

**THE ADMISSION OF JISHAN BERHAD TO THE LEAP MARKET WAS ADVISED BY OUR APPROVED ADVISOR, WYNCORP ADVISORY SDN. BHD.**



**JISHAN BERHAD**

(Registration No. 201901013612 (1322940-P))  
(Incorporated in Malaysia under the Companies Act, 2016)

**UNAUDITED SEMI-ANNUAL FINANCIAL STATEMENTS  
FOR THE 6-MONTHS FINANCIAL PERIOD ENDED 30 JUNE 2021**

**(APPENDIX 6A, PART A OF THE LEAP MARKET LISTING REQUIREMENTS  
OF BURSA MALAYSIA SECURITIES BERHAD)**

**CHARACTERISTICS OF THE LEAP MARKET OF BURSA MALAYSIA SECURITIES  
BERHAD (“BURSA SECURITIES”)**

**THE LEAP MARKET HAS BEEN POSITIONED AS A MARKET DESIGNED TO ACCOMMODATE CORPORATIONS TO WHICH A HIGHER INVESTMENT RISK MAY BE ATTACHED THAN OTHER CORPORATIONS LISTED ON THE ACE MARKET OR MAIN MARKET OF BURSA SECURITIES. IT IS A QUALIFIED MARKET WHICH IS MEANT MAINLY FOR SOPHISTICATED INVESTORS ONLY. ONLY EXISTING SECURITIES HOLDERS AND SOPHISTICATED INVESTORS ARE ALLOWED TO PARTICIPATE IN CORPORATE EXERCISES UNDERTAKEN BY JISHAN BERHAD (“JISHAN” OR THE “COMPANY”). SOPHISTICATED INVESTORS SHOULD BE AWARE OF THE POTENTIAL RISKS OF INVESTING IN SUCH CORPORATIONS AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER DUE AND CAREFUL CONSIDERATION.**



**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION<sup>(1)</sup>  
AS AT 30 JUNE 2021**

	<b>Unaudited 30.06.2021 RM'000</b>	<b>Audited 31.12.2020 RM'000</b>
<b>Non-current assets</b>		
Property, plant and equipment	56,153	51,802
Right-of-use assets	12,401	9,188
Lease receivables	25	63
	<u>68,579</u>	<u>61,053</u>
<b>Current assets</b>		
Inventories	9,087	3,529
Trade and other receivables	20,875	21,505
Lease receivables	54	45
Current tax assets	663	378
Cash and bank balances	737	1,300
	<u>31,416</u>	<u>26,757</u>
<b>TOTAL ASSETS</b>	<b><u>99,995</u></b>	<b><u>87,810</u></b>
<b>Equity</b>		
Share capital	29,973	29,973
Retained earnings	11,863	7,272
<b>Total equity</b>	<b><u>41,836</u></b>	<b><u>37,245</u></b>
<b>Non-current liabilities</b>		
Trade and other payables	1,777	2,221
Borrowings	24,476	25,772
Deferred tax liabilities	2,127	1,781
Lease liabilities	4,104	2,391
	<u>32,484</u>	<u>32,165</u>
<b>Current Liabilities</b>		
Trade and other payables	12,224	9,412
Borrowings	10,921	7,236
Lease liabilities	2,492	1,741
Current tax liabilities	38	11
	<u>25,675</u>	<u>18,400</u>
<b>Total Liabilities</b>	<b><u>58,159</u></b>	<b><u>50,565</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>99,995</u></b>	<b><u>87,810</u></b>
Net assets per ordinary share attributable to owners of Jishan <sup>(2)</sup> (sen)	<b>17.79</b>	<b>15.84</b>

Note

(1) *The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited combined financial statements for the financial year ended 31 December 2020 ("FYE 2020") and the accompanying explanatory notes attached to this interim financial report.*

(2) *Net assets per share is calculated based on the Company's number of ordinary shares currently in issue of 235,151,002 shares.*

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**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME<sup>(1)</sup> FOR THE FINANCIAL PERIOD  
ENDED 30 JUNE 2021 (UNAUDITED)**

