

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

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE THIRD QUARTER ENDED 31 OCTOBER 2010**  
(The figures have not been audited)

	Note	Current Year Quarter Ended 31.10.2010 RM'000	Preceding Year Quarter Ended 31.10.2009 RM'000	Current Year To Date 31.10.2010 RM'000	Preceding Year To Date 31.10.2009 RM'000
Revenue	A8	83,825	74,863	233,867	221,519
Cost of sales		(77,471)	(70,162)	(217,973)	(201,375)
Gross profit		<u>6,354</u>	<u>4,701</u>	<u>15,894</u>	<u>20,144</u>
Other operating income		293	357	1,105	1,033
Other operating, administrative, selling and distribution expenses		(5,892)	(6,308)	(17,388)	(20,067)
<b>Profit/(Loss) from Operations</b>		<u>755</u>	<u>(1,250)</u>	<u>(389)</u>	<u>1,110</u>
Finance cost		(874)	(831)	(2,483)	(2,386)
(Loss) before taxation	A8	<u>(119)</u>	<u>(2,081)</u>	<u>(2,872)</u>	<u>(1,276)</u>
Taxation	B5	201	(58)	(174)	(374)
Profit/(Loss) for the period		<u>82</u>	<u>(2,139)</u>	<u>(3,046)</u>	<u>(1,650)</u>
<b>Other Comprehensive income:</b>					
<b>Currency translation differences for foreign operations</b>		(81)	(132)	(309)	(216)
<b>Total Comprehensive Income for the period</b>		<u>1</u>	<u>(2,271)</u>	<u>(3,355)</u>	<u>(1,866)</u>
<b>Profit or (Loss) attributable to:</b>					
Equity holders of the parent company		328	(1,749)	(3,227)	(1,120)
Non-controlling interests		(246)	(390)	181	(530)
		<u>82</u>	<u>(2,139)</u>	<u>(3,046)</u>	<u>(1,650)</u>
<b>Total Comprehensive Income attributable to:</b>					
Equity holders of the parent company		247	(1,881)	(3,536)	(1,336)
Non-controlling interests		(246)	(390)	181	(530)
		<u>1</u>	<u>(2,271)</u>	<u>(3,355)</u>	<u>(1,866)</u>
Earnings/(Loss) per share					
- Basic (sen)	B13	0.23	(1.25)	(2.31)	(0.80)
- Diluted (sen)	B13	0.23	(1.25)	(2.31)	(0.80)

**Note:**

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 January 2010 and the accompanying explanatory notes attached to the interim financial statements.

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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 OCTOBER 2010**

		<b>(Unaudited)</b>	<b>(Audited)</b>
		As At	As At
		31.10.2010	31.01.2010
	Note	RM'000	RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		61,007	64,585
Prepaid lease payments		2,842	2,889
Investment in unquoted shares		1,052	1,052
Intangible Asset		4,766	5,200
		<u>69,667</u>	<u>73,726</u>
<b>Current assets</b>			
Inventories		87,099	77,614
Trade receivables		64,523	53,799
Other receivables, deposits and prepayment		13,556	17,085
Cash and bank balances		16,465	22,801
		<u>181,643</u>	<u>171,299</u>
<b>TOTAL ASSETS</b>		<u><u>251,310</u></u>	<u><u>245,025</u></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		913	1,222
Retained profit		1,884	5,111
<b>Total Equity attributable to equity holders of the parent</b>		<u>98,542</u>	<u>102,078</u>
<b>Non-controlling interests</b>		<u>3,154</u>	<u>2,973</u>
<b>Total equity</b>		<u><u>101,696</u></u>	<u><u>105,051</u></u>
<b>Non-current liabilities</b>			
Long term borrowings	B9	2,661	3,728
Hire purchase payables	B9	618	1,912
Deferred tax liabilities		2,151	2,151
		<u>5,430</u>	<u>7,791</u>
<b>Current liabilities</b>			
Trade payables		43,935	44,675
Other payables and accruals		19,408	12,824
Provision for warranty		380	200
Short term borrowings	B9	78,193	70,211
Bank overdraft	B9	448	2,097
Hire purchase payables	B9	1,814	1,876
Provision for taxation		6	300
		<u>144,184</u>	<u>132,183</u>
<b>Total liabilities</b>		<u>149,614</u>	<u>139,974</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>251,310</u></u>	<u><u>245,025</u></u>
Net assets per share attributable to ordinary equity holders of the parent company (RM)		0.7039	0.7291

**Note:**

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 January 2010 and the accompanying explanatory notes attached to the interim financial statements.

