

AMTEL HOLDINGS BERHAD

(409449-A)

NOTES TO INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 28 FEBRUARY 2010: EXPLANATORY NOTES IN COMPLIANCE WITH REPORTING REQUIREMENTS OF FRS 134 – INTERIM FINANCIAL REPORTING

1. Basis of Preparation

The interim financial statements have been prepared in compliance with Financial Reporting Standard (“FRS”) 134: Interim Financial Reporting and Paragraph 9.22 of the Bursa Malaysia Securities Berhad (“BMSB”) Listing Requirements.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the last financial year ended 30 November 2009. 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 November 2009.

1.1 Significant Accounting Policies

The significant accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted in the financial statements for the financial year ended 30 November 2009, except for the adoption of FRS 8, Operating Segments. The adoption of FRS 8 does not have any significant impact on the results and financial position of the Group except for the changes in the form and content of disclosures presented in the Group’s financial statements, as disclosed in Note 8 on Page 6.

2. Audit Qualification

There was no qualification on audit report of the Group’s preceding annual financial statements.

3. Seasonal or cyclicity of interim operations

The Group’s operations are not effected by seasonal or cyclical factors for the current quarter and financial period under review.

4. Unusual Items

There were no items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size or incidence for the current quarter under review.

5. Material Changes in Estimates of Amounts Reported

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

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6. Debt and Equity Securities.

There is no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current quarter and financial period to date.

7. Dividends Paid

There was no dividend paid during the financial quarter ended 28 February 2010.

8. Segmental Reporting

FRS 8 requires identification and reporting of operating segments based on internal reports that are regularly reviewed by the entity's chief operating decision maker in order to allocate resources to the segment and to assess its performance. The Group presents its segment information based on its business segments, which is also the basis used for management and internal reporting purposes.

Business segments

The Group is organised on a Group wide basis into the following main business segments:-

- | | |
|---|---|
| i) Information & Communication Technology ("ICT") | Inclusive of Telematics and navigation products & services, telecommunication products, Geographical Information System (GIS) development and research businesses. |
| ii) Telecommunications infrastructure & services | Inclusive of installation, testing and commissioning of utilities, telecommunication and fibre optic cables and associated civil works and marketing of alternate telephony services. |
| iii) Others | Mainly comprise investment holding and provision of management services, property investment, general trading and money lending activities, neither which are of a sufficient size to be reported separately. |

The Group's segment reporting for the current financial period is as follows:-

	ICT RM'000	Telecommunications Infrastructure & Services RM'000	Others RM'000	Elimination RM'000	Total RM'000
Revenue					
External revenue	10,003	1,437	318	-	11,758
Inter-segment	358	-	246	604	-
Segment revenue	<u>10,361</u>	<u>1,437</u>	<u>564</u>	<u>(604)</u>	<u>11,758</u>

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8. Segmental Reporting (Cont'd)

	ICT	Telecommunications Infrastructure & Services	Others	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Results					
Profit/(Loss) from operations	770	155	(434)	-	491
Finance costs					(88)
Share of associates' results					(5)
Profit before taxation					398
Taxation					(48)
Profit for the year					350
<u>Attributable to:-</u>					
Equity holders of the Company					388
Minority interests					(38)
					350

9. Valuation of Property, Plant and Equipment

- (1) Property, plant and equipment which are stated at cost have been brought forward without amendment from the previous annual financial statements.
- (2) There was no material acquisition or disposal of property, plant and equipment by the Group during the financial period to date.

10. Material Events Subsequent to the End of Financial Period

There were no material events subsequent to the end of the financial period ended 28 February 2010 that have not been reflected in the financial statements or to be disclosed as the date of this report.

11. Changes in Composition of the Group

There were no changes in the composition of the Group during the current quarter and financial period to date.

12. Changes in Contingent Liabilities and Contingent assets

There were no changes in contingent liabilities or contingent assets since the last annual balance sheet as at 30 November 2009, except for the following:-

<u>Contingent Liabilities – Unsecured</u> In respect of corporate guarantees given by the Company to financial institutions and trade creditors for banking and credit facilities granted to the subsidiary companies	As At 28/2/2010 RM'000 <u>3,261</u>
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13. Capital and Other Commitments

The Group has no capital commitment in respect of property, plant and equipment for current quarter ended 28 February 2010.

14. Cash and Cash Equivalents

Cash and cash equivalents included in the Condensed Consolidated Cash Flow Statements for the financial period ended 28 February 2010 comprise the following Balance Sheet amounts:-

	RM'000
Cash and bank balances	2,497
Cash deposits with licensed banks	5,145
Bank overdrafts	(994)
	<hr/>
	6,648
Less: Cash deposits with licensed banks under lien	(1,227)
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	<u>5,421</u>

15. Related Party Transactions

There is no related party transaction entered into by the Company and/or its subsidiaries during the financial period to date.

