

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 30 APRIL 2011
(The figures have not been audited)

	Note	Current Year Quarter Ended 30.04.2011 RM'000	Preceding Year Quarter Ended 30.04.2010 RM'000	Current Year To Date 30.04.2011 RM'000	Preceding Year To Date 30.04.2010 RM'000
Revenue	A8	66,825	67,654	66,825	67,654
Cost of sales		(66,697)	(63,762)	(66,697)	(63,762)
Gross profit		<u>128</u>	<u>3,892</u>	<u>128</u>	<u>3,892</u>
Other operating income		201	580	201	580
Other operating, administrative, selling and distribution expenses		(5,932)	(5,640)	(5,932)	(5,640)
(Loss) from Operations		<u>(5,603)</u>	<u>(1,168)</u>	<u>(5,603)</u>	<u>(1,168)</u>
Finance cost		(916)	(755)	(916)	(755)
(Loss) before taxation	A8	<u>(6,519)</u>	<u>(1,923)</u>	<u>(6,519)</u>	<u>(1,923)</u>
Taxation	B5	(14)	-	(14)	-
(Loss) for the period		<u>(6,533)</u>	<u>(1,923)</u>	<u>(6,533)</u>	<u>(1,923)</u>
Other Comprehensive income:					
Currency translation differences for foreign operations		(24)	(217)	(24)	(217)
Total Comprehensive Income for the period		<u>(6,557)</u>	<u>(2,140)</u>	<u>(6,557)</u>	<u>(2,140)</u>
Profit or (Loss) attributable to:					
Equity holders of the parent company		(6,375)	(2,107)	(6,375)	(2,107)
Non-controlling interests		(158)	184	(158)	184
		<u>(6,533)</u>	<u>(1,923)</u>	<u>(6,533)</u>	<u>(1,923)</u>
Total Comprehensive Income attributable to:					
Equity holders of the parent company		(6,399)	(2,324)	(6,399)	(2,324)
Non-controlling interests		(158)	184	(158)	184
		<u>(6,557)</u>	<u>(2,140)</u>	<u>(6,557)</u>	<u>(2,140)</u>
(Loss) per share					
- Basic (sen)	B13	(4.55)	(1.51)	(4.55)	(1.51)
- Diluted (sen)	B13	(4.55)	(1.51)	(4.55)	(1.51)

Note:

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 January 2011 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 30 APRIL 2011

		(Unaudited)	(Audited)
		As At	As At
		30.04.2011	31.01.2011
	Note	RM'000	RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		62,001	62,877
Investment in unquoted shares		1,052	1,052
		<u>63,053</u>	<u>63,929</u>
Current assets			
Inventories		78,909	81,273
Trade receivables		51,174	62,968
Other receivables, deposits and prepayment		15,458	13,346
Cash and bank balances		16,449	25,153
		<u>161,990</u>	<u>182,740</u>
TOTAL ASSETS		<u>225,043</u>	<u>246,669</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		829	853
Accumulated Losses	B9	<u>(8,940)</u>	<u>(2,564)</u>
Total Equity attributable to equity holders of the parent		87,634	94,034
Non-controlling interests		<u>2,755</u>	<u>2,913</u>
Total equity		<u>90,389</u>	<u>96,947</u>
Non-current liabilities			
Long term borrowings	B10	1,950	2,306
Hire purchase payables	B10	1,325	1,494
Deferred tax liabilities		1,734	1,734
		<u>5,009</u>	<u>5,534</u>
Current liabilities			
Trade payables		32,539	41,380
Other payables and accruals		14,047	11,955
Provision for warranty		380	380
Short term borrowings	B10	81,263	85,693
Bank overdraft	B10	-	3,033
Hire purchase payables	B10	1,395	1,737
Provision for taxation		21	10
		<u>129,645</u>	<u>144,188</u>
Total liabilities		134,654	149,722
TOTAL EQUITY AND LIABILITIES		<u>225,043</u>	<u>246,669</u>
Net assets per share attributable to ordinary equity holders of the parent company (RM)		0.6260	0.6717

Note:

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 January 2011 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 FIRST QUARTER ENDED 30 APRIL 2011**

(The figures have not been audited)

