

TIMBERWELL BERHAD
REGISTRATION NO. 199601014835 (387185-W)
CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR 3 MONTHS PERIOD ENDED 31 MARCH 2024

	← INDIVIDUAL QUARTER →		← CUMULATIVE YTD →	
	Current year	Preceding year comparative	Current year	Preceding year comparative
	3 months ended 31.03.2024 (RM'000)	3 months ended 31.03.2023 (RM'000)	3 months ended 31.03.2024 (RM'000)	3 months ended 31.03.2023 (RM'000)
Continuing Operations				
Revenue	3,133	2,831	3,133	2,831
Operating expenses	(3,881)	(3,381)	(3,881)	(3,381)
Other income	99	95	99	95
Loss from operations	<u>(649)</u>	<u>(455)</u>	<u>(649)</u>	<u>(455)</u>
Finance costs	(5)	(7)	(5)	(7)
Loss before tax	<u>(654)</u>	<u>(462)</u>	<u>(654)</u>	<u>(462)</u>
Income tax expense	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Loss for the period from continuing operations	<u><u>(654)</u></u>	<u><u>(462)</u></u>	<u><u>(654)</u></u>	<u><u>(462)</u></u>
Loss after taxation/Total comprehensive loss attributable to:				
Ordinary equity holders of the parent	(624)	(439)	(624)	(439)
Non-controlling interest	<u>(30)</u>	<u>(23)</u>	<u>(30)</u>	<u>(23)</u>
	<u><u>(654)</u></u>	<u><u>(462)</u></u>	<u><u>(654)</u></u>	<u><u>(462)</u></u>
Loss per share (Sen) attributable to ordinary equity holders of the parent:				
- Basic	<u>(0.70)</u>	<u>(0.49)</u>	<u>(0.70)</u>	<u>(0.49)</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 2023 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 MARCH 2024

	As at 31.03.2024 (RM'000)	As at 31.12.2023 (RM'000)
NON-CURRENT ASSETS		
Property, plant and equipment	11,371	11,667
Biological assets	28,706	28,527
Intangible assets	8,200	8,227
Investment properties	18,137	18,137
Other receivables	606	606
	<u>67,020</u>	<u>67,164</u>
CURRENT ASSETS		
Inventories	2,745	1,282
Trade and other receivables	6,606	6,385
Other investment	58	58
Cash and short-term deposits	842	1,372
Current tax assets	408	469
	<u>10,659</u>	<u>9,566</u>
TOTAL ASSETS	<u>77,679</u>	<u>76,730</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	98,677	98,677
Reserves	(37,778)	(37,154)
	<u>60,899</u>	<u>61,523</u>
Non-controlling interests	2,669	2,699
Total equity	<u>63,568</u>	<u>64,222</u>
NON-CURRENT LIABILITIES		
Borrowings	175	175
Deferred tax liabilities	7,427	7,428
	<u>7,602</u>	<u>7,603</u>
CURRENT LIABILITIES		
Trade and other payables	6,379	4,757
Borrowings	130	148
	<u>6,509</u>	<u>4,905</u>
TOTAL LIABILITIES	<u>14,111</u>	<u>12,508</u>
TOTAL EQUITY AND LIABILITIES	<u>77,679</u>	<u>76,730</u>
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.6839	0.6909

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 2023 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 3 MONTHS PERIOD ENDED 31 MARCH 2024

	Attributable to ordinary equity holders of the parent			Subtotal (RM'000)	Non-controlling interest (RM'000)	Total equity (RM'000)
	Share capital (RM'000)	Revaluation reserve (RM'000)	Accumulated losses (RM'000)			
<u>For The Period</u> <u>Ended 31 MARCH 2024</u>						
At 1 January 2024	98,677	8,140	(45,294)	61,523	2,699	64,222
Net loss for the year / Total comprehensive loss for the period	0	0	(624)	(624)	(30)	(654)
At 31 March 2024	<u>98,677</u>	<u>8,140</u>	<u>(45,918)</u>	<u>60,899</u>	<u>2,669</u>	<u>63,568</u>
<u>For The Period</u> <u>Ended 31 MARCH 2023</u>						
At 1 January 2023	98,677	7,886	(43,075)	63,488	2,758	66,246
Net loss for the year / Total comprehensive income for the year	0	0	(439)	(439)	(23)	(462)
At 31 March 2023	<u>98,677</u>	<u>7,886</u>	<u>(43,514)</u>	<u>63,049</u>	<u>2,735</u>	<u>65,784</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 2023 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 3 MONTHS PERIOD ENDED 31 MARCH 2024

