

**COMINTEL CORPORATION BHD ("COMCORP")**

(Company No. 630068-T)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**
**FOR THE SECOND QUARTER ENDED 31 JULY 2017**

(The figures have not been audited)

	Note	Current Year Quarter Ended 31.07.2017 RM'000	Preceding Year Quarter Ended 31.07.2016 RM'000	% change	Current Year To Date 31.07.2017 RM'000	Preceding Year To Date 31.07.2016 RM'000	% change
Revenue	A9	102,756	85,780	20	190,114	189,496	0
Cost of sales		(94,443)	(77,558)		(173,812)	(170,027)	
Gross profit		8,313	8,222	1	16,302	19,469	(16)
Other operating income		1,047	348		1,375	683	
Other operating, administrative, selling and distribution expenses		(5,908)	(5,383)		(10,608)	(10,427)	
Profit from Operations		3,452	3,187	8	7,069	9,725	(27)
Finance cost		(503)	(511)		(993)	(1,056)	
Profit before taxation	A9	2,949	2,676	10	6,076	8,669	(30)
Taxation	B6	(906)	(323)		(1,653)	(1,102)	
Profit for the period		2,043	2,353	(13)	4,423	7,567	(42)
<b>Other Comprehensive income:</b>							
<i>Items that are or may not be reclassified subsequently to profit or loss</i>							
-Exchange differences arising from translation of foreign operations		(63)	142		(146)	(53)	
<b>Total Comprehensive Income for the period</b>		<b>1,980</b>	<b>2,495</b>		<b>4,277</b>	<b>7,514</b>	
<b>Profit / (Loss) attributable to:</b>							
Equity holders of the parent company		2,223	2,491	(11)	4,736	7,853	(40)
Non-controlling interests		(180)	(138)		(313)	(286)	
		<b>2,043</b>	<b>2,353</b>	(13)	<b>4,423</b>	<b>7,567</b>	(42)
<b>Total Comprehensive Income/(Loss) attributable to:</b>							
Equity holders of the parent company		2,159	2,634		4,589	7,800	
Non-controlling interests		(179)	(138)		(312)	(286)	
		<b>1,980</b>	<b>2,495</b>		<b>4,277</b>	<b>7,514</b>	
Earnings per share							
- Basic (sen)	B15	1.59	1.78		3.38	5.61	
- Diluted (sen)	B15	1.59	1.78		3.38	5.61	

**Note:**

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 January 2017 and the accompanying explanatory notes attached to the interim financial statements.

**COMINTEL CORPORATION BHD ("COMCORP")**

(Company No. 630068-T)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 JULY 2017**  
**(The figures have not been audited)**

		<b>(Audited)</b>
	As At	As At
	31.07.2017	31.01.2017
Note	<u>RM'000</u>	<u>RM'000</u>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	64,315	59,629
	<u>64,315</u>	<u>59,629</u>
<b>Current assets</b>		
Inventories	87,956	72,277
Trade receivables	91,665	90,291
Other receivables, deposits and prepayment	4,678	5,522
Cash and bank balances	32,156	34,283
	<u>216,455</u>	<u>202,373</u>
<b>TOTAL ASSETS</b>	<u><u>280,770</u></u>	<u><u>262,002</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	70,000	70,000
Share premium	25,745	25,745
Revaluation Reserves	5,173	5,173
Translation Reserves	1,068	1,215
Retained Profits	34,846	30,110
Total Equity attributable to equity holders of the parent	136,832	132,243
Non-controlling interests	(2,004)	(1,692)
<b>Total equity</b>	<u>134,828</u>	<u>130,551</u>
<b>Non-current liabilities</b>		
Long term borrowings	9,482	9,209
Hire purchase payables	1,677	2,106
Deferred tax liabilities	2,683	2,964
	<u>13,842</u>	<u>14,279</u>
<b>Current liabilities</b>		
Trade payables	50,500	50,680
Other payables and accruals	15,473	11,366
Provision for warranty	124	126
Short term borrowings	62,274	51,866
Bank overdraft	875	684
Hire purchase payables	845	831
Provision for taxation	2,009	1,619
	<u>132,100</u>	<u>117,172</u>
<b>Total liabilities</b>	<u>145,942</u>	<u>131,451</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>280,770</u></u>	<u><u>262,002</u></u>
Net assets per share attributable to ordinary equity holders of the parent company (RM)	0.9774	0.9446

**Note:**

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 January 2017 and the accompanying explanatory notes attached to the interim financial statements.

