

TIMBERWELL BERHAD
CONDENSED UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2012

	← INDIVIDUAL QUARTER →		← CUMULATIVE YTD →	
	Current year	Preceding year comparative	Current year	Preceding year comparative
	3 months ended 30.09.2012 (RM'000)	3 months ended 30.09.2011 (RM'000)	9 months ended 30.09.2012 (RM'000)	9 months ended 30.09.2011 (RM'000)
Continuing Operations				
Revenue	10,306	3,248	23,957	4,008
Operating expenses	(9,818)	(3,601)	(22,794)	(7,592)
Other income	194	9	483	398
Profit/(Loss) from operations	<u>682</u>	<u>(344)</u>	<u>1,646</u>	<u>(3,186)</u>
Finance costs	(235)	(206)	(819)	(910)
Profit/(Loss) before tax	<u>447</u>	<u>(550)</u>	<u>827</u>	<u>(4,096)</u>
Income tax expense	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Profit/(Loss) for the period from continuing operation	447	(550)	827	(4,096)
Discontinued Operations				
Profit/(Loss) for the period from discontinued operations	<u>0</u>	<u>60</u>	<u>0</u>	<u>177</u>
Profit/(Loss) for the period	<u><u>447</u></u>	<u><u>(490)</u></u>	<u><u>827</u></u>	<u><u>(3,919)</u></u>
Total comprehensive income attributable to:				
Owners of the parent	835	(58)	1,927	(2,728)
Minority interest	(388)	(432)	(1,100)	(1,191)
	<u>447</u>	<u>(490)</u>	<u>827</u>	<u>(3,919)</u>
Earnings per share (Sen) attributable to owners of the parent :				
- Basic	0.94	(0.07)	2.16	(3.06)
- Diluted	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

The Condensed Unaudited Consolidated Statements of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

TIMBERWELL BERHAD
CONDENSED UNAUDITED CONSOLIDATED BALANCE SHEET
AS AT 30TH SEPTEMBER 2012

	As at 30.09.2012 (RM'000)	As at 31.12.2011 (RM'000)
NON-CURRENT ASSETS		
Property, plant and equipment	22,914	25,803
Investment properties	4,565	4,565
Timber plantation development expenditure	26,587	26,129
Other Investment	0	0
	<u>54,066</u>	<u>56,497</u>
CURRENT ASSETS		
Inventories	2,330	287
Work In Process	0	0
Trade and other receivables	1,996	2,150
Deposits, bank and cash balances	350	411
Tax recoverable	59	20
	<u>4,735</u>	<u>2,868</u>
Non-current assets classified as held for sale	0	0
	<u>4,735</u>	<u>2,868</u>
TOTAL ASSETS	<u>58,801</u>	<u>59,365</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	89,051	89,051
Reserves	(55,000)	(56,927)
	<u>34,051</u>	<u>32,124</u>
Equity attributable to owners of the parent	34,051	32,124
Minority Interests	424	1,524
	<u>34,475</u>	<u>33,648</u>
NON-CURRENT LIABILITIES		
Borrowings	4,129	3,925
Deferred tax liabilities	6,846	6,846
	<u>10,975</u>	<u>10,771</u>
CURRENT LIABILITIES		
Trade and other payables	6,451	8,639
Borrowings	5,659	6,297
Tax payables	0	10
	<u>12,110</u>	<u>14,946</u>
Liabilities directly associated with assets classified as held for sale	0	0
	<u>12,110</u>	<u>14,946</u>
Total liabilities	<u>23,085</u>	<u>25,717</u>
TOTAL EQUITY AND LIABILITIES	<u>57,560</u>	<u>59,365</u>
Net assets per share attributable to ordinary owners of the parent (RM)	0.3800	0.3600

The Condensed Unaudited Consolidated Balance Sheet should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

TIMBERWELL BERHAD
CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH SEPTEMBER 2012

