

COMINTEL CORPORATION BHD ("COMCORP")

(Company No. 630068-T)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 30 APRIL 2018
(The figures have not been audited)**

	Note	Current Quarter Ended 30.04.2018 RM'000	Corresponding Quarter Ended 30.04.2017 RM'000	% change	Current Year To Date 30.04.2018 RM'000	Corresponding Year To Date 30.04.2017 RM'000	% change
Revenue	A9	767	87,358	(99)	767	87,358	(99)
Cost of sales		(95)	(79,369)		(95)	(79,369)	
Gross profit		672	7,989	(92)	672	7,989	(92)
Other operating income		1,201	328		1,201	328	
Other operating, administrative, selling and distribution expenses		(4,107)	(4,700)		(4,107)	(4,700)	
(Loss)/Profit from Operations		(2,234)	3,617	(162)	(2,234)	3,617	(162)
Finance cost		(181)	(490)		(181)	(490)	
(Loss)/Profit before taxation	A9	(2,415)	3,127	(177)	(2,415)	3,127	(177)
Taxation	B6	-	(747)		-	(747)	
(Loss)/Profit for the period		(2,415)	2,380	(201)	(2,415)	2,380	(201)
Other Comprehensive income:							
<i>Items that are or may not be reclassified subsequently to profit or loss</i>							
-Exchange differences arising from translation of foreign operations		9	(83)		9	(83)	
Total Comprehensive (Loss)/Income for the period		(2,406)	2,297		(2,406)	2,297	
(Loss)/Profit attributable to:							
Equity holders of the parent company		(2,039)	2,513	(181)	(2,039)	2,513	(181)
Non-controlling interests		(376)	(133)		(376)	(133)	
		(2,415)	2,380	(201)	(2,415)	2,380	(201)
Total Comprehensive (Loss)/Income attributable to:							
Equity holders of the parent company		(2,031)	2,430		(2,031)	2,430	
Non-controlling interests		(375)	(133)		(375)	(133)	
		(2,406)	2,297		(2,406)	2,297	
(Loss)/Earnings per share							
- Basic (sen)	B16	(1.46)	1.80		(1.46)	1.80	
- Diluted (sen)	B16	(1.46)	1.80		(1.46)	1.80	

Note:

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 January 2018 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 30 APRIL 2018

(The figures have not been audited)

		(Audited)
	As At 30.04.2018	As At 31.01.2018
	RM'000	RM'000
ASSETS	Note	
Non-current assets		
Property, plant and equipment		22,641
		<u>22,260</u>
Current assets		
Inventories		511
Trade receivables		2,543
Other receivables, deposits and prepayments		4,987
Tax refundable		568
Cash and bank balances		41,514
		<u>49,745</u>
		<u>116,607</u>
TOTAL ASSETS		<u><u>72,005</u></u>
		<u><u>139,248</u></u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital		70,000
Share premium		25,745
Translation reserves		622
(Accumulated losses)/Retained profits	B10	(63,680)
Total equity attributable to equity holders of the parent		<u>32,687</u>
Non-controlling interests		<u>(1,295)</u>
Total equity		<u><u>31,392</u></u>
		<u><u>96,798</u></u>
Non-current liabilities		
Long term borrowings	B11	8,096
Hire purchase payables	B11	75
		<u>8,171</u>
		<u>8,558</u>
		<u>86</u>
		<u>8,644</u>
Current liabilities		
Trade payables		1,183
Other payables and accruals		5,737
Lawsuit liabilities		21,997
Provision for warranty		122
Short term borrowings	B11	1,848
Bank overdraft	B11	867
Hire purchase payables	B11	43
Provision for taxation		645
		<u>32,442</u>
		<u>33,806</u>
Total liabilities		<u>40,613</u>
		<u>42,450</u>
TOTAL EQUITY AND LIABILITIES		<u><u>72,005</u></u>
		<u><u>139,248</u></u>
Net assets per share attributable to ordinary equity holders of the parent company (RM)		0.2335
		0.6980

Note:

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 January 2018 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 FIRST QUARTER ENDED 30 APRIL 2018

(The figures have not been audited)