# COMINTEL CORPORATION BHD ("COMCORP")

(Company No. 630068-T)

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SECOND QUARTER ENDED 31 JULY 2017

(The figures have not been audited)

Note	<----- Attributable to equity holders of the parent ----->							
	Share Capital RM'000	Share Premium RM'000	Revaluation Reserves RM'000	Translation Reserves RM'000	Retained Profits/ (Accumulated Losses) RM'000	Total RM'000	Non-controlling Interest RM'000	Total Equity RM'000
<b>6 months period ended 31 July 2017</b>								
<b>At 1 February 2017</b>	70,000	25,745	5,173	1,215	30,110	132,243	(1,692)	130,551
<b>Changes in equity during the period:</b>								
Profit/(Loss) for the period	-	-	-	-	4,736	4,736	(313)	4,423
Other comprehensive income:								
- Translation reserves				(147)		(147)	1	(146)
Total comprehensive income/(loss) for the period	-	-	-	(147)	4,736	4,589	(312)	4,277
<b>At 31 July 2017</b>	70,000	25,745	5,173	1,068	34,846	136,832	(2,004)	134,828
<b>6 months period ended 31 July 2016</b>								
<b>At 1 February 2016</b>	70,000	25,745	3,631	975	10,623	110,974	1,259	112,233
Profit / (Loss) for the period	-	-	-	-	7,853	7,853	(286)	7,567
Other comprehensive income:								
- Translation Reserves				(53)		(53)		(53)
Total comprehensive income/(loss) for the period	-	-	-	(53)	7,853	7,800	(286)	7,514
-Acquisition of remaining interests from non-controlling interest shareholders	-	-	-	-	1,796	1,796	(2,336)	(540)
<b>At 31 July 2016</b>	70,000	25,745	3,631	922	20,273	120,571	(1,364)	119,207

### Note:

The Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the audited financial statements for the year ended 31 January 2017 and the accompanying explanatory notes attached to the interim financial statements.

**COMINTEL CORPORATION BHD ("COMCORP")**  
(Company No. 630068-T)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT  
FOR THE SECOND QUARTER ENDED 31 JULY 2017**  
(The figures have not been audited)

	Current Year To Date 31.07.2017 RM'000	Preceding Year To Date 31.07.2016 RM'000
<b>Cash flows from operating activities</b>		
Profit before taxation	6,076	8,669
<b>Adjustments for non cash and non operating items:</b>		
Depreciation of property, plant & equipment	1,236	1,576
Gain on disposal of property, plant & equipment	(231)	(8)
Hire purchase interest	84	108
Interest expenses	909	948
Interest income from short term deposits	(113)	(132)
Provision for warranty cost	2	9
Unrealised (gain)/loss on foreign exchange	(152)	1,613
<b>Operating cash flow before working capital changes</b>	<b>7,811</b>	<b>12,783</b>
Inventories	(15,679)	4,211
Trade receivables	(1,815)	17,268
Other receivables, deposits and prepayments	805	(222)
Trade payables	5	(16,816)
Other payables and accruals	4,122	388
<b>Net cash flow (used in)/generated from operations</b>	<b>(4,751)</b>	<b>17,612</b>
Finance Charges	(993)	(1,056)
Income tax paid	(1,544)	(1,353)
<b>Net cash flow (used in)/generated from operating activities</b>	<b>(7,288)</b>	<b>15,203</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant & equipment	(5,460)	(869)
Proceeds from disposal of property, plant & equipment	(231)	8
Payment of balance of equity in subsidiary	-	(540)
Interest income received	113	132
<b>Net cash flow used in investing activities</b>	<b>(5,578)</b>	<b>(1,269)</b>
<b>Cash flows from financing activities</b>		
Net drawdown/(repayment) of bank borrowings	10,690	(20,181)
Net drawdown/(repayment) of term loans	273	(1,146)
Net repayment of hire purchase liabilities	(415)	(383)
<b>Net cash flow generated from/(used in) financing activities</b>	<b>10,548</b>	<b>(21,710)</b>
Effect of exchange rate changes	-	(1,444)
Net changes in cash and cash equivalents	(2,318)	(7,776)
Cash and cash equivalents at the beginning of the period	33,599	46,271
<b>Cash and cash equivalents at the end of the period</b>	<b>31,281</b>	<b>37,051</b>
<b>Analysed into:</b>		
Deposits with financial institutions	12,351	13,748
Cash and bank balances	19,805	23,303
Bank overdrafts	(875)	-
<b>Cash and cash equivalents at the end of the period</b>	<b>31,281</b>	<b>37,051</b>

