

**JERASIA CAPITAL BERHAD (503248-A)**  
**Notes To Interim Financial Report On The Consolidated Results For**  
**The Third Quarter Ended 31 December 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 :-

<b>MFRS, Amendments to MFRS and IC Interpretation</b>		<b>Effective for financial period beginning on or after</b>
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.

**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	1,150
Depreciation and amortization	1,708	4,961
Provision for and write off of inventories	(195)	274
Provision for and write off of receivables	-	21
Interest income	-	(1)
Foreign exchange loss/ (gain)	174	(256)

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 31 December 2012 is as follows: -

	Retail RM '000	Garment Manufacturing RM '000	Haulage Services RM '000	Elimination RM '000	Group Total RM '000
<b>Revenue</b>					
External Sales	155,557	84,357	-	-	239,914
Inter-segment sales	-	11,739	-	(11,739)	-
	<u>155,557</u>	<u>96,096</u>	<u>-</u>	<u>(11,739)</u>	<u>239,914</u>
<b>Results</b>					
Segment results	11,549	(89)	(2)	-	11,458
Unallocated results					(200)
Profit from operations					<u>11,258</u>
Finance cost					(1,470)
Profit before taxation					<u>9,788</u>
<b>Other Information</b>					
<u>Assets</u>					
Segment assets	111,437	75,472	83	-	186,992
Unallocated assets					1,867
Total assets					<u>188,859</u>
Capital Expenditure	<u>13,177</u>	<u>344</u>	<u>-</u>	<u>-</u>	<u>13,521</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 31 Dec 2012 RM '000	Audited Financial Year Ended 31 Mar 2012 RM '000
Corporate guarantee given to banks to secure banking facilities granted to subsidiaries	120,969	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 decreased by 7.81% to RM80.80 million from RM87.64 million in the previous corresponding quarter.

Revenue for the retail segment constituted RM50.01 million in the current quarter as compared to RM58.62 million in the previous corresponding quarter, a decrease of 14.70%. This is primarily due to the late commencement of the traditional end of season sales for an international label. Profit before tax for the segment registered a decline of 65.39% to RM2.27 million from RM6.56 million. This is mainly arising from the said late commencement of end of season sales as well as additional write-offs associated with the discontinuation of the international label, as previously reported.

Revenue for the garment manufacturing segment totalled RM33.37 million, an increase of 9.99% from RM30.34 million in the previous corresponding quarter. Of this, inter-company sales amounted to RM2.58 million. The garment manufacturing segment registered a modest profit of RM0.12 million for the current quarter as compared to a loss of RM1.60 million for the previous year's corresponding quarter.

### **Comparison with corresponding previous financial year to date**

For the nine months period ended 31 December 2012, the Group's total revenue increased by 2.62% to RM239.91 million from RM233.79 million in the corresponding period ended 31 December 2011. The retail segment grew 5.96% from RM146.81 million to RM155.56 million whilst the garment manufacturing segment revenue increased by 9.00% to RM96.10 million from RM88.16 million over the comparable nine months period. Of this, inter-company sales amounted to RM11.74 million.

The Group's Profit before tax for the cumulative period declined 7.34% from RM10.56 million to RM9.79 million.

As explained above, profit before tax for the retail segment was RM10.85 million as compared to RM14.69 million, a decrease of 26.18% for the cumulative corresponding period. However, the garment manufacturing segment recorded an improvement, registering a lower loss of RM0.86 million as compared to RM4.01 million for the cumulative corresponding period.

## **17. Comparison with Immediate Preceding Quarter**

The Group registered a 6.65% increase in total revenue to RM80.80 million in the current quarter as compared to RM75.76 million achieved in the immediate preceding quarter ended 30 September 2012.

The retail segment recorded a marginal increase of 1.08% to RM50.01 million in the current quarter as compared to RM49.48 million in the preceding quarter.

As for the garment manufacturing segment, it recorded a 8.57% improvement to RM33.37 million in the current quarter as compared to RM30.74 million in the immediate preceding quarter. Of this, inter-company sales amounted to RM2.58 million and RM4.46 million respectively.

The Group recorded a marginal decrease of 5.63% in profit before tax to RM2.31 million in the current quarter from RM2.45 million in the immediate preceding quarter.

**17. Comparison with Immediate Preceding Quarter (Con't)**

Profit before tax for the retail segment decreased by 24.61% from RM3.01 million in the immediate preceding quarter to RM2.27 million in the current quarter. The garment manufacturing sector recorded a modest profit of RM0.12 million in the current quarter as compared to a loss of RM0.45 million in the immediate preceding quarter.

**18. Current Year Prospects**

The Group is continuing with its positive outlook, encouraged largely by the resilience of the domestic economy. Nevertheless, it remains mindful and vigilant over the instability in the global economy.

**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	359	1,959
Deferred taxation	95	108
	<u>454</u>	<u>2,067</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 31 Dec 2012 RM '000	As At 31 Mar 2012 RM '000
Realised	81,820	74,942
Unrealised	716	910
	<u>82,536</u>	<u>75,852</u>
Consolidation Adjustments	(41,289)	(41,095)
Total Group retained earning as per consolidated accounts	<u>41,247</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>50,486</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 31 December 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	
	31.12.12	31.12.11	31.12.12	31.12.11
Profit for the period attributable to equity holders of the Company (RM'000)	1,860	3,221	7,721	7,772
Weighted average number of ordinary shares in issue (RM '000)	82,046	82,046	82,046	82,046
Basic earnings per share (sen)	2.27	3.93	9.41	9.47