and its role is to provide an independent report on the state of internal controls within the Group. The Audit Committee reviews and approves the internal audit plan of the Group submitted by the Internal Auditors.

The cost incurred in maintaining the Internal Audit Function of the Group for the financial year ended 31 December 2012 was RM136,090.07.

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors recognizes the importance of their role in good corporate governance and is committed to maintain a high standard of corporate governance via upholding its fundamental duties to safeguard the Group's assets as to enhance its shareholders' 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 Malaysian Code of Corporate Governance and Best Practices in Corporate Governance. The Board further acknowledges 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

(a) Board Composition and Attendance

Evergreen Group is led and managed by experienced Directors who have vast expertise in the wood-based panel industry, business, finance, management, marketing and law. Their skills and experience are what is needed to lead the Group to achieve its vision.

The Board's overall responsibility is to ensure proper management of the Group's business including the adequacy and integrity of the Group's risk management and its internal control system whilst ensuring a communication channel for the benefit of investor/shareholder relation.

Senior Independent Non-Executive Director which is identified by the Board is Mr Yong Kok Fong as to whom shareholders' concerns may be conveyed or where it could be inappropriate for the concerns to be dealt with by the Executive Directors.

Currently, the Board comprises seven (7) members made up of four (4) Executive Directors and three (3) Independent Non-Executive Directors. Composition reflects a balance within executive directors and non-executive directors and complies with Main Market Listing Requirements of Bursa Securities which requires at least one-third (1/3) of the Board to be Independent Directors. Additionally, the Board is currently looking into the adoption of policy on the gender diversity requirement.

It is the Group's practice that newly appointed Director is given briefing on the history of the Group, operations, financial control system and a plant visit to enable them to have a good understanding of the Group's operation.

He/she will also be required to attend the required Director's training needed within four (4) months being appointed and thereon request to attend any relevant training which might be appropriate for continuing education programme.

Any Director accepting new directorship in other companies will be required to make known to the Board prior its new appointment and give commitment to the Board that his time for attending board meetings will not be compromise in any manner.

Profiles of each Director are set out on pages 9 to 12 of this Annual Report.

The Board meets quarterly to review the Group's performances and additional meetings will be called as and when needed. For the financial year ended 31 December 2012, seven (7) Board meetings were held and the attendance of the Board is as follows:

No.	Directors and Designation	Attendance
1.	Mr Law Ngee Song - Chairman (Independent Non-Executive Director)	7/7
2.	Mr Kuo Wen Chi - Deputy Chairman (Non-Independent Executive Director)	6/7
3.	Mr Kuo Jen Chang - Chief Executive Officer (Non-Independent Executive Director)	5/7
4.	Mr Kuo Jen Chiu - Chief Operating Officer (Non-Independent Executive Director)	6/7
5.	Ms Mary Henerietta Lim Kim Neo (Non-Independent Executive Director)	7/7
6.	Mr Yong Kok Fong (Independent Non-Executive Director)	7/7
7.	Datuk Syed Izuan Bin Syed Kamarulbahrin (Independent Non-Executive Director) (Appointed on 02 January 2013)	-
8.	En Wan Azhar Bin Wan Ahmad (Independent Non-Executive Director) (Resigned on 31 December 2012)	7/7

b) Duties and Responsibilities of the Board & Senior Management

Being collectively responsible for the success of the Group, the Board of Directors has been entrusted with the responsibility of:

- approving a sustainable business strategy for the Group;
- approving dividends to be declared;
- approving financial statements and accounting policies of the Group;
- reviewing the adequacy and integrity of the Group's Risk Management & Internal Control Systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;
- approval on acquisition, disposal or closure of any business;
- establishment of new businesses;
- capital investment and disposal of tangible assets to third party;
- borrowings or grants;
- guarantee or Letters of Comfort;
- credit facilities; and
- corporate restructuring.

The Chairman and the Chief Executive Officer are non family members and they play separate roles.

The Chairman's responsibilities are to provide leadership to the Board, facilitate the meeting process, setting the agenda for all Board of Directors meetings and ensure that the Board and its Committees function effectively.

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

The Chief Executive Officer (CEO) is responsible for the Group's operation directions once approved by the Board and he is fully responsible for operations in Thailand and North Malaysia.

The Chief Operating Officer (COO) is responsible for developing of new markets and the operations in Indonesia and South Malaysia. It is the duty of the CEO and COO of working together with other senior management of the Group, to manage the day-to-day business in the Group.

The Executive Director is responsible for implementing policies, monitoring day-to-day administrative matters of the Group and assisting the CEO and COO in their responsibilities.

Non-Executive Directors provide unbiased, independent views and advices to safeguard interest of the public and minority shareholders. They deliberate and discuss on Management's proposals within the Board with their expertise and advice and guide on policies including certain decision making.

None of the Independent Non-Executive Directors are involved in the day-to-day running and management of the Group's business operations.

In discharging their responsibilities and duties, the Board of Directors is being assisted by a Senior Management Team of the Company which consists of senior employees. The responsibilities and authority given to the Management Team are clearly defined in the Group's Limit of Authority. The Management Team's main responsibility is overseeing the operations, as well as developing, coordinating and implementing policies within the Group. The relevant member of the Team will also be invited to attend Board meetings and provide the Board with any relevant information or updates, as and when is required by the Board.

(c) Re-election

In accordance with the Company's Articles of Association, one third (1/3) of the Board of Directors shall retire by rotation at each AGM provided that all Directors shall retire from office at least once in three (3) years. The Directors retiring from office shall be eligible for re-election by the shareholders.

Directors standing for re-election at the forthcoming AGM are Mr Law Ngee Song, Mr Kuo Jen Chiu and Datuk Syed Izuan Bin Syed Kamarulbahrin in accordance with Articles 101 and 106 of the Company's Articles of Association respectively.

In accordance with Section 129(6) of the Companies Act, 1965, Directors over seventy years of age are required to submit themselves for re-appointment annually. The Deputy Chairman, Mr Kuo Wen Chi, is due for re-appointment pursuant to Section 129(6) of the Companies Act, 1965 at the forthcoming AGM.

(d) Meeting and Supply of Information to the Board

Seven (7) days prior to each Board meeting, all Directors will receive a full set of Board papers with due notice on the agenda of the day and the period of time needed for all issues to be discussed in each meetings. Relevant Directors will provide explanation to pertinent issues when necessary. Company Secretary attends all board meetings whereby all proceedings and conclusion from the Board Meetings are minuted and signed by the Chairman in accordance with the provision of Section 156 of the Company Act, 1965.

The Board as a whole are kept updated by the Executive Directors on a regular basis and they are accessible to the Company's financial performance activities and operations. All Directors have access to the advice and services of the Company Secretaries who are responsible for ensuring that the Board's procedures are followed.

Directors in principle have been given the authority, whether as a full board or in their individual capacity, to access to all information within the Company and to take independent advice where necessary, in the furtherance of their duties and at the Company's expense.

(e) Directors' Training

All Directors have completed the Mandatory Accreditation Programme and Continuing Education Programme prescribed by Bursa Securities.

Most of the Directors have attended at least one training programme/seminars for the year ended 31 December 2012. Directors will continue to undergo relevant trainings and seminars to further enhance their knowledge and to keep themselves abreast with developments in the market place, i.e. relevant new regulations, legislation and changing commercial risks whilst discharging their duties.

As at 31 December 2012, the training programs and seminars attended by most of the Directors are as follows:

Director	Seminar/ Training (conducted by)	Date
Mr Law Ngee Song	• Legal Aspects of Doing Business in Indonesia • Corporate Disclosure Obligations of Listed Companies & Bursa's Corporate Disclosure Guide 2011	28 June 2012 12 December 201200000000
Mr Yong Kok Fong	• IRB-CTM Roadshow : Enhancing Compliance Avoiding Common Mistakes and Improving Efficiency • National Tax Conferences 2012	05 March 2012 17 July 2012 and 18 July 2012
Mr Kuo Jen Chiu	• International Conference on Market Requirements for Timber Products	03 October 2012
Ms Mary Henerietta Lim Kim Neo	• Corporate Disclosure Obligations of Listed Companies & Bursa's Corporate Disclosure Guide 2011	12 December 2012

(f) Board Committees

In accordance with Best Practices of the Code, the Board has delegated certain function to several Board Committees to assist in the execution of its responsibilities which operates within clearly defined terms of reference. The Board Committee includes the Audit Committee, the Nomination Committee and the Remuneration Committee. The Chairman of the respective Committees reports to the Board on the outcome of each Committee's Meetings and proceedings are incorporated in the minutes of Board Meeting.

AUDIT COMMITTEE

The Audit Committee was established on 31 January 2005 and is chaired by Mr Law Ngee Song who was appointed as Chairman of Audit Committee on 22 February 2010. Currently, other members of the Audit Committee are Mr Yong Kok Fong and Datuk Syed Izuan bin Syed Kamarulbahrin who works within the terms of reference. All members in the Audit Committee are Non-Executive Independent Directors and are finance literate and Mr Yong Kok Fong is a member of the Malaysian Institute of Accountant.

Prior to each Audit Committee meeting, all Directors are given a full set of Audit Committee papers with due notice of issues to be discussed, in a timely manner. All meetings are attended by the Company Secretary whereby all proceedings and conclusion from the Audit Committee Meetings are minuted and signed by the Chairman.

The Committee meets on a quarterly basis without the presence of the Executive Directors. For the financial year ended 31 December 2012, five (5) Audit Committee meetings were held and one (1) of these meetings were attended by the Head of Internal Audit. Chief Executive Officer, Chief Operating Officer, Executive Director and Group Financial Controller attend these meeting upon invitation by the Chairman for updating matters that affects the Company.

The Audit Committee is responsible for approving audit, recurring audit related and non-audit services undertaken by the external auditor and in carrying out their duties, the Audit Committee ensures that the independence and objectivity of the external auditor is not compromised.

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

The summarized report of duties of the Audit Committee are clearly set out on pages 18 to 19 of this Annual Report.

NOMINATION COMMITTEE

The Nomination Committee was set up on 24 May 2005 and exclusively comprised Independent Non-Executive Directors. Currently, the members of the Nomination Committee are as follows:

Chairman
Mr Yong Kok Fong

Members
Mr Law Ngee Song
Datuk Syed Izuan Bin Syed Kamarulbahrin (Appointed on 02 January 2013)
En Wan Azhar Bin Wan Ahmad (Resigned on 31 December 2012)

The role of the Nomination Committee is to ensure that the Board of Directors brings required character to the Board which should comprise a mix responsibilities, skills and experience. The Nomination Committee will also assist the Board in reviewing on an annual basis an appropriate balance and size of non-executive participation, establishing procedures and processes towards an annual assessment on the effectiveness of the Board as a whole, the Committee of the Board and the contribution of each individual Director including Independent Non-Executive Directors as well as the Chief Executive Officer. Such assessment has been properly documented and recorded.

In carrying out its duties and responsibilities, the Nomination Committee has in principle, full, free and unrestricted access to the Company's records, properties and personnel. The Nomination Committee is permitted to use the services of professional recruitment firm to source for the right candidate for directorship or seek independent professional advice at the expense of the Company.

During the financial year, all the Committee members attended the meetings held on 20 February 2012, 2 April 2012, 13 September 2012 and 23 November 2012.

REMUNERATION COMMITTEE

The Remuneration Committee was set up on 24 May 2005 and currently has three (3) members, purely Independent Non-Executive Directors. Members of the Remuneration Committee are as follows:

Chairman
Mr Law Ngee Song

Members
Mr Yong Kok Fong
Datuk Syed Izuan bin Syed Kamarulbahrin (Appointed on 02 January 2013)
En Wan Azhar Bin Wan Ahmad (Resigned on 31 December 2012)

The role of the Remuneration Committee is to review and assess the appropriate remuneration of each Director which should reflect their responsibility, commitment and contribution towards the Company.

In carrying out its duties and responsibilities, the Remuneration Committee have in principle full, free and unrestricted access to the Company's records and personnel.

The Board ultimately decides on the remuneration of each Director including Non-Executive Chairman. Directors' fees would be endorsed by the Board for approval by shareholders in the forthcoming Annual General Meeting. Directors' remuneration is determined based on their experiences and level of responsibilities undertaken.

Although there is no formal directors' remuneration framework for executive directors being put in place, the Board considers their remuneration is within the reasonable level based on the performance of the Group.

Individual Directors do not participate in discussion and decision of their own remuneration.

All Committee Members attended the meeting held on 20 February 2012.

Directors' remuneration of the Company during the financial year is broadly categorised into the following bands:

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

Details of individual Directors' Remuneration are not disclosed in this report as the Board has considered that the Directors' Remuneration by band between Executive and Non-Executive Directors satisfies the accountability and transparency aspects of the Code.

2. RELATION WITH SHAREHOLDERS

- Dialogue between companies and investors

  The Company strictly adheres to the disclosure requirements of Bursa Securities and recognizes the importance of timely and equal dissemination of information to shareholders and stakeholders.

  Our website www.evergreengroup.com.my is available for access of information by shareholders and the public. Information posted on the website is updated periodically.

- Annual General Meeting ("AGM")

  The AGM is the principal forum for dialogue with shareholders. Shareholders are notified of the meeting and provided with a copy of the Company's Annual Report at least 21 days prior date of meeting, providing separate resolutions to be proposed at the Annual General Meeting for each distinct issue, where necessary.

  Board members are available to respond to all queries and undertake to provide sufficient clarification on issues and concerns raised by the shareholders. The external auditors are also present to provide their professional and independent clarification on queries raised by shareholders. Status of all resolutions proposed at the AGM is announced to Bursa Securities at the end of the meeting day. Proceedings of the AGM are properly minuted.

3. ACCOUNTABILITY AND AUDIT

(i) Financial Reporting

The Board takes responsibility in ensuring that the financial statement of the Group and the Company gives a true and fair view of the state of affairs of the Group and Company. The Board is responsible for ensuring that the financial statements are drawn up in accordance with the provisions of the Companies Act, 1965, the Listing Requirements of Bursa Securities, the 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 being released to Bursa Securities within the stipulated timeframe.

(ii) Internal Control

The Board acknowledges its overall responsibilities in ensuring that a sound system of internal control is maintained throughout the Group and the need to review its effectiveness regularly 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 loss.

A Statement of Risk Management & Internal Control System is separately set out in pages 28 to 30 of this Annual Report.

(iii) Relationship with the Auditors

The Company has established a transparent relationship with its external auditors. The Audit Committee acts as an independent channel of communication for the auditors to convey their objectives 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 approval. The appointment of the external auditors is subject to the approval of the shareholders at the AGM. The external auditors have an obligation to bring any significant matters relating to the financial audit of the Group to the Audit Committee. They are invited to attend the Audit Committee meeting when necessary.

STATEMENT ON BUSINESS SUSTAINABILITY

We at Evergreen, believe that the fundamental of our business sustainability is by doing business with integrity that enable us to achieve our vision.

We are committed to operate responsibly with integrity that aims to contribute to the community in which we operate in and employees at our workplace; by demonstrating and creating the importance of business ethics for a sustainable business growth.

As we move forward into the future, we acknowledge the need for a sustainable support towards the community at large, the environment, our workplace as well as the marketplace will enable the Group to have a sustainable growth in its business. The Group's initial support through its Corporate Social Responsibility ("CSR") efforts were carried out:

For The Community

- Donations in the form of cash and kinds are given to Special School for Children with Special Needs.

- Work Opportunities for Pensioners are constantly being provided especially to existing employees, Providing Industrial Trainings to University Students and Working with Malaysian Industry-Government Group for High Technology (MIGHT) to provide employment to fresh University graduates.

- Donation of Wooden Furniture to rural schools and non-profitable organization are given when needed.

For The People In The Workplace

Internal and External Seminars and Training Courses are periodically being conducted throughout the year to keep employees abreast with the current development in their field of work.

Committed to foster good and safe work place for all its employees. Therefore, Safety and Health Trainings are constantly being provided for all level of employees throughout the Group.

For The Environment

- The Group has taken proactive steps to ensure the continuous supply of rubber wood which are being harvested in concession areas for replanting and Chain of Custody Certification Under the Forest Stewardship Council on certain sources of wood materials are being obtained.

- The Group has obtained Certification by California Air Resources Board (Carb) for Controlled Emission level for its Products when required.

- The Group practices proper storage and disposal method for schedule waste ,organizes recycling of materials and are in the midst of obtaining ISO 14001:2004 for Environmental Management System Certification.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL SYSTEM

The Board of Directors recognizes the importance of a sound Risk Management System and is therefore committed to establish and maintain an efficient and effective System of Internal Control in financial and operational risk throughout the Group as to safeguard shareholder's investments.

BOARD'S RESPONSIBILITY

The Board acknowledges its overall responsibility for the Group's Risk Management & Internal Control System which involves establishment of an appropriate risk control framework that includes reviewing its adequacy and integrity. The Board is also responsible to determine the nature, level and risk appetite that the Group is able to take whilst maintaining a sound risk management and internal control system. By the nature of the industry that the Group operates in risks that were considered high has been mitigated by having placed limits of authority over the Management.

The Board has task the Management to identify and assess the risks faced by the Group, and thereafter design, implement and monitor appropriate internal controls to mitigate and control those risks. However, there are certain limitations to any system of internal control, and therefore the system has been designed to manage and minimize the impact but not completely eliminate risks. Hence, system in place can only provide reasonable but not absolute assurance against material misstatement, fraud or loss. The system of internal control covers financial and operational control and risk management procedures.

ENTERPRISE RISK MANAGEMENT SYSTEM

The Group has in place an on-going process for identifying and managing significant risks faced by the Group. These processes have been reviewed and updated to take into consideration changes in the regulatory, business and external environment and the outcome process is reviewed by the Board via the Audit Committee. The Audit Committee's responsibilities and duties can be found in the Audit Committee Report section of this Annual Report.

The Group's required conduct on good ethical behavior requires all employees to act with highest standards of business integrity, comply with all applicable laws and regulations, and ensure that business behavior are not compromised for the sake of results.

Therefore, Risk Management has been embedded in the Group's management system as the Group firmly believes that risk management is crucial for the Group's sustainability as well as to ensure its assets and reputation is protected at all times. The Board believes that the ability to manage its risks is paramount to achieving sustained profitability and ability to enhance shareholders' value and therefore has put in place an Enterprise Risk Management (ERM) framework which is developed within its risk appetite. The ERM Framework sets out the Group's underlying approach to risk management that is reviewed and approved by the Board.

The Board is assisted by a Risk Management Committee (RMC), comprising of managers from all location and functions in the Group and led by the Executive Director which is assisted by the Head of Risk Management Committee.

The Group's Risk Register together with its risk mitigation action plan was reviewed and updated in early year 2012. It is the practice in the Group that the Risk Register is reviewed as and when found needed by the Risk Management Committee. Risk findings together with the internal controls in place are reviewed for necessary changes needed in monthly management meetings by the Company and the active subsidiaries.

Based on the current objectives of the Group, the Group's Risks Register is being reviewed and updated accordingly for the Board's view as at todate.

Responsibilities of the Risk Management Committee & Its Activities

Main responsibility of the Risk Management Committee is to ensure that the enterprise risk management program is carried out by:

a) Identifying potential risk in the Group's processes and compiled into the Risk Register
b) Evaluate and determine the likelihood of the risk occurring and the impact of such risk to the Group,
c) Monitor ongoing risk by assessing whether any conditions associated with a particular risk has changed,
d) Review the Group's Enterprise Risk Management process periodically together with the Management to ensure that the policy is in line with the Group's objectives.

Risk Management Activities

Risk Management Committee identifies the significance risks of the Group and determines the mitigation processes. The results of the risk identification and evaluation process are compiled in a Risk Register that contains all identified risk of the Group. This Risk Register is being reviewed and assessed by the Risk Management Committee as and when needed.

INTERNAL CONTROL SYSTEM

The Board recognizes the increasing importance of maintaining a sound system of internal control in order to safeguard the Group's assets and shareholders' investment. Therefore the Group has in place a series of policies, practices and controls in relation to the financial and operation process, which are designed to address key risks, including risks arising from changes in the business and accounting standards. The following are the some of internal controls currently in place:

- Corporate Policy on Limit of Authority which limits the approval for signing of contracts/agreement, payments and loans for all levels including Management.
- For the Boards deliberation and approvals, Financial Information with variance management report, Financial Commitments, Budget Monitoring Report, Recurrent Related Party Transactions and new business or expansion in current business plans is provided and presented to the Audit Committee/the Board.
- Monitoring of individual subsidiary monthly performance are carried out bi-monthly in Budget and Subsidiary Meetings by Management. Operational performance and issues faced by individual sites and departments are raised/approvals sought at these meeting.
- Corporate Policies comprising of Code of Conduct, Fraud and Whistle Blowing is implemented throughout the Group.
- An organizational structure with formally defined lines of responsibility and delegation of authority.
- Formalized quality manuals in compliance to ISO 9001:2008 that provides clear guidance to employees carrying out their job responsibilities.

