

**CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE FIRST QUARTER ENDED 30 APRILL 2009**
(The figures have not been audited)

| | Note | Current Year Quarter Ended 30.04.2009 RM'000 | Preceding Year Quarter Ended 30.04.2008 RM'000 | Current Year To Date 30.04.2009 RM'000 | Preceding Year To Date 30.04.2008 RM'000 |
|---|------|---|---|---|---|
| Revenue | 11 | 78,890 | 66,325 | 78,890 | 66,325 |
| Cost of sales | | (70,748) | (56,677) | (70,748) | (56,677) |
| Gross profit | | 8,142 | 9,648 | 8,142 | 9,648 |
| Other operating income | | 302 | 200 | 302 | 200 |
| Other operating, administrative, selling and distribution expenses | | (7,101) | (6,320) | (7,101) | (6,320) |
| Finance cost | | (670) | (1,148) | (670) | (1,148) |
| Profit before taxation | 11 | 673 | 2,380 | 673 | 2,380 |
| Taxation | 16 | (156) | (327) | (156) | (327) |
| Profit for the period | | 517 | 2,053 | 517 | 2,053 |
| Attributable to: | | | | | |
| Equity holders of the parent company | | 537 | 1,999 | 537 | 1,999 |
| Minority interest | | (20) | 54 | (20) | 54 |
| | | 517 | 2,053 | 517 | 2,053 |
| Earnings per share | | | | | |
| - Basic (sen) | 24 | 0.38 | 1.43 | 0.38 | 1.43 |
| - Diluted (sen) | 24 | 0.38 | 1.43 | 0.38 | 1.43 |

Note:

The Condensed Consolidated Income Statements should be read in conjunction with the audited financial statements for the year ended 31 January 2009 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 2009
(The figures have not been audited)

| | Note | (Unaudited) As At 30.04.2009 RM'000 | (Audited) As At 31.01.2009 RM'000 |
|---|------|--|--|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | | 69,973 | 71,706 |
| Prepaid lease payments | | 2,936 | 2,952 |
| Investment in unquoted shares | | 865 | 865 |
| Intangible Asset | | 8,000 | 8,000 |
| | | <u>81,774</u> | <u>83,523</u> |
| Current assets | | | |
| Inventories | | 85,084 | 82,561 |
| Trade receivables | | 63,827 | 56,439 |
| Other receivables, deposits and prepayment | | 27,767 | 22,966 |
| Fixed deposits with financial institutions | | 10,797 | 21,494 |
| Cash and bank balances | | 10,181 | 10,840 |
| | | <u>197,656</u> | <u>194,300</u> |
| TOTAL ASSETS | | <u>279,430</u> | <u>277,823</u> |
| EQUITY AND LIABILITIES | | | |
| Equity attributable to equity holders of the parent | | | |
| Share capital | | 70,000 | 70,000 |
| Share premium | | 25,745 | 25,745 |
| Reserve | | 1,436 | 1,430 |
| Retained profit | | 15,549 | 15,012 |
| | | <u>112,730</u> | <u>112,187</u> |
| Minority interest | | 3,447 | 3,467 |
| Total equity | | <u>116,177</u> | <u>115,654</u> |
| Non-current liabilities | | | |
| Long term borrowings | 20 | 4,795 | 5,185 |
| Hire purchase payables | 20 | 3,247 | 3,482 |
| Deferred tax liabilities | | 3,455 | 3,373 |
| | | <u>11,497</u> | <u>12,040</u> |
| Current liabilities | | | |
| Trade payables | | 50,229 | 54,090 |
| Other payables and accruals | | 15,484 | 10,838 |
| Provision for warranty | | 957 | 957 |
| Short term borrowings | 20 | 80,015 | 80,740 |
| Bank overdraft | 20 | 2,433 | 701 |
| Hire purchase payables | 20 | 1,870 | 1,837 |
| Provision for taxation | | 768 | 966 |
| | | <u>151,756</u> | <u>150,129</u> |
| Total liabilities | | <u>163,253</u> | <u>162,169</u> |
| TOTAL EQUITY AND LIABILITIES | | <u>279,430</u> | <u>277,823</u> |
| Net assets per share attributable to ordinary equity holders of the parent company (RM) | | 0.8052 | 0.8013 |

Note:

