

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

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

	Current Quarter Ended 30/09/2019 RM '000	Corresponding Quarter Ended 30/09/2018 RM '000	Year-To-Date Ended 30/09/2019 RM '000	Corresponding Year-To-Date Ended 30/09/2018 RM '000
Revenue	125,326	120,263	125,326	120,263
Other income	483	426	483	426
	<hr/> 125,809	<hr/> 120,689	<hr/> 125,809	<hr/> 120,689
Operating expenses	(123,230)	(117,491)	(123,230)	(117,491)
Finance cost	(1,541)	(1,674)	(1,541)	(1,674)
Profit before tax	<hr/> 1,038	<hr/> 1,524	<hr/> 1,038	<hr/> 1,524
Taxation	(138)	(441)	(138)	(441)
Profit for the period attributable to equity holders of the Company	<hr/> 900	<hr/> 1,083	<hr/> 900	<hr/> 1,083
Other comprehensive income				
Currency translation difference arising from consolidation	479	816	479	816
Total comprehensive income for the period attributable to equity holders of the Company	<hr/> 1,379 <hr/>	<hr/> 1,899 <hr/>	<hr/> 1,379 <hr/>	<hr/> 1,899 <hr/>
Earnings per share				
- Basic/ Diluted (sen)	1.10	1.32	1.10	1.32

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 2019.

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2019

	Unaudited	Audited
	As At	As At
	30/09/2019	30/06/2019
	RM '000	RM '000
ASSETS		
Non-current assets		
Property, plant and equipment	52,000	55,074
Intangible assets	31,062	31,062
Deferred tax assets	2,161	2,160
Total non-current assets	<u>85,223</u>	<u>88,296</u>
Current assets		
Inventories	154,715	157,362
Trade and other receivables	100,053	91,677
Tax recoverable	649	507
Cash and bank balances	951	2,183
Total current assets	<u>256,368</u>	<u>251,729</u>
TOTAL ASSETS	<u>341,591</u>	<u>340,025</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	82,046	82,046
Reserves	73,548	72,169
Total equity	<u>155,594</u>	<u>154,215</u>
LIABILITIES		
Non-current liabilities		
Deferred tax liabilities	395	395
Bank borrowings (unsecured)	667	1,167
Total non-current liabilities	<u>1,062</u>	<u>1,562</u>
Current liabilities		
Trade and other payables	49,970	40,331
Bank borrowings (unsecured)	133,909	142,867
Tax payable	1,056	1,050
Total current liabilities	<u>184,935</u>	<u>184,248</u>
Total liabilities	<u>185,997</u>	<u>185,810</u>
TOTAL EQUITY AND LIABILITIES	<u>341,591</u>	<u>340,025</u>
Net assets per share (RM) *	1.90	1.88

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2019.

*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 2019

	Period Ended 30/09/2019 RM '000	Period Ended 30/09/2018 RM '000
CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES		
Profit before tax	1,038	1,524
Adjustments for:-		
Depreciation of property, plant and equipment	3,938	4,084
Interest income	-	(4)
Interest expenses	1,541	1,674
Loss on foreign exchange - unrealised	138	111
Operating profit before changes in working capital	<u>6,655</u>	<u>7,389</u>
Changes in working capital:-		
Net change in current assets	(5,866)	(4,604)
Net change in current liabilities	9,639	(9,309)
Cash generated from / (used in) operations	<u>10,428</u>	<u>(6,524)</u>
Interest paid	(1,541)	(1,674)
Interest received	-	4
Taxation (paid)/refund	(275)	(914)
Net cash generated from / (used in) operating activities	<u>8,612</u>	<u>(9,108)</u>
CASH FLOWS USED IN INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(834)	(134)
Proceeds from disposal of property, plant and equipment	-	17
Net cash used in investing activities	<u>(834)</u>	<u>(117)</u>
CASH FLOWS (USED IN) / FROM FINANCING ACTIVITY		
(Decrease) / Increase in bank borrowings	<u>(9,647)</u>	<u>7,772</u>
Net cash (used in) / generated from financing activity	<u>(9,647)</u>	<u>7,772</u>
Net decrease in cash and cash equivalents	(1,869)	(1,453)
Net effect of exchange translation differences	449	769
Cash and cash equivalents brought forward	<u>1,505</u>	<u>6,459</u>
Net cash and cash equivalents carried forward	<u>85</u>	<u>5,775</u>
Cash and cash equivalents comprises:-		
Cash and bank balances	951	6,444
Bank overdraft	(866)	(669)
	<u>85</u>	<u>5,775</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 2019.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2019

	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 2019</u>				
Balance as at 1 July 2019	82,046	(1,659)	73,828	154,215
Total comprehensive income	-	479	900	1,379
Balance as at 30 September 2019	82,046	(1,180)	74,728	155,594
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

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 2019.

