



We practice
SUSTAINABLE FORESTRY
ANNUAL REPORT 2014



TIMBERWELL BERHAD

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NOTICE OF 19TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 19th Annual General Meeting of Timberwell Berhad ("Company") will be held at Nipah Room, 2nd Floor, Sabah Oriental Hotel, Jalan Kemajuan, Karamunsing, 88000 Kota Kinabalu, Sabah on Tuesday, 9th day of June 2015 at 2.00 p.m., for the following purposes:

AGENDA

AS ORDINARY BUSINESS

- | | | |
|----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|
| 1. | To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2014 together with the Reports of the Directors and Auditors thereon. | Please refer to explanatory Note 1 |
| 2. | To approve the payment of Directors' fees for the financial year ended 31 December 2014. | RESOLUTION 1 |
| 3. | To re-elect Mr Sui Diong Hoe who retires in accordance with Article 94 of the Company's Articles of Association. | RESOLUTION 2 |
| 4. | To consider and if thought fit, to pass the following Ordinary Resolutions: | |
| | (a) "THAT pursuant to Section 129(6) of the Companies Act, 1965, Datuk Yap Pak Leong be and is hereby re-appointed as a Director of the Company to hold office until the next Annual General Meeting of the Company." | RESOLUTION 3 |
| | (b) "THAT pursuant to Section 129(6) of the Companies Act, 1965, Datuk Alladin Bin Mohd Hashim be and is hereby re-appointed as a Director of the Company to hold office until the next Annual General Meeting of the Company." | RESOLUTION 4 |
| 5. | To re-appoint Messrs. Crowe Horwath (AF 1018) as Auditors of the Company for the financial year ending 31 December 2015 and to authorise the Directors to fix their remuneration. | RESOLUTION 5 |

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following ordinary/special resolutions:-

- | | | |
|----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| 6. | Ordinary Resolution
- Authority to issue shares pursuant to Section 132D of the Companies Act, 1965 | RESOLUTION 6 |
| | <p>"THAT subject always to the Companies Act, 1965, Articles of Association of the Company and approvals from Bursa Malaysia Securities Berhad and any other governmental/regulatory bodies, where such approval is necessary, authority be and is hereby given to the Directors pursuant to Section 132D of the Companies Act, 1965 to issue not more than ten percent (10%) of the issued capital of the Company at any time upon any such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit or in pursuance of offers, agreements or options to be made or granted by the Directors while this approval is in force until the conclusion of the next Annual General Meeting of the Company and that the Directors be and are hereby further authorised to make or grant offers, agreements or options which would or might require shares to be issued after the expiration of the approval hereof."</p> | |

NOTICE OF 19TH ANNUAL GENERAL MEETING

(CONT'D)

7. Ordinary Resolution

- Continuing in Office as Independent Non-Executive Director

(a) "THAT subject to the passing of Resolution 2, authority be and is hereby given to Mr Sui Diong Hoe, who has served as Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as Independent Non-Executive Director of the Company."

RESOLUTION 7

(b) "THAT subject to the passing of Resolution 3, authority be and is hereby given to Datuk Yap Pak Leong, who has served as Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as Independent Non-Executive Director of the Company."

RESOLUTION 8

(c) "THAT subject to the passing of Resolution 4, authority be and is hereby given to Datuk Alladin Bin Mohd Hashim, who has served as Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as Independent Non-Executive Director of the Company."

RESOLUTION 9

8. To transact any other ordinary business of the Company for which due notice shall have been given.

BY ORDER OF THE BOARD

CHIA SIEW CHIN (MIA 2184)
SOO SHIOW FANG (MAICSA 7044946)
Company Secretaries

Kota Kinabalu
18th day May 2015

NOTES:

1. Every member entitled to attend and vote at the meeting is entitled to appoint a proxy/proxies to attend and vote for him/her but his attendance shall automatically revoke the proxy's authority. A proxy may but need not be a member of the Company, if the proxy is not a member, the proxy need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies.
2. To be valid, this form duly completed must be deposited at the registered office of the Company at Lot 8 & 9, Block A, 2nd Floor, Damai Point Commercial Centre, Off Jalan Damai, Luyang, 88300 Kota Kinabalu, Sabah not less than forty-eight (48) hours before the time appointed for holding the meeting or adjournment thereof.
3. A member shall be entitled to appoint more than one (1) proxy to attend, vote and speak at the same meeting. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy.
4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. The instrument appointing a proxy shall be in writing executed by or on behalf of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.
6. Date of Record of Depositors for the purpose of determining Members' entitlement to attend, vote and speak at the AGM is 2 June 2015.

NOTICE OF 19TH ANNUAL GENERAL MEETING

(CONT'D)

7. Explanatory Notes on Ordinary and Special Business:

(a) Audited Financial Statements for the financial ended 31 December 2014

This Agenda item is meant for discussion only, as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence this Agenda item is not put forward for voting.

(b) Authority to issue shares pursuant to Section 132D of the Companies Act, 1965 (Resolution 6)

The proposed Ordinary Resolution 6, if passed, will give flexibility to the Directors of the Company to issue shares up to a maximum of ten per centum (10%) of the issued share capital of the Company at the time of such issuance of shares and for such purposes as they consider would be in the best interest of the Company without having to convene separate general meetings. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

This is the renewal of the mandate obtained from the shareholders at the last Annual General Meeting ("the Previous Mandate"). The Previous Mandate was not utilised and no proceeds were raised.

The purpose of this general mandate sought will provide flexibility to the Company for any possible fund raising activities but not limited for further placement of shares for purpose of funding current and/or future investment projects, working capital, repayment of borrowings and/or acquisitions.

(c) Continuing in Office as Independent Non-Executive Director (Resolutions 7, 8 and 9)

The Nomination Committee has assessed the independence of Mr Sui Diong Hoe, Datuk Yap Pak Leong and Datuk Alladin Bin Mohd Hashim, who have served as the Independent Non-Executive Directors of the Company for a cumulative term of more than nine years, and has recommended them to continue to act as the Independent Non-Executive Directors of the Company based on the following justifications:-

- i. fulfilled the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and thus, would be able to function as a check and balance, bring an element of objectivity to the Board;
- ii. have vast experience in the industry that could be shared with the Board but independent judgement to better manage and run the Company;
- iii. familiar with the Company's business operations and the timber industry as they have served the Company for more than 9 years;
- iv. have devoted sufficient time and attention to discharge the professional obligations for informed and balanced decision making; and
- v. have exercised due care during their tenure as an Independent Non-Executive Directors of the Company and carried out their professional duties in the interest of the Company and shareholders.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Y. Bhg. Dato' Seri Abdul Azim Bin Mohd Zabidi
Chairman
(Independent Non-Executive Director)

Datuk Alladin Bin Mohd Hashim
(Independent Non-Executive Director)

Datuk Yap Pak Leong
(Senior Independent Non-Executive Director)

Sui Diong Hoe
(Independent Non-Executive Director)

Agnes Soei-Tin Lamey
(Non-Independent Non-Executive Director)

AUDIT COMMITTEE

Sui Diong Hoe (**Chairman**)
Datuk Yap Pak Leong
Datuk Alladin Bin Mohd Hashim

NOMINATION AND REMUNERATION COMMITTEES

Datuk Yap Pak Leong (**Chairman**)
Datuk Alladin Bin Mohd Hashim
Agnes Soei-Tin Lamey

INVESTMENT COMMITTEE

Datuk Yap Pak Leong (**Chairman**)
Sui Diong Hoe
Datuk Pau Chiong Ung

BUSINESS RISK ASSESSMENT MANAGEMENT COMMITTEE

Datuk Yap Pak Leong (**Chairman**)
Agnes Soei-Tin Lamey
Datuk Pau Chiong Ung

EXECUTIVE COMMITTEE

Datuk Yap Pak Leong (**Chairman**)
Agnes Soei-Tin Lamey
Datuk Pau Chiong Ung

CHIEF EXECUTIVE OFFICER

Datuk Pau Chiong Ung

CORPORATE OFFICE

2nd Floor, Wisma BSN Sabah
Jalan Kemajuan, Karamunsing
88000 Kota Kinabalu, Sabah
Tel : 088-214222 / 222190
Fax : 088-222727 / 235907
email : enquiry@timwell.com.my

COMPANY SECRETARIES

Chia Siew Chin (MIA 2184)
Soo Shiow Fang (MAICSA 7044946)

REGISTERED OFFICE

Lot 8 & 9, Block A, 2nd Floor
Damai Point Commercial Centre
Off Jalan Damai, Luyang
88300 Kota Kinabalu, Sabah
Tel : 088 - 262867
Fax : 088 - 316193

SHARE REGISTRAR

Securities Services (Holdings) Sdn. Bhd.
Level 7, Menara Milenium
Jalan Damanela
Pusat Bandar Damansara
Damansara Heights
50490 Kuala Lumpur
Tel : 03 - 2084 9000
Fax : 03 - 2094 9940, 2095 0292

AUDITORS

Messrs Crowe Horwath
Chartered Accountants
Damai Plaza 3, 3rd Floor, Jalan Damai
P.O. Box 11003, 88811 Kota Kinabalu
Sabah
Tel : 088-233 733 (Main)
Fax : 088-238 955

PRINCIPAL BANKERS

Affin Bank Berhad
HSBC Bank Malaysia Berhad

STOCK EXCHANGE LISTING

Main Market of the Bursa Malaysia Securities Berhad
Sector : Industrial Products
Stock Code : TIMWELL
Stock No. : 7854

VISION STATEMENT

To be a regionally respected player in forest resource management and development based in East Malaysia.

MISSION STATEMENT

To manage the natural forest under licence as renewable resource in economically viable, environmentally friendly and socially responsible manner to ensure sustainability.

CORE VALUES

STAKEHOLDER SATISFACTION

A commitment to meet and surpass our stakeholder expectations

LEADERSHIP BY EXAMPLE

A commitment to set standards and lead by example

INTEGRITY AND TRANSPARENCY

A commitment to be ethical, sincere, and open in our dealing.

PROFIT WITH HONOUR

A commitment to pursue profit by building long term values.

FAIRNESS

A commitment to be objective and responsible, thereby promoting trust and respect.

PURSUIT OF EXCELLENCE

A commitment to strive for the best in everything we do.

BUSINESS PROFILE

TIMBERWELL BERHAD was incorporated as public company in Malaysia under the Companies Act, 1965 on 13 May 1996. The Company was subsequently listed on the then Second Board of Bursa Malaysia Securities Berhad on 16 May 1997, where it offered for sale of 6,000,000 Ordinary Shares of RM1.00 each.

The Company is a licence-holder of the Sustainable Forest Management Licence Agreement 06/97 ("**SFMLA**") granted by the State Government of Sabah covering an area of 71,293 hectares of natural forest in the Lingkabau Forest Reserve, Forest District of Kota Marudu, Sabah. Under the agreement, the Company has been granted the permission to plant, rehabilitate and harvest timber logs within the license area of 100 years commencing on 10 September 1997.

The Group operates under the following business units:-

Forestry Division

Overseeing the timber harvesting and forest regeneration activities of the Group in compliance with the Annual Work Plan approved by the Sabah Forestry Department. With strict adherence to the principles of sustainable forest management, the Group abides to the practice of comprehensive harvesting plans, compliance with harvesting standards and application of internationally recognized Reduced Impact Logging technique.

The harvested timbers are supplied to our wood manufacturing arm, other local millers and exported to countries in the Asia Region.

Plantation Division

The Plantation activity currently undertaken by the Group is the cultivation of industrial trees of approved species to sustain long-term commercial value of the forest. Under the SFMLA, the Group has committed industrial tree plantation covering a total forest area of 15,000 hectares within the Lingkabau Forest Reserve. The indigenous industrial tree plantation species being cultivated includes Laran (*Neolamarckia Cadamba*), Binuang (*Octemeles Sumatrana*), Jelutung (*Dyera Costulata*) and rubber tree.

Trading and Services Division

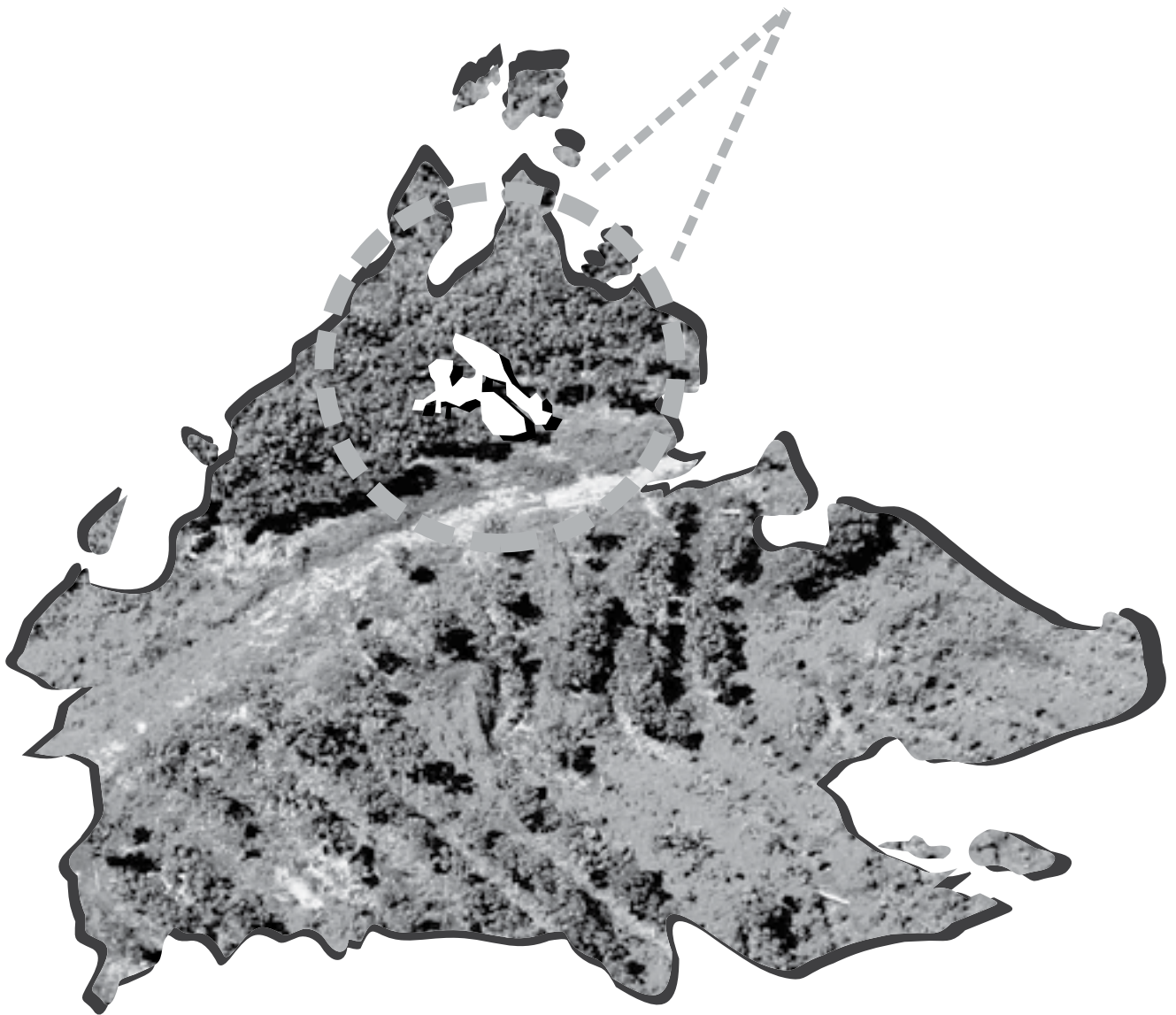
The activities include timber marketing, trading and the provision of chartered barging services within the Group.

Property Division

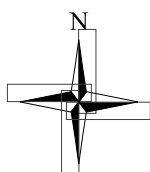
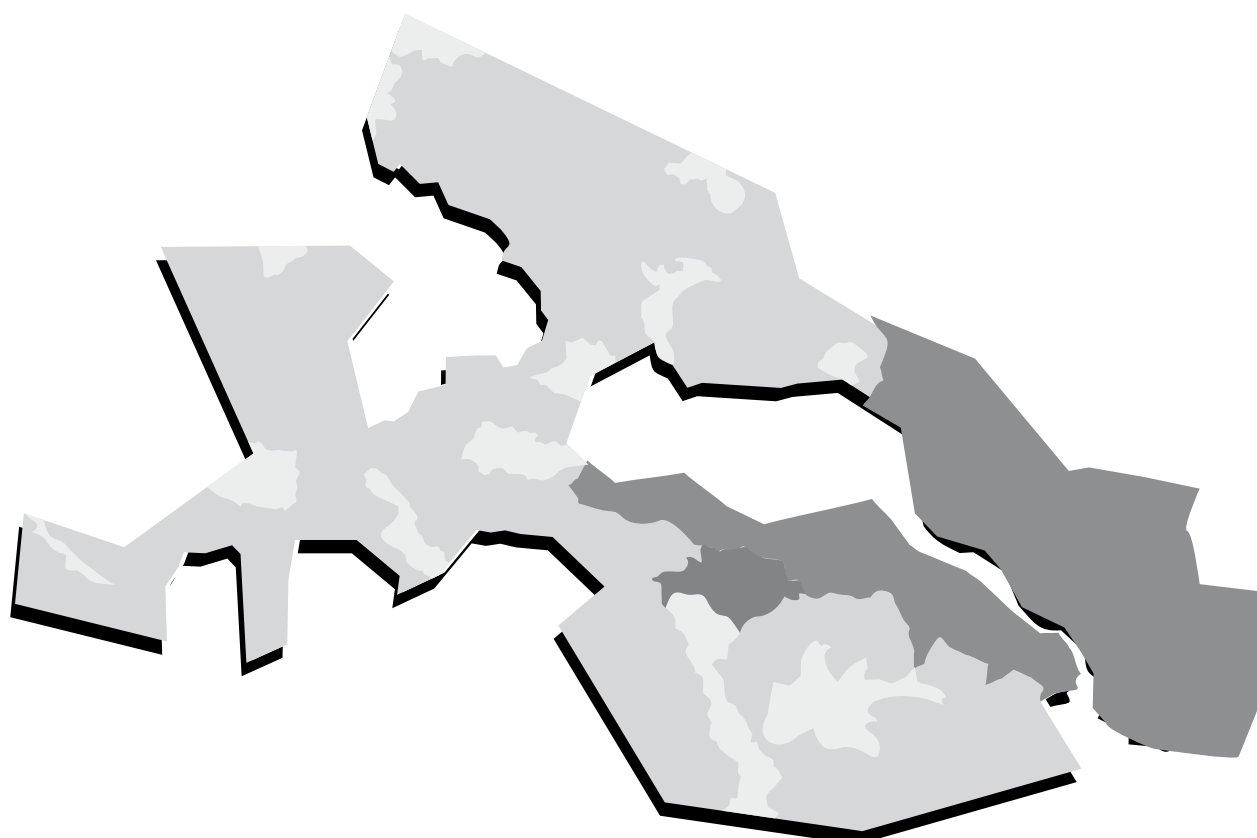
The Property division involves in management and investment and holding of the Group's properties.