The Condensed Consolidated Balance Sheets should be read in conjunction with the audited financial statements for the year ended 31 January 2009 and the accompanying explanatory notes attached to the interim financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 30 APRILL 2009
(The figures have not been audited)**

| Note | Attributable to equity holders of the parent -----> | | | | | | Minority Interest RM'000 | Total Equity RM'000 |
|--------------------------------------|---|----------------------------|-------------------|---|------------------------------------|-------|--------------------------------|---------------------------|
| | Share Capital RM'000 | Share Premium RM'000 | Reserve RM'000 | <----(Non Distributable) ----> Retained Profits RM'000 | (Distributable) Total RM'000 | | | |
| As at 1 February 2008 | 70,000 | 25,745 | (359) | 15,876 | 111,262 | 3,425 | 114,687 | |
| Currency translation differences | - | - | 435 | - | 435 | - | 435 | |
| Revaluation surplus | - | - | 1,354 | - | 1,354 | - | 1,354 | |
| Profit recognised directly in equity | - | - | 1,789 | - | 1,789 | - | 1,789 | |
| Profit for the year | - | - | - | 1,208 | 1,208 | 42 | 1,250 | |
| Dividend | - | - | - | (2,072) | (2,072) | - | (2,072) | |
| Balance as at 31 January 2009 | 70,000 | 25,745 | 1,430 | 15,012 | 112,187 | 3,467 | 115,654 | |
| As at 1 February 2009 | 70,000 | 25,745 | 1,430 | 15,012 | 112,187 | 3,467 | 115,654 | |
| Currency translation differences | - | - | 6 | - | 6 | - | 6 | |
| Revaluation surplus | - | - | - | - | - | - | - | |
| Profit recognised directly in equity | - | - | 6 | - | 6 | - | 6 | |
| Profit for the period | - | - | - | 537 | 537 | (20) | 517 | |
| Dividend | - | - | - | - | - | - | - | |
| Balance as at 30 April 2009 | 70,000 | 25,745 | 1,436 | 15,549 | 112,730 | 3,447 | 116,177 | |

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 2009 and the accompanying explanatory notes attached to the interim financial statements.

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE FIRST QUARTER ENDED 30 APRIL 2009
(The figures have not been audited)**

| | Current Year To Date 30.04.2009 RM'000 | Preceding Year To Date 30.04.2008 RM'000 |
|---|---|---|
| Cash flows from operating activities | | |
| Profit before taxation | 673 | 2,380 |
| Adjustment for non cash and non operating items: | | |
| Depreciation of property, plant & equipment | 2,223 | 2,346 |
| Hire purchase interest | 87 | 78 |
| Interest expenses | 582 | 492 |
| Gain on disposal of property, plant & equipment | (37) | - |
| Interest income | (76) | (151) |
| Operating cash flow before working capital changes | <u>3,452</u> | <u>5,145</u> |
| Inventories | (2,523) | (2,902) |
| Trade receivables | (7,388) | 10,816 |
| Other receivables, deposits and prepayments | (4,801) | (2,871) |
| Trade payables | (3,861) | (9,903) |
| Other payables and accruals | 4,652 | (3,725) |
| Net cash flow from operations | <u>(10,469)</u> | <u>(3,440)</u> |
| Finance Charges | (669) | (492) |
| Interest received | - | 25 |
| Income tax paid | (272) | (335) |
| Net operating cash flow | <u>(11,410)</u> | <u>(4,242)</u> |
| Cash flows from investing activities | | |
| Purchase of property, plant & equipment | (529) | (625) |
| Proceeds from disposal of property, plant & equipment | 93 | - |
| Interest income received | 76 | 127 |
| Net investing cash flow | <u>(360)</u> | <u>(498)</u> |
| Cash flows from financing activities | | |
| Net (repayment) of bank borrowings | (281) | (767) |
| Net (repayment) of term loans | (835) | (6,458) |
| Net (repayment) of hire purchase liabilities | (202) | (392) |
| Net financing cash flow | <u>(1,318)</u> | <u>(7,617)</u> |
| Net changes in cash and cash equivalents | (13,088) | (12,357) |
| Cash and cash equivalents at the beginning of the period | 31,633 | 29,905 |
| Cash and cash equivalents at the end of the period | <u><u>18,545</u></u> | <u><u>17,548</u></u> |
| Analysed into: | | |
| Deposits in financial institutions | 10,797 | 14,068 |
| Cash and bank balances | 10,181 | 6,817 |
| Bank overdrafts | (2,433) | (3,337) |
| Cash and cash equivalents at the end of the period | <u><u>18,545</u></u> | <u><u>17,548</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 2009 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 accounting policies and method of computation adopted by the Group in the interim financial statements are consistent with those adopted for the annual audited financial statements for the year ended 31 January 2009.