	Individual 6-months ended		Cumulative 6-months ended	
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
	RM'000	RM'000	RM'000	RM'000
Revenue	39,699	32,960	39,699	32,960
Cost of sales	(29,768)	(24,428)	(29,768)	(24,428)
<b>Gross profit</b>	<b>9,931</b>	<b>8,532</b>	<b>9,931</b>	<b>8,532</b>
Other income	490	253	490	253
Administrative and other expenses	(3,449)	(2,792)	(3,449)	(2,792)
Selling and distribution expenses	(591)	(528)	(591)	(528)
Finance costs	(1,057)	(1,182)	(1,057)	(1,182)
<b>Profit before taxation</b>	<b>5,324</b>	<b>4,283</b>	<b>5,324</b>	<b>4,283</b>
Taxation	(733)	(439)	(733)	(439)
<b>Profit for the financial period / Total comprehensive income</b>	<b>4,591</b>	<b>3,844</b>	<b>4,591</b>	<b>3,844</b>
<b>Earnings per share attributable to owners of Jishan</b>				
- Basic <sup>(2)</sup> (sen)	1.95	1.63	1.95	1.63
- Diluted <sup>(2)</sup> (sen)	N/A	N/A	N/A	N/A

Notes

- (1) *The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited combined financial statements for the FYE 2020 and the accompanying explanatory notes attached to this interim financial report.*
- (2) *Earnings per share is calculated based on the Company's number of ordinary shares currently in issue of 235,151,002 shares.*

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021 (UNAUDITED)**

	Share capital RM'000	Reorganisation debit reserve RM'000	Retained earnings RM'000	Total equity RM'000
At 1 January 2020	5,000	-	19,703	24,703
Total comprehensive income for the financial period	-	-	3,844	3,844
Dividend paid	-	-	(500)	(500)
At 30 June 2020	<b>5,000</b>	-	<b>23,047</b>	<b>28,047</b>
At 1 January 2021	29,973	(19,708)	26,980	37,245
Total comprehensive income for the financial period	-	-	4,591	4,591
At 30 June 2021	<b>29,973</b>	(19,708)	<b>31,571</b>	<b>41,836</b>

Note

*The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited combined financial statements for the FYE 2020 and the accompanying explanatory notes attached to this interim financial report.*

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021 (UNAUDITED)**

	<b>Cumulative 6-months ended</b>	
	<b>30.06.2021</b>	<b>30.06.2020</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	5,324	4,283
<u>Adjustments for:</u>		
Depreciation	2,838	2,680
(Gain)/Loss on disposal of property, plant and equipment	(7)	7
Unrealised gain on foreign exchange	(6)	(39)
Interest income	(2)	(11)
Interest expense	1,150	1,193
(Reversal)/Addition of Impairment loss on receivables	(17)	179
	<b>9,280</b>	<b>8,292</b>
Operating profit before working capital changes		
Increase in inventories	(5,558)	(691)
Decrease/(Increase) in trade and other receivables	677	(2,727)
Increase in trade and other payables	2,369	1,505
	<b>6,768</b>	<b>6,379</b>
Cash generated from operations		
Interest paid	(194)	-
Tax paid	(647)	(167)
	<b>5,927</b>	<b>6,212</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	2	11
Proceeds from the disposal of property, plant and equipment	14	-
Purchase of property, plant and equipment	(6,295)	(891)
Purchase of right-of-use assets	(717)	-
	<b>(6,996)</b>	<b>(880)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Drawdown from:		
- bank overdraft	1,710	-
- bankers' acceptance	9,722	6,490
- term loans	-	716
Repayments of:		
- bankers' acceptance	(8,057)	(5,400)
- term loans	(987)	(3,051)
- lease liabilities	(1,082)	(1,222)
Interest paid	(806)	(1,193)
Dividend paid	-	(500)
	<b>500</b>	<b>(4,160)</b>
<b>Net cash generated from/(used in) financing activities</b>	<b>500</b>	<b>(4,160)</b>



