

TIMBERWELL BERHAD
REGISTRATION NO. 199601014835 (387185-W)
CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR 9 MONTHS PERIOD ENDED 30 SEPTEMBER 2021

	← INDIVIDUAL QUARTER →		← CUMULATIVE YTD →	
	Current year	Preceding year comparative	Current year	Preceding year comparative
	3 months ended 30.09.2021 (RM'000)	3 months ended 30.09.2020 (RM'000)	9 months ended 30.09.2021 (RM'000)	9 months ended 30.09.2020 (RM'000)
Continuing Operations				
Revenue	9,119	7,468	22,568	11,853
Operating expenses	(7,536)	(6,608)	(19,533)	(12,210)
Other income	311	75	344	154
Profit/(Loss) from operations	<u>1,894</u>	<u>935</u>	<u>3,379</u>	<u>(203)</u>
Finance costs	0	(43)	(55)	(130)
Profit/(Loss) before tax	<u>1,894</u>	<u>892</u>	<u>3,324</u>	<u>(333)</u>
Income tax expense	(467)	(276)	(950)	(276)
Profit/(Loss) for the period from continuing operations	<u><u>1,427</u></u>	<u><u>616</u></u>	<u><u>2,374</u></u>	<u><u>(609)</u></u>
Profit/(Loss) after taxation/Total comprehensive				
Profit/(Loss) attributable to:				
Ordinary equity holders of the parent	1,440	635	2,426	(544)
Non-controlling interest	(13)	(19)	(52)	(65)
	<u>1,427</u>	<u>616</u>	<u>2,374</u>	<u>(609)</u>
Profit/(Loss) per share (Sen) attributable to ordinary equity holders of the parent:				
- Basic	<u>1.62</u>	<u>0.71</u>	<u>2.72</u>	<u>(0.61)</u>
- Diluted	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

The Condensed Unaudited Consolidated Statement of Profit or Loss and other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.

TIMBERWELL BERHAD
REGISTRATION NO. 199601014835 (387185-W)
CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2021

	As at 30.09.2021 (RM'000)	As at 31.12.2020 (RM'000)
NON-CURRENT ASSETS		
Property, plant and equipment	12,795	13,468
Biological assets	25,424	24,820
Intangible assets	8,479	8,563
Investment properties	10,906	10,906
Non-trade receivables	592	592
	<u>58,196</u>	<u>58,349</u>
CURRENT ASSETS		
Inventories	2,073	744
Trade and other receivables	2,979	3,557
Fixed deposits with licensed banks	407	407
Cash and bank balances	2,912	1,358
Tax recoverable	0	87
	<u>8,371</u>	<u>6,153</u>
TOTAL ASSETS	<u>66,567</u>	<u>64,502</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the company		
Share capital	98,677	98,677
Reserves	(44,353)	(46,779)
	<u>54,324</u>	<u>51,898</u>
Non-controlling interest	(141)	(89)
Total equity	<u>54,183</u>	<u>51,809</u>
NON-CURRENT LIABILITIES		
Non-trade payables	0	1,838
Lease liabilities	148	136
Deferred tax liabilities	6,753	6,753
	<u>6,901</u>	<u>8,727</u>
CURRENT LIABILITIES		
Trade and other payables	4,622	3,823
Lease liabilities	90	143
Tax payables	771	0
	<u>5,483</u>	<u>3,966</u>
Total liabilities	<u>12,384</u>	<u>12,693</u>
TOTAL EQUITY AND LIABILITIES	<u>66,567</u>	<u>64,502</u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.6100	0.5828

The Condensed Unaudited Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.

TIMBERWELL BERHAD
REGISTRATION NO. 199601014835 (387185-W)
CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 9 MONTHS PERIOD ENDED 30 SEPTEMBER 2021

	Attributable to ordinary equity holders of the parent Non-Distributable			Attributable to ordinary equity holders of the parent (RM'000)	Non-controlling interest (RM'000)	Total equity (RM'000)
	Share capital (RM'000)	Revaluation reserve (RM'000)	(Accumulated losses) (RM'000)			
For The Period Ended 30 SEPTEMBER 2021						
At 1 January 2021	98,677	7,886	(54,665)	51,898	(89)	51,809
Net Profit for the year / Total comprehensive income for the period	0	0	2,426	2,426	(52)	2,374
At 30 September 2021	<u>98,677</u>	<u>7,886</u>	<u>(52,239)</u>	<u>54,324</u>	<u>(141)</u>	<u>54,183</u>
For The Period Ended 30 SEPTEMBER 2020						
At 1 January 2020	98,677	7,886	(54,222)	52,341	177	52,518
Net loss for the year / Total comprehensive loss for the year	0	0	(544)	(544)	(65)	(609)
At 30 September 2020	<u>98,677</u>	<u>7,886</u>	<u>(54,766)</u>	<u>51,797</u>	<u>112</u>	<u>51,909</u>

The Condensed Unaudited Consolidated Statements of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.

