

**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 30 JUNE 2023**

**(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 2023**

	<b>Unaudited 30.06.2023 RM'000</b>	<b>Audited 31.12.2022 RM'000</b>
<b>Non-current assets</b>		
Property, plant, and equipment	77,376	77,140
Right-of-use assets	11,011	12,763
Investment in associate	51	21
Lease receivables	261	269
	<u>88,699</u>	<u>90,193</u>
<b>Current assets</b>		
Inventories	11,239	13,260
Trade and other receivables	24,644	22,831
Lease receivables	101	82
Current tax assets	772	671
Cash and bank balances	4,551	6,453
	<u>41,307</u>	<u>43,297</u>
<b>TOTAL ASSETS</b>	<b><u>130,006</u></b>	<b><u>133,490</u></b>
<b>Equity</b>		
Share capital	29,973	29,973
Reserves	28,083	24,440
<b>Total equity</b>	<b><u>58,056</u></b>	<b><u>54,413</u></b>
<b>Non-current liabilities</b>		
Other payables	888	1,333
Borrowings	35,759	39,594
Deferred tax liabilities	2,506	2,961
Lease liabilities	3,995	5,123
	<u>43,148</u>	<u>49,011</u>
<b>Current Liabilities</b>		
Trade and other payables	10,409	10,645
Borrowings	15,755	16,231
Lease liabilities	2,592	3,145
Current tax liabilities	46	45
	<u>28,802</u>	<u>30,066</u>
<b>Total Liabilities</b>	<b><u>71,950</u></b>	<b><u>79,077</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>130,006</u></b>	<b><u>133,490</u></b>
Net assets per ordinary share attributable to owners of Jishan <sup>(2)</sup> (sen)	24.69	23.14

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 2022 ("FYE 2022") 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 2023 (UNAUDITED)**

	Individual 6-months ended		Cumulative 6-months ended	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM'000	RM'000	RM'000	RM'000
Revenue	49,972	50,473	49,972	50,473
Cost of sales	(40,014)	(39,579)	(40,014)	(39,579)
<b>Gross profit</b>	<b>9,958</b>	<b>10,894</b>	<b>9,958</b>	<b>10,894</b>
Other income	561	730	561	730
Administrative and other expenses	(4,910)	(3,937)	(4,910)	(3,937)
Selling and distribution expenses	(839)	(959)	(839)	(959)
Finance costs	(1,582)	(1,234)	(1,582)	(1,234)
<b>Profit before taxation</b>	<b>3,188</b>	<b>5,494</b>	<b>3,188</b>	<b>5,494</b>
Taxation	455	(1,163)	455	(1,163)
<b>Profit for the financial period / Total comprehensive income</b>	<b>3,643</b>	<b>4,331</b>	<b>3,643</b>	<b>4,331</b>
<b>Earnings per share attributable to owners of Jishan</b>				
- Basic <sup>(2)</sup> (sen)	1.55	1.84	1.55	1.84
- 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 consolidated financial statements for the FYE 2022 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<sup>(1)</sup>  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023 (UNAUDITED)**

	<b>Share capital RM'000</b>	<b>Reorganisation debit reserve RM'000</b>	<b>Retained earnings RM'000</b>	<b>Total equity RM'000</b>
At 1 January 2022	29,973	(19,708)	36,084	46,349
Total comprehensive income for the financial period	-	-	4,331	4,331
At 30 June 2022	<b>29,973</b>	<b>(19,708)</b>	<b>40,415</b>	<b>50,680</b>
At 1 January 2023	29,973	(19,708)	44,148	54,413
Total comprehensive income for the financial period	-	-	3,643	3,643
At 30 June 2023	<b>29,973</b>	<b>(19,708)</b>	<b>47,791</b>	<b>58,056</b>

Note:

(1) *The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited consolidated financial statements for the FYE 2022 and the accompanying explanatory notes attached to this interim financial report.*

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS<sup>(1)</sup>  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023 (UNAUDITED)**