Note	<----- Attributable to equity holders of the parent ----->							
	<----- (Non Distributable) ----->				(Distributable)		Non-controlling Interest	Total Equity
	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		
3 months period ended 30 April 2018								
At 1 February 2018	70,000	25,745	-	614	1,359	97,718	(920)	96,798
Changes in equity during the period:								
Loss for the period	-	-	-	-	(2,039)	(2,039)	(376)	(2,415)
Other comprehensive income:								
- Translation reserves	-	-	-	8	-	8	1	9
Total comprehensive loss for the period	-	-	-	8	(2,039)	(2,031)	(375)	(2,406)
Dividends paid to shareholders	-	-	-	-	(63,000)	(63,000)	-	(63,000)
At 30 April 2018	70,000	25,745	-	622	(63,680)	32,687	(1,295)	31,392
3 months period ended 30 April 2017								
At 1 February 2017	70,000	25,745	5,173	1,215	30,110	132,243	(1,692)	130,551
Profit / (Loss) for the period	-	-	-	-	2,513	2,513	(133)	2,380
Other comprehensive income:								
- Translation Reserves	-	-	-	(83)	-	(83)	-	(83)
Total comprehensive income/(loss) for the period	-	-	-	(83)	2,513	2,430	(133)	2,297
At 30 April 2017	70,000	25,745	5,173	1,132	32,623	134,673	(1,824)	132,849

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 2018 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 FIRST QUARTER ENDED 30 APRIL 2018****(The figures have not been audited)**

	Current Year To Date 30.04.2018 RM'000	Corresponding Year To Date 30.04.2017 RM'000
Cash flows from operating activities		
(Loss)/Profit before taxation	(2,415)	3,127
Adjustments for non cash and non operating items:		
Depreciation of property, plant & equipment	381	624
Gain on disposal of property, plant & equipment	(7)	-
Hire purchase interest	2	44
Interest expenses	179	446
Interest income from short term deposits	(887)	(55)
Unrealised (gain)/loss on foreign exchange	7	(172)
Operating cash flow before working capital changes	<u>(2,740)</u>	<u>4,014</u>
Inventories	(7)	(7,794)
Trade receivables	(848)	16,138
Other receivables, deposits and prepayments	-	59
Trade payables	(87)	(14,069)
Other payables and accruals	(1,789)	(341)
Lawsuit liabilities	406	-
Net cash flow used in operations	<u>(5,065)</u>	<u>(1,993)</u>
Finance charges	(181)	(490)
Income tax paid	(103)	(843)
Net cash flow used in operating activities	<u>(5,349)</u>	<u>(3,326)</u>
Cash flows from investing activities		
Purchase of property, plant & equipment	(2)	(313)
Proceeds from disposal of property, plant & equipment	7	-
Interest income received	887	55
Net cash flow generated from/(used in) investing activities	<u>892</u>	<u>(258)</u>
Cash flows from financing activities		
Net drawdown / (repayment) of bank borrowings	-	4,295
Net repayment of term loans	(462)	(555)
Net repayment of hire purchase liabilities	(8)	(207)
Placement of pledged fixed deposits	(31)	-
Dividend paid	(63,000)	-
Net cash flow (used in)/generated from financing activities	<u>(63,501)</u>	<u>3,533</u>
Net changes in cash and cash equivalents	(67,958)	(51)
Cash and cash equivalents at the beginning of the period	104,333	33,599
Cash and cash equivalents at the end of the period	<u>36,375</u>	<u>33,548</u>
Analysed into:		
Deposits with financial institutions	41,355	10,790
Cash and bank balances	159	23,650
Bank overdrafts	(867)	(892)
	<u>40,647</u>	<u>33,548</u>
Short term deposits pledged and/or with maturity more than 3 months	(4,272)	-
Cash and cash equivalents at the end of the period	<u>36,375</u>	<u>33,548</u>

Note:

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the year ended 31 January 2018 and the accompanying explanatory notes attached to the interim financial statements.

COMINTEL CORPORATION BHD ("COMCORP")

(Company No. 630068-T)

Notes to the Interim Financial Report - 1st Quarter ended 30th April 2018

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 2018.

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 2018.

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 2018. The adoption of these new and revised MFRSs and IC Interpretations have not resulted in any material impact on the financial statements of the Group.

