JAWALA INC.

REPLANTING SABAH'S FORESTS FOR FUTURE GENERATIONS

ANNUAL REPORT 2018

CONTENTS

SPONSORS' STATEMENT

*Jawala Inc. (the "**Company**") was listed on Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 1 June 2018. The initial public offering of the Company was sponsored by UOB Kay Hian Private Limited (the "**Sponsor**").*

This annual report has been prepared by the Company and its contents have been reviewed by the Sponsor, for compliance with the SGX-ST Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this annual report. This annual report has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this annual report, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this annual report.

The contact person for the Sponsor is Mr Lan Kang Ming, Vice President, at 8 Anthony Road, #01-01, Singapore 229975, telephone (65) 6590 6881.

CORPORATE PROFILE

Listed on the Catalist Board of the Singapore Exchange Securities Trading Limited on 1 June 2018, **JAWALA INC.** (the "Company" and its subsidiary corporation, the "Group") is a Malaysian sustainable forest company.

The Group's objective "Replanting Sabah's Forests For Future Generations" represents a commitment to sustainable development.

The Group focuses on the cultivation of industrial tree plantations through the implementation of sustainable forest management practices situated in Sabah. Its main business is the management of forestry resources including the planting and extraction of timber, managing the planting and silvicultural treatments of natural and plantation forests, felling, cutting, collecting, removing and converting trees into forest produce such as logs and timber within the Sapulut Forest Reserve, Sabah (the "**Licensed Area**"). The Group currently manages a Licensed Area comprising a Commercial Forest Reserve (Class II) of approximately 11,043 hectares in the Licensed Area (estimated 9,037 hectares for planting), until 31 December 2115, with a potential for a 100 year period extension at the discretion of Sabah's Chief Minister.

The logs produced from salvage logging are sold to customers for the production of sawn-timber, veneer, plywood and other timber products.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Datuk Jema Anton Khan ("Datuk Jema Khan")
(Executive Chairman and Chief Executive Officer)

Abdul Rahman Khan Bin Hakim Khan ("Mr. Rahman Khan")
(Executive Director)

Nadja Binti Jema Khan ("Ms. Nadja")
(Non-Independent Non-Executive Director)

Lee Yong Soon
(Lead Independent Director)

Leow Ming Fong @ Leow Min Fong ("Leow Ming Fong")
(Independent Director)

Faridah Binti Mohd. Fuad Stephens ("Ms. Faridah")
(Independent Director)

AUDIT COMMITTEE

Leow Ming Fong @ Leow Min Fong (Chairman)
Lee Yong Soon
Faridah Binti Mohd. Fuad Stephens

NOMINATING COMMITTEE

Lee Yong Soon (Chairman)
Faridah Binti Mohd. Fuad Stephens
Leow Ming Fong @ Leow Min Fong

REMUNERATION COMMITTEE

Faridah Binti Mohd. Fuad Stephens (Chairman)
Lee Yong Soon
Leow Ming Fong @ Leow Min Fong

JOINT COMPANY SECRETARIES

Hans Corporate Services Ltd
Raymond Lam Kuo Wei
Chew Pei Tsing

REGISTERED OFFICE

Lot A020, Level 1, Podium Level
Financial Park, Jalan Merdeka
87000 Labuan, F.T. Malaysia
Tel: +608 742 7745
Fax: +608 742 8845

SPONSOR

UOB Kay Hian Private Limited
8 Anthony Road
#01-01
Singapore 229957

SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623
Tel: (65) 6536 5355
Fax: (65) 6536 1360

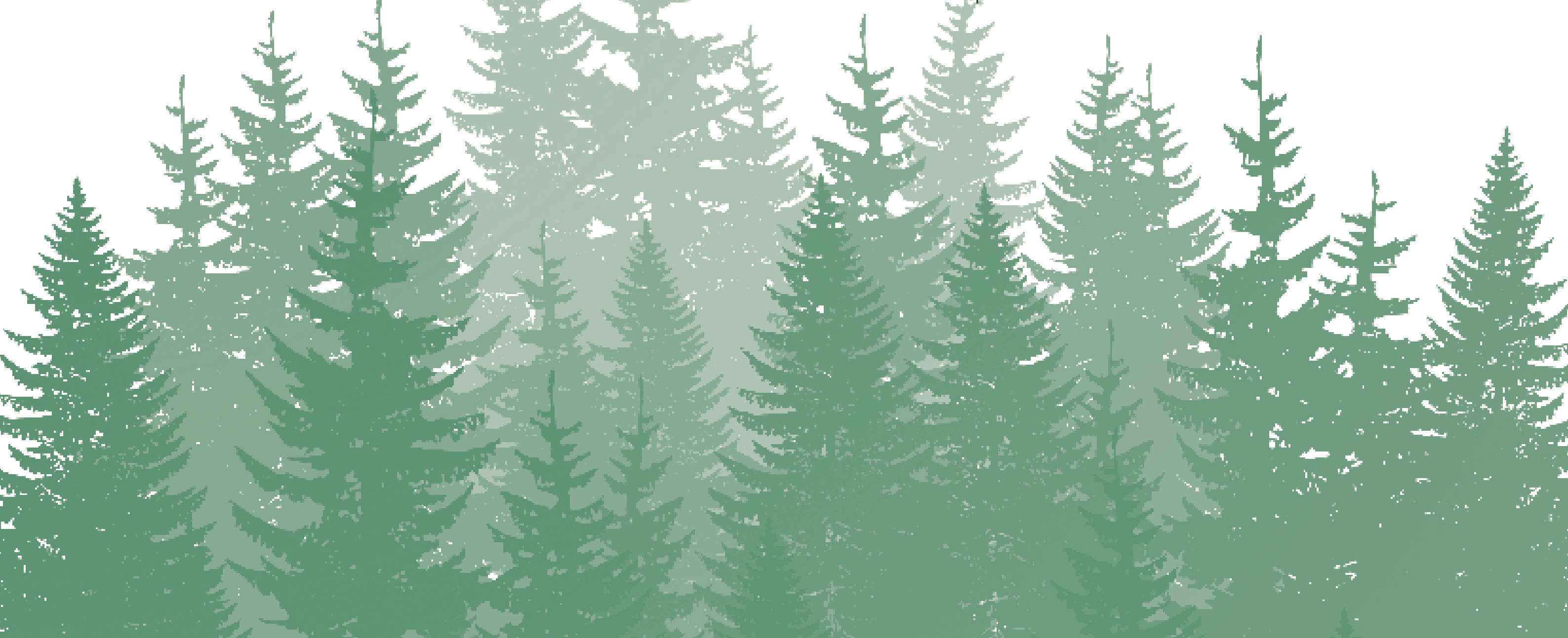
INDEPENDENT AUDITORS

Nexia TS Public Accounting Corporation
100 Beach Road
#30-00 Shaw Tower
Singapore 189702

Partner-in-Charge:
Loh Ji Kin
(Appointed since the financial year ended 31 July 2018)

PRINCIPAL BANKER

United Overseas Bank (Malaysia) Bhd.
UOBM Medan Pasar
Bangunan UOB 10-12
Medan Pasar
50050 Kuala Lumpur



CHAIRMAN AND CEO MESSAGE

Dear Shareholders,

OVERALL REVIEW

On behalf of the Board of Directors ("Board") of the Company, it is my honour to present the Group's very first Annual Report for the financial year ended 31 July 2018 ("FY2018") since our listing on Catalist Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 1 June 2018.

At Jawala Inc, it has been our commitment to combine commercial success with sustainable growth. This has indeed been a milestone year with our listing on the Catalist Board of the SGX-ST as Malaysia's first sustainable resource company.

LISTING EXERCISE

The initial public offering ("IPO") of Jawala Inc, under the code 1J7, was received enthusiastically by our investors, with the public offering oversubscribed 18.5 times to open with a 6% premium above the offer price of S$0.25 per share at S$0.265 per share. I am pleased to report that there were approximately 4.5 million shares traded on the first day of listing with a closing price of S$0.26 per share, resulting in a market capitalisation of approximately S$30.8 million as of 1 June 2018.

Through the IPO exercise, we raised S$4.5 million, which will be used to develop the industrial tree plantation acreage as outlined under the Sustainable Forest Management License Agreement (SFMLA) as well as for the Group's working capital requirements.

I am delighted to report that the Group has achieved its internal financial performance targets for FY2018.

STRENGTHENING GOVERNANCE

At Jawala Inc, we have an established framework to ensure the Group's regulatory compliance and accountability. Our employees are on board with this and together we are confident that the stringent checks and balances will ensure an effective compliance and accountability culture across all divisions within the organisation.

FINANCIAL PERFORMANCE

For FY2018, the Group met internal financial targets by achieving strong revenue growth of 233% with a record revenue of RM 39.9 million. This is an increase of RM 27.9 million from the RM 12.0 million recorded for the previous financial year ended 31 July 2017 ("FY2017").

This substantial increase in revenue was the result of an increase in sales volume and the average selling price of logs as a result of a shortage of logs in the local market.

Despite the increase in operational expenses as a result of higher sales volume, the Group's overall gross margin increased from 53% in FY2017 to 66% in FY2018. This was mainly attributable to a higher average selling price.

There was also an increase in the Group's profit before income tax of RM 12.6 million from RM 3.3 million in FY2017 to RM 15.9 million in FY2018. Corresponding a net profit of RM 10.9 million in FY2018 – up from RM 2.5 million recorded in FY2017.

The net profit attributable to equity holders for FY2018 increased to RM 7.5 million, enabling the Board to fulfill its earlier commitments of delivering a dividend payout ratio of at least 20% of the Group's net profit for the financial year. A resolution will be tabled (for shareholders' approval) proposing the payment of a dividend of 0.004 Singapore cents per ordinary share at the upcoming annual general meeting.

RELATIONSHIPS AND RESULTS

The Group's experience in the Sabah timber industry has nurtured strong working relationships with regulators and local authorities through consistent stakeholder engagement.

The Group recorded a substantial increase in output, with an over 133% increase in log production compared to FY2017 to 68,887 m^3 of mixed round logs from the licensed area for the domestic sawn-timber, veneer and plywood industries in FY2018.

CHAIRMAN AND CEO MESSAGE

Moreover, the expanded pace of salvage logging within the licensed area has also enabled the Group to move forward with the industrial tree plantation strategy. This strategy involves the planting of over 800 hectares of new trees and saplings from our expanded nursery before the end of calendar year 2018. This should ensure operational sustainability as we prepare to harvest from 2026 onwards.

COMMITMENT TO SUSTAINABILITY

Sustainability has always been at the heart of Jawala Inc's corporate strategy and business operations.

With our renewed commitment to sustainable growth, we aim to plant at least 320 seedlings per planted hectare under our industrial tree plantation initiative. To accommodate a planting programme of 840.7 hectares in 2018, we need to germinate at least 300,000 seedlings in our main nursery. Given that the holding capacity of our main nursery is 200,000 seedlings at any one time and with up to three cycles per year, we are well on our way to produce approximately 600,000 seedlings per year.

If we are able to achieve this, we expect that the commercial log production in the industrial tree plantation will increase to potentially 200 m^3 per hectare in 8 years compared to the current yield of 35-40 m^3 per hectare from the natural forest.

On this note, I am pleased to report that during its audit in May this year, the Sabah Forestry Department noted that the Group was in compliance with Sabah Legality Standards, with no gaps and no observations reported across all four of the Scheme's Principles. The report also mentioned that the Group has successfully met the conditions of our Annual Work Plan and all environmental impact assessment requirements.

GOING FORWARD

We have had a very promising first year following the listing of the Company, and we are now ever committed to replicate or exceed our commercial success backed by a sustainable growth agenda.

I remain confident that our extensive engagements and working relationship with Sabah's regulatory authorities will guide us as we make the transition from being a forest resource company to an internationally certified forest resource management company specialising in sustainable forestry management practices.

With regard to growth, we are and always will remain receptive to explore opportunities for acquisitions, joint ventures and strategic alliances, to strengthen Jawala Inc's market position and achieve greater economies of scale.

THANK YOU

On behalf of the Board, I would like to extend our sincere gratitude to the many parties that played an instrumental role in our successful listing through their professional expertise and personal commitment.

I would like to acknowledge the Singapore Exchange, our issuer, underwriter and placement agent UOB Kay Hian Private Limited, our solicitors Messrs.' Baker McKenzie and Messrs.' Jayasuriya Kah & Co., our auditor Nexia TS Public Accounting Corporation, our consultant Axcelasia and our company secretaries Hans Corporate Services Limited and Drew Corp Services. Last but not least, I would like to thank our customers, suppliers, employees, other stakeholders, and the shareholders of our company.

Jawala Inc is committed to continually demonstrating that commercial success and sustainable growth can, not only coexist but can also thrive and enrich the community in which it operates.

Datuk Jema Anton Khan
Executive Chairman and Chief Executive Officer

BOARD OF DIRECTORS

DATUK JEMA KHAN
Executive Chairman and Chief Executive Officer

Datuk Jema Khan was appointed to the Board as the Executive Chairman and Chief Executive Officer on 8 August 2017. He is responsible for the overall management, strategic planning and business expansion of the Group.

Datuk Jema Khan has more than 30 years' of experience in the timber industry including trading of timber. Datuk Jema Khan had previously served as the Chief Executive Officer of Jawala Corporation from August 2016 until the date of listing. Prior to this, he was the Managing Director of Jawala Corporation from April 1988 to June 2004 and was responsible for the overall direction and management of Jawala Corporation, a company involved in the trading of wood and palm oil products. During this time, he was also the Deputy Chairman in Jaycorp Bhd., a company in the business of furniture manufacturing, for the period from April 2006 to July 2011 and the Chairman of Progressive Insurance Bhd. from the period of January 1995 to November 2000. Datuk Jema Khan did not hold any directorship in any other listed company as at the date of Annual Report and for the last three years.

Datuk Jema Khan graduated from City University, London, with a Bachelor of Science in Economics and Accountancy in October 1985.

MR. RAHMAN KHAN
Executive Director

Mr. Rahman Khan was appointed to the Board as Executive Director on 28 September 2017. He is responsible for the management of the business operations and has oversight of our Group's strategies and business development. He is also in charge of marketing.

Mr. Rahman Khan has more than 20 years' of experience in the timber industry, including the production of sawn timber, log purchasing and marketing. He started his career as a Property Manager in Induslumber Sdn. Bhd. for the period from 1992 to 1998. Thereafter, in 1998, he joined Harusmas Agro Sdn. Bhd. as a General Manager and was promoted to Director in 2001. Mr. Rahman Khan was a director of Imaprima Sdn. Bhd. from 2011 to 2018 and has been a director of Jaycorp Engineering & Construction Sdn. Bhd. since 2014. Mr. Rahman Khan did not hold any directorship in any other listed company as at the date of Annual Report and for the last three years.

BOARD OF DIRECTORS

MS. NADJA BINTI JEMA KHAN
Non-Independent
Non-Executive Director

Ms. Nadja Binti Jema Khan was appointed to the Board as Non-Independent Non-Executive Director on 28 September 2017. Ms. Nadja started as a Group Financial Controller of Jaycorp Bhd. in September 2017 and was promoted as Group Chief Financial Officer in October 2018. Ms. Nadja was also appointed to the Board of Jaycorp Bhd. as an Executive Director on 1 October 2018. Jaycorp Bhd. is an associated company of Jawala Corporation. Ms. Nadja previously worked in Deloitte LLP (UK), from September 2010 to June 2017, first as an associate in the audit department before moving to the corporate tax (advisory) department where she was subsequently promoted to associate director. During her time in the corporate tax department, Ms. Nadja advised businesses (both private and listed companies) on corporate and personal tax issues). Apart from her Executive Director position in Jaycorp Bhd., Ms. Nadja did not hold any directorship in any other listed company as at the date of Annual Report and for the last three years.

Ms. Nadja graduated from Imperial College London in 2010 with a Bachelor of Science in Biomedical Science. She is currently a member of the Institute of Chartered Accountants in England and Wales, a member of Chartered Institute of Taxation (UK) and a member of the Malaysian Institute of Accountants.

MR. LEE YONG SOON
Lead Independent Director

Mr. Lee Yong Soon was appointed to the Board as Lead Independent Non-Executive Director on 27 April 2018. Mr. Lee has more than 45 years of experience in the finance industry, and started his career in September 1968 with the Inchcape Group, where he was responsible for accounting, finance and administrative matters. He left in 1981 to join the Haw Par Group, where he assumed the role of financial controller for its subsidiary corporations. After serving in the Haw Par Group for four years, Mr. Lee Yong Soon joined the Petrodril group as their financial controller from February 1986 to May 1997. After his stint at the Petrodril group, he joined Keppel Integrated Engineering Ltd as its financial controller from July 1997 to August 1999, and from the period of August 1999 to December 2014, Mr. Lee Yong Soon served as the financial controller of Keppel FELS Ltd where he was involved in the accounting, finance, management of operations and administrative functions of the company and several subsidiaries within the Keppel group. He was also involved in the company's SGX-ST compliance matters.

Mr. Lee Yong Soon is currently serving as an independent non-executive director on Wong Fong Industries Ltd, a company listed on the Catalist. He is actively involved in board matters, and is the chairman of Wong Fong Industries Ltd's remuneration committee. He is also a member of their audit committee and nominating committee. Save for the aforementioned, Mr. Lee Yong Soon did not hold any directorship in any other listed company as at the date of Annual Report and for the last three years.

Mr. Lee Yong Soon obtained his Diploma in Management Studies from the Singapore Institute of Management in 1977 and subsequently his degree in Accountancy from the Association of International Accountants of the United Kingdom in 1981. He is currently a Fellow of the Association of International Accountants of the United Kingdom, and an associate of the Institute of Chartered Secretaries and Administrators of Australia.

BOARD OF DIRECTORS

MR. LEOW MING FONG
Independent Director

Mr. Leow Ming Fong was appointed to the Board as Independent Non-Executive Director on 27 April 2018. Mr. Leow Ming Fong has more than 40 years of experience in the finance industry, and started his career with KPMG Malaysia in 1974, where he was primarily responsible for audit and accounting matters. He was promoted in 1980, and became a partner in KPMG Malaysia.

Mr. Leow Ming Fong currently serves as an independent non-executive director of Focus Point Holdings Bhd. and Hap Seng Consolidated Bhd., companies which are listed on Bursa Malaysia. Mr. Leow Ming Fong is also a director of KSK Holdings Bhd., a non listed public company. He also sits on the board of two Cambodian companies, Canadia Bank PLC and Sovannaphum Life Assurance PLC, as an independent non-executive director. Mr. Leow Ming Fong did not hold any directorship in any other listed company as at the date of Annual Report and for the last three years.

Mr. Leow Ming Fong is currently a Fellow of the Institute of Chartered Accountants in England and Wales and is also a member of the Malaysian Institute of Accountants and the Malaysian Association of Certified Public Accountants.

MS. FARIDAH BINTI MOHD. FUAD STEPHENS
Independent Director

Ms. Faridah Binti Mohd. Fuad Stephens was appointed to the Board as Independent Non-Executive Director on 27 April 2018.

Ms. Faridah obtained her Bachelor of Arts from Monash University in December 1984 and a LLB Bachelor Of Laws from the University of London in August 1989. Following which, she began her career as a journalist in Berita Publishing Sdn. Bhd. from October 1990 to January 1993. Thereafter, she joined The Writers' Publishing House Sdn. Bhd. from October 1993 till September 2015 and served as the managing director. Ms. Faridah did not hold any directorship in any other listed company as at the date of Annual Report and for the last three years.

SENIOR MANAGEMENT

MR. MAXY SELF
Chief Operations Officer

Mr. Maxy Self was appointed as our Group's Chief Operations Officer on 8 August 2017. He is mainly responsible for the running of the operations on the ground, which includes oversight of forest and plantation management, security, camp management and administrative issues.

