

All terms and abbreviations used herein shall have the same meanings as those defined in the "Definitions" section of this Abridged Prospectus unless stated otherwise.

THIS ABRIDGED PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

If you have sold or transferred all your Komark Shares, you should at once hand this Abridged Prospectus, and the accompanying NPA and RSF to the agent/ broker through whom you effected the sale or transfer for onward transmission to the purchaser or transferee. All enquiries concerning the Rights Issue with Warrants should be addressed to our Share Registrar, Boardroom Corporate Services (KL) Sdn Bhd (Company No. 3775-X) at Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan.

A copy of this Abridged Prospectus has been registered with the SC. The registration of this Abridged Prospectus should not be taken to indicate that the SC recommends the Rights Issue with Warrants or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Abridged Prospectus. The SC has not, in any way, considered the merits of the securities being offered for investment. A copy of this Abridged Prospectus, and the accompanying NPA and RSF have also been lodged with the Registrar of Companies who takes no responsibility for the contents of these documents.

The approval from our shareholders for the Rights Issue with Warrants was obtained at our EGM held on 25 September 2014. The approval from Bursa Securities has also been obtained vide its letter dated 14 August 2014 for the admission of the Warrants to the Official List and the listing of and quotation for the Rights Shares and the Warrants as well as the new Komark Shares to be issued arising from the exercise of the Warrants on the Main Market of Bursa Securities. However, this is not an indication that Bursa Securities recommends the Rights Issue with Warrants. The admission of the Warrants to the Official List and the listing of and quotation for all the said new securities on the Main Market of Bursa Securities are in no way reflective of the merits of the Rights Issue with Warrants. Bursa Securities does not take any responsibility for the correctness of statements made or opinions expressed in this Abridged Prospectus. The admission of the Warrants to the Official List and the listing of and quotation for all the said new securities will commence after the receipt of confirmation from Bursa Depository that all the CDS Accounts of the successful Entitled Shareholders and/ or their renouncee(s) (if applicable) have been duly credited and notices of allotment have been despatched to them.

Our Directors have seen and approved all the documentation relating to this Rights Issue with Warrants. They collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable inquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts which if omitted would make the statements in these documents false or misleading.

This Abridged Prospectus, and the accompanying NPA and RSF are only despatched to our Entitled Shareholders whose names appear on our Record of Depositors and who have provided our Share Registrar with a registered address in Malaysia not later than 5.00 p.m. on Tuesday, 30 December 2014. This Abridged Prospectus, and the accompanying NPA and RSF are not intended to be (and will not be) issued, circulated or distributed in countries or jurisdictions other than Malaysia and no action has been or will be taken to ensure that the Rights Issue with Warrants complies with the laws of any countries or jurisdictions other than the laws of Malaysia. Entitled Shareholders and/ or their renouncee(s) (if applicable) who are residents in countries or jurisdictions other than Malaysia should therefore immediately consult their legal advisers and/ or other professional advisers as to whether the acceptance and/ or renunciation (as the case may be) of all or any part of their entitlements to the Rights Shares and the Warrants would result in a contravention of any laws of such countries or jurisdictions. Neither we, RHBIB nor any other professional advisers shall accept any responsibility or liability in the event that any acceptance and/ or renunciation (as the case may be) of the entitlements to the Rights Shares and the Warrants made by the Entitled Shareholders and/ or their renouncee(s) (if applicable) is or shall become illegal, unenforceable, voidable or void in any such countries or jurisdictions.

RHBIB, being our Adviser for the Rights Issue with Warrants, acknowledges that, based on all available information and to the best of its knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning the Rights Issue with Warrants.

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH YOU SHOULD CONSIDER, PLEASE REFER TO SECTION 6 OF THIS ABRIDGED PROSPECTUS.



KOMARKCORP BERHAD

(Company No.: 374265-A)

(Incorporated in Malaysia under the Companies Act, 1965)

RENOUNCEABLE RIGHTS ISSUE OF UP TO 40,637,005 NEW ORDINARY SHARES OF RM0.25 EACH IN KOMARKCORP BERHAD ("KOMARK") ("KOMARK SHARE(S)" OR "SHARE(S)") ("RIGHTS SHARE(S)") ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY TWO (2) EXISTING KOMARK SHARES HELD, TOGETHER WITH UP TO 40,637,005 FREE DETACHABLE WARRANTS IN KOMARK ("WARRANT(S)") ON THE BASIS OF ONE (1) FREE WARRANT FOR EVERY ONE (1) RIGHTS SHARE SUBSCRIBED FOR, AS AT 5.00 P.M. ON TUESDAY, 30 DECEMBER 2014 AT AN ISSUE PRICE OF RM0.30 PER RIGHTS SHARE

Adviser



RHB Investment Bank Berhad

(Company No. 19663-P)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

IMPORTANT RELEVANT DATES AND TIME:-

Entitlement Date	: Tuesday, 30 December 2014 at 5.00 p.m.
Last date and time for sale of provisional allotment of rights	: Wednesday, 7 January 2015 at 5.00 p.m.
Last date and time for transfer of provisional allotment of rights	: Monday, 12 January 2015 at 4.00 p.m.
Last date and time for acceptance and payment	: Thursday, 15 January 2015 at 5.00 p.m.
Last date and time for excess application and payment	: Thursday, 15 January 2015 at 5.00 p.m.

* or such later date and time as our Board may determine and announce not less than two (2) Market Days before the stipulated date and time.

All terms and abbreviations used herein shall have the same meanings as those defined in the "Definitions" section of this Abridged Prospectus unless stated otherwise.

THIS ABRIDGED PROSPECTUS HAS BEEN REGISTERED WITH THE SC. THE REGISTRATION OF THIS ABRIDGED PROSPECTUS SHOULD NOT BE TAKEN TO INDICATE THAT THE SC RECOMMENDS THE RIGHTS ISSUE WITH WARRANTS OR ASSUMES RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENT MADE OR OPINION OR REPORT EXPRESSED IN THIS ABRIDGED PROSPECTUS.

THE SC IS NOT LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF THE COMPANY AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS ABRIDGED PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS, AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS ABRIDGED PROSPECTUS.

BURSA SECURITIES HAS APPROVED THE ADMISSION OF THE WARRANTS TO THE OFFICIAL LIST AND THE LISTING OF AND QUOTATION FOR THE RIGHTS SHARES AND THE WARRANTS AS WELL AS THE NEW KOMARK SHARES TO BE ISSUED ARISING FROM THE EXERCISE OF THE WARRANTS ON THE MAIN MARKET OF BURSA SECURITIES. HOWEVER, THIS IS NOT AN INDICATION THAT BURSA SECURITIES RECOMMENDS THE RIGHTS ISSUE WITH WARRANTS.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT IN THE RIGHTS SHARES AND THE WARRANTS. IN CONSIDERING THE INVESTMENT, IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

YOU ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE OR MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THIS ABRIDGED PROSPECTUS ARE DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CMSA.

SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO THE PUBLIC PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE RIGHTS ISSUE WITH WARRANTS FOR WHICH ANY OF THE PERSONS SET OUT IN SECTION 236 OF THE CMSA, E.G. DIRECTORS AND ADVISERS, ARE RESPONSIBLE.

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Abridged Prospectus, the NPA and the RSF:-

"Abridged Prospectus"	: This abridged prospectus dated 30 December 2014
"Act"	: The Companies Act, 1965
"Aimas"	: Aimas Enterprise Sdn Bhd (360593-P), a substantial shareholder of Komark
"Amendments"	: The amendments to the Memorandum and Articles of Association of Komark
"AUD"	: Australian Dollar
"Board"	: The Board of Directors of Komark
"Bursa Depository"	: Bursa Malaysia Depository Sdn Bhd (165570-W)
"Bursa Securities"	: Bursa Malaysia Securities Berhad (635998-W)
"CDS"	: Central Depository System
"CDS Account"	: A securities account established by Bursa Depository for a depositor pursuant to the Securities Industry (Central Depository) Act, 1991 and the Rules of Bursa Depository for the recording of deposits of securities and for dealings in such securities by the depositor
"CMSA"	: The Capital Markets and Services Act, 2007
"Corporate Exercises"	: The Par Value Reduction, the Rights Issue with Warrants and the Amendments, collectively
"Deed Poll"	: The deed poll dated 15 December 2014, constituting the Warrants
"Director(s)"	: A natural person who holds directorship in the Company and shall have the meaning given in Section 2(1) of the Capital Markets and Services Act, 2007 and includes:- <ol style="list-style-type: none"> i. In the case of an issuer of structured warrants, a director of the issuer of the structured warrants; or ii. In the case of an applicant or listed issuer which is a collective investment scheme, a director of a management company or a director of the trustee-manager, as the case may be
"EGM"	: Extraordinary general meeting
"Entitled Shareholder(s)"	: Our shareholders who are registered as a member and whose names appear in the Record of Depositors of the Company on the Entitlement Date
"Entitlement Date"	: At 5.00 p.m. on Tuesday, 30 December 2014, being the time and date on which the names of our Entitled Shareholders must be registered as a member and whose names appear in the Record of Depositors of the Company in order to participate in the Rights Issue with Warrants

DEFINITIONS (CONT'D)

"EPS/ (LPS)"	:	Earnings per share/ (Loss per share)
"Excess Rights Shares with Warrants"	:	Rights Shares with Warrants which are not taken up or not validly taken up by our Entitled Shareholders and/ or their renounee(s) (if applicable) prior to excess application pursuant to the Rights Issue with Warrants
"FPE"	:	Financial period ended
"FYE"	:	Financial year ended/ ending
"HKD"	:	Hong Kong Dollar
"INR"	:	Indonesian Rupiah
"Komark" or the "Company"	:	Komarkcorp Berhad (374265-A)
"Komark Group" or the "Group"	:	Komark and its subsidiary companies, collectively
"Komark Share(s)" or "Share(s)"	:	Ordinary share(s) of RM0.25 each in Komark
"Listing Requirements"	:	Main Market Listing Requirements of Bursa Securities
"LPD"	:	8 December 2014, being the latest practicable date prior to the registration of this Abridged Prospectus with the SC
"Market Day(s)"	:	Any day from Mondays to Fridays (inclusive of both days) which is not a public holiday and on which Bursa Securities is open for the trading of securities
"Maximum Scenario"	:	Assuming the Rights Issue with Warrants is undertaken on a full subscription level basis
"Minimum Scenario"	:	Assuming the Rights Issue with Warrants is undertaken on the Minimum Subscription Level basis
"Minimum Subscription Level"	:	A minimum level of subscription of 19,238,844 Rights Shares together with 19,238,844 free Warrants pursuant to the Rights Issue with Warrants as determined by the Board. The aforesaid Minimum Subscription Level is based on the entitlements of the substantial shareholders of Komark, namely Aimas, Koh Hong Muan @ Koh Gak Siong, Lim Pei Tiam @ Liam Ahat Kiat and Tan Kwe Hee, and additional undertakings by certain substantial shareholders of Komark, namely Koh Hong Muan @ Koh Gak Siong, Lim Pei Tiam @ Liam Ahat Kiat and Tan Kwe Hee, to subscribe in full for a total of 19,238,844 Rights Shares together with 19,238,844 free Warrants pursuant to their irrevocable written undertakings dated 13 June 2014
"NA"	:	Net assets
"NPA"	:	Notice of provisional allotment
"Official List"	:	A list specifying all securities which have been admitted for listing on Bursa Securities and not removed

DEFINITIONS (CONT'D)

"Par Value Reduction"	:	The reduction in the par value of the issued and paid-up share capital of Komark via the cancellation of RM0.75 of the par value of every ordinary share of RM1.00 each in Komark resulting in the new par value of RM0.25 each for every Komark Share pursuant to Section 64 of the Act, which was completed and took effect on 8 December 2014
"PAT/ (LAT)"	:	Profit after taxation/ (Loss after taxation)
"PBT/ (LBT)"	:	Profit before taxation/ (Loss before taxation)
"PRC"	:	The People's Republic of China
"Provisional Rights Shares with Warrants"	:	Rights Shares with Warrants provisionally allotted to the Entitled Shareholders
"Record of Depositors"	:	A record consisting of names of depositors established by Bursa Depository under the Rules of Bursa Depository
"RHBIB" or the "Adviser"	:	RHB Investment Bank Berhad (19663-P)
"Rights Issue with Warrants"	:	The renounceable rights issue of up to 40,637,005 Rights Shares on the basis of one (1) Rights Share for every two (2) existing Komark Shares held, together with 40,637,005 free detachable Warrants on the basis of one (1) free Warrant for every one (1) Rights Share subscribed for, on the Entitlement Date at an issue price of RM0.30 per Rights Share
"Rights Share(s)"	:	Up to 40,637,005 new Komark Shares to be issued pursuant to the Rights Issue with Warrants
"RM" and "sen"	:	Ringgit Malaysia and sen, respectively
"RMB"	:	Chinese Renminbi
"RSF"	:	Rights Subscription Form
"SC"	:	Securities Commission Malaysia
"SGD"	:	Singapore Dollar
"THB"	:	Thai Baht
"USD"	:	United States Dollar
"WAMP"	:	Weighted average market price
"Warrant(s)"	:	Up to 40,637,005 free detachable warrants in Komark to be issued pursuant to the Rights Issue with Warrants

All references to "our Company" and "Komark" in this Abridged Prospectus are made to Komarkcorp Berhad (374265-A) and references to "our Group" or "Komark Group" are made to our Company and our subsidiary companies. All references to "we", "us", "our" and "ourselves" are made to our Company, or where the context requires, our Group or any of our subsidiary companies. All references to "you" in this Abridged Prospectus are made to our Entitled Shareholders.

DEFINITIONS (CONT'D)

Words incorporating the singular shall, where applicable, include the plural and vice versa and words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include a corporation, unless otherwise specified.

Any reference in this Abridged Prospectus to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this Abridged Prospectus shall be a reference to Malaysian time, unless otherwise specified.

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CORPORATE DIRECTORY**BOARD OF DIRECTORS**

Name	Address	Nationality	Occupation
Tan Sri Ahmad Bin Mohd Don (Chairman/ Independent Non-Executive Director)	Tower 1, Level 19C, The Boulevard Jalan SS12/1, Wangsa Baiduri 47500 Subang Jaya Selangor Darul Ehsan	Malaysian	Company Director
Koh Hong Muan @ Koh Gak Siong (Group Chief Executive Officer/ Non-Independent Executive Director)	No. 25 Pinggir Pelangi Pagi Country Heights 43000 Kajang Selangor Darul Ehsan	Malaysian	Group Chief Executive Officer
Tan Kwe Hee (Joint Group Chief Executive Officer/ Non-Independent Executive Director)	88, Jalan Tropicana Utama Tropicana Golf & Country Resort 47410 Petaling Jaya Selangor Darul Ehsan	Malaysian	Joint Group Chief Executive Officer
Koh Chie Jooi (Non-Independent Executive Director)	No. 25 Pinggir Pelangi Pagi Country Heights 43000 Kajang Selangor Darul Ehsan	Malaysian	Executive Director
Koh Chee Mian (Non-Independent Executive Director)	No. 25 Pinggir Pelangi Pagi Country Heights 43000 Kajang Selangor Darul Ehsan	Malaysian	Executive Director
Lim Pei Tiam @ Liam Ahat Kiat (Non-Independent Executive Director)	No. 23, Lorong Datuk Sulaiman 6 Taman Tun Dr. Ismail 60000 Kuala Lumpur	Malaysian	Executive Director
Dato' Yeow Wah Chin (Independent Non-Executive Director)	Unit B-10-5, Block B, Megan Avenue 1 189 Jalan Tun Razak 50400 Kuala Lumpur	Malaysian	Lawyer
Ihsan bin Ismail (Independent Non-Executive Director)	22A Jalan USJ 1/1F 47620 Subang Jaya Selangor Darul Ehsan	Malaysian	Company Director

AUDIT COMMITTEE

Name	Designation	Directorship
Dato' Yeow Wah Chin	Chairman	Independent Non-Executive Director
Tan Sri Ahmad Bin Mohd Don	Member	Chairman/ Independent Non-Executive Director
Ihsan bin Ismail	Member	Independent Non-Executive Director

CORPORATE DIRECTORY (CONT'D)

- COMPANY SECRETARIES** : Tai Yit Chan (MAICSA 7009143)
Chan Yoke Peng (MAICSA 7053966)
Lot 6.05, Level 6, KPMG Tower
8 First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Tel: 03-7720 1188
Fax: 03-7720 1111
- REGISTERED OFFICE** : Lot 6.05, Level 6, KPMG Tower
8 First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Tel: 03-7720 1188
Fax: 03-7720 1111
- PRINCIPAL OFFICE** : Lot 132, Jalan 16/1
Kawasan Perindustrian Cheras Jaya
43200 Balakong
Selangor Darul Ehsan
Tel: 03-9080 3333
Fax: 03-9080 5233
Website: www.komark.com.my
E-mail: enquiry@komark.com.my
- SHARE REGISTRAR** : Boardroom Corporate Services (KL) Sdn Bhd (3775-X)
Lot 6.05, Level 6, KPMG Tower
8 First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Tel: 03-7720 1188
Fax: 03-7720 1111
- AUDITORS AND REPORTING ACCOUNTANTS** : Messrs Ong & Wong (AF0241)
Unit C-20-5, Block C
20th Floor Megan Avenue II
12, Jalan Yap Kwan Seng
50450 Kuala Lumpur
Tel: 03-2161 1000
Fax: 03-2166 9131
- PRINCIPAL BANKERS** : Standard Chartered Bank Malaysia Berhad (115793-P)
Level 21, Menara Standard Chartered
30, Jalan Sultan Ismail
50250 Kuala Lumpur
Tel: 03-2721 5322
Fax: 03-2142 9733
- Bank of Shanghai Co Ltd
No. 1885, Qi Xin Road
Minhang District, Shanghai
PRC
Tel: (86) 21 5296 6113
Fax: (86) 21 5296 9189

CORPORATE DIRECTORY (CONT'D)

Malayan Banking Berhad (3813-K)
14th Floor, Menara Maybank
100, Jalan Tun Perak
50050 Kuala Lumpur
Tel: 03-2070 8833
Fax: 03-2026 5267

DUE DILIGENCE SOLICITORS : Messrs Peter Ling & Van Geyzel
B-19-4, Tower B, Northpoint Office Suites
Mid Valley City, No. 1 Medan Syed Putra Utara
59200 Kuala Lumpur
Tel: 03-2282 3080
Fax: 03-2201 9880

ADVISER : RHB Investment Bank Berhad (19663-P)
Level 10, Tower One
RHB Centre
Jalan Tun Razak
50400 Kuala Lumpur
Tel: 03-9287 3888
Fax: 03-9287 4770

STOCK EXCHANGE LISTED AND LISTING SOUGHT : Main Market of Bursa Securities

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KOMARKCORP BERHAD

(Company No.: 374265-A)

(Incorporated in Malaysia under the Companies Act, 1965)

Registered Office

Lot 6.05, Level 6, KPMG Tower
8 First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan

30 December 2014

Board of Directors

Tan Sri Ahmad Bin Mohd Don (*Chairman/ Independent Non-Executive Director*)
Koh Hong Muan @ Koh Gak Siong (*Group Chief Executive Officer/ Non-Independent Executive Director*)
Tan Kwe Hee (*Joint Group Chief Executive Officer/ Non-Independent Executive Director*)
Koh Chie Jooi (*Non-Independent Executive Director*)
Koh Chee Mian (*Non-Independent Executive Director*)
Lim Pei Tiam @ Liam Ahat Kiat (*Non-Independent Executive Director*)
Dato' Yeow Wah Chin (*Independent Non-Executive Director*)
Ihsan bin Ismail (*Independent Non-Executive Director*)

To: Our Entitled Shareholders

Dear Sir/ Madam,

RENOUNCEABLE RIGHTS ISSUE OF UP TO 40,637,005 NEW KOMARK SHARES ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY TWO (2) EXISTING KOMARK SHARES HELD, TOGETHER WITH UP TO 40,637,005 FREE DETACHABLE WARRANTS ON THE BASIS OF ONE (1) FREE WARRANT FOR EVERY ONE (1) RIGHTS SHARE SUBSCRIBED FOR, AS AT 5.00 P.M. ON TUESDAY, 30 DECEMBER 2014 AT AN ISSUE PRICE OF RM0.30 PER RIGHTS SHARE

1. INTRODUCTION

On 25 April 2014, RHBIB had, on behalf of the Board, announced that the Company proposes to undertake a renounceable two-call rights issue of up to 27,091,670 new ordinary shares of RM1.00 each in Komark at an indicative issue price of RM1.00 per rights share on the basis of one (1) rights share for every three (3) existing ordinary shares of RM1.00 each in Komark held, together with up to 27,091,670 free detachable warrants in Komark on the basis of one (1) free warrant for every one (1) rights share subscribed for, on an entitlement date to be determined later ("Proposed Rights Issue with Warrants I").

Subsequently, on 24 June 2014, RHBIB had, on behalf of the Board, announced that the Company has decided to vary the terms of the Proposed Rights Issue with Warrants I and proposes to undertake the Corporate Exercises.

On 15 August 2014, RHBIB had, on behalf of our Board, announced that Bursa Securities had, vide its letter dated 14 August 2014 (which was received on 15 August 2014), resolved to approve the following:-

- i. Admission to the Official List of Bursa Securities and the listing of and quotation for up to 40,637,005 Warrants to be issued pursuant to the Rights Issue with Warrants;

- ii. Listing of and quotation for up to 40,637,005 Rights Shares to be issued pursuant to the Rights Issue with Warrants; and
- iii. Listing of and quotation for up to 40,637,005 new Komark Shares to be issued arising from the exercise of the Warrants,

on the Main Market of Bursa Securities, subject to the following conditions:-

Conditions	Status of compliance
(a) Komark and RHBIB, being the adviser, must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Rights Issue with Warrants;	Noted
(b) Komark and RHBIB to inform Bursa Securities upon the completion of the Rights Issue with Warrants;	To be complied
(c) Komark and RHBIB to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Rights Issue with Warrants is completed; and	To be complied
(d) Komark to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the exercise of Warrants as at the end of each quarter together with a detailed computation of listing fees payable.	To be complied

On 25 September 2014, our shareholders had approved the Corporate Exercises at our EGM. A certified true extract of the resolutions pertaining to the Corporate Exercises which were passed at the aforesaid EGM, is set out in Appendix I of this Abridged Prospectus.

On 25 November 2014, RHBIB had, on behalf of our Board, announced that the order from the High Court of Malaya confirming the Par Value Reduction has been obtained on 25 November 2014 ("Order"). Further, on 8 December 2014, RHBIB had, on behalf of our Board, announced that the sealed copy of the Order has been lodged with the Registrar of Companies on 8 December 2014 and accordingly, the Par Value Reduction is deemed completed and took effect on 8 December 2014.

On 15 December 2014, RHBIB had, on behalf of our Board, announced that the issue price of the Rights Shares and the exercise price of the Warrants have been fixed at RM0.30 per Rights Share and RM0.30 per Warrant, respectively.

On 15 December 2014, RHBIB had also, on behalf of our Board, announced that the Entitlement Date has been fixed on 30 December 2014 at 5.00 p.m. along with other relevant dates pertaining to the Rights Issue with Warrants.

Purely for our shareholders' information, our Company had been publicly reprimanded by Bursa Securities on 24 December 2014 for failing to ensure that our Company's announcement dated 28 June 2013 on our fourth (4th) quarterly report for the FYE 30 April 2013 took into account the adjustments as stated in our Company's announcement dated 30 August 2013 in relation to our annual audited accounts for the FYE 30 April 2013. There was a deviation between the unaudited and audited results of Komark for the FYE 30 April 2013 as follows:-

	Unaudited results announced on 28 June 2013 for the FYE 30 April 2013	Audited results announced on 30 August 2013 for the FYE 30 April 2013
PAT/ (LAT)	RM1.517 million	(RM4.831 million)
Deviation	RM6.348 million/ 418%	

Please refer to Section 6 of Appendix VII of this Abridged Prospectus for further information on the aforementioned public reprimand.

No person is authorised to give any information or to make any representation not contained in this Abridged Prospectus in connection with the Rights Issue with Warrants and if given or made, such information or representation must not be relied upon as having been authorised by us or RHBIB.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

2. DETAILS OF THE RIGHTS ISSUE WITH WARRANTS

2.1 Rights Issue with Warrants

The Rights Issue with Warrants entails an issuance of up to 40,637,005 Rights Shares on a renounceable basis of one (1) Rights Share for every two (2) existing Komark Shares held, together with up to 40,637,005 free detachable Warrants on the basis of one (1) free Warrant for every one (1) Rights Share subscribed for by the Entitled Shareholders and/ or their renounee(s) (if applicable), on the Entitlement Date at an issue price of RM0.30 per Rights Share.

The actual number of the Rights Shares and the Warrants to be issued pursuant to the Rights Issue with Warrants will depend on the acceptance by the Entitled Shareholders and/ or their renounee(s) (if applicable).

As at the LPD, based on the issued and paid-up share capital of Komark of RM20,318,503 comprising 81,274,010 Komark Shares, a total of up to 40,637,005 Rights Shares together with up to 40,637,005 Warrants will be issued in the event all the Entitled Shareholders and/ or their renounee(s) (if applicable) fully subscribe for their entitlements under the Rights Issue with Warrants. In addition, assuming all the 40,637,005 Warrants are exercised over the tenure of the Warrants, a total of 40,637,005 new Komark Shares will be issued.

The Warrants will be immediately detached from the Rights Shares upon issuance and will be traded separately. The Warrants will be issued in registered form and constituted by the Deed Poll.

The Rights Issue with Warrants is renounceable in full or in part. The renunciation of the Rights Shares by the Entitled Shareholders will accordingly entail the renunciation of the Warrants to be issued together with the Rights Shares pursuant to the Rights Issue with Warrants. However, if the Entitled Shareholders decide to accept only part of their Rights Shares entitlements, they shall then be entitled to the Warrants in the proportion of their acceptance of their Rights Shares entitlements.

Any unsubscribed Rights Shares together with the Warrants, will be made available to other Entitled Shareholders and/ or their renounee(s) (if applicable) under the Excess Rights Shares with Warrants application. Fractional entitlements of the Rights Shares and the Warrants arising from the Rights Issue with Warrants, if any, shall be dealt with in such manner as our Board shall in their absolute discretion deem fit and expedient, and to be in the best interest of our Company. It is the intention of our Board to allocate the Excess Rights Shares with Warrants, if any, on a fair and equitable manner, and on the basis as set out in Section 10.8 of this Abridged Prospectus.

As the Rights Shares and the Warrants are prescribed securities, your CDS Account will be duly credited with the number of Provisional Rights Shares with Warrants which you are entitled to subscribe for in full or in part under the terms of the Rights Issue with Warrants. You will find enclosed in this Abridged Prospectus, a NPA notifying you of the crediting of such securities into your CDS Account and a RSF to enable you to subscribe for the Provisional Rights Shares with Warrants, as well as to apply for the Excess Rights Shares with Warrants if you choose to do so.

Any dealing in our securities will be subject to, inter-alia, the provisions of the Securities Industry (Central Depositories) Act, 1991, the Rules of Bursa Depository and any other relevant legislation. Accordingly, the Rights Shares, the Warrants and the new Komark Shares to be allotted and issued arising from the exercise of the Warrants will be credited directly into the respective CDS Accounts of the successful applicants and the shareholders who exercise the Warrants (as the case may be). No physical share or warrant certificates will be issued.

We will allot and issue the Rights Shares with Warrants, despatch notices of allotment to the successful applicants and make an application for the quotation for the Rights Shares and the Warrants within eight (8) Market Days from the last date for acceptance of and payment for the Rights Shares with Warrants or such other period as may be prescribed by Bursa Securities. The Rights Shares and the Warrants will then be quoted on the Main Market of Bursa Securities two (2) Market Days after the application for quotation is made to Bursa Securities.

2.2 Basis and justification of determining the issue price of the Rights Shares

On 15 December 2014, RHBIB had, on behalf of our Board, announced that our Board has fixed the issue price of the Rights Shares at RM0.30 per Rights Share. This represents a discount of approximately 30.23% to the theoretical ex-rights price of Komark Shares of RM0.43, calculated based on the five (5)-day WAMP of Komark Shares up to and including 12 December 2014 of RM0.56 per Komark Share, being the last trading day of Komark Shares immediately preceding the price-fixing date for the Rights Shares.

The issue price of the Rights Shares was determined and fixed by our Board after taking into consideration the aforementioned theoretical ex-rights price of Komark Shares and the following:-

- i. The issue price of the Rights Shares shall be deemed sufficiently attractive to encourage the subscription of the Rights Shares by the Entitled Shareholders and/ or their renounee(s) whilst taking into consideration the minimum amount to be raised from the Rights Issue with Warrants, as set out in Section 5 of this Abridged Prospectus;
- ii. The past and current trading prices of Komark Shares; and
- iii. The par value of Komark Shares of RM0.25 each.

2.3 Basis and justification of determining the exercise price of the Warrants

The Warrants attached to the Rights Shares will be issued at no cost to the Entitled Shareholders and/ or their renounee(s) (if applicable) who successfully subscribe for the Rights Shares.

On 15 December 2014, RHBIB had, on behalf of our Board, announced that our Board has fixed the exercise price of the Warrants at RM0.30 per Warrant. This represents a discount of approximately 30.23% to the theoretical ex-rights price of Komark Shares of RM0.43, calculated based on the five (5)-day WAMP of Komark Shares up to and including 12 December 2014 of RM0.56 per Komark Share, being the last trading day of Komark Shares immediately preceding the price-fixing date for the exercise price of the Warrants.

The exercise price of the Warrants was determined and fixed by our Board after taking into consideration the issue price of the Rights Shares and the following:-

- i. The past and current trading prices of Komark Shares; and
- ii. That the Warrants will be issued at no cost to the Entitled Shareholders and/ or their renounee(s) who successfully subscribe for the Rights Shares; and
- iii. The par value of Komark Shares of RM0.25 each.

2.4 Ranking of the Rights Shares and new Komark Shares to be issued arising from the exercise of the Warrants

The Rights Shares will, upon allotment and issuance, rank *pari passu* in all respects with the existing Komark Shares, save and except that the Rights Shares will not be entitled to any dividends, rights, allotments and/ or any other forms of distribution that may be declared, made or paid prior to the relevant date of allotment and issuance of the Rights Shares.

The new Komark Shares to be issued arising from the exercise of the Warrants will, upon allotment and issuance, rank *pari passu* in all respects with the existing Komark Shares, save and except that the new Komark Shares to be issued arising from the exercise of the Warrants will not be entitled to any dividends, rights, allotments and/ or any other forms of distribution that may be declared, made or paid prior to the relevant date of allotment and issuance of these new Komark Shares.

2.5 Principal terms of the Warrants

The principal terms of the Warrants are set out below:-

Issue size	: Up to 40,637,005 Warrants
Form	: The Warrants will be issued in registered form and constituted by the Deed Poll
Exercise period	: The Warrants may be exercised at any time within five (5) years commencing on and including the date of issuance of the Warrants ("Issue Date") and ending at the close of business at 5.00 p.m. in Kuala Lumpur on a date preceding the fifth (5th) anniversary of the Issue Date. Any Warrants not exercised during the exercise period will thereafter lapse and cease to be valid
Mode of exercise	: The registered holder of the Warrant is required to lodge a subscription form, as set out in the Deed Poll, with our Company's registrar, duly completed and signed together with payment of the exercise price by bankers' draft or cashier's order drawn on a bank operating in Malaysia or a money order or postal order issued by a post office in Malaysia in accordance with the Deed Poll
Mode of transfer	: The transfer of the Warrants shall be subject to the provisions of the Securities Industry (Central Depositories) Act 1991, the Rules of Central Depository and any other relevant legislation
Exercise price	: RM0.30 per Warrant
Exercise rights	: Each Warrant carries the entitlement, at any time during the exercise period, to subscribe for one (1) new Komark Share at the exercise price, subject to adjustments in accordance with the provisions of the Deed Poll

- Board lot : For the purpose of trading on Bursa Securities, one (1) board lot of Warrants shall comprise 100 Warrants carrying the right to subscribe for 100 new Komark Shares at any time during the exercise period, or such other denomination as determined by Bursa Securities
- Participating rights of the holders of Warrants in any distribution and/ or offer of further securities : The holders of the Warrants are not entitled to vote in any general meeting and/ or to participate in any dividends, rights, allotments and/ or any other forms of distribution other than on winding-up, compromise or arrangement of Komark as set out below and/ or in any offer of further securities in our Company unless and until the holder of the Warrants becomes a shareholder of Komark by exercising his/ her Warrants into new Komark Shares or unless otherwise resolved by Komark in a general meeting
- Adjustments in the exercise price and/ or number of Warrants : The exercise price and/ or number of unexercised Warrants shall be adjusted in the event of alteration to the share capital of our Company, capital distribution or issue of shares in accordance with the provisions of the Deed Poll. If our Company in any way modify the rights attached to any share or loan capital so as to convert or make convertible such share or loan capital into, or attached thereto any rights to acquire or subscribe for new shares, our Company must appoint the adviser or the auditors (who shall act as experts) to consider whether any adjustment is appropriate, and if the Directors after such consultation determines that any adjustment is appropriate, the exercise price or the number of Warrants or both, will be adjusted accordingly
- Rights in the event of winding-up, liquidation, compromise and/ or arrangement : Where a resolution has been passed for a members' voluntary winding-up of our Company, or where there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of our Company or the amalgamation of our Company with one (1) or more companies, then every holder of the Warrants shall be entitled upon and subject to the provisions of the Deed Poll at any time within six (6) weeks after the passing of such resolution for a members' voluntary winding-up of our Company or six (6) weeks after the granting of the court order approving the compromise or arrangement, by the irrevocable surrender of his/ her Warrants to our Company, elect to be treated as if he/ she had immediately prior to the commencement of such winding-up, compromise or arrangement exercised the exercise rights represented by his/ her Warrants to the extent specified in the relevant subscription forms and be entitled to receive out of the assets of our Company which would be available in liquidation as if he/ she had on such date been the holder of the new Komark Shares to which he/ she would have been entitled to pursuant to such exercise
- Listing status : The Warrants shall be listed and quoted on the Main Market of Bursa Securities
- Modifications : Save for manifest error, any modification, amendment, deletion or addition to the Deed Poll shall require the approval of the holders of Warrants sanctioned by special resolution and may be effected only by the Deed Poll, executed by our Company and expressed to be supplemental hereto and subject to the approval of the relevant authorities, if necessary
- Constitution : The Warrants will be constituted by the Deed Poll
- Governing law : Laws and regulations of Malaysia

2.6 Details of other corporate exercises

As at the LPD, save for the Rights Issue with Warrants, our Board confirms that there are no other corporate exercises which have been announced and/ or approved by the regulatory authorities but pending completion.

3. RATIONALE AND JUSTIFICATION FOR THE RIGHTS ISSUE WITH WARRANTS

After due consideration, our Board is of the view that the Rights Issue with Warrants is the most appropriate avenue of raising fund for the purposes stated in Section 5 of this Abridged Prospectus while potentially enhancing our Company's capital base as the Rights Issue with Warrants shall:-

- i. Enable our Company to raise funds without incurring interest as compared to bank borrowings;
- ii. Optimise our Group's capital structure by strengthening our Group's statement of financial position and reducing our Group's current gearing level. Upon completion of the Rights Issue with Warrants, our Group is able to raise funding of approximately RM5.77 million and RM12.19 million under the Minimum Scenario and Maximum Scenario, respectively. The funds raised would be partially utilised by our Group for partial repayment of bank borrowings of RM4.00 million and RM9.00 million under the Minimum Scenario and Maximum Scenario, respectively. In addition, the net assets of our Group is expected to increase from approximately RM98.88 million to approximately RM104.05 million and RM110.47 million after the Rights Issue with Warrants under the Minimum Scenario and the Maximum Scenario, respectively (prior to the full exercise of the Warrants). As the Rights Issue with Warrants will enable our Group to raise funding for partial repayment of our Group's bank borrowings as well as increasing the NA of our Group, accordingly, the gearing level of our Group is also expected to reduce from approximately 0.73 times to approximately 0.66 times and 0.57 times after the Rights Issue with Warrants under the Minimum Scenario and Maximum Scenario, respectively (prior to the full exercise of the Warrants). Further details on the proforma net asset and gearing level of our Group have been set out in Section 8.2 and Appendix III of this Abridged Prospectus; and
- iii. Provide our shareholders with an opportunity to further increase their equity participation in our Company via the issuance of new Komark Shares without diluting our existing shareholders' equity interest in our Company (assuming all the Entitled Shareholders fully subscribe for their respective entitlements).

The Warrants to be issued pursuant to the Rights Issue with Warrants are expected to provide an incentive to the Entitled Shareholders and/ or their renounee(s) to subscribe for the Rights Shares. The Warrants will allow the Entitled Shareholders and/ or their renounee(s) who subscribe for the Rights Shares to benefit from the potential capital appreciation of the Warrants and increase their equity participation in our Company at a predetermined price over the tenure of the Warrants. In addition, our Company would also be able to raise further proceeds as and when the Warrants are exercised.

4. IRREVOCABLE UNDERTAKING AND UNDERWRITING ARRANGEMENT

Our Board has determined to undertake the Rights Issue with Warrants on the Minimum Subscription Level basis after taking into consideration the level of funds that we wish to raise from the Rights Issue with Warrants, which will be channelled towards the proposed utilisation of proceeds as set out in Section 5 of this Abridged Prospectus. In this regard, we intend to raise minimum gross proceeds of RM5.77 million.

