

# AMTEL HOLDINGS BERHAD

(409449-A)

## NOTES TO INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 30 NOVEMBER 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 year 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 year to date.

## 7. Dividends Paid

There was no dividend paid during the financial quarter ended 30 November 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 year is as follows:-

	ICT RM'000	Telecommunications Infrastructure & Services RM'000	Others RM'000	Elimination RM'000	Total RM'000
<b>Revenue</b>					
External revenue	53,484	4,729	1,583	-	59,796
Inter-segment	1,396	-	1,362	(2,758)	-
Segment revenue	<u>54,880</u>	<u>4,729</u>	<u>2,945</u>	<u>(2,758)</u>	<u>59,796</u>

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## 8. Segmental Reporting (Cont'd)

	ICT	Telecommunications Infrastructure & Services	Others	Elimination	Total
Results	RM'000	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) from operations	3,597	738	(627)	379	4,087
Finance costs					(318)
Share of associates' results					34
Profit before taxation					3,803
Taxation					(335)
Profit for the year					3,468
Attributable to:-					
Equity holders of the Company					3,855
Minority interests					(387)
					3,468

## 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 year to date other than the completion of the disposal of investment properties and assets held for sale as mentioned below:-

On 18 July 2010, the Company via its wholly owned subsidiary company, namely Metrarama Sdn Bhd completed the disposal of its properties held under Lot No.s 41, 80 and 4154 – 4165, Mukim 1, District of Province Wellesley Central, State of Penang for an aggregate cash consideration of RM16.502 million pursuant to shareholders' mandate obtained at an Extraordinary General Meeting held on 8 September 2005.

The disposal had resulted in a net gain of approximately RM0.675 million for the current financial quarter and had increased the Group's earnings and net assets per share by approximately 1.37 sen. The disposal had no material effect on the Group's gearing.

## 10. Material Events Subsequent to the End of Financial Period

There were no material events subsequent to the end of the financial year ended 30 November 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 year to date.

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### 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:-

	Outstanding As At 30/11/2010 RM'000
<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	<u>2,019</u>

### 13. Capital and Other Commitments

The Group has no capital commitment in respect of property, plant and equipment for current quarter ended 30 November 2010.

However the amount of commitments for the development of navigation software engine not provided for in the interim financial reports as at 30 November 2010 is as follows:-

<u>Capital Expenditure – Intangible Assets</u>	RM'000
Contracted but not provided for	<u>4,721</u>

### 14. Cash and Cash Equivalents

Cash and cash equivalents included in the Condensed Consolidated Cash Flow Statements for the financial year ended 30 November 2010 comprise the following Balance Sheet amounts:-

	RM'000
Cash and bank balances	4,629
Cash deposits with licensed banks	10,830
Bank overdrafts	<u>(320)</u>
	15,139
Less: Cash deposits with licensed banks under lien	<u>(3,210)</u>
	<u>11,929</u>

### 15. Related Party Transactions

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

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## NOTES TO INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 30 NOVEMBER 2010:

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

#### 1. Review of Performance

The Group reported a turnover and profit before tax of RM13.698 million and RM707,000/- respectively for the current quarter under review as compared to RM16.932 million and RM856,000/- reported in preceding year corresponding quarter. The lower profit for the current quarter under review compared to preceding year corresponding quarter was mainly due to lower turnover and contribution from the ICT and Telecommunications Infrastructure & Services businesses.

The Group's turnover for the twelve months ended 30 November 2010 amounted to RM59.796 million, which is approximately 7.7% higher than the preceding year corresponding period of RM55.526 million. The ICT segment contributed approximately 89% of the Group's turnover for the current year. The increase in turnover for the current year was mainly attributable to the sales growth in our core business of ICT division. Corresponding to the increase in turnover, the Group recorded a profit before tax of RM3.803 million for the current year as compared to profit before tax of RM3.045 million 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 RM707,000/- for current quarter as compared to profit before tax of RM1.828 million reported in immediate preceding quarter. The lower profit reported in this financial quarter was attributable to decrease in revenue from the sale of ICT products. The gain on disposal of investment properties also contributed to higher profit been reported in immediate preceding quarter.

