



**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 2022**

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

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

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.

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**A. CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	Note	6 months ended		Increase/ (Decrease) %	Group 12 months ended		Increase/ (Decrease) %
		31 July 2022 (Unaudited) RM'000	31 July 2021 (Unaudited) RM'000		FY2022 (Unaudited) RM'000	FY2021 (Audited) RM'000	
<b>Revenue</b>	4	13,092	17,678	(26)	19,655	33,659	(42)
Cost of sales		(5,126)	(8,070)	(36)	(8,613)	(15,610)	(45)
<b>Gross profit</b>		7,966	9,608	(17)	11,042	18,049	(39)
Other income		285	325	(12)	524	695	(25)
<b>Expenses</b>							
- Distribution		(982)	(823)	19	(1,326)	(1,106)	20
- Administrative		(4,157)	(3,963)	5	(7,753)	(6,868)	13
- Finance		2	(23)	(109)	(95)	(102)	(7)
<b>Profit before tax</b>	6	3,114	5,124	(39)	2,392	10,668	(78)
Income tax expense	7	(1,121)	(1,361)	(18)	(1,121)	(2,752)	(59)
<b>Total comprehensive income, representing net profit</b>		1,993	3,763	(47)	1,271	7,916	(84)
<b>Total comprehensive income and net profit attributable to:</b>							
Equity holders of the Company		1,292	2,502	(48)	708	5,341	(87)
Non-controlling interests		701	1,261	(44)	563	2,575	(78)
		1,993	3,763	(47)	1,271	7,916	(84)
Earnings per share attributable to owners of the Company (RM)		0.01	0.02		0.006	0.05	

## B. CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

	Note	Group		Company	
		As at 31 July 2022 (Unaudited) RM'000	As at 31 July 2021 (Audited) RM'000	As at 31 July 2022 (Unaudited) RM'000	As at 31 July 2021 (Audited) RM'000
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	8	29,022	33,965	5,926	6,093
Trade and other receivables	9	8,756	8,672	6,919	8,402
Income tax recoverable		1,243	685	-	-
Inventories		1,149	874	-	-
<b>Total current assets</b>		<b>40,170</b>	<b>44,196</b>	<b>12,845</b>	<b>14,495</b>
<b>Non-current assets</b>					
Other receivables	9	1,332	1,180	-	-
Investment in subsidiary		-	-	2,350	2,350
Property, plant and equipment	10	3,099	2,515	-	-
Right-of-use assets		984	1,036	-	-
Biological assets	11	13,590	8,656	-	-
Intangible assets	12	465	470	-	-
<b>Total non-current assets</b>		<b>19,470</b>	<b>13,857</b>	<b>2,350</b>	<b>2,350</b>
<b>Total assets</b>		<b>59,640</b>	<b>58,053</b>	<b>15,195</b>	<b>16,845</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables	13	3,809	3,494	444	371
Borrowings	14	180	165	-	-
<b>Total current liabilities</b>		<b>3,989</b>	<b>3,659</b>	<b>444</b>	<b>371</b>
<b>Non-current liabilities</b>					
Borrowings	14	4,398	4,358	-	-
Deferred income tax liabilities		3,307	2,253	-	-
<b>Total non-current liabilities</b>		<b>7,705</b>	<b>6,611</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>		<b>11,694</b>	<b>10,270</b>	<b>444</b>	<b>371</b>
<b>Net assets</b>		<b>47,946</b>	<b>47,783</b>	<b>14,751</b>	<b>16,474</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		6,539	4,476	(456)	1,267
- Non-distributable (strategic reserve)		15,530	17,993	-	-
		22,069	22,469	(456)	1,267
		37,276	37,676	14,751	16,474
<b>Non-controlling interests</b>		<b>10,670</b>	<b>10,107</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>		<b>47,946</b>	<b>47,783</b>	<b>14,751</b>	<b>16,474</b>