The substantial shareholders of Komark, namely Aimas, Koh Hong Muan @ Koh Gak Siong, Lim Pei Tiam @ Liam Ahat Kiat and Tan Kwe Hee, had vide their letters dated 13 June 2014, provided their respective irrevocable undertakings to subscribe in full for their entitlements under the Rights Issue with Warrants based on their shareholdings ("Substantial Shareholders' Undertakings"), and Koh Hong Muan @ Koh Gak Siong, Lim Pei Tiam @ Liam Ahat Kiat and Tan Kwe Hee had also vide their letters dated 13 June 2014, provided their respective irrevocable undertakings to subscribe for additional Rights Shares with Warrants not subscribed by the Entitled Shareholders and/ or their renounee(s) pursuant to the Rights Issue with Warrants under the Minimum Scenario ("Additional Undertakings").

A summary of the irrevocable undertakings is set out below:-

Substantial shareholders	Shareholdings as at the LPD		Substantial Shareholders' Undertakings		Additional Undertakings		Total undertakings	
	No. of shares	%	No. of shares	% ^{*2}	No. of shares	% ^{*2}	No. of shares ^{*3}	% ^{*2}
Aimas ^{*1}	10,906,889	13.42	5,453,444	28.35	-	-	5,453,444	28.35
Koh Hong Muan @ Koh Gak Siong	6,519,900	8.02	3,259,950	16.94	1,500,000	7.80	4,759,950	24.74
Lim Pei Tiam @ Liam Ahat Kiat	9,938,800	12.23	4,969,400	25.83	750,000	3.90	5,719,400	29.73
Tan Kwe Hee	5,112,100	6.29	2,556,050	13.28	750,000	3.90	3,306,050	17.18
	32,477,689	39.96	16,238,844	84.40	3,000,000	15.60	19,238,844	100.00

Notes:-

^{*1} The directors and shareholders of Aimas as well as their respective shareholdings in Aimas as at the LPD are set out below:-

Directors	Nationality	<-----Direct----->		<-----Indirect----->	
		No. of shares	%	No. of shares	%
Koh Hong Muan @ Koh Gak Siong	Malaysian	167,000	16.70	833,000 [#]	83.30
Koh Chie Jooi	Malaysian	166,600	16.66	-	-
Koh Chee Mian	Malaysian	166,600	16.66	-	-
Koh Chee Kian	Malaysian	166,600	16.66	-	-
Koh Chee Hao	Malaysian	166,600	16.66	-	-

Note:-

[#] Deemed interested through the shareholdings of his spouse and children in Aimas

Shareholders	Nationality	<-----Direct----->		<-----Indirect----->	
		No. of shares	%	No. of shares	%
Koh Hong Muan @ Koh Gak Siong	Malaysian	167,000	16.70	833,000 ^(a)	83.30
Lee Poh Tin	Malaysian	166,600	16.66	833,400 ^(b)	83.34
Koh Chie Jooi	Malaysian	166,600	16.66	-	-
Koh Chee Mian	Malaysian	166,600	16.66	-	-
Koh Chee Kian	Malaysian	166,600	16.66	-	-
Koh Chee Hao	Malaysian	166,600	16.66	-	-

Notes:-

^(a) Deemed interested through the shareholdings of his spouse and children in Aimas

^(b) Deemed interested through the shareholdings of her spouse and children in Aimas

Aimas is deemed as a person acting in concert with Koh Hong Muan @ Koh Gak Siong as Aimas is a corporation collectively owned by Koh Hong Muan @ Koh Gak Siong and his spouse and children. In addition, Koh Hong Muan @ Koh Gak Siong is a director of Aimas.

Save as disclosed above, Aimas is not deemed as a person acting in concert with any of the remaining substantial shareholders of Komark who have provided their respective irrevocable undertakings, namely Lim Pei Tiam @ Liam Ahat Kiat and Tan Kwe Hee.

² Computed based on 19,238,844 Rights Shares available for subscription under the Minimum Subscription Level basis.

³ For illustrative purposes only, based on the issue price of RM0.30 per Rights Share, the funding requirements for Aimas, Koh Hong Muan @ Koh Gak Siong, Lim Pei Tiam @ Liam Ahat Kiat and Tan Kwe Hee pursuant to their respective irrevocable undertakings are set out below:-

Name	Total undertakings No. of shares	Funding requirements RM
Aimas	5,453,444	1,636,033
Koh Hong Muan @ Koh Gak Siong	4,759,950	1,427,985
Lim Pei Tiam @ Liam Ahat Kiat	5,719,400	1,715,820
Tan Kwe Hee	3,306,050	991,815
Total	19,238,844	5,771,653

Aimas, Koh Hong Muan @ Koh Gak Siong, Lim Pei Tiam @ Liam Ahat Kiat and Tan Kwe Hee had, vide their letters dated 13 June 2014, provided their confirmations that they have sufficient financial resources to subscribe for their respective undertakings. The said confirmations have been verified by RHBIB, the Adviser for the Rights Issue with Warrants.

As the Rights Issue with Warrants will be undertaken on a Minimum Subscription Level basis, we will not procure any underwriting arrangement for the balance of up to 21,398,161 Rights Shares, representing approximately 52.66% of the total Rights Shares available for subscription under the Maximum Scenario of which no irrevocable written undertaking to subscribe has been obtained from other persons.

As at the LPD, our Company's public shareholding spread is 57.67%. Assuming the Rights Issue with Warrants is implemented under the Minimum Subscription Level and assuming full exercise of the Warrants by Aimas, Koh Hong Muan @ Koh Gak Siong, Lim Pei Tiam @ Liam Ahat Kiat and Tan Kwe Hee, the public shareholding spread is expected to decrease to 39.14%.

For the avoidance of doubt, the Minimum Subscription Level will not give rise to any mandatory general offer obligation pursuant to the Malaysian Code on Take-Overs and Mergers, 2010.

5. UTILISATION OF PROCEEDS

Based on the issue price of RM0.30 per Rights Share, the total gross proceeds that are expected to be raised from the Rights Issue with Warrants and the intended utilisation are set out below:-

	Time frame for utilisation	Minimum Scenario RM'000	Maximum Scenario RM'000
Repayment of bank borrowings ¹	Within twelve (12) months from completion	4,000	9,000
Purchase of machinery ²	Within twelve (12) months from completion	932	932
Working capital ³	Within six (6) months from completion	240	1,659
Estimated expenses in relation to the Corporate Exercises ⁴	Upon completion	600	600
Total		5,772	12,191

Notes:-

¹ As at the LPD, our Group's total bank borrowings amounted to approximately RM68.59 million, details of which are set out below:-

Type of facility	Name of financial institution	Approximate Interest rate	Purpose of facility	Currency				Total # RM'000
				RM'000	RMB'000	THB'000	SGD'000	
Short-term borrowings								
Bank overdraft	Standard Chartered Bank Malaysia Berhad Malayan Banking Berhad RHB Bank Berhad, Bangkok	Base lending rate ("BLR") plus 1.25% p.a. BLR plus 1.6% p.a. Minimum overdraft rate ("MOR") minus 1.5% p.a. MOR plus 1% p.a.	Working capital Working capital Working capital Working capital	3,656 632 - -	- - 13,915 4,770	- - - -	- - - -	3,656 632 1,471 504
Bankers' acceptance	Standard Chartered Bank Malaysia Berhad Malayan Banking Berhad Hong Leong Bank Berhad RHB Bank Berhad, Bangkok	1.25% p.a. per transaction 1.7% p.a. per transaction BLR plus 1.5% p.a. 5.6% p.a. per transaction	Working capital Working capital Working capital Working capital	15,799 1,136 219 -	- - - 7,764	- - - -	- - - -	15,799 1,136 219 821
Term loans	Standard Chartered Bank Malaysia Berhad Kuwait Finance House (Malaysia) Berhad Industrial and Commercial Bank of China Limited Malayan Banking Berhad, Shanghai Malayan Banking Berhad, Shanghai	BLR minus 1.5% p.a. Base financing rate ("BFR") plus 0.25% p.a. 6.90% p.a. 7.75% p.a. The People's Bank of China central bank base interest rate ("PBOC") plus 1.75% p.a. PBOC times 1.1	Working capital Working capital Working capital Working capital Working capital	225 1,280 - - -	- - 3,500 5,000 15,000	- - - - -	- - - - -	225 1,280 1,982 2,831 8,493
Finance lease and hire purchase liabilities	Bank of Shanghai Co Ltd Ambank (M) Berhad Alliance Bank Malaysia Berhad Far Eastern Leasing Co Ltd BSL Leasing Co Ltd, Thailand Alpine Credit Pte Ltd United Overseas Bank Limited Co	3.8% p.a. 3.3% p.a. 6.00% p.a. BLR plus 0.98% p.a. 1.88% p.a. 2.99% p.a.	Working capital Machine financing Vehicle financing Machine financing Machine financing Vehicle financing Vehicle financing	- 258 66 - - - -	22,000 - - 4,111 - 19,461 - -	- - - - - - -	- - - - - 13 16	12,456 258 66 2,328 2,057 35 42

Type of facility	Name of financial institution	Approximate Interest rate	Purpose of facility	Currency			Total*
				RM '000	RMB '000	THB '000	
Long-term borrowings							
Term loans	Standard Chartered Bank Malaysia Berhad	BLR minus 1.5% p.a.	Working capital	6,518	-	-	6,518
	Kuwait Finance House (Malaysia) Berhad	BFR plus 0.25% p.a.	Working capital	1,526	-	-	1,526
	Malayan Banking Berhad, Shanghai	4.8% p.a. to 6.1806% p.a.	Machine financing	-	707	-	400
	Malayan Banking Berhad, Shanghai	7.65% p.a. to 7.9% p.a.	Machine financing	-	1,546	-	876
Finance lease and hire purchase liabilities	Alliance Bank Malaysia Berhad	3.3% p.a.	Vehicle financing	78	-	-	78
	Far Eastern Leasing Co Ltd	6% p.a. to 6.15% p.a.	Machine financing	-	2,975	-	1,684
	BSL Leasing Co Ltd, Thailand	BLR plus 0.98% p.a.	Machine financing	-	-	9,613	1,016
	Alpine Credit Pte Ltd	1.88% p.a.	Vehicle financing	-	-	-	79
	United Overseas Bank Limited Co	2.99% p.a.	Vehicle financing	-	-	-	127
							68,595

Note:-

The amount of borrowings in foreign currencies were converted into RM at the following closing exchange rate as at the LPD from Bank Negara Malaysia:-

Foreign currency	RMB	THB	SGD
Rate in RM per unit of foreign currency	0.5662	0.1057	2.6399

For illustrative purposes, the partial repayment of our Group's bank borrowings is expected to result in an interest cost savings of approximately RM0.28 million per annum under the Minimum Scenario and approximately RM0.63 million per annum under the Maximum Scenario based on the effective interest rate at 7.02% per annum.

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² As at the LPD, we own a total of 60 machineries in our Group's production lines. Our Group intends to purchase one (1) additional new machinery for the manufacturing of self-adhesive labels and stickers in Malaysia to replace an existing machinery in Malaysia which will be relocated to Indonesia and is intended to be used in our Group's operation in Indonesia to enhance our Group's production lines in Indonesia. Our customer base in Malaysia is more established and we need a new machinery with higher production capacity to meet the increasing demand from our customers in Malaysia in terms of, amongst others, varieties of colour and quality. Meanwhile, our presence in the Indonesian market is relatively new and we foresee that the said existing machinery could meet the immediate requirements of our customers in Indonesia. The gross proceeds earmarked for purchase of machinery is intended to be utilised to partially fund the purchase of the aforesaid additional new machinery which has more advanced technology such as it could print more colours at a time and has faster speed and higher printing capacity, and is expected to increase the productivity of our Group in our operation in Malaysia.

The total cost of the new machinery is approximately RM2.93 million. Our Group is currently sourcing for hire purchase facilities to fund the balance of approximately RM1.99 million for the new machinery. The production capacity of the existing machinery which is intended to be used in our Group's operation in Indonesia is approximately 172,800 square metres per month while the production capacity of the new machinery is approximately 362,880 square metres per month. Hence, the purchase of the new machinery is expected to increase the production capacity of our Group by approximately 362,880 square metres per month.

³ The proceeds earmarked for general working capital will be utilised to finance the day-to-day operations of our Group and is expected to be utilised in the following manner:-

	Minimum Scenario RM'000	Maximum Scenario RM'000
Repayment to trade creditors	150	1,159
Other day-to-day operation expenses	90	500
Total	240	1,659

The total outstanding trade creditors of our Group as at the LPD is approximately RM23.02 million. The credit terms/ period granted by the existing trade creditors of our Group as at the LPD ranges from 30 days to 120 days. The proceeds to be raised is expected to contribute positively to our Group's cash flow and fund our Group's operating expenses.

⁴ The proceeds earmarked for estimated expenses in relation to the Corporate Exercises shall be utilised as set out below:-

	RM'000
Professional fees (i.e. adviser, reporting accountants and solicitors)	450
Regulatory fees	
- Bursa Securities	80
- The SC	9
- Registrar of Company	1
Other incidental expenses in relation to the Corporate Exercises	60
Total	600

Any variation to the amount of proceeds to be raised, which is dependent upon the actual number of Rights Shares to be issued, will be adjusted against the working capital.

The gross proceeds to be raised from the exercise of the Warrants is dependent on the total number of Warrants exercised during the tenure of the Warrants based on the exercise price of the Warrants. For illustrative purposes only, the gross proceeds that is expected to be raised upon full exercise of the Warrants based on the exercise price of RM0.30 per Warrant is approximately RM5.77 million under the Minimum Scenario and approximately RM12.19 million under the Maximum Scenario. The gross proceeds to be raised from the exercise of the Warrants will be utilised as additional working capital of our Group. The said proceeds may be utilised to finance, amongst others, salaries, repayment to trade creditors as well as general expenses such as traveling, staff training, rental of offices and utilities.

Pending utilisation of the proceeds from the Rights Issue with Warrants for the above purposes, the proceeds will be placed in deposits with financial institutions or short-term money market instruments. The interest derived from the deposits with financial institutions or any gains arising from the short-term money market instruments will be used as additional working capital of our Group.

6. RISK FACTORS

In addition to other information contained elsewhere in this Abridged Prospectus, you and/ or your renounee(s) (if applicable) should consider carefully the following risk factors (which may not be exhaustive) which may have an impact on the future performance of our Group before subscribing for or investing in the Rights Shares and the Warrants.

6.1 Risks relating to our operations and the industry we operate in

6.1.1 Business and operational risks

Our Group is subject to the business and operational risks inherent to labels and labelling sector in both Malaysia and the regional countries we operate in, namely the PRC, Thailand, Singapore and Indonesia. This may include, amongst others, shortages in skilled workforce, entry of new competitors, fluctuations of raw material prices, changes in economic, business and credit conditions, and other business and operational risks common to going concerns.

Although our Group seek to limit these risks through, amongst others, prudent management policies, maintenance of a pool of suppliers with whom we have long term relationships and close monitoring of our Group's operations, no assurance can be given that any change to these factors will not have a material adverse effect on our Group's business and financial performance.

6.1.2 Competition risk

Our Group face competition from existing competitors and new entrants into the market in the future, both locally and internationally. We face challenges from other players in the market in terms of economies of scale, pricing and value-added services. There can be no assurance that we would be able to sustain our competitiveness against current and future competitors.

We intend to mitigate competition risk by, amongst others, actively participating in competitive bidding and negotiation to secure contracts/ purchase orders and continuing our efforts in terms of cost efficiency as well as continuing our commitment to providing and maintaining quality products and services and on-time delivery to our Group's customers. In addition, we believe that our regional presence in the PRC, Thailand, Singapore and Indonesia shall contribute to our competitive edge as many of our Group's customers are multinational companies which market their products globally.

6.1.3 Dependence on major/ recurring customers

Our Group is principally engaged in manufacturing of self-adhesive labels and stickers which are meant for industrial usage for the labelling of the products manufactured by the customers of our Group such as lubricant oil, personal care products, food and confectionary, beverages, pharmaceutical and health care products. The major customers of our Group who contributed 5% or more of our Group's revenue for the FYE 30 April 2014 have been set out in Section 7 of this Abridged Prospectus. Many of our Group's customers are recurring customers and multinational companies which market their products globally. As such, our Group is dependent to a certain extent on our major/ recurring customers.

Nevertheless, our Group is committed to providing and maintaining quality products and services and on-time delivery to our Group's customers. Over the years, our Group has established and maintained good relationships with our Group's customers. Our Group works closely with our Group's customers from the initial design stage up to the production process. Our Group believes that the recurring business opportunities from our Group's customers are a testament of our Group's commitment in providing and maintaining quality products and services to our Group's customers.

6.1.4 Breakdown of machineries in our Group's production lines

Our Group's business in manufacturing of self-adhesive labels and stickers is exposed to the risks of breakdown of machineries used in our Group's production lines. The event of significant breakdowns or prolonged interruptions to our production lines could create bottleneck of orders and affect our ability to deliver the orders of our customers. This in turn could have adverse effects on our Group's profitability and reputation.

In order to mitigate the above risk, our Board is of the opinion that based on the current utilisation rate of our manufacturing lines, the current preventive and maintenance measures practiced by our Group are adequate. In addition, in the event of any unscheduled breakdowns, our Group has in place our in-house technicians as well as external technicians readily available.

6.1.5 Breakout of fire, energy crisis and other emergency crisis

Our operations may be affected by a breakout of fire, interruptions due to power supply and/ or other emergency crisis. Our Group believes that we have adequate safety and fire-fighting equipment installed at our premises to ensure that the risk of fire is contained. Our employees have been educated on safety measures particularly during fire or other emergency drills organised by ourselves. In the event of a power failure, we will rent generators from third (3rd) parties at the material time during the period, if necessary.

6.1.6 Borrowings and financing risks and fluctuations in interest rates

Our total bank borrowings as at LPD amounted to approximately RM68.59 million, all of which are interest-bearing borrowings from domestic and overseas. As such, any additional borrowings and/ or increase in interest rates may result in an increase in interest expense, which may affect our profitability. There can be no assurance that current interest rates will be maintained in the future and/ or that any increase in our borrowings will not have any material effect on our financial performance.

Our credit facilities may also be subject to periodic review by the banks or financiers and contain certain covenants which may limit our operating and financing flexibility. Any act or omission by us that breaches such covenants may give the rights to the banks or financiers to terminate the relevant credit facilities and/ or enforce any security granted in relation to those credit facilities. This may in turn causes a cross default of other credit facility agreements. As these covenants are commonly contained in the credit facility agreements in Malaysia, we will endeavour to monitor the compliance with all such covenants. Nevertheless, there can be no assurance that our performance will not be adversely affected should we breach such covenants of any of our facility agreements.

Our Group's gearing stood at 0.73 times and 0.70 times as at 30 April 2014 and 31 July 2014, respectively, and all our borrowings are interest-bearing obligations. Despite the relatively manageable gearing level, any interest rate hike may affect our business and hence, we manage the net exposure to interest rate risks by maintaining sufficient lines of credits to obtain acceptable lending costs and by monitoring the exposure to such risks on an ongoing basis. As at the LPD, we have not encountered any default in payment on the bank borrowings.

6.1.7 Foreign exchange risk

Our Group is exposed to foreign exchange risks as we have business transactions which are transacted in, amongst others, USD, RMB, SGD, THB and INR, including purchases of raw materials and revenue from overseas markets. In addition, our Group also has borrowings denominated in foreign currencies. Our Group recorded a gain from foreign currency translation of approximately RM1.51 million in the FYE 30 April 2012, a gain from foreign currency translation of approximately RM0.80 million in the FYE 30 April 2013, a loss on foreign currency translation of approximately RM0.49 million in the FYE 30 April 2014 and a gain on foreign currency translation of approximately RM0.27 million in the three (3)-month FPE 31 July 2014.

Any future fluctuations in exchange rates may have an impact on the revenue and earnings of our Group. As at the LPD, our Group does not have foreign exchange hedging facilities to hedge our exposure against transactions in foreign currency. However, our Group will continue to assess the need to use financial instruments to hedge our foreign currency exposure, taking into consideration factors such as the foreign currency involved, exposure period and transaction costs.

6.1.8 Dependence on key personnel

Our continued success is dependent on the ability, expertise, experience, competency and continued efforts of our existing Board and key management personnel. The departure of any of these individuals without suitable and timely replacements and an inability to attract or retain qualified and suitable personnel may have an unfavourable and material impact on the business and operating results of our Group.

To avoid over dependence on any key personnel, we strive to attract qualified and experienced personnel as well as to enhance our succession planning programme by grooming junior personnel to complement our management team. We believe that offering competitive salary packages, training and having a conducive working environment should mitigate this risk, and in turn help to ensure continuity and competency of our management team.

6.1.9 Political, economic and regulatory risks

Our financial and business prospects, and the industry in which we operate in, will depend to some degree on the developments in the political, economic and regulatory front in both Malaysia and the regional countries we operate in, namely the PRC, Thailand, Singapore and Indonesia. Amongst the political, economic and regulatory risk factors are global economic slowdown, changes in interest rates, war, terrorism activities, expropriations, changes in political leadership, implementation of minimum wage policy, changes in methods of taxation and unfavourable changes in the governmental policies such as licensing regulations.

The implementation of the Goods and Services Tax in Malaysia effective 1 April 2015 ("GST") is not expected to materially affect the operations and financial performance of our Group. Nonetheless, as the demand for the self-adhesive labels and stickers manufactured by our Group would be dependent to a certain extent on households' private consumption, the implementation of GST may have an adverse impact on the demand from our customers for our Group's products as the implementation of GST may dampen consumer sentiment and have an adverse impact on private consumption.

Our Group will continue to adopt effective measures such as prudent management and efficient operating procedures to mitigate these risks. However, no assurance can be given that adverse development or change in the political, economic and regulatory front in Malaysia and the regional countries we operate in, namely the PRC, Thailand, Singapore and Indonesia, will not materially affect our Group's business and financial position.

6.2 Risks relating to the Rights Issue with Warrants

6.2.1 Market risks

The market price of our Shares is influenced by, amongst others, the prevailing market sentiments, the liquidity of our Shares, the volatility of equity markets, the outlook of the industry which we operate in and our financial performance. In view of this, there can be no assurance that our Shares will trade at or above the issue price of the Rights Shares or the theoretical ex-rights price of our Shares upon or subsequent to the listing of and quotation for the Rights Shares on the Main Market of Bursa Securities.

Shareholders should also consider carefully that each Warrant derives its value from giving its holder the right to subscribe for new Komark Shares at a predetermined exercise price over the exercise period. The Warrants have a finite lifespan during which tenure the holders can exercise the subscription rights comprised in the Warrant. If the sum of the price of the Warrants as quoted on Bursa Securities and the exercise price of the Warrants is higher than the market price of Komark Shares, the Warrants are deemed to be 'out-of-the-money'. The value of the Warrants is directly related to the market price of Komark Shares. The higher the market price of Komark Shares exceeds the exercise price of the Warrants, the higher the value of the Warrants will be. Shareholders are reminded, however, that other factors may also affect the market price of our Warrants or the market price of our Shares. Other than the fundamentals of our Group, the future price performance of the Warrants will also depend on various external factors as mentioned above.

As the Warrants are a new type of securities issued by our Company, there can also be no assurance that an active market for the Warrants will develop upon their listing on Bursa Securities or if developed, that it will sustain.

Accordingly, there can be no assurance that the market price of our Rights Shares and Warrants will be at a level that meets the specific investment objectives or targets of any holders of the Rights Shares and the Warrants.

6.2.2 Delay in or abortion of the implementation of Rights Issue with Warrants

The Rights Issue with Warrants is exposed to the risk that it may be delayed or aborted on the occurrence of any material adverse change of events/ circumstances such as changes in political leadership and unfavourable changes in the government's policies such as taxation regulations as well as other force majeure events, which are beyond the control of our Company and RHBIB, arising prior to or during the implementation of the Rights Issue with Warrants.

Nevertheless, our Group will endeavour to ensure the successful listing of the Rights Shares and the Warrants. However, there can be no assurance that the abovementioned events will not occur and cause a delay in or abortion of the Rights Issue with Warrants. In the event the Rights Issue with Warrants is aborted, our Group will repay without interest all monies received in respect of the accepted application for the subscription of the Rights Shares with Warrants pursuant to the Rights Issue with Warrants and if such monies are not repaid within 14 days after we become liable to repay, we will repay such monies with interest at the rate of 10% per annum or at such other rate as may be prescribed by the SC in accordance with Section 243(2) of the CMSA.

In the event that the Rights Shares with Warrants is aborted/ terminated, and the Rights Shares with Warrants have been allotted to the shareholders, a return of monies to all holders of the Rights Shares could only be achieved by way of cancellation of share capital as provided under the Act and its related rules. Such cancellation requires the sanction of our shareholders by special resolution in a general meeting, consent of our creditors (unless dispensation with such consent has been granted by the High Court of Malaya) and the confirmation of the High Court of Malaya. There can be no assurance that such monies can be recovered within a short period of time or at all in such circumstances.

6.3 Forward-looking statements

Certain statements in this Abridged Prospectus are based on historical information which may not be reflective of the future results, whilst others are forward-looking in nature, which are subject to uncertainties and contingencies.

All forward-looking statements contained in this Abridged Prospectus are based on assumptions made by our Company, unless stated otherwise. Although our Board believes that these forward-looking statements are reasonable, the statements are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in such forward-looking statements. Such factors include, inter-alia, the risk factors as set out in this section. In view of these uncertainties, the inclusion of any forward-looking statements in this Abridged Prospectus should not be regarded as a representation or warranty by our Company that the plans and objectives of our Group will be achieved.

7. INDUSTRY OVERVIEW AND FUTURE PROSPECTS OF OUR GROUP

Our Group is principally engaged in manufacturing of self-adhesive labels and stickers and trading of related products. The self-adhesive labels and stickers manufactured by our Group are paper-based and film-based, and are meant for industrial usage for the labelling of the products manufactured by the customers of our Group such as lubricant oil, personal care products, food and confectionary, beverages, pharmaceutical and health care products. As such, there is no brand name for the labels and stickers manufactured by our Group. The major customers of our Group who contributed 5% or more of our Group's revenue for the FYE 30 April 2014 are set out below:-

Major customers	Products	<---Revenue for the FYE 30 April 2014--->			
		Domestic		Overseas	
		RM'000	%	RM'000	%
Global group of energy and petrochemical companies	Paper-based labels for lubricant oil	4,169	2.94	40,598	28.63
Multinational consumer packaged goods supplier	Paper and film-based labels for personal care products	2,875	2.03	9,569	6.75
Multinational medical devices, pharmaceutical and consumer packaged goods manufacturer	Paper and film-based labels for personal care products	2,907	2.05	5,851	4.13

Apart from our Group's operation in Malaysia, our Group currently has operating subsidiary companies located in the PRC, Thailand, Singapore and Indonesia. In addition, our Group also has customers from Sri Lanka, the Philippines, Pakistan, Oman, Bangladesh and Vietnam. Further details of the breakdown of the revenues by country for the FYE 30 April 2014 are set out in Section 7.9 of this Abridged Prospectus.

7.1 Overview and outlook of the Asian economy

The overall growth momentum in Asia is expected to be sustained, supported by the gradual improvement in external demand. However, the degree of improvement in exports could vary across the region. In some of the advanced Asian economies, export growth is projected to strengthen, benefitting from improved demand for consumer electronic products and industrial machineries, in line with the recovery in the advanced economies. Commodity exporters are, however, likely to experience more muted export performance as improvements in export volume may be offset by lower commodity prices. While domestic demand remains a key driver of growth in most of the ASEAN economies, the strength of economic activity is contingent on several country-specific factors. In a number of these economies, private consumption and private investment activities could be affected by rising costs and inflation. Growth in the PRC will expand at a more moderate pace amid efforts to rebalance the economy towards a more sustainable, consumption-driven growth model. The pursuit of reforms in key areas such as financial liberalisation, fiscal and social reforms remains a top policy priority for the government in 2014.

(Source: *Outlook and Policy in 2014, Bank Negara Malaysia Annual Report 2013*)

7.2 Overview and outlook of the Malaysian economy

The Malaysian economy registered a growth of 5.6% in the third quarter of 2014, supported by private sector demand and continued positive growth in net exports of goods and services. On the supply side, growth in the major economic sectors was sustained, supported by trade and domestic activities. On a quarter-on-quarter seasonally adjusted basis (second quarter of 2014 to third quarter of 2014), the economy grew by 0.9%.

(Source: *Economic and Financial Developments in the Malaysian Economy in the Third Quarter of 2014, Bank Negara Malaysia Quarterly Bulletin – Q3/2014*)

The Malaysian economy is expected to sustain its growth momentum in 2015 driven by resilient domestic demand and an improving external sector. Given the better outlook of the global economy and underpinned by the 2015 Budget measures to further support growth and transformation programmes, gross domestic product ("GDP") is expected to expand at a steady pace between 5% and 6% in 2015. However, there remain downside risks on the external front, including slow and uneven growth in the euro area, increased deflationary pressures in the advanced economies, slower growth in emerging markets and sooner-than-expected normalisation of interest rates in the United States, as well as geopolitical tensions that could affect global growth.

On the demand side, growth will be private sector driven, building on the success of various initiatives taken by the Malaysian government over the years to provide a conducive environment for private economic activity to thrive. Private investment will remain vibrant and is expected to register a double-digit growth supported by the ongoing implementation of the Tenth Malaysia Plan, Economic Transformation Programme and Government Transformation Programme. Although private consumption is expected to moderate, the favourable employment outlook, Malaysian government assistance through cash transfers and lower individual income tax as well as higher household income, are expected to cushion the impact of higher prices on consumption.

On the supply side, all sectors are expected to further expand with the manufacturing and services sectors remaining the drivers of growth, supported by sustained domestic economic activity and higher export-oriented manufacturing activities as well as trade-related services. Malaysia's external position is expected to remain strong in line with improved prospects for global growth and trade.

(Source: Chapter 1 Economic Management and Prospects, Economic Report 2014/ 2015, Ministry of Finance Malaysia)

7.3 Overview and outlook of the PRC economy

The PRC's economy grew 7.4% in the first half of 2014, following improved external demand coupled with government reform measures, aimed at stabilising the economy. Exports grew marginally by 0.9% partly owing to the inflated base effect of 2013, while imports grew at a slower pace of 1.5% due to weakening of the RMB. Private consumption strengthened with per capita income of urban and rural households increasing 9.6% and 12%, respectively, as a result of better labour market conditions. Meanwhile, investment in fixed assets grew 17.3%. This was supported by growth in primary industry investment at 24.1%, particularly in the agriculture sector, following the reserve requirement ratio cuts for rural banks to encourage lending for small companies and agriculture. Investment in real estate subdued at 14.1% as sales and new property construction slipped.

The manufacturing sector remained stable, as indicated by the manufacturing Purchasing Managers Index which averaged 50.5 points. This was a result of improved external demand as well as support measures to facilitate trade and domestic economic activities. Retail sales grew at a slower pace of 12.1%, mainly due to the sluggish motor vehicles sales following the new guideline to reduce public sector spending on motor vehicles. However, online sales registered strong growth at 48.3%, leveraging the role of technology innovation in spurring growth. The Consumer Price Index eased to 2.2% due to moderating food prices, particularly for meat and vegetables. Unemployment in the PRC remained at 4.1% following the nationwide scheme to help graduates secure jobs. The People's Bank of China has maintained its policy rate at 6.00% since July 2012 to support the economy. The PRC's GDP is projected to grow 7.4% in 2014.

(Source: Chapter 2 International Economic Performance and Cooperation, Economic Report 2014/ 2015, Ministry of Finance Malaysia)

7.4 Overview and outlook of the Thailand economy

In Thailand, GDP shrank 0.1% in the first half of 2014 due to the prolonged political turmoil in the first five (5) months of 2014, slower growth of exports and continuous decline in car production and sales. Political uncertainty led to a contraction in private consumption and total investment of 1.4% and 8.1%, respectively, in the first half of 2014. Exports shrank 0.6% in the first half of 2014 due to slower global economic recovery and decline in export prices. In addition, car production and sales contracted sharply by 24.1% and 44.4%, respectively, in the first half of 2014 contributing to a decline in manufacturing production and private consumption. Meanwhile, the tourism industry, a key contributor to the economy, remained weak as foreign tourist arrivals contracted 10.1% in the first half of 2014 amid socio-political and security issues.

Inflation eased to 2.2% in the first half of 2014 as the new military administration capped prices in several categories of household goods, particularly diesel and cooking gas. In March 2014, the Bank of Thailand lowered its policy rate from 2.25% to 2.00%, the lowest level since December 2010, to lend more support to the economy. Thailand's GDP is projected to grow by 1.5% - 2% in 2014 contributed by an expected pickup in factory output, exports, tourism and investment in the second half of 2014.

(Source: Chapter 2 International Economic Performance and Cooperation, Economic Report 2014/ 2015, Ministry of Finance Malaysia)

7.5 Overview and outlook of the Singapore economy

The economy grew by 2.4% in the second quarter of 2014, slower than the 4.8% growth in the preceding quarter. On a quarter-on-quarter seasonally-adjusted annualised basis, the economy grew by 0.1%, moderating from the 1.8% growth in the previous quarter.

All key economic sectors expanded in the second quarter of 2014. The finance and insurance sector grew by 5.5% compared to the same quarter last year, while the construction sector expanded by 4.4%. The information and communications and other services sectors grew by 2.5% and 2.6% respectively.

The main drivers of economic growth in the second quarter of 2014 were the finance and insurance, business services, wholesale and retail trade, manufacturing and other services sectors. Together, they accounted for about 75% of overall economic growth.

(Source: The Singapore Economy, Economic Survey of Singapore Second Quarter 2014, Ministry of Trade and Industry Singapore)

Manufacturing output rose by 1.5% year-on-year in the second quarter of 2014, a moderation from the 9.9% growth in the first quarter. Growth was mainly weighed down by the electronics cluster, which contracted by 4.8%.

The general manufacturing cluster recorded flat growth in the second quarter of 2014. Even though the miscellaneous industry segment grew by 3.2%, this was offset by declines in the printing (-7.0%) and food, beverages and tobacco (-1.0%) segments.

(Source: Performance of Selected Sectors, Economic Survey of Singapore Second Quarter 2014, Ministry of Trade and Industry Singapore)

The Singapore economy is expected to grow at a modest pace in 2014. In particular, externally-oriented sectors such as finance and insurance and wholesale trade are likely to support growth in the second half of 2014, in tandem with the modest pick-up in the global economy. Domestically-oriented sectors such as business services and information and communications are also expected to remain resilient in the second half of 2014. However, growth in some labour-intensive segments such as retail and food services may be weighed down by labour constraints. Taking these factors into consideration, the 2014 growth forecast for the Singapore economy is narrowed from 2.5% to 3.5%.

(Source: Economic Outlook Second Quarter 2014, Ministry of Trade and Industry Singapore)

7.6 Overview and outlook of the Indonesia economy

Indonesia's GDP grew at a slower pace of 5.2% in the first half of 2014, the lowest level registered since the first half of 2011, amid contraction in exports and reduced government consumption. Exports contracted 0.7% in the first half of 2014 due to the ban on exports of unprocessed minerals and metals, enforced in January 2014. Government consumption moderated to 1.2% in the first half of 2014 partly due to lower public expenditure.

On the supply side, growth was mainly supported by transport and communication at 9.9% as well as construction industries at 6.6% in the first half of 2014. Inflation rose slightly to 6.6% in the first half of 2014 mainly due to the lingering effect of the sharp increase in fuel prices in June 2013. Bank Indonesia has maintained its policy rate at 7.50% since November 2013 to curb the inflationary impact of the fuel price hike and support the depreciating rupiah. Overall growth for 2014 is expected to be slower at 5.2%.

(Source: Chapter 2 International Economic Performance and Cooperation, Economic Report 2014/ 2015, Ministry of Finance Malaysia)

7.7 Overview and outlook of the manufacturing industry

Growth in the manufacturing sector moderated to 5.3% in the third quarter of 2014 amid slower growth in the domestic-oriented industries, particularly in the consumer-related industries. However, sustained performance in the export-oriented industries, particularly the electronics and electrical cluster, supported growth. Overall capacity utilisation rate in the manufacturing sector was sustained at 78%, driven by increased capacity utilisation in the export-oriented industries. However, this was offset by the moderation in capacity utilisation in the domestic-oriented industries.

(Source: Economic and Financial Developments in the Malaysian Economy in the Third Quarter of 2014, Bank Negara Malaysia Quarterly Bulletin – Q3/2014)

Value-added of the manufacturing sector is expected to grow 5.5% in 2015. Export-oriented industries are envisaged to benefit from improved global trade, while domestic-oriented industries continue to expand in line with better business confidence and consumer sentiment. The electronics and electrical cluster is expected to grow further driven by higher demand of semiconductors, electronic components, communication and computer peripherals in line with the continued upswing of global electronics demand. The resource-based industry is anticipated to grow steadily attributed to improved demand of petroleum, rubber and chemical products. With better job prospects and higher disposable income, the transport equipment subsector, particularly the passenger car segment, is expected to expand further. In addition, the construction-related industry is expected to expand, supported by ongoing infrastructure projects such as Mass Rapid Transit and extension of Light Rail Transit.

(Source: Chapter 3 Economic Performance and Prospects, Economic Report 2014/ 2015, Ministry of Finance Malaysia)

7.8 The overview and outlook of the private consumption in Malaysia

Our Group manufactures self-adhesive labels and stickers for the labelling of the products manufactured by the customers of our Group such as lubricant oil, personal care products, food and confectionary, beverages, pharmaceutical and health care products. In this regard, the demand for the self-adhesive labels and stickers manufactured by our Group would be dependent to a certain extent on households' private consumption.

