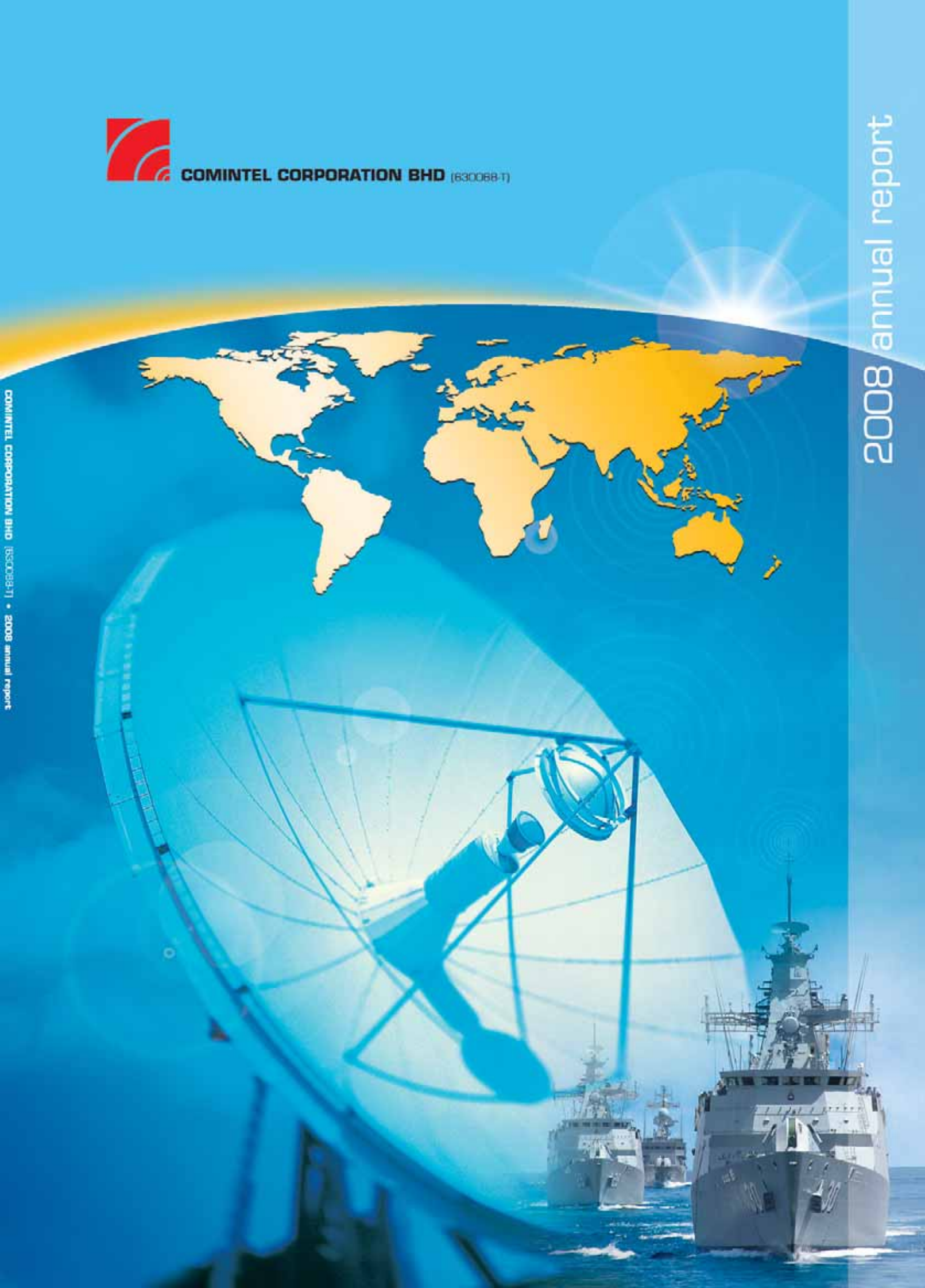




COMINTEL CORPORATION BHD (630068-T)

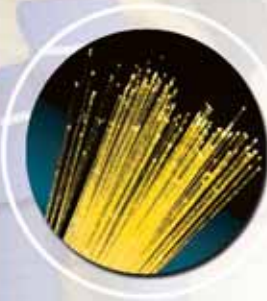
2008 annual report

COMINTEL CORPORATION BHD (630068-T) • 2008 annual report



SERVICE EXCELLENCE

We believe our global reach and local presence enable us to provide proactive and expert local service to our clients. We deliver technology that is strategic to our clients' business.



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CORPORATE INFORMATION

Board of Directors

- Tan Sri Dato' Samshuri bin Arshad**
(Non-Executive Chairman)
- Dato' Seri Ahmad Ramli bin Haji Mohd Nor**
(Non-Executive Deputy Chairman)
- Dato' Dr Loga Bala Mohan a/l Jaganathan**
(Executive Director)

Dato' Ramli bin Abd Rahman
(Independent Director)

Mr Leng Keng Hok @ Lim Keng Hock
(Managing Director)

Mdm Lee Choon Bin
(Executive Director)

Mr Loh Hock Chiang
(Executive Director)

Mr Abdul Majid bin Omar
(Executive Director)

Mr Mohamadon bin Abdullah
(Non-Executive Director)

Mr Chiam Tau Meng
(Independent Director)

Mr Koh Kek Hoe
(Independent Director)

Ms Lee Chai Bee
(Independent Director)

Registered Office/Business Address

No. 37, Jalan Pelukis U1/46
Section U1, Temasya Industrial Park
40150 Shah Alam
Selangor Darul Ehsan
Malaysia
Tel : 603 5039 9898
Fax : 603 5039 9833

Website

www.comcorp.com.my

Share Registrar

PFA Registration Services Sdn Bhd
Level 13, Uptown 1
No. 1 Jalan SS21/58
Damansara Uptown
47400 Petaling Jaya
Selangor Darul Ehsan
Tel : 603 7718 6000
Fax : 603 7722 2311

Auditors

Messrs Russ Ooi & Associates
Chartered Accountants
No. 1-3B, Blok A, Jalan Solaris
Mont' Kiara, 50480 Kuala Lumpur
Tel : 603 6203 6511
Fax : 603 6203 6577

Company Secretaries

Mr Loh Hock Chiang (MIA 11139)
Ms Eng Shuh Shiang (MA/CSA 7038994)

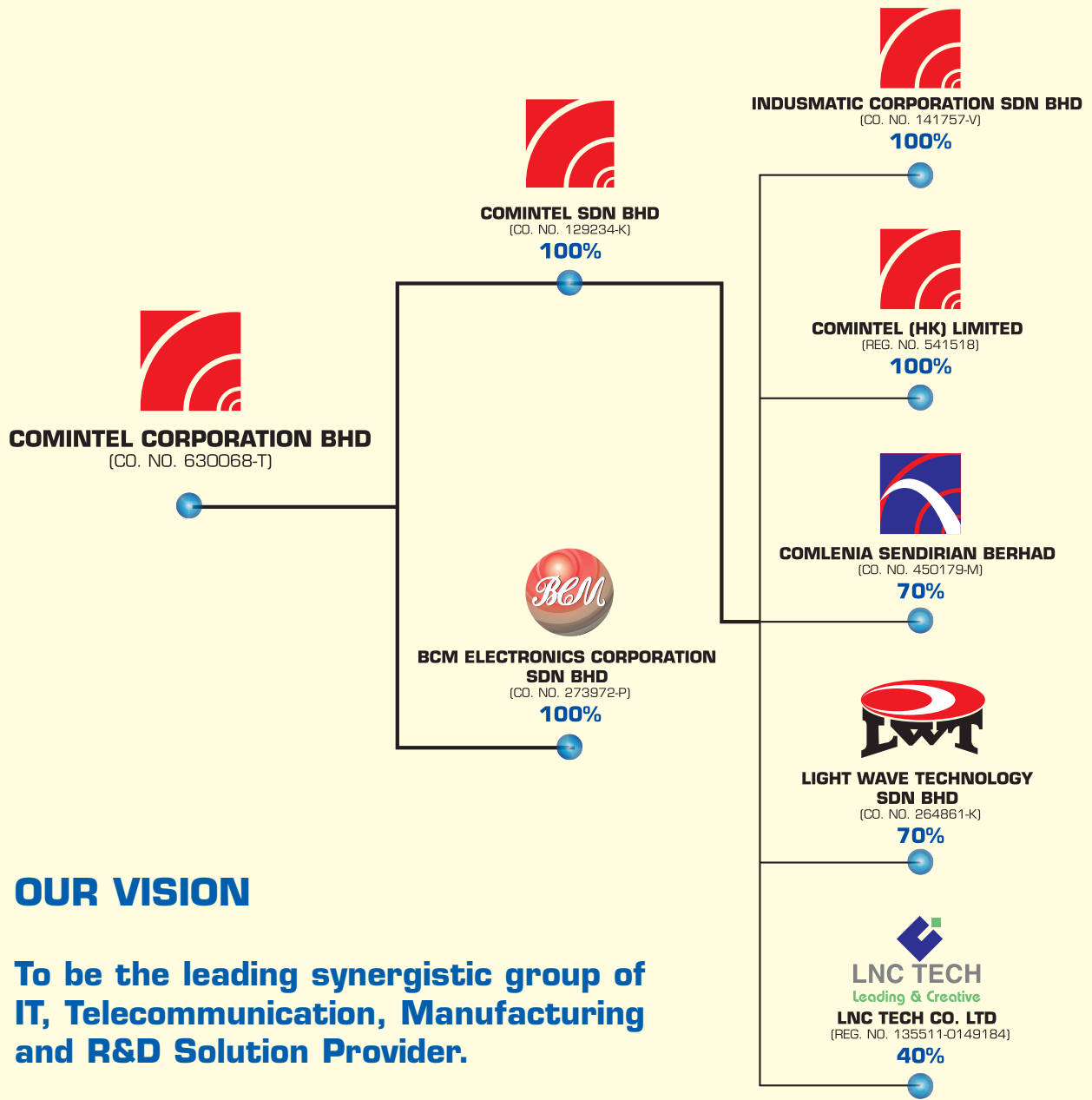
Listing

Second Board of Bursa Malaysia
Securities Berhad





GROUP STRUCTURE



OUR VISION

To be the leading synergistic group of IT, Telecommunication, Manufacturing and R&D Solution Provider.

Total System Integration & Technology Solutions

Tracer

System Integration

Digital Video Broadcasting

Development Services
Software, Hardware, R&D

Repair, Maintenance & Total Logistic Support

Manufacturing Services

For more information, call +603 5039 9898 or visit www.comcorp.com.my



GROUP PROFILE



COMINTEL CORPORATION BHD
(CO. NO. 630068-T)

COMINTEL CORPORATION BHD (Comcorp)

Comintel Corporation Bhd was incorporated on 2 October 2003 as a private limited company under the name of Comintel Corporation Sdn Bhd and subsequently converted into a public limited company under its present name on 10 November 2003 and listed on the second board of Bursa Malaysia Securities Berhad on 16 August 2004 (Stock Code: COMINTL 7195). Comcorp is an Investment Holding with the synergistic group of IT, Telecommunication, Manufacturing and R&D companies focusing in providing niche solutions under its subsidiaries. Each subsidiary has its unique strengths and complements each other to provide total solutions with R&D and manufacturing capabilities.



COMINTEL SDN BHD
(CO. NO. 129234-K)

COMINTEL SDN BHD (Comintel)

Comintel was incorporated on 20 October 1984 and established a strong proven record as a Systems Integrator providing total IT and Telecommunication solutions for all type of applications. The expertise, experience and knowledge of the people have contributed to formulate robust and effective IT and communication solutions.

Its strength and ability to differentiate itself in the competitive systems integration sector lies in its ability to combine RF components with IT systems. The dedicated team of experts and technical support staff are ably backed up by ongoing research and development in IT and Telecommunication.



BCM ELECTRONICS CORPORATION SDN BHD
(CO. NO. 273972-P)

BCM ELECTRONICS CORPORATION SDN BHD (BCM)

BCM is a Malaysian Electronics Manufacturing Services (EMS) entity that provides turnkey manufacturing services, was incorporated on 20 August 1993 pursuant to a technology transfer between Motorola Inc and Comintel.

BCM have since evolved from being a Motorola feeder plant which merely provided cost effective local manufacturing, into a world class EMS provider by evolving a niche in RF Technology with box-build integration, highly customized product management towards highly-mix low volume solutions and development engineering capabilities.

The company is also accredited with the certification of MS ISO 14001:2004 Environmental Management Systems and MS ISO 9001:2000 Quality Management Systems.



COMLENIA SENDIRIAN BERHAD
(CO. NO. 450179-M)

COMLENIA SDN BHD (CSB)

CSB is a joint-venture company between an Italian company and Comintel, was incorporated on 15 October 1997. Operates in the field of integrated logistics support, electronic systems repairing and testing of Command and Control Systems, Fire Control Systems, Torpedo Systems, Missile Launching Systems and Radars. CSB's activities are mainly related to repair of LRUs at depot level and on-site repair.

CSB has invested substantially to equip its workshop facilities and human resource in order to achieve full in-country capability. Its well-furnished workshop uses the latest state of the art and fully computerized Automatic Test Equipment (ATE) for the repairs and covers differing technologies including Intermediate Frequency, Radio Frequency (IF/RF) equipment up to the Ku band.

The company is also accredited with the certification of MS ISO 9001:2000 Quality Management Systems.



GROUP PROFILE



**INDUSMATIC CORPORATION
SDN BHD**
(CO. NO. 141757-V)

INDUSMATIC CORPORATION SDN BHD (ICSB)

ICSB was incorporated on 6 July 1985 and established to provide R & D services. In this regard, ICSB supports Comintel through its development work with a specific focus on systems design interfacing for technical proposals submitted by Comintel. ICSB enhances Comintel's service offerings by developing and continuously improving the integration of hardware, software and service solutions that enable Comintel to integrate various software programs and systems to create customized systems for specific customers.



**LIGHT WAVE TECHNOLOGY
SDN BHD**
(CO. NO. 264861-K)

LIGHT WAVE TECHNOLOGY SDN BHD (LWT)

LWT was incorporated on 24 May 1993 and specializes in the field of photonics. Photonics is the science and technology relating to the transmission, generation and manipulation of photons. LWT's operations in this area are specifically focused on the study of fibre optics components applied in telecommunications and broadband transmission.

Currently, R & D work is ongoing within LWT with respect to components such as couplers, power splitters, wavelength division multipliers, dense wavelength division multipliers and laser amplifiers, all of which help to enhance and maximize bandwidth in fibre optics, enabling more data to be transferred at greater speeds and without compromising quality.



LNC TECH CO. LTD (LNC)

LNC was incorporated on 27 April 2004 in Korea and specializes in producing components using the in-mould decoration (IMD) production process. The products initially to be produced shall comprise of keypads and windows for mobile phones and two-way radios.

These product components are expected to provide the Comcorp Group with leverage in providing value-added components currently manufactured and assembled by BCM for its existing clients. In addition, LNC may market the said product to other players within the telecommunication industry.

These product components are expected to have the benefits of providing the end products with more durable and attractive exteriors in a more cost-effective manner.





NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fifth Annual General Meeting (“AGM”) of the Company will be held at Dillenia & Eugenia, Ground Floor, Sime Darby Convention Center, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Tuesday, 29 July 2008 at 10.00 a.m. for the purpose of considering and if thought fit, passing the following resolutions:

AGENDA

1. To receive, consider and adopt the Audited Financial Statements for the financial year ended 31 January 2008 and the Reports of the Directors and Auditors thereon. **Resolution 1**
2. To declare a First and Final Dividend of 2.0 sen per ordinary share less income tax of 26% for the financial year ended 31 January 2008. **Resolution 2**
3. To approve the payment of Directors’ Fees of RM101,000 for the financial year ended 31 January 2008. **Resolution 3**
4. To re-elect the following Directors retiring pursuant to Article 93 of the Company’s Articles of Association:-
 - 4.1 Tan Sri Dato’ Samshuri bin Arshad **Resolution 4**
 - 4.2 Dato’ Seri Ahmad Ramli bin Haji Mohd Nor **Resolution 5**
 - 4.3 Mr Koh Kek Hoe **Resolution 6**
 - 4.4 Ms Lee Chai Bee **Resolution 7**
5. To re-elect the following Director retiring pursuant to Article 100 of the Company’s Articles of Association:-
 - 5.1 Dato’ Ramli bin Abdul Rahman **Resolution 8**
6. To re-appoint Messrs Russ Ooi & Associates as Auditors of the Company and to authorize the Directors to fix their remuneration. **Resolution 9**

SPECIAL BUSINESS

7. To consider and if thought fit, pass the following resolution:
As Ordinary Resolution **Resolution 10**

“**THAT**, subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered, pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company and that the Directors be and are also empowered to obtain the approval from the Bursa Malaysia Securities Berhad for the listing and quotation of the additional shares so issued.”
8. To consider and if thought fit, pass the following resolution:
As Ordinary Resolution **Resolution 11**

PROPOSED SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE (“PROPOSED SHAREHOLDERS’ MANDATE”)



NOTICE OF ANNUAL GENERAL MEETING

8. **“THAT** approval be and is hereby given to the Company and its subsidiaries to enter into and give effect to the recurrent related party transactions of a revenue or trading nature with the related parties as stated in Sections 2.3 and 2.4 of the Circular to Shareholders dated 7 July 2008, being necessary for the day-to-day operations of the Group, subject to the following:
- (i) the transactions are in the ordinary course of business and are on terms not more favourable to the related parties than those generally available to the public and is not to the detriment of the minority shareholders and that such transactions are made on an arm’s length basis and on normal commercial terms; and
 - (ii) disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to this shareholders’ mandate during the financial year; and
 - (iii) the authority hereby given shall continue in force until:
 - (a) the conclusion of the next AGM of the Company, at which time it will lapse unless, by a resolution passed at the meeting, the authority is renewed; or
 - (b) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965; or
 - (c) it is revoked or varied by resolution passed by the shareholders in general meeting, whichever is the earliest; and
 - (iv) the Board by any one or more of the directors be and are hereby authorised to complete and do all such acts, deeds and things necessary to give effect to the transactions contemplated or authorised by this resolution.”
9. To consider and if thought fit, pass the following resolution:

As Special Resolution

Resolution 12

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

“THAT, the alterations, modifications, deletions and/or additions to the Company’s Articles of Association contained in Appendix I of the Circular to Shareholders dated 7 July 2008 be and are hereby approved.”

10. To transact any other business of which due notice shall have been given.

NOTICE OF DIVIDEND ENTITLEMENT & PAYMENT

FURTHER NOTICE IS HEREBY GIVEN THAT a first and final dividend of 2.0 sen per ordinary share less 26% income tax in respect of the financial year ended 31 January 2008, if approved by the shareholders, will be paid on 29 August 2008 to shareholders whose names appear in the Company’s Record of Depositors at the close of business on 13 August 2008.

A depositor shall qualify for entitlement to the dividend only in respect of:

- (a) shares transferred into depositor’s securities account before 4.00 p.m. on 13 August 2008 in respect of ordinary transfers; and
- (b) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.



NOTICE OF ANNUAL GENERAL MEETING

By Order of the Board

Loh Hock Chiang (MIA 11139)
Eng Shuh Shiang (MAICSA 7038994)
Company Secretaries

Shah Alam
7 July 2008

Explanatory Notes to Resolution 10

The proposed Resolution 10 as Ordinary Resolution, if passed will empower the Directors of the Company to issue and allot shares at any time in their absolute discretion without convening a general meeting provided that the aggregate number of shares issued does not exceed 10% of the issued share capital of the Company for the time being.

Explanatory Notes to Resolution 11

The proposed Resolution 11 as Ordinary Resolution, if passed, will empower the Company to conduct recurrent related party transactions of a revenue or trading nature which are necessary for the Group's day to day operations, and will eliminate the need to convene separate general meetings from time to time to seek shareholders' approval. This will substantially reduce administrative time, inconvenience and expenses associated with the convening of such meetings, without compromising the corporate objectives of the Group or adversely affecting the business opportunities available to the Group.

The detailed information on recurrent related party transactions is set out in the Circular to Shareholders dated 7 July 2008 which is dispatched together with the 2008 Annual Report.

Explanatory Notes to Resolution 12

The proposed Resolution 12 as Special Resolution relates to the proposed amendments to the Articles of Association of the Company to incorporate the current provisions of the Listing Requirements of Bursa Malaysia Securities Berhad. The relevant information of Resolution 12 is set out in Appendix I of the Circular to Shareholders dated 7 July 2008 which is dispatched together with the 2008 Annual Report.

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint one (1) or more proxy/proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and the provisions of Section 149(1) (a) and (b) of the Companies Act, 1965 shall not apply to the Company.
2. Where a member appoints more than one (1) Proxy, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy. Where a member of the Company is an authorized nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
3. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorized in writing, or if the appointer is a corporation, under its Common Seal or under the hand of an attorney.
4. The instrument of proxy must be deposited at the Registered Office of the Company at No. 37, Jalan Pelukis U1/46, Section U1, Temasya Industrial Park, 40150 Glenmarie Shah Alam, Selangor Darul Ehsan not less than forty-eight (48) hours before the time set for holding the meeting or any adjournment thereof.



STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.28(2) of the Listing Requirements of the Bursa Malaysia Securities Berhad)

1. The Directors who are standing for re-election at the Fifth Annual General Meeting of the Company are as follows:

(a) pursuant to Article 93 of the Company's Articles of Association on retirement by rotation:

- (i) Tan Sri Dato' Samshuri bin Arshad
- (ii) Dato' Seri Ahmad Ramli bin Haji Mohd Nor
- (iii) Mr Koh Kek Hoe
- (iv) Ms Lee Chai Bee

(b) pursuant to Article 100 of the Company's Articles of Association on Director appointed since the last Annual General Meeting:

- (i) Dato' Ramli bin Abdul Rahman

2. Further details of individuals who are standing for re-election as Directors

- (i) Directors' profile on pages 11 to 14.
- (ii) Details of interest in the securities of the Company, if any, are disclosed in the Directors' shareholdings on page 71.

3. Details of attendance of Directors at Board Meetings

There were four (4) Board Meetings held during the financial year ended 31 January 2008. Details of attendance of the Directors are set out in the Corporate Governance Statement appearing on page 17 of the Annual Report.

4. Place, Date and Time of Fifth Annual General Meeting

The Fifth Annual General Meeting of the Company will be held at Dillenia & Eugenia, Ground Floor, Sime Darby Convention Center, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Tuesday, 29 July 2008 at 10.00 a.m.



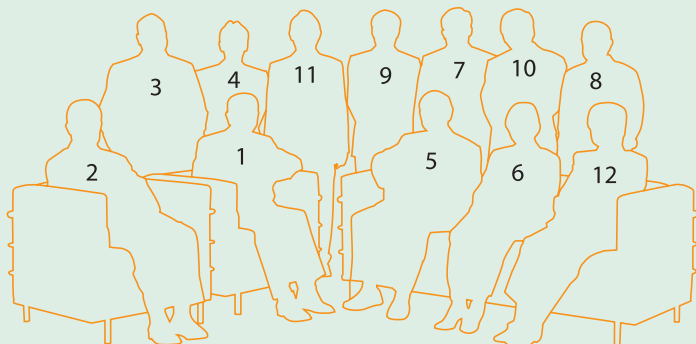


BOARD OF DIRECTORS



1. **Tan Sri Dato' Samshuri bin Arshad**
(Non-Executive Chairman)
2. **Dato' Seri Ahmad Ramli bin Haji Mohd Nor**
(Non-Executive Deputy Chairman)
3. **Dato' Dr Loga Bala Mohan a/l Jaganathan**
(Executive Director)
4. **Dato' Ramli bin Abd Rahman**
(Independent Director)
5. **Mr Leng Keng Hok @ Lim Keng Hock**
(Managing Director)
6. **Mdm Lee Choon Bin**
(Executive Director)
7. **Mr Loh Hock Chiang**
(Executive Director)
8. **Mr Abdul Majid bin Omar**
(Executive Director)

9. **Mr Mohamadon bin Abdullah**
(Non-Executive Director)
10. **Mr Chiam Tau Meng**
(Independent Director)
11. **Mr Koh Kek Hoe**
(Independent Director)
12. **Ms Lee Chai Bee**
(Independent Director)





PROFILE OF DIRECTORS



Tan Sri Dato' Samshuri bin Arshad (*Non-Executive Chairman*)

Tan Sri Dato' Samshuri bin Arshad, a Malaysian, aged 66 was appointed Chairman of the Company on 28 June 2004. He is also the Chairman of the Nomination Committee. He was a police officer with the Royal Malaysian Police force, which he served for 34 years. He retired from the police force upon reaching the compulsory retirement age of 55 years on 5 May 1997. His last appointment was as Deputy Inspector General of Police, a post he held for 3 1/2 years. He has considerable experience in police operations, management, command and control, criminal investigations and also served as the Chief Police Officer in Selangor, Sabah and Perak.

He has benefited from wide regional and international exposures and networking when he served as the head of missions for Interpol, the Association of Asean Police Forces and the United Nations Crime Prevention Commission (Vienna). He had undergone international police training in Japan, Australia and UK. He also attended the leadership and management programmes conducted by Harvard Business School in USA, National Training Institute in South Korea and the Imperial Defence College in UK.

Tan Sri Dato' Samshuri is also a director of Unisem (M) Berhad.

He attended all four(4) Board Meetings of Comcorp held during the financial year ended 31 January 2008. He has no family relationship with the other directors or major shareholders of Comcorp, no conflict of interest with Comcorp and has no conviction for offences within the past ten years.

Dato' Seri Ahmad Ramli bin Haji Mohd Nor (*Non-Executive Deputy Chairman*)



Dato' Seri Ahmad Ramli bin Haji Mohd Nor, a Malaysian, aged 64, was appointed to the Board on 28 June 2004. He is also the Chairman of the Remuneration Committee. He had his early education at the Andersen School, Ipoh, Perak. He joined the Armed Forces in 1964 as a Cadet Officer, and was trained at the Britannia Royal Naval College, Dartmouth, UK. Since then, he rose through the ranks from acting Sub-Lieutenant to Vice Admiral and Chief of the Royal Malaysian Navy in October 1995. Whilst in service, he attended various academic and training programmes and went on to acquire a Masters in Public Administration from Harvard University. He also holds a Masters in Defence Management from the Naval War College, USA. His qualifications and experience in the navy, coupled with his familiarity with the requirements of the navy's defence and communication systems, is an essential resource to the business of the Comcorp Group.

For his services to the country, he has received various awards and decorations, the highest of which is the Panglima Gagah Angkatan Tentera. He is the Chairman of Comlenia Sendirian Berhad, an indirect subsidiary of Comcorp and a director of Muhibbah Engineering (M) Berhad, Favelle Favco Berhad, Affin Bank Berhad and BHIC Berhad.

He attended all four(4) Board Meetings of Comcorp held during the financial year ended 31 January 2008. He is also a major shareholder of Comcorp and has no family relationship with the other directors or, no conflict of interest with Comcorp and has no conviction for offences within the past ten years.



Dato' Dr Loga Bala Mohan a/l Jaganathan (*Executive Director*)

Dato' Dr Loga Bala Mohan a/l Jaganathan, a Malaysian, aged 42, was appointed to the Board on 19 September 2005. He obtained a Bachelor of Law (LLB) Honours from King's College, University of London, UK in 1987 and was admitted to the Honourable Society of the Middle Temple, London, UK. He was conferred a Doctorate in Philosophy from the Pacific Western University, USA in 1997. He started his career as Managing Director with Sanatan Holdings Sdn Bhd in 1993 and was later appointed as Executive Director of Tenco Berhad in 1996. In 1999, he was appointed Executive Director of Westmont Lands Sdn Bhd and a Director of Wing Tiek Holdings Berhad. He was also appointed as Independent Non-Executive Director of Associated Kaolin Industries Berhad in year

2000. Currently, he sits on the Board of MWE Holding Bhd, as Executive Director.

He attended three(3) of the Board Meetings of Comcorp held during the financial year ended 31 January 2008. He has no family relationship with the other directors or major shareholders of Comcorp, no conflict of interest with Comcorp and has no conviction for offences within the past ten years.



PROFILE OF DIRECTORS



Dato' Ramli bin Abd Rahman (*Independent Director*)

Dato' Ramli bin Abd Rahman, a Malaysian, aged 60, graduated from the University of Malaya. He began his career in the Malaysian Civil Service in the Administrative and Diplomatic Service (PTD) in 1973. In his career of 31 years, he was extensively involved in managing the country's national security serving mostly the Ministry of Home Affairs and Prime Minister's Department. His long tenure in the government sector with vast management skills became the hallmark of his career until his retirement as Director General, National Anti Narcotics Agency, Ministry of Internal Security on 14 May 2004.

He attended one(1) of the Board Meeting of Comcorp held during the financial year ended 31 January 2008 as he was appointed to the Board on 12 November 2007. Dato' Ramli was subsequently appointed as a member of the Audit Committee on 26 December 2007. He has no family relationship with the other directors or major shareholders of Comcorp, no conflict of interest with Comcorp and has no conviction for offences within the past ten years.

Mr Leng Keng Hok @ Lim Keng Hock (*Managing Director*)

Mr Leng Keng Hok @ Lim Keng Hock, a Malaysian, aged 62, is one of the founders of the Comcorp Group and was appointed the Managing Director of the Company on 28 June 2004. He was also appointed as a member of the Risk Management Committee on 26 March 2008. A graduate of the Royal Melbourne Institute of Technology, Australia, he holds an Associate Diploma in Electrical Engineering. From 1968 to 1969, he was involved in design work at PMG Research Laboratory in Melbourne. He then worked in Singapore as a Calibration Manager. He joined Melen Engineering Sdn Bhd in 1973 as a Technical Manager before being promoted to the position of General Manager in 1976. Subsequently, in 1984, he founded Comintel Sdn Bhd, holding the positions of both Executive Director and General Manager.



He has vast experience in tele-communications system engineering and has been involved in various activities which include testing and designing of cable pair identification test sets using pseudorandom noise generators, designing the go-no-go high voltage impulse test set for insulation testing and designing communication systems for various government and private offshore and onshore projects.

Mr Lim resigned as a member of the Audit Committee on 26 December 2007. He attended all four(4) Board Meetings of Comcorp held during the financial year ended 31 January 2008. He is also a major shareholder of Comcorp and a husband to Mdm Lee Choon Bin. He has no conflict of interest with Comcorp and has no conviction for offences within the past ten years.



Mdm Lee Choon Bin (*Executive Director*)

Mdm Lee Choon Bin, a Malaysian, aged 56, is one of the founders of the Comcorp Group and was appointed to the Board on 28 June 2004. She is also a member of the Remuneration Committee. She graduated from the Singapore Polytechnic with a Diploma in Electronic & Communication Engineering in 1972. With her relevant technical background, she has played a formative role since the inception of Comintel Sdn Bhd to its current status, in addition to being an important driving force of the said company in its early years. She is responsible for the Group's overall personnel and administrative functions including procurement, logistics, shipping of raw materials and products and warehousing. She also assists in the implementation of business strategies and

supports the marketing activities of the Group.

She attended all four(4) Board Meetings of Comcorp held during the financial year ended 31 January 2008. She is also a major shareholder of Comcorp and a wife to Mr Leng Keng Hok @ Lim Keng Hock, no conflict of interest with Comcorp and has no conviction for offences within the past ten years.



PROFILE OF DIRECTORS



Mr Loh Hock Chiang (*Executive Director*)

Mr Loh Hock Chiang, a Malaysian, aged 43, was appointed to the Board on 28 June 2004. He was also appointed as a member of the Risk Management Committee on 26 March 2008. He holds an Honours Degree in Management Studies and is a Chartered Accountant by profession and a member of the New Zealand Institute of Chartered Accountants and the Malaysian Institute of Accountants. He joined Comintel Sdn Bhd in 1994 and has held various positions in the Group, he is currently assumed the post of Chief Financial Officer of the Group.

He attended all four(4) Board Meetings of Comcorp held during the financial year ended 31 January 2008. He has no family relationship with the other directors or major shareholders of Comcorp, no conflict of interest with Comcorp and has no conviction for offences within the past ten years.

