

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

**NOTES TO THE INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE FORTH QUARTER ENDED 30 APR 2018**

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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FOR THE FORTH QUARTER ENDED 30 APR 2018

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 30 Apr 2018, the issued and paid up ordinary share capital of the company was RM48,425,658 and a total of 50,551,921 Warrants outstanding. The movements during the financial period were as follows:-

Issued and Paid up Share Capital	Ordinary shares	RM
As at 1 May 2017	124,633,848	31,158,462
Warrants exercised	-	-
Issuance of 39,799,856 new bonus issues on the basis of 1 bonus share for every 3 existing shares and transfers from share premium and capital redemption reserve according to New Company Act 2016	39,799,856	17,267,196
As at 30 Apr 2018	164,433,704	48,425,658
5 year Warrants 2015/2020 ("Warrants")		Units
As at 1 May 2017		37,914,172
Exercised		-
Issuance of 12,637,749 additional Warrant related to issuance of new bonus share		12,637,749
As at 30 Apr 2018/Date of announcement		50,551,921

During the current quarter, the Company has purchased 2,441,700 of its own ordinary shares from the open market for a total cash consideration of RM 438,609.46 including transaction cost and this was financed by internally generated funds.

As at 30 Apr 2018, the number of treasury shares held was 7,672,500 ordinary shares at total cost of RM 2,027,119.56.

A8. Dividend Paid

No dividend was paid during the current quarter.

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**NOTES TO THE INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE FORTH QUARTER ENDED 30 APR 2018**

A9. Segmental Information

Manufacturing Of Self Adhesive Stickers and Trading Of Related Products (30 Apr 2018)

	Malaysia	Singapore	Thailand	Others	Elimination	Consolidation
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	27,564	8,948	23,320	2,392	(5,275)	56,949
Profit/ (Loss)						(17,555)
Unallocated Expenses						(2,491)
Interest Income						304
Finance Costs						(1,019)
Share of loss of associate						-
Profit/ (Loss) before taxation						(20,761)
Income Tax Expenses						(751)
Net Profit/ (Loss) for the period						(21,512)

Manufacturing Of Self Adhesive Stickers and Trading Of Related Products (30 Apr 2017)

	Malaysia	Singapore	Thailand	Others	Elimination	Consolidation
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	28,291	9,552	29,608	4,166	(6,229)	65,388
Profit/ (Loss)						1,036
Unallocated Expenses						(12,494)
Interest Income						419
Finance Costs						(1,158)
Share of loss of associate						-
Profit/ (Loss) before taxation						(12,197)
Income Tax Expenses						(1,495)
Net Profit/ (Loss) for the period						(13,692)

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**NOTES TO THE INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE FORTH QUARTER ENDED 30 APR 2018**

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 30 Apr 2018.

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 2018 , the Company has given a guarantee of RM17.5 million to banks and financial institutions for its subsidiaries' banking facilities.

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

NOTES TO THE INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE FORTH QUARTER ENDED 30 APR 2018

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.

Analysis of Current Quarter and Financial Year To Date Performance

	Individual Period (4th quarter)		Changes (%)	Cumulative Period		Changes (%)
	Current Year Quarter	Preceding Year Corresponding Quarter		Current Year To- date	Preceding Year Corresponding Period	
	30/04/2018	30/04/2017		30/04/2018	30/04/2017	
	RM'000	RM'000		RM'000	RM'000	
Revenue	13,068	16,804	(22.2)	56,949	65,388	(12.9)
Profit/(Loss) Before Interest and Tax	(13,244)	(6,631)	(99.7)	(19,741)	(11,039)	(78.8)
Profit/(Loss) Before Tax	(13,537)	(7,025)	(92.7)	(20,761)	(12,197)	(70.2)
Profit/(Loss) After Tax	(14,107)	(7,098)	(98.7)	(21,512)	(13,692)	(57.1)
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	(14,107)	(7,098)	(98.7)	(21,512)	(13,692)	(57.1)

**KOMARKCORP BERHAD
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**NOTES TO THE INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE FORTH QUARTER ENDED 30 APR 2018**

I) Analysis of Quarters Performance

For the quarter ended 30 April 2018, the revenue of the Group had been decreased by RM 3.736 million (-22.2%) compared to the revenue of the corresponding quarter of last year. The drops in revenue was mainly due to the severe competition in the label printing industry, where a single large customer group has not only demanded a reduction on selling price but also reduced its purchase order and loss of customers.

