



JAWALA INC.

(Incorporated in Labuan on 8 August 2017)

(Company Registration No. LL13922)

**UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT
FOR THE SIX MONTHS AND FULL YEAR ENDED 31 JULY 2024**

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

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Background

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

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

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A. CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | Note | 6 months ended | | Group | | | |
|--|------|---------------------------------------|---------------------------------------|------------------------------|---------------------------------|-------------------------------|------------------------------|
| | | 31 July 2024 (Unaudited) RM'000 | 31 July 2023 (Unaudited) RM'000 | Increase/ (Decrease) % | FY2024 (Unaudited) RM'000 | FY2023 (Audited) RM'000 | Increase/ (Decrease) % |
| Revenue | 4 | 8,012 | 1,804 | NM | 8,153 | 11,203 | (27) |
| Cost of sales | | (5,146) | (1,724) | NM | (5,504) | (6,901) | (20) |
| Gross profit | | <u>2,866</u> | <u>80</u> | NM | <u>2,649</u> | <u>4,302</u> | (38) |
| Other income | | 58 | 223 | (74) | 280 | 615 | (54) |
| Other gains/(losses) | | | | | | | |
| - Fair value gain on biological assets | | 5,770 | 4,362 | 32 | 5,770 | 4,362 | 32 |
| - Loss allowance on trade receivables | | (1,407) | (250) | NM | (1,407) | (250) | NM |
| - Loss on foreign exchange | | - | (3) | (100) | (1) | (3) | (67) |
| Expenses | | | | | | | |
| - Distribution | | (1,213) | (347) | NM | (1,237) | (1,020) | 21 |
| - Administrative | | (4,152) | (4,668) | (11) | (8,412) | (8,880) | (5) |
| - Finance | | (45) | (50) | (10) | (95) | (95) | - |
| Profit/(Loss) before income tax | 6 | <u>1,877</u> | <u>(653)</u> | NM | <u>(2,453)</u> | <u>(969)</u> | NM |
| Income tax (expense)/credit | 7 | <u>(1,025)</u> | <u>(48)</u> | NM | <u>(230)</u> | <u>72</u> | NM |
| Total comprehensive income/(loss), representing net profit/(loss) | | <u>852</u> | <u>(701)</u> | NM | <u>(2,683)</u> | <u>(897)</u> | NM |
| Total comprehensive income/(loss) and net profit/(loss) attributable to: | | | | | | | |
| Equity holders of the Company | | 502 | (643) | NM | (2,093) | (856) | NM |
| Non-controlling interests | | <u>350</u> | <u>(58)</u> | NM | <u>(590)</u> | <u>(41)</u> | NM |
| | | <u>852</u> | <u>(701)</u> | NM | <u>(2,683)</u> | <u>(897)</u> | NM |
| Earnings/(Loss) per share for attributable to equity holders of the Company | 17 | | | | | | |
| (Sen per share) | | | | | | | |
| Basic and diluted | | <u>0.42</u> | <u>(0.54)</u> | | <u>(1.77)</u> | <u>(0.72)</u> | |

