

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 2022

	← INDIVIDUAL QUARTER →		← CUMULATIVE YTD →	
	Current year	Preceding year comparative	Current year	Preceding year comparative
	3 months ended 30.09.2022 (RM'000)	3 months ended 30.09.2021 (RM'000)	9 months ended 30.09.2022 (RM'000)	9 months ended 30.09.2021 (RM'000)
Continuing Operations				
Revenue	6,623	9,119	21,472	22,568
Operating expenses	(5,423)	(7,536)	(17,532)	(19,533)
Other income	67	311	187	344
Profit from operations	<u>1,267</u>	<u>1,894</u>	<u>4,127</u>	<u>3,379</u>
Finance costs	(7)	0	(9)	(55)
Profit before tax	<u>1,260</u>	<u>1,894</u>	<u>4,118</u>	<u>3,324</u>
Income tax expense	(352)	(467)	(1,144)	(950)
Profit for the period from continuing operations	<u><u>908</u></u>	<u><u>1,427</u></u>	<u><u>2,974</u></u>	<u><u>2,374</u></u>
Profit after taxation/Total comprehensive				
Income attributable to:				
Ordinary equity holders of the parent	913	1,440	3,021	2,426
Non-controlling interest	(5)	(13)	(47)	(52)
	<u>908</u>	<u>1,427</u>	<u>2,974</u>	<u>2,374</u>
Earnings per share (Sen) attributable to ordinary equity holders of the parent:				
- Basic	<u>1.03</u>	<u>1.62</u>	<u>3.39</u>	<u>2.72</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 2021 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 2022

	As at 30.09.2022 (RM'000)	As at 31.12.2021 (RM'000)
NON-CURRENT ASSETS		
Property, plant and equipment	12,421	12,685
Biological assets	30,299	29,500
Intangible assets	8,367	8,451
Investment properties	10,636	10,636
Non-trade receivables	590	590
	<u>62,313</u>	<u>61,862</u>
CURRENT ASSETS		
Inventories	1,994	1,612
Trade and other receivables	7,289	1,699
Fixed deposits with licensed banks	411	2,010
Cash and bank balances	820	3,723
	<u>10,514</u>	<u>9,044</u>
TOTAL ASSETS	<u>72,827</u>	<u>70,906</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the company		
Share capital	98,677	98,677
Reserves	(37,546)	(40,567)
	<u>61,131</u>	<u>58,110</u>
Non-controlling interest	(359)	(312)
Total equity	<u>60,772</u>	<u>57,798</u>
NON-CURRENT LIABILITIES		
Lease liabilities	211	211
Deferred tax liabilities	7,799	7,799
	<u>8,010</u>	<u>8,010</u>
CURRENT LIABILITIES		
Trade and other payables	3,140	4,862
Lease liabilities	329	134
Tax payables	576	102
	<u>4,045</u>	<u>5,098</u>
Total liabilities	<u>12,055</u>	<u>13,108</u>
TOTAL EQUITY AND LIABILITIES	<u>72,827</u>	<u>70,906</u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.6865	0.6525

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 2021 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 2022

	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 2022						
At 1 January 2022	98,677	7,886	(48,453)	58,110	(312)	57,798
Net Profit for the year / Total comprehensive income for the period	0	0	3,021	3,021	(47)	2,974
At 30 September 2022	<u>98,677</u>	<u>7,886</u>	<u>(45,432)</u>	<u>61,131</u>	<u>(359)</u>	<u>60,772</u>
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 year	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>

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 2021 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 2022

