

COMINTEL CORPORATION BHD (“COMCORP” OR THE “COMPANY”)

Registration No. 200301027648 (Company No. 630068-T)

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 30 APRIL 2023
(The figures have not been audited)**

	Note	Current Quarter Ended 30.04.2023 RM'000	Corresponding Quarter Ended 30.04.2022 RM'000	% change	Current Year To Date 30.04.2023 RM'000	Corresponding Year To Date 30.04.2022 RM'000	% change
Revenue	A9	59,546	27,373	>100.0	59,546	27,373	>100.0
Cost of sales		(50,655)	(22,357)		(50,655)	(22,357)	
Gross Profit		8,891	5,016	77.25	8,891	5,016	77.25
Other operating income		61	66		61	66	
Other operating expenses		(1,148)	(893)		(1,148)	(893)	
Profit from operations		7,804	4,189	86.30	7,804	4,189	86.30
Finance costs		(31)	(35)		(31)	(35)	
Profit before taxation	B5	7,773	4,154	87.12	7,773	4,154	87.12
Taxation	B6	(2,039)	(1,117)		(2,039)	(1,117)	
Profit and Total comprehensive income for the financial period		5,734	3,037		5,734	3,037	
Profit and Total comprehensive income attributable to:							
Equity holders of the Company		5,734	3,037	88.80	5,734	3,037	88.80
Earnings per share							
- Basic (sen)	B15	1.50	2.17		1.50	2.17	
- Diluted (sen)	B15	1.27	2.17		1.27	2.17	

Note:

The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 January 2023 and the accompanying explanatory notes attached to these interim financial statements.

COMINTEL CORPORATION BHD (“COMCORP” OR THE “COMPANY”)

Registration No. 200301027648 (Company No. 630068-T)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 APRIL 2023**(The figures have not been audited)**

	30.04.2023 RM'000	(Audited) 31.01.2023 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	1,473	318
Right-of-use assets	505	511
	<u>1,978</u>	<u>829</u>
Current assets		
Inventories	29	71
Trade receivables	105,544	111,937
Other receivables, deposits and prepayments	3,594	2,339
Contract assets	8,061	6,051
Tax recoverable	4	4
Short term deposits with licensed bank	297	297
Cash and bank balances	11,658	16,104
	<u>129,187</u>	<u>136,803</u>
TOTAL ASSETS	<u>131,165</u>	<u>137,632</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	23,461	23,461
Redeemable convertible preference shares	5,390	5,390
Reserves	(20)	(20)
Retained earnings	19,341	13,607
TOTAL EQUITY	<u>48,172</u>	<u>42,438</u>
Non-current liabilities		
Lease liabilities	186	262
Current liabilities		
Lease liabilities	522	466
Trade payables	60,517	78,054
Other payables and accruals	6,785	6,579
Contract liabilities	12,719	7,646
Provision for taxation	2,264	2,187
	<u>82,807</u>	<u>94,932</u>
TOTAL LIABILITIES	<u>82,993</u>	<u>95,194</u>
TOTAL EQUITY AND LIABILITIES	<u>131,165</u>	<u>137,632</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	0.1259	0.1109

Note:

The above condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 January 2023 and the accompanying explanatory notes attached to these interim financial statements.

COMINTEL CORPORATION BHD (“COMCORP” OR THE “COMPANY”)

Registration No. 200301027648 (Company No. 630068-T)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 APRIL 2023**(The figures have not been audited)**

	<----- Non Distributable ----->		Distributable		
	Share capital	Redeemable convertible preference shares	Other reserves	Retained earnings/ (Accumulated losses)	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000
<u>3 months period ended 30 April 2023</u>					
Balance as at 1 February 2023	23,461	5,390	(20)	13,607	42,438
Changes in equity during the period					
Profit and Total comprehensive income for the period	-	-	-	5,734	5,734
As at 30 April 2023	23,461	5,390	(20)	19,341	48,172
<u>3 months period ended 30 April 2022</u>					
Balance as at 1 February 2022	95,745	-	(20)	(93,874)	1,851
Changes in equity during the period					
Profit and Total comprehensive income for the period	-	-	-	3,037	3,037
As at 30 April 2022	95,745	-	(20)	(90,837)	4,888

The above condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 January 2023 and the accompanying explanatory notes attached to these interim financial statements.

