

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

**NOTES TO THE INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE SECOND QUARTER ENDED 31 OCT 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

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 31 October 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 October 2013.

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A9. Segmental Information

Business Segments (31st Oct 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	72,310	87	--	72,397
Inter-segment revenue	--	259	(259)	--
Total Revenue	<u>72,310</u>	<u>346</u>	<u>(259)</u>	<u>72,397</u>
Profit	4,585	52	--	4,637
Unallocated Expenses				(571)
Interest Income				43
Finance Costs				(2,809)
Share of loss of associate				--
Profit before Taxation				<u>1,300</u>
Income Tax Expenses				<u>(497)</u>
Net Profit for the Period				<u>803</u>

Business Segments (31st Oct 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	67,063	286	--	67,349
Inter-segment revenue	--	495	(495)	--
Total Revenue	<u>67,063</u>	<u>781</u>	<u>(495)</u>	<u>67,349</u>
Profit	3,921	117	--	4,038
Unallocated Expenses				(795)
Interest Income				49
Finance Costs				(2,339)
Share of loss of associate				--
Profit before Taxation				<u>953</u>
Income Tax Expenses				<u>(554)</u>
Net Profit for the Period				<u>399</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 October 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 October 2013, the Company has given a guarantee of RM73 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 RM0.689 million for the current quarter as compared to a profit before taxation of RM0.648 million for the corresponding quarter last year.

The segmental performance analysis is as follows:

I) Analysis of Current Quarter Performance

	Current Quarter Ended 31 Oct'13	Preceding Year Corresponding Quarter 31 Oct'12	Variance	
	RM'000	RM'000	RM'000	%
Revenue				
- Labels	39,048	33,904	5,144	15.2
- Machineries	81	26	55	211.5
Operating Profit / (Loss)				
- Labels	2,346	2,185	161	7.4
- Machineries	15	14	1	7.1

Labels segment

For the quarter ended 31 October 2013, the labels revenue increased by 15.2% to RM39.048 million from RM33.904 million achieved in the corresponding quarter of the last year.

The label segment recorded an operating profit of RM2.346 million for the quarter ended 31 October 2013 as compared to the operating profit of RM2.185 million for the corresponding quarter last year. The increase in the operating profit was mainly due to higher revenue.

Machineries segment

For the quarter ended 31 October 2013, the machineries revenue increased by RM55 thousand to RM81 thousand from RM26 thousand achieved in the corresponding quarter of the last year.

The machineries segment recorded an operating profit of RM15 thousand for the quarter ended 31 October 2013 as compared to the operating profit of RM14 thousand for the corresponding quarter last year.

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II) Analysis of Six Months Performance

	Period Ended	Corresponding	Variance	
	31 Oct'13	Period Ended	RM'000	%
	RM'000	31 Oct'12	RM'000	
		RM'000		
Revenue				
- Labels	72,310	67,063	5,247	7.8
- Machineries	346	781	(435)	(55.7)
Operating Profit / (Loss)				
- Labels	4,585	3,921	664	16.9
- Machineries	52	117	(65)	(55.6)

Labels segment

For the period ended 31 October 2013, the labels revenue increased by 7.8% to RM72.310 million from RM67.063 million achieved in the corresponding period of the last year.

The labels segment recorded an operating profit of RM4.585 million for the period ended 31 October 2013 as compared to the operating profit of RM3.921 million for the corresponding period last year. The increase in the operating profit was mainly due to higher revenue.

Machineries segment

For the period ended 31 October 2013, the machineries revenue decreased by RM435 thousand to RM346 thousand from RM781 thousand achieved in the corresponding period of the last year

The machineries segment recorded an operating profit of RM52 thousand for the period ended 31 October 2013 as compared to the operating profit of RM117 thousand for the corresponding period last year.

B2. Comparison with the Preceding Quarter's Results

The Group recorded a revenue of RM38.919 million as compared to RM33.478 million for the preceding quarter, representing an increase of RM5.441 million (16.25%).

The Group recorded profit before taxation of RM0.689 million compared to profit before taxation of RM0.611 million for the preceding quarter. The increase in profit before taxation was mainly due to higher revenue.

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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. However, 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

	Current Quarter <u>RM'000</u>
Income tax	
- Current expenses	297
	=====

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 quarterly report to the date of this announcement except for the private placements proposals that were 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>Oct'13</u>	<u>Apr'13</u>
	<u>RM'000</u>	<u>RM'000</u>
<u>Short Term Borrowings</u>		
Bankers' Acceptance - Secured	12,456	14,188
- Unsecured	4,889	1,317
Term Loan - Secured	559	3,506
- Unsecured	1,160	--
Bank overdraft - Secured	5,445	12,628
- Unsecured	229	2,398
Trust receipts - Secured	--	--
- Unsecured	52	--
Short Term Loan - Secured	--	--
- Unsecured	24,863	22,956
Finance Lease and Hire Purchase Liabilities	<u>4,333</u>	<u>4,068</u>
	<u>53,986</u>	<u>61,061</u>
<u>Long Term Borrowings</u>		
Term Loans - Secured	8,575	2,148
- Unsecured	2,906	1,100
Finance Lease and Hire Purchase Liabilities	<u>6,333</u>	<u>5,629</u>
	<u>17,814</u>	<u>8,877</u>

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	33,461	34,395
RMB	33,566	29,538
THB	3,822	5,145
USD	612	649
SGD	<u>339</u>	<u>211</u>
	<u>71,800</u>	<u>69,938</u>

B9. Material Litigation

There is no material litigation for the period ended 31 October 2013 and as at 17 December 2013.

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B10. Dividend Payable

No dividend has been proposed for the period ended 31 October 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)	392,321
Weighted Average Number of Ordinary Shares	81,274,093
Basic Earnings Per Share (Sen)	0.48

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

	As at 31 Oct 2013 RM'000	As at 31 Oct 2012 RM'000 (Restated)
Total Retained Profits : -		
i) Company and subsidiaries		
- Realised profit	22,086	26,602
- Unrealised loss	<u>(2,729)</u>	<u>(1,400)</u>
	<u>19,357</u>	<u>25,202</u>
ii) Associate		
- Realised Loss	(2)	(2)
- Unrealised profit	<u>-</u>	<u>-</u>
	<u>(2)</u>	<u>(2)</u>
Less : Consolidation Adjustments	(5,925)	(6,459)
Total	<u>13,430</u>	<u>18,741</u>

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B13. Notes For Statement of Comprehensive Income

	<u>Period Ended</u> <u>Oct'13</u> <u>RM'000</u>	<u>Period Ended</u> <u>Oct'12</u> <u>RM'000</u>
a) Interest income	43	49
b) Other income including investment income	32	512
c) Interest expense	2,809	2,339
d) Depreciation and amortization	6,483	5,957
e) Provision for and write off of receivables	27	52
f) Provision for and write off of inventories	14	25
g) Gain/ (loss) on disposal of quoted or unquoted investments or properties	--	205
h) (Impairment)/ Reversal of impairment of assets	--	--
i) Foreign exchange gain/ (loss)	(103)	(6)
j) Gain/ (loss) on derivatives	--	--
k) Exceptional items	--	--