	9 months ended	
	30.09.2022	30.09.2021
	(RM'000)	(RM'000)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation		
Continuing operations	4,118	3,324
Adjustments for:		
Non-cash items	(2,669)	(210)
Non-operating items	125	55
Operating profit before changes in working capital	<u>1,574</u>	<u>3,169</u>
Net change in current assets	(1,470)	(2,218)
Net change in current liabilities	<u>(1,053)</u>	<u>1,517</u>
Cash (used in) / generated from operations	(949)	2,468
Interest paid	(9)	(55)
Interest received	5	6
Tax paid	<u>(670)</u>	<u>(193)</u>
Net cash (used in) / generated from operating activities	<u>(1,623)</u>	<u>2,226</u>
CASH FLOWS FROM INVESTING ACTIVITY		
Acquisition of biological assets	(799)	(604)
Net cash used in investing activity	<u>(799)</u>	<u>(604)</u>
CASH FLOWS FROM FINANCING ACTIVITY		
Repayment of borrowings	(70)	(68)
Net cash used in financing activity	<u>(70)</u>	<u>(68)</u>
Net (decrease)/increase in cash and cash equivalents	(2,492)	1,554
Cash and cash equivalents at beginning of the financial period	3,723	1,765
Cash and cash equivalents at end of the financial period	<u>1,231</u>	<u>3,319</u>
Cash and Cash equivalents at the end of the financial period comprise the following:		
	As at	As at
	30.09.2022	30.09.2021
	(RM'000)	(RM'000)
Fixed deposits, cash and bank balances	<u>1,231</u>	<u>3,319</u>
	<u>1,231</u>	<u>3,319</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 2021 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 2021. 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 2021.

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 period, 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 4	Insurance Contracts
MFRS 7	Financial Instruments: Disclosures
MFRS 9	Financial Instruments
MFRS 16	Leases*
MFRS 139	Financial Instruments: Recognition and Measurement

* Early adopted the amendments to MFRS 16 Leases issued by the Malaysian Accounting Standards Board ("MASB") on 6 April 2021.

The adoption of the above amendments/improvements to MFRSs did not have any significant effect on the financial statements of the Group and of the Company and did not result in significant changes to the Group's and the Company's existing accounting policies.

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.

<u>New MFRS</u>		Effective for financial periods beginning on or after
MFRS 17	Insurance Contracts	1 January 2023
<u>Amendments/Improvements to MFRSs</u>		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2022 [^] / 1 January 2023 [#]
MFRS 3	Business Combinations	1 January 2022/ 1 January 2023 [#]
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2023 [#]
MFRS 7	Financial Instruments: Disclosures	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 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 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 112	Income Taxes	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 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 2021 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 2021.

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 2021. 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 2021 RM'000	Market Value as at 31 December 2021 RM'000	Reversal of impairment loss	Surplus / (Deficit) RM'000
<u>Investment Properties</u>				
Leasehold Land	4,408	4,554	-	146
Buildings	6,498	6,082	-	(416)
<u>Property, Plant & Equipment</u>				
Building	422	423	-	1
Plant and Equipment	4,755	5,236	-	481
Motor Vehicle	518	624	-	106
Total	16,601	16,919	-	318

The deficit of RM269,700 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 2021. The remaining surplus of RM587,661 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 2021, the net assets per share of the Group will be decreased by 0.30 sen to 64.90 sen upon incorporation of the Revaluation surplus, net of deferred tax.

Description	Unaudited as at 31 December 2021 Before the Revaluation	Effect of the Revaluation	After The Revaluation
Equity Attributable to the Owners of the Company (RM'000)	58,068	(270)	57,798
No. of shares ('000)	89,051	89,051	89,051
Net Assets per share (Sen)	65.20	(0.30)	64.90

* Revaluation loss 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 2022.

A13. Capital Commitments

	As at 30.09.2022 RM'000	As at 30.09.2021 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 30.09.2022 RM'000	As at 30.09.2021 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 RM29,934,343.

The Group has carried out a valuation exercise on the Biological Asset during the quarter ended 31 December 2021. 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 31.12.2020 RM'000	Valuation Report 31.12.2021 RM'000
Biological Assets	24,820	29,500
Intangible Assets	8,563	8,451
Total	33,383	37,951

Particulars	Net Book Value As at 31.12.2021 RM'000	Valuation As at 31.12.2021 RM'000	Surplus / (Deficit) RM'000
Biological Assets	25,484	29,500	4,016
Intangible Assets	8,451	8,451	0
Total	33,935	37,951	4,016

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 2021, the net assets per share of the Group will be increased by 4.51 sen to 65.20 sen upon incorporation of the Revaluation surplus, net of deferred tax.

