

JERASIA CAPITAL BERHAD (503248-A)
Notes To Interim Financial Report On The Consolidated Results For
The Fourth Quarter Ended 31 March 2011

1. Basis of Preparation & Accounting Policies

The interim financial report is unaudited and has been prepared in compliance with Interim Financial Reporting Standard (“FRS”) 134, Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 March 2010. These explanatory notes attached to the interim financial statements 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 31 March 2010.

2. Significant Accounting Policies

The significant accounting policies adopted by the Group in this interim financial report are consistent with those adopted in the financial statements for the year ended 31 March 2010 except for the changes required due to the adoption of the following new Financial Reporting Standards (“FRS”), Amendments to FRSs and Issues Committee (“IC”) Interpretations which are effective for the annual financial period beginning on or after 1 January 2010:-

FRSs, Amendments to FRSs and IC Interpretations

FRS 4	Insurance Contracts
FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 101	Presentation of Financial Statements (Revised 2009)
FRS 123	Borrowing Costs
FRS 139	Financial Instruments: Recognition and Measurement
Amendment to FRS 1 and FRS 127	First-time Adoption of Financial Reporting Standards
Amendment to FRS 2	Share-based Payment - Vesting Conditions and Cancellations
Amendment to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendment to FRS 7	Financial Instruments: Disclosures
Amendment to FRS 8	Operating Segments
Amendment to FRS 107	Statement of Cash Flows
Amendment to FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
Amendment to FRS 110	Events after the Reporting Period
Amendment to FRS 116	Property, Plant and Equipment
Amendment to FRS 117	Leases
Amendment to FRS 118	Revenue

2. Significant Accounting Policies (Cont'd)

FRSs, Amendments to FRSs and IC Interpretations (Cont'd)

Amendment to FRS 119	Employee Benefits
Amendment to FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
Amendment to FRS 123	Borrowing Costs
Amendment to FRS 128	Investments in Associates
Amendment to FRS 129	Financial Reporting in Hyperinflationary Economies
Amendment to FRS 131	Interest in Joint Ventures
Amendment to FRS 132	Financial Instruments: Presentation
Amendment to FRS 134	Interim Financial Reporting
Amendment to FRS 136	Impairment of Assets
Amendment to FRS 138	Intangible Assets
Amendment to FRS 139, FRS 7 and IC Interpretation 9	Financial Instruments: Recognition and Measurement, Disclosures and Reassessment of Embedded Derivatives
Amendment to FRS 140	Investment Property
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2 - Group and Treasury Share Transactions
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

Other than for the application of FRS 8, FRS 101, FRS 117 and FRS 139, the application of the above FRSs, Amendments to FRSs and Interpretations did not result in any significant changes in the accounting policies and presentation of the financial results of the Group.

a) **FRS 8: Operating Segments**

FRS 8 replaces FRS 114₂₀₀₄: Segment Reporting requires a 'management approach', under which segment information is presented on a similar basis to that used for internal reporting purposes. In this regard, the Group's segmental reporting had been presented based on the internal reporting to chief operating decision maker who makes decisions on the allocation of resources and assesses the performance of the reportable segments. This Standard only affects the presentation and disclosure aspects and has no impact on the financial position and results of the Group.

b) **FRS 101: Presentation of Financial Statements**

The revised FRS 101 separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented in the statement of other comprehensive income. In addition, the standard introduces the statement of comprehensive income which presents income and expenses recognised in the period. This standard does not have any impact on the financial position and results of the Group.

2. Significant Accounting Policies (Cont'd)

c) **Amendment to FRS 117: Leases**

Clarifies on the classification of leases of land and buildings. For those land element held under operating leases that are required to be reclassified as finance lease, the Group shall recognise a corresponding asset and liability in the financial statements which will be applied retrospectively upon initial application. However, in accordance with the transitional provisions, the Group is permitted to reassess lease classification on the basis of the facts and circumstances existing on the date it adopts the amendments; and recognise the asset and liability related to a land lease reclassified as a finance lease at their values on that date; any difference between those fair values is recognised in retained earnings.

The reclassification of leasehold land from prepaid land lease payments to Property, Plant and equipment has been accounted for retrospectively and certain comparatives as at 31 March 2010 have been restated as follows:

Balance Sheet @ 31 March 2010	Previously stated RM'000	Adjustment RM'000	Restated RM'000
Non-current Assets			
Property, Plant & Equipment	38,715	4,111	42,826
Prepaid Lease Payment	4,111	(4,111)	-

d) **FRS 139: Financial Instruments, Recognition and Measurement**

FRS 139 established the principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. FRS 139 moves measurement from a cost base to fair value base for certain categories of financial assets and financial liabilities. The change in accounting policies resulted from the adoption of FRS 139 is to be accounted for prospectively in accordance with the transitional provision of FRS 139. In accordance to the transitional provisions of FRS 139 for first-time adoption, adjustments arising from re-measuring the financial instruments at the beginning of the financial year were recognised as adjustments of the opening balance of retained earnings or other appropriate reserve as disclosed in statement of changes in equity for the current year-to-date. Comparatives are not adjusted. The adoption of this standard does not have significant impact on the financial position and results of the Group.

i) **Financial Assets / Liabilities**

Financial assets are classified as financial assets at fair value through profit or loss, loan and receivables, Held to maturity (HTM) investments, Available for sale (AFS) financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

Financial liabilities are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

ii) **Loans and receivables**

Prior to 1 April 2010, loans and receivables were stated at gross receivables less provision for doubtful debts. Under FRS 139, loans and receivables are initially measured at fair value and subsequently at amortised cost using the effective interest method. Gains and losses arising from the derecognition of the loans and receivables, amortisation under the effective interest method and impairment losses are recognised in the income statement.

