



AMTEL HOLDINGS BERHAD

(Company No.: 409449-A)
(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 28 FEBRUARY 2011**

AMTEL HOLDINGS BERHAD (409449-A)
(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 28 FEBRUARY 2011

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 28 FEBRUARY 2011
(The figures have not been audited)

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|--|---|--|---|---|
| | CURRENT PERIOD QUARTER 28-02-2011 RM'000 | PRECEDING YEAR CORRESPONDING QUARTER 28-02-2010 RM'000 | CURRENT PERIOD TO DATE 28-02-2011 RM'000 | PRECEDING YEAR CORRESPONDING PERIOD 28-02-2010 RM'000 |
| Revenue | 13,862 | 11,758 | 13,862 | 11,758 |
| Operating Expenses | (13,341) | (11,412) | (13,341) | (11,412) |
| Other Operating Income | 205 | 145 | 205 | 145 |
| Profit from Operations | <u>726</u> | <u>491</u> | <u>726</u> | <u>491</u> |
| Finance Costs | (50) | (88) | (50) | (88) |
| Share of Associated Companies' Results | 12 | (5) | 12 | (5) |
| Profit Before Taxation | <u>688</u> | <u>398</u> | <u>688</u> | <u>398</u> |
| Taxation | (35) | (48) | (35) | (48) |
| Profit for the Period | <u>653</u> | <u>350</u> | <u>653</u> | <u>350</u> |
| Other Comprehensive Income | - | - | - | - |
| Total Comprehensive Income for the Period | <u><u>653</u></u> | <u><u>350</u></u> | <u><u>653</u></u> | <u><u>350</u></u> |
| <u>Profit Attributable to:-</u> | | | | |
| Equity Holders of the Company | 633 | 388 | 633 | 388 |
| Non-controlling Interests | 20 | (38) | 20 | (38) |
| | <u>653</u> | <u>350</u> | <u>653</u> | <u>350</u> |
| <u>Total Comprehensive Income Attributable to:-</u> | | | | |
| Equity Holders of the Company | 633 | 388 | 633 | 388 |
| Non-controlling Interests | 20 | (38) | 20 | (38) |
| | <u>653</u> | <u>350</u> | <u>653</u> | <u>350</u> |
| <u>Earnings Per Share Attributable to Equity Holders of the Company :-</u> | | | | |
| Basic (sen) | 1.28 | 0.79 | 1.28 | 0.79 |
| Fully Diluted (sen) | N/A | N/A | N/A | N/A |

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Group's Audited Financial Statements for the financial year ended 30 November 2010 and the accompanying explanatory notes attached to the interim financial statements.

AMTEL HOLDINGS BERHAD (409449-A)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 28 FEBRUARY 2011
(The figures have not been audited)

| | UNAUDITED AS AT CURRENT FINANCIAL PERIOD 28/2/2011 RM'000 | AUDITED AS AT PRECEDING FINANCIAL YEAR ENDED 30/11/2010 RM'000 (Restated) |
|---|---|--|
| ASSETS | | |
| Non-Current Assets | | |
| Property, Plant and Equipment | 2,756 | 2,743 |
| Investment Properties | 169 | 169 |
| Investments in Associates | 124 | 112 |
| Intangible Assets | 269 | 317 |
| Other Investments | 12,257 | 9,361 |
| Other Receivables | - | 315 |
| Deferred Tax Assets | 900 | 900 |
| | 16,475 | 13,917 |
| Current Assets | | |
| Inventories | 4,816 | 5,931 |
| Trade & Other Receivables | 17,605 | 16,439 |
| Short Term Investments | 250 | 276 |
| Cash and Bank Balances | 13,599 | 15,749 |
| | 36,270 | 38,395 |
| | 52,745 | 52,312 |
| EQUITY AND LIABILITIES | | |
| Equity Attributable to Equity Holders of the Parent | | |
| Share Capital | 49,277 | 49,277 |
| Reserves | (11,141) | (11,774) |
| | 38,136 | 37,503 |
| Non-controlling Interests | 296 | 276 |
| Total Equity | 38,432 | 37,779 |
| Non-Current Liabilities | | |
| Finance Lease Payables | 817 | 671 |
| Deferred Tax Liabilities | 14 | 14 |
| | 831 | 685 |
| Current Liabilities | | |
| Trade & Other Payables | 11,391 | 11,538 |
| Short Term Borrowings | 1,585 | 1,856 |
| Provision for Taxation | 230 | 214 |
| Finance Lease Payables | 276 | 240 |
| | 13,482 | 13,848 |
| Total Liabilities | 14,313 | 14,533 |
| TOTAL EQUITY AND LIABILITIES | 52,745 | 52,312 |
| Net assets per share attributable to ordinary equity holders of the parent (RM) | 0.7739 | 0.7611 |

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Group's Audited Financial Statements for the financial year ended 30 November 2010 and the accompanying explanatory notes attached to the interim financial statements.

