

TIMBERWELL BERHAD
CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR 9 MONTHS PERIOD ENDED 30 SEPTEMBER 2014

	← INDIVIDUAL QUARTER →		← CUMULATIVE YTD →	
	Current year	Preceding year comparative	Current year	Preceding year comparative
	3 months ended 30.09.2014 (RM'000)	3 months ended 30.09.2013 (RM'000)	9 months ended 30.09.2014 (RM'000)	9 months ended 30.09.2013 (RM'000)
Continuing Operations				
Revenue	9,667	6,110	17,183	11,103
Operating expenses	(10,105)	(6,452)	(16,564)	(13,133)
Other income	26	7	46	497
Profit/(Loss) from operations	<u>(412)</u>	<u>(335)</u>	<u>665</u>	<u>(1,533)</u>
Finance costs	(128)	(324)	(589)	(950)
Profit/(Loss) before tax	<u>(541)</u>	<u>(659)</u>	<u>76</u>	<u>(2,483)</u>
Income tax expense	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Profit/(Loss) for the period from continuing operation	<u><u>(541)</u></u>	<u><u>(659)</u></u>	<u><u>76</u></u>	<u><u>(2,483)</u></u>
Profit/(loss) after taxation/Total comprehensive income/(expenses) attributable to:				
Owners of the Company	(443)	(601)	406	(2,277)
Non-controlling interest	(98)	(58)	(331)	(206)
	<u>(541)</u>	<u>(659)</u>	<u>76</u>	<u>(2,483)</u>
Earnings/(Loss) per share (Sen) attributable to owners of the Company :				
- Basic	<u>(0.50)</u>	<u>(0.67)</u>	<u>0.46</u>	<u>(2.56)</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 2013 and the accompanying explanatory notes attached to the interim financial statements.

TIMBERWELL BERHAD
CONDENSED UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2014

	As at 30.09.2014 (RM'000)	As at 31.12.2013 (RM'000)
NON-CURRENT ASSETS		
Property, plant and equipment	28,413	29,646
Investment properties	244	419
Biological assets	17,943	17,681
Non-trade receivable	444	444
	<u>47,043</u>	<u>48,190</u>
CURRENT ASSETS		
Inventories	3,517	385
Trade and other receivables	1,232	7,479
Deposits, bank and cash balances	337	668
Tax recoverable	49	5
	<u>5,135</u>	<u>8,537</u>
	<u>5,135</u>	<u>8,537</u>
TOTAL ASSETS	<u>52,178</u>	<u>56,727</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	89,051	89,051
Reserves	(55,493)	(55,510)
	<u>33,557</u>	<u>33,541</u>
Equity attributable to owners of the Company	33,557	33,541
Non-controlling interest	(628)	(201)
	<u>32,929</u>	<u>33,340</u>
NON-CURRENT LIABILITIES		
Borrowings	298	1,046
Deferred tax liabilities	6,788	6,788
Non-trade payables	5,336	4,587
	<u>12,421</u>	<u>12,421</u>
CURRENT LIABILITIES		
Trade and other payables	5,565	4,535
Borrowings	1,263	6,428
Tax payables	0	3
	<u>6,827</u>	<u>10,966</u>
Total liabilities	<u>19,249</u>	<u>23,387</u>
TOTAL EQUITY AND LIABILITIES	<u>52,178</u>	<u>56,727</u>
Net assets per share attributable to owners of the Company (RM)	0.3768	0.3766

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 2013 and the accompanying explanatory notes attached to the interim financial statements.

TIMBERWELL BERHAD
CONDENSED UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE 9 MONTHS PERIOD ENDED 30 SEPTEMBER 2014

	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 Year Ended 30 SEPTEMBER 2014							
At 1 January 2014	89,051	9,626	5,931	(71,067)	33,541	(201)	33,340
Prior year adjustments	-	-		304	304	(96)	207
Net profit/(loss) for the year/Total comprehensive income/(expenses) for the year	-	-	(694)	406	(287)	(331)	(618)
At 30 September 2014	<u>89,051</u>	<u>9,626</u>	<u>5,238</u>	<u>(70,357)</u>	<u>33,557</u>	<u>(628)</u>	<u>32,929</u>
For The Year Ended 31 DECEMBER 2013							
At 1 January 2013	89,051	9,626	5,931	(74,001)	30,607	627	31,234
Net loss for the year/Total comprehensive expenses for the year	-	-	0	2,934	2,934	(828)	2,106
At 31 December 2013	<u>89,051</u>	<u>9,626</u>	<u>5,931</u>	<u>(71,067)</u>	<u>33,541</u>	<u>(201)</u>	<u>33,340</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 2013 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 2014

