



**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 FINANCIAL PERIOD ENDED 31 JANUARY 2024**

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

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

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

**Background**

The Company was incorporated 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

	<b>Note</b>	<b>Group</b> 6-month Period Ended 31 January 2024 (Unaudited) RM'000	<b>Group</b> 6-month Period Ended 31 January 2023 (Unaudited) RM'000	Increase/ (Decrease) %
<b>Revenue</b>	4	141	9,399	(98)
Cost of sales		(358)	(5,177)	(93)
<b>Gross (Loss)/Profit</b>		<hr/> (217)	4,222	NM
Other income		222	392	(43)
Other loss		(1)	-	NM
<b>Expenses</b>				
- Distribution		(24)	(673)	(96)
- Administrative		(4,261)	(4,212)	1
- Finance		(50)	(45)	11
<b>Loss before income tax</b>	6	<hr/> (4,331)	(316)	NM
Income tax credit	7	795	120	NM
<b>Net loss and total comprehensive loss for the period</b>		<hr/> (3,536)	(196)	NM
<b>Net loss and total comprehensive loss attributable to:</b>				
Equity holders of the Company		(2,597)	(213)	NM
Non-controlling interests		(939)	17	NM
		<hr/> (3,536)	(196)	NM
Loss per share attributable to owners of the Company (Sen)	17	<hr/> (2.19)	(0.18)	

Note:  
NM – Not meaningful

## B. CONDENSED INTERIM BALANCE SHEET

		<b>Group</b> As at 31 Jan 2024 (Unaudited) RM'000	<b>Group</b> As at 31 Jul 2023 (Audited) RM'000	<b>Company</b> As at 31 Jan 2024 (Unaudited) RM'000	<b>Company</b> As at 31 Jul 2023 (Audited) RM'000
	<b>Note</b>				
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and bank balances	8	16,207	19,499	4,248	4,840
Trade and other receivables	9	5,780	6,986	102	38
Income tax recoverable		1,702	1,702	-	-
Inventories		437	567	-	-
<b>Total current assets</b>		<b>24,126</b>	<b>28,754</b>	<b>4,350</b>	<b>4,878</b>
<b>Non-current assets</b>					
Other receivables	9	1,444	1,444	7,406	7,185
Investment in subsidiary		-	-	2,350	2,350
Property, plant and equipment	10	4,213	4,086	-	-
Right-of-use assets		1,154	1,270	-	-
Biological assets	11	30,254	25,200	-	-
Intangible assets	12	457	460	-	-
<b>Total non-current assets</b>		<b>37,522</b>	<b>32,460</b>	<b>9,756</b>	<b>9,535</b>
<b>Total assets</b>		<b>61,648</b>	<b>61,214</b>	<b>14,106</b>	<b>14,413</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables	13	1,251	1,742	505	421
Borrowings	14	220	236	-	-
<b>Total current liabilities</b>		<b>1,471</b>	<b>1,978</b>	<b>505</b>	<b>421</b>
<b>Non-current liabilities</b>					
Borrowings	14	14,223	8,951	-	-
Deferred income tax liabilities		2,440	3,235	-	-
<b>Total non-current liabilities</b>		<b>16,663</b>	<b>12,186</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>		<b>18,134</b>	<b>14,164</b>	<b>505</b>	<b>421</b>
<b>Net Assets</b>		<b>43,514</b>	<b>47,050</b>	<b>13,601</b>	<b>13,992</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					
- Distributable		11,698	10,830	(1,606)	(1,215)
- Non-distributable (strategic reserve)		6,918	10,383	-	-
	16	18,616	21,213	(1,606)	(1,215)
		33,823	36,420	13,601	13,992
<b>Non-controlling interests</b>		9,691	10,630	-	-
<b>Total equity</b>		<b>43,514</b>	<b>47,050</b>	<b>13,601</b>	<b>13,992</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>HY2024 (Unaudited)</b>						
<b>At 1 August 2023</b>		15,207	21,213	36,420	10,630	<b>47,050</b>
Net loss and total comprehensive loss for the financial period		-	(2,597)	(2,597)	(939)	<b>(3,536)</b>
<b>At 31 January 2024</b>		<b>15,207</b>	<b>18,616</b>	<b>33,823</b>	<b>9,691</b>	<b>43,514</b>
<b>HY2023 (Unaudited)</b>						
<b>At 1 August 2022</b>		15,207	22,069	37,276	10,670	<b>47,946</b>
Net loss and total comprehensive loss for the financial period		-	(213)	(213)	17	<b>(196)</b>
<b>At 31 January 2023</b>		<b>15,207</b>	<b>21,856</b>	<b>37,063</b>	<b>10,687</b>	<b>47,750</b>

