

TIMBERWELL BERHAD
REGISTRATION NO. 199601014835 (387185-W)
CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR 12 MONTHS PERIOD ENDED 31 DECEMBER 2022

	← INDIVIDUAL QUARTER →		← CUMULATIVE YTD →	
	Current year	Preceding year comparative	Current year	Preceding year comparative
	3 months ended 31.12.2022 (RM'000)	3 months ended 31.12.2021 (RM'000)	12 months ended 31.12.2022 (RM'000)	12 months ended 31.12.2021 (RM'000)
Continuing Operations				
Revenue	5,661	8,467	26,964	30,901
Operating expenses	(6,629)	(7,810)	(24,163)	(27,314)
Other income	8,093	4,226	8,450	4,704
Profit from operations	<u>7,125</u>	<u>4,883</u>	<u>11,251</u>	<u>8,291</u>
Finance costs	(18)	(30)	(27)	(78)
Profit before tax	<u>7,107</u>	<u>4,853</u>	<u>11,224</u>	<u>8,213</u>
Income tax expense	149	(1,274)	(995)	(2,224)
Profit for the period from continuing operations	<u><u>7,256</u></u>	<u><u>3,579</u></u>	<u><u>10,229</u></u>	<u><u>5,989</u></u>
Profit after taxation/Total comprehensive				
Income attributable to:				
Ordinary equity holders of the parent	4,138	3,750	7,159	6,212
Non-controlling interest	3,118	(171)	3,070	(223)
	<u>7,256</u>	<u>3,579</u>	<u>10,229</u>	<u>5,989</u>
Earnings per share (Sen) attributable to ordinary equity holders of the parent:				
- Basic	4.65	4.21	8.04	6.98
- 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 31 DECEMBER 2022

	As at 31.12.2022 (RM'000)	As at 31.12.2021 (RM'000)
NON-CURRENT ASSETS		
Property, plant and equipment	12,258	12,685
Biological assets	29,650	29,500
Intangible assets	8,339	8,451
Investment properties	18,402	10,636
Non-trade receivables	583	590
	<u>69,232</u>	<u>61,862</u>
CURRENT ASSETS		
Inventories	2,669	1,612
Trade and other receivables	5,942	1,699
Fixed deposits with licensed banks	1,541	2,010
Cash and bank balances	1,698	3,723
Current tax assets	78	0
	<u>11,928</u>	<u>9,044</u>
TOTAL ASSETS	<u>81,160</u>	<u>70,906</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the company		
Share capital	98,677	98,677
Reserves	(35,189)	(40,567)
	<u>63,488</u>	<u>58,110</u>
Non-controlling interest	2,758	(312)
Total equity	<u>66,246</u>	<u>57,798</u>
NON-CURRENT LIABILITIES		
Lease liabilities	336	211
Deferred tax liabilities	7,881	7,799
	<u>8,217</u>	<u>8,010</u>
CURRENT LIABILITIES		
Trade and other payables	6,519	4,862
Lease liabilities	178	134
Tax payables	0	102
	<u>6,697</u>	<u>5,098</u>
Total liabilities	<u>14,914</u>	<u>13,108</u>
TOTAL EQUITY AND LIABILITIES	<u>81,160</u>	<u>70,906</u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.7129	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 12 MONTHS PERIOD ENDED 31 DECEMBER 2022

	Attributable to ordinary equity holders of the parent			Attributable to ordinary equity holders of the parent (RM'000)	Non-controlling interest (RM'000)	Total equity (RM'000)
	Share capital (RM'000)	Non-Distributable Revaluation reserve (RM'000)	(Accumulated losses) (RM'000)			
<u>For The Period Ended 31 DECEMBER 2022</u>						
At 1 January 2022	98,677	7,886	(48,453)	58,110	(312)	57,798
Dividend	0	0	(1,781)	(1,781)	0	(1,781)
Net profit for the year / Total comprehensive income for the year	0	0	7,159	7,159	3,070	10,229
At 31 December 2022	<u>98,677</u>	<u>7,886</u>	<u>(43,075)</u>	<u>63,488</u>	<u>2,758</u>	<u>66,246</u>
<u>For The Period Ended 31 DECEMBER 2021</u>						
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	6,212	6,212	(223)	5,989
At 31 December 2021	<u>98,677</u>	<u>7,886</u>	<u>(48,453)</u>	<u>58,110</u>	<u>(312)</u>	<u>57,798</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 12 MONTHS PERIOD ENDED 31 DECEMBER 2022

