

COMINTEL CORPORATION BHD ("COMCORP")

(Company No. 630068-T)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FOURTH QUARTER ENDED 31 JANUARY 2015
(The figures have not been audited)**

| | Note | Current Year Quarter Ended 31.01.2015 RM'000 | Preceding Year Quarter Ended 31.01.2014 RM'000 | Current Year To Date 31.01.2015 RM'000 | Preceding Year To Date 31.01.2014 RM'000 |
|--|------|---|---|---|---|
| Revenue | A9 | 85,206 | 82,715 | 309,537 | 315,032 |
| Cost of sales | | (77,697) | (74,688) | (289,603) | (298,382) |
| Gross profit | | 7,509 | 8,027 | 19,934 | 16,650 |
| Other operating income | | 1,069 | (222) | 2,022 | 1,159 |
| Other operating, administrative, selling and distribution expenses | | (7,810) | (4,831) | (21,211) | (19,620) |
| Profit / (Loss) from Operations | | 768 | 2,974 | 745 | (1,811) |
| Finance cost | | (9) | (713) | (2,387) | (2,832) |
| Profit / (Loss) before taxation | A9 | 759 | 2,261 | (1,642) | (4,643) |
| Taxation | B6 | (51) | 210 | (119) | 140 |
| Profit / (Loss) for the period | | 708 | 2,471 | (1,761) | (4,503) |
| Other Comprehensive income: | | | | | |
| Currency translation differences for foreign operations | | 315 | 166 | 261 | 169 |
| Revaluation surplus of derecognised property | | 1,959 | - | 1,959 | - |
| Total Comprehensive Income for the period | | 2,982 | 2,637 | 459 | (4,334) |
| Profit / (Loss) attributable to: | | | | | |
| Equity holders of the parent company | | 628 | 2,874 | (1,342) | (3,979) |
| Non-controlling interests | | 80 | (403) | (419) | (524) |
| | | 708 | 2,471 | (1,761) | (4,503) |
| Total Comprehensive Income attributable to: | | | | | |
| Equity holders of the parent company | | 2,902 | 3,041 | 877 | (3,800) |
| Non-controlling interests | | 80 | (404) | (418) | (534) |
| | | 2,982 | 2,637 | 459 | (4,334) |
| Profit / (Loss) per share | | | | | |
| - Basic (sen) | B15 | 0.45 | 2.05 | (0.96) | (2.84) |
| - Diluted (sen) | B15 | 0.45 | 2.05 | (0.96) | (2.84) |

Note:

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 January 2014 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 JANUARY 2015

(The figures have not been audited)

| | As At 31.01.2015 RM'000 | (Audited) As At 31.01.2014 RM'000 |
|---|-------------------------------|--|
| Note | | |
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 52,823 | 65,726 |
| Investment in unquoted shares | - | 1,052 |
| | <u>52,823</u> | <u>66,778</u> |
| Current assets | | |
| Inventories | 78,891 | 83,692 |
| Trade receivables | 69,650 | 65,306 |
| Other receivables, deposits and prepayment | 3,936 | 7,167 |
| Cash and bank balances | 54,443 | 27,035 |
| | <u>206,920</u> | <u>183,200</u> |
| TOTAL ASSETS | <u><u>259,743</u></u> | <u><u>249,978</u></u> |
| EQUITY AND LIABILITIES | | |
| Equity attributable to equity holders of the parent | | |
| Share capital | 70,000 | 70,000 |
| Share premium | 25,745 | 25,745 |
| Capital Reserves | 3,631 | 10,863 |
| Other Reserves | 541 | 281 |
| Accumulated Losses | B10 (2,807) | (10,656) |
| Total Equity attributable to equity holders of the parent | <u>97,110</u> | <u>96,233</u> |
| Non-controlling interests | <u>1,401</u> | <u>1,819</u> |
| Total equity | <u>98,511</u> | <u>98,052</u> |
| Non-current liabilities | | |
| Long term borrowings | B11 9,552 | - |
| Hire purchase payables | B11 180 | 393 |
| Deferred tax liabilities | <u>2,541</u> | <u>4,309</u> |
| | <u>12,273</u> | <u>4,702</u> |
| Current liabilities | | |
| Trade payables | 52,485 | 53,689 |
| Other payables and accruals | 7,986 | 6,884 |
| Provision for warranty | 150 | 412 |
| Short term borrowings | B11 83,476 | 78,214 |
| Bank overdraft | B11 1,131 | 2,641 |
| Hire purchase payables | B11 212 | 253 |
| Provision for taxation | <u>5,519</u> | <u>5,151</u> |
| | <u>148,959</u> | <u>147,224</u> |
| Total liabilities | <u>161,232</u> | <u>151,926</u> |
| TOTAL EQUITY AND LIABILITIES | <u><u>259,743</u></u> | <u><u>249,978</u></u> |
| Net assets per share attributable to ordinary equity holders of the parent company (RM) | 0.6936 | 0.6874 |