A loss before tax of RM13.537 million had been recorded for the current quarter as compared to a loss before tax of RM7.025 million for the corresponding quarter last year.

A higher loss before tax was due to lower revenue, higher operating cost, pressure on gross profit margin and writing off of machineries amounting to RM6.194 million.

II) Analysis of 12 months performance

For the period ended 30 April 2018, the revenue had been decreased by RM8.439 million (-12.9%) as compared to the revenue of last year's corresponding period. The drops in revenue was mainly due to the severe competition in the label printing industry, where a single large customer group has not only demanded a reduction on selling price but also reduced its purchase order and loss of customers.

A loss before tax of RM20.761 million had been recorded in the period ended 30 April 2018 as compared to a loss before tax of RM12.197 million last year.

A higher loss before tax was due to lower revenue, higher operating cost, pressure on gross profit margin and writing off of machineries amounting to RM6.194 million.

**KOMARKCORP BERHAD
AND ITS SUBSIDIARIES**
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(Incorporated in Malaysia)

**NOTES TO THE INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE FORTH QUARTER ENDED 30 APR 2018**

B2. Comparison with the Preceding Quarter's Results

	Current Quarter	Immediate Preceding Quarter	Changes (%)
	30/04/2018	31/01/2018	
	RM'000	RM'000	
Revenue	13,068	13,857	(5.7)
Profit/(Loss) Before Interest and Tax	(13,244)	(3,354)	(294.9)
Profit/(Loss) Before Tax	(13,537)	(3,623)	(273.6)
Profit/(Loss) After Tax	(14,107)	(3,724)	(278.8)
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	(14,107)	(3,724)	(278.8)

The Group recorded a revenue of RM13.068 million as compared to RM13.857 million for the preceding quarter, representing a decrease of RM0.789 million (-5.7%). the severe competition in the label printing industry, where a single large customer group has not only demanded a reduction on selling price but also reduced its purchase order and loss of customers.

The Group recorded loss before tax of RM13.537 million compared to loss before tax of RM3.623 million for the preceding quarter. A higher loss before tax was due to lower revenue, pressure on gross profit margin and writing off of machineries amounting to RM6.194 million.

B3. Commentary of Prospects

In the midst of uncertainty in the global trade and severe competitive conditions, the Group is cautiously optimistic about the outlook for the forthcoming financial year ending 30 Apr 2019.

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.

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**NOTES TO THE INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE FORTH QUARTER ENDED 30 APR 2018**

B6. Taxation

	Current Quarter (RM'000)	Year to date (RM'000)
Income Tax		
- Current tax expenses	197	138
- Deferred tax	373	613
	570	751

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	2,164	-	Within 18 months (i.e. additional 6 months until 5 March 2018)
Working capital	12,323	12,323	-	4,139	4,139	-	
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	-	-	-	-	
Total	48,000	41,697	6,303	6,303	6,303	-	

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AND ITS SUBSIDIARIES
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(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE FORTH QUARTER ENDED 30 APR 2018

B8. Group Borrowings and Debt Securities

Group borrowings and debt securities as at the end of the reporting period are as follows:

	As at 30 Apr 2018					
	Long Term		Short Term		Total borrowings	
	Foreign denomination	RM'000 denomination	Foreign denomination	RM'000 denomination	Foreign denomination	RM'000 denomination
Secured						
Bank Overdraft		-	THB 4,634,860 Exc Rate 0.124303	576		576
Bankers' Acceptance		-		3,091		3,091
Term Loan		5,693		268		5,960
Finance Lease and Hire Purchase Liabilities	SGD 4,791 Exc Rate 2.9597	14	SGD 15,732 Exc Rate 2.9597	47	SGD 20,523 Exc Rate 2.9597	61
Finance Lease and Hire Purchase Liabilities	THB 2,856,859 Exc Rate 0.124303	355	THB 2,715,972 Exc Rate 0.124303	338	THB 5,572,831 Exc Rate 0.124303	693
Finance Lease and Hire Purchase Liabilities		5,400		1,402		6,802
Unsecured						
Trust Receipts		-		-		-
		11,462		5,720		17,182

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**NOTES TO THE INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE FORTH QUARTER ENDED 30 APR 2018**