NM – Not Meaningful

B. CONDENSED INTERIM BALANCE SHEET

| | Note | Group | | Company | |
|---|------|--|--|--|--|
| | | As at 31 July 2024 (Unaudited) RM'000 | As at 31 July 2023 (Audited) RM'000 | As at 31 July 2024 (Unaudited) RM'000 | As at 31 July 2023 (Audited) RM'000 |
| ASSETS | | | | | |
| Current assets | | | | | |
| Cash and bank balances | 8 | 8,910 | 19,499 | 4,134 | 4,840 |
| Trade and other receivables | 9 | 6,570 | 6,986 | 37 | 38 |
| Income tax recoverable | | 1,702 | 1,702 | - | - |
| Inventories | | 1,480 | 567 | - | - |
| Total current assets | | 18,662 | 28,754 | 4,171 | 4,878 |
| Non-current assets | | | | | |
| Other receivables | 9 | 1,491 | 1,444 | 7,628 | 7,185 |
| Investment in subsidiary | | - | - | 2,350 | 2,350 |
| Property, plant and equipment | 10 | 4,933 | 4,086 | - | - |
| Right-of-use assets | | 1,000 | 1,270 | - | - |
| Biological assets | 11 | 42,200 | 25,200 | - | - |
| Intangible asset | 12 | 455 | 460 | - | - |
| Total non-current assets | | 50,079 | 32,460 | 9,978 | 9,535 |
| Total assets | | 68,741 | 61,214 | 14,149 | 14,413 |
| LIABILITIES | | | | | |
| Current liabilities | | | | | |
| Trade and other payables | 13 | 3,145 | 1,742 | 866 | 421 |
| Borrowings | 14 | 1,287 | 236 | - | - |
| Total current liabilities | | 4,432 | 1,978 | 866 | 421 |
| Non-current liabilities | | | | | |
| Borrowings | 14 | 16,478 | 8,951 | - | - |
| Deferred income tax liabilities | | 3,464 | 3,235 | - | - |
| Total non-current liabilities | | 19,942 | 12,186 | - | - |
| Total liabilities | | 24,374 | 14,164 | 866 | 421 |
| NET ASSETS | | 44,367 | 47,050 | 13,283 | 13,992 |
| EQUITY | | | | | |
| Capital and reserves attributable to equity holders of the Company | | | | | |
| Share capital | 15 | 15,207 | 15,207 | 15,207 | 15,207 |
| Retained profits | 16 | | | | |
| - Distributable | | 16,525 | 10,757 | (1,924) | (1,215) |
| - Non-distributable (strategic reserve) | | 2,595 | 10,456 | - | - |
| | | 19,120 | 21,213 | (1,924) | (1,215) |
| | | 34,327 | 36,420 | 13,283 | 13,992 |
| Non-controlling interests | | 10,040 | 10,630 | - | - |
| TOTAL EQUITY | | 44,367 | 47,050 | 13,283 | 13,992 |

C. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

Group

| | Share capital RM'000 | Retained profits RM'000 | Total RM'000 | Non- controlling interest RM'000 | Total equity RM'000 |
|---|-------------------------|-------------------------------|-----------------|---|------------------------|
| FY2024 (Unaudited) | | | | | |
| At 1 August 2023 | 15,207 | 21,213 | 36,420 | 10,630 | 47,050 |
| Loss and total comprehensive loss for the financial year | - | (2,093) | (2,093) | (590) | (2,683) |
| At 31 July 2024 | 15,207 | 19,120 | 34,327 | 10,040 | 44,367 |
| FY2023 (Audited) | | | | | |
| At 1 August 2022 | 15,207 | 22,069 | 37,276 | 10,671 | 47,947 |
| Loss and total comprehensive loss for the financial year | - | (856) | (856) | (41) | (897) |
| At 31 July 2023 | 15,207 | 21,213 | 36,420 | 10,630 | 47,050 |

Company

| | Share capital RM'000 | Accumulated loss RM'000 | Total RM'000 |
|--|-------------------------|-------------------------------|-----------------|
| FY2024 (Unaudited) | | | |
| At 1 August 2023 | 15,207 | (1,215) | 13,992 |
| Loss and total comprehensive loss for the financial year | - | (709) | (709) |
| At 31 July 2024 | 15,207 | (1,924) | 13,283 |
| FY2023 (Audited) | | | |
| At 1 August 2022 | 15,207 | (456) | 14,751 |
| Loss and total comprehensive loss for the financial year | - | (759) | (759) |
| At 31 July 2023 | 15,207 | (1,215) | 13,992 |

D. CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

| | Note | Group | |
|---|------|---------------------------------|-------------------------------|
| | | FY2024 (Unaudited) RM'000 | FY2023 (Audited) RM'000 |
| Cash flows from operating activities | | | |
| Net loss | | (2,683) | (897) |
| Adjustments for: | | | |
| - Allowance for impairment of trade receivables | | 1,447 | 250 |
| - Depreciation of property, plant and equipment | | 529 | 461 |
| - Amortisation of intangible asset | | 5 | 5 |
| - Depreciation of right-of-use assets | | 126 | 106 |
| - Property, plant and equipment written off | | 1 | - |
| - Derecognition of right of use assets | | 51 | - |
| - Fair value gain on biological assets | | (5,770) | (4,362) |
| - Interest income | | (248) | (599) |
| - Interest expense | | 95 | 95 |
| - Inventories written down | | - | 68 |
| - Income tax expense/(credit) | | 230 | (72) |
| Operating cash flows before working capital changes | | (6,217) | (4,945) |
| Changes in working capital: | | | |
| - Inventories | | (913) | 514 |
| - Trade and other receivables | | (1,118) | 1,465 |
| - Trade and other payables | | 1,405 | (2,163) |
| Cash used in operations | | (6,843) | (5,129) |
| Income tax paid, net | | - | (459) |
| Net cash used in operating activities | | (6,843) | (5,588) |
| Cash flows from investing activities | | | |
| Additions to property, plant and equipment | | (1,576) | (1,610) |
| Additions to right-of-use assets | | - | (51) |
| Additions to biological assets | | (10,542) | (6,673) |
| Interest received | | 289 | 542 |
| Net cash used in investing activities | | (11,829) | (7,792) |
| Cash flows from financing activities | | | |
| Principal payment of lease liabilities | | (281) | (210) |
| Proceeds from borrowings | | 8,475 | 4,162 |
| Interest paid | | (95) | (95) |
| Principal repayment of borrowings | | (16) | - |
| Net cash provided by financing activities | | 8,083 | 3,857 |
| Net decrease in cash and cash equivalents | | (10,589) | (9,523) |
| Cash and cash equivalents | | | |
| Beginning of financial year | | 18,499 | 28,022 |
| End of the financial year | 8 | 7,910 | 18,499 |

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 logs.

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 2024 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 2023.

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/industrial tree plantation. 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 2024 and 2023 were derived and are based in Malaysia respectively.

| | 6 months ended | | 12 months ended | |
|---|-----------------------|--------------|------------------------|-----------|
| | 31 July 2024 | 31 July 2023 | FY2024 | FY2023 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Audited) |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Sale of logs/industrial tree plantation | 8,012 | 1,804 | 8,153 | 11,203 |

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 2024 and 31 July 2023:

| | Group | | Company | |
|---|--|--|--|--|
| | As at 31 July 2024 (Unaudited) RM'000 | As at 31 July 2023 (Audited) RM'000 | As at 31 July 2024 (Unaudited) RM'000 | As at 31 July 2023 (Audited) RM'000 |
| Financial assets at amortised cost: | | | | |
| Cash and bank balances | 8,910 | 19,499 | 4,134 | 4,840 |
| Trade and other receivables | 8,061 | 8,374 | 7,643 | 7,201 |
| Financial liabilities at amortised cost: | | | | |
| Trade and other payables | 3,145 | 1,742 | 866 | 421 |
| Borrowings | 17,765 | 9,187 | - | - |

