



**JAWALA INC.**

(Incorporated in Labuan on 8 August 2017)

(Company Registration No. LL13922)

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**UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE  
FINANCIAL YEAR ENDED 31 JULY 2020**

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This announcement has been prepared by Jawala Inc. (the "**Company**") and its contents have been reviewed by UOB Kay Hian Private Limited (the "**Sponsor**") for compliance with the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalyst.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

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**Background**

The Company was incorporated in Labuan on 8 August 2017 in Labuan, Malaysia under the Labuan Companies Act as a company limited by shares under the name "Jawala Inc."

The Company is a forest resource company based in Malaysia with a focus on industrial tree plantations situated in Sabah. The Company's main business is the management of forestry resources, and the planting and extraction of timber. The Company with its subsidiary corporation (the "**Group**") focus on the cultivation of industrial tree plantations through the implementation of sustainable forest management practices.

**PART 1 - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS**

**1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

**For the financial year ended 31 July 2020 ("FY2020") and financial year ended 31 July 2019 ("FY2019")**

	<b>Group</b> FY2020 (Unaudited) RM'000	<b>Group</b> FY2019 (Audited) RM'000	Increase/ (Decrease) %
<b>Revenue</b>	20,712	39,812	(48)
Cost of sales	(9,328)	(15,152)	(38)
<b>Gross profit</b>	11,384	24,660	(54)
Other income	1,203	858	40
<b>Expenses</b>			
- Distribution	(896)	(863)	4
- Administrative	(6,400)	(7,782)	(18)
- Finance	(105)	(27)	289
<b>Profit before tax</b>	5,186	16,846	(69)
Income tax expense	(1,706)	(3,705)	(54)
<b>Total comprehensive income, representing net profit</b>	3,480	13,141	(74)
<b>Total comprehensive income and net profit attributable to:</b>			
Equity holders of the Company	2,203	8,876	(75)
Non-controlling interests	1,277	4,265	(70)
	3,480	13,141	(74)

**1(a)(ii) Notes to statement of comprehensive income.**

	<b>Group</b> FY2020 (Unaudited) RM'000	<b>Group</b> FY2019 (Audited) RM'000	Increase/ (Decrease) %
Finance expenses:			
- finance lease liabilities	20	27	(26)
- lease liabilities	85	-	NM
Amortisation of intangible assets	5	5	-
Amortisation of right-of-use assets	86	-	NM
Depreciation of property, plant and equipment	394	330	19
Employee compensation	3,082	4,555	(32)
Interest income	(980)	(858)	14
Income tax expense:			
- current income tax	1,045	2,986	(65)
- deferred income tax	661	719	(8)

Note:

NM – Not meaningful

**1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.**

	<b>Group</b> As at 31 Jul 2020 (Unaudited) RM'000	<b>Group</b> As at 31 Jul 2019 (Audited) RM'000	<b>Company</b> As at 31 Jul 2020 (Unaudited) RM'000	<b>Company</b> As at 31 Jul 2019 (Audited) RM'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	30,711	32,101	8,185	9,965
Trade and other receivables	3,617	4,822	5,295	4,993
Inventories	66	1,163	-	-
<b>Total current assets</b>	<b>34,394</b>	<b>38,086</b>	<b>13,480</b>	<b>14,958</b>
<b>Non-current assets</b>				
Other receivables	878	693	-	-
Investment in subsidiary	-	-	2,350	2,350
Property, plant and equipment	2,402	2,336	-	-
Right-of-use assets	913	-	-	-
Biological assets	5,619	2,663	-	-
Intangible assets	475	480	-	-
<b>Total non-current assets</b>	<b>10,287</b>	<b>6,172</b>	<b>2,350</b>	<b>2,350</b>
<b>Total assets</b>	<b>44,681</b>	<b>44,258</b>	<b>15,830</b>	<b>17,308</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	1,188	3,757	581	555
Finance lease liabilities	72	75	-	-
Lease liabilities	73	-	-	-
Current income tax liabilities	-	241	-	-
<b>Total current liabilities</b>	<b>1,333</b>	<b>4,073</b>	<b>581</b>	<b>555</b>
<b>Non-current liabilities</b>				
Finance lease liabilities	353	412	-	-
Lease liabilities	859	-	-	-
Deferred income tax liabilities	1,463	802	-	-
<b>Total non-current liabilities</b>	<b>2,675</b>	<b>1,214</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>	<b>4,008</b>	<b>5,287</b>	<b>581</b>	<b>555</b>
<b>Net assets</b>	<b>40,673</b>	<b>38,971</b>	<b>15,249</b>	<b>16,753</b>
<b>EQUITY</b>				
<b>Capital and reserves attributable to equity holders of the Company</b>				
Share capital	15,207	15,207	15,207	15,207
Retained profits	17,128	16,394	42	1,546
	32,335	31,601	15,249	16,753
<b>Non-controlling interests</b>	<b>8,338</b>	<b>7,370</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>	<b>40,673</b>	<b>38,971</b>	<b>15,249</b>	<b>16,753</b>