## C. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

### Group

	Note	Share capital RM'000	Retained profits RM'000	Total RM'000	Non- controlling interest RM'000	Total equity RM'000
<b>FY2022 (Unaudited)</b>						
<b>At 1 August 2021</b>		15,207	22,469	37,676	10,107	<b>47,783</b>
Dividend paid	17	-	(1,108)	(1,108)	-	<b>(1,108)</b>
		15,207	21,361	36,568	10,107	<b>46,675</b>
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>
<b>FY2021 (Audited)</b>						
<b>At 1 August 2020</b>		15,207	17,128	32,335	8,338	40,673
Total comprehensive income for the financial year		-	5,341	5,341	2,575	<b>7,916</b>
Dividend declared	17	-	-	-	(806)	<b>(806)</b>
<b>At 31 July 2021</b>		<b>15,207</b>	<b>22,469</b>	<b>37,676</b>	<b>10,107</b>	<b>47,783</b>

### Company

	Note	Share capital RM'000	Retained profits RM'000	Total RM'000
<b>FY2022 (Unaudited)</b>				
<b>At 1 August 2021</b>		15,207	1,267	16,474
Dividend paid	17	-	(1,108)	(1,108)
		15,207	159	15,366
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>
<b>FY2021 (Audited)</b>				
<b>At 1 August 2020</b>		15,207	42	15,249
Total comprehensive income for the financial year		-	1,225	1,225
<b>At 31 July 2021</b>		<b>15,207</b>	<b>1,267</b>	<b>16,474</b>

## D. CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	Group	
		FY2022 (Unaudited) RM'000	FY2021 (Audited) RM'000
<b>Cash flows from operating activities</b>			
Net profit		1,271	7,916
Adjustments for:			
- Depreciation of property, plant and equipment		396	288
- Depreciation of intangible assets		5	5
- Depreciation of right-of-use assets		132	231
- Interest income		(507)	(599)
- Interest expense		95	102
- Income tax expense		1,121	2,752
- Gain on disposal of property, plant and equipment		-	(1)
Operating cash flows before working capital changes		2,513	10,694
Changes in working capital:			
- Inventories		(275)	(808)
- Trade and other receivables		(205)	(6,747)
- Trade and other payables		315	1,813
Cash provided by operations		2,348	4,952
Income tax paid		(649)	(1,233)
Income tax refunded		25	-
<b>Net cash provided by operating activities</b>		<b>1,724</b>	<b>3,719</b>
<b>Cash flows from investing activities</b>			
Additions to property, plant and equipment		(1,134)	(818)
Addition to rights-of-use assets		(11)	(18)
Additions to biological assets		(4,616)	(2,783)
Proceeds from disposal of property, plant and equipment		-	5
<b>Net cash used in investing activities</b>		<b>(5,761)</b>	<b>(3,614)</b>
<b>Cash flows from financing activities</b>			
Principal payment of lease liabilities		(168)	(157)
Proceeds from borrowings		-	3,144
Interest received		465	577
Interest paid		(95)	(102)
Dividend paid		(1,108)	(313)
<b>Net cash (used in)/ provided by financing activities</b>		<b>(906)</b>	<b>3,149</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(4,943)</b>	<b>3,254</b>
Cash and cash equivalents at beginning of the year		32,965	29,711
<b>Cash and cash equivalents at end of the year</b>	8	<b>28,022</b>	<b>32,965</b>

## **E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED 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 financial year ended 31 July 2022 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. 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 2021.

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.

#### **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.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 July 2021.

## 2 Basis of preparation (continued)

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

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

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 2022 and 2021 were derived and are based in Malaysia respectively.

	6 months ended		12 months ended	
	31 July 2022 (Unaudited) RM'000	31 July 2021 (Unaudited) RM'000	FY2022 (Unaudited) RM'000	FY2021 (Audited) RM'000
Sale of logs	13,092	17,678	19,655	33,659

All the sales are 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 2022 and 31 July 2021:

	<b>Group</b>		<b>Company</b>	
	As at 31 July 2022 (Unaudited) RM'000	As at 31 July 2021 (Audited) RM'000	As at 31 July 2022 (Unaudited) RM'000	As at 31 July 2021 (Audited) RM'000
<b>Financial assets at amortised cost:</b>				
Cash and bank balances	29,022	33,965	5,926	6,093
Trade and other receivables	10,033	9,823	6,743	8,237
<b>Financial liabilities at amortised cost:</b>				
Trade and other payables	3,809	3,494	444	371
Borrowings	4,578	4,523	-	-

