

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 2024**

**(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 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”). 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 STATEMENTS OF FINANCIAL POSITION⁽¹⁾
AS AT 30 JUNE 2024

	Unaudited 30.06.2024 RM'000	Audited 31.12.2023 RM'000
Non-current assets		
Property, plant and equipment	101,925	92,842
Right-of-use assets	8,599	9,993
Lease receivables	168	217
Investment in an associate	-	69
	<u>110,692</u>	<u>103,121</u>
Current assets		
Inventories	9,290	9,202
Trade and other receivables	29,433	22,238
Lease receivables	103	99
Current tax assets	698	450
Cash and bank balances	4,714	2,387
	<u>44,238</u>	<u>34,376</u>
TOTAL ASSETS	<u>154,930</u>	<u>137,497</u>
Equity attributable to owners of the parent		
Share capital	29,973	29,973
Reserves	34,337	30,718
Total equity	<u>64,310</u>	<u>60,691</u>
Non-current liabilities		
Borrowings	48,803	41,854
Other payables	888	888
Lease liabilities	2,336	3,577
Deferred tax liabilities	1,231	1,325
	<u>53,258</u>	<u>47,644</u>
Current Liabilities		
Borrowings	24,068	17,695
Trade and other payables	11,148	9,566
Lease liabilities	2,146	1,901
	<u>37,362</u>	<u>29,162</u>
Total Liabilities	<u>90,620</u>	<u>76,806</u>
TOTAL EQUITY AND LIABILITIES	<u>154,930</u>	<u>137,497</u>
Net assets per ordinary share attributable to owners of Jishan ⁽²⁾ (sen)	27.35	25.81

Notes:

- (1) *The Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2023 ("FYE 2023") 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.*



**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME⁽¹⁾ FOR THE FINANCIAL PERIOD
ENDED 30 JUNE 2024 (UNAUDITED)**

	Individual 6-months ended		Cumulative 6-months ended	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
	RM'000	RM'000	RM'000	RM'000
Revenue	55,045	49,972	55,045	49,972
Cost of sales	(42,712)	(40,014)	(42,712)	(40,014)
Gross profit	12,333	9,958	12,333	9,958
Other operating income	362	561	362	561
Administrative and other expenses	(5,386)	(4,940)	(5,386)	(4,940)
Selling and distribution expenses	(1,299)	(839)	(1,299)	(839)
Finance costs	(1,920)	(1,582)	(1,920)	(1,582)
Share of (loss)/profit in an associate	(2)	30	(2)	30
Profit before taxation	4,088	3,188	4,088	3,188
Taxation	(469)	455	(469)	455
Profit for the financial period / Total comprehensive income	3,619	3,643	3,619	3,643
Earnings per share attributable to owners of Jishan				
- Basic ⁽²⁾ (sen)	1.54	1.55	1.54	1.55
- Diluted ⁽²⁾ (sen)	N/A	N/A	N/A	N/A

Notes:

- (1) *The Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited consolidated financial statements for the FYE 2023 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 STATEMENTS OF CHANGES IN EQUITY⁽¹⁾
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2024 (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 period	-	-	3,643	3,643
At 30 June 2023	29,973	(19,708)	47,791	58,056
At 1 January 2024	29,973	(19,708)	50,426	60,691
Total comprehensive income for the financial period	-	-	3,619	3,619
At 30 June 2024	29,973	(19,708)	54,045	64,310

Note:

(1) *The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited consolidated financial statements for the FYE 2023 and the accompanying explanatory notes attached to this interim financial report.*

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**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS⁽¹⁾
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2024 (UNAUDITED)**