**COMINTEL CORPORATION BHD ("COMCORP")**

(Company No. 630068-T)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE THIRD QUARTER ENDED 31 OCTOBER 2010**

(The figures have not been audited)

Note	Attributable to equity holders of the parent						Non-controlling Interest	Total Equity
	(Non Distributable)			(Distributable)				
	Share Capital	Share Premium	Revaluation Reserves	Translation Reserves	Retained Profits	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>9 months period ended 31 Oct 2010</b>								
Balance at 1 February 2010	70,000	25,745	1,354	(132)	5,111	102,078	2,973	105,051
Effects of applying FRS 139	-	-	-	-	-	-	-	-
<b>Restated balance, as at 1 February 2010</b>	<b>70,000</b>	<b>25,745</b>	<b>1,354</b>	<b>(132)</b>	<b>5,111</b>	<b>102,078</b>	<b>2,973</b>	<b>105,051</b>
<b>Changes in equity during the year:</b>								
(Loss)/Profit for the period	-	-	-	-	(3,227)	(3,227)	181	(3,046)
Other comprehensive income				(309)		(309)		(309)
Total comprehensive income for the period	-	-	-	(309)	(3,227)	(3,536)	181	(3,355)
Balance as at 31 Oct 2010	70,000	25,745	1,354	(441)	1,884	98,542	3,154	101,696
<b>9 months period ended 31 Oct 2009</b>								
Balance at 1 February 2009	70,000	25,745	1,354	76	15,012	112,187	3,467	115,654
(Loss) for the period	-	-	-	-	(1,120)	(1,120)	(530)	(1,650)
Other comprehensive income				(216)		(216)		(216)
Total comprehensive income for the period	-	-	-	(216)	(1,120)	(1,336)	(530)	(1,866)
Balance as at 31 Oct 2009	70,000	25,745	1,354	(140)	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 2010 and the accompanying explanatory notes attached to the interim financial statements.

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT  
FOR THE THIRD QUARTER ENDED 31 OCTOBER 2010  
(The figures have not been audited)**

	Current Year To Date 31.10.2010 RM'000	Preceding Year To Date 31.10.2009 RM'000
<b>Cash flows from operating activities</b>		
(Loss)/Profit before taxation	(2,872)	(1,276)
<b>Adjustment for non cash and non operating items:</b>		
Depreciation of property, plant & equipment	4,755	6,369
Amortisation of Intangible asset	433	-
Hire purchase interest	245	250
Interest expenses	2,238	2,136
Loss/(Gain) on disposal of property, plant & equipment	858	(52)
Provision for warranty cost	180	(430)
Interest income	(76)	(151)
Operating cash flow before working capital changes	<u>5,761</u>	<u>6,846</u>
Inventories	(9,485)	3,657
Trade receivables	(10,724)	(1,305)
Other receivables, deposits and prepayments	3,529	(2,152)
Trade payables	(740)	2,879
Other payables and accruals	6,275	(9,646)
Net cash flow from operations	<u>(5,384)</u>	<u>279</u>
Finance Charges	(2,483)	(2,386)
Income tax paid	(468)	(692)
Net operating cash flow	<u>(8,335)</u>	<u>(2,799)</u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant & equipment	(2,008)	(1,100)
Proceeds from disposal of property, plant & equipment	20	108
Purchase of investment	-	(187)
Interest income received	76	151
Net investing cash flow	<u>(1,912)</u>	<u>(1,028)</u>
<b>Cash flows from financing activities</b>		
Net drawdown/(repayment) of bank borrowings	7,982	(4,878)
Net (repayment) of term loans	(1,067)	(1,980)
Net (repayment) of hire purchase liabilities	(1,356)	(1,059)
Net financing cash flow	<u>5,559</u>	<u>(7,917)</u>
<b>Net changes in cash and cash equivalents</b>	(4,688)	(11,744)
<b>Cash and cash equivalents at the beginning of the period</b>	20,705	31,633
<b>Cash and cash equivalents at the end of the period</b>	<u><u>16,017</u></u>	<u><u>19,889</u></u>
<b>Analysed into:</b>		
<b>Deposits in financial institutions</b>	9,428	9,587
<b>Cash and bank balances</b>	7,037	12,307
<b>Bank overdrafts</b>	(448)	(2,005)
<b>Cash and cash equivalents at the end of the period</b>	<u><u>16,017</u></u>	<u><u>19,889</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 2010 and the accompanying explanatory notes attached to the interim financial statements.

