

COMINTEL CORPORATION BHD ("COMCORP")

(Company No. 630068-T)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED 31 OCTOBER 2015**

(The figures have not been audited)

	Note	Current Year Quarter Ended 31.10.2015 RM'000	Preceding Quarter Ended 31.10.2014 RM'000	Current Year To Date 31.10.2015 RM'000	Preceding Year To Date 31.10.2014 RM'000
Revenue	A9	109,853	83,773	267,911	224,332
Cost of sales		(98,828)	(78,045)	(244,200)	(211,907)
Gross profit		11,025	5,728	23,711	12,425
Other operating income		344	388	1,052	953
Other operating, administrative, selling and distribution expenses		(5,745)	(4,772)	(15,741)	(13,401)
Profit/(Loss) from Operations		5,624	1,344	9,022	(23)
Finance cost		(652)	(655)	(1,577)	(2,378)
Profit/(Loss) before taxation	A9	4,972	689	7,445	(2,401)
Taxation	B6	(219)	(25)	(394)	(68)
Profit/(Loss) for the period		4,753	664	7,051	(2,469)
Other Comprehensive income:					
Currency translation differences for foreign operations		407	80	575	(53)
Total Comprehensive Income for the period		5,160	744	7,626	(2,522)
Profit/(Loss) attributable to:					
Owners of the Company		4,860	871	7,596	(1,970)
Non-controlling interests		(107)	(207)	(545)	(499)
		4,753	664	7,051	(2,469)
Total Comprehensive Income attributable to:					
Owners of the Company		5,267	951	8,171	(2,023)
Non-controlling interests		(107)	(207)	(545)	(499)
		5,160	744	7,626	(2,522)
Profit/(Loss) per share					
- Basic (sen)	B15	3.47	0.62	5.43	(1.41)
- Diluted (sen)	B15	3.47	0.62	5.43	(1.41)

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 31 OCTOBER 2015

		(Audited)
	As At 31.10.2015	As At 31.01.2015
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	56,559	52,396
	<u>56,559</u>	<u>52,396</u>
Current assets		
Inventories	67,087	78,891
Trade receivables	102,234	69,651
Other receivables, deposits and prepayment	5,965	3,859
Cash and bank balances	42,440	54,443
	<u>217,726</u>	<u>206,844</u>
TOTAL ASSETS	<u>274,285</u>	<u>259,240</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	1,116	541
Retained Earnings/(Accumulated Losses)	4,735	(2,861)
	<u>105,227</u>	<u>97,056</u>
Non-controlling interests	855	1,400
Total equity	<u>106,082</u>	<u>98,456</u>
Non-current liabilities		
Long term borrowings	11,137	10,192
Hire purchase payables	3,046	180
Deferred tax liabilities	2,066	2,052
	<u>16,249</u>	<u>12,424</u>
Current liabilities		
Trade payables	52,792	50,130
Other payables and accruals	10,295	10,347
Provision for warranty	76	150
Short term borrowings	83,371	82,836
Bank overdraft	1,662	1,131
Hire purchase payables	768	213
Provision for taxation	2,990	3,553
	<u>151,954</u>	<u>148,360</u>
Total liabilities	<u>168,203</u>	<u>160,784</u>
TOTAL EQUITY AND LIABILITIES	<u>274,285</u>	<u>259,240</u>
Net assets per share attributable to ordinary equity owners of the Company (RM)	0.7516	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 THIRD QUARTER ENDED 31 OCTOBER 2015

(The figures have not been audited)

Note	<----- Attributable to owners of the Company ----->							
	<----- (Non Distributable) ----->				(Distributable)		Non-controlling Interest	Total Equity
	Share Capital	Share Premium	Revaluation Reserves	Translation Reserves	(Accumulated Losses) /Retained Profits	Total		
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>9 months period ended 31 October 2015</u>								
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	-	-	-	-	7,596	7,596	(545)	7,051
Other comprehensive income	-	-	-	575	-	575	-	575
Total comprehensive income for the period	-	-	-	575	7,596	8,171	(545)	7,626
At 31 October 2015	70,000	25,745	3,631	1,116	4,735	105,227	855	106,082
<u>9 months period ended 31 October 2014</u>								
At 1 February 2014	70,000	25,745	10,863	281	(10,656)	96,233	1,819	98,052
Loss for the period	-	-	-	-	(1,970)	(1,970)	(499)	(2,469)
Other comprehensive income	-	-	-	(53)	-	(53)	-	(53)
Total comprehensive income for the period	-	-	-	(53)	(1,970)	(2,023)	(499)	(2,522)
At 31 October 2014	70,000	25,745	10,863	228	(12,626)	94,210	1,320	95,530

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 THIRD QUARTER ENDED 31 OCTOBER 2015**

(The figures have not been audited)

