

**JERASIA CAPITAL BERHAD (503248-A)**  
**INTERIM FINANCIAL REPORT ON THE CONSOLIDATED RESULTS**  
**FOR THE SECOND QUARTER ENDED 31 DECEMBER 2019**  
(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**AND OTHER COMPREHENSIVE INCOME**  
**FOR THE QUARTER ENDED 31 DECEMBER 2019**  
**CONTINUING OPERATIONS**

	<b>Current Quarter Ended 31/12/2019 RM '000</b>	<b>Corresponding Quarter Ended 31/12/2018 RM '000</b>	<b>Year-To-Date Ended 31/12/2019 RM '000</b>	<b>Corresponding Year-To-Date Ended 31/12/2018 RM '000</b>
<b>Revenue</b>	138,899	129,889	264,225	250,152
Other income	(492)	328	(9)	754
	<hr/> 138,407	<hr/> 130,217	<hr/> 264,216	<hr/> 250,906
Operating expenses	(136,320)	(126,993)	(259,550)	(244,484)
Finance cost	(1,573)	(1,724)	(3,114)	(3,398)
<b>Profit before tax</b>	<hr/> 514	<hr/> 1,500	<hr/> 1,552	<hr/> 3,024
Taxation	(219)	(491)	(357)	(932)
<b>Profit for the period attributable to equity holders of the Company</b>	<hr/> <b>295</b>	<hr/> <b>1,009</b>	<hr/> <b>1,195</b>	<hr/> <b>2,092</b>
<b>Other comprehensive income</b>				
Currency translation difference arising from consolidation	(823)	(4)	(344)	812
<b>Total comprehensive income for the period attributable to equity holders of the Company</b>	<hr/> <b>(528)</b> <hr/>	<hr/> <b>1,005</b> <hr/>	<hr/> <b>851</b> <hr/>	<hr/> <b>2,904</b> <hr/>
<b>Earnings per share</b>				
- Basic/ Diluted (sen)	0.36	1.23	1.46	2.55

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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**INTERIM FINANCIAL REPORT ON THE CONSOLIDATED RESULTS**  
**FOR THE SECOND QUARTER ENDED 31 DECEMBER 2019**  
**(The figures have not been audited)**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2019**

	<b>Unaudited</b>	<b>Audited</b>
	<b>As At</b>	<b>As At</b>
	<b>31/12/2019</b>	<b>30/06/2019</b>
	<b>RM '000</b>	<b>RM '000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	48,679	55,074
Intangible assets	31,062	31,062
Deferred tax assets	2,154	2,160
Right of use assets		
Total non-current assets	<u>81,895</u>	<u>88,296</u>
<b>Current assets</b>		
Inventories	141,759	157,362
Trade and other receivables	116,598	91,677
Tax recoverable	580	507
Cash and bank balances	2,044	2,183
Total current assets	<u>260,981</u>	<u>251,729</u>
<b>TOTAL ASSETS</b>	<b><u>342,876</u></b>	<b><u>340,025</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	82,046	82,046
Reserves	73,020	72,169
<b>Total equity</b>	<u>155,066</u>	<u>154,215</u>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Deferred tax liabilities	395	395
Bank borrowings (unsecured)	167	1,167
Total non-current liabilities	<u>562</u>	<u>1,562</u>
<b>Current liabilities</b>		
Trade and other payables	54,617	40,331
Bank borrowings (unsecured)	132,081	142,867
Tax payable	550	1,050
Total current liabilities	<u>187,248</u>	<u>184,248</u>
<b>Total liabilities</b>	<u>187,810</u>	<u>185,810</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>342,876</u></b>	<b><u>340,025</u></b>
Net assets per share (RM) *	1.89	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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**INTERIM FINANCIAL REPORT ON THE CONSOLIDATED RESULTS**  
**FOR THE SECOND QUARTER ENDED 31 DECEMBER 2019**  
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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2019**