**1(b)(ii) Aggregate amount of group's borrowings and debt securities****Amount repayable by the Group in one year or less, or on demand**

As at 31 July 2020 (RM'000)		As at 31 July 2019 (RM'000)	
Secured	Unsecured	Secured	Unsecured
72	-	75	-

**Amount repayable by the Group after one year**

As at 31 July 2020 (RM'000)		As at 31 July 2019 (RM'000)	
Secured	Unsecured	Secured	Unsecured
353	-	412	-

**Details of collateral**

The Group's borrowings consist of obligations under finance leases only.

The obligations under finance leases are secured and guaranteed by a charge over the respective leased motor vehicles.

**1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	<b>Group FY2020 (Unaudited) RM'000</b>	<b>Group FY2019 (Audited) RM'000</b>
<b>Cash flows from operating activities</b>		
Net profit	3,480	13,141
Adjustments for:		
- Depreciation of property, plant and equipment	394	330
- Amortisation of intangible assets	5	5
- Amortisation of right-of-use assets	86	-
- Interest income	(980)	(858)
- Interest expense	105	27
- Income tax expense	1,706	3,705
Operating cash flows before working capital changes	4,796	16,350
Changes in working capital:		
- Inventories	1,097	(661)
- Trade and other receivables	2,465	(821)
- Trade and other payables	(1,835)	263
Cash provided by operations	6,523	15,131
Income tax paid	(2,699)	(4,417)
Income tax refund	-	42
<b>Net cash provided by operating activities</b>	<b>3,824</b>	<b>10,756</b>
<b>Cash flows from investing activities</b>		
Additions to property, plant and equipment	(567)	(804)
Additions to biological assets	(2,848)	(1,706)
<b>Net cash used in investing activities</b>	<b>(3,415)</b>	<b>(2,510)</b>
<b>Cash flows from financing activities</b>		
Repayment of finance lease liabilities	(62)	(68)
Principal payment of lease liabilities	(67)	-
Interest received	949	781
Interest paid	(105)	(27)
Dividend paid	(2,514)	(2,299)
<b>Net cash used in financing activities</b>	<b>(1,799)</b>	<b>(1,613)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(1,390)</b>	<b>6,633</b>
Cash and cash equivalents at beginning of the year	31,101	24,468
<b>Cash and cash equivalents at end of the year (Note A)</b>	<b>29,711</b>	<b>31,101</b>

**1(c)(ii) Note A:**

For the purpose of the consolidated cash flow statement, the consolidated cash and cash equivalents comprise the following:

	<b>Group</b> As at 31 Jul 2020 RM'000	<b>Group</b> As at 31 Jul 2019 RM'000
Cash at bank and on hand	6,700	4,121
Short-term bank deposits	24,011	27,980
Cash and cash equivalents per Group statement of financial position	30,711	32,101
Less: Deposits placed with banks as security	1,000 <sup>(1)</sup>	1,000 <sup>(1)</sup>
Cash and cash equivalents per consolidated cash flow statement	<b>29,711</b>	<b>31,101</b>

Note:

- (1) The Group is required to provide a performance bond in the sum of RM1.0 million to the Chief Conservator as required by the Sustainable Forest Management Licence Agreement in order to commence work in the forest reserve area.