Standards issued but not yet effective

	effective for financial periods beginning on or after
MFRS 16, Leases	1 January 2019
Amendments to MFRS 3 - Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)	1 January 2019
Amendments to MFRS 9 - Financial Instruments - Prepayment features with Negative Compensation	1 January 2019
Amendments to MFRS 11 - Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)	1 January 2019
Amendments to MFRS 112 - Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)	1 January 2019
Amendments to MFRS 119 - Employee Benefits - Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 123 - Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)	1 January 2019
Amendments to MFRS 128 - Investments in Associates and Joint Ventures - Long Term Interest in Associates and Joint Ventures	1 January 2019
IC Interpretation 23 - Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 2 - Share-based Payment	1 January 2020
Amendments to MFRS 3 - Business Combinations	1 January 2020
Amendments to MFRS 6 - Exploration for and Evaluation of Mineral Resources	1 January 2020
Amendments to MFRS 14 - Regulatory Deferral Accounts	1 January 2020
Amendments to MFRS 101 - Presentation of Financial Statements	1 January 2020
Amendments to MFRS 108 - Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2020
Amendments to MFRS 134 - Interim Financial Reporting	1 January 2020
Amendments to MFRS 137 - Provisions, Contingent Liabilities and Contingent Assets	1 January 2020
Amendments to MFRS 138 - Intangible Assets	1 January 2020
MFRS 17, Insurance Contracts	1 January 2021
Amendments to MFRS 10 - Consolidated Financial Statements - Sale or Contributions of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 128 - Investments in Associates and Joint Ventures - Sale or Contributions of Assets between an Investor and its Associate or Joint Venture	Deferred

A2 Changes in Accounting Policies (cont'd)

Standards issued but not yet effective (cont'd)

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 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 30 April 2018.

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

The Company paid the following dividend since the end of the previous financial year.

RM'000

In respect of the financial year ending 31 January 2019

- First interim dividend of RM0.45 per share (single tier dividend)

63,000

A9 Segmental information

The Group's operating segments are as follows :

- (a) Investment Holding
- (b) System Integration & Maintenance Services (SIMS)
- (c) Green Waste Management and conversion of Waste-to-Energy (GWM and WtE)

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.

For the preceding financial period ended 30 April 2017, the Green Waste Management and conversion of Waste to Energy segment was included with System Integration and Maintenance Services. However, for the current financial period ended 30 April 2018 this is reflected as separate segments.

As at the preceding year ended 31 January 2018, the disposal of BCM Electronics Corporation Sdn Bhd which was solely classified under manufacturing segment has been completed, therefore the Group will no longer has this operating segment of manufacturing for the current financial year ending 31 January 2019.

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

Current Year-to-Date (period ended 30 April 2018)

Segment revenue	Investment Holding	SIMS	GWM and WtE	Consolidated
	RM'000	RM'000	RM'000	RM'000
Malaysia	-	767	-	767
Overseas	-	-	-	-
Total Revenue	-	767	-	767
Results from operating activities				
Segment results	640	(1,863)	(1,011)	(2,234)
Finance costs				(181)
Loss before taxation				(2,415)
Taxation				-
Loss for the period				(2,415)
Segment Assets				
Segment Assets	34,201	12,583	25,221	72,005
Consolidated total assets				72,005

Preceding Year (period ended 30 April 2017)

Segment revenue	Investment Holding	Manufacturing	SIMS	Consolidated
	RM'000	RM'000	RM'000	RM'000
Malaysia	-	-	2,348	2,348
Overseas	-	84,989	21	85,010
Total Revenue	-	84,989	2,369	87,358
Results from operating activities				
Segment results	(105)	4,322	(600)	3,617
Finance costs				(490)
Profit before taxation				3,127
Taxation				(747)
Profit for the period				2,380
Segment Assets				
Segment Assets	16	211,126	41,645	252,787
Consolidated total assets				252,787

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 12.06.2018, solicitors for the U Television Sdn. Bhd. ("UTV") and Tan Sri Dato Seri Vincent Tan Chee Yioun (collectively known as "Applicants") issued a letter to Comintel Sdn. Bhd.'s solicitor demanding the payment of RM22,198,331.43 to UTV within 21 days from 12.06.2018, pursuant to Section 465 and 466 of the Companies Act 2016. In the same letter, solicitors for the Applicants also states that UTV will commence enforcement proceedings against Comintel Sdn. Bhd. if Comintel Sdn. Bhd. fails to make payment within the stipulated time. Comintel Sdn. Bhd.'s solicitors will file an application in the High Court to prevent the presentation of a winding up petition against Comintel Sdn. Bhd.

