



**JAWALA INC.**

(Incorporated in Labuan on 8 August 2017)

(Company Registration No. LL13922)

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**UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT  
FOR THE SIX MONTHS AND FULL YEAR ENDED 31 JULY 2023**

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This announcement has been reviewed by UOB Kay Hian Private Limited (the "**Sponsor**").

This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr Lance Tan, Senior Vice President, at 8 Anthony Road, #01-01, Singapore 229957, telephone (65) 6590 6881.

**Background**

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

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

## TABLE OF CONTENTS

A.	Condensed interim consolidated statement of comprehensive income	3
B	Condensed interim balance sheet	4
C	Condensed interim statements of changes in equity	5
D	Condensed interim consolidated statement of cash flows	6
E	Notes to the condensed interim financial statements	7 - 18
F	Other information required by Listing Rule Appendix 7C	19 - 24

## A. CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	6 months ended		Group			
		31 July 2023 (Unaudited) RM'000	31 July 2022 (Unaudited) RM'000	Increase/ (Decrease) %	FY2023 (Unaudited) RM'000	FY2022 (Audited) RM'000	Increase/ (Decrease) %
<b>Revenue</b>	4	1,804	13,092	(86)	11,203	19,655	(43)
Cost of sales		(1,543)	(5,126)	(70)	(6,720)	(8,613)	(22)
<b>Gross profit</b>		<u>261</u>	<u>7,966</u>	(97)	<u>4,483</u>	<u>11,042</u>	(59)
Other income		223	285	(22)	615	524	17
Other gains/(losses)							
- Fair value gain on biological assets		4,457	-	100	4,457	-	100
- Loss on forex		(3)	-	100	(3)	-	100
<b>Expenses</b>							
- Distribution		(345)	(982)	(65)	(1,018)	(1,326)	(23)
- Administrative		(4,912)	(4,157)	18	(9,124)	(7,753)	18
- Finance		(50)	2	NM	(95)	(95)	-
<b>(Loss)/Profit before income tax</b>	6	<u>(369)</u>	<u>3,114</u>	NM	<u>(685)</u>	<u>2,392</u>	NM
Income tax credit/(expense)	7	(48)	(1,121)	(96)	72	(1,121)	NM
<b>Total comprehensive (loss)/ income, representing net (loss)/profit</b>		<u>(417)</u>	<u>1,993</u>	NM	<u>(613)</u>	<u>1,271</u>	NM
<b>Total comprehensive (loss)/income and net (loss)/profit attributable to:</b>							
Equity holders of the Company		(444)	1,292	NM	(657)	708	NM
Non-controlling interests		27	701	(96)	44	563	(92)
		<u>(417)</u>	<u>1,993</u>	NM	<u>(613)</u>	<u>1,271</u>	NM
<b>(Loss)/ Earnings per share for attributable to equity holders of the Company (Sen per share)</b>	18						
Basic and diluted		<u>(0.37)</u>	<u>1.09</u>		<u>(0.55)</u>	<u>0.60</u>	

NM – Not Meaningful

## B. CONDENSED INTERIM BALANCE SHEET

	Note	Group		Company	
		As at 31 July 2023 (Unaudited) RM'000	As at 31 July 2022 (Audited) RM'000	As at 31 July 2023 (Unaudited) RM'000	As at 31 July 2022 (Audited) RM'000
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and bank balances	8	19,499	29,022	4,840	5,926
Trade and other receivables	9	6,986	8,756	38	176
Income tax recoverable		1,702	1,243	-	-
Inventories		567	1,149	-	-
<b>Total current assets</b>		<b>28,754</b>	<b>40,170</b>	<b>4,878</b>	<b>6,102</b>
<b>Non-current assets</b>					
Other receivables	9	1,444	1,332	7,185	6,743
Investment in subsidiary		-	-	2,350	2,350
Property, plant and equipment	10	4,086	3,099	-	-
Right-of-use assets		1,270	984	-	-
Biological assets	11	25,200	13,590	-	-
Intangible asset	12	460	465	-	-
<b>Total non-current assets</b>		<b>32,460</b>	<b>19,470</b>	<b>9,535</b>	<b>9,093</b>
<b>Total assets</b>		<b>61,214</b>	<b>59,640</b>	<b>14,413</b>	<b>15,195</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables	13	1,459	3,809	421	444
Borrowings	14	236	180	-	-
<b>Total current liabilities</b>		<b>1,695</b>	<b>3,989</b>	<b>421</b>	<b>444</b>
<b>Non-current liabilities</b>					
Borrowings	14	8,951	4,398	-	-
Deferred income tax liabilities		3,235	3,307	-	-
<b>Total non-current liabilities</b>		<b>12,186</b>	<b>7,705</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>		<b>13,881</b>	<b>11,694</b>	<b>421</b>	<b>444</b>
<b>NET ASSETS</b>		<b>47,333</b>	<b>47,946</b>	<b>13,992</b>	<b>14,751</b>
<b>EQUITY</b>					
<b>Capital and reserves attributable to equity holders of the Company</b>					
Share capital	15	15,207	15,207	15,207	15,207
Retained profits	16				
- Distributable		10,813	6,539	(1,215)	(456)
- Non-distributable (strategic reserve)		10,599	15,530	-	-
		21,412	22,069	(1,215)	(456)
		36,619	37,276	13,992	14,751
<b>Non-controlling interests</b>		<b>10,714</b>	<b>10,670</b>	<b>-</b>	<b>-</b>
<b>TOTAL EQUITY</b>		<b>47,333</b>	<b>47,946</b>	<b>13,992</b>	<b>14,751</b>

