

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

**NOTES TO THE INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS  
FOR THE THIRD QUARTER ENDED 31 JAN 2016**

**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 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.

**A5. Exceptional / Extraordinary Items**

There were no exceptional or extraordinary items for the current financial period.

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**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 Jan 2016, 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 Jan 2016	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 Jan 2016/ 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 (31<sup>st</sup> Jan 2016)**

	Asean RM'000	China RM'000	Elimination RM'000	Consolidation RM'000
<b>REVENUE</b>				
External Sales	45,185	78,294	--	123,479
Inter-segment Sales	4,239	1,574	(5,813)	--
Total Revenue	<u>49,424</u>	<u>79,868</u>	<u>(5,813)</u>	<u>123,479</u>
<b>RESULTS</b>				
Segment Results	3,979	5,560	(2,045)	7,494
Unallocated expenses				(544)
Interest Income				57
Finance Cost				<u>(2,981)</u>
Profit before Taxation				4,026
Income Tax Expenses				<u>(1,205)</u>
Net Profit for the period				<u>2,821</u>

**Geographical Segment (31<sup>st</sup> Jan 2015)**

	Asean RM'000	China RM'000	Elimination RM'000	Consolidation RM'000
<b>REVENUE</b>				
External Sales	42,357	60,372	--	102,729
Inter-segment Sales	4,147	858	(5,005)	--
Total Revenue	<u>46,504</u>	<u>61,230</u>	<u>(5,005)</u>	<u>102,729</u>
<b>RESULTS</b>				
Segment Results	2,513	4,116	(1,306)	5,323
Unallocated expenses				(708)
Interest Income				63
Finance Cost				<u>(3,876)</u>
Profit before Taxation				802
Income Tax Expenses				<u>(1,290)</u>
Net Loss for the period				<u>(488)</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 Jan 2016 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, 15 Jan 2016, 21 Jan 2016, 29 Feb 2016 and 3 Mar 2016.

**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 Jan 2016, the Company has given a guarantee of RM33 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 RM0.218 million for the current quarter as compared to a profit before taxation of RM1.196 million for the corresponding quarter last year.

The segmental performance analysis is as follows:

**I) Analysis of Current Quarter Performance**

	<b>Current Quarter Ended 31 Jan'16</b>	<b>Preceding Year Corresponding Quarter 31 Jan'15</b>	<b>Variance</b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>%</b>
Revenue				
- Asean	14,351	13,427	924	6.9
- China	27,058	22,743	4,315	19.0
Profit / (Loss) before tax				
- Asean	(576)	(297)	(279)	(93.9)
- China	794	1,493	(699)	(46.8)

For the quarter ended 31 Jan 2016, the revenue of Asean and China segments had increased by 6.9% and 19% respectively compared to the revenue of the corresponding quarter of last year.

A profit before tax of RM0.218 million had recorded in the current quarter that RM0.978 million lower than last year. This was due to the stiff competition, weakening of Malaysia Ringgit and higher operation cost particularly in China.

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**II) Analysis of Nine Months Performance**

	<b>Period Ended</b>	<b>Corresponding</b>	<b>Variance</b>	
	<b>31 Jan'16</b>	<b>Period Ended</b>		
	<b>RM'000</b>	<b>31 Jan'15</b>	<b>RM'000</b>	<b>%</b>
		<b>RM'000</b>		
Revenue				
- Asean	45,185	42,357	2,828	6.7
- China	78,294	60,372	17,922	29.7
Profit / (Loss) before tax				
- Asean	1,552	(704)	2,256	320.5
- China	2,474	1,506	968	64.3

For the period ended 31 Jan 2016, the revenue of Asean and China segments had increased by 6.7% and 29.7% respectively compared to the revenue of last year's corresponding period.

