

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

**NOTES TO THE INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE FORTH QUARTER ENDED 30 APRIL 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:

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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 30 April 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.

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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 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.

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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 financial 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.

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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

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 30 April 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 30 April 2012.

A9. Segmental Information

Business Segments (30th April 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	121,742	1,604	--	123,346
Inter-segment revenue	--	1,411	(1,411)	--
Total Revenue	<u>121,742</u>	<u>3,015</u>	<u>(1,411)</u>	<u>123,346</u>
Profit	7,465	482	--	7,947
Unallocated Expenses				(2,334)
Interest Income				68
Finance Costs				(4,861)
Share of loss of associate				<u>--</u>
Profit before Taxation				820
Income Tax Expenses				<u>(744)</u>
Net Profit for the Period				<u>76</u>

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Business Segments (30th April 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	112,592	376	--	112,968
Inter-segment revenue	--	1,588	(1,588)	--
Total Revenue	<u>112,592</u>	<u>1,964</u>	<u>(1,588)</u>	<u>112,968</u>
Profit	10,333	49	--	10,382
Unallocated Expenses				(2,762)
Interest Income				73
Finance Costs				(4,793)
Share of loss of associate				<u>--</u>
Profit before Taxation				<u>2,900</u>
Income Tax Expenses				<u>(785)</u>
Net Profit for the Period				<u>2,115</u>

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 30 April 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 30 April 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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**ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA LISTING
REQUIREMENTS**

B1. Review of Performance

The Group recorded a loss before taxation of RM0.416 million for the current quarter as compared to a profit before taxation of RM1.073 million for the corresponding quarter last year. A profit before taxation of RM0.820 million has been recorded for the current year as compared to a profit before taxation of RM2.900 million for the corresponding period of last year.

The segmental performance is as follows:

Labels segment

For the year ended 30 April 2012, the labels revenue increased by 8.1% to RM121.742 million from RM112.592 million achieved in the corresponding period of the last year.

The labels segment recorded a profit of RM7.465 million for the year ended 30 April 2012 as compared to a profit of RM10.333 million for the corresponding period of the last year. The decline in performance was mainly due to increase in raw material prices and higher operating costs.

Machineries segment

For the year ended 30 April 2012, the machineries' revenues increased by RM1.051 million to RM3.015 million from RM1.964 million achieved in the corresponding period of the last year.

The machineries segment recorded a profit of RM0.482 million for the year ended 30 April 2012 as compared to a profit of RM0.049 million for the corresponding period of the last year. The increase in performance was mainly due to higher sales.

B2. Comparison with the Preceding Quarter's Results

The Group recorded a revenue of RM31.453 million as compared to RM29.168 million for the preceding quarter, representing an increase of RM 2.285 million (7.83%).

The Group recorded Loss Before Taxation for the current quarter is RM0.416 million as compared to Profit Before Taxation ("PBT") of RM0.311 million for preceding quarter, a decline of RM0.727 million. The decline in PBT was mainly due to increase in raw material prices and higher operating costs.

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B3. Current Year Prospects

The year of 2013 is expected to be challenging for the Group due to the uncertainty in the world economy. The Board expects the business of the Group remains profitable by improving all aspects of its operations and management; especially on the material usage efficiency.

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
	<u>RM'000</u>
Income tax	
- Current expenses	589
	=====

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. Status of Corporate Proposal

There were no corporate proposals announced from the date of last quarter report to the date of this announcement except for the disposal of a piece of freehold land for a consideration of RM8 million by Komark International (M) Sdn. Bhd. ("KISB"), a wholly-owned subsidiary of the Company to Auravilla Project Sdn. Bhd ("APSB") that had been completed on 29/5/2012.

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B8. Group Borrowings and Debt Securities

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

		<u>Period Ended</u>	<u>Year Ended</u>
		<u>April'12</u>	<u>April'11</u>
		<u>RM'000</u>	<u>RM'000</u>
<u>Short Term Borrowings</u>			
Revolving Credit	- Secured	--	--
Bankers' Acceptance	- Secured	12,185	15,334
	- Unsecured	996	1,312
Trust Receipts	- Secured	--	--
	- Unsecured	121	--
Term Loan	- Secured	2,370	3,604
	- Unsecured	--	--
Bank overdraft	- Secured	12,013	16,034
	- Unsecured	742	5,276
Short Term Loan	- Secured	--	--
	- Unsecured	13,090	10,797
Finance Lease and Hire Purchase Liabilities		<u>3,035</u>	<u>3,223</u>
		<u>44,552</u>	<u>55,580</u>
<u>Long Term Borrowings</u>			
Term Loans	- Secured	7,772	11,427
	- Unsecured	591	1,043
Finance Lease and Hire Purchase Liabilities		<u>6,016</u>	<u>7,660</u>
		<u>14,379</u>	<u>20,130</u>

All borrowings are in Ringgit Malaysia except for USD 198,492; RMB 39,177,917; Thai Baht 66,665,524 (equivalent of RM 25,950,996.33).

B9. Material Litigation

There is no material litigation for the period ended 30 April 2012 and as at 29 June 2012 .

B10. Dividend Payable

No dividend has been proposed by the Board of Directors for the period ended 30 April 2012.

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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 Quarter</u>
Loss attributable to Shareholders	RM 1,005,232
Weighted Average Number of Ordinary Shares	79,737,593
Basic Earnings Per Share (Sen)	-1.26

B12. Disclosure of Realised and Unrealised Profit / (Losses)

	As at 30 April 2012 RM'000	As at 30 April 2011 RM'000
Total Retained Profits : -		
i) Company and subsidiaries		
- Realised profit	24,381	25,716
- Unrealised loss	<u>(1,301)</u>	<u>(1,236)</u>
	<u>23,080</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	(4,739)	(6,215)
Total	<u>18,339</u>	<u>18,263</u>

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B13. Notes For Comprehensive Income

	<u>Period Ended</u> <u>April'12</u> <u>RM'000</u>	<u>Year Ended</u> <u>April'11</u> <u>RM'000</u>
a) Interest income	68	73
b) Other income including investment income	752	428
c) Interest expense	4,861	4,794
d) Depreciation and amortization	11,649	11,461
e) Provision for and write off of receivables	92	--
f) Provision for and write off of inventories	(1,309)	(303)
g) Gain or loss on disposal of quoted or unquoted investments or properties	263	--
h) (Impairment)/ Reversal of impairment of assets	--	--
i) Foreign exchange gain or (loss)	(41)	408
j) Gain or loss on derivatives	--	--
k) Exceptional items	--	--