

COMINTEL CORPORATION BHD ("COMCORP")

(Company No. 630068-T)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 30 APRIL 2015**

(The figures have not been audited)

	Note	Current Year Quarter Ended 30.04.2015 RM'000	Preceding Quarter Ended 30.04.2014 RM'000	Current Year To Date 30.04.2015 RM'000	Preceding Year To Date 30.04.2014 RM'000
Revenue	A9	83,334	73,345	83,334	73,345
Cost of sales		(76,491)	(69,705)	(76,491)	(69,705)
Gross profit		6,843	3,640	6,843	3,640
Other operating income		311	253	311	253
Other operating, administrative, selling and distribution expenses		(5,000)	(4,102)	(5,000)	(4,102)
Profit/(Loss) from Operations		2,154	(209)	2,154	(209)
Finance cost		(455)	(825)	(455)	(825)
Profit/(Loss) before taxation	A9	1,699	(1,034)	1,699	(1,034)
Taxation	B6	(70)	(17)	(70)	(17)
Profit/(Loss) for the period		1,629	(1,051)	1,629	(1,051)
Other Comprehensive income:					
Currency translation differences for foreign operations		(58)	(61)	(58)	(61)
Total Comprehensive Income for the period		1,571	(1,112)	1,571	(1,112)
Profit/(Loss) attributable to:					
Owners of the Company		1,856	(817)	1,856	(817)
Non-controlling interests		(227)	(234)	(227)	(234)
		1,629	(1,051)	1,629	(1,051)
Total Comprehensive Income attributable to:					
Owners of the Company		1,798	(879)	1,798	(879)
Non-controlling interests		(227)	(233)	(227)	(233)
		1,571	(1,112)	1,571	(1,112)
Profit / (Loss) per share					
- Basic (sen)	B15	1.33	(0.58)	1.33	(0.58)
- Diluted (sen)	B15	1.33	(0.58)	1.33	(0.58)

Note:

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited statements for the year ended 31 January 2015 and the accompanying explanatory notes to the interim financial statements

COMINTEL CORPORATION BHD ("COMCORP")

(Company No. 630068-T)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 APRIL 2015

		As At 30.04.2015 RM'000	(Audited) As At 31.01.2015 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		53,146	52,396
		<u>53,146</u>	<u>52,396</u>
Current assets			
Inventories		75,599	78,891
Trade receivables		71,011	69,651
Other receivables, deposits and prepayment		6,775	3,859
Cash and bank balances		40,629	54,443
		<u>194,014</u>	<u>206,844</u>
TOTAL ASSETS		<u><u>247,160</u></u>	<u><u>259,240</u></u>
EQUITY AND LIABILITIES			
Equity attributable to Owners of the Company			
Share capital		70,000	70,000
Share premium		25,745	25,745
Capital reserves		3,631	3,631
Other reserves		483	541
Accumulated Losses	B10	<u>(1,005)</u>	<u>(2,861)</u>
		98,854	97,056
Non-controlling interests		1,173	1,400
Total equity		<u>100,027</u>	<u>98,456</u>
Non-current liabilities			
Long term borrowings	B11	10,417	10,192
Hire purchase payables	B11	160	180
Deferred tax liabilities		2,066	2,052
		<u>12,643</u>	<u>12,424</u>
Current liabilities			
Trade payables		39,905	50,130
Other payables and accruals		11,685	10,347
Provision for warranty		137	150
Short term borrowings	B11	78,741	82,836
Bank overdraft	B11	246	1,131
Hire purchase payables	B11	169	213
Provision for taxation		3,607	3,553
		<u>134,490</u>	<u>148,360</u>
Total liabilities		<u>147,133</u>	<u>160,784</u>
TOTAL EQUITY AND LIABILITIES		<u><u>247,160</u></u>	<u><u>259,240</u></u>
Net assets per share attributable to ordinary equity owners of the Company (RM)		0.7061	0.6933

Note:

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited statements for the year ended 31 January 2015 and the accompanying explanatory notes 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 2015

(The figures have not been audited)