## 6. Profit before taxation

### 6.1 Significant items

	<b>6 months ended</b>		<b>12 months ended</b>	
	31 July 2022 (Unaudited) RM'000	31 July 2021 (Unaudited) RM'000	FY2022 (Unaudited) RM'000	FY2021 (Audited) RM'000
<b>Income</b>				
Interest income	271	321	507	599
Other income	14	4	17	96
Gain on disposal of property, plant and equipment	-	-	-	1
<b>Expenses</b>				
Finance expenses:				
- Lease liabilities	47	51	95	102
Amortisation of intangible asset	2	2	5	5
Depreciation of property, plant and equipment	124	53	396	288
Depreciation of right-of-use assets	61	188	132	231
Employee compensation	2,608	2,078	4,624	3,243

## 6. 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) Sale and purchases of goods and services

	<b>Group</b>	
	As at 31 July 2022 (Unaudited) RM'000	As at 31 July 2021 (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>20</u>	<u>20</u>

(b) Key management personnel compensation

Key management personnel compensation is as follows:

	<b>Group</b>	
	As at 31 July 2022 (Unaudited) RM'000	As at 31 July 2021 (Audited) RM'000
<b>Directors of the Company</b>		
Wages and salaries	655	945
Defined contributions plan	<u>43</u>	<u>88</u>
	<u>698</u>	<u>1,033</u>
<b>Other key management personnel</b>		
Wages and salaries	514	557
Defined contributions plan	<u>64</u>	<u>73</u>
	<u>578</u>	<u>630</u>

## 7. Taxation

The Group calculates the year income tax expense using the tax rate of 24% (2021: 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 profit or loss are:

	<b>6 months ended</b>		<b>12 months ended</b>	
	31 July 2022 (Unaudited) RM'000	31 July 2021 (Unaudited) RM'000	FY2022 (Unaudited) RM'000	FY2021 (Audited) RM'000
Current income tax expense	67	944	67	1,961
Deferred income tax expense relating to origination and reversal of temporary differences	<u>1,054</u>	<u>417</u>	<u>1,054</u>	<u>791</u>
	<u>1,121</u>	<u>1,361</u>	<u>1,121</u>	<u>2,752</u>

## 8. Cash and bank balances

	Group		Company	
	As at 31 July 2022 (Unaudited) RM'000	As at 31 July 2021 (Audited) RM'000	As at 31 July 2022 (Unaudited) RM'000	As at 31 July 2021 (Audited) RM'000
Cash at bank and on hand	5,312	14,427	738	4,989
Short-term bank deposits	23,710	19,538	5,188	1,104
Cash and cash equivalents per Group statement of financial position	29,022	33,965	5,926	6,093
Less: Deposits placed with banks as security (Note 12)	1,000	1,000	-	-
Cash and cash equivalents per consolidated cash flow statement	<b>28,022</b>	<b>32,965</b>	<b>5,926</b>	<b>6,093</b>

## 9 Trade and other receivables

	Group		Company	
	As at 31 July 2022 (Unaudited) RM'000	As at 31 July 2021 (Audited) RM'000	As at 31 July 2022 (Unaudited) RM'000	As at 31 July 2021 (Audited) RM'000
<i>Current</i>				
Trade receivables – non- related parties	7,546	8,199	-	-
Other receivables - non-related parties	1,085	421	-	-
- subsidiary corporation	-	-	6,743	8,237
Deposits	70	23	-	-
Prepayments	55	29	176	165
	8,756	8,672	6,919	8,402
<i>Non-current</i>				
Other receivables – non- related party	1,332	1,180	-	-
Total trade and other receivables	<b>10,088</b>	<b>9,852</b>	<b>6,919</b>	<b>8,402</b>

The non-current other receivables 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.

## 10. Property, plant and equipment

During the full year ended 31 July 2022, the Group acquired assets amounting to RM1,273,208 (31 July 2021: RM817,649) and disposed of assets with proceeds of RM Nil (31 July 2021: RM 5,000).

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 RM212,706 (31 July 2021: RM180,639) is capitalised and included in biological assets (Note 11).