	3 months ended	
	31.03.2024	31.03.2023
	(RM'000)	(RM'000)
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before taxation		
Continuing operations	(654)	(462)
Adjustments for:		
Non-cash items	332	772
Non-operating items	(486)	204
Operating (loss)/profit before changes in working capital	<u>(808)</u>	<u>514</u>
Net change in current assets	(1,093)	2,984
Net change in current liabilities	1,604	(2,594)
Net cash (used in)/generated from operations	<u>(297)</u>	<u>904</u>
Interest paid	(5)	(7)
Interest received	0	0
Income tax paid	(17)	(136)
Net cash (used in)/generated from operating activities	<u>(319)</u>	<u>761</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(9)	0
Addition of biological assets	(179)	(199)
Net cash used in investing activities	<u>(188)</u>	<u>(199)</u>
CASH FLOWS FROM FINANCING ACTIVITY		
Payment of lease liabilities	(23)	(38)
Net cash used in financing activity	<u>(23)</u>	<u>(38)</u>
Net (decrease)/increase in cash and cash equivalents	(530)	524
Cash and cash equivalents at beginning of the financial period	1,372	1,698
Cash and cash equivalents at end of the financial period	<u>842</u>	<u>2,222</u>
Cash and Cash equivalents at the end of the financial period comprise the following:		
	As at	As at
	31.03.2024	31.03.2023
	(RM'000)	(RM'000)
Total cash and bank balances	<u>842</u>	<u>2,222</u>
	<u>842</u>	<u>2,222</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 2023 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 2023. 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 2023.

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 the 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 to MFRSs.

Adoption of new MFRS and amendments to MFRSs

The Group and the Company have adopted the following applicable new MFRS and amendments to MFRSs for the current financial year.

New MFRS

MFRS 17 Insurance Contracts

Amendments to MFRSs

MFRS 101 Presentation of Financial Statements
MFRS 108 Accounting policies, Changes in Accounting Estimates and Errors
MFRS 112 Income Taxes

The adoption of the above new MFRS and amendments 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.

Amendments to MFRSs

		Effective for financial periods beginning on or after
MFRS 7	Financial Instruments: Disclosures	1 January 2024
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 16	Leases	1 January 2024
MFRS 101	Presentation of Financial Statements	1 January 2024
MFRS 107	Statements of Cash Flows	1 January 2024
MFRS 121	The Effects of Changes in Foreign Exchange Rate	1 January 2025
MFRS 128	Investments in Associates and Joint Ventures	Deferred

A3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 31 December 2023 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 2023.

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 2023. 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.

Revaluation Surplus

Types of PPE	Net Book Value as at 31 December 2023 RM'000	Market Value as at 31 December 2023 RM'000	Reversal of impairment loss	Surplus / (Deficit) RM'000
<u>Investment Properties</u>				
Leasehold Land	12,600	13,400	-	800
Buildings	5,802	4,737	-	(1,065)
<u>Property, Plant & Equipment</u>				
Building	404	412	-	8
Plant, Machinery & Equipmen	4,180	4,338	-	158
Motor Vehicles	322	607	-	285
Total	23,308	23,494	-	186

The surplus of RM186,205 arising from both categories of Investment Properties (Leasehold Land and Building) and property, plant and equipment from the table above will be incorporated into the financial results of the Group for the financial year ended 31 December 2023.

Effect on Net Assets per Share

Based on the 4th quarter financial report for the financial year ended 31 December 2023, the net assets per share of the Group will be increased by 0.09 sen to 72.12 sen upon incorporation of the Revaluation surplus, net of deferred tax.

Description	Unaudited as at 31 December 2023 Before the Revaluation	Effect of the Revaluation	After The Revaluation
Total Equity (RM'000)	64,144	78	64,222
No. of shares ('000)	89,051	89,051	89,051
Net Assets per share (Sen)	72.03	0.09	72.12

* 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 2023.

A13. Capital Commitments

	As at 31.03.2024 RM'000	As at 31.03.2023 RM'000
Approved but not contracted for		
- Industrial tree-planting project	1,100	1,100
- Biological assets	<u>0</u>	<u>0</u>
	<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 31.03.2024 RM'000	As at 31.03.2023 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	<u>29</u>	<u>29</u>
	<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 RM28,527,000.

The Group has carried out a valuation exercise on the Biological Asset during the quarter ended 31 December 2023. 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.

A15. Biological Assets (continued)

Particulars	Smiths Gore Sabah	
	Valuation Report 31.12.2022 RM'000	Valuation Report 31.12.2023 RM'000
Biological Assets	29,650	28,527
Intangible Assets	8,339	8,228
Total	37,989	36,755

Particulars	Net Book Value As at 31.12.2023 RM'000	Valuation As at 31.12.2023 RM'000	Surplus / (Deficit) RM'000
Biological Assets	30,917	28,527	(2,390)
Intangible Assets	8,228	8,228	0
Total	39,145	36,755	(2,390)

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 2023, the net assets per share of the Group will be decreased by 2.68 sen to 72.03 sen upon incorporation of the Revaluation deficit, net of deferred tax.