Mr. Maxy Self has more than 40 years of experience in the timber industry and started his career as a Management Cadet with Benawood Sdn. Bhd. in January 1974, where he was involved in the overall management of the logging operations. He left in December 1983 and subsequently joined Inchcape Ltd as a forest manager for the period from January 1984 to May 1990. Following his role as a forest manager in Inchcape Ltd, he started his role as a self-employed consultant, providing ad-hoc consultancy services for Malaysian companies involved in the management of forestry resources, planting and extraction of timber from the period of June 1990 to December 2015.

MS. JULIE TAN
Chief Financial Officer

Ms. Julie Tan was appointed as the Chief Financial Officer of the Company on 8 August 2017. She oversees the accounting and financial matters of the Group and has overall responsibility for the framework and implementation of finance-related activities including management and financial reporting, budgeting, compliance, and tax-related matters.

Ms. Julie Tan started her career in Myers Davies & Company, United Kingdom, as a trainee accountant in April 1981. She left soon after and continued her career as a trainee accountant in Cohen Arnold & Company, United Kingdom till April 1985. Thereafter, she joined MP Saunders & Company, United Kingdom from January 1986 to April 1987, KPMG Malaysia from June 1987 to October 1987, Finnie & Company from November 1987 to December 1989, Storey Blackwood & Company, Australia from January 1990 to February 1994, where she largely oversaw the audit supervision (including the review of corporation tax returns) and preparation of management and statutory accounts of various companies. From March 1994 to July 1995, she joined Datuk Keramat Holdings Bhd., Malaysia, an investment holding company listed on the Bursa Malaysia as a group accountant. Thereafter, Ms. Julie Tan joined Solarvest Sdn. Bhd. from September 1996 to February 2005, as its finance manager and had the overall responsibility of managing its financial reporting. In August 2006, she joined Jaycorp Bhd. as its group financial controller till June 2013. Prior to her current role, she was also the finance director at Pacific Regency Hotel from October 2014 to April 2016. Ms. Julie Tan is currently an independent non-executive director of Komarkcorp Bhd. and serves as the chairperson of the Audit Committee, Nomination Committee and Remuneration Committee.

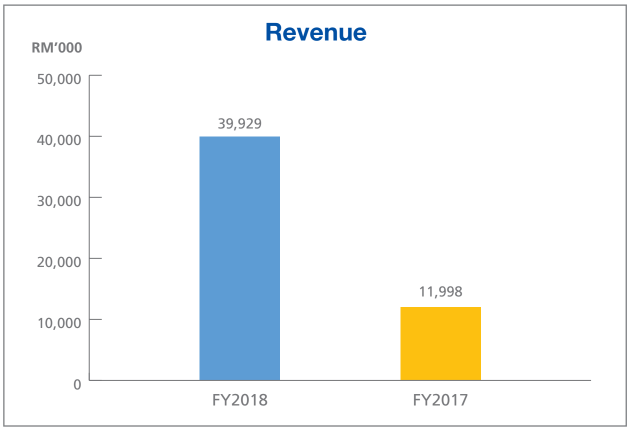
Ms. Julie Tan is currently a Fellow of the Institute of Chartered Accountants in England and Wales and is also a member of the Malaysian Institute of Accountants.

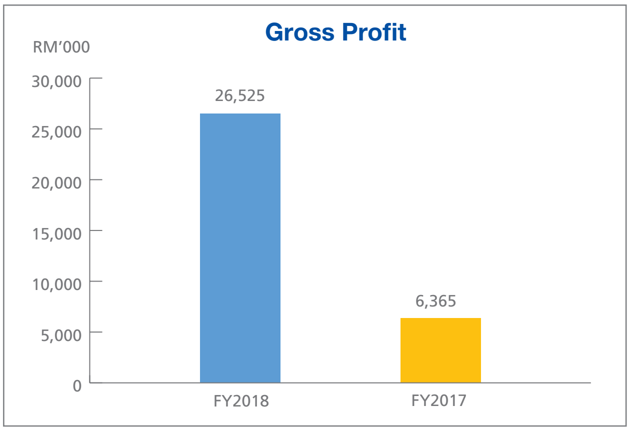
FINANCIAL HIGHLIGHTS

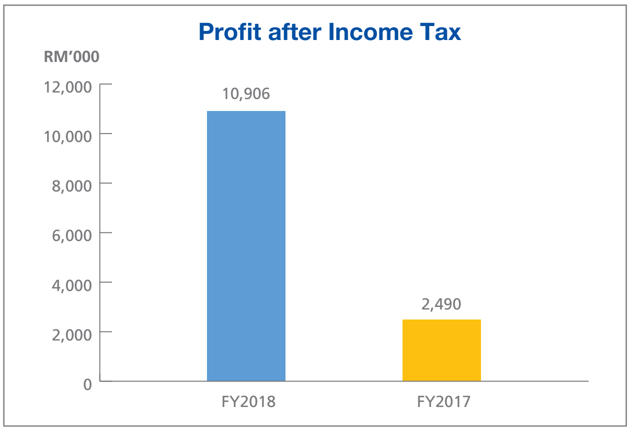
Income Statement (RM'000)	FY2018	FY2017
Revenue	39,929	11,998
Gross profit	26,525	6,365
Gross profit margin (%)	66%	53%
Profit before income tax	15,909	3,316
Profit after income tax	10,906	2,490
Profit attributable to:		
Equity holders of the Company	7,535	1,743
Non-controlling interests	3,371	747
Earnings per share:		
Basic and diluted (sen)	6.4	1.5

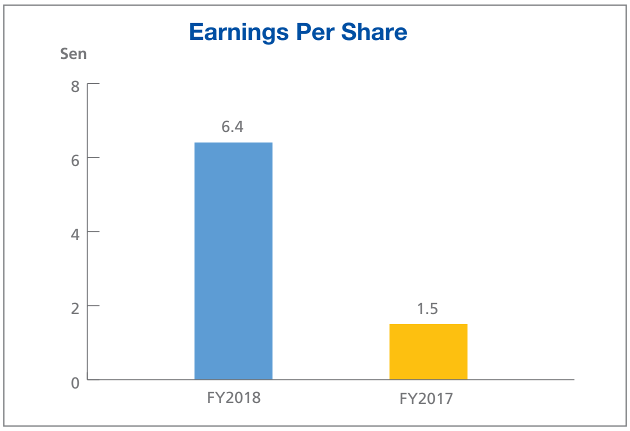
Balance Sheet (RM'000)	31 July 2018	31 July 2017
Current assets	30,188	3,700
Non-current assets	3,543	1,099
Current liabilities	4,971	1,506
Non-current liabilities	426	233
Total Equity	28,334	3,060

Cash Flows (RM'000)	FY2018	FY2017
Cash flows from operating activities	9,970	2,715
Cash flows used in investing activities	(2,190)	(312)
Cash flows from financing activities	14,287	(12)
Cash and cash equivalents at the end of the year	24,468	2,402









FINANCIAL PERFORMANCE AND OPERATIONAL REVIEW

REVENUE

Our revenue is derived principally from the sales of timber in Malaysia. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer. Our timber comprises of Seraya, Kapur, Keruing, and timbers of hard and soft densities. Revenue increased by approximately RM27.9 million, or 233% in FY2018 compared to FY2017 mainly due to increase in sales volume from 29,589 m^3 in FY2017 to 68,887 m^3 in FY2018 and an increase in average selling price from RM405/m^3 in FY2017 to RM580/m^3 in FY2018 as a result of shortage of logs in local markets.

GROSS PROFIT AND GROSS PROFIT MARGIN

The gross profit increased approximately RM20 million or 317% in FY2018 compared to FY2017 and the gross profit margin increased from 53% in FY2017 to 66% in FY2018 mainly due to the increase in overall selling price.

PROFIT BEFORE TAX

Profit before tax increased by approximately RM12.6 million or 380% to RM15.9 million in FY2018 compared to FY2017 mainly due to the increase in gross profit.

PROFIT AFTER TAX

As a result of the foregoing, profit after tax increased by approximately RM8.4 million, or 338% from approximately RM2.5 million in FY2017 to approximately RM10.9 million in FY2018.

CURRENT ASSETS

Current assets comprise mainly of (i) cash and bank balances; (ii) trade and other receivables; and (iii) inventories. Current assets amounted to approximately RM30.2 million, or 89% of total assets.

Cash and bank balances were the most significant component of current assets and amounted to approximately RM25.5 million, or 84% of our current assets.

Trade and other receivables amounted to approximately RM4.2 million, or 14% of our current assets. Trade and other receivables comprise of (i) trade receivables; (ii) other receivables; (iii) prepayments; and (iv) deposits. Trade receivables amounted to approximately RM3.9 million, or 13% of our current assets. Other receivables included (i) advances to employee of approximately RM14,000 and interest receivables of approximately RM87,000; (ii) prepayments of sponsorship fee of approximately RM0.2 million; and (iv) deposits of RM14,300 for rental and utilities. The increase of trade receivables by RM3.4 million or 755% was mainly due to increase in sales and longer credit period given to customers. The increase of other receivables by RM0.07 million, or 28% was mainly due to the prepayment of professional fees.

Inventories amounted to approximately RM0.5 million, or 2% of current assets and relate to the logs held at central stumping. Inventories decreased by RM0.06 million, or 11% was mainly due to higher stock turnover.

NON-CURRENT ASSETS

Non-current assets comprise mainly of (i) other receivables; (ii) property, plant and equipment; (iii) plantation development expenditure; and (iv) intangible assets. Non-current assets amounted to approximately RM3.5 million, or 11% of total assets.

Other receivables amounted to approximately RM0.4 million, or 11% of non-current assets and relate to the retention sum collected by the Sabah Forestry Department to offset against any potential shortfall in payment to Sabah Forestry Department. Such retention sum can be used for future payments to the Sabah Forestry Department. Other receivables increased by approximately RM0.3 million, or 220% in FY2018 compared to FY2017 due to the retention sum paid to Sabah Forestry Department during the financial year.

Property, plant and equipment amounted to approximately RM1.8 million, or 51% of non-current assets and comprised mainly of motor vehicles, plantation infrastructure, office equipment, and furniture and fittings. Property, plant and equipment increased by approximately RM1.4 million in FY2018 compared to FY2017, or 315% in FY2018 compared to FY2017 mainly due to additions of motor vehicles and plantation infrastructure.

FINANCIAL PERFORMANCE AND OPERATIONAL REVIEW

Plantation development expenditure amounted to approximately RM0.9 million, or 25% of non-current assets. Plantation development expenditure comprised mainly of hiring charges for equipment used in stacking and levelling of the nursery to prepare the land for planting which, depreciation of fixed assets, employee compensation and all other expenses relating to the preparation of nursery. Plantation development expenditure increased by approximately RM0.8 million, or 1,557% mainly due to the cost incurred for the initial stage of the replanting.

Intangible assets amounted to RM485,000, or 14% of non-current assets and relate the acquired timber rights in relation to the licence granted by the Sabah Forestry Department as per the Sustainable Forest Management Licence Agreement (SFMLA).

CURRENT LIABILITIES

Current liabilities comprised mainly of (i) trade and other payables; (ii) finance lease liabilities; and (iii) current income tax liabilities. Current liabilities amounted to approximately RM5.0 million, or 92% of our total liabilities.

Trade and other payables amounted to approximately RM3.3 million, or 66% of current liabilities and comprised mainly trade payables of approximately RM1.0 million and other payables of RM2.3 million.

The increase of trade payables by RM0.4 million, or 60% mainly due to increase in production volume.

Other payables comprised mainly (i) accruals of operating expenses of RM1.4 million relating to inventories and staff costs; and (ii) dividend payable of RM0.8 million. The increase of other payables by RM1.8 million, or 440% was mainly due to the accrual of bonus and dividends.

Finance lease liabilities amounted to approximately RM51,000, or 1% of current liabilities and comprised of the current portion of the finance leases for motor vehicles. Current finance lease liabilities increased by RM0.02 million, or 59% was mainly due to addition of two units of motor vehicles.

NON-CURRENT LIABILITIES

Non-current liabilities comprised mainly of (i) finance lease liabilities; and (ii) deferred income tax liabilities. Non-current liabilities amounted to RM0.4 million, or 8% of total liabilities.

Finance lease liabilities amounted to approximately RM0.3 million which was equivalent to 81% of non-current liabilities and comprised of hire purchase principal due later than one year. Non-current finance lease liabilities increased by RM0.1 million, or 48% was mainly due to addition of two units of motor vehicles under hire purchase facilities.

Deferred income tax liabilities amounted to approximately RM82,000, or 19% of non-current liabilities and increased by RM0.08 million mainly due to temporary differences between the accounting value of assets held in the company's accounts and their tax carrying values, the anticipated and enacted income tax rate and estimated tax payables for the current year.

EQUITY

Shareholders' equity amounted approximately RM28.3 million and comprised of (i) share capital of RM15.2 million; (ii) retained earnings of RM9.0 million; and (iii) non-controlling interests of RM4.1 million.

NET CASH FROM OPERATING ACTIVITIES

Net cash from operating activities of approximately RM10 million in FY2018 was higher compared to RM2.7 million in FY2017. The higher cash generated was mainly due to an increased operating profit after tax in FY2018.

NET CASH USED IN INVESTING ACTIVITIES

Net cash used in investing activities of RM2.2 million in FY2018 was mainly due to acquisition of motor vehicles, plantation infrastructure and plantation development expenditure.

NET CASH FROM FINANCING ACTIVITIES

Net cash from financing activities of approximately RM14 million in FY2018 was mainly due to the issuance of share capital as a result of the Company's listing on 1 June 2018.

Overall, the Group's cash position remained healthy with accumulated cash of approximately RM24 million as at 31 July 2018.

CORPORATE GOVERNANCE REPORT

The board of directors (the "**Board**") of JAWALA INC. ("**Jawala**" or the "**Company**" and together with its principal subsidiary corporation, Jawala Plantation Industries Sdn. Bhd. ("**JPISB**"), the "**Group**") recognises the importance of corporate governance and the offering of high standards of accountability to all shareholders (the "**Shareholders**"). The Board is committed to maintaining and implementing the good practices recommended by the Code of Corporate Governance 2012 (the "**Code**") and the disclosure guide developed by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") in January 2015 (the "**Guide**"), to enhance corporate transparency, as well as to establish and maintain an ethical environment within the Group to protect the interests of Shareholders.

This report describes the corporate governance structure and practices that the Company had adopted for the financial period from 8 August 2017 (date of incorporation) to 31 July 2018 ("**FY2018**"), with specific reference to the principles and guidelines of the Code and Guide, as well as SGX-ST Listing Manual: Section B Rules of Catalist (the "**Catalist Rules**"). The Company has adhered to the principles and guidelines as set out in the Code and Guide, where applicable. Appropriate explanations are provided in the relevant sections below, where there are deviations from the Code and/or the Guide.

(A) BOARD MATTERS

THE BOARD'S CONDUCT OF AFFAIRS

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

The Board comprises the following members:

Datuk Jema Anton Khan	Executive Chairman and Chief Executive Officer
Abdul Rahman Khan Bin Hakim Khan	Executive Director
Nadja Binti Jema Khan	Non-Executive Non-Independent Director
Lee Yong Soon	Lead Independent Director
Leow Ming Fong @ Leow Min Fong	Independent Director
Faridah Binti Mohd. Fuad Stephens	Independent Director

Principal Duties of the Board

The Board provides entrepreneur leadership and is responsible for the overall corporate governance, strategic direction (including sustainability issues) and formulation of policies of the Group to protect and enhance long-term value for Shareholders and other stakeholders.

The main roles of the Board, apart from its statutory duties, are:

(a) to review and oversee Management's performance and affairs of the Group;

(b) to ensure that the necessary financial and human resources are available for the Group to meet its objectives;

(c) to oversee the process for evaluating the adequacy of internal controls, risk management, financial reporting and compliance;

(d) to establish a framework of prudent and effective controls to assess and manage risks including safeguarding the Group's assets and Shareholders' interests;

(e) to identify key stakeholder groups, and determine the Group's values and standards including ethical standards to ensure that obligations to its stakeholders are understood and met;

(f) to set the Group's values and standards (including ethical standards), and ensure that obligations to Shareholders and other stakeholders are understood and met;

(g) to consider sustainability issues, e.g., environmental and social factors, in the formulation of its strategies; and

(h) to ensure compliance with all laws and regulations as may be relevant to the business.

Matters which are specifically reserved to the Board for decision are, *inter alia*, transactions involving a conflict of interest for a substantial shareholder or a Director, material acquisitions and disposal of assets, corporate or financial restructuring, share issuance and dividends, and financial results and corporate strategies.

CORPORATE GOVERNANCE REPORT

Delegation by the Board

The Board delegates specific responsibilities to committees ("**Board Committees**") namely:

(a) Audit Committee ("**AC**");

(b) Nominating Committee ("**NC**"); and

(c) Remuneration Committee ("**RC**").

These committees function within clearly defined terms of references and operating procedures, which are reviewed on a regular basis. The information on each of the Board Committees is set out below. The Board accepts that while these Board Committees have been mandated to examine specific areas or issues and make decisions or recommendations, ultimate authority and responsibility on all matters rests with the Board.

Board Processes

The Board meets at least once every six months to discuss and review the strategic policies of the Group, significant business transactions, performances of the business and approve the release of the half-yearly financial results. Board meetings may include presentations by members of the Management and/or external advisers/consultants on strategic issues pertinent to the Group. Ad-hoc meetings are convened as and when warranted by circumstances. The Company's Articles of Association ("**Articles**") allow a Board meeting to be conducted by means of a teleconference telephone, videoconferencing, audio visual or other electronic means of communication.

The Company was listed on the Catalist Board of the SGX-ST on 1 June 2018 (the "**Listing Date**"). As such, the Board had only met once since the Listing Date in FY2018. The attendance of each Director at the Board and Board Committee meeting is summarised as follows:–

Name	Board		AC		RC		NC	
	No. of Meetings held	No. of Meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended
Datuk Jema Anton Khan	1	1	N/A	1*	N/A	N/A	N/A	N/A
Abdul Rahman Khan Bin Hakim Khan	1	1	N/A	1*	N/A	N/A	N/A	N/A
Nadja Binti Jema Khan	1	1	N/A	1*	N/A	N/A	N/A	N/A
Lee Yong Soon	1	1	1	1	1	1	1	1
Leow Ming Fong @ Leow Min Fong	1	1	1	1	1	1	1	1
Faridah Binti Mohd Fuad Stephens	1	1	1	1	1	1	1	1

* *by invitation*

The Board communicates frequently through informal meetings and teleconference to discuss the Group's strategies and businesses. All the Directors exercise due diligence and independent judgment in dealing with the business affairs of the Group, and are obliged to act in good faith and consider at all times the interest of the Group. The Directors are also required to discharge their duties and responsibilities objectively at all times as fiduciaries in the interests of the Group.

Directors' Orientation and Training

Newly appointed Directors had signed appointment letters which set out their duties and obligations. A comprehensive and tailored induction programme is also conducted by the Chief Operations Officer ("**COO**") and the plantation manager at the Group's campsite in the Sapulut Forest Reserve in Sabah to allow newly appointed Directors to get acquainted with key executives and Management and to familiarise him/her with the Group's business and governance practises. As all the Directors, other than Mr Lee Yong Soon, have no prior experience as Directors of Singapore-listed companies, they have attended training conducted by the Singapore Institute of Directors, on LCD1 – Listed Company Director Essentials, to familiarise themselves with the roles and responsibilities of directors of a public listed company in Singapore. From time to time, the Directors are also provided with further relevant training, particularly on applicable new laws, regulations, as well as trainings in areas such as accounting, legal and industry-specific knowledge, as appropriate. The costs of arranging and funding the training of the Directors will be borne by the Company.

The Board is also provided with information and updates on the Group's policies and procedures relating to issues pertaining to governance, disclosure of interests in securities and restrictions on disclosure of price sensitive information, changes in reporting standards and issues which have a direct impact on financial statements, so as to enable them to properly discharge their duties and responsibilities as Board members or Board Committee members.

BOARD COMPOSITION AND GUIDANCE

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

Independence of the Board

The Board currently comprises two (2) Executive Directors, one (1) Non-Executive Non-Independent Director, and three (3) Independent Directors. In line with the Guideline 2.2 of the Code, the Independent Directors made up at least half of the Board as the Chairman of the Board and Chief Executive Officer is the same person.