Note:

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the year ended 31 January 2017 and the accompanying explanatory notes attached to the interim financial statements.

## COMINTEL CORPORATION BHD ("COMCORP")

(Company No. 630068-T)

### Notes to the Interim Financial Report - 2nd. Quarter ended 31st. July 2017

#### Part A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (MFRS) 134

##### A1 Basis of Preparation

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

The unaudited interim financial statements should be read in conjunction with the Group's annual audited financial statements for the year ended 31 January 2017.

##### A2 Changes in Accounting Policies

The significant accounting policies adopted by the Company in this report are consistent with those used in the Audited Financial Statements of the Company for the financial year ended 31 January 2017.

The Group has adopted all the new and revised MFRSs and IC Interpretations that are relevant and effective for accounting periods beginning or after 1 January 2017. The adoption of these new and revised MFRSs and IC Interpretations have not resulted in any material impact on the financial statements of the Group.

##### Standards issued but not yet effective

	<b>effective for financial periods beginning on or after</b>
MFRS 9, Financial Instruments (2014)	1 January 2018
MFRS 15, Revenue from Contracts with Customers	1 January 2018
Amendments to MFRS 1 - First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 Cycle)	1 January 2018
Amendments to MFRS 2 - Share-based Payment-Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 4 - Insurance Contracts - Applying MFRS 9 Financial Instruments with MFRS 4	1 January 2018
Amendments to MFRS 15 - Revenue from Contracts with Customers - Clarifications to MFRS 15	1 January 2018
Amendments to MFRS 128 - Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)	1 January 2018
Amendments to MFRS 140 - Investment Property - Transfers of Investment Property	1 January 2018
IC Interpretation 22 - Foreign Currency Transactions and Advance Consideration	1 January 2018
MFRS 16, Leases	1 January 2019
MFRS 17, Insurance Contracts	1 January 2021

The Group and the Company will adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are not expected to have any material impact to the financial statements of the Group and of the Company upon their initial application, except as described below :

##### (a) MFRS 9, Financial Instruments

In November 2014, MASB issued the final version of MFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous versions of MFRS 9. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The standard introduces new requirements for classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting. Upon adoption of MFRS 9, financial assets will be measured at either fair value or amortised cost. The company is currently assessing the financial impact of adopting MFRS 9.

### **Standards issued but not yet effective (cont'd)**

#### **(b) MFRS 15, Revenue from Contracts with Customers**

MFRS 15 establishes principles that an entity shall apply to report useful information about the nature, amount, timing and uncertainty of revenue and cash flow arising from a contract with customers. The core principle of MFRS 15 is that an entity recognises revenue in a manner which reflects the consideration an entity expects to be entitled in exchange for goods and services. The company is currently assessing the financial impact of adopting MFRS 15.