	<b>Period Ended 31/12/2019 RM '000</b>	<b>Period Ended 31/12/2018 RM '000</b>
<b>CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES</b>		
Profit before tax	1,552	3,024
Adjustments for:-		
Depreciation of property, plant and equipment	7,797	8,103
Interest income	-	(5)
Interest expenses	3,114	3,398
Loss on foreign exchange - unrealised	594	484
Operating profit before changes in working capital	<u>13,057</u>	<u>14,996</u>
Changes in working capital:-		
Net change in current assets	(9,911)	(24,192)
Net change in current liabilities	14,286	5,447
Cash generated from / (used in) operations	<u>17,432</u>	<u>(3,749)</u>
Taxation paid	(924)	(698)
Net cash generated from / (used in) operating activities	<u>16,508</u>	<u>(4,447)</u>
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(1,424)	(885)
Proceeds from disposal of property, plant and equipment	-	25
Interest received	-	5
Net cash used in investing activities	<u>(1,424)</u>	<u>(855)</u>
<b>CASH FLOWS (USED IN) / FROM FINANCING ACTIVITY</b>		
(Decrease) / Increase in bank borrowings	(11,895)	8,734
Interest paid	(3,114)	(3,398)
Net cash (used in) / generated from financing activity	<u>(15,009)</u>	<u>5,336</u>
Net increase in cash and cash equivalents	75	34
Net effect of exchange translation differences	(322)	765
Cash and cash equivalents brought forward	<u>1,505</u>	<u>6,459</u>
Net cash and cash equivalents carried forward	<u>1,258</u>	<u>7,258</u>
Cash and cash equivalents comprises:-		
Cash and bank balances	2,044	7,904
Bank overdraft	(786)	(646)
	<u>1,258</u>	<u>7,258</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 31 DECEMBER 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
<b>6 Months</b>				
<b><u>Ended 31 December 2019</u></b>				
Balance as at 1 July 2019	82,046	(1,659)	73,828	154,215
Total comprehensive income	-	(344)	1,195	851
Balance as at 31 December 2019	82,046	(2,003)	75,023	155,066
<b>6 Months</b>				
<b><u>Ended 31 December 2018</u></b>				
Balance as at 1 July 2018	82,046	(2,452)	71,857	151,451
Total comprehensive income	-	812	2,092	2,904
Balance as at 31 December 2018	82,046	(1,640)	73,949	154,355

**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 SECOND QUARTER ENDED 31 DECEMBER 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	1,573	3,114
Depreciation and amortization	3,859	7,797
Foreign exchange loss	310	50

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
<b>6 Months</b>					
<b><u>Ended 31 December 2019</u></b>					
<b>Revenue</b>					
External sales	102,726	161,499	-	-	264,225
<b>6 Months</b>					
<b><u>Ended 31 December 2019</u></b>					
<b>Results</b>					
Segment results	609	760	(197)	23	1,195
<b><u>As At 31 December 2019</u></b>					
<b>Assets</b>					
Segment assets	199,999	189,814	102,295	(149,232)	342,876

## 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**

	<b>Unaudited</b>	<b>Audited</b>
	<b>As At</b>	<b>As At</b>
	<b>31/12/2019</b>	<b>30/06/2019</b>
	<b>RM '000</b>	<b>RM '000</b>
Corporate guarantees given to banks in respect of banking facilities granted to subsidiaries (unsecured)	267,739	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 31 December 2019 was RM138.90 million, an increase of 6.9% from RM129.89 million in the previous corresponding quarter. Profit before tax for the Group was RM0.51 million, a drop of 65.7% from RM1.50 million in the previous corresponding quarter.

The retail segment contributed a revenue of RM56.67 million, a decrease of 5.5% from RM59.96 million in the previous corresponding quarter. This decrease is primarily due to weaker domestic consumption arising from the uncertain domestic economic conditions. Profit before tax decreased by 87.5% from RM0.92 million to RM0.12 million. This is due to relatively higher fixed costs on the back of lower revenue.

