

**COMINTEL CORPORATION BHD**  
(Company No. 630068-T)

**CONDENSED CONSOLIDATED INCOME STATEMENTS**  
**FOR THE FIRST QUARTER ENDED 30 APRIL 2008**  
(The figures have not been audited)

	Note	Individual Quarter		Cumulative Quarter	
		Current Quarter 30.04.2008 RM'000	Preceding Year Corresponding Quarter 30.04.2007 RM'000	Current Year To Date 30.04.2008 RM'000	Preceding Year Corresponding Period 30.04.2007 RM'000
Revenue	11	66,325	77,656	66,325	77,656
Cost of sales		(56,677)	(66,752)	(56,677)	(66,752)
Gross profit		<u>9,648</u>	<u>10,904</u>	<u>9,648</u>	<u>10,904</u>
Other operating income		200	319	200	319
Operating expenses		(6,320)	(6,212)	(6,320)	(6,212)
Finance cost		(1,148)	(1,195)	(1,148)	(1,195)
Profit before taxation	11	<u>2,380</u>	<u>3,816</u>	<u>2,380</u>	<u>3,816</u>
Taxation	16	(327)	(614)	(327)	(614)
Profit for the period		<u>2,053</u>	<u>3,202</u>	<u>2,053</u>	<u>3,202</u>
Attributable to:					
Equity holders of the parent company		1,999	2,746	1,999	2,746
Minority interest		54	456	54	456
		<u>2,053</u>	<u>3,202</u>	<u>2,053</u>	<u>3,202</u>
Earnings per share					
- Basic (sen)	24	1.43	1.96	1.43	1.96
- Diluted (sen)	24	1.43	1.96	1.43	1.96

Note 1:

The Condensed Consolidated Income Statements should be read in conjunction with the audited financial statements for the year ended 31 January 2008 and the accompanying explanatory notes attached to the interim financial statements.

**COMINTEL CORPORATION BHD**  
(Company No. 630068-T)

**CONDENSED CONSOLIDATED BALANCE SHEETS AS AT 30 APRIL 2008**  
(The figures have not been audited)

	Note	As At 30.04.2008 RM'000	(Audited) As At 31.01.2008 RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		76,523	78,228
Prepaid lease payments		2,999	3,015
Investment in associated company		4,510	4,510
Investment in unquoted shares		341	341
Deferred tax asset		799	805
Amount owing by associated company		6,876	6,876
		<u>92,048</u>	<u>93,775</u>
<b>Current assets</b>			
Inventories		76,527	73,625
Trade receivables		51,461	62,277
Other receivables, deposits and prepayment		29,987	26,077
Amounts owing by associated company		1,947	1,947
Fixed deposits with financial institutions		14,068	22,863
Cash and bank balances		6,817	7,960
		<u>180,807</u>	<u>194,749</u>
<b>TOTAL ASSETS</b>		<u>272,855</u>	<u>288,524</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the parent</b>			
Share capital		70,000	70,000
Share premium		25,745	25,745
Reserve		(445)	(359)
Retained profit		17,875	15,876
		<u>113,175</u>	<u>111,262</u>
Minority interest		3,479	3,425
<b>Total equity</b>		<u>116,654</u>	<u>114,687</u>
<b>Non-current liabilities</b>			
Long term borrowings	20	7,131	7,852
Hire purchase payables	20	4,424	4,757
Deferred tax liabilities		2,641	2,641
		<u>14,196</u>	<u>15,250</u>
<b>Current liabilities</b>			
Trade payables		51,021	60,924
Other payables and accruals		14,759	17,268
Provision for warranty		460	460
Short term borrowings	20	69,170	75,673
Bank overdraft	20	3,337	918
Hire purchase payables	20	1,796	1,777
Provision for taxation		1,462	1,567
		<u>142,005</u>	<u>158,587</u>
<b>Total liabilities</b>		<u>156,201</u>	<u>173,837</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>272,855</u>	<u>288,524</u>
Net assets per share attributable to ordinary equity holders of the parent company (RM)		0.8084	0.7947