As at 30.04.2018, the Group recorded the litigation liabilities in the financial statements amounted to RM22.0 million.

A12 Changes in the composition of the group

Comintel Ship Systems Corporation Sdn. Bhd. is incorporated as a company limited by shares with a paid up share capital of RM200.00 divided into 200 shares of RM1.00 each on 13 June 2018 and is a wholly owned subsidiary of the Company. Its intended business activities are to design and integrate of naval, enforcement and commercial vessels, electrical and electronic systems including machinery and damage control, combat management, integrated communication, integrated bridge and navigation, alarm and announcing and machinery propulsion systems and provision of complete turnkey for the whole-ship electrical, mechanical and electronic system integration for vessels of any size and complexity.

A13 Contingent liabilities and contingent assets

As at 30 April 2018, total bank guarantees outstanding relating to performance and tenders amounted to RM0.1 million. The Company has provided corporate guarantees amounting to RM137.2 million to financial institutions for banking facilities made available to its subsidiaries of which RM13.7 million is utilised as at 30 April 2018.

A14 Capital Commitments

There were no material capital commitments as at 30 April 2018 and up to the date of this report.

A15 Related Party Transactions

The Group's related party transactions for the current quarter and the cumulative period-to-date ended 30 April 2018 were as follow:

Nature of Relationship	Purchase of goods RM'000	Service Received RM'000	Total for nature of relationship RM'000
Principal owner	-	-	-
Director, other key management personnel	-	27	27
Total for type of transaction	-	27	27

COMINTEL CORPORATION BHD ("COMCORP")

(Company No. 630068-T)

Notes to the Interim Financial Report - 1st Quarter ended 30th April 2018

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 RM0.8 million for the current financial quarter under review, a decrease of 99.1% or RM86.6 million as compared to the corresponding quarter last year. Loss after tax was RM2.4 million for the current financial quarter under review whereas the corresponding quarter last year recorded a profit after tax of RM2.4 million.

As at the preceding year ended 31 January 2018, the disposal of manufacturing segment has been completed, therefore the Group will no longer has this operating segment of manufacturing for the current financial year ending 31 January 2019. In corresponding quarter last year, manufacturing segment recorded a revenue of RM85.0 million. The SIMS segment recorded a revenue of RM0.8 million, a decrease of 67.6% or RM1.6 million as compared to the corresponding quarter last year.

The losses for the current quarter and year-to-date was largely due to the loss of revenue from manufacturing segment as a result of the disposal of manufacturing segment by the sale of BCM Electronics Corporation Sdn Bhd, lower revenue in SIMS segment and higher losses recorded by both SIMS segment and GWM and WtE segment.

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

	Current Quarter ended 30.04.2018 RM'000	Corresponding Quarter ended 31.01.2018 RM'000
Revenue	767	88,169
Loss before tax	(2,415)	(38,994)
Loss after tax	(2,415)	(39,116)
Attributable to :		
Equity holders of the parent company	(2,039)	(38,796)
Non-controlling interests	(376)	(320)

The current financial quarter's revenue was RM87.4 million lower than that recorded in the corresponding quarter. Manufacturing segment revenue decreased by RM86.3 million due to the disposal of manufacturing segment and SIMS segment revenue decreased by RM1.1 million.

Net loss attributable to the equity holders of the parent company was RM2.0 million, as compared to the net loss of RM38.8 million recorded in the immediate corresponding quarter. The losses recorded in this quarter was mainly due to lower revenue in SIMS segment as compared to the losses recorded in the immediate corresponding quarter which was mainly due to one-time loss on disposal of subsidiary by the Company amounted to RM14.0 million and lawsuit losses amounted to RM21.6 million.