AMTEL HOLDINGS BERHAD (409449-A)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 28 FEBRUARY 2011
(The figures have not been audited)

| | <u>Attributable to Equity Holders of Parent</u> | | | | Total RM'000 | Non- controlling Interests RM'000 | Total Equity RM'000 |
|---|---|----------------------------|---------------------------------|---------------------------------|-----------------|--|---------------------------|
| | Share Capital RM'000 | Share Premium RM'000 | Fair Value Reserve RM'000 | Accumulated Losses RM'000 | | | |
| <i><---- Non-Distributable -----></i> | | | | | | | |
| 3 months ended 28 February 2011 | | | | | | | |
| At 1 December 2010 | 49,277 | 4,775 | - | (16,708) | 37,344 | 276 | 37,620 |
| Effects of adopting FRS 139 | | | 159 | | 159 | | 159 |
| At 1 December 2010 restated | 49,277 | 4,775 | 159 | (16,708) | 37,503 | 276 | 37,779 |
| Total comprehensive income for the period | - | - | - | 633 | 633 | 20 | 653 |
| At 28 February 2011 | 49,277 | 4,775 | 159 | (16,075) | 38,136 | 296 | 38,432 |
| 3 months ended 28 February 2010 | | | | | | | |
| At 1 December 2009 | 49,277 | 4,775 | - | (20,555) | 33,497 | 655 | 34,152 |
| Total comprehensive income for the period | - | - | - | 388 | 388 | (38) | 350 |
| At 28 February 2010 | 49,277 | 4,775 | - | (20,167) | 33,885 | 617 | 34,502 |

Note:

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Group's Audited Financial Statements for the financial year ended 30 November 2010 and the accompanying explanatory notes attached to the interim financial statements.

AMTEL HOLDINGS BERHAD (409449-A)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 28 FEBRUARY 2011
(The figures have not been audited)

| | CURRENT FINANCIAL PERIOD ENDED 28/2/2011 RM'000 | PRECEDING FINANCIAL PERIOD ENDED 28/2/2010 RM'000 |
|--|--|--|
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 688 | 398 |
| Adjustment for:- | | |
| Non-cash items | 287 | 99 |
| Non-operating items | (14) | 69 |
| Share of results of associated companies | (12) | 5 |
| | 949 | 571 |
| Operating profit before changes in working capital | | |
| Changes in working capital | | |
| Net changes in current assets | 477 | 1,508 |
| Net changes in current liabilities | (147) | 41 |
| Cash generated from operations | 1,279 | 2,120 |
| Interest received | 64 | 19 |
| Interest paid | (50) | (88) |
| Taxes paid | (62) | (23) |
| Net cash generated from operating activities | 1,231 | 2,028 |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Property, plant and equipment | (336) | (219) |
| Other investment activities | (2,679) | 44 |
| Net cash used in investing activities | (3,015) | (175) |
| CASH FLOW FROM FINANCING ACTIVITY | | |
| Net repayment of bank borrowings, representing net cash used in financing activity | (89) | (775) |
| NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENT | (1,873) | 1,078 |
| CASH AND CASH EQUIVALENT AT BEGINNING OF THE PERIOD | 9,664 | 4,343 |
| CASH AND CASH EQUIVALENT AT END OF THE PERIOD/YEAR | 7,791 | 5,421 |
| Cash and Cash equivalents at end of the period comprise:- | | |
| Cash and bank balances | 3,981 | 2,497 |
| Cash deposits with licensed banks | 9,618 | 5,145 |
| Bank overdrafts | - | (994) |
| | 13,599 | 6,648 |
| Less: Cash deposits with licensed banks under lien | (5,808) | (1,227) |
| | 7,791 | 5,421 |

Note:

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Group's Audited Financial Statements for the financial year ended 30 November 2010 and the accompanying explanatory notes attached to the interim financial statements.

