

**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 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 2015.

These explanatory notes, attached to the interim financial report, provide an explanation of the events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 30 April 2015.

A2. Changes in Accounting Policies

The accounting policies and methods of computations used in the preparation of the financial statements are consistent with those adopted in the audited financial statements for the year ended 30 April 2015.

The Group has not early adopted new or revised standards and amendments to standards that have been issued but not yet effective for the accounting period beginning 1 May 2015.

The initial application of the MFRSs, Amendments to MFRSs and IC Interpretations, which will be applied prospectively or which requires extended disclosures, is not expected to have any significant financial impact to the financial statements of the Group upon their first adoption.

A3. Audit Report

The audit report for the financial statements of the Group for the financial year ended 30 April 2015 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

As at 31 Oct 2015, the issued and paid up ordinary share capital of the company was RM31,158,462 and a total of 37,914,172 Warrants outstanding. The movements during the financial period were as follows:-

Issued and Paid up Share Capital

	Ordinary shares of RM0.25 each	RM
As at 1 May 2015	122,613,848	30,653,462
Warrants exercised	2,020,000	505,000
As at 31 Oct 2015	124,633,848	31,158,462

5 year Warrants 2015/2020 (“Warrants”)

	Warrants
As at 1 May 2015	39,934,172
Exercised	<u>(2,020,000)</u>
As at 31 Oct 2015/ Date of announcement	<u>37,914,172</u>

A8. Dividend Paid

No dividend was paid during the current quarter.

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A9. Segmental Information

Geographical Segment (31st Oct 2015)

	Asean RM'000	China RM'000	Elimination RM'000	Consolidation RM'000
REVENUE				
External Sales	30,834	51,236	--	82,070
Inter-segment Sales	<u>3,077</u>	<u>1,056</u>	<u>(4,133)</u>	<u>--</u>
Total Revenue	<u>33,911</u>	<u>52,292</u>	<u>(4,133)</u>	<u>82,070</u>
RESULTS				
Segment Results	4,428	5,018	(3,341)	6,105
Unallocated expenses				(296)
Interest Income				41
Finance Cost				<u>(2,042)</u>
Profit before Taxation				3,808
Income Tax Expenses				<u>(1,226)</u>
Net Profit for the period				<u>2,582</u>

Geographical Segment (31st Oct 2014)

	Asean RM'000	China RM'000	Elimination RM'000	Consolidation RM'000
REVENUE				
External Sales	28,930	37,629	--	66,559
Inter-segment Sales	<u>2,859</u>	<u>425</u>	<u>(3,284)</u>	<u>--</u>
Total Revenue	<u>31,789</u>	<u>38,054</u>	<u>(3,284)</u>	<u>66,559</u>
RESULTS				
Segment Results	1,705	1,533	(773)	2,465
Unallocated expenses				(452)
Interest Income				42
Finance Cost				<u>(2,449)</u>
Loss before Taxation				(394)
Income Tax Expenses				<u>(902)</u>
Net Loss for the period				<u>(1,296)</u>

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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 2015 except for receipt of letter of intent to explore a potential transaction involving the operating subsidiary companies that announced on 13 Oct 2015, 16 Oct 2015 & 30 Nov 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 31 Oct 2015, the Company has given a guarantee of RM37 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 RM1.955 million for the current quarter as compared to a profit before taxation of RM0.179 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'15 RM'000	Preceding Year Corresponding Quarter 31 Oct'14 RM'000	Variance	
			RM'000	%
Revenue				
- Asean	16,706	16,218	488	3.0
- China	27,462	18,795	8,667	46.1
Operating Profit / (Loss)				
- Asean	3,079	1,418	1,661	117.1
- China	2,689	957	1,732	181.0

For the quarter ended 31 Oct 2015, the revenue of Asean and China segments had increased by 3% and 46.1% respectively compared to the revenue of the corresponding quarter of last year.

An operating profit of RM5.768 million had recorded in the current quarter that RM3.393 million higher than last year. This was due to higher revenue and weakening of Malaysia Ringgit.

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II) Analysis of Six Months Performance

	Period Ended 31 Oct'15	Corresponding Period Ended 31 Oct'14	Variance	
	RM'000	RM'000	RM'000	%
Revenue				
- Asean	33,911	31,789	2,122	6.7
- China	52,292	38,054	14,238	37.4
Operating Profit / (Loss)				
- Asean	4,428	1,705	2,723	159.7
- China	5,018	1,533	3,485	227.3

For the period ended 31 Oct 2015, the revenue of Asean and China segments had increased by 6.7% and 37.4% respectively compared to the revenue of last year's corresponding period.