	Current Year To Date 31.10.2015 RM'000	Preceding Year To Date 31.10.2014 RM'000
Cash flows from operating activities		
Profit/(Loss) before taxation	7,445	(2,401)
Adjustments for non cash and non operating items:		
Depreciation of property, plant & equipment	2,245	2,195
Hire purchase interest	94	23
Interest expenses	1,483	2,357
Gain on disposal of property, plant & equipment	(32)	(295)
Provision for warranty cost written back	(74)	(118)
Interest income	(231)	(82)
Operating cash flow before working capital changes	10,930	1,679
Inventories	11,804	15,182
Trade receivables	(32,583)	(1,111)
Other receivables, deposits and prepayments	(2,106)	(7,917)
Trade payables	2,662	(9,388)
Other payables and accruals	537	19,294
Net cash flow (used in)/generated from operations	(8,756)	17,739
Finance Charges	(1,577)	(2,380)
Income tax paid	(957)	(581)
Net cash flow (used in)/generated from operating activities	(11,290)	14,778
Cash flows from investing activities		
Purchase of property, plant & equipment	(6,477)	(2,071)
Proceeds from disposal of property, plant & equipment	101	894
Interest income received	231	82
Net cash flow used in investing activities	(6,145)	(1,095)
Cash flows from financing activities		
Net drawdown/(repayment) of bank borrowings	132	(2,593)
Net drawdown/(repayment) of term loans	1,348	7,221
Net drawdown/(repayment) of hire purchase liabilities	3,421	(191)
Net cash flow generated from financing activities	4,901	4,437
Net changes in cash and cash equivalents	(12,534)	18,120
Cash and cash equivalents at the beginning of the period	53,312	24,394
Cash and cash equivalents at the end of the period	40,778	42,514
Analysed into:		
Deposits with financial institutions	11,268	18,776
Cash and bank balances	31,172	26,937
Bank overdrafts	(1,662)	(3,199)
Cash and cash equivalents at the end of the period	40,778	42,514

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 - 3rd Quarter ended 31 October 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 31 October 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 31 October 2015)

Segment revenue	Investment Holding RM'000	Manufacturing RM'000	Communications & Systems Integration RM'000	Defence Maintenance RM'000	Consolidated RM'000
Malaysia	-	-	11,134	413	11,547
Overseas	-	256,324	40	-	256,364
Total Revenue	0	256,324	11,174	413	267,911
Results from operating activities					
Segment results	(741)	15,921	(5,656)	(502)	9,022
Finance costs					(1,577)
Profit before taxation					7,445
Taxation					(394)
Profit for the period					7,051
Segment Assets					
Segment Assets	9	225,925	47,176	1,175	274,285
Investment in unquoted shares					-
Consolidated total assets					274,285

Preceding Year (period ended 31 October 2014)

Segment revenue	Investment Holding RM'000	Manufacturing RM'000	Communications & Systems Integration RM'000	Defence Maintenance RM'000	Consolidated RM'000
Malaysia	-	-	4,534	611	5,145
Overseas	-	219,187	-	-	219,187
Total Revenue	-	219,187	4,534	611	224,332
Results from operating activities					
Segment results	(638)	6,033	(5,154)	(264)	(23)
Finance costs					(2,378)
Loss before taxation					(2,401)
Taxation					(68)
Loss for the period					(2,469)
Segment Assets					
Segment Assets	575	188,875	70,315	962	260,727
Investment in unquoted shares					1,052
Consolidated total assets					261,779

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 31 October 2015, total bank guarantees outstanding relating to performance and tenders amounted to RM6.75 million. The company has provided corporate guarantee amounting to RM236.6 million to financial institutions for banking facilities made available to its subsidiaries of which RM106.63 million was utilised as at 31 October 2015.

A14 Capital Commitments

There were no material capital commitments as at 31 October 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 31 October 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	-	81	81
Total for type of transaction	-	81	81

COMINTEL CORPORATION BHD ("COMCORP")

(Company No. 630068-T)

Notes to the Interim Financial Report - 3rd Quarter ended 31 October 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 RM267.9 million for the current financial year to-date, an increase of 19.4% or RM43.6 million as compared to the preceding financial year to-date.

For the current quarter under review, Manufacturing Segment and Communication & System Integration Segment recorded a revenue of RM105.2 million and RM4.3 million, an increase of RM23.2 million and RM2.5 million respectively as compared to the corresponding quarter last year. The higher revenue recorded by Manufacturing Segment was attributed to more products shipped during the quarter as well as the strengthening of US Currency against the Ringgit. The higher revenue recorded by the Communication & System Integration Segment was attributed to more projects being completed for the quarter under review. Defence Maintenance Segment posted a revenue of RM0.37 million only as there was no significant orders from customers in this quarter.

