



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 2025**

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.

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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	Group					
		6 months ended		Increase/ (Decrease) %	12 months ended		Increase/ (Decrease) %
		31 July 2025 (Unaudited) RM'000	31 July 2024 (Unaudited) RM'000		FY2025 (Unaudited) RM'000	FY2024 (Audited) RM'000	
Revenue	4	2,670	8,012	(67)	10,184	8,153	25
Cost of sales		(1,971)	(5,146)	(62)	(6,941)	(5,504)	26
Gross profit		699	2,866	(76)	3,243	2,649	22
Other income		29	58	(50)	134	280	(52)
Other gains/(losses)							
- Fair value gain on biological assets		1,855	5,770	(68)	1,855	5,770	(68)
- Reversal/Impairment (loss) on financial assets		523	(1,407)	NM	268	(1,407)	NM
- Loss on foreign exchange		-	-	-	-	(1)	(100)
Expenses							
- Distribution		(509)	(1,213)	(58)	(1,838)	(1,237)	49
- Administrative		(3,726)	(4,152)	(10)	(7,350)	(8,412)	(13)
- Finance		(328)	(45)	NM	(637)	(95)	NM
(Loss)/Profit before income tax	6	(1,457)	1,877	NM	(4,325)	(2,453)	76
Income tax credit/(expense)	7	359	(1,025)	NM	850	(230)	NM
Total comprehensive (loss)/income, representing net (loss)/profit		(1,098)	852	NM	(3,475)	(2,683)	30
Total comprehensive (loss)/income and net (loss)/profit attributable to:							
Equity holders of the Company		(876)	502	NM	(2,612)	(2,093)	25
Non-controlling interests		(222)	350	NM	(863)	(590)	46
		(1,098)	852	NM	(3,475)	(2,683)	30
(Loss)/Earnings per share for attributable to equity holders of the Company (Sen per share)	17						
Basic and diluted		(0.74)	0.42		(2.20)	(1.77)	

NM – Not Meaningful

B. CONDENSED INTERIM BALANCE SHEET

		Group		Company	
	Note	As at 31 July 2025 (Unaudited) RM'000	As at 31 July 2024 (Audited) RM'000	As at 31 July 2025 (Unaudited) RM'000	As at 31 July 2024 (Audited) RM'000
ASSETS					
Current assets					
Cash and bank balances	8	2,436	8,910	994	4,134
Trade and other receivables	9	4,779	6,570	1,578	37
Income tax recoverable		404	1,702	-	-
Inventories		316	1,480	-	-
Total current assets		7,935	18,662	2,572	4,171
Non-current assets					
Other receivables	9	1,598	1,491	8,069	7,628
Investment in subsidiary		-	-	2,350	2,350
Property, plant and equipment	10	4,737	4,933	-	-
Right-of-use assets		831	1,000	-	-
Biological assets	11	52,458	42,200	-	-
Intangible asset	12	450	455	-	-
Total non-current assets		60,074	50,079	10,419	9,978
Total assets		68,009	68,741	12,991	14,149
LIABILITIES					
Current liabilities					
Trade and other payables	13	2,658	3,145	291	866
Borrowings	14	4,587	1,287	-	-
Total current liabilities		7,245	4,432	291	866
Non-current liabilities					
Borrowings	14	17,258	16,478	-	-
Deferred income tax liabilities		2,614	3,464	-	-
Total non-current liabilities		19,872	19,942	-	-
Total liabilities		27,117	24,374	291	866
NET ASSETS		40,892	44,367	12,700	13,283
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		16,508	16,525	(2,507)	(1,924)
- Non-distributable (strategic reserve)		-	2,595	-	-
		16,508	19,120	(2,507)	(1,924)
		31,715	34,327	12,700	13,283
Non-controlling interests		9,177	10,040	-	-
TOTAL EQUITY		40,892	44,367	12,700	13,283

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
FY2025 (Unaudited)					
At 1 August 2024	15,207	19,120	34,327	10,040	44,367
Loss and total comprehensive loss for the financial year	-	(2,612)	(2,612)	(863)	(3,475)
At 31 July 2025	15,207	16,508	31,715	9,177	40,892
FY2024 (Audited)					
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

