



JAWALA INC.

(Incorporated in Labuan on 8 August 2017)

(Company Registration No. LL13922)

**UNAUDITED FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 JANUARY 2026**

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 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

		Group 6-month Period Ended 31 January 2026 (Unaudited) RM'000	Group 6-month Period Ended 31 January 2025 (Unaudited) RM'000	Increase/ (Decrease) %
	Note			
Revenue	4	2,249	7,514	(70)
Cost of sales		(1,589)	(4,970)	(68)
Gross Profit		<hr/> 660	<hr/> 2,544	(74)
Other income		30	105	(71)
Other gains/(losses)		135	(255)	NM
Expenses				
- Distribution		(432)	(1,329)	(67)
- Administrative		(3,221)	(3,624)	(11)
- Finance		(379)	(309)	23
Loss before income tax	6	<hr/> (3,207)	<hr/> (2,868)	12
Income tax credit	7	584	491	19
Net loss and total comprehensive loss for the period		<hr/> <hr/> (2,623)	<hr/> <hr/> (2,377)	10
Net loss and total comprehensive loss attributable to:				
Equity holders of the Company		(1,955)	(1,736)	13
Non-controlling interests		(668)	(641)	4
		<hr/> (2,623)	<hr/> (2,377)	10
Loss per share attributable to owners of the Company (Sen)	16	<hr/> (1.65)	<hr/> (1.47)	

B. CONDENSED INTERIM BALANCE SHEET

	Note	Group As at 31 Jan 2026 (Unaudited) RM'000	Group As at 31 Jul 2025 (Audited) RM'000	Company As at 31 Jan 2026 (Unaudited) RM'000	Company As at 31 Jul 2025 (Audited) RM'000
ASSETS					
Current assets					
Cash and bank balances	8	3,552	2,436	335	994
Trade and other receivables	9	4,032	4,779	1,664	1,578
Income tax recoverable		-	404	-	-
Inventories		132	316	-	-
Total current assets		7,716	7,935	1,999	2,572
Non-current assets					
Other receivables	9	1,608	1,598	8,283	8,069
Investment in subsidiary		-	-	2,350	2,350
Property, plant and equipment	10	4,464	4,737	-	-
Right-of-use assets		773	831	-	-
Biological assets	11	54,739	52,458	-	-
Intangible assets	12	448	450	-	-
Total non-current assets		62,032	60,074	10,633	10,419
Total assets		69,748	68,009	12,632	12,991
LIABILITIES					
Current liabilities					
Trade and other payables	13	1,236	2,658	317	291
Borrowings	14	4,586	4,587	-	-
Total current liabilities		5,822	7,245	317	291
Non-current liabilities					
Borrowings	14	23,603	17,258	-	-
Deferred income tax liabilities		2,054	2,614	-	-
Total non-current liabilities		25,657	19,872	-	-
Total liabilities		31,479	27,117	317	291
Net Assets		38,269	40,892	12,315	12,700
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	15	15,207	15,207	15,207	15,207
Retained profits/ (Accumulated losses)		14,553	16,508	(2,892)	(2,507)
		29,760	31,715	12,315	12,700
Non-controlling interests		8,509	9,177	-	-
Total equity		38,269	40,892	12,315	12,700

C. CONDENSED INTERIM STATEMENT 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
HY2026 (Unaudited)					
At 1 August 2025	15,207	16,508	31,715	9,177	40,892
Net loss and total comprehensive loss for the financial period	-	(1,955)	(1,955)	(668)	(2,623)
At 31 January 2026	15,207	14,553	29,760	8,509	38,269
HY2025 (Unaudited)					
At 1 August 2024	15,207	19,120	34,327	10,040	44,367
Net loss and total comprehensive loss for the financial period	-	(1,736)	(1,736)	(641)	(2,377)
At 31 January 2025	15,207	17,384	32,591	9,399	41,990

Company

	Share capital RM'000	Accumulated losses RM'000	Total RM'000
HY2026 (Unaudited)			
At 1 August 2025	15,207	(2,507)	12,700
Net loss and total comprehensive loss for the financial period	-	(385)	(385)
At 31 January 2026	15,207	(2,892)	12,315
HY2025 (Unaudited)			
At 1 August 2024	15,207	(1,924)	13,283
Net loss and total comprehensive loss for the financial period	-	(228)	(228)
At 31 January 2025	15,207	(2,152)	13,055