	9 months ended	
	30.09.2014 (RM'000)	31.12.2013 (RM'000)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation		
Continuing operations	76	1,985
Adjustments for :		
Non-cash Items	1,495	2,479
Non-operating Items	(1,885)	(2,893)
Operating profit before changes in working capital	<u>(314)</u>	<u>1,571</u>
Net change in Current Assets	3,402	(6,445)
Net change in Current Liabilities	4,139	1,400
Cash (used in)/generated from operations	<u>7,227</u>	<u>(3,474)</u>
Interest paid	(589)	(242)
Interest received	-	-
Tax paid	0	(51)
Net cash (used in)/generated from operating activities	<u>6,638</u>	<u>(3,767)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	0	7,541
Acquisition of biological assets	(262)	(680)
Net cash generated from/(used in) investing activities	<u>(262)</u>	<u>6,861</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	395	4,735
Repayment of borrowings	(5,166)	(6,320)
Net cash used in financing activities	<u>(4,771)</u>	<u>(1,585)</u>
Net increase/(decrease) in Cash and Cash Equivalents	1,604	1,509
Cash and Cash Equivalents at beginning of the financial year	(1,267)	(2,776)
Cash and Cash Equivalents at end of the financial year	<u>337</u>	<u>(1,267)</u>
Cash and Cash equivalents at the end of the financial year comprise the following:		
	As at	As at
	30.09.2014	31.12.2013
	(RM'000)	(RM'000)
Fixed deposit, cash and bank balances	337	414
Bank overdrafts	0	(1,681)
	<u>337</u>	<u>(1,267)</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 2013 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 2013. 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

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 2013, 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)

Effective for financial
periods beginning on or after

FRS and Interpretations

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 2013 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 2013.

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 2014.

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 2014.

A13. Capital Commitments

	As at 30.09.2014 RM'000	As at 30.09.2013 RM'000
Approved and contracted for:		
- Biological assets	5,934	1,104
Approved but not contracted for		
- Industrial tree-planting project (2009-2018)	17,916	21,760
- Plant & equipment	356	356
	<u>24,206</u>	<u>23,220</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 30.09.2014 RM'000	As at 30.09.2013 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 3,909.9 hectares with a total expenditure of RM8,835,010 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 2014, the Group registered a revenue of RM 9.7 million as compared with RM 6.1 million in the corresponding quarter ended 30 September 2013. This was mainly due to better production in the current quarter.

The Group recorded a pre-tax loss of RM 0.5 million from continuing operation for the current quarter ended 30 September 2014 as compared to a pre-tax loss of RM 0.7 million in the corresponding quarter ended 30 September 2013. This was due to improved revenue in the current quarter.

B2 Variation of Results as Compared to the Preceding Quarter

In the current quarter ended 30 September 2014, the Group recorded a pre-tax loss of RM 0.5 million as compared to a pre-tax profit of RM 0.3 million in the immediate preceding quarter.

B3 Commentary on Prospects

Barring unforeseen circumstances, the Group is expected to perform better for this 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	
30.09.2014	30.09.2013	30.09.2014	30.09.2013
RM'000	RM'000	RM'000	RM'000

Taxation comprise the following :

Malaysian income tax

Current

-	-	-	-
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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 2014 were as follows :-

	Secured RM'000	Unsecured RM'000	As at
			30.09.2014 Total RM'000
Current	1,263	-	1,263
Non-current	298	5,336	5,634
	<u>1,561</u>	<u>5,336</u>	<u>6,897</u>

There are no outstanding foreign borrowings as at 30 September 2014

B9 Material Litigation

There is no litigation received during the current quarter ended 30 September 2014.

B10 Dividend Proposed or Declared

No dividend has been proposed or declared for the financial period ended 30 September 2014.

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	
	30.09.2014	30.09.2013	30.09.2014	30.09.2013
	RM'000	RM'000	RM'000	RM'000
Profit / (loss) for the period (RM'000)	(443)	(601)	406	(2,277)
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)	(0.50)	(0.67)	0.46	(2.56)

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 30 September 2014, into realised and unrealised profits/(losses), pursuant to directive, is as follows :

	As at 30.09.2014	As at 30.09.2013
	RM'000	RM'000
Total retained earnings of the Group		
- Realised	(66,395)	(71,362)
- Unrealised	(3,962)	(3,853)
	<u>(70,357)</u>	<u>(75,215)</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		9 months ended	
	30.09.2014	30.09.2013	30.09.2014	30.09.2013
	RM'000	RM'000	RM'000	RM'000

This is arrived at after (charging)/crediting:

Amortisation and Depreciation	(486)	(365)	(1,495)	(1,133)
Gain on disposal of properties, plant & equipment	-	-	-	-
Interest expense	(128)	(324)	(589)	(949)
Rental income	113	158	386	473

Other disclosure items pursuant to Appendix 9B Note 16 fo 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