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

#### Group

	Share capital RM'000	Retained Profits RM'000	Total RM'000	Non-controlling interest RM'000	Total equity RM'000
<b>FY2020 (Unaudited)</b>					
<b>At 1 August 2019</b>	15,207	16,394	31,601	7,370	<b>38,971</b>
Total comprehensive income for the year	-	2,203	2,203	1,277	<b>3,480</b>
Dividend declared	-	(1,469)	(1,469)	(309)	<b>(1,778)</b>
<b>At 31 July 2020</b>	<b>15,207</b>	<b>17,128**</b>	<b>32,335</b>	<b>8,338</b>	<b>40,673</b>
<b>FY2019 (Audited)</b>					
<b>At 1 August 2018</b>	15,207	8,977	24,184	4,150	<b>28,334</b>
Total comprehensive income for the year	-	8,876	8,876	4,265	<b>13,141</b>
Dividend declared	-	(1,459)	(1,459)	(1,045)	<b>(2,504)</b>
<b>At 31 July 2019</b>	<b>15,207</b>	<b>16,394</b>	<b>31,601</b>	<b>7,370</b>	<b>38,971</b>

#### Company

	Share capital RM'000	Retained Profits RM'000	Total RM'000
<b>FY2020 (Unaudited)</b>			
<b>At 1 August 2019</b>	15,207	1,546	16,753
Total comprehensive income for the financial year	-	(35)	(35)
Dividend paid	-	(1,469)	(1,469)
<b>At 31 July 2020</b>	<b>15,207</b>	<b>42</b>	<b>15,249</b>
<b>FY2019 (Audited)</b>			
<b>At 1 August 2018</b>	15,207	1,628	16,835
Total comprehensive income for the financial year	-	1,377	1,377
Dividend paid	-	(1,459)	(1,459)
<b>At 31 July 2019</b>	<b>15,207</b>	<b>1,546</b>	<b>16,753</b>

\*\* Included in retained profits is an amount of RM15.6 million (FY2019: RM13.3 million) relating to strategic reserves of the Company's subsidiary corporation, Jawala Plantation Industries Sdn. Bhd ("JPISB"). As part of its internal financial management, JPISB will retain at least 75% of its profits after tax for each financial year as strategic reserves as per the Offer Document dated 24th May 2018.



**1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

**Share Capital**

	<b>No. of issued shares</b>	<b>Issued and paid-up share capital (RM)</b>
<b>Balance as at 31 January 2020</b>	118,474,000	15,207,073
<b>Balance as at 31 July 2020</b>	118,474,000	15,207,073

The Company did not have any outstanding convertibles as at 31 July 2020 and 31 July 2019.

The Company did not have any treasury shares and subsidiary holdings as at 31 July 2020 and 31 July 2019.

**1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	<b>As at 31 Jul 2020</b>	<b>As at 31 Jul 2019</b>
Total number of issued shares (excluding treasury shares)	118,474,000	118,474,000

The Company did not have any treasury shares as at 31 July 2020 and 31 July 2019.

**1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable. The Company did not have any treasury shares during and as at the end of the current financial year reported on.

**1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

Not applicable. The Company did not have any subsidiary holdings during and as at the end of the current financial year reported on.

**2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the Company's auditors.

**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable. The figures have not been audited or reviewed by the Company's auditors.

**3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-**

**(a) Updates on the efforts taken to resolve each outstanding audit issue.**

**(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.**

**This is not required for any audit issue that is a material uncertainty relating to going concern.**

Not applicable.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

Except as disclosed in paragraph 5 below, the Group has adopted the same accounting policies and methods of computation the unaudited consolidated financial statements for the financial year ended 31 July 2020 compared to its most recently audited financial statements for the financial year ended 31 July 2019.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Group has adopted all the applicable new and revised Singapore Financial Reporting Standards (International) ("SFRS(I)") and SFRS(I) Interpretations ("SFRS(I) INT") which became effective for the accounting periods beginning on or after 1 August 2019. Except for the adoption of SFRS(I) 16 Leases, the adoption of the other new and revised SFRS(I) and SFRS(I) INT are currently assessed to have insignificant financial impact on the Group's financial statements for the current financial period reported on.

**Adoption of SFRS(I)16 Leases**

SFRS(I)16 Leases introduces a single, on-balance sheet lease accounting model for lessees where the distinction between operating and finance leases is removed. It requires a lessee to recognise a right-of-use ("ROU") asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The accounting for lessors has not changed significantly.

The Group adopted SFRS(I)16 on 1 August 2019, using the modified retrospective approach, where comparative figures for the financial period prior to first adoption will not be restated.