An operating profit of RM9.446 million had recorded in the period ended 31 Oct 2015 that RM6.208 million higher than last year. This was due to higher revenue and weakening of Malaysia Ringgit.

B2. Comparison with the Preceding Quarter's Results

The Group recorded a revenue of RM42.136 million as compared to RM39.934 million for the preceding quarter, representing an increase of RM2.202 million (5.5%), profit before taxation of RM1.955 million compared to profit before taxation of RM1.853 million for the preceding quarter. The improvement in profit before taxation was mainly due to the higher revenue.

B3. Current Year Prospects

The Group is cautiously optimistic on the positive outlook for the 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.

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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

	Current Quarter <u>RM'000</u>
Income tax	
- Current expenses	656
	=====

B7. Status of Corporate Proposal

There were no corporate proposals announced from the date of last quarterly report to the date of this announcement.

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'15</u> <u>RM'000</u>	<u>Year Ended</u> <u>Apr'15</u> <u>RM'000</u>
<u>Short Term Borrowings</u>		
Bankers' Acceptance - Secured	3,801	4,680
- Unsecured	564	2,324
Term Loan - Secured	1,532	1,551
- Unsecured	--	--
Bank overdraft - Secured	6,470	5,781
- Unsecured	468	--
Trust receipts - Secured	--	--
- Unsecured	88	--
Short Term Loan - Secured	--	--
- Unsecured	29,913	25,460
Finance Lease and Hire Purchase Liabilities	<u>4,974</u>	<u>3,578</u>
	<u>47,810</u>	<u>43,374</u>
<u>Long Term Borrowings</u>		
Term Loans - Secured	6,884	8,348
- Unsecured	--	--
Finance Lease and Hire Purchase Liabilities	<u>2,071</u>	<u>2,605</u>
	<u>8,955</u>	<u>10,953</u>

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The borrowings' currency breakdown as per follows:

	<u>Year Ended</u> <u>Oct'15</u> <u>RM'000</u>	<u>Year Ended</u> <u>Apr'15</u> <u>RM'000</u>
RM	17,100	19,468
RMB	34,629	29,155
THB	4,619	5,176
USD	166	270
SGD	251	258
	<u>56,765</u>	<u>54,327</u>

B9. Material Litigation

There is no material litigation for the period ended 31 Oct 2015 and as at 22 Dec 2015.

B10. Dividend Payable

No dividend has been proposed for the period ended 31 Oct 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</u> <u>Quarter</u>
Profit/ (Loss) attributable to Shareholders (RM)	1,298,772
Weighted Average Number of Ordinary Shares	124,633,848
Basic Earnings/ (Loss) Per Share (Sen)	1.04
Weighted Average Number of Ordinary Shares (Diluted)	162,548,020
Diluted Earnings/ (Loss) Per Share (Sen)	0.80

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

	As at 31 Oct 2015 RM'000	As at 31 Oct 2014 RM'000
Total Retained Profit/ (Loss) : -		
i) Company and subsidiaries		
- Realised profit/ (loss)	(2,237)	(17,398)
- Unrealised profit/ (loss)	<u>(264)</u>	<u>(570)</u>
	<u>(2,501)</u>	<u>(17,968)</u>
ii) Associate		
- Realised profit/ (loss)	(2)	(2)
- Unrealised profit/ (loss)	<u>-</u>	<u>-</u>
	<u>(2)</u>	<u>(2)</u>
Less : Consolidation Adjustments	(4,101)	(604)
Total	<u>(6,604)</u>	<u>(18,574)</u>

B13. Notes For Statement of Comprehensive Income

	<u>Period Ended Oct'15 RM'000</u>	<u>Period Ended Oct'14 RM'000</u>
a) Interest income	41	42
b) Other income including investment income	358	133
c) Interest expense	2,042	2,449
d) Depreciation and amortization	5,705	5,177
e) Provision for and writing off of receivables	(65)	(127)
f) Provision for and writing off of inventories	(43)	(4)
g) Impairment of R&D Expenditure	276	--
h) Foreign exchange gain/ (loss)	778	46