

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

(Company No. 630068-T)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE SECOND QUARTER ENDED 31 JULY 2019****(The figures have not been audited)**

		Current Quarter Ended 31.07.2019	Corresponding Quarter Ended 31.07.2018	% change	Current Year To Date 31.07.2019	Corresponding Year To Date 31.07.2018	% change
	Note	RM'000	RM'000		RM'000	RM'000	
<b>CONTINUING OPERATIONS</b>							
Revenue	A9	184	929	(80)	185	1,696	(89)
Cost of sales		(17)	(181)		(17)	(276)	
Gross profit		167	748	(78)	168	1,420	(88)
Other operating income		233	564		445	1,765	
Group's gain from loss of control in subsidiaries		-	-		17,918	-	
Other operating, administrative, selling and distribution expenses		(2,626)	(7,125)		(3,788)	(11,232)	
(Loss) / Profit from Operations		(2,226)	(5,813)	(62)	14,743	(8,047)	(283)
Finance costs		(172)	(188)		(347)	(369)	
(Loss) / Profit before taxation	A9	(2,398)	(6,001)	(60)	14,396	(8,416)	(271)
Taxation	B6	-	-		(4)	-	
(Loss) / Profit after taxation from continuing operations		(2,398)	(6,001)		14,392	(8,416)	
Post-tax loss from operations due to loss in control		-	-		(1,125)	-	
(Loss) / Profit for the period		(2,398)	(6,001)	(60)	13,267	(8,416)	(258)
<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		(1)	118		-	127	
<b>Total Comprehensive (Loss) / Income for the period</b>		<b>(2,399)</b>	<b>(5,883)</b>		<b>13,267</b>	<b>(8,289)</b>	
<b>(Loss) / Profit attributable to:</b>							
Equity holders of the parent company		(2,069)	(5,632)	(63)	14,121	(7,671)	(284)
Non-controlling interests		(329)	(369)		(854)	(745)	
		<b>(2,398)</b>	<b>(6,001)</b>	(60)	<b>13,267</b>	<b>(8,416)</b>	(258)
<b>Total Comprehensive (Loss) / Income attributable to:</b>							
Equity holders of the parent company		(2,070)	(5,513)		14,121	(7,544)	
Non-controlling interests		(329)	(370)		(854)	(745)	
		<b>(2,399)</b>	<b>(5,883)</b>		<b>13,267</b>	<b>(8,289)</b>	
(Loss) / Earnings per share							
- Basic (sen)	B15	(1.48)	(4.02)		10.09	(5.48)	
- Diluted (sen)	B15	(1.48)	(4.02)		10.09	(5.48)	

**Note:**

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 January 2019 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 2019**  
(The figures have not been audited)

	<b>(Audited)</b>	
	As At 31.07.2019	As At 31.01.2019
<u>Note</u>	<u>RM'000</u>	<u>RM'000</u>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	14	9
Right-of-use assets	89	-
	<u>103</u>	<u>9</u>
<b>Current assets</b>		
Property, plant and equipment	4,996	5,060
Right-of-use assets	681	-
Other investments	14,751	24,589
Inventories	24	169
Trade receivables	81	757
Other receivables, deposits and prepayments	6,182	3,280
Tax recoverable	2	568
Cash and bank balances	2,255	6,220
	<u>28,972</u>	<u>40,643</u>
<b>TOTAL ASSETS</b>	<u>29,075</u>	<u>40,652</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	95,745	95,745
Translation reserves	(69)	687
Accumulated losses	(67,129)	(87,145)
Total equity attributable to equity holders of the parent	<u>28,547</u>	<u>9,287</u>
Non-controlling interests	(14,262)	(8,095)
<b>TOTAL EQUITY</b>	<u>14,285</u>	<u>1,192</u>
<b>Current liabilities</b>		
Trade payables	-	789
Other payables and accruals	6,137	5,093
Litigation liabilities	-	23,258
Provision for warranty	-	99
Lease liabilities	953	-
Short term borrowings	B10 7,634	8,558
Bank overdraft	B10 -	891
Hire purchase payables	B10 20	86
Provision for taxation	46	686
	<u>14,790</u>	<u>39,460</u>
<b>TOTAL LIABILITIES</b>	14,790	39,460
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>29,075</u>	<u>40,652</u>
Net assets per share attributable to ordinary equity holders of the parent company (RM)	0.2039	0.0663

**Note:**

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 January 2019 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 2019

(The figures have not been audited)