D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Group 6-month Note Period Ended 31 January 2026 (Unaudited) RM'000	Group 6-month Period Ended 31 January 2025 (Unaudited) RM'000
Cash flows from operating activities		
Net loss	(2,623)	(2,377)
Adjustments for:		
- (Reversal)/Loss allowance on trade receivables	(130)	255
- Depreciation of property, plant and equipment	272	279
- Amortisation of intangible assets	2	2
- Depreciation of right-of-use assets	44	62
- Interest income	(16)	(98)
- Interest expense	379	309
- Income tax credit	(584)	(491)
Operating cash flows before working capital changes	<u>(2,656)</u>	<u>(2,059)</u>
Changes in working capital:		
- Inventories	184	1,295
- Trade and other receivables	852	(1,331)
- Trade and other payables	(1,423)	268
Cash used in operations	<u>(3,043)</u>	<u>(1,827)</u>
Income tax refunded	429	1,276
Net cash used in operating activities	<u>(2,614)</u>	<u>(551)</u>
Cash flows from investing activities		
Additions to property, plant and equipment	(135)	(541)
Additions to biological assets	(2,132)	(5,296)
Interest received	32	100
Net cash used in investing activities	<u>(2,235)</u>	<u>(5,737)</u>
Cash flows from financing activities		
Principal payment of lease liabilities/ finance lease liabilities	(89)	(121)
Proceeds from borrowings	6,138	3,684
Interest paid	(44)	(41)
Principal repayment of borrowings	(40)	-
Net cash provided by financing activities	<u>5,965</u>	<u>3,522</u>
Net increase/(decrease) in cash and cash equivalents	1,116	(2,766)
Cash and cash equivalents at beginning of the year	1,436	7,910
Cash and cash equivalents at end of the period	8 <u>2,552</u>	<u>5,144</u>

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 financial period ended 31 January 2026 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 2025.

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 2025.

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 2026 and 2025 were derived and are based in Malaysia respectively.

	HY2026 (Unaudited) RM'000	HY2025 (Unaudited) RM'000
Sale of industrial tree plantation/ logs	2,249	7,514

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 2026 and 31 July 2025:

	Group		Company	
	As at 31 January 2026 (Unaudited) RM'000	As at 31 July 2025 (Audited) RM'000	As at 31 January 2026 (Unaudited) RM'000	As at 31 July 2025 (Audited) RM'000
Financial assets at amortised cost:				
Cash and bank balances	3,552	2,436	335	994
Trade and other receivables	3,904	4,778	1,557	1,557
Other receivables – non-current	164	154	8,283	8,069
Financial liabilities at amortised cost:				
Trade and other payables	1,236	2,658	317	291
Lease liabilities	980	1,069	-	-
Borrowings	27,209	20,776	-	-

6. Loss before taxation

6.1 Significant items

	HY2026 (Unaudited) RM'000	HY2025 (Unaudited) RM'000
Income		
Interest income	16	98
Expenses		
Finance expenses:		
- Finance lease liabilities	10	13
- Lease liabilities	27	28
- Borrowings	342	268
(Reversal)/loss allowance for impairment of trade receivables	(130)	255
Amortisation of intangible asset	2	2
Depreciation of property, plant and equipment	272	279
Depreciation of right-of-use assets	44	62
Employee compensation	1,572	1,632

6. Loss before taxation (continued)

6.2 Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

(a) Sale and purchases of goods and services

	Group	
	HY2026 (Unaudited) RM'000	HY2025 (Unaudited) RM'000
Rental expense on short term lease charged by related parties	(5)	(6)
Expenses incurred in biological assets charged by related parties	<u>(1,003)</u>	<u>(1,625)</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:

