

**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 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 (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 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.

**A7. Debts and Equity Securities**

During the current quarter, the Company has resold 1,540,000 of its treasury shares to the open market for a total net cash consideration of RM782,608.18.

As at 30 April 2013, there was no treasury shares hold by the company.

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**A8. Dividend Paid**

No dividend was paid during the quarter ended 30 April 2013.

**A9. Segmental Information**

**Business Segments (30<sup>th</sup> April 2013)**

|                                    | Manufacturing<br>Of Self Adhesive<br>Stickers and Trading<br>Of Related Products<br>RM '000 | Manufacturing<br>of Automatic<br>Labels and Labelling<br>Machineries<br>RM '000 | Elimination<br>RM '000 | Consolidated<br>RM'000 |
|------------------------------------|---|---|------------------------|------------------------|
| Revenue from<br>External Customers | 135,497   | 540   | --                     | 136,037                |
| Inter-segment revenue              | --  | 1,433   | (1,433)                | --                     |
| Total Revenue                      | <u>135,497</u>  | <u>1,973</u>  | <u>(1,433)</u>         | <u>136,037</u>         |
| Profit                             | 9,232   | 306   | --                     | 9,538                  |
| Unallocated Expenses               |   |   |                        | (1,669)                |
| Interest Income                    |   |   |                        | 95                     |
| Finance Costs                      |   |   |                        | (5,135)                |
| Share of loss<br>of associate      |   |   |                        | --                     |
| Profit before Taxation             |   |   |                        | <u>2,829</u>           |
| Income Tax Expenses                |   |   |                        | <u>(1,312)</u>         |
| Net Profit for the Period          |   |   |                        | <u>1,517</u>           |

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**Business Segments (30<sup>th</sup> April 2012)**

|                               | Manufacturing<br>Of Self Adhesive<br>Stickers and Trading<br>Of Related Products<br>RM '000 | Manufacturing<br>of Automatic<br>Labels and Labelling<br>Machineries<br>RM '000 | Elimination<br>RM '000 | Consolidated<br>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          |   |   |                        | (2,405)                |
| Interest Income               |   |   |                        | 70                     |
| Finance Costs                 |   |   |                        | (4,782)                |
| Share of loss<br>of associate |   |   |                        | <u>--</u>              |
| Profit before Taxation        |   |   |                        | 830                    |
| Income Tax Expenses           |   |   |                        | <u>(751)</u>           |
| Net Profit for the Period     |   |   |                        | <u>79</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 30 April 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 30 April 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 RM0.428 million for the current quarter as compared to a loss before taxation of RM0.406 million for the corresponding quarter last year.

The segmental performance analysis is as follows:

**I) Analysis of Current Quarter Performance**

|                      | <b>Current<br/>Quarter Ended<br/>30 Apr'13</b> | <b>Preceding Year<br/>Corresponding<br/>Quarter<br/>30 Apr'12</b> | <b>Variance</b> |          |
|----------------------|--|---|-----------------|----------|
|                      | <b>RM'000</b>                                  | <b>RM'000</b>   | <b>RM'000</b>   | <b>%</b> |
| Revenue - Labels     | 34,684   | 31,453  | 3,231           | 10.3     |
| - Machineries        | 609  | 1,508   | (899)           | (59.6)   |
| Profit / - Labels    | 2,000  | 1,098   | 902             | 82.1     |
| (Loss) - Machineries | 95   | 146   | (51)            | (34.9)   |

Labels segment

For the quarter ended 30 April 2013, the labels revenue increased by 10.3% to RM34.684 million from RM31.453 million achieved in the corresponding quarter of the last year.

The label segment recorded a profit of RM2.000 million for the quarter ended 30 April 2013 as compared to a profit of RM1.098 million for the corresponding quarter last year. The increase in performance was mainly due to higher revenue.

Machineries segment

For the quarter ended 30 April 2013, the machineries revenue decreased by RM0.899 million to RM0.609 million from RM1.508 million achieved in the corresponding quarter of the last year.

The machineries segment recorded a profit of RM0.095 million for the quarter ended 30 April 2013 as compared to a profit of RM0.146 million for the corresponding quarter last year. The decrease in performance was mainly due to lower revenue.

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**II) Analysis of Year-To-Date Performance**

Labels segment

For the year ended 30 April 2013, the labels revenue increased by 11.3% to RM135.497 million from RM121.742 million achieved in last year.

The labels segment recorded a profit of RM9.232 million for the year ended 30 April 2013 as compared to a profit of RM7.465 million for the last year. The increase in performance was mainly due to higher revenue.

Machineries segment

For the year ended 30 April 2013, the machineries revenue decreased by RM1.042 million to RM1.973 million from RM3.015 million achieved in last year.