	Cumulative 6-months ended	
	30.06.2024	30.06.2023
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	4,088	3,188
<u>Adjustments for:</u>		
Depreciation	3,529	3,777
Loss/(gain) on disposal of property, plant and equipment	113	(306)
Gain on lease termination	(2)	(4)
Gain on disposal of investment in an associate	(3)	-
Asset written off	-	53
Bad debt written off	-	10
Unrealised gain on foreign exchange	(57)	(289)
Interest income	(16)	(9)
Interest expense	1,920	1,582
Share of loss/(profit) in an associate	2	(30)
	<hr/>	<hr/>
Operating profit before working capital changes	9,574	7,972
(Increase)/Decrease in inventories	(88)	2,021
Increase in trade and other receivables	(7,195)	(1,823)
Decrease/(Increase) in lease receivable	45	(11)
Increase/(Decrease) in trade and other payables	1,582	(681)
	<hr/>	<hr/>
Cash generated from operations	3,918	7,478
Interest received	16	9
Interest paid	(91)	(152)
Tax paid	(811)	(101)
	<hr/>	<hr/>
Net cash generated from operating activities	3,032	7,234
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from the disposal of property, plant and equipment	125	1,220
Purchase of property, plant and equipment	(11,468)	(3,152)
Proceeds from disposal of right-of-use assets	-	56
Proceeds from disposal of investment in an associate	70	-
	<hr/>	<hr/>
Net cash used in investing activities	(11,273)	(1,876)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown from:		
- bankers' acceptance	23,366	16,983
- term loans	11,649	-
Repayments of:		
- bankers' acceptance	(22,334)	(16,190)
- term loans	(2,369)	(2,581)
- lease liabilities	(1,122)	(1,913)
Interest paid	(1,688)	(1,326)
	<hr/>	<hr/>
Net cash generated from/(used in) financing activities	7,502	(5,027)



**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS⁽¹⁾
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2024 (UNAUDITED)**

	Individual 6-months ended	
	30.06.2024	30.06.2023
	RM'000	RM'000
Net (decrease)/increase in cash and cash equivalents	(739)	331
Cash and cash equivalents at beginning of the financial period	2,046	2,819
Effects of exchange rate changes on cash and cash equivalents	57	289
Cash and cash equivalents at end of the financial period	1,364	3,439
Cash and cash equivalents comprise the following:		
Cash and bank balances	4,374	4,220
Fixed deposit with a licensed bank	340	331
	4,714	4,551
Less: Deposit with a licensed bank with maturity more than 3 months	(340)	(331)
Less: Bank overdraft	(3,010)	(781)
	1,364	3,439

Note:

(1) *The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the audited consolidated financial statements for the FYE 2023 and the accompanying explanatory notes attached to this interim financial report.*

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SECTION A – EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS (“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 Rule 6.12 (under Part C, Chapter 6) 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 2023 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 2023.

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 2023, 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 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*

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 2025

- Amendments to MFRS 121: *Lack of Exchangeability*

Effective for annual periods commencing on or after 1 January 2026

- Amendments to MFRS 9 and MFRS 7: *Amendments to the Classification and Measurement of Financial Instruments*

Effective for annual periods commencing on or after 1 January 2027

- MFRS 18: *Presentation and Disclosure in Financial Statements*
- MFRS 19: *Subsidiaries without Public Accountability - Disclosures*

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 2023 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 26 February 2024, FNM Industry Sdn Bhd had ceased to be an associated company of JSP Plas Sdn Bhd ("**JSP Plas**"), our wholly-owned subsidiary of Jishan, upon disposal of 52,500 shares held by JSP Plas to Jishan Capital Sdn Bhd, representing 35% of the issued share capital for total cash consideration of RM70,000.

