

COMINTEL CORPORATION BHD
(Company No. 630068-T)

**CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE SECOND QUARTER ENDED 31 JULY 2008**
(The figures have not been audited)

	Note	Current Year Quarter Ended 31.07.2008 RM'000	Preceding Year Quarter Ended 31.07.2007 RM'000	Current Year To Date 31.07.2008 RM'000	Preceding Year To Date 31.07.2007 RM'000
Revenue	11	79,935	79,603	146,260	157,259
Cost of sales		(73,385)	(68,426)	(130,064)	(135,178)
Gross profit		<u>6,550</u>	<u>11,177</u>	<u>16,196</u>	<u>22,081</u>
Other operating income		852	257	1,008	441
Other operating, administrative, selling and distribution expenses		(6,301)	(6,598)	(12,621)	(12,763)
Finance cost		(1,209)	(1,285)	(2,312)	(2,421)
(Loss)/Profit before taxation	11	<u>(108)</u>	<u>3,551</u>	<u>2,271</u>	<u>7,338</u>
Taxation	16	(220)	(307)	(546)	(920)
(Loss)/Profit for the period		<u>(328)</u>	<u>3,244</u>	<u>1,725</u>	<u>6,418</u>
Attributable to:					
Equity holders of the parent company		(380)	3,141	1,619	5,859
Minority interest		52	103	106	559
		<u>(328)</u>	<u>3,244</u>	<u>1,725</u>	<u>6,418</u>
(Loss)/Earning per share					
- Basic (sen)	24	(0.27)	2.24	1.16	4.19
- Diluted (sen)	24	(0.27)	2.24	1.16	4.19

Note:

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 31 JULY 2008
(The figures have not been audited)

		(Unaudited)	(Audited)
		As At	As At
		31.07.2008	31.01.2008
	Note	RM'000	RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		74,176	78,228
Prepaid lease payments		2,983	3,015
Investment in associated company		4,510	4,510
Investment in unquoted shares		686	341
Deferred tax assets		803	805
Amount owing by associated company		6,876	6,876
		<u>90,034</u>	<u>93,775</u>
Current assets			
Inventories		74,566	73,625
Trade receivables		64,910	62,277
Other receivables, deposits and prepayment		25,996	26,077
Amounts owing by associated company		1,947	1,947
Fixed deposits with financial institutions		16,447	22,863
Cash and bank balances		5,291	7,960
		<u>189,157</u>	<u>194,749</u>
		<u>279,191</u>	<u>288,524</u>
TOTAL ASSETS			
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital		70,000	70,000
Share premium		25,745	25,745
Reserve		(331)	(359)
Retained profit		17,495	15,876
		<u>112,909</u>	<u>111,262</u>
Minority interest		3,531	3,425
Total equity		<u>116,440</u>	<u>114,687</u>
Non-current liabilities			
Long term borrowings	20	6,506	7,852
Hire purchase payables	20	3,980	4,757
Deferred tax liabilities		2,641	2,641
		<u>13,127</u>	<u>15,250</u>
Current liabilities			
Trade payables		51,986	60,924
Other payables and accruals		8,172	17,268
Provision for warranty		460	460
Short term borrowings	20	80,345	75,673
Bank overdraft	20	5,421	918
Hire purchase payables	20	1,790	1,777
Provision for taxation		1,450	1,567
		<u>149,624</u>	<u>158,587</u>
Total liabilities		<u>162,751</u>	<u>173,837</u>
TOTAL EQUITY AND LIABILITIES		<u>279,191</u>	<u>288,524</u>
Net assets per share attributable to ordinary equity holders of the parent company (RM)		0.8065	0.7947

Note:

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 SECOND QUARTER ENDED 31 JULY 2008
(The figures have not been audited)**

	<----- Attributable to equity holders of the parent ----->						
	<----(Non Distributable) ---->			Retained Profits RM'000	Total RM'000	Minority Interest RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Reserve 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	<u>70,000</u>	<u>25,745</u>	<u>(359)</u>	<u>15,876</u>	<u>111,262</u>	<u>3,425</u>	<u>114,687</u>
As at 1 February 2008	70,000	25,745	(359)	15,876	111,262	3,425	114,687
Currency translation differences	-	-	28	-	28	-	28
Loss recognised directly in equity	-	-	28	-	28	-	28
Profit for the period	-	-	-	1,619	1,619	106	1,725
Balance as at 31 July 2008	<u>70,000</u>	<u>25,745</u>	<u>(331)</u>	<u>17,495</u>	<u>112,909</u>	<u>3,531</u>	<u>116,440</u>

Note:

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 SECOND QUARTER ENDED 31 JULY 2008
(The figures have not been audited)**