## C. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

### Group

	Not e	Share capital RM'000	Retained profits RM'000	Total RM'000	Non-controlling interest RM'000	Total equity RM'000
<b>FY2023 (Unaudited) At 1 August 2022</b>		15,207	22,069	37,276	10,670	<b>47,946</b>
(Loss)/Profit and total comprehensive (loss)/ income for the financial year		-	(657)	(657)	44	<b>(613)</b>
<b>At 31 July 2023</b>		<b>15,207</b>	<b>21,412</b>	<b>36,619</b>	<b>10,714</b>	<b>47,333</b>
<b>FY2022 (Audited) At 1 August 2021</b>		15,207	22,469	37,676	10,107	47,783
Dividend paid	17	-	(1,108)	(1,108)	-	(1,108)
		15,207	21,361	36,568	10,107	46,675
Profit and total comprehensive income for the financial year		-	708	708	563	<b>1,271</b>
<b>At 31 July 2022</b>		<b>15,207</b>	<b>22,069</b>	<b>37,276</b>	<b>10,670</b>	<b>47,946</b>

### Company

	Note	Share capital RM'000	Accumulated loss RM'000	Total RM'000
<b>FY2023 (Unaudited) At 1 August 2022</b>		15,207	(456)	14,751
Loss and total comprehensive loss for the financial year		-	(759)	(759)
<b>At 31 July 2023</b>		<b>15,207</b>	<b>(1,215)</b>	<b>13,992</b>
<b>FY2022 (Audited) At 1 August 2021</b>		15,207	1,267	16,474
Dividend paid	17	-	(1,108)	(1,108)
		15,207	159	15,366
Loss and total comprehensive loss for the financial year		-	(615)	(615)
<b>At 31 July 2022</b>		<b>15,207</b>	<b>(456)</b>	<b>14,751</b>

## D. CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

	<b>Group</b>	
	FY2023	FY2022
	(Unaudited)	(Audited)
	RM'000	RM'000
<b>Note</b>		
<b>Cash flows from operating activities</b>		
Net (loss)/profit	(613)	1,271
Adjustments for:		
- Allowance for impairment of trade receivables	250	-
- Depreciation of property, plant and equipment	461	396
- Amortisation of intangible asset	5	5
- Depreciation of right-of-use assets	105	132
- Fair value gain on biological assets	(4,457)	-
- Interest income	(599)	(507)
- Interest expense	95	95
- Inventories written down	68	-
- Income tax (credit)/expense	(72)	1,121
Operating cash flows before working capital changes	(4,757)	2,513
Changes in working capital:		
- Inventories	514	(275)
- Trade and other receivables	1,465	(218)
- Trade and other payables	(2,350)	1,122
Cash (used in)/provided by operations	(5,128)	3,142
Income tax paid, net	(459)	(624)
<b>Net cash (used in)/provided by operating activities</b>	<b>(5,587)</b>	<b>2,518</b>
<b>Cash flows from investing activities</b>		
Additions to property, plant and equipment	(1,610)	(1,134)
Additions to right-of-use assets	(51)	(11)
Additions to biological assets	(6,673)	(4,626)
<b>Net cash used in investing activities</b>	<b>(8,334)</b>	<b>(5,771)</b>
<b>Cash flows from financing activities</b>		
Principal payment of lease liabilities	(211)	(169)
Proceeds from borrowings	4,162	-
Interest received	542	488
Interest paid	(95)	(95)
Dividend paid to non-controlling shareholders of the subsidiary	-	(806)
Dividend paid to equity holders of the Company	-	(1,108)
<b>Net cash provided by/(used in) financing activities</b>	<b>4,398</b>	<b>(1,690)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(9,523)</b>	<b>(4,943)</b>
<b>Cash and cash equivalents</b>		
Beginning of financial year	28,022	32,965
<b>End of the financial year</b>	<b>18,499</b>	<b>28,022</b>

## **E. NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

### **1. Corporate information**

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.