COMINTEL CORPORATION BHD (“COMCORP” OR THE “COMPANY”)

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 APRIL 2023

(The figures have not been audited)

	Current Year To Date 30.04.2023 RM'000	Corresponding Year To Date 30.04.2022 RM'000
Cash flows from operating activities		
Profit before taxation from operations	7,773	4,154
Adjustments for non-cash and non-operating items:		
Depreciation of property, plant & equipment	68	15
Depreciation of right-of-use assets	116	102
Finance costs	31	35
Interest income	-	(4)
Operating profit before working capital changes	<u>7,988</u>	<u>4,302</u>
Decrease in inventories	42	7
Decrease/ (Increase) in trade receivables	6,393	(11,483)
(Increase)/ Decrease in other receivables, deposits and prepayments	(1,255)	344
Increase in contract assets	(2,010)	(702)
(Decrease)/ Increase in trade payables	(17,537)	1,383
Increase/ (Decrease) in other payables and accruals	187	(485)
Increase in contract liabilities	5,074	3,849
Cash used in operations	<u>(1,118)</u>	<u>(2,785)</u>
Income tax paid	(1,962)	(214)
Net cash used in operating activities	<u>(3,080)</u>	<u>(2,999)</u>
Cash flows from investing activities		
Interest income received	-	4
Purchase of property, plant & equipment	(1,224)	(10)
Net cash used in investing activities	<u>(1,224)</u>	<u>(6)</u>
Cash flows from financing activities		
Payment of lease liabilities	(130)	(110)
Payment for the interest portion of lease liabilities	(12)	(16)
Net cash used in financing activities	<u>(142)</u>	<u>(126)</u>
Net changes in cash and cash equivalents	(4,446)	(3,131)
Cash and cash equivalents at the beginning of the financial period	16,104	4,870
Cash and cash equivalents at the end of the financial period	<u>11,658</u>	<u>1,739</u>
<i>Analysed into:</i>		
Short-term deposits with financial institutions	297	124
Cash and bank balances	11,658	1,739
	<u>11,955</u>	<u>1,863</u>
Less: Short-term deposits pledged	(297)	(124)
Cash and cash equivalents at the end of the financial period	<u>11,658</u>	<u>1,739</u>

Note:

The above condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 January 2023 and the accompanying explanatory notes attached to these interim financial statements.

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NOTES TO THE INTERIM FINANCIAL REPORT - FIRST QUARTER ENDED 30 APRIL 2023

PART A: EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (MFRS) 134

A1 Basis of preparation

These condensed consolidated financial statements ("Condensed Report") are unaudited and have been prepared in accordance with the Malaysian Financial Reporting Standard ("MFRS") 134 Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB"), the International Financial Reporting Standards ("IFRS") 134 Interim Financial Reporting and the requirements of the Companies Act 2016 in Malaysia, where applicable. This Condensed Report, other than for financial instruments, has been prepared under the historical cost convention. Certain financial instruments are carried at fair value in accordance with MFRS 9 Financial Instruments.

This Condensed Report has also been prepared in accordance with paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

This Condensed Report should be read in conjunction with the Group's audited financial statements for the financial year ended 31 January 2023. The explanatory notes attached to the Condensed Report provide explanation of events and transactions that are significant for an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 January 2023.

A2 Changes in accounting policies

The accounting policies adopted in the preparation of the Condensed Report are consistent with those adopted in the preparation of the Group's audited financial statements for the financial year ended 31 January 2023.

The Group has adopted all the new and revised MFRSs and IC Interpretations that are relevant and effective for accounting periods beginning on or after 1 January 2023. 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.

The following Standards and amendments to Standards have been issued by the MASB but are not yet effective. These pronouncements are either not relevant or do not have any material impact on the financial statements of the Group.