AMTEL HOLDINGS BERHAD (409449-A)
(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 28 FEBRUARY 2011**

(A) EXPLANATORY NOTES PURSUANT TO FRS 134

1. Basis of Preparation

The interim financial statements are unaudited and 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 2010. 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 2010.

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 2010, except for the adoption of the following Financial Reporting Standards (“FRSs”), amendments to FRSs, IC Interpretations and Technical Releases (“TRs”) that are effective for financial periods beginning on or after 1 January 2010 and 1 July 2010:-

| | |
|------------------------------------|--|
| FRS 1 | First-time Adoption of Financial Reporting Standards |
| FRS 3 | Business Combinations (Revised) |
| FRS 4 | Insurance Contracts |
| FRS 7 | Financial Instruments : Disclosures |
| FRS 101 | Presentation of Financial Statements (Revised) |
| FRS 123 | Borrowing Costs |
| FRS 127 | Consolidated and Separate Financial Statements (Revised) |
| FRS 139 | Financial Instruments: Recognition and Measurement |
| Amendments to FRS 1 and FRS 127 | First-time Adoption of Financial Reporting Standards and Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate |
| Amendments to FRS 2 | Share-based Payment: Vesting Conditions and Cancellations |
| Amendments to FRS 2 | Share-based Payment |
| Amendments to FRS 5 | Non-current Assets Held for Sale and Discontinued Operations |
| Amendments to FRS 132 | Financial Instruments: Presentation |
| Amendments to FRS 138 | Intangible Assets |
| Amendments to FRS 139, FRS 7 | Financial Instruments: Recognition and Measurement, Financial Instruments: Disclosures and |
| and IC interpretation 9 | Reassessment of Embedded Derivatives |
| IC Interpretation 9 | Reassessment of Embedded Derivatives |
| IC Interpretation 10 | Interim Financial Reporting and Impairment |
| IC Interpretation 11 | FRS 2 – Group and Treasury Share Transactions |
| IC Interpretation 12 | Service Concession Arrangements |

AMTEL HOLDINGS BERHAD (409449-A)
(Incorporated in Malaysia)

1. Basis of Preparation (Cont'd)

1.1 Significant Accounting Policies (Cont'd)

| | |
|---|--|
| IC Interpretation 11 | FRS 2 – Group and Treasury Share Transactions |
| IC Interpretation 12 | Service Concession Arrangements |
| IC Interpretation 13 | Customer Loyalty Programmes |
| IC Interpretation 14 | FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction |
| IC Interpretation 16 | Hedges of a Net Investment in a Foreign Operation |
| IC Interpretation 17 | Distributions of Non-cash Assets to Owners |
| Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives | |
| Amendments to FRSs contained in the document entitled “Improvements to FRSs (2009)” | |
| TR i-3 Presentation of Financial Statements of Islamic Financial Institutions | |

The adoption of the above FRSs, Amendments to FRSs, IC Interpretations and TRs are not expected to have significant impact on the financial statements of the Group, except for the changes in accounting policies as indicated below:-

FRS 101, Presentation of Financial Statements (Revised)

The revised FRS 101 requires owner and non-owner changes in equity to be presented separately. Thus, the statement of changes in equity will include only details of transactions with owners, with all non-owner changes in equity presented as a single line item termed as total comprehensive income. In addition, the revised standard introduces the statement of comprehensive income: It presents all items of income and expense recognised in income statement, together with all other items of recognised income and expense, either in one single statement or in two link statements. The Group has elected to present the statement of comprehensive income in one single statement. New terminologies will replace “balance sheet” with “statement of financial position” and “cash flow statement” with “statement of cash flows”. Comparative information had been re-presented to conform with the presentation required by the revised standard. The adoption of the revised standard will only impact the form and content of the presentation of the financial statements.

