

**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 2017**

**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, requirements of the Companies Act 2016 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 2017.

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 2017.

**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 2017.

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 2017.

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 2017 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 quarter.

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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 July 2017, 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:-

<b>Issued and Paid up Share Capital</b>	Ordinary shares of RM0.25 each	RM
As at 1 May 2017	124,633,848	31,158,462
Warrants exercised	-	-
As at 31 July 2017	124,633,848	31,158,462
<b>5 year Warrants 2015/2020 ("Warrants")</b>		Units
As at 1 May 2017		37,914,172
Exercised		-
As at 31 July 2017/Date of announcement		37,914,172

As at 31 July 2017, the number of treasury shares held was 4,382,000 ordinary shares at total cost of RM 1,374,799.48.

**A8. Dividend Paid**

No dividend was paid during the current quarter.

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**A9. Segmental Information**

**Manufacturing Of Self Adhesive Stickers and Trading Of Related Products (31 July 2017)**

	Malaysia	Singapore	Thailand	Indonesia	Elimination	Consolidation
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	7,700	2,523	6,442	734	(1,614)	15,785
Profit/ (Loss)						368
Unallocated Expenses						(256)
Interest Income						117
Finance Costs						(175)
Share of loss of associate						-
Profit/ (Loss) before taxation						54
Income Tax Expenses						(37)
Net Profit/ (Loss) for the period						17

**Manufacturing Of Self Adhesive Stickers and Trading Of Related Products (31 July 2016)**

	Malaysia	Singapore	Thailand	Indonesia	Elimination	Consolidation
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	7,397	2,288	8,705	1,096	(1,283)	18,203
Profit/ (Loss)						(1,819)
Unallocated Expenses						(167)
Interest Income						10
Finance Costs						(340)
Share of loss of associate						-
Profit/ (Loss) before taxation						(2,316)
Income Tax Expenses						(545)
Net Profit/ (Loss) for the period						(2,861)

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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 July 2017.

**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 2017 , the Company has given a guarantee of RM14 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 is engaged in manufacturing self-adhesive labels and OPP roll-fed and shrink sleeves for large global and small-medium customers in Malaysia, Thailand, Singapore and Indonesia.**

**Relies on a single large customer group and severe competitive environment could have a material adverse effect on the operation results of the Group.**

The segmental performance analysis is as follows:

**Analysis of Current Quarter and Financial Year To Date Performance**

	Individual Period (2nd quarter)		Changes (%)	Cumulative Period		Changes (%)
	Current Year Quarter	Preceding Year Corresponding Quarter		Current Year To- date	Preceding Year Corresponding Quarter	
	31/07/2017	31/07/2016		31/07/2017	31/07/2016	
	RM'000	RM'000		RM'000	RM'000	
Revenue	15,785	18,203	(13.3)	15,785	18,203	(13.3)
Profit/(Loss) Before Interest and Tax	229	(1,976)	111.6	229	(1,976)	111.6
Profit/(Loss) Before Tax	54	(2,316)	102.3	54	(2,316)	102.3
Profit/(Loss) After Tax	17	(2,861)	100.6	17	(2,861)	100.6
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	17	(2,861)	100.6	17	(2,861)	100.6

For the quarter ended 31 July 2017, the revenue of Group had been decreased by 13.3% compared to the revenue of the corresponding quarter of last year.

A profit before tax of RM0.054 million had been recorded for the current quarter as compared to a loss before tax of RM2.316 million for the corresponding quarter last year.

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The improvement on performance was mainly due to a disposal loss on China operations of RM4.702 million that recorded in corresponding quarter last year.

Disregarding this disposal loss, the decrease of profit before tax was mainly due to the reduction of selling price that offered to a large customer group.

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

	Current Quarter	Immediate Preceding Quarter (Restated)	Changes (%)
	31/07/2017	30/04/2017	
	RM'000	RM'000	
Revenue	15,785	16,804	(6.1)
Profit/(Loss) Before Interest and Tax	229	(6,631)	103.5
Profit/(Loss) Before Tax	54	(7,025)	100.8
Profit/(Loss) After Tax	17	(7,098)	100.2
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	17	(7,098)	100.2

The Group recorded a revenue of RM15.785 million as compared to RM16,804 million for the preceding quarter, representing a decrease of RM1.019 million. (-6.1%); The Group recorded profit before taxation of RM0.054 million compared to loss before taxation of RM7.025 million for the preceding quarter. A higher loss that recorded in the preceding quarter compared to current quarter was mainly due to higher material usage and staff cost of RM0.767 million and RM0.277 million respectively, a lower unrealized gain of RM0.728 million and the writing off of mould and die cut of RM4.4 million.

**B3. Current Year Prospects**

The Group will continually diversify the customer base to reduce the risk relies on a single large customer group for the remaining quarters.

**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 (RM'000)	Year to date (RM'000)
Income Tax		
- Current tax expenses	37	37
- Deferred tax	-	-
	37	37

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**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 an announcement on vary the utilisation of balance proceeds and extend the time frame for the utilisation of balance proceeds arising from the disposal of its entire equity interest in Komark Investment Holdings Limited including its subsidiary companies on 15 September 2017.