Note	<----- Attributable to equity holders of the parent ----->						
	<-----(Non Distributable) ----->			(Distributable)		Non-controlling Interest RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Translation Reserves RM'000	(Accumulated losses)/ Retained Profits RM'000	Total RM'000		
<b>6 months period ended 31 July 2019</b>							
<b>At 1 February 2019</b>	95,745	-	687	(87,145)	9,287	(8,095)	1,192
Effects of adopting MFRS	-	-	-	(88)	(88)	(86)	(174)
	95,745	-	687	(87,233)	9,199	(8,181)	1,018
<b>Changes in equity during the period:</b>							
Profit / (Loss) for the period	-	-	-	14,121	14,121	(854)	13,267
Other comprehensive income:							
- Translation reserves	-	-	-	-	-	-	-
Total comprehensive income/(loss) for the period	-	-	-	14,121	14,121	(854)	13,267
Movement in non-controlling interest due to loss in control in subsidiaries	-	-	-	5,227	5,227	(5,227)	-
Transfer of translation reserve to retained profits	-	-	(756)	756	-	-	-
<b>At 31 July 2019</b>	95,745	-	(69)	(67,129)	28,547	(14,262)	14,285
<b>6 months period ended 31 July 2018</b>							
<b>At 1 February 2018</b>	70,000	25,745	614	1,359	97,718	(920)	96,798
<b>Changes in equity during the period :</b>							
Loss for the period	-	-	-	(7,671)	(7,671)	(745)	(8,416)
Other comprehensive income:							
- Translation Reserves	-	-	127	-	127	-	127
Total comprehensive loss for the period	-	-	127	(7,671)	(7,544)	(745)	(8,289)
Dividends to shareholders	-	-	-	(63,000)	(63,000)	-	(63,000)
<b>At 31 July 2018</b>	70,000	25,745	741	(69,312)	27,174	(1,665)	25,509

### 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 2019 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 2019**

(The figures have not been audited)

	Current Year To Date 31.07.2019 RM'000	Corresponding Year To Date 31.07.2018 RM'000
<b>Cash flows from operating activities</b>		
Profit/(Loss) before taxation from continuing operations	14,396	(8,416)
Pre-tax loss from loss in control subsidiaries	(1,125)	-
Profit/(Loss) before taxation	13,271	(8,416)
<b>Adjustments for non cash and non operating items:</b>		
Allowance for inventories obsolescence	11	-
Depreciation of property, plant & equipment	187	836
Depreciation of right-of-use of assets	312	-
Gain on disposal of other investments	(4)	-
Gain on disposal of property, plant & equipment	-	(7)
Gain on loss of control on subsidiary	(17,918)	-
Hire purchase interest	1	3
Interest expenses	357	365
Interest income from short term deposits	(388)	(1,201)
Provision for doubtful debts	531	-
Provision for warranty cost	-	(1)
Unrealised capital gain on other investments	(38)	-
Unrealised loss on foreign exchange	-	176
<b>Operating cash flow before working capital changes</b>	(3,678)	(8,245)
Other investments	9,537	-
Inventories	(33)	42
Trade receivables	33	(222)
Other receivables, deposits and prepayments	(6,834)	(2,393)
Trade payables	7	(125)
Other payables and accruals	2,127	(1,840)
Lawsuit liabilities	347	826
<b>Net cash flow generated from/(used in) operations</b>	1,506	(11,957)
Finance charges	(358)	(368)
Income tax paid	(4)	(103)
<b>Net cash flow generated from/(used in) operating activities</b>	1,144	(12,428)
<b>Cash flows from investing activities</b>		
Purchase of property, plant & equipment	(210)	(53)
Proceeds from disposal of property, plant & equipment	-	7
Interest income received	388	1,201
<b>Net cash flow generated from investing activities</b>	178	1,155
<b>Cash flows from financing activities</b>		
Net repayment of lease liabilities	(686)	-
Net repayment of term loans	(924)	(521)
Net repayment of hire purchase liabilities	(18)	(19)
Placement of pledged fixed deposits	(18)	(64)
Dividend paid	-	(63,000)
<b>Net cash flow used in financing activities</b>	(1,646)	(63,604)
<b>Net changes in cash and cash equivalents</b>	(324)	(74,877)
<b>Cash and cash equivalents at the beginning of the period</b>	2,153	104,333
<b>Cash and cash equivalents at the end of the period</b>	1,829	29,456

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

(Company No. 630068-T)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT  
FOR THE SECOND QUARTER ENDED 31 JULY 2019****(The figures have not been audited)**

	Current Year To Date 31.07.2019 RM'000	Corresponding Year To Date 31.07.2018 RM'000
<i>Analysed into:</i>		
Deposits with financial institutions	-	34,203
Cash and bank balances	2,255	161
Bank overdrafts	-	(603)
	<hr/>	<hr/>
Short term deposits pledged and/or with maturity more than 3 months	2,255 (426)	33,761 (4,305)
	<hr/>	<hr/>
<b>Cash and cash equivalents at the end of the period</b>	<b>1,829</b>	<b>29,456</b>

## Note:

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the year ended 31 January 2019 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 2019

### 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 2019.

#### 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 2019.

The Group has adopted all the new and revised MFRSs and IC Interpretations that are relevant and effective for accounting periods beginning on or after 1 January 2019. 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 except for MFRS 16.

##### MFRS 16 Leases

MFRS 16 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 of 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-of-use" assets and the lease liability, thus increasing the assets and liabilities of the Group and the Company.

##### Standards issued but not yet effective

	<b>effective for financial periods beginning on or after</b>
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
Amendment to IC Interpretation 12 - Service Concession Arrangements	1 January 2020
Amendment to IC Interpretation 19 - Extinguishing Financial Liabilities with Equity Instruments	1 January 2020
Amendment to IC Interpretation 20 - Stripping Costs in the Production Phase of a Surface Mine	1 January 2020
Amendment to IC Interpretation 22 - Foreign Currency Transactions and Advance Consideration	1 January 2020
Amendment to IC Interpretation 132 - Intangible Assets - Web Site Costs	1 January 2020
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

The Group and the Company will adopt the above pronouncements when they become effective in the respective financial periods.