## 11 Biological assets

	Group	
	As at 31 July 2022 (Unaudited) RM'000	As at 31 July 2021 (Audited) RM'000
Beginning of financial year	8,656	5,619
Additions	4,934	3,037
<b>End of financial year</b>	<b>13,590</b>	<b>8,656</b>

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

## 12. Intangible asset

	Group	
	As at 31 July 2022 (Unaudited) RM'000	As at 31 July 2021 (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	30	25
Amortisation charge (Note 6)	5	5
End of financial year	35	30
<b>Net book value</b>		
<b>End of financial year</b>	<b>465</b>	<b>470</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 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 2022 (Unaudited) RM'000	As at 31 July 2021 (Audited) RM'000	As at 31 July 2022 (Unaudited) RM'000	As at 31 July 2021 (Audited) RM'000
Trade payables - non-related parties	2,139	1,067	-	-
Other payables				
- non-related parties	505	743	300	226
- Immediate holding corporation	-	4	-	-
- Related parties	1	-	-	-
Dividend payable	-	806	-	-
Accruals for operating expenses	1,164	874	144	145
	<u>3,809</u>	<u>3,494</u>	<u>444</u>	<u>371</u>

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

Dividend payable pertains to interim dividend by the subsidiary corporation, Jawala Plantation Industries Sdn. Bhd. to non-controlling interests of the Group.

### 14. Borrowings

	Group	
	As at 31 July 2022 (Unaudited) RM'000	As at 31 July 2021 (Audited) RM'000
<u>Current</u>		
Lease liabilities	180	165
<u>Non-current</u>		
Lease liabilities	1,085	1,140
Borrowings	3,313	3,218
	<u>4,398</u>	<u>4,358</u>
Total borrowings	<u>4,578</u>	<u>4,523</u>

## 14. Borrowings (continued)

### (a) Lease liabilities

	<b>Group</b>	
	As at 31 July 2022 (Unaudited) RM'000	As at 31 July 2021 (Audited) RM'000
<u>Amount repayable within one year or on demand</u>		
Secured	114	97
Unsecured	66	68
	<u>180</u>	<u>165</u>
<u>Amount repayable after one year</u>		
Secured	361	350
Unsecured	724	790
	<u>1,085</u>	<u>1,140</u>
Total lease liabilities	<u>1,265</u>	<u>1,305</u>

### (b) Borrowings

	<b>Group</b>	
	As at 31 July 2022 (Unaudited) RM'000	As at 31 July 2021 (Audited) RM'000
<u>Amount repayable after one year</u>		
Secured	<u>3,313</u>	<u>3,218</u>

### 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>2022</b>				
Beginning and end of financial year	118,474	15,207	118,474	15,207
<b>2021</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 2022 and 31 July 2021.

**16. Retained profits**

Included in retained profits is an amount of RM 15.5 million (31 July 2021: RM18.0 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.

**17. Dividend**

	Group	
	As at 31 Jul 2022 (Unaudited) RM'000	As at 31 Jul 2021 (Audited) RM'000
<i>Ordinary dividends</i>		
<u>Jawala Inc.</u>		
Final dividend paid in respect of the previous financial year of SGD0.003 (2021: SGD Nil) per share, total of SGD 355,422 (2021: SGD Nil)	1,108	-
<u>Jawala Plantation Industries Sdn. Bhd.</u>		
Interim tax exempt dividend of RM Nil (2021: RM0.806) per share	-	806

**18. Earnings per share**

	<b>Group</b>			
	6 months ended		12 months ended	
	31 July 2022 (Unaudited)	31 July 2021 (Unaudited)	FY2022 (Unaudited)	FY2021 (Audited)
Profit attributable to owners of the Company (RM'000)	1,292	2,502	708	5,341
Weighted average number of ordinary shares ('000)	118,474	118,474	118,474	118,474
Basic and diluted EPS based on actual number of shares <sup>(1)</sup> (RM)	0.01	0.02	0.006	0.05

*Note:*

(1) The basic and fully diluted EPS were the same as there were no dilutive ordinary shares in issue as at 31 July 2022 and 31 July 2021.

**19. Net asset value**

	<b>Group</b>		<b>Company</b>	
	As at 31 July 2022 (Unaudited) RM'000	As at 31 July 2021 (Audited) RM'000	As at 31 July 2022 (Unaudited) RM'000	As at 31 July 2021 (Audited) RM'000
Net asset value per ordinary share	0.40	0.40	0.12	0.14

**20. Contingencies**Subsidiary corporation

The subsidiary corporation has provided a corporate guarantee in favour of two Financial Institution in consideration of it granting a hire-purchase facilities of RM1,511,098 (2021: RM 339,538 to an unrelated third party for the purpose of financing the purchase of four units of plant and machinery by the unrelated third party as per the terms and conditions as stated in the letters of offer executed between the parties.