INTERNAL AUDIT

The internal audit function is jointly undertaken by the Company's external professional advisor, Deloitte Enterprise Risk Services Sdn. Bhd., together with the Group's in-house Head of Risk Management & Internal Audit. The Internal Audit function is to provide an independent assurance on the Group Internal Control policies and practices as well as other consultative activities designed to improve the controls where necessary.

The responsibilities of the internal auditors is to assist the Audit Committee in discharging its responsibilities to review the adequacy and the integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL SYSTEM (CONT'D)

The Audit Committee had approved a risk-based internal audit plan for the Group, and for the year ended 31 December 2012 the internal auditors has completed 1 internal audit cycle for 6 active operations in Malaysia (Evergreen Fibreboard Berhad, Evergreen Fibreboard Berhad (Pasir Gudang), Evergreen Adhesive Chemicals Sdn. Bhd., Allgreen Timber Products Sdn. Bhd., Evergreen Fibreboard (JB) Sdn. Bhd. and Evergreen Fibreboard (Nilai) Sdn. Bhd.) and also for 3 active operations in Thailand (Siam Fibreboard Co, Ltd., ECO Generation Co., Ltd. and GRE Energy Co., Ltd.). The internal auditors had also reviewed the progress of previous audits corrective actions implementations for improvement of internal controls. The Internal audit reports with audit findings, recommendations and management actions were submitted to the Audit Committee for its review during the year.

The Board has received verbal assurance from the CEO and CFO that the Group's risk management and internal control system is in compliance with the Group's policies and practices in all material aspects. Nevertheless, they have also given their views to the Board for further improvement to the current system and the Board has given necessary directive for improvements to be carried out by the Management. The Board has reviewed the adequacy and effectiveness of the Group's Risk Management and Internal Control Systems and in the Board's opinion the Internal Controls on Risk findings of the Group are in place. However, certain risks may not have been a concern to the Group previously but with the shift of the global economy, these concerns could be a risk to the Group presently. Therefore, the Board has taken proactive steps for a complete review of the Group's current risks and internal controls.

WEAKNESSES IN INTERNAL CONTROLS THAT RESULT IN MATERIAL LOSSES

There were no material internal control failures which resulted in material losses or any omission within the Group, including our Joint Venture or Associates during the financial year. The Board will continue to take necessary measures to enhance the Group's System of Internal Control.

REVIEW BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, 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 FINANCIAL STATEMENTS

The Directors are required 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 as at the end of the financial year and of the income statement and cash flows of the Company and the Group for the financial year. The Statement by Directors pursuant to Section 169(15) of the Companies Act, 1965 is stated on page 38 of this Annual Report.

The Directors are of the view that, in preparing the financial statements of the Company and the Group for the year ended 31 December 2012, the Company has adopted appropriate accounting policies that are consistently applied and supported by reasonable and prudent judgments and estimates. The Directors have also considered that all applicable accounting standards have been followed during the preparation of audited financial statements.

The Directors are responsible for ensuring that the Company keeps adequate accounting records that are disclosed with reasonable accuracy on the financial position of the Company and the Group as to enable them to ensure that the financial statements comply with the requirements of the Companies Act, 1965.

The Directors have ensured timely release of quarterly and annual financial results of the Company and the Group to Bursa Securities so that public and investors are informed of the Group's development.

The Directors also have general responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the Group, and to detect and prevent fraud and other irregularities.

OTHER COMPLIANCE INFORMATION

(a) Conflict of Interest
None of the Directors and /or major shareholders of Evergreen Fibreboard Berhad have any personal interest in any business arrangement involving the Company.

(b) Material Contracts
None of the Directors and major shareholder 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 and/or penalties on the Company and its subsidiaries, Directors or Management by the relevant bodies.

(d) Share Buybacks
The details of share buy-back are shown in page 109 of this Annual Report.

(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
There was no utilisation of proceeds raised from any corporate proposal during the financial year.

(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 RM16,000.

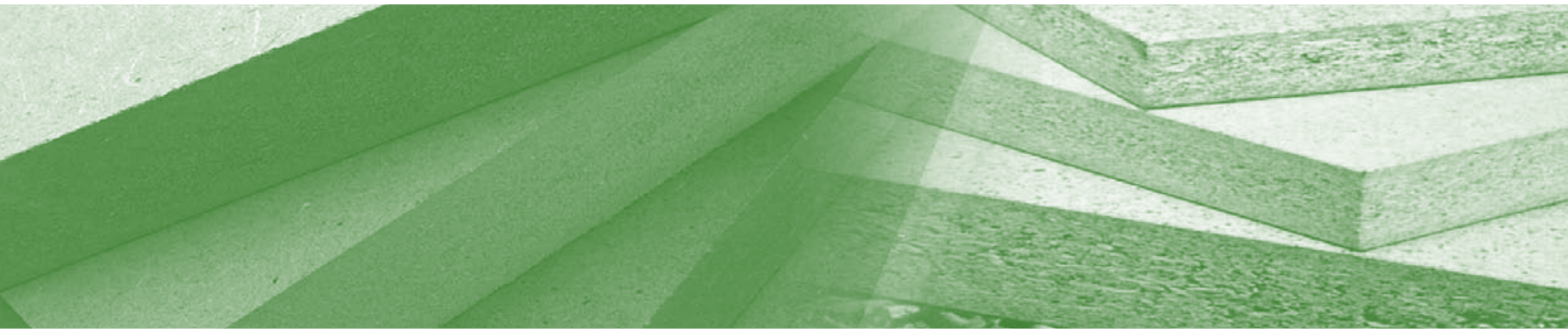
(i) Profit Estimate, Forecast or Projection
During the financial year, there was no Profit Estimate, Forecast or Projection given by the Company. There was no major variance between the results for the financial year and the unaudited results previously announced by the Company.

(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) Revaluation Policy
There were no revaluations performed on all properties of the Group during the financial year.

(m) Recurrent Related Party Transactions
There were no recurrent related party transactions of the Group during the financial year.



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DIRECTORS' REPORT

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2012.

PRINCIPAL ACTIVITIES

The principal activities of the Company are the manufacture of medium density fibreboard and wooden furniture (knock-down).

The principal activities of the subsidiaries are as disclosed in Note 18 to the financial statements.

There have been no significant changes in the nature of the principal activities during the financial year.

RESULTS

	Group RM	Company RM
Profit net of tax	25,563,575	15,185,251
Profit attributable to:		
Owners of the parent	32,170,276	15,185,251
Non-controlling interests	(6,606,701)	-
	25,563,575	15,185,251

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

The amount of dividends paid by the Company since 31 December 2011 was as follows:

	RM
In respect of financial year ended 31 December 2011 as reported in the directors' report of that year:	
Interim tax exempt dividend of 6% on 512,998,000 ordinary shares, declared on 20 February 2012 and paid on 15 May 2012	7,694,970
In respect of financial year ended 31 December 2012:	
Interim tax exempt dividend of 4% on 512,978,000 ordinary shares, declared on 15 August 2012 and paid on 8 November 2012	5,129,780
	12,824,750

DIRECTORS

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Kuo Wen Chi
Kuo Jen Chang
Kuo Jen Chiu
Law Ngee Song
Mary Henerietta Lim Kim Neo
Yong Kok Fong
Syed Izuan Bin Syed Kamarulbahrin (Appointed on 02 January 2013)
Wan Azhar Bin Azhar Ahmad (Resigned on 31 December 2012)

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company or of a related corporation as shown in Note 10 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has substantial financial interests.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, 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 --------›			
	1 January 2012	**Acquired**	**Disposed**	**31 December 2012**
The Company				
Direct Interest:				
Kuo Jen Chiu	10,000,000	-	-	10,000,000
Mary Henerietta Lim Kim Neo	4	-	-	4
Yong Kok Fong	115,000	-	-	115,000
Indirect Interest:				
Kuo Wen Chi	226,156,724	-	-	226,156,724
Kuo Jen Chang	226,156,724	-	-	226,156,724
Kuo Jen Chiu	216,156,724	-	-	216,156,724

Kuo Wen Chi, Kuo Jen Chang and Kuo Jen Chiu by virtue of their interests in the Company are deemed interested in shares of all the Company's subsidiaries to the extent the Company has an interest.

DIRECTORS' REPORT (CONT'D)

OTHER STATUTORY INFORMATION

(a) Before the statements of comprehensive income and statements of financial position of the Group and the Company were made out, the directors took reasonable steps:

  (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

  (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances which would render:

  (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and the Company inadequate to any substantial extent; and

  (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

(c) 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.

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

(e) As 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 liability of the Group or of the Company which has arisen since the end of the financial year.

(f) In the opinion of the directors:

  (i) no contingent or other liability 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 its obligations as and when they fall due; 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 or of the Company for the financial year in which this report is made.

SIGNIFICANT EVENTS

Details of significant events are disclosed in Note 44 to the financial statements.

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 8 April 2013.

Kuo Jen Chiu

Kuo Jen Chang

STATEMENT BY DIRECTORS

Pursuant to Section 169(15) of the Companies Act, 1965

We, Kuo Jen Chiu and Kuo Jen Chang, 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 41 to 124 are drawn up in accordance with 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 2012 and of their financial performance and cash flows for the year then ended.

The information set out in Note 46 to the financial statements have 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.

Signed on behalf of the Board in accordance with a resolution of the directors dated 8 April 2013.

Kuo Jen Chiu **Kuo Jen Chang**

STATUTORY DECLARATION

Pursuant to Section 169(16) of the Companies Act, 1965

I, Kuo Jen Chiu, being the director primarily responsible for the financial management of Evergreen Fibreboard Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 41 to 125 are in my opinion 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.

Subscribed and solemnly declared)
by the abovenamed Kuo Jen Chiu)
at Johor Bahru in the State of)
Johor Darul Ta'zim on 8 April 2013) **Kuo Jen Chiu**

Before me,

INDEPENDENT AUDITORS' REPORT

to the Members of Evergreen Fibreboard Berhad
(Incorporated in Malaysia)

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 2012 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 year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 41 to 124.

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 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 control as the directors determine is 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 control relevant to the entity'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 entity's internal control. An audit also includes evaluating the appropriateness of the 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 2012 and of their financial performance and cash flows for the year then ended in accordance with 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 Act 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 Act.

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 18 to the financial statements, being financial statements that have been included in the consolidated financial statements.

INDEPENDENT AUDITORS' REPORT (CONT'D)

to the Members of Evergreen Fibreboard Berhad
(Incorporated in Malaysia)

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

(d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 46 to the financial statements on page 125 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with 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 ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

1. As stated in Note 2.1 to the financial statements, the Group and the Company adopted Malaysian Financial Reporting Standards on 1 January 2012 with a transition date of 1 January 2011. These standards were applied retrospectively by directors to the comparative information in these financial statements, including the statement of financial position as at 31 December 2011 and 1 January 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 31 December 2011 and related disclosures. We were not engaged to report on the comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and the Company for the year ended 31 December 2012 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 January 2012 do not contain misstatements that materially affect the financial position as of 31 December 2012 and financial performance and cash flows for the year then ended.

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 content of this report.

Ernst & Young
AF 0039
Chartered Accountants

Wun Mow Sang
1821/12/14(J)
Chartered Accountant

Johor Bahru, Malaysia
Date: 8 April 2013

INCOME STATEMENTS

For the financial year ended 31 December 2012

	Note	Group 2012 RM	Group 2011 RM Restated	Company 2012 RM	Company 2011 RM Restated
Revenue	4	1,031,661,620	1,061,687,548	276,091,115	279,192,982
Cost of sales	5	(841,571,962)	(832,816,607)	(228,061,202)	(210,520,573)
Gross profit		190,089,658	228,870,941	48,029,913	68,672,409
Other items of income					
Interest income		1,585,684	1,982,550	1,666,060	1,686,649
Dividend income from subsidiaries		-	-	4,994,997	39,680,319
Other income	6	4,194,781	9,481,861	471,157	4,406,732
Other items of expense					
Selling and administrative expenses		(153,258,220)	(160,888,332)	(35,254,780)	(38,198,873)
Finance costs	7	(15,293,553)	(13,571,643)	(3,028,351)	(1,374,091)
Other expense		(755,386)	(1,283,711)	(2,653,694)	(308,729)
Share of results of associates		(813,770)	895,491	-	-
Profit before tax	8	25,749,194	65,487,157	14,225,302	74,564,416
Income tax expense	11	(185,619)	(6,338,889)	959,949	(2,663,818)
Profit net of tax		25,563,575	59,148,268	15,185,251	71,900,598
Profit attributable to:					
Owners of the parent		32,170,276	63,582,538	15,185,251	71,900,598
Non-controlling interests		(6,606,701)	(4,434,270)	-	-
		25,563,575	59,148,268	15,185,251	71,900,598
Earnings per share attributable to owners of the parent (sen per share)					
Basic, for profit for the year	12	6.27	12.39		
Diluted, for profit for the year	12	6.27	12.39		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2012

	Note	Group 2012 RM	Group 2011 RM Restated	Company 2012 RM	Company 2011 RM Restated
Profit net of tax		25,563,575	59,148,268	15,185,251	71,900,598
Other comprehensive income:					
Currency translation differences		(3,362,667)	(3,820,522)	-	-
Changes in fair value of cash flow hedges		982,860	(1,727,728)	1,016,152	(1,341,358)
Income tax relating to components of other comprehensive income	11	(251,541)	364,317	(254,038)	335,340
Other comprehensive income for the year, net of tax		(2,631,348)	(5,183,933)	762,114	(1,006,018)
Total comprehensive income for the year		22,932,227	53,964,335	15,947,365	70,894,580
Total comprehensive income attributable to:					
Owners of the parent		29,538,928	58,398,605	15,947,365	70,894,580
Non-controlling interests		(6,606,701)	(4,434,270)	-	-
		22,932,227	53,964,335	15,947,365	70,894,580

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2012

	Note	Group 31.12.2012 RM	31.12.2011 RM Restated	1.1.2011 RM Restated
Assets				
Non-current assets				
Property, plant and equipment	14	846,420,449	865,133,425	847,890,383
Other intangible asset	15	177,293	201,766	-
Land use rights	16	17,128,844	17,459,517	16,047,965
Goodwill	17	19,590,873	19,590,873	18,458,290
Interests in associates	19	-	4,833,001	4,622,833
Biological assets	21	15,160,786	-	-
Derivatives	25	-	20,631	544,236
		898,478,245	907,239,213	887,563,707
Current assets				
Investment	20	100,800	100,800	100,800
Inventories	22	193,758,370	157,125,782	130,173,305
Trade and other receivables	23	81,722,160	83,932,571	78,411,233
Other current assets	24	95,896,240	32,336,971	47,891,607
Tax recoverable		3,321,664	1,298,113	551,656
Derivatives	25	77,653	754,558	458,712
Cash and bank balances	26	83,814,380	118,932,535	118,919,821
		458,691,267	394,481,330	376,507,134
Total assets		1,357,169,512	1,301,720,543	1,264,070,841
Equity and liabilities				
Current liabilities				
Loan and borrowings	27	228,432,569	117,467,899	126,630,556
Trade and other payables	29	119,672,430	146,882,045	126,418,993
Current tax payable		480,277	18,818	836,516
Derivatives	25	148,380	1,319,534	289,146
		348,733,656	265,688,296	254,175,211
Net current assets		109,957,611	128,793,034	122,331,923

STATEMENTS OF FINANCIAL POSITION (CONT'D)
As at 31 December 2012

	Note	31.12.2012	Group 31.12.2011	1.1.2011
		RM	RM	RM
			Restated	Restated
Non-current liabilities				
Loan and borrowings	27	142,553,249	200,001,035	236,451,678
Deferred tax liabilities	30	6,598,925	8,317,668	7,403,807
Retirement benefit obligations	28	7,602,069	6,815,295	5,699,336
Derivatives	25	-	7,194	16,920
		156,754,243	215,141,192	249,571,741
Total liabilities		505,487,899	480,829,488	503,746,952
Net assets		851,681,613	820,891,055	760,323,889
Equity attributable to owners of the parent				
Share capital	31	128,250,000	128,250,000	128,250,000
Share premium	32	113,129,400	113,129,400	113,129,400
Foreign exchange reserve	33	(5,206,876)	(1,844,209)	1,976,313
Fair value reserve	34	24,928	(706,391)	657,020
Treasury shares	35	(15,173)	(2,129)	-
Retained earnings	36	589,638,315	570,292,789	506,710,251
		825,820,594	809,119,460	750,722,984
Non-controlling interests		25,861,019	11,771,595	9,600,905
Total equity		851,681,613	820,891,055	760,323,889
Total equity and liabilities		1,357,169,512	1,301,720,543	1,264,070,841

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION (CONT'D)

As at 31 December 2012

			Company	
	Note	31.12.2012	31.12.2011	1.1.2011
		RM	RM	RM
			Restated	Restated
Assets				
Non-current assets				
Property, plant and equipment	14	85,905,144	93,292,427	96,656,824
Land use rights	16	9,081,225	9,288,033	9,494,841
Investment in subsidiaries	18	359,932,994	297,782,955	304,520,965
Interests in associates	19	-	4,019,231	4,019,231
Derivatives	25	-	-	272,276
		454,919,363	404,382,646	414,964,137
Current assets				
Inventories	22	68,776,758	51,531,137	43,305,767
Trade and other receivables	23	122,892,507	105,722,088	86,686,143
Other current assets	24	27,523,616	5,185,079	10,811,559
Tax recoverable		2,905,790	868,696	195,779
Derivatives	25	-	-	135,914
Cash and bank balances	26	38,084,957	53,218,009	36,501,066
		260,183,628	216,525,009	177,636,228
Total assets		715,102,991	620,907,655	592,600,365
Equity and liabilities				
Current liabilities				
Loan and borrowings	27	73,876,588	29,002,152	28,953,566
Trade and other payables	29	46,143,708	29,959,156	64,052,053
Derivatives	25	52,929	1,267,832	25,935
		120,073,225	60,229,140	93,031,554
Net current assets		140,110,403	156,295,869	84,604,674

STATEMENTS OF FINANCIAL POSITION (CONT'D)

As at 31 December 2012

	Note	31.12.2012 RM	Company 31.12.2011 RM Restated	1.1.2011 RM Restated
Non-current liabilities				
Loan and borrowings	27	32,315,213	350,284	9,098,266
Deferred tax liabilities	30	11,714,651	12,833,581	14,276,284
Retirement benefit obligations	28	3,521,695	3,126,014	2,718,076
		47,551,559	16,309,879	26,092,626
Total liabilities		167,624,784	76,539,019	119,124,180
Net assets		547,478,207	544,368,636	473,476,185
Equity attributable to owners of the parent				
Share capital	31	128,250,000	128,250,000	128,250,000
Share premium	32	113,129,400	113,129,400	113,129,400
Fair value reserve	34	(39,697)	(801,811)	204,207
Treasury shares	35	(15,173)	(2,129)	-
Retained earnings	36	306,153,677	303,793,176	231,892,578
Total equity		547,478,207	544,368,636	473,476,185
Total equity and liabilities		715,102,991	620,907,655	592,600,365

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2012

Group	Note	Share Capital (Note 31) RM	Share Premium (Note 32) RM	Foreign Exchange Reserve (Note 33) RM	Fair value Reserve (Note 34) RM	Treasury Shares (Note 35) RM	Retained Earnings (Note 36) RM	Total RM	Non-controlling Interests RM	Total Equity RM
		‹--- Attributable to owners of the parent						---›		
			‹--- Non-Distributable			---›	Distributable			
Opening balance at 1 January 2012		128,250,000	113,129,400	(1,844,209)	(706,391)	(2,129)	570,292,789	809,119,460	11,771,595	820,891,055
Total comprehensive income		-	-	(3,362,667)	731,319	-	32,170,276	29,538,928	(6,606,701)	22,932,227
Transactions with owners										
Purchase of treasury shares		-	-	-	-	(13,044)	-	(13,044)	-	(13,044)
Deem disposal of subsidiary		-	-	-	-	-	-	-	50	50
Issue of shares to non-controlling interest of a subsidiary		-	-	-	-	-	-	-	20,801,075	20,801,075
Dividend on ordinary shares	13	-	-	-	-	-	(12,824,750)	(12,824,750)	-	(12,824,750)
Dividend on ordinary shares by subsidiary		-	-	-	-	-	-	-	(105,000)	(105,000)
Total transactions with owners		-	-	-	-	(13,044)	(12,824,750)	(12,837,794)	20,696,125	7,858,331
Closing balance at 31 December 2012		128,250,000	113,129,400	(5,206,876)	24,928	(15,173)	589,638,315	825,820,594	25,861,019	851,681,613