	Attributable to Owner of the Parent Non-Distributable		Distributable Retained Earnings/ (Accumulated losses) (RM'000)	Minority Interest (RM'000)	Total Equity (RM'000)
	Share capital (RM'000)	Share premium (RM'000)			
<u>For The Period Ended 30 SEPTEMBER 2012</u>					
At 1 January 2012	89,051	9,626	(66,553)	1,524	33,648
Net loss for the period	-	-	1,927	(1,100)	827
At 30 September 2012	<u>89,051</u>	<u>9,626</u>	<u>(64,626)</u>	<u>424</u>	<u>34,475</u>
<u>For The Period Ended 31 DECEMBER 2011</u>					
At 1 January 2011	89,051	9,626	(63,903)	3,615	38,389
Net loss for the period	-	-	(2,650)	(2,091)	(4,741)
At 31 December 2011	<u>89,051</u>	<u>9,626</u>	<u>(66,553)</u>	<u>1,524</u>	<u>33,648</u>

The Condensed Unaudited Consolidated Statements of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

TIMBERWELL BERHAD
CONDENSED UNAUDITED CONSOLIDATED CASH FLOW STATEMENT
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2012

	6 months ended	
	30.09.2012 (RM'000)	31.12.2011 (RM'000)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before taxation		
Continuing operations	827	(4,358)
Discontinued operations	0	(161)
	<u>827</u>	<u>(4,519)</u>
Adjustments for :		
Non-cash Items	2,967	10,216
Non-operating Items	(4,832)	(5,553)
Operating profit / (loss) before changes in working capital	<u>(1,038)</u>	<u>144</u>
Net change in Current Assets	1,867	(185)
Net change in Current Liabilities	2,836	2,466
Cash generated from operations	<u>3,665</u>	<u>2,425</u>
Interest paid	(819)	(1,312)
Interest received	0	7
Tax paid	0	369
Net cash generated from / (used in) operating activities	<u>2,846</u>	<u>1,489</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	289	500
Purchase of property, plant and equipment	0	(99)
Timber plantation development expenditure	(458)	(467)
Net cash generated from / (used in) investing activities	<u>(169)</u>	<u>(66)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowing	823	4,952
Repayment of borrowings	(4,402)	(6,265)
Net cash generated from / (used in) financing activities	<u>(3,579)</u>	<u>(1,313)</u>
Net decrease in Cash and Cash Equivalents	(902)	110
Cash and Cash Equivalents at beginning of the financial period	(2,588)	(2,698)
Cash and Cash Equivalents at end of the financial period	<u>(3,490)</u>	<u>(2,588)</u>
Cash and Cash equivalents at the end of the financial period comprise the following:		
	As at	As at
	30.09.2012	31.12.2011
	(RM'000)	(RM'000)
Fixed deposit, cash and bank balances	350	411
Bank overdrafts	(3,839)	(2,999)
	<u>(3,489)</u>	<u>(2,588)</u>

The Condensed Unaudited Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

PART A - EXPLANATORY NOTES PURSUANT TO FRS 134

A1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Bursa Malaysia Securities Berhad (Bursa Securities) Main Market Listing Requirement.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2011. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2011.

A2. Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2011, except for the adoption of the following new Financial Reporting Standards ("FRSs"), Amendments to FRSs and Interpretations by the Group with effect from 1 January 2010.

FRSs, Amendments to FRSs and Interpretations

FRS 4	Insurance Contracts
FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 101	Presentation of Financial Statements (Revised 2009)
FRS 123	Borrowing Costs (Revised)
FRS 139	Financial Instruments: Recognition and Measurement
Amendments to FRS 1 and FRS 127	Cost of an Investment in a subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 2	Vesting Conditions and Cancellations
Amendments to FRS 7	Financial Instruments: Disclosures
Amendments to FRS 101 and FRS 132	Puttable Financial Instrument and Obligations Arising on Liquidation
Amendments to FRS 107	Statement of Cash Flows
Amendments to FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
Amendments to FRS 110	Events after the Reporting Period
Amendments to FRS 116	Property, Plant and Equipment
Amendments to FRS 117	Leases
Amendments to FRS 118	Revenue
Amendments to FRS 119	Employee Benefits
Amendments to FRS 123	Borrowing Costs
Amendments to FRS 127	Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 132	Financial Instruments: Presentation
Amendments to FRS 134	Interim Financial Reporting
Amendments to FRS 136	Impairment of Assets
Amendments to FRS 139	Financial Instruments: Recognition and Measurement
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2 - Group and Treasury Share Transaction
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirement and their Interaction

The above FRSs, IC Interpretations and amendments are expected to have no material impact on the financial statements of the Group upon their initial application except for leasehold land where in substance a finance lease will be reclassified from 'prepaid land lease payments' to 'property, plant and equipment' and measured as such retrospectively.