Company

	Share capital RM'000	Accumulated loss RM'000	Total RM'000
FY2025 (Unaudited)			
At 1 August 2024	15,207	(1,924)	13,283
Loss and total comprehensive loss for the financial year	-	(583)	(583)
At 31 July 2025	15,207	(2,507)	12,700
FY2024 (Audited)			
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

D. CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

		Group	
	Note	FY2025 (Unaudited) RM'000	FY2024 (Audited) RM'000
Cash flows from operating activities			
Net loss		(3,475)	(2,683)
Adjustments for:			
- (Reversal)/Allowance for impairment of trade receivables		(268)	1,407
- Deposit written off		-	40
- Depreciation of property, plant and equipment		557	529
- Amortisation of intangible asset		5	5
- Depreciation of right-of-use assets		107	126
- Property, plant and equipment written off		-	1
- Gain on lease termination		-	(19)
- Fair value gain on biological assets		(1,855)	(5,770)
- Interest income		(121)	(248)
- Interest expense		637	95
- Income tax (credit)/expense		(850)	230
Operating cash flows before working capital changes		(5,263)	(6,287)
Changes in working capital:			
- Inventories		1,164	(913)
- Trade and other receivables		1,952	(1,118)
- Trade and other payables		(487)	1,405
Cash used in operations		(2,634)	(6,913)
Income tax refunded		1,298	-
Net cash used in operating activities		(1,336)	(6,913)
Cash flows from investing activities			
Additions to property, plant and equipment		(608)	(1,576)
Additions to biological assets		(8,094)	(10,542)
Interest received		121	289
Net cash used in investing activities		(8,581)	(11,829)
Cash flows from financing activities			
Principal payment of lease liabilities		(152)	(211)
Proceeds from borrowings		3,684	8,475
Interest paid		(81)	(95)
Principal repayment of borrowings		(8)	(16)
Net cash provided by financing activities		3,443	8,153
Net decrease in cash and cash equivalents		(6,474)	(10,589)
Cash and cash equivalents			
Beginning of financial year		7,910	18,499
End of the financial year	8	1,436	7,910

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 2025 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 2024.

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 of mature timber plantations 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. For immature timber plantations, costs are considered to approximate fair value when minimal biological transformation has occurred since the initial cost was incurred.

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 sixteen-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 non-financial assets

The Group assesses whether there is an indication that an asset may be impaired. If any such indication exists, the Group has calculated the recoverable amount of an asset at higher of value-in-use and fair value less cost to sell. The value-in-use is based on a discounted cash flows model. The cash flows are derived from the budget approved by the management. The recoverable amount is sensitive to the key assumptions used which includes discount rate used for the discounted cash flows model. The fair value less cost to sell of an asset is estimated by an independent third-party valuer based on the available market data and necessary adjustments were made accordingly to match with the current condition of the asset. Recoverable amount is subject to a higher degree of uncertainty due to changes in market conditions, technological advancements and changes in the business environment in future.

2 Basis of preparation (continued)

2.2. Use of judgements and estimates (continued)

Lease Terms

The leases for plantation land contain extension period, for which the related lease payments had not been included in lease liabilities as the Group is not reasonably certain to exercise the extension option. The Group negotiates extension options to optimise operational flexibility in terms of managing Group and not by the lessor. An extension option is only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

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 2025 and 2024 were derived and are based in Malaysia respectively.

	6 months ended		12 months ended	
	31 July 2025 (Unaudited) RM'000	31 July 2024 (Unaudited) RM'000	FY2025 (Unaudited) RM'000	FY2024 (Audited) RM'000
Sale of logs/industrial tree plantation	2,670	8,012	10,184	8,153

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 2025 and 31 July 2024:

5. Financial assets and financial liabilities (Continued)

	Group		Company	
	As at 31 July 2025 (Unaudited) RM'000	As at 31 July 2024 (Audited) RM'000	As at 31 July 2025 (Unaudited) RM'000	As at 31 July 2024 (Audited) RM'000
Financial assets at amortised cost:				
Cash and bank balances	2,436	8,910	994	4,134
Trade and other receivables	4,778	6,514	1,557	15
Other receivables – non- current	154	47	8,069	7,628
Financial liabilities at amortised cost:				
Trade and other payables	2,658	3,145	291	866
Borrowings	21,845	17,765	-	-

