

COMINTEL CORPORATION BHD
(Company No. 630068-T)

CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE FOURTH QUARTER ENDED 31 JAN 2010
(The figures have not been audited)

	Note	Current Year Quarter Ended 31.01.2010 RM'000	Preceding Year Quarter Ended 31.01.2009 RM'000	Current Year To Date 31.01.2010 RM'000	Preceding Year To Date 31.01.2009 RM'000
Revenue	11	75,962	86,928	297,482	309,895
Cost of sales		(72,604)	(72,849)	(273,979)	(271,100)
Gross profit		3,358	14,079	23,503	38,795
Other operating income		298	1,632	1,330	3,848
Other operating, administrative, selling and distribution expenses		(12,196)	(13,988)	(32,264)	(33,990)
Finance cost		(801)	(1,406)	(3,187)	(5,050)
(Loss)/Profit before taxation	11	(9,341)	317	(10,618)	3,603
Taxation	16	19	(1,592)	(355)	(2,353)
(Loss)/Profit for the period		(9,322)	(1,275)	(10,973)	1,250
Attributable to:					
Equity holders of the parent company		(9,411)	(1,158)	(10,532)	1,208
Minority interest		89	(117)	(441)	42
		(9,322)	(1,275)	(10,973)	1,250
(Loss)/Earnings per share					
- Basic (sen)	24	(6.72)	(0.83)	(7.52)	0.86
- Diluted (sen)	24	(6.72)	(0.83)	(7.52)	0.86

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 JAN 2010
(The figures have not been audited)

		(Unaudited)	(Audited)
		As At	As At
		31.01.2010	31.01.2009
	Note	RM'000	RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		64,586	71,706
Prepaid lease payments		2,889	2,952
Investment in unquoted shares		1,052	865
Intangible Asset		6,000	8,000
		74,527	83,523
Current assets			
Inventories		77,613	82,561
Trade receivables		53,874	56,439
Other receivables, deposits and prepayment		16,743	22,966
Fixed deposits with financial institutions		9,704	21,494
Cash and bank balances		13,097	10,840
		171,031	194,300
TOTAL ASSETS		245,558	277,823
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital		70,000	70,000
Share premium		25,745	25,745
Reserve		1,222	1,430
Retained profit		4,480	15,012
		101,447	112,187
Minority interest		3,026	3,467
Total equity		104,473	115,654
Non-current liabilities			
Long term borrowings	20	3,728	5,185
Hire purchase payables	20	1,909	3,482
Deferred tax liabilities		3,476	3,373
		9,113	12,040
Current liabilities			
Trade payables		44,927	41,099
Other payables and accruals		12,340	23,829
Provision for warranty		200	957
Short term borrowings	20	70,211	80,740
Bank overdraft	20	2,097	701
Hire purchase payables	20	1,879	1,837
Provision for taxation		318	966
		131,972	150,129
Total liabilities		141,085	162,169
TOTAL EQUITY AND LIABILITIES		245,558	277,823
Net assets per share attributable to ordinary equity holders of the parent company (RM)		0.7246	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 FOURTH QUARTER ENDED 31 JAN 2010
(The figures have not been audited)**

Note	Attributable to equity holders of the parent				Total RM'000	Minority Interest RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Reserve RM'000	(Non Distributable) (Distributable) Retained Profits 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			(208)		(208)		(208)
Revaluation surplus			(208)		(208)		(208)
(Loss) recognised directly in equity	-	-	(208)	-	(208)	-	(208)
(Loss) for the year	-	-	-	(10,532)	(10,532)	(441)	(10,973)
Dividend	23	-	-	-	-	-	-
Balance as at 31 January 2010	70,000	25,745	1,222	4,480	101,447	3,026	104,473

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 FOURTH QUARTER ENDED 31JAN 2010
(The figures have not been audited)