Private consumption sustained its resilience growing by 6.7% during the third quarter of 2014. Private consumption was supported by favourable labour market conditions. The major consumption indicators showed a positive performance, in particular, sales tax collection and sales of food.

(Source: The Malaysian Economy – Third Quarter 2014, Ministry of Finance Malaysia)

Private consumption is expected to grow at a slower pace of 5.6% in 2015 below the long-term average, as consumers remain cautious in spending following the fuel subsidy reduction in October 2014 and implementation of GST starting from 1 April 2015. The impact on consumer spending will be mitigated by the provision of additional cash assistance of RM300 to Bantuan Rakyat 1Malaysia recipients and other cash assistance programmes to targeted income groups to help them adjust to the rise in the cost of living. In addition, the review and reduction in individual income tax will ease financial burden of households. Nevertheless, the increase in disposable income underpinned by better employment prospects and continued wage growth is envisaged to support private consumption, particularly on big-ticket items ahead of the implementation of GST, is expected to cushion the moderation in private consumption for 2015.

(Source: Chapter 3 Economic Performance and Prospects, Economic Report 2014/ 2015, Ministry of Finance Malaysia)

7.9 Future prospects of our Group

The principal activities of our Group have been disclosed in Section 7 of this Abridged Prospectus. For the past two (2) financial years up to the FYE 30 April 2014 and the three (3)-month FPE 31 July 2014, our Group has been incurring losses, further details of which are set out in Section 6 of Appendix II of this Abridged Prospectus.

Our Group is taking steps to address the financial performance of our Group. Our Group's turnaround plans are set out below:-

- i. **Cost-cutting** – Our Group has identified some cost-cutting measures which will contribute to cost savings. The identified measures are, amongst others, conducting in-depth review of the performance of each production lines and sales offices of our Group to determine any under-performing production lines and/ or sales offices and formulate rectification plans if required, periodical review of the remuneration of and allowances for the human resources of our Group as well as close monitoring on our Group's operations and expenses;

- ii. Review of workforce – Our management will consistently review the human resources of our Group to determine if any reduction in workforce is needed for reasons such as under-performance of staff or operation and any rationalisation plans of our Group, subject to in-depth study of the impact to the operation and productivity of our Group, if any. Our Group seeks to increase our Group's sales efforts and the efficiency and productivity level of our Group's existing staff. Our Group will continuously build and develop the relevant skill sets of our Group's staff to support and grow our Group's business and operation, by hiring more skillful workers if needed and to constantly provide the necessary up-to-date training to our Group's staff;
- iii. Inventories turnover – In the past, our Group had historically stocked up inventories in anticipation of sales and there were instances that our Group had raw material stock piled up as our Group did not receive as much purchase orders as anticipated. Thereafter, our Group had reviewed our Group's inventory management policy to the current Just-In-Time method whereby orders for raw materials are only placed upon securing sales orders from customers to avoid maintaining high level of inventories. In addition, as a general practice, our Group also stores some buffer stocks to cater for ad-hoc requests by recurring customers as well as to cater for the event of any need to replace defected goods. Our management has identified a few measures which will improve the inventory management of our Group and address any slow-moving or obsolete inventories, amongst others, to closely monitor the re-order quantity practice of our Group, to practice the keeping of low stock levels and secure short lead time arrangement with suppliers for shorter inventory turnover cycle, and to transfer any such inventories to another company location where such inventories are needed;
- iv. Review of credit policies – Our Group will consistently review the credit policies of our Group and monitor closely the collection of trade receivables of our Group. The trade receivables of our Group as at the LPD amounts to approximately RM31.58 million. Our Group's normal credit period given to their trade debtors ranges from 30 to 90 days while the credit period may be extended up to 120 days in certain cases on a case-by-case basis after taking into consideration, amongst others, the background and credit-worthiness of the customer, the payment history of the customer, the relationship with the customer and the quantum of the amount owing by the customer. Our Group regularly follow-up with our Group's trade debtors and constantly reminds our Group's trade debtors of the amount due, close to the expiry date of the credit period granted, so as to minimise occurrences for any extension of credit period to such trade debtors; and
- v. Fund raising – Our Group intends to raise funds from the Rights Issue with Warrants for the purposes of, amongst others, repayment of bank borrowings, purchase of machinery and working capital. As set out in Section 5 of this Abridged Prospectus, the partial repayment of our Group's bank borrowings is expected to result in interest cost savings, the purchase of a new machinery is expected to contribute to the productivity of our Group, and the proceeds earmarked for working capital is expected to contribute positively to our Group's cash flow and fund our Group's operating expenses. In addition, we would also be able to raise further proceeds for our working capital as and when the Warrants are exercised. The fund raising exercise via the Rights Issue with Warrants shall enable us to raise funds without incurring interest expenses as compared to bank borrowings and shall optimise our Group's capital structure by strengthening our Group's statement of financial position and reducing our Group's current gearing level.

Our Board believes that the Rights Issue with Warrants will assist to address the current financial concerns of our Group and improve our shareholders' value upon completion of the Rights Issue with Warrants. Upon completion of the Corporate Exercises, our Group is able to raise funding of approximately RM5.77 million and RM12.19 million under the Minimum Scenario and Maximum Scenario, respectively. In addition, after the Rights Issue with Warrants, the net assets of our Group is expected to increase from approximately RM98.88 million to approximately RM104.05 million and RM110.47 million under the Minimum Scenario and the Maximum Scenario, respectively, prior to the full exercise of the Warrants.

As set out in Section 5 of this Abridged Prospectus, the funds raised are intended to be utilised, amongst others, for the purchase of a new machinery for the manufacturing of self-adhesive labels and stickers in Malaysia. The acquisition of a new machinery for our Group's operation in Malaysia is expected to increase the production capacity of our Group by approximately 362,880 square metres per month.

Further, as set out in Section 5 of this Abridged Prospectus, the funds raised from the Rights Issue with Warrants is also intended to be utilised for partial repayment of our Group's bank borrowings. As the Rights Issue with Warrants will enable our Group to raise funding for partial repayment of our Group's bank borrowings as well as increasing the NA of our Group, accordingly, the gearing level of our Group is also expected to reduce from approximately 0.73 times to approximately 0.66 times and 0.57 times under the Minimum Scenario and Maximum Scenario, respectively (prior to the full exercise of the Warrants). Further details on the proforma net asset and gearing level of our Group have been set out in Section 8.2 and Appendix III of this Abridged Prospectus.

Based on the above and barring any unforeseen circumstances, the Rights Issue with Warrants is expected to place our Company in a better financial footing going forward.

Further, our Group believes that the following factors are able to contribute positively to the business of our Group:-

- i. Regional presence – Apart from our Group's operation in Malaysia, our Group currently has operating subsidiary companies located in the PRC, Thailand, Singapore and Indonesia. In addition, our Group also has customers from Sri Lanka, the Philippines, Pakistan, Oman, Bangladesh and Vietnam. The breakdown of the revenue and profit of our Group by country for the FYE 30 April 2014 is set out below:-

Country	<-----FYE 30 April 2014----->	
	Revenue RM'000	PAT/ (LAT) RM'000
Malaysia	20,690	(32,569) ¹
PRC	80,890	454
Thailand	21,251	2,898
Singapore	8,605	309
Indonesia	3,746	343
Others (i.e. Sri Lanka, the Philippines, Pakistan, Oman, Bangladesh and Vietnam)	6,623	(344)
Total	141,805	(28,909)

Note:-

*1 Our Group's operations in Malaysia incurred LAT of approximately RM32.57 million for the FYE 30 April 2014 mainly due to assets impairment, provisions for slow-moving inventories, writing off of bad debts, provisions for doubtful debts and writing off of development cost as well as high finance cost incurred. The breakdown of the PAT/ (LAT) recorded by all our subsidiary companies in Malaysia for the FYE 30 April 2014 is set out below:-

Subsidiary companies	PAT/ (LAT) for the FYE 30 April 2014 RM'000
General Labels & Labelling (M) Sdn Bhd	(26,961)
Komark International (M) Sdn Bhd	(4,789)
General Labels & Labelling (Penang) Sdn Bhd	(198)
General Labels & Labelling (Ipoh) Sdn Bhd	(729)
General Labels & Labelling (JB) Sdn Bhd	108
	<u><u>(32,569)</u></u>

As set out Section 7.8 of this Abridged Prospectus, our Group manufactures self-adhesive labels and stickers for the labelling of the products manufactured by the customers of our Group such as lubricant oil, personal care products, food and confectionary, beverages, pharmaceutical and health care products. In this regard, the demand for the self-adhesive labels and stickers manufactured by our Group would be dependent to a certain extent on households' private consumption.

Our Group believes that by forming our regional presence in the aforementioned countries, it is able to tap into the population of the aforementioned countries for increase in demand for our products as the customers of our Group are mainly multinational companies which market their products globally, including in the aforementioned regional countries of which some are highly populated. Our Group will continue to capitalise on our product quality to strengthen our market position both locally and abroad. In addition, our Group also intends to explore new markets such as Vietnam and India to further enhance our prospects in the future; and

- ii. Maintaining good relationships – Our Group is committed to providing and maintaining quality products and services and on-time delivery to our Group's customers. Over the years, our Group has established and maintained good relationships with our Group's customers. Our Group works closely with our Group's customers from the initial design stage up to the production process. Our Group believes that the recurring business opportunities from our Group's customers are a testament of our Group's commitment in providing and maintaining quality products and services to our Group's customers.

Barring any unforeseen circumstances, our Board, having considered all the relevant aspects including the above-mentioned plans and industry outlook, is optimistic that the turnaround plans being undertaken by our Group are able to contribute to the business and operation of our Group.

8. FINANCIAL EFFECTS OF THE RIGHTS ISSUE WITH WARRANTS**8.1 Issued and paid-up share capital**

The proforma effects of the Rights Issue with Warrants on our issued and paid-up share capital as at the LPD are set out below:-

	Minimum Scenario		Maximum Scenario	
	No. of Shares	RM	No. of Shares	RM
Issued and paid-up share capital as at the LPD	81,274,010	20,318,503	81,274,010	20,318,503
Shares to be issued pursuant to the Rights Issue with Warrants	19,238,844	4,809,711	40,637,005	10,159,251
	100,512,854	25,128,214	121,911,015	30,477,754
Shares to be issued assuming full exercise of the Warrants	19,238,844	4,809,711	40,637,005	10,159,251
Enlarged issued and paid-up share capital	119,751,698	29,937,925	162,548,020	40,637,005

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8.2 NA per share and gearing

Based on the audited consolidated statements of financial position of our Group as at 30 April 2014, the proforma effects of the Rights Issue with Warrants on the NA per share and gearing of our Group are set out below:-

Minimum Scenario

	Audited as at 30 April 2014 RM'000	I Adjusted for the cancellation of treasury shares ² RM'000	II After I and adjusted for the Par Value Reduction ³ RM'000	III After II and the Rights Issue with Warrants RM'000	IV After III and assuming full exercise of the Warrants RM'000
Share capital	81,275	81,274	20,319	25,129	29,939
Treasury shares	- ¹	-	-	- ⁵	-
Share premium	15,634	15,634	15,634	15,996 ⁵	16,958 ⁸
Other reserves	18,657	18,657	18,657	18,657	18,657
Capital redemption reserves	-	1	1	1	1
Capital reserve	-	-	33,881	33,881	33,881
Warrant reserve	-	-	-	3,463 ⁶	- ⁹
Retained profit	(16,690)	(16,690)	10,384 ⁴	6,921 ⁶	10,384 ⁹
Shareholders' funds/ NA	98,876	98,876	98,876	104,048	109,820
Par value (RM)	1.00	1.00	0.25	0.25	0.25
Number of shares outstanding (excluding treasury shares) ('000)	81,274	81,274	81,274	100,513	119,752
NA per share (RM)	1.22	1.22	1.22	1.04	0.92
Total borrowings (RM'000)	72,319	72,319	72,319	68,319 ⁷	68,319
Gearing ratio (times)	0.73	0.73	0.73	0.66	0.62

Notes:-

- ¹ Amount is less than RM1,000
- ² All 1,000 treasury shares have been cancelled by the Company on 3 October 2014
- ³ The Par Value Reduction was completed and took effect on 8 December 2014
- ⁴ After offsetting the audited accumulated losses of our Company at the Company level as at 30 April 2014 of approximately RM27.07 million
- ⁵ After adjusting for the increase in the share premium account pursuant to the issuance of the Rights Shares at the issue price of RM0.30 per Rights Share and after deducting estimated expenses of RM0.60 million in relation to the Corporate Exercises
- ⁶ After recognising the theoretical fair value of the Warrants of RM0.18 per Warrant computed using the Black Scholes option pricing model from Bloomberg Finance LP based on the following key assumptions:-
- | | | |
|------|-----------------------------|-------------------------|
| i. | Exercise price | RM0.30 per Warrant |
| ii. | Theoretical ex-rights price | RM0.43 per Komark Share |
| iii. | Borrowing cost | Nil |
| iv. | Expected dividend yield | Nil |
| v. | Tenure of Warrants | 5 years |
- ⁷ For illustrative purposes only, assuming the proceeds for the repayment of bank borrowings amounting to RM4.00 million is utilised at this juncture
- ⁸ After adjusting for the increase in the share premium account pursuant to the full exercise of the Warrants at the exercise price of RM0.30 per Warrant
- ⁹ After adjusting for the reversal of warrant reserve pursuant to the full exercise of the Warrants at the exercise price of RM0.30 per Warrant

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Maximum Scenario

	Audited as at 30 April 2014 RM'000	I Adjusted for the cancellation of treasury shares ² RM'000	II After I and adjusted for the Par Value Reduction ³ RM'000	III After II and the Rights Issue with Warrants RM'000	IV After III and assuming full exercise of the Warrants RM'000
Share capital	81,275	81,274	20,319	30,478	40,637
Treasury shares	- ¹	-	-	-	-
Share premium	15,634	15,634	15,634	17,066 ⁵	19,098 ⁸
Other reserves	18,657	18,657	18,657	18,657	18,657
Capital redemption reserves	-	1	1	1	1
Capital reserve	-	-	33,881	33,881	33,881
Warrant reserve	-	-	-	7,315 ⁶	- ⁹
Retained profit	(16,690)	(16,690)	10,384 ⁴	3,069 ⁶	10,384 ⁹
Shareholders' funds/ NA	98,876	98,876	98,876	110,467	122,658
Par value (RM)	1.00	1.00	0.25	0.25	0.25
Number of shares outstanding (excluding treasury shares) ('000)	81,274	81,274	81,274	121,911	162,548
NA per share (RM)	1.22	1.22	1.22	0.91	0.75
Total borrowings (RM'000)	72,319	72,319	72,319	63,319 ⁷	63,319
Gearing ratio (times)	0.73	0.73	0.73	0.57	0.52

Notes:-

- ¹ Amount is less than RM1,000
- ² All 1,000 treasury shares have been cancelled by the Company on 3 October 2014
- ³ The Par Value Reduction was completed and took effect on 8 December 2014
- ⁴ After offsetting the audited accumulated losses of our Company at the Company level as at 30 April 2014 of approximately RM27.07 million
- ⁵ After adjusting for the increase in the share premium account pursuant to the issuance of the Rights Shares at the issue price of RM0.30 per Rights Share and after deducting estimated expenses of RM0.60 million in relation to the Corporate Exercises
- ⁶ After recognising the theoretical fair value of the Warrants of RM0.18 per Warrant computed using the Black Scholes option pricing model from Bloomberg Finance LP based on the following key assumptions:-
- | | |
|---------------------------------|-------------------------|
| i. Exercise price | RM0.30 per Warrant |
| ii. Theoretical ex-rights price | RM0.43 per Komark Share |
| iii. Borrowing cost | Nil |
| iv. Expected dividend yield | Nil |
| v. Tenure of Warrants | 5 years |
- ⁷ For illustrative purposes only, assuming the proceeds for the repayment of bank borrowings amounting to RM9.00 million is utilised at this juncture
- ⁸ After adjusting for the increase in the share premium account pursuant to the full exercise of the Warrants at the exercise price of RM0.30 per Warrant
- ⁹ After adjusting for the reversal of warrant reserve pursuant to the full exercise of the Warrants at the exercise price of RM0.30 per Warrant

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8.3 Earnings and EPS/ LPS

The Rights Issue with Warrants is not expected to have any material effect on the earnings of our Group for the FYE 30 April 2015. However, the EPS/ LPS of our Group for the FYE 30 April 2015 may be diluted as a result of the increase in the number of Komark Shares in issue upon the completion of the Rights Issue with Warrants, which is expected to be completed by the first quarter of 2015, and as and when the Warrants are exercised into new Komark Shares.

For illustrative purpose only, assuming the Rights Issue with Warrants had been completed and all the Warrants had been exercised into new Komark Shares on 1 May 2013, being the beginning of the FYE 30 April 2014, the proforma dilution effect on the LPS of our Group as a result of the increase in number of Komark Shares in issue, is set out below:-

	Audited FYE 30 April 2014	After the Rights Issue with Warrants and full exercise of the Warrants	
		Minimum Scenario	Maximum Scenario
LAT attributable to the equity holders of the Company (RM'000)	(28,909)	(28,909)	(28,909)
Weighted average number of shares in issue (excluding treasury shares) ('000)	81,274	119,752	162,548
LPS (sen)	(35.57)	(24.14)	(17.78)

9. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS

9.1 Working capital

Our Board is of the opinion that, after taking into consideration the cash flow position of our Group, current cash in hand and banking facilities available as well as the proceeds from the Rights Issue with Warrants, our Group will have sufficient working capital for the next 12 months from the date of this Abridged Prospectus.

9.2 Borrowings

As at the LPD, our Group has total outstanding borrowings of approximately RM68.59 million. All the borrowings are interest-bearing and comprise the following:-

	Currency				Total ¹ RM'000
	RM'000	RMB'000	THB'000	SGD'000	
Short term borrowings:-					
• Bank overdraft	4,288	-	18,685	-	6,263
• Bankers' acceptance	17,154	-	7,764	-	17,975
• Term loans	1,505	45,500	-	-	27,267
• Finance lease and hire purchase liabilities	324	4,111	19,461	29	4,786
Long term borrowings:-					
• Term loans	8,044	2,253	-	-	9,320
• Finance lease and hire purchase liabilities	78	2,975	9,613	78	2,984
					68,595

Note:-

*1 The amount of borrowings in foreign currencies were converted into RM at the following closing exchange rate as at the LPD from Bank Negara Malaysia:-

Foreign currency	RMB	THB	SGD
Rate in RM per unit of foreign currency	0.5662	0.1057	2.6399

After having made all reasonable enquiries and to the best knowledge and belief of our Board, there has been no default on payments of either interest and/ or principal sums in respect of any borrowings during the FYE 30 April 2014 and the subsequent financial period up to the LPD.

9.3 Contingent liabilities

Save as disclosed below, as at the LPD, our Board is not aware of any contingent liabilities incurred or known to be incurred by our Group which, upon becoming enforceable, may have a material impact on the financial result/ position of our Group:-

	RM'000
Corporate guarantees in respect of credit facilities granted to subsidiaries	<u>50,675</u>

9.4 Material commitments

Save as disclosed below, as at the LPD, our Board is not aware of any material commitments for capital expenditure incurred or known to be incurred by our Group that has not been provided for which, upon becoming enforceable, may have a material impact on the financial results/ position of our Group.

	RM'000
Capital expenditure commitments	
In respect of property, plant and equipment	
• Authorised and contracted for	3,937
Non-cancellable operating lease commitments	
Future minimum lease payments	
• Not later than one (1) year	1,264
• Later than one (1) year and not later than five (5) years	5,057
	<u>10,258</u>

Our Group intends to fund the abovementioned material commitments from internally-generated funds and/ or bank borrowings.

10. INSTRUCTIONS FOR ACCEPTANCE, PAYMENT, SALE/ TRANSFER AND EXCESS APPLICATION FOR THE RIGHTS ISSUE WITH WARRANTS

10.1 General

As an Entitled Shareholder, your CDS Account will be duly credited with the number of Provisional Rights Shares with Warrants which you are entitled to subscribe for in full or in part, under the terms of the Rights Issue with Warrants. You will find enclosed with this Abridged Prospectus, the NPA notifying you of the crediting of such Provisional Rights Shares with Warrants into your CDS Account and the RSF to enable you to subscribe for such Provisional Rights Shares with Warrants, as well as to apply for the Excess Rights Shares with Warrants if you choose to do so.

10.2 NPA

The Provisional Rights Shares with Warrants are prescribed securities pursuant to Section 14(5) of the Securities Industry (Central Depositories) Act, 1991 and therefore, all dealings in the Provisional Rights Shares with Warrants will be by book entries through the CDS Accounts and will be governed by the Securities Industry (Central Depositories) Act, 1991 and the Rules of Bursa Depository. As an Entitled Shareholder, you and/ or your renounee(s) (if applicable) are required to have valid and subsisting CDS Accounts when making your applications.

10.3 Last date and time for acceptance and payment

The last date and time for acceptance of and payment for the Provisional Rights Shares with Warrants is **5.00 p.m on Thursday, 15 January 2015**, or such later date and time as may be determined and announced by our Board at their absolute discretion. In the event the closing date of the acceptance is extended from the original closing date, the announcement of such extension will be made not less than two (2) Market Days before the stipulated date and time.

10.4 Procedures for acceptance and payment

Acceptance of and payment for the Provisional Rights Shares with Warrants to you as an Entitled Shareholder or your renounee(s) (if applicable) must be made on the RSF enclosed with this Abridged Prospectus and must be completed in accordance with the notes and instructions contained in the RSF. Acceptances which do not strictly conform to the terms of this Abridged Prospectus, the NPA or the RSF or the notes and instructions contained therein or which are illegible may not be accepted at the absolute discretion of our Board.

FULL INSTRUCTIONS FOR THE ACCEPTANCE OF AND PAYMENT FOR THE PROVISIONAL RIGHTS SHARES WITH WARRANTS, EXCESS RIGHTS SHARES WITH WARRANTS AND THE PROCEDURES TO BE FOLLOWED SHOULD YOU AND/ OR YOUR RENOUNCEE(S) (IF APPLICABLE) WISH TO SELL/ TRANSFER ALL OR ANY PART OF YOUR ENTITLEMENT ARE SET OUT IN THIS ABRIDGED PROSPECTUS AND THE ACCOMPANYING RSF AND THE NOTES AND INSTRUCTIONS CONTAINED THEREIN.

YOU AND/ OR YOUR RENOUNCEE(S) (IF APPLICABLE) ARE ADVISED TO READ THIS ABRIDGED PROSPECTUS, THE ACCOMPANYING RSF AND THE NOTES AND INSTRUCTIONS CONTAINED THEREIN CAREFULLY.

If you and/ or your renounee(s) (if applicable) wish to accept either in full or in part of the Provisional Rights Shares with Warrants of your entitlement, please complete Parts I(a) and II of the RSF in accordance with the notes and instructions contained in the RSF. Each completed and signed RSF together with the relevant payment must be sent to our Share Registrar using the envelope provided (at your own risk) by **ORDINARY POST, COURIER or DELIVERED BY HAND** at the following address:-

Boardroom Corporate Services (KL) Sdn Bhd (3775-X)

Lot 6.05, Level 6, KPMG Tower
8 First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Tel: 03-7720 1188
Fax: 03-7720 1111

so as to arrive **not later than 5.00 p.m. on Thursday, 15 January 2015**, being the last date and time for acceptance of and payment for the Provisional Rights Shares with Warrants, or such later date and time as may be determined and announced by our Board at their absolute discretion, not less than two (2) Market Days before the stipulated date and time.

If you and/ or your renounee(s) (if applicable) lose, misplace or for any other reasons require another copy of the RSF, you and/ or your renounee(s) (if applicable) may obtain additional copies from your stockbroker, our Share Registrar at the address stated above, our Registered Office or the website of Bursa Securities (<http://www.bursamalaysia.com>).

One (1) RSF can only be used for acceptance of Provisional Rights Shares with Warrants standing to the credit of one (1) CDS Account. Separate RSF(s) must be used for the acceptance of Provisional Rights Shares with Warrants standing to the credit of more than one (1) CDS Account(s). If successful, the Rights Shares with Warrants subscribed for will be credited into your CDS Account(s) as stated in the completed RSF(s).

A reply envelope is enclosed in this Abridged Prospectus. To facilitate the processing of the RSF(s) by our Share Registrar, you are advised to use one (1) reply envelope for each completed RSF.

The minimum number of Rights Shares that can be subscribed for or accepted is one (1) Rights Share, which will be accompanied by one (1) Warrant. Successful applicants of the Rights Shares will be given Warrants on the basis of one (1) Warrant for every one (1) Rights Share successfully subscribed for. However, you and/ or your renounee(s) (if applicable) should take note that a trading board lot for the Rights Shares and the Warrants comprises of 100 Rights Shares and 100 Warrants, respectively. Fractions of Rights Shares with Warrants, if any, shall be dealt with in such manner as our Board shall in their absolute discretion deem fit and expedient, and to be in the best interest of our Company.

If acceptance of and payment for the Provisional Rights Shares with Warrants allotted to you and/ or your renounee(s) (if applicable) is not received by our Share Registrar by **5.00 p.m. on Thursday, 15 January 2015**, being the last date and time for acceptance of and payment for the Provisional Rights Shares with Warrants, or such later date and time as may be determined and announced by our Board at their absolute discretion, not less than two (2) Market Days before the stipulated date and time, you and/ or your renounee(s) (if applicable) will be deemed to have declined the provisional entitlement made to you and it will be cancelled. Proof of time of postage shall not constitute proof of time of receipt by our Share Registrar.

In the event that the Rights Shares with Warrants are not fully taken up by such applicants, our Board will then have the right to allot such Rights Shares with Warrants to the applicants who have applied for the Excess Rights Shares with Warrants in the manner as set out in Section 10.8 of this Abridged Prospectus. Our Board reserves the right to accept any application in full or in part only without assigning any reasons.

EACH COMPLETED RSF MUST BE ACCOMPANIED BY THE APPROPRIATE REMITTANCE MADE IN RM FOR THE FULL AMOUNT PAYABLE FOR THE RIGHTS SHARES WITH WARRANTS ACCEPTED IN THE FORM OF BANKER'S DRAFT(S), CASHIER'S ORDER(S), MONEY ORDER(S) OR POSTAL ORDER(S) DRAWN ON A BANK OR POST OFFICE IN MALAYSIA CROSSED "A/C PAYEE ONLY", MADE PAYABLE TO "KOMARK RIGHTS ISSUE ACCOUNT" AND ENDORSED ON THE REVERSE SIDE WITH YOUR NAME AND CDS ACCOUNT NUMBER IN BLOCK LETTERS SO AS TO BE RECEIVED BY OUR SHARE REGISTRAR NOT LATER THAN THE LAST DATE AND TIME FOR ACCEPTANCE AND PAYMENT AS SET OUT IN THE COVER PAGE OF THIS ABRIDGED PROSPECTUS.

APPLICATIONS ACCOMPANIED BY PAYMENTS OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY OR MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF OUR BOARD. DETAILS OF THE REMITTANCES MUST BE FILLED IN THE APPROPRIATE BOXES PROVIDED IN THE RSF.

NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR APPLICATION MONIES WILL BE MADE BY OUR COMPANY OR OUR SHARE REGISTRAR IN RESPECT OF THE RIGHTS ISSUE WITH WARRANTS. HOWEVER, IF YOUR APPLICATION IS SUCCESSFUL, A NOTICE OF ALLOTMENT WILL BE DESPATCHED TO YOU BY ORDINARY POST TO THE ADDRESS AS SHOWN IN OUR RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY AT YOUR OWN RISK WITHIN EIGHT (8) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES WITH WARRANTS OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.

APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT.

APPLICANTS SHOULD NOTE THAT THE RSF AND REMITTANCES SO LODGED WITH OUR SHARE REGISTRAR SHALL BE IRREVOCABLE AND CANNOT BE SUBSEQUENTLY WITHDRAWN.

WHERE AN APPLICATION IS NOT ACCEPTED OR IS ACCEPTED IN PART ONLY, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, SHALL BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPATCHED TO THE APPLICANT BY ORDINARY POST TO THE ADDRESS AS SHOWN IN OUR RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY AT YOUR OWN RISK WITHIN 15 MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES WITH WARRANTS.

10.5 Procedures for part acceptance by Entitled Shareholders

You are entitled to accept part of your entitlement to the Provisional Rights Shares with Warrants provided always that the minimum of Rights Shares that can be subscribed for or accepted is one (1) Rights Share which will be accompanied by one (1) Warrant.

You must complete both Part I(a) of the RSF by specifying the number of the Rights Shares with Warrants which you are accepting and Part II of the RSF and deliver the completed and signed RSF together with the relevant payment to our Share Registrar in the manner set out in Section 10.4 of this Abridged Prospectus.

YOU ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED THEREIN.

The portion of the Provisional Rights Shares with Warrants that have not been accepted shall be allotted to any other persons allowed under the law, regulations or rules to accept the transfer of the Provisional Rights Shares with Warrants.

10.6 Procedures for sale/ transfer of Provisional Rights Shares with Warrants

As the Provisional Rights Shares with Warrants are prescribed securities, you may sell or transfer all or part of your entitlement to the Provisional Rights Shares with Warrants to one (1) or more person(s) through your stockbroker for the period up to the last date and time for sale/ transfer of such Provisional Rights Shares with Warrants, without first having to request for a split of the Provisional Rights Shares with Warrants standing to the credit of your CDS Account. To sell or transfer all or part of your entitlement to the Provisional Rights Shares with Warrants, you may sell such entitlement on the open market or transfer such entitlement to such persons as may be allowed under the Rules of Bursa Depository. If you have sold or transferred only part of the Provisional Rights Shares with Warrants, you may still accept the balance of the Provisional Rights Shares with Warrants by completing Parts I(a) and II of the RSF. Please refer to Section 10.4 of this Abridged Prospectus for the procedures of acceptance and payment.

In selling or transferring all or part of your Provisional Rights Shares with Warrants, you need not deliver any document including the RSF, to your stockbroker. However, you must ensure that there is sufficient Provisional Rights Shares with Warrants standing to the credit of your CDS Account that is available for settlement of the sale or transfer.

Purchaser(s) or transferee(s) of the Provisional Rights Shares with Warrants may obtain a copy of this Abridged Prospectus and the RSF from his/ her/ their stockbrokers, our Share Registrar, our Registered Office or the website of Bursa Securities (<http://www.bursamalaysia.com>).

10.7 Procedures for acceptance by renounees

Renounees who wish to accept the Provisional Rights Shares with Warrants must obtain a copy of the RSF from their stockbrokers, our Share Registrar, our Registered Office or the website of Bursa Securities (<http://www.bursamalaysia.com>), complete the RSF and submit the same together with the remittance to our Share Registrar at the above-stated address in accordance with the notes and instructions printed therein.

The procedure for acceptance and payment applicable to the Entitled Shareholders as set out in Section 10.4 of this Abridged Prospectus also applies to renounees who wish to accept the Provisional Rights Shares with Warrants.

RENOONEES ARE ADVISED TO READ, UNDERSTAND AND CONSIDER CAREFULLY THE CONTENTS OF THIS ABRIDGED PROSPECTUS AND ADHERE TO THE NOTES AND INSTRUCTIONS CONTAINED IN THIS ABRIDGED PROSPECTUS AND THE RSF.

10.8 Procedures for application of Excess Rights Shares with Warrants

You and/ or your renounee(s) (if applicable) may apply for additional Rights Shares with Warrants in excess of your entitlement by completing Part I(b) of the RSF (in addition to Parts I(a) and II and forwarding it with a **separate remittance made in RM** for the full amount payable for the Excess Rights Shares with Warrants applied for, to our Share Registrar **not later than 5.00 p.m. on Thursday, 15 January 2015**, being the last date and time for application of and payment for Excess Rights Shares with Warrants or such later date and time as may be determined and announced by our Board at their absolute discretion, not less than two (2) Market Days before the stipulated date and time.

PAYMENT FOR THE EXCESS RIGHTS SHARES WITH WARRANTS APPLIED FOR SHOULD BE MADE IN THE SAME MANNER AS DESCRIBED IN SECTION 10.4 OF THIS ABRIDGED PROSPECTUS, AND IN THE FORM OF BANKER'S DRAFT(S), CASHIER'S ORDER(S), MONEY ORDER(S) OR POSTAL ORDER(S) DRAWN ON A BANK OR POST OFFICE IN MALAYSIA CROSSED "A/C PAYEE ONLY", MADE PAYABLE TO "KOMARK EXCESS RIGHTS ISSUE ACCOUNT" AND ENDORSED ON THE REVERSE SIDE WITH YOUR NAME AND CDS ACCOUNT NUMBER IN BLOCK LETTERS SO AS TO BE RECEIVED BY OUR SHARE REGISTRAR FOR THE RIGHTS ISSUE WITH WARRANTS.

It is the intention of our Board to allot the Excess Rights Shares with Warrants, if any, on a fair and equitable basis and in the following priority:-

- i. Firstly, to minimise the incidence of odd lots;
- ii. Secondly, for allocation to Entitled Shareholders who have applied for Excess Rights Shares with Warrants, on a pro-rata basis and in board lot, calculated based on their respective shareholdings in our Company as at the Entitlement Date;
- iii. Thirdly, for allocation to Entitled Shareholders who have applied for Excess Rights Shares with Warrants, on a pro-rata basis and in board lot, calculated based on the quantum of their respective Excess Rights Shares with Warrants applied for; and
- iv. Finally, for allocation to renounee(s) who have applied for Excess Rights Shares with Warrants, on a pro-rata basis and in board lot, calculated based on the quantum of their respective Excess Rights Shares with Warrants applied for.

Nevertheless, our Board reserves the right to allot any Excess Rights Shares with Warrants applied for under Part I(b) of the RSF in such manner as our Board deems fit and expedient in the best interest of our Company subject always to such allocation being made on a fair and equitable basis, and that the intention of our Board as set out in (i)-(iv) above are achieved.

NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR EXCESS APPLICATION MONIES WILL BE MADE BY OUR COMPANY OR OUR SHARE REGISTRAR IN RESPECT OF THE EXCESS RIGHTS SHARES WITH WARRANTS. HOWEVER, IF YOUR EXCESS APPLICATION IS SUCCESSFUL, A NOTICE OF ALLOTMENT WILL BE DESPATCHED TO YOU BY ORDINARY POST TO THE ADDRESS AS SHOWN IN OUR RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY AT YOUR OWN RISK WITHIN EIGHT (8) MARKET DAYS FROM THE LAST DATE FOR APPLICATION AND PAYMENT FOR THE EXCESS RIGHTS SHARES WITH WARRANTS OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.

WHERE AN APPLICATION FOR THE EXCESS RIGHTS SHARES WITH WARRANTS IS NOT ACCEPTED OR IS ACCEPTED IN PART ONLY, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, SHALL BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPATCHED TO THE APPLICANT BY ORDINARY POST TO THE ADDRESS SHOWN IN OUR RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY AT YOUR OWN RISK WITHIN 15 MARKET DAYS FROM THE LAST DATE FOR APPLICATION OF AND PAYMENT FOR THE EXCESS RIGHTS SHARES WITH WARRANTS.

10.9 Form of issuance

Bursa Securities has prescribed our Shares listed on the Main Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the Rights Shares and the Warrants are prescribed securities and as such, all dealings in the Rights Shares and the Warrants will be subject to the Securities Industry (Central Depositories) Act, 1991 and the Rules of Bursa Depository.

Failure to comply with the specific instructions for applications or inaccuracy in the CDS Account number may result in the application being rejected. No physical share or warrant certificates will be issued to you under the Rights Issue with Warrants. A notice of allotment will be despatched to you and/ or your renounee(s) (if applicable) by ordinary post to the address shown in our Record of Depositors provided by Bursa Depository at your own risk within eight (8) Market Days from the last date for acceptance of and payment for the Rights Shares with Warrants.

Where the Rights Shares with Warrants are provisionally allotted to you as an Entitled Shareholder in respect of your existing Komark Shares standing to the credit to your CDS Account on the Entitlement Date, the acceptance by you of the Provisional Rights Shares with Warrants shall mean that you consent to receive such Provisional Rights Shares with Warrants as prescribed or deposited securities which will be credited directly into your CDS Account.

Any person who has purchased the Provisional Rights Shares with Warrants or to whom the Provisional Rights Shares with Warrants has been transferred and intends to subscribe for the Rights Shares with Warrants must state his/ her CDS Account number in the space provided in the RSF. The Rights Shares and the Warrants will be credited directly as prescribed or deposited securities into his/ her CDS Account upon allotment and issuance.

The Excess Rights Shares with Warrants, if allotted to the successful applicant who applies for the Excess Rights Shares with Warrants, will be credited directly as prescribed securities into the CDS Account of the successful applicant. The allocation of the Excess Rights Shares with Warrants will be made on a fair and equitable basis as disclosed in Section 10.8 of this Abridged Prospectus.

10.10 Laws of foreign country or jurisdiction

This Abridged Prospectus, and the accompanying NPA and RSF have not been (and will not be) made to comply with the laws of any foreign country or jurisdiction, and have not been (and will not be) lodged, registered or approved under any legislation (or with or by any regulatory authorities or other relevant bodies) of any foreign country or jurisdiction. The Rights Issue with Warrants will not be made or offered for subscription in any foreign country or jurisdiction.