	<b>Cumulative 6-months ended</b>	
	<b>30.06.2023</b>	<b>30.06.2022</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	3,188	5,494
<u>Adjustments for:</u>		
Depreciation	3,777	3,550
Gain on disposal of property, plant and equipment	(306)	(107)
Gain on lease termination	(4)	(1,175)
Asset written off	53	-
Bad debt written off	10	-
Unrealised (gain)/loss on foreign exchange	(289)	31
Interest income	(9)	(95)
Interest expense	1,582	1,234
	<hr/>	<hr/>
<b>Operating profit before working capital changes</b>	<b>8,002</b>	<b>8,932</b>
Decrease/(Increase) in inventories	2,021	(2,486)
Increase in trade and other receivables	(1,813)	(3,593)
Increase in lease receivable	(12)	(410)
Decrease in trade and other payables	(681)	(1,396)
	<hr/>	<hr/>
Cash generated from operations	7,517	1,047
Interest received	9	95
Interest paid	(152)	(172)
Tax paid	(101)	(332)
	<hr/>	<hr/>
<b>Net cash generated from operating activities</b>	<b>7,273</b>	<b>638</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from the disposal of property, plant and equipment	1,220	107
Purchase of property, plant and equipment	(3,152)	(12,715)
Proceed from disposal of right-of-use assets	56	-
Investment in associate	(30)	(24)
	<hr/>	<hr/>
<b>Net cash used in investing activities</b>	<b>(1,906)</b>	<b>(12,632)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Drawdown from:		
- bankers' acceptance	16,983	12,411
- term loans	-	8,863
Repayments of:		
- bankers' acceptance	(16,190)	(9,101)
- term loans	(2,581)	(1,757)
- lease liabilities	(1,913)	(662)
Interest paid	(1,326)	(913)
	<hr/>	<hr/>
<b>Net cash generated (used in)/from financing activities</b>	<b>(5,027)</b>	<b>8,841</b>



**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS<sup>(1)</sup>  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023 (UNAUDITED)**

	<b>Individual 6-months ended</b>	
	<b>30.06.2023</b>	<b>30.06.2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Net increase/(decrease) in cash and cash equivalents	331	(3,153)
Cash and cash equivalents at beginning of the financial period	2,819	2,764
Effects of exchange rate changes on cash and cash equivalents	289	(31)
<b>Cash and cash equivalents at end of the financial period</b>	<b>3,439</b>	<b>(420)</b>
Cash and cash equivalents comprise the following:		
Cash and bank balances	4,551	1,275
Deposit with a licensed bank with maturity more than 3 months	(331)	-
Bank overdraft	(781)	(1,695)
	<b>3,439</b>	<b>(420)</b>

Note:

(1) *The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited consolidated financial statements for the FYE 2022 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 2022 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 2022.

### **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 2022, except for the adoption of the following MFRSs and Amendments to MFRSs as disclosed below:

#### Effective for annual periods commencing on or after 1 January 2023

- MFRS 17: *Insurance Contracts*
- Amendments to MFRS 17: *Initial Application of MFRS 17* and MFRS 9 - *Comparative Information*
- Amendments to MFRS 101: *Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies*
- Amendments to MFRS 108: *Definition of Accounting Estimates*
- Amendments to MFRS 112: *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

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 2024

- Amendments to MFRS 16: *Lease Liability in a Sale and Leaseback*
- Amendments to MFRS 101: *Non-current Liabilities with Covenants*
- Amendments to MFRS 107 and MFRS 7: *Supplier Finance Arrangements*

#### 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 2022 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**

There have been no significant changes in the composition of our Group.

**A11. CHANGES IN CONTINGENT LIABILITIES**

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

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## A12. CAPITAL COMMITMENTS

As at 30 June 2023, 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	4,894
- Approved but not contracted for	-
	<b>4,894</b>

## 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:

	6-months period ended			
	30.06.2023		30.06.2022	
	RM'000	%	RM'000	%
Paper Packaging Products	28,194	56.42	32,706	64.80
Plastic Packaging Products	18,242	36.50	16,784	33.25
PPE – Face Mask	197	0.40	218	0.43
Trading	3,339	6.68	765	1.52
<b>Total</b>	<b>49,972</b>	<b>100.00</b>	<b>50,473</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			
	30.06.2023		30.06.2022	
	RM'000	%	RM'000	%
Paper Packaging Products	22,092	55.21	26,040	65.79
Plastic Packaging Products	14,419	36.03	12,726	32.15
PPE – Face Mask	185	0.47	141	0.36
Trading	3,318	8.29	672	1.70
<b>Total</b>	<b>40,014</b>	<b>100.00</b>	<b>39,579</b>	<b>100.00</b>

