

COMINTEL CORPORATION BHD ("COMCORP")

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

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

(The figures have not been audited)

| | Current Quarter Ended 31.10.2020 Note | Corresponding Quarter Ended 31.10.2019 RM'000 | % change | Current Year To Date 31.10.2020 RM'000 | Corresponding Year To Date 31.10.2019 RM'000 | % change |
|---|--|--|-------------|---|---|-------------|
| CONTINUING OPERATIONS | | | | | | |
| Revenue | A9 | 1,033 | 205 | 1,577 | 524 | 201 |
| Cost of sales | | (449) | | (584) | (136) | |
| Gross profit | | 584 | 165 | 993 | 388 | 156 |
| Other operating income | | 603 | | 925 | 1,594 | |
| Group's gain from loss of control in subsidiaries | | - | | - | 17,918 | |
| Other operating, administrative, selling and distribution expenses | | (2,776) | | (7,430) | (5,940) | |
| (Loss) / Profit from Operations | | (1,589) | 103 | (5,512) | 13,960 | (139) |
| Finance costs | | (192) | | (551) | (509) | |
| (Loss) / Profit before taxation | B5 | (1,781) | 88 | (6,063) | 13,451 | (145) |
| Taxation | B6 | - | | - | 8 | |
| (Loss) / Profit after taxation from continuing operations | | (1,781) | | (6,063) | 13,459 | |
| Post-tax loss from operations due to loss in control | | - | | - | (1,125) | |
| (Loss) / Profit for the period | | (1,781) | 91 | (6,063) | 12,334 | (149) |
| 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 | | 6 | (1) | 11 | (1) | |
| Total Comprehensive (Loss) / Income for the period | | <u>(1,775)</u> | | <u>(6,052)</u> | <u>12,333</u> | |
| (Loss) / Profit attributable to: | | | | | | |
| Equity holders of the parent company | | (1,590) | 52 | (5,471) | 13,072 | (142) |
| Non-controlling interests | | (191) | | (592) | (738) | |
| | | <u>(1,781)</u> | 91 | <u>(6,063)</u> | <u>12,334</u> | (149) |
| Total Comprehensive (Loss) / Income attributable to: | | | | | | |
| Equity holders of the parent company | | (1,585) | | (5,462) | 13,071 | |
| Non-controlling interests | | (190) | | (590) | (738) | |
| | | <u>(1,775)</u> | | <u>(6,052)</u> | <u>12,333</u> | |
| (Loss) / Earnings per share | | | | | | |
| - Basic (sen) | B15 | (1.14) | (0.75) | (3.91) | 9.34 | |
| - Diluted (sen) | B15 | (1.14) | (0.75) | (3.91) | 9.34 | |

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 2020 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 OCTOBER 2020**(The figures have not been audited)**

| | (Audited) |
|---|------------|
| | As At |
| | As At |
| | 31.10.2020 |
| | 31.01.2020 |
| Note | RM'000 |
| Note | RM'000 |
| ASSETS | |
| Non-current assets | |
| Property, plant and equipment | 7 |
| Right-of-use assets | 24 |
| | - |
| | 73 |
| | 7 |
| | 97 |
| Current assets | |
| Property, plant and equipment | - |
| Right-of-use assets | 3,255 |
| Other investments | - |
| Inventories | 651 |
| Trade receivables | 36 |
| Other receivables, deposits and prepayments | 11,160 |
| Cash and bank balances | - |
| | 50 |
| | 230 |
| | 649 |
| | 17 |
| | 5,411 |
| | 123 |
| | 1,856 |
| | 406 |
| | 23,032 |
| Assets classified as held for sale | 14,547 |
| | - |
| | 14,953 |
| | 23,032 |
| TOTAL ASSETS | 14,960 |
| | 23,129 |
| EQUITY AND LIABILITIES | |
| Equity attributable to equity holders of the parent | |
| Share capital | 95,745 |
| Translation reserves | 95,745 |
| Other reserves | (62) |
| Accumulated losses | (71) |
| Total equity attributable to equity holders of the parent | (1,361) |
| Non-controlling interests | - |
| TOTAL EQUITY | (82,926) |
| | (71,445) |
| | 11,396 |
| | 24,229 |
| | (9,915) |
| | (15,335) |
| | 1,481 |
| | 8,894 |
| Non-current liabilities | |
| Lease liabilities | - |
| | 42 |
| | - |
| | 42 |
| Current liabilities | |
| Other payables and accruals | 2,670 |
| Lease liabilities | 6,387 |
| Short term borrowings | - |
| Provision for taxation | 881 |
| | - |
| | 6,920 |
| | 5 |
| | 2,670 |
| | 14,193 |
| Liabilities classified as held for sale | 10,809 |
| | - |
| | 13,479 |
| | 14,193 |
| TOTAL LIABILITIES | 13,479 |
| | 14,235 |
| TOTAL EQUITY AND LIABILITIES | 14,960 |
| | 23,129 |
| Net assets per share attributable to ordinary equity holders of the parent company (RM) | 0.0814 |
| | 0.1731 |