Note 1:

The Condensed Consolidated Balance Sheets should be read in conjunction with the audited financial statements for the year ended 31 January 2008 and the accompanying explanatory notes attached to the interim financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FIRST QUARTER ENDED 30 APRIL 2008**  
(The figures have not been audited)

	<----- Attributable to equity holders of the parent ----->						
	(Non Distributable)						
	Share Capital RM'000	Share Premium RM'000	Reserve RM'000	Retained Profits RM'000	Total RM'000	Minority Interest RM'000	Total Equity RM'000
As at 1 February 2007	70,000	25,745	(81)	6,443	102,107	2,966	105,073
Currency translation differences	-	-	(278)	-	(278)	-	(278)
Loss recognised directly in equity	-	-	(278)	-	(278)	-	(278)
Profit for the year	-	-	-	9,433	9,433	459	9,892
Balance as at 31 January 2008	70,000	25,745	(359)	15,876	111,262	3,425	114,687
As at 1 February 2008	70,000	25,745	(359)	15,876	111,262	3,425	114,687
Currency translation differences	-	-	(86)	-	(86)	-	(86)
Loss recognised directly in equity	-	-	(86)	-	(86)	-	(86)
Profit for the period	-	-	-	1,999	1,999	54	2,053
Balance as at 30 April 2008	70,000	25,745	(445)	17,875	113,175	3,479	116,654

Note 1 :

The Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the audited financial statements for the year ended 31 January 2008 and the accompanying explanatory notes attached to the interim financial statements.

**COMINTEL CORPORATION BHD**  
(Company No. 630068-T)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT  
FOR THE FIRST QUARTER ENDED 30 APRIL 2008**  
(The figures have not been audited)

	Cumulative Current Quarter 30.04.2008 RM'000	Cumulative Preceding Quarter 30.04.2007 RM'000
<b>Cash flows from operating activities</b>		
Profit before taxation	2,380	3,816
Adjustment for non cash items:		
Depreciation of property, plant & equipment	2,346	2,581
Hire purchase interest	78	77
Interest expenses	492	1,122
Gain on disposal of property, plant & equipment	-	(8)
Interest income	(151)	(73)
Operating cash flow before working capital changes	<u>5,145</u>	<u>7,515</u>
Inventories	(2,902)	661
Trade receivables	10,816	(1,555)
Other receivables, deposits and prepayments	(2,871)	(3,278)
Trade payables	(9,903)	(1,118)
Other payables and accruals	(3,725)	5,774
Net cash flow from operations	<u>(3,440)</u>	<u>7,999</u>
Bank interest and bank charges paid	(492)	(1,123)
Interest received	25	0
Income tax paid	(335)	(872)
Net operating cash flow	<u>(4,242)</u>	<u>6,004</u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant & equipment	(625)	(1,645)
Proceeds from disposal of property, plant & equipment	-	8
Interest income received	127	73
Net investing cash flow	<u>(498)</u>	<u>(1,564)</u>
<b>Cash flows from financing activities</b>		
Net drawdown/(repayment) of bank borrowings	(767)	(3,396)
Net drawdown/(repayment) of term loans	(6,458)	(843)
Net drawdown/(repayment) of hire purchase liabilities	(392)	(88)
Net financing cash flow	<u>(7,617)</u>	<u>(4,327)</u>
<b>Net changes in cash and cash equivalents</b>	<u>(12,357)</u>	<u>113</u>
<b>Cash and cash equivalents at the beginning of the period</b>	<u>29,905</u>	<u>13,005</u>
<b>Cash and cash equivalents at the end of the period</b>	<u><u>17,548</u></u>	<u><u>13,118</u></u>
<b>Analysed into:</b>		
<b>Deposits in financial institutions</b>	14,068	13,615
<b>Cash and bank balances</b>	6,817	3,483
<b>Bank overdrafts</b>	(3,337)	(3,980)
<b>Cash and cash equivalents at the end of the period</b>	<u><u>17,548</u></u>	<u><u>13,118</u></u>

Note 1:

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the year ended 31 January 2008 and the accompanying explanatory notes attached to the interim financial statements.