Accordingly, this Abridged Prospectus, and the accompanying NPA and RSF will not be sent to the foreign Entitled Shareholders and/ or their renounee(s) (if applicable) who do not have a registered address in Malaysia. However, the foreign Entitled Shareholders and/ or their renounee(s) (if applicable) may collect this Abridged Prospectus, and the accompanying NPA and RSF from our Share Registrar for the Rights Issue With Warrants, in which event our Share Registrar for the Rights Issue With Warrants shall be entitled to request for such evidence as it deems necessary to satisfy itself as to the identity and authority of the person collecting these documents relating to the Rights Issue with Warrants.

The foreign Entitled Shareholders and/ or their renounee(s) (if applicable) may accept or renounce (as the case may be) all or any part of their entitlements and exercise any other rights in respect of the Rights Issue with Warrants only to the extent that it would be lawful to do so. RHBIB, our Company, our Directors and officers and other professional advisers would not, in connection with the Rights Issue with Warrants, be in breach of the laws of any country or jurisdiction to which the foreign Entitled Shareholders and/ or their renounee(s) (if applicable) are or may be subject to. The foreign Entitled Shareholders and/ or their renounee(s) (if applicable) shall solely be responsible to seek advice from their legal advisers and/ or other professional advisers as to the laws of the countries or jurisdictions to which they are or may be subject to. RHBIB, our Company, our Directors and officers and other professional advisers shall not accept any responsibility or liability in the event that any acceptance or renunciation made by any foreign Entitled Shareholders and/ or their renounee(s) (if applicable), is or shall become unlawful, unenforceable, voidable or void in any such country or jurisdiction.

The foreign Entitled Shareholders and/ or their renounee(s) (if applicable) will be responsible for payment of any issue, transfer or any other taxes or other requisite payments due in such country or jurisdiction and we shall be entitled to be fully indemnified and held harmless by such foreign Entitled Shareholders and/ or their renounee(s) (if applicable) for any issue, transfer or other taxes or other requisite payments that such person may be required to pay in any country or jurisdiction. They will have no claims whatsoever against us and/ or RHBIB in respect of their rights and entitlements under the Rights Issue with Warrants. Such foreign Entitled Shareholders and/ or their renounee(s) (if applicable) should consult their professional advisers as to whether they require any governmental, exchange control or other consents or need to comply with any other applicable legal requirements to enable them to accept the Rights Issue with Warrants.

By signing the RSF, the foreign Entitled Shareholders and/ or their renounee(s) (if applicable) are deemed to have represented, acknowledged and declared in favour of (and which representations, acknowledgements and declarations will be relied upon by) RHBIB, our Company, our Directors and officers and other professional advisers that:-

- i. we would not, by acting on the acceptance or renunciation in connection with the Rights Issue with Warrants, be in breach of the laws of any jurisdiction to which the foreign Entitled Shareholders and/ or their renounee(s) (if applicable) are or may be subject to;
- ii. the foreign Entitled Shareholders and/ or their renounee(s) (if applicable) have complied with the laws to which they are or may be subject to in connection with the acceptance or renunciation of the Provisional Rights Shares with Warrants;
- iii. the foreign Entitled Shareholders and/ or their renounee(s) (if applicable) are not nominees or agents of a person in respect of whom we would, by acting on the acceptance or renunciation of the Provisional Rights Shares with Warrants, be in breach of the laws of any jurisdiction to which that person is or may be subject to;

- iv. the foreign Entitled Shareholders and/ or their renounee(s) (if applicable) are aware that the Rights Shares and the Warrants can only be transferred, sold or otherwise disposed of, or charged, hypothecated or pledged in accordance with all applicable laws in Malaysia;
- v. the foreign Entitled Shareholders and/ or their renounee(s) (if applicable) have received a copy of this Abridged Prospectus, had access to such financial and other information and have been provided the opportunity to ask such questions to our representatives and receive answers thereto as they deem necessary in connection with their decision to subscribe for or purchase the Rights Shares and the Warrants; and
- vi. the foreign Entitled Shareholders and/ or their renounee(s) (if applicable) have sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing the Rights Shares and the Warrants, and are and will be able, and are prepared to bear the economic and financial risks of investing in and holding the Rights Shares and the Warrants.

Persons receiving this Abridged Prospectus, and the accompanying NPA and RSF (including without limitation custodians, nominees and trustees) must not, in connection with the offer, distribute or send it into any country or jurisdiction, where to do so would or might contravene local securities, exchange control or relevant laws or regulations. If this Abridged Prospectus, and the accompanying NPA and RSF are received by any persons in such country or jurisdiction, or by the agent or nominee of such a person, he must not seek to accept the offer unless he has complied with and observed the laws of the relevant country or jurisdiction in connection herewith.

Any person who does forward this Abridged Prospectus, and the accompanying NPA and RSF to any foreign country or jurisdiction, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this section and we reserve the right to reject a purported acceptance of the Rights Shares with Warrants from any such application by foreign Entitled Shareholders and/ or their renounee(s) (if applicable) in any jurisdiction other than Malaysia.

We reserve the right, in our absolute discretion, to treat any acceptance of the Rights Shares with Warrants as invalid if it is believed that such acceptance may violate any applicable legal or regulatory requirements.


11. TERMS AND CONDITIONS

The issuance of the Rights Shares and the Warrants pursuant to the Rights Issue with Warrants is governed by the terms and conditions set out in this Abridged Prospectus, and the accompanying NPA and RSF.

12. FURTHER INFORMATION

You are advised to refer to the attached appendices for further information.

Yours faithfully,
For and on behalf of the Board
KOMARKCORP BERHAD


TAN KWE HEE
Joint Group Chief Executive Officer/ Executive Director

CERTIFIED TRUE EXTRACT OF THE RESOLUTIONS PERTAINING TO THE CORPORATE EXERCISES PASSED AT OUR EGM HELD ON 25 SEPTEMBER 2014

KOMARKCORP BERHAD
(Company No. 374265-A)

CERTIFIED EXTRACT OF THE MINUTES OF EXTRAORDINARY GENERAL MEETING OF KOMARKCORP BERHAD ('THE COMPANY') HELD ON 25 SEPTEMBER 2014

SPECIAL RESOLUTION 1

PAR VALUE REDUCTION VIA THE CANCELLATION OF RM0.75 OF THE PAR VALUE OF EVERY EXISTING ORDINARY SHARE OF RM1.00 EACH IN THE ISSUED AND PAID-UP SHARE CAPITAL OF THE COMPANY PURSUANT TO SECTION 64 OF THE COMPANIES ACT, 1965 ("PAR VALUE REDUCTION")

RESOLVED:-

THAT subject to the sanction of the High Court of Malaya for the Par Value Reduction as well as approvals of the relevant authorities being obtained, approval be and is hereby given to the Company to undertake the Par Value Reduction which involves the following:-

- i. The par value of every existing ordinary share of RM1.00 each in the issued and paid-up share capital of the Company be reduced to RM0.25 each by cancellation of RM0.75 from the par value of each existing ordinary share of the Company; and
- ii. The credit arising from the said reduction be utilised to offset against the accumulated losses of the Company;

THAT the excess of the credit arising therefrom, if any, of what is required towards offsetting the accumulated losses of the Company be credited to the capital reserves account of the Company;

AND THAT the Directors of the Company be and are hereby authorised to do all acts, deeds and things and to execute, sign and deliver on behalf of the Company all such documents and/ or agreements they may deem necessary and/ or expedient to finalise, implement and to give full effect to complete the Par Value Reduction including without limitation, with full powers to assent to any conditions, modifications, variation and/ or amendments in any manner as may be required by the relevant authorities and/ or the High Court of Malaya.

SPECIAL RESOLUTION 2

AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE COMPANY ("AMENDMENTS")

RESOLVED:-

THAT approval be and is hereby given to the Company to alter, modify, vary and delete the Memorandum and Articles of Association of the Company in the following manner:-

Komarkcorp Berhad

(Company No. 374265-A)

- Certified Extract of the Minutes of Extraordinary General Meeting held on 25 September 2014

Clause 5 of the Memorandum of Association of the Company be amended as follows:-

Existing

The capital of the Company is RM500,000,000/- divided into 500,000,000 ordinary shares of RM1/- each. The shares in the original or any increased capital may be divided into several classes and there may be attached thereto respectively any preferential, deferred or other special rights, privileges, conditions or restrictions as to dividends, capital, voting or otherwise.

Amended

The capital of the Company is RM500,000,000/- divided into **2,000,000,000** ordinary shares of **RM0.25** each. The shares in the original or any increased capital may be divided into several classes and there may be attached thereto respectively any preferential, deferred or other special rights, privileges, conditions or restrictions as to dividends, capital, voting or otherwise.

Article 3 of the Articles of Association of the Company be amended as follows:-

Existing

The authorised capital of the Company at the date of adoption of these Articles is RM500,000,000.00 divided into 500,000,000 ordinary shares of RM1.00 each.

Amended

The authorised capital of the Company at the date of adoption of these Articles is RM500,000,000.00 divided into **2,000,000,000** ordinary shares of **RM0.25** each.

AND THAT the Directors of the Company be and are hereby authorised to sign and execute all documents, do all things and acts as may be required to give effect to the aforesaid amendments with full power to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted by any relevant authorities and to deal with all matters relating thereto and to take all such steps and do all acts and things in any manner as they may deem necessary or expedient to implement, finalise and give full effect to the Amendments.

ORDINARY RESOLUTION 1

RENOUNCEABLE RIGHTS ISSUE OF UP TO 40,637,005 NEW ORDINARY SHARES OF RM0.25 EACH IN KOMARK ("KOMARK SHARE(S)" OR "SHARE(S)") ("RIGHTS SHARE(S)") AT AN INDICATIVE ISSUE PRICE OF RM0.30 PER RIGHTS SHARE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY TWO (2) EXISTING KOMARK SHARES HELD, TOGETHER WITH UP TO 40,637,005 FREE DETACHABLE WARRANTS IN KOMARK ("WARRANT(S)") ON THE BASIS OF ONE (1) FREE WARRANT FOR EVERY ONE (1) RIGHTS SHARE SUBSCRIBED FOR, ON AN ENTITLEMENT DATE TO BE DETERMINED LATER AFTER THE PAR VALUE REDUCTION ("RIGHTS ISSUE WITH WARRANTS")

RESOLVED:-

THAT, subject to the approvals of all relevant authorities being obtained, where required, approval be and is hereby given to the Directors of the Company for the following:-

Komarkcorp Berhad
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- Certified Extract of the Minutes of Extraordinary General Meeting held on 25 September 2014

- i. to provisionally allot and issue by way of a renounceable rights issue of up to 40,637,005 Rights Shares at an indicative issue price of RM0.30 per Rights Share on the basis of one (1) Rights Share for every two (2) existing Komark Shares held, together with up to 40,637,005 free detachable Warrants on the basis of one (1) free Warrant for every one (1) Rights Share subscribed for, by the entitled shareholders whose names appear in the Record of Depositors of the Company as at the close of business on an entitlement date to be determined and announced later by the Board of Directors of the Company ("Board") after the Par Value Reduction ("Entitlement Date");
- ii. wherein each of the Warrant will carry the right to subscribe, subject to any adjustment in accordance with a deed poll constituting the Warrants to be executed by the Company as supplemented from time to time ("Deed Poll"), at any time during the exercise period, for one (1) new Komark Share at an exercise price to be determined and fixed at a later date by the Board, but in any case, not lower than the par value of Komark Shares;
- iii. to allot and issue such number of new Komark Shares arising from the exercise of the Warrants, from time to time during the tenure of the Warrants, in accordance with the provisions of the Deed Poll;
- iv. to allot and issue such further Warrants and new Komark Shares arising from the subscription of further Warrants as a consequence of any adjustment in accordance with the provisions of the Deed Poll and/ or as may be required by the relevant authorities; and
- v. to do all such acts and things including but not limited to the application to Bursa Malaysia Securities Berhad for the listing of and quotation for the new Komark Shares which may from time to time be allotted and issued arising from the exercise of the Warrants.

THAT any fractional entitlements of the Rights Shares and the Warrants arising from the Rights Issue with Warrants shall be dealt with in such manner as the Board shall in their absolute discretion deem fit and expedient, and to be in the best interest of the Company;

THAT the proceeds of the Rights Issue with Warrants be utilised for the purposes as set out in the circular to shareholders of the Company dated 29 August 2014 ("Circular"), and the Directors of the Company be and are hereby authorised with full power to vary the manner and/ or purpose of utilisation of such proceeds in such manner as they may deem fit, necessary and/ or expedient, subject to the approval of the relevant authorities, where required;

THAT the Rights Shares will, upon allotment and issuance, rank *pari passu* in all respects with the then existing Komark Shares, save and except that the Rights Shares will not be entitled to any dividends, rights, allotments and/ or other forms of distribution that may be declared, made or paid prior to the relevant date of allotment and issuance of the Rights Shares;

Komarkcorp Berhad
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- Certified Extract of the Minutes of Extraordinary General Meeting held on 25 September 2014

THAT the new Komark Shares arising from the exercise of the Warrants will, upon allotment and issuance, rank *pari passu* in all respects with the then existing Komark Shares, save and except that the new Komark Shares to be issued arising from the exercise of the Warrants will not be entitled to any dividends, rights, allotments and/ or other forms of distribution that may be declared, made or paid prior to the relevant date of allotment and issuance of the said new Komark Shares;

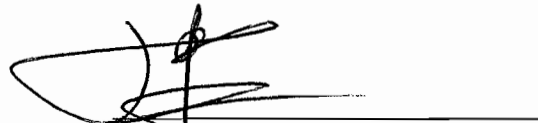
THAT the Directors of the Company be and are hereby authorised to enter into and execute the Deed Poll with full powers to assent to any conditions, variations, modifications and/ or amendments in any manner as may be required by the relevant authorities or deemed necessary by the Directors of the Company, and with full powers to implement and give effect to the terms and conditions of the Deed Poll; and

AND THAT, the Directors of the Company be and are hereby authorised to sign and execute all documents, do all things and acts as may be required to give effect to the aforesaid Rights Issue with Warrants with full power to assent to any conditions, variations, modifications and/ or amendments in any manner as may be required or permitted by any relevant authorities and to deal with all matters relating thereto and to take all such steps and do all such acts and things in any manner as they may deem fit, necessary and/ or expedient to implement, finalise and give full effect to the Rights Issue with Warrants.

CERTIFIED TRUE COPY:-



DIRECTOR
KOH HONG MUAN @ KOH GAK SIONG
Group Chief Executive Officer/
Executive Director



DIRECTOR
TAN WEE HEE
Joint Group Chief Executive Officer/
Executive Director

INFORMATION ON OUR COMPANY

1. HISTORY AND PRINCIPAL ACTIVITIES

Our Company was incorporated in Malaysia on 17 January 1996 under the Act, as a private limited company under the name of Komarkcorp Sdn Bhd. On 6 June 1996, we were converted to a public limited company and assumed our present name. We were listed on the Second Board of the Kuala Lumpur Stock Exchange (now known as the Main Market of Bursa Securities) on 8 September 1997. We are an investment holding company and our subsidiary companies are principally engaged in manufacturing of self-adhesive labels and stickers and trading of related products.

Further details on our subsidiary companies are set out in Section 5 of this Appendix.

2. SHARE CAPITAL

As at the LPD, our authorised and issued and paid-up share capital are set out below:-

	No. of Shares	Par value RM	Total RM
Authorised	2,000,000,000	0.25	500,000,000
Issued and paid-up	81,274,010	0.25	20,318,503

Save as disclosed below, there are no changes in our authorised share capital for the past three (3) years preceding the LPD:-

Date of change	No. of shares created	Par value RM	Description	Cumulative authorised share capital RM
08.12.2014	2,000,000,000	0.25	Par value reduction via the cancellation of RM0.75 of the par value of every ordinary share of RM1.00 each in the issued and paid-up share capital	500,000,000

Save as disclosed below, there are no changes in our issued and paid-up share capital for the past three (3) years preceding the LPD:-

Date of change	No. of shares allotted	Par value RM	Consideration/ Type of issue	Cumulative issued and paid-up share capital RM
03.10.2014	(1,000)	1.00	Treasury shares cancellation	81,274,010
08.12.2014	-	0.25	Par value reduction via the cancellation of RM0.75 of the par value of every ordinary share of RM1.00 each in the issued and paid-up share capital	20,318,503

3. SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

The shareholdings of our substantial shareholders as at the LPD and after the Rights Issue with Warrants are set out below:-

Minimum Scenario

Substantial shareholders	Shareholdings as at the LPD			I After the Rights Issue with Warrants			II After I and assuming full exercise of the Warrants		
	Direct No. of shares	Indirect No. of shares	%	Direct No. of shares	Indirect No. of shares	%	Direct No. of shares	Indirect No. of shares	%
Aimas	10,906,889	13.42	-	16,360,333	16.28	-	21,813,777	18.22	-
Koh Hong Muan @ Koh Gak Siong	6,519,900	8.02	10,906,889 ¹	11,279,850	11.22	16,360,333 ¹	16,039,800	13.39	21,813,777 ¹
Lim Pei Tiam @ Liam Ahat Kiat	9,938,800	12.23	-	15,658,200	15.58	-	21,377,600	17.85	-
Tan Kwe Hee	5,112,100	6.29	1,200,000 ²	8,418,150	8.38	1,200,000 ²	11,724,200	9.79	1,200,000 ²

Notes:-

¹ Deemed interested in the shares by virtue of Section 6A(4)(c) of the Act held through Aimas

² Deemed interested in the shares by virtue of Section 6A of the Act held through his spouse, Ho Say Lan @ Hor Yoke Lan

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Maximum Scenario

Substantial shareholders	I				II							
	Shareholdings as at the LPD		After the Rights Issue with Warrants		After I and assuming full exercise of the Warrants		After I and assuming full exercise of the Warrants					
	Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect				
	No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%				
Aimas	10,906,889	13.42	-	-	16,360,333	13.42	-	-	21,813,777	13.42	-	-
Koh Hong Muan @ Koh Gak Siong	6,519,900	8.02	10,906,889 ¹	13.42	9,779,850	8.02	16,360,333 ¹	13.42	13,039,800	8.02	21,813,777 ¹	13.42
Lim Pei Tiam @ Liam Ahat Kiat	9,938,800	12.23	-	-	14,908,200	12.23	-	-	19,877,600	12.23	-	-
Tan Kwe Hee	5,112,100	6.29	1,200,000 ²	1.48	7,668,150	6.29	1,800,000 ²	1.48	10,224,200	6.29	2,400,000 ²	1.48

Notes:-

¹ Deemed interested in the shares by virtue of Section 6A(4)(c) of the Act held through Aimas

² Deemed interested in the shares by virtue of Section 6A of the Act held through his spouse, Ho Say Lan @ Hor Yoke Lan

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4. DIRECTORS

The particulars of our Directors as at the LPD are set out below:-

Name	Address	Age	Nationality	Profession	Designation
Tan Sri Ahmad Bin Mohd Don	Tower 1, Level 19C, The Boulevard Jalan SS12/1, Wangsa Baiduri 47500 Subang Jaya Selangor Darul Ehsan	67	Malaysian	Company Director	Chairman/ Executive Director
Koh Hong Muan @ Koh Gak Slong	No. 25 Pinggir Pelangi Pagi Country Heights 43000 Kajang Selangor Darul Ehsan	66	Malaysian	Group Executive Officer	Group Chief Executive Officer/ Non-Independent Executive Director
Tan Kwe Hee	88, Jalan Tropicana Utama Tropicana Golf & Country Resort 47410 Petaling Jaya Selangor Darul Ehsan	70	Malaysian	Joint Group Chief Executive Officer	Joint Group Chief Executive Officer/ Non-Independent Executive Director
Koh Chie Jooi	No. 25 Pinggir Pelangi Pagi Country Heights 43000 Kajang Selangor Darul Ehsan	36	Malaysian	Executive Director	Non-Independent Director
Koh Chee Mian	No. 25 Pinggir Pelangi Pagi Country Heights 43000 Kajang Selangor Darul Ehsan	34	Malaysian	Executive Director	Non-Independent Director
Lim Pei Tiam @ Liam Ahat Kiat	No. 23, Lorong Datuk Sulaiman 6 Taman Tun Dr. Ismail 60000 Kuala Lumpur	68	Malaysian	Executive Director	Non-Independent Director
Dato' Yeow Wah Chin	Unit B-10-5, Block B, Megan Avenue 1 189 Jalan Tun Razak 50400 Kuala Lumpur	54	Malaysian	Lawyer	Independent Director
Ihsan bin Ismail	22A Jalan USJ 1/1F 47620 Subang Jaya Selangor Darul Ehsan	51	Malaysian	Company Director	Independent Director

The shareholdings of our Directors as at the LPD and after the Rights Issue with Warrants are set out below:-

Minimum Scenario

Directors	Shareholdings as at the LPD			I After the Rights Issue with Warrants			II After I and assuming the full exercise of the Warrants					
	Direct	Indirect	%	Direct	Indirect	%	Direct	Indirect	%			
	No. of Shares	% No. of Shares		No. of Shares	No. of Shares		No. of Shares	No. of Shares				
Tan Sri Ahmad Bin Mohd Don	-	-	-	-	-	-	-	-	-			
Koh Hong Muan @ Koh Gak Siong	6,519,900	8.02	10,906,889 ¹	11,279,850	11.22	16,360,333 ¹	16.28	16,039,800	13.39	21,813,777 ¹	18.22	
Tan Kwe Hee	5,112,100	6.29	1,200,000 ²	8,418,150	8.38	1,200,000 ²	1.19	11,724,200	9.79	1,200,000 ²	1.00	
Koh Chie Jooi	-	-	17,426,789 ³	21.44	-	27,640,183 ³	27.50	-	-	37,853,577 ³	31.61	
Koh Chee Mian	206,100	0.25	17,426,789 ³	21.44	206,100	0.21	27,640,183 ³	27.50	206,100	0.17	37,853,577 ³	31.61
Lim Pei Tiam @ Liam Ahat Kiat	9,938,800	12.23	-	15,658,200	15.58	-	-	21,377,600	17.85	-	-	
Dato' Yeow Wah Chin	520,000	0.64	-	520,000	0.52	-	-	520,000	0.43	-	-	
Ihsan bin Ismail	-	-	-	-	-	-	-	-	-	-	-	

Notes:-

¹ Deemed interested in the shares by virtue of Section 6A(4)(c) of the Act held through Aimas

² Deemed interested in the shares by virtue of Section 6A of the Act held through his spouse, Ho Say Lan @ Hor Yoke Lan

³ Deemed interested in the shares by virtue of Section 122A(1)(a) of the Act held through his parent, Koh Hong Muan @ Koh Gak Siong

Maximum Scenario

Directors	I				II							
	Shareholdings as at the LPD				After I and assuming the full exercise of the Warrants							
	Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect				
No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%			
Tan Sri Ahmad Bin Mohd Don	-	-	-	-	-	-	-	-	-	-		
Koh Hong Muan @ Koh Gak Siong	6,519,900	8.02	10,906,889 ¹	13.42	9,779,850	8.02	16,360,333 ¹	13.42	13,039,800	8.02	21,813,777 ¹	13.42
Tan Kwe Hee	5,112,100	6.29	1,200,000 ²	1.48	7,668,150	6.29	1,800,000 ²	1.48	10,224,200	6.29	2,400,000 ²	1.48
Koh Chie Jooi	-	-	17,426,789 ³	21.44	-	-	26,140,183 ³	21.44	-	-	34,853,577 ³	21.44
Koh Chee Mian	206,100	0.25	17,426,789 ³	21.44	309,150	0.25	26,140,183 ³	21.44	412,200	0.25	34,853,577 ³	21.44
Lim Pei Tiam @ Liam Ahat Kiat	9,938,800	12.23	-	-	14,908,200	12.23	-	-	19,877,600	12.23	-	-
Dato' Yeow Wah Chin	520,000	0.64	-	-	780,000	0.64	-	-	1,040,000	0.64	-	-
Ihsan bin Ismail	-	-	-	-	-	-	-	-	-	-	-	-

Notes:-

¹ Deemed interested in the shares by virtue of Section 6A(4)(c) of the Act held through Almas

² Deemed interested in the shares by virtue of Section 6A of the Act held through his spouse, Ho Say Lan @ Hor Yoke Lan

³ Deemed interested in the shares by virtue of Section 122A(1)(a) of the Act held through his parent, Koh Hong Muan @ Koh Gak Siong

5. SUBSIDIARY AND ASSOCIATE COMPANIES

As at the LPD, our subsidiary companies are set out below:-

Name of company	Date and place of incorporation	Issued and paid-up share capital	Effective equity interest %	Principal activities
General Labels & Labelling (M) Sdn Bhd	19.11.1982 Malaysia	RM20,000,000	100	Manufacturing of self-adhesive labels and stickers, and labelling machines and trading of related products
Komark International (M) Sdn Bhd	25.01.1983 Malaysia	RM700,002	100	Manufacturing of self-adhesive labels
General Labels & Labelling (Penang) Sdn Bhd	17.10.1985 Malaysia	RM1,300,000	100	Manufacturing of self-adhesive labels and stickers
General Labels & Labelling (Ipoh) Sdn Bhd	20.02.1998 Malaysia	RM50,000	100	Manufacturing of self-adhesive labels and stickers, and trading of related products
Komark Investment Holdings Ltd	10.04.2001 British Virgin Island	USD2	100	Investment holding
Komark Australasia Pty Ltd	01.06.1999 Australia	AUD2	100	Dormant
Subsidiary companies of General Labels & Labelling (M) Sdn Bhd				
General Labels & Labelling (JB) Sdn Bhd	12.04.1999 Malaysia	RM50,000	100	Manufacturing of self-adhesive labels and stickers, and trading of related products
General Labels & Labelling Pte Ltd	10.01.1983 Singapore	SGD1,000,000	100	Printer of labels and stickers
Komark (Thailand) Company Limited	29.06.1995 Thailand	THB33,400,000	100	Manufacturing and selling of self-adhesive labels
Subsidiary company of Komark International (M) Sdn Bhd				
PT Komark Labels and Labelling Indonesia	11.07.2006 Indonesia	INR4,408,600,000	100	Manufacturing and trading of self-adhesive labels
Subsidiary companies of Komark Investment Holdings Ltd				
Shanghai Komark Labels & Labelling Co, Ltd	28.07.1995 PRC	USD7,000,000	100	Manufacturing and selling of self-adhesive labels
Guangzhou Komark Labels & Labelling Co, Ltd	29.03.1996 PRC	USD2,367,978.72	100	Manufacturing and selling of self-adhesive labels
Komark Hong Kong Company Limited	25.04.2001 Hong Kong	HKD2	100	Dormant

As at the LPD, our associate company is set out below:-

Name of company	Date and place of incorporation	Issued and paid-up share capital	Effective equity interest %	Principal activities
Associate company of Komark International (M) Sdn Bhd				
Komark Enterprise Co Ltd	15.01.2002 Thailand	THB50,000	49	Trading of self-adhesive labels and related tools and equipment

6. PROFIT AND DIVIDEND RECORDS

The following table sets out a summary of our audited consolidated financial statements for the past three (3) financial years up to the FYE 30 April 2014 and the latest unaudited quarterly report of our Group for the three (3)-month FPE 31 July 2014:-

	←-----Audited-----→			←-----Unaudited-----→	
	←-----FYE 30 April-----→			←-----Three (3)-month FPE 31 July-----→	
	2012 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000
Revenue	123,346	136,037	141,805	33,478	33,106
Cost of sales	(66,146)	(74,238)	(85,091)	(16,788)	(19,109)
Gross profit	57,200	61,799	56,714	16,690	13,997
Other operating income	783	1,549	1,112	(107)	303
Depreciation and amortisation	(11,651)	(12,327)	(12,888)	(3,176)	(2,531)
Staff cost and employee benefits	(20,927)	(22,507)	(25,708)	(6,022)	(6,838)
Other operating expenses	(19,793)	(25,296)	(42,862)	(5,353)	(4,320)
Profit/ (Loss) from operations	5,612	3,218	(23,632)	2,032	611
Finance costs	(4,782)	(5,491)	(5,072)	(1,421)	(1,184)
Share of profit/ loss in associate company	-	-	-	-	-
PBT/ (LBT)	830	(2,273)	(28,704)	611	(573)
Taxation	(751)	(2,558)	(205)	(200)	(437)
PAT/ (LAT)	79	(4,831)	(28,909)	411	(1,010)
Other comprehensive income/ (expenses)					
Surplus on revaluation	-	-	12,031	-	-
Foreign currency translation	1,512	795	(488)	778	270
Total comprehensive income/ (loss)	1,591	(4,036)	(17,366)	1,189	(740)
Profit/ (Loss) attributable to:					
Equity holders of the Company	79	(4,831)	(28,909)	411	(1,010)
Non-controlling interest	-	-	-	-	-
	79	(4,831)	(28,909)	411	(1,010)

	←-----Audited-----→			←-----Unaudited-----→	
	←-----FYE 30 April-----→			Three (3)-month ←-----FPE 31 July-----→	
	2012	2013	2014	2013	2014
	RM'000	RM'000	RM'000	RM'000	RM'000
Total comprehensive income/ (loss) attributable to:					
Equity holders of the Company	1,591	(4,036)	(17,366)	1,189	(740)
Non-controlling interest	-	-	-	-	-
	1,591	(4,036)	(17,366)	1,189	(740)
Earnings/ (Loss) before interests, taxes, depreciation and amortisation	17,263	15,545	(10,744)	5,208	3,142
Weighted average number of shares in issue (excluding treasury shares) ('000)	79,738	79,864	81,274	81,274	81,274
Gross profit margin (%)	46.37	45.43	39.99	49.85	42.28
PAT/ (LAT) margin (%)	0.06	(3.55)	(20.39)	1.23	(3.05)
EPS/ (LPS) (sen)					
- Basic	0.10	(6.05)	(35.57)	0.51	(1.24)
- Diluted [†]	0.10	(6.05)	(35.57)	0.51	(1.24)
Dividend paid (RM'000)	-	406	-	-	-

Note:-

[†] The basic EPS/ LPS and diluted EPS/ LPS of our Company are the same as our Company does not have any convertible securities in issue during the financial years/ period under review

Commentary on past performance:-**FYE 30 April 2012**

For the FYE 30 April 2012, our Group recorded revenue of approximately RM123.35 million which represents an increase of approximately 9.19% as compared to the preceding financial year of approximately RM112.97 million. The increase in revenue was mainly due to an increase in demand by our Group's customers in the PRC which was attributable to the increase in demand for their products in the PRC.

The gross profit margin for the financial year under review was approximately 46.37%, representing a slight increase of approximately 1.82% as compared to the gross profit margin of the preceding financial year of approximately 44.55%. The slight increase in gross profit margin was mainly due to better efficiency in our Group's production lines amid the increase in cost of raw materials.

Staff costs and employee benefits for the financial year under review increased by approximately RM3.27 million as compared to the preceding financial year. The increase in staff costs and employee benefits was mainly due to the upward adjustment to the minimum wage policy implementation in the PRC where our subsidiary companies in Shanghai and Guangzhou were effected. For the avoidance doubt, the minimum wage in Shanghai increased from RMB1,120/month to RMB1,280/month and the minimum wage in Guangzhou increased from RMB1,100/ month to RMB1,300/ month, during the financial year under review. Other operating expenses for the financial year under review increased by approximately RM5.37 million as compared to the preceding financial year mainly due to the increase in factory overhead expenses, cost of other materials used in production and administrative expenses.

Notwithstanding the increase in revenue, our Group recorded PBT of approximately RM0.83 million for the FYE 30 April 2012 which represents a decline of approximately 71.38% as compared to the preceding financial year of approximately RM2.90 million. This decline in PBT was mainly due to increase in cost of raw materials and operating costs.

FYE 30 April 2013

For the FYE 30 April 2013, our Group recorded revenue of approximately RM136.04 million which represents an increase of approximately 10.29% as compared to preceding financial year of approximately RM123.35 million. The increase in revenue was mainly due to an increase in demand by our Group's customers in the PRC and Thailand which was attributable to the increase in demand for their respective products in the respective country

The gross profit margin for the financial year under review was approximately 45.43%, representing a slight decrease of approximately 0.94% as compared to the gross profit margin of the preceding financial year of approximately 46.37%. The slight decrease in gross profit margin was mainly due to competitive pricing offered by our Group to certain major customers.

Staff costs and employee benefits for the financial year under review increased by approximately RM1.58 million as compared to the preceding financial year. The increase in staff costs and employee benefits was mainly due to the upward adjustment to the minimum wage policy implementation in the PRC from the previous year. For the avoidance doubt, the minimum wage in Shanghai increased from RMB1,280/month to RMB1,450/month during the financial year under review. Other operating expenses for the financial year under review increased by approximately RM5.50 million as compared to the preceding financial year mainly due to the increase in factory overhead expenses and provisions for slow-moving stocks and writing off of bad debt, due to prudent basis.

Despite the increase in revenue, our Group recorded LBT of approximately RM2.27 million for the FYE 30 April 2013 as compared to the PBT of approximately RM0.83 million for the preceding financial year. This loss was mainly attributable to the reasons as set out above and high finance costs incurred.

FYE 30 April 2014

For the FYE 30 April 2014, our Group recorded revenue of approximately RM141.81 million which represents an increase of approximately 4.24% as compared to the preceding financial year of approximately RM136.04 million. The increase in revenue was mainly due to increase in sales of our Group's operation in the PRC which was attributable to the increase in demand for their products in the PRC.

The gross profit margin for the financial year under review was approximately 39.99%, representing a decrease of approximately 5.44% as compared to the gross profit margin of the preceding financial year of approximately 45.43%. The decrease in gross profit margin was mainly due to competitive pricing offered by our Group to certain major customers.

Staff costs and employee benefits for the financial year under review increased by approximately RM3.20 million as compared to the preceding financial year. The increase in staff costs and employee benefits was mainly due to the upward adjustment to the minimum wage policy implementation in the PRC from the previous year as well as the upward adjustment to the minimum wage policy implementation in Thailand from the previous year. For the avoidance doubt, the minimum wage in Shanghai increased from RMB1,450/month to RMB1,620/month, the minimum wage in Guangzhou increased from RMB1,300/ month to RMB1,550/ month, and the minimum wage in Chon Buri (where our subsidiary company in Thailand is located) from THB273/day to THB300/day, during the financial year under review. Other operating expenses for the financial year under review increased by approximately RM17.57 million as compared to the preceding financial year mainly due to assets impairment (RM12.51 million), provisions for slow-moving inventories (RM0.82 million), writing off of bad debts (RM1.55 million), provisions for doubtful debts (RM1.01 million) and writing off of development cost (RM1.07 million), due to prudent basis.

Despite the increase in revenue, our Group recorded LBT of approximately RM28.70 million for the FYE 30 April 2014 as compared to the LBT of approximately RM2.27 million for the preceding financial year. The increase in loss was mainly due to the reasons as set out above and high finance cost incurred.

Three (3)-month FPE 31 July 2014

For the three (3)-month FPE 31 July 2014, our Group recorded revenue of approximately RM33.11 million which represents a slight decrease of approximately 1.11% as compared to the corresponding period in the preceding financial year of approximately RM33.48 million. The slight decrease in revenue was mainly due the decline in orders from our Group's local and overseas customers.

The gross profit margin for the financial period under review was approximately 42.28%, representing a decrease of approximately 7.57% as compared to the gross profit margin of the corresponding period in the preceding financial year of approximately 49.85%. The decrease in gross profit margin was mainly due to competitive pricing offered by our Group to certain major customers.

Staff costs and employee benefits for the financial period under review increased by approximately RM0.82 million as compared to the corresponding period in the preceding financial year. The increase in staff costs and employee benefits was mainly due to the upward adjustment to the minimum wage policy implementation in the PRC from the previous year. For the avoidance doubt, the minimum wage in Shanghai increased from RMB1,620/month to RMB1,820/month during the financial period under review. Other operating expenses for the financial period under review decreased by approximately RM1.03 million as compared to the corresponding period in the preceding financial year mainly due to the decrease in factory overhead expenses.

Despite the slight decrease in revenue, our Group recorded LBT of approximately RM0.57 million for the three (3)-month FPE 31 July 2014 as compared to the PBT of approximately RM0.61 million for the corresponding period in the preceding financial year. The loss incurred was mainly due to competitive pricing offered by our Group to certain major customers and increase in staff costs and employee benefits expenses.