### Company

	Note	Share capital RM'000	Retained profits RM'000	Total RM'000
<b>HY2024 (Unaudited)</b>				
<b>At 1 August 2023</b>		15,207	(1,215)	13,992
Net loss and total comprehensive loss for the financial period		-	(391)	(391)
<b>At 31 January 2024</b>		<b>15,207</b>	<b>(1,606)</b>	<b>13,601</b>
<b>HY2023 (Unaudited)</b>				
<b>At 1 August 2022</b>		15,207	(456)	14,751
Net loss and total comprehensive loss for the financial period		-	(256)	(256)
<b>At 31 January 2023</b>		<b>15,207</b>	<b>(712)</b>	<b>14,495</b>

#### D. CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

	<b>Note</b>	<b>Group</b> 6-month Period Ended 31 January 2024 (Unaudited) RM'000	<b>Group</b> 6-month Period Ended 31 January 2023 (Unaudited) RM'000
<b>Cash flows from operating activities</b>			
Net loss		(3,536)	(196)
Adjustments for:			
- Depreciation of property, plant and equipment		258	226
- Amortisation of intangible assets		3	3
- Depreciation of right-of-use assets		64	34
- Inventories written down		296	-
- Interest income		(215)	(386)
- Interest expense		49	45
- Income tax credit		(795)	(120)
Operating cash flows before working capital changes		(3,876)	(394)
Changes in working capital:			
- Inventories		(167)	(228)
- Trade and other receivables		1,224	558
- Trade and other payables		(491)	(1,330)
Cash used in operations		(3,310)	(1,394)
Income tax paid		-	(459)
<b>Net cash used in operating activities</b>		<b>(3,310)</b>	<b>(1,853)</b>
<b>Cash flows from investing activities</b>			
Additions to property, plant and equipment		(475)	(884)
Additions to biological assets		(4,731)	(3,251)
<b>Net cash used in investing activities</b>		<b>(5,206)</b>	<b>(4,135)</b>
<b>Cash flows from financing activities</b>			
Principal payment of lease liabilities/ finance lease liabilities		(84)	(116)
Proceeds from borrowings		5,177	4,162
Interest received		197	209
Interest paid		(50)	(45)
Principal repayment of borrowings		(16)	-
<b>Net cash provided by financing activities</b>		<b>5,224</b>	<b>4,210</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(3,292)</b>	<b>(1,778)</b>
Cash and cash equivalents at beginning of the year		18,499	28,022
<b>Cash and cash equivalents at end of the period</b>	<b>8</b>	<b>15,207</b>	<b>26,244</b>

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

### **1. Corporate information**

The Company is listed on Catalist Board of Singapore Exchange Securities Trading Limited ("SGX-ST") on 1 June 2018 and was 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 financial period ended 31 January 2024 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 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.

#### **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 2023.

## 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 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 business is not affected significantly by seasonal or cyclical factors during the financial period.

### 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 period ended 31 January 2024 and 2023 were derived and are based in Malaysia respectively.

	HY2024 (Unaudited) RM'000	HY2023 (Unaudited) RM'000
Sale of industrial tree plantation/ logs	141	9,399

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 January 2024 and 31 July 2023:

	<b>Group</b>		<b>Company</b>	
	As at 31 January 2024 (Unaudited) RM'000	As at 31 July 2023 (Audited) RM'000	As at 31 January 2024 (Unaudited) RM'000	As at 31 July 2023 (Audited) RM'000
<b>Financial assets at amortised cost:</b>				
Cash and bank balances	16,207	19,499	4,248	4,840
Trade and other receivables	7,082	8,374	7,421	7,201
<b>Financial liabilities at amortised cost:</b>				
Trade and other payables	1,251	1,742	505	421
Borrowings	14,443	9,187	-	-

## 6. Profit before taxation

### 6.1 Significant items

	HY2024 (Unaudited) RM'000	HY2023 (Unaudited) RM'000
<b>Income</b>		
Interest income	215	386
<b>Expenses</b>		
Finance expenses:		
- Finance lease liabilities	16	11
- Lease liabilities	32	34
- Borrowings	2	-
Amortisation of intangible asset	3	3
Depreciation of property, plant and equipment	258	226
Depreciation of right-of-use assets	64	34
Employee compensation	1,779	2,177
Inventories written down	296	-

## 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>	
	HY2024 (Unaudited) RM'000	HY2023 (Unaudited) RM'000
Rental expense on operating lease charged by immediate holding corporation	(2)	(3)
Rental expense on operating lease charged by related corporation	-	(10)
Rental expense on short term lease charged by related parties	(6)	(6)
Expenses incurred in biological assets charged by related parties	(1,125)	(864)
Purchases made to related parties	(189)	(5)
Rental income on short-term lease received from related parties	<u>3</u>	<u>-</u>

Related parties refer to close family members and business entities owned by close family members of key management personnel who are not the directors of the Company.

