

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



(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 2022**

**(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 2022**

	Unaudited 31.12.2022 RM'000	Audited 31.12.2021 RM'000
Non-current assets		
Property, plant, and equipment	75,331	65,216
Right-of-use assets	14,533	12,082
Investment in associate	23	-
Lease receivables	278	12
	<u>90,165</u>	<u>77,310</u>
Current assets		
Inventories	13,260	9,030
Trade and other receivables	23,140	20,635
Lease receivables	73	19
Current tax assets	604	519
Cash and bank balances	6,455	5,234
	<u>43,532</u>	<u>35,437</u>
TOTAL ASSETS	<u>133,697</u>	<u>112,747</u>
Equity		
Share capital	29,973	29,973
Reserves	24,357	16,376
Total equity	<u>54,330</u>	<u>46,349</u>
Non-current liabilities		
Other payables	1,332	1,777
Borrowings	38,616	32,458
Deferred tax liabilities	3,368	1,833
Lease liabilities	5,354	4,655
	<u>48,670</u>	<u>40,723</u>
Current Liabilities		
Trade and other payables	10,395	10,933
Borrowings	17,209	11,658
Lease liabilities	3,058	3,061
Current tax liabilities	35	23
	<u>30,697</u>	<u>25,675</u>
Total Liabilities	<u>79,367</u>	<u>66,398</u>
TOTAL EQUITY AND LIABILITIES	<u>133,697</u>	<u>112,747</u>
Net assets per ordinary share attributable to owners of Jishan ⁽²⁾ (sen)	23.10	19.71

Notes

(1) *The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2021 ("FYE 2021") 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⁽¹⁾
FOR THE 2ND HALF YEAR ENDED AND FINANCIAL YEAR ENDED 31 DECEMBER 2022**

	Individual 6-months ended		Cumulative 12-months ended	
	Unaudited	Unaudited	Unaudited	Audited
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
Revenue	51,383	44,264	101,856	83,963
Cost of sales	(40,318)	(34,339)	(79,897)	(64,107)
Gross profit	11,065	9,925	21,959	19,856
Other income	298	274	1,028	764
Administrative and other expenses	(4,334)	(3,626)	(8,271)	(7,075)
Selling and distribution expenses	(799)	(679)	(1,758)	(1,270)
Finance costs	(1,582)	(1,144)	(2,816)	(2,201)
Profit before taxation	4,648	4,750	10,142	10,074
Taxation	(998)	(236)	(2,161)	(970)
Profit for the financial period / Total comprehensive income	3,650	4,514	7,981	9,104
Earnings per share attributable to owners of Jishan				
- Basic ⁽²⁾ (sen)	1.55	1.92	3.39	3.87
- Diluted (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 consolidated financial statements for the FYE 2021 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⁽¹⁾
FOR THE 2ND HALF YEAR ENDED 31 DECEMBER 2022**

	[----- Unaudited -----]			
	Share capital RM'000	Reorganisation debit reserve RM'000	Retained earnings RM'000	Total equity RM'000
At 1 January 2022	29,973	(19,708)	36,084	46,349
Total comprehensive income for the financial year	-	-	7,981	7,981
At 31 December 2022	29,973	(19,708)	44,065	54,330

	[----- Audited -----]			
	Share capital RM'000	Reorganisation debit reserve RM'000	Retained earnings RM'000	Total equity RM'000
At 1 January 2021	29,973	(19,708)	26,980	37,245
Total comprehensive income for the financial year	-	-	9,104	9,104
At 31 December 2021	29,973	(19,708)	36,084	46,349

Note

(1) *The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited consolidated financial statements for the FYE 2021 and the accompanying explanatory notes attached to this interim financial report.*

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS⁽¹⁾
FOR THE 2ND HALF YEAR ENDED 31 DECEMBER 2022**

