

KAMDAR GROUP (M) BERHAD  
(Company No. 577740-A)  
UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS  
FOR THE THIRD QUARTER ENDED 30 SEPT 2006

|  | Individual Quarter   |  | Cumulative Quarter   |   |
|--|--|--|--|---|
|  | Current<br>Year<br>Third Quarter<br>30/9/06<br>RM'000<br>(Unaudited) | Preceding year<br>Corresponding<br>Quarter<br>30/9/05<br>RM'000<br>(Unaudited) | Current<br>Year<br>to date<br>30/9/06<br>RM'000<br>(Unaudited) | Preceding year<br>Corresponding<br>period<br>30/9/05<br>RM'000<br>(Unaudited) |
| Revenue  | 48,050   | 49,425   | 112,313  | 115,863   |
| Cost of sales  | <u>(30,262)</u>  | <u>(32,225)</u>  | <u>(74,009)</u>  | <u>(75,439)</u>   |
| Gross profit   | 17,788   | 17,200   | 38,304   | 40,424  |
| Other income   | 223  | 229  | 666  | 864   |
| Selling and distribution expenses  | (570)  | (892)  | (2,907)  | (2,356)   |
| Administrative expenses  | (8,617)  | (8,423)  | (27,235)   | (25,270)  |
| Other expenses   | (1,041)  | (938)  | (2,883)  | (3,849)   |
| Finance costs  | <u>(1,585)</u>   | <u>(1,516)</u>   | <u>(4,251)</u>   | <u>(4,386)</u>  |
| Profit before exceptional item   | 6,198  | 5,660  | 1,694  | 5,427   |
| Exceptional item   | -  | (871)  | -  | (4,657)   |
| Profit before tax  | <u>6,198</u>   | <u>4,789</u>   | <u>1,694</u>   | <u>770</u>  |
| Taxation   | (1,067)  | (1,166)  | (2,365)  | (2,435)   |
| Profit/(loss) for the period   | <u><u>5,131</u></u>  | <u><u>3,623</u></u>  | <u><u>(671)</u></u>  | <u><u>(1,665)</u></u>   |
| Attributable to:   |  |  |  |   |
| Equity holders of the parent   | <u><u>5,131</u></u>  | <u><u>3,623</u></u>  | <u><u>(671)</u></u>  | <u><u>(1,665)</u></u>   |
| <b>Earnings/(Loss) per share attributable to equity holders of the parent:</b> |  |  |  |   |
| Basic earing/(loss) per share (sen)  | 4.08   | 2.88   | (0.53)   | (1.33)  |
| Diluted loss per share (sen)   | N/A  | 1.83   | N/A  | N/A   |

The condensed consolidated income statements should be read in conjunction with the audited financial statements for the year ended 31 December 2005 and the accompanying explanatory notes attached to the interim financial statements.

KAMDAR GROUP (M) BERHAD  
(Company No. 577740-A)  
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS AS AT 30 SEPT 2006

