

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 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⁽¹⁾
AS AT 31 DECEMBER 2023**

	Unaudited 31.12.2023 RM'000	Audited 31.12.2022 RM'000
Non-current assets		
Property, plant and equipment	92,890	77,140
Right-of-use assets	9,992	12,763
Investment in associate	82	21
Lease receivables	215	269
	<u>103,179</u>	<u>90,193</u>
Current assets		
Inventories	9,202	13,260
Trade and other receivables	22,999	22,831
Lease receivables	101	82
Current tax assets	402	671
Cash and bank balances	2,387	6,453
	<u>35,091</u>	<u>43,297</u>
TOTAL ASSETS	<u>138,270</u>	<u>133,490</u>
Equity		
Share capital	29,973	29,973
Reserves	31,121	24,440
Total equity	<u>61,094</u>	<u>54,413</u>
Non-current liabilities		
Other payables	888	1,333
Borrowings	39,739	39,594
Deferred tax liabilities	1,060	2,961
Lease liabilities	3,101	5,123
	<u>44,788</u>	<u>49,011</u>
Current liabilities		
Trade and other payables	10,206	10,645
Borrowings	19,805	16,231
Lease liabilities	2,377	3,145
Current tax liabilities	-	45
	<u>32,388</u>	<u>30,066</u>
Total liabilities	<u>77,176</u>	<u>79,077</u>
TOTAL EQUITY AND LIABILITIES	<u>138,270</u>	<u>133,490</u>
Net assets per ordinary share attributable to owners of Jishan ⁽²⁾ (sen)	25.98	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.*

[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 2023**

	Individual 6-months ended Unaudited 31.12.2023 RM'000	Unaudited 31.12.2022 RM'000	Cumulative 12-months ended Unaudited 31.12.2023 RM'000	Audited 31.12.2022 RM'000
Revenue	49,722	51,383	99,694	101,893
Cost of sales	(39,682)	(40,318)	(79,696)	(79,609)
Gross profit	10,040	11,065	19,998	22,284
Other income	213	298	774	743
Administrative expenses	(4,707)	(4,330)	(9,648)	(8,503)
Selling and distribution expenses	(1,039)	(799)	(1,878)	(1,758)
Finance costs	(1,683)	(1,582)	(3,265)	(2,819)
Net gain/(loss) on impairment of financial assets	209	-	209	(171)
Share gain/(loss) in an associate	13	(4)	44	(15)
Profit before taxation	3,046	4,648	6,234	9,761
Taxation	(8)	(998)	447	(1,697)
Profit for the financial period / Total comprehensive income	3,038	3,650	6,681	8,064
Earnings per share attributable to owners of Jishan				
- Basic ⁽²⁾ (sen)	1.29	1.55	2.84	3.43
- 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 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.*

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]



**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY⁽¹⁾
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

	[----- Unaudited -----]			
	Share capital RM'000	Reorganisation debit reserve RM'000	Retained earnings RM'000	Total equity RM'000
At 1 January 2023	29,973	(19,708)	44,148	54,413
Total comprehensive income for the financial year	-	-	6,681	6,681
At 31 December 2023	29,973	(19,708)	50,829	61,094

	[----- Audited -----]			
	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	-	-	8,064	8,064
At 31 December 2022	29,973	(19,708)	44,148	54,413

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.*

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]



**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS⁽¹⁾
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

	Cumulative 12-months ended	
	Unaudited	Audited
	31.12.2023	31.12.2022
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	6,234	9,761
<u>Adjustments for:</u>		
Bad debts written off	18	-
Depreciation	7,583	7,154
Loss/(Gain) on disposal of property, plant and equipment	208	(65)
Gain on lease termination	(19)	(5)
Unrealised (gain)/loss on foreign exchange	(182)	74
Interest income	(41)	(24)
Interest expense	3,265	2,819
Impairment losses on trade receivables	-	171
Reversal of impairment loss on receivables	(209)	-
Share of (gain)/loss in an associate	(44)	15
Property, plant and equipment written off	53	35
	<hr/>	<hr/>
Operating profit before working capital changes	16,866	19,935
Decrease/(Increase) in inventories	4,058	(4,230)
Decrease/(Increase) in trade and other receivables	23	(2,441)
Decrease/(Increase) in lease receivable	35	(320)
Decrease in trade and other payables	(884)	(733)
	<hr/>	<hr/>
Cash generated from operations	20,098	12,211
Interest received	41	23
Interest paid	(104)	(273)
Tax paid	(1,230)	(699)
	<hr/>	<hr/>
Net cash generated from operating activities	18,805	11,262
	<hr/> <hr/>	<hr/> <hr/>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from the disposal of property, plant and equipment	220	576
Purchase of property, plant and equipment	(20,031)	(15,740)
Purchase of right-of-use assets	(71)	(410)
Proceeds from the disposal of right-of-use assets	56	-
Investment in associate	(18)	(35)
Net changes in deposit with a licensed bank with maturity more than 3 months	(8)	(332)
	<hr/>	<hr/>
Net cash used in investing activities	(19,852)	(15,941)
	<hr/> <hr/>	<hr/> <hr/>
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown from:		
- bankers' acceptance	37,501	23,836
- term loans	7,911	11,939
Repayments of:		
- bankers' acceptance	(33,243)	(21,289)
- term loans	(5,146)	(3,623)
- lease liabilities	(4,164)	(3,988)
Interest paid	(2,765)	(2,142)
	<hr/>	<hr/>
Net cash generated from financing activities	94	4,733
	<hr/> <hr/>	<hr/> <hr/>



