



**JIANKUN INTERNATIONAL BERHAD
(111365-U)
(Incorporated in Malaysia)**

**Interim Financial Report
30 June 2019**

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(Incorporated in Malaysia)

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JIANKUN INTERNATIONAL BERHAD (111365-U)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

- For the quarter ended 30 June 2019

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30-Jun-19 RM'000	Preceding Year Quarter 30-Jun-18 RM'000	Current Year To date 30-Jun-19 RM'000	Preceding Year To date 30-Jun-18 RM'000
Revenue	7,998	8,464	14,815	19,544
Cost of Sales	(7,086)	(6,365)	(11,973)	(15,259)
Gross Profit	912	2,099	2,842	4,285
Other Income	173	19	242	21
Selling and marketing expenses	(53)	(536)	(109)	(1,128)
Administrative expenses	(827)	(1,278)	(1,720)	(2,806)
Other operating expenses	2	-	2	-
Operating profit / (loss)	207	304	1,257	372
Interest income	29	13	33	23
Finance costs	(6)	(1)	(6)	(3)
Profit / (loss) before taxation	230	316	1,284	392
Taxation	(94)	(167)	(173)	(530)
Net profit/(loss) for the period	136	149	1,111	(138)
Other comprehensive income after tax:				
Net currency translation differences	(102)	(50)	(2)	(49)
Other comprehensive income for the period, net of tax	(102)	(50)	(2)	(49)
Total comprehensive income for the period	34	99	1,109	(187)
Net profit/(loss) attributable to:				
- Owners of the parent	136	149	1,111	(138)
- Minority interest	-	-	-	-
	136	149	1,111	(138)
Total comprehensive income attributable to:				
- Owners of the parent	34	99	1,109	(187)
- Minority interest	-	-	-	-
	34	99	1,109	(187)
Earnings per share attributable to the owner of the Company (sen) attributable to owners of the parent				
-Basic (sen)	0.08	0.09	0.67	(0.08)
-Diluted (sen)	0.06	0.06	0.46	(0.06)

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial report.

JIANKUN INTERNATIONAL BERHAD (111365-U)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

- As at 30 June 2019

	30-Jun-19 (Unaudited) RM'000	31-Dec-18 (Audited) RM'000
<u>ASSETS</u>		
Non-Current Assets		
Property, Plant and Equipment	150	166
Investment properties	28,193	28,193
Other Receivable	3,965	3,965
	<u>32,308</u>	<u>32,324</u>
Current Assets		
Inventories	39,013	38,945
Trade Receivables	4,008	3,900
Contract Assets	23,693	14,636
Other Receivables	1,973	1,630
Tax Recoverable	254	265
Fixed deposit with license bank	201	-
Cash & Bank Balances	1,004	12,207
	<u>70,146</u>	<u>71,583</u>
TOTAL ASSETS	<u>102,454</u>	<u>103,907</u>
<u>EQUITY AND LIABILITIES</u>		
Equity attributable to owners of the Company		
Share Capital	44,656	44,656
Reserves	6,882	5,769
Total Equity	<u>51,538</u>	<u>50,425</u>
Non Current Liabilities		
Bank Borrowing	2,299	3,932
Deferred Taxation	6,579	6,579
	<u>8,878</u>	<u>10,511</u>
Current Liabilities		
Trade Payables	1,945	6,548
Progress billings	4,895	-
Other Payables & Accruals	12,677	17,045
Bank Borrowing	22,521	19,378
	<u>42,038</u>	<u>42,971</u>
Total Liabilities	<u>50,916</u>	<u>53,482</u>
TOTAL EQUITY AND LIABILITIES	<u>102,454</u>	<u>103,907</u>
Net assets per share (RM)	0.31	0.30

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial report.

