

**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 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 2013.

**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 2013 except for the adoption of the following new and revised Malaysian Financial Reporting Standards ('MFRS'), Amendments to MFRSs and IC Interpretation which the Group will adopt to the extent of the applicability from its financial year beginning from 1 May 2013:

<u>MFRSs , Amendments to MFRSs and IC Interpretation</u>	<u>Effective for annual periods beginning on or after</u>
MFRS 7 Financial Instruments : Disclosures ( Amendments relating to Disclosure – Offsetting Financial Assets and Liabilities)	1 January 2013
MFRS 10 Consolidated Financial Statements	1 January 2013
MFRS 12 Disclosures of Interest in Other Entities	1 January 2013
MFRS 13 Fair Value Measurement	1 January 2013
MFRS 101 Presentation of Financial Statements	1 July 2012
MFRS 119 Employee Benefits	1 January 2013
MFRS 127 Separate Financial Statements	1 January 2013
MFRS 128 Investments in Associates and Joint Ventures	1 January 2013
Amendment to MFRSs : Annual Improvements 2009-2011 Cycle	1 January 2013

The adoption of the above will not have any material impact on the financial statement of Group upon their initial application.

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At the date of authorisation of the interim financial statements, the following MFRSs, Amendments to MFRSs and IC Interpretation were issued but not yet effective and not early adopted by the Group are as listed below:

<u>MFRSs , Amendments to MFRSs and IC Interpretation</u>	<u>Effective for annual periods beginning on or after</u>
MFRS 132 Financial Instruments : Presentation	1 January 2014
MFRS 9 Financial Instruments (IFRS 9)	1 January 2015

**A3. Audit Report**

The audit report for the financial statements of the Group for the financial year ended 30 April 2013 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 purchased 1,000 of its own ordinary shares from the open market for a total cash consideration of RM656.19 including transaction cost and this was financed by internally generated funds.

As at 31 July 2013, the number of treasury shares held was 1,000 ordinary shares at total cost at RM656.19.

**A8. Dividend Paid**

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

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**A9. Segmental Information**

**Business Segments (31<sup>st</sup> July 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	33,262	216	--	33,478
Inter-segment revenue	--	49	(49)	--
Total Revenue	<u>33,262</u>	<u>265</u>	<u>(49)</u>	<u>33,478</u>
Profit	2,239	37	--	2,276
Unallocated Expenses				(269)
Interest Income				25
Finance Costs				(1,421)
Share of loss of associate				<u>--</u>
Profit before Taxation				611
Income Tax Expenses				<u>(200)</u>
Net Profit for the Period				<u>411</u>

**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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**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 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 July 2013, the Company has given a guarantee of RM75 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 RM0.611 million for the current quarter as compared to a profit before taxation of RM0.305 million for the corresponding quarter last year.

The segmental performance analysis is as follows:

**I) Analysis of Current Quarter Performance**

	<b>Current Quarter Ended 31 July'13</b>	<b>Preceding Year Corresponding Quarter 31 July'12</b>	<b>Variance</b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>%</b>
Revenue				
- Labels	33,262	33,159	103	0.3
- Machineries	265	755	(490)	(64.9)
Operating Profit / (Loss)				
- Labels	2,239	1,736	503	29.0
- Machineries	37	103	(66)	(64.1)

Labels segment

For the quarter ended 31 July 2013, the labels revenue increased marginally by 0.3% to RM33.262 million from RM33.159 million achieved in the corresponding quarter of the last year.

The label segment recorded a operating profit of RM2.239 million for the quarter ended 31 July 2013 as compared to a operating profit of RM1.736 million for the corresponding quarter last year. The increase in performance was mainly due to improvement on production efficiency.

Machineries segment

For the quarter ended 31 July 2013, the machineries revenue decreased by RM0.490 million to RM0.265 million from RM0.755 million achieved in the corresponding quarter of the last year.

The machineries segment recorded a operating profit of RM37 thousand for the quarter ended 31 July 2013 as compared to a operating profit of RM103 thousand for the corresponding quarter last year. The decrease in performance was mainly due to lower revenue.

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

The Group recorded a revenue of RM33.478 million as compared to RM34.742 million for the preceding quarter, representing a decrease of RM1.264 million (3.64%).

The Group recorded profit before taxation of RM0.611 million compared to loss before taxation of RM4.674 million for the preceding quarter. The increase in profit before taxation was mainly due to improvement on production efficiency.

**B3. Current Year Prospects**

The financial year of 2014 is expected to be challenging for the Group due to the uncertainty in the world economy. Notwithstanding, the Board expects the business of the Group to remain profitable through further 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>200</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.

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**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.

**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>Jul'13</u>	<u>Apr'13</u>
	<u>RM'000</u>	<u>RM'000</u>
<b><u>Short Term Borrowings</u></b>		
Bankers' Acceptance - Secured	4,895	14,188
- Unsecured	4,622	1,317
Term Loan - Secured	559	3,506
- Unsecured	1,130	--
Bank overdraft - Secured	13,281	12,628
- Unsecured	2,702	2,398
Trust receipts - Secured	--	--
- Unsecured	213	--
Short Term Loan - Secured	--	--
- Unsecured	22,647	22,956
Finance Lease and Hire Purchase Liabilities	<u>5,006</u>	<u>4,068</u>
	<b><u>55,055</u></b>	<b><u>61,061</u></b>
<b><u>Long Term Borrowings</u></b>		
Term Loans - Secured	8,031	2,148
- Unsecured	3,206	1,100
Finance Lease and Hire Purchase Liabilities	<u>7,138</u>	<u>5,629</u>
	<b><u>18,375</u></b>	<b><u>8,877</u></b>

The borrowings' currency breakdown as per follows:

	<u>Period Ended</u>	<u>Year Ended</u>
	<u>Jul'13</u>	<u>Apr'13</u>
	<u>RM'000</u>	<u>RM'000</u>
RM	35,234	34,395
RMB	32,350	29,538
THB	4,800	5,145
USD	691	649
SGD	<u>355</u>	<u>211</u>
	<b><u>73,430</u></b>	<b><u>69,938</u></b>

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**B9. Material Litigation**

There is no material litigation for the period ended 31 July 2013 and as at 23 September 2013.

**B10. Dividend Payable**

No dividend has been proposed for the period ended 31 July 2013.

**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)	410,575
Weighted Average Number of Ordinary Shares	81,274,093
Basic Earnings Per Share (Sen)	0.51

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

	<b>As at 31 July 2013 RM'000</b>	<b>As at 31 July 2012 RM'000</b>
Total Retained Profits : -		
i) Company and subsidiaries		
- Realised profit	24,379	25,998
- Unrealised loss	<u>(2,665)</u>	<u>(1,424)</u>
	<u>21,714</u>	<u>24,574</u>
ii) Associate		
- Realised Loss	(2)	(2)
- Unrealised profit	<u>-</u>	<u>-</u>
	<u>(2)</u>	<u>(2)</u>
Less : Consolidation Adjustments	(7,790)	(6,097)
<b>Total</b>	<b><u>13,922</u></b>	<b><u>18,475</u></b>



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

	<u>Period Ended</u> <u>July'13</u> <u>RM'000</u>	<u>Period Ended</u> <u>July'12</u> <u>RM'000</u>
a) Interest income	25	40
b) Other income including investment income	12	491
c) Interest expense	1,421	1,139
d) Depreciation and amortization	3,176	2,967
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)	(144)	48
j) Gain/ (loss) on derivatives	--	--
k) Exceptional items	--	--