STATEMENTS OF CHANGES IN EQUITY (CONT'D)

For the financial year ended 31 December 2012

		‹---- Attributable to owners of the parent ----								
			‹---- Non-Distributable ----			Distributable				
Group	Note	Share Capital (Note 31)	Share Premium (Note 32)	Foreign Exchange Reserve (Note 33)	Fair value Reserve (Note 34)	Treasury Shares (Note 35)	Retained Earnings (Note 36)	Total	Non-controlling Interests	Total Equity
		RM	RM	RM	RM	RM	RM	RM	RM	RM
Opening balance at 1 January 2011 (previously stated)		128,250,000	113,129,400	1,976,313	657,020	-	510,614,445	754,627,178	9,600,905	764,228,083
Prior year adjustment	43	-	-	-	-	-	(3,904,194)	(3,904,194)	-	(3,904,194)
Opening balance at 1 January 2011 (restated)		128,250,000	113,129,400	1,976,313	657,020	-	506,710,251	750,722,984	9,600,905	760,323,889
Total comprehensive income		-	-	(3,820,522)	(1,363,411)	-	63,582,538	58,398,605	(4,434,270)	53,964,335
Transactions with owners										
Purchase of treasury shares		-	-	-	-	(2,129)	-	(2,129)	-	(2,129)
Acquisition of subsidiaries		-	-	-	-	-	-	-	6,746,159	6,746,159
Acquisition of non-controlling interest		-	-	-	-	-	-	-	(36,199)	(36,199)
Dividend on ordinary shares by subsidiary		-	-	-	-	-	-	-	(105,000)	(105,000)
Total transactions with owners		-	-	-	-	(2,129)	-	(2,129)	6,604,960	6,602,831
Closing balance at 31 December 2011		128,250,000	113,129,400	(1,844,209)	(706,391)	(2,129)	570,292,789	809,119,460	11,771,595	820,891,055

STATEMENTS OF CHANGES IN EQUITY (CONT'D)

For the financial year ended 31 December 2012

	Note	Share Capital (Note 31) RM	Non-Distributable Share Premium (Note 32) RM	Fair value Reserve (Note 34) RM	Treasury Shares (Note 35) RM	Distributable Retained Earnings (Note 36) RM	Total Equity RM
Company							
Opening balance at 1 January 2012		128,250,000	113,129,400	(801,811)	(2,129)	303,793,176	544,368,636
Total comprehensive income		-	-	762,114	-	15,185,251	15,947,365
Transactions with owners							
Purchase of treasury shares		-	-	-	(13,044)	-	(13,044)
Dividend on ordinary share	13	-	-	-	-	(12,824,750)	(12,824,750)
Total transactions with owners		-	-	-	(13,044)	(12,824,750)	(12,837,794)
Closing balance at 31 December 2012		128,250,000	113,129,400	(39,697)	(15,173)	306,153,677	547,478,207
Opening balance at 1 January 2011 (previously stated)		128,250,000	113,129,400	204,207	-	233,931,135	475,514,742
Prior year adjustment	43	-	-	-	-	(2,038,557)	(2,038,557)
Opening balance at 1 January 2011 (restated)		128,250,000	113,129,400	204,207	-	231,892,578	473,476,185
Total comprehensive income		-	-	(1,006,018)	-	71,900,598	70,894,580
Transactions with owners							
Purchase of treasury shares		-	-	-	(2,129)	-	(2,129)
Total transactions with owners		-	-	-	(2,129)	-	(2,129)
Closing balance at 31 December 2011		128,250,000	113,129,400	(801,811)	(2,129)	303,793,176	544,368,636

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

For the financial year ended 31 December 2012

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
		Restated		Restated
Operating activities				
Profit before tax	25,749,194	65,487,157	14.225,302	74,564,416
Adjustments for:				
Amortisation of land use rights	431,193	399,059	206,808	206,808
Amortisation of other intangible asset	23,668	35,862	-	-
Depreciation	67,774,131	62,837,734	10,008,231	9,330,697
Interest expense	15,293,553	13,571,643	3,028,351	1,374,091
Interest income	(1,585,684)	(1,982,550)	(1,666,060)	(1,686,649)
Dividend income from subsidiaries	-	-	(4,994,997)	(39,680,319)
Excess of net fair value over the cost of acquisition of subsidiaries and non-controlling interest	(1,373,475)	(45,207)	-	-
Fair value (gain)/loss on derivatives	502,048	(479,307)	(198,751)	308,729
(Gain)/loss on disposal of property, plant and equipment	(447,480)	(893,645)	46,283	(22,951)
Property, plant and equipment written off	44,068	44,393	-	9,244
Provision for retirement benefits obligations	1,058,535	1,161,477	462,558	426,211
Unrealised loss/(gain) on foreign exchange FRS 139	209,268	1,194,114	277,307	(1,671,267)
Share of profit of associates	813,770	(895,491)	-	-
Total adjustments	82,743,595	74,948,182	7,169,730	(31,405,406)
Operating cash flows before changes in working capital	108,492,789	140,435,339	21,395,032	43,159,010
Changes in working capital				
Increase in inventories	(36,632,588)	(24,305,421)	(17,245,621)	(8,225,370)
Decrease of biological assets	370,314	-	-	-
(Increase)/decrease in trade and other receivables	(60,899,500)	11,409,680	(39,786,263)	(11,738,198)
(Decrease)/increase in trade and other payables	(27,421,852)	24,907,447	16,184,552	(26,397,897)
Total changes in working capital	(124,583,626)	12,011,706	(40,847,332)	(46,361,465)
Cash flows from operations	(16,090,837)	152,447,045	(19,452,300)	(3,202,455)
Payment of retirement benefit obligations	(261,971)	(45,518)	(66,877)	(18,273)
Interest paid	(15,293,553)	(13,571,643)	(3,028,351)	(1,374,091)
Income taxes paid	(3,712,406)	(6,624,866)	(2,450,113)	(4,444,098)
Net cash flows (used in)/generated from operating activities	(35,358,767)	132,205,018	(24,997,641)	(9,038,917)

STATEMENTS OF CASH FLOWS (CONT'D)

For the financial year ended 31 December 2012

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
		Restated		Restated
Investing activities				
Net cash outflow on acquisition of subsidiaries	(37,837,800)	(7,010,501)	-	-
Additional investment in subsidiary	-	-	(62,150,039)	(7,012,611)
Acquisition of non-controlling interest	-	(1)	-	-
Dividend income from subsidiaries	-	-	4,994,997	39,680,319
Deemed disposal of subsidiary	50	-	-	-
Proceeds from capital distribution of share capital from subsidiary	-	-	-	13,750,621
Proceeds from disposal of associate	4,019,231	-	4,019,231	-
Interest received	1,585,684	1,982,550	1,666,060	1,686,649
Payment of land use rights	(147,000)	-	-	-
Purchase of property, plant and equipment	(33,512,587)	(72,047,264)	(2,869,500)	(5,745,976)
Purchase of other intangible asset	-	(237,628)	-	-
Proceeds from disposal of property, plant and equipment	1,947,700	1,856,342	262,269	96,783
Dividend income from associate	-	685,323	-	-
Issue of shares to a minority shareholder of subsidiary	20,801,075	-	-	-
Net cash flows (used in)/generated from investing activities	(43,143,647)	(74,771,179)	(54,076,982)	42,455,785
Financing activities				
Purchase of treasury shares	(13,044)	(2,129)	(13,044)	(2,129)
Drawdown of term loan and trade facilities	148,921,301	52,676,911	93,000,000	-
Repayment of obligations under finance leases	(950,058)	(898,701)	(255,021)	(252,796)
Repayment of term loans and trade facilities	(93,336,081)	(97,576,584)	(15,965,614)	(8,750,000)
Dividends paid to non-controlling interest	(105,000)	(105,000)	-	-
Dividends paid on ordinary shares	(12,824,750)	(7,695,000)	(12,824,750)	(7,695,000)
Net cash flows generated from/(used in) financing activities	41,692,368	(53,600,503)	63,941,571	(16,699,925)
Net (decrease)/increase in cash and cash equivalents	(36,810,046)	3,833,236	(15,133,052)	16,716,943
Effects of foreign exchange rate changes	1,691,891	(3,820,522)	-	-
Cash and cash equivalents at 1 January	118,932,535	118,919,821	53,218,009	36,501,066
Cash and cash equivalents at 31 December (Note 26)	83,814,380	118,932,535	38,084,957	53,218,009

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

1. CORPORATE INFORMATION

The principal activities of the Company are the manufacture of medium density fibreboard and wooden furniture (knock-down). The principal activities of the subsidiaries are as disclosed in Note 18. There have been no significant changes in the nature of the principal activities during the financial year.

The Company is a public listed 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements of the Group and of the Company for the year ended 31 December 2012 have been prepared in accordance with Malaysian Financia Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act, 1965 in Malaysia.

For all periods up to and including the year ended 31 December 2011, the Group and the Company prepared its financial statements in accordance with Financial Reporting Standards in Malaysia ("FRS"). These financial statements for the year ended 31 December 2012 are the first that the Group and the Company have prepared in accordance with MFRS and MFRS 1: First-Time Adoption of Malaysian Financial Reporting Standards ("MFRS 1") has been applied.

In preparing its opening MFRS Statement of Financial Position as at 1 January 2011 (which is also the date of transition), the Group has adjusted the amounts previously reported in financial statements prepared in accordance with FRS. An explanation of how the transition from FRS to MFRS affected the Group's financial position, financial performance and cash flows is set out in Note 2.2 below. These notes included reconciliations of equity for the comparative period and of equity at the date of transition under MFRS.

The financial statements have also been prepared on the historical cost basis and are presented in Ringgit Malaysia (RM), which is also the functional currency of the Company.

2.2 Application of MFRS 1

The audited financial statements of the Group and of the Company for the year ended 31 December 2011 were prepared in accordance with FRS. Except for certain differences, the requirements under FRS and MFRS are similar. The significant accounting policies adopted in preparing these financial statements are consistent with those of the audited financial statements for the year ended 31 December 2011 except as discussed below:

Deemed cost exemption for property, plant and equipment

The Group has previously adopted cost model for its property, plant and equipment which are measured at cost less accumulated depreciation and accumulated impairment losses.

Upon transition to MFRS, the Group has elected to measure all its property, plant and equipment using the cost model under MFRS 116 Property, Plant and Equipment. At the date of transition to MFRS, the Group has elected to regard fair value of certain property, plant and equipment of an associate company at date of transition as its deemed cost as at that date. As at that date, a decrease of RM5,666,500 (31 December 2011 : RM5,306,570) was recognised in property, plant and equipment. The resulting adjustment was recognised against retained earnings.

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

2.2 Application of MFRS 1 (cont'd)

The reconciliation of equity and total comprehensive income for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date transition under MFRS are provided below:

(i) Reconciliation of equity as at 1 January 2011

	FRS as at 1.1.2011 RM	Effect of transition to MFRS RM	MFRS as at 1.1.2011 RM	Prior year adjustment and reclassification (Note 43) RM	MFRS as at 1.1.2011 Restated RM
Assets					
Non-current assets					
Property, plant and equipment	847,890,383	-	847,890,383	-	847,890,383
Land use rights	16,047,965	-	16,047,965	-	16,047,965
Investments in associates	10,289,333	(5,666,500)	4,622,833	-	4,622,833
Goodwill	18,458,290	-	18,458,290	-	18,458,290
Derivatives	544,236	-	544,236	-	544,236
	893,230,207		887,563,707		887,563,707
Current assets					
Investment	100,800	-	100,800	-	100,800
Inventories	130,173,305	-	130,173,305	-	130,173,305
Trade and other receivables	86,788,911	-	86,788,911	(8,377,678)	78,411,233
Other current assets	39,513,929	-	39,513,929	8,377,678	47,891,607
Tax recoverable	551,656	-	551,656	-	551,656
Derivatives	458,712	-	458,712	-	458,712
Cash and cash equivalents	118,919,821	-	118,919,821	-	118,919,821
	376,507,134		376,507,134		376,507,134
Total assets	1,269,737,341		1,264,070,841		1,264,070,841

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

2.2 Application of MFRS 1 (cont'd)

(i) Reconciliation of equity as at 1 January 2011 (cont'd)

	FRS as at 1.1.2011 RM	Effect of transition to MFRS RM	MFRS as at 1.1.2011 RM	Prior year adjustment and reclassification (Note 43) RM	MFRS as at 1.1.2011 Restated RM
Equity and liabilities					
Current liabilities					
Trade and other payables	126,418,993	-	126,418,993	-	126,418,993
Short-term borrowings	126,630,556	-	126,630,556	-	126,630,556
Current tax payable	836,516	-	836,516	-	836,516
Derivatives	289,146	-	289,146	-	289,146
	254,175,211		254,175,211		254,175,211
Net current assets	122,331,923		122,331,923		122,331,923
Non-current liabilities					
Deferred tax liabilities	8,758,670	-	8,758,670	(1,354,863)	7,403,807
Long-term borrowings	236,451,678	-	236,451,678	-	236,451,678
Derivatives	16,920	-	16,920	-	16,920
Retirement benefit obligations	440,279	-	440,279	5,259,057	5,699,336
	245,667,547		245,667,547		249,571,741
Total liabilities	499,842,758		499,842,758		503,746,952
Net assets	769,894,583		764,228,083		760,323,889
Equity attributable to owners of the parent					
Share capital	128,250,000	-	128,250,000	-	128,250,000
Share premium	113,129,400	-	113,129,400	-	113,129,400
Foreign exchange reserve	1,976,313	-	1,976,313	-	1,976,313
Fair value reserve	657,020	-	657,020	-	657,020
Retained earnings	516,280,945	(5,666,500)	510,614,445	(3,904,194)	506,710,251
	760,293,678		754,627,178		750,722,984
Non-controlling interests	9,600,905	-	9,600,905	-	9,600,905
Total equity	769,894,583		764,228,083		760,323,889
Total equity and liabilities	1,269,737,341		1,264,070,841		1,264,070,841

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

2.2 Application of MFRS 1 (cont'd)

(ii) Reconciliation of equity as at 31 December 2011

	FRS as at 1.1.2011 RM	Effect of transition to MFRS RM	MFRS as at 1.1.2011 RM	Prior year adjustment and reclassification (Note 43) RM	MFRS as at 1.1.2011 Restated RM
Assets					
Non-current assets					
Property, plant and equipment	865,133,425	-	865,133,425	-	865,133,425
Other intangible asset	201,766	-	201,766	-	201,766
Land use rights	17,459,517	-	17,459,517	-	17,459,517
Investments in associates	10,139,571	(5,306,570)	4,833,001	-	4,833,001
Goodwill	19,590,873	-	19,590,873	-	19,590,873
Derivatives	20,631	-	20,631	-	20,631
	912,545,783		907,239,213		907,239,213
Current assets					
Investment	100,800	-	100,800	-	100,800
Inventories	157,125,782	-	157,125,782	-	157,125,782
Trade and other receivables	85,864,041	-	85,864,041	(1,931,470)	83,932,571
Other current assets	30,405,501	-	30,405,501	1,931,470	32,336,971
Tax recoverable	1,298,113	-	1,298,113	-	1,298,113
Derivatives	754,558	-	754,558	-	754,558
Cash and cash equivalents	118,932,535	-	118,932,535	-	118,932,535
	394,481,330		394,481,330		394,481,330
Total assets	1,307,027,113		1,301,720,543		1,301,720,543

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

2.2 Application of MFRS 1 (cont'd)

(ii) Reconciliation of equity as at 31 December 2011 (cont'd)

	FRS as at 1.1.2011 RM	Effect of transition to MFRS RM	MFRS as at 1.1.2011 RM	Prior year adjustment and reclassification (Note 43) RM	MFRS as at 1.1.2011 Restated RM
Equity and liabilities					
Current liabilities					
Trade and other payables	146,882,045	-	146,882,045	-	146,882,045
Short-term borrowings	117,467,899	-	117,467,899	-	117,467,899
Current tax payable	18,818	-	18,818	-	18,818
Derivatives	1,319,534	-	1,319,534	-	1,319,534
	265,688,296		265,688,296		265,688,296
Net current assets	128,793,034		128,793,034		128,793,034
Non-current liabilities					
Deferred tax liabilities	9,942,046	-	9,942,046	(1,624,378)	8,317,668
Long-term borrowings	200,001,035	-	200,001,035	-	200,001,035
Derivatives	7,194	-	7,194	-	7,194
Retirement benefit obligations	907,293	-	907,293	5,908,002	6,815,295
	210,857,568		210,857,568		215,141,192
Total liabilities	476,545,864		476,545,864		480,829,488
Net assets	830,481,249		825,174,679		820,891,055
Equity attributable to owners of the parent					
Share capital	128,250,000	-	128,250,000	-	128,250,000
Share premium	113,129,400	-	113,129,400	-	113,129,400
Foreign exchange reserve	(1,844,209)	-	(1,844,209)	-	(1,844,209)
Fair value reserve	(706,391)	-	(706,391)	-	(706,391)
Treasury share	(2,129)	-	(2,129)	-	(2,129)
Retained earnings	579,882,983	(5,306,570)	574,576,413	(4,283,624)	570,292,789
	818,709,654		813,403,084		809,119,460
Non-controlling interests	11,771,595	-	11,771,595	-	11,771,595
Total equity	830,481,249		825,174,679		820,891,055
Total equity and liabilities	1,307,027,113		1,301,720,543		1,301,720,543

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

2.2 Application of MFRS 1 (cont'd)

(iii) Reconciliation of total comprehensive income for the year ended 31 December 2011

	FRS as at 1.1.2011 RM	Effect of transition to MFRS RM	MFRS as at 1.1.2011 RM	Prior year adjustment and reclassification (Note 43) RM	MFRS as at 1.1.2011 Restated RM
Revenue	1,061,687,548	-	1,061,687,548	-	1,061,687,548
Cost of sales	(832,816,607)	-	(832,816,607)	-	(832,816,607)
Gross profit	228,870,941		228,870,941		228,870,941
Other items of income					
Interest income	1,982,550	-	1,982,550	-	1,982,550
Other income	9,481,861	-	9,481,861	-	9,481,861
Other items of expense					
Selling and administravtive expenses	(160,239,387)	-	(160,239,387)	(648,945)	(160,888,332)
Finance costs	(13,571,643)	-	(13,571,643)	-	(13,571,643)
Other expense	(1,283,711)	-	(1,283,711)	-	(1,283,711)
Share of results of associates	535,561	359,930	895,491	-	895,491
Profit before tax	65,776,172		66,136,102		65,487,157
Income tax expense	(6,608,404)	-	(6,608,404)	269,515	(6,338,889)
Net profit for the year	59,167,768		59,527,698		59,148,268
Profit net of tax	59,167,768	-	59,527,698	-	59,148,268
Other comprehensive income:					
Currency translation differences	(3,820,522)	-	(3,820,522)	-	(3,820,522)
Changes in fair value of cash flow hedges	(1,727,728)	-	(1,727,728)	-	(1,727,728)
Income tax relating to components of other comprehensive income	364,317	-	364,317	-	364,317
Other comprehensive income for the year, net of tax	(5,183,933)		(5,183,933)		(5,183,933)
Total comprehensive income for the year	53,983,835		54,343,765		53,964,335

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

2.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries 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.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Acquisitions of subsidiaries are accounted for by applying the purchase method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in other comprehensive income. The cost of a business combination is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the business combination. Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the statement of financial position. The accounting policies for goodwill is set out in Note 2.7. Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition. When the Group acquires a business, embedded derivatives separated from the host contract by the acquiree are reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

2.4 Transactions with non-controlling interests

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in profit or loss of the Group and within equity in the consolidated statements of financial position, separately from parent shareholders' equity. Transactions with non-controlling interests are accounted for using the entity concept method, whereby, transactions with non-controlling interests are accounted for as transactions with owners. On acquisition of non-controlling interests, the difference between the consideration and book value of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to non-controlling interests is recognised directly in equity.

2.5 Foreign currency

(i) 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 entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

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

2.5 Foreign currency (cont'd)

(ii) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date. Goodwill and fair value adjustments which arose on the acquisition of foreign subsidiaries before 1 January 2006 are deemed to be assets and liabilities of the parent company and are recorded in RM at the rates prevailing at the date of acquisition.

