

**KOMARKCORP BERHAD  
AND ITS SUBSIDIARIES**

Company No. : 199601001919 (374265-A)  
Incorporated in Malaysia

**NOTES TO THE INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS  
FOR THE FOURTH QUARTER ENDED 30 APRIL 2021**

**A1. Basis of preparation**

The interim financial report is unaudited and has been prepared in accordance with MFRS 134 Interim Financial Reporting and paragraph 9.22 and Appendix 9B of Bursa Malaysia Securities Berhad Main Market Listing Requirements.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 April 2020 which were prepared under Malaysian Financial Reporting Standards (“MFRS”). These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 30 April 2020.

**A2. Changes in Accounting Policies**

The accounting policies adopted in the preparation of the interim financial statements are consistent with those adopted for the annual audited financial statements for the financial year ended 30 April 2020, except for the adoption of the following new MFRS, amendments to MFRSs and IC Interpretation that are effective for the financial statements effective from 1 May 2020, as disclosed below:

The accounting policies adopted are consistent with those of the previous financial year, except in the current period, the Group adopted the following new and amended MFRSs mandatory for annual financial periods beginning on or after 1 May 2020.

Description	Effective for annual periods beginning on or after
<i>Amendments to References to the Conceptual Framework in MFRS Standards</i>	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform	1 January 2020
Amendments to MFRS 101 and MFRS 108: Definition of Material	1 January 2020
Amendments to MFRS 3 Business Combinations - Definition of a Business	1 January 2020
Amendments to MFRS 16 Leases: Covid-19 Related Rent Concessions	1 June 2020

Adoption of the above standards and interpretations did not have any significant impact on the financial performance or position of the Group.

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**A2. Changes in Accounting Policies (contd.)**

**Standards Issued but not yet effective**

The standards and interpretations that have been issued but not yet effective are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
Annual Improvements to MFRS Standards 2018 – 2020	1 January 2022
Amendments to MFRS 116 Property, Plant & Equipment : Proceeds Before Intended Use	1 January 2022
Amendments to MFRS 137 Provision, Contingent Liabilities and Contingent Assets : Onerous Contracts-Cost of Fulfilling a Contract	1 January 2022
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 101 Presentation of Financial Statements : Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 10 and MFRS 128 : Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

**A3. Audit Report**

The audit report for the financial statements of the Group for the financial year ended 30 April 2020 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 except as disclosed in the notes to this report.

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**A6. Changes in Estimates**

There were no significant changes in estimates of the amounts reported in the prior financial years that have a material effect in the current quarter.

**A7. Debts and Equity Securities**

Save for the following, there was no other issuance, cancellations, resale and repayments of debt and equity securities for the period under review:

- (i) Subdivision of every 10 existing ordinary shares into 18 shares.

As at 30 April 2021, the issued and paid up ordinary share capital of the Company was RM120,166,164. The details were as follows:-

<b>Issued and Paid up Share Capital</b>	<b>Unit of Ordinary Share</b>	<b>RM'000</b>
As at 1 May 2020	205,586,593	62,789
Issuance of share pursuant to private placement	61,675,000	59,208
Share issue expenses	-	(1,866)
Warrant exercised	35,400	35
Share Split	213,836,555	-
As at 30 April 2021	481,133,548	120,166

The number of treasury shares held were 18,000 ordinary shares at a total cost of RM3,547. There was no share buy-back during the current quarter.

**A8. Dividend Paid**

No dividend was proposed or paid during the current quarter.

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**A9. Segmental Information**

Business segment

Followed by the incorporation of a new subsidiary, Komark Mask Sdn. Bhd. on 15 June 2020, the Group's new reportable segments were identified as follows:

- (i) Label and Packaging – manufacturing of self-adhesive stickers and trading of related products
- (ii) Mask – manufacturing of disposable surgical face mask and protective apparels

<b><u>12 months Cumulative</u></b> <b><u>30 April 2021</u></b>	<b>Label and</b>			<b>Consolidation</b>
	<b>Packaging</b>	<b>Mask</b>	<b>Elimination</b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue	40,167	2,433	(4,959)	37,641
Loss				(11,072)
Unallocated Expenses				(3,141)
Interest Income				58
Finance Costs				(1,008)
Loss before taxation				(15,163)
Income Tax Expenses				(328)
Loss for the period				(15,491)

- \* There are no comparative figures for business segment reporting as Mask Division was established during the period.

