

TIMBERWELL BERHAD
CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE 3 MONTHS PERIOD ENDED 30 SEPTEMBER 2013

	← INDIVIDUAL QUARTER →		← CUMULATIVE YTD →	
	Current year	Preceding year comparative	Current year	Preceding year comparative
	3 months ended 30.09.2013 (RM'000)	3 months ended 30.09.2012 (RM'000)	9 months ended 30.09.2013 (RM'000)	9 months ended 30.09.2012 (RM'000)
Continuing Operations				
Revenue	6,110	10,306	11,103	23,957
Operating expenses	(6,452)	(9,818)	(13,133)	(22,794)
Other income	7	194	497	483
(Loss)/Profit from operations	<u>(335)</u>	<u>682</u>	<u>(1,533)</u>	<u>1,646</u>
Finance costs	(324)	(235)	(950)	(819)
(Loss)/Profit before tax	<u>(659)</u>	<u>447</u>	<u>(2,483)</u>	<u>827</u>
Income tax expense	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
(Loss)/Profit for the period from continuing operation	<u><u>(659)</u></u>	<u><u>447</u></u>	<u><u>(2,483)</u></u>	<u><u>827</u></u>
(Loss)/Profit after taxation/Total comprehensive (expenses)/income attributable to:				
Owners of the Company	(601)	835	(2,277)	1,927
Non-controlling interest	<u>(58)</u>	<u>(388)</u>	<u>(206)</u>	<u>(1,100)</u>
	<u><u>(659)</u></u>	<u><u>447</u></u>	<u><u>(2,483)</u></u>	<u><u>827</u></u>
(Loss) / Earnings per share (Sen) attributable to owners of the Company :				
- Basic	<u>(0.67)</u>	<u>0.94</u>	<u>(2.56)</u>	<u>2.16</u>
- Diluted	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

The Condensed Unaudited Consolidated Statement of Profit or Loss and other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.

TIMBERWELL BERHAD
CONDENSED UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2013

	As at 30.09.2013 (RM'000)	As at 31.12.2012 (RM'000)
NON-CURRENT ASSETS		
Property, plant and equipment	31,296	32,103
Investment properties	3,939	4,190
Biological assets	17,556	17,001
Non-trade receivable	818	818
	<u>53,609</u>	<u>54,112</u>
CURRENT ASSETS		
Inventories	3,658	1,194
Trade and other receivables	2,244	1,211
Deposits, bank and cash balances	408	414
Tax recoverable	73	20
	<u>6,383</u>	<u>2,839</u>
	<u>6,383</u>	<u>2,839</u>
TOTAL ASSETS	<u>59,992</u>	<u>56,951</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	89,051	89,051
Reserves	(60,709)	(58,444)
	<u>28,342</u>	<u>30,607</u>
Equity attributable to owners of the Company	28,342	30,607
Non-controlling interests	420	627
	<u>28,762</u>	<u>31,234</u>
TOTAL EQUITY	<u>28,762</u>	<u>31,234</u>
NON-CURRENT LIABILITIES		
Borrowings	7,716	6,781
Deferred tax liabilities	6,964	6,964
	<u>14,680</u>	<u>13,745</u>
CURRENT LIABILITIES		
Trade and other payables	13,340	5,356
Borrowings	3,210	6,603
Tax payables	0	13
	<u>16,550</u>	<u>11,972</u>
Total liabilities	<u>31,230</u>	<u>25,717</u>
TOTAL EQUITY AND LIABILITIES	<u>59,992</u>	<u>56,951</u>
Net assets per share attributable to ordinary owners of the Company (RM)	0.3183	0.3437

The Condensed Unaudited Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.

TIMBERWELL BERHAD
CONDENSED UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE 3 MONTHS PERIOD ENDED 30 SEPTEMBER 2013

	Attributable to Owners of the Company Non-Distributable			Distributable Retained Earnings/ (Accumulated losses) (RM'000)	Attributable to owners of the Company (RM'000)	Non-controlling interests (RM'000)	Total equity (RM'000)
	Share capital (RM'000)	Share premium (RM'000)	Revaluation reserve (RM'000)				
For The Period Ended 30 SEPTEMBER 2013							
At 1 January 2013	89,051	9,626	5,931	(74,001)	30,607	627	31,234
Net loss for the period/Total comprehensive expenses for the period	-	-	13	(2,277)	(2,264)	(208)	(2,472)
At 30 SEPTEMBER 2013	89,051	9,626	5,944	(76,278)	28,343	419	28,762
For The Period Ended 30 DECEMBER 2012							
At 1 January 2012	89,051	9,626	5,931	(72,495)	32,113	1,524	33,637
Prior year adjustments	-	-	-	(1,486)	(1,486)	5	(1,481)
Net loss for the period/Total comprehensive expenses for the period	-	-	-	(20)	(20)	(902)	(922)
At 31 December 2012	89,051	9,626	5,931	(74,001)	30,607	627	31,234

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 2012 and the accompanying explanatory notes attached to the interim financial statements.

