

JERASIA CAPITAL BERHAD (503248-A)
Notes To Interim Financial Report On The Consolidated Results For
The First Quarter Ended 30 June 2012

1. Basis of Preparation & Accounting Policies

The condensed consolidated interim financial statements have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) 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 31 March 2012. 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 31 March 2012.

This interim financial report is the Group’s first MFRS condensed consolidated interim financial statements for part of the period covered by the Group’s first MFRS annual financial statements for the year ending 31 March 2013. MFRS 1: First Time Adoption of Malaysian Financial Reporting Standards (“MFRS 1”) has been applied.

2. Significant Accounting Policies

The audited financial statements of the Group for the financial year ended 31 March 2012 were prepared in accordance with FRS. As the requirements under FRS and MFRS are similar, the significant accounting policies adopted in preparing this interim financial report is consistent with those of the audited financial statements for the year ended 31 March 2012.

At the date of this interim financial report, the following MFRSs, Amendments to MFRS and IC Interpretation were issued but not yet effective and have not been applied by the Group :-

MFRS, Amendments to MFRS and IC Interpretation		Effective for financial period beginning on or after
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009 and October 2010)	1 January 2015
MFRS 10	Consolidated Financial Statements	1 January 2013
MFRS 11	Joint Arrangements	1 January 2013
MFRS 12	Disclosure of Interests in Other Entities	1 January 2013
MFRS 13	Fair Value Measurement	1 January 2013
MFRS 119	Employee Benefits	1 January 2013
MFRS 127	Separate Financial Statements	1 January 2013
MFRS 128	Investments in Associates and Joint Ventures	1 January 2013
Amendments to MFRS 1	Government Loans	1 January 2013
Amendments to MFRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to MFRS 101	Presentation of Items of Other Comprehensive Income	1 July 2012
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013

3. Preceding Year's Audited Annual Accounts

The audited accounts of the Group for the preceding financial year ended 31 March 2012 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 buyback, 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.

However, at the Twelfth Annual General Meeting held on 28 Aug 2012, shareholders approved a final dividend of 2.0 sen per share less 25% income tax in respect of the financial year ended 31 March 2012 (2011: 1.0 sen per share less 25% income tax).

9. Notes to the Condensed Consolidated Statement of 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	354	354
Depreciation and amortization	1,584	1,584
Provision for and write off of inventories	276	276
Provision for and write off of receivables	21	21
Interest income	(1)	(1)
Foreign exchange loss	177	177

There was no gain or loss on disposal of properties and quoted or unquoted investments; impairment of assets; gain or loss on derivatives and exceptional items for the financial quarter and financial year to date.

10. Segmental Reporting

The analysis of the Group by activity as at 30 June 2012 is as follows: -

	Retail RM '000	Garment Manufacturing RM '000	Haulage Services RM '000	Elimination RM '000	Group Total RM '000
Revenue					
External Sales	56,073	27,286	-	-	83,359
Inter-segment sales	-	4,875	-	(4,875)	-
	<u>56,073</u>	<u>32,161</u>	<u>-</u>	<u>(4,875)</u>	<u>83,359</u>
Results					
Segment results	5,786	(283)	(1)	-	5,502
Unallocated results					(12)
Profit from operations					<u>5,490</u>
Finance cost					(468)
Profit before taxation					<u>5,022</u>
Other Information					
<u>Assets</u>					
Segment assets	106,162	67,140	93	-	173,395
Unallocated assets					<u>1,835</u>
Total assets					<u>175,230</u>
<u>Capital Expenditure</u>	<u>5,690</u>	<u>136</u>	<u>-</u>	<u>-</u>	<u>5,826</u>

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

	Quarter Ended 30.06.2012 RM '000	Audited Financial Year Ended 31.03.2012 RM '000
Corporate guarantee given to banks to secure banking facilities granted to subsidiaries	115,833	112,600
Third party legal claim	<u>525</u>	<u>525</u>

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 current quarter under review increased by 14.19% to RM 83.36 million from RM 73.00 million achieved in the previous year's corresponding quarter. The retail segment registered a revenue increase of 26.72% from RM 44.25 million to RM 56.07 million. However, revenue in the garment manufacturing segment registered a marginal decrease of 4.92% from RM 28.70 million to RM 27.29 million.