**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)**

	Cumulative 12-months ended	
	Unaudited	Audited
	31.12.2023	31.12.2022
	RM'000	RM'000
Net (decrease)/increase in cash and cash equivalents	(953)	54
Cash and cash equivalents at beginning of the financial year	2,818	2,764
Effects of exchange rate changes on cash and cash equivalents	182	*
Cash and cash equivalents at end of the financial year	2,047	2,818
Cash and cash equivalents comprise the following:		
Cash and bank balances	2,387	6,453
Bank overdraft	-	(3,3043)
Deposit with a licensed bank with maturity more than 3 months	(340)	(332)
	2,047	2,818

Notes

(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.*

* *Less than RM1,000.*

[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 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 Jishan Berhad and its subsidiaries (“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*
- Amendments to MFRS 112: International Tax Reform – Pillar Two Model Rules

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*

Effective for annual periods commencing on or after 1 January 2025

- Amendments to MFRS 121: *Lack of Exchangeability*

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.

[THE REST OF THE PAGE IS INTENTIONALLY LEFT BLANK]



A12. CAPITAL COMMITMENTS

As at 31 December 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	5,030
- Approved but not contracted for	-
	5,030

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			
	31.12.2023		31.12.2022	
	RM'000	%	RM'000	%
Paper Packaging Products	27,727	55.77	30,124	58.63
Plastic Packaging Products	21,073	42.38	20,067	39.05
PPE – Face Mask	219	0.44	273	0.53
Trading	703	1.41	919	1.79
Total	49,722	100.00	51,383	100.00



	Cumulative 12-months ended			
	31.12.2023		31.12.2022	
	RM'000	%	RM'000	%
Paper Packaging Products	55,921	56.09	62,830	61.66
Plastic Packaging Products	39,315	39.44	36,851	36.17
PPE – Face Mask	416	0.42	491	0.48
Trading	4,042	4.05	1,721	1.69
Total	99,694	100.00	101,893	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			
	31.12.2023		31.12.2022	
	RM'000	%	RM'000	%
Paper Packaging Products	20,396	51.40	22,885	56.76
Plastic Packaging Products	17,695	44.59	16,494	40.91
PPE – Face Mask	122	0.31	193	0.48
Trading	1,469	3.70	746	1.85
Total	39,682	100.00	40,318	100.00

	Cumulative 12-months ended			
	31.12.2023		31.12.2022	
	RM'000	%	RM'000	%
Paper Packaging Products	42,488	53.31	48,854	61.37
Plastic Packaging Products	32,114	40.30	28,988	36.41
PPE – Face Mask	307	0.39	333	0.42
Trading	4,787	6.00	1,434	1.80
Total	79,696	100.00	79,609	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			
	31.12.2023		31.12.2022	
	RM'000	%	RM'000	%
Paper Packaging Products	7,331	73.02	7,239	65.42
Plastic Packaging Products	3,378	33.64	3,573	32.29
PPE – Face Mask	97	0.97	80	0.72
Trading	(766)	(7.63)	173	1.57
Total	10,040	100.00	11,065	100.00

GP margin	6-months period ended	
	31.12.2023	31.12.2022
	%	%
Paper Packaging Products	26.44	24.03
Plastic Packaging Products	16.03	17.81
PPE – Face Mask	44.29	29.30
Trading	(108.96)	18.82
Overall GP margin	20.19	21.53

GP	Cumulative 12-months ended			
	31.12.2023		31.12.2022	
	RM'000	%	RM'000	%
Paper Packaging Products	13,433	67.17	13,976	62.72
Plastic Packaging Products	7,201	36.01	7,863	35.28
PPE – Face Mask	109	0.55	158	0.71
Trading	(745)	(3.73)	287	1.29
Total	19,998	100.00	22,284	100.00

