



**JAWALA INC.**

(Incorporated in Labuan on 8 August 2017)

(Company Registration No. LL13922)

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**UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT  
FOR THE SIX MONTHS AND FULL YEAR ENDED 31 JULY 2021**

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

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

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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 PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	Note	6 months ended		Group			
		31 July 2021 (Unaudited) RM'000	31 July 2020 (Unaudited) RM'000	Increase/ (Decrease) %	12 months ended		Increase/ (Decrease) %
					FY2021 (Unaudited) RM'000	FY2020 (Audited) RM'000	
<b>Revenue</b>	4	17,678	1,962	801	33,659	20,712	63
Cost of sales		(8,070)	(1,073)	652	(15,610)	(9,328)	67
<b>Gross profit</b>		9,608	889	981	18,049	11,384	59
Other income		325	764	(57)	695	1,203	(42)
<b>Expenses</b>							
- Distribution		(823)	(49)	1,580	(1,106)	(896)	23
- Administrative		(3,963)	(3,334)	19	(6,868)	(6,400)	7
- Finance		(23)	(51)	(55)	(102)	(105)	(3)
<b>Profit/(loss) before tax</b>	6	5,124	(1,781)	NM	10,668	5,186	106
Income tax expense	7	(1,361)	(147)	826	(2,752)	(1,706)	61
<b>Total comprehensive income/(loss), representing net profit/(loss)</b>		3,763	(1,928)	NM	7,916	3,480	127
<b>Total comprehensive income/(loss) and net profit/(loss) attributable to:</b>							
Equity holders of the Company		2,502	(1,487)	NM	5,341	2,203	142
Non-controlling interests		1,261	(441)	NM	2,575	1,277	102
		3,763	(1,928)	NM	7,916	3,480	127
Profit/(loss) per share attributable to owners of the Company (RM)		0.02	(0.01)		0.05	0.02	

## B. CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

	Note	Group		Company	
		As at 31 July 2021 (Unaudited) RM'000	As at 31 July 2020 (Audited) RM'000	As at 31 July 2021 (Unaudited) RM'000	As at 31 July 2020 (Audited) RM'000
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	8	33,965	30,711	6,093	8,185
Trade and other receivables	9	8,672	2,204	8,402	5,295
Income tax recoverable		685	1,413	-	-
Inventories		874	66	-	-
<b>Total current assets</b>		<b>44,196</b>	<b>34,394</b>	<b>14,495</b>	<b>13,480</b>
<b>Non-current assets</b>					
Other receivables	9	1,180	878	-	-
Investment in subsidiary		-	-	2,350	2,350
Property, plant and equipment	10	2,515	2,146	-	-
Right-of-use assets		1,036	1,169	-	-
Biological assets	11	8,656	5,619	-	-
Intangible assets	12	470	475	-	-
<b>Total non-current assets</b>		<b>13,857</b>	<b>10,287</b>	<b>2,350</b>	<b>2,350</b>
<b>Total assets</b>		<b>58,053</b>	<b>44,681</b>	<b>16,845</b>	<b>15,830</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables	13	3,494	1,187	371	581
Borrowings	14	165	146	-	-
<b>Total current liabilities</b>		<b>3,659</b>	<b>1,333</b>	<b>371</b>	<b>581</b>
<b>Non-current liabilities</b>					
Borrowings	14	4,358	1,212	-	-
Deferred income tax liabilities		2,253	1,463	-	-
<b>Total non-current liabilities</b>		<b>6,611</b>	<b>2,675</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>		<b>10,270</b>	<b>4,008</b>	<b>371</b>	<b>581</b>
<b>Net assets</b>		<b>47,783</b>	<b>40,673</b>	<b>16,474</b>	<b>15,249</b>
<b>EQUITY</b>					
<b>Capital and reserves attributable to equity holders of the Company</b>					
Share capital	15	15,207	15,207	15,207	15,207
Retained profits	16	22,469	17,128	1,267	42
		<b>37,676</b>	<b>32,335</b>	<b>16,474</b>	<b>15,249</b>
<b>Non-controlling interests</b>		<b>10,107</b>	<b>8,338</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>		<b>47,783</b>	<b>40,673</b>	<b>16,474</b>	<b>15,249</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>FY2021 (Unaudited)</b>						
<b>At 1 August 2020</b>		15,207	17,128	32,335	8,338	<b>40,673</b>
Total comprehensive income for the financial year		-	5,341	5,341	2,575	<b>7,916</b>
Dividend declared	17	-	-	-	(806)	<b>(806)</b>
<b>At 31 July 2021</b>		<b>15,207</b>	<b>22,469</b>	<b>37,676</b>	<b>10,107</b>	<b>47,783</b>
<b>FY2020 (Audited)</b>						
<b>At 1 August 2019</b>		15,207	16,394	31,601	7,370	<b>38,971</b>
Total comprehensive income for the financial year		-	2,203	2,203	1,277	<b>3,480</b>
Dividend declared	17	-	(1,469)	(1,469)	(309)	<b>(1,778)</b>
<b>At 31 July 2020</b>		<b>15,207</b>	<b>17,128</b>	<b>32,335</b>	<b>8,338</b>	<b>40,673</b>

