

**KOMARKCORP BERHAD
AND ITS SUBSIDIARIES**
(Company No. 374265 - A)
(Incorporated in Malaysia)

**NOTES TO THE INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE PERIOD ENDED 31 JULY 2011**

A1. Basis of preparation

The interim financial report is unaudited and has been prepared in compliance with the Financial Reporting Standard (“FRS”) 134 – Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa”). The interim financial report should be read in conjunction with the audited financial statements of the group for the year ended 30 April 2011.

A2. Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 30 April 2011 except for the adoption of the following new/revised FRS which the group adopted to the extent of their applicability from financial year beginning on 1 January 2010:

FRS 7 and amendments	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 101	Presentation of Financial Statement (revised)
FRS123 and amendments	Borrowing Costs (revised)
FRS 139 and amendments	Financial Instruments: Recognition And Measurement
Amendments to FRS 1	First-time Adoption of Financial Reporting Standards
Amendments to FRS127	Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 139	Financial Instruments: Recognition And Measurement
Amendments to FRS 132	Financial Instruments: Presentation

The adoption of the above did not have any significant effects on the Group’s results upon their initial application, other than as discussed below:

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FRS 7 Financial Instruments: Disclosures

Prior to 1 January 2010, information about financial instruments was disclosed in accordance with the requirements of FRS 132 Financial Instruments: Disclosures and Presentation. FRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

The Group have applied FRS 7 prospectively in accordance with the transitional provisions. Hence, the new disclosures have not been applied to the comparatives. The new disclosures are included throughout the Group's financial statements for the period ended 31 July 2011.

FRS 8, Operating Segments

Upon the adoption of FRS 8, the Group's segmental reporting had been presented based on that used for internal reporting to the chief operating decision maker who makes decisions on the allocation of resources and assesses the performance of the reportable segments.

FRS 101 (revised), Presentation of Financial Statement

The revised FRS 101 separates owner and non-owner changes in equity. Therefore, the statement of changes in equity only includes details of transactions with owners. All non-owner changes in equity, if any, will be presented as a single line labelled as total comprehensive income. In addition, the balance sheet was renamed as the statement of financial position in the financial statements. This Standard did not have any impact on the financial position and results of the Group.

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FRS 139, Financial Instruments: Recognition And Measurement

FRS 139: Financial Instruments: Recognition and Measurement, and Amendments to FRS 139: Financial Instruments: Recognition and Measurement

The new Standard on FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items (collectively called financial instruments).

A financial instrument is recognised in the financial statements only when the Group become a party to the contractual provisions of the instrument. A financial instrument is recognised initially, at its fair value. Subsequent measurement of the financial instruments at the end of the period reflects the designation of the financial instruments.

Financial Assets

Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market, trade and other receivables and cash and cash equivalents.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest (“EIR”) method. Gains and losses arising from the derecognition of the loans and receivables, EIR amortisation and impairment losses are recognised in the statement of comprehensive income.

Financial Liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit and loss.

Under the transitional provision of FRS 139, the above changes are applied prospectively and the comparatives as at 31 July 2010 are not restated.

This Standard did not have any significant impact on the financial position and results of the Group.

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The Group and the Company have chosen not to early adopt the following FRSs and IC Interpretations (“ICs”) which are not yet effective but are relevant to the Group and the Company:

<u>FRS</u>		<u>Effective for financial periods beginning on or after</u>
FRS 1	First-time Adoption of Financial Reporting Standard	1 July 2010
FRS 3	Business Combinations	1 July 2010
Amendments to FRS5	Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
Amendments to FRS 127	Consolidated and Separate Financial Statements	1 July 2010
IC Interpretation 17	Distribution of Non-cash Assets to Owners	1 July 2010
Amendment to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
Amendments to FRS 3	Business Combinations	1 January 2011
Amendments to FRS 7	Improving Disclosures about Financial Instruments	1 January 2011
Amendments to FRS 132	Financial Instruments: Presentation	1 January 2011
FRS 124	Related Party Disclosures	1 January 2012

Except for the new disclosures required under the Amendments to FRS 7, the adoption of the other FRSs and ICs above will have no material impact on the financial statements of the Group and of the Company upon their initial application.

