

**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 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 2014.

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 2014 except for the adoption of the following new amendments:-

Effective for annual periods beginning on or after 1 January 2014

Amendments to MFRS 10 : Consolidated Financial Statements
Amendments to MFRS 12 : Disclosure of Interests of Other Entities
Amendments to MFRS 127 : Consolidated and Separate Financial Statements
Amendments to MFRS 132 : Financial Instruments : Presentation (Offsetting
Financial Assets and Financial Liabilities)
Amendments to MFRS 136 : Recoverable Amount Disclosures for Non-Financial Assets
Amendments to MFRS 139 : (Novation of Derivatives and Continuation of Hedge
Accounting)

Effective for annual periods beginning on or after 1 July 2014

Amendments to MFRS 119 : Defined Benefit Plans: Employee Contributions
Annual Improvements to MFRSs 2010-2012 Cycle
Annual Improvements to MFRSs 2011-2013 Cycle

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

A3. Audit Report

The audit report for the financial statements of the Group for the financial year ended 30 April 2014 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.

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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 July 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.

A9. Segmental Information

Business Segments (31st July 2014)

	Manufacturing Of Self Adhesive Stickers and Trading Of Related Products RM '000	Discontinued Unprofitable Business RM '000	Elimination RM '000	Consolidated RM'000
Revenue from				
External Customers	33,039	67	--	33,106
Inter-segment revenue	--	220	(220)	--
Total Revenue	<u>33,039</u>	<u>287</u>	<u>(220)</u>	<u>33,106</u>
Profit	750	43	--	793
Unallocated Expenses				(207)
Interest Income				25
Finance Costs				(1,184)
Share of loss of associate				--
Loss before Taxation				<u>(573)</u>
Income Tax Expenses				<u>(437)</u>
Net Loss for the Period				<u>(1,010)</u>

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Business Segments (31st July 2013)

	Manufacturing Of Self Adhesive Stickers and Trading Of Related Products	Discontinued Unprofitable Business	Elimination	Consolidated
	RM '000	RM '000	RM '000	RM'000
Revenue from				
External Customers	33,262	216	--	33,478
Inter-segment revenue	--	49	(49)	--
Total Revenue	33,262	265	(49)	33,478
Profit	2,239	37	--	2,276
Unallocated Expenses				(269)
Interest Income				25
Finance Costs				(1,421)
Share of loss of associate				--
Profit before Taxation				611
Income Tax Expenses				(200)
Net Profit for the Period				411

A10. Property, Plant And Equipment

The revaluation of land and buildings have been brought forward, without any amendment to the previous annual financial statement.

A11. Material Events Subsequent to the Interim Period

There were no material events subsequent to the quarter ended 31 July 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 July 2014, the Company has given a guarantee of RM52.3 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 RM0.573 million for the current quarter as compared to a profit before taxation of RM0.611 million for the corresponding quarter last year.

The segmental performance analysis is as follows:

I) Analysis of Current Quarter Performance

	Current Quarter Ended 31 Jul'14	Preceding Year Corresponding Quarter 31 Jul'13	Variance	
	RM'000	RM'000	RM'000	%
Revenue				
- Labels	33,039	33,262	(223)	(0.7)
- Discontinued Unprofitable Business	287	265	22	8.3
Operating Profit / (Loss)				
- Labels	750	2,239	(1,489)	(66.5)
- Discontinued Unprofitable Business	43	37	6	16.2

Labels segment

For the quarter ended 31 July 2014, the labels revenue marginal decreased by 0.7% to RM33.039 million from RM33.262 million achieved in the corresponding quarter of the last year.

The label segment recorded an operating profit of RM0.750 million for the quarter ended 31 July 2014 as compared to the operating profit of RM2.239 million for the corresponding quarter last year. The decrease in the operating profit was mainly due to higher material usage and employee benefits expenses.

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Discontinued unprofitable business segment

For the quarter ended 31 July 2014, the discontinued unprofitable business revenue increased by RM22,000 to RM287,000 from RM265,000 achieved in the corresponding quarter of the last year.