LOCATION MAP

Lingkabau Forest Reserve







LINGKABAU FOREST RESERVE



Scale 1 : 150,000

LEGEND :

-  Conservation Forest
-  Community Forest
-  Natural Forest Management (NFM)
-  Industrial Tree Plantation (ITP)

CORPORATE STRUCTURE

Timberwell Properties Sdn. Bhd. - **100%**
(390913-W)

Timberwell Forest Sdn. Bhd. - **100%**
(445404-M)

Timberwell Plantations Sdn. Bhd. - **100%**
(739636-U)

Timberwell Plywood Sdn. Bhd. - **59.17%**
(456681-T)

DIRECTORS' PROFILE

Y. BHG. DATO' SERI ABDUL AZIM BIN MOHD ZABIDI

Chairman/Independent Non-Executive Director
Aged 55, Malaysian

Y. Bhg. Dato' Seri Abdul Azim Bin Mohd Zabidi was appointed as Director of the Company on 30 December 2005 and subsequently Chairman of the Board on 28 August 2006.

Y. Bhg. Dato' Seri is a Fellow of the Institute of Chartered Secretaries and Administrators, United Kingdom and holds a Master of Arts in Business Law from London Metropolitan University, United Kingdom. He was appointed Chairman of Bank Simpanan Nasional from July 1999 until June 2009. In 2000, he was appointed President (Asia Pacific) for the World Savings Banks Institute ("WSBI") and in 2003, he was elevated to its Board of Directors. Y. Bhg. Dato' Seri was elected as Vice President and Treasurer of WSBI from September 2006 until April 2009. Y. Bhg. Dato' Seri was a member of the National Economic Consultative Council II. He was also Deputy Chairman of the Board of Advisors of the Malaysian Central Depository. He was elected as the President of the Federation of Malaysian Unit Trust Managers in 1998 until 2003. He was a member of the Steering Committee of the International Investment Funds Association ("IIFA") from May 2000 until October 2008. In October 2007, he was appointed member of the Board of Directors of IIFA, a post he held until 2008. Y. Bhg. Dato' Seri Abdul Azim was selected by the Securities Commission to be a member of its Capital Market Advisory Council.

He also sits on the Board of XOX Berhad, Wang-Zheng Berhad, and several private limited companies. He resigned from Bank Simpanan Nasional and Permodalan BSN Berhad on 30 June 2009.

He does not have interest in the securities of the Company and its subsidiaries. He does not have any family relationship with any other director and/or major shareholders of the Company and has no conflict of interest with the Company. He has no conviction of offences within the past ten (10) years.

Details of number of board meetings attended by him during the financial year are set out in page 24 of this Annual Report.

DATUK ALLADIN BIN MOHD HASHIM

Senior Independent Non-Executive Director
Aged 76, Malaysian

Datuk Alladin Bin Mohd Hashim was appointed a Director of Timberwell Berhad on 14 March 1997. He is a member of the Audit Committee and the Nomination and Remuneration Committee. Datuk Alladin graduated with a Bachelor Degree in Agricultural Science from the University of Malaya in 1964 and a Master of Science (Agricultural Economics) from the University of Massachusetts, USA in 1967. He attended the executive development programme of the Harvard Business School. Datuk Alladin served various positions in the Federal Land Development Authority (FELDA) from 1964 to 1989. He was the Director-General from 1979 to 1989. He was the Chairman of the Malaysian Rubber Board from 1998 to 2001. He is a Fellow of the Academy of Sciences Malaysia.

He does not hold any directorship in any other public company but is a Director in several private limited companies.

He does not have interest in the securities of the Company and its subsidiaries. He does not have any family relationship with any other director and/or major shareholders of the Company and has no conflict of interest with the Company. He has no conviction of offences within the past ten (10) years.

Details of number of board meetings attended by him during the financial year are set out in page 24 of this Annual Report.

DATUK YAP PAK LEONG

Independent Non-Executive Director
Aged 80 Malaysian

Datuk Yap Pak Leong was appointed to the Board of Directors of Timberwell Berhad on 27 September 2004. He is the Chairman of the Investment Committee and the Nomination and Remuneration Committees. He is also a member of the Executive Committee and the Audit Committee. Datuk Yap is a Chartered Accountant by profession and holds a Bachelor of Economics University Degree. He worked as State Minister in the Ministry of Manpower & Environmental Development of Sabah from 1976 to 1979 and Ministry of Local Government & Housing of Sabah from 1979 to 1982. He is presently the principal of P.L. Yap & Co. Chartered Accountants since 1962 and the Chairman of Sandakan Turf Club since 1984. He does not holds any directorship in any other public companies.

He does not have any family relationship with any other director and/or major shareholders of the Company and has no conflict of interest with the Company. He has no conviction of offences within the past ten (10) years.

Details of number of board meetings attended by him during the financial year are set out in page 24 of this Annual Report.

SUI DIONG HOE

Independent Non-Executive Director
Aged 59, Malaysian

Sui Diong Hoe was appointed to the Board of Directors of Timberwell Berhad on 30 June 2005. He is the Chairman of the Audit Committee and a member of the Investment Committee. He is a fellow member of the Association of Chartered Certified Accountant, United Kingdom and member of the Malaysian Institute of Accountants. He does not hold any directorship in any other public companies. He sits on the board of several private companies involving in investment and consultancy services.

He does not have any family relationship with any other director and/or major shareholders of the Company and has no conflict of interest with the Company. He has no conviction of offences within the past ten (10) years.

Details of number of board meetings attended by him during the financial year are set out in page 24 of this Annual Report.

AGNES SOEI-TIN LAMEY

Non-Independent Non-Executive Director
Aged 61, British

Agnes Soei-Tin Lamey (who is previously known as Lam Soei Tin @ Agnes Lam) was appointed as Director of the Company on 13 August 2007. She is a member of the Executive Committee and the Nomination and Remuneration Committees. She has ten (10) years working experiences in Chartered Accountant firm in United Kingdom. Since coming to Malaysia in 1990, she has been involved in Sinar Pembangunan Sdn. Bhd., a family owned property development company in Sabah. She is currently a director of various private companies involving in oil palm plantations, and properties development business. She has extensive experience on the financial management of companies both in United Kingdom and Malaysia. She does not hold any directorship in any other public companies.

She is a daughter to Tan Tjeng Hok @ Lam Hak Ming, the substantial shareholders of Timberwell Berhad. She has no conflict of interest with the Company. She has no conviction of offences within the past ten (10) years.

Details of number of board meetings attended by her during the financial year are out in page 24 of this Annual Report.

CHIEF EXECUTIVE OFFICER'S PROFILE

DATUK PAU CHIONG UNG

Aged 62, Malaysian

Datuk Pau Chiong Ung was appointed as Chief Executive Officer of the Company on 23 May 2006. He is a member of both the Executive and Investment Committee. Datuk Pau holds a technical certificate of wood working, Japan. Datuk Pau has been engaged in timber and shipping industries for the last 25 years. In his working experience, he has served as shipping manager, general manager and managing director of a number of timber extraction and export companies. He is currently a director of several private companies involving in timber extraction, wood manufacturing and shipping. He was recently appointed as Independent Director of Harbour Link Group Bhd.

His interest in the securities of the Company and its subsidiary as at 15 April 2015 are as follows:

Timberwell Berhad

	Direct	%	Indirect	%
Ordinary Shares	800,000	0.90	-	-

Timberwell Plywood Sdn. Bhd.

	Direct	%	Indirect	%
Ordinary Shares	-	-	12,250,000*	40.83*

* Deemed interested by virtue of his shareholdings in Victarget Sdn. Bhd., a corporate shareholder of Timberwell Plywood Sdn. Bhd.

He does not have any family relationship with any other director and/or major shareholders of the Company and has no conflict of interest with the Company except for certain recurrent related party transactions of revenue or trading in nature that is necessary for day to day operations of the Group. He has no conviction of offences within the past ten (10) years.

CORPORATE PERSPECTIVE

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CHAIRMAN'S STATEMENT

Dear Shareholders

I am pleased to present to you the Annual Report, incorporating the Financial Statements of the Group and the Company, for the financial year ended 31 December 2014.

Overview

The Malaysian economy recorded a steady pace of growth in Gross Domestic Product (GDP) of 5.8 % in 2014 despite the challenging international economic environment. The careful credit expansion in both the US and China had a significant effect worldwide, resulting in the gradual rise of palm oil prices and those of other commodities. This affected Malaysia positively.

The Government's increased expenditure for infrastructure development coupled with cash distribution relief to the people, helped boost domestic demand which had the effect of halting and subsequently reversing the negative effect which the weak global conditions had on the domestic economy earlier.

Financial Review

The Group reported a Revenue of RM25 million for the financial year under review compared to RM16 million in 2013. This resulted from higher production of logs coupled with a price appreciation in the log market.

The more than 56% improvement in Revenue, contributed to the Group posting a Profit from Operation of almost RM0.5 million against a corresponding figure of RM3.4 million in 2013. The higher figure in 2013 was due to the capital gain the Group received from the sale of Wisma TWB amounting to RM4.2 million.

The proceeds from the disposal of the property was mainly utilised to reduce bank borrowings. This in turn contributed to a reduced interest charges for 2014.

From an earnings perspective, the Group showed an overall improvement when viewed against its cash flow position. The Profit After Tax figure of RM0.06 million was arrived at after taking into account non cash items such as depreciation and amortization amounting to RM2.3 million (2013: RM2.1 million).

Operations Review

Due to the nature of our business, which is heavily dependent on timber prices, coupled with a challenging environment during the period under review, the Management has put in place a programme to accelerate the development of Forest Management Units (FMUs) to enable additional revenue to be generated.

In timber segment, the Company has been granted a sustainable forest management licence for 100 years commencing 1997 over an area of 71,293 hectares in Lingkabau Forest Reserve in Sabah. The Company with the permission of State Government of Sabah, is able to plant, rehabilitate and harvest forest in the sustainable forest management concession area, which is marked for natural forest management, conservation and industrial tree plantation.

To-date, the industrial tree plantation area is planted with various tree species including rubber for both latex and wood, with the Group's concerted effort on enrichment planting, silvicultural treatment, upkeep and maintenance of the sustainable forest management concession area.

Apart from this, various steps have also been taken by Management and the Board of Directors to transform the Company into a lean and dynamic organisation. With other measures which will be initiated in the coming months, we are confident that the Company will be poised to take advantage of any upturn in the timber market.

Achievement and Accomplishment

On 14 July 2011, the Director of Sabah Forestry had awarded the Company with a Certificate of Compliance on Timber Legality Assurance System for the Licensed Area Sustainable Forest Management Licence Agreement 06/97 - Forest Management Unit 3.

The Company has been evaluated through the Timber Legality Assurance System (TLAS) criteria against the European Union Forest Enforcement Governance and Trade (FLEGT) for the management of its forest area. The Assessment Report has resulted in full compliance against all critical criteria. As such, Sabah Forestry Department recognises that the Company has adequately demonstrated legal compliance to the Timber Legality Assurance System (TLAS) criteria for forest management in Sabah.

Subsequently, in 2014, the Company was again appraised and found to have demonstrated compliance to the Sabah Timber Legality Standard G100 - 188 v03 Dec 2011 for the forest area FMU # 3 based on the assessment conducted on the 16 - 20 June 2014. The Company has passed the due diligence requirements for legal compliance to the local Sabah Standard established as part of the European Union Forest Law Enforcement Governance and Trade (FLEGT) project. Therefore, materials harvested by the Company are classified as Verified Legal Compliant (VLC) within the GFS Wood Tracking Program.

In recognition of the continuous effort by the Management and the Board of Directors, the Company was again awarded the Compliance Certificate by the Sabah Forestry Department on the 21 May 2014, for its achievement of the overall performance in 2014.

Further to the compliance achieved by the Company, the proposed Annual Work Plan 2014 of the Company was also approved by the Sabah Forestry Department on 23 April 2014.

Dividend

The Board does not recommend any dividend payment for the year.

Outlook and Prospect

Amid the more challenging external environment, Malaysia's economy is projected to experience a steady pace of growth in GDP of 5% - 6% in 2015. Domestic demand is expected to remain resilient and will continue to be the anchor for growth.

The Group will be able to pursue better operational performance at lower costs through its continued prudent cost control measures and improvement in efficiency. It is the commitment of the Group to improve its earnings growth for the sustainability of the Group.

The Board of Directors is cautiously optimistic that the Group will continue to improve its performance for the financial year ending 31 December 2015.

Acknowledgement

I would like to express my heartfelt thanks to the Management and staff for their continuous commitment and invaluable contribution to the Group, as well as my Board colleagues for their dedication, invaluable advice and undivided support over the past year.

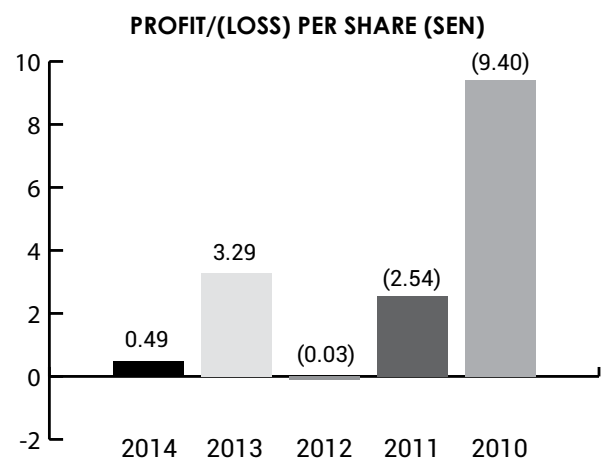
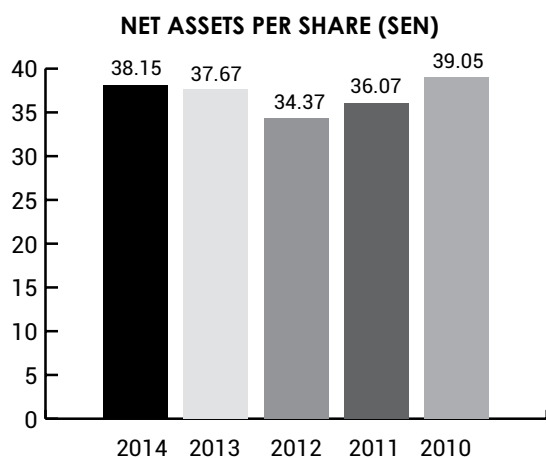
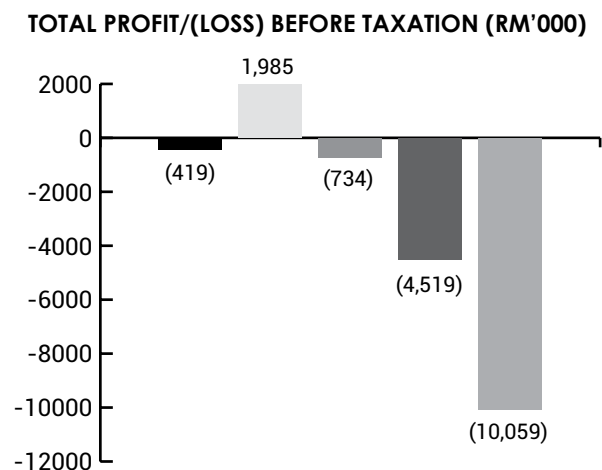
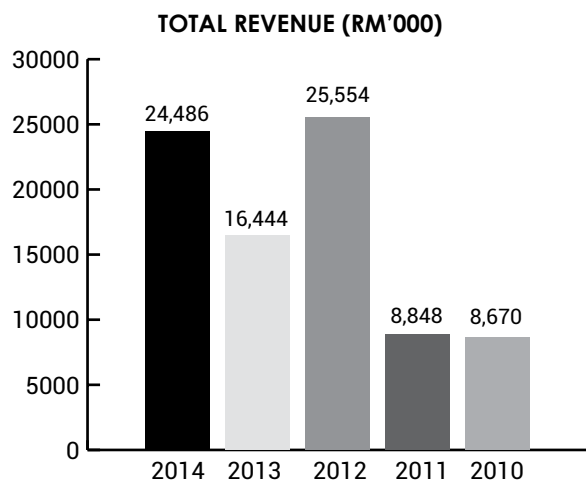
My sincere appreciation also goes to our shareholders, customers, bankers, business associates, partners, suppliers and the media for their unwavering support and confidence in our Group.

Last but not least, I would also like to take this opportunity to express the gratitude of the Group to the Sabah Forestry Department, various government agencies and regulatory authorities for their continued trust and confidence in us.

Dato' Seri Abdul Azim bin Mohd Zabidi
Chairman
Independent Non-Executive Director

FIVE (5) YEARS FINANCIAL HIGHLIGHTS

	2014 RM'000	2013 RM'000	2012 RM'000	2011 RM'000	2010 RM'000
Revenue					
-Continuing Operations	24,486	16,444	25,554	8,802	8,670
-Discontinued Operations	-	-	-	46	-
Total Revenue	24,486	16,444	25,554	8,848	8,670
Profit/(Loss) Before Taxation					
-Continuing Operations	(419)	1,985	(734)	(4,358)	(7,211)
-Discontinued Operations	-	-	-	(161)	(2,848)
Total Profit/(Loss) Before Taxation	(419)	1,985	(734)	(4,519)	(10,059)
Income/(Loss) Attributable To Equity	433	2,934	(20)	(2,650)	(2,045)
Shareholder's Fund	33,974	33,541	30,607	32,124	34,774
Basic Loss Per Share (Sen)	0.49	3.29	(0.03)	(2.54)	(9.40)
Net Assets Per Share (Sen)	38.15	37.67	34.37	36.07	39.05



CORPORATE RESPONSIBILITY

Statement from the Chief Executive Officer

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Corporate Responsibility Report

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STATEMENT FROM THE CHIEF EXECUTIVE OFFICER

2014 was another challenging year for the Group. The Company yet again has to concentrate more on domestic demand of timber albeit gradual improvement in the international market. The effort by the Sarawak government to regulate the states timber operations towards the end of 2014 help reduce the overflow of timber from the state and create a better prospect for international timber market and the scenario is expected to continue in 2015.