A3. Audit Report

The Group’s audited report for the year ended 30 April 2011 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.

A5. Exceptional / Extraordinary Items

There were no exceptional / extraordinary items for the current financial period.

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A6. Changes in Estimates

There were no changes in estimates of the amounts reported in prior financial years that have a materials effect in the current quarter.

A7. Debts and Equity Securities

During the current quarter, the Company has purchased 1,000 of its own ordinary shares from the open market for a total cash consideration of RM301.08 including transaction cost and this was financed by internally generated funds.

As at 31 July 2011, the number of treasury shares held was 1,537,000 ordinary shares at total cost at RM 437,012.41.

There was no issuance and repayment of debt and equity securities and share cancellation for the current financial period to date.

A8. Dividend Paid

No dividend was paid during the quarter ended 31 July 2011.

A9. Segmental Information

Business Segments (31st July 2011)

	Manufacturing Of Self Adhesive Stickers and Trading Of Related Products RM '000	Manufacturing of Automatic Labels and Labelling Machineries RM '000	Elimination RM '000	Consolidated RM'000
Revenue from External Customers	29,657	197	--	29,854
Inter-segment revenue	--	392	(392)	--
Total Revenue	<u>29,657</u>	<u>589</u>	<u>(392)</u>	<u>29,854</u>
Segment Results	2160	89	--	2,249
Unallocated Expenses				(737)
Interest Income				28
Finance Costs				(1,191)
Share of loss of associate				<u>--</u>
Profit before Taxation				349
Income Tax Expenses				<u>(67)</u>
Net Profit for the Period				<u>282</u>

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Business Segments (31st July 2010) - Restated

	Manufacturing Of Self Adhesive Stickers and Trading Of Related Products	Manufacturing of Automatic Labels and Labelling Machineries	Elimination	Consolidated
	RM '000	RM '000	RM '000	RM'000
Revenue from				
External Customers	29,548	290	--	29,838
Inter-segment revenue	--	731	(731)	--
Total Revenue	<u>29,548</u>	<u>1,021</u>	<u>(731)</u>	<u>29,838</u>
Segment Results	2,291	255	--	2,546
Unallocated Expenses				(641)
Interest Income				119
Finance Costs				(1,308)
Share of loss of associate				--
Profit before Taxation				<u>716</u>
Income Tax Expenses				<u>(67)</u>
Net Profit for the Period				<u>649</u>

A10. Property, Plant And Equipment

During the period, the Group does not have any revaluations policy on landed properties.

A11. Material Events Subsequent to the Interim Period

There were no material events subsequent to the quarter ended 31 July 2011.

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 2011, the group has given guarantee of RM117 million to banks and financial institutions for its subsidiaries' banking facilities.

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**ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA LISTING
REQUIREMENTS**

B1. Review of Performance

The Group recorded a revenue of RM 29.854 million for the current quarter as compared to RM 29.838 million for the corresponding quarter last year, a marginal increase of RM 0.016 million or 0.05%.

The Group recorded a profit before taxation ("PBT") of RM 0.349 million for the current quarter as compared to PBT of RM 0.716 million for the corresponding quarter last year, representing a decrease of RM 0.367 million. The decrease in PBT is mainly attributable to rising material prices and operational costs.

B2. Comparison with the Preceding Quarter's Results

The Group recorded a revenue of RM 29.854 million as compared to RM 28.314 million for the 4th quarter of last year, representing an increase of RM 1.54 million (5.44%).

However, the Group's PBT for the current quarter is RM 0.349 million as compared to PBT of RM 1.048 million for the 4th quarter of last year, a decrease of RM 0.699 million. The decrease is mainly attributable to rising material prices and operational costs as mentioned above.

B3. Current Year Prospects

The Group's operating environment is expected to remain challenging and competitive. The Board expects the performance of the Group to remain profitable. The Group will strive to achieve satisfactory results by improving operational efficiency and continuously focusing on product and service quality.