TIMBERWELL BERHAD
CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE 9 MONTHS PERIOD ENDED 30 SEPTEMBER 2013

	9 months ended	
	30.09.2013	30.09.2012
	(RM'000)	(RM'000)
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/profit before taxation		
Continuing operations	(2,483)	827
Adjustments for :		
Non-cash Items	292	2,967
Non-operating Items	1,232	(4,832)
Operating loss before changes in working capital	<u>(959)</u>	<u>(1,038)</u>
Net change in Current Assets	3,544	1,867
Net change in Current Liabilities	(1,692)	2,836
Cash generated from/(used in) operations	<u>893</u>	<u>3,665</u>
Interest paid	(950)	(819)
Tax paid	13	0
Net cash generated from / (used in) operating activities	<u>(44)</u>	<u>2,846</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	12	289
Biological assets	(555)	(458)
Net cash generated from / (used in) investing activities	<u>(543)</u>	<u>(169)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	3,158	824
Repayment of borrowings	(2,386)	(4,402)
Net cash generated from / (used in) financing activities	<u>772</u>	<u>(3,578)</u>
Net decrease in Cash and Cash Equivalents	185	(901)
Cash and Cash Equivalents at beginning of the financial period	(2,776)	(2,588)
Cash and Cash Equivalents at end of the financial period	<u>(2,591)</u>	<u>(3,489)</u>
Cash and Cash equivalents at the end of the financial period comprise the following:		
	As at	As at
	30.09.2013	30.09.2012
	(RM'000)	(RM'000)
Fixed deposit, cash and bank balances	408	350
Bank overdrafts	(2,999)	(3,839)
	<u>(2,591)</u>	<u>(3,489)</u>

The Condensed Unaudited Consolidated Statement of cash flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2012 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 Requirements.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2012. 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 2012.

A2. Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the financial year ended 31 December 2012, 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 2013.

FRSs, Amendments to FRSs and Interpretations

FRS 10	Consolidated Financial Statements
FRS 11	Joint Arrangements
FRS 12	Disclosure of Interests in Other Entities
FRS 13	Fair Value Measurement
FRS 119 (Revised)	Employee Benefits
FRS 127 (2011)	Separate Financial Statements
FRS 128 (2011)	Investments in Associates and Joint Ventures
Amendments to FRS 1 (Revised)	Government Loans
Amendments to FRS 7	Disclosure - Offsetting Financial Assets and Financial Liabilities
Amendments to FRS 10, FRS 11 and FRS 12	Transition Guidance
Amendments to FRS 101 (Revised)	Presentation of Items of Other Comprehensive Income
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine
Annual Improvements to FRSs 2009 - 2011 Cycle	

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.

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 9 Financial Instruments	1 January 2015
Amendments to FRS 9 and FRS 7 Mandatory Effective Date of FRS 9 and Transition Disclosures	1 January 2015
Amendments to FRS 10, FRS12 and FRS 127: Investment Entities	1 January 2014
Amendments to FRS 132 Offsetting Financial Assets and Financial Liabilities	1 January 2014

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

The MFRSSs are to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 (Agriculture) and IC Interpretation 15 (Agreements for Construction of Real Estate), including its parent, significant investor and venturer (herein called "Transitioning Entities").

MASB announced that the Transitioning Entities are allowed to defer the adoption of MFRSSs to annual periods beginning on or after 1 January 2015 after which the MFRSSs will become mandatory. The Group falls within the definition of Transitioning Entities and has opted to prepare its first MFRSSs financial statements for the financial year ending 31 December 2015.

In representing its first MFRSSs financial statements, the Group will quantify the financial effects of the differences between the current FRSSs and MFRSSs. The Group has commenced transitioning its accounting policies and financial reporting from the current FRSSs to MFRSSs. However, the Group has not completed its quantification of the financial effects of the differences between FRSSs and MFRSSs due to the ongoing assessment by the management. The majority of the adjustments required on transition will be made, retroactively, against opening retained profits.

The Group expects to be in a position to fully comply with the requirements of MFRSSs for the financial year ending 31 December 2015

A3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 31 December 2012 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 2012.

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 Group did not carry out any valuation exercise during the quarter ended 30 September 2013.

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 during the quarter ended 30 September 2013.

A13. Capital Commitments

	As at 30.09.2013 RM'000	As at 31.12.2012 RM'000
Approved and contracted for:		
- Biological assets	5,934	1,117
Approved but not contracted for		
- Industrial tree-planting project (2009-2018)	17,147	21,952
- Plant & equipment	356	356
	<u>23,437</u>	<u>23,425</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:

	As at 30.09.2013 RM'000	As at 31.12.2012 RM'000
Unsecured		
Bank guarantees obtained by the Company in order for the Company to provide a performance bond to the forestry department	5,000	5,000
Bank guarantee facility in favor of third party	19	19
	<u>5,019</u>	<u>5,019</u>

A15. Biological Assets

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 3,828.5 hectares with a total expenditure of RM8,219,559 which is part of the total timber plantation development expenditure of RM18 million.

Biological asset 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 Directors are of the opinion that the standing timber in the concession area commands a valuation far greater than the carrying value of the biological asset.