TIMBERWELL BERHAD
REGISTRATION NO. 199601014835 (387185-W)
CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE 9 MONTHS PERIOD ENDED 30 SEPTEMBER 2021

	9 months ended	
	30.09.2021	30.09.2020
	(RM'000)	(RM'000)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation		
Continuing operations	3,324	(333)
Adjustments for:		
Non-cash items	(258)	569
Non-operating items	55	271
Operating profit before changes in working capital	<u>3,121</u>	<u>507</u>
Net change in current assets	(2,218)	(117)
Net change in current liabilities	<u>1,517</u>	<u>614</u>
Cash generated from operations	2,420	1,004
Interest paid	(55)	(130)
Tax paid	(193)	(175)
Net cash generated from operating activities	<u>2,172</u>	<u>699</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	0	0
Acquisition of biological assets	(604)	(474)
Net cash used in investing activities	<u>(604)</u>	<u>(474)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	0	0
Repayment of borrowings	(68)	(37)
Net cash used in financing activities	<u>(68)</u>	<u>(37)</u>
Net increase in cash and cash equivalents	1,500	188
Cash and cash equivalents at beginning of the financial year	1,765	594
Cash and cash equivalents at end of the financial period	<u>3,265</u>	<u>782</u>

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

	As at	As at
	30.09.2021	30.09.2020
	(RM'000)	(RM'000)
Fixed deposits, cash and bank balances	<u>3,319</u>	<u>782</u>
	<u>3,319</u>	<u>782</u>

The Condensed Unaudited Consolidated Statement of cash flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.

PART A - EXPLANATORY NOTES PURSUANT TO MFRS 134

A1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Bursa Malaysia Securities Berhad (Bursa Securities) Main Market Listing Requirements.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2020. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2020.

A2. Changes in Accounting Policies

The financial statements of the Group and 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 Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

During the current financial year, the Group and the Company have adopted the following new MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int")

Adoption of amendments / improvements to MFRSs

The Group and the Company have adopted the following amendments / improvements to MFRSs that are mandatory for the current financial year.

Amendments/Improvements to MFRSs

MFRS 3	Business Combinations
MFRS 7	Financial Instruments: Disclosures
MFRS 9	Financial Instruments
MFRS 16	Leases*
MFRS 101	Presentation of Financial Statements
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Error
MFRS 139	Financial Instruments: Recognition and Measurement

The adoption of the above amendments/improvements to MFRSs did not have any material impact on the Company's financial statements.

The Group and the Company have not adopted the following new MFRSs and amendments/improvements to MFRSs that have been issued, but not yet to be effective.

Effective for financial periods beginning on or after

New MFRS

MFRS 17	Insurance Contracts	1 January 2023
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Amendments/Improvements to MFRSs

MFRS 3	Business Combinations	1 January 2022/ 1 January 2023 [#]
MFRS 4	Insurance Contracts	1 January 2021
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2023 [#]
MFRS 7	Financial Instruments: Disclosures	1 January 2021/ 1 January 2023 [#]

A2. Changes in Accounting Policies (Cont'd)

<u>Amendments/Improvements to MFRSs (Cont'd)</u>		Effective for financial periods beginning on or after
MFRS 9	Financial Instruments	1 January 2021/ 1 January 2022^/ 1 January 2023 [#]
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 15	Revenue from Contracts with Customers	1 January 2023 [#]
MFRS 16	Leases	1 January 2021/ 1 January 2022^
MFRS 17	Insurance Contracts	1 January 2023
MFRS 101	Presentation of Financial Statements	1 January 2023/ 1 January 2023 [#]
MFRS 107	Statements of Cash Flows	1 January 2023 [#]
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Error	1 January 2023
MFRS 116	Property, Plant and Equipment	1 January 2022/ 1 January 2023 [#]
MFRS 119	Employee Benefits	1 January 2023 [#]
MFRS 128	Investments in Associates and Joint Ventures	Deferred/ 1 January 2023 [#]
MFRS 132	Financial Instruments: Presentation	1 January 2023 [#]
MFRS 136	Impairment of Assets	1 January 2023 [#]
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2022/ 1 January 2023 [#]
MFRS 138	Intangible Assets	1 January 2023 [#]
MFRS 139	Financial Instruments: Recognition and Measurement	1 January 2021
MFRS 140	Investment Property	1 January 2023 [#]
MFRS 141	Agriculture	1 January 2022^

