

KAMDAR

KAMDAR GROUP (M) BERHAD

Company No. 577740-A
(Incorporated in Malaysia)

CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 SEPTEMBER 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 September 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 30.09.2018 RM'000 (unaudited)	Preceding Year Quarter 30.09.2017 RM'000 *	Changes %	Current Year To Date 30.09.2018 RM'000 (unaudited)	Preceding Year To Date 30.09.2017 RM'000 *	Changes %
Revenue	23,401	N/A	N/A	60,398	N/A	N/A
Cost of sales	(14,252)	N/A	N/A	(36,274)	N/A	N/A
Gross profit	9,149	N/A	N/A	24,124	N/A	N/A
Other income	405	N/A	N/A	684	N/A	N/A
Selling and distribution expenses	(491)	N/A	N/A	(1,305)	N/A	N/A
Administrative expenses	(10,788)	N/A	N/A	(21,756)	N/A	N/A
Finance costs	(814)	N/A	N/A	(1,690)	N/A	N/A
Other expenses	(57)	N/A	N/A	(65)	N/A	N/A
Loss before tax	(2,596)	N/A	N/A	(8)	N/A	N/A
Tax expense	(3)	N/A	N/A	(851)	N/A	N/A
Loss for the financial period	(2,599)	N/A	N/A	(859)	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 for the financial period	(2,599)	N/A	N/A	(859)	N/A	N/A
Loss for the financial period attributable to:						
Owners of the Company	(2,599)	N/A	N/A	(859)	N/A	N/A
Total comprehensive loss for the financial period attributable to:						
Owners of the Company	(2,599)	N/A	N/A	(859)	N/A	N/A
Losses per ordinary share attributable to equity holders of the Company						
Basic and Diluted (sen)	(1.31)	N/A	N/A	(0.43)	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 30.09.2018 RM'000 (unaudited)	As at 31.03.2018 RM'000 (audited)
ASSETS		
Non-Current Assets		
Property, plant and equipment	121,601	122,054
Investment properties	53,090	53,090
Prepaid land lease payment	8,515	8,577
Goodwill	374	374
Deferred tax assets	163	163
Total non-current assets	183,743	184,258
Current Assets		
Inventories	121,222	119,663
Trade receivables	6,976	8,776
Other receivables	6,542	4,310
Tax recoverable	1,769	2,415
Fixed deposits with licensed banks	4,152	5,651
Cash and bank balances	4,358	8,662
Total current assets	145,019	149,477
TOTAL ASSETS	328,762	333,735
EQUITY AND LIABILITIES		
EQUITY		
Equity Attributable to Owners of the Company		
Share capital	197,990	197,990
Reserves	23,488	24,347
Total equity	221,478	222,337
LIABILITIES		
Non-Current Liabilities		
Long term borrowings	47,135	50,437
Deferred tax liabilities	1,852	1,892
Finance lease liabilities	734	386
Total non-current liabilities	49,721	52,715
Current Liabilities		
Trade payables	1,164	4,252
Other payables	12,787	10,671
Short term borrowings	43,293	43,377
Finance lease liabilities	289	180
Tax payables	30	203
Total current liabilities	57,563	58,683
Total liabilities	107,284	111,398
TOTAL EQUITY AND LIABILITIES	328,762	333,735
Net Assets Per Share (sen)	112	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 loss for the financial period	-	-	-	(859)	(859)
As at 30 September 2018 (unaudited)	197,990	(176,470)	6,424	193,534	221,478
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 September 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 30.09.2018 RM'000 (unaudited)	Preceding Year To Date 30.09.2017 RM'000 *
Operating activities		
Loss before tax	(8)	N/A
Adjustments for:-		
Amortisation of prepaid lease payments	62	N/A
Depreciation on property, plant and equipment	1,650	N/A
Gain on disposal of property, plant and equipment	(42)	N/A
Impairment loss on receivable no longer required	(24)	N/A
Interest expenses	2,134	N/A
Interest income	(80)	N/A
Operating profit before working capital changes	3,692	N/A
Changes in working capital:-		
Inventories	(1,559)	N/A
Payables	(975)	N/A
Receivables	(408)	N/A
Cash generated from operations	750	N/A
Tax paid	(417)	N/A
Interest paid	(444)	N/A
Net cash used in operating activities	(111)	N/A
Investing activities		
Interest received	80	N/A
Proceeds from disposal of property, plant and equipment	13	N/A
Purchase of property, plant and equipment	(514)	N/A
Net cash used in investing activities	(421)	N/A
Financing activities		
Repayment of bankers' acceptance	(2,032)	N/A
Interest paid	(1,675)	N/A
Repayment of finance lease liabilities	(211)	N/A
Repayment of terms loans	(2,927)	N/A
Placement of fixed deposits	1,499	N/A
Net cash used in financing activities	(5,346)	N/A
CASH AND CASH EQUIVALENTS		
Net changes	(5,878)	N/A
Brought forward	2,053	N/A
Carried forward	(3,825)	N/A
Cash and cash equivalents at the end of the financial period comprise the following:		
Cash and bank balances	4,358	N/A
Fixed deposits with licensed banks	4,152	N/A
Bank overdraft	(8,183)	N/A
	327	N/A
Less: Fixed deposits with licensed banks	(4,152)	N/A
	(3,825)	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 SEPTEMBER 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.

CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED 30 SEPTEMBER 2018

A2. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the latest audited financial statements for the financial period 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 30.09.2018 RM'000	Investment 30.09.2018 RM'000	Elimination 30.09.2018 RM'000	Total 30.09.2018 RM'000
Revenue				
External revenue	60,255	143	-	60,398
Inter-segment revenue	6,645	4,358	(11,003)	-
Total revenue	66,900	4,501	(11,003)	60,398
Results				
Interest income	21	59	-	80
Finance costs	(771)	(1,363)	-	(2,134)
Depreciation & amortisation	(872)	(136)	(704)	(1,712)
Other non-cash expenses	(26)	-	-	(26)
Income tax expenses	(110)	(780)	39	(851)
Segmental (loss)/gain	(1,194)	21,159	(18,769)	1,196
Assets				
Additional to non-current assets other than deferred tax assets	1,079	-	-	1,079
Segment assets	182,992	557,335	(413,498)	326,829
Liabilities				
Segment liabilities	41,816	31,161	(59,027)	13,950

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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 November 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 September 2018:

	30.09.2018 RM'000
Corporate guarantee given by the Company to licensed bank for credit facilities granted to Kamdar Sdn Bhd	26,471
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	800
Corporate guarantee given by the Company to licensed bank for credit facilities granted to Beauty Gallant Sdn Bhd	6,560
Corporate guarantee given by the Company to licensed bank for credit facilities granted to Kamdar Stores Sdn Bhd	18,206
Corporate guarantee given by the Company to licensed bank for credit facilities granted to Kamdar Holdings Sdn Bhd	13,001
Corporate guarantee given by the Company to licensed bank for credit facilities granted to Kesar Sdn Bhd	10,161
Total	75,526

A13. Signification Related Party Transactions

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

	30.09.2018 RM'000	30.09.2017 RM'000
Authorised and contracted for:- Property, plant and equipment	679	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 30.09.2018 RM'000 (unaudited) RM'000	Preceding Year Quarter 30.09.2017 RM'000 (unaudited) RM'000
Revenue	23,401	N/A
Gross profit	9,149	N/A
Loss before tax	(2,596)	N/A

The Group registered revenue of RM23.4 million for the three (3) months ended 30 September 2018. There is no preceding year corresponding period comparison due to the change in the financial year 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 30.09.2018 RM'000 (unaudited) RM'000	As at 31.03.2018 RM'000 (audited) RM'000
Total assets	328,762	333,735
Total liabilities	107,284	111,398

Non-current assets largely comprising property, plant and equipment and investment properties, which marginally decreased to RM183.7 million as at 30 September 2018 from RM184.3 million as at 31 March 2018. This was mainly due to the depreciation and amortisation charges of RM1.7 million and partially offset by the additions of property, plant and equipment amounted RM0.5 million during the reporting period.

Total current assets decreased to RM145.0 million as at 30 September 2018 from RM149.5 million as at 31 March 2018, largely due to the decrease in cash and bank balances and fixed deposits by RM5.8 million to primarily fund the financing and investing activities during the reporting period which will be explained below.