2.6 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, plant and equipment and furniture and fixtures are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Leasehold land	55 years
Buildings	20 - 60 years
Plant and machineries	5 - 20 years
Other assets	5 - 20 years

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

2.6 Property, plant and equipment and depreciation (cont'd)

Assets under construction included in plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss.

2.7 Intangible assets

(a) Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating units to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

(b) Other intangible assets

All items of intangible assets are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, intangible assets are stated at cost less accumulated depreciation and any accumulated impairment losses.

Amortisation of intangible assets is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life of ten years.

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

2.8 Land use rights

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and any accumulated impairment losses. The land use rights are amortised over their lease terms.

Amortisation is computed on a straight-line basis over their lease terms of 35 to 77 years.

2.9 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down 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 are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

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. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss 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. Impairment loss on goodwill is not reversed in a subsequent period.

2.10 Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.11 Associates

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. An associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

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

2.11 Associates (cont'd)

The Group's investments in associates are accounted for using the equity method. Under the equity method, the investment in associates is measured in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates. Goodwill relating to associates is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss for the period in which the investment is acquired.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The financial statements of the associates are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

In the Company's separate financial statements, investments in associates are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2.12 Financial assets

Financial assets are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include the followings:

(a) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

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

2.12 Financial assets (cont'd)

(a) Financial assets at fair value through profit or loss (cont'd)

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that is held primarily for trading purposes are presented as current whereas financial assets that is not held primarily for trading purposes are presented as current or non-current based on the settlement date.

(b) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified in any of the preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method 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 right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

(c) 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. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

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

2.13 Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

(a) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(b) Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in 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 in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

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

2.14 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, and deposits at call and short term highly liquid investments which have an insignificant risk of changes in value.

2.15 Inventories

Inventories are stated 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 and packing 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 first-in first-out 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 estimated costs of completion and the estimated costs necessary to make the sale.

2.16 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and 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.

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. If the effect of the value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

2.17 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of MFRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

(a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

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

2.17 Financial liabilities (cont'd)

(b) Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.18 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.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

2.19 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

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

2.20 Employee benefit

(i) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(ii) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating, compensated absences such as paid annual leave are recognised when services are rendered by employees that increased their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(iii) Defined benefit plans

The Group's and the Company's net obligation in respect of defined benefit retirement plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted. The discount rate is yield at the end of the reporting period on high quality corporate bonds that have maturity dates approximating the terms of the Group's and the Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The calculation is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group and the Company, the recognised asset is limited to the total of any unrecognised past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group and the Company. An economic benefits is available to the Group and the Company if it is realisable during the life of the plan, or on settlement of the plan liabilities.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in profit or loss.

The Group and the Company recognises all actuarial gains and losses arising from defined benefit plans in other comprehensive income and all expenses related to defined plans in personnel expenses in profit or loss.

The Group and the Company recognises gains and losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs.

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

2.21 Leases

(a) As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income.

2.22 Revenue recognition

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

(i) Sale of goods

Revenue from sale of goods is recognised net of sales taxes and upon transfer of significant risks 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.

(ii) Interest income

Interest income is recognised using the effective interest method.

(iii) Dividend income

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

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

2.23 Income taxes

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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 all or part of the 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.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

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

2.23 Income taxes (cont'd)

(b) Deferred tax (cont'd)

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

2.24 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 42, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.25 Share capital and share issuance expense

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.26 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.

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

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

2.27 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. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

3.1 Judgement made in applying accounting policies

The management did not make any critical judgment in the process of applying the Company's accounting policies that have a significant effect on the amounts recognised in the financial statements.

3.2 Key sources of estimation uncertainty

The key assumption concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Harvesting of rubber wood

The Group recognises costs of harvesting of rubber wood by using the stage of completion method. The stage of completion is determined by the proportion of the rubber wood being harvested and transported to date to the estimated total harvesting quantity.

Significant judgement is required in determining the stage of completion, the extent of the rubber wood cost incurred and the estimated total harvesting quantity. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

(b) Harvesting of tropical wood

The Company recognises sales and costs of sales in the income statement by using the stage of completion method. The stage of completion is determined by the proportion of the tropical wood being harvested and delivered to date to the estimated total harvesting quantity.

Significant judgement is required in determining the stage of completion, the extent of the tropical wood cost incurred and the estimated total harvesting quantity. In making the judgement, the Company evaluates based on past experience and by relying on specialists.

Prior to harvest, the tropical trees are recognised as Biological Assets under MFRS 141 and measured at fair value less costs to sell, based on independent valuers' report. Upon harvest, the wood is measured at cost in accordance with MFRS 102, Inventories.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

3.2 Key sources of estimation uncertainty (cont'd)

(c) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The total carrying value of recognised tax losses, capital allowances and investment tax allowance of the Group was RM251,325,000 (2011 : RM230,029,000) and unrecognised tax losses and reinvestment allowance of the Group was RM2,032,000 (2011 : RM800,000). Further details are disclosed in Note 30.

(d) Income tax provision

Judgment is involved in determining the Group's provision for income taxes as there are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provision in the period in which such determination is made.

(e) Impairment of goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires an estimation of the value in use of the cash-generating units to which goodwill are allocated.

When value in use calculation are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of the carrying value, the key assumptions applied in the impairment assessment of goodwill and sensitivity analysis to changes in the assumptions are given in Note 17.

(f) Depreciation of plant and machinery

The cost of plant and machinery for the manufacture of medium density fibreboard is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these plant and machinery to be within 5 to 20 years. These are common life expectancies applied in the fibreboard industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. A 3% difference in the average useful lives of these assets from management's estimates would result in approximately 1.8% variance in profit for the year.

(g) Impairment of loans and receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loan and receivable at the reporting date is disclosed in Note 23.

4. REVENUE

Revenue of the Group and Company represents principally invoiced value of goods sold less returns and discounts.

5. COST OF SALES

Cost of sales represents cost of inventories sold.

6. OTHER INCOME

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Dividend income from quoted investment	-	5,400	-	-
Excess of net fair value over the cost of acquisition of subsidiaries	1,373,475	45,207	-	-
Fair value gain on derivatives	-	479,307	198,751	-
Gain on foreign exchange				
- realised	754,935	8,052,035	-	2,432,180
- unrealised	-	-	-	1,671,267
Gain on disposal of property, plant and equipment	454,602	893,645	-	22,951
Rental income	-	-	234,725	234,725
Other income	1,611,769	6,267	37,681	45,609
	4,194,781	9,481,861	471,157	4,406,732

7. FINANCE COSTS

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Trade facilities interest	2,456,564	1,256,273	1,672,924	782,947
Obligation under finance lease interest	213,983	109,693	30,750	31,806
Term loan interest	12,536,675	12,154,370	1,324,677	559,338
Convertible bond interest	86,331	51,307	-	-
	15,293,553	13,571,643	3,028,351	1,374,091

8. PROFIT BEFORE TAX

Profit before tax is stated after charging/(crediting):

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
		Restated		Restated
Amortisation of land use rights (Note 16)	431,193	399,059	206,808	206,808
Amortisation of other intangible asset (Note 15)	23,668	35,862	-	-
Audit fee				
- statutory audit	357,123	361,504	71,500	71,500
- prior year	2,868	8,500	-	3,500
- other services	16,000	48,723	16,000	18,500
Depreciation (Note 14)	67,774,131	62,837,834	10,008,231	9,330,697
Dividend income from subsidiaries	-	-	(4,994,997)	(39,680,319)
Dividend income from quoted investment	(3,200)	(5,400)	-	-
Excess of net fair value over the cost of acquisition of subsidiaries	(1,373,475)	(45,207)	-	-
Fair value (gain)/loss on derivatives	502,048	(479,307)	(198,751)	308,729
Hostel rental	544,319	457,444	252,221	229,513
Interest income	(1,585,684)	(1,982,550)	(1,666,060)	(1,686,649)
(Gain)/loss on foreign exchange				
- realised	(754,934)	(8,052,035)	2,330,102	(2,432,180)
- unrealised	209,268	1,194,114	277,307	(1,671,267)
(Gain)/loss on disposal of property, plant and equipment	(447,480)	(893,645)	46,283	(22,951)
Property, plant and equipment written off	44,068	44,393	-	9,244
Insurance compensation	(28,413)	-	(28,413)	-
Provision for retirement benefit obligations (Note 28)	1,058,535	1,161,477	462,558	426,211
Rental of equipment	2,115,040	3,273,849	505,825	442,775
Rental of land	389,600	158,599	-	19,000
Rental income	-	-	(234,725)	(234,725)
Employee benefits expenses (Note 9)	90,252,113	87,941,241	30,565,138	30,068,074

9. EMPLOYEE BENEFITS EXPENSES

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
Wages and salaries	81,448,642	79,771,333	27,661,034	27,357,690
Defined contribution plan	5,072,513	4,722,670	2,468,979	2,311,091
Social security contribution	1,019,765	995,683	273,499	264,252
Other staff related expenses	2,711,193	2,451,555	161,626	135,041
	90,252,113	87,941,241	30,565,138	30,068,074

Included in employee benefits expenses of the Group and of the Company are executive directors' remuneration amounting to RM4,774,756 (2011 : RM5,084,826) and RM4,132,339 (2011 : RM4,199,166) respectively as further disclosed in Note 10.

10. DIRECTORS' REMUNERATION

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
Directors of the Company				
Executive:				
Salaries and emoluments	4,544,356	4,702,826	3,901,939	3,817,166
Bonus	230,400	382,000	230,400	382,000
Benefits-in-kind	389,409	118,839	389,409	118,839
	5,164,165	5,203,665	4,521,748	4,318,005
Non-executive:				
Fee	160,600	141,000	160,600	141,000
Allowances and emoluments	3,939	10,800	3,939	10,800
	164,539	151,800	164,539	151,800
Total	5,328,704	5,355,465	4,686,287	4,469,805
Analysis (excluding benefits-in-kind):				
Total executive directors' remuneration excluding benefits-in-kind	4,774,756	5,084,826	4,132,339	4,199,166
Total non-executive directors remuneration excluding benefits-in-kind	164,539	151,800	164,539	151,800

10. DIRECTORS' REMUNERATION (cont'd)

The number of directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	Number of Directors	
	2012	**2011**
Executive directors:		
RM400,001 - RM450,000	-	1
RM450,001 - RM500,000	1	-
RM1,000,001 - RM1,050,000	1	-
RM1,250,001 - RM1,300,000	-	1
RM1,700,001 - RM1,750,000	1	1
RM1,800,001 - RM1,850,000	-	1
RM1,950,001 - RM2,000,000	1	-
Non-executive directors:		
Below RM50,000	2	2
RM50,001 - RM100,000	1	1

11. INCOME TAX EXPENSE

	Group		Company	
	2012	**2011**	**2012**	**2011**
	RM	**RM**	**RM**	**RM**
		Restated		**Restated**
Current income tax:				
Malaysia income tax	2,108,218	6,256,162	385,877	4,988,368
Foreign tax	11,460	-	-	-
	2,119,678	6,256,162	385,877	4,988,368
Under/(over)provision in prior years				
Malaysia income tax	36,225	(1,195,451)	27,142	(1,217,187)
	2,155,903	5,060,711	413,019	3,771,181
Deferred tax (Note 30):				
Relating to origination and reversal of temporary differences	(1,200,963)	1,765,974	(1,364,310)	(1,112,922)
(Over)/underprovision in prior years	(769,321)	(487,796)	(8,658)	5,559
	(1,970,284)	1,278,178	(1,372,968)	(1,107,363)
Total income tax expense	185,619	6,338,889	(959,949)	2,663,818
Deferred income tax related to other comprehensive income (Note 30):				
- Derivatives	251,541	(364,317)	254,038	(335,340)

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2011: 25%) of the estimated assessable profit for the year.

11. INCOME TAX EXPENSE (cont'd)

A reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	2012 RM	2011 RM Restated	2012 RM	2011 RM Restated
Accounting profit before tax	25,749,194	65,487,157	14,225,302	74,564,416
Taxation at Malaysian statutory tax rate of 25% (2011 : 25%)	6,437,299	16,371,789	3,556,326	18,641,104
Effect of different tax rates in other countries	(89,913)	868,659	-	-
Income not subject to tax	(1,758,490)	(1,987,748)	(1,646,492)	(11,015,278)
Income not subject to tax due to pioneer status	(2,545,340)	(2,380,685)	-	-
Expenses not deductible for tax purposes	7,818,097	4,037,355	1,112,524	128,440
Deferred tax assets recognised on investment tax allowances	-	(670,589)	-	-
Utilisation of previous year unrecognised business losses and unabsorbed capital allowances	(1,959,648)	(439,369)	-	-
Expenses eligible for double deduction	(6,911,193)	(7,523,561)	(4,000,791)	(3,878,820)
Effect of differences net book value and tax base related to assets under controlled transfer	(72,097)	(29,842)	-	-
Effect of share of results of associates	-	(223,873)	-	-
Under/(over)provision of taxation in prior year	36,225	(1,195,451)	27,142	(1,217,187)
(Over)/under provision of deferred tax in prior year	(769,321)	(487,796)	(8,658)	5,559
Income tax expense for the year	185,619	6,338,889	(959,949)	2,663,818

12. EARNINGS PER SHARE

Earnings per ordinary share is calculated by dividing the net profit for the year by the weighted average number of ordinary shares in issue during the financial year as follows:

	2012	2011
Profit attributable to ordinary equity holders of the Company (RM)	32,170,276	63,582,538
Weighted average number of ordinary shares in issue	513,000,000	513,000,000
Basic earnings per share (Sen)	6.27	12.39
Diluted earnings per share (Sen)	6.27	12.39

13. DIVIDENDS

	Dividends in respect of year		Dividends recognised in year	
	2012	2011	2012	2011
	RM	RM	RM	RM
Interim dividend for 2011:				
1.5 sen on 513,000,000 ordinary shares	-	7,694,970	7,694,970	-
Interim dividend for 2012:				
1.0 sen on 513,000,000 ordinary shares	5,129,780	-	5,129,780	-
	5,129,780	7,694,970	12,824,750	-

14. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold land	Freehold land and buildings RM	Plant and machineries RM	Other assets* RM	Construction in progress RM	Total RM
At 31 December 2012						
Cost						
At beginning of the year	-	211,126,944	976,941,212	43,874,834	32,135,858	1,264,078,848
Acquisition of subsidiary	24,561,813	-	3,463	61,038	-	24,626,314
Additions	1,302,954	2,459,260	11,713,248	9,261,746	9,160,242	33,897,450
Disposals	-	-	(1,245,953)	(2,214,903)	(522,416)	(3,983,272)
Written off	-	-	(542,634)	(36,555)	(22,499)	(601,688)
Reclassification	875,911	11,086,181	20,890,157	685,779	(33,538,028)	-
Exchange differences	-	(442,207)	(9,174,324)	(258,625)	(148,018)	(10,023,174)
At end of the year	26,740,678	224,230,178	998,585,169	51,373,314	7,065,139	1,307,994,478
Accumulated depreciation						
At beginning of the year	-	30,011,420	341,202,305	27,731,698	-	398,945,423
Charge for the year (Note 8)	554,163	5,188,056	57,082,643	4,949,269	-	67,774,131
Disposals	-	-	(1,133,264)	(1,349,788)	-	(2,483,052)
Written off	-	-	(530,634)	(26,986)	-	(557,620)
Reclassification	-	312	(312)	-	-	-
Exchange differences	-	(76,672)	(1,885,944)	(142,237)	-	(2,104,853)
At end of the year	554,163	35,123,116	394,734,794	31,161,956	-	461,574,029
Net carrying amount						
At 31 December 2012	26,186,515	189,107,062	603,850,375	20,211,358	7,065,139	846,420,449

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

Group	Freehold land and buildings RM	Plant and machineries RM	Other assets* RM	Construction in progress RM	Total RM
At 31 December 2011					
Cost					
At beginning of the year	197,604,822	938,935,342	38,593,329	10,684,471	1,185,817,964
Acquisition of subsidiary	3,300,000	7,408,000	1,200,000	-	11,908,000
Additions	10,519,734	23,245,800	4,572,565	34,849,705	73,187,804
Disposals	(954,871)	(27,168)	(204,373)	-	(1,186,412)
Written off	-	(75,213)	(7,335)	-	(82,548)
Reclassification	1,767,379	11,501,258	74,866	(13,343,503)	-
Exchange differences	(1,110,120)	(4,046,807)	(354,218)	(54,815)	(5,565,960)
At end of the year	211,126,944	976,941,212	43,874,834	32,135,858	1,264,078,848
Accumulated depreciation					
At beginning of the year	25,571,711	289,184,621	23,171,249	-	337,927,581
Charge for the year (Note 8)	4,639,605	53,261,915	4,936,314	-	62,837,834
Disposals	-	(23,144)	(200,571)	-	(223,715)
Written off	-	(33,746)	(4,509)	-	(38,255)
Exchange differences	(199,896)	(1,187,341)	(170,785)	-	(1,558,022)
At end of the year	30,011,420	341,202,305	27,731,698	-	398,945,423
Net carrying amount					
At 31 December 2011	181,115,524	635,738,907	16,143,136	32,135,858	865,133,425

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

Company	Freehold land and buildings RM	Plant and machineries RM	Other assets* RM	Total RM
At 31 December 2012				
Cost				
At beginning of the year	38,155,872	192,985,158	9,371,606	240,512,636
Additions	395,000	2,428,223	106,277	2,929,500
Disposals	-	(1,503,898)	(8,500)	(1,512,398)
Written off	-	(522,880)	-	(522,880)
At end of the year	38,550,872	193,386,603	9,469,383	241,406,858
Accumulated depreciation				
At beginning of the year	6,863,219	132,472,821	7,884,169	147,220,209
Charge for the year (Note 8)	634,880	8,864,532	508,819	10,008,231
Disposals	-	(1,195,789)	(8,057)	(1,203,846)
Written off	-	(522,880)	-	(522,880)
At end of the year	7,498,099	139,618,684	8,384,931	155,501,714
Net carrying amount				
At 31 December 2012	31,052,773	53,767,919	1,084,452	85,905,144

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

Company	Freehold land and buildings RM	Plant and machineries RM	Other assets* RM	Total RM
At 31 December 2011				
Cost				
At beginning of the year	37,983,736	187,768,583	9,009,200	234,761,519
Additions	172,136	5,369,866	507,374	6,049,376
Disposals	-	(124,001)	(144,968)	(268,969)
Written off	-	(29,290)	-	(29,290)
At end of the year	38,155,872	192,985,158	9,371,606	240,512,636
Accumulated depreciation				
At beginning of the year	6,236,486	124,433,546	7,434,663	138,104,695
Charge for the year (Note 8)	626,733	8,110,039	593,925	9,330,697
Disposals	-	(50,718)	(144,419)	(195,137)
Written off	-	(20,046)	-	(20,046)
At end of the year	6,863,219	132,472,821	7,884,169	147,220,209
Net carrying amount				
At 31 December 2011	31,292,653	60,512,337	1,487,437	93,292,427

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

(a) During the financial year, the Group and the Company acquired property, plant and equipment at aggregate costs of RM33,897,450 (2011 : RM73,187,804) and RM 2,929,500 (2011 : RM6,049,376) respectively of which RM384,863 (2011 : RM1,140,540) and RM60,000 (2011 : RM303,400) respectively were acquired by means of finance lease.

