

JERASIA CAPITAL BERHAD (503248-A)
INTERIM FINANCIAL REPORT ON THE CONSOLIDATED RESULTS
FOR THE SECOND QUARTER ENDED 31 DECEMBER 2017
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 DECEMBER 2017
CONTINUING OPERATIONS

	Current Quarter Ended 31/12/2017 RM '000	Corresponding Quarter Ended 31/12/2016 RM '000	Year-To-Date Ended 31/12/2017 RM '000	Corresponding Year-To-Date Ended 31/12/2016 RM '000
Revenue	121,652	130,123	236,671	242,319
Other income	2,758	3,643	4,040	5,235
	<hr/> 124,410	<hr/> 133,766	<hr/> 240,711	<hr/> 247,554
Operating expenses	(121,545)	(130,339)	(234,976)	(241,036)
Finance cost	(1,440)	(1,312)	(2,858)	(2,445)
Profit before tax	<hr/> 1,425	<hr/> 2,115	<hr/> 2,877	<hr/> 4,073
Taxation	(311)	(105)	(772)	(313)
Profit for the period attributable to equity holders of the Company	<hr/> 1,114	<hr/> 2,010	<hr/> 2,105	<hr/> 3,760
Other comprehensive income				
Currency translation difference arising from consolidation	(1,392)	854	(1,966)	1,113
Total comprehensive income for the period attributable to equity holders of the Company	<hr/> (278) <hr/>	<hr/> 2,864 <hr/>	<hr/> 139 <hr/>	<hr/> 4,873 <hr/>
Earnings per share				
- Basic / Diluted (sen)	1.36	2.45	2.57	4.58

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 30 June 2017.

JERASIA CAPITAL BERHAD (503248-A)
INTERIM FINANCIAL REPORT ON THE CONSOLIDATED RESULTS
FOR THE SECOND QUARTER ENDED 31 DECEMBER 2017
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Unaudited	Audited
	As At	As At
	31/12/2017	30/06/2017
	RM '000	RM '000
ASSETS		
Non-current assets		
Property, plant and equipment	68,729	58,856
Intangible assets	31,947	31,947
Deferred tax assets	1,853	1,649
Total non-current assets	<u>102,529</u>	<u>92,452</u>
Current assets		
Inventories	99,217	98,696
Trade and other receivables	94,279	104,760
Tax recoverable	2,116	3,920
Cash and bank balances	11,522	8,539
	<u>207,134</u>	<u>215,915</u>
Asset held-for-sale	3,497	3,497
Total current assets	<u>210,631</u>	<u>219,412</u>
TOTAL ASSETS	<u>313,160</u>	<u>311,864</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	82,046	82,046
Reserves	64,398	64,259
Total equity	<u>146,444</u>	<u>146,305</u>
LIABILITIES		
Non-current liabilities		
Deferred tax liabilities	1,125	1,425
Bank borrowings (unsecured)	4,627	7,075
Total non-current liabilities	<u>5,752</u>	<u>8,500</u>
Current liabilities		
Trade and other payables	31,817	34,219
Bank borrowings (unsecured)	128,900	122,366
Tax payable	247	474
Total current liabilities	<u>160,964</u>	<u>157,059</u>
Total liabilities	<u>166,716</u>	<u>165,559</u>
TOTAL EQUITY AND LIABILITIES	<u>313,160</u>	<u>311,864</u>
Net assets per share (RM) *	1.78	1.78

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2017.

*The net assets per share is based on the computation of total assets (including intangibles) minus total liabilities divided by total number of ordinary shares in circulation.