Note	<----- Attributable to owners of the Company ----->							
	<----- (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		
At 1 February 2015	70,000	25,745	3,631	541	(2,861)	97,056	1,400	98,456
Changes in equity during the year:								
Profit/(Loss) for the period	-	-	-	-	1,856	1,856	(227)	1,629
Other comprehensive income	-	-	-	(58)	-	(58)	-	(58)
Total comprehensive income for the period	-	-	-	(58)	1,856	1,798	(227)	1,571
At 30 April 2015	70,000	25,745	3,631	483	(1,005)	98,854	1,173	100,027
At 1 February 2014	70,000	25,745	10,863	281	(10,656)	96,233	1,819	98,052
Loss for the period	-	-	-	-	(817)	(817)	(234)	(1,051)
Other comprehensive income	-	-	-	(62)	-	(62)	1	(61)
Total comprehensive income for the period	-	-	-	(62)	(817)	(879)	(233)	(1,112)
At 30 April 2014	70,000	25,745	10,863	219	(11,473)	95,354	1,586	96,940

Note:

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited statements for the year ended 31 January 2015 and the accompanying explanatory notes 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 2015**

(The figures have not been audited)

	Current Year To Date 30.04.2015 RM'000	Preceding Year To Date 30.04.2014 RM'000
Cash flows from operating activities		
Profit/(Loss) before taxation	1,699	(1,034)
Adjustments for non cash and non operating items:		
Depreciation of property, plant & equipment	696	715
Hire purchase interest	5	9
Interest expenses	450	817
Loss/(Gain) on disposal of property, plant & equipment	5	(29)
Warranty costs incurred	-	(61)
Interest income	(152)	(32)
Operating cash flow before working capital changes	<u>2,703</u>	<u>385</u>
Inventories	3,292	12,512
Trade receivables	(1,360)	3,930
Other receivables, deposits and prepayments	(2,916)	(1,404)
Trade payables	(10,225)	(13,700)
Other payables and accruals	1,280	338
Net cash flow (used in)/generated from operations	<u>(7,226)</u>	<u>2,061</u>
Finance Charges	(455)	(826)
Income tax paid	(16)	(251)
Net cash flow (used in)/generated from operating activities	<u>(7,697)</u>	<u>984</u>
Cash flows from investing activities		
Purchase of property, plant & equipment	(1,515)	(172)
Proceeds from disposal of property, plant & equipment	65	29
Interest income received	152	32
Net cash flow used in investing activities	<u>(1,298)</u>	<u>(111)</u>
Cash flows from financing activities		
Net (repayment) of bank borrowings	(4,511)	(5,460)
Net drawdown/(repayment) of term loans	640	(2,557)
Net (repayment) of hire purchase liabilities	(63)	(65)
Net cash flow used in financing activities	<u>(3,934)</u>	<u>(8,082)</u>
Net changes in cash and cash equivalents	(12,929)	(7,209)
Cash and cash equivalents at the beginning of the period	53,312	24,394
Cash and cash equivalents at the end of the period	<u>40,383</u>	<u>17,185</u>
Analysed into:		
Deposits with financial institutions	14,739	5,726
Cash and bank balances	25,890	14,958
Bank overdrafts	(246)	(3,499)
Cash and cash equivalents at the end of the period	<u>40,383</u>	<u>17,185</u>

Note:

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the year ended 31 January 2015 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 30th April 2015

Part A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (MFRS) 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 2015.

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 2015.

The Group has adopted all the new and revised MFRSs and IC Interpretations that are relevant and effective for accounting periods beginning or after 1 January 2015. The adoption of these new and revised MFRSs and IC Interpretations have not resulted in any material impact on the financial statements of the Group.

Standards issued but not yet effective

	effective for financial periods beginning or after
MFRS 14, Regulatory Deferral Accounts	1 January 2016
Amendments to MFRS 10, Consolidated Financial Statements - Sale or Contribution of Assets between an Investor and its Associates or Joint Venture	1 January 2016
Amendments to MFRS 10, Consolidated Financial Statements - Investment Entities: Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 11, Joint Arrangements - Accounting for Acquisition of Interests in Joint Operations	1 January 2016
Amendments to MFRS 12, Disclosure of Interests in Other Entities - Investment Entities: Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 101, Presentation of Financial Statements - Disclosure Initiative	1 January 2016
Amendments to MFRS 116, Property, Plant and Equipment - Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116, Property, Plant and Equipment - Agriculture: Bearer Plants	1 January 2016
Amendments to MFRS 127, Consolidated and Separate Financial Statements - Equity Method in Separate Financial Statements	1 January 2016
Amendments to MFRS 128, Investment in Associates - Sale or Contribution of Asset between an Investor and its Associates or Joint Venture	1 January 2016
Amendments to MFRS 128, Investment in Associates - Investment Entities: Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 138, Intangible Assets - Clarification of Acceptable Method of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 141, Agriculture - Agriculture: Bearer Plants	1 January 2016
Annual Improvements to MFRSs 2012-2014 Cycle	1 January 2016
MFRS 15, Revenue from Contracts with Customers	1 January 2017
MFRS 9, Financial Instruments (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 material effects to the financial statements of the Group and of the Company.