In its deliberation on whom may be considered as independent, the Board takes into account the views of the NC and adopts the Code's definition of independence in its review. The Board considers whether a Director had business relationships with the Group, its related corporations, its 10% shareholders or its officers, and if so, whether such relationships could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent judgement with a view to the best interest of the Group. Each Director is required to disclose to the Board any relationships or circumstances which are likely to affect or could appear to affect the Director's judgement, as and when they arise and the independence of each Director is reviewed annually by the NC in accordance with the definition of independence in the Code.

CORPORATE GOVERNANCE REPORT

The NC has reviewed and confirmed the independence of the Independent Directors in accordance with the Code for FY2018. All Independent Directors have also provided their independence declaration. As half of the Board is made up of Independent Directors, the NC believes that the Board shall be able to exercise independent judgement on corporate affairs and that no one individual or groups of individuals dominate any decision making process. The Independent Directors have no financial or contractual interests in the Group other than by way of their Directors' fees as set out in the financial statements. There are no Directors who are deemed independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent.

Board Size and Diversity

Jawala strives to achieve an appropriately balanced mix of talent on the Board, principally through combining Directors with diverse but complimentary backgrounds and experiences, but also through gender and racial diversity. The NC believes that the Board, in its current size, has a good balance of Directors who have extensive business, financial, accounting and management experience, and whom as a group, is capable of providing the core competencies, necessary to meet the Group's objectives. There is also currently gender diversification within the Board, with a 33% female representation on board.

The current Board composition provides a diversity of skills, experience and knowledge to the Group as follows:

Core Competencies	Number of Directors	Proportion of the Board (%)
• Accounting or finance	4	67
• Business Management	4	67
• Legal or Corporate Governance	5	83
• Relevant Industry knowledge or experience	3	50
• Strategic Planning Experience	3	50
• Customer based experience or knowledge	2	33

None of the Independent Directors has served on the Board beyond nine (9) years from the date of his/her first appointment.

Board Guidance

The Non-Executive Directors of the Company (including the Independent Directors) endeavour to constructively challenge Management and help to develop proposals on strategy. The Directors also review and oversee effective implementation by Management in achieving agreed goals and objectives and monitor the reporting of performance.

CORPORATE GOVERNANCE REPORT

To ensure that the Non-Executive Directors are well supported by accurate, complete and timely information, such Directors are provided unrestricted access to Management. Where necessary, the Company would co-ordinate information sessions for Non-Executive Directors to meet on a need-basis with relevant external auditors of the Group or amongst the Non-Executive Directors, without the presence of Management. There were no separate meeting among the Non-Executive Directors in the absence of Management since Listing Date and in FY2018. Subsequent to FY2018, the Non-Executive Directors met in the absence of Management in September 2018.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER ("CEO")

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

Chairman and CEO

Datuk Jema Anton Khan ("**Datuk Jema Khan**") is both the Chairman of the Board ("**Chairman**") and the Chief Executive Officer ("**CEO**") of the Company. After taking into consideration the size, scope and the nature of the operations of the Group, the Board is of the view that it is not necessary to separate the role of the Chairman and the CEO at this juncture. Datuk Jema Khan is the founder of the Group and has played an instrumental role in developing the business since its establishment. He has more than 30 years of experience in the timber industry, including the trading of timber. Datuk Jema Khan with his strong business network has provided the Group with strong leadership and vision. The Board Committees, being the AC, RC and NC, are all chaired by Independent Directors. The Board is of the view that there are sufficient safeguards and checks in place to ensure that the process of decision-making by the Directors is independent, and continues to be based on collective decision-making without the Chairman and CEO having to exercise any considerable concentration of power or influence. As such, the Board is of the view that it is appropriate to maintain a single leadership structure for now.

Roles and Responsibilities of Chairman/CEO

As the Chairman, Datuk Jema Khan is responsible for, amongst others:

(a) leading the Board to ensuring its effectiveness on all aspects of its role;

(b) setting the agenda and ensuring that adequate time is available for discussion of all agenda items, in particular strategic issues;

(c) promoting a culture of openness and debate at the Board;

(d) facilitating contributions from the Non-Executive and Independent Directors and encouraging constructive relationships within the Board and between the Directors and Management;

(e) exercising control over the quality, quantity and timeliness of information flow to the Board;

(f) ensuring effective communication with Shareholders and fostering constructive dialogue between Shareholders, the Board and Management during general meetings;

(g) promoting high standards of corporate governance; and

(h) managing and developing the businesses of the Group and implementing Board's decisions.

As the CEO, Datuk Jema Khan has overall executive responsibilities of the business direction and operational decision of the Group.

Lead Independent Director

As Datuk Jema Khan is both the Executive Chairman and Chief Executive Officer, Mr Lee Yong Soon is appointed as the Lead Independent Director, complying with Guideline 3.3 of the Code. As the Lead Independent Director, Mr Lee Yong Soon will be available to Shareholders if they have concerns and for which contact through normal channels of the Chairman, the CEO or the chief financial officer ("**CFO**") has failed to resolve any of their concerns or is inappropriate.

Led by the Lead Independent Director, the Independent Directors would meet periodically without the presence of the other Directors, where necessary. Feedback from such meeting(s) would be provided by the Lead Independent Director to the Chairman. There were no separate meeting among the Independent Directors since Listing Date and in FY2018. Subsequent to FY2018, the Independent Directors met without the presence of other Directors in Spetember 2018.

BOARD MEMBERSHIP

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

NC and its Terms of Reference

The NC comprises the following members, all of whom are independent:

Mr Lee Yong Soon (Chairman)	Lead Independent Director
Mr Leow Ming Fong @ Leow Min Fong	Independent Director
Ms Faridah Binti Mohd. Fuad Stephens	Independent Director

Since the Listing Date and during FY2018, the NC had convened one (1) scheduled meeting, which was attended by all members.

CORPORATE GOVERNANCE REPORT

Under the NC's terms of reference, the NC performs the following functions:

(a) review and approve any new employment of related persons and proposed terms of their employment;

(b) recommend to the Board on board appointments, including re-nominations of existing Directors for re-election in accordance with the Company's Articles, taking into account the Directors' contribution and performance;

(c) review board succession plans for the Directors;

(d) determine on an annual basis, and when so required under the particular circumstances, whether or not a Director of the Company is independent;

(e) in respect of a Director who has multiple board representations on various companies, if any, to review and decide whether or not such Director is able to and has been adequately carrying out his duties as Director, having regard to the competing time commitments that are faced by the Director when serving on multiple Boards and discharging his duties towards other principal commitments;

(f) decide whether or not a Director of the Company is able to and has been adequately carrying out his duties as a director;

(g) review training and professional development programmes for the Board;

(h) decide on how the Board's performance may be evaluated and propose objective performance criteria, as approved by the Board that allows comparison with its industry peers and address how the Board has enhanced long-term shareholders' value; and

(i) administer jointly with the RC, the Jawala Performance Share Plan and the Jawala Employee Share Option Scheme.

Roles and Responsibilities of the NC

The NC reviews and makes recommendations to the Board on all nominations for appointments and re-appointments to the Board and the Board Committees. In the process for selection and nomination, the NC taps on the Directors' resources to ensure that potential candidates possess relevant experience and the caliber to contribute to the Group and its business, having regard to the attributes of the existing Board and the requirements of the Group. Pursuant to the Company's Articles, a new Director can be appointed by the Directors following upon a favorable recommendation by the NC. Newly appointed Directors must put themselves for re-elections at the next annual general meeting ("**AGM**") of the Company.

All Directors are also subject to the provisions of the Articles whereby at least one-third (1/3) of the Directors are required to retire and subject themselves to re-election by Shareholders at every AGM. Further, all Directors are required to retire from office at least once in every three years. Shareholders will be provided with relevant information of the candidates for election or re-election.

Retiring by Rotation at 2018 AGM

As the Company was incorporated on 8 August 2017 and all Directors were appointed subsequent to the incorporation, all the Directors are subject to retirement by rotation pursuant to Article 102 of the Articles at the forthcoming AGM. Each member of the NC shall abstain from voting on any resolutions in respect of the assessment of his/her re-election as a Director.

The Directors have each given their consent to stand for re-election at the AGM, and upon re-election:

(a) Datuk Jema Anton Khan shall remain as Chairman and CEO of the Company;

(b) Mr. Abdul Rahman Khan Bin Hakim Khan shall remain as the Executive Director of the Company;

(c) Ms. Nadja Binti Jema Khan shall remain as the Non-Executive Non-Independent Director of the Company;

(d) Ms. Faridah Binti Mohd. Fuad Stephens shall remain as the Independent Director of the Company, Chairman of the RC and a member of the AC and NC respectively;

(e) Mr. Lee Yong Soon shall remain as the Independent Director of the Company, Chairman of the NC and a member of the AC and RC respectively; and

(f) Mr. Leow Ming Fong @ Leow Min Fong shall remain as the Independent Director of the Company, Chairman of the AC and a member of the NC and RC respectively.

Review of Directors' Independence

The NC deliberates annually, to determine the independence of a Director, in line with the relevant guidelines of and salient factors in the Code. No member of the NC participated in the deliberation in respect of his/her own status as an Independent Director. Each of the Independent Directors has also confirmed that he/she does not have any relationship with his/her fellow Directors or with the Group and its substantial shareholders.

Commitments of Directors sitting on Multiple Directorships

In assisting the NC to determine whether the Directors who have multiple board representations are able to adequately carry out their duties and commitments towards the Group, the Directors have adopted a form of internal guidelines whereby Directors are required to apprise the Board of their other listed company directorships and other principal commitments. The NC, after reviewing the completed disclosure forms returned by all Directors together with the respective list of directorships held by each Director as well as their attendance at Board and/or Board Committee meetings and their other principal commitments, is satisfied that all the Directors who sit on multiple boards or have other principal commitments are able to devote adequate time and attention to the affairs of the Group and to fulfil their duties as Directors. The NC has recommended, and the Board has agreed that the maximum number of listed company board representations which a Director may hold, should not be more than five (5) including the Company, in line with international practices and conventions.

Alternate Director

There are no alternate Directors on the Board as of the date of this Annual Report.

CORPORATE GOVERNANCE REPORT

Succession Planning for the Board

As and when required, the NC seeks to balance Board renewal, which brings in fresh insights with maintenance of knowledge and experience of the Group's operations. The NC strives to ensure that the Board and Board Committees comprise individuals who are able to discharge their duties and responsibilities as Directors with regard to the highest standards of corporate governance.

Process for Selection, Appointment and Re-appointment of Directors

The NC reviews and makes recommendations to the Board on all nominations for appointments and re-appointments of Directors to the Board. The NC may identify suitable candidates for appointment as new Directors through the business network of the Board members or engage independent professional advisers to assist in the search for suitable candidates, taking into consideration factors such as the ability of the potential candidate to contribute to discussions, deliberations and activities of the Board. The NC also taps on the Directors' resources to ensure the potential candidates possess relevant experience and are able to contribute to the Group and its business. The potential candidate will go through a shortlisting process and thereafter, an interview will be set up before the NC proceeds to recommend the selected candidate to the Board for consideration and approval. Pursuant to the Articles of the Company, the Directors, upon receipt of recommendation from the NC, shall have power to appoint a new Director either to fill a casual vacancy or as an additional Director. Newly appointed Directors must put themselves for re-election at the next AGM of the Company.

Information on Directors

Key information on the Directors, including their academic and professional qualifications, and their shareholdings, if any, in the Company, are found on pages 5 to 7 of this annual report.

BOARD PERFORMANCE

Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

Board Performance and Board Evaluation

As the Company was only incorporated in August 2017 and newly listed on the Catalist on 1 June 2018, there was no formal annual assessment of the effectiveness of the Board as a whole and its Board Committees for FY2018. The NC, together with the Board, is of the view that each Director continues to contribute effectively and demonstrates commitment to the role (including commitment of time for meetings of the Board and Board Committees and any other duties), since their respective appointment dates. For FY2018, no external facilitator has been engaged to perform the assessment process on the Directors.

Subject to approval by the Board, the NC will decide on how the Board's performance is to be evaluated and propose objective performance criteria which address how the Board has enhanced long-term Shareholders' value. The performance evaluation will also include consideration of the Company's share price performance over a five-year period vis-à-vis the Singapore Straits Times Index and benchmark index of industry peers. The Board will also implement a process to be carried out by the NC for assessing the effectiveness of the Board as a whole, the Board Committees, and for assessing the contribution by each individual Director to the effectiveness of the Board.

A formal assessment on the Board and Board Committees will be conducted for the financial year ending 31 July 2019 ("**FY2019**"), and the assessment result will be provided in the Company's next Annual Report. In the meantime, the Board and the NC will endeavor to ensure that Directors appointed to the Board continue to possess the experience, knowledge and skills critical to the Group's business, so as to enable the Board to make sound and well-considered decisions.

ACCESS TO INFORMATION

Principle 6: In order to fulfill their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

Board's Access to Information

Directors receive a regular flow of information from Management on information pertaining to relevant matters to be brought before the Board for its decision as well as ongoing reports, explanations and updates relating to the operational and financial performance of the Group.

To allow the Directors sufficient time to prepare for meetings of the Directors and relevant Board Committees, all scheduled Board and Board Committee papers are distributed to the Directors not less than a week in advance of the respective meetings. Information provided include amongst others, the background or explanatory information relating to matters to be brought before the Board, budgets, forecasts, internal and external auditors' reports and internal financial statements. The Directors also liaise with senior Management as required, and may consult with other employees and seek additional information on request. Any additional material or information requested by the Directors will be promptly furnished.

Role of the Company Secretaries

All Directors have separate and independent access to the Company Secretaries at all times. The Company Secretaries are responsible, among other things, to ensure that Board procedures are followed and that applicable rules and regulations including the provisions of the Company's Articles are complied with. The Company Secretaries assist the Chairman to ensure good information flow within the Board and its Board Committees and between Management and Non-Executive Directors.

The Company Secretaries, or at least one of the Company Secretaries attend all Board and Board Committee meetings and assist the Chairman, the Chairmen of the respective Board Committees and Management in the development of meeting agendas for the various Board and Board Committee meetings.

The appointment and removal of the Company Secretaries is subject to the approval of the Board.

Board's Access to Independent Professional Advice

Directors, either individually or as a group, in the furtherance of their duties, may seek independent professional advice, if necessary, at the Company's expense.

CORPORATE GOVERNANCE REPORT

(B) REMUNERATION MATTERS

REMUNERATION COMMITTEE ("RC")

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

<u>**RC and its Terms of Reference**</u>

The RC comprises three (3) members, all of whom are Independent Directors, namely:

Ms Faridah Binti Mohd. Fuad Stephens (Chairman)	Independent Director
Mr Leow Ming Fong @ Leow Min Fong	Independent Director
Mr Lee Yong Soon	Lead Independent Director

Since the Listing Date and during FY2018, the RC had convened one (1) scheduled meeting, which was attended by all members.

Under the RC's terms of reference, the RC performs the following functions:

(a) to establish and recommend to the Board, the individual remuneration structure and policy for the key management personnel, taking due account of short term and long term incentives and whether there is an appropriate balance between fixed and incentive pay that is aligned with the objectives of the Company and is commensurate with the level of executive responsibilities;

(b) to review and advise on the terms of any contract to be offered to the key management personnel ensuring that contractual terms on appointment, retirement, termination and any payments made are fair to the individual and the Company;

(c) to take into account all factors which it deems necessary including relevant legal and regulatory requirements, the provisions and recommendations of the Code in determining the remuneration policy;

(d) to review the remuneration of employees who are immediate family members of a director, and whose remuneration exceeds SGD50,000 during the year;

(e) to review the ongoing appropriateness and relevance of the remuneration policy and approving any major changes to remuneration policy;

(f) to determine and agree with the Board an appropriate performance framework;

(g) to support the setting of performance target parameters for the remuneration of the key management personnel;

(h) to monitor Management's performance against targets and to recommend resultant annual remuneration levels; and

(i) to administer jointly with the NC, the Jawala Performance Share Plan and the Jawala Employee Share Option Scheme.

Roles and Responsibilities of the RC

The scope of responsibilities of the RC encompasses all aspects of remuneration, including but not limited to the Directors' fees, salaries, allowances, bonuses, options and benefits-in-kind. The RC also reviews the remuneration of senior Management and employees related to the Directors, if any. Each member of the RC shall abstain from voting on any resolutions in respect of his/her remuneration package and also in respect of any employee related to him/her, if any. The remuneration of employees who are related to Directors and substantial shareholders will also be reviewed annually by the RC to ensure that their remuneration package are in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. Additionally, the RC also reviews the Group's obligations arising in the event of termination of service contracts entered into between the Group and its Executive Directors or key management personnel, as the case may be, to ensure that the service contracts contain fair and reasonable termination clauses which are not overly onerous to the Group.

RC's Access to Advice on Remuneration Matters

In discharging its functions, the RC may from time to time, seek independent external legal and other professional advice on the remuneration of all Directors and key management personnel. The expenses of such advice shall be borne by the Company.

The Board did not engage any external remuneration consultant to advise on remuneration matters for FY2018.

LEVEL AND MIX OF REMUNERATION

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

Remuneration of Executive Directors and Key Management Personnel

The Company entered into separate service agreements with Datuk Jema Anton Khan (Executive Chairman and Chief Executive Officer), Mr. Abdul Rahman Khan Bin Hakim Khan (Executive Director) and Ms. Julie Tan (Chief Financial Officer). The service agreements are for an initial period of three years (the "**Initial Term**") with effect from the Listing Date, subject to renewal annually thereafter unless otherwise agreed in writing or terminated in accordance with the service agreements. During the Initial Term, the parties may terminate the respective service agreement by either party giving not less than six months' notice in writing to the other.

In setting remuneration packages, the Company takes into account, the pay and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of individual Directors and key management personnel.

The Company has adopted an overall remuneration policy for employees comprising a fixed component in the form of base salary, and a variable component in the form of a bonus that is linked to the performance of the Group, the individual, the industry and the economy. The remuneration packages are formulated to attract, retain and motivate the Executive Directors and the key management personnel, to align their interests with the long-terms interests of the Group. The RC endorses the bonus for distribution to key management personnel and Directors based on individual performance, and presents its recommendations to the Board for approval.

CORPORATE GOVERNANCE REPORT

To align the interest of the Directors and key management personnel, the Company has also adopted the Jawala Performance Share Plan ("**PSP**") and the Jawala Employee Share Option Scheme ("**ESOS**"), details of which are set out in pages 28 and 29 respectively of this Annual Report. The PSP and ESOS aim to amongst others, provide an opportunity for Executive Directors, key management personnel and eligible employees of the Group to participate in the equity of the Company, thereby inculcating a stronger sense of identification with the long-term prosperity of the Group and promoting organizational commitment, dedication and loyalty of the eligible participants to the Group. Non-Executive Directors who satisfy the eligibility requirements shall also be eligible to participate in the PSP and ESOS.

Remuneration of Non-Executive Directors

The Non-Executive Directors (including Independent Directors) do not have any service agreement with the Company and they receive Directors' fees which are pro-rated according to their appointment date, where applicable, and based on their contributions to the Company, taking into account factors such as efforts and time spent as well as their responsibilities on the Board and Board Committees, if applicable. The Company recognizes the need to pay competitive fees to attract, motivate and retain Directors without being excessive to the extent that their independence might be compromised. Directors' fees are recommended by the Board and will be subject to Shareholders' approval at the Company's AGM.

Contractual Provision to Reclaim Incentive Components of Remuneration

The Company does not currently use contractual provisions to allow the Company to reclaim incentive components of remuneration from Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results or misconduct resulting in financial loss to the Company. The Executive Directors and key management personnel owe a fiduciary duty to the Company. The Company should be able to avail itself to remedies against the Executive Directors and key management personnel in the event of such breach of fiduciary duties.