Description	Unaudited as at 31 December 2023 Before the Revaluation	Effect of the Revaluation	After The Revaluation (Prior to the revaluation of PPE)
Total Equity (RM'000)	66,534	(2,390)	64,144
No. of shares ('000)	89,051	89,051	89,051
Net Assets per share (Sen)	74.71	(2.68)	72.03

* 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	
	31.03.2024	31.03.2023		31.03.2024	31.03.2023	
	RM'000	RM'000		RM'000	RM'000	
Revenue	3,133	2,831	10.67%	3,133	2,831	10.67%
Operating Profit	459	439	4.56%	459	439	4.56%
Loss Before Interest and Tax	(649)	(455)	42.64%	(649)	(455)	42.64%
Loss Before Tax	(654)	(462)	41.56%	(654)	(462)	41.56%
Loss After Tax	(654)	(462)	41.56%	(654)	(462)	41.56%
Loss Attributable to Ordinary Equity Holders of the Parent	(624)	(439)	42.14%	(624)	(439)	42.14%

For the current quarter ended 31 March 2024, the Group generated a revenue of RM 3.13 million as compared to RM 2.83 million in the corresponding quarter ended 31 March 2023. The slight increase in revenue was mainly due to better production and more volume sold in the current quarter.

The Group recorded a loss of RM 0.62 million for the current quarter ended 31 March 2024 as compared to a loss of RM 0.44 million in the corresponding quarter ended 31 March 2023. This was mainly due to the higher admin cost and inflation.

B2 Variation of Results as Compared to the Preceding Quarter

	Current Quarter 31.03.2024 RM'000	Immediate Preceding Quarter 31.12.2023 RM'000	Changes Amount/%
Revenue	3,133	6,042	-48.15%
Operating Profit	459	1,173	-60.87%
Loss Before Interest and Tax	(649)	(2,217)	-70.73%
Loss Before Tax	(654)	(2,229)	-70.66%
Loss After Tax	(654)	(1,681)	-61.09%
Loss Attributable to Ordinary Equity Holders of the parent	(624)	(1,573)	-60.33%

In the current quarter ended 31 March 2024, the Group recorded a loss of RM 0.62 million as compared to a loss of RM 1.57 million in the immediate preceding quarter. This was mainly due to the recognition of fair value loss on valuation of Biological Assets in the previous quarter.

B3 Commentary on Prospects

The global timber market is expected to remain challenging. The Company has adopted necessary strategy and approaches to deal with the volatile market situation.

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		3 months ended	
	31.03.2024	31.03.2023	31.03.2024	31.03.2023
	RM'000	RM'000	RM'000	RM'000

Taxation comprise the following :***Malaysian income tax***

Current

-	-	-	-
-	-	-	-

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 March 2024 were as follows:

	As at 31.03.2024		
	Long Term RM'000	Short Term RM'000	Total Borrowing RM'000
Secured			
- Lease liabilities	175	130	305
	As at 31.03.2023		
	Long Term RM'000	Short Term RM'000	Total Borrowing RM'000
Secured			
- Lease liabilities	336	146	482

There are no outstanding foreign borrowings as at 31 March 2024.

B9 Material Litigation

There is no litigation received during the current quarter ended 31 March 2024.

B10 Dividend Proposed or Declared

No dividend has been proposed or declared for the financial quarter ended 31 March 2024.

B11 Earnings per Share

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

	3 months ended		3 months ended	
	31.03.2024	31.03.2023	31.03.2024	31.03.2023
	RM'000	RM'000	RM'000	RM'000
Loss for the period	(624)	(439)	(624)	(439)
Weighted average number of ordinary shares of RM1.00 each in issue	89,051	89,051	89,051	89,051
Basic Loss Per Share (sen)	(0.70)	(0.49)	(0.70)	(0.49)

B12 Derivative Financial Instruments

There is no derivative financial instruments during the current quarter ended 31 March 2024.

B13 Fair Value Changes of Financial Instruments

There is no fair value changes of financial instruments during the current quarter ended 31 March 2024.

B14 Profit for the Period

	3 months ended		3 months ended	
	31.03.2024	31.03.2023	31.03.2024	31.03.2023
	RM'000	RM'000	RM'000	RM'000

This is arrived at after (charging)/crediting:

Amortisation and depreciation	(332)	(296)	(332)	(296)
Foreign exchange gain	8	-	8	-
Interest expense	(5)	(7)	(5)	(7)
Rental income	91	88	91	88

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