

COMINTEL CORPORATION BHD ("COMCORP")

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

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE QUARTER AND YEAR ENDED 31 JANUARY 2020**

(The figures have not been audited)

		Current	Corresponding	%	Current	(Audited) Corresponding	%
	Note	Quarter Ended 31.01.2020 RM'000	Quarter Ended 31.01.2019 RM'000	change	Year To Date 31.01.2020 RM'000	Year To Date 31.01.2019 RM'000	change
CONTINUING OPERATIONS							
Revenue	A9	1,412	843	67	1,936	3,927	(51)
Cost of sales		(259)	(2,161)		(395)	(2,713)	
Gross profit		1,153	(1,318)	(187)	1,541	1,214	27
Other operating income		(413)	612		1,181	3,099	
Group's gain from loss of control in subsidiaries		5,538	-		23,456	-	
Other operating, administrative, selling and distribution expenses		(5,190)	(20,516)		(11,130)	(36,190)	
(Loss) / Profit from Operations		1,088	(21,222)	(105)	15,048	(31,877)	(147)
Finance costs		(152)	(188)		(661)	(747)	
(Loss) / Profit before taxation	B5	936	(21,410)	(104)	14,387	(32,624)	(144)
Taxation	B6	-	(55)		8	(55)	
(Loss) / Profit after taxation from continuing operations		936	(21,465)		14,395	(32,679)	
Post-tax loss from operations due to loss in control		(913)	-		(2,038)	-	
(Loss) / Profit for the year		23	(21,465)	(100)	12,357	(32,679)	(138)
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		(2)	(156)		(3)	73	
Total Comprehensive (Loss) / Income for the year		<u>21</u>	<u>(21,621)</u>		<u>12,354</u>	<u>(32,606)</u>	
(Loss) / Profit attributable to:							
Equity holders of the parent company		1,049	(15,373)	(107)	14,121	(25,504)	(155)
Non-controlling interests		(1,026)	(6,092)		(1,764)	(7,175)	
		<u>23</u>	<u>(21,465)</u>	(100)	<u>12,357</u>	<u>(32,679)</u>	(138)
Total Comprehensive (Loss) / Income attributable to:							
Equity holders of the parent company		1,048	(15,528)		14,119	(25,431)	
Non-controlling interests		(1,027)	(6,093)		(1,765)	(7,175)	
		<u>21</u>	<u>(21,621)</u>		<u>12,354</u>	<u>(32,606)</u>	
(Loss) / Earnings per share							
- Basic (sen)	B15	0.75	(10.98)		10.09	(18.22)	
- Diluted (sen)	B15	0.75	(10.98)		10.09	(18.22)	

Note:

The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 January 2019 and the accompanying explanatory notes attached to these interim financial statements.

COMINTEL CORPORATION BHD ("COMCORP")

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 JANUARY 2020**(The figures have not been audited)**

	As At 31.01.2020	(Audited) As At 31.01.2019
Note	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	25	9
Right-of-use assets	73	-
	<u>98</u>	<u>9</u>
Current assets		
Property, plant and equipment	3,254	5,060
Right-of-use assets	651	-
Other investments	11,160	24,589
Inventories	50	169
Trade receivables	649	757
Other receivables, deposits and prepayments	5,411	3,280
Tax recoverable	-	568
Cash and bank balances	1,856	6,220
	<u>23,031</u>	<u>40,643</u>
TOTAL ASSETS	<u>23,129</u>	<u>40,652</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	95,745	95,745
Translation reserves	(71)	687
Accumulated losses	(71,590)	(87,145)
Total equity attributable to equity holders of the parent	24,084	9,287
Non-controlling interests	(15,335)	(8,095)
TOTAL EQUITY	<u>8,749</u>	<u>1,192</u>
Current liabilities		
Trade payables	-	789
Other payables and accruals	6,532	5,093
Litigation liabilities	-	23,258
Provision for warranty	-	99
Lease liabilities	916	-
Short term borrowings	B10 6,920	8,558
Bank overdraft	B10 -	891
Hire purchase payables	B10 7	86
Provision for taxation	5	686
	<u>14,380</u>	<u>39,460</u>
TOTAL LIABILITIES	14,380	39,460
TOTAL EQUITY AND LIABILITIES	<u>23,129</u>	<u>40,652</u>
Net assets per share attributable to ordinary equity holders of the parent company (RM)	0.1720	0.0663

Note:

The above condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 January 2019 and the accompanying explanatory notes attached to these interim financial statements.

