

JERASIA CAPITAL BERHAD (503248-A)

Notes To Interim Financial Report On The Consolidated Results For The Fourth Quarter Ended 31 March 2013

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.

This financial report for the financial year ended 31 March 2013 is the Group’s first set of MFRS compliant condensed consolidated financial statements and hence 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 Interpretations were issued but are not yet effective and have not been adopted by the Group :-

Effective for financial periods beginning on or after 1 July 2012

Amendments to MFRS 101 Presentation of Items of Other Comprehensive Income

Effective for financial periods beginning on or after 1 January 2013

MFRS 3	Business Combinations
MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 13	Fair Value Measurement
MFRS 119	Employee Benefits (revised)
MFRS 127	Consolidated and Separate Financial Statements (revised)
MFRS 128	Investments in Associates and Joint Ventures (revised)
Amendments to MFRS 1	First-time Adoption of MFRS- Government Loans
Amendments to MFRS 7	Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 10	Consolidated Financial Statements: Transition Guidance
Amendments to MFRS 11	Joint Arrangements: Transition Guidance

2. **Significant Accounting Policies (Con't)**

Effective for financial periods beginning on or after 1 January 2013 (Con't)

Amendments to MFRS 12 Disclosure of Interests in Other Entities: Transition Guidance
Annual Improvements to IC Interpretations and MFRSs 2009-2011 Cycle

Effective for financial periods beginning on or after 1 January 2014

Amendments to MFRS 132 Financial Instruments: Presentation- Offsetting Financial Assets and
Financial Liabilities

Effective for financial periods beginning on or after 1 January 2015

MFRS 9 Financial Instruments (IFRS 9 issued by IASB in November 2009 and
October 2010)

Amendments to MFRS 9 Financial Instruments –Mandatory Effective Date of MFRS 9 and
Transition Disclosures

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	428	1,578
Depreciation and amortization	1,711	6,672

9. Notes to the Condensed Consolidated Statement of Comprehensive Income (Con't)

Profit before tax is arrived at after charging / (crediting) the following items: (Con't)

	Current Quarter	Year-to-date
Inventories written off and written down	272	546
Trade and other receivables written off	107	128
Interest income	(2)	(3)
Foreign exchange loss / (gain)	71	(185)

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 March 2013 is as follows: -

	Retail RM '000	Garment Manufacturing RM '000	Haulage Services RM '000	Elimination RM '000	Group Total RM '000
Revenue					
External Sales	205,549	115,393	-	-	320,942
Inter-segment sales	-	17,386	-	(17,386)	-
	<u>205,549</u>	<u>132,779</u>	<u>-</u>	<u>(17,386)</u>	<u>320,942</u>
Results					
Segment results	14,005	(1,561)	(15)	-	12,429
Unallocated results					(302)
Profit from operations					<u>12,127</u>
Finance cost					(2,009)
Profit before taxation					<u>10,118</u>
Other Information					
<u>Assets</u>					
Segment assets	111,448	67,049	79	-	178,576
Unallocated assets					1,006
Total assets					<u>179,582</u>
Capital Expenditure	<u>13,306</u>	<u>346</u>	<u>-</u>	<u>-</u>	<u>13,652</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 Mar 2013 RM '000	Audited Financial Year Ended 31 Mar 2012 RM '000
Corporate guarantee given to banks to secure banking facilities granted to subsidiaries	120,711	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 2.17% to RM81.03 million from RM82.83 million in the previous corresponding quarter.

Revenue for the retail segment constituted RM49.99 million in the current quarter as compared to RM45.07 million in the previous corresponding quarter, an increase of 10.91%. This is primarily due to the late commencement of the traditional end of season sales in the previous quarter crossing over to the current quarter. However, aggressive promotional campaigns and a resultant delay in the new season launchings affected margins. As such, profit before tax for the segment registered a decline of 33.60% to RM2.20 million from RM3.32 million.