Over the years, the Company has been receiving due recognition annually from the Sabah Forestry Department for fulfilling the Annual Work Plan (AWP). Pertinently in 2014, the Company was again awarded the Certificate of Compliance for fulfilling the requirements for AWP 2014 and the Company pledges to continue adopting a prudent approach in implementing forestry and forestation activities within a workable and manageable area.

For 2015, the Company endeavors to further enhance its management standards by embarking into Forest Management Certification. The Company has appointed SIRIM QAS International to appraise the Company in fulfillment to the standards of Programme for the Endorsement of Forest Certification (PEFC)-Malaysian Timber Certification Scheme (MTCS) and it is envisaged that the Company will be fully certified in accordance to PEFC-MTCS standards by year end. The certification scheme will also enhance the Company's competitiveness and enable it to participate in the International Carbon Trading.

The Company pledges to continue all the proficient efforts and has committed to replant a discreet rehabilitation planting area with a combination of Mosaic planting design and Systematic planting and carry out forest improvement through Silviculture activity and continue to practice Reduced Impact Logging (RIL).

Despite the challenging conditions facing by the Company, we are committed to make the Company a socially and environmentally responsible company. We remain committed to Sustainable Forest Management Principles as we believe this is important for our future generations when we contribute towards prudent management of our forest resources to attain optimum economic, environmental and social returns.

CORPORATE RESPONSIBILITY REPORT

Corporate Responsibility reporting is the practice of measuring, disclosing and accounting for corporate performance towards the goal of sustainable development. Thus, this report essentially describes the Company's performance of its forest resource management, and initiatives on environmental and social responsibility during 2014, and presents our commitments for the future years. The report concentrates primarily on the core activities of Timberwell Berhad.

OVERVIEW

The Company is a licence-holder of Sustainable Forest Management Licence Agreement 06/97 ("SFMLA"), covering an area of 71,293 hectare of natural forest in the Lingkabau Forest Reserve, Forest District of Kota Marudu, Sabah. Our activities and commitments to Corporate Responsibility are consistent with the concept, principles and practices of the sustainable forest management to ensure the sustainability of our forest resources.

Under the SFMLA, we are mandated to manage the licenced forest area based on the principles of sustainable forest management "to ensure forest remaining large, healthy, diverse and productive".

The principles of sustainable forest management entail the following:

- Sustained yield of all forest products;
- Maintenance of environmental integrity;
- Preservation of social benefits and cultural values; and
- Maintenance of bio-diversity to support wildlife habitat and flora diversity

In achieving the above principles, the Company has set the following Policy Statement:

- It shall apply forest management practices designed to ensure the sustained yield of wood resources and strive to respect the biological components of the ecosystem.
- It would strive to protect the forest by controlling fires, protecting watershed, wildlife, soil and landscape resources and restoring disturbed sites.
- It would put in place procedures to monitor its forestry activities and assess their result with a view to maintaining and enhancing its performance.

CORPORATE RESPONSIBILITY REPORT

(CONT'D)

FOREST RESOURCE MANAGEMENT

The forest management practices adopted by the Company are basically in line with those advocated by Sabah Forestry Department and comprise the following:

- Sustainable harvesting methods, including preparation and implementation of comprehensive harvesting plans in compliance with harvesting standards and application of internationally recognized Reduced Impact Logging ("RIL") techniques;
- Forest rehabilitation, including application of silviculture treatment in the form of selective liberation of potential crop trees after harvesting;
- Timber plantation development, including cultivation of industrial trees of approved species to sustain long-term commercial value of the forest;
- Forest protection measures, including protection of the forest against encroachment, illegal felling and fire; protection of watershed to preserve soil cover; and protection of nature and genetic resources.

The below table depicts the key performance indicators of the forest resource management:

No.	Performance measure	Target	Achieved
1.	Timber harvesting	5 compartments	3 compartments*
2.	Silviculture treatment	4 compartments	4 compartments
3.	Timber plantation	358 hectare	194 hectare**

* Harvesting of 2 compartments is to be carried forward and recommenced in 2015

** Planting of 164 hectare is resumed in 2015.

Timber harvesting during the year is concentrated in salvage harvesting in Industrial Tree Plantation area. Silviculture treatment is the main activity in the Natural Forest areas while a subservient RIL harvesting was also carried out. A new Comprehensive Harvest Plan preparation was prepared for an area to be harvested in 2015.

ENVIRONMENTAL PROTECTION

The mandatory requirement of Environmental Impact Assessment ("EIA") for activities associated with land development and utilization of natural resources in Sabah is stipulated in the Conservation of Environment Enactment 1996 and the Conservation of Environment (Prescribed activities) order 1999. To this end, all activities carried out within the licenced area are in compliance with the provisions of the Act mentioned above.

Three phases of EIA for Industrial Tree Plantations area and one phase of EIA for Natural Forest Management ("NFM") area have been approved separately by the Environmental Protection Department of Sabah in 2005 and 2007. In 2012, all Environmental Compliance Reports ("ECR") of the areas were submitted by the environmental consultant of the Company to the Environmental Protection Department of Sabah without any major concerns raised.

SOCIAL AND COMMUNITY DEVELOPMENT

Sustainable forest management is closely linked with the socio-economic development of the local community through social projects implemented by Sabah Forestry Department and the licence-holder as well as the local communities. As a committee member for the "Gana Resettlement and Intergrated Development Project", the Company continues to provide inputs to the projects in 2014.

The Company's involvement in the local communities in 2014 includes the following:

- Continuous dialogue with the local community facilitated by Forestry Department
- Setting up of the Committee Member for Kampung Dampiron Joint Management Community Forestry project.

CORPORATE GOVERNANCE

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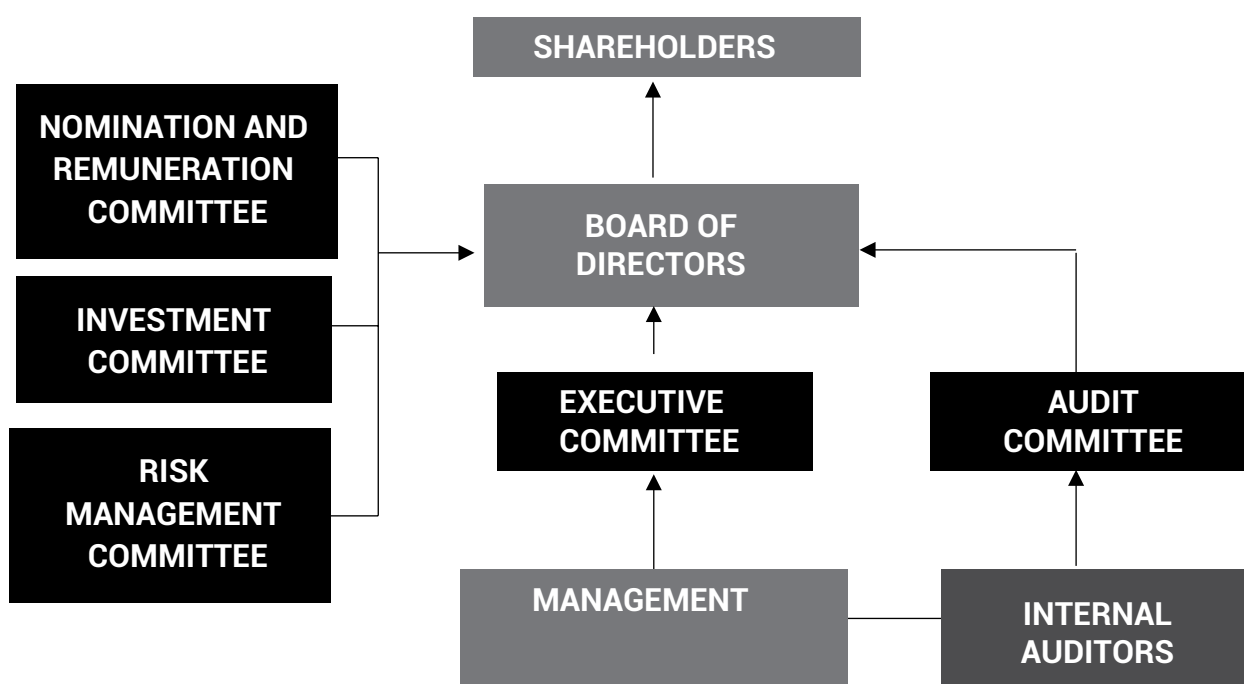


STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors ("Board") is fully committed to ensuring that a high standard of corporate governance in accordance with the Malaysian Code on Corporate Governance 2012 ("Code") are applied and maintained throughout the Group with the ultimate objective of safeguarding the interests of the shareholders as well as stakeholders and the financial performance of the Group.

The Board is pleased to set out below how the Group has applied the principles laid down in the Code. The Company has complied with the Best Practices in Corporate Governance. This Statement, together with the Statement on Internal Control, sets out the manner in which the Company has applied the principles and best practices of the Malaysian Code.

CORPORATE GOVERNANCE STRUCTURE



DIRECTORS

THE BOARD

The Board has full control of and is responsible for the Group's overall strategy, formulation of policies, annual budget, review of financial and operational performance and internal control.

The Board has delegated matters pertaining to the day-to-day management, operations and strategic development of the Group to the Chief Executive Officer ("CEO") who is supported by a competent management team.

The Board acknowledges the essential of ensuring that the Company's strategies promote sustainability. As in the timber industry, the Board is strongly aware of the importance of balancing of environmental, social and governance aspect with the interest of various stakeholders is essential to enhancing investors' perception and public trust.

The Corporate Responsibility Report, which the details are presented on page 20 stated the actions taken by the Company in protecting the environment while striking to achieve a better performance towards the goal at sustainable development.

STATEMENT ON CORPORATE GOVERNANCE

(CONT'D)

BOARD MEETINGS

The Board meets on a quarterly basis, with additional meetings convened as and when necessary. All the proceedings at the Board meetings are properly minuted and signed by the Chairman. The Board follows formal schedules for meeting and Board members are adequately provided with status report and Board papers to assist them to make the best decisions in the best interest of the Company at all times.

During the financial year ended 31 December 2014, a total of four (4) Board Meetings were held. The following are the details of attendance of the Directors:

Name of Directors	Designation	Number of Meetings attended
Y. Bhg. Dato' Seri Abdul Azim Bin Mohd Zabidi (Chairman)	Independent Non-Executive Director	4/4
Datuk Alladin Bin Mohd Hashim	Independent Non-Executive Director	4/4
Datuk Yap Pak Leong	Senior Independent Non-Executive Director	4/4
Mr Sui Diong Hoe	Independent Non-Executive Director	4/4
Madam Agnes Soei-Tin Lamey (previously known as Madam Lam Soei Tin @ Agnes Lam)	Non-Independent Non-Executive Director	4/4

BOARD COMPOSITION AND BALANCE

The Board consisted of five (5) members, comprising one (1) Independent Non-Executive Chairman, one (1) Non-Independent Non-Executive Director and three (3) Independent Non-Executive Directors, representing more than half of the Board. A brief profile of each Director is presented on pages 12 to 13 of this Annual Report.

DUTIES AND RESPONSIBILITIES

The Board is constantly mindful of the need to safeguard the interests of the Group's stakeholders. In order to facilitate the effective discharge of its duties, the Board is guided by the Board Charter which was adopted by the Board in 2013 and the same would be published on the corporate website.

The Board Charter serves to ensure that all Board members acting on the Group's behalf are aware of their expanding roles and responsibilities. It sets out the strategic intent and specific responsibilities to be discharged by the Board members collectively and individually. It also regulates on how the Board conducts business in accordance with Corporate Governance principles.

The roles of the Non-Executive Chairman, Y. Bhg. Dato' Seri Abdul Azim Bin Mohd Zabidi and the Group CEO, Datuk Pau Chiong Ung, are kept separate in line with best practice, with clear division of responsibilities between them.

The Board's principal focus is the overall strategic direction, development and control of the Group. As such, the Board approves the Group's strategic plan and its annual budget and receives reports from respective standing committees.

The Chairman is responsible for the integrity and effectiveness of the Board as a whole. He conducts Board meetings and ensures that it proceeds in an orderly manner. The Group CEO is responsible for the implementation of broad policies approved by the Board and they are obliged to report and discuss at Board Meetings all material matters currently or potentially affecting the Group and its performance, including all strategic projects and regulatory developments. The Group CEO is responsible for the day-to-day management of the business and operations of the Group in respect of both its regulatory and commercial functions. He is supported by Management and the Group Accountant.

The Non-Executive Directors provide considerable depth of knowledge collectively gained from experiences in a variety of public and private companies. The Independent Non-Executive Directors are independent of management and free from any business or other relationship, which could materially interfere with the exercise of their independent judgment. They provide unbiased and independent views in ensuring that the strategies proposed by the Management are fully deliberated and examined, in the interest of shareholders as well as stakeholders and the many communities in which the Group conducts its business.

STATEMENT ON CORPORATE GOVERNANCE

(CONT'D)

SUPPLY OF INFORMATION

The Board has full access to all information pertaining to the Group's business affairs to enable the Board to discharge its responsibilities effectively.

Board meetings are prepared diligently and are structured with a pre-determined agenda. Prior to meetings, Board papers, which include operational and financial information, are circulated to the Board members to provide time for the Directors to read and contemplate the issues. During the meetings, the Management will provide details on each issue raised for discussion or as supplementary information.

In furtherance of their duties, the Directors have full and unrestricted access to any information pertaining to the Company, the advice and services of the Company Secretaries. Independent professional or other advice is also made available to Directors at the Company's expense and in accordance with decision of the Board as a whole should such advice is required.

BOARD APPOINTMENT PROCESS

The Company has in place formal and transparent procedures for the appointment of new Directors. These procedures ensure that all nominees to the Board are first considered by the Nomination and Remuneration Committee ("NRC"), taking into accounts the required mix of skills, knowledge, expertise, experience as well as the fees payable by the Company and for recommendation of Independent Non-Executive Directors, the Nomination Committee evaluates the ability to discharge such responsibilities before making a recommendation to the Board.

The Board has entrusted the NRC with the responsibility to review candidates for the Board and key management positions and to determine remuneration packages for these appointments, and to formulate nomination, selection, remuneration and succession policies for the Group.

The NRC also undertakes yearly evaluation of the performance of the Chief Financial Officer ("CFO") whose remuneration is directly linked to performance, based on her score sheet. For this purpose, the performance evaluation for the year 2014 of the Group CFO was reviewed by the NRC in February 2015.

RE-ELECTION OF DIRECTORS

In accordance with the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the Company's Articles of Association, all Directors are subject to re-election by rotation once in every three (3) years and re-election of Directors shall take place at each Annual General Meeting ("AGM"). Executive Director also ranks for re-election by rotation.

The Articles of Association further provides that all newly appointed Directors shall retire from office at the next AGM and shall be eligible for re-election. Directors of or over seventy (70) years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

BOARD COMMITTEES

Appointments of Board Committees

The Board has delegated certain responsibilities to the Board Committees and each Board Committees has respective written terms of reference. The Board receives periodic reports from the Board Committees and is constantly updated of their proceedings and deliberations. In cases where the Board Committees have no authority to decide on certain matters, the Board Committees will assess and examine the issue and subsequently provide their recommendations, which are highlighted in their respective reports for the Board's decisions.

1. Audit Committee (established in 1997)

The composition, terms of reference and activities of this Committee together with its report are presented on pages 34 to 36 of the Annual Report.

STATEMENT ON CORPORATE GOVERNANCE

(CONT'D)

2. Nomination and Remuneration Committee ("NRC") (established in 2002)

Objectives

- to ensure a fair and transparent process of Board appointments, in particular to assist the Board to identify suitable candidates and make recommendations for consideration of the Board and shareholders.
- to set the policy framework and make recommendations to the Board on all elements of the remuneration package and performance arrangements for CEO and Executive Director.

Composition

Datuk Yap Pak Leong (Chairman)	Senior Independent Non-Executive Director
Datuk Alladin Bin Mohd Hashim	Independent Non-Executive Director
Madam Agnes Soei-Tin Lamey (previously known as Madam Lam Soei Tin @ Agnes Lam)	Non Independent Non-Executive Director

The Company has a combined Nomination and Remuneration Committee for the purpose of expediency, since the same members are entrusted with the functions of both the Committees. The members of the NRC are mindful of their dual roles, which are clearly reflected and demarcated in the Agenda of each meeting.

In February 2013, the Board has appointed Datuk Yap Pak Leong as the Chairman of the NRC and also the Senior Independent Non-Executive Director.

Madam Agnes Soei-Tin Lamey (previously known as Madam Lam Soei Tin @ Agnes Lam) was appointed as an additional member of the NRC on 20 February 2014.

The main objectives and principal duties and responsibilities of the NRC are as follows:-

Duties and Responsibilities

Nomination Function

- review the structure, size and composition (including the skills, knowledge and experience) of the Board on an annual basis and make recommendations to the Board regarding any proposed changes;
- identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of, individuals nominated for directorship;
- assess on an annual basis the effectiveness of the Board as a whole and contribution of each Director.

Remuneration Function

- assess, review and recommend to the Board on all elements of the remuneration package including terms of employment, reward structure and benefits for CEO and Executive Director.
- advise the Board on the performance of the CEO and the Executive Director and an assessment of their entitlement to performance related pay.
- establish and recommend to the Board on the remuneration of the Non-Executive Chairman, Non-Executive Directors and Board Committees;
- review and endorse the CEO's and Executive Director's recommendation on the salary increment, bonus and other benefits extended to the employees.

Rights and Authority

The NRC has the authority to examine a particular issue and report back to the Board with recommendations.

STATEMENT ON CORPORATE GOVERNANCE

(CONT'D)

Summary of Activities

The Board conducted a formal self-assessment of performance and effectiveness of the Board and individual Directors annually. The results of evaluation for year 2014 was reported by the NRC to the Board at a meeting held on 13 February 2015, allowing them to know their standing, and the Board was encouraged to take actions on the outcome of evaluation by recommending remedial measures on areas that need improvements.

Each year, the NRC recommended to the Board the re-election of Directors retiring by rotation and re-appointment of the Directors over seventy ("70") years old who wishes to continue his office. Directors who are due for re-election or re-appointment at the forthcoming AGM were shown in the notice of AGM.

The Company had adopted the recommendation of the Code that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve the Board subject to the Director's re-designation as a Non-Independent Director. The Board will seek shareholders' approval in the event that a Director, who has served in that capacity for more than nine (9) years, retains as Independent Director.

