

**TIMBERWELL BERHAD**  
**CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER**  
**COMPREHENSIVE INCOME FOR 12 MONTHS PERIOD ENDED 31 DECEMBER 2013**

	← INDIVIDUAL QUARTER →		← CUMULATIVE YTD →	
	Current year	Preceding year comparative	Current year	Preceding year comparative
	3 months ended 31.12.2013 (RM'000)	3 months ended 31.12.2012 (RM'000)	12 months ended 31.12.2013 (RM'000)	12 months ended 31.12.2012 (RM'000)
<b>Continuing Operations</b>				
Revenue	5,341	1,597	16,444	25,554
Operating expenses	(5,967)	(3,302)	(19,100)	(26,096)
Other income	5,431	673	5,928	1,156
Profit/(Loss) from operations	<u>4,805</u>	<u>(1,032)</u>	<u>3,272</u>	<u>614</u>
Finance costs	(337)	(529)	(1,287)	(1,348)
<b>Profit/(Loss) before tax</b>	<u>4,468</u>	<u>(1,561)</u>	<u>1,985</u>	<u>(734)</u>
Income tax expense	<u>121</u>	<u>(188)</u>	<u>121</u>	<u>(188)</u>
<b>Profit/(Loss) for the period from continuing operation</b>	<u><u>4,589</u></u>	<u><u>(1,749)</u></u>	<u><u>2,106</u></u>	<u><u>(922)</u></u>
Profit/(loss) after taxation/Total comprehensive income/(expenses) attributable to:				
Owners of the Company	5,211	(1,947)	2,934	(20)
Non-controlling interest	(622)	198	(828)	(902)
	<u>4,589</u>	<u>(1,749)</u>	<u>2,106</u>	<u>(922)</u>
Earnings/(Loss) per share (Sen) attributable to owners of the Company :				
- Basic	<u>5.85</u>	<u>(2.19)</u>	<u>3.29</u>	<u>(0.02)</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 31 DECEMBER 2013**

	As at 31.12.2013 (RM'000)	As at 31.12.2012 (RM'000)
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	29,646	32,103
Investment properties	419	4,190
Biological assets	17,681	17,001
Non-trade receivable	444	818
	<u>48,190</u>	<u>54,112</u>
<b>CURRENT ASSETS</b>		
Inventories	385	1,194
Trade and other receivables	7,479	1,211
Deposits, bank and cash balances	668	414
Tax recoverable	5	20
	<u>8,537</u>	<u>2,839</u>
	<u>8,537</u>	<u>2,839</u>
<b>TOTAL ASSETS</b>	<u>56,727</u>	<u>56,951</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the Company</b>		
Share capital	89,051	89,051
Reserves	(55,510)	(58,444)
	<u>33,541</u>	<u>30,607</u>
Equity attributable to owners of the Company	33,541	30,607
Non-controlling interest	(201)	627
	<u>33,340</u>	<u>31,234</u>
<b>TOTAL EQUITY</b>	<u>33,340</u>	<u>31,234</u>
<b>NON-CURRENT LIABILITIES</b>		
Borrowings	1,046	2,493
Deferred tax liabilities	6,788	6,964
Non-trade payables	4,587	4,288
	<u>12,421</u>	<u>13,745</u>
<b>TOTAL NON-CURRENT LIABILITIES</b>	<u>12,421</u>	<u>13,745</u>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	4,535	5,356
Borrowings	6,428	6,603
Tax payables	3	13
	<u>10,966</u>	<u>11,972</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>10,966</u>	<u>11,972</u>
<b>TOTAL LIABILITIES</b>	<u>23,387</u>	<u>25,717</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>56,727</u>	<u>56,951</u>
Net assets per share attributable to owners of the Company (RM)	0.3766	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 12 MONTHS PERIOD ENDED 31 DECEMBER 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)				
<b>For The Year Ended 31 DECEMBER 2013</b>							
At 1 January 2013	89,051	9,626	5,931	(74,001)	30,607	627	31,234
Net profit/(loss) for the year/Total comprehensive income/(expenses) for the year	-	-	-	2,934	2,934	(828)	2,106
At 31 December 2013	89,051	9,626	5,931	(71,067)	33,541	(201)	33,340
<b>For The Year Ended 31 DECEMBER 2012</b>							
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 year/Total comprehensive expenses for the year	-	-	-	(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 12 MONTHS PERIOD ENDED 31 DECEMBER 2013**