COMINTEL CORPORATION BHD ("COMCORP")

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 JANUARY 2020

(The figures have not been audited)

Note	<----- Attributable to equity holders of the parent ----->						
	<----- (Non Distributable) ----->			(Distributable)		Non-controlling Interest	Total Equity
	Share Capital	Share Premium	Translation Reserves	(Accumulated losses)/ Retained Profits	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
12 months period ended 31 January 2020							
At 1 February 2019	95,745	-	687	(87,145)	9,287	(8,095)	1,192
Effects of adopting MFRS	-	-	-	(3,989)	(3,989)	(52)	(4,041)
	95,745	-	687	(91,134)	5,298	(8,147)	(2,849)
Changes in equity during the year:							
Profit / (Loss) for the year	-	-	-	14,121	14,121	(1,764)	12,357
Other comprehensive income:							
- Translation reserves	-	-	(2)	-	(2)	(1)	(3)
Total comprehensive income/expense for the year	-	-	(2)	14,121	14,119	(1,765)	12,354
Transfer of translation reserve to accumulated losses	-	-	(756)	-	(756)	-	(756)
Movement in non-controlling interest due to loss in control in subsidiaries	-	-	-	5,423	5,423	(5,423)	-
At 31 January 2020	95,745	-	(71)	(71,590)	24,084	(15,335)	8,749
12 months period ended 31 January 2019 (Audited)							
At 1 February 2018	70,000	25,745	614	1,359	97,718	(920)	96,798
Changes in equity during the year :							
Loss for the year	-	-	-	(25,504)	(25,504)	(7,175)	(32,679)
Other comprehensive income:							
- Translation reserves	-	-	73	-	73	-	73
Total comprehensive expense for the year	-	-	73	(25,504)	(25,431)	(7,175)	(32,606)
Dividends to shareholders	-	-	-	(63,000)	(63,000)	-	(63,000)
Transfer of Share Premium to Share Capital (Pursuant to Section 618(2) of the Companies Act 2016)	25,745	(25,745)	-	-	-	-	-
At 31 January 2019	95,745	-	687	(87,145)	9,287	(8,095)	1,192

Note:

The above condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 January 2019 and the accompanying explanatory notes attached to these interim financial statements.

COMINTEL CORPORATION BHD ("COMCORP")

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 JANUARY 2020

(The figures have not been audited)