The manufacturing segment's revenue contributed RM82.23 million, an increase of 17.6% from RM69.93 million in the previous corresponding quarter. Notwithstanding that revenue increased, the Group faced higher operating costs arising primarily from increases in minimum wages for Malaysia as well as in Cambodia in year 2019. As such, Profit before tax decreased by 29.6% to RM0.54 million from RM0.76 million.

## **16 Review of Performance (Con't)**

### **Comparison with the corresponding previous financial year-to-date**

Cumulatively for the six months period ended 31 December 2019, the Group's total revenue was RM264.23 million, an increase of 5.6% from RM250.15 million in the previous corresponding period. Profit before tax for the Group was RM1.55 million, a drop of 48.7% from RM3.02 million in the previous corresponding period.

Revenue in the retail segment declined by 7.6% to RM102.73 million from RM111.21 million in the previous corresponding period, due to weaker consumer consumption/confidence compared to the corresponding preceding period. Profit before tax decreased by 51.9% to RM0.68 million from RM1.41 million. As explained above, this is due to relatively higher fixed costs on the back of lower revenue.

Revenue in the manufacturing segment increased by 16.2% to RM161.50 million from RM138.94 million in the previous corresponding period. This increase in revenue was due increased orders from existing buyers as well as the contribution from a new established buyer from Europe.

## **17 Comparison with Immediate Preceding Quarter**

In the current quarter ended 31 December 2019, the Group's total revenue amounted to RM138.90 million, an increase of 10.8% from RM125.33 million in the preceding quarter. The Group's profit before tax in the current quarter decreased to RM0.51 million from RM1.04 million in the preceding quarter.

Revenue in the retail segment improved by 23.1% to RM56.67 million from RM46.06 million in the preceding quarter. This increase is consistent for the quarter under review compared to preceding years as this quarter marks the period of end of season sales and festivities whereby aggressive promotional campaigns are adopted. This segment registered a Profit before Tax of RM0.12 million compared to a Profit before Tax of RM0.56 million in the preceding quarter, a drop of 79.6% due to higher proportional discounts offered to consumers

The garment manufacturing segment's revenue increased by 3.7% to RM82.23 million from RM79.27 million, in the preceding quarter, mainly due to increased orders from overseas buyers. In tandem, profit before tax improved marginally by 0.6% from RM0.53 million in the preceding quarter to RM0.54 million in the current quarter under review

## **18 Prospects for the Current Financial Year**

The Group is bracing itself in the face of a highly challenging environment compounded by the ongoing COVID-19 epidemic. The manufacturing sector is anticipated to face supply chain disruptions whilst the retail sector is already facing declining consumer presence. The Group is hopeful that the current situation is short term in nature. Going forward the Group is still 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:-

	<b>Current Quarter</b>	<b>Year-to-Date</b>
	<b>RM '000</b>	<b>RM '000</b>
Estimated current tax payable	212	351
Deferred taxation	7	6
	<u>219</u>	<u>357</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

	<b>As At</b>	<b>As At</b>
	<b>31/12/2019</b>	<b>30/06/2019</b>
	<b>RM '000</b>	<b>RM '000</b>
Realised	121,842	120,666
Unrealised	1,165	1,175
	<u>123,007</u>	<u>121,841</u>
Consolidation adjustments	(47,984)	(48,013)
Group retained earnings as per consolidated accounts	<u>75,023</u>	<u>73,828</u>

## 22 Status of Corporate Proposals Announced and Not Completed

### Share Buy-Back

At the Nineteenth Annual General Meeting held on 28 November 2019, 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>132,248</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.

	<b>3 Months Ended</b>		<b>Year-to-Date</b>	
	<b>31/12/2019</b>	<b>31/12/2018</b>	<b>31/12/2019</b>	<b>31/12/2018</b>
Profit for the period attributable to equity holders of the Company (RM' 000)	295	1,009	1,195	2,092
Weighted average number of ordinary shares in issue (RM' 000)	82,046	82,046	82,046	82,046
Basic/ Diluted earnings per share (sen)	0.36	1.23	1.46	2.55