PART B: ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS

B1 Review of Performance

For the current quarter ended 30 September 2013, the Group registered a revenue of RM 6.1 million as compared with RM 10.3 million in the corresponding quarter ended 30 September 2012. The decrease in revenue is mainly due to lower production and lower market price.

The Group recorded a pre-tax loss of RM 0.7 million from continuing operation for the current quarter ended 30 September 2013 as compared to a pre-tax profit of RM 0.4 million in the corresponding quarter ended 30 September 2012.

B2 Variation of Results as Compared to the Preceding Quarter

In the current quarter ended 30 September 2013, the Group recorded a pre-tax loss of RM 0.7 million as compared to a pre-tax loss of RM 0.5 million in the immediate preceding quarter. The increase in losses is mainly due to the lower margins.

B3 Commentary on Prospects

Even with unforeseen circumstances such as down turn in the timber market, the Group still endeavors 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

	3 months ended		9 months ended	
	30.09.2013	30.09.2012	30.09.2013	30.09.2012
	RM'000	RM'000	RM'000	RM'000

Taxation comprise the following :

Malaysian income tax

Current

- - - -

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 2013 were as follows :-

			As at
	Secured	Unsecured	30.09.2013
	RM'000	RM'000	Total
			RM'000
Current	3,210	-	3,210
Non-current	4,690	3,026	7,716
	<u>7,900</u>	<u>3,026</u>	<u>10,926</u>

There are no outstanding foreign borrowings as at 30 September 2013

B9 Material Litigation

a) Claim by Pembrong Sri Marudu Darat "PSMD" against Timberwell Plantations Sdn. Bhd. "TPSB" for the RM288,854.40.

Pembrong Sri Marudu Darat "PSMD" was engaged by the former Plantation Manager Mr. Onsu Muragang of Timberwell Plantations Sdn Bhd "TPSB" to undertake the work of land clearing/development, tree planting, and path slashing/opening and under brushing from January 2009 to January 2010. The claims were prepared by way of individual invoice raised based on the progress of work done in each block and compartment, and the invoices were certified for payment by the former Plantation Manager and his team. According to the record, the total claims for work done received from PSMD amounted to RM361,318.60, of which RM67,624.20 was paid to the invoices up to February 2009 and the last payment was made on 31 December 2009, thus the total outstanding amounts amounted to RM293,694.40.

In July 2010, TPSB have sought and invited all plantations contractors to conduct the joint site inspection including PSDM to verify the claims and progress before payment could be made after the resignation of Mr. Onsu Muragang and his team. The company was doubtful whether the claims made by PSMD were correct and invited PSMD several times to come for joint site inspection to ascertain the true value of work done. As PSMD did not turn up for the joint inspection despite of repeated and numerous reminders, the claims were doubtful and all payments were withheld until the inspection was done and verified by TPSB.

However, PSMD claimed that TPSB was in breach of the agreement and refused to proceed with subsequent payment and served with a Writ of Summons no. BKI-52-1438/11-2012 and Statement of Claim for the sum of RM288,854.40.

There is no financial impact arising from the claim as TPSB has recorded the contract fees of RM293,694.40 in the book. Note that PSMD is understated of the claim of RM4,840.00.

B10 Dividend Proposed or Declared

No dividend has been proposed or declared for the financial period ended 30 September 2013.

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	
	30.09.2013	30.09.2012	30.09.2013	30.09.2012
	RM'000	RM'000	RM'000	RM'000
Profit / (loss) for the period (RM'000)	(601)	835	(2,277)	1,927
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)	(0.67)	0.94	(2.56)	2.16

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 warrants is expired on 9 November 2012.

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 2013, into realised and unrealised profits/(losses), pursuant to directive, is as follows :

	As at 30.09.2013 RM'000	As at 30.09.2012 RM'000
Total retained earnings of the Group		
- Realised	(72,382)	(57,662)
- Unrealised	(3,896)	(6,964)
	<u>(76,278)</u>	<u>(64,626)</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 Loss for the period

	3 months ended		9 months ended	
	30.09.2013 RM'000	30.09.2012	30.09.2013 RM'000	30.09.2012
This is arrived at after (charging)/crediting:				
Amortisation and Depreciation	(358)	-1905	(1,133)	(2,967)
Gain on disposal of properties, plant & equipment	4	66	4	483
Foreign exchange gain or loss	0	6	0	6
Interest expense	(325)	-477	(950)	(819)
Rental income	157	111	473	0

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

By order of the Board
TIMBERWELL BERHAD

CHIA SIEW CHIN -MIA 2184
Company Secretary
KUALA LUMPUR

**REVIEW REPORT TO THE BOARD OF DIRECTORS OF
TIMBERWELL BERHAD**
(Company No 387185 - W)
(Incorporated in Malaysia)

We have reviewed the accompanying statement of financial position of Timberwell Berhad as at 30 September 2013 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the quarter then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the International Standard on Review Engagements 2400. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying financial statements do not give a true and fair view in accordance with Financial Reporting Standards in Malaysia.



Crowe Horwath
Firm No: AF 1018
Chartered Accountants



Wong Chie Bie
Approval No: 950/01/14(J)
Chartered Accountant