**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021 (UNAUDITED)**

	<b>Individual 6-months ended</b>	
	<b>30.06.2021</b>	<b>30.06.2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Net (decrease)/increase in cash and cash equivalents	(569)	1,172
Cash and cash equivalents at beginning of the financial period	1,300	1,565
Effects of foreign exchange reserve movements	6	39
<b>Cash and cash equivalents at end of the financial period</b>	<b>737</b>	<b>2,776</b>
Cash and cash equivalents comprise the following:		
Cash and bank balances	737	2,776
	<b>737</b>	<b>2,776</b>

Note

*The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited combined financial statements for the FYE 2020 and the accompanying explanatory notes attached to this interim financial report.*

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## **SECTION A – EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134**

### **A1. BASIS OF PREPARATION**

The interim combined financial statements as contained in this interim financial report are unaudited and have been prepared under the historical cost convention method unless otherwise stated. Any discrepancies in the tables between the amounts listed and the totals in this interim report are due to rounding.

These unaudited interim combined financial statements have been prepared in accordance with the requirements of MFRS 134: *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board (“**MASB**”) and Part C, Rule 6.12 and Appendix 6A of the LEAP Market Listing Requirements issued by Bursa Securities.

These unaudited interim combined financial statements should be read in conjunction with the audited combined financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to this interim financial report. The explanatory notes contained herein provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2020.

### **A2. SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies and methods of computation adopted in the preparation of the unaudited combined interim financial statements are consistent with those adopted in the most recent annual financial statements for the financial year ended 31 December 2020, except for the following Amendments to MFRSs as disclosed below:

#### Effective for annual periods commencing on or after 1 January 2021

- Amendments to References to the Conceptual Framework in MFRS Standards
- Amendments to MFRS 3 *Business Combinations – Definition of a Business*
- Amendments to MFRS 101 and MFRS 108 *Definition of Material*
- Amendments to MFRS 9, MFRS 139 and MFRS 7 *Interest Rate Benchmark Reform*
- Amendments to MFRS 4 *Insurance Contracts – Extension of the Temporary Exemption from Applying MFRS 9*

#### Effective for annual periods commencing on or after 1 January 2021

- Amendments to MFRS 16 *Leases – Covid-19 Related Rent Concessions*

The adoption of the above MFRS and Amendments to MFRSs did not have any significant financial impact to the Group.

The following MFRSs and Amendments to MFRSs have been issued by the MASB but are not early adopted by the Group:

#### Effective for annual periods commencing on or after 1 January 2021

- Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 *Interest rate Benchmark Reform – Phase 2*

#### Effective for annual periods commencing on or after 1 January 2022

- Annual Improvements to MFRS Standards 2018 – 2020
- Amendments to MFRS 3 *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 116 *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*



## **A2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

Effective for annual periods commencing on or after 1 January 2023

- MFRS 17 *Insurance Contracts*
- Amendments to MFRS 17 *Insurance Contracts*
- Amendments to MFRS 101 *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 101 *Presentation of Financial Statements – Disclosure of Accounting Policies*
- Amendments to MFRS 108 *Accounting Policies, Changes in Accounting Estimates Errors – Definition of Accounting Estimates*

Deferred (date to be determined by MASB)

- Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group is in the process of assessing the impact of implementing these accounting standards and amendments, since the effects would only be observable for the future financial years.

## **A3. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS**

The auditors' report on the Group's most recent annual audited combined financial statements for the financial year ended 31 December 2020 were not subject to any qualification.

## **A4. SEASONALITY OR CYCLICALITY OF OPERATION**

Generally, our Group's business is not subject to any significant cyclical or seasonal trend.

## **A5. UNUSUAL ITEMS**

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group during the financial period under review.

## **A6. MATERIAL CHANGES IN ESTIMATES**

There were no significant changes in estimates of amounts reported in prior financial years that have a material impact on the financial period under review.

## **A7. DEBTS AND EQUITY SECURITIES**

There was no issuance, cancellation, repurchase, resale and repayment of debts and equity securities during the financial period under review.

## **A8. DIVIDEND PAID**

No dividend has been paid or declared by the Group for current financial period.

## **A9. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD**

There were no material events subsequent to the end of the financial period under review that have not been reflected in this interim financial report.