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 Company's External Auditors, Messrs RSM Malaysia had expressed the following qualified opinion in the Company's Audited Financial Statements for the financial year ended 31 January 2019.

#### Qualified Opinion

We have audited the financial statements of Comintel Corporation Bhd, which comprise the statements of financial position as at 31 January 2019 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 6 to 90.

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of our report, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 January 2019, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The financial statements of the Group and of the Company for the financial year ended 31 January 2018 were audited by another firm of chartered accountants whose report dated 16 May 2018 expressed an unmodified opinion.

#### Basis for Qualified Opinion

We draw attention to notes to the financial statements, which state the following:

- (a) As disclosed in note 35(a), on 25 January 2018 and 26 January 2018, the directors announced that the Company had triggered Paragraph 8.03A of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and is classified as an affected listed issuer. The Company is required to submit a proposed regularisation plan for the Group and the Company ("Regularisation Plan") to the relevant authorities and to implement the Regularisation Plan within the stipulated timeframe.

The Company submitted an application for an extension of time seeking approval for an extension of time for the Company to comply with Paragraph 5.0 of Practice Note 17 ("PN17") of the MMLR as the Company had yet to finalise the Regularisation Plan for submission to the relevant authorities for approval. On 22 February 2019, Bursa Malaysia granted the Company an extension of time up to 24 July 2019 for the submission of the Regularisation Plan.

On 28 March 2019, the directors announced that the Company had further triggered Paragraph 2.1(a) of PN17 of the MMLR of Bursa Malaysia.

- (b) As disclosed in note 35(b), Comintel Sdn Bhd ("Comintel") is unable to pay RM20,833,053 with interest at 8% per annum to Ansar Broadcast Sdn Bhd (formerly known as U Television Sdn Bhd or "UTV") as ordered by the Federal Court on 18 August 2017. On 17 April 2019, the Shah Alam High Court has allowed the winding-up petition by UTV against Comintel and Mr Augustine A/L T.K. James of Messrs James & Co was appointed as Comintel's liquidator.

Due to the impending winding up of Comintel, the financial statements of Comintel for the financial year ended 31 January 2019 is prepared on break up basis.

- (c) The financial statements of Comintel Green Technologies Sdn Bhd ("CGT") for the financial year ended 31 January 2019 have been prepared on break up basis as CGT has not been operating at a capacity sufficient to generate profits during the financial year. As at the date of this report, CGT is only generating minimal revenue for the Group.

The abovementioned events and conditions indicate the existence of multiple uncertainties which may cast significant doubt about the ability of the Group and of the Company to continue as a going concern.

### A3 Audit qualification (cont'd)

#### Basis for Qualified Opinion (cont'd)

The ability of the Group and of the Company to carry on a going concern, amongst others, is dependent upon the following:

- (i) The timely and successful formulation and implementation of the key components of the Regularisation Plan; and
- (ii) The ability of the Group and of the Company to achieve sustainable and viable operations with adequate cash flows generated from their operating activities.

In the event that these are not forthcoming, the Group and the Company may be unable to realise their assets and discharge their liabilities in the normal course of business. Accordingly, the financial statements of the Group and of the Company may require adjustment to restate the carrying amounts of the assets to their recoverable amounts and to provide further liabilities that may arise.

The financial statements of the Group and of the Company do not include any adjustments and classification relating to the recorded assets and liabilities that may be necessary should the Group and the Company be unable to continue as going concern, other than the assets and liabilities of Comintel and CGT that are stated on break up basis in the consolidated financial statements of the Group.

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Basis for Qualified Opinion section, we have determined the matters described below to be the key audit matters to be communicated in our report.

<b>Key audit matter</b>	<b>How our audit addressed the key audit matter</b>
<p><u>Material litigation</u></p> <p>Refer to note 31 Material Litigation</p> <p>On 18 August 2017, the Federal Court of Malaysia had allowed the appeal by Ansar Broadcast Sdn Bhd (formerly known as U Television Sdn Bhd or "UTV") and Tan Sri Dato' Seri Vincent Tan on a litigation brought by Comintel Sdn Bhd ("Comintel") and allowed a counter claim of RM20,833,053 by UTV and Tan Sri Dato' Seri Vincent Tan against Comintel together with interest at 8% per annum with effect from the same date.</p> <p>On 7 March 2019, the Federal Court had dismissed Comintel's application to review the Federal Court's earlier order dated 18 August 2017.</p> <p>Subsequently, on 17 April 2019, the Shah Alam High Court allowed the Winding Up Petition ("Petition") and that Comintel is to be wound up under the provision of the Companies Act 2016 and Mr. Augustine A/L T.K. James of James &amp; Co is appointed as Comintel's liquidator.</p> <p>Whether a liability or contingent liability is recognised or disclosed in the financial statements is inherently uncertain and is dependent on a number of significant assumptions and judgements. The amounts involved are potentially significant and to determine the amount to be recognised or disclosed in the financial statements, is inherently subjective.</p>	<p>The details of our work performed are as follows:</p> <p>(a) reviewed the legal expenses incurred during the financial year and sent letters to the solicitors providing legal services to the Group's entities, inquiring about litigations and actual or potential claims and disputes;</p> <p>(b) assessed the responses received to the above inquiries;</p> <p>(c) read minutes of meetings of the board of directors' and audit committees of the Group's key entities, and also inspected correspondences with regulators;</p> <p>(d) critically assessed the Group's assumptions and estimates in respect of claims, including the liabilities recognised or contingent liabilities disclosed in the financial statements. Assessment of the probability of negative result of litigation and the reliability of estimates of related obligation;</p> <p>(e) assessed whether the Group's disclosures detailing significant legal and regulatory proceedings adequately disclosed the potential liabilities of the Group; and</p>