	12 months ended	
	31.12.2013 (RM'000)	31.12.2012 (RM'000)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) before taxation		
Continuing operations	1,985	(734)
Adjustments for :		
Non-cash Items	2,479	4,430
Non-operating Items	(2,893)	921
Operating profit before changes in working capital	<u>1,571</u>	<u>4,617</u>
Net change in Current Assets	(6,445)	(3,304)
Net change in Current Liabilities	1,400	2,187
Cash (used in)/generated from operations	<u>(3,474)</u>	<u>3,500</u>
Interest paid	(1,287)	(1,348)
Interest received	-	11
Tax paid	(51)	(70)
<b>Net cash (used in)/generated from operating activities</b>	<u>(4,812)</u>	<u>2,093</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of property, plant and equipment	7,541	196
Acquisition of biological assets	(680)	(904)
<b>Net cash generated from/(used in) investing activities</b>	<u>6,861</u>	<u>(708)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from borrowings	4,735	4,519
Repayment of borrowings	(6,320)	(6,092)
<b>Net cash used in financing activities</b>	<u>(1,585)</u>	<u>(1,573)</u>
Net increase/(decrease) in Cash and Cash Equivalents	464	(188)
Cash and Cash Equivalents at beginning of the financial year	(2,776)	(2,588)
Cash and Cash Equivalents at end of the financial year	<u>(2,312)</u>	<u>(2,776)</u>

Cash and Cash equivalents at the end of the financial year comprise the following:

	As at 31.12.2013 (RM'000)	As at 31.12.2012 (RM'000)
Fixed deposit, cash and bank balances	668	414
Bank overdrafts	(2,980)	(3,190)
	<u>(2,312)</u>	<u>(2,776)</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	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:

FRS and Interpretations	Effective for financial periods beginning on or after
FRS 9 (2009) Financial Instruments	1 January 2015
FRS 9 (2010) 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 (2011): Investment Entities	1 January 2014
Amendments to FRS 132 Offsetting Financial Assets and Financial Liabilities	1 January 2014

## A2. Changes in Accounting Policies (Cont'd)

FRS and Interpretations	Effective for financial periods beginning on or after
Amendments to FRS 136 Recoverable Amount Disclosures for Non-financial Assets	1 January 2014
Amendments to FRS 139 Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21 Levies	1 January 2014
FRS 9 Financial Instruments (Hedge Accounting and amendments to FRS 9, FRS 7 and FRS 139)	To be determined
Defined Benefit Plans: Employee Contributions (Amendments to FRS 119)	1 July 2014
Annual Improvements to FRSs 2010 - 2012 Cycle	1 July 2014
Annual Improvements to FRSs 2011 - 2013 Cycle	1 July 2014

On 19 November 2011, MASB issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRSs") that are equivalent to International Financial Reporting Standards ("IFRS").

The MFRSs 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"). The Group falls within the definition of Transitioning Entities and has elected to present its first MFRSs financial statements when the MFRS framework become mandatory. Currently, the MASB has not announced as to when the Transitioning Entities are mandatory to comply with the MFRS framework. This is because of the revision in the project timeline on the issuance of new IFRS on Revenue and the proposed limited amendments to IAS 41 (Agriculture) by the International Accounting Standards Boards. Accordingly, the Group is unable to assess the potential financial effects of the differences between the accounting standards under FRSs and the MFRSs.

## 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 except for the disposal of an investment property of a subsidiary.

## 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 31 December 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 31 December 2013.

#### A13. Capital Commitments

	As at 31.12.2013 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 31.12.2013 RM'000	As at 31.12.2012 RM'000
<b>Unsecured</b>		
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 3,961.5 hectares with a total expenditure of RM8,346,000 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 31 December 2013, the Group registered a revenue of RM 5.3 million as compared with RM 1.6 million in the corresponding quarter ended 31 December 2012. This was mainly due to the carried over of export sales in the quarter.