### Company

	Note	Share capital RM'000	Retained profits RM'000	Total RM'000
<b>FY2021 (Unaudited)</b>				
<b>At 1 August 2020</b>		15,207	42	15,249
Total comprehensive income for the financial year		-	1,225	1,225
<b>At 31 July 2021</b>		<b>15,207</b>	<b>1,267</b>	<b>16,474</b>
<b>FY2020 (Audited)</b>				
<b>At 1 August 2019</b>		15,207	1,546	16,753
Total comprehensive loss for the financial year		-	(35)	(35)
Dividend paid	17	-	(1,469)	(1,469)
<b>At 31 July 2020</b>		<b>15,207</b>	<b>42</b>	<b>15,249</b>

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

	Note	Group	
		FY2021 (Unaudited) RM'000	FY2020 (Audited) RM'000
<b>Cash flows from operating activities</b>			
Net profit		7,916	3,480
Adjustments for:			
- Depreciation of property, plant and equipment		288	265
- Amortisation of intangible assets		5	5
- Depreciation of right-of-use assets		231	215
- Interest income		(599)	(980)
- Interest expense		102	105
- Income tax expense		2,752	1,706
- Gain on disposal of property, plant and equipment		(1)	-
Operating cash flows before working capital changes		10,694	4,796
Changes in working capital:			
- Inventories		(808)	1,097
- Trade and other receivables		(6,747)	2,465
- Trade and other payables		1,813	(1,835)
Cash provided by operations		4,952	6,523
Income tax paid		(1,233)	(2,699)
<b>Net cash provided by operating activities</b>		<b>3,719</b>	<b>3,824</b>
<b>Cash flows from investing activities</b>			
Additions to property, plant and equipment		(818)	(567)
Addition to right-of-use assets		(18)	-
Additions to biological assets		(2,783)	(2,848)
Proceeds from disposal of property, plant and equipment		5	-
<b>Net cash used in investing activities</b>		<b>(3,614)</b>	<b>(3,415)</b>
<b>Cash flows from financing activities</b>			
Principal payment of lease liabilities/ finance lease liabilities		(157)	(129)
Proceeds from borrowings		3,144	-
Interest received		577	949
Interest paid		(102)	(105)
Dividend paid		(313)	(2,514)
<b>Net cash provided by/ (used in) financing activities</b>		<b>3,149</b>	<b>(1,799)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>3,254</b>	<b>(1,390)</b>
Cash and cash equivalents at beginning of the year		29,711	31,101
<b>Cash and cash equivalents at end of the year</b>	8	<b>32,965</b>	<b>29,711</b>

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

### **1. Corporate information**

The Company is listed on Catalist Board of Singapore Exchange Securities Trading Limited ("SGX-ST") on 1 June 2018 and incorporated in Labuan on 8 August 2017 as a company limited by shares, under the name of "Jawala Inc.", to act as the holding corporation of the Group.

