

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

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

	Current Quarter Ended 31/08/2021 RM '000	Year-To-Date Ended 31/08/2021 RM '000
Revenue	31,134	88,848
Other income	3,994	4,628
	<hr/> 35,128	<hr/> 93,476
Operating expenses	(50,170)	(115,307)
Finance cost	(5,599)	(7,230)
Loss before tax	<hr/> (20,641)	<hr/> (29,061)
Taxation	67	37
Loss for the period attributable to equity holders of the Company	<hr/> (20,574)	<hr/> (29,024)
Other comprehensive income		
Currency translation difference arising from consolidation	873	1,422
Total comprehensive loss for the period attributable to equity holders of the Company	<hr/> (19,701) <hr/>	<hr/> (27,602) <hr/>
Loss per share		
- Basic/ Diluted (sen)	(25.08)	(35.38)

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 QUARTER ENDED 31 AUGUST 2021
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2021

	Unaudited	Audited
	As At	As At
	31/08/2021	30/11/2020
	RM '000	RM '000
ASSETS		
Non-current assets		
Property, plant and equipment	38,498	45,813
Right of use assets	12,445	21,361
Intangible assets	3,482	3,482
Deferred tax assets	2,051	2,014
Total non-current assets	<u>56,476</u>	<u>72,670</u>
Current assets		
Inventories	74,170	70,385
Trade and other receivables	155,649	170,067
Tax recoverable	356	781
Cash and bank balances	335	1,328
Total current assets	<u>230,510</u>	<u>242,561</u>
TOTAL ASSETS	<u>286,986</u>	<u>315,231</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	82,046	82,046
Reserves	(60,514)	(32,912)
Total equity	<u>21,532</u>	<u>49,134</u>
LIABILITIES		
Non-current liabilities		
Deferred tax liabilities	1,934	1,934
Lease liabilities	2,192	8,259
Total non-current liabilities	<u>4,126</u>	<u>10,193</u>
Current liabilities		
Trade and other payables	47,626	49,315
Bank borrowings (unsecured)	202,963	192,420
Lease liabilities	10,637	13,881
Tax payable	102	288
Total current liabilities	<u>261,328</u>	<u>255,904</u>
Total liabilities	<u>265,454</u>	<u>266,097</u>
TOTAL EQUITY AND LIABILITIES	<u>286,986</u>	<u>315,231</u>
Net assets per share (RM) *	0.26	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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FOR THE QUARTER ENDED 31 AUGUST 2021
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 AUGUST 2021

	Period Ended 31/08/2021 RM '000
CASH FLOWS USED IN OPERATING ACTIVITIES	
Loss before tax	(29,061)
Adjustments for:-	
Depreciation of property, plant and equipment	6,791
Depreciation of right-of-use assets	9,322
Interest expenses	7,230
Right-of-use assets	(406)
Property, plant and equipment written off	259
Gain on disposal of property, plant and equipment	379
Gain on foreign exchange - unrealised	(4,031)
Operating loss before changes in working capital	<u>(9,517)</u>
Changes in working capital:-	
Net change in current assets	14,664
Net change in current liabilities	<u>(11,000)</u>
Cash used in operations	<u>(5,853)</u>
Taxation paid	239
Net cash used in operating activities	<u><u>(5,614)</u></u>
CASH FLOWS USED IN INVESTING ACTIVITIES	
Purchase of property, plant and equipment	(382)
Proceeds from disposal of property, plant and equipment	<u>364</u>
Net cash used in investing activities	<u>(18)</u>
CASH FLOWS USED IN FINANCING ACTIVITY	
Increase in bank borrowings	916
Interest paid	<u>(7,230)</u>
Net cash used in financing activity	<u>(6,314)</u>
Net decrease in cash and cash equivalents	(11,946)
Net effect of exchange translation differences	1,327
Cash and cash equivalents brought forward	<u>(46,130)</u>
Net cash and cash equivalents carried forward	<u><u>(56,749)</u></u>
Cash and cash equivalents comprises:-	
Cash and bank balances	335
Bank overdraft	<u>(57,084)</u>
	<u><u>(56,749)</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 QUARTER ENDED 31 AUGUST 2021
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 AUGUST 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	
9 Months					
<u>Ended 31 August 2021</u>					
Balance as at 1 December 2020	82,046	(1,959)	13,979	(44,932)	49,134
Total comprehensive income	-	1,422	-	(29,024)	(27,602)
Balance as at 31 August 2021	82,046	(537)	13,979	(73,956)	21,532

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 QUARTER ENDED 31 AUGUST 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	5,599	7,230
Depreciation and amortization	1,958	6,791
Foreign exchange gain	(2,282)	(3,630)

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
9 Months					
<u>Ended 31 August 2021</u>					
Revenue					
External sales	14,108	74,740	-	-	88,848
9 Months					
<u>Ended 31 August 2021</u>					
Results					
Segment results	(25,443)	(3,228)	(203)	(150)	(29,024)
<u>As At 31 August 2021</u>					
Assets					
Segment assets	214,404	161,764	76,283	(165,465)	286,986

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
	31/08/2021	30/11/2020
	RM '000	RM '000
Corporate guarantees given to banks in respect of banking facilities granted to subsidiaries (unsecured)	300,113	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 August 2021, the Group's total revenue was RM31.13 million. Loss before tax for the Group was RM20.64 million.

The retail segment revenue contributed RM0.75 million towards the Group while loss before tax was RM18.37 million. This was arising from non-opening of our stores in shopping malls due to the MCO restrictions, depreciation of right of use, fixed assets written off and bank interest accrued.

The manufacturing segment's revenue generated RM30.39 million to the Group. Loss before tax for this segment was RM2.26 million.