## **A10. CHANGES IN THE COMPOSITION OF THE GROUP**

On 17 May 2021, the Company incorporated a wholly owned subsidiary of Jishan Packaging Hub Sdn Bhd under Company Act, 2016. The issued share capital of this subsidiary is RM10,000 comprising of 10,000 ordinary shares of RM1.00 per ordinary share. The intended principal activity of this subsidiary is distributing, trading, or supplying packaging products and all other kinds of goods of any nature.





**A11. CHANGES IN MATERIAL LITIGATION AND CONTINGENT LIABILITIES**

There were no litigation or arbitration, which has a material effect on the financial position of the Group, and the Board of Directors are not aware of any proceedings pending or threatened or of any fact likely to give rise to any proceedings.

**A12. CAPITAL COMMITMENTS**

As at 31 December 2020, our Group's capital commitments in respect of property, plant and equipment which were not provided in the interim combined financial statements are as follows:

	<b>RM'000</b>
In respect of property, plant and equipment:	
- Contracted but not provided for	5,944
- Approved but not contracted for	647
	<u>6,591</u>

**A13. SEGMENT INFORMATION**

For the purpose of Note A13, the definitions are summarised as follows:

*Paper Packaging Products* : Packaging products manufactured using any form of paper materials.

*Plastic Packaging Products* : Packaging products manufactured using plastic materials.

*PPE – Face Mask* : Personal protective equipment, primarily consist of face mask.

*Trading* : Distributing, trading, or supplying packaging products and all other kinds of goods of any nature.

**(i) Revenue**

Our Group, through our Subsidiaries, is principally involved in the processing of Paper and Plastic Packaging Products. Our sales are wholly derived domestically within Malaysia.

By product

The following table sets out the breakdown of our Group's revenue by product:

	<b>6-months period ended</b>			
	<b>30.06.2021</b>		<b>30.06.2020</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
Paper Packaging Products	30,103	75.83	23,505	71.31
Plastic Packaging Products	8,925	22.48	9,455	28.69
PPE – Face Mask	667	1.68	-	-
Trading	4	0.01	-	-
<b>Total</b>	<b>39,699</b>	<b>100.00</b>	<b>32,960</b>	<b>100.00</b>



**(ii) Cost of sales**

By product

The following table sets out the breakdown of our Group's cost of sales by product:

	6-months period ended			
	30.06.2021		30.06.2020	
	RM'000	%	RM'000	%
Paper Packaging Products	24,469	82.20	18,117	74.16
Plastic Packaging Products	4,976	16.72	6,311	25.84
PPE – Face Mask	320	1.07	-	-
Trading	3	0.01	-	-
<b>Total</b>	<b>29,768</b>	<b>100.00</b>	<b>24,428</b>	<b>100.00</b>

**(iii) Gross profit ("GP") and GP margin**

The following tables sets out the breakdown of our Group's GP and GP margin by product:

GP	6-months period ended			
	30.06.2021		30.06.2020	
	RM'000	%	RM'000	%
Paper Packaging Products	5,634	56.73	5,388	63.15
Plastic Packaging Products	3,949	39.77	3,144	36.85
PPE – Face Mask	347	3.49	-	-
Trading	1	0.01	-	-
<b>Total</b>	<b>9,931</b>	<b>100.00</b>	<b>8,532</b>	<b>100.00</b>

GP margin	6-months period ended	
	30.06.2021	30.06.2020
	%	%
Paper Packaging Products	18.72	22.92
Plastic Packaging Products	44.25	33.25
PPE – Face Mask	52.02	-
Trading	25.00	-
<b>Overall GP margin</b>	<b>25.02</b>	<b>25.89</b>

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**SECTION B – ADDITIONAL INFORMATION REQUIRED BY THE LEAP MARKET LISTING REQUIREMENTS OF BURSA SECURITIES**

**B1. ANALYSIS OF PERFORMANCE**

**Revenue**

For the 6-months period ended 30 June 2021 (“1HFY21”), our Group’s revenue increased by approximately RM6.74 million or 20.45% to RM39.70 million as compared to total revenue of RM32.96 million for the corresponding period in the preceding year, mainly due to:

- (i) improvement of sales performance for Paper Packaging Products primarily attributable to increased orders received during the financial period under review, particularly from our existing major customers in the electronics, food, and medical products industries, in line with the higher demands from their consumers; and
- (ii) increase of sales volume for PPE – Face Mask Products primarily attributable to the growing demand from consumers due to spread of Covid-19 pandemic in Malaysia.