The address of its registered office is at Lot A020, Level 1, Podium Level, Financial Park, Jalan Merdeka, 87000 Labuan F.T. Malaysia. The principal place of business is located at Lot 17.02, 17th Floor, Menara KH, Jalan Sultan Ismail, 50250 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, Malaysia.

The principal activity of the Company is investment holding. The principal activities of the subsidiary corporation are harvesting, distributing, processing and sales of timber. The Company's immediate and ultimate holding corporation is Jawala Corporation Sdn. Bhd., a company incorporated in Malaysia.

### **2 Basis of preparation**

The condensed interim financial statements for the financial year ended 31 July 2021 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 2020.

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 2020.

## 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. There is no area involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

### 3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial year.

### 4. Segment and revenue information

The Group operates predominantly in only one business segment, which is the timber segment, namely the extraction and sale of timber. 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 2021 and 2020 were derived and are based in Malaysia respectively.

	6 months ended		12 months ended	
	31 July 2021 (Unaudited) RM'000	31 July 2020 (Unaudited) RM'000	FY2021 (Unaudited) RM'000	FY2021 (Audited) RM'000
Sale of timber	17,678	1,962	33,659	20,712

All the sales are recognised at a point in time.

## 5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 31 July 2021 and 31 July 2020:

	<b>Group</b>		<b>Company</b>	
	As at 31 July 2021 (Unaudited) RM'000	As at 31 July 2020 (Audited) RM'000	As at 31 July 2021 (Unaudited) RM'000	As at 31 July 2020 (Audited) RM'000
<b>Financial assets at amortised cost:</b>				
Cash and bank balances	33,965	30,711	6,093	8,185
Trade and other receivables	8,643	2,169	8,237	5,020
<b>Financial liabilities at amortised cost:</b>				
Trade and other payables	3,494	1,187	371	581
Borrowings	4,523	1,358	-	-

## 6. Profit before taxation

### 6.1 Significant items

	<b>6 months ended</b>		<b>12 months ended</b>	
	31 July 2021 (Unaudited) RM'000	31 July 2020 (Unaudited) RM'000	FY2021 (Unaudited) RM'000	FY2020 (Audited) RM'000
<b>Income</b>				
Interest income	321	541	599	980
Gain on disposal of property, plant and equipment	-	-	1	-
<b>Expenses</b>				
Finance expenses:				
- Finance lease liabilities	12	7	22	20
- Lease liabilities	39	44	80	85
Amortisation of intangible asset	2	2	5	5
Depreciation of property, plant and equipment	53	82	288	265
Depreciation of right-of-use assets	188	183	231	215
Employee compensation	2,078	1,128	3,631	2,668

## 6. Profit before taxation (continued)

### 6.2 Related party transactions

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

(a) Sale and purchases of goods and services

	<b>Group</b>	
	As at 31 July 2021 (Unaudited) RM'000	As at 31 July 2020 (Audited) RM'000
Rental expense on operating lease charged by immediate holding corporation	6	6
Rental expense on operating lease charged by related corporation	<u>20</u>	<u>19</u>

(b) Key management personnel compensation

Key management personnel compensation is as follows:

	<b>Group</b>	
	As at 31 July 2021 (Unaudited) RM'000	As at 31 July 2020 (Audited) RM'000
<b>Directors of the Company</b>		
Wages and salaries	945	925
Defined contributions plan	<u>88</u>	<u>84</u>
	<u>1,033</u>	<u>1,009</u>
<b>Other key management personnel</b>		
Wages and salaries	557	486
Defined contributions plan	<u>73</u>	<u>61</u>
	<u>630</u>	<u>547</u>