## COMINTEL CORPORATION BHD ("COMCORP")

(Company No. 630068-T)

### Notes to the Interim Financial Report - 3rd Quarter ended 31 October 2010

#### Part A. EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD (FRS) 134

##### A1 Basic of Preparation

The interim financial report has been prepared in accordance with Financial Reporting Standard (FRS) 134, Interim Financial Reporting and paragraph 9.22 of the Bursa Malaysia Securities Berhad Listing Requirements. The figures for the cumulative period in the current quarter to 31 Oct 2010 have not been audited.

The Condensed interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 January 2010.

##### A2 Changes in Accounting Policies

The accounting policies and methods of computation applied in the unaudited interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the year ended 31 January 2010 except for the adoption of the following new and revised FRSs, IC Interpretations and amendments to standards which are effective for the financial year beginning 1 February 2010:

FRS 7, Financial Instruments: Disclosures  
FRS 8, Operating Segments  
FRS 101 (revised), Presentation of Financial Statements  
FRS 123 (revised), Borrowing Costs  
FRS 132 (revised), Financial Instruments: Presentation  
FRS 139, Financial Instruments: Recognition and Measurement  
Amendment to FRS 1, First-time Adoption of Financial Reporting Standards  
Amendment to FRS 7, Financial Instruments: disclosures  
Amendment to FRS 8, Operating Segments  
Amendment to FRS 107, Statement of Cash Flow  
Amendment to FRS 108, Accounting policies, Changes in Accounting Estimates and Errors  
Amendment to FRS 110, Events after Reporting Period  
Amendment to FRS 116, Property, Plant and Equipment  
Amendment to FRS 117, Leases  
Amendment to FRS 118, Revenue  
Amendment to FRS 119, Employee Benefits  
Amendment to FRS 123, Borrowing Costs  
Amendment to FRS 127, Consolidated and Separate Financial Statements: Costs of an investment in a Subsidiary, jointly controlled Entity or Associates  
Amendment to FRS 132, Financial Instruments: Presentation  
Amendment to FRS 134, Interim Financial Reporting  
Amendment to FRS 136, Impairment of Assets  
Amendment to FRS 139, Financial Instrument: Recognition and Measurement  
IC Interpretation 9, Reassessment of Embedded Derivatives  
IC Interpretation 10, Impairment and Interim Financial Reporting  
IC Interpretation 11, FRS 2 - Group and Treasury Share Transactions

The principal effects of the changes in presentation, changes in methods of computation and in accounting policies resulting from the adoption of the new and revised FRSs, IC Interpretations and Amendments are set out below:

##### a) FRS 8: Operating Segments

FRS 8 requires a 'management approach' under which segment information is presented on a similar basis to that used for internal reporting purposes. As a result, the Group's segmental reporting had been presented based on that used for internal reporting to the chief operating decision maker who makes decision on the allocation of resources and assesses the performance of the reportable segments.

##### b) FRS 101 (revised): Presentation of Financial Statements

Prior to the adoption of the revised FRS 101, the components of the financial statements presented consisted of a balance sheet, an income statement, a statement of changes in equity, a cash flow statement and notes to the financial statements. With the adoption of the revised FRS 101, the components of the interim financial statements presented consist of a statement of financial position, a statement of comprehensive income, a statement of changes in equity, a statement of cash flows and notes to the financial statements.

