



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

Interim Financial Report
31 March 2019

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	Page No.
Condensed Consolidated Statement of Comprehensive Income	3
Condensed Consolidated Statement of Financial Position	4
Condensed Consolidated Statement of Changes in Equity	5
Condensed Consolidated Statement of Cash Flows	6
Notes to the Interim Financial Report	7 - 14

JIANKUN INTERNATIONAL BERHAD (111365-U)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

- For the quarter ended 31 March 2019

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31-Mar-19 RM'000	Preceding Year Quarter 31-Mar-18 RM'000	Current Year To date 31-Mar-19 RM'000	Preceding Year To date 31-Mar-18 RM'000
Revenue	6,817	11,080	6,817	11,080
Cost of Sales	(4,887)	(8,894)	(4,887)	(8,894)
Gross Profit	1,930	2,186	1,930	2,186
Other Income	69	2	69	2
Selling and marketing expenses	(56)	(592)	(56)	(592)
Administrative expenses	(893)	(1,528)	(893)	(1,528)
Other operating expenses	-	-	-	-
Operating profit / (loss)	1,050	68	1,050	68
Interest income	4	10	4	10
Finance costs	-	(2)	-	(2)
Profit / (loss) before taxation	1,054	76	1,054	76
Taxation	(79)	(363)	(79)	(363)
Net profit/(loss) for the period	975	(287)	975	(287)
Other comprehensive income after tax:				
Net currency translation differences	100	1	100	1
Other comprehensive income for the period, net of tax	100	1	100	1
Total comprehensive income for the period	1,075	(286)	1,075	(286)
Net profit/(loss) attributable to:				
- Owners of the parent	975	(287)	975	(287)
- Minority interest	-	-	-	-
	975	(287)	975	(287)
Total comprehensive income attributable to:				
- Owners of the parent	1,075	(286)	1,075	(286)
- Minority interest	-	-	-	-
	1,075	(286)	1,075	(286)
Earnings per share attributable to the owner of the Company (sen) attributable to owners of the Parent				
-Basic (sen)	0.58	(0.17)	0.58	(0.17)
-Diluted (sen)	0.40	(0.12)	0.40	(0.12)

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 31 March 2019

	31-Mar-19 (Unaudited) RM'000	31-Dec-18 (Audited) RM'000
<u>ASSETS</u>		
Non-Current Assets		
Property, Plant and Equipment	164	166
Investment properties	28,193	28,193
Other Receivable	3,965	3,965
	<u>32,322</u>	<u>32,324</u>
Current Assets		
Inventories	43,859	38,945
Trade Receivables	-	3,900
Contract Assets	20,566	14,636
Other Receivables	2,490	1,630
Tax Recoverable	412	265
Fixed deposit with license bank	2,042	-
Cash & Bank Balances	4,909	12,207
	<u>74,278</u>	<u>71,583</u>
TOTAL ASSETS	<u>106,600</u>	<u>103,907</u>
<u>EQUITY AND LIABILITIES</u>		
Equity attributable to owners of the Company		
Share Capital	44,656	44,656
Reserves	6,644	5,769
Total Equity	<u>51,300</u>	<u>50,425</u>
Non Current Liabilities		
Finance Lease Payable	-	-
Bank Borrowing	2,667	3,932
Deferred Taxation	6,579	6,579
	<u>9,246</u>	<u>10,511</u>
Current Liabilities		
Trade Payables	6,005	6,548
Progress billings	3,165	-
Other Payables & Accruals	13,621	17,045
Bank Borrowing	23,263	19,378
	<u>46,054</u>	<u>42,971</u>
Total Liabilities	<u>55,300</u>	<u>53,482</u>
TOTAL EQUITY AND LIABILITIES	<u>106,600</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 31 March 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	-	-	-	-	975	975
Currency translation differences	-	(100)	-	-	-	(100)
Balance as at 31 March 2019	44,656	4,279	13,606	-	(11,241)	51,300

	< ----- 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	-	(18,266)	43,762
Net loss for the period	-	-	-	-	(287)	(287)
Currency translation differences	-	(1)	-	-	-	(1)
Balance as at 31 March 2018	44,656	3,765	13,606	-	(18,553)	43,474