Note:

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 January 2014 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 FOURTH QUARTER ENDED 31 JANUARY 2015

(The figures have not been audited)

| Note | ----- Attributable to equity holders of the parent ----- | | | | | | | |
|---|--|----------------------------|-----------------------------------|-----------------------------------|---|-----------------|---------------------------------------|---------------------------|
| | <----- (Non Distributable) -----> | | | | (Distributable) | | 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 | (Accumulated Losses) /Retained Profits RM'000 | Total RM'000 | | |
| 12 months period ended 31 January 2015 | | | | | | | | |
| Balance at 1 February 2014 | 70,000 | 25,745 | 10,863 | 281 | (10,656) | 96,233 | 1,819 | 98,052 |
| Changes in equity during the year: | | | | | | | | |
| (Loss) for the period | - | - | - | - | (1,342) | (1,342) | (419) | (1,761) |
| Other comprehensive income: | | | | | | | | |
| Translation reserves | - | - | - | 260 | - | 260 | 1 | 261 |
| Derecognised of property | - | - | (7,232) | - | 9,191 | 1,959 | - | 1,959 |
| Total comprehensive income for the period | - | - | (7,232) | 260 | 7,849 | 877 | (418) | 459 |
| Balance as at 31 January 2015 | 70,000 | 25,745 | 3,631 | 541 | (2,807) | 97,110 | 1,401 | 98,511 |
| 12 months period ended 31 January 2014 | | | | | | | | |
| Balance at 1 February 2013 | 70,000 | 25,745 | 10,863 | 102 | (6,677) | 100,033 | 2,353 | 102,386 |
| (Loss) for the period | - | - | - | - | (3,979) | (3,979) | (524) | (4,503) |
| Other comprehensive income | - | - | - | 179 | - | 179 | (10) | 169 |
| Total comprehensive income for the period | - | - | - | 179 | (3,979) | (3,800) | (534) | (4,334) |
| Balance as at 31 January 2014 | 70,000 | 25,745 | 10,863 | 281 | (10,656) | 96,233 | 1,819 | 98,052 |

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 2014 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 FOURTH QUARTER ENDED 31 JANUARY 2015
(The figures have not been audited)**

