

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

Quarterly Report On Results For The Fourth Quarter Financial Ended 31 Dec 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 except for the adoption of the following new and revised FRSs and IC Interpretation. 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 to FRS 132, Financial Instruments: Presentation 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
- Amendments to FRS 5, Non-Current Asset Held for Sale and Discontinue Operations.

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.

Convergence of the FRSs with the International Financial Reporting Standards

On 19 November 2011, the MASB issue the new Malaysian Financial Reporting Standards (“MFRS”) framework, consisting of accounting standards which are in line with the International Financial Reporting Standards (“MFRS”) issued by the International Accounting Standard Board (“IASB”). This MFRS framework is effective for annual periods beginning on or after 1 January 2012. As at 31 December 2011, all the FRSs issued under the existing FRS framework are the same as the MFRSs issued under the MFRS framework except for differences in relation to the transitional provisions as well as differences in effective dates contained in certain of the existing FRSs.

At the date of this financial statement, the Group has not completed the qualification of the financial effects of the differences between Financial Reporting Standards and Accounting Standards under the MFRS framework. The Group expects to be in a position to fully comply with the requirement of the MFRS framework for the financial year ending 31 December 2012.

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 31 Dec 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 31 Dec 2011:

	31 Dec 2011 (RM'000)
- Corporate guarantee given by the Company to licensed bank for credit facilities granted to Kamdar Sdn Bhd	33,630
- Corporate guarantee given by the Company to licensed bank for credit facilities granted to Beauty Gallent Sdn Bhd	1,867
- Corporate guarantee given by the Company to licensed bank for credit facilities granted to Kamdar Stores Sdn Bhd	1,788
- Corporate guarantee given by the Company to licensed bank for credit facilities granted to Kamdar Holdings Sdn Bhd	17,370
- Corporate guarantee given by the Company to licensed bank for credit facilities granted to Kesar Sdn Bhd	24,509
- Corporate guarantee given by the Company to licensed bank for credit facilities granted to Pusat Membeli-belah Kamdar (Penang) Sdn Bhd	1,409
- Corporate guarantee given by the Company to licensed bank for credit facilities granted to Mint Saga (M) Sdn Bhd	<u>375</u>
	<u>80,948</u>

13. Capital Commitments

Authorise capital expenditure not provided for in the interim financial report are as follow:-

	As at 31 Dec 2011 RM'000	As at 30 Sept 2011 RM'000
Property		
- Contracted	5,580	5,580

14. Performance Review

A.

	Individual Quarter 3 months ended 31 Dec 2011 RM'000 (Unaudited)	Cumulative Quarter 12 months ended 31 Dec 2011 RM'000 (Unaudited)
Revenue	55,091	214,497
Profit before taxation	4,976	20,108

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

B.

The Group's revenue for the current financial period ended 31 Dec 2011 is RM214.497 million as compared to RM207.727 million in the prior financial period ended 31 Dec 2010, an increase of 3.26%. The Group's profit before taxation has increased from RM19.957 million for the prior financial period ended 31 Dec 2010 to a profit of RM20.108 million for the current financial period ended 31 Dec 2011, an increase of 0.75% in profit before taxation, mainly due to increase in operating expenses and assets written off.

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

For the current financial quarter ended 31 Dec 2011, the Group recorded a revenue of approximately RM55.091 million as compared to approximately RM64.824 million in the preceding financial quarter ended 30 Sept 2011, a decrease of RM9.733 million. The Group's profit before taxation for the current quarter ended 31 Dec 2011 was RM4.976 million as compared to a profit before tax of RM8.614 million in the preceding financial quarter ended 30 Sept 2011. This decrease in the Group's profit is due to the decrease in turnover post festive season.

16. Commentary on Prospects

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

17. Profit Forecast

Not applicable.

18. Taxation

	Current Quarter 31 Dec 2011 RM'000	Current Year to Date 31 Dec 2011 RM'000
Current taxation – Malaysian - Current financial period	1,766	6,503

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 and non-allowable tax expenses.

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 Dec 2011.

22. Borrowings

As at 31 Dec 2011, the total borrowings of KGMB Group were as follows:

	As at 31 Dec 2011 RM'000	As at 31 Dec 2010 RM'000
Secured:		
Short term	53,404	58,040
Long term	<u>34,227</u>	<u>36,732</u>
	<u>87,631</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 31 Dec 2011	Cumulative Quarter 31 Dec 2011
Profit after tax (RM'000)	3,247	13,589
Weighted average number of Ordinary shares in issue ('000)	197,990	197,990
Basic profit per share (sen)	1.64	6.86

(b) Diluted

Not applicable.

27. Disclosure of Realised and Unrealised Profits

	As at 31 Dec 2011 RM'000	As at 31 Dec 2010 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	192,596	179,475
- Unrealised	<u>(2,582)</u>	<u>(2,575)</u>
	190,014	176,900
 Total share of retained profits from associated companies:		
- Realised	(143)	(123)
	<u>189,871</u>	<u>176,777</u>
 Consolidation adjustments	<u>(18,940)</u>	<u>(19,451)</u>
	<u>170,931</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 28 Feb 2012.

By order of the Board

Lim Seck Wah
Company Secretary