6. Profit/(Loss) before taxation

6.1 Significant items

| | 6 months ended | | 12 months ended | |
|---|---------------------------------------|---------------------------------------|---------------------------------|-------------------------------|
| | 31 July 2024 (Unaudited) RM'000 | 31 July 2023 (Unaudited) RM'000 | FY2024 (Unaudited) RM'000 | FY2023 (Audited) RM'000 |
| Income | | | | |
| Interest income | 33 | 213 | 248 | 599 |
| Other income | 25 | 10 | 32 | 16 |
| Expenses | | | | |
| Finance expenses: | | | | |
| Interest expense | | | | |
| - Borrowings | 216 | 108 | 398 | 213 |
| - Lease Liabilities | 47 | 50 | 95 | 95 |
| | 263 | 158 | 493 | 308 |
| Less: Amount capitalized as biological assets | (218) | (108) | (398) | (213) |
| Amount recognized in profit of loss | 45 | 50 | 95 | 95 |
| Allowance for impairment of trade receivables | 1,407 | 250 | 1,407 | 250 |
| Amortisation of intangible asset | 2 | 2 | 5 | 5 |
| Depreciation of property, plant and equipment | 271 | 235 | 529 | 461 |
| Depreciation of right-of-use assets | 62 | 72 | 126 | 106 |
| Employee compensation | 1,830 | 1,962 | 3,609 | 4,103 |
| Inventories written down | (296) | 68 | - | 68 |

6. Profit/(Loss) 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

| | Group | |
|--|--|--|
| | As at 31 July 2024 (Unaudited) RM'000 | As at 31 July 2023 (Audited) RM'000 |
| Rental expense on operating lease charged by immediate holding corporation | (2) | (6) |
| Rental expense on operating lease charged by related corporation | - | (13) |
| Rental expense on operating lease charged by related parties | (12) | (13) |
| Expenses incurred in biological assets charged by related parties | (2,685) | (1,811) |
| Purchases made from related parties | (207) | (258) |
| Rental income on short-term lease received from related parties | <u>3</u> | <u>4</u> |

(b) Key management personnel compensation

Key management personnel compensation is as follows:

| | Group | |
|---------------------------------|--|--|
| | As at 31 July 2024 (Unaudited) RM'000 | As at 31 July 2023 (Audited) RM'000 |
| Directors of the Company | | |
| Director fee | | |
| - Company | 323 | 319 |
| - Subsidiary | 36 | 36 |
| Wages and salaries | | |
| - Company | 68 | 68 |
| - Subsidiary | 270 | 270 |
| Defined contributions plan | | |
| - Company | 10 | 10 |
| - Subsidiary | <u>34</u> | <u>33</u> |
| | <u>741</u> | <u>736</u> |

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

6.2 Related party transactions (continued)

(c) Key management personnel compensation (continued)

| | Group | |
|---------------------------------------|--|--|
| | As at 31 July 2024 (Unaudited) RM'000 | As at 31 July 2023 (Audited) RM'000 |
| Other key management personnel | | |
| Wages and salaries | | |
| - Company | - | 48 |
| - Subsidiary | 473 | 456 |
| Defined contributions plan | | |
| - Company | - | 7 |
| - Subsidiary | 59 | 56 |
| | <u>532</u> | <u>567</u> |

7. Income tax expense/(credit)

The Group calculates the year income tax expense using the tax rate of 24% (2023: 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 2024 (Unaudited) RM'000 | 31 July 2023 (Unaudited) RM'000 | FY2024 (Unaudited) RM'000 | FY2023 (Audited) RM'000 |
| Tax expense attributable to profit is made up of: | | | | |
| Deferred income tax | | | | |
| - Current year provision | 1,025 | 48 | 230 | (72) |
| | <u>1,025</u> | <u>48</u> | <u>230</u> | <u>(72)</u> |

8. Cash and bank balances

| | Group | | Company | |
|---|--|--|--|--|
| | As at 31 July 2024 (Unaudited) RM'000 | As at 31 July 2023 (Audited) RM'000 | As at 31 July 2024 (Unaudited) RM'000 | As at 31 July 2023 (Audited) RM'000 |
| Cash at bank | 2,348 | 1,142 | 773 | 552 |
| Cash on hand | 10 | 8 | - | - |
| Short-term bank deposits | 6,552 | 18,349 | 3,361 | 4,288 |
| Cash and cash equivalents per Group balance sheet | 8,910 | 19,499 | 4,134 | 4,840 |
| Less: Bank deposits pledged (Note 12) | (1,000) | (1,000) | - | - |
| Cash and cash equivalents per consolidated statement of cash flow | <u>7,910</u> | <u>18,499</u> | <u>4,134</u> | <u>4,840</u> |

8. Cash and bank balances (continued)

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.