Comparison with the corresponding previous financial year-to-date

Cumulatively for the nine months period ended 31 August 2021, the Group's total revenue was RM88.85 million. Loss before tax for the Group was RM29.06 million.

Revenue in the retail segment was RM14.11 million. This segment loss before tax was RM25.44 million.

Revenue in the manufacturing segment was RM74.74 million while loss before tax was RM3.42 million.

17 Comparison with Immediate Preceding Quarter

Revenue in the retail segment dropped drastically by 88.2% to RM0.75 million from RM6.36 million in the preceding quarter. This was due to the implementation of a nationwide total lockdown starting from 1st June 2021. This was the most severe and longest lockdown since the start of the pandemic in March 2020. Loss before tax in the current quarter under review was RM18.37 million while the loss in the preceding quarter was RM3.38 million.

17 Comparison with Immediate Preceding Quarter (Con't)

Revenue in the garment manufacturing segment improved by 97.2% from RM15.41 million to RM30.39 million, in the preceding quarter, as there was a total lockdown in Cambodia in the immediate preceding quarter (from 17 April 2021 to 25 May 2021). The loss in the current quarter was RM2.26 million while the loss in the preceding quarter was RM0.29 million. This loss was attributed wholly to the nationwide lockdown in Malaysia affecting adversely the Malaysian manufacturing segment.

18 Prospects for the Current Financial Year

The Group continues to face formidable challenges as Malaysia slowly emerges from its most stringent and severest lockdown affecting all segments of businesses. As at 21st October 2021, 94.3% of the country's adult population has been fully vaccinated allowing businesses to resume. The implementation of the Government's National Recovery Plan ("NRP") should provide the necessary economic enabling environment and impetus for businesses to return to growth and profitability. Against this backdrop, the Group will strategise, re-evaluate its options and adapt itself to achieve stable recovery. It still remains a necessary and critical imperative for the Group to finalise its diversification plans and to successfully complete the proposed Right Issues/Capital Raising Exercise.

19 Profit Forecast or Guarantee

Not applicable.

20 Taxation

The breakdown of taxation is as follows:-

	Current Quarter RM '000	Year-to-Date RM '000
Estimated current tax payable	-	-
Deferred taxation	(67)	(37)
	<u>(67)</u>	<u>(37)</u>

21 Retained Earnings

	As At 31/08/2021 RM '000	As At 30/11/2020 RM '000
Realised	(37,115)	(2,603)
Unrealised	4,148	(1,518)
	<u>(32,967)</u>	<u>(4,121)</u>
Consolidation adjustments	(40,989)	(40,811)
Group retained earnings as per consolidated accounts	<u>(73,956)</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.

22 Status of Corporate Proposals Announced and Not Completed (Con't)

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

On 26 March 2021, the Company announced that a new business arrangement to undertake its Glove Business is still in the midst of negotiations and it may result in variation to the Proposed Supply Arrangement and its funding requirement.

On 21 October 2021, the Company announced that it had on the same date, entered into a termination agreement (“Termination Agreement”) with Golden Global Trading & Healthcare Sdn. Bhd. (“Golden Global”), where both parties have mutually agreed to rescind, revoke and terminate the offtake agreement dated 29 January 2021 entered between the Company and Golden Global. As at the date of the Termination Agreement, there is no supply nor purchase of the latex and nitrile examination gloves between both parties.

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>202,963</u>

There was no debt securities issued.

24 Pending Material Litigation

Ambank (M) Berhad (“AMB” or “the Petitioner”) vs Jerasia Fashion Sdn. Bhd. (“JFSB”)

On 23 August 2021, the Company announced that JFSB received a winding-up petition dated 21 July 2021 and Affidavit Verifying Petition of Chin Weng Cheow dan Lily Lim affirmed on 26 July 2021 were presented to Kuala Lumpur High Court [Winding-up Petition No. WA-28NCC-472-07/2021] by Messrs. Shook Lin & Bok, solicitors for AMB on 21 July 2021 and a copy of each was served to JFSB at its registered address of Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur on 6 August 2021. The case management and hearing date for the winding-up petition were fixed on 24 August 2021 and 26 October 2021, respectively. The particulars of the claim under the winding-up petition are as follows:-

- i) That JFSB may be wound up by the court under the provisions of the Companies Act 2016;
- ii) That an Official Receiver be appointed as the Liquidator of JFSB;
- iii) That the Petitioner be allowed its costs of and incidental to the winding-up to be paid out of the assets of JFSB; and
- iv) That such other orders may be made in the premises as to the court shall deem just.

On 28 October 2021, the Company announced that JFSB received a letter from the solicitors acting for AMB to inform that the hearing date for the winding-up petition has been fixed on Tuesday, 23 November 2021 at 9:00 a.m.

24 Pending Material Litigation (Con't)

Default in payment

On 23 August 2021, the Company announced that JFSB and Jerasia Apparel Sdn. Bhd. (“JASB”), the wholly-owned subsidiaries of the Company had defaulted in their repayment of principal and interest in respect of the financing facilities with AMB, Alliance Bank (Malaysia) Berhad and RHB Bank Berhad.

As of the date of this report, the Company wishes to inform that there is no major development on the status of the defaulted financing facilities since the date of the last announcement. The matter in relation to the defaulted financing facilities have been referred to the Company’s legal advisers.

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 31/08/2021	Year-to-Date Ended 31/08/2021
Loss for the period attributable to equity holders of the Company (RM' 000)	(20,574)	(29,024)
Weighted average number of ordinary shares in issue (RM' 000)	82,046	82,046
Basic / Diluted loss per share (sen)	<u>(25.08)</u>	<u>(35.38)</u>