DISCLOSURE ON REMUNERATION

Principle 9: Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

Remuneration of the Directors and Top Key Management Personnel

The Company sets remuneration packages which are competitive and sufficient to attract, retain and motivate Directors and key management personnel with adequate experience and expertise to manage the business and operations of the Group.

The remuneration paid to the Directors and key management personnel for services rendered for FY2018 are as follows:

Names	Salary	Performance Bonus	Directors' Fees	Total
	%	%	%	%
Directors				
Below SGD250,000 (equivalent to approximately MYR755,615)				
Datuk Jema Anton Khan	46	54	–	100
Abdul Rahman Khan Bin Hakim Khan	20	80	–	100
Nadja Binti Jema Khan	–	–	100	100
Faridah Binti Mohd. Fuad Stephens	–	–	100	100
Leow Ming Fong @ Leow Min Fong	–	–	100	100
Lee Yong Soon	–	–	100	100
Key Management Personnel				
Below SGD250,000 (equivalent to approximately MYR755,615)				
Julie Tan	52	48	–	100
Maxy Bin Self	54	46	–	100

Save for the Executive Directors, the Company only has 2 top key management personnel as at 31 July 2018.

After reviewing the industry practice and analyzing the advantages and disadvantages in relation to the disclosure of remuneration of each Director and key management personnel, the Company is of the view that such disclosure would be prejudicial to its business interest given the commercial sensitivity and confidential nature of remuneration packages. The Board is of the view that this level of disclosure in bands of SGD250,000 is both sufficient and adequate.

There were no termination, retirement and post-employment benefits granted to Directors and key management personnel in FY2018.

Aggregate remuneration for key management personnel

The aggregate remuneration paid to the above key management personnel (who are not Directors or CEO) in FY2018 was SGD0.23 million (equivalent to approximately MYR0.7 million).

Employee Related to Directors/CEO

There are no employees whose remuneration exceeds SGD50,000 (equivalent to approximately MYR151,123) during FY2018 who are immediate family members of any Director or the CEO.

CORPORATE GOVERNANCE REPORT

Jawala Performance Share Plan ("PSP")

The Company recognises that the contributions and continued dedication of the employees within the Group and Non-Executive Directors are critical to the future growth and development of the Group and has adopted the PSP which was approved by its Shareholders at an extraordinary general meeting held on 26 April 2018 ("**EGM**"). The PSP which is based on the principle of pay-for-performance, is designed to enable the Company to reward, retain and motivate employees of the Group to achieve superior performance.

The PSP allows for participation by full-time employees of the Group (including the Executive Directors) and Non-Executive Directors (including Independent Directors), controlling shareholders and their associates, provided they have met the eligibility criteria.

The PSP shall be managed by the members of the NC and the RC (the "**Administration Committee**") which has the absolute discretion to determine persons who are eligible to participate in the PSP.

The aggregate number of shares which may be issued and/or transferred under the PSP (including other share schemes of the Company) shall not exceed eight per cent (8%) of the Company's total issued capital (excluding treasury shares and subsidiary holdings) on the date preceding the date of the relevant grant.

There is no minimum vesting period under the PSP for Awards and the length of the vesting period in respect of each Award will be determined on a case-by-case basis by the Administration Committee.

As at the date of this report, no awards had been granted under the PSP.

Information on the PSP is set out in the Company's Offer Document dated 24 May 2018 ("**Offer Document**").

Jawala Employee Share Option Scheme ("ESOS")

The ESOS was adopted at the EGM, and provides eligible participants with an opportunity to participate in the equity of the Company and to motivate them towards better performance through increased dedication and loyalty. The ESOS which forms an integral and important component of the Company's compensation plan is designed to primarily reward and retain employees whose services are vital to the success of the Group.

The ESOS allows for participation by confirmed employees of the Group (including the Executive Directors) and Non-Executive Directors (including Independent Directors), controlling shareholders and their associates provided they have met the eligibility criteria.

The ESOS shall be managed by the Administration Committee which shall have the powers to determine, among others, the following:

(a) persons to be granted Options;

(b) number of Options to be offered; and

(c) recommendations for modifications to the ESOS.

The aggregate number of shares which may be offered under the ESOS (including the PSP and any other share schemes of the Company) shall not exceed eight per cent (8%) of the Company's total issued capital (excluding treasury shares and subsidiary holdings) on the date preceding the date of the relevant grant.

The options that are granted under the ESOS may have exercise prices that are at the discretion of the Administration Committee.

As at the date of this report, no options had been granted under the ESOS.

Information on the ESOS is set out in the Offer Document.

Link Between Remuneration and Performance

The RC reviews the remuneration of the Executive Directors and key management personnel, and makes recommendation for the Board's endorsement of an appropriate framework of remuneration.

The remuneration received by the Executive Directors and key management personnel takes into consideration his/her performance and contribution towards the overall performance of the Group in FY2018. Their remuneration is made up of fixed and variable compensations. The fixed compensation consists of an annual base salary and Kumpulan Wang Simpanan Pekerja whilst the variable compensation is determined based on the level of achievement of corporate and individual performance objectives. In determining remuneration and bonus awards, Management makes recommendations to the RC, having regard to key performance indicators, such as, (a) sales and profit targets, (b) strategic requirements and goals of the Group, (c) investment in future growth, and ultimately (d) the individual executive's contribution to these objectives.

(C) ACCOUNTABILITY AND AUDIT

ACCOUNTABILITY

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

Balanced and Understandable Assessment of the Company's Performance

The Company provides information pertaining to the operations, performance and financial position of the Group to all Shareholders through SGXNET, the Offer Document and the Company's Annual Report.

In discharging its responsibility, the Board ensures that the Group's financial results provide a balanced and understandable assessment of the Group's performance, position and prospects. The Company conveys its financial performance, position and outlook on a half-yearly basis via announcements to the SGX-ST. Additional disclosures, when required, are also made through the same communication channels.

Compliance with Legislative and Regulatory Requirements

Management currently provides the Board with management accounts of the Group's performance, position and prospects on a quarterly basis and as the Board may require from time to time.

During FY2018, the Board reviewed reports from the Management to ensure compliance with the Group's policies, operational practices and procedures and relevant legislative and regulatory requirements. The Directors may seek independent professional advice and receive relevant training so as to maintain continuing standards and vigilance.

Jawala has also procured undertakings from all its Directors and key management personnel in compliance with Catalist Rule 720(1).

CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interest and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

Risk Management and Internal Control System

The Board is responsible for the overall internal control framework and risk management in the Group, amongst other matters. The Board determines the Company's levels of risk tolerance and risk policies and oversees Management in the design, implementation and monitoring of risk management and internal control systems. Such systems are put in place to address financial, operational, compliance and information technology risks with the objectives to provide reasonable assurance that there are no material financial misstatements or material loss and assets are safeguarded.

Adequacy and Effectiveness of Risk Management and Internal Control Systems

The Board reviews, at least annually, the adequacy and effectiveness of the Group's risk management and internal control systems.

The Company, with the assistance of an external consultant, had established a formal Enterprise Risk Management ("**ERM**") framework which facilitates risk assessment and the identification of risk actions. Risk assessment was carried out by the Group's internal audit function and risk action plans were deliberated during the financial year. An internal control review was also carried to assess the adequacy and effectiveness of the internal control system established by the Company's principal subsidiary, JPISB.

The risk-based audit plan is approved by the AC and audits are conducted to assess the adequacy and effectiveness of the Group's system of risk management and internal controls in addressing investment, financial, operational, compliance, information technology, market and planting risks as well as the risks of non-performing contractors and termination of the Sustainable Forest Management Licence Agreement. Material control weaknesses, if any, would also be highlighted by the external auditors in the course of the audit of the Group's books.

Board's Comments on the Adequacy and Effectiveness of Internal Controls and Risk Management Systems

For FY2018, the Board and the AC have obtained assurances from the CEO and the CFO for the following:

(a) that the financial records have been properly maintained and the financial statements for FY2018 give a true and fair view of the Group's operations and finances; and

(b) that the Group's risk management and internal control systems in place were adequate and effective in FY2018 in addressing the material risks of the Group in its current business environment including financial, operational, compliance and information technology risks.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, reviews performed and actions taken by Management and on-going reviews and continuing efforts at enhancing controls and processes, the Board with the concurrence of the AC, is satisfied that the Group's risk management systems and internal controls were adequate and effective to address the financial, operational, compliance and information technology risks for FY2018.

The Board also notes that the system of internal control provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. The Board and the AC wish to highlight that no system of internal controls could provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, losses, fraud, market risks which include changes in weather, currency fluctuations, government policies or other irregularities.

Risk Management Committee

To assist the Board in carrying out its responsibility of overseeing the Group's risk management framework and policies, the Board has established the Risk Management Committee ("**RMC**"), a dedicated board risk management committee comprising the Executive Directors, the CFO and COO as its members on 25 July 2018. The RMC which would report to the Board, is responsible for:

(a) monitoring the consistent enforcement of ERM Framework across the Group;

(b) communicating requirements of the ERM Framework and ensuring continuous enhancement of ERM;

(c) reviewing the risk appetite, risk parameters, risk profiles, risk treatment options and risk action plans status monitoring;

(d) providing guidance and advice on the appropriateness of risk treatment option selected and risk action plans development;

(e) formulating and implementing ERM mechanism to accomplish requirements of the ERM policy;

(f) articulating and challenging risk ratings, control effectiveness, risk treatment options and risk action plans;

(g) ensuring that the ERM reports prepared are submitted to Board in a timely manner, and flash reports are submitted in the event of any new risk(s) that required urgent attention; and

(h) reviewing the ERM Policy on an annual basis and considering to adopt best practices based on corporate governance framework.

AUDIT COMMITTEE ("AC")

Principle 12: The Board should establish an AC with written terms of reference which clearly set out its authority and duties.

AC and its Terms of Reference

The AC comprises the following members, all of whom are independent:

Mr Leow Ming Fong @ Leow Min Fong (Chairman)	Independent Director
Mr Lee Yong Soon	Lead Independent Director
Ms Faridah Binti Mohd. Fuad Stephens	Independent Director

Since the Listing Date and during FY2018, the AC had convened one (1) scheduled meeting, which was attended by all members.

CORPORATE GOVERNANCE REPORT

The AC comprises members who have sufficient experience in both the finance and business fields.

The Board is of the view that the members of the AC, in particularly the AC Chairman, are appropriately qualified in that they have recent and relevant accounting or related financial management expertise and experience to discharge the AC's functions.

The AC assists the Board in discharging their responsibility to safeguard the Group's assets, maintain adequate accounting records, and in developing and maintaining effective systems of risk management and internal control.

Under the AC's terms of reference, the AC performs, among others, the following functions:

(a) to assist the Board in the discharge of its responsibilities on financial reporting matters;

(b) to maintain oversight and discretionary power on the Use of Strategic Reserves as set out in the section entitled "Working Capital" in the Offer Document;

(c) to monitor and review on a quarterly basis, the Use of Strategic Reserves, which will be kept in a separate bank account;

(d) to review and approve the Use of Strategic Reserves for any other purposes other than the stated Use of Strategic Reserves;

(e) to monitor compliance with the undertakings provided by the Company in relation to the Bumiputra Requirement, the Jawala Corporation Additional Undertaking, the Khan Family Additional Undertaking as set out under the section entitled "Shareholders – Moratorium" in the Offer Document, the Undertaking provided by Jawala Corporation in relation to the provision of shareholder loans as set out in the sections entitled "Working Capital" and "General Information on our Group – Business – Salvage Logging within the Licensed Area" of the Offer Document, and the Undertakings by Jawala Corporation, Datuk Jema Anton Khan, Tan Sri Abdul Majid Khan, JPISB and the Company in relation to compliance with the Shareholding Requirement of the Sustainable Forest Management Licence Agreement ("**SFMLA**") as set out in the section entitled "General Information on Our Group – Licences, Permits, Approvals and Certifications" in the Offer Document;

(f) to review, with the internal and external auditors, the audit plans, scope of work, their evaluation of the system of internal accounting controls, their management letter and the Management's response, and results of the Group's audits compiled by the Company's internal and external auditors;

(g) to review the interim and annual financial statements and results announcements before submission to the Board for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with financial reporting standards as well as compliance with the Catalist Rules and any other statutory/regulatory requirements;

(h) to review the effectiveness and adequacy of the Group's internal control and procedures, including accounting, financial controls, operational, compliance and information technology and risk management systems and ensure coordination between the internal and external auditors and Management, to review the assistance given by the Management to the auditors, and to discuss problems and concern, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of Management where necessary);

(i) to review the scope and results of the external audit, and the independence and objectivity of the external auditors;

(j) to review and discuss with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and Management's response;

(k) to make recommendations to the Board on the proposals to the Shareholders on the appointment, re-appointment and removal of the external auditors, and to approve the remuneration and terms of engagement of the external auditors;

(l) to review significant reporting issues and judgments with the CFO and the external auditors so as to ensure the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance before submission to the Board of Directors;

(m) to review and report to the Board at least annually, the adequacy and effectiveness of the Group's material internal controls with the CFO and the internal and external auditors, including financial, operation, compliance and information technology controls, and risk management systems via reviews carried out by the internal auditors;

(n) to monitor and review the implementation of recommendations from external and internal auditors, if any, to address any control weaknesses;

(o) to review and approve transactions falling within the scope of Chapter 9 and Chapter 10 of the Catalist Rules (if any);

(p) to review any potential conflict of interests;

(q) to review and approve all hedging policies and instruments (if any) to be implemented by the Group;

(r) to undertake such reviews and projects as may be requested by the Board and to report to the Board its findings from time to time on matters arising and requiring the attention of the AC;

(s) to review and establish procedures for receipt, retention and treatment of complaints received by the Group, among others, criminal offences involving the Group or its employees, questionable accounting, auditing, business, safety or other matters that impact negatively on the Group; and

(t) to generally undertake such other functions and duties as may be required by statute or the Catalist Rules, and by such amendments made thereto from time to time.

The AC has explicit authority to investigate any matters within its terms of reference. It has full access to and co-operation of Management and full discretion to invite any Director or executive Director to attend its meetings, with reasonable resources to enable it to discharge its function.

The Company's internal and external auditors are invited to attend AC meetings and to make presentations, as appropriate. The AC, which also has independent access to both the internal and external auditors, meets with the external auditors without the presence of Management. There was no separate meeting between the AC and both internal and external auditors since Listing Date and in FY2018. Subsequent to FY2018, the AC met the external auditors in the absence of Management in September 2018.

CORPORATE GOVERNANCE REPORT

Independence of External Auditors

The AC oversees the Group's relationship with its external auditors. It reviews the selection of the external auditors and recommends to the Board the appointment, re-appointment and removal, if necessary, of the external auditors, the remuneration and terms of engagement of the external auditors.

The AC also reviews the scope and value of non-audit services provided by the Company's external auditors, Nexia TS Public Accounting Corporation ("**Nexia**"), through discussions with the external auditors and an annual review of the nature, extent and charges of non-audit services provided by the external auditors to the Group as part of the AC's assessment of independence of the external auditors. The total fees in respect of audit and non-audit fees paid to the external auditors (including its associate firms) for FY2018 are as stated below:

External Auditors' Fees for FY2018	**S$**	**% of Total Fees**
Total Audit Fees	65,000	100
Total Non-Audit Fees	–	–
Total Fees Paid	65,000	100

There were no non-audit fees paid to the external auditors for FY2018.

The AC is satisfied with the independence of the external auditor, and has recommended the re-appointment of Nexia at the forthcoming AGM.

Whistle-Blowing Policy

The Company has put in place a whistle-blowing policy and procedures to provide employees and others with well-defined and accessible channels within the Group, to raise concerns, in confidence, about possible improprieties in matters of financial reporting or other matters. The policy establishes a confidential line of communication by way of a dedicated and secured email address (leowjim2015@gmail.com) which would be monitored by the AC Chairman. This ensures that arrangements are in place for the independent investigations of such matters and for appropriate follow up actions.

The aim of the policy is to encourage employees and others to report malpractices and misconduct in the workplace. All information received will be treated confidentially and the identity of the whistle-blowers protected. Anonymous disclosures will be accepted and anonymity honored. Whistle-blowers who have acted in good faith will be protected from reprisal.

The AC reviews all whistleblowing complaints, if any, at each AC meeting to ensure independent, thorough investigation and appropriate follow-up actions. Where appropriate, an independent third party may be appointed to assist in the investigation.

There were no whistleblowing reports received in FY2018.

Activities in FY2018

The AC is kept abreast of changes by the external auditors and Company Secretaries in accounting standards, stock exchange rules and other codes and regulations, where applicable, which could have an impact on the Group's business and financial statements, during its meeting(s) and via email circulation.

Partners or Directors of the Company's Existing Auditing Firm

None of the AC members (i) is a former partner or director of the Company's existing auditing firm or auditing corporation in the previous 12 months and (ii) holds any financial interest in the auditing firm or auditing corporation.

INTERNAL AUDIT

Principle 13: The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

Internal Auditors

The AC reviews the effectiveness of the internal control procedures within the Group and had subsequent to the Company's listing on Catalist, appointed Axcelasia Columbus Sdn. Bhd. ("**Axcelasia**") as its internal auditor to ensure the adequacy and sufficiency of internal controls procedures within the Group. Axcelasia carries out its function in accordance to the standards set by the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

The AC exercises its oversight over the internal audit function and reviews, among other things, the followings:

(a) scope of the annual internal audit plans;

(b) significant audit observations and Management's responses thereto; and

(c) adequacy and effectiveness of the internal audit function.

The internal auditor has unrestricted access to the AC, members of the Management as well as the Group's documents, records, properties and personnel, where necessary, for the internal auditor to carry out their functions accordingly.

The internal auditor carries out their functions under the direction of the AC and reports directly to the AC Chairman, and administratively to the CEO and CFO. Key audit findings and recommendations are tabled for discussion at AC meetings, and the timeliness and progress of implementing the corrective or improvement actions are measured and reported.

Adequacy and Effectiveness of the Internal Audit Functions

The AC reviews annually the adequacy and effectiveness of the internal audit function to ensure that internal audits are conducted effectively and that Management provides the necessary co-operation to enable the internal auditor to perform its functions. The AC also reviews the internal auditor's reports and remedial actions implemented by Management to address any internal control inadequacies identified and is satisfied that the internal audit functions are adequate and effective.

The AC is satisfied that Axcelasia is adequately qualified (given, *inter alia*, its adherence to Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors) and resourced, and has the appropriate standing in the Company to discharge its duties effectively.

CORPORATE GOVERNANCE REPORT

(D) SHAREHOLDER RIGHTS AND RESPONSIBILITIES

SHAREHOLDER RIGHTS

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

Shareholders' Rights to Information

The Company endeavors to maintain full and adequate disclosure of material event and matters concerning its business, in a timely, fair and transparent manner. Information which is material or that may influence the price of the Company's shares are disclosed timely in compliance with the requirements of the Catalist Rules, via public announcements, press release, annual reports or circulars to the Shareholders.

Shareholders' Participation and Voting at General Meetings

Shareholders are informed of Shareholders' meetings through notices published in the newspapers and the Company's announcements via SGXNet, as well as reports/circulars sent to all Shareholders.

All Shareholders are entitled to attend the Annual and/or Extraordinary General Meetings ("**General Meetings**") of the Company and are accorded the opportunity to participate effectively and vote in General Meetings. All Shareholders are given the opportunity to voice their views and to direct queries regarding the Group to Directors, including the Chairman of each of the Board Committees.

The Company's Articles allow a member of the Company to appoint up to two (2) proxies to attend and vote at the Company's General Meetings. Indirect investors, who hold the Company's shares through a relevant intermediary, may attend and vote at the General Meetings by submitting proxy instructions to the respective intermediary before the proxy form cut off time. Pursuant to the Articles of the Company, a member who is a relevant intermediary may appoint more than two (2) proxies to attend and vote at a General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

The Company conducts poll voting for all resolutions tabled at the General Meetings. An independent polling agent will be appointed by the Company for General Meetings who will also explain the rules, including the voting procedures which govern the proceedings of the General Meetings.

