

KAMDAR

KAMDAR GROUP (M) BERHAD

Company No. 577740-A
(Incorporated in Malaysia)

CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 JUNE 2018

The Board of Directors of Kamdar Group (M) Berhad is pleased to announce the following unaudited consolidated financial statements for the quarter ended 30 June 2018 which should be read in conjunction with the audited consolidated financial statements for the financial period ended 31 March 2018 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 30.06.2018 RM'000 (unaudited)	Preceding Year Quarter 31.03.2018 RM'000 *	Changes %	Current Year To Date 30.06.2018 RM'000 (unaudited)	Preceding Year To Date 31.03.2018 RM'000 *	Changes %
Revenue	36,997	N/A	N/A	36,997	N/A	N/A
Cost of sales	(22,022)	N/A	N/A	(22,022)	N/A	N/A
Gross profit	14,975	N/A	N/A	14,975	N/A	N/A
Other income	279	N/A	N/A	279	N/A	N/A
Selling and distribution expenses	(814)	N/A	N/A	(814)	N/A	N/A
Administrative expenses	(10,968)	N/A	N/A	(10,968)	N/A	N/A
Finance costs	(876)	N/A	N/A	(876)	N/A	N/A
Other expenses	(8)	N/A	N/A	(8)	N/A	N/A
Profit before tax	2,588	N/A	N/A	2,588	N/A	N/A
Tax expense	(848)	N/A	N/A	(848)	N/A	N/A
Profit for the financial period	1,740	N/A	N/A	1,740	N/A	N/A
Other comprehensive income for the financial period, net of tax	-	N/A	N/A	-	N/A	N/A
Total comprehensive income for the financial period	1,740	N/A	N/A	1,740	N/A	N/A
Profit for the financial period attributable to:						
Owners of the Company	1,740	N/A	N/A	1,740	N/A	N/A
Total comprehensive income for the financial period attributable to:						
Owners of the Company	1,740	N/A	N/A	1,740	N/A	N/A
Earnings per ordinary share attributable to equity holders of the Company						
Basic and Diluted (sen)	0.88	N/A	N/A	0.88	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 30.06.2018 RM'000 (unaudited)	As at 31.03.2018 RM'000 (audited)
ASSETS		
Non-Current Assets		
Property, plant and equipment	121,700	122,054
Investment properties	53,090	53,090
Prepaid land lease payment	8,546	8,577
Goodwill	374	374
Deferred tax assets	163	163
Total non-current assets	183,873	184,258
Current Assets		
Inventories	116,872	119,663
Trade receivables	7,730	8,776
Other receivables	5,457	4,310
Tax recoverable	2,097	2,415
Fixed deposits with licensed banks	5,691	5,651
Cash and bank balances	9,542	8,662
Total current assets	147,389	149,477
TOTAL ASSETS	331,262	333,735
EQUITY AND LIABILITIES		
EQUITY		
Equity Attributable to Owners of the Company		
Share capital	197,990	197,990
Reserves	26,087	24,347
Total equity	224,077	222,337
LIABILITIES		
Non-Current Liabilities		
Long term borrowings	48,450	50,437
Deferred tax liabilities	1,838	1,892
Finance lease liabilities	400	386
Total non-current liabilities	50,688	52,715
Current Liabilities		
Trade payables	5,698	4,252
Other payables	10,806	10,671
Short term borrowings	39,457	43,377
Finance lease liabilities	210	180
Tax payables	326	203
Total current liabilities	56,497	58,683
Total liabilities	107,185	111,398
TOTAL EQUITY AND LIABILITIES	331,262	333,735
Net Assets Per Share (sen)	113	112

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	[-----NON-DISTRIBUTABLE-----]			DISTRIBUTABLE	
	Share capital RM'000	Merger deficit RM'000	Revaluation reserve RM'000	Retained earnings RM'000	Total equity RM'000
As at 1 April 2018	197,990	(176,470)	6,424	194,393	222,337
Total comprehensive income for the financial period	-	-	-	1,740	1,740
As at 30 June 2018 (unaudited)	197,990	(176,470)	6,424	196,133	224,077
As at 1 April 2017*	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
As at 30 June 2017*	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 STATEMENT OF CASH FLOWS