	Current Year To Date 31.01.2020 RM'000	(Audited) Corresponding Year To Date 31.01.2019 RM'000
Cash flows from operating activities		
Profit/(Loss) before taxation from continuing operations	14,387	(32,624)
Pre-tax loss from loss in control subsidiaries	(2,038)	-
	<u>12,349</u>	<u>(32,624)</u>
Adjustments for non cash and non operating items:		
Allowance for inventories obsolescence	11	-
Bad debts written-off	905	1,161
Depreciation of property, plant & equipment	403	1,546
Depreciation of right-of-use of assets	358	-
Gain on disposal of other investments	(4)	(45)
Gain on disposal of property, plant & equipment	-	(7)
Gain on loss of control on subsidiaries	(23,456)	-
Hire purchase interest	2	6
Impairment loss on property, plant & equipment	1,556	16,101
Interest expenses	670	734
Interest income from short term deposits	(136)	(1,668)
Inventories written off	168	1,966
Property, plant & equipment written off	-	6
Provision for doubtful debts	1,907	1,850
Provision for warranty costs written back	-	(23)
Reversal of allowance for inventories obsolescence	-	(1,674)
Unrealised capital gain on other investments	(43)	(15)
Unrealised foreign exchange (gain)/loss	(203)	104
	<u>(5,513)</u>	<u>(12,582)</u>
Operating loss before working capital changes		
Other investments	13,133	(24,186)
Inventories	(59)	50
Trade receivables	(662)	1,156
Other receivables, deposits and prepayments	(7,063)	(2,250)
Trade payables	(1)	(475)
Other payables and accruals	2,546	(2,473)
Litigation losses	347	1,667
	<u>2,728</u>	<u>(39,093)</u>
Cash generated from/(used in) operations		
Interest paid	(672)	(740)
Income tax paid	(32)	(118)
	<u>2,024</u>	<u>(39,951)</u>
Net cash generated from/(used in) operating activities		
Cash flows from investing activities		
Cash out flow arising from deconsolidation	(398)	-
Purchase of property, plant & equipment	(251)	(81)
Proceeds from disposal of property, plant & equipment	-	7
Interest income received	136	1,668
	<u>(513)</u>	<u>1,594</u>
Net cash generated from investing activities		
Balance carried forward	1,511	(38,357)

COMINTEL CORPORATION BHD ("COMCORP")

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 JANUARY 2020

(The figures have not been audited)

	Current Year To Date 31.01.2020 RM'000	(Audited) Corresponding Year To Date 31.01.2019 RM'000
Balance brought forward	1,511	(38,357)
Cash flows from financing activities		
Dividend paid	-	(63,000)
Drawdown of bank borrowings	-	403
Placement of cash deposit pledged for banking facilities	-	(426)
(Placement)/Withdrawal of short term deposits pledged for banking facilities	(18)	1,491
Repayment of bank borrowings	(1,638)	(2,251)
Repayment of hire purchase liabilities	(31)	(40)
Repayment of lease liabilities	(547)	-
<i>Net cash used in financing activities</i>	<u>(2,234)</u>	<u>(63,823)</u>
Net changes in cash and cash equivalents	(723)	(102,180)
Cash and cash equivalents at the beginning of the year	2,153	104,333
<i>Cash and cash equivalents at the end of the year</i>	<u>1,430</u>	<u>2,153</u>
<i>Analysed into:</i>		
Short term deposits with financial institutions	-	4,375
Cash and bank balances	1,856	1,845
	<u>1,856</u>	<u>6,220</u>
Short term deposits pledged and/or with maturity more than 3 months	-	(2,750)
Cash deposit pledged	(426)	(426)
Bank overdrafts	-	(891)
<i>Cash and cash equivalents at the end of the year</i>	<u>1,430</u>	<u>2,153</u>

Note:

The above condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 January 2019 and the accompanying explanatory notes attached to these interim financial statements.

NOTES TO THE INTERIM FINANCIAL REPORT - 4TH QUARTER ENDED 31 JANUARY 2020

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

A1 Basis of Preparation

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

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

This Condensed Report should be read in conjunction with the Group's audited financial statements for the financial year ended 31 January 2019. The explanatory notes attached to the Condensed Report provide explanation of events and transactions that are significant for an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 January 2019.

A2 Changes in Accounting Policies

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

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

Standards issued but not yet effective

	effective for financial periods beginning on or after
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 7 - Financial Instruments: Disclosures	1 January 2020
Amendments to MFRS 9 - Financial Instruments	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
Amendments to MFRS 139 - Financial Instruments : Recognition and Measurement	1 January 2020

A2 Changes in Accounting Policies (cont'd)

Standards issued but not yet effective (cont'd)

	effective for financial periods beginning on or after
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 139 Financial Instruments: Recognition and Measurement	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 will adopt the relevant pronouncements when they become effective in the respective financial periods.

A3 Auditors' report on preceeding audited financial statements

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.