COMMUNICATION WITH SHAREHOLDERS

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

Communication with Shareholders

The Company is committed to maintaining high standards of corporate disclosure and transparency. In line with the continuous disclosure obligations under the Catalist Rules, the Board has and will continue to apprise Shareholders promptly of all pertinent information. Material information is disclosed in an adequate, accurate and timely manner via SGXNet. In the event that unpublished material information is inadvertently disclosed to any selected group in the course of the Company's interactions with the investing community, a media release or announcement will be released to the public via SGXNet promptly.

The Company does not currently have an investor relations policy and considers advice from its corporate lawyers and professionals on the appropriate disclosure requirements before the announcement of each material information. The Company will consider the appointment of a professional investor relations officer to manage this function, should the need arises.

Board's Dialogues with Shareholders

General Meetings are currently the principal forum for the Board's dialogue with Shareholders. Shareholders are encouraged to participate during the General Meetings, to engage the Board and the Management on the Group's business activities, financial performance and other business-related matters.

The Directors (including the chairpersons of the respective Board Committees) and key management personnel are in attendance to address queries and concerns about the Group. The Company's external auditors also attend to address Shareholders' queries relating to the conduct of the audit and the preparation and content of the external auditors' report.

Dividend Policy

The Company does not have a fixed dividend policy. The Directors had however, indicated in the Offer Document of the Company's intention to recommend and distribute dividends of not less than 20% of the Group's profit after tax to Shareholders for FY2018 and FY2019 (the "**Proposed Dividends**"). Investors should note that all the foregoing statements including the statement on the Proposed Dividends are merely statements of the present intention and shall not constitute legally binding statements in respect of the future dividends which may be subject to modification. For more details, please refer to page 55 of the Offer Document. The Company may declare an annual first and final dividend with the approval of the Shareholders in a General Meeting, but the amount of such dividend shall not exceed the amount recommended by the Board.

For FY2018, the Company is recommending a first and final one-tier tax-exempted dividend of SGD0.004 per ordinary share to be approved by Shareholders at the forthcoming AGM. Subject to Shareholders' approval of the final dividend, payment shall be made on 10 December 2018.

CONDUCT OF SHAREHOLDER MEETINGS

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

Shareholders' Participation

The Board welcomes the view of Shareholders on matters affecting the Company, whether at General Meetings or on an ad-hoc basis. Shareholders are encouraged to attend the Company's General Meetings to ensure high level of accountability and to stay informed of the Group's strategies and goals.

The Company's Articles provide for Shareholders to participate and vote at General Meetings, and Shareholders are encouraged to do so. If any Shareholder is unable to attend, the Articles allow the Shareholder to appoint up to two (2) proxies to vote on his/her behalf through proxy forms submitted at least 72 hours prior to the relevant meeting. The Company has decided not to implement voting in absentia by mail, email or facsimile, until all relevant issues on security and integrity on such mode of communication are satisfactorily resolved.

CORPORATE GOVERNANCE REPORT

Resolutions to be tabled at General Meetings

As a matter of good order, the Board ensures that issues or matters requiring Shareholders' approval are tabled at General Meetings in the form of separate and distinct resolutions, unless such resolutions are interdependent and linked.

Attendance at General Meetings

All the Directors including the Chairman of the Board and the Board Committees shall attend all General Meetings to address Shareholders' queries, if any. The Company's external auditors will also present to address questions raised by the Shareholders.

Minutes of General Meetings

The Company Secretaries prepare minutes of General Meetings relating to the agenda of the meeting, which would be subsequently approved by the Board. These minutes will be made available to shareholder upon their request.

Voting by Poll

In line with the Code, all resolutions at General Meetings are put to vote by poll, and the number of votes cast for and against each resolution as well as the respective percentage, will be announced. An independent external party will be appointed as scrutineer for the electronic poll voting process. The results of the electronic poll voting are announced immediately after each resolution is put to a vote, and the number of votes cast for and against and the respective percentages will be displayed in real-time at the General Meetings. Detailed results of the poll votes for each resolution will be promptly disclosed on the SGXNet after trading hours, following upon the conclusion of the General Meetings.

APPOINTMENT OF AUDITORS
(Rule 712 and Rule 715 of the Catalist Rules)

The Company confirmed that Rule 712 and Rule 715 of the Catalist Rules have been complied with.

MATERIAL CONTRACTS
(Rule 1204(8) of the Catalist Rules)

Other than disclosed in the audited financial statements for FY2018 and the service agreements between the Executive Directors and the Company, there was no material contracts entered into by the Group involving the interest of the Chairman, CEO or any Directors or controlling shareholders which are either still subsisting at the end of FY2018 or if not then subsisting, entered into since the end of the previous financial year.

DEALINGS IN SECURITIES
(Rule 1204(19) of the Catalist Rules)

In line with Catalist Rule 1204(19), the Company has adopted a policy with respect to dealings in securities by Directors and officers of the Group. The Company, its Directors, Management and officers of the Group who have access to price-sensitive, financial or confidential information are not permitted to deal in the Company's shares for the period of two (2) weeks prior to the announcement of the Company's half-yearly results and one (1) month prior to the announcement of the full year results as the case may be, ending on the date of announcement of the relevant results. The Company, its Directors and employees who are in possession of unpublished material price-sensitive information of the Group should not deal in the Company's securities on short term consideration. The Company, its Directors and executives are also expected to observe insider-trading laws at all times even when dealing with securities within the permitted trading period.

INTERESTED PERSON TRANSACTIONS

(Rule 907 and 920 of the Catalist Rules)

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and that the transactions are on an arm's length basis.

The disclosure according to Catalist Rule 907 in respect of interested person transactions for the financial year ended 31 July 2018 is stated in the table below:–

Name of Interested person	Nature of Transactions	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)
Jawala Corporation Sdn. Bhd.	Purchase of Equipment	MYR374,137	Not applicable. The Company does not have a general mandate from shareholders for interested person transactions for FY2018.

NON-SPONSOR FEES

(Rule 1204(21) of the Catalist Rule)

No non-sponsor fees were paid up to the Company sponsor, UOB Kay Hian Private Limited for FY2018.

USE OF PROCEEDS

(Rule 1204(22) of the Catalist Rule)

Pursuant to the Company's Initial Public Offer ("**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 Annual Report, the Net Proceeds have been utilised as follows:

Purpose	Amount allocated (S$'000)	Amount utilised (S$'000)	Balance (S$'000)
Development of the plantation site within the Licensed Area	1,900	–	1,900
Working capital	1,250	10[1]	1,240
Listing expenses	1,350	1,327	23
Total	4,500	1,337	3,163

Note:

(1) The utilisation of proceeds under working capital amounted S$10,000 relates to payment of 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.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FINANCIAL CONTENTS

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 JULY 2018

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 July 2018 and the balance sheet of the Company as at 31 July 2018.

In the opinion of the directors,

(i) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 51 to 87 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 July 2018 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this statement are as follows:

Datuk Jema Anton Khan ("Datuk Jema Khan")	(appointed on 8 August 2017)
Abdul Rahman Khan Bin Hakim Khan ("Mr. Rahman Khan")	(appointed on 28 September 2017)
Nadja Binti Jema Khan	(appointed on 28 September 2017)
Lee Yong Soon	(appointed on 27 April 2018)
Leow Ming Fong @ Leow Min Fong ("Leow Ming Fong")	(appointed on 27 April 2018)
Faridah Binti Mohd. Fuad Stephens	(appointed on 27 April 2018)

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than as disclosed under "Share options" and "Performance share plan" in this statement.

Directors' interests in shares or debentures

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of director		Holdings in which the directors are deemed to have an interest	
	As at 31.07.2018	As at 8.8.2017 or date of appointment, if later	As at 31.07.2018	As at 8.8.2017 or date of appointment, if later
Jawala Inc.				
(No. of ordinary shares)				
Datuk Jema Khan[(1)(2)]	–	–	100,000,000	100,000,000
Nadja Binti Jema Khan[(2)]	–	–	–	–
Immediate and ultimate holding corporation – Jawala Corporation Sdn. Bhd.				
(No. of ordinary shares)				
Datuk Jema Khan[(1)(2)]	3,000,000	3,000,000	–	–
Nadja Binti Jema Khan[(2)]	1,500,000	1,500,000	–	–

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 JULY 2018

Directors' interests in shares or debentures (continued)

(1) Datuk Jema Khan, who by virtue of his interest of not less than 20.00% of the issued share capital of the immediate and ultimate holding corporation, is deemed to have interests in the shares of the Company and the subsidiary corporation.

(2) The Executive Chairman and Chief Executive Officer, Datuk Jema Khan, is the father of Non-Independent Non-Executive Director, Ms. Nadja Binti Jema Khan, the cousin of Executive Director, Mr. Rahman Khan and the son of our Substantial Shareholder, Tan Sri Abdul Majid Khan. Jawala Corporation is a company incorporated in Malaysia. The shareholders of Jawala Corporation are Tan Sri Abdul Majid Khan, who holds approximately 35.32% of the total shareholding interest in Jawala Corporation, Datuk Jema Khan, who holds 20.00% of the total shareholding interest in Jawala Corporation, Mr. Chee Ah What who holds approximately 14.68% of the total shareholding interest in Jawala Corporation, and Mr. Muaz bin Jema Anton Khan, Ms. Qamra Binti Jema Khan and Ms. Nadja Binti Jema Khan who each hold 10.00% of the total shareholding interest in Jawala Corporation. Mr. Muaz bin Jema Anton Khan, Ms. Qamra Binti Jema Khan and Ms. Nadja Binti Jema Khan are siblings, and the children of Datuk Jema Khan. Mr Chee Ah What is not related to any of the Substantial Shareholders, Directors or Executive Officers.

The directors' interest in the ordinary shares of the Company as at 21 August 2018 were the same as those as at 31 July 2018.

Share options

THE JAWALA EMPLOYEE SHARE OPTION SCHEME

In conjunction with the Company's listing on the Catalist of Singapore Exchange Securities Trading Limited ("SGX-ST"), the Group adopted the Jawala Employee Share Option Scheme ("ESOS") which was approved by its shareholders at an Extraordinary General Meeting ("EGM") held on 26 April 2018. The ESOS is administered by a committee comprising of members of the Nominating Committee and the Remuneration Committee (the "Administration Committee"). The ESOS provides for the grant of share options ("Options") to employees and Directors ("ESOS participants").

The selection of the ESOS participants and number of shares which are subject of each Option to be granted to an ESOS participant in accordance with the ESOS shall be determined at the absolute discretion of the Administration Committee, which shall take into account criteria such as, *inter alia*, the rank, scope of responsibilities, performance, years of service and potential for future development and contribution to the success of the Group.

Under the ESOS, the number of shares over which the Administration Committee may grant Options on any date, when added to the number of shares issued and issuable in respect of all Options granted under the ESOS (including the Jawala Performance Share Plan and any other share option scheme of the Company) shall not exceed 8% of the number of issued shares (excluding treasury shares and subsidiary holdings) on the day preceding the date of the relevant grant.

Options granted with the exercise price set at market price shall only be exercisable, in whole or in part at any time, by an ESOS participant after the first anniversary of the offer date of that Option, provided always that the Options shall be exercised before the fifth anniversary of the relevant offer date, or such earlier date as may be determined by the Administration Committee, failing which all unexercised Options shall immediately lapse and become null and void and an ESOS participant shall have no claim against the Company.

Options granted with exercise price set at a discount to market price shall only be exercisable, in whole or in part at any time, by an ESOS participant after the second anniversary from the offer date of that option, provided always that the Options shall be exercised before the fifth anniversary of the relevant offer date, or such earlier date as may be determined by the Administration Committee, failing which all unexercised Options shall immediately lapse and become null and void and an ESOS participant shall have no claim against the Company.

Options may lapse or be exercised earlier in circumstances which include the termination of the employment of the participant in the Group and the parent company, the bankruptcy of the participant, the death of the participant, a take-over of the Company, and the winding-up of the Company.

There were no options granted to the ESOS participants from the commencement of the ESOS up to the end of the financial year.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 JULY 2018

Share options (continued)

THE JAWALA EMPLOYEE SHARE OPTION SCHEME (continued)

No options have been granted to controlling shareholders of the Company and their associates under the ESOS from the commencement of the ESOS up to the end of the financial year.

None of the ESOS participants received 5% or more of the total number of options available under the ESOS.

There were no options being exercised during the financial year.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary corporation.

There were no unissued shares under Options in the Company or its subsidiary corporation as at the end of the financial year.

Performance share plan

THE JAWALA PERFORMANCE SHARE PLAN

In conjunction with the Company's listing on the Catalist of SGX-ST, the Group has adopted the Jawala Performance Share Plan ("PSP") which was approved by its shareholders at the EGM held on 26 April 2018. The PSP is administered by the Administration Committee. The PSP provides for the grant of incentive share awards ("Awards") to employees and Directors ("PSP participants").

The selection of the PSP participants and number of shares which are subject of each Award to be granted to a PSP participant in accordance with the PSP shall be determined at the absolute discretion of the Administration Committee, which shall take into account criteria such as, *inter alia*, the rank, job performance and potential for future development and contribution to the success of the Group.

Under the PSP, the total number of shares which may be delivered pursuant to the vesting of Awards on any date, when added to the aggregate number of shares issued and issuable in respect of (a) all Awards granted under the PSP; and (b) all options granted under any share option, shares incentive, performance share or restricted plans of the Company and for the time being in force, shall not exceed 8% of the number of issued shares (excluding treasury shares and subsidiary holdings) on the day preceding the date of the relevant grant.

The PSP allows for the participation by full-time employees of the Group (including the Executive Directors) and Non-Executive Directors (including Independent Directors) who have attained the age of 21 years and above on or before the relevant date of grant of the Award, provided that none shall be an undischarged bankrupt or have entered into a composition with his creditors. Controlling shareholders of the Company and their associates will be eligible to participate in the PSP provided they have met the eligibility criteria and that all other conditions for their participation in the PSP as may be required by the Catalist Rules from time to time, including but not limited to obtaining the necessary approvals of independent Shareholders for such participation, are satisfied.

Notwithstanding that a PSP participant may have met his performance targets, no Awards shall be vested:

(a) When a PSP participant, being an employee of the Group, ceasing for any reason whatsoever, to be in the employment of a company in the Group or in the event the company by which the PSP participant is employed ceases to be a company in the Group;

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 JULY 2018

Performance share plan (continued)

THE JAWALA PERFORMANCE SHARE PLAN (continued)

(b) When a PSP participant, being a Non-Executive Director, ceasing to be a director of a company in the Group, for any reason whatsoever;

(c) Upon the bankruptcy of the PSP participant;

(d) Upon ill health, injury or death of a PSP participant;

(e) When a PSP participant committing any breach of any of the terms of his Award;

(f) Upon misconduct on the part of a PSP participant as determined by the Administration Committee in its discretion;

(g) When a general offer being made of all or any part of the Shares;

(h) When a scheme of arrangement or compromise between the Company and the Shareholders being sanctioned by the Court;

(i) When an order for the compulsory winding-up of the Company being made;

(j) When a resolution for a voluntary winding-up (other than for amalgamation or reconstruction) of the Company being made; and/or

(k) Upon any other event unless approved by the Administration Committee.

There were no share awards granted pursuant to the PSP from the commencement of the PSP up to the financial year ended 31 July 2018.

Audit Committee

The Audit Committee comprises the following members, who are all non-executive directors and independent directors.

Leow Ming Fong (Chairman)
Lee Yong Soon
Faridah Binti Mohd. Fuad Stephens

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 JULY 2018

Audit committee (continued)

The Audit Committee carried out its functions and reviewed:

- the scope and the results of internal audit procedures with the internal auditor;
- the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- the assistance given by the Company's management to the independent auditor; and
- the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 31 July 2018 before their submission to the Board of Directors.

The Audit Committee confirmed that it has undertaken a review of all non-audit services provided by the independent auditor to the Group and is satisfied that the nature and extent of such services would not affect the independence of the independent auditor. There were no non-audit services rendered by the independent auditor for the financial year ended 31 July 2018.

The Audit Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The independent auditor has unrestricted access to the Audit Committee.

The Audit Committee has recommended to the Board of Directors the nomination of Nexia TS Public Accounting Corporation, for re-appointment as independent auditor of the Company at the forthcoming Annual General Meeting.

Independent auditor

The independent auditor, Nexia TS Public Accounting Corporation, has expressed its willingness to accept re-appointment.

On behalf of the directors

Datuk Jema Anton Khan
Director

Abdul Rahman Khan Bin Hakim Khan
Director

29 October 2018

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF JAWALA INC.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Jawala Inc. (the "Company") and its subsidiary corporation (the "Group"), which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 31 July 2018, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and notes to the financial statements, including summary of significant accounting policies, as set out on pages 51 to 87.

In our opinion, the accompanying consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 July 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF JAWALA INC.

Key Audit Matters (continued)

Key audit matter	How our audit addressed the matter
Revenue recognition The Group earns its revenue through sale of timber. Revenue is recognised when the Group has delivered the timber, the customer has acknowledged receipt and the collectability of the related receivables is reasonably assured. This area is considered a key audit matter as there is a presumed fraud risk with regards to revenue recognition as well as an inherent risk that revenue could be misstated or recorded in the incorrect accounting period. The accounting policies for revenue recognition are set out in Note 2.2 to the financial statements.	We performed the following audit procedures to address the relevant risk assertions for revenue recognition: • Verified, on a sample basis, details of invoices raised during the financial year to sales & purchase contract and/or other supporting documents for accuracy of revenue recognised; • Performed substantive tests of details of selected revenue transactions by verifying to sales invoices and hauling slips acknowledged by customers; • Tested revenue transactions taking place within a pre-determined period before and after financial year end to ensure that revenue was recognised in the relevant accounting period; and • Reviewed credit notes, if any, issued subsequent to financial year-end. Based on the procedures performed, we concluded revenue is recognised in accordance with the Group's accounting policies.

Other information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of Management and Directors of the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF JAWALA INC.

Responsibility of Management and Directors of the Financial Statements (continued)

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

* Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

* Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

* Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

* Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

* Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

* Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF JAWALA INC.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement director on the audit resulting in this independent auditor's report is Loh Ji Kin.

Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants

Singapore

29 October 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 JULY 2018

		Group	
	Note	**2018**	2017
		RM	RM
Revenue	3	**39,929,479**	11,997,945
Cost of sales		**(13,404,331)**	(5,632,870)
Gross profit		**26,525,148**	6,365,075
Interest income from fixed deposits		**240,870**	–
Expenses			
– Distribution		**(1,829,521)**	(652,859)
– Administrative		**(9,002,981)**	(2,392,213)
– Finance	6	**(24,767)**	(4,218)
Profit before income tax		**15,908,749**	3,315,785
Income tax expense	7	**(5,002,382)**	(825,434)
Total comprehensive income, representing net profit		**10,906,367**	2,490,351
Total comprehensive income and net profit attributable to:			
Equity holders of the Company		**7,534,903**	1,743,246
Non-controlling interests	12	**3,371,464**	747,105
		10,906,367	2,490,351
Earnings per share for profit attributable to equity holders of the Company			
(sen per share)			
Basic and diluted	8	**6.4**	1.5

The accompanying notes form an integral part of these financial statements.

