

JERASIA CAPITAL BERHAD (503248-A)
INTERIM FINANCIAL REPORT ON THE CONSOLIDATED RESULTS
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2018
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 SEPTEMBER 2018
CONTINUING OPERATIONS

	Current Quarter Ended 30/09/2018 RM '000	Corresponding Quarter Ended 30/09/2017 RM '000	Year-To-Date Ended 30/09/2018 RM '000	Corresponding Year-To-Date Ended 30/09/2017 RM '000
Revenue	120,263	115,020	120,263	115,020
Other income	426	1,281	426	1,281
	<hr/> 120,689	<hr/> 116,301	<hr/> 120,689	<hr/> 116,301
Operating expenses	(117,491)	(113,432)	(117,491)	(113,432)
Finance cost	(1,674)	(1,418)	(1,674)	(1,418)
Profit before tax	<hr/> 1,524	<hr/> 1,451	<hr/> 1,524	<hr/> 1,451
Taxation	(441)	(459)	(441)	(459)
Profit for the period attributable to equity holders of the Company	<hr/> 1,083	<hr/> 992	<hr/> 1,083	<hr/> 992
Other comprehensive income				
Currency translation difference arising from consolidation	816	(574)	816	(574)
Total comprehensive income for the period attributable to equity holders of the Company	<hr/> 1,899 <hr/>	<hr/> 418 <hr/>	<hr/> 1,899 <hr/>	<hr/> 418 <hr/>
Earnings per share				
- Basic/ Diluted (sen)	1.32	1.21	1.32	1.21

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 2018.

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(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2018

	Unaudited	Audited
	As At	As At
	30/09/2018	30/06/2018
	RM '000	RM '000
ASSETS		
Non-current assets		
Property, plant and equipment	62,251	66,171
Intangible assets	31,062	31,062
Deferred tax assets	1,897	1,833
Total non-current assets	<u>95,210</u>	<u>99,066</u>
Current assets		
Inventories	123,599	129,283
Trade and other receivables	83,459	73,282
Tax recoverable	743	729
Cash and bank balances	6,444	7,429
Total current assets	<u>214,245</u>	<u>210,723</u>
TOTAL ASSETS	<u>309,455</u>	<u>309,789</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	82,046	82,046
Reserves	71,304	69,405
Total equity	<u>153,350</u>	<u>151,451</u>
LIABILITIES		
Non-current liabilities		
Deferred tax liabilities	389	813
Bank borrowings (unsecured)	2,667	3,167
Total non-current liabilities	<u>3,056</u>	<u>3,980</u>
Current liabilities		
Trade and other payables	15,097	24,406
Bank borrowings (unsecured)	137,431	129,460
Tax payable	521	492
Total current liabilities	<u>153,049</u>	<u>154,358</u>
Total liabilities	<u>156,105</u>	<u>158,338</u>
TOTAL EQUITY AND LIABILITIES	<u>309,455</u>	<u>309,789</u>
Net assets per share (RM) *	1.87	1.85

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2018.

*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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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2018

	Period Ended 30/09/2018 RM '000	Period Ended 30/09/2017 RM '000
CASH FLOWS USED IN OPERATING ACTIVITIES		
Profit before tax	1,524	1,451
Adjustments for:-		
Depreciation of property, plant and equipment	4,084	3,475
Interest income	(4)	(2)
Interest expenses	1,674	1,418
Loss on foreign exchange - unrealised	111	1,379
Operating profit before changes in working capital	<u>7,389</u>	<u>6,870</u>
Changes in working capital:-		
Net change in current assets	(4,604)	(16,863)
Net change in current liabilities	<u>(9,309)</u>	<u>4,260</u>
Cash used in operations	(6,524)	(2,930)
Interest paid	(1,674)	(1,133)
Interest received	4	3
Taxation (paid)/refund	(914)	5
Net cash used in operating activities	<u>(9,108)</u>	<u>(4,495)</u>
CASH FLOWS USED IN INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(134)	(2,140)
Proceeds from disposal of property, plant and equipment	17	-
Net cash used in investing activities	<u>(117)</u>	<u>(1,179)</u>
CASH FLOWS FROM FINANCING ACTIVITY		
Increase in bank borrowings	7,772	7,165
Net cash generated from financing activity	<u>7,772</u>	<u>2,868</u>
Net decrease in cash and cash equivalents	(1,453)	(2,806)
Net effect of exchange translation differences	769	(554)
Cash and cash equivalents brought forward	6,459	7,531
Net cash and cash equivalents carried forward	<u>5,775</u>	<u>6,098</u>
Cash and cash equivalents comprises:-		
Cash and bank balances	6,444	6,431
Bank overdraft	(669)	(722)
	<u>5,775</u>	<u>6,098</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 2018.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2018

	Attributable to equity holders of the Company			
	Share Capital RM '000	Foreign Exchange Translation Reserve RM '000	Retained Earnings RM '000	Total RM '000
3 Months				
<u>Ended 30 September 2018</u>				
Balance as at 1 July 2018	82,046	(2,452)	71,857	151,451
Total comprehensive income	-	816	1,083	1,899
Balance as at 30 September 2018	82,046	(1,636)	72,940	153,350
3 Months				
<u>Ended 30 September 2017</u>				
Balance as at 1 Jul 2017	82,046	(400)	64,659	146,305
Total comprehensive income	-	(574)	992	418
Balance as at 30 September 2017	82,046	(974)	65,651	146,723

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 2018.