	Group	
	HY2026 (Unaudited) RM'000	HY2025 (Unaudited) RM'000
Directors of the Company		
Directors' fee		
- Company	158	160
- Subsidiary	18	18
Wages and salaries		
- Company	30	30
- Subsidiary	120	120
Defined contributions plan		
- Company	4	4
- Subsidiary	<u>15</u>	<u>15</u>
	<u>345</u>	<u>347</u>
Other key management personnel		
Wages and salaries		
- Subsidiary	289	217
Defined contributions plan		
- Subsidiary	<u>31</u>	<u>27</u>
	<u>320</u>	<u>244</u>

7. Taxation

The Group calculates the period income tax credit using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax credit in the condensed interim consolidated statement of profit or loss are:

	HY2026 (Unaudited) RM'000	HY2025 (Unaudited) RM'000
Over provision in respect of previous years	24	-
Deferred income tax expense relating to origination and reversal of temporary differences	560	491
	<u>584</u>	<u>491</u>

8. Cash and bank balances

	Group		Company	
	As at 31 January 2026 (Unaudited) RM'000	As at 31 July 2025 (Audited) RM'000	As at 31 January 2026 (Unaudited) RM'000	As at 31 July 2025 (Audited) RM'000
Cash at bank	2,326	1,203	335	994
Cash on hand	3	10	-	-
Short-term bank deposits	1,223	1,223	-	-
Cash and bank balances per Group balance sheet	3,552	2,436	335	994
Less: Bank deposits pledged (Note 12)	(1,000)	(1,000)	-	-
Cash and cash equivalents per consolidated statement of cash flows	<u>2,552</u>	<u>1,436</u>	<u>335</u>	<u>994</u>

9. Trade and other receivables

	Group		Company	
	As at 31 January 2026 (Unaudited) RM'000	As at 31 July 2025 (Audited) RM'000	As at 31 January 2026 (Unaudited) RM'000	As at 31 July 2025 (Audited) RM'000
<i>Current</i>				
Trade receivables – non-related parties	4,586	5,978	-	-
Less: Allowance for impairment	(1,259)	(1,389)	-	-
	<u>3,327</u>	<u>4,589</u>	-	-
Other receivables				
- related parties	282	50	-	-
- related corporation	-	17	-	-
- subsidiary	-	-	1,557	1,557
- non-related parties	280	93	-	-
Deposits	15	29	-	-
Prepayments	128	1	107	21
	<u>705</u>	<u>190</u>	<u>1,664</u>	<u>1,578</u>
	<u>4,032</u>	<u>4,779</u>	<u>1,664</u>	<u>1,578</u>
<i>Non-current</i>				
Retention sum on royalty fees (Note 1)	1,444	1,444	-	-
Other receivables - non-related party	164	154	-	-
Subsidiary corporation	-	-	8,283	8,069
	<u>1,608</u>	<u>1,598</u>	<u>8,283</u>	<u>8,069</u>
Total trade and other receivables	<u>5,640</u>	<u>6,377</u>	<u>9,947</u>	<u>9,647</u>

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

Current other receivables from related parties and related corporation 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% (31 July 2025: 7.60%) 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 2026, the Group acquired assets amounting to RM 135,187 (31 January 2025: RM540,563).

Other than the depreciation charged in the condensed interim consolidated statement of profit or loss and other comprehensive income, the depreciation charge relating to property, plant and equipment used in plantation (reforestation) development activities during the financial year of RM 134,998 (31 January 2025: RM117,224) is capitalised and included in biological assets (Note 11).

11. Biological assets

	Group	
	As at 31 January 2026 (Unaudited) RM'000	As at 31 July 2025 (Audited) RM'000
Beginning of financial year	52,458	42,200
Additions	2,342	8,415
Harvested	(61)	(12)
Changes in fair value of biological assets	-	1,855
End of financial period/year	54,739	52,458

Biological assets represent the forest planting expenditure incurred and measured at fair value as at 31 July 2025 under the license as described in Note 12 below.