BALANCE SHEETS

AS AT 31 JULY 2018

	Note	Group 2018 RM	Group 2017 RM	Company 2018 RM
ASSETS				
Current assets				
Cash and bank balances	9	**25,468,271**	2,401,727	**9,045,920**
Trade and other receivables	10	**4,217,696**	731,710	**5,518,436**
Inventories	11	**501,938**	566,394	**–**
		30,187,905	3,699,831	**14,564,356**
Non-current assets				
Other receivables	10	**399,312**	124,752	**–**
Investment in subsidiary corporation	12	**–**	–	**2,350,000**
Property, plant and equipment	13	**1,790,371**	431,660	**–**
Plantation development expenditure	14	**868,123**	52,390	**–**
Intangible assets	15	**485,000**	490,000	**–**
		3,542,806	1,098,802	**2,350,000**
Total assets		**33,730,711**	4,798,633	**16,914,356**
LIABILITIES				
Current liabilities				
Trade and other payables	16	**3,289,960**	1,121,134	**79,130**
Finance lease liabilities	17	**51,479**	31,871	**–**
Current income tax liabilities		**1,630,000**	352,520	**–**
		4,971,439	1,505,525	**79,130**
Non-current liabilities				
Finance lease liabilities	17	**343,266**	230,542	**–**
Deferred income tax liabilities	18	**82,264**	2,264	**–**
		425,530	232,806	**–**
Total liabilities		**5,396,969**	1,738,331	**79,130**
NET ASSETS		**28,333,742**	3,060,302	**16,835,226**
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	19	**15,207,073**	1,000,000	**15,207,073**
Retained profits	20	**8,977,114**	1,142,211	**1,628,153**
		24,184,187	2,142,211	**16,835,226**
Non-controlling interests	12	**4,149,555**	918,091	**–**
TOTAL EQUITY		**28,333,742**	3,060,302	**16,835,226**

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 JULY 2018

	Note	Share capital RM	Retained profits/ (accumulated losses) RM	Total RM	Non-controlling interests RM	Total equity RM
		Attributable to equity holders of the Company				
2018						
Beginning of financial year		**1,000,000**	**1,142,211**	**2,142,211**	**918,091**	**3,060,302**
Total comprehensive income for the financial year		**–**	**7,534,903**	**7,534,903**	**3,371,464**	**10,906,367**
Issuance of shares on 8 August 2017 (date of incorporation)	19	**9**	**–**	**9**	**–**	**9**
Issuance of shares on 26 April 2018	19	**4,700,000**	**–**	**4,700,000**	**–**	**4,700,000**
Restructuring Exercise	19	**(3,350,000)**	**300,000**	**(3,050,000)**	**700,000**	**(2,350,000)**
Total transactions with owners, recognised directly in equity		**1,350,009**	**300,000**	**1,650,009**	**700,000**	**2,350,009**
Issuance of shares pursuant to Initial Public Offering	19	**13,698,471**	**–**	**13,698,471**	**–**	**13,698,471**
Share issue expenses	19	**(841,407)**	**–**	**(841,407)**	**–**	**(841,407)**
Dividend payable	21	**–**	**–**	**–**	**(840,000)**	**(840,000)**
End of financial year		**15,207,073**	**8,977,114**	**24,184,187**	**4,149,555**	**28,333,742**
2017						
Beginning of financial year		1,000,000	(601,035)	398,965	170,986	569,951
Total comprehensive income for the financial year		–	1,743,246	1,743,246	747,105	2,490,351
End of financial year		1,000,000	1,142,211	2,142,211	918,091	3,060,302

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2018

	Note	Group 2018 RM	2017 RM
Cash flows from operating activities			
Net profit		**10,906,367**	2,490,351
– Income tax expense	7	**5,002,382**	825,434
– Depreciation of property, plant and equipment	4	**197,054**	98,343
– Amortisation of intangible assets	4	**5,000**	5,000
– Interest income		**(240,870)**	–
– Interest expense	6	**24,767**	4,218
		15,894,700	3,423,346
Changes in working capital:			
– Inventories		**64,456**	(566,394)
– Trade and other receivables		**(3,673,598)**	(798,462)
– Trade and other payables		**1,328,826**	1,057,005
Cash provided by operations		**13,614,384**	3,115,495
Income tax paid		**(3,644,902)**	(400,000)
Net cash provided by operating activities		**9,969,482**	2,715,495
Cash flows from investing activities			
Additions to property, plant and equipment		**(1,441,175)**	(260,003)
Additions to plantation development expenditure		**(748,723)**	(52,390)
Net cash used in investing activities		**(2,189,898)**	(312,393)
Cash flows from financing activities			
Issuance of shares, net of issuance cost	19	**15,207,073**	–
Repayment of finance lease liabilities		**(49,268)**	(7,587)
Interest received		**153,922**	–
Interest paid		**(24,767)**	(4,218)
Increase in bank deposits restricted in use		**(1,000,000)**	–
Net cash provided by/(used in) financing activities		**14,286,960**	(11,805)
Net increase in cash and bank balances		**22,066,544**	2,391,297
Cash and bank balances			
Beginning of financial year		**2,401,727**	10,430
End of financial year	9	**24,468,271**	2,401,727

			Non-cash changes		
	31 July 2017	Principal and interest payments	Acquisition	Interest expense	31 July 2018
	RM	RM	RM	RM	RM
Finance lease liabilities	262,413	(74,035)	181,600	24,767	394,745

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2018

These notes form an integral part and should be read in conjunction with the accompanying financial statements.

1 Corporate information

1.1 The Company

The Company is listed on Catalist Board of Singapore Exchange Securities Trading Limited ("SGX-ST") on 1 June 2018 and incorporated in Labuan on 8 August 2017 as a company limited by shares, under the name of "Jawala Inc.", to act as the holding corporation of the Group. At incorporation, the Company's issued and paid-up share capital was USD2 (equivalent to RM9) comprising of 2 ordinary shares. The Company was incorporated for the purpose of acquiring the existing companies of the Group pursuant to the Group Restructuring Exercise (Note 1.2).

The address of its registered office is at Lot A020, Level 1, Podium Level, Financial Park, Jalan Merdeka, 87000 Labuan F.T. Malaysia. The principal place of business is located at Lot 17.02, 17th Floor, Menara KH, Jalan Sultan Ismail, 50250 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, Malaysia.

The principal activity of the Company is investment holding. The principal activities of the subsidiary corporation are disclosed in Note 12.

The Company's immediate and ultimate holding corporation is Jawala Corporation Sdn. Bhd., a company incorporated in Malaysia.

The Group, after Restructuring Exercise, comprises the Company and its subsidiary corporation.

1.2 Restructuring Exercise

The Group was formed through the following exercise (the "Restructuring Exercise") which involved acquisitions and rationalisation of the corporate and shareholding structure for the purposes of its Initial Public Offering. Pursuant to the Restructuring Exercise, the Company became the holding company of the Group. The Restructuring Exercise involved the following steps:

(a) *Incorporation of the Company*

The Company was incorporated on 8 August 2017 under the Labuan Companies Act as a public company. The Company is an investment holding company of the Group. At the time of incorporation, the Company had issued and paid-up share capital of USD2 (equivalent to RM9) comprising 2 shares held by Jawala Corporation Sdn. Bhd.

(b) *Allotment of shares to Jawala Corporation Sdn. Bhd.*

On 26 April 2018, the Company entered into a subscription agreement with Jawala Corporation Sdn. Bhd. to issue and allot 2,499,998 shares to Jawala Corporation Sdn. Bhd. for a consideration of RM2,350,000.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2018

1 Corporate information (continued)

1.2 Restructuring Exercise (continued)

(c) *Subscription and acquisition of shares in Jawala Plantation Industries Sdn. Bhd. ("JPISB")*

On 26 April 2018, the Company entered into a subscription agreement with JPISB to subscribe for 2,350,000 new ordinary shares of JPISB, representing 70% of the issued share capital of JPISB, for a consideration of RM2,350,000. Upon completion of the subscription on 27 April 2018, the Company holds 70% of the total issued share capital of JPISB, while the immediate and ultimate corporation of the Company, Jawala Corporation Sdn. Bhd. holds the remaining 30% of the total issued share capital of JPISB.

(d) *Share split*

On 18 May 2018, the shareholders approved the sub-division of each existing issued share capital of the Company into 40 ordinary shares in the capital of our Company.

The Restructuring Exercise as described in Note 1.2 (c) involved an entity which is under common control since the said entity involved in the Restructuring Exercise was controlled by the same party, Jawala Corporation Sdn. Bhd., before and immediately after the Restructuring Exercise. The financial statements for the financial year ended 31 July 2017 have been prepared based on pooling-of-interest method as if the current group structure had been in existence prior to the Restructuring Exercise.

2 Summary of significant accounting policies

2.1 Basis of preparation

These financial statements are prepared in accordance with Singapore Financial Reporting Standards ("FRS") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. There is no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

Interpretations and amendments to published standards effective in 2017

On 1 August 2017, the Group adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2018

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

Interpretations and amendments to published standards effective in 2017 (continued)

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Group and the Company and had no material effect on the amounts reported for the current or prior financial years except for the following:

FRS 7 Statement of cash flows

These amendments required additional disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

The Group has included the additional required disclosures in Consolidated Statement of Cash Flows to the Financial Statements.

2.2 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sales of goods in the ordinary course of the Group's activities. Revenue is presented, net of goods and services tax, rebates and discounts, and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

Sale of goods

Revenue from sale of goods is recognised when the Group has delivered the products to the customer, the customer has accepted the products and the collectability of the related receivables is reasonably assured.

2.3 Government grants

Grants from the government are recognised as receivables at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

Government grants relating to assets are deducted against the carrying amount of the assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2018

2 Summary of significant accounting policies (continued)

2.4 Group accounting

(a) Subsidiary corporations

(i) Consolidation

Subsidiary corporations are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary corporations are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on that control ceases.

In preparing the financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred asset. Accounting policies of subsidiary corporations have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary corporation's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the statements of comprehensive income, statements of changes in equity, and balance sheets. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary corporation, even if this results in the non-controlling interests having a deficit balance.

(ii) Acquisition

The acquisition method of accounting is used to account for business combinations entered into by the Group, other than those entities which are under common control.

The consideration transferred for the acquisition of a subsidiary corporation or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary corporation measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2018

2 Summary of significant accounting policies (continued)

2.4 Group accounting (continued)

(a) Subsidiary corporations (continued)

(ii) Acquisition (continued)

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair values of the net identifiable net assets acquired is recorded as goodwill.

Acquisitions of entities under common control have been accounted for using the pooling-of-interest method. Under this method:

- The consolidated financial statements of the Group have been prepared as if the Group structure immediately after the transaction has been in existence since the earliest date the entities are under common control;
- The assets and liabilities are brought into the consolidated financial statements at their existing carrying amounts from the perspective of the controlling party;
- The consolidated statements of comprehensive income includes the results of the acquired entities since the earliest date the entities are under common control;
- The cost of investment is recorded at the aggregate of the nominal value of the equity shares issued, cash and cash equivalents and fair values of other consideration; and
- On consolidation, the difference between the cost of investment and the nominal value of the share capital of the merged subsidiary corporation is taken to merger reserve.

(iii) Disposals

When a change in the Group's ownership interest in a subsidiary corporation results in a loss of control over the subsidiary corporation, the assets and liabilities of the subsidiary corporation including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to "Investment in a subsidiary corporation" for the accounting policy on investment in a subsidiary corporation in the separate financial statements of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2018

2 Summary of significant accounting policies (continued)

2.4 Group accounting (continued)

(b) Transactions with non-controlling interests

Changes in the Group's ownership interest in a subsidiary corporation that do not result in a loss of control over the subsidiary corporation are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

2.5 Property, plant and equipment

(a) Measurement

(i) Property, plant and equipment

All items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(ii) Components of costs

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

(b) Depreciation

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful lives
Furniture and fittings	10 years
Office equipment	3 years
Motor vehicles	5 years
Plantation infrastructure	10 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

Fully depreciated property, plant and equipment still in use are retained in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2018

2 Summary of significant accounting policies (continued)

2.5 Property, plant and equipment (continued)

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "Other gains or losses – net".

2.6 Intangible asset

Acquired timber rights

Right to fell, extract and harvest merchantable timber logs from the concession granted under the forest timber license are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over 100 years, which is the period of contractual rights.

The amortisation period and amortisation method of intangible assets are reviewed at least at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

2.7 Plantation development expenditure

Plantation development expenditure is stated at cost less accumulated amortisation and impairment losses, if any.

Plantation development expenditure includes planting expenditure incurred on land clearing, new planting, enrichment planting, silvicultural treatments, depreciation of fixed assets, employee compensation and upkeep and maintenance of the sustainable forest management concession. The cost of planted trees in the industrial tree plantation area will be amortised upon commencement of log extraction on the basis of the volume of logs extracted in the period as a proportion of the estimated total volume that can be extracted.

2.8 Investment in a subsidiary corporation

Investment in a subsidiary corporation is carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of such investment, the difference between disposal proceeds and the carrying amounts of the investment is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2018

2 Summary of significant accounting policies (continued)

2.9 Impairment of non-financial assets

(a) *Intangible asset*
Property, plant and equipment
Plantation development expenditure
Investment in a subsidiary corporation

Intangible asset, property, plant and equipment, plantation development expenditure and investment in a subsidiary corporation are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating units ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

An impairment loss for an asset is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also recognised in profit or loss.

2.10 Financial assets

(a) *Classification*

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity and available-for-sale. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

As of 31 July 2018, the Group does not hold any of the financial assets except loans and receivables.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2018

2 Summary of significant accounting policies (continued)

2.10 Financial assets (continued)

(a) Classification (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those that are expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables are presented as "Trade and other receivables" (Note 10) and "Cash and bank balances" (Note 9) on the balance sheets.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

(c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs.

(d) Subsequent measurement

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

(e) Impairment

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2018

2 Summary of significant accounting policies (continued)

2.11 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheets when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liabilities simultaneously.

2.12 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.13 Fair value estimation of financial assets and liabilities

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2.14 Leases

When the Group is the lessee

The Group leases motor vehicles under finance leases and plantation land under operating leases from non-related parties.

(i) Lessee – Finance leases

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the balance sheet as property, plant and equipment and finance lease liabilities respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

(ii) Lessee – Operating leases

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in profit or loss when incurred.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2018

2 Summary of significant accounting policies (continued)

2.15 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the first-in, first-out method. The cost of finished goods comprises of direct costs. Net realisable value is the estimated selling price in the ordinary course of business, less the applicable variable selling expenses.

2.16 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investment in a subsidiary corporation, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income and expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

The Group accounts for investment tax credits (for example, productivity and innovative credit) similar to accounting for other tax credits where deferred tax asset is recognised for unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax credit can be utilised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2018

2 Summary of significant accounting policies (continued)

2.17 Provisions

Provisions for other liabilities and charges are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in profit or loss as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in the profit or loss when the changes arise.

2.18 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds such as the Employees' Provident Fund in Malaysia on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

2.19 Currency translation

(a) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Ringgit Malaysia ("RM"), which is the functional currency of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2018

2 Summary of significant accounting policies (continued)

2.19 Currency translation (continued)

(b) *Transactions and balances*

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rate at the balance sheet date are recognised in profit or loss. However, in the financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of comprehensive income within "finance expense". All other foreign exchange gains and losses impacting profit or loss are presented in the statement of comprehensive income within "other gains and losses".

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(c) *Translation of Group entities' financial statements*

The results and financial positions of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities are translated at the closing exchange rates at the balance sheet date;

(ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2018

2 Summary of significant accounting policies (continued)

2.20 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Board of Directors whose members are responsible for allocating resources and assessing performance of the operating segments.

2.21 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

2.22 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

3 Revenue

	2018 RM	2017 RM
Sale of timber	**39,929,479**	11,997,945

4 Expenses by nature

	2018 RM	2017 RM
Amortisation of intangible assets (Note 15)	**5,000**	5,000
Barging cost	**255,723**	37,869
Conservation fees	**141,422**	58,647
Depreciation of property, plant and equipment (Note 13)	**197,054**	98,343
Director’s remuneration	**544,491**	94,259
Donation	**29,091**	21,500
Employee compensation (Note 5)	**3,448,013**	1,510,784
Entertainment	**11,913**	17,612
Extraction costs	**7,366,365**	3,573,742
Hauling charges	**1,278,711**	482,764
Hiring charges	**132,520**	131,001
Listing expenses	**3,324,776**	–
Loader fees	**295,087**	132,226
Professional fees	**680,548**	159,279
Rental expenses on operating leases	**110,715**	89,915
Repair and maintenance	**148,391**	48,419
Royalty fees	**5,602,836**	2,388,988
Secondment cost	**1,374**	77,491
Travelling and transportation	**231,024**	154,088
Change in inventories	**64,456**	(566,394)
Others	**367,323**	162,409
	24,236,833	8,677,942

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2018

5 Employee compensation

	2018 RM	2017 RM
Wages and salaries	**2,967,722**	1,186,496
Employer's contribution to defined contributions plan	**238,697**	115,262
Other short-term benefits	**241,594**	209,026
	3,448,013	1,510,784

6 Finance expense

	2018 RM	2017 RM
Interest on finance lease liabilities	**24,767**	4,218

7 Income tax expense

	2018 RM	2017 RM
Tax expense attributable to profit is made up of:		
Income tax expense		
– Current year provision	**4,880,000**	752,520
– Under provision in prior year	**42,382**	–
Deferred income tax (Note 18)		
– Current year provision	**80,000**	72,914
	5,002,382	825,434

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the Malaysia standard rate of income tax is as follows:

	2018 RM	2017 RM
Profit before income tax	**15,908,749**	3,315,785
Tax calculated at tax rate of 24% (2017: 24%)	**3,818,100**	795,788
Effects of:		
– different tax rate in other region	**79,643**	–
– concession tax rate of first RM500,000	**–**	(30,000)
– income not subject to tax	**(20,868)**	–
– expenses not deductible for tax purposes	**1,083,125**	59,646
– under provision of tax in prior financial year	**42,382**	–
Tax charge	**5,002,382**	825,434

For the financial year ended 31 July 2018, the standard corporate tax rate of 24% applies.

For the financial year ended 31 July 2017, tax in respect of small and medium scale companies with paid up capital of RM2,500,000 and below is calculated at the statutory tax rate of 18% on chargeable income up to RM500,000, under paragraph 2A, Schedule 1 of the Income Tax Act, 1967. For chargeable income in excess of RM500,000, the tax rate of 24% is applicable.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2018

8 Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	2018	2017
Numerator		
Net profit attributable to equity holder of the Company (RM)	**7,534,903**	1,743,245
Denominator		
Weighted average number of ordinary shares ('000)[1]	**118,474**	118,474
Basic and diluted earnings per share (sen per share)[2]	**6.4**	1.5

(1) For comparative purposes, the earnings per share for the financial year ended 31 July 2017 was computed based on the share capital of 118,474,000 shares assuming that the Restructuring Exercise, Share Split, and the issuance of new shares pursuant to Initial Public Offering had been completed as at 1 August 2016.

(2) The basic and fully diluted earnings per share were the same as there were no dilutive ordinary shares in issue as at 31 July 2018 and 31 July 2017.

9 Cash and bank balances

	Group		**Company**
	2018	2017	**2018**
	RM	RM	**RM**
Cash at bank	**5,799,652**	2,401,495	**1,410,511**
Cash on hand	**33,219**	232	**9**
Short-term bank deposits	**19,635,400**	–	**7,635,400**
	25,468,271	2,401,727	**9,045,920**

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

	Group	
	2018	2017
	RM	RM
Cash and bank balances as above	**25,468,271**	2,401,727
Less: Bank deposits pledged	**(1,000,000)**	–
Cash and cash equivalents per consolidated statement of cash flows	**24,468,271**	2,401,727

Bank deposits pledged are in relation to the banker's guarantee required for the license as described in Note 15.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2018

10 Trade and other receivables

	Group		Company
	2018	2017	**2018**
	RM	RM	**RM**
Current			
Trade receivables – non-related parties	**3,856,442**	450,257	**–**
Other receivables			
– non-related parties	**113,294**	41,764	**–**
– subsidiary corporation	**–**	–	**5,284,776**
	113,294	41,764	**5,284,776**
Deposits	**14,300**	13,300	**–**
Prepayments	**233,660**	226,389	**233,660**
	4,217,696	731,710	**5,518,436**
Non-current			
Other receivables – non-related party	**399,312**	124,752	**–**
Total trade and other receivables	**4,617,008**	856,462	**5,518,436**

Other receivables from subsidiary corporation are unsecured, interest-free and receivable on demand.