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 2020 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 PERIOD ENDED 31 OCTOBER 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 | Translation Reserves | Other Reserves | (Accumulated losses)/ Retained Profits | Total | | |
| RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| 9 months period ended 31 October 2020 | | | | | | | |
| Balance as at 1 February 2020 | 95,745 | (71) | - | (71,445) | 24,229 | (15,335) | 8,894 |
| Changes in equity during the period: | | | | | | | |
| Loss for the period | - | - | - | (5,471) | (5,471) | (592) | (6,063) |
| Other comprehensive income: | | | | | | | |
| - Translation reserves | - | 9 | - | - | 9 | 2 | 11 |
| Total comprehensive expense for the period | - | 9 | - | (5,471) | (5,462) | (590) | (6,052) |
| Reconsolidation of subsidiaries | - | - | (1,361) | (6,010) | (7,371) | 6,010 | (1,361) |
| At 31 October 2020 | 95,745 | (62) | (1,361) | (82,926) | 11,396 | (9,915) | 1,481 |
| 9 months period ended 31 October 2019 | | | | | | | |
| Balance as at 1 February 2019 | 95,745 | 687 | - | (87,145) | 9,287 | (8,095) | 1,192 |
| Effects of adopting MFRS 16 | - | - | - | (88) | (88) | (86) | (174) |
| At 1 February 2019, as restated | 95,745 | 687 | - | (87,233) | 9,199 | (8,181) | 1,018 |
| Changes in equity during the period : | | | | | | | |
| Profit/(Loss) for the period | - | - | - | 13,072 | 13,072 | (738) | 12,334 |
| Other comprehensive income: | | | | | | | |
| - Translation reserves | - | (1) | - | - | (1) | - | (1) |
| Total comprehensive income/(expense) for the period | - | (1) | - | 13,072 | 13,071 | (738) | 12,333 |
| 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 | - | - | - |
| At 31 October 2019 | 95,745 | (70) | - | (68,178) | 27,497 | (14,146) | 13,351 |

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 2020 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 PERIOD ENDED 31 OCTOBER 2020

(The figures have not been audited)

| | Current Year To Date 31.10.2020 RM'000 | Corresponding Year To Date 31.10.2019 RM'000 |
|--|---|---|
| Cash flows from operating activities | | |
| (Loss)/Profit before taxation from continuing operations | (6,063) | 13,451 |
| Pre-tax loss from loss in control subsidiaries | - | (1,125) |
| | <u>(6,063)</u> | <u>12,326</u> |
| Adjustments for non cash and non operating items: | | |
| Allowance for inventories obsolescence | - | 11 |
| Depreciation of property, plant & equipment | 218 | 301 |
| Depreciation of right-of-use of assets | 425 | 335 |
| Gain on disposal of other investments | - | (4) |
| Gain on loss of control on subsidiaries | - | (17,918) |
| Impairment loss on property, plant & equipment | - | (59) |
| Interest expenses | 551 | 522 |
| Interest income from short term deposits | (188) | (502) |
| Interest on lease liabilities | (246) | - |
| Provision for doubtful debts | - | 741 |
| Unrealised capital gain on other investments | (10) | 44 |
| Unrealised loss/(gain) on foreign exchange | 9 | (202) |
| | <u>(5,304)</u> | <u>(4,405)</u> |
| Operating loss before working capital changes | | |
| Other investments | 11,173 | 12,201 |
| Inventories | (134) | (23) |
| Trade receivables | 237 | (10) |
| Other receivables, deposits and prepayments | 5,439 | (6,315) |
| Trade payables | (430) | (3) |
| Other payables and accruals | (4,601) | 1,437 |
| Litigation losses | - | 347 |
| | <u>6,380</u> | <u>3,229</u> |
| Cash generated from operations | | |
| Interest paid | (551) | (522) |
| Income tax paid | - | (32) |
| | <u>5,829</u> | <u>2,675</u> |
| Net cash generated from operating activities | | |
| Cash flows from investing activities | | |
| Cash inflow arising from consolidation | 3,826 | - |
| Purchase of property, plant & equipment | (66) | (227) |
| Interest income received | 30 | 502 |
| | <u>3,790</u> | <u>275</u> |
| Net cash generated from investing activities | | |
| Balance carried forward | 9,619 | 2,950 |