## 7. Taxation

The Group calculates the year income tax expense using the tax rate of 24% (2020: 24%) that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	<b>6 months ended</b>		<b>12 months ended</b>	
	31 July 2021 (Unaudited) RM'000	31 July 2020 (Unaudited) RM'000	FY2021 (Unaudited) RM'000	FY2020 (Audited) RM'000
Current income tax expense	944	20	2,000	1,045
Deferred income tax expense relating to origination and reversal of temporary differences	417	127	752	661
	<u>1,361</u>	<u>147</u>	<u>2,752</u>	<u>1,706</u>

**8. Cash and bank balances**

	<b>Group</b>		<b>Company</b>	
	As at 31 July 2021 (Unaudited) RM'000	As at 31 July 2020 (Audited) RM'000	As at 31 July 2021 (Unaudited) RM'000	As at 31 July 2020 (Audited) RM'000
Cash at bank and on hand	14,427	6,700	4,989	1,008
Short-term bank deposits	19,538	24,011	1,104	7,177
Cash and cash equivalents per Group statement of financial position	33,965	30,711	6,093	8,185
Less: Deposits placed with banks as security (Note 12)	1,000	1,000	-	-
Cash and cash equivalents per consolidated cash flow statement	<b>32,965</b>	<b>29,711</b>	<b>6,093</b>	<b>8,185</b>

**9 Trade and other receivables**

	<b>Group</b>		<b>Company</b>	
	As at 31 July 2021 (Unaudited) RM'000	As at 31 July 2020 (Audited) RM'000	As at 31 July 2021 (Unaudited) RM'000	As at 31 July 2020 (Audited) RM'000
<i>Current</i>				
Trade receivables – non- related parties	8,199	1,635	-	-
Other receivables - non-related parties	421	494	-	-
- subsidiary corporation	-	-	8,237	5,020
Deposits	23	40	-	-
Prepayments	29	35	165	275
	8,672	2,204	8,402	5,295
<i>Non-current</i>				
Other receivables – non- related party	1,180	878	-	-
Total trade and other receivables	<b>9,852</b>	<b>3,082</b>	<b>8,402</b>	<b>5,295</b>

The non-current other receivables is related to the retention sum collected by the Sabah Forestry Department (“SFD”) to offset against any potential shortfall in payment to the SFD. Such retention sum can be used for future payments to the SFD.

## 10. Property, plant and equipment

During the full year ended 31 July 2021, the Group acquired assets amounting to RM817,649 (31 July 2020: RM567,663) and disposed of assets with proceeds of RM5,000 (31 July 2020: RM Nil).

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 RM180,639 (31 July 2020: RM91,872) is capitalised and included in biological assets (Note 11).

## 11 Biological assets

	Group	
	As at 31 July 2021 (Unaudited) RM'000	As at 31 July 2020 (Audited) RM'000
Beginning of financial year	5,619	2,663
Additions	3,037	2,956
<b>End of financial year</b>	<b>8,656</b>	<b>5,619</b>

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

## 12. Intangible asset

	Group	
	As at 31 July 2021 (Unaudited) RM'000	As at 31 July 2020 (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	25	20
Amortisation charge (Note 6)	5	5
End of financial year	30	25
<b>Net book value</b>		
<b>End of financial year</b>	<b>470</b>	<b>475</b>

On 12 August 2015, the Group was granted a sustainable forest management license ("License") over an area of 11,043 hectares in the Sapulut Forest Reserve in Sabah for a period of 100 years. In accordance with the License, a banker's guarantee for the sum of RM1.0 million was taken up by the Group (Note 8).