7. HISTORICAL SHARE PRICES

The monthly highest and lowest market prices of our Shares as traded on Bursa Securities for the past 12 months from December 2013 to November 2014 are set out below:-

	High RM	Low RM
2013		
December	0.62	0.58
2014		
January	0.63	0.57
February	0.62	0.58
March	0.68	0.58
April	0.75	0.61
May	0.66	0.62
June	0.64	0.54
July	0.60	0.50
August	0.59	0.55
September	0.61	0.53
October	0.57	0.51
November	0.65	0.55
Last transacted market price on 23 June 2014 (being the date prior to the announcement on the Corporate Exercises)		RM0.57
Last transacted market price on the LPD		RM0.59
Last transacted price of Komark Shares on 24 December 2014 (being the date prior to the ex-date for the Rights Issue with Warrants)		RM0.52

(Source: Bloomberg Finance LP)

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 30 APRIL 2014 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON



Affiliated Firm of



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Date: 16 DEC 2014

The Board of Directors

KOMARKCORP BERHAD

Lot 132, Jalan 16/1

Kawasan Perindustrian Cheras Jaya

43200 Balakong

Selangor Darul Ehsan

Dear Sirs,

KOMARKCORP BERHAD ("KOMARK" OR "THE COMPANY")

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 APRIL 2014 IN CONNECTION WITH THE FOLLOWING:

- **THE REDUCTION IN THE PAR VALUE OF THE ISSUED AND PAID-UP SHARE CAPITAL OF KOMARK VIA THE CANCELLATION OF RM0.75 OF THE PAR VALUE OF EVERY ORDINARY SHARE OF RM1.00 EACH IN KOMARK RESULTING IN THE NEW PAR VALUE OF RM0.25 EACH FOR EVERY ORDINARY SHARE IN KOMARK PURSUANT TO SECTION 64 OF THE COMPANIES ACT, 1965 ("PAR VALUE REDUCTION"); AND**
- **RENOUNCEABLE RIGHTS ISSUE OF UP TO 40,637,005 NEW ORDINARY SHARES OF RM0.25 EACH IN KOMARK ("KOMARK SHARES") ("RIGHTS SHARES") ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY TWO (2) EXISTING KOMARK SHARES HELD, TOGETHER WITH UP TO 40,637,005 FREE DETACHABLE WARRANTS IN KOMARK ("WARRANTS") ON THE BASIS OF ONE (1) FREE WARRANT FOR EVERY ONE (1) RIGHTS SHARE SUBSCRIBED FOR, AT 5.00 P.M. ON 30 DECEMBER 2014 AT AN ISSUE PRICE OF RM0.30 PER RIGHTS SHARE ("RIGHTS ISSUE WITH WARRANTS")**

We have reviewed the Proforma Consolidated Statements of Financial Position ("Proforma") of Komark and its subsidiary companies ("Group") as at 30 April 2014 together with the accompanying notes which have been compiled by the Directors of the Company ("the Directors") for illustrative purposes only (which we have stamped for the purposes of identification), for inclusion in the Abridged Prospectus of Komark in relation to the Rights Issue with Warrants.

The Proforma of the Group have been compiled to illustrate the effects of the Par Value Reduction and the Rights Issue with Warrants on the audited consolidated statements of financial position of the Group as at 30 April 2014 had the Par Value Reduction and the Rights Issue with Warrants been effected on that date. Information about the financial position has been extracted by the Directors from the audited financial statements for the financial year ended 30 April 2014, on which audit report has been issued without any modifications.

Directors' Responsibility

The Directors are responsible for compiling the Proforma based on the applicable criteria described in the notes to the Proforma.

- PrimeGlobal is an association of independent accounting firms with 350 members with representation in 90 countries throughout the world.
- Regional Offices in Bangkok, Ho Chi Minh City, Hong Kong, Johor Bahru, Manila, Phnom Penh, Shenzhen, Singapore, Taipei, Seoul, Brunei & Labuan.
- Branch Offices in Ipoh and Kota Kinabalu.

Our Responsibility

Our responsibility is to express an opinion about whether the Proforma have been compiled, in all material respects, in accordance to the applicable criteria described in the notes to the Proforma.

We conducted our work in accordance with the approved standard on assurance engagement in Malaysia, *ISAE 3420 – Assurance Engagements to Report on the Compilation of Proforma Financial Information Included in a Prospectus* issued by the Malaysian Institute of Accountants. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material respects, the Proforma based on the applicable criteria.

For the purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Proforma, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Proforma.

The purpose of the Proforma is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the Proforma have been compiled, in all material respects, based on the applicable criteria involves performing procedures to assess whether the applicable criteria used provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related proforma adjustments give appropriate effect to those criteria; and
- The Proforma reflect the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the event or transaction in respect of which the Proforma have been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Proforma.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our Opinion

In our opinion:

- (a) the Proforma together with the accompanying notes have been properly compiled, in all material respects, on the basis of the applicable criteria described in the notes to the Proforma based on the audited consolidated financial statements of the Group for the financial year ended 30 April 2014 and in a manner consistent with both the format of the financial statements and accounting policies adopted by the Group;
- (b) the audited consolidated financial statements of the Group for the financial year ended 30 April 2014 used in the compilation of the Proforma were prepared in accordance with the Malaysian Financial Reporting Standards; and
- (c) the adjustments made to the information used in the compilation of the Proforma are appropriate.

Other matters

This letter has been issued solely for inclusion in the Abridged Prospectus of Komark in connection with the Rights Issue with Warrants and is not to be used, circulated, quoted or otherwise referenced to in any document or used for any other purpose without the prior written consent from us. Our work had been carried out in accordance with the approved standards on assurance engagements in Malaysia as issued by the Malaysian Institute of Accountants and accordingly, should not be relied upon as if it had been carried out in accordance with standards and practices in other jurisdiction. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this letter contrary to the aforesaid purpose.

Yours faithfully,



ONG & WONG
AF 0241
Chartered Accountants



ONG KOON LIANG
2909/02/15(J)
Chartered Accountant

KOMARKCORP BERHAD
PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 APRIL 2014

ONG & WONG (AF 0241)
Chartered Accountants
For Identification Purposes Only

The Proforma Consolidated Statements of Financial Position ("Proforma") of Komarkcorp Berhad ("Komark" or "Company") and its subsidiary companies ("Group") as set out below have been compiled for illustrative purposes only, based on the audited consolidated statements of financial position of the Group as at 30 April 2014 and should be read in conjunction with the accompanying notes to the Proforma.

Minimum Scenario

	Audited Statement of Financial Position as at 30.04.2014	Note	Proforma I Adjusted for the cancellation of treasury shares	Proforma II After I and adjusted for the Par Value Reduction	Proforma III After II and the Rights Issue with Warrants	Proforma IV After III and assuming full exercise of the Warrants
	RM'000		RM'000	RM'000	RM'000	RM'000
ASSETS						
Non-current assets						
Property, plant and equipment	121,242		121,242	121,242	121,242	121,242
Prepaid lease payments on land	1,758		1,758	1,758	1,758	1,758
Development expenditure	229		229	229	229	229
Goodwill on consolidation	1,750		1,750	1,750	1,750	1,750
Total non-current assets	124,979		124,979	124,979	124,979	124,979
Current assets						
Inventories	28,929		28,929	28,929	28,929	28,929
Trade and other receivables	39,874		39,874	39,874	39,874	39,874
Amount due from associate company	836		836	836	836	836
Tax recoverable	105		105	105	105	105
Cash and bank balances	9,486	2	9,486	9,486	10,658	16,430
Total current assets	79,230		79,230	79,230	80,402	86,174
TOTAL ASSETS	204,209		204,209	204,209	205,381	211,153

KOMARKCORP BERHAD
PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 APRIL 2014

Minimum Scenario (cont'd)

ONG & WONG (AF 0241)
 Chartered Accountants
 For Identification Purposes Only

	Note	Audited Statement of Financial Position as at 30.04.2014 RM'000	Proforma I Adjusted for the cancellation of treasury shares RM'000	Proforma II After I and adjusted for the Par Value Reduction RM'000	Proforma III After II and the Rights Issue with Warrants RM'000	Proforma IV After III and assuming full exercise of the Warrants RM'000
EQUITY AND LIABILITIES						
Equity attributable to equity holders of Komark						
Share capital	3	81,275	81,274	20,319	25,129	29,939
Treasury shares	4	-	-	-	-	-
Share premium	5	15,634	15,634	15,634	15,996	16,958
Other reserves		18,657	18,657	18,657	18,657	18,657
Capital redemption reserve	6	-	1	1	1	1
Capital reserve	7	-	-	33,881	33,881	33,881
Warrant reserve	8	-	-	-	3,463	-
(Accumulated losses) / Retained profits	9	(16,690)	(16,690)	10,384	6,921	10,384
T total equity		98,876	98,876	98,876	104,048	109,820
Non-current liabilities						
Borrowings	10	14,840	14,840	14,840	14,840	14,840
Deferred tax liabilities		554	554	554	554	554
T total non-current liabilities		15,394	15,394	15,394	15,394	15,394
Current liabilities						
Trade and other payables		30,763	30,763	30,763	30,763	30,763
Borrowings	10	57,479	57,479	57,479	53,479	53,479
Tax payable		1,697	1,697	1,697	1,697	1,697
T total current liabilities		89,939	89,939	89,939	85,939	85,939

Amount less than RM1,000

KOMARKCORP BERHAD
PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 APRIL 2014

ONG & WONG (AF 0241)
 Chartered Accountants
 For Identification Purposes Only

Minimum Scenario (cont'd)

	Audited Statement of Financial Position as at 30.04.2014	Proforma I Adjusted for the cancellation of treasury shares	Proforma II After I and adjusted for the Par Value Reduction	Proforma III After II and the Rights Issue with Warrants	Proforma IV After III and assuming full exercise of the Warrants
Note	RM'000	RM'000	RM'000	RM'000	RM'000
EQUITY AND LIABILITIES					
Total liabilities	105,333	105,333	105,333	101,333	101,333
TOTAL EQUITY AND LIABILITIES	204,209	204,209	204,209	205,381	211,153
Net assets (RM'000)	98,876	98,876	98,876	104,048	109,820
Par value (RM)	1.00	1.00	0.25	0.25	0.25
Number of shares outstanding (excluding treasury shares) ('000)	81,274	81,274	81,274	100,513	119,752
Net asset per share (RM)	1.22	1.22	1.22	1.04	0.92
Total borrowings (RM'000)	72,319	72,319	72,319	68,319	68,319
Gearing (times)	0.73	0.73	0.73	0.66	0.62

KOMARKCORP BERHAD**PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 APRIL 2014***Maximum Scenario*

ONG & WONG (AF 0241)
Chartered Accountants
For Identification Purposes Only

	Note	Audited Statement of Financial Position as at 30.04.2014 RM'000	Proforma I Adjusted for the cancellation of treasury shares RM'000	Proforma II After I and adjusted for the Par Value Reduction RM'000	Proforma III After II and the Rights Issue with Warrants RM'000	Proforma IV After III and assuming full exercise of the Warrants RM'000
ASSETS						
Non-current assets						
Property, plant and equipment		121,242	121,242	121,242	121,242	121,242
Prepaid lease payments on land		1,758	1,758	1,758	1,758	1,758
Development expenditure		229	229	229	229	229
Goodwill on consolidation		1,750	1,750	1,750	1,750	1,750
Total non-current assets		124,979	124,979	124,979	124,979	124,979
Current assets						
Inventories		28,929	28,929	28,929	28,929	28,929
Trade and other receivables		39,874	39,874	39,874	39,874	39,874
Amount due from associate company		836	836	836	836	836
Tax recoverable		105	105	105	105	105
Cash and bank balances	2	9,486	9,486	9,486	12,077	24,268
Total current assets		79,230	79,230	79,230	81,821	94,012
TOTAL ASSETS		204,209	204,209	204,209	206,800	218,991
EQUITY AND LIABILITIES						
Equity attributable to equity holders of Komark						
Share capital	3	81,275	81,274	20,319	30,478	40,637
Treasury shares	4	-	-	-	-	-
Share premium	5	15,634	15,634	15,634	17,066	19,098
Other reserves		18,657	18,657	18,657	18,657	18,657
Capital redemption reserve	6	-	1	1	1	1
Capital reserve	7	-	-	33,881	33,881	33,881
Warrant reserve	8	-	-	-	7,315	-
(Accumulated losses) / Retained profits	9	(16,690)	(16,690)	10,384	3,069	10,384
Total equity		98,876	98,876	98,876	110,467	122,658

Amount less than RM1,000

KOMARKCORP BERHAD
PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 APRIL 2014

Maximum Scenario (cont'd)

ONG & WONG (AF 0241)
Chartered Accountants
For Identification Purposes Only

	Audited Statement of Financial Position as at 30.04.2014 RM'000	Proforma I Adjusted for the cancellation of treasury shares RM'000	Proforma II After I and adjusted for the Par Value Reduction RM'000	Proforma III After II and the Rights Issue with Warrants RM'000	Proforma IV After III and assuming full exercise of the Warrants RM'000
EQUITY AND LIABILITIES					
Non-current liabilities					
Borrowings	14,840	14,840	14,840	14,840	14,840
Deferred tax liabilities	554	554	554	554	554
Total non-current liabilities	15,394	15,394	15,394	15,394	15,394
Current liabilities					
Trade and other payables	30,763	30,763	30,763	30,763	30,763
Borrowings	57,479	57,479	57,479	48,479	48,479
Tax payable	1,697	1,697	1,697	1,697	1,697
Total current liabilities	89,939	89,939	89,939	80,939	80,939
Total liabilities	105,333	105,333	105,333	96,333	96,333
TOTAL EQUITY AND LIABILITIES	204,209	204,209	204,209	206,800	218,991
Net assets (RM'000)	98,876	98,876	98,876	110,467	122,658
Par value (RM)	1.00	1.00	0.25	0.25	0.25
Number of shares outstanding (excluding treasury shares) ('000)	81,274	81,274	81,274	121,911	162,548
Net asset per share (RM)	1.22	1.22	1.22	0.91	0.75
Total borrowings (RM'000)	72,319	72,319	72,319	63,319	63,319
Gearing (times)	0.73	0.73	0.73	0.57	0.52

KOMARKCORP BERHAD
NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF
FINANCIAL POSITION AS AT 30 APRIL 2014

ONG & WONG (AF 0241)
Chartered Accountants
For Identification Purposes Only

1. Basis of Preparation

The Proforma Consolidated Statements of Financial Position together with the accompanying notes, for which the Directors of Komark are solely responsible, have been compiled for illustrative purposes only, to show the effect on the audited consolidated statements of financial position of the Group as at 30 April 2014 on the assumption that the following events had taken place on that date:

- i. The reduction in the par value of the issued and paid-up share capital of Komark via the cancellation of RM0.75 of the par value of every ordinary share of RM1.00 each in Komark resulting in the new par value of RM0.25 each for every ordinary share in Komark pursuant to Section 64 of the Companies Act, 1965 ("Par Value Reduction");
- ii. Renounceable rights issue of up to 40,637,005 new ordinary shares of RM0.25 each in Komark ("Komark Share(s)") ("Rights Share(s)") on the basis of one (1) Rights Share for every two (2) existing Komark Shares held, together with up to 40,637,005 free detachable warrants in Komark ("Warrant(s)") on the basis of one (1) free Warrant for every one (1) Rights Share subscribed for, at 5.00 p.m. on 30 December 2014 at an issue price of RM0.30 per Rights Share ("Rights Issue with Warrants"); and
- iii. Amendments to the Memorandum and Articles of Association of Komark ("Amendments").

(Collectively referred to as the "Corporate Exercises")

The Proforma have been compiled in a manner consistent with both the format of the financial statements and accounting policies adopted by the Group in the preparation of its audited consolidated financial statements for the financial year ended 30 April 2014, which have been prepared in accordance with the Malaysian Financial Reporting Standards in Malaysia.

Proforma I

Proforma I incorporates the effects of the cancellation of all 1,000 treasury shares purchased and retained by the Company as at 30 April 2014. The treasury shares cancellation exercise was completed on 3 October 2014, prior to the implementation of the Par Value Reduction and the Rights Issue with Warrants ("Treasury Shares Cancellation")

The Treasury Share Cancellation resulted in a decrease in the issued and paid-up share capital of Komark by 1,000 ordinary shares of RM1.00 each and gave rise to a credit of RM1,000 which has been transferred to the capital redemption reserve account of Komark. Upon completion of the Treasury Shares Cancellation, the issued and paid-up share capital of Komark was reduced to RM81,274,010 comprising 81,274,010 ordinary shares of RM1.00 each.

KOMARKCORP BERHAD
NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF
FINANCIAL POSITION AS AT 30 APRIL 2014

ONG & WONG (AF 0241)
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1. Basis of Preparation (cont'd)

Proforma II

Proforma II incorporates the effects of Proforma I and the Par Value Reduction. The Par Value Reduction involved the reduction in the par value of the issued and paid-up share capital of Komark via the cancellation of RM0.75 of the par value of every ordinary share of RM1.00 each in Komark resulting in the new par value of RM0.25 each for every Komark Share pursuant to Section 64 of the Companies Act, 1965. The Par Value Reduction was completed and took effect on 8 December 2014.

The Par Value Reduction gave rise to a credit of approximately RM60,955,508 which was utilised to offset the accumulated losses of Komark at the Company level. Based on the audited financial statements of the Company as at 30 April 2014, the accumulated losses of Komark at the Company level amounts to approximately RM27,073,702. The excess of the credit after having been utilised to offset the accumulated losses of the Company is retained in the capital reserve account of the Company, which amounts to approximately RM33,881,806.

Proforma III

Proforma III incorporates the effects of Proforma II and the Rights Issue with Warrants based on the following two (2) scenarios:-

a. *Minimum Scenario*

Assuming the Rights Issue with Warrants is undertaken based on the minimum subscription level of 19,238,844 Rights Shares at an issue price of RM0.30 per Rights Share, together with 19,238,844 free Warrants. Pursuant to the issuance of the Rights Shares at an issue price of RM0.30 per Rights Share, there will be an increase in share premium of approximately RM961,942 and the expected gross proceeds to be raised is approximately RM5,771,653.

Pursuant to the issuance of the Warrants, a warrant reserve of approximately RM3,462,992 will be created based on the theoretical fair value of RM0.18 per Warrant. The retained profits after the adjustments for the said warrant reserve amounts to approximately RM6,920,709.

KOMARKCORP BERHAD
NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF
FINANCIAL POSITION AS AT 30 APRIL 2014

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1. Basis of Preparation (cont'd)

Proforma III (cont'd)

b. *Maximum Scenario*

Assuming the Rights Issue with Warrants is undertaken based on the maximum subscription level of 40,637,005 Rights Shares at an issue price of RM0.30 per Rights Share, together with 40,637,005 free Warrants. Pursuant to the issuance of the Rights Shares at an issue price of RM0.30 per Rights Share, there will be an increase in share premium of approximately RM2,031,850 and the expected gross proceeds to be raised is approximately RM12,191,102.

Pursuant to the issuance of the Warrants, a warrant reserve of approximately RM7,314,661 will be created based on the theoretical fair value of RM0.18 per Warrant. The retained profits after the adjustments for the said warrant reserve amounts to approximately RM3,069,040.

Theoretical Fair Value of Warrants

The theoretical fair value of the Warrants is estimated using the Black Scholes Model from Bloomberg Finance based on the following key assumptions:

i.	Exercise Price	RM0.30 per Warrant
ii.	Theoretical ex-rights price	RM0.43 per Komark Share
iii.	Borrowing cost	Nil
iv.	Expected dividend yield	Nil
v.	Tenure of Warrants	5 years from the date of issuance of Warrants

Based on the assumptions and basis described above and applying all the inputs into the Black Scholes Model, the theoretical fair value of the Warrant is approximately RM0.18 per Warrant.

As the above variables are subject to changes upon implementation of the Rights Issue with Warrants, the actual quantum of the warrant reserve will only be determined upon issuance of the Rights Shares and the Warrants, and may differ from the amount computed above.

KOMARKCORP BERHAD
NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF
FINANCIAL POSITION AS AT 30 APRIL 2014

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1. Basis of Preparation (cont'd)

Proposed Utilisation of Proceeds from the Rights Issue with Warrants

The proceeds from the Rights Issue with Warrants is intended to be utilised in the following manner:

	Minimum Scenario RM'000	Maximum Scenario RM'000
Repayment of bank borrowings ¹	4,000	9,000
Purchase of machinery ²	932	932
Working capital ³	240	1,659
Estimated expenses of the Corporate Exercises ⁴	600	600
	5,772	12,191

Notes:-

¹ The gross proceeds earmarked for repayment of bank borrowings will be utilised to partially repay Komark Group's total bank borrowings amounted to approximately RM68.59 million as at 8 December 2014. For illustrative purposes, the partial repayment of the Group's bank borrowings is expected to result in an interest cost savings of approximately RM0.28 million per annum under the Minimum Scenario and approximately RM0.63 million per annum under the Maximum Scenario based on the effective interest rate at 7.02% per annum.

² As at 8 December 2014, the Group owns a total of 60 machineries in its production lines. The Group intends to purchase one (1) additional new machinery for the manufacturing of self-adhesive labels and stickers in Malaysia to replace an existing machinery which is intended to be used in the Group's operation in Indonesia to enhance the Group's production lines in Indonesia. The gross proceeds earmarked for purchase of machinery is intended to be utilised to partially fund the purchase of the aforesaid additional new machinery which will be equipped with more advanced technology and is expected to increase the productivity of the Group in its operation in Malaysia. The total cost of the new machinery is approximately RM2.93 million. The Group is currently sourcing for hire purchase facilities to fund the balance of approximately RM1.99 million for the new machinery. The production capacity of the existing machinery which is intended to be used in the Group's operation in Indonesia is approximately 172,800 square metres per month while the production capacity of the new machinery is approximately 362,880 square metres per month. Hence, the purchase of the new machinery is expected to increase the production capacity of the Group by approximately 362,880 square metres per month.

³ The proceeds earmarked for general working capital will be utilised to finance the day-to-day operations of Komark Group and is expected to be utilised in the following manner:-

	Minimum Scenario RM'000	Maximum Scenario RM'000
Repayment to trade creditors	150	1,159
Other day-to-day operation expenses	90	500
Total	240	1,659

The total outstanding trade creditors of the Group as at 8 December 2014 is approximately RM23.02 million. The credit terms/ period granted by the existing trade creditors of the Group as at 8 December 2014 ranges from 30 days to 120 days. The proceeds to be raised is expected to improve the Group's cash flow and fund its operating expenses.

KOMARKCORP BERHAD
NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF
FINANCIAL POSITION AS AT 30 APRIL 2014

ONG & WONG (AF 0241)
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For Identification Purposes Only

1. Basis of Preparation (cont'd)

Proposed Utilisation of Proceeds from the Rights Issue with Warrants (cont'd)

Notes:- (cont'd)

* The proceeds earmarked for estimated expenses in relation to the Corporate Exercises shall be utilised as set out below:-

	RM'000
Professional fees (i.e. adviser, reporting accountants and solicitors)	450
Regulatory fees	90
Other incidental expenses in relation to the Corporate Exercises	60
Total	600

The proceeds earmarked for purchase of machinery and working capital will be included in cash and bank balances account pending utilisation. The estimated expenses in relation to the Corporate Exercises will be deducted from the Company's share premium account.

Proforma IV

Proforma IV incorporates the effects of Proforma III and assuming full exercise of the Warrants as follows and the reversal of the warrant reserve:

a. *Minimum Scenario*

Assuming the full exercise of the 19,238,844 Warrants at an exercise price of RM0.30 per Warrant. Pursuant thereto, there will be an increase in share premium of approximately RM961,942 and the expected gross proceeds to be raised is approximately RM5,771,653. The said proceeds is earmarked for working capital and will be included in cash and bank balances account pending utilisation.

In addition, the warrant reserve of approximately RM3,462,992 will be transferred to the retained profits account.

b. *Maximum Scenario*

Assuming the full exercise of the 40,637,005 Warrants at an exercise price of RM0.30 per Warrant. Pursuant thereto, there will be an increase in share premium of approximately RM2,031,850 and the expected gross proceeds to be raised is approximately RM12,191,102. The said proceeds is earmarked for working capital and will be included in cash and bank balances account pending utilisation.

KOMARKCORP BERHAD
NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF
FINANCIAL POSITION AS AT 30 APRIL 2014

ONG & WONG (AF 0241)
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For Identification Purposes Only

1. Basis of Preparation (cont'd)

Proforma IV (cont'd)

b. *Maximum Scenario (cont'd)*

In addition, the warrant reserve of approximately RM7,314,661 will be transferred to the retained profits account.

2. Cash and Bank Balances

The movement in the cash and bank balances of the Group are as follows:

	Minimum Scenario RM'000	Maximum Scenario RM'000
As at 30 April 2014	9,486	9,486
Arising from the Treasury Shares Cancellation	-	-
As per Proforma I	9,486	9,486
Arising from the Par Value Reduction	-	-
As per Proforma II	9,486	9,486
Arising from the Rights Issue with Warrants	5,772	12,191
Less: Repayment of bank borrowings	(4,000)	(9,000)
Less: Estimated expenses of the Corporate Exercises	(600)	(600)
As per Proforma III	10,658	12,077
Arising from the full exercise of Warrants	5,772	12,191
As per Proforma IV	16,430	24,268

3. Share Capital

The movement in the issued and fully paid-up share capital of the Group are as follows:

	Par Value RM	Minimum Scenario		Maximum Scenario	
		No. of ordinary shares ('000)	Amount RM'000	No. of ordinary shares ('000)	Amount RM'000
As at 30 April 2014	1.00	81,275	81,275	81,275	81,275
Arising from the Treasury Shares Cancellation	1.00	(1)	(1)	(1)	(1)
As per Proforma I	1.00	81,274	81,274	81,274	81,274
Arising from the Par Value Reduction		-	(60,955)	-	(60,955)
As per Proforma II	0.25	81,274	20,319	81,274	20,319
Arising from the Rights Issue with Warrants	0.25	19,239	4,810	40,637	10,159
As per Proforma III	0.25	100,513	25,129	121,911	30,478
Arising from the full exercise of Warrants	0.25	19,239	4,810	40,637	10,159
As per Proforma IV	0.25	119,752	29,939	162,548	40,637

KOMARKCORP BERHAD
NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF
FINANCIAL POSITION AS AT 30 APRIL 2014

ONG & WONG (AF 0241)
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4. Treasury Shares

The movement in the treasury shares of the Group are as follows:

	Minimum Scenario RM'000	Maximum Scenario RM'000
As at 30 April 2014	- #	- #
Arising from the Treasury Shares Cancellation	(- #)	(- #)
As per Proforma I	-	-
Arising from the Par Value Reduction	-	-
As per Proforma II	-	-
Arising from the Rights Issue with Warrants	-	-
As per Proforma III	-	-
Arising from the full exercise of Warrants	-	-
As per Proforma IV	-	-

Amount less than RM1,000

5. Share Premium

The movement in the share premium of the Group are as follows:

	Minimum Scenario RM'000	Maximum Scenario RM'000
As at 30 April 2014	15,634	15,634
Arising from the Treasury Shares Cancellation	(- #)	(- #)
As per Proforma I	15,634	15,634
Arising from the Par Value Reduction	-	-
As per Proforma II	15,634	15,634
Arising from the Rights Issue with Warrants	962	2,032
Less: Estimated expenses of the Corporate Exercises	(600)	(600)
As per Proforma III	15,996	17,066
Arising from the full exercise of Warrants	962	2,032
As per Proforma IV	16,958	19,098

Amount less than RM1,000

KOMARKCORP BERHAD
NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF
FINANCIAL POSITION AS AT 30 APRIL 2014

ONG & WONG (AF 0241)
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6. Capital Redemption Reserve

The movement in the capital redemption reserve of the Group are as follows:

	Minimum Scenario RM'000	Maximum Scenario RM'000
As at 30 April 2014	-	-
Arising from the Treasury Shares Cancellation	1	1
As per Proforma I	1	1
Arising from the Par Value Reduction	-	-
As per Proforma II	1	1
Arising from the Rights Issue with Warrants	-	-
As per Proforma III	1	1
Arising from the full exercise of Warrants	-	-
As per Proforma IV	1	1

7. Capital Reserve

The movement in the capital reserve of the Group are as follows:

	Minimum Scenario RM'000	Maximum Scenario RM'000
As at 30 April 2014	-	-
Arising from the Treasury Shares Cancellation	-	-
As per Proforma I	-	-
Arising from the Par Value Reduction	33,881	33,881
As per Proforma II	33,881	33,881
Arising from the Rights Issue with Warrants	-	-
As per Proforma III	33,881	33,881
Arising from the full exercise of Warrants	-	-
As per Proforma IV	33,881	33,881

KOMARKCORP BERHAD
NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF
FINANCIAL POSITION AS AT 30 APRIL 2014

ONG & WONG (AF 0241)
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8. Warrant Reserve

The movement in the warrant reserve of the Group are as follows:

	Minimum Scenario RM'000	Maximum Scenario RM'000
As at 30 April 2014	-	-
Arising from the Treasury Shares Cancellation	-	-
As per Proforma I	-	-
Arising from the Par Value Reduction	-	-
As per Proforma II	-	-
Arising from the Rights Issue with Warrants	3,463	7,315
As per Proforma III	3,463	7,315
Arising from the full exercise of Warrants	(3,463)	(7,315)
As per Proforma IV	-	-

9. (Accumulated Losses) / Retained Profits

The movement in the retained earnings of the Group are as follows:

	Minimum Scenario RM'000	Maximum Scenario RM'000
As at 30 April 2014	(16,690)	(16,690)
Arising from the Treasury Shares Cancellation	-	-
As per Proforma I	(16,690)	(16,690)
Arising from the Par Value Reduction	27,074	27,074
As per Proforma II	10,384	10,384
Arising from the Rights Issue with Warrants	(3,463)	(7,315)
As per Proforma III	6,921	3,069
Arising from the full exercise of Warrants	3,463	7,315
As per Proforma IV	10,384	10,384

KOMARKCORP BERHAD
NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF
FINANCIAL POSITION AS AT 30 APRIL 2014

ONG & WONG (AF 0241)
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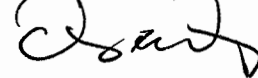
10. Borrowings

The movement in the borrowings of the Group are as follows:

	Minimum Scenario RM'000	Maximum Scenario RM'000
As at 30 April 2014	72,319	72,319
Arising from the Treasury Shares Cancellation	-	-
As per Proforma I	72,319	72,319
Arising from the Par Value Reduction	-	-
As per Proforma II	72,319	72,319
Arising from the Rights Issue with Warrants	-	-
Less: Repayment of bank borrowings	(4,000)	(9,000)
As per Proforma III	68,319	63,319
Arising from the full exercise of Warrants	-	-
As per Proforma IV	68,319	63,319

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 30 APRIL 2014 TOGETHER WITH THE AUDITORS' REPORT THEREON

**CERTIFIED TRUE COPY
OF THE ORIGINAL**



.....
ONG & WONG (AF0241)

Chartered Accountants

ONG KOON LIANG

PARTNER

No. 2909/02/15(J)

KOMARKCORP BERHAD

(Incorporated in Malaysia)

FINANCIAL STATEMENTS

YEAR ENDED 30 APRIL 2014

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KOMARKCORP BERHAD*(Incorporated in Malaysia)***DIRECTORS' REPORT FOR THE YEAR ENDED 30 APRIL 2014**

The directors present their report and the audited financial statements of the Group and of the Company for the financial year ended 30 April 2014.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding and provision of management services to its subsidiaries. The principal activities of the subsidiaries are as set out in Note 6 to the financial statements. There have been no significant changes in these activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
(Loss)/profit before taxation	(28,704)	1,169
Taxation	(205)	-
(Loss)/profit for the year	<u>(28,909)</u>	<u>1,169</u>

DIVIDEND

Since the end of the previous financial year, the Company paid a first and final single-tier dividend of 0.50 sen per ordinary shares of RM1 each totalling to RM406,367 in respect of the financial year ended 30 April 2013 on 13 December 2013.

The directors do not recommend any dividend payment in respect of the financial year ended 30 April 2014.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

ISSUE OF SHARES

During the financial year, there was no issue of shares.

TREASURY SHARES

During the financial year, the Company repurchased 1,000 ordinary shares from the open market at an average price of approximately RM0.66 per share. The total consideration paid for the repurchase including transaction costs was RM656 and this was financed by internally generated funds.

KOMARKCORP BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT FOR THE YEAR ENDED 30 APRIL 2014

SHARE OPTION

During the financial year, the Company did not grant any option to any person to take up the unissued shares of the Company.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Details of significant events during the financial year are disclosed in Note 33 to the financial statements.

EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

Details of events subsequent to the balance sheet date are disclosed in Note 34 to the financial statements.

DIRECTORS

The directors who served since the date of the last report are:

Koh Hong Muan @ Koh Gak Siong
Datuk Ng Peng Hong @ Ng Peng Hay
Koh Chie Jooi
Koh Chee Mian
Ihsan Bin Ismail (appointed on 23.9.13)
Tan Sri Ahmad Bin Mohd Don
Tan Kwe Hee
Lim Pei Tiam @ Liam Ahat Kiat
Dato' Yeow Wah Chin

DIRECTORS' INTERESTS IN SHARES

According to the Register of Directors' Shareholdings, the interests of directors in office at the end of the financial year in shares in the Company during the financial year were as follows:

	Number of ordinary shares of RM1 each			Balance at 30.4.2014
	Balance at 1.5.2013	Bought	Sold	
(Direct Interest)				
Koh Hong Muan @ Koh Gak Siong	6,010,300	509,600	-	6,519,900
Koh Chee Mian	206,100	-	-	206,100
Lim Pei Tiam @ Liam Ahat Kiat	9,938,800 [^]	-	-	9,938,800
Tan Kwe Hee	4,747,000 [^]	20,000	-	4,767,000
Dato' Yeow Wah Chin	520,000 [^]	-	-	520,000

KOMARKCORP BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT FOR THE YEAR ENDED 30 APRIL 2014

DIRECTORS' INTERESTS IN SHARES (CONT'D)

	Number of ordinary shares of RM1 each			Balance at 30.4.2014
	Balance at 1.5.2013	Bought	Sold	
(Indirect Interest)				
Koh Hong Muan @ Koh Gak Siong	10,906,889#	-	-	10,906,889#
Koh Chie Jooi	16,917,189*	509,600	-	17,426,789*
Koh Chee Mian	16,917,189*	509,600	-	17,426,789*
Tan Kwe Hee	1,200,000*^	-	-	1,200,000*

^ Shares held on date of appointment as director on 16 August 2013.

Deemed interested in shares held by an affiliated company, Aimas Enterprise Sdn. Bhd., a company incorporated in Malaysia, by virtue of Section 6A(4)(c) of the Companies Act, 1965.

* Deemed interested in the shares held by persons connected under Section 122A(1)(a) of the Companies Act, 1965.

By virtue of their interests in the shares of the Company, Koh Hong Muan @ Koh Gak Siong, Koh Chie Jooi, Koh Chee Mian, Lim Pei Tiam @ Liam Ahat Kiat, Tan Kwe Hee and Dato' Yeow Wah Chin are also deemed to have an interest in the shares of all the subsidiaries of the Company to the extent the Company has an interest.

Other than as disclosed above, none of the other directors in office at the end of the financial year had any interest in the shares of the Company or its related companies during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors shown in the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member or with a company in which the director has a substantial financial interest except as disclosed in Note 22 to the financial statements.

Neither during nor at the end of the financial year was the Company a party to any arrangements which object was to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

KOMARKCORP BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT FOR THE YEAR ENDED 30 APRIL 2014

REMUNERATION COMMITTEE

The members of the Remuneration Committee who have served since the date of the last report are:

Datuk Ng Peng Hong @ Ng Peng Hay
Koh Hong Muan @ Koh Gak Siong
Tan Sri Ahmad Bin Mohd Don (appointed on 30.8.13)
Tan Kwe Hee (appointed on 30.8.13)

OTHER STATUTORY INFORMATION

Before the Statements of Profit or Loss and Other Comprehensive Income and Statements of Financial Position of the Group and of the Company were made out, the directors took reasonable steps:

- i) to ascertain that proper action had been taken in relation to the writing off of bad debts and, the making of allowance for doubtful debts, and have satisfied themselves that all known bad debts had been written off and adequate allowance had been made for doubtful debts; and
- ii) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances:

- i) which would render the amount written off for bad debts or the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent;
- ii) which would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading;
- iii) which have arisen which render adherence to the existing methods of valuation of assets or liabilities in the financial statements of the Group and of the Company misleading or inappropriate; and
- iv) not otherwise dealt with in this report or in the financial statements of the Group and of the Company, that would render any amount stated in the respective financial statements misleading.

KOMARKCORP BERHAD
(Incorporated in Malaysia)

DIRECTORS' REPORT FOR THE YEAR ENDED 30 APRIL 2014

OTHER STATUTORY INFORMATION (CONT'D)

At the date of this report, there does not exist:

- i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or
- ii) any contingent liability in respect of the Group and of the Company that has arisen since the end of the financial year.

No contingent liability or other liabilities of the Group and of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet its obligations as and when they fall due.

In the opinion of the directors:

- i) the results of the operations of the Group and of the Company for the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature; and
- ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

AUDITORS

The Auditors, ONG & WONG, have indicated their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors.


KOH HONG MUAN @ KOH GAK SIONG
Director


TAN KWE HEE
Director

Dated: **28 AUG 2014**
Kuala Lumpur

KOMARKCORP BERHAD

(Incorporated in Malaysia)


STATEMENT BY DIRECTORS

(Pursuant to Section 169[15] of the Companies Act, 1965)

We, KOH HONG MUAN @ KOH GAK SIONG and TAN KWE HEE, being two of the directors of KOMARKCORP BERHAD, state that, in the opinion of the directors, the financial statements set out on pages 10 to 103 are drawn up in accordance with Malaysian Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 April 2014 and of the results and cash flows of the Group and of the Company for the financial year ended on that date.

Further to the Statement by directors pursuant to Section 169(15) of the Companies Act, 1965, the information set out in Note 17 to the financial statements have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors.


