

KAMDAR GROUP (M) BERHAD
(Company No. 577740-A)
UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2007

	Individual Quarter		Cumulative Quarter	
	Current Year Second Quarter 30/6/07 RM'000 (Unaudited)	Preceding year Corresponding Quarter 30/6/06 RM'000 (Unaudited)	Current Year to date 30/6/07 RM'000 (Unaudited)	Preceding year Corresponding period 30/6/06 RM'000 (Unaudited)
Revenue	36,724	34,164	66,056	64,263
Cost of sales	<u>(25,273)</u>	<u>(24,189)</u>	<u>(43,865)</u>	<u>(43,747)</u>
Gross profit	11,451	9,975	22,191	20,516
Other income	260	153	569	443
Selling and distribution expenses	(532)	(1,534)	(991)	(2,337)
Administrative expenses	(10,903)	(10,216)	(21,025)	(20,460)
Finance costs	<u>(1,347)</u>	<u>(1,356)</u>	<u>(2,672)</u>	<u>(2,666)</u>
Loss before tax	(1,071)	(2,978)	(1,928)	(4,504)
Taxation	(832)	(671)	(1,597)	(1,298)
Loss for the period	<u><u>(1,903)</u></u>	<u><u>(3,649)</u></u>	<u><u>(3,525)</u></u>	<u><u>(5,802)</u></u>
Attributable to:				
Equity holders of the parent	<u><u>(1,903)</u></u>	<u><u>(3,649)</u></u>	<u><u>(3,525)</u></u>	<u><u>(5,802)</u></u>
Earnings per share attributable to equity holders of the parent:				
Basic loss per share (sen)	(1.51)	(2.90)	(2.80)	(4.60)
Diluted Loss per share (sen)	N/A	N/A	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 2006 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 JUNE 2007

	AS AT END OF CURRENT QUARTER 30/6/07 RM'000 (Unaudited)	AS AT PRECEDING FINANCIAL YEAR ENDED 31/12/06 RM'000 (Audited)
NON-CURRENT ASSETS		
PROPERTY, PLANT AND EQUIPMENT	152,536	154,059
PREPAID LAND AND BUILDING LEASE PAYMENT	18,308	18,464
DEFERRED TAX ASSETS	1,655	1,655
GOODWILL	434	434
FIXED DEPOSITS WITH LICENSED BANKS	2,436	2,386
	<u>175,369</u>	<u>176,998</u>
CURRENT ASSETS		
Inventories	87,055	87,342
Trade receivables	9,835	8,481
Other receivables, deposits and prepayments	4,896	4,328
Taxation recoverable	3,266	3,260
Cash and bank balances	9,237	11,035
Total current assets	<u>114,289</u>	<u>114,446</u>
CURRENT LIABILITIES		
Trade payables	8,237	6,353
Other payables & accruals	9,459	6,468
Dividend payable	3,680	-
Short term borrowings	36,504	42,496
Finance payables	360	320
Taxation	-	414
Bank overdrafts	2,750	136
Total current liabilities	<u>60,990</u>	<u>56,187</u>
NET CURRENT ASSETS	<u>53,299</u>	<u>58,259</u>
	<u>228,668</u>	<u>235,257</u>
FINANCED BY:		
SHARE CAPITAL	126,022	125,999
SHARE PREMIUM	110	110
CAPITAL RESERVES	2,382	824
RESERVE ON CONSOLIDATION	-	-
MERGER RESERVES	(176,580)	(176,580)
IRREDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS ICULS (EQUITY COMPONENT)	65,759	65,782
Retained Profits	114,466	121,671
TOTAL SHAREHOLDERS' EQUITY	<u>132,159</u>	<u>137,806</u>
LONG TERM LIABILITIES		
BOND	60,000	60,000
ICULS	4,053	3,892
Deferred tax liabilities	2,422	3,980
Term loans	29,395	28,776
Finance payables	639	803
	<u>96,509</u>	<u>97,451</u>
	<u>228,668</u>	<u>235,257</u>
Net assets per share attributable to ordinary 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 2006 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 JUNE 2007
(Company No. 577740-A)