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**A9. Segmental Information (contd.)**

Geographical segment

The Group's business is conducted in Malaysia, Singapore, Thailand and Others. The reportable segments were identified as below:-

<b><u>12 months Cumulative 30 April 2021</u></b>	Malaysia	Singapore	Thailand	Others	Elimination	Consolidation
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	19,177	7,083	15,415	925	(4,959)	37,641
Loss						(11,072)
Unallocated Expenses						(3,141)
Interest Income						58
Finance Costs						(1,008)
Loss before taxation						(15,163)
Income Tax Expenses						(328)
Loss for the period						(15,491)

<b><u>12 months Cumulative 30 April 2020</u></b>	Malaysia	Singapore	Thailand	Others	Elimination	Consolidation
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	17,077	9,170	17,491	1,699	(5,890)	39,547
Loss						(7,523)
Unallocated Expenses						(1,395)
Interest Income						53
Finance Costs						(1,492)
Loss before taxation						(10,357)
Income Tax Expenses						(349)
Loss for the period						(10,706)

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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 30 April 2021 except as disclosed in this report.

**A12. Changes in the Composition of the Group**

There were no changes in the composition of the Group for the current quarter under review.

**A13. Change in Contingent Liabilities or Contingent Assets**

As at 30 April 2021, the Company has given corporate guarantee of RM13.415 million to banks and financial institutions for banking facilities extended to its subsidiaries.

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**ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA LISTING  
REQUIREMENTS**

**B1. Review of Performance**

The Group's principal activities are involved in manufacturing self-adhesive labels and OPP roll-fed and shrink sleeves and other related products for large global and small-medium customers in Malaysia, Thailand, Singapore and Indonesia. The Group commenced manufacturing of face mask since October 2020.

Analysis of Current Quarter and Financial Year To Date Performance

	Individual Period (4 <sup>th</sup> quarter)		Changes	Cumulative Year		Changes
	Current Year Quarter	Preceding Year Corresponding Quarter		Current Year To-date	Preceding Year Corresponding Quarter	
	30/04/2021 RM'000	30/04/2020 RM'000		30/04/2021 RM'000	30/04/2020 RM'000	
Revenue	10,967	9,685	1,282	37,641	39,547	(1,906)
Loss Before Interest and Tax	(7,959)	(2,788)	(5,171)	(14,155)	(8,865)	(5,290)
Loss Before Tax	(8,247)	(3,201)	(5,046)	(15,163)	(10,357)	(4,806)
Loss After Tax	(8,308)	(2,863)	(5,445)	(15,491)	(10,706)	(4,785)
Loss Attributable to Holders of the Parent	(8,244)	(2,863)	(5,381)	(15,045)	(10,706)	(4,339)

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**B1. Review of Performance (contd.)**

**I) Analysis of Quarters Performance**

For the current quarter ended 30 April 2021, the Group recorded a revenue of RM10.967 million compared to preceding year corresponding quarter of RM9.685 million; an increase of RM1.282 million. The increase in revenue was mainly due to the revenue generated from new segment which is Mask Division which established during the financial year.

For the current quarter under review, the Group recorded a higher loss before tax of RM8.247 million compared to a loss before tax of RM3.201 million for the preceding year corresponding quarter. The increase in loss mainly due to amortization of goodwill and increase in operating expenses.

**II) Analysis of 12 months Performance**

For the current quarter ended 30 April 2021, the Group recorded a revenue of RM37.641 million compared to preceding year corresponding quarter of RM39.547 million; a decrease of RM1.906 million or 4.8%. The decrease in revenue was mainly due to the loss of customers, shrinkage of business regionally and outbreak of Coronavirus (“Covid 19”) pandemic.

For the current period under review, the Group recorded a loss before tax of RM15.163 million compared to a loss before tax of RM10.357 million for the preceding year corresponding period. Higher loss before tax was due to amortization of goodwill and mobilization cost incurred for the expansion of face mask division.