The fair value of non-current other receivables is computed based on future cash flows discounted at market borrowing rate. The fair value is within Level 2 of the fair value hierarchy. The fair value and the market borrowing rate used are as follows:

	Fair value		Borrowing rate	
	2018	2017	**2018**	2017
	RM	RM	**%**	%
Group				
Other receivables				
– non-related party	**272,338**	85,038	**4.90**	4.35

11 Inventories

	Group	
	2018	2017
	RM	RM
Finished goods	**501,938**	566,394

The cost of inventories recognised as an expense and included in "cost of sales" amounted to RM13,033,657 (2017: RM5,396,336).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2018

12 Investment in subsidiary corporation

	Company 2018 RM
Equity investment at cost	
Beginning of financial year	–
Additions	**2,350,000**
End of financial year	**2,350,000**

The Group had the following subsidiary corporation as at 31 July 2018 and 2017:

Name of company	Principal activities	Country of business/ incorporation	Proportion of ordinary shares held by the Group and the Company 2018 %	2017 %	Proportion of ordinary shares held by non-controlling interests 2018 %	2017 %
Jawala Plantation Industries Sdn. Bhd.[(a)(b)]	Harvesting, distributing, processing and sales of timber	Malaysia	**70**	70	**30**	30

(a) Audited by Leslie Yap & Co, Chartered Accountants, Malaysia for local statutory purpose.

(b) Audited by Nexia TS Public Accounting Corporation, Singapore for consolidation purpose.

Carrying value of non-controlling interests

	2018 RM	2017 RM
Jawala Plantation Industries Sdn. Bhd.	**4,149,555**	918,091

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2018

12 Investment in subsidiary corporation (continued)

Summarised financial information of subsidiary corporation with material non-controlling interests

Set out below is the summarised financial information for the subsidiary corporation, Jawala Plantation Industries Sdn. Bhd. that has non-controlling interests that are material to the Group. These are presented before inter-company eliminations.

Summarised balance sheet

	2018 RM	2017 RM
Current		
Assets	**20,908,325**	3,699,831
Liabilities	**10,177,085**	1,505,525
Total current net assets	**10,731,240**	2,194,306
Non-current		
Assets	**3,542,806**	1,098,802
Liabilities	**425,530**	232,806
Total non-current net assets	**3,117,276**	865,996
Net assets	**13,848,516**	3,060,302

Summarised statement of comprehensive income

	2018 RM	2017 RM
Revenue	**39,929,479**	11,997,945
Profit before income tax	**16,240,596**	3,315,785
Income tax expense	**(5,002,382)**	(825,434)
Total comprehensive income, representing net profit	**11,238,214**	2,490,351
Total comprehensive income and net profit allocated to non-controlling interests	**3,371,464**	747,105

Summarised statement of cash flows

	2018 RM	2017 RM
Cash flows from operating activities		
Cash provided by operations	**17,426,026**	3,115,495
Income tax paid	**(3,644,903)**	(400,000)
Net cash provided by operating activities	**13,781,123**	2,715,495
Net cash used in investing activities	**(2,189,897)**	(312,393)
Net cash provided by/(used in) financing activities	**1,429,398**	(11,805)
Net increase in cash and bank balances	**13,020,624**	2,391,297
Cash and bank balances		
Beginning of financial year	**2,401,727**	10,430
End of financial year	**15,422,351**	2,401,727

Cash and bank balances for above has excluded bank deposits of RM1,000,000 pledged in relation to the banker's guarantee required for the license as described in Note 15 (FY2017: Nil).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2018

13 Property, plant and equipment

	Furniture and fittings RM	Office equipment RM	Motor vehicles RM	Plantation infrastructure RM	Total RM
Group					
2018					
Cost					
Beginning of financial year	**6,667**	**40,407**	**359,141**	**123,788**	**530,003**
Additions	**25,893**	**33,028**	**697,630**	**866,224**	**1,622,775**
End of financial year	**32,560**	**73,435**	**1,056,771**	**990,012**	**2,152,778**
Accumulated depreciation					
Beginning of financial year	**667**	**13,469**	**71,828**	**12,379**	**98,343**
Depreciation charge (Note 4)	**2,053**	**22,086**	**132,676**	**40,239**	**197,054**
Depreciation capitalised	**–**	**–**	**44,727**	**22,283**	**67,010**
End of financial year	**2,720**	**35,555**	**249,231**	**74,901**	**362,407**
Net book value					
End of financial year	**29,840**	**37,880**	**807,540**	**915,111**	**1,790,371**
2017					
Cost					
Beginning of financial year	–	–	–	–	–
Additions	6,667	40,407	359,141	123,788	530,003
End of financial year	6,667	40,407	359,141	123,788	530,003
Accumulated depreciation					
Beginning of financial year	–	–	–	–	–
Depreciation charge (Note 4)	667	13,469	71,828	12,379	98,343
End of financial year	667	13,469	71,828	12,379	98,343
Net book value					
End of financial year	6,000	26,938	287,313	111,409	431,660

Included within additions to motor vehicles amounting to RM697,630 (2017: RM359,141) are motor vehicles financed by finance leases of RM181,600 (2017: RM270,000).

The carrying amounts of motor vehicles held under finance leases (Note 17) are RM394,392 (2017: RM287,313) at the balance sheet date.

Depreciation charge relating to property, plant and equipment used in plantation (reforestation) development activities during the financial year of RM67,010 (2017: Nil) is capitalised and included in plantation development expenditure (Note 14).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2018

14 Plantation development expenditure

	Group	
	2018	2017
	RM	RM
Plantation (reforestation) expenditure	**868,123**	52,390

Plantation (reforestation) expenditure is incurred under the license as described in Note 15 below.

15 Intangible assets

	Group	
	2018	2017
	RM	RM
Acquired timber rights		
Cost		
Beginning and end of financial year	**500,000**	500,000
Accumulated amortisation		
Beginning of financial year	**10,000**	5,000
Amortisation charge (Note 4)	**5,000**	5,000
End of financial year	**15,000**	10,000
Net book value		
End of financial year	**485,000**	490,000

On 12 August 2015, the Group was granted a sustainable forest management license ("License") over an area of 11,043 hectares in the Sapulut Forest Reserve in Sabah for a period of 100 years. In accordance with the License, a banker's guarantee for the sum of RM1,000,000 was taken up by the Group (Note 9) (2017: by Jawala Corporation Sdn. Bhd. on behalf of the Group).

16 Trade and other payables

	Group		Company
	2018	2017	**2018**
	RM	RM	**RM**
Trade payables – non-related parties	**977,875**	607,972	**–**
Other payables			
– non-related parties	**92,883**	86,290	**30,265**
– immediate holding corporation	**3,118**	–	**–**
	96,001	86,290	**30,265**
Dividend payable	**840,000**	–	**–**
Accruals for operating expenses	**1,376,084**	426,872	**48,865**
	3,289,960	1,121,134	**79,130**

Other payables to immediate holding corporation are unsecured, interest free and repayable on demand.

Dividend payable pertains to interim dividend by the subsidiary corporation, Jawala Plantation Industries Sdn. Bhd. to its shareholders after the Restructuring Exercise as described in Note 1.2(c).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2018

17 Finance lease liabilities

The Group leases certain motor vehicles from non-related parties under finance leases. The lease agreements do not have renewal clauses but provide the Group with options to purchase the leased assets at nominal values at the end of the lease term.

	Group	
	2018	2017
	RM	RM
Minimum lease payment due		
– not later than one year	**72,180**	47,220
– between one and five years	**288,720**	188,880
– later than five years	**108,198**	82,575
	469,098	318,675
Less: Future finance charges	**(74,353)**	(56,262)
Present value of finance lease liabilities	**394,745**	262,413

The present value of finance lease liabilities are analysed as follows:

	Group	
	2018	2017
	RM	RM
Not later than one year	**51,479**	31,871
Later than one year		
– between one and five years	**240,797**	151,880
– later than five years	**102,469**	78,662
	343,266	230,542
Total	**394,745**	262,413

(a) Security granted

Finance lease liabilities of the Group are secured by personal guarantees provided by a director of the Company. Finance lease liabilities of the Group are also effectively secured over the leased motor vehicle (Note 13) as the legal title is retained by the lessor and will be transferred to the Group upon full settlement of the finance lease liabilities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2018

17 Finance lease liabilities (continued)

(b) Fair value of non-current borrowings

	Group	
	2018	2017
	RM	RM
Finance lease liabilities	**353,779**	245,863

The fair value above is determined from the cash flow analyses, discounted at market borrowing rate of an equivalent instrument at the balance sheet date which the directors expect to be available to the Group as follows:

	Group	
	2018	2017
Finance lease liabilities	**3.00%**	3.00%

The fair value is within Level 2 of the fair value hierarchy.

18 Deferred income taxes

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amount is shown on the consolidated balance sheet as follows:

	Group	
	2018	2017
	RM	RM
Deferred income tax liabilities		
– to be settled after one year	**82,264**	2,264

Movement in deferred income tax account is as follows:

	Group	
	2018	2017
	RM	RM
Tax losses		
Beginning of financial year	**–**	(70,650)
Charged to profit or loss	**–**	70,650
End of financial year	**–**	–
Accelerated depreciation		
Beginning of financial year	**2,264**	–
Charged to profit or loss	**80,000**	2,264
End of financial year	**82,264**	2,264
Total		
Beginning of financial year	**2,264**	(70,650)
Charged to profit or loss (Note 7)	**80,000**	72,914
End of financial year	**82,264**	2,264

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2018

19 Share capital

	Group		Company	
	No. of ordinary shares	Amount RM	No. of ordinary shares	Amount RM
Beginning of financial year	1,000,000	1,000,000	–	–
Issuance of shares at date of incorporation of the Company[(a)]	2	9	2	9
Shares issued[(b)]	4,849,998	4,700,000	2,499,998	2,350,000
Restructuring Exercise[(c)]	(3,350,000)	(3,350,000)	–	–
Sub-division of shares[(d)]	97,500,000	–	97,500,000	–
	100,000,000	2,350,009	100,000,000	2,350,009
Issuance of shares pursuant to Initial Public Offering[(e)]	18,474,000	13,698,471	18,474,000	13,698,471
Share issue expenses	–	(841,407)	–	(841,407)
End of financial year	118,474,000	15,207,073	118,474,000	15,207,073

(a) The Company was incorporated on 8 August 2017 with a paid-up share capital of USD2 (equivalent to RM9) comprising of 2 ordinary shares.

(b) On 26 April 2018, the Company entered into a subscription agreement with Jawala Corporation Sdn. Bhd. to issue and allot 2,499,998 shares to Jawala Corporation Sdn. Bhd. for a consideration of RM2,350,000.

On the same day, JPISB issued and allotted 2,350,000 new ordinary shares to the Company, for a cash consideration of RM2,350,000.

(c) Pursuant to the Restructuring Exercise, 2,350,000 of issued share capital of JPISB, with value of RM2,350,000 was acquired by the Company for RM2,350,000 (Note 1.2 (c)).

(d) On 18 May 2018, pursuant to the sub-division of each of the shares, 2,500,000 shares in the capital of the Company were split into 100,000,000 shares, resulting in increase of 97,500,000 shares.

(e) Pursuant to Initial Public Offering exercise on 1 June 2018, the Company issued 18,474,000 ordinary shares at S$0.25 each by way of placement, resulting in gross proceeds raised of S$4,618,500 or RM13,698,471.

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

For the Group's comparative figures for financial year ended 31 July 2017, the share capital of the Group represents the paid-up share capital of JPISB of 1,000,000 ordinary shares, with amount of RM1,000,000.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2018

20 Retained profits

Included in retained profits is an amount of RM8,428,661 relating to strategic reserves of its subsidiary corporation. As part of its internal financial management, JPISB will retain at least 75% of its profits after tax for each financial year (Note 12) as strategic reserves to fund its operating expenses during 2022 to 2026 to bring the Industrial tree plantation ("ITP") to maturity (Note 14).

Such strategic reserves will not be used for any other purposes save for (i) funding operating expenses during 2022 and 2026 and capital expenditure required to bring the ITP to maturity, including but not limited to infrastructure development and management, land development, planting, planting maintenance, natural forest silviculture and restoration for the period between 2018 and 2026 and corporate and administrative expenses for the period between 2022 and 2026 to bring the ITP to maturity; and (ii) acquisition of other ITPs which would generate net cash inflow during the period between 2022 and 2026.

21 Dividends

	Group	
	2018	2017
	RM	RM
Ordinary dividends		
Jawala Plantation Industries Sdn. Bhd.:		
Interim tax exempt dividend of RM0.836 (31 July 2017: Nil) per share[(1)]	**840,000**	–

(1) Non-controlling interests' share of interim dividends declared by subsidiary corporation in FY2018 and remains unpaid as at 31 July 2018. The dividend per share is calculated based on the number of ordinary shares of the subsidiary corporation in issue as at date of dividend declaration.

At the Annual General Meeting on 26 November 2018, a final dividend of SGD0.004 per share amounting to a total of SGD473,896 will be recommended. These financial statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 31 July 2019.

22 Commitments

Operating lease commitments – where the Group is a lessee

The Group leases plantation land from non-related parties under non-cancellable operating lease agreements. The leases have varying terms escalation clauses and renewal rights.

The future minimum lease payables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are as follows:

	Group	
	2018	2017
	RM	RM
Not later than one year	**115,215**	64,215
Between one and five years	**237,360**	220,860
Over five years	**5,102,786**	5,190,210
	5,455,361	5,475,285

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2018

23 Financial risk management

Financial risk factors

The Group's activities expose it to market risk (including currency risk, price risk and interest risk), credit risk, liquidity risk and capital risk. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performances.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. This includes establishing detailed policies such as authority levels, oversight responsibilities, risk identification and measurement, and exposure limits.

Financial risk management is carried out by the finance department in accordance with the policies set by the Board of Directors. The finance personnel identifies, evaluates and monitors financial risks in close co-operation with the Group's operating units. The finance personnel measures actual exposures against the limits set and prepares periodic reports for review by the Executive Directors. Regular reports are also submitted to the Board of Directors.

The Board of Directors reviews and agrees policies for managing each of these risks and they are summarised below:

(a) Market risk

(i) Currency risk

Foreign currency risk arises from transactions denominated in currencies other than the functional currency of the entities of the Group. The Group's business operations are not exposed to significant foreign currency risk as it has no significant transactions denominated in foreign currencies.

(ii) Price risk

The Group has no significant exposure to price risk as the Group does not have any equity securities.

(iii) Cash flow and fair value interest rate risks

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest bearing assets and liabilities, the Group's income is substantially independent of changes in market interest rates.

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group are cash and bank balances and trade and other receivables. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2018

23 Financial risk management (continued)

Financial risk factors (continued)

(b) Credit risk (continued)

The Group has no significant concentrations of credit risk for each class of its financial assets.

The credit risk for trade receivables based on the information provided to key management is as follows:

	Group	
	2018	2017
	RM	RM
By types of customers		
Non-related parties	**3,856,442**	450,257
By geographical areas		
Malaysia	**3,856,442**	450,257

(i) Financial assets that are neither past due nor impaired

Cash and bank balances that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Trade receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group.

(ii) Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

The age analysis of trade receivables past due but not impaired is as follows:

	Group	
	2018	2017
	RM	RM
Past due < 3 months	**2,252,841**	131,037

The Group believes that the unimpaired amounts that are past due are still collectible, based on historical payment patterns.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2018

23 Financial risk management (continued)

Financial risk factors (continued)

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and having an adequate amount of committed credit facilities to enable the Group to meet its normal operating commitments. The Group's objective is to maintain a balance between continuing of funding and the ability to close out market positions at a short notice. As at balance sheet date, assets held by the Group for managing liquidity risk included cash and bank balances as disclosed in Note 9.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

	Within 1 year RM	Between 1 and 5 years RM	Over 5 years RM
Group			
At 31 July 2018			
Trade and other payables	**3,289,960**	**–**	**–**
Finance lease liabilities	**72,180**	**288,720**	**108,198**
	3,362,140	**288,720**	**108,198**
At 31 July 2017			
Trade and other payables	1,121,134	–	–
Finance lease liabilities	47,220	188,000	82,575
	1,168,354	188,000	82,575
Company			
At 31 July 2018			
Trade and other payables	**79,130**	**–**	**–**

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

The Group and the Company do not have any externally imposed capital requirements for the financial years ended 31 July 2018 and 2017.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2018

23 Financial risk management (continued)

Financial risk factors (continued)

(e) Fair value measurements

The carrying amounts less impairment provision of trade receivables and payables are assumed to approximate their fair values. The carrying amounts of current finance lease liabilities approximate their fair values.

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments is as follows:

	Group		Company
	2018	2017	**2018**
	RM	RM	**RM**
Loans and receivables	**29,851,619**	3,031,800	**14,330,696**
Financial liabilities at amortised cost	**3,684,705**	1,383,547	**79,130**

24 Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

(a) Sale and purchases of goods and services

	Group	
	2018	2017
	RM	RM
Acquisition of plant and equipment from immediate holding corporation	**643,093**	–
Rental expense on operating lease charged by immediate holding corporation	**5,000**	–
Rental expense on operating lease charged by related corporation	**10,500**	–

(b) Key management personnel compensation

Key management personnel compensation is as follows:

	Group	
	2018	2017
	RM	RM
Directors of the Company		
Wages and salaries	**1,093,000**	337,500
Defined contributions plan	**48,045**	42,832
	1,141,045	380,332
Other key management personnel		
Wages and salaries	**610,241**	190,500
Defined contributions plan	**52,213**	23,453
	662,454	213,953

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2018

25 Segment information

The Group operates predominantly in only one business segment, which is the timber segment, namely the extraction and sale of timber. Accordingly, no segment information is presented based on business segment.

No segmental information by geographical location is presented as all the revenue and non-current assets in the financial years ended 31 July 2018 and 2017 were derived and are based in Malaysia respectively.

26 New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 August 2017 or later periods and which the Group has not early adopted:

- FRS 115 *Revenue from contracts with customers* (effective for annual periods beginning on or after 1 January 2018)

  This is the converged standard on revenue recognition. It replaces FRS 11 *Construction contracts*, FRS 18 *Revenue*, and related interpretations. Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. The core principle of FRS 115 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

  - Step 1: Identify the contract(s) with a customer
  - Step 2: Identify the performance obligations in the contract
  - Step 3: Determine the transaction price
  - Step 4: Allocate the transaction price to the performance obligations in the contract
  - Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

  FRS 115 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

  Management is currently assessing the effects of applying the new standard on the Group's financial statements and has identified the following areas that are likely to be affected:

  i. Rights of return – FRS 115 requires separate presentation on the balance sheet of the right to recover the goods from the customer and the refund obligation; and

  ii. Accounting for certain costs incurred in fulfilling a contract – certain costs which are currently expensed may need to be recognised as an asset under FRS 115.

  At this stage, the Group is not able to estimate the impact of the new rules on the Group's financial statements. The Group will make more detailed assessment of the impact over the next twelve months.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2018

26 New or revised accounting standards and interpretations (continued)

- FRS 109 *Financial instruments* (effective for annual periods beginning on or after 1 January 2018)

  The complete version of FRS 109 replaces most of the guidance in FRS 39. FRS 109 retains the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through Other Comprehensive Income ("OCI") and fair value through Profit or Loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI.

  While the Group has yet to undertake a detailed assessment of the classification and measurement of financial assets, debt instruments currently classified as available-for-sale ("AFS") financial assets would appear to satisfy the conditions for classification as at fair value through OCI and hence there will be no change to the accounting for these assets.

  The other financial assets held by the Group include:

  - equity instruments currently classified as AFS for which fair value through OCI election is available;

  - equity investments currently measured at fair value through profit or loss which would likely to continue to be measured on the same basis under FRS 109; and

  - debt instruments classified as held-to-maturity or loans and receivables and measured at amortised cost appear to meet the conditions for classification at amortised cost under FRS 109.

  Accordingly, the Group does not expect the new guidance to have a significant impact on the classification of its financial assets.

  For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in OCI, for liabilities designed at fair value through profit or loss. There will be no impact on the Group's accounting for financial liabilities as the Group does not have any such liabilities.

