

KAMDAR

KAMDAR GROUP (M) BERHAD

Company No. 577740-A
(Incorporated in Malaysia)

CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 DECEMBER 2017

The Board of Directors of Kamdar Group (M) Berhad is pleased to announce the following unaudited consolidated financial statements for the quarter ended 31 December 2017 which should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to the unaudited consolidated financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	Current Year Quarter 31.12.2017 RM'000 (unaudited)	Preceding Year Quarter 31.12.2016 RM'000 *	Changes %	Current Year To Date 31.12.2017 RM'000 (unaudited)	Preceding Year To Date 31.12.2016 RM'000 *	Changes %
Revenue	33,947	N/A	N/A	145,580	N/A	N/A
Cost of sales	(23,355)	N/A	N/A	(88,273)	N/A	N/A
Gross profit	10,592	N/A	N/A	57,307	N/A	N/A
Other income	328	N/A	N/A	1,942	N/A	N/A
Selling and distribution expenses	(526)	N/A	N/A	(2,419)	N/A	N/A
Administrative expenses	(10,566)	N/A	N/A	(46,609)	N/A	N/A
Finance costs	(802)	N/A	N/A	(3,510)	N/A	N/A
Other expenses	(184)	N/A	N/A	(819)	N/A	N/A
(Loss)/Profit before tax	(1,158)	N/A	N/A	5,892	N/A	N/A
Tax income/(expense)	167	N/A	N/A	(1,443)	N/A	N/A
(Loss)/Profit for the financial period	(991)	N/A	N/A	4,449	N/A	N/A
Other comprehensive income for the financial period, net of tax	-	N/A	N/A	-	N/A	N/A
Total comprehensive (loss)/income for the financial period	(991)	N/A	N/A	4,449	N/A	N/A
(Loss)/Profit for the financial period attributable to:						
Owners of the Company	(991)	N/A	N/A	4,449	N/A	N/A
Total comprehensive (loss)/income for the financial period attributable to:						
Owners of the Company	(991)	N/A	N/A	4,449	N/A	N/A
(Losses)/Earnings per ordinary share attributable to equity holders of the Company						
Basic and Diluted (sen)	(0.50)	N/A	N/A	2.25	N/A	N/A

* There are no comparative figures disclosed for the current quarter and the cumulative period-to-date results following the change in the financial year end from 31 December to 31 March.

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31.12.2017 RM'000 (unaudited)	As at 31.12.2016 RM'000 (audited)
ASSETS		
Non-Current Assets		
Property, plant and equipment	140,263	124,395
Investment properties	37,395	37,395
Prepaid land lease payment	5,838	5,932
Capital work-in-progress	-	15,869
Goodwill	374	374
Deferred tax assets	175	175
Total non-current assets	184,045	184,140
Current Assets		
Inventories	123,713	135,084
Trade receivables	9,151	9,868
Other receivables	5,164	4,679
Tax recoverable	4,110	3,167
Fixed deposits with licensed banks	5,629	5,495
Cash and bank balances	6,679	8,028
Total current assets	154,446	166,321
TOTAL ASSETS	338,491	350,461
EQUITY AND LIABILITIES		
EQUITY		
Equity Attributable to Owners of the Company		
Share capital	197,990	197,990
Reserves	25,711	21,262
Total equity	223,701	219,252
LIABILITIES		
Non-Current Liabilities		
Long term borrowings	52,062	49,276
Deferred tax liabilities	1,442	2,256
Finance lease liabilities	43	180
Total non-current liabilities	53,547	51,712
Current Liabilities		
Trade payables	4,893	5,090
Other payables	12,879	9,952
Short term borrowings	42,354	64,039
Finance lease liabilities	567	70
Tax payables	550	346
Total current liabilities	61,243	79,497
Total liabilities	114,790	131,209
TOTAL EQUITY AND LIABILITIES	338,491	350,461
Net Assets Per Share (sen)	113	111

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CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 DECEMBER 2017

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	[-----NON-DISTRIBUTABLE-----]				DISTRIBUTABLE	
	Share capital RM'000	Share premium RM'000	Merger deficit RM'000	Revaluation reserve RM'000	Retained earnings RM'000	Total equity RM'000
As at 1 January 2017	197,990	110	(176,580)	6,424	191,308	219,252
Total comprehensive income for the financial period	-	-	-	-	4,449	4,449
As at 31 December 2017 (unaudited)	197,990	110	(176,580)	6,424	195,757	223,701
As at 1 January 2016*	N/A	N/A	N/A	N/A	N/A	N/A
Total comprehensive income for the financial period	N/A	N/A	N/A	N/A	N/A	N/A
As at 31 December 2016*	N/A	N/A	N/A	N/A	N/A	N/A

*There are no comparative figures disclosed for the cumulative period-to-date results following the change in the financial year end from 31 December to 31 March.

