

JERASIA CAPITAL BERHAD (503248-A)
INTERIM FINANCIAL REPORT ON THE CONSOLIDATED RESULTS
FOR THE SECOND QUARTER ENDED 31 MAY 2021
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 MAY 2021
CONTINUING OPERATIONS

	Current Quarter Ended 31/05/2021 RM '000	Year-To-Date Ended 31/05/2021 RM '000
Revenue	21,766	57,714
Other income	(541)	634
	<hr/> 21,225	<hr/> 58,348
Operating expenses	(24,142)	(65,137)
Finance cost	(829)	(1,631)
Loss before tax	<hr/> (3,746)	<hr/> (8,420)
Taxation	(57)	(30)
Loss for the period attributable to equity holders of the Company	<hr/> (3,803)	<hr/> (8,450)
Other comprehensive income		
Currency translation difference arising from consolidation	410	549
Total comprehensive loss for the period attributable to equity holders of the Company	<hr/> (3,393) <hr/>	<hr/> (7,901) <hr/>
Loss per share		
- Basic/ Diluted (sen)	(4.64)	(10.30)

Note: Pursuant to the change in the financial year end from 30 June 2020 to 30 November 2020, there are no comparative figures presented.

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 November 2020.

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INTERIM FINANCIAL REPORT ON THE CONSOLIDATED RESULTS
FOR THE SECOND QUARTER ENDED 31 MAY 2021
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MAY 2021

	Unaudited	Audited
	As At	As At
	31/05/2021	30/11/2020
	RM '000	RM '000
ASSETS		
Non-current assets		
Property, plant and equipment	41,074	45,813
Right of use assets	18,672	21,361
Intangible assets	3,482	3,482
Deferred tax assets	1,984	2,014
Total non-current assets	<u>65,212</u>	<u>72,670</u>
Current assets		
Inventories	65,292	70,385
Trade and other receivables	156,477	170,067
Tax recoverable	356	781
Cash and bank balances	113	1,328
Total current assets	<u>222,238</u>	<u>242,561</u>
TOTAL ASSETS	<u>287,450</u>	<u>315,231</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	82,046	82,046
Reserves	(40,813)	(32,912)
Total equity	<u>41,233</u>	<u>49,134</u>
LIABILITIES		
Non-current liabilities		
Deferred tax liabilities	1,934	1,934
Lease liabilities	4,515	8,259
Total non-current liabilities	<u>6,449</u>	<u>10,193</u>
Current liabilities		
Trade and other payables	35,178	49,315
Bank borrowings (unsecured)	193,766	192,420
Lease liabilities	10,722	13,881
Tax payable	102	288
Total current liabilities	<u>239,768</u>	<u>255,904</u>
Total liabilities	<u>246,217</u>	<u>266,097</u>
TOTAL EQUITY AND LIABILITIES	<u>287,450</u>	<u>315,231</u>
Net assets per share (RM) *	0.50	0.60

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 30 November 2020.

*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 31 MAY 2021

	Period Ended 31/05/2021 RM '000
CASH FLOWS USED IN OPERATING ACTIVITIES	
Loss before tax	(8,420)
Adjustments for:-	
Depreciation of property, plant and equipment	4,834
Depreciation of right-of-use assets	3,030
Interest expenses	1,631
Right-of-use assets	(341)
Property, plant and equipment written off	258
Gain on disposal of property, plant and equipment	(3)
Gain on foreign exchange - unrealised	(1,800)
Operating loss before changes in working capital	<u>(811)</u>
Changes in working capital:-	
Net change in current assets	20,482
Net change in current liabilities	<u>(21,040)</u>
Cash used in operations	<u>(1,369)</u>
Taxation paid	<u>239</u>
Net cash used in operating activities	<u><u>(1,130)</u></u>
CASH FLOWS USED IN INVESTING ACTIVITIES	
Purchase of property, plant and equipment	(316)
Proceeds from disposal of property, plant and equipment	<u>4</u>
Net cash used in investing activities	<u><u>(312)</u></u>
CASH FLOWS USED IN FINANCING ACTIVITY	
Increase in bank borrowings	724
Interest paid	<u>(1,631)</u>
Net cash used in financing activity	<u><u>(907)</u></u>
Net decrease in cash and cash equivalents	(2,349)
Net effect of exchange translation differences	512
Cash and cash equivalents brought forward	<u>(46,130)</u>
Net cash and cash equivalents carried forward	<u><u>(47,967)</u></u>
Cash and cash equivalents comprises:-	
Cash and bank balances	113
Bank overdraft	<u>(48,080)</u>
	<u><u>(47,967)</u></u>

