

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED 31 OCTOBER 2011**
(The figures have not been audited)

	Note	Current Year Quarter Ended 31.10.2011 RM'000	Preceding Year Quarter Ended 31.10.2010 RM'000	Current Year To Date 31.10.2011 RM'000	Preceding Year To Date 31.10.2010 RM'000
Revenue	A8	76,251	83,825	217,596	233,867
Cost of sales		(71,761)	(77,471)	(208,092)	(217,973)
Gross profit		<u>4,490</u>	<u>6,354</u>	<u>9,504</u>	<u>15,894</u>
Other operating income		288	293	719	1,105
Other operating, administrative, selling and distribution expenses		(5,341)	(5,892)	(15,953)	(17,388)
Profit / (Loss) from Operations		<u>(563)</u>	<u>755</u>	<u>(5,730)</u>	<u>(389)</u>
Finance cost		(853)	(874)	(2,671)	(2,483)
(Loss) before taxation	A8	<u>(1,416)</u>	<u>(119)</u>	<u>(8,401)</u>	<u>(2,872)</u>
Taxation	B5	-	201	(14)	(174)
(Loss) for the period		<u>(1,416)</u>	<u>82</u>	<u>(8,415)</u>	<u>(3,046)</u>
Other Comprehensive income:					
Currency translation differences for foreign operations		124	(81)	74	(309)
Total Comprehensive Income for the period		<u>(1,292)</u>	<u>1</u>	<u>(8,341)</u>	<u>(3,355)</u>
Profit or (Loss) attributable to:					
Equity holders of the parent company		(1,350)	328	(8,049)	(3,227)
Non-controlling interests		(66)	(246)	(366)	181
		<u>(1,416)</u>	<u>82</u>	<u>(8,415)</u>	<u>(3,046)</u>
Total Comprehensive Income attributable to:					
Equity holders of the parent company		(1,226)	247	(7,975)	(3,536)
Non-controlling interests		(66)	(246)	(366)	181
		<u>(1,292)</u>	<u>1</u>	<u>(8,341)</u>	<u>(3,355)</u>
(Loss) per share					
- Basic (sen)	B13	(0.96)	0.23	(5.75)	(2.31)
- Diluted (sen)	B13	(0.96)	0.23	(5.75)	(2.31)

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 31 OCTOBER 2011

		(Unaudited)	(Audited)
		As At	As At
		31.10.2011	31.01.2011
	Note	RM'000	RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		60,211	62,877
Investment in unquoted shares		1,052	1,052
		<u>61,263</u>	<u>63,929</u>
Current assets			
Inventories		66,971	81,273
Trade receivables		59,617	62,968
Other receivables, deposits and prepayment		9,262	13,346
Cash and bank balances		16,944	25,153
		<u>152,794</u>	<u>182,740</u>
TOTAL ASSETS		<u>214,057</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		927	853
Accumulated Losses	B9	<u>(10,614)</u>	<u>(2,564)</u>
Total Equity attributable to equity holders of the parent		86,058	94,034
Non-controlling interests		2,547	2,913
Total equity		<u>88,605</u>	<u>96,947</u>
Non-current liabilities			
Long term borrowings	B10	1,239	2,306
Hire purchase payables	B10	1,032	1,494
Deferred tax liabilities		<u>1,734</u>	<u>1,734</u>
		4,005	5,534
Current liabilities			
Trade payables		32,916	41,380
Other payables and accruals		13,815	11,955
Provision for warranty		380	380
Short term borrowings	B10	71,929	85,693
Bank overdraft	B10	1,488	3,033
Hire purchase payables	B10	905	1,737
Provision for taxation		14	10
		<u>121,447</u>	<u>144,188</u>
Total liabilities		125,452	149,722
TOTAL EQUITY AND LIABILITIES		<u>214,057</u>	<u>246,669</u>
Net assets per share attributable to ordinary equity holders of the parent company (RM)		0.6147	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 THIRD QUARTER ENDED 31 OCTOBER 2011

(The figures have not been audited)

Note	<----- Attributable to equity holders of the parent ----->					Total RM'000	Non-controlling Interest RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Revaluation Reserves RM'000	Translation Reserves RM'000	(Distributable) (Accumulated Losses) /Retained Profits RM'000			
9 months period ended 31 Oct 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	-	-	-	-	(8,049)	(8,049)	(366)	(8,415)
Other comprehensive income				74		74		74
Total comprehensive income for the period	-	-	-	74	(8,049)	(7,975)	(366)	(8,341)
Balance as at 31 Oct 2011	70,000	25,745	1,354	(427)	(10,614)	86,058	2,547	88,605
9 months period ended 31 Oct 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	-	-	-	-	(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