As at 31 July 2022, the total outstanding amount including interest of the hire-purchase facility is RM1,278,180 (2021: RM 332,464)

**21. 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 by the Company's auditors.

### **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 FY2022 as compared to FY2021***

#### **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 RM14.0 million, or 42% in FY2022 compared to FY2021 mainly due to lower sales volume because of reduced production due to the delay in obtaining coupe permit as a result of the pandemic with frequent closure of Government offices. In addition, the frequent adverse weather condition have impacted the logging operations. Moving forward, the production of our logging operation is scaling down as JPI is gradually exhausting the balance of the coupe per the Annual Work Plan (AWP) and Forest Management Plan (FMP).

#### **Cost of sales and gross profits**

The decrease in cost of sales by RM7.0 million, or 45% in FY2022 compared to FY2021 was mainly attributed to the decrease in sales volume as compared to FY2021.

The gross profit decreased by RM7.0 million, or 39% in FY2022 compared to FY2021 mainly due to the decrease in revenue. The gross profit margin increased from 54% in FY2021 to 56% in FY2022 mainly due to higher average selling price of logs per m3 obtained in FY2022.

### Other income

Other income comprises mainly of interest income from fixed deposits. Other income decreased by RM171,000, or 25% in FY2022 compared to FY2021 mainly due to no Covid-19 pandemic wage subsidy received from the Malaysia Social Security Organisation (SOCSO) in FY 2022. In addition, lower fixed deposit interest rate during the year also contributed to the lower other income.

### Distribution expenses

Distribution expenses comprises of transportation expenses incurred for transporting our logs to customers in Tawau and Sandakan. Distribution expenses increased by approximately RM0.2 million or 20% mainly due to increase in sales from customers that need transportation of logs during the financial year.

### Administrative expenses

Administrative expenses comprises mainly of employee compensation, depreciation, amortisation, donation, listing expenses, rental and travelling expenses. Administrative expenses increased by approximately RM0.9 million, or 13% in FY2022 compared to FY2021 mainly due to increase in employee compensation as a result of an increase in headcounts as well as implementation of New Minimum Wages Order in FY2022 as compared to FY2021.

### Profit after tax

As a result of the foregoing, profit after tax in FY2022 amounted to RM1.3 million compared to RM7.9 million in FY2021, a decrease of approximately RM6.6 million, or 84%.

## **CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

### ***Review of the Group's financial position as at 31 July 2022 as compared to 31 July 2021.***

#### Current assets

Cash and cash equivalents were the most significant component of current assets and amounted to approximately RM29.0 million, or 72% of current assets.

Trade and other receivables amounted to approximately RM8.8 million, or 22% of current assets. Trade receivables amounted to approximately RM7.5 million, or 19% of current assets. Other receivables amounted to approximately RM1.2 million or 3% of current assets. Trade receivables decreased by approximately RM0.7 million, or 8% in FY2022 mainly due to the decrease in sales. Other receivables increased by RM737,000 in FY2022 mainly due to advances extended to unrelated third party for the acquisition of plant and machinery.

The income tax recoverable amounted to RM1.2 million, or 3% of current assets, is related to the income tax refundable from the Inland Revenue Board. The income tax recoverable increased by RM0.6 million, or 81% because the payment of instalment is higher than the expected actual tax assessment due to expenses claimed on biological assets incurred during the year.

Inventories amounted to approximately RM1.1 million, or 3% of current assets and is related to logs held at central stumping. Inventories increased by approximately RM0.3 million in FY2022 compared to FY2021 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 RM1.3 million or 7% of non-current assets. This is related to the retention sum collected by the Sabah Forestry Department (“SFD”) to offset against any potential shortfall in payment to the SFD. Such retention sum can be used for future payments to the SFD. Other receivables increased by approximately RM0.2 million, or 13% in FY2022 compared to FY2021 due to the retention sum paid to SFD during the financial year.