A3 Audit qualification

The auditors' 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 30 April 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 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 30 April 2015)

Segment revenue	Investment Holding RM'000	Manufacturing RM'000	Communications & Systems Integration RM'000	Defence Maintenance RM'000	Consolidated RM'000
Malaysia	-	-	4,485	15	4,500
Overseas	-	78,834	-	-	78,834
Total Revenue	-	78,834	4,485	15	83,334
Results from operating activities					
Segment results	(257)	4,761	(2,137)	(213)	2,154
Finance costs					(455)
Profit before taxation					1,699
Taxation					(70)
Profit for the period					1,629
Segment Assets					
Segment Assets	111	197,458	48,554	1,037	247,160
Investment in unquoted shares					-
Consolidated total assets					247,160

Preceding Year (period ended 30 April 2014)

Segment revenue	Investment Holding RM'000	Manufacturing RM'000	Communications & Systems Integration RM'000	Defence Maintenance RM'000	Consolidated RM'000
Malaysia	-	-	777	62	839
Overseas	-	72,506	-	-	72,506
Total Revenue	-	72,506	777	62	73,345
Results from operating activities					
Segment results	(158)	2,019	(1,808)	(262)	(209)
Finance costs					(825)
Loss before taxation					(1,034)
Taxation					(17)
Loss for the period					(1,051)
Segment Assets					
Segment Assets	570	177,036	48,484	898	226,988
Investment in unquoted shares					1,052
Consolidated total assets					228,040

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 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.

A12 Changes in the composition of the group

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

A13 Contingent liabilities and contingent assets

As at 30 April 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 RM95.74 million was utilised as at 30 April 2015.

A14 Capital Commitments

There were no material capital commitments as at 30 April 2015 and up to the date of this report.

A15 Related Party Transactions

The Group's related party transactions for the current quarter and the cumulative period-to-date ended 30 April 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 personnel	-	27	27
Total for type of transaction	-	27	27

COMINTEL CORPORATION BHD ("COMCORP")

(Company No. 630068-T)

Notes to the Interim Financial Report - 1st Quarter ended 30th April 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 RM83.3 million for the current financial quarter ended 30th April 2015, an increase of 13.6% or RM10 million as compared to the corresponding quarter last year.

For the current quarter under review, Manufacturing Segment and Communication & System Integration Segment recorded a revenue of RM78.8 million and RM4.5 million, an increase of RM6.6 million and RM3.7 million respectively as compared to the corresponding quarter last year. The higher revenue recorded by these 2 business segments was mainly attributed to more products being shipped and projects being completed for the quarter under review. Defence Maintenance Segment posted a revenue of RM14 thousands only as there was no substantial orders from customers in this quarter.

For the current quarter and financial year-to-date, the Group recorded a net profit of RM1.856 million as compared to the net loss of RM0.817 million in the preceding financial year-to-date. This is largely attributed to the higher revenue and higher profit margin contributed by the Manufacturing Segment. The strengthening of US dollar has helped our products to be more competitive as all of our products are for export markets and sales are denominated in US dollar.

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

	Current Quarter ended 30.04.2015 <u>RM'000</u>	Preceding Quarter ended 31.01.2015 <u>RM'000</u>
Revenue	83,334	85,206
Profit before tax	1,699	759
Profit after tax	1,629	708
Profit/(Loss) attributable to :		
owners of the Company	1,856	628
Non-controlling interests	(227)	80

The current financial quarter revenue was RM1.9 million or 2.2% lower than that recorded in the preceding quarter.

The lower revenue recorded in this quarter was attributed to the lower revenue recorded by Communication & System Integration Segment and Defence Maintenance Segment. The Manufacturing Segment's revenue was consistent with that recorded in the preceding quarter. Higher profit recorded in the quarter under review was mainly attributed to higher profit contributed by the Manufacturing Segment as a result of higher volume of higher margin products being shipped as well as favourable exchange rate, as the sale of our products are denominated in US dollar..

B3 Prospect for the financial year ending 31 January 2016

We are cautiously optimistic for the financial performance of our Manufacturing Segment in this current financial year. We have an excellent track records delivering products and services of superior quality and high standard to our customers. The recovery of US economy and strengthening of US currency augur well for us as our products have become more competitive in the global market.