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NOTES TO INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 28 FEBRUARY 2010:

EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

1. Review of Performance

The Group's turnover for the current period amounted to RM11.758 million, which is approximately 54% higher than the preceding year corresponding period of RM7.618 million. The ICT businesses contributed approximately 85% of the Group's turnover for the current period. The increase in turnover for the current period was mainly attributable to increase in sales volume in the ICT businesses.

Corresponding to the increase in turnover, the Group recorded a profit before tax of RM398,000/- for the current period as compared to profit before tax of RM181,000/- reported in preceding year corresponding period.

2. Material Changes in the Profit Before Tax for the Quarter Reported on as Compared with the Immediate Preceding Quarter.

The Group reported a profit before tax of RM398,000/- for current quarter as compared to profit before tax of RM818,000/- reported in preceding quarter. Higher profit reported in preceding quarter was resulted from higher revenue registered from the sale of ICT products.

3. Prospects for the Current Financial Year

Barring unforeseen circumstances, the Board anticipates the Group's performance to be encouraging for the remaining financial quarters.

4. Variances of Actual Profit from Forecast Profit

Not applicable.

5. Taxation

	Current Quarter RM'000	Cumulative Current Period RM'000
Taxation includes:-		
Tax provided based on results for the period	48	48

The tax charge for the Group reflects an effective tax rate which is lower than the statutory tax rate due to certain income not subject to tax and utilisation of unutilised tax losses brought forward in certain subsidiaries.

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6. Profit/Loss on Sale of Unquoted Investments and/or Properties

There was no sale of unquoted investments and/or properties for the current quarter and financial period to date.

The Group received dividends of RM17,541/- from quoted investments in income trust fund for the current financial period to date.

7. Quoted Securities

(1) Summary of dealings in quoted securities:-

	Current Quarter RM'000	Cumulative Current Period RM'000
<u>Long Term Investments – Quoted Unit Trusts</u>		
Total Disposal Proceeds	2,803	2,803
Total Profit/(Loss) on Disposal	-	-
Total Purchase Consideration	2,670	2,670
<u>Short Term Investments – Quoted Shares:</u>		
Total Disposal Proceeds	-	-
Total Profit/(Loss) on Disposal	-	-
Total Purchase Consideration	-	-

(2) Investments in quoted securities as at 28 February 2010 are as follows:-

	RM'000
<u>(i) Quoted Unit Trusts</u>	
Total investments at cost & at carrying value (after allowance for impairment loss)	3,612
Total investments at market value	3,612
<u>(ii) Quoted Shares</u>	
Total investments at cost	481
Total investments at carrying value/book value (after allowance for impairment loss)	390
Total investments at market value	390

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8. Status of Corporate Proposals

There are no corporate proposals announced but not completed as at the date of issue of this quarterly report.

9. Group Borrowings

The Group's total borrowings (all denominated in Ringgit Malaysia) as at 28 February 2010 are as follows:-

	RM'000	RM'000
(1) Short Term Borrowings		
- <u>Unsecured</u>		
Bank overdraft	46	
Bills payable	211	257
- <u>Secured</u>		
Bank overdraft	948	
Bills payable	1,027	
Revolving project loans	1,029	3,004
		<u>3,261</u>
(2) Long Term Borrowings		
Hire purchase creditors payable after the next 12 months		<u>774</u>

Securities:-

(i) The short term borrowings are secured by debentures incorporating fixed and floating charge over all present and future assets and undertakings of Amtel Cellular Sdn Bhd and corporate guarantee of the Company.

10. Off Balance Sheet Financial Instruments

The Group does not have any financial instruments with off-balance sheet risk as at the date of issue of this quarterly report.

11. Disclosure of Derivatives

The Group does not have outstanding derivatives (including financial instruments designated as hedging instruments) as at 28 February 2010.

12. Gain/Losses Arising From Fair Value Changes of Financial Liabilities

There were no gains/losses arising from fair value changes of financial liabilities for the current quarter and financial period ended 28 February 2010.

13. Material Litigation

There is no pending material litigation that would have a material adverse effect on the financial position of the Group as at the date of issue of this quarterly report.

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14. Dividend

The Board of Directors does not recommend any payment of dividend for the current financial period ended 28 February 2009.

15. Earning Per Share

(1) Basic earning per share

The basic earning per share for the current quarter and financial period to date is calculated by dividing the consolidated net profit attributable to the equity holders of the Company of RM388,000/- by the number of 49,277,066 ordinary shares in issue during the period.

(2) Diluted earning per share

Not applicable.

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By Order of the Board

CHIA MOH MUI

Company Secretary