| | Current Year To Date 31.01.2015 RM'000 | Preceding Year To Date 31.01.2014 RM'000 |
|---|---|---|
| Cash flows from operating activities | | |
| (Loss) before taxation | (1,642) | (4,643) |
| Adjustments for non cash and non operating items: | | |
| Depreciation of property, plant & equipment | 4,103 | 3,891 |
| Impairment loss on investment | 1,052 | - |
| Hire purchase interest | 40 | 42 |
| Interest expenses | 2,351 | 2,794 |
| Bad debts written-off | - | 49 |
| (Gain) on disposal of property, plant & equipment | (903) | (78) |
| Warranty costs | (262) | 8 |
| Interest income | (338) | (201) |
| Operating cash flow before working capital changes | 4,401 | 1,862 |
| Inventories | 4,801 | 2,603 |
| Trade receivables | (4,344) | 1,465 |
| Other receivables, deposits and prepayments | 3,231 | 352 |
| Trade payables | (1,204) | 8,233 |
| Other payables and accruals | 1,362 | (1,265) |
| Net cash flow from operations | 8,247 | 13,250 |
| Finance Charges | (2,391) | (2,836) |
| Income tax paid | (1,540) | (599) |
| Net operating cash flow | 4,316 | 9,815 |
| Cash flows from investing activities | | |
| Purchase of property, plant & equipment | (21,199) | (931) |
| Proceeds from disposal of property, plant & equipment | 30,903 | 81 |
| Interest income received | 338 | 201 |
| Net investing cash flow | 10,042 | (649) |
| Cash flows from financing activities | | |
| Net drawdown/(repayment) of bank borrowings | 3,788 | (9,087) |
| Net drawdown/(repayment) of term loans | 11,026 | (890) |
| Net (repayment) of hire purchase liabilities | (254) | (341) |
| Funding of hire purchase liabilities | - | 250 |
| Net financing cash flow | 14,560 | (10,068) |
| Net changes in cash and cash equivalents | 28,918 | (902) |
| Cash and cash equivalents at the beginning of the period | 24,394 | 25,296 |
| Cash and cash equivalents at the end of the period | 53,312 | 24,394 |
| Analysed into: | | |
| Deposits with financial institutions | 12,061 | 6,929 |
| Cash and bank balances | 42,382 | 20,106 |
| Bank overdrafts | (1,131) | (2,641) |
| Cash and cash equivalents at the end of the period | 53,312 | 24,394 |

Note:

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the year ended 31 January 2014 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 - 4th Quarter ended 31st January 2015

Part A.

EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD (FRS) 134

A1 Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standard ("MFRS") 134, "Interim Financial Reporting" issued by the Malaysian Accounting Standards Board ("MASB") and paragraph 9.22 of the Bursa Malaysia Securities Berhad Listing Requirements.

The unaudited interim financial statements should be read in conjunction with the Group's annual audited financial statements for the year ended 31 January 2014.

A2 Changes in Accounting Policies

The significant accounting policies adopted by the Company in this report are consistent with those used in the Audited Financial Statements of the Company for the financial year ended 31 January 2014.

(a) Standards issued and effective

The following new and amended MFRS and IC Interpretations are mandatory for annual financial periods beginning on or after 1 January 2014 and 1 July 2014.

| | effective for financial periods beginning on or after |
|---|---|
| Amendments to MFRS 10, Consolidated Financial Statements: Investment Entities | 1 January 2014 |
| Amendments to MFRS 12, Disclosure of Interests in Other Entities: Investment Entities | 1 January 2014 |
| Amendments to MFRS 127, Consolidated and Separate Financial Statements: Investment Entities | 1 January 2014 |
| Amendments to MFRS 132, Offsetting Financial Assets and Financial Liabilities | 1 January 2014 |
| Amendments to MFRS 136, Impairment of Assets | 1 January 2014 |
| - Recoverable Amount Disclosures for Non-Financial Assets | |
| Amendments to MFRS 139, Financial Instruments: Recognition and Measurement | 1 January 2014 |
| - Novation of Derivatives and Continuation of Hedge Accounting | |
| IC Interpretation 21, Levies | 1 January 2014 |

The Directors expect that the adoption of the new and amended MFRSs and IC Interpretations above will have no material impact on the financial statements in the period of initial application.

(b) Standards issued but not yet effective

| | effective for financial periods beginning on or after |
|---|---|
| Amendments to MFRS 119, Employee Benefits - Defined Benefit Plans: Employee Contributions | 1 July 2014 |
| Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards | 1 July 2014 |
| - (Annual Improvements to MFRSs 2011-2013 Cycle) | |
| Amendments to MFRS 2, Share-based Payment | 1 July 2014 |
| - (Annual Improvements to MFRSs 2010-2012 Cycle) | |
| Amendments to MFRS 3, Business Combinations | 1 July 2014 |
| - (Annual Improvements to MFRSs 2010-2012 Cycle) | |
| - (Annual Improvements to MFRSs 2011-2013 Cycle) | |
| Amendments to MFRS 8, Operating Segments | 1 July 2014 |
| - (Annual Improvements to MFRSs 2010-2012 Cycle) | |
| Amendments to MFRS 13, Fair Value Measurement | 1 July 2014 |
| - (Annual Improvements to MFRSs 2010-2012 Cycle) | |
| - (Annual Improvements to MFRSs 2011-2013 Cycle) | |
| Amendments to MFRS 116, Property, Plant and Equipment | 1 July 2014 |
| - (Annual Improvements to MFRSs 2010-2012 Cycle) | |
| Amendments to MFRS 124, Related Party Disclosures | 1 July 2014 |
| - (Annual Improvements to MFRSs 2010-2012 Cycle) | |