|  | AS AT<br>END OF<br>CURRENT<br>QUARTER<br>30/9/06<br>RM'000<br>(Unaudited) | AS AT<br>PRECEDING<br>FINANCIAL<br>YEAR ENDED<br>31/12/2005<br>RM'000<br>(Audited) |
|--|---|--|
| <b>NON-CURRENT ASSETS</b>  |   |  |
| PROPERTY, PLANT AND EQUIPMENT  | 173,187   | 165,306  |
| DEFFERRED TAX ASSETS   | 1,981   | 1,981  |
| GOODWILL   | 434   | 434  |
| FIXED DEPOSITS WITH LICENSED BANKS   | 2,346   | 2,346  |
|  | <u>177,948</u>  | <u>170,067</u>   |
| <b>CURRENT ASSETS</b>  |   |  |
| Inventories  | 104,506   | 96,763   |
| Trade receivables  | 10,752  | 8,462  |
| Other receivables, deposits and prepayments  | 4,688   | 4,109  |
| Taxation recoverable   | 4,779   | 1,936  |
| Cash and bank balances   | 7,765   | 6,624  |
| Total current assets   | <u>132,490</u>  | <u>117,894</u>   |
| <b>CURRENT LIABILITIES</b>   |   |  |
| Trade payables   | 13,302  | 7,768  |
| Other payables & accruals  | 8,141   | 5,117  |
| Dividend payable   | -   | -  |
| Short term borrowings  | 55,683  | 38,061   |
| Finance payables   | 343   | 252  |
| Taxation   | 394   | 293  |
| Bank overdrafts  | 3,335   | 2,474  |
| Total current liabilities  | <u>81,198</u>   | <u>53,965</u>  |
| NET CURRENT ASSETS   | <u>51,292</u>   | <u>63,929</u>  |
|  | <u>229,240</u>  | <u>233,996</u>   |
| <b>FINANCED BY:</b>  |   |  |
| SHARE CAPITAL  | 125,990   | 125,990  |
| SHARE PREMIUM  | 110   | 110  |
| CAPITAL RESERVES   | 824   | 824  |
| RESERVE ON CONSOLIDATION   | -   | 2,784  |
| MERGER RESERVES  | (176,580)   | (176,580)  |
| IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS<br>ICULS (EQUITY COMPONENT)         | 65,791  | 65,791   |
| Retained Profits   | 116,190   | 118,613  |
| TOTAL SHAREHOLDERS' EQUITY   | <u>132,325</u>  | <u>137,532</u>   |
| <b>LONG TERM LIABILITIES</b>   |   |  |
| BOND   | 60,000  | 60,000   |
| ICULS  | 5,784   | 5,464  |
| Defered tax liabilities  | 3,650   | 3,650  |
| Term loans   | 26,764  | 26,521   |
| Finance payables   | 717   | 829  |
|  | <u>96,915</u>   | <u>96,464</u>  |
|  | <u>229,240</u>  | <u>233,996</u>   |
| Net assets per share attributable to ordinary<br>equity holder of the parent (sen) | 105   | 109  |

The condensed consolidated balance sheets should be read in conjunction with the audited financial statements for the year ended 31 December 2005 and the accompanying explanatory notes attached to the interim financial statements.

KAMDAR GROUP (M) BERHAD  
(Company No. 577740-A)  
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 30 SEPT 2006

←----- Reserves -----→

←----- Non distributable -----→ Distributable

|  | Share   | Share   | ICULS      | Capital | Merger    | Reserve on    | Retained Profits | Total   |
|--|---------|---------|------------|---------|-----------|---------------|------------------|---------|
|  | Capital | Premium | (equity    | Reserve | Reserve   | Consolidation |                  |         |
|  | RM'000  | RM'000  | component) | RM'000  | RM'000    | RM'000        | RM'000           | RM'000  |
| At 1 January 2005  | 124,430 | 110     | 65,791     | 824     | (176,580) | 2,784         | 113,991          | 131,350 |
| Net loss for the period                                  | -       | -       | -          | -       | -         | -             | (1,665)          | (1,665) |
| Issuance of shares pursuant to acquisition of subsidiary | 1,560   | -       | -          | -       | -         | -             | -                | 1,560   |
| At 30 Sept 2005  | 125,990 | 110     | 65,791     | 824     | (176,580) | 2,784         | 112,326          | 131,245 |

|   | Share   | Share   | ICULS      | Capital | Merger    | Reserve on    | Retained Profits | Total   |
|---|---------|---------|------------|---------|-----------|---------------|------------------|---------|
|   | Capital | Premium | (equity    | Reserve | Reserve   | Consolidation |                  |         |
|   | RM'000  | RM'000  | component) | RM'000  | RM'000    | RM'000        | RM'000           | RM'000  |
| At 1 January 2006                             | 125,990 | 110     | 65,791     | 824     | (176,580) | 2,784         | 118,613          | 137,532 |
| 5% first and final dividend less 28% taxation | -       | -       | -          | -       | -         | -             | (4,536)          | (4,536) |
| Net loss for the period                       | -       | -       | -          | -       | -         | -             | (671)            | (671)   |
| Effect of adopting FRS 3                      | -       | -       | -          | -       | -         | (2,784)       | 2,784            | -       |
| At 30 Sept 2006                               | 125,990 | 110     | 65,791     | 824     | (176,580) | -             | 116,190          | 132,325 |

The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2005 and the accompanying explanatory notes attached to the interim financial statements.

