

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 31 DECEMBER 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⁽¹⁾
AS AT 31 DECEMBER 2021**

	Unaudited 31.12.2021 RM'000	Audited 31.12.2020 RM'000
Non-current assets		
Property, plant, and equipment	60,351	51,802
Right-of-use assets	14,494	9,188
Lease receivables	12	63
	<u>74,857</u>	<u>61,053</u>
Current assets		
Inventories	9,030	3,529
Trade and other receivables	22,487	21,505
Lease receivables	19	45
Current tax assets	518	378
Cash and bank balances	5,234	1,300
	<u>37,288</u>	<u>26,757</u>
TOTAL ASSETS	<u>112,145</u>	<u>87,810</u>
Equity		
Share capital	29,973	29,973
Retained earnings	16,377	7,272
Total equity	<u>46,350</u>	<u>37,245</u>
Non-current liabilities		
Trade and other payables	1,777	2,221
Borrowings	32,268	25,772
Deferred tax liabilities	1,833	1,781
Lease liabilities	5,753	2,391
	<u>41,631</u>	<u>32,165</u>
Current Liabilities		
Trade and other payables	10,364	9,412
Borrowings	11,848	7,236
Lease liabilities	1,952	1,741
Current tax liability	-	11
	<u>24,164</u>	<u>18,400</u>
Total Liabilities	<u>65,795</u>	<u>50,565</u>
TOTAL EQUITY AND LIABILITIES	<u>112,145</u>	<u>87,810</u>
Net assets per ordinary share attributable to owners of Jishan ⁽²⁾ (sen)	19.71	15.84

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.*

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]



**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME⁽¹⁾
FOR THE 2ND HALF YEAR ENDED AND FINANCIAL YEAR ENDED 31 DECEMBER 2021**

	Individual 6-months ended		Cumulative 12-months ended	
	Unaudited 31.12.2021 RM'000	Unaudited 31.12.2020 RM'000	Unaudited 31.12.2021 RM'000	Audited 31.12.2020 RM'000
Revenue	44,264	39,265	83,963	72,225
Cost of sales	(34,339)	(29,556)	(64,107)	(53,992)
Gross profit	9,925	9,709	19,856	18,233
Other income	274	472	764	758
Administrative and other expenses	(3,626)	(3,184)	(7,075)	(6,009)
Selling and distribution expenses	(679)	(586)	(1,270)	(1,114)
Finance costs	(1,144)	(836)	(2,201)	(2,018)
Profit before taxation	4,750	5,575	10,074	9,850
Taxation	(236)	(634)	(969)	(1,073)
Profit for the financial period / Total comprehensive income	4,514	4,941	9,105	8,777
Earnings per share attributable to owners of Jishan				
- Basic ⁽²⁾ (sen)	1.92	2.10	3.87	3.73
- Diluted ⁽²⁾ (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.*

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]



**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 2ND HALF YEAR ENDED 31 DECEMBER 2021**

	[----- Unaudited -----]		
	Share capital RM'000	Retained earnings RM'000	Total equity RM'000
At 1 January 2021	29,973	7,272	37,245
Total comprehensive income for the financial year	-	9,105	9,105
At 31 December 2021	29,973	16,377	46,350

	[----- Audited -----]		
	Share Capital 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 year	-	8,777	8,777
Acquisition of a subsidiary in business combination under common control	(5,000)	(19,708)	(24,708)
Issuance of ordinary shares pursuant to the acquisition of a subsidiary	24,708	-	24,708
Issuance of ordinary shares pursuant to allotment of new ordinary shares to subscribers at the subscription price of RM0.18	5,265	-	5,265
Dividend paid	-	(1,500)	(1,500)
At 31 December 2020	29,973	7,272	37,245

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.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]