#### **(c) MFRS 16, Leases**

In April 2016, MASB issued MFRS 16 : Leases which sets out principles for the recognition, measurement, presentation and disclosure of leases, and replaces the existing MFRS 117 : Leases. The standard introduces a single accounting model for a lessee and eliminates the distinction between finance lease and operating lease. Lessee is now required to recognise assets and liabilities for all leases with a term more than 12 months, unless the underlying asset is of low value. Upon adoption of MFRS 16, the Group and the Company are required to account for major part of their operating leases in the statement of financial position by recognising the 'right-to-use' assets and the lease liability, thus increasing the assets and liabilities of the Company. The Group and the Company are currently assessing the financial impact of adopting MFRS 16.

The initial application of other standards, amendments and interpretations is not expected to have any material financial impacts to the current and prior periods financial statements upon their first adoption.

#### **A3 Audit qualification**

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

#### **A4 Explanatory Comment On Seasonality or Cyclicity**

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

#### **A5 Unusual Items**

There were no items of unusual nature and amounts affecting assets, liabilities, equity, net income or cash flows during the financial period ended 31 July 2017.

#### **A6 Change In Estimates**

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

#### **A7 Debt and Equity Securities**

There were no issuance and repayment of debts and equity securities, shares buy-back, share cancellations, shares held as treasury shares or resale of treasury shares during the current quarter under review.

#### **A8 Dividend Paid**

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

## A9 Segmental information

The Group's operating segments are as follows :

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

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

### *Segment revenue, segment results and segment assets employed for operating segment and geographical segment*

#### **Current Year-to-Date (period ended 31 July 2017)**

<b>Segment revenue</b>	Investment Holding	Manufacturing	SIMS	Consolidated
	RM'000	RM'000	RM'000	RM'000
Malaysia	-	-	3,229	3,229
Overseas	-	186,864	21	186,885
<b>Total Revenue</b>	<b>-</b>	<b>186,864</b>	<b>3,250</b>	<b>190,114</b>
<b>Results from operating activities</b>				
Segment results	(81)	10,261	(3,111)	7,069
Finance costs				(993)
Profit before taxation				6,076
Taxation				(1,653)
Profit for the period				4,423
<b>Segment Assets</b>				
Segment Assets	11	241,511	39,248	280,770
Consolidated total assets				280,770

#### **Preceding Year (period ended 31 July 2016)**

<b>Segment revenue</b>	Investment Holding	Manufacturing	SIMS	Consolidated
	RM'000	RM'000	RM'000	RM'000
Malaysia	-	-	5,393	5,393
Overseas	-	184,103	-	184,103
<b>Total Revenue</b>	<b>-</b>	<b>184,103</b>	<b>5,393</b>	<b>189,496</b>
<b>Results from operating activities</b>				
Segment results	(467)	13,172	(2,980)	9,725
Finance costs				(1,056)
Profit before taxation				8,669
Taxation				(1,102)
Profit for the period				7,567
<b>Segment Assets</b>				
Segment Assets	15	195,118	42,018	237,151
Consolidated total assets				237,151

**A10 Valuation of property, plant and equipment**

There were no changes to the valuation of property, plant and equipment from the previous year's audited financial statements.

**A11 Material events subsequent to the end of the interim period**

On 18.08.2017, the Federal Court allowed the appeal by UTV and Tan Sri Dato' Seri Vincent Tan with cost of RM150,000.00 and further allowed, amongst others, their counterclaim of RM20,833,053.00 together with interest at the rate of 8% per annum against Comintel.

On 07.09.2017, solicitors for the Applicants issued a letter to Comintel's solicitor demanding for payment of RM20,833,053.00 to UTV within 21 days from 07.09.2017. In the same letter, solicitors for the Applicants also states that UTV will commence enforcement proceedings against Comintel if Comintel fails to make payment within the stipulated time.