	Note	6 Months ended 30 June 2007 RM'000 <u>(Unaudited)</u>	6 Months ended 30 June 2006 RM'000 <u>(Unaudited)</u>
1. Cashflows from operating activities			
Loss before tax		(1,928)	(4,504)
Adjustments for:			-
Depreciation		1,476	2,066
Amortisation of prepaid land and building lease payment		157	157
Gain on disposal of property, plant and equipment		-	(31)
Loss on disposal of property, plant and equipment		137	27
Interest expenses		2,672	2,627
Interest income		(86)	(46)
Property, plant and equipment written off		-	10
Operating profit before working capital changes		2,428	306
Inventories		287	3,146
Payables		4,696	2,251
Receivables		(1,922)	(1,851)
Cash generated from operations		5,489	3,852
Interest received		86	46
Interest paid		(1,258)	(1,156)
Tax paid		(2,266)	(3,542)
Tax refund		249	-
Net cash generated from/(used in) operating activities		2,300	(800)
2. Cashflows from investing activities			
Deferred expenditure paid			-
Placement of fixed deposits		(50)	-
Proceed from disposal of property, plant and equipment		(265)	131
Purchase of property, plant and equipment		(767)	(6,551)
Net cash used in investing activities		(1,082)	(6,420)
3. Cashflows from financing activities			
Bankers' acceptances		(1,328)	(5,863)
Drawdown of term loans		7,000	6,585
Dividend paid		-	-
Repayment of finance payables		(195)	(138)
Repayment of term loans		(5,091)	(1,913)
Revolving credit		(6,000)	500
Trust receipts		(17)	(103)
Net cash used in financing activities		(5,631)	(932)
Cash and cash equivalents			
Net changes		(4,413)	(8,152)
Brought forward		10,900	4,150
Carried forward	(A)	<u>6,487</u>	<u>(4,002)</u>
A . Cash and cash equivalents comprise of:			
Fixed deposits with a licensed bank		-	
Cash and bank balances		9,237	4,542
Bank overdrafts		(2,750)	(8,544)
		<u>6,487</u>	<u>(4,002)</u>

The condensed consolidated cash flow statements should be read in conjunction with the audited financial statements for the year ended 31 December 2006 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 Second Quarter Ended 30 June 2007

NOTES TO INTERIM FINANCIAL REPORT

1. Accounting Policies and Method of Computation

The interim financial report of the Group 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 2006.

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 2006 except for the adoption of the following revised Financial Reporting Standards ("FRS") effective for financial period beginning 1 January 2006:

FRS 117 - Leases

FRS 124 - Related Party Disclosure

Amendment to FRS 119²⁰⁰⁴ - Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures

The adoption of FRS 124 and FRS 119²⁰⁰⁴ did not have any significant financial impact on the Group.

FRS 117 - Leases

The adoption of the revised FRS 117 - Leases has resulted in a change in the accounting policy relating to the classification of leases of land and buildings.

Prior to 1 January 2007, leasehold land and buildings held for own use were classified as property, plant and equipment and were stated at cost less accumulated depreciation and impairment loss. FRS 117 requires that leasehold land and buildings be classified as operating or finance leases in the same way as leases of other assets.

The Group has applied the change in accounting policy with respect to leasehold land and building in accordance with the transitional provisions of FRS 117. The reclassification of leasehold land and building as prepaid land and building lease payments has been accounted for retrospectively. Certain comparatives within the consolidation balance sheet as at 31 December 2006 have been restated as set out below. There were no effects on the income statement of the Group for the quarter ended 30 June 2007.

2. Changes in Accounting policies (Cont'd)

The following comparative amounts have been restated due to adoption of FRS 117:

	As previously <u>reported</u> RM'000	<u>FRS 117</u> RM'000	<u>As restated</u> RM'000
Balance Sheet as at 31 December 2006			
Property, plant and equipment	172,523	(18,464)	154,059
Prepaid land building lease payments		18,464	18,464

3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 31 December 2006 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 June 2007.

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 issuances, cancellations, repurchases, resale and repayment of debt and equity securities in current quarter.

8. Dividends Paid

No dividend has been paid during the financial quarter under review.

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

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

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 June 2007:

	30 June 2007 (RM'000)
- Corporate guarantee given by the Company to licensed bank for credit facilities granted to Kamdar Sdn Bhd	31,700
- Corporate guarantee given by the Company to licensed bank for credit facilities granted to Kamdar Stores Sdn Bhd	10,440
- Corporate guarantee given by the Company to licensed bank for credit facilities granted to Kamdar Holdings Sdn Bhd	<u>14,000</u>
	<u>56,140</u>

14. Capital Commitments

Not applicable.