### 13. Trade and other payables

	Group		Company	
	As at 31 July 2021 (Unaudited) RM'000	As at 31 July 2020 (Audited) RM'000	As at 31 July 2021 (Unaudited) RM'000	As at 31 July 2020 (Audited) RM'000
Trade payables - non-related parties	1,067	44	-	-
Other payables				
- non-related parties	743	600	226	577
- Immediate holding corporation	4	3		
Dividend payable	806	363	-	-
Accruals for operating expenses	874	177	145	4
	<u>3,494</u>	<u>1,187</u>	<u>371</u>	<u>581</u>

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

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

### 14. Borrowings

	Group	
	As at 31 July 2021 (Unaudited) RM'000	As at 31 July 2020 (Audited) RM'000
<u>Current</u>		
Lease liabilities	165	146
<u>Non-current</u>		
Lease liabilities	1,140	1,212
Borrowings	3,218	-
	<u>4,358</u>	<u>1,212</u>
Total borrowings	<u>3,218</u>	<u>-</u>

## 14. Borrowings (continued)

### (a) Lease liabilities

	<b>Group</b>	
	As at 31 July 2021 (Unaudited) RM'000	As at 31 July 2020 (Audited) RM'000
<u>Amount repayable within one year or on demand</u>		
Secured	97	72
Unsecured	68	74
	<u>165</u>	<u>146</u>
<u>Amount repayable after one year</u>		
Secured	350	353
Unsecured	790	859
	<u>1,140</u>	<u>1,212</u>
Total lease liabilities	<u>1,305</u>	<u>1,358</u>

### (b) Borrowings

	<b>Group</b>	
	As at 31 July 2021 (Unaudited) RM'000	As at 31 July 2020 (Audited) RM'000
<u>Amount repayable after one year</u>		
Secured	<u>3,218</u>	<u>-</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>2021</b>				
Beginning and end of financial year	118,474	15,207	118,474	15,207
<b>2020</b>				
Beginning and end of financial year	118,474	15,207	118,474	15,207

There was no change in the Company's share capital since 31 January 2021.

The Company did not have any convertible securities, treasury shares and subsidiary holdings as at 31 July 2021 and 31 July 2020.

**16. Retained profits**

Included in retained profits is an amount of RM18.0 million (31 July 2020: RM15.6 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.

**17. Dividend**

	Group	
	As at 31 Jul 2021 (Unaudited) RM'000	As at 31 Jul 2020 (Audited) RM'000
<i>Ordinary dividends</i>		
<u>Jawala Inc.</u>		
No final dividend paid in respect of the previous financial year of SGD Nil (2020: SGD0.004) per share, total of SGD Nil (2020: SGD 473,896)	-	1,469
<u>Jawala Plantation Industries Sdn. Bhd.</u>		
Interim tax exempt dividend of RM0.806 (2020: RM0.313) per share <sup>(1)</sup>	806	309

<sup>(1)</sup> Non-controlling interests' share of interim dividends declared by subsidiary corporation which remain unpaid as at respective balance sheet dates. The dividend per share is calculated based on the number of ordinary shares of the subsidiary corporation in issue as at date of dividend declaration.

**18. Earnings per share**

	<b>Group</b>	
	FY2021 (Unaudited)	FY2020 (Audited)
Profit attributable to owners of the Company (RM'000)	5,341	2,203
Weighted average number of ordinary shares ('000)	118,474	118,474
Basic and diluted EPS based on actual number of shares <sup>(1)</sup> (RM)	0.05	0.02

*Note:*

*(1) The basic and fully diluted EPS were the same as there were no dilutive ordinary shares in issue as at 31 July 2021 and 31 July 2020.*

**19. Net asset value**

	<b>Group</b>		<b>Company</b>	
	As at 31 July 2021 (Unaudited) RM'000	As at 31 July 2020 (Audited) RM'000	As at 31 July 2021 (Unaudited) RM'000	As at 31 July 2020 (Audited) RM'000
Net asset value per ordinary share	0.41	0.34	0.14	0.13

**20. Contingencies**Subsidiary corporation

The subsidiary corporation has provided a corporate guarantee in favour of Hitachi Capital Malaysia Sdn. Bhd. ("HCMSB") in consideration of HCMSB granting a hire-purchase facility of RM339,538 (2020: RM Nil) to Zachary Enterprise ("ZE") for the purpose of part financing the purchase of one unit of new Hitachi Hydraulic Excavator by ZE as per the terms and conditions as stated in the letter of offer dated 3<sup>rd</sup> May 2021 executed between the parties.

