

JERASIA CAPITAL BERHAD (503248-A)
INTERIM FINANCIAL REPORT ON THE CONSOLIDATED RESULTS
FOR THE QUARTER ENDED 30 JUNE 2020
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 JUNE 2020
CONTINUING OPERATIONS

	Current Quarter Ended 30/06/2020 RM '000	Corresponding Quarter Ended 30/06/2019 RM '000	Year-To-Date Ended 30/06/2020 RM '000	Corresponding Year-To-Date Ended 30/06/2019 RM '000
Revenue	19,454	123,232	376,941	502,615
Other income	(314)	(1,372)	732	1,047
	<hr/> 19,140	<hr/> 121,860	<hr/> 377,673	<hr/> 503,662
Operating expenses	(70,035)	(120,026)	(432,361)	(492,937)
Finance cost	(571)	(1,961)	(4,707)	(7,098)
(Loss) / Profit before tax	<hr/> (51,466)	<hr/> (127)	<hr/> (59,395)	<hr/> 3,627
Taxation	267	(1,127)	(331)	(1,365)
(Loss) / Profit for the period attributable to equity holders of the Company	<hr/> (51,199)	<hr/> (1,254)	<hr/> (59,726)	<hr/> 2,262
Other comprehensive (loss) / income				
Currency translation difference arising from consolidation	(259)	401	1,264	793
Total comprehensive (loss) / income for the period attributable to equity holders of the Company	<hr/> (51,458) <hr/>	<hr/> (853) <hr/>	<hr/> (58,462) <hr/>	<hr/> 3,055 <hr/>
(Loss) / Earnings per share				
- Basic/ Diluted (sen)	(62.40)	(1.53)	(72.80)	2.76

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.

JERASIA CAPITAL BERHAD (503248-A)
INTERIM FINANCIAL REPORT ON THE CONSOLIDATED RESULTS
FOR THE QUARTER ENDED 30 JUNE 2020
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Unaudited	Audited
	As At	As At
	30/06/2020	30/06/2019
	RM '000	RM '000
ASSETS		
Non-current assets		
Property, plant and equipment	34,625	55,074
Intangible assets	26,462	31,062
Deferred tax assets	2,036	2,160
Total non-current assets	<u>63,123</u>	<u>88,296</u>
Current assets		
Inventories	119,247	157,362
Trade and other receivables	159,222	91,677
Tax recoverable	779	507
Cash and bank balances	3,047	2,183
Total current assets	<u>282,295</u>	<u>251,729</u>
TOTAL ASSETS	<u>345,418</u>	<u>340,025</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	82,046	82,046
Reserves	13,707	72,169
Total equity	<u>95,753</u>	<u>154,215</u>
LIABILITIES		
Non-current liabilities		
Deferred tax liabilities	395	395
Bank borrowings (unsecured)	-	1,167
Total non-current liabilities	<u>395</u>	<u>1,562</u>
Current liabilities		
Trade and other payables	63,288	40,331
Bank borrowings (unsecured)	185,554	142,867
Tax payable	428	1,050
Total current liabilities	<u>249,270</u>	<u>184,248</u>
Total liabilities	<u>249,665</u>	<u>185,810</u>
TOTAL EQUITY AND LIABILITIES	<u>345,418</u>	<u>340,025</u>
Net assets per share (RM) *	1.17	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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FOR THE QUARTER ENDED 30 JUNE 2020
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2020