On 15.09.2017, Comintel filed a notice of motion together with its affidavit in support to amongst others, review the part of the Federal Court's decision where the Federal Court proceeded to allow UTV and Tan Sri Dato' Seri Vincent Tan's counterclaim and order the refund of a sum in excess of RM20.8 million together with interest at the rate of 8% per annum. In the same notice of motion, Comintel also seeks clarification to be given by the Federal Court on assessment of the value of the services and equipment supplied by Comintel to UTV under the Letter of Award in view of the Federal Court intention to "*put parties back to their original position*" stated in the Grounds of Judgment. The motion further seeks for stay of the enforcement of the Federal Court's order pending the hearing and final disposal of the motion.

**A12 Changes in the composition of the group**

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

**A13 Contingent liabilities and contingent assets**

As at 31 July 2017, total bank guarantees outstanding relating to performance and tenders amounted to RM4.14 million. The company has provided corporate guarantees amounting to RM236.6 million to financial institutions for banking facilities made available to its subsidiaries of which RM79.3 million is utilised as at 31 July 2017.

**A14 Capital Commitments**

There were approved and contracted capital expenditure of RM5.5 million as at 31 July 2017 .

**A15 Related Party Transactions**

The Group's related party transactions for the current quarter and the cumulative period-to-date ended 31 July 2017 were as follow:

Nature of Relationship	Purchase of goods RM'000	Service Received RM'000	Total for nature of relationship RM'000
Principal owner	-	-	-
Director, other key management personnel	-	54	54
<b>Total for type of transaction</b>	-	54	54



**COMINTEL CORPORATION BHD ("COMCORP")**

(Company No. 630068-T)

**Notes to the Interim Financial Report - 2nd. Quarter ended 31st. July 2017****Part B. Additional Information Required by The Listing Requirements of Bursa Malaysia Securities Berhad****B1 Review of Performance of Operating Segments of the Group**

The Group recorded a revenue of RM102.8 million for the second quarter of the current financial year ending 31 January 2018, an increase of 19.8% or RM17.0 million as compared to the corresponding quarter last year.

The Manufacturing segment recorded a revenue of RM101.9 million (corresponding quarter last year: RM82.9 million). The SIMS segment recorded a revenue of RM0.9 million (corresponding quarter last year: RM2.9 million).

For current quarter and financial year-to-date, the Group recorded a net profit of RM2.0 million and RM4.4 million as compared to the net profit of RM2.3 million and RM7.5 million respectively in the preceding quarter and preceding financial year-to-date. The lower profit for the current quarter was due to lower revenue and higher losses recorded by SIMS segment. The lower profit for the financial year-to-date was due to lower margin of products shipped by the Manufacturing segment and higher tax payable as most of the tax benefits has been utilised in financial year ended 31 January 2017.

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

	Current Quarter ended 31.07.2017 <u>RM'000</u>	Preceding Quarter ended 30.04.2017 <u>RM'000</u>
Revenue	102,756	87,358
Profit before tax	2,949	3,127
Profit after tax	2,043	2,380
Attributable to :		
Equity holders of the parent company	2,223	2,513
Non-controlling interests	(180)	(133)

The current financial quarter's revenue was RM15.4 million higher than that recorded in the preceding quarter. Manufacturing segment revenue increased by RM16.9 million whilst SIMS segment revenue declined by RM1.5 million.

Net profit attributable to the equity holders of the parent company was RM2.2 million, a decrease of RM0.3 million as compared to the net profit recorded in the preceding quarter. The lower net profit recorded in this quarter was mainly due to the losses recorded by the SIMS segment as a result of lower sales and softer demand from our customers and lower profit margin recorded by the Manufacturing segment as a result of lower margin of product shipped and higher tax payable as most of the tax benefits has been utilised in the previous financial year.

**B3 Prospect for the financial year ending 31 Jan 2018**

Current global economic environment remains challenging amidst geopolitical issues, inflation and volatile energy cost. Our manufacturing segment's revenue is very much dependent on the global demand of our customers' products and any negative economic conditions could erode global consumer confidence and spending which will reduce the demand of our customers' products and therefore adversely impacted our revenue.