Mr Abdul Majid bin Omar (*Executive Director*)

Mr Abdul Majid bin Omar, a Malaysian, aged 59, was appointed to the Board on 28 June 2004. He brings with him 32 years of varied experience with in-depth emphasis in banking and finance. He grounded his corporate experience with extensive business as well as operational responsibilities at various levels and positions in banking, money brokering and construction. His banking experience covers central, merchant and retail banking. He has also attended various banking courses and holds a Diploma in Advance Banking from the Asian Institute of Management. He has served in various operational and advisory positions to Chairman of boards, board members and chief executive officer. He is also a Chief Operating Officer of Comintel Sdn Bhd.



He attended all four(4) Board Meetings of Comcorp held during the financial year ended 31 January 2008. He has no family relationship with the other directors or major shareholders of Comcorp, no conflict of interest with Comcorp and has no conviction for offences within the past ten years.



Mr Mohamadon bin Abdullah (*Non-Executive Director*)

Mr Mohamadon bin Abdullah, a Malaysian, aged 61, was appointed to the Board on 28 June 2004. He is also a Chairman of the Risk Management Committee and a member of the Remuneration Committee. He graduated from the University of Malaya in 1972 with a Bachelor of Arts (Honours). He joined Malaysian Airline System Berhad ("MAS") in June 1972 as a management trainee. During his career in MAS, he attended various training programmes and gained wide experience in human resource management, sales and marketing (passenger and cargo sector), airlines catering, management development, centralised purchasing & procurement, in-flight services and flight operations. He has held the position of Senior General Manager of Corporate Services in MAS and is responsible for MAS's legal affairs, insurance, management development, government relations and corporate communications, aviation safety and security and medical services. He has since retired from MAS. With his wide experience in management, his forte lies in the management of the overall operation of the Comcorp Group.

He attended all four(4) Board Meetings of Comcorp held during the financial year ended 31 January 2008. He is also a major shareholder of Comcorp and has no family relationship with the other directors, no conflict of interest with Comcorp and has no conviction for offences within the past ten years.



PROFILE OF DIRECTORS



Mr Chiam Tau Meng (*Independent Director*)

Mr Chiam Tau Meng, a Malaysian, aged 56, was appointed to the Board and Chairman of the Audit Committee on 28 December 2006. He graduated with a Bachelor of Commerce Degree majoring in Accountancy from University of Otago, Dunedin, New Zealand in 1976. He was admitted as an Associate Chartered Accountant of the Institute of Chartered Accountants of New Zealand in 1980 and also a member of the Malaysian Institute of Accountants. He started his career in 1979 as Finance Manager of Tolley Industries Ltd (New Zealand) and in 1979 he joined Malaysia Containers (1974) Berhad, as Finance Manager cum Company Secretary. In 1984, he joined Menang Corporation (M) Berhad as General Manager of Corporate Services. In 1989, he joined Bee Hin Holdings Sdn Bhd as General Manager-Corporate Finance. In 1992, he was in the management consultancy practice of an International Accounting Organisation and in 1994, he set up his own consulting practice, namely CTM Consulting.

He also sits on the Board of Meda Inc. Berhad, Menang Corporation (M) Berhad, LCL Corporation Berhad and Yikon Corporation Berhad.

He attended all four(4) Board Meetings of Comcorp held during the financial year ended 31 January 2008. He has no family relationship with the other directors or major shareholders of Comcorp, no conflict of interest with Comcorp and has no conviction for offences within the past ten years.

He attended all four(4) Board Meetings of Comcorp held during the financial year ended 31 January 2008. He has no family relationship with the other directors or major shareholders of Comcorp, no conflict of interest with Comcorp and has no conviction for offences within the past ten years.

Mr Koh Kek Hoe (*Independent Director*)

Mr Koh Kek Hoe, a Malaysian, aged 52, was appointed to the Board on 28 June 2004. He is also a member of the Audit Committee and Nomination Committee. He graduated with LL.B. Honours from the University of London King's College in 1978, where he also obtained his LL.M. in 1979. After serving his pupillage in London and in Kuala Lumpur, he began his legal career as a legal assistant in Messrs Allen & Gledhill for about a year. He then went into partnerships under several firms before becoming a partner in Messrs KH Koh Azhar & Koh in 1992, where he served as Senior Partner until March 2006. In these 26 years of legal practice, he has accumulated considerable experience in legal work pertaining to both the commercial and financial sectors. He has been a partner in Messrs Lee Hishammuddin Allen & Gledhill since April 2006.



He attended all four (4) Board Meetings of Comcorp held during the financial year ended 31 January 2008. He has no family relationship with the other directors or major shareholders of Comcorp, no conflict of interest with Comcorp and has no conviction for offences within the past ten years.



Ms Lee Chai Bee (*Independent Director*)

Ms Lee Chai Bee, a Malaysian, aged 58, was appointed to the Board on 28 June 2004. She was also appointed as a member of the Audit Committee on 26 December 2007. She was admitted as a member of the Institute of Chartered Secretaries and Administrators in 1972 upon completing the professional examinations conducted by the said Institute. She subsequently started her career in the same year as an accounts assistant with Kidson Chartered Accountants in Birmingham, UK. In 1978, she joined Tan Chong Motor Holdings Bhd as their internal auditor. In 1985, she joined Auto Parts Manufacturers Bhd as Manager. In 1989, she was a Senior Manager of Operations for Kilang Alat-Ganti Letrik Kereta Sdn Bhd.

In 1993, she joined Seldredge Industries Sdn Bhd as General Manager-Projects and was overseeing Oriental Metal Industries Sdn Bhd. In addition, she was also a Director of a subsidiary of Seldredge Industries Sdn Bhd, namely Parajaya Sdn Bhd where she served for 7 years. She is currently a Director of Eco Resources Bhd.

She attended all four (4) Board Meetings of Comcorp held during the financial year ended 31 January 2008. She has no family relationship with the other directors or major shareholders of Comcorp, no conflict of interest with Comcorp and has no conviction for offences within the past ten years.



CHAIRMAN'S STATEMENT

CHAIRMAN'S STATEMENT

“

Dear Shareholders,

On behalf of my fellow Directors, it gives me great pleasure to present the Annual Report of Comintel Corporation Bhd (“Comcorp”) for the financial year ended 31 January 2008.”

Financial and Business Review

The Comcorp Group achieved a robust turn around for the year under review.

Notwithstanding the challenges from economic uncertainties associated with higher fuel prices and soaring commodity prices, I am pleased to note that the management team undertook a course that demonstrated their ability to adapt and react to the testing conditions and yet deliver positive results for shareholders.

As shareholders, you will be pleased to note that for the financial year under review, the Group posted a profit after tax of RM9.8 million as compared to a loss of RM3.2 million from the preceding financial year. The recorded Group revenue was RM334.3 million in the current financial year as compared to RM324.3 million in the last financial year. The higher contribution was mainly from its Communication & Systems Integration and Defence Maintenance divisions. Earnings per share improved to 6.7 sen from a loss of 3.0 sen in the preceding year.

As a result of the Group's stronger performance, the Board is proposing a first and final dividend of 2.0 sen per ordinary share less income tax of 26%, payable to shareholders on 29 August 2008 subject to their approval in the coming Annual General Meeting in appreciation for their continued support.

**Tan Sri Dato'
Samshuri bin Arshad**
(Non-Executive Chairman)





Chairman's Statement

Corporate Developments

The Electronics Manufacturing division, BCM Electronics Corporation Sdn Bhd ("BCM"), other than providing outsourcing production to Motorola and Power One, has entered into a Manufacturing Agreement with Gupp-TI Sdn Bhd ("Gupp") to manufacture the Wi-Fi centric dual-mode Wi-Fi/GSM handsets. Mass production was expected to be in the fourth quarter of this financial year.

In addition, BCM has reached a final stage of agreement with Halliburton Co. ("Halliburton") and Coopers Industries Ltd ("Coopers") to provide manufacturing services to them. The mass production for Coopers has already started and the pilot manufacturing plan for Halliburton is to start soon. The potential business with Halliburton and Coopers are estimated to be approximately RM100 million.

As for the Communication and Systems Integration division, Comintel Sdn Bhd ("Comintel") has successfully obtained the exclusive rights to distribute Gupp's Wi-Fi centric dual-mode Wi-Fi/GSM handsets and to carry out its maintenance and repair services. Comintel has been accorded the sole distributor in the Asia Pacific region, including Japan, Korea, China, India, Australia and New Zealand.

In December 2007, Comintel has received a Letter of Award from the Ministry of Information Malaysia for the replacement of existing FM radio transmitter systems including associated works for Jabatan Penyiaran Malaysia, Kementerian Penerangan Malaysia for a total contract sum of approximately RM19.9 million.

The Defence Maintenance division, Comlenia Sdn Bhd, has managed to obtain the contracts in maintenance and spare parts supply to Ministry of Defence and Navy for a total sum of RM73.9 million.

Corporate Governance

Comcorp remains committed to enhancing long-term shareholder value by pursuing the highest standards of corporate governance. The Group's statement on Corporate Governance (set out in pages 17 to 21) outlines the underlying framework and the measures put in place for this important area.

Corporate Social Responsibility

The Group recognises the importance of environmental conservation for future generations and is committed to ensure that the Group's businesses are conducted in manners that protect and preserve the environment.

As a manufacturer, BCM has measures in place to minimise the manufacturing impact on the environment through pollution prevention, control of emissions, the efficient use of natural resources and recycling of waste. We have achieved the Environmental Management System with certification of ISO 14001: 2004.

We place high concern on health and safety issues. Wherever we operate around the world and in every

situation, we strive to maintain a workplace that is safe without risk to the health and welfare of all those involved in the project. We ensure that information and instruction are always clear and there is constant supervision on site.

Comcorp Group continues to nurture its human capital with skill development backed by a performance reward system to generate a strong performance culture. The know-how skill and expertise of staff constitute part of the Group's intellectual capital. Thus, supporting life long learning and development will continue to be one of the key drivers to help the Group outperform the competition and achieve superior results.

Outlook and Prospects

With the increase in fuel prices and power tariff, this is leading to changes in terms of demands, prices, and other factors. Companies across many sectors are bracing for higher operational costs and there will be some measurable impacts on the broad sectors of the economy.

It is anticipated that the coming financial year will see an overall moderation in economic growth. We are however optimistic that we have the necessary resilience to mitigate the adverse effects of the anticipated slowdown.

The Communication and Systems Integration market and Electronics Manufacturing services growth have been fairly encouraging, the growth momentum is expected to be sustained in Asia and other emerging economies. Meanwhile, the Group will intensify its marketing efforts and campaigns on broadening our customer base.

Past experience has taught us that the primary concerns of our customers are quality, cost and timely delivery of orders. The Group has an excellent track records of meeting these conditions, we remain confident that we will continue to achieve more on the future of Comcorp Group.

Appreciation

On behalf of the Board, I would like to welcome Dato' Ramli bin Abd Rahman, who was appointed as Director on 12 November 2007. Whom we believe that he will contribute to the Group's business growth. I also wish to place on record my appreciation to Tengku Makram bin Tengku Ariff who had resigned from the Board, for his contributions over the years.

I would like to extend my heartfelt thanks to our business partners, customers, suppliers, bankers, government agencies and regulatory authorities for the continued support and contribution.

Finally, I would also like to record a note of thanks to my fellow Board members for their support and guidance to the Group, and to the management and staff for their dedication and hard work throughout the year. They have done well and it is my belief that they will continue to serve you, our shareholders, well in this challenging economic environment.

Tan Sri Dato' Samshuri bin Arshad
Chairman



CORPORATE GOVERNANCE STATEMENT

The Board of Directors (“Board”) of Comintel Corporation Bhd (“Comcorp” or “the Company”) is committed to manage the Comcorp Group in line with corporate governance practices as proposed in the Malaysian Code on Corporate Governance (Revised 2007) (the “Code”) and the Listing Requirements (“LR”) of the Bursa Securities Malaysia Berhad (“Bursa Securities”). The Board firmly believes that corporate accountability complements business practices that will facilitate the achievement of the Company’s goals and objectives.

The Board is pleased to disclose to the shareholders on the manner the Group has applied the principles as set out in Part 1 of the Code and has complied with the best practices set out in Part 2 of the Code throughout the financial year ended 31 January 2008.

A. DIRECTORS

1. Responsibilities

The Board is made up of Directors who have an extensive range of skills, experience and knowledge and who are overall accountable for the corporate governance and strategic direction of the Group and are entrusted to exercise reasonable and due care in employing the Company’s resources in the best interests of its shareholders and to safeguard the Company’s assets.

Four (4) Committees, namely the Audit Committee (“AC”), the Nomination Committee (“NC”), Remuneration Committee (“RC”) and Risk Management Committee (“RMC”) have been formed to assist the Board in the deliberation of issues within their respective functions and terms of reference. These Committees, as entrusted by the Board, will discuss relevant issues and report to the Board with their recommendations. However, this does not absolve the Board’s ultimate responsibility of decision-making.

2. Board Balance

For the financial year ended 31 January 2008, the Board comprised of twelve (12) Directors, with five (5) Executive Directors, three (3) Non-Executive Directors and four (4) Independent Directors. There is a clear division of responsibilities at the head of the Company to ensure a balance of authority and power. The wide spectrum of knowledge, skills and experience of the Board members gives added strength to the leadership which is necessary for the effective stewardship of the Group.

The Board recognises the importance and contribution of its Independent Directors. They represent the element of objectivity, impartiality and independent judgement of the Board. This ensures that there is adequate check and balance at the Board level. The four (4) Independent Directors of the Company provide the Board with vast and varied exposure, expertise and broad business and commercial experience.

Tan Sri Dato’ Samshuri bin Arshad, the Non-Executive Chairman leads the Board while the executive management of the Company is led by Mr Leng Keng Hok @ Lim Keng Hock, the Managing Director.

A brief profile of the Directors is set out on pages 11 to 14 of this Annual Report.

3. Board Meetings

In order to ensure that the Comcorp Group is efficiently managed, the Board meets on a quarterly basis and additionally as and when required, with a formal schedule of matters specifically reserved for its deliberation and decision.

During the financial year under review, four (4) Board meetings were held and where it deliberated and considered a variety of matters affecting the Company’s operations including the Group’s financial results, business plan and the direction of the Group.



CORPORATE GOVERNANCE STATEMENT

3. Board Meetings

The Boards' attendance record is as follows:

Directors	Total Meetings Attended
Tan Sri Dato' Samshuri bin Arshad	4/4
Dato' Seri Ahmad Ramli bin Haji Mohd Nor	4/4
Dato' Dr. Loga Bala Mohan a/l Jaganathan	3/4
Dato' Ramli bin Abd Rahman (<i>Appointed on 12 November 2007</i>)	1/4
Mr Leng Keng Hok @ Lim Keng Hock	4/4
Mdm Lee Choon Bin	4/4
Mr Loh Hock Chiang	4/4
Mr Abdul Majid bin Omar	4/4
Mr Mohamadon bin Abdullah	4/4
Mr Chiam Tau Meng	4/4
Mr Koh Kek Hoe	4/4
Ms Lee Chai Bee	4/4

The Board is updated on Comcorp Group's affairs at Board meetings. The Directors are encouraged to obtain information on the Group's activities by consultation with senior management at anytime. This is to ensure and enable the Board members to discharge their duties and responsibilities competently and in an informed manner.

4. Supply of information

Board members are provided with the notice, setting out the agenda and subsequently the comprehensive Board papers in a timely manner prior to board meetings. This is to ensure and enable the members of the Board to discharge their duties and responsibilities competently and in a well-informed manner. All members of the Board have access to the advice and services of the Company Secretary, and where necessary, independent professional advisers. They also have unlimited access to all information with regard to the activities of the Comcorp Group.

5. Board Committees

The Board is assisted by the following Board Committees:-

(a) Audit Committee

The Audit Committee comprises of four (4) Independent Directors. The details are set out on pages 23 to 26 of this Annual Report.

The members of the Audit Committee comprised:

- Mr Chiam Tau Meng (*Chairman*)
- Dato' Ramli bin Abd Rahman
- Mr Koh Kek Hoe
- Ms Lee Chai Bee



CORPORATE GOVERNANCE STATEMENT

5. Board Committees

(b) Nomination Committee

The Nomination Committee comprises of one (1) Non-Executive Director and two (2) Independent Directors. The Committee is responsible for proposing and recommending new nominees to the Board as well as directors to fill seats on Board committees; assessing the effectiveness of the Board and the contribution of each individual director on an on-going basis.