The NRC had reviewed and recommended to the Board for Datuk Alladin Bin Mohd Hashim, Datuk Yap Pak Leong and Mr Sui Diong Hoe, who had served the Company for the tenure of more than nine (9) years to continue to serve as Independent Directors of the Company at the forthcoming AGM.

3. Investment Committee (established in 2006)

Objectives

The Investment Committee shall assist the Board in evaluating all new and potential investment or projects of the Group, which arise out of the ordinary course of business, and assessing its viability before recommending to the Board for approval.

Composition

Datuk Yap Pak Leong (Chairman)	Senior Independent Non-Executive Director
Mr Sui Diong Hoe	Independent Non-Executive Director
Datuk Pau Chiong Ung	CEO

Duties and Responsibilities

- deliberate and make recommendations to the Board on all investment proposals;
- oversee the implementation of the investment policy and strategy approved by the Board;
- oversee the implementation of the approved projects and make recommendations on appropriate actions to the Executive Committee.

4. Business Risk Assessment Management Committee (established in 2012)

Objectives

The Business Risk Assessment Management Committee shall assist the Board in assessing and overseeing the Group's business risk profile. The assessments set out the results of the Group's business risk assessment and provide the Risk Management Plan for the Group. Actions and strategies adopted by the Group would be developed and executed by the Management and reviewed by the Audit Committee and Risk Committee nominated by the Board.

Composition

Datuk Yap Pak Leong (Chairman)	Senior Independent Non-Executive Director
Madam Agnes Soei-Tin Lamey (previously known as Madam Lam Soei Tin @ Agnes Lam)	Non-Independent Non-Executive Director
Datuk Pau Chiong Ung	CEO

STATEMENT ON CORPORATE GOVERNANCE

(CONT'D)

Duties and responsibilities

- assess and evaluate the Group's overall business risk management in accordance to the policy and strategy approved by the Board;
- deliberate and make recommendations to the Board on actions and strategies to be adopted by the Group; and
- oversee the implementation of the business risk management action plan approved by the Board;

5. Executive Committee (established in 2007)

To facilitate and assist the Board in overseeing the business affairs of the Group, the roles of Executive Committee has been strengthened to increase the involvement of Non-Executive Directors.

Objectives

The Executive Committee ("EXCO") shall assist the Board in overseeing and dealing with all operational matters of the Group.

Composition

Datuk Yap Pak Leong (Chairman)

Madam Agnes Soei-Tin Lamey (*previously known as Madam Lam Soei Tin @ Agnes Lam*)

Datuk Pau Chiong Ung

Senior Independent Non-Executive Director
Non-Independent Non-Executive Director

CEO

Duties and responsibilities

- deliberate and make recommendations to the Board on all transactions and matter relating to the Group's core business or existing investment.
- monitor the execution of the Company's business plans and operations of all business units of the Group.
- report to the Board on any non-compliance to statutory requirement, rules and regulations imposed on the business operations;
- deliberate and make recommendations to the Board on the creation of any mortgage, change or other encumbrance over the Group's property or assets; any financial arrangement with banks and other financial institutions and changes of bank signatories;
- deliberate and make recommendations to the Board on capital expenditure or disposal, commitment and any contract (or series of contracts) or any amendment to an existing contract, except as provided in the annual budget or business plan of the Group;
- deliberate and make recommendations to the Board on any merger and acquisition, amalgamation or reconstruction of business operations of the Group;
- deliberate and make recommendations to the Board on any discontinue and dissolution of business operations of the Group;
- undertake such functions and all matters as may be approved or delegated by the Board.

Rights and Authority

The EXCO shall have the authority to call any staff of the Company to be present at a meeting of the Committee as and when required and to seek whatever independent, professional or other advice it considers necessary.

Summary of Activities

In 2014, four (4) meetings were held to discharge its duties and responsibilities.

STATEMENT ON CORPORATE GOVERNANCE

(CONT'D)

DIRECTORS' TRAINING

The Board fully supports the need for its members to continuously enhance their skills and knowledge to keep abreast with the developments in the economy, industry and technology, amongst others to effectively carry out their duties and responsibilities as directors and to comply with continuous training as required by the Listing Requirements to Bursa Securities. They are also regularly updated on new statutory and regulatory by the Company Secretary.

During the financial year, the Directors had attended training courses, conferences and seminars conducted by various external professionals to enhance their knowledge and expertise, and the Board will continue to evaluate and determine the training needs of its Directors on an ongoing basis. The Directors also did attend various trainings conducted by their respective in-house companies and/or by external professionals. Amongst those training programmes, conferences, seminar, attended by the respective Directors are as follows:

No.	Continuing Education Programme Attended	Month Attended
1.	Y. Bhg. Dato Seri Abdul Azim bin Zabidi 1. Corporate Compliance: Focusing on Directors' Duties, Liabilities and Expectations 2. New Zealand Technology Showcase 3. Financial Reporting and the Control Environment 4. An Evening with Boris Johnson	March 2014 September 2014 October 2014 December 2014
2.	Datuk Yap Pak Leong 1. Seminar Percukaian Kebangsaan 2014 2. CTIM Goods and Services Tax (GST) Training Course 3. CTIM Goods and Services Tax (GST) Training Course	October 2014 October 2014 November 2014
3.	Madam Agnes Soei-Tin Lamey (previous known as Madam Lam Soei Tin @ Agnes Lam) 1. Getting to know GST essential	October 2014
4.	Mr Sui Diong Hoe 1. Gearing Up for the GST Implementation – Designed for GST Advisors 2. Getting to know GST essential	September 2014 September 2014

Save as disclosed above, other Directors were not able to attend any Directors' Trainings during the financial year due to overseas travelling and busy schedule.

The Directors will continue to participate in other relevant programmes which are deemed suitable to further enhance their skills and knowledge and to stay abreast with current issues.

STATEMENT ON CORPORATE GOVERNANCE

(CONT'D)

DIRECTORS' AND CEO REMUNERATION

The Remuneration Committee is responsible for developing the remuneration policy and determining the remuneration packages of the Directors so as to ensure that it attracts and retains the suitable directors to lead, control and manage the Group effectively. In the case of CEO, the component parts of the remuneration are structured so as to link rewards to corporate and individual performance. For Non-Executive Directors, the level of remuneration is reflective of their experience and level of responsibilities.

Directors' fee is recommended by the Board for the approval by shareholders of the Company at the AGM.

Other than the CEO, all Directors are paid at a fixed fee and receive meeting allowance for each Board Meeting they attended. The Chairman is paid at a higher fee compared to other Board members in recognition of his additional responsibilities.

The details of the remuneration of the CEO and the Directors of the Company, paid and payable for the financial year ended 31 December 2014 are as follows:

	Basic Salaries, Bonus and Other Employee Benefit	Fees and Allowances	EPF Contribution	Total
	RM'000	RM'000	RM'000	RM'000
CEO	180	–	22	202
Non-Executive Directors	--	143.5	--	143.5
TOTAL	180	143.5	22	345.5

Range of remuneration	Number of Directors		Total
	Executive	Non-Executive	
Below RM50,000	--	5	5
TOTAL	--	5	5

SHAREHOLDERS

Relationship with shareholders and other stakeholders

The Company recognises the importance of effective communication with the shareholders as well as other stakeholders through timely dissemination of information. The Board is committed to ensuring that shareholders and other stakeholders are well informed of major developments of the Company and the information is communicated to them through the Annual Report, various disclosures and announcements to Bursa Securities and the AGM.

The AGM of the Company provides the principal forum of dialogue and interaction between the Board and the shareholders. At each AGM, the Board presents the progress and performance of the Company and shareholders are given the opportunity to raise questions or to seek for clarifications of pertinent and relevant information of the Company. During the meeting, the Chairman, Board members and external auditors are available to respond to shareholders' queries. The Board also encourage to put substantive resolutions to vote by poll during the meeting, if any.

STATEMENT ON CORPORATE GOVERNANCE

(CONT'D)

ACCOUNTABILITY AND AUDIT

Financial reporting

The Board aims to present a balanced and meaningful assessment of the Group's position and prospects, primarily through the annual financial statements and the quarterly announcement of results.

Before the financial statements are drawn up, the Directors take the necessary steps to ensure that the Group had used all the applicable accounting policies and supported by reasonable and prudent judgements and estimates. All accounting standards which the Board considers to be applicable, have been followed, subject to any explanations and material departures disclosed in the notes to the financial statements.

The role of the Audit Committee in the reviews and reporting of the financial information of the Group is set out on pages 34 to 36 of this Annual Report.

Internal control

The Board recognizes the duties and responsibility to implement a sound system of internal control in pursuant to Section 167A of Companies Act 1965 that will provide a reasonable assurance that:

- assets of the company are safeguarded against loss from unauthorized use or disposition; and
- all transactions are properly authorised and that they are recorded as necessary to enable the preparation of true and fair income statement and balance sheets and to give a proper account of the assets.

The Statement on Internal Control set out on pages 32 to 33 of this Annual Report provides an overview of the state of internal controls within the Group.

Relationship with the auditors

The Board has established a transparent relationship with the Company's External Auditors and Internal Auditors via the Audit Committee who has explicit authority to communicate directly with them. The External Auditors confirmed to the Audit Committee of their independency at each financial year and during their presentation of relevant audit Memorandum.

The External Auditors are working closely with the Internal Auditors and Tax Consultants, without compromising their independence. Their liaison with the Internal Auditors is to achieve the main objective of avoiding duplication of efforts to maximise audit effectiveness and efficiency. The External Auditors will continue to review all Internal Audit reports and discuss findings with the Internal Auditors.

Directors' Responsibility Statement

The Directors are responsible in the preparation of the Annual Audited Financial Statements to give a true and fair view of the state of affairs, results and cash flows of the Company and of the Group at the end of the financial year.

In preparing the financial statements, the Directors will ensure that suitable accounting policies have been applied consistently, and that reasonable and prudent judgments and estimates have been made. All applicable approved accounting standards and provisions of the Companies Act, 1965 have been complied with.

The Directors are also responsible for ensuring that proper accounting and other records are kept which disclose with reasonable accuracy, the financial position of the Company and of the Group and which enables them to ensure that the financial statements comply with the relevant statutory requirements.

The Directors have general responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the Group, and to prevent and detect fraud and other irregularities.

Overall, the Board acknowledges the recommendations of the Code. The Board also concurs that there are still areas throughout the Group that require improvements and enhancements in order to achieve the best corporate governance standards. The Board as such will endeavour to achieve the higher target through the progressive refreshing the internal standards or corporate governance.

This Corporate Governance Statement was approved by the Board of Directors on 23 April 2015.

STATEMENT ON INTERNAL CONTROL

INTRODUCTION

The Statement on Internal Control of the Group is set by the Board of Directors of Timberwell Berhad's ("The Board") made in compliance with the Listing Requirements of Bursa Securities and the Statement on Internal Control: Guidance for Directors of Public Listed Companies.

THE BOARD'S RESPONSIBILITY

The Board places importance on, and is committed to maintaining a sound system of internal control and effective risk management practices in the Group to ensure good corporate governance. The Board affirms its responsibility for reviewing the adequacy and integrity of the Group's system of internal control and management information systems, including systems for compliance with applicable laws, rules, directives, guidelines and risk management practices.

Notwithstanding, as with any internal control system, the Group's system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives. Therefore, the system of internal control can only provide reasonable but not absolute assurance against material misstatement or loss.

THE GROUP'S SYSTEM OF INTERNAL CONTROL

Risk Management

The Board maintains continuous commitment in strengthening the Group's risk management framework and activities. The management has been entrusted to continuously monitor the principal risks of the Group that have been identified, evaluate existing controls and formulate the necessary action plans with their respective process owners. The Chief Executive Officer ("CEO") is tasked with the responsibility of continuous monitoring and reviewing of the strategic directions of the Group.

Periodic meetings are held to assess and monitor the Group's risk as well as discuss, deliberate and address matters associated with strategic, financial and operational facets of the Group.

Business Risk Assessment Management Committee was established in 2012 to oversee and assess the Group's overall business risk profile. The Business Risk Assessment Management Committee evaluate and set out the Group Risk Management Plan and the action and strategies adopted by the Group would be developed and executed by the Management and reviewed by the Audit Committee and Risk Committee nominated by the Board.

Monitoring Mechanisms and Management Style

Scheduled periodic meetings of the Board, Executive Committee, Board Committees and management represent the main platform by which the Group's performance and conduct are monitored. The daily running of the business is entrusted to the CEO and their respective management teams. Under the purview of the CEO, the heads of the respective departments of the Group are empowered with the responsibility of managing their respective operations.

The Board is responsible for setting the business direction and for overseeing the conduct of the Group's operations through its various Standing Committees and management reporting mechanisms. Through these mechanisms, the Board is informed of all major control issues pertaining to internal controls, regulatory compliance and risk taking.

Internal Audit Function

The Board recognizes that effective monitoring on a continuous basis is a vital component of a sound internal control system. For 2014, the Group has outsourced its internal audit function to Messrs Lim Chong & Co., which reports to the Audit Committee on half-yearly basis at yearly cost of RM24,000.00.

An internal audit is carried out based on the internal audit plan that was reviewed by the Audit Committee and approved by the Board of Directors. The internal audit approach examined evaluated and ensured compliance with the Group's policies, procedures and system of controls. It has also evaluated the adequacy and effectiveness of the internal control system and assessed the consequences of any potential risks and suggested improvements required.

STATEMENT ON INTERNAL CONTROL

(CONT'D)

For the financial year under review, some weaknesses on internal control were identified. However, after due and careful inquiry and based on the information and assurance provided, the Board is satisfied that there were no material losses as a result of weaknesses in the system of internal control, that would require separate disclosure in Annual Report. Nevertheless, for areas requiring attention, measures have been and are being taken to ensure ongoing adequacy and effectiveness of internal controls and to safeguard shareholders' investments and the Group's assets.

Other Key Elements of the Group's System of Internal Control

The principal features of the Company's internal control structure are summarised as follows:

- **Board Meeting**

The Board meets at least quarterly and has a formal agenda on matters for discussion. The Chairman leads the presentation of board papers and provides comprehensive explanation of pertinent issues. In arriving at any decision, on recommendation by the Standing Committees and Management, a thorough deliberation and discussion by the Board is a prerequisite.

- **Board Committees**

There is a clear definition to the duties and responsibilities of the Board Committees. These include the Audit Committee, the Nomination and Remuneration Committees, Investment Committee and Executive Committee.

- **Organisational Structure and Responsibility Levels**

The Management is committed to the highest standard of business conduct and integrity to build the Group into a highly credible organisation and to maintain these standards in all aspects of the business to ensure fair and equitable treatment of all stakeholders. To achieve these objectives, the Group has instituted an appropriate organizational structure for planning, executing, controlling and monitoring business operations. Policy guidelines, procedures and authority limits are established for all companies within the Group, to ensure clear accountabilities and responsibilities for all business units.

- **Budget and Reporting**

Comprehensive management reports are generated on a regular and consistent basis to facilitate the Board, the Management to perform financial and operating reviews on the various operating units. The reviews encompass areas such as financial and non-financial key performance indicators, variances between budget and operating results and compliance with laws and regulations.

REPORT OF AUDIT COMMITTEE

OBJECTIVE

The objective of the Audit Committee is to assist the Board of Directors ("the Board") in fulfilling its fiduciary responsibilities relating to internal controls, financial and accounting records and policies as well as integrity in financial reporting practices of the Company and its subsidiaries ("the Group").

COMPOSITION AND MEETINGS ATTENDANCE

The composition of the Audit Committee and their respective attendance record of meetings during the financial year ended 31 December 2014 are as follows:

Name of Committee Members	Designation	Date of Appointment	Meeting Attendance
Sui Diong Hoe (Chairman)	Independent Non-Executive Director	30/03/2006	4/4
Datuk Yap Pak Leong	Senior Independent Non-Executive Director	30/12/2004	4/4
Datuk Alladin Bin Mohd Hashim	Independent Non-Executive Director	27/11/2007	4/4

Mr Sui Diong Hoe, the Chairman of the Audit Committee is a member of the Malaysian Institute of Accountants. In this respect, the Company is in compliance with Paragraph 15.09(1)(c)(i) of the Main Market Listing Requirements.

SUMMARY OF TERMS OF REFERENCE

Membership and Meetings

The Audit Committee shall consist of not less than three (3) members of whom a majority shall be independent directors. The quorum for the meeting shall be two (2) where the majority of members present must be Independent Non-Executive Director.

The Company Secretary and/or any authorised persons shall be the Secretary of the Audit Committee. The minutes of the meetings of the Audit Committee shall be tabled at the Board Meetings informing the Board the activities of the Audit Committee.

Key Functions, Roles and Responsibilities

1. To assist the Board in discharging its statutory duties and responsibilities relating to accounting policies and procedure as well as reporting practices of the Company and the Group in accordance with Generally Accepted Accounting Practices.
2. To review with External Auditors, evaluate and report to the Board the annual audit plan and auditors' report, the system of internal controls, issues arising from audits and management's response, the recommendation of nomination of the external auditor, the audit fee and any questions of resignation and dismissal.
3. To review with Internal Auditors, evaluate and report to the Board on the Internal Audit Functions, the adequacy of the scope, functions, competency and resource of internal audit functions and that it has the necessary authority to carry out its work, as well as the audit plan of work programme and results of internal audit processes including recommendations and actions taken.
4. To review the quarterly results and annual audited financial statements prior to the approval by the Board, focusing particularly on changes and implementation of major accounting policies and practices, significant and unusual events, going concern assumption; and compliance with accounting standards, regulatory and other legal requirements.
5. To review any related party transaction and conflict of interest situation that may arise within the Company or the Group including any transaction, procedure or course of conduct that arise questions of management integrity.

REPORT OF AUDIT COMMITTEE

(CONT'D)

6. To report on any matter reported by it to the Board which has not been satisfactorily resolved resulting in a breach of the Listing Requirements to Bursa Malaysia Securities Berhad ("Bursa Securities");
7. To review the Audit Committee Report, Statement of Internal Control and Circular to Shareholders on Recurrent Related Party Transactions.

Rights and Authority

In conducting its duties and responsibilities, the Audit Committee shall have the authority to investigate any matter within its terms of reference and to seek full and unrestricted access to information, records and documents relevant to the Group and seek any information it requires from any employee. It shall also have direct communication channels with the External and Internal Auditors, as well as have the authority to engage, consult and obtain independent professional advice whenever it deems fits and able to secure the attendance of outsiders with relevant experience and expertise for consultation if it considers necessary.

