

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

**NOTES TO THE INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS  
FOR THE FOURTH QUARTER ENDED 30 APR 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 30 April 2014, 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 current quarter.

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**A9. Segmental Information**

**Business Segments (30<sup>th</sup> April 2014)**

	Manufacturing Of Self Adhesive Stickers and Trading Of Related Products RM '000	Manufacturing of Machineries RM '000	Elimination RM '000	Consolidated RM'000
Revenue from				
External Customers	151,134	749	--	151,883
Inter-segment revenue	--	945	(945)	--
Total Revenue	<u>151,134</u>	<u>1,694</u>	<u>(945)</u>	<u>151,883</u>
Loss	(11,668)	(10,311)	--	(21,979)
Unallocated Expenses				(1,452)
Interest Income				128
Finance Costs				(5,177)
Share of loss of associate				--
Loss before Taxation				<u>(28,480)</u>
Income Tax Expenses				<u>(635)</u>
Net Loss for the Period				<u>(29,115)</u>

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

	Manufacturing Of Self Adhesive Stickers and Trading Of Related Products RM '000	Manufacturing of Machineries RM '000	Elimination RM '000	Consolidated RM'000
Revenue from				
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	4,520	306	--	4,826
Unallocated Expenses				(1,706)
Interest Income				98
Finance Costs				(5,491)
Share of loss of associate				--
Loss before Taxation				<u>(2,273)</u>
Income Tax Expenses				<u>(2,558)</u>
Net Loss for the Period				<u>(4,831)</u>

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**A10. Property, Plant And Equipment**

During the period, the Group had revalued its land and buildings and generated a property revaluation reserve of RM12.0 million.

**A11. Material Events Subsequent to the Interim Period**

There were no material events subsequent to the quarter ended 30 April 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 30 April 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 loss before taxation of RM30.828 million for the current quarter as compared to a loss before taxation of RM4.674 million for the corresponding quarter last year.

The segmental performance analysis is as follows:

**I) Analysis of Current Quarter Performance**

	<b>Current Quarter Ended 30 Apr'14</b>	<b>Preceding Year Corresponding Quarter 30 Apr'13</b>	<b>Variance</b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>%</b>
Revenue				
- Labels	36,966	34,684	2,282	6.6
- Machineries	644	609	35	5.7
Operating Profit / (Loss)				
- Labels	(18,433)	(2,712)	(15,721)	(579.7)
- Machineries	(10,474)	95	(10,569)	(11,125.3)

Labels segment

For the quarter ended 30 April 2014, the labels revenue increased by 6.6% to RM36.966 million from RM34.684 million achieved in the corresponding quarter of the last year.

The label segment recorded an operating loss of RM18.433 million for the quarter ended 30 April 2014 as compared to the operating loss of RM2.712 million for the corresponding quarter last year. The increase in the operating loss was mainly due to assets impairment, provision for slow moving inventory, writing off obsolete inventory, provision for doubtful debts and writing off development cost (R&D).

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Machineries segment

For the quarter ended 30 April 2014, the machineries revenue increased by RM35 thousand to RM644 thousand from RM609 thousand achieved in the corresponding quarter of the last year.

The machineries segment recorded an operating loss of RM10.474 million for the quarter ended 30 April 2014 as compared to the operating profit of RM95 thousand for the corresponding quarter last year. The increase in the operating loss was mainly due to impairment of machinery and writing off obsolete inventory.

**II) Analysis of Twelve Months Performance**

	<b>Year Ended 30 Apr'14</b>	<b>Corresponding Year Ended 30 Apr'13</b>	<b>Variance</b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>%</b>
Revenue				
- Labels	151,134	135,497	15,637	11.5
- Machineries	1,694	1,973	(279)	(14.1)
Operating Profit / (Loss)				
- Labels	(11,668)	4,520	(16,188)	(358.1)
- Machineries	(10,311)	306	(10,617)	(3,469.6)

Labels segment

For the period ended 30 April 2014, the labels revenue increased by 11.5% to RM151.134 million from RM135.497 million achieved in the corresponding period of the last year.

The labels segment recorded an operating loss of RM11.668 million for the period ended 30 April 2014 as compared to the operating profit of RM4.520 million for the corresponding period last year. The increase in the operating loss was mainly due to the assets impairment, provision for slow moving inventory, writing off obsolete inventory, provision for doubtful debts and writing off development cost (R&D).

Machineries segment

For the period ended 30 April 2014, the machineries revenue decreased by RM279 thousand to RM1.694 million from RM1.973 million achieved in the corresponding period of the last year

The machineries segment recorded an operating loss of RM10.311 million for the period ended 30 April 2014 as compared to the operating profit of RM306 thousand for the corresponding period last year. The increase in the operating loss was mainly due to impairment of machinery and writing off obsolete inventory.