The discontinued unprofitable business recorded an operating profit of RM43,000 for the quarter ended 31 July 2014 as compared to the operating profit of RM37,000 for the corresponding quarter last year. The increase in the operating profit was mainly due to higher revenue.

B2. Comparison with the Preceding Quarter's Results

The Group recorded a revenue of RM33.106 million as compared to RM36.977 million for the preceding quarter, representing an decrease of RM3.871 million (10.5%), loss before taxation of RM0.573 million compared to loss before taxation of RM30.828 million for the preceding quarter. The decrease 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) that recorded in the preceding quarter.

B3. Current Year Prospects

The outlook of the Group remains challenging for the financial year ending 30 April 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.

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B6. Taxation

	Current Quarter <u>RM'000</u>
Income tax	
- Current expenses	437
	=====

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 multiple proposals (inclusive par value reduction, fund raising, and amendments to memorandum and articles of association) that were announced on 24 June 2014, 1 August 2014, and 15 August 2014.

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>Jul'14</u> <u>RM'000</u>	<u>Year Ended</u> <u>Apr'14</u> <u>RM'000</u>
<u>Short Term Borrowings</u>		
Bankers' Acceptance - Secured	13,731	13,891
- Unsecured	4,947	5,221
Term Loan - Secured	1,472	1,427
- Unsecured	--	--
Bank overdraft - Secured	6,206	7,764
- Unsecured	--	32
Trust receipts - Secured	--	--
- Unsecured	--	--
Short Term Loan - Secured	--	1,565
- Unsecured	23,564	22,233
Finance Lease and Hire Purchase Liabilities	<u>5,124</u>	<u>5,346</u>
	<u>55,044</u>	<u>57,479</u>
<u>Long Term Borrowings</u>		
Term Loans - Secured	10,066	10,691
- Unsecured	--	--
Finance Lease and Hire Purchase Liabilities	<u>3,477</u>	<u>4,149</u>
	<u>13,543</u>	<u>14,840</u>

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The borrowings' currency breakdown as per follows:

	<u>Year Ended</u> <u>Jul'14</u> <u>RM'000</u>	<u>Year Ended</u> <u>Apr'14</u> <u>RM'000</u>
RM	33,291	35,609
RMB	28,775	30,254
THB	5,399	5,649
USD	829	494
SGD	<u>293</u>	<u>313</u>
	<u>68,587</u>	<u>72,319</u>

B9. Material Litigation

There is no material litigation for the period ended 31 July 2014 and as at 25 September 2014.

B10. Dividend Payable

No dividend has been proposed for the period ended 31 July 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)	(1,010,331)
Weighted Average Number of Ordinary Shares	81,275,010
Basic Earnings/ (Loss) Per Share (Sen)	(1.24)

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

	As at 31 July 2014 RM'000	As at 31 July 2013 RM'000
Total Retained Profit/ (Loss) : -		
i) Company and subsidiaries		
- Realised profit/ (loss)	(17,722)	24,379
- Unrealised profit/ (loss)	<u>(645)</u>	<u>(2,665)</u>
	<u>(18,367)</u>	<u>21,714</u>
ii) Associate		
- Realised profit/ (loss)	(2)	(2)
- Unrealised profit/ (loss)	<u>-</u>	<u>-</u>
	<u>(2)</u>	<u>(2)</u>
Less : Consolidation Adjustments	81	(7,790)
Total	<u>(18,288)</u>	<u>13,922</u>

B13. Notes For Statement of Comprehensive Income

	<u>Year Ended Jul'14 RM'000</u>	<u>Year Ended Jul'13 RM'000</u>
a) Interest income	25	25
b) Other income including investment income	485	12
c) Interest expense	1,184	1,421
d) Depreciation and amortization	2,531	3,176
e) Provision for and writing off of receivables	(2)	--
f) Foreign exchange gain/ (loss)	(207)	(144)