B3 Prospect for the financial year ending 31 January 2019

SIMS segment focused mainly on commercial contracts and projects awarded by Malaysian Government. SIMS segment have previously submitted bids and proposals with the total project value of approximately RM500 million. Due to the post effect of the 14th General Election, the newly minted Malaysian Federal Government has halted the award for new projects and review the projects awarded by previous administration. We hope to secure some possible projects after the Malaysian Federal Government has reviewed and approved the Economic Development Planning.

For our renewable green energy project in Kuang, we have undergone and successfully passed the Commencement Operation Date (COD) test with SEDA and obtained a written approval from SEDA on 8 May 2018. With the approval obtained, our Kuang plant would be able to start operation that is to supply a maximum of two (2) megawatt (MWatt) of electricity to TNB. Barring any unforeseen circumstances, we expect Kuang plant to generate recurring revenue soon. We hope 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. We have been negotiating green waste management projects in Vietnam and Brunei. At this juncture, we hope to conclude at least 1 project in the near future.

B4 Profit Forecast or Profit Guarantee

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

B5 (Loss)/Profit Before Taxation

	Current Quarter Ended 30.04.2018 RM'000	Corresponding Quarter Ended 30.04.2017 RM'000	Current Year To Date 30.04.2018 RM'000	Corresponding Year To Date 30.04.2017 RM'000
(Loss)/Profit before taxation is arrived at after charging / (crediting):-				
Interest Income	(887)	(55)	(887)	(55)
Other Income (excluding interest income)	(305)	(273)	(305)	(273)
Interest Expenses	181	490	181	490
Depreciation of property, plant & equipment	381	624	381	624
Gain on disposal of property, plant & equipment	(7)	-	(7)	-
(Gain)/Loss on realised foreign exchange	(2)	283	(2)	283
Lease Rental of Premises	619	600	619	600
Litigation claim	406	-	406	-
Loss/(Gain) on unrealised foreign exchange	7	(172)	7	(172)
Rental of Apartment	-	6	-	6
Rental of Car park	6	6	6	6
Rental of Equipment	7	10	7	10
Rental of Land	29	28	29	28
Rental of Premises	14	21	14	21

B6 Taxation

	Current Quarter 30.04.2018 RM'000	Current Year To Date 30.04.2018 RM'000
<u>Malaysian Taxation</u>		
- Current	-	-
- Deferred	-	-
	<u>-</u>	<u>-</u>

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

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

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

	Current Year To Date 30.04.2018 RM'000	(Audited) Year To Date 31.01.2018 RM'000
Total retained profits / (accumulated losses) of the Company and its subsidiaries :		
- Realised	(74,079)	(13,055)
- Unrealised	(2,463)	2,077
	(76,542)	(10,978)
Add: Consolidation adjustments	12,862	12,337
Total (accumulated losses)/retained earnings as per consolidated accounts	(63,680)	1,359

B11 Group Borrowings

	Payable within 12 months	Payable after 12 months	Total
<u>Secured</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Bank Borrowings	2,715	8,096	10,811
Hire purchase payables	43	75	118
Total Borrowings	<u>2,758</u>	<u>8,171</u>	<u>10,929</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 03.10.2013, 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 05.07.2010 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 05.07.2010 until the date of payment;
3. Costs of RM 75,000; and
4. Cost of storage and insurance for Transmitter from 01.11.2012 till the date of removal.

Thereafter, the defendants filed for a stay of execution pending an appeal, which was fixed for hearing on 10.09.2014. 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 28.08.2015.

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 20.07.2016 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 22.09.2016 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 01.09.2016 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 30.11.2016 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 ("Statutory Notice").

B13 Changes in material litigation (cont'd)

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 ("**First Motion**"). 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 and on the interest awarded to UTV ("**Clarification**"). The motion further seeks for stay of the enforcement of the Federal Court's order pending the hearing and final disposal of the motion ("**Stay**").

The First Motion was withdrawn on 12.10.2017 due to practical reasons and on the advice of the Federal Court. A second Notice of Motion was filed on 13.10.2017 seeking the same Clarification and Stay ("**Second Motion**").

The hearing of the Second Motion is fixed on 26.01.2018.

On 15.12.2017, Comintel's solicitors appeared before a High Court Judge for hearing of the application for a *Fortuna* injunction filed on 26.09.2017 to prevent the presentation of a winding up petition by UTV pursuant to the Statutory Notice ("**Fortuna Injunction**"). The *Fortuna* Injunction is scheduled for decision on 16.01.2018.