The members of the Nomination Committee comprised:

- Tan Sri Dato' Samshuri bin Arshad (*Chairman*)
- Mr Koh Kek Hoe
- Mr Chiam Tau Meng

(c) Remuneration Committee

The Remuneration Committee comprising of two (2) Non-Executive Directors and one (1) Executive Director, is responsible for the implementation of remuneration policy and to make recommendation to the Board on the remuneration packages of the Executive Directors. The ultimate responsibility for determining remuneration of the Executive Directors lies with the Board. The Board also determines the remuneration of the Non-Executive Directors.

The members of the Remuneration Committee comprised:

- Dato' Seri Ahmad Ramli bin Haji Mohd Nor (*Chairman*)
- Mdm Lee Choon Bin
- Mr Mohamadon bin Abdullah

(d) Risk Management Committee

The Risk Management Committee comprises of two (2) Executive Directors and one (1) Non-Executive Director, to oversee the risk management activities. The risk management process is co-ordinated by the Internal Audit in conjunction with all the Heads of Department within the Group.

The members of the Risk Management Committee comprised:

- Mr Mohamadon bin Abdullah (*Chairman*)
- Mr Leng Keng Hok @ Lim Keng Hock
- Mr Loh Hock Chiang

6. Re-election

The Articles of Association of the Company provide that at least one-third of the Directors are subject to retirement by rotation at each Annual General Meeting and that all Directors shall retire at least once in every three years. The Articles of Association also provide that a Director who is appointed by the Board in the course of the year shall be subject to re-election at the next Annual General Meeting to be held following his appointment.

Directors over seventy years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.



CORPORATE GOVERNANCE STATEMENT

7. Directors' Training

All Directors of the Company have completed the Mandatory Accreditation Programme. The Directors of the Company recognizing the increasing demands of their role, have continued to attend and participate in various programmes which they have individually or collectively considered as relevant for them to keep abreast with the changes in regulations and trends in the business practices, environment and markets.

The Company Secretary facilitates the participation of training programmes by the Directors and maintains the details of all trainings attended by the Directors.

B. DIRECTORS' REMUNERATION

The details of directors' remuneration for the financial year ended 31 January 2008, distinguishing between Executive and Non-Executive Directors, are as follows:

Categories	Executive Directors (RM)	Non-Executive Directors (RM)
Salary & Other Emoluments	1,704,000	-
Fee & Allowance	39,600	224,967
Total	1,743,600	224,967

The number of Directors whose total remuneration for the financial year ended 31 January 2008 falls within the required disclosure bands are set out below:

Remuneration Band	Executive	Non-Executive
RM50,000 and below	-	5
RM50,001 to RM100,000	-	2
RM100,001 to RM500,000	4	-
RM500,001 to RM1,000,000	1	-

C. SHAREHOLDERS

The Board places emphasis on timely and equitable dissemination of information to shareholders on Comcorp Group's performance. Pursuant to the Listing Requirements of Bursa Securities, timely announcements are made to the public in regard to the Group's corporate proposals, financial results and other requisite matters. The Company's Annual General Meeting serves as a forum for dialogue with shareholders. At the Annual General Meeting, shareholders are encouraged to participate in the question and answer session. The status of all resolutions proposed at the Annual General Meeting is submitted to Bursa Securities at the end of the meeting day.

Apart from contacts at general meetings, there is no formal programme or schedule of meetings with investors, shareholders, stakeholders and the public generally. However, the management has the option of calling for meetings with investors/analysts if it is deemed necessary.



CORPORATE GOVERNANCE STATEMENT

D. ACCOUNTABILITY AND AUDIT

1 Financial Reporting

The Board is responsible to present a balanced and comprehensive assessment of the Comcorp Group's financial position to shareholders by means of the annual and quarterly reports and other published information. In this regard, the Board is responsible for the preparation of financial statements that present a fair and balanced report of the financial state of affairs of the Comcorp Group.

2 Internal Control

The Statement on Internal Control as set out on page 22 of this Annual Report provides an overview of the state of internal controls within the Group.

3 Relationship with Auditors

The Company, through the Audit Committee ("AC") has an appropriate and transparent relationship with the external auditors. Key features underlying the relationship of the AC with the external auditors are included in the AC Report as set out on pages 23 to 26 of this Annual Report.

E. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are responsible for the preparation of financial statements prepared for each financial year to give a true and fair view of the state of affairs of the Group and of the Company and of the results and cash flows of the Group and of the Company for the financial year then ended.

In preparing those financial statements the Directors have:

- ensured compliance with applicable approved accounting standards;
- adopted suitable accounting policies and apply them consistently; and
- made judgements and estimates that are reasonable and prudent.

The Directors are responsible for ensuring that proper accounting and other records are kept which disclose with reasonable accuracy at any time the financial position of the Group and the Company and that the underlying financial statements are prepared in compliance with the provisions of the Companies Act, 1965.





STATEMENT ON INTERNAL CONTROL

RESPONSIBILITY

The Board is responsible for the Group's system of internal control and for reviewing its adequacy and integrity. The Board recognises that the Group's system of internal control is designed to manage and not eliminate the risk of failure to achieve the Group's objectives. Hence, it can only provide reasonable and not absolute assurance against material misstatement of management and financial information or against financial losses and fraud.

INTERNAL CONTROL ENVIRONMENT

Within the Group, there are organisational structure in place for each operating unit with clearly defined levels of authority. Management of each operating unit has clear responsibility for identifying risk affecting their unit and the overall Group's business as a whole. They are also charged with instituting adequate procedures and internal controls to mitigate and monitor such risks on an ongoing basis.

RISK MANAGEMENT

The Board recognises that risk management is an integral part of the Group's business operations and that the identification and management of risks will assist the Group in achieving its business objectives. During the financial year under review, the Risk Management Committee was established in assisting the Board for identification, assessment and execution of relevant mitigating action plans.

OTHER KEY ELEMENTS OF INTERNAL CONTROL

- Regular and comprehensive information provided to management, covering operating and financial performance and key business indicators such as resource utilisation and cash flow performance and sales achievement;
- Regular visits to operating units by members of the Board and Senior Management;
- Quarterly review of Group financial results by the Board and the Audit Committee before announcement to Bursa Securities;
- Annual review of employees' performance is conducted to ensure that the quality and competency of its employees are not compromised and when required, training and development programs are established to improve knowledge, skills and abilities of employees.
- The internal audit team which was outsourced to an independent professional services firm that will assist the Audit Committee to review the control processes implemented by the management from time to time and quarterly reports on its findings and recommendations to the Audit Committee. The duties and responsibilities of the Audit Committee are detailed in the Terms of Reference of the Audit Committee. The Audit Committee, by consideration of both internal and external audit reports, is able to gauge the effectiveness and adequacy of the internal control system, for presentation of its findings to the Board.

There were no material or significant losses incurred during the financial year as a result of weakness in internal control. The Board and management continue to take appropriate measures to improve and strengthen the control environment.



AUDIT COMMITTEE REPORT

In line with the Malaysian Code of Corporate Governance (“Code”) which was revised on 1 October 2007 and in compliance with the recent amendments of paragraph 15.10 of the Bursa Malaysia Securities Berhad’s Listing Requirements (“LR”), all four members of the Audit Committee (“AC”) are Independent Directors.

Mr Chiam Tau Meng, the AC Chairman is an Associate Chartered Accountant of the Institute of Chartered Accountants of New Zealand and a member of the Malaysian Institute of Accountants. In this respect, the Company is in compliance with paragraph 15.10(1)(c)(i) of the LR.

MEMBERS

1. Mr Chiam Tau Meng (Chairman)
2. Dato’ Ramli bin Abd Rahman
3. Mr Koh Kek Hoe
4. Ms Lee Chai Bee

MEETINGS

The AC convened five (5) meetings during the financial year ended 31 January 2008. The details of the attendance are as follows:

Name of AC members	No. of meetings attended
Mr Chiam Tau Meng (<i>Chairman</i>)	5/5
Mr Koh Kek Hoe	5/5
Dato’ Ramli bin Abd Rahman (<i>Appointed on 26 December 2007</i>)	0/5
Ms Lee Chai Bee (<i>Appointed on 26 December 2007</i>)	0/5
Mr Leng Keng Hok @ Lim Keng Hock (<i>Resigned on 26 December 2007</i>)	4/5

The external auditors attended all 5 of these meetings.

TERMS OF REFERENCE

Objective

The objective of the AC is to assist the Board of Directors in the effective discharge of its fiduciary responsibilities relating to corporate governance, financial accounting and reporting practices, the audit process, internal control and compliance of statutory and LR.

Composition

The AC shall be appointed by the Board of Directors (“Board”) from among its members which fulfils the following requirements:

- (a) the AC must be composed of no fewer than 3 members;
- (b) all the AC members must be non-executive directors, with a majority of them being independent directors; and



AUDIT COMMITTEE REPORT

TERMS OF REFERENCE

Composition

(c) at least one member of the AC :

- (i) must be a member of the Malaysian Institute of Accountants; or
- (ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:
 - he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
 - he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967.
- (iii) fulfils such other requirements as prescribed or approved by the Bursa Malaysia Securities Berhad.

In the event of any vacancy in the AC resulting in the non-compliance of the abovementioned composition, the Board of Directors shall fill the vacancy within 3 months of that event.

The members of the AC shall elect a chairperson from among their numbers who shall be an independent director.

Meetings

The Committee shall meet at least 4 times a year. At least twice a year the AC shall meet the external auditors without executive Board members present.

In addition, the chairperson may call a meeting of the Committee if requested to do so by any committee member, internal auditors or external auditors.

Two (2) members, who shall be independent and non-executive directors, shall constitute a quorum for meetings.

The Chief Financial Officer and the Head of Internal Audit shall normally attend meetings. The presence of external auditor or his representative may be requested, if required. Other Board members, employees and external independent professional advisers may attend meetings upon the invitation of the AC.

The Company Secretary shall act as secretary of the AC and shall be responsible for drawing up the agenda with the concurrence of the chairperson and circulating it, supported by relevant documentation to Committee members prior to each meeting.

The Secretary shall also be responsible for keeping the minutes of meetings of the AC, and circulating them to the AC members and the Board.

Authority

The AC shall, wherever necessary and reasonable for the performance of its duties, have the following authority as empowered by the Board:

- (a) have authority to investigate any matter within its terms of reference;
- (b) have the resources which are required to perform its duties;



AUDIT COMMITTEE REPORT

TERMS OF REFERENCE

Authority

- (c) have full and unrestricted access to any information pertaining to the Company or group;
- (d) have direct communication channels with the external auditors and persons carrying out the internal audit function or activity ;
- (e) be able to obtain independent professional or other advice; and
- (f) be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

Functions of the audit committee

The AC shall, amongst others, discharge the following functions:-

1. review the following and report the same to the Board:
 - (a) with the external auditor, the audit plan;
 - (b) with the external auditor, his evaluation of the system of internal controls;
 - (c) with the external auditor, his audit report;
 - (d) the assistance given by the employees to the external auditor;
 - (e) the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;
 - (f) the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
 - (g) the quarterly results and year end financial statements, prior to the approval by the Board, focusing particularly on:
 - changes in accounting policies and practices;
 - significant adjustments arising from the audit;
 - significant and unusual events;
 - the going concern assumption; and
 - compliance with accounting standards and other legal requirements;
 - (h) any related party transaction and conflict of interest situation that may arise within the Company or group including any transaction, procedure or course of conduct that raises questions of management integrity;
 - (i) any letter of resignation from the external auditors; and
 - (j) whether there is reason (supported by grounds) to believe that the company's external auditor is not suitable for re-appointment; and
2. recommend the nomination of a person or persons as external auditors, and review the audit fees.



AUDIT COMMITTEE REPORT

SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

The Audit Committee has discharged the following functions and duties during the financial year ended 31 January 2008 :

- Reviewed the quarterly financial result announcements and recommended to the Board for approval;
- Reviewed the Group's annual audited financial statements and recommended to the Board for approval;
- Reviewed the external auditors' scope of work, proposed audit fees and audit plan for the year;
- Reviewed the external auditors' report and their audit findings;
- Assessed the Group's financial performance;
- Reviewed related party transactions within the Group;
- Reviewed and deliberated on issues raised in the audit reports by internal auditors in relation to weaknesses in internal controls; and
- Reviewed its Terms of Reference to conform to amendments to the LR of Bursa Securities and the Code.

INTERNAL AUDIT

The Board recognized the importance of the internal audit function and the independent status required for it to carry out its functions effectively. The internal audit functions has been assigned to a professional services firm, which is tasked with the aim of assisting the AC in assessing risks, recommend measures to mitigate risks, establish cost effective controls and assess proper governance process.

The firm has conducted ongoing review of the adequacy and effectiveness of the system of internal control. The audit conducted including reviewing the extent of compliance with the established internal policies and procedures governing the operations of the Group. Some internal weaknesses were identified during the financial year under review, all of which have been or are being addressed by the management.



ADDITIONAL COMPLIANCE INFORMATION

The following information is provided in compliance with the Listing Requirements of the Bursa Malaysia Securities Berhad.

1. Non-Audit Fees

The Group's non-audit fees amounted to RM22,700 was paid to the external auditors for the financial year ended 31 January 2008.

2. Variation in Results

There were no material variations between the audited results for the financial year ended 31 January 2008 and the unaudited results for the quarter ended 31 January 2008 of the Group.

3. Material Contracts Involving Directors and Major Shareholders

There were no material contracts subsisting as at 31 January 2008 or entered into since the end of the previous financial year, by the Company or any of its subsidiaries involving Directors' and major shareholders' interests other than those disclosed in Note 25 of the Financial Statements on Recurrent Related Party Transactions of a revenue or trading nature.

4. Imposition of sanctions and/or penalties

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant authorities during the financial year ended 31 January 2008.

5. American Depository Receipt ("ADR") or Global Depository Receipt ("GDR") Programme

The Company did not sponsor any ADR or GDR programme during the financial year ended 31 January 2008.

6. Revaluation Policy on Landed Properties

The Group's revaluation policy is stated in Note 4 to the Financial Statements of this Annual Report.

7. Recurrent Related Party Transactions of a Revenue or Trading Nature

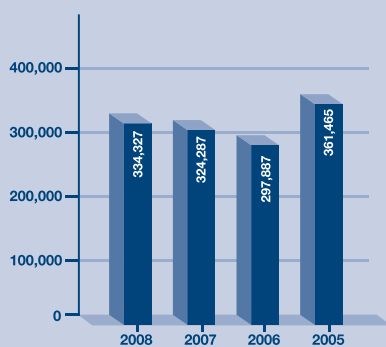
The Recurrent Related Party Transactions of a revenue or trading nature are disclosed in Note 25 to the Financial Statements of this Annual Report.