Standards and interpretation issued but not yet effective

At the date of authorization of these financial statements, the following new FRSs, Interpretations, Amendments to FRSs and Interpretations were issued but not yet effective and have not been applied by the Group:

A2. Changes in Accounting Policies (Cont'd)

FRS and Interpretations	Effective for financial periods beginning on or after
FRS 1: First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 3: Business Combinations (revised)	1 July 2010
FRS 124: Related Party Disclosures (revised)	1 January 2012
FRS 127: Consolidated and Separate Financial Statements (amended)	1 July 2010
Amendments to FRS 1 (Revised) : Limited exemption from Comparative FRS 7 Disclosure for First-time Adopters	1 January 2011
Amendments to FRS 1: Additional Exemption for First-time Adopters	1 January 2011
Amendments to FRS 2: Scope of FRS 2 and FRS3 (Revised)	1 July 2010
Amendments to FRS 2: Group Cash-settled Share-based Payment Transactions	1 January 2011
Amendments to FRS 5: Plan to Sell the Controlling Interest in a Subsidiary	1 July 2010
Amendments to FRS 7: Improving Disclosures about Financial Instruments	1 January 2011
Amendments to FRS 138: Consequential Amendments Arising from FRS 3 (Revised)	1 July 2010
Amendments to IC Interpretation 14: Prepayment of a Minimum Funding Requirement	1 July 2011
Amendments to IC Interpretation 9: Scope of IC Interpretation 9 and FRS 3 (Revised)	1 July 2010
IC Interpretation 4 Determining Whether An Arrangements Contains a Lease	1 January 2011
IC Interpretation 12 Service Concession Arrangements	1 July 2010
IC Interpretation 15 Agreements for the Construction of Real Estate	1 January 2012
IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17 Distributions of Non-cash Assets to Owners	1 July 2010
IC Interpretation 18 Transfers of Assets from Customers	1 January 2011
IN Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
Amendments to IC Interpretation 9 Reassessment of Embedded Derivatives	1 July 2010
Improving Disclosures about Financial Instruments (Amendments to FRS 7)	1 January 2011

The new FRSs, Interpretations, Amendments to FRSs and interpretations above are expected to have no significant impact on the financial statements of the Group upon their initial application.

A3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 31 December 2011 was not qualified.

A4. Comments about Seasonality or Cyclicity

The Group's performance is not subject to seasonality or cyclicity except that the timber logs harvesting operation could be severely affected by the prevailing weather condition.

A5. Unusual Items Due to Their Nature, Size or Incidence

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the current quarter under review due to their nature, size or incidence.

A6. Changes in Estimates

There were no changes in estimates that have had a material effect in the current quarter results.

A7. Debt and Equity Securities

There were no issuance, cancellation, repurchase, resale or repayment of debt securities nor any movement in the share capital for the current quarter and financial period under review.

A8. Dividends Paid

There were no dividends paid since the last financial year ended 31 December 2011.

A9. Segmental Information

No segmental analysis was prepared as the Group is primarily engaged in forest management, timber harvesting, marketing and trading of timber and related products in Malaysia.

A10. Valuations of Property, Plant and Equipment

The Directors have applied the transitional provisions of International Accounting Standard No. 16 (Revised) "Property, Plant and Equipment" as adopted by Malaysian Accounting Standards Board which allow the long term leasehold land and building to be stated at their 1996 valuation less accumulated depreciation. Accordingly, there have been no change to the valuation except for revaluation made during the year for Plywood Factory, Plant and Equipment which resulting increase of RM12,148,846 in value.

A11. Subsequent Events

There were no material events subsequent to the end of the current quarter.