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 harvesting, distributing, processing and sales of timber.

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

### **2 Basis of preparation**

The condensed interim financial statements for the six months and full year ended 31 July 2023 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Committee (ASC)". The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 July 2022.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Ringgit Malaysia which is the Company's functional currency. All financial information presented in Ringgit Malaysia has been rounded to the nearest thousand (RM'000), unless otherwise indicated.

Under the going concern basis of accounting, the financial statements are prepared on the assumption that the entity is a going concern and will continue its operations for the foreseeable future.

#### **2.1. New and amended standards adopted by the Group**

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

#### **2.2. Use of judgements and estimates**

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

## **2 Basis of preparation (continued)**

### **2.2. Use of judgements and estimates (continued)**

The preparation of financial statements in conformity with SFRS(I) 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.

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### Expected Credit Losses

The Group has applied the simplified approach by using the allowance matrix to measure the lifetime expected credit losses ("ECL") for all receivables. In measuring the expected credit losses, receivables are grouped based on shared credit risk characteristics and days past due. In calculating the expected credit loss rate, the Group considers current payment patterns for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables.

#### Fair value of biological assets

Biological assets are measured at fair value less costs to sell at the reporting date, with changes in fair values being recognised in profit or loss. The fair value is estimated with reference to an independent professional valuer using the present value of expected net cash flows from the biological assets. Determining the present value of expected net cash flows requires the use of assumptions and estimates relating to growth, harvesting plan, harvest yield per hectare, sale prices and costs, and also choosing a suitable discount rate in order to calculate the present value of those net cash flows.

#### Going concern

At each reporting date, the Group diligently evaluates the presence of any indications that may suggest a going concern issue. This evaluation is centered around a comprehensive assessment that includes the examination of a twelve-month projected budget, projected cash flow, rigorous sensitivity analysis to ascertain the potential impact on cash flows resulting from changes in key assumptions, and a thorough going concern analysis supported by detailed explanations.

#### Impairment of property, plant and equipment

The Group assesses whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount. This required the Group to estimate the recoverable amount of property, plant and equipment, being the higher of its fair value less costs to sell and its carrying value in the balance sheet. Estimating fair value less costs to sell requires the Group to make reference to market price of property, plant and equipment that are adjusted with certain assumptions made by management.



## 2 Basis of preparation (continued)

### 2.2. Use of judgements and estimates (continued)

#### Net realisable value of inventories

Net realisable value represents the selling price of an inventory item less any estimated costs associated with completing the sale and bringing the inventory to its final selling condition. When estimating the net realisable value of inventories, the Group considers inventories written down recognition and the market value as we operate in the timber industry where inventory values can fluctuate significantly.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

### 3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial year.

### 4. Segment and revenue information

The Group operates predominantly in only one business segment, which is the timber segment, namely the extraction and sale of logs. 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 2023 and 2022 were derived and are based in Malaysia respectively.

	6 months ended		12 months ended	
	31 July 2023 (Unaudited) RM'000	31 July 2022 (Unaudited) RM'000	FY2023 (Unaudited) RM'000	FY2022 (Audited) RM'000
Sale of logs	1,804	13,092	11,203	19,655

All the sale is derived from Malaysia and recognised at a point in time.

## 5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 31 July 2023 and 31 July 2022:

	<b>Group</b>		<b>Company</b>	
	As at 31 July 2023 (Unaudited) RM'000	As at 31 July 2022 (Audited) RM'000	As at 31 July 2023 (Unaudited) RM'000	As at 31 July 2022 (Audited) RM'000
<b>Financial assets at amortised cost:</b>				
Cash and bank balances	19,499	29,022	4,840	5,926
Trade and other receivables	8,374	10,033	7,185	6,743
<b>Financial liabilities at amortised cost:</b>				
Trade and other payables	1,459	3,809	421	444
Borrowings	9,187	4,578	-	-