**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE 2ND HALF YEAR ENDED 31 DECEMBER 2021**

	Cumulative 12-months ended	
	Unaudited	Audited
	31.12.2021	31.12.2020
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	10,074	9,850
<u>Adjustments for:</u>		
Depreciation	6,212	5,443
Loss/(gain) on disposal of property, plant and equipment	(15)	(199)
Assets written off	-	13
Unrealised (gain)/loss on foreign exchange	(63)	37
Interest income	(9)	(16)
Interest expense	2,201	2,018
Addition/(Reversal) of Impairment loss on receivables	(70)	16
	<u>18,330</u>	<u>17,162</u>
Operating profit before working capital changes		
Increase in inventories	(5,501)	(145)
Increase in trade and other receivables	(912)	(8,263)
Decrease in lease receivable	77	69
Increase in trade and other payables	486	116
	<u>12,480</u>	<u>8,939</u>
Cash generated from operations	12,480	8,939
Interest received	9	15
Interest paid	(124)	(285)
Tax paid	(1,045)	(920)
Tax refund	-	-
	<u>11,320</u>	<u>7,749</u>
Net cash generated from operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from the disposal of property, plant and equipment	493	213
Purchases of property, plant and equipment	(14,320)	(6,969)
	<u>(13,827)</u>	<u>(6,756)</u>
Net cash used in investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown from:		
- bank overdraft	2,469	-
- bankers' acceptance	17,510	13,443
- term loans	9,390	371
Repayments of:		
- bankers' acceptance	(16,541)	(13,901)
- term loans	(1,721)	(796)
- lease liabilities	(3,055)	(2,701)
Interest paid	(1,675)	(1,442)
Proceeds from issuance of ordinary shares	-	5,265
Dividend paid	-	(1,500)
	<u>6,377</u>	<u>(1,261)</u>
Net cash generated from / (used in) financing activities		



**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE 2ND HALF YEAR ENDED 31 DECEMBER 2021 (CONT'D)**

	Cumulative 12-months ended Unaudited 31.12.2021 RM'000	Audited 31.12.2020 RM'000
Net increase/(decrease) in cash and cash equivalents	3,870	(268)
Cash and cash equivalents at beginning of the financial period	1,300	1,565
Effects of exchange rate changes on cash and cash equivalents	64	3
Cash and cash equivalents at end of the financial period	5,234	1,300
Cash and cash equivalents comprise the following:		
Cash and bank balances	5,234	1,300
	5,234	1,300

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.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]



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

A1. BASIS OF PREPARATION

The condensed consolidated interim 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:

- Amendment to MFRS 16 *Leases – Covid-19 Related Rent Concessions*
- Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 *Interest rate Benchmark Reform – Phase 2*

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 April 2021

- Amendment to MFRS 16 *Covid-19 – Related Rent Concessions beyond 30 June 2021*

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*
- Amendment/ to MFRS 17 *Insurance Contracts – Initial Application of MFRS 17 and MFRS 9 – Comparative Information*
- Amendments to MFRS 101 *Presentation of Financial Statements – Classification of Liability 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*
- Amendments to MFRS 112 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

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 RM1,050,000 comprising of 1,050,000 ordinary shares of RM1.00 per ordinary share. The 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 2021, 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:

	RM'000
In respect of property, plant and equipment:	
- Contracted but not provided for	3,915
- Approved but not contracted for	646
	4,561

[THE REST OF THE PAGE IS INTENTIONALLY LEFT BLANK]



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 : Distribution, 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:

	6-months period ended			
	31.12.2021		31.12.2020	
	RM'000	%	RM'000	%
Paper Packaging Products	33,469	75.61	30,008	76.42
Plastic Packaging Products	10,286	23.24	9,003	22.93
PPE – Face Mask	383	0.87	254	0.65
Trading	126	0.28	-	-
Total	44,264	100.00	39,265	100.00

	Cumulative 12-months ended			
	31.12.2021		31.12.2020	
	RM'000	%	RM'000	%
Paper Packaging Products	63,572	75.71	53,513	74.09
Plastic Packaging Products	19,212	22.88	18,458	25.56
PPE – Face Mask	1,049	1.25	254	0.35
Trading	130	0.16	-	-
Total	83,963	100.00	72,225	100.00



(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			
	31.12.2021		31.12.2020	
	RM'000	%	RM'000	%
Paper Packaging Products	26,104	76.02	23,211	78.53
Plastic Packaging Products	7,891	22.98	5,978	20.23
PPE – Face Mask	231	0.67	367	1.24
Trading	113	0.33	-	-
Total	34,339	100.00	29,556	100.00

	Cumulative 12-months ended			
	31.12.2021		31.12.2020	
	RM'000	%	RM'000	%
Paper Packaging Products	50,573	78.89	41,332	76.55
Plastic Packaging Products	12,868	20.07	12,293	22.77
PPE – Face Mask	551	0.86	367	0.68
Trading	115	0.18	-	-
Total	64,107	100.00	53,992	100.00

(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			
	31.12.2021		31.12.2020	
	RM'000	%	RM'000	%
Paper Packaging Products	7,365	74.21	6,797	70.00
Plastic Packaging Products	2,395	24.13	3,025	31.16
PPE – Face Mask ^(a)	152	1.53	(113)	(1.16)
Trading	13	0.13	-	-
Total	9,925	100.00	9,709	100.00



GP margin	6-months period ended	
	31.12.2021	31.12.2020
	%	%
Paper Packaging Products	22.01	22.65
Plastic Packaging Products	23.28	33.60
PPE – Face Mask ^(a)	39.69	(44.49)
Trading	10.32	-
Overall GP margin	22.42	24.73