6. (Loss)/Profit before taxation

6.1 Significant items

	6 months ended		12 months ended	
	31 July 2025 (Unaudited) RM'000	31 July 2024 (Unaudited) RM'000	FY2025 (Unaudited) RM'000	FY 2024 (Audited) RM'000
Income				
Interest income	23	33	121	248
Other income	6	25	13	32
Expenses				
Finance expenses:				
Interest expense				
- Borrowings	289	216	557	398
- Lease Liabilities	39	47	80	95
	328	263	637	493
Less: Amount capitalised as biological assets	-	(218)	-	(398)
Amount recognised in profit of loss	328	45	637	95
(Reversal)/Allowance for impairment of trade receivables	(523)	1,407	(268)	1,407
Amortisation of intangible asset	3	2	5	5
Depreciation of property, plant and equipment	278	271	557	529
Depreciation of right-of- use assets	45	62	107	126
Employee compensation	1,624	1,855	3,256	3,616
Inventories written down	-	(296)	-	-

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) Sale and purchases of goods and services

	Group	
	As at 31 July 2025 (Unaudited) RM'000	As at 31 July 2024 (Audited) RM'000
Rental expense on short-term lease charged by immediate holding corporation	-	(2)
Rental expense on short-term lease charged by related parties	(12)	(12)
Expenses incurred in biological assets charged by related parties	(2,723)	(2,685)
Purchases made from related parties	-	(207)
Rental income on short-term lease received from related parties	-	3

(b) Key management personnel compensation

Key management personnel compensation is as follows:

	Group	
	As at 31 July 2025 (Unaudited) RM'000	As at 31 July 2024 (Audited) RM'000
Directors of the Company		
Director fee		
- Company	320	323
- Subsidiary	36	36
Wages and salaries		
- Company	60	68
- Subsidiary	240	270
Defined contributions plan		
- Company	9	10
- Subsidiary	30	34
	<u>695</u>	<u>741</u>

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

6.2 Related party transactions (continued)

(c) Key management personnel compensation (continued)

	Group	
	As at 31 July 2025 (Unaudited) RM'000	As at 31 July 2024 (Audited) RM'000
Other key management personnel		
Wages and salaries		
- Subsidiary	433	473
Defined contributions plan		
- Subsidiary	54	59
	<u>487</u>	<u>532</u>

7. Income tax (credit)/expense

The Group calculates the year income tax expense using the Labuan tax rate 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 2025 (Unaudited) RM'000	31 July 2024 (Unaudited) RM'000	FY2025 (Unaudited) RM'000	FY2024 (Audited) RM'000
Tax expense attributable to profit is made up of:				
Deferred income tax				
- Current year provision	(249)	1,150	(740)	355
- Overprovision in prior financial year	(110)	(125)	(110)	(125)
	<u>(359)</u>	<u>1,025</u>	<u>(850)</u>	<u>230</u>

8. Cash and bank balances

	Group		Company	
	As at 31 July 2025 (Unaudited) RM'000	As at 31 July 2024 (Audited) RM'000	As at 31 July 2025 (Unaudited) RM'000	As at 31 July 2024 (Audited) RM'000
Cash at bank	1,203	2,348	994	773
Cash on hand	10	10	-	-
Short-term bank deposits	1,223	6,552	-	3,361
Cash and cash equivalents per Group balance sheet	2,436	8,910	994	4,134
Less: Bank deposits pledged (Note 12)	(1,000)	(1,000)	-	-
Cash and cash equivalents per consolidated statement of cash flow	<u>1,436</u>	<u>7,910</u>	<u>994</u>	<u>4,134</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 2025 (Unaudited) RM'000	As at 31 July 2024 (Audited) RM'000	As at 31 July 2025 (Unaudited) RM'000	As at 31 July 2024 (Audited) RM'000
<i>Current</i>				
Trade receivables				
- Non-related parties	5,978	7,796	-	-
Less: Allowance for impairment	(1,389)	(1,657)	-	-
	<u>4,589</u>	<u>6,139</u>	<u>-</u>	<u>-</u>
Other receivables				
- Subsidiary corporation	-	-	1,557	-
- Related parties	50	141	-	-
- Related corporation	17	17	-	-
- Non-related parties	93	188	-	15
Deposits	29	29	-	-
Prepayments	1	56	21	22
	<u>190</u>	<u>431</u>	<u>1,578</u>	<u>37</u>
	<u>4,779</u>	<u>6,570</u>	<u>1,578</u>	<u>37</u>
<i>Non-current</i>				
Other receivables				
- Retention sum on royalty fees (Note 1)	1,444	1,444	-	-
- Non-related party	154	47	-	-
- Subsidiary corporation	-	-	8,069	7,628
Total trade and other receivables	<u>6,377</u>	<u>8,061</u>	<u>9,647</u>	<u>7,665</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 corporation and 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 7.60% (2024: 7.85%). Advances amounting RM5.64 million, including all accrued and unpaid interest, will mature and are repayable upon maturity on 19 June 2029.

