

**CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE THIRD QUARTER ENDED 31 OCT 2009**
(The figures have not been audited)

	Note	Current Year Quarter Ended 31.10.2009 RM'000	Preceding Year Quarter Ended 31.10.2008 RM'000	Current Year To Date 31.10.2009 RM'000	Preceding Year To Date 31.10.2008 RM'000
Revenue	11	74,863	76,647	221,519	222,907
Cost of sales		(70,162)	(66,606)	(201,375)	(198,251)
Gross profit		4,701	10,041	20,144	24,656
Other operating income		357	1,212	1,033	2,220
Other operating, administrative, selling and distribution expenses		(6,308)	(8,989)	(20,067)	(20,029)
Finance cost		(831)	(1,309)	(2,386)	(3,622)
(Loss)/Profit before taxation	11	(2,081)	955	(1,276)	3,225
Taxation	16	(58)	(155)	(374)	(700)
(Loss)/Profit for the period		(2,139)	800	(1,650)	2,525
Attributable to:					
Equity holders of the parent company		(1,749)	746	(1,120)	2,366
Minority interest		(390)	54	(530)	159
		(2,139)	800	(1,650)	2,525
(Loss)/Earnings per share					
- Basic (sen)	24	(1.25)	0.53	(0.80)	1.69
- Diluted (sen)	24	(1.25)	0.53	(0.80)	1.69

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 31 OCT 2009
(The figures have not been audited)

	Note	(Unaudited) As At 31.10.2009 RM'000	(Audited) As At 31.01.2009 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		66,428	71,706
Prepaid lease payments		2,905	2,952
Investment in unquoted shares		1,052	865
Intangible Asset		8,000	8,000
		<u>78,385</u>	<u>83,523</u>
Current assets			
Inventories		78,904	82,561
Trade receivables		57,744	56,439
Other receivables, deposits and prepayment		25,118	22,966
Fixed deposits with financial institutions		9,587	21,494
Cash and bank balances		12,307	10,840
		<u>183,660</u>	<u>194,300</u>
TOTAL ASSETS		<u>262,045</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		1,214	1,430
Retained profit		13,892	15,012
		<u>110,851</u>	<u>112,187</u>
Minority interest		2,937	3,467
Total equity		<u>113,788</u>	<u>115,654</u>
Non-current liabilities			
Long term borrowings	20	4,083	5,185
Hire purchase payables	20	2,374	3,482
Deferred tax liabilities		3,553	3,373
		<u>10,010</u>	<u>12,040</u>
Current liabilities			
Trade payables		43,978	41,099
Other payables and accruals		14,399	23,829
Provision for warranty		527	957
Short term borrowings	20	74,984	80,740
Bank overdraft	20	2,005	701
Hire purchase payables	20	1,886	1,837
Provision for taxation		468	966
		<u>138,247</u>	<u>150,129</u>
Total liabilities		<u>148,257</u>	<u>162,169</u>
TOTAL EQUITY AND LIABILITIES		<u>262,045</u>	<u>277,823</u>
Net assets per share attributable to ordinary equity holders of the parent company (RM)		0.7918	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 THIRD QUARTER ENDED 31 OCT 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	-	-	(216)	-	(216)	-	(216)	
Revaluation surplus	-	-	-	-	-	-	-	
(Loss) recognised directly in equity	-	-	(216)	-	(216)	-	(216)	
(Loss) for the period	-	-	-	(1,120)	(1,120)	(530)	(1,650)	
Dividend	-	-	-	-	-	-	-	
Balance as at 31 October 2009	70,000	25,745	1,214	13,892	110,851	2,937	113,788	

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.

COMINTEL CORPORATION BHD
(Company No. 630068-T)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE THIRD QUARTER ENDED 31 OCT 2009
(The figures have not been audited)**

