

**HeveaBoard Berhad**  
(Company No. 275512-A)  
(Incorporated in Malaysia)

**QUARTERLY REPORT – FOURTH FINANCIAL QUARTER ENDED 31 DECEMBER 2014**

**A. EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD 134, INTERIM FINANCIAL REPORTING AND BURSA LISTING REQUIREMENTS**

**A1. Basis of Preparation**

The interim financial report has been prepared in accordance with the reporting requirements outlined in the MFRS 134 issued by the Malaysian Accounting Standard Board (“MASB”) and the applicable disclosure provisions of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and should be read in conjunction with the Group's annual audited financial statements for the year ended 31 December 2013.

The accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted for the annual audited financial statements for the year ended 31 December 2013.

The Group has adopted all the new and revised MFRSs and IC Interpretations that are relevant and effective for accounting periods beginning or after 1 January, 2013. The adoption of these new and revised MFRSs and IC Interpretations have not resulted in any material impact on the financial statements of the Group.

**A2. Declaration of audit qualification**

The preceding annual financial statements of the Group were reported on without any qualification.

**A3. Nature and amount of unusual items**

There were no extraordinary items for the current interim period.

**A4. Seasonal or Cyclical Factors**

There have been no material seasonal or cyclical factors affecting the results of the quarter under review.

**A5. Material Changes in Estimates**

There were no changes in estimates of amounts reported in prior financial years that have a material effect in the current quarter.

**A6. Debts and Equity Securities**

During the financial period, there were no issuances, cancellations, repurchases and resale of debts and equity securities. Total repayment of debts amounted to RM6.89 million for the reporting quarter.

**A7. Dividend Paid**

A single tier first and final dividend of 2.0 sen per ordinary share in respect of the financial year ended 31 December 2013 amounted to RM1,928,000.00 was paid on 1 August 2014.

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**A8. Segmental Reporting (Analysis by Activities)**

	← Cumulative 12-month quarter ended →			
	Current year period to-date 31.12.2014		Preceding year corresponding period to-date 31.12.2013	
	Revenue RM'000	Profit / (Loss) Before Taxation RM'000	Revenue RM'000	Profit / (Loss) Before Taxation RM'000
<b>Manufacturing</b>				
Particleboards	181,122	12,145	171,182	4,432
RTA Products*	222,017	19,243	196,349	18,611
<b>Trading</b>				
Particleboards	476	39	1,721	240
RTA Products*	18,740	658	20,255	672
<b>Others</b>	-	(4)	-	(3)
<b>Total</b>	<b>422,355</b>	<b>32,081</b>	<b>389,507</b>	<b>23,952</b>

\*RTA - Ready-To-Assemble

**Particleboard Manufacturing Sector**

The revenue reported for the 12-month period increased by RM9.94 million or 5.80% as compared to the same period last year. The higher revenue achieved was due to the sales of higher value and value added products.

The profit before tax reported for this period was RM 12.15 million as compared to RM 4.43 million in 2013, an increase of RM7.71 million or 174.02% despite being impacted by unrealised exchange loss of RM3.17 million from the translation of the USD denominated term loan and also RM3.48 million for the write off mainly on idle assets, obsolete spares and inventories. The better profit performance was due to better margin from the sales of higher value and value added products. The reduction in interest cost from the pared down loans had also contributed to the better profit performance.

**RTA Manufacturing Sector**

The revenue reported for the 12-month period increased by RM 25.67 million or 13.07 % as compared to last year. The company's strategy in continuously enhancing and automating its processes had resulted in higher productivity, efficiency and also the capability to produce higher value products.

The profit before tax reported for this period was RM19.24 million, an increase of RM0.62 million or 3.39% as compared same period last year.

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**A9. Subsequent events**

There was no material event subsequent to the end of the period reported that have not been reflected in the financial statement for the said period.

**A10. Valuations of Investment and Property, Plant and Equipment**

No valuations are conducted during the period on the Group's property, plant and equipment.

**A11. Effect of Changes in the Composition of the Group**

There were no changes in the composition of the Group for the current financial year to date.

**A12. Contingent Liabilities**

Corporate guarantees of RM7.29 million were given to financial institutions for banking facilities and hire purchase facilities granted to subsidiaries as at 18 February 2015 (the latest practicable date not earlier than seven (7) days from the date of issue of this report).

**A13. Capital Commitments**

The amount of commitments for the purchase of property, plant and equipment not provided for in the interim financial statements as at 31 December 2014 were as follows:

	The Group
	RM'000
Approved and not contracted for	12,500

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**B. ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES LISTING REQUIREMENTS**

**B1. Review of performance**

The revenue of the Group for the current quarter ended 31 December 2014 was RM115.11 million, an increase of RM9.97 million or 9.49 % as compared with the corresponding quarter in 2013. For the 12 months ended 31 December 2014, the revenue for the group was RM 422.36, an increase of RM32.85 million or 8.43 % as compared with the corresponding period. The increase was from both the particleboard and RTA sectors and the reasons for the increase are indicated in the Segmental Reporting A8.