9. Trade and other receivables

| | Group | | Company | |
|---|--|--|--|--|
| | As at 31 July 2024 (Unaudited) RM'000 | As at 31 July 2023 (Audited) RM'000 | As at 31 July 2024 (Unaudited) RM'000 | As at 31 July 2023 (Audited) RM'000 |
| <i>Current</i> | | | | |
| Trade receivables – Non-related parties | 7,796 | 6,258 | - | - |
| Less: Allowance for impairment | (1,657) | (250) | - | - |
| | <u>6,139</u> | <u>6,008</u> | - | - |
| Other receivables | | | | |
| - Related parties | 141 | 445 | - | - |
| - Related corporation | 17 | 19 | - | - |
| - Non-related parties | 188 | 388 | 15 | 16 |
| Deposits | 85 | 70 | - | - |
| Prepayments | - | 56 | 22 | 22 |
| | <u>431</u> | <u>978</u> | <u>37</u> | <u>38</u> |
| | <u>6,570</u> | <u>6,986</u> | <u>37</u> | <u>38</u> |
| <i>Non-current</i> | | | | |
| Other receivables | | | | |
| - Non-related party (Note 1) | 1,491 | 1,444 | - | - |
| - Subsidiary corporation | - | - | 7,628 | 7,185 |
| | | | | |
| Total trade and other receivables | <u>8,061</u> | <u>8,430</u> | <u>7,665</u> | <u>7,223</u> |

Management has examined the recoverability of trade receivables and determined that no further impairment is necessary based on the regular communication with the debtors.

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

Non-current other receivables from subsidiary corporation are unsecured and subject to a variable interest rate of 7.85% (31 July 2023: 7.85%). 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.

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% retention sum 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 loss allowance is not required.

10. Property, plant and equipment

During the full year ended 31 July 2024, the Group acquired assets, amounting to RM 1,575,719 (31 July 2023: RM1,610,032) including an office unit amounting to RM695,000 in Kota Kinabalu, Sabah.

The depreciation charge relating to property, plant and equipment used in plantation (reforestation) development activities during the financial year of RM 198,456 (31 July 2023: RM162,469) is capitalised and included in biological assets (Note 11).

11. Biological assets

| | Group | |
|--|--|--|
| | As at 31 July 2024 (Unaudited) RM'000 | As at 31 July 2023 (Audited) RM'000 |
| Beginning of financial year | 25,200 | 13,590 |
| Additions | 11,250 | 7,248 |
| Harvested | (20) | - |
| Changes in fair value of biological assets | 5,770 | 4,362 |
| End of financial year | <u>42,200</u> | <u>25,200</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 of biological assets

The Group engages an independent external professional valuer, VPC Alliance (Sabah) Sdn. Bhd. (the "Valuer") to estimate the fair value of the biological assets as at 31 July 2024 based on the information provided and the assessment report of the plantation issued by an external independent forester. VPC Alliance (Sabah) Sdn. Bhd. is a member of the Board of Valuers, Appraisers and Estate Agents Malaysia with appropriate recognised professional qualifications.

The directors and management reviewed the suitability of the engaged professional valuer and forester, taking into consideration their competency and qualification relevant to the scope of work.

11. Biological assets (continued)

Fair value information

The fair value measurements for the planted trees have been categorised as Level 3 fair value based on the inputs to the valuation techniques used.