Save for the above, 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 2024, 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	5,015
- Approved but not contracted for	1,817
	6,832

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			
	30.06.2024		30.06.2023	
	RM'000	%	RM'000	%
Paper Packaging Products	30,243	54.94	28,194	56.42
Plastic Packaging Products	24,021	43.64	18,242	36.50
PPE – Face Mask	246	0.45	197	0.40
Trading	535	0.97	3,339	6.68
Total	55,045	100.00	49,972	100.00



A13. SEGMENT INFORMATION (CONT'D)

(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			
	30.06.2024		30.06.2023	
	RM'000	%	RM'000	%
Paper Packaging Products	23,871	55.89	22,092	55.21
Plastic Packaging Products	18,188	42.58	14,419	36.03
PPE – Face Mask	125	0.29	185	0.47
Trading	528	1.24	3,318	8.29
Total	42,712	100.00	40,014	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			
	30.06.2024		30.06.2023	
	RM'000	%	RM'000	%
Paper Packaging Products	6,372	51.67	6,102	61.28
Plastic Packaging Products	5,833	47.29	3,823	38.39
PPE – Face Mask	121	0.98	12	0.12
Trading	7	0.06	21	0.21
Total	12,333	100.00	9,958	100.00

GP margin	6-months period ended	
	30.06.2024	30.06.2023
	%	%
Paper Packaging Products	21.07	21.64
Plastic Packaging Products	24.28	20.96
PPE – Face Mask	49.19	6.09
Trading	1.31	0.63
Overall GP margin	22.41	19.93



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 2024 (“1HFY24”), our Group’s revenue increased by approximately RM5.08 million or 10.17% to RM55.05 million as compared to total revenue of RM49.97 million for the corresponding period in the preceding year, mainly due to better sales performance for Paper Packaging Products and Plastic Packaging Products business segments; which was partially offset by lower sales performance for Trading business segment.

Gross profit (“GP”)

Our Group’s GP increased by approximately RM2.37 million or 23.80% to RM12.33 million for 1HFY24 (6-months period ended 30 June 2023: RM9.96 million); mainly in line with the increase in revenue.

Our overall GP margin for 1HFY24 stood at 22.41%, higher as compared to the GP margin recorded for the corresponding period in the preceding year; mainly due to the increase in GP margin for Plastic Packaging business segment in line with the decrease in raw material price.

Taxation

	6-months period ended	
	30.06.2024	30.06.2023
	RM’000	RM’000
(Tax expenses)/Tax credit	(469)	455
Effective tax rate (%)	11.47	N/A

Our Group recorded tax expenses of RM0.47 million for the 1HFY24, as compared to tax credit of RM0.46 million for the corresponding period in the preceding year; mainly due to higher chargeable income as a result of lower reinvestment allowance claimed during the financial period.

Profit after tax (“PAT”)

For the 1HFY24, our Group’s PAT decreased by approximately RM0.02 million or 0.55% to RM3.62 million (6-months period ended 30 June 2023: RM3.64 million). The decrease in PAT performance was primarily caused by:

- i. overall increase in operating expenses (consist of administrative, selling and distribution, and other expenses), in line with the overall growth in our Group’s operations; and
- ii. higher finance costs incurred, in line with the additional borrowings drawdown.



B2. PROSPECTS

Based on the second quarter bulletin issued by Bank Negara Malaysia, the Malaysian economy registered a growth of 5.9% in the second quarter of 2024 (1Q 2024: 4.2%). In addition, the manufacturing sector registered a growth of 4.7% (1Q 2024: 1.9%). (Source: BNM Quarterly Bulletin Vol. 39 No. 2, Second Quarter 2024, Bank Negara Malaysia) The paper and paperboard packaging industry is forecasted to grow at compound annual growth rate (“**CAGR**”) of 4.6% during the forecast period from 2024 to 2034. (Source: Paper and Paperboard Packaging Market Outlook from 2024 to 2034, Future Market Insight) Furthermore, the plastic industry is projected to grow at CAGR of 3.91% from 2024 to 2029. (Source: Malaysia Plastics Market Size 2024 – 2029, 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. 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 of the performance of the Group for the financial year ending 31 December 2024.

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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 24 June 2024, the Proposed New Plant Construction is estimated to be completed and ready to be used for the Group’s operations on or before 31 December 2024.

For further details, please refer to the Group’s announcements to Bursa Securities dated 21 July 2022, 5 December 2022, 16 February 2023, 25 August 2023 and 24 June 2024.

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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