



JIANKUN INTERNATIONAL BERHAD
(Registration No. 198301015973(111365-U))
(Incorporated in Malaysia)

Interim Financial Report
30 September 2020

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

- For the quarter ended 30 September 2020

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30-Sep-20 RM'000	Preceding Year Quarter 30-Sep-19 RM'000	Current Year To date 30-Sep-20 RM'000	Preceding Year To date 30-Sep-19 RM'000
Revenue	23,310	7,108	47,785	21,923
Cost of Sales	(19,433)	(5,846)	(39,772)	(17,819)
Gross Profit	3,877	1,262	8,013	4,104
Other Income	(35)	323	232	565
Selling and marketing expenses	(95)	(45)	(198)	(154)
Administrative expenses	(844)	(862)	(2,757)	(2,582)
Other operating expenses	-	(1)	-	1
Operating profit / (loss)	2,903	677	5,290	1,934
Interest income	25	41	107	74
Finance costs	(1)	(2)	(4)	(8)
Profit / (loss) before taxation	2,927	716	5,393	2,000
Taxation	(335)	(192)	(783)	(365)
Net profit/(loss) for the period	2,592	524	4,610	1,635
Other comprehensive income after tax:				
Net currency translation differences	(16)	34	(25)	32
Other comprehensive income for the period, net of tax	(16)	34	(25)	32
Total comprehensive income for the period	2,576	558	4,585	1,667
Net profit/(loss) attributable to:				
- Owners of the parent	2,592	524	4,610	1,635
- Minority interest	-	-	-	-
	2,592	524	4,610	1,635
Total comprehensive income attributable to:				
- Owners of the parent	2,576	558	4,585	1,667
- Minority interest	-	-	-	-
	2,576	558	4,585	1,667
Earnings per share attributable to the owner of the Company (sen) attributable to owners of the parent				
-Basic (sen)	1.55	0.31	2.76	0.98
-Diluted (sen)	1.07	0.22	1.90	0.67

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

- As at 30 September 2020

	30-Sep-20 (Unaudited) RM'000	31-Dec-19 (Audited) RM'000
<u>ASSETS</u>		
Non-Current Assets		
Property, Plant and Equipment	116	144
Right of Use Assets	49	197
Investment properties	27,572	27,572
Other Receivable	3,965	3,965
	<u>31,702</u>	<u>31,878</u>
Current Assets		
Inventories	27,676	33,150
Trade Receivables	6,067	6,588
Contract Assets	4,548	15,614
Other Receivables	1,614	2,277
Tax Recoverable	545	538
Fixed deposit with license bank	7,122	3,537
Cash & Bank Balances	10,429	7,884
	<u>58,001</u>	<u>69,588</u>
TOTAL ASSETS	<u>89,703</u>	<u>101,466</u>
<u>EQUITY AND LIABILITIES</u>		
Equity attributable to owners of the Company		
Share Capital	44,707	44,656
Reserves	14,599	10,033
Total Equity	<u>59,306</u>	<u>54,689</u>
Non Current Liabilities		
Deferred Taxation	6,304	6,304
	<u>6,304</u>	<u>6,304</u>
Current Liabilities		
Trade Payables	11,401	6,120
Other Payables & Accruals	12,641	16,404
Lease liabilities	51	200
Bank Borrowing	-	17,571
Provision for Taxation	-	178
	<u>24,093</u>	<u>40,473</u>
Total Liabilities	<u>30,397</u>	<u>46,777</u>
TOTAL EQUITY AND LIABILITIES	<u>89,703</u>	<u>101,466</u>
Net assets per share (RM)	0.36	0.33

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

- For the quarter ended 30 September 2020

	< ----- Non-distributable ----- >			Distributable	Total
	Share Capital	Foreign Exchange Translation Reserve	Warrant Reserve	Accumulated Losses	
	RM'000	RM'000	RM'000	RM'000	
Balance as at 1 January 2020	44,656	4,308	13,606	(7,881)	54,689
Effect of warrants conversion	51	-	(19)	-	32
Net profit for the period	-	-	-	4,610	4,610
Currency translation differences	-	(25)	-	-	(25)
Balance as at 30 September 2020	44,707	4,283	13,587	(3,271)	59,306

	< ----- Non-distributable ----- >			Distributable	Total
	Share Capital	Foreign Exchange Translation Reserve	Warrant Reserve	Accumulated Losses	
	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 loss for the period	-	-	-	1,635	1,635
Currency translation differences	-	(32)	-	-	(32)
Balance as at 30 September 2019	44,656	4,347	13,606	(10,581)	52,028