The Group applied the practical expedient to recognise amounts of ROU assets equal to its lease liabilities on 1 August 2019 and recognition exemptions for short-term leases and leases of low value items in accordance with SFRS(I)16. Subsequent to initial recognition, ROU assets are carried at cost less accumulated depreciation and any accumulated impairment losses while the carrying amount of lease liabilities will take into account interest on the lease liabilities, lease payments made and any reassessment or lease modifications. The Group recognised approximately RM1 million of right-of-use assets, RM0.06 million of lease liabilities (current) and RM 0.94 million of lease liabilities (non-current) in the statement of financial position as at 1 Aug 2019.

**6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

	<b>Group</b>	
	<u>FY2020</u>	<u>FY2019</u>
Profit attributable to owners of the Company (RM'000)	2,203	8,876
Weighted average number of ordinary shares ('000)	118,474	118,474
Basic and diluted EPS based on actual number of shares <sup>(1)</sup> (RM)	0.02	0.07

*Note:*

(1) The basic and fully diluted EPS were the same as there were no dilutive ordinary shares in issue as at 31 July 2020 and 31 July 2019.

**7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-**

**(a) current financial period reported on; and (b) immediately preceding financial year.**

	<b>Group</b> As at 31 Jul 2020	<b>Group</b> As at 31 Jul 2019	<b>Company</b> As at 31 Jul 2020	<b>Company</b> As at 31 Jul 2019
Net asset value ("NAV") (RM'000)	40,673	38,971	15,249	16,753
Number of ordinary shares in issue ('000)	118,474	118,474	118,474	118,474
NAV per ordinary share based on issued share capital (RM)	0.34	0.33	0.13	0.14

**8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**

**(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**

**(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

***Review of Group's performance for FY2020 as compared to FY2019***

**Revenue**

Our revenue is derived principally from the sales of timber in Malaysia. Our timber comprises of Seraya, Kapur, Keruing, Selangan Batu, Sedaman and timbers of hard and soft densities.

Revenue decreased by RM19.1 million, or 48% in FY2020 compared to FY2019 mainly due to a decrease in sales volume from 65,528m<sup>3</sup> in FY2019 to 41,756m<sup>3</sup> in FY2020 as a result of a decrease in demand in logs from the local markets. In addition, a decrease in average selling price also contributed to the lower revenue in FY2020. The decrease in sales is mainly due to the Movement

Control Order implemented by the Malaysia Government since March 2020, in response to the Covid-19 pandemic in the country.

#### Cost of sales and gross profits

The decrease in cost of sales by RM5.8 million, or 38% in FY2020 compared to FY2019 was mainly due to the decrease in sales volume as well as decrease in extraction fee during the year.

The gross profit decreased by RM13.3 million, or 54% in FY2020 compared to FY2019 mainly due to the decrease in revenue. The gross profit margin decreased from 62% in FY2019 to 55% in FY2020.

#### Other income

Other income comprised mainly of interest income from fixed deposits. Other income increased by RM345,000, or 40% in FY2020 compared to FY2019 mainly due to longer period of fixed deposit placed during the period. Other income also included wage subsidy received from the Malaysia Social Security Organisation (SOCSO) as financial assistance due to the Covid-19 pandemic.

#### Administrative expenses

Administrative expenses comprised mainly of employee compensation, depreciation, amortisation, listing expenses, rental and travelling expenses. Administrative expenses decreased by approximately RM1.4 million, or 18% in FY2020 compared to FY2019 mainly due to a reduction in employee compensation (e.g. bonuses) as well as the decrease in expenses such as repair and maintenance, travelling expenses and workers' wages due to of the Movement Control Order implemented by the Malaysia Government in response to the Covid-19 pandemic. These decreases have been partly offset by an increase in depreciation on property, plant and equipment and amortisation of right-of-use assets.

#### Finance expenses

The increase in finance expenses by RM78,000, or 289% in FY2020 compared to FY2019 was mainly due to the interest from lease liabilities as a result of the adoption of SFRS(I) 16 Leases.

#### Profit after tax

As a result of the foregoing, profit after tax in FY2020 amounted to RM3.5 million compared to RM13.1 million in FY2019, a decrease of approximately RM9.6 million, or 74%.

### **CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

#### ***Review of the Group's financial position as at 31 July 2020 as compared to 31 July 2019.***

#### Current assets

Cash and cash equivalents were the most significant component of current assets and amounted to approximately RM30.7 million, or 89% of current assets.