A12. Changes in Composition of the Group

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

A13. Capital Commitments

	As at 30.09.2012 RM'000	As at 31.12.2011 RM'000
Approved and contracted for:		
- Timber plantation development expenditure	458	206
Approved but not contracted for		
- Industrial tree-planting project (2006-2018)	22,507	22,935
- Plant & equipment	-	-
	<u>22,965</u>	<u>23,141</u>

A14. Changes in Contingent Liabilities and Contingent Assets

The Group's contingent liabilities of a material nature as at the date of issue of this interim report were as follows:

	RM'000
Unsecured	
Disputed claims by suppliers	0
Bank guarantees obtained by the company in order for the Company to provide a performance bond to the forestry department	5,000
Corporate guarantee granted to financial institutions for borrowing facilities of subsidiary companies	19
	<u>5,019</u>

A15. Discontinued Operations and Disposal Group Classified as Held for Sale

In the financial year ended 31 December 2004, Timberwell Enterprise Sdn. Bhd., a subsidiary of the Company ceased its manufacturing activities. In the financial year ended 31 December 2006, the Group relocated its head office from property owned by one of its subsidiaries to a third party owned property. Further note that, the property of "Wisma TWB" has classified back to investment properties in the financial year ended 31 December 2011.

	3 months ended		9 months ended	
	30.09.2012	30.09.2011	30.09.2012	30.09.2011
	RM'000	RM'000	RM'000	RM'000
Revenue	-	84	-	252
Profit / (Loss) before tax	-	60	-	177
Income tax expense	-	-	-	-
Profit/ (Loss) for the year from discontinued operations	-	60	-	177
Cash flows from operating activities	-	60	-	177
Cash flows from investing activities	-	-	-	-
Cash flows from financing activities	-	-	-	-
Total cash flows	-	60	-	177

The major classes of assets and liabilities of the Group classified as held for sale as at 30 September 2012 are as follows:-

Assets	As at	As at
	30.09.2012	31.12.2011
	RM'000	RM'000
Property, plant and equipment	-	-
Liabilities		
Borrowings	-	-
Trade and Other payables	-	-

A16. Timber Plantation Development Expenditure

The Company has been granted a sustainable forest management license (SFML) for 100 years commencing 1997 over an area of 71,293 hectares in the Lingkabau Forest Reserve ("LFR") in Sabah under an agreement entered into with the State Government of Sabah. Under the agreement, the State Government of Sabah granted permission to the Company to plant, rehabilitate and harvest forests in the sustainable forest management concession area.

Out of the total 71,293 hectares, 43,957 hectares is marked for Natural Forest Management (NFM), 12,342 hectares for conservation and the remaining 15,000 hectares for Industrial Tree Plantation (ITP). To date, total area planted with various tree species under the ITP area is about 3,630 hectares with a total expenditure of RM7,092,432 which is part of the total timber plantation development expenditure of RM26,586,696.

Timber plantation development expenditure is stated at cost which comprises expenditure incurred on infrastructure cost, land clearing, new planting, enrichment planting, silvicultural treatments, upkeep and maintenance of the sustainable forest management concession area. The cost will be amortised on the basis of the volume of timber harvested during the financial year as a proportion of the estimated volume available.

The Directors are of the opinion that the standing timber in the concession area commands a valuation far greater than the carrying value of the tree plantation development expenditure.

PART B: ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS

B1 Review of Performance

For the current quarter ended 30 September 2012, the Group registered a revenue of RM 10.3 million as compared with RM 3.2 million in the corresponding quarter ended 30 September 2011.

The Group recorded a pre-tax profit of RM 0.4 million from continuing operation for the current quarter ended 30 September 2012 as compared to a pre-tax loss of RM 0.5 million in the corresponding quarter ended 30 September 2011.

B2 Variation of Results as Compared to the Preceding Quarter

In the current quarter ended 30 September 2012, the Group recorded a pre-tax profit of RM 0.4 million as compared to a pre-tax profit of RM 0.03 million in the immediate preceding quarter. The increase in profit for the current quarter is mainly due to the higher production achieved in logging brought about by the favorable weather .

B3 Commentary on Prospects

Barring any unforeseen circumstances, the Group expects to perform better for the current financial year .