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

The Group recorded a revenue of RM36.977 million as compared to RM42.509 million for the preceding quarter, representing an decrease of RM5.532 million (13%), loss before taxation of RM30.828 million compared to profit before taxation of RM1.048 million for the preceding quarter. The increase in loss before taxation was mainly due to assets impairment, provision for slow moving inventory, writing off obsolete inventory, provision for doubtful debts and writing off development cost (R&D).

**B3. Current Year Prospects**

The Group is optimistic on the positive outlook for the forthcoming financial year ended 2015 amid the uncertainty of the global economy and the competitive conditions.

**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**

**(797)**

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The Group's tax charge for the period relates to the reversal of the deferred tax of certain subsidiaries.

**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 fund raising proposals that were announced on 25 April 2014 and 24 June 2014.

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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>Year Ended</u> <u>Apr'14</u> <u>RM'000</u>	<u>Year Ended</u> <u>Apr'13</u> <u>RM'000</u>
<b><u>Short Term Borrowings</u></b>		
Bankers' Acceptance - Secured	13,891	14,188
- Unsecured	4,979	1,317
Term Loan - Secured	559	3,506
- Unsecured	1,220	--
Bank overdraft - Secured	7,696	12,628
- Unsecured	--	2,398
Trust receipts - Secured	--	--
- Unsecured	242	--
Short Term Loan - Secured	--	--
- Unsecured	23,798	22,956
Finance Lease and Hire Purchase Liabilities	<u>5,251</u>	<u>4,068</u>
	<b><u>57,636</u></b>	<b><u>61,061</u></b>
<b><u>Long Term Borrowings</u></b>		
Term Loans - Secured	8,054	2,148
- Unsecured	2,286	1,100
Finance Lease and Hire Purchase Liabilities	<u>4,244</u>	<u>5,629</u>
	<b><u>14,584</u></b>	<b><u>8,877</u></b>

The borrowings' currency breakdown as per follows:

	<u>Year Ended</u> <u>Apr'14</u> <u>RM'000</u>	<u>Year Ended</u> <u>Apr'13</u> <u>RM'000</u>
RM	35,509	34,395
RMB	30,255	29,538
THB	5,649	5,145
USD	494	649
SGD	<u>313</u>	<u>211</u>
	<b><u>72,220</u></b>	<b><u>69,938</u></b>

**B9. Material Litigation**

There is no material litigation for the period ended 30 April 2014 and as at 30 June 2014.



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**B10. Dividend Payable**

No dividend has been proposed for the period ended 30 April 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/ (Loss) attributable to Shareholders (RM)	(30,030,473)
Weighted Average Number of Ordinary Shares	81,274,093
Basic Earnings/ (Loss) Per Share (Sen)	(36.95)

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

	<b>As at 30 April 2014 RM'000</b>	<b>As at 30 April 2013 RM'000</b>
Total Retained Profit/ (Loss) : -		
i) Company and subsidiaries		
- Realised profit/ (loss)	(14,137)	22,740
- Unrealised profit/ (loss)	<u>(843)</u>	<u>(2,774)</u>
	<u>(14,980)</u>	<u>19,966</u>
ii) Associate		
- Realised profit/ (loss)	(2)	(2)
- Unrealised profit/ (loss)	<u>-</u>	<u>-</u>
	<u>(2)</u>	<u>(2)</u>
Less : Consolidation Adjustments	(1,912)	(6,453)
<b>Total</b>	<b><u>(16,894)</u></b>	<b><u>13,511</u></b>

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

	<u>Year Ended</u> <u>Apr'14</u> <u>RM'000</u>	<u>Year Ended</u> <u>Apr'13</u> <u>RM'000</u>
a) Interest income	128	98
b) Other income including investment income	253	178
c) Interest expense	5,177	5,491
d) Depreciation and amortization	13,096	12,327
e) Provision for and writing off of receivables	2,587	519
f) Provision for slow moving inventory/ writing off obsolete inventory	1,924	3,413
g) Gain/ (loss) on disposal of quoted or unquoted investments or properties	--	926
h) Impairment of assets	7,113	28
i) Foreign exchange gain/ (loss)	(167)	(4)
j) Labelling machineries division		
- Impairment of assets	2,755	--
- Writing off obsolete inventory	7,181	--
k) Hand held labeller division		
- Impairment of assets	891	--
- Writing off obsolete inventory	417	--
l) PE Stretch Sleeve division		
- Impairment of assets	158	--
m) Writing off development cost (R&D)	1,654	--
n) Manufacturing division of branches		
- Impairment of assets	1,012	--