COMINTEL CORPORATION BHD ("COMCORP")

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 OCTOBER 2020**(The figures have not been audited)**

| | Current Year To Date 31.10.2020 | Corresponding Year To Date 31.10.2019 |
|--|---------------------------------------|---|
| | RM'000 | RM'000 |
| Balance brought forward | 9,619 | 2,950 |
| Cash flows from financing activities | | |
| Placement of pledged fixed deposits | - | (18) |
| Repayment of bank borrowings | (6,881) | (1,175) |
| Repayment of lease liabilities | (714) | (1,599) |
| <i>Net cash used in financing activities</i> | (7,595) | (2,792) |
| Net changes in cash and cash equivalents | 2,024 | 158 |
| Cash and cash equivalents at the beginning of the period | 1,430 | 2,153 |
| <i>Cash and cash equivalents at the end of the period</i> | 3,454 | 2,311 |
| <i>Analysed into:</i> | | |
| Cash and bank balances | 123 | 2,137 |
| Cash deposit pledged | - | 600 |
| Cash and cash equivalents included in assets held for sale | | |
| Short term deposits with financial institutions | 404 | - |
| Cash and bank balances | 2,927 | - |
| Less: Cash deposit pledged | - | (426) |
| <i>Cash and cash equivalents at the end of the period</i> | 3,454 | 2,311 |

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 2020 and the accompanying explanatory notes attached to these interim financial statements.

COMINTEL CORPORATION BHD ("COMCORP")

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

NOTES TO THE INTERIM FINANCIAL REPORT - 3RD QUARTER ENDED 31 OCTOBER 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 2020. 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 2020.

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 2020.

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 2020. 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.

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 16 - Leases : Covid 19 - Related Rent Concessions | 1 June 2020 |
| Amendments to MFRS 101 Presentation of Financial Statements – Classification of Liabilities as Current or Non-current | 1 January 2022 |
| Amendments to MFRS 3 Business Combinations – Reference to the Conceptual Framework | 1 January 2022 |
| Amendments to MFRS 116 Property, Plant and Equipment – Proceeds before Intended Use | 1 January 2022 |
| Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract | 1 January 2022 |
| Annual Improvements to MFRS Standards 2018–2020 | 1 January 2022 |
| 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 2020.

Qualified Opinion

We have audited the financial statements of Comintel Corporation Bhd, which comprise the statements of financial position as at 31 January 2020 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 92.

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 2020, 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.

Basis for Qualified Opinion

The Company had triggered Paragraph 8.03A of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and was classified as an affected listed issuer in the previous financial year. On 28 March 2019, the directors announced that the Company had further triggered Paragraph 2.1(a) of PN17 of the MMLR of Bursa Securities.

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. Bursa Securities has granted the Company an extension of time up to 24 July 2020 to submit a regularisation plan pursuant to Paragraph 8.04 (3) together with Paragraph 5.0 of Practice Note 17 of the MMLR via a letter dated 4 March 2020. As at the date of this report, the management of Company is still working on the regularisation plan.

The abovementioned events and conditions indicate the existence of 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 as 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 Green Technologies Sdn. Bhd. 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.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year.

Matters giving rise to a modified opinion are by their nature key audit matters and consequently the matters described in our basis for qualified opinion section of our report has addressed the key audit matters and we have determined that there are no other key matters to communicate in our report.

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, based on our announcement dated 20 November 2020, Bursa Malaysia Securities Berhad ("Bursa Securities") has granted the Company a further extension of time of up to 24 April 2021 to submit a Regularisation Plan. As per our announcement dated 1 December 2020, the Company is still working on the regularisation plan to regularise the condition of the Company.

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 period ended 31 October 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 period ended 31 October 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 period ended 31 October 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.

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.