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FOR THE SECOND QUARTER ENDED 31 DECEMBER 2017
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2017

	Period Ended 31/12/2017 RM '000	Period Ended 31/12/2016 RM '000
CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES		
Profit before tax	2,877	4,073
Adjustments for:-		
Depreciation of property, plant and equipment	7,120	6,585
Interest income	(4)	(4)
Interest expenses	2,858	2,445
Property, plant and equipment written off	1,292	-
Gain on disposal of property, plant and equipment	(34)	-
Loss on foreign exchange - unrealised	4,611	315
Operating profit before changes in working capital	<u>18,720</u>	<u>13,414</u>
Changes in working capital:-		
Net change in current assets	5,349	(36,977)
Net change in current liabilities	<u>(2,402)</u>	<u>8,635</u>
Cash generated from / (used in) operations	21,667	(14,928)
Taxation refund / (paid)	301	(861)
Net cash generated from / (used in) operating activities	<u>21,968</u>	<u>(15,789)</u>
CASH FLOWS USED IN INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(18,360)	(1,460)
Proceeds from disposal of property, plant and equipment	42	-
Interest received	4	4
Increase in entrance fee	-	(775)
Net cash used in investing activities	<u>(18,314)</u>	<u>(2,231)</u>
CASH FLOWS FROM FINANCING ACTIVITY		
Increase in bank borrowings	4,060	17,353
Interest paid	<u>(2,858)</u>	<u>(2,445)</u>
Net cash generated from financing activity	<u>1,202</u>	<u>14,908</u>
Net increase / (decrease) in cash and cash equivalents	4,856	(3,112)
Net effect of exchange translation differences	(1,899)	958
Cash and cash equivalents brought forward	<u>7,531</u>	<u>8,681</u>
Net cash and cash equivalents carried forward	<u>10,488</u>	<u>6,527</u>
Cash and cash equivalents comprises:-		
Cash and bank balances	11,522	7,570
Bank overdrafts	<u>(1,034)</u>	<u>(1,043)</u>
	<u>10,488</u>	<u>6,527</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 30 June 2017.

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FOR THE SECOND QUARTER ENDED 31 DECEMBER 2017
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2017

	Attributable to equity holders of the Company			
	Share Capital RM '000	Foreign Exchange Translation Reserve RM '000	Retained Earnings RM '000	Total RM '000
6 Months				
<u>Ended 31 December 2017</u>				
Balance as at 1 July 2017	82,046	(400)	64,659	146,305
Total comprehensive income	-	(1,966)	2,105	139
Balance as at 31 December 2017	82,046	(2,366)	66,764	146,444
6 Months				
<u>Ended 31 December 2016</u>				
Balance as at 1 Jul 2016	82,046	(1,050)	60,946	141,942
Total comprehensive income	-	1,113	3,760	4,873
Balance as at 31 December 2016	82,046	63	64,706	146,815

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 30 June 2017.

JERASIA CAPITAL BERHAD (503248-A)
NOTES TO THE INTERIM FINANCIAL REPORT ON THE CONSOLIDATED RESULTS
FOR THE SECOND QUARTER ENDED 31 DECEMBER 2017

1 Basis of Preparation and Accounting Policies

The condensed consolidated interim financial statements have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”) 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

This interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2017. These explanatory notes attached to the interim financial report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 30 June 2017.

2 Significant Accounting Policies

The accounting policies adopted by the Group in this interim financial report are consistent with those adopted in the audited financial statements for the financial year ended 30 June 2017 except for the adoption of the new and amendments to accounting standards with effect from 1 July 2017.

The adoption of the new and amendments to accounting standards with effect from 1 July 2017 did not have any impact on the interim financial report of the Group.

As at the date of this interim financial report, the following Standards, Amendments to Standards, Annual Improvements to Standards and Issues Committee (“IC”) Interpretation were issued but are not yet effective and have not been adopted by the Group:-

Effective for financial periods beginning on or after 1 January 2018

MFRS 9	Financial Instruments (IFRS 9 as issued by IASB in July 2014)
MFRS 15	Revenue from Contracts with Customers
MFRS 15	Clarifications to MFRS 15 Revenue from Contracts with Customers
Amendments to MFRS 2	Classification and Measurement of Share-based Payment
Amendments to MFRS 4	Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts
Amendments to MFRS 140	Transfers of Investment Property
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration
Annual Improvements to MFRS Standards 2014-2016 Cycle	

Effective for financial periods beginning on or after 1 January 2019

MFRS 16	Leases
IC Interpretation 23	Uncertainty over Income Tax Treatments
Annual Improvements to MFRS Standards 2015-2017 Cycle	

Effective for financial periods beginning on or after 1 January 2021

MFRS 17	Insurance Contracts
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Standards have been deferred, and yet to be announced by Malaysian Accounting Standards Board

Amendments to MFRS 10	Consolidated Financial Statements: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to MFRS 128	Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

2 Significant Accounting Policies (Cont'd)

The Group will adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are not expected to have any significant impact to the financial statements of the Group upon their initial application.