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 THIRD QUARTER ENDED 31 OCTOBER 2011
(The figures have not been audited)**

	Current Year To Date 31.10.2011 RM'000	Preceding Year To Date 31.10.2010 RM'000
Cash flows from operating activities		
(Loss) before taxation	(8,401)	(2,872)
Adjustment for non cash and non operating items:		
Depreciation of property, plant & equipment	3,791	4,755
Amortisation of Intangible asset	-	433
Hire purchase interest	199	245
Interest expenses	2,471	2,238
(Gain)/Loss on disposal of property, plant & equipment	(66)	858
Provision for warranty cost	-	180
Interest income	(87)	(76)
Operating cash flow before working capital changes	(2,093)	5,761
Inventories	14,302	(9,485)
Trade receivables	3,351	(10,724)
Other receivables, deposits and prepayments	4,084	3,529
Trade payables	(8,464)	(740)
Other payables and accruals	1,934	6,275
Net cash flow from operations	13,114	(5,384)
Finance Charges	(2,670)	(2,483)
Income tax paid	(10)	(468)
Net operating cash flow	10,434	(8,335)
Cash flows from investing activities		
Purchase of property, plant & equipment	(1,129)	(2,008)
Proceeds from disposal of property, plant & equipment	70	20
Interest income received	87	76
Net investing cash flow	(972)	(1,912)
Cash flows from financing activities		
Net (repayment)/drawdown of bank borrowings	(13,764)	7,982
Net (repayment) of term loans	(1,067)	(1,067)
Net (repayment) of hire purchase liabilities	(1,294)	(1,356)
Net financing cash flow	(16,125)	5,559
Net changes in cash and cash equivalents	(6,663)	(4,688)
Cash and cash equivalents at the beginning of the period	22,119	20,705
Cash and cash equivalents at the end of the period	15,456	16,017
Analysed into:		
Deposits in financial institutions	7,773	9,428
Cash and bank balances	9,171	7,037
Bank overdrafts	(1,488)	(448)
Cash and cash equivalents at the end of the period	15,456	16,017

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 - 3rd Quarter ended 31 October 2011

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

A1 Basic of Preparation

The interim financial report is unaudited and has been prepared in accordance with Financial Reporting Standard ("FRS") 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The interim financial report should be read in conjunction with the audited financial statements for the financial year ended 31 January 2011. These 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 since the financial year ended 31 January 2011.

The accounting policies and methods of computation adopted by the Group in these interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 January 2011 except for the adoption of the new and revised FRSs, Amendment to FRSs and IC Interpretations which are relevant to the Group's operations with effect from 1 February 2011 as set out below:

FRS 1, First-time Adoption of Financial Reporting Standards
Amendments to FRS 2, Share-based Payment
Amendments to FRS 5, Non-current Assets held for Sale and Discontinued Operations
Amendments to FRS 132, Classification of Right Issues
Amendments to FRS 138, Intangible Assets
IC Interpretation 4, Determining whether an Arrangement contains a Lease
IC Interpretation 12, Service Concession Arrangements
IC Interpretation 16, Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17, Distributions of Non-cash Assets to Owners
IC Interpretation 18, Transfers of Assets from Customers
Amendments to IC Interpretation 9, Reassessment of Embedded Derivatives
Amendments to FRS 1, Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters and Additional Exemptions for First-time Adopters
Amendments to FRS 1, Additional Exemptions for First-time Adopters
Amendments to FRS 2, Group Cash-settled Share-base Payment Transactions
Amendments to FRS 7, Improving Disclosures about Financial Instruments
Improvements to FRSs (2010), Improvement to FRSs issued in 2010

The Directors do not expect any material impact on the financial statements arising from adoption of the above standards and interpretations.

The Group has not elected for early adoption of the following FRS relevant to the current operations of the Group, which were issued but not yet effective for the financial year ending 31 January 2012:

		Effective for financial periods beginning on or after
FRS 124	Related Party Disclosures	1 January 2012
IC Interpretation 15	Agreements for the Construction of Real Estate	1 January 2012

The above revised FRS is not expected to have any significant impact on the financial statements of the Group upon their initial application.

A2 Audit qualification

The auditor's report of the preceding annual financial statements of the Group did not contain any qualification.

