

KAMDAR GROUP (M) BERHAD (Company no: 577740-A)
(Incorporated in Malaysia)

Quarterly Report On Results For The First Quarter Ended 31 Mar 2005

NOTES TO INTERIM FINANCIAL REPORT

1. Accounting Policies and Method of Computation

The interim financial report for the financial quarter ended 31 Mar 2005 is unaudited and has been prepared in accordance with Financial Reporting Standard (FRS) 134: Interim Financial Reporting (previously known as MASB 26) issued by the Malaysian Accounting Standards Board ("MASB") and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2004

The accounting policies and methods of computation are followed in the financial statements for the year ended 31 December 2004

2. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 31 December 2004 was not qualified.

3. Seasonal or Cyclical Factors

Market demand for consumer goods always exists throughout the year. However, sales tend to be higher in certain months due to festive seasons, particularly during Hari Raya Aidilfitri and Deepavali

4. Exceptional/Extraordinary Items

There were no exceptional and extraordinary items for the current year.

5. Changes in Estimates

There were no changes in estimates that have had a material effect in the current quarter results.

6. Debt and Equity Securities

There were no cancellations, repurchases, resale and repayment of debt and equity securities in this current quarter under review.

7. Dividends Paid

No dividend has been proposed during the financial quarter ended 31 March 2005.

8. Segmental Information

No segment report is prepared as the principal activities of the Group are predominantly carried out in Malaysia and are engaged in a single business segment of retailing textile and textile based products within the retailing industry.

9. Carrying Amount of Revalued Assets

The group does not have any carrying amount of revalued assets.

10. Subsequent Events

There were no material events subsequent to the end of the current quarter.

11. Changes in the Composition of the Company

There were no changes in the composition of the Group during the current quarter.

12. Changes in Contingent Liabilities and Contingent Assets

The group does not have any contingent liabilities as at 31 March 2005.

13. Capital Commitments

The amount of commitments for the purchase of property not provided for in the interim financial statements as at 31 Mar 2005 is as follows:

	RM'000
Approved and contracted for	6,138

14. Performance Review

A.

	Individual Quarter	Individual Quarter
	31 March 2005 RM'000 (Unaudited)	31 December 2004 RM'000 (Unaudited)
Revenue	<u>30,363</u>	<u>67,238</u>
(Loss)/profit before taxation	<u>(3,062)</u>	<u>11,056</u>

The performances of the business are further elaborated in Section B below.

B.

For the current quarter, the revenue decreased from RM67.2 million in the previous quarter to RM30.3 million, a reduction of 54.84% while the profit before tax decreased from RM11 million in the previous quarter to a loss of RM3.062 million, a reduction of 128%.

The decrease in revenue and PBT for the current quarter ended 31 Mar 2005 was mainly attributable to the fact that the bulk of the Group's revenue is achieved during the festive seasons, i.e. Hari Raya and Deepavali which falls in the second half of the financial year

ended 31 December 2005. There were also listing expenses amounting to RM2.226 million for this quarter.

15. Comparison of results

Since the Group was listed on the Bursa Malaysia Securities Berhad on 29 March 2005, no comparison of results with the preceding year corresponding period can be made.

16. Commentary on Prospects

The Group is principally involved in the trading of textiles and textile-based products. Hence the prospects of the group are closely related to the current outlook for the retail sector, which depends on the performance of the Malaysian economy in terms of the level of private consumption, liquidity in the banking system and stability of labour market condition. The Malaysian economy and consequently the retail sector are expected to see measured improvement in consumer and business confidence due to the continuous increase in the price of energy. Notwithstanding this, the Group's future overall prospects look promising.

17. Profit Forecast

Not Applicable

18. Taxation

	Individual Quarter	Cumulative Quarter
	31 March 2005 RM'000	31 March 2005 RM'000
Current taxation - Current year's provision	610	610

Taxation for the current quarter was mainly due to provision made for profit making subsidiary companies although the Group incurred loss before tax during the quarter.

19. Sale of Unquoted Investments and Properties

There were no sales of unquoted securities or properties for the current quarter under review.

20. Marketable Securities

There were no disposals of quoted securities for the current quarter under review.

21. Corporate Proposals

There were no corporate proposals announced but not completed as at 31 March 2005.

22. Borrowings

As at 31 March 2005, the total borrowings of KGMB Group were follows:

	31 March 2005 RM'000	
Short Term Borrowings		
Secured	23,991	
Unsecured	27,404	
	<u>51,395</u>	
Long term Borrowings		
Secured	25,663	
Unsecured	67,403	
	<u>93,066</u>	

The above borrowings are denominated in Ringgit Malaysia.

23. Off Balance Sheet Financial instruments

The Group does not have any off balance sheet financial instruments including foreign currency contracts nor has it entered into any during the current quarter and financial year-to-date.

24. Changes in Material Litigation

The Group was not engaged in any material litigation nor had there been any legal proceedings against the Group which would adversely affect the activities and performance of the Group or give rise to any contingent liabilities which would affect the position and business of the Group except for the charge by Indah Water Consortium Sdn Bhd, of approximately RM0.8 million, of which accruals have been provided for in the financial statements for the year ended 31 December 2004.

25. Dividends

The Directors do not recommend any interim dividend.

26. Loss Per Share

(a) Basic

Basic loss per share is calculated by dividing the loss after tax by the weighted average number of ordinary shares in issue during period.

	Individual Quarter	Cumulative Quarter
	31 March 2005	31 March 2005
Loss after tax (RM'000)	<u>(3,672)</u>	<u>(3,672)</u>
Weighted average number of ordinary shares in issue ('000)	124,430	124,430
Basic loss per share (sen)	(2.95)	(2.95)

(b) Diluted

There is no diluted loss per share as the effect of the potential dilutive ordinary shares on the basic loss per share is anti-dilutive.

27. Authorization of issue

The interim financial statements were authorized for release by the Board in accordance with the directive from the Board of Directors.

By order of the Board

Lim Seck Wah
Company Secretary