Revenue for the garment manufacturing segment totalled RM36.68 million, a decrease of 9.85% from RM40.69 million in the previous corresponding quarter. Of this, inter-company sales amounted to RM5.65 million in this quarter as compared to RM2.97 million in the previous corresponding quarter. The garment manufacturing segment registered a loss of RM1.76 million for the current quarter as compared to a loss of RM1.40 million for the previous year's corresponding quarter owing to weaker overseas demand and rising wages due to implementation of minimum wage.

Comparison with the previous financial year

For the financial year ended 31 March 2013, the Group's total revenue increased by 1.37% to RM320.94 million from RM316.61 million in the financial year ended 31 March 2012. The retail segment grew 7.12% to RM205.55 million from RM191.89 million whilst the garment manufacturing segment revenue increased by 3.05% to RM132.78 million from RM128.85 million. Of this, inter-company sales amounted to RM17.39 million from RM4.38 million previously.

The Group's Profit before tax for the current financial year declined 18.03% from RM12.34 million to RM10.12 million.

16. Review of Performance (Con't)

Comparison with the previous financial year (Con't)

Profit before tax for the retail segment was RM13.05 million as compared to RM18.01 million, a decrease of 27.55% for the financial year. This decline is primarily due to :-

- a) Cost incurred from the closure of 8 boutiques and 7 counters as well as the loss in contribution arising from the cessation of the distribution rights for a particular international brand;
- b) Pre-operating expenses associated with the opening of 8 new boutiques for 2 new brands as well as 8 new boutiques for existing brands;
- c) Refurbishment of 5 existing boutiques; and
- d) Makeover and/or upgrading of 15 existing boutiques.

However, the garment manufacturing segment recorded an improvement, registering a lower loss of RM2.61 million as compared to RM5.41 million for the financial year ended 31 March 2012. This is largely due to better and more efficient capacity utilisation.

17. Comparison with Immediate Preceding Quarter

The Group registered a 0.28% increase in total revenue to RM81.03 million in the current quarter as compared to RM80.80 million achieved in the immediate preceding quarter ended 31 December 2012.

The retail segment recorded a marginal decrease of 0.03% to RM49.99 million in the current quarter as compared to RM50.01 million in the preceding quarter.

As for the garment manufacturing segment, it recorded a 9.95% improvement to RM36.68 million in the current quarter as compared to RM33.37 million in the immediate preceding quarter. Of this, inter-company sales amounted to RM5.65 million from RM2.58 million previously.

The Group recorded a decrease of 85.74% in profit before tax to RM0.33 million in the current quarter from RM2.31 million in the immediate preceding quarter.

Profit before tax for the retail segment decreased by 2.95% to RM2.20 million in the current quarter from RM2.27 million in the immediate preceding quarter. The garment manufacturing sector recorded a loss of RM1.76 million in the current quarter as compared to a modest profit RM0.12 million in the immediate preceding quarter.

18. Future Year Prospects

The Group is adopting a cautious and prudent approach, given the uncertainties surrounding the domestic and international environment.

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	151	2,110
Deferred taxation	905	1,013
	<u>1,056</u>	<u>3,123</u>

The Group's effective tax rate is higher than the statutory tax rate. This is due mainly to reversal of deferred tax asset during the period.

21. Realised and unrealised Profits/Losses Disclosure

	As At 31 Mar 2013 RM '000	As At 31 Mar 2012 RM '000
Realised	81,995	74,942
Unrealised	(185)	910
	<u>81,810</u>	<u>75,852</u>
Consolidation Adjustments	(41,289)	(41,095)
Total Group retained earning as per consolidated accounts	<u>40,521</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>47,023</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 31 March 2013; 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	
	31.03.13	31.03.12	31.03.13	31.03.12
(Loss)/Profit for the period attributable to equity holders of the Company (RM'000)	(726)	668	6,995	8,441
Weighted average number of ordinary shares in issue (RM '000)	82,046	82,046	82,046	82,046
Basic (loss)/earnings per share (sen)	(0.88)	0.81	8.53	10.29