## **COMINTEL CORPORATION BHD**

(Company No. 630068-T)

### **EXPLANATORY NOTES**

#### **1. Basis of preparation**

The interim financial statements are unaudited and have been prepared in accordance with the applicable disclosure provision of the Listing Requirements of the Bursa Malaysia Securities Berhad, including compliance with Financial Reporting Standard ("FRS") 134, Interim Financial Reporting, issue by the Malaysian Accounting Standard Board ("MASB").

The interim financial statements have been prepared in accordance with the same accounting policies adopted in the financial statements for the year ended 31 January 2008, except for the adoption of the new/revised FRSs that came into effect during the financial period under review as the requirement of the MASB.

The adoption of the new/revised FRSs that came into effect during the financial period under review does not have material effect of the Group's financial results for the financial period to date nor the Group's shareholders' funds as at 30 April 2008.

The interim financial statements should be read in conjunction with the Group's audited financial statements for the year ended 31 January 2008. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group.

#### **2 Audit report of preceding annual financial statements**

The Group's audited financial statements for the financial year ended 31 January 2008 were reported on without any qualification.

#### **3 Seasonality or cyclicity of operations**

The Group's operations have not been affected materially by any seasonal/cyclical factors.

#### **4 Nature and amount of unusual items affecting assets, liabilities, equity, net income or cash flows**

During the quarter under review, there were no items or events that arose, which affected assets, liabilities, equity, net income or cash flows, that are unusual by reason of their nature, size or incidence.

#### **5 Changes in estimates**

There were no changes in the estimates of amounts reported that have a material effect in the current quarter results.

#### **6 Issuance, cancellations, repurchases, resale and repayments of debt and equity securities**

There was no issuance, cancellations, repurchases, resale and repayment of debt and equity securities in the current quarter under review.

#### **7 Valuation of property, plant and equipment**

The Group did not carry out any valuation on the property, plant and equipment since the listing of the Company on 16 August 2004.

#### **8 Material events subsequent to the end of the interim period**

There were no material events subsequent to the end of the quarter under review that have not been reflected in the financial statements for the quarter under review.

#### **9 Change in the composition of the group**

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

## 10 Contingent liabilities and contingent assets

As at 30 April 2008, total bank guarantees outstanding relating to performance and tenders amounted to RM19.885 million. The company has provided corporate guarantee amounting to RM259.382 million to financial institutions for banking facilities made available to its subsidiaries of which RM105.743 is utilised as at 30 April 2008.

## 11 Segmental information

The revenue and profit/(loss) of the Group are generated from the following segments:

Segment revenue	Investment Holding	Manufacturing	Communications & Systems Integration	Defence Maintenance	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
Malaysia	-	-	4,659	1,254	5,913
Foreign countries	-	60,412	-	-	60,412
Consolidation adjustments	-	-	-	-	-
	-	60,412	4,659	1,254	66,325

  

Segment profit/(loss) before taxation	Investment Holding	Manufacturing	Communications & Systems Integration	Defence Maintenance	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
Malaysia	(295)	-	2,663	327	2,695
Foreign countries	-	(315)	-	-	(315)
Consolidation adjustments	-	-	-	-	-
	(295)	(315)	2,663	327	2,380

## 12 Review of performance

	Preceding Quarter 31.01.2008 RM'000	Current Quarter 30.04.2008 RM'000	Preceding year Corresponding Quarter 30.04.2007 RM'000
Revenue	86,546	66,325	77,656
Profit before tax	1,425	2,380	3,816
Profit after tax	1,572	2,053	3,202
Attributable to :			
Equity holders of the parent company	1,805	1,999	2,746
Minority interest	(233)	54	456

For the quarter under review, the Group recorded revenue of RM66.325 million compared to the revenue of RM77.656 million in the corresponding quarter of the previous financial year. The lower revenue for the current quarter was mainly due to the lower revenue recorded by the Communications & Systems Integration and Defence Maintenance segments.

