

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

Quarterly Report On Results For The Second Quarter Financial Ended 30 June 2011
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 financial year ended 31 December 2010. The explanatory notes attached to the interim financial statements 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 December 2010.

Amendment effective for annual periods beginning on or after 1 March 2010.

FRS, Interpretations and amendments effective for annual periods beginning on or after 1 July 2010

- FRS 1, First-time Adoption of Financial Reporting Standards (revised)
- FRS 3, Business Combinations (revised)
- FRS 127, Consolidated and Separate Financial Statements (revised)
- Amendments to FRS 138, Intangible Assets
- Amendments to IC Interpretation 9, Reassessment of Embedded Derivatives
- IC Interpretation 17

FRSs, Interpretation and amendments effective for annual periods beginning on or after 1 January 2011

- Amendments to FRS 1, First-time Adoption of Financial Reporting Standards
- Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
- Additional Exemption for First-time Adopters
- Amendments to FRS 7, Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments
- Improvements to FRSs (2010)

The adoption of the above standards does not have material impact on the financial statements of the Group.

2. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 31 December 2010 was not qualified.

3. Seasonal or Cyclical Factors

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

4. 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 2011.

5. Changes in Estimates

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

6. Debt and Equity Securities

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

7. Dividends Paid

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

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 Group

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

12. 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 2011:

	30 June 2011 (RM'000)
- Corporate guarantee given by the Company to licensed bank for credit facilities granted to Kamdar Sdn Bhd	54,950
- Corporate guarantee given by the Company to licensed bank for credit facilities granted to Pusat Membeli-belah Kamdar Sdn Bhd	2,300
- 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	14,000
- Corporate guarantee given by the Company to licensed bank for credit facilities granted to Kesar Sdn Bhd	30,040

- Corporate guarantee given by the Company to licensed bank for credit facilities granted to Pusat Membeli-belah Kamdar (Penang) Sdn Bhd	2,700
- Corporate guarantee given by the Company to licensed bank for credit facilities granted to Mint Saga (M) Sdn Bhd	<u>5,900</u>
	<u>120,330</u>

13. Capital Commitments

Not applicable.

14. Performance Review

A.

	Individual Quarter 3 months ended 30 June 2011 RM'000 (Unaudited)	Cumulative Quarter 6 months ended 30 June 2011 RM'000 (Unaudited)
Revenue	53,450	94,582
Profit before taxation	5,013	6,518

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 2011 is RM94.582 million as compared to RM86.615 million in the prior financial period ended 30 June 2010, an increase of 9.2%. The Group's profit before taxation has increased from RM5.953 million for the prior financial period ended 30 June 2010 to a profit of RM6.518 million for the current financial period ended 30 June 2011, an increase of 9.49% due to increase in turnover.

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

For the current financial quarter ended 30 June 2011, the Group recorded a revenue of approximately RM53.450 million as compared to approximately RM41.132 million in the preceding financial quarter ended 31 March 2011, an increase of RM12.318 million. The Group's profit before taxation for the current quarter ended 30 June 2011 was RM5.013 million as compared to a profit before tax of RM1.505 million in the preceding financial quarter ended 31 March 2011. This increase in the Group's profit is due to the increase of turnover.

16. Commentary on Prospects

The retail sector continues to operate in a very challenging environment even though the Group's future prospects remain cautiously optimistic.

17. Profit Forecast

Not applicable.

18. Taxation

	Current Quarter 30 June 2011 RM'000	Current Year to Date 30 June 2011 RM'000
Current taxation – Malaysian - Current financial period	1,590	2,318

The effective tax rate for the Group for the current quarter 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.

19. Sale of Unquoted Investments and Properties

There was no sale of unquoted investments and/or properties during the quarter under review and financial period-to-date.

On 9 August 2011 Kamdar Stores Sdn Bhd, a wholly-owned subsidiary entered into a Sale & Purchase Agreement with ISY Holdings Sdn Bhd for the acquisition of a vacant parcel of commercial development land in Shah Alam, Selangor for a consideration of RM6,200,000.00.

20. Marketable Securities

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

21. Corporate Proposals

There were no corporate proposals announced and completed as at 31 March 2011.

22. Borrowings

As at 30 June 2011, the total borrowings of KGMB Group were as follows:

	As at 30 June 2011 RM'000	As at 31 Dec 2010 RM'000
Secured:		
Short term	65,650	58,040
Long term	<u>37,761</u>	<u>36,732</u>
	<u>103,411</u>	<u>94,772</u>

The above borrowings are denominated in Ringgit Malaysia.

23. Financial instruments

The Group does not have any reporting date financial instruments including foreign currency contracts nor has it entered into any during the current quarter and financial period-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.

25. Dividend

The directors do not recommend any interim dividend for the financial quarter under review.

26. Earning 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 2011	Cumulative Quarter 30 June 2011
Profit after tax (RM'000)	3,423	4,200
Weighted average number of Ordinary shares in issue ('000)	197,990	197,990
Basic profit per share (sen)	1.73	2.12

(b) Diluted

Not applicable.

27. Disclosure of Realised and Unrealised Profits

	As at 30 June 2011 RM'000	As at 31 Dec 2010 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	183,159	179,475
- Unrealised	<u>(2,570)</u>	<u>(2,575)</u>
	180,589	176,900
Total share of retained profits from associated companies:		
- Realised	(142)	(123)
	<u>180,447</u>	<u>176,777</u>
Consolidation adjustments	<u>(18,921)</u>	<u>(19,451)</u>
	<u>161,526</u>	<u>157,326</u>

28. Authorization of issue

The interim financial statements were authorized for release by the Board in accordance with a resolution of the Directors on 26 August 2011.

By order of the Board

Lim Seck Wah
Company Secretary