**(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			
	30.06.2023		30.06.2022	
	RM'000	%	RM'000	%
Paper Packaging Products	6,102	61.28	6,666	61.19
Plastic Packaging Products	3,823	38.39	4,058	37.25
PPE – Face Mask	12	0.12	77	0.71
Trading	21	0.21	93	0.85
<b>Total</b>	<b>9,958</b>	<b>100.00</b>	<b>10,894</b>	<b>100.00</b>

GP margin	6-months period ended	
	30.06.2023	30.06.2022
	%	%
Paper Packaging Products	21.64	20.38
Plastic Packaging Products	20.96	24.18
PPE – Face Mask	6.09	35.32
Trading	0.63	12.16
<b>Overall GP margin</b>	<b>19.93</b>	<b>21.58</b>



## 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 2023 (“1HFY23”), our Group’s revenue slightly decreased by approximately RM0.50 million or 0.99% to RM49.97 million as compared to total revenue of RM50.47 million for the corresponding period in the preceding year, mainly due to decreased sales performance for Paper Packaging Products and PPE - Face Mask; which was partially offset by increased sales performance for Plastic Packaging Products and Trading.

#### Gross profit (“GP”)

Our Group’s GP slightly decreased by approximately RM0.93 million or 8.54% to RM9.96 million for 1HFY23 (6-months period ended 30 June 2022: RM10.89 million), mainly in line with the decrease in revenue.

Our overall GP margin for 1HFY23 stood at 19.93%, lower as compared to the GP margin recorded for the corresponding period in the preceding year; mainly due to decrease in GP margin for Plastic Packaging Products, PPE - Face Mask and Trading products as a result of rising costs.

#### Taxation

	6-months period ended	
	30.06.2023	30.06.2022
	RM’000	RM’000
Tax credit/(Tax expenses)	455	(1,163)
<b>Effective tax rate (%)</b>	<b>N/A</b>	<b>21.17</b>

Our Group recorded tax credit of RM0.46 million for the 1HFY23, as compared to tax expenses of RM1.16 million for the corresponding period in the preceding year; mainly due to overprovision of deferred tax recognised during the 1HFY23.

#### Profit after tax (“PAT”)

For the 1HFY23, our Group’s PAT decreased by approximately RM0.69 million or 15.94% to RM3.64 million (6-months period ended 30 June 2022: RM4.33 million). The decrease in PAT performance was primarily caused by:

- i. pricing and marketing strategies to setup B2C business model;
- ii. increase in purchase price of raw material due to macroeconomics factor such as inflation and political instability; and
- iii. increase in administrative expenses, in line with the expansion of our Group’s operations.



## **B2. PROSPECTS**

Based on the second quarter bulletin issued by Bank Negara Malaysia, the Malaysian economy registered a growth of 2.9% in the second quarter of 2023 (1Q 2023: 5.6). In addition, the manufacturing sector registered a growth of 0.1% (1Q 2023; 3.2%).

*(Source: BNM Quarterly Bulletin Vol. 38 No. 2, Second Quarter 2023, Bank Negara Malaysia)*

Despite global economic challenges, Malaysia's economy remains resilient and continues to improve. Inflation fell from 2.8% in May to 2.4% in June 2023. Malaysia's domestic inflation in June 2023 was tamer than selected advanced and regional countries such as the UK (7.9%), the Philippines (5.4%), Singapore (4.5%), Indonesia (3.5%) and the US (3%). In line with the MADANI Economy framework, upcoming policy documents namely the New Industrial Master Plan 2030, the 12<sup>th</sup> Malaysia Plan Mid-term review and the 2024 Budget will further set out strategies and measures to restructure Malaysia's economy and deliver inclusive development.

*(Source: MOF Media Release dated 18 August 2023, Ministry of Finance Malaysia)*

Furthermore, the paper packaging sector within Malaysia is forecasted to register a compound annual growth rate ("**CAGR**") of 9.8% for the forecast period of 2024, whilst industry size of plastic industry is forecasted to grow at CAGR of 3.91% during the forecast period from 2023 to 2028.

*(Source: GlobalData & Mordor Intelligence)*

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 CONSTRUCTION”)**

As announced by the Group on 25 August 2023, an extension of time was granted for the Proposed Construction and the new estimated completion date shall be on or before 30 June 2024.

For further details, please refer to the Group’s announcements to Bursa Securities dated 5 December 2022, 16 February 2023 and 25 August 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**

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

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