Trade and other receivables amounted to approximately RM3.6 million, or 11% of current assets. Trade receivables amounted to approximately RM1.6 million, or 5% of current assets. Other receivables amounted to approximately RM2 million or 6% of current assets. Trade receivables decreased by approximately RM2.6 million, or 62% in FY2020 mainly due to decrease in sales. Other receivables increased by RM1.4 million, or 233% in FY2020 mainly due to tax instalments paid in excess of taxation provision in FY2020.

Inventories amounted to approximately RM66,000, or 0.2% of current assets and is related to logs held at central stumping. Inventories decreased by approximately RM1.1 million, or 94% in FY2020

compared to FY2019 mainly due to lower production as at 31 July 2020 compared to as at 31 July 2019 due to the Movement Control Order implemented by the Malaysia Government.

#### Non-current assets

Other receivables amounted to approximately RM0.9 million or 9% of non-current assets. This is related to the retention sum collected by the Sabah Forestry Department (“SFD”) to offset against any potential shortfall in payment to the SFD. Such retention sum can be used for future payments to the SFD. Other receivables increased by approximately RM0.2 million, or 27% in FY2020 compared to FY2019 due to the retention sum paid to SFD during the financial period.

Property, plant and equipment amounted to approximately RM2.4 million, or 23% of non-current assets comprising mainly motor vehicles, plantation infrastructure, office equipment, and furniture and fittings. No significant increase noted as compared with FY2020 and FY2019.

Right-of-use (“ROU”) asset amounted to RM0.9 million, or 9% of non-current assets due to the adoption of SFRS(I) 16 for recognition of ROU since 1 August 2019.

Biological assets amounted to approximately RM5.6 million, or 55% of non-current assets. Biological assets mainly comprised of hiring charges for equipment used in stacking and levelling of the nursery to prepare the land for planting, depreciation of fixed assets, employee compensation and all other expenses relating to the preparation of the nursery and planting and expenses incurred in upkeep and maintenance of immature planted areas. Biological assets increased by approximately RM3.0 million, or 111% mainly due to the cost incurred for the initial stages of replanting and planting activities in compartments 7, 8, 9, 1 and 15 during the financial year.

Intangible assets amounted to approximately RM0.5 million, or 5% of non-current assets and is related to the acquired timber rights on the license granted by the SFD as per the Sustainable Forest management License Agreement.

#### Current liabilities

Trade and other payables amounted to approximately RM1.2 million, or 89% of current liabilities comprising mainly of trade payables of approximately RM44,000 and other payables amounting to RM1.1 million. Trade payables decreased by approximately RM0.5 million, or 92% in FY2020 compared to FY2019 mainly due to lower sales volume. Other payables decreased by approximately RM2 million, or 65% in FY2020 compared to FY2019 mainly due to a lower dividend amount accrued in FY2020.

#### Non-current liabilities

Lease liabilities amounted to RM0.9 million, or 32% of non-current liabilities. This comprised of lease principals due later than one year. The lease liabilities were due to the adoption of SFRS(I) 16 Leases.

Deferred income tax liability amounted to RM1.5 million or 55% of non-current liabilities. Deferred income tax liability increased by approximately RM0.7 million or 82% in FY2020 compared to FY2019 mainly due to higher timing difference between the net book value and tax written down value as a result of the addition in property, plant and equipment and biological assets.

### **REVIEW OF THE GROUP'S CASH FLOW STATEMENT**

Net cash from operating activities of RM3.8 million in FY2020 was lower compared to RM10.8 million in FY2019 mainly due to lower profit generated in FY2020.

Net cash used in investing activities of approximately RM3.4 million in FY2020 is related to the additions to plantation infrastructure and biological assets.

Net cash used in financing activities of approximately RM1.8 million is mainly due to the payment of dividends to the shareholders.

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

The Group's performance for the year is in line with its expectation as disclosed in the announcement dated 28 April 2020.

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

The Covid-19 pandemic has adversely impacted both the economies of Sabah as well as the economies of major importers of Sabah's timber products. Statistics from the Sabah Forestry Department show that exports of timber products from Sabah for the first half of 2020 recorded a drop of 40% and 43% for value and volume respectively as compared to the first half of 2019.