The interim financial statements should be read in conjunction with the Group's audited financial statements for the year ended 31 January 2009. 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 2009 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 changes to the valuation of property, plant and equipment from the previous year's audited financial statements.

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 2009, total bank guarantees outstanding relating to performance and tenders amounted to RM9.96 million. The company has provided corporate guarantee amounting to RM244.38 million to financial institutions for banking facilities made available to its subsidiaries of which RM92.36 million is utilised as at 30 April 2009.

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 | - | - | 4,215 | 773 | 4,988 |
| Foreign countries | - | 73,902 | - | - | 73,902 |
| | - | 73,902 | 4,215 | 773 | 78,890 |

| 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 | (313) | - | (1,052) | 3 | (1,362) |
| Foreign countries | - | 2,035 | - | - | 2,035 |
| | (313) | 2,035 | (1,052) | 3 | 673 |

12 Review of performance

| | Preceding Quarter | Current Quarter | Preceding year Corresponding Quarter |
|--------------------------------------|-------------------|-----------------|--|
| | 31.01.2009 | 30.04.2009 | 30.04.2008 |
| | RM'000 | RM'000 | RM'000 |
| Revenue | 86,988 | 78,890 | 66,325 |
| (Loss)/Profit before tax | (1,087) | 673 | 2,380 |
| (Loss)/Profit after tax | (1,260) | 517 | 2,053 |
| Attributable to : | | | |
| Equity holders of the parent company | (1,136) | 537 | 1,999 |
| Minority interest | (124) | (20) | 54 |

For the current quarter under review, the Group recorded a revenue of RM78.9 million compared to the revenue of RM66.3 million in the corresponding quarter of the previous financial year. The manufacturing segment reported a revenue increase of RM13.5 million, while the communications & systems integration segment and defence maintenance segment each recorded a revenue decrease of RM0.5 million.

The current quarter revenue is RM8.1 million lower than that recorded in the preceding quarter. The decrease in the revenue was mainly attributed to the decrease of revenue contribution from Communications & Systems Integration and Defence Maintenance segments.

13 Comments on material change in Profit after taxation

For the quarter under review, consolidated profit after taxation attributable to the equity holders of the parent company was RM0.537 million, as compared to RM1.999 million profit reported in the preceding year corresponding quarter, a decline of 73%. The lower profit margin recorded for the current quarter was mainly due to the lower profit contribution from the defence maintenance segment and the negative earning from the communications & systems integration segment.

14 Commentary on prospects

The global economy conditions are expected to remain challenging for the coming year. The Group will endeavour to continuously take appropriate measures to remain competitive and strive for sustainable growth in all its three (3) business segments. The manufacturing segment recorded a revenue growth of 14.1% since the last two quarters. Barring any unforeseen circumstances, BCM is expected to perform satisfactory for the ensuing year amidst the global economy downturn.

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 30.04.2009 RM'000 | Current Year To Date 30.04.2009 RM'000 |
|--|--|---|
| Provision for taxation for the period under review | 74 | 74 |
| Deferred taxation | 82 | 82 |
| | <u>156</u> | <u>156</u> |

The effective tax rate of the Group for the current quarter is lower than the local statutory tax rate mainly due to the unutilised tax losses, unabsorbed capital allowances and reinvestment allowances from the subsidiaries.

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 2009 were as follows :-

| | As at 30 April 2009 | | |
|-----------------------|---------------------|---------------------|-----------------|
| | Secured RM'000 | Unsecured RM'000 | Total RM'000 |
| Short term borrowings | | | |
| - Local currency (RM) | 84,318 | - | 84,318 |
| Long term borrowings | | | |
| - Local currency (RM) | 8,042 | - | 8,042 |
| Total | <u>92,360</u> | <u>-</u> | <u>92,360</u> |

Included in the short term borrowings is an amount of RM77.861 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.

24 Earnings Per Share (EPS)

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

| | Current Quarter 30.04.2009 | Current Year To Date 30.04.2009 |
|--|----------------------------------|---------------------------------------|
| Profit attributable to equity holders of the parent (RM'000) | <u>537</u> | <u>537</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) | 0.38 | 0.38 |
| - Diluted (Loss)/Earning Per Share (sen) | 0.38 | 0.38 |

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 29 June 2009.

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
29 June 2009