As part of our continuous innovation efforts and after substantial research into area of renewable green energy generation, we are commissioning our first 2MW advanced gasification (thermal decomposition) renewable green energy plant in Kuang, Selangor using garden waste as feed stock. Under the 11th Malaysia Plan, pursuing green growth for sustainability and resilience is one of the six strategic thrusts to transform Malaysia into a developed nation. Economic Planning Unit has recently announced that the Government is prepared to set aside RM15 billion under the 11th Malaysia Plan to nudge Malaysia towards green-based economy which include renewable energy. We are cautiously optimistic we are able to tap into this opportunity and our green energy sector will contribute positively towards the growth of the Company in the future.

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 30.04.2015 <u>RM'000</u>	Preceding Year Quarter Ended 31.04.2014 <u>RM'000</u>	Current Year To Date 30.04.2015 <u>RM'000</u>	Preceding Year To Date 31.04.2014 <u>RM'000</u>
Profit / (Loss) before taxation is arrived at after charging / (crediting):-				
Interest Income	(152)	(32)	(152)	(32)
Other Income (excluding interest income)	(159)	(221)	(159)	(221)
Interest Expenses	455	825	455	825
Depreciation of property, plant & equipment	696	715	696	715
Warranty cost incurred	-	(61)	-	(61)
Loss/(Gain) on disposal of property, plant & Equipment	5	(29)	5	(29)
(Gain)/Loss on foreign exchange	(146)	1,945	(146)	1,945

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 30 April 2015.

B6 Taxation

	Current Quarter 30.04.2015 <u>RM'000</u>	Current Year To Date 30.04.2015 <u>RM'000</u>
<u>Malaysian Taxation</u>		
- Current	70	70
- Deferred	-	-
	<u>70</u>	<u>70</u>

The taxation is lower than the statutory tax rate due to unutilised capital allowances and unutilised reinvestment allowances carried forward used to offset the current quarter taxable profits.

B7 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.

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 30.04.2015 <u>RM'000</u>	(Audited) Year To Date 31.01.2015 <u>RM'000</u>
Total retained profits / (accumulated losses) of the Company and its subsidiaries :		
- Realised	2,914	(1,378)
- Unrealised	(1,539)	1,105
	1,375	(273)
Less: Consolidation adjustments	(2,380)	(2,588)
Total accumulated losses as per consolidated accounts	(1,005)	(2,861)

B11 Group Borrowings

<u>Secured</u>	Payable within 12 months RM'000	Payable after 12 months RM'000	Total RM'000
Bank Borrowings	78,987	10,417	89,404
Hire purchase payables	169	160	329
Total Borrowings	79,156	10,577	89,733

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

On 3 October 2013, Kuala Lumpur High Court ruled in favour of Comintel Sdn Bhd ("Comintel"), a wholly owned subsidiary of the Company with regards to the litigation action taken by Comintel against U Television Sdn Bhd ("1st Defendant") and Tan Seri Vincent Tan Chee Yioun ("2nd Defendant") upon the following:-

1. Comintel's claim for RM 11,217,797.84 together with interest thereon at the rate of 5% p.a from 5 July 2010 until the date of payment;
2. Storage cost and insurance amounting to RM284,905 as at 31 October 2012 together with interest thereon at the rate of 5% p.a from 5 July 2010 until the date of payment;
3. Costs of RM 75,000; and
4. Cost of storage and insurance for Transmitter from 1 November 2012 till the date of removal.

Thereafter, the defendants filed for a stay of execution pending an appeal, which had been fixed for hearing on 10 September 2014. The stay of execution was granted on condition that the said sum of money had been paid to a joint escrow accounts of the solicitors.

Subsequently, due to the changes of the Defendants' Solicitors as well as a change in the composition of the panel of judges, the hearing of the Defendants' appeal has now been fixed on 28 August 2015.

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 Company on the weighted average number of ordinary shares in issue during the financial quarter ended 30 April 2015 and is as follows:-

	Current Qtr 30.04.2015	Cumulative Qtr To-date 30.04.2015
Profit attributable to owners of the Company (RM'000)	1,856	1,856
Weighted average number of ordinary shares in issue (based on ordinary share of RM0.50 each) ('000)	140,000	140,000
Earning per share (Sen)	1.33	1.33

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 2015 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 25 Jun 2015.

Date: 25-Jun-2015