	12 months ended	
	31.12.2022	31.12.2021
	(RM'000)	(RM'000)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation		
Continuing operations	11,224	8,213
Adjustments for:		
Non-cash items	(5,792)	(2,836)
Non-operating items	(68)	(45)
Operating profit before changes in working capital	<u>5,364</u>	<u>5,332</u>
Net change in current assets	(5,388)	866
Net change in current liabilities	<u>1,657</u>	<u>(505)</u>
Cash generated from operations	1,633	5,693
Interest paid	(27)	(78)
Interest received	92	123
Tax paid	(1,093)	(989)
Net cash generated from operating activities	<u><u>605</u></u>	<u><u>4,749</u></u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(314)	(2)
Acquisition of biological assets	(870)	(664)
Withdrawal /(Placement) of short-term fund	501	(2,001)
Net cash used in investing activities	<u><u>(683)</u></u>	<u><u>(2,667)</u></u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(1,781)	0
Payment of lease liabilities	(166)	(124)
Net cash used in financing activities	<u><u>(1,947)</u></u>	<u><u>(124)</u></u>
Net (decrease)/increase in cash and cash equivalents	(2,025)	1,958
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><u>1,698</u></u>	<u><u>3,723</u></u>
Cash and Cash equivalents at the end of the financial period comprise the following:		
	As at	As at
	31.12.2022	31.12.2021
	(RM'000)	(RM'000)
Total cash and bank balances	<u>1,698</u>	<u>3,723</u>
	<u><u>1,698</u></u>	<u><u>3,723</u></u>

The Condensed Unaudited Consolidated Statement of cash flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 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 1	First-time Adoption of Malaysian Financial Reporting Standards
MFRS 3	Business Combinations
MFRS 9	Financial Instruments
MFRS 116	Property, Plant and Equipment
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets

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 2023 [#]
MFRS 3	Business Combinations	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 2023 [#]
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 15	Revenue from Contracts with Customers	1 January 2023 [#]
MFRS 16	Leases	1 January 2024
MFRS 17	Insurance Contracts	1 January 2023
MFRS 101	Presentation of Financial Statements	1 January 2023/ 1 January 2023 [#] / 1 January 2024
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 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 2023 [#]
MFRS 138	Intangible Assets	1 January 2023 [#]
MFRS 140	Investment Property	1 January 2023 [#]

[#] 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

Dividends paid since the last financial year ended 31 December 2021 are as follow::

<u>In respect of the financial year 31 December 2022</u>	RM'000
An interim dividend of 2.00 sen per ordinary shares, approved by the BOD at the BOD meeting held on 25 August 2022, and paid on 11 October 2022.	<u>1,781</u>

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 2022. 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 2022 RM'000	Market Value as at 31 December 2022 RM'000	Reversal of impairment loss	Surplus / (Deficit) RM'000
<u>Investment Properties</u>				
Leasehold Land	4,554	12,600	-	8,046
Buildings	6,082	5,802	-	(280)
<u>Property, Plant & Equipment</u>				
Building	376	407	-	31
Plant and Equipment	4,908	5,767	-	859
Motor Vehicles	483	807	-	324
Total	16,403	25,383	-	8,980

The surplus of RM7,765,900 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 2022. The remaining surplus of RM1,213,759 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 2022, the net assets per share of the Group will be increased by 8.72 sen to 74.39 sen upon incorporation of the Revaluation surplus, net of deferred tax.

Description	Unaudited as at 31 December 2022 Before the Revaluation	Effect of the Revaluation	After The Revaluation
Total Equity (RM'000)	58,480	7,766	66,246
No. of shares ('000)	89,051	89,051	89,051
Net Assets per share (Sen)	65.67	8.72	74.39

* 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 31 December 2022.

A13. Capital Commitments

	As at 31.12.2022 RM'000	As at 31.12.2021 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 31.12.2022 RM'000	As at 31.12.2021 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 3,104.5 hectares with a total expenditure of RM29,650,000.

The Group has carried out a valuation exercise on the Biological Asset during the quarter ended 31 December 2022. 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 31.12.2021 RM'000	Valuation Report 31.12.2022 RM'000
Biological Assets	29,500	29,650
Intangible Assets	8,451	8,339
Total	37,951	37,989

Particulars	Net Book Value As at 31.12.2022 RM'000	Valuation As at 31.12.2022 RM'000	Surplus / (Deficit) RM'000
Biological Assets	30,370	29,650	(720)
Intangible Assets	8,339	8,339	0
Total	38,709	37,989	(720)

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 2022, the net assets per share of the Group will be decreased by 0.81 sen to 65.67 sen upon incorporation of the Revaluation deficit, net of deferred tax.