3 Preceding Year's Audited Annual Accounts

The audited financial statements of the Group for the preceding financial year ended 30 June 2017 were not qualified.

4 Seasonal and Cyclical Factors

The Group's principal business operations were not significantly affected by seasonal or cyclical factors.

5 Unusual Material Event

There was no unusual material event during the current quarter.

6 Accounting Estimates

There were no changes in estimates of amounts reported in prior financial years that have a material effect in the current financial period under review.

7 Issuance and Repayment of Debt and Equity Securities

There were no issuance and repayment of debt and equity securities, share buy-back, share cancellation, shares held as treasury shares or resale of treasury shares in the current interim period under review.

8 Dividend

There was no dividend proposed or paid during the current quarter under review.

9 Notes to the Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

Profit before tax is arrived at after charging / (crediting) the following items:-

	Current Quarter	Year-to-Date
	RM '000	RM '000
Interest expense	1,440	2,858
Depreciation and amortization	3,646	7,120
Interest income	(2)	(4)
Foreign exchange loss	286	609

There was no gain or loss on disposal of properties or quoted or unquoted investments; provision for doubtful debts; impairment of assets; gain or loss on derivatives and exceptional items for the financial quarter and financial year to-date.

10 Segment Reporting

The analysis of the Group by activity is as follows: -

	Retail	Garment Manufacturing	Others	Elimination	Group Total
	RM '000	RM '000	RM '000	RM '000	RM '000
6 Months					
<u>Ended 31 December 2017</u>					
Revenue					
External sales	105,503	131,168	-	-	236,671
Results					
Segment results	1,094	1,329	(47)	(271)	2,105
<u>As At 31 December 2017</u>					
Assets					
Segment assets	176,876	251,420	102,256	(217,392)	313,160

11 Property, Plant and Equipment

The valuations of property, plant and equipment have been brought forward, without amendments from the previous audited annual financial statements.

12 Subsequent Events

There are no material events subsequent to the end of the current quarter, which has not been reflected in the financial statements for the current period.

13 Effect of Changes in the Composition of the Group

There have been no changes in the composition of the Group during the quarter under review including business composition, acquisition or disposal of any subsidiaries or long term investments, restructuring or discontinued operations.

14 Change in Contingent Liabilities

	Unaudited	Audited
	As At	As At
	31/12/2017	30/06/2017
	RM '000	RM '000
Corporate guarantees given to banks in respect of banking facilities granted to subsidiaries (unsecured)	272,085	272,935

15 Significant Related Party Transaction

There is no significant related party transaction for the quarter under review.

16 Review of Performance

Comparison with the corresponding quarter in the previous financial year

The Group's total revenue for the three month period ended 31 December 2017 was RM121.65 million, a decrease of 6.5% from RM130.12 million in the previous corresponding quarter. Profit before tax for the Group was RM1.43 million, a decrease of 32.6% from RM2.12 million in the previous corresponding quarter.

The revenue for the retail segment was RM57.27 million, a decrease of 8.9% from RM62.86 million in the previous corresponding quarter. Profit before tax decreased by 53.3% to RM0.58 million from RM1.24 million. The decline in both revenue and profit contribution was due primarily to the weak market conditions and consumer sentiments as well as the planned rationalisation and realignment exercise in the retail segment which was mentioned in the previous quarter. In this quarter, the Group had write-offs of property, plant and equipment amounting to RM1.29 million, as planned.

The revenue for the manufacturing segment was RM64.38 million, a decrease of 4.3% from RM67.27 million in the previous corresponding quarter. This is mainly due to the weakening of the US Dollar against the Malaysian Ringgit. Notwithstanding that there was a net foreign exchange loss of RM0.29 million, profit before tax was RM0.87 million from RM0.99 million in the previous corresponding quarter.