(b) Standards issued but not yet effective (cont'd)

| | effective for financial periods beginning on or after |
|--|---|
| Amendments to MFRS 138, Intangible Assets | 1 July 2014 |
| - (Annual Improvements to MFRSs 2010-2012 Cycle) | |
| Amendments to MFRS 140, Investment Property | 1 July 2014 |
| - (Annual Improvements to MFRSs 2011-2013 Cycle) | |
| MFRS 14, Regulatory Deferral Accounts | 1 January 2016 |
| Amendments to MFRS 11, Accounting for Acquisitions on Interests in Joint Operations | 1 January 2016 |
| Amendments to MFRS 5, Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements to MFRSs 2012-2014 cycle) | 1 January 2016 |
| Amendments to MFRS 7, Financial Instruments (Annual Improvements to MFRSs 2012-2014 cycle) | 1 January 2016 |
| Amendments to MFRS 10 & MFRS128, Sale or Contribution of Assets between an Investor and its associate or Joint Venture | 1 January 2016 |
| Amendments to MFRS 10, MFRS 12 & MFRS128, Investment Entities: Applying the Consolidation Exception | 1 January 2016 |
| Amendments to MFRS 101, Disclosure Initiative | 1 January 2016 |
| Amendments to MFRS 116 & MFRS 141, Agriculture: Bearer Plants | 1 January 2016 |
| Amendments to MFRS 116 & MFRS 138, Clarification of Acceptable Methods of Depreciation and Amortisation | 1 January 2016 |
| Amendments to MFRS 119, Employee Benefits (Annual Improvements to MFRSs 2012-2014 cycle) | 1 January 2016 |
| Amendments to MFRS 127, Equity Method in Separate Financial Statements | 1 January 2016 |
| Amendments to MFRS 134, Interim Financial Reporting (Annual Improvements to MFRSs 2012-2014 cycle) | 1 January 2016 |
| MFRS 15, Revenue from Contracts with Customers | 1 January 2017 |
| MFRS 9, Financial Instruments (IFRS 9 as issued by IASB in July 2014) | 1 January 2018 |

The Group and the Company will adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are not expected to have any effect to the financial statements of the Group and of the Company upon their initial application.

A3 Audit qualification

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

A4 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 were very much dependent on the timing of completion of each project.

A5 Unusual Items

There were no items of unusual nature and amounts affecting assets, liabilities, equity, net income or cash flows during the financial period ended 31 January 2015.

A6 Change In Estimates

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

A7 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.

A8 Dividend Paid

No interim nor final ordinary dividend has been declared, recommended or paid during the financial quarter under review and the financial year to date.

A9 Segmental information

The Group comprises the following main business / operating segments:

- (a) Investment Holding
- (b) Manufacturing
- (c) Communication & System Integration
- (d) Defence Maintenance

The main geographical segments for the Group are:

- (a) Malaysia
- (b) Overseas

In presenting the segmental information, segment revenue is based on both operating segment and the geographical location of customers. Segment assets are based on the assets employed by each of the business / operating segment.

Segment revenue, segment results and segment assets employed for business / operating segment and geographical segment

Current Year-to-Date (period ended 31 January 2015)

| Segment revenue | Investment Holding RM'000 | Manufacturing RM'000 | Communications & Systems Integration RM'000 | Defence Maintenance RM'000 | Consolidated RM'000 |
|------------------------|--------------------------------------|---------------------------------|--|---|--------------------------------|
| Malaysia | - | - | 10,629 | 1,058 | 11,687 |
| Overseas | - | 297,850 | - | - | 297,850 |
| Total Revenue | - | 297,850 | 10,629 | 1,058 | 309,537 |