	Period Ended 30/06/2020 RM '000	Period Ended 30/06/2019 RM '000
CASH FLOWS USED IN OPERATING ACTIVITIES		
(Loss) / Profit before tax	(59,395)	3,627
Adjustments for:-		
Depreciation of property, plant and equipment	14,944	16,865
Interest income	-	(9)
Interest expenses	4,707	7,098
Property, plant and equipment written off	6,810	513
Loss / (gain) on disposal of property, plant and equipment	346	(17)
(Gain) / loss on foreign exchange - unrealised	(199)	388
Operating (loss) / profit before changes in working capital	<u>(32,787)</u>	<u>28,465</u>
Changes in working capital:-		
Net change in current assets	(29,231)	(48,216)
Net change in current liabilities	<u>22,957</u>	<u>17,235</u>
Cash used in operations	<u>(39,061)</u>	<u>(2,516)</u>
Taxation paid	<u>(1,102)</u>	<u>(1,456)</u>
Net cash used in operating activities	<u>(40,163)</u>	<u>(3,972)</u>
CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,720)	(6,310)
Proceeds from disposal of property, plant and equipment	150	2,325
Interest received	-	9
Decrease in entrance fee	4,601	-
Net cash generated from / (used in) investing activities	<u>3,031</u>	<u>(3,976)</u>
CASH FLOWS FROM FINANCING ACTIVITY		
Increase in bank borrowings	41,514	10,535
Interest paid	(4,707)	(7,098)
Dividend paid	-	(410)
Net cash generated from financing activity	<u>36,807</u>	<u>3,027</u>
Net decrease in cash and cash equivalents	(325)	(4,921)
Net effect of exchange translation differences	1,184	(33)
Cash and cash equivalents brought forward	<u>1,505</u>	<u>6,459</u>
Net cash and cash equivalents carried forward	<u><u>2,364</u></u>	<u><u>1,505</u></u>
Cash and cash equivalents comprises:-		
Cash and bank balances	3,047	2,182
Bank overdraft	<u>(683)</u>	<u>(677)</u>
	<u><u>2,364</u></u>	<u><u>1,505</u></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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FOR THE QUARTER ENDED 30 JUNE 2020
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2020

	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 2020</u>					
Balance as at 1 July 2019	82,046	(1,659)	-	73,828	154,215
Total comprehensive income	-	1,264	-	(59,726)	(58,462)
Balance as at 30 June 2020	<u>82,046</u>	<u>(395)</u>	<u>-</u>	<u>14,102</u>	<u>95,753</u>
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>

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 QUARTER ENDED 30 JUNE 2020

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.

As announced on 10 August 2020, the Company has changed its financial year end from 30 June 2020 to 30 November 2020.

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 save for the Government's announcement of a Movement Control Order ("MCO") on 16 March 2020 to combat the COVID-19 pandemic, which was previously reported in the preceding quarterly announcement.

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

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

	Current Quarter	Year-to-Date
	RM '000	RM '000
Interest expense	571	4,707
Depreciation and amortization	3,347	14,944
Foreign exchange loss / (gain)	209	(807)

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
12 Months					
<u>Ended 30 June 2020</u>					
Revenue					
External sales	132,584	244,357	-	-	376,941
12 Months					
<u>Ended 30 June 2020</u>					
Results					
Segment results	(48,107)	(11,614)	(500)	495	(59,726)

10 Segment Reporting (Con't)

	Retail	Garment Manufacturing	Others	Elimination	Group Total
	RM '000	RM '000	RM '000	RM '000	RM '000
<u>As At 30 June 2020</u>					
Assets					
Segment assets	221,780	175,022	102,046	(153,430)	345,418

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 30/06/2020 RM '000	Audited As At 30/06/2019 RM '000
Corporate guarantees given to banks in respect of banking facilities granted to subsidiaries (unsecured)	273,536	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 June 2020 was RM19.45 million, a decrease of 84.2% from RM123.23 million in the previous corresponding quarter. Loss before tax for the Group was RM51.47 million, from a loss before tax of RM0.13 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 RM8.38 million, a decrease of 82.8% from RM48.65 million in the previous corresponding quarter. This decrease was primarily due to the Covid -19 pandemic arising from the MCO order that came into effect on 18th March 2020. This negatively affected our retail operations arising from prolonged store closures in shopping malls with product offerings classified as “non-essential”. Whilst there was no inflows or revenue, the Group still incurred fixed operating overheads. Arising from this, there was a significant mismatch of cashflows. This was further compounded by the non-contribution from Nike compared to the previous corresponding quarter. Discontinuance of operating the Nike label was previously reported in the preceding quarterly reporting.

Loss before tax for this segment was RM38.17 million compared to a profit before tax of RM0.05 million in the previous corresponding quarter. This was due to operating losses of RM26.73 million by the two retail subsidiaries, arising from significantly reduced revenues and cashflows at diminished margins. In addition, there were write-offs of fixed assets of RM6.81 million and Entrance Fees of RM4.60 million.