KOH HONG MUAN @ KOH GAK SIONG
Director


TAN KWE HEE
Director

Dated: **28 AUG 2014**
Kuala Lumpur


STATUTORY DECLARATION

(Pursuant to Section 169[16] of the Companies Act, 1965)

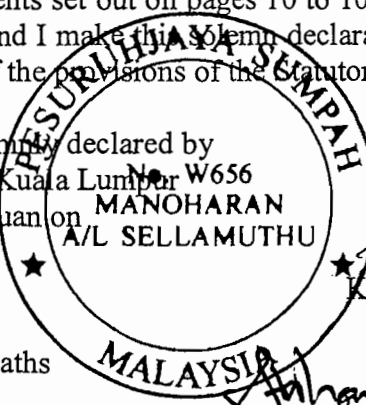
I, KOH HONG MUAN @ KOH GAK SIONG, being the director primarily responsible for the financial management of KOMARKCORP BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 10 to 103 are drawn up, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed, at Kuala Lumpur No. W656
in Wilayah Persekutuan on **MANOHARAN**
A/L SELLAMUTHU

28 AUG 2014 ★


KOH HONG MUAN @ KOH GAK SIONG

Before me,
Commissioner for Oaths


No. 17, Tingkat 1, Jalan 1/68E,
Off Jalan Sentul Manis,

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

KOMARKCORP BERHAD

(Company No: 374265-A)

(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Komarkcorp Berhad, which comprise the statements of financial position as at 30 April 2014 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 10 to 103.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Malaysian Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

KOMARKCORP BERHAD

(Company No: 374265-A)

(Incorporated in Malaysia)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 April 2014 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 6 to the financial statements.
- c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act, except as disclosed in Note 6 to the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

KOMARKCORP BERHAD

(Company No: 374265-A)

(Incorporated in Malaysia)

Other Reporting Responsibilities

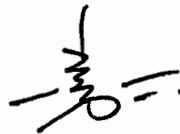
The supplementary information set out in Note 17 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



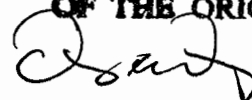
ONG & WONG
AF 0241
Chartered Accountants



ONG KOON LIANG
2909/02/15(J)
Partner of Firm

Dated: **28 AUG 2014**
Kuala Lumpur

**CERTIFIED TRUE COPY
OF THE ORIGINAL**



ONG & WONG (AF0241)
Chartered Accountants

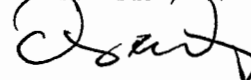
KOMARKCORP BERHAD
(Incorporated in Malaysia)

ONG KOON LIANG
PARTNER
No. 2909/02/15(J)

STATEMENTS OF FINANCIAL POSITION AS AT 30 APRIL 2014

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	3	121,242	123,509	-	-
Prepaid lease payments on land	4	1,758	1,706	-	-
Investment property	5	-	-	-	-
Investments in subsidiaries	6	-	-	31,683	31,683
Investment in associate	7	-	-	-	-
Other investment	8	-	4	-	-
Development expenditure	9	229	1,971	-	-
Goodwill on consolidation	10	1,750	1,750	-	-
		<u>124,979</u>	<u>128,940</u>	<u>31,683</u>	<u>31,683</u>
Current assets					
Inventories	11	28,929	37,777	-	-
Trade and other receivables	12	39,874	42,480	6	42
Amount due from related companies	13	-	-	42,963	42,362
Amount due from associate company	13	836	2,193	-	-
Tax recoverable		105	124	-	-
Cash and bank balances	14	9,486	8,933	-	3
		<u>79,230</u>	<u>91,507</u>	<u>42,969</u>	<u>42,407</u>
TOTAL ASSETS		<u>204,209</u>	<u>220,447</u>	<u>74,652</u>	<u>74,090</u>
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	15	81,275	81,275	81,275	81,275
Treasury shares	16	-#	-	-#	-
Share premium		15,634	15,634	15,634	15,634
Reserves	17	1,967	19,739	(27,074)	(27,837)
Total equity		<u>98,876</u>	<u>116,648</u>	<u>69,835</u>	<u>69,072</u>
Non-current liabilities					
Borrowings	18	14,840	8,877	-	-
Deferred tax liabilities	19	554	2,654	-	-
		<u>15,394</u>	<u>11,531</u>	<u>-</u>	<u>-</u>

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ONG & WONG (AF0241)
Chartered Accountants

ONG KOON LIANG
PARTNER
No. 2909/02/15(J)

KOMARKCORP BERHAD
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION AS AT 30 APRIL 2014

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Current liabilities					
Trade and other payables	20	30,763	29,730	302	560
Amount due to related company	13	-	-	1,460	1,300
Borrowings	18	57,479	61,061	3,055	3,158
Tax payable		1,697	1,477	-	-
		<u>89,939</u>	<u>92,268</u>	<u>4,817</u>	<u>5,018</u>
Total liabilities		105,333	103,799	4,817	5,018
TOTAL EQUITY AND LIABILITIES		<u>204,209</u>	<u>220,447</u>	<u>74,652</u>	<u>74,090</u>

Amount less than RM1,000.

The annexed notes form an integral part of these financial statements.

**CERTIFIED TRUE COPY
OF THE ORIGINAL**



ONG & WONG (AF0241)
Chartered Accountants

ONG KOON LIANG
PARTNER
No. 2909/02/15(J)

KOMARKCORP BERHAD
(Incorporated in Malaysia)

**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 APRIL 2014**

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Revenue		141,805	136,037	2,865	2,494
Cost of sales		(85,091)	(74,238)	-	-
Gross profit		56,714	61,799	2,865	2,494
Other operating income	21	1,112	1,549	-	-
Depreciation and amortisation		(12,888)	(12,327)	-	-
Staff costs and employee benefits		(25,708)	(22,507)	(676)	(1,199)
Other operating expenses		(42,862)	(25,296)	(782)	(521)
(Loss)/profit from operations		(23,632)	3,218	1,407	774
Finance costs		(5,072)	(5,491)	(238)	(254)
(Loss)/profit before taxation	22	(28,704)	(2,273)	1,169	520
Taxation	23	(205)	(2,558)	-	-
(Loss)/profit after taxation		(28,909)	(4,831)	1,169	520
Other comprehensive income/(expenses):					
Item that will not be reclassified subsequently to profit or loss					
- Surplus on revaluation		12,031	-	-	-
Item that is or may be reclassified subsequently to profit or loss					
- Foreign currency translation		(488)	795	-	-
Total comprehensive (loss)/income for the year		(17,366)	(4,036)	1,169	520
(Loss)/profit for the year attributable to:					
- Equity holders of the Company		(28,909)	(4,831)	1,169	520
Total comprehensive (loss)/income for the year attributable to:					
- Equity holders of the Company		(17,366)	(4,036)	1,169	520
Basic loss per share attributable to equity holders of the Company (sen)	24	(35.6)	(6.0)		

The annexed notes form an integral part of these financial statements.

KOMARKCORP BERHAD
(Incorporated in Malaysia)

**CONSOLIDATED STATEMENT OF CHANGES IN
EQUITY FOR THE YEAR ENDED 30 APRIL 2014**

Note	Share capital RM'000	Treasury shares RM'000	Share Premium RM'000	Attributable to Equity Holders of the Company			Distributable		Total equity RM'000	
				General reserve RM'000	Translation reserve RM'000	Revaluation reserve RM'000	Retained profit RM'000	Non-controlling interest RM'000		
At 30 April 2012/1 May 2012	81,275	(437)	15,289	1,703	3,730	-	18,342	119,902	-	119,902
Total comprehensive loss for the year	-	-	-	-	795	-	(4,831)	(4,036)	-	(4,036)
Disposal of treasury shares	-	-	345	-	-	-	-	345	-	345
Treasury shares	-	-	-	-	-	-	-	-	-	-
- repurchased	-	-	-	-	-	-	-	-	-	-
- sold	-	437	-	-	-	-	-	437	-	437
At 30 April 2013	81,275	-	15,634	1,703	4,525	-	13,511	116,648	-	116,648
Appropriation of profit	-	-	-	886	-	-	(886)	-	-	-
Total comprehensive loss for the year	-	-	-	-	(488)	12,031	(28,909)	(17,366)	-	(17,366)
Treasury shares	-	-	-	-	-	-	-	-	-	-
- repurchased	-	-	-	-	-	-	-	-	-	-
Dividend	-	-	-	-	-	-	(406)	(406)	-	(406)
At 30 April 2014	81,275	-	15,634	2,589	4,037	12,031	(16,690)	98,876	-	98,876

Amount less than RM1,000.

The annexed notes form an integral part of these financial statements

KOMARKCORP BERHAD
(Incorporated in Malaysia)

**STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED 30 APRIL 2014**

	Note	Share capital RM'000	Treasury shares RM'000	distributable Share premium RM'000	Accumulated losses RM'000	Total Equity RM'000
At 1 May 2012		81,275	(437)	15,289	(28,357)	67,770
Total comprehensive profit for the year		-	-	-	520	520
Treasury shares	16					
- repurchased		-	-#	-	-	-#
- sold		-	437	345	-	782
At 30 April 2013/1 May 2013		81,275	-	15,634	(27,837)	69,072
Total comprehensive profit for the year		-	-	-	1,169	1,169
Treasury shares	16					
- repurchased		-	-#	-	-	-#
Dividend	25	-	-	-	(406)	(406)
At 30 April 2014		81,275	-#	15,634	(27,074)	69,835

Amount less than RM1,000.

The annexed notes form an integral part of these financial statements.

KOMARKCORP BERHAD
(Incorporated in Malaysia)
STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 30 APRIL 2014

Note	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
(Loss)/profit before taxation	(28,704)	(2,273)	1,169	520
Adjustments for:				
Dividend income	-	-	(2,865)	(2,494)
Unreconciled balances written off	687	794	160	-
Allowance for impairment losses:				
- Amount due from related company	-	-	8	-
- Development expenditure	1,071	-	-	-
- Property, plant and equipment	12,512	-	-	-
- Trade receivables	1,012	518	-	-
Amount due from related company written off	-	-	-	53
Amortisation of development expenditure	805	866	-	-
Allowance for slow-moving manufactured inventories	816	1,608	-	-
Amortisation of prepaid lease payment on land	47	44	-	-
Bad debts written off	1,548	1	-	-
Inventories written off	-	1,805	-	-
Gain on disposal of property, plant and equipment	(13)	(903)	-	-
Gain on disposal of investment property	-	(53)	-	-
Loss on disposal of other investment	1	-	-	-
Waiver of amount due from related company	(4)	-	-	-
Property, plant and equipment written off	-	28	-	-
Depreciation of property, plant and equipment	12,036	11,417	-	-
Gain on foreign exchange, unrealised	(17)	(116)	-	-
Interest expense	5,072	5,491	238	254
Interest income	(129)	(98)	-	-
Operating profit/(loss) before working capital changes	6,740	19,129	(1,290)	(1,667)
Decrease/(increase) in inventories	8,032	(3,167)	-	-
Decrease/(increase) in receivables	720	(7,129)	(573)	(1,458)
Increase/(decrease) in payables	1,033	3,486	(258)	(67)
Cash generated from/(absorbed by) operations	16,525	12,319	(2,121)	(3,192)
Tax refund	78	6	-	-
Tax paid	(2,144)	(1,036)	-	-
Interest paid	(5,072)	(5,491)	(238)	(254)
Interest received	129	98	-	-
Net cash generated from/(used in) operating activities	9,516	5,896	(2,359)	(3,446)
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of property, plant and equipment	(3,291)	(6,293)	-	-
Proceeds from disposal of property, plant and equipment	2,894	4,525	-	-
Proceeds from disposal of investment property	-	243	-	-
Proceeds from disposal of other investment	3	-	-	-
Dividend received	-	-	2,865	2,494
Development expenditure paid	(121)	(173)	-	-
Net cash (used in)/generated from investing activities	(515)	(1,698)	2,865	2,494

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KOMARKCORP BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 30 APRIL 2014

	Group		Company		
	Note	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES					
Purchase of treasury shares		-#	-#	-#	-#
Decrease in deposits pledged with licensed banks		575	2,110	-	-
Proceeds from term loans raised		20,388	14,480	-	-
Proceeds from disposal of treasury shares		-	782	-	782
Dividend paid		(406)	-	(406)	-
Repayment of term loans and other borrowings		(15,624)	(8,875)	-	-
Repayment of hire purchase and lease financing		(5,622)	(4,183)	-	-
Net change in bills payable		3,611	(2,081)	-	-
Net cash generated from/(used in) financing activities		2,922	2,233	(406)	782
Net increase/(decrease) in cash and cash equivalents		11,923	6,431	100	(170)
Effects of exchange rate changes		(3,565)	(757)	-	-
Cash and cash equivalents at beginning of year		(8,834)	(14,508)	(3,155)	(2,985)
Cash and cash equivalents at end of year	B	(476)	(8,834)	(3,055)	(3,155)

Amount less than RM1,000

NOTE

A. ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

During the financial year, the Group and the Company acquired the property, plant and equipment by:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Cash	3,291	6,293	-	-
Hire purchase	5,202	4,552	-	-
	8,493	10,845	-	-

B. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statements of cash flows comprise the following amounts:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Cash and bank balances	9,486	8,933	-	3
Less: Deposits pledged with licensed banks	(2,166)	(2,741)	-	-
Bank overdrafts	(7,796)	(15,026)	(3,055)	(3,158)
	(476)	(8,834)	(3,055)	(3,155)

KOMARKCORP BERHAD

(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2014

1. GENERAL INFORMATION

The Company is principally engaged in investment holding and provision of management services to its subsidiaries. The principal activities of the subsidiaries are as set out in Note 6 to the financial statements.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad (“Bursa Malaysia”).

The registered office is located at Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan.

The principal place of business of the Company is located at Lot 132, Jalan 16/1, Kawasan Perindustrian Cheras Jaya, 43200 Balakong, Selangor Darul Ehsan

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised Standards and Interpretations

The financial statements for the financial year ended 30 April 2014 have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”).

The accounting policies adopted by the Group and by the Company are consistent with those adopted in the previous financial year except for the adoption of the following new, revised MFRSs and amendments which are effective for annual period beginning on or after 1 January 2013.

<u>Description</u>	<u>Effective for annual period beginning on or after</u>
MFRS 7 Financial Instruments: Disclosures (Amendments relating to Disclosures - Offsetting Financial Assets and Liabilities)	1 January 2013
MFRS 10 Consolidated Financial Statements	1 January 2013

KOMARKCORP BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised Standards and Interpretations (cont'd)

<u>Description</u>	<u>Effective for annual period beginning on or after</u>
MFRS 10 Consolidated Financial Statements (Amendments relating to Transition Guidance)	1 January 2013
MFRS 11 Joint Arrangements	1 January 2013
MFRS 11 Joint Arrangements (Amendments relating to Transition Guidance)	1 January 2013
MFRS 12 Disclosures of Interests in Other Entities	1 January 2013
MFRS 12 Disclosures of Interests in Other Entities (Amendments relating to Transition Guidance)	1 January 2013
MFRS 13 Fair Value Measurement	1 January 2013
MFRS 101 Presentation of Financial Statements (Amendments relating to Presentation of Items of Other Comprehensive Income)	1 July 2012
MFRS 119 Employee Benefits (IAS 19 as amended by IASB in June 2011)	1 January 2013
MFRS 127 Separate Financial Statements (IAS 27 as amended by IASB in May 2011)	1 January 2013
MFRS 128 Investments in Associates and Joint Ventures (IAS 28 as amended by IASB in May 2011)	1 January 2013
Amendments to MFRSs contained in the document entitled Annual Improvements 2009 - 2011 Cycle	1 January 2013

KOMARKCORP BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised Standards and Interpretations (cont'd)

The adoption of the above Standards and Amendments has no material impact on the financial statements of the Group and of the Company, except as discussed below:

(i) Amendments to MFRS 7: Offsetting Financial Assets and Financial Liabilities and the related disclosures

The Group and the Company have applied the amendments to MFRS 7: Offsetting Financial Assets and Financial Liabilities and the related disclosures for the first time in the current year. The amendments to MFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amendments have been applied retrospectively. As the Group and the Company do not have any offsetting arrangements in place, the application of the amendments has had no material impact on the disclosures or on the amounts recognised in these financial statements.

(ii) New and revised Standards on consolidation, joint arrangements, associates and disclosures

In November 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued comprising MFRS 10 *Consolidated Financial Statements*, MFRS 11 *Joint Arrangements*, MFRS 12 *Disclosures of Interests in Other Entities*, MFRS 127 (IAS 27 as revised by IASB in May 2011) *Separate Financial Statements* and MFRS 128 (IAS 28 as revised by IASB in May 2011) *Investments in Associates and Joint Ventures*. Subsequent to the issue of these standards, amendments to MFRS 10, MFRS 11 and MFRS 12 were issued to clarify certain transitional guidance on the first-time application of the standards.

In current year, the Group and the Company have adopted for the first time MFRS 10, MFRS 11, MFRS 12, MFRS 127 (IAS 27 as revised by IASB in May 2011) and MFRS 128 (IAS 28 as revised by IASB in May 2011) together with the amendments to MFRS 10, MFRS 11 and MFRS 12 regarding the transitional guidance.

KOMARKCORP BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised Standards and Interpretations (cont'd)

(ii) New and revised Standards on consolidation, joint arrangements, associates and disclosures (cont'd)

As the Group and the Company do not have any joint arrangement and interest in other entities, the application of the amendments has had no impact on the disclosures or on the amounts recognised in these financial statements.

(iii) MFRS 13 Fair Value Measurement

The Group and the Company have applied MFRS 13 for the first time in the current year. MFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of MFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other MFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances.

MFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under MFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another technique. Also MFRS 13 includes extensive disclosure requirements.

MFRS 13 requires prospective from 1 January 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard. Other than additional disclosures, the application of MFRS 13 has not had any material impact on the amounts recognised in these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised Standards and Interpretations (cont'd)

(iv) Amendments to MFRS 101: Presentation of Items of Other Comprehensive Income

The Group and the Company have applied the amendments to MFRS 101 *Presentation of Items of Other Comprehensive Income* for the first time in the current year. The amendments introduce new terminology, whose use is not mandatory, for the statement of comprehensive income and income statement. Under the amendments to MFRS 101, the "statement of comprehensive income" is renamed "statement of profit or loss and other comprehensive income" and the "income statement" is renamed as the "statement of profit or loss".

The amendments to MFRS 101 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to MFRS 101 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that will be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis - the amendments do not change the option to present items of other comprehensive income either before tax or net of tax.

The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified accordingly to reflect the changes. Other than the abovementioned presentation changes, the application of the amendments to MFRS 101 has not resulted in any impact on profit or loss, other comprehensive income and total comprehensive income.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised Standards and Interpretations (cont'd)

**(v) Amendments to MFRS 101 Presentation of Financial Statements
(as part of the Annual Improvements to MFRSs 2009 - 2011 Cycle
issued in July 2012)**

The Annual Improvements to MFRSs 2009 – 2011 have made a number of amendments to MFRSs. The amendments that are relevant to the Group and the Company are the amendments to MFRS 101 regarding when a statement of financial position as at the beginning of the preceding period (third statements of financial position) and the related notes are required to be presented. The amendments specify that a third statements of financial position is required when (a) an entity applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items in its financial statements, and (b) the retrospective application, restatement or reclassification has a material effect on the information in the third statements of financial position. The amendments specify that related notes are not required to accompany the third statements of financial position.

In the current year, the Group and the Company did not applies any accounting policy retrospectively, or makes a retrospective restatement or reclassification of items in its financial statements, hence no third statements of financial position required.

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NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Standards and IC Interpretations in Issue But Not Yet Effective

At the date of authorisation for issue of the financial statements, the new and revised Standards and Amendments which were in issue but not yet effective and not early adopted by the Group and the Company are as listed below:

<u>Description</u>	<u>Effective for annual period beginning on or after</u>
MFRS 7 Financial Instruments: Disclosures [Amendments relating to Mandatory Effective Date of MFRS 9 and Transition Disclosures (IFRS 9 issued by IASB in November 2009 and October 2010 respectively)]	to be announced
MFRS 9 Financial Instruments	to be announced
MFRS 119 Employee Benefits (Amendments relating to Defined Benefit Plans: Employee Contributions)	1 July 2014
MFRS 132 Financial Instruments: Presentation (Amendments relating to Offsetting Financial Assets and Financial Liabilities)	1 January 2014
MFRS 136 Impairment of Assets (Amendments relating to Recoverable Amount Disclosures for Non-Financial Assets)	1 January 2014
MFRS 139 Financial Instruments: Recognition and Measurement (<i>Novation of Derivatives and Continuation of Hedge Accounting</i>)	1 January 2014

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NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Standards and IC Interpretations in Issue But Not Yet Effective (cont'd)

<u>Description</u>	<u>Effective for annual period beginning on or after</u>
Amendments to MFRS 10, MFRS 12 and MFRS 127	1 January 2014
Amendments to MFRS 10, MFRS 12 and MFRS 127 relating to Investment Entities	1 January 2014
Amendments to MFRSs contained in the document entitled Annual Improvements 2010 - 2012 Cycle	1 July 2014
Amendments to MFRSs contained in the document entitled Annual Improvements 2011 - 2013 Cycle	1 July 2014

The directors anticipate that abovementioned Standards and Amendments will be adopted in the annual financial statements of the Group and of the Company when they become effective and that the adoption of these Standards and Amendments will have no material impact on the financial statements of the Group and of the Company in the period of initial application, except as discussed below:

(i) Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities

The amendments to MFRS 132 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of “currently has a legally enforceable right of set-off” and “simultaneous realisation and settlement”.

The directors do not anticipate that the application of these amendments to MFRS 132 will have significant impact on the Group’s consolidated financial statements as the Group does not have any financial assets and financial liabilities that qualify for offset.

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NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Standards and IC Interpretations in Issue But Not Yet Effective (cont'd)

(ii) MFRS 9 and Amendments relating to Mandatory Effective Date of MFRS 9 and Transition Disclosures

MFRS 9 (IFRS issued by IASB in November 2009) introduces new requirements for the classification and measurement of financial assets. MFRS 9 (IFRS issued by IASB in October 2010) includes the requirements for the classification and measurement of financial liabilities and for derecognition.

The amendments to MFRS 9 (IFRS 9 issued by IASB in November 2009 and October 2010 respectively) ("MFRS 9") relating to "Mandatory Effective Date of MFRS 9 and Transition Disclosures" which became immediately effective on the issuance date of 1 March 2012 amended the mandatory effective date of MFRS 9 to annual periods beginning on or after 1 January 2015 instead of on or after 1 January 2013, which earlier application still permitted as well as modified the relief from restating prior periods. MFRS 7 which was also amended in tandem with the issuance of the aforementioned amendments introduces new disclosure requirements that are either permitted or required on the basis of the entity's date of adoption and whether the entity chooses to restate prior periods.

Key requirements of MFRS 9:

- all recognised financial assets that are within the scope of MFRS 139 *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under MFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of equity instrument (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

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NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Standards and IC Interpretations in Issue But Not Yet Effective (cont'd)

(ii) MFRS 9 and Amendments relating to Mandatory Effective Date of MFRS 9 and Transition Disclosures (cont'd)

- with regard to the measurement of financial liabilities designated as at fair value through profit or loss, MFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability, is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under FRS 139, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

The directors anticipate that the application of MFRS 9 in the future may have impact on amounts reported in respect of the Group's financial assets and financial liabilities that classified as available-for-sales investments (if any) as they are to be measured at fair value at the end of subsequent reporting periods, with changes in the fair value being recognised in profit or loss.

(iii) Amendments to MFRSs: Annual Improvements 2010 - 2012 Cycle

The Annual Improvements 2010 - 2012 Cycle include a number of amendments to various MFRSs. The amendments to MFRSs include:

- Amendments to MFRS 2 Share-based Payments;
- Amendments to MFRS 3 Business Combinations;
- Amendments to MFRS 8 Operating Segments;
- Amendments to MFRS 116 Property, Plant and Equipment;
- Amendments to MFRS 124 Related Party Disclosures; and
- Amendments to MFRS 138 Intangible Assets.

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NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Standards and IC Interpretations in Issue But Not Yet Effective (cont'd)

(iii) Amendments to MFRSs: Annual Improvements 2010 - 2012 Cycle (cont'd)

Amendments to MFRS 3

The amendments to MFRS 3 clarify the treatment of changes in fair value of contingent consideration. The directors do not anticipate that the amendments to MFRS 3 will have a significant effect on the Group's and on the Company's financial statements.

Amendments to MFRS 8

The amendments to MFRS 8 require the disclosure of judgements made by management in applying the aggregation criteria in MFRS 8. The directors anticipate that the amendments to MFRS 8 may result in more disclosures being made with regard to operating segments.

Amendments to MFRS 116

The amendments to MFRS 116 stipulate the treatment of an asset at the date of revaluation under revaluation model. The directors do not anticipate that the amendments to MFRS 116 will have a significant effect on the Group's and on the Company's financial statements.

Amendments to MFRS 124

The amendments to MFRS 124 added a new condition in which an entity is related to a reporting entity. The directors anticipate that the amendments to MFRS 124 may result in more disclosures being made with regard to related party transactions.

Amendments to MFRS 138

The amendments to MFRS 138 clarify the treatment of the carrying amount of intangible assets upon revaluation. The directors do not anticipate that the amendments to MFRS 138 will have a significant effect on the Group's and on the Company's financial statements.

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NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Standards and IC Interpretations in Issue But Not Yet Effective (cont'd)

(iv) Amendments to MFRSs: Annual Improvements 2011 - 2013 Cycle

The Annual Improvements 2011 - 2013 Cycle include a number of amendments to various MFRSs. The amendments to MFRSs include:

- Amendments to MFRS 3 Business Combinations;
- Amendments to MFRS 13 Fair Value Measurement; and
- Amendments to MFRS 140 Investment Property.

Amendments to MFRS 3

The amendments to MFRS 3 clarify that this Standard does not apply to the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself. The directors do not anticipate that the amendments to MFRS 3 will have a significant effect on the Group's and on the Company's financial statements.

Amendments to MFRS 13

The amendments to MFRS 13 allow other contracts within the scope of MFRS 139 *Financial Instruments: Recognition and Measurement* or MFRS 9 *Financial Instruments* to have similar application as financial assets and financial liabilities. The directors do not anticipate that the amendments to MFRS 13 will have a significant effect on the Group's and on the Company's financial statements.

Amendments to MFRS 140

The amendments to MFRS 140 added that in applying this Standard, an entity has to exercise judgements in determine whether the acquisition of investment property is the acquisition of an asset or a group of assets or a business combination within the scope of MFRS 3 Business Combinations. These amendments are to be applied prospectively.

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NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Basis of Preparation

The financial statements of the Group and of the Company have been prepared in accordance with MFRSs and the provisions of the Companies Act, 1965 in Malaysia. The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia ("RM").

2.4 Basis of Consolidation

Business Combinations

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Acquisition of subsidiaries are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Basis of Consolidation (cont'd)

Business Combinations (cont'd)

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with MFRS 139 Financial Instrument: Recognition and Measurement, either in profit or loss or as change to other comprehensive income. If the contingent consideration is classified as equity, it is not to be remeasured until it is finally settled within equity.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for the goodwill is set out in Note 2.7 to the financial statements. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

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NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Foreign Currencies

(i) Functional and Presentation Currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

(ii) Foreign Currency Transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

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NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Foreign Currencies (cont'd)

(ii) Foreign Currency Transactions (cont'd)

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

The closing rates used in the translation of foreign currency monetary assets and liabilities and the financial statements of foreign operations are as follows:

	2014	2013
	RM	RM
1 United States Dollar (USD)	3.27	3.09
1 Singapore Dollar (SGD)	2.60	2.49
1 Renminbi Yuan (RMB)	0.52	0.49
1 Australia Dollar (AUD)	3.03	3.19
100 Thailand Baht (THB)	10.12	10.10
100 Hong Kong Dollar (HKD)	42.14	39.88
1000 Indonesia Rupiah (INR)	0.28	0.32

(iii) Foreign Operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

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NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Foreign Currencies (cont'd)

(iii) Foreign Operations (cont'd)

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

2.6 Property, Plant and Equipment and Depreciation

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment except for freehold land, are measured at cost less accumulated depreciation and accumulated impairment losses, if any. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Certain freehold and leasehold properties are stated at revalued amount, which is the fair value at the date of the revaluation less any accumulated impairment losses.

Freehold land has an unlimited useful life and therefore is not depreciated.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	2% and 10%
Plant and machinery	5% to 20%
Office equipment, furniture and fittings	5% to 25%
Motor vehicles	10% to 20%
Mould and die cutters	10% to 20%
Renovation	10% to 20%

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NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Property, Plant and Equipment and Depreciation (cont'd)

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

2.7 Intangible Assets

Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses, if any.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

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NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Intangible Assets (cont'd)

Goodwill (cont'd)

Goodwill and fair value adjustments arising on the acquisition of foreign operation on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2.5 to the financial statements.

Goodwill and fair value adjustments which arose on acquisitions of foreign operation before 1 January 2006 are deemed to be assets and liabilities of the Company and are recorded in RM at the rates prevailing at the date of acquisition.

2.8 Development Expenditure

Expenditure on development activities, where research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources to complete development. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure is stated at cost less accumulated amortisation. These expenditure are amortised and recognised as expenses on systematic basis from the date of commencement of commercial production so as to reflect the pattern in which the related economic benefits are recognised, which are over three (3) to five (5) years.

2.9 Impairment of Non-Financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

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NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Impairment of Non-Financial Assets (cont'd)

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

2.10 Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investment in subsidiaries are accounted for at cost less impairment losses, if any.

2.11 Associate

An associated company is defined as a company, not being a subsidiary company, in which the Company has a long term equity interest and where it exercises significant influence over the financial and operation policies.

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NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Associate (cont'd)

Investment in associated company is accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investment in associated company is carried in the consolidated statement of financial position at cost adjusted for post-acquisition changes in the Group's share of net assets of the associated company. The Group's share of the net profit or loss of the associated company is recognised in profit or loss. Where there has been a change recognised directly in the equity of the associated company, the Group recognises its share of such changes.

In applying the equity method, unrealised gains and losses on transactions between the Group and the associated company are eliminated to the extent of the Group's interest in the associated company. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate. The associated company is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associated company.

When the Group's share of losses in an associated company equals or exceeds its interest in the associate, including any long-term interests that, in substance, form part of the Group's net investment in the associated company, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associated company.

The most recent available audited financial statements of the associates are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

In the Company's separate financial statements, investment in associated company is stated at cost less accumulated impairment losses.

On disposal of such investments, the differences between net disposal proceeds and their carrying amounts is included in profit or loss.

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NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 Financial Assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

(i) Financial Assets at Fair Value through Profit or Loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

The Group and the Company have not designated any financial assets as at fair value through profit or loss.

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NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 Financial Assets (cont'd)

(ii) Loans and Receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

(iii) Held-to-Maturity Investments

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current.

The Group and the Company have not designated any financial assets as held-to-maturity investments.

(iv) Available-for-Sale Financial Assets

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

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NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 Financial Assets (cont'd)

(iv) Available-for-Sale Financial Assets (cont'd)

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss, if any.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

The Group classified its quoted investments as available-for-sale financial assets.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

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NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Impairment of Financial Assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

(i) Trade and Other Receivables and Other Financial Assets Carried at Amortised Cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics.

Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

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NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Impairment of Financial Assets (cont'd)

(ii) Available-for-Sale Financial Assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

2.14 Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

2.15 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

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NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 Inventories (cont'd)

- Raw materials: purchase costs on a first-in first-out basis.
- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a first-in first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

2.16 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.17 Financial Liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of MFRS 139, are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

(i) Financial Liabilities at Fair Value through Profit or Loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

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NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.17 Financial Liabilities (cont'd)

(i) Financial Liabilities at Fair Value through Profit or Loss (cont'd)

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss.

(ii) Other Financial Liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

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NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.18 Borrowing Costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

2.19 Employee Benefits

(i) Short Term Benefits

Wages, salaries, bonuses and social security contributions ("Socso") are recognised as expenses in the year in which the associated services are rendered by employees of the Group and the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined Contribution Plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

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NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.20 Leases

As Lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2.21 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(i) Sale of Goods

Revenue from sales of goods is measured at the fair value of the receivable consideration and is recognised upon transfer of significant risks and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

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NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.21 Revenue (cont'd)

(ii) Interest Income

Interest income is recognised on an accrual basis using the effective interest method.

(iii) Dividend Income

Dividend income is recognised when the right to receive payment is established.

(iv) Rental Income

Rental income is recognised on accrued basis.

2.22 Income Taxes

(i) Current Tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(ii) Deferred Tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.22 Income Taxes (cont'd)

(ii) Deferred Tax (cont'd)

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.22 Income Taxes (cont'd)

(ii) Deferred Tax (cont'd)

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.23 Segment Reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 26 to the financial statements, including the factors used to identify the reportable segments and the measurement basis of segment information.

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NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.24 Share Capital and Share Issuance Expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.25 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

2.26 Significant Accounting Judgements and Estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

(i) Judgements Made in Applying Accounting Policies

In the process of preparing the financial statements, there were no significant judgements made in applying the accounting policies of the Group which may have significant effects on the amounts recognised in the financial statements.

KOMARKCORP BERHAD
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NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2014

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.26 Significant Accounting Judgements and Estimates (cont'd)

(ii) Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Impairment of Investment in Subsidiaries

The management determines whether the carrying amounts of its investments are impaired at reporting date. This involves measuring the recoverable amounts which includes fair value less costs to sell and valuation techniques. Valuation techniques include amongst others, discounted cash flows analysis and in some cases, based on current market indicators and estimates that provide reasonable approximations to the detailed computation or based on total shareholders' equity of the subsidiaries.

The carrying amount of investment in subsidiaries as at 30 April 2014 were RM31,683,419 (2013: RM31,683,419). Further details are disclosed in Note 6 to the financial statements. Based on management's review, no further adjustment for impairment is required for the investment in subsidiaries by the Company during the current year.

(b) Impairment of Investment in Associate

The management determines whether the carrying amounts of its investments are impaired at reporting date. This involves measuring the recoverable amounts which includes fair value less costs to sell and valuation techniques. Valuation techniques include amongst others, discounted cash flows analysis and in some cases, based on current market indicators and estimates that provide reasonable approximations to the detailed computation or based on total shareholders' equity of the associate.

KOMARKCORP BERHAD
*(Incorporated in Malaysia)***NOTES TO THE FINANCIAL STATEMENTS – 31ST DECEMBER, 2013****2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****2.26 Significant Accounting Judgements and Estimates (cont'd)**(ii) Key Sources of Estimation Uncertainty (cont'd)(b) Impairment of Investment in Associate (cont'd)

The carrying amount of investment in associate as at 30 April 2014 was RMNil (2013: RMNil). Further details are disclosed in Note 7 to the financial statements. Based on management review, no further adjustment for impairment is required for the investment in associate by the Company during the current year.

(c) Impairment of Loans and Receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables' at the reporting date is disclosed in Note 12 to the financial statements.

(d) Useful Lives of Property, Plant and Equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over the assets' estimated economic useful lives. Management estimates the useful lives of these plant and equipment to be within 10 to 15 years. These are common life expectancies applied in the manufacturing industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of the Group's property, plant and equipment at the reporting date is disclosed in Note 3 to the financial statements.

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NOTES TO THE FINANCIAL STATEMENTS – 31ST DECEMBER, 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.26 Significant Accounting Judgements and Estimates (cont'd)

(ii) Key Sources of Estimation Uncertainty (cont'd)

(e) Deferred Tax Assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances, unutilised reinvestment allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses, capital allowances and provisions can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

(f) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group and the Company recognise tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

(g) Write-down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

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NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2014

3. PROPERTY, PLANT AND EQUIPMENT

	As at 1.5.2013 RM'000	Addition/ Transfer RM'000	Disposal/ Write off RM'000	Revaluation RM'000	Exchange differences RM'000	As at 30.4.2014 RM'000
Group						
2014						
COST						
Freehold land	5,437	-	-	12,563	-	18,000
Buildings	31,536	-	-	(532)	594	31,598
Plant and machinery	164,686	5,868	(1,790)	-	3,860	172,624
Office equipment, furniture and fittings	10,150	412	(230)	-	178	10,510
Motor vehicles	2,041	316	(58)	-	70	2,369
Mould and die cutters	17,052	1,836	-	-	601	19,489
Renovation	5,771	61	-	-	98	5,930
	236,673	8,493	(2,078)	12,031	5,401	260,520
	As at 1.5.2013 RM'000	Charge for the year RM'000	Disposal/ Write off RM'000	Exchange differences RM'000	Exchange differences RM'000	As at 30.4.2014 RM'000
ACCUMULATED DEPRECIATION						
Freehold land	-	-	-	-	-	-
Buildings	6,738	665	-	-	105	7,508
Plant and machinery	80,375	8,665	(676)	-	1,667	90,031
Office equipment, furniture and fittings	8,580	343	(227)	-	182	8,878
Motor vehicles	1,726	187	(50)	-	49	1,912
Mould and die cutters	11,080	1,929	-	-	409	13,418
Renovation	4,665	247	-	-	107	5,019
	113,164	12,036	(953)	-	2,519	126,766

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NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2014

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	As at 1.5.2013 RM'000	Impairment loss for the year RM'000	Disposal/ Write off RM'000	Revaluation RM'000	Exchange differences RM'000	As at 30.4.2014 RM'000
ACCUMULATED IMPAIRMENT						
Freehold land	-	-	-	-	-	-
Buildings	-	-	-	-	-	-
Plant and machinery	-	10,997	-	-	-	10,997
Office equipment, furniture and fittings	-	2	-	-	-	2
Motor vehicles	-	-	-	-	-	-
Mould and die cutters	-	1,513	-	-	-	1,513
Renovation	-	-	-	-	-	-
	-	12,512	-	-	-	12,512
Net Book Value						
Freehold land						18,000
Buildings						24,090
Plant and machinery						71,596
Office equipment, furniture and fittings						1,630
Motor vehicles						457
Mould and die cutters						4,558
Renovation						911
						121,242

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NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2014
3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	As at 1.5.2012 RM'000	Addition/ Transfer RM'000	Disposal/ Write off RM'000	Exchange differences RM'000	As at 30.4.2013 RM'000
2013					
COST					
Freehold land	5,437	-	-	-	5,437
Buildings	32,599	-	(1,355)	292	31,536
Plant and machinery	157,455	8,886	(4,402)	2,747	164,686
Office equipment, furniture and fittings	9,757	381	(176)	188	10,150
Motor vehicles	1,777	428	(195)	31	2,041
Mould and die cutters	15,674	1,098	-	280	17,052
Renovation	5,811	52	(205)	113	5,771
	<u>228,510</u>	<u>10,845</u>	<u>(6,333)</u>	<u>3,651</u>	<u>236,673</u>
	As at 1.5.2012 RM'000	Charge for the year RM'000	Disposal/ Write off RM'000	Exchange differences RM'000	As at 30.4.2013 RM'000
ACCUMULATED DEPRECIATION					
Freehold land	-	-	-	-	-
Buildings	6,520	658	(487)	47	6,738
Plant and machinery	72,971	8,194	(1,930)	1,140	80,375
Office equipment, furniture and fittings	8,243	367	(174)	144	8,580
Motor vehicles	1,719	174	(195)	28	1,726
Mould and die cutters	9,184	1,715	-	181	11,080
Renovation	4,460	309	(187)	83	4,665
	<u>103,097</u>	<u>11,417</u>	<u>(2,973)</u>	<u>1,623</u>	<u>113,164</u>
					As at 30.4.2013 RM'000
Net Book Value					
Freehold land					5,437
Buildings					24,798
Plant and machinery					84,311
Office equipment, furniture and fittings					1,570
Motor vehicles					315
Mould and die cutters					5,972
Renovation					1,106
					<u>123,509</u>

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NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2014

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The net book value of the building of a subsidiary, Guangzhou Komark Labels & Labelling Co., Ltd. amounting to RM1,153,000 (2013: RM1,127,000) is built on a piece of land belonging to and leased from the authority of the People's Republic of China. The lease term is due to expire in the year 2044.