ACTIVITIES OF AUDIT COMMITTEE

During the financial year, four (4) meetings were held by the Audit Committee for the following purposes:

- 1. Accounting and Reporting Practices**
 - assisted the Board in discharging its statutory duties and responsibilities relating to accounting and reporting practices of the Company and the Group in accordance with Generally Accepted Accounting Practices.
- 2. External Audit**
 - reviewed the external audit terms of engagement, the audit strategy, the proposed audit fee and the achievement of the agreed upon reporting timeframes for the audit of the financial statements;
 - reviewed the annual audited financial statements of the Company and Group, the audit report, issues and reservations arising from statutory audit with the External Auditors.
- 3. Internal Audit**
 - reviewed the internal audit plan, methodology, functions and resources;
 - reviewed major findings on internal audit reports and management response;
 - reviewed the adequacy and effectiveness of corrective actions taken by management on all significant matters raised.
- 4. Financial Results**
 - reviewed the Quarterly Results of the Company and Group including announcements, going concern of the Company and Group to avoid triggering criteria of Practice Note 17 of the Main Market Listing Requirements of Bursa Securities and recommended them to the Board for its approval prior to release to the Bursa Securities.
- 5. Related Party Transactions**
 - reviewed the system for identifying, monitoring and disclosing related party transactions for the Group.
- 6. Annual Reporting**
 - reviewed and recommended Statement on Internal Control, Audit Committee Report and Circular to Shareholders on Recurrent Related Party Transactions, if any to the Board for approval.

REPORT OF AUDIT COMMITTEE

(CONT'D)

GROUP INTERNAL AUDIT

The internal audit function of the Group is carried out by an external professional services firm, Messrs Lim Chong & Co., which reports to the Audit Committee.

Messrs Lim Chong & Co. provides independent and objective assurance on areas of operations reviewed, and advice on best practices that will improve and add value to the Group. Internal audit activities are aligned to the strategic plan/objectives of the Company.

For the financial year under review, the Internal Auditors has submitted One (1) Internal Audit Report to the Audit Committee which covers areas of assessing the adequacy and effectiveness of Timberwell Group's system of Internal Control and compliance with the Group's policies and procedures over the business process of the plantation and trade payables and follow up on Internal Audit Review on Human Resources and Sales & Marketing.

The report issued provide independent and objective assessment of the existence, effectiveness and adequacy of the internal control systems to manage operations and safeguard the Group's assets.

The internal audit reports arising from the assignments were issued to management for their responses and corrective actions. Deadlines to complete the relevant preventive and corrective actions were also provided. The reports were subsequently tabled to the Audit Committee for their deliberation. Senior Management was present during the deliberation of the reports to ensure that they undertake the responsibility of carrying out preventive and corrective actions on the weaknesses reported.

Sui Diong Hoe

Chairman

Independent Non-Executive Director

ADDITIONAL DISCLOSURE REQUIREMENTS

1. CORPORATE PROPOSAL AND UTILISATION OF PROCEEDS

The Company did not carry out any corporate proposals nor utilise proceeds derived from the corporate proposals during the financial year.

2. SHARES BUY-BACK

The Company did not carry out any shares buy-back for the financial year.

3. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

The Company did not issue any options, warrants or convertible securities during the financial year.

4. AMERICAN DEPOSITORY RECEIPT (ADR) OR GLOBAL DEPOSITORY RECEIPT (GDR)

The Company did not sponsor any ADR or GDR programme during the financial year.

5. SANCTIONS AND/OR PENALTIES

There was no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the regulatory bodies.

6. NON-AUDIT FEES

There were non-audit fees of RM24,150.00 paid to Crowe Horwarh KK Tax Sdn Bhd, a company affiliated to the external auditors' firm by the Group and the Company for the financial year.

7. PROFIT FORECAST AND PROFIT GUARANTEE

The Company did not issue any profit forecast and profit guarantee for the financial year.

8. MATERIAL CONTRACTS

There were no material contracts of the Company, involving Directors' and major shareholders' interests, entered into since the end of the previous financial year or still subsisting at the end of the financial year under review.

9. VARIATION IN RESULTS

There was no material variance between the results for the financial year under review and the audited results previously announced.

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TIMBERWELL BERHAD

(Incorporated in Malaysia)
Company No : 387185 - W

DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2014.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding, forest management, harvesting and trading of timber.

The principal activities of the subsidiaries are set out in Note 8 to the financial statements.

There have been no significant changes in the nature of these principal activities during the financial year.

RESULTS

	The Group RM'000	The Company RM'000
Profit after taxation for the financial year	<u>55</u>	<u>609</u>
Attributable to:		
Owners of the Company	433	609
Non-controlling interest	(378)	-
	<u>55</u>	<u>609</u>

DIVIDENDS

No dividend was paid since the end of the previous financial year and the directors do not recommend the payment of any dividend for the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year except as disclosed in the financial statements.

ISSUES OF SHARES AND DEBENTURES

- (a) there were no changes in the authorised and issued and paid-up share capital of the Company; and
- (b) there were no issues of debentures by the Company.

TIMBERWELL BERHAD

(Incorporated in Malaysia)
Company No : 387185 - W

DIRECTORS' REPORT

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the further writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that any current assets other than debts, which were unlikely to be realised in the ordinary course of business, including their values as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

The contingent liabilities are disclosed in Note 36 to the financial statements. At the date of this report, there does not exist:

- (i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person, or
- (ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

TIMBERWELL BERHAD

(Incorporated in Malaysia)
Company No : 387185 - W

DIRECTORS' REPORT

CONTINGENT AND OTHER LIABILITIES (CONT'D)

No contingent or other liability of the Group and of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature other than as disclosed in the financial statements.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year.

DIRECTORS

The directors who served since the date of the last report are as follows:

DATUK YAP PAK LEONG
LAM SOEI TIN @ AGNES LAM
YBHG. DATO' SERI ABDUL AZIM BIN MOHD ZABIDI
DATUK ALLADIN BIN MOHD. HASHIM
SUI DIONG HOE

TIMBERWELL BERHAD

(Incorporated in Malaysia)
Company No : 387185 - W

DIRECTORS' REPORT

DIRECTORS (CONT'D)

In accordance with the Company's Articles of Association, Ybhg. Dato' Seri Abdul Azim Bin Mohd Zabidi shall retire at the forthcoming annual general meeting and he, being eligible, offers himself for re-election.

Datuk Yap Pak Leong and Datuk Alladin Bin Mohd. Hashim retire pursuant to Section 129 of the Companies Act 1965, and being eligible, offer themselves for re-appointment.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of the directors holding office at the end of the financial year in shares of the Company and its related corporations during the financial year are as follows:

<i>Direct interest in the Company</i>	Number Of Ordinary Shares Of RM1 Each			
	At 1.1.2014	Bought	Sold	At 31.12.2014
DATUK YAP PAK LEONG	4,546,300	-	-	4,546,300
LAM SOEI TIN @ AGNES LAM	210,000	-	(210,000)	-
<i>Indirect interest in the Company</i>				
DATUK YAP PAK LEONG	1,512,000	-	-	1,512,000
LAM SOEI TIN @ AGNES LAM	28,395,498	345,000	-	28,740,498

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest other than that disclosed in Notes 34 and 35 to the financial statements.

TIMBERWELL BERHAD

(Incorporated in Malaysia)
Company No : 387185 - W

DIRECTORS' REPORT

DIRECTORS' BENEFITS (CONT'D)

Neither during nor at the end of the financial year was the Company or its subsidiary companies a party to any arrangement whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

AUDITORS

The auditors, Messrs. Crowe Horwath, Chartered Accountants have expressed their willingness to continue in office.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS

DATED 23 APR 2015



Datuk Yap Pak Leong



Lam Soei Tin @ Agnes Lam

TIMBERWELL BERHAD

(Incorporated in Malaysia)
Company No : 387185 - W

STATEMENT BY DIRECTORS

We, Yap Pak Leong and Lam Soei Tin @ Agnes Lam, being two of the directors of Timberwell Berhad, state that, in the opinion of the directors, the financial statements set out on pages 48 to 112 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company at 31 December 2014 and of their financial performance and cash flows for the financial year ended on that date.

The supplementary information set out in Note 41, which is not part of the financial statements is prepared in all material respects, in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS

DATED 23 APR 2015



Datuk Yap Pak Leong



Lam Soei Tin @ Agnes Lam

STATUTORY DECLARATION


I, Lee Yoke Wah, being the officer primarily responsible for the financial management of Timberwell Berhad, do solemnly and sincerely declare that the financial statements set out on pages 48 to 112 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by
Lee Yoke Wah
at Kota Kinabalu in the State of Sabah
on this 23 APR 2015




Lee Yoke Wah

Before me



Eric @ Patrick Sikodol
Commissioner for Oaths
(Pesuruhjaya Sumpah S 113)
Shoplot Unit No. G. 18,
Ground Floor, Golden Centre Putatan
Putatan, Sabah, Malaysia.



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TIMBERWELL BERHAD

(Incorporated in Malaysia)
Company No : 387185 - W

Report on the Financial Statements

We have audited the financial statements of Timberwell Berhad, which comprise Statements of Financial Position as at 31 December 2014 of the Group and of the Company, and Statements of Profit or Loss and Other Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 48 to 112.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TIMBERWELL BERHAD

(Incorporated in Malaysia)
Company No : 387185 - W

(Cont'd)

Auditors' Responsibility (Cont'd)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2014 and of their financial performance and cash flows for the financial year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.
- (b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (c) Our audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TIMBERWELL BERHAD

(Incorporated in Malaysia)
Company No : 387185 - W

(Cont'd)

Other Reporting Responsibilities

The supplementary information set out in Note 41 on page 112 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



CROWE HORWATH

Firm No. AF1018
Chartered Accountants



WONG CHIE BIN

Approval No: 950/01/16(J)
Chartered Accountant

Dated: 23 APR 2015

Kota Kinabalu

TIMBERWELL BERHAD

(Incorporated in Malaysia)
Company No : 387185 - W

STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2014

	Note	The Group		The Company	
		31.12.2014 RM'000	31.12.2013 RM'000	31.12.2014 RM'000	31.12.2013 RM'000
ASSETS					
NON-CURRENT ASSETS					
Biological assets	5	18,311	17,681	18,322	9,345
Property, plant and equipment	6	28,552	29,646	8,469	8,700
Investment properties	7	-	419	-	-
Investments in subsidiaries	8	-	-	22,529	23,147
Non-trade receivables	9	237	444	238	444
		47,100	48,190	49,558	41,636
CURRENT ASSETS					
Inventories	10	747	385	748	385
Trade receivables	11	1,130	136	1,130	5
Non-trade receivables, deposits and prepayments	9	964	7,343	849	419
Amounts due from subsidiaries	12	-	-	152	1,231
Tax recoverable		540	5	479	-
Fixed deposit with a licensed bank	13	351	343	351	343
Cash and bank balances		310	326	176	284
		4,042	8,538	3,885	2,667
TOTAL ASSETS		51,142	56,728	53,443	44,303

The Statements of Financial Position continues on page 12.

The annexed notes form an integral part of these financial statements.

TIMBERWELL BERHAD

(Incorporated in Malaysia)
Company No : 387185 - W

STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2014

	Note	The Group		The Company	
		31.12.2014	31.12.2013	31.12.2014	31.12.2013
		RM'000	RM'000	RM'000	RM'000
EQUITY AND LIABILITIES					
EQUITY					
Share capital	14	89,051	89,051	89,051	89,051
Share premium	15	9,626	9,626	9,626	9,626
Revaluation reserve	16	5,938	5,938	-	-
Accumulated losses		(70,641)	(71,074)	(74,726)	(75,335)
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		33,974	33,541	23,951	23,342
NON-CONTROLLING INTEREST					
TOTAL EQUITY		(579)	(201)	-	-
NON-CURRENT LIABILITIES					
Deferred taxation	17	6,305	6,788	3,689	3,962
Long-term borrowings	18	368	1,046	-	745
Non-trade payables	19	4,362	4,587	4,362	4,587
		11,035	12,421	8,051	9,294
(Forward)		11,035	12,421	8,051	9,294

The Statements of Financial Position continues on page 13.

The annexed notes form an integral part of these financial statements.

TIMBERWELL BERHAD

(Incorporated in Malaysia)
Company No : 387185 - W

STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2014

	Note	The Group		The Company	
		31.12.2014 RM'000	31.12.2013 RM'000	31.12.2014 RM'000	31.12.2013 RM'000
(Cont'd)		11,035	12,421	8,051	9,294
Current liabilities					
Trade payables	20	294	915	280	464
Non-trade payables and accruals	19	5,101	3,622	4,888	3,430
Amounts due to subsidiaries	12	-	-	15,114	1,473
Short-term borrowings	21	1,317	3,447	1,159	3,320
Bank overdraft	22	-	2,980	-	2,980
Taxation		-	3	-	-
		6,712	10,967	21,441	11,667
TOTAL LIABILITIES		17,747	23,388	29,492	20,961
TOTAL EQUITY AND LIABILITIES		51,142	56,728	53,443	44,303
NET ASSETS PER SHARE	23	38.15 sen	37.67 sen		

The annexed notes form an integral part of these financial statements.

TIMBERWELL BERHAD

(Incorporated in Malaysia)
Company No : 387185 - W

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Note	The Group		The Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
REVENUE	25	24,486	16,444	24,377	16,072
COST OF SALES	26	(22,209)	(13,582)	(20,707)	(13,178)
GROSS PROFIT		2,277	2,862	3,670	2,894
OTHER OPERATING INCOME	27	689	5,125	344	1,714
OTHER OPERATING EXPENSES		-	(1,337)	-	-
ADMINISTRATIVE EXPENSES		(2,148)	(3,035)	(2,469)	(1,758)
SELLING AND DISTRIBUTION EXPENSES		(346)	(243)	(346)	(243)
PROFIT FROM OPERATIONS		472	3,372	1,199	2,607
FINANCE COSTS	28	(891)	(1,387)	(863)	(1,364)
PROFIT/(LOSS) BEFORE TAXATION	29	(419)	1,985	336	1,243
INCOME TAX EXPENSE	30	474	121	273	(108)
PROFIT AFTER TAXATION		55	2,106	609	1,135
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		55	2,106	609	1,135

The Statements of Profit or Loss and Other Comprehensive Income continues on page 15.

The annexed notes form an integral part of these financial statements.

TIMBERWELL BERHAD

(Incorporated in Malaysia)
Company No : 387185 - W

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

		The Group		The Company	
	Note	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
PROFIT AFTER TAXATION ATTRIBUTABLE TO:					
Owners of the Company		433	2,934	609	1,135
Non-controlling interest		(378)	(828)	-	-
		<u>55</u>	<u>2,106</u>	<u>609</u>	<u>1,135</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
Owners of the Company		433	2,934	609	1,135
Non-controlling interest		(378)	(828)	-	-
		<u>55</u>	<u>2,106</u>	<u>609</u>	<u>1,135</u>
EARNINGS PER SHARE :					
BASIC	31	<u>0.49 sen</u>	<u>3.29 sen</u>		
DILUTED		<u>Not applicable</u>	<u>Not applicable</u>		

The annexed notes form an integral part of these financial statements.

TIMBERWELL BERHAD

(Incorporated in Malaysia)
Company No : 387185 - W

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

The Group	<----- Non-Distributable ----->					Attributable To Owners Of The Company RM'000	Non-Controlling Interest RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Revaluation Reserve RM'000	Accumulated Losses RM'000				
Balance at 1.1.2013	89,051	9,626	5,938	(74,008)	30,607	627	31,234	
Profit after taxation/Total comprehensive income for the financial year	-	-	-	2,934	2,934	(828)	2,106	
Balance at 31.12.2013/1.1.2014	89,051	9,626	5,938	(71,074)	33,541	(201)	33,340	
Profit after taxation/Total comprehensive income for the financial year	-	-	-	433	433	(378)	55	
Balance at 31.12.2014	89,051	9,626	5,938	(70,641)	33,974	(579)	33,395	

The annexed notes form an integral part of these financial statements.

TIMBERWELL BERHAD

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STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

The Company	<----Non-Distributable---->		Accumulated Losses RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000		
Balance at 1.1.2013	89,051	9,626	(76,470)	22,207
Profit after taxation/Total comprehensive income for the financial year	-	-	1,135	1,135
Balance at 31.12.2013/ 1.1.2014	89,051	9,626	(75,335)	23,342
Profit after taxation/Total comprehensive income for the financial year	-	-	609	609
Balance at 31.12.2014	89,051	9,626	(74,726)	23,951

The annexed notes form an integral part of these financial statements.

TIMBERWELL BERHAD

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STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

CASH FLOWS FROM OPERATING ACTIVITIES	The Group		The Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Profit/(Loss) before taxation	(419)	1,985	336	1,243
Adjustments for:				
Amortisation of biological assets	111	116	111	116
Depreciation of property, plant and equipment	2,231	1,652	644	303
Depreciation of investment Properties	-	335	-	-
Impairment loss on property, plant and equipment	-	939	-	-
Impairment loss on receivables written back	-	(542)	-	(542)
Impairment loss on investment in subsidiary companies/ (written back)	-	-	618	(903)
Interest expense	891	1,387	863	1,364
Interest income	(103)	(117)	(102)	(110)
Gain on disposal of investment properties	-	(4,164)	-	-
Net gain on disposal of property, plant and equipment	(45)	-	(40)	-
Operating profit before working capital changes	2,666	1,591	2,430	1,471
(Increase)/Decrease in inventories	(362)	809	(363)	809
(Increase)/Decrease in receivables	5,592	(5,353)	(1,349)	1,601
Increase/(Decrease) in payables	633	(521)	1,049	(389)
(Increase)/Decrease in amounts due from subsidiaries	-	-	1,079	(1,111)
Increase in amounts due to subsidiaries	-	-	13,641	812
Cash generated from/(used in) operations	8,529	(3,474)	16,487	3,193
Interest paid	(891)	(1,387)	(863)	(1,364)
Interest received	103	117	102	110
Tax paid	(548)	(91)	(479)	-
Income tax refund	-	40	-	-
Net cash generated from/(used in) operating activities/ balance carried forward	7,193	(4,795)	15,247	1,939

The Statements of Cash Flows continues on page 19.

The annexed notes form an integral part of these financial statements.