A9 Segmental information (cont'd)*Segment revenue, segment results and segment assets employed for operating segment and geographical segment***Current Year-to-Date (quarter ended 31 October 2020)**

| Segment revenue | Investment Holding RM'000 | SIMS RM'000 | GWM and WtE RM'000 | Consolidated RM'000 |
|------------------------|------------------------------|----------------|-----------------------|------------------------|
| Malaysia | 121 | 1,443 | 13 | 1,577 |
| Overseas | - | - | - | - |
| Total Revenue | 121 | 1,443 | 13 | 1,577 |

Results from operating activities

| | | | | |
|----------------------------|---------|---------|---------|----------------|
| Segment results | (2,017) | (1,954) | (1,541) | (5,512) |
| Finance costs | | | | (551) |
| Loss before taxation | | | | (6,063) |
| Taxation | | | | - |
| Loss for the period | | | | (6,063) |

Segment Assets

| | | | | |
|----------------------|--------|-------|-----|---------------|
| Segment total assets | 12,341 | 2,303 | 316 | 14,960 |
|----------------------|--------|-------|-----|---------------|

Preceding Year (period ended 31 October 2019)

| Segment revenue | Investment Holding RM'000 | SIMS RM'000 | GWM and WtE RM'000 | Consolidated RM'000 | Subsidiaries loss in control RM'000 |
|------------------------|------------------------------|----------------|-----------------------|------------------------|---|
| Malaysia | - | 365 | 3 | 368 | 933 |
| Overseas | - | 156 | - | 156 | - |
| Total Revenue | - | 521 | 3 | 524 | 933 |

Results from operating activities

| | | | | | |
|--|--------|---------|-------|---------------|----------------|
| Segment results | 16,854 | (1,935) | (959) | 13,960 | (957) |
| Finance costs | | | | (509) | (168) |
| Profit / (Loss) before taxation | | | | 13,451 | (1,125) |
| Taxation | | | | 8 | - |
| Post-tax loss from operations due to loss in control | | | | (1,125) | - |
| Profit / (Loss) for the period | | | | 12,334 | (1,125) |

Segment Assets

| | | | | |
|----------------------|--------|-------|-------|---------------|
| Segment total assets | 13,455 | 4,584 | 8,885 | 26,924 |
|----------------------|--------|-------|-------|---------------|

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 since the end of the current quarter to the date of this announcement that have not been reflected in the interim financial statements

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 October 2020, total bank guarantees issued or outstanding by the Group in relation to performance and tenders amounted to RM0.03 million. The Company has provided corporate guarantees amounting to RM137.2 million to financial institutions for banking facilities made available to its subsidiaries of which RM0.05 million has been utilised as at 31 October 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 | - | 77 | 77 |
| Total for type of transaction | - | 77 | 77 |

NOTES TO THE INTERIM FINANCIAL REPORT - 3RD QUARTER ENDED 31 OCTOBER 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 RM1.0 million for the current financial quarter under review, an increase of 204.7% or RM0.7 million as compared to the corresponding quarter last year. SIMS segment recorded a revenue of RM1.0 million as compared to the corresponding quarter last year due to an increase in maintenance services and progress billings for projects secured. Loss for the current financial quarter under review was RM1.8 million whereas the corresponding quarter last year recorded a loss after tax of RM0.9 million. For the financial year-to-date under review, the Group's loss was RM6.1 million as compared to the Group's profit of RM12.3 million in the corresponding financial year-to-date.

For the current quarter under review, the Group secured a project of approximately RM0.8 million. Work is still in progress therefore revenue will be recognised over the progress period.

The losses for the financial year-to-date under review was due to low revenue against the Group's operating expenses whilst the high profit for the corresponding financial year-to-date was mainly due to the effect by the Group's realisation of gain as Comintel Sdn Bhd ("Comintel") 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.

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

| | Current Quarter ended 31.10.2020 RM'000 | Corresponding Quarter ended 31.07.2020 RM'000 |
|--------------------------------------|---|---|
| Revenue | 1,033 | 324 |
| Loss before tax | (1,781) | (1,995) |
| Loss for the period | (1,781) | (1,995) |
| Attributable to : | | |
| Equity holders of the parent company | (1,590) | (1,899) |
| Non-controlling interests | (191) | (96) |

The current financial quarter's revenue was RM0.7 million higher than that recorded in the corresponding quarter. SIMS segment recorded a revenue of RM1.0 million in the current quarter.

Net loss attributable to the equity holders of the parent company was RM1.6 million, a decrease of RM0.3 million as compared to the net loss of RM1.9 million recorded in the immediate corresponding quarter. The slight decrease in loss recorded for the current quarter was mainly due to the increase in revenue resulting from an increase in maintenance services and progress billings for projects secured.