The strong performance of the retail segment is largely due to the continuing robust domestic demand situation and to the annual mid-year season sales and promotions. In line with this, profit before tax for the retail segment increased to RM 5.57 million from RM 4.06 million recorded in the previous corresponding quarter.

The garment manufacturing segment whilst continuing to face headwinds in the global export markets alleviated the situation by diverting increasingly more production for the Group's own labels marketed and retailed domestically. Notwithstanding this, the garment manufacturing segment registered a lower loss amounting to RM 0.53million as compared to a loss of RM 0.80 million.

17. Comparison with Immediate Preceding Quarter

The Group registered a 0.64% increase in total revenue to RM 83.36 million in the current quarter as compared to RM82.83 million achieved in the immediate preceding quarter ended 31 March 2012. On the overall, the Group recorded an increase of 181.98% increase in profit before tax to RM 5.02 million in the current quarter from RM 1.78 million in the immediate preceding quarter.

The retail segment provided the impetus for growth with revenue increasing by 24.40% to RM 56.07 million in the current quarter from RM 45.07 million in the preceding quarter. As explained above, attractive annual mid-year sales campaigns within an operating environment of strong domestic demand contributed to the growth achieved. Profit before tax for the retail segment, accordingly, improved by 67.72% from RM 3.32 million in the immediate preceding quarter to RM 5.57 million in the current quarter.

The garment manufacturing segment which is largely dependent on the export markets had to weather the challenges posed by a weaker external demand, instability in the currency markets and continuing global uncertainties. Arising from this, the garment manufacturing segment registered a 27.66% decline in revenue from RM 37.72 million in the immediate preceding quarter to RM 27.29 million in the current quarter. Cost reductions and operational efficiencies achieved through a concerted reallocation of production capacities, as explained above, however, contributed to a lower loss of RM 0.53 million in the current quarter as compared to a loss of RM 1.4 million in the immediate preceding quarter.

18. Current Year Prospects

Barring unforeseen circumstances and anticipating that the domestic Malaysian economy will sustain its positive growth momentum, the Group remains optimistic of its positive performance in the coming quarters ahead.

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	1,300	1,300
Deferred taxation	(38)	(38)
	<u>1,262</u>	<u>1,262</u>

The Group's effective tax rate is 25.13%, calculated based on the estimated assessable profits for the period. The rate is comparable with the Malaysian statutory tax rate of 25.00%.

21. Realised and unrealised Profits/Losses Disclosure

	As At 30 Jun 2012 RM '000	As At 31 Mar 2012 RM '000
Realised	78,850	74,942
Unrealised	955	910
	<u>79,612</u>	<u>75,852</u>
Consolidation Adjustments	(41,288)	(41,095)
Total Group retained earning as per consolidated accounts	<u>38,517</u>	<u>34,757</u>

22. Status of Corporate Proposals announced and not completed

Share Buy-Back

At the Twelfth Annual General Meeting held on 28 Aug 2012, 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
Unsecured Borrowings (Short Term)	<u>42,534</u>

There was no debt securities issued.

24. Derivatives

- There was no outstanding derivatives (including instruments designated as hedging instruments) as at the end of the quarter ended 30 June 2012; 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.

25. Pending Material Litigation

There is no pending material litigation.

26. 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	
	30.06.12	30.06.11	30.06.12	30.06.11
Profit for the period attributable to equity holders of the Company (RM'000)	3,760	2,472	3,760	2,472
Weighted average number of ordinary shares in issue (RM '000)	82,046	82,046	82,046	82,046
Basic earnings per share (sen)	4.58	3.01	4.58	3.01