Description	Unaudited as at 31 December 2022 Before the Revaluation	Effect of the Revaluation	After The Revaluation (Prior to the revaluation of PPE)
Total Equity (RM'000)	59,200	(720)	58,480
No. of shares ('000)	89,051	89,051	89,051
Net Assets per share (Sen)	66.48	(0.81)	65.67

* Revaluation deficit 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	
	31.12.2022	31.12.2021		31.12.2022	31.12.2021	
	RM'000	RM'000		RM'000	RM'000	
Revenue	5,661	8,467	-33.14%	26,964	30,901	-12.74%
Operating Profit	851	2,203	-61.37%	7,661	7,876	-2.73%
Profit Before Interest and Tax	7,125	4,883	45.91%	11,251	8,291	35.70%
Profit Before Tax	7,107	4,853	46.45%	11,224	8,213	36.66%
Profit After Tax	7,256	3,579	102.74%	10,229	5,989	70.80%
Profit Attributable to Ordinary Equity Holders of the Parent	4,138	3,750	10.35%	7,159	6,212	15.24%

For the current quarter ended 31 December 2022, the Group generated a revenue of RM 5.7 million as compared to RM 8.5 million in the corresponding quarter ended 31 December 2021. The decrease in revenue in the current quarter is mainly due to lower production caused by the unfavorable weather.

The Group recorded a profit of RM 4.1 million for the current quarter ended 31 December 2022 as compared to a profit of RM 3.8 million in the corresponding quarter ended 31 December 2021. This increase in profit is mainly due to the fair value gain from the revaluation of Investment Properties reflected into the accounts.

B2 Variation of Results as Compared to the Preceding Quarter

	Current Quarter 31.12.2022 RM'000	Immediate Preceding Quarter 30.09.2022 RM'000	Changes Amount/%
Revenue	5,661	6,623	-14.53%
Operating Profit	851	2,269	-62.49%
Profit Before Interest and Tax	7,125	1,267	462.35%
Profit Before Tax	7,107	1,260	464.05%
Profit After Tax	7,256	908	699.12%
Profit Attributable to Ordinary Equity Holders of the parent	4,138	913	353.23%

In the current quarter ended 31 December 2022, the Group recorded a profit of RM 4.1 million as compared to a profit of RM 0.9 million in the immediate preceding quarter. The increase in profit was mainly due to the fair value gain from the revaluation of Investment Properties reflected into the accounts.

B3 Commentary on Prospects

The global timber market is expected to remain challenging. The Company expects 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		12 months ended	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000

Taxation comprise the following :
Malaysian income tax

Current	149	(1,274)	(995)	(2,224)
	149	(1,274)	(995)	(2,224)

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 31 December 2022 were as follows:

	As at 31.12.2022		
	Long Term RM'000	Short Term RM'000	Total Borrowing RM'000
Secured			
- Lease liabilities	336	178	514
Unsecured			
- Friendly loans	0	0	0
	As at 31.12.2021		
	Long Term RM'000	Short Term RM'000	Total Borrowing RM'000
Secured			
- Lease liabilities	211	134	345
Unsecured			
- Friendly loans	0	0	0

There are no outstanding foreign borrowings as at 31 December 2022.

B9 Material Litigation

There is no litigation received during the current quarter ended 31 December 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 has been made 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		12 months ended	
	31.12.2022 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	31.12.2021 RM'000
Profit for the period	4,138	3,750	7,159	6,212
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)	4.65	4.21	8.04	6.98

B12 Derivative Financial Instruments

There is no derivative financial instruments during the current quarter ended 31 December 2022.

B13 Fair Value Changes of Financial Instruments

There is no fair value changes of financial instruments during the current quarter ended 31 December 2022.

B14 Profit for the Period

	3 months ended		12 months ended	
	31.12.2022 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	31.12.2021 RM'000
This is arrived at after (charging)/crediting:				
Amortisation and depreciation	(407)	(346)	(1,185)	(1,076)
Foreign exchange gain/(loss)	126	(3)	164	(8)
Interest expense	(18)	(30)	(27)	(78)
Fair value (loss) / gain on Biological Assets	(720)	4,016	(720)	4,016
Rental income	83	45	252	180
Fair value gain / (loss) on Investment Properties	7,766	(270)	7,766	(270)
Interest income	90	117	95	123

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