Amendments to FRS 117, Leases

The amendments remove the specific guidance on classifying leasehold land as operating lease. As such, leases of land will be classified as either finance or operating lease based on the general principle of FRS 117. Consequently, upon initial application, leasehold land where in substance a finance lease will be classified from “prepaid land lease payments” to “property, plant and equipment” and measured as such retrospectively. Following this reassessment, the Group has reclassified the existing long term leasehold land to property, plant and equipment and the changes have been accounted for retrospectively by restating the following opening balances:-

Statement of Financial Position

| | As previously stated as at 1.12.2010 RM'000 | Effect of adopting Amendments to FRS 117 RM'000 | As restated as at 1.12.2010 RM'000 |
|-------------------------------|--|--|---|
| Group | | | |
| Prepaid land lease payments | 31 | (31) | - |
| Property, plant and equipment | 2,712 | 31 | 2,743 |

AMTEL HOLDINGS BERHAD (409449-A)
(Incorporated in Malaysia)

1. Basis of Preparation (Cont'd)
1.1 Significant Accounting Policies (Cont'd)

FRS 3, Business Combinations (Revised) and FRS 127, Consolidated and Separate Financial Statements (Revised)

The revised FRS 3 introduces a number of significant changes to the accounting for business combinations with greater use of fair value. These changes include recognising all acquisition-related costs as expense, measuring any pre-existing interest at fair value and allowing measurement of non-controlling interest (previously known as minority interest) at either fair value or at its proportionate share of the acquiree's net identifiable assets. The revised FRS 127 requires accounting for changes in ownership interests by the Group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the Group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The revised standard also requires all losses attributable to the minority shareholders to be absorbed by minority shareholders instead of by the parent. The Group is applying the changes of revised FRS 3 and FRS 127 prospectively.

FRS 139, Financial Instrument: Recognition and Measurement

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. Financial instruments are recorded initially at fair value. Subsequent measurement of the financial instruments at the reporting date reflects the designation of the financial instruments. The details of the changes in accounting policies and the effects arising from the adoption of FRS 139 are as follows:-

Financial Assets

Financial assets are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Group's financial assets include financial assets at fair value through profit or loss, available-for-sale financial assets and loans and receivables.

Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, these financial assets are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or losses do not include interest and dividend income, which are recognised separately in profit or loss as part of other loss or other income. Financial assets that is held for trading purposes are presented as current whereas financial assets that is not held primarily for trading purposes are presented as non-current or current based on the settlement date.

AMTEL HOLDINGS BERHAD (409449-A)
(Incorporated in Malaysia)

1. Basis of Preparation (Cont'd)
1.1 Significant Accounting Policies (Cont'd)

FRS 139, Financial Instrument: Recognition and Measurement (Con'd)

Available-for-sale financial assets

Available-for-sale financial assets are measured at fair value and changes in the fair value are recognised directly in equity as "Fair Value Reserve" until the investment is derecognised, at which time the cumulative gain or loss is removed from the Fair Value Reserve and recognised in statement of comprehensive income. In the event where the investment is determined to be impaired, the cumulative loss is recognised in the statement of comprehensive income and removed from the Fair Value Reserve.

In accordance with the transitional provision of FRS 7, the changes affecting available-for-sale financial assets are applied prospectively and the comparatives as at 30 November 2010 are not restated. Instead, the changes have been accounted for by restating the opening balance of the statement of financial position as at 1 December 2010 as shown below:-

Statement of Financial Position

| | As previously stated as at 1.12.2010 RM'000 | Effect of adopting FRS 139 RM'000 | As restated as at 1.12.2010 RM'000 |
|-------------------------------------|--|--|---|
| Group and Company | | | |
| <u>Assets</u> | | | |
| Other Investments - | | | |
| Available-for-sale financial assets | 91 | 159 | 250 |
| <u>Equity</u> | | | |
| Fair Value Reserve | - | 159 | 159 |
| | | | |

Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest rate method. Gain or loss is recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process. Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

Financial Liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss, other financial liabilities at amortised cost using the effective interest rate method, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Group's financial liabilities include trade and other payables and loans and borrowings. These financial liabilities are measured initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

AMTEL HOLDINGS BERHAD (409449-A)
(Incorporated in Malaysia)

1. Basis of Preparation (Cont'd)
1.1 Significant Accounting Policies (Cont'd)

FRS 139, Financial Instrument: Recognition and Measurement (Con'd)

Financial Guarantee Contracts

The Company provides unsecured financial guarantees to financial institutions/trade creditors in respect of banking/credit facilities granted to certain fellow subsidiaries as disclosed in Part (A) Note 12. The maximum exposure to credit risk amounts to RM1.737 million representing the outstanding banking/credit facilities of the fellow subsidiary companies as at 28 February 2011.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

