

**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 2013**

**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 except as discussed below:

**Foreign Currency Translation Reserve**

In accordance to FRS, the Group recognized translation differences of foreign operations in a separate component of equity. Upon transition to MFRS, the cumulative foreign currency translation differences for all foreign operations are deemed to be zero as at the date of transition.

At the date of transition to MFRS, the cumulative foreign currency translation differences of RM2,218,000 (31 January 2012: RM2,218,000; 30 April 2012: RM2,218,000) were adjusted to retained earnings.

The reconciliation of equity for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS are provided below:

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Reconciliation of equity as at 1 May 2011

	<b>FRS as at</b>		<b>MFRS as at</b>
<b>RM'000</b>	<b>1 May 2011</b>	<b>Adjustments</b>	<b>1 May 2011</b>
<b>Equity</b>			
Foreign Currency Translation Reserve	2,218	(2,218)	-
Retained Earnings	18,263	2,218	20,481

Reconciliation of equity as at 31 January 2012

	<b>FRS as at</b>		<b>MFRS as at</b>
<b>RM'000</b>	<b>31 Jan 2012</b>	<b>Adjustments</b>	<b>31 Jan 2012</b>
<b>Equity</b>			
Foreign Currency Translation Reserve	3,992	(2,218)	1,774
Retained Earnings	19,344	2,218	21,562

Reconciliation of equity as at 30 April 2012

	<b>FRS as at</b>		<b>MFRS as at</b>
<b>RM'000</b>	<b>30 Apr 2012</b>	<b>Adjustments</b>	<b>30 Apr 2012</b>
<b>Equity</b>			
Foreign Currency Translation Reserve	3,730	(2,218)	1,512
Retained Earnings	18,342	2,218	20,560

**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 RM326.09 including transaction cost and this was financed by internally generated funds.

As at 31 January 2013, the number of treasury shares held was 1,540,000 ordinary shares at total cost at RM438,005.71.

**A8. Dividend Paid**

No dividend was paid during the quarter ended 31 January 2013.

**A9. Segmental Information**

**Business Segments (31<sup>st</sup> January 2013)**

	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	100,813	482	--	101,295
Inter-segment revenue	--	882	(882)	--
Total Revenue	<u>100,813</u>	<u>1,364</u>	<u>(882)</u>	<u>101,295</u>
Profit	7,232	211	--	7,443
Unallocated Expenses				(1,396)
Interest Income				80
Finance Costs				(3,726)
Share of loss of associate				--
Profit before Taxation				<u>2,401</u>
Income Tax Expenses				<u>(970)</u>
Net Profit for the Period				<u>1,431</u>

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**Business Segments (31<sup>st</sup> January 2012)**

	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	90,289	323	--	90,612
Inter-segment revenue	--	1,184	(1,184)	--
Total Revenue	<u>90,289</u>	<u>1,507</u>	<u>(1,184)</u>	<u>90,612</u>
Profit	6,367	336	--	6,703
Unallocated Expenses				(1,883)
Interest Income				56
Finance Costs				(3,640)
Share of loss of associate				<u>--</u>
Profit before Taxation				<u>1,236</u>
Income Tax Expenses				<u>(155)</u>
Net Profit for the Period				<u>1,081</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 January 2013.

**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 2013, 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 RM1.448 million for the current quarter as compared to a profit before taxation of RM0.311 million for the corresponding quarter last year.

The segmental performance is as follows:

**I) Analysis of Current Quarter Performance**

	<b>Current Quarter Ended 31 Jan'13</b>	<b>Preceding Year Corresponding Quarter 31 Jan'12</b>	<b>Variance</b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>%</b>
Revenue - Labels	33,750	29,168	4,582	15.7
- Machineries	583	396	187	47.2
Profit / - Labels	3,311	1,795	1,516	84.5
(Loss) - Machineries	94	107	(13)	(12.1)

Labels segment

For the quarter ended 31 January 2013, the labels revenue increased by 15.7% to RM33.750 million from RM29.168 million achieved in the corresponding quarter of the last year.

The label segment recorded a profit of RM3.311 million for the quarter ended 31 January 2013 as compared to a profit of RM1.795 million for the corresponding quarter last year. The increase in performance was mainly due to higher revenue and disposal gains.

Machineries segment

For the quarter ended 31 January 2013, the machineries revenue increased by RM0.187 million to RM0.583 million from RM0.396 million achieved in the corresponding quarter of the last year.