  FRS 109 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. While the Group is yet to undertake a detailed assessment, it would appear that the Group's current hedge relationships would qualify as continuing hedges upon the adoption of FRS 109.

  Accordingly, the Group does not expect a significant impact on the accounting for its hedging relationships.

  There is now a new expected credit losses model that replaces the incurred loss impairment model used in FRS 39. It applies to financial assets classified at amortised cost, debt instruments measured at fair value through OCI, contract assets under FRS 115 *Revenue from contracts with customers*, lease receivables, loan commitments and certain financial guarantee contracts. While the Group has not yet undertaken a detailed assessment of how its impairment provisions would be affected by the new model, it may result in an earlier recognition of credit losses.

  The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 JULY 2018

26 New or revised accounting standards and interpretations (continued)

- FRS 116 *Leases* (effective for annual periods beginning on or after 1 January 2019)

  FRS 116 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

  The standard will affect primarily the accounting for the Group's operating leases. As at the balance sheet date, the Group has non-cancellable operating lease commitments of RM5,455,361 (Note 22). However, the Group has yet to determine to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

  Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under FRS 116.

27 Adoption of SFRS(I)

The Singapore Accounting Standards Council has introduced a new Singapore financial reporting framework that is identical to the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The new framework is referred to as "Singapore IFRS – Identical Financial Reporting Standards" ("SFRS(I)") hereinafter.

As required by the listing requirements of the Singapore Exchange, the Group has adopted SFRS(I) on 1 August 2018 and will be issuing its first set of financial information prepared under SFRS(I) for the quarter ending 31 October 2018 in December 2018.

In adopting SFRS(I), the Group is required to apply all of the specific transition requirements in SFRS(I) equivalent of IFRS 1 First-time Adoption of IFRS. The Group will also concurrently apply new major SFRS(I) equivalents of IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers.

The management does not expect significant adjustments to the Group's financial statements arising from the adoption of SFRS(I) on the Group's financial statements. The estimated impact arising from the adoption of SFRS(I) on the Group's financial statements are set out as follows:

(a) Application of SFRS(I) equivalent of IFRS 1

The Group is required to retrospectively apply all SFRS(I) effective at the end of the first SFRS(I) reporting period (financial year ending 31 July 2019), subject to the mandatory exceptions and optional exemptions under IFRS 1. Management has assessed these optional exceptions and decided not to elect the relevant optional exemptions, as such there will be no significant adjustments to the Group's financial statements prepared under SFRS.

NOTES TO THE FINANCIAL STATEMENTS

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27 Adoption of SFRS(I) (continued)

(b) Adoption of SFRS(I) equivalent of IFRS 9

The Group plans to elect to apply the short-term exemption under IFRS 1 to adopt SFRS(I) equivalent to IFRS 9 on 1 August 2018. Accordingly, the requirements of SFRS 39 Financial Instruments: Recognition and Measurement will continue to apply to financial statements up to the financial period ended 31 July 2018.

(c) Adoption of SFRS(I) equivalent of IFRS 15

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.

The Group plans to adopt IFRS 15 in its financial statements for the financial year ending 31 July 2019. Based on the Group's initial assessment, the Group does not expect any significant adjustments on adoption of IFRS 15.

28 Comparative figures

As described on Note 1.2 to the financial statements, the comparative financial statements of the Group for the financial year ended 31 July 2017 were prepared based on the pooling-of-interest method, as if the current group structure has been in existence and under common control in financial year ended 31 July 2017.

The financial statements of the Company are the financial period since 8 August 2017 (date of incorporation) to 31 July 2018. This being the first set of financial statements, there are no comparative figures.

29 Authorisation of financial statements

These financial statements were authorised for issue by the Board of Directors of the Company on 29 October 2018.

STATISTICS OF SHAREHOLDINGS

AS AT 10 OCTOBER 2018

Number of Issued Shares	118,474,000
Issued and Fully Paid Up Capital	RM15,207,073 or SGD5,099,280
Class of Shares	Ordinary Shares
Treasury Shares	Nil
Subsidiary Holdings	Nil
Voting Rights	1 vote for each Ordinary Share held

DISTRIBUTION OF SHAREHOLDINGS AS AT 10 OCTOBER 2018

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	0	0.00	0	0.00
100 – 1,000	43	36.44	42,900	0.04
1,001 – 10,000	64	54.24	248,800	0.21
10,001 – 1,000,000	8	6.78	690,000	0.58
1,000,001 AND ABOVE	3	2.54	117,492,300	99.17
TOTAL	**118**	**100.00**	**118,474,000**	**100.00**

TWENTY LARGEST SHAREHOLDERS AS AT 10 OCTOBER 2018

NO.	NAME	NO. OF SHARES	%
1	JAWALA CORPORATION SDN. BHD.	100,000,000	84.41
2	UOB KAY HIAN PRIVATE LIMITED	15,492,300	13.08
3	DB NOMINEES (SINGAPORE) PTE LTD	2,000,000	1.69
4	LEONG SOAY YUET	140,000	0.12
5	TAN LAY CHING	140,000	0.12
6	YEO KHEE SENG BENNY	140,000	0.12
7	YUNG LAY KIANG	140,000	0.12
8	TAN PENG KHOON	70,000	0.06
9	CHUA AI KEY	20,000	0.02
10	LANDON LIM KUAN TENG	20,000	0.02
11	TAN HUI YIN	20,000	0.02
12	CHEE KENG LOO @ CHEE KUM YOKE	10,000	0.01
13	TAY YEW SENG	10,000	0.01
14	LAI LYE HENG	8,000	0.01
15	OH CHIN CHAI	7,000	0.01
16	CHEE SWEE SENG SEBASTIAN	6,000	0.01
17	HOO LEN YUH	6,000	0.01
18	ANG SIEW HONG	5,000	0.00
19	LEE SENG LUP	5,000	0.00
20	LIEW KUAN WOH	5,000	0.00
	TOTAL	**118,244,300**	**99.84**

STATISTICS OF SHAREHOLDINGS

AS AT 10 OCTOBER 2018

SUBSTANTIAL SHAREHOLDERS AS AT 10 OCTOBER 2018

Substantial Shareholder	Shareholdings registered in the name of the substantial shareholder	%	Shareholdings in which the substantial shareholder are deemed to be interested	%
JAWALA CORPORATION SDN. BHD.[(1)]	100,000,000	84.41	–	
TAN SRI ABDUL MAJID KHAN[(2)]			100,000,000	84.41
DATUK JEMA KHAN[(3)]			100,000,000	84.41

Notes:

1 Jawala Corporation Sdn. Bhd., a company incorporated in Malaysia, is the immediate and ultimate holding corporation of the Company.

2 Tan Sri Abdul Majid Khan is deemed interested in all the shares in the Company held by Jawala Corporation Sdn. Bhd., through his shareholding in Jawala Corporation Sdn. Bhd.

3 Datuk Jema Khan is deemed interested in all the shares in the Company held by Jawala Corporation Sdn. Bhd., through his shareholding in Jawala Corporation Sdn. Bhd.

SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on information provided and to the best knowledge of the Directors, approximately 15.59% of the total number of issued shares (excluding treasury shares) in the capital of the Company are held in the hands of the public as at 10 October 2018. Rule 723 of the Catalist Rules has therefore been complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of Jawala Inc. ("**Company**") will be held at **Rose Room I & II, York Hotel, 21 Mount Elizabeth, Singapore 228516** on Monday, 26 November 2018 at 2.00 p.m., for the following purposes:–

As Ordinary Business

1. To receive and adopt the Directors' Statement and Audited Financial Statements of the Company for the financial year ended 31 July 2018, together with the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect the following directors who are retiring by rotation under Article 102 of the Articles of Association of the Company:–

   (a) Datuk Jema Anton Khan **(Resolution 2)**

   (b) Mr. Abdul Rahman Khan Bin Hakim Khan **(Resolution 3)**

   (c) Ms. Nadja Binti Jema Khan **(Resolution 4)**

   (d) Ms. Faridah Binti Mohd. Fuad Stephens **(Resolution 5)**

   (e) Mr. Lee Yong Soon **(Resolution 6)**

   (f) Mr. Leow Ming Fong @ Leow Min Fong **(Resolution 7)**

   [Explanatory Notes (i) to (vi)]

3. To approve directors' fees of RM77,622 (equivalent to SGD26,028) payable by the Company for the financial year ended 31 July 2018. **(Resolution 8)**

4. To approve directors' fees of RM216,000 (equivalent to SGD72,430) payable by the Company for the financial year ending 31 July 2019, to be paid half yearly in arrears. **(Resolution 9)**

   [Explanatory Note (vii)]

5. To declare a first and final tax-exempt one-tier dividend of SGD0.004 per ordinary share for the financial year ended 31 July 2018. **(Resolution 10)**

6. To re-appoint Messrs Nexia TS Public Accounting Corporation as auditors of the Company, and to authorise the directors to fix their remuneration. **(Resolution 11)**

7. To transact any other ordinary business that may properly be transacted at an annual general meeting.

NOTICE OF ANNUAL GENERAL MEETING

As Special Business

To consider and, if thought fit, to pass, with or without modifications, the following resolutions, which will be proposed as ordinary resolutions:–

8. **Authority to Allot and Issue Shares** **(Resolution 12)**

That, pursuant to Article 3 of the Articles of Association of the Company and Rule 806 of the Listing Manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") ("**Catalist Rules**"), authority be given to the Directors of the Company to:–

(a) (i) allot and issue shares in the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements, or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the directors may in their absolute discretion deem fit; and

(b) (notwithstanding that the authority conferred by this resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this resolution was in force,

provided that:–

(1) the aggregate number of Shares to be issued under this resolution (including Shares to be issued in pursuance of the Instruments, made or granted under this Resolution) shall not exceed one hundred per cent (100%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares and convertible securities to be issued (including Shares to be issued in pursuance of Instruments made or granted under this Resolution) other than on a pro rata basis to existing shareholders of the Company shall not exceed fifty per cent (50%) of the Company's total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) (as calculated in accordance with sub-paragraph (2) below);

NOTICE OF ANNUAL GENERAL MEETING

8. **Authority to Allot and Issue Shares (continued)**

(2) (subject to such manner of calculation and adjustments as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares (including Shares to be issued in pursuance of Instruments made or granted under this Resolution) that may be issued under sub-paragraph (1) above, the total number of issued Shares shall be calculated based on the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any), at the time of the passing of this Resolution, after adjusting for:–

(a) new Shares arising from the conversion or exercise of the Instruments or any convertible securities;

(b) new Shares arising from the exercise of share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed provided that the share options or share awards (as the case may be) were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

(c) any subsequent bonus issue, consolidation or subdivision of Shares.

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the requirements of the Catalist Rules the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.

[Explanatory Note (viii)]

9. **Authority to grant awards and issue shares under the Jawala Performance Share Plan** **(Resolution 13)**

That the Directors of the Company be and are hereby authorised to offer and grant awards ("**Awards**") from time to time in accordance with the provisions of the Jawala Performance Share Plan ("**Plan**"), and to allot and issue from time to time such number of fully paid-up Shares as may be required to be issued pursuant to the vesting of Awards granted under the Plan, provided always that the aggregate number of Shares to be issued pursuant to the Plan, when added to the number of Shares issued and issuable under other share-based incentives schemes or share plans of the Company, if any, shall not exceed eight per cent (8%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) of the Company from time to time and that such authority shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.

[Explanatory Note (ix)]

NOTICE OF ANNUAL GENERAL MEETING

10. **Authority to grant options and issue shares under the Jawala Employee Share Option Scheme** **(Resolution 14)**

That the Directors of the Company be and are hereby authorised:–

(i) to offer and grant options ("**Options**") from time to time in accordance with the provisions of the Jawala Employee Share Option Scheme ("**Scheme**"); and

(ii) to allot and issue from time to time such number of Shares in the capital of the Company as may be required to be issued under the exercise of the Options under the Scheme, provided always that the aggregate number of Shares to be issued under the Scheme shall not exceed 8 per cent (8%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) of the Company from time to time, and that such authority shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.

[Explanatory Note (ix)]

By Order of the Board

Raymond Lam Kuo Wei
Chew Pei Tsing
Company Secretaries

Singapore
2 November 2018

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

(i) Resolution 2 – If re-elected, Datuk Jema Khan, an Executive Director, shall remain as Chairman and Chief Executive Officer of the Company.

(ii) Resolution 3 – If re-elected, Mr. Abdul Rahman Khan Bin Hakim Khan, shall remain as an Executive Director of the Company.

(iii) Resolution 4 – If re-elected, Ms. Nadja Binti Jema Khan, shall remain as a Non-Independent Non-Executive Director of the Company.

(iv) Resolution 5 – If re-elected, Ms. Faridah Binti Mohd. Fuad Stephens, shall remain as an Independent Director, Chairman of the Remuneration Committee and a member of the Audit Committee and Nominating Committee respectively. The Board considers Ms. Faridah Bt Mohd. Fuad Stephens to be independent for the purpose of Rule 704(7) of the Catalist Rules.

(v) Resolution 6 – If re-elected, Mr. Lee Yong Soon, shall remain as an Independent Director, Chairman of the Nominating Committee and a member of the Audit Committee and Remuneration Committee respectively. The Board considers Mr. Lee Yong Soon to be independent for the purpose of Rule 704(7) of the Catalist Rules.

(vi) Resolution 7 – If re-elected, Mr. Leow Ming Fong @ Leow Min Fong, shall remain as an Independent Director, Chairman of the Audit Committee and a member of the Nominating Committee and Remuneration Committee respectively. The Board considers Mr. Leow Ming Fong @ Leow Min Fong to be independent for the purpose of Rule 704(7) of the Catalist Rules.

(vii) Resolution 9 – The proposed Resolution 9 is to facilitate the payment of Directors' fees during the financial year ending 31 July 2019 in which the fees are incurred. The aggregate amount of Directors' fees provided in the resolution is calculated on the assumption that all the present Directors will hold office for the whole of the financial year ending 31 July 2019 (FY2019). Should any Director hold office for only part of FY2019 and not the whole of FY2019, the Directors' fees payable to him/her will be appropriately pro-rated.

(viii) Resolution 12 – The proposed Resolution 12, if passed, will empower the Directors, from the date of the annual general meeting until the date of the next annual general meeting of the Company, or the date which the next annual general meeting of the Company is required by law to be held, to issue Shares and/or Instruments convertible into Shares up to an aggregate number not exceeding 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any), of which up to 50% may be issued other than on a pro rata basis to existing shareholders of the Company.

(ix) Resolutions 13 and 14 – The proposed Resolutions 13 and 14, if passed, will empower the Directors to allot and issue Shares pursuant to the vesting of Awards and the exercise of Options under the Plan and Scheme, provided that the aggregate number of Shares to be issued pursuant to the Plan and Scheme, when added to the number of Shares issued and issuable under other share-based incentives schemes or share plans of the Company, shall not exceed 8% of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) of the Company from time to time.

Notes:

(1) A member of the Company entitled to attend and vote at the AGM may appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a member of the Company.

(2) Where a member appoints more than one proxy, the proportion (expressed as a percentage of the whole) of his shareholding to be represented by each proxy must be stated.

(3) The instrument appointing a proxy must be deposited at the registered office of the Company's share registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place #32-01 Singapore Land Tower, Singapore 048623 not less than 72 hours before the time appointed for holding the AGM.

Personal Data Privacy

By submitting an instrument appointing a proxy and/or representative to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives relating to the AGM (including any adjournment thereof); and warrants that where the member discloses the personal data of the member's proxy and/or representative to the Company (or its agents), the member has obtained all necessary consents to do so, and that the Company (or its agents) may collect, use and disclose such personal data for the purposes above.

JAWALA INC.
Company Registration No. LL13922
(Incorporated in Labuan)

PROXY FORM – ANNUAL GENERAL MEETING

I/We ____ (full name in capital letters)

(NRIC/Passport No./Company No.) __________________ of ______________________________

__________________________ (full address) being a member/members of Jawala Inc. ("**Company**"), hereby appoint:–

Name	Address	NRIC/ Passport Number	Proportion of Shareholdings (%)
And/or (delete as appropriate)			

or failing whom, Chairman of the Meeting, as my/our proxy/proxies to attend and vote for me/us on my/our behalf, at the annual general meeting of the Company ("**AGM**") to be held at **Rose Room I & II, York Hotel, 21 Mount Elizabeth, Singapore 228516** on Monday, 26 November 2018 at 2.00 p.m., and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any matter arising at the AGM and at any adjournment thereof.

The resolutions put to vote at the AGM shall be decided by poll.

(If you wish to exercise all your votes "For" or "Against", please tick with "√" within the box provided. Alternatively, please indicate the number of votes "For" or "Against" each resolution.)

No.	Resolutions	For	Against
Ordinary Business			
1.	To receive and adopt Directors' Statement and Audited Financial Statements for the financial year ended 31 July 2018, together with the auditors' report thereon.		
2.	To re-elect Datuk Jema Anton Khan as a Director of the Company.		
3.	To re-elect Mr. Abdul Rahman Khan Bin Hakim Khan as a Director of the Company.		
4.	To re-elect Ms. Nadja Binti Jema Khan as a Director of the Company.		
5.	To re-elect Ms. Faridah Binti Mohd. Fuad Stephens as a Director of the Company.		
6.	To re-elect Mr. Lee Yong Soon as a Director of the Company.		
7.	To re-elect Mr. Leow Ming Fong @ Leow Min Fong as a Director of the Company.		
8.	To approve Directors' fees for the financial year ended 31 July 2018.		
9.	To approve Directors' fees for the financial year ending 31 July 2019 to be paid half yearly in arrears.		
10.	To declare a first and final tax-exempt one-tier dividend of SGD0.004 per ordinary share for the financial year ended 31 July 2018.		
11.	To re-appoint Messrs Nexia TS Public Accounting Corporation as auditors of the Company and to authorise the Directors to fix their remuneration.		
Special Business			
12.	To authorise Directors to allot and issue shares.		
13.	To authorise Directors to grant awards and issue shares under the Jawala Performance Share Plan.		
14.	To authorise the Directors to grant options and issue shares under the Jawala Employee Share Option Plan.		

Dated this ________ day of __________________ 2018

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	
Total	

____
Signature(s) of member(s)/Common Seal

IMPORTANT – PLEASE READ NOTES OVERLEAF

Notes:

1. Please insert the total number of shares held by you. If the member has shares entered against your name in the Depository Register maintained by The Central Depository (Pte) Limited, you insert that number of shares. If you have shares registered in his name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against his name in the Depository Register and shares registered in his name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this instrument appointing a proxy or proxies will be deemed to relate to all the shares held by you.
2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.
3. Where a member appoints more than one proxy, the member must specify the proportion of his shareholdings (expressed as a percentage of the whole) to be represented by each proxy. If no proportion of shareholdings is specified, the proxy whose name appears first shall be deemed to carry one hundred percent (100%) of the shareholdings of his/her appointor and the proxy whose name appears after shall be deemed to be appointed in the alternate.
4. If the instrument appointing a proxy is returned without any indication as to how the proxy shall vote, the proxy will vote or abstained as he/she thinks fit.
5. If the instrument appointing a proxy is returned without the name of the proxy indicated, the instrument appointing a proxy shall be invalid.
6. The instrument appointing a proxy or proxies must be deposited at the office of the Company's share registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place #32-01 Singapore Land Tower, Singapore 048623 not less than 72 hours before the time appointed for the AGM.
7. The instrument appointing a proxy or proxies must be under the hand of the appointor or his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.
8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM.
9. The signature on the instrument appointing a proxy needs not be witnessed. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof (failing previous registration with the Company) be lodged with the instrument appointing a proxy, failing which the instrument may be treated as invalid.
10. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in this instrument appointing a proxy or proxies.
11. In the case of members whose Shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have Shares entered against their names in the Depository Register as at 72 hours before the time appointed for holding the AGM as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 2 November 2018.

JAWALA INC.

(Company Registration No: LL13922)
(Incorporated in Labuan on 8 August 2017)