Comparison with the corresponding previous financial year-to-date

Cumulatively for the six months period ended 31 December 2017, the Group's total revenue was RM236.67 million, a decrease of 2.3% from RM242.32 million in the previous corresponding period. Profit before tax for the Group was RM2.88 million, a decrease of 29.4% from RM4.07 million in the previous corresponding quarter. This decrease in revenue is due to closures of certain stores and temporary closure due to refurbishment and upgrade of existing stores in the retail segment.

Revenue in the retail segment declined by 10.3% to RM105.50 million from RM117.67 million in the previous corresponding period. Profit before tax decreased by 54.5% to RM1.15 million from RM2.52 million. As explained, the retail segment is going through a temporary transitional phase. The Group strongly believes this segment will rebound and is expected to continue contributing positively to the Group, going forward.

Revenue in the manufacturing segment increased by 5.2% to RM131.17 million from RM124.65 million in the previous corresponding period. Correspondingly, profit before tax increased by 6.3% to RM1.78 million from RM1.67 million in the previous corresponding period, due to increased orders.

17 Comparison with Immediate Preceding Quarter

In the current quarter ended 31 December 2017, the Group's total revenue amounted to RM121.65 million, an increase of 5.8% from RM115.02 million in the preceding quarter. The Group's profit before tax in the current quarter decreased marginally to RM1.43 million from RM1.45 million in the preceding quarter.

Revenue in the retail segment increased by 18.7% to RM57.27 million from RM48.23 million in the preceding quarter. Profit before tax increased marginally to RM0.58 million from RM0.57 million in the preceding quarter. The increase in revenue in the current quarter as compared to the preceding quarter was due to year end sales and festivities in the current quarter.

Revenue in the manufacturing segment decreased by 3.6% to RM64.38 million from RM66.79 million in the preceding quarter. Profit before tax reduced from RM0.91 million in the preceding quarter to RM0.87 million in the current quarter under review. As stated above, the decline was mainly due to the weakening of the US Dollar against the Malaysian Ringgit.

18 Prospects for the Current Financial Year

The Group is confident of its continuing positive performance for the current financial year. The current ongoing rationalisation exercise in the retail segment and the capacity optimisation initiatives in the manufacturing segment will contribute and enhance overall performance.

19 Profit Forecast or Guarantee

Not applicable.

20 Taxation

The breakdown of taxation is as follows:-

	Current Quarter RM '000	Year-to-Date RM '000
Estimated current tax payable	421	1,276
Deferred taxation	(110)	(504)
	<u>311</u>	<u>772</u>

The Group's effective tax rate is higher than the statutory tax rate. This is mainly due to higher non-deductible expenses for tax calculation.

21 Retained Earnings

	As At 31/12/2017 RM '000	As At 30/06/2017 RM '000
Realised	112,528	107,994
Unrealised	(3,883)	(1,770)
	<u>108,645</u>	<u>106,224</u>
Consolidation adjustments	(41,881)	(41,565)
Group retained earnings as per consolidated accounts	<u>66,764</u>	<u>64,659</u>

22 Status of Corporate Proposals Announced and Not Completed

Share Buy-Back

At the Seventeenth Annual General Meeting held on 28 November 2017, shareholders approved the renewal of Share Buy-Back mandate. To-date, the Company has not effected any Share Buy-Back transaction.

23 Group Borrowings and Debt Securities

The Group's borrowings as at the end of the current quarter comprise:-

Bank borrowings (unsecured)	<u>133,527</u>
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There was no debt securities issued.

24 Pending Material Litigation

There is no pending material litigation.

25 Earnings per Share

Earnings per share have been computed based on profit for the period attributable to equity holders of the Company divided by the weighted average number of ordinary shares in issue during the period.

	3 Months Ended		Year-to-Date	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Profit for the period attributable to equity holders of the Company (RM' 000)	1,114	2,010	2,105	3,760
Weighted average number of ordinary shares in issue (RM' 000)	82,046	82,046	82,046	82,046
Basic / Diluted earnings per share (sen)	1.36	2.45	2.57	4.58