Results from operating activities

| | | | | | |
|------------------------|---------|--------|---------|-------|---------|
| Segment results | (1,954) | 10,151 | (7,285) | (167) | 745 |
| Finance costs | | | | | (2,387) |
| (Loss) before taxation | | | | | (1,642) |
| Taxation | | | | | (119) |
| (Loss) for the period | | | | | (1,761) |

Segment Assets

| | | | | | |
|----------------------------------|-------|---------|--------|-------|----------------|
| Segment Assets | 1,557 | 206,522 | 45,035 | 6,629 | 259,743 |
| Investment in unquoted shares | | | | | - |
| Consolidated total assets | | | | | 259,743 |

Preceding Year (period ended 31 January 2014)

| Segment revenue | Investment Holding RM'000 | Manufacturing RM'000 | Communications & Systems Integration RM'000 | Defence Maintenance RM'000 | Consolidated RM'000 |
|------------------------|--------------------------------------|---------------------------------|--|---|--------------------------------|
| Malaysia | - | - | 20,056 | 1,518 | 21,574 |
| Overseas | - | 293,023 | 435 | - | 293,458 |
| Total Revenue | - | 293,023 | 20,491 | 1,518 | 315,032 |

Results from operating activities

| | | | | | |
|------------------------|-------|-------|---------|-------|---------|
| Segment results | (798) | 2,938 | (2,999) | (952) | (1,811) |
| Finance costs | | | | | (2,832) |
| (Loss) before taxation | | | | | (4,643) |
| Taxation | | | | | 140 |
| (Loss) for the period | | | | | (4,503) |

Segment Assets

| | | | | | |
|----------------------------------|-----|---------|--------|-------|----------------|
| Segment Assets | 570 | 198,377 | 48,833 | 1,146 | 248,926 |
| Investment in unquoted shares | | | | | 1,052 |
| Consolidated total assets | | | | | 249,978 |

A10 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.

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 January 2015, total bank guarantees outstanding relating to performance and tenders amounted to RM6.01 million. The company has provided corporate guarantee amounting to RM233.26 million to financial institutions for banking facilities made available to its subsidiaries of which RM100.6 million is utilised as at 31 January 2015.

A13 Capital Commitments

There were no material capital commitments as at 31 January 2015 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 January 2015 were 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 | - | 108 | 108 |
| Total for type of transaction | - | 108 | 108 |

COMINTEL CORPORATION BHD ("COMCORP")

(Company No. 630068-T)

Notes to the Interim Financial Report - 4th Quarter ended 31st January 2015**Part B. Additional Information Required by The Listing Requirements of Bursa Malaysia Securities Berhad****B1 Detailed analysis of the performance of all operating segments of the Group for the current quarter and financial year-to-date**

The Group recorded a revenue of RM85.2 million for the current financial quarter ended 31st Jan 2015, an increase of 3.0% or RM2.5 million as compared to the corresponding quarter last year.

For the current quarter under review, Manufacturing segment recorded a revenue of RM78.7 million (corresponding quarter last year: RM76.9 million), Communication & System Integration segment recorded a revenue of RM6.1 million (corresponding quarter last year: RM5.7 million) and Defence Maintenance segment recorded a revenue of RM0.4 million (corresponding quarter last year: RM0.1 million).

For the financial year-to-date, the Group recorded a net loss of RM1.34 million as compared to the net loss of RM3.98 million in the preceding financial year-to-date. The Manufacturing segment recorded a net profit of RM7.62 million while the Communication & System Integration and Defence Maintenance segments recorded a net loss of RM7.30 million and RM0.17 million respectively.

B2 Comment on current quarter result as compared with the immediate preceding quarter

| | Current Quarter ended 31.01.2015 RM'000 | Preceding Quarter ended 31.10.2014 RM'000 |
|--------------------------------------|---|---|
| Revenue | 85,206 | 83,773 |
| Profit before tax | 759 | 689 |
| Profit after tax | 708 | 664 |
| Attributable to : | | |
| Equity holders of the parent company | (1,342) | 871 |
| Non-controlling interests | (419) | (207) |

The current financial quarter's revenue was RM1.43 million or 1.7% higher than that recorded in the preceding quarter.