### A3 Audit qualification (cont'd)

#### Key Audit Matters (cont'd)

Key audit matter	How our audit addressed the key audit matter
Material litigation (cont'd)	The details of our work performed are as follows: (cont'd)  (f) assessed and followed through with the Petition and status of the realisation of assets and liabilities of Comintel.
<u>Impairment of property, plant and equipment</u>  Refer to note 6 Property, Plant and Equipment  The Group is required to perform an impairment test on cash generating units (“CGUs”) whenever there is an indication that the CGU may be impaired.  The Waste-to-Energy segment of the Group has not been operating at a capacity sufficient to generate profits during the financial year.  In view of the significant losses incurred during the current financial year, there is indication that the carrying amount of these plant and equipment may not be recoverable.  Accordingly, the Group estimated the recoverable amount of the plant and equipment by performing an impairment assessment in the current financial year to estimate the recoverable amount of these assets with reference to the valuation performed by independent valuers.  This impairment review was significant to our audit because the assessment process is complex and is based on assumptions that are highly judgemental.	The details of our work performed are as follows:  (a) evaluated the competency, capabilities and objectivity of the independent valuers which included the consideration of their independence, qualification and experience;  (b) understand the scope and purpose of the valuation by reading the correspondences with the independent valuers and their valuation report;  (c) read the valuation report and discussed with the independent valuers on their valuation approach and the significant judgements made; and  (d) performed mathematical calculation of the impairment assessment.

Steps taken or proposed to be taken to address those key audit matters that relate to the modified opinion or material uncertainty related to going concern and the timeline:-

- (1) As per our announcement dated 8 August 2019, Bursa Malaysia Securities Berhad (“Bursa Malaysia”) has granted the Company a further extension of time of up to 24 January 2020 to submit a Regularisation Plan. As per our announcement dated 3 September 2019, the Company is working on the Regularisation Plan.
- (2) For our Green Waste Management and Waste-to-Energy segment, we are increasing our efforts to source for alternative raw materials and/or suppliers to increase the quantity of raw materials supply to the plant to enable the plant to operate at an optimum level.

### 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 Services' 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 2019.

## 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) 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.

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

#### **Current Year-to-Date (period ended 31 July 2019)**

<b>Segment revenue</b>	<b>Investment Holding RM'000</b>	<b>SIMS RM'000</b>	<b>GWM and WtE RM'000</b>	<b>Consolidated RM'000</b>	<b>Subsidiaries loss in control RM'000</b>
Malaysia	-	156	2	158	933
Overseas	-	27	-	27	-
<b>Total Revenue</b>	<b>-</b>	<b>183</b>	<b>2</b>	<b>185</b>	<b>933</b>

#### **Results from operating activities**

Segment results	17,259	(1,157)	(1,359)	14,743	(957)
Finance costs				(347)	(168)
Profit / (Loss) before taxation				14,396	(1,125)
Taxation				(4)	-
Post-tax loss from operations due to loss in control				(1,125)	-
Profit / (Loss) for the period				13,267	(1,125)
<b>Segment Assets</b>					
Segment Assets	16,089	4,008	8,978	29,075	
Consolidated total assets				29,075	

**A9 Segmental information (cont'd)***Segment revenue, segment results and segment assets employed for operating segment and geographical segment (cont'd)***Preceding Year (period ended 31 July 2018)**

<b>Segment revenue</b>	Investment Holding RM'000	SIMS RM'000	GWM and WtE RM'000	Consolidated RM'000
Malaysia	-	1,696	-	1,696
Overseas	-	-	-	-
<b>Total Revenue</b>	<b>-</b>	<b>1,696</b>	<b>-</b>	<b>1,696</b>
<b>Results from operating activities</b>				
Segment results	(2,021)	(3,971)	(2,055)	(8,047)
Finance costs				(369)
Loss before taxation				(8,416)
Taxation				-
Loss for the period				(8,416)
<b>Segment Assets</b>				
Segment Assets	26,986	14,153	25,033	66,172
Consolidated total assets				66,172

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

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

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

There were no material events subsequent to the end of the quarter under review that have not been reflected in the financial statements for the quarter under review.

**A12 Changes in the composition of the Group**

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

**A13 Contingent liabilities and contingent assets**

As at 31 July 2019, there were no bank guarantees outstanding relating to performance and tenders. The Company has provided corporate guarantees amounting to RM66.1 million to financial institutions for banking facilities made available to its subsidiaries and Comintel Sdn Bhd (in Liquidation) of which RM7.6 million has been utilised by its subsidiaries as at 31 July 2019.

**A14 Capital Commitments**

There were no material capital commitments as at 31 July 2019 and up to the date of this report.