TIMBERWELL BERHAD

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STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(Cont'd)	Note	The Group		The Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Amount brought forward		7,193	(4,795)	15,247	1,939
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of property, plant and equipment	32	(555)	(59)	(413)	-
Proceeds from disposal of property, plant and equipment		130	7,600	40	-
Acquisition of biological assets		(741)	(696)	(9,088)	-
Net cash generated from/ (used in) investing activities		(1,166)	6,845	(9,461)	-
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from trust receipts		-	4,735	-	4,735
Repayment of term loans		(1,077)	(1,553)	(1,077)	(1,553)
Payment of hire purchase liabilities		(149)	(93)	-	-
Repayment of trust receipts		(1,829)	(4,674)	(1,829)	(4,674)
Net cash used in financing activities		(3,055)	(1,585)	(2,906)	(1,492)
NET INCREASE IN CASH AND CASH EQUIVALENTS		2,972	465	2,880	447
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		(2,311)	(2,776)	(2,353)	(2,800)
CASH AND CASH EQUIVALENTS AT END OF YEAR	33	661	(2,311)	527	(2,353)

The annexed notes form an integral part of these financial statements.

TIMBERWELL BERHAD

(Incorporated in Malaysia)
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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

1. GENERAL INFORMATION

The Company is a public company limited by shares and is incorporated under the Companies Act 1965 in Malaysia. The domicile of the Company is Malaysia.

The Company is principally engaged in the business of investment holding, forest management, harvesting and trading of timber.

The principal activities of the subsidiaries are set out in Note 8 to the financial statements.

There have been no significant changes in the nature of these principal activities during the financial year.

2. DATE OF AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 23 April 2015.

3. BASIS OF PREPARATION

The financial statements of the Company are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Financial Reporting Standards ("FRSs"), International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

- 3.1 During the current financial year, the Company has adopted the following new accounting standards and interpretation (including the consequential amendments, if any):

FRSs and/or IC Interpretations (Including The Consequential Amendments)

Amendments to FRS 10, FRS 12 and FRS 127 (2011): Investment Entities

Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities

Amendments to FRS 136: Recoverable Amount Disclosures for Non-financial Assets

Amendments to FRS 139: Novation of Derivatives and Continuation of Hedge Accounting

IC Interpretation 21 Levies

TIMBERWELL BERHAD

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

3. BASIS OF PREPARATION (CONT'D)

- 3.1 The adoption of the above accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any) did not have any material impact on the Company's financial statements except as follows:

The amendments to FRS 132 provide the application guidance for criteria to offset financial assets and financial liabilities. The possible impacts on the financial statements of the Company upon the application of the amendments are not material.

- 3.2 The Company has not applied in advance the following accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:

FRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
FRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)	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 Benefit 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

TIMBERWELL BERHAD

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

3. BASIS OF PREPARATION (CONT'D)

- 3.2 The Company has not applied in advance the following accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year: (Cont'd)

FRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
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 this 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.

- 3.3 MASB has issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRSs"), 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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

3. BASIS OF PREPARATION (CONT'D)

- 3.3 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.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:

(a) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial and production factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(b) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 Critical Accounting Estimates and Judgements (Cont'd)

(c) Revaluation of Property, Plant and Equipment

Certain property, plant and equipment of the Group are reported at valuation which is based on valuations performed by independent professional valuers.

The independent professional valuers have exercised judgement in determining the prices based on the comparison method and nett current replacement cost approach including the assumption that the plant and equipment concern can be recommissioned/serviceable. Other factors such as model assumptions, market dislocations and unexpected correlations can also materially affect these estimates and the resulting valuation estimates.

(d) Classification of Leasehold Land

The classification of leasehold land as a finance lease or an operating lease requires the use of judgement in determining the extent to which risks and rewards incidental to its ownership lie. Despite the fact that there will be no transfer of ownership by the end of the lease term and that the lease term does not constitute the major part of the indefinite economic life of the land, management considered that the present value of the minimum lease payments approximated to the fair value of the land at the inception of the lease. Accordingly, management judged that the Group has acquired substantially all the risks and rewards incidental to the ownership of the land through a finance lease.

4.2 Basis of Consolidation

The consolidated financial statements incorporated the financial statements of the Company and its subsidiaries made up to 31 December 2014.

Subsidiaries are entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 Basis of Consolidation (Cont'd)

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

At the end of each reporting period, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and
- (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 Basis of Consolidation (Cont'd)

Amounts previously realisable in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 139 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are realisable in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

4.3 Goodwill

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised as a gain in profit or loss.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 Functional and Foreign Currency

(a) Functional and Presentation Currency

The individual financial statements of each equity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The financial statements are presented in Ringgit Malaysia ("RM") which is the Company's functional and presentation currency.

(b) Transactions and Balances

Transactions in foreign currency are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

4.5 Financial Instruments

Financial instruments are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intend to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value through profit or loss are recognised immediately in profit or loss.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 Financial Instruments (Cont'd)

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

(a) Financial Assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate.

- *Financial Assets at Fair Value Through Profit or Loss*

Financial assets are classified as financial assets at fair value through profit or loss when the financial asset is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

- *Financial Assets at Fair Value Through Profit or Loss*

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established.

- *Held-to-maturity Investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the management has the positive intention and ability to hold to maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment loss, with interest income recognised in profit or loss on an effective yield basis.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 Financial Instruments (Cont'd)

(a) Financial Assets (Cont'd)

- *Loans and Receivables Financial Assets*

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

- *Available-for-sale Financial Assets*

Available-for-sale financial assets are non-derivative financial assets that are designated in this category or are not classified in any of the other categories.

After initial recognition, available-for-sale financial assets are remeasured to their fair values at the end of each reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity into profit or loss.

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 Financial Instruments (Cont'd)

(b) Financial Liabilities

All financial liabilities are initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

(c) Equity Instruments

Instruments classified as equity are measured at cost and are not remeasured subsequently.

Ordinary Shares

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(d) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 Financial Instruments (Cont'd)

(d) Derecognition (Cont'd)

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

4.6 Investments in Subsidiaries

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the end of the reporting period if events or changes in circumstances indicate that their carrying values may not be recoverable. The cost of the investments included transaction costs.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

4.7 Investments

Investments are held on a long-term basis and are stated at cost. Allowance for diminution in value is only made if the directors are of the opinion that the diminution is other than temporary.

4.8 Property, Plant and Equipment

Property, plant and equipment, other than leasehold land, buildings, and plant and machinery are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Leasehold land, buildings and plant and machinery are stated at valuation less accumulated depreciation and impairment losses recognised after the date of the revaluation.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 Property, Plant and Equipment (Cont'd)

Leasehold land, buildings, plant and machinery are revalued periodically, at least once in every 5 years. Surpluses arising from the revaluation are recognised in other comprehensive income and accumulated in equity under the revaluation reserve. Deficits arising from the revaluation, to the extent that they are not supported by any previous revaluation surpluses, are recognised in profit or loss.

Depreciation is charged to profit or loss (unless it is included in the carrying amount of another assets) on the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates of depreciation used for this purpose are:

Leasehold land	over the remaining lease period of 66 years
Buildings	2.63% - 10%
Office renovation	10%
Plant and machineries	6.67% - 10%
Furniture and fittings	10%
Office equipment	10%
Motor boats	20%
Motor vehicles	10% - 20%
Bridges	2% - 6.67%
Infrastructure	10%

Road consists of costs for the construction of mainline roads, such as clearing and grading, are amortised over the remaining unexpired period of the forest management unit licence.

The depreciation method, useful life and residual values are reviewed, and adjusted if appropriate, at end of the reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 Property, Plant and Equipment (Cont'd)

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the assets is recognised in profit or loss. The revaluation reserve included in equity is transferred directly to retained profits on retirement or disposal of the assets.

4.9 Biological Assets

Biological assets are stated at cost which comprises expenditure incurred on land clearing, new planting, enrichment planting, silvicultural treatments, upkeep and maintenance of the sustainable forest management concession. The expenditure is being amortised over the remaining unexpired period of the forest management unit licence. However, for the cost of planted trees in industrial tree plantation area will be amortised upon commencement of log extraction on the basis of the volume of logs extracted in the period as a proportion of the estimated total volume that can be extracted.

4.10 Impairment

(i) Impairment of Financial Assets

All financial assets (other than those categorised at fair value through profit or loss), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.10 Impairment (Cont'd)

(i) Impairment of Financial Assets (Cont'd)

An impairment loss in respect of held-to-maturity investments and loans and receivables financial assets is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the fair value reserve. In addition, the cumulative loss recognised in other comprehensive income and accumulated in equity under fair value reserve, is reclassified from equity to profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss made is recognised in other comprehensive income.

(ii) Impairment of Non-Financial Assets

The carrying values of assets, other than those to which FRS 136 – Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the asset's fair value less costs to sell and their value-in-use, which is measured by reference to discounted future cash flow.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.10 Impairment (Cont'd)

(ii) Impairment of Non-Financial Assets (Cont'd)

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately, unless the asset is carried at its revalued amount in which case the reversal of the impairment loss is treated as a revalued amount.

4.11 Assets under Hire Purchase

Assets acquired under hire purchase are capitalised in the financial statements at the lower of the fair value of the leased assets and the present value of the minimum lease payment and, are depreciated in accordance with the policy set out in Note 4.8 above. Each hire purchase payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. Finance charges are recognised in profit or loss over the period of the respective hire purchase agreements.

4.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in-first out basis and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated costs necessary to make the sale.

The Group writes down its obsolete or slow moving inventories based on assessment of the condition and the future demand for the inventories. These inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recovered.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.13 Income Taxes

Income tax for the year comprises current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the reporting period and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.13 Income Taxes (Cont'd)

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from a business combination is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs.

4.14 Borrowings Costs

Borrowing costs, directly attributable to the acquisition and construction of property, plant and equipment are recognised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

All other borrowing costs are recognised in profit or loss as expenses in the period in which they incurred.

4.15 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, deposits pledged with bank that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less.

4.16 Employee Benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are measured on an undiscounted basis and are recognised as an expense in the financial year in which the associated services are rendered by employees of the Group and of the Company.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.16 Employee Benefits (Cont'd)

(ii) Defined contribution plans

The Group's contributions to a defined contribution plan are recognised in the profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plan.

4.17 Related Parties

A party is related to an entity (referred to as the reporting entity) if:

- (a) A person or a close member of that person's family is related to a reporting entity if that person:
 - (i) has control or joint control over the reporting entity;
 - (ii) has significant influence over the reporting entity; or
 - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- (b) An entity is related to a reporting entity if any of the following conditions applies:
 - (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.17 Related Parties (Cont'd)

- (vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
- (vii) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

Close members of the family of an individual are those family members who may be expected to influence, or influenced by, that individual in their dealings with the entity.

4.18 Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

4.19 Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market's participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.19 Fair Value Measurements (Cont'd)

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

4.20 Revenue Recognition

(i) Sales of goods

Sales is measured at fair value of the consideration received or receivable and is recognised upon delivery of goods and customers' acceptance or performance of services and where applicable, net of returns and trade discounts.

(ii) Services

Revenue is recognised upon the rendering of services and when the outcome of the transaction can be estimated reliably. In the event the outcome of the transaction could not be estimated reliably, revenue is recognised to the extent of the expenses incurred that are recoverable.

(iii) Interest income

Interest income is recognised on an accrual basis, based on the effective yield on the investment.

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.20 Revenue Recognition (Cont'd)

(iv) *Dividend income*

Dividend income from the other investment is recognised when the right to receive payment is established.

(v) *Rental income*

Rental income is recognised on an accrual basis.

5. BIOLOGICAL ASSETS

	The Group		The Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
At 1 January	17,681	17,001	9,345	9,461
Additions	741	796	9,088	-
	<u>18,422</u>	<u>17,797</u>	<u>18,433</u>	<u>9,461</u>
Amortisation during the financial year	(111)	(116)	(111)	(116)
At 31 December	<u>18,311</u>	<u>17,681</u>	<u>18,322</u>	<u>9,345</u>

The Company has been granted a sustainable forest management licence over an area of 71,293 hectares in the Lingkabau Forest Reserve in Sabah for 100 years.

The costs of development of biological assets incurred during the financial year include depreciation charge on property, plant and equipment is as follows:

	The Group		The Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Depreciation of property, plant and equipment	<u>-</u>	<u>100</u>	<u>-</u>	<u>-</u>

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6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group

<i>Net Book Value</i>	AT 1.1.2014 RM'000	Additions RM'000	Transfer From Investment Properties RM'000	Disposal RM'000	Depreciation Charges RM'000	AT 31.12.2014 RM'000
Leasehold land	3,463	-	-	-	(87)	3,376
Buildings	9,592	60	-	-	(358)	9,294
Road and bridges	8,568	-	-	-	(259)	8,309
Plant and machineries	7,746	426	-	(59)	(1,031)	7,082
Motor vehicles and motor boats	120	300	-	-	(239)	181
Office equipment, furniture and fittings	157	15	419	(24)	(257)	310
	29,646	801	419	(83)	(2,231)	28,552

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6. PROPERTY, PLANT AND EQUIPMENT

The Group	At 01.01.2013 RM'000	Additions RM'000	Impairment Losses RM'000	Depreciation Charges RM'000	At 31.12.2013 RM'000
<i>Net Book Value</i>					
Leasehold land	3,546	-	-	(83)	3,463
Buildings	10,828	-	(939)	(297)	9,592
Road and bridges	8,827	-	-	(259)	8,568
Plant and machineries	8,524	233	-	(1,011)	7,746
Motor vehicles and motor boats	162	-	-	(42)	120
Office equipment, furniture and fittings	216	-	-	(59)	157
	32,103	233	(939)	(1,751)	29,646

The Group	At Cost RM'000	At Valuation RM'000	Accumulated Depreciation RM'000	Accumulated Impairment Loss RM'000	Net Book Value RM'000
2014					
Leasehold land	-	3,546	(170)	-	3,376
Buildings	1,290	13,977	(3,098)	(2,875)	9,294
Road and bridges	10,873	-	(2,564)	-	8,309
Plant and machineries	1,374	15,187	(9,471)	(8)	7,082
Nursery	170	-	(170)	-	-
Motor vehicles and motor boats	1,560	-	(1,335)	(44)	181
Office equipment, furniture and fittings	3,013	-	(2,694)	(9)	310
	18,280	32,710	(19,502)	(2,936)	28,552

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6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group	At Cost RM'000	At Valuation RM'000	Accumulated Depreciation RM'000	Accumulated Impairment Loss RM'000	Net Book Value RM'000
2013					
Leasehold land	-	3,546	(83)	-	3,463
Buildings	1,230	13,977	(2,740)	(2,875)	9,592
Road and bridges	10,873	-	(2,305)	-	8,568
Plant and machineries	1,114	15,187	(8,547)	(8)	7,746
Nursery	170	-	(170)	-	-
Motor vehicles and motor boats	1,260	-	(1,096)	(44)	120
Office equipment, furniture and fittings	731	-	(565)	(9)	157
	15,378	32,710	(15,506)	(2,936)	29,646

The Company	At 01.01.2014 RM'000	Additions RM'000	Depreciation Charges RM'000	At 31.12.2014 RM'000
<i>Net Book Value</i>				
Buildings	26	60	(50)	36
Office renovation	10	-	(4)	6
Road and bridges	8,568	-	(259)	8,309
Plant and machineries	-	166	(123)	43
Motor vehicles and motor boats	13	173	(181)	5
Office equipment, furniture and fittings	83	14	(27)	70
	8,700	413	(644)	8,469

	At 01.01.2013 RM'000	Depreciation Charges RM'000	At 31.12.2013 RM'000
<i>Net Book Value</i>			
Buildings	33	(7)	26
Office renovation	14	(4)	10
Road and bridges	8,827	(259)	8,568
Motor vehicles and motor boats	23	(10)	13
Office equipment, furniture and fittings	105	(22)	83
	9,002	(302)	8,700

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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Company (Cont'd)

2014	At Cost RM'000	Accumulated Depreciation RM'000	Accumulated Impairment Loss RM'000	Net Book Value RM'000
Buildings	1,290	(1,254)	-	36
Office renovation	37	(31)	-	6
Road and bridges	10,873	(2,564)	-	8,309
Plant and machineries	166	(123)	-	43
Nursery	170	(170)	-	-
Motor vehicles and motor boats	439	(390)	(44)	5
Office equipment, furniture and fittings	302	(232)	-	70
	13,277	(4,764)	(44)	8,469
2013				
Buildings	1,230	(1,204)	-	26
Office renovation	37	(27)	-	10
Road and bridges	10,873	(2,305)	-	8,568
Nursery	170	(170)	-	-
Motor vehicles and motor boats	266	(209)	(44)	13
Office equipment, furniture and fittings	288	(205)	-	83
	12,864	(4,120)	(44)	8,700

The Group's leasehold land was revalued in 2013 based on comparison method of valuation. The Group's buildings and plant and machinery were revalued in 2013 and 2010 respectively on net current replacement cost approach of valuation.

During the financial year, the Group carried out a review of the recoverable amount of its assets. An impairment loss of RM 939,067 (2013: RM 1,191,862), representing the write-down of the building to the recoverable amount was recognised in profit or loss.

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6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

If the leasehold land, buildings and plant and machineries were measured using the cost model, the carrying amounts would be as follows:

The Group

	At Cost RM'000	Accumulated Depreciation RM'000	Net Book Value RM'000
2014			
Leasehold land	2,192	(685)	1,507
Buildings	14,677	(6,830)	7,847
Plant and machineries	48,827	(48,827)	-
	65,696	(56,342)	9,354
2013			
Leasehold land	2,192	(618)	1,574
Buildings	14,677	(6,737)	7,940
Plant and machineries	48,827	(48,827)	-
	65,696	(56,182)	9,514

At end of the reporting period, the carrying amount of assets acquired under hire purchase terms are as follows:

	The Group	
	2014 RM'000	2013 RM'000
Plant and machinery	783	591
Motor vehicles	140	103
	923	694

Included in the net book value of the property, plant and equipment of the Company at the end of the reporting period there was a motor vehicle amounting to RM 9,900 (2013: RM 16,500) was registered under the name of a subsidiary company.

