

TIMBERWELL BERHAD

**CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR 12 MONTHS PERIOD ENDED 31 DECEMBER 2015**

	← INDIVIDUAL QUARTER →		← CUMULATIVE YTD →	
	Current year	Preceding year comparative	Current year	Preceding year comparative
	3 months ended 31.12.2015 (RM'000)	3 months ended 31.12.2014 (RM'000)	12 months ended 31.12.2015 (RM'000)	12 months ended 31.12.2014 (RM'000)
Continuing Operations				
Revenue	6,333	7,798	25,154	24,486
Operating expenses	(6,436)	(7,295)	(24,117)	(24,703)
Other income	376	94	784	689
Profit/(Loss) from operations	<u>273</u>	<u>597</u>	<u>1,821</u>	<u>472</u>
Finance costs	(120)	(250)	(527)	(891)
Profit/(Loss) before tax	<u>153</u>	<u>347</u>	<u>1,294</u>	<u>(419)</u>
Income tax expense	(543)	0	(543)	474
Profit/(Loss) for the period from continuing operation	<u>(390)</u>	<u>347</u>	<u>751</u>	<u>55</u>
Profit/(loss) after taxation/Total comprehensive income/(expenses) attributable to:				
Owners of the Company	(331)	469	1,067	433
Non-controlling interest	(59)	(122)	(316)	(378)
	<u>(390)</u>	<u>347</u>	<u>751</u>	<u>55</u>
Earnings/(Loss) per share (Sen) attributable to owners of the Company :				
- Basic	(0.37)	0.53	1.20	0.49
- 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 2014 and the accompanying explanatory notes attached to the interim financial statements.

TIMBERWELL BERHAD
CONDENSED UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	As at 31.12.2015 (RM'000)	As at 31.12.2014 (RM'000)
NON-CURRENT ASSETS		
Property, plant and equipment	26,955	28,552
Biological assets	19,078	18,311
Non-trade receivable	156	237
	<u>46,189</u>	<u>47,100</u>
CURRENT ASSETS		
Inventories	1,172	747
Trade and other receivables	3,126	2,093
Deposits, bank and cash balances	653	661
Tax recoverable	438	540
	<u>5,389</u>	<u>4,041</u>
	<u>5,389</u>	<u>4,041</u>
TOTAL ASSETS	<u>51,578</u>	<u>51,141</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	89,051	89,051
Reserves	(54,010)	(55,077)
	<u>35,041</u>	<u>33,974</u>
Equity attributable to owners of the Company	35,041	33,974
Non-controlling interest	(895)	(579)
	<u>34,146</u>	<u>33,395</u>
NON-CURRENT LIABILITIES		
Borrowings	299	368
Deferred tax liabilities	6,565	6,304
Non-trade payables	3,444	4,362
	<u>10,308</u>	<u>11,034</u>
CURRENT LIABILITIES		
Trade and other payables	7,007	5,395
Borrowings	117	1,317
Tax payables	0	0
	<u>7,124</u>	<u>6,712</u>
	<u>17,432</u>	<u>17,746</u>
TOTAL EQUITY AND LIABILITIES	<u>51,578</u>	<u>51,141</u>
Net assets per share attributable to owners of the Company (RM)	0.3935	0.3815

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 2014 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 2015

	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 3 DECEMBER 2015							
At 1 January 2015	89,051	9,626	5,938	(70,641)	33,974	(579)	33,395
Net profit/(loss) for the year/Total comprehensive income/(expenses) for the year	-	-		1,067	1,067	(316)	751
At 31 DECEMBER 2015	<u>89,051</u>	<u>9,626</u>	<u>5,938</u>	<u>(69,574)</u>	<u>35,041</u>	<u>(895)</u>	<u>34,146</u>
For The Year Ended 31 DECEMBER 2014							
At 1 January 2014	89,051	9,626	5,931	(71,067)	33,541	(201)	33,340
Prior year adjustments	-	-	7	(7)	0	0	0
Net loss for the year/Total comprehensive expenses for the year	-	-		433	433	(378)	55
At 31 December 2014	<u>89,051</u>	<u>9,626</u>	<u>5,938</u>	<u>(70,641)</u>	<u>33,974</u>	<u>(579)</u>	<u>33,395</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 2014 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 2015

	12 months ended	
	31.12.2015 (RM'000)	31.12.2014 (RM'000)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation		
Continuing operations	1,294	(419)
Adjustments for :		
Non-cash Items	2,159	3,085
Non-operating Items	0	0
Operating profit before changes in working capital	<u>3,453</u>	<u>2,666</u>
Net change in Current Assets	(1,226)	5,230
Net change in Current Liabilities	706	633
Cash (used in)/generated from operations	<u>2,933</u>	<u>8,529</u>
Interest paid	(526)	(891)
Interest received	9	103
Tax paid	(180)	(548)
Net cash (used in)/generated from operating activities	<u><u>2,236</u></u>	<u><u>7,193</u></u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	(1,010)	(1,166)
Acquisition of biological assets	0	0
Net cash generated from/(used in) investing activities	<u><u>(1,010)</u></u>	<u><u>(1,166)</u></u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	0	0
Repayment of borrowings	(1,234)	(3,055)
Net cash used in financing activities	<u><u>(1,234)</u></u>	<u><u>(3,055)</u></u>
Net increase/(decrease) in Cash and Cash Equivalents	(8)	2,972
Cash and Cash Equivalents at beginning of the financial year	661	(2,311)
Cash and Cash Equivalents at end of the financial year	<u><u>653</u></u>	<u><u>661</u></u>

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

	As at 31.12.2015 (RM'000)	As at 31.12.2014 (RM'000)
Fixed deposit, cash and bank balances	653	661
Bank overdrafts	0	0
	<u><u>653</u></u>	<u><u>661</u></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 2014 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 2014. 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 2014.