JIANKUN INTERNATIONAL BERHAD (111365-U)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

- For the quarter ended 30 June 2019

	< ----- Non-distributable ----- >				Distributable	Total
	Share Capital	Foreign Exchange Translation Reserve	Warrant Reserve	Capital Reserve	Accumulated Losses	
	RM'000	RM'000	RM'000	RM'000	RM'000	
Balance as at 1 January 2019	44,656	4,379	13,606	-	(12,216)	50,425
Net profit for the period	-	-	-	-	1,111	1,111
Currency translation differences	-	2	-	-	-	2
Balance as at 30 June 2019	44,656	4,381	13,606	-	(11,105)	51,538

	< ----- Non-distributable ----- >				Distributable	Total
	Share Capital	Foreign Exchange Translation Reserve	Warrant Reserve	Capital Reserve	Accumulated Losses	
	RM'000	RM'000	RM'000	RM'000	RM'000	
Balance as at 1 January 2018	44,656	3,766	13,606	-	(12,992)	49,036
Net loss for the period	-	-	-	-	(138)	(138)
Currency translation differences	-	49	-	-	-	49
Balance as at 30 June 2018	44,656	3,815	13,606	-	(13,130)	48,947

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial report.

JIANKUN INTERNATIONAL BERHAD (111365-U)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

- For the quarter ended 30 June 2019

	Year Ended 30-Jun-19 RM'000	Year Ended 30-Jun-18 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
OPERATING ACTIVITIES		
Profit before taxation	1,284	392
Adjustment for:		
Depreciation	30	27
Loss/(gain) on disposal of property, plant and equipment	-	(1)
Interest expenses	1	1
Interest income	(34)	(23)
Operating profit/(loss) before working capital changes	<u>1,281</u>	<u>396</u>
(Increase)/Decrease in Inventories	(171)	6,148
(Increase)/Decrease in trade receivables	(8,403)	(861)
(Increase)/Decrease in other receivables	-	424
(Decrease)/Increase in trade payables	(8)	(2,570)
(Decrease)/Increase in other payables	297	(4,475)
Increase in net amount due from customer on contract	(4,377)	-
Net cash generated from/(used in) operating activities	<u>(11,381)</u>	<u>(938)</u>
Interest paid	(991)	(174)
Interest received	34	23
Tax paid	(162)	(319)
	<u>(12,500)</u>	<u>(1,408)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant & equipment	(14)	(1)
Proceed from disposal of property, plant & equipment	-	62
Net cash received / (used) in investing activities	<u>(14)</u>	<u>61</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown / (Repayment) of bank borrowing (net)	1,510	1,556
Drawdown/(Repayment) of hire purchase	-	(64)
Net cash generated / (used) from financing activities	<u>1,510</u>	<u>1,492</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(11,004)	145
EFFECT ON TRANSLATION DIFFERENCES	2	49
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	12,207	3,660
CASH AND CASH EQUIVALENTS CARRIED FORWARD	<u><u>1,205</u></u>	<u><u>3,854</u></u>
Cash and cash equivalents comprise:-		
Cash and bank balance	<u>1,205</u>	<u>3,854</u>

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial report.

JIANKUN INTERNATIONAL BERHAD (111365-U)

- For the quarter ended 30 June 2019

Part A – Explanatory Notes Pursuant to MFRS 134

A1. Basic Of Preparation

The interim financial report of the Group is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”) 134, Interim Financial Reporting, International Accounting Standard (“IAS”) 34, Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”).

The financial statements of the Group have been prepared under the historical cost convention, unless otherwise indicated in the significant accounting policies.

A2. Changes in Accounting Policies

Basis of accounting

The accounting policies and methods of computation adopted by the Group in this interim financial report are prepared in accordance with MFRSs effective for annual periods beginning on 1 January 2012 and the amendment to MFRSs effective on or after 1 January 2012.

Standards issued but not yet effective

		Effective
MFRS 17	Insurance Contracts	1 January 2021
Amendments to MFRS 2	Share-based Payment	1 January 2020
Amendment to MFRS 3	Business Combinations	1 January 2020
Amendments to MFRS 6	Exploration for and Evaluation of Mineral Resources	1 January 2020
Amendment to MFRS 14	Regulatory Deferral Accounts	1 January 2020
Amendments to MFRS 101	Presentation of Financial Statements	1 January 2020
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2020
Amendments to MFRS 134	Interim Financial Reporting	1 January 2020
Amendment to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2020
Amendment to MFRS 138	Intangible Assets	1 January 2020
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

A3. Declaration of Qualification of Audit Report

There was no qualification in the audited financial report for the year ended 31 December 2018.