GP	Cumulative 12-months ended			
	31.12.2021		31.12.2020	
	RM'000	%	RM'000	%
Paper Packaging Products	12,999	65.46	12,181	66.81
Plastic Packaging Products	6,344	31.95	6,165	33.81
PPE – Face Mask ^(a)	498	2.51	(113)	(0.62)
Trading	15	0.08	-	-
Total	19,856	100.00	18,233	100.00

GP margin	Cumulative 12-months ended	
	31.12.2021	31.12.2020
	%	%
Paper Packaging Products	20.45	22.76
Plastic Packaging Products	33.02	33.40
PPE – Face Mask ^(a)	47.47	(44.49)
Trading	11.54	-
Overall GP margin	23.65	25.24

Remark

(a) PPE – Face Mask segment reported gross loss for the previous financial period under review primarily due to pre-operational expenses incurred as the production and sales of face mask was launched only towards end September 2020.

[THE REST OF THE PAGE IS INTENTIONALLY LEFT BLANK]



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 31 December 2021 (“**2HFY21**”), our Group’s revenue increased by approximately RM4.99 million or 12.71% to RM44.26 million as compared to total revenue of RM39.27 million for the corresponding period in the preceding year.

For the financial year ended 31 December 2021 (“**FYE 2021**”), our Group’s revenue increased by approximately RM11.73 million or 16.24% to RM83.96 million (FYE 2020: RM72.23 million).

Our Group recorded improved sales performance for all products, primarily attributable to higher demand from industrial customer and consumer during the financial period under review.

Gross profit (“GP”)

Backed by the revenue growth, our Group’s GP increased by approximately RM0.22 million or 2.27% to RM9.93 million for 2HFY21 (6-months period ended 31 December 2020: RM9.71 million) and by approximately RM1.63 million or 8.94% to RM19.86 million for the FYE 2021 (FYE 2020: RM18.23 million) respectively.

Taxation

	6-months period ended		Cumulative 12-months ended	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RM’000	RM’000	RM’000	RM’000
Overall tax expenses	236	634	969	1,073
Effective tax rate (%)	4.97	11.37	9.62	10.89

Our Group’s overall tax expenses decreased by approximately RM0.40 million or 63.49% and RM0.10 million or 9.35% respectively for the 2HFY2021 and the FYE 2021; representing an effective tax rate of 4.97% and 9.62% respectively for the 2HFY2021 and the FYE 2021.

A lower effective tax rate was recorded for the 2HFY2021 and the FYE 2021, as compared to the statutory tax rate applicable in Malaysia, primarily due higher reinvestment allowance claim during the financial period, in line with increase of property, plant and equipment.

Profit after tax (“PAT”)

For the 2HFY21, our Group’s PAT decreased by approximately RM0.43 million or 8.70% to RM4.51 million (6-months period ended 31 December 2020: RM4.94 million); whilst for the FYE 2021, our Group’s PAT increased by approximately RM0.33 million or 3.76% to RM9.11 million (FYE 2020: RM8.78 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.



B2. PROSPECTS

With Malaysia and the global economies moving into gradual recovery from the impact and disruption caused by the COVID-19 pandemic following the relaxation of the lockdown measures upon the increase in numbers of vaccinated individuals, market activities and private consumptions are expected to be on positive growth momentum.

Based on the report issued by Bank Negara Malaysia, the Malaysian economy is expected to remain on its path to recovery for 2022 following the positive growth momentum shown during 2021. The Malaysian economy in 2022 is expected to benefit from the continued expansion of the global demand along with higher private sector expenditure given improving labour market conditions in line with the recovering economic activity.

Furthermore, the Paper and Plastic Packaging Products industries in Malaysia are mature and stable industries. Moving forward, the industry size of the Paper Packaging Products industry is forecasted to grow at compounded annual growth rate (“**CAGR**”) of 5.2% between 2020 and 2022, to reach RM5.2 billion in 2022; whilst industry size of the Plastic Packaging Products industry is forecasted to grow at CAGR of 7.9% between 2020 and 2022, to reach RM6.4 billion in 2022.

Our Board is of the opinion that our Group is well-positioned to capture future growth opportunities for the industry that we operate in, by leveraging on our Group’s competitive strengths. Additionally, our Board will continue to focus on strengthening its operational efficiencies and implement strict compliance with standard operating procedures in our Group’s operation to safeguard the health and safety of employees. 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 2022.

[THE REST OF THE PAGE IS INTENTIONALLY LEFT BLANK]



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

As at 30 June 2021, the 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, have been fully utilised.

C3. MATERIAL LITIGATION

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