**A15 Related Party Transactions**

The Group's related party transactions for the current quarter and the cumulative period-to-date ended 31 July 2019 were as follow:

Nature of Relationship	Purchase of goods	Service Received	<b>Total for nature of relationship</b> RM'000
	RM'000	RM'000	
Principal owner	-	-	-
Director, other key management personnel	-	46	46
<b>Total for type of transaction</b>	-	46	46

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## COMINTEL CORPORATION BHD ("COMCORP")

(Company No. 630068-T)

### Notes to the Interim Financial Report - 2nd Quarter ended 31st July 2019

#### 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 RM0.2 million for the current financial quarter under review, a decrease of 80.2% or RM0.7 million as compared to the corresponding quarter last year. The SIMS segment recorded a revenue of RM0.2 million, a decrease of 80.2% or RM0.7 million as compared to the corresponding quarter last year. Loss for the current financial quarter under review was RM2.4 million whereas the corresponding quarter last year recorded a loss after tax of RM6.0 million. For the financial year-to-date under review, the Group's profit was RM13.3 million as compared to the Group's loss of RM8.4 million in the corresponding financial year-to-date.

The losses for the current quarter was largely due to no contracts was obtained by the subsidiary replacing Comintel Sdn Bhd (in Liquidation) as operations had just commenced in mid April 2019 following the winding up order on Comintel Sdn Bhd on 17 April 2019.

The profit for the year-to-date was mainly due to the effect by the Group's realisation of gain as Comintel Sdn Bhd (in Liquidation) and its subsidiaries was deconsolidated by virtue of the Company lost its control over the entity. On 17 April 2019, Shah Alam High Court allowed the Winding-Up Petition and that Comintel is to be wound up under the provision of the Companies Act 2016 and a liquidator was appointed to manage Comintel Sdn Bhd (in Liquidation).

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

	Current Quarter ended 31.07.2019 <u>RM'000</u>	Corresponding Quarter ended 30.04.2019 <u>RM'000</u>
Revenue	184	1
Profit/(Loss) before tax	(2,398)	16,794
Profit/(Loss) for the period	(2,398)	15,665
Attributable to :		
Equity holders of the parent company	(2,069)	16,190
Non-controlling interests	(329)	(525)

The current financial quarter's revenue was RM0.2 million higher than that recorded in the corresponding quarter. SIMS segment revenue increased by RM0.2 million.

Net loss attributable to the equity holders of the parent company was RM2.1 million, a decrease of RM18.3 million as compared to the net profit of RM16.2 million recorded in the immediate corresponding quarter. The decrease in profits recorded for the current quarter was mainly due to the immediate corresponding quarter, the Company recognised the effect of the Group's realisation of gain as Comintel Sdn Bhd (in Liquidation) and its subsidiaries was deconsolidated by virtue of the Company lost its control over the entity and in current quarter, increased expenditure was incurred in SIMS segment to replace the operations of Comintel Sdn Bhd (in Liquidation). The loss attributed to the equity holders of the parent company excluding the realisation of gain from loss of control in subsidiaries and post-tax loss from operations due to loss in control for current quarter and immediate corresponding quarter is RM2.1 million and RM0.6 million respectively.

##### B3 Prospects

The Group is still focusing on (1) SIMS and (2) GWM and WtE segments. The Group is continuing its efforts to develop new opportunities to strengthen both segments.

##### 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 31.07.2019 <u>RM'000</u>	Corresponding Quarter Ended 31.07.2018 <u>RM'000</u>	Current Year To Date 31.07.2019 <u>RM'000</u>	Corresponding Year To Date 31.07.2018 <u>RM'000</u>
(Loss)/Profit before taxation is arrived at after charging / (crediting):-				
Interest Income	(165)	(314)	(388)	(1,201)
Other Income (excluding interest income)	(68)	(226)	(83)	(531)
Allowance for inventories obsolescence	-	-	11	-
Interest Expenses	172	188	356	368
Depreciation of property, plant & equipment	92	455	187	836
Depreciation of right-of-use assets	23	-	309	-
Gain on disposal of other investments	-	-	(4)	-
Gain on disposal of property, plant & equipment	-	-	-	(7)
Gain on loss of control on subsidiary	-	-	(17,918)	-
Lease rental of premises	-	619	-	1,238
Litigation claim	-	420	-	826
Provision for doubtful debt	1	-	531	-
Provision for warranty cost written back	-	(1)	-	(1)
Realised (gain)/loss on foreign exchange	(17)	-	1	(2)
Rental of car park	8	7	8	13
Rental of equipment	3	8	3	15
Rental of land	-	28	-	57
Rental of premises	13	16	13	30
Unrealised capital gain on other investments	(17)	(24)	(38)	(15)
Unrealised loss on foreign exchange	7	169	-	176

**B6 Taxation**

	Current Quarter 31.07.2019 <u>RM'000</u>	Current Year To Date 31.07.2019 <u>RM'000</u>
<u>Malaysian Taxation</u>		
- Current	-	4
- Deferred	-	-
	<u>-</u>	<u>4</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 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	7,634	-	7,634
Hire purchase payables	20	-	20
Total Borrowings	<u>7,654</u>	<u>-</u>	<u>7,654</u>

## **B11 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.

## **B12 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" or "Tan Sri Dato' Seri Vincent Tan") upon the following: -

- (a) Comintel's claim for RM11,217,798 together with interest thereon at the rate of 5% p.a. from 5 July 2010 until the date of payment;
- (b) 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 date of payment;
- (c) Cost of RM75,000; and
- (d) 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 to the Court of Appeal.