We will continue to seek cost saving and efficiency improvements to remain competitive and continue to provide exceptional quality products and services to our customers. We hope to attract new customers while retaining long-term customer partnership.

For SIMS segment, we will continue to re-organise and to mitigate losses through cost cutting amidst the softer demand experienced by SIMS segment over the past years.

For our renewable green energy project in Kuang, we have passed Initial Operation Date (IOD) with TNB. We expect to complete the Commencement Operation Date (COD) with SEDA in October 2017. Barring any unforeseen circumstances, we are expecting the FiTCD (Fit-in-Tariff Commencement Date) to be in October or November 2017. We are hopeful with the commissioning of our advanced gasification green energy system at our Kuang plant, will open a new corridor for us to tap on quickly the vast potential of the demand for our green energy generation system in the region.

**B4 Profit Forecast or Profit Guarantee**

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

**B5 Profit / (Loss) Before Taxation**

	Current Year Quarter Ended 31.07.2017 <u>RM'000</u>	Preceding Year Quarter Ended 31.07.2016 <u>RM'000</u>	Current Year To Date 31.07.2017 <u>RM'000</u>	Preceding Year To Date 31.07.2016 <u>RM'000</u>
Profit/(Loss) before taxation is arrived at after charging / (crediting):-				
Interest Income	(58)	(68)	(113)	(132)
Other Income (excluding interest income)	(263)	(272)	(537)	(543)
Interest Expenses	503	511	993	1,056
Depreciation of property, plant & equipment	612	769	1,236	1,576
Lease Rental of Premises	600	600	1,200	1,200
Provision for warranty cost	2	5	2	9
Rental of Apartment	6	6	12	12
Rental of Car park	7	6	13	13
Rental of Equipment	9	10	19	22
Rental of Land	29	28	57	57
Rental of Premises	26	23	47	49
Gain on disposal of property, plant & equipment	(231)	(8)	(231)	(8)
(Gain)/Loss on realised foreign exchange	(6)	103	277	(75)
Loss/(Gain) on unrealised foreign exchange	20	512	(152)	1,613

**B6 Taxation**

	Current Quarter 31.07.2017 <u>RM'000</u>	Current Year To Date 31.07.2017 <u>RM'000</u>
<u>Malaysian Taxation</u>		
- Current	1,039	1,934
- Deferred	(133)	(281)
	<u>906</u>	<u>1,653</u>

The effective tax rate is higher than the statutory rate of 24% mainly due to the potential deferred tax assets arising from the unabsorbed business losses during the period under review was not recognised.

**B7 Profit or Loss on Sales of Unquoted Investments and Properties**

The Group has not disposed of any unquoted investment or properties during the current quarter under review.

**B8 Quoted Securities**

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

**B9 Corporate Proposals**

On 30.08.2017, the Group entered into a term sheet with Aurelius Holdings Sdn Bhd for the proposed disposal of the entire ordinary shares of BCM Electronics Corporation Sdn Bhd, a wholly owned subsidiary of the Company.

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

	Current Year To Date 31.07.2017 RM'000	(Audited) Year To Date 31.01.2017 RM'000
Total retained profits / (accumulated losses) of the Company and its subsidiaries :		
- Realised	29,759	25,096
- Unrealised	(1,687)	(1,430)
	28,072	23,666
Add: Consolidation adjustments	6,774	6,444
Total Retained Earnings as per consolidated accounts	<u>34,846</u>	<u>30,110</u>

**B11 Group Borrowings**

	Payable within 12 months <u>RM'000</u>	Payable after 12 months <u>RM'000</u>	Total <u>RM'000</u>
<u>Secured</u>			
Bank Borrowings	63,149	9,482	72,631
Hire purchase payables	845	1,677	<u>2,522</u>
Total Borrowings	<u>63,994</u>	<u>11,159</u>	<u>75,153</u>

**B12 Off Balance Sheet Financial Instrument**

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

### **B13 Changes in material litigation**

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

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

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

Subsequently, due to the changes in the Defendants' Solicitors as well as a change in the composition of the panel of judges, the hearing of the Defendants' appeal was rescheduled to 28 August 2015.