Net carrying amounts of property, plant and equipment held under finance lease are as follows:

	Group		
	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
Motor vehicles	1,261,278	1,943,455	1,950,666

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

(a) Net carrying amounts of property, plant and equipment held under finance lease are as follows: (cont'd)

	Company		
	31.12.2012	31.12.2011	1.1.2011
	RM	RM	RM
Motor vehicles	680,325	960,281	883,815

(b) Net carrying amounts of property, plant and equipment pledged for banking facilities are as follows:

	Group		
	31.12.2012	31.12.2011	1.1.2011
	RM	RM	RM
Freehold land and buildings	50,312,252	60,359,532	52,672,166
Plant and machineries and other assets	242,223,161	232,344,947	250,405,663
	292,535,413	292,704,479	303,077,829

(c) Net carrying amounts of property, plant and equipment registered in the name of a director holding in trust on behalf of the Group and the Company are as follows:

	Group and Company		
	31.12.2012	31.12.2011	1.1.2011
	RM	RM	RM
Motor vehicles	234,782	357,061	479,340

(d) Net carrying amounts of freehold land still in the process of transfer of land title are as follows:

	Group		
	31.12.2012	31.12.2011	1.1.2011
	RM	RM	RM
Freehold land	5,573,735	5,573,735	5,573,735

15. OTHER INTANGIBLE ASSET

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Cost:				
At 1 January	237,628	-	-	-
Additions	-	237,628	-	-
Exchange differences	(805)	-	-	-
At 31 December	236,823	237,628	-	-
Accumulated amortisation:				
At 1 January	(35,862)	-	-	-
Amortisation for the year (Note 8)	(23,668)	(35,862)		-
At 31 December	(59,530)	(35,862)	-	-
Net carrying amount	177,293	201,766	-	-

16. LAND USE RIGHTS

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Cost:				
At 1 January	20,302,210	18,491,599	11,402,541	11,402,541
Additions	147,000	1,800,000	-	-
Exchange differences	(46,480)	10,611	-	-
At 31 December	20,402,730	20,302,210	11,402,541	11,402,541
Accumulated amortisation:				
At 1 January	2,842,693	2,443,634	2,114,508	1,907,700
Amortisation for the year (Note 8)	431,193	399,059	206,808	206,808
At 31 December	3,273,886	2,842,693	2,321,316	2,114,508
Net carrying amount	17,128,844	17,459,517	9,081,225	9,288,033
Amount to be amortised:				
- Not later than one year	431,193	399,059	206,808	206,808
- Later than one year but not later than five years	1,724,772	1,596,236	827,232	827,232
- Later than five years	14,972,879	15,464,222	8,047,185	8,253,993
	17,128,844	17,459,517	9,081,225	9,288,033

17. GOODWILL

	Group 2012 RM	Group 2011 RM
Cost		
At beginning of year	18,458,290	18,458,290
Acquisition of business	1,132,583	-
Provisional goodwill	-	1,132,583
At end of year	19,590,873	19,590,873

Impairment tests for goodwill

Goodwill has been allocated to the Group's CGUs identified according to the country of operation as follows:

	Group 2012 RM	Group 2011 RM
Indonesia Operations	295,328	295,328
Thailand Operations	5,425,476	5,425,476
Malaysia Operations	13,870,069	13,870,069
	19,590,873	19,590,873

Key assumptions used in value-in-use calculations

The recoverable amount of a CGU is 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:

	Gross Margin	Discount Rate
Indonesia Operations	10%	10%
Thailand Operations	16%	10%
Malaysia Operations	13%	10%

17. GOODWILL (cont'd)

Key assumptions used in value-in-use calculations (cont'd)

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

(i) Budgeted gross margin

The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budgeted year, adjusted for projected market conditions and machine capability.

(ii) Discount rate

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

(iii) Growth rate

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

Sensitivity to changes in assumptions

Management believes that no reasonably possible change in any of the above key assumptions would cause the carrying values of the units to materially exceed their recoverable amounts.

18. INVESTMENT IN SUBSIDIARIES

		Company	
	31.12.2012	31.12.2011	1.1.2011
	RM	RM	RM
Unquoted shares, at cost	370,137,994	321,738,576	314,725,965
Less: Impairment losses	(10,205,000)	(10,205,000)	(10,205,000)
Less: First distribution of capital	-	(13,750,621)	-
	359,932,994	297,782,955	304,520,965

18. INVESTMENT IN SUBSIDIARIES (cont'd)

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Effective equity interest 2012	Effective equity interest 2011	Principal activities
Allgreen Timber Products Sdn. Bhd.*	Malaysia	100%	100%	Manufacture of particleboard
Siam Fibreboard Co., Ltd.**	Thailand	99.99%	99.99%	Manufacture of medium density fibreboard
GRE Energy Co., Ltd.**	Thailand	99.99%	99.99%	Cogeneration of electricity
ECO Generation Co., Ltd.**	Thailand	99.99%	99.99%	Cogeneration of electricity
PT Hijau Lestari Raya Fibreboard***	Indonesia	51%	51%	Manufacture of medium density fibreboard, glue and resin
Evergreen Fibreboard (JB) Sdn. Bhd.*	Malaysia	100%	100%	Manufacture of medium density fibreboard
Evergreen Hevea Resources Sdn. Bhd.*	Malaysia	100%	100%	Trading and managing of plantation
Evergreen Adhesive & Chemicals Sdn. Bhd.*	Malaysia	100%	100%	Manufacture of urea formaldehyde concentrate and adhesive products
Evergreen Fibreboard (Nilai) Sdn. Bhd.*	Malaysia	100%	100%	Manufacture of medium density fibreboard
Evergreen ECO Wood Pte. Ltd.**	Singapore	100%	100%	Manufacturing trading and sales of wood product
Evergreen Decor Products (M) Sdn. Bhd.*	Malaysia	100%	100%	Dormant, under members voluntary winding up
Evergreen Adhesive & Chemicals (Gurun) Sdn. Bhd.**	Malaysia	100%	100%	Manufacture of urea formaldehyde concentrate and adhesive products
Dawa Timber Industries (M) Sdn. Bhd.**	Malaysia	95%	95%	Manufacturing of fancy plywood
Evergreen Agro Sdn. Bhd.**	Malaysia	49%	50%	Planters, cultivators and buyers of rubber and every kind of produce of the soil
Evergreen Warehouse & Logistics Sdn. Bhd.**	Malaysia	100%	100%	Provide warehouse and logistics services
Evergreen Plantation Resources Sdn. Bhd.**	Malaysia	100%	100%	Manage plantation
Craft Master Timber Products Sdn. Bhd.*	Malaysia	51%	51%	Manufacture solid wooden furniture parts and finger jointing
Asian Oak Co., Ltd.@**	Thailand	99.99%	99.99%	Producing and distributing wood products
Jasa Wibawa Sdn. Bhd.#*	Malaysia	100%	-	Dealing in sawn-logs and cultivation of rubber trees

* Audited by Ernst & Young, Malaysia
** Audited by firms other than Ernst & Young
*** Audited by member firm of Ernst & Young Global
@ Equity interest held through Siam Fibreboard Co., Ltd.
\# Equity interest held through Evergreen Plantation Resources Sdn. Bhd.

18. INVESTMENT IN SUBSIDIARIES (cont'd)

Acquisition of subsidiaries

(a) On 20 September 2011, Evergreen Fibreboard Berhad ("EFB") entered into a Share Subscription Agreement with Craft Master Timber Products Sdn. Bhd. ("CMTP") to subscribe for 7,012,500 new ordinary shares of RM1 each representing 51% of the paid-up capital of CMTP for cash consideration of RM 7,012,500. The principal activity of CMTP is to manufacture solid wooden furniture parts and finger jointing.

The fair values of the identifiable assets and liabilities arising from the acquisitions are as follows:

	Fair value RM	Carrying amount RM
Property, plant and equipment	13,708,000	13,708,000
Trade and other receivables	4,023,437	4,023,437
Goodwill	1,132,584	-
Cash and cash equivalents	1,000	1,000
	18,865,021	17,732,437
Trade and other payables	(5,097,351)	(5,097,351)
Net identifiable assets	13,767,670	12,635,086

Total cost of business combination

The total cost of the business combination is as follows:

	RM
Cash paid	7,012,500

The effect of the acquisition on cash flow is as follows:

Total cost of the business combination settled in cash	7,012,500
Less: Cash and cash equivalents of subsidiary acquired	(1,000)
Net cash inflow on acquisition	7,011,500

Goodwill arising on acquisition

	RM
Fair value of net identifiable assets	13,767,670
Less: Minority interests	(6,746,158)
Fair value of net identifiable assets	7,021,512
Excess of net fair value over the cost of acquisition	(9,012)
Cost of business combination	7,012,500

18. INVESTMENT IN SUBSIDIARIES (cont'd)

Acquisition of subsidiaries (cont'd)

(b) On 15 February 2012, Evergreen Fibreboard Berhad ("EFB")'s wholly-owned subsidiary, Evergreen Plantation Resources Sdn. Bhd. ("EPR"), has entered into a Share Sale Agreement with Teh Ho Ann, Muhd Faisal Bin Mohd Ariff, Amin Bin Maidu and Seman Bin Buang ("the Vendors"), shareholders in Jasa Wibawa Sdn. Bhd. ("JW") for the proposed acquisition of 3,500,000 ordinary shares of RM1.00 each representing 100% equity interest in JW for cash consideration of RM37,837,800. The principal activity of JW is dealing in sawn-logs and cultivation of rubber trees.

The fair values of the identifiable assets and liabilities arising from the acquisitions are as follows:

	Fair value RM	Carrying amount RM
Property, plant and equipment	24,626,314	24,220,956
Biological assets	15,531,100	15,531,100
Trade and other receivables	449,358	449,358
	40,606,772	40,201,414
Trade and other payables	(1,395,497)	(1,395,497)
Net identifiable assets	39,211,275	38,805,917

Total cost of business combination

The total cost of the business combination is as follows:

	RM
Cash paid	37,837,800

The effect of the acquisition on cash flow is as follows:

Total cost of the business combination settled in cash	37,837,800
Less: Cash and cash equivalents of subsidiary acquired	-
Net cash inflow on acquisition	37,837,800

Goodwill arising on acquisition

	RM
Fair value of net identifiable assets	39,211,275
Excess of net fair value over the cost of acquisition	(1,373,475)
Cost of business combination	37,837,800

18. INVESTMENT IN SUBSIDIARIES (cont'd)

Acquisition of subsidiaries (cont'd)

(c) On 30 August 2012, EFB acquired additional shares in PT Hijau Lestari Raya Fibreboard for a cash consideration of RM21,650,101. The acquisition does not change the percentage of shareholdings effectively held by EFB. The acquisitions has also no impact on the Group's revenue and profit for the year ended 31 December 2012.

(d) On 19 December 2012, EFB acquired additional shares in Evergreen Warehouse & Logistics Sdn. Bhd. for a cash consideration of RM2,499,990. The acquisition does not change the percentage of shareholdings effectively held by EFB. The acquisitions has also no impact on the Group's revenue and profit for the year ended 31 December 2012.

(e) On 19 December 2012, EFB acquired additional shares in Evergreen Plantantion Resources Sdn. Bhd. for a cash consideration of RM37,999,900. The acquisition does not change the percentage of shareholdings effectively held by EFB. The acquisitions has also no impact on the Group's revenue and profit for the year ended 31 December 2012.

Deemed disposal of Evergreen Agro Sdn Bhd ("EASB")

On 15 August 2012, EASB issued 98 ordinary shares. Following the issuance of new shares, EFB's shareholdings in EASB was decreased from 50% to 49%. The deemed disposal has also no impact on the Group's controlling interest as the management control of the Company still retains.

19. INTERESTS IN ASSOCIATES

	Group		
	31.12.2012	31.12.2011	1.1.2011
	RM	RM	RM
Unquoted shares, at cost	-	4,019,231	4,019,231
Share of post-acquisition reserves	-	813,770	603,602
	-	4,833,001	4,622,833

	Company		
	31.12.2012	31.12.2011	1.1.2011
	RM	RM	RM
Unquoted shares, at cost	-	4,019,231	4,019,231

Details of the associates are as follows:

Name of associate	Country of incorporation	Equity interest held (%) 2012	Equity interest held (%) 2011	Principal activities
Dynea Krabi Co., Ltd.	Thailand	Nil	25.00	Manufacturing of panel board resins, impregnated papers and industrial resins

19. INTERESTS IN ASSOCIATES (cont'd)

The summarised financial information of the associates not adjusted for the proportion of ownership interest held by the Group, is as follows:

	31.12.2011 RM	1.1.2011 RM
Assets and liabilities		
Current assets	22,997,000	31,024,000
Non-current assets	8,309,367	13,094,496
Total assets	31,306,367	44,118,496
Current liabilities	10,966,000	20,795,000
Non-current liabilities	1,868,000	1,901,000
Total liabilities	12,834,000	22,696,000
Results		
Revenue	102,267,000	115,261,000
Profit for the year	3,436,354	8,667,000

On 1 October 2012, the Company disposed the investment in Dynea Krabi Co., Ltd., as a result of the completion of a Compromise and all related agreements in respect of the joint venture. Detail of the compromise agreement are disclosed in Note 44 to the financial statements.

20. INVESTMENT

	Group	
	31.12.2012 RM Carrying amount	31.12.2012 RM Market value of quoted investment
Available for sale financial assets		
Equity instruments (quoted in Malaysia)	100,800	126,200

20. INVESTMENT (cont'd)

	31.12.2011 RM Carrying amount	31.12.2011 RM Market value of quoted investment
Available for sale financial assets		
Equity instruments (quoted in Malaysia)	100,800	124,000

	1.1.2011 RM Carrying amount	1.1.2011 RM Market value of quoted investment
Available for sale financial assets		
Equity instruments (quoted in Malaysia)	100,800	110,400

21. 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.

	Group		
	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
Biological assets at fair value:			
Immature rubber trees	1,533,188	-	-
Tropical wood trees	13,627,598	-	-
	15,160,786	-	-

Reconciliation of carrying amounts of immature rubber tree:

	RM
Carrying amount as at 1 January 2012	-
Acquisition of subsidiary	231,100
Increases due to new planting and purchases	1,302,088
Carrying amount as at 31 December 2012	1,533,188

21. BIOLOGICAL ASSETS (cont'd)

Reconciliation of carrying amounts of tropical wood trees:

	RM
Carrying amount as at 1 January 2012	-
Acquisition of subsidiary	15,300,000
Decreases due to land clearing for rubber planting and sales	(1,672,402)
Carrying amount as at 31 December 2012	13,627,598

Tropical Wood Trees

During the financial year, the Group harvested 5,575 (2011 : Nil) hoppus tons of tropical wood trees. It is estimated that there remains 2,670 acres of forest land with an estimated 45,000 hoppus tons of trees to be harvested.

The fair value of the tropical wood trees has been determined based on valuations by an independent professional valuer using discounted cash flows of the trees. It is estimated that an acre of uncleared forest land contains 17 hoppus tons of tropical wood of various species. The fair value of the tropical wood trees could change if the actual composition of the species type varies from initial estimates. The market price of the harvested trees is dependent on the prevailing market condition at point of sales.

Rubber trees

All of the Group's rubber trees are planted during the year and are thus immature. They will attain maturity upon the 6^{th} - 7^{th} year of planting. The Group planted 494 acres with rubber trees during the financial year.

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 estimated yield of rubber latex per acre ranges from 720 kg - 2,400 kg per annum depending on the age of the trees, condition of land and weather conditions. It is estimated that the rubber trees will have an average life of 25 years with the initial 5 - 6 years as immature. Latex selling price is dependent on the prevailing market price at point of sales.

22. INVENTORIES

	Group		
	31.12.2012	31.12.2011	1.1.2011
	RM	RM	RM
At cost:			
Raw materials	37,972,848	46,219,012	28,615,869
Work in progress	11,092,563	7,749,065	7,672,009
Finished goods	65,509,019	33,202,355	28,787,435
Factory supplies	1,877,128	1,867,035	1,416,015
Felled timber logs	1,526,240	-	-
Fertilizer, chemical and consumables	106,051	-	-
Packing materials	881,140	1,274,101	1,445,844
Spare parts	74,793,381	66,814,214	62,236,133
	193,758,370	157,125,782	130,173,305

22. INVENTORIES (cont'd)

	Company		
	31.12.2012	31.12.2011	1.1.2011
	RM	RM	RM
At cost:			
Raw materials	16,380,952	13,152,472	10,558,466
Work in progress	-	-	15,344
Finished goods	25,970,215	14,468,340	9,546,197
Packing materials	149,760	437,251	100,610
Spare parts	26,275,831	23,473,074	23,085,150
	68,776,758	51,531,137	43,305,767

23. TRADE AND OTHER RECEIVABLES

	Group		
	31.12.2012	31.12.2011	1.1.2011
	RM	RM	RM
Trade receivables			
Third parties	70,419,799	76,026,015	69,188,502
Less: Allowance of impairment			
Third parties	(98,559)	(98,559)	(98,559)
Trade receivables, net	70,321,240	75,927,456	69,089,943
Other receivables			
Associate	-	953,123	1,216,403
Sundry receivables	7,531,887	3,683,204	6,503,468
Deposits	2,082,410	1,974,829	1,099,339
Refundable value added tax	1,776,628	1,264,063	7,847
Insurance compensation receivable	9,995	129,896	494,233
	11,400,920	8,005,115	9,321,290
Total trade and other receivables	81,722,160	83,932,571	78,411,233
Add: Cash and bank balances (Note 26)	83,814,380	118,932,535	118,919,821
Total loan and receivables	165,536,540	202,865,106	197,331,054

23. TRADE AND OTHER RECEIVABLES (cont'd)

	Company		
	31.12.2012	**31.12.2011**	**1.1.2011**
	RM	**RM**	**RM**
Trade receivables			
Third parties	12,812,824	21,082,243	16,127,950
Subsidiaries	6,838,051	7,891,687	6,673,240
Trade receivables, net	19,650,875	28,973,930	22,801,190
Other receivables			
Subsidiaries	89,208,242	61,987,535	58,379,914
Associate	-	1,032,649	1,042,980
Sundry receivables	13,813,499	13,508,021	4,246,590
Deposits	219,891	219,953	215,469
	103,241,632	76,748,158	63,884,953
Total trade and other receivables	122,892,507	105,722,088	86,686,143
Add: Cash and bank balances (Note 26)	38,084,957	53,218,009	36,501,066
Total loan and receivables	160,977,464	158,940,097	123,187,209

(a) Trade receivables

The Group's primary exposure to credit risk arises through its trade receivables. The Group's trading terms with its customers are mainly on credit for local customers and payment in advance for overseas customers. The normal credit term ranges from 15 to 90 days. Other credit terms are assessed and approved on a case-by-case basis. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest bearing.

Amounts due from subsidiaries are unsecured, non-interest bearing, have no fixed terms of repayment and are to be settled in cash.

23. TRADE AND OTHER RECEIVABLES (cont'd)

(a) Trade receivables (cont'd)

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	Group		
	31.12.2012	31.12.2011	1.1.2011
	RM	RM	RM
Neither past due nor impaired	41,802,238	50,302,317	49,604,548
1 to 30 days past due not impaired	24,371,612	23,649,734	17,587,501
31 to 60 days past due not impaired	3,061,884	615,393	1,237,956
61 to 90 days past due not impaired	550,837	333,785	150,973
91 to 120 days past due not impaired	86,811	710,077	503,371
More than 121 days past due not impaired	447,858	316,150	5,594
	28,519,002	25,625,139	19,485,395
Impaired	98,559	98,559	98,559
	70,419,799	76.026,015	69,188,502

Receivables that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM28,519,002 (2011: RM25,625,139) that are past due at the reporting date but not impaired.

At the reporting date, trade receivables arising from export sales amounting to RM31,490,000 (2011 : RM17,891,000) have been arranged to be settled via letters of credit issued by reputable banks in countries where the customers are based. Trade receivables insured by trade credit insurance underwritten by a reputable insurer in Malaysia amounted to RM976,000 (2011: RM868,000) at the reporting date. Furthermore, trade receivables amounted to RM17,929,000 (2011: RM22,215,000) are secured under bank guarantee at the reporting date. The remaining balance of receivables that are past due but not impaired are unsecured in nature.

23. 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 movement of the allowance accounts used to record the impairment are as follows:

	Individually impaired		
Group	**31.12.2012**	**31.12.2011**	**1.1.2011**
	RM	**RM**	**RM**
Trade receivables - nominal amounts	98,559	98,559	98,559
Less: Allowance for impairment	(98,559)	(98559)	(98,559)
	-	-	-
At 1 January	98,559	98,559	947,331
Written off	-	-	(839,660)
Reversal of impairment losses	-	-	(9,112)
At 31 December	98,559	98,559	98,559

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

(b) Other receivables

The amounts due from subsidiaries which arose mainly from advances are unsecured, non-interest bearing, repayable on demand and are to be settled in cash.

In prior year, the amount due from associate is unsecured, bears interest at 8.37% per annum and repayable on demand.