## KAMDAR GROUP (M) BERHAD

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS  
FOR THE PERIOD ENDED 30 SEPT 2006  
(Company No. 577740-A)

|  | 9 Months ended<br>30 Sept 2006<br>RM'000<br><u>(Unaudited)</u> | 9 Months ended<br>30 Sept 2005<br>RM'000<br><u>(Unaudited)</u> |
|--|--|--|
| 1. Cashflows from operating activities                 |  |  |
| Profit before tax                                      | 1,694  | 770  |
| Adjustments for:                                       |  |  |
| Depreciation   | 2,791  | 2,289  |
| Gain on disposal of property, plant and equipment      | (31)   | -  |
| Loss on disposal of property, plant and equipment      |  | 319  |
| Loss on disposal of investment in subsidiary           | -  | 1,560  |
| Listing expenses                                       | -  | 3,114  |
| Interest expenses                                      | 4,250  | 4,386  |
| Interest income  | (29)   | (170)  |
| Property, plant and equipment written off              | <u>28</u>  | <u>-</u>   |
| Operating profit before working capital changes        | 8,703  | 12,268   |
| Inventories  | (7,743)  | (14,981)   |
| Payables   | 5,369  | 4,904  |
| Receivables  | <u>(2,870)</u>   | <u>1,115</u>   |
| Cash generated from operations                         | 3,459  | 3,306  |
| Interest received                                      | 29   | 170  |
| Interest paid  | (2,031)  | (2,075)  |
| Tax paid   | <u>(5,106)</u>   | <u>(6,055)</u>   |
| Net cash used in from operating activities             | (3,649)  | (4,654)  |
| 2. Cashflows from investing activities                 |  |  |
| Proceed from disposal of property, plant and equipment | 131  | 947  |
| Purchase of property, plant and equipment              | (8,974)  | (11,321)   |
| Net cash used in investing activities                  | <u>(8,843)</u>   | <u>(10,374)</u>  |
| 3. Cashflows from financing activities                 |  |  |
| Bankers' acceptances and bill payables                 | 9,438  | 6,908  |
| Drawdown of term loans                                 | 9,919  | 21,839   |
| Repayment of finance payables                          | (343)  | (121)  |
| Repayment of term loans                                | (2,148)  | (19,654)   |
| Revolving credit                                       | 500  | -  |
| Trust receipts   | (58)   | -  |
| Dividend paid  | (4,536)  | -  |
| Net cash generated from financing activities           | <u>12,772</u>  | <u>8,972</u>   |
| Cash and cash equivalents                              |  |  |
| Net changes  | 280  | (6,056)  |
| Brought forward  | 4,150  | 12,765   |
| Carried forward  | <u>(A) 4,430</u>   | <u>6,709</u>   |
| A . Cash and cash equivalents comprise of:             |  |  |
| Fixed deposits with a licensed bank                    | 1,000  | 2,045  |
| Cash and bank balances                                 | 6,765  | 5,688  |
| Bank overdrafts  | <u>(3,335)</u>   | <u>(1,024)</u>   |
|  | <u>4,430</u>   | <u>6,709</u>   |

The condensed consolidated cash flow statements should be read in conjunction with the audited financial statements for the year ended 31 December 2005 and the accompanying explanatory notes attached to the interim financial statements.

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

Quarterly Report On Results For The Third Quarter Ended 30 Sept 2006

NOTES TO INTERIM FINANCIAL REPORT

1. Accounting Policies and Method of Computation

The interim financial report for the financial quarter ended 30 Sept 2006 is unaudited and has been prepared in accordance with Financial Reporting Standard (FRS) 134: Interim Financial Reporting and paragraph 9.22 and Appendix 9B 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 2005.