## 6. (Loss)/Profit before taxation

### 6.1 Significant items

	<b>6 months ended</b>		<b>12 months ended</b>	
	31 July 2023 (Unaudited) RM'000	31 July 2022 (Unaudited) RM'000	FY2023 (Unaudited) RM'000	FY2022 (Audited) RM'000
<b>Income</b>				
Interest income	211	271	599	507
Other income	12	14	16	17
<b>Expenses</b>				
Finance expenses:				
Interest expense				
- Borrowings	108	47	213	96
- Lease Liabilities	50	47	95	95
	158	94	308	191
Less: Amount capitalized as biological assets	(108)	(47)	(213)	(96)
Amount recognized in profit of loss	50	47	95	95
Allowance for impairment of trade receivables	250	-	250	-
Amortisation of intangible asset	2	2	5	5
Depreciation of property, plant and equipment	235	124	461	396
Depreciation of right-of-use assets	71	61	105	132
Employee compensation	863	2,608	3,040	3,813
Inventories written down	68	-	68	-

## 6. (Loss)/Profit before taxation (continued)

### 6.2 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) Purchases of goods and services

	<b>Group</b>	
	As at 31 July 2023 (Unaudited) RM'000	As at 31 July 2022 (Audited) RM'000
Rental expense on operating lease charged by immediate holding corporation	6	6
Rental expense on operating lease charged by related corporation	<u>13</u>	<u>20</u>

#### (b) Key management personnel compensation

Key management personnel compensation is as follows:

	<b>Group</b>	
	As at 31 July 2023 (Unaudited) RM'000	As at 31 July 2022 (Audited) RM'000
<b>Directors of the Company</b>		
Director fee	319	317
Wages and salaries	338	338
Defined contributions plan	<u>43</u>	<u>43</u>
	<u>700</u>	<u>698</u>
<b>Other key management personnel</b>		
Wages and salaries	504	514
Defined contributions plan	<u>63</u>	<u>64</u>
	<u>567</u>	<u>578</u>

## 7. Income tax expense/(credit)

The Group calculates the year income tax expense using the tax rate of 24% (2022: 24%) that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of comprehensive income are:

	6 months ended		12 months ended	
	31 July 2023 (Unaudited) RM'000	31 July 2022 (Unaudited) RM'000	FY2023 (Unaudited) RM'000	FY2022 (Audited) RM'000
<b>Tax expense attributable to profit is made up of:</b>				
Current income tax				
- Under/(over) provision in prior financial year	-	67	-	67
Deferred income tax				
- Current year provision	48	1,054	(72)	1,054
	<u>48</u>	<u>1,121</u>	<u>(72)</u>	<u>1,121</u>

## 8. Cash and bank balances

	Group		Company	
	As at 31 July 2023 (Unaudited) RM'000	As at 31 July 2022 (Audited) RM'000	As at 31 July 2023 (Unaudited) RM'000	As at 31 July 2022 (Audited) RM'000
Cash at bank	1,142	5,276	552	738
Cash on hand	8	36	-	*
Short-term bank deposits	18,349	23,710	4,288	5,188
Cash and cash equivalents per Group balance sheet	19,499	29,022	4,840	5,926
Less: Bank deposits pledged (Note 12)	(1,000)	(1,000)	-	-
Cash and cash equivalents per consolidated statement of cash flow	<u>18,499</u>	<u>28,022</u>	<u>4,840</u>	<u>5,926</u>

Bank deposits pledged are in relation to the banker's guarantee required for the license as described in Note 12. A portion of the cash and bank balances has also been set aside as funds for purposes as referred to in Note 16 on the use of strategic reserves.

Note:

\* Amount less than RM1,000

## 9 Trade and other receivables

	Group		Company	
	As at 31 July 2023 (Unaudited) RM'000	As at 31 July 2022 (Audited) RM'000	As at 31 July 2023 (Unaudited) RM'000	As at 31 July 2022 (Audited) RM'000
<i>Current</i>				
Trade receivables – Non-related parties	6,258	7,546	-	-
Less: Allowance for impairment	(250)	-	-	-
	<u>6,008</u>	<u>7,546</u>	<u>-</u>	<u>-</u>
Other receivables				
- Related parties	19	17	-	-
- Non-related parties	833	1,068	16	20
Deposits	70	70	-	-
Prepayments	56	55	22	156
	<u>978</u>	<u>1,210</u>	<u>38</u>	<u>176</u>
	<u>6,986</u>	<u>8,756</u>	<u>38</u>	<u>176</u>
<i>Non-current</i>				
Other receivables – Non-related party (Note 1)	1,444	1,332	-	-
- Subsidiary corporation	-	-	7,185	6,743
	<u>-</u>	<u>-</u>	<u>7,185</u>	<u>6,743</u>
Total trade and other receivables	<u>8,430</u>	<u>10,088</u>	<u>7,223</u>	<u>6,919</u>

Other receivables from related parties are unsecured, interest free and receivable on demand.