#### (b) Key management personnel compensation

Key management personnel compensation is as follows:

	<b>Group</b>	
	HY2024 (Unaudited) RM'000	HY2023 (Unaudited) RM'000
<b>Directors of the Company</b>		
Wages and salaries	326	321
Defined contributions plan	<u>21</u>	<u>21</u>
	<u>347</u>	<u>342</u>
<b>Other key management personnel</b>		
Wages and salaries	227	255
Defined contributions plan	<u>28</u>	<u>32</u>
	<u>255</u>	<u>287</u>

## 7. Taxation

The Group calculates the 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/(credit) in the condensed interim consolidated statement of profit or loss are:

	HY2024 (Unaudited) RM'000	HY2023 (Unaudited) RM'000
Current income tax expense	-	-
Deferred income tax expense relating to origination and reversal of temporary differences	(795)	(120)
	<u>(795)</u>	<u>(120)</u>

## 8. Cash and bank balances

	<b>Group</b>		<b>Company</b>	
	As at 31 January 2024 (Unaudited) RM'000	As at 31 July 2023 (Audited) RM'000	As at 31 January 2024 (Unaudited) RM'000	As at 31 July 2023 (Audited) RM'000
Cash at bank	2,130	1,142	944	552
Cash on hand	16	8	-	-
Short-term bank deposits	14,061	18,349	3,304	4,288
Cash and cash equivalents per Group balance sheet	16,207	19,499	4,248	4,840
Less: Bank deposits pledged (Note 12)	(1,000)	(1,000)	-	-
Cash and cash equivalents per consolidated cash flow statement	<b>15,207</b>	<b>18,499</b>	<b>4,248</b>	<b>4,840</b>

## 9. Trade and other receivables

	Group		Company	
	As at 31 January 2024 (Unaudited) RM'000	As at 31 July 2023 (Audited) RM'000	As at 31 January 2024 (Unaudited) RM'000	As at 31 July 2023 (Audited) RM'000
<i>Current</i>				
Trade receivables – non-related parties	5,114	6,258	-	-
Less: Allowance for impairment	(250)	(250)	-	-
	<u>4,864</u>	<u>6,008</u>	-	-
Other receivables				
- related parties	245	445	-	-
- related corporation	17	19	-	-
- non-related parties	308	388	15	16
Deposits	204	70	-	-
Prepayments	142	56	87	22
	<u>916</u>	<u>978</u>	<u>102</u>	<u>38</u>
	<u>5,780</u>	<u>6,986</u>	<u>102</u>	<u>38</u>
<i>Non-current</i>				
Other receivables				
- non-related party (Note 1)	1,444	1,444	-	-
- subsidiary corporation	-	-	7,406	7,185
Total trade and other receivables	<u>7,224</u>	<u>8,430</u>	<u>7,508</u>	<u>7,223</u>

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

Current other receivables from related parties, related corporation, non-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%) per annum. The variable interest rate per annum is 1% premium added on the annual market lending rate. The non-current balances, including all accrued and unpaid interest, are repayable upon maturity on 19 June 2029.

### Note 1

The amount pertains to the 5% retention sum on royalty fees for 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 no loss allowance is required.

## 10. Property, plant and equipment

During the financial period ended 31 January 2024, the Group acquired assets amounting to RM475,016 (31 January 2023: RM884,397).

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 RM91,040 (31 January 2023: RM85,712) is capitalised and included in biological assets (Note 11).

## 11. Biological assets

	Group	
	As at 31 January 2024 (Unaudited) RM'000	As at 31 July 2023 (Audited) RM'000
Beginning of financial year	25,200	13,590
Additions	5,054	7,248
Changes in fair value of biological assets	-	4,362
<b>End of financial year</b>	<b>30,254</b>	<b>25,200</b>

Biological assets represent the forest planting expenditure incurred and measured at fair value as at 31 July 2023 under the license as described in Note 12 below.

