

# AUDIT REPORT - MODIFIED OPINION / MATERIAL UNCERTAINTY RELATED TO GOING CONCERN : QUALIFIED OPINION

## COMINTEL CORPORATION BHD

<b>Type</b>	Announcement
<b>Subject</b>	AUDIT REPORT - MODIFIED OPINION / MATERIAL UNCERTAINTY RELATED TO GOING CONCERN QUALIFIED OPINION
<b>Description</b>	COMINTEL CORPORATION BHD ("Comcorp" or "the Company") Qualified Opinion on the Audited Financial Statements for the Financial Year Ended 31 January 2020

Pursuant to Paragraph 9.19(37) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Board of Directors of the Company wishes to announce that 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 matter 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:

1. The timely and successful formulation and implementation of the key components of the

Regularisation Plan; and

2. 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.

### **Independence and Other Ethical Responsibilities**

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By- Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

### **Information Other than the Financial Statements and Auditors' Report Thereon**

The directors of the Company are responsible for the other information. The other information comprises the Directors' Report and Statement on Risk Management and Internal Control included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **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 audit matters to communicate in our report.

### **Responsibilities of the Directors for the Financial Statements**

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair

presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 8 to the financial statements.

**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 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 June 2020, the Company is still working on the regularisation plan to regularise the condition of the Company.**

This announcement is dated 26 June 2020.

 Announcement Info	
Company Name	COMINTEL CORPORATION BHD
Stock Name	COMCORP
Date Announced	26 Jun 2020
Category	General Announcement for PLC
Reference Number	GA1-26062020-00082