For the current quarter and financial year-to-date, the Group recorded a net profit of RM4.86 million and RM7.60 million as compared to the net profit of RM0.87 million and net loss of RM1.97 million respectively in the preceding quarter and preceding financial year-to-date. The profitability improvement for the current financial year-to-date was attributed to the higher profit margin contributed by the Manufacturing Segment. Our continuous cost improvement initiatives, shipment of better margin products and strengthening of US dollar have helped in contributing an improved profit margin.

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

	Current Quarter ended 31.10.2015 <u>RM'000</u>	Preceding Quarter ended 31.07.2015 <u>RM'000</u>
Revenue	109,853	83,773
Profit before tax	4,972	689
Profit after tax	4,753	664
Profit/(Loss) attributable to :		
owners of the Company	4,860	871
Non-controlling interests	(107)	(207)

The current financial quarter revenue was RM26.1 million or 31.1% higher than that recorded in the preceding quarter.

The higher revenue recorded in this quarter was mainly attributed to more products being shipped by the Manufacturing segment, especially our commercial products for the transportation industry. The higher profit recorded in the quarter under review was contributed by higher profit contribution from the Manufacturing segment and the reduced losses from the Communication, System Integration and Defence Maintenance segments.

B3 Prospect for the financial year ending 31 January 2016

We are cautiously optimistic for the financial performance for current financial year. Strengthening of US currency has contributed positively towards the profitability of the Group. For the first 9 months of current financial year, the Group recorded a net profit of RM7.6 million. We foresee a strong demand for our commercial products and expect the Manufacturing segment to continue to drive the Group's performance for the remaining period of the current financial year.

For our green energy sector, due to some unforeseen technical issues to synchronise the engines and feedstock supplies are not in accordance with the agreed sizes as per contract signed with the supplier, we are not expecting to commission our first 2MW advanced gasification (thermal decomposition) renewable green energy plant in Kuang by the end of this year. These issues are being rectified with the suppliers now and we expect the Initial Operation Date (IOD) and the Feed in Tariff (FiT) Date to be in the first half of next year. We have written to SEDA informing them the problems we encountered and seek the extension of IOD and FiT to 30th April 2016 and 31st May 2016 respectively. Therefore, we only expecting contribution from the renewable green energy sector after the second half of next year.

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 31.10.2015 <u>RM'000</u>	Preceding Year Quarter Ended 31.10.2014 <u>RM'000</u>	Current Year To Date 31.10.2015 <u>RM'000</u>	Preceding Year To Date 31.10.2014 <u>RM'000</u>
Profit/(Loss) before taxation is arrived at after charging / (crediting):-				
Interest Income	(55)	(25)	(231)	(82)
Other Income (excluding interest income)	(289)	(363)	(789)	(871)
Interest Expenses	652	655	1,577	2,378
Depreciation of property, plant & equipment	804	768	2,245	2,195
Provision for warranty cost written back	(1)	(22)	(74)	(118)
Loss/(Gain) on disposal of property, plant & Equipment	-	171	(32)	(295)
Loss/(Gain) on foreign exchange	1,428	(913)	3,151	1,244

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 October 2015.

B6 Taxation

	Current Quarter 31.10.2015 <u>RM'000</u>	Current Year To Date 31.10.2015 <u>RM'000</u>
<u>Malaysian Taxation</u>		
- Current	219	394
- Deferred	-	-
	<u>219</u>	<u>394</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 taxable income.

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 31.10.2015 <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	8,598	(1,378)
- Unrealised	(486)	1,105
	8,112	(273)
Less: Consolidation adjustments	(3,377)	(2,588)
Total Retained Earnings/(Accumulated Losses) as per consolidated accounts	4,735	(2,861)

B11 Group Borrowings

<u>Secured</u>	<u>Payable within 12 months RM'000</u>	<u>Payable after 12 months RM'000</u>	<u>Total RM'000</u>
Bank Borrowings	85,033	11,137	96,170
Hire purchase payables	768	3,046	3,814
Total Borrowings	85,801	14,183	99,984

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.

UTV's appeal was heard before Y.A. Datuk Dr Hj Hamid Sultan bin Abu Backer, Y.A. Dato' Umi Kalthum binti Abd Majid and Y.A. Datuk Dr Badariah binti Sahamid on 28.08.2015.

After hearing extensive oral arguments from counsel for UTV and Comintel, the panel of judges unanimously dismissed UTV's appeal and affirmed the High Court's decision with cost of RM30,000.00 to be paid by UTV to Comintel.

UTV's motion to apply for leave to appeal to the Federal Court is now fixed for hearing on **2.02.2016** and parties are to file their respective written submissions by 19.01.2016

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 31 October 2015 and is as follows:-

	<u>Current Qtr 31.10.2015</u>	<u>Cumulative Qtr To-date 31.10.2015</u>
Profit attributable to owners of the Company (RM'000)	4,860	7,596
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)	3.47	5.43

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 17 December 2015.

Date: 17-Dec-2015