2. Changes in Accounting policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2005 except for the adoption of the following new/revised Financial Reporting Standards ("FRS") effective for financial period beginning 1 January 2006:

|         |   |
|---------|---|
| FRS 2   | Share-based Payment   |
| FRS 3   | Business Combinations   |
| FRS 5   | Non-Current Assets Held for Sale and Discontinued Operations    |
| FRS 101 | Presentation of Financial Statements                            |
| FRS 102 | Inventories   |
| FRS 108 | Accounting Policies, Changes in Accounting Estimates and Errors |
| FRS 110 | Events after the Balance Sheet Date                             |
| FRS 116 | Property, Plant and Equipment                                   |
| FRS 121 | The Effects of Changes in Foreign Exchange Rates                |
| FRS 127 | Consolidated and Separate Financial Statements                  |
| FRS 128 | Investments in Associates                                       |
| FRS 131 | Interests in Joint Ventures                                     |
| FRS 132 | Financial Instruments: Disclosure and Presentation              |
| FRS 133 | Earnings per Share  |
| FRS 136 | Impairment of Assets  |
| FRS 138 | Intangible Assets   |
| FRS 140 | Investment Property   |

The adoption of FRS 2, 5, 101, 102, 108, 110, 116, 121, 127, 128, 131, 132, 133, 136, 138 and 140 does not have significant financial impact on the Group. The principal effects of the changes in accounting policies resulting from the adoption of the other new/revised FRSs are discussed below:

(a) FRS 3: Business Combinations

Under FRS 3, any excess of the Group's interest in the net fair value of acquirees' identifiable assets, liabilities and contingent liabilities over cost of acquisition (previously referred to as "negative goodwill"), after reassessment, is now recognised immediately in profit or loss. Prior to 1 January 2006, negative goodwill was carried at cost. In accordance with the transitional provisions of FRS 3, the negative goodwill as at 1 January 2006 of RM2,784,161 was derecognised with a corresponding increase in retained profits.

3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 31 December 2005 was not qualified.

4. Seasonal or Cyclical Factors

The business of the Group is generally affected by the festive seasons.

5. Unusual Items due to their Nature, Size or Incidence

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the financial period ended 30 Sept 2006.

6. Changes in Estimates

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

7. Debt and Equity Securities

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

8. Dividends Paid

Dividends paid on 28 July 2006 were approved by shareholders on 27 June 2006, in respect of the year ended 31 December 2005 being final dividend of 5% less 28% taxation, on 125,990,002 ordinary shares, amounting to RM4,535,640.

9. 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.

10. Carrying Amount of Revalued Assets

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

11. Subsequent Events

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

12. Changes in the Composition of the Group

On 17 June 2006, the Company acquired 2 ordinary shares of RM1.00 each in the share capital of Kamdar (B) Sdn Bhd ("KBSB"), (Formerly known as Multirange Trading Sdn. Bhd) representing 100% equity interest in KBSB for a cash consideration of RM2.00. KBSB is a company incorporated in Malaysia which is engaged in business of investment holding.

The effect of the said acquisition on the Group's results, cash flow, assets and liabilities are not material as the subsidiary company is dormant.

### 13. Changes in Contingent Liabilities and Contingent Assets

Save as disclosed below, the Company is not aware of any other contingent liabilities as at 30 Sept 2006:

|  | 30 Sept 2006<br>(RM'000) |
|--|--------------------------|
| - Corporate guarantee given by the Company to licensed bank for credit facilities granted to Kamdar Sdn Bhd                        | 21,500                   |
| - Corporate guarantee given by the Company to licensed bank for acquisition of property at Melaka granted to Kamdar Stores Sdn Bhd | 3,440                    |

### 14. Capital Commitments

As at 30 Sept 2006, the Group has capital commitments in respect of property, plant and equipment as follows:

|                             | RM'000 |
|-----------------------------|--------|
| Approved and contracted for | 221    |
|                             | =====  |

### 15. Performance Review

A.

|                        | Individual Quarter<br>3 months ended<br>30 Sept 2006<br>RM'000<br>(Unaudited) | Cumulative Quarter<br>9 months ended<br>30 Sept 2006<br>RM'000<br>(Unaudited) |
|------------------------|---|---|
| Revenue                | 48,050  | 112,313   |
| Profit before taxation | 6,198   | 1,694   |

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

B.