	Current Year To Date 30.06.2018 RM'000 (unaudited)	Preceding Year To Date 30.06.2017 RM'000 *
Operating activities		
Profit before tax	2,588	N/A
Adjustments for:-		
Amortisation of prepaid lease payments	31	N/A
Depreciation on property, plant and equipment	774	N/A
Gain on disposal of property, plant and equipment	(10)	N/A
Interest expenses	1,117	N/A
Interest income	(6)	N/A
Operating profit before working capital changes	4,494	N/A
Changes in working capital:-		
Inventories	2,792	N/A
Payables	1,581	N/A
Receivables	(101)	N/A
Cash generated from operations	8,766	N/A
Tax paid	(461)	N/A
Interest paid	(242)	N/A
Net cash from operating activities	8,063	N/A
Investing activities		
Interest received	6	N/A
Proceeds from disposal of property, plant and equipment	13	N/A
Purchase of property, plant and equipment	(334)	N/A
Net cash used in investing activities	(315)	N/A
Financing activities		
Repayment of bankers' acceptance	(2,470)	N/A
Interest paid	(869)	N/A
Repayment of finance lease liabilities	(52)	N/A
Repayment of terms loans	(1,518)	N/A
Placement of fixed deposits	(40)	N/A
Net cash used in financing activities	(4,949)	N/A
CASH AND CASH EQUIVALENTS		
Net changes	2,799	N/A
Brought forward	2,053	N/A
Carried forward	4,852	N/A
Cash and cash equivalents at the end of the financial period comprise the following:		
Cash and bank balances	9,542	N/A
Fixed deposits with licensed banks	5,691	N/A
Bank overdraft	(4,690)	N/A
	10,543	N/A
Less: Fixed deposits with licensed banks	(5,691)	N/A
	4,852	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 30 JUNE 2018

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 period ended 31 March 2018 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 period ended 31 March 2018.

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 period ended 31 March 2018 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 April 2018.

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

MFRS, Amendments to MFRSs and Interpretation effective 1 January 2019

MFRS 16	<i>Leases</i>
Amendments to MFRS 9	<i>Prepayment Features with Negative Compensation</i>
Amendments to MFRS 119	<i>Plan Amendment, Curtailment or Settlement</i>
Amendments to MFRS 128	<i>Long-term Interests in Associates and Joint Ventures#</i>
IC Interpretation 23	<i>Uncertainty over Income Tax Treatments</i>
Annual Improvements to MFRS Standards 2015-2017 Cycle	

MFRS effective 1 January 2021

MFRS 17	<i>Insurance Contracts#</i>
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Amendments to MFRSs (deferred effective dates to be announced by MASB)

Amendments to MFRS 10 and MFRS 128	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture#</i>
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Not applicable to Group's existing operations

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

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A2. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the latest audited financial statements for the financial year ended 31 March 2018 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.

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 30.06.2018 RM'000	Investment 30.06.2018 RM'000	Elimination 30.06.2018 RM'000	Total 30.06.2018 RM'000
Revenue				
External revenue	36,926	71	-	36,997
Inter-segment revenue	3,933	2,184	(6,117)	-
Total revenue	40,859	2,255	(6,117)	36,997
Results				
Interest income	6	-	-	6
Finance costs	(430)	(687)	-	(1,117)
Depreciation & amortisation	(383)	(70)	(352)	(805)
Other non-cash expenses	(23)	-	-	(23)
Income tax expenses	(538)	(364)	54	(848)
Segmental gain	1,706	1,536	(391)	2,851
Assets				
Additional to non-current assets other than deferred tax assets	423	-	-	423
Segment assets	197,921	562,969	(431,889)	329,001
Liabilities				
Segment liabilities	45,925	48,263	(77,683)	16,505

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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

There were no material events subsequent to the end of the current financial quarter up to 21 August 2018.

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 30 June 2018:

	30.06.2018 RM'000
Corporate guarantee given by the Company to licensed bank for credit facilities granted to Kamdar Sdn Bhd	21,147
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	786
Corporate guarantee given by the Company to licensed bank for credit facilities granted to Beauty Gallant Sdn Bhd	6,760
Corporate guarantee given by the Company to licensed bank for credit facilities granted to Kamdar Stores Sdn Bhd	18,680
Corporate guarantee given by the Company to licensed bank for credit facilities granted to Kamdar Holdings Sdn Bhd	13,592
Corporate guarantee given by the Company to licensed bank for credit facilities granted to Kesar Sdn Bhd	20,526
Total	81,818

A13. Signification Related Party Transactions

The Group's recurrent related party transactions in the current quarter and the cumulative period to date ended 30 June 2018 are as follows:

	Sale of goods RM'000	Purchase of goods RM'000	Total RM'000
Current quarter: Aum Fabrics Pte Ltd ⁽¹⁾	12	-	12
Total	12	-	12
Cumulative period: Aum Fabrics Pte Ltd ⁽¹⁾	12	-	12
Total	12	-	12

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

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A14. Capital Commitments

Capital commitments not provided for in the financial statement as at 30 June 2018 are as follows:

	30.06.2018 RM'000	30.06.2017 RM'000
Authorised and contracted for:- Property, plant and equipment	761	N/A

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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 30.06.2018 RM'000 (unaudited) RM'000	Preceding Year Quarter 30.06.2017 RM'000 (unaudited) RM'000
Revenue	36,997	N/A
Gross profit	14,975	N/A
Profit before tax	2,588	N/A

The Group registered revenue of RM37.0 million for the three (3) months ended 30 June 2018. 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 30.06.2018 RM'000 (unaudited) RM'000	As at 31.03.2018 RM'000 (audited) RM'000
Total assets	331,262	333,735
Total liabilities	107,185	111,398

Non-current assets largely comprising property, plant and equipment and investment properties, which marginally decreased to RM183.9 million as at 30 June 2018 from RM184.3 million as at 31 March 2018. This was mainly due to the depreciation and amortisation expenses of RM0.8 million during the reporting period.