Level 3 Fair value

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation model.

| Description | Valuation technique | Significant unobservable inputs | Relationship of unobservable inputs to fair value |
|--------------------|----------------------------|---|--|
| Planted trees | Discounted Cash Flows | (i) Log selling price per m ³ : RM400 | The higher the selling price, the higher the fair value |
| | | (ii) Discount rate of 16% | The higher the discount rate, the lower the fair value |
| | | (iii) Estimated yield per hectare: 147 m ³ /ha | The higher the yield rate, the higher the fair value |

12. Intangible asset

| | Group | |
|-------------------------------------|--|--|
| | As at 31 July 2024 (Unaudited) RM'000 | As at 31 July 2023 (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 | 40 | 35 |
| Amortisation charge (Note 6) | 5 | 5 |
| End of financial year | 45 | 40 |
| Net book value | | |
| End of financial year | 455 | 460 |

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

| | Group | | Company | |
|--------------------------------------|--|--|--|--|
| | As at 31 July 2024 (Unaudited) RM'000 | As at 31 July 2023 (Audited) RM'000 | As at 31 July 2024 (Unaudited) RM'000 | As at 31 July 2023 (Audited) RM'000 |
| Trade payables - Non-related parties | 761 | 321 | - | - |
| Other payables | | | | |
| - Non-related parties | 950 | 674 | 66 | 301 |
| - Related parties | 151 | 40 | - | - |
| - Ultimate holding corporation | 8 | 3 | - | - |
| - Subsidiary corporation | - | - | 443 | 120 |
| - Related corporation | 11 | 11 | - | - |
| Accruals for operating expenses | 1,264 | 693 | 357 | - |
| | <u>3,145</u> | <u>1,742</u> | <u>866</u> | <u>421</u> |

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

14. Borrowings

| | Group | |
|--------------------|--|--|
| | As at 31 July 2024 (Unaudited) RM'000 | As at 31 July 2023 (Audited) RM'000 |
| <u>Current</u> | | |
| Lease liabilities | 152 | 236 |
| Borrowings | 1,135 | - |
| | <u>1,287</u> | <u>236</u> |
| <u>Non-current</u> | | |
| Lease liabilities | 1,068 | 1,262 |
| Borrowings | 15,410 | 7,689 |
| | <u>16,478</u> | <u>8,951</u> |
| Total borrowings | <u>17,765</u> | <u>9,187</u> |

(a) Lease liabilities

| | Group | |
|--|--|--|
| | As at 31 July 2024 (Unaudited) RM'000 | As at 31 July 2023 (Audited) RM'000 |
| <u>Amount repayable within one year or on demand</u> | | |
| Secured | 117 | 142 |
| Unsecured | 35 | 94 |
| | <u>152</u> | <u>236</u> |
| <u>Amount repayable after one year</u> | | |
| Secured | 444 | 562 |
| Unsecured | 624 | 700 |
| | <u>1,068</u> | <u>1,262</u> |
| Total lease liabilities | <u>1,220</u> | <u>1,498</u> |

14. Borrowings (continued)

(b) Borrowings

| | Group | |
|--|--|---|
| | As at 31 July 2024 (Unaudited) RM'000 | As at 31 July 2023 (Audited) RM'000 |
| <u>Amount repayable within one year or on demand</u> | | |
| Secured | 1,135 | - |
| <u>Amount repayable after one year</u> | | |
| Secured | 15,410 | 7,689 |
| | <u>16,545</u> | <u>7,689</u> |

The borrowings of the Group are charged at a fixed interest rate of 3% per annum and not exposed to interest rate changes.

The borrowings are repayable over 5 years of instalment to commence at the earlier of the expiry of 180 months grace period from the first drawdown or the commencement of harvesting of the planted trees.

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 |
| 2024 | | | | |
| Beginning and end of financial year | 118,474 | 15,207 | 118,474 | 15,207 |
| 2023 | | | | |
| 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 2024.

The Company did not have any convertible securities, treasury shares and subsidiary holdings as at 31 July 2024 and 31 July 2023.

16. Retained profits

Included in retained profits is an amount of RM 2.6 million (31 July 2023: RM10.5 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 2023 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 2023 and 2026 to bring the ITP to maturity; and (ii) acquisition of other ITPs which would generate net cash inflow during the period between 2023 and 2026.