Other receivables from subsidiary corporation are unsecured. Advances amounting RM5.64 million, including all accrued and unpaid interest, will mature and are repayable 10 years from the date of the Agreement, as at 19 June 2029, subject to review upon maturity. The advances is granted with annual interest at the rate being the base lending rate of CIMB Berhad + 1%.

### Note 1

The balance pertains 5% retention sum on royalty fees for Sabah Forestry Department. Upon payment of royalties on the logs harvested and sold by the Group, a 5% is payable to the Sabah Forestry Department (SFD) and is related to the retention sum collected by SFD to offset against any potential shortfall in payment to the SFD. The Group would be able to claim the retention sum upon completion of the coupe within the licensed area or can be used to offset against future payments to the SFD. As at the balance sheet date, the Group has considered the collectability of retention sum included in other receivables and concluded that the allowance is not required.

## 10. Property, plant and equipment

During the full year ended 31 July 2023, the Group acquired assets amounting to RM1,610,032 (31 July 2022: RM1,133,808).

Other than the depreciation charged in the condensed interim consolidated statement of profit or loss and other comprehensive income, the depreciation charge relating to property, plant and equipment used in plantation (reforestation) development activities during the financial year of RM 162,469 (31 July 2022: RM153,738) is capitalised and included in biological assets (Note 11).

## 11 Biological assets

	<b>Group</b>	
	As at 31 July 2023 (Unaudited) RM'000	As at 31 July 2022 (Audited) RM'000
Beginning of financial year	13,590	8,656
Additions	7,152	4,934
Changes in fair value of biological assets	4,458	-
<b>End of financial year</b>	<u>25,200</u>	<u>13,590</u>

Biological assets represent the forest planting expenditure incurred and capitalised at cost under the license as described in Note 12 below.

Biological assets are measured at fair value less costs to sell at the reporting date. The fair value is estimated with reference to an independent professional valuer using the present value of expected net cash flows from the biological assets. The costs to sell include the incremental selling costs, including royalty payable to authority and estimated costs of transport to market. Changes in fair value of biological assets are recognised in profit or loss.

### **Fair value information**

“Fair value” is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e., an exit price). The definition of Fair Value emphasizes that Fair Value is a market based measurement. When measuring Fair Value, an entity uses the assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumption about risk.

Reference is further made to the SFRS(I) 41 which states that “the biological asset shall be measured on initial recognition and at the end of each reporting period at its fair value less costs to sell, except for the case that the inability to measure fair value reliably”.

The Group and the Company estimated the fair value of the biological assets based on information provided and the valuation performed by an external independent valuer, VPC Alliance (Sabah) Sdn. Bhd. (the “Valuer”), a member of the Board of Valuers, Appraisers and Estate Agents Malaysia with appropriate recognised professional qualifications.

## 12. Intangible asset

	<b>Group</b>	
	As at 31 July 2023 (Unaudited) RM'000	As at 31 July 2022 (Audited) RM'000
<u>Acquired timber rights</u>		
<i>Cost</i>		
Beginning and end of financial year	500	500
<i>Accumulated amortisation</i>		
Beginning of financial year	35	30
Amortisation charge (Note 6)	5	5
End of financial year	40	35
<b>Net book value</b>		
<b>End of financial year</b>	<b>460</b>	<b>465</b>

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, Malaysia for a period of 100 years. In accordance with the License, a banker's guarantee for the sum of RM1.0 million was taken up by the Group (Note 8).

## 13. Trade and other payables

	<b>Group</b>		<b>Company</b>	
	As at 31 July 2023 (Unaudited) RM'000	As at 31 July 2022 (Audited) RM'000	As at 31 July 2023 (Unaudited) RM'000	As at 31 July 2022 (Audited) RM'000
Trade payables - Non-related parties	179	2,139	-	-
Other payables				
- Non-related parties	574	306	301	180
- Ultimate holding corporation	3	3	-	-
- Subsidiary corporation	-	-	120	120
- Related parties	11	(2)	-	-
Accruals for operating expenses	692	1,363	-	144
	<u>1,459</u>	<u>3,809</u>	<u>421</u>	<u>444</u>

Other payables to ultimate holding corporation, subsidiary corporation and related parties are unsecured, interest free and repayable on demand.