On 16.01.2018, the High Court recorded terms agreed by consent by parties that the Defendants would not present, either by themselves or through any of their agents, representatives and/or employees, any winding-up petitions against Comintel, based on the letter issued by Messrs Thomas Philip dated 07.09.2017 or any other notice issued under Section 466, Companies Act 2016 in respect of the Federal Court's decision on 18.08.2017 in Federal Court Civil Appeal No.: 02(f)-12-03/2016(W) until 26.01.2018 ("**Consent Order**"). Comintel is to pay to the Defendants, costs of RM12,000.00 within 30 days from the date of the Consent Order and both parties are at liberty to apply.

On 26.01.2018, the Federal Court dismissed Comintel's motion to seek clarification to be given by the Federal Court on assessment of the value of the services and equipment supplied by Comintel to UTV in the High Court and interest awarded of eight per cent (8%) per annum, where each party is to bear its own costs. However, Federal Court clarified that interest of 8% per annum shall accrue from the date of the Federal Court's Order i.e. from 18.08.2017.

On 12.06.2018, solicitors for the Applicants issued a letter to Comintel's solicitor demanding the payment of RM22,198,331.43 to UTV within 21 days from 12.06.2018, pursuant to Section 465 and 466 of the Companies Act 2016. 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. Comintel's solicitors will file an application in the High Court to prevent the presentation of the winding up petition against Comintel.

B14 Proposed Dividends

The Company have declared a Special Single Tier Dividend of RM0.45 per ordinary for the financial year ending 31 January 2019 to be payable on 19 April 2018.

B15 Status of Utilisation of Proceeds

Disposal of 100% equity interest in BCM Electronics Corporation Sdn Bhd, a wholly owned subsidiary of Comcorp ("BCM Electronics") to Aurelius Holdings Sdn Bhd

On 25 January 2018, the disposal of BCM Electronics has been completed. As at 30 April 2018, the status of utilisation of the proceeds is as follow:-

Details of utilisation of proceeds	Proposed Utilisation RM'000	Actual Utilisation RM'000	Unutilised proceeds channelled to RM'000	Balance to be Utilised RM'000	Intended Timeframe for Utilisation from the Completion Date
Development of our Company's green waste management and waste-to-energy businesses	40,000	5,676	-	34,324	Within 18 months
Working capital (Note 1)	8,156	7,157	145	1,144	Within 12 months
Proposed Distribution to shareholders	63,000	63,000	-	-	Fully utilised
Estimated expenses in relation to the Disposal	1,166	1,021	(145)	-	Fully utilised
Total	112,322	76,854	-	35,468	

B15 Status of Utilisation of Proceeds (cont'd)

Note 1: Working capital

Working capital requirements	Proposed Utilisation RM'000	Actual Utilisation RM'000	Unutilised proceeds channelled to RM'000	Balance to be Utilised RM'000
Staff salaries and benefits	5,271	4,850	145	566
General administrative and other operating expenses for our Company's waste-to-energy business (Note 1.1)	1,452	2,307	-	(855)
General administrative and other operating expenses for our Company's SIMS segment	1,433	-	-	1,433
Total	<u>8,156</u>	<u>7,157</u>	<u>145</u>	<u>1,144</u>

Note 1.1: Due to the delays in the commencement of the operation in Kuang Plant, the actual utilisation for the general administrative and other operating expenses has exceed the proposed utilisation.

B16 (Loss)/Earnings Per share

The basic (loss)/earnings per share is calculated by dividing loss 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 2019 are as follows:-

	Current Qtr <u>30.04.2018</u>	Cumulative Qtr To-date <u>30.04.2018</u>
Loss attributable to owners of the Company (RM'000)	(2,039)	(2,039)
Weighted average number of ordinary shares in issue (based on ordinary share of RM0.50 each) ('000)	140,000	140,000
Loss per share (sen)	(1.46)	(1.46)

B17 Comparative Figures

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

B18 Audit Report Qualification and Status of Matters Raised

The audited financial statements of the Group for the financial year ended 31 January 2018 were not subject to any qualification.

B19 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 28 June 2018.

Date: 28-Jun-2018