

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 JAN 2014**

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 January 2014, the number of treasury shares held was 1,000 ordinary shares at total cost at RM656.19.

A8. Dividend Paid

A first and final single tier dividend of 0.50 sen per ordinary share for the financial year ended 2013 amounting to RM406,367.23 was paid on 13 December 2013.

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A9. Segmental Information

Business Segments (31st Jan 2014)

	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	114,168	738	--	114,906
Inter-segment revenue	--	312	(312)	--
Total Revenue	114,168	1,050	(312)	114,906
Profit	6,765	163	--	6,928
Unallocated Expenses				(793)
Interest Income				79
Finance Costs				(3,866)
Share of loss of associate				--
Profit before Taxation				2,348
Income Tax Expenses				(1,432)
Net Profit for the Period				916

Business Segments (31st Jan 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	100,813	1,364	(882)	101,295
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				2,401
Income Tax Expenses				(970)
Net Profit for the Period				1,431

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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 January 2014.

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 2014, 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 RM1.048 million for the current quarter as compared to a profit before taxation of RM1.448 million for the corresponding quarter last year.

The segmental performance analysis is as follows:

I) Analysis of Current Quarter Performance

	Current Quarter Ended 31 Jan'14	Preceding Year Corresponding Quarter 31 Jan'13	Variance	
	RM'000	RM'000	RM'000	%
Revenue				
- Labels	41,858	33,750	8,108	24.0
- Machineries	704	583	121	20.8
Operating Profit / (Loss)				
- Labels	2,180	3,311	(1,131)	(34.2)
- Machineries	111	94	17	18.1

Labels segment

For the quarter ended 31 January 2014, the labels revenue increased by 24.0% to RM41.858 million from RM33.750 million achieved in the corresponding quarter of the last year.

The label segment recorded an operating profit of RM2.180 million for the quarter ended 31 January 2014 as compared to the operating profit of RM3.311 million for the corresponding quarter last year. The decrease in the operating profit was mainly due to the increase of overhead cost, decrease in margin and a disposal gain of RM0.721 million recorded in the preceding year corresponding quarter.

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Machineries segment

For the quarter ended 31 January 2014, the machineries revenue increased by RM121 thousand to RM704 thousand from RM583 thousand achieved in the corresponding quarter of the last year.

The machineries segment recorded an operating profit of RM111 thousand for the quarter ended 31 January 2014 as compared to the operating profit of RM94 thousand for the corresponding quarter last year. The increase in the operating profit was mainly due to higher revenue.

II) Analysis of Nine Months Performance

	Period Ended	Corresponding	Variance	
	31 Jan'14	Period Ended		
	RM'000	31 Jan'13	RM'000	%
		RM'000		
Revenue				
- Labels	114,168	100,813	13,355	13.2
- Machineries	1,050	1,364	(314)	(23.0)
Operating Profit / (Loss)				
- Labels	6,765	7,232	(467)	(6.5)
- Machineries	163	211	(48)	(22.7)

Labels segment

For the period ended 31 January 2014, the labels revenue increased by 13.2% to RM114.168 million from RM100.813 million achieved in the corresponding period of the last year.

The labels segment recorded an operating profit of RM6.765 million for the period ended 31 January 2014 as compared to the operating profit of RM7.232 million for the corresponding period last year. The decrease in the operating profit was mainly due to the increase of overhead costs, decrease in margin and a disposal gain of RM0.721 million recorded in the preceding year corresponding period.

Machineries segment

For the period ended 31 January 2014, the machineries revenue decreased by RM314 thousand to RM1.050 million from RM1.364 million achieved in the corresponding period of the last year

The machineries segment recorded an operating profit of RM163 thousand for the period ended 31 January 2014 as compared to the operating profit of RM211 thousand for the corresponding period last year. The decrease in the operating profit was mainly due to lower revenue.

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B2. Comparison with the Preceding Quarter's Results

The Group recorded a revenue of RM42.509 million as compared to RM38.919 million for the preceding quarter, representing an increase of RM3.590 million (9.22%).

The Group recorded profit before taxation of RM1.048 million compared to profit before taxation of RM0.689 million for the preceding quarter. The increase in profit before taxation was mainly due to higher revenue.

B3. Current Year Prospects

The financial year of 2014 is a challenging year for the Group due to the uncertainty in the world economy and the competitive conditions. However, the Board expects the business of the Group to remain profitable.

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

Income tax
- Current expenses

Current Quarter
RM'000

935

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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 and lapsed in December 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>Jan'14</u>	<u>Apr'13</u>
	<u>RM'000</u>	<u>RM'000</u>
<u>Short Term Borrowings</u>		
Bankers' Acceptance - Secured	12,656	14,188
- Unsecured	4,671	1,317
Term Loan - Secured	559	3,506
- Unsecured	1,190	--
Bank overdraft - Secured	6,264	12,628
- Unsecured	--	2,398
Trust receipts - Secured	--	--
- Unsecured	72	--
Short Term Loan - Secured	--	--
- Unsecured	24,578	22,956
Finance Lease and Hire Purchase Liabilities	<u>4,585</u>	<u>4,068</u>
	<u>54,575</u>	<u>61,061</u>
<u>Long Term Borrowings</u>		
Term Loans - Secured	8,433	2,148
- Unsecured	2,606	1,100
Finance Lease and Hire Purchase Liabilities	<u>6,823</u>	<u>5,629</u>
	<u>17,862</u>	<u>8,877</u>

The borrowings' currency breakdown as per follows:

	<u>Period Ended</u>	<u>Year Ended</u>
	<u>Jan'14</u>	<u>Apr'13</u>
	<u>RM'000</u>	<u>RM'000</u>
RM	33,446	34,395
RMB	32,802	29,538
THB	5,276	5,145
USD	583	649
SGD	<u>330</u>	<u>211</u>
	<u>72,437</u>	<u>69,938</u>

B9. Material Litigation

There is no material litigation for the period ended 31 January 2014 and as at 27 March 2014.

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B10. Dividend Payable

No dividend has been proposed for the period ended 31 January 2014.

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)	112,982
Weighted Average Number of Ordinary Shares	81,274,093
Basic Earnings Per Share (Sen)	0.14

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

	As at 31 Jan 2014 RM'000	As at 31 Jan 2013 RM'000 (Restated)
Total Retained Profits : -		
i) Company and subsidiaries		
- Realised profit	20,870	29,696
- Unrealised loss	<u>(2,801)</u>	<u>(1,247)</u>
	<u>18,069</u>	<u>28,449</u>
ii) Associate		
- Realised Loss	(2)	(2)
- Unrealised profit	<u>-</u>	<u>-</u>
	<u>(2)</u>	<u>(2)</u>
Less : Consolidation Adjustments	(4,930)	(6,456)
Total	<u>13,137</u>	<u>21,991</u>

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B13. Notes For Statement of Comprehensive Income

	<u>Period Ended</u> <u>Jan'14</u> <u>RM'000</u>	<u>Period Ended</u> <u>Jan'13</u> <u>RM'000</u>
a) Interest income	79	80
b) Other income including investment income	144	519
c) Interest expense	3,866	3,726
d) Depreciation and amortization	9,790	8,830
e) Provision for and write off of receivables	155	152
f) Provision for and write off of inventories	320	(68)
g) Gain/ (loss) on disposal of quoted or unquoted investments or properties	(1)	926
h) (Impairment)/ Reversal of impairment of assets	--	--
i) Foreign exchange gain/ (loss)	(173)	120
j) Gain/ (loss) on derivatives	--	--
k) Exceptional items	--	--