The profit before taxation ("PBT") of the Group for the reporting quarter was RM9.03 million, a decrease of RM0.84 million or 8.52 % as compared with the corresponding quarter in 2013 due to write off amounting to RM3.48 million mainly on idle assets, obsolete spares and inventories. For the 12 months ended 31 December 2014, the Group achieved a PBT of RM32.08 million, an increase of RM8.13 million or 33.94 % over the corresponding period. The Group was able to achieve a better and stronger financial performance despite the challenging business environment, due mainly to better product mix, higher value products, higher productivity derived from automation in the RTA sector.

**B2. Material change in profit before taxation for the quarter against the immediate preceding quarter**

The Group reported a PBT of RM9.03 million for the current quarter as compared to RM6.30 million for the immediate preceding quarter ended 30 September 2014, an increase of RM2.73 million or 43.33%.

**B3. Prospect for the current financial year**

The global business environment is still challenging and the Board is of the opinion that the various measures undertaken and barring unforeseen circumstances, the Group is in the position to meet the uncertainties and challenges ahead.

**B4. Variances from Profit Forecasts and Profit Guarantee**

Not applicable.

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**B5. Profit/(Loss) Before Taxation**

Profit/(Loss) before taxation is arrived at after charging/(crediting):-

	Current Quarter Ended 31/12/2014 RM'000	Corresponding Quarter Ended 31/12/2013 RM'000	Current Year to date Ended 31/12/2014 RM'000	Corresponding Year to date Ended 31/12/2013 RM'000
Interest expense	551	1,691	3,114	6,621
Depreciation and amortization	6,449	6,374	26,071	25,478
Net realized foreign exchange (gain)/loss	(2,058)	(403)	(2,057)	(1,656)
Net unrealized foreign exchange (gain)/loss	3,274	220	3,170	4,897

**B6. Taxation**

	Current Quarter		Cumulative Quarter	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	RM'000	RM'000	RM'000	RM'000
<b>Current Taxation:</b>				
- For the financial year	(118)	(103)	(1,603)	(1,493)
	<u>(118)</u>	<u>(103)</u>	<u>(1,603)</u>	<u>(1,493)</u>

Income tax expenses for the current quarter and financial year to date arose mainly from the Group business operations. The Group has unabsorbed capital allowances, unabsorbed investment tax allowances, unabsorbed Re-investment Allowances, and unabsorbed Allowance for Increased Export available for offset against taxable statutory income.

**B7. Realised and Unrealised Profits Disclosures**

	As at 31.12.2014 RM'000
Total retained profits of the Company and its subsidiaries:	
- Realised	149,806
- Unrealised	3,170
	<hr/>
Total group retained profits as per consolidated accounts	<u>152,976</u>

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**B8. Borrowings, Debt Securities and Trade Finance**

The Group's borrowings are as follows:

	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
Short term borrowings & Trade Finance- secured		
- hire purchase payables	2,806	4,562
- term loans	24,588	27,004
- Trade Financing	13,119	22,045
- bank overdraft	-	4,794
	40,513	58,405
Long term borrowings – secured		
- hire purchase payables	2,294	3,282
- term loans	39,362	60,112
	41,656	63,394

**B9. Material Litigation**

The Group is not engaged in any material litigation either as plaintiff or defendant and the directors do not have any knowledge of any proceedings pending or threatened against the Group, which might materially and adversely affect the financial position or business of the Group.

**B10. Dividend**

A Single-Tier Interim Dividend of 1.5% in respect of the financial year ended 31 December 2014 is declared.

**B11. Status of Corporate Proposals**

On 21<sup>st</sup> July 2014, on behalf of the Board of Directors of HeveaBoard, RHB Investment Bank announced that 9,040,000 Placement Shares representing 10.0% of the issued and paid-up capital of HeveaBoard were issued pursuant to the Private Placement and were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad, marking the completion of the Private Placement.

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**B12. Earnings per Share**

The earnings per Share are calculated by dividing the Group's profits attributable to shareholders by the number of ordinary shares in issue in the respective periods as follows:-

**a) Basic**

	31 December 2014		31 December 2013	
	Quarter ended	Period to-date	Quarter ended	Period to-date
Profit attributable to the shareholders (RM'000)	8,913	30,478	9,770	22,459
Number of ordinary shares in issue ('000)	99,449	99,449	90,400	90,400
Basic earnings per Share (sen)	8.96	30.65	10.81	24.84

**b) Diluted**

There is no dilutive effect arising from the Company's unexercised warrants.

**B13. Authorisation**

These Quarterly Results for the financial period ended 31 December 2014 have been viewed and approved by the Board of Directors of HeveaBoard Berhad for release to Bursa Securities.