JERASIA CAPITAL BERHAD (503248-A)
NOTES TO THE INTERIM FINANCIAL REPORT ON THE CONSOLIDATED RESULTS
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2018

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 2018. 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 2018.

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 2018 except for the adoption of the new and amendments to accounting standards with effect from 1 July 2018.

The adoption of the new and amendments to accounting standards with effect from 1 July 2018 did not have any impact on the interim financial report of the Group.

As at the date of this interim financial report, the following MFRSs and Amendments to MFRSs 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 2019

MFRS 16	Leases
IC Interpretation 23	Uncertainty over Income Tax Treatments

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

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 2018 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

A single-tier final dividend of 0.5 sen per share amounting to approximately RM410,230.57 in respect of the financial year ended 30 June 2018 was approved by Shareholders at the Eighteenth Annual General Meeting of the Company held on 29 November 2018. This single-tier final dividend is payable on 13 February 2019 to depositors who are registered in the Record of Depositors at the close of business on 14 January 2019.

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	1,674	1,674
Depreciation and amortization	4,084	4,084
Interest income	(4)	(4)
Foreign exchange gain	(413)	(413)

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
3 Months					
<u>Ended 30 September 2018</u>					
Revenue					
External sales	51,255	69,008	-	-	120,263

10 Segment Reporting (Con't)

	Retail	Garment Manufacturing	Others	Elimination	Group Total
	RM '000	RM '000	RM '000	RM '000	RM '000
3 Months					
<u>Ended 30 September 2018</u>					
Results					
Segment results	403	587	(44)	137	1,083
<u>As At 30 September 2018</u>					
Assets					
Segment assets	181,611	159,971	101,848	(133,975)	309,455

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 As At 30/09/2018 RM '000	Audited As At 30/06/2018 RM '000
Corporate guarantees given to banks in respect of banking facilities granted to subsidiaries (unsecured)	270,795	269,357

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 30 September 2018 was RM120.26 million, an increase of 4.6% from RM115.02 million in the previous corresponding quarter. Profit before tax for the Group was RM1.53 million, an improvement of 5.0% from RM1.45 million in the previous corresponding quarter.

16 Review of Performance (Con't)

Comparison with the corresponding quarter in the previous financial year (Con't)

The retail segment contributed a revenue of RM51.26 million, an increase of 6.3% from RM48.23 million in the previous corresponding quarter. Profit before tax decreased by 14.4% to RM0.49 million from RM0.57 million. The decline in profit contribution was due primarily to lower margins arising from active promotional campaign to mitigate a generally weaker retail environment.

The manufacturing segment's revenue contributed RM69.01 million, an increase of 3.3% from RM66.79 million in the previous corresponding quarter. Correspondingly, profit before tax increased by 18.8% to RM1.08 million from RM0.91 million. Despite global economic uncertainties, this segment has demonstrated resilience and achieved improved results through better realised capacity utilisation.

17 Comparison with Immediate Preceding Quarter

In the current quarter ended 30 September 2018, the Group's total revenue amounted to RM120.26 million, a decrease of 3.0% from RM123.96 million in the preceding quarter. The Group's profit before tax in the current quarter increased to RM1.53 million from RM1.33 million in the preceding quarter.

Revenue in the retail segment improved marginally by 1.6% to RM51.26 million from RM50.42 million in the preceding quarter. This segment registered a profit before tax of RM0.49 million compared to profit before tax of RM0.90 million in the preceding quarter, a decline of 45.0%. The decreased in profit before tax is mainly due to lower margins as explained in under the segment on Review of Performance above.

The garment manufacturing segment's revenue decreased by 6.2% to RM69.01 million from RM73.54 million in the preceding quarter. Profit before tax however, improved from RM0.66 in the preceding quarter to RM1.08 million in the current quarter under review due to improved operational productivity and efficiency.

18 Prospects for the Current Financial Year

Looking ahead, the Group is confident of sustaining its positive performance in subsequent quarters of this new financial year. The Group remains resilient to any unfavourable external events and is agile to adapt to the constantly shifting market momentum. In addition, it is now actively exploring fresh opportunities to strengthen and to broaden its manufacturing activities.

19 Profit Forecast or Guarantee

Not applicable.

20 Taxation

The breakdown of taxation is as follows:-

	Current Quarter	Year-to-Date
	RM '000	RM '000
Estimated current tax payable	929	929
Deferred taxation	(488)	(488)
	<u>441</u>	<u>441</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 30/09/2018 RM '000	As At 30/06/2018 RM '000
Realised	113,297	115,416
Unrealised	1,397	(1,633)
	<hr/> 114,694	<hr/> 113,783
Consolidation adjustments	(41,754)	(41,926)
Group retained earnings as per consolidated accounts	<hr/> <hr/> 72,940	<hr/> <hr/> 71,857

22 Status of Corporate Proposals Announced and Not Completed

Share Buy-Back

At the Eighteenth Annual General Meeting held on 29 November 2018, 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)	RM '000 <hr/> <hr/> 140,098
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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	
	30/09/2018	30/09/2017	30/09/2018	30/09/2017
Profit for the period attributable to equity holders of the Company (RM' 000)	1,083	992	1,083	992
Weighted average number of ordinary shares in issue (RM' 000)	82,046	82,046	82,046	82,046
Basic/ Diluted earnings per share (sen)	<hr/> <hr/> 1.32	<hr/> <hr/> 1.21	<hr/> <hr/> 1.32	<hr/> <hr/> 1.21