Total current assets decreased to RM147.4 million as at 30 June 2018 from RM149.5 million as at 31 March 2018, largely due to the decrease in inventories by RM2.8 million as at 30 June 2018. The lower level of inventories recorded as at quarter end was largely due the month of June was the end of festive season (school holiday and Hari Raya) to the Group's business.

Total liabilities mainly comprising borrowings, trade and other payables, and deferred tax liabilities, which decreased by 3.8% to RM107.2 million as at 30 June 2018 comparing to 31 March 2018. The decrease was largely due to the repayment of borrowings of RM4.0 million during the reporting period.

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Statement of Cash Flows

	As at 30.06.2018 RM'000 (unaudited) RM'000	As at 30.06.2017 RM'000 (unaudited) RM'000
Operating activities	8,063	N/A
Investing activities	(315)	N/A
Financing activities	(4,949)	N/A
Net changes in cash and cash equivalents	2,799	N/A

Our Group's net cash and cash equivalents increased by RM2.8 million as of 30 June 2018, contributed by the RM8.1 million of cash generated from operating activities (with RM2.6 million of profit before tax coupled with reduced inventory level of RM2.8 million and higher payables of RM1.6 million) with RM4.9 million spent on financing activities largely on repayment of bankers' acceptance and borrowings of RM2.5 million and RM1.5 million respectively during the reporting period.

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

	Current Year Quarter 30.06.2018 RM'000 (unaudited) RM'000	Immediate Preceding Quarter 31.03.2018 RM'000 (audited) RM'000
Revenue	36,997	29,432
Profit before tax	2,588	296

For current year quarter, the Group's revenue increased by 25.7% to RM37.0 million as compared to RM29.4 million in the previous quarter ended 31 March 2018. This increase in turnover is largely attributable to school holiday and Hari Raya resulting the sales in current year quarter higher than previous quarter.

B3. Commentary on Prospects

Trading condition remains tough for retailers during the period. 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.

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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 30.06.2018 RM'000 (unaudited) RM'000	Cumulative Year To Date 30.06.2018 RM'000 (unaudited) RM'000
Income tax:		
- Current	(902)	(902)
Deferred tax:	54	54
	(848)	(848)

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.

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B8. Status of Corporate Proposals

There were no corporate proposals announced and completed as at 17 August 2018.

B9. Utilisation of Proceeds Raised from Corporate Proposal

There were no proceeds raised from corporate proposal as at 17 August 2018.

B10. Borrowings and Debts Securities

	As at 30 June 2018 (unaudited)		
	Long Term RM'000	Short Term RM'000	Total Borrowings RM'000
Secured			
Bankers' acceptance	-	28,679	28,679
Bank overdrafts	-	4,690	4,690
Term loans	48,450	6,088	54,538
Total	48,450	39,457	87,907

	As at 31 March 2018 (audited)		
	Long Term RM'000	Short Term RM'000	Total Borrowings RM'000
Secured			
Bankers' acceptance	-	21,762	21,762
Bank overdrafts	-	3,467	3,467
Term loans	50,437	5,620	56,057
Unsecured			
Bankers' acceptance	-	9,387	9,387
Bank overdrafts	-	3,141	3,141
Total	50,437	43,377	93,814

B11. Material Litigation

There were no material changes in the material litigation as at 17 August 2018.

B12. Dividends

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

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B13. Earnings Per Share

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		Cumulative Quarter	
	Current Year Quarter 30.06.2018	Preceding Year Quarter 30.06.2017	Current Year Quarter 30.06.2018	Preceding Year Quarter 30.06.2017
Profit attributable to ordinary shareholders of the Company (RM'000)	1,740	N/A	1,740	N/A
Number of ordinary share in issued	197,990	N/A	197,990	N/A
Basic and diluted earnings per share (sen)	0.88	N/A	0.88	N/A

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

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.06.2018 RM'000 (unaudited)	Preceding Year Quarter 30.06.2017 RM'000 (unaudited)	Current Year Quarter 30.06.2018 RM'000 (unaudited)	Preceding Year Quarter 30.06.2017 RM'000 (unaudited)
Profit from operations from the period is arrived at after charging:				
Amortisation of prepaid land lease payment	31	N/A	31	N/A
Depreciation on property, plant and equipment	774	N/A	774	N/A
Interest expenses	1,117	N/A	1,117	N/A
And after crediting:				
Gain on disposal of property, plant and equipment	10	N/A	10	N/A
Interest income	6	N/A	6	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.

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B15. Foreign Currency Risk Management

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

B16. Trade Receivables

	Current Year Quarter 30.06.2018 RM'000 (unaudited) RM'000	Preceding Year Quarter 31.03.2018 RM'000 (audited) RM'000
Neither past due nor impaired	482	1,061
Past due but not impaired:		
1-30 days	409	808
31-120 days	1,822	3,344
More than 120 days	3,579	2,102
Past due and impaired	1,438	1,461
	7,730	8,776

B17. 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 Secretaries

24 August 2018