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

- For the quarter ended 30 September 2020

	Year Ended 30-Sep-20 RM'000	Year Ended 30-Sep-19 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
OPERATING ACTIVITIES		
Profit before taxation	5,393	2,000
Adjustment for:		
Depreciation	188	46
Finance costs	318	-
Finance income	(108)	(74)
Operating profit/(loss) before working capital changes	<u>5,791</u>	<u>1,972</u>
(Increase)/Decrease in Inventories	5,718	155
(Increase)/Decrease in trade receivables	(314)	1,217
(Increase)/Decrease in other receivables	1,038	-
(Decrease)/Increase in trade payables	1,874	(146)
(Decrease)/Increase in other payables	(712)	(176)
(Increase)/Decrease in contract Assets	11,423	(4,825)
Net cash generated from/(used in) operating activities	<u>24,818</u>	<u>(1,803)</u>
Interest paid	(318)	(1,310)
Interest received	108	74
Tax paid	(519)	(239)
	<u>24,089</u>	<u>(3,278)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant & equipment	(13)	(17)
Net cash received / (used) in investing activities	<u>(13)</u>	<u>(17)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown / (Repayment) of bank borrowing (net)	(17,220)	(1,029)
Drawdown/(Repayment) of right of use assets	(149)	-
Proceed from issuance of share	33	-
Net cash generated / (used) from financing activities	<u>(17,336)</u>	<u>(1,029)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	6,740	(4,324)
EFFECT ON TRANSLATION DIFFERENCES	(25)	(32)
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	10,833	12,207
CASH AND CASH EQUIVALENTS CARRIED FORWARD	<u><u>17,548</u></u>	<u><u>7,851</u></u>
Cash and cash equivalents comprise:-		
Fixed deposit with licensed bank	7,122	3,696
Housing development accounts	7,806	2,030
Cash and bank balance	2,620	2,125
	<u><u>17,548</u></u>	<u><u>7,851</u></u>

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial report.

- For the quarter ended 30 September 2020

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.

The Group ad adopted the following Amendements to Standards:

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 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

Standards issued but not yet effective

At the date of authorisation of the Condensed Report, the following Standards were issued but not yet effective and have not been adopted by the Group

Description		Effective date for financial periods beginning on or after
MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 101	Presentation of Financial Statements	1 January 2023
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

The adoption of new MFRS and amendments do not have any material effect on the financial statements

A3. Declaration of Qualification of Audit Report

There was no qualification in the audited financial report for the year ended 31 December 2019.

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.

- For the quarter ended 30 September 2020

Part A – Explanatory Notes Pursuant to MFRS 134

A7. Issuances or Repayment of Debt and Equity Securities

During the current quarter, a total of 103,000 new ordinary shares were issued pursuant to the exercise of 103,000 warrants at the issue price of RM0.32 per share. The shares were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad.

A8. Dividends

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

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.

- For the quarter ended 30 September 2020

Part A – Explanatory Notes Pursuant to MFRS 134

A9. Segmental Information (cont.)

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 September 2020						
Revenue						
External customers	-	47,658	127	47,785	-	47,785
Inter-segment	-	27,810	-	27,810	(27,810)	-
Total revenue	-	75,468	127	75,595	(27,810)	47,785
Result						
Interest income	-	107	-	107	-	107
Profit / (loss) before taxation	-	5,758	(365)	5,393	-	5,393
Taxation	-	(766)	(17)	(783)	-	(783)
Segment profit / (loss)	-	4,992	(382)	4,610	-	4,610

	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						
Segmental assets	-	69,601	51,255	120,856	(31,153)	89,703

Including in the measurement of assets are:

Capital expenditure relating to:						
- property, plant and equipment	-	7	-	7	-	7

Liabilities

Segment liabilities	-	35,604	6,782	42,386	(11,989)	30,397
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Other non-cash item

Depreciation of:						
- properties, plant and equipment	-	(183)	(5)	(188)	-	(188)
- right of use assets	-	(148)	-	(148)	-	(148)

- For the quarter ended 30 September 2020

Part A – Explanatory Notes Pursuant to MFRS 134

A9. Segmental Information (cont.)

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 September 2019						
Revenue						
External customers	-	21,834	89	21,923	-	21,923
Inter-segment	-	12,565	-	12,565	(12,565)	-
Total revenue	-	34,399	89	34,488	(12,565)	21,923
Result						
Other incomes	-	636	4	640	-	640
Loss before taxation	-	2,392	(392)	2,000	-	2,000
Taxation	-	(365)	-	(365)	-	(365)
Segment profit / (loss)	-	2,027	(392)	1,635	-	1,635
Assets						
Segment assets	-	69,759	50,699	120,458	(20,929)	99,529
Including in the measurement of assets are:						
Capital expenditure relating to:						
- property, plant and equipment	-	17	-	17	-	17
Liabilities						
Segment liabilities	-	46,911	7,071	53,982	(6,481)	47,501
Other non-cash item						
Depreciation of property, plant and equipment	-	(32)	(14)	(46)	-	(46)

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.

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.