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

	Current Quarter	Immediate	Changes
	30/04/2021	Preceding Quarter	
	RM'000	31/01/2021	RM'000
		RM'000	
Revenue	10,967	9,737	1,230
Loss Before Interest and Tax	(7,959)	(2,819)	(5,140)
Loss Before Tax	(8,247)	(3,055)	(5,192)
Loss After Tax	(8,308)	(3,088)	(5,220)
Loss Attributable to Ordinary Equity Holders	(8,244)	(2,928)	(5,316)

The Group recorded a revenue of RM10.967 million as compared to RM9.737 million for the preceding quarter, representing an increase of RM1.230 million or 12.63%. The increase in revenue was mainly attributed to the sales of face mask during the quarter.

The Group recorded loss before tax of RM8.247 million compared to the loss before tax of RM3.055 million for the preceding quarter. A higher loss before tax was mainly amortization of goodwill and higher cost incurred in operation.

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**B3. Commentary of Prospects**

The trade war between USA and China and the outbreak of Coronavirus Covid-19 pandemic and restrictive measures taken by respective governments have caused uncertainties and anxieties in the global market; as a result, the customers have taken a more cautious and selective view in placing their orders.

The Group has taken steps to improve sales, through adopting more aggressive marketing strategies and engaging with the previous customers. The Group has also taken positive all necessary measures to reduce other operating expenses. The Group is also optimistic to improve sales with the newly invested machineries with more flexible packaging features during the current and ensuing financial years.

The Covid-19 pandemic has an adverse impact on the performance and the cash flows of the Group.

The Group had diversified into face masks manufacturing since October 2020 and secured a contract worth USD3.6 million for the supply of 3 ply Disposable Medical Grade Face Mask to Poland over the period of 36 months.

Barring the unforeseen circumstance, the performance of the Group in the forthcoming financial year is challenging.

**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**

	Current Quarter (RM'000)	Year to date (RM'000)
Income Tax		
- Current tax expenses	(520)	(662)
- Deferred tax	459	334
<b>Total</b>	<b>(61)</b>	<b>(328)</b>

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**B7. Status of Corporate Proposal**

Private Placement

On 12 April 2021, the Company announced that it proposed to undertake the following:-

- (i) proposed private placement of new ordinary shares in Komarkcorp of up to 20% of the total number of issued shares (excluding treasury shares) of the Company to independent third party investor(s) to be identified later and at an issue price to be determined later (“**Placement Shares**”) (“**Proposed Private Placement**”).

The Proposed Private Placement were completed on 31 May 2021.

**B8. Status of Utilisation of Private Placement Proceeds**

- (i) Pursuant to the Private Placement Exercise which was duly completed upon the subscription and listing of the 61,675,000 Placement Shares at RM0.96 each on the Main Market of Bursa Malaysia Securities Berhad with effect from 28 December 2020, the gross proceeds raised from the Private Placement Exercise was RM59,208,000 and the utilisation status as at 19 July 2021 is as set out below:-

Purpose	Proposed utilisation RM'000	Actual utilisation RM'000	Intended timeframe for utilisation	Deviation amount	
				Amount RM'000	%
(i) Investment in the New Business	17,900	13,051	By 27 December 2022	-	-
(ii) Repayment of borrowings	1,423	1,423	By 27 March 2022	-	-
(iii) Working Capital	38,725	19,795	By 27 December 2022	-	-
(iv) Estimated expenses for the Proposals	1,160	1,160	Immediate	-	-

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**B8. Status of Utilisation of Private Placement Proceeds (contd.)**

- (i) Pursuant to the Private Placement Exercise which was duly completed upon the subscription and listing of the 96,223,000 Placement Shares at RM0.1344 each on the Main Market of Bursa Malaysia Securities Berhad with effect 31 May 2021, the gross proceeds raised from the Private Placement Exercise was RM12,932,371.20 and the utilisation status as at 19 July 2021 is as set out below :-

