

JERASIA CAPITAL BERHAD (503248-A)
Notes To Interim Financial Report On The Consolidated Results For
The Second Quarter Ended 30 September 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 financial report is the Group’s first MFRS condensed consolidated 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.

The transition from FRS to MFRS does not have any significant impact on the interim financial statements.

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 during the current quarter under review.

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) was paid on 19 September 2012.

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	398	752
Depreciation and amortization	1,669	3,253
Provision for and write off of inventories	193	469
Provision for and write off of receivables	-	21
Interest income	-	(1)
Foreign exchange gain	(607)	(430)

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 September 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	105,548	53,568	-	-	159,116
Inter-segment sales	-	9,158	-	(9,158)	-
	<u>105,548</u>	<u>62,726</u>	<u>-</u>	<u>(9,158)</u>	<u>159,116</u>
Results					
Segment results	9,016	(465)	(1)	-	8,550
Unallocated results					<u>(124)</u>
Profit from operations					8,426
Finance cost					<u>(952)</u>
Profit before taxation					<u>7,474</u>
Other Information					
<u>Assets</u>					
Segment assets	107,236	69,080	83	-	176,399
Unallocated assets					<u>1,951</u>
Total assets					<u>178,350</u>
Capital Expenditure	<u>8,263</u>	<u>277</u>	<u>-</u>	<u>-</u>	<u>8,540</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 30.09.2012 RM '000	Audited Financial Year Ended 31.03.2012 RM '000
Corporate guarantee given to banks to secure banking facilities granted to subsidiaries	115,740	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

For the current quarter under review, the Group's total revenue increased by 3.58% to RM75.76 million from RM73.14 million in the previous corresponding quarter. Revenue for the retail segment constituted RM49.48 million in the current quarter as compared to RM43.94 million in the previous corresponding quarter, an increase of 12.60%. It is to be noted that revenue for the retail segment continued on its growth path despite the discontinuation of the distribution rights for an international label. However, profit before tax for the segment registered a decline of 26.02% to RM3.01 million from RM4.07 million. This is due mainly to significant mark-downs and write-offs associated with the discontinuation of the said international label.

Revenue for the garment manufacturing segment totalled RM30.74 million, an increase of 5.53% from RM29.13 million in the previous corresponding quarter. Of this, inter-company sales amounted to RM4.46 million. This is in line with the Group's strategic plan of channelling a portion of its manufacturing resources towards production for the Group's own domestic retail labels to achieve synergistic supply chain efficiencies. The garment manufacturing segment registered lower losses of RM0.45 million for the current quarter as compared to RM1.61 million for the previous year's corresponding quarter.

Comparison with corresponding previous financial year to date

For the six months period ended 30 September 2012, the Group's total revenue increased by 8.88% to RM159.12 million from RM146.14 million in the corresponding period ended 30 September 2011. The retail segment grew 19.69% from RM88.19 million to RM105.55 million while the garment manufacturing segment achieved a revenue increase of 8.48% to RM62.73 million from RM57.82 million over the comparable six month period. Of this, inter-company sales amounted to RM9.16 million.

The Group's Profit before tax for the current period amounted to RM7.47 million as compared to RM5.63 million in the corresponding period. Profit before tax for the retail segment was RM8.58 million while the garment manufacturing segment registered a loss of RM0.98 million.

17. Comparison with Immediate Preceding Quarter

The Group registered a 9.12% decrease in total revenue to RM75.76 million in the current quarter as compared to RM83.36 million achieved in the immediate preceding quarter ended 30 June 2012. The decline in revenue is mainly attributed to the retail segment which recorded an 11.77% dip to RM49.48 million in the current quarter as compared to RM56.07 million in the preceding quarter. The drop is normal and reflective of previous years' sales pattern whereby traditional revenue surges are recorded in June and December reporting quarters which coincide with end of season sales and promotional activities.

The garment manufacturing segment recorded a slight decline of 3.68% in revenue to RM26.28 million in the current quarter as compared to RM27.29 million in the immediate preceding quarter. This is mainly due to the strengthening of the Malaysian Ringgit over the two comparable quarters.

In tandem, the Group recorded a decrease of 51.18% in profit before tax to RM2.45 million in the current quarter from RM5.02 million in the immediate preceding quarter. Profit before tax for the retail segment reduced by 45.89% from RM5.57 million in the immediate preceding quarter to RM3.01 million in the current quarter. Improved production and operational efficiencies in the garment manufacturing sector resulted in a lower loss of RM0.45 million in the current quarter as compared to RM0.53 million in the immediate preceding quarter.

18. Current Year Prospects

Given the continuing buoyant domestic economic environment, the Group continues to adopt an optimistic outlook about its performance for the current financial year.

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	300	1,600
Deferred taxation	51	13
	<u>351</u>	<u>1,613</u>

The Group's effective tax rate is lower than the statutory tax rate in view of the effects of the availability of tax losses brought forward and group relief.

21. Realised and unrealised Profits/Losses Disclosure

	As At 30 Sep 2012 RM '000	As At 31 Mar 2012 RM '000
Realised	79,865	74,942
Unrealised	810	910
	<u>80,675</u>	<u>75,852</u>
Consolidation Adjustments	(41,288)	(41,095)
Total Group retained earning as per consolidated accounts	<u>39,387</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>44,707</u>

There was no debt securities issued.

24. Derivatives

- a) There was no outstanding derivatives (including instruments designated as hedging instruments) as at the end of the quarter ended 30 September 2012; and
- b) 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	
	30.09.12	30.09.11	30.09.12	30.09.11
Profit for the period attributable to equity holders of the Company (RM'000)	2,101	2,079	5,861	4,551
Weighted average number of ordinary shares in issue (RM '000)	82,046	82,046	82,046	82,046
Basic earnings per share (sen)	2.56	2.53	7.14	5.55