B3 Prospects

Based on the announcement dated 22 July 2020, the Company proposed to undertake several proposals ("Proposed Regularisation Plan") to regularise its financial condition in accordance with Paragraph 8.04(3) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad by entering into several agreements in line with the Proposed Regularisation Plan.

The management of Comcorp together with its appointed advisers are working to finalise the Regularisation Plan for submission to the regulatory authorities while at the same time, the Group continues its efforts to develop new opportunities to strengthen the operating segments. Barring any unforeseen circumstances, we are cautiously hopeful that we are able to regularise our financial condition.

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 31.10.2020 <u>RM'000</u> | Corresponding Quarter Ended 31.10.2019 <u>RM'000</u> | Current Year To Date 31.10.2020 <u>RM'000</u> | Corresponding Year To Date 31.10.2019 <u>RM'000</u> |
|--|---|---|--|--|
| (Loss)/Profit from continuing operations are stated after charging / (crediting) : | | | | |
| Interest Income | (22) | (88) | (64) | (476) |
| Other Income (excluding interest income) | (811) | (753) | (922) | (836) |
| Allowance for inventories obsolescence | - | - | - | 11 |
| Interest Expenses | 234 | 162 | 541 | 509 |
| Depreciation of property, plant & equipment | 77 | 110 | 218 | 297 |
| Depreciation of right-of-use assets | 290 | 23 | 425 | 61 |
| Gain on disposal of other investments | - | - | - | (4) |
| Gain on loss of control on subsidiary | - | - | - | (17,918) |
| Gain on realised foreign exchange | - | (17) | - | 1 |
| Provision for doubtful debt | - | (227) | - | (304) |
| Expenses relating to leases of low value assets | 14 | 10 | 27 | 13 |
| Expenses relating to short-term leases | 109 | 290 | 427 | 311 |
| Unrealised capital (gain)/loss on other investments | (2) | (6) | (9) | (44) |
| Unrealised loss/(gain) on foreign exchange | 199 | (216) | 204 | (216) |

B6 Taxation

| | Current Quarter 31.10.2020 <u>RM'000</u> | Current Year To Date 31.10.2020 <u>RM'000</u> |
|---------------------------|---|--|
| <u>Malaysian Taxation</u> | | |
| - Current | - | - |
| - Deferred | - | - |
| | <u>-</u> | <u>-</u> |

B7 Profit or Loss on Sales of Unquoted Investments and Properties

The Group has not disposed 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.

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B9 Corporate Proposal

On 22 July 2020, the Company had entered into the following agreements for the purpose of undertaking the Proposed Regularisation Plan:-

- (i) a conditional share sale agreement with Allied Technologies Group Sdn Bhd in relation to the proposed disposal of the following companies for an aggregate cash consideration of RM1.00 million:
 - (a) 13,000,000 ordinary shares in Comintel, representing the entire equity interest in Comintel for a cash consideration of RM10.00;
 - (b) 3,000,000 ordinary shares in GWM, representing the entire equity interest in GWM for a cash consideration of RM970,000.00;
 - (c) 2,000,000 ordinary shares in CST, representing the entire equity interest in CST for a cash consideration of RM10.00;
 - (d) 200,000 ordinary shares in PTI, representing 80.00% equity interest in PTI for a cash consideration of RM10.00; and
 - (e) 4,200,000 ordinary shares in CGT, representing 50.60% equity interest in CGT for a cash consideration of RM29,970.00;
- (ii) a subscription agreement with Datuk Seri (Dr.) Subramaniam Pillai A/L Sankaran Pillai ("Investor") whereby the Investor and his nominees, if any, will subscribe for an aggregate of 171,120,000 Placement Shares at RM0.075 per Placement Share for a total sum of RM12,834,000 to be satisfied in full via cash; and
- (iii) an agreement to award with Dhaya Maju Infrastructure (Asia) Sdn Berhad ("DMIA") whereby DMIA agrees to grant the Award and Comcorp agrees to accept the Award, which entails Comcorp undertaking the Subcontract works in respect of the upgrading of railway infrastructure at system at KVDT2 for a contract sum of not less than RM132.36 million.

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 (Note 1) | 50 | - | 50 |
| Total Borrowings | 50 | - | 50 |

Note 1 : Bank borrowings are included in Liabilities classified as held for sale.

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

There were no material litigations, which would have a material adverse effect on the financial results for the current financial period under review.

