

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

Quarterly Report On Results For The First Quarter Financial Ended 31 March 2012  
NOTES TO INTERIM FINANCIAL REPORT

1. Accounting Policies and Method of Computation

The Malaysian interim financial report of the Group is unaudited and has been prepared in accordance with Financial Reporting Standard (MFRS) 134: Interim Financial Reporting and Chapter 9 Appendix 9B of the Listing Requirements of the Bursa Malaysia Securities Berhad.

The interim financial report is the Group's first MFRS interim financial report for part of the period covered by the Group's first MFRS annual financial statements for the year ending 31 December 2012. MFRS 1 First-Time Adoption of Malaysia Financial Reporting Standard ("MFRS 1") has been applied.

The unaudited interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2011. 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 2011.

In preparing its opening MFRS Statement of Financial Position as at 1 January 2012 (which is also the date of transition), there are no adjustment required on the amounts previously reported in financial statements prepared in accordance with FRS. The transition from FRS to MFRS has no significant impact on the Group's financial statements.

2. Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the financial year ended 31 December 2011.

3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 31 December 2011 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 31 Dec 2011.

6. Changes in Estimates

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

On 26 April 2012, the company has proposed a first and final single tier dividend of 4 sen per ordinary share of RM1.00 each for the financial year ended 31 December 2011. Subject to shareholders' approval at the forthcoming annual General Meeting, the dividend of RM7,919,600 will be paid on 9 July 2012.

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 financial 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 31 March 2012:

	31 Mar 2012 (RM'000)
- Corporate guarantee given by the Company to licensed bank for credit facilities granted to Kamdar Sdn Bhd	25,201
- Corporate guarantee given by the Company to licensed bank for credit facilities granted to Beauty Gallent Sdn Bhd	11,107
- Corporate guarantee given by the Company to licensed bank for credit facilities granted to Kamdar Stores Sdn Bhd	4,944
- Corporate guarantee given by the Company to licensed bank for credit facilities granted to Kamdar Holdings Sdn Bhd	16,714
- Corporate guarantee given by the Company to licensed bank for credit facilities granted to Kesar Sdn Bhd	15,670
- Corporate guarantee given by the Company to licensed bank for credit facilities granted to Pusat Membeli-belah Kamdar (Penang) Sdn Bhd	833
- Corporate guarantee given by the Company to licensed bank for credit facilities granted to Pusat Membeli-belah Kamdar Sdn Bhd	1,383
- Corporate guarantee given by the Company to licensed bank for credit facilities granted to Mint Saga (M) Sdn Bhd	<u>195</u>
	<u>76,047</u>

14. Capital Commitments

Not applicable.

15. Performance Review

A.

	Individual Quarter 3 months ended 31 Mar 2012 RM'000 (Unaudited)	Individual Quarter 3 months ended 31 Mar 2011 RM'000 (Unaudited)
Revenue	42,698	41,132
Profit before taxation	2,259	1,505

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

B.

The Group's revenue for the current financial period ended 31 Mar 2012 is RM42.698 million as compared to RM41.132 million in the prior financial period ended 31 Mar 2011, an increase of 3.81%. The Group's profit before taxation has increased from RM1.505 million for the prior financial period ended 31 Mar 2011 to a profit of RM2.259 million for the current financial period ended 31 Mar 2012, an increase of 50.10% in profit before taxation. The better performance was mainly due to the increase in retail sales of RM1.566 million which was due to advanced Hari Raya shopping.

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

	Individual Quarter 3 months ended 31 Mar 2012 RM'000 (Unaudited)	Preceding Quarter 3 months ended 31 Dec 2011 RM'000 (Unaudited)
Revenue	42,698	55,091
Profit before taxation	2,259	4,976

For the current financial quarter ended 31 Mar 2012, the Group recorded a revenue of approximately RM42.698 million as compared to approximately RM55.091 million in the preceding financial quarter ended 31 Dec 2011, a decrease of RM12.393 million. The Group's profit before taxation for the current quarter ended 31 Mar 2012 was RM2.259 million as compared to a profit before tax of RM4.976million in the preceding financial quarter ended 31 Dec 2011. This decrease in the Group's turnover is due to the seasonal nature of the industry.

17. Commentary on Prospects

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

18. Profit Forecast

Not applicable.

19. Taxation

	Current Quarter 31 Mar 2012 RM'000	Current Year to Date 31 Mar 2011 RM'000
Current taxation – Malaysian		
- Current financial period	931	728
- Deferred tax expense	(2)	-
	<u>929</u>	<u>728</u>

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.

20. Sale of Unquoted Investments and Properties

Kamdar has agreed with Hartasuci Sdn Bhd to dispose of 2 units of three Storey Shop office known as No 3 & 5 Jalan diplomatic 2/2, Presint diplomatic, 62050 Putrajaya, Wilayah Persekutuan Putrajaya for a sale price of RM3,500,000.00.

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 31 Mar 2012.

23. Borrowings

As at 31 Mar 2012, the total borrowings of KGMB Group were as follows:

	As at 31 Mar 2012 RM'000	As at 31 Dec 2011 RM'000
Secured:		
Short term	51,243	53,289
Long term	<u>44,888</u>	<u>34,348</u>
	<u>96,131</u>	<u>87,637</u>

The above borrowings are denominated in Ringgit Malaysia.

#### 24. 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.

#### 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: -

Kamdar Holdings Sdn Bhd ("KHSB"), a wholly owned subsidiary of the Company, was served with a notice of demand on 3 May 2012 by Kompleks Bukit Jambul Sdn Bhd ("KBJSB") for the amount of RM876,819.03 for outstanding payment of maintenance fee, insurance premium, quit rent together with interest.

KHSB has been paying the amount claimed above to a solicitor as stakeholder, due to an ongoing dispute between KBJSB & Perbadanan Pengurusan Bersama Kompleks Bukit Jambul (PPBKBJ) with regard to the management of the complex. The suit against KHSB will therefore be defended by PPBKBJ.

#### 26. Dividend

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

#### 27. 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 Mar 2012	Individual Quarter 31 Mar 2011
Profit after tax (RM'000)	1,330	768
Number of Ordinary shares in issue ('000)	197,990	197,990
Basic profit per share (sen)	<u>0.67</u>	<u>0.39</u>

##### (b) Diluted

Not applicable.

28. Disclosure of Realised and Unrealised Profits

	As at 31 Mar 2012 RM'000	As at 31 Dec 2011 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	196,096	194,558
- Unrealised	<u>( 2,699)</u>	<u>(2,699)</u>
	193,397	191,859
 Total share of retained profits from associated companies:		
- Realised	(240)	(224)
	<u>193,157</u>	<u>191,635</u>
 Consolidation adjustments	<u>(20,210)</u>	<u>(20,018)</u>
	<u>172,947</u>	<u>171,617</u>

29. Note to the Statement of comprehensive Income

	Individual Quarter 3 months ended 31 Mar 2012 RM'000 (Unaudited)	Individual Quarter 3 months ended 31 Mar 2011 RM'000 (Unaudited)
Profit from operations from the period is arrived at after charging:		
Depreciation and amortization	1,021	1,140
Property, plant and equipment written off	32	1
Bad debts written off	4	-
Impairment loss on receivables	-	6
 And after crediting:		
Impairment loss on receivables no longer required	-	5
Proceeds from insurance claims	40	-

30. Authorization of issue

The interim financial statements were authorized for release by the Board in accordance with a resolution of the Directors on 28 May 2012.

By order of the Board

Lim Seck Wah  
Company Secretary