

**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 APRIL 2015**

**A1. Basis of preparation**

This interim financial report have been reviewed by the Company's external auditors as directed by Bursa Malaysia vide its letter 17 December 2014.

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.

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**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, except for those disclosed in note B13.

**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 except for:

- 1) Cancellation of 1,000 treasury shares on 03/10/2014.
- 2) Rights issue of up to 40,637,005 new ordinary shares of RM0.25 each together with 40,637,005 free detachable warrants pursuant to the Rights issue with warrants exercise which was completed on 22 January 2015.
- 3) Conversion of 2,833 and 700,000 warrants into 2,833 and 700,000 new ordinary shares of RM0.25 each on 5/3/2015 and 29/4/2015 respectively and listed on the next day.

**A8. Dividend Paid**

No dividend was paid during the current quarter.

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FOR THE FOURTH QUARTER ENDED 30 APRIL 2015**

**A9. Segmental Information**

**Business Segments (30<sup>th</sup> Apr 2015)**

	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	139,183	265	--	139,448
Inter-segment revenue	--	364	(364)	--
Total Revenue	<u>139,183</u>	<u>629</u>	<u>(364)</u>	<u>139,448</u>
Loss	(6,450)	94	--	(6,356)
Unallocated Profit				622
Interest Income				91
Finance Costs				(4,901)
Share of loss of associate				--
Loss before Taxation				<u>(10,544)</u>
Income Tax Expenses				<u>(1,797)</u>
Net Loss for the Period				<u>(12,341)</u>

**Business Segments (30<sup>th</sup> Apr 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	141,056	749	--	141,805
Inter-segment revenue	--	945	(945)	--
Total Revenue	<u>141,056</u>	<u>1,694</u>	<u>(945)</u>	<u>141,805</u>
Loss	(11,992)	(10,311)	--	(22,303)
Unallocated Expenses				(1,458)
Interest Income				129
Finance Costs				(5,072)
Share of loss of associate				--
Loss before Taxation				<u>(28,704)</u>
Income Tax Expenses				<u>(205)</u>
Net Loss for the Period				<u>(28,909)</u>

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FOR THE FOURTH QUARTER ENDED 30 APRIL 2015**

**A10. Property, Plant And Equipment**

During the period, the Group had revalued its land and buildings and generated a property revaluation reserve of RM9.5 million.

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

There were no material events subsequent to the quarter ended 30 Apr 2015.

**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 Apr 2015, the Company has given a guarantee of RM37.4 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 RM11.346 million for the current quarter as compared to a loss before taxation of RM31.052 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'15</b>	<b>Preceding Year Corresponding Quarter 30 Apr'14</b>	<b>Variance</b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>%</b>
Revenue				
- Labels	36,719	26,888	9,831	36.6
- Discontinued Business	--	644	(644)	(100.0)
Operating Profit / (Loss)				
- Labels	(11,679)	(18,757)	7,078	37.7
- Discontinued Business	--	(10,474)	10,474	100.0

Labels segment

For the quarter ended 30 Apr 2015, the labels revenue increased by 36.6% to RM36.719 million from RM26.888 million achieved in the corresponding quarter of the last year.

The label segment recorded an operating loss of RM11.679 million for the quarter ended 30 Apr 2015 as compared to the operating loss of RM18.757 million for the corresponding quarter last year. The decrease in the operating loss was mainly due to the higher sum of assets impairment, provision for slow moving inventory, writing off obsolete inventory, provision for doubtful debts and writing off development cost (R&D) recorded in the preceding year corresponding quarter.

Excluding the one off adjustments that amounting to RM14.310 million, the labels segment would report an operating profit of RM2.631 million

Discontinued business segment

It is not relevant as this business segment was totally ceased in this quarter.

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FOR THE FOURTH QUARTER ENDED 30 APRIL 2015**

**II) Analysis of Twelve Months Performance**

	<b>Period Ended</b>	<b>Corresponding</b>	<b>Variance</b>	
	<b>30 Apr'15</b>	<b>Period Ended</b>		
	<b>RM'000</b>	<b>30 Apr'14</b>	<b>RM'000</b>	<b>%</b>
		<b>RM'000</b>		
Revenue				
- Labels	139,183	141,056	(1,873)	(1.3)
- Discontinued Business	629	1,694	(1,065)	(62.9)
Operating Profit / (Loss)				
- Labels	(6,450)	(11,992)	5,542	46.2
- Discontinued Business	94	(10,311)	10,217	99.1

Labels segment

For the period ended 30 Apr 2015, the labels revenue decreased by 1.3% to RM139.183 million from RM141.056 million achieved in the corresponding period of the last year.

The labels segment recorded an operating loss of RM6.450 million for the period ended 30 Apr 2015 as compared to the operating loss of RM11.992 million for the corresponding period last year. The decrease in the operating loss was mainly due to the higher sum of assets impairment, provision for slow moving inventory, writing off obsolete inventory, provision for doubtful debts and writing off development cost (R&D) recorded in the preceding year.

Excluding the one off adjustments that amounting to RM14.310 million, the labels segment would report an operating profit of RM7.860 million

Discontinued business segment

For the period ended 30 Apr 2015, the revenue decreased by RM1.065 million to RM629,000 from RM1.694 million achieved in the corresponding period of the last year

This segment recorded an operating profit of RM94,000 for the period ended 30 Apr 2015 as compared to the operating loss of RM10.311 million for the corresponding period last year. The decrease in the operating loss was mainly due to the higher sum of assets impairment, provision for slow moving inventory, writing off obsolete inventory, provision for doubtful debts and writing off development cost (R&D) recorded in the preceding year.