	Current Year To Date 31.01.2010 RM'000	Preceding Year To Date 31.01.2009 RM'000
Cash flows from operating activities		
(Loss)/Profit before taxation	(10,618)	3,603
Adjustment for non cash and non operating items:		
Depreciation of property, plant & equipment	8,280	9,235
Impairment loss on intangible asset	2,000	-
Hire purchase interest	331	320
Interest expenses	2,856	4,737
Impairment loss on Investment in associate	-	4,510
(Gain)/Loss on disposal of property, plant & equipment	(52)	696
Provision for warranty cost no longer required	(757)	-
Interest income	(273)	(499)
Operating cash flow before working capital changes	1,767	22,602
Inventories	4,948	(8,936)
Trade receivables	2,565	5,837
Other receivables, deposits and prepayments	6,223	11,933
Trade payables	3,828	(19,825)
Other payables and accruals	(11,697)	7,493
Net cash flow from operations	7,634	19,104
Finance Charges	(3,187)	(5,057)
Interest received	-	51
Income tax paid	(900)	(1,417)
Net operating cash flow	<u>3,547</u>	<u>12,681</u>
Cash flows from investing activities		
Purchase of property, plant & equipment	(1,153)	(2,161)
Proceeds from disposal of property, plant & equipment	108	170
Acquisition of Intangible Asset (Patents)	-	(8,000)
Purchase of investment	(187)	(524)
Interest income received	273	448
Net investing cash flow	<u>(959)</u>	<u>(10,067)</u>
Cash flows from financing activities		
Net (repayment)/drawdown of bank borrowings	(9,353)	11,725
Net (repayment) of term loans	(2,633)	(9,324)
Net (repayment) of hire purchase liabilities	(1,531)	(1,215)
Dividend paid to shareholder	-	(2,072)
Net financing cash flow	<u>(13,517)</u>	<u>(886)</u>
Net changes in cash and cash equivalents	(10,929)	1,728
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>20,704</u>	<u>31,633</u>
Analysed into:		
Deposits in financial institutions	9,704	21,493
Cash and bank balances	13,097	10,840
Bank overdrafts	(2,097)	(700)
Cash and cash equivalents at the end of the period	<u>20,704</u>	<u>31,633</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.

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 Jan 2010, total bank guarantees outstanding relating to performance and tenders amounted to RM7.319 million. The company has provided corporate guarantee amounting to RM225.39 million to financial institutions for banking facilities made available to its subsidiaries of which RM87.14 million is utilised as at 31 Jan 2010.

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			28,020	10,371	38,391
Foreign countries		259,091			259,091
		259,091	<u>28,020</u>	10,371	297,482
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	(1,229)		(8,668)	(1,185)	(11,082)
Foreign countries		464			464
	(1,229)	464	<u>(8,668)</u>	(1,185)	(10,618)

12 Review of performance

	Preceding Quarter 31.10.2009 RM'000	Current Quarter 31.01.2010 RM'000	Preceding year Corresponding Quarter 31.01.2009 RM'000
Revenue	74,863	75,962	86,928
(Loss)/Profit before tax	(2,081)	(9,341)	317
(Loss) after tax	(2,139)	(9,322)	(1,275)
Attributable to :			
Equity holders of the parent company	(1,749)	(9,411)	(1,158)
Minority interest	(390)	89	(117)

For the current quarter under review, the Group recorded a revenue of RM75.9 million compared to the revenue of RM86.9 million in the corresponding quarter of the previous financial year, a decrease of RM11 million or 12.7%. The decrease in the revenue for the current quarter was mainly attributed to the lower revenue contribution from the Manufacturing and Communications & System Integration segments.

The current quarter revenue is RM1.1 million higher than that recorded in the preceding quarter. The increase in the revenue was mainly attributed to the increase of revenue contribution from the Communication & System Integration Segment.

13 Comments on material change in Profit/(Loss) after taxation

For the quarter under review, consolidated loss after taxation attributable to the equity holders of the parent company was RM9.411 million, as compared to the loss after taxation of RM 1.158 million reported in the preceding year corresponding quarter. The loss was mainly attributed to the competitiveness of product pricing, allowance for doubtful debts and impairment loss of intangible asset.

14 Commentary on prospects

The global economy conditions are expected to remain challenging for the ensuing year especially for the Communications & System Integration and Defence Maintenance Segments. However, 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 31.01.2010 RM'000	Current Year To Date 31.01.2010 RM'000
Provision for taxation for the period under review	57	252
Deferred taxation	(76)	103
	(19)	355

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 Jan 2010 were as follows :-

	As at 31 Jan 2010		
	Secured RM'000	Unsecured RM'000	Total RM'000
Short term borrowings			
- Local currency (RM)	74,187	-	74,187
Long term borrowings			
- Local currency (RM)	5,637	-	5,637
Total	<u>79,824</u>	<u>-</u>	<u>79,824</u>

Included in the short term borrowings is an amount of RM68.789 million relating to trade financing.

21 Off balance sheet financial instruments

The Group does not have any offbalance 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 Loss Per Share

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

	Current Quarter 31.01.2010	Current Year To Date 31.01.2010
(Loss) attributable to equity holders of the parent (RM'000)	(9,411)	(10,532)
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)	(6.72)	(7.52)
- Diluted (Loss) Per Share (sen)	(6.72)	(7.52)

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 March 2010.

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 March 2010