15. Performance Review

A.

	Individual Quarter 3 months ended 30 June 2007 RM'000 (Unaudited)	Cumulative Quarter 6 months ended 30 June 2007 RM'000 (Unaudited)
Revenue	36,724	66,056
Loss before taxation	(1,071)	(1,928)

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

B.

The Group's revenue for the current financial period ended 30 June 2007 is RM66.056 million as compared to RM64.263 million in the prior financial period ended 30 June 2006, a increase of 2.8%. The Group's loss before taxation has decreased from RM4.504 million for the prior financial period ended 30 June 2006 to RM1.928 million for the current financial period ended 30 June 2007, a decrease of 57.19% due to the increase in turnover and better sales margins.

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

For the current quarter ended 30 June 2007, the Group recorded revenues of approximately RM36.724 million as compared to approximately RM29.332 million in the preceding quarter ended 31 Mar 2007, increase of RM7.392 million. The Group' loss before

taxation for the current quarter ended 30 June 2007 was RM1.071 million as compared to a loss before tax of RM0.857 million in the preceding quarter ended 31 March 2007. This increase in the Group's loss is due to an increase in administrative expenses.

17. Commentary on Prospects

The retail sector continues to operate in a very challenging environment but the Group's strategy has begun to bear fruit. Thus, the Group's future prospects remain cautiously optimistic.

18. Profit Forecast

Not applicable.

19. Taxation

	Current Quarter 30 June 2007 RM'000	Current Year To Date 30 June 2007 RM'000
Current taxation - Malaysian - current year's provision	832	1,597

Taxation for the current quarter was mainly due to provisions on profitable subsidiaries although the Group incurred loss before tax during the quarter.

20. Sale of Unquoted Investments and Properties

There were no sales of unquoted securities for the financial period to date except on 6 March 2007, the company announced that Kamdar Holdings Sdn Bhd (a wholly-owned subsidiary) has entered into a Sale and Purchase Agreement with Cosmic Region Sdn Bhd on 6th March 2007 to dispose of a five (5) story commercial building erected on two (2) contiguous plot of commercial land held under GRN12930 Lot 158 Seksyen 0033 & GRN55032 Lot 162, both in Bandar Kuala Lumpur, Negeri Wilayah Persekutuan for a sale price of RM9.4 million. The proceeds of the said sale were received on 13 July 2007.

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 June 2007.

23. Borrowings

As at 30 June 2007, the total borrowings of KGMB Group were as follows:

	As at 30/06/2007 RM000	As at 31/12/2006 RM000
Short term borrowings:		
Secured	21,217	21,792
Unsecured	18,397	21,160
	<u>39,614</u>	<u>42,952</u>

Long term borrowings:		
Secured	30,034	29,579
Unsecured	64,053	63,892
	94,087	93,471

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) there was a total charge by Indah Water Consortium Sdn Bhd, of approximately RM0.8 million, of which accruals have been provided for in the first quarter ended 31 March 2007. During the current quarter, there was a settlement of RM0.6 million on 16 April 2007, leaving the remaining RM0.2 million which has been provided for in the financial statements for the period ended 30 June 2007.

26. Dividend

On 29 June 2007, shareholders of the company at the Annual General Meeting has approved a first and final dividend of 4% less 27% tax amounting to RM3,680,377 for the year ended 31 December 2006, The dividend was paid on 27 July 2007 to shareholders.

27. Loss Per Share

(a) Basic

Basic earnings per share are calculated by dividing the profit after tax by the weighted average number of ordinary shares in issue during the financial period.

	Individual Quarter 30 June 2007	Cumulative Quarter 30 June 2007
Loss after tax (RM'000)	(1,903)	(3,525)
Weighted average number of Ordinary shares in issue ('000)	126,022	126,022
Basic loss per share (sen)	(1.51)	(2.80)

(b) Diluted

Computation of diluted loss per share is not applicable for the current quarter and financial period to date as the conversion of all potential ordinary shares is anti-dilutive which will cause a decrease in loss per 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 August 2007.

By order of the Board

Lim Seck Wah
Company Secretary