The manufacturing segment's revenue was RM11.08 million, a decrease of 85.1% from RM74.58 million in the previous corresponding quarter. Loss before tax was RM13.17 million from a profit before tax of RM0.03 million in the previous corresponding quarter. This loss before tax was due to the temporary closures of the Malaysian plants, arising from the MCO which came into effect on 18th March 2020 as well as the deferment in production in the Cambodian operation as per buyers' requests. This resulted in the said losses as there were fixed operating overheads.

Comparison with the corresponding previous financial year-to-date

Cumulatively for the 12 months period ended 30 June 2020, the Group's total revenue was RM376.94 million, a decrease of 25.0% from RM502.62 million in the previous corresponding period. Loss before tax for the Group was RM59.40 million, compared to a profit before tax of RM3.63 million in the previous corresponding period.

Revenue in the retail segment declined by 39.2% to RM132.58 million from RM218.06 million in the previous corresponding period, due mainly to difficult retail operating conditions as explained above and as previously reported. Loss before tax was RM48.04 million compared to a profit before tax of RM1.71 million.

Revenue in the manufacturing segment dropped by 14.1% to RM244.36 million from RM284.56 million in the previous corresponding period. This decrease in revenue was due to reasons as explained above. Loss before tax was RM10.86 million compared to profit before tax of RM2.56 million compared to the previous corresponding period.

17 Comparison with Immediate Preceding Quarter

In the current quarter ended 30 June 2020, the Group's total revenue amounted to RM19.45 million, a decrease of 79.1% from RM93.26 million in the preceding quarter. The Group's loss before tax in the current quarter was RM51.47 million from RM9.48 million in the preceding quarter.

Revenue in the retail segment declined by 61.0% to RM8.38 million from RM21.48 million in the preceding quarter. This decrease was due to the full impact of the Covid-19 pandemic felt in the current quarter, continuing from the preceding quarter. This segment registered a loss before tax of RM38.17 million compared to a loss before tax of RM10.55 million in the preceding quarter.

The garment manufacturing segment's revenue declined by 84.6% to RM11.08 million from RM71.78 million in the preceding quarter. The loss before tax in the current quarter was RM13.17 million compared to a profit before tax of RM1.24 million in the preceding quarter, arising from the impact of the Covid-19 pandemic.

18 Prospects for the Current Financial Year

It is the Group's view that this financial reporting quarter under review has reached its lowest trough, barring any more unforeseen circumstances.

The Group has rationalised and restructured its business segments in terms of its operational and financial efficiencies as well as its business direction, adding its product lines for the production of Personal Protection Equipment "PPE", as announced to Bursa Malaysia on 07 July 2020.

In addition, the Group on 10th August 2020 announced a Capital Raising Exercise by way of a Rights Issue to recapitalise, deleverage the Group's bank borrowings as well as to address any liquidity issues due to cashflow mismatches.

In the ensuing quarters, it is anticipated that the Group's performance should improve on the premise of the continuous efforts to improve efficiencies as well as its increasing focus on the Healthcare segment, which is categorised as "essential" whilst maintaining its manufacturing and its scaled down retail segments.

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	(286)	207
Deferred taxation	19	124
	<u>(267)</u>	<u>331</u>

The tax reversal for the current quarter is due to losses incurred arising from the COVID-19 pandemic.

21 Retained Earnings

	As At	As At
	30/06/2020	30/06/2019
	RM '000	RM '000
Realised	59,657	120,666
Unrealised	1,840	1,175
	<u>61,497</u>	<u>121,841</u>
Consolidation adjustments	(47,395)	(48,013)
Group retained earnings as per consolidated accounts	<u>14,102</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:-

	RM '000
Bank borrowings (unsecured)	<u>185,554</u>

There was no debt securities issued.

24 Pending Material Litigation

There is no pending material litigation.

25 (Loss) / Earnings per Share

(Loss) / Earnings per share have been computed based on (loss) / 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	
	30/06/2020	30/06/2019	30/06/2020	30/06/2019
(Loss) / Profit for the period attributable to equity holders of the Company (RM' 000)	(51,199)	(1,254)	(59,726)	2,262
Weighted average number of ordinary shares in issue (RM' 000)	82,046	82,046	82,046	82,046
Basic / Diluted (loss) / earnings per share (sen)	<u>(62.40)</u>	<u>(1.53)</u>	<u>(72.80)</u>	<u>2.76</u>