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 2014, 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)	1 January 2018
Amendments to FRS 10 and FRS 128 (2011) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to FRS 11 Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to FRS 10, FRS 12 and FRS 128 (2011) Investment Entities - Applying the Consolidation Exception	1 January 2016
Amendments to FRS 101 Presentation of Financial Statements - Disclosure Initiative	1 January 2016
Amendments to FRS 116 and FRS 138 Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 119 Defined Benefits Plans - Employee Contributions	1 July 2014
Amendments to FRS 127 (2011) Equity Method in Separate Financial Statements	1 January 2016
Annual Improvements to FRSs 2010 - 2012 Cycle	1 July 2014
Annual Improvements to FRSs 2011 - 2013 Cycle	1 July 2014
Annual Improvements to FRSs 2012 - 2014 Cycle	1 January 2016

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application except as follows:

FRS 9 (IFRS 9 issued by IASB in July 2014) replaces the existing guidance in FRS 139 and introduces a revised guidance on the classification and measurement of financial instruments, including a single forward-looking 'expected loss' impairment model for calculating impairment on financial assets, and a new approach to hedge accounting. Under the FRS 9, the classification of financial assets is driven by cash flow characteristics and the business model in which a financial asset is held. Therefore, it is expected that the Company's investments in unquoted shares that are currently stated at cost less accumulated impairment losses will be measured at fair value through other comprehensive income upon the adoption of FRS 9. The Company is currently assessing the financial impact of adopting FRS 139.

MASB has issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS"), that are to be applied by all entities other than private entities; 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").

As announced by MASB on 2 September 2014, the transitioning entities are allowed to defer the adoption of MFRSs to annual periods beginning on or after 1 January 2017.

Accordingly, as a transitioning entity as defined above, the Company has chosen to defer the adoption of MFRSs and will only prepare its first set of MFRS financial statements for the financial year ending 31 December 2017. The Company is currently assessing the possible financial impacts that may arise from the adoption of MFRSs and the process is still ongoing.

A3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 31 December 2014 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 2014.

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 2015.

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 2015.

A13. Capital Commitments

	As at 31.12.2015 RM'000	As at 31.12.2014 RM'000
Approved but not contracted for		
- Industrial tree-planting project (2009-2018)	21,156	21,156
- Plant & equipment	335	335
- Biological assets	882	882
	<u>22,373</u>	<u>22,373</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 31.12.2015 RM'000	As at 31.12.2014 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	0	0
	<u>5,000</u>	<u>5,000</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 3,981.9 hectares with a total expenditure of RM9,943,077 which is part of the total timber plantation development expenditure of RM19.08 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 2015, the Group registered a revenue of RM 6.3 million as compared with RM 7.8 million in the corresponding quarter ended 31 December 2014. This was mainly due to lower production in the current quarter.

For the financial year ended 31 December 2015, the Group registered a revenue of RM25.2 million as compared with RM24.5 million in the corresponding financial year ended 31 December 2014.

The Group recorded a pre-tax profit of RM 0.2 million for the current quarter ended 31 December 2015 as compared to a pre-tax profit of RM 0.3 million in the corresponding quarter ended 31 December 2014.

The Group recorded a pre-tax profit of RM1.3 million from continuing operation for the financial year ended 31 December 2015 as compared to a pre-tax loss of RM0.4 million in the corresponding financial year ended 31 December 2014. The better result for current financial year was mainly due to an improvement in margin brought about by higher export sales and favorable exchange rates.

B2 Variation of Results as Compared to the Preceding Quarter

In the current quarter ended 31 December 2015, the Group recorded a pre-tax profit of RM 0.2 million as compared to a pre-tax profit of RM 1.5 million in the immediate preceding quarter. This was mainly due to lower production in the current quarter.

B3 Commentary on Prospects

Barring unforeseen circumstances, the Group is expected 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	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	RM'000	RM'000	RM'000	RM'000
<u>Taxation comprise the following :</u>				
<i>Malaysian income tax</i>				
Current	(543)	-	(543)	474

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 2015 were as follows :-

			As at
	Secured	Unsecured	31.12.2015
	RM'000	RM'000	Total RM'000
Current	117	-	117
Non-current	299	3,444	3,743
	<u>416</u>	<u>3,444</u>	<u>3,860</u>

There are no outstanding foreign borrowings as at 31 December 2015

B9 Material Litigation

There is no litigation received during the current quarter ended 31 December 2015.

B10 Dividend Proposed or Declared

No dividend has been proposed or declared for the financial period ended 31 December 2015.

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	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	RM'000	RM'000	RM'000	RM'000
Profit / (loss) for the period (RM'000)	(331)	469	1,067	433
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)	(0.37)	0.53	1.20	0.49

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 2015, into realised and unrealised profits/(losses), pursuant to directive, is as follows :

	As at 31.12.2015	As at 31.12.2014
	RM'000	RM'000
Total retained earnings of the Group		
- Realised	(65,612)	(66,796)
- Unrealised	(3,962)	(3,962)
	<u>(69,574)</u>	<u>(70,641)</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	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	RM'000	RM'000	RM'000	RM'000
This is arrived at after (charging)/crediting:				
Amortisation and Depreciation	(409)	(407)	(1,802)	(1,920)
Gain on disposal of properties, plant & equipment	-	-	404	-
Interest expense	(120)	(250)	(527)	(891)
Rental income	119	168	507	553
Interest income	9	-	9	-

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