Description	Unaudited as at 31 December 2021 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)	54,052	4,016	58,068
No. of shares ('000)	89,051	89,051	89,051
Net Assets per share (Sen)	60.69	4.51	65.20

* 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	
	30.09.2022	30.09.2021		30.09.2022	30.09.2021	
	RM'000	RM'000		RM'000	RM'000	
Revenue	6,623	9,119	-27.37%	21,472	22,568	-4.86%
Operating Profit	2,269	2,473	-8.25%	6,810	3,334	104.26%
Profit Before Interest and Tax	1,267	1,894	-33.10%	4,127	3,379	22.14%
Profit Before Tax	1,260	1,894	-33.47%	4,118	3,324	23.89%
Profit After Tax	908	1,427	-36.37%	2,974	2,374	25.27%
Profit Attributable to Ordinary Equity Holders of the Parent	913	1,440	-36.60%	3,021	2,426	24.53%

For the current quarter ended 30 September 2022, the Group generated a revenue of RM 6.6 million as compared to RM 9.1 million in the corresponding quarter ended 30 September 2021. The decrease in revenue in the current quarter is mainly due to lower production caused by the unpredictable rainfall.

The Group recorded a profit of RM 0.9 million for the current quarter ended 30 September 2022 as compared to a profit of RM 1.4 million in the corresponding quarter ended 30 September 2021. This is due to the reason stated above.

B2 Variation of Results as Compared to the Preceding Quarter

	Current Quarter 30.09.2022 RM'000	Immediate Preceding Quarter 30.06.2022 RM'000	Changes Amount/%
Revenue	6,623	10,453	-36.64%
Operating Profit	2,269	3,552	-36.12%
Profit Before Interest and Tax	1,267	2,685	-52.81%
Profit Before Tax	1,260	2,684	-53.06%
Profit After Tax	908	1,991	-54.39%
Profit Attributable to Ordinary Equity Holders of the parent	913	2,005	-54.46%

In the current quarter ended 30 September 2022, the Group recorded a profit of RM 0.9 million as compared to a profit of RM 2.0 million in the immediate preceding quarter. The decrease in profit was mainly due to the reason stated above and lower market price brought about by the slow down in the timber industries.

B3 Commentary on Prospects

The global timber market is expected to remain challenging. The Company expect to generate lower revenue in the coming quarter.

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	
30.09.2022	30.09.2021	30.09.2022	30.09.2021
RM'000	RM'000	RM'000	RM'000

Taxation comprise the following :
Malaysian income tax

Current	(352)	(467)	(1,144)	(950)
	<u>(352)</u>	<u>(467)</u>	<u>(1,144)</u>	<u>(950)</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 2022 were as follows:

	As at 30.09.2022		
	Long Term RM'000	Short Term RM'000	Total Borrowing RM'000
Secured			
- Lease liabilities	211	329	540
Unsecured			
- Friendly loans	0	0	0
	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	0

There are no outstanding foreign borrowings as at 30 September 2022.

B9 Material Litigation

There is no litigation received during the current quarter ended 30 September 2022.

B10 Dividend Proposed or Declared

On 25 August 2022, the Board of Directors of Timberwell Bhd proposed the payment of first interim tax-exempt dividend of 2 sen per ordinary share in respect of the financial year ended 31 December 2022 amounting to RM1,781,014. The payment will be on 11 October 2022.

B11 Earnings 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	
	30.09.2022 RM'000	30.09.2021 RM'000	30.09.2022 RM'000	30.09.2021 RM'000
Profit for the period	913	1,440	3,021	2,426
Weighted average number of ordinary shares of RM1.00 each in issue	89,051	89,051	89,051	89,051
Basic Earnings Per Share (sen)	1.03	1.62	3.39	2.72

B12 Derivative Financial Instruments

There is no derivative financial instruments during the current quarter ended 30 September 2022.

B13 Fair Value Changes of Financial Instruments

There is no fair value changes of financial instruments during the current quarter ended 30 September 2022.

B14 Profit for the Period

	3 months ended		9 months ended	
	30.09.2022 RM'000	30.09.2021 RM'000	30.09.2022 RM'000	30.09.2021 RM'000
This is arrived at after (charging)/crediting:				
Amortisation and depreciation	(273)	(224)	(778)	(729)
Foreign exchange gain/(loss)	39	0	38	(5)
Interest expense	(7)	0	(9)	(55)
Rental income	79	45	169	135
Interest income	0	2	5	6

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