24. OTHER CURRENT ASSETS

	Group		
	31.12.2012	**31.12.2011**	**1.1.2011**
	RM	**RM**	**RM**
Prepayments	7,723,006	3,316,266	2,655,965
Advance payments to suppliers	88,173,234	29,020,705	45,235,642
	95,896,240	32,336,971	47,891,607

24. OTHER CURRENT ASSETS

	Company		
	31.12.2012	31.12.2011	1.1.2011
	RM	RM	RM
Prepayments	468,257	1,377,736	1,245,743
Advance payments to suppliers	27,055,359	3,807,343	9,565,816
	27,523,616	5,185,079	10,811,559

25. DERIVATIVES

	‹------------------ Group ------------------›			‹---------------- Company ----------------›		
	Contract/ Notional Amount	Assets	Liabilities	Contract/ Notional Amount	Assets	Liabilities
	RM	RM	RM	RM	RM	RM
At 31 December 2012						
Current						
Forward currency contracts	8,551,098	7,787	89,903		-	-
Cross currency swap	1,500,000	69,866	-		-	-
Interest-rate swap	1,500,000	-	5,548		-	-
Structured forward contracts	14,640,000	-	52,929	14,640,000	-	52,929
		77,653	148,380		-	52,929
Total held for trading financial assets		77,653	148,380		-	52,929
At 31 December 2011						
Current						
Forward currency contracts	26,761,728	672,033	22,927	-	-	-
Cross currency swap	6,000,000	82,525	-	-	-	-
Interest-rate swap	6,000,000	-	28,775	-	-	-
Structured forward contracts	34,547,250	-	1,267,832	34,547,250	-	1,267,832
		754,558	1,319,534		-	1,267,832

25. DERIVATIVES (cont'd)

	Group			Company		
	Contract/ Notional Amount RM	Assets RM	Liabilities RM	Contract/ Notional Amount RM	Assets RM	Liabilities RM
At 31 December 2011						
Non-current						
Cross currency swap	1,500,000	20,631	-	-	-	-
Interest-rate swap	1,500,000	-	7,194	-	-	-
		20,631	7,194		-	-
Total held for trading financial assets		775,189	1,326,728		-	1,267,832
At 1 January 2011						
Current						
Forward currency contracts	80,254,987	241,144	249,675	15,343,170	135,914	-
Cross currency swap	6,000,000	217,568	-	-	-	-
Interest-rate swap	6,000,000	-	13,536	-	-	-
Structured forward contract	16,031,600	-	25,935	16,031,600	-	25,935
		458,712	289,146		135,914	25,935
Non-current						
Forward currency contracts	6,539,250	272,276	-	6,539,250	272,276	-
Cross currency swap	7,500,000	271,960	-	-	-	-
Interest-rate swap	7,500,000	-	16,920	-	-	-
		544,236	16,920		272,276	-
Total held for trading financial assets		1,002,948	306,066		408,190	25,935

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.

25. DERIVATIVES (cont'd)

The Group has entered into cross currency interest rate swap. This contract has two elements consisting of a cross currency swap and an interest rate swap. The Group entered into the swap to benefit from lower USD LIBOR interest rates. The interest rate swap is accounted for at fair value through profit or loss, whereas the Group applies hedge accounting to the currency swap. The fair values of the above derivatives are affected by fluctuations in the foreign currency exchange and interest rates.

Structured foreign exchange products are entered for the purposes of hedging the Group's foreign currency exposure. Such products allows the Group to sell USD at a better than market par forward rate or at prevailing market spot rate by allowing some market participation. This structure gives the Group a better than market par forward rate to a certain level, after which the Group receives a rebate over the prevailing market spot rate.

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.

26. CASH AND BANK BALANCES

	Group		
	31.12.2012	31.12.2011	1.1.2011
	RM	RM	RM
Cash on hand and at banks	56,908,702	69,717,046	63,658,015
Deposits with licensed banks	26,905,678	49,215,489	55,261,806
Cash and bank balances	83,814,380	118,932,535	118,919,821

	Company		
	31.12.2012	31.12.2011	1.1.2011
	RM	RM	RM
Cash on hand and at banks	23,556,591	34,485,306	16,859,909
Deposits with licensed banks	14,528,366	18,732,703	19,641,157
Cash and bank balances	38,084,957	53,218,009	36,501,066

Included in the cash at bank is cash held in trust by a third party amounting to RM456,867 (2011 : RM442,290).

The interest rates and maturity days for the deposits with licensed banks as at reporting date were 1.25% to 3.65% (2011 : 1.25% to 3.65%) and 1 to 365 days (2011 : 1 to 365 days) respectively.

27. LOANS AND BORROWINGS

	Group		
	31.12.2012	31.12.2011	1.1.2011
	RM	RM	RM
Short term borrowings			
Secured:			
Trade facilities	43,370,000	20,060,000	-
Term loans	41,283,177	20,633,078	38,005,565
Obligation under finance lease (Note 37)	663,862	822,005	769,950
	85,317,039	41,515,083	38,775,515
Unsecured:			
Trade facilities	90,414,546	20,000,000	20,000,000
Term loans	52,700,984	55,952,816	67,855,041
	143,115,530	75,952,816	87,855,041
	228,432,569	117,467,899	126,630,556
Long term borrowings			
Secured:			
Term loans	29,323,853	73,022,516	81,903,936
Obligation under finance lease (Note 37)	1,804,185	863,248	686,609
	31,128,038	73,885,764	82,590,545
Unsecured:			
Term loans	111,425,211	126,115,271	153,861,133
	111,425,211	126,115,271	153,861,133
	142,553,249	200,001,035	236,451,678
Total borrowings			
Trade facilities	133,784,546	40,060,000	20,000,000
Term loans	234,733,225	275,723,681	341,625,675
Obligation under finance lease (Note 37)	2,468,047	1,685,253	1,456,559
	370,985,818	317,468,934	363,082,234

27. LOANS AND BORROWINGS (cont'd)

The remaining maturities of the loans and borrowings as at 31 December are as follows:

	Group		
	31.12.2012	**31.12.2011**	**1.1.2011**
	RM	**RM**	**RM**
Within one year	228,432,569	117,467,899	126,630,556
More than 1 year and less than 2 years	69,529,037	82,695,699	95,130,805
More than 2 years and less than 5 years	59,695,909	112,830,584	141,275,818
More than 5 years	13,328,303	4,474,752	45,055
	370,985,818	317,468,934	363,082,234

	Company		
	31.12.2012	**31.12.2011**	**1.1.2011**
	RM	**RM**	**RM**
Short term borrowings			
Secured:			
Obligation under finance lease (Note 37)	186,999	252,152	203,566
Unsecured:			
Trade facilities	68,700,000	20,000,000	20,000,000
Term loans	4,989,589	8,750,000	8,750,000
	73,689,589	28,750,000	28,750,000
	73,876,588	29,002,152	28,953,566
Long term borrowings			
Secured:			
Obligation under finance lease (Note 37)	220,416	350,284	348,266
Unsecured:			
Term loans	32,094,797	-	8,750,000
	32,094,797	-	8,750,000
	32,315,213	350,284	9,098,266

27. LOANS AND BORROWINGS (cont'd)

	Company		
	31.12.2012	31.12.2011	1.1.2011
	RM	RM	RM
Total borrowings			
Trade facilities	68,700,000	20,000,000	20,000,000
Term loans	37,084,386	8,750,000	17,500,000
Obligation under finance lease (Note 37)	407,415	602,436	551,832
	106,191,801	29,352,436	38,051,832

The remaining maturities of the loans and borrowings as at 31 December are as follows:

	Company		
	31.12.2012	31.12.2011	1.1.2011
	RM	RM	RM
Within one year	73,876,588	29,002,152	28,953,566
More than 1 year and less than 2 years	5,108,099	160,337	8,895,709
More than 2 years and less than 5 years	14,720,754	189,947	157,502
More than 5 years	12,486,360	-	45,055
	106,191,801	29,352,436	38,051,832

The effective interest rates of borrowings at the reporting date were as follows:

	Group		
	31.12.2012	31.12.2011	1.1.2011
	%	%	%
Trade facilities	1.99 - 5.90	2.2 - 4.1	2.7 - 3.9
Term loans	2.67 - 4.11	2.0 - 5.9	2.0 - 5.9
Obligation under finance lease	2.20 - 6.14	2.2 - 8.7	1.1 - 5.0

	Company		
	31.12.2012	31.12.2011	1.1.2011
	%	%	%
Trade facilities	3.8 - 4.1	3.4 - 4.1	2.7 - 3.9
Term loans	4.1 - 4.2	3.6 - 4.0	2.0 - 5.9
Obligation under finance lease	2.2 - 3.5	2.2 - 3.3	1.1 - 5.0

27. LOANS AND BORROWINGS (cont'd)

The borrowings 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 14.

(iii) Priority and Security Sharing Agreement.

(iv) Corporate guarantee by the Company.

28. RETIREMENT BENEFIT OBLIGATIONS

	Group		Company	
	2012	2011 Restated	2012	2011 Restated
	RM	RM	RM	RM
Non-current liability				
Present value of unfunded obligations	7,602,069	6,815,295	3,521,695	3,126,014

Movement in the present value of defined benefit obligation

	Group		Company	
	2012	2011 Restated	2012	2011 Restated
	RM	RM	RM	RM
At 1 January	6,815,295	440,279	3,126,014	-
Prior year adjustment (Note 43)	-	5,259,057	-	2,718,076
At 1 January (Restated)	6,815,295	5,699,336	3,126,014	2,718,076
Recognised in the profit or loss	1,058,535	1,161,477	462,558	426,211
Contribution paid	(261,971)	(45,518)	(66,877)	(18,273)
Exchange differences	(9,790)	-	-	-
At 31 December	7,602,069	6,815,295	3,521,695	3,126,014

Expenses recognised in profit or loss

	2012	2011	2012	2011
	RM	RM	RM	RM
Current service costs	712,558	853,139	292,466	277,219
Interest expense	346,013	308,338	170,092	148,992
	1,058,535	1,161,477	462,558	426,211

The expenses are recognised in the selling and administrative expenses in the comprehensive income.

28. RETIREMENT BENEFIT OBLIGATIONS (cont'd)

Actuarial assumptions

Principal actuarial assumptions at the end of reporting period (expressed as weighted averages):

	2012	2011
Discount rate at 31 December	5.25% - 5.5%	5.25% - 5.5%
Future salary increases	3% - 6%	3% - 6%

Assumptions regarding future mortality are based on published statistics and mortality tables. The average life expectancy of an individual retiring is at age 55 for males and females.

29. TRADE AND OTHER PAYABLES

	Group		
	31.12.2012	31.12.2011	1.1.2011
	RM	RM	RM
Trade payables			
Third parties	62,247,644	60,016,372	39,981,999
Associate	-	1,004,817	7,474,722
	62,247,644	61,021,189	47,456,721
Other payables			
Amount due to a shareholder	-	-	612,106
Sundry payables	19,824,206	31,973,058	21,057,825
Dividends payable	-	-	7,695,000
Amount due to minority shareholder	7,572,412	24,834,214	21,391,798
Advances and accruals	30,028,168	29,053,584	28,205,543
	57,424,786	85,860,856	78,962,272
Total trade and other payables	119,672,430	146,882,045	126,418,993
Add: Loans and borrowings (Note 27)	370,985,818	317,468,934	363,082,234
Total financial liabilities carried at amortised cost	490,658,248	464,350,979	489,501,227

29. TRADE AND OTHER PAYABLES (cont'd)

	Company		
	31.12.2012	**31.12.2011**	**1.1.2011**
	RM	**RM**	**RM**
Trade payables			
Third parties	8,883,524	5,469,999	5,121,495
Subsidiaries	11,788,307	8,485,727	9,348,064
	20,671,831	13,955,726	14,469,559
Other payables			
Amount due to subsidiaries	13,523,605	-	27,523,515
Sundry payables	6,400,004	10,177,546	8,966,639
Dividends payable	-	-	7,695,000
Advances and accruals	5,548,268	5,825,884	5,397,340
	25,471,877	16,003,430	49,582,494
Total trade and other payables	46,143,708	29,959,156	64,052,053
Add: Loans and borrowings (Note 27)	106,191,801	29,352,436	38,051,832
Total financial liabilities carried at amortised cost	152,335,509	59,311,592	102,103,885

Trade payables are non-interest bearing and the normal credit terms granted to the Group range from 7 to 90 days.

The amount due to subsidiaries, which arose mainly from advances and transfer of assets and liabilities pursuant to a restructuring exercise in previous years, is unsecured, non-interest bearing, repayable on demand and is to be settled in cash.

The amount due to minority shareholder, which arose mainly from acquisition of assets and advances, is unsecured, non-interest bearing, repayable on demand and is to be settled in cash.

30. DEFERRED TAX LIABILITIES

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
		Restated		Restated
At 1 January	8,317,668	7,403,807	12,833,581	14,276,284
Recognised in other comprehensive income (Note 11)	251,541	(364,317)	254,038	(335,340)
Recognised in profit or loss (Note 11)	(1,970,284)	1,278,178	(1,372,968)	(1,107,363)
At 31 December	6,598,925	8,317,668	11,714,651	12,833,581

Presented after appropriate offsetting as follows:

Deferred tax assets	(64,862,930)	(59,517,074)	(843,969)	(1,125,957)
Deferred tax liabilities	71,461,855	67,834,742	12,558,620	13,959,538
	6,598,925	8,317,668	11,714,651	12,833,581

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred tax liabilities of the Group:

	Derivatives	Property, plant and equipment	Total
	RM	RM	RM
At 1 January 2012	199,475	67,635,267	67,834,742
Recognised in other comprehensive income	251,541	-	251,541
Recognised in profit or loss	(193,116)	3,568,688	3,375,572
At 31 December 2012	257,900	71,203,955	71,461,855
At 1 January 2011	104,784	60,125,333	60,230,117
Recognised in other comprehensive income	(97,046)	-	(97,046)
Recognised in profit or loss	191,737	7,509,934	7,701,671
At 31 December 2011	199,475	67,635,267	67,834,742

30. DEFERRED TAX LIABILITIES (cont'd)

Deferred tax assets of the Group:

	Derivatives	Unabsorbed capital allowances	Unutilised tax losses	Unutilised investment tax allowance	Provision of retirement benefit	Unrealised foreign	Total
	RM	RM	RM	RM	RM	RM	RM
At 1 January 2012	(344,453)	(34,283,635)	(4,314,608)	(18,909,000)	(1,624,378)	(41,000)	(59,517,074)
Recognised in profit or loss	99,886	(3,612,281)	(1,587,257)	(124,487)	(162,717)	41,000	(5,345,856)
At 31 December 2012	(244,567)	(37,895,916)	(5,901,865)	(19,033,487)	(1,787,095)	-	(64,862,930)
At 1 January 2011 (restated)	(74,902)	(29,026,047)	(4,313,865)	(18,056,633)	(1,354,863)	-	(52,826,310)
Recognised in other comprehensive income	(267,271)	-	-	-	-	-	(267,271)
Recognised in profit or loss	(2,280)	(5,257,588)	(743)	(852,367)	(269,515)	(41,000)	(6,423,493)
At 31 December 2011	(344,453)	(34,283,635)	(4,314,608)	(18,909,000)	(1,624,378)	(41,000)	(59,517,074)

Deferred tax liabilities of the Company:

	Derivatives	Property, plant and equipment	Total
	RM	RM	RM
At 1 January 2012	-	13,959,538	13,959,538
Recognised in profit or loss	-	(1,400,918)	(1,400,918)
At 31 December 2012	-	12,558,620	12,558,620
At 1 January 2011	95,564	14,860,239	14,955,803
Recognised in other comprehensive income	(68,069)	-	(68,069)
Recognised in profit or loss	(27,495)	(900,701)	(928,196)
At 31 December 2011	-	13,959,538	13,959,538

30. DEFERRED TAX LIABILITIES (cont'd)

Deferred tax assets of the Company:

	Provision for retirement benefit RM	Derivaties RM	Total RM
At 1 January 2012	(781,504)	(344,453)	(1,125,957)
Recognised in other comprehensive income	-	254,038	254,038
Recognised in profit or loss	(98,920)	126,870	27,950
At 31 December 2012	(880,424)	36,455	843,969
At 1 January 2011 (restated)	(679,519)	-	(679,519)
Recognised in other comprehensive income	-	(267,271)	(267,271)
Recognised in profit or loss	(101,985)	(77,182)	(179,167)
At 31 December 2011	(781,504)	(344,453)	(1,125,957)

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2012 RM	2011 RM
Unutilised tax losses	2,032,000	800,000

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.

31. SHARE CAPITAL

	‹---- Group and Company ----›			
	Number of ordinary shares of RM0.25 each		Amount	
	2012	2011	2012 RM	2011 RM
Authorised				
At 1 January/31 December	1,200,000,000	1,200,000,000	300,000,000	300,000,000
Issued and fully paid				
At 1 January/31 December	513,000,000	513,000,000	128,250,000	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 residual assets.

32. SHARE PREMIUM

The share premium which is non-distributable represents the premium arising from the issue of shares. Movements in the share premium account are shown in the statements of changes in equity.

33. FOREIGN EXCHANGE 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.

34. 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.

35. TREASURY SHARES

Treasury shares relate to ordinary shares of the Company that are 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 Company acquired 20,000 (2011 : 2,000) shares in the Company through purchases on Bursa Malaysia Securities Berhad during the financial year. The total amount paid to acquire the shares was RM13,044 (2011 : RM2,129) and this was presented as a component within shareholders' equity.

The directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares.

36. RETAINED EARNINGS

Prior to the year of assessment 2008, Malaysian companies adopted the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrecoverable option to disregard the 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

The Company did not elect for the irrevocable option to disregard the 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the 108 balance as at 31 December 2012 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007. As at 31 December 2012, the Company has sufficient credit in the 108 balance and tax exempt profits to pay franked dividends amounting to RM100,858,000 (2011 : RM116,970,000) out of its retained earnings. If the balance of the retained earnings of RM205,318,000 (2011 : RM189,168,000) were to be distributed as dividends, the Company may distribute such dividends under the single tier system.

37. COMMITMENTS

(a) Capital commitments

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Capital expenditure				
Approved but not contracted for	3,133,000	4,897,476	1,600,000	154,900
Approved and contracted for	3,867,584	1,033,660	1,030,963	192,290
	7,000,584	5,931,136	2,630,963	347,190

(b) Finance lease commitments

The Group has finance leases for certain items of plant and equipment (Note 14).

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	Group		
	31.12.2012	31.12.2011	1.1.2011
	RM	RM	RM
Future minimum lease payments:			
Not later than 1 year	809,581	930,785	831,335
Later than 1 year and not later than 2 years	636,198	565,438	498,724
Later than 2 years and not later than 5 years	767,989	397,127	165,532
Later than 5 years	8,745,030	-	89,840
Total minimum lease payments	10,958,798	1,893,350	1,585,431
Less: Amounts representing finance charges	(8,490,751)	(208,097)	(128,872)
Present value of minimum lease payments	2,468,047	1,685,253	1,456,559
Present value of payments:			
Not later than 1 year	663,862	822,005	769,950
Later than 1 year and not later than 2 years	539,532	502,424	477,270
Later than 2 years and not later than 5 years	422,708	360,824	164,284
Later than 5 years	841,945	-	45,055
Present value of minimum lease payments	2,468,047	1,685,253	1,456,559
Less: Amount due within 12 months (Note 27)	(663,862)	(822,005)	(769,950)
Amount due after 12 months (Note 27)	1,804,185	863,248	686,609

37. COMMITMENTS

(b) Finance lease commitments (cont'd)

	Company		
	31.12.2012	31.12.2011	1.1.2011
	RM	RM	RM
Future minimum lease payments:			
Not later than 1 year	199,317	272,829	220,173
Later than 1 year and not later than 2 years	131,384	177,235	155,960
Later than 2 years and not later than 5 years	117,935	217,971	158,604
Later than 5 years	-	-	89,840
Total minimum lease payments	448,636	668,035	624,577
Less: Amounts representing finance charges	(41,221)	(65,599)	(72,745)
Present value of minimum lease payments	407,415	602,436	551,832
Present value of payments:			
Not later than 1 year	186,999	252,152	203,566
Later than 1 year and not later than 2 years	118,281	160,337	145,709
Later than 2 years and not later than 5 years	102,135	189,947	157,502
Later than 5 years	-	-	45,055
Present value of minimum lease payments	407,415	602,436	551,832
Less: Amount due within 12 months (Note 27)	(186,999)	(252,152)	(203,566)
Amount due after 12 months (Note 27)	220,416	350,284	348,266

38. RELATED PARTY TRANSACTIONS

	Group		Company	
	2012	2011	2012	2011
	RM	RM	RM	RM
Associates:				
Sale of products	247,011	1,612,429	-	-
Purchase of products	-	2,111,040	-	-
Subsidiaries:				
Sale of products and rendering of services	-	-	7,508,619	9,531,488
Sale of spare parts	-	-	441,380	240,281
Sales of property, plant and equipment	-	-	200,560	7,900
Purchase of products	-	-	76,120,731	71,418,293
Purchase of spare parts	-	-	12,014	2,565,496

The directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are mutually agreed upon.

39. FAIR VALUE OF FINANCIAL INSTRUMENTS

Determination of fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables (current)	23
Trade and other payables (current)	29
Loans and borrowings (current)	27
Loans and borrowings (non-current)	27

The carrying amounts of the trade and other receivables and payables are reasonable approximation of their fair values due to their relatively short maturity periods.

The carrying amounts of the current portion of floating rate loans and borrowings are reasonable approximation of fair values due to the insignificant impact of discounting.