A4. Seasonality or Cyclicity of Operations

The Group’s operations are not subject to seasonal or cyclical factors.

A5. Nature and Amounts of Unusual Items

There were no unusual items affecting the assets, liabilities, equity, net income, or cash flows during the quarter under review.

A6. Nature and Amount of Changes in Estimates

There were no changes in estimates that have had a material effect in the current financial quarter-to-date results.

A7. Issuances or Repayment of Debt and Equity Securities

There were no issuances of new shares or repayment of debt and equity securities during the quarter review.

A8. Dividends

There was no dividend is being proposed or paid for this quarter.

JIANKUN INTERNATIONAL BERHAD (111365-U)

- For the quarter ended 30 June 2019

Part A – Explanatory Notes Pursuant to MFRS 134

A9. Segmental Information

For management purposes, the Group is organised into business units based on their products and services, and has three reportable segments as follows:

Property development and construction Develop and provides construction services for residential, industrial and commercial property.

Project management and advisory Provides project management services for residential, industrial and commercial property development.

Property management and investment holding Provision of management, marketing and consultancy services.

The Group Executive Committee assesses the performance of the operating segments based on operating profit or loss which is measured differently from those disclosed in the consolidated financial statements.

Group financing (including finance costs) and income tax are managed on a group basis and are not allocated to operating segments.

The Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

Transactions between segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation. The measurement basis and classification are consistent with those adopted in the previous financial year.

Group

	Project management and advisory	Property development and construction	Property management and investment holding	Total segments	Adjustments and elimination	Total operation
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
30 June 2019						
Revenue						
External customers	-	14,745	70	14,815	-	14,815
Inter-segment	-	8,305	-	8,305	(8,305)	-
Total revenue	-	23,050	70	23,120	(8,305)	14,815
Result						
Interest income	-	274	3	277	-	277
Profit / (loss) before taxation	-	1,495	(211)	1,284	-	1,284
Taxation	-	(173)	-	(173)	-	(173)
Segment profit / (loss)	-	1,322	(211)	1,111	-	1,111

JIANKUN INTERNATIONAL BERHAD (111365-U)

- For the quarter ended 30 June 2019

Part A – Explanatory Notes Pursuant to MFRS 134

A9. Segmental Information (cont.)

	Project management and advisory	Property development and construction	Property management and investment holding	Total segments	Adjustments and elimination	Total operation
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Assets						
Capital expenditure	-	40,995	-	40,995	(2,625)	38,370
Segment assets	-	31,505	50,883	82,388	(18,304)	64,084
Total assets	-	72,500	50,883	123,383	(20,929)	102,454
Liabilities						
Segment liabilities	-	53,124	7,097	60,221	(9,305)	50,916
Other non-cash item						
Depreciation of property, plant and equipment	-	(21)	(9)	(30)	-	(30)
Group						
	Project management and advisory	Property development and construction	Property management and investment holding	Total segments	Adjustments and elimination	Total operation
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
30 June 2018						
Revenue						
External customers	-	19,503	41	19,544	-	19,544
Inter-segment	-	9,436	-	9,436	(9,436)	-
Total revenue	-	28,939	41	28,980	(9,436)	19,544
Result						
Other incomes	-	30	-	30	-	30
Loss before taxation	-	1,616	(301)	1,315	(923)	392
Taxation	-	(530)	-	(530)	-	(530)
Segment profit / (loss)	-	1,086	(301)	785	(923)	(138)
Assets						
Capital expenditure	-	41,769	-	41,769	(1,564)	40,205
Segment assets	-	7,675	48,373	56,048	(3,997)	52,051
Total assets	-	49,444	48,373	97,817	(5,561)	92,256
Liabilities						
Segment liabilities	-	43,984	4,600	48,584	(1)	48,583
Other non-cash item						
Depreciation of property, plant and equipment	-	(18)	(9)	(27)	-	(27)

A10. Changes in the composition of the Group

There were no changes in the composition of the Group for the period under review.

