

**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 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

During the current quarter, the Company has cancelled 1,000 of its treasury shares.

As at 31 Oct 2014, there was no treasury shares hold by the company.

A8. Dividend Paid

No dividend was paid during the current quarter.

A9. Segmental Information

Business Segments (31st Oct 2014)

	Manufacturing Of Self Adhesive Stickers and Trading Of Related Products RM '000	Discontinued Business RM '000	Elimination RM '000	Consolidated RM'000
Revenue from				
External Customers	66,324	235	--	66,559
Inter-segment revenue	--	364	(364)	--
Total Revenue	<u>66,324</u>	<u>599</u>	<u>(364)</u>	<u>66,559</u>
Profit	2,375	90	--	2,465
Unallocated Expenses				(452)
Interest Income				42
Finance Costs				(2,449)
Share of loss of associate				--
Loss before Taxation				<u>(394)</u>
Income Tax Expenses				<u>(902)</u>
Net Loss for the Period				<u>(1,296)</u>

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Business Segments (31st Oct 2013)

	Manufacturing Of Self Adhesive Stickers and Trading Of Related Products RM '000	Discontinued Business 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				<u>--</u>
Profit before Taxation				<u>1,300</u>
Income Tax Expenses				<u>(497)</u>
Net Profit for the Period				<u>803</u>

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 Oct 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 Oct 2014, the Company has given a guarantee of RM52 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 RM0.179 million for the current quarter as compared to a profit before taxation of RM0.689 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'14	Preceding Year Corresponding Quarter 31 Oct'13	Variance	
	RM'000	RM'000	RM'000	%
Revenue				
- Labels	33,285	39,048	(5,763)	(14.8)
- Discontinued Business	312	81	231	285.2
Operating Profit / (Loss)				
- Labels	1,625	2,346	(721)	(30.7)
- Discontinued Business	47	15	32	213.3

Labels segment

For the quarter ended 31 Oct 2014, the labels revenue decreased by 14.8% to RM33.285 million from RM39.048 million achieved in the corresponding quarter of the last year.

The label segment recorded an operating profit of RM1.625 million for the quarter ended 31 Oct 2014 as compared to the operating profit of RM2.346 million for the corresponding quarter last year. The decrease in the operating profit was mainly due to decrease in revenue and higher employee benefits expenses.

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Discontinued business segment

For the quarter ended 31 Oct 2014, the discontinued business revenue increased by RM231,000 to RM312,000 from RM81,000 achieved in the corresponding quarter of the last year.

This business recorded an operating profit of RM47,000 for the quarter ended 31 Oct 2014 as compared to the operating profit of RM15,000 for the corresponding quarter last year. The increase in the operating profit was mainly due to higher revenue.

II) Analysis of Six Months Performance

	Period Ended	Corresponding	Variance	
	31 Oct'14	Period Ended		
	RM'000	31 Oct'13	RM'000	%
		RM'000		
Revenue				
- Labels	66,324	72,310	(5,986)	(8.3)
- Discontinued Business	599	346	253	73.1
Operating Profit / (Loss)				
- Labels	2,375	4,585	(2,210)	(48.2)
- Discontinued Business	90	52	38	73.1

Labels segment

For the period ended 31 Oct 2014, the labels revenue decreased by 8.3% to RM66.324 million from RM72.310 million achieved in the corresponding period of the last year.

The labels segment recorded an operating profit of RM2.375 million for the period ended 31 Oct 2014 as compared to the operating profit of RM4.585 million for the corresponding period last year. The decrease in the operating profit was mainly due to the decrease of revenue, increase of employee benefits expenses and decrease in margin.

Discontinued business segment

For the period ended 31 Oct 2014, the revenue increased by RM253,000 to RM599,000 from RM346,000 achieved in the corresponding period of the last year

This segment recorded an operating profit of RM90,000 for the period ended 31 Oct 2014 as compared to the operating profit of RM52,000 for the corresponding period last year. The increase in the operating profit was mainly due to higher revenue.

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B2. Comparison with the Preceding Quarter's Results

The Group recorded a revenue of RM33.453 million as compared to RM33.106 million for the preceding quarter, representing an increase of RM0.347 million (1%), profit before taxation of RM0.179 million compared to loss before taxation of RM0.573 million for the preceding quarter. The increase in profit before taxation was mainly due to improvement on productivity.

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.

B6. Taxation

Income tax
- Current expenses

Current Quarter
RM'000

465

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, 15 August 2014, 25 Nov 2014, 8 Dec 2014 and 15 Dec 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>Oct'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	13,249	13,891
- Unsecured	4,773	5,221
Term Loan - Secured	1,505	1,427
- Unsecured	--	--
Bank overdraft - Secured	6,496	7,764
- Unsecured	--	32
Trust receipts - Secured	--	--
- Unsecured	--	--
Short Term Loan - Secured	--	1,565
- Unsecured	24,219	22,233
Finance Lease and Hire Purchase Liabilities	<u>4647</u>	<u>5,346</u>
	<u>54,889</u>	<u>57,479</u>
<u>Long Term Borrowings</u>		
Term Loans - Secured	9,515	10,691
- Unsecured	--	--
Finance Lease and Hire Purchase Liabilities	<u>3,138</u>	<u>4,149</u>
	<u>12,653</u>	<u>14,840</u>

The borrowings' currency breakdown as per follows:

	<u>Year Ended</u> <u>Oct'14</u> <u>RM'000</u>	<u>Year Ended</u> <u>Apr'14</u> <u>RM'000</u>
RM	31,600	35,609
RMB	29,232	30,254
THB	6,049	5,649
USD	381	494
SGD	<u>280</u>	<u>313</u>
	<u>67,542</u>	<u>72,319</u>

B9. Material Litigation

There is no material litigation for the period ended 31 Oct 2014 and as at 23 December 2014.

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B10. Dividend Payable

No dividend has been proposed for the period ended 31 Oct 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)	(285,523)
Weighted Average Number of Ordinary Shares	81,274,593
Basic Earnings/ (Loss) Per Share (Sen)	(0.35)

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

	As at 31 Oct 2014 RM'000	As at 31 Oct 2013 RM'000
Total Retained Profit/ (Loss) : -		
i) Company and subsidiaries		
- Realised profit/ (loss)	(17,398)	22,086
- Unrealised profit/ (loss)	<u>(570)</u>	<u>(2,729)</u>
	<u>(17,968)</u>	<u>19,357</u>
ii) Associate		
- Realised profit/ (loss)	(2)	(2)
- Unrealised profit/ (loss)	<u>-</u>	<u>-</u>
	<u>(2)</u>	<u>(2)</u>
Less : Consolidation Adjustments	(604)	(5,925)
Total	<u>(18,574)</u>	<u>13,430</u>

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B13. Notes For Statement of Comprehensive Income

	<u>Year Ended</u> <u>Oct'14</u> <u>RM'000</u>	<u>Year Ended</u> <u>Oct'13</u> <u>RM'000</u>
a) Interest income	42	43
b) Other income including investment income	133	32
c) Interest expense	2,449	2,809
d) Depreciation and amortization	5,177	6,483
e) Provision for and writing off of receivables	(127)	27
f) Provision for and writing off of inventories	(4)	14
f) Foreign exchange gain/ (loss)	46	(103)