## 14. Borrowings

	<b>Group</b>	
	As at 31 July 2023 (Unaudited) RM'000	As at 31 July 2022 (Audited) RM'000
<u>Current</u>		
Lease liabilities	236	180
<u>Non-current</u>		
Lease liabilities	1,262	1,085
Borrowings	7,689	3,313
	<u>8,951</u>	<u>4,398</u>
Total borrowings	<u>9,187</u>	<u>4,578</u>

### (a) Lease liabilities

	<b>Group</b>	
	As at 31 July 2023 (Unaudited) RM'000	As at 31 July 2022 (Audited) RM'000
<u>Amount repayable within one year or on demand</u>		
Secured	142	114
Unsecured	94	66
	<u>236</u>	<u>180</u>
<u>Amount repayable after one year</u>		
Secured	562	361
Unsecured	700	724
	<u>1,262</u>	<u>1,085</u>
Total lease liabilities	<u>1,498</u>	<u>1,265</u>

### (b) Borrowings

	<b>Group</b>	
	As at 31 July 2023 (Unaudited) RM'000	As at 31 July 2022 (Audited) RM'000
<u>Amount repayable after one year</u>		
Secured	7,689	3,313



## 14. Borrowings (continued)

### Details of collateral

The Group's borrowings consist of obligations under finance leases and facility obtained from Forest Plantation Development Sdn Bhd ("FPD") to partly finance the plantation activities in the Group's licensed area of the Sapulut Forest Reserve in Sabah.

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

The facility obtained from FPD is secured by the corporate guarantee of the immediate and ultimate holding corporation, deed of assignment of the licensed area of approximately 1,250 hectares issued by the State Authority of Sabah in favour of the lender and a power of attorney in favour of the lender.

## 15. Share capital

	Group		Company	
	No. of ordinary shares '000	Amount RM,000	No. of ordinary shares '000	Amount RM,000
<b>2023</b>				
Beginning and end of financial year	118,474	15,207	118,474	15,207
<b>2022</b>				
Beginning and end of financial year	118,474	15,207	118,474	15,207

There was no change in the Company's share capital since 31 January 2022.

The Company did not have any convertible securities, treasury shares and subsidiary holdings as at 31 July 2023 and 31 July 2022.

## 16. Retained profits

Included in retained profits is an amount of RM10.6 million (31 July 2022: RM15.5 million) relating to strategic reserves of the Company's subsidiary corporation, Jawala Plantation Industries Sdn. Bhd ("JPISB"). As part of its internal financial management, JPISB will retain at least 75% of its profits after tax for each financial year as strategic reserves as per the Offer Document dated 24th May 2018.

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 Industrial Tree Plantations ("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.

**17. Dividend**

	<b>Group</b>	
	As at 31 Jul 2023 (Unaudited) RM'000	As at 31 Jul 2022 (Audited) RM'000
<i>Ordinary dividends</i>		
<u>Jawala Inc.</u>		
Final dividend paid in respect of the previous financial year of SGD Nil (2022: SGD0.003) per share, total of SGD Nil (2022: SGD355,422)	-	1,108

**18. Loss per share (“LPS”)/Earnings per share (“EPS”)**

	<b>Group</b>			
	6 months ended		12 months ended	
	31 July 2023 (Unaudited)	31 July 2022 (Unaudited)	FY2023 (Unaudited)	FY2022 (Audited)
<u>Numerator</u>				
Net (loss)/profit attributable to equity holder of the Company (RM'000)	(444)	1,292	(657)	708
<u>Denominator</u>				
Weighted average number of ordinary shares ('000)	118,474	118,474	118,474	118,474
Basic and diluted LPS/EPS (Sen per share) <sup>(1)</sup>	(0.37)	1.09	(0.55)	0.60

*Note:*

(1) The basic and fully diluted LPS/EPS were the same as there were no dilutive ordinary shares in issue as at 31 July 2023 and 31 July 2022.

**19. Net asset value**

	<b>Group</b>		<b>Company</b>	
	As at 31 July 2023 (Unaudited)	As at 31 July 2022 (Audited)	As at 31 July 2023 (Unaudited)	As at 31 July 2022 (Audited)
Net asset value attributable to owners of the Company per ordinary share (RM)	0.31	0.31	0.12	0.12

**20. Subsequent event**

There is no known subsequent events which have led to adjustments to this set of interim financial statements.

## **F. OTHER INFORMATION REQUESTED BY LISTING RULE APPENDIX 7C**

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

The figures have not been audited or reviewed.

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

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

### **2A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-**

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

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

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

Not applicable.

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

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

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

## **CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

### ***Review of Group's performance for FY2023 as compared to FY2022***

#### Revenue

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

Revenue decreased by RM8.5 million, or 43% in FY2023 compared to FY2022 mainly due to lower sales volume and a drop in selling price of logs. JPI is gradually exhausting the balance of the coupe per the Annual Work Plan (AWP) and Forest Management Plan (FMP). In addition, the increase in interest rates globally have impacted our sales volume.