[^] The Annual Improvements to MFRS Standards 2018-2020

[#] Amendments as to the consequence of effective of MFRS 17 Insurance Contracts

A3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 31 December 2020 was not qualified.

A4. Comments about Seasonality or Cyclicity

The Group's performance is not subject to seasonality or cyclicity except that the timber logs harvesting operation could be severely affected by the prevailing weather condition.

A5. Unusual Items Due to Their Nature, Size or Incidence

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the current quarter under review due to their nature, size or incidence.

A6. Changes in Estimates

There were no changes in estimates that have had a material effect in the current quarter results.

A7. Debt and Equity Securities

There were no issuance, cancellation, repurchase, resale or repayment of debt securities nor any movement in the share capital for the current quarter and financial period under review.

A8. Dividends Paid

There were no dividends paid since the last financial year ended 31 December 2020.

A9. Segmental Information

No segmental analysis was prepared as the Group is primarily engaged in forest management, timber harvesting, marketing and trading of timber and related products in Malaysia.

A10. Valuations of Property, Plant and Equipment

The Group has carried out a valuation exercise on the Property, Plant and Equipment ("PPE") during the quarter ended 31 December 2020. The revaluation is conducted by Smiths Gore Sabah, to comply with the requirements of the Malaysian Financial Reporting Standards ("MFRS") in respect of the fair value measurement of PPE and also to ascertain the carrying value of PPE of the Group for impairment purposes. This revaluation is in compliance with MFRS 116.

A10. Valuations of Property, Plant and Equipment (Cont'd)

Revaluation Surplus

Types of PPE	Net Book Value as at 31 December 2020 RM'000	Market Value as at 31 December 2020 RM'000	Reversal of impairment loss	Surplus / (Deficit) RM'000
<u>Investment Properties</u>				
Leasehold Land	4,378	4,408	-	30
Buildings	6,909	6,498	-	(411)
<u>Property, Plant & Equipment</u>				
Building	440	440	-	-
Plant and Equipment	5,157	5,650	-	493
Motor Vehicle	592	657	-	65
Total	17,476	17,653	-	177

The deficit of RM381,500 arising from the category of Investment Properties (Leasehold Land and Building) from the table above will be incorporated into the financial results of the Group for the financial year ended 31 December 2020. The remaining surplus of RM467,578 is to ascertain the carrying value of PPE of the Group for impairment purposes.

Effect on Net Assets per Share

Based on the 4th quarter financial report for the financial year ended 31 December 2020, the net assets per share of the Group will be decreased by 0.25 sen to 57.61 sen upon incorporation of the Revaluation surplus, net of deferred tax.

Description	Unaudited as at 31 December 2020 Before the Revaluation	Effect of the Revaluation	After The Revaluation
Equity Attributable to the Owners of the Company (RM'000)	52,124	(226)	51,898
No. of shares ('000)	89,051	89,051	89,051
Net Assets per share (Sen)	58.53	(0.25)	58.28

* Revaluation surplus is net of deferred tax.

A11. Subsequent Events

There were no material events subsequent to the end of the current quarter.

A12. Changes in Composition of the Group

There were no changes in the composition of the Group during the quarter ended 30 September 2021.

A13. Capital Commitments

	As at 30.09.2021 RM'000	As at 30.09.2020 RM'000
Approved but not contracted for		
- Industrial tree-planting project	1,100	1,100
- Biological assets	0	0
	<u>1,100</u>	<u>1,100</u>

A14. Changes in Contingent Liabilities and Contingent Assets

The Group's contingent liabilities of a material nature as at the date of issue of this interim report were as follows:

	As at 30.09.2021 RM'000	As at 30.09.2020 RM'000
Unsecured		
Bank guarantees obtained by the Company in order for the Company to provide a performance bond to the forestry department	5,000	5,000
Bank guarantee facility in favor of third party	29	29
	<u>5,029</u>	<u>5,029</u>

A15. Biological Assets

The Company has been granted a sustainable forest management license (SFML) for 100 years commencing 1997 over an area of 71,293 hectares in the Lingkabau Forest Reserve ("LFR") in Sabah under an agreement entered into with the State Government of Sabah. Under the agreement, the State Government of Sabah granted permission to the Company to plant, rehabilitate and harvest forests in the sustainable forest management concession area.