Standard issued but not yet effective

	Effective for financial periods beginning on or after
Amendments to MFRS 16 <i>Leases – Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendments to MFRS 101 <i>Presentation of Financial Statements – Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to MFRS 101 <i>Presentation of Financial Statements – Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to MFRS 10 <i>Consolidated Financial Statements - Consolidated Financial Statements - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred
Amendments to MFRS 128 <i>Investment in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Group will adopt the relevant pronouncements when they become effective in the respective financial periods.

A3 Auditors' report on preceding audited financial statements

The audited financial statements for the preceding financial year ended 31 January 2023 were not subject to any qualification.

A4 Explanatory comment on seasonality or cyclicity

The Group's operations have not been affected materially by any seasonal or cyclical factors. However, the System Integration & Maintenance Services' ("SIMS") business operation results were very much dependent on the timing of completion of each project.

A5 Unusual items due to their nature, size or incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current quarter ended 30 April 2023.

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A6 Significant estimates and change in estimates

There were no changes in estimates that have had any material effect during the current quarter results ended 30 April 2023.

A7 Debt and equity securities

There were no other issuance, repurchases and repayment of debt and equity securities, shares buy-back, share cancellations, shares held as treasury shares or resale of treasury shares during the current quarter ended 30 April 2023.

A8 Dividend

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

A9 Segmental information

- (a) Investment Holding
- (b) System Integration & Maintenance Services (SIMS)
- (c) Construction

In presenting the segmental information, segment revenue is based on operating segment. No presentation of segmental information by geographical location as the business of the Group is engaged entirely in Malaysia. Segment assets are based on the assets employed by each of the operating segment.

Segment revenue, segment results and segment assets employed for operating segment are as follow:

	SIMS RM'000	Construction RM'000	Investment Holding RM'000	Consolidated RM'000
<u>Current financial period ended 30 April 2023</u>				
Segment revenue	261	59,285	-	59,546
Results from operating activities				
Segment results	(403)	8,495	(288)	7,804
Finance costs				(31)
Profit before taxation				7,773
Taxation				(2,039)
Profit for the period				5,734
Segment Assets				
Segment total assets	4,634	126,236	295	131,165
<u>Corresponding financial period ended 30 April 2022</u>				
Segment revenue	1,048	26,325	-	27,373
Results from operating activities				
Segment results	(142)	4,670	(339)	4,189
Finance costs				(35)
Profit before taxation				4,154
Taxation				(1,117)
Loss for the year				(3,037)
Segment Assets				
Segment total assets	4,774	33,418	711	38,903

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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 current quarter and the financial period under review that have not been reflected in this Condensed Report.

A12 Changes in the composition of the Group

There were no changes in the composition of the Group for the current quarter.

A13 Contingent assets and liabilities

There were no contingent assets as at the end of current financial quarter and the financial period to date. The Group's contingent liabilities as at 30 April 2023 were as follows:

	30.04.2023 RM'000
Corporate guarantee given to bank for facilities granted to a subsidiary	30,000

A14 Capital commitments

There was no material capital commitment as at the end of the financial period and up to the date of this report.

A15 Significant related party transactions

All significant related party transactions and balances which the Group had entered into were carried out in the normal course of business and on normal commercial terms. The Group's related party transactions for the current quarter and financial year were as follows:

	Current Quarter Ended 30.04.2023 RM'000	Corresponding Quarter Ended 30.04.2022 RM'000	Current Year To Date 30.04.2023 RM'000	Corresponding Year To Date 30.04.2022 RM'000
Rental income from Comintel Sdn Bhd (“CSB”), a company in which a director of a subsidiary has financial interest	(60.0)	(60.0)	(60.0)	(60.0)
Provision of consultation and performance of factory acceptance test for communication system, by CSB, a company in which a director of a subsidiary has financial interest	335.0	-	335.0	-
Sale of finished goods, to CSB, a company in which a director of a subsidiary has financial interest	(3.4)	-	(3.4)	-
Construction cost incurred by supply of material, by Binastra Concrete Sdn. Bhd., a company in which a director has financial interest	4,595.2	-	4,595.2	-
Construction cost incurred by supply of material, by Binastra Trading Sdn. Bhd., a company in which a director has financial interest	1,889.4	-	1,889.4	-
Construction cost incurred by supply of material, by BNK Resources Sdn. Bhd., a company in which a director has financial interest	2,899.7	-	2,899.7	-
Progress billings raised to a company in which a director has financial interest	24,310.0	-	24,310.0	-