	Cumulative 12-months ended	
	Unaudited	Audited
	31.12.2022	31.12.2021
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	10,142	10,074
<u>Adjustments for:</u>		
Bad debts written off	-	28
Depreciation	6,089	5,964
Other Assets	(5)	-
(Gain)/Loss on disposal of property, plant and equipment	(65)	4
Gain on lease termination	(30)	-
Unrealised gain on foreign exchange	(90)	(63)
Interest income	(20)	(9)
Interest expense	2,997	2,201
Reversal of impairment loss on receivables	-	(70)
	19,018	18,129
Operating profit before working capital changes	19,018	18,129
Increase in inventories	(4,230)	(5,501)
(Increase)/Decrease in trade and other receivables	(2,505)	911
(Increase)/Decrease in lease receivable	(320)	77
(Decrease)/Increase in trade and other payables	(982)	1,077
	10,981	14,693
Cash generated from operations	10,981	14,693
Interest received	20	9
Interest paid	(408)	(237)
Tax paid	(699)	(1,046)
	9,894	13,419
Net cash generated from operating activities	9,894	13,419
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from the disposal of property, plant and equipment	211	20
Purchase of property, plant and equipment	(15,371)	(17,655)
Purchase of right-of-use assets	(397)	-
Proceeds from refinancing of right-of-use asset	-	1,369
Investment in associate	(23)	-
	(15,580)	(16,266)
Net cash used in investing activities	(15,580)	(16,266)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown from:		
- bankers' acceptance	24,230	17,510
- term loans	11,940	9,390
Repayments of:		
- bankers' acceptance	(21,671)	(16,541)
- term loans	(3,623)	(1,721)
- lease liabilities	(2,726)	(2,783)
Interest paid	(2,166)	(1,606)
	5,984	4,249
Net cash generated from financing activities	5,984	4,249



**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE 2ND HALF YEAR ENDED 31 DECEMBER 2022 (CONT'D)**

	Cumulative 12-months ended	
	Unaudited	Audited
	31.12.2022	31.12.2021
	RM'000	RM'000
Net increase in cash and cash equivalents	297	1,401
Cash and cash equivalents at beginning of the financial period	2,764	1,300
Effects of exchange rate changes on cash and cash equivalents	90	63
Cash and cash equivalents at end of the financial period	3,151	2,764
Cash and cash equivalents comprise the following:		
Cash and bank balances	6,455	5,234
Bank overdraft	(3,304)	(2,470)
	3,151	2,764

Note

(1) *The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited consolidated financial statements for the FYE 2021 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 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 consolidated 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 consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2021 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 2021.

A2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and methods of computation adopted in the preparation of the unaudited consolidated interim financial statements are consistent with those adopted in the most recent annual financial statements for the financial year ended 31 December 2021, except for the adoption of the following MFRSs and Amendments to MFRSs as disclosed below:

- 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*

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 2023

- MFRS 17 *Insurance Contracts*
- Amendment to MFRS 17 *Initial Application of MFRS 17 and MFRS 9 – Comparative Information*
- Amendments to MFRS 101 *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*

Effective for annual periods commencing on or after 1 January 2024

- Amendments to MFRS 16 *Lease Liability in a Sale and Leaseback*
- Amendments to MFRS 101 *Non-current Liabilities with Covenants*
- Amendments to MFRS 101 *Classification of Liabilities as Current or Non-Current*



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 consolidated financial statements for the financial year ended 31 December 2021 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

Save as disclosed in the Note C1 pertaining to the Proposed New Plant Construction and Note C3 pertaining to the material litigation, there were no other 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 28 March 2022, the Group through its wholly owned subsidiary, JSP Plas Sdn Bhd, invested in 35,000 ordinary shares in FNM Industry Sdn Bhd, representing 35% of the issued share capital for total consideration of RM 35,000. FNM Industry Sdn Bhd is newly incorporated under Companies Act 2016 on 25 Feb 2022, with principal activity of manufacturing and trading of medical and non-medical products. The rationale for the acquisition is to enlarge the revenue contribution of face mask products.

Save for the above, there were no other changes in the composition of the Group as at the date of this report.

A11. CHANGES IN CONTINGENT LIABILITIES

There were no contingent liabilities as at the date of this report.



A12. CAPITAL COMMITMENTS

As at 31 December 2022, our Group's capital commitments in respect of property, plant and equipment which were not provided in the interim consolidated financial statements are as follows:

	RM'000
In respect of property, plant and equipment:	
- Contracted but not provided for	20,418
- Approved but not contracted for	-
	20,418

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.