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 31 March 2019

	Year Ended 31-Mar-19 RM'000	Year Ended 31-Mar-18 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
OPERATING ACTIVITIES		
Profit before taxation	1,054	76
Adjustment for:		
Depreciation	16	15
Loss/(gain) on disposal of property, plant and equipment	-	(1)
Interest expenses	1	1
Interest income	(4)	(10)
Operating profit/(loss) before working capital changes	<u>1,067</u>	<u>81</u>
(Increase)/Decrease in Inventories	(5,160)	952
(Increase)/Decrease in trade receivables	(1,265)	1,600
(Increase)/Decrease in other receivables	-	206
(Decrease)/Increase in trade payables	(526)	(127)
(Decrease)/Increase in other payables	2,622	(3,401)
Increase in net amount due from customer on contract	(3,438)	-
Net cash generated from/(used in) operating activities	<u>(6,700)</u>	<u>(689)</u>
Interest paid	(847)	(174)
Interest received	4	10
Tax paid	(226)	(181)
	<u>(7,769)</u>	<u>(1,034)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant & equipment	(9)	(1)
Proceed from disposal of property, plant & equipment	-	62
Net cash received / (used) in investing activities	<u>(9)</u>	<u>61</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown / (Repayment) of bank borrowing (net)	2,621	(1,247)
Drawdown/(Repayment) of hire purchase	-	(64)
Net cash generated / (used) from financing activities	<u>2,621</u>	<u>(1,311)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(5,157)	(2,284)
EFFECT ON TRANSLATION DIFFERENCES	(100)	(1)
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	12,207	3,660
CASH AND CASH EQUIVALENTS CARRIED FORWARD	<u><u>6,950</u></u>	<u><u>1,375</u></u>
Cash and cash equivalents comprise:-		
Cash and bank balance	<u>6,950</u>	<u>1,375</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 31 March 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 31 March 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.

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
31 March 2019						
Revenue						
External customers	-	6,784	33	6,817	-	6,817
Inter-segment	-	4,416	-	4,416	(4,416)	-
Total revenue	-	11,200	33	11,233	(4,416)	6,817
Result						
Interest income	-	72	2	74	-	74
Profit / (loss) before taxation	-	1,168	(114)	1,054	-	1,054
Taxation	-	(79)	-	(79)	-	(79)
Segment profit / (loss)	-	1,089	(114)	975	-	975

JIANKUN INTERNATIONAL BERHAD (111365-U)

- For the quarter ended 31 March 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	-	45,839	-	45,839	(2,625)	43,214
Segment assets	-	29,852	51,838	81,690	(18,304)	63,386
Total assets	-	75,691	51,838	127,529	(20,929)	106,600
Liabilities						
Segment liabilities	-	52,743	7,015	59,758	(4,458)	55,300
Other non-cash item						
Depreciation of property, plant and equipment	-	(11)	(5)	(16)	-	(16)
Waiver of liability	-	-	-	-	-	-
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
31 March 2018						
Revenue						
External customers	-	62,221	137	62,358	-	62,358
Inter-segment	-	27,210	13	27,223	(27,223)	-
Total revenue	-	89,431	150	89,581	(27,223)	62,358
Result						
Other incomes	-	47	13	60	-	60
Interest expenses	-	-	-	-	-	-
Fair value on investment property	-	-	1,489	1,489	-	1,489
Loss before taxation	-	(586)	978	392	(1,819)	(1,427)
Taxation	-	(1,312)	(744)	(2,056)	-	(2,056)
Segment profit / (loss)	-	(1,898)	234	(1,664)	(1,819)	(3,483)
Assets						
Capital expenditure	-	47,241	-	47,241	(1,787)	45,454
Segment assets	-	25,226	27,238	52,464	-	52,464
Total assets	-	72,467	27,238	99,705	(1,787)	97,918
Liabilities						
Segment liabilities	-	47,797	6,359	54,156	-	54,156
Other non-cash item						
Depreciation of property, plant and equipment	-	-	(63)	(63)	-	(63)