	Current Year To Date 31.10.2009 RM'000	Preceding Year To Date 31.10.2008 RM'000
Cash flows from operating activities		
Profit before taxation	(1,276)	3,225
Adjustment for non cash and non operating items:		
Depreciation of property, plant & equipment	6,369	6,936
Hire purchase interest	250	236
Interest expenses	2,136	3,386
(Gain)/Loss on disposal of property, plant & equipment	(52)	470
Interest income	(151)	(307)
Operating cash flow before working capital changes	<u>6,846</u>	<u>13,946</u>
Inventories	3,657	(10,611)
Trade receivables	(1,305)	(9,730)
Other receivables, deposits and prepayments	(2,152)	67
Trade payables	2,879	4,413
Other payables and accruals	(9,646)	(9,342)
Net cash flow from operations	<u>279</u>	<u>(11,257)</u>
Finance Charges	(2,386)	(3,622)
Interest received	-	51
Income tax paid	(692)	(1,060)
Net operating cash flow	<u>(2,799)</u>	<u>(15,888)</u>
Cash flows from investing activities		
Purchase of property, plant & equipment	(1,100)	(1,784)
Proceeds from disposal of property, plant & equipment	108	81
Purchase of investment	(187)	(524)
Interest income received	151	256
Net investing cash flow	<u>(1,028)</u>	<u>(1,971)</u>
Cash flows from financing activities		
Net (repayment) of bank borrowings	(4,878)	13,227
Net (repayment) of term loans	(1,980)	(7,304)
Net (repayment) of hire purchase liabilities	(1,059)	(869)
Dividend paid to shareholder	-	(2,072)
Net financing cash flow	<u>(7,917)</u>	<u>2,982</u>
Net changes in cash and cash equivalents	(11,744)	(14,877)
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>19,889</u>	<u>15,028</u>
Analysed into:		
Deposits in financial institutions	9,587	11,176
Cash and bank balances	12,307	9,019
Bank overdrafts	(2,005)	(5,167)
Cash and cash equivalents at the end of the period	<u>19,889</u>	<u>15,028</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 31 Oct 2009, total bank guarantees outstanding relating to performance and tenders amounted to RM7.237 million. The company has provided corporate guarantee amounting to RM232.01 million to financial institutions for banking facilities made available to its subsidiaries of which RM92.57 million is utilised as at 31 Oct 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	-	-	19,670	5,888	25,558
Foreign countries	-	195,961	-	-	195,961
	-	195,961	19,670	5,888	221,519

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	(1,039)	-	336	(1,534)	(2,237)
Foreign countries	-	961	-	-	961
	(1,039)	961	336	(1,534)	(1,276)

12 Review of performance

	Preceding Quarter 31.07.2009 RM'000	Current Quarter 31.10.2009 RM'000	Preceding year Corresponding Quarter 31.10.2008 RM'000
Revenue	67,766	74,863	76,647
Profit/(Loss) before tax	131	(2,081)	955
(Loss)/Profit after tax	(29)	(2,139)	800
Attributable to :			
Equity holders of the parent company	92	(1,749)	746
Minority interest	(121)	(390)	54

For the current quarter under review, the Group recorded a revenue of RM74.9 million compared to the revenue of RM76.7 million in the corresponding quarter of the previous financial year, a decrease of RM1.8 million or 2.3%. The decrease in the revenue for the current quarter was mainly attributed to the lower revenue contribution from the Communications & System Integration segment.

The current quarter revenue is RM7.1 million higher than the recorded revenue in the preceding quarter. The increase in the revenue was mainly attributed to the increase of revenue contribution from the Manufacturing Segment.

13 Comments on material change in Profit after taxation

For the quarter under review, consolidated loss after taxation attributable to the equity holders of the parent company was RM1.749 million, as compared to the profit after taxation of RM746,000 reported in the preceding year corresponding quarter. The loss was mainly attributed to the competitiveness of product pricing in the Communications & Systems Integration and Defence Maintenance segments and the weakening of the US dollar as majority of the sales of the Group in the Manufacturing segment is denominated in US dollar.

14 Commentary on prospects

The global economy conditions are expected to remain challenging for the ensuing 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.

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 31.10.2009 RM'000	Current Year To Date 31.10.2009 RM'000
Provision for taxation for the period under review	53	194
Deferred taxation	5	180
	<u>58</u>	<u>374</u>

The effective tax rate of the Group for the current year to date is higher than the local statutory tax rate mainly due to the non-eligibility of certain expenses for tax deduction.

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 Oct 2009 were as follows :-

	As at 31 Oct 2009		
	Secured RM'000	Unsecured RM'000	Total RM'000
Short term borrowings			
- Local currency (RM)	78,875	-	78,875
Long term borrowings			
- Local currency (RM)	6,457	-	6,457
Total	<u>85,332</u>	<u>-</u>	<u>85,332</u>

Included in the short term borrowings is an amount of RM73.264 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 31.10.2009	Current Year To Date 31.10.2009
(Loss) attributable to equity holders of the parent (RM'000)	<u>(1,749)</u>	<u>(1,120)</u>
Weighted average number of ordinary shares of RM0.50 each in issue ('000)	<u>140,000</u>	<u>140,000</u>
- Basic (Loss) Per Share (sen)	(1.25)	(0.80)
- Diluted (Loss) Per Share (sen)	(1.25)	(0.80)

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 10 December 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
10 December 2009