A3 Auditors' report on preceeding audited financial statements (cont'd)

Basis for Qualified Opinion (cont'd)

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

A3 Auditors' report on preceeding audited financial statements (cont'd)

Key Audit Matters (cont'd)

Key audit matter	How our audit addressed the key audit matter
<p><u>Material litigation (cont'd)</u></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 & 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>(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</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</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 5 March 2020, Bursa Malaysia Securities Berhad ("Bursa Securities") has granted the Company a further extension of time of up to 24 July 2020 to submit a Regularisation Plan. As per our announcement dated 1 April 2020, the Company is still working on the regularisation plan to regularise the condition of the Company.

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A3 Auditors' report on preceeding audited financial statements (cont'd)

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:- (cont'd)

- (2) The Company entered into a Settlement 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 on behalf of Comintel Sdn Bhd (In Liquidation) as full and final payment of the entire debt ("Settlement Sum") owed by Comintel Sdn Bhd (In Liquidation) to Ansar Broadcast under the Federal Court Order dated 18 August 2017 and the High Court Order dated 17 April 2019 ("Settlement Agreement"). The Company had fulfilled the conditions of the Settlement Agreement.

The Company filed an application in the Shah Alam High Court to terminate the winding-up of Comintel Sdn Bhd (In Liquidation) ("Application to Terminate Winding-Up") on 10 January 2020 and the case management for the Application to Terminate Winding Up is scheduled on 13 May 2020.

- (3) For our Green Waste Management and Waste-to-Energy segment, we continue to source for alternative raw materials and/or suppliers.

A4 Explanatory Comment On Seasonality or Cyclicity

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

A5 Unusual Items Due To Their Nature, Size Or Incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current quarter and year ended 31 January 2020.

A6 Significant Estimates and Change In Estimates

There were no changes in estimates that have had any material effect during the current quarter results and year ended 31 January 2020.

A7 Debt and Equity Securities

There were no issuance, repurchases and repayment of debt and equity securities, shares buy-back, share cancellations, shares held as treasury shares or resale of treasury shares during the current quarter and year ended 31 January 2020.

A8 Dividend Paid

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

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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 (quarter and year ended 31 January 2020)**

Segment revenue	Investment Holding RM'000	SIMS RM'000	GWM and WtE RM'000	Consolidated RM'000	Subsidiaries loss in control RM'000
Malaysia	496	1,274	9	1,779	949
Overseas	-	157	-	157	-
Total Revenue	496	1,431	9	1,936	949

Results from operating activities

Segment results	20,798	(2,560)	(3,190)	15,048	(1,870)
Finance costs				(661)	(168)
Profit / (Loss) before taxation				14,387	(2,038)
Taxation				8	-
Post-tax loss from operations due to loss in control				(2,038)	-
Profit / (Loss) for the period				12,357	(2,038)

Segment Assets

Segment total assets	11,714	4,224	7,191	23,129	
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Preceding Year (quarter and year ended 31 January 2019)

Segment revenue	Investment Holding RM'000	SIMS RM'000	GWM and WtE RM'000	Consolidated RM'000
Malaysia	-	3,546	7	3,553
Overseas	-	374	-	374
Total Revenue	-	3,920	7	3,927

Results from operating activities

Segment results	(1,721)	(9,127)	(21,029)	(31,877)
Finance costs				(747)
Loss before taxation				(32,624)
Taxation				(55)
Loss for the period				(32,679)

Segment Assets

Segment total assets	21,598	10,832	8,222	40,652
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A10 Valuation of property, plant and equipment

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

A11 Material events subsequent to the end of the interim period

There were no material events subsequent to the end of the current quarter and financial year-to-date that have not been reflected in this condensed Report.

A12 Changes in the composition of the Group

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

A13 Contingent assets and liabilities

As at 31 January 2020, there were no bank guarantees issued or outstanding by the Group in relation to performance and tenders. The Company has provided corporate guarantees amounting to RM60.1 million to financial institutions for banking facilities made available to its subsidiaries and Comintel Sdn Bhd (in Liquidation) of which RM7.7 million has been utilised as at 31 January 2020.