9. Trade and other receivables (continued)

Note 1

The amount 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). The Group would be able to claim the retention sum upon completion of the coupe within the licensed area or can utilise the retention sum to offset against future royalty 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 2025, the Group acquired assets amounting to RM607,670 (2024: RM1,575,719).

The depreciation charge relating to property, plant and equipment used in plantation (reforestation) development activities during the financial year of RM246,860 (2024: RM198,456) is capitalised and included in biological assets (Note 11).

11. Biological assets

	Group	
	As at 31 July 2025 (Unaudited) RM'000	As at 31 July 2024 (Audited) RM'000
Beginning of financial year	42,200	25,200
Additions	8,415	11,250
Harvested	(12)	(20)
Changes in fair value of biological assets	1,855	5,770
End of financial year	52,458	42,200

Biological assets represent the forest planting expenditure incurred 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 2025 based on the information provided and the assessment report of the plantation issued by an external independent forester. The Valuer 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 : RM380 (2024: RM400)	The higher the selling price, the higher the fair value
		(ii) Discount rate of 16% (2024: 16%)	The higher the discount rate, the lower the fair value
		(iii) Estimated yield per hectare: 140 m ³ /ha (2024: 147 m ³ /ha)	The higher the yield rate, the higher the fair value

During the year, there was a change in estimation of fair value under the income approach involving accumulated cost components of immature plantations to arrive at the valuation of biological assets. The change in significant unobservable input is more reflective of the fair value of the biological asset.

12. Intangible asset

	Group	
	As at 31 July 2025 (Unaudited) RM'000	As at 31 July 2024 (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	45	40
Amortisation charge (Note 6)	5	5
End of financial year	50	45
Net book value		
End of financial year	450	455

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 2025 (Unaudited) RM'000	As at 31 July 2024 (Audited) RM'000	As at 31 July 2025 (Unaudited) RM'000	As at 31 July 2024 (Audited) RM'000
Trade payables				
- Non-related parties	1,040	761	-	-
Other payables				
- Non-related parties	652	950	77	66
- Related parties	110	151	-	-
- Ultimate holding corporation	357	8	-	-
- Subsidiary corporation	-	-	-	443
- Related corporation	11	11	-	-
Accruals for operating expenses	488	1,264	214	357
	<u>2,658</u>	<u>3,145</u>	<u>291</u>	<u>866</u>

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

14. Borrowings

	Group	
	As at 31 July 2025 (Unaudited) RM'000	As at 31 July 2024 (Audited) RM'000
<u>Current</u>		
Lease liabilities	117	152
Borrowings	4,470	1,135
	<u>4,587</u>	<u>1,287</u>
<u>Non-current</u>		
Lease liabilities	952	1,068
Borrowings	16,306	15,410
	<u>17,258</u>	<u>16,478</u>
	<u>21,845</u>	<u>17,765</u>

14. Borrowings (continued)

(a) Lease liabilities

	Group	
	As at 31 July 2025 (Unaudited) RM'000	As at 31 July 2024 (Audited) RM'000
<u>Amount repayable within one year or on demand</u>		
Secured	117	117
Unsecured	-	35
	<u>117</u>	<u>152</u>
<u>Amount repayable after one year</u>		
Secured	328	444
Unsecured	624	624
	<u>952</u>	<u>1,068</u>
Total lease liabilities	<u>1,069</u>	<u>1,220</u>

(b) Borrowings

	Group	
	As at 31 July 2025 (Unaudited) RM'000	As at 31 July 2024 (Audited) RM'000
<u>Amount repayable within one year or on demand</u>		
Secured	4,470	1,135
<u>Amount repayable after one year</u>		
Secured	16,306	15,410
	<u>20,776</u>	<u>16,545</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 6,762 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
2025				
Beginning and end of financial year	118,474	15,207	118,474	15,207
2024				
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 2025.