By product

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

	6-months period ended			
	31.12.2022		31.12.2021	
	RM'000	%	RM'000	%
Paper Packaging Products	30,124	58.63	33,469	75.61
Plastic Packaging Products	20,067	39.05	10,286	23.24
PPE – Face Mask	273	0.53	383	0.87
Trading	919	1.79	126	0.28
Total	51,383	100.00	44,264	100.00



	Cumulative 12-months ended			
	31.12.2022		31.12.2021	
	RM'000	%	RM'000	%
Paper Packaging Products	62,830	61.69	63,572	75.71
Plastic Packaging Products	36,851	36.18	19,212	22.88
PPE – Face Mask	491	0.48	1,049	1.25
Trading	1,684	1.65	130	0.16
Total	101,856	100.00	83,963	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			
	31.12.2022		31.12.2021	
	RM'000	%	RM'000	%
Paper Packaging Products	22,885	56.76	26,104	76.02
Plastic Packaging Products	16,494	40.91	7,891	22.98
PPE – Face Mask	193	0.48	231	0.67
Trading	746	1.85	113	0.33
Total	40,318	100.00	34,339	100.00

	Cumulative 12-months ended			
	31.12.2022		31.12.2021	
	RM'000	%	RM'000	%
Paper Packaging Products	48,925	61.24	50,573	78.89
Plastic Packaging Products	29,220	36.57	12,868	20.07
PPE – Face Mask	334	0.42	551	0.86
Trading	1,418	1.77	115	0.18
Total	79,897	100.00	64,107	100.00



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

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

GP	6-months period ended			
	31.12.2022		31.12.2021	
	RM'000	%	RM'000	%
Paper Packaging Products	7,239	65.42	7,365	74.21
Plastic Packaging Products	3,573	32.29	2,395	24.13
PPE – Face Mask	80	0.72	152	1.53
Trading	173	1.57	13	0.13
Total	11,065	100.00	9,925	100.00

GP margin	6-months period ended	
	31.12.2022	31.12.2021
	%	%
Paper Packaging Products	24.03	22.01
Plastic Packaging Products	17.81	23.28
PPE – Face Mask	29.30	39.69
Trading	18.82	10.32
Overall GP margin	21.53	22.42

GP	Cumulative 12-months ended			
	31.12.2022		31.12.2021	
	RM'000	%	RM'000	%
Paper Packaging Products	13,905	63.32	12,999	65.46
Plastic Packaging Products	7,631	34.75	6,344	31.95
PPE – Face Mask	157	0.71	498	2.51
Trading	266	1.22	15	0.08
Total	21,959	100.00	19,856	100.00

GP margin	Cumulative 12-months ended	
	31.12.2022	31.12.2021
	%	%
Paper Packaging Products	22.13	20.45
Plastic Packaging Products	20.71	33.02
PPE – Face Mask	31.98	47.47
Trading	15.80	11.54
Overall GP margin	21.56	23.65



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 2022 (“2HFY22”), our Group’s revenue increased by approximately RM7.12 million or 16.08% to RM51.38 million as compared to total revenue of RM44.26 million for the corresponding period in the preceding year.

For the financial year ended 31 December 2022 (“FYE 2022”), our Group’s revenue increased by approximately RM17.9 million or 21.32% to RM101.86 million. (FYE 2021: RM83.96 million).

Our Group recorded overall improved revenue mainly due to improved sales from the Plastics Packaging Products business segment; in line with the expansion of business model to also encompass Business-To-Consumer Model (“B2C”) apart from catering to industrial customers.

Gross profit (“GP”)

Our Group’s GP increased by approximately RM1.14 million or 11.48% to RM11.07 million for 2HFY22 (6-months period ended 31 December 2021: RM9.93 million) and increased by approximately RM2.10 million or 10.57% to RM21.96 million for the FYE 2022 (FYE 2021: RM19.86 million) respectively, mainly contributed by the improved GP derived from the business segment backed by the growth in sales.