17. Earnings per share ("EPS")/Loss per share ("LPS")

| | Group | | | |
|---|-----------------------------|-----------------------------|-----------------------|---------------------|
| | 6 months ended | | 12 months ended | |
| | 31 July 2024 (Unaudited) | 31 July 2023 (Unaudited) | FY2024 (Unaudited) | FY2023 (Audited) |
| <u>Numerator</u> | | | | |
| Net profit/(loss) attributable to equity holder of the Company (RM'000) | 502 | (643) | (2,093) | (856) |
| <u>Denominator</u> | | | | |
| Weighted average number of ordinary shares ('000) | 118,474 | 118,474 | 118,474 | 118,474 |
| Basic and diluted EPS/LPS (Sen per share) ⁽¹⁾ | 0.42 | (0.54) | (1.77) | (0.72) |

Note:

(1) The basic and fully diluted EPS/LPS were the same as there were no dilutive ordinary shares in issue as at 31 July 2024 and 31 July 2023.

18. Net asset value

| | Group | | Company | |
|---|---|---------------------------------------|---|---------------------------------------|
| | As at 31 July 2024 (Unaudited) | As at 31 July 2023 (Audited) | As at 31 July 2024 (Unaudited) | As at 31 July 2023 (Audited) |
| Net asset value attributable to owners of the Company per ordinary share (RM) | 0.29 | 0.31 | 0.11 | 0.12 |

19. 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 FY2024 as compared to FY2023

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. Our industrial tree plantation comprises of Laran and Albizia.

Revenue decreased by RM3.1 million, or 27% in FY2024 compared to FY2023 mainly due to the Group's decision to delay its logging and production operations in response to the weak prices and demand in the timber market in the first half of FY2024.

Cost of sales and gross profits

The decrease in cost of sales by RM1.4 million, or 20% in FY2024 compared to FY2023 was mainly attributed to the decrease in sales volume as explained above.

The gross profit decreased by RM1.7 million, or 38% in FY2024 compared to FY2023 mainly due to the decrease in revenue. The gross profit margin decreased from 38% in FY2023 to 32% in FY2024 mainly due to lower average selling price of logs per m³ obtained in FY2024.

Other income

Other income comprised mainly of interest income from fixed deposits. Other income decreased by RM335,000, or 54% in FY2024 compared to FY2023 mainly due to uplift of our fixed deposits for utilisation of planting and maintenance activities.

Other gains/(losses)

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

Distribution expenses

Distribution expenses comprised of transportation expenses incurred for transporting our logs and industrial tree plantation to customers in Tawau, Sandakan and Keningau. Distribution expenses increased by approximately RM0.2 million or 21% mainly due to increase in demand 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 decreased by approximately RM0.5 million, or 5% in FY2024 compared to FY2023 mainly due to decrease in employee compensation as a result of decrease in staff welfare.

Loss after tax

As a result of the foregoing, loss after tax in FY2024 amounted to RM2.7 million compared to loss after tax of RM0.9 million in FY2023.

CONSOLIDATED STATEMENT OF BALANCE SHEET

Review of the Group's financial position as at 31 July 2024 as compared to 31 July 2023.

Current assets

Cash and bank balances were the most significant component of current assets and amounted to approximately RM8.9 million, or 48% of current assets.

Trade and other receivables amounted to approximately RM6.5 million, or 35% of current assets. Trade receivables amounted to approximately RM6.1 million, or 33% of current assets. Other receivables amounted to approximately RM0.4 million or 2% of current assets. Trade receivables increased by approximately RM0.1 million, or 2% in FY2024 mainly attributed to sales generated before the financial year end and these transactions are still within the payment credit terms. Other receivables decreased by RM547,000 in FY2024 mainly due to settlement of outstanding amount from non-related parties and related parties.

The income tax recoverable amounting to RM1.7 million, or 9% of current assets, is related to the income tax refundable from the Inland Revenue Board.

Inventories amounted to approximately RM1.5 million, or 8% of current assets and is mainly related to logs held at central stumping. Inventories increased by approximately RM0.9 million in FY2024 compared to FY2023 mainly due to logging before year end which was included in the inventories during the financial year.