- For the quarter ended 30 September 2020

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-Sep-20 RM'000	30-Sep-19 RM'000	RM'000	30-Sep-20 RM'000	30-Sep-19 RM'000	RM'000
Revenue	23,310	7,108	16,202	47,785	21,923	25,862
Gross profit	3,877	1,262	2,615	8,013	4,104	3,909
Profit / (loss) before tax	2,927	716	2,211	5,393	2,000	3,393
Profit / (loss) after tax	2,592	524	2,068	4,610	1,635	2,975

Performance of the current quarter against the same quarter in the preceding year (3Q 2020 vs 3Q 2019)

During the quarter under review, the individual quarter revenue increased from RM7.108 million to RM23.310 million and profit before tax increased from RM0.716 million to RM2.927 million. The increased in revenue and profit before tax was mainly due to high progress works and higher sales take up rate as compare with preceding year.

The effect from higher progress works and higher sales take up rate had cause the increased in cumulate revenue from RM21.923 million to RM47.785 million and the profit before tax increased from RM2 million to RM5.393 million respectively.

B2. Comparison with Preceding Quarter's Results

	Current Quarter 30-Sep-20 RM'000	Immediate Preceding Quarter 30-Jun-20 RM'000	Changes RM'000
Revenue	23,310	5,262	18,048
Gross profit	3,877	755	3,122
Profit / (loss) before tax	2,927	89	2,838
Profit / (loss) after tax	2,592	71	2,521

The revenue for current quarter increased from RM5.262 million to RM23.310 million and the profit before tax increased from RM0.089 million to RM2.927 million as compare with preceding quarter. The increase was main due to massive recovery of works progress after conditional movement control order has been lifted by government earlier.

B3. Future Prospects

In view of the current economic outlook and COVID-19 pandemic effect, the results of the Group in future will be affected, especially in the year of 2021. The Board in the opinion that 2021 will remain a challenging year because of the uncertainties of when the COVID-19 pandemic will be over. However the recent budget had provide some incentive to first home buyer that may provide some help to our business in property industry. In order to ensure long term sustainable business for the Group, the Board together with the Management will continue to source for new lands for future development.

B4. Variance on Profit Forecast / Profit Guarantee

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

- For the quarter ended 30 September 2020

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:-

	30-Sep-20 RM'000	30-Sep-19 RM'000
Current tax	771	365
Under provision in prior year	12	-
	<u>783</u>	<u>365</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

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

B9. Group Borrowings

Total Group borrowings were as follows:

	Current Year As At 30-Sep-20 RM '000	Preceding Year As At 30-Sep-19 RM '000
Secured:		
Short term:		
Bridging loan	-	17,818
Term loan	-	1,560
	<u>-</u>	<u>19,378</u>
Long term:		
Bridging loan	-	3,932
	<u>-</u>	<u>3,932</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

There was no material litigation for the Group for the quarter under review.

- For the quarter ended 30 September 2020

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-Sep-20 RM'000	Preceding Year Quarter 30-Sep-19 RM'000	Current Year To Date 30-Sep-20 RM'000	Preceding Year To Date 30-Sep-19 RM'000
Profit / (Loss) after tax	2,592	524	4,610	1,635
Number of ordinary shares issued as at 1 January	166,845	166,845	166,845	166,845
Effect of shares issued from warrant conversion	31	-	31	-
Weighted Average number of ordinary shares issued	166,876	166,845	166,876	166,845
Basic EPS (Sen)	1.55	0.31	2.76	0.98

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30-Sep-20 RM'000	Preceding Year Quarter 30-Sep-19 RM'000	Current Year To Date 30-Sep-20 RM'000	Preceding Year To Date 30-Sep-19 RM'000
Profit / (Loss) after tax	2,592	524	4,610	1,635
Weighted Average number of ordinary shares issued	166,876	166,845	166,876	166,845
Assume shares issued from full exercise of warrants	75,484	75,586	75,484	75,586
Adjusted Weighted Average number of ordinary shares issued	242,360	242,431	242,360	242,431
Diluted EPS (Sen)	1.07	0.22	1.90	0.67

B13. Notes to the Statement of Comprehensive Income

	Current Year Ended 30-Sep-20 RM'000	Preceding Year Ended 30-Sep-19 RM'000
Profit for the period is arrived at after charging:		
Depreciation and amortization	188	46
and after crediting:		
Interest income	108	74

JIANKUN INTERNATIONAL BERHAD (Registration No. 198301015973(111365-U))

- For the quarter ended 30 September 2020

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-Sep-20 RM '000	30-Sep-19 RM '000
Total realised losses	(9,561)	(15,902)
Total unrealised profits/(loss)	6,304	6,579
	<u>(3,257)</u>	<u>(9,323)</u>
Consolidated adjustment	(15)	(1,782)
Total accumulated profit/(loss)	<u>(3,272)</u>	<u>(11,105)</u>

By Order of the Board

Date: 12 November 2020