Manufacturing segment's revenue declined by RM3.29 million while Communication & System Integration and Defence Maintenance segments' revenues improved by RM4.27 million and RM0.45 million respectively. The higher revenue recorded in the current quarter under review was mainly attributed to the projects delivered and completed by the Communication & System Integration segment.

The Group recorded a net profit of RM0.71 million as compared to the net loss of RM0.66 million in the preceding quarter. The profit for this current quarter was mainly attributed to the higher margin from the Manufacturing segment due to the stronger United States currency.

B3 Prospect for the financial year ending 31st Jan 2016

Overall local and global economic outlook remains very challenging amidst the oil price crisis. However, with the weakening of Ringgit Malaysia, our products have become more competitive in the export markets. We are cautiously optimistic that our Manufacturing segment's revenue and profitability will improve for the coming financial year. We are also hopeful our green energy sector will contribute positively towards the earnings of the Group. Our maiden green waste to energy plant is expected to be commissioning before the middle of year 2015.

B4 Profit Forecast or Profit Guarantee

The Group did not announce or disclose any profit forecast or profit guarantee during the current financial quarter under review.

B5 Profit / (Loss) Before Taxation

| | Current Year Quarter Ended 31.01.2015 RM'000 | Preceding Year Quarter Ended 31.01.2014 RM'000 | Current Year To Date 31.01.2015 RM'000 | Preceding Year To Date 31.01.2014 RM'000 |
|--|---|---|---|---|
| Profit / (Loss) before taxation is arrived at after charging / (crediting):- | | | | |
| Interest Income | (256) | (99) | (338) | (201) |
| Other Income (excluding interest income) | (813) | 321 | (1,684) | (958) |
| Interest Expenses | 9 | 715 | 2,387 | 2,832 |
| Depreciation of property, plant & equipment | 1,907 | 737 | 4,103 | 3,891 |
| Provision for impairment of investment | (1,052) | - | (1,052) | - |
| Warranty cost incurred | (144) | 245 | (262) | 8 |
| (Gain) on disposal of property, plant & Equipment | (608) | - | (903) | (78) |
| (Gain)/Loss on foreign exchange | 757 | (324) | 2,001 | 167 |

Other than the items mentioned above, there were no provision for and /or write off of inventories, impairment of assets, gain or loss on derivatives and exceptional items for the current quarter and financial period ended 31 January 2015.

B6 Taxation

| | Current Quarter 31.01.2015 RM'000 | Current Year To Date 31.01.2015 RM'000 |
|---------------------------|--|---|
| <u>Malaysian Taxation</u> | | |
| - Current | 307 | 375 |
| - Overprovision | (461) | (461) |
| - Deferred | 205 | 205 |
| | <u>51</u> | <u>119</u> |

The taxation for the current year to date was higher than the statutory tax rate due to the tax on profit for the manufacturing segment.

B7 Profit or Loss on Sales of Unquoted Investments and Properties

The Group has not disposed of any unquoted investments.

On 26th November 2014, Comintel Sdn Bhd ("Comintel"), a wholly-owned subsidiary of Comcorp, sold to CIMB Islamic Trustee Berhad ("CIMB Trustee") in its capacity as Trustee on behalf of AmanahRaya Real Estate Investment Trust, a piece of freehold land held under individual title No. GRN 86648, Lot 52802, Bandar Glenmarie, District of Petaling, together with a five (5)-storey office building with a basement carpark located in Temasya Industrial Park, Glenmarie, Shah Alam, Selangor Darul Ehsan and equipment for a total cash consideration of RM 30,000,000 and the subsequent leaseback by Comintel of the entire property ("Sale & Leaseback"). The Completion Date of the SPA and Leaseback of the building is 26 November 2014. The gain from the sale of the said property is RM620,000 against the revalued net book value.

An announcement on the above SPA and Leaseback was made on 26 November 2014 to Bursa Malaysia.