Note	Attributable to equity holders of the parent						Non-controlling Interest	Total Equity
	(Non Distributable)			(Distributable)				
	Share Capital RM'000	Share Premium RM'000	Revaluation Reserves RM'000	Translation Reserves RM'000	Retained Profits RM'000	Total RM'000	RM'000	RM'000
3 months period ended 30 April 2011								
Balance at 1 February 2011	70,000	25,745	1,354	(501)	(2,565)	94,033	2,913	96,946
Effects of applying FRS 139	-	-	-	-	-	-	-	-
Restated balance, as at 1 February 2011	70,000	25,745	1,354	(501)	(2,565)	94,033	2,913	96,946
Changes in equity during the year:								
(Loss) for the period	-	-	-	-	(6,375)	(6,375)	(158)	(6,533)
Other comprehensive income				(24)		(24)		(24)
Total comprehensive income for the period	-	-	-	(24)	(6,375)	(6,399)	(158)	(6,557)
Balance as at 30 April 2011	70,000	25,745	1,354	(525)	(8,940)	87,634	2,755	90,389
3 months period ended 30 April 2010								
Balance at 1 February 2010	70,000	25,745	1,354	(132)	5,111	102,078	2,973	105,051
(Loss)/Profit for the period	-	-	-	-	(2,107)	(2,107)	184	(1,923)
Other comprehensive income				(217)		(217)		(217)
Total comprehensive income for the period	-	-	-	(217)	(2,107)	(2,324)	184	(2,140)
Balance as at 30 April 2010	70,000	25,745	1,354	(349)	3,004	99,754	3,157	102,911

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 2011 and the accompanying explanatory notes attached to the interim financial statements.

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

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE FIRST QUARTER ENDED 30 APRIL 2011
(The figures have not been audited)

	Current Year To Date 30.04.2011 RM'000	Preceding Year To Date 30.04.2010 RM'000
Cash flows from operating activities		
(Loss) before taxation	(6,519)	(1,923)
Adjustment for non cash and non operating items:		
Depreciation of property, plant & equipment	1,291	1,574
Amortisation of Intangible asset	-	145
Hire purchase interest	89	82
Interest expenses	827	673
(Gain)/Loss on disposal of property, plant & equipment	-	858
Interest income	(26)	(37)
Operating cash flow before working capital changes	<u>(4,338)</u>	<u>1,372</u>
Inventories	2,364	(4,874)
Trade receivables	11,794	5,403
Other receivables, deposits and prepayments	(2,112)	42
Trade payables	(8,841)	466
Other payables and accruals	2,068	737
Net cash flow from operations	<u>935</u>	<u>3,146</u>
Finance Charges	(916)	(755)
Income tax paid	(3)	(61)
Net operating cash flow	<u>16</u>	<u>2,330</u>
Cash flows from investing activities		
Purchase of property, plant & equipment	(415)	(1,004)
Proceeds from disposal of property, plant & equipment	-	20
Interest income received	26	37
Net investing cash flow	<u>(389)</u>	<u>(947)</u>
Cash flows from financing activities		
Net (repayment) of bank borrowings	(4,430)	(3,981)
Net (repayment) of term loans	(356)	(356)
Net (repayment) of hire purchase liabilities	(511)	(396)
Net financing cash flow	<u>(5,297)</u>	<u>(4,733)</u>
Net changes in cash and cash equivalents	<u>(5,670)</u>	<u>(3,350)</u>
Cash and cash equivalents at the beginning of the period	<u>22,119</u>	<u>20,705</u>
Cash and cash equivalents at the end of the period	<u><u>16,449</u></u>	<u><u>17,355</u></u>
Analysed into:		
Deposits in financial institutions	8,175	7,854
Cash and bank balances	8,274	10,365
Bank overdrafts	-	(864)
Cash and cash equivalents at the end of the period	<u><u>16,449</u></u>	<u><u>17,355</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 2011 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 - 1st Quarter ended 30 April 2011

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 30 April 2011 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 2011.

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 2011 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 2011:

FRS 7, Financial Instruments: Disclosures

FRS 8, Operating Segments

FRS 101, Presentation of Financial Statements (revised)

FRS 123, Borrowing Costs

FRS 139, Financial Instruments: Recognition and Measurement

Amendment to FRS 1, First-time Adoption of Financial Reporting Standards

Amendment to FRS 127, Consolidated and Separate Financial Statements: Costs of an investment in a Subsidiary, jointly controlled Entity or Associates

Amendment to FRS 2, Share-based Payment - Vesting Conditions and Cancellations

Amendment to FRS 139, FRS 7 & IC Interpretation 9, Financial Instrument: Recognition and Measurement Disclosures and Reassessment of Embedded Derivatives

Amendment to FRS 132, Financial Instruments: Presentation

Improvement to FRSs (2009), Improvement to FRSs issued in 2009

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

IC Interpretation 14, FRS 119-The Limit on a Defined Benefit Asset, Minimum Finding Requirement and their Interaction

FRS 4 Insurance Contracts, IC Interpretation 13 Customer Loyalty Programmes and TR i-3 Presentation of financial Statement of Islamic Financial Institutions will also be effective for financial periods beginning on or after 1 February 2010. These FRSs are however, not applicable to the Group or the Company.