The net book value of plant and machinery and motor vehicles of the Group acquired under hire purchase agreements amounted to RM13,782,000 (2013: RM14,552,000) and RM367,000 (2013: RMNil) respectively.

Freehold and leasehold land and buildings and plant and machinery of the Group amounting to RM34,603,000 (2013: RM22,982,000) and RM24,930,000 (2013: RM23,582,000) respectively are charged to licensed banks and financial institutions as security for borrowings granted to certain subsidiaries (Note 18 to the financial statements).

4. PREPAID LEASE PAYMENTS ON LAND

	Group	
	2014	2013
	RM'000	RM'000
Cost		
At 1 May	2,013	1,956
Exchange difference	115	57
At 30 April	<u>2,128</u>	<u>2,013</u>
Accumulated depreciation		
At 1 May	(307)	(255)
Charge for the year	(47)	(44)
Exchange difference	(16)	(8)
At 30 April	<u>(370)</u>	<u>(307)</u>
Net carrying amount	<u>1,758</u>	<u>1,706</u>

Leasehold land of the Group has been pledged as security to financial institution for banking facilities granted to the Group.

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NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2014

5. INVESTMENT PROPERTY

	Group	
	2014 RM'000	2013 RM'000
Cost		
At 1 May	-	337
Disposal during the year	-	(337)
At 30 April	-	-
Accumulated depreciation		
At 1 May	-	147
Disposal during the year	-	(147)
At 30 April	-	-
Net carrying amount	-	-

6. INVESTMENTS IN SUBSIDIARIES

	Company	
	2014 RM'000	2013 RM'000
Unquoted shares, at cost	31,683	31,683

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6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The list of subsidiaries, their places of incorporation, their principal activities and the effective interest of the Company are as follows:

Name of Company	Country of incorporation	Principal activities	Effective equity interest	
			2014 %	2013 %
General Labels & Labelling (M) Sdn. Bhd.	Malaysia	Manufacturing of self adhesive labels and stickers, and labelling machines and trading of related products	100	100
Komark International (M) Sdn. Bhd.	Malaysia	Manufacturing of self adhesive labels	100	100
*#± General Labels & Labelling (Penang) Sdn. Bhd.	Malaysia	Manufacturing of self adhesive labels and stickers	100	100
# General Labels & Labelling (Ipoh) Sdn. Bhd.	Malaysia	Manufacturing of self adhesive labels and stickers, and trading of related products	100	100
^ Komark Investment Holdings Ltd.	British Virgin Island	Investment holding	100	100
^ Komark Australasia Pty. Ltd.	Australia	Dormant	100	100

The subsidiaries of General Labels & Labelling (M) Sdn. Bhd. are as follows:

Name of Company	Country of incorporation	Principal activities	Effective equity interest	
			2014 %	2013 %
General Labels & Labelling (JB) Sdn. Bhd.	Malaysia	Manufacturing of self adhesive labels and stickers, and trading of related products	100	100

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6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The subsidiaries of General Labels & Labelling (M) Sdn. Bhd. are as follows (cont'd):

Name of Company	Country of incorporation	Principal activities	Effective equity interest	
			2014 %	2013 %
* General Labels & Labelling Pte Ltd	Singapore	Printer of labels and stickers	100	100
* Komark (Thailand) Company Limited	Thailand	Manufacturing and selling of self adhesive labels	100	100

The subsidiaries of Komark Investment Holdings Ltd. are as follows:

Name of Company	Country of incorporation	Principal activities	Effective equity interest	
			2014 %	2013 %
* Shanghai Komark Labels & Labelling Co., Ltd.	People's Republic of China	Manufacturing and selling of self adhesive labels	100	100
* Guangzhou Komark Labels & Labelling Co., Ltd.	People's Republic of China	Manufacturing and selling of self adhesive labels	100	100
*# Komark Hong Kong Company Limited	Hong Kong	Dormant	100	100

The subsidiary of Komark International (M) Sdn. Bhd. is as follows:

Name of Company	Country of incorporation	Principal activities	Effective equity interest	
			2014 %	2013 %
*@ PT Komark Labels and Labelling Indonesia	Indonesia	Manufacturing and trading of self adhesive labels	100	100

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6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

- * Audited by another firm of auditors.
- ^ Consolidated based on management financial statements as at 30 April 2014 in which we have reviewed for consolidation purposes.
- # Subsidiary with auditors' report that is not qualified which contained an emphasis of matter on its going concern, which is dependent upon continuous financial support of its holding or ultimate holding company.
- @ Subsidiary with auditors' report that is qualified on non-adoption of certain accounting standards. The directors are of the opinion that the effects of the adjustments, if any, on the financial statements of the subsidiary, have no material financial impact to the Group.
- ± Subsidiary with auditors' report that contained disclaimer of opinion due to insufficient appropriate audit evidence obtainable on certain receivables and payables. The directors are of the opinion that the effects of the adjustments, if any, on the financial statements of the subsidiary, have no material financial impact to the Group.

7. INVESTMENT IN ASSOCIATE

	Group	
	2014	2013
	RM'000	RM'000
Unquoted shares, at cost	2	2
Share of post acquisition results	(2)	(2)
	-	-
Represented by:		
Group's share of net assets	-	-

The shares of the associate are held directly by one of the subsidiaries, namely Komark International (M) Sdn. Bhd. Details of the associate are as follows:

Name of Company	Country of incorporation	Principal activities	Effective equity interest	
			2014	2013
			%	%
* Komark Enterprise Co. Ltd.	Thailand	Trading of self adhesive labels and related tools and equipment	49	49

- * Audited by another firm of auditors.

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8. OTHER INVESTMENT

	Group	
	2014 RM'000	2013 RM'000
Available-for-sale financial assets:		
Quoted shares in Malaysia, at cost	-	4
Quoted shares in Malaysia, at market value	-	3

9. DEVELOPMENT EXPENDITURE

	Group	
	2014 RM'000	2013 RM'000
Automatic labelling machineries		
Cost		
At 1 May	5,747	5,574
Addition during the year	121	173
At 30 April	5,868	5,747
Accumulated amortisation		
At 1 May	3,992	3,178
Charge for the year	805	814
At 30 April	4,797	3,992
Accumulated impairment		
At 1 May	-	-
Impairment loss for the year	1,071	-
At 30 April	1,071	-
Net carrying amount	-	1,755

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9. DEVELOPMENT EXPENDITURE (CONT'D)

	Group	
	2014	2013
	RM'000	RM'000
Roto-gravure/offset combination labels press project		
Cost		
At 1 May	3,779	3,673
Exchange difference	216	106
At 30 April	<u>3,995</u>	<u>3,779</u>
Accumulated amortisation		
At 1 May	3,563	3,411
Charge for the year	-	52
Exchange difference	203	100
At 30 April	<u>3,766</u>	<u>3,563</u>
Net carrying amount	<u>229</u>	216
Total net carrying amount	<u>229</u>	1,971

The roto-gravure/offset combination labels press commenced its commercial production in December 2002. The amortisation represents the amount charged from the date of commercial production.

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10. **GOODWILL ON CONSOLIDATION**

	Group	
	2014 RM'000	2013 RM'000
Goodwill on consolidation		
Amount recognised on acquisitions	2,413	2,413
Accumulated amortisation	(663)	(663)
Net book value	<u>1,750</u>	<u>1,750</u>

Negative goodwill amounting to RM7,195,813 has been fully amortised and recognised in the statement of profit or loss and other comprehensive income in the previous financial year. Goodwill on consolidation is no longer amortised since financial year 2007, instead it is subject to impairment. There is no impairment as at the end of current financial year.

11. **INVENTORIES**

	Group	
	2014 RM'000	2013 RM'000
Raw materials	6,010	10,100
Work-in-progress	2,258	3,587
Manufactured inventories	20,979	23,458
Others	3,601	3,735
	<u>32,848</u>	<u>40,880</u>
Less : Allowance for slow-moving manufactured inventories	<u>(3,919)</u>	<u>(3,103)</u>
	<u>28,929</u>	<u>37,777</u>

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12. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Trade receivables				
- Third parties	36,534	38,636	-	-
- Associated company	1,573	-	-	-
	<u>38,107</u>	<u>38,636</u>	<u>-</u>	<u>-</u>
Less: Allowance for impairment	(3,050)	(2,002)	-	-
Trade receivables, net	<u>35,057</u>	<u>36,634</u>	<u>-</u>	<u>-</u>
Other receivables, deposits and prepayments	4,817	5,846	6	42
	<u>39,874</u>	<u>42,480</u>	<u>6</u>	<u>42</u>

Trade receivables are non-interest bearing and are generally on 1 to 120 (2013: 1 to 120) days term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	Group	
	2014 RM '000	2013 RM '000
1 - 90 days	33,026	32,483
91 - 180 days	1,063	1,668
181 days and above	968	2,483
	<u>35,057</u>	<u>36,634</u>
Impaired	3,050	2,002
	<u>38,107</u>	<u>38,636</u>

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12. TRADE AND OTHER RECEIVABLES (CONT'D)

Receivables that are not impaired

Trade receivables that are not impaired are creditworthy debtors with good payment records with the Group. None of the Group's trade receivables that are not impaired have been renegotiated during the year.

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Group	
	2014	2013
	RM'000	RM'000
Trade receivables - nominal amounts	3,050	2,002
Less: Allowance for impairment losses	(3,050)	(2,002)
	-	-

Movements in allowance accounts:

	Group	
	2014	2013
	RM'000	RM'000
At 1 May	2,002	1,484
Charge for the year	1,012	518
Write-off against allowance accounts	(4)	-
Exchange difference	40	-
At 30 April	3,050	2,002

Trade receivables that are collectively and individually determined to be impaired at the reporting date mainly relate to balances which have been significantly long outstanding. These receivables are not secured by any collateral or credit enhancements.

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**13. AMOUNT DUE FROM/(TO) RELATED COMPANIES/
ASSOCIATE COMPANY**

	Company	
	2014 RM'000	2013 RM'000
Amount due from related companies	42,971	42,362
Less: Allowance for impairment	(8)	-
	<u>42,963</u>	<u>42,362</u>

These balances are non-trade in nature, unsecured, non-interest bearing and are repayable on demand.

14. CASH AND BANK BALANCES

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Deposits with licensed banks	2,843	2,741	-	-
Cash in hand and at banks	6,643	6,192	-	3
	<u>9,486</u>	<u>8,933</u>	<u>-</u>	<u>3</u>

Included in deposits placed with licensed banks of the Group is RM2,165,657 (2013: RM2,740,738) pledged as security for borrowings granted to subsidiaries (Note 18 to the financial statements).

During the financial year, the fixed deposits earned interest rates ranging from 0.70% - 3.20% per annum and have average maturities of 7 days - 36 months.

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15. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Amount	
	2014	2013	2014	2013
			RM'000	RM'000
Ordinary shares of RM1 each				
Authorised				
At 1 May/30 April	500,000,000	500,000,000	500,000	500,000
Issued and fully paid				
At 1 May/30 April	81,275,010	81,275,010	81,275	81,275

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

16. TREASURY SHARES

	Group and Company	
	2014	2013
Number of ordinary shares of RM1 each		
At 1 May	-	1,538,000
Repurchased during the year	1,000	2,000
Sold during the year	-	(1,540,000)
At 30 April	1,000	-
	2014	2013
	RM'000	RM'000
Ordinary shares of RM1 each		
At 1 May	-	437
Repurchased during the year	-#	-#
Sold during the year	-	(437)
At 30 April	-#	-

Amount less than RM1,000.

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16. TREASURY SHARES (CONT'D)

During the financial year, the Company repurchased 1,000 (2013: 2,000) ordinary shares from the open market at an average price of RM0.66 (2013: RM0.33) per share. The total consideration paid for the repurchase was RM656 (2013: RM657). The repurchased transactions were financed by internally generated funds.

17. RESERVES

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Non-distributable				
General reserve				
At 1 May	1,703	1,703	-	-
Appropriation of profit	886	-	-	-
At 30 April	<u>2,589</u>	<u>1,703</u>	-	-
Translation reserve				
At 1 May	4,525	3,730	-	-
Foreign currency translation	(488)	795	-	-
At 30 April	<u>4,037</u>	<u>4,525</u>	-	-
Revaluation reserve				
At 1 May	-	-	-	-
Surplus on revaluation	12,031	-	-	-
At 30 April	<u>12,031</u>	-	-	-
Total non-distributable reserves	<u>18,657</u>	<u>6,228</u>	-	-
Distributable				
(Accumulated loss)/				
Retained profit				
At 1 May	13,511	18,342	(27,837)	(28,357)
(Loss)/profit for the year	(28,909)	(4,831)	1,169	520
Appropriation of profit	(886)	-	-	-
Dividend	(406)	-	(406)	-
At 30 April	<u>(16,690)</u>	<u>13,511</u>	<u>(27,074)</u>	<u>(27,837)</u>
Total Reserves	<u>1,967</u>	<u>19,739</u>	<u>(27,074)</u>	<u>(27,837)</u>

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17. RESERVES (CONT'D)

a. General Reserve

Subsidiaries in the People's Republic of China ("PRC") are required to appropriate 10% of their after-tax profit (after offsetting prior year losses), based on the respective PRC statutory financial statements, to a general reserve fund until the balance of the fund reaches 50% of the Company's registered capital. Thereafter, any further appropriation can be made at the Directors' discretion.

The general reserve fund can be utilised to offset prior year losses, or be utilised for the issuance of bonus shares on the condition that the general reserve fund shall be maintained at a minimum of 25% of the registered capital after such issuance.

In accordance with the relevant rules and regulations in the PRC, the subsidiaries may also appropriate a portion of its after-tax profit (after offsetting prior year losses), based on the PRC statutory financial statements, to an enterprise expansion fund and a staff and workers' bonus and welfare fund at the Director's discretion.

b. Translation Reserve

This represents foreign currency exchange differences arising from the translation of the financial statements of subsidiaries which are denominated in currency other than the presentation currency of the Company, Ringgit Malaysia.

c. Revaluation Reserve

This represents surplus on revaluation arising from the revaluation of certain freehold and leasehold land and buildings of the Group by an independent valuer on 28 January 2014 and 16 May 2014.

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17. RESERVES (CONT'D)

d. Additional Disclosure Of Realised And Unrealised Profits Or Losses

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Total (accumulated loss)/ retained profit of the Company and its subsidiary companies				
- Realised	(14,230)	22,740	(27,074)	(27,837)
- Unrealised	(546)	(2,774)	-	-
	<u>(14,776)</u>	<u>19,966</u>	<u>(27,074)</u>	<u>(27,837)</u>
Total share of accumulated loss from associated company				
- Realised	(2)	(2)	-	-
- Unrealised	-	-	-	-
	<u>(14,778)</u>	<u>19,964</u>	<u>(27,074)</u>	<u>(27,837)</u>
Less: Consolidation adjustments	(1,912)	(6,453)	-	-
Total Group/Company (accumulated loss)/retained profit as per consolidated accounts	<u>(16,690)</u>	<u>13,511</u>	<u>(27,074)</u>	<u>(27,837)</u>

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18. BORROWINGS

		Group		Company	
		2014	2013	2014	2013
		RM'000	RM'000	RM'000	RM'000
Current					
Bank overdrafts	- secured	7,764	12,628	3,055	3,158
	- unsecured	32	2,398	-	-
Bankers' acceptance	- secured	13,891	14,188	-	-
	- unsecured	5,221	1,317	-	-
Term loans	- secured	1,427	3,506	-	-
Short-term loans	- secured	1,565	-	-	-
	- unsecured	22,233	22,956	-	-
Hire purchase liabilities		5,346	4,068	-	-
		57,479	61,061	3,055	3,158
Non-current					
Term loans	- secured	10,691	2,148	-	-
	- unsecured	-	1,100	-	-
Hire purchase liabilities		4,149	5,629	-	-
		14,840	8,877	-	-
		72,319	69,938	3,055	3,158

a. Term loans and repayment schedule

(i) Secured term loans

Secured term loans consist of 7 (2013: 3) term loans. Their repayment schedule is as follows:

Secured term loan of RM3,506,000 (2013: RM4,606,000) is repayable by 48 consecutive installments commencing February 2011. This term loan is obtained by a local subsidiary from a foreign bank. Rescheduled on April 2012 and repayable by 71 consecutive installments commencing from April 2012.

Secured term loan of RM1,053,233 [equivalent to RMB2,019,000] (2013: RM1,491,896 [equivalent to RMB 3,028,000]) is repayable by quarterly installments over a period of four (4) years commencing February 2012. This term loan is obtained by a foreign subsidiary from a foreign bank.

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18. BORROWINGS (CONT'D)

a. Term loans and repayment schedule (cont'd)

(i) Secured term loans (cont'd)

Secured term loan of RM501,700 [equivalent to USD153,600] (2013: RM653,439 [equivalent to USD211,250]) is repayable by quarterly installments over a period of three (3) years commencing April 2013. This term loan is obtained by a foreign subsidiary from a foreign bank.

Additional secured term loan of RM7,000,000 is repayable by monthly installments over a period of twenty (20) years commencing September 2013. This term loan is obtained by a local subsidiary from a local bank.

Secured short-term loans of RM1,565,100 [equivalent to RMB3,000,000], RM313,000 [equivalent to RMB600,000] and RM11,477,400 [equivalent to RMB22,000,000] respectively are repayable by one bullet payment after one (1) year from the date of first drawdown. These term loans are obtained by two foreign subsidiaries from three foreign banks.

(ii) Unsecured term loans

Unsecured term loans consist of 2 (2013: 3) term loans. Their repayment schedule is as follows:

Unsecured short-term loan of RM6,651,450 [equivalent to RMB13,500,000] as at the end of the previous financial year has been fully settled during the current financial year.

Unsecured short-term loan of RM2,608,500 [equivalent to RMB5,000,000] is rolled over and repayable within one (1) year commencing June 2013. This short-term loan is obtained by a foreign subsidiary from a foreign bank.

Additional unsecured short-term loan of RM7,825,500 [equivalent to RMB15,000,000] is repayable within one (1) year commencing February 2014. This short-term loan is obtained by a foreign subsidiary from a local bank.

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18. BORROWINGS (CONT'D)

b. Significant covenants for term loans granted to foreign subsidiaries

In connection with the borrowing facilities agreements and their supplemental agreements, foreign subsidiaries have agreed on the following significant covenants with the lender:

- i) the ratio of the subsidiary's total liabilities to net worth shall not exceed 200% at 30 April 2014 and at any time thereafter without prior consent of the lenders;
- ii) not to make any advances, loans or grant any credit (save in the ordinary course of business) to or for the benefit of any other persons (including any related company) or give any guarantee or indemnity to or for the benefit of any other person or otherwise voluntarily assume any liability, whether actual or contingent, in respect of any obligation of any other person without prior consent of the lenders. The foreign subsidiary shall notify the lenders on the ratio of said guarantees, if any over its net tangible assets; and
- iii) not to raise any additional financing from other financial institutions without prior consent from the lenders and such consent shall not be unreasonably withheld.

c. Other borrowings

The Company's bank overdrafts facilities are secured by legal charges over certain land and building of the Group.

The Group's other borrowings are secured by way of fixed charges over the freehold and leasehold land and buildings of the respective subsidiaries, certain machinery of a subsidiary, corporate guarantees from the Company, fixed deposits of the respective subsidiaries and jointly and severally guaranteed by certain directors of the Company.

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18. BORROWINGS (CONT'D)

d. Hire purchase liabilities

	Group	
	2014	2013
	RM'000	RM'000
Minimum payment		
- not later than one year	5,967	4,807
- later than one year and not later than five years	4,515	5,973
	<u>10,482</u>	<u>10,780</u>
Future finance charges on hire purchase	(987)	(1,083)
Present value of hire purchase payables	<u>9,495</u>	<u>9,697</u>
Current	5,346	4,068
Non-current	4,149	5,629
	<u>9,495</u>	<u>9,697</u>
Present value of hire purchase payables		
- not later than one year	5,346	4,068
- later than one year and not later than five years	4,149	5,629
	<u>9,495</u>	<u>9,697</u>

Hire purchase liabilities are subject to effective interest rates of 2.19% to 6.30% (2013: 2.19% to 6.30%).

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19. DEFERRED TAX

	Group	
	2014	2013
	RM'000	RM'000
Deferred tax liabilities		
At 1 May	2,654	1,406
Transferred (to)/from statement of profit or loss and other comprehensive income (Note 23)	(2,100)	1,248
At 30 April	<u>554</u>	<u>2,654</u>

Deferred tax liabilities and assets are offset where there is a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred taxes relate to the same taxation authority and same entity.

The net deferred tax liabilities/(assets) are in respect of the followings:

	Group	
	2014	2013
	RM'000	RM'000
Taxable temporary differences	1,610	8,624
Allowances and provisions	-	(1,459)
Unabsorbed capital allowances	(524)	(1,777)
Unutilised tax losses	(281)	(535)
Unutilised reinvestment allowances	(251)	(2,584)
Others	-	385
	<u>554</u>	<u>2,654</u>

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19. DEFERRED TAX (CONT'D)

As at 30 April 2014, the amount of estimated net deferred tax assets of the Group measured at current tax rate which are not recognised in the financial statements, are as follows:

	Group	
	2014	2013
	RM'000	RM'000
Temporary differences	(3,806)	(108)
Unabsorbed capital allowances	2,962	144
Unutilised tax losses	3,288	220
Unutilised reinvestment allowances	8,865	-
Allowance and provision	(150)	-
	<u>11,159</u>	<u>256</u>

20. TRADE AND OTHER PAYABLES

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Trade payables	23,091	19,307	-	-
Other payables, accrued expenses and deposit received	5,776	8,172	277	485
Amount due to directors	1,896	2,251	25	75
	<u>30,763</u>	<u>29,730</u>	<u>302</u>	<u>560</u>

(a) Trade Payables

Trade payables are non-interest bearing and are normally settled on 1 to 120 (2013: 1 to 120) days term.

(b) Other Payables

These amounts are non-interest bearing. Other payables are normally settled on an average term of 90 (2013: 90) days term.

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20. TRADE AND OTHER PAYABLES (CONT'D)

(c) Amount due to directors

These balances are unsecured, non-interest bearing and are repayable on demand.

21. OTHER OPERATING INCOME

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Gain on disposal of investment property	-	53	-	-
Gain on disposal of property, plant and equipment	13	903	-	-
Gain on foreign exchange			-	-
- Realised	309	201	-	-
- Unrealised	17	116	-	-
Government grant	72	-	-	-
Interest income	129	98	-	-
Rental income	(6)	17	-	-
Rental of equipment	3	-	-	-
Waiver of amount due from related company	4	-	-	-
Write-back of allowance for impairment of receivables	425	-	-	-
Others	146	161	-	-
	1,112	1,549	-	-

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22. (LOSS)/PROFIT BEFORE TAXATION

The following items have been charged in arriving at (loss)/profit before tax:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Allowance for impairment losses:				
- Amount due from related company	-	-	8	-
- Development expenditure	1,071	-	-	-
- Property, plant and equipment	12,512	-	-	-
- Trade receivables	1,437	518	-	-
Allowance for slow-moving manufactured inventories	816	1,608	-	-
Amount due from related company written off	-	-	-	53
Amortisation of development expenditure	805	866	-	-
Amortisation of prepaid lease payments on land	47	44	-	-
Auditors' remuneration				
- Current year's provision	155	134	14	14
- Underprovision in prior years	6	-	1	-
Bad debts written off	1,548	1	-	-
Depreciation of property, plant and equipment	12,036	11,417	-	-
Directors' remuneration				
- Fees - Directors of the Company	1,087	1,180	180	112
- Other emoluments				
- Directors of the Company	1,031	993	170	576
- Other directors of subsidiary	333	320	-	-
Factory rental	821	605	-	-
Finance costs				
- Bank overdrafts	700	1,018	238	254
- Hire purchase and finance lease	930	800	-	-
- Short term borrowings	1,064	894	-	-
- Term loans	2,374	2,070	-	-
- Others	4	709	-	-

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22. (LOSS)/PROFIT BEFORE TAXATION (CONT'D)

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Inventories written off	-	1,805	-	-
Loss on disposal of other investment	1	-	-	-
Loss on foreign exchange				
- Realised	506	321	-	-
Property, plant and equipment written off	-	28	-	-
Rental of equipment	4	-	-	-
Rental of premises	299	504	-	-
Staff costs				
- Salaries, allowances and others	21,282	17,429	289	355
- Retirement benefits	1,154	1,232	35	103
Unreconciled balances written off	687	794	160	-

23. TAXATION

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Malaysian income tax				
- Current year	7	30	-	-
- Underprovision in prior year	14	7	-	-
Overseas income tax				
- Current year	1,948	1,274	-	-
- Under/(over)provision in prior year	23	(1)	-	-
- Withholding tax	313	-	-	-
	2,305	1,310	-	-
Deferred taxation (Note 19)	(2,100)	1,248	-	-
Income tax expense recognised in statement of profit or loss and other comprehensive income	205	2,558	-	-

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23. TAXATION (CONT'D)

The reconciliation between tax expense and the product of accounting (loss)/profit multiplied by the applicable corporate tax rate for the years ended 30 April is as follows:

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
(Loss)/profit before taxation	(28,704)	(2,273)	1,169	520
Taxation at Malaysian statutory tax rate of 25% (2013: 25%)	(7,176)	(568)	292	130
Effect of different tax rates in foreign jurisdictions	(8)	758	-	-
Non-deductible expenses	3,015	1,113	-	-
Income not subject to tax	-	(455)	(292)	(130)
Deferred tax assets not recognised	4,024	1,704	-	-
Withholding tax	313	-	-	-
	168	2,552	-	-
Underprovision of income tax in prior year	37	6	-	-
Tax expense	205	2,558	-	-

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2013: 25%) of the estimated assessable profit for the year.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

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24. LOSS PER SHARE

The basic loss per share is calculated by dividing loss for the year net of tax attributable to equity holders of the Company by the weighted average number of ordinary shares of RM1 each in issue during the financial year excluding the weighted average treasury shares held by the Company.

	Group	
	2014	2013
	RM'000	RM'000
Loss for the year attributable to equity holders of the Company	<u>(28,909)</u>	<u>(4,831)</u>
Number of ordinary shares in issue at 1 May	81,275	79,737
Effect of shares bought back and held as treasury shares	(1)	127
	<u>81,274</u>	<u>79,864</u>
Basic loss per share (sen)	<u>(35.6)</u>	<u>(6.0)</u>

There was no dilution of earnings per share during the financial year.

25. DIVIDEND

	Group and Company	
	Net per share	Amount
	RM	RM'000
2014		
First and final single-tier dividend in respect of:		
- financial year ended 30 April 2013	<u>0.005</u>	<u>406</u>

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26. SEGMENT INFORMATION

Segmental information is presented in respect of the Group's business and geographical segments based on the Group's management and internal reporting structure.

Inter-segment pricing is determined based on negotiated basis in the normal course of business.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise of expenses and assets of the Company and its dormant subsidiaries.

Business Segment

The Group comprises the following main business segments:

- i) Manufacturing of self adhesive labels and stickers and trading of related products;
and
- ii) Manufacturing of automatic labelling machineries.

Geographical segments

Manufacturing of automatic labelling machineries is principally operated in Malaysia. Other geographical areas are involved in the manufacturing of self adhesive labels and stickers and trading of related products.

In presenting information on the basis of geographical segments, segment revenue and segment assets are based on the geographical location of assets.

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26. SEGMENT INFORMATION (CONT'D)

a. Business Segment

	Manufacturing of self adhesive labels and stickers and trading of related product RM'000	Manufacturing of automatic labelling machineries RM'000	Elimination RM'000	Consolidation RM'000
2014				
Revenue				
External sales	141,056	749	-	141,805
Inter-segment sales	-	945	(945)	-
Total revenue	<u>141,056</u>	<u>1,694</u>	<u>(945)</u>	<u>141,805</u>
Results				
Segment results	(11,992)	(10,311)	-	(22,303)
Unallocated expenses				(1,458)
Interest income				<u>129</u>
Loss from operations				<u>(23,632)</u>
Finance costs				<u>(5,072)</u>
Loss before taxation				<u>(28,704)</u>
Taxation				<u>(205)</u>
Loss for the year				<u>(28,909)</u>
Minority interest				<u>-</u>
Loss attributable to equity holders of the Company				<u>(28,909)</u>

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26. SEGMENT INFORMATION (CONT'D)

a. Business Segment (cont'd)

	Manufacturing of self adhesive labels and stickers and trading of related product RM'000	Manufacturing of automatic labelling machineries RM'000	Elimination RM'000	Consolidation RM'000
2014				
Assets				
Segment assets	176,754	27,350	-	204,104
Unallocated assets				105
Total Assets				<u>204,209</u>
Liabilities				
Segment liabilities	101,929	1,153	-	103,082
Unallocated liabilities				2,251
Total Liabilities				<u>105,333</u>
Other Information				
Capital expenditure	(11,117)	(121)	2,624	(8,614)
Depreciation and amortisation	(11,846)	(1,042)		(12,888)

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26. SEGMENT INFORMATION (CONT'D)

a. Business Segment (cont'd)

	Manufacturing of self adhesive labels and stickers and trading of related product RM'000	Manufacturing of automatic labelling machineries RM'000	Elimination RM'000	Consolidation RM'000
2013				
Revenue				
External sales	135,497	540	-	136,037
Inter-segment sales	-	1,433	(1,433)	-
Total revenue	<u>135,497</u>	<u>1,973</u>	<u>(1,433)</u>	<u>136,037</u>
Results				
Segment results	4,520	306	-	4,826
Unallocated expenses				(1,706)
Interest income				98
Profit from operations				<u>3,218</u>
Finance costs				(5,491)
Loss before taxation				<u>(2,273)</u>
Taxation				(2,558)
Loss for the year				<u>(4,831)</u>
Minority interest				-
Loss attributable to equity holders of the Company				<u>(4,831)</u>

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26. SEGMENT INFORMATION (CONT'D)

a. Business Segment (cont'd)

	Manufacturing of self adhesive labels and stickers and trading of related product RM'000	Manufacturing of automatic labelling machineries RM'000	Elimination RM'000	Consolidation RM'000
2013				
Assets				
Segment assets	193,616	26,707	-	220,323
Unallocated assets				124
Total Assets				<u>220,447</u>
Liabilities				
Segment liabilities	97,973	1,695	-	99,668
Unallocated liabilities				4,131
Total Liabilities				<u>103,799</u>
Other Information				
Capital expenditure	(10,595)	(423)		(11,018)
Depreciation and amortisation	(11,274)	(1,053)		(12,327)

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26. SEGMENT INFORMATION (CONT'D)

b. Geographical Segment

	2014	Malaysia RM'000	China RM'000	Singapore RM'000	Thailand RM'000	Others RM'000	Elimination RM'000	Consolidation RM'000
Revenue from external customers by location of customers		33,780	82,610	8,605	21,251	3,746	(8,187)	141,805
Segment assets by location of assets		186,480	113,149	4,554	22,525	30,696	(153,195)	204,209
Capital expenditure		(1,745)	(6,774)	(304)	(2,095)	(320)	2,624	(8,614)

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NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2014

26. SEGMENT INFORMATION (CONT'D)

b. Geographical Segment (cont'd)

2013

	Malaysia RM'000	China RM'000	Singapore RM'000	Thailand RM'000	Others RM'000	Elimination RM'000	Consolidation RM'000
Revenue from external customers by location of customers	45,589	69,718	8,517	19,131	2,351	(9,269)	136,037
Segment assets by location of assets	203,727	108,090	4,170	20,971	29,969	(146,480)	220,447
Capital expenditure	(4,237)	(6,296)	(251)	(234)	-	-	(11,018)

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27. CONTINGENT LIABILITIES

	Company	
	2014 RM'000	2013 RM'000
Corporate guarantees in respect of credit facilities granted to subsidiaries	57,441	75,000

28. SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES

Controlling related party relationships are as follows:

- i) Its subsidiaries as disclosed in Note 6 to the financial statements.
- ii) A director of the Company, Koh Hong Muan @ Koh Gak Siong.

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Holding company				
Komarkcorp Berhad				
- Dividend income	2,865	2,094	2,865	2,094
Subsidiaries				
Komark International (M) Sdn. Bhd.				
- Sales	159	274	-	-
General Labels & Labelling (M) Sdn. Bhd.				
- Sales	2,157	2,663	-	-
- Rental income, premises	-	60	-	-
General Labels & Labelling (JB) Sdn. Bhd.				
- Sales	3,924	3,959	-	-

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NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2014

28. SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES (CONTD)

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
General Labels & Labelling (Penang) Sdn. Bhd.				
- Sales	-	931	-	-
Guangzhou Komark Labels & Labelling Co., Ltd.				
- Sales	1,184	1,544	-	-
Shanghai Komark Labels & Labelling Co., Ltd.				
- Sales	540	520	-	-
General Labels & Labelling Pte Ltd				
- Sales	28	35	-	-
General Labels & Labelling (Ipoh) Sdn. Bhd.				
- Sales	51	159	-	-
Komark (Thailand) Company Limited				
- Sales	145	12	-	-
Komark Investment Holdings Ltd.				
- Dividend income	3,139	1,212	-	-

29. OPERATING LEASE COMMITMENTS

The future aggregate minimum lease payments under non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities are as follows:

	Group	
	2014 RM'000	2013 RM'000
Not later than 1 year	159	53
Later than 1 year but not later than 5 years	212	-
	<u>371</u>	<u>53</u>

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NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2014

30. FAIR VALUE OF FINANCIAL INSTRUMENTS

Determination of Fair Value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	<u>Note</u>
Trade and other receivables	12
Deposits with licensed banks	14
Trade and other payables	20
Borrowings (current)	18

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are re-priced to market interest rates on or near the reporting date.

The carrying amount of the current portion of borrowings is reasonable approximation of fair value due to the insignificant impact of discounting.

Finance lease obligations

The fair values of these financial instruments are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

Quoted equity instruments

The fair value of these financial assets is determined by reference to the quoted closing bid price at the reporting date.

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31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks. The Audit Committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and bank balances), the Group minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Information regarding credit enhancements for trade and other receivables is disclosed in Note 12 to the financial statements.

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31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) Credit Risk (cont'd)

Credit risk concentration profile

The Group determines concentration of credit risk by monitoring the business segment of its trade receivables on an ongoing basis.

At the reporting date, there was no significant concentration of credit risk for the Group and the Company other than those receivables as analysed in Note 12 to the financial statements.

Financial assets that are not impaired

Information regarding trade and other receivables that are not impaired is disclosed in Note 12 to the financial statements.

Financial assets that are impaired

Information regarding financial assets that are impaired is disclosed in Note 12 to the financial statements.

(b) Liquidity Risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

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31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Liquidity Risk (cont'd)

Analysis of Financial Instruments by Remaining Contractual Maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	<-----30.4.2014----->			
	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Group				
Financial Liabilities				
Trade and other payables	30,763	-	-	30,763
Borrowings	57,479	14,840	-	72,319
	<-----30.4.2014----->			
	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Company				
Financial Liabilities				
Trade and other payables	302	-	-	302
Borrowings	3,055	-	-	3,055

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31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Liquidity Risk (cont'd)

Analysis of Financial Instruments by Remaining Contractual Maturities
(cont'd)

	<-----30.4.2013----->			
	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Group				
Financial Liabilities				
Trade and other payables	29,730	-	-	29,730
Borrowings	61,061	8,877	-	69,938

	<-----30.4.2013----->			
	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Company				
Financial Liabilities				
Trade and other payables	560	-	-	560
Borrowings	3,158	-	-	3,158

(c) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

As the Group has no significant interest-bearing financial assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest-bearing financial assets are mainly short term in nature.