A14 Capital Commitments

There were no material capital commitments as at the end of the financial year and up to the date of this report.

A15 Related Party Transactions

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

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	-	101	101
Total for type of transaction	-	101	101

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NOTES TO THE INTERIM FINANCIAL REPORT - 4TH QUARTER ENDED 31 JANUARY 2020**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD****B1 Review of Performance of Operating Segments of the Group**

The Group recorded a revenue of RM1.4 million for the current financial quarter under review, an increase of 67.5% or RM0.5 million as compared to the corresponding quarter last year. The investment holding segment recorded a revenue of RM0.5 million while SIMS segment recorded a revenue of RM0.9 million, a decrease of 8.5% or RM0.1 million as compared to the corresponding quarter last year. There was a minimal gain recorded in the current financial quarter under review whereas the corresponding quarter last year recorded a loss after tax of RM21.5 million. For the financial year-to-date under review, the Group's profit was RM12.4 million as compared to the Group's loss of RM32.7 million in the corresponding financial year-to-date.

The minimal gain in the current quarter was due to recognition of additional RM4.6 million gain from loss of control in subsidiaries after netting off additional post-tax loss from operations due to loss in control. The recorded losses for the current quarter excluding the additional gain from loss of control in subsidiaries and post-tax loss from operations due to loss in control is RM4.6 million which was due to no contracts being secured by the subsidiary replacing Comintel Sdn Bhd (in Liquidation) ("Comintel") as operations had just commenced in mid April 2019 following the winding up order on Comintel Sdn Bhd on 17 April 2019. Whereas the significant higher losses recorded in the corresponding quarter last year was mainly due to the recognition of impairment losses on property, plant and equipment and allowance for doubtful debts.

The profit for the year-to-date was mainly due to the effect by the Group's realisation of gain as Comintel and its subsidiaries are 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.

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

	Current Quarter ended 31.01.2020 <u>RM'000</u>	Corresponding Quarter ended 31.10.2019 <u>RM'000</u>
Revenue	1,412	339
Profit/(Loss) before tax	936	(945)
Profit/(Loss) for the period	23	(933)
Attributable to :		
Equity holders of the parent company	1,049	(1,049)
Non-controlling interests	(1,026)	116

The current financial quarter's revenue was RM1.1 million higher than that recorded in the corresponding quarter. Investment holding segment recorded a revenue of RM0.5 million and SIMS segment revenue increased by RM0.6 million.

Net gain attributable to the equity holders of the parent company was RM1.0 million, an increase in gain of RM2.1 million as compared to the net loss of RM1.0 million recorded in the immediate corresponding quarter. The increase in gain recorded for the current quarter was mainly due to recognition of additional RM5.5 million gain from loss of control in subsidiaries, RM0.9 million additional post-tax loss from operations due to loss in control and an impairment loss on property, plant and equipment amounting RM1.6 million and allowance for doubtful debts of RM1.6 million. The immediate corresponding quarter losses were lower due to an increase in non-recurring other operating income of RM1.0 million.

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.

The Company had entered into a Memorandum of Understanding ("MOU") with Dhaya Maju Infrastructure (Asia) Sdn Berhad ("DMIA") and Datuk Seri Dr. Subramaniam Pillai A/L Sankaran Pillai on 22 January 2020 whereby DMIA has formalised its intention to award subcontract works for railway construction related communications, system integration and support services having a value of no less than RM115.0 million to the Group.