The stay of execution was granted on condition that the said sums of money amounting to RM11,502,703 together with interest at 5% per annum from 5 July 2010 until the date of the payment to be paid to a joint escrow account of the solicitors. The hearing of the defendants' appeal was fixed on 28 August 2015.

On 28 August 2015, after hearing extensive oral arguments from counsel for 1st Defendant and Comintel, the panel of judges unanimously dismissed 1st Defendant's appeal and affirmed the High Court's decision with cost of RM30,000 to be paid to Comintel.

Thereafter, 1st Defendant's motion to apply for leave to appeal to the Federal Court was fixed for hearing on 2 February 2016 and due to rescheduling of cases in the Federal Court, the hearing was postponed to 3 March 2016.

On 3 March 2016, the Federal Court allowed the application by the Defendants for leave to appeal against the decision of the Court of Appeal dated 28 August 2015.

The hearing of the appeal by the Federal Court was fixed on 15 February 2017.

On 15 February 2017, at the conclusion of the oral submissions, the Federal Court reserved its decision pertaining to the appeal to a date to be announced later.

On 18 August 2017, the Federal Court allowed the appeal by UTV and Tan Sri Dato' Seri Vincent Tan and allowed the counter claim of RM20,833,053 against Comintel together with interest at 8% per annum.

On 26 January 2018, the Federal Court clarified that the interest of 8% per annum should accrue with effect from 18 August 2017.

On 12 June 2018, solicitors for UTV issued a Statutory Demand to Comintel via its solicitor demanding the payment of RM22,198,331 to UTV within 21 days from 12 June 2018, pursuant to Section 465 and 466 of the Companies Act 2016. In the same letter, UTV's solicitor also states that UTV will commence enforcement proceedings against Comintel if Comintel fails to make payment within the stipulated time.

## **B12 Changes in material litigation (cont'd)**

On 5 July 2018, Comintel filed a Notice of Motion together with an Affidavit in Support for amongst others, an order that the part of the Federal Court's decision on 18 August 2017 which allowed the counterclaim of UTV and Tan Sri Dato' Seri Vincent Tan ("FC Decision") be set aside on the ground of breach of natural justice and be directed to be reheard ("Review"). The case management for the Review was fixed on 27 July 2018.

On 9 July 2018, the High Court dismissed Comintel's application for a Fortuna Injunction to prevent the presentation of winding-up petition against Comintel, with cost of RM12,000 ("HC Decision"), subject to payment of allocator fee. Subsequently, Comintel lodged an appeal to the Court of Appeal on 10 July 2018 against the HC Decision.

On 27 July 2018, Comintel was served with the Winding Up petition by UTV. The case management was fixed on 29 August 2018 (then rescheduled to 5 September 2018) and the hearing for the winding-up petition was fixed on 18 October 2018.

On 2 August 2018, Comintel filed an application in the Federal Court for a stay of execution of the FC Decision pending the disposal of the Review ("Stay").

The hearing of the appeal by the Court of Appeal against the dismissal of the Fortuna Injunction application by the High Court was fixed on 3 September 2018.

On 3 September 2018, the Court of Appeal dismissed Comintel's application of appeal against the HC Decision with cost of RM10,000 to be paid to UTV and Tan Sri Dato' Seri Vincent Tan, subject to payment of the allocator fee.

The hearing for Review and Stay are fixed on 2 October 2018.

On 2 October 2018, the Federal Court allowed Comintel's application for Stay of Enforcement of winding up pending the final disposal of the Review. The hearing date for the Winding-Up Petition has been vacated by virtue of an order delivered orally by the Federal Court on 2 October 2018 where the hearing of the Winding-Up Petition shall be adjourned until the final disposal of the Review. The Winding-Up Petition was scheduled for further case management on 14 January 2019. The hearing for the Review has been rescheduled to 7 March 2019.

On 14 January 2019, the Shah Alam High Court informed that the Winding-Up Petition was scheduled for a case management on 15 March 2019 for both parties to update the said Court on the status of the Federal Court's proceedings and the grounds on which the winding up petition is to be stayed.

On 7 March 2019, the Federal Court dismissed Comintel's application to review the FC's earlier Order dated 18 August 2017 ("Order") with cost of RM20,000 to be paid to UTV and Tan Sri Dato' Seri Vincent Tan, subject to payment of allocator fee. Thus, Comintel is to pay the counterclaim sum of RM20,833,053 together with interest and costs to UTV pursuant to the Order.

On 15 March 2019, both counsels were informed that the hearing in relation to the Winding-Up Petition is fixed on 17 April 2019.

On 17 April 2019, upon hearing to the parties' oral submission, Shah Alam High Court allowed the Winding-Up Petition and that Comintel is to be wound up under the provision of the Companies Act 2016, Mr. Augustine A/L T.K. James of James & Co is appointed as Comintel's Liquidator. The cost incidentals to this Petition in the sum of RM7,000 be paid out of Comintel's assets.

On 25 June 2019, the Company entered into a Settlement Agreement ("the Agreement") with Ansar Broadcast Sdn Bhd ("Ansar Broadcast") (formerly known as U Television Sdn Bhd) to pay the sum of Ringgit Malaysia Four Million (RM4,000,000-00) Only as full and final payment of the entire debt ("Settlement Sum") owed by Comintel to Ansar Broadcast under the Federal Court Order dated 18 August 2017 and the High Court Order dated 17 April 2019. The Company had the intention to apply for the termination of the winding up of Comintel and the Company is in the process to unwind Comintel.