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

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

UTV subsequently applied for leave to appeal to the Federal Court. Hearing was fixed on 02.02.2016. This hearing was however postponed to 03.03.2016 due to the rescheduling of cases in the Federal Court.

On 03.03.2016, the Federal Court allowed the application by UTV and Tan Sri Dato' Seri Vincent Tan Chee Yioun (collectively the "Applicants") for leave to appeal against the decision of the Court of Appeal dated 28.08.2015. The Federal Court has set 20th July 2016 for further case management pending the extraction of the Court of Appeal's grounds of judgement and sealed order.

On 20.07.2016, The Federal Court set 22nd September 2016 for further case management pending the extraction of the Court of Appeal's grounds of judgment and seal order.

On 24.08.2016, The Federal Court brought forward the case management to 1st September 2016 as the Court of Appeal's grounds of judgment is available for reference by the Federal Court.

On 01.09.2016, the Federal Court fixed 30th November 2016 for hearing of the appeal.

On 30.11.2016, the hearing originally fixed on 30.11.2016 was adjourned to 15.02.2017 as the Applicants' counsel was in the hospital and unable to attend court.

On 15.02.2017, at the conclusion of the oral submissions, the Federal Court reserves its decision pertaining to the appeal to a date to be announced later.

On 18.08.2017, the Federal Court allowed the appeal by UTV and Tan Sri Dato' Seri Vincent Tan with cost of RM150,000.00 and further allowed, amongst others, their counterclaim of RM20,833,053.00 together with interest at the rate of 8% per annum against Comintel.

The decision has a material impact on the Group and we are assessing the financial impact should the decision be enforced.

On 07.09.2017, solicitors for the Applicants issued a letter to Comintel's solicitor demanding for payment of RM20,833,053.00 to UTV within 21 days from 07.09.2017. In the same letter, solicitors for the Applicants also states that UTV will commence enforcement proceedings against Comintel if Comintel fails to make payment within the stipulated time.

On 15.09.2017, Comintel filed a notice of motion together with its affidavit in support to amongst others, review the part of the Federal Court's decision where the Federal Court proceeded to allow UTV and Tan Sri Dato' Seri Vincent Tan's counterclaim and order the refund of a sum in excess of RM20.8 million together with interest at the rate of 8% per annum. In the same notice of motion, Comintel also seeks clarification to be given by the Federal Court on assessment of the value of the services and equipment supplied by Comintel to UTV under the Letter of Award in view of the Federal Court intention to "*put parties back to their original position*" stated in the Grounds of Judgment. The motion further seeks for stay of the enforcement of the Federal Court's order pending the hearing and final disposal of the motion.

### **B14 Proposed Dividends**

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

**B15 Earnings Per share ("EPS")**

The basic earnings per share is calculated by dividing profit for the period attributable to ordinary equity owners of the parent by the weighted average number of ordinary shares in issue for the current quarter and cumulative quarter to date for year ending 31 January 2018 are as follows:-

	Current Qtr <u>31.07.2017</u>	Cumulative Qtr To-date <u>31.07.2017</u>
Profit attributable to owners of the Company (RM'000)	2,223	4,736
Weighted average number of ordinary shares in issue (based on ordinary share of RM0.50 each) ('000)	140,000	140,000
Earnings per share (sen)	1.59	3.38

**B16 Comparative Figures**

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

**B17 Audit Report Qualification and Status of Matters Raised**

The audited financial statements of the Group for the preceding year ended 31 January 2017 were not subject to any qualification.

**B18 Authorisation for issue**

These unaudited interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 25 September 2017.

**Date:** 25-Sep-2017