The effects of the change in presentation are as follows:

The gains and losses that were recognised directly in the preceding year corresponding period are presented as components in other comprehensive income in the statement of comprehensive income. The total comprehensive income for preceding year corresponding period is presented separately and allocation is made to show the amount attributable to owners of the parent and to non-controlling interests. The effects on the comparatives to the Group on adoption of FRS 101 are as follow:

For the period ended 31 Oct 2010	Income Statement As previously reported RM'000	Effects of adopting FRS 101 RM'000	Statement of comprehensive income <b>As restated</b> RM'000
(Loss) for the period	(3,046)		(3,046)
Other comprehensive income		(309)	(309)
Total comprehensive income			(3,355)
Total comprehensive income attributable to:			
Owners of the Parent			(3,536)
Non-controlling interest			181
			(3,355)

The total comprehensive income for the period is presented as a one-line item in the statement of changes in equity.

### A3 Explanatory Comment On Seasonality or Cyclical

The Group's operations have not been affected materially by any seasonal/cyclical factors. However, the Communication & System Integration and Defence Maintenance's business operation results are very much depends on the timing of completion of each project.

### A4 Unusual Items

There are no items of unusual nature and amounts affecting assets, liabilities, equity, net income or cash flows during the financial period ended 31 October 2010.

### A5 Change In Estimates

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

### A6 Debt and Equity Securities

There were no issuance and repayment of debts and equity securities, shares buy-back, share cancellations, shares held as treasury shares or resale of treasury shares during the current quarter under review.

### A7 Dividend Paid

There were no dividends paid for the financial quarter under review.

### A8 Segmental information

#### Business Segments Revenue & Results - 3rd Quarter Ended 31 October 2010

Segment revenue	Investment Holding RM'000	Manufacturing RM'000	Communications & Systems Integration RM'000	Defence Maintenance RM'000	Consolidated RM'000
Malaysia	-	-	25,136	14,617	39,753
Foreign countries	-	194,114	-	-	194,114
Total Revenue	-	194,114	25,136	14,617	233,867

#### **Results from operating activities**

Segment results	(652)	1,219	(1,983)	1,027	(389)
Finance costs					(2,483)
(Loss) before taxation					(2,872)
Taxation					(174)
(Loss) for the period					(3,046)

### A9 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.

**A10 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.

**A11 Changes in the composition of the group**

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

**A12 Contingent liabilities and contingent assets**

As at 31 Oct 2010, total bank guarantees outstanding relating to performance and tenders amounted to RM5.991 million. The company has provided corporate guarantee amounting to RM228.89 million to financial institutions for banking facilities made available to its subsidiaries of which RM89.73 million is utilised as at 31 Oct 2010.

**A13 Capital Commitments**

There were no material capital commitments as at 31 October 2010 and up to the date of this report.

**A14 Related Party Transactions**

The Group's related party transactions for the current quarter and the cumulative period-to-date ended 31 October 2010 are as follow:

Nature of Relationship	Purchase of goods RM'000	Service Received RM'000	Total for nature of relationship RM'000
Principal owner	396	-	396
Director, other key management personnel	-	65	65
<b>Total for type of transaction</b>	396	65	461

# COMINTEL CORPORATION BHD ("COMCORP")

(Company No. 630068-T)

## Notes to the Interim Financial Report - 3rd Quarter ended 31 October 2010

### Part B. Additional Information Required by The Listing Requirements of Bursa Malaysia Securities Berhad

#### B1 Review of Performance (Current YTD vs Preceding YTD)

	Current Year To Date 31.10.2010 RM'000	Preceding Year To Date 31.10.2009 RM'000
Revenue	233,867	221,519
(Loss) before tax	(2,872)	(1,276)
(Loss) after tax	(3,046)	(1,650)
Attributable to :		
Equity holders of the parent company	(3,227)	(1,120)
Non-controlling interests	181	(530)

The Groups recorded a revenue of RM233.9 million for the current YTD as compared to a revenue of RM221.5 million in the previous year corresponding financial period. This represents an increase of RM12.4 million or 5.6% and is mainly attributed to the higher revenue contribution from the Communication & System Integration and Defence maintenance segments.

Loss after taxation attributable to the owners of parent for the current YTD is RM3.2 million as compared to loss of RM1.1 million in the previous year corresponding financial period. The increase of losses was mainly due to decrease of profit margin from the manufacturing and Communication & System Integration segments.