### B13 Proposed Dividends

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

### B14 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 31 July 2019, the status of utilisation of the proceeds after incorporating the variation approved by the shareholders on 5 December 2018 to vary the utilisation of proceeds of RM17.0 million is as follow:-

Details of utilisation of proceeds	Original Proposed Utilisation RM'000	Actual Utilisation RM'000	Remaining Unutilised balance before variation RM'000	Variation of the utilisation of the proceeds RM'000	Remaining unutilised balance after variation RM'000	Remaining Timeframe for Utilisation
Development of our Company's green waste management and waste-to-energy businesses	40,000	9,778	30,222	(17,000)	13,222	Within 6 months
Working capital (Note 1)	8,156	22,487	(14,331)	17,145	2,814	Within 6 months
Proposed Distribution to shareholders	63,000	63,000	-	-	-	Fully utilised
Estimated expenses in relation to the Disposal	1,166	1,021	145	(145)	-	Fully utilised
<b>Total</b>	<b>112,322</b>	<b>96,286</b>	<b>16,036</b>	<b>-</b>	<b>16,036</b>	

#### Note 1: Working capital

Working capital requirements	Original Proposed Utilisation RM'000	Actual Utilisation RM'000	Remaining Unutilised balance before variation RM'000	Variation of the utilisation of the proceeds RM'000	Remaining unutilised balance after variation RM'000
Staff salaries and benefits	5,271	10,517	(5,246)	6,145	899
Advances to Comintel Green Technologies Sdn Bhd ("CGT") (including general administrative and other operating expenses for CGT's waste-to-energy business)	1,452	8,023	(6,571)	8,400	1,829
General administrative and other operating expenses for our Company's local SIMS segment	1,433	1,347	86	-	86
Advances to PT. Intelcom Indonesia, a 80% owned subsidiary of Comcorp for funding of additional working capital arising from new project(s)	-	2,600	(2,600)	2,600	-
	<b>8,156</b>	<b>22,487</b>	<b>(14,331)</b>	<b>17,145</b>	<b>2,814</b>

**B15 (Loss)/Earnings Per share**

The basic (loss)/earnings per share is calculated by dividing loss/(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 2020 are as follows:-

	Current Qtr 31.07.2019	Cumulative Qtr To-date 31.07.2019
Loss/(Profit) attributable to owners of the Company (RM'000)	(2,069)	14,121
Weighted average number of ordinary shares in issue (based on ordinary share of RM0.50 each) ('000)	140,000	140,000
Earning per share (sen)	(1.48)	10.09

**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 Company's External Auditors, Messrs RSM Malaysia had expressed the following qualified opinion in the Company's Audited Financial Statements for the financial year ended 31 January 2019.

Qualified Opinion

We have audited the financial statements of Comintel Corporation Bhd, which comprise the statements of financial position as at 31 January 2019 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 6 to 90.

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of our report, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 January 2019, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The financial statements of the Group and of the Company for the financial year ended 31 January 2018 were audited by another firm of chartered accountants whose report dated 16 May 2018 expressed an unmodified opinion.

Basis for Qualified Opinion

We draw attention to notes to the financial statements, which state the following:

- (a) As disclosed in note 35(a), on 25 January 2018 and 26 January 2018, the directors announced that the Company had triggered Paragraph 8.03A of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and is classified as an affected listed issuer. The Company is required to submit a proposed regularisation plan for the Group and the Company ("Regularisation Plan") to the relevant authorities and to implement the Regularisation Plan within the stipulated timeframe.

The Company submitted an application for an extension of time seeking approval for an extension of time for the Company to comply with Paragraph 5.0 of Practice Note 17 ("PN17") of the MMLR as the Company had yet to finalise the Regularisation Plan for submission to the relevant authorities for approval. On 22 February 2019, Bursa Malaysia granted the Company an extension of time up to 24 July 2019 for the submission of the Regularisation Plan.

On 28 March 2019, the directors announced that the Company had further triggered Paragraph 2.1(a) of PN17 of the MMLR of Bursa Malaysia.

## B17 Audit Report Qualification and Status of Matters Raised (cont'd)

### Basis for Qualified Opinion (cont'd)

- (b) As disclosed in note 35(b), Comintel Sdn Bhd (“Comintel”) is unable to pay RM20,833,053 with interest at 8% per annum to Ansar Broadcast Sdn Bhd (formerly known as U Television Sdn Bhd or “UTV”) as ordered by the Federal Court on 18 August 2017. On 17 April 2019, the Shah Alam High Court has allowed the winding-up petition by UTV against Comintel and Mr Augustine A/L T.K. James of Messrs James & Co was appointed as Comintel’s liquidator.

Due to the impending winding up of Comintel, the financial statements of Comintel for the financial year ended 31 January 2019 is prepared on break up basis.

- (c) The financial statements of Comintel Green Technologies Sdn Bhd (“CGT”) for the financial year ended 31 January 2019 have been prepared on break up basis as CGT has not been operating at a capacity sufficient to generate profits during the financial year. As at the date of this report, CGT is only generating minimal revenue for the Group.