B4 Profit Forecast or Profit Guarantee

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

B5 (Loss)/Profit Before Taxation

	Current Quarter Ended 31.01.2020 <u>RM'000</u>	Corresponding Quarter Ended 31.01.2019 <u>RM'000</u>	Current Year To Date 31.01.2020 <u>RM'000</u>	Audited Corresponding Year To Date 31.01.2019 <u>RM'000</u>
(Loss)/Profit before taxation is arrived at after charging / (crediting) the following :				
Interest Income	366	(180)	(136)	(1,668)
Other Income (excluding interest income)	(266)	(524)	(1,102)	(1,431)
Allowance / (Reversal of allowance) for inventories obsolescenc	-	(1,638)	11	(1,674)
Interest Expenses	152	111	672	670
Bad debt written off	905	1,161	905	1,161
Deposit written off	-	14	-	14
Depreciation of property, plant & equipment	102	262	403	1,546
Depreciation of right-of-use assets	23	-	358	-
Gain on disposal of other investments	-	(45)	(4)	(45)
Gain on disposal of property, plant & equipment	-	-	-	(7)
Gain on loss of control on subsidiary	(5,538)	-	(23,456)	-
Impairment on property, plant and equipment	1,556	16,101	1,556	16,101
Inventories written off	168	1,930	168	1,966
Lease rental of premises	188	619	188	2,475
Litigation claim	-	420	-	1,667
Loss on realised foreign exchange	-	1	-	17
Provision for doubtful debt	1,167	1,850	1,907	1,850
Property, plant & equipment written off	-	-	-	6
Provision for warranty cost written back	-	-	-	(23)
Rental of car park	7	7	22	27
Rental of equipment	8	9	21	31
Rental of land	-	28	-	114
Rental of premises	92	22	388	65
Unrealised capital loss/(gain) on other investments	1	22	(43)	(15)
Unrealised loss/(gain) on foreign exchange	3	(187)	(203)	104

B6 Taxation

	Current Quarter 31.01.2020 <u>RM'000</u>	Current Year To Date 31.01.2020 <u>RM'000</u>
<u>Malaysian Taxation</u>		
- Current	-	8
- Deferred	-	-
	<u>-</u>	<u>8</u>

B7 Profit or Loss on Sales of Unquoted Investments and Properties

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

B8 Quoted Securities

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

B9 Corporate Proposal

There were no corporate proposals announced and not completed as at the reporting date.

B10 Group Borrowings

<u>Secured</u>	Payable	Payable after	Total
	within 12 months	12 months	
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Bank borrowings	6,920	-	6,920
Hire purchase payables	7	-	7
Total Borrowings	<u>6,927</u>	<u>-</u>	<u>6,927</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 25 June 2019, the Company entered into a Settlement Agreement ("the Agreement") with Ansat Broadcast Sdn Bhd ("Ansat Broadcast") (formerly known as U Television Sdn Bhd) to pay the sum of Ringgit Malaysia Four Million (RM4,000,000-00) Only only on behalf of Comintel Sdn Bhd (In Liquidation) as full and final payment of the entire debt ("Settlement Sum") owed by Comintel Sdn Bhd (In Liquidation) to Ansat Broadcast under the Federal Court Order dated 18 August 2017 and the High Court Order dated 17 April 2019. The Company filed an application in the Shah Alam High Court to terminate the winding-up of Comintel Sdn Bhd (In Liquidation) ("Application to Terminate Winding Up") on 10 January 2020.

The Application to Terminate Winding Up is fixed for case management before the Senior Assistant Registrar ("Registrar") on 10 February 2020. On 10 February 2020, the Registrar directed that the Liquidator should expedite his report, while the next case management shall be on 16 March 2020 to update on the status of the Liquidator's report and hearing before the judge is fixed on 14 May 2020.

The Registrar directed in the case management on 16 March 2020 that parties to resolve the issue of Liquidator's cost by 23 March 2020, written submission shall be filed to the Shah Alam High Court by 6 April 2020, the next case management shall be on 6 April 2020 and hearing before the judge is rescheduled to 9 April 2020.

Further to notice dated 26 March 2020 issued by the Registrar, the case management for the Application to Terminate Winding Up is rescheduled to 13 May 2020.