The carrying amounts of non-current portion of floating rate loans and borrowings are reasonable approximation of fair values as the interest charge on these loans and borrowings are pegged to, or close to, market interest rates near or at reporting date.

Derivatives

Fair values of forward currency contracts is calculated by reference to forward rates or prices quoted at the reporting date for contracts with similar maturity profiles.

Fair value hierachy

The Company uses the following hierachy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets and liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

39. FAIR VALUE OF FINANCIAL INSTRUMENTS (cont'd)

As at 31 December 2012, the Group and the Company held the following financial instruments measured at fair value:

Group	31 December 2012 RM	Level 1 RM	Level 2 RM	Level 3 RM
Assets measured at fair value				
Derivative financial instruments	77,653	-	77,653	-
Liabilities measured at fair value				
Derivative financial instruments	148,380	-	148,380	-
Company				
Liabilities measured at fair value				
Derivative financial instruments	52,929	-	52,929	-

As at 31 December 2011, the Group and the Company held the following financial instruments measured at fair value:

Group	31 December 2011 RM	Level 1 RM	Level 2 RM	Level 3 RM
Assets measured at fair value				
Derivative financial instruments	775,189	-	775,189	-
Liabilities measured at fair value				
Derivative financial instruments	1,326,728	-	1,326,728	-
Company				
Liabilities measured at fair value				
Derivative financial instruments	1,267,832	-	1,267,832	-

There were no transfers between the various fair value measurement levels during the financial year.

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate risks (both fair value and cash flow), 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. It is, and has been throughout the year under review, the Group's policy that no trading in derivative financial instruments shall be undertaken.

(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 fixed deposits and short term deposits.

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 for interest rate risk

During the financial year, if interest rates had been 100 basis points lower/higher, with all other variables held constant, the Group's profit net of tax would have been RM3,685,000 (2011 : RM3,518,000) higher/ lower, 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.

(b) Foreign exchange risk

The Group is 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 currency giving rise to this risk is primarily United States Dollars (USD) 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 maintains 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.

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(b) Foreign exchange risk (cont'd)

The net unhedged financial assets and financial liabilities of the Group that are not denominated in their functional currencies are as follows:

	Net Financial Assets/(Liabilities) Held in Non-Functional Currencies			
	United States Dollars RM	Euro RM	*Other Currencies RM	Total RM
Functional Currency of Group				
At 31 December 2012				
Ringgit Malaysia	56,275,655	2,136,204	105,757	58,517,616
Thai Baht	24,045,437	(8,778)	(2,873,023)	21,163,636
Indonesian Rupiah	(15,992,893)	(553,324)	(105,666)	(16,651,882)
	64,328,199	1,574,103	(2,872,933)	63,029,369
At 31 December 2011				
Ringgit Malaysia	(3,261,952)	3,291,648	(1,282,249)	(1,252,553)
Thai Baht	1,359,903	(272,582)	(5,763,813)	(4,676,492)
Indonesian Rupiah	(22,742,586)	(240,603)	20,941	(22,962,248)
	(24,644,635)	2,778,463	(7,025,121)	(28,891,293)

* Other currencies consist of Singapore Dollars, Swiss Franc, Swedish Krona and Japanese Yen.

<u>Sensitivity analysis for foreign currency risk</u>

As the reporting date, the Group has net USD denominated accounts receivable with a carrying amount of RM64,328,199 (2011 : RM24,644,635), translated at the closing spot exchange rate of 3.050 (2011 : 3.155). 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 or loss to decrease and increase by RM1,225,000 (2011 : RM739,000) respectively (being the re-translation of the payables at the reporting date).

(c) Liquidity risk

The Group manages its 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 maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises 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.

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(c) Liquidity risk (cont'd)

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.

	2012			
Group	**On demand or within one year RM**	**One to five years RM**	**Over five years RM**	**Total RM**
Financial liabilities:				
Trade and other payables	119,672,430	-	-	119,672,430
Loans and borrowings	228,578,288	129,666,893	21,231,388	379,476,569
Derivatives - settled net	148,380	-	-	148,380
Total financial liabilities	348,399,098	129,666,893	21,231,388	499,297,379
Company				
Financial liabilities:				
Trade and other payables	46,143,708	-	-	46,143,708
Loans and borrowings	73,888,906	19,857,756	12,486,360	106,233,022
Derivatives - settled net	52,929	-	-	52,929
Total financial liabilities	120,085,543	19,857,756	12,486,360	152,429,659

	2011			
Group	**On demand or within one year RM**	**One to five years RM**	**Over five years RM**	**Total RM**
Financial liabilities:				
Trade and other payables	146,882,045	-	-	146,882,045
Loans and borrowings	117,576,679	195,625,600	4,474,752	317,677,031
Derivatives - settled net	1,319,534	7,194	-	1,326,728
Total financial liabilities	265,778,258	195,632,794	4,474,752	465,885,804
Company				
Financial liabilities:				
Trade and other payables	29,959,156	-	-	29,959,156
Loans and borrowings	29,022,829	395,206	-	29,418,035
Derivatives - settled net	1,267,832	-	-	1,267,832
Total financial liabilities	60,249,817	395,206	-	60,645,023

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(d) Credit risk

The Group's credit risk is primarily attributable to trade receivables. The Group trades only with recognised and creditworthy third parties. It is the Group's policy 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 exposure to bad debts is not significant.

The credit risk of the Group'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 does 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, including derivatives with positive fair values.
- An amount of RM247,340,000 (2011 : RM286,740,000) relating to a corporate guarantee provided by the Company to bank for subsidiaries' bank borrowings.
- A nominal amount of RM1,032,649 relating to a corporate guarantee provided by the Company to a third party for a loan granted to a Thailand associate in prior year.

Credit risk concentration profile

The Group determines 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 and the Company's trade receivables at the reporting date are as follows:

	Group			
	2012		2011	
	RM	%	RM	%
By country:				
Malaysia	42,786,538	61	56,594,420	75
Thailand	24,911,958	35	17,022,855	22
Other countries	2,622,744	4	2,310,181	3
	70,321,240	100	75,927,456	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 Note 23. 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.

41. 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 years ended 31 December 2012 and 31 December 2011.

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	
	Note	**2012**	**2011**	**2012**	**2011**
		RM	**RM**	**RM**	**RM**
Loans and borrowings	27	370,985,818	317,468,934	106,191,801	29,352,436
Trade and other payables	29	119,672,430	146,882,045	46,143,708	29,959,156
Less: Cash and bank balances	26	(83,814,380)	(118,932,535)	(38,084,957)	(53,218,009)
Net debt		406,843,868	345,418,444	114,250,552	6,093,583
Equity attributable to the owners of the parent		825,820,594	809,119,460	547,478,207	544,368,636
Total capital		825,820,594	809,119,460	547,478,207	544,368,636
Capital and net debt		1,232,664,462	1,154,537,904	661,728,759	550,462,219
Gearing ratio		33%	30%	17%	1%

42. SEGMENT INFORMATION

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.

Geographical segments:

The Group is organised into three major geographical segments:

(i) Malaysia - manufacture of medium density fibreboard, wooden furniture part and furniture, particleboard, glue, resin, as well as trading and managing of plantation.

(ii) Thailand - production and distribution of medium density fibreboard and wood products.

(iii) Indonesia - manufacture of medium density fibreboard, glue and resin.

(iv) Singapore - 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.

42. SEGMENT INFORMATION (cont'd)

2012	Malaysia RM	Thailand RM	Indonesia RM	Singapore RM	Elimination RM	Consolidated RM
Revenue						
External sales	657,443,197	324,161,523	50,056,900	-	-	1,031,661,620
Inter-company sales	276,150,253	57,200,997	7,803,406	-	(341,154,656)	-
Total revenue	933,593,450	381,362,520	57,860,306	-	(341,154,656)	1,031,661,620
Results						
Segment results	47,805,651	8,446,709	(9,448,825)	(10,818)	(4,434,152)	42,358,565
Finance costs	(9,325,693)	(5,544,127)	(1,339,482)	-	915,749	(15,293,553)
Fair value (loss)/gain on derivative	259,886	(761,934)	-	-	-	(502,048)
Share of loss of associates	-	370,016	-	-	(1,183,786)	(813,770)
Profit before tax	38,739,844	2,510,664	(10,788,307)	(10,818)	(4,702,189)	25,749,194
Income tax expense	384,222	(798,422)	-		228,581	(185,619)
Profit for the year	39,124,066	1,712,242	(10,788,307)	(10,818)	(4,473,608)	25,563,575
Assets						
Segment assets	1,463,625,713	413,561,032	84,119,306	38,538	(604,175,077)	1,357,169,512
Consolidated total assets						1,357,169,512
Liabilities						
Segment liabilities	478,496,182	167,796,499	47,186,281	1,958,268	(189,949,331)	505,487,899
Consolidated total liabilities						505,487,899
Other Information						
Amortisation of intangible assets	-	23,668	-	-	-	23,668
Amortisation of land use rights	431,193	-	-	-	-	431,193
Capital expenditures	44,124,763	13,435,953	1,676,452	-	(566,404)	58,670,764
Depreciation	34,228,794	28,849,813	4,688,154	-	7,370	67,774,131

42. SEGMENT INFORMATION (cont'd)

2011	Malaysia RM	Thailand RM	Indonesia RM	Singapore RM	Elimination RM	Consolidated RM
Revenue						
External sales	654,190,741	367,880,673	39,616,135	-	-	1,061,687,548
Inter-company sales	238,869,041	35,806,016	-	-	(274,675,057)	-
Total revenue	893,059,782	403,686,688	39,616,135	-	(274,675,057)	1,061,687,548
Results						
Segment results	127,775,570	(908,770)	(9,001,315)	(72,090)	(40,109,393)	77,684,002
Finance costs	(7,773,003)	(5,409,818)	(1,161,002)	-	772,180	(13,571,643)
Fair value (loss)/gain on derivative	(442,400)	921,707	-	-	-	479,307
Share of profit of associates	-	901,869	-	-	(6,378)	895,491
Profit before tax	119,560,167	(4,495,012)	(10,162,317)	(72,090)	(39,343,591)	65,487,157
Income tax expense	(5,970,248)	(92,129)	-	-	(276,512)	(6,338,889)
Profit for the year	113,589,919	(4,587,141)	(10,162,317)	(72,090)	(39,620,103)	59,148,268
Assets						
Segment assets	1,250,155,217	408,180,918	92,860,681	521,031	(454,830,305)	1,296,887,542
Interests in associates	-	4,833,001	-	-	-	4,833,001
Consolidated total assets						1,301,720,543
Liabilities						
Segment liabilities	366,249,176	171,582,766	85,460,517	2,390,470	(144,853,441)	480,829,488
Consolidated total liabilities						480,829,488
Other Information						
Amortisation of intangible asset	35,862	-	-	-	-	35,862
Amortisation of land use rights	399,059	-	-	-	-	399,059
Capital expenditures	46,558,650	39,846,554	1,594,745	-	(866,517)	87,133,432
Depreciation	30,365,990	27,646,497	4,825,347	-	-	62,837,834

42. SEGMENT INFORMATION (cont'd)

The following table provides an analysis of the Group's revenue by geographical segment:

Revenue from sales to external customers by location of the customers

	2012 RM	2011 RM
United States	31,227,253	41,241,008
Africa	27,352,213	35,291,206
Europe	18,690,713	18,191,331
Far East Asia	37,410,729	52,994,330
Mediterranean	20,849,809	23,651,005
Middle East	318,598,456	315,590,129
South Asia	33,451,878	92,444,191
South East Asia	544,080,570	482,284,348
	1,031,661,620	1,061,687,548

43. PRIOR YEAR ADJUSTMENT AND RECLASSIFICATION

(a) Prior year adjustment

In compliance with MFRS 119, the Group and the Company have engaged an independent actuary to prepare an actuarial valuation report to make a reliable estimate of amount of retirement benefit that employees have earned in return for their current services in the current and prior periods.

The effects arising from this change on the comparative figures as at 31 December 2011 and 1 January 2011 are as follows:

Group	Previously Stated RM	Adjustments RM	Restated RM
As at 31 December 2011			
Retained earnings	574,576,413	(4,283,624)	570,292,789
Deferred tax liabilities	9,942,046	(1,624,378)	8,317,668
Retirement benefits	907,293	5,908,002	6,815,295
Selling and administrative expenses	160,239,387	648,945	160,888,332
Income tax expense	6,608,404	(269,515)	6,338,889
As at 1 January 2011			
Retained earnings	510,614,445	(3,904,194)	506,710,251
Deferred tax liabilities	8,758,670	(1,354,863)	7,403,807
Retirement benefits	440,279	5,259,057	5,699,336

43. PRIOR YEAR ADJUSTMENT AND RECLASSIFICATION (cont'd)

(a) Prior year adjustment (cont'd)

Company	Previously Stated RM	Adjustments RM	Restated RM
As at 31 December 2011			
Retained earnings	306,137,686	(2,344,510)	303,793,176
Deferred tax liabilities	13,615,085	(781,504)	12,833,581
Retirement benefits	-	3,126,014	3,126,014
Selling and administrative expenses	37,790,935	407,938	38,198,873
Income tax expense	2,765,803	(101,985)	2,663,818
As at 1 January 2011			
Retained earnings	233,931,135	(2,038,557)	231,892,578
Deferred tax liabilities	14,955,803	(679,519)	14,276,284
Retirement benefits	-	2,718,076	2,718,076

(b) Prior year reclassification

During the financial year, the Group and the Company have reclassified trade and other receivables to other current assets to conform with the current year's presentation. The effect of the adjustments on the comparative figures as at 31 December 2011 and 1 January 2011 are as follows:

Group	Previously Stated RM	Adjustments RM	Restated RM
As at 31 December 2011			
Statement of financial position			
Trade and other receivables	85,864,041	(1,931,470)	83,932,571
Other current assets	30,405,501	1,931,470	32,336,971
As at 1 January 2011			
Statement of financial position			
Trade and other receivables	86,788,911	(8,377,678)	78,411,233
Other current assets	39,513,929	8,377,678	47,891,607

43. PRIOR YEAR ADJUSTMENT AND RECLASSIFICATION (cont'd)

(b) Prior year reclassification (cont'd)

Company	Previously Stated RM	Adjustments RM	Restated RM
As at 31 December 2011			
Statement of financial position			
Trade and other receivables	107,653,558	(1,931,470)	105,722,088
Other current assets	3,253,609	1,931,470	5,185,079
As at 1 January 2011			
Statement of financial position			
Trade and other receivables	95,063,821	(8,377,678)	86,686,143
Other current assets	2,433,881	8,377,678	10,811,559

44. SIGNIFICANT EVENT

On 28th March 2012, a Complain/Legal Suit under the Court of Intellectual Property and International Trade in the Kingdom of Thailand has filed against EFB by Dynea Chemical OY ("Dynea or plaintiff 1"), Mr Sombat Ardisart ("Sombat or Plaintiff 2"), Ms Somsri Chairudtidach ("Somsri or Plaintiff 3") and MP Particleboard Co., Ltd. ("MP or plaintiff 4") [collectively known as the Plaintiffs]. The complain/legal suit has been served on the Director Mr Kuo Jen Chang on 24 March 2012 in Thailand.

The Plaintiff claimed that the Company is:

1) In breach of the Joint Venture Agreement for failing to require Siam Fibreboard Co., Ltd. to purchase all of its adhesive requirement from Dynea Krabi Co., Ltd.;

2) In breach of the Technology Transfer Agreement by utilising certain know how and technologies belonging to Dynea Singapore for the Defendant's own use; and

3) In violation of the Thai Civil and Commercial Code by virtue of being a partner in a joint venture and competing with the business of Dynea Krabi Co., Ltd. by having an affiliate of the Defendant to produce and sell adhesives to SFC.

   On 18 September 2012, the Complain/Legal Suit has been settled and withdrawn without any cost or compensation to either party resulting from the parties having executed and registered a Compromise Agreement ("CA") before the Central Intellectual Property and International Trade Court in Bangkok, Thailand.

44. SIGNIFICANT EVENT (cont'd)

In the Compromise Agreement,

1) It is agreed that EFB shall cease to be party of the joint venture pursuant to the sale of all its 412,500 shares in Dynea Krabi Co., Ltd. to other existing shareholders and the sale of shares to be completed on 1 October 2012.

2) The Plaintiffs and EFB irrevocably agree to settle and compromise on the dispute under this Complaint/Legal Suit and this Compromise Agreement shall constitute the absolute and final settlement of this Complaint/Legal Suit with no further claim be brought by any party against another party or parties in respect of the disputed matters in this Complaint/Legal Suit and all related agreements in respect of the joint venture.

On 1 October 2012, the Company had disposed the investment in Dynea Krabi Co., Ltd, an associate of Group as a result of the completion of a Compromise and all related agreements in respect of the joint venture.

45. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 December 2012 were authorised for issue in accordance with a resolution of the directors on 8 April 2013.

46. SUPPLEMENTARY INFORMATION - BREAKDOWN OF RETAINED PROFITS INTO REALISED AND UNREALISED

The breakdown of the retained profits of the Group and of the Company as at 31 December 2012 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2011 and prepared in accordance with 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	
	As at 31 December 2012	As at 31 December 2011	As at 31 December 2012	As at 31 December 2011
	RM	RM	RM	RM
Total retained profits of the Company and its subsidiaries:				
- Realised	646,163,474	600,080,956	317,868,328	316,626,757
- Unrealised	(6,598,925)	(8,317,668)	(11,714,651)	(12,833,581)
	639,564,549	591,763,288	306,153,677	303,793,176
Total share of retained profits of associated company:				
- Realised	-	813,770	-	-
	639,564,549	592,577,058	306,153,677	303,793,176
Less: Consolidation adjustments	(49,926,234)	(22,284,269)	-	-
Retained profits as per financial statements	589,638,315	570,292,789	306,153,677	303,793,176

LIST OF PROPERTIES

NO	LOCATION	TENURE	LAND AREA	USAGE	NET BOOK VALUE AS AT 31 DEC 2012 RM	YEAR OF ACQUISITION
1	LOT 5776 **ADDRESS:** LOT 5776 NILAI INDUSTRIAL ESTATE 71800 NILAI NEGERI SEMBILAN DARUL KHUSUS	LEASEHOLD 36 YEARS EXPIRING ON 2043	37.98 ACRES	OFFICE ADMINISTRATION, PRODUCTION AREA AND WAREHOUSE	45,469,944	09/2008
2	KAWASAN CADANGAN HUTAN SIMPAN LABIS MUKIM SEMEBRONG DAERAH MERSING, JOHOR	LEASEHOLD 60 YEARS EXPIRING ON 31/12/2066	4,410 ACRES	RUBBER CULTIVATION PLANTATION	24,927,463	01/01/2011
3	PTD 20386 HS(D) 61260 MUKIM OF SRI GADING DISTRICT OF BATU PAHAT JOHOR **ADDRESS:** PLO 22 PARIT RAJA INDUSTRIAL AREA 86400 PARIT RAJA BATU PAHAT, JOHOR	LEASEHOLD 60 YEARS EXPIRING ON 13/06/2056	19.408 ACRES	INDUSTRIAL / PRODUCTION AREA	22,560,349	09/09/1993
4	HS(D) 234508 LOT NO: MLO 6219 MUKIM OF PLENTONG **ADDRESS:** 11 1/2 MILES JALAN MASAI 81750 MASAI, JOHOR	FREEHOLD	9.998 ACRES	INDUSTRIAL / OFFICE AND PRODUCTION BUILDING	19,835,129	20/12/2006
5	PLO 202, MUKIM OF POGOH DISTRICT OF SEGAMAT, JOHOR **ADDRESS:** PLO 202 SEGAMAT INDUSTRIAL AREA II 85000 SEGAMAT JOHOR	FREEHOLD	12.04 ACRES	INDUSTRIAL / OFFICE AND PRODUCTION BUILDING	14,202,135	02/01/2005
6	LOT NO 1, TITLE NO 152121 **ADDRESS:** 417/117 STA INDUSTRIAL PARK MOO 1, KANJANAVANICH ROAD SUB-DISTRICT PATHONG DISTRICT OF HAATYAI 90230 SONGKHLA THAILAND	FREEHOLD	9.257 ACRES	LAND AND IMPROVEMENT PRODUCTION AREA AND WAREHOUSE	10,147,527	25/05/2007

LIST OF PROPERTIES (CONT'D)