Our overall GP margin for 2HFY22 and FYE 2022 stood at 21.53% and 21.56% respectively, lower as compared to the GP margin of 22.42% in 6-months period ended 31 December 2021 and 23.65% in FYE 2021. This is mainly due to decrease in GP margin for PPE - Face Mask Products and Plastic Packaging Products.

Taxation

	6-months period ended		Cumulative 12-months ended	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM’000	RM’000	RM’000	RM’000
Overall tax expenses	998	236	2,161	970
Effective tax rate (%)	21.47	4.97	21.31	9.63

Our Group’s overall tax expenses increased by approximately RM0.76 million or 322.03% and RM1.19 million or 122.68% respectively for the 2HFY22 and the FYE 2022; representing an effective tax rate of 21.47% and 21.31% respectively for the 2HFY22 and the FYE 2022.

Our effective tax rate for 2HFY22 and the FYE 2022 was higher as compared to the corresponding period in the preceding year and FYE2021, mainly due to less reinvestment allowance claimed and impact from high deferred tax provision during FYE 2022.

Profit after tax (“PAT”)

For the 2HFY22, our Group’s PAT decreased by approximately RM0.86 million or 19.14% to RM3.65 million (6-months period ended 31 December 2021: RM4.51 million); whilst for the FYE 2022, our Group’s PAT decreased by approximately RM1.12 million or 12.34% to RM7.98 million (FYE 2021: RM9.10 million). The decrease in PAT was primarily caused by:

- i. Increase in operating expenses consist of administrative expenses as well as selling and distribution expenses, in line with the expansion of our Group’s operations;



- ii. Higher finance costs incurred in line with the expansion of our operations; and
- iii. Higher overall tax expenses as explained above.

B2. PROSPECTS

Based on the fourth quarter bulletin issued by Bank Negara Malaysia, the Malaysian economy registered a growth of 7.0% in the fourth quarter of 2022. For 2022 as a whole, the economy expanded by 8.7% (2021: 3.1%). Meanwhile, the manufacturing sector grew by 3.9% (3Q 2022: 13.2%).

The Group will continue to strengthen its operational efficiencies, optimise working capital, and remain focus on expanding its business operations particularly the Paper Packaging Products and Plastic Packaging Products business segments.

Barring any unforeseen circumstances, the Board of Directors is cautiously optimistic of the performance of the Group for the financial year ending 31 December 2023.

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SECTION C – OTHER INFORMATION

C1. STATUS OF CORPORATE PROPOSAL

CONSTRUCTION OF NEW MANUFACTURING FACILITIES IN DAERAH SEBERANG PERAI SELATAN, NEGERI PULAU PINANG (“PROPOSED NEW PLANT CONSTRUCTION”)

As announced by the Group on 5 December 2022, new manufacturing facilities will be constructed on the lands situated in Seberang Perai Selatan between the year 2022 and 2023. The estimated time for completion is 9 months i.e., on or before 4 September 2023, with the total capital investment estimated to be approximately RM24.02 million (original estimate: RM22.68 million).

For further details, please refer to the Group’s announcements to Bursa Securities dated 5 December 2022 and 16 February 2023.

Save for the above, there was no other corporate proposal announced but pending completion during the financial period under review and as at the date of this report.

C2. UTILISATION OF PROCEEDS

As at the date of this report, there are no outstanding proceeds raised from corporate proposal which has yet to be fully utilised.

C3. MATERIAL LITIGATION

WRIT OF SUMMONS AND STATEMENT OF CLAIM SERVED ON JISHAN PACKAGING HUB SDN. BHD.

Further to the Company’s announcements dated 28 April 2022 and 5 May 2022 in relation to the writ of summons and statement of claim served on Jishan Packaging Hub Sdn. Bhd. (a wholly owned subsidiary of the Company), the Company announced that the parties had on 3 January 2023 agreed to settle the matter out of court. The case has therefore been settled and the sealed consent judgement (“**Consent Judgement**”) had been received on 15 January 2023.

Please refer to the Group’s announcement to Bursa Securities dated 17 January 2023 for further details.

Saved for the above, there was no other material litigation outstanding during the financial period under review and as at the date of this report.

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