We expect market conditions to be challenging. However, barring any further disruptions to operations or any other unforeseen circumstances, we expect the Group to remain profitable for FY2021.

**11. Dividend**

**If a decision regarding dividend has been made:-**

**(a) Whether an interim (final) dividend has been declared (recommended); and**

No interim or final dividend will be declared/ recommended for FY2020.

**(b) Amount per share (cents) and previous corresponding period (cents).**

	Company FY2020	Company FY2019
Name of Dividend (First and Final)	-	Ordinary
Dividend Type	-	Cash
Dividend Amount per Share	-	0.004 Singapore dollar
Tax Rate	-	Tax exempt (one-tier)

**(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).**

Not applicable as there is no dividend declared/ recommended for FY2020.

**(d) The date the dividend is payable.**

Not applicable as there is no dividend declared/ recommended for FY2020.

**(e) The date on which Registrable Transfer receive by the Company (up to 5.00pm) will be registered before entitlements to the dividend are determined.**

Not applicable as there is no dividend declared/ recommended for FY2020.

**12. If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.**

No dividend has been declared/ recommended for FY2020 after taking into consideration lower profit recorded by the Group and the strategic reserves requirement.

**13. If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Company does not have a general mandate from shareholders for interested person transactions. The Company does not have any interested person transaction exceeding S\$100,000 for FY2020.

**14. Confirmation pursuant to Rule 720(1) of the Catalist Rules**

The Company confirms that it has procured the undertakings from all its Directors and executive officers in the required format.

**15. Changes in the composition of the Group**

Not applicable. The Company did not acquire or dispose shares in any companies in FY2020.

**16. Segmented revenue and results for operating segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

The Group operates predominantly in only one business segment, which is the timber segment, namely the extraction and sale of timber.

**17. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by operating segments.**

Not applicable.

**18. A breakdown of sales as follows:-**

	Group FY2020 RM'000	Group FY2019 RM'000	Increase/ (Decrease) %
Sales reported for first half year	18,750	24,164	(22)
Net profit attributable to the Group for the first half year	5,408	8,840	(39)
Sales reported for second half year	1,962	15,648	(87)
Net (loss)/ profit attributable to the Group for second half year	(1,928)	4,301	(145)

**19. A breakdown of the total annual dividend (in dollar value) for the issuer's latest fully year and its previous full year as follows:-**

	Company FY2020 RM'000	Company FY2019 RM'000
Ordinary	-	1,469
Preference	-	-
Total	-	1,469

**20. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

<b>Name</b>	<b>Age</b>	<b>Family relationship with any directors and/or substantial shareholder</b>	<b>Current position and duties, and the year the position was held</b>	<b>Details of changes in duties and position held, if any, during the year</b>
Datuk Jema Anton Khan	55	Son of Tan Sri Abdul Majid Khan (substantial shareholder of the Company)	Chairman and Chief Executive Officer in 2018	None
Abdul Rahman Khan Bin Hakim Khan	47	Nephew of Tan Sri Abdul Majid Khan and cousin of Datuk Jema Khan	Executive Director in 2018	None

## **21. Use of IPO Proceeds**

Pursuant to the Company's IPO, the Company received net proceeds from the IPO of approximately S\$4.5 million (the "**Net Proceeds**"). Please refer to the Offer Document for further details.

As at the date of this announcement, the Net Proceeds have been utilised as follows:

<b><u>Purpose</u></b>	<b><u>Amount allocated</u> <b>(S\$'000)</b></b>	<b><u>Amount utilised</u> <b>(S\$'000)</b></b>	<b><u>Balance</u> <b>(S\$'000)</b></b>
Development of the plantation site within the Licensed Area	1,900	(1,842)	58
Working capital	1,250	(1,010) <sup>(1)</sup>	240
Listing expenses	1,350	(1,350)	-
<b>Total</b>	<b>4,500</b>	<b>(4,202)</b>	<b>298</b>

*Note:*

*(1) The utilisation of proceeds under working capital amounted S\$1,010,000 relates to payment of directors fees, employee compensation, professional fees and administrative expenses.*

The above utilisation is in accordance with the intended use of proceeds from the IPO as stated in the Offer Document.

## **BY ORDER OF THE BOARD**

Jema Anton Khan  
Executive Chairman and Chief Executive Officer  
29 September 2020