Status of utilisation of disposal of China operations proceeds as at the date of announcement

Purpose	Proposed Utilisation (RM'000)	Actual Utilisation (RM'000)	Balance Unutilised (RM'000)	Variation to Utilisation of Balance Proceeds (RM'000)	Actual Utilisation (RM'000)	Balance Unutilised (RM'000)	Extension of Time Frame For Utilisation
Repayment of borrowings	21,438	19,274	2,164	2,164	995	1,169	Within 18 months (i.e. additional 6 months until 5 March 2018)
Working capital	12,323	12,323	-	4,139	175	3,964	
Purchase of new machineries	10,000	5,861	4,139	-	-	-	
Special interim dividend	3,739	3,739	-	-	-	-	
Expenses in relation to the Disposal	500	500	-	-	-	-	
<b>Total</b>	<b>48,000</b>	<b>41,697</b>	<b>6,303</b>	<b>6,303</b>	<b>1,170</b>	<b>5,133</b>	



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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:

	As at 31 July 2017					
	Long Term		Short Term		Total borrowings	
	Foreign denomination	RM'000 denomination	Foreign denomination	RM'000 denomination	Foreign denomination	RM'000 denomination
<b>Secured</b>						
Bank Overdraft		-		331		331
Bankers' Acceptance		-		2,354		2,354
Term Loan		5,887		258		6,145
Finance Lease and Hire Purchase Liabilities	SGD 10,421 Exc Rate 3.1535	33	SGD 28,860 Exc Rate 3.1535	91	SGD 39,281 Exc Rate 3.1535	124
Finance Lease and Hire Purchase Liabilities	THB 919,663 Exc Rate 0.128531	118	THB 3,488,804 Exc Rate 0.128531	448	THB 4,408,467 Exc Rate 0.128531	567
Finance Lease and Hire Purchase Liabilities		2,675		573		3,248
<b>Unsecured</b>						
Trust Receipts		-		445		445
		<b>8,714</b>		<b>4,501</b>		<b>13,215</b>

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	As at 31st July 2016					
	Long Term		Short Term		Total borrowings	
	Foreign denomination	RM'000 denomination	Foreign denomination	RM'000 denomination	Foreign denomination	RM'000 denomination
<b>Secured</b>						
Bank Overdraft			THB 2,334,475 Exc Rate 0.116935	273	THB 2,334,475 Exc Rate 0.116935	273
Bank Overdraft		-		5,904		5,904
Bankers' Acceptance		-		2,912		2,912
Term Loan		6,136		471		6,607
Finance Lease and Hire Purchase Liabilities	SGD 35,432 Exc Rate 3.0155		SGD 28,860 Exc Rate 3.0155	87	SGD 64,292 Exc Rate 3.0155	194
Finance Lease and Hire Purchase Liabilities	THB 4,408,467 Exc Rate 0.116935	516	THB 7,261,849 Exc Rate 0.116935	849	THB 11,670,316 Exc Rate 0.116935	1,365
Finance Lease and Hire Purchase Liabilities		(0)		56		55
<b>Unsecured</b>						-
Bankers' Acceptance		-		533		533
Trust Receipts		-		287		287
		<b>6,758</b>		<b>11,372</b>		<b>18,130</b>

**B9. Material Litigation**

There is no material litigation for the period ended 31 July 2017 and as at the date of announcement.

**B10. Dividend Payable**

No dividend has been proposed for the quarter ended 31 July 2017.

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**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.

	<b>Current Quarter</b>
Profit/ (Loss) attributable to Shareholders (RM)	17,475
Weighted Average Number of Ordinary Shares	122,442,515
Basic Earnings/ (Loss) Per Share (Sen)	0.01
Weighted Average Number of Ordinary Shares (Diluted)	160,356,687
Diluted Earnings/ (Loss) Per Share (Sen)	0.01

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

	As at	As at
	31July 2017	31July 2016
	RM'000	RM'000
Total Retained Profit/ (Loss) :-		
i) Company and subsidiaries		
- Realised profit/ (loss)	(951)	5,816
- Unrealised profit/ (loss)	(550)	(627)
	(1,501)	5,189
ii) Associate		
- Realised profit/ (loss)	(2)	(2)
- Unrealised profit/ (loss)	-	-
	(2)	(2)
Less: Consolidation Adjustments	(30,038)	(6,675)
<b>Total</b>	<b>(31,541)</b>	<b>(1,488)</b>

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

		Period Ended	Period Ended
		July'2017	July'2016
		RM'000	RM'000
a)	Interest Income	117	8
b)	Other income including investment income	184	120
c)	Interest expense	175	340
d)	Depreciation and amortization	1,224	1,308
e)	Provision for and writing off of receivables	31	(52)
f)	Provision for and writing off of inventories	131	2
g)	Foreign exchange gain/ (loss)	675	226
h)	Gain/ (Loss) on disposal of Investment in subsidiaries	-	(4,702)