The Company did not have any convertible securities, treasury shares and subsidiary holdings as at 31 July 2025 and 31 July 2024.

16. Retained profits

Included in retained profits is an amount of RMnil (2024: RM2.6 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. Loss per share ("LPS")/Earnings per share ("EPS")

	Group			
	6 months ended		12 months ended	
	31 July 2025 (Unaudited) RM'000	31 July 2024 (Unaudited) RM'000	FY2025 (Unaudited) RM'000	FY2024 (Audited) RM'000
<u>Numerator</u>				
Net (loss)/profit attributable to equity holder of the Company (RM'000)	(876)	502	(2,612)	(2,093)
<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) ⁽¹⁾	<u>(0.74)</u>	<u>0.42</u>	<u>(2.20)</u>	<u>(1.77)</u>

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 2025 and 31 July 2024.

18. Net asset value

	Group		Company	
	As at 31 July 2025 (Unaudited)	As at 31 July 2024 (Audited)	As at 31 July 2025 (Unaudited)	As at 31 July 2024 (Audited)
Net asset value attributable to owners of the Company per ordinary share (RM)	<u>0.27</u>	<u>0.29</u>	<u>0.11</u>	<u>0.11</u>

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 FY2025 as compared to FY2024

Revenue

The Group's revenue is derived principally from the sales of logs in Malaysia. The logs comprises of Seraya, Kapur, Keruing, Selangan Batu, Majau, Sedaman and logs of hard and soft densities. The industrial tree plantation comprises of Laran and Albizia.

Revenue decreased by RM5.3 million, or 67% in the second half of FY2025 compared to the second half of FY2024, primarily due to the Group's decision to delay logging and production operations in response to the adverse market and weather conditions.

Despite the decrease in revenue in the second half of FY2025, revenue for FY2025 increased by RM2.0 million, or 25% compared to FY2024, contributed by logging activities in the first half of FY2025.

Cost of sales and gross profits

The decrease in cost of sales by RM3.2 million, or 62% in the second half of FY2025 compared to the second half of FY2024 was mainly attributed to the decrease in sales volume as explained above. The Group recorded a gross profit of RM0.7 million in the second half of FY2025, compared to RM2.9 million in the second half of FY2024, primarily due to the decrease in revenue.

The increase in cost of sales by RM1.4 million, or 26% in FY2025 compared to FY2024 was mainly attributed to an increase in sales volume as explained above. The gross profit increased by RM0.6 million, or 22% in FY2025 compared to FY2024 mainly due to an increase in revenue. The gross profit margin remained unchanged at 32% in FY2025 compared to FY2024.

Other income

Other income comprised mainly of interest income from fixed deposits. Other income decreased by RM146,000, or 52% in FY2025 compared to FY2024 mainly due to uplift of our fixed deposits for utilisation of planting and maintenance activities.

Fair value gain on biological assets

Fair value gain on biological assets decreased by RM3.9 million, or 68% primarily due to changes in the assumptions arising from the adverse market conditions to reflect the current fair value of the biological assets as well as the previously stated changes made by the valuer under Note 11.

Reversal/impairment (loss) on financial assets

The Group recorded a reversal of impairment loss on trade receivables in FY2025 due to collection from debtor in current year. In FY2024, impairment loss on trade receivables were recognised after management assessed the recoverability of certain long overdue debtors.

Distribution expenses

Distribution expenses comprised of transportation expenses incurred for transporting logs to customers in Tawau, Sandakan and Keningau. Distribution expenses increased by approximately RM0.6 million or 49% in FY2025 mainly due to increase in sales to these customers.

Distribution expenses decreased by RM0.7 million or 58% in the second half of FY2025 compared to the second half of FY2024, primarily due to a decrease in sales to these customers.

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 RM1.1 million, or 13% in FY2025 compared to FY2024 mainly due to decrease in employee compensation, advertisement, professional fee as well as travelling and transportation during the year.

Finance expense

Finance expenses comprised mainly of hire purchase interest on motor vehicles and interest on operating lease liabilities, in addition to FPD loan interest expense. Finance expenses increased by approximately RM0.5 million in FY2025, mainly due to the expensing of FPD loan interest, whereas it was capitalised in FY2024.