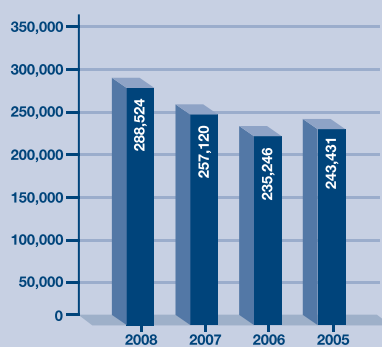
FINANCIAL HIGHLIGHTS

	2008 RM'000	2007 RM'000	2006 RM'000	2005 RM'000
Turnover	334,327	324,287	297,887	361,465
Profit / (Loss) Before Taxation	8,914	(1,465)	2,063	18,967
Profit / (Loss) After Taxation and Minority Interests	9,892	(3,210)	1,430	13,974
Total Assets	288,524	257,120	235,246	243,431
Shareholders' Funds	111,262	102,107	106,613	107,995
Net Earnings / (Loss) Per Share (in sen)	6.70	(3.00)	0.60	14.40
Net Tangible Assets Per Share (in sen)	0.79	0.73	0.76	0.77

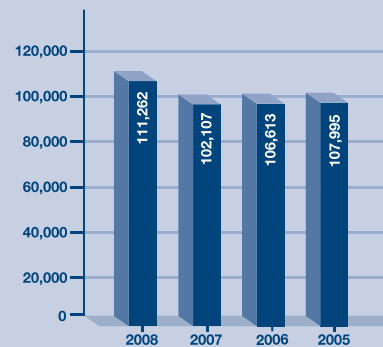
TURNOVER (RM'000)



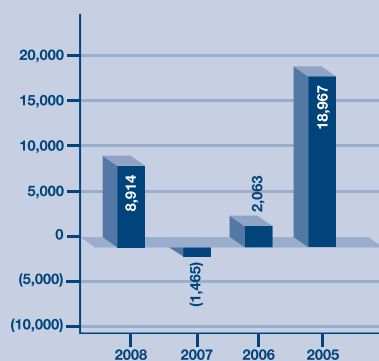
TOTAL ASSETS (RM'000)



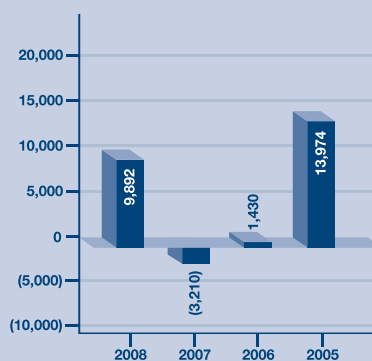
SHAREHOLDERS' FUNDS (RM'000)



PROFIT / (LOSS) BEFORE TAXATION (RM'000)



PROFIT / (LOSS) AFTER TAXATION AND MINORITY INTERESTS (RM'000)





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REPORT OF THE DIRECTORS

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 January 2008.

Principal activities

The Company is principally engaged in investment holding. The principal activities of the subsidiary companies are described in Note 5 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

Financial results

	Group RM	Company RM
Profit / (Loss) attributable to equity holders of the parent	9,432,524	(1,517,280)
Retained profits / (Accumulated losses) brought forward	6,443,429	(499,615)
Retained profits / (Accumulated losses) carried forward	15,875,953	(2,016,895)

Dividends

The directors recommend the payment of a first and final gross dividend of 2.0 cent per ordinary share, less taxation of 26%, amounting to RM2,072,000 in respect of the financial year ended 31 January 2008, subject to the approval of shareholders at the forthcoming Annual General Meeting of the Company.

Reserves and provisions

All material transfers to or from reserves or provisions during the financial year have been disclosed in the financial statements.

Bad and doubtful debts

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of provisions for doubtful debts, and all known bad debts had been written off and adequate provision had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Group and in the Company, inadequate to any substantial extent.

Valuation methods

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities in the financial statements of the Group and of the Company misleading or inappropriate.



REPORT OF THE DIRECTORS

Current assets

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain whether any current assets, other than debts, were unlikely to realise in the ordinary course of business their value as shown in the accounting records of the Group and of the Company and to the extent so ascertained were written down to an amount that they might be expected to realise.

At the date of this report, the directors are not aware of any circumstances that would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

Contingent and other liabilities

At the date of this report there does not exist :

- (a) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or
- (b) any contingent liability in respect of the Group and of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of the Group and of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

Items of an unusual nature

The results of the operations of the Group and of the Company for the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the current financial year.

Change of circumstances

At the date of this report, the directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Group and of the Company, that would render any amount stated in the respective financial statements misleading.

Share capital

During the financial year, no issue of shares was made by the Company.

Options

No option has been granted to any person to take up unissued shares of the Company and no shares have been issued by virtue of any option.



REPORT OF THE DIRECTORS

Directors of the Company

The directors who served since the date of the last report are :

Tan Sri Dato' Samshuri Bin Arshad
 Dato' Seri Ahmad Ramli Bin Haji Mohd Nor
 Dato' Dr Loga Bala Mohan A/L Jaganathan
 Dato' Ramli bin Abdul Rahman *(appointed on 12.11.2007)*
 Leng Keng Hok @ Lim Keng Hock
 Lee Choon Bin (f)
 Loh Hock Chiang
 Abdul Majid Bin Omar
 Mohamadon Bin Abdullah
 Chiam Tau Meng
 Koh Kek Hoe
 Lee Chai Bee (f)
 Tengku Makaram Bin Tengku Ariff *(resigned on 12.11.2007)*

In accordance with the Articles of Association, Tan Sri Dato' Samshuri Bin Arshad, Dato' Seri Ahmad Ramli Bin Haji Mohd Nor, Mr. Koh Kek Hoe and Ms Lee Chai Bee retire by rotation from the Board of Directors at the forthcoming Annual General Meeting, and being eligible, offer themselves for re-election.

In accordance with the Articles of Association, Dato' Ramli Bin Abdul Rahman, who was appointed since the date of the last report retires from the Board of Directors at the forthcoming Annual General Meeting, and being eligible, offers himself for re-election.

Directors' interest

According to the register of directors' shareholdings maintained by the Company in accordance with Section 134 of the Companies Act, 1965, the following directors, who held office at the end of the financial year, had interests in the shares of the Company and its related corporations as stated below :-

Ordinary shares of RM0.50 each	Balance @ 01.02.07	Bought, Rights	Sold	Balance @ 31.01.08
Direct interest				
Tan Sri Dato' Samshuri Bin Arshad	5,147,328	-	-	5,147,328
Dato' Seri Ahmad Ramli Bin Haji Mohd Nor	50,000	-	-	50,000
Leng Keng Hok @ Lim Keng Hock	500,000	-	-	500,000
Lee Choon Bin (f)	100,000	-	-	100,000
Loh Hock Chiang	100,000	-	-	100,000
Abdul Majid Bin Omar	60,000	-	60,000	-
Mohamadon Bin Abdullah	4,114,885	-	-	4,114,885
Koh Kek Hoe	30,000	-	-	30,000
Lee Chai Bee (f)	30,000	-	-	30,000
Indirect interest				
Dato' Seri Ahmad Ramli Bin Haji Mohd Nor	28,856,680	-	-	28,856,680
Leng Keng Hok @ Lim Keng Hock	49,999,762	-	18,124,000	31,875,762
Lee Choon Bin (f)	60,324,190	-	18,124,000	42,200,190
Loh Hock Chiang	1,064,885	-	-	1,064,885
Abdul Majid Bin Omar	-	940,000	860,000	80,000
Mohamadon Bin Abdullah	28,856,680	-	-	28,856,680



REPORT OF THE DIRECTORS

Directors' benefits

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than those disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a Company in which the director has a substantial financial interest.

Neither during nor at the end of the financial year, was the Company or any of its related corporations a party to any arrangement whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Auditors

The retiring auditors, Messrs. Russ Ooi & Associates, Chartered Accountants, have indicated their willingness to continue in office.

On behalf of the Board,

TAN SRI DATO' SAMSHURI BIN ARSHAD

LENG KENG HOK @ LIM KENG HOCK

Shah Alam,
Dated : 26 May 2008



CONSOLIDATED BALANCE SHEET

AS AT 31 JANUARY 2008

	NOTE	2008 RM	2007 RM
ASSETS			
Non-current assets			
Property, plant and equipment	4	78,228,380	84,729,484
Investment in an associate	6	4,510,262	4,510,262
Investment in unquoted shares outside Malaysia		340,955	-
Amount owing by an associate	7	6,876,485	6,876,485
Deferred tax asset	17	804,600	-
Prepaid land lease payments	8	3,014,613	3,077,417
		93,775,295	99,193,648
Current assets			
Inventories	9	73,625,197	67,795,371
Trade receivables	10	62,276,890	54,564,989
Other receivables, deposits and prepayments	11	26,076,965	18,840,580
Amount owing by an associate	7	1,947,065	2,947,065
Fixed deposits with financial institutions	12	22,863,085	9,565,704
Cash and bank balances		7,959,811	4,212,482
		194,749,013	157,926,191
TOTAL ASSETS		288,524,308	257,119,839

The notes set out on pages 44 to 66 form an integral part of, and should be read in conjunction with, these financial statements.



CONSOLIDATED BALANCE SHEET AS AT 31 JANUARY 2008

	NOTE	2008 RM	2007 RM
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital	13	70,000,000	70,000,000
Share premium		25,744,796	25,744,796
Other reserves	14	(359,083)	(81,251)
Retained profits carried forward		15,875,953	6,443,429
		111,261,666	102,106,974
Minority interests		3,425,474	2,965,958
Total equity		114,687,140	105,072,932
Non-current liabilities			
Bank borrowings	15	7,851,819	11,133,905
Hire purchase payables	16	4,757,571	5,300,162
Deferred tax liabilities	17	2,641,000	3,665,800
		15,250,390	20,099,867
Current liabilities			
Trade payables	18	60,923,953	33,367,754
Other payables and accruals	19	17,267,338	27,578,259
Provision for warranty	20	460,288	328,322
Bank borrowings	15	76,591,299	67,110,428
Hire purchase payables	16	1,776,662	1,488,735
Provision for taxation		1,567,238	2,073,542
		158,586,778	131,947,040
Total liabilities		173,837,168	152,046,907
TOTAL EQUITY AND LIABILITIES		288,524,308	257,119,839

The notes set out on pages 44 to 66 form an integral part of, and should be read in conjunction with, these financial statements.



CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 JANUARY 2008

	NOTE	2008 RM	2007 RM
Revenue	21	334,327,034	324,287,178
Cost of sales		(292,826,589)	(301,335,367)
Gross profit		41,500,445	22,951,811
Other income		1,985,015	3,481,089
Other operating expenses		(26,702,228)	(21,610,096)
Administrative expenses		(890,748)	(795,774)
Selling and distribution expenses		(863,724)	(1,086,535)
Finance cost		(6,114,662)	(4,405,519)
Profit / (Loss) before taxation	22	8,914,098	(1,465,024)
Taxation	23	977,942	(1,745,422)
Profit / (Loss) for the year		9,892,040	(3,210,446)
Attributable to:			
Equity holders of the parent company		9,432,524	(4,230,440)
Minority interests		459,516	1,019,994
		9,892,040	(3,210,446)
Basic earnings / (loss) per ordinary share (sen)	24	6.7	(3.0)

The notes set out on pages 44 to 66 form an integral part of, and should be read in conjunction with, these financial statements.



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 JANUARY 2008

	← Attributable to equity holders of the parent →				Total RM	Minority interest RM	Total equity RM
	Share capital RM	Share premium RM	Other reserves RM	Retained profits RM			
Balance at							
31 January 2006	70,000,000	25,744,796	193,846	10,673,869	106,612,511	1,945,964	108,558,475
Translation reserve, representing expense recognised directly in equity	-	-	(275,097)	-	(275,097)	-	(275,097)
Net loss for the year	-	-	-	(4,230,440)	(4,230,440)	1,019,994	(3,210,446)
Balance at							
31 January 2007	70,000,000	25,744,796	(81,251)	6,443,429	102,106,974	2,965,958	105,072,932
Translation reserve, representing expense recognised directly in equity	-	-	(277,832)	-	(277,832)	-	(277,832)
Net profit for the year	-	-	-	9,432,524	9,432,524	459,516	9,892,040
Balance at							
31 January 2008	70,000,000	25,744,796	(359,083)	15,875,953	111,261,666	3,425,474	114,687,140

The notes set out on pages 44 to 66 form an integral part of, and should be read in conjunction with, these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 JANUARY 2008

	NOTE	2008 RM	2007 RM
Cash flows from operating activities			
Profit / (Loss) before taxation		8,914,098	(1,465,024)
Adjustments for :			
Depreciation of property, plant and equipment	4	10,182,243	9,601,749
Amortisation of prepaid land lease payments	8	62,804	62,804
Hire purchase interest		307,183	109,333
Interest expense		5,545,668	4,158,084
Interest on advances		123,853	-
Property, plant and equipment written off		-	22,878
Provision for warranty cost	20	610,288	492,500
Gain on disposal of property, plant and equipment		(28,000)	(145,688)
Interest income from advances		(135,950)	(189,307)
Interest income from fixed deposits		(167,756)	(180,875)
Interest income		(225,010)	(55,745)
Operating cash flow before working capital changes		25,189,421	12,410,709
Inventories		(5,829,827)	(13,036,661)
Trade receivables		(7,711,901)	(13,559,622)
Other receivables, deposits and prepayments		(5,922,787)	(8,089,376)
Trade payables		27,556,197	(2,528,429)
Other payables and accruals		(11,067,078)	4,572,158
Net cash flow from operations		22,214,025	(20,231,221)
Interest paid		(5,669,521)	(4,158,084)
Interest received		135,950	245,052
Income tax paid		(1,671,354)	(50,000)
Income tax refunded		-	1,556,282
Net operating cash flow		15,009,100	(22,637,971)
Balance carried forward		15,009,100	(22,637,971)

The notes set out on pages 44 to 66 form an integral part of, and should be read in conjunction with, these financial statements.



CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 JANUARY 2008

	NOTE	2008 RM	2007 RM
Balance brought forward		15,009,100	(22,637,971)
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(2,575,339)	(3,245,196)
Proceeds from disposal of property, plant and equipment		28,000	3,251,200
Interest income received		392,766	180,875
Investment in unquoted shares outside Malaysia		(340,955)	-
Net investing cash flow		(2,495,528)	186,879
Cash flow from financing activities			
Net drawdown of bank borrowings		3,402,306	18,104,008
Net drawdown / (repayment) of term loans		2,652,062	(2,558,293)
Repayment of hire purchase liabilities		(1,667,647)	(666,791)
Net financing cash flow		4,386,721	14,878,924
Net changes in cash and cash equivalents		16,900,293	(7,572,168)
Cash and cash equivalents at the beginning of the year		13,004,947	20,577,115
Cash and cash equivalents at the end of the year		29,905,240	13,004,947
Analysed into:			
Fixed deposits with financial institutions		22,863,085	9,565,704
Cash and bank balances		7,959,811	4,212,482
Bank overdrafts	15	(917,656)	(773,239)
		29,905,240	13,004,947

The notes set out on pages 44 to 66 form an integral part of, and should be read in conjunction with, these financial statements.



BALANCE SHEET

AS AT 31 JANUARY 2008

	NOTE	2008 RM	2007 RM
ASSETS			
Non-current assets			
Investment in subsidiaries	5	81,075,467	81,075,467
Investment in unquoted shares outside Malaysia		340,955	-
		81,416,422	81,075,467
Current assets			
Other receivables	11	12,387,573	14,260,552
Bank balances		27,970	2,346
		12,415,543	14,262,898
TOTAL ASSETS		93,831,965	95,338,365
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital	13	70,000,000	70,000,000
Share premium		25,744,796	25,744,796
Accumulated losses carried forward		(2,016,895)	(499,615)
Total equity		93,727,901	95,245,181
Current liabilities			
Other payables and accruals	19	104,064	36,612
Provision for taxation		-	56,572
Total liabilities		104,064	93,184
		93,831,965	95,338,365

The notes set out on pages 44 to 66 form an integral part of, and should be read in conjunction with, these financial statements.



INCOME STATEMENT

FOR THE YEAR ENDED 31 JANUARY 2008

	NOTE	2008 RM	2007 RM
Revenue	21	-	-
Cost of sales		-	-
Gross profit		-	-
Other income		133,688	146,820
Other operating expenses		(1,586,147)	(887,859)
Administrative expenses		(63,480)	(29,460)
Finance cost		(1,341)	(2,420)
Loss before taxation	22	(1,517,280)	(772,919)
Taxation	23	-	-
Loss for the year		(1,517,280)	(772,919)

The notes set out on pages 44 to 66 form an integral part of, and should be read in conjunction with, these financial statements.



STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 JANUARY 2008

		Non- Distributable	Distributable	
	Share capital RM	Share premium RM	(Accumulated losses) / Retained profits RM	Total RM
Balance at 31 January 2006	70,000,000	25,744,796	273,304	96,018,100
Net loss for the year	-	-	(772,919)	(772,919)
Balance at 31 January 2007	70,000,000	25,744,796	(499,615)	95,245,181
Net loss for the year	-	-	(1,517,280)	(1,517,280)
Balance at 31 January 2008	70,000,000	25,744,796	(2,016,895)	93,727,901

The notes set out on pages 44 to 66 form an integral part of, and should be read in conjunction with, these financial statements.



CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 JANUARY 2008

	2008 RM	2007 RM
Cash flows from operating activities		
Loss before taxation	(1,517,280)	(772,919)
Adjustments for :		
Interest expense	1,341	2,420
Interest on advances	(133,688)	(146,820)
Operating cash flow before working capital changes	(1,649,627)	(917,319)
Other receivables	1,879,407	824,249
Other payables and accruals	67,452	(17,065)
Net cash flow from operations	297,232	(110,135)
Bank interest and charges paid	(1,341)	(2,420)
Income tax paid	(63,000)	(50,000)
Net operating cash flow	232,891	(162,555)
Cash flows from investing activities		
Interest on advances	133,688	146,820
Investment in unquoted shares	(340,955)	-
Net investing cash flow	(207,267)	146,820
Net changes in cash and cash equivalents	25,624	(15,735)
Cash and cash equivalents at the beginning of the year	2,346	18,081
Cash and cash equivalents at the end of the year	27,970	2,346

The notes set out on pages 44 to 66 form an integral part of, and should be read in conjunction with, these financial statements.



NOTES TO THE FINANCIAL STATEMENTS

1. Principal activities

The Company is principally engaged in investment holding. The principal activities of the subsidiary companies are described in Note 5 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

2. Financial risk management policies

The Group's financial risk management policies seek to ensure that adequate financial resources are available for the development of the Group's business whilst managing its currency, interest rate, credit, liquidity and cash flow risks. The Group operates within defined guidelines that are approved by the Board and the policies in respect of the major areas of treasury activity are as follows:

Currency risk

The Group is exposed to foreign exchange risk on sales, purchases and transactions that are mainly denominated in US Dollars and Euro.

Interest rate risk

The Group's exposure to interest rate risk arises from the Group's borrowings and deposits.

The Group's bank borrowings are subject to the prime lending rate of the banks while hire purchase and lease financing are based on fixed rates. Investments in financial assets are short term in nature and are placed as short term deposits with licensed financial institutions.

Market interest rates movements are monitored with a view to ensure that the most competitive rates are secured and where appropriate borrowing arrangements and interest bearing instruments are restructured or reduced.

Credit risk

The Group's exposure to credit risks, or the risk of counterparties defaulting, arises mainly from trade receivables. The Group manages its exposure to credit risk by the application of monitoring procedures on an ongoing basis.

The Group does not have any major concentration of credit risk related to any individual customer or counterparty as at balance sheet date.

Liquidity and cash flow risks

The Group's exposure to liquidity and cash flow risks arises mainly from general funding and business activities.

Liquidity and cash flow risks are addressed by annual and continuous review and forward planning of cash flow in relation to business plans to ensure a balanced and prudent portfolio of cash and other liquid assets and credit facilities are maintained. Borrowings are arranged so as not to go beyond the Group's ability to repay or refinance.

3. Significant accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention, modified by the revaluation of the leasehold land and buildings, and comply with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia.

The Group and the Company have adopted the relevant new and revised Financial Reporting Standards ("FRS") issued by the Malaysian Accounting Standards Board for accounting period beginning on or after 1 July 2007 as follows:



NOTES TO THE FINANCIAL STATEMENTS

3. Significant accounting policies

Basis of preparation

FRS107	Cash flow statements
FRS112	Income taxes
FRS118	Revenue
FRS137	Provisions, contingent liabilities and contingent assets

The adoption of these new and revised FRSs does not have significant financial impact on the Group and the Company. The following sets out further information on the changes in accounting policies which have been reflected in this financial report.

Prior to 1 February 2007, the Group's leasehold land held for own use was classified as property, plant and equipment and was stated at cost/valuation less accumulated depreciation and impairment losses. The upfront payments for leasehold land represent prepaid lease payments and are amortised on a straight line basis over the lease term. The adoption of the revised FRS 117 resulted in a retrospective change in the accounting policy relating to the classification of leasehold land separately from property, plant and equipment and the comparative financial information has been restated to conform to the new policy.

	As restated RM	Group As previously stated RM
Property, plant and equipment	84,729,484	87,806,901
Prepaid lease land payments	3,077,417	-

FRS101, Presentation of financial statements and FRS127, Consolidated and separate financial statements

The presentation of minority interest at the balance sheet date are presented in the consolidated balance sheet within equity, separate from the equity attributable to the equity holders of the parent, and minority interests in the results of the Group for the year are presented on the face of the consolidated income statement as an allocation of the total profit or loss for the year between the minority interests and the equity holders of the parent.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiary companies made up to the end of the financial year using the acquisition method of accounting. The results of the subsidiary companies acquired or disposed during the financial year are included in the group financial statements from the effective date of acquisition or to the effective date of disposal.

Inter-company transactions and balances are eliminated on consolidation.

At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the Group financial statements.

Goodwill arising on consolidation, if any, represents the excess of the purchase price over the Company's share of the value of net assets of the subsidiary company at the date of acquisition. After initial recognition, goodwill is stated at cost less any accumulated impairment losses. Goodwill is not amortised, but instead, it is reviewed for impairment at least annually and whenever events or changes in circumstances indicate that the carrying value may be impaired.

Negative goodwill represents the excess of the fair values of the net identifiable assets over the cost of acquisition. Negative goodwill, not exceeding the fair values of the non-monetary assets is recognised in the income statement over the weighted average useful life of those assets that are depreciable or amortisable. Negative goodwill in excess of the fair values of the non-monetary assets acquired is recognised immediately in the income statement.



NOTES TO THE FINANCIAL STATEMENTS

3. Significant accounting policies

Basis of consolidation

For foreign subsidiary companies which are consolidated, all monetary items are translated into Ringgit Malaysia at the closing rate; non-monetary items that are recorded in terms of past events are translated at the exchange rates that existed when the relevant transactions occurred and income statement items are translated at average exchange rates that existed during the financial year. The net translation difference for the financial year is taken to reserves.

Investments in subsidiaries and associate

Investments in subsidiaries and associates are stated at cost less impairment losses. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is charged/credited to the income statement.

Property, plant and equipment and depreciation

Property, plant and equipment are initially stated at cost. Land and buildings which have been subsequently revalued, are shown at fair value less accumulated depreciation and impairment losses. All other property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Surpluses arising on revaluation are credited to revaluation reserve. Any deficit arising from revaluation is charged against the revaluation reserve to the extent of a previous surplus held in the revaluation reserve for the same asset. In all other cases, a decrease in carrying amount is charged to the income statement.

The carrying amounts of the property, plant and equipment at valuation is reviewed at least once in every five years based on a valuation by an independent valuer on an open market value basis.

Depreciation of property, plant and equipment is calculated to write off the cost of the assets on a straight line basis over the expected useful lives of the assets. Freehold land is not depreciated. Leasehold land is depreciated over the terms of the lease period.

The principal annual rates applied are as follows :

Leasehold land and buildings	60 years
Freehold buildings	2%
Motor vehicles	20%
Plant and machinery	10% - 20%
Furniture, fittings and equipment	10% - 20%

Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount.

Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the income statement as an expense as incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources to complete development. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the income statement as an expense as incurred.

Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses. Amortisation is recognised as an expense in the income statement based on a straight line basis over 5 years.



NOTES TO THE FINANCIAL STATEMENTS

3. Significant accounting policies

Inventories

Inventories are stated at the lower of cost and net realisable value after due provision is made for any obsolete or slow moving items. Cost is determined on a first-in first-out or weighted average basis. Cost of finished goods and work-in-progress include direct materials, direct labour and appropriate proportion of manufacturing overheads and the aggregate cost of purchase and other incidentals incurred in bringing the inventories to their present condition and location.

Receivables and payables

Receivables are stated at cost less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

Payables are stated at cost.

Hire purchase obligations

Assets acquired under hire purchase arrangements are capitalised in the financial statements and their corresponding obligations are recorded as liabilities. Assets acquired under hire purchase arrangements are depreciated on the same basis as owned assets.

Finance charges are allocated to the income statement over the duration of the agreements so as to give a constant periodic rate of interest on the outstanding liability at the end of each accounting period.

Borrowing costs

Borrowing costs incurred that are directly attributable to the construction of property, plant and equipment are capitalised as part of the cost of those assets during the period of time that is required to complete and prepare the assets for their intended use.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

Provision for liabilities

Provision for liabilities is recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Employee benefits

(i) Short term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plan

As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the income statement in the period to which they relate.



NOTES TO THE FINANCIAL STATEMENTS

3. Significant accounting policies

Impairment of assets

The carrying amounts of assets, except for financial assets and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or the cash-generating unit to which it belongs exceeds its recoverable amount. Impairment losses are recognised in the income statement. Any subsequent increase in the recoverable amount is recognised in the income statement.

The recoverable amount is the greater of the asset's net selling price and its value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and it is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Foreign currency

Transactions in foreign currencies are initially converted into Ringgit Malaysia at rates of exchange ruling at the transaction dates, unless hedged by forward exchange contracts, in which case the rates specified in such forward contracts are used. At each balance sheet date, foreign currency monetary items are translated into Ringgit Malaysia at exchange rates ruling at that date, unless hedged by forward foreign contracts, in which case the rates specified in such forward contracts are used. Non-monetary items which are carried at historical cost are translated using the historical rate as at the date of acquisition and non-monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined.

All exchange gains and losses are included in the income statement.

The principal exchange rates used for each respective unit of foreign currency ruling at the balance sheet date are as follows:

	2008	2007
	RM	RM
1 US Dollar	3.3	3.5
1 Euro	4.8	4.5
100 HK Dollar	40.4	43.6
1 AU Dollar	2.9	2.7
1 Singapore Dollar	2.3	2.3



NOTES TO THE FINANCIAL STATEMENTS

3. Significant accounting policies

Revenue recognition

(i) Recognition of contract income

The Company's contracts stipulate an invoicing schedule directly related to the volume of work performed. Income is recognised progressively as work on the contract is completed. Provision is made for all anticipated losses, if any, on contract works.

(ii) Sales of goods

Revenue relating to sale of goods is recognised net of sales taxes and discounts up on the transfer of risks and rewards.

(iii) Recognition of interest income

Interest income is recognised on a time proportioned basis that reflects the effective yield.

Taxation

The taxation charge for the financial year, if any, comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted or substantially enacted at the balance sheet date.

Deferred tax will be provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Financial instruments

Financial instruments carried on the balance sheet include cash and bank balances, investments, receivables, payables and borrowings. The particular recognition methods adopted are disclosed in the individual accounting policy statements associated with each item.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends and gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Company has a legally enforceable right to offset and intend to settle either on a net basis or to realise the asset and settle the liability simultaneously.

Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash and bank balances, deposits with licensed financial institutions, banks overdrafts and other short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

NOTES TO THE FINANCIAL STATEMENTS

4. Property, plant and equipment

GROUP	Land and buildings * RM	Plant and machinery RM	Furniture, fittings and equipment RM	Motor vehicles RM	Total RM
Cost / Valuation					
At 1 February 2007	49,583,630	69,422,528	21,305,699	3,535,809	143,847,666
Additions during the year	898,330	-	2,521,950	260,859	3,681,139
Disposals / Write offs	-	-	(2,660,179)	(170,000)	(2,830,179)
At 31 January 2008	50,481,960	69,422,528	21,167,470	3,626,668	144,698,626
Analysed by:					
Cost	23,170,227	69,422,528	21,167,470	3,626,668	117,386,893
Valuation	27,311,733	-	-	-	27,311,733
Accumulated depreciation					
At 1 February 2007	2,935,414	40,138,474	13,801,238	2,243,056	59,118,182
Charge for the year	785,177	6,396,474	2,482,696	517,896	10,182,243
Written back on disposals / write offs	-	-	(2,660,179)	(170,000)	(2,830,179)
At 31 January 2008	3,720,591	46,534,948	13,623,755	2,590,952	66,470,246
Net book value					
At 31 January 2008	46,761,369	22,887,580	7,543,715	1,035,716	78,228,380

* Summary of Land and buildings

GROUP	Freehold industrial land RM	Freehold building RM	Buildings on leasehold land RM	Total RM
Cost / Valuation				
At 1 February 2007	6,342,107	15,929,790	27,311,733	49,583,630
Additions during the year	-	898,330	-	898,330
Disposals / Write offs	-	-	-	-
At 31 January 2008	6,342,107	16,828,120	27,311,733	50,481,960
Analysed by:				
Cost	6,342,107	16,828,120	-	23,170,227
Valuation	-	-	27,311,733	27,311,733
Accumulated depreciation				
At 1 February 2007	-	621,564	2,313,850	2,935,414
Charge for the year	-	329,981	455,196	785,177
Written back on disposals / write offs	-	-	-	-
At 31 January 2008	-	951,545	2,769,046	3,720,591
Net book value				
At 31 January 2008	6,342,107	15,876,575	24,542,687	46,761,369



NOTES TO THE FINANCIAL STATEMENTS

4. Property, plant and equipment

GROUP	Land and buildings * RM	Plant and machinery RM	Furniture, fittings and equipment RM	Motor vehicles RM	Total RM
Cost / Valuation					
At 1 February 2006	52,732,694	61,718,961	20,727,089	3,131,876	138,310,620
Additions during the year	565,936	7,703,567	1,286,237	403,933	9,959,673
Disposals / Write offs	(3,715,000)	-	(707,627)	-	(4,422,627)
At 31 January 2007	49,583,630	69,422,528	21,305,699	3,535,809	143,847,666
Analysed by:					
Cost	22,271,897	69,422,528	21,305,699	3,535,809	116,535,933
Valuation	27,311,733	-	-	-	27,311,733
Accumulated depreciation					
At 1 February 2006	2,724,280	34,053,456	12,061,898	1,806,201	50,645,835
Charge for the year	779,476	6,085,018	2,300,400	436,855	9,601,749
Written back on disposals / write offs	(568,342)	-	(561,060)	-	(1,129,402)
At 31 January 2007	2,935,414	40,138,474	13,801,238	2,243,056	59,118,182
Net book value					
At 31 January 2007	46,648,216	29,284,054	7,504,461	1,292,753	84,729,484

* Summary of Land and buildings

GROUP	Freehold industrial land RM	Freehold building RM	Buildings on leasehold land RM	Total RM
Cost / Valuation				
At 1 February 2006	6,342,107	15,363,854	31,026,733	52,732,694
Additions during the year	-	565,936	-	565,936
Disposals / Write offs	-	-	(3,715,000)	(3,715,000)
At 31 January 2007	6,342,107	15,929,790	27,311,733	49,583,630
Analysed by:				
Cost	6,342,107	15,929,790	-	22,271,897
Valuation	-	-	27,311,733	27,311,733
Accumulated depreciation				
At 1 February 2006	-	311,146	2,413,134	2,724,280
Charge for the year	-	310,418	469,058	779,476
Written back on disposals / write offs	-	-	(568,342)	(568,342)
At 31 January 2007	-	621,564	2,313,850	2,935,414
Net book value				
At 31 January 2007	6,342,107	15,308,226	24,997,883	46,648,216

NOTES TO THE FINANCIAL STATEMENTS

4. Property, plant and equipment

	Group	
	2008 RM	2007 RM
During the financial year, the Group purchased property, plant and equipment under the following categories:		
Cash	2,575,339	3,245,196
Hire purchase arrangements	1,105,800	6,714,477
	3,681,139	9,959,673

As at the financial year end, the net book value of property, plant and equipment under hire purchase arrangements for the Group is as follows:

Plant and machinery	7,310,324	7,203,693
Motor vehicles	804,205	801,903
	8,114,529	8,005,596

- (i) The net book value of the leasehold land and the freehold industrial land approximated their fair value based on an independent valuation carried out by a firm of professional valuers on 27 October 2003 using the open market value basis.
- (ii) As at the financial year end, the net book value of revalued leasehold buildings (had these assets been carried at cost less accumulated depreciation) would have been RM23,789,033 (2007: RM24,307,033).
- (iii) The leasehold properties and the freehold industrial land and building are charged to financial institutions for the banking facilities made available to the Group (Note 15).

5. Investment in subsidiaries

	Company	
	2008 RM	2007 RM
Unquoted shares, at cost	81,075,467	81,075,467

Name of Company	Country of incorporation	Effective interest		Principal activities
		2008	2007	
Comintel Sdn Bhd	Malaysia	100%	100%	Turnkey engineering design and integration, programme management, installation and commissioning as well as investment holding.
BCM Electronics Corporation Sdn Bhd	Malaysia	100%	100%	Manufacturing and assembling of electronic components.