A profit before tax of RM4.026 million had recorded in the period ended 31 Jan 2016 that RM3.224 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 RM41.409 million as compared to RM42.136 million for the preceding quarter, representing a decrease of RM0.727 million (1.7%), profit before taxation of RM0.218 million compared to profit before taxation of RM1.955 million for the preceding quarter. The decrease in profit before taxation was mainly due to the stiff competition, lower revenue and strengthening of Malaysia Ringgit.

**B3. Current Year Prospects**

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

	<b>Current Quarter</b> <b><u>RM'000</u></b>
Income tax	
- Current expenses/ (Reverse overprovision)	<b>(21)</b>
	<b>=====</b>

**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:

	<b><u>Year Ended</u></b> <b><u>Jan'16</u></b> <b><u>RM'000</u></b>	<b><u>Year Ended</u></b> <b><u>Apr'15</u></b> <b><u>RM'000</u></b>
<b><u>Short Term Borrowings</u></b>		
Bankers' Acceptance - Secured	3,256	4,680
- Unsecured	377	2,324
Term Loan - Secured	1,185	1,551
- Unsecured	--	--
Bank overdraft - Secured	7,208	5,781
- Unsecured	721	--
Trust receipts - Secured	--	--
- Unsecured	142	--
Short Term Loan - Secured	--	--
- Unsecured	25,883	25,460
Finance Lease and Hire Purchase Liabilities	<u>3,918</u>	<u>3,578</u>
	<b><u>42,690</u></b>	<b><u>43,374</u></b>
<b><u>Long Term Borrowings</u></b>		
Term Loans - Secured	6,522	8,348
- Unsecured	--	--
Finance Lease and Hire Purchase Liabilities	<u>1,631</u>	<u>2,605</u>
	<b><u>8,153</u></b>	<b><u>10,953</u></b>

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The borrowings' currency breakdown as per follows:

	<u>Year Ended</u> <u>Jan'16</u> <u>RM'000</u>	<u>Year Ended</u> <u>Apr'15</u> <u>RM'000</u>
RM	17,605	19,468
RMB	29,326	29,155
THB	3,613	5,176
USD	79	270
SGD	220	258
	<u>50,843</u>	<u>54,327</u>

**B9. Material Litigation**

There is no material litigation for the period ended 31 Jan 2016 and as at 23 Mar 2016.

**B10. Dividend Payable**

No dividend has been proposed for the period ended 31 Jan 2016.

**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)	238,996
Weighted Average Number of Ordinary Shares	124,633,848
Basic Earnings/ (Loss) Per Share (Sen)	0.19
Weighted Average Number of Ordinary Shares (Diluted)	162,548,020
Diluted Earnings/ (Loss) Per Share (Sen)	0.15



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

	<b>As at 31 Jan 2016 RM'000</b>	<b>As at 31 Jan 2015 RM'000</b>
Total Retained Profit/ (Loss) : -		
i) Company and subsidiaries		
- Realised profit/ (loss)	(2,824)	3,653
- Unrealised profit/ (loss)	<u>(485)</u>	<u>(135)</u>
	<u>(3,309)</u>	<u>3,518</u>
ii) Associate		
- Realised profit/ (loss)	(2)	(2)
- Unrealised profit/ (loss)	<u>-</u>	<u>-</u>
	<u>(2)</u>	<u>(2)</u>
Less : Consolidation Adjustments	(3,054)	(657)
<b>Total</b>	<b><u>(6,365)</u></b>	<b><u>2,859</u></b>

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

	<b><u>Period Ended Jan'16 RM'000</u></b>	<b><u>Period Ended Jan'15 RM'000</u></b>
a) Interest income	57	63
b) Other income including investment income	705	396
c) Interest expense	2,981	3,876
d) Depreciation and amortization	8,635	7,919
e) Provision for and writing off of receivables	45	(128)
f) Provision for and writing off of inventories	(311)	(230)
g) Impairment of R&D Expenditure	282	--
h) Impairment of Assets	--	(31)
i) Foreign exchange gain/ (loss)	731	708