Property, plant and equipment amounted to approximately RM3.1 million, or 16% of non-current assets comprising mainly motor vehicles, plantation infrastructure, office equipment, and furniture and fittings. Property, plant and equipment increased by RM0.6 million, or 23% in FY2022 compared to FY2021 mainly due to addition of plantation infrastructure.

Right-of-use (“ROU”) asset amounted to RM1 million, or 5% of non-current assets due to the adoption of SFRS(I) 16 for recognition of ROU since 1 August 2019. The decrease in right-of-use asset by RM0.05 million, or 5% in FY2022 compared to FY2021 is mainly due to the depreciation of motor vehicles during the year.

Biological assets amounted to approximately RM13.6 million, or 70% 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 RM4.9 million, or 57% mainly due to the cost incurred for the initial stages of replanting and planting activities during the financial year.

Intangible assets amounted to approximately RM0.5 million, or 2% 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 RM3.8 million, or 95% of current liabilities comprising mainly of trade payables of approximately RM2.1 million and other payables amounting to RM1.7 million. Trade payables increased by approximately RM1.1 million in FY2022 compared to FY2021 mainly due to the increase in logging production during the second half of the year. Other payables decreased by approximately RM0.8 million, or 31% in FY2022 compared to FY2021 mainly due to no dividend proposed for FY2022.

Lease liabilities amounted to RM180,000, or 5% of current liabilities, comprise 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 RM0.02 million or 9% in FY2022 compared to FY2021 mainly due to the new lease obtained during the financial year on the purchase of motor vehicle.

### Non-current liabilities

Lease liabilities amounted to RM1.1 million, or 14% 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 RM55,000 or 5% in FY2022 compared to FY2021 mainly due to the repayment of lease liabilities.

Borrowings amounted to RM3.3 million, or 43% 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 RM3.3 million or 43% of non-current liabilities. Deferred income tax liability increased by approximately RM1 million or 47% in FY2022 compared to FY2021 mainly due to higher timing difference between the net book value and tax written down value as a result of the addition in property, plant and equipment and biological assets.

## REVIEW OF THE GROUP'S CASH FLOW STATEMENT

Net cash provided by operating activities has reduced by RM2.0 million in FY2022 mainly due to reduced net profit reported during the financial year.

Net cash used in investing activities of approximately RM5.8 million in FY2022 is related to the acquisition of motor vehicles, additions to plantation infrastructure and biological assets.

Net cash used in financing activities of approximately RM0.9 million is related to principal payment of lease liabilities, interest received from fixed deposit, interest paid for lease liabilities and dividend paid in FY2022.

### 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 performance for the period under review is in line with its expectation as disclosed in the announcement of results for the half year ended 31 January 2022 issued on 15 March 2022.

### 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 Covid-19 pandemic has adversely impacted both the economies of Sabah as well as the economies of major importers of Sabah's timber products. However, statistics from the Department of Statistics, Sabah shows that exports of timber products from Sabah for FY2022 recorded an increase of approximately 47% and 27% for value and volume respectively as compared to FY2021.

The global market has since softened and we expect it to further weaken in the coming financial year. However, we still expect to be able to sell our remaining logs from our current coupe at a reasonable price.

### 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.

	Company FY2022	Company FY2021
Name of Dividend (First and Final)	-	Ordinary
Dividend Type	-	Cash
Dividend Amount per Share	-	0.003 Singapore dollar
Tax Rate	-	Tax exempt (one-tier)

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

Not applicable as there is no dividend declared/ recommended for FY2022.

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

Not applicable as there is no dividend declared/ recommended for FY2022.

**(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 FY2022.

**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 FY2022 after taking into consideration lower profit 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 discloseable interested person transaction for FY2022.

**9. Confirmation pursuant to Rule 720(1) of the Catalyst 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 FY2022.

**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 FY2022 RM'000	Group FY2021 RM'000	Increase/ (Decrease) %
Sales reported for first half year	6,563	15,981	(59)
Net (loss)/profit attributable to the Group for the first half year	(722)	4,153	(117)
Sales reported for second half year	13,092	17,678	(26)
Net profit attributable to the Group for second half year	1,993	3,763	(47)

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

	Company FY2022 RM'000	Company FY2021 RM'000
Ordinary	-	1,108
Preference	-	-
Total	-	1,108

**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 2022