The current quarter revenue is 23% lower than that recorded in the preceding quarter. The decrease in the revenue was mainly due to some of the projects undertaken by the Group for this financial year is at its beginning stages.

**13 Comments on material change in Profit after taxation**

For the quarter under review, profit after taxation attributable to the equity holders of the parent company was RM1.999 million, a decrease of 27% as compared to RM2.746 million reported in the preceding year corresponding quarter. The decrease of the profit after taxation was mainly due to the lower revenue contribution from the Communications & System Integration sector and defence maintenance sector in the current quarter.

The profit after taxation attributable to the equity holders of the parent company for the current quarter is 10.7% higher than the preceding quarter. The increase is mainly attributed to the higher profit margin contribution by the Communications & System Integration and Defence Maintenance sectors in the current quarter.

**14 Commentary on prospects**

The Group will endeavour to strive for sustainable growth in all its three (3) business segments.

**15 Profit forecast**

The Group has not issued any profit forecast to relevant authorities and is not subject to any profit guarantee.

**16 Taxation**

	Current Quarter 30.04.2008 RM'000	Current Year To Date 30.04.2008 RM'000
Provision for taxation for the period under review	322	322
Deferred taxation	5	5
	<u>327</u>	<u>327</u>

The taxation is computed after taking into consideration the utilisation of unutilised tax losses, unabsorbed capital allowances and reinvestment allowances from subsidiaries companies. Hence, the effective tax rate for the current financial year to date is lower than the statutory tax rate.

**17 Disposal 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.

**18 Purchase or disposal of quoted securities**

**(a) Purchases and disposals of quoted securities**

There were no purchases and disposals of quoted securities for the current quarter and financial year to date.

**(b) Investment in quoted shares**

There were no investments in quoted securities for the current quarter and financial year to date.

**19 Corporate Proposals**

There were no corporate proposals announced and not completed as at the date of this report.

## 20 Group borrowings

Total Group borrowings as at 30 April 2008 were as follows :-

	As at 30 April 2008		
	Secured RM'000	Unsecured RM'000	Total RM'000
Short term borrowings			
- Local currency (RM)	74,303	-	74,303
Long term borrowings			
- Local currency (RM)	11,555	-	11,555
Total	<u>85,858</u>	<u>-</u>	<u>85,858</u>

Included in the short term borrowings is an amount of RM65.651 million relating to trade financing.

## 21 Off balance sheet financial instruments

The Group does not have any off balance sheet financial instruments as at the date of this report.

## 22 Material litigation

There is no material litigation for the current quarter under review.

## 23 Dividends

There were no dividends declared or proposed by the Company in the financial quarter under review.

The Board of Directors has recommended the payment of a first and final gross dividend in respect of the financial year ended 31 January 2008 of 2.0 sen per share, less taxation of 26%, amounting to RM2,072,000 subject to the approval of shareholders at the forthcoming Annual General Meeting of the Company.

The current quarter report does not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of the retained earnings in the third quarter. The final dividend will be paid on 29th August 2008 to shareholders whose names appear in the Record of Depositors on 13th August 2008.

## 24 Earnings Per Share (EPS)

The basic EPS for the current quarter and cumulative financial year to date are computed as follows:

	Current Quarter 30.04.2008	Current Year To Date 30.04.2008
Profit attributable to equity holders of the parent (RM'000)	<u>1,999</u>	<u>1,999</u>
Weighted average number of ordinary shares of RM0.50 each in issue ('000)	<u>140,000</u>	<u>140,000</u>
- Basic EPS (sen)	1.43	1.43
- Diluted EPS (sen)	1.43	1.43

## 25 Approval of financial statement

These interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 23 June 2008.

By order of the Board  
COMINTEL CORPORATION BHD (Company no. : 630068-T)  
Loh Hock Chiang  
Company Secretary MIA 11139  
Eng Shuh Shiang  
Company Secretary MAICSA 7038994

Shah Alam  
23 June 2008