12. Intangible asset

	Group	
	As at 31 January 2026 (Unaudited) RM'000	As at 31 July 2025 (Audited) RM'000
<u>Acquired timber rights</u>		
<i>Cost</i>		
Beginning and end of financial year/period	500	500
<i>Accumulated amortisation</i>		
Beginning of financial year	50	45
Amortisation charge (Note 6)	2	5
End of financial year	52	50
Net book value		
End of financial year	448	450

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 2026 (Unaudited) RM'000	As at 31 July 2025 (Audited) RM'000	As at 31 January 2026 (Unaudited) RM'000	As at 31 July 2025 (Audited) RM'000
Trade payables – non-related parties	94	1,040	-	-
Non-trade payables				
- non-related parties	708	652	253	77
- related parties	171	110	-	-
- ultimate holding corporation	-	357	-	-
- related corporation	11	11	-	-
Accruals for operating expenses	252	488	64	214
	<u>1,236</u>	<u>2,658</u>	<u>317</u>	<u>291</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 January 2026 (Unaudited) RM'000	As at 31 July 2025 (Audited) RM'000
<u>Current</u>		
Lease liabilities	106	117
Borrowings	4,480	4,470
	<u>4,586</u>	<u>4,587</u>
<u>Non-current</u>		
Lease liabilities	874	952
Borrowings	22,729	16,306
	<u>23,603</u>	<u>17,258</u>
Total borrowings	<u>28,189</u>	<u>21,845</u>

14. Borrowings (continued)

(a) Lease liabilities

	Group	
	As at 31 January 2026 (Unaudited) RM'000	As at 31 July 2025 (Audited) RM'000
<u>Amount repayable within one year or on demand</u>		
Secured	106	117
<u>Amount repayable after one year</u>		
Secured	278	328
Unsecured	596	624
	<u>874</u>	<u>952</u>
Total lease liabilities	<u>980</u>	<u>1,069</u>

(b) Borrowings

	Group	
	As at 31 January 2026 (Unaudited) RM'000	As at 31 July 2025 (Audited) RM'000
<u>Amount repayable within one year or on demand</u>		
Secured	4,480	4,470
<u>Amount repayable after one year</u>		
Secured	22,729	16,306
	<u>27,209</u>	<u>20,776</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
HY2026				
Beginning and end of financial period	118,474	15,207	118,474	15,207
HY2025				
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 2025.

The Company did not have any convertible securities, treasury shares and subsidiary holdings as at 31 January 2026, 31 July 2025 and 31 January 2025.

16. Earnings per share

	Group	
	HY2026 (Unaudited)	HY2025 (Unaudited)
Loss attributable to owners of the Company (RM'000)	(1,955)	(1,736)
Weighted average number of ordinary shares ('000)	118,474	118,474
Basic and diluted EPS based on actual number of shares ⁽¹⁾ (Sen)	(1.65)	(1.47)

Note:

(1) The basic and fully diluted EPS were the same as there were no dilutive ordinary shares in issue as at 31 January 2026 and 31 January 2025.

17. Net asset value

	Group		Company	
	As at 31 January 2026 (Unaudited) RM	As at 31 July 2025 (Audited) RM	As at 31 January 2026 (Unaudited) RM	As at 31 July 2025 (Audited) RM
Net asset value attributable to owners of the Company per ordinary share	0.25	0.27	0.10	0.11

18. Subsequent event

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

F. OTHER INFORMATION REQUIRED 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 HY2026 as compared to HY2025

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 RM5.3 million in HY2026 compared to HY2025, primarily due to the Group's decision to delay logging and production operations in response to the adverse market and weather conditions. This led to the significant lower sales volume in HY2026.

Cost of sales and gross profits

The decrease in cost of sales by RM3.4 million in HY2026 compared to HY2025 was mainly attributed to the decrease in sales volume as explained above.

The Group recorded a gross profit of RM0.7 million in HY2026 as compared to a gross profit of RM2.5 million in HY2025 mainly due to the decrease in revenue. The gross profit margin decreased from 34% in HY2025 to 29% in HY2026 primarily due to a decrease in the average selling price.

Other income

Other income comprises mainly of interest income from fixed deposits. Other income decreased by RM75,000, or 71% in HY2026 compared to HY2025 mainly due to uplift of fixed deposits for utilisation of planting and maintenance activities.

Other gains/(losses)

Other gains comprised of gain on foreign exchange and reversal on allowance on trade receivables during the financial period.

Distribution expense

Distribution expenses comprised of transportation expenses incurred for transporting our logs to customers in Tawau. Distribution expenses decreased by RM897,000 mainly due to decrease in sales to these customers.