The machineries segment recorded a profit of RM0.094 million for the quarter ended 31 January 2013 as compared to a profit of RM0.107 million for the corresponding quarter last year. The decrease in performance was mainly due to lower margin.

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**II) Analysis of Nine Months Performance**

Labels segment

For the period ended 31 January 2013, the labels revenue increased by 11.7% to RM100.813 million from RM90.289 million achieved in the corresponding period of the last year.

The labels segment recorded a profit of RM7.232 million for the period ended 31 January 2013 as compared to a profit of RM6.367 million for the corresponding period last year. The increase in performance was mainly due to higher revenue and disposal gains.

Machineries segment

For the period ended 31 January 2013, the machineries revenue decreased by RM0.143 million to RM1.364 million from RM1.507 million achieved in the corresponding period of the last year.

The machineries segment recorded a profit of RM0.211 million for the period ended 31 January 2013 as compared to a profit of RM0.336 million for the corresponding period last year. The decrease in performance was mainly due to lower sales.

**B2. Comparison with the Preceding Quarter's Results**

The Group recorded a revenue of RM33.946 million as compared to RM33.809 million for the preceding quarter, representing an increase of RM0.137 million (0.41%).

The Group recorded profit before taxation of RM1.448 compared to profit before taxation of RM0.648 million for the preceding quarter. The improvement in performance was mainly due to disposal gain and higher sales.

**B3. Current Year Prospects**

The remaining 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.

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**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>416</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>Jan'13</u>	<u>Apr'12</u>
	<u>RM'000</u>	<u>RM'000</u>
<b><u>Short Term Borrowings</u></b>		
Bankers' Acceptance - Secured	10,678	12,185
- Unsecured	1,716	1,117
Term Loan - Secured	1,932	3,024
- Unsecured	--	--
Bank overdraft - Secured	12,543	12,756
- Unsecured	6,523	7,287
Short Term Loan - Secured	--	1,990
- Unsecured	20,961	11,039
Finance Lease and Hire Purchase Liabilities	<u>3,713</u>	<u>3,471</u>
	<b><u>58,066</u></b>	<b><u>52,869</u></b>
<b><u>Long Term Borrowings</u></b>		
Term Loans - Secured	4,786	7,117
- Unsecured	--	452
Finance Lease and Hire Purchase Liabilities	<u>4,386</u>	<u>5,581</u>
	<b><u>9,172</u></b>	<b><u>13,150</u></b>

All borrowings are in Ringgit Malaysia except for RMB 51,223,630 SGD 88,378 and Thai Baht 55,388,118 (equivalent of RM 31,571,077).

**B9. Material Litigation**

There is no material litigation for the period ended 31 January 2013 and as at 27 March 2013.

**B10. Dividend Payable**

No dividend has been proposed by the Board of Directors for the period ended 31 January 2013.

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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)	1,031,996
Weighted Average Number of Ordinary Shares	79,735,593
Basic Earnings Per Share (Sen)	1.29

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

	<b>As at 31 Jan 2013 RM'000</b>	<b>As at 31 Jan 2012 RM'000</b>
Total Retained Profits : -		
i) Company and subsidiaries		
- Realised profit	29,696	29,229
- Unrealised loss	<u>(1,247)</u>	<u>(1,461)</u>
	<u>28,449</u>	<u>27,768</u>
ii) Associate		
- Realised Loss	(2)	(2)
- Unrealised profit	<u>-</u>	<u>-</u>
	<u>(2)</u>	<u>(2)</u>
Less : Consolidation Adjustments	(6,456)	(6,204)
<b>Total</b>	<u><b>21,991</b></u>	<u><b>21,562</b></u>

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**B13. Notes For Comprehensive Income**

	<u>Period Ended</u> <u>Jan'13</u> <u>RM'000</u>	<u>Period Ended</u> <u>Jan'12</u> <u>RM'000</u>
a) Interest income	80	56
b) Other income including investment income	519	241
c) Interest expense	3,726	3,640
d) Depreciation and amortization	8,830	8,699
e) Provision for and write off of receivables	152	--
f) Provision for and write off of inventories	(68)	206
g) Gain/ (loss) on disposal of quoted or unquoted investments or properties	926	--
h) (Impairment)/ Reversal of impairment of assets	--	--
i) Foreign exchange gain/ (loss)	120	14
j) Gain/ (loss) on derivatives	--	--
k) Exceptional items	--	--