As at 31 July 2021, the total outstanding amount including interest of the hire-purchase facility is RM332,464 (2020: RM Nil).

**21. 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 by the Company's auditors.

### 2. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable. The figures have not been audited or reviewed by the Company's auditors.

### 2A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-

(a) Updates on the efforts taken to resolve each outstanding audit issue.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that is a material uncertainty relating to going concern.

Not applicable.

### 3. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

### *Review of Group's performance for FY2021 as compared to FY2020*

#### Revenue

Our revenue is derived principally from the sales of timber in Malaysia. Our timber comprises of Seraya, Kapur, Keruing, Selangan Batu, Sedaman and timbers of hard and soft densities.

Revenue increased by RM12.9 million, or 63% in FY2021 compared to FY2020 mainly due to an increase in sales volume from 41,756m<sup>3</sup> in FY2020 to 65,733m<sup>3</sup> in FY2021 as a result of the recovery in demand of logs from the local markets after the longer disruptions in operations in FY2020 due to Covid-19 pandemic.

#### Cost of sales and gross profits

The increase in cost of sales by RM6.3 million, or 67% in FY2021 compared to FY2020 was mainly due to the increase in sales volume as well as increase in extraction fee during the financial year.

The gross profit increased by RM6.7 million, or 59% in FY2021 compared to FY2020 mainly due to the increase in revenue. The gross profit margin decreased from 55% in FY2020 to 54% in FY2021 mainly due to the increase in extraction fee during the financial year.

### Other income

Other income comprised mainly of interest income from fixed deposits. Other income decreased by RM508,000, or 42% in FY2021 compared to FY2020 mainly due to lower fixed deposit interest rate during the year. In addition, the decrease in the Covid-19 pandemic wage subsidy received in FY2021 from the Malaysia Social Security Organisation (SOCSO) as compared to FY2020 also contributed to the lower other income.

### Distribution expense

Distribution expenses comprised of transportation expenses incurred for transporting our logs to customers in Tawau and Sandakan. Distribution expenses increased by approximately RM0.2 million or 23% mainly due to the increase in sales from customer that need transportation of logs during the financial year.

### Administrative expenses

Administrative expenses comprised mainly of employee compensation, depreciation, amortisation, listing expenses, rental and travelling expenses. Administrative expenses increased by approximately RM0.5 million, or 7% in FY2021 compared to FY2020 mainly due to the increase in employee compensation as a result of the increase in headcount in FY2021 as compared to FY2020 as well as the increase in depreciation on property, plant and equipment.

### Profit after tax

As a result of the foregoing, profit after tax in FY2021 amounted to RM7.9 million compared to RM3.5 million in FY2020, an increase of approximately RM4.4 million, or 127%.

## **CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

### ***Review of the Group's financial position as at 31 July 2021 as compared to 31 July 2020.***

#### Current assets

Cash and cash equivalents were the most significant component of current assets and amounted to approximately RM34.0 million, or 77% of current assets.

Trade and other receivables amounted to approximately RM8.7 million, or 20% of current assets. Trade receivables amounted to approximately RM8.2 million, or 19% of current assets. Other receivables amounted to approximately RM0.5 million or 1% of current assets. Trade receivables increased by approximately RM6.6 million in FY2021 mainly due to the increase in sales. Other receivables decreased by RM96,000, or 17% in FY2021 mainly due to lower fixed deposit interest accrued.