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 30 April 2011	Income Statement As previously reported RM'000	Effects of adopting FRS 101 RM'000	Statement of comprehensive income As restated RM'000
(Loss) for the period	(6,533)		(6,533)
Other comprehensive income		(24)	(24)
Total comprehensive income			(6,557)
Total comprehensive income attributable to:			
Owners of the Parent			(6,399)
Non-controlling interest			(158)
			(6,557)

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

c) Amendments to FRS 117 Leases

Prior to 1 February 2010, for all leases of land and buildings, if title is not expected to pass to the lessee by the end of the lease term, the lessee normally does not receive substantially all of the risks and rewards incidental to ownership. Hence, all leasehold land held for own use was classified by the Group as operating lease and where necessary, the minimum lease payments or the up-front payments made were allocated between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represented prepaid lease payments and were amortised on a straight-line basis over the lease term.

The amendments to FRS 117 Leases clarify that leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets. They also clarify that the present value of the residual value of the property in a lease with a term of several decades would be negligible and accounting for the land element as a finance lease in such circumstances would be consistent with the economic position of the lessee. Hence, the adoption of the amendments to FRS 117 has resulted in certain unexpired land leases to be reclassified as finance leases. The Group has applied this change in accounting policy in accordance with the transitional provisions of the Amendments FRS 117.

At 1 February 2011, the Group has reassessed and determined that the leasehold land of the Group which is in substance a finance lease and has reclassified the leasehold land to property, plant and equipment. The change in accounting policy has been made retrospectively in accordance with the transitional provision of the amendment.

The reclassification does not affect the basic earning per ordinary share of the Group.

The following comparative figures have been restated following the adoption of the amendment to FRS 117:

Increase / (decrease) in:

	2011 RM'000
Property, plant and equipment	2,826
Prepaid land lease payments	(2,826)

	As previously stated	Adjustments	As restated
Statement of financial position as at 31 January 2011			
Property, plant and equipment	60,051	2,826	62,877
Prepaid land lease payments	2,826	(2,826)	-
Statement of financial position as at 31 January 2010			
Property, plant and equipment	64,585	2,889	67,474
Prepaid land lease payments	2,889	(2,889)	-

A3 Explanatory Comment On Seasonality or Cyclicity

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 30 April 2011.

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 - 1st Quarter Ended 30 April 2011**

Segment revenue	Investment Holding	Manufacturing	Communications & Systems Integration	Defence Maintenance	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
Malaysia	-	-	1,465	472	1,937
Foreign countries	-	64,888	-	-	64,888
Total Revenue	-	64,888	1,465	472	66,825
Results from operating activities					
Segment results	(188)	(2,947)	(1,981)	(487)	(5,603)
Finance costs					(916)
(Loss) before taxation					(6,519)
Taxation					(14)
(Loss) for the period					(6,533)

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 30 April 2011, total bank guarantees outstanding relating to performance and tenders amounted to RM5.327 million. The company has provided corporate guarantee amounting to RM229.65 million to financial institutions for banking facilities made available to its subsidiaries of which RM91.26 million is utilised as at 30 April 2011.

A13 Capital Commitments

There were no material capital commitments as at 30 April 2011 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 30 April 2011 are as follow:

Nature of Relationship	Purchase of goods RM'000	Service Received RM'000	Total for nature of relationship RM'000
Principal owner	-	-	-
Director, other key management personnel	-	26	26
Total for type of transaction	-	26	26

COMINTEL CORPORATION BHD ("COMCORP")

(Company No. 630068-T)

Notes to the Interim Financial Report - 1st Quarter ended 30 April 2011**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 30.04.2011 RM'000	Preceding Year To Date 30.04.2010 RM'000
Revenue	66,825	67,654
(Loss) before tax	(6,519)	(1,923)
(Loss) after tax	(6,533)	(1,923)
Attributable to :		
Equity holders of the parent company	(6,375)	(2,107)
Non-controlling interests	(158)	184

The Group recorded a revenue of RM66.8 million for the current YTD as compared to a revenue of RM67.6 million in the previous year corresponding financial period. This represents a decrease of RM0.8 million or 1.2%. The decrease was mainly attributed to the lower 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 RM6.4 million as compared to the loss of RM2.1 million in the previous year corresponding financial period. The higher loss was attributed to the losses from the Manufacturing segment which was mainly caused by the weakening US Currency and the competitive product pricing.