	Current Year To Date 31.07.2008 RM'000	Preceding Year To Date 31.07.2007 RM'000
Cash flows from operating activities		
Profit before taxation	2,271	7,338
Adjustment for non cash and non operating items:		
Depreciation of property, plant & equipment	4,649	5,167
Hire purchase interest	157	153
Interest expenses	2,155	2,266
Loss/(Gain) on disposal of property, plant & equipment	528	(8)
Interest income	(243)	(142)
Operating cash flow before working capital changes	<u>9,517</u>	<u>14,774</u>
Inventories	(941)	363
Trade receivables	(2,633)	(9,451)
Other receivables, deposits and prepayments	81	(11,205)
Trade payables	(8,938)	9,596
Other payables and accruals	(9,096)	3,867
Net cash flow from operations	<u>(12,010)</u>	<u>7,944</u>
Finance Charges	(2,312)	(2,266)
Interest received	52	0
Income tax paid	(633)	(1,218)
Net operating cash flow	<u>(14,903)</u>	<u>4,460</u>
Cash flows from investing activities		
Purchase of property, plant & equipment	(1,115)	(1,919)
Proceeds from disposal of property, plant & equipment	22	8
Purchase of investment	(346)	(341)
Interest income received	191	142
Net investing cash flow	<u>(1,248)</u>	<u>(2,110)</u>
Cash flows from financing activities		
Net drawdown/(repayment) of bank borrowings	9,413	(4,501)
Net (repayment)/drawdown of term loans	(6,086)	7,080
Net repayment of hire purchase liabilities	(764)	(556)
Net financing cash flow	<u>2,563</u>	<u>2,023</u>
Net changes in cash and cash equivalents	<u>(13,588)</u>	<u>4,373</u>
Cash and cash equivalents at the beginning of the period	<u>29,905</u>	<u>13,005</u>
Cash and cash equivalents at the end of the period	<u><u>16,317</u></u>	<u><u>17,378</u></u>
Analysed into:		
Deposits in financial institutions	16,447	14,393
Cash and bank balances	5,291	4,957
Bank overdrafts	(5,421)	(1,972)
Cash and cash equivalents at the end of the period	<u><u>16,317</u></u>	<u><u>17,378</u></u>

Note:

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 31 July 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

There were no valuation of property, plant and equipment during the current quarter under review.

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 31 July 2008, total bank guarantees outstanding relating to performance and tenders amounted to RM20 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 RM98.042 million is utilised as at 31 July 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	
Malaysia	-	-	12,464	4,756	17,220
Foreign countries	-	129,040	-	-	129,040
	-	129,040	12,464	4,756	146,260

Segment profit/(loss) before taxation	Investment Holding	Manufacturing	Communications & Systems Integration	Defence Maintenance	Consolidated
	RM'000	RM'000	RM'000	RM'000	
Malaysia	(614)	-	1,428	732	1,546
Foreign countries	-	725	-	-	725
	(614)	725	1,428	732	2,271

12 Review of performance

	Preceding Quarter	Current Quarter	Preceding year Corresponding Quarter
	30.04.2008	31.07.2008	31.07.2007
	RM'000	RM'000	RM'000
Revenue	66,325	79,935	79,603
Profit before tax	2,380	(108)	3,551
Profit after tax	2,053	(328)	3,244
Attributable to :			
Equity holders of the parent company	1,999	(380)	3,141
Minority interest	54	52	103

For the quarter under review, the Group recorded the revenue of RM79.935 million compared to the revenue of RM79.603 million in the corresponding quarter of the previous financial year. The higher revenue for the current quarter was mainly due to the higher revenue recorded by the Manufacturing segment. The Manufacturing segment recorded a revenue increase of RM10.083 million, while the revenues for Communication & System Integration and Defence Maintenance segments decreased by RM9.751 million.

The current quarter revenue is 20.5% higher than that recorded in the preceding quarter. The increase in the revenue was mainly due to the increase of products shipment from the Manufacturing segment. The Communications & System Integration and Defence Maintenance segments also shown an increase of revenue as some projects secured, have started to implement during the quarter under review.

13 Comments on material change in Profit after taxation

For the quarter under review, loss after taxation attributable to the equity holders of the parent company was RM0.38 million, as compared to RM3.244 million profit reported in the preceding year corresponding quarter. The loss was mainly due to the lower revenue and lower profit margin contribution from the Communications & System Integration segment in the current quarter despite the improvement in the manufacturing segment.

The Group recorded a loss after taxation attributable to the equity holders of the parent company of RM0.38 million in the current quarter as compared to RM1.999 million profit in the preceding quarter. The loss was mainly due to the lower revenue and lower profit margin contribution from the Communications & System Integration segment despite the improvement in the manufacturing segment.

14 Commentary on prospects

Although the world and Malaysian market conditions are expected to remain challenging, 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 31.07.2008 RM'000	Current Year To Date 31.07.2008 RM'000
Provision for taxation for the period under review	223	544
Deferred taxation	(3)	2
	<u>220</u>	<u>546</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 31 July 2008 were as follows :-

	As at 31 July 2008		
	Secured RM'000	Unsecured RM'000	Total RM'000
Short term borrowings			
- Local currency (RM)	87,556	-	87,556
Long term borrowings			
- Local currency (RM)	10,486	-	10,486
Total	<u>98,042</u>	<u>-</u>	<u>98,042</u>

Included in the short term borrowings is an amount of RM75.830 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 shareholders have approved the 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% at the Annual General Meeting held on 29 July 2008 which already paid on 29 August 2008.

24 Earnings Per Share (EPS)

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

	Current Quarter 31.07.2008	Current Year To Date 31.07.2008
(Loss)/Profit attributable to equity holders of the parent (RM'000)	<u>(380)</u>	<u>1,619</u>
Weighted average number of ordinary shares of RM0.50 each in issue ('000)	<u>140,000</u>	<u>140,000</u>
- Basic (Loss)/Earning Per Share (sen)	(0.27)	1.16
- Diluted (Loss)/Earning Per Share (sen)	(0.27)	1.16

25 Approval of financial statement

These unaudited interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 25 September 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
25 September 2008