Loss after tax

As a result of the foregoing, loss after tax in FY2025 amounted to RM3.5 million compared to loss after tax of RM2.7 million in FY2024.

CONSOLIDATED STATEMENT OF BALANCE SHEET

Review of the Group's financial position as at 31 July 2025 as compared to 31 July 2024

Current assets

Cash and bank balances amounted to approximately RM2.4 million, or 31% of current assets.

Trade and other receivables amounted to approximately RM4.8 million, or 60% of current assets. Trade receivables amounted to approximately RM4.6 million, or 58% of current assets. Other receivables amounted to approximately RM0.19 million or 2% of current assets. Trade receivables decreased by approximately RM1.6 million, or 25% in FY2025 mainly attributed to the improved collection during the

year. Other receivables decreased by RM0.2 million in FY2025 mainly due to settlement of outstanding amount from non-related parties and related parties.

The income tax recoverable amounting to RM0.4 million, or 5% of current assets, is related to the income tax refundable from the Inland Revenue Board.

Inventories amounted to approximately RM0.3 million, or 4% of current assets and is mainly related to stock in transit during the year. Inventories decreased by approximately RM1.2 million in FY2025 mainly due to significant sales of inventories before the financial year.

Non-current assets

Other receivables amounted to approximately RM1.6 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.

Property, plant and equipment amounted to approximately RM4.7 million, or 8% of non-current assets comprised mainly motor vehicles, plantation infrastructure, office equipment, and furniture and fittings. Property, plant and equipment decreased by RM0.2 million, or 4% in FY2025 mainly due to depreciation during the year.

Right-of-use (“ROU”) asset amounted to RM0.8 million, or 1% of non-current assets. The decrease in right-of-use asset by RM0.2 million, or 17% in FY2025 is mainly due to the depreciation during the year.

Biological assets amounted to approximately RM52.5 million, or 87% 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 RM10.3 million, or 24% 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 RM2.7 million, or 37% of current liabilities. This comprised mainly trade payables of approximately RM1.0 million and other payables of approximately RM1.6 million. Trade payables increased by approximately RM0.3 million in FY2025 mainly due to the increase in production during the year. Other payables decreased by approximately RM0.8 million, or 32% in FY2025 mainly due to decrease in accruals for operating expenses.

Lease liabilities amounting to RM117,000, or 2% 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 RM0.04 million or 23% in FY2025 mainly due to repayment of lease liabilities.

Borrowings amounted to RM4.5 million, or 62% 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 RM1.0 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 RM0.1 million or 11% in FY2025 mainly due repayment of lease liabilities.

Borrowings amounted to RM16.3 million, or 82% 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 RM2.6 million or 13% of non-current liabilities.

REVIEW OF THE GROUP'S CASH FLOW STATEMENT

Net cash used in operating activities amounted to approximately RM1.4 million in FY2025 mainly due to net loss recognised during the year and the adjustments on fair value gain on biological assets, partly offset with changes in working capital and income tax refund.

Net cash used in investing activities of approximately RM8.5 million in FY2025 is mainly related to the additions to plantation infrastructure and biological assets.

Net cash provided by financing activities of approximately RM3.4 million is mainly due to drawdown of the loan facility from Forest Plantation Development Sdn. Bhd. ("FPD") in FY2025.

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 2025 is consistent with the profit guidance announcement released by the Company on 19 September 2025.

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 2025 recorded a decrease of 19% in volume and 24% in value respectively against January to June 2024. The export statistics show that the total volume from January to June 2025 was 184,955 m³ valued at RM387 million. Market condition remains challenging due to escalating costs as a result of inflationary pressure and uncertainties from higher tariffs worldwide.

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 FY2025 and FY2024.

(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 FY2025.

(d) The date the dividend is payable.

Not applicable as there is no dividend declared/ recommended for FY2025.

- (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 FY2025.

- 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 FY2025 after taking into consideration loss recorded by the Group.

- 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 FY2025.

- 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 FY2025.

- 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 FY2025 RM'000	Group FY2024 RM'000	Increase/ (Decrease) %
Sales reported for first half year	7,514	141	NM
Net loss for the first half year	(2,377)	(3,535)	(33)
Sales reported for second half year	2,670	8,012	(67)
Net (loss)/profit for second half year	(1,098)	852	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 FY2025 and FY2024.

- 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 2025