## 12. Intangible asset

	Group	
	As at 31 January 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)	3	5
End of financial year	43	40
<b>Net book value</b>		
<b>End of financial year</b>	<b>457</b>	<b>460</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 January 2024 (Unaudited) RM'000	As at 31 July 2023 (Audited) RM'000	As at 31 January 2024 (Unaudited) RM'000	As at 31 July 2023 (Audited) RM'000
Trade payables – non-related parties	76	321	-	-
Non-trade payables				
- non-related parties	320	714	35	301
- ultimate holding corporation	3	3	-	-
- subsidiary corporation	-	-	443	120
- related parties	11	11	-	-
Accruals for operating expenses	841	693	27	-
	<u>1,251</u>	<u>1,742</u>	<u>505</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 January 2024 (Unaudited) RM'000	As at 31 July 2023 (Audited) RM'000
<u>Current</u>		
Lease liabilities	<u>220</u>	<u>236</u>
<u>Non-current</u>		
Lease liabilities	1,195	1,262
Borrowings	<u>13,028</u>	<u>7,689</u>
	<u>14,223</u>	<u>8,951</u>
Total borrowings	<u>14,443</u>	<u>9,187</u>

## 14. Borrowings (continued)

### (a) Lease liabilities

	<b>Group</b>	
	As at 31 January 2024 (Unaudited) RM'000	As at 31 July 2023 (Audited) RM'000
<u>Amount repayable within one year or on demand</u>		
Secured	122	142
Unsecured	98	94
	<u>220</u>	<u>236</u>
<u>Amount repayable after one year</u>		
Secured	504	562
Unsecured	691	700
	<u>1,195</u>	<u>1,262</u>
Total lease liabilities	<u>1,415</u>	<u>1,498</u>

### (b) Borrowings

	<b>Group</b>	
	As at 31 January 2024 (Unaudited) RM'000	As at 31 July 2023 (Audited) RM'000
<u>Amount repayable after one year</u>		
Secured	<u>13,028</u>	<u>7,689</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>HY2024</b>				
Beginning and end of financial period	118,474	15,207	118,474	15,207
<b>HY2023</b>				
Beginning and end of financial period	118,474	15,207	118,474	15,207

There was no change in the Company's share capital since 31 July 2023.

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

**16. Retained profits**

Included in retained profits is an amount of RM6.9 million (31 July 2023: RM10.4 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. Earnings per share**

	Group	
	HY2024 (Unaudited)	HY2023 (Unaudited)
Loss attributable to owners of the Company (RM'000)	(2,597)	(213)
Weighted average number of ordinary shares ('000)	118,474	118,474
Basic and diluted EPS based on actual number of shares <sup>(1)</sup> (Sen)	(2.19)	(0.18)

Note:

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

**18. Net asset value**

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

**19. Subsequent event**

There are 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 HY2024 as compared to HY2023*

#### Revenue

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

Revenue decreased by RM9.3 million, or 98% in HY2024 compared to HY2023 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. This led to the significant lower sales volume in HY2024.

#### Cost of sales and gross profits

The decrease in cost of sales by RM4.8 million, or 93% in HY2024 compared to HY2023 was mainly attributed to the decrease in sales volume as explained above.

The Group recorded a gross loss of RM0.2 million in HY2024 as compared to a gross profit of RM4.2 million in HY2023 mainly due to the decrease in revenue.

#### Other income

Other income comprises mainly of interest income from fixed deposits. Other income decreased by RM170,000, or 43% in HY2024 compared to HY2023 mainly due to uplift of fixed deposits for utilisation of planting and maintenance activities.

#### Other loss

Other loss comprised of loss on foreign exchange during the financial period.

#### Distribution expense

Distribution expenses comprises of transportation expenses incurred for transporting our logs and industrial tree plantation to customers in Tawau, Sandakan and Keningau. Distribution expenses decreased by RM649,000 or 96% mainly due to decrease in sales.

#### Administrative expenses

Administrative expenses comprised mainly of employee compensation, depreciation, amortisation, repair and maintenance, listing expenses and travelling expenses. Administrative expenses increased by RM49,000, or 1% in HY2024 compared to HY2023 mainly due to cost of inventories written down during the financial period.

#### Loss after tax

As a result of the foregoing, loss after tax in HY2024 amounted to RM3.5 million compared to a loss after tax of RM196,000 in HY2023.

### **CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

#### ***Review of the Group's financial position as at 31 January 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 RM16.2 million, or 67% of current assets.