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CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 DECEMBER 2017

CONSOLIDATED STATEMENT OF CASH FLOWS

	Current Year To Date 31.12.2017 RM'000 (unaudited)	Preceding Year To Date 31.12.2016 RM'000 *
Operating activities		
Profit before tax	5,892	N/A
Adjustments for:-		
Amortisation of prepaid lease payments	94	N/A
Depreciation on property, plant and equipment	3,431	N/A
(Gain)/Loss on disposal of property, plant and equipment	(21)	N/A
Interest expenses	4,564	N/A
Interest income	(160)	N/A
Property, plant and equipment written off	730	N/A
Operating profit before working capital changes	14,530	N/A
Changes in working capital:-		
Inventories	11,371	N/A
Payables	2,732	N/A
Receivables	231	N/A
Cash generated from/(used in) operations	28,864	N/A
Tax refund	4	N/A
Tax paid	(776)	N/A
Interest paid	(3,000)	N/A
Net cash from/(used in) operating activities	25,092	N/A
Investing activities		
Interest received	160	N/A
Proceeds from disposal of property, plant and equipment	196	N/A
Purchase of property, plant and equipment	(1,025)	N/A
Capital work-in-progress incurred	(2,801)	N/A
Net cash used in investing activities	(3,470)	N/A
Financing activities		
Net (repayment)/drawdown of bankers' acceptance	(22,128)	N/A
Interest paid	(3,788)	N/A
Repayment of finance lease liabilities	(149)	N/A
Net drawdown of terms loans	2,690	N/A
Placement of fixed deposits	(134)	N/A
Net cash (used in)/from financing activities	(23,509)	N/A
CASH AND CASH EQUIVALENTS		
Net changes	(1,887)	N/A
Brought forward	(1,220)	N/A
Carried forward	(3,107)	N/A
Cash and cash equivalents at the end of the financial period comprise the following:		
Cash and bank balances	6,679	N/A
Fixed deposits with licensed banks	5,629	N/A
Bank overdraft	(9,786)	N/A
	2,522	N/A
Less: Fixed deposits with licensed banks	(5,629)	N/A
	(3,107)	N/A

***There are no comparative figures disclosed for the cumulative period-to-date results following the change in the financial year end from 31 December to 31 March.*

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 DECEMBER 2017**

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS**A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134 INTERIM FINANCIAL REPORTING**

A1. Basis of Preparation

The interim financial report of the Group is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standards (MFRS) 134: Interim Financial Reporting and Chapter 9 Appendix 9B of the Main Market Listing Requirements of the 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 2016 and the accompanying explanatory notes attached to the interim financial statements.

These explanatory notes 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 2016.

The accounting policies and methods of computation used in the interim financial statements are consistent with those adopted in the audited financial statements of the Group for the financial year ended 31 December 2016 except for the changes in accounting policies and presentation resulting from the adoption of new and revised MFRSs and amendments to MFRSs that are effective for financial periods beginning on or after 1 January 2017.

The Group has not adopted the following new MFRSs and amendments to MFRSs issued by the Malaysian Accounting Standards Board:

Title	Effective date
MFRS 9 Financial Instruments (IFRS 9 as issued by IASB in July 2014)	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 16 Leases	1 January 2019
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
Amendments to MFRS 2 Classification and Measurement of Share-based Payment Transactions	1 January 2018

The possible impact on adoption of the above pronouncements in the period of initial application cannot be determined at present.

A2. Auditors’ Report on Preceding Annual Financial Statements

The auditors’ report on the latest audited financial statements for the financial year ended 31 December 2016 was not subject to any audit qualification.

