

JERASIA CAPITAL BERHAD (503248-A)
INTERIM FINANCIAL REPORT ON THE CONSOLIDATED RESULTS
FOR THE QUARTER ENDED 30 JUNE 2019
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 JUNE 2019
CONTINUING OPERATIONS

	Current Quarter Ended 30/06/2019 RM '000	Corresponding Quarter Ended 30/06/2018 RM '000	Year-To-Date Ended 30/06/2019 RM '000	Corresponding Year-To-Date Ended 30/06/2018 RM '000
Revenue	123,232	123,962	502,615	463,549
Other income	(1,372)	(1,229)	1,047	7,249
	<hr/> 121,860	<hr/> 122,733	<hr/> 503,662	<hr/> 470,798
Operating expenses	(120,026)	(119,817)	(492,937)	(455,212)
Finance cost	(1,961)	(1,586)	(7,098)	(5,798)
Profit before tax	<hr/> (127)	<hr/> 1,330	<hr/> 3,627	<hr/> 9,788
Taxation	(1,127)	(121)	(1,365)	(2,180)
Profit/ (Loss) for the year attributable to equity holders of the Company	<hr/> (1,254)	<hr/> 1,209	<hr/> 2,262	<hr/> 7,608
Other comprehensive income				
Currency translation difference arising from consolidation	401	1,385	793	(2,052)
Total comprehensive income/ (loss) for the year attributable to equity holders of the Company	<hr/> (853) <hr/>	<hr/> 2,594 <hr/>	<hr/> 3,055 <hr/>	<hr/> 5,556 <hr/>
Earnings per share				
- Basic / Diluted (sen)	(1.53)	1.47	2.76	9.27

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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INTERIM FINANCIAL REPORT ON THE CONSOLIDATED RESULTS
FOR THE QUARTER ENDED 30 JUNE 2019
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Unaudited	Audited
	As At	As At
	30/06/2019	30/06/2018
	RM '000	RM '000
ASSETS		
Non-current assets		
Property, plant and equipment	60,919	66,171
Intangible assets	31,062	31,062
Deferred tax assets	2,267	1,833
Total non-current assets	<u>94,248</u>	<u>99,066</u>
Current assets		
Inventories	156,486	129,283
Trade and other receivables	93,835	73,282
Tax recoverable	14	729
Cash and bank balances	2,182	7,429
Total current assets	<u>252,517</u>	<u>210,723</u>
TOTAL ASSETS	<u>346,765</u>	<u>309,789</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	82,046	82,046
Reserves	77,895	69,405
Total equity	<u>159,941</u>	<u>151,451</u>
LIABILITIES		
Non-current liabilities		
Deferred tax liabilities	408	813
Bank borrowings (unsecured)	1,167	3,167
Total non-current liabilities	<u>1,575</u>	<u>3,980</u>
Current liabilities		
Trade and other payables	41,637	24,406
Bank borrowings (unsecured)	143,089	129,460
Tax payable	523	492
Total current liabilities	<u>185,249</u>	<u>154,358</u>
Total liabilities	<u>186,824</u>	<u>158,338</u>
TOTAL EQUITY AND LIABILITIES	<u>346,765</u>	<u>309,789</u>
Net assets per share (RM) *	1.95	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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FOR THE QUARTER ENDED 30 JUNE 2019
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	Year Ended 30/06/2019 RM '000	Year Ended 30/06/2018 RM '000
CASH FLOWS (USED IN) / FROM OPERATING ACTIVITIES		
Profit before tax	3,627	9,788
Adjustments for:-		
Depreciation of property, plant and equipment	16,865	15,104
Interest received	(9)	(12)
Interest paid	7,098	5,798
Property, plant and equipment written off	513	1,536
Inventories written off and written down	-	85
Gain on disposal of property, plant and equipment	(17)	(4,901)
Loss on foreign exchange - unrealised	388	2,652
Operating profit before changes in working capital	<u>28,465</u>	<u>30,050</u>
Changes in working capital:-		
Net change in current assets	(48,216)	(5,907)
Net change in current liabilities	17,235	(5,545)
Cash (used in) / generated from operations	<u>(2,516)</u>	<u>18,598</u>
Taxation (paid) / refund	(1,456)	233
Net cash (used in) / generated from operating activities	<u>(3,972)</u>	<u>18,831</u>
CASH FLOWS USED IN INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(6,310)	(24,030)
Proceeds from disposal of property, plant and equipment	2,325	8,405
Interest received	9	12
Decrease in entrance fee	-	885
Net cash used in investing activities	<u>(3,976)</u>	<u>(14,728)</u>
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES		
Increase in bank borrowings	10,535	1,837
Interest paid	(7,098)	(5,798)
Dividend paid	(410)	(410)
Net cash generated from / (used in) financing activities	<u>3,027</u>	<u>(4,371)</u>
Net decrease in cash and cash equivalents	(4,921)	(268)
Net effect of exchange translation differences	(33)	(804)
Cash and cash equivalents brought forward	6,459	7,531
Net cash and cash equivalents carried forward	<u>1,505</u>	<u>6,459</u>
Cash and cash equivalents comprises:-		
Cash and bank balances	2,182	7,429
Bank overdrafts	(677)	(970)
	<u>1,505</u>	<u>6,459</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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FOR THE QUARTER ENDED 30 JUNE 2019
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	Attributable to equity holders of the Company				Total RM '000
	Share Capital RM '000	Foreign Exchange Translation Reserve RM '000	Revaluation Reserve RM '000	Retained Earnings RM '000	
12 Months					
<u>Ended 30 June 2019</u>					
Balance as at 1 July 2018	82,046	(2,452)	-	71,857	151,451
Total comprehensive income	-	793		2,262	3,055
Property revalued during the year			5,845	-	5,845
Dividends paid	-	-	-	(410)	(410)
Balance as at 30 June 2019	<u>82,046</u>	<u>(1,659)</u>	<u>5,845</u>	<u>73,709</u>	<u>159,941</u>
12 Months					
<u>Ended 30 June 2018</u>					
Balance as at 1 July 2017	82,046	(400)	-	64,659	146,305
Total comprehensive income	-	(2,052)	-	7,608	5,556
Dividends paid	-	-	-	(410)	(410)
Balance as at 30 June 2018	<u>82,046</u>	<u>(2,452)</u>	<u>-</u>	<u>71,857</u>	<u>151,451</u>