Purpose	Proposed utilisation RM'000	Actual utilisation RM'000	Intended timeframe for utilisation	Deviation amount	
				Amount RM'000	%
(i) Expansion of production capacity for the face mask manufacturing business	12,472	-	By 30 November 2022	-	-
(ii) Estimated expenses for the Proposals	460	70	Immediate	-	-

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**B9. Group's Bank Borrowings and Debt Securities**

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

	As at 30 April 2021					
	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 18,001,102 Exc Rate 0.1315	2,367	THB 18,001,102 Exc Rate 0.1315	2,367
Term Loan		5,377		417		5,794
Finance Lease and Hire Purchase Liabilities	THB 5,886,524 Exc Rate 0.1315	774	THB 5,514,346 Exc Rate 0.1315	725	THB 11,400,870 Exc Rate 0.1315	1,499
Finance Lease and Hire Purchase Liabilities		1,519		2,236		3,755
<b>Total</b>		<b>7,670</b>		<b>5,745</b>		<b>13,415</b>

Interest rates for the hire purchase are between 3.27% to 7.12% per annum.

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**B9. Group's Bank Borrowings and Debt Securities (contd.)**

	As at 30 April 2020					
	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 10,313,246 Exc Rate 0.1331	1,373		1,373
Bank Overdraft				212		212
Bankers' Acceptance		-		851		851
Term Loans		5,839		375		6,214
Finance Lease and Hire Purchase Liabilities	THB 6,886,021 Exc Rate 0.1331	917	THB 2,707,937 Exc Rate 0.1331	360	THB 9,593,958 Exc Rate 0.1331	1,277
Finance Lease and Hire Purchase Liabilities		3,685		2,186		5,871
		<b>10,441</b>		<b>5,357</b>		<b>15,798</b>

Interest rates for the hire purchase are between 3.58% to 4.83% per annum.

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**B10. Material Litigation**

**(i) Writ and Statement of Claim against The Edge Communications Sdn Bhd**

On 11 May 2021, The Company filed a Writ and Statement of Claim in the High Court in Kuala Lumpur against The Edge Communications Sdn Bhd for, amongst others, damages and an injunction to restrain The Edge whether by itself, its agents or servants or otherwise from publishing or causing to be published the same or similar words defamatory to the Company.

Further to the e-review case management held on 16 July 2021, The Defendant's solicitors informed the court that it has received letter of approval to operate on 5th July 2021. The court thereby instructed that the Defendant to file its defence by 19th July 2021 and a reply to be filed by the plaintiff by 2nd August 2021.

The next e-review case management had been fixed by the Court on 5<sup>th</sup> August 2021.

Save for the above, there were no other pending material litigations against the Group as at the date of this report.

**B11. Dividend Payable**

No dividend has been proposed or paid for the quarter ended 30 April 2021.

**B12. Loss Per Share (LPS)**

The calculation of basic loss per share is based on the net loss attributable to ordinary shareholders of the parent and the weighted average number of ordinary shares in issue during the period.

	<b>Current Quarter</b>
Loss attributable to Shareholders of Parent (RM)	(8,244,471)
Weighted Average Number of Ordinary Shares (unit)	481,133,548
Basic Loss Per Share (Sen)	(1.71)

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**B13. Notes to the Statement of Comprehensive Loss**

		Period Ended	Period Ended
		April 2021	April 2020
		RM'000	RM'000
a)	Allowance for impairment losses on amount due from associated company	-	35
b)	Allowance/(reversal) for impairment losses on trade receivables	123	(20)
c)	Allowance/(Reversal) for slow moving inventories	133	(180)
d)	Allowance of expected credit loss on trade receivables	(27)	-
e)	Amortization of goodwill	1,750	-
f)	Depreciation and amortization	5,078	4,373
g)	Gain on disposal of property, plant & equipment	(13)	-
h)	Gain on fair value	(56)	-
i)	Interest Income	(58)	(40)
j)	Interest expense	1,008	1,492
k)	Inventories written off	247	248
l)	Loss/(gain) on Forex	62	406
	– Realised		
	– Unrealised	336	(563)
m)	Property, plant & equipment written off	6	-
n)	Reversal of gratuity provision	(135)	-