A3. Seasonal or Cyclical Factors of Interim Operations

The Group’s performances are generally affected by the festive seasons.

A4. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flow of the Group during the current financial quarter.

CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 DECEMBER 2017

A5. Material Changes in Estimates

There were no material changes in estimates of amounts reported in prior financial years, which may have a material effect in the current financial quarter results.

A6. Issues, Repurchases, and Repayments of Debt and Equity Securities

There were no issues, repurchases, and repayments of debts and equity securities of the Group during the current financial quarter.

A7. Dividend Paid

There was no dividend paid in respect of the current financial quarter.

A8. Segmental Information

For management purposes, the Group is organised into two major business units based on their products and services, which comprises the following:-

- (i) Textile – Retailing textile and textile based products within the retailing industry.
- (ii) Investment and management – Investment holding company and providing management services.

	Trading activities 31.12.2017 RM'000	Investment 31.12.2017 RM'000	Elimination 31.12.2017 RM'000	Total 31.12.2017 RM'000
Revenue				
External revenue	145,580	-	-	145,580
Inter-segment revenue	18,860	1,872	(20,732)	-
Total revenue	164,440	1,872	(20,732)	145,580
Results				
Interest income	160	-	-	160
Finance costs	(1,764)	(2,800)	-	(4,564)
Depreciation & amortisation	(1,799)	(340)	(1,386)	(3,525)
Other non-cash expenses	(1,302)	-	-	(1,302)
Income tax expenses	(316)	(1,945)	818	(1,443)
Segmental gain/(loss)	2,650	6,669	(467)	8,852
Assets				
Additional to non-current assets other than deferred tax assets	1,534	2,801	-	4,335
Segment assets	226,355	567,054	(459,203)	334,206
Liabilities				
Segment liabilities	71,023	55,980	(109,228)	17,775

A9. Valuation of Property, Plant and Equipment

The Group did not revalue any of its property, plant and equipment during the current financial quarter.

A10. Material Events Subsequent to the End of the Quarter

On 28 December 2017, the Board of Directors of the Company has approved the change of financial year end of the Company from 31 December to 31 March. Thus, the next set of audited financial statements of the Company will be made up from 1 January 2017 to 31 March 2018 covering a period of Fifteen (15) months. Thereafter, the financial year end of the Company shall end on 31 March for each subsequent year.

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CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 DECEMBER 2017

A11. Changes in the Composition of the Group

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

A12. Changes in Contingent Liabilities and Contingent Assets

Save as disclosed below, the Company is not aware of any other contingent liabilities as at 31 December 2017:

	31.12.2017 RM'000
Corporate guarantee given by the Company to licensed bank for credit facilities granted to Kamdar Sdn Bhd	12,449
Corporate guarantee given by the Company to licensed bank for credit facilities granted to Pusat Membeli-belah Kamdar Sdn Bhd	327
Corporate guarantee given by the Company to licensed bank for credit facilities granted to Pusat Membeli-belah Kamdar (Penang) Sdn Bhd	782
Corporate guarantee given by the Company to licensed bank for credit facilities granted to Beauty Gallant Sdn Bhd	7,120
Corporate guarantee given by the Company to licensed bank for credit facilities granted to Kamdar Stores Sdn Bhd	19,745
Corporate guarantee given by the Company to licensed bank for credit facilities granted to Kamdar Holdings Sdn Bhd	14,780
Corporate guarantee given by the Company to licensed bank for credit facilities granted to Kesar Sdn Bhd	23,799
Corporate guarantee given by the Company to licensed bank for credit facilities granted to Mint Saga (M) Sdn Bhd	49
Total	79,051

A13. Signification Related Party Transactions

The Group's recurrent related party transactions in the current quarter and the cumulative period to date ended 31 December 2017 are as follows:

	Sale of goods RM'000	Purchase of goods RM'000	Total RM'000
Current quarter: Aum Fabrics Pte Ltd ⁽¹⁾	4	-	4
Total	4	-	4
Cumulative period: Aum Fabrics Pte Ltd ⁽¹⁾	250	-	250
SNS Textiles Sdn Bhd ⁽²⁾	-	96	96
Total	250	96	346

⁽¹⁾ a company where the director, Ms Pragna A/P K M Kamdar has substantial interest.