B4 Statement of Revenue or Profit Estimate, Forecast, Projection or Internal Targets previously announced or disclosed in a Public Document

This note is not applicable.

B5 Variance of Actual Profit from Forecast Profit

The Group did not issue any profit forecast or profit guarantee for the current financial year to date.

B6 Taxation

	9 months ended		3 months ended	
	30.09.2012	30.09.2011	30.09.2012	30.09.2011
	RM'000	RM'000	RM'000	RM'000
<u>Taxation comprise the following :</u>				
<i>Malaysian income tax</i>				
Current	-	-	-	-
Deferred	(6,846)	(3,818)	(6,846)	(3,818)
	<u>(6,846)</u>	<u>(3,818)</u>	<u>(6,846)</u>	<u>(3,818)</u>

The effective tax rate for the periods presented above is higher than the statutory tax rate on chargeable income applicable in Malaysia principally due to non-allowable losses of certain subsidiaries.

B7 Corporate Proposal

There are no corporate proposals announced but not completed as at the date of this report.

B8 Group Borrowings and Debt Securities

Total Group borrowings as at 30 September 2012 were as follows :-

			As at
	Secured	Unsecured	30.09.2012
	RM'000	RM'000	Total
			RM'000
Current	5,659	4,411	10,070
Non-current	4,129	-	4,129
	<u>9,788</u>	<u>4,411</u>	<u>14,199</u>

There are no outstanding foreign borrowings as at 30 September 2012.

B9 Material Litigation

There are no material litigation for the group.

B10 Dividend Proposed or Declared

No dividend has been proposed or declared for the financial period ended 30 September 2012.

B11 Earnings per Share

The basic earnings per share for the current quarter and preceding year corresponding quarter are computed as follow:

	3 months ended		9 months ended	
	30.09.2012	30.09.2011	30.09.2012	30.09.2011
	RM'000	RM'000	RM'000	RM'000
Profit / (loss) for the period (RM'000)	835	(58)	1,927	(2,728)
Weighted average number of ordinary shares of RM1.00 each in issue ('000)	89,051	89,051	89,051	89,051
Basic Earnings / (Loss) Per Share (sen)	0.94	(0.07)	2.16	(3.06)

The Group issued 22,262,667 warrants at the exercise price of RM1.20 in the previous corporate proposal - Rights Issue with Warrants.

As at the end of current quarter, no warrants has been exercised. There is no diluted earnings per share as the exercise price of the warrants is above the market price of the Company's shares for the current quarter year-to-date. The warrants are deemed non dilutive.

B12 Disclosure of realised and unrealised profits/(losses)

On 25 March 2010, Bursa Securities issued a directive to all listed issuers pursuant to paragraphs 2.06 and 2.23 of the Bursa Securities Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits/(losses).

On 20 December 2010, Bursa Securities further issued guidance on the disclosure and the format required.

The breakdown of the retained profits/(losses) of the Group as at 30 September 2012, into realised and unrealised profits/(losses), pursuant to directive, is as follows :

	As at 30.09.2012	As at 31.12.2011
	RM'000	RM'000
Total retained earnings of the Group		
- Realised	(70,556)	(72,484)
- Unrealised	-	-
	<u>(70,556)</u>	<u>(72,484)</u>

The determination of realised and unrealised profits/(losses) is compiled based on guidance of Special Matter No. 1, *Determination of realised and unrealised Profits/(Losses) in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements*, issued by the Malaysia Institute of Accountants on 20 December 2010.

B13 Profit for the period

	9 months ended 30.09.2012 RM'000	12 months ended 31.12.2011 RM'000
This is arrived at after (charging)/crediting:		
Amortisation and Depreciation	(2,967)	(4,638)
Provision for and write off of receivables	0	(3,642)
Provision for and write off of inventories	0	(434)
Gain or loss on disposal of properties	483	582
Foreign exchange gain or loss	6	92
Interest income	0	7
Impairment loss on receivables written back	<u>0</u>	<u>4,964</u>

Other disclosure items pursuant to Appendix 9B Note 16 of the Listing Requirements of Bursa Malaysia Securities Berhad are not applicable.