	As at 30 Apr 2017					
	Long Term		Short Term		Total borrowings	
	Foreign denomination	RM'000 denomination	Foreign denomination	RM'000 denomination	Foreign denomination	RM'000 denomination
Secured						
Bank Overdraft		-		-		-
Bankers' Acceptance		-		1,829		1,829
Term Loan		5,994		211		6,205
Finance Lease and Hire Purchase Liabilities	SGD 16,673 Exc Rate 3.1096		SGD 28,860 Exc Rate 3.1096		SGD 45,533 Exc Rate 3.1096	
		52		90		142
Finance Lease and Hire Purchase Liabilities	THB 1,819,349 Exc Rate 0.125397		THB 3,416,762 Exc Rate 0.125397		THB 5,236,111 Exc Rate 0.125397	
		228		428		656
Finance Lease and Hire Purchase Liabilities						
		177		49		226
Unsecured						-
Bankers' Acceptance		-		429		429
Trust Receipts		-		-		-
		6,451		3,036		9,487

The increase of the amount of hire purchase as compared to corresponding quarter of preceding year was mainly due to additional finance leases for newly acquired machineries. Interest rates for the hire purchase are between 3.86% to 3.99% per annum.

B9. Material Litigation

There is no material litigation for the period ended 30 Apr 2018 and as at the date of announcement.

B10. Dividend Payable

No dividend has been proposed for the quarter ended 30 Apr 2018.

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FOR THE FORTH QUARTER ENDED 30 APR 2018**

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.

	Current Quarter
Profit/ (Loss) attributable to Shareholders (RM)	(14,106,846)
Weighted Average Number of Ordinary Shares	161,394,562
Basic Earnings/ (Loss) Per Share (Sen)	(8.74)
Weighted Average Number of Ordinary Shares (Diluted)	211,946,483
Diluted Earnings/ (Loss) Per Share (Sen)	(6.66)

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

	As at	As at
	30 Apr 2018	30 Apr 2017
	RM'000	RM'000
Total Retained Profit/ (Loss) :-		
i) Company and subsidiaries		
- Realised profit/ (loss)	(21,169)	(30,474)
- Unrealised profit/ (loss)	(2,393)	187
	(23,563)	(30,287)
ii) Associate		
- Realised profit/ (loss)	(2)	-
- Unrealised profit/ (loss)	-	-
	(2)	-
Less: Consolidation Adjustments	(12,511)	(1,280)
Total	(36,076)	(31,567)

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**NOTES TO THE INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE FORTH QUARTER ENDED 30 APR 2018**

B13. Notes For Statement of Comprehensive Income

		Period Ended	Period Ended
		Apr'2018	Apr'2017
		RM'000	RM'000
a)	Interest Income	304	447
b)	Other income including investment income	979	932
c)	Interest expense	1,019	939
d)	Depreciation and amortization	5,380	4,956
e)	Provision for and writing off of receivables	845	(927)
f)	Provision for and writing off of inventories	(194)	22
g)	Foreign exchange gain/ (loss)	(765)	613
h)	Gain/ (Loss) on disposal of Investment in subsidiaries	-	(5,800)
i)	Writing off of mould & die cut	-	4,419
j)	Writing off of plant & machinery	6,194	-

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**NOTES TO THE INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE FORTH QUARTER ENDED 30 APR 2018**

B14. Prior Year Adjustments

In addition to the oversight on the balance sheet items in the 2017 audited financial statements, the Company had decided to reverse those past years permanent consolidation adjustments which no longer required, to make the consolidated financial statements to be more properly represented. The adjustments relating to prior years, as follows:

At 30 Apr 2017	As previously stated RM'000	Effects of prior year adjustments RM'000	As restated RM'000
Statement of Financial Position			
ASSETS			
Non-current Assets			
Property, Plant and Equipment	56,378	6,122	62,500
Current Assets			
Inventories	6,234	(579)	5,655
Trade and Other Receivables	16,432	1,277	17,709
Amount due from associate company	-	947	947
Short Term Investment	12,615	(1)	12,614
Cash and Bank Balances	9,418	-	9,418
EQUITY AND LIABILITIES			
Equity attributable to the equity holders of the parent			
Reserves	25,620	11,484	37,104
Non-current liabilities			
Deferred taxation	1,336	1	1,337
Current Liabilities			
Trade and Other Payables	18,332	(3,147)	15,185
Taxation	836	(572)	264