Total liabilities mainly comprising borrowings, trade and other payables, and deferred tax liabilities, which decreased by 3.7% to RM107.2 million as at 30 September 2018 comparing to RM111.4 million as at 31 March 2018. The decrease was largely due to the repayment of borrowings of RM4.9 million during the reporting period.

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Statement of Cash Flows

	As at 30.09.2018 RM'000 (unaudited) RM'000	As at 30.09.2017 RM'000 (unaudited) RM'000
Operating activities	(111)	N/A
Investing activities	(421)	N/A
Financing activities	(5,346)	N/A
Net changes in cash and cash equivalents	(5,878)	N/A

Our Group's net cash and cash equivalents decreased by RM5.9 million as of 30 September 2018, contributed by the RM0.5 million of cash used in investing activities on purchase of property, plant and equipment and RM5.3 million spent on financing activities largely on repayment of bankers' acceptance and term loans of RM2.0 million and RM2.9 million respectively during the reporting period, as mentioned above.

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

	Current Year Quarter 30.09.2018 RM'000 (unaudited) RM'000	Immediate Preceding Quarter 30.06.2018 RM'000 (unaudited) RM'000
Revenue	23,401	36,997
(Loss)/Profit before tax	(2,596)	2,588

For current year quarter, the Group's revenue decreased by 36.7% to RM23.4 million as compared to RM37.0 million in the previous quarter ended 30 June 2018. The decrease of revenue was largely due to the retail market has been facing challenging time over the period, plus higher revenue recorded in preceding quarter was also contributed by the Hari Raya Sales which falls on June 2018. Together with the increasing cost of doing business this continues to impact turnover and profitability of the Group.

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 Expense

	Current Year Quarter 30.09.2018 RM'000 (unaudited) RM'000	Cumulative Year To Date 30.09.2018 RM'000 (unaudited) RM'000
Income tax:		
- Current	11	(891)
Deferred tax:	(14)	40
	(3)	(851)

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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FOR THE QUARTER ENDED 30 SEPTEMBER 2018

B8. Status of Corporate Proposals

There were no corporate proposals announced and completed as at 21 November 2018.

B9. Utilisation of Proceeds Raised from Corporate Proposal

There were no proceeds raised from corporate proposal as at 21 November 2018.

B10. Borrowings and Debts Securities

As at 30 September 2018 (unaudited)

	Long Term RM'000	Short Term RM'000	Total Borrowings RM'000
Secured			
Bankers' acceptance	-	29,117	29,117
Bank overdrafts	-	8,183	8,183
Term loans	47,135	5,993	53,128
Total	47,135	43,293	90,428

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 21 November 2018.

B12. Dividends

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

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B13. Losses Per Share

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

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.09.2018	Preceding Year Quarter 30.09.2017	Current Year Quarter 30.09.2018	Preceding Year Quarter 30.09.2017
Loss attributable to ordinary shareholders of the Company (RM'000)	(2,599)	N/A	(859)	N/A
Number of ordinary shares in issued	197,990	N/A	197,990	N/A
Basic and diluted losses per share (sen)	(1.31)	N/A	(0.43)	N/A

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

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.09.2018 RM'000 (unaudited)	Preceding Year Quarter 30.09.2017 RM'000 (unaudited)	Current Year Quarter 30.09.2018 RM'000 (unaudited)	Preceding Year Quarter 30.09.2017 RM'000 (unaudited)
Profit from operations from the period is arrived at after charging:				
Amortisation of prepaid land lease payment	31	N/A	62	N/A
Depreciation on property, plant and equipment	876	N/A	1,650	N/A
Interest expenses	1,017	N/A	2,134	N/A
And after crediting:				
Impairment loss on receivables no longer required	24	N/A	24	N/A
Gain on disposal of property, plant and equipment	32	N/A	42	N/A
Interest income	74	N/A	80	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

	As at 30.09.2018 RM'000 (unaudited) RM'000	As at 31.03.2018 RM'000 (audited) RM'000
Neither past due nor impaired	865	1,061
Past due but not impaired:		
1-30 days	668	808
31-120 days	1,015	3,344
More than 120 days	3,017	2,102
Past due and impaired	1,411	1,461
	6,976	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

28 November 2018