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7. INVESTMENTS PROPERTIES

	The Group	
	2014 RM'000	2013 RM'000
At cost:		
At beginning of financial year	2,346	7,417
Transfer to plant and equipment	(2,346)	-
Disposals of leasehold land and building	-	(5,071)
At end of financial year	-	2,346
Less: Accumulated depreciation		
At beginning of financial year	1,927	3,227
Disposals	-	(1,634)
Depreciation for the financial year	-	334
Transfer to plant and equipment	(1,927)	-
At end of financial year	-	1,927
Net book value	-	419

8. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2014 RM'000	2013 RM'000
Unquoted shares, at cost		
At 1 January	52,351	52,351
Disposal during the financial year	-	-
At 31 December	52,351	52,351
Quasi loans	19,596	19,596
	71,947	71,947
Less: Accumulated impairment loss		
At 1 January	48,800	49,703
Addition during the financial year	618	-
Written back during the financial year	-	(903)
	49,418	48,800
At 31 December	22,529	23,147

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8. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows:

Name of subsidiary	Country of Incorporation	Equity Interest 2014 %	2013 %	Principal activities
Timberwell Plywood Sdn. Bhd.	Malaysia	59	59	Ceased operations
Timberwell Properties Sdn. Bhd.	Malaysia	100	100	Property investment and holding
Timberwell Forest Sdn. Bhd.	Malaysia	100	100	Ceased operations
Timberwell Plantations Sdn. Bhd.	Malaysia	100	100	Cultivation of industrial trees and other crops

The Company carried out a review of the recoverable amount of its investments in subsidiaries during the financial year. As a result of the review, no impairment loss is deemed necessary for certain subsidiaries. The recoverable amount is based on the net asset value of the subsidiaries.

The non-controlling interests at the end of the reporting period comprise the following:

	The Group	
	2014 RM'000	2013 RM'000
Timberwell Plywood Sdn. Bhd.	(<u>378</u>)	(<u>828</u>)

The summarised financial information (before intra-group elimination) for each subsidiary that has non-controlling interests that are material to the Group is as follows:

	Timberwell Plywood Sdn. Bhd.	
	2014 RM'000	2013 RM'000
<u>At 31 December</u>		
Non-current assets	18,859	20,043
Current assets	257	149
Non-current liabilities	(2,615)	(2,814)
Current liabilities	(<u>2,227</u>)	(<u>2,183</u>)
Net assets	<u>14,274</u>	<u>15,195</u>

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8. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The summarised financial information (before intra-group elimination) for each subsidiary that has non-controlling interests that are material to the Group is as follows: (Cont'd)

	Timberwell Plywood Sdn. Bhd.	
	2014	2013
	RM'000	RM'000
<u>Financial year ended 31 December</u>		
Loss for the financial year	(921)	(2,019)
Total comprehensive expenses	(921)	(2,019)
Net cash flows generated/(used in) operating activities	(137)	(38)
Net cash flows from investing activities	(35)	-
Net cash flows from financing activities	(8)	57

9. NON-TRADE RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
Non-current	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Non-trade receivables	237	444	238	444
Current				
Non-trade receivables, deposits and prepayments	3,857	10,236	3,578	3,148
	4,094	10,680	3,816	3,592
Less: Allowance for impairment loss	2,893	2,893	2,729	2,729
	1,201	7,787	1,087	863

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9. NON-TRADE RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT'D)

	The Group		The Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Allowance of impairment losses:				
At 1 January	2,893	3,435	2,729	3,271
Written back during the financial year	-	(542)	-	(542)
At 31 December	<u>2,893</u>	<u>2,893</u>	<u>2,729</u>	<u>2,729</u>
Current				
Non-trade receivables	<u>964</u>	<u>7,343</u>	<u>849</u>	<u>419</u>

Non-trade receivables, deposits and prepayments is unsecured, interest free and has no fixed terms of repayment.

10. INVENTORIES

	The Group		The Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Cost				
Finished goods	764	402	748	385
Net realisable value				
Consumable	<u>410</u>	<u>410</u>	<u>-</u>	<u>-</u>
	1,174	812	748	385
Less: Allowance for slow-moving inventories	<u>427</u>	<u>427</u>	<u>-</u>	<u>-</u>
Total	<u>747</u>	<u>385</u>	<u>748</u>	<u>385</u>

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11. TRADE RECEIVABLES

	The Group		The Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Third party	2,135	1,141	2,129	1,004
Less: Allowance for impairment losses	1,005	1,005	999	999
	<u>1,130</u>	<u>136</u>	<u>1,130</u>	<u>5</u>
Allowance for impairment losses:				
At 1 January	1,005	1,024	999	1,018
Addition during the financial year	-	3	-	3
Written back during the financial year	-	(22)	-	(22)
At 31 December	<u>1,005</u>	<u>1,005</u>	<u>999</u>	<u>999</u>

The Group's normal trade credit terms ranging from 30 to 60 days. Other credit terms are assessed and approved on a case-by-case basis.

12. AMOUNTS DUE FROM/(TO) SUBSIDIARIES

The amounts due from/(to) subsidiaries are non-trade in nature, unsecured, interest-free and repayable on demand. The amounts due are to be settled in cash.

13. FIXED DEPOSIT WITH A LICENSED BANK

The fixed deposit is pledged to a licensed bank as a security for credit facilities granted to the Company.

The weighted average effective interest rate of fixed deposit at the end of the reporting period is 2.50% (2013: 2.50%) per annum. The maturity period of the fixed deposits at end of the reporting period is 12 month (2013: 12 months).

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14. SHARE CAPITAL

Ordinary share of RM1 each	The Company		The Company	
	2014 Number of shares	2013	2014 RM	2013 RM
Authorised	<u>500,000,000</u>	<u>500,000,000</u>	<u>500,000,000</u>	<u>500,000,000</u>
Issued and fully paid-up	<u>89,050,677</u>	<u>89,050,677</u>	<u>89,050,677</u>	<u>89,050,677</u>

15. SHARE PREMIUM

The share premium is not distributable by way of dividends.

16. REVALUATION RESERVE

The revaluation reserve represents the increase in the fair value of leasehold land, buildings, and plant and machinery of the Group (net of deferred tax).

17. DEFERRED TAXATION

	The Group		The Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
At 1 January	6,788	6,964	3,962	3,854
Recognised in profit or loss (Note 30)	<u>(483)</u>	<u>(176)</u>	<u>(273)</u>	<u>108</u>
At 31 December	<u>6,305</u>	<u>6,788</u>	<u>3,689</u>	<u>3,962</u>

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17. DEFERRED TAXATION (CONT'D)

The deferred tax liabilities arose from the following temporary differences:

	The Group		The Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment	4,787	4,995	2,171	2,169
Biological assets	1,804	1,862	1,804	1,862
Others	(286)	(69)	(286)	(69)
	<u>6,305</u>	<u>6,788</u>	<u>3,689</u>	<u>3,962</u>

18. LONG-TERM BORROWINGS

	The Group		The Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Term loans	-	745	-	745
Hire purchase payables (Note 24)	368	301	-	-
	<u>368</u>	<u>1,046</u>	<u>-</u>	<u>745</u>

The term loans (including Note 21) are secured by:

- Open All-Monies facility agreement for RM 20 million between the Company and the bank;
- Registered 3rd party and 1st and 2nd legal charges for RM 10 million each to be created over land with building, plant and machinery of Timberwell Plywood Sdn. Bhd. a subsidiary company;
- A registered 1st debenture for RM 20 million to be created over the Company present and future, fixed and floating assets; and
- A third party first legal charge for RM 20 million is to be created over a land with six storey office building known as Wisma TWB held under Title No. TL017536300 of Timberwell Properties Sdn. Bhd. a subsidiary company.

Other information on financial risks of borrowings are disclosed in Note 40.1(c).

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19. NON-TRADE PAYABLES AND ACCRUALS

	The Group		The Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Third parties	4,916	3,382	4,703	3,190
Amounts due to directors - fees	185	240	185	240
Related parties	4,362	4,587	4,362	4,587
	<u>9,463</u>	<u>8,209</u>	<u>9,250</u>	<u>8,017</u>
Representing non-trade payables and accruals:				
Current	5,101	3,622	4,888	3,430
Non-current	4,362	4,587	4,362	4,587
	<u>9,463</u>	<u>8,209</u>	<u>9,250</u>	<u>8,017</u>

Three of the related parties amounting to RM4,362,000 (2013: RM4,587,000) bear interest rate at 6.5% (2013: ranging from 6.5% to 12%) per annum and shall be fully paid in year 2018.

20. TRADE PAYABLES

The normal trade credit term granted to the Group ranging from 30 to 60 days.

21. SHORT-TERM BORROWINGS

	The Group		The Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Term loans	1,159	1,486	1,159	1,491
Trust receipts	-	1,834	-	1,829
Hire purchase payables (Note 24)	158	127	-	-
	<u>1,317</u>	<u>3,447</u>	<u>1,159</u>	<u>3,320</u>

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21. SHORT-TERM BORROWINGS (CONT'D)

Trust receipts bore weighted average effective interest rate at 8.35% (2013: 8.35%) per annum basis and are secured by:

- (i) by a deed of debenture incorporating a first fixed charge over all the property, plant and equipment of a subsidiary, and by a floating charge over all current assets, both present and future of a subsidiary; and
- (ii) by a lien over the fixed deposits of the Group.

22. BANK OVERDRAFT

The bank overdraft is subject to interest rate at 8.35% (2013: 8.35%) per annum and is secured by:

- (i) legal charges over land with building, plant and machinery of subsidiaries; and
- (ii) corporate guarantee by a company in which certain directors of the Group and of the Company have financial interests.

23. NET ASSETS PER SHARE

The net assets per share is calculated based on the net assets value at the end of the reporting period of RM 33,974,000 (2013: RM 33,541,000) divided by the enlarged number of ordinary shares in issue at the end of the reporting period of 89,050,667 (2013: 89,050,667), details of which are as follows:

	The Group	
	2014 RM'000	2013 RM'000
Ordinary shares of RM1.00 each in issue at the end of the reporting period	<u>89,051</u>	<u>89,051</u>

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24. HIRE PURCHASE PAYABLES

	The Group	
	2014 RM'000	2013 RM'000
Minimum hire purchase payments:		
Repayable within one year	194	156
Repayable between one to five years	413	336
	<u>607</u>	<u>492</u>
Less: Future finance charges	81	64
Representing value of hire purchase liabilities	<u>526</u>	<u>428</u>
Present value of hire purchase liabilities:		
Repayable within one year	158	127
Repayable between one to five years	368	301
	<u>526</u>	<u>428</u>
Representing hire purchase liabilities:		
Current	158	127
Non-current	368	301
	<u>526</u>	<u>428</u>

25. REVENUE

Revenue of the Group and of the Company represents the invoiced value of goods sold and services rendered less trade discounts and returns is as follows:

	The Group		The Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Sale of timber products	24,378	16,072	24,377	16,072
Rental	108	372	-	-
	<u>24,486</u>	<u>16,444</u>	<u>24,377</u>	<u>16,072</u>

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26. COST OF SALES

Cost of sales represents cost of inventories sold and services rendered.

27. OTHER OPERATING INCOME

	The Group		The Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Gain on disposal of investment property	-	4,164	-	-
Gain on disposal of property, plant and equipment	45	-	40	-
Impairment loss on investment in subsidiary companies written back	-	-	-	903
Impairment loss on receivables written back	-	542	-	542
Interest income	103	117	102	110
Miscellaneous	96	35	-	-
Realised gain on foreign exchange	-	9	-	9
Rental income	445	258	202	150
	<u>689</u>	<u>5,125</u>	<u>344</u>	<u>1,714</u>

28. FINANCE COSTS

	The Group		The Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Interest expenses:				
- Advances from related parties	428	534	428	534
- Bank borrowings	267	647	267	647
- Hire purchase	28	23	-	-
- Loan and receivables	52	94	52	94
- Shareholder	116	89	116	89
	<u>891</u>	<u>1,387</u>	<u>863</u>	<u>1,364</u>

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29. PROFIT/(LOSS) BEFORE TAXATION

	The Group		The Company	
Profit/(Loss) before taxation is arrived after charging:	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Audit fee	89	89	73	73
Amortisation of biological assets	111	116	111	116
Depreciation of property, plant and equipment	2,231	1,652	644	303
Depreciation of investment properties	-	335	-	-
Directors' fee	110	85	105	80
Directors' non-fee emoluments	36	35	36	35
Impairment loss on property, plant and equipment	-	939	-	-
Rental of premises	51	51	51	51
Staff costs (Note 39)	700	644	554	556
	<hr/>	<hr/>	<hr/>	<hr/>
And crediting:				
Impairment loss on receivables written back	-	542	-	542
Interest income	103	117	102	110
Gain on disposal of investment properties	-	4,164	-	-
Gain on disposal of property, plant and equipment	45	-	40	-
Realised gain on foreign exchange	-	9	-	9
Rental income	-	258	202	150
	<hr/>	<hr/>	<hr/>	<hr/>

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30. INCOME TAX EXPENSE

	The Group		The Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Income tax				
- current year	9	81	-	-
- overprovision in prior year	-	(26)	-	-
Deferred taxation				
- origination of temporary differences	(273)	156	(273)	156
- reversal of temporary differences	(219)	(281)	-	-
- under/(over)provision in the previous year	9	(51)	-	(48)
	(483)	(176)	(273)	108
Total income tax expense	(474)	(121)	(273)	108

Subject to agreement with tax authorities, the unutilised tax losses and unabsorbed capital allowances at end of the reporting period available to be carried forward for offset against future taxable business income are as follows:

	The Group	
	2014 RM'000	2013 RM'000
Unutilised tax losses	28,516	28,000
Unabsorbed capital allowances	20,615	21,119
	<u>49,131</u>	<u>49,119</u>

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30. INCOME TAX EXPENSE (CONT'D)

A reconciliation of the income tax expense applicable to the profit/(loss) before taxation at the statutory income tax rate to the income tax expense at the effective tax rate of the Group and of the Company is as follows:

	The Group		The Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) before taxation	(419)	1,985	336	1,243
Taxation at statutory tax rate of 25%	(105)	496	84	310
Expenses not deductible for tax purposes	342	411	225	210
Non-taxable income	(747)	(1,028)	(582)	(363)
Deferred tax assets not recognised during the financial year	44	74	-	-
Overprovision of deferred tax in previous year	(8)	(74)	-	(49)
	<u>(474)</u>	<u>(121)</u>	<u>(273)</u>	<u>108</u>

31. EARNINGS PER SHARE

Basic

Basic loss or earnings per share is calculated by dividing the profit/(loss) for the financial year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year held by the Company.

	The Group	
	2014	2013
	RM	RM
Profit after taxation (RM'000)	433	2,934
Profit attributable to owners of the Company (RM'000)	433	2,934
Weighted average number of ordinary shares in issue (units'000)	89,051	89,051
Basic earnings per share (sen)	<u>0.49</u>	<u>3.29</u>

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32. ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

	The Group		The Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Acquisition of property plant and equipment	801	233	413	-
Financed by hire purchase arrangements	(246)	(174)	-	-
Cash payments on acquisition of property, plant and equipment	555	59	413	-

33. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statements of cash flows comprise the following:

	The Group		The Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Fixed deposit with a licensed bank	351	343	351	343
Cash and bank balances	310	326	176	284
Bank overdraft	-	(2,980)	-	(2,980)
	661	(2,311)	527	(2,353)

34. DIRECTORS' REMUNERATION

The aggregate amount of emoluments received and receivable by the directors of the Group and of the Company during the financial year are as follows:

	The Group		The Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Non-executive				
- Fees	110	100	105	95
- Other emoluments	36	38	36	38
	146	138	141	133

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34. DIRECTORS' REMUNERATION (CONT'D)

The details of emoluments for the directors of the Group and of the Company received/receivable for the financial year in bands of RM50,000 are as follows:

	The Group/The Company			
	2014		2013	
	Executive Directors	Non-Executive Directors	Executive Directors	Non-Executive Directors
RM50,000 and below	-	5	-	5

35. RELATED PARTY DISCLOSURES

- (a) In addition to the transactions detailed elsewhere in the financial statements, the Group and of the Company had the following transactions with related parties during the financial year:

The Group	2014 RM'000	2013 RM'000
(a) Interest paid/payable for advances granted from business entity/company connected to the directors	332	320
(b) Interest paid/payable to directors	20	34
(c) Interest paid/payable to shareholder	51	89
(d) Interest paid/payable to Chief Executive Officer	46	93
(e) Transactions with a company in which the Chief Executive Officer of the Company is connected to a director of that company:		
- Interest paid/payable for advances granted	83	85

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35. RELATED PARTY DISCLOSURES (CONT'D)

- (a) In addition to the transactions detailed elsewhere in the financial statements, the Group and of the Company had the following transactions with related parties during the financial year: (Cont'd)

The Company	2014 RM'000	2013 RM'000
(a) Interest paid/payable for advances granted from business entity/company connected to the directors	332	320
(b) Interest paid/payable to directors	20	34
(c) Interest paid/payable to shareholder	51	89
(d) Interest paid/payable to Chief Executive Officer	46	93
(e) Transactions with a company in which the Chief Executive Officer of the Company is connected to a director		
- Interest paid/payable for advances granted	83	85

- (b) Compensation of key management personnel

The remuneration of key management (excluding directors) during the financial year is as follows:

	The Group		The Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Staff costs:				
Short-term employee benefits	695	692	644	641
Post-employment benefits:				
- Defined contribution plan	92	89	85	82
	<u>787</u>	<u>781</u>	<u>729</u>	<u>723</u>

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36. CONTINGENT LIABILITIES

	The Group		The Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Bank guarantees granted to secure a performance bond made in favour of the Forestry Department	5,000	5,000	5,000	5,000
Bank guarantee facility in favour of third party	-	19	-	-
	<u>5,000</u>	<u>5,019</u>	<u>5,000</u>	<u>5,000</u>

37. CAPITAL COMMITMENTS

	The Group		The Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Approved but not contracted for:				
- Industrial tree-planting project (2009 - 2018)	-	21,156	-	-
- Biological assets	2,388	882	2,388	882
- Plant and equipment	335	335	335	335
	<u>2,388</u>	<u>22,373</u>	<u>2,388</u>	<u>1,217</u>

38. FOREIGN EXCHANGE RATES

The applicable closing foreign exchange rates used (expressed on the basis of one unit of foreign currency to RM equivalent) for the translation of foreign currency balances at the end of the reporting period are as follows:

	2014	2013
	RM	RM
United States Dollar	<u>3.50</u>	<u>3.28</u>

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39. EMPLOYEES INFORMATION

	The Group		The Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Staff costs:				
- Employees' Provident Fund contributions	77	70	60	61
- Salaries, allowances and bonuses	618	569	490	491
- Socso	5	5	4	4
	<u>700</u>	<u>644</u>	<u>554</u>	<u>556</u>

40. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risks (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

40.1 Financial Risk Management Policies

The Group's policies in respect of the major areas of treasury activity are as follows:

(a) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Ringgit Malaysia. The currencies giving rise to this risk are primarily United States Dollar. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

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40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 Financial Risk Management Policies (Cont'd)

(a) Market Risk (Cont'd)

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from interest-bearing financial assets and liabilities. The Group's policy is to obtain the most favourable interest rates available. Any surplus funds of the Group will be placed with licensed financial institutions to generate interest income.