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NOTES TO THE INTERIM FINANCIAL REPORT - FIRST QUARTER ENDED 30 APRIL 2023

PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1 Review of performance of operating segments of the Group

The Group recorded revenue of RM59.5 million and profit before tax of RM7.8 million for the current quarter ended 30 April 2023, compared to revenue of RM27.4 million and profit before tax of RM4.2 million in the corresponding quarter of the preceding financial year. The increase in Group's revenue and profit before tax mainly due to Construction segment.

The Construction segment which is contributed entirely by Binastra Builders Sdn Bhd (“BBSB”) (formerly known as Total Package Work Sdn Bhd), a wholly owned subsidiary of the Company, has achieved a total revenue of RM59.3 million and profit before tax of RM8.5 million compared to revenue of RM26.3 million and profit before tax of RM4.7 million in the corresponding quarter of the preceding financial year. The increase in revenue was mainly due to commencement of new projects during second half of financial year ended 31 January 2023 and current quarter. This segment is the main contributor to the Group's overall revenue and profitability and expected to continue to deliver positive results and improve the Group's overall results moving forward.

SIMS segment reported revenue of RM0.2 million and loss before tax of RM0.4 million compared to revenue of RM1.1 million and loss before tax of RM0.2 million in the corresponding quarter of the preceding financial year. SIMS segment which is contributed entirely by Comintel System Technologies Sdn Bhd (“CST”), a wholly owned subsidiary of the Company, has delayed a few projects to accommodate the customers' timeline which resulted in lower revenue for the current quarter under review.

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

	Current Quarter Ended 30.04.2023 RM'000	Corresponding Quarter Ended 31.01.2023 RM'000
Revenue	59,546	74,158
Profit before taxation	7,773	7,773
Profit for the period	5,734	5,567
Attributable to:		
Equity holders of the Company	5,734	5,567

The revenue for the current financial quarter was RM14.6 million lower than the revenue recorded in the immediate corresponding quarter ended 31 January 2023.

Revenue was contributed by Construction segment of RM59.3 million and SIMS segment of RM0.2 million respectively in the current quarter whereas revenue in the immediate corresponding quarter was contributed by Construction segment of RM73.8 million and SIMS segment of RM0.4 million respectively. The decrease in revenue of Construction segment was mainly due to lesser construction activities at site.

Net profit attributable to the equity holders of the Company was RM5.7 million, a slight incline of RM0.1 million as compared to the net profit of RM5.6 million recorded in the immediate corresponding quarter.

B3 Prospects

Operations

For the quarter ended 30 April 2023, the Construction segment had secured three letters of award worth of RM407.1 million for earthwork, piling and main building works. As at 30 April 2023, the outstanding order book stood at RM1.4 billion.

Although Malaysia's economy in 2022 outperformed expectations with gross domestic product recorded at 8.7%, economic growth is expected to slow to 4.5%, with the construction sector expected to see growth of 6.1% as outlined in the National Budget 2023. Further, the shortage of skilled labour, fluctuations in building materials prices and rising logistic costs could adversely affect the Group's profitability. In addition, the decision by Bank Negara Malaysia to raise the overnight policy rate by 25 basis points to 3% in May 2023 could lead to a slowdown in the property market. The Group will continue to monitor the business environment to ensure prudent fiscal management and sustainable growth moving forward. Nevertheless, the Group is expected to deliver an optimistic performance for the financial year 2024 based on its existing order book and works toward the replenishment of its order book.

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B4 Profit forecast or profit guarantee

There was no financial estimate, forecast or projection and profit guarantee issued by the Group.