**Gross profit (“GP”)**

Backed by the revenue growth, our Group’s GP increased by approximately RM1.40 million or 16.41% to RM9.93 million for 1HFY21 (6-months period ended 30 June 2020: RM 8.53 million).

**Taxation**

	<b>6-months period ended</b>	
	<b>30.06.2021</b>	<b>30.06.2020</b>
	<b>RM’000</b>	<b>RM’000</b>
Overall tax expenses	733	439
<b>Effective tax rate (%)</b>	<b>13.77</b>	<b>10.25</b>

In line with our improved profit before tax backed primarily by our revenue growth, our Group’s overall tax expenses increased by approximately RM0.29 million or 65.91% to RM0.73 million as compared to the overall tax expenses of RM0.44 million for the corresponding period in the preceding year, representing an effective tax rate of 13.77% for the 1HFY21 and corresponding period in the preceding year.

A higher effective tax rate was recorded for the 1HFY21, as compared to the statutory tax rate applicable in Malaysia, primarily due to no tax incentive for well performing subsidiary (JSP Plas Sdn Bhd).

**Profit after tax (“PAT”)**

For the 1HFY21, our Group’s PAT increased by approximately RM0.75 million or 19.53% to RM4.59 million (6-months period ended 30 June 2020: RM3.84 million). The improved PAT performance was primarily attributable to improved GP backed by our revenue growth during the financial period under review, as explained above.



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## **B2. PROSPECTS**

The Board of Directors will monitor the Group's operations closely and cautiously in light of the recent spike of Covid-19 cases and rise in raw material price during the pandemic. The Group will continue to focus on strengthening its operational efficiencies, while ensuring strict compliance with the standard operating procedures imposed by the Government in order to safeguard the health and safety of the Group's employees.

The Board of Directors is cautiously optimistic that that the Group's revenue for the financial year ending 31 December 2021 will improve further, in line with the increase in customers' orders and backed by the enhanced manufacturing capacity of the Group following the installation and commissioning of newly acquired production machinery and equipment.

Due to recent surge in Covid-19 cases and the re-introduction of travel restrictions by the Government, the construction of the new manufacturing facility (which is located adjacent to one of the Group's existing premises) has been temporarily halted and shall resume once the travel restriction is lifted. Upon completion and commencement of new manufacturing facility, the Group's production capacity will expand further and this is expected to contribute positively to the Group's future performance.

Looking ahead, the Board of Directors is of the view that the Group is well-positioned to capture future growth opportunities for the industry that we operate in, by leveraging on the Group's competitive strengths. Barring any unforeseen circumstances, our Board is cautiously optimistic that our Group's performance will remain stable and encouraging for the financial year ending 31 December 2021.

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## SECTION C – OTHER INFORMATION

### C1. STATUS OF CORPORATE PROPOSAL

There was no corporate proposal announced but pending completion as at the date of this report.

### C2. UTILISATION OF PROCEEDS

The status of gross proceeds of approximately RM5.27 million from the allotment of 29,251,000 ordinary shares to a list of 45 investors, who made a private offer to subscribe for new ordinary shares at the subscription price of RM0.18 each, is as follows:

<b>Purpose</b>	<b>Proposed utilisation RM'000</b>	<b>Actual utilisation RM'000</b>	<b>Balance RM'000</b>	<b>Estimated timeframe for utilisation upon listing</b>
Construction of Plant 3	500	500	-	Fully utilised
Purchase of land	500	500	-	Fully utilised
Purchase of machineries	2,500	2,500	-	Within 6 months
Repayment of borrowings	1,000	1,000	-	Within 6 months
Working capital	765	765	-	Within 6 months
<b>Total</b>	<b>5,265</b>	<b>5,265</b>	<b>-</b>	

### C3. MATERIAL LITIGATION

There was no material litigation pending as at the date of the report.