

**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 2012**

**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 2012.

**A2. Changes in Accounting Policies**

The Group has adopted the MFRS framework issued by the MASB with effect from 1 May 2012. This MFRS framework was introduced by the MASB in order to fully converge Malaysia's existing Financial Reporting Standards ("FRS") framework with the International Financial Reporting Standards ("IFRS") framework issued by the International Accounting Standards Board. Whilst all FRSs issued under the previous FRS framework were equivalent to the MFRSs issued under the MFRS framework, there are some differences in relation to the transitional provisions and effective dates contained in certain of the FRSs.

This interim financial report is the Group's first MFRS interim financial report for part of the period covered by the Group's first MFRS annual financial statements for the year ending 30 April 2013 and hence MFRS 1: First-Time Adoption of Malaysian Financial Reporting Standards (MFRS1) has been applied. The transition from FRS to MFRS has no material impact on the statement of financial position and statement of cash flows.

**A3. Audit Report**

The audit report for the financial statements of the Group for the financial year ended 30 April 2012 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 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.

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**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 RM331.09 including transaction cost and this was financed by internally generated funds.

As at 31 July 2012, the number of treasury shares held was 1,539,000 ordinary shares at total cost at RM437,679.62.

**A8. Dividend Paid**

No dividend was paid during the quarter ended 31 July 2012.

**A9. Segmental Information**

**Business Segments (31<sup>st</sup> July 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	33,159	381	--	33,540
Inter-segment revenue	--	374	(374)	--
Total Revenue	<u>33,159</u>	<u>755</u>	<u>(374)</u>	<u>33,540</u>
Profit	1,736	103	--	1,839
Unallocated Expenses				(435)
Interest Income				40
Finance Costs				(1,139)
Share of loss of associate				<u>--</u>
Profit before Taxation				305
Income Tax Expenses				<u>(172)</u>
Net Profit for the Period				<u>133</u>

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**Business Segments (31<sup>st</sup> 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>
Profit	2,160	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>

**A10. Property, Plant And Equipment**

During the period, the Group did not revalue any of its landed properties.

**A11. Material Events Subsequent to the Interim Period**

There were no material events subsequent to the quarter ended 31 July 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 July 2012, the Company has given a guarantee of RM72 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 profit before taxation of RM0.305 million for the current quarter as compared to a profit before taxation of RM0.349 million for the corresponding quarter last year.

The segmental performance is as follows:

Labels segment

For the period ended 31 July 2012, the labels revenue increased by 11.81% to RM33.159 million from RM29.657 million achieved in the corresponding period last year.

The labels segment recorded a profit of RM1.736 million for the period ended 31 July 2012 as compared to a profit of RM2.160 million for the corresponding period last year. The decline in performance was mainly due to increase in raw material prices.

Machineries segment

For the period ended 31 July 2012, the machineries revenue increased by RM0.166 million to RM0.755 million from RM0.589 million achieved in the corresponding period of the last year.

The machineries segment recorded a profit of RM0.103 million for the period ended 31 July 2012 as compared to a profit of RM0.089 million for the corresponding period 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 RM33.159 million as compared to RM31.453 million for the preceding quarter, representing an increase of RM1.706 million (5.42%).

The Group recorded profit before taxation of RM0.305 compared to loss before taxation of RM0.416 million for the preceding quarter. The improvement in performance was mainly due to higher sales, lower operating and finance costs.

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**B3. Current Year Prospects**

The financial 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 to remain 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**

	<b>Current Quarter</b> <b><u>RM'000</u></b>
Income tax	
- Current expenses	<b>172</b>
	=====

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.

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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>July'12</u>	<u>April'12</u>
	<u>RM'000</u>	<u>RM'000</u>
<b><u>Short Term Borrowings</u></b>		
Bankers' Acceptance - Secured	11,764	12,185
- Unsecured	878	1,117
Term Loan - Secured	2,485	3,024
- Unsecured	--	--
Bank overdraft - Secured	12,226	12,756
- Unsecured	6,050	7,287
Short Term Loan - Secured	--	1,990
- Unsecured	18,968	11,039
Finance Lease and Hire Purchase Liabilities	<u>4,011</u>	<u>3,471</u>
	<b><u>56,382</u></b>	<b><u>52,869</u></b>
<b><u>Long Term Borrowings</u></b>		
Term Loans - Secured	5,539	7,117
- Unsecured	--	452
Finance Lease and Hire Purchase Liabilities	<u>5,779</u>	<u>5,581</u>
	<b><u>11,318</u></b>	<b><u>13,150</u></b>

All borrowings are in Ringgit Malaysia except for RMB 50,451,752 and Thai Baht 61,237,320 (equivalent of RM 30,907,315).

**B9. Material Litigation**

There is no material litigation for the period ended 31 July 2012 and as at 21 September 2012 .

**B10. Dividend Payable**

No dividend has been proposed by the Board of Directors for the period ended 31 July 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>
Profit attributable to Shareholders (RM)	132,992
Weighted Average Number of Ordinary Shares	79,736,010
Basic Earnings Per Share (Sen)	0.17

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

	<b>As at 31 July 2012 RM'000</b>	<b>As at 31 July 2011 RM'000</b>
Total Retained Profits : -		
i) Company and subsidiaries		
- Realised profit	25,998	26,282
- Unrealised loss	<u>(1,424)</u>	<u>(1,523)</u>
	<u>24,574</u>	<u>24,759</u>
ii) Associate		
- Realised Loss	(2)	(2)
- Unrealised profit	<u>-</u>	<u>-</u>
	<u>(2)</u>	<u>(2)</u>
Less : Consolidation Adjustments	(6,097)	(6,212)
<b>Total</b>	<b><u>18,475</u></b>	<b><u>18,545</u></b>

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**B13. Notes For Comprehensive Income**

	<u>Period Ended</u> <u>July'12</u> <u>RM'000</u>	<u>Period Ended</u> <u>July'11</u> <u>RM'000</u>
a) Interest income	40	28
b) Other income including investment income	491	169
c) Interest expense	1,139	1,191
d) Depreciation and amortization	2,967	2,903
e) Provision for and write off of receivables	53	--
f) Provision for and write off of inventories	7	--
g) Gain/ (loss) on disposal of quoted or unquoted investments or properties	--	--
h) (Impairment)/ Reversal of impairment of assets	--	--
i) Foreign exchange gain/ (loss)	48	68
j) Gain/ (loss) on derivatives	--	--
k) Exceptional items	--	--