Note: Pursuant to the change in the financial year end from 30 June 2020 to 30 November 2020, there are no comparative figures presented.

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 30 November 2020.

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FOR THE SECOND QUARTER ENDED 31 MAY 2021
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MAY 2021

	Attributable to equity holders of the Company				Total RM '000
	Share Capital RM '000	Foreign Exchange Translation Reserve RM '000	Revaluation Reserve RM '000	Accumulated Losses RM '000	
6 Months					
<u>Ended 31 May 2021</u>					
Balance as at 1 December 2020	82,046	(1,959)	13,979	(44,932)	49,134
Total comprehensive income	-	549	-	(8,450)	(7,901)
Balance as at 31 May 2021	82,046	(1,410)	13,979	(53,382)	41,233

Note: Pursuant to the change in the financial year end from 30 June 2020 to 30 November 2020, there are no comparative figures presented.

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 30 November 2020.

JERASIA CAPITAL BERHAD (503248-A)
NOTES TO THE INTERIM FINANCIAL REPORT ON THE CONSOLIDATED RESULTS
FOR THE SECOND QUARTER ENDED 31 MAY 2021

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 period ended 30 November 2020. 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 period ended 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 period ended 30 November 2020 except for the adoption of the new and amendments to accounting standards with effect from 1 December 2020.

The Group has not early adopted new or revised standards and amendments to standards that have been issued but not yet effective for the Group's accounting period beginning 1 December 2020.

The initial application of the MFRSs, Amendments to MFRSs and IC Interpretations, which will be applied prospectively or which requires extended disclosures, is not expected to have any significant financial impact to the financial statements of the Group upon their first adoption.

3 Preceding Year's Audited Annual Accounts

The audited financial statements of the Group for the preceding financial period ended 30 November 2020 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	829	1,631
Depreciation and amortization	2,225	4,834
Foreign exchange gain	(976)	(1,347)

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
6 Months					
<u>Ended 31 May 2021</u>					
Revenue					
External sales	13,359	44,355	-	-	57,714
6 Months					
<u>Ended 31 May 2021</u>					
Results					
Segment results	(7,073)	(1,302)	(194)	119	(8,450)
<u>As At 31 May 2021</u>					
Assets					
Segment assets	205,872	233,260	76,283	(227,965)	287,450

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
	31/05/2021	30/11/2020
	RM '000	RM '000
Corporate guarantees given to banks in respect of banking facilities granted to subsidiaries (unsecured)	301,143	298,386

15 Significant Related Party Transaction

There is no significant related party transaction for the quarter under review.

16 Review of Performance

The Group had changed its financial year end from 30th June 2020 to 30th November 2020. The first financial statements that made up to 30 November was for a 17-month period ended 30 November 2020. As such, there are no comparative figures presented in this report.

Comparison with the corresponding quarter in the previous financial year

For the current quarter ended 31 May 2021, the Group's total revenue was RM21.77 million. Loss before tax for the Group was RM3.75 million.

The retail segment revenue contributed RM6.36 million towards the Group while loss before tax was RM3.38 million. The Group had opened two new Stores during the quarter under review.

The manufacturing segment's revenue generated RM15.41 million to the Group. Loss before tax for this segment was RM0.29 million.

Comparison with the corresponding previous financial year-to-date

Cumulatively for the six months period ended 31 May 2021, the Group's total revenue was RM57.71 million. Loss before tax for the Group was RM8.42 million.

Revenue in the retail segment was RM13.36 million. This segment loss before tax was RM7.07 million.