For the financial year ended 31 December 2013, the Group registered a revenue of RM16.4 million as compared with RM25.5 million in the corresponding financial year ended 31 December 2012. The lower revenue was brought about by the lower production of logs and softening of timber prices.

The Group recorded a pre-tax profit of RM 4.4 million from continuing operation for the current quarter ended 31 December 2013 as compared to a pre-tax loss of RM 1.6 million in the corresponding quarter ended 31 December 2012.

The Group recorded a pre-tax profit of RM 2.0 million from continuing operation for the financial year ended 31 December 2013 as compared to a pre-tax loss of RM 0.7 million in the corresponding financial year ended 31 December 2012. The above favourable result can be attributed to the gain on disposal of Wisma TWB.

### B2 Variation of Results as Compared to the Preceding Quarter

In the current quarter ended 31 December 2013, the Group recorded a pre-tax profit of RM 4.4 million as compared to a pre-tax loss of RM 0.6 million in the immediate preceding quarter. The profit is due to the recognition of gain on disposal of Wisma TWB.

### B3 Commentary on Prospects

Barring unforeseen circumstances, the Group shall endeavor to perform better for the next 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		12 months ended	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
	RM'000	RM'000	RM'000	RM'000

#### Taxation comprise the following :

##### *Malaysian income tax*

Current	121	(188)	121	(188)
---------	-----	-------	-----	-------

### 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 31 December 2013 were as follows :-

			As at
	Secured	Unsecured	31.12.2013
	RM'000	RM'000	Total
			RM'000
Current	6,428	-	6,428
Non-current	1,046	4,587	5,633
	<u>7,474</u>	<u>4,587</u>	<u>12,061</u>

There are no outstanding foreign borrowings as at 31 December 2013



**B9 Material Litigation****a) Claim by Pemborong Sri Marudu Darat "PSMD" against Timberwell Plantations Sdn. Bhd. "TPSB" for the RM288,854.40.**

Pemborong 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. BKJ-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.

To date, the Sessions Court in Kota Kinabalu held a Case Management on 20th January 2014, whereby they had fixed 2 dates, 6th and 7th March 2014 for "TRIAL" of the case in Kota Kinabalu.

**B10 Dividend Proposed or Declared**

No dividend has been proposed or declared for the financial period ended 31 December 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		12 months ended	
	31.12.2013 RM'000	31.12.2012 RM'000	31.12.2013 RM'000	31.12.2012 RM'000
Profit / (loss) for the period (RM'000)	5,211	(1,947)	2,934	(20)
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)	5.85	(2.19)	3.29	(0.02)

The Group issued 22,262,667 warrants at the exercise price of RM1.20 in the previous corporate proposal - Rights Issue with Warrants. There is no diluted earnings per share as the warrants were 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 31 December 2013, into realised and unrealised profits/(losses), pursuant to directive, is as follows :

	As at 31.12.2013 RM'000	As at 31.12.2012 RM'000
Total retained earnings of the Group		
- Realised	(67,105)	(70,148)
- Unrealised	<u>(3,962)</u>	<u>(3,853)</u>
	<u><u>(71,067)</u></u>	<u><u>(74,001)</u></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 Malaysian Institute of Accountants on 20 December 2010.

### B13 Profit/(Loss) for the period

	3 months ended		12 months ended	
	31.12.2013 RM'000	31.12.2012 RM'000	31.12.2013 RM'000	31.12.2012 RM'000
This is arrived at after (charging)/crediting:				
Amortisation and Depreciation	(991)	(1,905)	(2,124)	(2,967)
Gain on disposal of properties, plant & equipment	4,167	66	4,171	483
Foreign exchange gain or loss	0	6	0	6
Interest expense	(337)	(529)	(1,287)	(1,348)
Rental income	157	111	630	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 31 December 2013 and the statement of profit or loss and other 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

Miri  
25 February 2014



**Wong Chie Bie**  
Approval No: 950/01/16(J)  
Chartered Accountant