The income tax recoverable amounted to RM0.7 million, or 2% of current assets, is related to the income tax refundable from the Inland Revenue Board. The income tax recoverable decreased by RM0.7 million, or 52% mainly due to the offset of the income tax refundable against the income tax provision during the financial year.

Inventories amounted to approximately RM874,000, or 2% of current assets and is related to logs held at central stumping. Inventories increased by approximately RM0.8 million in FY2021 compared to FY2020 mainly due to higher production as at 31 July 2021 compared to as at 31 July 2020 as production was affected by tighter movement restrictions in FY2020.

### Non-current assets

Other receivables amounted to approximately RM1.2 million or 9% of non-current assets. This is related to the retention sum collected by the Sabah Forestry Department (“SFD”) to offset against any potential shortfall in payment to the SFD. Such retention sum can be used for future payments to the SFD. Other receivables increased by approximately RM0.3 million, or 34% in FY2021 compared to FY2020 due to the retention sum paid to SFD during the financial year.

Property, plant and equipment amounted to approximately RM2.5 million, or 18% of non-current assets comprising mainly motor vehicles, plantation infrastructure, office equipment, and furniture and fittings. Property, plant and equipment increased by RM0.4 million, or 17% in FY2021 compared to FY2020 mainly due to the addition of plantation infrastructure.

Right-of-use (“ROU”) asset amounted to RM1.0 million, or 7% of non-current assets due to the adoption of SFRS(I) 16 for recognition of ROU since 1 August 2019. The decrease in right-of-use asset by RM0.1 million, or 11% in FY2021 compared to FY2020 mainly due to the depreciation of right-of-use asset partially offset by the addition of motor vehicle during the year.

Biological assets amounted to approximately RM8.7 million, or 62% 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 RM3.0 million, or 54% mainly due to the cost incurred for the initial stages of replanting and planting activities during the financial year.

Intangible assets amounted to approximately RM0.5 million, or 3% of non-current assets and is related to the acquired timber rights on the license granted by the SFD as per the Sustainable Forest management License Agreement.

### Current liabilities

Trade and other payables amounted to approximately RM3.5 million, or 95% of current liabilities comprising mainly of trade payables of approximately RM1.1 million and other payables amounting to RM2.4 million. Trade payables increased by approximately RM1.1 million in FY2021 compared to FY2020 mainly due to the increase in sales volume. Other payables increased by approximately RM1.3 million, or 112% in FY2021 compared to FY2020 mainly due to the dividend proposed for FY2021.

Lease liabilities amounted to RM165,000, or 5% of current liabilities, is 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 increased by approximately RM0.02 million or 13% in FY2021 compared to FY2020 mainly due to the new lease obtained during the financial year on the purchase of motor vehicle.

### Non-current liabilities

Lease liabilities amounted to RM1.1 million, or 17% 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 RM72,000 or 6% in FY2021 compared to FY2020 mainly due to the repayment of lease liabilities partially offset by the new lease obtained during the financial year on the purchase of motor vehicle.

Borrowings amounted to RM3.2 million, or 49% 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 RM2.3 million or 34% of non-current liabilities. Deferred income tax liability increased by approximately RM0.8 million or 54% in FY2021 compared to FY2020 mainly due to higher timing difference between the net book value and tax written down value as a result of the addition in property, plant and equipment and biological assets.

#### REVIEW OF THE GROUP'S CASH FLOW STATEMENT

No significant variance noted for the net cash provided by operating activities.

Net cash used in investing activities of approximately RM3.6 million in FY2021 is related to the acquisition of motor vehicles, additions to plantation infrastructure and biological assets.

Net cash provided by financing activities of approximately RM3.1 million is mainly due to the borrowing proceeds received 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 performance for the period under review is in line with its expectation as disclosed in the announcement of results for the half year ended 31 January 2021 issued on 16 March 2021.