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 QUARTER ENDED 30 JUNE 2019

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 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 paid	1,961	7,098
Depreciation and amortization	4,768	16,865
Interest received	(1)	(9)
Foreign exchange gain	(782)	(995)

There was no gain or loss on 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
12 Months					
<u>Ended 30 June 2019</u>					
Revenue					
External sales	219,539	284,556	-	(1,480)	502,615
Results					
Segment results	839	2,243	(639)	(181)	2,262

10 Segment Reporting (Con't)

As At 30 June 2019

Assets

Segment assets	214,107	188,401	101,820	(157,563)	346,765
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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 30/06/2019 RM '000	Audited As At 30/06/2018 RM '000
Corporate guarantees given to banks in respect of banking facilities granted to subsidiaries (unsecured)	269,423	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 3 month period ended 30 June 2019 was RM123.23 million, a marginal decrease of 0.6% from RM123.96 million in the previous corresponding quarter. The Group recorded a marginal loss before tax of RM0.13 million. This represents a decline of 109.6% from the previous corresponding quarter profit before tax of RM1.33 million.

The retail segment recorded a revenue of RM48.65 million, a decline of 3.5% from RM50.42 million in the previous corresponding quarter. Profit before tax decreased by 94.6% to RM0.05 million from RM0.90 million in the previous corresponding quarter. The decline in both revenue and profit was reflective of the weak retail sentiments amidst a challenging economic environment domestically.

16 Review of Performance (Cont'd)

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

The manufacturing segment achieved a revenue increase of 1.4% from RM73.54 million in the previous corresponding quarter to RM74.58 million in the current quarter. Profit before tax for this segment, however, declined to RM0.03 million from RM0.66 million. This is due to the introduction of the Employee Seniority Payment Benefits mandated by the Cambodian Government which resulted in an accrued charge of RM0.48 million for the quarter.

Comparison with the corresponding previous financial year-to-date

The Group's year-to-date revenue for the current financial year ended 30 June 2019 was RM502.62, an increase of 8.4% from RM463.55 million in the previous corresponding financial year. Profit before tax for the Group was RM3.63 million, a decrease of 63.0% from RM9.79 million in the previous corresponding financial year.

Revenue in the retail segment improved by 5.6% to RM218.06 million from RM206.47 million in the previous corresponding period. Profit before tax decreased by 76.6% to RM1.70 million from RM7.29 million. Profitability in the segment was reflective of the weak retail sentiments, greater competition and the impact of the reintroduction of the Sales and Services Tax (SST). The previous corresponding period had also seen an extraordinary gain of RM4.90 million from the disposal of a warehouse facility.

Revenue in the manufacturing segment increased by 10.7% to RM284.56 million from RM257.08 million in the previous corresponding period. Profit before tax, however, decreased by 11.3% to RM2.56 million from RM2.89 million in the previous corresponding financial year, due in part to the increase in operating costs arising from increases in minimum wages in both Malaysia and Cambodia, and the payment of the new Employee Seniority Payment Benefits in Cambodia, amounting to USD116,903.

17 Comparison with Immediate Preceding Quarter

In the current quarter ended 30 June 2019, the Group's total revenue amounted to RM123.23 million, a marginal decline of 4.6% from RM129.23 million in the preceding quarter. The Group's current quarter decreased to a loss before tax of RM0.13 million from a profit before tax position of RM0.73 million in the preceding quarter.

Revenue in the retail segment declined by 16.4% to RM48.65 million from RM58.20 million in the preceding quarter. Profit before tax decreased to RM0.05 million from RM0.25 million in the preceding quarter. As stated previously, the retail environment is getting increasingly challenging, reflective of the current economic conditions.

Revenue in the manufacturing segment increased by 5.0% to RM74.58 million from RM71.03 million in the preceding quarter. Profit before tax decreased to RM0.03 million from RM0.69 million in the preceding quarter for reasons as given previously.

18 Prospects for the Current Financial Year

The Group is adopting a cautious and careful approach, given the continuing, indeed increased, uncertainties in the global and domestic economic conditions. It is, nevertheless, striving to realise 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	709	2,203
Deferred taxation	418	(838)
	<u>1,127</u>	<u>1,365</u>

The Group's effective tax rate is higher than the statutory tax rate mainly due to non-deductible expenses which was higher than non-taxable income, for tax computation.

21 Retained Earnings

	As At	As At
	30/06/2019	30/06/2018
	RM '000	RM '000
Realised	114,390	115,416
Unrealised	1,470	(1,633)
	<u>115,860</u>	<u>113,783</u>
Consolidation adjustments	(42,151)	(41,926)
Group retained earnings as per consolidated accounts	<u>73,709</u>	<u>71,857</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>144,256</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	
	30/06/2019	30/06/2018	30/06/2019	30/06/2018
(Loss) / Profit for the period attributable to equity holders of the Company (RM' 000)	(1,254)	1,209	2,262	7,608
Weighted average number of ordinary shares in issue (RM' 000)	82,046	82,046	82,046	82,046
Basic / Diluted earnings per share (sen)	(1.53)	1.47	2.76	9.27