Out of the total 71,293 hectares according to the principal licence agreement, 46,522.67 hectares is marked for Natural Forest Management (NFM), 9,340.42 hectares for conservation and the remaining 15,429.91 hectares for Industrial Tree Plantation (ITP).

The Company had subsequently on 12 April 2018 entered into a supplemental agreement with the State Government of Sabah to convert a total area of 25,633.58 hectares for Totally Protected Area (15,438.30 hectares) and excised an area for socio-economic purposes (10,195.28 hectares). There are no significant or detrimental operational and financial impact affecting the Company. Nevertheless, the conversion may enhance the Company's long term prospect as the ITP area increased from 15,429.91 hectares to 30,399.14 hectares and hence will enable the Company to enhance its production capacity and area for planting.

To date, total area planted with various tree species under the ITP area is about 4,135.7 hectares with a total expenditure of RM22,290,207.

The Group has carried out a valuation exercise on the Biological Asset during the quarter ended 31 December 2020. The revaluation is conducted by Smiths Gore Sabah, to comply with the requirements of the Malaysian Financial Reporting Standards ("MFRS") in respect of the fair value measurement of biological assets and also to ascertain the carrying value of intangible assets of the Group for impairment purposes. This revaluation is in compliance with MFRS 141.

Only the planted trees are categorized as Biological Assets. Therefore, only the planted trees will be reflected as fair value in the financial statement. The biological asset previously stated in the financial statement at cost which comprises expenditure incurred on infrastructure cost, land clearing, new planting, enrichment planting, silvicultural treatments, upkeep and maintenance of the sustainable forest management concession area is reclassified as intangible asset.

Particulars	Smiths Gore Sabah	
	Valuation Report 31.12.2019 RM'000	Valuation Report 31.12.2020 RM'000
Biological Assets	24,520	24,820
Intangible Assets	8,674	8,563
Total	33,194	33,383

Particulars	Net Book Value As at 31.12.2020 RM'000	Valuation As at 31.12.2020 RM'000	Surplus / (Deficit) RM'000
Biological Assets	25,193	24,820	(373)
Intangible Assets	8,563	8,563	0
Total	33,756	33,383	(373)

The Directors are of the opinion that the recoverable amount of the natural standing timber in the concession area commands a valuation greater than the carrying amount of the intangible asset.

Effect on Net Assets per Share

Based on the 4th quarter financial report for the financial year ended 31 December 2020, the net assets per share of the Group will be decreased from 58.28 sen to 57.86 sen upon incorporation of the Revaluation surplus, net of deferred tax.

Description	Unaudited as at 31 December 2020 Before the Revaluation	Effect of the Revaluation	After The Revaluation (Prior to the revaluation of PPE)
Equity Attributable to the Owners of the Company (RM'000')	51,899	(373)	51,526
No. of shares ('000)	89,051	89,051	89,051
Net Assets per share (Sen)	58.28	(0.42)	57.86

* Revaluation surplus is net of deferred tax.

PART B: ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING

B1 Review of Performance

	Individual Period		Changes (Amount/%)	Cumulative Period		Changes (Amount/%)
	Current Year Quarter	Preceding Year Corresponding Quarter		Current Year To-date	Preceding Year Corresponding Period	
	30.09.2021	30.09.2020		30.09.2021	30.09.2020	
	RM'000	RM'000		RM'000	RM'000	
Revenue	9,119	7,468	22.11%	22,568	11,853	90.40%
Operating Profit	2,473	1,789	38.23%	3,334	2,332	42.97%
Profit/(Loss) Before Interest and Tax	1,894	935	102.57%	3,379	(203)	1764.53%
Profit/(Loss) Before Tax	1,894	892	112.33%	3,324	(333)	1098.20%
Profit/(Loss) After Tax	1,427	616	131.66%	2,374	(609)	489.82%
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	1,440	635	126.77%	2,426	(544)	545.96%

For the current quarter ended 30 September 2021, the Group generated a revenue of RM 9.1 million as compared to RM 7.5 million in the corresponding quarter ended 30 September 2020. The increase in revenue is due to increased production and better selling price in this quarter.