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**NOTES TO THE INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS  
FOR THE FOURTH QUARTER ENDED 30 APRIL 2015**

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

The Group recorded a revenue of RM36.719million as compared to RM36.170 million for the preceding quarter, representing an increase of RM549,000 (1.5%), loss before taxation of RM11.346 million compared to profit before taxation of RM1.196 million for the preceding quarter. The decrease in profit before taxation was mainly due to provision for slow moving inventory, writing off obsolete inventory and provision for doubtful debts.

Excluding the one off adjustments that amounting to RM14.310 million, the Group would report a profit before tax of RM2.964 million

**B3. Current Year Prospects**

The Group is cautiously optimistic on the positive outlook for the forthcoming financial year ended 2016 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**

	<b>Current Quarter</b> <b><u>RM'000</u></b>
Income tax	
- Current expenses	<b>507</b>
	=====

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

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FOR THE FOURTH QUARTER ENDED 30 APRIL 2015**

**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. The multiple proposals had been completed on 22/01/2015.

Status of utilisation of proceeds

As at the date of this announcement, the total proceed of RM12.191 million arising from the Rights Issue exercise was utilised as follows.

Purposes	Proposed utilisation	Actual utilisation	Balance	Time frame for utilisation
Repayment of bank borrowings	9,000	9,000	--	Within twelve months from completion
Purchase of machinery	932	--	932	Within twelve months from completion
Working capital	1,659	1,659	--	Within six months from completion
Estimated expenses in relation to the Corporate Exercises	600	535	65	Upon completion
	12,191	11,194	997	

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FOR THE FOURTH QUARTER ENDED 30 APRIL 2015**

**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'15</u> <u>RM'000</u>	<u>Year Ended</u> <u>Apr'14</u> <u>RM'000</u>
<b><u>Short Term Borrowings</u></b>		
Bankers' Acceptance - Secured	4,681	13,891
- Unsecured	2,324	5,221
Term Loan - Secured	1,570	1,427
- Unsecured	--	--
Bank overdraft - Secured	5,138	7,764
- Unsecured	643	32
Trust receipts - Secured	--	--
- Unsecured	--	--
Short Term Loan - Secured	--	1,565
- Unsecured	25,460	22,233
Finance Lease and Hire Purchase Liabilities	<u>3,501</u>	<u>5,346</u>
	<b><u>43,317</u></b>	<b><u>57,479</u></b>
<b><u>Long Term Borrowings</u></b>		
Term Loans - Secured	8,329	10,691
- Unsecured	--	--
Finance Lease and Hire Purchase Liabilities	<u>2,682</u>	<u>4,149</u>
	<b><u>11,011</u></b>	<b><u>14,840</u></b>

The borrowings' currency breakdown as per follows:

	<u>Year Ended</u> <u>Apr'15</u> <u>RM'000</u>	<u>Year Ended</u> <u>Apr'14</u> <u>RM'000</u>
RM	19,468	35,609
RMB	29,156	30,254
THB	5,176	5,649
USD	270	494
SGD	<u>258</u>	<u>313</u>
	<b><u>54,328</u></b>	<b><u>72,319</u></b>

**B9. Material Litigation**

There is no material litigation for the period ended 30 Apr 2015 and as at 22 June 2015.

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FOR THE FOURTH QUARTER ENDED 30 APRIL 2015**

**B10. Dividend Payable**

No dividend has been proposed for the period ended 30 Apr 2015.

**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)	(11,853,318)
Weighted Average Number of Ordinary Shares	101,836,597
Basic Earnings/ (Loss) Per Share (Sen)	(11.64)
Weighted Average Number of Ordinary Shares (Diluted)	106,512,395
Diluted Earnings/ (Loss) Per Share (Sen)	(11.13)

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

	<b>As at 30 Apr 2015 RM'000</b>	<b>As at 30 Apr 2014 RM'000</b>
Total Retained Profit/ (Loss) : -		
i) Company and subsidiaries		
- Realised profit/ (loss)	(8,798)	(14,230)
- Unrealised profit/ (loss)	<u>1,789</u>	<u>(546)</u>
	<u>(7,009)</u>	<u>(14,776)</u>
ii) Associate		
- Realised profit/ (loss)	(2)	(2)
- Unrealised profit/ (loss)	<u>-</u>	<u>-</u>
	<u>(2)</u>	<u>(2)</u>
Less : Consolidation Adjustments	(1,871)	(1,912)
<b>Total</b>	<u><b>(8,882)</b></u>	<u><b>(16,690)</b></u>

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FOR THE FOURTH QUARTER ENDED 30 APRIL 2015**

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

	<u>Period Ended</u> <u>Apr'15</u> <u>RM'000</u>	<u>Period Ended</u> <u>Apr'14</u> <u>RM'000</u>
a) Interest income	91	129
b) Other income including investment income	2,976	232
c) Interest expense	4,901	5,072
d) Depreciation and amortization	10,698	12,888
e) Provision for and writing off of receivables	628	2,560
f) Provision for and writing off of inventories	13,363	9,956*Restated
g) Gain/ (loss) on disposal of quoted or unquoted investments or properties	--	(1)
h) Impairment/ (Reversal of impairment) of assets	(76)	12,512
i) Foreign exchange gain/ (loss)	2,696	(180)