#### Cost of sales and gross profits

The decrease in cost of sales by RM1.9 million, or 22% in FY2023 compared to FY2022 was mainly attributed to the decrease in sales volume as explained above.

The gross profit decreased by RM6.6 million, or 59% in FY2023 compared to FY2022 mainly due to the decrease in revenue. The gross profit margin decreased from 56% in FY2022 to 40% in FY2023 mainly due to lower average selling price of logs per m3 obtained in FY2023.

#### Other income

Other income comprised mainly of interest income from fixed deposits. Other income increased by RM91,000, or 17% in FY2023 compared to FY2022 mainly due to increase in interest rates on our fixed deposits.

#### Other gains/ (losses)

Other gains/ (losses) comprised of unrealised fair value gain recognised on biological assets during the financial year and loss on foreign exchange.

#### Distribution expenses

Distribution expenses comprised of transportation expenses incurred for transporting our logs to customers in Tawau, Sandakan and Keningau. Distribution expenses decreased by approximately RM0.3 million or 23% mainly due to decrease in sales from customers that need transportation of logs during the financial year.

#### Administrative expenses

Administrative expenses comprised mainly of employee compensation, depreciation, amortisation, listing expenses, professional fees, vehicle running expenses and travelling expenses. Administrative expenses increased by approximately RM1.4 million, or 18% in FY2023 compared to FY2022 mainly due to increase in employee compensation as a result of the implementation of New Minimum Wages Order in FY2023.

#### Loss after tax

As a result of the foregoing, loss after tax in FY2023 amounted to RM0.6 million compared to profit after tax of RM1.3 million in FY2022.

### **CONSOLIDATED STATEMENT OF BALANCE SHEET**

#### ***Review of the Group's financial position as at 31 July 2023 as compared to 31 July 2022.***

#### Current assets

Cash and cash equivalents were the most significant component of current assets and amounted to approximately RM19.5 million, or 68% of current assets.

Trade and other receivables amounted to approximately RM7.0 million, or 24% of current assets. Trade receivables amounted to approximately RM6.0 million, or 21% of current assets. Other receivables amounted to approximately RM1.0 million or 3% of current assets. Trade receivables decreased by approximately RM1.5 million, or 20% in FY2023 mainly due to the decrease in sales and impairment of trade receivables. Other receivables decreased by RM234,000 in FY2023 mainly due to settlement of outstanding amount from non-related parties.

The income tax recoverable amounting to RM1.7 million, or 6% of current assets, is related to the income tax refundable from the Inland Revenue Board. The income tax recoverable increased by RM0.5 million, or 37% because the payment of instalment is higher than the expected actual tax assessment due to expenses claimed on biological assets during the year.

Inventories amounted to approximately RM0.6 million, or 2% of current assets and is related to logs held at central stumping. Inventories decreased by approximately RM0.6 million in FY2023 compared to FY2022 mainly due to scaling down of our logging activities during the financial year.

### Non-current assets

Other receivables amounted to approximately RM1.4 million or 4% of non-current assets. This is related to the retention sum collected by the Sabah Forestry Department (“SFD”) to offset against any potential shortfall in payment to the SFD. Such retention sum can be used for future payments to the SFD. Other receivables increased by approximately RM0.1 million, or 8% in FY2023 compared to FY2022 due to the retention sum paid to SFD during the financial year.

Property, plant and equipment amounted to approximately RM4.1 million, or 13% of non-current assets comprised mainly motor vehicles, plantation infrastructure, office equipment, and furniture and fittings. Property, plant and equipment increased by RM1.0 million, or 32% in FY2023 compared to FY2022 mainly due to addition of plantation infrastructure.

Right-of-use (“ROU”) asset amounted to RM1.3 million, or 4% of non-current assets. The increase in right-of-use asset by RM0.3 million, or 29% in FY2023 compared to FY2022 is mainly due to the addition of motor vehicles during the year.

Biological assets amounted to approximately RM25.2 million, or 78% of non-current assets. Biological assets mainly comprised of hiring charges for equipment used in stacking and levelling of the nursery to prepare the land for planting, depreciation of fixed assets, employee compensation and all other expenses relating to the preparation of the nursery and planting and expenses incurred in upkeep and maintenance of immature planted areas. Biological assets increased by approximately RM11.6 million, or 85% mainly due to the cost incurred for the initial stages of replanting and planting activities and unrealised fair value gain recognised during the financial year.