B13 Proposed Dividends

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

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B14 Status of Utilisation of Proceeds

Disposal of 100% equity interest in BCM Electronics Corporation Sdn Bhd, a former 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 January 2020, 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 Approved 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	9,796	30,204	(17,000)	13,204	(Note 2)
Working capital (Note 1)	8,156	26,081	(17,925)	17,145	(780)	(Note 3)
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
Total	112,322	99,898	12,424	-	12,424	

Note 1: Working capital

Working capital requirements	Original Approved 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	12,804	(7,533)	4,145	(3,388)	Note 1(a)
Advances to Comintel Green Technologies Sdn Bhd ("CGT") (including general administrative and other operating expenses for CGT's waste-to-energy	1,452	9,615	(8,163)	6,400	(1,763)	Note 1(a)
General administrative and other operating expenses for our Company's local SIMS segment	1,433	2,234	(801)	-	(801)	Note 1(a)
Advances to PT. Intelcom Indonesia, a 80% owned subsidiary of Comcorp for funding of additional working capital arising from new project(s)	-	1,428	(1,428)	6,600	5,172	Note 1(b)
	8,156	26,081	(17,925)	17,145	(780)	

Note 1(a): As at 31 January 2020, the Group has over-utilised its allocated utilisation for staff salaries and benefits and for the operating expenses for both CGT's waste-to-energy business and local SIMS segment due to no contracts being secured by SIMS segment and minimal contribution from GWM and WtE segment.

Note 1(b): As at 31 January 2020, PT Intelcom Indonesia has not secured any new project(s), therefore the funds has been channeled to cover the deficit of staff salaries and benefits and operating expenses for CGT's waste-to-energy business and local SIMS segment.

B14 Status of Utilisation of Proceeds (cont'd)

Note 2: Based on the variation approved by the shareholders on 5 December 2018 to vary the utilisation of proceeds, the remaining timeframe for utilisation (from 30 October 2018) was within 9 months i.e. July 2019. The Company currently has remaining unutilised balance after variation due to no further requirement of utilisation.

Note 3: Based on the variation approved by the shareholders on 5 December 2018 to vary the utilisation of proceeds, the remaining timeframe for utilisation (from 30 October 2018) was within 3 months i.e. January 2019. The Company currently has remaining unutilised balance after variation.

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 ended 31 January 2020 is as follow:-

	Current Qtr 31.01.2020	Cumulative Qtr to-date 31.01.2020
Loss/(Profit) attributable to owners of the Company (RM'000)	1,049	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)	0.75	10.09

B16 Comparative Figures

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

B17 Auditors' report on preceeding audited financial statements

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.

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B17 Auditors' report on preceeding audited financial statements (cont'd)

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.

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.

B17 Auditors' report on preceeding audited financial statements (cont'd)

Key Audit Matters (cont'd)

Key audit matter	How our audit addressed the key audit matter
<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 & 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> <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>

B17 Auditors' report on preceeding audited financial statements (cont'd)

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 5 March 2020, Bursa Malaysia Securities Berhad ("Bursa Securities") has granted the Company a further extension of time of up to 24 July 2020 to submit a Regularisation Plan. As per our announcement dated 1 April 2020, the Company is still working on the regularisation plan to regularise the condition of the Company.
- (2) The Company entered into a Settlement 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 on behalf of Comintel Sdn Bhd (In Liquidation) as full and final payment of the entire debt ("Settlement Sum") owed by Comintel Sdn Bhd (In Liquidation) to Ansar Broadcast under the Federal Court Order dated 18 August 2017 and the High Court Order dated 17 April 2019 ("Settlement Agreement"). The Company had fulfilled the conditions of the Settlement Agreement.

The Company filed an application in the Shah Alam High Court to terminate the winding-up of Comintel Sdn Bhd (In Liquidation) ("Application to Terminate Winding-Up") on 10 January 2020 and the case management for the Application to Terminate Winding Up is scheduled on 13 May 2020.

- (3) For our Green Waste Management and Waste-to-Energy segment, we continue to source for alternative raw materials and/or suppliers.

B18 Authorisation for issue

The Condensed Report was authorised for issue by the Board of Directors in accordance with a resolution of the directors on 23 April 2020.

Date: 23-Apr-2020