Non-current assets

Other receivables amounted to approximately RM1.5 million or 3% of non-current assets. This is mainly 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 RM47,000, or 3% in FY2024 compared to FY2023 is mainly due to the retention sum paid to SFD during the financial year.

Property, plant and equipment amounted to approximately RM5.0 million, or 10% of non-current assets comprised mainly motor vehicles, plantation infrastructure, office equipment, and furniture and fittings. Property, plant and equipment increased by RM0.8 million, or 21% in FY2024 compared to FY2023 mainly due to addition of plantation infrastructure.

Right-of-use (“ROU”) asset amounted to RM1.0 million, or 2% of non-current assets. The decrease in right-of-use asset by RM0.3 million, or 21% in FY2024 compared to FY2023 is mainly due to the depreciation and cessation of several right-of-use assets during the year.

Biological assets amounted to approximately RM42.2 million, or 84% 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 RM17 million, or 67% 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 RM3.1 million, or 71% of current liabilities comprising mainly of trade payables of approximately RM0.8 million and other payables amounting to RM2.4 million. Trade payables increased by approximately RM0.4 million in FY2024 compared to FY2023 mainly due to the increase in logging production during the second half of FY2024. Other payables increased by approximately RM1.0 million, or 68% in FY2024 compared to FY2023 mainly due to increase in accruals for operating expenses in FY2024.

Lease liabilities amounting to RM152,000, or 3% 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 decreased by approximately RM0.08 million or 36% in FY2024 compared to FY2023 mainly due to repayment of lease liabilities.

Borrowings amounted to RM1.1 million, or 26% of 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.

Non-current liabilities

Lease liabilities amounted to RM1.1 million, or 5% 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 decreased by RM194,000 or 15% in FY2024 compared to FY2023 mainly due repayment of lease liabilities.

Borrowings amounted to RM15.4 million, or 77% 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 RM3.5 million or 17% of non-current liabilities is relatively stable as compared to FY2023 assets.

REVIEW OF THE GROUP'S CASH FLOW STATEMENT

Net cash used in operating activities amounted to approximately RM6.8 million in FY2024 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 RM11.8 million in FY2024 is related to the additions to plantation infrastructure and biological assets.

Net cash provided by financing activities of approximately RM8.1 million is mainly due to drawdown of the loan facility from Forest Plantation Development Sdn. Bhd. ("FPD") in FY2024.

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 2024 is consistent with the profit guidance announcement released by the Company on 13 September 2024.

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.

The Department of Statistics, Sabah shows that exports of timber products from Sabah for January to June 2024 recorded an increase of 8% in volume and 5% in value respectively against January to July 2023. The export statistics show that the total volume from January to June 2024 was 227,427 m³ valued at RM506 million. However, the recent strengthening of the MYR to USD will pose immediate risks to the margin of the industry. Escalating costs may also arise from the proposed New Minimum Wage policy. The ongoing conflicts in the Middle East and Ukraine also continues to pose risks to the shipping costs of our customers. However, the recent interest rate reduction by the US Federal Reserve is positive in stimulating housing starts in the USA. The USA plywood market is a major market for Sabah.

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 FY2024 and FY2023.

(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 FY2024.

(d) The date the dividend is payable.

Not applicable as there is no dividend declared/ recommended for FY2024.

(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 FY2024.

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 FY2024 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 FY2024.

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 FY2024.

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 FY2024 RM'000 | Group FY2023 RM'000 | Increase/ (Decrease) % |
|--|---------------------------|---------------------------|------------------------------|
| Sales reported for first half year | 141 | 9,399 | (98) |
| Net loss for the first half year | (3,535) | (196) | NM |
| Sales reported for second half year | 8,012 | 1,804 | NM |
| Net profit/(loss) for second half year | 852 | (701) | 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 FY2024 and FY2023.

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
27 September 2024