NO	LOCATION	TENURE	LAND AREA	USAGE	NET BOOK VALUE AS AT 31 DEC 2012 RM	YEAR OF ACQUISITION
7	TITLE NO 247458 **ADDRESS:** 417/112-113 STA INDUSTRIAL PARK MOO 1, KANJANAVANICH ROAD SUB-DISTRICT PATHONG DISTRICT OF HAATYAI 90230 SONGKHLA THAILAND	FREEHOLD	13.64 ACRES	LOG YARD AREA	9,160,532	31/03/2011
8	LOT NO 11, TITLE NO 152126 **ADDRESS:** 417/112-113 STA INDUSTRIAL PARK MOO 1, KANJANAVANICH ROAD SUB-DISTRICT PATHONG DISTRICT OF HAATYAI 90230 SONGKHLA THAILAND	FREEHOLD	6.4 ACRES	INDUSTRIAL / PRODUCTION AREA	8,701,592	28/08/2007
9	LOT NO 11, TITLE NO 152124 **ADDRESS:** 417/112-113 STA INDUSTRIAL PARK MOO 1, KANJANAVANICH ROAD SUB-DISTRICT PATHONG DISTRICT OF HAATYAI 90230 SONGKHLA THAILAND	FREEHOLD	9.6 ACRES	INDUSTRIAL / PRODUCTION AREA	6,672,817	28/08/2007
10	LOT NO 1, TITLE NO 152121 **ADDRESS:** 417/118 STA INDUSTRIAL PARK MOO 1, KANJANAVANICH ROAD SUB-DISTRICT PATHONG DISTRICT OF HAATYAI 90230 SONGKHLA THAILAND	LEASEHOLD	9.257 ACRES	PRODUCTION AREA AND WAREHOUSE	4,984,040	25/05/2007

STATEMENT OF SHAREHOLDINGS

As at 29 March 2013

Authorised capital	:	RM300,000,000 divided into 1,200,000,000 ordinary shares of RM0.25 each
Issued and fully paid-up capital	:	RM128,250,000 divided into 513,000,000 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	15	460	0.00
100 - 1,000	545	497,000	0.10
1,001 - 10,000	2,632	14,460,412	2.82
10,001- 100,000	1,434	46,998,589	9.16
100,001 to less than 5% of issued shares	280	244,437,068	47.65
5% and above of issued shares	3	206,584,471	40.27
	4,909	512,978,000*	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	94,903,910	18.50
2.	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR UBS AG HONG KONG	72,746,761	14.18
3.	LEMBAGA TABUNG HAJI	38,933,800	7.59
4.	HSBC NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR CREDIT SUISSE	25,137,000	4.90
5.	KUO HUEI CHEN	21,684,527	4.23
6.	KUO JEN CHIU	10,000,000	1.95
7.	OSK NOMINEES (ASING) SDN. BHD. MAYBANK KIM ENG SECURITIES PTE LTD FOR EXQUISITE HOLDINGS LIMITED	9,280,000	1.81
8.	ASSETS NOMINEES (ASING) SDN. BHD. HIMB TRADING LIMITED	8,267,900	1.61
9.	MAYBANK SECURITIES NOMINEES (ASING) SDN. BHD. MAYBANK KIM ENG SECURITIES PTE LTD FOR MGF CAPITAL BERHAD	7,707,700	1.50

THIRTY LARGEST SHAREHOLDERS (cont'd)

	Shareholders	Number of Shares	Percentage of Shares
10.	MAYBANK NOMINEES (ASING) SDN. BHD. DBS BANK FOR ONE NORTH CAPITAL – ASIA VALUE MASTER FUND	7,500,000	1.46
11.	TOKIO MARINE LIFE INSURANCE MALAYSIA BHD	6,100,000	1.19
12.	EVAWORLD SDN. BHD.	5,543,027	1.08
13.	CESFIELD DEVELOPMENT SDN. BHD.	4,960,027	0.97
14.	MAYBANK SECURITIES NOMINEES (ASING) SDN. BHD. MAYBANK KIM ENG SECURITIES PTE LTD FOR LOH YIH	4,736,000	0.92
15.	KUO, SZE HORNG @ KUO, JEFFREY S	4,517,698	0.88
16.	KUO, SZE LIANG @ KUO, JUSTIN S	4,517,698	0.88
17.	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. CIMB FOR NG PAIK PHENG	3,934,300	0.77
18.	CITIGROUP NOMINEES (ASING) SDN. BHD. CBNY FOR DIMENSIONAL EMERGING MARKETS VALUE FUND	3,612,526	0.70
19.	AMSEC NOMINEES (TEMPATAN) SDN. BHD. AMTRUSTEE BERHAD FOR PACIFIC PEARL FUND	3,484,800	0.68
20.	LIM CHIAN PENG	3,100,000	0.60
21.	PUBLIC INVEST NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR PHILLIP SECURITIES PTE LTD	2,906,200	0.57
22.	CHONG CHANG CHOONG	2,622,600	0.57
23.	AMANAHRAYA TRUSTEES BERHAD MIDF AMANAH STRATEGIC FUND	2,467,500	0.48
24.	INDY PROPERTIES LIMITED	2,427,800	0.47
25.	HSBC NOMINEES (TEMPATAN) SDN. BHD. HSBC (M) TRUSTEE BHD FOR HSBC AMANAH LIFESELECT EQUITY FUND	2,022,300	0.39
26.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. KUMPULAN WANG PERSARAAN	1,928,000	0.38
27.	NEOH CHOO EE & COMPANY, SDN. BHD.	1,800,000	0.35
28.	KUO HUEI CHEN	1,684,526	0.33
29.	AMANAHRAYA TRUSTEES BERHAD MIDF AMANAH GROWTH FUND	1,672,000	0.33
30.	CHEE KIM HOON	1,620,000	0.32

STATEMENT OF SHAREHOLDINGS (CONT'D)

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:

		Direct Interest		Deemed Interest	
	Substantial Shareholders	**Number of Shares**	**% of Shares**	**Number of Shares**	**% of Shares**
1.	KUO WEN CHI	-	-	226,156,724 [(1)]	44.09
2.	KUO JEN CHANG	94,903,910	18.50	131,252,814 [(2)]	25.59
3.	KUO JEN CHIU	10,000,000	1.95	216,156,724 [(3)]	42.14
4.	KUO HUEI CHEN	23,369,053	4.56	202,787,671 [(4)]	39.53
5.	HSU MEI LAN	-	-	226,156,724 [(5)]	44.09
6.	LEMBAGA TABUNG HAJI	38,933,800	7.59	-	-

Notes:

(1) *Deemed interested by virtue of his indirect shareholdings in HSBC Bank Malaysia Berhad and the shareholdings of his children in EFB.*

(2) *Deemed interested by virtue of the shareholdings of his father and siblings in EFB.*

(3) *Deemed interested by virtue of his indirect shareholdings in Citigroup Nominees (Asing) Sdn. Bhd. and the shareholding of his father and siblings in EFB.*

(4) *Deemed interested by virtue of the shareholdings of her father and siblings in EFB.*

(5) *Deemed interested by virtue of the shareholdings of her spouse and children in EFB.*

LIST OF DIRECTORS' SHAREHOLDINGS AS AT 29 MARCH 2013

		Direct Interest		Deemed Interest	
	Directors	**Number of Shares**	**% of Shares**	**Number of Shares**	**% of Shares**
1.	LAW NGEE SONG	-	-	-	-
2.	KUO WEN CHI	-	-	226,156,724 [(1)]	44.09
3.	KUO JEN CHANG	94,903,910	18.50	131,252,814 [(2)]	25.59
4.	KUO JEN CHIU	10,000,000	1.95	216,156,724 [(3)]	42.14
5.	MARY HENERIETTA LIM KIM NEO	4	#	-	-
6.	YONG KOK FONG	115,000	0.02	-	-
7.	DATUK SYED IZUAN SYED KAMARULBAHRIN	-	-	-	-

Notes:

\# *Negligible*

(1) *Deemed interested by virtue of his indirect shareholdings in HSBC Bank Malaysia Berhad and the shareholdings of his children in EFB.*

(2) *Deemed interested by virtue of the shareholdings of his father and siblings in EFB.*

(3) *Deemed interested by virtue of his indirect shareholdings in Citigroup Nominees (Asing) Sdn. Bhd. and the shareholding of his father and siblings in EFB.*

Article No.	Existing Provision	New Provision
2 - Definition Approved Market Place	A Stock Exchange which is specified to be an approved market place in the Securities Industry (Central Depositories) (Exemption) (No. 2) Order, 1998.	Deleted
2 - Definition Authorised Nominee	A person who is authorised to act as nominee as specified under the Rules of Depository.	Deleted
2 - Definition Share Issuance Scheme	New provision	a scheme involving a new issuance of shares to the employees.
2 - Definition Share Grant Scheme	New provision	a scheme involving the grant of a listed issuer's existing shares to employees.
2 - Definition share scheme	New provision	Share Issuance Scheme and Share Grant Scheme collectively
5 (2) (a) - Shares to be under control of Directors	No director shall participate in an issue of shares or options to employees of the Company unless the shareholders in general meeting have approved of the specific allotment to be made to such Director.	No director shall participate in an issue of shares, <u>share scheme</u> or options to employees of the Company unless the shareholders in general meeting have approved of the specific allotment to be made to such Director.
10 - Information of shareholding	The Company may by notice in writing, require any member of the Company, within such reasonable time as is specified in the notice: a) to inform the Company whether he holds any voting shares in the Company as beneficial owner, Authorised Nominee or as trustee; and b) if he holds them as trustee or Authorised Nominee, to indicate so far as he can, the persons for whom he holds them by name and by other particulars sufficient to enable those persons to be identified and the nature of their interest.	The Company may by notice in writing, require any member of the Company, within such reasonable time as is specified in the notice: a) to inform the Company whether he holds any voting shares in the Company as beneficial owner, <u>Exempt</u> Authorised Nominee or as trustee; and b) if he holds them as trustee or <u>Exempt</u> Authorised Nominee, to indicate so far as he can, the persons for whom he holds them by name and by other particulars sufficient to enable those persons to be identified and the nature of their interest.

APPENDIX A (CONT'D)

Article No.	Existing Provision	New Provision
65 - How resolution decided	At all general meetings a resolution put to the vote of the meeting shall be decided on a show of hands, unless before or upon the declaration of the result of the show of hands, a poll be demanded in writing by the Chairman or by any member or any person for the time being entitled to vote at the meeting, and unless a poll be so demanded a declaration by the chairman of the meeting that a resolution has been carried, or has been carried unanimously or by a particular majority, or lost, or not carried by a particular majority, shall be conclusive and an entry to that effect in the Minute Book of the Company shall be conclusive evidence thereof without proof of the number of proportion of the votes recorded in favour of or against such resolution. The demand for a poll may be withdrawn.	At all general meetings a resolution put to the vote of the meeting shall be decided on a show of hands, unless before or upon the declaration of the result of the show of hands, a poll be demanded: a) by the chairman of the meeting; or b) by at least two (2) Members present in person or by proxy and entitled to vote; or c) by any Member or Members present in person or by proxy or attorney and representing not less than one-tenth (1/10) of the total voting rights of all the Members having the right to vote at the meeting; or d) by a Member or Members present in person or by proxy and holding shares in the Company conferring a right to vote at the meeting and being shares on which an aggregate sum has been paid up equal to not less than one-tenth (1/10) of the total sum paid up on all the shares conferring that right. and unless a poll be so demanded a declaration by the chairman of the meeting that a resolution has been carried, or has been carried unanimously or by a particular majority, or lost, or not carried by a particular majority, shall be conclusive and an entry to that effect in the Minute Book of the Company shall be conclusive evidence thereof without proof of the number of proportion of the votes recorded in favour of or against such resolution. The demand for a poll may be withdrawn.

Article No.	Existing Provision	New Provision
74 (a) - Proxy	A Member shall be entitled to be present and to vote on any question either personally or by proxy, or as proxy for another Member at any general meeting, or upon a poll and to be reckoned in a quorum in respect of any fully paid-up shares and any share upon which call due and payable to the company shall have been paid. The proxy need not be a Member of the Company and Section 149(1)(b) of the Act shall not apply. No Member shall be entitled to present or to vote on any question either personally or otherwise as a proxy, or attorney at any general meeting or upon a poll or be reckoned in the quorum in respect of any shares upon which calls are due and unpaid, and/or where the instrument or proxy, the power of attorney or other authority, if any, naming another person or party (other that the said Member) as proxy, attorney or person/party authorised to so act has been deposited with the Company in accordance with Article 76.	A Member shall be entitled to be present and to vote on any question either personally or by proxy, or as proxy for another Member at any general meeting, or upon a poll and to be reckoned in a quorum in respect of any fully paid-up shares and any share upon which call due and payable to the company shall have been paid. The proxy need not be a Member of the Company and Section 149(1)(b) of the Act shall not apply. There shall be no restriction as to the qualification of the proxy. No Member shall be entitled to present or to vote on any question either personally or otherwise as a proxy, or attorney at any general meeting or upon a poll or be reckoned in the quorum in respect of any shares upon which calls are due and unpaid, and/or where the instrument or proxy, the power of attorney or other authority, if any, naming another person or party (other that the said Member) as proxy, attorney or person/party authorised to so act has been deposited with the Company in accordance with Article 76. 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.
74 (c) - Appointment of at least one proxy	Where a member of the Company is an Authorised Nominee as defined under the Central Depositories Act, it may appoint at least 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.	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.

APPENDIX A (CONT'D)

Article No.	Existing Provision	New Provision
76 - Instrument to be left at the Company's Office	The instrument appointing a proxy together with the power of attorney (as the case may be) at the Office at least forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in such instrument proposes to vote; otherwise the person so named shall not be entitled to vote in respect thereof.	The instrument appointing a proxy together with the power of attorney (as the case may be) at the Office or any other suitable places from time to time at least forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in such instrument proposes to vote; otherwise the person so named shall not be entitled to vote in respect thereof.
79 - Number of Directors	Until otherwise recommended by the board of directors and confirmed by the Company in general meeting the number of Directors shall not be less than two (2) and not more than nine (9). The first directors are Kuo Wen Chi, Kuo Jen Chang, Chuan Chai Chen and Boh Wee Eng the directors as at the date of adoption of these Articles are Mohd Alkaf Bin Mohd Kahar, Law Ngee Song, Kuo Wen Chi, Kuo Jen Chang, Kuo Jen Chiu, Mary Henerietta Lim Kim Neo, Kuo Huei Chen and Yong Kok Fong.	Until otherwise recommended by the board of directors and confirmed by the Company in general meeting the number of Directors shall not be less than two (2) and not more than nine (9). The first directors are Kuo Wen Chi, Kuo Jen Chang, Chuan Chai Chen and Boh Wee Eng. ~~the directors as at the date of adoption of these Articles are Mohd Alkaf Bin Mohd Kahar, Law Ngee Song, Kuo Wen Chi, Kuo Jen Chang, Kuo Jen Chiu, Mary Henerietta Lim Kim Neo, Kuo Huei Chen and Yong Kok Fong.~~
129 (2) - Receipt of Dividends	The receipt of the person whose name on the date of the declaration of dividend appears on the Register as the owner of any share shall be a good discharge to the Company for all payments made in respect of such share.	The receipt of the person whose name on the date of the declaration of dividend appears on the ~~Register~~ Record of Depositors as the owner of any share shall be a good discharge to the Company for all payments made in respect of such share.
136 (b)	The interval between the close of a financial year of the Company and the issue of the annual audited accounts, the Directors' and Auditors' Reports shall not exceed four (4) months.	The interval between the close of a financial year of the Company and the issue of the annual ~~audited accounts~~ financial statements, the Directors' and Auditors' Reports shall not exceed four (4) months.

FORM OF PROXY

CDS ACCOUNT NO.	NO. OF SHARES HELD

I/We ______________________________ of ______________________________

____

being a member/members of Evergreen Fibreboard Berhad, hereby appoint (1) Mr/Ms ____________________

______________________________ (NRIC No. ____________________) of

____ or

failing whom, ______________________________ (NRIC No. ____________________) of

____ of

(the next name and address should be completed where it is desired to appoint two proxies)

*(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-Second Annual General Meeting** of the Company to be held at **Kayangan Suites, Pulai Springs Resort, 20KM, Jalan Pontian Lama, 81110 Pulai, Johor Darul Takzim, Malaysia** on **Monday, 20 May 2013** at **9.00 a.m**. and, at every adjournment thereof *for/against the resolutions to be proposed thereat.

The proportion of *my/our proxies are as follows:
(This paragraph should be completed only when two proxies are appointed)

First Proxy (1) ____________________) %   Second Proxy (2) ____________________) %

*My/Our proxy is to vote as indicated below:

Agenda	Resolution	For*	Against*
Re-appointment of Messrs Ernst & Young as Auditors	1		
Re-election of Mr Law Ngee Song	2		
Re-election of Mr Kuo Jen Chiu	3		
Re-election of Datuk Syed Izuan bin Syed Kamarulbahrin	4		
Re-appointment Mr Kuo Wen Chi	5		
Approval of Directors' fees	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 of Proposed Amendments to Articles of Association	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 thinks fit.

As witness my hand this ____________ day of ____________ 2013

____
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.
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. 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.
5. 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)

CORPORATE OFFICE / FACTORY

PLO 22, Parit Raja Industrial Estate, 86400 Parit Raja, Batu Pahat, Johor.
Tel : 607-454 1933 Fax : 607-454 2933 E-mail : efb@tm.net.my
Website : www.evergreengroup.com.my

Evergreen Fibreboard Berhad (Branch)
(Pasir Gudang, Johor)
PLO 416, Jalan Suasa,
Kawasan Perindustrian Pasir Gudang,
81700 Pasir Gudang, Johor.
Tel : 607-251 3088
Fax : 607-251 3100
E-mail : enquiry@epg.com.my

Evergreen Fibreboard (JB) Sdn. Bhd.
(Masai, Johor)
11.5 Miles, Jalan Masai,
81750 Masai, Johor Bahru, Johor.
Tel : 607-387 4980
Fax : 607-387 4995
E-mail : enquiry@ejb.com.my

Evergreen Fibreboard (Nilai) Sdn. Bhd.
(Negeri Sembilan)
Lot 5776,
Nilai Industrial Estate, 71800 Nilai,
Negeri Sembilan Darul Khusus.
Tel : 606-799 2355
Fax : 606-799 2344
E-mail : enquiry@efn.com.my

Allgreen Timber Products Sdn. Bhd.
(Segamat, Johor)
PLO 202, Segamat Industrial Area II,
85000 Segamat, Johor.
Tel : 607-927 9933
Fax : 607-927 0033
E-mail : agtp@myjaring.net

Evergreen Adhesive & Chemicals Sdn. Bhd.
(Parit Raja, Johor)
PLO 3, Parit Raja Industrial Estate,
86400 Parit Raja, Batu Pahat, Johor.
Tel : 607-454 3122
Fax : 607-454 4022
E-mail : eacrd@efb.com.my

Dawa Timber Industries (M) Sdn. Bhd.
(Pasir Gudang, Johor)
Lot 9 & 10, Jalan Gangsa 2,
Kawasan MIEL,
81700 Pasir Gudang, Johor.
Tel : 607-251 1390
Fax : 607-251 5024
E-mail : enquiry@dawatimber.com.my

Craft Master Timber Products Sdn. Bhd.
(Parit Raja, Johor)
PLO 20, Parit Raja Industrial Estate,
86400 Parit Raja, Batu Pahat, Johor.
Tel : 607-454 2005
Fax : 607-454 3239
E-mail : craftmaster@tm.net.my

Evergreen Adhesive & Chemicals (Gurun) Sdn. Bhd.
(Gurun, Kedah)
Lot 63A, Jalan Industri 5,
Kawasan Perindustrian Gurun,
08000 Gurun, Kedah Darul Aman.
Tel : 604-468 1963
Fax : 604-468 2963
E-mail : eacg@efb.com.my

Jasa Wibawa Sdn. Bhd.
(Kahang, Johor)
PLO 22, Parit Raja Industrial Estate,
86400 Parit Raja, Batu Pahat, Johor.

PT Hijau Lestari Raya Fibreboard
(Palembang, Indonesia)
Desa Pematang Palas 30163,
Kecamatan Banyuasin 1,
Kabupaten Musi, Banyuasin,
Sumatera Selatan, Indonesia.
Tel : 0062-711 708 2712
Fax : 0062-711 373 473
E-mail : pth@hijaulestari.co.id

Siam Fibreboard Co., Ltd.
(Haadyai, Thailand)
417/112-113, Karnchanavanich Rd.
Tumbol Patong, Amphur Haadyai,
Songkhla, 90230 Thailand.
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Fax : 0066-74 370 253
E-mail : office@siamfibreboard.com

GRE Energy Co., Ltd.
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417/117, Karnchanavanich Rd.
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Fax : 0066-74 291 895
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ECO Generation Co., Ltd.
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Fax : 0066-74 291 895
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Asian Oak Co., Ltd.
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