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 31 October 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 - 3rd Quarter Ended 31 Oct 2011**

Segment revenue	Investment Holding RM'000	Manufacturing RM'000	Communications & Systems Integration RM'000	Defence Maintenance RM'000	Consolidated RM'000
Malaysia	-	-	15,577	2,162	17,739
Foreign countries	-	199,857	-	-	199,857
Total Revenue	-	199,857	15,577	2,162	217,596
Results from operating activities					
Segment results	(626)	(917)	(3,119)	(1,068)	(5,730)
Finance costs					(2,671)
(Loss) before taxation					(8,401)
Taxation					(14)
(Loss) for the period					(8,415)

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 October 2011, total bank guarantees outstanding relating to performance and tenders amounted to RM5.32 million. The company has provided corporate guarantee amounting to RM232.65 million to financial institutions for banking facilities made available to its subsidiaries of which RM81.91 million is utilised as at 31 October 2011.

A13 Capital Commitments

There were no material capital commitments as at 31 October 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 31 October 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	110	-	110
Director, other key management personnel	-	77	77
Total for type of transaction	110	77	187

COMINTEL CORPORATION BHD ("COMCORP")

(Company No. 630068-T)

Notes to the Interim Financial Report - 3rd Quarter ended 31 October 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 31.10.2011 RM'000	Preceding Year To Date 31.10.2010 RM'000
Revenue	217,596	233,867
(Loss) before tax	(8,401)	(2,872)
(Loss) after tax	(8,415)	(3,046)
Attributable to :		
Equity holders of the parent company	(8,049)	(3,227)
Non-controlling interests	(366)	181

The Group recorded a revenue of RM217.6 million for the current YTD as compared to a revenue of RM233.9 million in the previous year corresponding financial period. This represents a decrease of RM16.3 million or 7%. 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 RM8.0 million as compared to the loss of RM3.2 million in the previous year corresponding financial period. The higher loss was attributed to the losses from the Manufacturing segment as a result of competitive product pricing, losses from the Communication & System Integration and Defence Maintenance due to the lower revenue recorded.

B2 Comparison with Preceding Quarter's Results

	Current Quarter ended 31.10.2011 RM'000	Preceding Quarter ended 31.07.2011 RM'000
Revenue	76,251	74,520
(Loss) before tax	(1,416)	(465)
(Loss) after tax	(1,416)	(465)
Attributable to :		
Equity holders of the parent company	(1,350)	(322)
Non-controlling interests	(66)	(143)

The current quarter revenue is RM1.7 million higher than that recorded in the preceding quarter. The increase in revenue was not significant and was mainly attributed to the higher revenue contribution from the Manufacturing segment.

The Group recorded a loss after tax attributable to the owners of parent of RM1.4 million as compared to the loss of RM0.3 million in the preceding quarter. The higher loss was attributed to the losses suffered by the Manufacturing and Communication & System Integration segments for the current quarter.

B3 Prospects for the Remaining Period of the Current Financial Year

The outlook for the Communication & System Integration and the Defence Maintenance segments remain very challenging for the remaining period of the current financial year as the Government spending in the Public safety and Defence sectors has been substantially reduced.

The new products have been finalised with customers, revenue contribution from the Manufacturing segment is expected to improve from next quarter onwards.

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 31.10.2011 RM'000	Current Year To Date 31.10.2011 RM'000
Income Tax	-	14
Deferred taxation	-	-
	-	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 31 October 2011

	Current Year To Date 31.10.2011 RM'000	(Audited) Year To Date 31.01.2011 RM'000
Total retained profits / (accumulated losses) of COMCORP and its subsidiaries :		
- Realised	8,638	21,396
- Unrealised	4,909	567
	13,547	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	-	-
	13,547	21,963
Less: Consolidation adjustments	(24,161)	(24,527)
Total group retained profits / (accumulated losses) as per consolidated accounts	(10,614)	(2,564)

B10 Group Borrowings

	Payable within 12 months RM'000	Payable after 12 months RM'000	Total RM'000
Secured			
Bank Borrowings	73,417	1,239	74,656
Hire purchase payables	905	1,032	1,937
Total Borrowings	74,322	2,271	76,593

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 litigation

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 filed their Defence and Amended Counter Claim against Comintel on 11 August 2011. Comintel then filed their Reply and Defence to the Amended Counter Claim on 12 August 2011. Comintel has filed its Pre-Trial Case Management Notice on 14 September 2011. The first Pre-Trial Case Management was then fixed on 24 October 2011 at the Kuala Lumpur High Court, during which the High Court has directed the parties to prepare and file the pre-trial cause papers. The matter is now fixed for a further Case Management on 17 February 2012 at the Kuala Lumpur High Court, for both parties to comply with the above directions.

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 31 July 2011 and is as follows:-

	Current Qtr 31.10.2011	Cumulative Qtr To- date 31.10.2011
(Loss) attributable to owners of the parent (RM'000)	(1,350)	(8,049)
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)	(0.96)	(5.75)

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 19 December 2011.

Date: 19-Dec-2011