Revenue in the manufacturing segment was RM44.36 million while lose before tax was RM1.15 million.

17 Comparison with Immediate Preceding Quarter

Revenue in the retail segment decreased by 9.2% to RM6.36 million from RM7.00 million in the preceding quarter. This decrease is mainly due to MCO (Movement Control Order). States of Malaysia have switch between MCO, CMCO (Conditional), RMCO (Recovery) & EMCO (Enhanced) starting from 11 January 2021 until todate. In the immediate preceding quarter, i.e. between 1 December 2020 to 10 January 2021, Malaysia was placed under the CMCO phase only. Loss before tax reduced by 8.3% from RM3.69 million in the preceding quarter to RM3.38 million in the current quarter under review.

17 Comparison with Immediate Preceding Quarter (Con't)

The garment manufacturing segment's revenue dropped by 46.8% to RM15.41 million from RM28.95 million, in the preceding quarter, as there was a total lockdown in Cambodia from 17 April 2021 to 25 May 2021. Despite the said lockdown, this segment loss before tax dropped by 66.4% from RM0.86 million in the preceding quarter to RM0.29 million in the current quarter under review.

18 Prospects for the Current Financial Year

The Group continues to face challenges in the domestic market arising from the prolonged different phases of MCO both in the retail and manufacturing segments in Malaysia. This has been disruptive to our plans to rehabilitate the Group's business segments and move forward arising from the uncertainties in tandem with the increased rate of COVID-19 infections, to date. The currently intensification of COVID-19 pandemic had impacted and would delay sustainable recovery. We are somewhat fortunate that the Cambodian operations are self-sustaining as products are 100% export orientated, albeit on a smaller scale.

The Group's efforts to restructure its operation has somewhat been encouraging in areas of reducing cost and improving efficiency wherever possible. In addition to part of its restructuring exercise, the Group has ceased its dependency on retailing its international label. The positive effects of these necessary cause of action will be realised in ensuring quarters as there is a gestation period. The Group will continue to focus on retailing its domestic label as the products are affordable and deemed daily essential wear. The Group will continue to expand at locations suitable, taking advantage of its niche products.

It is the Group's main priority to finalise its diversification plans as previously announced, coupled with the successful completion of the proposed Right Issues. There has been persistent delays in finalising the said diversification exercise arising from the lockdown. However, the Group is confident that it will be able to finalise its plan in the near term. It will augur well for the Group's future prospects.

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	-	-
Deferred taxation	57	30
	<u>57</u>	<u>30</u>

21 Retained Earnings

	As At	As At
	31/05/2021	30/11/2020
	RM '000	RM '000
Realised	(14,569)	(2,603)
Unrealised	1,850	(1,518)
	<u>(12,719)</u>	<u>(4,121)</u>
Consolidation adjustments	(40,663)	(40,811)
Group retained earnings as per consolidated accounts	<u>(53,382)</u>	<u>(44,932)</u>

22 Status of Corporate Proposals Announced and Not Completed

Share Buy-Back

At the Twentieth Annual General Meeting held on 31 May 2021, shareholders approved the renewal of Share Buy-Back mandate. To-date, the Company has not effected any Share Buy-Back transaction.

Multiple Proposals as announced to Bursa on 29 January 2021

(I) Proposed Supply Arrangement;

(II) Proposed Diversification;

(III) Proposed Private Placement of up to 30% of the Issued Ordinary Shares in Jerasia Capital Bhd

(IV) Proposed Rights Issue with Warrants

The above proposals are pending finalisation

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><u>193,766</u></u>

There was no debt securities issued.

24 Pending Material Litigation

There is no pending material litigation.

25 Loss per Share

Loss per share have been computed based on loss 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 31/05/2021	Year-to-Date Ended 31/05/2021
Loss for the period attributable to equity holders of the Company (RM' 000)	(3,803)	(8,450)
Weighted average number of ordinary shares in issue (RM' 000)	82,046	82,046
Basic / Diluted loss per share (sen)	<u><u>(4.64)</u></u>	<u><u>(10.30)</u></u>