B8 Quoted Securities

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

B9 Corporate Proposals

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

B10 Realised and Unrealised Profit/(Loss) Disclosure for the Current Year to date

| | Current Year To Date 31.01.2015 RM'000 | (Audited) Year To Date 31.01.2014 RM'000 |
|--|---|---|
| Total retained profits / (accumulated losses) of COMCORP and its subsidiaries : | | |
| - Realised | 7,631 | 15,405 |
| - Unrealised | (8,276) | (2,511) |
| | (645) | 12,894 |
| Less: Consolidation adjustments | (2,162) | (23,550) |
| Total Group (accumulated losses) as per consolidated accounts | (2,807) | (10,656) |
| | | |

B11 Group Borrowings

| | Payable within 12 months | Payable after 12 months | Total |
|------------------------|-----------------------------|----------------------------|--------|
| | RM'000 | RM'000 | RM'000 |
| <u>Secured</u> | | | |
| Bank Borrowings | 84,607 | 9,552 | 94,159 |
| Hire purchase payables | 212 | 180 | 392 |
| Total Borrowings | 84,819 | 9,732 | 94,551 |

B12 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.

B13 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:-

As Previously Reported:

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.

The trial was held on 8.4.2013, 9.4.2013, 12.4.2013, 26.4.2013 and 19.6.2013.

On 3.10.2013, the Judge delivered her decision as follows:-

1. The Plaintiff's claim for RM 11,217,797.84 in respect of the remaining value of work done for Phase I of the Project is allowed;
2. Special damages in the way of storage and insurance costs of the Transmitters is allowed up to the time of the removal of the transmitters by the 1st Defendant, and the latest account to be provided by the Plaintiff;
3. Interest at the rate of 5% per annum on the amounts awarded from the date of filing of the Writ to the date of full realization;
4. In the event the 1st Defendant fails to make payment of the judgment sum, the 2nd Defendant shall be liable to pay;
5. The 1st Defendant's counterclaim is dismissed;
6. Consequential order that the 1st Defendant remove the entire transmitter system that is currently stored in the Plaintiff's premises and the bonded warehouse within a month; and
7. Costs of RM 75,000.00 to be paid by the Defendants to the Plaintiff. **(the Judgment)**"

On 11.10.2013, the Defendants applied for a stay of execution of the Judgment **(the Stay Application)**. The Stay Application was fixed for hearing on 16.10.2013 where the Judge made the following orders:

1. The Defendants to pay into a stakeholder's account held jointly by the solicitors of the Plaintiff and the Defendants, namely Messrs Gan Partnership and Messrs Lee Hishammuddin Allen & Gledhill respectively the following sums:
 - (a) RM11,217,797.84 together with interest thereon at the rate of 5% per annum from 5.07.2010 until the date of payment of the said sum into the joint stakeholders' account; and
 - (b) storage and insurance costs of the Transmitters in the sum of RM284,905.15 as at 31.10.2012 together with interest thereon at the rate of 5% per annum from 5.07.2010 until the date of payment of the said sum into the joint stakeholders' account, within 14 days from 16.10.2013.
2. all forms and/or mode of execution and/or enforcement proceedings based on and/or arising from and/or in relation to the Judgment and/or Order dated 3.10.2013 given by the High Court ("**Judgment**"), including but not limited to commencing and/or filing of winding-up proceedings against the 1st Defendant and/or bankruptcy proceedings against the 2nd Defendant in order to enforce payment of the Judgment, be stayed forthwith until the full and disposal of the Defendants' appeal to the Court of Appeal against the Judgment ("**Appeal**");
3. the operation and/or the enforcement and/or the execution of the Judgment be stayed and/or suspended pending the disposal of the Defendants' Appeal to the Court of Appeal;
4. In the event the Defendants' said Appeal to the Court of Appeal is dismissed, the monies in the joint stakeholders' account are to be released to the Plaintiff forthwith;
5. In the event the Defendants' Appeal to the Court of Appeal is allowed, the monies in the joint stakeholders' account are to be returned to the Defendants forthwith;
6. Cost of this application shall be in the cause of the Defendants' said Appeal to the Court of Appeal; and
7. Parties are at liberty to apply.

RM13,420,473.93 was placed in REPO on 11.11.2013.

The Defendants have appealed against the High Court Judgement on 9.10.2013. Hearing date has been fixed on 10.09.2014 for hearing of the appeal.