A11. Changes in the contingent liabilities

There were no contingent liabilities at the end of the quarter.

JIANKUN INTERNATIONAL BERHAD (111365-U)

- For the quarter ended 30 June 2019

Part A – Explanatory Notes Pursuant to MFRS 134

A12. Significant related party transactions

There was no other material related party transactions for the current quarter and financial year-to-date.

A13. Capital Commitments

There was no other material capital commitments for the quarter under review save for the balance of entitlement payable to Fivestar Development (Puchong) Sdn. Bhd. for Amani Residences project which was included in other payables.

PART B: Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of BMSB

B1. Review of Group Performance

	Individual Quarter			Cumulative Period		
	Current Year Quarter	Preceding Year Corresponding Quarter	Changes	Current Year To-date	Preceding year Corresponding Period	Changes
	30-Jun-19 RM'000	30-Jun-18 RM'000	RM'000	30-Jun-19 RM'000	30-Jun-18 RM'000	RM'000
Revenue	7,998	8,464	(466)	14,815	19,544	(4,729)
Gross profit	912	2,099	(1,187)	2,842	4,285	(1,443)
Profit / (loss) before tax	230	316	(86)	1,284	392	892
Profit / (loss) after tax	136	149	(13)	1,111	(138)	1,249

Performance of the current quarter against the same quarter in the preceding year (1Q 2019 vs 1Q 2018)

The Group recorded a lower revenue of RM7.998 million for 2Q 2019, a decrease of RM0.466 million in comparison to the corresponding period of 2Q 2018, due mainly to the revenue of the current period being generated solely by Amani Residences project as Bayu Heights 2 project has been completed and delivered.

The Group recorded a profit before tax of RM0.230 million for 2Q 2019 which is lower than corresponding period of 2Q 2018 which recorded RM0.316.

B2. Comparison with Preceding Quarter's Results

	Current Quarter	Immediate Preceding Quarter	Changes
	30-Jun-19 RM'000	31-Mar-19 RM'000	RM'000
Revenue	7,998	6,817	1,181
Gross profit	912	1,930	(1,018)
Profit / (loss) before tax	230	1,054	(824)
Profit / (loss) after tax	136	975	(839)

For 2Q 2019, higher revenue of RM7.998 million was recorded, an increase of RM1.181 million in comparison to the preceding period of 1Q 2019. Higher recognition of revenue was enable due to higher project's sales and completion of construction works. However, the Group recorded a lower profit before tax of RM0.23 million for 2Q 2019 in comparison to RM1.054 million recorded in the preceding 1Q 2019.

B3. Future Prospects

The Group is actively sourcing for new development opportunities to meet the demand of first time house buyers and/or the middle income group.

B4. Variance on Profit Forecast / Profit Guarantee

The Group has not announced or disclosed any profit forecast in public documents.

JIANKUN INTERNATIONAL BERHAD (111365-U)
- For the quarter ended 30 June 2019

PART B: Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of BMSB

B5. Taxation

The tax charge relates principally to the current quarter's profit made by certain profitable subsidiary companies which cannot be offset against the losses of other subsidiary companies within the Group.

The tax charge for the Group is as follows:-

	2019	2018
	RM'000	RM'000
Current tax	173	530
Deferred tax	-	-
	<u>173</u>	<u>530</u>

B6. Profit/Loss on Sale of Unquoted Investments and/or Properties

There was no profit or loss on sale of unquoted investment and/or properties for the quarter under review.

B7. Purchase or Disposal of Quoted Securities

There was no purchases or disposals of quoted securities by the Group for the quarter under review.