B2 Comparison with Preceding Quarter's Results

	Current Quarter ended 30.04.2011 RM'000	Preceding Quarter ended 31.01.2011 RM'000
Revenue	66,825	86,686
(Loss) before tax	(6,519)	(5,054)
(Loss) after tax	(6,533)	(4,690)
Attributable to :		
Equity holders of the parent company	(6,375)	(4,449)
Non-controlling interests	(158)	(241)

The current quarter revenue is RM19.9 million lower than that recorded in the preceding quarter. The decrease in revenue was mainly due to the decrease of revenue contribution from the Communication & System Integration and Manufacturing segments.

The Group recorded a loss after tax attributable to the owners of parent of RM6.4 million for the current quarter under review as compared to the loss of RM4.5 million in the preceding quarter. This is primarily due to the losses suffered by the manufacturing segment as a result of weakening US currency, the competitive product pricing and the shortage of certain piece part components resulted in lower revenue contribution for the current quarter.

B3 Prospects for the Remaining Period of the Current Financial Year

The outlook for the three (3) business segments remain very challenging for the remaining period of the current financial year. However, the piece part components shortage faced by the manufacturing segment has started to ease off thus the revenue contribution should improve in the subsequent quarters.

The Group has also bid for jobs locally and overseas and is confident to secure some of these projects in the current financial year. Nevertheless, the Group will continue to take all appropriate measures to improve operational efficiency and productivity to deliver a better financial performance for the rest of the financial year.

B4 Profit Forecast or Profit Guarantee

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

B5 Tax Expenses

	Current Quarter 30.04.2011 RM'000	Current Year To Date 30.04.2011 RM'000
Income Tax	14	14
Deferred taxation	-	-
	14	14

The effective tax rate of the Group is higher than the statutory tax rate mainly due to 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 Realised and Unrealised Profits/Losses Disclosure for Period Year to date 30 April 2011

	Current Year To Date 30.04.2011 RM'000	(Audited) Year To Date 31.01.2011 RM'000
Total retained profits / (accumulated losses) of COMCORP and its subsidiaries :		
- Realised	11,289	21,396
- Unrealised	4,140	567
	15,429	21,963
Total share of retained profits / (accumulated losses) from associated companies :		
- Realised	-	-
- Unrealised	-	-
Total share of retained profits / (accumulated losses) from jointly controlled entities :		
- Realised	-	-
- Unrealised	-	-
	15,429	21,963
Less: Consolidation adjustments	(24,369)	(24,527)
Total group retained profits / (accumulated losses) as per consolidated accounts	(8,940)	(2,564)

B10 Group Borrowings

	Payable within 12 months RM'000	Payable after 12 months RM'000	Total RM'000
Secured			
Bank Borrowings	81,263	1,950	83,213
Hire purchase payables	1,395	1,325	2,720
Total Borrowings	82,658	3,275	85,933

B11 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.

B12 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 the Company, 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.

U Television Sdn Bhd and Tan Sri Dato' Seri Vincent Tan Chee Yioun have applied to the High Court for the striking out of the Writ of Summons and Statement of Claim filed by Comintel against the 1st and 2nd Defendants (the Striking Out Application). The Striking Out Application was fixed for hearing on 25 May 2011 and was dismissed with costs of RM5,000 to be paid by the Defendants to Comintel. The Defendants are to file their Defence by 30 June 2011.

B13 Proposed Dividends

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

B14 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 30 April 2011 and is as follows:-

	Current Qtr 30.04.2011	Cumulative Qtr To-date 30.04.2011
(Loss) attributable to owners of the parent (RM'000)	(6,375)	(6,375)
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)	(4.55)	(4.55)

B15 Comparative Figures

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

B16 Audit Report Qualification and Status of Matters Raised

The audited financial statements of the Group for the preceding year ended 31 January 2011 were not subject to any qualification.

B17 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 23 Jun 2011.

Date: 23-Jun-2011