GP margin	Cumulative 12-months ended	
	31.12.2023	31.12.2022
	%	%
Paper Packaging Products	24.02	22.24
Plastic Packaging Products	18.32	21.34
PPE – Face Mask	26.20	32.18
Trading	(18.43)	16.68
Overall GP margin	20.06	21.87



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 2023 (“**2HFY23**”), our Group’s revenue decreased by approximately RM1.66 million or 3.23% to RM49.72 million as compared to total revenue of RM51.38 million for the corresponding period in the preceding year. The lower revenue was due to decrease in sales performance for Paper Packaging Products, PPE – Face Mask and Trading business segments.

For the financial year ended 31 December 2023 (“**FYE 2023**”), our Group’s revenue decreased by approximately RM2.20 million or 2.16% to RM99.69 million (FYE 2022: RM101.89 million). Our Group recorded lower revenue mainly due to decrease in sales performance for Paper Packaging Products and PPE - Face Mask business segments; which was partially offset by increased sales for Plastic Packaging Products and Trading business segments.

Gross profit (“GP”)

Our Group’s GP decreased by approximately RM1.03 million or 9.30% to RM10.04 million for 2HFY23 (6-months period ended 31 December 2022: RM11.07 million) due to decrease in GP for Plastic Packaging Products and Trading business segments.

For the FYE 2023, our Group’s GP decreased by approximately RM2.28 million or 10.23% to RM20.00 million for the FYE 2023 (FYE 2022: RM22.28 million) respectively. This was mainly due to decrease in GP for all segments during the FYE 2023.

Our overall GP margin for 2HFY23 stood at 20.19% (6-months period ended 31 December 2022: 21.53%). The lower GP margin was due to decrease in GP margin for Plastic Packaging Products and Trading business segments.

For the FYE 2023, our overall GP margin stood at 20.06% (FYE 2022: 21.87%). The lower GP margin was due to decrease in GP margin for Plastic Packaging Products, PPE – Face Mask and Trading business segments.

Taxation

	6-months period ended		Cumulative 12-months ended	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM’000	RM’000	RM’000	RM’000
(Tax expenses)/Tax credit	(8)	(998)	447	(1,697)
Effective tax rate (%)	(0.26)	(21.47)	N/A	(17.39)

Our Group’s overall tax expenses decreased by approximately RM0.99 million or 99.20% and RM2.14 million or 126.34% respectively for the 2HFY23 and the FYE 2023; mainly due to lower provision for income tax and reversal of deferred tax liabilities as a result of increase in reinvestment allowance available.



Profit after tax (“PAT”)

For the 2HFY23, our Group's PAT decreased by approximately RM0.61 million or 16.71% to RM3.04 million (6-months period ended 31 December 2022: RM3.65 million); whilst for the FYE 2023, our Group's PAT decreased by approximately RM1.38 million or 17.12% to RM6.68 million (FYE 2022: RM8.06 million). The decrease in PAT was primarily caused by:

- i. lower GP recorded as explained above;
- ii. increase in operating expenses consist of administrative expenses as well as selling and distribution expenses; and
- iii. higher finance costs incurred in line with the additional borrowings drawdown.

B2. PROSPECTS

Based on the fourth quarter bulletin issued by Bank Negara Malaysia, the Malaysian economy registered a growth of 3.0% in the fourth quarter of 2023 (3Q 2023: 3.3). Overall 2023 growth is normalised to 3.7% (2022: 8.7%). However, the manufacturing sector experienced a decline in growth, registering a decrease of 0.3% (3Q 2023: -0.1%).

(Source: BNM Quarterly Bulletin Vol. 38 No. 4, Fourth Quarter 2023, Bank Negara Malaysia)

Based on the Manufacturing Statistic December 2023 issued by Department of Statistics Malaysia, the manufacturing sector registered a decline sales value of 4.2% year-on-year to RM149.9 billion in December 2023 which was the largest decline since May 2020.

(Source: Manufacturing Statistics December 2023, Department of Statistics Malaysia)

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. The Group is in the midst of evaluating the growth potential of the PPE – Face Mask and the Trading business segments. Necessary and appropriate re-alignment of business strategies and focus will be undertaken.

Barring any unforeseen circumstances, the Board of Directors is cautiously optimistic that the Group's financial performance will remain positive and encouraging for the financial year ending 31 December 2024.

[THE REST OF THE PAGE IS INTENTIONALLY LEFT BLANK]



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 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.

[THE REST OF THE PAGE IS INTENTIONALLY LEFT BLANK]