Intangible assets amounted to approximately RM0.5 million, or 1% of non-current assets and is related to the acquired timber rights on the license granted by the SFD as per the Sustainable Forest management License Agreement.

### Current liabilities

Trade and other payables amounted to approximately RM1.5 million, or 86% of current liabilities comprising mainly of trade payables of approximately RM0.2 million and other payables amounting to RM1.3 million. Trade payables decreased by approximately RM1.9 million in FY2023 compared to FY2022 mainly due to the decrease in logging production during the year. Other payables decreased by approximately RM0.4 million, or 23% in FY2023 compared to FY2022 mainly due to decrease in accruals for operating expenses in FY2023.

Lease liabilities amounting to RM236,000, or 14% of current liabilities, comprised of the current portion of the finance leases for motor vehicles as well as the lease liabilities as a result of the adoption of SFRS(I) 16 Leases. Current lease liabilities increased by approximately RM0.06 million or 31% in FY2023 compared to FY2022 mainly due to the new lease obtained during the financial year on the purchase of motor vehicle.

### Non-current liabilities

Lease liabilities amounted to RM1.3 million, or 10% of non-current liabilities. This comprised of the finance lease liabilities as well as the lease principals as a result of the adoption of SFRS(I) 16 Leases, that are due later than one year. The lease liabilities increased by RM177,000 or 16% in FY2023 compared to FY2022 mainly due to the additions of motor vehicles during the year.

Borrowings amounted to RM7.7 million, or 63% of non-current liabilities. This borrowing represents a loan facility obtained from Forest Plantation Development Sdn Bhd (“FPD”) in order to partly finance the plantation activities in the Group’s licensed area of the Sapulut Forest Reserve in Sabah.

Deferred income tax liability amounted to RM3.2 million or 27% of non-current liabilities is relatively stable as compared to FY2022. assets.

## REVIEW OF THE GROUP'S CASH FLOW STATEMENT

Net cash used in operating activities amounted to approximately RM5.6 million in FY2023 mainly due to net loss recognised during the year and the adjustments on fair value gain on biological assets.

Net cash used in investing activities of approximately RM8.3 million in FY2023 is related to the acquisition of motor vehicles, additions to plantation infrastructure, rights-of-use assets and biological assets.

Net cash provided by financing activities of approximately RM4.4 million is mainly due to drawdown of the loan facility from Forest Plantation Development Sdn. Bhd. ("FPD") in FY2023.

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

The Group's results for the financial year ended 31 July 2023 is consistent with the profit guidance announcement released by the Company on 19 September 2023.

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

As expected, the market since HY2023 continues to be weak with the data from the Department of Statistics, Sabah showing that exports of timber products from Sabah for January to July 2023 recorded a decrease of 43% and 31% in value and volume respectively as compared to January to July 2022. The ongoing slow commodity growth and the continuing war in Ukraine continue to pose risks for the market, however positive gross domestic product growth data from importing countries may lead to the timber market improving in the second half of 2024. The Group will continue to actively develop the industrial tree plantation.

### **6. Dividend**

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

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

No dividend has been declared or recommended for current financial year reported on.

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

Not applicable. No dividend has been declared or recommended for FY2023 and FY2022.

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

Not applicable as there is no dividend declared/ recommended for FY2023.

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

Not applicable as there is no dividend declared/ recommended for FY2023.

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

Not applicable as there is no dividend declared/ recommended for FY2023.

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

No dividend has been declared/ recommended for FY2023 after taking into consideration loss recorded by the Group and the strategic reserves requirement.

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

The Company does not have a general mandate from shareholders for interested person transactions. The Company does not have disclosable interested person transaction for FY2023.

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

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

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

Not applicable. The Company did not acquire or dispose shares in any companies in FY2023.

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

Not applicable as the Group operates predominantly in only one business segment. Please refer to paragraph 3 above on the review of the Group's performance.

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

	Group FY2023 RM'000	Group FY2022 RM'000	Increase/ (Decrease) %
Sales reported for first half year	9,399	6,563	43
Net loss attributable to the Group for the first half year	(196)	(722)	(73)
Sales reported for second half year	1,804	13,092	(86)
Net (loss)/ profit attributable to the Group for second half year	(417)	1,993	NM

**13. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

No dividend has been declared or recommended for FY2023 and FY2022.

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

Pursuant to Rule 704(10) of the Catalist Rules, the Company confirms that, none of the persons occupying managerial positions in the Company or any of its principal subsidiaries is a relative of a director or the chief executive officer or substantial shareholder of the Company.

**BY ORDER OF THE BOARD**

Jema Anton Khan  
Chairman  
29 September 2023