#### 5. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The Covid-19 pandemic has adversely impacted both the economies of Sabah as well as the economies of major importers of Sabah's timber products. However, the statistics from the Sabah Forestry Department show that exports of timber products from Sabah for the first half of 2021 recorded an increase of 86% and 71% for value and volume respectively as compared to the first half of 2020. We expect the Group to benefit as a result of the current market recovery.

#### 6. Dividend

If a decision regarding dividend has been made:-

##### (a) Whether an interim (final) dividend has been declared (recommended); and

A final ordinary dividend has been recommended for approval by Shareholders' resolution at the Annual General Meeting.

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

	Company FY2021	Company FY2020
Name of Dividend (First and Final)	Ordinary	-
Dividend Type	Cash	-
Dividend Amount per Share	0.003 Singapore dollar	-
Tax Rate	Tax exempt (one-tier)	-

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

Please refer to 11 (b).

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

Subject to the approval by the Shareholders at the forthcoming annual general meeting. The dividend payable date will be announced later.

**(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.**

Subject to the approval by the Shareholders at the forthcoming annual general meeting. The record date will be announced later.

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

Not applicable.

**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 any interested person transaction exceeding S\$100,000 for FY2021.

**9. Confirmation pursuant to Rule 720(1) of the Catalist Rules**

The Company confirms that it has procured the undertakings from all its Directors and executive officers in the required format.

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

Not applicable. The Company did not acquire or dispose shares in any companies in FY2021.

**11. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by operating segments.**

Not applicable.

**12. A breakdown of sales as follows:-**

	Group FY2021 RM'000	Group FY2020 RM'000	Increase/ (Decrease) %
Sales reported for first half year	15,981	18,750	(15)
Net profit attributable to the Group for the first half year	4,153	5,408	(23)
Sales reported for second half year	17,678	1,962	801
Net (loss)/ profit attributable to the Group for second half year	3,763	(1,928)	NM

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

	Company FY2021 RM'000	Company FY2020 RM'000
Ordinary	<b>1,102*</b>	-
Preference	-	-
<b>Total</b>	<b>1,102</b>	-

- The Company has proposed a final dividend of S\$0.003 per share for FY2021, subject to the shareholders' approval at the forthcoming annual general meeting.

**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.**

<b>Name</b>	<b>Age</b>	<b>Family relationship with any directors and/or substantial shareholder</b>	<b>Current position and duties, and the year the position was held</b>	<b>Details of changes in duties and position held, if any, during the year</b>
Datuk Jema Anton Khan	56	Son of Tan Sri Abdul Majid Khan (substantial shareholder of the Company)	Non-Executive Non-Independent Chairman in 2021	Retired as Chief Executive Officer during the year
Abdul Rahman Khan Bin Hakim Khan	48	Nephew of Tan Sri Abdul Majid Khan and cousin of Datuk Jema Khan	Chief Executive Officer in 2021  Executive Director in 2018	Appointed as Chief Executive Officer during the year

## 15. Use of IPO Proceeds

Pursuant to the Company's IPO, the Company received net proceeds from the IPO of approximately S\$4.5 million (the "Net Proceeds"). Please refer to the Offer Document for further details.

As at the date of this announcement, the Net Proceeds have been utilised as follows:

<b>Purpose</b>	<b>Amount allocated (S\$'000)</b>	<b>Amount utilised (S\$'000)</b>	<b>Balance (S\$'000)</b>
Development of the plantation site within the Licensed Area	1,900	(1,900)	-
Working capital	1,250	(1,250) <sup>(1)</sup>	-
Listing expenses	1,350	(1,350)	-
<b>Total</b>	<b>4,500</b>	<b>(4,500)</b>	<b>-</b>

*Note:*

(1) *The utilisation of proceeds under working capital amounted S\$1,250,000 relates to payment of directors fees, employee compensation, professional fees and administrative expenses.*

The above utilisation is in accordance with the intended use of proceeds from the IPO as stated in the Offer Document.

**BY ORDER OF THE BOARD**

Jema Anton Khan  
Chairman  
29 September 2021