The abovementioned events and conditions indicate the existence of multiple uncertainties which may cast significant doubt about the ability of the Group and of the Company to continue as a going concern.

The ability of the Group and of the Company to carry on a going concern, amongst others, is dependent upon the following:

- (i) The timely and successful formulation and implementation of the key components of the Regularisation Plan; and
- (ii) The ability of the Group and of the Company to achieve sustainable and viable operations with adequate cash flows generated from their operating activities.

In the event that these are not forthcoming, the Group and the Company may be unable to realise their assets and discharge their liabilities in the normal course of business. Accordingly, the financial statements of the Group and of the Company may require adjustment to restate the carrying amounts of the assets to their recoverable amounts and to provide further liabilities that may arise.

The financial statements of the Group and of the Company do not include any adjustments and classification relating to the recorded assets and liabilities that may be necessary should the Group and the Company be unable to continue as going concern, other than the assets and liabilities of Comintel and CGT that are stated on break up basis in the consolidated financial statements of the Group.

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Basis for Qualified Opinion section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<u>Material litigation</u>  Refer to note 31 Material Litigation  On 18 August 2017, the Federal Court of Malaysia had allowed the appeal by Ansar Broadcast Sdn Bhd (formerly known as U Television Sdn Bhd or “UTV”) and Tan Sri Dato’ Seri Vincent Tan on a litigation brought by Comintel Sdn Bhd (“Comintel”) and allowed a counter claim of RM20,833,053 by UTV and Tan Sri Dato’ Seri Vincent Tan against Comintel together with interest at 8% per annum with effect from the same date.  On 7 March 2019, the Federal Court had dismissed Comintel’s application to review the Federal Court’s earlier order dated 18 August 2017.	The details of our work performed are as follows:  (a) reviewed the legal expenses incurred during the financial year and sent letters to the solicitors providing legal services to the Group’s entities, inquiring about litigations and actual or potential claims and disputes;  (b) assessed the responses received to the above inquiries;  (c) read minutes of meetings of the board of directors’ and audit committees of the Group’s key entities, and also inspected correspondences with regulators;

**B17 Audit Report Qualification and Status of Matters Raised (cont'd)**Key Audit Matters (cont'd)

Key audit matter	How our audit addressed the key audit matter
<p>Subsequently, on 17 April 2019, the Shah Alam High Court allowed the Winding Up Petition (“Petition”) and that Comintel is to be wound up under the provision of the Companies Act 2016 and Mr. Augustine A/L T.K. James of James &amp; Co is appointed as Comintel’s liquidator.</p> <p>Whether a liability or contingent liability is recognised or disclosed in the financial statements is inherently uncertain and is dependent on a number of significant assumptions and judgements. The amounts involved are potentially significant and to determine the amount to be recognised or disclosed in the financial statements, is inherently subjective.</p>	<p>(d) critically assessed the Group’s assumptions and estimates in respect of claims, including the liabilities recognised or contingent liabilities disclosed in the financial statements. Assessment of the probability of negative result of litigation and the reliability of estimates of related obligation;</p> <p>(e) assessed whether the Group’s disclosures detailing significant legal and regulatory proceedings adequately disclosed the potential liabilities of the Group; and</p> <p>(f) assessed and followed through with the Petition and status of the realisation of assets and liabilities of Comintel.</p>
<p><u>Impairment of property, plant and equipment</u></p> <p>Refer to note 6 Property, Plant and Equipment</p> <p>The Group is required to perform an impairment test on cash generating units (“CGUs”) whenever there is an indication that the CGU may be impaired.</p> <p>The Waste-to-Energy segment of the Group has not been operating at a capacity sufficient to generate profits during the financial year.</p> <p>In view of the significant losses incurred during the current financial year, there is indication that the carrying amount of these plant and equipment may not be recoverable.</p> <p>Accordingly, the Group estimated the recoverable amount of the plant and equipment by performing an impairment assessment in the current financial year to estimate the recoverable amount of these assets with reference to the valuation performed by independent valuers.</p> <p>This impairment review was significant to our audit because the assessment process is complex and is based on assumptions that are highly judgemental.</p>	<p>The details of our work performed are as follows:</p> <p>(a) evaluated the competency, capabilities and objectivity of the independent valuers which included the consideration of their independence, qualification and experience;</p> <p>(b) understand the scope and purpose of the valuation by reading the correspondences with the independent valuers and their valuation report;</p> <p>(c) read the valuation report and discussed with the independent valuers on their valuation approach and the significant judgements made; and</p> <p>(d) performed mathematical calculation of the impairment assessment</p>

Steps taken or proposed to be taken to address those key audit matters that relate to the modified opinion or material uncertainty related to going concern and the timeline:-

- (1) As per our announcement dated 8 August 2019, Bursa Malaysia Securities Berhad (“Bursa Malaysia”) has granted the Company a further extension of time of up to 24 January 2020 to submit a Regularisation Plan. As per our announcement dated 3 September 2019, the Company is working on the Regularisation Plan.
- (2) For our Green Waste Management and Waste-to-Energy segment, we are increasing our efforts to source for alternative raw materials and/or suppliers to increase the quantity of raw materials supply to the plant to enable the plant to operate at an optimum level.

**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 26 September 2019.

**Date: 26-Sep-2019**