JERASIA CAPITAL BERHAD (503248-A)
NOTES TO THE INTERIM FINANCIAL REPORT ON THE CONSOLIDATED RESULTS
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 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 2019. 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 2019.

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 2019 except for the adoption of the new and amendments to accounting standards with effect from 1 July 2019.

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 2020

Amendments to MFRS 3	Business Combinations
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
Amendments to MFRS 101	Presentation of Financial Statements

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 2019 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	1,541	1,541
Depreciation and amortization	3,938	3,938
Foreign exchange gain	(260)	(260)

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 2019</u>					
Revenue					
External sales	46,055	79,271	-	-	125,326
3 Months					
<u>Ended 30 September 2019</u>					
Results					
Segment results	495	468	(59)	(4)	900
<u>As At 30 September 2019</u>					
Assets					
Segment assets	188,103	187,674	101,797	(135,983)	341,591

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
	30/09/2019	30/06/2019
	RM '000	RM '000
Corporate guarantees given to banks in respect of banking facilities granted to subsidiaries (unsecured)	267,604	269,423

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 2019 was RM125.33 million, an increase of 4.2% from RM120.26 million in the previous corresponding quarter. Profit before tax for the Group was RM1.04 million, a drop of 31.9% from RM1.52 million in the previous corresponding quarter.

The retail segment contributed a revenue of RM46.06 million, a decrease of 10.1% from RM51.26 million in the previous corresponding quarter. The drop in revenue is primarily due to closure of non-productive or downsizing of large format stores of a particular international label. This is part of our on-going rationalisation exercise to improve productivity on a store by store basis and operational efficiencies. However, it is to be noted that the Group's primary focus is on its homegrown labels operating under the tradename "TRIO" whereby there is tangibly lower set-up costs for capital expenditure, taking into account the weak domestic economic conditions, particularly in the retail sector.

Notwithstanding closure /downsizing certain stores, taking into account higher minimum wages for year 2019, Profit before Tax increased by 15.6% to RM0.56 million from RM0.49 million for the retail segment.

16 Review of Performance (Con't)

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

The manufacturing segment's revenue contributed RM79.27 million, an increase of 14.9% from RM69.01 million in the previous corresponding quarter. The increase from the preceding quarter was primarily due to increased orders from a specific buyer as well as due to a stronger US Dollar as at 30 September 2019. Notwithstanding that revenue had increased, the Group faced higher operating costs arising primarily from increases in minimum wages for Malaysia as well as in Cambodia in year 2019 and compounded by the introduction of the Employee Seniority Benefit in Cambodia, as previously reported. As such, Profit before tax decreased by 50.6% to RM0.53 million from RM1.08 million.

17 Comparison with Immediate Preceding Quarter

In the current quarter ended 30 September 2019, the Group's total revenue amounted to RM125.33 million, an increase of 1.7% from RM123.28 million in the preceding quarter. The Group's profit before tax in the current quarter increased to RM1.04 million from RM0.12 million in the preceding quarter.

Revenue in the retail segment decreased by 5.4% to RM46.06 million from RM48.69 million in the preceding quarter. This segment registered a Profit before Tax of RM0.56 million compared to a Profit before Tax of RM0.32 million in the preceding quarter, an improvement of 78.7%.

The garment manufacturing segment's revenue increase of 6.3% to RM79.27 million from RM74.58 million, in the preceding quarter. Profit before Tax improved from RM0.01 in the preceding quarter to RM0.53 million in the current quarter under review due to improved operational efficiencies.

18 Prospects for the Current Financial Year

Jerasia Capital Bhd continues to adopt a cautious posture given the current global and domestic economic uncertainties. The Group is confident and will endeavour to maintain its positive financial performance for the coming financial year. The Group is actively pursuing 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	139	139
Deferred taxation	(1)	(1)
	<u>138</u>	<u>138</u>

The Group's effective tax rate is lower than the statutory tax rate mainly subsidiary company benefiting from the utilisation of tax losses brought forward from prior years.

21 Retained Earnings

	As At 30/09/2019 RM '000	As At 30/06/2019 RM '000
Realised	121,118	120,666
Unrealised	1,627	1,175
	<hr/> 122,745	<hr/> 121,841
Consolidation adjustments	(48,017)	(48,013)
Group retained earnings as per consolidated accounts	<hr/> <hr/> 74,728	<hr/> <hr/> 73,828

22 Status of Corporate Proposals Announced and Not Completed

Share Buy-Back

At the Nineteenth Annual General Meeting held on 28 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)	<hr/> <hr/> RM '000 134,576
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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	
	30/09/2019	30/09/2018	30/09/2019	30/09/2018
Profit for the period attributable to equity holders of the Company (RM' 000)	900	1,083	900	1,083
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/> 1.10	<hr/> <hr/> 1.32	<hr/> <hr/> 1.10	<hr/> <hr/> 1.32