The parties are unable to agree on the draft Judgment. There are two areas of disagreement between the parties in respect of the draft Judgment, namely (1) whether the penal notice ought to be included and (2) whether the Judge had ordered the 1st Defendant to "take delivery" of the transmitters or to "remove" the transmitters. An appointment was fixed before the Deputy Registrar on 29.11.2013 and 9.12.2013 to settle the terms of the draft Order. On 9.12.2013, the Deputy Registrar having sought clarification from the Judge, informed the parties that – (1) the penal notice need not be included. This is because, given that the issue of the removal of the transmitters was not pleaded, it is therefore only a consequential order. There is only monetary judgment involved which does not necessitate a penal notice. Further, parties agreed during delivery of judgment that the transmitters will be removed within a reasonable time which parties mutually agree. Therefore, there is no time frame for parties to comply with the Judgment and (2) the Judge had ordered that the 1st Defendant is to "remove" the transmitters.

Further to the appointment before the High Court Judge, YA Dato' Hue Siew Kheng on 21.02.2014, it was decided by the judge that penal notice ought to be endorsed on the Judgment. Sealed Judgement from the High Court has been received.

An application to vary the Stay Order was filed 28.02.2014 ("**Application to Vary**") and case management was on 26.03.2014. It was directed by the court that :

- (1) Comintel to file its affidavit in reply by 4.04.2014
- (2) UTV to file its reply by 18.04.2014 and
- (3) Both parties to file their skeletal submissions by 7.05.2014

Hearing date for the Application to Vary has been fixed for hearing on 02.07.2014. The hearing was subsequently adjourned to 7.07.2014.

The application to Vary the Stay Order was heard before the High Court Judge. Y.A Dato' SM Komathy a/p Suppiah on 7.07.2014. After hearing submissions from both parties, the Judge dismissed the Application to Vary with cost of RM3,000.00.

Current Update

Court of Appeal

UTV's appeal to the Court of Appeal was originally fixed for hearing on 10.09.2014. The original hearing date was adjourned to 20.10.2014 as a result of the request of UTV's solicitors despite objections raised by Comintel's solicitors.

By a Notice of Change of Solicitors dated 10.10.2014, UTV has changed its solicitors from Messrs Lee Hishammuddin, Allen & Gledhill to Messrs Thomas Philip at the Court of Appeal stage.

On 20.10.2014, Malik Intiaz appeared as counsel for UTV and Mr Nahendran Navaratnam appeared as counsel for Comintel in the Court of Appeal. After the conclusion of UTV's counsel's oral submissions, the Court of Appeal adjourned Comintel's oral submissions in reply to another date as one of the Judges was not feeling well on that day. To-date, there is no indication from the Court of Appeal with regard to the new hearing date although parties have submitted counsel's common free dates to Court and written to Court informing of the same.

Parties are directed to attend Court of Appeal on 06.03.2015 for mention before the panel. Ms Tan Min Lee appeared for Comintel and Mr Clinton Tan appeared for UTV. We were informed by Justice David Wong Dak Wah that His Lordship will recuse himself from hearing this matter as His Lordship has recently discovered that he knows one of the litigants. Thereafter, we were directed to fix a new hearing date before the Registrar. The hearing of the UTV's appeal is now fixed on 28.08.2015, most likely before a fresh panel.

B14 Proposed Dividends

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

B15 Earnings Per share ("EPS")

The basic earnings per share is calculated by dividing profit 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 January 2015 and is as follows:-

| | Current Qtr 31.01.2015 | Cumulative Qtr To-date 31.01.2015 |
|--|---------------------------|---|
| Profit / (Loss) attributable to owners of the parent (RM'000) | 628 | (1,342) |
| Weighted average number of ordinary shares in issue (based on ordinary share of RM0.50 each) ('000) | 140,000 | 140,000 |
| Profit / (Loss) per share (sen) | 0.45 | (0.96) |

B16 Comparative Figures

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

B17 Audit Report Qualification and Status of Matters Raised

The audited financial statements of the Group for the preceding year ended 31 January 2014 were not subject to any qualification.

B18 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 26 March 2015.

Date: 26-Mar-2015