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31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Interest Rate Risk (cont'd)

The Group's interest rate risk arises primarily from interest-bearing borrowings. Borrowings at floating rates expose the Group to cash flow interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. The Group manages its interest rate exposure by maintaining a mix of fix and floating rate of borrowings.

The following tables set out the carrying amounts, effective interest rates as at the reporting date and the remaining maturities of the Group's and the Company's financial instruments that are exposed to interest rate risk:

	Effective interest rate %	Total RM'000	Within 1 year RM'000
Group			
2014			
Financial assets			
Deposits with licensed banks	0.70 - 3.20	2,843	2,843
Financial liabilities			
Bank overdrafts	7.85 - 8.60	7,796	7,796
Bankers' acceptance	4.73 - 5.44	19,112	19,112
Term loans	4.05 - 8.31	12,118	1,427
Short-term loans	4.05 - 8.31	23,798	23,798

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31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Interest Rate Risk (cont'd)

	Effective interest rate %	Total RM'000	Within 1 year RM'000
2013			
Financial assets			
Deposits with licensed banks	2.25 - 3.25	2,741	2,741
Financial liabilities			
Bank overdrafts	7.85 - 8.60	15,026	15,026
Bankers' acceptance	4.50 - 5.50	15,505	15,505
Term loans	4.05 - 8.60	6,754	3,506
Short-term loans	4.05 - 8.31	22,956	22,956
<hr/>			
Company			
2014			
Financial liabilities			
Bank overdrafts	7.85 - 8.60	3,055	3,055
<hr/>			
2013			
Financial liabilities			
Bank overdrafts	8.60	3,158	3,158
<hr/>			

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NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2014

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(d) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to transactional currency risk primarily through sales and purchases and borrowings that are denominated in currencies other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily United States Dollar, Renminbi Yuan and Singapore Dollar and a small percentage in other foreign currencies. Foreign exchange exposures in these transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

The net unhedged financial assets and liabilities of the Group that are not denominated in the functional currency is as follows:

	Group	
	2014	2013
	RM	RM
Net unhedged financial (liabilities)/assets:		
United States Dollar ("USD")	984,872	3,412,476
Renminbi Yuan ("RMB")	(19,377,615)	(13,269,886)
Singapore Dollar ("SGD")	1,467,061	1,593,635
Thailand Baht ("THB")	(1,933,314)	(496,457)
Indonesia Rupiah ("INR")	836,329	579,405
	<u>(18,022,667)</u>	<u>(8,180,827)</u>

Sensitivity Analysis for Foreign Currency Risk

The following table demonstrates the sensitivity of the Group's profit to a reasonably possible change in the USD, RMB, SGD, THB and INR exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

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NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2014

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(d) Foreign Currency Risk (cont'd)

		Gain/(loss) in profit or loss	
		2014	2013
		RM	RM
USD/RM	- strengthened 10%	98,487	341,248
	- weakened 10%	(98,487)	(341,248)
RMB/RM	- strengthened 10%	1,937,762	1,326,989
	- weakened 10%	(1,937,762)	(1,326,989)
SGD/RM	- strengthened 10%	146,706	159,364
	- weakened 10%	(146,706)	(159,364)
THB/RM	- strengthened 2%	38,666	9,929
	- weakened 2%	(38,666)	(9,929)
INR/RM	- strengthened 2%	16,727	11,588
	- weakened 2%	(16,727)	(11,588)

(e) Market Price Risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices. The Group is exposed to market price risk arising from its investment in quoted shares listed on the Bursa Malaysia Securities Berhad. These instruments are classified as available-for-sale financial assets. The Group does not have exposure to commodity price risk.

The Group holds low volume of investments in equity instruments for the current and previous financial year. Accordingly, performance of sensitivity analysis for market price risk is not meaningful to the Company.

32. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that entities of the Group would be able to continue as going concerns while maximising the return to shareholders through the optimisation of the debt and equity ratios. The overall strategy of the Group remains unchanged from that in the previous financial year.

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32. CAPITAL MANAGEMENT (CONT'D)

The Group monitors capital using gearing ratio, which is the amount of borrowings (Note 18 to the financial statements) divided by equity attributable to owners of the Company. The Group's policy is to keep the gearing ratio within manageable levels. Capital represents equity attributable to the owners of the parent less the fair value adjustment reserve.

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Borrowings	72,319	69,938	3,055	3,158
Total equity	98,876	116,648	69,835	69,072
Gearing ratio (times)	0.73	0.60	0.04	0.05

33. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) On 24 June 2013, the Company announced that it proposes to undertake a private placement of up to 10% of the issued and paid-up share capital of the Company to third party investors to be identified later ("Proposed Private Placement").

On 26 June 2013, the Company announced that the application pursuant to the Proposed Private Placement has been submitted to Bursa Malaysia.

On 28 June 2013, the Company announced that Bursa Malaysia had resolved to approve the listing and quotation for up to 8,127,501 new ordinary shares of RM1 each in the Company to be issued to the Private Placement subject to certain conditions.

However, the Proposed Private Placement has lapsed upon 6 months expiry from approval on 27 December 2013.

- (b) On 25 April 2014, the Company announced that it proposes to undertake a renounceable two-call rights issue of up to 27,091,670 Rights Shares at an indicative issue price of RM1 per Rights Share on the basis of one (1) Rights Share for every three (3) existing shares held in the Company, together with up to 27,091,670 free detachable Warrants on the basis of one (1) free Warrant for every one (1) Rights Share subscribed for, on an entitlement date to be determined later.

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33. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONT'D)

- (c) On 27 August 2013, a subsidiary company subscribed an additional 234,000 ordinary shares of THB100 each in Komark (Thailand) Company Limited for a total consideration of RM1,805,538. The equity interest of the subsidiary company in Komark (Thailand) Company Limited remains at 100%.

34. EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

- (a) On 24 June 2014, the Company announced that it proposes to undertake the following:
- (i) A par value reduction via the cancellation of RM0.75 of the par value of every existing ordinary share of RM1 each in the issued and paid-up share capital of the Company pursuant to Section 64 of the Act ("Proposed Par Value Reduction"); and
 - (ii) A renounceable rights issue of up to 40,637,005 Rights Shares at an indicative issue price of RM0.30 per Rights Share on the basis of one (1) Rights Share for every two (2) existing shares held in the Company, together with up to 40,637,005 free Warrants on the basis of one (1) free Warrant for every one (1) Rights Share subscribed for, on an entitlement date to be determined later after the Proposed Par Value Reduction ("Proposed Rights Issue with Warrants").

On 1 August 2014, the Company announced that the listing application pursuant to the Proposed Rights Issue with Warrants has been submitted to Bursa Malaysia on even date.

On 15 August 2014, the Company announced that Bursa Malaysia had resolved to approve the following:

- (i) Admission to the Official List and the listing and quotation of up to 40,637,005 Warrants to be issued pursuant to the Proposed Rights Issue with Warrants;
- (ii) Listing and quotation of up to 40,637,005 new shares of the Company to be issued pursuant to the Proposed Rights Issue with Warrants; and
- (iii) Listing and quotation of up to 40,637,005 new shares of the Company to be issued pursuant to the exercise of Warrants.

The above are subject to certain conditions.

KOMARKCORP BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS - 30 APRIL 2014

34. EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE (CONT'D)

- (b) On 1 July 2014, the Company announced that a valuation has been conducted on the Group's investment properties in Malaysia to reflect the fair value of the freehold land and buildings.

35. COMPARATIVES

Certain comparative figures have been restated to conform with current year's presentation.

36. AUTHORISATION FOR ISSUE

The financial statements of the Company for the financial year ended 30 April 2014 were authorised for issue in accordance with a resolution of the Board of Directors on 28th August 2014.

UNAUDITED QUARTERLY REPORT OF OUR GROUP FOR THE THREE (3)-MONTH FPE 31 JULY 2014

**KOMARKCORP BERHAD
AND ITS SUBSIDIARIES**
(Company No. 374265 - A)
(Incorporated in Malaysia)
INTERIM FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 31st July 2014

(The figures have not been audited)

	Current Qtr Ended 31/07/2014 RM'000	Comparative Qtr Ended 31/07/2013 RM'000	03 months Cumulative 31/07/2014 RM'000	03 months Cumulative 31/07/2013 RM'000
Revenue	33,106	33,478	33,106	33,478
Other income	303	(107)	303	(107)
Changes in inventories	471	1,810	471	1,810
Purchases	(19,580)	(18,598)	(19,580)	(18,598)
Employee benefits expenses	(6,838)	(6,022)	(6,838)	(6,022)
Depreciation and amortisation expenses	(2,531)	(3,176)	(2,531)	(3,176)
Other operating expenses	(4,320)	(5,353)	(4,320)	(5,353)
Finance costs	(1,184)	(1,421)	(1,184)	(1,421)
Profit/(Loss) before tax	(573)	611	(573)	611
Income tax expense	(437)	(200)	(437)	(200)
Profit/(Loss) for the period	(1,010)	411	(1,010)	411
Other comprehensive income				
Exchange difference on translating foreign operations	270	778	270	778
Revaluation surplus on PPE	-	-	-	-
	<u>270</u>	<u>778</u>	<u>270</u>	<u>778</u>
Total comprehensive income/(Loss) for the period	(740)	1,189	(740)	1,189
Profit/ (Loss) attributable to:				
Equity holders of the parent	(1,010)	411	(1,010)	411
Minority interests	-	-	-	-
	<u>(1,010)</u>	<u>411</u>	<u>(1,010)</u>	<u>411</u>
Total comprehensive income/ (Loss) attributable to:				
Equity holders of the parent	(740)	1,189	(740)	1,189
Minority interests	-	-	-	-
	<u>(740)</u>	<u>1,189</u>	<u>(740)</u>	<u>1,189</u>
Basic Earnings per Ordinary Share (sen)	(1.24)	0.51	(1.24)	0.51
Diluted Earnings per Ordinary Share (sen)	N/A	N/A	N/A	N/A

This statement should be read in conjunction with the notes to interim financial report and the Company's Annual Financial Statements for the year ended 30 April 2014.

**KOMARKCORP BERHAD
AND ITS SUBSIDIARIES**
(Company No. 374265 - A)
(Incorporated in Malaysia)
INTERIM FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**As at 31st July 2014**

(The figures have not been audited)

	AS AT 31/07/2014	AS AT 30/04/2014 (Audited)
	RM'000	RM'000
ASSETS		
Non-current Assets		
Property, Plant and Equipment	119,073	121,242
Prepaid Lease Payment	1,733	1,758
Development Expenditure	227	229
Goodwill on Consolidation	1,750	1,750
	<u>122,783</u>	<u>124,979</u>
Current Assets		
Inventories	29,406	28,929
Trade and Other Receivables	38,058	39,874
Tax Recoverable	30	105
Amount due from associate company	709	836
Cash and Bank Balances	7,648	9,486
	<u>75,851</u>	<u>79,230</u>
Total Assets	<u>198,634</u>	<u>204,209</u>
EQUITY AND LIABILITIES		
Equity attributable to the equity holders of the parent		
Share Capital	81,275	81,275
Treasury Shares, at cost	(1)	-
Share Premium	15,634	15,634
Reserves	1,227	1,967
Total Equity	<u>98,135</u>	<u>98,876</u>
Non-current liabilities		
Borrowings	13,543	14,840
Deferred taxation	554	554
	<u>14,097</u>	<u>15,394</u>
Current Liabilities		
Trade and Other Payables	30,177	30,763
Borrowings	55,044	57,479
Taxation	1,181	1,697
	<u>86,402</u>	<u>89,939</u>
Total Liabilities	<u>100,499</u>	<u>105,333</u>
Total Equity And Liabilities	<u>198,634</u>	<u>204,209</u>
 Net Assets per Share	 1.21	 1.22

This statement should be read in conjunction with the notes to interim financial report and the Company's Annual Financial Statements for the year ended 30 April 2014.

KOMARKCORP BERHAD
AND ITS SUBSIDIARIES
 (Company No. 374265-A)
 (Incorporated in Malaysia)
INTERIM FINANCIAL STATEMENTS

Condensed Consolidated Statements of Changes in Equity
 For the period ended 31st July 2014

	Attributable to Equity Holders of the Parent							Total RM'000
	Share Capital RM'000	Treasury Shares RM'000	Non- distributable				Retained Profits RM'000	
			Share Premium RM'000	General Reserve RM'000	Translation Reserve RM'000	Revaluation Surplus on PPE RM'000		
At 1st May 2014	81,275	-	15,634	2,589	4,037	12,031	(16,690)	98,876
Total comprehensive income for the period	-	-	-	-	270	-	(1,010)	(740)
Statutory transfer	-	-	-	588	-	-	(588)	-
Purchase of treasury shares	-	(1)	-	-	-	-	-	(1)
As at 31st July 2014	81,275	(1)	15,634	3,177	4,307	12,031	(18,288)	98,135
At 1st May 2013	81,275	-	15,634	1,703	4,525	-	13,511	116,648
Total comprehensive income for the period	-	-	-	-	778	-	411	1,189
Purchase of treasury shares	-	(1)	-	-	-	-	-	(1)
As at 31st July 2013	81,275	(1)	15,634	1,703	5,303	-	13,922	117,836

This statement should be read in conjunction with the notes to interim financial report and the Company's Annual Financial Statements for the year ended 30 April 2014.

**KOMARKCORP BERHAD
AND ITS SUBSIDIARIES**
(Company No. 374265 - A)
(Incorporated in Malaysia)
INTERIM FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 31st July 2014

(The figures have not been audited)

	3 months ended	
	31/07/2014	31/07/2013
	RM'000	RM'000
Cash Flows from Operating Activities		
Cash receipts from customers	34,991	36,428
Cash payments to suppliers	(18,525)	(12,982)
Cash payments to employees	(6,838)	(6,022)
Cash payments for other expenses	(5,700)	(9,416)
	<hr/>	<hr/>
Cash Generated from Operations	3,928	8,008
Income Taxes Paid	(878)	(1,702)
Interest Paid	(1,184)	(1,421)
	<hr/>	<hr/>
Cash Generated from Operating Activities	1,866	4,885
Cash Flows from Investing Activities		
Acquisition of Property, Plant and Equipment	(930)	(2,227)
R&D and Development Expenditure	(1)	(114)
Proceeds from disposal of assets	67	730
Interest Income	25	25
Proceeds from disposal of other investment	-	-
Proceeds from disposal of treasury shares (Placement)/Withdrawal of Pledged Deposits	0 168	- (544)
	<hr/>	<hr/>
Net Cash Used in Investing Activities	(671)	(2,130)
Cash Flows from Financing Activities		
Disposal /(Purchase) of Company's Shares	-	-
Dividend paid on shares	(0)	-
(Repayment)/ Drawdown of Term Loans and other Borrowings	(2,142)	2,536
(Repayment) of Finance Lease / Hire Purchase Liabilities	-	-
	<hr/>	<hr/>
Net Cash Generated from Financing Activities	(2,142)	2,536
Net (Decrease)/Increase in Cash and Cash Equivalents	(947)	5,291
Effect of exchange rate changes	867	(3,247)
Cash and Cash Equivalents at Beginning of Period	(1,153)	(6,779)
	<hr/>	<hr/>
Cash and Cash Equivalents at End of Period	(i) (1,233)	(4,735)

(i) Cash and Cash Equivalents

Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:

	RM' 000	RM' 000
Cash and Bank Balances	7,648	12,478
Less : Deposits pledged with licensed institutions	(2,675)	(1,230)
Bank Overdrafts	(6,206)	(15,983)
	<hr/>	<hr/>
	(1,233)	(4,735)

This statement should be read in conjunction with the notes to interim financial report and the Company's Annual Financial Statements for the year ended 30 April 2014.

**KOMARKCORP BERHAD
AND ITS SUBSIDIARIES**
(Company No. 374265 - A)
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**NOTES TO THE INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE FIRST QUARTER ENDED 31 JULY 2014**

A1. Basis of preparation

This interim financial report is unaudited and has been prepared in compliance with the Malaysian Financial Reporting Standards ("MFRS") 134 - Interim Financial Reporting Standards and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa"). This interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 April 2014.

A2. Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the financial year ended 30 April 2014 except for the adoption of the following new amendments:-

Effective for annual periods beginning on or after 1 January 2014

Amendments to MFRS 10 : Consolidated Financial Statements
Amendments to MFRS 12 : Disclosure of Interests of Other Entities
Amendments to MFRS 127 : Consolidated and Separate Financial Statements
Amendments to MFRS 132 : Financial Instruments : Presentation (Offsetting
Financial Assets and Financial Liabilities)
Amendments to MFRS 136 : Recoverable Amount Disclosures for Non-Financial Assets
Amendments to MFRS 139 : (Novation of Derivatives and Continuation of Hedge
Accounting)

Effective for annual periods beginning on or after 1 July 2014

Amendments to MFRS 119 : Defined Benefit Plans: Employee Contributions
Annual Improvements to MFRSs 2010-2012 Cycle
Annual Improvements to MFRSs 2011-2013 Cycle

The adoption of the above will not have any material impact on the financial statement of Group upon their initial application.

A3. Audit Report

The audit report for the financial statements of the Group for the financial year ended 30 April 2014 was not qualified.

A4. Seasonal or Cyclicity of Interim Operations

The business operations of the Group were not materially affected by any seasonal or cyclical factors.

KOMARKCORP BERHAD
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NOTES TO THE INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE FIRST QUARTER ENDED 31 JULY 2014

A5. Exceptional / Extraordinary Items

There were no exceptional or extraordinary items for the current financial period.

A6. Changes in Estimates

There were no changes in estimates of the amounts reported in the prior financial years that have a materials effect in the current quarter.

A7. Debts and Equity Securities

There were no issuance or repayment of debt and equity securities, share buy-back, share cancellation and resale of treasury shares for the current financial period to date.

As at 31 July 2014, the number of treasury shares held was 1,000 ordinary shares at total cost at RM656.19.

A8. Dividend Paid

No dividend was paid during the current quarter.

A9. Segmental Information

Business Segments (31st July 2014)

	Manufacturing Of Self Adhesive Stickers and Trading Of Related Products RM '000	Discontinued Unprofitable Business RM '000	Elimination RM '000	Consolidated RM'000
Revenue from External Customers	33,039	67	--	33,106
Inter-segment revenue	--	220	(220)	--
Total Revenue	33,039	287	(220)	33,106
Profit	750	43	--	793
Unallocated Expenses				(207)
Interest Income				25
Finance Costs				(1,184)
Share of loss of associate				--
Loss before Taxation				(573)
Income Tax Expenses				(437)
Net Loss for the Period				(1,010)

KOMARKCORP BERHAD
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 (Company No. 374265 - A)
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NOTES TO THE INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE FIRST QUARTER ENDED 31 JULY 2014

Business Segments (31st July 2013)

	Manufacturing Of Self Adhesive Stickers and Trading Of Related Products	Discontinued Unprofitable Business	Elimination	Consolidated
	RM '000	RM '000	RM '000	RM'000
Revenue from				
External Customers	33,262	216	--	33,478
Inter-segment revenue	--	49	(49)	--
Total Revenue	<u>33,262</u>	<u>265</u>	<u>(49)</u>	<u>33,478</u>
Profit	2,239	37	--	2,276
Unallocated Expenses				(269)
Interest Income				25
Finance Costs				(1,421)
Share of loss of associate				--
Profit before Taxation				<u>611</u>
Income Tax Expenses				<u>(200)</u>
Net Profit for the Period				<u>411</u>

A10. Property, Plant And Equipment

The revaluation of land and buildings have been brought forward, without any amendment to the previous annual financial statement.

A11. Material Events Subsequent to the Interim Period

There were no material events subsequent to the quarter ended 31 July 2014.

A12. Changes in the Composition of the Group

There were no changes in the composition of the Group.

A13. Change in Contingent Liabilities or Contingent Assets

As at 31 July 2014, the Company has given a guarantee of RM52.3 million to banks and financial institutions for its subsidiaries' banking facilities.

**KOMARKCORP BERHAD
AND ITS SUBSIDIARIES**
(Company No. 374265 - A)
(Incorporated in Malaysia)

**NOTES TO THE INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE FIRST QUARTER ENDED 31 JULY 2014**

**ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA LISTING
REQUIREMENTS**

B1. Review of Performance

The Group recorded a loss before taxation of RM0.573 million for the current quarter as compared to a profit before taxation of RM0.611 million for the corresponding quarter last year.

The segmental performance analysis is as follows:

D) Analysis of Current Quarter Performance

	Current Quarter Ended 31 Jul'14	Preceding Year Corresponding Quarter 31 Jul'13	Variance	
	RM'000	RM'000	RM'000	%
Revenue				
- Labels	33,039	33,262	(223)	(0.7)
- Discontinued Unprofitable Business	287	265	22	8.3
Operating Profit / (Loss)				
- Labels	750	2,239	(1,489)	(66.5)
- Discontinued Unprofitable Business	43	37	6	16.2

Labels segment

For the quarter ended 31 July 2014, the labels revenue marginal decreased by 0.7% to RM33.039 million from RM33.262 million achieved in the corresponding quarter of the last year.

The label segment recorded an operating profit of RM0.750 million for the quarter ended 31 July 2014 as compared to the operating profit of RM2.239 million for the corresponding quarter last year. The decrease in the operating profit was mainly due to higher material usage and employee benefits expenses.

**KOMARKCORP BERHAD
AND ITS SUBSIDIARIES**
(Company No. 374265 - A)
(Incorporated in Malaysia)

**NOTES TO THE INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE FIRST QUARTER ENDED 31 JULY 2014**

Discontinued unprofitable business segment

For the quarter ended 31 July 2014, the discontinued unprofitable business revenue increased by RM22,000 to RM287,000 from RM265,000 achieved in the corresponding quarter of the last year.

The discontinued unprofitable business recorded an operating profit of RM43,000 for the quarter ended 31 July 2014 as compared to the operating profit of RM37,000 for the corresponding quarter last year. The increase in the operating profit was mainly due to higher revenue.

B2. Comparison with the Preceding Quarter's Results

The Group recorded a revenue of RM33.106 million as compared to RM36.977 million for the preceding quarter, representing an decrease of RM3.871 million (10.5%), loss before taxation of RM0.573 million compared to loss before taxation of RM30.828 million for the preceding quarter. The decrease in loss before taxation was mainly due to assets impairment, provision for slow moving inventory, writing off obsolete inventory, provision for doubtful debts and writing off development cost (R&D) that recorded in the preceding quarter.

B3. Current Year Prospects

The outlook of the Group remains challenging for the financial year ending 30 April 2015 amid the uncertainty of the global economy and the competitive conditions.

B4. Profit Forecast or Profit Guarantee

The Group did not announce or disclose any profit forecast or profit guarantee in a public document.

B5. Board of Directors Statement on Internal Targets

The Group did not announce or disclose any profit estimates, forecast, projections or internal management targets in a public document.

**KOMARKCORP BERHAD
AND ITS SUBSIDIARIES**
(Company No. 374265 - A)
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**NOTES TO THE INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE FIRST QUARTER ENDED 31 JULY 2014**

B6. Taxation

	Current Quarter <u>RM'000</u>
Income tax	
- Current expenses	437

The Group's tax charge for the period relates to the reversal of the deferred tax of certain subsidiaries.

B7. Status of Corporate Proposal

There were no corporate proposals announced from the date of last quarterly report to the date of this announcement except for the multiple proposals (inclusive par value reduction, fund raising, and amendments to memorandum and articles of association) that were announced on 24 June 2014, 1 August 2014, and 15 August 2014.

B8. Group Borrowings and Debt Securities

Group borrowings and debt securities as at the end of the reporting period are as follows:

	<u>Year Ended</u> <u>Jul'14</u> <u>RM'000</u>	<u>Year Ended</u> <u>Apr'14</u> <u>RM'000</u>
<u>Short Term Borrowings</u>		
Bankers' Acceptance - Secured	13,731	13,891
- Unsecured	4,947	5,221
Term Loan - Secured	1,472	1,427
- Unsecured	--	--
Bank overdraft - Secured	6,206	7,764
- Unsecured	--	32
Trust receipts - Secured	--	--
- Unsecured	--	--
Short Term Loan - Secured	--	1,565
- Unsecured	23,564	22,233
Finance Lease and Hire Purchase Liabilities	<u>5,124</u>	<u>5,346</u>
	<u>55,044</u>	<u>57,479</u>
<u>Long Term Borrowings</u>		
Term Loans - Secured	10,066	10,691
- Unsecured	--	--
Finance Lease and Hire Purchase Liabilities	<u>3,477</u>	<u>4,149</u>
	<u>13,543</u>	<u>14,840</u>

KOMARKCORP BERHAD
AND ITS SUBSIDIARIES
 (Company No. 374265 - A)
 (Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE FIRST QUARTER ENDED 31 JULY 2014

The borrowings' currency breakdown as per follows:

	<u>Year Ended</u> <u>Jul'14</u> <u>RM'000</u>	<u>Year Ended</u> <u>Apr'14</u> <u>RM'000</u>
RM	33,291	35,609
RMB	28,775	30,254
THB	5,399	5,649
USD	829	494
SGD	<u>293</u>	<u>313</u>
	<u>68,587</u>	<u>72,319</u>

B9. Material Litigation

There is no material litigation for the period ended 31 July 2014 and as at 25 September 2014.

B10. Dividend Payable

No dividend has been proposed for the period ended 31 July 2014.

B11. Earnings Per Share (EPS)

The calculation of basic earnings per share is based on the net profit attributable to ordinary shareholders of the parent and the weighted average number of ordinary shares in issue during the period.

	<u>Current</u> <u>Quarter</u>
Profit/ (Loss) attributable to Shareholders (RM)	(1,010,331)
Weighted Average Number of Ordinary Shares	81,275,010
Basic Earnings/ (Loss) Per Share (Sen)	(1.24)

**KOMARKCORP BERHAD
AND ITS SUBSIDIARIES**

(Company No. 374265 - A)
(Incorporated in Malaysia)

**NOTES TO THE INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE FIRST QUARTER ENDED 31 JULY 2014**


B12. Disclosure of Realised and Unrealised Profit / (Loss)

	As at 31 July 2014 RM'000	As at 31 July 2013 RM'000
Total Retained Profit/ (Loss) :-		
i) Company and subsidiaries		
- Realised profit/ (loss)	(17,722)	24,379
- Unrealised profit/ (loss)	<u>(645)</u>	<u>(2,665)</u>
	<u>(18,367)</u>	<u>21,714</u>
ii) Associate		
- Realised profit/ (loss)	(2)	(2)
- Unrealised profit/ (loss)	<u>-</u>	<u>-</u>
	<u>(2)</u>	<u>(2)</u>
Less : Consolidation Adjustments	81	(7,790)
Total	<u>(18,288)</u>	<u>13,922</u>

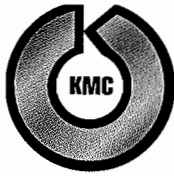
B13. Notes For Statement of Comprehensive Income

	<u>Year Ended</u> <u>Jul'14</u> <u>RM'000</u>	<u>Year Ended</u> <u>Jul'13</u> <u>RM'000</u>
a) Interest income	25	25
b) Other income including investment income	485	12
c) Interest expense	1,184	1,421
d) Depreciation and amortization	2,531	3,176
e) Provision for and writing off of receivables	(2)	--
f) Foreign exchange gain/ (loss)	(207)	(144)

Certified By


Tan Kwe Hee
Joint Group CEO

DIRECTORS' REPORT



KOMARKCORP BERHAD (Company No. 374265-A) 国马集团

Lot 132, Jalan 16/1, Kawasan Perindustrian Cheras Jaya, 43200 Balakong, Selangor Darul Ehsan, Malaysia.
Tel : 6-03-90803333 Fax : 6-03-90805233

Registered Office:-

Lot 6.05, Level 6, KPMG Tower
8 First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan

Date: 16 DEC 2014

To: The Shareholders of Komarkcorp Berhad ("Komark" or the "Company")

In behalf of the Board of Directors of Komark ("Board"), I wish to report that after making due enquiries in relation to Komark and its subsidiary companies ("Group") during the period between 30 April 2014, being the date to which the latest audited consolidated financial statements of our Group have been made up, and the date of this letter, being a date not earlier than 14 days before the date of this Abridged Prospectus:-

i. In the opinion of the Board, the business of our Group has been satisfactorily maintained;

ii. In the opinion of the Board, no circumstances have arisen since the latest audited consolidated financial statements of our Group which have adversely affected the trading or the value of the assets of our Group;

The current assets of our Group appear in the books at values which are believed to be realisable in the ordinary course of business;

iv. Save as disclosed in this Abridged Prospectus, there are no contingent liabilities which have arisen by reason of any guarantees or indemnities given by our Group;

There has been no default or any known event that could give rise to a default situation in respect of payment of either interest and/ or principal sums in relation to any borrowings in our Group since the latest audited consolidated financial statements of our Group; and

Save as disclosed in this Abridged Prospectus, there have been no material changes in the published reserves or any unusual factors affecting the profits of our Group since the latest audited consolidated financial statements of our Group.

Yours faithfully,
For and on behalf of the Board
KOMARKCORP BERHAD

TAN KWE HEE
Joint Group Chief Executive Officer/ Executive Director



A Distinguished Malaysian Brand Name

ADDITIONAL INFORMATION**1. SHARE CAPITAL**

- i. Save for the Rights Shares, the Warrants and the new Komark Shares to be issued arising from the exercise of the Warrants, no securities in our Company will be allotted or issued on the basis of this Abridged Prospectus later than 12 months after the date of this Abridged Prospectus.
- ii. As at the date of this Abridged Prospectus, there is no founder, management, deferred shares or preference shares in the share capital of our Company. There is only one (1) class of shares in our Company, namely the ordinary shares of RM0.25 each, all of which rank *pari passu* with one another.
- iii. All the Rights Shares and the new Komark Shares to be issued arising from the exercise of the Warrants shall, upon allotment and issuance, rank *pari passu* in all respects with the existing Komark Shares, save and except that such Shares will not be entitled to any dividends, rights, allotments and/ or other forms of distribution that may be declared, made or paid prior to the relevant date of allotment and issuance of such Shares.
- iv. Save for the Entitled Shareholders who will be allotted the Provisional Rights Shares with Warrants, no person has been or is entitled to be granted an option to subscribe for any of our securities as at the LPD.
- v. Save for the Rights Shares, the Warrants and the new Komark Shares to be issued arising from the exercise of the Warrants, as at the LPD, none of the securities of our Group have been issued or agreed to be issued either as fully or partly paid-up in cash or otherwise within the two (2) years immediately preceding the date of this Abridged Prospectus.

2. DIRECTORS' REMUNERATION

The provisions in our Company's Articles of Association in relation to the remuneration of our Directors are set out below:-

"Article 101

The fees of the Directors shall be such fixed sum as shall from time to time be determined by an ordinary resolution of the Company and shall (unless such resolution otherwise provided) be divisible among the Directors as they may agree, or, failing agreement, equally, except that any Director who shall hold office for part only of the period in respect of which such fees are payable shall be entitled only to rank in such division for a proportion of the fees related to the period during which he has held office Provided Always that-

- 101.1 *Fees payable to non-executive Directors shall be by a fixed sum, and not by a commission on or percentage of profits or turnover;*
- 101.2 *Salaries payable to executive Directors may not include a commission on or percentage of turnover;*
- 101.3 *Fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting; and*
- 101.4 *Any fee paid to an alternate Director shall be agreed upon between himself and the Director nominating him and shall be paid out of the remuneration of the latter.*

Article 102

102.1 *The Directors shall be entitled to be reimbursed for all travelling or such reasonable expenses as may be incurred in attending and returning from meetings of the Directors or of any committee of the Directors or general meetings or otherwise howsoever in or about the business of the Company in the course of the performance of their duties as Directors.*

102.2 *If by arrangement with the Directors, any Directors shall perform or render any special duties or services outside his ordinary duties as a Director in particular without limiting to the generality of the foregoing if any Director being willing shall be called upon to perform extra services or to make any special exertions in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a committee of Directors, the Directors may pay him special remuneration, in addition to his Director's fees, and such special remuneration may be by way of a fixed sum, or otherwise as may be arranged."*

3. MATERIAL CONTRACTS

Save for the Deed Poll, our Group has not entered into any material contracts (not being contracts entered into in the ordinary course of business) within the two (2) years preceding the date of this Abridged Prospectus.

4. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at the LPD, our Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and after having made all reasonable enquiries, our Board is not aware and does not have any knowledge of any such proceedings pending or threatened against our Group or of any facts which is likely to give rise to any proceedings which may materially or adversely affect the financial position or business of our Group.

5. GENERAL

- i. There is no existing or proposed service contract entered or to be entered into by our Group with any Director or proposed Director, other than those which are expiring or determinable by the employing company without payment of compensation (other than statutory compensation) within one (1) year from the date of this Abridged Prospectus.
- ii. Save as disclosed in this Abridged Prospectus, after having made all reasonable enquiries and to the best knowledge of our Board, the financial conditions and operations of our Group are not affected by any of the following:-
 - a) known trends, demands, commitments, events or uncertainties that will or are likely to materially increase or decrease the liquidity of our Group;
 - b) material commitments for capital expenditure of our Group, the purpose of such commitments and the source(s) of funding;
 - c) unusual, infrequent events or transactions or significant economic changes which materially affect the amount of reported income from the operations of our Group;
 - d) known trends or uncertainties which have had, or will have, a material favourable or unfavourable impact on the revenue or operating income of our Group;

- e) substantial increase in revenues; and
- f) material information, including special trade factors or risks, which are unlikely to be known or anticipated by the general public and which could materially affect the profits of our Group.

6. PUBLIC REPRIMAND

Purely for our shareholders' information, our Company had been publicly reprimanded by Bursa Securities on 24 December 2014 for failing to ensure that our Company's announcement dated 28 June 2013 on our fourth (4th) quarterly report for the FYE 30 April 2013 took into account the adjustments as stated in our Company's announcement dated 30 August 2013 in relation to our annual audited accounts for the FYE 30 April 2013. There was a deviation between the unaudited and audited results of Komark for the FYE 30 April 2013 as follows:-

	Unaudited results announced on 28 June 2013 for the FYE 30 April 2013	Audited results announced on 30 August 2013 for the FYE 30 April 2013
PAT/ (LAT)	RM1.517 million	(RM4.831 million)
Deviation	RM6.348 million/ 418%	

Further to the aforementioned public reprimand, we are required by Bursa Securities to:-

- i. Ensure all our Directors and the relevant personnel of our Company attend a training programme as approved by Bursa Securities in relation to compliance with the Listing Requirements particularly pertaining to financial statements no later than three (3)-months from 17 December 2014, being the date of the notice of determination received from Bursa Securities in relation to the aforementioned public reprimand. In this respect, the training programme must comply with the objective and minimum scope stipulated by Bursa Securities;
- ii. Carry out a limited review on our quarterly report submissions. The limited review must be performed by our Company's external auditors for four (4) quarterly reports commencing no later from the quarterly report for the financial period ending 31 January 2015. The quarterly report announcements must state that it has been reviewed by our Company's external auditors; and
- iii. Ensure our Board review and assess the adequacy and competency of our finance and accounting resources and adequacy, comprehensiveness and effectiveness of our Company's policies and procedures in respect of financial reporting and implementation of the same. In this regard, our Company must ensure that all necessary steps are taken to rectify any shortcomings to ensure timely and accurate disclosures vis-à-vis compliance with the Listing Requirements.

7. CONSENTS

Our Adviser, Company Secretaries, Share Registrar, Principal Bankers, Due Diligence Solicitors and Bloomberg Finance LP for the Rights Issue with Warrants have given and have not subsequently withdrawn their written consents for the inclusion in this Abridged Prospectus of their names and all references thereto in the form and context in which they appear in this Abridged Prospectus.

Our Auditors and Reporting Accountants have given and have not subsequently withdrawn their written consent for the inclusion in this Abridged Prospectus of their names, the proforma consolidated statements of financial position of our Group as at 30 April 2014 together with the reporting accountants' letter thereon, the audited consolidated financial statements of our Group for the FYE 30 April 2014 together with the auditors' report thereon, and all references thereto in the form and context in which they appear in this Abridged Prospectus.

8. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office of our Company at Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan, during normal business hours (except public holidays) for a period of 12 months from the date of this Abridged Prospectus:-

- i. Our Memorandum and Articles of Association;
- ii. The proforma consolidated statements of financial position of our Group as at 30 April 2014 together with the reporting accountants' letter thereon, as set out in Appendix III of this Abridged Prospectus;
- iii. Our audited consolidated financial statements for the past two (2) financial years up to the FYE 30 April 2014;
- iv. Our latest unaudited quarterly report for the three (3)-month FPE 31 July 2014, as set out in Appendix V of this Abridged Prospectus;
- v. The Directors' Report, as set out in Appendix VI of this Abridged Prospectus;
- vi. The letters of consent referred to in Section 7 of this Appendix VII;
- vii. The irrevocable undertaking letters as referred to in Section 4 of this Abridged Prospectus; and
- viii. The material contract referred to in Section 3 of this Appendix VII.

9. RESPONSIBILITY STATEMENT

This Abridged Prospectus together with the accompanying NPA and RSF have been seen and approved by our Board. They collectively and individually accept full responsibility for the accuracy of the information given herein and confirm that, after having made all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts which if omitted would make any statement herein false or misleading.

RHBIB, being our Adviser for the Rights Issue with Warrants, acknowledges that, based on all available information and to the best of its knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning this Rights Issue with Warrants.