New and Revised FRSs, Amendments for FRSs, IC Interpretations and TRs

The Group has not early adopted the following new and revised FRSs, Amendments for FRSs, IC Interpretations and TRs that are not yet effective in preparing these interim financial statements:-

| | | For financial periods beginning on or after |
|---|---|--|
| FRS 124 | Related Party Disclosures (Revised) | 1 January 2012 |
| Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters (Amendment to FRS 1) | | 1 January 2011 |
| Improving Disclosures about Financial Instruments (Amendments to FRS 7) | | 1 January 2011 |
| Additional Exemptions for First-time Adopters (Amendments to FRS 1) | | 1 January 2011 |
| Group Cash-settled Share-based Payment Transactions (Amendments to FRS 2) | | 1 January 2011 |
| Amendments to FRSs contained in the document entitled "Improvements to FRSs (2010)" | | 1 January 2011 |
| IC Interpretation 4 | Determining whether an Arrangement contains a Lease | 1 January 2011 |
| IC Interpretation 15 | Arrangements for the Construction of Real Estate | 1 January 2012 |
| IC Interpretation 18 | Transfers of Assets from Customers | 1 January 2011 |
| IC Interpretation 19 | Extinguishing Financial Liabilities with Equity Instruments | 1 July 2011 |
| Prepayments of a Minimum Funding Requirement (Amendments to IC Interpretation 14) | | 1 July 2011 |
| TR 3 | Guidance on Disclosures of Transition to IFRSs | 31 December 2010 |
| TR i-4 | Shariah Compliant Sale Contracts | 1 January 2011 |

AMTEL HOLDINGS BERHAD (409449-A)
(Incorporated in Malaysia)

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.

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 2011.

8. Segmental Reporting

The Group's segment information for the financial period ended 28 February 2011 is as follows:-

| GROUP | Information & Communication Technology ("ICT") | Telecommunications Infrastructure & Services ("TIS") | Others | Elimination | Consolidated |
|-------------------------------|--|--|------------------|------------------------|---------------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| REVENUE | | | | | |
| External revenue | 12,800 | 915 | 147 | - | 13,862 |
| Inter-segment | 468 | - | 347 | (815) | - |
| Segment revenue | <u>13,268</u> | <u>915</u> | <u>494</u> | <u>(815)</u> | <u>13,862</u> |
| RESULTS | ICT RM'000 | TIS RM'000 | Others RM'000 | Consolidated RM'000 | |
| Profit/(Loss) from operations | 877 | (14) | (137) | 726 | |
| Finance costs | (43) | (3) | (4) | (50) | |
| Share of associates' results | 14 | - | (2) | 12 | |
| Profit before taxation | <u>848</u> | <u>(17)</u> | <u>(143)</u> | <u>688</u> | |
| Taxation | - | (31) | (4) | (35) | |
| Segment profit for the period | <u>848</u> | <u>(48)</u> | <u>(147)</u> | <u>653</u> | |

AMTEL HOLDINGS BERHAD (409449-A)
(Incorporated in Malaysia)

8. Segmental Reporting (Cont'd)

| GROUP | ICT RM'000 | TIS RM'000 | Others RM'000 | Consolidated RM'000 |
|--|---------------|---------------|------------------|------------------------|
| FINANCIAL POSITION As at 28 February 2011 | | | | |
| Total segment assets | 26,009 | 7,154 | 19,582 | 52,745 |
| Total segment liabilities | 11,652 | 1,924 | 737 | 14,313 |

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 2011 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 reporting date as at 30 November 2010, except for the following:-

| Company | Outstanding As At 28/2/2011 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 | 1,737 |
| Group <u>Contingent Liabilities – Secured*</u> Bank guarantees | 762 |

* - The bank guarantees are secured against the fixed deposits of the subsidiary companies.

At the reporting date, there was no indication that the fellow subsidiary companies would default on their repayments.

AMTEL HOLDINGS BERHAD (409449-A)
(Incorporated in Malaysia)

13. Capital and Other Commitments

The Group has no capital commitment in respect of property, plant and equipment for current quarter ended 28 February 2011.