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 for a total cash consideration of RM123.8 million ("Disposal Proceeds")

On 25 January 2018, the disposal of BCM Electronics has been completed. As at 31 October 2020, the status of utilisation of the proceeds is as follow:-

| Details of utilisation of proceeds | Approved revised utilisation (Note 1) RM'000 | Actual utilisation as at 31 October 2020 RM'000 | Unutilised proceeds before variation RM'000 | Variation of the utilisation (Note 2) RM'000 | Balance unutilised after variation as at 31 October 2020 RM'000 | Remaining timeframe for utilisation |
|--|---|--|--|---|--|-------------------------------------|
| Development of our Company's green waste management and waste-to-energy businesses | 23,000 | 10,042 | 12,958 | (12,958) | - | Fully utilised |
| Working capital (Note 3) | 25,301 | 37,251 | (11,950) | 12,958 | 1,008 | 2 months |
| Distribution to shareholders | 63,000 | 63,000 | - | - | - | Fully utilised |
| Expenses in relation to the Disposal | 1,021 | 1,021 | - | - | - | Fully utilised |
| Total | 112,322 | 111,314 | 1,008 | - | 1,008 | |

Note 1: Extracted based on the approved variation of proceeds as set out in the circular of the Company dated 21 November 2018.

Note 2: The Board of Directors of the Company had on 12 October 2020, resolved to further vary the utilisation of Disposal Proceeds.

Note 3: The unutilised proceeds to be varied to working capital shall be used for the following purposes:

| Working capital requirements | Approved revised utilisation RM'000 | Actual utilisation as at 31 October 2020 RM'000 | Unutilised proceeds before variation RM'000 | Variation of the utilisation RM'000 | Balance unutilised after variation as at 31 October 2020 RM'000 |
|--|--|--|--|--|--|
| Staff salaries and benefits | 9,416 | 15,218 | (5,802) | 6,660 | 858 |
| Advances to Comintel Green Technologies Sdn Bhd ("CGT") (including general administrative and other operating expenses for CGT's waste-to-energy business) | 7,852 | 10,036 | (2,184) | 2,334 | 150 |
| General administrative and other operating expenses for our Company's local SIMS segment | 1,433 | 3,989 | (2,556) | 2,556 | - |
| Advances to PT. Intelcom Indonesia, a 80% owned subsidiary of Comcorp for funding of additional working capital arising from new project(s) | 6,600 | 1,428 | 5,172 | (5,172) | - |
| Early settlement of outstanding loan with Malaysia Debt Ventures | - | 6,580 | (6,580) | 6,580 | - |
| Total | 25,301 | 37,251 | (11,950) | 12,958 | 1,008 |

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 2021 is as follow:-

| | Current Qtr 31.10.2020 | Cumulative Qtr to-date 31.10.2020 |
|--|---------------------------|---|
| Loss attributable to owners of the Company (RM'000) | (1,590) | (5,471) |
| Weighted average number of ordinary shares in issue (based on ordinary share of RM0.50 each) ('000) | 140,000 | 140,000 |
| Loss per share (sen) | (1.14) | (3.91) |

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 2020.

Qualified Opinion

We have audited the financial statements of Comintel Corporation Bhd, which comprise the statements of financial position as at 31 January 2020 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 92.

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 2020, 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.

Basis for Qualified Opinion

The Company had triggered Paragraph 8.03A of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and was classified as an affected listed issuer in the previous financial year. On 28 March 2019, the directors announced that the Company had further triggered Paragraph 2.1(a) of PN17 of the MMLR of Bursa Securities.

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. Bursa Securities has granted the Company an extension of time up to 24 July 2020 to submit a regularisation plan pursuant to Paragraph 8.04 (3) together with Paragraph 5.0 of Practice Note 17 of the MMLR via a letter dated 4 March 2020. As at the date of this report, the management of Company is still working on the regularisation plan.

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

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

Basis for Qualified Opinion (cont'd)

The ability of the Group and of the Company to carry on as 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 Green Technologies Sdn. Bhd. 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 judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year.

Matters giving rise to a modified opinion are by their nature key audit matters and consequently the matters described in our basis for qualified opinion section of our report has addressed the key audit matters and we have determined that there are no other key matters to communicate in our report.

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, based on our announcement dated 20 November 2020, Bursa Malaysia Securities Berhad ("Bursa Securities") has granted the Company a further extension of time of up to 24 April 2021 to submit a Regularisation Plan. As per our announcement dated 1 December 2020, the Company is still working on the regularisation plan to regularise the condition of the Company.

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 29 December 2020.

Date: 29-Dec-2020