Trade and other receivables amounted to approximately RM5.8 million, or 24% of current assets. Trade receivables amounted to approximately RM4.9 million, or 20% of current assets. Other receivables amounted to approximately RM916,000 or 4% of current assets. Trade receivables decreased by approximately RM1.1 million as at 31 January 2024 mainly due to collection during the financial period. Other receivables decreased by RM62,000 as at 31 January 2024 mainly due to settlement of outstanding amount from related parties.

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

Inventories amounted to approximately RM437,000, or 2% of current assets is related to logs held at central stumping. Inventories decreased by approximately RM130,000 as at 31 January 2024 compared to 31 July 2023 mainly due to write down of inventories during the financial period.

#### Non-current assets

Other receivables amounted to approximately RM1.4 million or 4% of non-current assets. This is related to the retention sum collected by the Sabah Forestry Department ("**SFD**") to offset against any potential shortfall in payment to the SFD. Such retention sum can be used for future payments to the SFD.

Property, plant and equipment amounted to approximately RM4.2 million, or 11% of non-current assets comprising mainly motor vehicles, plantation infrastructure, office equipment, and furniture and fittings.

Property, plant and equipment increased by RM127,000, or 3% as at 31 January 2024 compared to as at 31 July 2023 mainly due to the additional plantation infrastructure expenditure.

Right-of-use (“ROU”) asset amounted to RM1.2 million, or 3% of non-current assets. The decrease in right-of-use asset by RM116,000, or 9% as at 31 January 2024 compared to as at 31 July 2023 mainly due to the depreciation and cessation of one of the right-of-use assets.

Biological assets amounted to approximately RM30.3 million, or 81% 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, seedlings, fertilizers and all other expenses relating to the nursery and planting and expenses incurred in upkeep and maintenance of immature planted areas. Biological assets increased by approximately RM5.1 million, or 20% mainly due to the cost incurred for the initial stages of replanting and planting activities during the financial period.

Intangible assets amounted to approximately RM457,000, or 1% of non-current assets and is related to the acquired timber rights on the license granted by the SFD as per the Sustainable Forest Management License Agreement.

#### Current liabilities

Trade and other payables amounted to approximately RM1.3 million, or 85% of current liabilities comprising mainly of trade payables of RM76,000 and other payables amounting to RM1.2 million. Trade payables decreased by RM245,000 as at 31 January 2024 compared to 31 July 2023 mainly due to decrease in production during the period. Other payables decreased by approximately RM246,000, or 17% as at 31 January 2024 compared to 31 July 2023 due to prompt payment to non-related parties.

#### Non-current liabilities

Lease liabilities amounted to RM1.2 million, or 7% of non-current liabilities. This comprises 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 RM67,000 or 5% as at 31 January 2024 compared to as at 31 July 2023 mainly due to the repayment of lease liabilities.

Borrowings amounted to RM13.0 million, or 78% 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.

## **REVIEW OF THE GROUP’S CASH FLOW STATEMENT**

Net cash used in operating activities of approximately RM3.3 million in HY2024 mainly due to net loss during the financial period.

Net cash used in investing activities of approximately RM5.2 million in HY2024 is related to additions to plantation infrastructure and biological assets.

Net cash provided by financing activities of approximately RM5.2 million is mainly due to drawdown of the loan facility from Forest Plantation Development Sdn Bhd (“FPD”).

#### **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 period ended 31 January 2024 is consistent with the profit guidance announcement released by the Company on 29 February 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.**

Although market conditions have not recovered to an optimal level, we have cautiously recommenced logging in the second half of FY2024 to capitalise on the slight uptick in demand as compared to HY2024. However, we do not expect to return to profitability for FY2024 due to weak market conditions. Despite the challenging market, the group remains resilient as a result of its adequate cash reserves and unutilised financing facilities.

**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 period reported on.

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

Not applicable. No dividend was declared in HY2023.

**(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.

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

Not applicable.

**(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.

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

No interim dividend has been declared or recommended for the current financial period after taking into consideration the loss recorded by the Group and to conserve funds for its plantation activities.

**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 and there is no disclosable interested person transactions for the financial period.

**9. Negative confirmation pursuant to Rule 705(5) of the Catalist Rules**

On behalf of the Board of Directors, we, Directors of the Company, Datuk Jema Khan and Mr Abdul Rahman Bin Hakim Khan, hereby confirm to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial results for the financial period ended 31 January 2024 to be false or misleading in any material aspect.

**10. 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.

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

Not applicable. The Company did not acquire or dispose shares in any companies in HY2024.

**BY ORDER OF THE BOARD**

Jema Anton Khan  
Chairman  
14 March 2024