The Group recorded a profit of RM 1.4 million for the current quarter ended 30 September 2021 as compared to a profit of RM 0.6 million in the corresponding quarter ended 30 September 2020. This was due to the reason stated above.

B2 Variation of Results as Compared to the Preceding Quarter

	Current Quarter 30.09.2021 RM'000	Immediate Preceding Quarter 30.06.2021 RM'000	Changes Amount/%
Revenue	9,119	10,437	-12.63%
Operating Profit	2,473	2,748	-10.01%
Profit Before Interest and Tax	1,894	1,800	5.22%
Profit Before Tax	1,894	1,776	6.64%
Profit After Tax	1,427	1,315	8.52%
Profit Attributable to Ordinary Equity Holders of the parent	1,440	1,331	8.19%

In the current quarter ended 30 September 2021, the Group recorded a profit of RM 1.4 million as compared to a profit of RM 1.3 million in the immediate preceding quarter. Despite the decrease in revenue in the current quarter due to unexpected rainfall and lower demand from the buyers as their mills are suspended caused by the Covid-19 pandemic, however, the slight increase in profit was mainly due to better selling price in this quarter.

B3 Commentary on Prospects

The global timber market continues to be weak and is not expected to improve in the medium term especially with the uncertainty brought about by the worldwide pandemic. With China slowly opening its economy once again, we expect to satisfy the backlog orders in the short term.

B4 Statement of Revenue or Profit Estimate, Forecast, Projection or Internal Targets previously announced or disclosed in a Public Document

This note is not applicable.

B5 Variance of Actual Profit from Forecast Profit

The Group did not issue any profit forecast or profit guarantee for the current financial period to date.

B6 Taxation

	3 months ended		9 months ended	
	30.09.2021 RM'000	30.09.2020 RM'000	30.09.2021 RM'000	30.09.2020 RM'000
Taxation comprise the following :				
<i>Malaysian income tax</i>				
Current	(467)	(276)	(950)	(276)
	<u>(467)</u>	<u>(276)</u>	<u>(950)</u>	<u>(276)</u>

B7 Corporate Proposal

There are no corporate proposals announced as at the date of this report.

B8 Group Borrowings and Debt Securities

Total Group borrowings as at 30 September 2021 were as follows:

	As at 30.09.2021		
	Long Term RM'000	Short Term RM'000	Total Borrowing RM'000
Secured			
- Lease liabilities	148	90	238
Unsecured			
- Friendly loans	0	0	-
	As at 30.09.2020		
	Long Term RM'000	Short Term RM'000	Total Borrowing RM'000
Secured			
- Lease liabilities	237	113	350
Unsecured			
- Friendly loans	1,948	0	1,948

There are no outstanding foreign borrowings as at 30 September 2021.

B9 Material Litigation

There is no litigation received during the current quarter ended 30 September 2021.

B10 Dividend Proposed or Declared

No dividend has been proposed or declared for the financial quarter ended 30 September 2021.

B11 Earnings/(Loss) per Share

The basic earnings per share for the current quarter and preceding year corresponding quarter are computed as follows:

	3 months ended		9 months ended	
	30.09.2021 RM'000	30.09.2020 RM'000	30.09.2021 RM'000	30.09.2020 RM'000
Profit/(Loss) for the period	1,440	635	2,426	(544)
Weighted average number of ordinary shares of RM1.00 each in issue	89,051	89,051	89,051	89,051
Basic Earnings/(Loss) Per Share (sen)	1.62	0.71	2.72	(0.61)

B12 Derivative Financial Instruments

There is no derivative financial instruments during the current quarter ended 30 September 2021.

B13 Fair Value Changes of Financial Instruments

There is no fair value changes of financial instruments during the current quarter ended 30 September 2021.

B14 Profit/(Loss) for the period

	3 months ended		9 months ended	
	30.09.2021 RM'000	30.09.2020 RM'000	30.09.2021 RM'000	30.09.2020 RM'000
This is arrived at after (charging)/crediting:				
Amortisation and Depreciation	(224)	(253)	(729)	(758)
Foreign exchange loss	0	0	(5)	(4)
Interest expense	0	(43)	(55)	(130)
Rental income	45	25	135	109
Interest income	2	0	6	1

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