Details of subsidiaries held through Comintel Sdn Bhd are as follows:

Indusmatic Corporation Sdn Bhd	Malaysia	100%	100%	Provision of research and development services and dealers in all kinds of telecommunication and electronic equipment and the provision of related services.
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NOTES TO THE FINANCIAL STATEMENTS

5. Investment in subsidiaries

Name of Company	Country of incorporation	Effective interest		Principal activities
		2008	2007	
* Comintel (HK) Limited	Hong Kong	100%	100%	Trading of electronic, engineering and telecommunication equipment and the provision of related services.
Comlenia Sendirian Berhad	Malaysia	70%	70%	Electronic systems testing and repair, development of test programs and provision of integrated logistic support.
Light Wave Technology Sdn Bhd	Malaysia	70%	70%	Carrying out research and development work in photonics products.

* Not audited by Russ Ooi & Associates

6. Investment in an associate

	Group	
	2008 RM	2007 RM
Unquoted ordinary shares, at cost	228,300	228,300
Unquoted preference shares, at cost	5,260,261	5,260,261
Less: Impairment losses	(978,299)	(978,299)
	4,510,262	4,510,262
Unrecognised Group's share of losses		
- current	(603,542)	(841,404)
- cumulative	(3,823,893)	(2,982,489)
	(4,427,435)	(3,823,893)

Name of Company	Country of incorporation	Effective interest		Principal activities
		2008	2007	

Details of the associate held through Comintel Sdn Bhd is as follow:

* LNC Tech Co., Ltd #	Republic of Korea	40%	40%	Development, manufacture, selling and export of In-Mould Design products.
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* Not audited by Russ Ooi & Associates

The financial statements of LNC Tech Co., Ltd are unaudited as Korean legislation does not require the accounts to be audited.

NOTES TO THE FINANCIAL STATEMENTS

7. Amount owing by an associate

	2008 RM	Group 2007 RM
Non-current portion	6,876,485	6,876,485
Current portion	2,947,065	2,947,065
Less : Provision for bad debt	(1,000,000)	-
	1,947,065	2,947,065
	8,823,550	9,823,550

The amount owing by the associate is unsecured, non-interest bearing and has no fixed terms of repayment.

8. Prepaid lease land payments

	2008 RM	Group 2007 RM
At 1 February	3,768,267	3,768,267
Accumulated amortisation brought forward	690,850	628,046
Add : Amortisation for the year	62,804	62,804
	753,654	690,850
At 31 January	3,014,613	3,077,417

The leasehold land expires in 2056.

9. Inventories

	2008 RM	Group 2007 RM
Raw materials	42,740,574	46,525,004
Less: Provision for inventory obsolescence	(762,000)	(3,762,000)
	41,978,574	42,763,004
Work-in-progress	6,420,214	5,059,018
Finished goods	25,226,409	19,973,349
	73,625,197	67,795,371



NOTES TO THE FINANCIAL STATEMENTS

10. Trade receivables

	2008 RM	Group 2007 RM
Trade receivables	62,621,578	54,709,677
Provision for doubtful debts	(344,688)	(144,688)
	62,276,890	54,564,989
The currency exposure profile of trade receivables is as follows:		
- Ringgit Malaysia	24,538,211	24,906,929
- US Dollars	37,738,679	29,658,060
	62,276,890	54,564,989

The Group's normal trade credit terms range from 15 to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

11. Other receivables, deposits and prepayments

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Other receivables	16,422,056	11,615,420	-	-
Deposits	208,007	196,971	-	-
Prepayments	6,689,604	3,624,573	-	-
Tax refundable	2,707,298	2,398,706	6,428	-
Amounts owing by subsidiaries	-	-	12,370,945	14,260,552
Amount owing by a related party	-	1,004,910	10,200	-
Amount owing by a director	50,000	-	-	-
	26,076,965	18,840,580	12,387,573	14,260,552

Amounts owing by subsidiaries

The amounts owing by the subsidiaries are unsecured, bearing interest of 1% (2007:1%) per annum and have no fixed terms of repayment.

Amounts owing by a related party

The amount owing by the related party is unsecured, bearing interest of 1% and has no fixed terms of repayment.

12. Fixed deposits with financial institutions

Fixed deposits of the Group amounting to RM9,697,030 (2007: RM8,365,704) have been pledged to financial institutions for the banking facilities made available to the Group (Note 15).

At balance sheet date, the effective interest rates for fixed deposits were 2.3-3.9% (2007: 2.3-3.9%) per annum.



NOTES TO THE FINANCIAL STATEMENTS

13. Share capital

	Group / Company	
	2008	2007
	RM	RM
Ordinary shares of RM0.50 each		
Authorised :		
400,000,000 shares	200,000,000	200,000,000
Issued and fully paid :		
140,000,000 shares	70,000,000	70,000,000

14. Other reserves

	Group		
	Revaluation reserve RM	Translation reserve RM	Total RM
At 1 February 2006	294,000	(100,154)	193,846
Translation reserve	-	(275,097)	(275,097)
At 31 January 2007	294,000	(375,251)	(81,251)
Translation reserve	-	(277,832)	(277,832)
At 31 January 2008	294,000	(653,083)	(359,083)

15. Bank borrowings

	Group	
	2008	2007
	RM	RM
Short term borrowings		
Term loans	9,256,160	3,322,012
Bankers' acceptances & trust receipts	66,417,483	63,015,177
Bank overdrafts	917,656	773,239
	76,591,299	67,110,428
Long term borrowings		
Term loans	7,851,819	11,133,905

The term loans are secured as follows :

- (a) a legal charge over a subsidiary's freehold industrial land and building (Note 4);
- (b) legal charges over a subsidiary's leasehold property (Note 4);
- (c) debenture over all of a subsidiary company's present and future assets; and
- (d) corporate guarantee by the Company for RM37.4 million.



NOTES TO THE FINANCIAL STATEMENTS

15. Bank borrowings

The other bank borrowings are secured as follows :

- (a) a legal charge over a subsidiary's freehold industrial land and building (Note 4);
- (b) legal charges over a subsidiary's leasehold property (Note 4);
- (c) a legal charge over a subsidiary's factory equipment and machineries;
- (d) first legal third party charge of RM700,000 on the property belonging to a director of the Company;
- (e) second legal third party charge of RM2.9 million on the property belonging to a director of the Company;
- (f) debenture over all of a subsidiary's present and future assets;
- (g) corporate guarantee by the Company for RM222.0 million;
- (h) personal guarantee by a director of the Company amounting to RM15.0 million;
- (i) debenture for RM50.0 million; and
- (j) fixed deposits of subsidiaries amounting to RM9.7 million (Note 12).

	Group	
	2008 RM	2007 RM
At balance sheet date, the weighted average effective interest rates for bank borrowings were as follows:		
	% p.a.	% p.a.
Term loans	7.9	7.7
Bankers' acceptances & trust receipts	4.4	4.4
Bank overdrafts	8.1	8.3

16. Hire purchase payables

	Group	
	2008 RM	2007 RM
Minimum hire purchase payments:		
- not later than 1 year	2,120,802	1,778,461
- later than 1 year and not later than 5 years	5,689,585	6,333,374
	7,810,387	8,111,835
Future hire purchase interest charges	(1,276,154)	(1,322,938)
Present value of hire purchase liabilities	6,534,233	6,788,897
Present value of hire purchase liabilities:		
- not later than 1 year	1,776,662	1,488,735
- later than 1 year and not later than 5 years	4,757,571	5,300,162
	6,534,233	6,788,897

At balance sheet date, the weighted average effective interest rate for hire purchase was 7.3% (2007: 7.3%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

17. Deferred tax

	2008 RM	Group 2007 RM
Balance brought forward	(3,665,800)	(3,179,000)
Recognised in the income statement	1,829,400	(486,800)
Balance carried forward	(1,836,400)	(3,665,800)
Presented after appropriate offsetting as follows:		
Deferred tax assets	804,600	-
Deferred tax liabilities	(2,641,000)	(3,665,800)
	(1,836,400)	(3,665,800)

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

Deferred tax assets	Unutilised capital allowances RM	Unabsorbed tax losses RM	Total RM
At 1 February 2006	2,137,000	2,160,000	4,297,000
Recognised in the income statement	(471,000)	421,000	(50,000)
At 31 January 2007	1,666,000	2,581,000	4,247,000
Recognised in the income statement	(103,000)	-	(103,000)
At 31 January 2008	1,563,000	2,581,000	4,144,000

Deferred tax liabilities	Surplus on revaluation RM	Accelerated capital allowances RM	Total RM
At 1 February 2006	(142,000)	(7,334,000)	(7,476,000)
Recognised in the income statement	78,000	(514,800)	(436,800)
At 31 January 2007	(64,000)	(7,848,800)	(7,912,800)
Recognised in the income statement	-	1,932,400	1,932,400
At 31 January 2008	(64,000)	(5,916,400)	(5,980,400)



NOTES TO THE FINANCIAL STATEMENTS

17. Deferred tax

The potential tax benefits arising from deferred tax assets not recognised in the financial statements are as follows:

	Group	
	2008 RM	2007 RM
Unabsorbed tax losses	111,000	458,400
Unutilised capital allowances	69,900	65,000
	180,900	523,400

The unabsorbed tax losses and unutilised capital allowances are available indefinitely for offset against future taxable profits of the respective subsidiary companies. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits will be available against which the subsidiaries can utilise the benefits.

Subject to confirmation from the Inland Revenue Board, the potential tax benefit arising from unutilised reinvestment allowances not accounted for in the financial statements is estimated to be RM14,866,958 (2007 : RM15,404,000).

18. Trade payables

	Group	
	2008 RM	2007 RM
The currency exposure profile of trade payables is as follows:		
- Ringgit Malaysia	12,951,604	8,596,962
- US Dollars	42,944,646	20,894,603
- Euro	4,510,948	3,638,657
- AUD	170,568	-
- SGD	2,131	-
- Others	344,056	237,532
	60,923,953	33,367,754

The normal trade credit terms range from 15 to 90 days.

19. Other payables and accruals

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Other payables	2,987,293	9,502,781	5,731	16,612
Accruals	4,824,995	14,307,026	98,333	20,000
Amounts owing to a related party	9,454,846	3,768,452	-	-
Amounts owing to a director	204	-	-	-
	17,267,338	27,578,259	104,064	36,612

Amounts owing to a related party

The related party is a corporation which has equity interest in one of the subsidiaries. The amounts owing to the related party are unsecured, non-interest bearing and have no fixed terms of repayment.

NOTES TO THE FINANCIAL STATEMENTS

20. Provision for warranty

	Group	
	2008 RM	2007 RM
Balance brought forward	328,322	947,302
Additional provision during the year	610,288	492,500
Warranty claims during the year	(478,322)	(1,111,480)
Balance carried forward	460,288	328,322

The Group provided warranties on certain products with an undertaking to repair or replace items that fail to perform satisfactorily. A provision is recognised for products under warranty at the balance sheet date based on past experience on the levels of repairs and returns and industry averages for defective products.

21. Revenue

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Manufacturing	242,383,389	271,844,406	-	-
Sales of goods and services	91,943,645	52,442,772	-	-
	334,327,034	324,287,178	-	-

22. Profit / (Loss) before taxation

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
a) The profit / (loss) before taxation is stated after charging / (crediting):				
Auditors' remuneration				
- current year	88,458	81,032	15,000	15,000
- under provision in prior year	-	453	-	-
Bad debts written off	500	15,181	-	-
Depreciation of property, plant and equipment (Note 4)	10,182,243	9,601,749	-	-
Amortisation of prepaid land lease payments (Note 8)	62,804	62,804	-	-
Directors' fees	413,889	472,317	78,989	70,917
Directors' remuneration	1,358,280	1,842,840	272,400	268,800
Hire purchase interest	307,183	109,333	-	-
Bank interest and charges	590,632	488,004	1,341	2,420
Interest expense	3,246,970	2,734,375	-	-
Interest on advances	123,853	-	-	-
Property, plant and equipment written off	-	22,878	-	-
Provision for warranty cost	-	492,500	-	-
Provision for bad debts	1,200,000	-	-	-



NOTES TO THE FINANCIAL STATEMENTS

22. Profit / (Loss) before taxation

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
a) The profit / (loss) before taxation is stated after charging / (crediting):				
Rental of land for car park	17,470	15,723	-	-
Rental of motor vehicle	12,468	25,748	-	-
Rental of premises	207,800	83,896	-	-
Rental of warehouse and hostel	63,794	64,868	-	-
Research & development expenses	56,752	36,105	-	-
Term loan interest	1,846,024	1,073,807	-	-
Bad debts recovered	20,161	(86,904)	-	-
Fixed deposits interest received	(273,780)	(180,875)	-	-
Gain on disposal of property, plant and equipment	(28,000)	(145,688)	-	-
Interest income	(66,572)	(55,745)	-	-
Interest income on advances	(322,057)	(189,307)	(133,688)	(146,820)
Interest receivable	-	(427,958)	-	-
Provision no longer required	-	(281,173)	-	-
Rental income	(1,135,778)	(904,534)	-	-
Realised foreign exchange loss / (gain)	989,346	(646,406)	-	-
Unrealised foreign exchange loss / (gain)	79,919	(246,701)	-	(146,820)
b) Employee information				
Staff cost	32,559,538	34,502,749	581,893	23,671

23. Taxation

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Income tax:				
- Current year's provision	801,000	1,414,294	-	-
- Under / (Over) provision in prior years	50,458	(155,672)	-	-
	851,458	1,258,622	-	-
Deferred tax:				
- Current year's provision	(1,829,400)	(739,737)	-	-
- Reduction in corporate tax rate	-	37,553	-	-
- Under provision in prior year	-	1,188,984	-	-
	(1,829,400)	486,800	-	-
	(977,942)	1,745,422	-	-

NOTES TO THE FINANCIAL STATEMENTS

23. Taxation

A reconciliation of the statutory tax rate to the effective tax rate applicable to the profit / (loss) before taxation is as follows:

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Profit / (Loss) before taxation	8,914,098	(1,465,024)	(1,517,280)	(772,919)
Tax on the first RM500,000 at 20% corporate tax rate	392,060	(765)	-	-
Tax on the balance at 26% (2007 : 27%) corporate tax rate	1,653,286	(222,814)	(394,493)	(208,688)
Tax at foreign corporate tax rate	104,125	(100,845)	-	-
Tax at the applicable corporate tax rate	2,149,471	(324,424)	(394,493)	(208,688)
Tax effects of:				
Non-assessable income	(1,725,568)	(94,578)	-	-
Non-deductible expenses	698,601	1,023,891	394,493	208,688
Over provision of income tax expense in prior years	50,458	(155,672)	-	-
Deferred tax recognised in the financial statements	(1,829,400)	-	-	-
Deferred tax assets not recognised in the financial statement	22,754	66,249	-	-
Opening deferred tax due to reduction in corporate tax rate	-	37,553	-	-
Under provision of deferred tax in prior year	-	1,188,984	-	-
Utilisation of capital allowances and unabsorbed losses	(344,878)	-	-	-
Others	620	3,419	-	-
	(977,942)	1,745,422	-	-

Subject to confirmation from the Inland Revenue Board, the Company will have sufficient tax credit under Section 108 of the Malaysian Income Tax Act, 1967 upon the settlement of its tax liabilities provided for to frank all distributable reserves as dividends.



NOTES TO THE FINANCIAL STATEMENTS

24. Earnings per share

The calculation of basic earnings / (loss) per share is based on the net profit attributable to equity holders of the parent of RM9,432,524 (2007: (RM4,230,440)) over the weighted average number of ordinary shares of 140,000,000 in issue during the financial year.

25. Significant related party transactions

	Group	
	2008 RM	2007 RM
Sales to Boustead Naval Shipyard Sdn Bhd, a company in which a director has a significant influence	2,348,880	9,055,775
Purchases from Selex Sistemi Integrati SpA, a coporate shareholder of Comlenia Sendirian Berhad	4,179,619	4,275,698
Equipment rental income from LNC Tech Co., Ltd, an associate	663,634	663,634
Security services provided by Gallant Guard Services Sdn Bhd, a firm in which a director has financial interest	83,979	79,103
Purchase of a motor vehicle from a director, Dato' Dr Loga Bala Mohan a/l Jaganathan	-	302,644
Interest on advances by Comintel Sdn Bhd to Comlenia Sendirian Berhad	52,419	-

26. Segmental information

The Group comprises the following main business segments:

(i) Communication & system integration

The provision of turnkey engineering design and integration, program management, installation and commissioning.