#### 3. Prospects for the Current Financial Year

Moving forward the Group will continue to expand and improve its ICT business by undertaking various strategies to enhance products' design and development in order to maintain our navigation products' competitive edge. The Group will also focus its resources in software engine development to improve the functionality of its navigation products to meet the international standards in preparation to move into the Telematics related products and services in future. The Board is confident that these expansion efforts will contribute positively to the earnings and future growth of the Group.

#### 4. Variances of Actual Profit from Forecast Profit

Not applicable.

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## 5. Taxation

	Current Quarter RM'000	Cumulative Current Year RM'000
Taxation includes:-		
Transfer from deferred tax liabilities	2	1
Based on results for the year	68	293
Under provision in prior year	41	41
Tax expense	<u>111</u>	<u>335</u>

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.

## 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 year to date other than as mentioned in Note 9 (2) on Page 7.

The Group received dividends of RM109,673/- from quoted investments in income trust funds for the current financial year to date.

## 7. Quoted Securities

(1) Summary of dealings in quoted securities:-

	Current Quarter RM'000	Cumulative Current Year RM'000
<u>Long Term Investments – Quoted Unit Trusts</u>		
Total Disposal Proceeds	3,639	14,364
Total Profit/(Loss) on Disposal	-	-
Total Purchase Consideration	2,677	18,530
<u>Short Term Investments – Quoted Shares:</u>		
Total Disposal Proceeds	-	-
Total Profit/(Loss) on Disposal	-	-
Total Purchase Consideration	-	-

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### 7. Quoted Securities (cont'd)

(2) Investments in quoted securities as at 30 November 2010 are as follows:-

	RM'000
<u>(i) Quoted Unit Trusts</u>	
Total investments at cost & at carrying value (after allowance for impairment loss)	7,911
Total investments at market value	7,911
<u>(ii) Quoted Shares</u>	
Total investments at cost	481
Total investments at carrying value/book value (after allowance for impairment loss)	276
Total investments at market value	276

### 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 30 November 2010 are as follows:-

	RM'000
(1) Short Term Borrowings	
- <u>Unsecured</u>	
Bank overdraft	320
- <u>Secured</u>	
Bills payable	1,536
	<hr/>
	1,856
(2) Long Term Borrowings	
Hire purchase creditors payable after the next 12 months	<hr/>
	662

#### 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 guarantees of the Company.

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## 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 30 November 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 year ended 30 November 2010.

## 13. Disclosure of Realised and Unrealised Profits or Losses of the Group

The breakdown of the accumulated losses of the Group as at 30 November 2010 into realised and unrealised profits/(losses) is as follows:-

	As at 30/11/2010 RM'000	As at 31/8/2010 RM'000
Total accumulated losses:		
- Realised	(36,097)	(35,778)
- Unrealised	(61)	(4)
	<u>(36,158)</u>	<u>(35,782)</u>
Total share of retained profits/(accumulated losses) from associated companies:		
- Realised	85	85
- Unrealised	(5)	(2)
	<u>(36,078)</u>	<u>(35,699)</u>
Add/(Less): Consolidation adjustments	19,378	18,294
Total accumulated losses as per consolidated accounts	<u>(16,700)</u>	<u>(17,405)</u>

## 14. 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.

## 15. Dividend

The Board of Directors does not recommend any payment of dividend for the current financial year ended 30 November 2010.



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### **16. Earning Per Share**

#### **(1) Basic earning per share**

The basic earning per share for the current quarter and financial year to date is calculated by dividing the consolidated net profit attributable to the equity holders of the Company of RM705,000/- and RM3.855 million respectively by the number of 49,277,066 ordinary shares in issue during the year.

#### **(2) Diluted earning per share**

Not applicable.

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By Order of the Board

**CHIA MOH MUI**

**Company Secretary**