B4. Variance of Actual Profit From Forecast

The profit forecast or profit guarantee is not applicable for this announcement.

B5. Taxation

Income tax
- Current expenses

Current Quarter
RM'000

67
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The Group's tax charge for the period relates to the profits of certain subsidiary. This tax charge cannot be offset against losses or tax allowances of other subsidiaries for tax purposes.

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B6. Profit /(Loss) on Sale of Unquoted Investments and/or Properties

On 18 July 2011, Komark International (M) Sdn. Bhd., a wholly-owned subsidiary of the Company had entered into a sale and purchase agreement with Auravilla Project Sdn. Bhd. to dispose of a piece of freehold land of the subsidiary for a consideration of RM 8 million.

B7. Quoted Investments

The investment in quoted shares as at end of the reporting period is:-

	RM' 000
Quoted Shares, at cost	4
	===
Quoted Shares, at market value	3
	===

B8. Status of Corporate Proposal

This refers to the announcement dated 18 July 2011, the disposal of a piece of freehold land for a consideration of RM 8 million by Komark International (M) Sdn. Bhd., a wholly-owned subsidiary of the Company to Auravilla Project Sdn. Bhd. A deposit of RM 0.8 million has been received on this date.

The removal of the existing fencing and set back eighteen (18) feet of the land to make up the required road access of sixty-six (66) feet is pending completion.

B9. Group Borrowings and Debt Securities

Group borrowings and debt securities as at the end of the reporting period are as follows:

	<u>P/E July'11</u>	<u>Y/E April'11</u>
	<u>RM'000</u>	<u>RM'000</u>
<u>Short Term Borrowings</u>		
Revolving Credit - Secured	--	--
Bankers' Acceptance - Secured	12,812	15,334
- Unsecured	2,235	1,312
Trust Receipts - Secured	--	--
- Unsecured	610	--
Term Loan - Secured	2,242	3,604
- Unsecured	4,768	--
Bank overdraft - Secured	15,074	16,034
- Unsecured	1,175	5,276
Short Term Loan - Secured	--	--
- Unsecured	9,997	10,797
Finance Lease and Hire Purchase Liabilities	<u>3,095</u>	<u>3,223</u>
	<u>52,008</u>	<u>55,580</u>

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<u>Long Term Borrowings</u>			
Term Loans	- Secured	4,096	11,427
	- Unsecured	5,891	1,043
Finance Lease and Hire Purchase Liabilities		<u>8,814</u>	<u>7,660</u>
		<u>18,801</u>	<u>20,130</u>

All borrowings are in Ringgit Malaysia except for USD 392,575, RMB 40,788,505, Thai Baht 59,921,443 and SGD 4,559 (equivalent of RM 25,973,380.90).

B10. Financial Instruments with Off Balance Sheet Risks

The Group does not have any material financial instruments with off balance sheet risk for the period ended 31 July 2011 and as at 28 September 2011.

B11. Material Litigation

There is no material litigation for the period ended 31 July 2011 and as at 28 September 2011.

B12. Dividend Payable

No dividend has been proposed by the Board of Directors for the period ended 31 July 2011.

B13. 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 Quarter</u>
Profit attributable to Shareholders	RM 281,801
Weighted Average Number of Ordinary Shares	79,738,010
Basic Earnings Per Share (Sen)	0.35

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B14. Disclosure of Realised and Unrealised Profit / (Losses)

	As at 31 July 2011 RM'000	As at 30 April 2011 RM'000
Total Retained Profits : -		
i) Company and subsidiaries		
- Realised profit	26,282	25,716
- Unrealised loss	<u>(1,523)</u>	<u>(1,236)</u>
	<u>24,759</u>	<u>24,480</u>
ii) Associates		
- Realised Loss	(2)	(2)
- Unrealised profit	<u>-</u>	<u>-</u>
	<u>(2)</u>	<u>(2)</u>
Less : Consolidation Adjustments	(6,212)	(6,215)
Total	<u>18,545</u>	<u>18,263</u>