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 31 March 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
	31-Mar-19 RM'000	31-Mar-18 RM'000	RM'000	31-Mar-19 RM'000	31-Mar-18 RM'000	RM'000
Revenue	6,817	11,080	(4,263)	6,817	11,080	(4,263)
Gross profit	1,930	2,186	(256)	1,930	2,186	(256)
Profit / (loss) before tax	1,054	76	978	1,054	76	978
Profit / (loss) after tax	975	(287)	1,262	975	(287)	1,262

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

Revenue for the Group for 1Q 2019 was RM6.817 million as compare with 1Q 2018 of RM11.080 million. The revenue was lower by RM4.263 million, the lower revenue recognition for 1Q 2018 was mainly due contribution from Amani Residences project, however for 1Q 2018 revenue was contributed by Amani Residences and Bayu Heights 2 projects. The Group recorded a profit before tax of RM1.054 million for 1Q2018 as compared with a profit before tax of RM0.076 million reported in 1Q 2018.

B2. Comparison with Preceding Quarter's Results

	Current Quarter	Immediate Preceding Quarter	Changes
	31-Mar-19 RM'000	31-Dec-18 RM'000	RM'000
Revenue	6,817	7,170	(353)
Gross profit	1,930	631	1,299
Profit / (loss) before tax	1,054	1,434	(380)
Profit / (loss) after tax	975	554	421

Revenue of RM6.817 million was recorded for 1Q 2019, which is lower than RM7.170 million as compare with 4Q 2018. The lower revenue recognition for this quarter was mainly the shortest working days for construction works due to fastive season.

The Group recorded profit before tax of RM0.975 million for 4Q 2018 as compare with profit before tax of RM0.554 million for 4Q 2018 . The higher profit before tax was due to higher development progress for Amani Residences project.

B3. Future Prospects

The Board is actively scouting for new development opportunities to build up the needs of first time house buyers and middle income community and this product shall allow us to target a wider pool of customers.

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 31 March 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	79	363
	<u>79</u>	<u>363</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. For the quarter under review, the Group has not issue any Placement Share.

B9. Group Borrowings

Total Group borrowings were as follows:

	Current Year	Preceding Year
	As At	As At
	31-Mar-19	31-Mar-18
	RM '000	RM '000
Secured:		
Short term:		
Bridging loan	17,818	8,663
Term loan	5,445	5,324
	<u>23,263</u>	<u>13,987</u>
Long term:		
Bridging loan	2,667	-
	<u>2,667</u>	<u>-</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 also ordered two parties do not have any further action in relation to or arise from the matter here against each other.

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

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 31-Mar-19 RM'000	Preceding Year Quarter 31-Mar-18 RM'000	Current Year To Date 31-Mar-19 RM'000	Preceding Year To Date 31-Mar-18 RM'000
Profit / (Loss) after tax	975	(287)	975	(287)
Number of ordinary shares issued as at 1 January	166,845	166,845	166,845	166,845
Basic EPS (Sen)	0.58	(0.17)	0.58	(0.17)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31-Mar-19 RM'000	Preceding Year Quarter 31-Mar-18 RM'000	Current Year To Date 31-Mar-19 RM'000	Preceding Year To Date 31-Mar-18 RM'000
Profit / (Loss) after tax	975	(287)	975	(287)
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)	0.40	(0.12)	0.40	(0.12)

B13. Notes to the Statement of Comprehensive Income

	Current Year Ended 31-Mar-19 RM'000	Preceding Year Ended 31-Mar-18 RM'000
Profit for the period is arrived at after charging:		
Depreciation and amortization	16	15
and after crediting:		
Interest income	4	10

JIANKUN INTERNATIONAL BERHAD (111365-U)
- For the quarter ended 31 March 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
	31-Mar-19 RM '000	31-Mar-18 RM '000
Total realised losses	(16,038)	(21,018)
Total unrealised profits/(loss)	6,579	5,114
	<u>(9,459)</u>	<u>(15,904)</u>
Consolidated adjustment	(1,782)	2,362
Total accumulated profit/(loss)	<u>(11,241)</u>	<u>(18,266)</u>

By Order of the Board

Date: 27 May 2019