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

NOTES TO THE INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 31 JANUARY 2012

A1. Basis of preparation

This 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"). This interim financial report should be read in conjunction with the audited financial statements of the Group for the financial 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 financial 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)
FRS 123 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 FRS 127	Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
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:

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 January 2012.

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 label 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.

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 became 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 October 2010 are not restated.

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

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:

FRS		**Effective for financial periods beginning on or after**
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 financial year ended 30 April 2011 was not qualified.

A4. Seasonal or Cyclicality of Interim Operations

The business operations of the Group were not materially affected by any seasonal or cyclical factors.

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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 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 RM336.12 including transaction cost and this was financed by internally generated funds.

As at 31 January 2012, the number of treasury shares held was 1,538,000 ordinary shares at total cost at RM437,348.53.

A8. Dividend Paid
No dividend was paid during the quarter ended 31 January 2012.

A9. Segmental Information

Business Segments (31st January 2012)

	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	90,289	323	--	90,612
Inter-segment revenue	--	1,184	(1,184)	--
Total Revenue	90,289	1,507	(1,184)	90,612
Segment Results	6,367	336	--	6,703
Unallocated Expenses				(1,883)
Interest Income				56
Finance Costs				(3,640)
Share of loss of associate				--
Profit before Taxation				1,236
Income Tax Expenses				(155)
Net Profit for the Period				1,081

Business Segments (31st January 2011) - 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	84,687	362	--	85,049
Inter-segment revenue	--	1,372	(1,372)	--
Total Revenue	84,687	1,734	(1,372)	85,049
Segment Results	7,133	316	--	7,449
Unallocated Expenses				(1,981)
Interest Income				66
Finance Costs				(3,707)
Share of loss of associate				--
Profit before Taxation				1,827
Income Tax Expenses				(152)
Net Profit for the Period				1,675

A10. Property, Plant And Equipment
During the period, the Group does not revalue any of its landed properties.

A11. Material Events Subsequent to the Interim Period
There was no material events subsequent to the quarter ended 31 January 2012.

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 January 2012, the Company has given a guarantee of RM 117 million to banks and financial institutions for its subsidiaries' banking facilities.

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NOTES TO THE INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 31 JANUARY 2012

ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA LISTING REQUIREMENTS

B1. Review of Performance

Current quarter results against corresponding quarter of the last year

Labels segment

For the quarter ended 31 January 2012, labels revenue decreased by 2.2% to RM29.168 million from RM29.812 million achieved in the corresponding quarter last year.

Labels segment recorded a profit before taxation (“PBT”) of RM0.302 million for the quarter ended 31 January 2012 as compared to a PBT of RM0.541 million for the corresponding quarter last year. The decline in performance was mainly due to inventory write off.

Machineries segment

For the quarter ended 31 January 2012, machineries’ revenues decreased by 15.4% to RM0.033 million from RM0.039 million achieved in the corresponding quarter last year.

Machineries segment recorded a PBT of RM0.009 million for the quarter ended 31 January 2012 as compared to a PBT of RM0.012 million for the corresponding quarter last year. The decline in performance was mainly due to lower sales.

Current nine months results against corresponding nine months of the last year

Labels segment

For the nine months ended 31 January 2012, labels revenue increased by 6.6% to RM90.289 million from RM84.687 million achieved in the corresponding nine months last year.

Labels segment recorded a PBT of RM1.164 million for the nine months ended 31 January 2012 as compared to a PBT of RM1.761 million for the corresponding quarter last year. The decline in performance was mainly due to higher operation cost; inventory write off and strong competition in the market.

Machineries segment

For the nine months ended 31 January 2012, machineries’ revenues decreased by 10.8% to RM0.323 million from RM0.362 million achieved in the corresponding nine months last year.

Machineries segment recorded a PBT of RM0.072 million for the quarter ended 31 January 2012 as compared to a PBT of RM0.066 million for the corresponding quarter last year. The increase in performance was mainly due to better margin.

NOTES TO THE INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 31 JANUARY 2012

B2. Comparison with the Preceding Quarter's Results

The Group recorded a revenue of RM 29.201 million as compared to RM 31.558 million for the preceding quarter, representing a decline of RM 2.357 million (7.5%).