3. Preceding Year's Audited Annual Accounts

The audited accounts of the Group for the preceding financial year ended 31 March 2010 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 interim periods of the current financial year or in prior financial years that have a material effect in the current interim 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. Segmental Reporting

The analysis of the Group by activity as at 31 March 2011 is as follows: -

	Garment Manufacturing & Retail RM '000	Haulage Services RM '000	Elimination RM '000	Group Total RM '000
Revenue				
External Sales	282,092	225	-	282,317
Inter-segment sales	-	520	(520)	-
	<u>282,092</u>	<u>745</u>	<u>(520)</u>	<u>282,317</u>
Results				
Segment results	8,324	29		8,353
Unallocated results				(271)
Profit from operations				<u>8,082</u>
Finance cost				<u>(1,999)</u>
Profit before taxation				<u><u>6,083</u></u>

9. Segmental Reporting (Cont'd)

	Garment Manufacturing & Retail RM '000	Haulage Services RM '000	Elimination RM '000	Group Total RM '000
Other Information				
<u>Assets</u>				
Segment assets	162,782	167		162,949
Unallocated assets				2,587
Total assets				<u>165,536</u>
<u>Capital Expenditure</u>	5,453	-		5,453

10. Property, plant and equipment

The valuations of property, plant and equipment have been brought forward, without amendments from the previous audited annual financial statements.

11. 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.

12. 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.

13. Change in contingent liabilities/ assets

	Quarter Ended 31/03/2011 RM '000	Audited Financial Year Ended 31/03/2010 RM '000
Corporate guarantee given to banks to secure banking facilities granted to subsidiaries	106,060	106,060

There were no contingent assets since the last audited Balance Sheet date.

14. Significant Related Party Transaction

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

15. Review of performance of the Company and its Principal Subsidiaries

Turnover in the export manufacturing sector improved a marginal 1.62% or RM0.53 million to RM32.94 million compared to the corresponding quarter ended 31 March 2010. This is reflective of the continuing positive shift in global sourcing patterns. As export sales are contracted principally in US Dollars, this increase would have been significantly higher had it not been for the strength of the appreciating Ringgit in the past year.

For current quarter under review, turnover for the retail sector recorded a decrease of 4.08% or RM1.69 million to RM39.81 million as compared to the corresponding quarter ended 31 March 2010. This is mainly attributable to planned closure of non performing shops/boutiques and consignment counters.

On the overall, the Group's turnover dipped slightly by 1.59% to RM72.79 million as compared to the corresponding quarter of RM73.96 million.

16. Material Changes in Profit Before Tax Compared to Preceding Quarter

The Group's profit before tax recorded a decrease of 52.45% to RM1.23 million over the preceding quarter's profit before tax of RM2.59 million. However, cumulatively for the financial year ended 31 March 2011, the Group's profit before tax registered a significant increase of 297.06% or RM4.55 million to RM6.08 million as compared to the cumulative period for the financial year ended 31 March 2010.

17. Future prospects

Given the continuing uncertainties surrounding the global economy, the Group remains vigilant of its performance in the coming financial year.

18. Profit Forecast or Guarantee

Not applicable.

19. Taxation

The breakdown of taxation is as follows :-

	Current Quarter RM '000	Year-to-date RM '000
Taxation - current year	735	1,816
Taxation - prior years	-	(104)
Deferred tax - prior years	(161)	565
	<u>574</u>	<u>2,277</u>

The Group's effective tax rate is higher than the statutory tax rate due primarily to the reversal of deferred tax asset of a subsidiary.

20. Realised and unrealised Profits/Losses Disclosure

	As At 31 Mar 2011 RM '000	As At 31 Dec 2010 RM '000
Realised	67,717	67,321
Unrealised	924	663
	<hr/>	<hr/>
	68,641	67,984
Consolidation Adjustments	(41,095)	(41,095)
	<hr/>	<hr/>
Total Group retained earning as per consolidated accounts	<u>27,546</u>	<u>26,889</u>

21. Unquoted investments and properties

There was no sale of unquoted investment and/or property for the current quarter.

22. Quoted securities

There was no purchase or disposal of quoted securities for the current quarter.

23. Status of Corporate Proposals announced and not completed

Share Buy-Back

At the Tenth Annual General Meeting held on 25 Aug 2010, shareholders approved the renewal of Share Buy-Back mandate. To-date, the Company has not effected any Share Buy-Back transaction.

24. Group Borrowings and Debt Securities

The Group's borrowings as at the end of the current quarter comprise :-

	<u>RM '000</u>
Unsecured Borrowings (Short Term)	43,380

There was no debt security issued.

25. Financial Instruments With Off Balance Sheet Risks

There is no financial instrument with off balance sheet risks.

26. Derivatives

- There was no outstanding derivative (including instruments designated as hedging instruments) as at the end of the quarter ended 31 March 2011; and
- The Group has not entered into any type of derivative, not disclosed in the previous financial year or any of the previous quarters under the current financial year.

27. Pending Material Litigation

There is no pending material litigation.

28. 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	
	31.03.11	31.03.10	31.03.11	31.03.10
Profit / (Loss) for the period attributable to equity holders of the Company (RM'000)	657	(989)	3,806	237
Weighted average number of ordinary shares in issue (RM '000)	82,046	82,046	82,046	82,046
Basic earnings / (loss) per share (sen)	0.80	(1.21)	4.64	0.29