#### B2 Comparison with Preceding Quarter's Results

	Current Quarter ended 31.10.2010 RM'000	Preceding Quarter ended 31.07.2010 RM'000
Revenue	83,825	82,387
(Loss) before tax	(119)	(830)
Profit/(Loss) after tax	82	(1,205)
Attributable to :		
Equity holders of the parent company	328	(1,448)
Non-controlling interests	(246)	243

The current quarter revenue is RM1.4 million higher than that recorded in the preceding quarter. The increase in the revenue was mainly due to the increase of revenue contribution from the Communications & System Integration segment and the Defence Maintenance segment

The Group achieved a profit after tax attributable to the owners of parent of RM328 thousand for the current quarter under review as compared to the loss of RM1.4 million in the preceding quarter. This is primarily attributed to the better performance for both the Communication & System Integration and the Manufacturing segments.

#### B3 Prospects for the Remaining Period of the Current Financial Year

The outlook for the three (3) business segments remain challenging for the remaining period of the current financial year. Meanwhile the manufacturing segment is beginning to recover but was faced with the shortage of certain piece parts (worldwide raw material shortage) supply.

The Group will continue to take appropriate measures to increase operational efficiency, productivity, products and services improvement to deliver a better performance while intensifying its marketing efforts in expanding current markets and penetrating into new markets.



**B4 Profit Forecast or Profit Guarantee**

The Group did not issue any profit forecast or profit guarantee.

**B5 Tax Expenses**

	Current Quarter 31.10.2010 RM'000	Current Year To Date 31.10.2010 RM'000
Income Tax	201	(174)
Deferred taxation	-	-
	201	(174)

The effective tax rate of the Group is higher than the statutory tax rate mainly due to the losses of certain subsidiaries which cannot be set off against taxable profits made by other subsidiary, and certain expenses which are not deductible for tax purposes.

**B6 Profit or Loss on Sales of Unquoted Investments and Properties**

The Group has not disposed of any unquoted investments or properties during the current quarter under review.

**B7 Quoted Securities**

There was no purchase or disposal of quoted securities in the current quarter.

**B8 Corporate Proposals**

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

**B9 Group Borrowings**

	Payable within 12 months RM'000	Payable after 12 months RM'000	Total RM'000
<b>Secured</b>			
Bank Borrowings	78,641	2,661	81,302
Hire purchase payables	1,814	618	2,432
Total Borrowings	80,455	3,279	83,734

**B10 Off Balance Sheet Financial Instrument**

There were no off balance sheet financial instruments as at the date of this report that might materially affect the Group's business position.

**B11 Changes in material litigations**

Save as disclosed below, Comintel Corporation Bhd ("Comcorp") and its subsidiary companies are not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and the Directors of Comcorp have no knowledge of any proceedings pending or threatened against Comcorp and/or its subsidiary companies or of any facts likely to give rise to any proceedings which may materially and adversely affect the position and/or business of Comcorp and its subsidiary companies:-

On 16 July 2010, Comintel Sdn Bhd ("Comintel"), a wholly owned subsidiary of Comcorp, commenced legal action against U Television Sdn Bhd ("1st Defendant") and Tan Sri Dato' Seri Vincent Tan Chee Yioun ("2nd Defendant") at the Kuala Lumpur High Court under suit no. S-22-624-2010.

**B12 Proposed Dividends**

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

**B13 Earnings/(Loss) Per Share ("EPS")**

The basic earnings/(loss) per share is calculated by dividing profit/(loss) for the period attributable to ordinary equity owners of the parent by the weighted average number of ordinary shares in issue during the financial quarter ended 31 October 2010 and is as follows:-

	Current Qtr 31.10.2010	Cumulative Qtr To- date 31.10.2010
Profit/(Loss) attributable to owners of the parent (RM'000)	328	(3,227)
Weighted average number of ordinary shares in issue (based on ordinary share of RM0.50 each) ('000)	140,000	140,000
Basic loss per share (sen)	0.23	(2.31)

**B14 Comparative Figures**

Comparative figures, where applicable, have been modified to conform with the current quarter presentation.

**B15 Audit Report Qualification and Status of Matters Raised**

The audited financial statements of the Group for the preceding year ended 31 January 2010 were not subject to any qualification.

**B16 Authorisation for issue**

These unaudited interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 16 December 2010.

**Date: 16-Dec-10**