(ii) Defence maintenance

The provision of electronic systems testing and repair.

(iii) Manufacturing

The provision of manufacturing and assembling of electronic components.

Investment holding is classified under communication & system integration segment for disclosure purposes.

The Group's operations are substantially operated in Malaysia.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of the customers. Segment assets are also based on the geographical location of assets.

NOTES TO THE FINANCIAL STATEMENTS

26. Segmental information

Business segments	Communication & system integration RM	Defence maintenance RM	Manufacturing RM	Consolidated RM
31 January 2008				
Revenue from external customers	76,450,054	15,493,591	242,383,389	334,327,034
Segment results	9,704,184	2,543,182	2,781,374	15,028,740
Finance cost				(6,114,642)
Profit before taxation				8,914,098
Less: Taxation				977,942
Profit for the year				9,892,040
31 January 2008				
Assets				
Segment assets	88,857,354	13,533,131	181,623,561	284,014,046
Investment in associate				4,510,262
Consolidated total assets				288,524,308
Liabilities				
Segment liabilities	26,123,878	5,822,756	50,019,182	81,965,817
Unallocated corporate liabilities				91,871,351
Consolidated total liabilities				173,837,168
Capital expenditure	2,025,735	74,913	1,580,491	3,681,139
Depreciation and amortisation of prepaid land lease payments	2,998,472	136,135	7,110,440	10,245,047



NOTES TO THE FINANCIAL STATEMENTS

26. Segmental information

Business segments	Communication & system integration RM	Defence maintenance RM	Manufacturing RM	Consolidated RM
31 January 2007				
Revenue from external customers	31,971,198	20,471,574	271,844,406	324,287,178
Segment results	(6,315,389)	5,032,096	4,223,788	2,940,495
Finance cost				(4,405,519)
Loss before taxation				(1,465,024)
Taxation				(1,745,422)
Loss for the year				(3,210,446)
31 January 2007				
Assets				
Segment assets	67,083,209	14,611,538	170,914,830	252,609,577
Investment in associate				4,510,262
Consolidated total assets				257,119,839
Liabilities				
Segment liabilities	9,557,321	8,905,575	48,550,781	67,013,677
Unallocated corporate liabilities				85,033,230
Consolidated total liabilities				152,046,907
Capital expenditure	2,239,854	1,659	7,718,160	9,959,673
Depreciation and amortisation of prepaid land lease payments	2,804,965	113,385	6,746,203	9,664,553
Geographical segments				
		Malaysia RM	Overseas RM	Consolidated RM
31 January 2008				
Revenue from external customers		91,943,645	242,383,389	334,327,034
Segment assets by locations of assets		283,983,045	31,001	284,014,046
Capital expenditure by locations of assets		3,681,139	-	3,681,139
31 January 2007				
Revenue from external customers		52,442,772	271,844,406	324,287,178
Segment assets by locations of assets		252,574,409	35,168	252,609,577
Capital expenditure by locations of assets		9,959,673	-	9,959,673



NOTES TO THE FINANCIAL STATEMENTS

27. Fair value of financial instruments

The carrying amount of financial assets and liabilities reported in the financial statements approximated their fair values.

The methods and assumptions used to estimate the fair values of the following classes of financial instruments are as follows :

(a) Cash and Cash Equivalents and Trade and Other Receivables / Payables

The carrying amounts approximated their values due to the relatively short term maturity of these financial instruments.

(b) Borrowings and Hire Purchase Liabilities

The fair value of borrowings and hire purchase liabilities is estimated by discounting the expected future cash flows using the current interest rates of comparable borrowing and hire purchase arrangements.

28. Contingent liabilities

The Company has provided corporate guarantees amounting to RM259.4 million (2007: RM179.7 million) to financial institutions for banking facilities made available to its subsidiaries.

29. Comparative figures

The following comparative amounts as at 31 January 2007 have been reclassified to conform with the current year's presentation :

	As Restated RM	As Previously Stated RM
Consolidated Balance Sheet items:		
Other receivable, deposits and prepayments	18,623,454	21,570,519
Amount owing by an associate	2,947,065	-

30. Capital commitment

	Group / Company 2008 RM	2007 RM
Capital commitment contracted for	490,500	-

31. Approval of financial statements

The financial statements have been approved in accordance with a resolution of the Board of Directors on 26 May 2008.



STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 34 to 66 are drawn up in accordance with applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965, so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 January 2008 and of the results and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

**TAN SRI DATO' SAMSHURI
BIN ARSHAD**

**LENG KENG HOK @
LIM KENG HOCK**

Shah Alam,
Dated : 26 May 2008

STATUTORY DECLARATION

I, LOH HOCK CHIANG, being the director primarily responsible for the financial management of COMINTEL CORPORATION BHD, do solemnly and sincerely declare that the financial statements of the Group and of the Company set out on pages 34 to 66, are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
LOH HOCK CHIANG)
at Kuala Lumpur)
in the state of Wilayah Persekutuan)
on this day of 26 May 2008)

LOH HOCK CHIANG

Before me :
Commissioner for Oaths
Sin Yoong Ming



REPORT OF THE AUDITORS TO THE MEMBERS OF COMINTEL CORPORATION BHD

We have audited the financial statements set out on pages 34 to 66 of Comintel Corporation Bhd. These financial statements are the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility towards any other person for the content of this report.

We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statements presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion :

- (a) the financial statements have been properly drawn up in accordance with applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965, so as to give a true and fair view of :
 - (i) the state of affairs of the Group and of the Company as at 31 January 2008 and of the results and cash flows of the Group and of the Company for the financial year then ended; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and the auditors' report thereon of the subsidiary of which we have not acted as auditors, as indicated in Note 5 to the financial statements, being financial statements that have been included in the consolidated financial statements.

We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The auditors' reports on the financial statements of the subsidiary companies were not subject to any qualification or any adverse comment made under subsection (3) of Section 174 of the Companies Act, 1965.

RUSS OOI & ASSOCIATES

No. A.F. 0152
Chartered Accountants
Auditors

OOI JIT HUAT

No. 1073 / 5 / 09 (J)
Partner

Kuala Lumpur,
Dated : 26 May 2008



ANALYSIS OF SHAREHOLDINGS

AS AT 10 JUNE 2008

Authorised share capital	:	RM200,000,000
Issued & paid-up capital	:	RM70,000,000
Class of shares	:	Ordinary Shares of RM0.50 each
Voting rights		
- on show of hands	:	1 vote
- on a poll	:	1 vote for each share held

Distribution schedule of shareholdings

Size of Holdings	No. of shareholders	%	No. of shares	%
Less than 100	5	0.42	154	0.00
100 – 1,000	221	18.68	204,021	0.15
1,001 – 10,000	622	52.58	3,434,150	2.45
10,001 – 100,000	264	22.32	8,621,300	6.16
100,001 – less than 5% of issued shares	68	5.75	56,683,505	40.49
5% and above of issued shares	3	0.25	71,056,870	50.75
	1,183	100.00	140,000,000	100.00

Thirty Largest Shareholders

Name of Shareholders	No. of Shares	%
1. Just Trading Sdn Bhd	31,875,762	22.77
2. Mayban Nominees (Tempatan) Sdn Bhd Malaysia Debt Ventures Berhad for Sagittarius World Trade Sdn Bhd	28,856,680	20.61
3. AMG Resources Sdn Bhd	10,324,428	7.37
4. Law Swee Har	5,245,000	3.75
5. Samshuri bin Arshad	5,147,328	3.68
6. Mohamadon bin Abdullah	4,114,885	2.94
7. OSK Nominees (Tempatan) Sdn Berhad Pledged Securities Account for Tan Say Jim	4,059,900	2.90
8. OSK Nominees (Tempatan) Sdn Berhad Pledged Securities Account for Ng Huat Tian	3,287,100	2.35
9. Badrul Hisham bin Md Isa	3,014,000	2.15
10. OSK Nominees (Tempatan) Sdn Berhad Pledged Securities Account for Raghbir Singh A/L Harbans Singh	2,477,100	1.77
11. Noor Azleezam bin Mohamed Azmi	2,131,107	1.52
12. Ng Huat Tian	2,000,000	1.43
13. Lee Chin Pon	1,772,700	1.27



ANALYSIS OF SHAREHOLDINGS AS AT 10 JUNE 2008

Thirty Largest Shareholders

<u>Name of Shareholders</u>	<u>No. of Shares</u>	<u>%</u>
14. United Overseas Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Sushil Kaur A/P Dulla Singh	1,398,000	1.00
15. TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ng Huat Tian	1,252,400	0.89
16. HDM Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yeoh Kean Beng	1,237,000	0.88
17. Omnilite Sdn Bhd	1,064,885	0.76
18. OSK Nominees (Tempatan) Sdn Berhad Pledged Securities Account for F.C.H. Holdings Sdn Bhd	1,044,500	0.75
19. OSK Nominees (Asing) Sdn Berhad Pledged Securities Account for Seaquest Equities Inc.	1,027,300	0.73
20. Muhammad Nashri Yong bin Abdullah	1,000,000	0.71
21. Ng Huat Tian	1,000,000	0.71
22. Goh Sock Sin	881,000	0.63
23. Chin Lai Har	745,400	0.53
24. Ng Huat Tian	727,000	0.52
25. ECML Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ong King Soon	699,000	0.50
26. Low Soon Heng	535,100	0.38
27. Leng Keng Hok @ Lim Keng Hock	500,000	0.36
28. Liong Siet Tho	500,000	0.36
29. Raja Zainal Abidin bin Raja Hussin	477,500	0.34
30. Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Parmjit Singh A/L Meva Singh	454,100	0.32



ANALYSIS OF SHAREHOLDINGS AS AT 10 JUNE 2008

Substantial Shareholders

Name of Shareholders	Direct Interest		Deemed Interest	
	No. of shares	%	No. of shares	%
Just Trading Sdn Bhd	31,875,762	22.77	-	-
Mayban Nominees (Tempatan) Sdn Bhd Malaysia Debt Ventures Berhad for Sagittarius World Trade Sdn Bhd	28,856,680	20.61	-	-
AMG Resources Sdn Bhd	10,324,428	7.37	-	-

DIRECTORS' INTERESTS AS AT 10 JUNE 2008

Name	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
1. Tan Sri Dato' Samshuri bin Arshad	5,147,328	3.68	-	-
2. Dato' Seri Ahmad Ramli bin Haji Mohd Nor	50,000	0.04	28,856,680 ⁽¹⁾	20.61
3. Dato' Dr Loga Bala Mohan a/l Jaganathan	-	-	-	-
4. Dato' Ramli bin Abd Rahman	-	-	-	-
5. Mr Leng Keng Hok @ Lim Keng Hock	500,000	0.36	31,875,762 ⁽²⁾	22.77
6. Mdm Lee Choon Bin	100,000	0.07	42,200,190 ⁽³⁾	30.14
7. Mr Loh Hock Chiang	100,000	0.07	1,064,885 ⁽⁴⁾	0.76
8. Mr Abdul Majid bin Omar	-	-	80,000 ⁽⁵⁾	0.06
9. Mr Mohamadon bin Abdullah	4,114,885	2.94	28,856,680 ⁽¹⁾	20.61
10. Mr Chiam Tau Meng	-	-	-	-
11. Mr Koh Kek Hoe	30,000	0.02	-	-
12. Ms Lee Chai Bee	30,000	0.02	-	-

Notes:

- (1) Deemed interest by virtue of Section 6A of the Companies Act, 1965 held through Sagittarius World Trade Sdn Bhd.
(2) Deemed interest by virtue of Section 6A of the Companies Act, 1965 held through Just Trading Sdn Bhd.
(3) Deemed interest by virtue of Section 6A of the Companies Act, 1965 held through Just Trading Sdn Bhd & AMG Resources Sdn Bhd.
(4) Deemed interest by virtue of Section 6A of the Companies Act, 1965 held through Omnilite Sdn Bhd.
(5) Deemed interest by virtue of his spouse's interest in the Company.



LIST OF PROPERTIES

HELD BY COMINTEL CORPORATION BHD GROUP AS AT 31 JANUARY 2008

Location	Description/ Existing Use	Land area/Built- up area	Tenure/ Lease period	Age of building (years)	Net Book Value (RM)
Lot 37, Jalan Pelukis U1/46 Section U1 Temasya Industrial Park 40150 Glenmarie Shah Alam Selangor Darul Ehsan	5 storey industrial building with a basement carpark	5,118 sq mtr/ 10,567.48 sq mtr	Freehold	3 1/2	22,218,682
Plot 21, Jalan Hi-Tech 4 Kulim Hi-Tech Park Phase 1 09000 Kulim Kedah Darul Aman	Single storey detached factory building, annexed with a double (2) storey building at the front and a 1 1/2 storey building at the rear	40,627 sq mtr/ 17,211 sq mtr/	Freehold (leased to BCM Electronics Corporation Sdn Bhd for 60 years expiring on 28 October 2056	8 years (Phase 1)/ 4 1/2 years (Phase 2)	27,557,301



COMINTEL CORPORATION BHD
(CO. NO. 630068-T)
(Incorporated in Malaysia under the Companies Act, 1965)

FORM OF PROXY

I/We _____

NRIC or Company No. _____ of _____

being a member/members of **COMINTEL CORPORATION BHD** hereby appoint _____

_____ NRIC No. _____

of _____

or failing him/her _____ NRIC No. _____

of _____

or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at the Fifth Annual General Meeting ("AGM") of the Company to be held at Dillenia & Eugenia, Ground Floor, Sime Darby Convention Center, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Tuesday, 29 July 2008 at 10.00 a.m. and at any adjournment thereof.

This proxy is to vote on the Resolutions set out in the Notice of AGM as indicated with an "X" in the appropriate spaces. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.

	FOR	AGAINST
RESOLUTION 1 - To receive and adopt the Audited Financial Statements and Reports		
RESOLUTION 2 - To declare a first and final dividend of 2 sen less income tax of 26%		
RESOLUTION 3 - To approve the payment of Directors' Fees		
RESOLUTION 4 - To re-elect Tan Sri Dato' Samshuri bin Arshad as Director		
RESOLUTION 5 - To re-elect Dato' Seri Ahmad Ramli bin Haji Mohd Nor as Director		
RESOLUTION 6 - To re-elect Mr Koh Kek Hoe as Director		
RESOLUTION 7 - To re-elect Ms Lee Chai Bee as Director		
RESOLUTION 8 - To re-elect Dato' Ramli bin Abdul Rahman as Director		
RESOLUTION 9 - To re-appoint Messrs Russ Ooi & Associates		
RESOLUTION 10 - To approve authority to issue and allot shares		
RESOLUTION 11 - To approve mandate on recurrent related party transactions		
RESOLUTION 12 - To amend the Company's Articles of Association		

Dated this _____ day of _____ 2008

No. of Shares held

Signature of Member(s)

Notes:-

1. A member entitled to attend and vote at the meeting is entitled to appoint one (1) or more proxy / proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and the provisions of Section 149(1) (a) and (b) of the Companies Act, 1965 shall not apply to the Company.
2. Where a member appoints more than one (1) Proxy, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy. Where a member of the Company is an authorized nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
3. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorized in writing, or if the appointer is a corporation, under its Common Seal or under the hand of an attorney.
4. The instrument of proxy must be deposited at the Registered Office of the Company at No. 37, Jalan Pelukis U1/46, Section U1, Temasya Industrial Park, 40150 Glenmarie Shah Alam, Selangor Darul Ehsan not less than forty-eight (48) hours before the time set for holding the meeting or any adjournment thereof.

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The Company Secretary

COMINTEL CORPORATION BHD

(630068-T)

No. 37, Jalan Pelukis U1/46
Section U1, Temasya Industrial Park
40150 Glenmarie Shah Alam
Selangor Darul Ehsan
Malaysia

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COMINTEL CORPORATION BHD (530056-T)

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