Information relating to the Group's exposure to the interest rate risk of the financial liabilities is disclosed in Note 40.1 (a)(iii) to the financial statements.

Interest rate risk sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the interest rates as at the end of the reporting period, with all other variables held constant:

	The Group		The Company	
	2014	2013	2014	2013
	Increase/ (Decrease)	Increase/ (Decrease)	Increase/ (Decrease)	Increase/ (Decrease)
	RM'000	RM'000	RM'000	RM'000
Effects on Profit/(Loss) after Taxation				
Increase of 10 basis points (bp)	(1)	(7)	(1)	(7)
Decrease of 10 bp	1	7	1	7
Effects on Equity				
Increase of 10 bp	(1)	(7)	(1)	(7)
Decrease of 10 bp	1	7	1	7
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 Financial Risk Management Policies (Cont'd)

(a) Market Risk (Cont'd)

(iii) Equity Price Risk

The Group and the Company does not have quoted investments and hence is not expose to equity price risk.

(b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including quoted investments, cash and bank balances and derivatives), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures.

(i) Credit risk concentration profile

The Group's major concentration of credit risk relates to the amount owing by one (1) customer which constituted approximately 95% of its trade receivables as at the end of the reporting period.

(ii) Exposure to credit risk

As the Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of the reporting period.

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40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 Financial Risk Management Policies (Cont'd)

(b) Credit Risk (Cont'd)

(ii) Exposure to credit risk (Cont'd)

The exposure of credit risk for trade receivables by geographical region is as follows:

	The Group		The Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Malaysia	1,130	136	1,130	5

(iii) Ageing analysis

The ageing analysis of the Group's trade receivables (including amount owing by subsidiaries) as at the end of the reporting period is as follows:

The Group	Gross Amount RM'000	Individual Impairment RM'000	Carrying Amount RM'000
2014			
Not past due	454	-	454
Past due:			
- less than 3 months	675	-	675
Past due:			
- over 6 months	1,000	999	1
2013			
Not past due	33	-	33
Past due:			
- less than 3 months	63	-	63
- 3 - 6 months	33	-	33
Past due:			
- over 6 months	1,012	1,005	7

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40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 Financial Risk Management Policies (Cont'd)

(b) Credit Risk (Cont'd)

(iii) Ageing analysis (Cont'd)

At the end of the reporting period, trade receivables that are individually impaired were those in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

Trade receivables that are past due but not impaired

The Group believes that no impairment allowance is necessary in respect of these trade receivables. They are substantially companies with good collection track record and no recent history of default.

Trade receivables that are neither past due nor impaired

A significant portion of trade receivables that are neither past due nor impaired are regular customers that have been transacting with the Group. The Groups uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 30 days, which are deemed to have higher credit risk, are monitored individually.

(c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

Certain substantial shareholders have committed to provide financial support to the Company should the Company requires funds for its business activities.

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40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 Financial Risk Management Policies (Cont'd)

(c) Liquidity Risk

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):

The Group	Weighted Average Effective Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 – 5 Years RM'000
2014					
Hire purchase payables	7.99	526	607	194	413
Term loans	8.35	1,159	1,159	1,159	-
Trade payables	Nil	294	294	294	-
Non-trade payables and accruals	8.00	9,463	9,463	5,101	4,362
		11,442	11,523	6,748	4,775
2013					
Hire purchase payables	7.99	428	492	156	336
Term loans	8.35	2,231	2,231	1,486	745
Trust receipts	8.35	1,834	1,834	1,834	-
Trade payables	Nil	915	915	915	-
Non-trade payables and accruals	8.00	8,209	8,209	3,622	4,587
Bank overdraft	8.35	2,980	2,980	2,980	-
		16,597	16,661	10,993	5,668

TIMBERWELL BERHAD

(Incorporated in Malaysia)
Company No : 387185 - W

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 Financial Risk Management Policies (Cont'd)

(c) Liquidity Risk (Cont'd)

The Company	Weighted Average Effective Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 – 5 Years RM'000
2014					
Term loans	8.35	1,159	1,159	1,159	-
Amounts due to subsidiaries	Nil	15,114	15,114	15,114	-
Trade payables	Nil	280	280	280	-
Non-trade payables and accruals	8.00	9,250	9,250	4,888	4,362
		25,803	25,803	21,441	4,362
2013					
Term loans	8.35	2,236	2,236	1,491	745
Trust receipts	8.35	1,829	1,829	1,829	-
Amounts due to subsidiaries	Nil	1,473	1,473	1,473	-
Trade payables	Nil	464	464	464	-
Non-trade payables and accruals	8.00	8,017	8,017	3,430	4,587
Bank overdraft	8.35	2,980	2,980	2,980	-
		16,999	16,999	11,667	5,332

TIMBERWELL BERHAD

(Incorporated in Malaysia)
Company No : 387185 - W

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

40. FINANCIAL INSTRUMENTS (CONT'D)

40.2 Capital Risk Management

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as total borrowings from financial institutions.

There was no change in the Group's approach to capital management during the financial year.

The debt-to-equity ratio of the Group as at the end of the reporting period was as follows:

	The Group	
	2014 RM'000	2013 RM'000
Hire purchase payables	526	428
Term loans	1,159	2,231
Trust receipts	-	1,834
Bank overdraft	-	2,980
	<hr/> 1,685	<hr/> 7,473
Less: Fixed deposit with a licensed bank	351	343
Less: Cash and bank balances	310	326
	<hr/> 1,024	<hr/> 6,804
Net debt	1,024	6,804
Total equity	33,395	33,340
	<hr/> 34,419	<hr/> 40,144
Total capital	34,419	40,144
	<hr/>	<hr/>
Debt-to-equity ratio	0.03	0.20
	<hr/>	<hr/>

TIMBERWELL BERHAD

(Incorporated in Malaysia)
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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

40. FINANCIAL INSTRUMENTS (CONT'D)

40.2 Capital Risk Management (Cont'd)

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity (total equity attributable to owners of the Company) equal to or not less than the 25% of the issued and paid-up share capital (excluding treasury shares) and such shareholders' equity is not less than RM22 million. The Company has complied with this requirement.

40.3 Classification of Financial Instruments

	The Group		The Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Financial Assets				
<u>Loans and receivables financial assets</u>				
Trade receivables	1,130	136	1,130	5
Non-trade receivables and deposits	1,201	7,787	1,087	863
Amounts due from subsidiaries	-	-	152	1,231
Fixed deposit with a licensed bank	351	343	351	343
Cash and bank balances	310	326	176	284
	<u>2,992</u>	<u>8,592</u>	<u>2,896</u>	<u>2,726</u>
Financial Liabilities				
<u>Other financial liabilities</u>				
Trust receipts	-	1,834	-	1,829
Hire purchase payables	526	428	-	-
Term loans	1,159	2,231	1,159	2,236
Trade payables	294	915	280	464
Non-trade payables and accruals	9,463	8,209	9,250	8,017
Amounts due to subsidiaries	-	-	15,114	1,473
Bank overdraft	-	2,980	-	2,980
	<u>11,442</u>	<u>16,597</u>	<u>25,803</u>	<u>16,999</u>

TIMBERWELL BERHAD

(Incorporated in Malaysia)
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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

40. FINANCIAL INSTRUMENTS (CONT'D)

40.4 Fair Values of Measurements

The carrying amounts of the financial assets and financial liabilities reported in the financial statements approximated their fair values except for the following:

The Group	2014		2013	
	Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
Hire purchase payables	526	531	428	427

The following summarises the methods used to determine the fair values of the financial instruments:

- (i) The financial assets and financial liabilities maturing within the next 12 months approximated their fair values due to the relatively short-term maturity of the financial instruments.
- (ii) The fair value of hire purchase payables is determined by discounting the relevant cash flows using current interest rates for similar instruments as at the end of the reporting period.
- (iii) The carrying amounts of the term loans approximated their fair values as these instruments bear interest at variable rates.

The fair values are within level 2 of the fair value hierarchy.

The interest rates used to discount estimated cash flows, where applicable, is as follow:

	2014 %	2013 %
Hire purchase payables	5.26 - 7.75	5.28 - 7.75

At the end of the reporting period, there were no financial instruments carried at fair values.

TIMBERWELL BERHAD

(Incorporated in Malaysia)
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NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

41. SUPPLEMENTARY INFORMATION - DISCLOSURE OF REALISED AND UNREALISED PROFITS/LOSSES

The breakdown of the accumulated losses of the Group and of the Company as at the end of the reporting period into realised and unrealised profits/(losses) are presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants, as follows:

	The Group		The Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Total accumulated losses:				
- realised	(132,676)	(132,762)	(71,037)	(71,373)
- unrealised	(6,305)	(6,788)	(3,689)	(3,962)
	<u>(138,981)</u>	<u>(139,550)</u>	<u>(74,726)</u>	<u>(75,335)</u>
Less: Consolidation adjustments	68,340	68,476	-	-
	<u>68,340</u>	<u>68,476</u>	<u>-</u>	<u>-</u>
At 31 December	<u>(70,641)</u>	<u>(71,074)</u>	<u>(74,726)</u>	<u>(75,335)</u>

OTHER INFORMATION

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LIST OF PROPERTIES

AS AT 31.12.2014

TIMBERWELL PLYWOOD SDN.BHD.
2 parcels of industrial land situated in the District of Sandakan, Sabah

Title No.	Land Area	Tenure	Approximate Age (year) of Building	Description	Net Book Value as at 31.12.2014 (RM'000)
CL075385670	29.19 acres	99 years (01.01.1980 to 31.12.2078)	20	Industrial land with storage sheds, integrated processing plant cum office	12,633
CL075385689					(After revaluation)

ANALYSIS OF SHAREHOLDINGS

AS AT 15 APRIL 2015

Authorised share capital	:	RM500,000,000
Issued and paid-up share capital	:	RM89,050,677 divided into 89,050,677 ordinary shares of RM1.00 each
Class of shares	:	Ordinary Shares of RM1.00 each
Voting rights	:	One (1) vote per one ordinary share (on a poll)

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued and Paid-Up Capital
1 – 99	21	1.56	837	0.00
100 – 1,000	513	38.17	475,447	0.53
1,001 – 10,000	642	47.77	2,138,050	2.40
10,001 – 100,000	115	8.56	3,489,524	3.92
100,001 – 4,452,532 *	49	3.65	37,510,297	42.12
4,452,533 and above **	4	0.30	45,436,522	51.02
TOTAL:	1,344	100.00	89,050,677	100.00

Notes:

* Less than 5% of issued shares

** 5% and above of issued shares

LIST OF SUBSTANTIAL SHAREHOLDERS (AS AT 15 April 2015)

Name of Substantial Shareholders	Direct Interest	%	Indirect Interest	%
Dato' Seri Tiong King Sing	21,210,322	23.82	-	-
Tan Tjeng Hok @ Lam Hak Ming	28,509,700	32.02	230,798 [#]	0.26
Datuk Yap Pak Leong	4,546,300	5.11	1,512,000 [#]	1.70
Agnes Soei-Tin Lamey	-	-	28,740,498 [#]	32.27

[#] Deemed interested by virtue of shareholdings held by persons connected.

DIRECTORS' INTEREST IN SHARES IN THE COMPANY

Name of Directors	Direct Interest	%	Indirect Interest	%
Dato' Seri Abdul Azim Bin Mohd Zabidi	-	-	-	-
Datuk Alladin Bin Mohd. Hashim	-	-	-	-
Datuk Yap Pak Leong	4,546,300 ⁺	5.11	1,512,000 [*]	1.70
Sui Diong Hoe	-	-	-	-
Agnes Soei-Tin Lamey	-	-	28,740,498 [*]	32.27

Notes:-

+ Held in own name / through nominee companies.

* Deemed interested by virtue of shareholdings held by persons connected

ANALYSIS OF SHAREHOLDINGS

AS AT 15 APRIL 2015

(CONT'D)

LIST OF THIRTY LARGEST SHAREHOLDERS (as at 15 April 2015)

No.	Name	No. of Shares Held	%
1	RHB Nominees (Tempatan) Sdn. Bhd. [OSK Capital Sdn. Bhd. for Tiong King Sing]	21,210,322	23.82
2	Tan Tjeng Hok @ Lam Hak Ming	10,459,600	11.75
3	Alliancegroup Nominees (Tempatan) Sdn. Bhd. [Tan Tjeng Hok @ Lam Hak Ming]	9,000,000	10.11
4	RHB Nominees (Tempatan) Sdn. Bhd. [Pledged securities account for Tan Tjeng Hok @ Lam Hak Ming]	4,766,600	5.35
5	Tan Tjeng Hok @ Lam Hak Ming	4,283,500	4.81
6	RHB Nominees (Tempatan) Sdn. Bhd. [Pledged securities account for Hew Mui Lan]	3,458,700	3.88
7	Harmony Chime Sdn. Bhd.	2,367,533	2.66
8	Ting Sing Hong	2,282,500	2.56
9	CIMSEC Nominees (Tempatan) Sdn. Bhd. [CIMB Bank for Yap Pak Leong]	2,208,000	2.48
10	Kenanga Nominees (Tempatan) Sdn. Bhd. [Pledged securities account for Chiong Sui Chai & Sons Sdn. Bhd.]	1,638,000	1.84
11	Kenanga Nominees (Tempatan) Sdn. Bhd. [Pledged securities account for Patrick Chiong Sui Chai]	1,498,500	1.68
12	Bonus River Sdn. Bhd.	1,459,000	1.64
13	RHB Nominees (Tempatan) Sdn. Bhd. [Pledged securities account for Bounty Leisure Sdn. Bhd.]	1,288,000	1.45
14	Bounty Leisure Sdn. Bhd.	1,250,000	1.40
15	Yap Fook Fung	1,240,000	1.39
16	Hew Tien Shoong	1,000,000	1.12
17	Lee Li-Ly	1,000,000	1.12
18	Kenanga Nominees (Tempatan) Sdn. Bhd. [Pledged securities account for Yap Pak Leong]	933,700	1.05
19	Kenanga Nominees (Tempatan) Sdn. Bhd. [Pledged securities account for Yap Pak Leong]	904,600	1.02
20	RHB Nominees (Tempatan) Sdn. Bhd. [Pledged securities account for Pau Chiong Ung]	800,000	0.90
21	Pau Ong Kiew	716,600	0.80
22	Cartaban Nominees (Asing) Sdn. Bhd. [Credit Industriel ET Commercial, Singapore for Chou Chih-Chi]	695,600	0.78
23	MKW Jaya Sdn. Bhd.	660,000	0.74
24	Robert Tan	650,000	0.73
25	Chen Chee Min	570,666	0.64
26	CIMSEC Nominees (Tempatan) Sdn. Bhd. [CIMB for Yap Pak Leong]	500,000	0.56
27	Anders Moller	480,000	0.54
28	Lim Lee Li	394,000	0.44
29	Kenanga Nominees (Tempatan) Sdn. Bhd. [Pledged securities account for Ting Pin Sew]	390,500	0.44
30	Wong Lien Tung	371,223	0.42

PROXY FORM

I/We, _____ NRIC No./Passport No./Company No. _____

of _____

being a member/members of Timberwell Berhad hereby appoint _____

NRIC No./Passport No. _____ of _____

*and/or failing him/her _____ NRIC No./Passport No. _____ of _____

or failing him/her, *the Chairman of Meeting as *my/our proxy to vote for *me/us on my/our behalf at the 19th Annual General Meeting of the Company to be held at Nipah Room, 2nd Floor, Sabah Oriental Hotel, Jalan Kemajuan, Karamunsing, 88000 Kota Kinabalu, Sabah on Tuesday, 9th day of June 2015 at 2.00 pm, and at every adjournment thereof.

Please indicate with (X) on how you want to cast your vote.

Item	Agenda			
1.	To receive the Audited Financial Statements for the year ended 31 December 2014.			
	Ordinary Business	Resolution	For	Against
2.	To approve the Directors' fees in respect of the financial year ended 31 December 2014.	1		
3.	To re-elect Mr Sui Diong Hoe as a Director.	2		
4.	To re-appoint Datuk Yap Pak Leong as Director.	3		
5.	To re-appoint Datuk Alladin Bin Mohd Hashim as Director.	4		
6.	To re-appoint Messrs Crowe Horwath (AF 1018) as Auditors.	5		
	Special Business			
7.	Authority to issue shares pursuant to Section 132D of the Companies Act, 1965.	6		
8.	Continuing in Office as Independent Non-Executive Director - Mr Sui Diong Hoe	7		
9.	Continuing in Office as Independent Non-Executive Director - Datuk Yap Pak Leong.	8		
10.	Continuing in Office as Independent Non-Executive Director - Datuk Alladin Bin Mohd Hashim.	9		

Dated this _____ day of _____ 2015

No. of shares held _____

Signature(s)/Common Seal of Shareholder(s)

The proportion of *my/our shareholding to be represented by *my/our proxy/proxies is as follows:

First named proxy	_____ %
Second named proxy	_____ %
	_____ 100 %

In case of a vote taken by show of hands, the first named proxy shall vote on my/our behalf.

* Delete whichever is not applicable.

NOTES:

- Every member entitled to attend and vote at the meeting is entitled to appoint a proxy/proxies to attend and vote for him/her but his attendance shall automatically revoke the proxy's authority. A proxy may but need not be a member of the Company, if the proxy is not a member, the proxy need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies.
- To be valid, this form duly completed must be deposited at the registered office of the Company at Lot 8 & 9, Block A, 2nd Floor, Damai Point Commercial Centre, Off Jalan Damai, Luyang, 88300 Kota Kinabalu, Sabah not less than forty-eight (48) hours before the time appointed for holding the meeting or adjournment thereof.
- A member shall be entitled to appoint more than one (1) proxy to attend, vote and speak at the same meeting. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy.
- Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- The instrument appointing a proxy shall be in writing executed by or on behalf of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.
- Date of Record of Depositors for the purpose of determining Members' entitlement to attend, vote and speak at the AGM is 2 June 2015.

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STAMP

The Company Secretary

Timberwell Berhad (387185-W)

Lot 8 & 9, Block A, 2nd Floor
Damai Point Commercial Centre
Off Jalan Damai, Luyang
88300 Kota Kinabalu, Sabah

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If undelivered , please return to:

Securities Services (Holdings) Sdn. Bhd. (36869-T)
Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara,
Damansara Heights, 50490 Kuala Lumpur.

TIMBERWELL BERHAD

(387185-W)

CORPORATE OFFICE

2nd Floor, Wisma BSN Sabah, Jalan Kemajuan,
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