B8. Status of corporate proposals and utilisation of proceeds

On 30 January 2018, the Group announced that Bursa Malaysia Securities Berhad ("Bursa Securities") had vide its letter dated 30 January 2018, resolved to approve the listing of and quotation of up to 24,243,210 Placement Shares to be issued pursuant to the Proposed Private Placement. On 29 July 2019, the Group announced that the Private Placement had lapsed and no new shares were issued/ placed out pursuant to the Private Placement.

B9. Group Borrowings

Total Group borrowings were as follows:

	Current Year	Preceding
	As At	Year
	30-Jun-19	As At
	RM '000	30-Jun-18
	RM '000	RM '000
Secured:		
Short term:		
Bridging loan	17,818	11,558
Term loan	4,703	5,156
	<u>22,521</u>	<u>16,714</u>
Long term:		
Hire purchase	-	77
Bridging loan	2,299	-
	<u>2,299</u>	<u>77</u>

B10. Off Balance Sheet Financial Instruments

There was no off balance sheet financial instruments by the Group for the quarter under review.

B11. Material Litigation

On 7 March 2019, JKI Construction Sdn. Bhd., the wholly owned subsidiary of Jiankun International Berhad received a Wrist of Summons and Statement of Claim by Messrs. KH Lim & Co, the solicitors who act on behalf of MKDB Sdn. Bhd. ("MKDB") demanding for the payment of the outstanding retention sum of RM377,982.58 of sub-contract for superstructure works for a project located at Taman Puchong Hartamas, Puchong, Selangor.

On 24 May 2019, the Court recorded that the Plaintiff has agreed to withdraw the case against JKI Construction Sdn. Bhd. with no liberty to file afresh and without cost and has ordered the two parties from claiming any further action whatsoever against each other in relation to/arise from the same.

Save for the above, there was no other material litigation by the Group for the quarter under review.

JIANKUN INTERNATIONAL BERHAD (111365-U)
- For the quarter ended 30 June 2019

PART B: Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of BMSB

B12. Earnings Per Share (EPS)

The EPS for the year was calculated base on the profit after taxation for the year divided by the weighted average number of ordinary shares issued during the year.

EPS for the quarter is as follows:-

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30-Jun-19 RM'000	Preceding Year Quarter 30-Jun-18 RM'000	Current Year To Date 30-Jun-19 RM'000	Preceding Year To Date 30-Jun-18 RM'000
Profit / (Loss) after tax	136	149	1,111	(138)
Number of ordinary shares issued as at 1 January	166,845	166,845	166,845	166,845
Basic EPS (Sen)	0.08	0.09	0.67	(0.08)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30-Jun-19 RM'000	Preceding Year Quarter 30-Jun-18 RM'000	Current Year To Date 30-Jun-19 RM'000	Preceding Year To Date 30-Jun-18 RM'000
Profit / (Loss) after tax	136	149	1,111	(138)
Weighted Average number of ordinary shares issued	166,845	166,845	166,845	166,845
Assume shares issued from exercise of warrants	75,587	75,587	75,587	75,587
Adjusted Weighted Average number of ordinary shares issued	242,432	242,432	242,432	242,432
Diluted EPS (Sen)	0.06	0.06	0.46	(0.06)

B13. Notes to the Statement of Comprehensive Income

	Current Year Ended 30-Jun-19 RM'000	Preceding Year Ended 30-Jun-18 RM'000
Profit for the period is arrived at after charging:		
Depreciation and amortization	<u>30</u>	<u>27</u>
and after crediting:		
Interest income	<u>34</u>	<u>23</u>

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- For the quarter ended 30 June 2019

PART B: Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of BMSB

B14. Realised and Unrealised Profits/Losses Disclosure

	Current Year Ended	Preceding Year Ended
	30-Jun-19 RM '000	30-Jun-18 RM '000
Total realised losses	(15,902)	(20,362)
Total unrealised profits/(loss)	6,579	5,905
	<u>(9,323)</u>	<u>(14,457)</u>
Consolidated adjustment	(1,782)	1,327
Total accumulated profit/(loss)	<u>(11,105)</u>	<u>(13,130)</u>

By Order of the Board

Date: 27 August 2019