However the amount of commitments for the development of navigation software engine not provided for in the interim financial statements as at 28 February 2011 is as follows:-

| <u>Capital Expenditure – Intangible Assets</u> | RM'000 |
|--|--------------|
| Contracted but not provided for | <u>4,511</u> |

14. Related Party Transactions

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

AMTEL HOLDINGS BERHAD (409449-A)
(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED 28 FEBRUARY 2011**

**(B) 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 three months ended 28 February 2011 amounted to RM13.862 million, which is approximately 17.9% higher than the preceding year corresponding quarter of RM11.758 million. The ICT segment contributed approximately 92% of the Group's turnover for the current quarter. The increase in turnover for the current quarter was mainly attributable to increase in the sale of ICT products. Consequently, the Group recorded an increase in profit before tax of RM688,000/- for the current quarter under review as compared to profit before tax of RM398,000/- 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 RM688,000/- for current quarter as compared to profit before tax of RM707,000/- reported in immediate preceding quarter. The lower profit reported for the current quarter was arrived at after impairment loss on certain freehold land of a subsidiary company of approximately RM140,000/-. Otherwise the Group would have recorded an improvement in operating results for the current quarter mainly due to increase in turnover and contribution from the ICT business segment.

3. Prospects for the Current Financial Year

Barring any unforeseen circumstances, the Board is optimistic of a positive performance 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 |
|--|------------------------------|--|
| Tax expense:- Based on results for the period | <u>35</u> | <u>35</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.

AMTEL HOLDINGS BERHAD (409449-A)
(Incorporated in Malaysia)

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 RM66,892/- from quoted investments in income trust funds for the current financial period to date.

7. Quoted Securities

(1) Summary of dealings in quoted securities for the current period ended :-

| | Current Quarter RM'000 | Cumulative Current Period RM'000 |
|---|------------------------------|--|
| <u>Long Term Investments – Quoted Unit Trusts</u> | | |
| Total Disposal Proceeds | 1,790 | 1,790 |
| Total Profit/(Loss) on Disposal | - | - |
| Total Purchase Consideration | 4,686 | 4,686 |
| <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 2011 are as follows:-

| | RM'000 |
|--|--------|
| <u>(i) Quoted Unit Trusts</u> | |
| Total investments at cost & at carrying value | 10,807 |
| Total investments at market value | 10,807 |
| <u>(ii) Quoted Shares</u> | |
| Total investments at cost | 481 |
| Total investments at carrying value/book value | 250 |
| Total investments at market value | 250 |

8. Status of Corporate Proposals

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

AMTEL HOLDINGS BERHAD (409449-A)
(Incorporated in Malaysia)

9. Group Borrowings

The Group's total borrowings (all denominated in Ringgit Malaysia) as at 28 February 2011 are as follows:-

| | RM'000 |
|---|--------------|
| (1) Short Term Borrowings | |
| - <u>Unsecured</u> | |
| Bank overdraft | - |
| Bills payable | 868 |
| - <u>Secured</u> | |
| Bank overdraft | - |
| Bills payable | 717 |
| | <hr/> |
| | 1,585 |
| (2) Long Term Borrowings | |
| Finance lease payable after the next 12 months | <hr/> 817 |

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, corporate guarantees of the Company and cash deposits with licensed bank of a subsidiary company.

10. 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.

11. 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.

12. Disclosure of Derivatives

The Group does not have outstanding derivatives (including financial instruments designated as hedging instruments) as at 28 February 2011.

13. 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 2011.

AMTEL HOLDINGS BERHAD (409449-A)
(Incorporated in Malaysia)

14. Disclosure of Realised and Unrealised Profits or Losses of the Group

The breakdown of the accumulated losses of the Group as at 28 February 2011 into realised and unrealised profits/(losses) is as follows:-

| | As at 28/2/2011 RM'000 | As at 30/11/2010 RM'000 |
|---|---------------------------|----------------------------|
| Total accumulated losses: | | |
| - Realised | (35,469) | (35,108) |
| - Unrealised | (79) | (62) |
| | (35,548) | (36,170) |
| Total share of retained profits/(accumulated losses) from associated companies: | | |
| - Realised | 97 | 90 |
| - Unrealised | - | (4) |
| | (35,451) | (36,084) |
| Add/(Less): Consolidation adjustments | 19,376 | 19,376 |
| | (16,075) | (16,708) |
| Total accumulated losses as per consolidated accounts | (16,075) | (16,708) |

15. Dividend

The Board of Directors does not recommend any payment of dividend for the current financial period ended 28 February 2011.

16. 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 RM633,000/- by the number of 49,277,066 ordinary shares in issue during the period.

(2) Diluted earning per share

Not applicable.

AMTEL HOLDINGS BERHAD

By Order of the Board

CHIA MOH MUI

Company Secretary