The machineries segment recorded a profit of RM0.306 million for the year ended 30 April 2013 as compared to a profit of RM0.482 million for the 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 RM34.742 million as compared to RM33.946 million for the preceding quarter, representing an increase of RM0.796 million (2.34%).

The Group recorded profit before taxation of RM0.428 million compared to profit before taxation of RM1.448 million for the preceding quarter. The decrease in profit before taxation was mainly due to disposal gains recorded in the preceding quarter.

**B3. Current Year Prospects**

The year of 2014 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>342</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 except for the private placements proposals that announced on 24 June 2013 and 26 June 2013.

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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>Apr'13</u>        | <u>Apr'12</u>        |
|   | <u>RM'000</u>        | <u>RM'000</u>        |
| <b><u>Short Term Borrowings</u></b>         |                      |                      |
| Bankers' Acceptance - Secured               | 10,385               | 12,185               |
| - Unsecured                                 | 4,792                | 1,117                |
| Term Loan - Secured                         | 1,754                | 3,024                |
| - Unsecured                                 | --                   | --                   |
| Bank overdraft - Secured                    | 12,446               | 12,756               |
| - Unsecured                                 | 4,593                | 7,287                |
| Trust receipts - Secured                    | --                   | --                   |
| - Unsecured                                 | 328                  | --                   |
| Short Term Loan - Secured                   | --                   | 1,990                |
| - Unsecured                                 | 22,956               | 11,039               |
| Finance Lease and Hire Purchase Liabilities | <u>4,068</u>         | <u>3,471</u>         |
|   | <b><u>61,322</u></b> | <b><u>52,869</u></b> |
| <b><u>Long Term Borrowings</u></b>          |                      |                      |
| Term Loans - Secured                        | 5,000                | 7,117                |
| - Unsecured                                 | --                   | 452                  |
| Finance Lease and Hire Purchase Liabilities | <u>5,629</u>         | <u>5,581</u>         |
|   | <b><u>10,629</u></b> | <b><u>13,150</u></b> |

All borrowings are in Ringgit Malaysia except for RMB 56,824,590, USD 211,250, SGD 85,579 and Thai Baht 49,618,627 (equivalent of RM 35,542,213).

**B9. Material Litigation**

There is no material litigation for the period ended 30 April 2013 and as at 24 June 2013.

**B10. Dividend Payable**

First and Final 0.5 cents single-tier dividend has been proposed by the Board of Directors for the period ended 30 April 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.

|  | <b><u>Current<br/>Quarter</u></b> |
|--|-----------------------------------|
| Profit attributable to Shareholders (RM)   | 85,876                            |
| Weighted Average Number of Ordinary Shares | 79,864,093                        |
| Basic Earnings Per Share (Sen)             | 0.11                              |

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

|                                  | <b>As at<br/>30 April 2013<br/>RM'000</b> | <b>As at<br/>30 April 2012<br/>RM'000</b> |
|----------------------------------|---|---|
| Total Retained Profits : -       |   |   |
| i) Company and subsidiaries      |   |   |
| - Realised profit                | 29,789                                    | 28,295                                    |
| - Unrealised loss                | <u>(1,257)</u>                            | <u>(1,532)</u>                            |
|                                  | <u>28,532</u>                             | <u>26,763</u>                             |
| ii) Associate                    |   |   |
| - Realised Loss                  | (2)                                       | (2)                                       |
| - Unrealised profit              | <u>-</u>                                  | <u>-</u>                                  |
|                                  | <u>(2)</u>                                | <u>(2)</u>                                |
| Less : Consolidation Adjustments | (6,453)                                   | (6,201)                                   |
| <b>Total</b>                     | <b><u>22,077</u></b>                      | <b><u>20,560</u></b>                      |

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**B13. Notes For Statement of Comprehensive Income**

|  | <u>Period Ended</u><br><u>Apr'13</u><br><u>RM'000</u> | <u>Period Ended</u><br><u>Apr'12</u><br><u>RM'000</u> |
|--|---|---|
| a) Interest income   | 95  | 70  |
| b) Other income including investment income                                    | 138   | 491   |
| c) Interest expense  | 5,135   | 4,782   |
| d) Depreciation and amortization   | 11,945  | 11,651  |
| e) Provision for and write off of receivables                                  | 101   | 188   |
| f) Provision for and write off of inventories                                  | (73)  | (1,180)   |
| g) Gain/ (loss) on disposal of quoted or unquoted<br>investments or properties | 926   | --  |
| h) (Impairment)/ Reversal of impairment of assets                              | --  | --  |
| i) Foreign exchange gain/ (loss)   | 95  | (23)  |
| j) Gain/ (loss) on derivatives   | --  | --  |
| k) Exceptional items   | --  | --  |