The Group's revenue for the current financial period ended 30 Sept 2006 is RM112.313 million as compared to RM115.863 million in the prior financial period ended 30 Sept 2005, a decrease of 3.06%. However, the Group's profit before taxation has increased from RM0.77 million for the prior financial period ended 30 Sept 2005 to RM1.694 million for the current financial period ended 30 Sept 2006, due to the absence of exceptional item of RM4.657 in the current financial period.

### 16. Material changes in the quarterly results compared with immediate preceding quarter

For the financial year ended 30 Sept 2006, the Group recorded revenues of approximately RM48.050 million as compared to approximately RM34.164 million in the preceding quarter ended 30 June 2006, an increase of RM13.886 million. The Group's profit before taxation for the current quarter ended 30 Sept 2006 was RM6.195 million as compared to a loss before tax of RM2.978 million in the preceding quarter ended 30 June 2006. This increase was due to the festive period sales.

17. Commentary on Prospects

The retail sector continues to operate in a very challenging environment. Thus, the Group's future prospects would remain measured.

18. Profit Forecast

Not applicable.

19. Taxation

|  | Current Quarter<br>30 Sept 2006<br>RM'000 | Current Year To Date<br>30 Sept 2006<br>RM'000 |
|--|---|--|
| Current taxation - Malaysian<br>- current year's provision | 1,067                                     | 2,365  |

The effective tax rate for the Group for the financial period ended 30 Sept 2006 was higher than the statutory tax rate mainly due to non availability of the Group tax relief in respect of losses suffered by certain companies.

For the current quarter, the effective tax rate for the Group was lower than the statutory tax rate mainly due to tax saving from utilisation of tax losses brought down from the preceding quarters.

20. Sale of Unquoted Investments and Properties

There were no sales of unquoted securities or properties for the financial period to date.

21. Marketable Securities

There were no disposals of quoted securities for the financial period to date.

22. Corporate Proposals

There were no corporate proposals announced and completed as at 30 Sept 2006.

23. Borrowings

As at 30 Sept 2006, the total borrowings of KGMB Group were follows:

|                        | As at<br>30/09/2006<br>RM000 | As at<br>31/12/2005<br>RM000 |
|------------------------|------------------------------|------------------------------|
| Short term borrowings: |                              |                              |
| Secured                | 30,107                       | 22,568                       |
| Unsecured              | 29,254                       | 18,219                       |
|                        | <hr/> 59,361                 | <hr/> 40,787                 |
| Long term borrowings:  |                              |                              |
| Secured                | 26,764                       | 27,350                       |
| Unsecured              | 66,501                       | 65,464                       |
|                        | <hr/> 93,265                 | <hr/> 92,814                 |

The above borrowings are denominated in Ringgit Malaysia.



#### 24. 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 period-to-date.

#### 25. 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 following : -

- (i) 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 financial period ended 30 September 2006.
- (j) the charge by Wind Hill Development and Construction Sdn Bhd, of approximately RM1.6 million.

#### 26. Dividend

No interim dividend has been declared for the financial period ended 30 September 2006 (30 September 2005: Nil).

#### 27. Earnings /(Loss) Per Share

##### (a) Basic

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) after tax by the weighted average number of ordinary shares in issue during the financial period.

|   | Individual Quarter<br>30 Sept 2006 | Cumulative Quarter<br>30 Sept 2006 |
|---|------------------------------------|------------------------------------|
| Profit/(loss) after tax (RM'000)                              | 5,131                              | (671)                              |
| Weighted average number of<br>Ordinary shares in issue ('000) | 125,990                            | 125,990                            |
| Basic earnings/(loss) per share (sen)                         | 4.08                               | (0.53)                             |

##### (b) Diluted

Computation of diluted loss per share is not applicable for the current quarter and financial period to date as the conversion of ICULS and Warrants is anti-dilutive as their exercise price is lower than the market price of ordinary share.

28. Authorization of issue

The interim financial statements were authorized for release by the Board in accordance with a resolution of the Directors on 27 Sept 2006.

By order of the Board

Lim Seck Wah  
Company Secretary