Administrative expenses

Administrative expenses comprised mainly of employee compensation, depreciation, amortisation, repair and maintenance, professional fees and travelling expenses. Administrative expenses decreased by RM403,000, or 11% in HY2026 compared to HY2025 mainly due to decrease in entertainment, travelling and transportation, repair and maintenance and employee compensation during the financial period.

Finance expenses

Finance expenses comprised mainly of hire purchase interest on motor vehicles, interest on operating lease liabilities and FPD loan interest expense. Finance expenses increased by approximately RM70,000 in HY2026, mainly due to higher interest incurred on the FPD loan as a result of additional loan drawdown during the financial period.

Loss after tax

As a result of the foregoing, loss after tax in HY2026 amounted to RM2.6 million compared to a loss after tax of RM2.4 million in HY2025.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Review of the Group's financial position as at 31 January 2026 as compared to 31 July 2025.

Current assets

Cash and bank balances amounted to approximately RM3.6 million, or 46% of current assets.

Trade and other receivables amounted to approximately RM4.0 million, or 52% of current assets. Trade receivables amounted to approximately RM3.3 million, or 43% of current assets. Other receivables amounted to approximately RM705,000 or 9% of current assets. Trade receivables decreased by approximately RM1.3 million as at 31 January 2026 mainly attributed to decreased sales in HY2026. Other receivables increased by RM515,000 as at 31 January 2026 mainly due to increase in outstanding amount from related and non-related parties.

Inventories amounted to approximately RM132,000, or 2% of current assets is related to logs held at central stumping. Inventories decreased by approximately RM184,000 as at 31 January 2026 compared to 31 July 2025 mainly due to decrease in logging activities during the financial period.

Non-current assets

Other receivables amounted to approximately RM1.6 million or 3% of non-current assets. This is related to the retention sum collected by the 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 RM4.5 million, or 7% of non-current assets, comprised mainly motor vehicles, plantation infrastructure, office equipment, and furniture and fittings. Property, plant and equipment decreased by RM273,000, or 6% as at 31 January 2026 compared to as at 31 July 2025 mainly due to the depreciation during the financial period.

Right-of-use asset amounted to RM773,000, or 1% of non-current assets. The decrease in right-of-use asset by RM58,000, or 7% as at 31 January 2026 compared to as at 31 July 2025 mainly due to the depreciation during the financial period.

Biological assets amounted to approximately RM54.7 million, or 88% 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 RM2.3 million, or 4% mainly due to the cost incurred for the initial stages of replanting and planting activities during the financial period.

Intangible assets amounted to approximately RM448,000, 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 RM1.2 million, or 21% of current liabilities comprising mainly of trade payables of RM94,000 and other payables amounting to approximately RM1.14 million. Trade payables decreased by RM946,000, or 91% as at 31 January 2026 compared to 31 July 2025 mainly due to settlement during the financial period. Other payables decreased by approximately RM476,000, or 29% as at 31 January 2026 compared to as at 31 July 2025 due to settlement during the financial period.

Borrowings amounted to RM4.6 million, or 79% 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 RM874,000, or 3% 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 RM78,000 or 8% as at 31 January 2026 compared to as at 31 July 2025 mainly due to the repayment of lease liabilities.

Borrowings amounted to RM22.7 million, or 89% of non-current liabilities. This borrowing represents a loan facility obtained from 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 RM2.61 million in HY2026 mainly due to net loss during the financial period.

Net cash used in investing activities of approximately RM2.24 million in HY2026 is related to additions to plantation infrastructure and biological assets.

Net cash provided by financing activities of approximately RM6 million is mainly due to drawdown of the loan facility from 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 2026 is consistent with the profit guidance announcement released by the Company on 2 March 2026.

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 Group remains exposed to weather-related risks that may continue to affect salvage logging operations. The management will continue to monitor market conditions and implement measures to mitigate the impact on its operations.

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 HY2025.

(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 2026 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 (Disclosure pursuant to Catalist Rule 706A)

Not applicable. The Company did not acquire or dispose shares in any companies in HY2026.

BY ORDER OF THE BOARD

Jema Anton Khan
Chairman

16 March 2026