B5 Profit before taxation

	Current Quarter Ended 30.04.2023 RM'000	Corresponding Quarter Ended 30.04.2022 RM'000	Current Year To Date 30.04.2023 RM'000	Corresponding Year To Date 30.04.2022 RM'000
Profit before taxation is stated after charging / (crediting):				
Depreciation of property, plant & equipment	68	15	68	15
Depreciation of right-of-use assets	116	102	116	102
Expenses relating to leases of low value assets	4	5	4	5
Expenses relating to short-term leases	15	45	15	45
Finance costs	31	35	31	35
Interest income	-	(4)	-	(4)
Realised loss/(gain) on foreign exchange	1	(1)	1	(1)
Rental income	(61)	(61)	(61)	(61)

B6 Taxation

	Current Quarter Ended 30.04.2023 RM'000	Corresponding Quarter Ended 30.04.2022 RM'000	Current Year To Date 30.04.2023 RM'000	Corresponding Year To Date 30.04.2022 RM'000
Malaysian Taxation				
- Current	(2,039)	(1,117)	(2,039)	(1,117)

B7 Profit or loss on sales of unquoted investments and properties

The Group has not disposed any unquoted investment or properties in the current quarter.

B8 Quoted securities

There was no purchase nor disposal of quoted securities in the current quarter.

B9 Corporate proposal

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

B10 Group borrowings

As at 30 April 2023, the Group's bank borrowings stood at RM162,188 which comprise hire purchase. The repayable terms for the hire purchase arrangement is 8 years and the average effective interest rate on the hire purchase is 4.13% per annum.

The hire purchase is repayable as follows:

	30.04.2023 RM'000
Current	
- Not later than one year	18
Non-current	
- Later than one year and not later than five years	82
- Later than five years	62
	<u>162</u>

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B11 Off balance sheet financial instruments

There were no off balance sheet financial instruments as at the date of this report that might materially affect the Group's position.

B12 Status of utilisation of proceeds

The Company had successfully placed out 242,500,000 new ordinary shares and 70,000,000 RCPS on 5 December 2022. Total gross proceeds raised amounted to RM25.0 million. The proceeds have been utilised in the following manners as at 30 April 2023:

	Proposed utilisation RM'000	Utilisation as at 30.04.2023 RM'000	Balance RM'000
General working capital	2,500	2,500	-
Working capital requirements for the execution of the existing contracts and the Award	21,000	21,140	(140)
Estimated expenses in relation to the Proposed Regularisation Plan	1,500	1,360	140
	<u>25,000</u>	<u>25,000</u>	<u>-</u>

B13 Changes in material litigation

There were no material litigations, which would have a material adverse effect on the financial results for the current financial period under review.

B14 Proposed dividends

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

B15 Earnings per share

The basic/diluted earnings per share is calculated by dividing profit for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue which are as follows:

	Current Quarter Ended 30.04.2023	Corresponding Quarter Ended 30.04.2022	Current Year To Date 30.04.2023	Corresponding Year To Date 30.04.2022
Profit attributable to equity holders of the Company (RM'000)	<u>5,734</u>	<u>3,037</u>	<u>5,734</u>	<u>3,037</u>
Basic				
Weighted average number of ordinary shares in issue ('000)	382,500	140,000	382,500	140,000
Basic earnings per share (sen)	<u>1.50</u>	<u>2.17</u>	<u>1.50</u>	<u>2.17</u>
Diluted				
Weighted average number of ordinary shares in issue ('000)	382,500	140,000	382,500	140,000
Effect of dilution of RCPS ('000)	<u>70,000</u>	<u>-</u>	<u>70,000</u>	<u>-</u>
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	<u>452,500</u>	<u>140,000</u>	<u>452,500</u>	<u>140,000</u>
Diluted earnings per share (sen)	<u>1.27</u>	<u>2.17</u>	<u>1.27</u>	<u>2.17</u>

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B16 Comparative figures

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

B17 Auditors' report on preceding audited financial statements

The audited financial statements for the preceding financial year ended 31 January 2023 were not subject to any qualification.

B18 Authorisation for issue

The Condensed Report was authorised for issue by the Board of Directors in accordance with a resolution of the directors on 28 June 2023.

Date: 28 June 2023