⁽²⁾ a company where the subsidiary's director, Mr Hamendra a/l B.M. Kamdar's son has substantial interest.

A14. Capital Commitments

Capital commitments not provided for in the financial statement as at 31 December 2017 are as follows:

	31.12.2017 RM'000	31.12.2016 RM'000
Authorised and contracted for:- Property, plant and equipment	80	N/A

CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 DECEMBER 2017

EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENT OF BURSA SECURITIES

B1. Review of Performance

Statement of Profit & Loss and Other Comprehensive Income

	Current Year Quarter 31.12.2017 RM'000 (unaudited) RM'000	Preceding Year Quarter 31.12.2016 RM'000 (unaudited) RM'000
Revenue	33,947	N/A
Gross profit	10,592	N/A
Loss before tax	(1,158)	N/A

The Group registered revenue of RM33.9 million for the three (3) months ended 31 December 2017. There is no preceding year corresponding period comparison due to the change in the financial year end from 31 December to 31 March. The revenue is mainly generated from textile business.

The revenue was largely generated from Kamdar Sdn. Bhd. and Kesar Sdn. Bhd. on retailing textile and textile based products within the retailing industry.

Statement of Financial Position

	As at 31.12.2017 RM'000 (unaudited) RM'000	As at 31.12.2016 RM'000 (audited) RM'000
Total assets	338,491	350,461
Total liabilities	114,790	131,209

Non-current assets largely comprising property, plant and equipment, investment properties and capital work-in-progress, which marginally decreased to RM184.0 million as at 31 December 2017 from RM184.1 million as at 31 December 2016. This was mainly due to partially mitigated by the depreciation and amortisation expenses.

Total current assets decreased to RM338.5 million as at 31 December 2017 from RM350.5 million as at 31 December 2016, mainly due to decrease in cash and bank balances by RM1.3 million which will be explained in Statement of Cash Flow below.

Non-current liabilities mainly comprising long term borrowings and deferred tax liabilities, which increased by 7.4% to RM54.0 million as at 31 December 2017 comparing to 31 December 2016. The increase was due to the additional draw down of term loan during the reporting period.

Current liabilities largely comprise mainly short terms borrowings, trade and other payables, which reduced by 23.0% to RM61.2 million as at 31 December 2017 comparing to 31 December 2016. The drop in current liabilities was largely due to the repayment of borrowings of RM22.1 million during the reporting period.

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 DECEMBER 2017****Statement of Cash Flows**

	As at 31.12.2017 RM'000 (unaudited) RM'000	As at 31.12.2016 RM'000 (audited) RM'000
Operating activities	25,092	N/A
Investing activities	(3,470)	N/A
Financing activities	(23,509)	N/A
Net changes in cash and cash equivalents	(1,887)	N/A

Our Group's net cash and cash equivalents decreased by RM1.9 million as of 31 December 2016. Despite of RM25.1 million of cash generated from operating activities, the decline was mainly due to the net repayment of borrowings of RM22.1 million and interest payment of RM3.8 million during the reporting period. Besides financing activities, the major cash used was in investing activities where RM3.8 million has paid out as part of the consideration for the capital expenditure.

B2. Material Changes in the Profit Before Taxation for the Quarter Compared with Immediate Preceding Quarter

	Current Year Quarter 31.12.2017 RM'000 (unaudited) RM'000	Immediate Preceding Quarter 30.09.2017 RM'000 (unaudited) RM'000
Revenue	33,947	29,759
(Loss)/Profit before tax	(1,158)	946

For 4Q2017, the Group's revenue increased by 14% to RM33.9 million as compared to RM29.8 million in the previous quarter ended 30 September 2017 ("3Q2017). This increase in turnover is largely attributable to the year end school holiday in the current quarter resulting the sales in 4Q2017 higher than previous quarter. However, there was loss before tax which contribute by lower gross profit as compare to previous quarter.

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 DECEMBER 2017****B3. Commentary on Prospects**

As Malaysian consumers were still concerned on their rising cost of living and remained cautious in their monthly spending, Malaysia retail industry recorded another disappointing negative growth rate in retail sales, as compared to the previous year, in accordance to a report by Malaysia Retailers Association. Trading condition remains tough for retailers during the second half of 2017. Moreover, the recovery of retail sales is highly dependence on external economic demand and ringgit performance for the rest of the year.