The Group recorded PBT for the current quarter of RM 0.311 million as compared to PBT of RM 0.576 million for preceding quarter, a decline of RM 0.265 million. The decline in PBT was mainly due to lower revenue recorded in Malaysia and the inventory write off.

B3. Current Year Prospects

The Group's operating environment is expected to remain challenging and competitive due to the uncertainty of the financial crisis in other parts of the world. The Board expects the performance of the Group to remain profitable by improving all aspects of its operations and management.

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.

B6. Taxation

	Current Quarter RM'000
Income tax	
- Current expenses	**31**
	=======

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.

B7. 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.

B8. 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

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NOTES TO THE INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 31 JANUARY 2012

B9. Status of Corporate Proposal

This refers to the announcements dated 18 July 2011, 19 July 2011 and 29 December 2011, the disposal of a piece of freehold land for a consideration of RM 8 million by Komark International (M) Sdn. Bhd.("KISB"), a wholly-owned subsidiary of the Company to Auravilla Project Sdn. Bhd ("APSB").

A deposit of RM 0.8 million has been received upon signing of the Sale and Purchase Agreement. A further sum of RM 0.8 million together with its interest on late payment (discounted) has also been received on the expiration of the Extended Completion Date ("ECD date") on 18 December 2011.

Another RM 6 million had been received on 23 February 2012. While, the balance of the sales proceeds will be released upon the expiry of 14 days from the date of presentation for registration of the transfer.

B10. Group Borrowings and Debt Securities

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

			Period Ended January'12 RM'000	Year Ended April'11 RM'000
Short Term Borrowings				
Revolving Credit	-	Secured	--	--
Bankers' Acceptance	-	Secured	12,400	15,334
	-	Unsecured	2,023	1,312
Trust Receipts	-	Secured	--	--
	-	Unsecured	51	--
Term Loan	-	Secured	3,742	3,604
	-	Unsecured	--	--
Bank overdraft	-	Secured	15,429	16,034
	-	Unsecured	1,067	5,276
Short Term Loan	-	Secured	--	--
	-	Unsecured	13,335	10,797
Finance Lease and Hire Purchase Liabilities			3,364	3,223
			51,411	**55,580**
Long Term Borrowings				
Term Loans	-	Secured	6,286	11,427
	-	Unsecured	608	1,043
Finance Lease and Hire Purchase Liabilities			6,751	7,660
			13,645	**20,130**

All borrowings are in Ringgit Malaysia except for USD 263,187; RMB 38,058,849; Thai Baht 59,211,478 and SGD 611 (equivalent of RM 24,976,107.19).

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NOTES TO THE INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 31 JANUARY 2012

B11. 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 January 2012 and as at 26 March 2012 .

B12. Material Litigation

There is no material litigation for the period ended 31 January 2012 and as at 26 March 2012 .

B13. Dividend Payable

No dividend has been proposed by the Board of Directors for the period ended 31 January 2012.

B14. 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.

	Current Quarter
Profit attributable to Shareholders	RM 279,905
Weighted Average Number of Ordinary Shares	79,737,593
Basic Earnings Per Share (Sen)	0.35

B15. Disclosure of Realised and Unrealised Profit / (Losses)

	As at 31 January 2012 RM'000	**As at 30 April 2011 RM'000**
Total Retained Profits : -		
i) Company and subsidiaries		
- Realised profit	27,011	25,716
- Unrealised loss	(1,461)	(1,236)
	25,550	24,480
ii) Associates		
- Realised Loss	(2)	(2)
- Unrealised profit	-	-
	(2)	(2)
Less : Consolidation Adjustments	(6,204)	(6,215)
Total	**19,344**	**18,263**

NOTES TO THE INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER ENDED 31 JANUARY 2012

B16. Notes For Comprehensive Income

	Period Ended January'12 RM'000	Year Ended April'11 RM'000
a) Interest income	56	73
b) Other income including investment income	241	428
c) Interest expense	3,640	4,794
d) Depreciation and amortization	8,699	11,461
e) Provision for and write off of receivables	--	--
f) Provision for and write off of inventories	206	(303)
g) Gain or loss on disposal of quoted or unquoted investments or properties	--	--
h) (Impairment)/ Reversal of impairment of assets	--	--
i) Foreign exchange gain or (loss)	14	408
j) Gain or loss on derivatives	--	--
k) Exceptional items	--	--