Notwithstanding the above, retailers in the fashion and fashion accessories sector expect their businesses to recover with a positive growth in the subsequent years. Despite the retail sales in Malaysia are supported by increased tourism, consumer confidence is also increasing on higher disposable income stemming from the economic reforms undertaken by the government. Efforts to digitalise the Malaysian economy are also expected to benefit the retail sector.

This sustained growth underpins our prospects for the coming years, and we aim to capture the opportunities in the local and regional markets. On top of that, our Group has also taken various initiatives to improve our financial performance.

B4. Variation on Revenue or Profit Estimate, Forecast, Projection or Internal Targets

Not applicable.

B5. Variance of Actual Profit After Tax and Minority Interest and the Forecast Profit after Tax and Minority Interest

Not applicable.

B6. Shortfall in the Profit Guarantee

Not applicable.

B7. Tax Income/(Expense)

	Current Year Quarter 31.12.2017 RM'000 (unaudited) RM'000	Cumulative Year To Date 31.12.2017 RM'000 (unaudited) RM'000
Income tax:		
- Current	167	(2,241)
Deferred tax:	-	798
	167	(1,443)

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.

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 DECEMBER 2017****B8. Status of Corporate Proposals**

There were no corporate proposals announced and completed as at 18 February 2018.

B9. Utilisation of Proceeds Raised from Corporate Proposal

There were no proceeds raised from corporate proposal as at 18 February 2018.

B10. Borrowings and Debts Securities

	As at 31 December 2017		
	Long Term RM'000	Short Term RM'000	Total Borrowings RM'000
Secured			
Bankers' acceptance	-	27,127	27,127
Bank overdrafts	-	9,786	9,786
Term loans	52,062	5,441	57,503
Total	52,062	42,354	94,416

	As at 31 December 2016		
	Long Term RM'000	Short Term RM'000	Total Borrowings RM'000
Secured			
Bankers' acceptance	-	23,781	23,781
Bank overdrafts	-	3,641	3,641
Term loans	49,276	5,537	54,813
Unsecured			
Bankers' acceptance	-	25,473	25,473
Bank overdrafts	-	5,607	5,607
Total	49,276	64,039	113,315

B11. Material Litigation

There were no material changes in the material litigation as at 18 February 2018.

B12. Dividends

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

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B13. (Losses)/Earnings Per Share

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

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.12.2017	Preceding Year Quarter 31.12.2016	Current Year Quarter 31.12.2017	Preceding Year Quarter 31.12.2016
(Loss)/Profit attributable to ordinary shareholders of the Company (RM'000)	(991)	N/A	4,449	N/A
Number of ordinary share in issued	197,990	N/A	197,990	N/A
Basic and diluted (losses)/earnings per share (sen)	(0.50)	N/A	2.25	N/A

B14. Note to the Statements of Profit or Loss and Other Comprehensive Income

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.12.2017 RM'000 (unaudited)	Preceding Year Quarter 31.12.2016 RM'000 (unaudited)	Current Year Quarter 31.12.2017 RM'000 (unaudited)	Preceding Year Quarter 31.12.2016 RM'000 (unaudited)
	RM'000	RM'000	RM'000	RM'000
(Loss)/Profit from operations from the period is arrived at after charging:				
Amortisation of prepaid land lease payment	24	N/A	94	N/A
Depreciation on property, plant and equipment	834	N/A	3,431	N/A
Interest expenses	918	N/A	4,564	N/A
Property, plant and equipment written off	195	N/A	730	N/A
And after crediting:				
Gain on disposal of property, plant and equipment	18	N/A	21	N/A
Interest income	45	N/A	160	N/A
Proceeds from insurance claims	35	N/A	39	N/A

Save for the above, the other items as required under Chapter 9 Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad are not applicable.

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 DECEMBER 2017**

B15. Foreign Currency Risk Management

The Group does not enter into any foreign currency contracts during the current financial quarter.

B16. Material Impairment of Assets

There was no material impairment of assets during the current financial quarter.

By order of the Board

Lim Seck Wah (MAICSA 0799845)

M. Chandrasegaran A/L. S.Murugasu (MAICSA 0781031)

Company Secretary

28 February 2018